



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
COMBINED NOVEMBER/DECEMBER REGULAR BOARD MEETING

AGENDA

MONDAY, DECEMBER 9, 2019
4:00 P.M.

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

Any person with a disability who requires a modification or accommodation to participate in the meeting should call the Secretary at (760) 999-2704.

Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body, or after the meeting if prepared by some other person.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

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.

A. RECOGNITION AND COMMENDATION OF STUDENT ARTWORK

B. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President
2. Vice-President

C. APPOINTMENTS TO BOARD STANDING COMMITTEES

1. Fiscal Policy & Insurance
2. Personnel
3. Engineering & Operations

D. INTRODUCTION OF NEW EXECUTIVE ASSISTANT/BOARD SECRETARY,
LAUREN ECKERT

- E. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2019
1. Kelly Laughlin

II. CONSENT CALENDAR----- (ITEMS F – J)
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.

- F. CONSIDER APPROVING MINUTES
1. October 28, 2019 Regular Board Meeting
2. November 8, 2019 Special Board Meeting and Public Hearing

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

- G. CONSIDER 2020 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: *The Board establish the 2020 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 27, 2020, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 7, 2020, at 4 p.m.*

- H. CONSIDER UPDATED LAND LEASE FOR SILVERTHORN NURSERY

Recommendation: *Staff supports the Board's direction.*

- I. CONSIDER RESOLUTION 4984 ADOPTING THE 2019 SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT PLAN

Recommendation: *That the Board approve Resolution 4984 adopting the 2019 San Diego IRWM Plan.*

- J. CONSIDER CLAIM FOR SUBROGATION DUE TO INUNDATION OF WATER ONTO REAL PROPERTY

Recommendation: *The claim will exceed the District retrospective allocation point (amount District can approve prior to any JPIA approval) of \$10,000 per occurrence; therefore, in order to be reimbursable through insurance it needs to be forwarded to JPIA as required. Staff recommends rejection of the claim and to forward claim to ACWA/JPIA for resolution.*

III. ACTION / DISCUSSION CALENDAR----- (ITEMS K – U)

- K. CONSIDER ADOPTION OF A RESOLUTION OF APPLICATION REQUESTING THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION TO COMMENCE PROCEEDINGS FOR THE DETACHMENT/EXCLUSION OF FPU D FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEXATION INTO THE EASTERN MUNICIPAL WATER DISTRICT AND FINDING THAT THE ACTION IS EXEMPT FROM CEQA

Recommendation: Staff supports Board direction.

- L. CONSIDER ADOPTING RESOLUTION NO. 4986 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS

Recommendation: The Board adopt Resolution No. 4986 adopting calendar year 2020 rates and charges for water, recycled water and wastewater services.

- M. CONSIDER APPROVING THE DRAFT COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY ENDING JUNE 30, 2019

Recommendation: The Committee recommends that the Board approve the Draft CAFR for Fiscal Year Ending June 30, 2019.

- N. CONSIDER MEMORANDUM OF UNDERSTANDING WITH RAINBOW MUNICIPAL WATER DISTRICT FOR WATER RESOURCE DEVELOPMENT AND EMERGENCY WATER SUPPLY

Recommendation: That the Board authorize the General Manager to execute the attached memorandum of understanding with Rainbow Municipal Water District (RMWD) for Water Resource Development and Emergency Water Supply.

- O. CONSIDER PROFESSIONAL SERVICES AGREEMENT WITH ALCHEMY CONSULTING GROUP

Recommendation: That the Board approve for the General Manager to enter into the attached professional services agreement with Alchemy Consulting Group for a retainer fee of \$7,500 per month to provide support to the District in educating key stakeholders about the potential application to SDLAFCO for detachment/exclusion from the SDCWA and annexation to EMWD.

- P. CONSIDER AWARD OF WINTER HAVEN ROAD PIPELINE REPLACEMENT PROJECT (JOB 3101)

Recommendation: *That the Board authorize award of the Winter Haven Road Pipeline Replacement Project to the lowest responsible bidder, Kirtley Construction, Inc. dba TK Construction, for \$750,400.*

Q. CONSIDER AWARD OF OVERLAND TRAIL LIFT STATION REHABILITATION PROJECT (JOB 3057)

Recommendation: *That the Board authorize award of the Overland Trail Lift Station Rehabilitation Project to the lowest responsible bidder, Pacific Hydrotech Corporation, for \$2,490,150.*

R. CONSIDER THE ELECTION TO SPECIAL DISTRICTS ADVISORY COMMITTEE FOR THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Recommendation: *The Board consider the nominations for the LAFCO Special Districts Advisory Committee and authorize the President to cast its votes on the ballots provided.*

S. CONSIDER AWARD OF A BACKHOE TO JOHN DEERE

Recommendation: *The Board approve a purchase of one backhoe from John Deere (RDO Equipment) for the price of \$103,748.70.*

T. CONSIDER AWARD OF A HYDRO EXCAVATOR TO VERMEER

Recommendation: *The Board approve a purchase of one hydro excavator from Vermeer (RDO Equipment) for the price of \$74,631.42.*

U. CONSIDER APPROVAL OF INTERIM FINANCING FOR THE SANTA MARGARITA CONJUNCTIVE USE FACILITIES

Recommendation: *The Board approve the withdrawal of \$3,960,268.13 from the District's Long-term Investment Portfolio and deposit this amount back into the portfolio once the SRF loan funds are available.*

IV. 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
 - a. Notification of Approval for Director's attendance to the Legislative Roundtable with Congressman Mike Levin, 49th District, on Wednesday, November 6, 2019, at the San Diego County Water Authority
 - b. Notification of Approval for Director's attendance meetings with the Board President on November 26, 2019 to discuss District items
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

V. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATE LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

Two (2) Potential Cases

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VI. ADJOURNMENT OF MEETING

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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.

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.

12/5/19
Dated / Fallbrook, CA

Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors, Management Staff
FROM: Noelle Denke
DATE: December 9, 2019
SUBJECT: Recognition and Commendation of Student Artwork

Purpose

To commend the top 14 student artists the 4th grade who submitted artwork for the 2020 "Be Water Smart" calendar. The artists are from the FPUD service area schools.

Summary

During classroom presentations I gave, students played an interactive water bingo game, where they learned about the water cycle, the need to conserve water and protect our storm drains. Students were asked to draw a picture of how to be water smart, or water smart ways to conserve water so there's enough for all living things, or imaginative new ways to conserve or recycle water, or water smart ways to prevent water pollution, or how our ancestors were water smart. Approximately 400 4th grade students were visited in their classrooms and about 200 submitted posters for the contest. Fourteen of those posters really stood out for their creativity, artistic skill, and expression of the contest theme. I want to recognize those 14 artists. Twelve posters will be printed inside the calendar, one for each of the 12 months of the year, and the 13th and 14th posters will appear on the front cover and on a page for January 2021.

The winners will receive Walmart gift cards, McDonald's gift cards, and some items with the FPUD logo on them: a Frisbee, water bottle and some school supplies. Many of the prizes have been donated. They will also have their artwork specially matted and framed. Additionally, the top three and the cover-artist will win a T-shirt with their artwork printed on it.

The winners' artwork will be displayed in the FPUD boardroom hallway for one year.

The top 14 are:

- Leo Quick, Fallbrook STEM Academy, Mrs. Rowley's class
- Kelly Jaimes, Frazier Elem, Ms. Sergent's class
- Isabella Magana, Maie Ellis, Mr. Acevedo & Mrs. Mariucci's class
- Alexandro Rojas, Maie Ellis, Mr. Acevedo & Mrs. Mariucci's class
- Gizalle Amezquita, Maie Ellis Elem, Mr. Acevedo & Mrs. Mariucci's class
- Ares Miramontes, Maie Ellis Elem, Mr. Acevedo & Mrs. Mariucci's class
- Oscar Tovar, Live Oak Elem, Miss Yerkes's class
- Kayla Arango, La Paloma Elementary, Miss Owen's class
- Nya Lin Ramirez, La Paloma Elementary, Miss Owen's class
- Abigail Perez, La Paloma Elem, Miss Owen's class

- First place: Anahy Ambriz, Maie Ellis Elem, Mr. Acevedo/Mrs. Mariucci's class
- Second place: Samantha Mejia, Maie Ellis, Mr. Acevedo/Mrs. Mariucci's class
- Third place: Brisa Bailon, Maie Ellis Elem, Mr. Acevedo/Mrs. Mariucci's class
- Cover artwork: Jennifer Wiscott, La Paloma Elementary, Miss Owen's class

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager , JAB
DATE: December 9, 2019
SUBJECT: Election of Officers to the Board of Directors

Pursuant to Administrative Code Article 2, Section 2.2.1, *Election of Officers*, the officers of the Board of Directors shall consist of a President and a Vice-President chosen by its members, and reorganization (election of officers) will be placed on the agenda in December of each year.

The following is a list of Board members who have held the office of President and Vice-President over the past five years:

Year	President	Vice President
2019	Don McDougal	Jennifer DeMeo
2018	Al Gebhart	Don McDougal
2017	Charley Wolk	Al Gebhart
2016	Milt Davies	Charley Wolk
2015	Don McDougal	Milt Davies

The General Manager will conduct the election; and upon its conclusion, will turn the gavel over to the newly elected Board President who will preside over the remainder of the meeting.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: December 9, 2019
SUBJECT: Appointments to Board Standing Committees

Purpose

To appoint members to the three Board standing committees as prescribed in the Administrative Code.

Summary

Each year after the election of officers, and in accordance with Administrative Code Article 2, Section 2.2.2, *Duties of President*, the President of the Board of Directors shall appoint members to serve on the Board standing committees.

As of December 1, 2019, the appointments to the Board standing committees were as follows:

- Fiscal Policy & Insurance: *Directors Wolk and McDougal*
- Personnel: *Directors McDougal and DeMeo*
- Engineering & Operations: *Directors Endter and Baxter*

Recommended Action

That the Board President appoint members of the Board of Directors to the Fiscal Policy & Insurance, Personnel, and Engineering & Operations Board standing committees as prescribed by the Administrative Code.

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M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager , JAB
DATE: December 9, 2019
SUBJECT: December 2019 Employee of the Quarter

Sky Peterson, August 2019 Employee of the Quarter, chose Kelly Laughlin as the November 2019 Employee of the Quarter for the following reasons:

"Kelly wears a lot of different hats. She is always positive and upbeat, even if she is having a bad day. She does her best to help everyone she can. She helps with holiday parties, luncheons, and events around the district. She deals with people who are upset, both fellow coworkers and customers, and still keeps her cool. I feel that they do a very good job at everything they do. For these reasons, I choose Kelly as the next EOQ"

Kelly received a Certificate of Appreciation and chose a gift valued at \$100. Additionally, Kelly will have lunch with the General Manager, a member of the Board of Directors, the previous Employee of the Quarter, and a member of the Recognition Committee.

M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary *le*
DATE: December 9, 2019
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. October 28, 2019 Regular Meeting
2. November 8, 2019 Special Board Meeting and Public Hearing

Minutes of the
October 28, 2019 Regular Board Meeting

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

MINUTES

**MONDAY, OCTOBER 28, 2019
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 McDougal called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:02 p.m. A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Paula de Sousa, General Counsel
Jack Bebee, General Manager
Dave Shank, Assistant General Manager/CFO
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Todd Golem, Utility Technician
Matt Perez, Utility Worker
Colter Shannon, Utility Worker
Steve Stone, Field Services Manager
Toby Stoneburner, Utility Technician
Owni Toma, Chief Plant Operator
Bryan Wagner, Utility Worker
Austin Wendt, Utility Worker
Mary Lou West, Secretary

Also present were others, including, but not limited to: Eden Bezzant, Kent Bowen and Beverly Bowen, and Matthew A. Thurmer for Dennis Recker and Barbara Recker.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

President McDougal announced Item G would be removed from the Consent Calendar for discussion by the Board.

MOTION: Vice-President DeMeo moved to approve the agenda as revised, with the removal of Item G from the Consent Calendar; Director Endter seconded. Motion passed; **VOTE:**

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

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

Eden Bezzant stepped to the podium and stated that trucks from the District's construction project were potentially damaging their private road and causing excessive dust in the neighborhood. General Manager Bebee to speak with the contractor relative to Ms. Bezzant's concerns.

Beverly Bowen stepped to the podium and stated that contractors working on cell phone towers at Rattlesnake Reservoir have continually parked a scissor lift in front of her property. The contractors have also worked through the night playing loud music while working disrupting the peace. Staff to provide Ms. Bowen with a contact name and number to report future occurrences.

A. MANAGER'S AWARDS

1. Todd Golem
2. Christian Hernandez
3. Jamison Davis

4. Sky Peterson
5. Bryan Wagner

The Board recognized Todd Golem, Christian Hernandez, Jamison Davis, Sky Peterson, and Bryan Wagner for receiving Manager's Awards for their tireless efforts while repairing a main line break on Santa Margarita Drive.

B. COMMENDATION OF EMPLOYEES WHO WENT TO PARADISE IRRIGATION DISTRICT

1. Austin Wendt
2. Colter Shannon
3. Matt Perez
4. Toby Stoneburner

The Board commended Austin Wendt, Colter Shannon, Matt Perez, and Toby Stoneburner for helping with disaster recovery in Paradise, California following the November 2018 fire.

II. CONSENT CALENDAR-----(ITEMS C-G)****

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.

C. CONSIDER APPROVAL OF MINUTES

1. September 23, 2019 Regular Meeting

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 Essential Communications for Every Special District, 9:30 a.m. to 1:00 p.m., October 30, 2019, Padre Dam Municipal Water District, 9300 Fanita Parkway, Santee, CA 92072.

E. CONSIDER ADOPTING RESOLUTION NO. 4982 AMENDING ARTICLE 2 OF THE ADMINISTRATIVE CODE TO UPDATE THE GIFT LIMIT FROM \$470 TO \$500

Recommendation: That the Board adopt Resolution No. 4982 amending Article 2 of the Administrative Code to update the gift limit in sections 2.18 and 2.18.3 from \$470 to \$500.

F. CONSIDER NOTICE OF COMPLETION – SANDIA-BUCKNELL TANK
REPAINTING AND RECOATING

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

Item G was removed from the Consent Calendar for discussion.

MOTION: Director Endter moved to approve the Consent Calendar as revised, with removal of Item G for discussion; Vice President DeMeo seconded. Motion passed; VOTE:

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

G. CONSIDER CLAIM FOR INUNDATION OF WATER ONTO REAL PROPERTY

Recommendation: The claim will exceed the District retrospective allocation point of \$10,000 per occurrence; therefore, it is beyond the District settlement authority and needs to be forwarded to JPIA as required. Staff recommends rejection of the claim, and to forward claim to ACWA/JPIA for resolution.

Matthew A. Thurmer stepped to the podium and stated he represented claimants Dennis Recker and Barbara Recker. Mr. Thurmer requested the Board hire experts to assess the damage to the Recker's property, rather than referring the claim to the District's insurance carrier (ACWA/JPIA), as he believed the damage may be under the \$10,000 threshold. General Counsel de Sousa explained if ACWA/JPIA picks up the claim, the hiring of experts would be coordinated through their counsel and acting outside of this process would not be appropriate.

MOTION: Director Endter moved to reject the claim and forward the claim to ACWA/JPIA for resolution; Director Baxter seconded. Motion passed; VOTE:

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

III. **INFORMATION**----- (ITEMS H–J)

H. CONSERVATION DEMONSTRATION GARDEN

Engineering Technician Cothran explained the District submitted two \$10,000 proposals for conservation program funds made available by Metropolitan Water District of Southern California. The first proposal being a Plant Voucher Program, which delivers plants to customers, and the second being a program funding request for the FPU Water Conservation and Sustainability Garden. The timeline for completion on the Conservation Demonstration Garden is December/January.

I. PROCESS FOR SETTING CY 2020 RATES AND CHARGES

Assistant General Manager/CFO Shank announced it is time to start the process for setting CY 2020 rates and charges. A cost of service consultant came in and conducted a detailed analysis of the District's costs and allocated the costs and services to come up with a five-year plan. This will be year three of that five-year plan. Staff is in the process of updating the rate model.

J. SCADA OVERVIEW

A presentation was shown which provided a brief overview and key elements of the SCADA monitoring system. It was explained that the SCADA system, including both hardware and software elements, can handle most of the key functions without requiring a lot of human interaction. SCADA provides real-time information, as well as remote access.

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS K-N)

K. CONSIDER REQUEST TO EXERCISE SECOND YEAR OPTION – PAVING CONTRACT

Recommendation: That the Board approve exercising the 2nd year renewal of the annual paving contract with Kirk Paving in the amount of \$208,379.38 with the expectation that a new paving contract will be bid and awarded by July 2020.

General Manager Bebee explained this went through Engineering & Operations, and this contract is to get us through the fiscal year. The renewal amount has been set at what is the remaining budget for paving.

MOTION: Director Baxter moved to approve exercising the 2nd year renewal of the annual paving contract with Kirk Paving in the amount of \$208,379.38 with the expectation that a new paving contract will be bid and awarded by July 2020; Vice-President DeMeo seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

L. CONSIDER AWARD OF SEWER MANHOLE REHABILITATION AND RELINING PROJECT

Recommendation: That the Board authorize award of the Sewer Manhole Rehabilitation & Relining Project to the lowest responsible bidder, Sancon Technologies, Inc., for \$78,787.

Senior Engineer Cook explained this project includes relining 22 manholes and one wet well. Sancon Technologies' bid came in lower than the budgeted cost of \$145,000. This project is expected to be completed in a matter of weeks. We have previously worked with Sancon Technologies, and their work has been acceptable.

MOTION: Director Wolk moved to approve the award of the Sewer Manhole Rehabilitation & Relining Project to the lowest responsible bidder, Sancon Technologies, Inc., for \$78,787; Director Endter seconded. Motion passed; VOTE:

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

M. CONSIDER BLOWER MAINTENANCE SERVICE PLAN

Recommendation: That the Board approve the procurement of the Neuros Maintenance Service Plan as the asset management method for the six NX100-C070 turbo blowers.

Chief Plant Operator Toma explained there are six blowers at the plant that were installed in 2014 as part of a major update. The warranty on the blowers expired this month. Since installation, the warranty has covered seven core failures, which is valued at \$59,000 per core. The cost of the maintenance plan is \$67,000 per year for the next five years, which will cover all six blowers at the cost of one failing each year. The retail value is around \$98,000 per year. This plan has been heavily discounted by Neuros with a five-year commitment. This plan also cover upgrading components over time.

MOTION: Director Endter moved to approve the procurement of the Neuros Maintenance Service Plan as the asset management method of the six NX100-C070; Director Baxter seconded. Motion passed; VOTE:

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

N. CONSIDER SPECIAL COUNSEL FOR ON-GOING ADMINISTRATION OF SANTA MARGARITA WATER RIGHTS

Recommendation: That the Board authorize staff to execute the attached agreement with Spaletta Law to provide as-need legal support for the District's Santa Margarita River Water Rights.

General Manager Bebee explained there were a number of firms interviewed, and it was determined that Spaletta Law was the best fit. Spaletta Law is a smaller firm that requires no retainer and provides as needed work.

MOTION: Director Endter moved to authorize staff to execute the proposed agreement with Spaletta Law to provide as-needed legal support for the District's Santa Margarita River Water Rights; Vice President DeMeo seconded. Motion passed; VOTE:

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

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

1. General Counsel
 - General Counsel de Sousa provided an update on AB 1184, which requires local agencies to retain emails for two years.
 - BBK is working with the team to ensure policies are up to date for when SB 998 goes into effect on February 1, 2020.
 - BBK is in the process of revising the way legal alerts for Public Policy and Ethics groups are received. They will no longer be charging a subscription fee to the District.
2. SDCWA Representative Report
 - General Manager Bebee announced the final candidates for general manager will be interviewed by the SDCWA Board, and a determination is expected in mid-November or early December.
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

- President McDougal provided notification to the Board that he approved Directors' attendance to a meeting with Supervisor Desmond on Tuesday, October 22, 2019, at the Vista Courthouse to discuss the potential community benefit program and detachment.
7. Director Comments/Reports on Meetings Attended
 - Director Baxter reported he completed the second half of his tour of the District's facilities.
 - Vice-President DeMeo reported she attended the CSDA Conference.
 8. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 5:45 p.m. following an oral announcement of Closed Session Item VI.1 by President McDougal.

VI. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

Two (2) Potential Cases

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:29 p.m.

REPORT FROM CLOSED SESSION

The Board took no reportable action in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:30 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Minutes of the
November 8, 2019 Special Board Meeting and
Public Hearing

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

MINUTES

**FRIDAY, NOVEMBER 8, 2019
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 McDougal called the special meeting and public hearing of the Board of Directors of the Fallbrook Public Utility District to order at 3:00 p.m. A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Ken Endter, Member

General Counsel/District Staff

Present: Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Soleil Develle, Engineering Technician
Kelly Laughlin, Acting Secretary

Also present were others, including, but not limited to: Jackie Heyneman, Kim Murphy, Lita Tabish, Jean Dooley, Anne Richter, Kirk Dulin, Susan Nikkel, Stephani Baxter, Jan Scott, Rosemary Redmond, Jerri Patchett, Jennifer Jeffries, Meline Giannini, Rachel Mason, Judi Nurse, and Jodie Schooley.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director Wolk moved to approve the agenda as presented; Vice-President DeMeo seconded. Motion passed; 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.

Jan Scott stepped to the podium to commend Chief Plant Operator, Owni Toma for a job well done with the solar plant.

At 3:08 p.m., President McDougal opened the Public Hearing to receive written and/or oral comments or testimony made by any affected local agency, affected county or any interested person regarding Resolution No. 4983 related to request to LAFCO for approval of activation of the power to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries.

II. PUBLIC HEARING PURSUANT TO GOVERNMENT CODE § 56824.12 FOLLOWED BY ACTION/DISCUSSION

- A. PUBLIC HEARING FOR BOARD CONSIDERATION OF RESOLUTION NO. 4983 (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)

President McDougal gave a brief overview of the Community Benefit Program and explained LAFCO requires verbiage related to street lighting, parks and recreation, and roads and street functions. However, this program is primarily designed around maintenance, landscape maintenance, and beautification projects. President McDougal noted if LAFCO approves the application, a protest hearing would be the next step.

Recommendation:

1. *Hold a Public Hearing to receive written and/or oral comments or testimony made by any affected local agency, affected county or any interested person regarding*

Resolution No. 4983 related to request to LAFCO for approval of activation of the power to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries.

2. *There are three alternatives for the Board to consider:*
 - a. *Approve Resolution No. 4983 and direct staff to finalize and submit application documents to LAFCO to support the request of the community groups to activate the District's latent powers as specified in the Resolution for support of public community facilities.*
 - b. *Do not approve Resolution No. 4983 and do not direct staff to finalize and submit an application to LAFCO to activate the latent powers as specified in the Resolution and request groups find an alternative source of funding for community facilities.*
 - c. *Other action as determined by the Board.*

President McDougal did clarify this program only involves the area within the Fallbrook Public Utility District. This does not include anyone within the Rainbow Water District, as they are a municipal water district, and it does not allow for that.

Multiple members of the public stepped to the podium to address the Board showing their support, along with their concerns for Resolution No. 4983.

At 3:34 p.m., President McDougal closed the Public Hearing after calling for final written and/or oral comments or testimony.

President McDougal addressed the public's concerns and clarified various points related to application fees and how members of the committee will be chosen.

President McDougal stated the Board will rely heavily on the recommendations from the organizing committee of the Community Benefit Program. It will be the Board's duty to make sure there are no conflicts of interest and that the recommendations are fair and equitable and within the guidelines that have been set.

Director Wolk asked for clarification on language used in the resolution, where it says "included, but to limited to." General Counsel de Sousa explained the resolution should read "included but *not* limited to." She requested the language be revised before approval.

MOTION: Director Baxter moved to adopt Resolution No. 4983 as revised, by correcting the phrase "including but not limited to" where needed, and directed staff to finalize and submit application documents to LAFCO to support the request of the community groups to activate the District's latent powers as specified in the Resolution for support of public community facilities; Director Wolk seconded. Motion passed; **VOTE:**

AYES: Directors Baxter, DeMeo, McDougal, and Wolk

NOES: None
ABSTAIN: None
ABSENT: Director Endter

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 4:14 p.m. following an oral announcement of Closed Session Item III.1 by President McDougal.

III. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

*Three (3) Potential Cases: Claims filed by Margaret Ozor, Paul Brown, and
Dusanka Bodjanac*

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 4:19 p.m.

REPORT FROM CLOSED SESSION

General Counsel de Sousa reported the following action was taken by the Board in Closed Session regarding Agenda Item III.1:

On motion of Director Wolk, seconded by Vice-President DeMeo, the Board, on a vote of 4-0 with Director Endter absent, voted to reject the claims filed by Margaret Ozor, Paul Brown, and Dusanka Bodjanac.

IV. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the special meeting and public hearing of the Board of Directors of the Fallbrook Public Utility District at 4:20 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: December 9, 2019
SUBJECT: Proposed 2020 Board of Directors Regular Meeting Schedule

Purpose

To establish the 2020 Board meeting dates.

Summary

Administrative Code Article 2, Section 2.5, *Time and Place of Board Meetings*, establishes the fourth Monday of each month at 4 p.m. as the time and place for regular Board meetings.

For 2020, the Memorial Day holiday falls on Monday, May 25, which is the fourth Monday of the month, and conflicts with the regular Board meeting schedule. Accordingly, the proposal is to postpone the May regular board meeting date by two days to Wednesday, May 27, 2020, at 4 p.m.

Additionally, it has been the Board's practice to combine the November and December regular Board meetings into one meeting to accommodate the fall/winter holiday schedule. The proposed 2020 schedule includes postponing the May regular meeting date by two days and combining the November and December regular meetings to Monday, December 7, 2020, at 4 p.m., as follows:

Month	Day	Month	Day	Month	Day	Month	Day
January	27	April	27	July	27	October	26
February	24	May	27	August	24	November	<i>Combined with December</i>
March	23	June	22	September	28	December	7

Recommendation

The Board establish the 2020 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 27, 2020, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 7, 2020, at 4 p.m.

MEMO

TO: Board of Directors
FROM: Mick Cothran, Engineering Technician II
DATE: December 9, 2019
SUBJECT: Updated Land Lease for Silverthorn Nursery

Purpose

To approve changes to the land lease between FPUD and Silverthorn Nursery.

Overview

In October of 2015, the District and Silverthorn Nursery agreed upon a six year lease for 7.57 acres of land at the southwest portion of the District's Alturas property, just south of the Santa Margarita Conjunctive Use Project (SMCUP) facilities. Two changes are being proposed to this lease agreement (please see "Addendum To Ground Lease" below).

First, recent construction activities for the SMCUP require a minor adjustment to the boundary of the lease to build a construction road to access the main worksite. The updated boundary would reduce the leased area by 0.06 acres.

Second, Silverthorn Nursery has requested an update to Article 3 (Use of Premises) of the lease, to allow for the production of industrial hemp. This crop would be grown using locally produced FPUD recycled water. The procurement of any necessary permits would be the sole responsibility of the lessee.

The original land lease in its entirety is provided below for reference.

Recommendation

Staff supports the Board's direction.

GROUND LEASE

Preamble--Parties and Leasing

FALLBROOK PUBLIC UTILITY DISTRICT, a Public Agency, 990 E. Mission Road, Fallbrook, California (hereafter referred to as "Lessor"), hereby leases to WAYNE LOOMIS, dba Silverthorn Ranch (hereafter referred to as "Lessee"), the land and premises commonly referred to as 1826 South Alturas, Fallbrook, California, consisting of approximately 7.6 acres (hereafter called the premises) in the county of San Diego, State of California depicted on the plat (Exhibit attached hereto and made a part hereof) described as follows:

See legal description (attached hereto and marked Exhibit and made a part hereof) on the following terms and conditions.

ARTICLE 1. TERM OF LEASE

Fixed Term

Section 1. 01. The term of this lease shall be a period of six (6) years commencing October 1, 2015, unless sooner terminated in accordance with this lease. Lessee may request renewals of this lease which may be granted in the sole discretion of Lessor.

ARTICLE 2. RENT

Basic Rent

Section 2.01. Lessee agrees to pay to Lessor monthly the basic guaranteed rental for the use and occupancy of the premises in the following amounts:

A) In the amount of \$400 per month commencing October 1, 2015. The rent shall be adjusted annually by the San Diego Consumer Price Index (CPI) published by the U.S. Department of Labor, or any substitute index. The rent increases due to the CPI increase shall be pro-rated for the first year based on the number of months of the lease compared to the 12-month CPI. There shall be no rent decrease due to the CPI.

Place for Payment of Rent

Section 2.02. All rent that becomes due and payable under this lease shall be paid to Lessor at the office of Lessor at 990 E. Mission Road, Fallbrook, California, or any other place or places that Lessor may designate by written notice to Lessee.

ARTICLE 3. USE OF PREMISES

Principal Use

Section 3.01. It is expressly understood and agreed that Lessee is leasing said premises as vacant and unimproved land with the express intention of developing said premises, either alone or in conjunction with adjoining lands that may now or hereafter be acquired by Lessee either in fee or in leasehold estate, by constructing, maintaining, and operating thereon nursery operations for the cultivation and harvest of ornamental plants, palm trees and cacti. Any other lawful activities shall require the written consent of Lessor. Unlawful activities are not permitted. No on-site sales are permitted.

Only Lawful Uses Permitted

Section 3.02. Lessee shall not use or permit said premises or any portion of said premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in federal, state, county, or local governmental agency, body, or entity. Furthermore, Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to said premises on said premises or any part of said premises. Lessee warrants that he is licensed to conduct these activities.

ARTICLE 4. TAXES AND UTILITIES

Tax Hold-Harmless Clause

Section 4.01. Lessee shall indemnify and hold Lessor and the property of Lessor, including said premises and any improvements now or hereafter on said premises, free and harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges required by this Article to be paid by Lessee and from all interests, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments, or other charges.

Utilities

Section 4.02. Lessee shall pay or cause to be paid, and hold Lessor and the property of Lessor including said premises free and harmless from, all charges for the furnishing of reclaimed and potable water, including meter costs, refuse removal, and other appropriate utilities, if any, to said premises during the term of this lease. Lessee shall not pay a connection fee or meter installation charge for reclaimed water service. The Lessee will be responsible for complying with

cross-connection policies of the District where reclaimed and potable water serve the same property. This lease shall not give Lessor any greater rights to a public water supply than the public generally.

Payment by Lessor

Section 4.03. Should Lessee fail to pay within the time specified in this Article any taxes, assessments, or other charges required by this Article to be paid by Lessee, Lessor may, without notice to or demand on Lessee, pay, discharge, or adjust such tax, assessment, or other charge for the benefit of Lessee. In such event, Lessee shall promptly on written demand of Lessor reimburse Lessor for the full amount paid by Lessor in paying, discharging, or adjusting such tax, assessment, or other charge together with interest thereon at the rate of 10 percent (10%) per annum from the date of payment by Lessor until the date of repayment by Lessee. Where no time within which any charge required by this Article to be paid by Lessee is specified in this Article, such charge must be paid by Lessee before it becomes delinquent.

ARTICLE 5. CONSTRUCTION BY LESSEE

Section 5.01. Lessee shall, at Lessee's sole cost and expense, construct or cause to be constructed on said premises the necessary land preparations, irrigation systems, plants, fencing and all other necessary supplies and equipment required for growing ornamental plants, palm trees and cacti. Fencing of Lessee's facilities is subject to approval by Lessor.

Cultivation/Environmental Practices

Section 5.02. A) Irrigation will be applied by low water-use application technology, including but not limited to, hand watering, irrigation tape and drip lines. The Lessee will prepare an irrigation plan for Lessor and County Department of Environmental Health approval prior to installation. Run-off from the site due to irrigation practice will not be permitted. Lessee shall comply with District Administration code for recycled water use.

B) Nutrient Application - All fertilizer and growth aids to be applied will be applied using injection application technology. Nitrogen application shall be limited to no deeper than the root zone and migration off-site will not be permitted. Nutrient management procedure shall comply with the Natural Resource Conservation Service (NRCS) Conservation Practices and Standard, current edition, available locally from the Lessor or the Mission Resource Conservation District

(MRCD) and shall account for nutrients in recycled water. Fertilizer shall be applied at agronomic rates.

C) Pesticide and Herbicide Use - The Lessee will prepare for the Lessor's approval a list of proposed pesticides and herbicides to be used, including specific materials, schedules of application and application rates. Pre-emergent herbicides will not be permitted. Pest management practices shall comply with the NRCS Conservation Practices Standard for Pest management, current edition, available from the Lessor or the MRCD.

Pesticides used must have a surface loss potential of medium or less and a leaching potential of small as determined from the Escondido Field Office of the Soil Conservation Services Technical Guide of January 1989, available from the Lessor.

D) Cultivation practices shall minimally impact the environment. As such, the number of Lessee's employees on the property at any one time shall not exceed five (5). Lessee's trucks shall not exceed ten (10) wheels and delivery trucks; tractors shall be wheeled. No signs other than "reclaimed water notices" shall be erected by Lessee.

Mechanic's Liens

Section 5.03. At all times during the term of this lease, Lessee shall keep said premises and all building and improvements now or hereafter located on said premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to said premises.

Ownership of Improvements

Section 5.04. Any and all improvements placed or erected on said premises as part of said improvements made or placed in or on said premises by Lessee or any other person, except temporary fencing and portable greenhouses shall be considered part of the real property of said premises and on expiration or sooner termination of this lease shall remain on said premises and become the property of Lessor.

ARTICLE 6. REPAIRS AND RESTORATION

Maintenance by Lessee

Section 6. 01. At all times during the term of this lease Lessee shall, at Lessee's own cost and expense, keep and maintain said premises and all improvements now or hereafter on said premises as well as all facilities now or hereafter appurtenant to said premises in good order and

repair and in a safe and clean condition. Furthermore, Lessee shall, at Lessee's own cost and expense, maintain at all times during the term of this lease the whole of said premises as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, and orderly condition.

ARTICLE 7. INDEMNITY AND INSURANCE

Indemnity Agreement

Section 7.01. Lessee shall indemnify and hold harmless and defend Lessor, its directors, employees, agents, or volunteers, and each of them, from and against any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever for, but not limited to, injury to or death of any person including Lessor and/or Lessee, or any directors, officers, employees, agents or volunteers of Lessor or Lessee, and damages to or destruction of property of any person, including but not limited to, Lessor and/or Lessee and their directors, officers, employees, agents or volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of Lessor or its directors, officers, employees, agents or volunteers, except the sole negligence or willful misconduct or active negligence of Lessor or its directors, officers, employees, agents or volunteers.

Any and all actions, proceeds, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Lessee.

Lessee shall defend, at Lessee's own costs, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Lessor or Lessor's directors, officers, employees, agents or volunteers.

Lessee shall pay and satisfy any judgment, award or decree that may be rendered against Lessor or its directors, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding.

Lessee shall reimburse Lessor and its directors, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Liability Insurance

Section 7.02. Limits - The Lessee shall maintain limits no less than the following:

A) **General Liability** - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the Lessor) or the general aggregate limit shall be twice the required occurrence limit.

B) **Automobile Liability** - One million dollars (\$1,000,000) per accident for bodily injury and property damage combined single limit.

Section 7.03. Required Provisions - the general liability and automobile liability policy shall contain, or be endorsed to contain the following provisions:

A) The Lessor, its directors, officers, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Lessee, products and completed operations of the Lessee; premises owned, occupied or used by the Lessee; or automobiles owned, leased, hired or borrowed by Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Lessor, its directors, officers, employees, agents and volunteers.

B) For any claims related to this project, the Lessee's insurance shall be primary insurance as respects the Lessor, its directors, officers, employees, agents and volunteers. Any insurance or self-insurance maintained by the Lessor, its directors, officers, employees, agents and volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Lessor, its directors, officers, employees, agents and volunteers.

D) The Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

E) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Lessor. Such liability insurance shall indemnify the Lessee and his sublessees against loss

from liability imposed by law upon, or assumed under contract by, the Lessee or his sub-lessees for damages on account of such bodily injury (including death), property damage, personal injury and completed operations and products liability. Such insurance shall be provided on a policy form written by underwriters through an agency satisfactory to the Lessor, which includes a cross-liability clause and covers bodily injury and property damage liability, owned and non-owned vehicles and equipment, blanket contractual liability and completed operations liability. Such liability insurance shall include explosion, collapse, underground excavation and removal of lateral support. The Lessor, its directors, officers, employees, agents and volunteers shall be named as additional primary insured on any such policies. An additional insured endorsement (ISO CG 2010 or equivalent) (modified to include provisions 1-5 above) and a certificate of insurance (Accord Form 25-S or equivalent) shall be provided to the Lessor.

Section 7.04. Deductibles and Self-Insured Retentions ó Any deductible or self-insured retention must be declared to and approved by the Lessor. At the option of the Lessor, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Lessor, its directors, officers, employees, agents and volunteers; or the Lessee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Section 7.05. Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best's rating of no less than A:VII or equivalent.

Section 7.06. Workers' Compensation and Employer's Liability Insurance - The Lessee and all sub-lessees shall cover or insure under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the site, regardless of whether such coverage or insurance is mandatory or merely elective under the law, and the Lessee shall defend, protect and save harmless the Lessor, its directors, officers, employees, agents and volunteers from and against all claims, suits, and actions arising from any failure of the Lessee or any sub-lessee to maintain such insurance. Before beginning work, Lessee shall furnish to the Lessor satisfactory proof that he has taken out for the period covered by the work under this lease, full compensation insurance for all persons employed directly by him or through sublessees in carrying out the work contemplated under this lease, all in accordance with the "Workers'

Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof.

The Lessee shall provide employer's liability insurance in the amount of at least one million dollars (\$1,000,000) per accident for bodily injury and disease.

The Lessee shall provide the Lessor with a certificate of Workers' Compensation and Employer's liability insurance coverage.

Section 7.07. Evidences and Cancellation of Insurance - Prior to taking possession under this Lease, Lessee shall file with the Lessor evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and certificate of insurance (Accord Form 25-S or equivalent). All evidence of insurance shall be certified by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insurers, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, the expiration date, and that the insurer will give by certified mail, written notice to the Lessor, at least thirty (30) days prior to the effective date of any cancellation, lapse of material change in the policy.

The Lessee shall, upon demand of the Lessor, deliver to the Lessor all such policy or policies of insurance and the receipts for payment of premiums thereon; and should the Lessee neglect to obtain and maintain in force any such insurance or deliver such policy or policies and receipts to the Lessor, then it shall be lawful for the Lessor to obtain and maintain such insurance, and the Lessee hereby appoints the Lessor his true and lawful attorney-in-fact to do all things necessary for this purpose. All money paid by the Lessor for insurance premiums under the provisions of this article shall be charged to the Lessee.

ARTICLE 8. ASSIGNMENT AND SUBLEASING

No Assignment or Sublease Without Lessor's Consent

Section 8.01. Lessee shall not assign, sublease or otherwise transfer this lease, any right or interest in this lease, or any transfer this lease, any right or interest in this lease, or any right or interest in said premises or any of the improvements that may now or hereafter be constructed or installed on said premises without the express written consent of Lessor first had and obtained.

Any assignment or transfer by Lessee without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this lease. A consent by Lessor to one assignment shall not be deemed to be a consent to any subsequent assignment of this lease by Lessee. The consent of Lessor to any assignment of Lessee's interest in this lease, however, shall not be unreasonably withheld.

ARTICLE 9. DEFAULT AND TERMINATION

Abandonment by Lessee

Section 9.01. Should Lessee breach this lease and abandon said premises prior to the natural expiration of the term of this lease, Lessor may continue this lease in effect by not terminating Lessee's right to possession of said premises, in which event Lessor shall be entitled to enforce all Lessor's rights and remedies under this lease including the right to recover the rent specified in this lease as it becomes due under this lease.

Termination for Breach by Lessee

Section 9.02. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby demised to Lessee. Should Lessee default in the performance of any covenant, condition, or agreement contained in this lease and the default not be cured within sixty (60) days after written notice of the default is served on Lessee by Lessor, then Lessor may terminate this lease and:

- A) Bring an action to recover from Lessee:
 - (1) The worth at the time of award of the unpaid rent which had been earned at the time of termination of the lease;
 - (2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;
 - (3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and
 - (4) Any other amount necessary to compensate Lessor for all detriment approximately caused by Lessee's failure to perform his obligations under this lease; and

- B) Bring an action, in addition to or in lieu of the action described in subparagraph (1) of this section, to reenter and regain possession of said premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Insolvency of Lessee

Section 9.03. Should Lessee become insolvent as defined in this section, Lessor may, by giving thirty (30) days' written notice to Lessor or to the person appointed to manage Lessee's affairs at the address for such person appearing in the official records of the court that appointed him, terminate this lease and forfeit Lessee's interest in said premises and in any improvements or facilities in, on, or appertaining to said premises. For purposes of this section, Lessee shall be conclusively presumed to have become insolvent if Lessee:

- A) Has a receiver appointed to take possession of all or substantially all of Lessee's property because of insolvency;
- B) Makes a general assignment for the benefit of creditors; or
- C) Allows any judgment against Lessee to remain unsatisfied and unbonded for a period of thirty (30) days or longer.

Cumulative Remedies

Section 9.04. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this lease.

Waiver of Breach

Section 9.05. The waiver by Lessor of any breach by Lessee of any of the provisions of this lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this lease.

Surrender of Premises

Section 9.06. On expiration or sooner termination of this lease, Lessee shall surrender said premises, all improvements in or on said premises, and all facilities in any way appertaining to said premises, to Lessor in as good, safe, and clean condition as practicable, reasonable wear and tear excepted.

Section 9.07. Termination Due to Change of Use - Lessor may terminate this lease upon ninety (90) days written notice to Lessee should the land be required for waste

treatment, environmental protection or other requirements related to Lessor's waste treatment and disposal activities on the property.

ARTICLE 10. MISCELLANEOUS

Attorney's Fees

Section 10.01. Should any litigation be commenced between the parties to this lease concerning said premises, this lease, or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum as and for his attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

Notices to Lessor

Section 10.02. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessor by Lessee or any Lender described in Article 6 of this lease shall be in writing and shall be deemed duly served and given when personally delivered to Lessor, to any managing employee of Lessor, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Lessor at 990 E. Mission Avenue, Fallbrook, California 92028. Lessor may change Lessor's address for the purpose of this section by giving written notice of such change to Lessee in the manner provided in Section 10.03 whereupon Lessee shall transmit a copy of such notice to any Lender described in Article 6 of this lease.

Notices to Lessee

Section 10.03. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessee by Lessor shall be in writing and shall be deemed duly served and given when personally delivered to Lessee, any managing employee of Lessee, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Lessee at 1826 South Alturas Street, Fallbrook, California 92028. Lessee may change his address for the purpose of this section by giving written notice of such change to Lessor in the manner provided in Section 10.02 of this lease.

Governing Law

Section 10.04. This lease, and all matters relating to this lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this lease or any decision or holding concerning this lease arises.

Binding on Heirs and Successors

Section 10.05. This lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, Lessor and Lessee, but nothing in this section shall be construed as a consent by Lessor to any assignment of this lease or any interest therein by Lessee except as provided in Article 8 of this lease.

Sole and Only Agreement

Section 10.06. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said premises, the leasing of said premises to Lessee, the construction of the said project described in this lease on said premises, or the lease terms herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said premises, their leasing to Lessee by Lessor, or any other matter discussed in this lease not expressly set forth in this instrument are null and void.

Memorandum of Lease for Recording

Section 10.07. Neither party, Lessor or Lessee, shall record this lease without the written consent of the other. However, Lessor and Lessee shall, at the request of either at any time during the term of this lease, execute a memorandum or "short form" of this lease for purposes of, and in a form suitable for, being recorded. The memorandum or "short form" of this lease shall describe the parties, Lessor and Lessee, set forth a description of the leased premises, specify the term of this lease, and shall incorporate this lease by reference.

EXECUTED on _____, 2015 at Fallbrook, San Diego County, California.

LESSOR:

By: Wayne Loomis

LESSEE:

FALLBROOK PUBLIC UTILITY DISTRICT

By: Brian Brady, General Manager

(Attach notary acknowledgements)

EXHIBIT "A"

A PORTION OF THAT REAL PROPERTY DESCRIBED IN THE DEED RECORDED IN BOOK 1971 OF OFFICAL RECORDS, PAGE 73942 ON APRIL 14TH 1971 IN THE OFFICE OF THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THE WESTERN 560 FEET OF THE SOUTHERN 660 FEET, EXCEPTING THEREFROM THE WESTERN 300 FEET OF THE NORTH 125 FEET.

WESTERN AND SOUTHERN LINES OF THE DESCRIBED PORTION OF DEED RUN ALONG WESTERN AND SOUTHERN LINE OF SAID DEED. ALL LINES OF DESCRIBED PORTION OF DEED RUN PARALLEL TO DEED LINES AND TERMINATE AT DEED LINES.

PARCEL CONTAINS 329,846 SQFT OR 7.57 ACRES +/-

Dd. BOOK 4906, Pg. 126
(APN 104-271-03-00)

(EXCEPTED PORTION)
THE WESTERN 300' OF THE
NORTHERN 125' OF THE
WESTERN 560' OF THE
SOUTHERN 660'

THE WESTERN 560' OF THE
SOUTHERN 660'

WEST LINE OF DEED

SOUTH LINE OF DEED

ALTURUS ROAD



NO SCALE

**PLANT 1
LEASE PARCEL**

**ADDENDUM TO GROUND LEASE
1425 Alturas Road, Fallbrook**

Section 3.01 of Article 3, Use of Premises, Principal Use, of that certain Ground Lease executed on September 1, 2015, by and between Fallbrook Public Utility District, "LESSOR," and Wayne Loomis, dba Silverthorn Ranch, "LESSEE," is amended as follows:

Section 3.01. It is expressly understood and agreed that Lessee is leasing said premises as vacant and unimproved land with the express intention of developing said premises, either alone or in conjunction with adjoining lands that may now or hereafter be acquired by Lessee either in fee or in leasehold estate, by constructing, maintaining, and operating thereon nursery operations for the cultivation and harvest of ornamental plants, palm trees and cacti, or the cultivation and harvest of agricultural crops. The acquirement of any necessary permits to cultivate said agricultural crops shall be the sole responsibility of the Lessee. Any other lawful activities shall require the written consent of Lessor. Unlawful activities are not permitted. No on-site sales are permitted.

Additionally, the plat and legal description of the land and premises more commonly referred to as 1826 South Alturas, Fallbrook, California, in the county of San Diego, are amended as shown in Exhibit "A" and Exhibit "B" respectively, to adjust the boundary and reduce the leased area by 0.06 acres.

The remaining provisions of the Ground Lease shall remain in full force and effect.

FALLBROOK PUBLIC UTILITY DISTRICT

DATED: _____

By: _____

Jack Bebee, General Manager
LESSOR

DATED: _____

By: _____

Wayne Loomis, dba Silverthorn Ranch
LESSEE

EXHIBIT "A"

SILVERTHORN RANCH LAND LEASE



	Distance	Bearing
A1	88.78'	N 89° 37' 40" W
A2	697.49'	N 6° 42' 01" E
A3	535.00'	N 6° 42' 01" E
A4	303.26'	S 89° 37' 40" E
A5	99.39'	N 41° 38' 02" E
A6	36.39'	N 61° 48' 58" E
A7	74.20'	N 64° 03' 30" E
A8	111.63'	S 89° 37' 40" E
A9	660.76'	N 6° 42' 01" E
A10	565.12'	N 89° 37' 40" W

NOT TO SCALE

MDC

SILVERTHORN LAND
LEASE PLAN

X:\JOB FILES\Recycled Water Projects\Job a\Silverthorn Lease Land Legal Description

EXHIBIT "B"

COMMENCING AT THE SOUTHWEST CORNER OF FRACTIONAL SECTION 25, TOWNSHIP 9 SOUTH, RANGE 4 WEST, SAN BERNADINO MERIDIAN AS SHOWN ON RECORD OF SURVEY NUMBER 1925 RECORDED AS FILE NUMBER 78819, ON AUGUST 10, 1948, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA,

THENCE LEAVING THE WESTERLY LINE OF SAID FRACTIONAL SECTION 25, NORTH 89°37'40" WEST 88.78 FEET TO A POINT ON A FENCE LINE, AS SHOWN ON RECORD OF SURVEY NUMBER 831 RECORDED AS FILE NUMBER 27249, ON JUNE 10, 1940, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA,

THENCE ALONG SAID FENCE LINE NORTH 6°42'01" EAST 697.49 FEET TO THE SOUTHWEST CORNER OF REAL PROPERTY DESCRIBED IN THE DEED RECORDED IN BOOK 1971 OF OFFICAL RECORDS, PAGE 73942 ON APRIL 14TH 1971 IN THE OFFICE OF THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, SAID SOUTHWEST CORNER OF REAL PROPERTY IS ALSO **TRUE POINT OF BEGINNING**,

THENCE CONTINUING ALONG SAID FENCE LINE DESCRIBED IN RECORD OF SURVEY 831 NORTH 6°42'01" EAST 535.00 EAST, THENCE LEAVING SAID FENCE LINE SOUTH 89°37'40" EAST 303.26 FEET, THENCE NORTH 41°38'02" EAST 99.39 FEET, THENCE NORTH 61°48'58" EAST 36.39 FEET, THENCE NORTH 64°03'30" EAST 74.20 FEET, THENCE SOUTH 89°37'40" EAST 111.63 FEET, THENCE NORTH 6°42'01" EAST 660.76 FEET TO A POINT ON THE SOUTHERN LINE OF SAID REAL PROPERTY. THENCE ALONG SAID SOUTHERN LINE OF SAID REAL PROPERTY NORTH 89°37'40" WEST 565.12 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL CONTAINS 327,296 SQFT OR 7.51 ACRES +/-

MEMO

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer 
DATE: December 9, 2019
SUBJECT: Adoption of the 2019 San Diego Integrated Regional Water Management Plan

Description

Integrated Regional Water Management (IRWM) is a state initiative aimed at developing long-term water supply reliability, improving water quality, and protecting natural resources. The IRWM Program is supported by bond funding provided by the California Department of Water Resources to fund competitive grants for projects that improve water resources management. Adoption of the 2019 San Diego Integrated Regional Water Management Plan is a requirement for eligibility to receive Proposition 1 grant funding for the District's Lower Santa Margarita Water Supply Reliability Pilot Project/Feasibility Study.

Purpose

The District has been pursuing \$687,500 in IRWM grant funds to cover approximately half the cost of a pilot project which will determine the feasibility of developing advanced purification facilities to treat existing recycled water from both Camp Pendleton and the District to increase the availability of local supplies. The project was selected by the local IRWM Regional Advisory Committee, which administers state IRWM grant funds locally. One condition required to receive the grant funds is adopting the 2019 San Diego IRWM Plan.

The 2019 IRWM Plan Update incorporates stakeholder input, updated planning documents, planning studies completed since the 2007 and 2013 IRWM Plans, and lessons learned through the IRWM Program to identify and address the water management needs of the Region. The Plan presents an integrated approach for addressing water management issues within the Region. Through a process that identifies and involves water management stakeholders throughout the Region, the 2019 IRWM Plan Update:

- presents the San Diego IRWM Program's vision and goals,
- establishes water management objectives and measurable targets,
- identifies water management challenges and issues,
- identifies and evaluates applicable water management strategies,
- assesses the ability of the water management strategies to meet the regional objectives,

- identifies opportunities for integrating the regional water system, starting with integration of regional water supply, water quality, and watershed management strategies,
- establishes a system for prioritizing the strategies,
- presents a plan for implementing the water management strategies, and
- identifies the framework for overall integrated regional water management planning in the Region, including future updating of water management strategies and plan priorities.

The entire planning document is available online at:

<http://sdirwmp.org/2019-irwm-plan-update>

Budgetary Impact

The approved capital budget for FY2019/20 included \$350,000 for the pilot project, with an additional \$350,000 planned for FY2020/21. The estimated total cost of the project is approximately \$1,380,000. The Adopting the IRWM Plan will make the District eligible to receive grant funding needed to complete the project within budget.

Recommended Action

That the Board approve Resolution 4984 adopting the 2019 San Diego IRWM Plan.

RESOLUTION NO. 4984

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK
PUBLIC UTILITY DISTRICT ADOPTING THE 2019 SAN DIEGO
INTEGRATED REGIONAL WATER MANAGEMENT PLAN**

* * * * *

WHEREAS, the 2019 San Diego Integrated Regional Water Management (IRWM) Plan includes information from planning documents published since 2007, as well as information produced from planning studies, workshops, and workgroups that are being conducted to address Region-specific issues; and

WHEREAS, the 2019 San Diego IRWM Plan will allow the Region to focus on updated priorities and issues, facilitate project integration, forge partnerships with a variety of stakeholders, and move the Region forward in implementing high-priority projects;

WHEREAS, the State of California encourages integrated water resource planning on a regional basis through IRWM Plans and by conditioning certain existing and possibly future grant funding programs – including Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 IRWM Grant Program to activities contained in IRWM Plans;

NOW, THEREFORE, BE IT RESOLVED that the Fallbrook Public Utility District adopts the 2019 San Diego Integrated Regional Water Management Plan and is committed to continued development and implementation of the Plan to support water resources management in the San Diego region, and

BE IT FURTHER RESOLVED that we encourage the California Department of Water Resources to fully fund the grant applications that are prepared as a result of this Plan.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 9th day of December, 2019, by the following vote:


AYES:
NOES:
ABSENT:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Larry Ragsdale, Safety and Risk Officer 
DATE: December 9, 2019
SUBJECT: Claim for Subrogation due to Inundation of Water onto Real Property

Purpose

To present the claim filed by Farmers Insurance seeking subrogation payments made on its insured Mr. Christopher Bloomer for water damage to his home.

Summary

August 1, 2019, Claimant alleges large amount of water enter his home from the top of the tanks float mechanism of the toilet.

Farmers Insurance is seeking subrogation of \$40,745.66.

Budgetary Impact

Impact analysis cost cannot be determined until JPIA rules on its disposition. Other factors that affect the budgetary impact vary from the claims process, cost, and litigation. Due to these factors, the impact cannot be established at this time.

Recommended Action

The claim will exceed the District retrospective allocation point (amount District can approve prior to any JPIA approval) of \$10,000 per occurrence; therefore, in order to be reimbursable through insurance it needs to be forwarded to JPIA as required.

Staff recommends rejection of the claim and to forward claim to ACWA/JPIA for resolution.

GENERAL INCIDENT INFORMATION

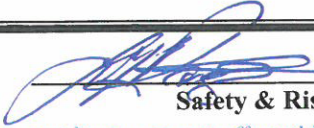

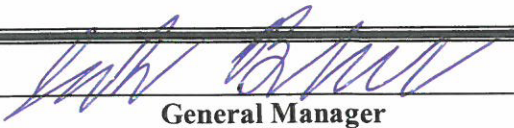
Form A Liability Accept/Rejection Form

Event ID: 19-311
DOI: 8/1/2019
Type Claim: Real property
Company: Property owner

Name of Party: Christopher Bloomer / Farmers Insurance
Contact # [REDACTED] Email: [REDACTED]
Parties address: [REDACTED]
Timeliness of Claim: 0 Year(s) 0 Month(s) 4 Days

Type of Incident: <u>Property Damage</u>		Nature of Incident: <u>Unknown</u>	
Incident Description: <u>Claimant alleges the flooding of his home was a result of the schedule shutdown which caused a surge or air pressure damaging the tanks float causing the toilet tank to overflow.</u>			
Location of Incident: <u>702 Constant Creek</u>			
Date Claim Received:	<u>8/5/2019</u>	Date Closed:	
Settlement:	<u>na</u>		
Release Signed:	<u>na</u>	Incident Reported to JPIA:	<u>na</u>
REMARKS:	<p><i>Claimant filed the claim on 8/1/19. Advised claimant due to making a claim against his insurance that he has not suffer a lost and at this time we could not process until such time he suffers a lost. On 10/29/19, Farmers Insurance has file to pursue subrogation against FPUD to recover the amount of loss.</i></p> <p><i>Admin. Code: 19.13 The District has responsibility to repair or replace facilities up to and including the customer shut off valve. <u>Repair and maintenance of facilities beyond the customer valve is the responsibility of the customer.</u></i></p>		

CLAIM ACCEPT/DENY FORM

Date: <u>11/12/19</u>		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Remarks:	<i>Claimants residents was not affected by the shutdown and was never out of water (See inclosed map) Claim has exceeded our retrospective allocation (\$10,000) and is required to be process by JPIA</i>	
Date: <u>11/12/19</u>		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Remarks:		
Date: <u>11/12/19</u>		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Remarks:		
BOARD ACTION If applicable		
<input type="checkbox"/> Accept <input type="checkbox"/> Reject		

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT:

1

Claimant name, address (mailing address if different), phone number, social security number, e-mail address, and date of birth.

Effective January 1, 2010, the Medicare Secondary Payer Act (Federal Law) requires the District/Agency to report all claims involving payments for bodily injury and/or medical treatments to Medicare. As such, if you are seeking medical damages, we MUST have both your Social Security Number and your date of birth.

Name: Christopher Bloomer

Phone Number:

Address(es):

Social Security No.:

Fallbrook, CA 92028

Date of Birth:

E-mail:

2

List name, address, and phone number of any witnesses.

Name: Kelly Giordano

Address:

Phone Number:

3

List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.

Date: 8-1-19 Time: 8:20 AM Place:

Tell What Happened (give complete information):

I HAVE live stock on this property. went to feed animals and noticed a large amount of water on the back of property. Saw water coming out of a water pipe off of CARNATION Ln. it was flooding the yard.

I went back late that afternoon.

NOTE: Attach any photographs you may have regarding this claim. (see over)

4

Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.

Floors flooded in 4 rooms. Walls soaked with water. (insulation, floor trim, drywall). Carpets flooded. Furniture damage.

5

Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.

Fallbrook public utility workers on Carnation lane on 8/1/19. Water and air surge caused by incorrect procedures.

6

The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.

Undetermined cost of damage.

Date: 8/3/19 Time: 6:09 pm Signature: Christopher Bloomer

ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!

to talk to the home owner and feed animals, and to tell him about the water. He was on the phone with his insurance company, while showing me where it started. I saw the top of the float ~~mechanism~~ ^{mechanism} was blown off the toilet tank, and the house was flooded.

THANK YOU
Kelly Gudano

Christopher Bloomer: 8/11/19

Returned home from work approx 5:30-6:00pm to find house flooded (1-2" of water throughout house). Further found that the water was coming from the float mechanism of the toilet. Believed to be caused from a surge in water/air pressure from surge after FPUD opened main lines.

Returned to FPUD mailbox 8/5/19

AUG 05 2019 REC'D (JB)

GIVEN (JB)

AUG 02 2019

054



Toll Free: (800) 433-7764
Email: myclaim@farmersinsurance.com
National Document Center
P.O. Box 268992
Oklahoma City, OK 73126-8992
Fax: (877) 217-1389

10/28/2019
Fallbrook Public Utility District
990 E. Mission Rd.
Fallbrook, CA 92028

Re: Our Insured: Christopher Bloomer And Patrick Bloomer
Loss Date: 08/01/2019
Claim Number: 099 SUB 3013085138-1
Total Amount Paid: \$40,745.66

Dear Fallbrook Public Utility District:

I am investigation a recent water loss at our insured's home, located at [REDACTED] in Fallbrook.

According to our customer, The Fallbrook Public Utility District had implemented an emergency shut down of water service. We believe this created a "water hammer" effect which created a higher than normal water pressure. This increase in pressure led to the float valve in my insured's home being overwhelmed and unable to seal properly. This led to an influx of water that damaged the insured's home.

Farmers has issued payment to our customer for their damages and are looking to the Fallbrook Public Utility District for reimbursement of those payments, which include our insured's deductible. We believe the District's action led directly to the loss at our customer's home.

Thank you for your time and attention to this matter.

Sincerely,

David Combs
Special Property Subrogation Representative
Mid-Century Insurance Company
512-533-8820 - Call/Text
david.combs@farmersinsurance.com

M E M O

TO: Larry Ragsdale
FROM: Jeff Evans - Acting System Service/ Shop Supervisor
DATE: November 6, 2019
SUBJECT: Scheduled Leak Repair – [REDACTED]

On August 1, 2019 Dept. 5 conducted a repair on a leak at the address of [REDACTED]. The repair was pre scheduled and customers were notified of a water shutdown in advance. The origin of the leak was at a cracked bushing connected to the water mainline. The repair consisted of 3 employees repairing the leak and putting the customer back in water. The water shutdown for this repair was performed by our valve maintenance crew and went as planned. [REDACTED] is located outside of the scheduled shutdown area, and should not have been affected by the water shutdown.



Jeff Evans

Larry Ragsdale

From: Joshua Couveau
Sent: Tuesday, November 05, 2019 10:36 AM
To: Larry Ragsdale
Subject: Leak claim [REDACTED]

The property located at the address of [REDACTED] was not included in the Planned Shutdown on the Date of 8-1-19. The valves used to isolate the pipeline on Clemmens Lane and Carnation Lane did not include those connected to the this properties meter service. The water seen on the property located at [REDACTED] on the day of the Shutdown was from a drain that was opened on Carnation Lane. The water from this point followed natural flow of terrain.



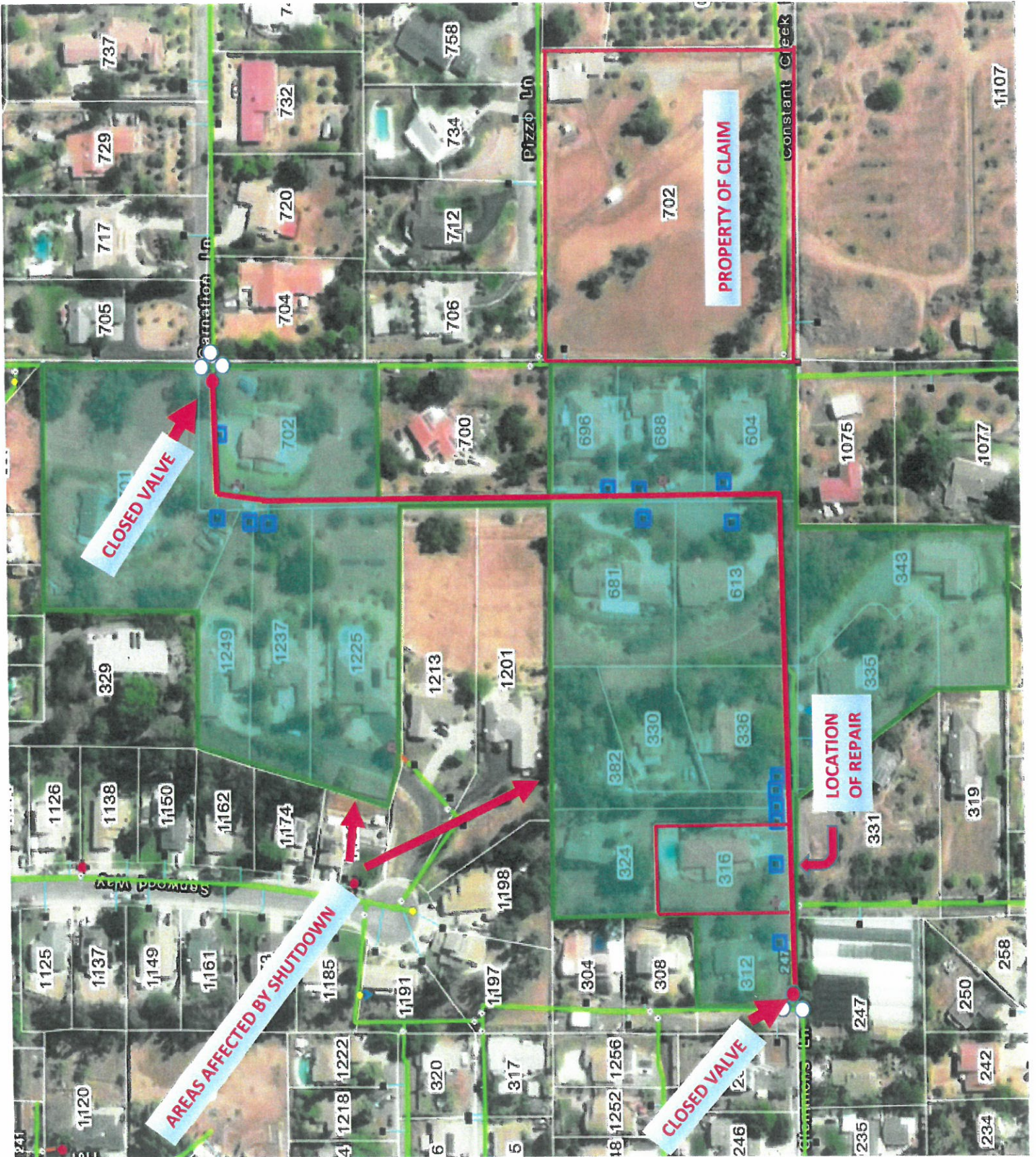
National Document Center
P.O. Box 268994
Oklahoma City, OK 73126-8994

October 29, 2019

002219



FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD.
FALLBROOK CA 92028

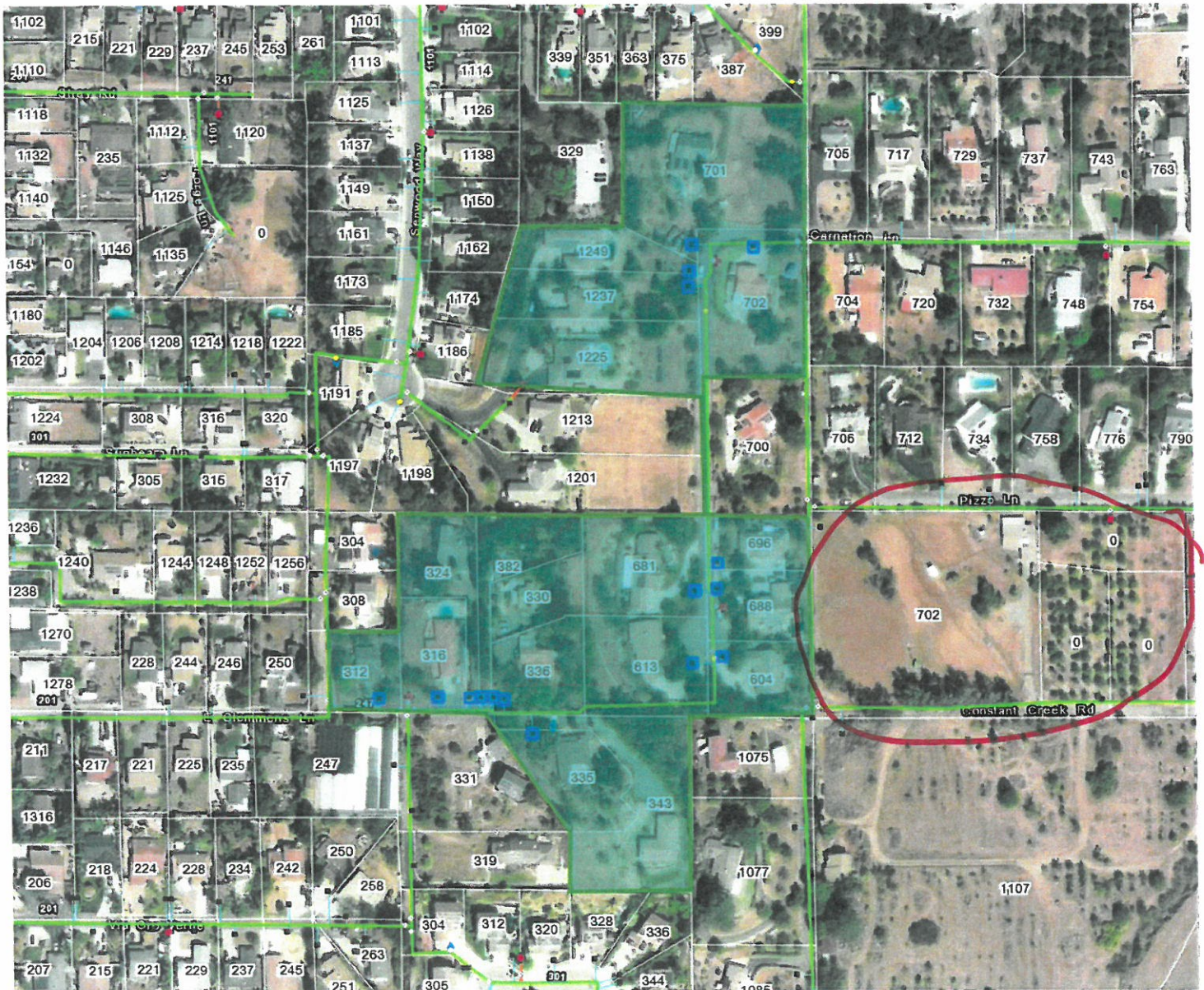


Jeff Evans

From: Jeff Evans
Sent: Friday, July 26, 2019 12:29 PM
To: Water Shutoff Notification
Subject: Dept 5 Shutdown- E Clemmens Ln and Carnation Ln - 8-1-19

Dept 5 has scheduled a shutdown for 8-1-19 on E Clemmens Ln and Carnation Ln from 8AM to 4:30 PM.

16 customers will be notified by door hangers on 7-26-19



JEFF EVANS
UTILITY TECHNICIAN
FALLBROOK PUBLIC UTILITY DISTRICT
OFFICE: (760) 728-1125 ext. 1129

Utility Billing
Service Request Form

CarolineW

Request Number: 000129-07-2019
Account Number: 010810-000

Last Updated By: CarolineW
On: 7/12/2019

Account Status: Active

Name: SAMUEL R ARMENISE
Billing Address: [REDACTED]
FALLBROOK, CA 920284140

Home Phone: 7607287307
Business Phone: 0000000000
Cell Phone: 0000000000

Service Address: [REDACTED]

Request Date: 7/12/2019
Request Description: D5-Leak In Box

AUG 13 2019

Customer cld, said just back from vacation, but there is still water in box and around box as of today.

looks like we did go out on 6-26 note said leak on pvc fitting below a/s approx 1/4 1/2 gpm.

Water/Gas Meters	Route-Seq Read Dt	Serial No Cons	Register ID No Of Digits	MXU ID	Manufacturer	Model No	Reading
Existing Water Meter	44-304000 7/9/2019	18307474 6	 4	79596893	Badger	3/4-10	106

Location: 004568 -

AUG 07 2019
DEPT. 5

Comments:

USA # A192000257 - pulled new copper
Service - New angle stop - New corp

Follow up needed? yes Serviced By: JD #408 Date: _____ Time: _____

061

Larry Ragsdale

From: Joshua Couveau
Sent: Thursday, August 01, 2019 3:01 PM
To: Water Shutoff Notification
Subject: The planned shutdown on Clemmens road is now completed

The planned shutdown on Clemens road is now completed.

Sent from my Verizon, Samsung Galaxy smartphone

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: December 9, 2019
SUBJECT: Consider Adoption of a Resolution of Application Requesting the San Diego Local Agency Formation Commission to Commence Proceedings for the Detachment/Exclusion of FPUD from the San Diego County Water Authority and Annexation into the Eastern Municipal Water District and Finding that the Action is Exempt from CEQA

Purpose

For the Board to consider Adoption of a Resolution of Application Requesting San Diego Local Agency Formation Commission (LAFCO) to commence proceedings for a reorganization to include detachment/exclusion of territory from San Diego County Water Authority (SDCWA) and annexation to Eastern Municipal Water District (EMWD) (the Reorganization), and finding that the action is exempt from the California Environmental Quality Act (CEQA).

Summary and Background

At the regular Board Meeting on July 22, 2019 the Board directed the General Manager to continue to work on establishing potential terms of detachment with SDCWA. At the regular Board Meeting on August 26, 2019, the Board directed the General Manager to begin preparation of the Resolution of Application for the proposed Reorganization and also to continue to work with SDCWA on identifying potential terms relative to the SDCWA detachment/exclusion component of the Reorganization. Staff has not been successful in negotiating potential terms with SDCWA (See attachment A). SDCWA has also recently taken a position that any negotiation must be done with each of SDCWA's 26 member agencies instead of with SDCWA, notwithstanding the express provisions of LAFCO's applicable policy. At its November 21, 2019 Board Meeting, SDCWA took an action to request that the detachment/exclusion request be subject to a vote of all voters in SDCWA's service area instead of limiting the vote to the District's service area as is expressly required under the County Water Authority Act. These actions clearly indicate that SDCWA is not interested in negotiating potential terms with the District and the only option left for the District is to either stop the process or submit an application to LAFCO and allow LAFCO to develop potential terms.

Staff has prepared the attached draft plan for services, as required by Government Code section 56653, describing in detail the impacts of the proposed reorganization.

Options:

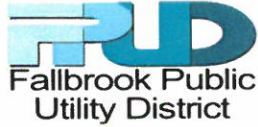
There are two options presented for the Board to consider:

1. Adopt the Resolution of Application for the Reorganization to include detachment/exclusion from SDCWA and annexation to EMWD for submission to San Diego LAFCO.
2. Do not adopt the Resolution of Application.

Recommended Action

Staff supports Board direction.

Attachment A



990 East Mission Road
Fallbrook, California
92028-2232
www.fpud.com

(760) 728-1125

Board of Directors

Dave Baxter
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougal
Division 4

Charley Wolk
Division 5

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Mary Lou West
Secretary

General Counsel

Paula de Sousa Mills
Best Best & Krieger

October 10, 2019

VIA ELECTRONIC MAIL

Chair Jim Madaffer
Board of Directors
San Diego County Water Authority
4677 Overland Avenue
San Diego, California 92123

Dear Chair Madaffer,

At the October 7, 2019 San Diego Local Agency Formation Commission (SDLAFCO) meeting, Ms. Collins, who is special counsel from Lewis Brisbois, Bisgaard & Smith representing the San Diego County Water Authority (SDCWA), suggested that Fallbrook Public Utility District (FPUD) and Rainbow Municipal Water District (RMWD) have not been participating in a consultation process with SDCWA and its 24 member agencies. I do not feel this statement accurately represents the past efforts by both FPUD (or RMWD for that matter) to provide information and receive input from SDCWA and its member agencies relative to FPUD's and RMWD's evaluation of detachment from SDCWA.

Nearly five months ago, at the May 23, 2019 SDCWA regular Board meeting, SDCWA General Counsel announced to the SDCWA Board that RMWD and FPUD were evaluating detachment from SDCWA based on information SDCWA had received from a meeting with Tom Kennedy, General Manager of RMWD. Following this meeting, I requested meetings with SDCWA to further discuss the potential process and terms and to outline our current status on the evaluation. On May 24, 2019, both RMWD and FPUD received a Public Records Act request from SDCWA General Counsel. We were also informed that SDCWA would not be able to meet with us until the demanded records were supplied. The records were supplied on June 21, 2019, and we were finally able to get a meeting scheduled with you on July 30, 2019. At that meeting, SDCWA requested a proposal relative to detachment, which we provided to SDCWA and all Board members on August 21, 2019.

During this same time period (from May 23, 2019, up until the August SDCWA Regular Board Meeting), I had also been requesting that SDCWA put an item on open session so that this topic could be discussed with all SDCWA member agencies. In response to my first request, SDCWA staff denied my request and instead asked that I provide a written statement. Thereafter, at the June 27, 2019 SDCWA Regular Board meeting, SDCWA allowed me to make a verbal statement, but no time for discussion was permitted and member agencies were not provided an opportunity to ask question or to discuss the matter or my verbal statement. At this meeting, in my statement I identified that I was happy to meet with any Directors or agencies that have concerns or want additional information. I continued to request that there be an item to discuss this item in open session with all SDCWA member agencies, but those requests were denied. Because of this, in August I began to schedule informational outreach meetings with each agency since I was unable to get a discussion on the SDCWA agenda. The purpose of these meetings was to provide an opportunity for questions to be asked by member agencies and for information to be given. After holding several meetings with General Managers and some Board members, I received the attached August 21, 2019 letter from you addressed to me and Tom Kennedy requesting that we stop making “public relations rounds with Water Authority Directors.” (Attachment 1).

Per your request as the Chair of the SDCWA Board, I discontinued scheduling meetings with agencies and their Board representatives. At the August 22, 2019 SDCWA regular Board meeting, there was an item placed in closed session under “risk of litigation.” I was informed that I could not attend the discussion. I was also informed by SDCWA General Counsel that not only would there not be any open session item to permit discussion with other SDCWA Board members on this matter at that meeting, but also that I would only be allowed to address the Board under public comment (Attachment 2). At this meeting, I did fill out a public speaker slip and addressed the SDCWA Board when I again reiterated my desire to have an open session discussion on the item and my willingness to meet with any other agency Board member who wanted more information or had concerns. Finally, at the September 26, 2019 Board meeting, there was an open session discussion item on detachment during which I provided an update to the Board members and again reiterated I was happy to meet with any directors or agencies to discuss any concerns or details.

Based on the recent correspondence and public comments from Ms. Collins, it appears SDCWA would like for FPUD and RMWD to further engage in efforts directly with member agencies without involvement of SDCWA. Sandy Kerl conveyed a similar message to me and Tom Kennedy in a meeting we had on October 9, 2019, which message she confirmed in an email communication sent today (October 10, 2019), on which you were copied. Since this approach is in conflict with your previous letter, I will consider the statements made by Ms. Collins and Ms. Kerl to be SDCWA’s current position and I will be reaching out to the General Managers at each SDCWA member agency (who I have cc’d on this letter) to see if they have interest in a meeting or a presentation to their legislative body (Board/Council).

Chair Jim Madaffer

Page 3

October 10, 2019

Last, during our meeting with Ms. Kerl on October 9, 2019, which was set up specifically for the purpose of discussing potential terms for detachment from SDCWA, I shared some detail regarding a potential proposal/framework that could be used for our detachment from SDCWA and she stated that she would discuss the proposed framework with leadership. Frustratingly, in her email of October 10, 2019, Ms. Kerl states that she does not have any details of our proposal. As the issue at hand is a possible detachment from SDCWA, it is confusing to me that SDCWA appears to now (after it specifically sought out a proposal from FPUD and RMWD) be disinterested in hearing, much less discussing the terms of a potential detachment. It, in fact, seems quite clear from SDCWA's actions that SDCWA has no intention in having a substantive discussion regarding development of potential terms of detachment with SDCWA.

Sincerely



Jack Bebee
General Manager

Attachments

Cc: Keene Simonds, San Diego LAFCO Executive Office
Sandy Kerl, Acting General Manager, SDCWA
SDCWA Member Agency General Managers

Attachment 1



Our Region's Trusted Water Leader
San Diego County Water Authority

August 21, 2019

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

Jack Bebee, General Manager
Fallbrook Public Utility District
 990 E Mission Road
 Fallbrook, CA 92028

Tom Kennedy, General Manager
Rainbow Municipal Water District
 3707 Old Hwy 395
 Fallbrook, CA 92028

Dear Jack and Tom:

On July 30 I, along with my fellow officers Gary Croucher and Christy Guerin, and our Acting General Manager Sandy Kerl and our General Counsel Mark Hattam, all met with you both and your counsel to discuss de-annexation issues. We had a productive meeting. In the meeting you said that the process would be far easier if all our agencies could all agree on what the terms would be for a de-annexation. We understood that, and I asked you to please provide a specific proposal to us so that we could examine it and then set up another meeting to discuss it. You expressly committed to getting us a proposal. However, to date we have seen nothing from either Rainbow or Fallbrook. Instead, your agencies have continued with the contractual processes with Eastern Municipal Water District, and with making public relations rounds with Water Authority Directors. From those meetings we are now hearing some questions as to why we are not meeting with you, as people apparently are not being told all the above facts. Of course, once we actually receive the promised proposal from your agencies we would be pleased to schedule another meeting. Hopefully we will receive it soon so that we have something concrete to discuss.

Thank you,

Jim Madaffer, Chair
San Diego County Water Authority
Board of Directors

OTHER REPRESENTATIVE

County of San Diego

C: SDCWA Board of Directors
SDCWA Member Agency General Managers

Attachment 2

Jack Bebee

From: Hattam, Mark <MHattam@sdcwa.org>
Sent: Monday, August 12, 2019 4:19 PM
To: Kennedy, Tom; Jack Bebee; Paula De Sousa Mills; Pellman, Lloyd W.
Cc: Kerl, Sandy; Thompson, Frances; Catacutan, Jennifer; Madaffer, Jim; Croucher, Gary; Guerin, Christy
Subject: De-Annexation Issues

Tom and Jack:

This non-privileged e-mail (copied to your counsel) responds to the requests you made as General Managers of your agencies for time to address the Water Authority Board prior to closed session at the upcoming August 21 Board meeting, and to get a more detailed financial breakdown as to the general estimate agency cost information that was previously sent by Sandy Kerl to the Board and to member agency GM's. This e-mail, at the instruction of the Officers, responds to your inquiries.

First, at the August 21 full Board meeting we will have two items on the agenda that relate in some manner to the potential de-annexation applications that Rainbow and/or Fallbrook intend to file. One item will be a possible deferral of certain infrastructure work, as we earlier discussed and which both of you said you understood why this work should be delayed. As an FYI, because neither of you sit on the Boards at your home agencies, you may vote on this deferral issue.

The other item will be an anticipated litigation closed session at full Board. Because this item involves your agencies, you will not be allowed to attend. We also made you aware of this at our recent meeting. (I also note that from the PRA responses that Tom Kennedy at Rainbow last year had a closed session item related to potential litigation with the Water Authority on this issue. See November 28, 2018, 2:42 p.m. e-mail from Kennedy to Bebee and Paul Jones.) If you want to speak publicly, you (or your staff person) would need to fill in a speaker slip, and each of your agencies may then have up to 3 minutes apiece to say what you want during the normal public comment session at full Board. The Officers will not be agendaizing any special speaking item in open session.

Second, as to the cost summary, you already have the general estimated numbers. If the Water Authority decides to produce a further public breakdown, you will be copied. Thank you.

Mark J. Hattam
General Counsel
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
(858) 522-6791
mhattam@sdcwa.org

RESOLUTION NO. 4985

A RESOLUTION OF APPLICATION BY THE FALLBROOK PUBLIC UTILITY DISTRICT (FPUD) REQUESTING THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION TO COMMENCE PROCEEDINGS FOR THE DETACHMENT/ EXCLUSION OF FPUD FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEXATION INTO THE EASTERN MUNICIPAL WATER DISTRICT AS MORE PARTICULARLY DESCRIBED HEREIN AND FINDING THAT THE ACTION IS EXEMPT FROM CEQA

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 is authorized to provide water, wastewater, and reclaimed water services, within all or part of its boundaries; and

WHEREAS, FPUD is a member of the San Diego County Water Authority (“County Water Authority”) from which it purchase water to serve its rate payers; and

WHEREAS, the County Water Authority is organized under the provisions of the County Water Authority Act (Water Code Appendix Chapter 45); and

WHEREAS, the County Water Authority is a member agency of the Metropolitan Water District of Southern California (“Metropolitan”), which serves as the County Water Authority’s largest supplier; and

WHEREAS, since the formation of the County Water Authority in 1944, with FPUD as a charter member, FPUD has contributed almost \$300 Million to construct and operate assets owned by the County Water Authority; and

WHEREAS, over the last 25 years, the County Water Authority has made major investments in new storage and treatment facilities located well south of the FPUD service area, which investments have increased the cost of water to FPUD ratepayer adding several hundred dollars per acre foot to the cost of water; and

WHEREAS, to date FPUD receives the majority of its water directly from Metropolitan pipelines and FPUD’s water distribution system is not directly able to receive deliveries from the County Water Authority’s new storage and treatment facilities, and as a result FPUD’s rate payers currently do not receive the full benefit of these County Water Authority’s investments; and

WHEREAS, FPUD’s mission is to benefit the community of Fallbrook by providing efficient and reliable services and as part of its efforts to fulfill this mission, FPUD seeks to identify opportunities to reduce the cost of providing efficient and reliable services to its ratepayers; and

WHEREAS, to that end FPUD is currently under contract for the construction of the Santa Margarita River Conjunctive Use Project, which after complete will provide FPUD with a local water supply equal to roughly 30 percent of its current total water supply, providing a

buffer from escalating imported water costs and creating an additional shield against the impacts of drought; and

WHEREAS, Eastern Municipal Water District (“Eastern”), located in Riverside County, is a member agency of Metropolitan receiving water supplies from Metropolitan, which water it provides to retail waster service agencies such as cities and special districts in Riverside County; and

WHEREAS, FPUD has evaluated the possibility of annexing to Eastern as a means of obtaining a lower cost supply of reliable water; and

WHEREAS, based on FPUD’s evaluation, the reliability of supplies from Eastern to FPUD in combination with FPUD local supply resources are sufficient to meet FPUD’s needs; and

WHEREAS, Eastern has indicated its support of the possible annexation of FPUD into its boundaries; and

WHEREAS, if FPUD detaches from the County Water Authority, the County Water Authority and its remaining member agencies will realize future savings associated with no longer needing to complete construction of the North County EPS pump stations to serve FPUD and Rainbow Municipal Water District, which project is currently on hold, but is budgeted at \$40 million; and

WHEREAS, if FPUD detaches from the County Water Authority, the reduction in demand from FPUD for water supplies and expanded water facilities will result in benefit the County Water Authority and its remaining member agencies in that it will increase reliability of supplies from County Water Authority in times of drought and reductions in imported water supplies; and

WHEREAS, 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 exclusion/ detachment of FPUD from the County Water Authority and annexation of FPUD into Eastern (the “Reorganization”); and

WHEREAS, the detachment of FPUD from the County Water Authority is expressly permitted and authorized by the County Water Authority Act, specifically Section 45-11; and

WHEREAS, the Riverside Local Agency Formation Commission and the San Diego Local Agency Formation Commission have executed a memorandum of understanding dated October 24, 2019 by which San Diego Local Agency Formation Commission will undertake the processing of any application by FPUD to proceed with the Reorganization; and

WHEREAS, the reasons for the proposed Reorganization are as follows:

1. Due to the combination of rising wholesale water costs and FPUD infrastructure needs, the Reorganization will help stabilize long-term water costs to address affordability and sustainability issues for FPUD for the benefit of its ratepayers.

2. The Reorganization will enable FPUD to better provide water supplies to those within its boundaries undertaking agricultural activities, in support of the local economy.
3. FPUD already obtains its water supplies directly off of Metropolitan's infrastructure instead of off of County Water Authority's infrastructure, which is unique for County Water Authority member agencies but similar to other cities and special districts receiving water supplies from Eastern. Accordingly, the Reorganization requires no modifications to FPUD infrastructure and the water supply from Eastern can be obtained at significantly lower cost.
3. The Reorganization would permit FPUD to cease funding County Water Authority infrastructure throughout the County that it does not need nor use.
4. The Reorganization would benefit the County Water Authority and its remaining member agencies by permitting the County Water Authority to save, in the future, the \$40 million budgeted for completing construction of the North County EPS pump stations to serve FPUD and Rainbow Municipal Water District should Rainbow Municipal Water District also detach.
5. The Reorganization would benefit the County Water Authority and its remaining member agencies because the reduction in demand from FPUD for water supplies and expanded water facilities will result in increased reliability of supplies from County Water Authority in times of drought and reductions in imported water supplies; and

WHEREAS, the Reorganization is supported by the draft Plan for Providing Services required by Government Code section 56653 attached hereto as Exhibit "A," and by this reference incorporated herein; and

WHEREAS, the external boundaries of FPUD, County Water Authority and Eastern are generally depicted in the maps attached hereto as Exhibit "B," and by this reference incorporated herein; and

WHEREAS, FPUD is inhabited; and

WHEREAS, the Reorganization 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 Reorganization will not require the construction of any new infrastructure or any changes to the manner in which FPUD receives its water supplies; and

WHEREAS, even if the Reorganization is a "project" within the meaning of CEQA, 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 local governmental agencies are exempt if the changes do not modify the geographical area in which previously existing powers are exercised. The Reorganization is a change in FPUD's organization structure that does not modify FPUD's service area; and

WHEREAS, even if the Reorganization is a “project” within CEQA’s meaning, it is exempt under State CEQA Guidelines section 15061(b)(3)-Common Sense Exemption as “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” The Reorganization will not change the type, intensity, or manner of service that FPUD provides. Further, the Reorganization will not result in construction or other physical alteration of the environment because the Reorganization will not require any new infrastructure or any changes to the manner in which FPUD receives its water supplies. None of the exceptions identified in CEQA Guidelines § 15300.2, which prohibit the use of an exemption, apply here. The Reorganization does not present any unusual circumstances that would create a significant effect on the environment. Further, the Reorganization would not create cumulative impacts, damage scenic resources, be utilized on a hazardous waste site, or impact any historic resources.

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 and are made an operative part of this Resolution of Application.
2. **Proposal.** A proposal is hereby made by FPUD to the San Diego Local Agency Formation Commission for a Reorganization as follows:
 - a. This proposal for the Reorganization is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 commencing with Section 56000 of the California Government Code.
 - b. The nature of the proposed Reorganization is detachment of FPUD from the County Water Authority and annexation of FPUD into Eastern.
 - c. FPUD is inhabited.
 - d. The boundaries of the proposal area are described in the legal description, and depicted on the corresponding maps attached hereto as Exhibit “B,” and by this reference incorporated herein.
 - e. The reasons for proposed Reorganization are as follows:
 - i. Due to the combination of rising wholesale water costs and FPUD infrastructure needs, the Reorganization will help stabilize long-term water costs to address affordability and sustainability issues for FPUD for the benefit of its ratepayers.
 - ii. The Reorganization will enable FPUD to better provide water supplies to those within its boundaries undertaking agricultural activities, in support of the local economy.
 - iii. FPUD already obtains its water supplies directly off of Metropolitan’s infrastructure instead of off of County Water Authority’s infrastructure, which is unique for County Water Authority member agencies but similar to other cities and special districts receiving water supplies from

Eastern. Accordingly, the Reorganization requires no modifications to FPUD infrastructure and the water supply from Eastern can be obtained at significantly lower cost.

- iv. The Reorganization would permit FPUD to cease funding County Water Authority infrastructure throughout the County that it does not need nor use.
 - v. The Reorganization would benefit the County Water Authority and its remaining member agencies by permitting the County Water Authority to save, in the future, the \$40 million budgeted for completing construction of the North County EPS pump stations to serve FPUD and Rainbow Municipal Water District should Rainbow Municipal Water District also detach.
 - vi. The Reorganization would benefit the County Water Authority and its remaining member agencies because the reduction in demand from FPUD for water supplies and expanded water facilities will result in increased reliability of supplies from County Water Authority in times of drought and reductions in imported water supplies; and
- g. It is desired by FPUD that the proposed Reorganization provide for and made subject to the following terms and conditions:
- i. Pursuant to the express provisions of the applicable portion of Section 45-11(a)(2) of the County Water Authority Act, establishing the process for detachments from a county water authority, that the portion of the Reorganization involving detachment from the County Water Authority be subject to the following conditions:
 - (1) That the matter of detachment of FPUD from the County Water Authority be submitted to a vote by only the electors of FPUD. (Water Code Appendix Section 45-11 (a)(2).)
 - (2) That to the extent that there is any, that the taxable property to be detached from the County Water Authority, i.e., FPUD, 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 detachment and until the bonded or other indebtedness has been satisfied. (Water Code Appendix Section 45-11 (a)(2).)
 - (3) That if the taxable property to be detached from the County Water Authority is, at the time of detachment, subject to special taxes levied or to be levied by the County Water Authority pursuant to the terms and conditions previously fixed under Water Code Appendix Section 45-10 (c) or (d) for the annexation of the property to be detached County Water Authority, the taxable property within the excluded area so subject to the special taxes shall continue to be taxable by the County Water

Authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies. (Water Code Appendix Section 45-11 (a)(2).)

The full text of Water Code Appendix Section 45-11 (a)(2) is attached hereto as Exhibit "C," and by this reference incorporated herein.

- ii. That upon the effective date of the Reorganization, the County Water Authority shall retain FPUD's share of and interest in any County Water Authority infrastructure.
- iii. That upon the effective date of the Reorganization, that the County Water Authority ceases collection of the Standby Water Availability Charge from the properties within FPUD.
- iv. That upon the effective date of the Reorganization, that Eastern commence collection of its Standby Assessment/Fee from the properties within FPUD.

3. CEQA Compliance.

- a. 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 finds that proposed Reorganization: (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 20 exemption as a "change in organization" (State CEQA Guidelines § 15320); and (3) alternatively, is exempt from CEQA under the "common sense" exemption because it can be seen with certainty that there is no possibility that Reorganization would have a significant effect on the environment. (CEQA Guidelines § 15061(b)(3)); and (4) none of the exceptions to the application of the exemptions exist under State CEQA Guidelines § 15300.2.
- b. 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.
- c. 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 Local Agency Formation Commission 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 Reorganization described herein.

5. **Plan for Services.** The Board of Directors directs the Fallbrook General Manager to finalize the draft Plan for Services attached hereto as Exhibit "A," and by this reference incorporated herein.
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, maps, other documents with the Executive Officer of the San Diego Local Agency Formation Commission. The Fallbrook General Manager is further authorized and directed to pay the required application filing fee and to pay such additional sums as may be invoiced from the San Diego Local Agency Formation Commission for services rendered in the processing of the Reorganization application.
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 regular meeting of the Board held on the 9th day of December, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

List of Exhibits:

- Exhibit A: Plan for Providing Services**
Exhibit B: Maps
Exhibit C: Text of County Water Authority Act Section 45-11 (A)(2)

**EXHIBIT A
PLAN FOR PROVIDING SERVICES**

Attachment A

DRAFT

Fallbrook Public Utility District

Plan for Providing Service

Application for Proposed Reorganization

December 2019

1.0 INTRODUCTION

This document is part of the application for Reorganization from the Fallbrook Public Utility District (FPUD) to the San Diego County Local Agency Formation Commission (“LAFCO”). FPUD is requesting a governmental reorganization consisting of a) the detachment of FPUD from the San Diego County Water Authority (SDCWA) and b) annexation to the Eastern Municipal Water District (EMWD). The plan provides FPUD, LAFCO, affected property owners and voters, and other interested persons with information regarding existing and proposed local government services for the proposed reorganization.

2.0 MUNICIPAL SERVICES

2.1 Description of Service Territory

2.1.1. Fallbrook Public Utility District (FPUD)

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 FPUD, 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 (FPUD), organized under the provisions of the Public Utility District Act, Public Utilities Code section 15500 et seq., was formed on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, FPUD began to grow. Annexations into FPUD 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.

FPUD became a member of the San Diego County SDCWA (SDCWA) at its 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 FPUD 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, virtually all of FPUD’s water supplies are from the Colorado River and California State Water Project.

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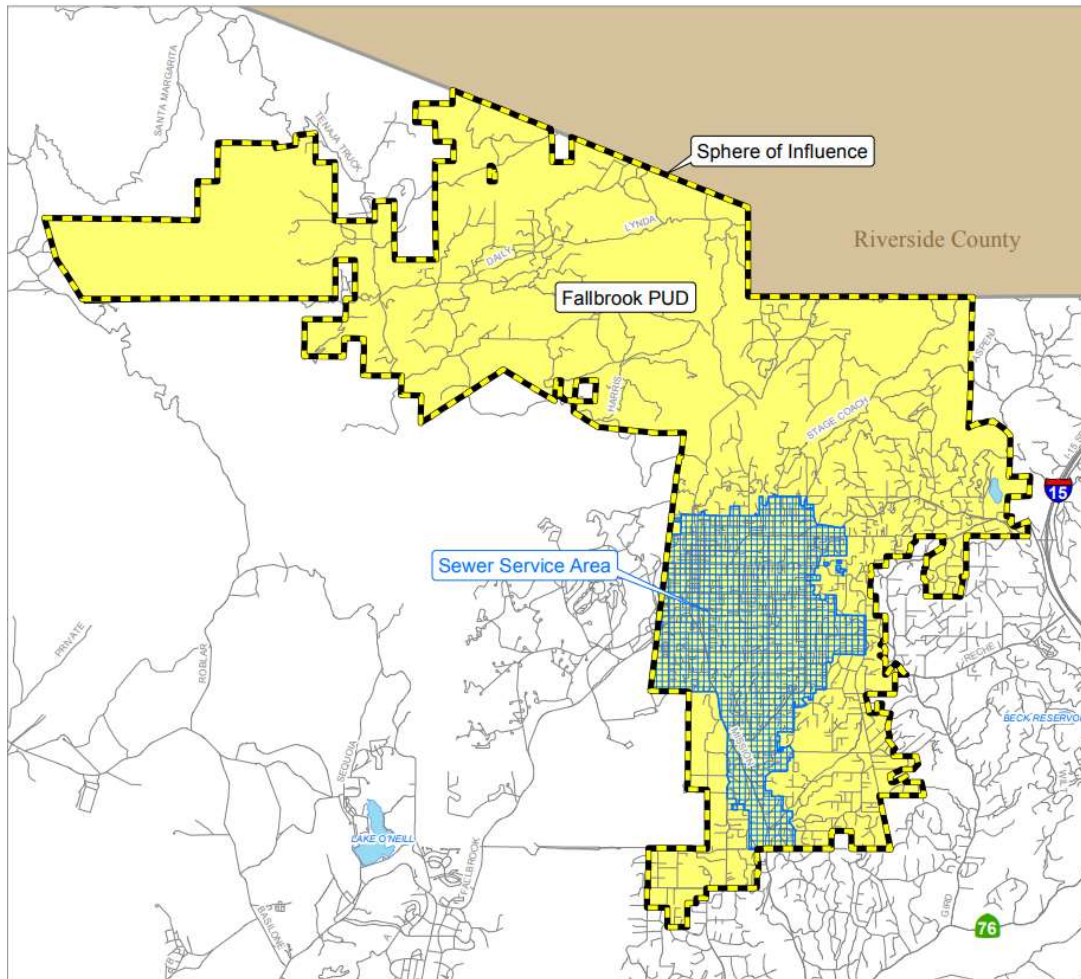
FPUD's scope of operations grew in the 1990's with both the 1990 dissolution of the DeLuz Heights Municipal Water District and annexation of its 12,000-acre service area to FPUD, and the 1994 dissolution of Fallbrook Sanitary District, which was located entirely within FPUD's boundaries. The Sanitary District had provided parts of Fallbrook with recycled water and wastewater service within a 4,200 acre area of downtown. FPUD took over those services, and the same year the playing fields at Fallbrook High School started receiving reclaimed water as its source of irrigation water. So did two new large nurseries. For the next ten years, FPUD's Reclamation Plant (Plant) began receiving a series of awards for safety in operations. In 2015, FPUD completed a major overhaul, upgrade and expansion of the Plant. The \$27 million project took three years to complete, replacing aged and aging equipment, and allowed for a substantial expansion of FPUD's recycled water distribution system. The overhaul involved upgrades to the existing Plant to improve reliability in operation and created much-needed storage space for recycled water.

FPUD provides residents, businesses and agricultural customers with full-service water, wastewater and recycled water services within all or part of its boundaries. **Figure 1** shows FPUD's service area and boundaries.

Because of its geographic location, FPUD is unique and mostly independent of the SDCWA Aqueduct system, its reservoirs and its water treatment plant. Almost all of FPUD's water is treated and delivered through MWD owned facilities. Although FPUD pays SDCWA for emergency water service, due to the lack of regional SDCWA infrastructure directly to FPUD, it cannot physically receive deliveries from SDCWA to serve the vast majority of its service area in a catastrophic emergency or in the event of an extended SDCWA shutdown for repair.

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FIGURE 1—FPUD Service Area



Governance and Organizational Structure

FPUD is governed by a 5-member Board of Directors who serve staggered 4-year terms. Each Director is elected by the registered voters of the subdistrict in which he or she resides. Previous to 2016 FPUD’s Board of Directors were elected as at-large representatives. Legislation passed in 2016 allows FPUD to elect its directors by subdistrict. To run for office, a candidate must be a resident and qualified elector of the subdistrict they are running to represent. FPUD is administered by 68 Full Time employees organized by functional departments. The General Manager of FPUD is Jack Bebee, P.E.

Service Area and Local Economy

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Currently, FPUD serves an area of 28,000 acres. Approximately 40% of the annual water deliveries are for agricultural use. This number is significantly lower than in prior years. The remainder is for municipal, residential and industrial uses. Total growth in population over the past 20 years has been about 24%, or about 1.6% annually. It increased from a population of 28,200 in 1995 to a population of 33,476 in 2015. Annual water consumption increased to a high of 19,597 acre-foot/year in 2007, then decreased to 9,000 in 2018 with a projection of even lower sales in 2019. This decrease in water consumption was due to the drought, water use restrictions placed on customers, as well as the increased cost of water.

As an unincorporated area of San Diego County, land use authority for Fallbrook resides with the County Board of Supervisors. The Fallbrook Community Plan (FCP), which is part of the County of San Diego General Plan, was adopted on Dec. 31, 1974 by the Board of Supervisors and updated in November 2015. The FCP did not project land use for intermediate future years but rather produced an ultimate land-use plan. While the Community Plan specifies land use, it does not constitute zoning. All future zoning is legally required to be consistent with the adopted community goals and objectives presented in the FCP.

The following general goal has been adopted in the FCP:

"Perpetuate the existing rural charm and village atmosphere while accommodating growth in such a manner that it will complement and not sacrifice the environment of our rustic, agriculturally oriented community."

The FCP attempts to fulfill this goal by limiting future multiple-use and high-density development to the designated town center and is referred to in the County General Plan as a "Country Town." Land outside the designated town center, extending to the community's boundaries, is intended for agricultural uses and rural, residential development and has parcel size limits of 1, 2, 4 or 8 acres, depending on topography and steepness of the land. Most population increase is occurring within the Country Town as land is developed into subdivisions and apartment units. Outside the Country Town land subdivision has been occurring gradually as 40- and 80-acre parcels are split up over many years down to the permissible minimum size of 2 or 4 acres. Based on the updated General Plan, larger parcels further from roads and utilities may be limited to minimum lot sizes, much larger than 2 to 4 acres.

Agricultural land use has been undergoing a gradual change from primarily avocados and citrus to a mixture of crops including other subtropical fruit and nut orchards such as macadamias, persimmons, kiwis, cherimoyas, grapes, dragon fruit, etc. In addition, ornamental flowers and commercial nurseries are increasing in prominence and will tend to preserve the agricultural orientation of the community. Decreases in agriculture, due to increasing water cost as well as development, are expected to remain close to the historic long-term trend.

2.1.2 San Diego County Water Authority (SDCWA)

History

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SDCWA was established pursuant to legislation adopted by the California State Legislature in 1943 (County Water Authority Act) to provide a supplemental supply of water as the San Diego region's civilian and military population expanded to meet wartime activities. Because of the strong military presence, the federal government arranged for supplemental supplies from the Colorado River in the 1940s. In 1947, water began to be imported from the Colorado River via a single pipeline that connected to MWD's Colorado River Aqueduct located in Riverside County. To meet the water demand for a growing population and economy, SDCWA constructed four additional pipelines between the 1950s and early 1980s that are all connected to MWD's distribution system and deliver water to San Diego County. SDCWA is now the county's predominant source of wholesale water, supplying from 75% to 95% of the region's wholesale water needs depending upon weather conditions and yield from local surface, recycled, and groundwater resources and projects.

Governance & Organizational Structure

The decision-making body of SDCWA is its 36-member Board of Directors. Each of the 24 member agencies of SDCWA has at least one representative on the SDCWA Board of Directors. Member agencies may appoint one additional representative for each additional 5% of total assessed value of property taxable by the CWA for purposes within the public agency's boundaries. As a result, FPUD is entitled to representation by 1 director. The City of San Diego, the largest member agency in terms of assessed value is entitled to 10 Directors.

Under the CWA Act, a member agency's vote is based on its "total financial contribution" to the CWA since the CWA's organization in 1944. Total financial contribution includes all amounts paid in taxes, assessments, fees, and charges to or on behalf of SDCWA or MWD. The CWA Act authorizes each CWA Board of Directors member to cast one vote for each \$5,000,000, or major fractional part thereof, of the total financial contribution paid by the member agency. Based on this formula, FPUD is entitled to 2.32% of the total vote in Calendar Year 2019. For comparison purposes the City of San Diego is entitled to 39.81% of the total vote in calendar year 2018. The four largest urban water agencies (City of San Diego, City of Oceanside, Helix Water District and Otay Water District) have a combined vote total over 58% in calendar year 2018.

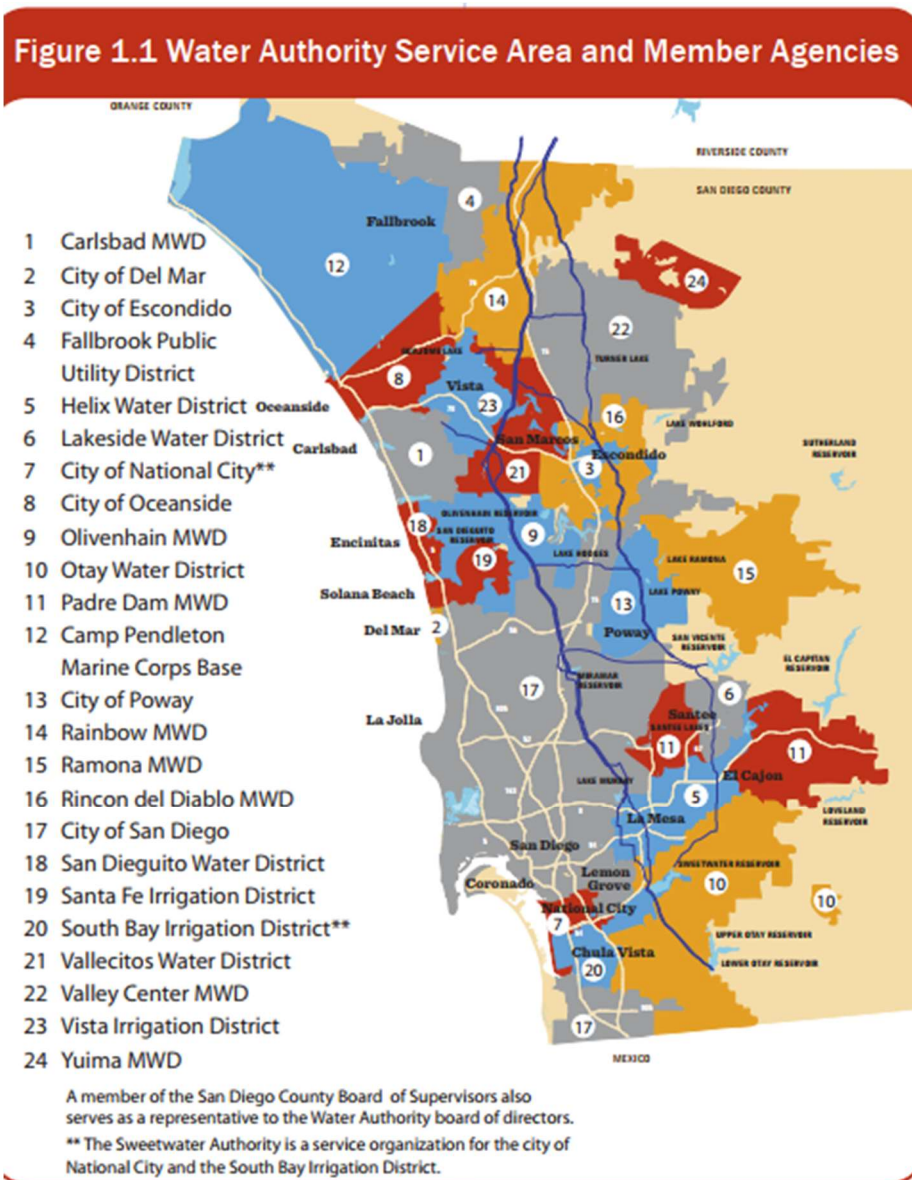
Service Area and Local Economy

SDCWA's boundaries extend from the border with Mexico in the south, to Orange and Riverside counties in the north, and from the Pacific Ocean to the foothills that terminate the coastal plain in the east. With a total of 951,000 acres (1,486 square miles), SDCWA's service area encompasses the western third of San Diego County. **Figure 2** shows SDCWA's service area, its member agencies, and aqueducts (shown as blue lines). SDCWA's 24 member agencies purchase water from SDCWA for retail distribution within their service territories. The member agencies (six cities, five water districts, eight municipal water districts, three irrigation districts, a public utility district, and a federal military reservation) have diverse and varying water needs.

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In terms of land area, the City of San Diego is the largest member agency with 210,726 acres. The smallest is the City of Del Mar, with 1,159 acres. Some member agencies, such as the cities of National City and Del Mar, use water almost entirely for municipal and industrial purposes. Others, including Valley Center, Rainbow, and Yuima Municipal Water Districts, deliver water that is used mostly for agricultural production.

FIGURE 2 –SDCWA Service Area and Member Agencies



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Facilities

Imported water supplies from MWD are delivered to SDCWA member agencies through a system of large-diameter pipelines, pumping stations, and reservoirs. The pipelines deliver supplies from MWD are divided into two aqueduct alignments, both of which originate at Lake Skinner in southern Riverside County and run in a north to south direction through the SDCWA service area. MWD's ownership of these pipelines extends to a "delivery point" six miles into San Diego County. From there, Pipelines 1 and 2 comprise the First San Diego Aqueduct, which reaches from the delivery point to the San Vicente Reservoir. Pipelines 3, 4, and 5 from the Second San Diego Aqueduct. These pipelines are located several miles to the west of the First San Diego Aqueduct.

Storage facilities are used by SDCWA to both manage daily operations and provide reserves for seasonal, drought, and emergency storage needs. SDCWA seasonal, drought, and emergency storage capacity currently includes 234,000 AF of in-region surface water. In addition to the Twin Oaks Valley WTP, SDCWA entered into an agreement with the Helix Water District to purchase 36 MGD of treatment capacity from the R.M. Levy WTP. Water from the Levy plant supplements treated water service to eastern San Diego County, storage and 70,000 AF of out of region leased groundwater storage in the San Joaquin Valley.

Economy

SDCWA's service area characteristics have undergone significant changes over the last several decades. Driven by an average annual population increase of 50,000 people per year, large swaths of rural land were shifted to urban uses to accommodate the growth in population. This shift in land use has resulted in the region's prominent urban and suburban character. San Diego County also has a rich history of agriculture, beginning with the large cattle ranches established in the 18th century and continuing through the diverse range of crops and products grown today. Although the total number of agricultural acres under production has declined, the region maintains a significant number of high value crops, such as cut-flowers, ornamental trees and shrubs, nursery plants, avocados, and citrus. Based on the 2009 Crop Statistics and Annual Report by the San Diego County Department of Agricultural Weights and Measures, the region has 6,687 farms—more than any other county in the nation. San Diego County agriculture is a \$1.5 billion dollar per year industry, and ranks first in the state in gross value of agricultural production for flowers, foliage, and nursery products.

Today, San Diego boasts an economy that is not dominated by any one sector; in fact, no sector accounts for more than 15% of the regional economy. Several sectors are "economic drivers," specifically tourism, the military, and the "innovation" sector, which together make up a third of the regional economy. Tourism is an obvious strength, due in part to the weather, the beaches, the San Diego Zoo, and the Convention Center. The military is pivoting toward Asia and has committed to San Diego, as have many military contractors, like General Dynamics (makers of the Predator drone) and ViaSat (satellite communications leaders). Moreover, innovation will continue to drive San Diego's economy, with forward-looking technologies with massive growth potential from companies like QUALCOMM (pioneers in mobile phone technology), Illumina

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(revolutionized DNA sequencing with tremendous potential to improve healthcare and quality of life), and ESET (cybersecurity experts). San Diego also fares well in industries like healthcare, education, and a lean government sector. These sectors are generally population-driven—they rise in tandem with population—and, like the economic driver sectors, have proven through the Great Recession to be less affected by economic cycles. In sum, “recession-resilient” sectors account for over 60% of the San Diego economy.

2.1.3 Eastern Municipal Water District (EMWD)

History

EMWD is a public water agency formed in 1950 by popular vote. In 1951, it was annexed into the MWD and gained access to a supply of imported water from the Colorado River Aqueduct. When EMWD was formed in 1950 it was a small agency, primarily serving agricultural customers. Since then, potable water use in EMWD’s service area has shifted from primarily agricultural to urban use. The reduction in agricultural demand has two major causes: rural farmland has been transformed to urban housing, and most remaining agricultural demands have been shifted to the recycled water system. EMWD is organized under the provisions of the Municipal Water Law of 1911, Water Code section 71000 et seq.

Today, EMWD remains one of MWD’s 26 member agencies and receives water from Northern California through the State Water Project (SWP) in addition to deliveries through the Colorado River Aqueduct. EMWD’s initial mission was to deliver imported water to supplement local groundwater for a small, mostly agricultural, community. Over time, EMWD’s list of services has evolved to include groundwater production, desalination, water filtration, wastewater collection and treatment, and regional water recycling. EMWD provides both retail and wholesale water service covering a total population of over 750,000. EMWD’s mission is “to provide safe and reliable water and wastewater management services to our community in an economical, efficient, and responsible manner, now and in the future.”

Governance and Organizational Structure

EMWD is governed by a 5-member Board of Directors who serve staggered 4-year terms, representing the district division they were elected to represent. As a member agency of MWD, EMWD also has a member appointed to the MWD Board.

Service Area and Local Economy

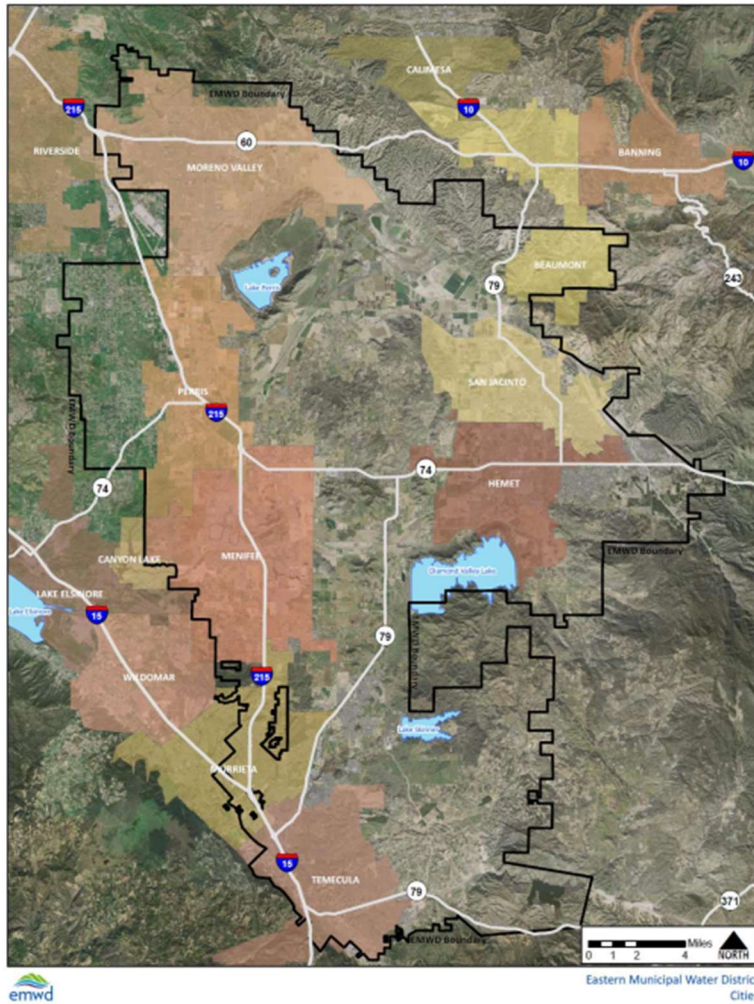
EMWD is located in western Riverside County, approximately 75 miles east of Los Angeles. (Figure 3.) EMWD provides potable water, recycled water, and wastewater services to an area of

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approximately 555 square miles in western Riverside County. The 555 square mile service area includes seven incorporated cities in addition to unincorporated areas in the County of Riverside.

FIGURE 3—EMWD Service Area

Figure 3-1: Areas Within EMWD Boundaries



EMWD is both a retail and wholesale agency, serving a retail population of 546,146 people and a wholesale population of 215,075 people. The agency was initially formed in 1950 to bring imported water to the area and in 1951 was annexed into the MWD. EMWD is now one of MWD’s 26 member agencies.

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Facilities

The majority of EMWD's supplies are imported water purchased through MWD from the State Water Project (SWP) and the Colorado River Aqueduct. Imported water is delivered to EMWD either as potable water treated by MWD, or as raw water that EMWD can either treat at one of its two local filtration plants or deliver as raw water for non-potable uses. EMWD's local supplies include groundwater, desalinated groundwater, and recycled water. Groundwater is pumped from the Hemet/San Jacinto and West San Jacinto areas of the San Jacinto Groundwater Basin. Groundwater in portions of the West San Jacinto Basin is high in salinity and requires desalination for potable use. EMWD owns and operates two desalination plants that convert brackish groundwater from the West San Jacinto Basin into potable water. EMWD also owns, operates, and maintains its own recycled water system that consists of four Regional Water Reclamation Facilities and several storage ponds spread throughout EMWD's service area that are all connected through the recycled water system. As of 2014, EMWD has used 100% of the recycled water it produces.

As stated above, since its formation as a water agency, EMWD has shifted from primarily serving agricultural uses to primarily serving urban uses. Today, EMWD's retail customers are mostly residential, with other uses consisting of commercial, industrial, institutional, landscape and agricultural. In addition to retail potable water demand, EMWD delivers water to seven wholesale customer agencies.

Economy

As the population within EMWD's service area continues to grow, the characteristics of the service area are continually changing. Tract homes, commercial centers and new industrial warehouses are replacing areas of agriculture and vacant land. Over the next 25 years, EMWD's total population is projected to grow by over 500,000 people, a 67% increase over the current population.

As part of the broader Inland Empire Southern Riverside county's economy reflects strong sectors in logistics, construction, health care, manufacturing, professional, management & scientific, and finance, insurance and real estate. Construction has historically been the major driver of the economy given its undeveloped land and Southern California's need for single family homes, apartments, industrial facilities, and infrastructure. Health Care firms are expanding in the Inland Empire. These same economic sectors are reflected within EMWD's service area. Much of the service area is characterized by being above the national average in median household income.

EMWD has a history of boom and bust development cycles. From the mid- 1980's to 1990's, population growth in EMWD routinely exceeded 10% per year. In the early 1990's, growth slowed during an economic recession. During the late 1990's, growth began to steadily increase, and the first five years of the 2000's again brought accelerated population growth to the area. Growth within EMWD's service area reached its peak rate in 2005, but then there was a major decline in housing development and growth slowed again. Starting in 2006 EMWD saw a sharp decline in

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the number of new connections added, reaching a low point in 2010. Since 2010, new connections have slowly been increasing; but they remain well below the peak levels of new development seen in the early 2000's.

2.2 Existing Service Providers and Service Provider after Reorganization

Table 1 provides the current public services provider for the FPUD service area and the responsible public service provider if LAFCO's approved the reorganization.

Table 1—Summary of Municipal Services

<u>Municipal Service</u>	<u>Current Provider</u>	<u>Provider After Reorganization</u>
Wastewater Collection and Treatment	Fallbrook Public Utility District	Fallbrook Public Utility District
Water Service	Fallbrook Public Utility District <i>*Imported Water from SDCWA</i>	Fallbrook Public Utility District <i>*Imported Water from EMWD</i>
Recycled Water	Fallbrook Public Utility District	Fallbrook Public Utility District

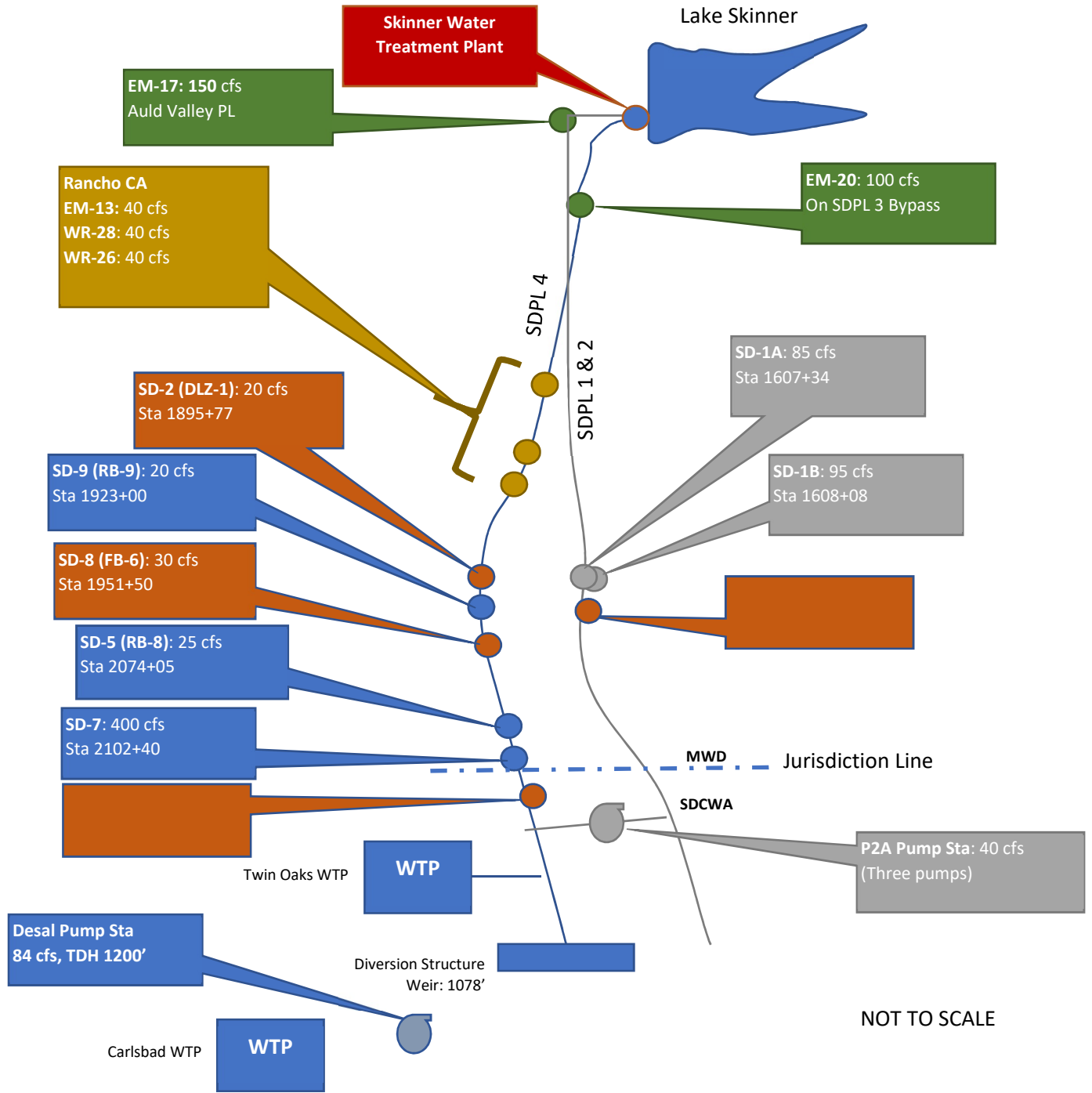
2.2.1 Level and Range of Services To Be Provided

Imported Water

FPUD imports 99% of its potable water from SDCWA with the remaining 1% coming from a local well. FPUD has four connections to SDCWA's system. **Figure 4** provides a schematic of how imported water is delivered to FPUD. Three of these connections are to pipelines owned by the MWD and one connection is to a pipeline owned by SDCWA. SDCWA currently purchases treated water from MWD that is treated at the Skinner Water Treatment Plant (WTP) and delivered to FPUD's connections. With approval of the reorganization, imported water treated at Skinner WTP will continue to be delivered to the same FPUD connections with no physical or operational changes necessary. FPUD does currently have the ability to take deliveries to occur on one connection it has to SDCWA owned pipeline, but FPUD has recently determined that continued deliveries through this connection are not necessary and FPUD will stop taking deliveries on this connection. Because there are no physical or operational change in the delivery of imported water to FPUD under reorganization there are no facilities to be built by EMWD or FPUD to begin service at the same level as today.

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FIGURE 4—How FPUD Receives Water Deliveries



NOT TO SCALE

LEGEND

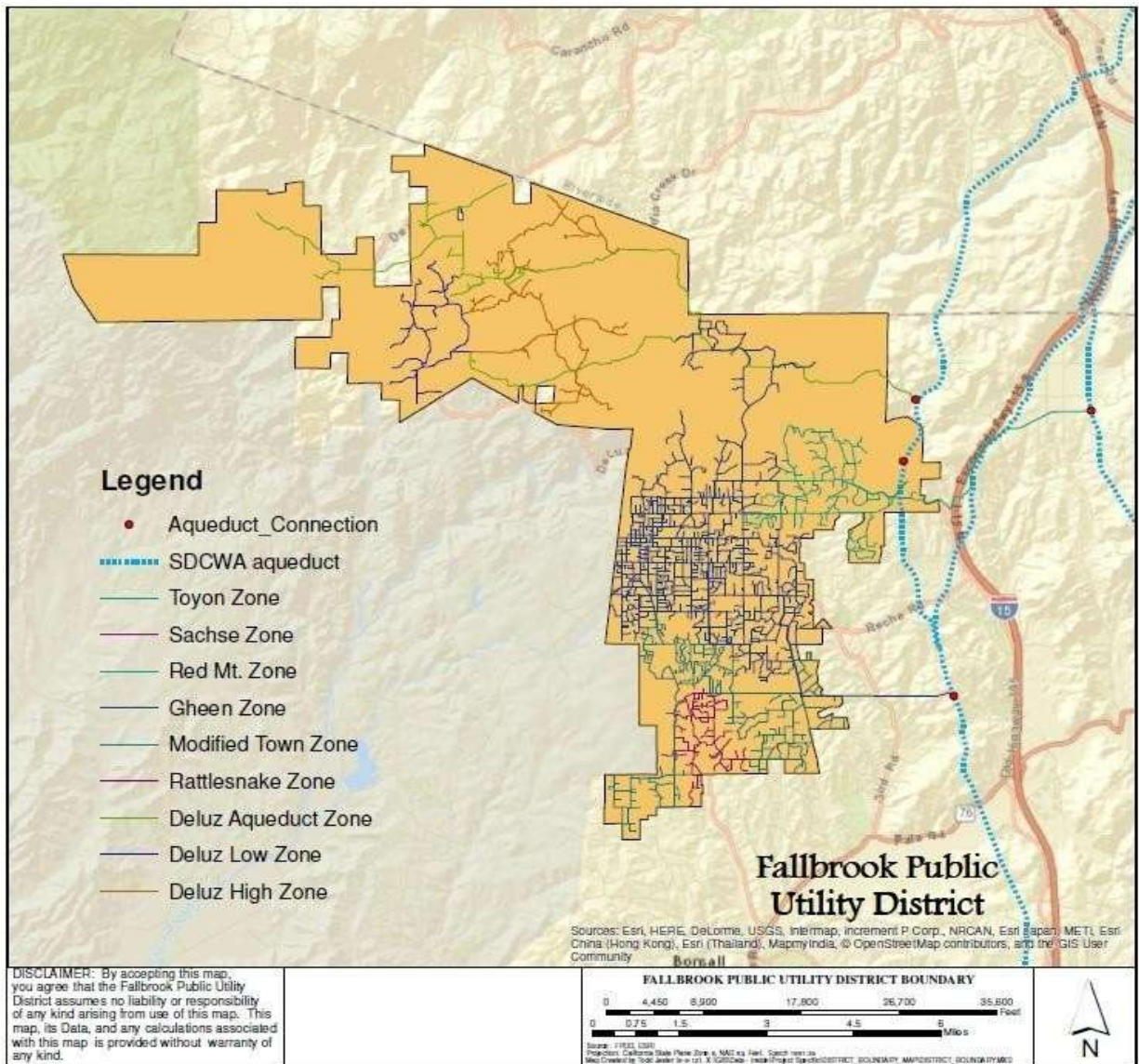
Signifies FPUD Connection to Imported Water System

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Retail Water Distribution

FPUD’s water distribution system (**Figure 5**) is comprised of 270 miles of pipeline, 6,800 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 300-million-gallon treated water reservoir, five pump stations and plans for a groundwater treatment plant. District staff operates the system, and conduct all system maintenance and repairs. FPUD is in the middle of an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use. Reorganization will not result in any changes to retail water distribution in FPUD’s service area.

FIGURE 5—FPUD Water Distribution System



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FPUD Local Water Supply

FPUD also recently signed an agreement with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River, of the SMRCUP. The river is expected to provide 30%-40% of FPUD's total water needs, reducing reliance on imported water. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2019 and be operational by 2023. These construction activities and the provision of a new, more reliable water supply will occur as planned under annexation to EMWD which will not affect the provision or cost of this service to District customers.

FPUD's five-year average annual water sales is 10,375 acre-feet. Residential and commercial customers represent 59% of sales, and agricultural customers make up the remaining 41%. FPUD's historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is due to drought restrictions and the increases in water costs over the last decade driven by a sharp rise in the cost of the water we purchase. FPUD's agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 3,200 in Fiscal Year 2017.

No Change In Water Operations

Since there is no change in service boundaries or inclusion of additional territory, FPUD will be able to continue to serve its customers in the same manner if the reorganization is approved. Reorganization approval will not result in the need for any additional infrastructure that would not otherwise be needed if reorganization were not approved and FPUD remained a member of SDCWA.

Other Services

Certain services provided by SDCWA to FPUD will be provided under similar circumstances by EMWD. These include current MWD funded water conservation programs available to FPUD customers under similar conditions as currently provided. Commercial, Multi-Family and Residential rebate programs similarly available as a member agency of SDCWA would be available to FPUD customers under membership in EMWD. Similar to SDCWA, EMWD provides supplement to MWD funding for water conservation programs to its member agencies.

EMWD does not offer agricultural customers a discount water program in exchange for lesser reliability equivalent to SDCWA's Transitional Special Agricultural Water (TSAWR) Program. The SDCWA Board recently took actions to move towards making TSAWR into a Special Agricultural Water Rate Program (SAWR) and allowing new customers to qualify for the program. In exchange for a lesser level of reliability in a water shortage commercial agricultural customers participating in the TSAWR receive a substantial discount on the price of water purchased from SDCWA. However, EMWD has proposed a nominal wholesale charge or mark up to the cost of

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MWD water that results in a lower cost to FPUD customers than SDCWA's TSAWR. **Table 2** compares the different calendar year 2020 SDCWA water rates (TSAWR and Full Service (FS)) to those proposed by EMWD.

Table 2—2020 SDCWA TSAWR, Full Service M&I and Potential EMWD Charges

<i>Rate</i>	<i>TSAWR</i>	<i>SDCWA FS</i>	<i>EMWD</i>
<i>Treated</i>	\$1,231	\$1,686	\$1,078
<i>RTS</i>	28	28	82
<i>CC</i>	24	24	24
<i>IAC</i>	43	43	0
<i>EMWD</i>			11
<i>Total</i>	\$1,326	\$1,781	\$1,195
<i>Rate Differential From SDCWA FS</i>	(\$455/AF)		(\$586/AF)

Source :SDCWA and MWD websites

Note: IAC is converted to \$ per AF based on FPUD/RMWD 2020 shares divided by FPUD/RMWD 3 year average of SDCWA deliveries

MWD RTS is based on FPUD and RMWD 2020 shares divided by FPUD and RMWD 10 year deliveries

MWD CC is based on FPUD and RMWD actual 2020 shares divided by FPUD RMWD 3 year average

Stand-By Availability charge is considered equivalent regardless of membership and not shown

Reliability

In contrast to SDCWA, EMWD is both a retail and wholesale water supplier. As a retailer, approximately 50% of EMWD's supplies consist of local groundwater and recycled water. The remainder are deliveries of imported water from MWD. As a wholesale water supplier EMWD delivers only imported water from MWD. In terms of delivery of water to FPUD, EMWD would act in its wholesale capacity and take delivery of MWD water in the same manner as SDCWA and FPUD would receive delivery of water from EMWD in the same manner as it receives deliveries of wholesale water from SDCWA. While the method of deliver is exactly the same, there are some potential changes in the overall reliability of the imported water supplies from EMWD versus SDCWA during cutbacks that are described in more detail below.

Over the last 25 years SDCWA as a wholesale water supplier, and many of its retail member agencies, have been successfully diversifying the region's water supply portfolio by developing local recycled water, groundwater and seawater desalination supplies. SDCWA has also invested in surface water storage and out-of-region groundwater storage to improve reliability in both drought related and catastrophic emergencies. Because of the success of supply diversification and the significant reduction in water demand through conservation, SDCWA's dependence on imported water from MWD has been reduced and the reliability of its service area has substantially

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improved in the last two drought as compared to the maximum of 32% combined agricultural and non-agricultural shortages SDCWA experienced in 1991-1992 prior to the region's diversification program. The more reliable local supplies available to MWD member agencies, the less reliant they are on MWD imported water supplies in a drought induced shortage, and the higher the agencies level of reliability.

As noted previously, FPUD's TSAWR customers receive a lesser level of reliability in exchange for discounted water from SDCWA. TSAWR customers reliability in a shortage is set at the level of reliability and cutbacks that MWD places on its member agencies. TSAWR customers do not benefit from the reliability investments made through SDCWA's diversification and Carryover Storage Program. If the reorganization is approved FPUD's current TSAWR customers would not benefit from EMWD's local supplies or groundwater storage programs and would similarly be subject to a pass-through of MWD cutbacks.

The benefits of SDCWA's diversification program are realized by FPUD's non TSAWR customers (also referred to as Municipal & Industrial or M&I) in higher levels of reliability during drought related shortages. However, MWD and its member agencies (including SDCWA) have also made significant investments in reliability over the last 25 years and will continue to do so. Local supply development and water conservation has reduced demand on MWD for imported water by just over half of its peak demand. That result along with MWD investments in in-region and out-of-region storage has significantly bolstered its ability to withstand multiyear droughts at cutback levels much lower than 20% experienced by MWD M&I customers in the peak cutback year of 1991. Although MWD planning documents anticipate that it will not experience cutbacks if its assumptions on local and imported supplies are fulfilled, they have experienced two rounds of cutbacks within the last 10 years. Both instances (2010-2011 and 2015-2016) resulted in a maximum cutback level of 15%.

A comparative analysis, which follows, was conducted to estimate the reliability and cutback level FPUD would experience in shortage similar to the maximum cutback of 15% from MWD initiated in the last two droughts. In this analysis it is assumed that FPUD has fully implemented the SMR CUP currently under construction. Both SDCWA and MWD have detailed computer models that calculate member agency allocations including the various adjustments for highly reliable local supplies, extraordinary conservation and population growth used by both agencies. The final allocations to an individual member agency consider what other member agencies supplies and demands are in the allocation year. The analysis contained below uses simplified assumptions based on the allocation methodologies and supply and demand amounts contained in the most recent UWMPs for 2030. (**Table 3.**)

The analysis is for a single dry year in a prolonged multi-year drought event. The range includes whether SDCWA has carryover storage supplies and in circumstances where it has exhausted those supplies. Shortages under EMWD reduce available MWD supplies by the level of the overall MWD cutback and does not attempt to apply any adjustments to EMWD that may result in it receiving a higher allocation. The analysis also assumes EMWD does not provide FPUD any of its local or stored water supplies. For more accurate estimates of what FPUD's shortage allocation would be it would be necessary to request that SDCWA and potentially MWD run their allocation

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models. A more complete report was prepared for Rainbow Municipal Water District, providing much of the background on SDCWA and MWD reliability planning for the assessment of water reliability that applies also to FPUD. (See **Attachment A** - Analysis of RMWD Water Supply Reliability November 2019.)

Table 3—Reliability Analysis Summary

FPUD Reliability Single Dry Year 2030					
15% MWD Cutback					
	M&I Cutback		TSAWR Cutback	Combined Cutback	
	Low*	High*		Low	High
SDCWA	0%	4%	15%	3%	8%
EMWD	10%		10%	10%	

* Range is based on use of Carryover Storage supplies and allocation under MWD Water Shortage Allocation Plant (WSAP) or Preferential Rights

Although the above reliability analysis supports that the overall range in reliability is better under SDCWA, FPUD believes the differences in the severity of the shortage will not have a significant impact given the rural characteristics of the District’s service area and ability to encourage reduced outdoor water use to achieve the cutback target. FPUD benefits from both improved MWD reliability through local supply development and reduced demand on MWD and its own groundwater conjunctive use project. The range of shortages indicated above are well within the historic shortages managed by FPUD without economic harm to its customers. Article 26 of FPUD’s Administrative Code provides the detailed actions FPUD takes in a water shortage. Additionally, the State of California through the Urban Water Management Planning Act (Water Code Section §10610 et seq.) requires preparation of a Shortage Contingency Plan. The Shortage Contingency Plan identifies the stages of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50% reduction in water supply, and an outline of specific water supply conditions which are applicable to each stage.

Managing a Water Shortage

In SDCWA’s 2008 Model Drought Response Ordinance provided to its member agencies for regional consistency in drought management, SDCWA established an up to 10% conservation target considered to be a voluntary stage prior to imposing mandatory restrictions. This is reflected in FPUD’s Administrative Code Article 26 and its UWMP Shortage Contingency Plan.

Table 11-2. Correlation between WSDRP Stages and Model Drought Ordinance Levels

WSDRP STAGE	DROUGHT RESPONSE LEVEL	USE RESTRICTIONS	CONSERVATION TARGET
Voluntary (Stage I)	1 - Drought Watch	Voluntary	Up to 10%
Supply Enhancement (Stage II)	1 - Drought Watch	Voluntary	Up to 10%
	2 - Drought Alert	Mandatory	Up to 20%
Mandatory Supply Cutback (Stage III)	2 - Drought Alert	Mandatory	Up to 20%
	3 - Drought Critical	Mandatory	Up to 40%
	4 - Drought Emergency	Mandatory	Above 40%+

Source: SDCWA Urban Water Management Plan

Although a 10% shortage has resulted in mandatory water use restrictions in previous droughts. Achieving that goal is considered very manageable by most water suppliers. Because FPUD residential customers typically have larger lot sizes that are irrigated a reduction in 10% has been achievable and surpassed in the recent past. A 10% reduction in water use by commercial agricultural customers has also been achievable and is less than those customers would experience under continued participation in TSAWR in a similar 15% MWD cutback.

During the most recent drought, the State of California imposed an Emergency Conservation Regulation that required reduced water use over what was necessary given available MWD and SDCWA supplies. Below (**Table 4**) is an excerpt from an FPUD Water Supplier monthly report to the state of California addressing FPUD’s performance during implementation of the Emergency Regulation. It compares monthly water use for the summer of 2015 at the height of the last drought and imposition of the most severe restrictions with pre-drought water use for the same months in 2013.

Table 4—FPUD Water Use Report (2015)

Supplier Name	Stage Invoked	Mandatory Restrictions	Reporting Month	REPORTED Total Monthly Potable Water Production	REPORTED Total Monthly Potable Water Production 2013	Reduction in Water Use
Fallbrook Public Utility District	Stage 2	Yes	Sep-19	960.8	1454.2	51%
Fallbrook Public Utility District	Stage 2	Yes	Aug-19	1097.5	1514.9	38%
Fallbrook Public Utility District	Stage 2	Yes	Jul-19	1006.9	1513	50%
Fallbrook Public Utility District	Stage 2	Yes	Jun-19	945.5	1307	38%

Source: https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/2019sept/uw_supplier_data090319.xlsx

FPUD can manage the differences in shortages between SDCWA and EMWD through demand management during a shortage consistent with its UWMP Shortage Contingency Plan. The large

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amount of outdoor irrigation provides FPUD customers with a cushion with which to reduce water usage during a shortage without inflicting economic harm or hardship. FPUD considers this to be more cost effective for its customers than to consistently pay significantly more for its water supply as a member agency of SDCWA.

The most noticeable trend in reliability since the last drought (2015-2016) has been the continued decline in water use. (**Table 5.**) This continued drop in water use pertains to SDCWA an MWD as large wholesale agencies and to FPUD as an individual water district. In comparing FPUD’s monthly water use in the summer of 2018 to its 2013 water use shows a continuance of lower water demand.

Table 5—FPUD Water Use Report (2018)

Supplier Name	Stage Invoked	Mandatory Restrictions	Reporting Month	REPORTED Total Monthly Potable Water Production	REPORTED Total Monthly Potable Water Production 2013	Reduction in Water Use
Fallbrook Public Utility District	Stage 1	Yes	Sep-18	944.8	1454.2	54%
Fallbrook Public Utility District	Stage 1	Yes	Aug-18	1143	1514.9	33%
Fallbrook Public Utility District	Stage 1	Yes	Jul-18	1201.7	1513	26%
Fallbrook Public Utility District	Stage 1	Yes	Jun-18	928.3	1307	41%

Source: https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/2019sept/uw_supplier_data090319.xlsx

Although the 2015 updates of the UWMP were used in conducting the above reliability analysis, updates will be prepared in 2020 with new water demand forecasts. It is assumed that continued decreases and slower growth rates will be included in UWMPs throughout the MWD service area. These lower demand forecasts along with continued local supply development will reduce demand on imported water and strengthen the reliability of imported water supplies from MWD. This continued trend will likely reduce the margin of difference for FPUD in reliability as a member agency of EMWD and SDCWA.

Catastrophic Emergency

For the last 20 years SDCWA has been implementing the Emergency Storage Project (ESP). The ESP is a system of new, existing and expanded reservoirs, pipelines and pump stations that will ensure that its member agencies receive a 75% Level of Service during a catastrophic earthquake that severs San Diego County from MWD’s imported water system. SDCWA’s ESP manages the risk of seismic events on the San Andreas, San Jacinto and Elsinore faults. Although FPUD has been paying for the ESP through its water rates for 20 years, it is not able to receive ESP service due to a yet to be constructed pump station and appurtenant facilities by SDCWA. It should be noted that SDCWA’s planning documents for these facilities indicate that SDCWA will need to use MWD’s aqueduct system to make ESP deliveries to FPUD.

If the facilities are constructed FPUD’s customers would be able to receive ESP water in a catastrophic emergency. FPUD’s M&I customers would receive a 75% level of service while

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FPUD's TSAWR customers would be cut at twice the rate of non-TSAWR customers (50% cutback compared to 25% for non-TSAWR customers). This lower level of reliability is in exchange for the discounted water rate TSAWR customers pay and in recognition that in an emergency outdoor irrigation water will be a low priority.

MWD also has an Emergency Response Plan and emergency water storage for its member agencies and their sub-agencies. MWD maintains sufficient storage in its 800,000 acre foot Diamond Valley Lake and other storage reservoirs to provide a similar 75% Level of Service in the event of earthquakes on the San Andreas and San Jacinto earthquake faults that would sever the imported water conveyance system for the State Water Project and Colorado River. The difference between SDCWA and MWD emergency storage programs is the response to a seismic event on the Elsinore Fault in southern Riverside County that disrupts service from MWD's treatment plants, reservoirs and local pipelines. The Elsinore Fault is considered the least active of the 3 earthquake faults, and MWD in its Emergency Response Plan intends to complete repairs on those facilities within 14 days of the seismic event and restore service to at least the 75% level. When facilities for SDCWA's ESP are completed it expects to provide emergency water for a 75% Level of Service to FPUD customers following the seismic event on the Elsinore Fault and the interruption of imported water deliveries.

In an effort to address the proposed reorganization's potential for 14 days with limited or no service in the event of an earthquake on the Elsinore Fault, FPUD customers will receive local water supply during an emergency from its Santa Margarita River Conjunctive Use Project (SMRCUP). FPUD is constructing the SMRCUP in partnership with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River through a groundwater storage and recovery project. Local supply from the SMRCUP will provide an additional layer of water supply reliability to the FPUD service area. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2019 and be operational by 2023. These construction activities and the provision of a new, more reliable water supply will occur as planned under reorganization which will not affect the provision or cost of this service to FPUD customers.

The SMRCUP is planned to produce approximately 9 acre feet per day on average and can meet all the daily indoor health and safety of FPUD residents for the 14 day expedited repair period. Additional drinking water will be available from the SMRCUP, FPUD's Red Mountain Reservoir and other storage tanks to meet very limited irrigation needs of M&I and agricultural customers during this period as well.

The below **Table 6** reflects the Level of Service FPUD customers can expect during a catastrophic emergency as a member agency of SDCWA and under reorganization as a member agency of EMWD.

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Table 6—FPUD Reliability During a Catastrophic Emergency

<i>FPUD Reliability Catastrophic Emergency</i>				
	San Andreas & San Jacinto Faults		Elsinore Fault	
	M&I Level Of Service	TSAWR Level of Service	M&I Level Of Service	TSAWR Level of Service
SDCWA	75%	37%	75%	37%
EMWD	75%	NA	20% to 75%**	NA

**Range is based on MWD emergency planning for seismic event on Elsinore fault is to expedite repairs to facilities in southern Riverside county to restore service within 14 days. Indoor Health and Safety water use minimum level of service form local supplies and storage for 14 day period. SDCWA plans to provide emergency deliveries with earthquake on Elsinore Fault.

While the SMRCUP is designed to be a baseline supply for FPUD and Camp Pendleton, FPUD is considering entering into an MOU with Rainbow Municipal Water District (RMWD) that will allow a portion of this FPUD’s local water to be provided to RMWD in the event of a catastrophic emergency on the imported water system, such as an earthquake along the Elsinore Fault. A small amount of SMRCUP supply will be provided to RMWD during this 14 day period to supplement RMWD stored supplies in its local reservoirs and storage tanks.

3.0 FINANCING

In California, funding for special districts comes in two distinct types, based on their source (or sources) of revenue: Enterprise Districts and Non-Enterprise Special Districts.

Non -Enterprise Districts deliver services that provide general benefits to entire communities. They are primarily funded by property taxes. Enterprise Districts finance district operations via fees for public service, similar to a business. Under this model, the customers that consume goods or services such as drinking or irrigation water, waste disposal, or electricity, pay a fee. Rates are set by a governing board and there is a nexus between the costs of providing services and the rates customers pay. Sometimes enterprise district may also receive property taxes which comprise a portion of their budget.

FPUD operates as an enterprise fund, which has a set of self-balancing accounts that record the financial position of each of FPUD’s services. The service funds track revenues from service fees and operating expenses specific to each service. This, in turn, makes each service fund independent and self-sufficient, and also ensures service fees are set to recover only costs associated with the particular service.

FPUD’s accounting system and practices are based upon Generally Accepted Accounting Principles (GAAP) and are kept on an accrual basis. Under the accrual basis, revenues are recognized when earned and expenditures are recognized when a liability is incurred. FPUD’s budget is prepared on a cash basis, which means that projected revenues are recognized when cash is assumed to be received and projected expenses are recognized when cash is disbursed.

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Annual Budget Process

Each year, FPUD develops and adopts a new budget for the upcoming fiscal year. The budgeting process begins in January and starts with the budget message. The budget message establishes the priorities of FPUD in the next fiscal year and provides budget managers with guidance on how to prioritize their budget needs.

The capital and operating budget are included in FPUD's preliminary budget. Once assembled, the preliminary budget is reviewed by the General Manager and staff in a series of meetings. Adjustments are made to the preliminary budget and the revised preliminary budget is reviewed by the FPUD Board of Directors Fiscal Policy and Insurance Committee. Once the Committee's comments are incorporated and the proposed budget developed, budget workshops with the Board, if required, are held. The final proposed budget is then sent to the Board for review. Once Board comments are incorporated into the document, a public hearing, if necessary, is held and the recommended budget is adopted.

Budget adjustments are made if projects or expenditures are needed that fall outside FPUD's adopted budget. These items are brought to the Board for approval and to appropriate the funds. A mid-year budget update is also provided to the Board each year to update spending trends and identify early any potential shortfalls or surpluses. FPUD maintains a balanced budget, which means that sources of funds equals uses of funds in instances of shortfall. Reserve fund withdrawals, if necessary, provide a source of funds. Likewise deposits to reserves are a use of funds and are unappropriated balances.

Financial Impacts of Reorganization

The proposed reorganization will have financial impacts to FPUD, EMWD, and CWA. While FPUD has pursued discussions with SDCWA to identify a potential cost structure for detachment, the parties have not made significant progress on reaching consensus. The last communication requested that FPUD meet with each SDCWA member agency separately to negotiate a solution. While FPUD did in fact reach out to each member agency and met with many of them and provided potential concepts for a cost structure for detachment, the general consensus from these meetings is that development of separate agreements with each SDCWA member agency is unworkable. This is because any impacts or benefits to SDCWA resulting from the reorganization, if approved, will impact SDCWA's rate setting process, and the impact on each member agency will vary over time with that agency's water demands.

In absence of a negotiated agreement with SDCWA, FPUD proposes that the detachment from SDCWA be consistent with the County Water Authority (CWA) Act (Water Code Appendix section 45-1 et seq.), the law under which SDCWA exists and is organized. Section 45-11 of the CWA Act sets forth certain requirements a member agency must follow in order to detach (called an "exclusion" in the CWA Act) from SDCWA. In accordance with this provision if the detachment is successful, taxable property within the detaching member agency may still continue

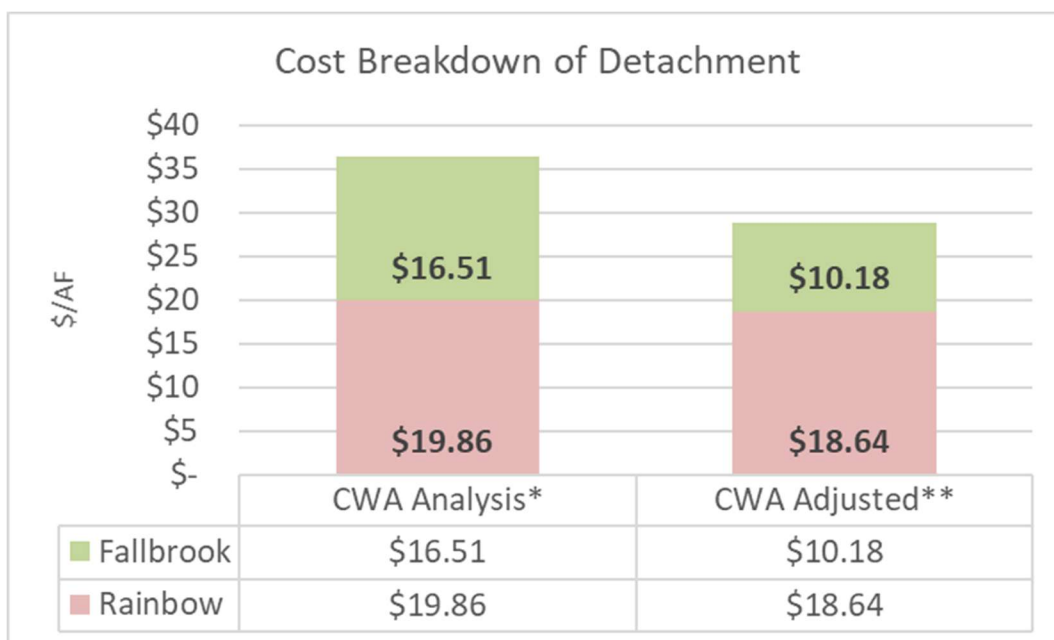
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to be taxable by SDCWA for the purpose of paying bonded and other indebtedness outstanding or contracted for at the time of detachment/exclusion. The amount currently collected annually from FPUD customers is roughly \$150,000. These payments would continue after detachment pursuant to the CWA Act even though FPUD will cease to receive any benefit from any SDCWA facilities.

The remaining SDCWA member agencies would also benefit from past investments made by FPUD in regional infrastructure. As of January 1, 2018 FPUD has contributed approximately \$300 million to help build SDCWA’s infrastructure. These investments helped fund storage projects, emergency water supply projects and secure lower cost water supplies from canal lining projects. These investments will continue to provide benefits to the remaining SDCWA member agencies and FPUD will not recover any value from these regional investments that will continue to support all other member agencies of SDCWA. Further, there is no outstanding SDCWA debt associated with SDCWA facilities that only serve FPUD and that will, consequently, have no benefit to other remaining agencies after detachment.

Figure 6 shows the anticipated impact on SDCWA rates based on current FPUD and RMWD demand projections, including the reduction in SDCWA demands from the local groundwater development. As shown in **Figure 6**, the relative projected impact to SDCWA from FPUD detachment is \$10.18/AF. The current SDCWA rate is approximately \$1686/AF, so this represents an increase of 0.6%. The average rate increase experienced by FPUD over the last 10 years from SDCWA is over 8%. Using recent water usage for the City of San Diego of 91 gallons per capita per day (gpcd) and a rate impact of \$10.18 per AF for FPUD, the average person from the City of San Diego would see an annual cost impact of \$1 per year. Currently the average person from the City of San Diego pays an additional \$41 per year for SDCWA’s desalinated water (excluding the conveyance pipeline costs) and Imperial Irrigation District’s transfer water.

FIGURE 6—Rate Impact of FPUD/RMWD Detachment.

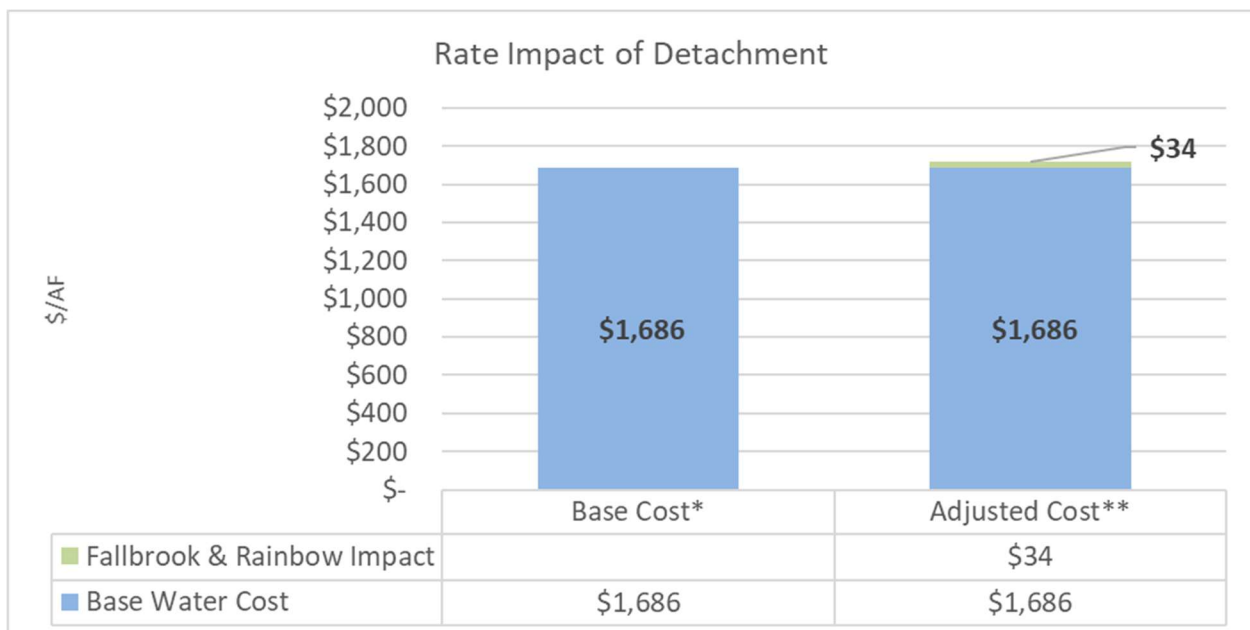


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* Based upon SDCWA’s August Preliminary Financial Impact Analysis | De-Annexation.
 ** Based upon updated water sales projections and includes 3,100 AF of local supplies.

Although all the water purchased by FPUD is received directly from MWD, there will be a reduction in revenue for SDCWA if FPUD began to purchase wholesale water through MWD. SDCWA prepared a summary of the anticipated costs based on FY 2018 water demands and CY 2020 rates in August 2019. This analysis results in an estimated revenue reduction to CWA of approximately \$36.37/AF on top of the existing rate of \$1686/AF for remaining agencies from the detachment of FPUD and RMWD based on their being no cost reduction in SDCWA operations due to detachment. (Figure 7.)

FIGURE 7—SDCWA Projected Rate Impact



* Based upon CWA’s Recommended Calendar Year 2020 Rates and Charges presentation.
 ** Based upon updated water sales projection for CWA of 338,958 AF.

SDCWA’s estimate is higher than the actual projected impact for two key reasons:

1. The FY 2018 flows are higher than current and projected flows largely due to a continued decline in agriculture in the region.
2. FPUD is constructing a new groundwater treatment plant that will supply 30-40% of anticipated annual water demands.

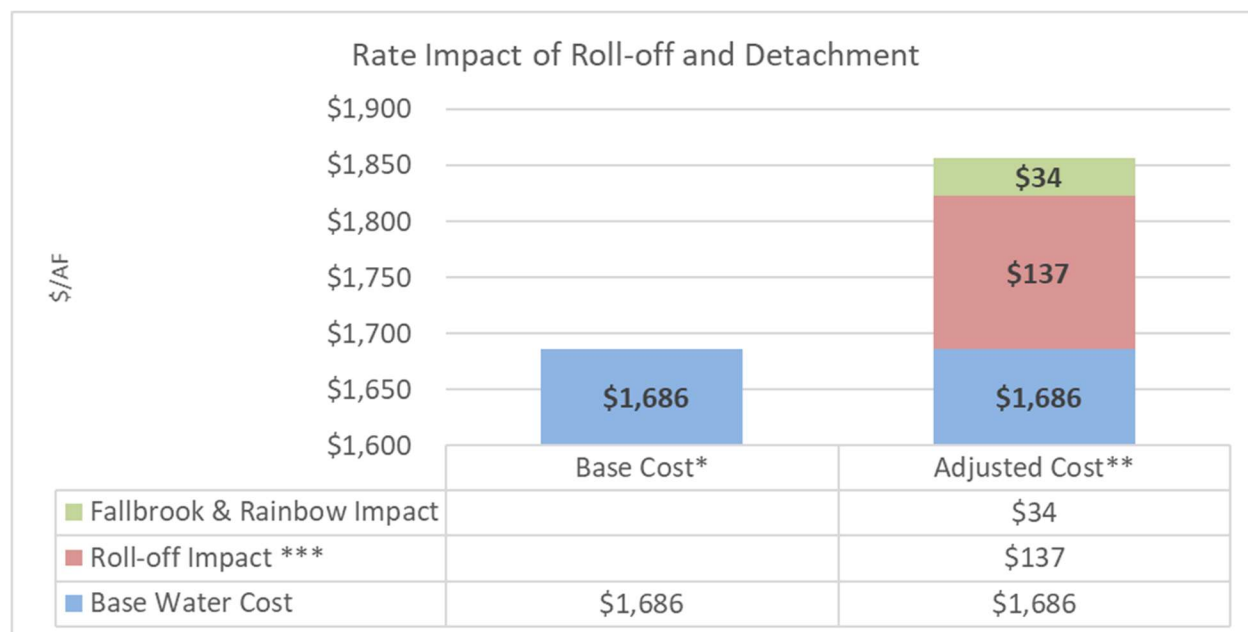
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These factors will reduce the water demands on SDCWA, which will reduce the cost impact of on SDCWA of detachment.

SDCWA has also argued that the detaching agency must ensure revenue neutrality for the remaining agencies. Under this concept, FPUD would continue to make the same net payment to SDCWA, but would receive no services. In turn, SDCWA would use this money to subsidize other member agencies rates to be able to offset the potential 0.56% rate increase associated with the detachment of FPUD. We feel this concept is flawed at a number of levels:

1. This approach is inconsistent with the CWA act and would not have any cost of service basis and would violate proposition 26.
2. Currently member agencies can build local projects and reduce their water demands with a similar effect as detachment. The vast majority of rates allocated to a member agency are based on demands. While some are rolling averages, the costs paid by a District to SDCWA are largely proportional directed to water demands. **Figure 8** shows an example of the rate impacts to other member agencies for three local supply projects that are underway. These projects include Phase I of the City of San Diego Pure Water Program, Pure Water Oceanside and the East County Advanced Purification Facility.

FIGURE 8—Rate Impact of Roll-Off and Detachment



* Based upon SDCWA’s Recommended Calendar Year 2020 Rates and Charges presentation.

** Based upon updated water sales projection for SDCWA of 338,958 AF.

*** Pure Water Phase I, East County AWP, Pure Water Oceanside.

As shown in **Figure 8**, the impact of these projects to other remaining member agencies is approximately \$137 per AF or over ten times times the projected impact of the FPUD detachment. If FPUD was required to make each agency revenue neutral for the impact of their reduced water

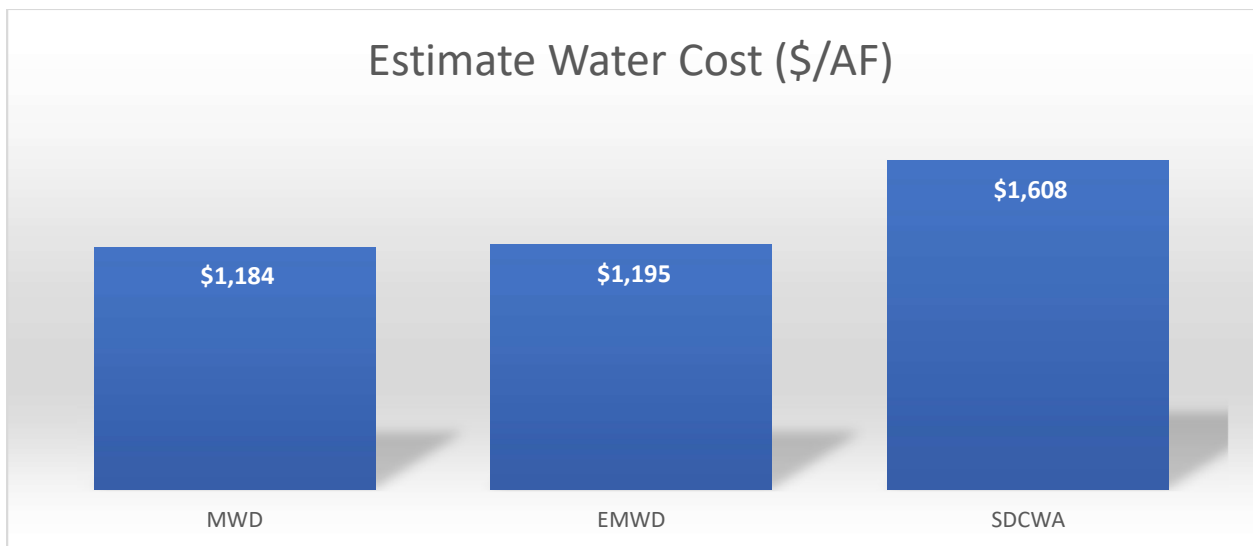
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purchases then the same concept would need to be in place for entities that are rolling off SDCWA and shifting existing SDCWA costs to the remaining agencies including FPUD and RMWD if detachment is not successful.

The majority of water used by FPUD is currently delivered from MWD through MWD facilities, and FPUD pays SDCWA for this water. The cost of treated MWD water to SDCWA is \$1,184/AF. Currently, FPUD is charged by SDCWA over \$450/AF on top of the MWD price versus an additional \$11/AF if the water was supplied by EMWD (See Figure 9). If FPUD detaches from SDCWA and attaches to EMWD, there is a substantial long-term savings to FPUD customers due to this difference in unit water costs.

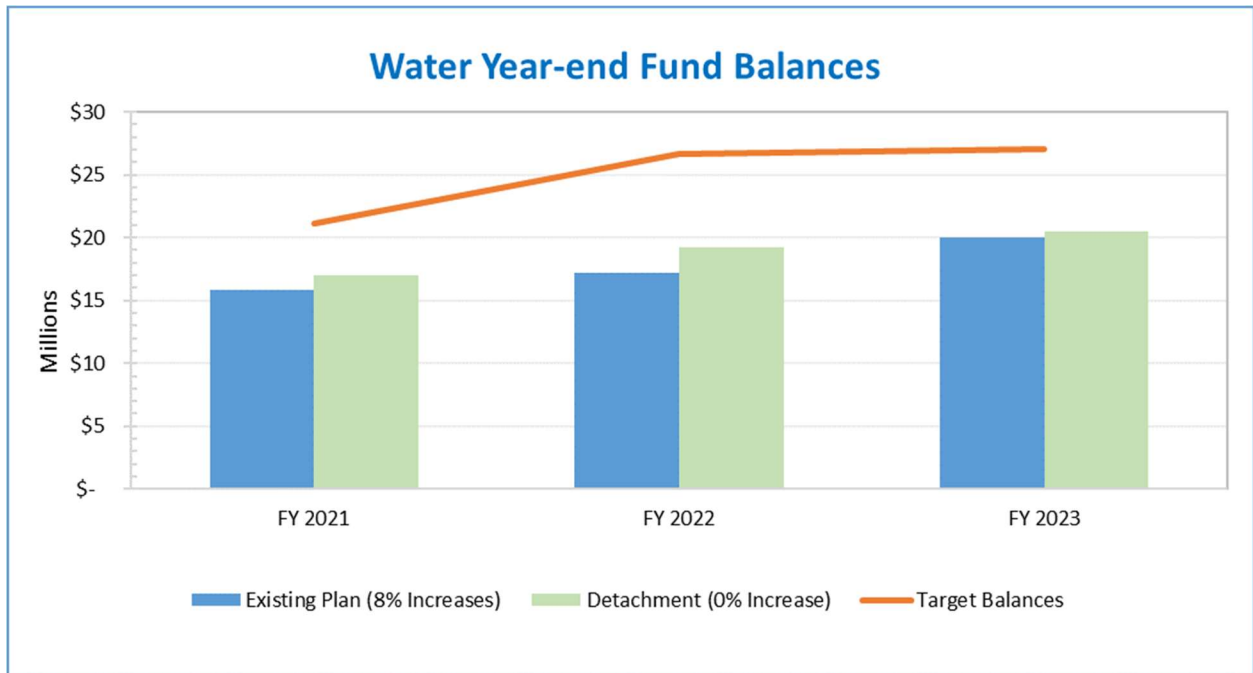
Figure 9 shows the projected water rate increases for FPUD with and without detachment. As shown in Figure 9, without detachment an annual increase of 8% is anticipated over the next three years. With the reorganization it is anticipated that no rate increase could be achieved for 3 years or rates could be slightly decreased based on the reduction in the cost of water with on-going savings in wholesale water costs of over 25%.

FIGURE 9—Wholesale Water Costs



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FIGURE 10—Projected Rate Impacts of Detachment



FPUD has had to implement significant rate increases over the past decade to address the combined impacts of increased water supply costs, declining sales and aging infrastructure needs. Increasing water rates has had a significant impact on the quality of life in our community due to the loss of agriculture and the inability to afford the water costs to maintain a rural lifestyle. These trends will continue into the future and further negatively impact our community unless LAFCO supports efforts by FPUD to reduce its water costs through the process of detachment from SDCWA and annexation to EMWD.

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Analysis of RMWD Water Supply Reliability

Prepared By

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November 2019

INTRODUCTION

Rainbow Municipal Water District (District) is evaluating whether it is in the long term interests of its ratepayers to remain as a member agency of the San Diego County Water Authority (SDCWA) a member agency of the Metropolitan Water District of Southern California (Metropolitan) or to de-annex from SDCWA as allowed under the County Water Authority Act (Water Code § 45-11) and consider annexation to the Eastern Municipal Water District (EMWD), also a member agency of Metropolitan.

The evaluation of a potential de-annexation from SDCWA and annexation to EMWD has two major criteria that determine the effects on District ratepayers. The comparative long term cost to the ratepayers of remaining a member agency of SDCWA versus annexation to EMWD and the comparative water supply reliability and associated risk of water shortages of membership in each wholesale water supplier. A comparative cost analysis of long term membership in both SDCWA and EMWD has been prepared previously by Ken Weinberg Water Resources Consulting LLC. This Technical Memorandum (TM) compares the different levels of water supply reliability the District would experience through either continued membership in SDCWA or as a member agency of EMWD.

EXECUTIVE SUMMARY

Due to SDCWA's investments in reliability over the last two decades the San Diego region and the District's ability to withstand drought related shortages has significantly improved from what was experienced in San Diego county during what has been considered the most severe drought of 1987-1992. With the construction of SDCWA's Emergency Storage Program and Carryover Storage Program (ESP/CSP) the region's ability to supplement supplies to its member agencies during a drought or a catastrophic emergency is a significant benefit to all SDCWA member agencies. Likewise, investments by Metropolitan in surface water and groundwater storage, water transfers and financial incentives to local agencies for receiving water, groundwater recovery and water conservation has contributed to major improvements in urban southern California's resilience to multiyear droughts.

District reliability varies by customer class. The District has two classes of service, Municipal & Industrial (M&I) and Transitional Special Agricultural Water Rate (TSAWR) customers. Because TSAWR customers pay a discounted rate to SDCWA they do not benefit from SDCWA's investments in its own Colorado River Supplies through the IID Water Transfer and the Coachella and All American Canal Lining Projects or from the Carlsbad Desalination Plant. In FY 2018 TSAWR customers who made up approximately 44% of District water sales also do not benefit or receive a significantly reduced benefit from the ESP and no benefit from the CSP.

SDCWA Reliability

The District and SDCWA analyze long term supply reliability every 5 years through the update and adoption of an Urban Water Management Plan (UWMP) as mandated by the state under the Urban Water Management Planning Act. UWMPs are the best basis to evaluate supply reliability.

In its 2015 UWMP, SDCWA identified, on a regional scale, its water supply - demand balance under normal weather and a single and three consecutive dry year weather conditions. The results of that analysis indicated the following:

- Under normal weather conditions SDCWA would be able to meet all of its member agencies expected water demands.
- In a single Dry Year SDCWA assumed Metropolitan would experience shortages of 15%-20% and that SDCWA would begin to experience shortages in 2035 through 2040 of approximately 5-10%.
- In multiple dry year analysis SDCWA expects to experience shortages beginning after 2030 and continue to be subject to dry year shortages until 2040 ranging between approximately 2% to 15%.

SDCWA UWMP Assumptions on Local Supplies

In any long term analysis of supply reliability, it is necessary to project future outcomes that can have some amount of uncertainty. SDCWA's 2015 UWMP reliability analysis assumes that additional "Verifiable" local recycling and groundwater projects are implemented by member agencies as planned. Local Supply projects are considered verifiable if there is substantial evidence and commitment by the member agencies that they will be implemented. SDCWA's 2015 UWMP analysis does not include the City of San Diego's 93,000 acre foot Pure Water Program. The City of San Diego has since determined that Phase 1 Pure Water program consisting of 33,000 acre feet of new supply was a verifiable project and in this reliability analysis it will be added to the other SDCWA member agency verifiable local projects.

SDCWA Assumptions on Metropolitan Shortage Allocation

Also in SDCWA's 2015 UWMP is an assumption that its allocation of Metropolitan supplies during a Metropolitan declared shortage will be its Preferential Right to MWD water under Section 135 of the Metropolitan Water District Act¹. SDCWA's Preferential Right is currently 23% of available Metropolitan supplies. A Preferential Right allocation would provide SDCWA significantly more water than the allocation methodology used by Metropolitan in the last two

¹ Preferential Right is calculated as the "ratio to all of the water supply of the district as the total accumulation of amounts paid by such agency to the district on tax assessments and otherwise, excepting purchase of water, toward the capital cost and operating expense of the district's works"

droughts (2010-2011 and 2015-2016) under the Water Shortage Allocation Plan (WSAP) which attempts to match allocations to dependence on Metropolitan supplies (SDCWA currently purchases about 15% of total Metropolitan supplies and will be reducing purchases to between less than 1% and 13% by 2035²).

Metropolitan has never allocated water using Preferential Rights.

EMWD and Metropolitan Reliability

Under the terms of annexation being explored with EMWD the District would not receive any of EMWD local supplies or stored water in either normal or dry weather conditions. Because of that contemplated arrangement, the District would be entirely dependent on the reliability and availability of Metropolitan supplies.

In evaluating Metropolitan supply reliability there are three foundational planning documents that provide the basis for reliability; the 2015 Integrated Resources Plan (IRP), the Water Surplus and Drought Management (WSDM) Plan and the 2015 Regional Urban Water Management Plan (RUWMP). Metropolitan's IRP lays out the regional strategy of improving reliability of imported supplies, utilizing in region and out of region storage and increasing diversification through the development of reliable local supplies and water conservation.

Similar to reliability under SDCWA, the District could expect Metropolitan to:

- meet its member agency demands for water in normal years
- meet its member agency demands for water in a single dry year

However, Metropolitan's 2015 RUWMP reliability analysis indicates that Metropolitan will be able to meet the expected demands of all its member agencies in single and multiple dry years and has identified the potential availability of surplus supply in all years. Metropolitan's analysis rests upon the following two key factors

- Use of Diamond Valley Lake and other storage assets in dry years when supplies are low
- Implementation of additional local supply and conservation as a "Buffer" to ensure that available supplies are in excess of forecasted water needs

Metropolitan Reliance on Future Projects and Conservation

To achieve the surplus supply potential identified in Metropolitan's IRP and 2015 RUWMP several specific goals related to imported water (State Water Project/Colorado River), local

² SDCWA's amount of total Metropolitan purchases in 2035 ranges from 13% in 2015 UWMP Normal Weather and less than 1% in 2018 Interim Demand Reset. It is assumed that Metropolitan's total supplies delivered average 1.7 MAF (2015 IRP Table 3-6 less QSA supplies).

supply projects and water conservation need to be achieved. To the extent these goals are not achieved Metropolitan will not realize these potential surpluses and may experience shortages. Metropolitan's 2015 IRP Update lays out a strategy of "Adaptive Management" where new supplies and programs will be implemented if needed.

Assumption of Metropolitan Reliability For District Reliability Analysis

It is not certain that Metropolitan will achieve all the new supplies and programs contemplated in the 2015 IRP and 2015 RUWMP. The analysis of District reliability is evaluated from the more conservative perspective of Metropolitan's experience in the two most recent drought related shortages. In 2010-2011 and 2015-2016 Metropolitan initiated its Water Supply Allocation Plan (WSAP) and allocated water to its member agencies at a maximum Level 3 cutback of 15%.

Reliability in an Emergency

Assessing the District's reliability in a catastrophic emergency where imported water is cutoff requires a different analysis than dry year drought induced shortages. SDCWA's Emergency Storage Project (ESP) is designed to address a catastrophic failure of the imported water system in the event of a major earthquake on three different fault lines;

- San Andreas
- San Jacinto
- Elsinore

The most probable large seismic event is considered by experts to occur along the more active San Andreas and San Jacinto faults. Earthquakes on either one of these faults would allow Metropolitan supplies from Diamond Valley, Lake Skinner and other facilities in southern Riverside County to maintain service to San Diego County. In the event of a large magnitude earthquake on the Elsinore fault, SDCWA estimates that those facilities would be out of service for up to 2 months. MWD's planning scenarios do not include any outage due to an earthquake on the Elsinore Fault that would exceed 14 days. The Elsinore fault is considered to be the least active of the three faults and has not seen seismic activity in the Riverside county area over a 5.3 magnitude earthquake since 1910³.

SDCWA Emergency Reliability

SDCWA's ESP consists of pipelines, pump stations and new and existing surface storage reservoirs capable of storing up to 90,000 AF of emergency supplies. The ESP was designed to provide up to a 75% level of service for either a 2 month complete cutoff of imported water or a 6-month emergency with limited imported water supplies from Metropolitan. ESP facilities are currently unable to deliver treated water to most of the District's service area. With the planned construction of the future North County Pump Station (planning started in 1996), the

³Caltech, Southern California Earthquake Data Center <http://scedc.caltech.edu/significant/elsinore.html>

final ESP facility to be built, the District would be capable of receiving deliveries of treated water from the Twin Oaks Valley Water Treatment Plant.

In such an event, the SDCWA Board of Directors would declare an emergency and supplies would be allocated from ESP facilities to augment member agencies M&I level of service to at least 75% of calculated need. TSAWR customers receive a lower level of service from the ESP being cut at twice the rate of M&I customers due to TSAWR customers not paying SDCWA's storage charge. The District's TSAWR customers would receive a Level of Service of approximately 35-40% of needed water.

Metropolitan Emergency Reliability

Metropolitan's emergency storage requirements are based on the potential of a major earthquake along the San Andreas and San Jacinto Faults damaging the aqueducts that transport Southern California's imported water supplies (SWP, CRA, and Los Angeles Aqueduct). Unlike SDCWA, Metropolitan's emergency planning anticipates that its facilities in southern Riverside County will still be operational and a crippling seismic event along the Elsinore fault has not occurred. Metropolitan would draw on its emergency storage in Diamond Valley Lake (DVL) and has access to emergency storage at its other reservoirs, at the SWP terminal reservoirs, and in its groundwater conjunctive use storage accounts.

The adopted criteria assume that damage from such an event could render the aqueducts out of service for six months similar to SDCWA's six month emergency scenario, but Metropolitan has based its planning on a 100 percent reduction in these imported supplies. Firm supplies to member agencies would be restricted by a mandatory cutback of 25 percent from normal-year demand levels (75% Level of Service). Metropolitan emergency response planning does address outages caused by an earthquake on the Elsinore Fault through expedited repairs that would make key facilities operational within a 14 day period.

Recent District Actions

RMWD recently signed an MOU with the Fallbrook Public Utility District (FPUD) to receive local water supply during an emergency from its Santa Margarita River Conjunctive Use Project (SMRCUP). FPUD is constructing the SMRCUP in partnership with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River through a groundwater storage and recovery project.

While the SMRCUP is designed to be a baseline supply for FPUD and Camp Pendleton, the MOU will allow a portion of this local water to be provided to RMWD in the event of a catastrophic emergency on the imported water system, such as an earthquake along the Elsinore Fault. When combined with existing RMWD storage reservoirs, supplemental supply from the SMRCUP will provide an additional layer of water supply reliability to the RMWD service area during the 14 day period when Metropolitan is affecting emergency repairs on its facilities that

may be damaged during a seismic event on the Elsinore Fault. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2019 and be operational by 2023.

Comparative Analysis of Reliability in 2030

District reliability under a drought related or catastrophic emergency is evaluated as a member agency of SDCWA and EMWD. To display future year reliability, 2030 is selected as a representative future year. District reliability as a member agency of EMWD is 100% reliant on available Metropolitan supplies in both a drought shortage and emergency situation. For illustration purposes, it is assumed that the District receives a cutback in its supplies equivalent to the Metropolitan shortage. For example, a 15% Metropolitan shortage equates to a 15% District shortage.

It should be noted here that MWD has never actually refused to deliver water during a WSAP allocation period. Should a member agency order a delivery of more water than their allocation, the cost of that water goes up, but in its history MWD has never not delivered the water.

As a SDCWA member agency cutback percentages are calculated under a WSAP allocation and a Preferential Rights allocation. As a EMWD member agency it is only considered in a WSAP allocation.

Both SDCWA and Metropolitan have detailed allocation methodologies and computer models that calculate member agency allocations including the various adjustments used by both agencies. Both methodologies are intended to provide an allocation of water that are commensurate with the member agency's need for wholesale water. Both methodologies have adjustments that can either provide more water to the District in an allocation or reduce the District's allocation. Because the District is 100% dependent on imported water and not a growth agency, adjustments in SDCWA's allocation method can provide additional water for agencies with highly reliable local supplies, population growth and exceptional water conservation while another retail reliability adjustment can ensure that no member agency is cutback by more than 5% of the regional average. Metropolitan also has a retail reliability adjustment which the member agency must qualify for. For this analysis, it is assumed that EMWD will not need the "Retail Promise" adjustment due to its local supply availability.

The analysis contained below uses simplified assumptions based on the allocation methodologies and supply and demand amounts contained in the most recent 2015 UWMPs. SDCWA reliability will be displayed as a range in the WSAP allocation scenario since adjustments can reduce the District's Level of Service in a shortage but by no more than 5%⁴.

⁴ Current SDCWA's Retail Reliability Adjustment occurs at the 20% cutback level but discussions have occurred about reducing that threshold. It is assumed here that the adjustment will be in place at a lower cutback levels so shortages will not be more than 5% greater than the regional average

For more accurate estimates of what the District’s shortage allocation would be it would be necessary to request that SDCWA and Metropolitan run their respective allocation models.

Emergency service is displayed based on the scenario of which fault line the earthquake occurs on and the resulting Level of Service the District can expect.

Results of District Reliability in 2030

The following major assumptions used in calculating an shortage allocation contained in Table A went into determining the allocation of Metropolitan water to SDCWA and potential cutbacks to the District in 2030.

Table A Major Assumptions

a	SDCWA Total Retail 2030 Demand (Base Period)	676,000 AF
b	SDCWA Member Agency Base Period Local Supplies	172,000 AF
c	SDCWA Base Period Local Supplies	330,200
d	Member Agency Base Period Demand on SDCWA (a-b)	504,000 AF
e	SDCWA Base Period Demand on Metropolitan	173,800 AF
f	SDCWA & Member Agency Adjustment for Dry Year Loss of Local Supply	45,000 AF
g	SDCWA Adjusted Base Period Demand on MWD	218,800 AF
i	SDCWA Preferential Right	24.22%
j	MWD Total Base Period Demand	1,700,000 AF
k	Available MWD Supplies in Level 3 15% Cutback	1,445,000 AF
l	WSAP Level 3 Allocation to SDCWA (l x f)	185,980 AF
m	MWD Preferential Right Allocation to SDCWA ³	349,979 AF

Table B District Cutback in a 15% Metropolitan Shortage

SDCWA WSAP Allocation	SDCWA Pref. Right Allocation (M&I Only)	EMWD WSAP Allocation
6%-11%* ⁵	6%**	15%

**If cutbacks are at SDCWA regional average of 6% RMWD combined cutback is 10%*

*** Assumes SDCWA has sufficient supplies to not initiate allocation for M&I but allocates shortage to TSAWR per TSAWR program guidelines*

⁵ A 6% combined RMWD cutback assumes use of SDCWA carryover supplies to eliminate M&I shortage in the single year analysis. A 12% high end cutback assumes adjustments that favor agencies with highly reliable supplies, exceptional conservation and population growth result in steeper cutbacks but not greater than the regional average. The regional average M&I cutback in the analysis is 6% and combined RMWD cutback of 10%

Elsinore Fault

The Elsinore Fault crosses the buried steel MWD aqueducts in between the District and the MWD storage and treatment facilities. This fault is significant but has a low level of activity (see <https://scedc.caltech.edu/significant/elsinore.html>). The United States Geological Service (USGS), in its Uniform California Earthquake Rupture Forecast ranks the Elsinore fault as having the lowest probability of a significant quake of any fault of its type in the region (see <https://pubs.er.usgs.gov/publication/70036562>). The only recorded earthquake of any significant size to occur on the Elsinore fault occurred in 1910 with a magnitude of 6.5. There was no surface rupture and very little damage reported in the region.

Large diameter pipelines move with the surrounding soil in an earthquake. While during periods of prolonged shaking there could be damage to joints in a pipeline, this sort of damage can be repaired quickly. Significant damage could occur if the fault were to rupture at the surface, displacing the pipeline at the area of the surface rupture. The Elsinore fault, unlike many faults in the region, has never caused a recorded surface rupture.

MWD owns and operates its own pipeline fabrication facility and could construct and install the necessary repairs to their pipelines within a few weeks of any type of potential pipeline damage from the Elsinore fault.

Table C below includes an assessment of the reliability of water supply should a major earthquake occur on the Elsinore fault. Should such an unlikely event occur, it is likely that damage to MWD's pipelines would be mirrored in SDCWA's pipelines and even the District's own system. In such a catastrophic emergency, all of the District's customers would be put on emergency demand reduction programs that prohibit exterior irrigation. In this scenario, the District's demands are expected to drop to the 10-15 AF per day level. With several hundred acre feet in storage, and access to a supply of local water from the District's MOU with Fallbrook Public Utility District, the District is prepared to provide baseline supply for health and human safety for several weeks as repairs are completed on either MWD or SDCWA's pipeline systems.

Table C District Cutbacks in a Catastrophic Emergency

SDCWA Emergency Level of Service Seismic Event on San Andreas, San Jacinto, Elsinore Faults	EMWD (Metropolitan) Emergency Level of Service Seismic Event on San Andreas, San Jacinto Faults	EMWD (Metropolitan) Emergency Level of Service Seismic Event on San Andreas, San Jacinto, Elsinore Faults
59%	75%	8%-75%***

***Assumes RMWD storage and MOU with FPUd for SMRCUP supplies meet health and safety needs set at indoor water use of 55 gpcd based on 2030 population and Total water demand. Also dependent on time to repair Metropolitan Facilities Southern Riverside

CONCLUSIONS

Investments by SDCWA and its member agencies in its own imported and local water supplies has cushioned SDCWA from shortage in Metropolitan supplies. However, in Metropolitan’s planning documents they are not forecasting shortages through 2040 based on assumptions of significant progress on resolving imported water conflicts and implementing more local supplies and conservation in the future. Although Metropolitan believes those goals are achievable SDCWA does not face the level of uncertainties in supply reliability or local projects implementation as Metropolitan. Therefore, SDCWA will maintain a higher level of reliability for its member agencies because they will benefit from Metropolitan’s investments in reliability as well as their own and their member agencies.

Although this Report relied upon the approved 2015 updates of the UWMPs and Metropolitan’s IRP to conduct the comparative reliability analysis, those plans will be updated in 2020 with new water demand forecasts. It is expected that continued decreases in water use and slower growth rates will be reflected in UWMPs throughout the MWD service area. These lower demand forecasts, along with continued local supply development, will reduce demand on imported water and strengthen the reliability of imported water supplies from MWD. This continued trend will likely reduce the margin of difference for RMWD in reliability as a member agency of EMWD and SDCWA.

The following summarizes the District’s reliability during drought induced shortages as a member agency of EMWD based on Metropolitan’s planned reliability and the experience of Metropolitan in the last two drought allocations compared to continued membership in SDCWA:

Normal years -	No impact
Short duration drought -	Equivalent based on Metropolitan planning documents to slightly better due to elimination of TSAWR
Long Duration drought -	Equivalent based on MWD planning to lesser reliability due to higher cutback levels based on Metropolitan recent maximum cutbacks allocated by WSAP or Preferential Rights
Catastrophic Emergency -	Slightly greater reliability based on elimination of TSAWR to lesser reliability for first 14 days if seismic event on Elsinore Fault occurs and disables Metropolitan’s southern Riverside County facilities. Mitigated to some extent through District storage and Emergency Assistance MOU with FPUD

ANALYSIS OF RMWD WATER SUPPLY RELIABILITY

BACKGROUND

The Rainbow Municipal Water District (RMWD) is a local governmental agency serving water and sanitation services to an unincorporated area of northern inland San Diego County in California. RMWD was formed in 1953 under the Municipal Water District Act of 1911 (Section 7100 et. seq. of the California Water Code). The District is responsible for providing water service to almost 8,200 metered accounts. Water supply is derived from the regional aqueduct systems owned and operated by the Metropolitan Water District of Southern California (Metropolitan) and the San Diego County Water Authority (SDCWA). The District is a retail supplier that currently depends entirely upon imported water purchased through SDCWA to service a small customer base within a very large agricultural water use area.

Filtered water is supplied from two MWD and SDCWA water aqueducts through a total of eight connections. MWD is the owner and operator of both Aqueducts from southern Riverside County to a Delivery Point approximately six miles into the San Diego County at which point SDCWA is the owner and operator of both Aqueducts. This joint ownership arrangement was memorialized in the annexation agreement that resulted in SDCWA becoming a Metropolitan member agency and was finalized in December 1946 (MWD Resolution 3612). Of the total of eight District connections to the Aqueduct 4 are on the MWD owned portion of the Aqueducts and the remaining are on the SDCWA owned aqueducts. One connection uses only 3000 feet of SDCWA pipeline. In recognition of this split ownership the District does not pay SDCWA's transportation charges for deliveries to connections on the Metropolitan owned portion of the pipelines. Flow Control Facilities (FCF) that deliver water into the District's distribution system are owned and maintained by SDCWA regardless of pipeline ownership.

The District's existing water distribution system consists of twelve major pressure zones. Water is stored in a total of 16 water tanks and reservoirs and is conveyed to the twelve major pressure zones utilizing seven potable water pump stations and over 30 pressure reducing stations. The existing distribution system has over 325 miles of pipelines 6-inches in diameter and larger. There are seven booster pump stations in the District's distribution system which pump water up to higher zones with storage reservoirs.

The District has interconnections with the City of Oceanside and Fallbrook Public Utility District (FPUD) because of their close proximity. These interconnections are used for emergency supply. RMWD and FPUD have an emergency exchange agreement, which was enacted in 1986 to transfer water in an emergency event. An MOU for local water resource development and emergency supply was approved in late 2019.

The District's consideration and evaluation of a change in wholesale agency membership would have no effect on existing water operations under normal operating conditions. If the District chose to take all its deliveries off of the MWD owned pipelines, it would require physical and

operational changes to how water is delivered to District customers. It is not within the scope of this analysis to evaluate the reliability or level of service under potentially changed operations of District facilities. District staff, along with a hydraulic modeling firm have generated a list of improvements required to facilitate operations after detachment.

Current District Wholesale Reliability

The District's current reliability is dictated by which class of service or water rate a customer pays. Customers that are considered Municipal and Industrial (M&I) by SDCWA receive the same amount of supplies in a shortage situation as any other M&I member agency. These customers' reliability is enhanced by SDCWA's separately owned supplies consisting of the Colorado River QSA supplies, All American and Coachella Canal lining water, the IID Water transfer and the Carlsbad Desalination Project. New water storage created through SDCWA's Emergency Storage and Carryover Storage Projects (ESP/CSP) and Central Valley groundwater banks also provide a buffer for M&I customers in emergency and other shortages. These supplies not only provide a reliability buffer to reduce the effect of shortages of Metropolitan's imported water supplies but under some circumstance could delay or even eliminate the need to allocate water to M&I customers. Similarly, during a declared emergency event, where imported water could be cut off from an earthquake north of San Diego County, District M&I customers would receive up to a 75% level of service through the Emergency Storage Program (ESP).

If a District customer pays the *Transitional Special Agricultural Water Rate* (TSAWR) they do not pay SDCWA's Storage or Supply Reliability Charges. In recognition of the lower price paid for water by TSAWR customers they do not receive a reliability benefit from QSA or Carlsbad desalination supplies during a shortage allocation and are cut at twice the level of M&I customers during an ESP event. In FY 2018 34% of District's customers were in the TSAWR and approximately 44% of water deliveries by volume are in the TSAWR program. Under the rules of that program, in a drought related shortage TSAWR customers receive the level of cutback SDCWA receives from MWD and, as noted above, a significantly reduced level of service in an emergency declared by the SDCWA Board. Metropolitan does not distinguish between M&I and agricultural customers considering all SDCWA deliveries M&I under normal and shortage allocation conditions⁶.

The ultimate consequence of an unreliable water supply is the need for an allocation of water by the wholesale agency. Although the shortage allocation experienced by the District may vary depending on which wholesaler serves it and potentially other factors (State mandated conservation levels), the District's response to water shortages is considered to remain the same. Currently, RMWD ordinance 16-10 addresses the possible water shortage scenarios in

⁶ Metropolitan previously had an agricultural class of service under the Interim Agricultural Water Program (IAWP) that received reduced deliveries under drought and shortage conditions but terminated that program and class of service in 2013.

conjunction with the SDCWA Water Shortage and Drought Management Plan. The sections within the ordinance discuss stages each with both Voluntary and Mandatory reduction of water usage.

District Drought Response (Ordinance 16-10)

The District Board of Directors adopted Ordinance 16-10 to guide its response to increasingly severe drought conditions. These requirements to manage impending or actual water shortages would continue to be in place whether the District remained a member agency of SDCWA or de-annexed and joined EMWD.

There are 4 different stages of water shortage scenarios within Ordinance 16-10. Each stage has specific instructions for various water uses to be prohibited or to be restricted. Drought Response Level 1 is for periods when RMWD is notified that due to drought or other supply reductions, there is a reasonable probability there will be supply shortages or if the State Water Resources Control Board adopts regulations that places restrictions on certain end uses of water. Public outreach and conservation practices are promoted during Drought Response Level 1, and if the SWRCB adopts water use restrictions the following types of uses are prohibited:

1. Irrigation with potable water that results in excessive runoff
2. Use of a hose without a shutoff nozzle
3. Using potable water on driveways and sidewalks
4. Non recirculating decorative fountains
5. Outdoor irrigation within 48 hours of measurable rainfall
6. Serving of drinking water at restaurants unless requested
7. Irrigation of decorative turf on public street medians
8. Irrigation of landscapes in newly constructed buildings and homes inconsistent with state regulations and requirements

For Drought Response Levels 2-4, Level 1 restrictions continue to apply and there are increasingly restrictive measures on water use that can result in civil or criminal penalties if not complied with. These restrictions include limited number and days of irrigation, vehicle washing at commercial establishments using water recycling systems, establishment of customer allocations and under a Level 4 Drought emergency cessation of all outdoor irrigation except for crops.

For agricultural customers participating in the TSAWR program, the requirements are specified in that program. For instance, the water reductions contained in the District's ordinance are not in addition to any mandatory reductions which may apply to a participant in the TSAWR, unless expressly stated in the TSAWR. Violations of the conditions of special supply programs are subject to the penalties established under the applicable program. A person using water subject

to a special supply program and other water provided by the RMWD is subject to this ordinance in the use of the other water.

Enforcement and Penalties

Each stage of the water shortage plan has specific prohibitions, penalties and consumption reduction methods. Section 5.1 discussed the consumption reduction and water use prohibitions. The violation of ordinance 08-01, covered under section 5, is a misdemeanor pursuant to sections 350-358, 375-377 and 71640-71644 of California Water Code and punishable by imprisonment in the county jail for not more than 30 days or a fine not to exceed \$1000 or both. Each day that a violation of this ordinance occurs is a separate offense. Administrative fines may be levied for each violation of a provision of this ordinance as follows:

1. One hundred dollars for a first violation.
2. Five hundred dollars for each additional violation of this ordinance within one year of the first violation.

Violation of a provision of this ordinance is subject to enforcement through installation of a flow-restricting device in the meter.

DETERMINING DISTRICT RELIABILITY

The intent of this analysis is to evaluate the District's supply reliability as a continued member agency of SDCWA or as a member agency of EMWD. It is assumed the District will continue to address retail level shortages under current Board policy Ordinance 16-10 irrespective of which wholesale agency it purchases water from.

This analysis of supply reliability will focus on the water wholesaler's ability to meet:

- Normal weather year water demand
- Dry weather year water demand
- non-drought year emergency water service

Reliability as A SDCWA Member Agency

As a member agency of SDCWA the District relies on SDCWA's statutory obligation (County Water Authority Act § 45-5.11) to:

"as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs. If available supplies become inadequate to fully meet the needs of its member agencies, the board shall adopt

reasonable rules, regulations, and restrictions so that the available supplies are allocated among its member agencies for the greatest public interest and benefit.”⁷

As noted above, the District has two customer classes that receive two different levels of reliability in either a drought or catastrophic emergency related shortages; M&I and TSAWR. An evaluation of reliability as a SDCWA member agency and its comparison to membership in EMWD must take those differences into account separately and then evaluate on the basis of the combined level of reliability for all customers.

The District analyzes its reliability as a SDCWA member agency every five years through its update and adoption of an Urban Water Management Plan (UWMP) as mandated by the state under the *Urban Water Management Plan Act*.

Reliability and availability of supply in quantities that meet the needs of retail customers is due to:

1. weather related conditions and/or regulatory constraints
2. failure or insufficiency of infrastructure

This analysis will primarily focus on the hydrologic and/or regulatory constraints on available supply and will discuss more briefly District reliability for infrastructure related shortages as it relates to catastrophic emergency events that result in failure of the imported water delivery system as contemplated under SDCWA’s Emergency Storage Program (ESP).

The Importance of Urban Water Management Plans

The Urban Water Management Plan (UWMP) Act requires agencies with more than 3,000 AF of water demand or serving more than 3,000 connections to prepare an UWMP. The UWMP requires the estimation of water demand and the supplies that will serve that demand for a 25 year planning horizon under normal weather and dry weather conditions. In its 2015 UWMP, SDCWA identified on a regional scale its water supply demand balance under normal weather and single and multiple dry year weather conditions. The results are provided in the below excerpted tables:

⁷ In December 1952, the Metropolitan Board adopted the Laguna Declaration, which stated "*The District is prepared, with its existing governmental powers and its present and projected distribution facilities, to provide its service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs for domestic, industrial and municipal water, the District will be prepared to deliver such supplies.*" (Section 4202 (a). MWD Administrative Code)

Table 9-1. Normal Water Year Supply and Demand Assessment (AF/YR) ¹

	2020	2025	2030	2035	2040
WATER AUTHORITY SUPPLIES					
IID Water Transfer	190,000	200,000	200,000	200,000	200,000
ACC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Carlsbad Desalination Plant	50,000	50,000	50,000	50,000	50,000
Sub-Total	320,200	330,200	330,200	330,200	330,200
MEMBER AGENCY SUPPLIES (VERIFIABLE SUPPLIES)					
Surface Water	51,580	51,480	51,380	51,280	51,180
Water Recycling	40,459	43,674	45,758	46,118	46,858
Seawater Desalination	6,000	6,000	6,000	6,000	6,000
Potable Reuse	3,300	3,300	3,300	3,300	3,300
Brackish GW Recovery	12,100	12,500	12,500	12,500	12,500
Groundwater	17,940	19,130	20,170	20,170	20,170
Sub-Total	131,379	136,084	139,108	139,368	140,008
METROPOLITAN WATER DISTRICT SUPPLIES	136,002	181,840	207,413	224,063	248,565
Total Projected Supplies	587,581	648,124	676,721	694,431	718,773
Total Demands with Water Efficiency Savings	587,581	648,124	676,721	694,431	718,773

¹ Normal water year demands based on 1960 - 2013 hydrology.

Source: SDCWA 2015 Urban Water Management Plan, June 2016

Table 9-1 above indicates that under normal weather conditions SDCWA is projecting to meet all the demands of its member agencies. This is the same assumption contained in the District's 2015 UWMP Table 7-2.

Table 7-2: Normal Year Supply and Demand Comparison

	2020	2025	2030	2035	2040
Supply totals (AF)	20,810	20,820	20,830	20,850	20,660
Demand totals (AF)	20,810	20,820	20,830	20,850	20,660
Deficit (AF)	0	0	0	0	0
% of Demands	0%	0%	0%	0%	0%

Source: RMWD 2015 Urban Water Management Plan, June 2016

Wholesale water shortages related to hydrologic constraints have been experienced by the SDCWA and the District on three occasions in the past 28 years; 1991-1992, 2009-2011 and 2015-2016. In all these occasions shortages in imported water deliveries from Metropolitan to SDCWA resulted in allocations of water to the District. Metropolitan and SDCWA have adopted

**Table 9-2. Single Dry Water Year Supply and Demand Assessment
Five Year Increments (AF/YR)**

	2020	2025	2030	2035	2040
WATER AUTHORITY SUPPLIES					
IID Water Transfer	190,000	200,000	200,000	200,000	200,000
ACC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Carlsbad Desalination Plant	50,000	50,000	50,000	50,000	50,000
Sub-Total	320,200	330,200	330,200	330,200	330,200
MEMBER AGENCY SUPPLIES ¹					
Surface Water	6,004	6,004	6,004	6,004	6,004
Water Recycling	40,459	43,674	45,758	46,118	46,858
Seawater Desalination	6,000	6,000	6,000	6,000	6,000
Potable Reuse	3,300	3,300	3,300	3,300	3,300
Brackish GW Recovery	12,100	12,500	12,500	12,500	12,500
Groundwater	15,281	15,281	15,281	15,281	15,281
Sub-Total	83,144	86,759	88,843	89,203	89,943
METROPOLITAN WATER DISTRICT SUPPLIES	263,340	264,740	263,340	260,680	258,720
Total Projected Supplies without Storage Takes	666,684	681,699	682,383	680,083	678,863
Total Demands with Water Efficiency Savings	629,198	694,147	725,006	743,990	770,765
Potential Supply (Shortage) or Surplus	37,486	(12,448)	(42,623)	(63,907)	(91,902)
Utilization of Carryover Supplies	0	12,448	42,623	40,000	40,000
Total Projected Core Supplies with Utilization of Carryover Storage Supplies	666,684	694,147	725,006	720,083	718,863
Remaining Potential Surplus Supply, or (Shortage) that will be handled through Management Actions	37,486	0	0	(23,907)	(51,902)
¹ Member agency local supplies include verifiable recycling and brackish groundwater, as well as dry-year estimates for surface water and groundwater.					

Source: SDCWA 2015 Urban Water Management Plan, June 2016

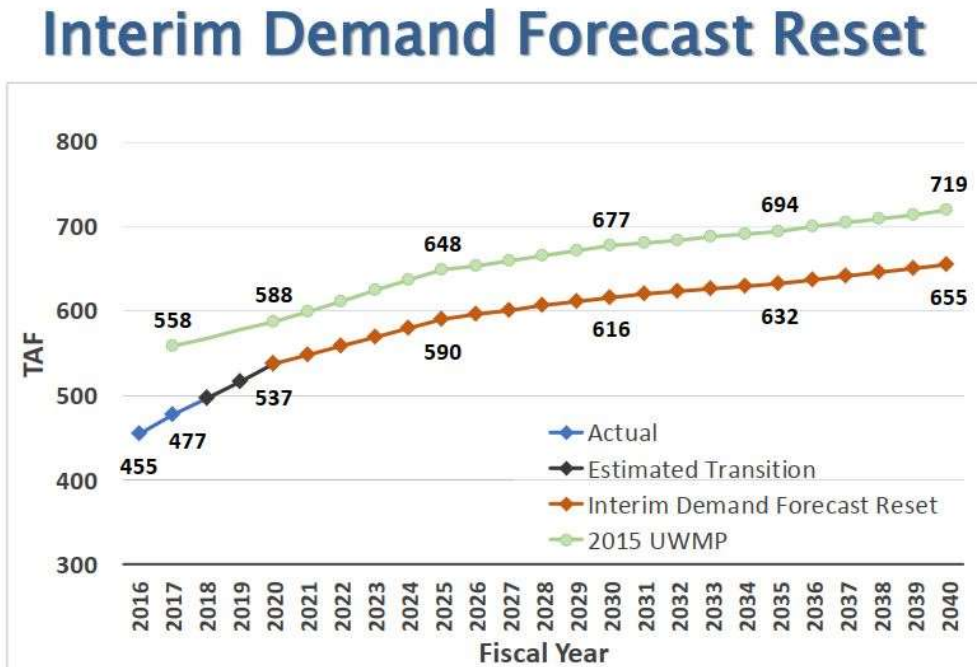
detailed water shortage allocation methodologies to allocate water to their respective member agencies that will be discussed in later sections of this Report.

Under single and multiple dry years SDCWA forecasts shortages beginning in 2035 and increasing in 2040 under the single Dry Year analysis (Table 9-2). Shortages can occur by 2035 more than doubling in 2040. This is due to a combination of increasing water demands and shortages of dry year imported water deliveries by Metropolitan.

In 2018 SDCWA staff released a revised forecast of projected demand (Interim Demand Reset) that lowered the forecast of total consumptive water demand in the region and also assumed inclusion of significantly higher amounts of local projects being implemented by its member agencies than in the verifiable supplies mix. This resulted in a reduced demand on Metropolitan for imported supplies to as low as 10,000 AF by 2035. **Figure 1** shows the drop in

consumptive demand from the 2015 UWMP and the increase assumption on local supply availability from the verifiable resource mix in Table 9-2 above.

Figure 1



Source: SDCWA Presentation to Member Agency Managers February 13, 2018

Along with the drop in consumptive water use of approximately 60,000 AF or 9% by 2040 SDCWA’s Interim Demand Reset also assumed much greater availability of new local water supplies. Table 10-4 is from the Scenario Planning Chapter of SDCWA’s 2015 UWMP which looks at management actions the region could take if assumptions on imported supply or other variables are worse than assumed in the official UWMP Reliability Analyses contained in the 9-2 Tables. The use of additional planned projects in Table 10-4 along with the reduction of consumptive water use in Figure 1 combines to lower the amount of Metropolitan water needed by SDCWA to 10,000 AF in 2035 and improves reliability in the face of further uncertainties in imported water availability.

Table 10-4. Potential Strategies to Manage Uncertainty Scenarios (2035)

POTENTIAL STRATEGY	ESTIMATED YIELD (AF)
MEMBER AGENCY VERIFIABLE LOCAL PROJECTS (PLANNED) ¹	29,520
MEMBER AGENCY POTENTIAL ADDITIONAL PLANNED LOCAL PROJECTS ²	
Potable Reuse	106,099
Additional Planned Recycled Water and Brackish Groundwater	10,926
Fallbrook PUD/MCB Camp Pendleton Groundwater Recharge and Recovery Project	3,100
Otay WD Rosarito Beach Desalination Project	16,100
Total Additional Planned Local Projects (Member Agencies)	136,225
WATER AUTHORITY POTENTIAL STRATEGIES	
Carlsbad Desalination Plant Additional Capacity	5,600
Potential Regional Seawater Desalination Facility (MCB Camp Pendleton Phase I) ³	56,000
Regional Shortage Management Actions (Dry-year transfers and potential extraordinary conservation savings)	... ⁴
Total Minimum Estimated Yield from Potential Strategies	227,345
¹ Potential strategy for Scenario 3. Yields from verifiable local supply planned projects were not included in the 2035 Scenario 3 planning assessment (yields remained at 2015 levels), and are therefore included as strategies to address potential uncertainties of water supply sources for Scenario 3.	
² The estimated yields from the additional planned local supply projects are from the member agencies, and the development and implementation of these supplies rest with the member agencies.	
³ Ultimate decision to move forward on construction of the proposed MCB Camp Pendleton desalination project would be considered in context of the development of member agency local supplies, such as potable reuse, changes in imported supply reliability, and regional water demand levels.	
⁴ Availability of dry-year supplies is described in Section 11.2.4.	

Source: SDCWA 2015 Urban Water Management Plan, June 2016

It is unclear how SDCWA is using the Interim Demand Reset for its long-term reliability and financial planning. The analysis of District reliability is based on the official SDCWA Board adopted 2015 UWMP and the assumptions on demand and local supply contained in that document. The implementation of 136,000 AF in additional member agency projects would have its greatest impact on the District and other member agencies that are more dependent on SDCWA as the rate base to spread costs across would diminish significantly. The implications of the Demand Reset Analysis are discussed in further detail below.

As noted in Table 9-5 below, in multiple dry years SDCWA begins to experience shortages in Metropolitan supplies beginning in 2028. Tables 9-6 and 9-7 show that in the later years analyzed in its 2015 UWMP multiple dry years result in increasing amounts of shortage due to primarily increased demand for water from growth.

**Table 9-5. Multiple Dry Water Year Supply and Demand Assessment
Five-Year Increments (AF/YR) – 2026-2028**

	2026	2027	2028
Member Agency Supplies ¹	127,941	105,048	88,009
Water Authority Supplies	330,200	330,200	330,200
Metropolitan Allocation (Preferential Right)	264,600	245,570	226,440
Total Estimated Core Supplies w/o Storage Takes	722,741	680,818	644,649
Total Demands w/ Water Efficiency Savings	699,895	706,894	713,963
Potential Supply (Shortage) or Surplus (Difference between Supplies and Demands)	22,846	(26,076)	(69,314)
Utilization of Carryover Supplies	0	26,076	40,000
Total Projected Core Supplies w/ Utilization of Carryover Storage Supplies	722,741	706,894	684,649
Remaining Potential Surplus Supply, or (Shortage) that will be handled through Management Actions	22,846	0	(29,314)

¹ Member agency local supplies include verifiable recycling and brackish groundwater, as well as dry-year estimates for surface water and groundwater.

Source: SDCWA 2015 Urban Water Management Plan, June 2016

Even with the shortages identified in SDCWA’s 2015 UWMP as occurring over multiple dry years, cutbacks to M&I customers would not exceed 10% until 2038 and in most years identified as a shortage would range between 2% and 7% ⁸. This is due to a combination of more reliable local and imported supplies provided by the Water Authority and local supplies implemented by member agencies which reduce demand for less reliable imported water from Metropolitan.

⁸ Shortage identified in SDCWA 2015 UWMP divided by forecast demand on SDCWA supplies in the shortage years

**Table 9-6. Multiple Dry Water Year Supply and Demand Assessment
Five-Year Increments (AF/YR) – 2031-2033**

	2031	2032	2033
Member Agency Supplies ¹	129,680	106,442	89,059
Water Authority Supplies	330,200	330,200	330,200
Metropolitan Allocation (Preferential Right)	262,780	243,490	224,280
Total Estimated Core Supplies w/o Storage Takes	722,660	680,132	643,539
Total Demands w/ Water Efficiency Savings	728,330	735,613	742,969
Potential Supply (Shortage) or Surplus (Difference between Supplies and Demands)	(5,670)	(55,481)	(99,430)
Utilization of Carryover Supplies	5,670	40,000	40,000
Total Projected Core Supplies w/ Utilization of Carryover Storage Supplies	728,330	720,132	683,539
Remaining Potential Surplus Supply, or (Shortage) that will be handled through Management Actions	0	(15,481)	(59,430)
¹ Member agency local supplies include verifiable recycling and brackish groundwater, as well as dry-year estimates for surface water and groundwater.			

Source: SDCWA 2015 Urban Water Management Plan, June 2016

**Table 9-7. Multiple Dry Water Year Supply and Demand Assessment
Five-Year Increments (AF/YR) – 2036-2038**

	2036	2037	2038
Member Agency Supplies ¹	130,116	106,954	89,647
Water Authority Supplies	330,200	330,200	330,200
Metropolitan Allocation (Preferential Right)	260,260	241,410	222,480
Total Estimated Core Supplies w/o Storage Takes	720,576	678,564	642,327
Total Demands w/ Water Efficiency Savings	749,030	756,521	764,086
Potential Supply (Shortage) or Surplus (Difference between Supplies and Demands)	(28,454)	(77,957)	(121,759)
Utilization of Carryover Supplies	28,454	40,000	40,000
Total Projected Core Supplies w/ Utilization of Carryover Storage Supplies	749,030	718,564	682,327
Remaining Potential Surplus Supply, or (Shortage) that will be handled through Management Actions	0	(37,957)	(81,759)
¹ Member agency local supplies include verifiable recycling and brackish groundwater, as well as dry-year estimates for surface water and groundwater.			

Source: SDCWA 2015 Urban Water Management Plan, June 2016

SDCWA UWMP Assumptions on Local Supplies and MWD Shortage Allocation

There are three key assumptions in SDCWA's UWMP that can affect the results of its Dry Year analysis:

1. Implementation of additional local recycling and groundwater projects
2. The development of a revised "Demand Reset" analysis that lowered SDCWA demand on and Metropolitan supplies below 2015 UWMP estimates
3. In a Metropolitan declared shortage SDCWA will receive its Preferential Right to MWD water.

Future Local Project Implementation

Member Agency local supplies included in the SDCWA 2015 UWMP analysis of Dry Year reliability include what are termed "*verifiable projects*". Verifiable Projects are future supply projects that can demonstrate based on substantial evidence that the projects are proceeding, and the supply can be expected to be available. Projects being planned by member agencies or considered to be at a conceptual level are not included. If those planned or conceptual projects are implemented along with the Verifiable projects, there may be more than assumed in the SDCWA 2015 UWMP Dry Year analysis. Although some verifiable projects have not yet been implemented, it is a reasonable assumption for SDCWA to include them in its 2015 UWMP dry year analysis.

Shortage Allocation by Preferential Right

The assumption that SDCWA's Preferential Right to MWD water will be the basis of its Metropolitan supply shortage allocation requires certain caveats. Preferential Rights, or Article 135 of the MWD Act, provides a member agency a right to available Metropolitan water in an amount equal to its pro rata share of total historical payments to Metropolitan excluding the purchase of water⁹. On the three occasions in the last 28 years that Metropolitan has allocated water to its member agencies (1991-1992, 2010-2011, 2015-2016), Preferential Rights has not been invoked or used as the method to allocate water.

The Water Shortage Allocation Plan (WSAP) approved by the Metropolitan Board has been the methodology used to allocate water and is based on a combination of an agency's demand on Metropolitan, its total retail demand and other factors such as water conservation and population growth. Historically, SDCWA reliance on Metropolitan supplies has exceeded its Preferential Right and assuming a Preferential Right allocation was a worst-case planning scenario. With the ramp-up of the QSA supplies, Carlsbad Desalination and increasing member

⁹ In January 2001 SDCWA filed suit against Metropolitan challenging the calculation of Preferential Rights in that SDCWA financial contribution including water purchases which were excluded in Section 135 were much higher than its Preferential Right. After superior and appellate rulings in favor of Metropolitan SDCWA appealed to the California Supreme Court which in 2002 upheld the validity of the Preferential Rights calculation.

agency local supply projects SDCWA's percent reliance on MWD will be significantly less than its Preferential Right percentage.

That differential increased even more with the recent California Court of Appeal decision in *SDCWA v MWD* rate litigation where the Court ordered Metropolitan to add certain wheeling charges paid by SDCWA for QSA supply transportation to its calculation of Preferential Rights. As a result of the Court of Appeals decision, SDCWA's Preferential Right to Metropolitan's available supplies is currently 23% while it constitutes less than 15% of total MWD deliveries and will continue to reduce those deliveries to less than 10% of total Metropolitan deliveries over the next 15 years ¹⁰.

The assumption that SDCWA's Board of Directors will invoke its Preferential Right or that a future Metropolitan Board will use Preferential Rights as the method to allocate water is speculative and in conflict with past practice and previous litigation by SDCWA against Metropolitan and the legality of Preferential Rights. It may be more likely that Metropolitan's Water Shortage Allocation Plan (WSAP) or a future version of that allocation methodology based on the need for Metropolitan water will be used when the next dry year shortage in Metropolitan supplies occurs. It is likely with the use of a need based shortage allocation under Metropolitan's WSAP that cutbacks to SDCWA will be larger than assumed in the SDCWA 2015 UWMP.

These larger cutbacks may be somewhat mitigated by the fact that in SDCWA's analysis they use an historically low 1.4 MAF of available MWD water in a single dry year and in the three multiple dry years' scenarios use 1.4 MAF, 1.3 MAF and 1.2 MAF as available Metropolitan supplies to apply their Preferential Right percentage. If Metropolitan's available supplies are more than assumed by SDCWA then a WSAP allocation may be closer to the assumption and allocation by Metropolitan used in SDCWA's 2015 UWMP.

2018 Demand Reset Analysis

As discussed above, in 2018 SDCWA released a revised 2035 Demand forecast that differed from the 2015 UWMP. The Demand Reset both lowered total demand in 2035 by 9% but included Additional Planned local projects by member agencies. The 9% reduction in demand resulted in SDCWA needing only 10,000 AF in Metropolitan supplies in 2035. The inclusion of Additional Planned projects adds 136,000 AF or over an 100% increase in available new local supplies over the estimate of verifiable only contained in the 2015 UWMP. These additional planned projects include both Phases of the City of San Diego's Pure Water project and East County Advanced Water Purification Project, to recycling and groundwater projects in north County and Otay Water District's participation in a binational seawater desalination Plant in Rosarito Beach, Baja California, Mexico. To the extent some or all of these projects are implemented in the region, SDCWA's supplies will be more reliable. The reduction in SDCWA's

¹⁰ FY 2018 MWD deliveries less QSA Supplies compared to Total MWD Deliveries FY 2018 less QSA supplies

deliveries from Metropolitan under the 2018 Interim Demand Reset will increase the disparity between SDCWA's need for Metropolitan water (less than 1% of total Metropolitan supplies in 2035) and its Preferential Right (24.22%).

SDCWA Drought Shortage Allocation Methodology

SDCWA's Water Shortage & Drought Response Plan (WSDRP) details its policies and procedures for drought and shortage management. The Shortage allocation methodology is included in the WSDRP Plan and has separate methods for allocating water to member agencies M&I users and TSAWR participants.

M&I Cutbacks

M&I shortage allocations are based on a member agency's three year average of SDCWA deliveries prior to the activation of the WSDRP. The base period is adjusted upwards for conservation, population growth, loss of local supply and highly reliable local supply implementations e.g.; water recycling, brackish groundwater recovery and seawater desalination. A final adjustment upwards is made if SDCWA cutbacks reach or exceeds 20% ¹¹. A *Retail Reliability Adjustment* is made for member agencies to ensure that their total Level of Service is within 5% of the regional average. For example, if the region wide cutback level for M&I is 10% any individual member agency will not experience a greater than 15% shortage.

TSAWR Cutbacks

TSAWR is allocated through a separate methodology that also establishes a Base Period previous to the allocation period for average deliveries to TSAWR customers. Each individual agency has a pro rata share of the total base period TSAWR deliveries. TSAWR supplies are set aside from SDCWA's allocation of water from Metropolitan based on the cutback percentage established by Metropolitan. If Metropolitan's cutback is 15% then SDCWA reduces the Base Period TSAWR demand by 15% and sets that amount of MWD aside. The member agency's pro-rata percentage of the total Base Period TSAWR deliveries is then applied to the available TSAWR supplies. That is the member agency's TSAWR allocation. TSAWR customers do not benefit from any of SDCWA's QSA or desalinated supplies and do not receive any water from Carry Over Storage or any water transfers SDCWA may acquire.

¹¹ There has been discussion based on recent allocation experience of lowering the shortage percentage for the Retail Reliability Analysis. This analysis assumes that the Retail Reliability Adjustment can be utilized at any level of cutback

RMWD Reliability Planning

The main test of reliability as a member agency of SDCWA or EMWD is the result it has on District customers. The District's 2015 UWMP analyzed its Dry Year reliability based on SDCWA's regional reliability analysis and how shortage allocation would impact the District. Tables 7-3 and Tables 7-4 from the 2015 UWMP illustrate the results. In the District's analysis, it was assumed that a dry year increase in demand would result in a minimum 15% cutback to TSAWR deliveries. That is a more conservative assumption than contained in SDCWA's Dry Year analyses.

Table 7-3: Single Dry Year Supply and Demand Comparison

	2020	2025	2030	2035	2040
Demand totals	22,188	22,296	22,321	22,459	22,188
Supply totals	21,362	20,849	20,753	20,915	21,362
Deficit (AF)	826		1,568	1,544	826
% of Demands	4%	6%	7%	7%	4%

Notes: Same as first year of Multiple Dry Year analysis from Table 7-4, per Water Authority supply allocation policy. Assumes dry-year increase in demands. Assumes minimum 15 percent reduction in TSAWR program deliveries

Table 7-4: Multiple Dry Years Supply and Demand Comparison

		2020-22	2025-27	2030-32	2035-37
First year	Demand totals (AF)	22,188	22,296	22,321	22,459
	Supply totals (AF)	21,362	20,849	20,753	20,915
	Deficit (AF)	826	1,447	1,568	1,544
	% of Demands	4%	6%	7%	7%
Second year	Demand totals	22,051	22,372	22,418	22,516
	Supply totals	21,105	20,476	20,894	21,224
	Deficit (AF)	946	1,896	1,524	1,292
	% of Demands	4%	8%	7%	6%
Third year	Demand totals	21,922	22,449	22,516	22,573
	Supply totals	20,868	20,745	20,724	20,670
	Deficit (AF)	1,054	1,704	1,792	1,903
	% of Demands	5%	8%	8%	8%

Notes: Per Water Authority supply allocation policy. Assumes dry-year increase in demands. Assumes minimum 15 percent reduction in TSAWR program deliveries.

Potential RMWD Local Supply Projects

As a SDCWA member agency, one of the biggest factors affecting retail level reliability is the availability of local supplies to the member agency. Local supplies reduce a demand on SDCWA and under the SDCWA shortage allocation methodology receive additional water if they are a highly reliable supply e.g. recycled water, brackish or seawater desalination.

Currently the District does not own or use local water as a source of its municipal supply. In its Board approved 2015 Urban water Management Plan (June 2016) (UWMP) the District did identify conceptual projects it was considering that could provide up to 2,500 AFY of reliable local supplies from recycled water and recovered brackish groundwater. Table 6-7C from the 2015 UWMP provides the specific details. Since the completion of the District's 2015 UWMP it has been determined that the *Rainbow Recycled Water Project Expansion* is not considered feasible or cost effective due to the excessive cost for distribution pipelines to convey non potable recycled water to irrigators. The District is still evaluating the feasibility and cost effectiveness of *Bonsall Groundwater Desalter Expansion*.

Table 6-7C: Additional Conceptual Future Water Supply Projects

Name of Future Projects or Programs	Joint Project with other agencies?	Description	Conceptual Implementation Year	Planned for Use in Year Type	Conceptual Supply (AF/yr.)
Rainbow Recycled Water Project Expansion	No	Possible expansion of Planned project	2025 to 2030	All (baseline supply)	500
Bonsall Groundwater Desalter Expansion	No	Possible expansion of Planned project	2025 to 2035	All (baseline supply)	2,000
TOTAL:					2,500

NOTES: Only "Conceptual" projects are included. Conceptual projects are those project concepts that have not been subject to formal study or that have significant uncertainties or obstacles to implementation. This table is not part of the official DWR UWMP table set and is presented as supplemental information only
 Source: RMWD 2015 Urban Water Management Plan (June 2016)

The District classified these supplies as *"Conceptual"* which means that they are not used in any of the required reliability analyses contained in the District's or SDCWA's UWMPs. If implemented local supplies would enhance the reliability of the District's supplies during a shortage and would decrease or eliminate the estimated shortfalls contained in Tables 7-3 and 7-4 above.

Reliability in an Emergency

Assessing the District's reliability in a catastrophic emergency where imported water is cutoff requires a different analysis than dry year drought induced shortages. SDCWA's Emergency Storage Project (ESP) is designed to address a catastrophic failure of the imported water system in the event of a major earthquake under two major scenarios.

- 2 month emergency: no imported water available due to a major seismic event on the Elsinore Fault in southern Riverside County that results in a failure of Metropolitan's conveyance and treatment facilities and an inability to supply imported water to San Diego County. ***Note: MWD's emergency planning documentation does not forecast a two month outage due to the Elsinore fault in any scenario. MWD's longest forecast outage is two weeks.***
- 6 month emergency : partial availability of imported water due to a major seismic event on the San Andreas and/or the San Jacinto Faults that results in loss of imported water supplies. Metropolitan is still able to convey and treat stored water through its southern Riverside County facilities.

Figure 3 below identifies the location the earthquake faults that could impact the delivery of imported water into San Diego County.

Figure 3



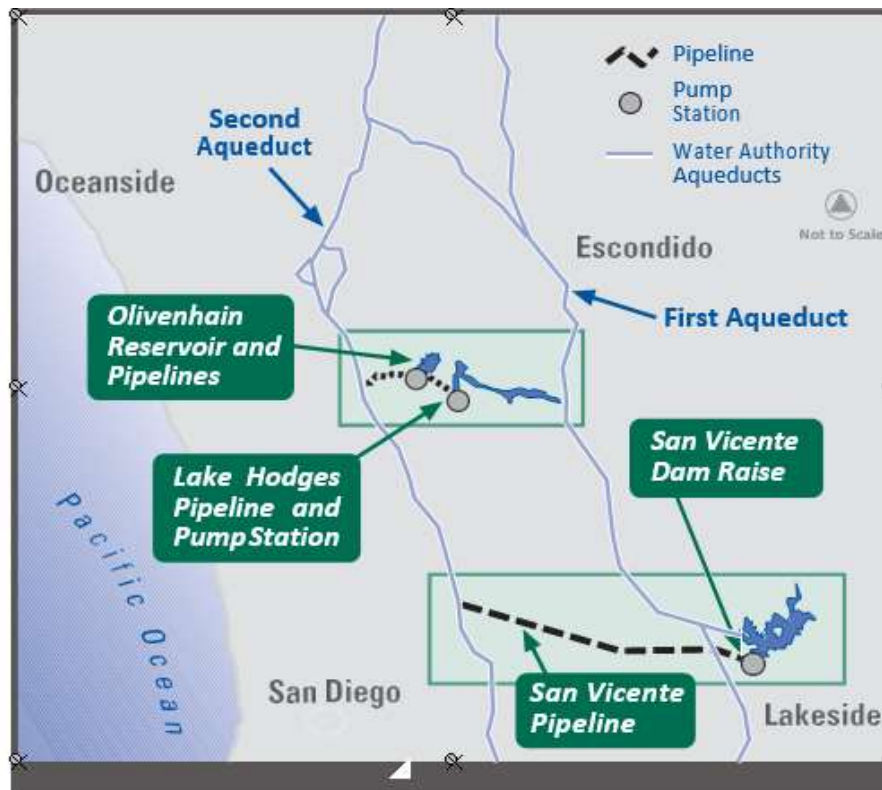
Earthquake faults in Southern California could damage pipelines that deliver imported water to the San Diego region.

Source: SDCWA Emergency & Carryover Storage Fact Sheet , March 2019

The ESP consists of pipelines, pump stations and new and existing surface storage reservoirs capable of storing up to 90,000 AF of emergency supplies. The ESP was designed to provide up to a 75% level of service to Municipal & Industrial customers for either the 2-month or 6-month catastrophic emergency condition. As originally planned the ESP would deliver untreated water to agencies north of Olivenhain Dam. Subsequently, SDCWA built the Twin Oaks Valley Water Treatment Plant (TOVWTP) which is capable of supplying treated water to member agencies south of the plant. Currently SDCWA cannot supply the required treated water in an emergency condition from TOVWTP. District staff is working with SDCWA staff to build a North County pump station capable of supplying treated water to the District in the event Metropolitan's Skinner Plant is unable to deliver water to the District. It is estimated that pumping of treated water from TOVWTP to the District will not be available until at least 2025. SDCWA placed the project on hold in 2019 when RMWD and FPUD signaled an intent to explore annexation into EMWD. Only planning level work – no design work – has been completed on the project since it was identified as being needed in 1996.

Figure 4 below identifies the major storage and conveyance facilities associated with the ESP.

Figure 4



Source: SDCWA Emergency & Carryover Storage Fact Sheet , March 2019

In such an event the SDCWA Board of Directors would declare an emergency and supplies would be allocated from ESP facilities to augment member agencies level of service to at least 75% of calculated need. Level of need is based on a member agency's demand for water during the emergency and the amount of local supplies available to them. A member agency without its own local supplies would receive the highest proportion of ESP water. SDCWA's 2013 Emergency Water Delivery Plan provides the following general approach to an allocation under a catastrophic emergency. Note that in Step 9 of the procedure, member agencies with TSAWR customers receive a lower level of service from the ESP.

The following general procedure from the January 2013 Emergency Water Delivery Plans shows the methodology for calculating the allocation of ESP supplies to member agencies in a prolonged outage situation without imported supplies:

1. Define the water storage and conveyance facility infrastructure that would be in place at the time of the emergency event in order to estimate duration of emergency (that is, time needed to repair damaged pipelines and/or infrastructure).
2. Determine the total demand of each member agency during the emergency, considering both M&I and agricultural demands.
3. Determine the net demand of each member agency, considering the availability of recycled water supplies.
4. Determine the local supplies available to each member agency from groundwater and surface water storage.
5. Determine the amount of local water that could be transferred within City of San Diego service areas, and between member agencies.
6. Determine the amount of Carlsbad Desalination Plant supplies that could be delivered to member agencies.
7. Determine the amount of imported water supplies from Metropolitan available to deliver to member agencies.
8. Allocate ESP supplies in Olivenhain, Lake Hodges, and San Vicente Reservoirs to each member agency to achieve an initial level of service of 75 percent, considering other supplies available to each member agency as described above and taking into account limitations of delivery facilities.
9. Determine reductions in member agency deliveries due to the influence of the Water Authority's TSAWR program. The cutback rate for TSAWR customers is twice the rate imposed on Water Authority M&I customers, up to a 90 percent cutback. Reductions in deliveries that arise from such a cutback would be reallocated to commercial and industrial customers.
10. Determine increases in member agency deliveries due to redistribution of the emergency water not delivered to member agencies as a result of the TSAWR program.
11. Determine net Water Authority deliveries to member agencies from all water supply sources available to the Water Authority, consisting of Carlsbad Desalination Plant supplies, imported water supplies from Metropolitan, and ESP

Source: SDCWA 2015 Urban Water Management Plan, June 2016

M&I Emergency Deliveries

In the case of a prolonged cutoff of the imported water system the District can assume a 75% level of service for its M&I customers.

TSAWR Emergency Deliveries

In the case of a prolonged cutoff of the imported water system the District can assume an approximately 35-40% level of service for its TSAWR customers. Because of its lower priority of service cutbacks to TSAWR agricultural users may be even greater.

District Supply Reliability as a Member Agency of EMWD

District Reliability is Based on Metropolitan Reliability

Under the terms of annexation being explored with EMWD the District would not receive any of EMWD local supplies or stored water in either normal or dry weather conditions. As contemplated in a potential annexation, the District would receive imported water through EMWD supplied by Metropolitan. Because of that arrangement, the District would be entirely dependent on the reliability and availability of Metropolitan supplies.

In evaluating Metropolitan supply reliability there are three foundational planning documents that provide the basis for reliability; the *2015 Integrated Resources Plan (IRP)*, the *Water Surplus and Drought Management (WSDM) Plan* and the *2015 Regional Urban Water Management Plan (RUWMP)*. Metropolitan's primary planning process for determining its long-term strategy for meeting the reliability needs of its member agencies and sub agencies is periodic updates of the IRP. First developed in 1995, Metropolitan's IRP lays out the regional strategy of improving reliability of imported supplies, utilizing in region and out of region storage and increasing supply diversification through the development of reliable local supplies and water conservation. This is the fundamental strategy Metropolitan has employed since the first IRP in 1995 and continues to be reflected in its most current water supply planning documents.

2015 IRP UPDATE ¹²

In its 2015 IRP Update, Metropolitan continued to stay committed to its reliability strategy of supply diversification and water storage. Metropolitan has developed dry-year storage with a capacity of more than 5.5 million acre feet to manage water supplies for both surplus and shortage conditions. Metropolitan owned storage consists of the 800,000 Acre foot Diamond Valley Reservoir in southern Riverside County, storage capacity in other Metropolitan owned and other state and federal surface reservoirs as well as groundwater storage within Southern California and in the Central Valley.

The following examples are Metropolitan surface water storage identified in the IRP

¹² First IRP was adopted in 1996 and first updated in 2010. This is the second update to the 1996 IRP

SURFACE WATER RESERVOIRS

- Diamond Valley Lake (810,000 acre-feet)
- SWP Article 56 Carryover Storage (up to 200,000 acre-feet)
- Flexible Storage in Castaic Lake and Lake Perris (219,000 acre-feet)
- Intentionally Created Surplus in Lake Mead (1.5 million acre-feet)

Source: MWD IRP 2015 Update, January 2016

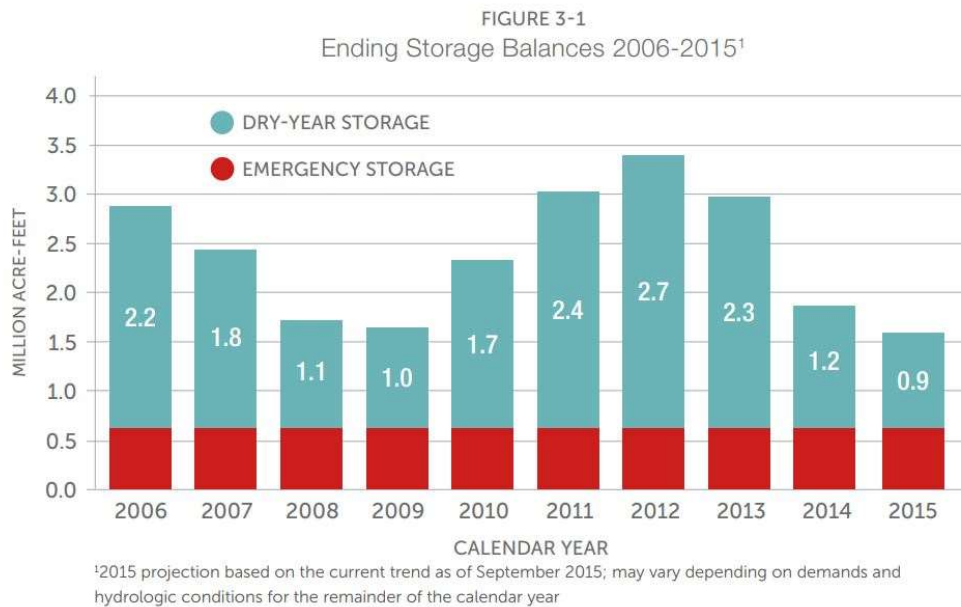
The following statement from the 2015 IRP update summarizes Metropolitan's stated reliability strategy:

A VISION FOR WATER MANAGEMENT

Diversifying the region's water supplies and developing adequate and healthy water storage reserves has proven to be the backstop for reliability. Stored water reserves provide certainty for meeting the needs of the region's vast service area when traditional sources of supply are challenged by drought, climate change and other risks. But these storage resources must be developed, managed and enhanced. The important elements of using storage to manage water supplies and enhance reliability have been detailed since 1999 in Metropolitan's Water Surplus and Drought Management Plan (WSDM Plan).

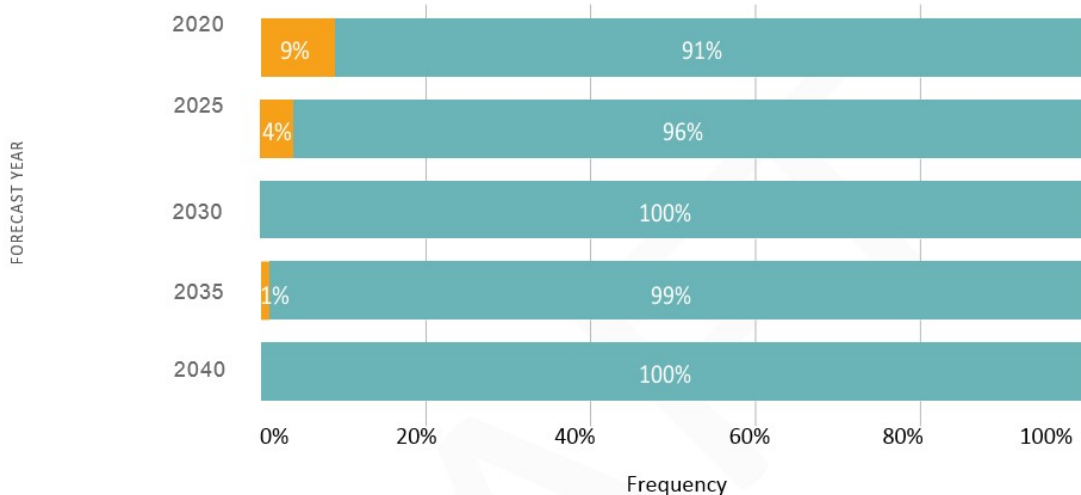
In the 2015 IRP Update, Metropolitan identified a storage level of under 1 million acre feet (MAF) out of a total storage capacity of approximately 5.5 MAF as a trigger condition for initiating a shortage allocation. The significance of dropping below 1 MAF of storage and initiating a shortage allocation is that the uncertainty over the length of time that dry weather conditions will continue requires prudent management of remaining stored water. It will be necessary to protect those storage levels by limiting deliveries to member agencies through specific allocations of water. Figure 3-1 below from the 2015 IRP Update provides end of year storage levels for Metropolitan. This period includes the two most recent droughts and imported water shortages (2007-2011 and 2013-2015). Note that in 2009 and 2015 Metropolitan instituted water shortage allocations to its member agencies.

Metropolitan analyzes supply availability and potential storage levels through a probabilistic computer model, IRPSIM. IRPSIM calculates probability based on 90 years of weather data correlated to supply availability and water demand. Figure 4-2 below illustrates that in its



analysis Metropolitan has identified a 9% probability of storage levels dropping below 1 MAF in 2020 and triggering a shortage allocation. Figure 4-2 also provides an estimate of the probability of allocation in five year intervals from 2020 through 2040.

Figure 4-2



Source: MWD IRP 2015 Update, January 2016

This analysis of reliability is based on the implementation of the “IRP Approach” approved by the Metropolitan Board in 2015.

Metropolitan’s IRP Approach

Table ES-1 is from the 2015 IRP Update demonstrates that under average weather conditions supplies expected to be available to meet full retail water demand will exceed the amount of estimated demand. Similar to analyzing reliability as a SDCWA member agency, membership in EMWD will be equivalent to that of SDCWA in normal weather years. Also, similar to evaluating District reliability as a SDCWA member agency, it is necessary to focus on Metropolitan reliability under dry weather conditions and potential shortages as indicated in Metropolitan’s 2015 Regional Urban Water Management Plan (RUWMP)

TABLE ES-1
2015 IRP Update
Total Level of Average-Year Supply Targeted (Acre Feet)

	2016	2020	2025	2030	2035	2040
Retail Demands before Conservation	4,878,000	5,219,000	5,393,000	5,533,000	5,663,000	5,792,000
Total Conservation Target	1,034,000	1,096,000	1,197,000	1,310,000	1,403,000	1,519,000
Retail Demands after Conservation	3,844,000	4,123,000	4,196,000	4,223,000	4,260,000	4,273,000
Minimum CRA Diversion Target	900,000	900,000	900,000	900,000	900,000	900,000
Average Year SWP Target	1,202,000	984,000	984,000	1,213,000	1,213,000	1,213,000
Total Local Supply Target	2,199,000	2,307,000	2,356,000	2,386,000	2,408,000	2,426,000
Total Supply Reliability Target	4,301,000	4,191,000	4,240,000	4,499,000	4,521,000	4,539,000

Source: MWD IRP 2015 Update, January 2016

In analyzing Metropolitan reliability during a single dry year Table 2-4 from Metropolitan’s 2015 IRP Update evaluates its balance of supply and demand by using the single dry year on record to determine how its resources plan would perform. Under Metropolitan’s 2015 RUWMP it will have sufficient supplies, including stored water, to meet demand having a surplus of water in all years analyzed. In the single dry year analysis in Table 2-4 Retail demands after conservation are less than total supply available in each of the 5 year increments through 2040.

Table 2-4

Minimum CRA Diversion Target	900,000	900,000	900,000	900,000	900,000	900,000
Average Year SWP Target	1,202,000	984,000	984,000	1,213,000	1,213,000	1,213,000
Total Local Supply Target	2,199,000	2,307,000	2,356,000	2,386,000	2,408,000	2,426,000
Total Supply Reliability Target	4,301,000	4,191,000	4,240,000	4,499,000	4,521,000	4,539,000
	2016	2020	2025	2030	2035	2040
Retail Demands before Conservation	4,878,000	5,219,000	5,393,000	5,533,000	5,663,000	5,792,000
Total Conservation Target	1,034,000	1,096,000	1,197,000	1,310,000	1,403,000	1,519,000
Retail Demands after Conservation	3,844,000	4,123,000	4,196,000	4,223,000	4,260,000	4,273,000

Source: MWD IRP 2015 Update, January 2016

Two Tables noted as Table 2-5 below provide an analysis of Metropolitan’s reliability in multiple dry years from its 2015 RUWMP under differing weather conditions. This analysis reviews impacts to Metropolitan resulting from a repeat of the historical dry weather pattern experienced in 1991-1992 (hydrology) and when looking across the 90-hydrologies contained in IRPSIM and their effects on both Metropolitan water demand and supply availability including storage levels.

**Table 2-5 Multiple
Dry-Year**

Supply Capability¹ and Projected Demands

Repeat of 1990-1992 Hydrology

(Acre-feet per year)

Forecast Year	2020	2025	2030	2035	2040
Current Programs					
In-Region Supplies and Programs	239,000	272,000	303,000	346,000	364,000
California Aqueduct ²	712,000	730,000	743,000	752,000	752,000
Colorado River Aqueduct					
Total Supply Available ³	1,403,000	1,691,000	1,690,000	1,689,000	1,605,000
Aqueduct Capacity Limit ⁴	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Colorado River Aqueduct Capability	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Capability of Current Programs	2,151,000	2,202,000	2,246,000	2,298,000	2,316,000
Demands					
Total Demands on Metropolitan	1,727,00	1,836,00	1,889,00	1,934,00	1,976,00
IID-SDCWA Transfers and Canal Linings	0	0	0	0	0
	274,00	282,00	282,00	282,00	282,00
	0	0	0	0	0
Total Metropolitan Deliveries⁵	2,001,000	2,118,000	2,171,000	2,216,000	2,258,000
Surplus	150,000	84,000	75,000	82,000	58,000
Programs Under Development					
In-Region Supplies and Programs	36,000	73,000	110,000	151,000	192,000
California Aqueduct	7,000	7,000	94,000	94,000	94,000
Colorado River Aqueduct					
Total Supply Available ³	80,000	75,000	50,000	25,000	25,000
Aqueduct Capacity Limit ⁴	0	0	0	0	0
Colorado River Aqueduct Capability	0	0	0	0	0
Capability of Proposed Programs	43,000	80,000	204,000	245,000	286,000
Potential Surplus	193,000	164,000	279,000	327,000	344,000

¹ Represents Supply Capability for resource programs under listed year type.

² California Aqueduct includes Central Valley transfers and storage program supplies conveyed by the aqueduct.

³ Colorado River Aqueduct includes programs, IID-SDCWA transfer and exchange and canal linings conveyed by the aqueduct.

⁴ Maximum CRA deliveries limited to 1.20 MAF including IID-SDCWA transfer and exchange and canal linings.

⁵ Total deliveries are adjusted to include IID-SDCWA transfer and exchange and canal linings. These supplies are calculated as local supply but need to be shown for the purposes of CRA capacity limit calculations without double counting.

Source: MWD Regional Urban Water Management Plan, March 2016

**Table 2-5 Multiple
Dry-Year
Supply Capability¹ and Projected Demands**

**Average of 1922-2012
Hydrologies
(Acre-feet per year)**

Forecast Year	2020	2025	2030	2035	2040
Current Programs					
In-Region Supplies and Programs	693,000	774,000	852,000	956,000	992,000
California Aqueduct ²	1,760,000	1,781,000	1,873,000	1,899,000	1,899,000
Colorado River Aqueduct					
Total Supply Available ³	1,468,000	1,488,000	1,484,000	1,471,000	1,460,000
Aqueduct Capacity Limit ⁴	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Colorado River Aqueduct Capability	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Capability of Current Programs	3,653,000	3,755,000	3,925,000	4,055,000	4,091,000
Demands					
Total Demands on Metropolitan	1,586,000	1,636,000	1,677,000	1,726,000	1,765,000
IID-SDCWA Transfers and Canal Linings	274,000	282,000	282,000	282,000	282,000
Total Metropolitan Deliveries⁵	1,860,000	1,918,000	1,959,000	2,008,000	2,047,000
Surplus	1,793,000	1,837,000	1,966,000	2,047,000	2,044,000
Programs Under Development					
In-Region Supplies and Programs	43,000	80,000	118,000	160,000	200,000
California Aqueduct	20,000	20,000	225,000	225,000	225,000
Colorado River Aqueduct					
Total Supply Available ³	5,000	25,000	25,000	25,000	25,000
Aqueduct Capacity Limit ⁴	0	0	0	0	0
Colorado River Aqueduct Capability	0	0	0	0	0
Capability of Proposed Programs	63,000	100,000	343,000	385,000	425,000
Potential Surplus	1,856,000	1,937,000	2,309,000	2,432,000	2,469,000

¹Represents Supply Capability for resource programs under listed year type.

²California Aqueduct includes Central Valley transfers and storage program supplies conveyed by the aqueduct.

³Colorado River Aqueduct includes programs, IID-SDCWA transfer and exchange and canal linings conveyed by the aqueduct.

⁴Maximum CRA deliveries limited to 1.20 MAF including IID-SDCWA transfer and exchange and canal linings.

⁵Total deliveries are adjusted to include IID-SDCWA transfer and exchange and canal linings. These supplies are calculated as local supply but need to be shown for the purposes of CRA capacity limit calculations without double counting.

Source: MWD Regional Urban Water Management Plan, March 2016

IRP Water Supply Buffer

A key approach in Metropolitan's long term water supply planning is the development of "Buffer Supplies". A Water Supply Buffer requires the development of multiple sources of local and imported supplies that ensure that potential available supplies under any weather condition will always exceed the demand for water. Concurrent with creating the supply buffer is an adaptive management strategy that assesses current and anticipated conditions and then adjusts the buffer to expedite or slow down the development of new supplies as warranted.

A potential drawback to the supply buffer is it rests on the actions of others beyond Metropolitan itself to implement local supply and imported water projects.

Metropolitan IRP & UWMP Assumptions on Imported and Local Water Supplies

The reliability analysis contained in Metropolitan's IRP and 2015 RUWMP rests on a set of key assumptions related to Colorado River water availability, addressing regulatory concerns in the Bay Delta through the construction and operation of new diversion and conveyance facilities of California WaterFix and reliance on Metropolitan member agency implementation of local supply projects. To the extent that any of these assumptions are not realized as expected, the estimated surpluses on Metropolitan's planning documents would be significantly less.

For purposes of evaluating Metropolitan reliability this analysis of District reliability as a member of EMWD considers cutbacks declared by Metropolitan in the two most recent drought events as the best benchmark for supply reliability. In both drought events Metropolitan experienced a maximum of 15% cutback.

Metropolitan Shortage Allocation

Shortage allocation is administered by Metropolitan through the Water Shortage Allocation Plan (WSAP) Per its 2015 RUWMP:

The WSAP formula is calculated in three steps: base period calculations, allocation year calculations, and supply allocation calculations. The first two steps involve standard computations, while the third step contains specific methodology developed for the WSAP.

Step 1: Base Period Calculations

The first step in calculating a water supply allocation is to estimate water supply and demand using a historical base period with established water supply and delivery data. The base period for each of the different categories of demand and

supply is calculated using data from fiscal years (July through June) ending 2013 and 2014.

Step 2: Allocation Year Calculations

The next step in calculating the water supply allocation is estimating water needs in the allocation year. This is done by adjusting the base period estimates of retail demand for population growth and changes in local supplies.

Step 3: Supply Allocation Calculations

The final step is calculating the water supply allocation for each member agency based on the allocation year water needs identified in Step 2. There are a number of adjustments that go into a member agency's water supply allocation. Each element and its application in the allocation formula are discussed in detail in Metropolitan's WSAP.

Source: MWD Regional Urban Water Management Plan, March 2016

Metropolitan Reliability in an Emergency

Emergency storage requirements are based on the potential of a major earthquake damaging the aqueducts that transport Southern California's imported water supplies (SWP, CRA, and Los Angeles Aqueduct). The adopted criteria assume that damage from such an event could render the aqueducts out of service for six months. Therefore, Metropolitan has based its planning on a 100% reduction in these imported supplies for a period of six months, which is a greater shortage than required by the Act.

The emergency plan outlines that under such a catastrophe, non-firm service deliveries would be suspended, and firm supplies to member agencies would be restricted by a mandatory cutback of 25% from normal-year demand levels (75% Level of Service). At the same time, water stored in surface reservoirs and groundwater basins under Metropolitan's program would be made available, and Metropolitan would draw on its emergency storage, as well as other available storage. In addition to Diamond Valley Lake (DVL), Metropolitan has access to emergency storage at its other reservoirs, and at the SWP terminal reservoirs, and in its groundwater, conjunctive use storage accounts.

COMPARATIVE ANALYSIS OF RELIABILITY

Reliability in Prolonged Drought/Shortage

As either a member agency of SDCWA or EMWD, the District will be vulnerable to shortages of imported water from Metropolitan. Although Metropolitan and its member agencies have made substantial investments in storage, local supplies and improvements to imported water reliability the vulnerability remains. Within the last 10 years Metropolitan has initiated its WSAP program during two different drought events for multiple years during each drought. WASAP allocations were as high as a Level 3 Shortage Allocation of 15%.

As a member agency of SDCWA the District's M&I customers benefit from the San Diego region's investments in more reliable imported supplies through the QSA, highly reliable local supplies such as SDCWA's Carlsbad Desalination Project and stored water from the Emergency and Carryover Storage Project (ESP/CSP). The District's supply reliability is also improved by current and future investments by other SDCWA member agencies in local water recycling and brackish groundwater recovery that reduce a demand for MWD imported water.

On the other hand, the District customers who are part of the TSAWR program receive the same level of reliability as any customer that is 100% reliant on imported water from Metropolitan. In evaluating District reliability, a prudent perspective is to understand the impact experienced in the last two droughts where Metropolitan instituted WASAP at Level 3 or a 15% shortage of imported supplies. The approximate cutbacks to District customers in 2030 are estimated in Tables A-D below.

Both SDCWA and Metropolitan have detailed computer models that calculate member agency allocations including the various adjustments used by both agencies. The final allocations consider what other member agencies supplies and demands are in the allocation year. The analysis contained below uses simplified assumptions based on the allocation methodologies and supply and demand amounts contained in the most recent UWMPs. ¹ For more accurate estimates of what the District's shortage allocation would be it would be necessary to request that SDCWA and potentially Metropolitan run their allocation models.

Table A provides the assumptions for a Metropolitan's WSAP were the allocation is based on SDCWA dependence on Metropolitan with an adjustment for Loss of Local Water Supply.

Allocation as SDCWA Member Agency

Table A 2030 Dry Year MWD Level 3 15% Shortage Assumptions

a	SDCWA Total Retail 2030 Demand (Base Period)	676,000 AF
b	SDCWA Member Agency Base Period Local Supplies	172,000 AF
c	SDCWA Base Period Local Supplies	330,200
d	Member Agency Base Period Demand on SDCWA (a-b)	504,000 AF
e	SDCWA Base Period Demand on Metropolitan	173,800 AF
f	SDCWA & Member Agency Adjustment for Dry Year Loss of Local Supply	45,000 AF
g	SDCWA Adjusted Base Period Demand on MWD	218,800 AF
i	SDCWA Preferential Right	24.22%
j	MWD Total Base Period Demand	1,700,000 AF
k	Available MWD Supplies in Level 3 15% Cutback	1,445,000 AF
l	WSAP Level 3 Allocation to SDCWA (l x f)	185,980 AF
m	MWD Preferential Right Allocation to SDCWA³	349,979 AF

¹ Includes 2015 UWMP Verifiable Local Supplies and Phase 1 Pure Water of 33,000 AF

² SDCWA 2015 Urban Water Management Plan Dry Year analyses

³ MWD Act prohibits selling or transferring excess Preferential Right

Table B 2030 WSAP Allocation

WSAP SDCWA Level 3 Allocation	185,980
TSAWR Base Period Demand	30,000
TSAWR Allocation from MWD Allocation	25,500
Member Agency Base Period M&I Demand on SDCWA	474,000
MWD WSAP M&I Allocation After TSAWR	160,480
Total SDCWA Dry Year Supplies	330,000
Potential Single Year Carryover Storage withdrawal	30,000
SDCWA M&I Allocation No Carryover Supplies	490,480
SDCWA Dry Year M&I Demand	507,180
SDCWA M&I Shortage No Carryover Storage	16,700
SDCWA M&I Regional Shortage Percent No Carryover Storage	3%
SDCWA M&I Shortage w/Carryover Storage Withdrawal	0
SDCWA M&I Shortage Percent w/ Carryover Storage	0%

RMWD Reliability Single Dry Year 2030
15% MWD Cutback

	M&I Cutback		TSAWR Cutback	Combined Cutback	
	Low*	High*		Low	High
SDCWA	0%	3%-8%**	15%	6%	11%
EMWD	15%		15%	15%	

* Range is based on use of Carryover Storage supplies and allocation under MWD Water Shortage Allocation Plant (WSAP) or Preferential Rights. Percentage indicates regional average shortage percentage

** SDCWA allocation methodology may provide adjustments to other SDCWA member agencies that reduces RMWD allocation but seeks to ensure that no member agency will be greater than 5% from the regional shortage percentage. RMWD M&I high range may be 5% higher as indicated above and under Combined Cutback.

Factors affecting RMWD Shortage Percent

Under a WSAP allocation as calculated above, adjustments in SDCWA allocation methodology that favor agencies with highly reliable local supplies, exceptional water conservation and population growth can result in a greater cutback on M&I to District customers but not greater than 5% from the regional M&I average. Conversely, if SDCWA had CSP supplies available they could eliminate the entire 3% cutback to M&I for that year. In a multi-year prolonged drought that exceeds three consecutive years SDCWA carryover supplies may be depleted. For these reasons a range of possible M&I shortages is displayed along with potential for adjustments to other member agencies resulting in a 5% differential for RMWD from the regional shortage percentage under the No Carryover supplies scenario.

With the potential effect of adjustments and the use of carryover storage supplies a WSAP allocation could result in a range of combined District cutbacks (including TSAWR customers) of 6% to 11%.

If SDCWA were to invoke its Preferential Right to available MWD supplies as assumed in its 2015 UWMP then the allocation of Metropolitan Supplies would increase and the shortage would be equivalent to the 0% for M&I under the Carryover Storage use under WSAP. It is assumed that even under a Preferential Right Allocation, SDCWA would still adhere to the requirements of TSAWR and would impose the 15% Metropolitan cutback.

Allocation as EMWD Member Agency

In this example, it is assumed that in 2030 District reliability would be entirely dependent on Metropolitan’s available supplies and would experience a cutback entirely resulting from application Metropolitan’s WSAP.

Table C 2030 WSAP Allocation (EMWD)

Rainbow 2030 Base Period Demand	<i>M&I and TSAWR</i>	21,000 AF
Rainbow Allocation	<i>Base Period Demand × (1-.15)</i>	17,850 AF
Rainbow Combined Cutback %		15%

Reliability in Emergency

Both SDCWA and EMWD (through Metropolitan) have storage programs that are designed to maintain a 75% level of service in a catastrophic cutoff of imported water. Because of the lower level of service provided to TSAWR customers the Districts combined level of service if the emergency occurred in 2030 would be 59%. The Level of Service provided by EMWD through Metropolitan in a similar emergency would be 75% since there would be no distinction made for agricultural customers. If an earthquake severed the connection just north of the San Diego County line service may be impacted. That disruption in service is part of the planning for SDCWA’s Emergency Storage Project. Disruption to Metropolitan’s facilities in southern Riverside County that serve the District would rely on expedited repair efforts by Metropolitan that would focus on restoring that segment into service within 14 days of the emergency event.

RMWD recently signed an MOU with the Fallbrook Public Utility District (FPUD) to receive local water supply during an emergency from its Santa Margarita River Conjunctive Use Project (SMRCUP). FPUD is constructing the SMRCUP in partnership with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River through a groundwater storage and recovery project.

While the SMRCUP is designed to be a baseline supply for FPUD and Camp Pendleton, the MOU will allow a portion of this local water to be provided to RMWD in the event of a catastrophic emergency on the imported water system, such as an earthquake along the Elsinore Fault. When combined with existing RMWD storage reservoirs, supplemental supply from the SMRCUP will provide an additional layer of water supply reliability to the RMWD service area during the 14 day period when Metropolitan is affecting emergency repairs on its facilities that may be damaged during a seismic event on the Elsinore Fault. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2019 and be operational by 2023.

Table D

RMWD Emergency Reliability Comparison

SDCWA Emergency Level of Service Seismic Event on San Andreas, San Jacinto, Elsinore Faults	EMWD (Metropolitan) Emergency Level of Service Seismic Event on San Andreas, San Jacinto Faults	EMWD (Metropolitan) Emergency Level of Service Seismic Event on San Andreas, San Jacinto, Elsinore Faults
59%	75%	8%-75%***

***Assumes RMWD storage and MOU with FPU for SMRCUP supplies meet health and safety needs set at indoor water use of 55 gpcd based on 2030 population and Total water demand. Also dependent on time to repair Metropolitan Facilities Southern Riverside.

CONCLUSION

If RMWD were to detach from SDCWA and become a member agency of EMWD, the District could experience a slightly higher overall level of reliability due to the elimination of the TSAWR class of service and the required lesser reliability for current TSAWR customers in both a drought induced shortage and a catastrophic emergency.

Investments by SDCWA and its member agencies in its own imported and local water supplies has cushioned SDCWA from shortage in Metropolitan supplies. However, in Metropolitan's planning documents they are not forecasting shortages through 2040 based on assumptions of significant progress on resolving imported water conflicts and implementing more local supplies and conservation in the future. Although Metropolitan believes those goals are achievable SDCWA does not face the level of uncertainties in supply reliability or local projects implementation as Metropolitan. Therefore, SDCWA will maintain a higher level of reliability for its member agencies because they will benefit from Metropolitan's investments in reliability and also their own and their member agencies.

Although this Report relied upon the approved 2015 updates of the UWMPs and Metropolitan's IRP to conduct the comparative reliability analysis, those plans will be updated in 2020 with new water demand forecasts. It is expected that continued decreases in water use and slower growth rates will be reflected in UWMPs throughout the MWD service area. These lower demand forecasts along with continued local supply development will reduce demand on imported water and strengthen the reliability of imported water supplies from MWD. This continued trend will likely reduce the margin of difference for FPUD in reliability as a member agency of EMWD and SDCWA.

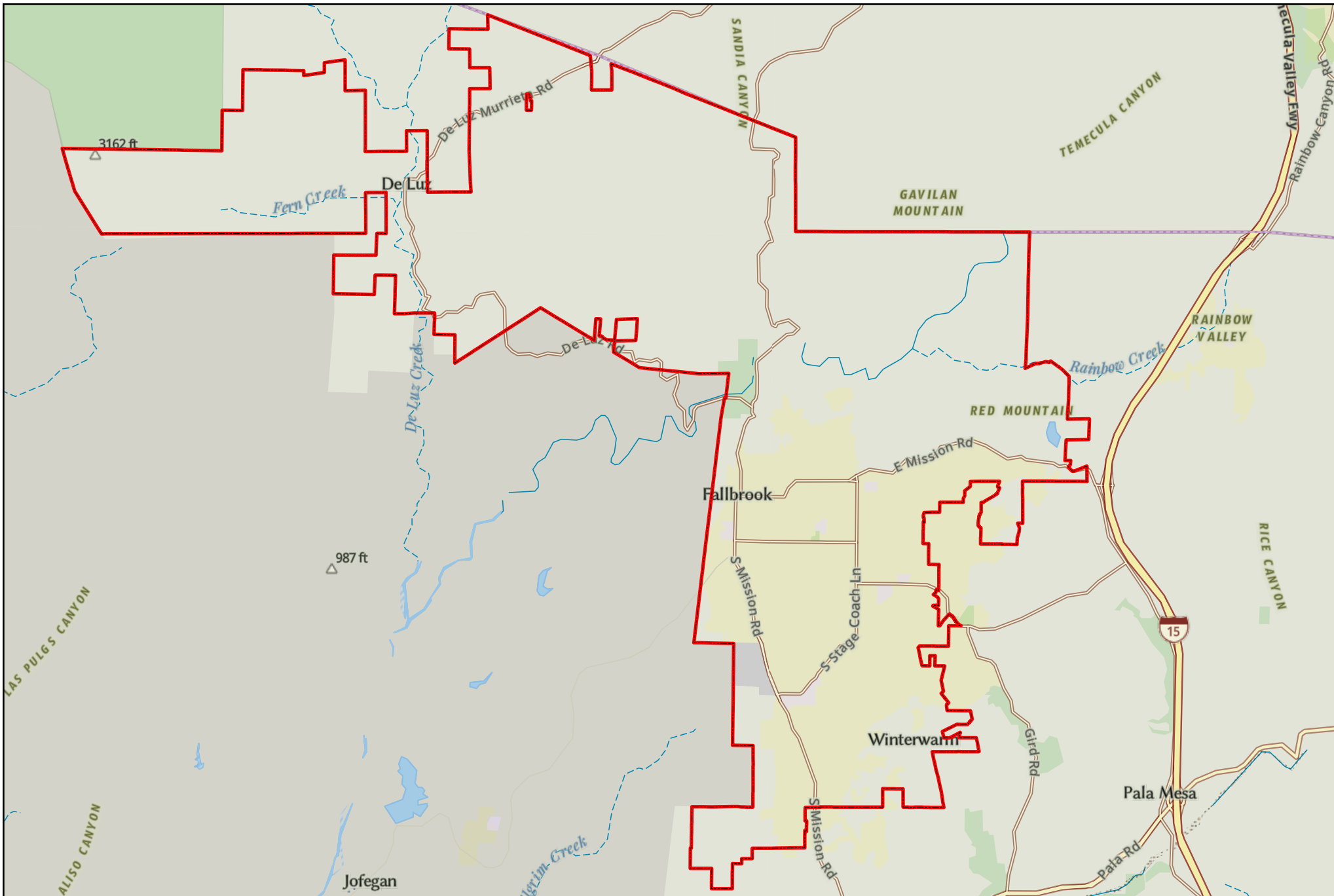
The following summarizes the District's reliability during drought induced shortages as a member agency of EMWD based on Metropolitan's planned reliability and the experience of Metropolitan in the last two drought allocations compared to continued membership in SDCWA:

Normal years -	No impact
Short duration drought -	Equivalent based on Metropolitan planning documents to slightly better due to elimination of TSAWR
Long Duration drought -	Equivalent based on MWD planning to lesser reliability due to higher cutback levels based on Metropolitan recent maximum cutbacks allocated by WSAP or Preferential Rights
Catastrophic Emergency -	Slightly greater reliability based on elimination of TSAWR to lesser reliability for first 14 days if seismic event on Elsinore Fault occurs and disables Metropolitan's southern Riverside County facilities. Mitigated to some extent through District storage and Emergency Assistance MOU with FPUD

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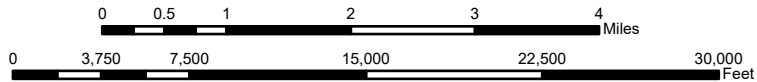
EXHIBIT B
MAPS OF FPUD, EASTERN AND COUNTY WATER AUTHORITY



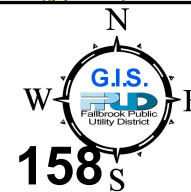
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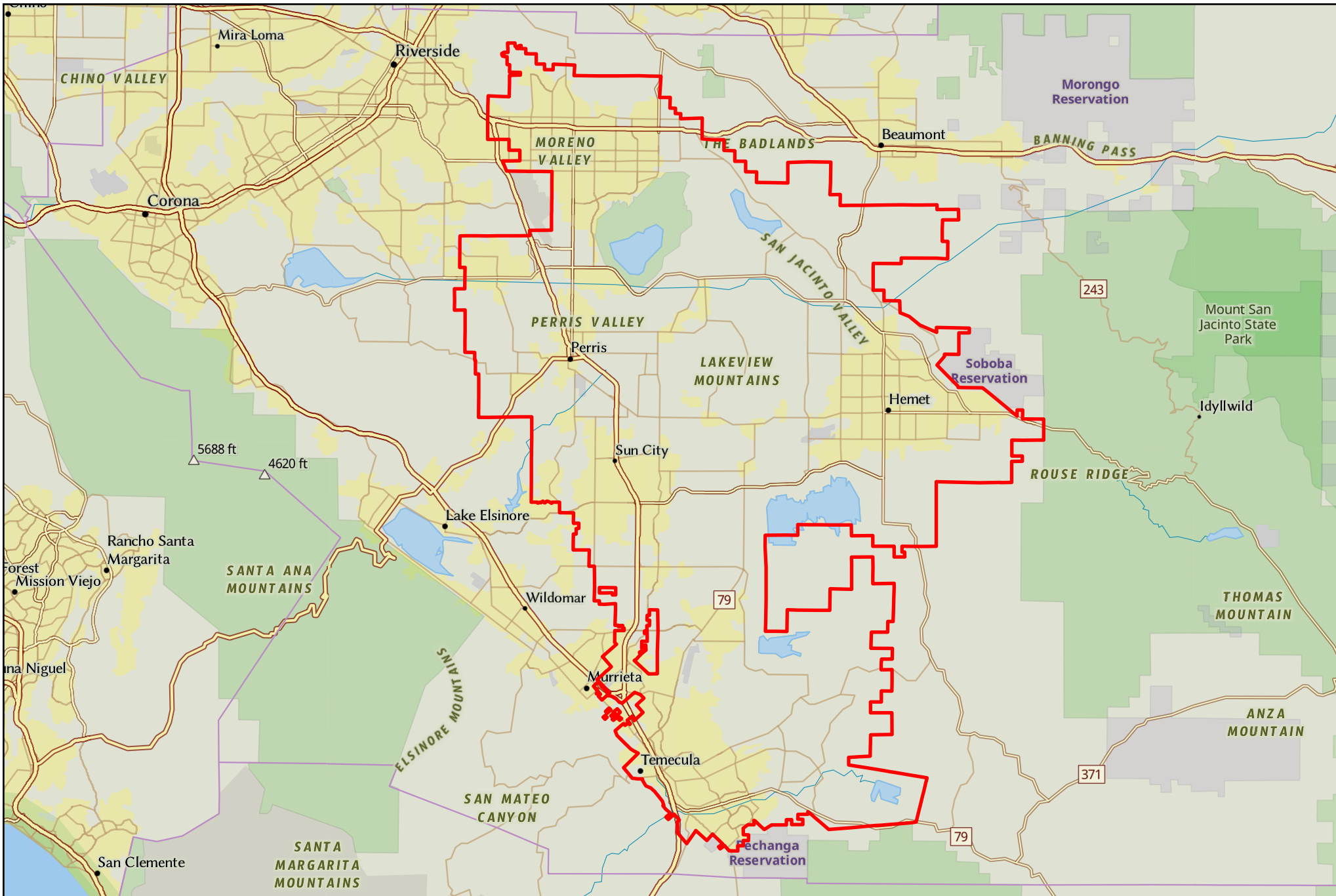
 **FPUD BOUNDARY**

FALLBROOK PUBLIC UTILITY DISTRICT BOUNDARY



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 Projection: California State Plane NAD 83, Feet, Zone 6, Epoch 1991.35 Source: FPUD, ESRI



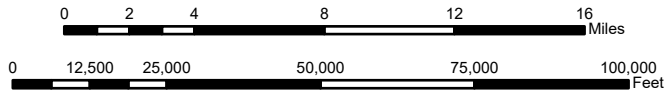


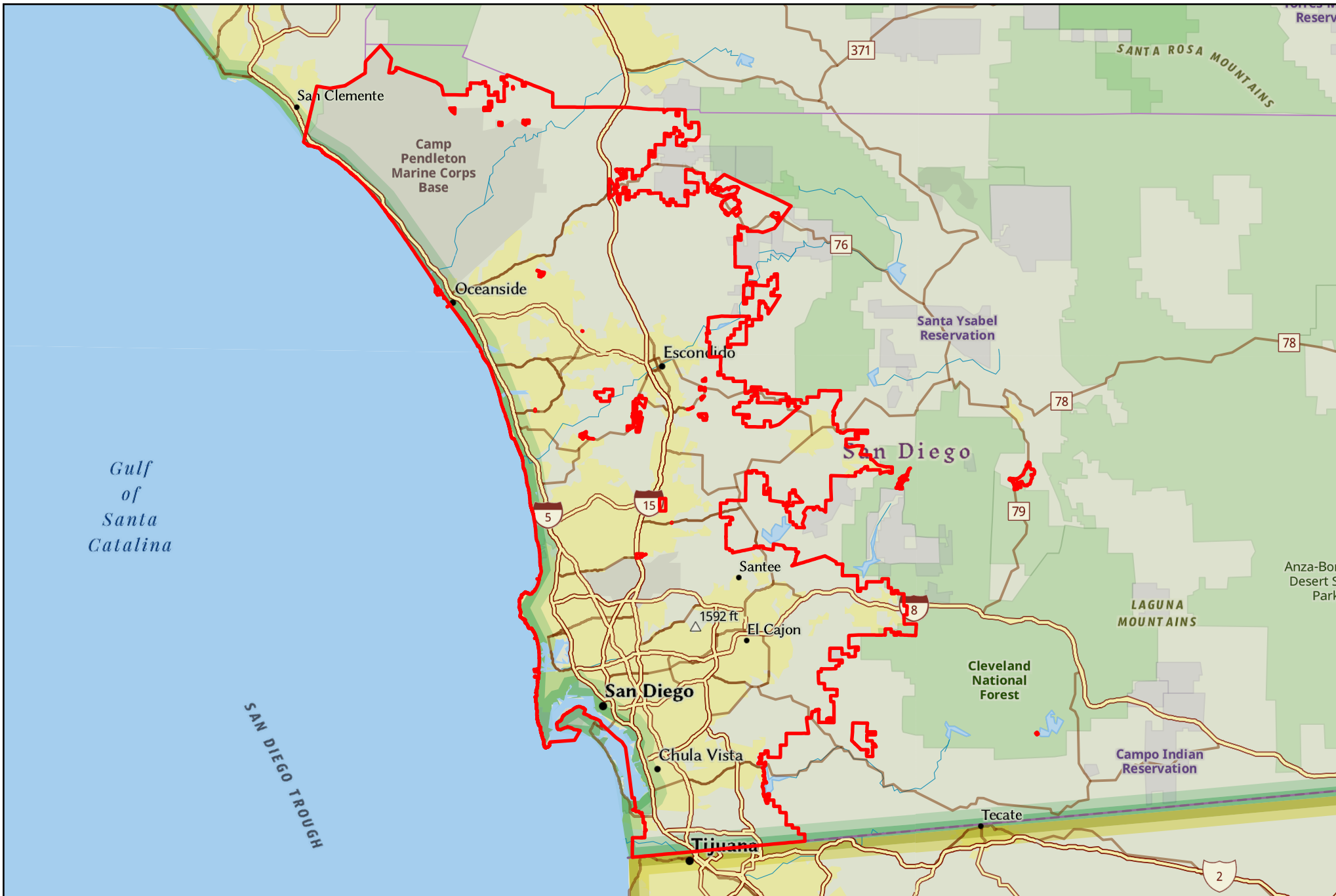
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EASTERN MUNICIPAL WATER DISTRICT BOUNDARY

EASTERN MUNICIPAL WATER AUTHORITY BOUNDARY



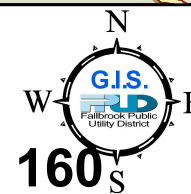
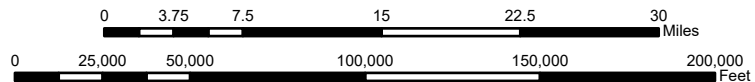


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SAN DIEGO COUNTY WATER AUTHORITY BOUNDARY

SAN DIEGO COUNTY WATER AUTHORITY BOUNDARY



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 Projection: California State Plane NAD 83, Feet, Zone 6, Epoch 1991.35 Source: SANGIS, ESRI

EXHIBIT D
TEXT OF COUNTY WATER AUTHORITY ACT SECTION 45-11 (a)(2)

Water Code Appendix Section 45-11 (a)(2) provides as follows:

(a)

(2) Any public agency whose corporate area as a unit has become or is a part of any county water authority may obtain the exclusion of the area therefrom in the following manner:

The governing body of any public agency may submit to the electors thereof at any general or special election the proposition of excluding from the county water authority the corporate area of the public agency. Notice of the election shall be given in the manner provided in subdivision (c) of Section 10. The election shall be conducted and the returns thereof canvassed in the manner provided by law for the conduct of elections in the public agency. If a majority of electors voting thereon vote in favor of withdrawal, the result thereof shall be certified by the governing body of the public agency to the board of directors of the county water authority. A certificate of the proceedings shall be made by the secretary of the county water authority and filed with the Secretary of State. Upon the filing of the certificate, the corporate area of the public agency shall be excluded from the county water authority and shall no longer be a part thereof; provided, that the 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; provided further, that if the taxable property within the excluded area or any part thereof is, at the time of the exclusion, subject to special taxes levied or to be levied by the county water authority pursuant to the terms and conditions previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the excluded area or part thereof to the county water authority, the taxable property within the excluded area or part thereof so subject to the special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies. Upon the filing of the certificate of proceedings, the Secretary of State shall, within 10 days, issue a certificate reciting the filing of the papers in his or her office and the exclusion of the corporate area of the public agency from the county water authority. The Secretary of State shall transmit the original of the certificate to the secretary of the county water authority and shall forward a certified copy thereof to the county clerk of the county in which the county water authority is situated.

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: December 9, 2019
SUBJECT: Consider Adopting Resolution No. 4986 Approving the Increased Rates for Water and Recycled Water Service Charges, and Rates for Wastewater Service Charges and Taking Other Related Actions

Purpose

Provide the Board with the Fiscal Policy & Insurance Committee's recommended Calendar Year (CY) 2020 rates and charges for water, recycled water and wastewater services.

Summary

Calendar Year 2020 is the third year of the adopted five year plan. Each year the District's financial data, sales projections, and water cost data are updated to provide the most up to date information to support the annual rate and charge setting process. The Board committed to doing this as part of the 5-year financial plan adopted in 2018. A few of the notable updates made to the financial projections for CY 2020 are:

- Water Sales – Sales this year have consistently underperformed budget levels. The FY 2019-20 budgeted sales estimate was revised down from 9,100 Acre Feet (AF) to just over 8,000 AF. In addition, the average sales level for FY 2020-21 and beyond were revised down from 9,100 AF to 8,500 AF.
- Wastewater Billable Flow – The domestic billable wastewater flow calculation methodology continues to be a challenge. However, the two-year average winter flow methodology continues to be the best option for approximating expected billable wastewater flows for CY 2020.
- Santa Margarita Conjunctive Use Project Costs – The debt service for the project has been updated to reflect the terms of the loan. In addition, the project's average water yield was set at 3,100 AF a year and all the cost estimates have been updated. The cost is also adjusted for the grant funding approved by the Metropolitan Water District (MWD).

Taking into account these cost adjustments the overall recommended water & recycled water revenue increase in CY 2020 was kept at 8% in line with the 5-year plan adopted by the Board. The recommended Wastewater revenue adjustment is 4.5%, which is at the Proposition 218 level. Attachment A shows the recommended changes to Article 21 of the Administrative Code and Exhibit A to Attachment D shows the adopted calendar year 2019 rates and charges along with the calendar year 2020 recommended rates and charges.

The Committee's recommended rates and charges keep the District on track to stabilize its financial position, continue its investment in infrastructure and continue replenishing

reserves. Setting rates and charges less than the recommended levels would result in an erosion the District's financial position and mark a diversion from the adopted financial plan.

The Board is only adopting water, recycled water and wastewater rates and charges for calendar year 2020 at this time, the published rates and charges approved in the Proposition 218 process are a cap or maximum for each of the District's rates and charges. Attachment D is the Resolution adopting the calendar year 2020 rates and charges. It is important to note that the District will continue to adopt rates and charges each year after a thorough review of actual costs.

In addition, construction service fees, Capital Improvement Charges and system buy-in capacity charges are being adjusted for inflation based upon the Engineering News-Record Los Angeles Construction Cost Index per the District's Administrative Code. With the exception of the Water Capital Improvement Charge, the adjustments are based upon the change in the index from February 2018 to February 2019, which was 0.8%. The Water Capital Improvement Charge is increased by inflation plus three percent or 3.8%. These changes are shown in Articles 19, 20 & 21 which are Attachments A, B and C.

Recommended Action

That the Board adopt Resolution No. 4986 adopting calendar year 2020 rates and charges for water, recycled water and wastewater services.

Attachment A

Article 21. Water and Sewer Rates and Service Charges.

Water and sewer rates and charges are set to fully recover the District's costs. In order to help stabilize the revenue of the District during increasing or decreasing sales, the District has established a policy to collect approximately 80% of the District's fixed water operating costs through the monthly fixed charges and collect the remaining approximately 20% of the District's fixed operating cost through volumetric water rates. The rates and charges are set based upon cost of service principals that meet legal requirements and industry standards.

Effective ~~January 1, 2019~~January 1, 2020, the following rates for water deliveries to each class of service are established:

Sec. 21.1 Volumetric Water, Recycled Water and Pumping Rates.

For purposes of determining water rates, one unit equals 1,000 gallons:

Domestic (D), Large Lot Domestic (LD).

1-5 units per month	\$6.96-44 per unit
6-30 units per month	\$6.05-53 per unit
Over 30 units per month	\$7.37-96 per unit

Commercial (C).

All usage	\$6.14-63 per unit
-----------------	-------------------------------

Multi-Unit (M) (Tier ranges factor residential units, per Article 19.1).

1 - 5 units per month	\$6.96-44 per unit
6 - 30 units per month	\$6.05-53 per unit
Over 30 units per month	\$7.37-96 per unit

Government (G).

All usage	\$6.04-52 per unit
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Irrigation Only (I).

All usage	\$6.15-64 per unit
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SAWR - Ag Only (AS).

All usage	\$4.42-77 per unit
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SAWR - Ag & Home (AT).

1-5 units per month\$~~6.96~~⁴⁴ per unit

6-20 units per month\$~~5.12~~⁵³ per unit

Over 20 units per month\$~~4.42~~⁷⁷ per unit

Commercial Ag (CA).

All usage\$~~5.12~~⁵³ per unit

Commercial Ag Domestic (CB).

1-5 units per month\$~~6.96~~⁴⁴ per unit

Over 5 units per month\$~~5.12~~⁵³ per unit

Drought Rates

In order to prepare and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the “Program”). Pursuant to the Program, the District established four Water Shortage Response Levels. Article 26 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$~~5.40~~⁵¹ per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers. For San Diego County Water Authority and Metropolitan Water District rebate purposes, reclaimed water rates must be set at higher of 85 percent of lowest applicable potable water rate or 80 percent of the average of Tier 1 and Tier 2 rates.

Construction Meter.

Water furnished for construction purposes will be billed at \$~~78.60~~²¹ per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$~~0.73~~⁹ per 1,000 gallons to recover the cost of electricity.

Sec. 21.2 Monthly Fixed Charges.

Effective ~~January 1, 2019~~^{January 1, 2020}, the following rates and charges are established and shall be collected by the District for water and recycled water service:

Monthly Service Charges for each meter (\$/meter size):

	Water Fixed Charges	Recycled Water Charges	Standby Service Charge	Private Fire Services Charge
3/4 inch meter	\$4650.75 49	\$202.98 66	\$22.66 \$20.98	NA
1 inch meter	\$7177.37 08	\$2830.41 68	\$30.68 \$28.41	NA
1-1/2 inch meter	\$132143.88 51	\$4650.97 73	\$50.73 \$46.97	NA
2 inch meter	\$206223.71 25	\$6974.24 78	\$74.78 \$69.24	\$1011.19 01
3 inch meter	\$403435.57 86	\$128138.66 95	\$138.95 \$128.66	\$1011.87 74
4 inch meter	\$625675.05	\$195211.50 14	\$211.14 \$195.50	\$1213.04 00
6 inch meter	\$1,240339.26 48	\$381411.15 64	\$411.64 \$381.15	\$1617.22 52
8 inch meter	NA	NA	NA	\$2325.32 44

NA- Not applicable

For construction meters, a service charge of ~~\$310.07~~ \$334.88 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2" water meter.

The foregoing fixed charges for water service through various sized meters that are installed or upgraded will be effective commencing the day of installation, regardless of the amount of water used, as long as the consumer's property is actually connected with the District's distribution system. In addition, any request to down size a meter properly filed with the District will receive a fixed charge commensurate with the meter size effective the next billing cycle.

Billings for water furnished to all accounts will be on a monthly basis.

A monthly service charge to cover the District's cost for annual inspection, maintenance, repair and replacement of backflow prevention devices will be made as follows (\$/meter size):

For each 3/4 inch device	\$5.16 57
For each 1 inch device	\$6.07 56
For each 1-1/2 inch device	\$112.23 13
For each 2 inch device	\$1314.47 55
For each 3 inch device	\$2629.92 07
For each 4 inch device	\$4245.06 42
For each 6 inch device	\$8490.10 83

Sec. 21.3 MWD Readiness-to-Serve Charge (RTS) and SDCWA Infrastructure Access Charge (IAC).

Effective ~~July 1~~ January 1, 2019 ~~2020~~, the following monthly charges are established and shall be collected by the District for the Metropolitan Water District of

Southern California’s Readiness-to-Serve (the “RTS”) charge and San Diego County Water Authority’s Infrastructure Access Charge (the “IAC”).

Monthly charges for each meter (\$/meter size):

	RTS	IAC
3/4 inch meter	\$2.05	\$3.01-31
1 inch meter	\$3.42	\$5.03-53
1-1/2 inch meter	\$6.83	\$101.02
2 inch meter	\$10.93	\$1617.04-64
3 inch meter	\$21.87	\$3235.42-33
4 inch meter	\$34.17	\$5055.48-20
6 inch meter	\$68.33	\$100110.32-35

Sec. 21.4 Water Capital Improvement Charge.

For each water account, an additional ~~\$9.42-47~~ per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective ~~January 1, 2019~~ January 1, 2020. This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the “CIC”) was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

Water Capital Improvement Charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, plus 3% not to exceed 10%. Staff will report back to the Board of Directors no less than every five (5) years with analysis of its necessity. The Capital Improvement Charge will be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

Fallbrook Public Utility District’s Equivalent Meter Unit (EMU) is associated with meter size as listed below.

Meter Size	FPUD EMU	Water CIC	Water CIC (Standby Service)
3/4 inch meter	1.0	\$9.42-47	\$4.44-29
1 inch meter	1.67	\$15.20-78	\$67.89-15
1-1/2 inch meter	3.33	\$3031.40-56	\$1314.78-30
2 inch meter	5.33	\$4850.64-49	\$22.05-88
3 inch meter	10.67	\$97100.29-98	\$4445.08-76
4 inch meter	16.67	\$152157.01-79	\$6871.88-50
6 inch meter	33.33	\$304315.02-57	\$137142.75-99

An additional, a Water CIC Pumping charge of \$.10 per 1,000 gallons is charged and allocated to capital improvements for the DeLuz High Pressure service area and Toyon Heights zone. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10% annually.

Sec. 21.5 Billing Periods.

Billing due dates fall on the 10th, 20th, and 30th of the month depending on meter location in the District. All charges for water and sewer services during specified meter read dates are due and payable when rendered. Bills become delinquent the day after the due date. Residential accounts not paid within 30 days of the due date are sent past due statements and the meters are subject to lock-up for non-payment (See District residential disconnection policy available on the District website). Non-Residential accounts not paid within 30 days of the due date are subject to meter lock-up. All water accounts accrue a \$30 Pre-Lock Notice Processing fee on the 31st day of delinquency.

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed. Billing periods end on the 10th, 20th, and 30th of the month depending on meter location in the District. All charges for water and sewer service and water usage during any billing period are due and payable when rendered and become delinquent on either the 10th, 20th, or 30th of the month, as noted on the bills. Bills paid prior to becoming delinquent will be credited with a discount. Accounts not paid by the delinquent date are sent special delinquent notices and the meters are subject to lock up for non payment. Delinquent accounts are subject to a pre lock up notice implemented by a door hanger on the property, which is delivered a minimum of 48 hours before the meter is locked. Such accounts accrue a \$30 lock up notice fee upon the District's preparation of the final pre lock up notice report, regardless of when the actual door hanger is placed on the property. Accounts not paid within 30 days after lock up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

If a meter has been locked for non-payment for a period of 90 days, it may be placed on Standby Service by FPUD. Standby Service charges will accrue from that time until an application for service restoration has been received by the District.

The District must be notified in a timely manner with the name and mailing address of the new owner or tenant and the upcoming date of transfer. Notification of the transfer of property ownership, or tenancy, is the responsibility of the owner/seller. The District is not responsible for the proration of the final billing if notification is not received prior to the date of sale, or change of tenancy.

Sec. 21.6 Meter Locks and Restrictors.

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If for any reason, other than District convenience, a water meter shall be locked by the District, the water may not be again turned on to serve the property through such meter until all past due charges plus a turn-on charge of Fifty Dollars (\$50) shall have been paid to the District. There shall be a fee of \$30 to process and deliver Pre-Lock Notices and a fee of \$100 for broken or damaged locks. Damage to corporation or angle stop in attempt to restore services locked for non-payment will be billed at actual time and material and added to the water bill.

If flow restrictors are required for any reason in order to implement policies within this Administrative Code, the fees are as follows:

<u>Meter Size</u>	<u>Installation Fee</u>
¾” and 1” Meters	\$137
1-1/2” and larger	\$582

Sec. 21.7 Meter Not Registering.

Whenever, for any reason, a meter fails to register correctly, the consumer will be charged an amount for the previous billing period increased or decreased by the percentage change in total billing by the District for all consumers for the two billing periods.

Sec. 21.8 Water Rates or Service Charges Lien on Property.

In addition to any other remedy provided therein or by law for the collection of any water rate, charges or account, all rates or service charges provided for in this Administrative Code shall be charged and become a charge against the property on which the water is furnished and against the owner thereof, and all charges for water so served to a property shall be and become a lien against the premises upon which the water is used or served.

Standby accounts with a delinquent balance greater than \$500 as of April 1st of each year may be sent notification of intent to place delinquent and unpaid charges on the annual tax roll. The notification will be sent by May 1st and provides the customer 60 days to bring the account current. If the amount is not brought current by July 1st, the portion of the delinquency due as of the prior April 1st may be reported to the County Treasurer for inclusion on the annual taxes levied on the property.

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 21.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer’s side of the meter. Water stolen from a mainline, hydrant, District

pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

Customers who have reported water theft to the District must also notify local law enforcement agencies. The District will require proof of theft from a law enforcement agency that a theft of water occurred. Customer's asking for credit on the bill for water theft will be processed by account type. If a full price M&I customer, the District may discount the estimated amount of water stolen and charge the District's wholesale cost of water for the amount stolen. An estimate of the amount of water stolen will be made by District staff using that customer's usage history. Water sold to agricultural customers, SAWR, and Commercial Ag/Commercial Ag Domestic, is sold at District cost so no discount may be applied. If the stolen water caused the customer's allocation bank to be adversely affected, the District will restore the estimated amount stolen to the customer's allocation bank. If the water theft resulted in an overuse penalty, the District will credit the penalty to the customer for the estimated amount of water stolen.

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 21.9 Volumetric Wastewater Charges.

Wastewater service charges are established upon each property within the District that is connected to a sewer line of the District whether said premises are occupied or unoccupied. Volumetric Wastewater Charges are applied to estimated billable wastewater flows, which are based upon adjusted water deliveries. The charge per killogallon of wastewater flow is shown below:

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic	\$ 10.86 32
Commercial Ag. Domestic	\$ 10.32 9.86
Residential (Single , Multi-family)	\$ 10.32 9.86
Government	\$ 10.79 25
School	\$ 10.25 9.79
Church	\$ 10.25 9.79

User Class	Volumetric Wastewater Charge (\$/kgal)
Commercial – Low Strength*	\$ 10.25 <u>\$ 9.79</u>
Commercial – Medium Strength*	\$ 12.09 <u>\$ 65</u>
Commercial – High Strength*	\$ 15.09 <u>\$ 77</u>

Appendix A to this Article provides commercial effluent classification.

For the purpose of determining the billable wastewater flows, water deliveries must be converted to wastewater flows returned to the sewer system. To do this conversion, a Return to Sewer Factor is applied. The Return to Sewer factor adjusts the water received by the meter to the estimated flows from the residence or entity into the sewer system. The Return to Sewer Factor applied to the different customer classes are shown below:

Customer Class	Return to Sewer Factor
Residential (Multi-Family, Single Family)	75%
Non-Residential/Commercial	90%
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%
Churches	80%
Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

Non-residential customers with higher outdoor are evaluated on a case by case basis.

For those Single Family Residences (D, LD, AT, CB), volumetric charges are calculated as follows:

1. The 2-year average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at 21.33 units.
2. 75% of this water is assumed to be returned to sewer/billable flow.
3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
4. Consumption analysis is performed annually. Appeal for consumption is available.
5. No prior history customer (new customer) will be placed at that customer class median of ~~56~~. For customers with at least one winter of use data, that data will be used for the their winter average.
6. Use must be > 0 unless customer is on standby.

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.
8. 75% of this water is assumed to be returned to sewer/billable flow.
9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
10. Consumption analysis is performed annually. Appeal for consumption is available.
11. No prior history customer (new customer) will addressed on a case by case basis.

All other water customer classes (G, C, A., AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.
2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY ~~2019~~2020 public elementary school rate is \$~~1.46~~25 per student and \$~~1.69~~83 per staff, per month.
4. CY ~~2019~~2020 public junior high school and administrative offices rate is \$~~1.69~~83 per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 21.10 Monthly Fixed Wastewater Charge.

For each sewer account, Effective ~~January 1, 2019~~January 1, 2020, the Monthly Fixed Wastewater Charge shall be \$~~910.70~~14 per month per Equivalent Dwelling Unit (EDU). EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4.

Sec. 21.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$11.~~53~~⁶² per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective ~~January 1, 2019~~^{January 1, 2020}. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21

Sec. 21.1 – Rev. 7/02
Sec. 21.2-21.8.2 – Rev. 9/96
Sec. 21.3 – Rev. 10/96
Sec. 21.4 & 21.9 – Rev. 6/97
Sec. 21.4 – Rev 7/02
Sec. 21.9 – Rev. 10/97
Sec. 21.9 – Rev. 6/04
Sec. 21.9 – Rev. 1/05
Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05
Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06
Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06
Sec. 21.9 (Flat Rate classification) – Rev. 10/06
Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06
Sec. 21.5 – Rev. 3/07
Sec. Sec. 21.1, 21.2, 21.4, 21.10, 21.10.1 – Rev. 6/07
Sec. 21.5 – Added 6/07
Sec. 21.10.2 – Deleted 6/07
Sec. 21.11 – Added 10/07
Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07
Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09
Sec. 21.4, 21.10 – Rev. 12/09
Sec. 21.6, 21.9 – Rev. 5/10
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 – Rev. 6/10
Sec. 21.9.1 (added) – Rev. 9/10
Sec. 21.1, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 - Rev. 6/11
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/13
Sec. 12.1, 21.2, 21.4, 21.5, 21.9.1, 21.10, 21.10.1 – Rev. 6/14
Sec. 21.1, 21.2, 21.5 – Rev. 1/15
Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2, 21.5, 21.10, 21.10.1 Rev 6/15
Sec. 21, 21.1 – Rev. 11/15
Secs. 21, 21.2, 21.4, 21.5, 21.7, 21.10, 21.10.1 – Rev. 7/16
Secs. 21, 21.1 - Rev. 12/16
All Secs. – Rev. 12/17
Sec. 21.3 – Rev. 6/18
Secs. 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev. 12/18
Sec. 21.3 – Rev. 6/19

Attachment B

Article 19. Water Service Connections Rules for Delivery of Water

Sec. 19.1 Definitions.

For the purpose of this Administrative Code and the regulation of water service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "District", as used herein shall mean and refer to the Fallbrook Public Utility District of San Diego County, California. Fallbrook Service Area (FSA) will indicate that area known as Fallbrook Public Utility District prior to July 1, 1990. The DeLuz Service Area (DLSA) will indicate that area known as Improvement Districts I and II of DeLuz Heights Municipal Water District prior to July 1, 1990.

The word "Consumer", as used herein, shall mean and refer to every individual, corporation, association, farm, or place of business to whom or to which water is served by the District.

The word "Unit", as used herein, shall mean and refer to each of the following:

1. A single family residence.
2. A single business establishment.
3. A single farm.
4. One hotel or motel suite with bath and kitchen.
5. Two hotel or motel suites without kitchen but with private bath.
6. Four hotel or motel suites without private bath.
7. One trailer space.
8. In multi-family dwellings, each apartment with kitchen and bath.
9. Each dormitory or labor camp facility.
10. Nursing home.

The word "rates" shall mean the compensation fixed by the Directors by Ordinance for water delivered to the consumer or for the cost of installing and maintaining meters, main line extensions and any and every appliance, fixture or connection used by said District in delivering water to said consumer.

The term "service connections", as used herein, shall designate the distribution system extension to the meter assembly and the connection to the consumer's line which shall previously have been provided to the location and to the specifications set by the District.

"Agricultural purposes" (TSAWR and Commercial Ag programs) shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre fully utilized for agricultural purposes on which incidental domestic use of water related to non-permanent residency may also occur.

The term "Agricultural-Domestic purposes" (TSAWR programs), as used herein, shall mean the use of water through a single service connection for both agricultural and

domestic purposes for permanent residences. The first 20 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property.

The term "Commercial Agricultural", as used herein, shall mean the use of water through a single service connection for agricultural purposes without participation in the or the TSAWR discount programs. Must meet the same usage and minimum acreage requirements as "Agricultural purposes".

The term "Commercial Agricultural -Domestic", as used herein, shall mean the use of water through a single service connection for both agricultural and domestic purposes for permanent residences without participation in the or the TSAWR discount programs. The first 20 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property. Must meet the same usage and minimum acreage requirements as "Agricultural purposes"

The term "Domestic purposes", as used herein, shall mean the use of water for residential (up to and including two units) purposes and businesses that use water for incidental domestic purposes only.

The term "Large Lot domestic purposes", as used herein, shall mean the use of water through a single service connection for residential (up to and including two units) purposes on parcels of one acre or more.

The term "Commercial purposes", as used herein, shall mean the use of water through a single service connection for the operation of the business or maintaining the landscaping of non-residential property.

The term "Government purposes", as used herein, shall mean the use of water through a single service connection for any political subdivision property.

The term "Multi-Unit purposes", as used herein, shall mean the use of water through a single service connection for master-metered residential housing of more than two living units.

The term "Standby Service", as used herein, shall mean a meter which has been locked at the request of the customer and which account balance remains current. Accounts may also be locked and placed on "standby service" in the event that the unpaid balance on the account becomes delinquent for a period of 90 days and/or if the District is made aware of foreclosure or vacancy of said property. A fee of \$50 to lock the meter and initiate standby service will be charged to the account and the account will be charged all applicable monthly standby charges.

The term "Construction Meter Service", as used herein, shall mean the temporary use of water for construction from a meter installed on a fire hydrant.

The term "Temporary Ag Service", as used herein, shall mean the temporary use of water solely for the growing of annual crops through a temporary connection.

The term "Recycled Water System", as used herein, shall mean water that is defined in Title 22, Division 4, Chapter 3, Article 60301, paragraph 8, of the California Administrative Code and shall mean water which, as a result of filtration and disinfection of domestic wastewater, is suitable for a direct beneficial use or a controlled use that otherwise would not occur.

Sec. 19.2 Remote Meter Agreements.

A Remote Meter Agreement is an agreement between the District and a consumer that a water meter will be installed at a location remote from the property to be served where the District does not intend to extend the District distribution system to abut the said property, and that the consumer is responsible for extending his own private line from the meter to his property and obtaining the permanent easements required for such extension.

Sec. 19.3 Temporary Service Agreements.

A Temporary Service Agreement is a recorded agreement between the District and a consumer that a meter will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District distribution system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the meter to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the meter, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of water service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving water service under a Temporary Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Service Agreement with the District.

Sec. 19.4 Engineering Fees.

Sec. 19.4.1 Plan Check Fees.

- A) Plan checks less than 500 lineal feet, water or sewer, \$500 each.
- B) Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
- C) Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 19.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ \$106.185.37 = \$526.86530.90
 - 3" and larger 9 hours @ \$106.185.37 = \$948.35955.62
- B) Fire Hydrant Installation 9 hours @ \$106.185.37 = \$948.35955.62
- C) Fire Service Installation 9 hours @ \$106.185.37 = \$948.35955.62

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 19.5 Rules for Service of Water.

The following rules for the service of water by the District to the consumer, either within or without the District, are hereby established:

All parcels desiring water must abut a District pipeline, and all meters will be located on the parcel being served unless the General Manager approves a Remote Meter Agreement, or the Board of Directors authorizes a Temporary Service Agreement subject to certain conditions as described in Section 19.3.

Each consumer desiring water furnished by the District shall furnish a plat of the property to be served, individually file a written application for such service, and in the form provided by the District, shall state the location, the number of acres served, the legal owner thereof, the purpose for which water is to be used and such other data regarding consumer's water production and use practices as required by the District. Based on the information provided, and verified by physical inspection if appropriate, each application will be assigned a user code: Agricultural with TSAWR Discount (AS); Agricultural Commercial (CA); Agricultural-Domestic with TSAWR Discount (AT); Agricultural Commercial-Domestic (CB); Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section 19.1.

By making such application and upon approval thereof by the General Manager, or his designee, the application and the acceptance shall constitute a contract, the effect of which shall bind the applicant to pay all rates then or thereafter prescribed by the District for water service and to comply with all the rules and regulations with respect to service, a breach of any of which will authorize the District to discontinue water service immediately without notice or recourse and to levy such charges as otherwise provided for in this ordinance for resumption of service.

In addition, the effect of this contract shall be such as to bind the applicant to pay reasonable attorney's fees as fixed by the court where the District is required to take legal action to enforce collection of any charges incurred under this service.

The District reserves the right to determine the size and location of all service connections and may to that extent, where deemed for the best interests of the District, reduce the size, change the location or the pressure of the service connection without notice or recourse.

Sec. 19.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article 20 of this Administrative Code. Reclaimed meter and service line connections shall be

capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

<u>Meter Size</u>	<u>Meter and Service Line*</u>	<u>Meter Only on Existing Service Line</u>	<u>Service Line Only*</u>
3/4"	\$2,78261	\$4674	\$2,315N/A
1"	\$2,95836	\$64338	\$2,315297
1-1/2"	\$4,0123,981	\$1,02113	\$2,99168
2"	\$4,812775	\$1,17768	\$3,63507
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$1,805791. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$3,610582. If County road inspection is required, there is an additional fee of \$1,400389.

Sec. 19.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line</u>
3/4"	\$3,19974
1"	\$3,36034
1-1/2"	\$4,03605
2"	\$4,63904

* If paving is required up to 30 feet, there is an additional fee of \$4,74004. If County road inspection is required, there is an additional fee of \$1,400389.

Sec. 19.8 Connection/Capacity Fees.

A connection fee shall be paid at the time meter service is applied for, for all permanent service connections, which fee shall be in addition to the charges made for the actual cost of labor and materials necessary to make the physical connection to the water system. The capacity fee for the connection is based on the demand that could be placed on the District's water system by reason of the connection. The extent of demand will be determined on the basis of the size of the water meter necessary to provide the estimated quantity of water usage for the connection. The demand factor for each meter size shall be calculated on the basis of the rated capacity of each size of meter divided by the rated capacity of a 3/4" meter at a pressure of 40 pounds per square inch (20 gpm), hereinafter referred to as an "equivalent meter unit" (EMU) as defined by SDCWA. Connection/ capacity charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing current fees to calculated fees.

Effective January 1, 2020~~19~~, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
3/4"	1	\$5,771 27
1"	1.6	\$9,235 164
1-1/2"	3	\$17,314 181
2"	5.2	\$30,012 29,782
3"	9.6	\$55,408 4,984
4"	16.4	\$94,652 3,928
6"	30	\$173,149 1,824

The capacity charge for a meter size greater than 6 inches shall be a basic charge for one (1) EMU multiplied by one of the following factors:

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 19.8.1 Removal of Meters.

An owner of a parcel who has a meter and is not required to have District water for their parcel can request to have their meter removed and discontinue service. A fee of \$100 will be charged for meter removal. Once the meter is removed, if service is later requested for the parcel, it will be subject to all the fees identified in Article 19, including installation and connection/capacity fees as if it is a new service.

The following procedure will be followed when discontinuation of service is requested:

1. The District will verify that the parcel does not have a residence or that another supply is available for the residence. If District water service is necessary as a health and safety concern for the residence then the meter cannot be removed.
2. The parcel owner shall sign a form that will be recorded on their deed indicating that water service was discontinued and re-establishing service will require payment of all fees similar to any other new water customer.
3. The District will remove the meter based on the fee established for meter removal.
4. The owner will be deleted from the District's customer database and no further monthly operations, capital improvement or standby fees will be charged to the parcel. The parcel will be subject to Water Availability Charges, unless the parcel owner requests deferral in accordance with Article 24.
5. If the water service is requested in the future for this parcel it will be similar to any other parcel without water service and subject to all necessary fees including installation and connection/capacity fees.

Sec. 19.8.2 Meter Testing Costs.

The District will provide meter testing upon request by ratepayers. A meter is considered accurate according to AWWA standards if it measures 98.5% to 101.5% of actual usage. If, after the customer's request for testing, the meter is determined to be accurate, the customer will be charged the following fee based on the size of the meter:

<u>Meter Size</u>	<u>Fee for testing</u>
3/4" – 1"	\$1221
1 1/2" – 2"	\$1643
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

If the meter is inaccurate, the District will absorb the cost of the test and make the appropriate exchange or repair to said meter to AWWA standards of accuracy. These charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February.

Sec. 19.8.3 Adjustment to Fees for Meters and Connections.

Service requests after advance payments for meters and connection fees shall be adjusted to the District's current schedule after six (6) months from the payment date(s).

Sec. 19.9 Credit for Connection Fees and Fees for Increased Meter Size.

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply for additional meters to new legal parcels will be given credit for connection charges if they reduce their demand by requesting a smaller meter for their original service.

Owners of parcels presently receiving water service through a District meter that are not in the process of subdividing their land, but require a larger meter service connection due to a change in land use, shall pay a connection fee equal to the difference between connection fees for the old and new meters in accordance with the schedule in Sec. 19.8.

Sec. 19.10 San Diego County Water Authority Connection Fees.

The Board of Directors of the San Diego County Water Authority (SDCWA) announced an administrative adjustment to capacity charges on all meters purchased on or after January 1, ~~2019~~ 2020 within the boundaries of the SDCWA.

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of \$5, ~~267~~ 301 multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$ 5,301 \$5,267	\$ 147 \$146	\$ 5,448 \$5,413
1"	1.6	\$ 8,482 \$8,428	\$ 235 \$233	\$ 8,717 \$8,661
1-1/2"	3.0	\$ 15,903 \$15,802	\$ 441 \$437	\$ 16,344 \$16,239
2"	5.2	\$ 27,565 \$27,390	\$ 764 \$757	\$ 28,329 \$28,147
3"	9.6	\$ 50,890 \$50,566	\$ 1,411 \$1,398	\$ 52,301 \$51,964

4"	16.4	\$ 86,936 \$86,383	\$ 2,411 \$2,389	\$ \$88,772
6"	30.0	\$ 159,030 \$158,018	\$ 4,410 \$34,370	\$ \$162,388
8"	52.0	\$ 275,652 \$273,898	\$ 7,644 \$7,574	\$ \$281,472
10"	78.0	\$ 413,478 \$410,847	\$ 11,466 \$11,361	\$ \$422,208
12"	132.0	\$ 699,732 \$695,274	\$ 19,404 \$19,226	\$ \$714,505

The System Capacity Charge is the cost for the conveyance and storage facilities necessary to operate the delivery system.

The Water Treatment Capacity Charge is the cost for the connection to the 50 MGD (million gallons per day) regional water treatment facility. The Water Treatment Capacity Charge is an additional charge of \$1476 for each new meter of a size less than one inch and a corresponding increase for larger meters.

The member agency shall determine the size of the water meter to serve any property within its jurisdiction. In the event an agency calculates the water demand by the equivalent dwelling unit (EDU) method, the County Water Authority's capacity charge will be collected based on the size of meter actually installed to meet flow demand.

No capacity charge shall be imposed for a water meter permanently connected to a reclaimed water system and measuring reclaimed water. If a water user converts a water meter to permanently measure only reclaimed water, the capacity charge previously collected for the meter shall be refunded upon written request from the water user and verification by the member agency in which the water user is located that the meter is permanently connected to the reclaimed water supply and is measuring reclaimed water. The refund shall be in the amount of the capacity charge actually collected.

All claims for refund permitted shall be presented within one year of the date of the event justifying the refund.

Sec. 19.11 San Diego County Water Authority Transitional Special Agricultural Water Program Administration

Sec. 19.11.1 Purpose.

The San Diego County Water Authority Transitional Special Agricultural Water Program (TSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible supply up to the maximum allowed under Section 4901 of the MWD Administrative Code. The San Diego County Water Authority (SDCWA) also provides a wholesale pricing discount associated with its Emergency Storage Project financing, based upon the existence of and individual participation in the TSAWR. This section of the District's Administrative Code establishes the rules and

regulations for Administration of the SDCWA TSAWR within the Fallbrook Public Utility District (District).

Sec. 19.11.2 Qualification.

The qualifications for water use under the San Diego County Water Authority's (SDCWA) TSAWR program are set forth in Section 162.5 of the SDCWA Administrative Code, as follows:

To qualify for participation, the TSAWR customer must demonstrate that water delivered by the District is used for growing, raising, in conformance with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produced for human consumption or for the market, or for feeding of fowl or livestock produced for human consumption of the market, or for the feeding of fowl or livestock for the purposes of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre dedicated to and utilized exclusively for the purposes described in this section.

Sec. 19.11.3 Certification and Recertification.

Individuals applying for participation in the SDCWA TSAWR shall certify that they are the owner or authorized agent of the owner of the property to receive water under the SDCWA TSAWR and further certify that their respective water usage will meet the qualifications set forth in Section 19.11.2 and as modified from time to time by SDCWA. Upon submission and approval of the application for participation in the TSAWR, applicants shall be classified as either "Agricultural" or "Ag / Domestic", and be eligible to receive the established water rate for the assigned classification. Participants may be subject to periodic re-certification as determined by MWD, the SDCWA, or the District.

Sec. 19.11.4 Acknowledgement.

Individuals participating in the TSAWR shall acknowledge that:

- a) Water received under the TSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and the SDCWA.
- b) Water received under the TSAWR is a non-firm interruptible supply, subject to mandatory supply reduction as is from time to time determined necessary by MWD and SDCWA. The supply reduction will be equal to the reduction in firm demand required by MWD or SDCWA.
- c) Water use under the TSAWR supply is subject to periodic data and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the TSAWR.
- d) Failure to respond in a timely manner to information requests, associated data and field audits or recertification, or failure to provide reasonable access to properties receiving water under the TSAWR will result in automatic removal of the subject property from the TSAWR, subject to the conditions set for in subsection

19.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

- e) If, as a result of an audit, it is determined that TSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive supplemental water rates, penalties and charges as required by MWD, the SDCWA, or the District, which the participant agrees to pay.
- f) If an audit determines that the subject property and/or water use on the property does not qualify for the TSAWR, then the property and associated water account will be removed from the TSAWR as provided for and subject to the conditions in sub-section 19.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

Sec. 19.11.5 Exit and Re-entry into the TSAWR.

- a) TSAWR customers who knowingly no longer meet the participation qualifications of the TSAWR are required to inform the District as soon as possible. TSAWR customers no longer qualifying for the discounted pricing differential and who have continued to accept the discounted supply may be required to refund the differential amount for the period in which the water was utilized for non-TSAWR qualified purposes.
- b) Customers electing to voluntarily exit the TSAWR will still be subject to TSAWR-related reductions if the customer exiting utilized TSAWR water in the base year for a mandatory reduction in a subsequent year. TSAWR customers may not voluntarily exit during periods of water shortage allocations and mandatory reductions.
- c) By SDCWA policy, only customers who were previously in the MWD-Interim Agricultural Water Program (IAWP) or SDCWA Special Agricultural Water Rate Program (SAWR) and TSAWR participants may re-enter the TSAWR program. Additionally, prior MWD-IAWP, SAWR and TSAWR participants may not re-enter the program during a TSAWR mandatory water use reduction period, as determined by the SDCWA.

Sec. 19.11.6 Implementation of Mandatory TSAWR Supply Reductions.

Actual implementation of mandatory supply reductions shall be based upon levels of reduction required by MWD and the SDCWA. To achieve the required levels of use reduction and avoid the maximum penalty possible any operational or financial sanctions which may be imposed on the District by MWD or the SDCWA, the District will utilize one or a combination of methods, including timely notice of pending reductions, water management information dissemination, individual participant water budgets and use reduction targets, assessment of financial disincentives, and individual meter flow reduction devices.

Sec. 19.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The cost of the service lines together with the pipeline extension costs will be borne by the owners.

Where because of any unusual circumstance service connections involve extra expense to the District, an additional deposit or payment based upon the actual cost of such connection as determined by District staff, may be required by the District.

Sec. 19.13 Customer Valve.

There shall be a stopcock or wheel valve in every attachment between the meter and the main next to the meter which said stopcock or wheel valve and the meter and other devices and fittings, including the meter box supplied by the District, shall be for the exclusive use and under the control of the District.

There shall be a stopcock or wheel valve in each service connection located on the consumer's side of the meter, at a point to be designated by the District, which stopcock or wheel valve shall be for the use of the consumer and shall be referred to as the "customer valve."

The District has responsibility to repair or replace facilities up to and including the customer shut off valve. Repair and maintenance of facilities beyond the customer valve is the responsibility of the customer.

The District is not responsible for water loss due to leaks or other problems on the property side of the customer valve.

If there is an emergency, the District, at its discretion, can make temporary repairs and charge the customer a minimum of \$50. However, the District is under no obligation to repair leaks beyond the customer valve and assumes no long term liability for those repairs. It is recommended that the customer obtain the services of a licensed plumber to make permanent repairs.

Sec. 19.14 Water Must Pass Through Meter.

All water sold by the District and used by any consumer must pass through that customer's meter, and no delivery will be made by the District except through that customer's meter. In the event that it should be discovered that water is served to any premises by means of a bypass or any other mechanical device or instrument which permits water to be served other than through that customer's meter, the District shall have the right to immediately cut off the supply of water to said consumer until the person guilty of such conduct shall have reimbursed the District for the cost, as determined by the District, of the water so illegally used. The District shall assess a \$100 penalty, per incident, to any person who steals water in any amount.

Sec. 19.15 Mains, Service Pipes, Equipment Belonging to District.

All water mains, extensions of service pipes, meters, and all other equipment used in the delivery of water to any meter, including the meter and the customer valve shall belong to and be the property of the District, and shall be maintained and repaired by the District.

Customer shall permit reasonable access to the meter and valves to effect said maintenance and repairs and to read the meter. Replacement shall be made by the District when such equipment is rendered unserviceable through reasonable use thereof.

However, the cost of replacements, repairs, or adjustments of any equipment of said District, including meters, when rendered necessary by any act, negligence or carelessness of the consumer, shall be made by the District at the expense of the consumer.

Sec. 19.16 Meter Area Clean and Consumer Line Free from Leaks.

Every consumer of water must keep his service pipes, valves, fixtures, and all other apparatus beyond that belonging to and serviced by the District in good repair and free from leakage at his own expense and he will be responsible for all damages which may result from failure to comply with this rule.

Sec. 19.17 Fires.

In the event that fires should take place within the District, where it is necessary to use the distribution mains of the District to supply water to extinguish such fires, the District may temporarily discontinue service to any meter, and the affected consumer shall not be permitted to use water from any of the District mains until such fire is completely extinguished.

Sec. 19.18 Access to Meters.

No person shall place or cause to be placed on or about or around any meter, hydrant, stopcock or service connection of any of the mains, pipes or water-works of the District any material of any kind which may serve or act as an obstruction to the free access or use of such meter, hydrant, stopcock or service connection. Upon failure to remove such obstruction after reasonable notice, the District shall have the right to have the water shut off and keep the same from being turned on again until such obstruction is removed and the necessary fee for turning on said water paid to the District.

Sec. 19.19 Temporary Discontinuance of Service for Repairs, etc.

The District reserves the right at any time to discontinue the service of water from its mains to water consumers for the purpose of making repairs or extensions to all parts of the system under the operation and control of the District or for any other purpose which may be found necessary by the District in order to properly maintain its system. In such case, the District will, if practicable, give notice to the consumer of such interruption in service.

Sec. 19.20 Allowances or Rebates.

No allowance or rebates in rates or charges shall be made under any circumstances, except as hereinafter in this Administrative Code authorized, and the rates herein prescribed for service of water shall be a charge against any and all property as hereinbefore specified, until the District shall receive written notice of request to discontinue the water to such property, provided, however, that notwithstanding such written notice or request, the District shall still collect the minimum amount prescribed by this Administrative Code for the standby service as long as the meter is in place.

Sec. 19.21 Water Served to Others.

It is hereby declared to be a violation of the consumer's contract for which the District shall have the right to discontinue the service of water, if any water consumer shall be found to have served water to a consumer whose water has been shut off for breach of any of the provisions of this Administrative Code.

The District or representatives of the District shall have the right at all times to have free access to all parts of the premises of the consumer supplied with water to inspect the water system maintained by the customer.

Sec. 19.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible contamination will be owned and maintained by the District.

The device will be located at the service connections. The type of protection that shall be required to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the customer premises. The type of protective device that will be required (listed in an increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The customer may choose a higher level of protection than required by FPUD. The minimum types of backflow protection required to protect the public water supply, at the water user's meter connection to the property with various degrees of hazard, are listed below. Situations not covered in the listed below shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by FPUD.

Sec. 19.22.1 Type Of Backflow Protection Required.

1. An (AG) is required on premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
2. An (AG) is required on premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
3. An (RP) is required on premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected. Any sign of injection systems on the property, including unused systems will require an (RP).
4. Auxiliary Water Supplies--Any water supply other than that received from a public water system.

- A) (AG) is required on premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the District.
- B) An (RP) is required on premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system.

5. Recycled Water

- A) An (AG) is required on premises where the public water system is used to supplement the recycled water supply.
- B) An (RP) is required on premises where recycled water is used, and there is no interconnection with the potable water system.
- C) An (RP) is required on residences using recycled water for landscape irrigation as part of an approved dual plumbed use area. If the District is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

- A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).
- B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.
- C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.
- D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.
- E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.

- 7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.

8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.
9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.
10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
11. Property owners who appeal to the District to change classification from a classification other than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 19.22.3 & 4.

Evaluation of Hazard. The District shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The District, however, shall not be responsible for abatement of cross-connections which may exist within a user's premises. As a minimum, the evaluation should consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

- A) Premises where substances harmful to health are handled under pressure in a manner which could permit their entry into the public water system. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.
- B) Premises having an auxiliary water supply, unless the auxiliary supply is accepted as an additional source by the District.
- C) Premises that have internal cross-connections that are not abated to the satisfaction of the District.
- D) Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
- E) Premises having a repeated history of cross-connections being established or reestablished.

Sec. 19.22.2 Backflow Device Installation on New Services.

The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable. (see Type of Backflow Device Protection Required)

An additional charge will be made for installation of backflow prevention devices as follows:

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$4740
For each 1 inch meter	\$5595
For each 1-1/2 inch meter	\$1,03325
For each 2 inch meter	\$1,23929
For each 3, 4 or 6 inch meter	Cost

Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 19.22.3 Reduced Pressure Backflow Preventer Retrofits.

Retrofit: Installation of a Backflow device after the service connection has been established.

General Design Considerations.

- A) The design and construction of the backflow prevention assembly shall meet the requirements called for in this specification.
- B) The nominal size of the backflow prevention device shall be equal to the size of the purchased meter. For example, a (1") meter shall have a (1") backflow prevention device.
- C) The assembly shall include same size valves located on either side of the backflow prevention assemblies. Four test cocks shall be appropriately located on the assembly for testing and certification.
- D) The nominal size of reduced-pressure principle detector assemblies shall be as shown on the Approved Plans or as directed by the Fire Department of jurisdiction.
- E) Enclosures and concrete slabs shall be provided only as shown on the Approved Plans or as required by the agency of jurisdiction.

Sec. 19.22.4 Reduced Pressure Backflow Preventer Device Retrofit –Installed by Property Owner

The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit. Once the device is installed, passes the backflow test, and meets the District’s standards the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday's only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.
- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.
- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty dollars (\$127) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 19.22.5 Well Destruction and Alteration.

To protect the State's groundwater supplies, the Legislature authorized the establishment of standards (Department of Water Resources Bulletins 74-81 and 74-90) and regulations pertaining to the construction, alteration, and destruction of wells.

California Water Code Section 13750.5 requires that those responsible for the construction, alteration, or destruction of water wells, cathodic protection wells, groundwater monitoring wells, or geothermal heat exchange wells possess a C-57 Water Well Contractor's License. This license is issued by the Contractors State License Board.

California Water Code Section 13751 requires that anyone who constructs, alters, or destroys a water well, cathodic protection well, groundwater monitoring well, or geothermal heat exchange well file with the Department of Water Resources a report of completion within sixty (60) days of the completion of the work.

The Land and Water Quality Division regulates the design, construction, modification, and destruction of water wells throughout San Diego County to protect San Diego County's groundwater resource. Water Wells are commonly used as the only potable water supply in the rural areas of San Diego County. For general information call the San Marcos office at (760) 471-0730.

Upon the completion of the well destruction or alteration, the property owner is responsible for supplying proper documentation to the District.

If the property owner chooses not to follow the California Water Code (listed above) within sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and a Reduced Pressure Backflow Device is installed (See Section 19.22.3&4) and passes and meets the District standards.

Sec. 19.23 Booster Pumps.

No person shall place or cause to be placed a device to raise the pressure of water supplied him by the District unless said booster system plans and proposals have been submitted to the District's General Manager and written approval for its installation and use has been secured. In the event such apparatus is installed without permission, the General Manager will immediately discontinue service to the consumer and resume service only after satisfactory removal or correction and payment of turn-on charges and payment for any repair or treatment necessary for sanitary and safe operation.

Sec. 19.23.1 Fallbrook Service Area Pressure Zones. Any approved individual service booster pump in the following pressure zones will be installed, operated, and

maintained entirely at the individual customer's expense and will remain the property of the individual customer:

- 1) Toyon Heights
- 2) Sachse
- 3) Red Mountain
- 4) Gheen
- 5) Modified Town
- 6) Rattlesnake

Sec. 19.23.2 DeLuz Heights Service Area Pressure Zones. Any approved individual service booster pump in the DeLuz Service Area will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer, with the exception of the following meter numbers:

- 1) Meter No. 7783
- 2) Meter No. 7784
- 3) Meter No. 7789

Sec. 19.24 Fire Hydrants.

For installing, maintaining and use of fire hydrants, the following will apply:

The District will install fire hydrants and necessary piping so required where and when jointly approved by the District staff and the Chief of the Fire District at the cost of the North County Fire Protection District.

In the event hydrants are required as part of pipeline extensions to service a subdivision or consumer, the cost of such hydrants will be included in the cost of the extension construction and paid for by the subdivider or consumer. Charges for installation of hydrants on the existing District distribution system will be as follows:

Model J-3700 (2-port hydrant).....	\$9,127 057	(complete assembly)
Model J-3765 (3-port hydrant).....	\$9,884 08	(complete assembly)
Fire flow testing	\$531 27	

If paving over 20 feet is required, there is an additional fee of \$256~~4~~ per trench foot. If county road inspection is required, there is an additional fee of \$1,400~~389~~.

Charges for fire hydrants will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Maintenance and repairs to hydrants, valves and connecting pipelines, will be performed by the District at the expense of the North County Fire Protection District.

Sec. 19.25 Automatic Sprinkler and Fire Protection Systems.

For automatic sprinkler and fire protection systems, the District upon request, will install a detector check valve system subject to the payment of the following installation charges by the user:

4 inch service	Cost
6 inch service	Cost

8 inch serviceCost

Sec. 19.26 Construction Meters.

For each use of a fire hydrant by any person not officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a \$1,264~~54~~ deposit, a meter installation charge of \$122~~+~~ will be made. There will be a relocation charge of \$122~~+~~ to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 19.27 Water Used for Annual Crops.

For each use of water for agricultural purposes solely for the growing of annual crops, as described in Sec. 19.1, Temporary Ag Service, the connection charge levied by Sec. 19.8 will not be assessed for this purpose.

All other fees, assessments, and charges of this Administrative Code will be in effect. The Board of Directors will determine annually the availability of water for these purposes, and the use will be continued on a year to year basis at the discretion of the Board of Directors.

Sec. 19.28 Illegal Use of Water.

The District may discontinue service to any consumer who uses or permits the use of District water beyond District boundaries or who within the District permits the flow of water beyond the limits of his property which is recorded as being served by the meter service through which the water is supplied. After discontinuing service for such cause, a charge of \$100 plus the estimated cost of the water so wasted or misused will be made and water service will not be resumed until paid.

Sec. 19.29 Water Service Outside District.

In the event that the District should at any time have surplus water over and above that which may be needed and used within the limits of the District, then and in that event, the Directors of the District are hereby authorized to enter into a contract for the sale of such surplus water outside the boundaries of the District, upon such terms and conditions and for such rates as the Directors may at the time deem for the best interests of said District, provided, however, that in no case shall the Directors of said District, in fixing the rate to be charged for water in such contract, charge less than a sum which would represent the cost of actually developing and delivering said water outside of said boundaries of said District.

Sec. 19.30 Application of Water Service to Affordable Housing

Per Government Code Sec. 65589.7, effective July 1, 2006, the

District shall not deny or condition the approval of an application for water service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 19.30.1 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 19.31 Administrative Fees.

The following administrative fees will be charged for the preparation, processing, and recording of the following documents:

Insufficient Funds Check	\$25
Temporary Service Agreements	\$50
Remote Meter Agreements	\$50
Quitclaim of Easement	\$50
Grant of Easement	\$50
Grant Deed	\$50
Temporary Sewer Service Agreements	\$50
Repayment Agreements	\$100

ARTICLE 19

Sec. 19.1,19.4,19.6, 19.21, 19.23 &
19.28 – Rev. 6/93
Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
Sec. 19.8 – Rev. 4/95
Sec. 19.1 – Rev. 8/95
Sec. 19.33-19.43 – Rev. 8/95
Sec. 19.5, 19.24-19.25 – Rev. 9/96
Sec. 19.6-19.8 – Rev. 9/96
Sec. 19.23 – Rev. 10/96
Sec. 19.8 – Rev. 6/97
Sec. 19.1 – Rev. 7/97
Sec. 19.11 – Rev. 7/98
Sec. 19.9 – Deleted (all parcels paid) –
Rev. 9.98
Sec. 19.21 – Rev. 6/99
Sec. 19.8 – Rev. 7/99
Sec. 19.9 – Rev. 11/99
Sec. 19.20.2 – Rev. 11/99

ARTICLE 19 CONTINUED

Sec. 19.9.2 – Rev. 7/00
Sec. 19.8 – Rev. 12/00
Sec. 19.8 – Rev. 8/01
Sec. 19.21, 19.23 – Rev. 07/03
Sec. 19.6, 19.21 – Rev. 6/04
Sec. 19.8, Rev. 1/05
Sec. 19.5 – Rev. 7/05
Sec. 19.4 & 19.8 – Rev. 3/06
Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
6/06
New sec. 19.27 added 6/06
Sec. 19.5, 19.8 & 19.23 – Rev. 12/06
New Sec. 19.4 – Added 2//07
Sec. 19.20 – Rev. 3/07
Sec. 19.22 – Rev. 6/07
Sec. 19.6 – Rev. 6/07; 19.7 – Added
6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
6/07
New 19.11 – added 8/07
Sec. 19.1 (last para pg. 1) & 1st para.
Pg. 2 – Rev. 12/07
Sec. 19.8.2 – Add 3/08
Sec. 19.1, 19.6, 19.7. 19.8, 19.8.1,
19.9, 19.14, 19.22, 19.24, 19.26, 19.27,
and 19.31 – Rev. 6/08
Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22,
19.24, - Rev. 6/09
19.1, 19.5 Rev. 8/09
Sec. 19.22-19.22.5 – Rev. 10/09
Sec. 19.8.1 – Rev. 5/10
Sec. 19.5 – Rev. 10/10

Sec. 19.3 – Rev 12/10
Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
19.26 – Rev. 5/11
Sec. 19.8, 19.9 – Rev. 4/12
Sec. 19.1, 19.5, 19.6, 19.7, 19.8,
19.8.2, 19.22.2, 19.24, 19.26 – Rev.
6/12
Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/13
Sec. 19.1, 19.5, 19.6, 19.7, 19.8,
19.8.2, 19.10, 19.22.2, 19.24, 19.26 –
Rev. 6/14
Sec. 19.8.1 – Rev. 10/14
Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
19.24, 19.26 Rev. 6/15
Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22.1 Rev. 3/16

ARTICLE 19 CONTINUED

19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev.
7/16
Sec. 19.10 - Rev. 1/17
Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/18
Secs. 19.12.1, 19.12.2, 19.24 – Rev.
7/19

Attachment C

Article 20. Sewer Service Connections and Construction Permits and Fees.

Sec. 20.1 Unlawful Connections.

It shall be unlawful for any person to connect to the District sewer or to add any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction. No permit to connect shall be issued except to the owner of the property or the owner's duly authorized agent.

Sec. 20.2 Definitions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "applicant", as used herein, shall mean a person, partnership, joint venture, or corporation making application to the District for a permit for a sewer connection.

The term "application", as used herein, shall mean the application form approved by the District for Applicants to submit a request for sewer service to the District.

The term "Board", as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term "BOD", as used herein, means biochemical oxygen demand.

The term "Bulletin", as used herein, shall refer to "Bulletin 54" and shall mean the Clean Water Grant Program Bulletin 54.

The term "District", as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest.

The term "Equivalent Dwelling Unit", as used herein, shall mean an increment of wastewater flow attributable to the average single-family residence in the Fallbrook Public Utility District of 215 gallons per day having concentrations of biochemical oxygen demand ("BOD") and suspending solids ("SS") similar to the concentrations thereof for wastewater discharge into the District's sewer system from the average single-family residence, i.e., 250 milligrams per liter (MG/l) biochemical oxygen demand and 250 milligrams per liter (MG/l) suspended solids.

The term "Owner", as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District or a lessee under a long-term ground lease having a term of thirty (30) years or more who is required to construct and occupy a structure on the real property subject to the lease.

The term "Parcel of Land", as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor's office for the County of San Diego and legally subdivided by California law.

The term "Parcel Map", as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term "Permit", as used herein, shall mean permit for a sewer connection issued by the District.

The term "Project", as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term "Subdivider", as used herein, shall mean any person, firm, corporation, partnership, or association who proposes to divide, divides, or causes to be divided real property into a subdivision for himself or for others as defined by the Subdivision Map Act.

The Term "SS", as used herein, means suspended solids.

The term "SS per EDU", as used herein, means suspended solids per equivalent dwelling unit.

The term "Subdivision", as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term "Volume per EDU", as used herein, means 215 gallons per day of sewage flow.

Sec. 20.3 General Provisions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following general provisions are adopted:

Sec. 20.3.1 "Shall" and "May". "SHALL" is mandatory and "MAY" is permissive.

Sec. 20.3.2 Number. The singular number includes the plural and the plural includes the singular.

Sec. 20.3.3 Tenses. The present tense includes the past and future tenses; and the future, the present.

Sec. 20.3.4 Provisions Not Affected by Headings. Article and section headings contained herein shall not be deemed to govern, limit or modify, or in any manner affect the scope, meaning or intent of any section hereof.

Sec. 20.3.5 Severability of Provisions. If any section, subsection, sentence, clause or phrase of this Article of the Administrative Code is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or unconstitutionality irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Sec. 20.3.6 Service of Notices. Whenever a notice is required to be given under this Article, unless different provisions are hereinafter specially made, such notice may be given either by person delivery thereof to the person to be notified or by deposit in the United States Mail in a sealed envelope, postage prepaid, addressed to such person at his last address as the name appears in the records of the District. Services by mail shall be deemed to have been completed at the time of the deposit in the Post Office.

Sec. 20.4 Application Process.

Applicants desiring sewer service from the District shall submit request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application.

Sec. 20.4.1 Environmental Review. Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to deposit such sums as the District determines necessary in order to complete this environmental review. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense.

Sec. 20.4.2 Required Documents. Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

Sec. 20.4.3 Parcel Maps and Subdivisions. Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California.

The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement. The District may also require the applicant to submit copies of all environmental review being conducted for the parcel map or subdivision. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

Sec. 20.4.4 Sewer Availability Forms and Letters. If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec. 20.4.5 Sewer Permit. When an applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code, the District may issue a permit. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with Section 20.

Sec. 20.5 Engineering Fees.

Sec. 20.5.1 Plan Check Fees.

1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 20.5.2 Fees for District to Inspect Contractor Installed Facilities

1. Sewer Lateral Installation 5 hours @ \$106.185.37 = \$530.9226.86

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to

start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 20.6 Changes in Use.

Sewer permits are issued only for the use expressly authorized by the permit. No person or entity shall be entitled to remodel any existing building, change the use of any parcel of land for which a sewer permit has been issued, or construct any additional improvements on any parcel of land which causes the discharge of a greater volume of wastewater than authorized by the sewer permit issued by the district or which causes the wastewater to have a greater concentration of BOD or SS than authorized by the prior sewer permit without first submitting an application to the District for a new sewer permit.

Sec. 20.6.1 Process. Upon receipt of the application, District staff will evaluate impacts of the change in use on the District's system quantitatively. The applicant will be required to construct any additional sewer facilities determined necessary by the District to adequately serve the revised project. The District staff will calculate any additional sewage discharge required for the revised project based upon an equivalent dwelling unit of wastewater flow. The applicant will be required to pay additional capacity fees based on the capacity fee in effect at the time the applicant is submitted for the additional number of equivalent dwelling units calculated by District staff.

Sec. 20.6.2 Reduction in Uses. An existing commercial or industrial use may obtain a reduction in equivalent dwelling units by appealing the capacity per Section 20.7.4. Any reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec. 20.6.3 Application of Sewer Service to Affordable Housing.

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for sewer service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or

- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for sewer service from the District which is generally applicable to other development projects seeking sewer service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 20.6.4 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 20.7 Formula For Capacity Fees.

Sec. 20.7.1 Capacity Fees Based Upon Equivalent Dwelling Unit. The capacity fee payable for any particular project will be calculated by District staff based upon the capacity fee in effect at the time payment is being made multiplied by the number of equivalent dwelling units of sewage flow being generated by the project as calculated by District staff. The Board has adopted an EDU for certain classes of service. These EDU's for classes of service will be utilized except as otherwise altered by the Board.

Upon receipt of the application, District staff will evaluate impacts of the change in use on the District's system both quantitatively and qualitatively. The applicant will be required to construct any additional sewer facilities determined necessary by the District to adequately serve the revised project. The District staff will calculate any additional sewage discharge required for the revised Project based upon an equivalent dwelling unit of wastewater flow. The applicant will be required to pay additional capacity fees based on the capacity fee in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff.

- a) Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
- b) Any delinquent amounts will be transferred to the property tax bill.

- c) Amounts up to \$3,000 are due immediately with no financing option.
- d) Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
- e) Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
- f) Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
- g) Liens will not be offered as a methods of postponing payment of fees.

Sec. 20.7.2 Equivalent Dwelling Unit Schedules. Upon receiving an application for issuance of a sewer permit, the number of equivalent dwelling units for which the Permit shall be issued shall be determined from the following schedule:

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE		
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CLASS	DESCRIPTION	EQUIVALENT DWELLING UNITS
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Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.)	
	*Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50

	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33
Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
	Per 200 seating capacity	1.00
	Bakery	
	Per 3500 square feet (exterior building area)	1.00
	Theater	
	Per 150 seating capacity	1.33
	Hospital	
	Per bed	0.65
	Convalescent or Boarding Home	
	Per bed	0.30
	Labor Camp	
	Per bed	0.10
	Elementary School / Daycare	
	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
	Per 30 Students	1.00
	Mortuary	
		1.00

Class 15	Special Class	
	EDU determined by Administrative Code Sections 20.7.3 & 20.7.4	
Class 21	Car Wash	5.00
Class 23	Self Service Laundry	5.00
	Restaurants	
Class 24	Restaurant Under 2500 Square feet	3.00
Class 25	Restaurant 2501-7000 Square feet	4.00
Class 26	Restaurant Over 7000 Square feet	5.00
	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.24

Sec. 20.7.3 Large Commercial / Industrial and Unclassified Sewer Users. For larger (> 30 EDU) commercial and industrial user and for types of sewer use other than those provided for in the classes of service set forth in the foregoing schedule, District staff shall determine that number of equivalent dwelling units for which a permit shall be issued based upon the estimated volume of wastewater to be discharged there from into the District's sewer system and concentrations of BOD and SS in such wastewater determined pursuant to the table set forth in State Water Resources Control Board Bulletin 54B ("Bulletin 54B") or for types of sewer use not included in said table, by such other data as District staff shall determine to be reliable and by using the following formula:

$$[(\text{Estimated daily volume}) / (\text{Volume per EDU})]$$

$$[0.5 (\text{BOD per Bulletin 54B}) / (\text{BOD per EDU}) +$$

$$0.5 (\text{SS per Bulletin 54B}) / (\text{SS per EDU})]$$

Sec. 20.7.4 Appeal Process for Classes 4 through 62. When requested by the owner for Classes 4 through 62, the equivalent dwelling units shall be determined on the basis of the estimated daily volume of wastewater which will be discharged into the District's sewer system and concentrations of BOD and SS in such wastewater using the table mentioned and the formula set forth in Subsection 20.7.3; provided, however, that if District staff determines that the daily volume of wastewater for such a use cannot be estimated with reasonable accuracy or that the BOD of or SS in such wastewater cannot be determined based on table or other reliable data, the equivalent dwelling units for

which a permit shall be issued shall be determined based on the schedule set forth in Subsection 20.7.2.

Sec. 20.7.5 Determination of Equivalent Dwelling Units for Existing Permits.

The holder of an existing permit for sewer connection which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on Section 20.7.2 or Section 20.7.3.

Upon making such determinations, the District shall determine the equivalent dwelling units to be credited to the permit by use of the formula set forth in Subsection 20.7.2. Upon completing the determination of the number of equivalent dwelling units to be credited to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units credited thereto and shall also make a notation of such equivalent dwelling units to be credited to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units credited thereto and shall also make a notation of such equivalent dwelling units in the appropriate District record.

Upon receiving an application for a permit for the remodeling, renovation, or enlargement of an existing building for which a permit is outstanding or for a permit for a change in the use of a parcel of land for which a permit is outstanding or for the construction of an additional building or buildings on a parcel of land where an existing building is connected to the District's sewer system, and if the outstanding Permit does not show thereon the number of equivalent dwelling units for which it was issued, an evaluation shall be done to determine the number of dwelling units to be credited to such permit in the manner above provided, and based on such determination shall determine in such manner whether the new or changed use to be made of the remodeled, renovated, or enlarged building or the parcel of property or the additional building or buildings to be constructed on the parcel of property, as the case may be, will necessitate the issuance of a permit for additional equivalent dwelling units.

Sec. 20.8 Sewer Permit Fees.

Sec. 20.8.1 Capacity Fees. The following capacity fees shall be paid by the applicant for each equivalent dwelling unit determined by the District:

<u>Type of Capacity Fee</u>	<u>Amount Per Equiv. Dwelling Unit</u>
Capacity Fee.....	\$7, 106052
Annexation Fee (if required).....	\$11,3 8902

Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

The sewer annexation fee shall apply to areas annexed to the sewer service area after March 23, 2012, and are due with the other sewer permit fees when applying for a sewer permit.

Sec. 20.8.2 Lateral Cost. District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device. Upon submission of the application, the applicant shall pay the following fee to cover the cost to install the lateral from the main line and to install the clean-out box and overflow device:

Length	Depth	Crew Size	Man Hours	Cost
≤ 15'	≤ 8'	4	36	\$3,49670
≤ 15'	>8'	4	56	\$5,415373
>15' to 30'	≤8'	5	90	\$7,434377
>15' to 30'	>8'	5	115	\$9,57401
>30'	Any	5	Actual	Actual

If paving is less than or equal to 15 feet is required, there is an additional fee of \$1,46856. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$2,45940. If county road inspection is required, there is an additional fee of \$1,400389.

Lateral installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 20.9 Sewer Permits Non-Transferable.

The sewer permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A sewer permit shall not be transferred to or used for a parcel of land which is not specifically described in the sewer permit. Sewer permits may be used only for the use which is specifically set forth on the sewer permit.

Sec. 20.10 Miscellaneous Provisions.

Sec. 20.10.1 Users Outside the District. The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District.

Sec. 20.10.2 Use of District's Facilities Prohibited Unless Fees and Charges Paid. No person shall discharge or allow the discharge of or dump sewage or other waste matter into the District's sewer system except in compliance with the terms of this

Administrative Code and payment of the fees and charges provided and established by or pursuant to this Administrative Code.

Sec. 20.10.3 Fees and Charges May Be Collected with Taxes. Notwithstanding any other provision of this Administrative Code, the fees and charges, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 20.11 Temporary Sewer Service Agreements.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a consumer that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the sewer to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of sewer service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving sewer service under a Temporary Sewer Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Sewer Service Agreement with the District.

ARTICLE 20

Revised in its entirety – 6/93,
6/94, 6/95, 9/96
Sec. 20.7, Sec. 20.7.2 – Rev.
6/99
Sec. 20.6 – Rev. 11/99
Sec. 20.5.4 & 20.5.5 – Rev.
6/06
Sec. 20.7.1 & 20.7.2 – Rev.
6/06
Sec. 20.6.1 – Rev. 10/06
New Sec, 20.6 – Added 2//07
Sec. 20.7.5; 20.7.8; 20.8;
20.8.1; 20.8.2 – Rev. 6/07
20.8.1 – Rev. 3/08
20.7.2, 20.7.4, 20.7.5, 20.7.6,
20.8, 20.8.2 – Rev. 6/08
Sec. 20.7.2 – Rev. 8/08
Sec. 20.8.1, 20.8.2 – Rev.
6/09
Sec. 20.11 – Rev. 12/10
Sec. 20.8.2 – Rev. 5/11
Sec. 20.8.1 – Rev. 6/11
Sec. 20.8.1 – Rev. 4/12
Sec. 20.2, 20.4, 20.6.2,
20.6.3, 20.7.1, 20.7.2, 20.7.3,
20.7.4, 20.7.5, 20.7.6, 20.8.2
– Rev. 6/12
Sec. 20.7.2, 20.7.3 – Rev.
7/12
Sec. 20.8 – Rev. 6/13
Sec. 20.8.1, 20.8.2 – Rev.
6/14
Sec. 20.8.1, 20.8.2 – Rev.
6/15
Secs. 20.5.2 (add), 20.8.1,
20.8.2 – Rev. 7/16
Secs. 20.5.2, 20.8, 20.8.2 –
Rev. 12/18
Sec. 20.7.2 – Rev. 7/19

Attachment D

RESOLUTION NO. 4986

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT, ADJUSTING RATES FOR WATER, RECYCLED WATER, AND WASTEWATER SERVICE CHARGES IN ACCORDANCE WITH A PREVIOUSLY ADOPTED SCHEDULE OF ADJUSTMENTS, ADOPTING INCREASES IN THE RATES FOR OTHER CHARGES IMPOSED BY THE DISTRICT, REVISING PORTIONS OF THE DISTRICT'S ADMINISTRATIVE CODE ACCORDINGLY, AND OTHER RELATED ACTIONS

* * * * *

WHEREAS, the Fallbrook Public Utility District ("District") is a public utility district organized and operating pursuant to the Public Utility Districts Act, commencing with section 15501 of the California Public Utilities Code; and

WHEREAS, the District is authorized to fix and collect charges for the provision of services and facilities including water, recycled water, and wastewater services; and

WHEREAS, on December 11, 2017, the District held a public hearing and protest proceeding in accordance with article XIII D, section 6 of the California Constitution ("Article XIII D"), on the question of whether to adopt new or increased rates for the District's water, recycled water, and wastewater service charges (the "Charges"); and

WHEREAS, notice of such public hearing was provided to all property owners and customers of record as required by Article XIII D, and such notice included authority for the District to adjust the rates for the Charges annually in accordance with a formula for calculating inflation, or a schedule of adjustments, all as described more fully in the notice; and

WHEREAS, at the public hearing, the District did not receive written protests from a majority of the separate parcels subject to the Charges, and pursuant to Resolution No. 4920, adopted the Charges and the schedule of adjustments and inflationary increases; and

WHEREAS, in accordance with such schedule of adjustments and inflationary increases, the District now wishes to increase the rates for the Charges to a rate equal to or less than the maximum rate authorized pursuant to Resolution No. 4920 commencing January 1, 2020; and

WHEREAS, the Charges, as adjusted, shall not exceed the proportional cost of providing the service for which the Charges were imposed; and the Charges, as adjusted, shall continue to comply with the substantive provisions of Article XIII D; and

WHEREAS, the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 4920, and, in accordance with Government Code sections 53750(h)(2) and 53756, the adjustments to the Charges as contemplated herein shall not constitute an "increase" for purposes of Article XIII D; and

WHEREAS, the District further wishes to adjust certain other fees and charges, including without limitation the District's water and wastewater connection fees, capacity fees, inspection fees, and other related fees and charges, in accordance with pre-approved formulae for inflation in order to ensure such fees and charges (the "Other Charges") reflect the cost of providing the service or regulatory activity for which such Other Charges are imposed; and

WHEREAS, the Other Charges, as adjusted, shall not exceed the reasonable estimated cost of providing the service or regulatory activity for which such Other Charges are imposed, and are adjusted in accordance with a pre-approved formula for accounting for inflation; and

WHEREAS, the schedule of Charges and Other Charges, as adjusted by this Resolution, is attached hereto as Exhibit "A" and incorporated by this reference; and

WHEREAS, the District has further determined that it is appropriate to adopt revisions to Article 19 (attached as Exhibit "B"), Article 20 (attached as Exhibit "C"), and Article 21 (attached as Exhibit "D") to reflect the adjustment to the Charges and the Other Charges, and to incorporate additional changes;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT AS FOLLOWS:

1. Incorporation of Recitals:

The Recitals set forth above are made findings of this Board of Directors and are incorporated herein and made an operative part of this Resolution.

2. Inconsistency with other Fees:

To the extent any Charges or Other Charges established by this Resolution and the revisions to the Administrative Code approved hereby are inconsistent with the Charges, Other Charges, or any other fee or charge previously adopted by the Board of Directors; it is the explicit intention of the Board of Directors that the Charges and Other Charges adjusted pursuant to this Resolution and included in the revised Articles attached hereto shall prevail. The purpose of this Resolution is to set the rates for the Charges and the Other Charges within maximum rates and according to inflationary increases previously approved and adopted by the District. Nothing contained herein shall be deemed to be a re-adoption of any Charge, Other Charge, or any other fee or charge of the District, nor shall it be deemed an "increase" within the meaning of Government Code section 53750.

3. Charges:

In accordance with the authority granted pursuant to Resolution No. 4920, the Board of Directors hereby sets the rates for the Charges in the amounts set forth in Exhibit "A" and the revisions to Article 21, attached hereto as Exhibit "D" and incorporated herein by this reference. The Board of Directors finds that the Charges, as adjusted and set pursuant to this Resolution, do not exceed the proportional cost of providing the property-related service for which they are imposed, and otherwise meet the requirements set forth in Article XIII D. The Board further finds that the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 4920, and therefore this action does not constitute an "increase" for purposes of Article XIII D. The Charges, as adjusted, shall be effective for the respective property-related service commencing January 1, 2020.

4. Other Charges:

The Board of Directors hereby sets the rates for the Other Charges in the amounts set forth in Articles 19, 20, and 21, as revised and attached as Exhibits "B," "C," and "D" hereto, in accordance with pre-approved authorization for inflationary adjustments. The Board of Directors

further finds that no Other Charge adjusted pursuant to this Resolution shall exceed the reasonable estimated cost of providing the service or product for which it is imposed, or the reasonable regulatory costs of issuing licenses, permits, and conducting inspections and investigations associated therewith. The Other Charges, as adjusted, shall be effective January 1, 2020.

5. Authorization:

The General Manager is hereby authorized and directed to take all actions necessary to implement and collect the Charges and the Other Charges, and to revise Articles 19, 20, and 21 in substantially the forms attached hereto, to reflect the new or increased rates for the Charges and Other Charges.

6. CEQA Compliance:

The Board of Directors finds that the administration, operation, maintenance, and improvements of the District's water, recycled water, and wastewater systems, which are to be funded by the Charges and Other Charges, are necessary to maintain service within the District's existing water, recycled water, and wastewater service areas as described herein. The Board of Directors further finds that the administration, operation, maintenance and improvements of the District's water, recycled water, and wastewater systems, to be funded by the Charges and Other Charges, will not expand the District's water, recycled, and wastewater systems. The Board of Directors further finds that adjustments to the rates for the Charges and Other Charges are necessary and reasonable to fund the administration, operation, maintenance and improvements of the District water, recycled water, and wastewater systems. Based on these findings, the Board determines that the adjustments to the Charges and Other Charges by this Resolution are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 990 E Mission Rd, Fallbrook, CA 92028. The custodian for these records is the secretary of the District.

7. 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 passed 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.

8. Effective Date of Resolution:

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a special meeting of the Board held on the 9th day of December, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
SCHEDULE OF CHARGES AND OTHER CHARGES

WATER R A T E S

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Meters are read in three cycles each month for billing periods ending on the 10th, 20th, and 30th. An account is placed in a cycle according to the location of the meter within the District. All customers are billed on a monthly basis. Payment is due and payable upon receipt and delinquent after the due date shown on the bill. In the event delinquent accounts are not paid a processing fee will be charged and services may be interrupted without further notice.

MONTHLY CHARGES

METER SIZE	WATER FIXED SERV. CHARGE		WATER CIC CHARGE		STANDBY FIXED SERV. CHARGE		STANDBY CIC CHARGE		RECYCLED FIXED SERV. CHARGE		BACKFLOW DEVICE		MWD RTS	CWA IAC
													All Classes Except R & SS	All Classes Except R & SS
3/4"	\$46.75	\$50.49	\$9.12	\$9.47	\$20.98	\$22.66	\$4.14	\$4.29	\$20.98	\$22.66	\$5.16	\$5.57	\$2.05	\$3.01 \$3.31
1"	\$71.37	\$77.08	\$15.20	\$15.78	\$28.41	\$30.68	\$6.89	\$7.15	\$28.41	\$30.68	\$6.07	\$6.56	\$3.42	\$5.03 \$5.53
1 1/2"	\$132.88	\$143.51	\$30.40	\$31.56	\$46.97	\$50.73	\$13.78	\$14.30	\$46.97	\$50.73	\$11.23	\$12.13	\$6.83	\$10.02 \$11.02
2"	\$206.71	\$223.25	\$48.64	\$50.49	\$69.24	\$74.78	\$22.05	\$22.88	\$69.24	\$74.78	\$13.47	\$14.55	\$10.93	\$16.04 \$17.64
3"	\$403.57	\$435.86	\$97.29	\$100.98	\$128.66	\$138.95	\$44.08	\$45.76	\$128.66	\$138.95	\$26.92	\$29.07	\$21.87	\$32.12 \$35.33
4"	\$625.05	\$675.05	\$152.01	\$157.79	\$195.50	\$211.14	\$68.88	\$71.50	\$195.50	\$211.14	\$42.06	\$45.42	\$34.17	\$50.18 \$55.20
6"	\$1240.26	\$1339.48	\$304.02	\$315.57	\$381.15	\$411.64	\$137.75	\$142.99	\$381.15	\$411.64	\$84.10	\$90.83	\$68.33	\$100.32 \$110.35

C = Commercial; M = Multi Unit; D = Domestic; LD = Large Lot Domestic; G = Government; SS = Standby; R=Recycled; CA = Commercial Ag; CB = Commercial Ag Domestic; AS = Ag (SAWR); AT = Ag Domestic (SAWR); I = Irrigation Only; CIC = Capital Improvement Charge

Temporary Construction Meter: ~~\$1,254~~-\$1264 deposit plus ~~\$121~~-\$122 installation; ~~\$121~~-\$122 relocation; operations charge ~~\$310.07~~-\$334.88 per month

Initiate Standby Service: \$50
Pre-Lock Notice Processing Fee: \$30
Delinquent Processing Fee: \$50

Fire Flow Test: \$527
Broken / Tampered Lock Fee: \$100
Meter Testing Fee (3/4" & 1" meters): \$121
Meter Testing Fee (1 1/2" & 2" meters): \$163

Residential: Domestic (D), Large Lot Domestic (LD), and Multi Unit (M) 1 - 5 units per month..... \$5.96-\$6.44 6 - 30 units per month..... \$6.05-\$6.53 Over 30 units per month..... \$7.37-\$7.96 Government (G): All usage..... \$6.04-\$6.52 Commercial (C): All usage..... \$6.14-\$6.63	Recycled Water (R): All usage \$5.10-\$5.51 Construction Water (C): All usage \$7.60-\$8.21 Pumping Charges (DSA & Toyon only) \$0.73-\$0.79 Pumping CIC (DSA & Toyon only) \$0.10 Irrigation Only (I): All usage..... \$6.15-\$6.64	SAWR Ag (AS): All usage \$4.42-\$4.77 Ag Domestic (AT): 1 - 5 units..... \$5.96-\$6.44 6 - 20 units per month..... \$5.12-\$5.53 Over 20 units per month..... \$4.42-\$4.77 Com Ag (CA): All usage \$5.12-\$5.53 Com Ag Dom (CB): 1 - 5 units..... \$5.96-\$6.44 Over 5 units per month..... \$5.12-\$5.53
ALL PRICES ARE PER UNIT (1 unit = 1,000 gal.)		

If you have any questions about these rates or how they will affect your account, please contact FPUD at (760) 728-1125

WASTERWATER R A T E S

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Wastewater service charges are established upon each property within the District that is connected to a wastewater line of the District whether said premises are occupied or unoccupied.

USER CLASS	COMMODITY RATE 1,000 GAL OF WASTEWATER *
Single Family Residence, Ag Domestic, Multi-Family <i>(Average BOD & SS = 0 -200)</i>	\$ 9.86 -\$10.32/Unit
Government, Schools, Churches, and Low-Strength Commercial	\$ 9.79 -\$10.25/Unit
Medium Strength Commercial <i>(Average BOD & SS = 201 – 600)</i>	\$ 12.09 -\$12.65/Unit
High Strength Commercial <i>(Average BOD & SS = ≥ 601)</i>	\$ 15.09 -\$15.77/Unit

*Residential sewer billable flow is calculated based upon a 2 year winter average water use, adjusted by the RTS (Return to Sewer). Residential RTS is 75%

**Commercial sewer billable flow is calculated based upon monthly water usage, adjusted by the RTS (Return to Sewer). Commercial RTS is 90%

FIXED CHARGES

Monthly Fixed Wastewater Charge	\$ 9.70 -\$10.14/Equivalent Dwelling Unit (EDU)
Wastewater Capital Improvement Charge (per month)	\$ 11.53 -\$11.62/EDU

*If you have any questions about these rates or how they will affect your account, please contact FPUD at (760) 728-1125

WATER INSTALLATION

FALLBROOK PUBLIC UTILITY DISTRICT / METER AND SERVICE INSTALLATION CHARGES

MeterSize	3/4"	1"	1½"	2"	3"	4"	6"
Acreage Served	0 - 1	1 - 3 ½	3 ½ - 8	8 - 15	15 - 35	35 - 80	80+
Maximum Rate of Flow - GPM	16 - 24	40	80	145	277	460	878
Meter Installation	\$464 -\$467	\$638 -\$643	\$1013 -\$1021	\$1168 -\$1177	Cost	Cost	Cost
FPUD Connection Fee	\$5727 -\$5771	\$9164 -\$9235	\$17181 -\$17314	\$29782 -\$30012	\$54984 -\$55408	\$93928 -\$94652	\$171824 -\$173149
SDCWA Connection Fee	\$5413 -\$5448	\$8661 -\$8717	\$16239 -\$16344	\$28147 -\$28329	\$51964 -\$52301	\$88772 -\$89347	\$162388 -\$163440
Service Line Installation (No Paving)	\$2297 -\$2315	\$2297 -\$2315	\$2968 -\$2991	\$3607 -\$3635	Cost	Cost	Cost
Paving for Service Line ≤15' (Add \$1,791 -\$1805)	\$1791 -\$1805	\$1791 -\$1805	\$1791 -\$1805	\$1791 -\$1805	Cost	Cost	Cost
Paving for Service Line = >15' <30' (Add \$3,582 -\$3610)	\$3582 -\$3610	\$3582 -\$3610	\$3582 -\$3610	\$3582 -\$3610	Cost	Cost	Cost
County Inspection on Public Roadway (Add \$1,389 -\$1400)	\$1389 -\$1400	\$1389 -\$1400	\$1389 -\$1400	\$1389 -\$1400	Cost	Cost	Cost
Meter Relocation (No Paving)	\$3174 -\$3199	\$3334 -\$3360	\$4005 -\$4036	\$4604 -\$4639	Cost	Cost	Cost
Meter Relocation with Paving Up to 30' (Add \$4,704 -\$4740)	\$7939	\$8100	\$8776	\$9379	Cost	Cost	Cost
RP Backflow Device Installed with Meter*	\$470 -\$474	\$555 -\$559	\$1025 -\$1033	\$1229 -\$1239	Cost	Cost	Cost
RP Backflow Device Retrofit**	<i>Installation is the responsibility of the property owner; First inspection is free; additional inspection \$127-\$128 plus costs (each).</i>						
RP Backflow Device on Reclaimed Water Meters	<i>Installed at no cost.</i>						

FIRE HYDRANT, including installation: Model J-3700~~\$9,057~~-\$9,127
 Model J-3765~~\$9,808~~-\$9,884
 Trench > 20'~~\$254~~-\$256 /trench foot
 County Inspection:.....~~\$1,389~~-\$1,400 if required

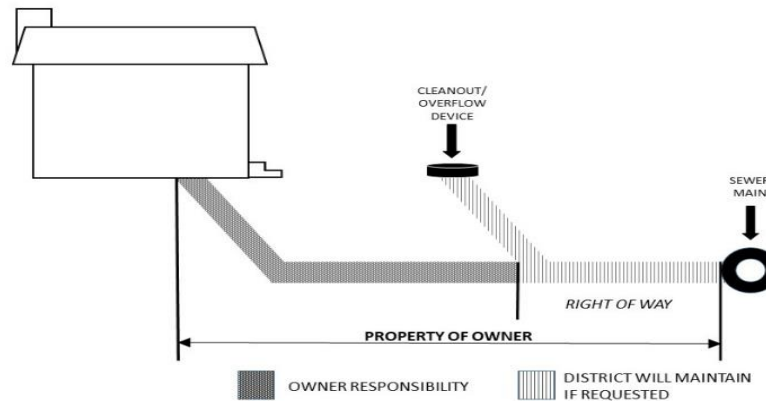
* The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable pursuant to Section 19 of the FPUD Administrative Code.

** The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit pursuant to Section 19 of the FPUD Administrative Code. Once the device is installed, passes the backflow test, and meets the District's standards, the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

WASTEWATER INSTALLATION

SEWER PERMIT FEES: Capacity Fees. The following capacity fees shall be paid by the applicant for each equivalent dwelling unit determined by the District:

	<u>Amount per Equivalent Dwelling Unit</u>
Standard Capacity Fee	\$ 7,052-7,106
Annexation Fee	\$ 11,302-11,389
<u>Lateral Installation Fee:</u>	
≤ 15' Length, ≤ 8' Depth	\$ 3,470-3,496
≤ 15' Length, > 8' Depth	\$ 5,373-5,415
> 15'- 30' Length, ≤ 8' Depth	\$ 7,377-7,434
> 15'- 30' Length, > 8' Depth	\$ 9,501-9,574
> 30' Length, Any Depth	\$ Cost
County Road Inspection	\$ 1,389-1,400
Paving ≤ 15'	\$ 1,456-1,468
Paving 16'-30'	\$ 2,440-2,459



Owners Responsible for Cleanout/Overflow Devices

Your sewer cleanout is your first line of defense in preventing a potential sewer overflow problem and can save you from unnecessary messy clean ups and prevent a larger emergency such as a sewer main stoppage. The cleanout device is a pipe that rises to the ground surface from the lateral line that carries sewage from your home to a main sewer line. The device, housed in a concrete box or green plastic circular container and equipped with an easily removable floating lid, normally can be found within five feet of a property line. If you have trouble locating the device, please call the District at 760-728-1125 and we will be happy to help you locate it.

The device is used to clean the sewer lateral. To protect the property if a main sewer line is blocked, sewage backing up into your line will “overflow” through the device rather than back up into your home. To ensure proper functioning of the cleanout you should make sure the device doesn’t become covered by dirt, paving material, structures, or any other covering.

The homeowner is responsible for the sewer line between the home and the sewer main in the street.

If at any time you experience a problem that causes a backup in your lateral, it is best to contact the District first. District personnel will be dispatched to your property to assist you. If the problem is located between the District main and the property line clean out, the District will assist with mechanical or chemical root control only. All repairs will be the sole responsibility of the owner. If it is determined that the problem is located between the cleanout and the house, you will be responsible for all repairs including the expense of calling a plumber.

EXHIBIT B

**REVISIONS TO ARTICLE 19 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2020**

[COMMENCING ON NEXT PAGE]

Article 19. Water Service Connections Rules for Delivery of Water

Sec. 19.1 Definitions.

For the purpose of this Administrative Code and the regulation of water service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "District", as used herein shall mean and refer to the Fallbrook Public Utility District of San Diego County, California. Fallbrook Service Area (FSA) will indicate that area known as Fallbrook Public Utility District prior to July 1, 1990. The DeLuz Service Area (DLSA) will indicate that area known as Improvement Districts I and II of DeLuz Heights Municipal Water District prior to July 1, 1990.

The word "Consumer", as used herein, shall mean and refer to every individual, corporation, association, farm, or place of business to whom or to which water is served by the District.

The word "Unit", as used herein, shall mean and refer to each of the following:

1. A single family residence.
2. A single business establishment.
3. A single farm.
4. One hotel or motel suite with bath and kitchen.
5. Two hotel or motel suites without kitchen but with private bath.
6. Four hotel or motel suites without private bath.
7. One trailer space.
8. In multi-family dwellings, each apartment with kitchen and bath.
9. Each dormitory or labor camp facility.
10. Nursing home.

The word "rates" shall mean the compensation fixed by the Directors by Ordinance for water delivered to the consumer or for the cost of installing and maintaining meters, main line extensions and any and every appliance, fixture or connection used by said District in delivering water to said consumer.

The term "service connections", as used herein, shall designate the distribution system extension to the meter assembly and the connection to the consumer's line which shall previously have been provided to the location and to the specifications set by the District.

"Agricultural purposes" (TSAWR and Commercial Ag programs) shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre fully utilized for agricultural purposes on which incidental domestic use of water related to non-permanent residency may also occur.

The term "Agricultural-Domestic purposes" (TSAWR programs), as used herein, shall mean the use of water through a single service connection for both agricultural and

domestic purposes for permanent residences. The first 20 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property.

The term "Commercial Agricultural", as used herein, shall mean the use of water through a single service connection for agricultural purposes without participation in the or the TSAWR discount programs. Must meet the same usage and minimum acreage requirements as "Agricultural purposes".

The term "Commercial Agricultural -Domestic", as used herein, shall mean the use of water through a single service connection for both agricultural and domestic purposes for permanent residences without participation in the or the TSAWR discount programs. The first 20 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property. Must meet the same usage and minimum acreage requirements as "Agricultural purposes"

The term "Domestic purposes", as used herein, shall mean the use of water for residential (up to and including two units) purposes and businesses that use water for incidental domestic purposes only.

The term "Large Lot domestic purposes", as used herein, shall mean the use of water through a single service connection for residential (up to and including two units) purposes on parcels of one acre or more.

The term "Commercial purposes", as used herein, shall mean the use of water through a single service connection for the operation of the business or maintaining the landscaping of non-residential property.

The term "Government purposes", as used herein, shall mean the use of water through a single service connection for any political subdivision property.

The term "Multi-Unit purposes", as used herein, shall mean the use of water through a single service connection for master-metered residential housing of more than two living units.

The term "Standby Service", as used herein, shall mean a meter which has been locked at the request of the customer and which account balance remains current. Accounts may also be locked and placed on "standby service" in the event that the unpaid balance on the account becomes delinquent for a period of 90 days and/or if the District is made aware of foreclosure or vacancy of said property. A fee of \$50 to lock the meter and initiate standby service will be charged to the account and the account will be charged all applicable monthly standby charges.

The term "Construction Meter Service", as used herein, shall mean the temporary use of water for construction from a meter installed on a fire hydrant.

The term "Temporary Ag Service", as used herein, shall mean the temporary use of water solely for the growing of annual crops through a temporary connection.

The term "Recycled Water System", as used herein, shall mean water that is defined in Title 22, Division 4, Chapter 3, Article 60301, paragraph 8, of the California Administrative Code and shall mean water which, as a result of filtration and disinfection of domestic wastewater, is suitable for a direct beneficial use or a controlled use that otherwise would not occur.

Sec. 19.2 Remote Meter Agreements.

A Remote Meter Agreement is an agreement between the District and a consumer that a water meter will be installed at a location remote from the property to be served where the District does not intend to extend the District distribution system to abut the said property, and that the consumer is responsible for extending his own private line from the meter to his property and obtaining the permanent easements required for such extension.

Sec. 19.3 Temporary Service Agreements.

A Temporary Service Agreement is a recorded agreement between the District and a consumer that a meter will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District distribution system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the meter to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the meter, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of water service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving water service under a Temporary Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Service Agreement with the District.

Sec. 19.4 Engineering Fees.

Sec. 19.4.1 Plan Check Fees.

- A) Plan checks less than 500 lineal feet, water or sewer, \$500 each.
- B) Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
- C) Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 19.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ \$106.18 = \$530.90
 - 3" and larger 9 hours @ \$106.18 = \$955.62
- B) Fire Hydrant Installation 9 hours @ \$106.18 = \$955.62
- C) Fire Service Installation 9 hours @ \$106.18 = \$955.62

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 19.5 Rules for Service of Water.

The following rules for the service of water by the District to the consumer, either within or without the District, are hereby established:

All parcels desiring water must abut a District pipeline, and all meters will be located on the parcel being served unless the General Manager approves a Remote Meter Agreement, or the Board of Directors authorizes a Temporary Service Agreement subject to certain conditions as described in Section 19.3.

Each consumer desiring water furnished by the District shall furnish a plat of the property to be served, individually file a written application for such service, and in the form provided by the District, shall state the location, the number of acres served, the legal owner thereof, the purpose for which water is to be used and such other data regarding consumer's water production and use practices as required by the District. Based on the information provided, and verified by physical inspection if appropriate, each application will be assigned a user code: Agricultural with TSAWR Discount (AS); Agricultural Commercial (CA); Agricultural-Domestic with TSAWR Discount (AT); Agricultural Commercial-Domestic (CB); Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section 19.1.

By making such application and upon approval thereof by the General Manager, or his designee, the application and the acceptance shall constitute a contract, the effect of which shall bind the applicant to pay all rates then or thereafter prescribed by the District for water service and to comply with all the rules and regulations with respect to service, a breach of any of which will authorize the District to discontinue water service immediately without notice or recourse and to levy such charges as otherwise provided for in this ordinance for resumption of service.

In addition, the effect of this contract shall be such as to bind the applicant to pay reasonable attorney's fees as fixed by the court where the District is required to take legal action to enforce collection of any charges incurred under this service.

The District reserves the right to determine the size and location of all service connections and may to that extent, where deemed for the best interests of the District, reduce the size, change the location or the pressure of the service connection without notice or recourse.

Sec. 19.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article 20 of this Administrative Code. Reclaimed meter and service line connections shall be

capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

<u>Meter Size</u>	<u>Meter and Service Line*</u>	<u>Meter Only on Existing Service Line</u>	<u>Service Line Only*</u>
3/4"	\$2,782	\$467	\$2,315
1"	\$2,958	\$643	\$2,315
1-1/2"	\$4,012	\$1,021	\$2,991
2"	\$4,812	\$1,177	\$3,635
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$1,805. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$3,610. If County road inspection is required, there is an additional fee of \$1,400.

Sec. 19.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line</u>
3/4"	\$3,199
1"	\$3,360
1-1/2"	\$4,036
2"	\$4,639

* If paving is required up to 30 feet, there is an additional fee of \$4,740. If County road inspection is required, there is an additional fee of \$1,400.

Sec. 19.8 Connection/Capacity Fees.

A connection fee shall be paid at the time meter service is applied for, for all permanent service connections, which fee shall be in addition to the charges made for the actual cost of labor and materials necessary to make the physical connection to the water system. The capacity fee for the connection is based on the demand that could be placed on the District's water system by reason of the connection. The extent of demand will be determined on the basis of the size of the water meter necessary to provide the estimated quantity of water usage for the connection. The demand factor for each meter size shall be calculated on the basis of the rated capacity of each size of meter divided by the rated capacity of a 3/4" meter at a pressure of 40 pounds per square inch (20 gpm), hereinafter referred to as an "equivalent meter unit" (EMU) as defined by SDCWA. Connection/ capacity charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing current fees to calculated fees.

Effective January 1, 2020, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
3/4"	1	\$5,771
1"	1.6	\$9,235
1-1/2"	3	\$17,314
2"	5.2	\$30,012
3"	9.6	\$55,408
4"	16.4	\$94,652
6"	30	\$173,149

The capacity charge for a meter size greater than 6 inches shall be a basic charge for one (1) EMU multiplied by one of the following factors:

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 19.8.1 Removal of Meters.

An owner of a parcel who has a meter and is not required to have District water for their parcel can request to have their meter removed and discontinue service. A fee of \$100 will be charged for meter removal. Once the meter is removed, if service is later requested for the parcel, it will be subject to all the fees identified in Article 19, including installation and connection/capacity fees as if it is a new service.

The following procedure will be followed when discontinuation of service is requested:

1. The District will verify that the parcel does not have a residence or that another supply is available for the residence. If District water service is necessary as a health and safety concern for the residence then the meter cannot be removed.
2. The parcel owner shall sign a form that will be recorded on their deed indicating that water service was discontinued and re-establishing service will require payment of all fees similar to any other new water customer.
3. The District will remove the meter based on the fee established for meter removal.
4. The owner will be deleted from the District's customer database and no further monthly operations, capital improvement or standby fees will be charged to the parcel. The parcel will be subject to Water Availability Charges, unless the parcel owner requests deferral in accordance with Article 24.
5. If the water service is requested in the future for this parcel it will be similar to any other parcel without water service and subject to all necessary fees including installation and connection/capacity fees.

Sec. 19.8.2 Meter Testing Costs.

The District will provide meter testing upon request by ratepayers. A meter is considered accurate according to AWWA standards if it measures 98.5% to 101.5% of actual usage. If, after the customer's request for testing, the meter is determined to be accurate, the customer will be charged the following fee based on the size of the meter:

<u>Meter Size</u>	<u>Fee for testing</u>
¾" – 1"	\$122
1 ½" – 2"	\$164
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

If the meter is inaccurate, the District will absorb the cost of the test and make the appropriate exchange or repair to said meter to AWWA standards of accuracy. These charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February.

Sec. 19.8.3 Adjustment to Fees for Meters and Connections.

Service requests after advance payments for meters and connection fees shall be adjusted to the District's current schedule after six (6) months from the payment date(s).

Sec. 19.9 Credit for Connection Fees and Fees for Increased Meter Size.

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply for additional meters to new legal parcels will be given credit for connection charges if they reduce their demand by requesting a smaller meter for their original service.

Owners of parcels presently receiving water service through a District meter that are not in the process of subdividing their land, but require a larger meter service connection due to a change in land use, shall pay a connection fee equal to the difference between connection fees for the old and new meters in accordance with the schedule in Sec. 19.8.

Sec. 19.10 San Diego County Water Authority Connection Fees.

The Board of Directors of the San Diego County Water Authority (SDCWA) announced an administrative adjustment to capacity charges on all meters purchased on or after January 1, 2020 within the boundaries of the SDCWA.

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of \$5,301 multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$ 5,301	\$ 147	\$ 5,448
1"	1.6	\$ 8,482	\$ 235	\$ 8,717
1-1/2"	3.0	\$ 15,903	\$ 441	\$ 16,344
2"	5.2	\$ 27,565	\$ 764	\$ 28,329
3"	9.6	\$ 50,890	\$ 1,411	\$ 52,301

4"	16.4	\$ 86,936	\$ 2,411	\$ 89,347
6"	30.0	\$ 159,030	\$ 4,410	\$ 163,440
8"	52.0	\$ 275,652	\$ 7,644	\$ 283,296
10"	78.0	\$ 413,478	\$ 11,466	\$ 424,944
12"	132.0	\$ 699,732	\$ 19,404	\$ 719,136

The System Capacity Charge is the cost for the conveyance and storage facilities necessary to operate the delivery system.

The Water Treatment Capacity Charge is the cost for the connection to the 50 MGD (million gallons per day) regional water treatment facility. The Water Treatment Capacity Charge is an additional charge of \$147 for each new meter of a size less than one inch and a corresponding increase for larger meters.

The member agency shall determine the size of the water meter to serve any property within its jurisdiction. In the event an agency calculates the water demand by the equivalent dwelling unit (EDU) method, the County Water Authority's capacity charge will be collected based on the size of meter actually installed to meet flow demand.

No capacity charge shall be imposed for a water meter permanently connected to a reclaimed water system and measuring reclaimed water. If a water user converts a water meter to permanently measure only reclaimed water, the capacity charge previously collected for the meter shall be refunded upon written request from the water user and verification by the member agency in which the water user is located that the meter is permanently connected to the reclaimed water supply and is measuring reclaimed water. The refund shall be in the amount of the capacity charge actually collected.

All claims for refund permitted shall be presented within one year of the date of the event justifying the refund.

Sec. 19.11 San Diego County Water Authority Transitional Special Agricultural Water Program Administration

Sec. 19.11.1 Purpose.

The San Diego County Water Authority Transitional Special Agricultural Water Program (TSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible supply up to the maximum allowed under Section 4901 of the MWD Administrative Code. The San Diego County Water Authority (SDCWA) also provides a wholesale pricing discount associated with its Emergency Storage Project financing, based upon the existence of and individual participation in the TSAWR. This section of the District's Administrative Code establishes the rules and regulations for Administration of the SDCWA TSAWR within the Fallbrook Public Utility District (District).

Sec. 19.11.2 Qualification.

The qualifications for water use under the San Diego County Water Authority's (SDCWA) TSAWR program are set forth in Section 162.5 of the SDCWA Administrative Code, as follows:

To qualify for participation, the TSAWR customer must demonstrate that water delivered by the District is used for growing, raising, in conformance with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produced for human consumption or for the market, or for feeding of fowl or livestock produced for human consumption of the market, or for the feeding of fowl or livestock for the purposes of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre dedicated to and utilized exclusively for the purposes described in this section.

Sec. 19.11.3 Certification and Recertification.

Individuals applying for participation in the SDCWA TSAWR shall certify that they are the owner or authorized agent of the owner of the property to receive water under the SDCWA TSAWR and further certify that their respective water usage will meet the qualifications set forth in Section 19.11.2 and as modified from time to time by SDCWA. Upon submission and approval of the application for participation in the TSAWR, applicants shall be classified as either "Agricultural" or "Ag / Domestic", and be eligible to receive the established water rate for the assigned classification. Participants may be subject to periodic re-certification as determined by MWD, the SDCWA, or the District.

Sec. 19.11.4 Acknowledgement.

Individuals participating in the TSAWR shall acknowledge that:

- a) Water received under the TSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and the SDCWA.
- b) Water received under the TSAWR is a non-firm interruptible supply, subject to mandatory supply reduction as is from time to time determined necessary by MWD and SDCWA. The supply reduction will be equal to the reduction in firm demand required by MWD or SDCWA.
- c) Water use under the TSAWR supply is subject to periodic data and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the TSAWR.
- d) Failure to respond in a timely manner to information requests, associated data and field audits or recertification, or failure to provide reasonable access to properties receiving water under the TSAWR will result in automatic removal of the subject property from the TSAWR, subject to the conditions set for in subsection 19.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as "Domestic" or "Commercial".
- e) If, as a result of an audit, it is determined that TSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive

supplemental water rates, penalties and charges as required by MWD, the SDCWA, or the District, which the participant agrees to pay.

- f) If an audit determines that the subject property and/or water use on the property does not qualify for the TSAWR, then the property and associated water account will be removed from the TSAWR as provided for and subject to the conditions in sub-section 19.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

Sec. 19.11.5 Exit and Re-entry into the TSAWR.

- a) TSAWR customers who knowingly no longer meet the participation qualifications of the TSAWR are required to inform the District as soon as possible. TSAWR customers no longer qualifying for the discounted pricing differential and who have continued to accept the discounted supply may be required to refund the differential amount for the period in which the water was utilized for non-TSAWR qualified purposes.
- b) Customers electing to voluntarily exit the TSAWR will still be subject to TSAWR-related reductions if the customer exiting utilized TSAWR water in the base year for a mandatory reduction in a subsequent year. TSAWR customers may not voluntarily exit during periods of water shortage allocations and mandatory reductions.
- c) By SDCWA policy, only customers who were previously in the MWD-Interim Agricultural Water Program (IAWP) or SDCWA Special Agricultural Water Rate Program (SAWR) and TSAWR participants may re-enter the TSAWR program. Additionally, prior MWD-IAWP, SAWR and TSAWR participants may not re-enter the program during a TSAWR mandatory water use reduction period, as determined by the SDCWA.

Sec. 19.11.6 Implementation of Mandatory TSAWR Supply Reductions.

Actual implementation of mandatory supply reductions shall be based upon levels of reduction required by MWD and the SDCWA. To achieve the required levels of use reduction and avoid the maximum penalty possible any operational or financial sanctions which may be imposed on the District by MWD or the SDCWA, the District will utilize one or a combination of methods, including timely notice of pending reductions, water management information dissemination, individual participant water budgets and use reduction targets, assessment of financial disincentives, and individual meter flow reduction devices.

Sec. 19.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The cost of the service lines together with the pipeline extension costs will be borne by the owners.

Where because of any unusual circumstance service connections involve extra expense to the District, an additional deposit or payment based upon the actual cost of such connection as determined by District staff, may be required by the District.

Sec. 19.13 Customer Valve.

There shall be a stopcock or wheel valve in every attachment between the meter and the main next to the meter which said stopcock or wheel valve and the meter and other devices and fittings, including the meter box supplied by the District, shall be for the exclusive use and under the control of the District.

There shall be a stopcock or wheel valve in each service connection located on the consumer's side of the meter, at a point to be designated by the District, which stopcock or wheel valve shall be for the use of the consumer and shall be referred to as the "customer valve."

The District has responsibility to repair or replace facilities up to and including the customer shut off valve. Repair and maintenance of facilities beyond the customer valve is the responsibility of the customer.

The District is not responsible for water loss due to leaks or other problems on the property side of the customer valve.

If there is an emergency, the District, at its discretion, can make temporary repairs and charge the customer a minimum of \$50. However, the District is under no obligation to repair leaks beyond the customer valve and assumes no long term liability for those repairs. It is recommended that the customer obtain the services of a licensed plumber to make permanent repairs.

Sec. 19.14 Water Must Pass Through Meter.

All water sold by the District and used by any consumer must pass through that customer's meter, and no delivery will be made by the District except through that customer's meter. In the event that it should be discovered that water is served to any premises by means of a bypass or any other mechanical device or instrument which permits water to be served other than through that customer's meter, the District shall have the right to immediately cut off the supply of water to said consumer until the person guilty of such conduct shall have reimbursed the District for the cost, as determined by the District, of the water so illegally used. The District shall assess a \$100 penalty, per incident, to any person who steals water in any amount.

Sec. 19.15 Mains, Service Pipes, Equipment Belonging to District.

All water mains, extensions of service pipes, meters, and all other equipment used in the delivery of water to any meter, including the meter and the customer valve shall belong to and be the property of the District, and shall be maintained and repaired by the District.

Customer shall permit reasonable access to the meter and valves to effect said maintenance and repairs and to read the meter. Replacement shall be made by the District when such equipment is rendered unserviceable through reasonable use thereof.

However, the cost of replacements, repairs, or adjustments of any equipment of said District, including meters, when rendered necessary by any act, negligence or

carelessness of the consumer, shall be made by the District at the expense of the consumer.

Sec. 19.16 Meter Area Clean and Consumer Line Free from Leaks.

Every consumer of water must keep his service pipes, valves, fixtures, and all other apparatus beyond that belonging to and serviced by the District in good repair and free from leakage at his own expense and he will be responsible for all damages which may result from failure to comply with this rule.

Sec. 19.17 Fires.

In the event that fires should take place within the District, where it is necessary to use the distribution mains of the District to supply water to extinguish such fires, the District may temporarily discontinue service to any meter, and the affected consumer shall not be permitted to use water from any of the District mains until such fire is completely extinguished.

Sec. 19.18 Access to Meters.

No person shall place or cause to be placed on or about or around any meter, hydrant, stopcock or service connection of any of the mains, pipes or water-works of the District any material of any kind which may serve or act as an obstruction to the free access or use of such meter, hydrant, stopcock or service connection. Upon failure to remove such obstruction after reasonable notice, the District shall have the right to have the water shut off and keep the same from being turned on again until such obstruction is removed and the necessary fee for turning on said water paid to the District.

Sec. 19.19 Temporary Discontinuance of Service for Repairs, etc.

The District reserves the right at any time to discontinue the service of water from its mains to water consumers for the purpose of making repairs or extensions to all parts of the system under the operation and control of the District or for any other purpose which may be found necessary by the District in order to properly maintain its system. In such case, the District will, if practicable, give notice to the consumer of such interruption in service.

Sec. 19.20 Allowances or Rebates.

No allowance or rebates in rates or charges shall be made under any circumstances, except as hereinafter in this Administrative Code authorized, and the rates herein prescribed for service of water shall be a charge against any and all property as hereinbefore specified, until the District shall receive written notice of request to discontinue the water to such property, provided, however, that notwithstanding such written notice or request, the District shall still collect the minimum amount prescribed by this Administrative Code for the standby service as long as the meter is in place.

Sec. 19.21 Water Served to Others.

It is hereby declared to be a violation of the consumer's contract for which the District shall have the right to discontinue the service of water, if any water consumer shall be found to have served water to a consumer whose water has been shut

off for breach of any of the provisions of this Administrative Code.

The District or representatives of the District shall have the right at all times to have free access to all parts of the premises of the consumer supplied with water to inspect the water system maintained by the customer.

Sec. 19.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible contamination will be owned and maintained by the District.

The device will be located at the service connections. The type of protection that shall be required to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the customer premises. The type of protective device that will be required (listed in an increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The customer may choose a higher level of protection than required by FPUD. The minimum types of backflow protection required to protect the public water supply, at the water user's meter connection to the property with various degrees of hazard, are listed below. Situations not covered in the listed below shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by FPUD.

Sec. 19.22.1 Type Of Backflow Protection Required.

1. An (AG) is required on premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
2. An (AG) is required on premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
3. An (RP) is required on premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected. Any sign of injection systems on the property, including unused systems will require an (RP).
4. Auxiliary Water Supplies--Any water supply other than that received from a public water system.
 - A) (AG) is required on premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the District.
 - B) An (RP) is required on premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system.

5. Recycled Water

- A) An (AG) is required on premises where the public water system is used to supplement the recycled water supply.
- B) An (RP) is required on premises where recycled water is used, and there is no interconnection with the potable water system.
- C) An (RP) is required on residences using recycled water for landscape irrigation as part of an approved dual plumbed use area. If the District is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

- A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).
 - B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.
 - C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.
 - D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.
 - E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.
7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.
9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.

10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
11. Property owners who appeal to the District to change classification from a classification other than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 19.22.3 & 4.

Evaluation of Hazard. The District shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The District, however, shall not be responsible for abatement of cross-connections which may exist within a user's premises. As a minimum, the evaluation should consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

- A) Premises where substances harmful to health are handled under pressure in a manner which could permit their entry into the public water system. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.
- B) Premises having an auxiliary water supply, unless the auxiliary supply is accepted as an additional source by the District.
- C) Premises that have internal cross-connections that are not abated to the satisfaction of the District.
- D) Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
- E) Premises having a repeated history of cross-connections being established or reestablished.

Sec. 19.22.2 Backflow Device Installation on New Services.

The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable. (see Type of Backflow Device Protection Required)

An additional charge will be made for installation of backflow prevention devices as follows:

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$474
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For each 1 inch meter	\$559
For each 1-1/2 inch meter	\$1,033
For each 2 inch meter	\$1,239
For each 3, 4 or 6 inch meter	Cost

Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 19.22.3 Reduced Pressure Backflow Preventer Retrofits.

Retrofit: Installation of a Backflow device after the service connection has been established.

General Design Considerations.

- A) The design and construction of the backflow prevention assembly shall meet the requirements called for in this specification.
- B) The nominal size of the backflow prevention device shall be equal to the size of the purchased meter. For example, a (1") meter shall have a (1") backflow prevention device.
- C) The assembly shall include same size valves located on either side of the backflow prevention assemblies. Four test cocks shall be appropriately located on the assembly for testing and certification.
- D) The nominal size of reduced-pressure principle detector assemblies shall be as shown on the Approved Plans or as directed by the Fire Department of jurisdiction.
- E) Enclosures and concrete slabs shall be provided only as shown on the Approved Plans or as required by the agency of jurisdiction.

Sec. 19.22.4 Reduced Pressure Backflow Preventer Device Retrofit –Installed by Property Owner

The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit. Once the device is installed, passes the backflow test, and meets the District’s standards the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual

time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday's only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.
- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.
- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty dollars (\$127) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.
- 10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 19.22.5 Well Destruction and Alteration.

To protect the State's groundwater supplies, the Legislature authorized the establishment of standards (Department of Water Resources Bulletins 74-81 and 74-90) and regulations pertaining to the construction, alteration, and destruction of wells.

California Water Code Section 13750.5 requires that those responsible for the construction, alteration, or destruction of water wells, cathodic protection wells, groundwater monitoring wells, or geothermal heat exchange wells possess a C-57 Water Well Contractor's License. This license is issued by the Contractors State License Board.

California Water Code Section 13751 requires that anyone who constructs, alters, or destroys a water well, cathodic protection well, groundwater monitoring well, or geothermal heat exchange well file with the Department of Water Resources a report of completion within sixty (60) days of the completion of the work.

The Land and Water Quality Division regulates the design, construction, modification, and destruction of water wells throughout San Diego County to protect San Diego County's groundwater resource. Water Wells are commonly used as the only potable water supply in the rural areas of San Diego County. For general information call the San Marcos office at (760) 471-0730.

Upon the completion of the well destruction or alteration, the property owner is responsible for supplying proper documentation to the District.

If the property owner chooses not to follow the California Water Code (listed above) within sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and a Reduced Pressure Backflow Device is installed (See Section 19.22.3&4) and passes and meets the District standards.

Sec. 19.23 Booster Pumps.

No person shall place or cause to be placed a device to raise the pressure of water supplied him by the District unless said booster system plans and proposals have been submitted to the District's General Manager and written approval for its installation and use has been secured. In the event such apparatus is installed without permission, the General Manager will immediately discontinue service to the consumer and resume service only after satisfactory removal or correction and payment of turn-on charges and payment for any repair or treatment necessary for sanitary and safe operation.

Sec. 19.23.1 Fallbrook Service Area Pressure Zones. Any approved individual service booster pump in the following pressure zones will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer:

- 1) Toyon Heights
- 2) Sachse

- 3) Red Mountain
- 4) Gheen
- 5) Modified Town
- 6) Rattlesnake

Sec. 19.23.2 DeLuz Heights Service Area Pressure Zones. Any approved individual service booster pump in the DeLuz Service Area will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer, with the exception of the following meter numbers:

- 1) Meter No. 7783
- 2) Meter No. 7784
- 3) Meter No. 7789

Sec. 19.24 Fire Hydrants.

For installing, maintaining and use of fire hydrants, the following will apply:

The District will install fire hydrants and necessary piping so required where and when jointly approved by the District staff and the Chief of the Fire District at the cost of the North County Fire Protection District.

In the event hydrants are required as part of pipeline extensions to service a subdivision or consumer, the cost of such hydrants will be included in the cost of the extension construction and paid for by the subdivider or consumer. Charges for installation of hydrants on the existing District distribution system will be as follows:

Model J-3700 (2-port hydrant).....	\$9,127 (complete assembly)
Model J-3765 (3-port hydrant).....	\$9,884 (complete assembly)
Fire flow testing	\$531

If paving over 20 feet is required, there is an additional fee of \$256 per trench foot. If county road inspection is required, there is an additional fee of \$1,400.

Charges for fire hydrants will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Maintenance and repairs to hydrants, valves and connecting pipelines, will be performed by the District at the expense of the North County Fire Protection District.

Sec. 19.25 Automatic Sprinkler and Fire Protection Systems.

For automatic sprinkler and fire protection systems, the District upon request, will install a detector check valve system subject to the payment of the following installation charges by the user:

4 inch service	Cost
6 inch service	Cost
8 inch service	Cost

Sec. 19.26 Construction Meters.

For each use of a fire hydrant by any person not officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a \$1,264 deposit, a meter installation charge of \$122 will be made. There will be a relocation charge of \$122 to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 19.27 Water Used for Annual Crops.

For each use of water for agricultural purposes solely for the growing of annual crops, as described in Sec. 19.1, Temporary Ag Service, the connection charge levied by Sec. 19.8 will not be assessed for this purpose.

All other fees, assessments, and charges of this Administrative Code will be in effect. The Board of Directors will determine annually the availability of water for these purposes, and the use will be continued on a year to year basis at the discretion of the Board of Directors.

Sec. 19.28 Illegal Use of Water.

The District may discontinue service to any consumer who uses or permits the use of District water beyond District boundaries or who within the District permits the flow of water beyond the limits of his property which is recorded as being served by the meter service through which the water is supplied. After discontinuing service for such cause, a charge of \$100 plus the estimated cost of the water so wasted or misused will be made and water service will not be resumed until paid.

Sec. 19.29 Water Service Outside District.

In the event that the District should at any time have surplus water over and above that which may be needed and used within the limits of the District, then and in that event, the Directors of the District are hereby authorized to enter into a contract for the sale of such surplus water outside the boundaries of the District, upon such terms and conditions and for such rates as the Directors may at the time deem for the best interests of said District, provided, however, that in no case shall the Directors of said District, in fixing the rate to be charged for water in such contract, charge less than a sum which would represent the cost of actually developing and delivering said water outside of said boundaries of said District.

Sec. 19.30 Application of Water Service to Affordable Housing

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for water service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific

written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 19.30.1 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 19.31 Administrative Fees.

The following administrative fees will be charged for the preparation, processing, and recording of the following documents:

Insufficient Funds Check	\$25
Temporary Service Agreements	\$50
Remote Meter Agreements	\$50
Quitclaim of Easement	\$50
Grant of Easement	\$50
Grant Deed	\$50
Temporary Sewer Service Agreements	\$50
Repayment Agreements	\$100

ARTICLE 19

Sec. 19.1,19.4,19.6, 19.21, 19.23 &
19.28 – Rev. 6/93
Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
Sec. 19.8 – Rev. 4/95
Sec. 19.1 – Rev. 8/95
Sec. 19.33-19.43 – Rev. 8/95
Sec. 19.5, 19.24-19.25 – Rev. 9/96
Sec. 19.6-19.8 – Rev. 9/96
Sec. 19.23 – Rev. 10/96
Sec. 19.8 – Rev. 6/97
Sec. 19.1 – Rev. 7/97
Sec. 19.11 – Rev. 7/98
Sec. 19.9 – Deleted (all parcels paid) –
Rev. 9.98
Sec. 19.21 – Rev. 6/99
Sec. 19.8 – Rev. 7/99
Sec. 19.9 – Rev. 11/99
Sec. 19.20.2 – Rev. 11/99

ARTICLE 19 CONTINUED

Sec. 19.9.2 – Rev. 7/00
Sec. 19.8 – Rev. 12/00
Sec. 19.8 – Rev. 8/01
Sec. 19.21, 19.23 – Rev. 07/03
Sec. 19.6, 19.21 – Rev. 6/04
Sec. 19.8, Rev. 1/05
Sec. 19.5 – Rev. 7/05
Sec. 19.4 & 19.8 – Rev. 3/06
Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
6/06
New sec. 19.27 added 6/06
Sec. 19.5, 19.8 & 19.23 – Rev. 12/06
New Sec. 19.4 – Added 2//07
Sec. 19.20 – Rev. 3/07
Sec. 19.22 – Rev. 6/07
Sec. 19.6 – Rev. 6/07; 19.7 – Added
6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
6/07
New 19.11 – added 8/07
Sec. 19.1 (last para pg. 1) & 1st para.
Pg. 2 – Rev. 12/07
Sec. 19.8.2 – Add 3/08
Sec. 19.1, 19.6, 19.7. 19.8, 19.8.1,
19.9, 19.14, 19.22, 19.24, 19.26, 19.27,
and 19.31 – Rev. 6/08
Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22,
19.24, - Rev. 6/09
19.1, 19.5 Rev. 8/09
Sec. 19.22-19.22.5 – Rev. 10/09
Sec. 19.8.1 – Rev. 5/10
Sec. 19.5 – Rev. 10/10

Sec. 19.3 – Rev 12/10
Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
19.26 – Rev. 5/11
Sec. 19.8, 19.9 – Rev. 4/12
Sec. 19.1, 19.5, 19.6, 19.7, 19.8,
19.8.2, 19.22.2, 19.24, 19.26 – Rev.
6/12
Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/13
Sec. 19.1, 19.5, 19.6, 19.7, 19.8,
19.8.2, 19.10, 19.22.2, 19.24, 19.26 –
Rev. 6/14
Sec. 19.8.1 – Rev. 10/14
Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
19.24, 19.26 Rev. 6/15
Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22.1 Rev. 3/16

ARTICLE 19 CONTINUED

19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev.
7/16
Sec. 19.10 - Rev. 1/17
Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/18
Secs. 19.12.1, 19.12.2, 19.24 – Rev.
7/19

EXHIBIT C

**REVISIONS TO ARTICLE 20 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2020**

[COMMENCING ON NEXT PAGE]

Article 20. Sewer Service Connections and Construction Permits and Fees.

Sec. 20.1 Unlawful Connections.

It shall be unlawful for any person to connect to the District sewer or to add any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction. No permit to connect shall be issued except to the owner of the property or the owner's duly authorized agent.

Sec. 20.2 Definitions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "applicant", as used herein, shall mean a person, partnership, joint venture, or corporation making application to the District for a permit for a sewer connection.

The term "application", as used herein, shall mean the application form approved by the District for Applicants to submit a request for sewer service to the District.

The term "Board", as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term "BOD", as used herein, means biochemical oxygen demand.

The term "Bulletin", as used herein, shall refer to "Bulletin 54" and shall mean the Clean Water Grant Program Bulletin 54.

The term "District", as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest.

The term "Equivalent Dwelling Unit", as used herein, shall mean an increment of wastewater flow attributable to the average single-family residence in the Fallbrook Public Utility District of 215 gallons per day having concentrations of biochemical oxygen demand ("BOD") and suspending solids ("SS") similar to the concentrations thereof for wastewater discharge into the District's sewer system from the average single-family residence, i.e., 250 milligrams per liter (MG/l) biochemical oxygen demand and 250 milligrams per liter (MG/l) suspended solids.

The term "Owner", as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District or a lessee under a long-term ground lease having a term of thirty (30) years or more who is required to construct and occupy a structure on the real property subject to the lease.

The term "Parcel of Land", as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor's office for the County of San Diego and legally subdivided by California law.

The term "Parcel Map", as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term "Permit", as used herein, shall mean permit for a sewer connection issued by the District.

The term "Project", as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term "Subdivider", as used herein, shall mean any person, firm, corporation, partnership, or association who proposes to divide, divides, or causes to be divided real property into a subdivision for himself or for others as defined by the Subdivision Map Act.

The Term "SS", as used herein, means suspended solids.

The term "SS per EDU", as used herein, means suspended solids per equivalent dwelling unit.

The term "Subdivision", as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term "Volume per EDU", as used herein, means 215 gallons per day of sewage flow.

Sec. 20.3 General Provisions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following general provisions are adopted:

Sec. 20.3.1 "Shall" and "May". "SHALL" is mandatory and "MAY" is permissive.

Sec. 20.3.2 Number. The singular number includes the plural and the plural includes the singular.

Sec. 20.3.3 Tenses. The present tense includes the past and future tenses; and the future, the present.

Sec. 20.3.4 Provisions Not Affected by Headings. Article and section headings contained herein shall not be deemed to govern, limit or modify, or in any manner affect the scope, meaning or intent of any section hereof.

Sec. 20.3.5 Severability of Provisions. If any section, subsection, sentence, clause or phrase of this Article of the Administrative Code is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or unconstitutionality irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Sec. 20.3.6 Service of Notices. Whenever a notice is required to be given under this Article, unless different provisions are hereinafter specially made, such notice may be given either by person delivery thereof to the person to be notified or by deposit in the United States Mail in a sealed envelope, postage prepaid, addressed to such person at his last address as the name appears in the records of the District. Services by mail shall be deemed to have been completed at the time of the deposit in the Post Office.

Sec. 20.4 Application Process.

Applicants desiring sewer service from the District shall submit request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application.

Sec. 20.4.1 Environmental Review. Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to deposit such sums as the District determines necessary in order to complete this environmental review. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense.

Sec. 20.4.2 Required Documents. Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

Sec. 20.4.3 Parcel Maps and Subdivisions. Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California.

The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement. The District may also require the applicant to submit copies of all environmental review being conducted for the parcel map or subdivision. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

Sec. 20.4.4 Sewer Availability Forms and Letters. If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec. 20.4.5 Sewer Permit. When an applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code, the District may issue a permit. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with Section 20.

Sec. 20.5 Engineering Fees.

Sec. 20.5.1 Plan Check Fees.

1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 20.5.2 Fees for District to Inspect Contractor Installed Facilities

1. Sewer Lateral Installation 5 hours @ \$106.18 = \$530.92

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to

start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 20.6 Changes in Use.

Sewer permits are issued only for the use expressly authorized by the permit. No person or entity shall be entitled to remodel any existing building, change the use of any parcel of land for which a sewer permit has been issued, or construct any additional improvements on any parcel of land which causes the discharge of a greater volume of wastewater than authorized by the sewer permit issued by the district or which causes the wastewater to have a greater concentration of BOD or SS than authorized by the prior sewer permit without first submitting an application to the District for a new sewer permit.

Sec. 20.6.1 Process. Upon receipt of the application, District staff will evaluate impacts of the change in use on the District's system quantitatively. The applicant will be required to construct any additional sewer facilities determined necessary by the District to adequately serve the revised project. The District staff will calculate any additional sewage discharge required for the revised project based upon an equivalent dwelling unit of wastewater flow. The applicant will be required to pay additional capacity fees based on the capacity fee in effect at the time the applicant is submitted for the additional number of equivalent dwelling units calculated by District staff.

Sec. 20.6.2 Reduction in Uses. An existing commercial or industrial use may obtain a reduction in equivalent dwelling units by appealing the capacity per Section 20.7.4. Any reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec. 20.6.3 Application of Sewer Service to Affordable Housing.

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for sewer service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or

- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for sewer service from the District which is generally applicable to other development projects seeking sewer service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 20.6.4 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 20.7 Formula For Capacity Fees.

Sec. 20.7.1 Capacity Fees Based Upon Equivalent Dwelling Unit. The capacity fee payable for any particular project will be calculated by District staff based upon the capacity fee in effect at the time payment is being made multiplied by the number of equivalent dwelling units of sewage flow being generated by the project as calculated by District staff. The Board has adopted an EDU for certain classes of service. These EDU's for classes of service will be utilized except as otherwise altered by the Board.

Upon receipt of the application, District staff will evaluate impacts of the change in use on the District's system both quantitatively and qualitatively. The applicant will be required to construct any additional sewer facilities determined necessary by the District to adequately serve the revised project. The District staff will calculate any additional sewage discharge required for the revised Project based upon an equivalent dwelling unit of wastewater flow. The applicant will be required to pay additional capacity fees based on the capacity fee in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff.

- a) Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
- b) Any delinquent amounts will be transferred to the property tax bill.

- c) Amounts up to \$3,000 are due immediately with no financing option.
- d) Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
- e) Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
- f) Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
- g) Liens will not be offered as a methods of postponing payment of fees.

Sec. 20.7.2 Equivalent Dwelling Unit Schedules. Upon receiving an application for issuance of a sewer permit, the number of equivalent dwelling units for which the Permit shall be issued shall be determined from the following schedule:

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE		
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CLASS	DESCRIPTION	EQUIVALENT DWELLING UNITS
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Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.)	
	*Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50

	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33
Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Labor Camp	
Class 12	Per bed	0.10
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
Class 16	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00

Class 15	Special Class	
	EDU determined by Administrative Code Sections 20.7.3 & 20.7.4	
Class 21	Car Wash	5.00
Class 23	Self Service Laundry	5.00
	Restaurants	
Class 24	Restaurant Under 2500 Square feet	3.00
Class 25	Restaurant 2501-7000 Square feet	4.00
Class 26	Restaurant Over 7000 Square feet	5.00
	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.24

Sec. 20.7.3 Large Commercial / Industrial and Unclassified Sewer Users. For larger (> 30 EDU) commercial and industrial user and for types of sewer use other than those provided for in the classes of service set forth in the foregoing schedule, District staff shall determine that number of equivalent dwelling units for which a permit shall be issued based upon the estimated volume of wastewater to be discharged there from into the District's sewer system and concentrations of BOD and SS in such wastewater determined pursuant to the table set forth in State Water Resources Control Board Bulletin 54B ("Bulletin 54B") or for types of sewer use not included in said table, by such other data as District staff shall determine to be reliable and by using the following formula:

$$[(\text{Estimated daily volume}) / (\text{Volume per EDU})]$$

$$[0.5 (\text{BOD per Bulletin 54B}) / (\text{BOD per EDU}) +$$

$$0.5 (\text{SS per Bulletin 54B}) / (\text{SS per EDU})]$$

Sec. 20.7.4 Appeal Process for Classes 4 through 62. When requested by the owner for Classes 4 through 62, the equivalent dwelling units shall be determined on the basis of the estimated daily volume of wastewater which will be discharged into the District's sewer system and concentrations of BOD and SS in such wastewater using the table mentioned and the formula set forth in Subsection 20.7.3; provided, however, that if District staff determines that the daily volume of wastewater for such a use cannot be estimated with reasonable accuracy or that the BOD of or SS in such wastewater cannot be determined based on table or other reliable data, the equivalent dwelling units for

which a permit shall be issued shall be determined based on the schedule set forth in Subsection 20.7.2.

Sec. 20.7.5 Determination of Equivalent Dwelling Units for Existing Permits.

The holder of an existing permit for sewer connection which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on Section 20.7.2 or Section 20.7.3.

Upon making such determinations, the District shall determine the equivalent dwelling units to be credited to the permit by use of the formula set forth in Subsection 20.7.2. Upon completing the determination of the number of equivalent dwelling units to be credited to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units credited thereto and shall also make a notation of such equivalent dwelling units to be credited to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units credited thereto and shall also make a notation of such equivalent dwelling units in the appropriate District record.

Upon receiving an application for a permit for the remodeling, renovation, or enlargement of an existing building for which a permit is outstanding or for a permit for a change in the use of a parcel of land for which a permit is outstanding or for the construction of an additional building or buildings on a parcel of land where an existing building is connected to the District's sewer system, and if the outstanding Permit does not show thereon the number of equivalent dwelling units for which it was issued, an evaluation shall be done to determine the number of dwelling units to be credited to such permit in the manner above provided, and based on such determination shall determine in such manner whether the new or changed use to be made of the remodeled, renovated, or enlarged building or the parcel of property or the additional building or buildings to be constructed on the parcel of property, as the case may be, will necessitate the issuance of a permit for additional equivalent dwelling units.

Sec. 20.8 Sewer Permit Fees.

Sec. 20.8.1 Capacity Fees. The following capacity fees shall be paid by the applicant for each equivalent dwelling unit determined by the District:

<u>Type of Capacity Fee</u>	<u>Amount Per Equiv. Dwelling Unit</u>
Capacity Fee.....	\$7,106
Annexation Fee (if required).....	\$11,389

Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

The sewer annexation fee shall apply to areas annexed to the sewer service area after March 23, 2012, and are due with the other sewer permit fees when applying for a sewer permit.

Sec. 20.8.2 Lateral Cost. District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device. Upon submission of the application, the applicant shall pay the following fee to cover the cost to install the lateral from the main line and to install the clean-out box and overflow device:

Length	Depth	Crew Size	Man Hours	Cost
≤ 15'	≤ 8'	4	36	\$3,496
≤ 15'	>8'	4	56	\$5,415
>15' to 30'	≤8'	5	90	\$7,434
>15' to 30'	>8'	5	115	\$9,574
>30'	Any	5	Actual	Actual

If paving is less than or equal to 15 feet is required, there is an additional fee of \$1,468. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$2,459. If county road inspection is required, there is an additional fee of \$1,400.

Lateral installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 20.9 Sewer Permits Non-Transferable.

The sewer permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A sewer permit shall not be transferred to or used for a parcel of land which is not specifically described in the sewer permit. Sewer permits may be used only for the use which is specifically set forth on the sewer permit.

Sec. 20.10 Miscellaneous Provisions.

Sec. 20.10.1 Users Outside the District. The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District.

Sec. 20.10.2 Use of District's Facilities Prohibited Unless Fees and Charges Paid. No person shall discharge or allow the discharge of or dump sewage or other waste matter into the District's sewer system except in compliance with the terms of this

Administrative Code and payment of the fees and charges provided and established by or pursuant to this Administrative Code.

Sec. 20.10.3 Fees and Charges May Be Collected with Taxes. Notwithstanding any other provision of this Administrative Code, the fees and charges, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 20.11 Temporary Sewer Service Agreements.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a consumer that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the sewer to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of sewer service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving sewer service under a Temporary Sewer Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Sewer Service Agreement with the District.

ARTICLE 20

Revised in its entirety – 6/93,
6/94, 6/95, 9/96
Sec. 20.7, Sec. 20.7.2 – Rev.
6/99
Sec. 20.6 – Rev. 11/99
Sec. 20.5.4 & 20.5.5 – Rev.
6/06
Sec. 20.7.1 & 20.7.2 – Rev.
6/06
Sec. 20.6.1 – Rev. 10/06
New Sec, 20.6 – Added 2//07
Sec. 20.7.5; 20.7.8; 20.8;
20.8.1; 20.8.2 – Rev. 6/07
20.8.1 – Rev. 3/08
20.7.2, 20.7.4, 20.7.5, 20.7.6,
20.8, 20.8.2 – Rev. 6/08
Sec. 20.7.2 – Rev. 8/08
Sec. 20.8.1, 20.8.2 – Rev.
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Sec. 20.11 – Rev. 12/10
Sec. 20.8.2 – Rev. 5/11
Sec. 20.8.1 – Rev. 6/11
Sec. 20.8.1 – Rev. 4/12
Sec. 20.2, 20.4, 20.6.2,
20.6.3, 20.7.1, 20.7.2, 20.7.3,
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– Rev. 6/12
Sec. 20.7.2, 20.7.3 – Rev.
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Sec. 20.8 – Rev. 6/13
Sec. 20.8.1, 20.8.2 – Rev.
6/14
Sec. 20.8.1, 20.8.2 – Rev.
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Secs. 20.5.2 (add), 20.8.1,
20.8.2 – Rev. 7/16
Secs. 20.5.2, 20.8, 20.8.2 –
Rev. 12/18
Sec. 20.7.2 – Rev. 7/19

EXHIBIT D

**REVISIONS TO ARTICLE 21 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2020**

[COMMENCING ON NEXT PAGE]

Article 21. Water and Sewer Rates and Service Charges.

Water and sewer rates and charges are set to fully recover the District's costs. In order to help stabilize the revenue of the District during increasing or decreasing sales, the District has established a policy to collect approximately 80% of the District's fixed water operating costs through the monthly fixed charges and collect the remaining approximately 20% of the District's fixed operating cost through volumetric water rates. The rates and charges are set based upon cost of service principals that meet legal requirements and industry standards.

Effective January 1, 2020, the following rates for water deliveries to each class of service are established:

Sec. 21.1 Volumetric Water, Recycled Water and Pumping Rates.

For purposes of determining water rates, one unit equals 1,000 gallons:

Domestic (D), Large Lot Domestic (LD).

1-5 units per month	\$6.44 per unit
6-30 units per month	\$6.53 per unit
Over 30 units per month	\$7.96 per unit

Commercial (C).

All usage	\$6.63 per unit
-----------------	-----------------

Multi-Unit (M) (Tier ranges factor residential units, per Article 19.1).

1 - 5 units per month	\$6.44 per unit
6 - 30 units per month	\$6.53 per unit
Over 30 units per month	\$7.96 per unit

Government (G).

All usage	\$6.52 per unit
-----------------	-----------------

Irrigation Only (I).

All usage	\$6.64 per unit
-----------------	-----------------

SAWR - Ag Only (AS).

All usage	\$4.77 per unit
-----------------	-----------------

SAWR - Ag & Home (AT).

1-5 units per month	\$6.44 per unit
6-20 units per month	\$5.53 per unit
Over 20 units per month	\$4.77 per unit

Commercial Ag (CA).

All usage	\$5.53 per unit
-----------------	-----------------

Commercial Ag Domestic (CB).

1-5 units per month	\$6.44 per unit
Over 5 units per month	\$5.53 per unit

Drought Rates

In order to prepare and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the “Program”). Pursuant to the Program, the District established four Water Shortage Response Levels. Article 26 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$5.51 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers. For San Diego County Water Authority and Metropolitan Water District rebate purposes, reclaimed water rates must be set at higher of 85 percent of lowest applicable potable water rate or 80 percent of the average of Tier 1 and Tier 2 rates.

Construction Meter.

Water furnished for construction purposes will be billed at \$8.21 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$0.79 per 1,000 gallons to recover the cost of electricity.

Sec. 21.2 Monthly Fixed Charges.

Effective January 1, 2020, the following rates and charges are established and shall be collected by the District for water and recycled water service:

Monthly Service Charges for each meter (\$/meter size):

	Water Fixed Charges	Recycled Water Charges	Standby Service Charge	Private Fire Services Charge
3/4 inch meter	\$50.49	\$22.66	\$22.66	NA
1 inch meter	\$77.08	\$30.68	\$30.68	NA
1-1/2 inch meter	\$143.51	\$50.73	\$50.73	NA
2 inch meter	\$223.25	\$74.78	\$74.78	\$11.01
3 inch meter	\$435.86	\$138.95	\$138.95	\$11.74
4 inch meter	\$675.05	\$211.14	\$211.14	\$13.00
6 inch meter	\$1,339.48	\$411.64	\$411.64	\$17.52
8 inch meter	NA	NA	NA	\$25.32

NA- Not applicable

For construction meters, a service charge of \$334.88 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2” water meter.

The foregoing fixed charges for water service through various sized meters that are installed or upgraded will be effective commencing the day of installation, regardless of the amount of water used, as long as the consumer's property is actually connected with the District's distribution system. In addition, any request to down size a meter properly filed with the District will receive a fixed charge commensurate with the meter size effective the next billing cycle.

Billings for water furnished to all accounts will be on a monthly basis.

A monthly service charge to cover the District's cost for annual inspection, maintenance, repair and replacement of backflow prevention devices will be made as follows (\$/meter size):

For each 3/4 inch device	\$5.57
For each 1 inch device	\$6.56
For each 1-1/2 inch device	\$12.13
For each 2 inch device	\$14.55
For each 3 inch device	\$29.07
For each 4 inch device	\$45.42
For each 6 inch device	\$90.83

Sec. 21.3 MWD Readiness-to-Serve Charge (RTS) and SDCWA Infrastructure Access Charge (IAC).

Effective January 1, 2020, the following monthly charges are established and shall be collected by the District for the Metropolitan Water District of Southern California’s Readiness-to-Serve (the “RTS”) charge and San Diego County Water Authority’s Infrastructure Access Charge (the “IAC”).

Monthly charges for each meter (\$/meter size):

	RTS	IAC
3/4 inch meter	\$2.05	\$3.31
1 inch meter	\$3.42	\$5.53
1-1/2 inch meter	\$6.83	\$11.02
2 inch meter	\$10.93	\$17.64
3 inch meter	\$21.87	\$35.33
4 inch meter	\$34.17	\$55.20
6 inch meter	\$68.33	\$110.35

Sec. 21.4 Water Capital Improvement Charge.

For each water account, an additional \$9.47 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, 2020. This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the “CIC”) was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

Water Capital Improvement Charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, plus 3% not to exceed 10%. Staff will report back to the Board of Directors no less than every five (5) years with analysis of its necessity. The Capital Improvement Charge will be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

Fallbrook Public Utility District’s Equivalent Meter Unit (EMU) is associated with meter size as listed below.

Meter Size	FPUD EMU	Water CIC	Water CIC (Standby Service)
3/4 inch meter	1.0	\$9.47	\$4.29
1 inch meter	1.67	\$15.78	\$7.15
1-1/2 inch meter	3.33	\$31.56	\$14.30
2 inch meter	5.33	\$50.49	\$22.88
3 inch meter	10.67	\$100.98	\$45.76
4 inch meter	16.67	\$157.79	\$71.50
6 inch meter	33.33	\$315.57	\$142.99

An additional, a Water CIC Pumping charge of \$.10 per 1,000 gallons is charged and allocated to capital improvements for the DeLuz High Pressure service area and Toyon Heights zone. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10% annually.

Sec. 21.5 Billing Periods.

Billing due dates fall on the 10th, 20th, and 30th of the month depending on meter location in the District. All charges for water and sewer services during specified meter read dates are due and payable when rendered. Bills become delinquent the day after the due date. Residential accounts not paid within 30 days of the due date are sent past due statements and the meters are subject to lock-up for non-payment (See District residential disconnection policy available on the District website). Non-Residential accounts not paid within 30 days of the due date are subject to meter lock-up. All water accounts accrue a \$30 Pre-Lock Notice Processing fee on the 31st day of delinquency.

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

If a meter has been locked for non-payment for a period of 90 days, it may be placed on Standby Service by FPUD. Standby Service charges will accrue from that time until an application for service restoration has been received by the District.

The District must be notified in a timely manner with the name and mailing address of the new owner or tenant and the upcoming date of transfer. Notification of the transfer of property ownership, or tenancy, is the responsibility of the owner/seller. The District is not responsible for the proration of the final billing if notification is not received prior to the date of sale, or change of tenancy.

Sec. 21.6 Meter Locks and Restrictors.

If for any reason, other than District convenience, a water meter shall be locked by the District, the water may not be again turned on to serve the property through such meter until all past due charges plus a turn-on charge of Fifty Dollars (\$50) shall have been paid to the District. There shall be a fee of \$30 to process and deliver Pre-Lock Notices and a fee of \$100 for broken or damaged locks. Damage to corporation or angle stop in attempt to restore services locked for non-payment will be billed at actual time and material and added to the water bill.

If flow restrictors are required for any reason in order to implement policies within this Administrative Code, the fees are as follows:

<u>Meter Size</u>	<u>Installation Fee</u>
3/4" and 1" Meters	\$137
1-1/2" and larger	\$582

Sec. 21.7 Meter Not Registering.

Whenever, for any reason, a meter fails to register correctly, the consumer will be charged an amount for the previous billing period increased or decreased by the percentage change in total billing by the District for all consumers for the two billing periods.

Sec. 21.8 Water Rates or Service Charges Lien on Property.

In addition to any other remedy provided therein or by law for the collection of any water rate, charges or account, all rates or service charges provided for in this Administrative Code shall be charged and become a charge against the property on which the water is furnished and against the owner thereof, and all charges for water so served to a property shall be and become a lien against the premises upon which the water is used or served.

Standby accounts with a delinquent balance greater than \$500 as of April 1st of each year may be sent notification of intent to place delinquent and unpaid charges on the annual tax roll. The notification will be sent by May 1st and provides the customer 60 days to bring the account current. If the amount is not brought current by July 1st, the portion of the delinquency due as of the prior April 1st may be reported to the County Treasurer for inclusion on the annual taxes levied on the property.

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 21.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

Customers who have reported water theft to the District must also notify local law enforcement agencies. The District will require proof of theft from a law enforcement agency that a theft of water occurred. Customer's asking for credit on the bill for water theft will be processed by account type. If a full price M&I customer, the District may discount the estimated amount of water stolen and charge the District's wholesale cost of water for the amount stolen. An estimate of the amount of water stolen will be made by District staff using that customer's usage history. Water sold to agricultural customers, SAWR, and Commercial Ag/Commercial Ag Domestic, is sold at District cost so no discount may be applied. If the stolen water caused the customer's allocation bank to be adversely affected, the District will restore the estimated amount stolen to the customer's allocation bank. If the water theft resulted in an overuse penalty, the District will credit the penalty to the customer for the estimated amount of water stolen.

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 21.9 Volumetric Wastewater Charges.

Wastewater service charges are established upon each property within the District that is connected to a sewer line of the District whether said premises are occupied or unoccupied. Volumetric Wastewater Charges are applied to estimated billable wastewater flows, which are based upon adjusted water deliveries. The charge per killogallon of wastewater flow is shown below:

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic	\$ 10.32
Commercial Ag. Domestic	\$ 10.32
Residential (Single , Multi-family)	\$ 10.32
Government	\$ 10.25
School	\$ 10.25
Church	\$ 10.25
Commercial – Low Strength*	\$ 10.25
Commercial – Medium Strength*	\$ 12.65
Commercial – High Strength*	\$ 15.77

Appendix A to this Article provides commercial effluent classification.

For the purpose of determining the billable wastewater flows, water deliveries must be converted to wastewater flows returned to the sewer system. To do this conversion, a Return to Sewer Factor is applied. The Return to Sewer factor adjusts the water received by the meter to the estimated flows from the residence or entity into the sewer system. The Return to Sewer Factor applied to the different customer classes are shown below:

Cusomer Class	Return to Sewer Factor
Residential (Multi-Family, Single Family)	75%
Non-Residential/Commercial	90%
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%

Customer Class	Return to Sewer Factor
Churches	80%
Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

Non-residential customers with higher outdoor are evaluated on a case by case basis.

For those Single Family Residences (D, LD, AT, CB), volumetric charges are calculated as follows:

1. The 2-year average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at 21.33 units.
2. 75% of this water is assumed to be returned to sewer/billable flow.
3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
4. Consumption analysis is performed annually. Appeal for consumption is available.
5. No prior history customer (new customer) will be placed at that customer class median of 6. For customers with at least one winter of use data, that data will be used for the their winter average.
6. Use must be > 0 unless customer is on standby.

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.
8. 75% of this water is assumed to be returned to sewer/billable flow.
9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
10. Consumption analysis is performed annually. Appeal for consumption is available.
11. No prior history customer (new customer) will addressed on a case by case basis.

All other water customer classes (G, C, A., AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.

2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY 2020 public elementary school rate is \$1.25 per student and \$1.83 per staff, per month.
4. CY 2020 public junior high school and administrative offices rate is \$1.83 per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 21.10 Monthly Fixed Wastewater Charge.

For each sewer account, Effective January 1, 2020, the Monthly Fixed Wastewater Charge shall be \$10.14 per month per Equivalent Dwelling Unit (EDU). EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4.

Sec. 21.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$11.62 per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, 2020. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21

Sec. 21.1 – Rev. 7/02
Sec. 21.2-21.8.2 – Rev. 9/96
Sec. 21.3 – Rev. 10/96
Sec. 21.4 & 21.9 – Rev. 6/97
Sec. 21.4 – Rev 7/02
Sec. 21.9 – Rev. 10/97
Sec. 21.9 – Rev. 6/04
Sec. 21.9 – Rev. 1/05
Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05
Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06
Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06
Sec. 21.9 (Flat Rate classification) – Rev. 10/06
Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06
Sec. 21.5 – Rev. 3/07
Sec. Sec. 21.1, 21.2, 21.4 , 21.10, 21.10.1– Rev. 6/07
Sec. 21.5 – Added 6/07
Sec. 21.10.2 – Deleted 6/07
Sec. 21.11 – Added 10/07
Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07
Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09
Sec. 21.4, 21.10 – Rev. 12/09
Sec. 21.6, 21.9 – Rev. 5/10
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Sec. 21.9.1 (added) – Rev. 9/10
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Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12
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Sec. 21, 21.1 – Rev. 11/15
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Secs. 21, 21.1 - Rev. 12/16
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Sec. 21.3 – Rev. 6/18
Secs. 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev. 12/18
Sec. 21.3 – Rev. 6/19

M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance Committee
DATE: December 9, 2019
SUBJECT: Review Draft Comprehensive Annual Financial Report (CAFR) for FY Ending June 30, 2019

Purpose

Review the District's Draft Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2019, Attachment A. This year is the second year that the District's staff have prepared a CAFR. In prior years, the District prepared and issued an Annual Financial Report (AFR). As part of the District's continuous improvement efforts, staff have implemented the best management practice of issuing a CAFR. The CAFR provides all of the information provided in prior AFRs but includes additional components designed to enhance both transparency and financial data. Two notable additions are:

- Transmittal Letter – This section provides additional information on the District including District Profile, economic conditions, major initiatives and other basic information critical to understanding the District.
- Statistical Section – This section presents unaudited and historic data related to the District's financial position, operations, customers and rates and charges. This information helps readers get a more complete understanding of the District.

Summary

The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finances Officers Association for its Fiscal Year Ending June 30, 2018 CAFR. The receipt of this award highlights the District's focus on adopting industry best management practices and enhancing its fiscal transparency.

The Fiscal Policy and Insurance Committee (the Committee) has reviewed the Draft CAFR and met with White, Nelson, Diehl, Evans, LLP's (WNDE), the District's independent auditor. In addition, the Committee has made follow-up requests to the auditor and executed a change order to have the auditor conduct a detailed review of the handling of the Santa Margarita River properties sale proceeds.

David Foreman, the engagement Partner, from WNDE will be present at the Board meeting and will make a short presentation on the audit process and this year's financial results and address any questions the Board has.

Recommended Action

The Committee recommends that the Board approve the Draft CAFR for Fiscal Year Ending June 30, 2019.

Attachment A



Fallbrook Public Utility District
A special district in the State of California



Comprehensive Annual Financial Report
for the Fiscal Year Ending June 30, 2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ending June 30, 2019

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

Prepared by District Management:

- General Manager - Jack Bebee
- Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Kelly Laughlin, Mick Cothran, Jeff Marchand, Joye Johnson, Annalece Bokma, Caroline Wilson and Veronica Tamzil for their support in preparing this document.

Fallbrook Public Utility District
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Fallbrook, CA 92028
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INTRODUCTORY SECTION



November 25, 2019

Board of Directors
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, California 92028

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Fallbrook, California
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Board of Directors

Dave Baxter
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougal
Division 4

Charley Wolk
Division 5

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Mary Lou West
Secretary

General Counsel

Paula de Sousa Mills
Best Best & Krieger

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Fallbrook Public Utility District (District) for the fiscal year ended June 30, 2019. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable and transparent financial information about the District.

The CAFR is being produced as part of management’s efforts to enhance the District’s fiscal transparency and to support a better understanding of the District’s financial operations. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

White Nelson Diehl Evans, LLP, Certified Public Accountants, have issued an unmodified opinion on the Fallbrook Public Utility District’s financial statements for the year ended June 30, 2019. The independent auditors’ report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Following the MD&A are the basic financial statements, notes to the statements, and an unaudited section of statistical information.

This report has been prepared using the financial reporting model recommended in the Government Accounting Standards Board’s (GASB) Statement 34. The GASB requires proprietary fund governments to use the full accrual basis of accounting. The accompanying statements have been prepared using the full accrual basis.



District Profile

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 incorporated 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 (Water Authority) at its 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 (Metropolitan). 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, Metropolitan 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 Water Authority provides virtually all of the District's potable water.

The District provides residents, businesses and agricultural customers with full-service water, wastewater and recycled water services.

Water System

The District imports 99% of its water from the Water Authority with the remaining 1% coming from a local well. The District has four connections to the Water Authority's system. The District's water distribution system is comprised of 270 miles of pipeline, 6,800 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 300-million-gallon treated water reservoir, five pump stations and plans for a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District is in the middle of an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use.

The District also recently signed an agreement with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River. The river is expected to provide 30% of the District's total water needs, reducing reliance on the Water Authority. Construction of a bi-directional pipeline and groundwater treatment plant began in Fall 2019.

The District's five-year average annual water sales is 9,944 acre-feet. Residential and commercial customers represent 59% of sales, and agricultural customers make up the remaining 41%. The District's historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is due to drought and the increases in water costs over the last decade. The District's agricultural water sales have gone from 7,000 acre-feet in Fiscal Year 2008 to 2,333 in Fiscal Year 2019 or down 33%.



Wastewater System

The District's wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 23-mile ocean outfall line.

In an effort to go green, and to save money by reducing hauling and disposal costs of sewage sludge, the District began recycling its sewage sludge in 2008. A state-of-the-art thermal dryer heats the sludge to extremely high temperatures, killing all harmful pathogens. The end product is a sterile fertilizer that can be safely returned to the soil and is classified as a Class A soil amendment. Instead of paying to haul sewage sludge to a landfill, the fertilizer is sold to commercial growers.

The environmentally conscious decision to turn sludge into fertilizer came about as the cost of trucking the sludge out of the county had begun to skyrocket. The District was spending \$150,000 per year to haul its sludge to Riverside County, but that location was set to close and the nearest site was Kern County or out of state. This technology was cutting edge in 2008 and remains so today, reducing the District's environmental footprint, and reducing waste and saving money, all while meeting California's strict emissions standards.

Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 16 recycled water customers, and delivers an average of 0.6 million gallons per day to them. The District provides recycled water for nurseries, sports fields, home owners' associations, Fallbrook High School, street medians, and for freeway irrigation. In 2015, the District completed a \$27 million expansion and upgrade to the water reclamation plant to improve reliability of operation and provide storage for recycled water. The project was completed ahead of schedule and under budget.

Demand for recycled water has been down due to changes in recycled water customers' water demands. The primary recycled water customers are nurseries and with rising costs many of these customers have switched from growing water intensive plants to drought tolerant pants. As a result of this change, recycled water demands have decreased. With idle capacity to produce recycled water, the District is exploring alternative uses for the recycled water.

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 he or she resides in, within the District's service area. To run for office, a candidate must live in the area he or she is running to represent. 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.

Elected District Officials (As of 06/30/2019):

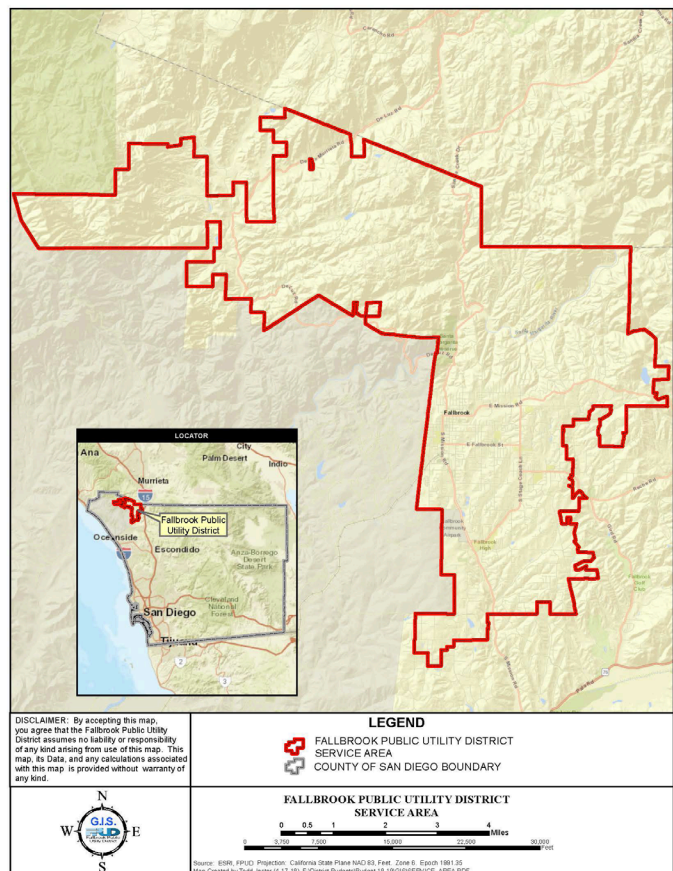
- District #1 - Al Gebhart**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo, Vice-President**
- District #4 - Don McDougal, President**
- District #5 - Charley Wolk**

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’s service area and pipeline is shown in the accompanying maps. 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 34,602 with 11,418 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$60,546, which is less than the state median of \$67,739 and slightly higher than the national average of \$59,039. Being only slightly higher than the national average is noteworthy since California is one of the most expensive states to live in.

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.



Financial Policies

The District maintains certain policies that govern aspects of the District's financial management. The District's maintains the following policies:

- Debt Management Policy – Defines the District's debt management.
- Investment Policy – Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies – Set target balances for reserves and working capital.
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure.

These policies can be found on the District's website as standalone documents or as part of the District's Administrative Code.

Long-Range Planning

The District engages in a wide range of long range planning activities. In 2017, the District completed a comprehensive 10-year financial plan. As part of the financial plan, a Capital Improvement Plan was developed for water, recycled water and wastewater services. In addition, the District also restructured its rates and charges to better align them with the cost of service. Other planning activities include establishing and funding a 115 Trust to offset the District's pension and Other Post Employment Benefits (OPEB) liabilities. On June 30, 2019, the trust held \$7.1 million in assets to offset in District's OPEB and Pension liabilities.

In 2018, the District adopted a new Mission Statement to ensure the District's activities are aligned with the stakeholder interests. To benefit the community of Fallbrook by providing efficient and reliable services the District has identified the following long-range strategic focus areas.

#1 Strategic Focus Area | Water Supply

Need: *The District is almost 100% reliant on imported water purchased from the SDCWA, and has little control over the cost of this water. While our water is reliable due to regional investments in supply and storage, this has also resulted in the cost of water increasing significantly.*

Goal: Provide a reliable, cost-effective water supply through implementation of local water supply projects.

Strategy: Maximize available local water resources through development of our Santa Margarita River water rights settlement, which will provide low-cost water from the Santa Margarita River and resolve over 60 years of water rights litigation between the United States Government and the District. Evaluate further expansion of recycled water supplies, which provide a local, cost-effective drought-proof supply.

#2 Strategic Focus Area | Infrastructure

Need: *The District was formed in 1922 and has aging infrastructure throughout its service area. Over the last few years, pipe failures have caused increased service disruptions and property damage. If not addressed, these problems will increase significantly as the existing infrastructure reaches the end of its useful life.*

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

Strategy: Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

#3 Strategic Focus Area | Efficiency

Need: *While the District has been able to maintain reliable service with limited resources, additional legal and environmental requirements along with rising employee costs require the District to do more with less to help control water and wastewater rates.*

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

Strategy: Continue taking incremental steps toward developing an organization that is a model in the industry for operational practices and efficiency, and one that is looked to as an industry leader for a smaller utility. Collaborate with other agencies locally and nationally to implement best practices in the industry.

#4 Strategic Focus Area | Community

Need: *The District was formed by the community as a local resource, but the need to increase rates for long-term fiscal sustainability and to address past under-investments in infrastructure negatively affects our customers' public opinion of the District.*

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

Strategy: Improve messaging and District approach, from field staff to management, to make sure we are approaching our activities with a focus on the customer's perspective. Establish programs that help invest in our community.

#5 Strategic Focus Area | Workforce

Need: *Approximately 40% of our staff are currently eligible or within five years of being eligible for retirement. Recruiting is challenging for qualified replacements with necessary knowledge in water and wastewater operations, heavy construction, finance, and engineering.*

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

Strategy: Create an organization where many key positions are developed internally and a formal



program exists to identify staff with management potential and provide necessary training. Establish a work environment and reputation in the industry that draws qualified candidates with external recruitments.

Major Initiatives

Water Affordability

The District has been faced in the past with escalating wholesale water costs driven by major investments in supply reliability made by the San Diego County Water Authority. While the result of these investments is improved water supply reliability, it has also resulted in a corresponding increase in our water rates. The cost of the water we purchase is 50% of our total operating costs for our water enterprise.

Local water supply development, which will reduce our dependence on costly imported water, is one way to mitigate continued wholesale water rate increases. With the water rights litigation with Camp Pendleton

Marine Corps Base settled, the District now has a local supply of untreated water available. The Santa Margarita Conjunctive Use Project (SMCUP) includes a treatment plant and related transmission lines to treat water from the Santa Margarita River and deliver it to the District's customers. Once completed, the SMCUP will provide up to 30% of the District water supply. In addition, the District has secured funding from the Metropolitan Water District to offset some of the costs associated with this local supply. The result of these actions is a cost effective local water supply that provides the District's ratepayers with long-term rate relief from increasing wholesale water costs. This project will begin construction in fiscal year 2020 and it will be one of the major capital investments by the District for the next decade.

Santa Margarita River Conjunctive Use Project

Development of a new groundwater treatment plant to treat water delivered by Camp Pendleton per the executed settlement agreement of US vs FPU. Projected to provide on average 3,100 acre-feet per year of local water. The project construction is expected to take 24 months. Construction began in September 2019 and is expected to be completed in September 2021.

Asset Management

The District has implemented an asset management program that balances the cost of infrastructure rehabilitation with the cost of emergency repairs. Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was on a replacement cycle of 400 years. With this replacement cycle, the frequency of asset failures was expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. In response, the District has proactively managed the renewal and rehabilitation program and is on a path to drive the system service life down from 400 years to 100 years. The recent decreased frequency of asset failures shows that some progress on this program has made, but this is a long-term program to meet the future replacement needs on this program has made, but this is a long-term program to meet the future replacement needs.

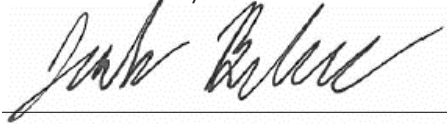
Continuous Improvement

The District is focused on improving the level of service to its customers in the most cost-effective manner and to continuously evaluate and modify operational practices to achieve this goal. This document is an

example of the District's commitment to continuous improvement and improved financial management and transparency. The District's organizational chart is shown on the next page.

Acknowledgments

Management would like to thank the Board of Directors for their leadership and vision guiding the implementation of the highest standards of financial management and securing District's long-term financial sustainability.



Jack Bebee
General Manager

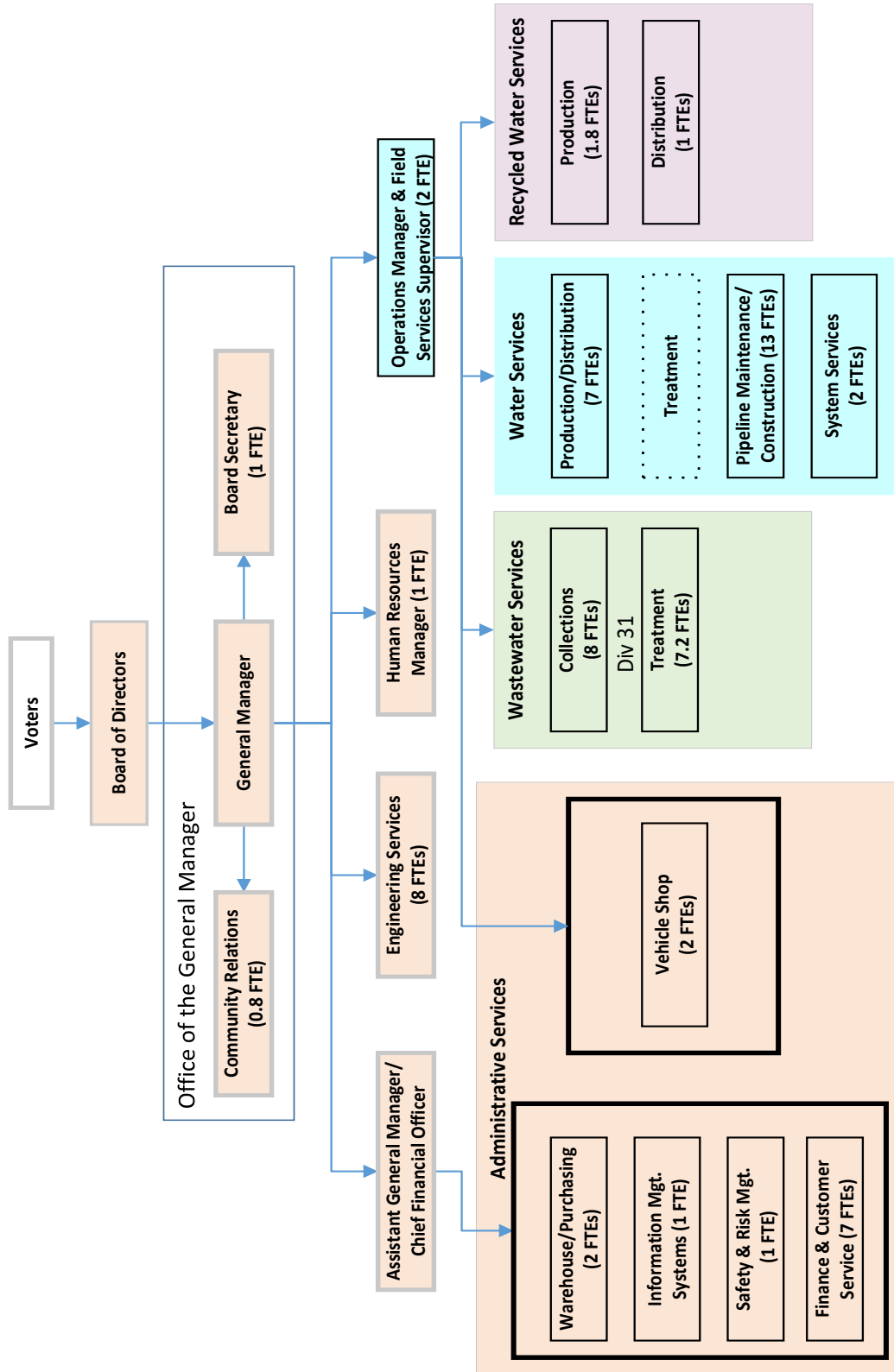


David Shank
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 67.8)

**Fiscal Year 2019-2020 Organizational Structure
Total Requested Regular FTE=67.8**



FTE = Full-Time Equivalent
 Future Division excluded from FTE count

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**Fallbrook Public Utility District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Fallbrook Public Utility District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2965 Roosevelt Street, Carlsbad, CA 92008-2389 • Tel: 760.729.2343 • Fax: 760.729.2234

Offices located in Orange and San Diego Counties

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fallbrook Public Utility District as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability - Defined Benefit Pension Plans, Schedule of Contributions - Defined Benefit Pension Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions - OPEB, identified as Required Supplementary Information (RSI) in the accompanying Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, the Schedule of Operating Income and Expenses, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Income and Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Income and Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

White Nelson Nick Evans LLP

Carlsbad, California
November 25, 2019

Management's Discussion and Analysis

This section of the Fallbrook Public Utility District's (District) annual financial report provides management's summary and analysis of the District's financial performance for fiscal year ending June 30, 2019. Management's Discussion and Analysis (MD&A) are broken into the following sections:

- Financial Statement Overview
- Financial Highlights & Analysis
- Capital Assets
- Debt Management
- Currently Known Facts, Conditions and Decisions

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

Financial Statement Overview

The financial statements report information about the District's financial position and result of operations using the accrual basis of accounting, similar to methods used by private sector companies. The statements also present changes in cash balances, and information about both short and long-term activities. This section of the annual report contains three components: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Financial Statements.

The Basic Financial Statements include the following:

- The Statement of Net Position present financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last year. It provides the basis for measuring the relative success in recovering operational costs.
- The Statement of Cash Flows report the District's cash receipts and disbursements during the period, classified into operating, financing, and investing categories.
- Fiduciary Fund Statements include a Statement of Net Positions and Statement of Changes in Net Fund Position. These provide information about District's OPEB Trust Fund balance and Fund's activity over the year. Because the District has not utilized the Fund for OPEB expenses, there is little Fund activity this year.
- The Notes to the Financial Statements provide additional information and present material disclosures required by generally accepted accounting principles that are not otherwise visible in the financial statements. The notes immediately follow the statements.
- The Supplementary Information provides the District's operating income and expenses for each of the District's services and in aggregate.

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

Financial Highlights

This year the District's net financial position increased 11.6% from the June 30, 2018 restated balance of \$86,083,307 to a June 30, 2019 balance of \$96,068,427. The District's total assets increased to \$145,089,764 which is a 5.7% increase from last year. Liabilities decreased to \$51,250,632 or 5.6% from year ending June 30, 2018. Of the District's assets, 78.3% are related to infrastructure, which is the largest class of assets.

The District's operating loss widened from \$3,437,777 in fiscal year ending June 30, 2018 to \$4,763,867 in fiscal year ending June 30, 2019 as expenses outpaced increases in revenues. Overall the District's operating revenues decreased 9.8% or from \$29,882,022 to \$26,944,550 in fiscal years ending June 30, 2018 and 2019, respectively. After net non-operating revenues and capital contributions the District's fiscal year ending June 30, 2019 change in net position was \$9,985,120. During the past year the District made contributions to the Pension and OPEB 115 Trust bring the trust balance from \$2,336,531 fiscal year ending June 30, 2018 to \$7,108,112 fiscal year ending June 30, 2019.

Condensed Statements of Net Position

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017
Assets			
Current Assets	\$ 21,737,022	\$ 17,589,075	\$ 19,124,049
OPEB and Restricted Assets	9,752,965	4,968,360	4,114,814
Capital Assets, net	113,599,777	114,647,596	108,717,795
Total Assets	145,089,764	137,205,031	131,956,658
Deferred Outflows of Resources	3,419,768	4,014,167	2,980,305
Liabilities			
Current liabilities	5,825,260	6,679,433	5,671,488
Noncurrent liabilities	45,425,373	47,605,222	46,947,511
Total Liabilities	51,250,633	54,284,655	52,618,999
Deferred Inflows of Resources	1,190,472	851,236	635,046
Net Position			
Net Investment in Capital Assets	80,125,400	79,333,568	72,519,098
Restricted	9,477,694	4,711,487	3,475,457
Unrestricted	6,465,333	2,038,252	5,688,363
Total Net Position	\$ 96,068,427	\$ 86,083,307	\$ 81,682,918

Financial Analysis

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's enterprise fund activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of this year's activities. These two statements report the net position of the District and changes in it. One can think of the District's net position as the difference between assets and deferred outflows of resources (what is owned) and liabilities and deferred inflows of resources (what is owed) and is one way to measure its financial health or financial position.

Fiscal year 2019 compared to Fiscal Year 2018

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Oceanside Ocean Outfall. Capital assets decreased to \$113,599,777 in fiscal year ending June 30, 2019.

Current assets increased by \$4,147,947 from fiscal year ending June 30, 2018. The increase is primarily driven by the sale of the District's Santa Margarita River properties for \$10 million. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$7,108,112, \$1,006,649 for OPEB and \$6,101,463 for pensions. The OPEB assets are reported in this report as a Fiduciary Fund in compliance with GASB 75.

Net capital assets remained relatively flat with a decrease of \$1,047,819 in fiscal year ending June 30, 2019. The decrease was driven by the sale of the Santa Margarita River properties with a cost basis of \$667,000. District wide depreciation in fiscal year ending June 30, 2019 was \$6,158,589. The slight decrease in net capital assets indicates that the District's capital investments in fiscal year ending June 30, 2019 were slightly outpaced by the rate of asset depreciation.

Current liabilities decrease by \$854,173 from fiscal year ending June 30, 2018. The driver behind the decrease in current liabilities was a corresponding decrease in accounts payable, which is related to construction related outflows.

The District's total net position increased by \$9,985,120 primarily attributable to the \$9,338,297 net gain on disposal of capital assets. Other nonoperating revenue, which is predominantly made up of property taxes, an capital improvement charges, and investment income. These along with offsetting nonoperating expenses of \$909,966, compensated for the operating loss of \$4,763,867.

Fiscal year 2018 compared to Fiscal Year 2017

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Oceanside Ocean Outfall. Capital assets increased to \$114,647,596 in fiscal year ending June 30, 2018.

Current assets decreased by \$1,534,974 million from fiscal year ending June 30, 2017. The decrease is primarily driven by Pay-as-you-go (PAYGO) funding of capital projects and transfers to the District's Section 115 Trust established with PARS to fund OPEB and pension liabilities. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$2,336,531, \$947,784 for OPEB and \$1,388,747, respectively. The OPEB assets are reported in this report as a Fiduciary Fund in compliance with GASB 75, which is a new requirement.

Net capital assets remained relatively flat with an increase of \$1,684,377 in fiscal year ending June 30, 2018, as restated. District wide depreciation in fiscal year ending June 30, 2018 was \$5,693,723. The slight increase in net capital assets indicates that the District's capital investments in fiscal year ending June 30, 2018 slightly outpaced the rate of asset depreciation.

Current liabilities increased by \$1,007,945 from fiscal year ending June 30, 2017. The driver behind the increase in current liabilities was corresponding increase in accounts payable, which is related to construction related outflows.

The District's total net position increased by \$914,870 primarily attributable to the \$4,211,886 in nonoperating revenue, which is predominantly made up of property taxes and capital improvement charges, and \$140,761 in capital contributions. These along with offsetting nonoperating expenses of \$1,232,411, compensated for the operating loss of \$3,437,777.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017
Operating revenues	\$ 26,944,550	\$ 29,882,022	\$ 27,256,065
Operating expenses	31,708,417	33,319,799	29,890,177
Operating loss	(4,763,867)	(3,437,777)	(2,634,112)
Non-Operating revenue, net	14,675,198	4,211,886	4,174,506
Change in net position before capital contributions	9,911,331	774,109	1,540,394
Capital Contributions	73,789	140,761	832,672
Change in net position	9,985,120	914,870	2,373,066
Net Position - beginning	86,083,307	81,682,918	79,309,852
Prior Period Adjustments	—	3,485,519	—
Net position - end of year	\$ 96,068,427	\$ 86,083,307	\$ 81,682,918

Fiscal year 2019 compared to Fiscal Year 2018

Fiscal year ending June 30, 2019 water revenues were down 16% or \$3,984,445 from fiscal year ending June 30, 2018. Wastewater revenues were up 3.9% from fiscal year ending June 30, 2018 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2019 net position. The District's net position increased by \$9,985,120 during fiscal year ending June 30, 2019.

Operating revenue decreased \$2,937,472 primarily due to water sales of 7,496 AF in fiscal year ending June 30, 2019 compared to 9,313 during fiscal year ending June 30, 2018. Recycled water sales were 562 AF, which was down from 704 AF in fiscal year ending June 30, 2018. Wastewater revenues increased by \$205,637 versus fiscal year ending June 30, 2018. Operating revenues includes potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses decreased by \$1,611,382 versus fiscal year ending June 30, 2018. The decrease in operating expense was driven by a \$1,802,434 decrease in the cost of water from fiscal year ending June 30, 2018. Depreciation expense increased by \$464,866 from fiscal year ending June 30, 2018 while other operating costs decreased by \$273,814. The operating expenses decrease also includes costs associated with changes in the actuarial valuation of the District's pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District's operating loss of \$4,763,867 when netted against nonoperating revenue of \$14,675,198 results in a \$9,911,331 increase in net position before capital contributions. This is a \$10,463,312 increase from fiscal year ending June 30, 2018 in nonoperating revenue. The majority of nonoperating revenues came from the District's sale of the Santa Margarita River properties which resulted in a net gain of \$9,308,952. The District's other nonoperating revenues come from six primary sources, property taxes in the amount of \$1,106,034, water and wastewater capital improvement charges in the amount of \$2,505,876, investment income of \$915,275, water availability charges in the amount of \$204,359, lease revenues in the amount of \$199,433 and connection fees of \$180,966.

Supplemental information for each of the three operations divisions can be found on page 60 of this report.

Fiscal year 2018 compared to Fiscal Year 2017

Fiscal year ending June 30, 2018 water sales were up 14% or \$3,000,013 from fiscal year ending June 30, 2017. Wastewater revenues were down 6.6% from fiscal year ending June 30, 2017 levels due to issues associated with the methodology used to calculate billable wastewater flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2018 net position. The District's net position increased by \$914,870 during fiscal year ending June 30, 2018.

Operating revenue increased \$2,625,957 due to increased water sales of 9,313 AF in fiscal year ending June 30, 2018 compared to 8,592 during fiscal year ending June 30, 2017. Recycled water sales were up slightly to 704 AF as compared to 614 AF in fiscal year ending June 30, 2017. Wastewater revenues decreased by \$369,293 versus fiscal year ending June 30, 2017. Operating revenues includes potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$3,429,622 versus fiscal year ending June 30, 2017. The increase in operating expense was driven by a \$1,386,165 increase in the cost of water from fiscal year ending June 30, 2017. Depreciation expense increased by \$399,413 from fiscal year ending June 30, 2017 while other operating costs increased by \$3,030,209. The operating increase also includes costs associated with changes in the actuarial valuation of the District’s pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District’s operating loss of \$3,437,777 when netted against nonoperating revenue of \$4,211,886 results in a \$774,109 increase in net position before capital contributions. The District’s nonoperating revenues come from five primary sources, property taxes in the amount of \$1,984,543, water and wastewater capital improvement charges in the amount of \$2,476,452, water availability charges in the amount of \$229,400, connection fees in the amount of \$411,774 and the Federal Interest Rates Subsidy Payments of \$145,338. Other revenue was slightly up from the prior year primarily due to connection fee revenues.

Supplemental information for each of the three operations divisions can be found on page 65 of this report.

Capital Assets

The District implemented an asset management program to improve the system reliability and reduce the number of unscheduled repairs. A critical component of the asset management program is the District’s pipeline and valve replacement program. In fiscal year ending June 30, 2019, the District replaced 16,042 feet of pipe and 427 valves. The District’s pipeline and valve replacement program’s goal is to reduce the replacement cycle of pipelines to 100 years from the previous 400 year replacement cycle. This year the District completed and capitalized its Santa Margarita Water Rights capital project. This multi-decade project resulted in perpetual rights to the Santa Margarita River water. This local supply will provide water to future generations to come. The District also sold land that was purchased decades ago to support impounding water in the Santa Margarita River Valley to The Wildlands Conservancy. The \$10 million in sale proceeds were used to fund pension obligations and to create a reserve to pay debt service on the Santa Margarita Conjunctive Use Water Treatment Plant in cases of extreme drought.

June 30, 2019, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
De Luz Road Pipeline Replacement	\$ 850,000	2019
Sandia Tank Improvements	\$ 117,700	2019

Additional information on the District’s capital asset activity can be found at Note 3 of the Notes to the Basic Financial Statements.

Debt Administration

At June 30, 2019, the District had \$33.5 million of long-term debt outstanding. \$3.5 million of this debt is attributable to the wastewater Qualified Energy Conservation Bonds (QECCB) solar loan, which qualifies for Federal Interest Rate Subsidy payments. The loan was originally for \$7.227 million. An additional \$4.1 million of indebtedness is attributable to the Red Mountain Filtration Plant SRF loan, which was originally for \$6.16 million. \$25.9 million of indebtedness is attributable to the Wastewater Treatment Plant SRF loan. The total loan principal amount was \$29.6 million with payments on the loan commencing in March 2017. During the year ended June 30, 2019 \$1.8 million of principal payments were made on the District's outstanding long-term obligations.

More detailed information about the District's debt structure is found in Note 4 to the Basic Financial Statements.

Currently Known Facts

On August 28, 2019, the District executed a Drinking Water State Revolving Fund Loan for \$53.3 million to fund the District's Santa Margarita Conjunctive-Use Project Water Treatment Plant. Construction on the project has begun and it is expected to be completed in Fiscal Year Ending June 30, 2022.

FALLBROOK PUBLIC UTILITY DISTRICT

ENTERPRISE FUND
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets

Cash and cash equivalents (Note 2)	\$ 3,997,334
Investments (Note 2)	11,647,359
Receivables - water sales and services	4,029,630
Accrued interest receivable	79,724
Property taxes receivable	12,370
Other receivables	87,217
Inventory (Note 5)	1,839,995
Prepaid expenses and other deposits	<u>43,393</u>
Total current assets	<u>21,737,022</u>

Noncurrent Assets

Restricted Assets

Cash and cash equivalents	6,693,439
Investments	<u>3,059,526</u>
Total Restricted Assets	<u>9,752,965</u>

Capital assets (Note 3)

Capital assets, not being depreciated	14,145,536
Capital assets being depreciated, net	<u>99,454,241</u>
Total capital assets, net	<u>113,599,777</u>
Total noncurrent assets	<u>123,352,742</u>
Total assets	<u>145,089,764</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts from Pension (Note 6)	3,197,216
Deferred amounts from OPEB (Note 7)	<u>222,552</u>
Total Deferred Outflows of Resources	<u>\$ 3,419,768</u>

The accompanying notes are an integral part of the financial statements.

(continued)

FALLBROOK PUBLIC UTILITY DISTRICT

ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2019

LIABILITIES

Current liabilities	
Accounts payable	\$ 2,871,022
Accrued wages	247,894
Construction and other deposits	8,908
Accrued interest payable	217,795
Compensated absences, current portion (Note 1)	586,045
Current portion of other long-term debt (Note 4)	1,893,596
Total current liabilities	<u>5,825,260</u>
Noncurrent Liabilities	
Health retirement account liability	258,421
Net OPEB liability (Note 7)	135,077
Net pension liability (Note 6)	12,541,929
Retention payable	30,098
Compensated absences, net of current portion (Note 1)	879,067
Long-term debt - net of current portion (Note 4)	31,580,781
Total Noncurrent Liabilities	<u>45,425,373</u>
Total Liabilities	<u>51,250,633</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts from Pension (Note 6)	957,275
Deferred amounts from OPEB (Note 7)	118,346
Deferred revenue	114,851
Total Deferred Inflows of Resources	<u>1,190,472</u>

NET POSITION

Net investment in capital assets	80,125,400
Restricted for:	
1958 Annex projects	1,213,780
Debt service	2,162,451
Pension (Note 6)	6,101,463
Unrestricted	6,465,333
Total Net Position	<u>\$ 96,068,427</u>

The accompanying notes are an integral part of the financial statements.

FALLBROOK PUBLIC UTILITY DISTRICT

ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2019

OPERATING REVENUES	
Water	\$ 20,481,788
Recycled water	998,942
Wastewater	<u>5,463,820</u>
Total operating revenues	<u>26,944,550</u>
OPERATING EXPENSES	
Cost of water	12,650,795
Water operations	7,252,060
Recycled water operations	600,294
Wastewater operations	<u>5,046,679</u>
Operating expenses before depreciation	<u>25,549,828</u>
Operating income before depreciation	1,394,722
Depreciation	<u>6,158,589</u>
Operating loss	<u>(4,763,867)</u>
NONOPERATING REVENUES (EXPENSES)	
Property taxes	2,106,034
Capital improvements charges	2,505,876
Investment income	915,275
Water availability charges	204,359
Lease revenue	199,433
Intergovernmental revenue - federal interest rate subsidy	134,924
Connection fees	180,966
Net gain on disposal of capital assets	9,338,297
Interest expense	<u>(909,966)</u>
Total nonoperating revenues (expenses)	<u>14,675,198</u>
Changes in net position before capital contributions	<u>9,911,331</u>
Capital contributions	
Capital asset contributions - donated from developers	<u>73,789</u>
Total capital contributions	<u>73,789</u>
Change in net position	<u>9,985,120</u>
Net position, beginning of year	86,083,307
Net position - end of year	<u><u>\$ 96,068,427</u></u>

The accompanying notes are an integral part of the financial statements.

FALLBROOK PUBLIC UTILITY DISTRICT

ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 26,957,492
Payments for water	(13,239,336)
Payments for services and supplies	(5,099,812)
Payments for employee wages, benefits and related costs	(7,046,803)
	<u>1,571,541</u>
Net cash provided by operating activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	<u>2,102,847</u>
Net cash provided by noncapital financing activities	<u>2,102,847</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(5,977,474)
Proceeds from sales of capital assets	9,975,952
Principal payments on long-term debt	(1,839,651)
Interest paid	(922,536)
Lease revenues collected	199,433
Intergovernmental revenue - federal interest rate subsidy	134,924
Capital improvement charges and connection fees	2,742,322
Water availability charges	204,359
	<u>4,517,329</u>
Net cash provided by capital and related financing activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(5,416,513)
Sales of investments	3,135,714
Interest received	580,308
	<u>(1,700,491)</u>
Net cash used by investing activities	
Net change in cash and cash equivalents	6,491,226
Cash and cash equivalents - beginning	<u>4,199,547</u>
Cash and cash equivalents - ending	<u>\$ 10,690,773</u>
Financial Statement Presentation	
Cash and cash equivalents	\$ 3,997,334
Cash and cash equivalents - Restricted Assets	6,693,439
Total Cash and cash equivalents	<u>\$ 10,690,773</u>

The accompanying notes are an integral part of the financial statements.

FALLBROOK PUBLIC UTILITY DISTRICT

ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2019

Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating loss	\$ (4,763,867)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	6,158,589
(Increase) Decrease in:	
Receivables	12,942
Inventory	145,478
Prepaid expenses and other deposits	19,207
Deferred outflows of resources	594,399
Increase (decrease) in:	
Accounts payable	(722,062)
Accrued wages	(49,918)
HRA liability	17,607
Net OPEB obligation	(148,692)
Net pension liability	(204,365)
Compensated absences	172,987
Deferred inflows of resources	224,385
Deferred revenue	114,851
Net cash provided by operating activities	<u>\$ 1,571,541</u>
 Noncash investing and capital and related financing activities	
Change in fair value of investments	\$ 334,417
Capital assets contributed	\$ 73,789

The accompanying notes are an integral part of the financial statements.

FALLBROOK PUBLIC UTILITY DISTRICT

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION - OPEB TRUST FUND
June 30, 2019

Assets

Cash and Cash Equivalents	\$ <u>1,006,649</u>
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Net Position

Restricted for other postemployment benefits	\$ <u><u>1,006,649</u></u>
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The accompanying notes are an integral part of the financial statements.

FALLBROOK PUBLIC UTILITY DISTRICT

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST FUND

For the year ended June 30, 2019

Additions	
Employer contributions	\$ -
Investment income	61,267
Total additions	<u>61,267</u>
Deductions	
Administration	<u>2,402</u>
Change in net position	<u>58,865</u>
Net position - beginning of year	<u>947,784</u>
Net position - end of year	<u>\$ 1,006,649</u>

The accompanying notes are an integral part of the financial statements.

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Operations of the District**

Fallbrook Public Utility District (District) was incorporated as a political subdivision of the State of California in 1922 and operates under the provisions of the Public Utility District Code as adopted in 1953. The District constructs, operates and maintains facilities to supply water to the town of Fallbrook and the surrounding residential and agricultural areas comprising approximately 27,963 acres, which includes the former De Luz Heights Municipal Water District (annexed in 1990). The District is a member of the San Diego County Water Authority, and as that organization is a member of the Metropolitan Water District of Southern California, the District is entitled to pro rata participation in all water supplies available to those agencies. The District is governed by a Board of Directors consisting of five board members, each of whom is elected to office for a term of four years by registered voters of the District.

In November 1994, the Fallbrook Sanitary District (which is wholly included within the Fallbrook Public Utility District) dissolved that district and was incorporated into the Fallbrook Public Utility District to provide wastewater services in Fallbrook. The provisions of the dissolution and assumption of services established a separate improvement district to identify the tax base and debt obligations of the former Fallbrook Sanitary District.

Under the terms and conditions of the Local Agency Formation Commission (LAFCO), a San Diego County agency that oversees special districts, the debt of the former Fallbrook Sanitary District, now identified as Improvement District S, existing at the time of the merger was paid from taxes and other revenues raised within the Improvement District "S". The debt of the former De Luz Heights Municipal Water District was also paid from revenues and taxes paid in the De Luz area.

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The District's enterprise and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)**

The District, as an enterprise fund, accounts for its operations in a manner similar to private business enterprises. The intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is upon determination of operating income, changes in net position, and cash flows. The District follows the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end.

The District also reports a fiduciary fund for the activity related to its other postemployment benefits (OPEB) trust. Fiduciary funds are used to account for assets held by the District in a trustee capacity.

The basic financial statements of the Fallbrook Public Utility District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position.”

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**c. New Accounting Pronouncements:**Current Year Standards:

- GASB 83 – “*Certain Asset Retirement Obligations*,” effective for periods beginning after June 15, 2018, and did not impact the District.
- GASB 88 – “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*,” effective for periods after June 15, 2018, and did not impact the District.

Pending Accounting Standards:

GASB has issued the following statements which may impact the District’s financial reporting requirements in the future:

- GASB 84 – “*Fiduciary Activities*,” effective for periods beginning after December 15, 2018.
- GASB 87 – “*Leases*,” effective for periods beginning after December 15, 2019.
- GASB 89 – “*Accounting for Interest Cost Incurred before the End of a Construction Period*,” effective for periods beginning after December 15, 2019.
- GASB 90 – “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*,” effective for periods beginning after December 15, 2018.
- GASB 91– “*Conduit Debt Obligations*,” effective for periods beginning after December 15, 2020.

d. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to other post-employment benefits for employer contributions made after the measurement date of the net other post-employment benefit liability.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to pensions resulting from the changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**d. Deferred Outflows/Inflows of Resources: (continued)**

- Deferred outflow related to other post-employment benefits pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that will qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to pensions resulting from the changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to other post-employment benefits resulting from the changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to other post-employment benefits resulting from the difference in projected and actual earnings on investments of the other post-employment benefits plan fiduciary net position. This amount is amortized over five years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**e. Cash, Cash Equivalents and Investments**Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Valuation

Investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

f. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

g. Accounts Receivable and Allowance for Doubtful Accounts

The District participates in the County of San Diego's Teeter Plan. Under the Plan, each year in June, the County advances the delinquent accounts receivables amount to the District. The advance is then collected from the taxpayer by the County. The County also receives penalty payments.

h. Inventories

Inventory consists of water stored at Red Mountain Reservoir and in any of the District's water distribution tanks in the service area, warehouse materials, supplies and equipment necessary to support operations. Inventory is valued at cost using the weighted average cost method. Warehouse materials, supplies and equipment are charged to inventory stores expense when they are issued at the weighted average cost. Water inventory is charged to the cost of water when sold.

i. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses and are recorded utilizing the consumption method.

j. Restricted Assets

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets and Depreciation

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. The District capitalizes all plant and office equipment with a value of \$5,000 or greater and a useful life of greater than three years. Improvements to existing capital assets are capitalized if they extend the useful life of the asset by three or more years and the cost of the improvement is \$5,000 or greater. Interest costs incurred while constructing capital assets can be capitalized as part of the specific capital assets. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Water Transmission and Distribution System:	
Impounding dams and reservoirs	50 years
Pipelines	50 years
Other	20 to 25 years
Wastewater collection system, and treatment and disposal facilities	20 to 50 years
Buildings and structures	45 years
Equipment	3 to 10 years

l. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2019, were as follows:

Balance			Balance	Due Within
July 1, 2018	Additions	Deletions	June 30, 2019	One Year
\$ 1,292,125	\$ 809,305	\$ (636,318)	\$ 1,465,112	\$ 586,045

m. Contributed Capital, Connection Fees and Water Availability Charges (Capacity Fees)

Capital contributions for water and wastewater represent contributions of capital assets from developers and revenues from the California State proposition programs. Capital contributions are recorded in the statement of revenues, expenses and changes in net position at acquisition value at the date the ownership is transferred to the District.

Connection and water availability charges (capacity fees) for water and sewer represent purchases of water meters and fees to connect to the water distribution system or connect to the wastewater collections system by developers or landowners. Connection fees and water availability charges are used strictly for capital improvement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes and Assessments

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the San Diego County Tax Collector’s Offices. The San Diego County Tax Collector’s Offices acts as a collection agent for the property taxes which are normally collected twice a year.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

p. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

q. Other Postemployment Benefits

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s OPEB Plan and additions to/deductions from the OPEB Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District’s OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and cash equivalents	\$ 3,997,334
Restricted cash and cash equivalents	6,693,439
Investments	11,647,359
Restricted investments	3,059,526
Cash and cash equivalents with OPEB trust*	<u>1,006,649</u>
Total cash and investments	<u><u>\$26,404,307</u></u>

Cash and investments consist of the following:

Cash on hand	\$ 1,150
Deposits with financial institutions	1,520,410
Investments	<u>24,882,747</u>
Total cash and investments	<u><u>\$26,404,307</u></u>

*Reported on statement of fiduciary assets and liabilities.

Investments Authorized by the California Government Code and the District’s Investment policy:

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of funds within the pension and other post-employment benefit (OPEB) trusts that are governed by the agreement of the District and the trustee, and debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Quality Requirements (S & P Rating)
U.S. Treasury Obligations	5 Years	No Limitation	No Limitation	No Limitation
Federal Agencies	5 Years	No Limitation	75%	No Limitation
State Obligations	5 Years	25%	5%	A/A-1
Supranationals	5 Years	30%	No Limitation	AA
Banker's Acceptances	180 Days	25%	5%	A-1
Commercial Paper	270 Days	25%	10%	A-1
Negotiable Certificates of Deposit	5 Years	30%	5%	A/A-1
Repurchase Agreements	1 Year	10%	No Limitation	No Limitation
Medium-Term Notes	5 Years	30%	5%	A
Passbook and Money Market Savings Accounts	No Limitation	No Limitation	No Limitation	No Limitation
Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	No Limitation	No Limitation
County Pooled Investment Funds	No Limitation	No Limitation	No Limitation	No Limitation
California Local Agency Obligations	5 Years	25%	5%	A/A-1
Joint Powers Authority Pool	No Limitation	No Limitation	No Limitation	No Limitation
Money Market Mutual Funds	No Limitation	20%	No Limitation	AAA
Mortgage Pass-Through Securities	5 Years	20%	5%	AA

2. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity at June 30, 2019.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund (LAIF)	\$ 231,661	\$ 231,661	\$ -	\$ -	\$ -
San Diego County Treasurer Pool	15,077	15,077	-	-	-
California Asset Management Program (CAMP)	2,821,438	2,821,438	-	-	-
Asset Backed Securities	946,827	3,034	103,454	840,339	-
Medium-Term Notes	4,072,362	-	2,412,248	1,660,114	-
Municipal Bonds	172,654	-	172,654	-	-
Supranational Agency Bonds	139,468	-	139,468	-	-
Negotiable Certificates of Deposit	1,105,009	566,199	538,810	-	-
U.S. Agency Securities	253,317	-	253,317	-	-
U.S. Treasury Securities	7,903,944	184,147	231,812	7,487,985	-
Federal Agency Collateralized Mortgage Obligations	112,878	-	-	112,878	-
PARS Pooled Trust - Pension Trust	6,101,463	6,101,463	-	-	-
PARS Pooled Trust - OPEB Trust	1,006,649	1,006,649	-	-	-
Total	\$ 24,882,747	\$ 10,929,668	\$ 3,851,763	\$ 10,101,316	\$ -

2. CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Standard & Poor's (S&P) rating for each investment type at June 30, 2019.

Investment Type	Total	Minimum Legal Rating*	Ratings as of Year End				
			Exempt from Disclosure	AAA	AA	A	Not Rated
Local Agency Investment Fund (LAIF)	\$ 231,661	Exempt	\$ -	\$ -	\$ -	\$ -	\$ 231,661
San Diego County Treasurer Pool	15,077	Exempt	-	-	-	-	15,077
California Asset Management Program (CAMP)	2,821,438	AAA	-	2,821,438	-	-	-
Asset Backed Securities	946,827	A	-	946,827	-	-	-
Medium-Term Notes	4,072,362	A	-	-	-	4,072,362	-
Municipal Bonds	172,654	A/A-1	-	-	172,654	-	-
Supranational Agency Bonds	139,468	AA	-	139,468	-	-	-
Negotiable Certificates of Deposit	1,105,009	A/A-1	-	-	538,812	566,197	-
U.S. Agency Securities	253,317	N/A	-	-	253,317	-	-
U.S. Treasury Securities	7,903,944	Exempt	7,903,944	-	-	-	-
Federal Agency Collateralized Mortgage Obligations	112,878	AA	-	-	112,878	-	-
PARS Pooled Trust - Pension Trust	6,101,463	Exempt	-	-	-	-	6,101,463
PARS Pooled Trust - OPEB Trust	1,006,649	Exempt	-	-	-	-	1,006,649
Total	\$ 24,882,747		\$ 7,903,944	\$ 3,907,733	\$ 1,077,661	\$ 4,638,559	\$ 7,354,850

* Required to be rated accordingly by at least one Nationally Recognized Statistical Rating Organization (NRSRO)

Concentration of Credit Risk:

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District holds no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2019.

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, \$469,211 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments measured at cost or net asset value (NAV) are not subject to fair value measurement hierarchy.

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The asset’s or liability’s level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	June 30, 2019
Investments by Fair Value Level				
Asset Backed Securities	\$ -	\$ 946,827	\$ -	\$ 946,827
Medium-Term Notes	-	4,072,362	-	4,072,362
Municipal Bonds	-	172,654	-	172,654
Supranational Agency Bonds	-	139,468	-	139,468
Negotiable Certificates of Deposit	-	1,105,009	-	1,105,009
U.S. Agency Securities	-	253,317	-	253,317
U.S. Treasury Securities	-	7,903,944	-	7,903,944
Federal Agency Collateralized Mortgage Obligations	-	112,878	-	112,878
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 14,706,459</u>	<u>\$ -</u>	<u>14,706,459</u>
Investments measured at Cost or Net Asset Value (NAV)				
Local Agency Investment Fund (LAIF)				231,661
San Diego County Treasurer Pool				15,077
California Asset Management Program (CAMP)				2,821,438
PARS Pooled Trust - Pension Trust				6,101,463
PARS Pooled Trust - OPEB Trust				1,006,649
Total Investments at Cost or Net Asset Value (NAV)				<u>10,176,288</u>
Total Investments				<u>\$ 24,882,747</u>

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2019
Capital assets, not being depreciated:					
Land and property rights-water	\$ 5,770,774	\$ -	\$ (667,000)	\$ 6,600,296	\$ 11,704,070
Land and property rights-wastewater	1,128,164	-	-	-	1,128,164
Construction in progress	7,492,319	5,420,961	(52,212)	(11,547,766)	1,313,302
Total capital assets, not being depreciated	14,391,257	5,420,961	(719,212)	(4,947,470)	14,145,536
Capital assets, being depreciated:					
Water Operations:					
Impounding Dam	30,522,511	-	-	61,836	30,584,347
Distribution System	48,347,415	-	-	3,668,486	52,015,901
Buildings and Structures	5,049,127	-	-	(90,296)	4,958,831
Equipment	9,216,058	397,883	(73,105)	816,652	10,357,488
Total Water Operations	93,135,111	397,883	(73,105)	4,456,678	97,916,567
Wastewater Operations:					
Collection system	12,491,074	18,309	-	237,752	12,747,135
Treatment and disposal facilities	60,022,107	-	-	198,543	60,220,650
Equipment	871,062	-	-	1,727	872,789
Total wastewater operations	73,384,243	18,309	-	438,022	73,840,574
Recycle Operations:					
Distribution System	4,600,330	-	-	52,770	4,653,100
Total recycle operations	4,600,330	-	-	52,770	4,653,100
Total capital assets being depreciated	171,119,684	416,192	(73,105)	4,947,470	176,410,241
Less accumulated depreciation	(70,863,345)	(6,158,589)	65,934	-	(76,956,000)
Total capital assets being depreciated, net	100,256,339	(5,742,397)	(7,171)	4,947,470	99,454,241
Total capital assets, net	\$ 114,647,596	\$ (321,436)	\$ (726,383)	\$ -	\$ 113,599,777

Depreciation expense for depreciable capital assets was \$6,158,589 for the year ended June 30, 2019.

4. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 4,350,965	\$ -	\$ (285,826)	\$ 4,065,139	\$ 293,220
Qualified Energy Conservation Revenue Bonds	3,772,059	-	(306,281)	3,465,778	325,386
Clean Water State Revolving Fund Loan	27,191,004	-	(1,247,544)	25,943,460	1,274,990
Total Long-Term Debt	\$ 35,314,028	\$ -	\$ (1,839,651)	\$ 33,474,377	\$ 1,893,596

4. LONG TERM DEBT (Continued)

Red Mountain State Revolving Fund Loan

On June 21, 2010, The District entered into a loan agreement with the State of California Department of Public Health with interest at 2.57% payable semi-annually, and principal payments ranging from \$118,751 to \$195,414 due semi-annually beginning July 1, 2011 through January 1, 2031. The proceeds of the loan (\$6,159,773 disbursed during the fiscal year ending June 30, 2011) assisted the District in financing construction of the Red Mountain UV Filtration Plant, which enabled the District to meet the Federal safe drinking water standards. This standard is incorporated into the Long-Term Two Enhanced Surface Water Treatment Rule (LT2).

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 293,220	\$ 102,631	\$ 395,851
2021	300,807	95,044	395,851
2022	308,589	87,262	395,851
2023	316,573	79,278	395,851
2024	324,764	71,087	395,851
2025-2029	1,754,286	224,967	1,979,253
2030-2031	766,900	24,798	791,698
Total	<u>\$ 4,065,139</u>	<u>\$ 685,067</u>	<u>\$ 4,750,206</u>

Qualified Energy Conservation Bonds (QECCB) Solar Loan

On November 18, 2010, the District borrowed \$7,227,000 from the California Alternative Energy and Advanced Transportation Financing Authority, the proceeds of which were used to finance the construction of a solar project. Financing was secured at an interest rate of 5.74%. The Federal government will pay 70% of the Tax Credit Rate, which is 5.56% or 3.89%. The District’s applicable interest rate is the difference between the taxable rate and the Federal Direct Pay rate, equivalent to 1.85% interest with principal payments ranging from \$134,593 to \$317,071 until November 18, 2027.

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 325,386	\$ 62,551	\$ 387,937
2021	345,316	56,446	401,762
2022	366,104	49,969	416,073
2023	387,783	43,104	430,887
2024	410,388	35,834	446,222
2025-2028	1,630,801	61,918	1,692,719
Total	<u>\$ 3,465,778</u>	<u>\$ 309,822</u>	<u>\$ 3,775,600</u>

4. LONG TERM DEBT (Continued)

Clean Water State Revolving Fund Loan

On November 2, 2012, the District entered into a loan agreement with the California State Water Resources Control Board in the principal amount of \$22,154,148 with interest of 2.20%. In September 2013, the District entered into an amended loan agreement increasing the principal amount to \$28,723,000. The proceeds of the loan assisted the District fund costs associated with the Fallbrook Wastewater Treatment Plan I Rehabilitation project. Upon completion of the project in May 2016, accrued interest of \$886,644 on the amount drawn down was transferred to the loan principal, increasing the principal amount to \$29,609,644. Annual payments in the amount of \$1,845,746 including principal and interest is due beginning March 2017 through March 2036.

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,274,990	\$ 570,756	\$ 1,845,746
2021	1,303,039	542,707	1,845,746
2022	1,331,706	514,040	1,845,746
2023	1,361,004	484,742	1,845,746
2024	1,390,946	454,800	1,845,746
2025-2029	7,427,430	1,801,299	9,228,729
2030-2034	8,281,195	947,534	9,228,729
2035-2036	3,573,150	118,342	3,691,492
Total	<u>\$ 25,943,460</u>	<u>\$ 5,434,220</u>	<u>\$ 31,377,680</u>

5. INVENTORIES

Inventories at June 30, 2019 consisted of the following:

Water inventory	\$ 776,964
Materials inventory	<u>1,063,031</u>
	<u>\$ 1,839,995</u>

6. PENSION PLANS

a. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the basic death benefit or the 2W death benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. Employees are eligible for service-related disability benefits regardless of length of service. An employee must be actively employed by the District at the time of disability in order to be eligible for this benefit. Disability benefits are determined by the products of 1.8 percent of final compensation and the factor of years of service. The basic death benefit is a lump sum in the amount of the member’s accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month’s salary for each completed year of current service, up to a maximum of six months’ salary. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

The Plans’ provisions and benefits in effect at June 30, 2018 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.50%
Required employer contribution rates:		
Normal cost rate	11.419%	7.266%
Payment of unfunded liability	\$ 730,148	\$ 534

6. PENSION PLANS (Continued)

a. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, Fallbrook Public Utility District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
	<hr/>
Miscellaneous	\$ 12,541,929
	<hr/>

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’ proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Fallbrook Public Utility District’s proportionate share of the net pension liability as of the measurement dates ended June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.32334%
Proportion - June 30, 2018	0.33279%
Change - Increase (Decrease)	0.00945%

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2019, the District recognized pension expense of \$1,755,796. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,224,180	\$ -
Differences between actual and expected experience	481,213	163,754
Change in assumptions	1,429,818	350,421
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	443,100
Net differences between projected and actual earnings on plan investments	62,005	-
Total	<u>\$ 3,197,216</u>	<u>\$ 957,275</u>

\$1,224,180 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 1,037,899
2021	543,131
2022	(452,463)
2023	(112,806)
2024	-
Thereafter	-

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation as of June 30, 2017, with update procedures to roll forward the total pension liability to June 30, 2018. The total pension liability was based on the following:

Valuation Date	<u>Miscellaneous</u>
Measurement Date	June 30, 2017
Actuarial Cost Method	June 30, 2018
	Entry-Age Normal
	Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on the CalPERS website.
- (3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Using funds’ asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long term returns. The expected rate of return was then set equal to the rounded single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period
- (c) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability of the each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Miscellaneous Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$ 19,246,014
Current Discount Rate	7.15%
Net Pension Liability	\$ 12,541,929
1% Increase	8.15%
Net Pension Liability	\$ 7,007,818

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan:

At June 30, 2019, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description:

The District administers its Public Agencies Post-Employment Health Care Plan (OPEB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions. The District’s OPEB Plan provides continued medical dental, and vision coverage for an eligible retired employee, spouse or legal dependent. Coverage will continue for the retiree and spouse or legal dependent until they become entitled to Medicare Benefits at age 65.

Employees retiring after age 50, with 10 or more years of continuous employment, will have the mandatory amount estimated by the District at the date of retirement to be necessary to pay for 50% of the employee’s monthly health insurance premium, and any additional costs for spouse and dependent(s) covered at the time of retirement. The difference between the total value of sick leave at retirement and the estimated cost benefit (medical, dental and vision) minus the estimated costs of 50% of the retiree’s medical premium is deposited into a health reimbursement account at the District to pay for retiree benefits until Medicare entitlement or the account is depleted. The District’s health reimbursement account (HRA) balance as of June 30, 2019 is \$258,421. The District will pay for half (50%) of the retired employee’s monthly premium.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

During the year ended June 30, 2017, the District entered into a trust agreement with Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. Management of the OPEB Plan is vested with the General Manager of the District with oversight and governance by the District’s Finance Committee. Benefit terms are as established by the District’s board of directors and agreed upon between the District and the Fallbrook Public Utility District Employees’ Association through Memorandum of Understanding.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

	<u>Number of Participants</u>
Inactive employees currently receiving benefits	10
Participating Active Employees	<u>63</u>
Total	<u><u>73</u></u>

Contributions

The District has historically funded the plan on a pay-as-you-go basis. Plan members are not required to contribute to the OPEB Plan. For the fiscal year ended June 30, 2019, the District made \$67,197 in payments made outside of the trust.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.00%
Projected Salary Increase	3.0% per year
Expected long term investment rate of return, net of plan investment expense	6.00%
Healthcare Cost Trend Rates	6.00% for 2018, decreasing to 5% for 2028
Mortality	Based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

Investment Policy

The OPEB Plan has an established investment guidelines policy document which provides a framework for a well-diversified asset mix that can potentially be expected to meet the trusts short and long-term needs consistent with the District’s investment objectives, liquidity considerations and risk tolerance. The investment guidelines facilitate the process of ongoing communication between the District and the plan fiduciaries and help maintain a long-term perspective when market volatility is caused by short-term market movements. As the trustee, US Bank has delegated investment authority to Highmark Capital Management (Highmark) as the investment manager. Highmark has full investment discretion over the managed assets in the trust and is authorized to purchase, sell, exchange, invest, reinvest, and manage the OPEB Plan assets in accordance with the trust’s investment objectives.

The goal of the trust’s investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the OPEB Plan. The following objectives are intended to assist in achieving this goal:

- The OPEB Plan assets should earn, on a long-term average basis, a rate of return equal to or more than the target rate of return of 5.35%;
- The OPEB Plan trust should seek to earn a return more than its policy benchmark over the long-term;
- The OPEB Plan assets will be managed on a total return basis which considers both investment income and capital appreciation. As the plan sponsor the District recognizes the importance of preservation of capital, but also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

To achieve the objectives above, the District has established an asset allocation which strives for the growth of income and principal with a strategic, long-term perspective of the capital markets. With a moderate risk tolerance, the following table summarizes the District’s OPEB Plan trust asset allocation policy:

Asset Class	New Strategic Allocation
Cash	5.00%
Fixed Income	45.00%
Equity	50.00%
Total	<u>100.00%</u>

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)Discount Rate

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments of current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2017	\$ 1,039,721	\$ 755,952	\$ 283,769
Changes in the Year:			
Service cost **	63,116	-	63,116
Interest on the total OPEB liability	39,301	-	39,301
Differences between actual and expected experience	178,893	-	178,893
Changes in assumptions	(122,601)	-	(122,601)
Changes in benefit terms	-	-	-
Contribution - employer	-	268,569	(268,569)
Net investment income	-	40,802	(40,802)
Administrative expenses	-	(1,970)	1,970
Benefit payments	(115,569)	(115,569)	-
Net Changes	<u>43,140</u>	<u>191,832</u>	<u>(148,692)</u>
Balance at June 30, 2018	<u>\$ 1,082,861</u>	<u>\$ 947,784</u>	<u>\$ 135,077</u>

** - Service Cost - The actuarial present value of projected benefits payments that are attributed to the valuation year.

Change of Assumptions

From the June 30, 2017 to the June 30, 2018 Valuation, the discount rate used increased by 2% (from 4% to 6%), the expected long-term rate of return, net of plan investment expense increased by 2% (from 4% to 6%), and healthcare trend rate assumptions decreased by 2% (from 8% to 6%).

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB Liability	\$ 212,859	\$ 135,077	\$ 63,596

Sensitivity of the Total OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00% decreasing to 4.00%, 3%) or 1 percentage point higher (7.00% decreasing to 5.00%), 4% than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%, 3%)	Current Healthcare Cost Trend Rates (6.00% decreasing to 5.00%, 4%)	1% Increase (7.00% decreasing to 6.00%, 5%)
Net OPEB Liability	\$ 47,306	\$ 135,077	\$ 235,093

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$75,510. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 67,197	\$ -
Differences between actual and expected experience	155,355	-
Change in assumptions	-	(106,469)
Differences between projected and actual earnings	-	(11,877)
Total	<u>\$ 222,552</u>	<u>\$ (118,346)</u>

\$67,197 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

Year Ending June 30,	Amount
2020	\$ 3,977
2021	3,977
2022	3,979
2023	5,818
2024	7,407
Thereafter	11,851

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The District is a participating member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) (Authority), which arranges for and provides general liability, property damage, worker’s compensation, and dam failure liability insurance to its member agencies. The District pays a premium commensurate with the level of coverage requested. The District has elected to self-insure for a portion of property damage coverage in the amount of \$10,000 per occurrence. During the past three years, there have been no instances where the amount of claims settlements exceeded insurance coverage, nor have there been any significant reductions of insurance coverage.

9. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2019, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
De Luz Road Pipeline Replacement	\$ 850,000	December 2019
Sandia Tank Improvements	117,700	September 2019

9. COMMITMENTS AND CONTINGENCIES (Continued)Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. The District has (a) determined that it has no litigation pending with service of process completed which would have a material effect on its financial condition and (b) believes, to its current actual knowledge and after due inquiry and consultation with legal counsel, that no litigation has been threatened against the District in any court which would have a material effect on its financial condition.

10. GAIN ON SALE OF LAND

On December 13, 2018, the District sold the Santa Margarita River Trails land for \$10,000,000 less selling expenses of \$24,048. The land was originally purchased for \$667,000 resulting in a gain of \$9,308,952. The gain, combined with a gain on other asset disposals, is reflected as a \$9,338,297 non-operating revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

11. SUBSEQUENT EVENTS

On August 28, 2019, the District executed a Drinking Water State Revolving Fund Loan for \$53.3 million to fund the District's Santa Margarita Conjunctive-Use Project Water Treatment Plant. Construction on the project has begun and it is expected to be completed in Fiscal Year Ending June 30, 2022.

1. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – DEFINED BENEFIT PENSION PLANS

For the Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Classic & PEPR Miscellaneous Plan					
Plan's Proportion of the Net Pension Liability	0.13015%	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,541,929	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Covered Payroll	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842	\$ 4,683,594
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	240.41%	241.82%	232.19%	177.52%	147.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,410,070	\$ 1,335,205	\$ 1,234,176	\$ 1,177,856	\$ 1,014,669

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GAASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

2. SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS

For the Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 1,224,180	\$ 1,081,154	\$ 968,372	\$ 870,680	\$ 756,872
Contributions in relation to the actuarially determined contributions	<u>1,224,180</u>	<u>1,081,154</u>	<u>968,372</u>	<u>870,680</u>	<u>756,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842
Contributions as a percentage of covered payroll	23.64%	20.72%	18.37%	18.35%	15.92%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.375%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2% at 55), 62 years (2% at 62), 50 years (2% at 50)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

** - The valuations for June 30, 2012 through June 30, 2016 (applicable to fiscal years ended June 30, 2015 through June 30, 2019) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 through June 30, 2016 valuations (applicable to fiscal years ended June 30, 2016 through June 30, 2019).

3. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:		
Service cost	\$ 63,116	\$ 61,278
Interest on total OPEB liability	39,301	38,242
Difference between expected and actual experience	178,893	-
Changes of assumptions	(122,601)	-
Benefit payments, including refunds of	(115,569)	(31,396)
Net Change in Total OPEB Liability	<u>43,140</u>	<u>68,124</u>
Total OPEB Liability - Beginning of Year	<u>1,039,721</u>	<u>971,597</u>
Total OPEB Liability - End of Year (a)	<u>1,082,861</u>	<u>1,039,721</u>
Plan Fiduciary Net Position:		
Contributions - employer	268,569	767,396
Net investment income	40,802	20,571
Administrative expenses	(1,970)	(619)
Benefit payments	(115,569)	(31,396)
Net Change in Plan Fiduciary Net Position	<u>191,832</u>	<u>755,952</u>
Plan Fiduciary Net Position - Beginning of Year	<u>755,952</u>	<u>-</u>
Plan Fiduciary Net Position - End of Year (b)	<u>947,784</u>	<u>755,952</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 135,077</u>	<u>\$ 283,769</u>
Plan fiduciary net position as a percentage of the total OPEB liability	87.53%	72.71%
Covered- employee payroll	\$ 5,216,869	\$ 5,684,049
Net OPEB liability as percentage of covered - employee payroll	2.59%	4.99%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From the June 30, 2017 to the June 30, 2018 Valuation, the discount rate used increased by 2% (from 4% to 6%), the expected long-term rate of return, net of plan investment expense increased by 2% (from 4% to 6%), and healthcare trend rate assumptions decreased by 2% (from 8% to 6%).

* Fiscal year 2018 was the first year of implementation; therefore, only two year are shown.

4. SCHEDULE OF CONTRIBUTIONS - OPEB

For the Last Ten Fiscal Years*

	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 72,529	\$ 74,065
Contributions in relation to the actuarially determined contributions	<u>(67,197)</u>	<u>(202,055)</u>
Contribution deficiency (excess)	<u>\$ 5,332</u>	<u>\$ (127,990)</u>
Covered- employee payroll	\$ 5,179,369	\$ 5,216,869
Contributions as a percentage of covered payroll	1.40%	1.42%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age actuarial cost method **
Discount Rate	6%
Projected Salary increases	3.0% Per Year
Expected long term investment rate of return, net of plan investment expenses.	6.00%
Healthcare Cost Trend Rate	8.0% for 2016, 7.0% for 2017, 6.0% for 2018; and 5.0% for 2019 and later years.
Mortality	Based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

* Fiscal year 2018 was the first year of implementation; therefore, two years are shown.

** Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The actuarial present value of projected benefits and present value of future service costs are determined on an employee by employee basis and then aggregated. To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

FALLBROOK PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF OPERATING INCOME AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Recycled water</u>	<u>Wastewater</u>	<u>Total</u>
Operating Revenues:				
Water Sales	\$ 20,481,788	\$ -	\$ -	\$ 20,481,788
Recycled Water Sales	-	998,942	-	998,942
Wastewater Sales	-	-	5,463,820	5,463,820
Total Operating Revenues	<u>20,481,788</u>	<u>998,942</u>	<u>5,463,820</u>	<u>26,944,550</u>
Operating Expenses:				
Cost of Water Sold	12,650,795	-	-	12,650,795
Operations and Maintenance	3,444,139	548,821	2,956,457	6,949,417
Administrative and General Expenses	<u>3,807,921</u>	<u>51,473</u>	<u>2,090,222</u>	<u>5,949,616</u>
Total Operating Expenses Before Depreciation	19,902,855	600,294	5,046,679	25,549,828
Depreciation Expense	<u>3,290,052</u>	<u>54,807</u>	<u>2,813,730</u>	<u>6,158,589</u>
Total Operating Expenses	<u>23,192,907</u>	<u>655,101</u>	<u>7,860,409</u>	<u>31,708,417</u>
Operating Income (Loss)	<u>\$ (2,711,119)</u>	<u>\$ 343,841</u>	<u>\$ (2,396,589)</u>	<u>\$ (4,763,867)</u>

STATISTICAL SECTION

Financial Position 61-63

These tables show the District’s financial position over the reporting period.

District Operations 64-77

These tables show the Districts revenues and expenses, the District’s rates and charges and the District’s property tax revenues.

Debt Capacity 78-79

These tables show the District’s debt capacity and ability to meet its debt service coverage requirements.

Demographic and Economic Information 80

These tables provide demographic and economic information on the District’s service area. Because the District is part of the unincorporated region of the San Diego County, County wide data is reported.

Table #1 - Net Positions

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2010	\$ 60,003,604	\$ 3,669,823	\$ 4,368,538	\$ 68,041,965
2011	60,487,772	2,613,866	7,671,400	70,773,038
2012	60,609,683	1,212,780	10,336,039	72,158,502
2013	60,609,683	1,213,780	10,336,039	72,159,502
2014	64,203,257	2,431,978	12,479,645	79,114,880
2015	67,995,640	2,231,947	4,807,404	75,034,991
2016	70,683,956	3,455,377	5,170,519	79,309,852
2017	76,004,617	3,495,635	5,668,185	85,168,437
2018	79,333,568	4,711,487	2,038,252	86,083,307
2019	80,125,400	9,477,694	6,465,333	96,068,427

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Changes in Net Position:			
Operating Revenues (See Schedule 2)	\$ 21,795,259	\$ 21,255,448	\$ 23,661,715
Operating Expenses (See Schedule 3)	(24,347,069)	(24,175,989)	(26,140,572)
Other Operating Revenues	142,229	363,564	279,560
Operating Income (loss)	\$ (2,409,581)	\$(2,556,977)	\$(2,199,297)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,602,551	\$ 1,549,625	\$ 1,552,911
Capital Improvement Charges	-	404,175	414,910
California Solar Initiative Rebate	-	-	534,835
Investment income	490,664	147,486	87,217
Water Availability Charges	201,397	200,944	200,906
Lease Revenue	215,154	184,983	177,095
Intergovernmental Revenue - Federal Interest Subsidy	-	-	-
Connection Fees	108,631	112,499	190,932
Federal Grants	-	-	-
Gain (Loss) on disposal of capital assets	-	-	-
Other Non-Operating Revenues	748,834	102,704	109,261
Other Non-Operating Expenses	(276,937)	(508,849)	(294,462)
Total Non-Operating Revenues(expenses), net	\$ 3,090,294	\$ 2,193,567	\$ 2,973,605
Net income Before Capital Contributions	\$ 680,713	\$ (363,410)	\$ 774,308
Capital Contributions	211,782	3,094,483	273,825
Capital Grant - Proposition 50	-	-	338,331
Capital Grant - Proposition 84	-	-	-
Extraordinary Items	-	-	-
Changes in Net Position	\$ 892,495	\$ 2,731,073	\$ 1,386,464
Net Position			
Beginning, as restated	\$ 67,149,470	\$ 68,041,965	\$70,773,038
Adjustments to restate balance	-	-	-
Ending, as restated	\$ 68,041,965	\$70,773,038	\$72,159,502

- (1) Capital Grant of \$828,598 was received from State of California Wildlife Conservation Board Proposition 50 Funding.
- (2) Accumulative effect of change in accounting principals.
- (3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$68,428 was received

Source: Fallbrook Public Utility District

(Continued)

Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
\$ 27,582,160	\$ 28,955,183	\$ 27,483,881	\$ 25,356,017	\$ 27,256,065	\$ 29,882,022	\$26,944,550
(28,007,733)	(33,062,764)	(29,367,701)	(27,921,351)	(30,678,705)	(33,319,799)	(31,708,417)
439,560	681,876	-	-	-	-	-
\$ 13,987	\$ (3,425,705)	\$ (1,883,820)	\$ (2,565,334)	\$ (3,422,640)	\$ (3,437,777)	(4,763,867)
\$ 1,582,219	\$ 1,694,090	\$ 1,719,296	\$ 1,815,734	\$ 1,889,808	\$ 1,984,543	2,106,034
1,252,501	1,981,822	2,134,025	2,224,529	2,283,558	2,476,452	2,505,876
779,786	843,714	729,519	740,125	234,930	-	-
30,507	209,175	141,433	324,126	63,861	18,188	915,275
201,037	200,779	200,810	200,808	200,730	229,400	204,359
181,100	183,641	185,770	185,220	166,012	178,602	199,433
-	-	-	185,040	238,765	145,338	134,924
247,607	118,581	208,521	131,894	238,124	411,744	180,966
-	-	-	-	-	-	-
-	-	-	-	-	(273,396)	9,338,297
81,008	69,816	162,913	91,361	32,729	-	-
(291,721)	(344,730)	(321,941)	(690,409)	(385,483)	(959,015)	(909,966)
\$ 4,064,044	\$ 4,956,888	\$ 5,160,346	\$ 5,208,428	\$ 4,963,034	\$ 4,211,886	14,675,198
\$ 4,078,031	\$ 1,531,183	\$ 3,276,526	\$ 2,643,094	\$ 1,540,394	\$ 774,109	9,911,331
595,205	76,746	153,790	75,299	59,509	73,661	73,789
-	828,598 ⁽¹⁾	224,596 ⁽¹⁾	874,040 ⁽³⁾	773,163	-	-
-	-	-	682,428	-	67,100	-
-	-	-	-	-	-	-
\$ 4,673,236	\$ 2,436,527	\$ 3,654,912	\$ 4,274,861	\$ 2,373,066	\$ 914,870	\$9,985,120
\$ 72,159,502	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991	\$ 79,309,852	\$ 85,168,437	86,083,307
(154,385)	-	(7,734,801) ⁽²⁾	-	3,485,519	-	-
\$76,678,353	\$79,114,880	\$75,034,991	\$79,309,852	\$ 85,168,437	\$ 86,083,307	\$96,068,427

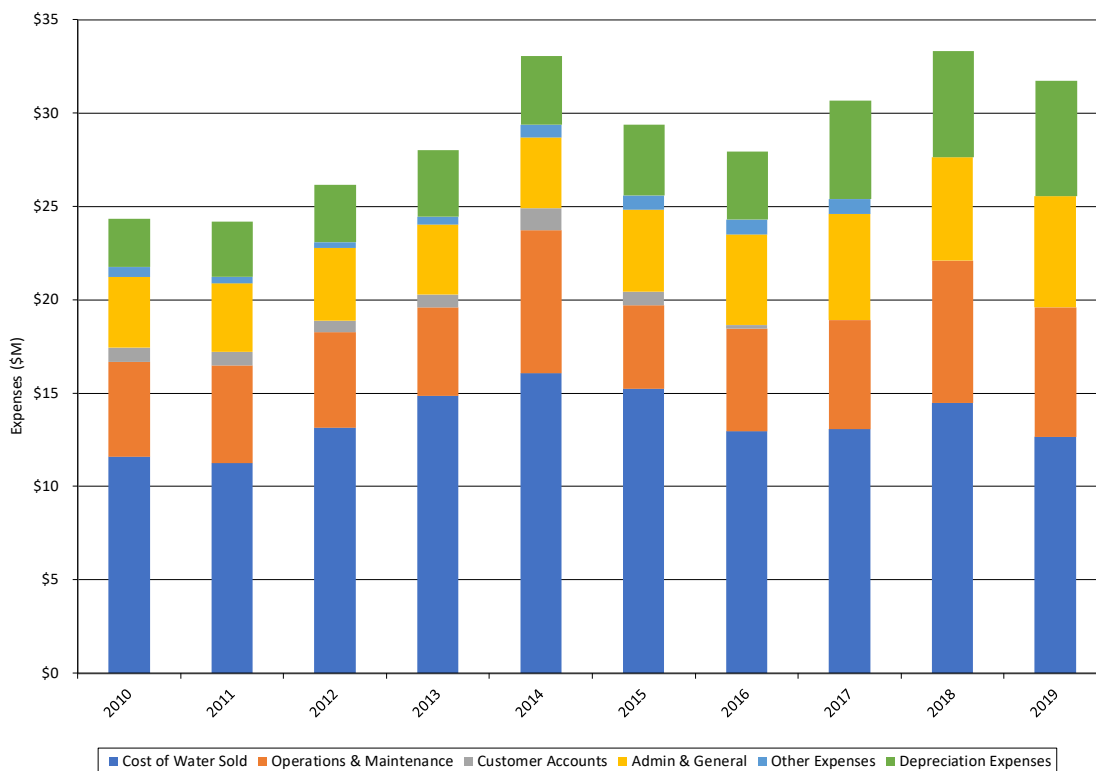
Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years)

Fiscal Year	Water				
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General*	Other Expenses
2009	\$ 11,075,601	\$ 2,433,410	\$ 748,604	\$ 2,103,971	\$ 193,320
2011	10,771,752	2,461,466	726,636	2,024,761	N/A
2012	12,647,833	2,570,414	611,736	2,148,057	N/A
2013	14,457,083	2,350,655	700,158	2,056,605	N/A
2014	15,649,781	3,810,606	1,179,998	2,006,124	N/A
2015	14,692,652	2,173,576	725,610	2,286,586	N/A
2016	12,804,470	2,788,548	203,560	2,571,803	N/A
2017	13,067,064	3,030,201	N/A	2,963,305	N/A
2018	14,453,229	3,922,528	N/A	2,868,610	N/A
2019	12,650,795	3,444,139	N/A	3,807,921	N/A

* General and administration costs are allocated as follows: 52% water, 42% wastewater, and 6% recycled water.

Source: Fallbrook Public Utility District

Chart #1 - Operating Expenses by Activity



Source: Fallbrook Public Utility District

(Continued)

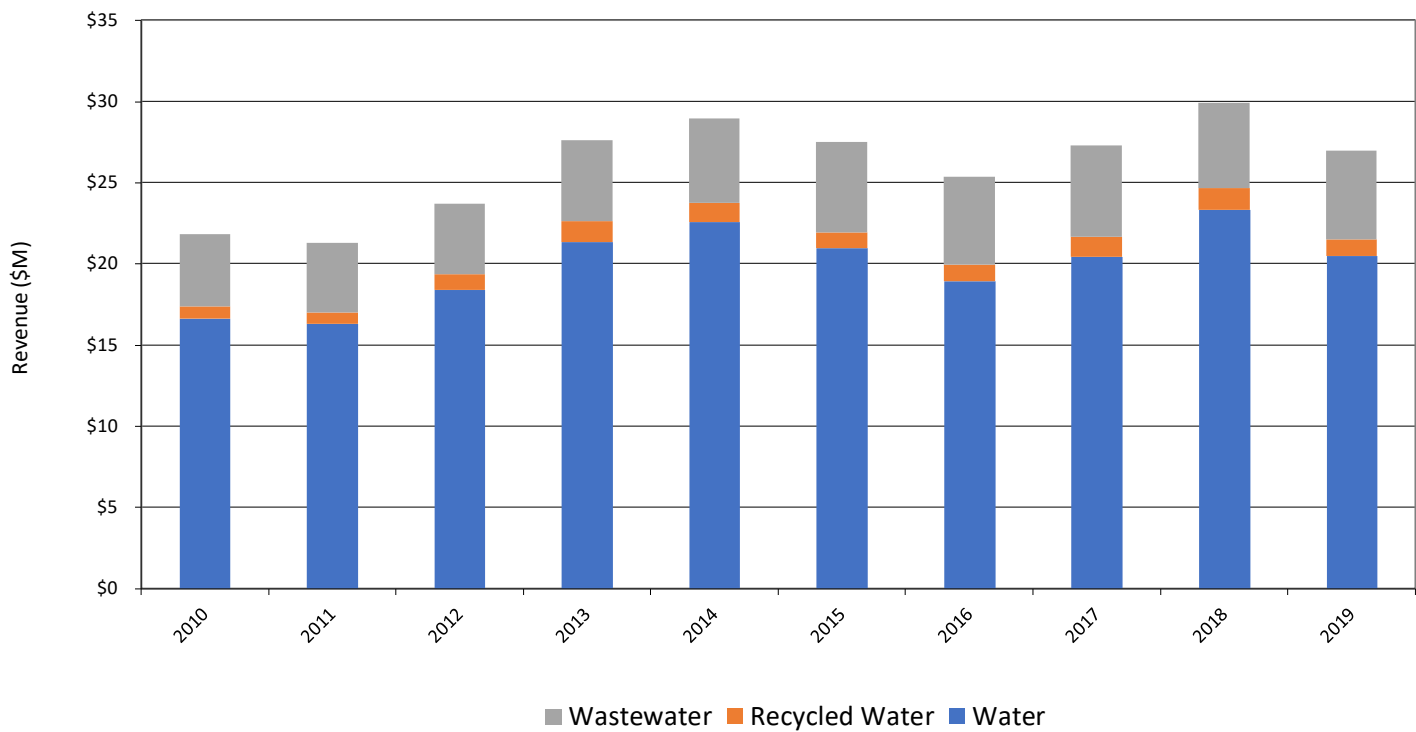
Recycled				Wastewater			Depreciation Expenses	Total Operating Expenses
Cost of Water Sold	Operations & Maintenance	Admin & General*	Other Expenses	Operations & Maintenance	Admin & General*	Other Expenses		
\$ 498,288	\$ 37,426	\$ 147,436	\$ 193,320	\$ 2,624,356	\$ 1,539,276	\$ 170,004	\$ 2,582,057	\$ 24,347,069
461,085	32,320	146,516	193,560	2,742,465	1,501,790	170,004	2,943,634	24,175,989
492,962	53,275	156,733	79,560	2,494,189	1,606,509	200,000	3,079,304	26,140,572
403,582	52,675	149,252	79,560	2,309,384	1,529,836	360,000	3,558,943	28,007,733
427,328	63,620	188,964	171,960	3,765,046	1,584,190	509,916	3,705,231	33,062,764
551,866	N/A	337,226	92,400	2,296,712	1,763,527	671,052	3,776,494	29,367,701
146,128	N/A	242,623	94,248	2,709,284	2,038,033	682,536	3,640,118	27,921,351
N/A	622,997	346,173	94,248	2,173,738	2,392,289	694,380	5,294,310	30,678,705
N/A	693,971	330,993	N/A	3,039,790	2,316,954	N/A	5,693,723	33,319,799
N/A	548,821	51,473	N/A	2,956,457	2,090,222	N/A	6,158,589	31,708,417

Table #4 - Operating Revenues by Source (Last Ten Fiscal Years)

Fiscal Year	Water			Recycled			Wastewater		Total Operating Revenue
	Water Sales	Service Charges	Other Charges	Water Sales	Service Charges	Other Charges	Service Charges	Other Charges	
2010	\$ 10,881,138	\$ 4,591,783	\$ 1,139,365	\$ 389,825	\$ 49,306	\$ 294,834	\$ 4,433,766	\$ 15,242	\$ 21,795,259
2011	10,728,119	4,531,720	1,029,567	449,322	43,576	200,345	4,162,654	110,145	21,255,448
2012	12,778,113	4,524,843	1,062,054	592,986	55,373	312,948	4,331,022	4,376	23,661,715
2013	15,458,783	4,702,564	1,190,568	777,329	50,316	445,859	4,950,757	5,984	27,582,160
2014	16,587,771	4,772,242	1,188,741	802,509	50,972	344,423	5,205,516	3,009	28,955,183
2015	14,722,792	4,930,254	1,295,660	662,849	53,011	244,466	5,571,362	3,487	27,483,881
2016	12,328,995	5,000,621	1,583,301	824,925	59,359	156,353	5,402,353	110	25,356,017
2017	13,233,057	5,388,463	1,783,859	1,135,841	N/A	86,620	5,627,476	749	27,256,065
2018	16,194,537	5,777,173	1,340,062	1,153,170	17,956	156,060	5,258,183	(15,119)	29,882,022
2019	12,997,586	6,291,436	1,192,767	920,376	(17,974)	96,541	5,453,590	10,230	26,944,550

Source: Fallbrook Public Utility District

Chart #2 - Operating Revenues by Source



Source: Fallbrook Public Utility District

Table #5 - Water Rates (\$/Kgal*)⁽¹⁾

Fiscal Year	Domestic Tier 1	Domestic Tier 2	Domestic Tier 3	Commercial Tier 1	Commercial Tier 2	Government	Special Ag Rate	Commercial Ag Rate
2010	\$ 2.55	\$ 2.94	\$ 3.24	\$ 2.55	\$ 2.94	\$ 2.94	\$ 2.38	\$ 2.74
2011	3.06	3.52	3.88	3.06	3.52	3.52	2.63	3.06
2012	3.51	4.04	4.45	3.51	4.04	4.04	2.81	3.45
2013	3.86	4.44	4.89	3.86	4.44	4.44	3.05	3.86
2014	4.03	4.64	5.11	4.03	4.64	4.64	3.14	4.06
2015	4.19	4.61	5.08	4.19	4.61	4.61	3.14	4.06
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83
2019	5.96	6.05	6.04	6.14	6.14	6.04	4.42	5.12

*Kgal = 1,000 gal

(1) The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

Source: Fallbrook Public Utility District

Table #6 - Non-Agricultural/Government Monthly Water Service Charge (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2010	\$ 34.87	\$ 45.37	\$ 64.74	\$ 94.75	\$ 154.57	\$ 245.77	\$ 439.24	\$ 20.78
2011	34.87	45.37	64.74	94.75	154.57	245.77	439.24	20.78
2012	34.87	45.37	64.74	94.75	154.57	245.77	439.24	20.78
2013	36.09	46.96	67.01	98.07	159.98	254.37	454.61	21.51
2014	36.63	47.66	68.02	99.54	162.38	258.19	461.43	21.83
2015	38.10	49.57	70.74	103.52	168.88	268.52	479.89	22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,242.26	Variable

For more information on the District's rate structure, visit www.fpud.com

Source: Fallbrook Public Utility District

Table #7 - Monthly Water Service Charge (Ag/Gov) (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2010	\$ 43.37	\$ 57.26	\$ 82.77	\$ 122.31	\$ 201.26	\$ 312.70	\$ 563.53	\$ 20.78
2011	43.37	57.26	82.77	122.31	201.26	312.70	563.53	20.78
2012	43.37	57.26	82.77	122.31	201.26	312.70	563.53	20.78
2013	44.45	58.69	84.84	125.37	206.29	320.52	57.62	21.51
2014	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2015	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,242.26	Variable

Source: Fallbrook Public Utility District

Table #8 - Monthly Water Capital Improvement Charge (CIC) (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2010	\$ 3.20	\$ 4.40	\$ 6.40	\$ 10.00	\$ 16.80	\$ 26.40	\$ 48.00	\$ 1.92
2011	3.20	4.40	6.40	10.00	16.80	26.40	48.00	1.92
2012	3.29	4.52	6.58	10.28	\$17.27	27.14	49.35	1.97
2013	4.00	5.50	8.00	12.50	21.00	33.00	60.00	2.40
2014	8.00	11.00	16.00	25.00	42.00	66.00	120.00	4.80
2015	8.59	11.81	17.18	26.84	45.10	70.87	128.85	5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	Variable
2019	9.12	15.20	30.40	48.64	97.29	152.01	304.02	Variable

Source: Fallbrook Public Utility District

Table #10 - Sewer Rates by Customer Class (2010 - 2018)

	2010	2011	2012	2013	2014	2015	2016	2017	2018**	2019**
Fixed Rates (by meter size) (\$/month)										
3/4"	\$ 12.15	\$ 12.15	\$ 12.15	\$12.69	\$ 13.19	\$ 14.10	\$14.23	\$ 16.12	B Y	B Y
1"	18.33	18.33	18.33	19.23	19.95	21.23	21.55	24.01		
1 1/2"	33.79	33.79	33.79	35.59	36.86	39.06	39.86	43.75	E D U	E D U
2"	52.35	52.35	52.35	55.23	57.15	60.46	61.84	67.42		
3"	95.63	95.63	95.63	101.03	104.49	110.38	113.14	122.67	\$9.28/ EDU	\$9.70/ EDU
4"	157.48	157.48	157.48	166.47	172.12	181.70	186.36	201.60		
6"	312.08	312.08	312.08	330.06	341.20	359.99	369.49	398.91		
Billable Flow Rates * (\$/Kgal)										
Single Family Residence, Ag Domestic, Multi - Family	\$ 5.63	\$ 5.88	\$ 6.72	\$ 7.64	\$ 7.64	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44	\$ 9.86
, Low -Strength Commercial, Schools, Churches	8.47	8.81	10.09	11.54	11.54	11.54	12.35	13.27	9.37	9.86
Medium Strength Commercial	8.47	8.81	10.09	11.54	11.54	11.54	12.35	13.27	11.57	12.09
High Strength Commercial	14.14	14.67	16.83	19.35	19.35	19.35	20.63	22.28	14.44	15.09

*Billable flow rates are calculated based upon water usage adjusted for outdoor use.

** Rates switched from fiscal year to calendar year January 1, 2018.

Source: Fallbrook Public Utility District

Table #11 - Monthly Sewer Capital Improvement Charge (CIC) (\$/month)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Per EDU	N/A	N/A	N/A	\$8.00	\$10.00	\$10.44	\$10.70	\$10.84	\$11.16	\$11.53

Source: Fallbrook Public Utility District

Table #12 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
2010	7,514	222	666	666	28	9,096
2011	7,540	223	663	666	28	9,120
2012	7,545	219	678	667	29	9,138
2013	7,569	217	678	663	31	9,158
2014	7,582	217	680	660	32	9,171
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233
2019	7,742	218	713	533	45	9,251

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



Source: Fallbrook Public Utility District

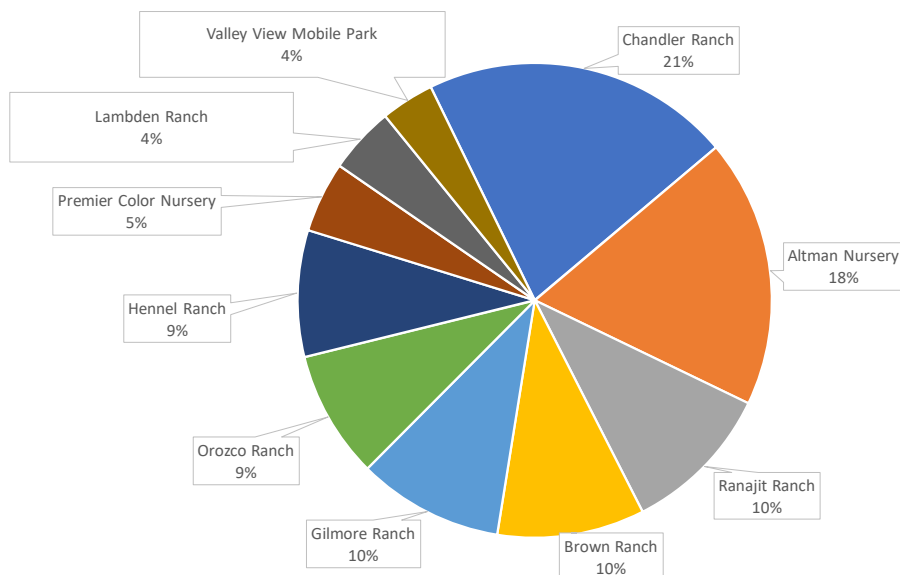
Table #13 - Top Ten Water Customers

Fiscal Year 2010		
Customer	Annual Usage (Kgal)	Percent of Total
Chandler Ranch	58,559	1.25%
Ross Ranch	53,953	1.15%
Ross Ranch	42,878	0.91%
Sparrow Hawk Ranch	36,273	0.77%
Serafiana Holdings	26,027	0.56%
Ross Ranch	31,762	0.68%
Hennel Grove	23,696	0.51%
Magdic Grove	24,525	0.52%
ACW Ranch	48,388	1.03%
Color Spot Nursery	27,046	0.58%
Total Top 10 Customers	373,107	7.96%
Total All Other Water Customers	4,314,390	92.04%
Total Water Consumed	4,687,497	100.00%

Fiscal Year 2019		
Customer	Annual Usage (Kgal)	Percent of Total
Chandler Ranch	53,987	2.21%
Altman Nursery	46,812	1.92%
Ranajit Ranch	26,488	1.08%
Brown Ranch	25,741	1.05%
Gilmore Ranch	25,432	1.04%
Orozco Ranch	22,265	0.91%
Hennel Ranch	22,062	0.90%
Premier Color Nursery	12,363	0.51%
Lambden Ranch	11,636	0.48%
Valley View Mobile Park	9,305	0.38%
Total Top 10 Customers	256,091	10.48%
Total All Other Water Customers	2,186,456	89.52%
Total Water Consumed	2,442,547	100.00%

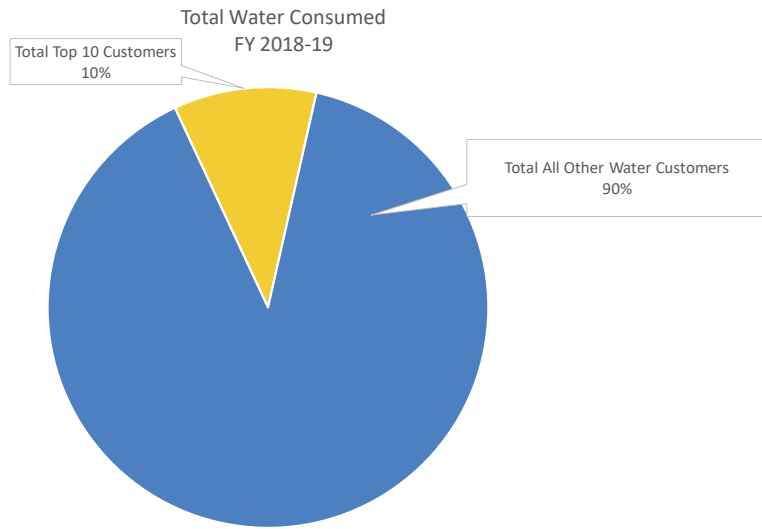
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2019



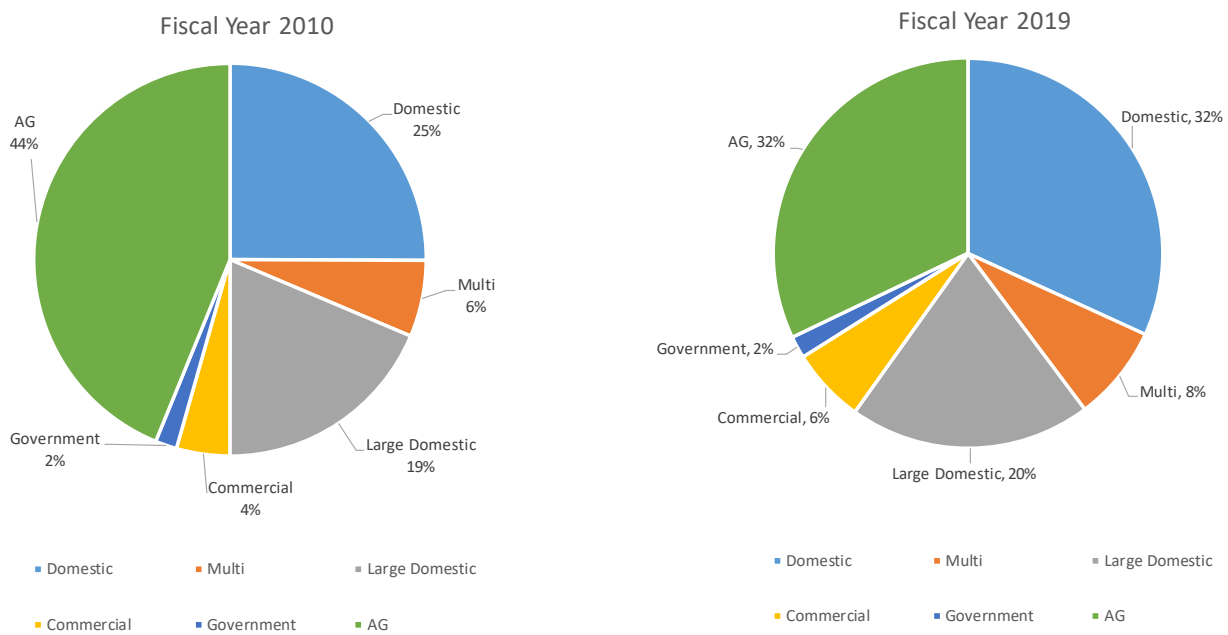
Source: Fallbrook Public Utility District

Chart #5 - Total Water Consumed Fiscal Year 2019



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2009 vs Fiscal Year 2018



Source: Fallbrook Public Utility District

Table #14 - Water System

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
2010	268.03	9,116	3,831,051,035	10,496,030
2011	268.38	9,124	3,863,212,430	10,584,144
2012	268.89	9,130	4,201,053,710	11,509,736
2013	268.89	9,142	4,159,247,155	11,395,198
2014	268.94	9,154	4,178,179,040	11,447,066
2015	268.98	9,166	3,327,254,350	9,115,765
2016	269.11	9,197	3,235,951,180	8,865,620
2017	269.11	9,211	3,114,930,490	8,534,056
2018	269.11	9,244	3,287,934,350	9,008,039
2019	269.29	9,253	2,684,556,048	7,354,948

Source: Fallbrook Public Utility District

Table #15 - Water System Total Production*

Fiscal Year	Total Used/Prod. (AF)	HCF
2010	11,757.10	5,121,392.81
2011	11,855.80	5,164,386.53
2012	12,892.60	5,616,016.62
2013	12,764.30	5,560,129.14
2014	12,822.40	5,585,437.50
2015	10,211.00	4,447,911.65
2016	9,930.80	4,325,856.52
2017	9,559.40	4,164,074.68
2018	10,090.30	3,588,734.20
2019	8238.60	

*Total Production before system losses.

Source: Fallbrook Public Utility District

Table #16 - Sewer System

Fiscal Year	Miles of Sewer Lines	Service Connections	Annual Sewerage (G)	Daily Sewerage (GD)
2010	77.55	4,956	630,238,194.63	1,726,679.99
2011	78.53	4,975	636,329,979.08	1,743,369.81
2012	78.62	4,994	609,826,887.99	1,670,758.60
2013	78.62	5,008	557,909,048.16	1,528,517.94
2014	78.62	5,028	540,541,189.86	1,480,934.77
2015	78.64	5,034	562,027,804.80	1,539,802.20
2016	78.64	5,044	499,860,321.77	1,369,480.33
2017	78.64	5,049	507,140,810.66	1,389,426.88
2018	78.64	5,049	486,337,179.41	1,332,430.63
2019	78.70	5,004	556,424,471	1,524,450

Source: Fallbrook Public Utility District

Table #17 - Sewer System Influent Flow

Fiscal Year	Total Used/Prod. (AF)
2010	1,965.79
2011	1,985.67
2012	1,968.83
2013	1,883.86
2014	1,873.30
2015	1,997.62
2016	1,639.416
2017	1,706.45
2018	1,592.26
2019	1,707.60

Source: Fallbrook Public Utility District

Table #18 - Recycled Water System

Fiscal Year	Miles of Recycled Pipes	Service Connections	Used Annual Recycled Water (AF)*	Daily Usage (MGD)
2010	8.28	28	593.90	0.5
2011	8.28	28	536.83	0.5
2012	8.28	28	603.50	0.5
2013	8.28	28	758.70	0.7
2014	8.28	28	746.80	0.7
2015	8.28	28	598.80	0.5
2016	10.53	29	599.83	0.5
2017	10.53	30	671.34	0.6
2018	10.53	32	740.40	0.7
2019	10.53	33	562.66	0.5

*includes water not billed at full rate
 Source: Fallbrook Public Utility District

Table #19 - Recycled Water System Production

Fiscal Year	Total Prod./Disposed (AF)
2010	1934.13
2011	1952.83
2012	1871.49
2013	1712.16
2014	1658.86
2015	1724.80
2016	1534.02
2017	1556.36
2018	1492.51
2019	1617.50

Notes:
 G- Gallons
 GD - Gallons per Day
 AF - Acre Feet
 MG - Millions of Gallons
 MGD - Millions of Gallons per Day

Source: Fallbrook Public Utility District

FPUD treats all water to recycled standards. This tables includes both recycled water used as well as discharged to the ocean outfall.

Table #20 - Annual RW Production and WRP Influent Flow

	Recycled Water (Acre-Feet)				WRP Influent Flow (Acre-Ft)
	Annual Production	Daily Average Production	Total Used Production	Total Disposed	
2010	1,926.46	5.28	486.57	1,439.89	1,971.72
2011	1,962.58	5.38	607.88	1,354.69	1,999.50
2012	1,795.23	4.92	702.99	1,092.23	1,933.72
2013	1,661.57	4.55	714.98	946.59	1,892.02
2014	1,756.49	4.81	690.15	1,066.34	1,888.80
2015	1,588.47	4.35	584.11	1,004.36	1,878.31
2016	1,489.03	4.08	694.37	794.66	1,600.40
2017	1,570.92	4.30	664.82	906.11	1,694.43
2018	1,492.51	4.09	740.39	752.12	1,592.26
2019	1617.50	4.43	562.70	1054.80	1,707.60

Source: Fallbrook Public Utility District

Table #21 - Full Time Equivalent (FTE) Employees by Function

Fiscal Year	Water Services	Wastewater Services	Recycled Water Services	General & Administrative	Total Operating Revenue
2010	22	15	6	31.8	74.8
2011	23	15	5	28.8	71.8
2012	23	14	5	29.8	71.8
2013	22	14	6	28.8	70.8
2014	21	13	6	27.8	67.8
2015	21	13	5	28.8	67.8
2016	20	13	5	28.8	66.8
2017	23	12	5	27.8	67.8
2018	24	15.2	2.8	25.8	67.8
2019	24	15.2	2.8	25.8	67.8

Source: Fallbrook Public Utility District

Table #22 -Assessed Valuation of Taxable Property

Fiscal Year	Secured				Unsecured		Total Assessed Value
	Water		Sewer		Water	Sewer	
	Local Assessed	State Assessed	Local Assessed	State Assessed			
2010	\$ 3,104,742,322	\$ 225,000	\$ 1,821,146,148	\$ 225,000	\$ 41,608,589	\$ 36,302,150	\$ 5,004,249,209
2011	3,037,269,947	225,000	1,781,731,084	225,000	42,343,299	37,141,389	4,898,935,719
2012	3,023,254,725	225,000	1,783,734,000	225,000	39,028,848	33,883,225	4,880,350,798
2013	3,005,131,868	225,000	1,773,732,093	225,000	40,228,753	35,613,386	4,855,156,100
2014	3,058,914,090	-	1,811,990,591	-	39,761,073	34,916,821	4,945,582,575
2015	3,234,556,718	-	1,928,060,834	-	40,480,476	35,184,912	5,238,282,940
2016	3,390,367,447	-	2,021,437,198	-	37,440,559	32,152,307	5,481,397,511
2017	3,518,846,961	-	2,098,501,032	-	36,135,611	31,163,876	5,684,647,480
2018	3,709,470,372	-	2,220,524,962	-	36,271,614	31,902,804	3,989,169,752
2019	3,895,955,738	-	2,337,209,037	-	41,211,234	35,075,356	6,309,451,365

Source: County of San Diego, Office of the Auditor & Controller

Table #23 -Property Tax

Fiscal Year	Current Year Levy*			Revenues Collected **			Uncollected Collected			Percent Uncollected
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
2010	\$ 884,001	\$ 785,885	\$1,669,885	\$ 870,482	\$ 773,715	\$ 1,644,197	\$ 13,519	\$ 12,170	\$ 25,688	1.5%
2011	865,466	769,673	1,635,140	853,568	759,066	1,612,634	11,898	10,607	22,506	1.4%
2012	859,279	769,708	1,628,987	848,048	758,639	1,606,687	11,230	11,069	22,300	1.4%
2013	866,702	776,960	1,643,662	855,046	766,457	1,621,503	11,656	10,504	22,159	1.3%
2014	887,378	798,786	1,686,164	874,729	787,339	1,662,068	12,649	11,447	24,096	1.4%
2015	933,206	847,121	1,780,327	921,440	836,401	1,757,840	11,766	10,721	22,487	1.3%
2016	982,997	890,717	1,873,715	970,998	879,769	1,850,767	11,999	10,949	22,948	1.2%
2017	1,022,747	927,792	1,950,539	1,009,595	915,788	1,925,384	13,151	12,004	25,155	1.3%
2018	1,072,468	978,636	2,051,105	1,060,447	967,619	2,028,066	12,021	11,017	23,039	1.1%
2019	1,122,771	1,028,393	2,151,164	1,108,272	1,015,057	2,123,329	14,499	13,336	27,835	1.3%

* Total levy including penalties before administrative fees.

** Amount before administrative and other fees deducted.

Source: County of San Diego, Office of the Auditor & Controller

Table #24 -Pledged-Revenue Debt Service Coverage Ratio

Fiscal Year	Total Operating Revenues	Total Operating Expenses*	Non-Operating Revenue**	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
2010	\$ 21,795,259	\$ 30,247	\$ 3,367,231	\$ 3,397,478	\$ 1,279,841	2.65	1.15
2011	21,255,448	23,093	2,702,416	2,725,509	1,148,552	2.37	1.20
2012	23,661,715	600,447	3,268,067	3,868,514	1,567,663	2.47	1.20
2013	27,582,160	3,133,370	4,355,765	7,489,135	1,490,434	5.02	1.20
2014	28,955,183	(402,350)	5,301,618	4,899,268	1,414,198	3.46	1.20
2015	27,483,881	1,892,674	5,482,287	7,374,961	1,319,031	5.59	1.20
2016	25,356,017	1,074,784	5,898,837	6,973,621	1,302,876	5.35	1.20
2017	27,256,065	1,871,670	5,348,517	7,220,187	2,756,731	2.62	1.20
2018	29,882,022	2,255,947	5,170,901	7,426,848	2,758,501	2.69	1.20
2019	26,944,550	25,549,828	5,336,901**	6,731,623	2,760,019	2.44	1.20

*Excludes depreciation and interest expenses

** Excludes one-term gain of \$9,338,297 on the sale of assets.

Source: Fallbrook Public Utility District

Table #25 Computation of Direct and Overlapping Debt (As of 06/30/2019)

2017-18 Assessed Valuation: \$3,937,116,972

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt (6/30/19)	% Applicable ⁽¹⁾	District's Share of Debt (6/30/19)
Metropolitan Water District	\$ 48,050,000	0.135%	\$ 64,868
Palomar Community College District	618,718,625	3.213	19,879,429
Bonsall Unified School District	10,505,021	0.494	51,895
Fallbrook Union High School District	10,071,101	40.346	4,063,286
Fallbrook Union School District	18,474,476	69.404	12,822,025
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 36,881,503
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	255,365,000	0.748%	1,910,130
San Diego County Pension Obligation Bonds	508,765,000	0.748	3,805,562
San Diego County Superintendent of Schools Certificates of Participation	10,085,000	0.748	75,436
Palomar Community College District Certificates of Participation	2,140,000	3.213	68,758
Bonsall Unified School District Certificates of Participation	7,345,000	0.494	36,284
Fallbrook Public Utility District	0	100.	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$5,896,170
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$ 42,777,673
COMBINED TOTAL DEBT			\$ 42,777,673 ⁽²⁾

(1) The percentage of overlapping debt applicable to the public utility district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the public utility divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.94%
Total Direct Debt	0.00%
Combined Total Debt	1.09%

Source: California Municipal Statistics Inc.

Table #26 - San Diego County Principal Employers

Fiscal Year 2019			Fiscal Year 2010		
Employer Name	Number of Employees ⁽¹⁾	Percentage of Total County Employment	Employer Name	Number of Employees	Percentage of Total County Employment
University of California San Diego	34,448	2.25%	Federal Government	43,000	3.27%
Naval Base San Diego	34,185	2.24%	State of California	35,600	2.71%
Sharp Healthcare	18,364	1.20%	University of California San Diego	20,653	1.57%
County of San Diego	17,413	1.14%	County of San Diego	16,555	1.26%
Scripps Health	14,941	0.98%	Sharp HealthCare	12,784	0.97%
San Diego Unified School District	13,815	0.90%	Scripps Health	11,500	0.88%
Qualcomm Inc.	11,800	0.77%	Qualcomm Inc.	8,003	0.61%
City of San Diego	11,462	0.75%	City of San Diego	7,124	0.54%
Kaiser Permanente San Diego	9,606	0.63%	Kaiser Permanente	7,000	0.53%
UC San Diego Health	8,932	0.58%	U.S. Postal Service, San Diego District	6,000	0.50%
Total Top Ten County Employers	174,966	11.44%	Total Top Ten County Employers	168,819	12.84%
All Other County Employers	1,354,514	88.56%	All Other County Employers	1,238,981	87.16%
Total County Employment⁽²⁾	1,529,480	100.00%	Total County Employment⁽¹⁾	1,407,800	100.00%

Source: *San Diego Business Journal*, County of San Diego, Bureau of Labor Statistics

Note: (1) Numbers are based on most recent data available for San Diego Business Journal as of October 2019

(2) Bureau of Labor Statistics (not seasonally adjusted)

Table #27 - Outstanding Debt, Demographic Statistics and Per Capita Statistics

Fiscal Year	District's Outstanding Long-Term Debt ⁽¹⁾		Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Notes	Contracts		Population Estimate ⁽²⁾	Per Capital Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	Total Estimated Personal Income		
2010	\$ 295,568	\$ 4,198,000	\$ 4,493,568	33,510	\$ 44,016	10.7%	\$ 1,474,981,191	\$ 134	0.3%
2011	224,814	13,386,773	13,611,587	33,645	46,496	10.7%	1,564,343,649	405	0.9%
2012	152,008	1,263,686	1,415,694	33,780	48,110	9.5%	1,625,146,771	42	0.1%
2013	77,090	13,165,083	13,242,173	33,915	49,162	8.2%	1,667,352,544	390	0.8%
2014	-	21,810,892	21,810,892	34,052	51,444	6.5%	1,751,754,674	641	1.2%
2015	-	32,389,288	32,389,288	34,188	53,696	5.3%	1,835,782,189	947	1.8%
2016	-	38,841,278	38,841,278	34,326	55,797	4.9%	1,915,273,183	1,132	2.0%
2017	-	37,101,306	37,101,306	34,464	57,878	4.2%	1,994,683,778	1,077	1.9%
2018	-	35,314,028	35,314,028	34,602	60,510	3.7%	2,093,767,020	1,021	1.7%
2019	-	33,474,377	33,474,377	34,740	63,280	3.7%	2,198,347,200	964	1.5%

(1) - Debt secured by District's net revenues

(2) - Historic population estimated based upon a 0.4% growth rate and the 2018 population estimate of 34,602.

(3) - Per capital personal income of for the San Diego County Region. Source: California Department of Transportation

(4) - Source Employee Development Department Labor Market Information Division June unemployment rate

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M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JAB
DATE: December 9, 2019
SUBJECT: Memorandum of Understanding with Rainbow Municipal Water District for Water Resource Development and Emergency Water Supply

Purpose

For the Board to approve a memorandum of understanding (MOU) with Rainbow Municipal Water District (RMWD) for Water Resource Development and Emergency Water Supply.

Summary and Background

The District has secured long-term water supplies on the Santa Margarita River and after construction of facilities is complete in 2022, the District will have significant local water supplies. In addition to these local supplies, the District is pursuing a pilot project and feasibility study with Camp Pendleton to evaluate increasing the availability of local supplies through development of advanced purification facilities using existing recycled water from both Camp Pendleton and the District. The District is finalizing an agreement with Department of Water Resources for approximately \$690,000 in grant funds. The District has budgeted an additional \$700,000 over two years to complete the studies. The studies are important to develop the most cost-effective water supply strategy using all available local resources. The available water supplies from these projects could exceed the combined demand of Camp Pendleton and the District. RMWD has expressed interest in participating in the study to further evaluate securing some of the additional water supplies.

The parties would also agree to work together on other potential potable water and recycled water supply projects in the region.

In addition to long-term water supply development, the MOU includes provisions for the District and RMWD to work together to improve emergency water supply capabilities among the Districts. The Districts have many interconnected boundaries and adjacent facilities including large storage reservoirs, and the recent SDCWA emergency shutdown highlighted the need for the agencies to further develop emergency interconnections. The District would also coordinate to support RMWD during a water supply emergency with District local water supplies provide it doesn't impact the District's water needs.

Budget Impact

The District has \$700,000 budgeted to complete the pilot facilities and feasibility study of the advanced purification facilities over two years in addition to the grant amount of \$690,000 as part of the recycled water capital program. The MOU identifies that RMWD will contribute \$105,000 to this study so the MOU will reduce the anticipated expenditures for the District recycled capital budget by \$105,000.

Recommended Action

That the Board authorize the General Manager to execute the attached memorandum of understanding with Rainbow Municipal Water District (RMWD) for Water Resource Development and Emergency Water Supply.

MEMORANDUM OF UNDERSTANDING
for Water Resource Development and Emergency Water Supply

THIS MEMORANDUM OF UNDERSTANDING (hereinafter, “MOU” or “Agreement”) is entered into this _____ day of _____, 2019 by and between Fallbrook Public Utility District (“FPUD”) and Rainbow Municipal Water District (“RMWD”). For purposes of this Agreement, FPUD and RMWD may be referred to collectively by the capitalized term “Parties.” The capitalized term “Party” may refer to either FPUD or RMWD interchangeably.

RECITALS

WHEREAS, in cooperation with the United States Marine Base Camp Pendleton (CPEN), FPUD has developed a local supply of water through its Santa Margarita Conjunctive Use Project; and

WHEREAS, FPUD and the CPEN are beginning the process of evaluating the feasibility of the development of a groundwater augmentation project (“Groundwater Augmentation Project”) that could provide significant additional local supplies, and

WHEREAS, the amount of supply that could potentially be developed in the Groundwater Augmentation Project if approved and implemented in the future, may exceed the demands of both FPUD and CPEN; and

WHEREAS, RMWD shares boundaries with both FPUD and CPEN and has several existing interconnections between the FPUD and RMWD distribution systems; and

WHEREAS, while RMWD has adequate storage in its system to service its customers in the event of pipeline failures on aqueducts operated by either the San Diego County Water Authority (SDCWA) or the Metropolitan Water District of Southern California (MWD), RMWD is interested in securing an additional emergency water supply resource; and

WHEREAS, the geography and density of RMWD does not lend itself to the development of a Groundwater Augmentation Project using its own wastewater resources and is interested in exploring the feasibility of the proposed Groundwater Augmentation Project; and

WHEREAS, the Parties recognize the need to cooperatively pursue alternative supplemental water supplies for the benefit of the public and the long-term sustainability of the agricultural customers in our region; and

WHEREAS, the Parties agree to continue to cooperatively work to identify and develop potential future local supplies in the Santa Margarita and San Luis Rey River watersheds; and

NOW, THEREFORE, in consideration of the preceding Recitals and the mutual covenants contained herein, and subject to the subsequent execution of additional agreements by all Parties hereto, the Parties hereby set forth their respective mutual understanding as to the terms and conditions for the delivery of emergency water supplies from FPUD to RMWD and the participation of RMWD in the feasibility study for the potential Groundwater Augmentation Project.

Section 1. Emergency Supply from FPUD to RMWD

- A. In the event of a pipeline failure on either the SDCWA or MWD aqueduct systems that causes loss of imported water supply to any or all of RMWD's or FPUD's aqueduct connections, FPUD and RMWD agree to work together to provide emergency supplies to customers.
- B. RMWD and FPUD have many common boundaries and interconnections and both have substantial storage within their systems and will coordinate to support emergency supply for both agencies needs through available storage.
- C. FPUD and RMWD will work together to identify opportunities to rehabilitate and maintain existing interconnects and establish new interconnects where appropriate, the costs of which will be shared as agreed to by the Parties.
- D. FPUD also has access to emergency supplies through the Santa Margarita Conjunctive Use Project (SMRCUP). FPUD will coordinate with CPEN to identify and/or make available sufficient supplies to support RMWD in an emergency to the extent water is available over FPUD emergency supply needs.
 - 1. The Parties agree and acknowledge that as a precondition to providing any FPUD water supplies to RMWD, FPUD's General Manager determines, in his or her sole reasonable discretion, that FPUD has a surplus of available water pursuant to Public Utilities Code Section 16473 and any other laws or binding obligations applicable to FPUD.
- E. Each party will reimburse the other party for any water supplied during an emergency at the wholesale cost of the wholesale imported water provider that serves FPUD or RMWD at the time of the emergency.

Section 2. FPUD/USMCCP Groundwater Augmentation Project

- A. RMWD will participate in the Feasibility Study for the FPUD/CPEN Groundwater Augmentation Project as follows:
 - 1. RMWD will assist in the development of technical data related to its customer demands to identify the potential amount of water it could use from the Project.
 - 2. RMWD will pay for a pro-rata share of the costs for the Feasibility Study based on its intent to determine the feasibility of securing a long term supply from the Project.

3. FPUD has been awarded a Proposition 1 Grant to offset a portion of the costs of the Groundwater Augmentation Project Feasibility Study. FPUD will charge RMWD the pro-rata share of Feasibility Study costs after the grant funds are deducted from the total costs. RMWD pro-rata share of the feasibility costs after grant funds is deducted is 15%. The estimated amount of the study after grant reimbursement is \$700,000. The estimated cost share for RMWD for the feasibility study is \$105,000.
- B. Should there be amendments to the agreement with the consultant performing the Feasibility Study work during the course of the Study, FPUD will confer with RMWD about the proposed amendments; however, FPUD has the unilateral power to approve reasonable amendments without specific approval from RMWD.
 - C. During the Feasibility Study, FPUD shall pay the consultant costs for the work. FPUD will issue invoice to RMWD for its pro-rata share after deduction of the grant funds and after receiving a copy of the consultant project costs and supporting documentation which shall be provided to RMWD. RMWD will pay the FPUD invoice within 30 days of the invoice date.
 - D. Additionally, FPUD and RMWD will work together on evaluating other alternative water supply development and recycled projects within their combined jurisdiction.

Section 3. Nature of Agreement.

The Parties acknowledge, understand and agree that this Agreement does not, and shall not be construed to create, a principal-agent relationship; a master-servant relationship; an employer-employee relationship; a partnership relationship; a joint venture relationship; or any like association.

Section 4. Notices.

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by fax or certified mail, postage prepaid and return receipt requested, addressed as follows:

FPUD
Jack Bebee
General Manager
FPUD
990 E. Mission Road
Fallbrook, CA 92028

RMWD
Tom Kennedy
General Manager
Rainbow Municipal Water District
3707 Old Highway 395
Fallbrook, CA 92028

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

Section 5. Severability.

If any term or condition of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and the Agreement shall be read and construed without the invalid, void or unenforceable provision(s).

Section 6. Attorney's Fees.

In the event either Party initiates legal action to enforce any provision of this Agreement or to recover damages for the breach of any provision contained herein, the prevailing Party in such litigation shall recover such costs and expenses as may be incurred by the prevailing Party, including court costs, reasonable attorney's fees and other related costs and expenses. This provision shall survive the early termination or expiration of this Agreement.

Section 7. Governing Law/Venue.

This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the northern district of the San Diego County Superior Court of the State of California. If applicable law absolutely requires that all or part of any such litigation be tried in a United States Federal District Court, venue, without exception, shall be in the Southern District of California located in the City of San Diego, California. This provision shall survive the termination of this Agreement.

Section 8. Modification.

No amendment to, or modification of, this Agreement shall be valid or enforceable unless made by mutual written agreement of the Parties.

Section 9. Third Parties.

The Parties agree that nothing in this Agreement may be construed to create rights in, or to grant remedies to, any third party as a beneficiary of this Agreement. All rights and benefits under this Agreement inure exclusively to the Parties.

Section 10. Time Is Of The Essence.

The Parties agree that time is of the essence under this Agreement. The Parties agree to initiate and complete all actions required under this Agreement with all reasonable diligence.

Section 11. Entire Agreement.

This Agreement, including any attached exhibits, constitutes the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed herein and supersedes all other agreements or understandings, whether oral or written, or entered into between the Parties prior to the execution of this Agreement.

Section 12. Assignment.

No Party may assign any of its rights under this Agreement, except with the written prior consent of the other Parties. All other assignments of rights are prohibited under this section.

Section 13. Authority To Sign.

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of their respective legal entities. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

Section 14. Counterparts.

This Agreement shall be executed in two (2) counterparts. One fully executed counterpart shall be delivered to each Party.

IN WITNESS WHEREOF, FPUD and RMWD have executed this Agreement to be in effect as of the date set forth above.

FALLBROOK PUBLIC UTILITY DISTRICT

DATE: _____ **BY:** _____

**Jack Bebee
General Manager**

ATTEST: _____

Paula de Sousa, Esq.

RAINBOW MUNICIPAL WATER DISTRICT

DATE: _____ **BY:** _____
Tom Kennedy
General Manager

ATTEST: _____
Alfred Smith, Esq.

DRAFT

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager , JAB
DATE: December 9, 2019
SUBJECT: Professional Services Agreement with Alchemy Consulting Group

Purpose

For the Board to consider entering into a professional services agreement with Alchemy Consulting Group to help the District educate key stakeholders relative to the District potential application to San Diego Local Agency Formation Commission (SDLAFCO) for detachment/exclusion from the San Diego County Water Authority (SDCWA) and annexation to Eastern Municipal Water District (EMWD).

Summary and Background

The District is considering submitting an application to SDLAFCO to help reduce or stabilize water costs for District customers. In order for the application to move forward, it first must be approved by SDLAFCO. The District outreach is focused inside the District boundaries on informing District customers and there is one part time public affairs specialist. SDCWA recently took an action to request that SDLAFCO make the detachment a county-wide vote instead of just a District-wide vote, despite the express language in the County Water Authority Act on where the election must be held. The District does not have internal resources to help educate the key parties outside the District about the potential impacts to the process of a county-wide vote and the importance of this action to the District's long-term fiscal sustainability.

Chris Brown with Alchemy Consulting Group has extensive experience in assisting with outreach and education to key parties in San Diego and Riverside County. Mr. Brown's experience is important to help provide information to local officials about the potential application to SDLAFCO.

Recommended Action

That the Board approve for the General Manager to enter into the attached professional services agreement with Alchemy Consulting Group for a retainer fee of \$7,500 per month to provide support to the District in educating key stakeholders about the potential application to SDLAFCO for detachment/exclusion from the SDCWA and annexation to EMWD.



Alchemy Consulting Group

CONSULTING AGREEMENT
SCOPE OF WORK

PARTIES:

This Consulting Agreement (“Agreement”) is made between Alchemy Consulting Group (“Consultant”) and Fallbrook Public Utility District (“Client” or “FPUD”), for consulting services to be performed in San Diego County, California.

TERM:

The term of this Agreement shall commence on December 10, 2019 until May 2020 or until the LAFCO process is concluded whichever comes first. The conclusion of the LAFCO process is defined as the effective date of the Client’s application to San Diego LAFCO for detachment from the San Diego County Water Authority and annexation into Eastern Municipal Water District (“FPUD Application”).

TERMINATION:

Either party upon fifteen (15) days written notice may terminate this Agreement. Consultant shall be entitled to payment for all service and work performed prior to effective date of termination in accordance with the payment terms contained herein.

SCOPE OF SERVICES:

Consultant will take direction and instruction from the FPUD General Manager and/or the FPUD Board of Directors. The Consultant’s responsibilities, which may be changed by Client at any time upon written notice, shall be to accurately and strategically advocate Client’s positions and interests as they relate to FPUD’s Application. Consultant’s responsibilities include, but are not limited to:

1. Attend any and all meetings (as requested) as they relate to Client’s position and where appropriate, including, but not limited to, Ad Hoc Committee meetings and Client’s Board Meetings wherein LAFCO and/or FPUD’s Application will be discussed.
2. Provide timely oral or written reports, as necessary, including recommendations, input and consulting as it relates to the following areas:
 - a. Local Agency Formation Committee (LAFCO) members and staffs
 - b. County Board of Supervisors and their staffs;

- c. County Board of Supervisors and their staffs
 - d. Eastern Municipal Water District Board Members and their staffs; and
 - e. Other Water Districts and/or Cities and their Board Members/ Councilmembers and staffs;
3. Devise and implement policy strategy as it relates to actions by LAFCO and its members and staff as well as other necessary groups, elected officials and the San Diego County Board of Supervisors.
 4. Provide potential litigation support related to FPUD's Application.
 5. Assist in initiating and organizing meetings with allied groups.
 6. Advise on any position, statements or other communications and correspondence that need to be prepared, and notify or arrange necessary meetings with the entities listed in Section 2 above, or other stakeholders to effectuate or advocate Client's interests and positions. This includes preparing draft statements, talking points, and briefings to ensure that Client is properly advised.
 7. Advocate Client's position during the LAFCO hearings.
 8. Assist in overall advocacy management.

FPPC REPORTING/ COMPLIANCE WITH LAWS:

The parties acknowledge that, pursuant to Government Code Section 56100.1, expenditures related to jurisdictional changes may be subject to certain Fair Political Practices Commission reporting requirements pursuant to Article 2.5 of Chapter 4 of the Political Reform Act of 1974. Consultant hereby agrees to properly disclose and report any and all expenditures made by Consultant related to this Agreement in accordance with FPPC Regulations. Additionally, Consultant shall perform the expert services specified hereunder in a manner that is in compliance with applicable laws, including, but not limited to the Brown Act.

CONSULTANT COMPENSATION:

Consultant shall be paid a retainer of Seven-Thousand Five Hundred dollars per month (\$7,500); provided however, the retainer for the partial month of December 2019 shall be in the prorated amount of Five-Thousand Three Hundred and Twenty-Two dollars and Fifty-Eight cents (\$5,322.58). This retainer is payment for costs of all services described herein, inclusive of fees for mileage reimbursements and costs related to all meetings (including calling costs, cell phone fees, etc.)

Client will reimburse the Consultant for any out of pocket expenses within the scope of services when receipts and proof of expense is delivered to Client. No reimbursement will be made for

expenses exceeding One Hundred dollars (\$100.00), without prior written or verbal approval by Client.

PAYMENT:

Consultant shall send an invoice for services to Client by no later than the 10th of the following month for services rendered during the previous month. Client shall deliver payment to consultant within thirty (30) days of receipt of invoice. In the event Consultant's services are terminated mid-month, Consultant shall be paid for the dates worked through the effective date of termination on a pro-rata basis. Consultant shall send invoice to;

**General Manager
FPUD 1213 Main St
Fallbrook, Ca 92028**

CONFIDENTIALITY:

Any and all information exchanged between Consultant and Client shall be considered strictly confidential and shall not be released or discussed with others without the expressed written, and in some cases verbal, approval of Client and Consultant, unless otherwise required by law.

INDEPENDENT CONTRACTOR RELATIONSHIP:

Consultant and Client agree, to the maximum extent permissible by law, that this Agreement does not constitute an employment agreement, the Consultant and Client are independent contracting parties with respect to all services rendered under this Agreement, and that this Agreement shall not be construed as a partnership.

INSURANCE:

Consultant shall not commence work for the Client until it has provided evidence satisfactory to the Client it has secured Automobile Liability Insurance as described herein. In addition, Consultant shall not allow any subcontractor or subconsultant to commence work on any subcontract until it has secured all insurance required under this section.

a. Automobile Liability.

- (i) At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the Client.

INDEMNIFICATION:

To the fullest extent permitted by law, Consultant shall defend (with counsel of Client's choosing), indemnify and hold the Client, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents

in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Client, its officials, officers, employees, agents, or volunteers.

MISCELLANEOUS:

Laws, Venue, and Attorneys' Fees. This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

Termination or Abandonment.

- a. The Client has the right to terminate or abandon any portion or all of the work under this Agreement by giving thirty (30) calendar days written notice to Consultant. In such event, the Client shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. The Client shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by the Client and Consultant of the portion of such task completed but not paid prior to said termination. The Client shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.
- b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to the Client only in the event of substantial failure by the Client to perform in accordance with the terms of this Agreement through no fault of Consultant.

Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Client and the Consultant.

Integration. This Agreement represents the entire understanding of the District and Consultant as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

Severability. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, including, but not limited to, the indemnification obligations, shall survive any such expiration or termination.

BY: ALCHEMY CONSULTING GROUP

By: _____

Name: _____

Title: _____

Date: _____

BY: Fallbrook Public Utilities District

By: _____

Name: _____

Title: _____

Date: _____

MEMO

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer *AC*
DATE: December 9, 2019
SUBJECT: Award of Winter Haven Road Pipeline Replacement Project (Job 3101)

Description

Request for Board approval to award the Winter Haven Road Pipeline Replacement Project to the lowest responsive bidder.

Purpose

As part of the District's pipeline and valve replacement program, a priority list of replacement projects were identified based on high rates of past failures and age of the facilities. The pipeline in Winter Haven Road was identified as a priority due to leaks, age, and condition, as well as difficult access in a wooded area. District staff prepared the design package for the project and solicited for general contractor construction bids. The project consists of approximately 1,950 linear feet of 12" cement mortar lined and coated steel pipe and associated appurtenances, as well as 620 linear feet of 6" PVC pipe. Bid opening was November 20, 2019. Eight bids were received. A summary of the bid results is below:

Company	Bid Amount
Kirtley Construction	\$750,400
TE Roberts	\$844,950
EJ Meyer	\$878,000
Southland Paving	\$945,000
Weka, Inc.	\$997,830
SRK Engineering	\$1,026,000
Orion Construction	\$1,063,000
GRFCO	\$1,220,000

Kirtley Construction, Inc. dba TK Construction was the apparent lowest responsible bidder at \$750,400. TK Construction has successfully completed work for the District in the past.

Budgetary Impact

The approved capital budget for FY2019/20 included \$860,000 for this project. There will be some internal administration and construction management costs but the project is expected to be completed within budget.

Recommended Action

That the Board authorize award of the Winter Haven Road Pipeline Replacement Project to the lowest responsible bidder, Kirtley Construction, Inc. dba TK Construction, for \$750,400.

M E M O

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer *AC*
DATE: December 9, 2019
SUBJECT: Award of Overland Trail Lift Station Rehabilitation Project (Job 3057)

Description

Request for Board approval to award the Overland Trail Lift Station Rehabilitation Project to the lowest responsive bidder.

Purpose

As part of the District's capital improvement program, the District is improving the reliability of the sewer collections system through strategic rehabilitation of existing infrastructure. District staff worked with IEC, a consultant design engineer, to prepare the design package and solicited for general contractor construction bids. The project consists of the rehabilitation of the existing Overland Trail Lift Station and the demolition of the Anthony's Corner Lift Station. The rehabilitation generally includes replacement of pumps, electrical and controls equipment, and backup generator, expansion of the existing wet well, and modifications to the existing controls building. The capacity at Overland Trail will be increased to handle flows currently handled at Anthony's corner, which will enable the two existing lift stations to be consolidated into a single lift station. Bid opening was November 20, 2019. Nine bids were received. A summary of the bid results is below:

Company	Bid Amount
Pacific Hydrotech	\$ 2,490,150
SCW Contracting	\$ 2,538,032
Cora Constructors	\$ 2,558,000
MMC Inc	\$ 2,754,000
Orion Construction	\$ 2,826,600
Metro Builders & Engineers Group	\$ 2,926,958
HPS Mechanical	\$ 3,171,604
Sukut Construction	\$ 3,183,240

Pacific Hydrotech Corporation was the apparent lowest responsible bidder at \$2,490,150. Pacific Hydrotech has a long history in the water/wastewater industry and was the contractor who constructed this District's UV Disinfection Facility.

Budgetary Impact

The approved capital budget for FY2019/20 included \$1,500,000 for this project, with an additional \$1,500,000 planned for FY2020/21, for a total budget value of \$3,000,000. There will be some internal administration and construction management costs but the project is expected to be completed within budget.

Recommended Action

That the Board authorize award of the Overland Trail Lift Station Rehabilitation Project to the lowest responsible bidder, Pacific Hydrotech Corporation, for \$2,490,150.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JAB
DATE: December 9, 2019
SUBJECT: Consider the San Diego Local Agency Formation Commission Special Districts Advisory Committee Election Ballot and Vote Certification to Fill Eight (8) Open Seats

Purpose

To consider nominations to fill eight (8) open seats on the 16-member San Diego Local Agency Formation Commission (LAFCO) Special Districts Advisory Committee (SDAC).

Summary

By letter dated November 4, 2019, LAFCO has provided a Ballot and Vote Certification for consideration by the Board to cast an Election Ballot and Vote Certification for eight eligible nominees. Nominations have been received for the following candidates. Write-ins are also permitted (*incumbent member):

- ~~Richard S. Williamson (Yuima Municipal Water District) (later removed)~~
- Michael (Mike) Sims (Bonita-Sunnyside Fire Protection District)
- *Jack Bebee (Fallbrook Public Utility District)
- James E. Gordon (Deer Springs Fire Protection District)
- *Robert Thomas (Pomerado Cemetery District)
- Albert C. Lau (Santa Fe Irrigation District)
- *Thomas (Tom) Kennedy (Rainbow Municipal Water District)
- Courtney G. Provo (Mission Resources Conservation District)
- *Kimberly A. Thorner (Olivenhain Municipal Water District)
- Brian Boggeln (Alpine Fire Protection District)
- *Mark Robak (Otay Water District)

Details of the process, the Ballot and vote Certification Form, and Nominee resumes are attached for the Board's review. State Law specifies the District's vote be cast by the presiding officer, or an alternate member designated by the Board, and a valid signature is required on the ballot. The deadline for receipt of ballots by LAFCO is Monday, January 6, 2020.

Recommendation

The Board consider the nominations for the LAFCO Special Districts Advisory Committee and authorize the President to cast its votes on the ballots provided.



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

BALLOT FORM

November 4, 2019

TO: Independent Special Districts in San Diego County

FROM: Tamaron Lockett, Executive Assistant

SUBJECT: **Ballot Form | Election to Special Districts Advisory Committee**

On August 12, 2019, the San Diego Local Agency Formation Commission (LAFCO) solicited nominations pursuant to Government Code Section 56332(1) to fill eight open seats on the 16-member Special Districts Advisory Committee. A total of eleven nominations were received following a 60-day filing period. All terms on the Advisory Committee are four-years.

San Diego LAFCO is now issuing ballots to all 58 independent special districts in San Diego County and inviting each district to cast a ballot selecting up to eight eligible nominees. Write-in candidates are permitted, and spaces have been provided for that purpose. **Only cast one vote for each nominee on the ballot and vote certification form; a ballot that is cast for more than indicated number of positions the vote will be disregarded.** The ballot and vote certification form along with nominee resumes provided by the candidates are attached.

State Law specifies a district’s vote is to be cast by its presiding officer, or an alternate member designated by the board and a valid signature is required on the ballot. **A ballot received without a signature will be voided.** A minimum of **30** ballots must be received to certify that a legal election was conducted. A candidate for a special districts advisory committee member must receive at least a majority of the votes cast to be elected. The ballots will be kept on file in this office and will be made available upon request.

Ballots may be submitted by mail, courier, hand delivered, FAX or via email to tamaron.lockett@sdcounty.ca.gov. The deadline for receipts of the ballots by LAFCO is **Monday, January 6, 2020**, any ballots received after the deadline will be voided. All election materials are available on the website: www.sdlafco.org.

Should you have any questions, please contact me at (858) 614-7755.

- Attachments:
- a) Ballot and Vote Certification Form
 - b) Nominees resumes

Administration Keene Simonds, Executive Officer County Operations Center 9335 Hazard Way, Suite 200 San Diego, California 92123 T 858.614.7755 F 858.614.7766 www.sdlafco.org	Jim Desmond County of San Diego Dianne Jacob, Vice Chair County of San Diego Greg Cox, Alternate County of San Diego	Mary Casillas Salas City of Chula Vista Bill Wells City of El Cajon Paul McNamara, Alternate City of Escondido	Mark Kersey City of San Diego Chris Cate, Alternate City of San Diego	Jo MacKenzie, Chair Vista Irrigation Barry Willis Alpine Fire Protection Erin Lump, Alternate Rincon del Diablo MWD	Andy Vanderlaan General Public Harry Mathis, Alternate General Public
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**ATTACHMENT A
SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBER
ELECTION BALLOT and VOTE CERTIFICATION**

VOTE FOR ONLY EIGHT NOMINEES

- Richard S. Williamson (Yuima Municipal Water District) []
- Michael (Mike) Sims (Bonita-Sunnyside Fire Protection District) []
- * Jack Bebee (Fallbrook Public Utility District) []
- James E. Gordon (Deer Springs Fire Protection District) []
- * Robert Thomas (Pomerado Cemetery District) []
- Albert C. Lau (Santa Fe Irrigation District) []
- * Thomas (Tom) Kennedy (Rainbow Municipal Water District) []
- Courtney G. Provo (Mission Resources Conservation District) []
- * Kimberly A. Thorner (Olivenhain Municipal Water District) []
- Brian Boggeln (Alpine Fire Protection District) []
- * Mark Robak (Otay Water District) []
- Write-Ins**
- _____ []
- _____ []

I hereby certify that I cast the votes of the _____
(Name of District)

for the Special Districts Advisory Committee Election as:

- [] the presiding officer, or
- [] the duly-appointed alternate board member.

 (Signature)

 (Print name)

 (Title)

 (Date)

NOTE: The Nominating Committee believes all candidates are equally qualified and recommends each special district proceed with voting as they see fit. Additionally, a candidate’s forum is tentatively scheduled for November 21, 2019 as part of the quarterly meeting of the San Diego Chapter of the California Association of Special Districts.

Return Ballot and Vote Certification Form to:
 San Diego LAFCO
 Taron Lockett
 9335 Hazard Way, Suite 200
 San Diego, CA 92123
 (858) 614-7755 (office) · (858) 614-7766 (FAX)
 Email: taron.lockett@sdcounty.ca.gov

* Incumbent member

Michael Sims

(619) 479-2346

msims@bonitafd.org

4900 Bonita Road, Bonita CA 91902

Bonitafd.org

Objectives

Serve on the LAFCO Special District Advisory Committee

Education

Columbia Southern University

Bachelor Degree in Public Administration

Experience

Fire Chief

Bonita Sunnyside Fire Protection District

Hired in 1995 as a firefighter and worked through the ranks of Captain, Deputy Chief and was selected as Fire Chief in 2018

Special Assignments

San Diego County Fire Chiefs Liaison to the County Training Officers Section

San Diego County Fire Chiefs - Executive Board - Member at Large

As the past Chair of County Training Officers Section I helped to revitalize countywide participation and collaboration on all manor of training topics in our local fire service by investing in and utilizing the vast talents of the fire training officers in our region.

FAIRA Board Member

PASIS Board Member

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SUMMARY: Over twenty years experience in the management of operations, design and planning of water and wastewater infrastructure, including water treatment, distribution and wastewater collections and reclamation facilities. Oversee entire District operation with a staff of 68 FTE's with 11 direct reports in my current position as both General Manager for the Fallbrook Public Utilities District.

EXPERIENCE: **Fallbrook Public Utilities District** **9/2017-Present**
General Manager

Oversee all District functions including Finance, Customer Service, Public Relations, Human Resources, Operations, and Engineering. Responsible for establishing a productive and positive work environment. Facilitates development and implementation of the Board of Directors overall vision for the District. Communicates and Coordinates District operational needs with the Board of Directors.

EXPERIENCE: **Fallbrook Public Utilities District** **2013-Present**
Assistant General Manager/District Engineer

Oversee all operations, engineering and planning functions of the District including maintenance/construction, meter services, purchasing, water system operations and wastewater treatment/water reclamation. Responsible for Planning and setting goals for each department and monitoring performance. Responsible for developing and implementing all capital projects.

EXPERIENCE: **Fallbrook Public Utilities District** **2009-2013**
Engineering and Planning Manager

Served as the head of Engineering and Planning Department. Responsible for planning and overseeing all capital improvements projects for the District Facilities and supporting wastewater and water Operations. The projects include a new groundwater treatment plant and major wastewater reclamation plant rehabilitation as well as water distribution, storage and wastewater collections construction.



James E. Gordon
Director, Deer Springs Fire Protection District
415.852.1086
jegordon888@gmail.com

Professional History

- Director, Berkeley Research Group; October 2012 to 2014
- Managing Director, Navigant Consulting Asia; March 2005 to October 2012.
- Vice President of Pinkerton Consulting & Investigations; March 2001 to March 2005.
- Executive Vice President and CEO of OnlineSecurity; March 2000 to March 2001.
- Managing Director of Kroll Associates; March 1999 to March 2000.
- Managing Director of The Investigative Group, Inc.; June 1990 to March 1999.
- Partner, Philips & Gordon, Litigation Consulting Firm: May 1980 to June 1990.

Former Professional Associations

- American Bar Association (Associate Member)
- Inter-Pacific Bar Association
- High Technology Crime Investigator Association (HTCIA)

Professional Designations

- Licensed Private Investigator in California
- Chartered Life Underwriter (CLU0)

James Gordon retired in 2014 after a successful international consulting career and is serving his second term (till 2022) as a Director of the Deer Springs Fire Protection District. Mr. Gordon's professional career includes more than 25 years of experience and expertise advising clients faced with complex high stakes business disputes, litigation and investigations, especially in cross-border matters. Mr. Gordon has served as a consulting and testifying expert as well as a third-party neutral in a diverse range of business and discovery disputes.

Mr. Gordon was based in Hong Kong from 2009 to 2012 as Managing Partner for a global expert services and consulting firm. Mr. Gordon was the consulting expert and project lead on a diverse range of complex matters, including: special committee forensic investigations for Boards of U.S. listed Chinese companies; cross-border discovery; allegations of business fraud; undisclosed related third party asset transfers; Foreign Corrupt Practices Act (FCPA) investigations; deep-dive M&A and FCPA due diligence; international arbitration; royalty disputes; intellectual property rights (IPR); and dumping/trade issues.

Mr. Gordon worked on many of the highest-profile regulatory and enforcement investigations in US history, including: the Wall Street IPO Securities Litigation; Tyco; WorldCom; Parmalat; HealthSouth; and Enron. His work involved matters throughout Asia, China, Canada, UK and the United States

advising clients and their counsel in responding to investigations by: U.S. Department of Justice (DOJ); Securities and Exchange Commission (SEC); Federal Energy Regulatory Commission (FERC); the New York Stock Exchange (NYSE); NASDAQ; Federal Trade Commission (FTC); United States International Trade Counsel (USITC) and Congressional and Senate Investigations.

Mr. Gordon was a frequent presenter at In-House Corporate Counsel events, American Bar Association conferences and at the International Pacific Bar Association on topics critical to managing business risks and resolving cross-border disputes including; *"Anti-Corruption and Fraud Investigations in Asia," "Managing Counterparty Business Risk with Business Intelligence and Analytics," "Developing Cost Effective Strategies for Managing Cross-Border Discovery," "Electronic Discovery in Asia-U.S. Cross-Border Disputes,"* and *"Evidentiary Issues in CIETAC Arbitrations."*

Representative Client Assignments

Special Committee Investigation for Chinese Board of US Listed Company

- For a US listed Chinese company, Mr. Gordon was retained by the Board of Directors to conduct an internal investigation in response to whistle blower allegations. Mr. Gordon led an extensive investigation throughout China to drill down on allegations of accounting irregularities; numerous dealings with related undisclosed third parties; and the sale of one of the company's manufacturing facilities that was not an arm's length transaction. Based on Mr. Gordon's investigation, the company restated its financial statements, changed auditors and Mr. Gordon presented his team's findings to US based regulatory agencies.

Audit Committee Internal Bank Investigation

- Mr. Gordon worked with the bank's general counsel and the auditors pertaining to a wide-ranging internal investigation which included: investigating whistle blower allegations; an in-depth information technology review; investigation of an external data breach; and investigation of internal misconduct. The summary of Mr. Gordon's findings was provided to numerous regulatory and law enforcement agencies as well as the AMEX and NASDAQ stock exchanges resulting in no adverse impact to the client.

Major US Financial Institution – Breach of Contract Dispute

- Mr. Gordon was retained as the Court appointed Third-party Neutral Expert in a matter pertaining to allegations of a breach of an Insurance Recovery Agreement for thousands of real estate properties owned by the bank. Mr. Gordon led a team in analyzing hundreds of millions of fields of data from disparate sources including bank loan foreclosure and real estate owned ("REO") property records, asset manager records, hazard insurance recovery provider data, and insurance claims. The case successfully resolved within a week of Mr. Gordon's testimony.

Robert Thomas
POMERADO CEMETERY DISTRICT

14361 Tierra Bonita Road
Poway, CA 92064
858.748.5760
bobtpcd@gmail.com

August 28, 2019

RE: Resume for Special District Advisory Committee

To Whom It May Concern:

My professional career consists of working in local government for twenty-seven years in both northern and southern California.

The last year thirteen years before I retired, I was the Community Services Director for the City of Poway overseeing the parks, recreational and cultural activities of the City.

I have been a Trustee of the Pomerado Cemetery District since 2004 appointed by the San Diego County Board of Supervisors. Dearborn Cemetery is a public cemetery serving the communities of Poway, Rancho Bernardo, and portions of North County and Inland San Diego.

I am now completing my first four year term on the Special District Advisory Committee.

Sincerely,

Robert Thomas

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Albert C. Lau, P.E., MBA

Qualification Summary

Over 25 years of progressively responsible and successful engineering, planning, and utility management experience, including 18 years in leadership and senior management capacity overseeing in-house staff, consultants, and contractors. In my current position as the General Manager with Santa Fe Irrigation District, I am responsible for interfacing with elected officials, regulatory agencies, and other public agencies. I am also responsible for, under direction of the Board of Directors, planning, organizing, directing and reviewing the overall activities and operations of the District. I receive policy direction from the Board of Directors, and advise and assist the Board of Directors. Additionally, I represent the District's interests at local, regional, State and Federal levels, and coordinates activities with outside agencies and the community.

Education

- ◆ M.B.A. (2004), San Diego State University, San Diego, CA
- ◆ M.S. Civil Engineering (1994), University of Colorado, Boulder, CO
- ◆ B.S., Civil Engineering (1992), California Polytechnic State University, Pomona, CA

Professional Experience

Position/Employer/Dates	Dates	Responsibilities
General Manager Santa Fe Irrigation District Rancho Santa Fe, CA	March '19 to present	Directly responsible for the development of District-wide work plans; assign work activities, projects and programs.
Director of Engineering and Planning Padre Dam Municipal Water District Santee, CA	July '91 to March '19	Member of the executive team for PDMWD. Successful re-organized the department to improved efficiency and effectiveness that has received numerous project awards.
Engineering Manager Padre Dam Municipal Water District Santee, CA	Sep '00 to July '09	Directly responsible for capital project implementation and increased the quality, timeliness, responsiveness, efficiency, and overall production of my working group.
Senior Engineer Dudek & Associates Encinitas, CA	Apr '98 to Sep '00	Project manager/engineer consistently completed assignments/ projects on time and within budget. Maintained strong working relationships with public agencies and clients.
Project Manager/Engineer Tetra Tech, Inc. San Diego, CA	July '94 to Apr '98	Project engineer in charge of civil works for various projects.

Key Accomplishments

- Provided leadership, under policy directions from the Board of Directors, to develop a fair and equitable rate structure that would fit the unique and diverse consumption profile of Santa Fe Irrigation District.
- Directed the implementation of the East County Advanced Water Purification Program, a partnership between Padre Dam, County of San Diego, Helix Water District and City of El Cajon. This is a \$500M surface water augmentation program, one of the first in the State of California. This regional water supply program will produce up to 30% of East San Diego County drinking water supply locally and provide long term price certainty and enhance local control for the program partners. To date, this program had received

approximately \$40M in grants and over \$101M in State Revolving Fund and received conditional regulatory approvals. Served as media spokesperson for interviews and conducted key elected official briefings.

- Served on the statewide advisory panel for the State Water Resources Control Board and Division of Drinking Water to investigate and report to the Legislature on the feasibility of developing uniform water recycling criteria for direct potable reuse and reservoir augmentation.

Professional Memberships, Registration, and Certifications

- ◆ Registered Professional Engineer - Civil (CA 59053)
- ◆ Member, American Society of Civil Engineers (ASCE)
- ◆ Committee member, Water and Environment Committee, ASCE region 9
- ◆ Member, American Water Works Association (AWWA)
- ◆ Committee member, CA-NV AWWA, Advanced Water Operator Certification Committee
- ◆ Member, Water Reuse Association
- ◆ Member, Water Environment Federation & California Water Environmental Association
- ◆ Member, California Special District Association (CSDA)

Recent Professional Recognitions, Publications, and Presentations

- 2016 Leadership Award, Water Environmental Federation, White House Water Summit.
- WaterReuse California (2017) "Maximizing Disinfection Infrastructure for Both Potable and Non-Potable Reuse", San Diego, CA, in March, 2017.
- IWA International Conference on Water Reclamation and Reuse (2017) "Modifying Existing Infrastructure to Maximize Pathogen Control for Potable and Non-Potable Reuse", Long Beach, CA in July, 2017.
- WaterReuse Symposium (2017) "Potable Reuse Case Study for Full-scale Predesign of RO with 95% Recovery", Phoenix, AZ in September, 2017.
- Lau, A., Huston, P. & Pecson, B., 2016. Padre Dam's Advanced Water Purification Program: Building a Better Future Inspired by Creativity from the Past. J. - AWWA, 108:11:68.
- IWA International Symposium: Potable Reuse (2016) "Reducing the Need for the Environmental Buffer: Results from Padre Dam's Advanced Water Purification Testing", Long Beach, CA, in January, 2016.
- WaterReuse California (2016) "Dual Pursuit of Surface Water Augmentation and Groundwater Recharge at Padre Dam", Santa Rosa, CA, in March, 2016.
- WaterReuse Symposium (2016) "Maximizing Product Water through Brine Minimization", Tampa, FL in September, 2016.
- AWWA California-Nevada Annual Fall Conference (2016) "Maximizing Product Water through Brine Minimization", San Diego, CA in October, 2016.
- WaterReuse California (2015) "Breaking IPR Boundaries at Padre Dam's Advanced Water Purification Demonstration Project" by Brian Pecson, Los Angeles, CA, in March, 2015.
- AWWA Annual Conference and Exhibition (2015) "Pushing the Boundaries of IPR at Padre Dam's Advanced Water Purification Demonstration Project", Anaheim, CA, in June, 2015.

KEY ATTRIBUTES

Experienced practitioner regarding all things related to Special Districts. Deep understanding of LAFCO laws and intergovernmental relations.

EDUCATION

Bachelor of Science, Aerospace Engineering, with emphasis on Flight Mechanics and Propulsion, San Diego State University, 1989

Masters in Public Administration, with emphasis in Public Finance, California State University at Fullerton, 2000

EMPLOYMENT

2014 TO CURRENT

General Manager, Rainbow Municipal Water District

2007 TO 2014 (and 1999 TO 2005)

Operations Manager, Olivenhain Municipal Water District

2006 TO 2012

Non-Revenue Water Consultant (Offshore projects – side work)

2005-2006

Vice President, Business Solutions, Nobel Systems

2003 - 2006

Water Treatment Plant Design Consultant (US based projects – side work)

1999 TO 2005

Operations Manager, Olivenhain Municipal Water District

1991 – 1999

Water Superintendent, City of Vernon

AFFILIATIONS

President, San Diego Chapter of the California Special Districts Association – 2016 to present

Member, San Diego LAFCO Special District Advisory Committee – 2015 to present

Member, San Diego County Water Authority Board of Directors, 2015 to present

Advisory Member CSDA Formation and Reorganization Expert Feedback Team

President, Bonsall Rotary (2018-2019)

Former Chairman of the GE Water and Process Technology Drinking Water User Group

Member American Water Works Association serving on several National Committees

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COURTNEY G. PROVO

Courtneyrios@gmail.com | (760) 310-0161

Executive Management

Strategic Planning • Public Sector Engagement • Budget Development • Contract Administration

PROFILE SUMMARY

Accomplished executive with extensive experience in the public sector. Highly skilled in planning, organizing and implementing functions from conception to completion, including business retention, business attraction and diversified programs. Regularly coordinates with various political subdivisions to facilitate change in the community to support organizational objectives. Possess adept skills in budgeting, management of operational services, interdepartmental project supervision, and human resources. Review of analytical data and delivering information in a comprehensible manner. Strong background in relationship management, and team building.

WORK EXPERIENCE

MISSION RESOURCE CONSERVATION DISTRICT

General Manager, July 2018 – Present

- Strengthening the District's visibility through proactive networking, community engagement, workshops and public presentations.
- Works directly with diverse stakeholders, including other conservation districts, local, state and federal agencies.
- Directs all services and activities of the District, that includes the expanding and diversifying of staff and additional program opportunities.
- Supervising grant and contract activities such as monitoring deliverables; development and coordination of staff and sub-contractors and building relationships with internal & external stakeholders to sustain future efforts.
- Analyzing of existing economic conditions relative to business operations and program expansion; reviewing modern techniques for implementation to increase employee retention and streamlined operations.
- Coordinating with other agencies to leverage program development and further grant opportunities.
- Preparation of requests for proposal for necessary contract work, including the interview process and compliance with all provisions concerning public works and prevailing wage.
- Development of business proposals to secure District contracts, that consists of proposal presentations, contract negotiations and ongoing monitoring of deliverables.
- Coordinating with various departments in preparation of the District's annual budget, including fiscal year-end activities.
- Implementing necessary marketing efforts to increase visibility of the District's programs
- Monitoring of the District's day-to-day activities and reports directly to the Board of Directors.
- Preparation of monthly Board reports and regular attendance to all meetings, including the preparation of agendas, recommendations with supporting materials and corresponding meeting minutes.

COLLINS COLLINS MUIR + STEWART
Legal Assistant, March 2016 – June 2018

- Works directly with Partner and Associate level attorneys at varying skills levels and managing their day-to-day calendars and cases.
- Responsible for overseeing status of all pending case deadlines to ensure both legal compliance and timely submittal.
- Conducts research concerning State and Federal rules to ensure compliance with submission of legal pleadings.
- Reviews and edits pleadings prior to submittal to State, Federal, Appellate and Supreme Courts.
- Collaborates with multiple attorneys and staff on as-needed work with little to no direction.

SEMNR & HARTMAN LLP
Legal Assistant/Office Manager, May 2013 – March 2016

- Manages all office operations and day-to-day activities, included, but not limited to hiring and training of additional personnel.
- Maintains various attorney's calendars; calendaring all appearances and corresponding deadlines.
- Researching all applicable local State and Federal rules to ensure proper compliance with jurisdictional authority.
- Maintain client accounts and expenses; assists in firm bookkeeping.
- Responsible for maintaining the life cycle of an entire caseload from conception to completion, which includes overseeing all pending deadlines and maintaining client retention.

KHASHAYAR LAW GROUP
Legal Assistant/Office Manager, August 2008 – March 2016

- Development and implementation of a records management system.
- Corresponds with diverse individuals and administrations; attorneys, staff, clientele and various government agencies.
- Manages attorney's day-to-day calendar and caseload to ensure timely completion of pending projects, in addition to daily office maintenance and activities.
- Prepares and reviews all pleadings and other legal correspondence prior to submission.
- Researches local authority to ensure compliance with legal process and procedure.

EDUCATION

MA, Public Administration
Ashford University

BS, Criminal Justice Administration
University of Phoenix

Kimberly A. Thorner, Esq.

Carlsbad, CA 92009

kthorner@olivenhain.com

NATIONALITY

US Citizen, Born on US Army Base, Berlin, Germany

SKILLS

- Chief Executive Officer
- Public Agency Manager
- Lawyer
- Legislative Advocate
- Project Manager
- Community Relations
- Financial Management

EXPERIENCE

Olivenhain Municipal Water District, Encinitas, CA

2007- Current

General Manager

- Management of approx. half billion dollar net worth public agency
- Water Supply Planning, Treatment and Maintenance, Wastewater Collection and Treatment, Recycled Water
- Parks and Recreation
- Legal
- Financial
- Engineering
- Human Resources
- Legislative (State & Federal)
- Community Relations
- Risk & Safety

Olivenhain Municipal Water District, Encinitas, CA

2002 - 2006

Assistant General Manager

- Management of public agency
- Oversight of main functions of District

Olivenhain Municipal Water District, Encinitas, CA

1996 - 2002

Project Manager

- Project Management
- Constructed World's Largest Immersed Membrane Treatment Plant
- Project Team on the Olivenhain Dam
- Environmental Compliance
- Contract Negotiations
- Public Relations
- Budget Oversight and Management

EDUCATION

Thomas Jefferson School of Law, San Diego, CA

- Juris Doctorate, May 1995
- Editor for "The Restater" Law School Newspaper 1993-1995
- Teaching Assistant, Legal Analysis 1993-1994
- President-Student Bar Association-1994-1995
- Academic Chairperson-Student Bar Association-1993-1994

University of Colorado, Boulder, CO

- Bachelor of Arts in Political Science, May 1992
- Secondary Emphasis - German
- Active member of CU Law Club; CU Election Poll Manager -1991

ACHIEVEMENTS & PROFESSIONAL BOARDS (Last 10 years)

- Certified Special District Administrator from the Special District Leadership Foundation (2008 – present)
- WaterReuse California Board of Directors (2018 to present)
- 2015 California WaterReuse Advocate of the Year
- Founding member and lead for the North San Diego County WaterReuse Coalition (2010 to present)
 - Testified before the San Diego Grand Jury which resulted in a commendation for the coalition (2015/2016)
- Association of California Water Agencies Federal Affairs Committee (2006 to present)
- San Diego Local Agency Formation Commission Advisory Committee (2008 to present)
 - Elected Chair (2014 to present)
- Board of Directors of the San Diego North Economic Development Council (SDNEDC) (2007 to present)
 - Elected Chair (2013-2014)
- Integrated Regional Water Management Regional Advisory Committee (2008 to present)
- California Best Places to Work (2007 and 2008)
- Sponsored AB 869 to promote water recycling in California (2017)
- OMWD bond rating increased from A- to AAA under my tenure as General Manager, while our rates remained in the lower third in the region for the average user. (2007 to present)
- Issuance of over \$250 million in bond financing and refunding
- Oversaw unprecedented OMWD safety record of over 10 years of no lost time preventable injuries (2007 to present)

COMMUNITY INVOLVEMENT

- Water for People (San Diego Core Committee) Emcee at Annual Lunch (2013 to present)
- Lead Planner and Host for the North County Water Summit with the SDNEDC (2015)
- Board of Management – Magdalena Ecke YMCA (2007 - 2017)
 - Finance Committee – Magdalena Ecke YMCA (2007 – 2015)
 - Alga Norte task Force – Magdalena Ecke YMCA (2014-2016)
- Board of Directors (President) – Arroyo Vista Homeowner's Association (2009 to present)
- Classroom Volunteer – Olivenhain Pioneer Elementary – 2012 to 2018
- Hands On San Diego Volunteer
- hikeboss@summitfriends.com Annually guide personal and professional friends on ambitious day hikes, including Rim to Rim of the Grand Canyon and Mt. Whitney

**2020 LOCAL AGENCY FORMATION COMMISSION
NOMINATION / RESUME**

NOMINATED BY:	
District Name:	Olivenhain Muncipal Water District
District Phone:	(760) 753-6466
NAME OF NOMINEE:	
Name:	Kimberly A. Thorer
Address:	1966 Olivenhain Road, Encinitas, CA 92024
Phone:	(760) 753-6466
NOMINATED FOR:	
<i>Please check <u>one</u> box Refer to the List of Incumbents.</i>	LAFCO POSITION: <input type="checkbox"/> Regular Special District Member (Term expires in 2017) <input type="checkbox"/> Alternate Special District Member (Term expires in 2019)
	SPECIAL DISTRICTS ADVISORY COMMITTEE POSITION: <input checked="" type="checkbox"/> Special Districts Advisory Committee (Term expires in 2019)
DISTRICT EXPERIENCE:	Ms. Thorer began her tenure with Olivenhain Municipal Water District in October 1996, becoming General Manager on January 1, 2007. Under her direction, OMWD provides water, wastewater services, recycled water, hydroelectricity, and park/recreation facilities on behalf of approximately 86,000 customers over 48 square miles in northern San Diego County.
LAFCO EXPERIENCE:	Ms. Thorer currently serves as Chair of the San Diego Local Agency Formation Commission's Special Districts Advisory Committee (SDAC). She has served on the SDAC for the past 12 years. She has participated and provided input and guidance on dozens of important LAFCO issues during her tenure and has spoken at many LAFCO hearings on behalf of the SDAC.
ADDITIONAL INFORMATION:	Ms. Thorer earned a bachelor's degree in political science from the University of Colorado (Boulder) and her Juris Doctorate from Thomas Jefferson School of Law in San Diego. She is past Chair of the San Diego North Economic Development Council's Board of Directors, past member of the Ecke Y Board of Directors, past Chair of the Ecke Y Board Finance Committee, on the WateReuse California Board of Trustees, and the SDCWA Fiscal Sustainability Task Force. Since 2008, she holds her Special Districts Administrator certification from the Special District Leadership Foundation and recently completed the Special District Leadership Academy.

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Brian Boggeln

1364 Tavern Rd • Alpine, CA 91901
Phone: 619-445-2635 • E-Mail: bboggeln@alpinefire.org

Education

- A.S. Degree – Fire Protection Technology
- California State Fire Marshal Fire Officer
- California State Fire Marshal Chief Officer
- California State Fire Marshal Fire Instructor I

Experience

- 2018 – present Division Chief of Operations – Alpine Fire Protection District
- 2004 – 2018 Fire Captain/Paramedic
- 2001 – 2004 Firefighter/Paramedic
- 1997 – 1999 Firefighter Cadet

Special Assignments

- Emergency Medical Services Coordinator – Alpine Fire Protection District
- Chair of Central Zone Training Officers Association
- Chair of Central Zone Operations Chiefs
- Central Zone Representative to San Diego County Regional VHF Radio Project

Experience

- Division Chief of Operations – Alpine Fire Protection District – Oversee the daily operations of the Alpine Fire Protection District. Supervise the twelve operational personnel in fulfilling the mission of the District.
- Fire Captain – Supervise six personnel in daily activities on an engine company. Provide command and control of emergency incidents.
- Emergency Medical Services Coordinator – Supervise the emergency medical operations of the Alpine Fire Protection District.

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Mark Robak

619-778-3800

MarkRobak@icloud.com

WATER INDUSTRY – ELECTED OFFICE

2005 - Present Otay Water District

Spring Valley, CA

Board Member, Former President, Vice-President & Treasurer

- Oversee a public agency with \$132M annual budget, providing water and sewer and recycled water to 224,000 customers in a 126 square mile service area. Represent all of the District sewer ratepayers.
- Chair of Finance and Administration Committee. Provide guidance to finance department staff for annual budget cycle and instrumental in Board audits of District finances.
- Head of current Labor Negotiations Committee.
- Former Chair of Engineering Committee. Fully engaged in oversight of key District CIP projects.
- Chief advocate at Board level for continuing development of District strategic plan and benchmarking study, including advocating for peer review as presented by AWWA.
- Instrumental in securing a feasibility study to bring recycled water to northern service area of the District. Public speaking on expansion of recycling water to the media, including local television.
- Represented District to Water Reuse Association, attending local, state and national level conferences.
- Had District rejoin ACWA in 2017 after a long hiatus.
- Been the Board member involved in Water for People events.
- Was instrumental in the recent introduction of live streaming of Otay Board meetings.

2005 – Present Water Conservation Garden

El Cajon, CA

Board Member/Former President

- Oversaw a joint-powers authority comprised of six public agencies creating an award winning five-acre display area that showcases water conservation to the general public and landscaping professionals.
- Was involved with the Garden when it opened in 1999 and have the most background of any individual.

1997 - Present San Diego Metro Wastewater Joint Powers Authority

San Diego, CA

Board Member/Former Chairman/Longest serving Board Member

- Oversaw a joint-powers authority comprised of 15 other cities and districts that pay for 35% of the upkeep and capital costs of the City of San Diego's regional wastewater facilities, with 2.2 million customers in a 450 square mile service area, treating 180 million gallons a day.
- Former Member of the Independent Rates Oversight Committee (IROC) for City of San Diego.
- Former member of the Finance Committee, that reviewed and advised on City of San Diego Bond offerings affecting Municipal and Metro systems (approx. \$1.2B placed - May 2009)
- Former head of Strategic Ad-Hoc Committee charged with shaping vision and mission for the organization, along with a plan to achieve those goals.
- Assisted in development of a communications plan and design of organization website.
- Participant in American Assembly II process in 2005 that endorsed Indirect Potable Reuse.
- Developed a Twitter site for them.

1996 - 2001 Padre Dam Municipal Water District

Santee, CA

President, Treasurer, Board Member

- Oversaw public agency with \$40M annual budget, providing water, sewer and recycled water to 135,000 customers in an 85 square mile area.
- While President of the Board the Board (1998), championed a Competitive Challenge program that was instituted comparing the agency to best management practices of the private sector. Has saved Padre Dam ratepayers \$1,800,000 annually to date.
- Represented Santee Lakes area and helped develop a Master Plan for 190-acre Santee Lakes Park & Campground, allowing it to become self-supporting and enhance recreational benefits for the community.
- Assisted in negotiations with employee bargaining unit in securing a new labor agreement.

WATER INDUSTRY

Water Conservation Garden

- Led formation and recruitment of Board Members that led to creation of *Friends of the Garden* foundation to assist in fundraising for the operation of the facility. This entity became the management structure for the Garden effective January 2011 and exists to this day. Our goal when we formed it was to achieve at least half of our funding from outside the industry, which the Garden did achieve.
- Obtained signage on Jamacha Road through my political connection with former Senator Dennis Hollingsworth. The Garden had previously been rebuffed by Caltrans who has jurisdiction on road.
- Started and maintained their Facebook site, which I turned over to them, as well helping start other social media sites.

Water-Wise AA Degree program/Cuyamaca College

- During my tenure (4 years) as President of the Water Conservation Garden, I was the chief advocate getting a new Water-Wise AA Degree program implemented in conjunction with Horticulture Department at Cuyamaca College. Worked with the College and SDCWA staff to achieve it.
- The program is a model for junior colleges throughout the state.

YesToTap on Twitter

- Developed and maintain the leading Tap Water advocacy site in San Diego County.
- Averages 3,000+ impressions per month. Followers throughout U.S. and world.
- Developed a tapwater pledge for organizations.
- Goal is to develop website and other advocacy methods.

Conservation Action Committee

- Bought the www.ConservationActionCommittee.org for the organization and helped developed their website working with SDCWA staff
- Developed both their Facebook and Twitter sites
- Main promoter of their programs in social media

Otay Mark

- Have the leading water Twitter site (non SDCWA) in San Diego averaging approximately 30,000 views per month with a high of approximately 90,000. Followed by opinion leaders throughout the state.
- Leading advocate of SDCWA's member agencies on their specific accomplishments.
- Also have a website, with Facebook, Instagram, YouTube and Flickr.

Television & Media

- Have appeared in interview format on local news on water and wastewater issues
- Have relationships with local print, online and television reporters
- Was guest curator for a week on Voice of San Diego's Instagram page for water issues

Political

- Have advised locally elected officials on water issues, including Senator Joel Anderson, when first elected to Padre Dam, prior to higher office.
- Have extensive connections with locally elected officials throughout San Diego County.
- Have helped develop social media strategy for locally elected officials.

Social Media Instruction

- Taught social media with a focus on Twitter to agencies at the San Diego Chapter of the California Special Districts Association. Analyzed all water agencies for their social media effectiveness.
- Started the Chapter's Facebook and Twitter sites.
- Advised agencies on areas of improvement including SDCWA.

Water & Wastewater Technology Program

- Completed Water Distribution Systems – WWTR 130 – Grade A
- Completed Wastewater Collection Systems – WWTR 132 – Grade A

M E M O

TO: Board of Directors
FROM: Kevin Collins, Purchasing/Warehouse Supervisor *K.C.*
DATE: December 9, 2019
SUBJECT: Request for Approval to Purchase John Deere Backhoe

Description

This request is for Board approval to purchase one backhoe from John Deere (RDO Equipment) for the amount of \$103,748.70.

Purpose

Due to reliability issues, exceeding of life expectancy, and Tier 4 Air Quality Board compliance requirements, our 2001 Case backhoe had a planned replacement during FY 19/20.

During discussions for minimum specifications for this new backhoe, staff determined a maximum lifting capacity of the backhoe (retracted) should be at least 10,000 pounds. This was decided due to road plates weighing many thousands of pounds, and current equipment having difficulty moving these plates, requiring the crane to be hauled to jobsites. By requiring this minimum spec, field staff can utilize the backhoe to perform this job function, saving unnecessary wear on the crane and allowing one piece of equipment to perform additional tasks on the job site, while being more maneuverable.

A request for quotation was sent to four vendors, representing JCB, Case, John Deere, and Caterpillar, with the John Deere 310 HL being the base spec. Caterpillar did not respond, while JCB and Case provided a bid, but could not meet minimum specifications.

After purchase of the new backhoe, the 2001 Case will be sent to auction.

Budgetary Impact

Approved budget for FY 19/20 for a new backhoe was \$130,000.00.

Recommended Action

The Board approve a purchase of one backhoe from John Deere (RDO Equipment) for the price of \$103,748.70.

Fallbrook Public Utility District
Summary of RFQ
Backhoe

VENDOR	Manufacturer	Quoted Price
RDO Equipment*	John Deere	\$103,748.70
Sonsray Machinery**	Case	\$101,781.31
JCB**	JCB	\$112,972.53
Hawthorne Cat	Caterpillar	No Bid

* Indicates Lowest Responsive Bid

** Disqualified due to not meeting minimum specifications

M E M O

TO: Board of Directors
FROM: Kevin Collins, Purchasing/Warehouse Supervisor *K.C.*
DATE: December 9, 2019
SUBJECT: Request for Approval to Purchase Hydro Excavator

Description

This request is for Board approval to purchase one hydro excavator from Vermeer (RDO Equipment) for \$74,631.42.

Purpose

For the following reasons, staff is recommending that a hydro excavator/vacuum trailer be purchased:

- To minimize the impact for excavations in certain situations, which reduces the labor as well as paving requirements, estimated to be an additional \$15,000 to \$20,000 a year.
- Currently, hydro excavating and potholing is performed utilizing the Vactor truck. The Vactor truck is intended to be used for sewer flushing and spill cleanup. Its use as a hydro excavator is causing unnecessary premature wear on the vacuum unit and tubes.
- This premature wear is estimated to have cost the District \$37,000 over the past year. In addition to cost, excessive use of the Vactor truck has caused more repair down time for the unit, putting the District at risk of potential fines due to sewer spills and the inability to have sufficient backup equipment to perform that specific task.
- The trailer can be maneuvered utilizing a standard three-quarter ton pickup truck; therefore, staff members who do not have a commercial driver's license will be able to use the equipment. Currently, only staff members who have a CDL can operate a Vactor truck.

Hydro excavators are considered specialized equipment and, as such, only a limited number of manufacturers produce competing units at similar spec levels. Our base spec was a Vermeer LP573SDT and requests for quotation were sent to 4 manufacturers (Vac-Con, DitchWitch, Vermeer (RDO Equipment), and Wachs), with Vermeer (RDO Equipment) being the only responsible and responsive bidder.

This hydro excavator will be a new addition to the FPUD fleet and is not replacing any current piece of equipment. The hydro excavator purchase was reviewed and supported by the Engineering and Operations Committee as part of the heavy equipment and replacement program update on 10/22/2019.

Budgetary Impact

Originally, staff had intended to purchase a street sweeper during FY 19/20, with an approved budget of \$60,000. Staff has determined that a currently owned attachment to the Case skid steer tractor for street sweeping will suffice for those needs without a new street sweeper being procured. That purchase has been put on hold indefinitely, and those funds have been reallocated for the hydro excavator. The additional \$14,631.42 can be accounted for from other equipment purchased this fiscal year that has come in under budget (Backhoe – budgeted \$130,000, actual purchase \$103,748.70), so no increase in the overall fleet and heavy equipment capital budget is required. The estimated annual operation and maintenance savings for use of the hydro excavator is around \$50,000 a year, so the payback on the purchase of the hydro excavator is anticipated to be less than two years.

Recommended Action


The Board approve a purchase of one hydro excavator from Vermeer (RDO Equipment) for the price of \$74,631.42.

Fallbrook Public Utility District
Summary of RFQ
Hydro Excavator

VENDOR	Manufacturer	Quoted Price
RDO Equipment*	Vermeer	\$74,631.42
Wachs	Wachs	No Bid
Municipal Maintenance Equipment	Vac-Con	No Bid
Ditch Witch	Ditch Witch	No Bid

* Indicates Lowest Responsive Bid

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: December 9, 2019
SUBJECT: Approve Interim Financing for the Santa Margarita Conjunctive Use Facilities

Purpose

The State has faced several operational challenges over the past year that have impacted their ability to process and serve State Revolving Fund (SRF) loans. The issues tie back to the implementation of the State's FI\$Cal Project, which is the State's accounting, budget, cash management and procurement system. The implementation caused delays in getting loan agreements processed and completed as well as in the servicing of existing loans.

Summary

With the contract for the Santa Margarita Water Treatment Plant awarded and underway and invoices being received, the State's 6-month timeline for finalizing loan agreements and providing funds places the District in a cash short fall situation. The cash shortfall between now and when the SRF funds will be available is estimated to be between \$6 and \$10 million. To address this issue the District has explored two options:

1. **Secure Interim Financing for the Project** – This would be like getting a line of credit to fund project expenditures until the SRF Loan proceeds are available. Once the SRF funds are available, the loan would be paid in full and terminated. Staff have reached out to two banks to request a temporary loan. Union Bank, the District's commercial bank, declined to offer credit to the District. US Bank, the District's trustee on the District's Qualified Energy Conservation Revenue Bonds (2010 QECB), has extended credit to the District but requires the loan to be rated by a rating agency. The rating requirement is in the new SRF loan and getting a rating is both expensive and time consuming eliminating this option.
2. **Sell securities in the District's Long-Term Investment Portfolio** – By liquidating a part of the portfolio, the District could provide the necessary funding for the project until the State funds are available. Funds will be returned to the portfolio once the loan proceeds are secured and the transaction reported to the Board. Staff are working with the investment manager to minimize the impact of the liquidation on the short and long term performance of the portfolio.

Staff recommends that the District utilize reserves to fund the project expenditures until the SRF Loan proceeds are available. Staff are requesting a draw of \$3,960,268.13, which is equal to the current invoices due to the contractor. Should additional draws be necessary, a request will be brought to the Board once the amount is determined.

Recommended Action

Approve the withdrawal of \$3,960,268.13 from the District's Long-term Investment Portfolio and deposit this amount back into the portfolio once the SRF loan funds are available.

1. **General Manager**

SDCWA completed the recruitment process and the Acting General Manager (Sandy Kerl) was selected by the Board as the permanent General Manager.

2. **MWD Issues**

MWD has made a formal settlement offer on the existing litigation. The settlement offer would fix future exchange rate increases to the Engineering News Record (ENR) Construction Cost index. SDCWA has requested additional time to review the proposed settlement offer. At this point, it is not clear if MWD will grant the extension.

3. **Agricultural Water Program**

The Board supported the concept of continuing the existing Agricultural Water Program (TSAWR). The Program allows agricultural operations to buy water at a lower rate based on MWD water supply costs to SDCWA. The program would also be made available to new qualified customers.

4. **Regional Conveyance**

The study is underway. Initial results were presented to demonstrate the project is technically feasible. No updated financial information has been provided.

5. **FPUD/RMWD Detachment**

The Board voted to request that LAFCO require a county-wide vote for detachment/exclusion instead of a FPUD/RMWD boundary vote per the County Water Authority Act.

6. **Key Upcoming Issues**

Some key issues for the upcoming year include:

- Reviewing the long-term fiscal sustainability of SDCWA and determining any structural changes to the rate structure.
- Developing an updated forecast of water demands and the rate impacts of the updated demand forecast.
- Finalizing the new agricultural water program.
- Completing the regional conveyance study including rate impacts of the potential project.

Detailed updates on any of these items will be provided by the General Manager at the request of any Board members.

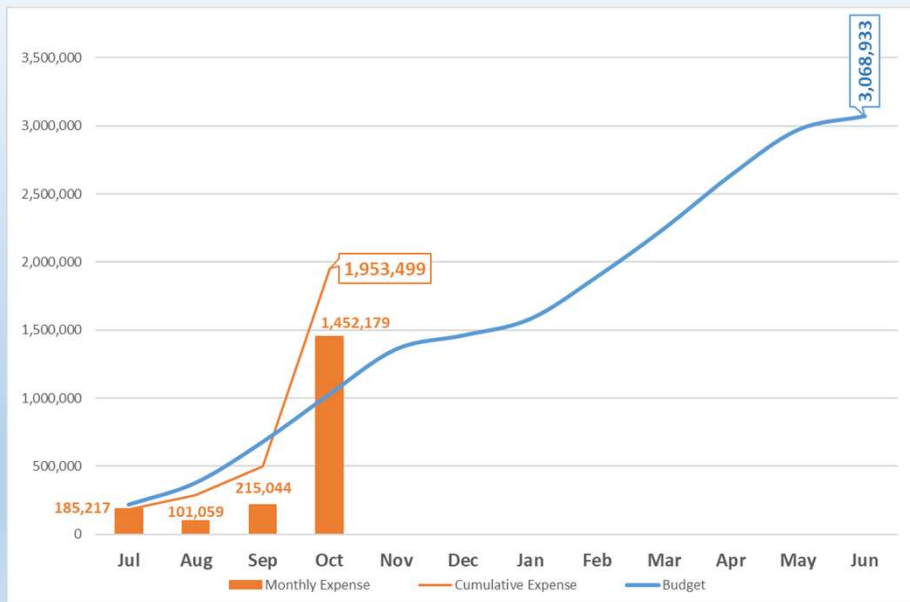


Fallbrook Public Utility District

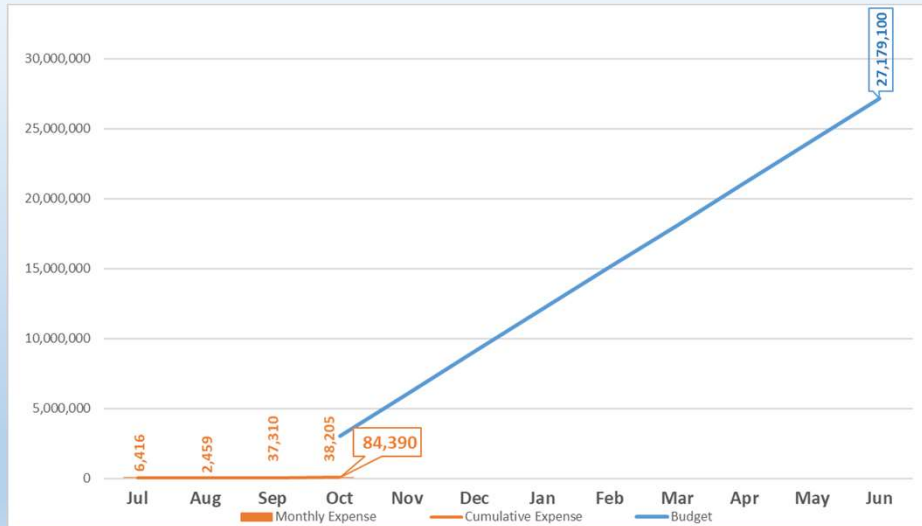
Engineering and Operations FY20

Board Meeting December 2019

Water PAYGO CIP FY20

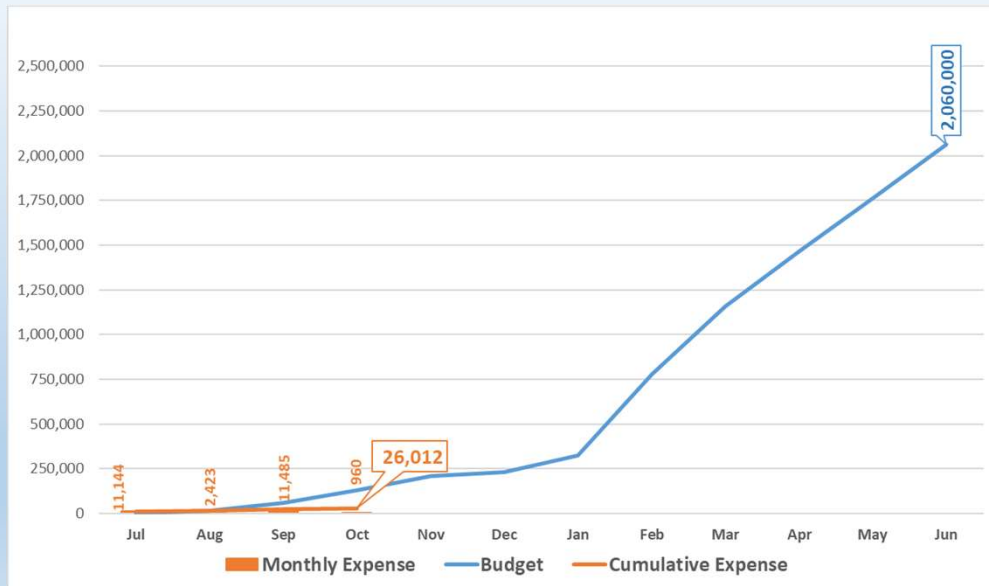


Water SMRCUP CIP FY20

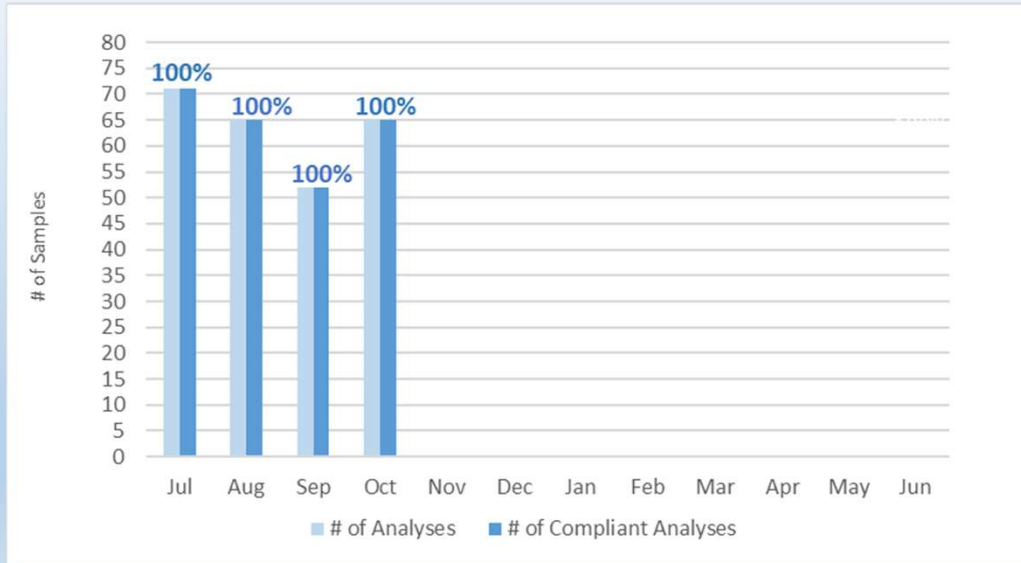


***Note: Expenses shown are only those that have been paid.
Current accrued invoices pending payment total \$3,960,268**

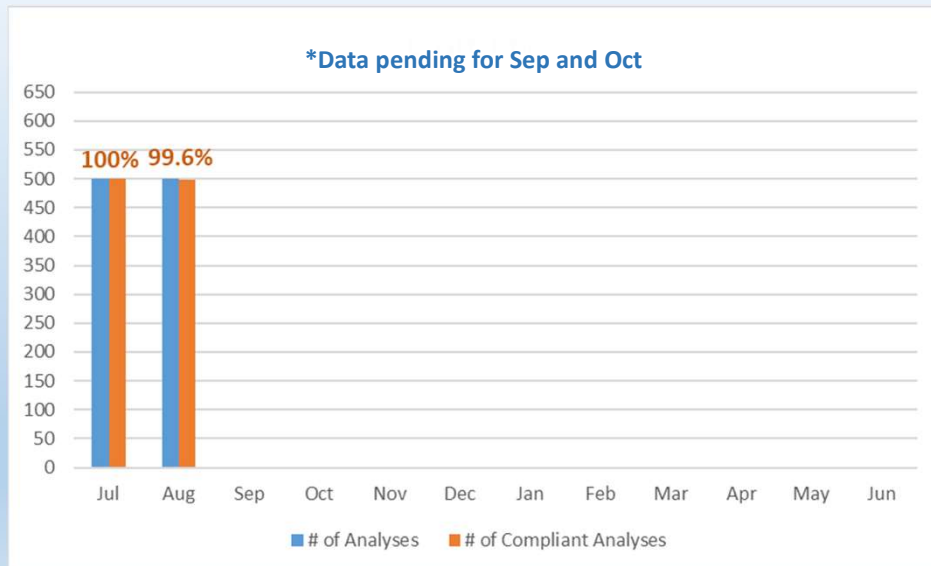
Wastewater System CIP FY20



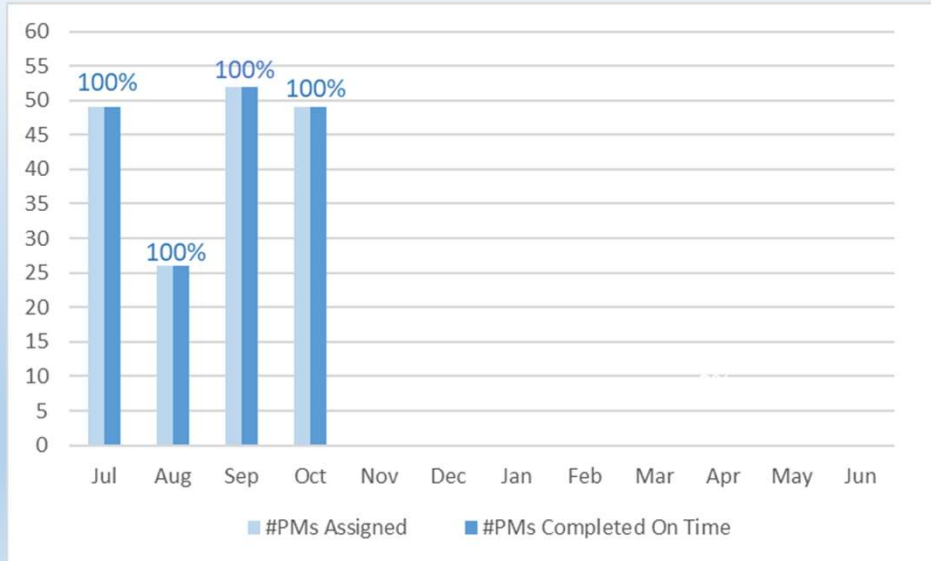
Water System Regulatory Compliance



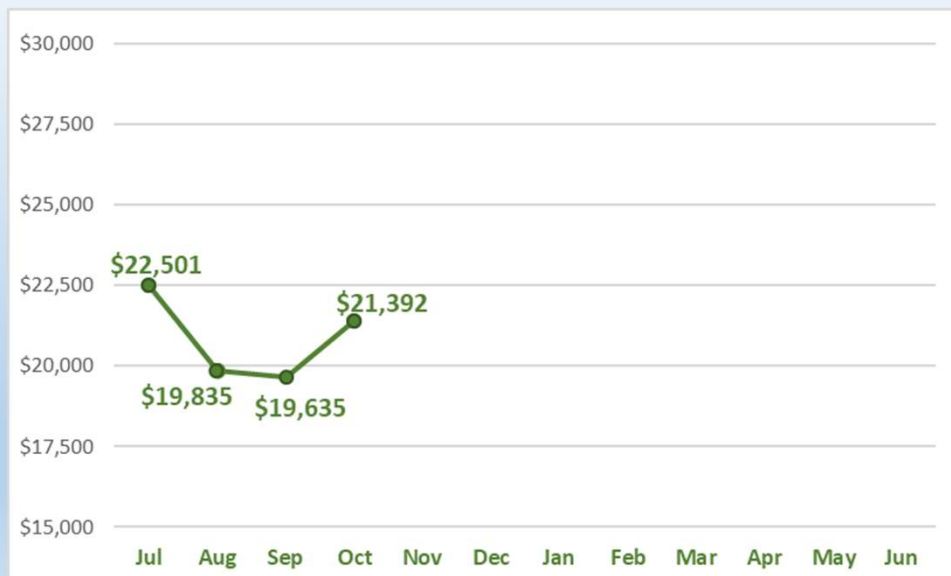
Wastewater System Regulatory Compliance



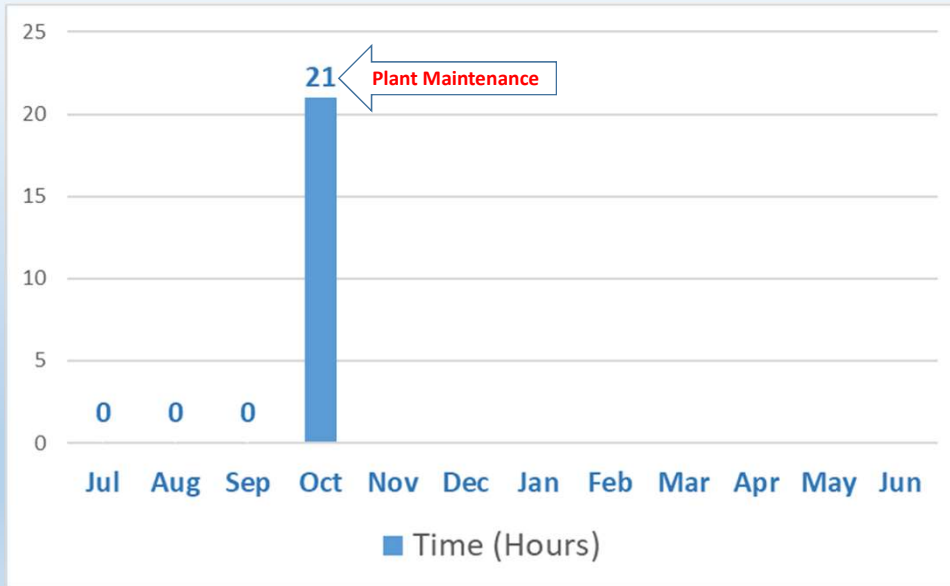
Water Preventative Maintenance Work Orders



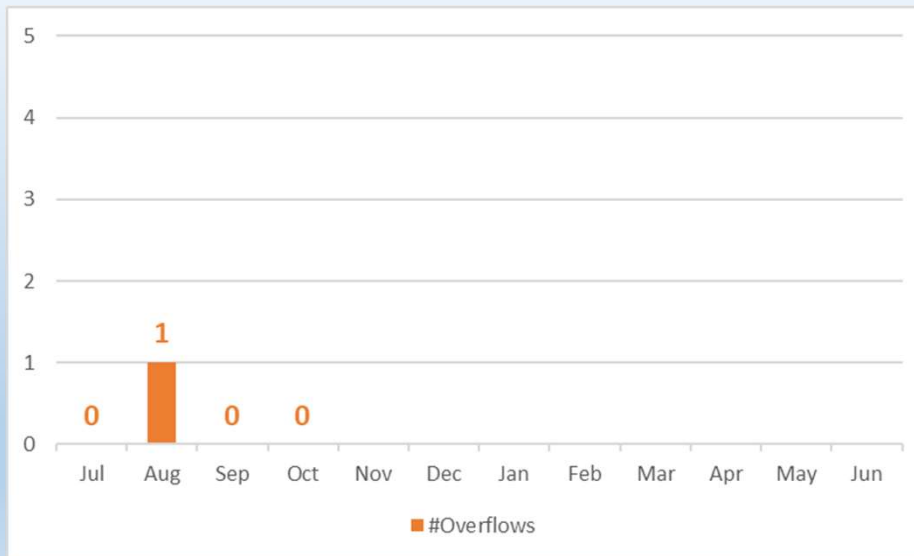
Energy Cost per MG Treated

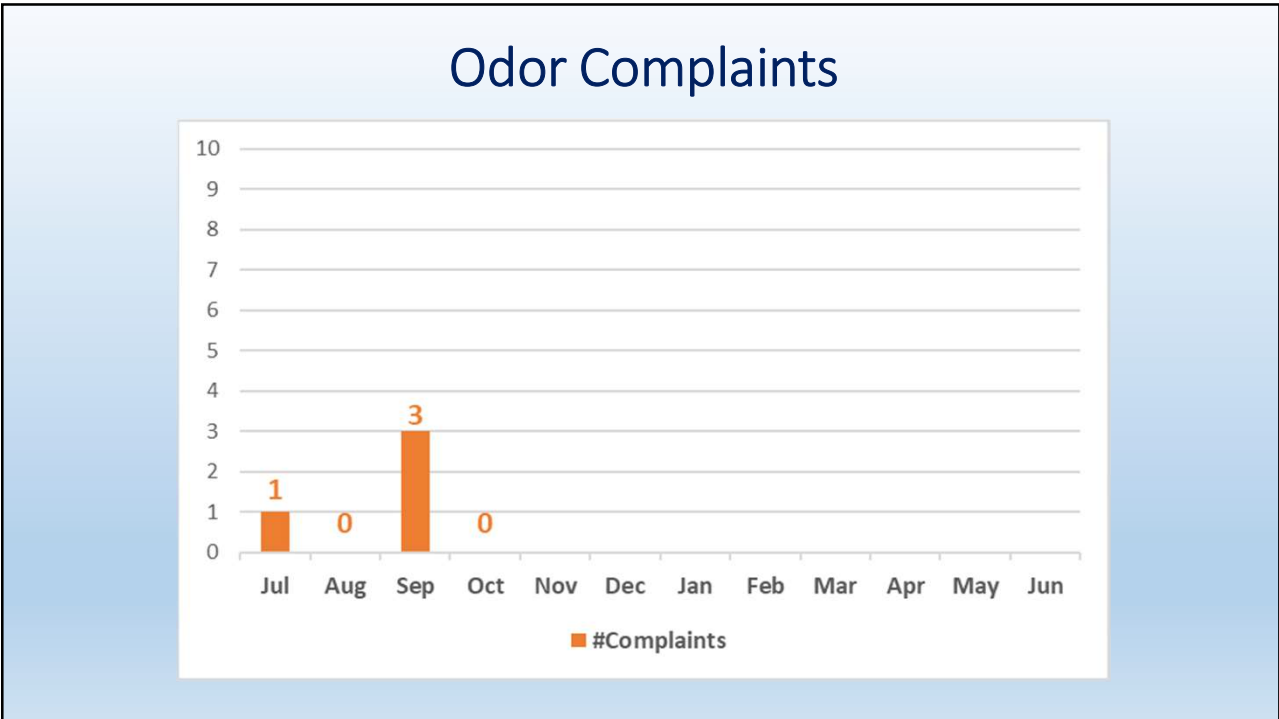
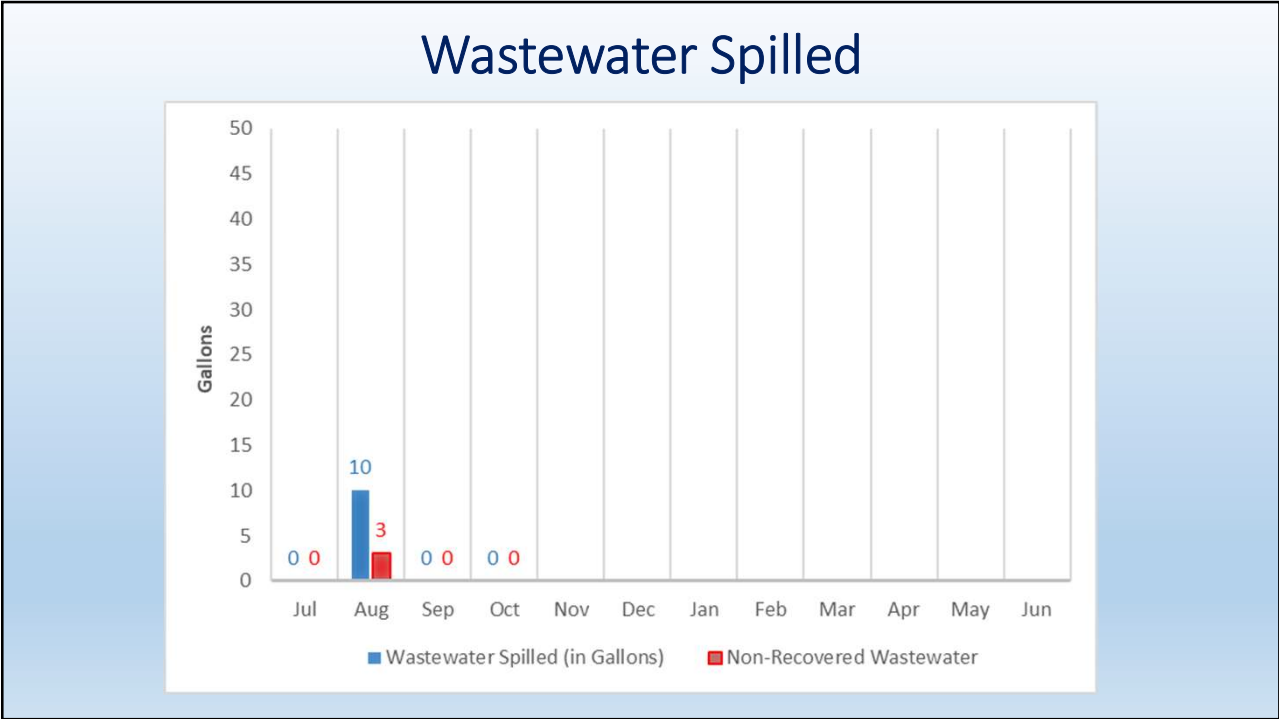


Recycled Water – Time out of Service (Hours)

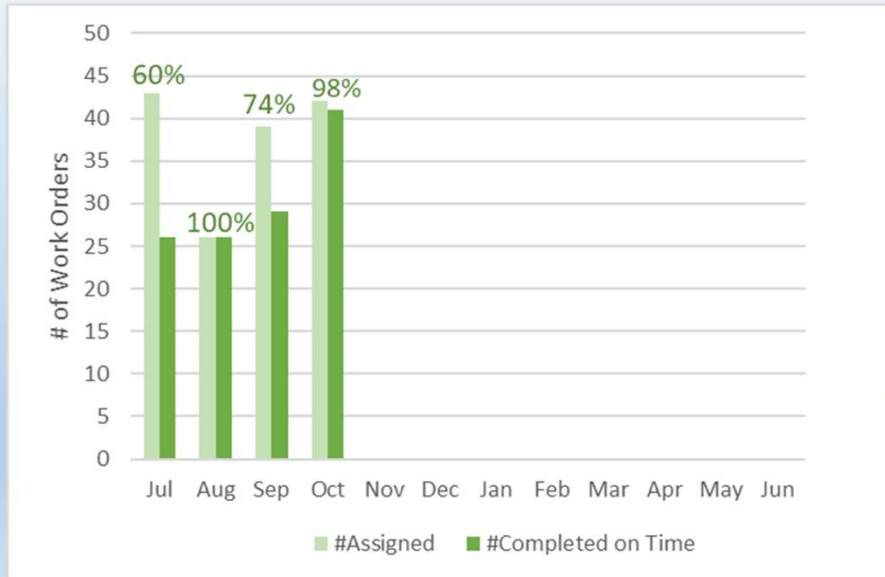


Sewer Overflows

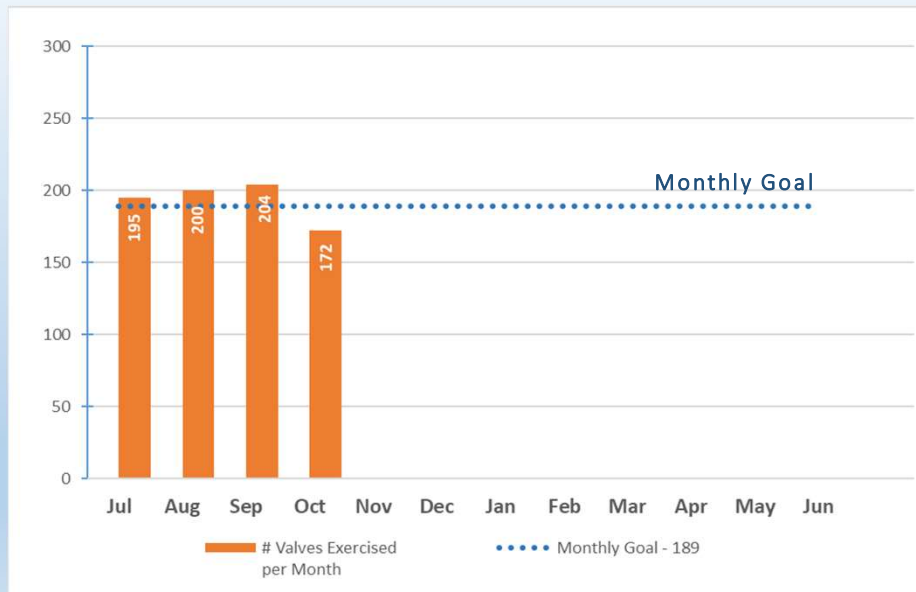




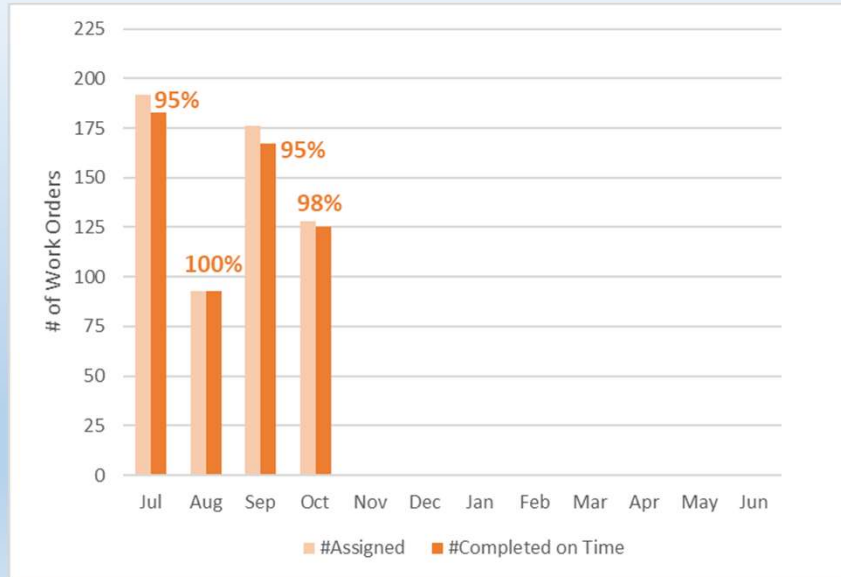
Collections – Preventative Maintenance Work Orders



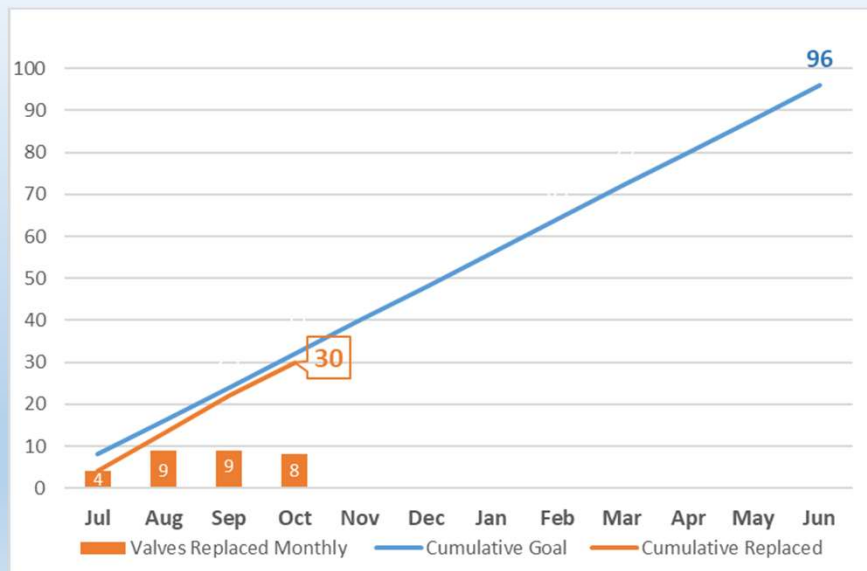
Valve Exercise Program



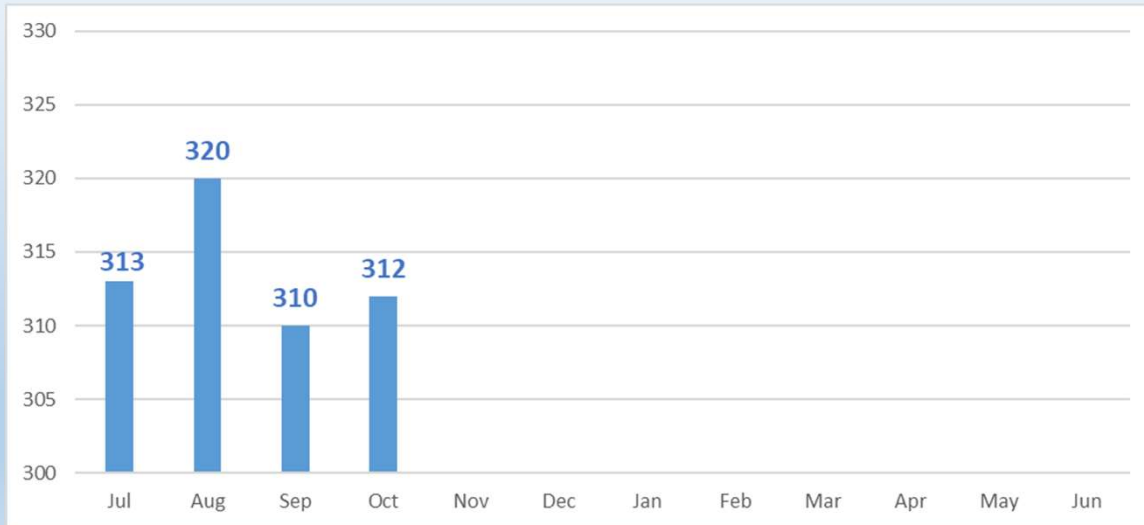
Reclamation Plant – Preventative Maintenance Work Orders



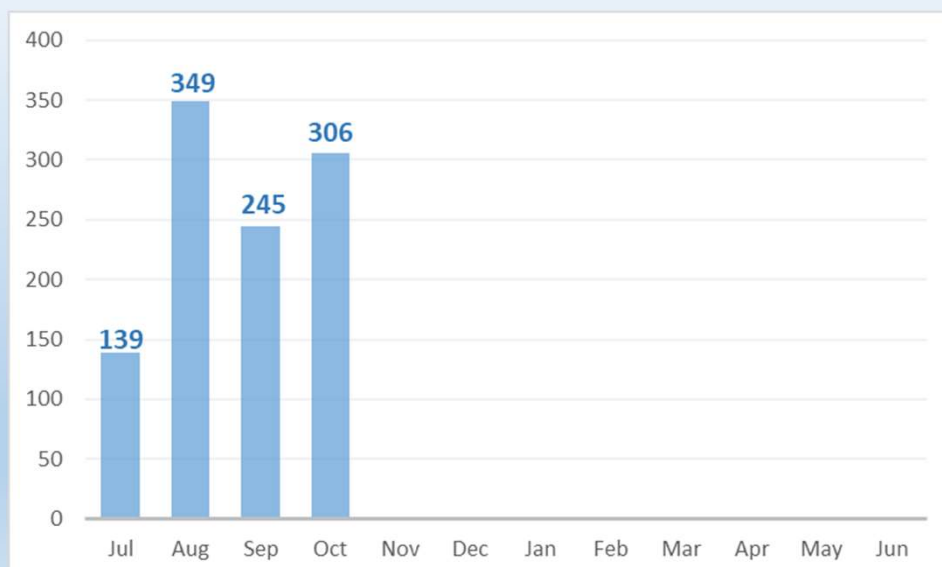
Valves Replaced



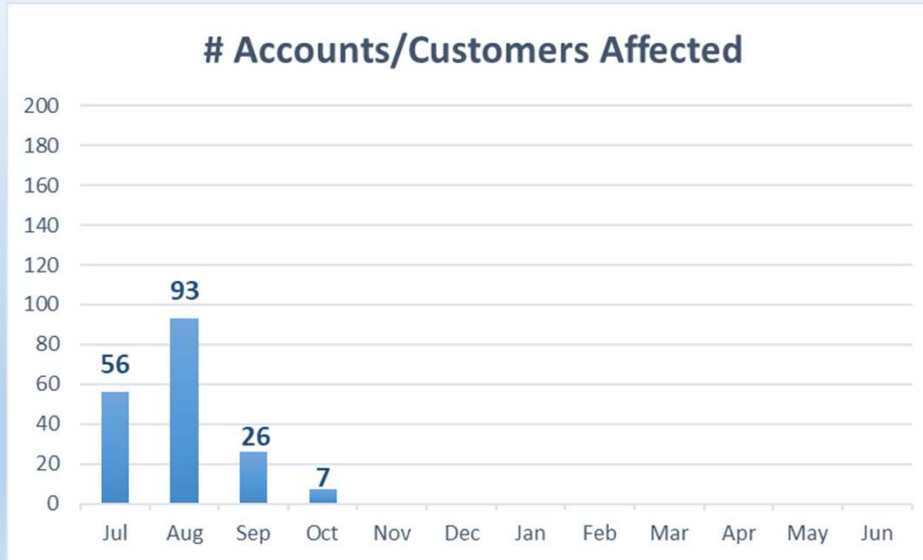
Rolling Total Broken Valves



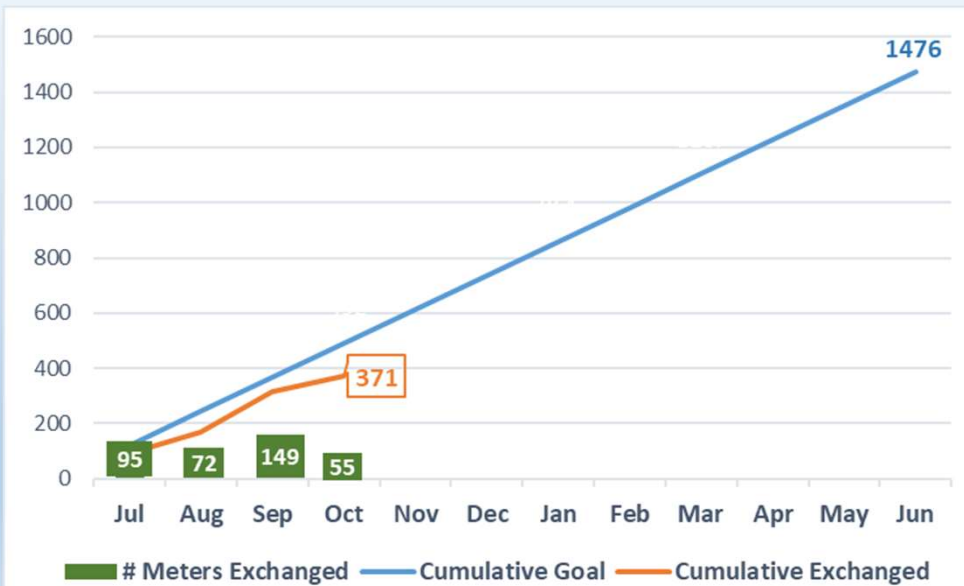
Planned Outages > 4 Hours # of Customers Affected



Unplanned Disruption > 4 Hours



Meter Exchange



M E M O

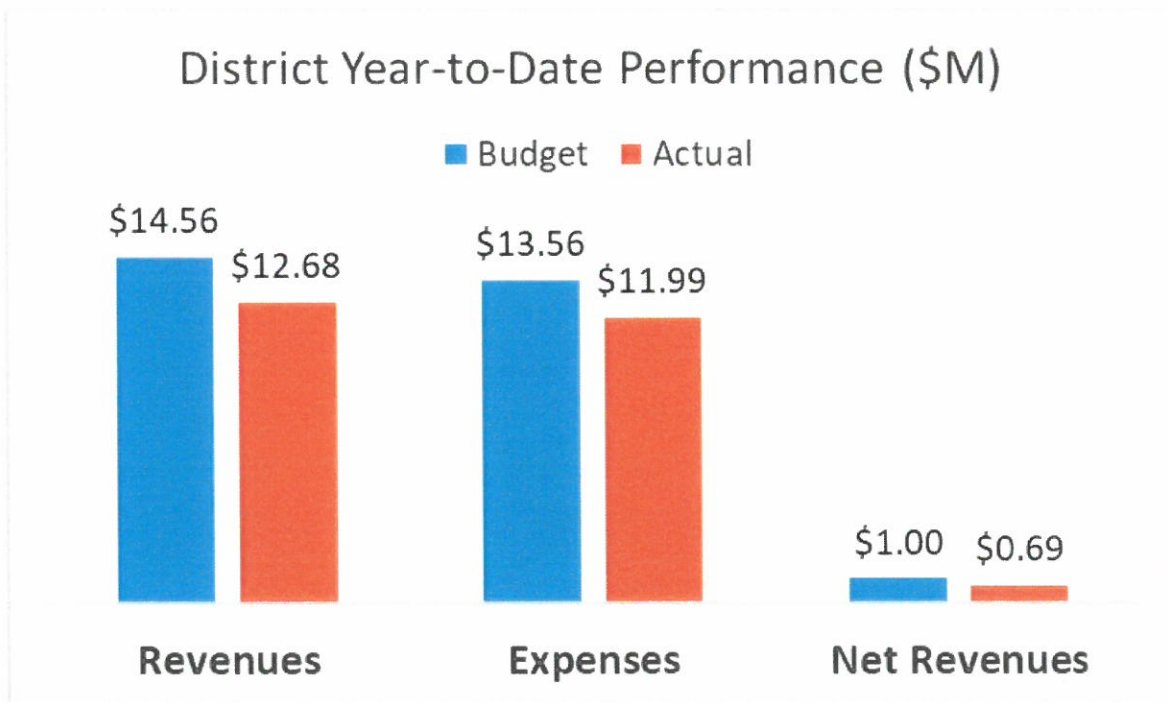
TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: December 9, 2019
SUBJECT: Financial Summary Report

Purpose

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

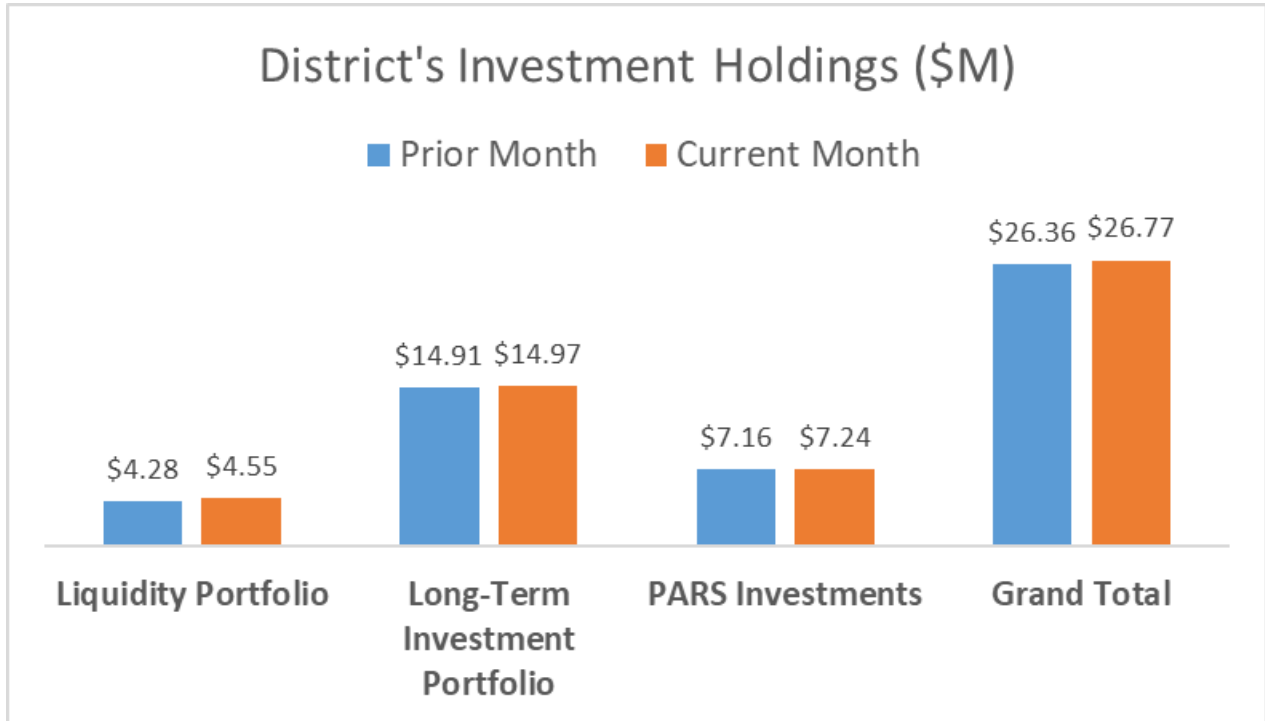
Summary

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



Total revenues are under budget due to lower than expected water sales. Expenditures, including the PAYGO Capital Improvement Program expenditures, are below budget due to reduced water purchases driven by lower demands and lower than budgeted operating and capital expenditures. The year-to-date net revenues are just slightly under budgeted levels. This means that the District's overall financial performance has been in line with budget expectations.

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 position improved this month with \$0.41 million more held in District accounts. The change in the Liquidity Portfolio, as shown in the operating results above is due to higher revenues and lower expenditures. Lower than budgeted capital expenditures is an important part of the District's ability to increase its investment holdings in these accounts.

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: December 9, 2019
SUBJECT: Treasurer's Report

Purpose

Provide the October, 2019 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

As shown by the increase in the Money Market account, monthly revenues were greater than expenditures.

Summary

Treasurer's Report October 31, 2019

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 18,999	\$ 18,199
Money Market	\$ 1,479,832	\$ 745,767
LAIF	\$ 233,141	\$ 233,141
County Pool	\$ 15,242	\$ 15,266
CAMP Liquidity Account	\$ 2,535,756	\$ 3,540,230
<i>District's Liquidity Portfolio</i>	\$ 4,282,970	\$ 4,552,603
PFM Managed Long-term Investment Portfolio*	\$ 14,912,657	\$ 14,969,540
PARS (OPEB & Pension Trust)**	\$ 7,163,708	\$ 7,244,097
<i>District Accounts Total</i>	\$ 26,359,336	\$ 26,766,240



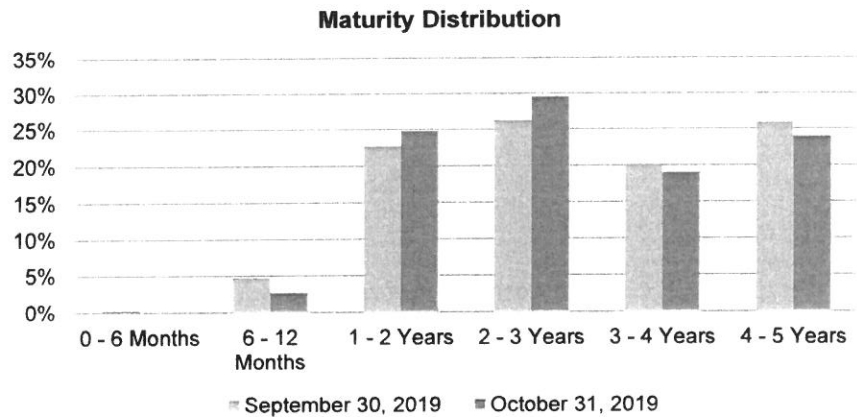
Dave Shank
December 9, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	September 30, 2019	October 31, 2019	Change (\$)	Change (%)
U.S. Treasury	\$8,270,552.23	\$8,500,304.83	\$229,752.60	2.8%
Supranational	\$139,763.54	\$139,916.00	\$152.46	0.1%
Municipal	\$172,473.50	\$172,349.40	(\$124.10)	-0.1%
Federal Agency CMO	\$112,498.13	\$112,385.91	(\$112.22)	-0.1%
Federal Agency	\$728,096.03	\$474,991.44	(\$253,104.59)	-34.8%
Corporate Note	\$4,051,127.68	\$4,061,217.97	\$10,090.29	0.2%
Negotiable CD	\$541,069.74	\$541,642.90	\$573.16	0.1%
Asset-Backed Security	\$862,563.84	\$955,859.34	\$93,295.50	10.8%
Securities Total	\$14,878,144.69	\$14,958,667.79	\$80,523.10	0.5%
Money Market Fund	\$34,512.43	\$10,871.95	(\$23,640.48)	-68.5%
Total Investments	\$14,912,657.12	\$14,969,539.74	\$56,882.62	0.4%

Summary	
FY 19-20 Accrual Earnings	\$126,973.49
Yield to Maturity at Cost	2.17%
Weighted Average Maturity	2.82 Years





Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2019**

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									
BUY										
10/24/19	10/31/19	DCENT 2019-A3 A DTD 10/31/2019 1.890% 10/15/2024	254683CM5	120,000.00	(119,974.22)	0.00	(119,974.22)			
10/31/19	11/04/19	US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	400,000.00	(410,578.13)	(812.84)	(411,390.97)			
10/31/19	11/04/19	UNITED STATES TREASURY NOTES DTD 11/15/2018 2.875% 11/15/2021	9128285L0	255,000.00	(261,653.91)	(3,446.48)	(265,100.39)			
Transaction Type Sub-Total				775,000.00	(792,206.26)	(4,259.32)	(796,465.58)			

INTEREST										
10/01/19	10/01/19	MONEY MARKET FUND	MONEY0002	0.00	0.00	289.24	289.24			
10/01/19	10/01/19	BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	300,000.00	0.00	4,125.00	4,125.00			
10/01/19	10/01/19	UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	110,000.00	0.00	1,127.50	1,127.50			
10/01/19	10/01/19	CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	170,000.00	0.00	2,380.00	2,380.00			
10/01/19	10/01/19	BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	90,000.00	0.00	1,047.60	1,047.60			
10/01/19	10/25/19	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
10/10/19	10/10/19	AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.625% 10/10/2023	02665WCO2	90,000.00	0.00	1,631.25	1,631.25			
10/15/19	10/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	35,347.15	0.00	49.19	49.19			
10/15/19	10/15/19	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
10/15/19	10/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	124,858.34	0.00	274.69	274.69			
10/15/19	10/15/19	COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	285,000.00	0.00	544.67	544.67			



Managed Account Security Transactions & Interest

For the Month Ending October 31, 2019

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											
	10/15/19	10/15/19	JOHN DEERE OWNER TRUST DTD 07/24/2019 2.210% 12/15/2023	477870AC3	30,000.00	0.00	55.25	55.25			
	10/15/19	10/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	9,274.29	0.00	13.76	13.76			
	10/15/19	10/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	19,617.50	0.00	29.75	29.75			
	10/15/19	10/15/19	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	40,000.00	0.00	83.67	83.67			
	10/15/19	10/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	18,911.07	0.00	20.33	20.33			
	10/15/19	10/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	1,486.99	0.00	1.41	1.41			
	10/15/19	10/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	61,653.13	0.00	89.91	89.91			
	10/15/19	10/15/19	UNITED STATES TREASURY NOTES DTD 04/15/2019 2.250% 04/15/2022	9128286M7	120,000.00	0.00	1,350.00	1,350.00			
	10/15/19	10/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	10/16/19	10/16/19	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	50,000.00	0.00	90.83	90.83			
	10/21/19	10/21/19	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	100,000.00	0.00	1,250.00	1,250.00			
	10/21/19	10/21/19	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	75,000.00	0.00	157.50	157.50			
	10/25/19	10/25/19	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	0.00	3,806.25	3,806.25			
	10/29/19	10/29/19	MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDO6	150,000.00	0.00	2,906.25	2,906.25			
	10/31/19	10/31/19	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	800,000.00	0.00	6,500.00	6,500.00			
	10/31/19	10/31/19	US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	235,000.00	0.00	1,615.63	1,615.63			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2019**

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											
	10/31/19	10/31/19	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	0.00	1,531.25	1,531.25			
	10/31/19	10/31/19	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	190,000.00	0.00	1,187.50	1,187.50			
	10/31/19	10/31/19	US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	115,000.00	0.00	1,150.00	1,150.00			
Transaction Type Sub-Total					3,976,148.47	0.00	33,834.89	33,834.89			
PAYDOWNS											
	10/15/19	10/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	5,877.03	5,877.03	0.00	5,877.03	0.08	0.00	
	10/15/19	10/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	1,875.38	1,875.38	0.00	1,875.38	0.14	0.00	
	10/15/19	10/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	4,883.63	4,883.63	0.00	4,883.63	0.02	0.00	
	10/15/19	10/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	3,586.67	3,586.67	0.00	3,586.67	0.48	0.00	
	10/15/19	10/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	1,925.78	1,925.78	0.00	1,925.78	0.28	0.00	
	10/15/19	10/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	1,484.38	1,484.38	0.00	1,484.38	0.04	0.00	
	10/15/19	10/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	7,946.05	7,946.05	0.00	7,946.05	1.03	0.00	
Transaction Type Sub-Total					27,578.92	27,578.92	0.00	27,578.92	2.07	0.00	
SELL											
	10/24/19	10/31/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	40,000.00	39,872.40	50.42	39,922.82	160.00	(39.78)	FIFO
	10/24/19	10/31/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	10,000.00	9,968.10	12.60	9,980.70	0.20	(22.20)	FIFO
	10/31/19	11/04/19	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	400,000.00	401,312.50	71.43	401,383.93	12,453.12	11,261.25	FIFO



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2019**

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									
SELL										
10/31/19	11/04/19	US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	55,000.00	54,967.77	353.89	55,321.66	(919.54)	(169.87)	FIFO
10/31/19	11/04/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	205,000.00	204,520.30	281.88	204,802.18	994.25	(33.72)	FIFO
Transaction Type Sub-Total				710,000.00	710,641.07	770.22	711,411.29	12,688.03	10,995.68	
Managed Account Sub-Total					(53,986.27)	30,345.79	(23,640.48)	12,690.10	10,995.68	
Total Security Transactions					(\$53,986.27)	\$30,345.79	(\$23,640.48)	\$12,690.10	\$10,995.68	

Bolded items are forward settling trades.



Account Statement - Transaction Summary

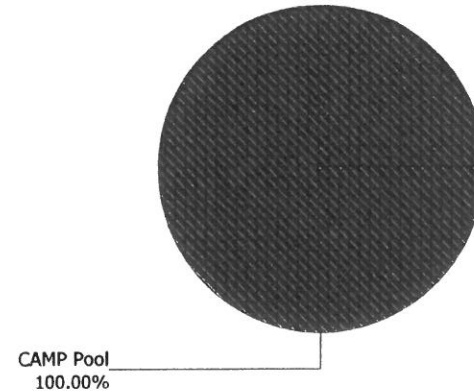
For the Month Ending **October 31, 2019**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	2,535,756.14
Purchases	1,004,473.46
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$3,540,229.60
Cash Dividends and Income	4,473.46

Asset Summary		
	October 31, 2019	September 30, 2019
CAMP Pool	3,540,229.60	2,535,756.14
Total	\$3,540,229.60	\$2,535,756.14

Asset Allocation	
CAMP Pool	100.00%





Account Statement

For the Month Ending **October 31, 2019**

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					2,535,756.14
10/31/19	10/31/19	Purchase - Incoming Wires	1.00	1,000,000.00	3,535,756.14
10/31/19	11/01/19	Accrual Income Div Reinvestment - Distributions	1.00	4,473.46	3,540,229.60
Closing Balance					3,540,229.60

	Month of October	Fiscal YTD July-October
Opening Balance	2,535,756.14	2,821,437.95
Purchases	1,004,473.46	1,618,791.65
Redemptions (Excl. Checks)	0.00	(900,000.00)
Check Disbursements	0.00	0.00
Closing Balance	3,540,229.60	3,540,229.60
Cash Dividends and Income	4,473.46	18,791.65

Closing Balance	3,540,229.60
Average Monthly Balance	2,568,158.51
Monthly Distribution Yield	2.05%

**FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust**

**Account Report for the Period
10/1/2019 to 10/31/2019**

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

Account Summary

Source	Beginning Balance as of 10/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 10/31/2019
OPEB	\$1,014,522.86	\$0.00	\$11,596.06	\$211.36	\$0.00	\$0.00	\$1,025,907.56
PENSION	\$6,149,185.30	\$0.00	\$70,285.57	\$1,281.08	\$0.00	\$0.00	\$6,218,189.79
Totals	\$7,163,708.16	\$0.00	\$81,881.63	\$1,492.44	\$0.00	\$0.00	\$7,244,097.35

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	1.14%	1.47%	10.48%	-	-	-	2/16/2017
PENSION	1.14%	1.47%	10.30%	-	-	-	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

MEMO

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: December 9, 2019
SUBJECT: Budget Status Report for Fiscal Year 2019-2020

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 October, Year-to-Date and the annual budgeted amount.

Total revenues year-to-date are below budget by 12.9%. This under performance is due to lagging water sales, which as shown in the monthly water sales chart below are 17% below budget. While the rate adjustment in January for calendar year 2020 rates and charges will boost revenues going into the end of the year, revenues for fiscal year 2019-20 are expected to be well under budgeted levels.

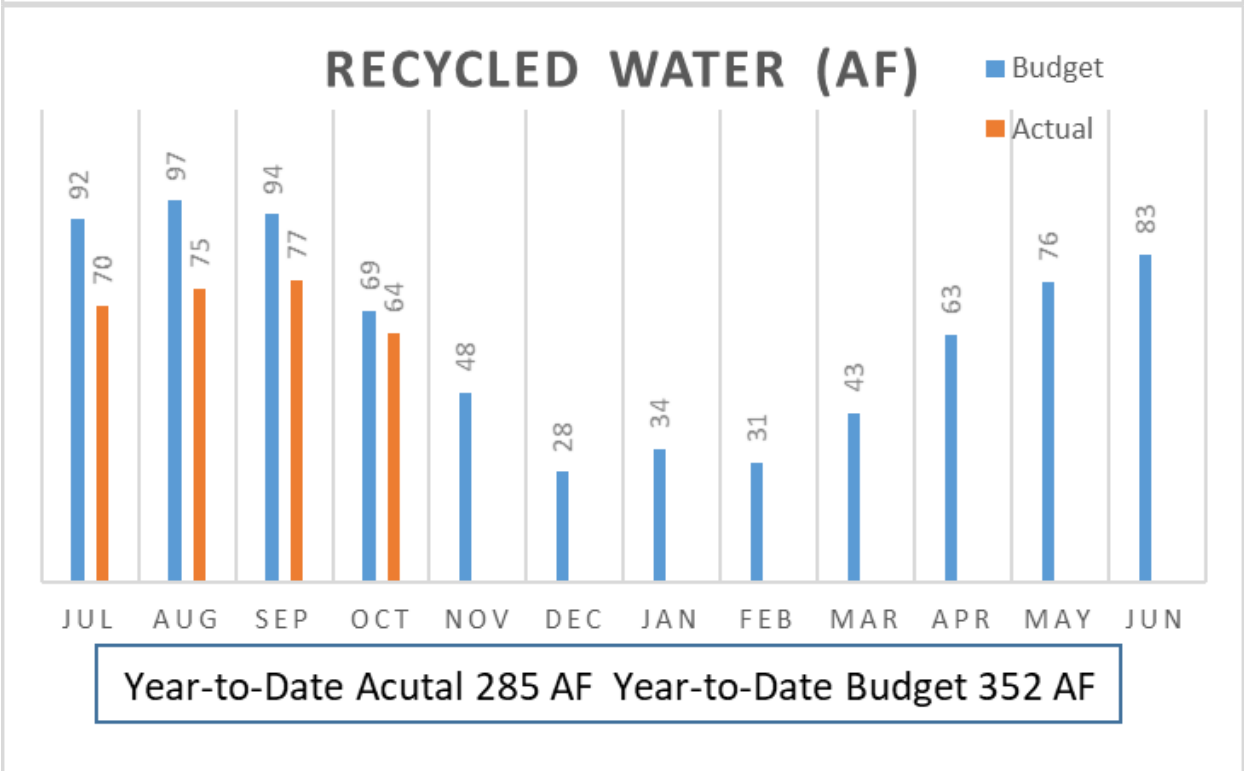
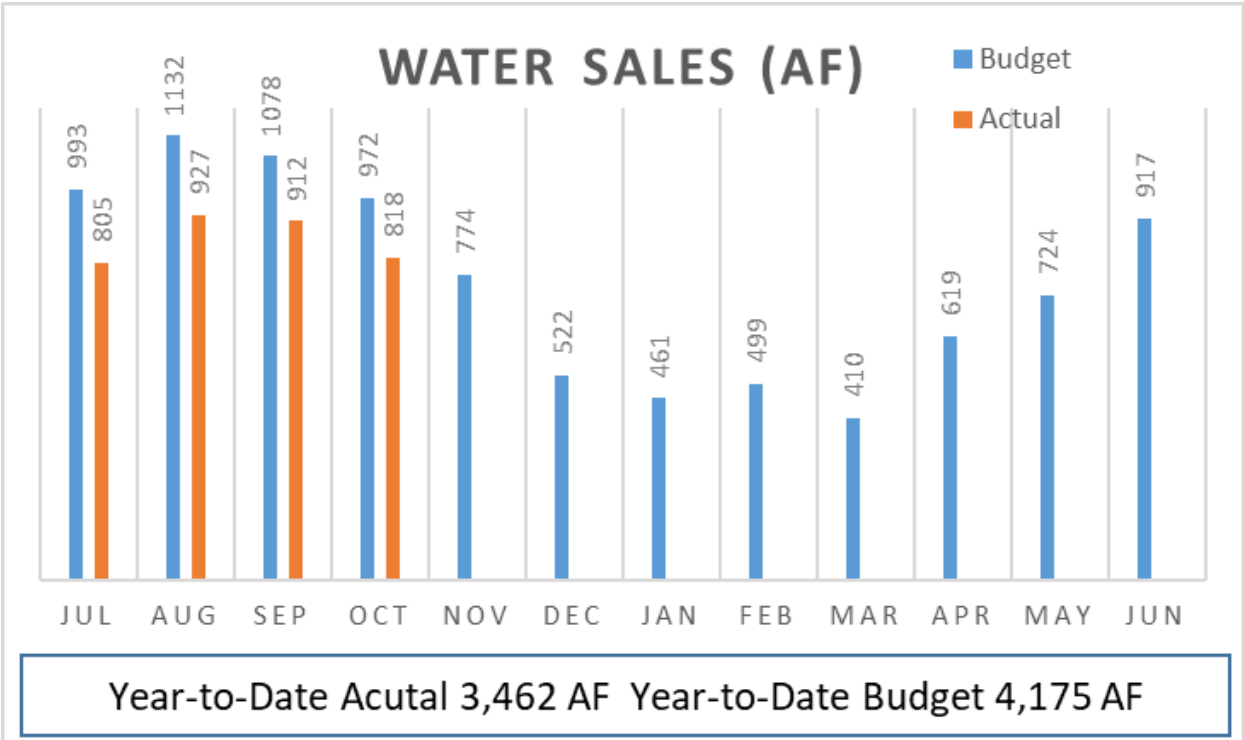
Non-operating revenues have been higher than budgeted helping to offset lower operating revenues. The higher than budgeted non-operating revenues have been driven by capacity charge and portfolio interest revenues along with facility rent and other non-operating revenues, which are over the budgeted levels.

The District's year-to-date total expenditures are under budget due to the lower than budgeted purchased water expense, which is a result of lower water sales levels and lower than budgeted operating expenditures.

Total revenue is \$12,684,494 or 12.9% under budget and total expenditures are \$10,089,453 or 15.7% under budget. Capital spending increased this month but is still 18.9% under budget and expected to trend towards budget. These financial results put the District in a financial position that is under budget expectations.

Recommended Action

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



Monthly Budget Report for October

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	66.7%
Water Sales	1,571,823	1,940,075	6,662,995	8,311,960	(1,648,965)	-19.8%	18,260,894	11,597,900	63.5%
Water Meter Service Charges	560,976	561,287	2,242,247	2,245,150	(2,902)	-0.1%	7,004,867	4,762,620	68.0%
Wastewater Service Charges	489,824	546,960	1,964,603	2,187,841	(223,238)	-10.2%	6,214,076	4,249,473	68.4%
Recycled Water Revenues	99,794	120,751	466,306	608,958	(142,652)	-23.4%	1,382,830	916,524	66.3%
Other Operating Revenue	-	917	-	3,667	(3,667)	-100.0%	11,000	11,000	100.0%
CWA Rebates	11,960	4,167	53,520	16,668	36,852	221.1%	50,003	(3,517)	-7.0%
Total Operating Revenue	2,734,377	3,174,157	11,389,670	13,374,242	(1,984,572)	-14.8%	32,923,670	21,533,999	65.4%
Non Operating Revenues:									
Water Capital Improvement Charge	111,945	115,892	447,643	463,567	(15,924)	-3.4%	1,390,702	943,059	67.8%
Wastewater Capital Improvement Charge	97,048	98,775	388,170	395,100	(6,930)	-1.8%	1,185,299	797,129	67.3%
Property Taxes	21,592	61,877	64,463	120,025	(55,562)	-46.3%	1,918,296	1,853,833	96.6%
Water Standby/Availability Charge	17	7,311	22	7,311	(7,288)	-99.7%	203,000	202,978	100.0%
Water/Wastewater Capacity Charges	11,454	8,460	88,564	33,841	54,723	161.7%	101,522	12,958	12.8%
Portfolio Interest	40,038	23,712	136,178	94,848	41,330	43.6%	284,544	148,366	52.1%
Pumping Capital Improvement Charge	2,969	3,083	12,796	12,333	462	3.7%	37,000	24,204	65.4%
Federal Interest Rate Subsidy	-	-	-	-	-	NA	122,647	122,647	100.0%
Facility Rents	9,577	-	63,661	-	63,661	NA	-	(63,661)	NA
Other Non-Operating Revenues	22,342	15,004	93,328	60,015	33,312	55.5%	180,046	86,718	48.2%
Total Non Operating Revenues	316,981	334,114	1,294,823	1,187,040	107,783	9.1%	5,423,052	4,128,228	76.1%
Total Revenues	3,051,358	3,508,271	12,684,494	14,561,282	(1,876,789)	-12.9%	38,346,722	25,662,228	66.9%
Expenditures									
Purchased Water Expense	1,180,329	1,577,080	5,278,948	6,662,324	1,383,375	20.8%	15,677,132	10,398,184	66.3%
Water Services	264,280	236,599	1,162,069	1,276,325	114,257	9.0%	3,075,784	1,913,715	62.2%
Wastewater Services	187,541	215,286	1,011,185	1,145,148	133,963	11.7%	2,798,723	1,787,538	63.9%
Recycled Water Services	47,189	43,342	188,991	221,491	32,500	14.7%	563,440	374,449	66.5%
Administrative Services	586,549	464,397	2,250,336	2,460,139	209,804	8.5%	6,037,157	3,786,821	62.7%
Total Operating Expenses	2,265,888	2,536,704	9,891,528	11,765,427	1,873,899	15.9%	29,247,787	19,356,259	66.2%
Debt Service Expenses									
Red Mountain SRF	-	-	197,925	197,925	-	0.0%	395,850	197,925	50.0%
WWTP SRF	-	-	-	-	-	NA	1,845,746	1,845,746	100.0%
QECB Solar Debt (Net of Subsidy)	-	-	-	-	-	NA	519,674	519,674	100.0%
Total Debt Service	-	-	197,925	197,925	-	0.0%	2,761,270	2,563,345	92.8%
Total Expenses	2,265,888	2,536,704	10,089,453	11,963,352	1,873,899	15.7%	32,009,056	21,919,603	68.5%
Net Revenue/(loss) From Operations and Debt Service	785,470	971,567	2,595,041	2,597,930	(2,889)	0%	6,337,665	3,742,625	59.1%
Capital Investment									
Construction Expenditures*	971,088	529,634	1,903,867	1,601,269	(302,598)	-18.9%	6,529,933	4,626,066	70.8%
SRF Loan Proceeds Draw (Capital Project Funds)	(185,618)	441,933	691,174	996,661	(305,488)	-30.7%	(27,179,100)	26,295,658	97.4%
Net Revenue/(Loss)	(185,618)	441,933	691,174	996,661	(305,488)	-30.7%	26,986,832	26,295,658	97.4%

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

10/31/2019

Treasurer's Warrant No. October

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 -10/19

Computer Check Register

Payroll #1	\$148,926.94
Payroll #2	<u>\$147,956.33</u>
	<u>\$296,883.27</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
Printed: 11/5/2019 10:10 AM



Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
81955	06740	ACCELA, INC	10/02/2019	375.00
81956	01460	AFLAC	10/02/2019	1,018.76
81957	91286	AMAZON CAPITAL SERVICES, INC.	10/02/2019	292.02
81958	06020	BABCOCK LABORATORIES, INC	10/02/2019	2,851.00
81959	02743	BEST BEST & KRIEGER	10/02/2019	23,444.58
81960	04178	CALOLYMPIC SAFETY CO., INC.	10/02/2019	1,355.06
81961	91320	AUDREY CERAME	10/02/2019	94.00
81962	00709	COUNTY OF SAN DIEGO	10/02/2019	484.00
81963	05192	DIAMOND ENVIRONMENTAL SERVIC	10/02/2019	350.65
81964	91123	DIGITAL DEVELOPMENT, INC.	10/02/2019	550.00
81965	03391	ELECTRICAL SALES INC	10/02/2019	296.98
81966	91401	KENNETH ENDTER	10/02/2019	53.36
81967	09523	FALLBROOK EQUIP RENTALS	10/02/2019	28,172.75
81968	00169	FALLBROOK OIL COMPANY	10/02/2019	2,253.58
81969	91339	FALLBROOK VILLAGE TOASTMASTE	10/02/2019	57.00
81970	04494	FEDERAL EXPRESS CORPORATION	10/02/2019	197.12
81971	01432	FERGUSON WATERWORKS #1083	10/02/2019	620.45
81972	91200	FIRST BANKCARD	10/02/2019	855.98
81973	02972	FISHER SCIENTIFIC COMPANY LLC	10/02/2019	461.03
81974	05380	HACH CO	10/02/2019	290.06
81975	06062	HARRINGTON INDUSTRIAL PLASTICS	10/02/2019	2,039.41
81976	05870	HUDSON SAFE T LITE RENTALS	10/02/2019	1,020.00
81977	06577	INFOSEND INC	10/02/2019	3,799.87
81978	06359	INFRASTRUCTURE ENGINEERING CO	10/02/2019	29,548.88
81979	05255	INLAND WATER WORKS SUPPLY CO.	10/02/2019	3,497.35
81980	06555	LIEBERT CASSIDY WHITMORE	10/02/2019	98.00
81981	90887	LLOYD PEST CONTROL	10/02/2019	425.00
81982	05655	DON MCDOUGAL	10/02/2019	74.13
81983	06298	ONESOURCE DISTRIBUTORS, LLC	10/02/2019	4,330.21
81984	06179	RAIN FOR RENT RIVERSIDE	10/02/2019	3,760.58
81985	91481	RENE RAMOS	10/02/2019	70.00
81986	91482	S & R TOWING	10/02/2019	525.00
81987	05636	SAM'S CLUB	10/02/2019	272.49
81988	03231	SAN DIEGO COUNTY WATER AUTH	10/02/2019	8,661.00
81989	00232	SAN DIEGO GAS & ELECTRIC	10/02/2019	2,742.00
81990	91385	VERONICA TAMZIL	10/02/2019	60.00
81991	06541	TIFCO INDUSTRIES, INC	10/02/2019	2,154.53
81992	91262	TOWN & COUNTRY PLUMBING REPAI	10/02/2019	620.00
81993	02960	VWR INTERNATIONAL INC	10/02/2019	516.51
81994	06238	AUSTIN WENDT	10/02/2019	454.31
81995	UB*00288	WARREN AKANA	10/02/2019	69.50
81996	05065	JOHNSON CONTROLS SECURITY SOL	10/02/2019	527.63
81997	91130	LINCOLN NATIONAL LIFE INSURANC	10/02/2019	2,856.31
81998	91427	MITEL CLOUD SERVICES, INC	10/02/2019	1,638.69

Total for 10/2/2019:

133,834.78

Check No	Vendor No	Vendor Name	Check Date	Check Amount
81999	01359	WATERMASTER	10/03/2019	29,510.36
Total for 10/3/2019:				29,510.36
ACH	00152	FPUD EMPL ASSOCIATION	10/10/2019	507.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/10/2019	3,377.00
ACH	06758	US TREASURY - PAYROLL TAXES	10/10/2019	58,711.65
ACH	06759	STATE OF CA - PR TAXES	10/10/2019	9,798.91
ACH	06760	STATE OF CA - SDI	10/10/2019	2,160.67
ACH	06761	LINCOLN FINANCIAL GROUP	10/10/2019	8,077.19
ACH	06763	PERS - PAYROLL	10/10/2019	38,484.54
82004	06740	ACCELA, INC	10/10/2019	914.25
82005	00805	ACWA/JOINT POWERS INS.	10/10/2019	39,406.26
82006	91256	AFP	10/10/2019	200.00
82007	91163	AM Diesel INC.	10/10/2019	1,482.71
82008	91286	AMAZON CAPITAL SERVICES, INC.	10/10/2019	121.61
82009	91440	BP BATTERY INC	10/10/2019	247.10
82010	06375	CALGON CARBON CORPORATION	10/10/2019	312.25
82011	03978	CAMERON WELDING SUPPLY	10/10/2019	439.10
82012	01719	MICKEY M. CASE	10/10/2019	60.00
82013	91241	LISA CHAFFIN	10/10/2019	527.07
82014	91210	CORE & MAIN LP	10/10/2019	730.97
82015	02925	DATA NET SOLUTIONS	10/10/2019	360.00
82016	05180	NOELLE DENKE	10/10/2019	70.82
82017	05177	DOWNEY BRAND, LLP	10/10/2019	5,040.00
82018	03391	ELECTRICAL SALES INC	10/10/2019	1,244.38
82019	05719	ENVIRONMENTAL SYSTEMS RESEAR	10/10/2019	12,500.00
82020	05588	ESCONDIDO METAL SUPPLY	10/10/2019	521.14
82021	04122	EVOQUA WATER TECHNOLOGIES LLC	10/10/2019	4,062.20
82022	09523	FALLBROOK EQUIP RENTALS	10/10/2019	2,400.00
82023	05987	FALLBROOK GARAGE & QWIK LUBE	10/10/2019	230.00
82024	01099	FALLBROOK IRRIGATION INC	10/10/2019	111.48
82025	00169	FALLBROOK OIL COMPANY	10/10/2019	8,976.26
82026	00170	FALLBROOK WASTE & RECYCLING	10/10/2019	693.40
82027	01432	FERGUSON WATERWORKS #1083	10/10/2019	3,887.08
82028	06764	G & W TRUCK ACCESSORIES	10/10/2019	1,700.00
82029	05970	GRISWOLD INDUSTRIES	10/10/2019	3,927.47
82030	05380	HACH CO	10/10/2019	314.17
82031	06722	CHRIS HAMILTON	10/10/2019	334.76
82033	91476	INDUSTRIAL METAL SUPPLY COMPAN	10/10/2019	8,511.60
82034	06577	INFOSEND INC	10/10/2019	5,485.54
82035	05255	INLAND WATER WORKS SUPPLY CO.	10/10/2019	22,304.25
82036	06463	IOTUM INC.	10/10/2019	22.65
82037	00190	JCI JONES CHEMICALS INC.	10/10/2019	3,949.67
82038	05505	TODD JESTER	10/10/2019	60.00
82039	04027	JOES HARDWARE	10/10/2019	1,791.63
82040	90937	KIRK PAVING INC	10/10/2019	59,562.75
82041	01782	JEFF MARCHAND	10/10/2019	180.00
82042	06014	KERRY MEHRENS	10/10/2019	64.85
82043	91192	MISSION LINEN SUPPLY	10/10/2019	943.81
82044	03944	MISSION RESOURCE CONSV DISTRIC	10/10/2019	361.50
82045	90932	NAPA AUTO PARTS	10/10/2019	479.77
82046	06354	NATIONAL BALANCE AND SCALE CO	10/10/2019	45.00
82047	06707	NATIONAL METER & AUTOMATION	10/10/2019	29,254.13
82048	03201	NATIONAL SAFETY COMPLIANCE INC	10/10/2019	52.50
82049	05104	NCL OF WISCONSIN INC	10/10/2019	909.76
82050	91167	NORTH COUNTY FORD	10/10/2019	33.38

Check No	Vendor No	Vendor Name	Check Date	Check Amount
82051	01406	NORTH COUNTY WELDING SUPPLY	10/10/2019	53.79
82052	00370	NUTRIEN AG SOLUTIONS, INC.	10/10/2019	82.80
82053	91461	OCEANSIDE SECURITY AGENCY	10/10/2019	2,231.00
82054	06298	ONESOURCE DISTRIBUTORS, LLC	10/10/2019	860.85
82055	04900	PARADISE CHEVROLET CADILLAC	10/10/2019	482.06
82056	00215	PETTY CASH	10/10/2019	215.75
82057	00216	PINE TREE LUMBER	10/10/2019	71.40
82058	04075	RAYNE WATER SYSTEMS	10/10/2019	130.00
82059	06608	ROTARY CLUB OF FALLBROOK	10/10/2019	215.00
82060	00231	SAN DIEGO COUNTY WATER AUTH	10/10/2019	1,128,886.81
82061	00232	SAN DIEGO GAS & ELECTRIC	10/10/2019	67,885.58
82062	05403	SAN DIEGO UNION-TRIBUNE CO.	10/10/2019	180.90
82063	06064	SOLENIS LLC	10/10/2019	9,941.13
82064	06000	TOBIAS STONEBURNER	10/10/2019	68.79
82065	04296	TRENCH PLATE RENTAL CO	10/10/2019	1,223.90
82066	00724	UNDERGROUND SERVICE ALERT	10/10/2019	477.64
82067	00458	VERIZON WIRELESS	10/10/2019	1,150.17
82068	04290	VILLAGE NEWS, INC.	10/10/2019	300.00
82069	91310	VOLT WORKFORCE SOLUTIONS	10/10/2019	825.24
82070	02960	VWR INTERNATIONAL INC	10/10/2019	2,125.03
82071	91485	BRYAN WAGNER	10/10/2019	50.79
82072	06231	WESTERN WATER WORKS SUPPLY CC	10/10/2019	221.11
82073	06736	JEFF WOLFE	10/10/2019	50.79
82074	00805	ACWA/JOINT POWERS INS.	10/10/2019	168,932.50
82075	04995	AMERICAN MESSAGING	10/10/2019	237.75
82076	UB*00290	PAVEMENT COATINGS CO	10/10/2019	444.02
82077	91272	KEVIN COLLINS	10/10/2019	170.00
82078	UB*00289	TC CONSTRUCTION	10/10/2019	55.37
82079	06338	MYTHOS TECHNOLOGY INC	10/10/2019	1,681.94
Total for 10/10/2019:				1,735,196.84
82080	00101	ACWA JPIA	10/16/2019	94,476.59
82081	91286	AMAZON CAPITAL SERVICES, INC.	10/16/2019	67.92
82082	01813	ASSOCIATION OF CALIFORNIA WATEI	10/16/2019	22,801.92
82083	02176	CORELOGIC SOLUTIONS, LLC	10/16/2019	225.00
82084	05953	CORODATA RECORDS MANAGEMENT	10/16/2019	690.17
82085	06675	CORODATA SHREDDING, INC	10/16/2019	61.37
82086	91271	COUNCIL OF WATER UTILITIES	10/16/2019	135.00
82087	05192	DIAMOND ENVIRONMENTAL SERVIC	10/16/2019	213.15
82088	06303	EXECUTIVE LANDSCAPE INC.	10/16/2019	700.00
82089	00161	FALLBROOK CHAMBER OF COMMER	10/16/2019	285.00
82090	91316	FALLBROOK HEATING & AIR CONDIT	10/16/2019	373.00
82091	01155	FALLBROOK REFUSE	10/16/2019	438.82
82092	02972	FISHER SCIENTIFIC COMPANY LLC	10/16/2019	68.39
82093	06286	GARDA CL WEST, INC.	10/16/2019	267.08
82094	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/16/2019	360.24
82095	02170	GRAINGER, INC.	10/16/2019	896.50
82096	05255	INLAND WATER WORKS SUPPLY CO.	10/16/2019	34,776.00
82097	06267	J2 GLOBAL IRELAND LIMITED	10/16/2019	59.91
82098	06243	JIM'S SIGN SHOP	10/16/2019	1,188.00
82099	04926	KONICA MINOLTA PREMIER FINANCE	10/16/2019	1,937.40
82100	06633	MAINTENANCE CONNECTION INC	10/16/2019	756.20
82101	91029	MALLORY SAFETY AND SUPPLY CO	10/16/2019	320.66
82102	91167	NORTH COUNTY FORD	10/16/2019	385.57
82103	04900	PARADISE CHEVROLET CADILLAC	10/16/2019	183.92
82104	91155	QUALITY GATE COMPANY, INC	10/16/2019	1,315.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
82105	00236	SCRAPPYS	10/16/2019	269.82
82106	05861	SOUTHERN CALIFORNIA ALLIANCE C	10/16/2019	1,686.00
82107	91107	SPECTRUM BUSINESS	10/16/2019	117.24
82108	91223	STERLING HEALTH SERVICES INC.	10/16/2019	1,200.00
82109	91082	TELETRAC, INC	10/16/2019	2,033.18
82110	03358	US BANK TRUST NA	10/16/2019	261,153.68
82111	00458	VERIZON WIRELESS	10/16/2019	666.21
82112	91310	VOLT WORKFORCE SOLUTIONS	10/16/2019	412.62
Total for 10/16/2019:				430,521.56
ACH	00152	FPUD EMPL ASSOCIATION	10/24/2019	507.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/24/2019	3,377.00
ACH	06758	US TREASURY - PAYROLL TAXES	10/24/2019	58,251.00
ACH	06759	STATE OF CA - PR TAXES	10/24/2019	9,755.74
ACH	06760	STATE OF CA - SDI	10/24/2019	2,104.88
ACH	06761	LINCOLN FINANCIAL GROUP	10/24/2019	8,077.40
ACH	06763	PERS - PAYROLL	10/24/2019	38,328.20
82113	91484	ADA COMPLIANCE TEAM, INC.	10/24/2019	895.00
82118	91256	AFP	10/24/2019	263.45
82119	03223	AIR POLLUTION CONTROL DISTRICT	10/24/2019	460.00
82120	91358	ALPHA CARD SYSTEMS	10/24/2019	258.12
82121	91286	AMAZON CAPITAL SERVICES, INC.	10/24/2019	343.22
82122	91272	KEVIN COLLINS	10/24/2019	60.00
82123	05192	DIAMOND ENVIRONMENTAL SERVIC	10/24/2019	350.65
82124	00169	FALLBROOK OIL COMPANY	10/24/2019	4,169.52
82125	04494	FEDERAL EXPRESS CORPORATION	10/24/2019	184.80
82126	91198	FIRST BANKCARD	10/24/2019	2,546.66
82127	91200	FIRST BANKCARD	10/24/2019	3,906.54
82128	91201	FIRST BANKCARD	10/24/2019	293.61
82129	91323	FIRST BANKCARD	10/24/2019	195.00
82130	91302	ALEX GALLOWAY	10/24/2019	60.70
82131	02974	GOLDEN BELL PRODUCTS, INC.	10/24/2019	1,505.27
82132	02170	GRAINGER, INC.	10/24/2019	3,633.41
82133	05380	HACH CO	10/24/2019	504.52
82134	02773	HDS WHITE CAP CONST SUPPLY	10/24/2019	2,366.19
82135	05255	INLAND WATER WORKS SUPPLY CO.	10/24/2019	18,752.04
82136	06380	JANI-KING OF CALIFORNIA, INC - SA	10/24/2019	2,777.45
82137	00190	JCI JONES CHEMICALS INC.	10/24/2019	3,295.50
82138	06243	JIM'S SIGN SHOP	10/24/2019	1,099.05
82139	91427	MITEL CLOUD SERVICES, INC	10/24/2019	1,631.51
82140	06024	MATTHEW MORGAN	10/24/2019	46.56
82141	91077	MULTI SERVICE TECHNOLOGY SOLU'	10/24/2019	1,139.08
82142	06298	ONESOURCE DISTRIBUTORS, LLC	10/24/2019	2,228.59
82143	01267	PACIFIC PIPELINE	10/24/2019	1,048.07
82144	90939	PCM SALES, INC.	10/24/2019	940.64
82145	05181	MATTHEW PEREZ	10/24/2019	54.28
82146	91007	PFM ASSET MANGEMENT LLC	10/24/2019	1,215.78
82147	91426	PRINTING SOLUTIONS	10/24/2019	43.62
82148	06179	RAIN FOR RENT RIVERSIDE	10/24/2019	4,203.51
82149	04075	RAYNE WATER SYSTEMS	10/24/2019	130.00
82150	90929	SOUTHWEST ANSWERING SERVICE, I	10/24/2019	652.82
82151	02927	TIM STERGER	10/24/2019	60.00
82152	00159	SUPERIOR READY MIX	10/24/2019	3,519.43
82153	04330	UNION BANK	10/24/2019	1,789.00
82154	91325	VISTA TREE SERVICE, INC.	10/24/2019	20,300.00
82155	91310	VOLT WORKFORCE SOLUTIONS	10/24/2019	412.62

Check No	Vendor No	Vendor Name	Check Date	Check Amount
82156	91295	WHITE NELSON DIEHL EVANS LLP	10/24/2019	14,500.00
Total for 10/24/2019:				222,237.93
82157	91184	4IMPRINT INC	10/31/2019	791.45
82158	01460	AFLAC	10/31/2019	1,018.76
82159	91286	AMAZON CAPITAL SERVICES, INC.	10/31/2019	339.00
82160	06020	BABCOCK LABORATORIES, INC	10/31/2019	1,860.00
82161	02743	BEST BEST & KRIEGER	10/31/2019	16,762.17
82162	91440	BP BATTERY INC	10/31/2019	364.26
82163	04741	CALIFORNIA SPECIAL DISTRICT ASSC	10/31/2019	7,615.00
82164	03134	CALIFORNIA WATER ENVIRONMENT .	10/31/2019	192.00
82165	00709	COUNTY OF SAN DIEGO	10/31/2019	2,062.00
82166	02925	DATA NET SOLUTIONS	10/31/2019	1,188.00
82167	06022	JAMISON DAVIS	10/31/2019	51.01
82168	05180	NOELLE DENKE	10/31/2019	77.89
82169	06048	DEPARTMENT OF THE INTERIOR	10/31/2019	2,760.34
82170	06551	DEPT OF FORESTRY & FIRE PROTECT	10/31/2019	453.88
82171	91123	DIGITAL DEVELOPMENT, INC.	10/31/2019	550.00
82172	04425	DOMINICK'S SANDWICHES	10/31/2019	97.76
82173	03391	ELECTRICAL SALES INC	10/31/2019	748.67
82174	04411	ENVIRONMENTAL RESOURCE ASSOC	10/31/2019	1,847.37
82175	05588	ESCONDIDO METAL SUPPLY	10/31/2019	41.12
82176	05987	FALLBROOK GARAGE & QWIK LUBE	10/31/2019	382.38
82177	91316	FALLBROOK HEATING & AIR CONDIT	10/31/2019	169.00
82178	01099	FALLBROOK IRRIGATION INC	10/31/2019	63.67
82179	00169	FALLBROOK OIL COMPANY	10/31/2019	76.01
82180	01432	FERGUSON WATERWORKS #1083	10/31/2019	3,192.09
82181	91202	FIRST BANKCARD	10/31/2019	2,053.24
82182	91203	FIRST BANKCARD	10/31/2019	2,681.09
82183	91225	FIRST BANKCARD	10/31/2019	1,436.08
82184	91235	FIRST BANKCARD	10/31/2019	714.90
82185	02972	FISHER SCIENTIFIC COMPANY LLC	10/31/2019	276.87
82186	UB*00291	MARCO GARCIA	10/31/2019	5.53
82187	09517	GENCO	10/31/2019	366.35
82188	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/31/2019	932.52
82189	06577	INFOSEND INC	10/31/2019	6,281.83
82190	06359	INFRASTRUCTURE ENGINEERING CO	10/31/2019	24,903.07
82191	06479	KNOCKOUT PEST CONTROL & TERMI	10/31/2019	50.00
82192	91304	LEARNSOFT CONSULTING INC	10/31/2019	12,640.00
82193	90902	MATTHEW LIAN	10/31/2019	155.00
82194	06555	LIEBERT CASSIDY WHITMORE	10/31/2019	111.00
82195	04649	MAR-CON PRODUCTS, INC	10/31/2019	812.57
82196	06298	ONESOURCE DISTRIBUTORS, LLC	10/31/2019	4,873.13
82197	01267	PACIFIC PIPELINE	10/31/2019	10,619.84
82198	91246	RELIABLE WATER SOLUTIONS, LLC	10/31/2019	1,674.70
82199	91482	S & R TOWING	10/31/2019	725.50
82200	00191	SAN DIEGO COUNTY TREASURER	10/31/2019	168.12
82201	00236	SCRAPPYS	10/31/2019	30.17
82202	91153	COLTER SHANNON	10/31/2019	77.44
82203	04434	SNAP ON TOOLS	10/31/2019	79.57
82204	02797	STEVE STONE	10/31/2019	167.99
82205	91385	VERONICA TAMZIL	10/31/2019	60.00
82206	06211	UNITED IMAGING	10/31/2019	415.76
82207	04290	VILLAGE NEWS, INC.	10/31/2019	75.00
Total for 10/31/2019:				115,091.10

Check No	Vendor No	Vendor Name	Check Date	Check Amount
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Report Total (258 checks):

2,666,392.57

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

Jack Bebee

General Manager

Mary Lou West

From: Don McDougal 4
Sent: Friday, October 25, 2019 5:51 AM
To: Mary Lou West
Subject: Re: Invite - Legislative Roundtable - Nov. 6

Mary Lou, I approve this request.

Sent from my iPhone

On Oct 24, 2019, at 4:34 PM, Mary Lou West <maryloub@fpud.com> wrote:

I've printed out a copy of the attached invitation to the SDCWA's Legislative Roundtable with Congressman Mike Levin, 49th District, on Wednesday, November 6, 2019, 1:30-3 p.m., and will leave the invitation at the dais on Monday. If you would like to attend, please let me know so I can RSVP on your behalf. Please note you must have President McDougal approve your attendance in advance to this event in order to be paid per diem and mileage reimbursement.

Thank you,

Mary Lou West
Secretary
Fallbrook Public Utility District
990 East Mission Road,
Fallbrook, CA 92028
(760) 999-2704

From: Baron, Risa <rbaron@sdewa.org>
Sent: Thursday, October 24, 2019 3:11 PM
To: Mary Lou West <maryloub@fpud.com>
Cc: Jack Bebee <jackb@fpud.com>
Subject: Invite - Legislative Roundtable - Nov. 6

Mary Lou,

We would appreciate if you can share the invitation to your board members.

Thank you,

Risa

Risa Baron
Principal Public Affairs Representative

Office: 858-522-6714

Cell: 619-405-3654

<image002.png>

On behalf of the Water Authority, a special invitation is attached to our upcoming Legislative Roundtable on Wednesday, November 6, 2019, from 1:30 – 3 pm.

Our featured speaker will be Congressman Mike Levin. Attached is a flyer with more information about the event.

RSVP to Chelsea Campos at ccampos@sdcwa.org or 858-522-6710 by Monday, November 4, 2019. Please contact Christine Antoine, Principal Public Affairs Representative cantoine@sdcwa.org or 858-522-6766.

Sincerely,

<image001.jpg>

Jim Madaffer, Chair

Board of Directors

San Diego County Water Authority

<Invitation for Legislative Roundtable Nov6-updated.pdf>



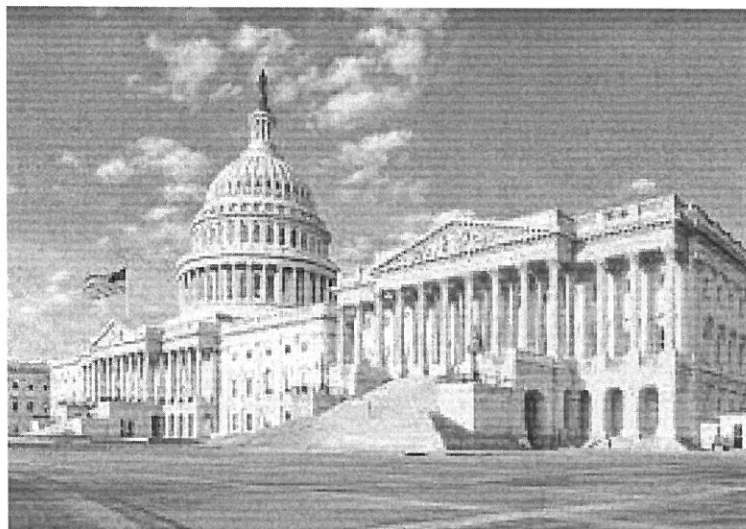
Our Region's Trusted Water Leader
San Diego County Water Authority

Legislative Roundtable

Please join the San Diego County Water Authority Board of Directors

with

Congressman Mike Levin, 49th District



Wednesday, November 6, 2019

1:30 - 3 p.m.

San Diego County Water Authority

4677 Overland Avenue

San Diego, CA 92123

Light refreshments will be served from 1:30 - 2 p.m.

Roundtable to begin at 2 p.m.

RSVP to Chelsea Campos at ccampos@sdcwa.org or 858-522-6710

by Monday, November 4, 2019

Questions: Christine Antoine, Principal Public Affairs Representative

cantoine@sdcwa.org or 858-522-6766

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Essential Communications for
Every Special District.
9300 Fanita Pkwy, Santee, CA

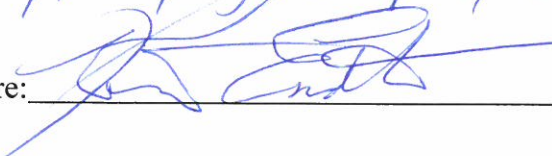
Date(s) of Attendance: 10/30/19

Purpose of Function: Instruction on Dealing with News Media & Legislators

Sponsoring Organization: So. Calif. Special Districts

Summary of Conference or Meeting:

Townsend Public Affairs was represented by Brian Lochrie. The
presentation discussed "Developing Key Messages,"
Internal and External Audiences, Knowing your audience,
and interactive skills with constituents, elected officials,
and the News Medias. Emphasis was put on "the
Ask," what you want, and the "Pitch", What to say.
Interview decorum included how to say what you
want to say, staying on topic, and how to avoid "traps"!

Director Signature:  Date: 10-30-19

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Certificate of Completion



Essential Communications for Every Special District

Santee, CA - October 30, 2019

Kenneth Endter

Fallbrook Public Utility District


Neil C. McCormick, CSDA Chief Executive Officer


Joel Bauer, CSDA Board President

California Special Districts Association

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Eudter

Name & Location of Function: SDCWA Legislative Round Table
4677 Overland Ave., San Diego

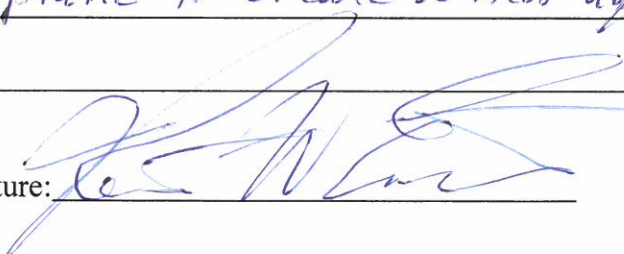
Date(s) of Attendance: 11-6-19

Purpose of Function: Roundtable Talk and Discussion w/ Congressman

Sponsoring Organization: SDCWA

Summary of Conference or Meeting:

Congressman, 49th District, Mike Levin, discussed
Bi-Partisan efforts to fund water supply efforts
Reliability in San Diego County. He discussed the
Bi-partisan and Bi-National talks to clean up the
Tijuana river to supply clean water to lower
California and Baja Mexico. He expressed interest in
SDCWA plans to create a new aqueduct to the Colorado
river.

Director Signature:  Date: 11-7-19

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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: Colorado River Inspection Tour

San Vincente Dam, Diamond Valley Lake, Whitsett Pumping Plant, Parker Dam, Copper Basin, Palo Verde Diversion Dam.

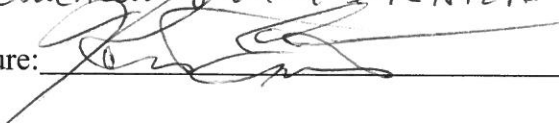
Date(s) of Attendance: Nov. 8-9th, 2019

Purpose of Function: Increase Knowledge of MWD Water Systems.

Sponsoring Organization: MWD and SDCWA

Summary of Conference or Meeting:

The San Vincente Dam provides approximately 6 months supply of Emergency Water Storage for San Diego County. Wa. The Diamond Valley Dam is Metro's Emergency Water and can provide 810,000 A/F (Six Mos. Water) for 7 counties. The Whitsett Pump Station takes Colorado River Water from Lake Havasu and pumps into Copper Canyon Reservoir for a 291 foot Head of Water to gravity flow on its trip to San Diego. A presentation at Salton Sea was also given by Coachella Water District.

Director Signature: 

Date: 11-11-19

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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: SCSDA Dinner Meeting located at The Butcher Shop steak Restaurant in the City of San Diego.
Date(s) of Attendance: 11-21-2019
Purpose of Function: Candidate Presentations and Fire Lecture
Sponsoring Organization: SCSDA

Summary of Conference or Meeting:

Prior to voting on 2nd Vice President and Secretary, all candidates were given 2 minutes to present their history and qualifications. The guest speaker was Tony Micham, Unit and County Chief of Cal-Fire. He spoke on fire safety, prevention, and evacuation procedures. Clearing the recommended area around our homes, adding "hardscape" and "Drought resistant plants". He also gave information on community projects.

Director Signature: 

Date: 11-22-19

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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: COWU Monthly Meeting

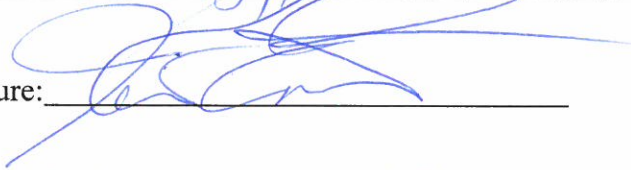
Date(s) of Attendance: _____

Purpose of Function: Vote on Sponsor and Guest Speaker Topics

Sponsoring Organization: California Labor Alliance (Pending)

Summary of Conference or Meeting:

A vote was taken to have the "Labor Alliance" to be the sponsor of our organization, and unanimous vote to be an educational organization on water information in the area with a "Neutral" Political stance. Guest speaker was Phil Rosenkrater of the Salton Sea Revitalization Group. He spoke on various ways to re-new and grow Tourism, geothermal energy, and create more Wetlands.

Director Signature: 

Date: 11-21-19

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