



FALLBROOK PUBLIC UTILITY DISTRICT  
FISCAL POLICY AND INSURANCE  
COMMITTEE MEETING

AGENDA

THURSDAY, APRIL 20, 2017  
2:00 P.M.

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

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 728-1125 for assistance so the necessary arrangements can be made.*

*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

PUBLIC COMMENT (*limit 3 minutes*)

**II. ACTION / DISCUSSION**

A. AUDIT UPDATE

B. EXPENSES USED FOR RATE STUDY

**III. ADJOURNMENT OF MEETING**

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**DECLARATION OF POSTING**

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

I, Mary Lou Boultinghouse, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

April 17, 2017  
Dated / Fallbrook, CA

*Mary Lou Boultinghouse*  
Secretary, Board of Directors

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Rate Study Expenses



# Fallbrook Public Utility District

## Rate Study - Expenses

Presentation to FP&I Committee  
March 30, 2017

# Summary of Expenses

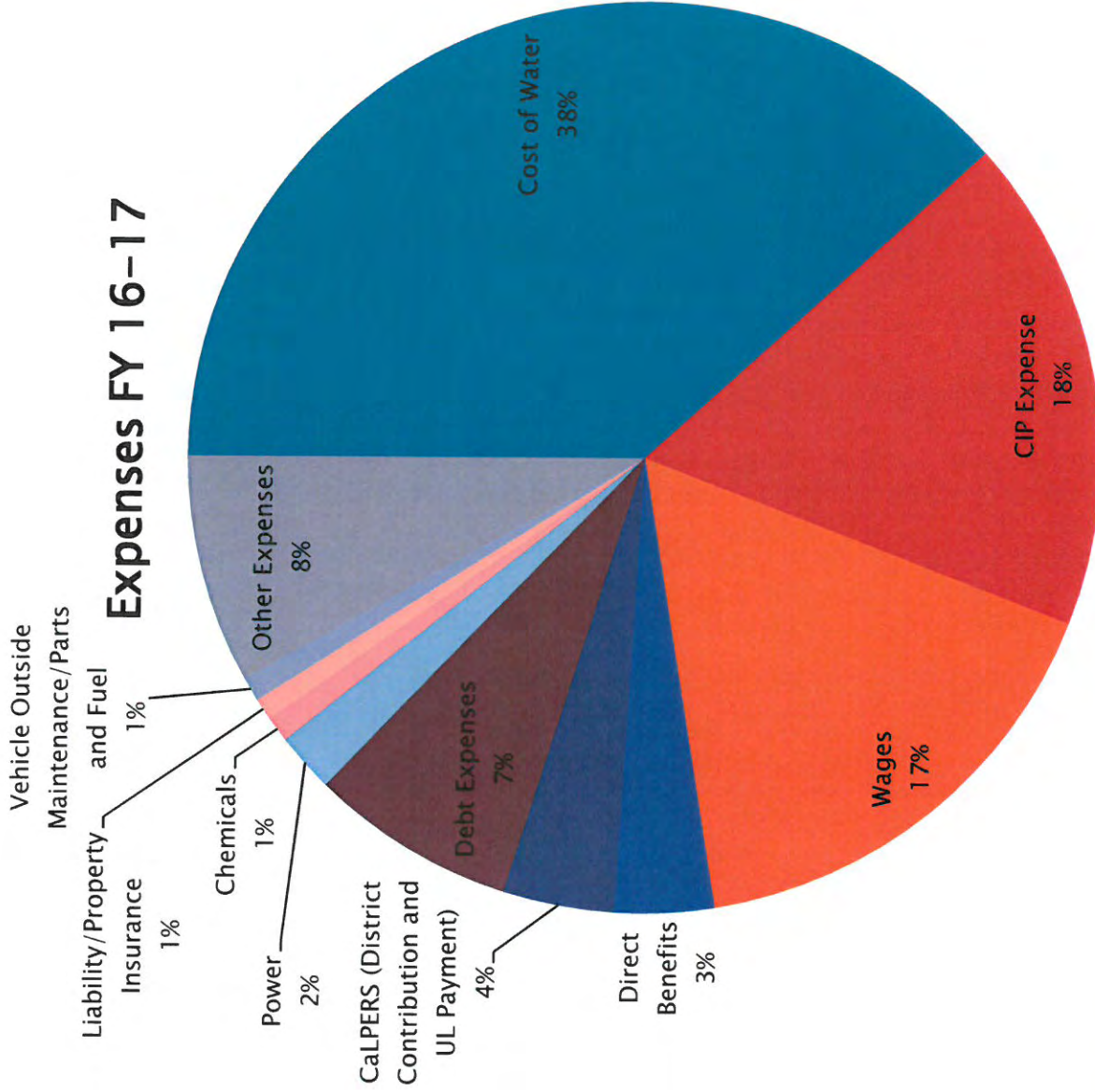
- ▶ Expenses Based on Adopted 2016/17 Budget
- ▶ Difference between expenses in model and budget due to allocation of Warehouse and Equipment (WH&E) Costs as a burden on labor and removal of \$75k transfer to WH&E
- ▶ Result is WH&E costs included as a burden on labor and no internal transfers are required.

# Summary of Revised Allocation of WH&E Costs

Distribution	\$1,928,202	\$1,944,502
Labor & Fringe	1,611,152	1,627,452
Labor Cost		755,161
CaIPERS_UL burden		82,255
CaIPERS_Side fund burden		104,729
Other Fringe Benefits		470,761
WH&Equipment Burden		214,546
Services, Materials & Supplies	317,050	317,050



# Expenses FY 16-17



# Cost of Purchased Water

- ▶ Currently 38% of Total Budget
- ▶ Projected to increase 10% per Year similar to last 10 years
- ▶ Projected to be over 50% of total budget within 10 years without SMRCUP Project



# Mitigating Cost of The Purchased Water

- ▶ Pursue SMRCUP Project
- ▶ Pursue maximizing yield of SMRCUP
- ▶ Maximum Recycled Water Use
- ▶ Advocate for FPUd at SDCWA/Support MWD Lawsuit

# CIP Expense

- ▶ Required to maintain system reliability.
- ▶ Majority of costs pipeline, reservoir, pump station and sewer rehabilitation projects (See Attached Board Presentation).
- ▶ Increases due to increased need to replace aging water pipelines.



# Mitigating CIP Expenses

- ▶ Proper planning and execution
- ▶ Ensuring proper preventative maintenance is done
- ▶ Developing a more robust pipeline and sewer replacement plan



# Wages and benefits

- ▶ Currently 24% of Total Budget (Including Direct Benefits and CalPERS)
- ▶ Model Projection is 5% per year Salaries and 7% per Year on Benefits. **Actual increase in Wages, Benefits and PERS has been under 2% annually from FY 07/08 to 17/18.**
- ▶ Model also includes additional \$3 million CalPERS Unfunded Liability payment.

# Mitigating Wage and Benefit Expenses

- ▶ Optimize operation and number of employees. Evaluate outsources opportunities. Staffing reduced from 73 FTE's in 2007-2008 to 68 Today.
- ▶ Better track employee production. Implement system (CMMS) and set production metric targets.
- ▶ Ditrict has mitigated overall salary and fringe increases. **Actual wages, benefits and PERS increase has been <2% annually, much lower than baseline projection Raftelis used based on similar agencies.**
- ▶ Mitigate future CalPERS costs and uncertainty (**Currently 30% of employees PEPR versus Classic**)

# Debt Expenses

- ▶ Currently 7% of Total Budget
- ▶ If SMRCUP is constructed would be ~ 15% of Total Budget



# Mitigating Debt Expenses

- ▶ Debt Issuances limited to large capital projects that provide long term cost benefits
- ▶ Pursue low interest debt (SRF Loans)



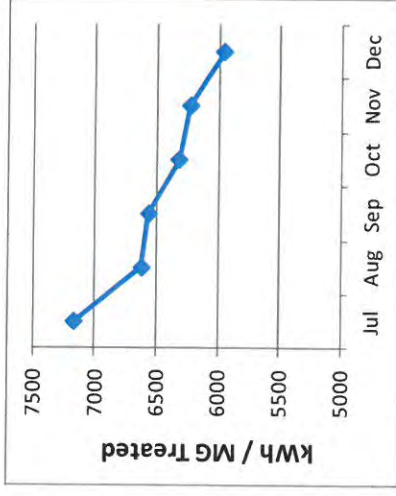
# Energy Expenses

Facility	Average Annual Power Cost	Description
Fallbrook WRP	\$300,000	Water Recycling Plant 24/7 Operation, 1 MW Solar Offsets some use
Harris Trail PS	\$95,000	Water Pump Station, higher demands in summer, limited space
Overland Trail Lift Station	\$45,000	Sewage Lift Station, High Operating Pressure (150 psi), Year Round Operation
Donnil PS	\$45,000	Water Pump Station, demands seasonal, remote location
Daily PS	\$40,000	Water Pump Station, piping constraints, demand seasonal
UV Disinfection Facility	\$40,000	Disinfection facility to take water from storage, demand seasonal
Anthony's Corner Lift Station	\$36,000	Standard Sewage Lift Station



# Mitigating Energy Expenses

- ▶ Focus on optimizing energy use at WRP
- ▶ Conduct free energy audits and evaluations with outside vendors
- ▶ Installation of variable frequency drives at Harris PS



# Mitigating Chemical Expenses

- ▶ Developing Monthly Reports and Metrics on Chemical Usage at WRP and UV Facility
- ▶ Continue to evaluate equivalent products and bidders.



# Mitigating Liability and Property Insurance Costs

- ▶ Limits claims:
  - Maintain safe practices
  - Maintain Infrastructure condition



# Mitigating Vehicle maintenance costs

- ▶ Implement heavy equipment and fleet replacement program to improve vehicle reliability.
- ▶ Implement better system (CMMS) to track costs per vehicle.



# Questions

