



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

AGENDA

**MONDAY, JULY 22, 2019
4:00 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 Board Secretary at (760) 999-2704 for assistance.

Writings that are public records 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

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.

II. CONSENT CALENDAR-----(ITEMS A–D)****

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors, or the public, requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

A. CONSIDER APPROVAL OF MINUTES

- 1. June 17, 2019 Regular Board Meeting

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

B. CONSIDER RESOLUTION NO. 4974 ADOPTING AN AMENDED CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

Recommendation: That the Board adopt Resolution No. 4974 adopting the Amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

C. CONSIDER NOTICE OF COMPLETION FOR HARRIS PUMP STATION

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

D. CONSIDER RESOLUTION NO. 4975 APPROVING QUITCLAIM TO PROPERTY OWNER DAVID E. FENN

Recommendation: That the Board adopt Resolution No. 4975 approving the quitclaim.

III. **INFORMATION / ACTION**-----**(ITEM E)**

E. HEAR REPORT ON PRELIMINARY EVALUATION OF DETACHMENT FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEXATION TO EASTERN MUNICIPAL WATER DISTRICT AND CONSIDER AUTHORIZING GENERAL MANAGER TO FINALIZE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT REGARDING POTENTIAL ANNEXATION

Recommendation: That the Board authorize the General Manager to finalize and execute MOU regarding potential annexation to EMWD.

IV. **ACTION / DISCUSSION CALENDAR** ----- **(ITEMS F-P)**

F. CONSIDER REQUEST FROM COMMUNITY GROUPS FOR DISTRICT TO ACTIVATE LATENT POWERS TO SUPPORT PUBLIC COMMUNITY FACILITIES

Recommendation: Staff supports Board direction.

G. CONSIDER RESOLUTION NO. 4976 OF COMMENDATION AND APPRECIATION TO AL GEBHART UPON HIS RETIREMENT FROM THE BOARD OF DIRECTORS

Recommendation: That the Board adopt Resolution No. 4976 of commendation and appreciation to Al Gebhart.

H. CONSIDER LOCAL RESOURCES PROGRAM AGREEMENT WITH THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND THE SAN DIEGO COUNTY WATER AUTHORITY

Recommendation: That the Board authorize the General Manger to execute the Local Resources Program agreement once the final incentive amounts are included with the

Metropolitan Water District of Southern California and San Diego County Water Authority for the Santa Margarita River Conjunctive Use Project to help reduce water costs by providing a rebate on the cost of water produced from the project.

- I. CONSIDER RESOLUTION NO. 4977 APPROVING A CONSTRUCTION INSTALLMENT SALE AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES BOARD PERTAINING TO THE FINANCING OF THE SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT (STATE REVOLVING FUND LOAN AGREEMENT); AND CONSIDER AUTHORIZATION TO AWARD CONSTRUCTION CONTRACT FOR THE SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT

Recommendation: *That the Board:*

- a. *Adopt Resolution No. 4977 approving a Construction Installment Sale Agreement with the California State Water Resources Control Board pertaining to the financing of the Santa Margarita Conjunctive Use Project;*
- b. *Consider authorization of award of the construction of the SMRCUP to the lowest responsible bidder, Filanc Alberici JV, at an amount of \$54,398,232.*

- J. CONSIDER RATIFICATION OF THE DISTRICT'S FISCAL YEAR 2019-20 ADOPTED ANNUAL BUDGET AND RESOLUTION NO. 4978 AMENDING ARTICLE 15 OF THE ADMINISTRATIVE CODE

Recommendation: *That the Board ratify the Budget and adopt Resolution No. 4978 amending Article 15 of the Administrative Code.*

- K. CONSIDER RESOLUTION NO. 4979 AMENDING ARTICLE 20 OF THE ADMINISTRATIVE CODE SETTING WASTEWATER CHARGES FOR ACCESSORY DWELLING UNITS (ADUs);

Recommendation: *The Engineering and Operations Committee is recommending the Board adopt Resolution No. 4979 amending Article 20, Section 20.7.2 of the Administrative Code to add ADUs to Class 2 in the Schedule of Equivalent Dwelling Units and Class of Service, and set an Equivalent Dwelling Unit value specifically for Accessory Dwelling Units to 0.4.*

- L. CONSIDER ORDINANCE NO. 345 AMENDING ADMINISTRATIVE CODE ARTICLES 18, 19, AND 23 WITH CHANGES REGARDING PIPELINE EXTENSION REQUIREMENTS

Recommendation: *Engineering & Operations Committee is recommending the Board adopt Ordinance No. 345 amending Articles 18, 19 and 23 with the proposed changes.*

M. CONSIDER STEEL RESERVOIR COATING INSPECTION SERVICES

Recommendation: The Engineering and Operations Committee is recommending that the Board authorize a Professional Services Contract Amendment with MCS Inspection Group for an additional \$19,710.

N. CONSIDER AS-NEEDED SCADA SUPPORT CONTRACT APPROVAL – SCADA INTEGRATIONS

Recommendation: That the Board award a three-year contract, with a fourth year option, to SCADA Integrations for instrumentation, controls, and SCADA support, in the not-to-exceed amount of \$37,500 per year.

O. CONSIDER 2019 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS ELECTION, (SEAT B), SOUTHERN NETWORK

Recommendation: That the Board select one candidate from the slate of candidates in the 2019 California Special Districts Association Board of Directors Election, (Seat B), Southern Network for the 2020-2022 term and authorize the District Secretary to cast its vote by electronic ballot.

P. CONSIDER AMENDMENT TO GENERAL MANAGER EMPLOYMENT AGREEMENT WITH JACK BEBEE

Recommendation: That the amendment to the Employment Agreement for General Manager Jack Bebee be approved effective July 1, 2019.

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

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

VI. **ADJOURNMENT OF MEETING**

* * * * *

DECLARATION OF POSTING

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

July 18, 2019
Dated / Fallbrook, CA

Mary Lou West
Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Mary Lou West, Secretary *rlw*
DATE: July 22, 2019
SUBJECT: Consider Approval of Minutes

Recommended Action

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

1. June 17, 2019 Regular Meeting and District Budget Meeting

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

MINUTES

MONDAY, JUNE 17, 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 4:00 p.m. A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Nicholaus Norvell, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/CFO
Jason Cavender, Operations Manager
Lisa Chaffin, Human Resources Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Owni Toma, Chief Plant Operator
Mary Lou West, Secretary

Also present were others, including, but not limited to: Kirk Dulin, Courtney Provo of Mission Resource Conservation District, and Erin Wilkins.

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

Director Wolk requested that Item B be removed from the Consent Calendar for discussion.

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

AYES: Directors DeMeo, Endter, Gebhart, 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.

Erin Wilkins stepped to the podium to request that the Board consider waiving the \$5,000 fee for an Additional Dwelling Unit (ADU) that she plans to build on her property. Ms. Wilkins stated the San Diego County Board of Supervisors has initiated a plan that encourages homeowners to add ADUs on large lots by waiving or reducing the associated fees. Ms. Wilkins requested the Board place the question of a trial waiver period on the next Board meeting agenda.

President McDougal directed staff to schedule an Engineering & Operations Committee meeting to discuss Ms. Wilkins' request. The Committee to return to the Board with its findings at the next regular meeting.

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

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors, or the public, requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

A. CONSIDER APPROVAL OF MINUTES

1. May 20, 2019 Regular Board Meeting

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

Item B, Consider Authorization of Notice of Completion – Job No. 3089, Collections Pipe Manhole Relining and Repair FY 2018-19, was removed from the Consent Calendar for discussion at the request of Director Wolk.

- C. CONSIDER ADOPTION OF RESOLUTION NO. 4972 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES ON THE TAX ROLL

Recommendation: *That the Board adopt Resolution No. 4972 placing fixed charge special assessments to add delinquent and unpaid charges on annual tax roll for 2019-20 by the San Diego County Treasurer-Tax Collector.*

- D. CONSIDER ADOPTION OF ORDINANCE NO. 344 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2019-20

Recommendation: *The Board adopt Ordinance No. 344 as prepared and authorize the Secretary of the Board of Directors to send a certified copy to the Board of Supervisors of the County of San Diego and Auditor and Controller of the County of San Diego.*

MOTION: Director Wolk moved to approve the Consent Calendar as revised, with the exclusion of Item B, and adopt Resolution No. 4972 and Ordinance No. 344; Vice-President DeMeo seconded. Motion passed; VOTE:

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

- B. CONSIDER AUTHORIZATION OF NOTICE OF COMPLETION – JOB NO. 3089, COLLECTIONS PIPE MANHOLE RELINING AND REPAIR FY 2018-19

Recommendation: *That the Board authorize staff to record the Notice of Completion, as shown in the staff memorandum, with the San Diego County Recorder.*

Director Wolk asked why the final contract amount was less than the original amount. General Manager Bebee stated the Sewer Lateral Lining scope of work was removed from the contract reducing the final amount from \$259,541.60 to \$169,158.36.

MOTION: Director Wolk moved to authorize staff to record the Notice of Completion, as shown in the staff memorandum, with the San Diego County Recorder; Director Endter seconded. Motion passed; VOTE:

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

III. PROPOSED FISCAL YEAR 2019-20 BUDGET -----(ITEM E)

E. REVIEW OF PROPOSED BUDGET AND CONSIDER ADOPTION OF RESOLUTION NO. 4970 ADOPTING THE DISTRICT FISCAL YEAR 2019-20 RECOMMENDED ANNUAL BUDGET AND ADOPTION OF RESOLUTION NO. 4971 AMENDING ARTICLE 21 OF THE ADMINISTRATIVE CODE

Recommendation: That the Board adopt Resolution No. 4970 adopting the final budget for fiscal year 2019-20 and adopt Resolution No. 4971 amending Article 21 of the Administrative Code to reflect the new RTS charge.

Assistant General Manager/CFO Shank, Operations Manager Cavender, and Senior Engineer Cook provided a slide show presentation with an overview of the summary of sources and uses of funds, the operating budget detail, capital budget summary, projected fund balances, and next steps in relation to the fiscal year 2019-20 budget.

MOTION: Vice-President DeMeo moved to adopt Resolution No. 4970 adopting the final budget for fiscal year 2019-20 and adopt Resolution No. 4971 amending Article 21 of the Administrative Code to reflect the new RTS charge; Director Wolk seconded. Motion passed; VOTE:

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

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS F-H)

F. CONSIDER RENEWAL OF LAND LEASE TO MISSION RESOURCE CONSERVATION DISTRICT FOR THE FALLBROOK COMMUNITY GARDEN

Recommendation: That the Board authorize the General Manager to execute the lease agreement with Mission Resource Conservation District as proposed.

President McDougal stated the Board approved renewing the lease with Mission Resource Conservation District at the June 17, 2019 regular meeting and the current request is to approve the lease agreement.

MOTION: Director Gebhart moved to authorize the General Manager to execute the lease agreement with Mission Resource Conservation District as proposed; Director Endter seconded. Motion passed; VOTE:

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

G. CONSIDER APPROVAL OF INTER FUND TRANSFER POLICY

Recommendation: That the Board approve the Inter Fund Transfer Policy as proposed.

President McDougal stated the Fiscal Policy & Insurance Committee met on May 23, 2019, to finalize the language of the Inter Fund Transfer Policy and has recommended approval.

MOTION: Director Endter moved to approve the Inter Fund Transfer Policy as proposed; Director Wolk seconded. Motion passed; VOTE:

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

H. CONSIDER APPROVAL OF MEMORANDA OF UNDERSTANDING (MOUS) WITH FPUDEA AND FMEA (EFFECTIVE JULY 1, 2019-JUNE 30, 2022); AND APPROVAL OF AMENDED SALARY SCHEDULE (EFFECTIVE JULY 1, 2019) FOR ALL DISTRICT EMPLOYEES EXCEPT THE GENERAL MANAGER BY ADOPTION OF RESOLUTION NO. 4973

Recommendation: That the Board adopt Resolution No. 4973 approving the Memoranda of Understanding (MOUs) with FPUDEA and FMEA for July 1, 2019-June 30, 2022, and adoption of an amended salary schedule (effective July 1, 2019) for all District employees, except the General Manager.

President McDougal stated the material modifications to the Fallbrook Public Utility District Employees' Association (FPUDEA) and the Fallbrook Public Utility District Management Employees' Association (FMEA) Memoranda of Understanding (MOUs) were included in the staff memo. Both MOUs commence on July 1, 2019, and end on June 30, 2022. The employee groups approved the MOUs as proposed, and the Personnel Committee has recommended approval.

General Counsel Norvell read aloud the following statement:

“Under the Brown Act, a local agency must provide a verbal summary of a proposed action on the salary, salary schedules, or compensation in the form of fringe benefits for local agency executives. The item before the Board includes proposed changes to the District’s salary schedule and benefits for various District positions, including positions that are considered agency executives. Those include the Assistant General Manager, Chief Plant Operator, Field Services Manager, Human Resources Manager, Operations Manager, and Senior Engineer. As further detailed in the staff report, the proposed changes include cost of living adjustments of 2%, 2.5%, and 3% for the next three fiscal years, an increase in the amount of deferred compensation match by .5% to the District’s 401(a) plan if the employee contributes the same amount to his or her individual plan, long-term disability change from a pre-tax benefit to a post-tax benefit and the employees’ salaries are grossed out to off-set the change, reimbursement for 50% of unused sick leave upon termination with specific caps on the number of hours subject to reimbursement, and the pay range for the Operations Manager will be increased by 3% starting in the 2019 fiscal year.”

MOTION: Director Gebhart moved to adopt Resolution No. 4973 approving the Memoranda of Understanding (MOUs) with FPUDEA and FMEA for July 1, 2019–June 30, 2022, and adoption of an amended salary schedule (effective July 1, 2019) for all District employees, except the General Manager; Director Endter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

1. General Counsel

- General Counsel Norvell provided an overview of litigation that involved the Turlock Irrigation District (TID). A property owner planted approximately 160 trees over an easement owned by TID. The TID requested that the property owner remove the trees in order to provide access to its pipeline. The property owner refused, and the TID sought to terminate the property owner’s water service. The court upheld the TID’s right to adopt reasonable rules regarding water service, including the ability to protect easements and pipelines. The court also upheld the District’s use of water termination in those circumstances.

2. SDCWA Representative Report

- General Manager/SDCWA Representative Bebee reported the SDCWA would be approving its budget at the end of the month.

- Discussion continues on the proposed Colorado River conveyance pipeline and potential alternatives.
- 3. General Manager
 - a. Engineering and Operations Report
- 4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - c. Warrant List
 - Assistant General Manager/CFO Shank reported the Treasurer's Report and the Budget Status Report were not included in the packet due to the early Board meeting date.
 - The Pay Near Me option for customers to pay their bills at remote locations has resulted in reduced staff time spent on processing payments.
 - Staff has been working towards automating lock out calls and shut down notifications through WaterSmart software.
- 5. Public Affairs Specialist
- 6. Notice of Approval of Per Diem for Meetings Attended
- 7. Director Comments/Reports on Meetings Attended
 - Vice-President DeMeo reported attending the San Diego Chapter of CSDA quarterly dinner meeting on May 16, 2019.
- 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 Items VI. (1) and (2) by President McDougal. General Counsel Norvell identified President McDougal as the District's negotiator for Item VI. (2).

VI. CLOSED SESSION -----(ITEMS 1-2)

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

One (1) Potential Case

2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

Unrepresented Employee: General Manager

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:24 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:25 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *mw*
DATE: July 22, 2019
SUBJECT: Consider Resolution No. 4974 Adopting an Amended Conflict of Interest Code Pursuant to the Political Reform Act of 1974

Purpose

It is recommended that the District adopt Resolution No. 4974 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

Summary

The Political Reform Act of 1974, Government Code section 81000 et seq. (the "Act"), requires all public agencies to adopt and maintain a conflict of interest code establishing the rules for disclosure of personal assets and the disqualification from making or participating in the making of any decisions that may affect any personal assets designating positions and establishing disclosure categories.

Pursuant to Section 87306 of the Act, the District must amend its Code when necessitated by changed circumstances including the creation of new positions, which must be designated.

Attached is a redlined version of the proposed amended Code showing that the proposed revisions are based on the establishment and recognition of new positions that must be designated.

Attachment: Legislative Version of Proposed Amended Conflict of Interest Code.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board adopt Resolution No. 4974 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

CONFLICT OF INTEREST CODE OF FALLBROOK PUBLIC UTILITY DISTRICT

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted 2 Cal. Code of Regulations, Section 18730 which can be incorporated by reference in an agency's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of Title 2 California Code of Regulations section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Fallbrook Public Utility District (the District). This Code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Fallbrook Public Utility District.

3. Filing of Statements of Economic Interests

All officials and designated positions required to submit a statement of economic interests shall file their statements with the Secretary of the Board of Directors as the District's Filing Officer. The Secretary of the Board of Directors shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of these statements to the Clerk of the San Diego County Board of Supervisors. The Secretary of the Board of Directors shall retain the originals of the statements of all other designated positions.

APPENDIX
CONFLICT OF INTEREST CODE
OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
PART “A”
(Amended April 22 July 22, 2019)

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the District’s Code but must file disclosure statements under Government Code section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are District Officials who manage public investments¹. These positions are listed here for informational purposes only.

- Board of Directors
- General Manager
- Assistant General Manager/Chief Financial Officer
- Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED POSITIONS'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
Construction/Maintenance Supervisor	5
Engineering Supervisor	2, 3, 5
Field Services Manager	5
General Counsel	1, 2
Human Resources Manager	5
<u>Instrumentation, Electrical & Control Technician II</u>	<u>5</u>
Laboratory Technician II	5
<u>Management Analyst</u>	<u>4</u>
Operations Manager	2, 3, 5
Purchasing/Warehouse Supervisor	4
Safety & Risk Officer	6
Senior Engineer	2, 3, 5
<u>Senior Instrument & Controls Specialist</u>	<u>5</u>
System Operations Supervisor	5
System Service/Shop Supervisor	5
Warehouse/Purchasing Specialist	4

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Regs 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §§ 82019; FPPC Regs 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code § 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that do business or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the boundaries of the District.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, if such entities or sources have filed claims against the District in the past 2 years, or have a claim pending before the District.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Regs 18730.1)

RESOLUTION NO. 4974

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT TO AMEND
THE CONFLICT OF INTEREST CODE PURSUANT TO
THE POLITICAL REFORM ACT OF 1974**

* * * * *

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code section 81000 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Fallbrook Public Utility District (the "District") and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the Board of Directors adopted a Conflict of Interest Code (the "Code") which was amended April 22, 2019; and

WHEREAS, subsequent changed circumstances within the District have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the District's Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Code was provided each newly affected designated employee and publicly posted for review; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors on July 22, 2019, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District that the Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the Secretary of the Board and available to the public for inspection and copying during regular business hours;

BE IT FURTHER RESOLVED that the said amended Code shall be submitted to the County of San Diego Board of Supervisors for approval and said Code shall become effective immediately upon approval of the proposed amended Code.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote.

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

CONFLICT OF INTEREST CODE OF FALLBROOK PUBLIC UTILITY DISTRICT

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted 2 Cal. Code of Regulations, Section 18730 which can be incorporated by reference in an agency's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of Title 2 California Code of Regulations section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Fallbrook Public Utility District (the District). This Code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Fallbrook Public Utility District.

3. Filing of Statements of Economic Interests

All officials and designated positions required to submit a statement of economic interests shall file their statements with the Secretary of the Board of Directors as the District's Filing Officer. The Secretary of the Board of Directors shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of these statements to the Clerk of the San Diego County Board of Supervisors. The Secretary of the Board of Directors shall retain the originals of the statements of all other designated positions.

APPENDIX
CONFLICT OF INTEREST CODE
OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
PART “A”
(Amended July 22, 2019)

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the District’s Code but must file disclosure statements under Government Code section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are District Officials who manage public investments¹. These positions are listed here for informational purposes only.

Board of Directors
General Manager
Assistant General Manager/Chief Financial Officer
Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED POSITIONS'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
Construction/Maintenance Supervisor	5
Engineering Supervisor	2, 3, 5
Field Services Manager	5
General Counsel	1, 2
Human Resources Manager	5
Instrumentation, Electrical & Control Technician II	5
Laboratory Technician II	5
Management Analyst	4
Operations Manager	2, 3, 5
Purchasing/Warehouse Supervisor	4
Safety & Risk Officer	6
Senior Engineer	2, 3, 5
Senior Instrument & Controls Specialist	5
System Operations Supervisor	5
System Service/Shop Supervisor	5
Warehouse/Purchasing Specialist	4

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Regs 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §§ 82019; FPPC Regs 18219 and 18734.) The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code § 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that do business or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the boundaries of the District.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, if such entities or sources have filed claims against the District in the past 2 years, or have a claim pending before the District.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Regs 18730.1)

M E M O

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer *Ac*
DATE: July 12, 2019
SUBJECT: Notice of Completion – Harris Pump Station Electrical Improvements

Purpose

To file a Notice of Completion for the Harris Pump Station Electrical Improvements Project with the San Diego County Recorder.

Summary

The contract for Harris Pump Station Electrical Improvements, Job Number 3022, was completed on July 8, 2019. The Contract was awarded to California Building Evaluation and Construction, Inc. The final total contract amount was \$400,871.63. The original contract was awarded on October 23, 2017, in the amount of \$392,750. The final cost was slightly higher than originally contracted due to scope changes, including additional drainage infrastructure to protect the new electrical equipment from runoff, as well changes to electrical conduits.

Budgetary Impact

There is no budgetary impact to record the Notice of Completion. The adopted budget for Fiscal Years 2017-18 and 2018-19 allocated \$500,000 for the project.

Recommended Action

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

RECORDING REQUESTED BY:
Fallbrook Public Utility District

AND WHEN RECORDED MAIL TO:
Fallbrook Public Utility District
990 E Mission Road
Fallbrook CA 92028

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the owner of the interest or estate stated below in the property hereinafter described.
2. The full name of the undersigned is Fallbrook Public Utility District.
3. The full address of the undersigned is 990 E Mission Road, Fallbrook CA 92028.
4. The nature of the title of the undersigned is public utility district in fee.
5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

<u>NAMES</u>	<u>ADDRESSES</u>
Fallbrook Public Utility District	990 E Mission Rd, Fallbrook CA 92028

6. The names of the predecessors in interest of the undersigned, if the property was transferred subsequent to the commencement of the work of improvement herein referred to are (OR IF NO TRANSFER WAS MADE INSERT THE WORD "None")

<u>NAMES</u>	<u>ADDRESSES</u>
None	None

7. The work of improvement on the property hereinafter described was completed on **July 8, 2019**.
8. The name of the original contractor, if any, for the work of improvement was: **to California Building Evaluation and Construction, Inc.**
The kind of work done or material furnished was for the **Harris Pump Station Electrical Improvements**
9. The property on which the work of improvement was completed is in the unincorporated area of Fallbrook, county of San Diego, state of California, and is described as follows: **Harris Pump Station**
10. The street address of the said property is: **38642 Harris Trail, Fallbrook CA 92028**

DATED: July 12, 2019

Aaron Cook, Senior Engineer
Fallbrook Public Utility District

VERIFICATION

I, the undersigned, say:


I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 12, 2019, at Fallbrook, California.

Signature

M E M O

TO: Board of Directors
FROM: Soleil Develle, Engineering Technician 
DATE: July 22, 2019
SUBJECT: Fenn Quitclaim Request
Resolution No. 4975

Purpose

Request the Board to quitclaim unneeded portion of easement to the land owner.

Summary

Property owner David E. Fenn, (1794 Vista Del Lago, APN 102-400-58), is in the process of some home improvements, and has requested a Quitclaim for the entire part of a 40 Ft. easement crossing their property identified in Document No. 234073, recorded in 1959 in book 7988, page 335. The request is supplemented by a 20 ft. Easement that has been granted, and recorded on June 18, 2019, Doc# 2019-0236498, as a replacement easement. The new easement is more appropriately aligned with the existing District mainline pipe, which is located just north of the centerline of the new easement. The new easement location better aligns with the existing pipe and this quitclaim allows for the Fenn's to pursue their plans. (Note: the southern line of the quitclaim easement is the same as the centerline of the new easement.) The Fenn's have granted the new easement with the understanding that the existing easement will be quitclaimed. They are now requesting the District quitclaim that portion of the easement that is no longer needed. Staff has determined the portion of the easement the Fenn's are requesting be quitclaimed will not be required in the future.

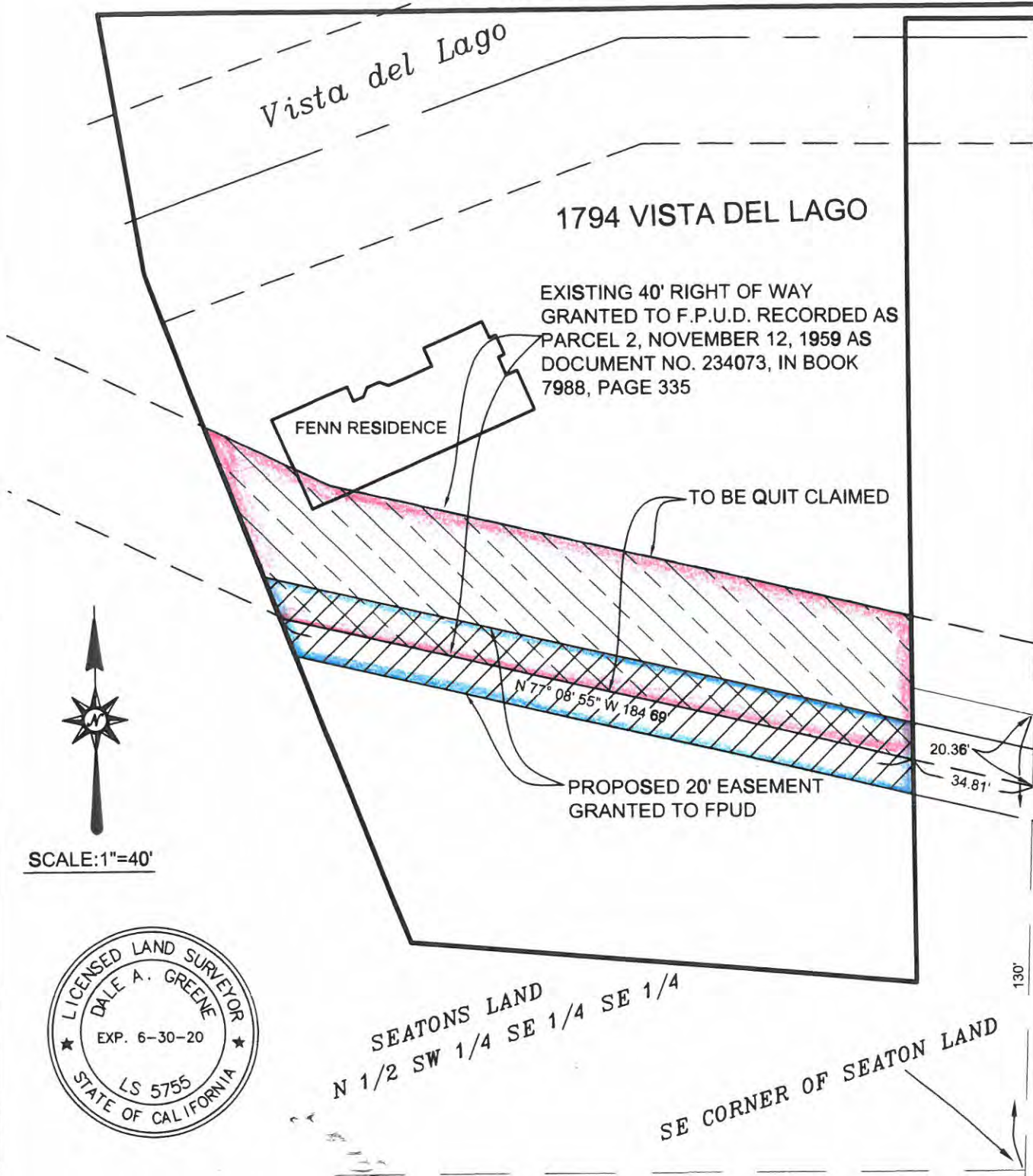
Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board adopts Resolution No. 4975 approving the quitclaim as proposed.

EXHIBIT "B"
APN 102-400-58



SCALE: 1"=40'



PROPOSED 20' EASEMENT GRANTED TO FPUD



TO BE QUIT CLAIMED





QUITCLAIM REQUEST 7/22/19
PROPERTY SITE LOCATION
1794 VISTA DEL LAGO

RESOLUTION NO. 4975

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK
PUBLIC UTILITY DISTRICT GRANTING QUITCLAIM TO THE
PROPERTY OWNER**

* * * * *

WHEREAS, David E. Fenn is the current property owner of APN# 102-400-58 located within the boundaries of the Fallbrook Public Utility District; and

WHEREAS, the property owner has requested the District quitclaim its existing 40-foot easement in exchange for a 20-foot easement that would allow the property owner to complete planned home improvements; and

WHEREAS, District staff has determined the existing 40-foot easement through APN# 102-400-58 will not be needed, now or in the future, and was replaced with a new 20-foot easement granted to the District by the property owner and recorded on June 18, 2019, Doc# 2019-0236498.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Fallbrook Public Utility District approves the property owner's request that the District quitclaim the existing 40-foot easement through APN# 102-400-58 to the property owner as more fully described in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

May 28, 2019
Job No. 2019-22
40' Quit Claim

EXHIBIT "A"

All that portion of that 40.00 foot right of way granted to the Fallbrook Public Utility District as Parcel 2, recorded November 12, 1959 as Doc. No. 234073, in Book 7988 at Page 335, Official Records, lying within that portion granted to David E. Fenn, recorded October 9, 2014 as Doc. No. 2014-0438324, Official Records, being a portion of the North Half of the Southwest Quarter of the Southeast Quarter of the Southeast Quarter of Section 7, Township 9 South, Range 3 West, San Bernardino Meridian,

Dale A. Greene, L.S. 5755
May 28, 2019

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M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: July 22, 2019
SUBJECT: Request from Community Groups for District to Activate Latent Powers to Support Public Community Facilities

Purpose

For the Board to confirm actions to be taken to support expansion of District latent powers for support of public community facilities.

Summary and Background

Back at the regular Board meeting on May 29, 2018, local community leaders from various community groups requested that the District consider evaluating providing additional funding to support public facilities in the community. These community groups had evaluated various options to accomplish this, including formation of a new district under the County of San Diego. Based on the evaluation the groups determined that utilization of the District latent powers was their recommended option. The groups represented were the non-profit groups that raise money to improve and maintain downtown Fallbrook and the surrounding area and include the following:

- Fallbrook Beautification Alliance, Fallbrook Chamber of Commerce, Fallbrook Land Conservancy, Fallbrook Village Association, Fallbrook Trails Council, Save Our Forests, CSA 81 ("Community Groups")

At the Board meeting, the Board established an ad hoc committee to study a community benefit program and to direct staff to investigate the Local Agency Formation Committee ("LAFCO") process and bring back the requirements and costs to the Board for further consideration. The ad hoc committee consisted of President McDougal and Vice-President DeMeo.

The Community Groups held numerous meetings over the past year and a half, at which there were approximately 18-22 in attendance. In addition, four town hall meetings were held (March 17, 2017; Sept. 18, 2018; and two on Sept. 20, 2018), at which there were approximately 35-50 people in attendance. In general, the feedback from those who attended was positive on the concept of using the District's latent powers to develop a mechanism to provide for local public community facilities.

At the October 22, 2018 Board meeting, LAFCO's executive officer (Keene Simmonds) identified that LAFCO was scheduled to conduct a review of the District's services starting in July/August ("Municipal Services Review") and that the request to activate the District's

latent powers, could be evaluated as part of this process, which would reduce the cost to the District. Members of the same community groups listed above came to the Board and requested that the District prepare an application to LAFCO for expansion of latent powers to provide public community facilities. The Board voted for staff to begin preparing the application but not to submit it at this time and to wait to coordinate with the review that will be conducted by LAFCO. Since that time, the community groups have been working to identify a potential administrative structure to support the expansion of services. The groups provided the attached letter (Attachment A) requesting the District move forward with finalizing the application and have gotten approval to help fund the application cost to LAFCO.

Expansion of Latent Powers to Provide for Community Benefits Program

In order to activate its latent powers, the District must first apply to San Diego LAFCO. The District's application must include a plan for services, which, among other things, must include:

- (1) the cost to the District of providing the public community facilities
- (2) the expected cost to the District's customers
- (3) identification of existing providers of public community facilities, if any, and the potential fiscal impact to the customers of those existing providers
- (4) a summary of whether the activation of the latent powers will involve the activation or divestiture of other District powers
- (5) a plan for financing the activation of the latent powers, and
- (6) alternatives for the activation of the latent powers.

(Gov. Code, § 56824.12.) The formal application to LAFCO would be made by resolution (a "Resolution of Application"), and this resolution can be adopted only after a public hearing. Notice of the hearing must be published in a newspaper of general circulation in the District once at least twenty-one days before the hearing. (Gov. Code, §§ 56153, 56154.)

LAFCO is in the process of initiating a Municipal Service Review for the District and the activation of the power to provide public community facilities, would be included into this process.

Budget Impact

Currently, the District uses unrestricted property tax revenue to pay for certain costs and services, including portions of the District's capital improvement program, that would otherwise be payable from fees and charges collected for water and/or sewer services. In other words, the District currently uses property tax revenues to offset the costs of water and/or sewer services, and to offset portions of the District's capital improvement program. The concept developed by these groups would be for the District to redirect property tax revenues toward community facilities, in an amount equal to approximately \$5 per meter per month. Since these property taxes previously paid for costs that would otherwise be

payable from fees and charges collected for water and/or sewer services, property related fees, the District would increase its fees accordingly to make up for the shortfall. This would generate approximately \$546,000 annually in additional funding for public community facilities.

Next Steps

Since the Board previously directed staff to begin the LAFCO application process, but to time it so that it would coincide with the LAFCO Municipal Service Review process, the following next steps are recommended if the Board wants to pursue the proposed expansion of latent powers to include public community facilities.

1. Request staff immediately work with the Community Groups and prepare a Resolution of Application and LAFCO application documents for the expansion of its latent powers per the request of the Community Groups.
2. Request the Community Groups take the lead in educating and informing the public about this process. Since the LAFCO application is essentially being submitted by the District on behalf of these groups, request the Community Groups be responsible for seeking wider community support for this effort.
3. The application would be reviewed and approved by these Community Groups before it was brought to the Board for subsequent approval. Based on the revised LAFCO fee schedule and input from the LAFCO Executive Officer, the estimated fee for processing the request is \$23,000.
4. If the Board approved the application then the District would initiate the public hearing process in coordination with the Community Groups.
5. The application would go before LAFCO and LAFCO could still determine to approve or deny the request for the expansion of powers to provide public community facilities.

If the Board determines it is no longer interested in pursuing the expansion of latent powers under the Public Utility District Act, then it would need to direct staff to not pursue development of an application to LAFCO.

Recommended Action

Staff supports Board direction.

Attachment A

July 9, 2019

Fallbrook Public Utility District
Board of Directors
990 E. Mission Road
Fallbrook, CA 92028


Dear Members of the Board:

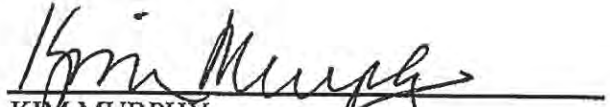
On March 15, 2019, the attached letter was sent to SD LAFCO requesting they include the evaluation of expanding the latent powers of the Fallbrook Public Utility District (FPUD) to help support community facilities as part of their upcoming Municipal Sphere Review (MSR) process. We understand this process is about to start and we understand from LAFCO that an application must be submitted. We also understand that only the agency can submit the application.


We are requesting that FPUD submit this application on our behalf to help allocate needed funds to support our community. We request that the District work with us to help finalize the application and that we bring back to the Board in August for approval. We will bring the draft application before our community organizations to also have them pass a resolution of support.


We will also work to request funds from our organizations to help offset the application fee to LAFCO. We understand the fee may be \$6,000 to \$8,000 dollars and we will seek to help offset this cost. We really appreciate the ongoing commitment of your Board to help support the community. We believe this is a key effort to help provide needed funds to maintain and enhance our community facilities.

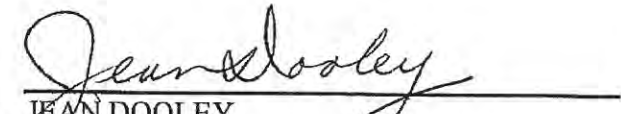
Very truly yours,

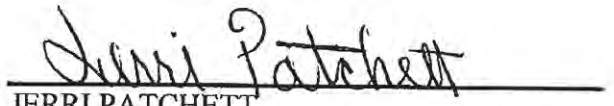

STEVE ABBOTT
1831 Tecalote Dr., Fallbrook, CA, 92028

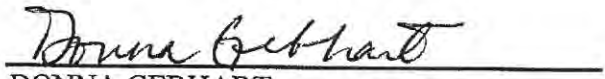

KIM MURPHY
130 N. Main Ave., Fallbrook, CA, 92028



WEBBER J. COMELLA
974 Via Hillview, Fallbrook, CA 92028



JENNIFER JEFFRIES
1145 DeLuz Rd., Fallbrook, CA, 92028



JEAN DOOLEY
1270 Olive Ave., Fallbrook, CA, 92028



JERRI PATCHETT
3737 Lake Ridge Road, Fallbrook, CA 92028



DONNA GEBHART
301 N. Vine St., Fallbrook, CA, 92028



VINCE ROSS
3312 Sol Vista, Fallbrook, CA, 92028


JACKIE HEYNEMAN
992 LaVonne Ave., Fallbrook, CA 92028


KARLA STANDRIDGE
1815 S. Stage Coach Lane, Fallbrook, CA
92028


LILA MAC DONALD
111 S. Main Ave., Fallbrook, CA 92028


WALLACE TUCKER
3825 Flowerwood Lane, Fallbrook, CA 92028


ROY MOOSA
P.O. BOX 2332, Fallbrook, CA, 92088

Attachment
C: Keene Simonds, LAFCO

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager, JAB
DATE: July 22, 2019
SUBJECT: Consider Resolution No. 4976 of Commendation and Appreciation to Al Gebhart upon His Retirement from the Board of Directors

Purpose

To commemorate Al Gebhart upon his retirement from the Board of Directors of the Fallbrook Public Utility District.

Summary

Al began his tenure on the Board of Directors in 2006. Al's efforts have led to key improvements in the District's budgeting process, accounting system, and financial controls. Additionally, Al played a major role in the successful sale of the Santa Margarita River property that boosted the District reserves and established the Santa Margarita River Trail Preserve—a trail system that will remain open to the public in perpetuity.

Al will receive a statue and resolution honoring his dedicated service to the District and its ratepayers. In addition, several people will be speaking or presenting an acknowledgment on his behalf.

- Dave Baxter, who serves as president of the Live Oak Park Coalition, which the Fallbrook Trails Council operated under, until recently.
- Zach Kantor-Anaya, Wildlands Conservancy manager of the trails and preserve.
- Assemblywoman Marie Waldron's office, presented by staffer Kristy McDougall, will present a framed State Assembly Resolution.
- Supervisor Jim Desmond's office, presented by staffer Juanita Hayes, will present a Proclamation and declaration of Alvin W. Gebhart Day throughout San Diego County.
- Senator Brian Jones' office will present a framed Proclamation.
- Other District Board Members
- Jack Bebee, current FPUD general manager

Recommended Action

That the Board adopt Resolution No. 4976 of commendation and appreciation to Al Gebhart.

RESOLUTION NO. 4976

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT OF COMMENDATION
AND APPRECIATION TO AL GEBHART**

* * * * *

WHEREAS, AL GEBHART was elected in November 2006 to Seat No. 4, appointed in February 2012 and elected in November 2012 to Seat No. 2, and elected in November 2016 to Subdistrict No. 1 on the Board of Directors of the Fallbrook Public Utility District; and

WHEREAS, while serving on the Board of Directors of the Fallbrook Public Utility District, **AL GEBHART** was voted as Vice President in 2008, 2013, and 2017 and as President in 2009, 2014, and 2018. Throughout his three terms of office, **AL GEBHART** continuously served on the Fiscal Policy & Insurance Committee leading key improvements in the District's budgeting process, accounting system, and financial controls; and

WHEREAS, AL GEBHART evaluated the District's rate structure, finances, and accounting processes and was instrumental in implementing a long-term financial plan ensuring the District's financial solvency into the future. **AL GEBHART** played a key role in the successful sale of the Santa Margarita River property boosting the District reserves while ensuring the trails system along the river remained open to the public in perpetuity.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Fallbrook Public Utility District does hereby commend **AL GEBHART** for faithfully serving 12 years on the Board of Directors and expresses its deep appreciation for his dedicated service to the ratepayers of the 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 22nd day of July, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: July 22, 2019
SUBJECT: Local Resources Program Agreement with the Metropolitan Water District of Southern California and the San Diego County Water Authority

Description

The Local Resources Program (LRP) administered by Metropolitan Water District (MWD) through its member agencies, provides a financial incentive for local project development. The Water Authority submitted an LRP application in March 2018 to MWD on behalf of Fallbrook for the Santa Margarita River Conjunctive Use Project (Project). Total construction costs for the Project are \$54 million. The District selected the fixed incentive payment option under the LRP Program of fixed incentives up to \$305/acre-foot over 25 years, which based on the average yield of the project would provide approximately \$950,000 a year in incentive payments.

Summary

MWD provides LRP financial incentives to agencies in its service area for development of local supplies that increase supply reliability and reduce imported water demands. One of three incentive payment options is chosen by the applicant at the time of application: 1) sliding scale incentives up to \$340/acre-foot over 25 years, 2) sliding scale incentives up to \$475/acre-foot over 15 years, or 3) fixed incentives up to \$305/acre-foot over 25 years. Under Options 1 and 2, incentives are based on the actual project unit cost exceeding MWD's prevailing water rate. Under Option 3, the fixed incentive amount is negotiated so MWD's maximum obligation does not exceed 90 percent of the estimated financial obligations under Option 1. Incentives are passed through to the project applicant by the applicant's respective MWD member agency under a three-party agreement.

Performance provisions are required by MWD in all LRP agreements. After the agreement is executed, construction must begin within two years and operation must begin within four years or the agreement is terminated, subject to appeal. In addition, the agreement contains a project yield schedule that must be met or MWD's financial commitment to the project will be reduced or withdrawn.

The Water Authority submitted an LRP application in March 2018 to MWD on behalf of Fallbrook for the Santa Margarita River Conjunctive Use Project (Project). Total construction costs for the Project are approximately \$54 million. Based on an evaluation of the Options, it was determined that Option 3 provided the highest payment to the

District. Option 3 includes fixed incentives up to \$305/acre-foot over 25 years. MWD is currently performing an economic analysis of the eligible Project costs under the LRP program to finalize numbers in the agreement. MWD anticipates taking a final agreement, with cost numbers, to their Board for approval in September 2019. All three parties will execute the final LRP Agreement once cost numbers are confirmed.

MWD drafted a three-party LRP agreement for the Project to be executed by Fallbrook, the Water Authority, and MWD (Attachment A). Language was added to the LRP agreement that in the event Fallbrook is excluded as a member agency of the Water Authority and annexed into the Eastern Municipal Water District (Eastern), under the agreement the agencies would consent to the assignment and assumption of benefits and obligations by the Water Authority to Eastern. It is anticipated that on July 25, 2019, SDCWA Board of Directors will authorize its General Manager to enter into the LRP agreement with MWD. The agreement must be executed by all parties for Fallbrook to receive LRP financial incentives for the Project.

Budgetary Impact

The agreement will offset the costs of operation of the SMRCUP and provide up to \$950,000 in incentive payments for water produced from the project to help mitigate long-term water cost increases.

Recommended Action

Authorize the General Manger to execute the attached Local Resources Program agreement once the final incentive amounts are included with the Metropolitan Water District of Southern California and San Diego County Water Authority for the Santa Margarita River Conjunctive Use Project to help reduce water costs by providing a rebate on the cost of water produced from the project.

Attachment A

AGREEMENT NO. **XXXXXX**
SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT
2014 LOCAL RESOURCES PROGRAM AGREEMENT
AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
SAN DIEGO COUNTY WATER AUTHORITY, AND THE FALLBROOK PUBLIC
UTILITIES DISTRICT

Draft 07/08/19

AGREEMENT NO. ~~XXXXXX~~
 SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT
 2014 LOCAL RESOURCES PROGRAM AGREEMENT
 AMONG
 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
 SAN DIEGO COUNTY WATER AUTHORITY,
 AND FALLBROOK PUBLIC UTILITIES DISTRICT

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Exhibits

- Exhibit A (Project Description)
- Exhibit B (Performance Provisions)

AGREEMENT NO. **XXXXXX**
SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT (CUP)
2014 LOCAL RESOURCES PROGRAM AGREEMENT
AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
SAN DIEGO COUNTY WATER AUTHORITY,
AND FALLBROOK PUBLIC UTILITIES DISTRICT

THIS AGREEMENT (Agreement) is made and entered into as of _____ by and among The Metropolitan Water District of Southern California (Metropolitan), the San Diego County Water Authority (SDCWA), and the Fallbrook Public Utilities District (FPUD). Metropolitan, SDCWA, and FPUD may be collectively referred to as “Parties” and individually as “Party.”

RECITALS

- A Metropolitan’s Board of Directors, at its October 2014 meeting, established terms and conditions for the 2014 Local Resources Program (LRP) for local resource development projects within Metropolitan’s service area for the purposes of improving regional water supply reliability. The 2014 LRP Program provides three LRP incentive payment structure options to choose from: (1) sliding scale incentives up to \$340/acre-feet (AF) over 25 years, (2) sliding scale incentives up to \$475/AF over 15 years, or (3) fixed incentive up to \$305/AF over 25 years. Under option 2, the project must continue to produce for 25 years, even when LRP payments are reduced to zero after 15 years. If an agency fails to comply with this provision, Metropolitan may, at its sole discretion, require reimbursement for a portion of the previous LRP payments toward the project.
- B FPUD has chosen option 3 for this Project (defined below).
- C Metropolitan was incorporated under the Metropolitan Water District Act (Act) Statutes 1969, ch. 209, as amended, [§§109.1 et seq. of the Appendix to the West’s California Water Code] to transport, store and distribute water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California.
- D The Act empowers Metropolitan to acquire water and water rights within or without the state; develop, store and transport water; provide, sell and deliver water at wholesale for municipal and domestic uses and purposes; set the rates for water; and acquire, construct, operate and maintain any and all works, facilities, improvements and property necessary or convenient to the exercise of the powers granted by the Act.
- E SDCWA, as a member public agency of Metropolitan under the Act, is a wholesale purchaser within its service area of water developed, stored, and distributed by Metropolitan.
- F FPUD is a member public agency of SDCWA and provides domestic and recycled water services within SDCWA’s service area.

- G Metropolitan’s mission is to provide its service area with adequate and reliable water to meet present and future needs in an environmentally and economically responsible way.
- H The Santa Margarita River Conjunctive Use Project is a joint effort between Marine Corps Base Camp Pendleton (Camp Pendleton) and FPUD. Facilities constructed by Camp Pendleton are not included in this agreement.
- I FPUD is planning to construct an 8 million gallon per day groundwater treatment facility as part of the Santa Margarita River Conjunctive Use Project (Project) to deliver up to 3,100 acre-feet per year (AFY) of treated groundwater to its service area and requires Metropolitan’s financial incentives to complete and operate the Project.
- J Camp Pendleton, under a separate agreement, will sell untreated groundwater extracted from its wells to FPUD for the Project.
- K Metropolitan, SDCWA, and FPUD have determined that it is mutually beneficial for local water projects originating in the service area of FPUD to be developed as a supplement to Metropolitan’s imported water supplies in order to meet future water needs.
- L Metropolitan in accordance with the LRP desires to assist in increasing groundwater production by providing a financial incentive for FPUD to implement the Project.
- M FPUD and SDCWA believe that Metropolitan’s financial contribution toward the cost of the Project will make Project operation economically viable, and is committed to implementation of the Project.
- N The Parties believe the development of recovered groundwater by the Project will benefit the local community within FPUD and SDCWA areas and the region served by Metropolitan.
- O SDCWA desires to support the project by transferring to FPUD the financial incentives received from Metropolitan under this agreement.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

Section 1: Definitions

The following words and terms, unless otherwise expressly defined in their context, shall be defined to mean:

- 1.1 “Allowable Yield” shall mean the amount of Recovered Groundwater delivered to End Users by FPUD from the Project in a Fiscal Year that is eligible to receive Metropolitan’s financial assistance. Allowable Yield shall not exceed Ultimate Yield and shall exclude Recovered Groundwater that Metropolitan reasonably determines will not reduce SDCWA’s or FPUD’s demand for Metropolitan’s imported water. Unless otherwise approved in writing by Metropolitan, Allowable Yield shall exclude: (1) Recovered

Groundwater provided by existing projects, (2) Allowable Yield from other projects with active or terminated LRP agreements; (3) groundwater, surface water, or potable water deliveries to supplement the Recovered Groundwater system; (4) Recovered Groundwater delivered to environmental and recreational impoundments; and (5) disposed recovered groundwater. Total Allowable Yield under this Agreement shall not exceed **XXXX** acre-feet, which is equal to total anticipated project yield at the time of calculating the LRP Contribution.

- 1.2 “End User” shall mean each user that purchases Allowable Yield furnished by this Project within FPUD’s and the SDCWA’s service area.
- 1.3 “Fiscal Year” shall mean a Metropolitan Fiscal Year, which begins on July 1 and ends on June 30 of the following calendar year.
- 1.4 “LRP Contribution” shall mean the financial contribution in dollar per acre-foot Metropolitan pays for Allowable Yield to FPUD through SDCWA for monthly billing purposes and shall be equal to **\$XX** per acre-foot. LRP Contribution shall be reduced by 0.000002 dollars per each one dollar in grants above **\$XX** million that FPUD receives toward the Project’s construction and/or operation and maintenance costs. Such grants include, but are not limited to, grants provided by the U.S. Bureau of Reclamation and funding by private parties.
- 1.5 “Project” shall mean the Santa Margarita River Conjunctive Use Project, as defined in Exhibit A attached hereto and incorporated herein by this reference, being developed by FPUD to deliver the Ultimate Yield. FPUD shall notify Metropolitan prior to making any changes to the Project that requires new environmental documentation other than an addendum to the existing environmental documentation. Metropolitan shall inform FPUD of Metropolitan’s decision to include or exclude the Project change for purposes of this Agreement.
- 1.6 “Recovered Groundwater” shall mean all treated groundwater which, subject to regulatory requirements, is suitable for beneficial uses.
- 1.7 “Recovered Water” shall mean all types of water including groundwater, or other water delivered for beneficial use to any users by the Project in a Fiscal Year.
- 1.8 “Ultimate Yield” is 3,100 acre-feet per Fiscal Year and subject to reduction provisions outlined in Exhibit B, incorporated herein by this reference.

Section 2: Representations and Warranties

- 2.1 FPUD warrants that it is able and has a right to sell Allowable Yield from the Project.
- 2.2 FPUD warrants that neither it nor any of its agents discriminate against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS), and further warrants that it requires all contractors and consultants performing work on the Project to comply with

all laws and regulations prohibiting discrimination against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS).

- 2.3 FPUD warrants that it has or will comply with the provisions of the California Environmental Quality Act for each and all components of the Project facilities.
- 2.4 FPUD represents and warrants that both (1) FPUD and (2) to FPUD's knowledge, its directors, officers, employees, subsidiaries and sub-consultants, are not engaged in any business transactions or other activities prohibited by any laws, regulations or executive orders relating to terrorism, trade embargoes or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), the Patriot Act, and the regulations administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List. FPUD is in compliance with the regulations administered by OFAC and any other Anti-Terrorism Laws, including the Executive Order and the Patriot Act. In the event of any violation of this section, Metropolitan shall be entitled to immediately terminate this Agreement and take such other actions as are permitted or required to be taken under law or in equity.

Section 3: Ownership and Responsibilities

- 3.1 FPUD shall be the sole owner of Project facilities. Metropolitan and SDCWA shall have no ownership right, title, security interest, or other interest in the Project facilities.
- 3.2 FPUD shall be solely responsible for all design, environmental compliance, right-of-way acquisitions, permits, construction, and cost of the Project and all modifications thereof.
- 3.3 FPUD shall be solely responsible for operating and maintaining the Project, in accordance with all applicable local, state, and federal laws. Metropolitan and SDCWA shall have no rights, duties or responsibilities for operation and maintenance of Project facilities.
- 3.4 FPUD shall install, operate, and maintain metering devices for the purpose of measuring the quantity of Allowable Yield and Recovered Water delivered to each End User.
- 3.5 FPUD shall at all times during the term of this Agreement use its best efforts to operate the Project facilities to maximize Allowable Yield on a sustained basis.
- 3.6 FPUD shall assist Metropolitan in its effort to forecast future Project production and cost.
- 3.7 FPUD shall notify and provide Metropolitan with a copy of relevant agreements and payments if FPUD decides to convey water using Project facilities to any party that is not an End User.

Section 4: Invoicing Process

- 4.1 FPUD shall notify Metropolitan in writing not less than 30 days prior to the start of Project operation. Before the first invoice SDCWA, FPUD, and Metropolitan shall meet to coordinate the agreement administration requirements including reporting, invoicing, audit, performance provisions, etc.
- 4.2 After the start of Project operation, FPUD shall invoice Metropolitan monthly for the LRP Contribution based upon Allowable Yield delivered during the previous month. Metropolitan shall pay FPUD for invoiced LRP Contribution by means of a credit included on the next monthly water service invoice issued to SDCWA in accordance with Metropolitan's Administrative Code.
- 4.3 Pursuant to Metropolitan's Administrative Code, invoices for LRP Contribution must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next monthly water service invoices issued to SDCWA. Metropolitan will not pay for any invoiced LRP Contribution received more than six months following the end of any month in which a credit is claimed, and the Recovered Groundwater claimed in any such late invoice shall not be included in the Allowable Yield.
- 4.4 Metropolitan, SDCWA, and FPUD have entered into agreements for development of local water resources projects in addition to this Agreement. Each agreement contains specific terms and conditions to determine project yield, payment process, and project performance and any adjustments to contractual yield and incentive payments. Unless approved in writing by Metropolitan, these agreements are independent from each other and, therefore, the yield produced under one agreement shall not be used to fulfill the performance requirements under other agreements. These provisions shall also apply to all future incentive agreements between Metropolitan, SDCWA, and FPUD.

Section 5: Assessment Process

- 5.1 After the start of Project operation and by December 31 of each year, FPUD shall provide Metropolitan with the records of Allowable Yield and Recovered Water for the previous Fiscal Year.
- 5.2 If assessment data is not submitted by December 31 in accordance with Section 5.1, Metropolitan will assess a late penalty charge to FPUD as prescribed in Metropolitan's Administration Code, currently set at \$2,500 in Section 4507. Metropolitan may suspend its payment of the LRP Contribution if FPUD fails to provide production assessment data by the ensuing April 1. During the suspension period, FPUD shall continue to invoice Metropolitan for the LRP Contribution based upon the Allowable Yield for water accounting purposes. Metropolitan will resume payment of the monthly LRP Contribution once complete data is received and the corresponding production assessment is complete pursuant to Section 5.3. In the event FPUD fails to provide complete data by December 31 of the following Fiscal Year, which is 18 months after the end of the Fiscal Year for which an assessment is required, this Agreement shall

automatically terminate without notice or action by any Party and FPUD shall repay Metropolitan all LRP Contributions for which no assessment data was provided within 90 days of termination.

- 5.3 Within 180 days after Metropolitan receives complete data from FPUD, pursuant to Section 5.1, Metropolitan shall complete the assessment process for the applicable Fiscal Year. An adjustment shall be computed by Metropolitan for over- or under-payment for the Allowable Yield and included on the next invoice issued to SDCWA.

Section 6: Record Keeping and Audit

- 6.1 FPUD shall establish and maintain accounting records of Recovered Water and Allowable Yield data for each Fiscal Year of Project operation and retain records of that data based on the metering requirements in Section 3.4. In addition, FPUD shall collect and retain records of the total annual amount of water conveyed outside of FPUD's service area using Project facilities. Accounting for the Project shall utilize generally accepted accounting practices and be consistent with the terms of this Agreement.
- 6.2 FPUD shall establish and maintain accounting records of all grants and contributions that offset Project costs, as outlined in Section 1.4.
- 6.3 Metropolitan shall have the right to audit records of grants, Recovered Water, Allowable Yield, Project production, and other data relevant to the terms of this Agreement both during the Agreement term and for a period of three years following the termination of this Agreement. Metropolitan may elect to have such audits conducted by its staff or by others, including independent accountants, designated by Metropolitan. FPUD shall make available for inspection to Metropolitan or its designee, upon 30 days advance written notice, all requested records, books and other documents. Based on the results of the audit, any adjustment for over- or under-payment for Allowable yield for each applicable Fiscal Year shall be paid by Metropolitan or FPUD within one year of conclusion of the applicable audit.
- 6.4 FPUD shall keep all Project records for at least ten consecutive years prior to each audit per Section 6. FPUD shall maintain audited records for three years after the audit. FPUD shall keep unaudited Project records for at least three years following the termination of this Agreement.

Section 7: Term and Amendments

- 7.1 The Agreement shall commence on the first date herein written and shall terminate 25 years after the date FPUD notifies Metropolitan that the Project has begun operation, subject to provisions outlined in Exhibit B. The provisions regarding audit shall remain in effect until three years after Agreement termination.
- 7.2 This Agreement may be amended at any time by the written mutual agreement executed by each of the Parties.

- 7.3 In addition to the termination provisions provided for in Section 5.2 and Exhibit B, Metropolitan may terminate this Agreement, upon thirty (30) day notice to SDCWA and FPUD on the occurrence of one the following:
- a. A material breach of this Agreement by any party other than Metropolitan, provided that such other party shall have the opportunity to cure or commence to cure such breach within thirty (30) days' of written notice of the breach from Metropolitan to the breaching party; or
 - b. Metropolitan is not required to make payments to FPUD pursuant to the terms of this Agreement for a five-consecutive year period subsequent to Project operation.
- 7.4 Each Party represents that it is represented by legal counsel, that it has reviewed this Agreement and agrees that:
- a. This Agreement is legally enforceable;
 - b. Payments made by Metropolitan to FPUD through SDCWA pursuant to this Agreement are a legal use of Metropolitan's funds; and
 - c. Metropolitan may legally recover the costs incurred by Metropolitan pursuant to this Agreement in the water rates charged to its Member Agencies, including SDCWA.

Section 8: Hold Harmless and Liability

- 8.1 Except for the sole negligence or willful misconduct of Metropolitan, FPUD agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or the environment, or water quality problems) that arise out of or relate to FPUD's approval, construction, operation, repair or ownership of the Project, including any use, sale, exchange or distribution of Project water. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim of liability, but shall exclude damages and losses that arise from the sole negligence or willful misconduct of Metropolitan.
- 8.2 FPUD shall include the following language in any agreement with any consultant or contractor retained to work on the Project:
- “Except for the sole negligence or willful misconduct of Metropolitan, (Consultant) agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or the environment, or water quality problems) that arise out of or relate to FPUD's approval, construction, operation, repair or ownership of the Project. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney fees, administrative and overhead costs,

engineering and consulting fees and all other costs related to or arising out of such claim of liability, but shall exclude damages and losses that arise from the sole negligence or willful misconduct of Metropolitan.”

Section 9: Notice

Any notice, payment or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or 24 hours after deposit in any United States post office, first class postage prepaid and addressed to the Party for whom intended, as follows:

If to Metropolitan:

The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, California 90054-0153
Attention: Manager, Water Resource Management

If to the SDCWA:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Attention: General Manager

If to FPUD:

Fallbrook Public Utilities District
900 East Mission Road
Fallbrook, CA 92028
Attention: General Manager

Any Party may change such address by notice given to each of the other Parties as provided in this section.

Section 10: Successors and Assigns

The benefits and obligations of this Agreement are specific to the Parties and are not assignable without the express written consent of Metropolitan. Any attempt to assign or delegate this Agreement or any of the obligations or benefits of this Agreement without the express written consent of Metropolitan shall be void and of no force or effect. Notwithstanding the above, in the event of exclusion of FPUD as a member agency of SDCWA and annexation of FPUD into Eastern Municipal Water District’s service area, which district is also a member public agency of Metropolitan, all Parties to this Agreement hereby consent to the assignment and assumption of any and all benefits and obligations of SDCWA under this Agreement to and by Eastern Municipal Water District.

Section 11: Severability

The partial or total invalidity of one or more sections of this Agreement shall not affect the validity of this Agreement.

Section 12: No Third Party Beneficiary

This Agreement does not create, and shall not be construed to create any rights enforceable by any person, partnership, corporation, joint venture, limited liability company, or any other form of organization or association of any kind that is not a party to this Agreement.

Section 13: Integration

This Agreement comprises the entire integrated understanding between the Parties concerning the Project, and supersedes all prior negotiations, representations, or agreements.

Section 14: Governing Law

The law governing this Agreement shall be the laws of the State of California and the venue of any action brought hereunder shall be in Los Angeles County, California.

Section 15: Non-Waiver

No delay or failure by any Party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver thereof or of such Party's right thereafter to exercise or enforce each and every right and provision of this Agreement. A waiver to be valid shall be in writing and need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.

Section 16: Joint Drafting

All parties have participated in the drafting of this Agreement and have been represented by counsel at all times. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

Section 17: Entire Agreement

This writing contains the entire agreement of the Parties relating to the subject matter hereof; and the Parties have made no agreements, representations, or warranties either written or oral relating to the subject matter hereof which are not set forth herein.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first hereinabove written.

APPROVED AS TO FORM:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Marcia L. Scully
General Counsel

Jeffrey Kightlinger
General Manager

By: _____
Deputy General Counsel

By: _____
Deven N. Upadhyay
Assistant General Manager and Chief
Operating Officer

Date: _____

APPROVED AS TO FORM:

SAN DIEGO COUNTY WATER
AUTHORITY

By: _____
Deputy General Counsel

By: _____
Maureen A. Stapleton
General Manager

Date: _____

APPROVED AS TO FORM:

FALLBROOK PUBLIC UTILITIES
DISTRICT

By: _____
General Counsel

By: _____
Jack Bebee
General Manager

Date: _____

EXHIBIT A

SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT

Project Description

Overview

The Santa Margarita River Conjunctive Use Project (Project) is a joint project of the Fallbrook Public Utilities District (FPUD) and Marine Corps Base Camp Pendleton (Camp Pendleton) that will increase the sustainable yield of the Lower Santa Margarita River Basin. Only the facilities owned and operated by FPUD are considered eligible for this agreement. The project includes the construction of a groundwater treatment plant (GWTP), new pipelines, pump stations, and storage tanks to convey an average of approximately 3,100 acre-feet per year (AFY) to FPUD's service area.

Project Facilities

The proposed Project consists of facilities constructed by Camp Pendleton and FPUD. Only facilities constructed by FPUD are considered eligible under this LRP agreement. The eligible facilities include construction of a new GWTP, a new pipeline from the GWTP to McDonald Road, and upgrades to Gheen pumping station.

The proposed GWTP will treat raw water (extracted groundwater) from Camp Pendleton for salinity, sulfate, silica, iron and manganese using granular media pressure filtration with continuous chlorination; a portion of that water will then be treated by a reverse osmosis system. The GWTP is estimated to produce an average of 3,100 AFY.

As part of the Project, Camp Pendleton will be responsible for constructing the diversion and infiltration of the SMR water into the aquifers. In addition, Camp Pendleton will be constructing groundwater extraction wells which will provide the proposed GWTP influent water. Although the amount of supplied water will differ by year and by season within a year, hydrologic studies predict that on average, Camp Pendleton can supply about 3,100 AFY to the Project.

Source of Water

The source of water will be extracted groundwater from the Lower Santa Margarita River Basin predominantly from the Ysidora and Chappo sub-basins.

End Users

The Project will either deliver treated groundwater directly to FPUD's distribution system, or in low demand will be routed to Red Mountain Reservoir.

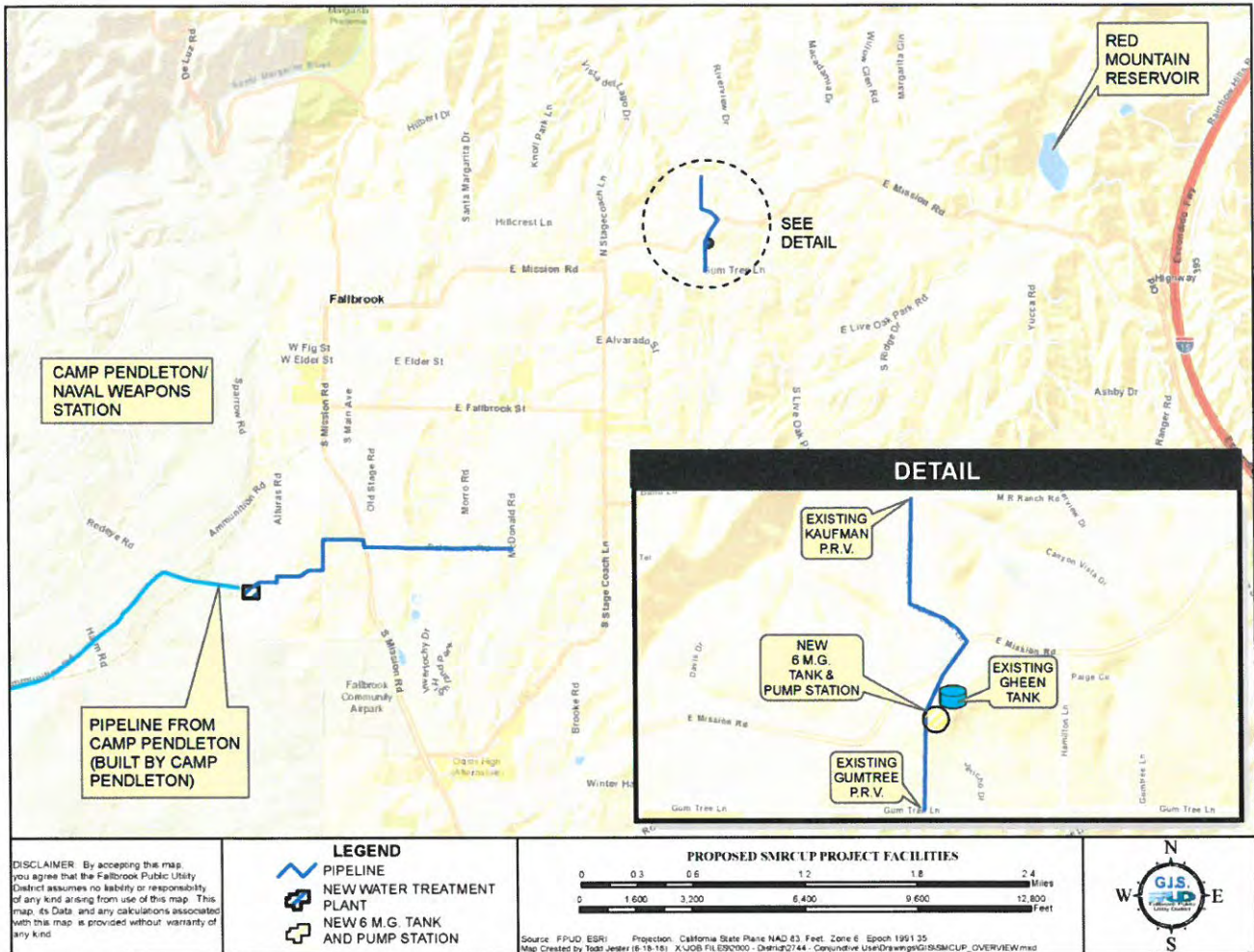
Points of Connection

Project facilities begin at the interconnection of Camp Pendleton to FPUD's pipeline and terminate at the following points of connection:

- Red Mountain Reservoir inlet facilities
- Sewer, storm drain, and potable system interties

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Figure 1



SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT

EXHIBIT B

PERFORMANCE PROVISIONS

1. The following performance provisions apply:
 - a. Metropolitan will terminate this Agreement if construction has not commenced within two years after Agreement execution. Metropolitan will provide ninety (90) days’ advance written notice prior to the effective date of such termination. As opposed to Provision 1b below, there is no established appeal process for this outcome.
 - b. Metropolitan will terminate this Agreement if Allowable Yield is not delivered within four years after Agreement execution. Metropolitan will provide ninety (90) days’ advance written notice prior to the effective date of such termination. The Project sponsor(s) may appeal this decision to Metropolitan’s Board of Directors.
 - c. If the Allowable Yield during Fiscal Years 2022-2023 through 2025-2026 does not reach the target yield of 50% of the Ultimate Yield, then Metropolitan will reduce the Ultimate Yield by the target shortfall using the highest Allowable Yield produced in that four year period. For example, the Ultimate Yield of a project with the following performance will be revised from 3,100 to 2,800 acre-feet per year (AFY) for Scenario 1 while there would be no adjustment under Scenario 2:

Project Ultimate Yield = 3,100 AFY

	Scenario 1	Scenario 2
Fiscal Year	Allowable Yield (AFY)	Allowable Yield (AFY)
2022-2023	500	500
2023-2024	750	1,000
2024-2025	1,000	1,500
2025-2026	1,250	2,000

50% of the Ultimate Yield = $0.50 \times 3,100 = 1,550$ AFY

Scenario 1: Shortfall = $1,550 - 1,250 = 300$ AFY
 Revised Ultimate Yield = $3,100 - 300$ AFY = 2,800 AFY

Scenario 2: Since, the Allowable Yield in the Fiscal Year 2025/26 is greater than 1,550 AFY, no adjustment is required. Ultimate Yield remains at 3,100 AFY.

- d. If the Allowable Yield during Fiscal Years 2026-2027 through 2029-2030 does not reach the target yield of 75 percent of the Ultimate Yield (or the Revised Ultimate Yield), then Metropolitan will reduce the Ultimate Yield (or the Revised

Ultimate Yield) by the target shortfall using the highest Allowable Yield produced in that period. For Example, the Ultimate Yield of the project in this example with the following performance will be reduced to 2,700 AFY for Scenario 1 and while there would be no adjustment under Scenario 2:

	Scenario 1	Scenario 2
Fiscal Year	Allowable Yield (AFY)	Allowable Yield (AFY)
2026-2027	1,300	1,800
2027-2028	1,500	2,000
2028-2029	1,800	2,300
2029-2030	2,000	2,500


Scenario 1: Revised Ultimate Yield = 2,800 AFY (see above calculations in 1c)
 75% of Ultimate Yield = $0.75 \times 2,800 = 2,100$ AFY
 Shortfall = $2,100 - 2,000 = 100$ AFY
 Revised Ultimate Yield = $2,800 - 100 = 2,700$ AFY

Scenario 2: Ultimate Yield = 3,100 AFY
 75% of ultimate Yield = $0.75 \times 3,100 = 2,325$ AFY
 Since, the Allowable Yield in the Fiscal Year 2029/2030 is greater than 2,325AFY, no adjustment is required. Ultimate Yield remains at 3,100 AFY.

- e. If the Allowable Yield during Fiscal Years 2030-2031 through 2033-2034 (and every four-year period thereafter) does not reach the target yield of 75 percent of the Ultimate Yield (or revised Ultimate Yield), then Metropolitan will reduce the Ultimate Yield (or the Revised Ultimate Yield) by the target shortfall using the highest Allowable Yield produced in that period. The adjustment will be made using the same methodology shown in the above examples.

I

M E M O

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer 
DATE: July 22, 2019
SUBJECT: Consider Resolution No. 4977 Approving a Construction Installment Sale Agreement with the California State Water Resources Board Pertaining to the Financing of the Santa Margarita River Conjunctive Use Project (State Revolving Fund Loan Agreement); and Consider Authorization to Award Construction Contract for the Santa Margarita River Conjunctive Use Project

Purpose

To request Board approval to award the Santa Margarita River Conjunctive Use Project (SMRCUP) to the lowest responsive bidder and to request Board approval of the funding agreement from the State Water Board.

Summary

The SMRCUP is the settlement to over 60 years of litigation with the United States government over the District's right to water in the Santa Margarita River. The Project will provide over 30% of the District's water from water diverted from the river and stored in aquifers on Camp Pendleton and delivered to the District. The water is projected to be lower cost than our other current imported water supplies that come from the Colorado River and Northern California.

Per the Board's authorization in February, bids were solicited from the eight pre-qualified Contractors for the construction of the SMRCUP. The bidders were prequalified to ensure they had the experience and past performance to complete this important project for the District. Bid opening was on July 10, 2019, and four bids were received. A summary of the bid results is below:

Company	Bid Amount
Filanc Alberici JV	\$54,398,232
WM Lyles	\$56,744,340
Archer Western	\$57,497,370
Pulice	\$64,999,550

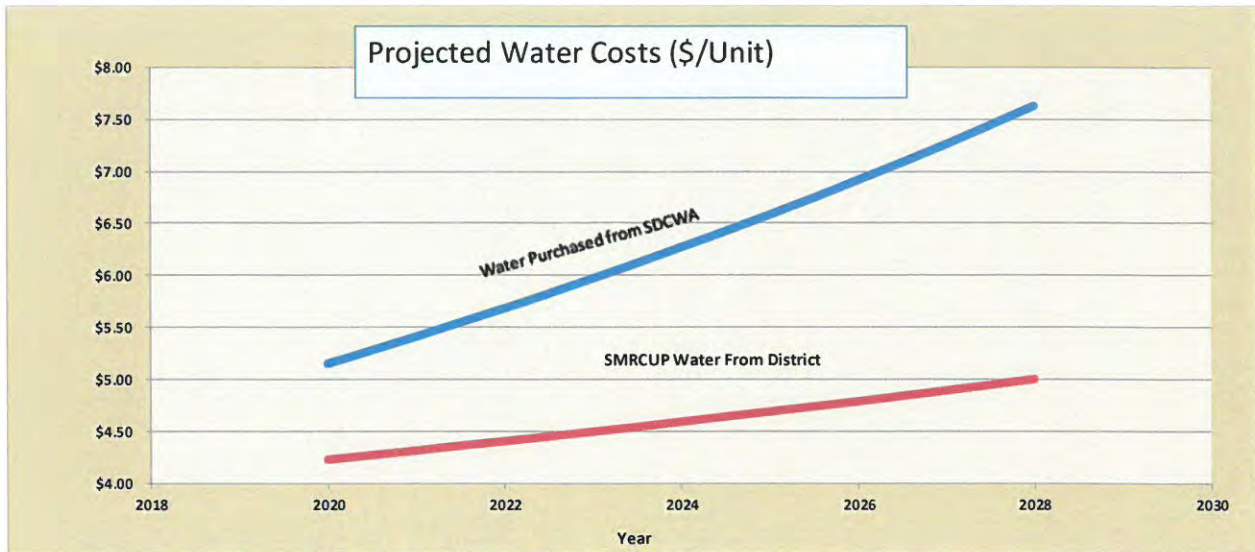
Filanc Alberici JV was the apparent lowest responsible bidder. The bid was reviewed and it appears to meet all requirements. The District has worked with Filanc previously and has had no concerns with their performance.

The funding agreement from the State Water Resources Control Board's Drinking Water State Revolving Fund was finalized on June 20, 2019. This funding source allows for a 30-year repayment schedule at an interest rate of 1.9%. The agreement is for \$53,334,000. The agreement amount was established prior to receiving bids, and was based on a construction cost estimate of \$51 million for the contracted construction work, plus \$2,334,000 for construction management and remote SCADA control integration. With the low bid coming in at \$54.4 million, the total project cost will be approximately \$56.73 million, so funding will be necessary for an additional \$2.3 million in Project Costs. There are several options for consideration

- Approve the funding agreement as is and accept the lowest apparent bid, so that the project can be initiated and then work to amend the agreement with the state to cover the higher construction cost. This will enable all project facilities to be constructed with state revolving funds at the 1.9% interest rate.
- If the agreement can't be amended, use PAYGO CIP funds allocated for pipeline replacement projects to cover portions of the SMRCUP that will be replacing existing water mains. Approximately \$3.5 million of the work included in the SMRCUP contract is replacing existing water lines. There is currently \$6.2 million over the next three years in PAYGO CIP funds for waterline replacement projects. This option would enable all project facilities to be constructed and would not interfere with the overall CIP pipeline replacement targets, since the current approach using both the loan and the PAYGO CIP would exceed current targets, but this would result in pushing back other key pipeline replacement projects.
- Award the construction contract as is and then look for components of the project that can be removed to reduce the total cost to within the estimated amount used to develop the funding agreement. This option would result in reduced functionality/capability for the SMRCUP.
- Consider covering additional costs outside of the funding agreement and the PAYGO CIP funds through an adjustment of the upcoming rate process.
- Some combination of the above.

Budgetary Impact

Based on the options above the project can proceed without any near term budget impact. Based on the final costs, loan terms and rebate program from the Metropolitan Water District, the long term project economics are highly favorable and will provide some reduction in long-term water costs as shown in the graph below.



Recommended Action

That the Board:

- a. Adopt Resolution No. 4977 approving a Construction Installment Sale Agreement with the California State Water Resources Control Board pertaining to the financing of the Santa Margarita Conjunctive Use Project;
- b. Consider authorization of award of the construction of the SMRCUP to the lowest responsible bidder, Filanc Alberici JV, at an amount of \$54,398,232.



State Water Resources Control Board

June 20, 2019

Fallbrook Public Utility District
Attn: Jack Bebee, General Manager
990 E Mission Rd.
Fallbrook, CA 92028

Agreement Number: SWRCB0000000000D180202000
Project Number: 3710008-003C

Enclosed is your Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

If you are in agreement with all terms and conditions of the Agreement, please sign and date **two (2) signature** pages; return only the two (2 signature pages – it is not necessary to send the entire Agreement - **no later than thirty (30) calendar days from the date of this letter to:**

Overnight Mail

David Bruglia
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

US Mail

David Bruglia
State Water Resources Control Board
Division of Financial Assistance
P. O. Box 944212
Sacramento, CA 94244-2120

In order for the Funding Agreement to be executed by the State Water Board, the following items must also be returned with the signed signature pages:

1. Opinion of General Counsel.
2. Bond Counsel Letter.
3. Closing Resolution.

Be aware that all projects receiving funding must comply with all applicable implementing guidelines and regulations adopted by California Department of Industrial Relations (DIR), regarding state prevailing wage requirements. You must contact DIR for guidance on how to comply. Information can be found at: <http://www.dir.ca.gov/lcp.asp>.

Davis Bacon Compliance:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/davisbacon.shtml

Disadvantaged Business Enterprise (DBE)

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/dbe_compliance_guidelines_instructions.pdf

Mr. Bruglia may be contacted at (916) 449-5640 or David.Bruglia@waterboards.ca.gov

Once the Agreement is signed by both parties, we will forward an executed copy to you for your records.

FELICIA MARCUS, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR





DRINKING WATER

FALLBROOK PUBLIC UTILITY DISTRICT

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



CONSTRUCTION INSTALLMENT SALE AGREEMENT

SANTA MARGARITA CONJUNCTIVE USE PROJECT

PROJECT NO. 3710008-003C

AGREEMENT NO. SWRCB0000000000D180202000

AMOUNT: \$53,334,000.00

ELIGIBLE START DATE: DECEMBER 14, 2018
COMPLETION OF CONSTRUCTION DATE: MARCH 1, 2022
FINAL DISBURSEMENT REQUEST DATE: SEPTEMBER 1, 2022
FINAL REPAYMENT DATE: MARCH 1, 2052
RECORDS RETENTION END DATE: MARCH 1, 2058

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- EXHIBIT A - SCOPE OF WORK & INCORPORATED DOCUMENTS
- EXHIBIT B - FUNDING AMOUNT
- EXHIBIT C - PAYMENT SCHEDULE
- EXHIBIT D - SPECIAL CONDITIONS
- EXHIBIT E - PROGRAMMATIC CONDITIONS & CROSS-CUTTERS
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- EXHIBIT G - DAVIS-BACON REQUIREMENTS
- EXHIBIT H - COMPLIANCE WITH CROSS-CUTTING STATE AUTHORITIES

WHEREAS,

1. The State Water Board is authorized to provide financial assistance under this Agreement pursuant to the following:
 - Section 1452 of the federal Safe Drinking Water Act (42 USC § 300j-12) (Federal Act)
 - Chapter 4.5 of Part 12 of Division 104 of the California Health and Safety Code (State Act)
2. The State Water Board determines eligibility for financial assistance, determines a reasonable schedule for providing financial assistance, establishes compliance with the Federal Act and State Act, and establishes the terms and conditions of a financial assistance agreement.
3. The Recipient has applied to the State Water Board for financial assistance for the Project described in Exhibit A of this Agreement and the State Water Board has selected the application for financial assistance.
4. The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project, and the Recipient desires to participate as a recipient of financial assistance from the State Water Board and evidence its obligation to pay Payments, which obligation will be secured by Net Revenues, as defined herein, upon the terms and conditions set forth in this Agreement, all pursuant to the Federal Act and the State Act.

NOW, THEREFORE, in consideration of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant, and agree as follows:

Subject to the satisfaction of any conditions precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board.

Upon execution, the term of the Agreement shall begin on the Eligible Start Date and extend through the Final Repayment Date.

ARTICLE I DEFINITIONS

1.1 Definitions.

Unless otherwise specified, each capitalized term used in this Agreement has the following meaning:

"Additional Payments" means the Additional Payments described in Section 3.2(c) of this Agreement.

"Agreement" means this Installment Sale Agreement, including all exhibits and attachments.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.

"Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.

"Charge In Lieu of Interest" means any fee or charge in lieu of some or all of, but not to exceed, the interest that would otherwise be owed under this Agreement, as set forth in Exhibit C.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is identified in Exhibit A of this Agreement.

"Days" means calendar days unless otherwise expressly indicated.

"Debt Service" means, as of any date, with respect to outstanding System Obligations and, in the case of the additional debt tests in Section 3.7 of this Agreement, any System Obligations that are proposed to be outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), together with any Charge In Lieu of Interest on this Obligation or other System Obligations to the State Water Board, calculated with the following assumptions:

- a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;
- b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;
- c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of LIBOR, or its successor index, during the 24 months preceding the date of such calculation;
- d. Interest on a variable rate System Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;
- e. Interest on a fixed rate System Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;
- f. Payments of principal and interest on a System Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations;
- g. If 25% or more of the principal of a System Obligation is not due until its final stated maturity, then principal and interest on that System Obligation may be projected to amortize over the lesser of 30 years or the useful life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

"Deputy Director" means the Deputy Director of the Division.

"District Office" means District Office of the Division of Drinking Water of the State Water Resources Control Board.

"Division" means the Division of Financial Assistance of the State Water Board or any other segment of the State Water Board authorized to administer this Agreement.

"Division of Drinking Water" means the Division of Drinking Water of the State Water Board.

"DWSRF" means the Drinking Water State Revolving Fund.

"Eligible Start Date" means the date set forth in Exhibit B, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.

"Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.

"Event of Default" means the occurrence of any of the following events:

- a) Failure by the Recipient to pay Installment Payments when due, or failure to make any other payment required to be paid pursuant to this Agreement;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Section 3.7 or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to satisfy and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be reasonably determined by the Division;
- g) The occurrence of a material breach or event of default under any System Obligation that, under such System Obligation, results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;

"Final Disbursement Request Date" means the date established in Exhibit A, after which date, no further Project Funds disbursements may be requested.

"Final Repayment Date" is the date by which all principal and accrued interest due under this Agreement is to be paid in full to the State Water Board and is specified in Exhibit B and Exhibit C.

"Fiscal Year" means the period of twelve (12) months terminating on June 30 of any year, or any other annual period selected and designated by the Recipient as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's own employees or equipment.

"GAAP" means generally accepted accounting principles, the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on System Obligations in any Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and terminating with the last Fiscal Year in which Debt Service for any System Obligations will become due.

"Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Payments and Additional Payments as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit A-FBA and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.

"Other Material Obligation" means an obligation of the Recipient set forth in Exhibit F that is not payable from Net Revenues, but is otherwise material to this transaction.

"Payment" means any payment due to the State Water Board from the Recipient pursuant to Section 3.2 of this Agreement, as set forth in Exhibit C and a final payment schedule.

"Policy" means the State Water Board's "Policy for Implementing the Drinking Water State Revolving Fund," as amended from time to time, and including the Intended Use Plan in effect as of the Eligible Start Date.

"Project" means the Project financed by this Agreement as described in Exhibit A, Exhibit A-FBA, and in the documents incorporated by reference herein.

"Project Completion" means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance under this Agreement, which are allowable costs as defined under the Policy, and which are reasonable, necessary and allocable by the Recipient to the Project under GAAP, plus capitalized interest.

"Project Funds" means all moneys disbursed to the Recipient by the State Water Board pursuant to this Agreement.

"Recipient" means Fallbrook Public Utility District.

"Records Retention End Date" means the last date that the Recipient is obligated to maintain records pursuant to Section 2.17 of this Agreement.

"Regional Water Quality Control Board" or "Regional Water Board" means the appropriate Regional Water Quality Control Board.

"Reserve Fund" means the reserve fund required pursuant to Section 3.7 of this Agreement.

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"SRF" means the Drinking Water State Revolving Fund.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board.

"System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

"System Obligation" means any obligation of the Recipient payable from the Revenues, including but not limited to this Obligation and obligations reflected in Exhibit F and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

"Year" means calendar year unless otherwise expressly indicated.

1.2 Exhibits Incorporated.

All exhibits to this Agreement, including any amendments and supplements hereto, are hereby incorporated herein and made a part of this Agreement.

ARTICLE II REPRESENTATIONS, WARRANTIES, AND COMMITMENTS

The Recipient represents, warrants, and commits to the following as of the Eligible Start Date set forth on the first page hereof and continuing thereafter for the term of this Agreement.

2.1 Application and General Recipient Commitments.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient shall comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents, and shall fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for financial assistance.

2.2 Authorization and Validity.

The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.

2.3 No Violations.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the first page hereof.

2.4 No Litigation.

There are no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the System, the Revenues, and/or the Project.

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain the System or any of the real or personal property related to or necessary for the Project.

2.5 Solvency and Insurance.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. As of the date set forth on the first page hereof, Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. Recipient is able to pay its debts as they become due. Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employers liability, professional liability.

2.6 Legal Status and Eligibility.

Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient shall at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Recipient shall maintain its eligibility for funding under this Agreement.

2.7 Financial Statements and Continuing Disclosure.

The financial statements of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt.

2.8 Completion of Project.

The Recipient shall expeditiously proceed with and complete construction of the Project in substantial accordance with Exhibit A and Exhibit A-FBA.

2.9 Award of Construction Contracts.

- (a) The Recipient shall award the prime construction contract timely in order to meet the start of construction date specified in Exhibit A.
- (b) The Recipient shall promptly notify the Division in writing both of the award of the prime construction contract for the Project and of Initiation of Construction of the Project. The Recipient shall make all reasonable efforts to complete construction in substantial conformance with the terms of the contract by the Completion of Construction date established in Exhibit A.

2.10 Notice.

State Water Board		Fallbrook Public Utility District	
Section:	Division of Financial Assistance		
Name:	John Paul Blanco, Project Manager	Name:	Jack Bebee, Assistant General Manager
Address:	1001 I Street, 16 th Floor	Address:	990 E Mission Rd.
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Fallbrook, CA 92028
Phone:	(916) 445-2495	Phone:	(760) 728-1128
Fax:		Fax:	
Email:	JohnPaul.Blanco@waterboards.ca.gov	Email:	jackb@fpud.com

Upon the occurrence of any of the following events, the Recipient shall notify the Deputy Director and the Division's project manager within the time specified below.

- (1) The Recipient shall notify the Division within 24 hours of any discovery of any potential tribal cultural resource and/or archaeological or historical resource. In addition to notifying the Deputy Director and the Division's project manager, notice shall be delivered by phone to (916) 327-9978 and by email to DrinkingWaterSRF@waterboards.ca.gov. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction, the Recipient shall ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient shall implement appropriate actions as directed by the Division.
- (2) The Recipient shall notify the Deputy Director of the Division by mail, email, and phone, within five (5) business days of the occurrence of any of the following events:

- (a) Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - (b) Change of ownership of the System or change of management or service contracts, if any, for operation of the System;
 - (c) Material loss, theft, damage, or impairment to the Revenues or the System;
 - (d) Failure to meet any debt service coverage test in section 3.7 of this agreement;
 - (e) Draws on the Reserve Fund;
 - (f) Listed Events or Events of Default, except as set forth in subdivisions (b) or (c) of this section;
 - (g) Failure to satisfy or perform any covenant in this Agreement.
 - (h) An offer from a public entity to purchase the System or any portion thereof, or any of the real or personal property related to or necessary for the Project; or a proceeding or action by a public entity to acquire such property by power of eminent domain.
- (3) The Recipient shall notify the Division by mail, email, and phone, within ten (10) business days of the following events:
- (a) Material defaults on System Obligations, other than this Obligation;
 - (b) Unscheduled draws on debt service reserves held for System Obligations, other than this Obligation, if any, reflecting financial difficulties;
 - (c) Unscheduled draws on credit enhancements on System Obligations, if any, reflecting financial difficulties;
 - (d) Substitution of credit or liquidity providers, if any or their failure to perform;
 - (e) Any litigation, whether pending or threatened, within the knowledge of the recipient, with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence, circulation of a petition to repeal, reduce, or otherwise challenge the Recipient's rates for services of the System, consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds of the Recipient;
 - (g) Rating changes on outstanding System Obligations, if any;
 - (h) Issuance of additional parity obligations; or
 - (i) Enforcement actions by the Regional Water Board;
- (4) The Recipient shall notify the Division's project manager by email promptly of the following:
- (a) The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
 - (b) Any substantial change in scope of the Project. The Recipient shall undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
 - (c) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
 - (d) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more beyond the estimated date of Completion of Construction as specified in Exhibit A;
 - (e) Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify

the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;

- (f) Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
- (g) Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- (h) Any events requiring notice to the Division pursuant to the provisions of Exhibit E to this Agreement; or
- (i) Completion of Construction of the Project, and actual Project Completion.

2.11 Findings and Challenge

Upon consideration of a voter initiative to reduce Revenues, the Recipient shall make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in Section 3.7 of this Agreement. The Recipient shall make its findings available to the public and shall request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in Section 3.7 and its obligation to operate and maintain the Project for its useful life. The Recipient shall diligently pursue and bear any and all costs related to such challenge. The Recipient shall notify and regularly update the State Water Board regarding the status of any such challenge.

2.12 Project Access.

The Recipient shall ensure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Obligation. The Recipient acknowledges that, except for a subset of information regarding archaeological records, the Project records and locations are public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated by Exhibit A and Exhibit A-FBA, and all reports, disbursement requests, and supporting documentation submitted hereunder.

2.13 Project Completion; Initiation of Operations.

Upon Completion of Construction of the Project, the Recipient shall expeditiously initiate Project operations.

2.14 Continuous Use of Project; Lease, Sale, Transfer of Ownership, or Disposal of Project.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

2.15 Project Reports.

- (a) Status Reports. The Recipient shall provide expeditiously status reports no less frequently than quarterly, starting with the execution of this Agreement. A status report must accompany any disbursement request and is a condition precedent to any disbursement. At a minimum the reports will contain the following information:

- (1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
 - (2) A description of compliance with environmental requirements;
 - (3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and
 - (4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.
- (b) Project Completion Report. The Recipient shall submit a Project Completion Report to the Division with a copy to the appropriate District Office of the Division of Drinking Water on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must address the following:
- (1) Describe the Project,
 - (2) Describe the water quality problem the Project sought to address,
 - (3) Discuss the Project's likelihood of successfully addressing that water quality problem in the future, and
 - (4) Summarize compliance with environmental conditions, if applicable.

If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.

- (c) As Needed Reports. The Recipient shall provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.

2.16 Federal Disadvantaged Business Enterprise (DBE) Reporting.

The Recipient shall report DBE utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient shall comply with 40 CFR § 33.301.

2.17 Records.

- (a) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient shall:
- (1) Establish an official file for the Project which adequately documents all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;

- (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
 - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and Indirect Costs;
 - (5) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (6) If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect Costs from Force Account are not eligible for funding.
- (b) The Recipient shall maintain separate books, records and other material relative to the Project. The Recipient shall also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Completion of Construction. The Recipient shall require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient shall allow and shall require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section shall survive the discharge of the Recipient's Obligation and the term of this Agreement.

2.18 Audit.

- (a) The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of state or federal requirements. If an audit is called for, the audit shall be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division
- (b) Audit disallowances will be returned to the State Water Board.

ARTICLE III FINANCING PROVISIONS

3.1 Purchase and Sale of Project.

The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board. The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.

3.2 Amounts Payable by the Recipient.

- (a) Payments. Interest on any funds disbursed to the Recipient will accrue beginning with each disbursement. The Recipient shall repay interest annually by March 1 of each year, until one year after Completion of Construction. Beginning no later than one year after Completion of Construction, repayment of the principal of the Project Funds, together with all interest accruing thereon, shall be repaid annually and shall be fully amortized by the Final Repayment Date.

The Payments are based on a standard fully amortized assistance amount with equal annual payments. The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit C is a payment schedule based on the provisions of this article and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient shall make each Payment on or before the due date thereof. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.

The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient shall provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

Each Payment shall be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment.

The Recipient shall not be entitled to interest earned on undisbursed funds. Upon execution of this Agreement, the State Water Board shall encumber an amount equal to the Obligation. The Recipient shall pay Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor. Interest on any funds disbursed to the Recipient shall begin to accrue as of the date of each disbursement.

- (b) Project Costs. The Recipient shall pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the

Project Costs in full, the Recipient shall nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

- (c) Additional Payments. In addition to the Payments required to be made by the Recipient, the Recipient shall also pay to the State Water Board the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff, contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board. Additional Payments may be billed to the Recipient by the State Water Board from time to time, together with a statement executed by a duly authorized representative of the State Water Board, stating that the amounts billed pursuant to this section have been incurred by the State Water Board or its assignee for one or more of the above items and a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Recipient within thirty (30) days after receipt of the bill by the Recipient.
- (d) The Recipient may not prepay any portion of the principal and interest due under this Agreement without the written consent of the Deputy Director of the Division.

3.3 Obligation Absolute.

The obligation of the Recipient to make the Payments and other payments required to be made by it under this Agreement, from Net Revenues and/or other amounts legally available to the Recipient therefor, is absolute and unconditional, and until such time as the Payments and Additional Payments have been paid in full, the Recipient shall not discontinue or suspend any Payments or other payments required to be made by it hereunder when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

3.4 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement. If this Agreement's funding for any fiscal year is reduced, substantially delayed, expires due to reversion, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an amendment to the Recipient to reflect the reduced amount.

3.5 Disbursement of Project Funds; Availability of Funds.

- (a) Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:
 - (1) Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance as specified in Exhibit B from the Project Funds through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no

- later than ninety (90) days after this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.
- (2) The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts referenced in Exhibit B and Exhibit A-FBA. (Note that this Agreement will be amended to incorporate Exhibit A-FBA after final budget approval.)
 - (3) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of status reports due under Section 2.15 above.
 - (4) The Recipient shall not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request.
 - (5) Recipient shall spend Project Funds within 30 days of receipt. Any interest earned on Project Funds shall be reported to the State Water Board and may be required to be returned to the State Water Board or deducted from future disbursements.
 - (6) The Recipient shall not be entitled to interest earned on undisbursed funds.
 - (7) The Recipient shall not request a disbursement unless that Project Cost is allowable, reasonable, and allocable.
 - (8) Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
 - (9) Costs incurred for travel outside the State of California are not eligible for reimbursement under this Agreement unless the Division provides prior written authorization. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Recipient.
- (b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other agency. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.
- (c) Fraud and Misuse of Public Funds. All requests for disbursement submitted shall be accurate and signed by the Recipient's Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Recipient shall not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the repayment of all funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability.

3.6 Withholding of Disbursements and Material Violations.

Notwithstanding any other provision of this Agreement, the State Water Board may withhold all or any portion of the Project Funds upon the occurrence of any of the following events:

- a. The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- b. Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- c. Commencement of litigation or a judicial or administrative proceeding related to the System, Project, or Revenues that the State Water Board determines may impair the timely completion of the Project or the repayment of the Obligation;
- d. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- e. A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- f. The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- g. Evidence of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
- h. An Event of Default or an event that the Division determines is substantially likely to become an Event of Default;

3.7 Pledge; Rates, Fees and Charges; Additional Debt.

- (a) Establishment of Enterprise Fund and Reserve Fund. In order to carry out its System Obligations, the Recipient covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. As required in paragraph (f) of this Section, the Recipient shall establish and maintain a Reserve Fund.
- (b) Pledge of Net Revenues, Enterprise Fund, and Reserve Fund. The Obligation hereunder shall be secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund in priority as specified in Exhibit F (senior, parity, or subordinate). The Recipient hereby pledges and grants such lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Payments and Additional Payments hereunder. The Net Revenues in the Enterprise Fund, shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.
- (c) Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding System Obligation, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations. After making all payments hereinabove required to be made

in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient, including payment of subordinate debt.

(d) Rates, Fees and Charges.

The Recipient shall, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and shall ensure that Net Revenues are equal to at least 120% of the Maximum Annual Debt Service with respect to all outstanding System Obligations, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio shall be 110%, except where System Obligations are defeased pursuant to refunding obligations.

The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

(e) Additional Debt Test.

(1) Additional Senior Debt. The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation, except where the new senior obligation refunds or refinances a senior obligation with the same lien position as the existing senior obligation, the new senior obligation has the same or earlier repayment term as the refunded senior debt, the new senior debt service is the same or lower than the existing debt service, and the new senior debt will not diminish the Recipient's ability to repay its SRF obligations.

(2) Additional Parity or Subordinate Debt. The Recipient may issue additional parity or subordinate debt only if

(A) Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in paragraph (d) of this Section with respect to all outstanding and proposed additional obligations;

(B) The Recipient is in compliance with any reserve fund requirement of this Obligation.

(C) The Recipient's non-subordinate debt is rated "A," or higher, by at least two of the nationally recognized rating agencies.

(f) Reserve Fund.

Prior to Completion of Construction, the Recipient shall establish a restricted Reserve Fund, held in its Enterprise Fund, equal to one year's Debt Service on this Obligation. The Recipient shall maintain the Reserve Fund throughout the term of this Agreement. The Reserve Fund shall be subject to lien and pledged as security for this Obligation, and its use shall be restricted to payment of this Obligation during the term of this Agreement.

(g) The Recipient may issue or incur subordinate obligations or otherwise issue or incur obligations payable from a lien on Net Revenues that is subordinate to the lien of Net Revenues securing the Obligation.

- (h) The Recipient shall not make any pledge of or place any lien on Revenues and shall not make any pledge of or place any lien on Net Revenues except as otherwise provided or permitted by this Agreement.

3.8 Financial Management System and Standards.

The Recipient shall comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient shall be bound by, and to comply with, the provisions and requirements of the federal Single Audit Act of 1984, Office of Management and Budget (OMB) Circular No. A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

3.9 Accounting and Auditing Standards.

The Recipient must maintain project accounts according to GAAP as issued by the Governmental Accounting Standards Board (GASB) or its successor. The Recipient shall maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets.

3.10 Other Assistance.

If funding for Project Costs is made available to the Recipient from sources other than this Agreement, the Recipient shall notify the Division. The Recipient may retain such funding up to an amount which equals the Recipient's local share of Project Costs. To the extent allowed by requirements of other funding sources, excess funding shall be remitted to the State Water Board to be applied to Payments due hereunder, if any.

ARTICLE IV MISCELLANEOUS PROVISIONS

4.1 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both the Recipient and the Deputy Director or designee. Requests for amendments shall be made in writing and directed to the Deputy Director.

4.2 Assignability.

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

4.3 Bonding.

Where contractors are used, the Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

4.4 Competitive Bidding

Recipient shall adhere to any applicable state law or local ordinance for competitive bidding and applicable labor laws.

4.5 Compliance with Law, Regulations, etc.

The Recipient shall, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, to the extent applicable, the Recipient shall:

- (a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;
- (b) Comply with the State Water Board's Policy;
- (c) Comply with and require compliance with the list of State laws attached as Exhibit H.
- (d) Comply with and require its contractors and subcontractors on the Project to comply with federal DBE requirements; and
- (e) Comply with and require its contractors and subcontractors to comply with the list of federal laws attached as Exhibit E.

4.6 Conflict of Interest.

The Recipient certifies that its owners, officers, directors, agents, representatives, and employees are in compliance with applicable state and federal conflict of interest laws.

4.7 Damages for Breach Affecting Tax-Exempt Status or Federal Compliance

In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach. In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

4.8 Disputes.

- (a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.
- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.

- (c) Recipient shall continue with the responsibilities under this Agreement during any dispute.
- (d) This section 4.8 relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

4.9 Governing Law.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

4.10 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement shall be paid by the Recipient to the State Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.

4.11 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient shall also provide for the defense and indemnification of the Indemnified Parties in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and shall cause the Indemnified Parties to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the term of this Agreement and the discharge of the Recipient's Obligation hereunder.

4.12 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

4.13 Integration.

This Agreement constitutes the complete and final agreement between the parties. No oral or written understanding or agreement not incorporated in this Agreement shall be binding on either party.

4.14 RESERVED

4.15 Non-Discrimination Clause.

- (a) The Recipient shall comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.
- (b) If Project Funds are used to acquire or improve real property, the Recipient shall include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.
- (c) The Recipient shall comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).
- (d) The Recipient's obligations under this section shall survive the term of this Agreement.
- (e) During the performance of this Agreement, Recipient and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.
- (f) The Recipient, its contractors, and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (g) The Recipient, its contractors, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (h) The Recipient, its contractors, and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (i) The Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

4.16 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

4.17 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the System during its useful life in accordance with all applicable state and federal laws, rules, and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Recipient may maintain coverage for such risks through participation by the Recipient in a risk-sharing pool administered through a joint powers insurance agency or like entity.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are insufficient to reconstruct, repair, or restore the System to the extent necessary to enable the Recipient to pay all remaining unpaid principal portions of the Payments, if any, in accordance with the terms of this Agreement, the Recipient shall provide additional funds to restore or replace the damaged portions of the System.

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and shall provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

4.18 Permits, Subcontracting, and Remedies.

The Recipient shall comply in all material respects with all applicable federal, state and local laws, rules and regulations. Recipient shall procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses shall be submitted to the Division before construction begins.

The Recipient shall not contract or allow subcontracting with excluded parties. The Recipient shall not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient shall not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml

4.19 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient shall monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met. In addition, the Recipient agrees to comply with the provisions of Exhibit G (Davis-Bacon).

4.20 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

4.21 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

4.22 Related Litigation.

Under no circumstances may the Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board.

4.23 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

4.24 State Water Board Action; Costs and Attorney Fees.

Any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

4.25 Termination and Other Remedies Upon Event of Default.

For purposes of this section, the term "State Water Board" shall mean the State Water Board and its assignees.

- (a) Return of Funds; Acceleration; and Additional Payments. Notwithstanding Exhibit B, if the Division determines that an Event of Default has occurred, the Recipient shall, upon demand, immediately do each of the following:
- (a) return to the State Water Board the grant or principal forgiveness amounts received pursuant to this Agreement, if any;
 - (b) accelerate the payment of all principal owed under this Agreement, if any, which shall be immediately due and payable;
 - (c) pay interest at the highest legal rate on all amounts owed; and
 - (d) pay any Additional Payments.
- (b) Judicial remedies. Whenever the State Water Board determines that an Event of Default shall have occurred, the State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. Without limiting the generality of the foregoing, the State Water Board may: by suit in equity, require the Recipient to account for amounts relating to this Agreement as if the Recipient were the trustee of an express trust; by mandamus or other proceeding, compel the performance by the Recipient and any of its officers, agents, and employees of any duty under the law or of any obligation or covenant under this Agreement, including but not limited to the imposition and collection of rates for the services of the System sufficient to meet all requirements of this Agreement; and take whatever action at law or in equity as may appear necessary or desirable to the State Water Board to collect the Payments then due or thereafter to become due, or to enforce performance of any obligation or covenant of the Recipient under this Agreement.
- (c) Termination. Upon an Event of Default, the State Water Board may terminate this Agreement. Interest shall accrue on all amounts due at the highest legal rate of interest from the date that the State Water Board delivers notice of termination to the Recipient.
- (d) Remedies Not Exclusive. None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy.
- (e) Non-waiver. Nothing in this section or any other section of this Agreement shall affect or impair the Recipient's obligation to pay Payments as provided herein or shall affect or impair the right of the State Water Board to bring suit to enforce such payment. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement.
- (f) Status Quo. If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights and remedies as if no such action had been brought.

4.26 Timeliness.

Time is of the essence in this Agreement.

4.27 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

4.28 Useful Life.

The Recipient warrants that the economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth in Exhibit B.

4.29 Venue.

Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

4.30 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.

Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

ARTICLE V RESERVED

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

FALLBROOK PUBLIC UTILITY DISTRICT:

By: _____
Name: Jack Bebee
Title: General Manager

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Leslie Laudon
Title: Deputy Director
Division of Financial Assistance

Date: _____

EXHIBIT A – SCOPE OF WORK

1. Eligible Start Date. The Eligible Start Date is December 14, 2019.
2. Start of Construction Date. The Recipient agrees to start construction no later than the estimated date of October 1, 2019.
3. Completion of Construction Date. The Completion of Construction date is hereby established as March 1, 2022. The Recipient shall deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
4. Final Disbursement Request Date. The Recipient agrees to ensure that its final Request for Disbursement is received by the Division no later than September 1, 2022, unless prior approval has been granted by the Division. Otherwise, the undisbursed balance of this Agreement will be deobligated.
5. Records Retention Date is March 1, 2058.
6. Incorporated Documents. Incorporated by reference into this Agreement are the following documents:
 - a. the Final Plans & Specifications, dated June 16, 2017, which are the basis for the construction contract to be awarded by the Recipient;
 - b. the Drinking Water System Permit No. 3710008;
 - c. the Recipient's Tax Questionnaire dated January 23, 2017.
7. Reporting. Status Reports due at least quarterly.
8. Scope of Work.

The Recipient will construct a new treatment plant to treat ground water delivered from Camp Pendleton for iron, manganese, and total dissolved solids and to install a storage tank and pump stations to deliver the treated water to the Recipient.

9. Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



"Funding for this \$53.3 million Santa Margarita Conjunctive Use Project has been provided in full or in part by the Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized

through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.”

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

The Recipient shall include the following disclosure statement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

EXHIBIT B – FUNDING AMOUNT

1. **Estimated Reasonable Cost.** The estimated reasonable cost of the total Project, including associated planning and design costs is fifty-three million three hundred thirty-four thousand dollars and no cents (\$53,334,000.00).
2. **Project Financing.** Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds in the amount of up to fifty-three million three hundred thirty-four thousand dollars and no cents (\$53,334,000.00). The estimated amount of principal that will be due to the State Water Board under this Agreement is fifty-three million three hundred thirty-four thousand dollars and no cents (\$53,334,000.00).
3. **Payment, Interest Rate, and Charges.** The Recipient agrees to make all Payments according to the schedule in Exhibit C at an interest rate of one point nine percent (1.9%) per annum. In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit C:
 - an Administrative Service Charge
 - a Drinking Water Small Community Emergency Grant Fund Charge
4. **Useful Life.** The useful life of this Project is at least 30 years.
5. The Final Repayment Date is March 1, 2052.
6. Budget costs are contained in the Project Cost Table below, which is part of Exhibit A-FBA. This Agreement will be amended to incorporate Exhibit A-FBA.
7. Preliminary budget costs are as follows:

Planning and design Allowances: \$0.00

Construction costs and disbursements are not available until after this Agreement has been amended to incorporate Exhibit A-FBA. Construction costs incurred prior to the Eligible Start Date are not eligible for reimbursement. Failure to begin construction according to the timelines set forth in Exhibit A may require the Recipient to repay to the State Water Board all disbursed Project Funds, including planning and design allowances.

EXHIBIT C – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

California DWSRF Payment Schedule

Principal is paid over: **30 Years**

Project No. 3710008-003C - Fallbrook Public Utility District Agreement:
 SWRCB0000000000D180202000 - based on Actual + Projected Disbursements

Interest rate: **1.90000%**

Santa Margarita Conjunctive Use Project

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	3/1/2020		0.00	1.900	27,495.08	27,495.08	27,495.08	11,482,497.00	0.00
2	3/1/2021		0.00	1.900	560,255.41	560,255.41	560,255.41	40,282,855.00	0.00
3	3/1/2022		0.00	1.900	848,943.83	848,943.83	848,943.83	47,812,359.00	0.00
4	3/1/2023		1,363,269.12	1.900	984,211.80	2,347,480.92	2,347,480.92	51,970,730.88	0.00
5	3/1/2024		1,360,037.03	1.900	987,443.89	2,347,480.92	2,347,480.92	50,610,693.85	0.00
6	3/1/2025		1,385,877.74	1.900	961,603.18	2,347,480.92	2,347,480.92	49,224,816.11	0.00
7	3/1/2026		1,412,209.41	1.900	935,271.51	2,347,480.92	2,347,480.92	47,812,606.70	0.00
8	3/1/2027		1,439,041.39	1.900	908,439.53	2,347,480.92	2,347,480.92	46,373,565.31	0.00
9	3/1/2028		1,466,383.18	1.900	881,097.74	2,347,480.92	2,347,480.92	44,907,182.13	0.00
10	3/1/2029		1,494,244.46	1.900	853,236.46	2,347,480.92	2,347,480.92	43,412,937.67	0.00
11	3/1/2030		1,522,635.10	1.900	824,845.82	2,347,480.92	2,347,480.92	41,890,302.57	0.00
12	3/1/2031		1,551,565.17	1.900	795,915.75	2,347,480.92	2,347,480.92	40,338,737.40	0.00
13	3/1/2032		1,581,044.91	1.900	766,436.01	2,347,480.92	2,347,480.92	38,757,692.49	0.00
14	3/1/2033		1,611,084.76	1.900	736,396.16	2,347,480.92	2,347,480.92	37,146,607.73	0.00
15	3/1/2034		1,641,695.37	1.900	705,785.55	2,347,480.92	2,347,480.92	35,504,912.36	0.00
16	3/1/2035		1,672,887.59	1.900	674,593.33	2,347,480.92	2,347,480.92	33,832,024.77	0.00
17	3/1/2036		1,704,672.45	1.900	642,808.47	2,347,480.92	2,347,480.92	32,127,352.32	0.00
18	3/1/2037		1,737,061.23	1.900	610,419.69	2,347,480.92	2,347,480.92	30,390,291.09	0.00
19	3/1/2038		1,770,065.39	1.900	577,415.53	2,347,480.92	2,347,480.92	28,620,225.70	0.00
20	3/1/2039		1,803,696.63	1.900	543,784.29	2,347,480.92	2,347,480.92	26,816,529.07	0.00
21	3/1/2040		1,837,966.87	1.900	509,514.05	2,347,480.92	2,347,480.92	24,978,562.20	0.00
22	3/1/2041		1,872,888.24	1.900	474,592.68	2,347,480.92	2,347,480.92	23,105,673.96	0.00
23	3/1/2042		1,908,473.11	1.900	439,007.81	2,347,480.92	2,347,480.92	21,197,200.85	0.00
24	3/1/2043		1,944,734.10	1.900	402,746.82	2,347,480.92	2,347,480.92	19,252,466.75	0.00
25	3/1/2044		1,981,684.05	1.900	365,796.87	2,347,480.92	2,347,480.92	17,270,782.70	0.00
26	3/1/2045		2,019,336.05	1.900	328,144.87	2,347,480.92	2,347,480.92	15,251,446.65	0.00
27	3/1/2046		2,057,703.43	1.900	289,777.49	2,347,480.92	2,347,480.92	13,193,743.22	0.00
28	3/1/2047		2,096,799.80	1.900	250,681.12	2,347,480.92	2,347,480.92	11,096,943.42	0.00
29	3/1/2048		2,136,639.00	1.900	210,841.92	2,347,480.92	2,347,480.92	8,960,304.42	0.00
30	3/1/2049		2,177,235.14	1.900	170,245.78	2,347,480.92	2,347,480.92	6,783,069.28	0.00
31	3/1/2050		2,218,602.60	1.900	128,878.32	2,347,480.92	2,347,480.92	4,564,466.68	0.00
32	3/1/2051		2,260,756.05	1.900	86,724.87	2,347,480.92	2,347,480.92	2,303,710.63	0.00
33	3/1/2052		2,303,710.63	1.900	43,770.50	2,347,481.13	2,347,481.13	0.00	0.00
			53,334,000.00		18,527,122.13	71,861,122.13	71,861,122.13		0.00

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EXHIBIT D – SPECIAL CONDITIONS

Recipient acknowledges and agrees to the following special conditions:

Environmental

1. Recipient shall implement the Mitigation Measures identified in the Mitigation Monitoring and Reporting Plan for the project FEIR/FEIS, titled "Santa Margarita River Conjunctive Use Project" dated September 2016 (SCH#: 2004121068).
2. Recipient shall implement the Mitigation Measures identified in the USFWS Biological Opinion for the project, titled "Formal Section 7 Consultation on the Conjunctive Use Project, Marine Corps Base Camp Pendleton, California" dated August 15, 2016.
3. Recipient shall implement the Mitigation Measures identified in the NMFS Biological Opinion, titled "Final Biological Opinion on the Construction and Operation of the Santa Margarita River Conjunctive Use Project at Marine Corps Base Camp Pendleton" dated September 28, 2016.
4. Recipient shall implement the Mitigation Measures identified in the SHPO Concurrence Letter, titled "Santa Margarita River Conjunctive Use Project (your 5090, ENV/CRS, February 13, 2013)" dated September 19, 2013.

As a condition precedent to this Agreement, the Recipient must deliver an opinion of bond counsel and general counsel satisfactory to the State Water Board's counsel.

EXHIBIT E – PROGRAMMATIC CONDITIONS & CROSS-CUTTERS

The Recipient agrees to comply with the following federal conditions:

(A) Federal Award Conditions

- (1) American Iron and Steel. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- (2) Wage Rate Requirements (Davis-Bacon). The Recipient shall include in full the language provided in Exhibit G of this Agreement in all contracts and subcontracts.
- (3) Signage Requirements. The Recipient shall comply with the USEPA's Guidelines for Enhancing Public Awareness of SRF Assistance Agreements, dated June 3, 2015, as otherwise specified in this Agreement.
- (4) Public or Media Events. The Recipient shall notify the State Water Board and the EPA contact as provided in the notice provisions of this Agreement of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- (5) EPA General Terms and Conditions (USEPA GTCs). The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/ogd>, including but not limited to the following:
 - (a) DUNS. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
 - (b) Executive Compensation. The Recipient shall report the names and total compensation of each of its five most highly compensated executives for the preceding completed fiscal year, as set forth in the USEPA GTCs.
 - (c) Federal Exclusion or Disqualification. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of

its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.

- (d) Conflict of Interest. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
 - (e) Copyright and Patent.
 - i. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
 - ii. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://Edison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
 - (f) Credit. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the following statement:

"This project has been funded wholly or in part by the United States Environmental Protection Agency and the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency or the State Water Resources Control Board, nor does the EPA or the Board endorse trade names or recommend the use of commercial products mentioned in this document."
 - (g) Electronic and Information Technology Accessibility. The Recipient is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
 - (h) Trafficking in Persons. The Recipient, its employees, contractors and subcontractors and their employees may not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing. Trafficking Victims Protection Act of 2000.
- (6) By signing this Agreement, the Recipient certifies to the best of its knowledge and belief that:

(1) No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.

(B) Super Cross-Cutters - Civil Rights Obligations. The Recipient must comply with the following federal non-discrimination requirements:

- (1) Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
- (2) Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
- (3) The Age Discrimination Act of 1975, which prohibits age discrimination.
- (4) 40 CFR Part 7, as it relates to the foregoing.

(C) RESERVED

(D) Cross-Cutters

- 1) Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

"During the performance of this contract, the contractor agrees as follows:"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

- (2) Disadvantaged Business Enterprises (40 CFR Part 33). The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises. The DBE rule can be accessed at www.epa.gov/osbp . The Recipient shall comply with, and agrees to require its prime contractors to comply with 40 CFR Section 33.301, and retain all records documenting compliance with the six good faith efforts. (IUP)
- (3) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/> .
- (4) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- (5) The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information

Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.

(E) Geospatial Data Standards

All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.

(F) WIIN Conditions. If the Recipient serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.

EXHIBIT F – SCHEDULE OF SYSTEM OBLIGATIONS

Except for the following and the Obligation evidenced by this Agreement, the Recipient certifies that it has no outstanding System Obligations or Other Material Obligations, and that it is in compliance with all applicable additional debt provisions of the following:

The following outstanding debt is senior to the Obligation:

Title
NONE

The following outstanding debt is on parity with the Obligation:

Title
Funding Agreement Between State of California Department of Public Health and Fallbrook Public Utility District, dated June 21, 2010, regarding Project Number 3710008-002.

The following outstanding debt is subordinate to the Obligation:

Title
NONE

EXHIBIT G – DAVIS-BACON REQUIREMENTS

For purposes of this Exhibit only, "subrecipient" or "sub recipient" means the Recipient as defined in this Agreement.

For purposes of this Exhibit only, "recipient" or "State recipient" means the State Water Board.

I. Requirements Under the Consolidated Appropriations Act, 2018 (P.L. 115-141) For Sub recipients That Are Governmental Entities:

If a sub recipient has questions regarding when Davis-Bacon (DB) applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact the State Water Board at DavisBacon@waterboards.ca.gov or phone (916) 327-7323. The recipient or sub recipient may also obtain additional guidance from DOL's web site at <http://www.dol.gov/whd/>

1. Applicability of the Davis- Bacon (DB) prevailing wage requirements.

DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a sub recipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the sub recipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations.

(a) Sub recipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

(i) While the solicitation remains open, the sub recipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The sub recipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the sub recipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the sub recipient.

(ii) If the sub recipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the sub recipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The sub recipient shall monitor www.wdol.gov on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the sub recipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the sub recipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Sub recipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a sub recipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the sub recipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the sub recipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The sub recipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract provisions.

(a) The Recipient shall insure that the sub recipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF - financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or, the Consolidated Appropriations Act, 2018, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Sub recipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The sub recipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the sub recipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the sub recipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the sub recipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The sub recipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the sub recipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the sub recipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the sub recipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sub recipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S.

Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and sub recipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C.

1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The sub recipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$25 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The sub recipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section. (b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Sub recipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Sub recipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the USEPA and the Department of Labor and the State Water Board, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

- (a) The sub recipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(3), all interviews must be conducted in confidence. The sub recipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
- (b) The sub recipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Sub recipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Sub recipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence."
- (c) The sub recipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The sub recipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the sub recipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Sub recipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the sub recipient shall verify evidence of fringe benefit plans and payments there under by contractors and subcontractors who claim credit for fringe benefit contributions.
- (d) The sub recipient shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
- (e) Sub recipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

EXHIBIT H – COMPLIANCE WITH CROSS-CUTTING STATE AUTHORITIES

1. CALIFORNIA DEBT INVESTMENT ADVISORY COMMISSION (CDIAC)

Where Recipient is a public entity, Recipient acknowledges its responsibility to file debt obligations with the CDIAC. Recipient understands that CDIAC has waived filing fees for State Water Board SRF debt.

2. COMPLIANCE WITH STATE REQUIREMENTS

Recipient represents that it complies with the following conditions precedent and shall continue to maintain compliance:

(1) Water Conservation

The Recipient certifies that it complies with and shall continue to comply with any applicable water conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.

(2) Monthly Water Diversion Reporting

If Recipient is a water diverter, Recipient must maintain compliance with Water Code section 5103, subdivision (e)(2)(A) by submitting monthly diversion reports to the Division of Water Rights of the State Water Resources Control Board.

(3) Public Works Contractor Registration with Department Of Industrial Relations

To bid for public works contracts, Recipient and Recipient's subcontractors must register with the Department of Industrial Relations as required by Labor Code sections 1725.5 and 1771.1.

(4) Volumetric Pricing & Water Meters

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must charge each customer for actual water volume measured by water meter according to the requirements of Water Code sections 526 and 527. Section 527 further requires that such suppliers not subject to section 526 install water meters on all municipal and industrial service connections within their service area by 2025.

(5) Urban Water Management Plan

If Recipient is an "urban water supplier" as defined by Water Code section 10617, the Recipient certifies that this Project complies with the Urban Water Management Planning Act (Water Code, § 10610 et seq.). This shall constitute a condition precedent to this Agreement.

(6) Urban Water Demand Management

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must comply with water conservation measures established by SBx7-7. (Water Code, Sec. 10608.56.)

(7) Delta Plan Consistency Findings

If Recipient is a state or local public agency and the proposed action is covered by the Delta Plan, Recipient must submit certification of project consistency with the Delta Plan to the Delta

Stewardship Council according to the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.

(8) Agricultural Water Management Plan Consistency

If Recipient is an agricultural water supplier as defined by Water Code section 10608.12, Recipient must comply with Agricultural Water Management Planning requirements as mandated by Water Code section 10852.

RESOLUTION NO. 4977

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK
PUBLIC UTILITY DISTRICT APPROVING A CONSTRUCTION INSTALLMENT SALE
AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL
BOARD PERTAINING TO THE FINANCING OF THE SANTA MARGARITA
CONJUNCTIVE USE PROJECT**

WHEREAS, the Fallbrook Public Utility District (the "District") has previously submitted a Financial Assistance Application with the State Water Resources Control Board (the "SWRCB") to finance the costs of constructing the facilities that are a part of the Santa Margarita Conjunctive Use Project (the "Project");

WHEREAS, the SWRCB has approved the District's Financial Assistance Application and has provided the District with a financial assistance agreement in the form of the Construction Installment Sale Agreement, Santa Margarita Conjunctive Use Project, Project No. 3710008-003C, Agreement No. SWRCB0000000000D180202000 (the "Construction Installment Sale Agreement"), a copy of which has been provided to the Board of Directors at this meeting, to establish the terms and conditions pursuant to which the SWRCB will provide the District with financial assistance for the Project in the amount of \$53,334,000 and the District will repay such financial assistance;

WHEREAS, as a part of the District's Financial Assistance Application, the Board of Directors adopted its Resolution No. 4901 designating the General Manager or his or her designee (the "Authorized Representative") to provide the assurances, certifications, and commitments required for the Financial Assistance Application, including the execution of the Construction Installment Sale Agreement;

WHEREAS, the District staff and General Counsel have reviewed the Construction Installment Sale Agreement and have recommended that the Board of Directors approve the Construction Installment Sale Agreement and authorize and direct the General Manager, as the Authorized Representative of the District, to execute the Construction Installment Sale Agreement for and on behalf of the District; and

WHEREAS, the Board of Directors now desires to approve the Construction Installment Sale Agreement and to authorize and direct the General Manager to execute such agreement for and on behalf of the District.

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

1. The Board of Directors hereby approves the Construction Installment Sale Agreement and authorizes and directs the General Manager, as the Authorized Representative of the District, to execute the Construction Installment Sale Agreement for and on behalf of the District.

2. This resolution shall become effective upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance (FP&I) Committee
DATE: July 22, 2019
SUBJECT: Consider Ratification of the District's Fiscal Year 2019-20 Adopted Annual Budget and Resolution No. 4978 Amending Article 15 of the Administrative Code

Purpose

Ratify the District's Fiscal Year 2019-20 Adopted Annual Budget (Budget) and make modifications to the District's Administrative Code (Code).

Summary

Article 15 of the Code calls for the adoption of the District's Budget in July. To meet the Code requirements, the Budget is being ratified at the July Board meeting after being adopted in June. With the revised Budget development process in place, staff are recommending that the budget be presented and adopted in June for the following fiscal year. This would ensure appropriations are set before the fiscal year begins on July 1. The recommended changes to the District's Code are provided as Attachment A.

A summary of the meetings held as part of this year's Budget development and adoption process is provided below:

- **April & May FP&I Committee meetings** – Staff met with the Fiscal Policy and Insurance Committee twice to review the draft budget and address comments.
- **June Board (June 22th)** – Staff provided a detailed presentation of the Budget and addressed the Board's questions. The following Resolutions were approved by the Board:
 - Adopted the Budget Resolution Establishing the Fiscal Year 2019-20 Appropriations
 - Amended the Administrative Code to adjust the Metropolitan Water District's Readiness to Service Charge
- **July Board** – Board will vote to ratify the Budget in accordance with the District's Administrative Code.

The close out of Fiscal Year 2018-19 has begun. With the established goal of completing the audit and producing the District's Comprehensive Annual Financial Report (CAFR) by November, the following key actions/dates have been identified:

- **Year-end Budget Status Report** – This will provide the summary of the past years performance. This final report will be presented in August.
- **Year-end accounting entries** – Close out the year and prepare for the auditor's field work. Staff are working on this and expect to be done in August.

- **Field Work** – Auditors are set to be here the first week of September to conduct their field work.
- **Comprehensive Annual Financial Report** – Draft ready in October and to the Board for Approval in November.

Recommended Action

That the Board ratify the Budget and adopt Resolution No. 4976 amending Article 15 of the Administrative Code with the proposed changes.

Attachment A

Article 15. Budget and Fund Management

Sec. 15.1 District's Annual Budget.

Preparation of the District Budget is directed by the Assistant General Manager/CFO. Working with the Fiscal Policy and Insurance Committee the General Managers develops annual financial goals and objectives for the budget in February. A first preliminary Budget is presented to the Committee/Board of Directors and public in May~~April~~ and a second preliminary Budget in June~~May~~. The final Budget is presented in July~~June~~ for adoption, along with a resolution adopting a tax rate for Bonded Indebtedness.

The budgeting process is intended to create a transparent process that enables the Board of Directors to estimate the Districts revenues and expenses including employee compensation arising from negotiations and changes in other costs of operations.

15.1.1 Annual Budget Resolution.

The Board shall approve an annual budget resolution that establishes the total appropriation for the fiscal year based on the following budget categories:

1. Administration, operations, and maintenance
2. Water purchases and contingencies
3. Capital improvements and equipment
4. Revenue Bonds, State Revolving Fund, interest, and principal
5. Established annual Liquidity Fund level

In addition, the budget resolution shall identify any anticipated net withdrawal of District reserves for the Fiscal Year. Any unanticipated net withdrawal of District reserves shall be a separate board action. Any withdrawal of funds from long-term investments, as shown in the District's Treasurer's Report, shall require prior Board approval.

Any spending above the established appropriations or additional withdrawal of reserves shall require Board approval. As part of the annual budget process, the Board will review and approve the District's liquidity fund level.

Sec. 15.2 Treasurer's Fund.

The Treasurer's Fund is established primarily to account for all District cash and investments and also to record detailed accounting for fringe benefits. Revenues are obtained from a budgeted mark-up on District labor. Revenue and Expense accounts in this fund are closed to the Utility fund annually.

Sec. 15.3 General Fund.

The General Fund shall consist of accounts for property tax revenues and appropriations to other funds as determined by the Board.

Sec. 15.4 Utility Funds.

The Utility Funds consists of three separate funds reflecting the operating departments of Water, Wastewater and Recycled Water. The funds reflect the revenues

reserve fund and the District must comply with any creditor imposed requirements. Since sources of funding to repay each debt instrument varies, the possibility of that inflow being interrupted is likely/possible with different issues in differing circumstances. Because of the possibility of this interruption, each Debt Service Fund should establish an Appropriated Fund Balance equal to the next year's total debt service (principal and interest).

Sec. 15.9 Petty Cash.

The responsibility for and the accountability for the petty cash fund is assigned to the Assistant General Manager/CFO and/or the Accountant. The fund at all times will total \$400.00 in cash and disbursement receipts. When an employee requires reimbursement, not-to-exceed \$50.00, for an out-of-pocket District expense, a petty cash voucher is filled out and the receipts for purchases attached.

Reimbursement will not be made from the petty cash fund without the immediate supervisor's approval on the petty cash voucher and receipts attached thereto.

During the planned absence of either the Assistant General Manager/CFO or Accountant, the Supervising Accounting Assistant will be authorized to make petty cash reimbursements. Prior to assumption of these duties, cash in the fund will be counted and verified by both the Assistant General Manager/CFO and Accountant.

Periodic audits will be performed as required by District management or the Auditor. Checks drawn to replace the disbursement will be processed in the same manner as any other invoice paid by the District.

ARTICLE 15
Sec. 15.8 - Rev.74/97
Sec. 15.4 & 15.5 – Rev. 4/03
Sec. 15.8 added 4/03
Sec. 15.1 & 15.9 – Rev. 6/06
Sec. 15.9 – Rev. 8/08
Sec. 15.6 – Rev. 9/09
Sec. 15.8.1 – Rev. 12/09
Secs. 15.1, 15.5, 15.8.1, 15.8.2, 15.8.4, 15.9 – Rev. 1/18
Secs. 15.1.1, 15.8.1 – Rev. 2/19
Sec. 15.1.1 – Rev. 4/19
Sec. 15.1 – Rev. 7/19

RESOLUTION NO. 4978

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT AMENDING
ADMINISTRATIVE CODE ARTICLE 15, BUDGET AND FUND
MANAGEMENT**

* * * * *

WHEREAS, Article 15, Section 15.1 of the Administrative Code currently calls for adoption of the District's budget in July after review by the Fiscal Policy & Insurance Committee, Board of Directors, and public in May and June; and

WHEREAS, to ensure appropriations are set before the start of the next fiscal year, staff has reviewed Article 15, Section 15.1 and determined it requires amending to prescribe adopting the District's budget in June after review by the Fiscal Policy & Insurance Committee, Board of Directors, and public in April and May.

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

1. That the Board approves the proposed revisions to Administrative Code Article 15, Section 15.1, District's Annual Budget, as set forth in Exhibit A and incorporated herein.
2. The remaining provisions of Article 15 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit “A”

Article 15. Budget and Fund Management

Sec. 15.1 District's Annual Budget.

Preparation of the District Budget is directed by the Assistant General Manager/CFO. Working with the Fiscal Policy and Insurance Committee the General Managers develops annual financial goals and objectives for the budget in February. A first preliminary Budget is presented to the Committee/Board of Directors and public in April and a second preliminary Budget in May. The final Budget is presented in June for adoption, along with a resolution adopting a tax rate for Bonded Indebtedness.

The budgeting process is intended to create a transparent process that enables the Board of Directors to estimate the Districts revenues and expenses including employee compensation arising from negotiations and changes in other costs of operations.

15.1.1 Annual Budget Resolution.

The Board shall approve an annual budget resolution that establishes the total appropriation for the fiscal year based on the following budget categories:

1. Administration, operations, and maintenance
2. Water purchases and contingencies
3. Capital improvements and equipment
4. Revenue Bonds, State Revolving Fund, interest, and principal
5. Established annual Liquidity Fund level

In addition, the budget resolution shall identify any anticipated net withdrawal of District reserves for the Fiscal Year. Any unanticipated net withdrawal of District reserves shall be a separate board action. Any withdrawal of funds from long-term investments, as shown in the District's Treasurer's Report, shall require prior Board approval.

Any spending above the established appropriations or additional withdrawal of reserves shall require Board approval. As part of the annual budget process, the Board will review and approve the District's liquidity fund level.

Sec. 15.2 Treasurer's Fund.

The Treasurer's Fund is established primarily to account for all District cash and investments and also to record detailed accounting for fringe benefits. Revenues are obtained from a budgeted mark-up on District labor. Revenue and Expense accounts in this fund are closed to the Utility fund annually.

Sec. 15.3 General Fund.

The General Fund shall consist of accounts for property tax revenues and appropriations to other funds as determined by the Board.

Sec. 15.4 Utility Funds.

The Utility Funds consists of three separate funds reflecting the operating departments of Water, Wastewater and Recycled Water. The funds reflect the revenues from water sales, monthly service charges and other recurring fees and all expenses, including Operating and Maintenance (O&M) and General & Administrative (G&A).

Sec. 15.5 Capital Funds.

The Capital Funds consists of all Property, Plant and Equipment and the expenditures as well as revenues from Capital Improvement Charges that are dedicated/restricted to capital expenditures. All use of revenues in the Capital Funds is restricted to capital investments, which includes capital assets as defined by the District's accounting policy and debt service. Sources of funding and expenditures for capital assets are maintained in three separate funds:

Water – all capital assets associated with the water treatment and distribution system; all administrative buildings and equipment; and all construction equipment and vehicles.

Wastewater – all capital assets associated with treatment facilities and the wastewater collection system.

Recycled Water – all capital assets associated with the recycled water facilities and the recycled water distribution system.

Sec. 15.6 Equipment Fund.

The Equipment Fund consists of all expenses for field equipment operations, maintenance, repair and replacement. Revenues are obtained from a budgeted mark-up on District labor. Revenue and expenses are closed to the Utility fund annually.

Sec. 15.7 Debt Service Funds.

Debt Service funds shall be established to account for General Obligation Bonds, Certificates of Participation, or other indebtedness which the District may incur for construction, completion, or acquisition of works, for the treatment, storage and distribution of water and water rights, including dams, reservoirs, storage tanks, treatment facilities, pipes, pumping equipment, and all necessary equipment and property therefor. The funds shall record annual transactions showing source of revenue, and both interest and principal payments.

Sec. 15.8 Appropriated Fund Balances.

Appropriated Fund Balances shall be established to provide adequate funding to meet the District's short term and long term plans and commitments; to minimize adverse annual and multi-year budgetary impacts from unanticipated expenditures; and to preserve the financial stability of the District against present and future uncertainties in an ever-changing environment. The following Appropriated Fund Balances will be established and maintained.

15.8.1 Utility Funds Appropriated Fund Balances.

1. Water.

- a) Working Capital. To be established and maintained at a level of three months operating and maintenance expenses including water purchases.

- b) Santa Margarita Debt Payment Fund. To prevent “spikes” and mid-year changes in rates because of net revenue shortfalls due to weather conditions, state or federal legislation or other future uncertainties. The target level is set equal to 2-years of debt service payments on the Santa Margarita Conjunctive Use Project financing.

2. Wastewater.

- a) Working Capital. To be established and maintained at a level of three months operating and maintenance expenses.
- b) Rate Stabilization Fund. To promote smooth and predictable rates and charges a Rate Stabilization Fund is established with a target of level equal to 10% of annual revenues.

3. Recycled Water.

- a) Working Capital. To be established at three months operating and maintenance expenses.

15.8.2 Utility Capital Funds Appropriated Fund Balances.

1. Water Capital Fund.

The primary source of funds are the Water and Pumping Capital Improvement charges, annexation fees, connection fees and meter fees. Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

- a) Funds related to the 1958 Annexation and the DeLuz Service Area bond proceeds are tracked separately in the fund.

2. Wastewater Capital Fund.

The primary source of funds are Wastewater Capital Improvement Charges, connection fees and meter fees. Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

3. Recycled Water Capital Fund.

Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

15.8.3 Debt Service Funds.

Each borrowing activity is maintained within a separate Debt Service fund. Some indentures require the establishment of a reserve fund and the District must comply with any creditor

imposed requirements. Since sources of funding to repay each debt instrument varies, the possibility of that inflow being interrupted is likely/possible with different issues in differing circumstances. Because of the possibility of this interruption, each Debt Service Fund should establish an Appropriated Fund Balance equal to the next year's total debt service (principal and interest).

Sec. 15.9 Petty Cash.

The responsibility for and the accountability for the petty cash fund is assigned to the Assistant General Manager/CFO and/or the Accountant. The fund at all times will total \$400.00 in cash and disbursement receipts. When an employee requires reimbursement, not-to-exceed \$50.00, for an out-of-pocket District expense, a petty cash voucher is filled out and the receipts for purchases attached.

Reimbursement will not be made from the petty cash fund without the immediate supervisor's approval on the petty cash voucher and receipts attached thereto.

During the planned absence of either the Assistant General Manager/CFO or Accountant, the Supervising Accounting Assistant will be authorized to make petty cash reimbursements. Prior to assumption of these duties, cash in the fund will be counted and verified by both the Assistant General Manager/CFO and Accountant.

Periodic audits will be performed as required by District management or the Auditor. Checks drawn to replace the disbursement will be processed in the same manner as any other invoice paid by the District.

ARTICLE 15
Sec. 15.8 - Rev.74/97
Sec. 15.4 & 15.5 – Rev. 4/03
Sec. 15.8 added 4/03
Sec. 15.1 & 15.9 – Rev. 6/06
Sec. 15.9 – Rev. 8/08
Sec. 15.6 – Rev. 9/09
Sec. 15.8.1 – Rev. 12/09
Secs. 15.1, 15.5, 15.8.1, 15.8.2, 15.8.4, 15.9 – Rev. 1/18
Secs. 15.1.1, 15.8.1 – Rev. 2/19
Sec. 15.1.1 – Rev. 4/19
Sec. 15.1 – Rev. 7/19

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: July 22, 2019
SUBJECT: Consider Resolution No. 4979 Amending Article 20 of the Administrative Code Setting Wastewater Charges for Accessory Dwelling Units (ADUs)

Purpose

To update the District's policy for assessing wastewater capacity and service charges for Accessory Dwelling Units (ADU's).

Overview

The District's current policy for assessing wastewater capacity and service charges needs to be updated, specifically with regard to ADUs. An ADU is an attached or detached residential unit separate from the primary residence in areas zoned to allow single-family use. They must be on the same lot as the primary residence and cannot exceed 50% of the primary residence floor space, up to a maximum of 1,200 square feet. An updated policy will clarify the process of wastewater account administration for FPUD staff and customers, while incorporating changes to the California Government Code. The Engineering Department has reviewed Government Code section 65852.2 with counsel, and opened a discussion with professionals at neighboring wastewater districts and municipalities to inform the amendments to FPUD's policy.

Effects of the State Government Code changes are summarized as follows:

- The District **may not** impose connection or capacity fees for ADUs constructed **entirely within existing structures**.
- Under current law, the District **may** impose connection or capacity fees for ADUs involving **construction of a new structure or expansion of existing structures**.
- These limitations do not apply where the property owner/developer **requests** a separate connection for the ADU.
- Proposed legislation would expand the prohibition on capacity and connection fees to ADUs constructed **substantially within an existing structure**. The proposed legislation does not define "substantially," but the author of the legislation stated he may amend the bill to define substantially to mean up to 30% of the existing square footage, not to exceed 1200 square feet.

The current Administrative Code makes no mention of ADUs. Currently staff collects a one-time wastewater capacity fee equal to 0.8 Equivalent Dwelling Units (EDUs) based on Section 20.7.2- Schedule of Equivalent Dwelling Units and Class of Service. This is the same one-time capacity fee that is collected for a new apartment, mobile home or guesthouse on a parcel with an existing single-family home.

The District based an EDU on an average U.S. household which was 2.5 persons in 2018. Given an ADU is generally intended for an individual person due to its size, we determined that the proportion of the anticipated occupancy of an ADU to an average household should be used which is 0.4 EDU.

Other charges based on EDUs include the “Monthly Fixed Wastewater Charge” and monthly “Wastewater Capital Improvement Charge”. These rates are determined per sections 21.10 and 21.10.0 of the administrative code. The Volumetric Wastewater Charge portion of the monthly bill is not affected by changes to the EDU Schedule. This means, for example that when a customer adds a guesthouse, they will pay an initial one time capacity fee to buy into the system, plus an additional fixed charge associated with the fixed operating costs.

Based on staff review, and input from legal counsel and the Engineering and Operations Committee, it is recommended that the administrative Code be amended to add ADUs to Class 2 of Section 20.7.2 – Schedule of Equivalent Dwelling Units and Class of Service, and set an EDU value for ADUs to 0.4. For those ADUs that qualify for an exemption from the Capacity Fee per the state’s definition, no Capacity Fee will be charged. For ADU’s that do not qualify for the exemption, the fee will be based on 0.4 EDUs. Monthly service charges will be applied to all ADUs based on 0.4 EDUs. This means for new smaller detached units, the fee would be essentially cut in half from the existing fee schedule. Since the intent of adding ADUs is to provide additional housing, it is anticipated that the units will be occupied and this will have result in additional use of the sewer system. Per District policy, new users must pay their share or else existing customers would end up subsidizing new users.

Budgetary Impact

A change to how Equivalent Dwelling Units are calculated for ADUs would affect the amount collected for the following fees and charges:

- The connection fee for 0.4 EDUs equals a onetime fee of \$2,821
- The monthly fixed wastewater charge for 0.4 EDUs equals \$3.88/month
- The monthly wastewater capital improvement charge for 0.4 EDUs equals \$4.61/month

	<i>EDUs</i>	<i>Capacity Fee</i>	<i>Fixed WW Charge</i>	<i>WW Capital Charge</i>
<i>Proposed</i>	<i>0.4</i>	\$2,821.00	\$3.88/month	\$4.61/month
<i>Current</i>	<i>0.8</i>	\$5,642.00	\$7.76/month	\$9.22/month

Currently, very few requests to add an ADU have been received. Assuming 4 non-exempt ADUs per year are processed, reducing the EDUs from 0.8 to 0.4 would result in a reduction of capacity fees collected by \$11,284 per year.

(See Attachment A for recommended draft changes.)

Recommendation

The Engineering and Operations Committee is recommending the Board adopt Resolution No. 4979 amending Section 20.7.2 of the Administrative Code to add ADUs

to Class 2 in the Schedule of Equivalent Dwelling Units and Class of Service, and set an Equivalent Dwelling Unit value specifically for Accessory Dwelling Units to 0.4.

Attachment A

- 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
-------	-------------	---------------------------

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
	<u>Accessory Dwelling Unit* (As defined by State Government Code.)</u>	
	<u>*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 EUD factor.</u>	<u>0.40</u>
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

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

RESOLUTION NO. 4979

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING THE ADMINISTRATIVE CODE
ARTICLE 20, SEWER SERVICE CONNECTIONS AND
CONSTRUCTION PERMITS AND FEES

* * * * *

WHEREAS, the District's current policy for assessing wastewater capacity and service charges does not include Accessory Dwelling Units (ADUs); and

WHEREAS, recent legislation and Government Code section 65852.2, addresses capacity and connection fees for ADUs, and those effects are summarized as follows; and

- The District may not impose connection or capacity fees for ADUs constructed entirely within existing structures.
- Under current law, the District may impose connection or capacity fees for ADUs involving construction of a new structure or expansion of existing structures.
- These limitations do not apply where the property owner/developer requests a separate connection for the ADU.
- Proposed legislation would expand the prohibition on capacity and connection fees to ADUs constructed substantially within an existing structure. The proposed legislation does not define "substantially," but the author of the legislation stated he may amend the bill to define substantially to mean up to 30% of the existing square footage, not to exceed 1200 square feet.

WHEREAS, based on staff review, and input from legal counsel, and the Engineering & Operations Committee it was determined that the Equivalent Dwelling Unit value for ADUs should be set at 0.4 requiring an amendment to Article 20, Section 20.7.2 of the Administrative Code.

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

1. That the Board approves the proposed revisions to Administrative Code Article 20, Section 20.7.2, Schedule of Equivalent Dwelling Units, as set forth in Exhibit A and incorporated herein.
2. The remaining provisions of Article 20 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit “A”

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: *Former FSD Ordinance No. 47.*

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 @ \$105.37 = \$526.86

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 EUD 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
Class 7	Church, Fraternal Lodge Or Similar Auditorium	
	Per 200 seating capacity	1.00
Class 8	Bakery	
	Per 3500 square feet (exterior building area)	1.00
Class 9	Theater	
	Per 150 seating capacity	1.33
Class 10	Hospital	
	Per bed	0.65
Class 11	Convalescent or Boarding Home	
	Per bed	0.30
Class 12	Labor Camp	
	Per bed	0.10
Class 13	Elementary School / Daycare	
	Per 60 Students	1.00
Class 16	Junior High School	
	Per 40 Students	1.00
Class 17	High School	
	Per 30 Students	1.00
Class 14	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:

$$[(\text{Estimated daily volume}) / (\text{Volume per EDU})] \times$$

$$[0.5 (\text{BOD per Bulletin 54B}) / (\text{BOD per EDU}) +$$

$$0.5 (\text{SS per Bulletin 54B}) / (\text{SS per EDU})]$$

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	\$7,052
Annexation Fee (if required)	\$11,302

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	\$3,470
≤ 15'	>8'	4	56	\$5,373
>15' to 30'	≤8'	5	90	\$7,377
>15' to 30'	>8'	5	115	\$9,501
>30'	Any	5	Actual	Actual

If paving is less than or equal to 15 feet is required, there is an additional fee of \$1,456. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$2,440. If county road inspection is required, there is an additional fee of \$1,389.

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

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: July 22, 2019
SUBJECT: Consider Ordinance No. 345 Amending Administrative Code Articles 18, 19, and 23 with Changes Regarding Pipeline Extension Requirements

Description

The proposal is to create one water pipeline extension policy for the entire service area. Developers and property owners requesting new water service will be required to fund the water pipeline extensions from the existing system necessary to provide service to their property. In the past, the District established an amount to collect that was to be used to off-set the future cost of the extension of service. In many cases, this amount was not escalated and it no longer covers the cost of potential extensions. In addition, at that time the District priority was service extension and now the priority is to replace infrastructure at the end of its useful life.

Currently in the Fallbrook Service Area, the District is obligated to extend water mains to each forty-acre parcel (quarter-quarter section) or larger single ownership parcel with in the District. (Article 23.1 & Ordinance No.226)

Currently in the DeLuz Service Area, policy provides for limited District funded waterline extensions to each property under single ownership as of July 1, 2000, in Deluz Improvement District 1 & 2.

The DeLuz Pipeline Extension Policy also established how District funded pipeline extensions within the Deluz service area, but outside of the DeLuz Improvement District 1 & 2 will be handled. This includes 5 different designated areas in the most rural and undeveloped areas of DeLuz.

Purpose

The proposed revisions (Attachment A) would require all developers or property owners to fund all pipelines extensions beyond the existing water distribution system to serve individual parcels as a requirement of service so that existing customers are not funding any extensions for new development. A summary of existing policies and proposed changes is included with red lined copies of Article 18, 19 and 23.

Budgetary Impact

The changes would ensure new development fully funds any required pipeline extensions to serve the parcels being developed.

Recommended Action

Engineering and Operations Committee is recommending the Board adopt Ordinance No. 345 amending Articles 18, 19 and 23 with the proposed changes.

Attachment A

Article 18. **Annexations**

Sec. 18.1 Incorporation by Reference.

Ordinance Nos. 73, 92, 122, 226, and 248 are hereby incorporated into the Administrative Code and made a part hereof. Summaries of various provisions of these ordinances follow herein. Reference must be made to a particular ordinance for exact language and legal descriptions of property annexed. The above referenced ordinances refer to the following:

Ordinance No. 73	1950 Annexation
Ordinance No. 92	1958 Annexation
Ordinance No. 122	Airpark Annexation
Ordinance No. 226	Conditions of Service, Waterline Extensions
Ordinance No. 248	Water Service & Water Rates
Resolution No. 1732	Description of Land, Red Mountain Ranch
Resolution No. 1791	Red Mountain Ranch Annexation
Resolution of LAFCO	DeLuz Annexation 1/8/90
Resolution No. 10A	Board of Supervisors, DeLuz Annexation 6/13/90

Sec. 18.2 General.

Water Service will be provided to lands within FPUD only after the owner of each parcel to be served has paid an annexation fee. Annexation fees are established for the purpose of equalizing the proportionate obligations, expenditures, and costs of operation between the territory within the District and the territory to be annexed.
Ordinance No. 92

~~As finances permit, the District will, at its discretion, provide, maintain, operate mains to serve water to but not within each forty acre parcel or larger single ownership parcel within the District.~~
Ordinance No. 226 and 248.

Sec. 18.3 Annexation Payments.

Annexation payments made to the District will be deposited in and held in a special account and will be used by the District toward defraying the costs and expenses of:

- a) Payment of costs and expenses of the District in connection with or incidental to the annexation proceedings.
- b) Payment to the San Diego County Water Authority and Metropolitan Water District of any amounts established by each said Authority and said District in consenting to the concurrent annexation of said territory to said Authority and said District, to be levied as special taxes by said Authority and by said District.

- c) In lieu taxes, from date of Board's approval of annexation to date District taxes may be levied.
- d) Pipelines to service or facilitate service of water to the annexed lands.
- e) Storage facilities.
- f) Improvements in District's facilities to enable it to handle the larger operating load created by the annexation.
- g) Other capital improvements which the Board of Directors may determine would be beneficial to the annexed lands.

Annexed lands share fully in all District assets and liabilities and shall be subject to the same District taxes as the lands already in the District, including taxes for payment of the present bonded indebtedness and other outstanding obligations of the District. ~~Water deliveries to lands in the annexed areas, which have paid their service connection charges in full, will be commenced as rapidly as facilities can be provided out of the funds made available therefor from the payments of the annexed lands and construction and operation can be economically effected by the District.~~

All water rates, rentals, rules and regulations established and to be established by the District for water service and for water delivered by said District, irrespective of the source from which water comes, shall apply uniformly to lands in the annexed areas which have paid their service connection charges in full and to the land already within the District.

Ordinance No. 92

Sec. 18.4 Conditions for Annexation.

All lands annexed shall be subject to easements for rights of way for District pipelines, power and phone lines and similar facilities used and to be used in connection with the District's operations, as may be required and determined necessary by the Board of Directors of said District, for installing, improving, repairing, replacing and maintaining such District facilities, which rights of way shall be furnished the District without claim or charge for compensation or damages. The District or its party will undertake to locate and maintain such facilities with as little injury as possible to the landowners property consistent with maintaining and operating an efficient system.

All existing operating policies of the District relating to water service and water delivery shall apply to and govern the annexed lands which have completed their service connection charges in full, uniformly with present District lands.

District's distribution pipelines to service the annexed lands will be laid along routes as determined by the District. Pipelines beyond District distribution lines or meters, must be installed, maintained and operated by owners.

Annexation to the District is and will be subject to the condition that the said territory shall also be annexed concurrently to the SDCWA and MWD and shall become and be subject to and be bound by all the terms and conditions fixed by said District and said

- b) Fees: Effective April 24, 2012, an annexation fee of Nine Thousand Eight Hundred Sixty-Seven (\$9,867) dollars shall be charged for each equivalent dwelling unit permit for sewer service granted for service within the annexed territory at any time after the territory is annexed to the District. This fee shall be deposited with the application for issuance of a sewer service permit for service within the annexed territory.

18.13.2 Adjustment Review.

The fees and costs fixed by this Article of the Administrative Code shall be reviewed every five (5) years for the following fiscal year and the fees and costs may be adjusted to be effective with the commencement of the fiscal year.

ARTICLE 18
Sec. 18.11 – Rev. 2/93
Sec. 18.1, 18.3-4 – Rev. 4/93
Sec. 18.12 – Rev. 11/94
Sec. 18.13 – Rev. 6/95
Sec. 18.13.6 – Rev. 9/96
Sec. 18.13.4 – Rev. 6/97
Sec. 18.13.5 – Rev. 6/97
Sec. 18.13.6(b) – Rev. 6/97
Sec. 18.13.2,3,4,5,6(b) – Rev. 9/98
Sec. 18.13 – Rev. 4/12
Secs. 18.2, 18.3 – Rev. 7/19

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.

~~Sec. 19.12.1 Fallbrook Service Area.~~

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~~the Chief Engineer, may be required by the District.

~~Sec. 19.12.2 DeLuz Service Area.~~

~~The DeLuz Service Area consists of a Parent District and coterminous I.D.'s No. 1 and No. 2. There is approximately 1000 acres of land in the Parent District. These parcels are within the CWA and MWD service area and are~~

entitled to imported water, but must pay annexation fees to FPUD before being entitled to be served. As long as these parcels remain in the Parent District, they do not pay standby charges or the G.O. Bond tax levy used to pay for the District's facilities. All properties in the two I.D.'s do pay standby charges and the G.O. Bond tax levy.

It is the policy of the Board of Directors of the Fallbrook Public Utility District that water system extensions in the DeLuz Service Area shall be as follows:

1. ~~Parcels or groups of contiguous parcels under the same ownership in existence as of July 1, 2000, in the Improvement Districts are entitled to adequate water system extensions and service at District expense. The water system and service will be extended to the boundary of the parcel or group of parcels under the same ownership on a case-by-case basis consistent with regulation and the overall best interests of the District and service areas. Both Temporary Service Agreements (TSA's) and Permanent Remote Meter Agreements (RMA's) may be utilized as in the Fallbrook Service Area. Where undersized District lines are in place, the District will upsize these lines when necessary to serve new additional parcels at the developer's expense.~~
2. ~~Parcels in the Parent District but outside the Improvement Districts fall into one of the following categories:~~
 - A) ~~The southern DeLuz Road area is designated as Area "A" on the attached exhibit. The District shall extend adequate water service along DeLuz Road at District expense to these parcels provided that all the parcels in Area "A" have paid annexation fees to the Improvement Districts. Any parcel in Area "A" that is not touched by a waterline will be responsible for providing an adequate system extension for service consistent with District regulations, including TSA's and RMA's.~~
 - B) ~~The remote area west of the DeLuz Road Area "A" is designated as Area "B" on the attached exhibit and will be entitled to an adequate system extension from DeLuz Road to the eastern boundary of Section 6 provided that all parcels in Area "B" have paid annexation fees to the Improvement Districts, and the Area "A" improvement is complete. Any parcel in Area "B" that is not touched by a waterline will then be responsible for providing an adequate system extension for service consistent with District regulations, including TSA's and RMA's.~~
 - C) ~~The area west of DeLuz Road is designated as Area "C" on the attached exhibit and will be entitled to adequate system extensions in DeLuz Road south to the center of Section 32 provided that all parcels in Area "C" have paid annexation fees to the Improvement Districts. Any parcel in Area "C" that is not touched by a waterline will then be responsible for providing an adequate system extension for service consistent with District regulations, including TSA's and RMA's.~~
 - D) ~~The area in Section 31 which is unannexed to the Improvement Districts and not currently (1-1-99) touched by a waterline is designated as Area "D" on the attached exhibit. Parcels in Area "D" will be entitled to an extension and looping of the Distribution System from the end of the existing 4-inch main to the end of the Guy 8-inch main extension provided that all parcels in Area "D" have paid annexation fees to the Improvement Districts. Any parcel in Area "D" that is not touched by a waterline will then be responsible for providing an adequate system~~

~~extension for service consistent with District regulations, including TSA's and RMA's.~~

~~E) All remaining areas in the Parent District and not annexed to the Improvement Districts will be responsible for providing an adequate system extension for service consistent with District regulations, including TSA's and RMA's, provided that the parcel in question has paid all required annexation fees to the Improvement Districts.~~

~~F) Nothing in this policy shall prohibit a parcel from extending adequate distribution systems in accordance with District regulations at its own expense for service provided that all required annexation fees for the parcel have been paid.~~

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.

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
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

Article 23.

Construction, Regulations Governing.

Sec. 23.1 Water Line Extensions and Replacements by the District.

As finances permit, the District will repair and replace the system of mains, storage reservoirs, pumps and controls that are provided existing, maintained, and operated by the District ~~will be expanded to afford adequate service of water within the District~~. Storage reservoirs connected by these mains will be located at convenient high points within the District so that reasonable pressures under gravity flow can be provided to the consumers around them. Pressures higher than those available under gravity flow will not be provided by the District except as may be considered under a special rate Ordinance.

~~As adequate funds become available, the District will, at its discretion, provide, maintain and operate mains to serve water to, but not within, each forty acre parcel or larger single ownership parcel within the District.~~

Extensions desired beyond the existing system in service, ~~which the District either does not plan to provide, or does not have the necessary funds to provide within the desired time,~~ shall be provided by others desiring the extensions.

~~When a District share for pipeline system looping occurs~~ The District can fund pipeline looping projects, when all properties are served and a short pipeline section is needed to loop the end of the pipeline to another pipeline in the distribution. When this occurs in a subdivision or other development project, the project plans of improvement must include all District pipeline improvements, both private and District funded portions, prior to being approved by the District.
Ordinance No. 226.

Sec. 23.2 Water Line Extensions, privately financed.

The following terms and conditions shall apply to extensions and others who provide them:

- a) An extension, at the expense of others, may be required as a condition of service where the property to be served does not abut a District pipeline. A required pipeline extension shall extend a minimum of 20 feet beyond the property line into the property.
- b) An extension, at the expense of others, shall be required as a condition of service where the property to be served does not abut a District pipeline and where the land is to be part of a subdivision or a similar development. For minor subdivisions (5 parcels or fewer) the pipeline extension shall extend a minimum of 20 feet in to the last parcel to be served.
- c) The District will accept, maintain and operate those extensions constructed to its standards and requirements by others. Whenever an extension is to be provided by others, it shall conform to the then current Standard Specifications for Distribution System Construction, as approved by the Board of Directors.
- d) The location of all extensions and service connections shall be at the discretion of the District.

- e) Whenever it is not possible for an extension provided by others to lie within a County Road, the District shall require that an easement, normally thirty (30) feet in width, be provided, which will enable the District to maintain and replace the pipeline.
- f) An extension to serve a major subdivision (greater than 5 parcels) or other property being similarly developed may be required to the far edge of the last lot served.
- g) All extensions shall be constructed with pipe of a size adequate in the judgment of the Chief Engineer of the District staff to serve the area and the minimum size shall be six (6) inches.
- h) Fire hydrant installations as required by the North County Fire Protection District and then existing ordinances of San Diego County shall be provided as an integral part of all extensions.
- i) The District can approve exceptions to these requirements in the form of a Remote Meter Agreement per Section 19.2 or a Temporary Service Agreement per Section 19.3.

Sec. 23.3 Repayment Agreements - Water and Sewer Line Improvements.

Improvements provided by others which benefit owners fronting upon but not contributing toward the cost at the time of construction may be subject to a privately financed extension agreement for the collection and refunding of part of the cost. The Agreement consists of the following:

- a) The District will have title to the improvements and will operate and maintain them as a part of the District's system.
- b) The District agrees to collect a proportionate contribution for the cost of the improvements to provide service to those adjoining lands benefiting from them for a period of 10 years or until all proportionate charges have been collected and refunded, whichever period is less.
- c) The District agrees to refund to the financing owners the proportionate contribution funds that are collected.
- d) The District will have the sole authority to permit connections to or extensions from and service connections to said privately financed improvements.
- e) The basis upon which proportions of the cost of the improvement(s) shall be computed for each privately financed extension agreement shall be negotiated by the Board of Directors with the financing owners and shall generally consist of practicable front footage, acreage, number of service connections, or such other basis as may be determined by the Board of Directors to be equitable to the financing owners and other benefiting property owners.
- f) The improvement(s) will be installed in an easement granted to the District free of liens and encumbrances.

between the common sewer main and the service cleanout upon the request of the Owner. The District may repair that portion of the Owner's lateral between the common sewer main and the service cleanout upon the request of, and at the expense of, the Owner.

Sec. 23.6 Temporary Sewer Service Connections.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a consumer that a connection will be placed temporarily at a location which must be pumped to serve the property, where the District intends, at some future date, to extend the District collection system to abut, or cross, the property described in the agreement, and that the consumer is responsible for extending his own temporary private lateral from the main to his property, obtaining whatever temporary easements are required for such extension, and maintaining private pump stations in a sanitary fashion, free of odors. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's collection system and the cost of connection to the gravity main, and shall be binding upon the signatory and all successor owners of said property.

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 23
Sec. 23.1 – Rev. 7/94
Sec. 23.4 – Rev. 6/95
Sec. 23.5.2 – Rev. 9/96
Sec. 23.3 – Rev. 1/99
Sec. 23.5, Sec. 23.5.1- Rev. 6/99
Sec. 23.6 – Added 11/99
Sec. 23.5 – Rev. 1/01
Sec. 23.5 – Rev. 6/07
Secs. 23.1, 23.2 – Rev. 7/19

ORDINANCE NO. 345

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING PORTIONS OF ARTICLES 18, 19, AND 23, RELATING TO
PIPELINE EXTENSION REQUIREMENTS**

* * * * *

WHEREAS, the Fallbrook Public Utility District (the "District") previously annexed certain territory into its service area pursuant to Public Utilities District Act of 1921, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and all other applicable law at the time such annexations were made as such laws existed at the time such annexations were made; and

WHEREAS, each such annexation was made subject to specific terms and conditions applicable to the particular annexation; and

WHEREAS, included in such specific terms are varying policies and requirements relating to pipeline extensions; and

WHEREAS, the District now wishes to revise portions of the District's Administrative Code to create a uniform policy for pipeline extension, by which property owners or developers would be required to pay for the actual costs of all pipeline extension beyond the existing water distribution system to serve individual parcels as a requirement of service; and

WHEREAS, the District is not proposing by this action to adopt any new fee or charge which would otherwise be subject to articles XIII C or XIII D of the California Constitution, or any other law governing the imposition of fees and charges, and nothing contained herein is intended to impair any existing obligation or contract of the District;

BE IT ENACTED BY the Board of Directors of Fallbrook Public Utility District as follows:

SECTION I. The Recitals set forth above are true and correct, and by this reference incorporated herein.

SECTION II. The Board of Directors of the District hereby amends articles 18, 19, and 23 of the District's Administrative Code as set forth in Exhibit "A" hereto.

SECTION III. To the extent that said revisions conflict or are inconsistent with any previously adopted ordinance, resolution, or other action of the Board, it is the express intent of the Board that the provisions of Articles 18, 19, and 23, as amended

hereby, shall control, and that such previous actions, resolutions, or ordinances are amended accordingly.

SECTION IV. Except as provided in Exhibit "A" hereto, all other provisions of Articles 18, 19, and 23 shall remain unchanged and in full force and effect.

SECTION V. If any clause or provision of this Ordinance is found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Ordinance shall nonetheless continue in full force and effect.

SECTION VI. This Ordinance shall be posted or published as required by applicable law. This Ordinance shall take effect 30 days after its passage.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of July, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit A

**Amendments to Articles 18, 19, and 23 of the
Fallbrook Public Utility District Administrative Code**

[see attached]

Article 18. **Annexations**

Sec. 18.1 Incorporation by Reference.

Ordinance Nos. 73, 92, 122, 226, and 248 are hereby incorporated into the Administrative Code and made a part hereof. Summaries of various provisions of these ordinances follow herein. Reference must be made to a particular ordinance for exact language and legal descriptions of property annexed. The above referenced ordinances refer to the following:

Ordinance No. 73	1950 Annexation
Ordinance No. 92	1958 Annexation
Ordinance No. 122	Airpark Annexation
Ordinance No. 226	Conditions of Service, Waterline Extensions
Ordinance No. 248	Water Service & Water Rates
Resolution No. 1732	Description of Land, Red Mountain Ranch
Resolution No. 1791	Red Mountain Ranch Annexation
Resolution of LAFCO	DeLuz Annexation 1/8/90
Resolution No. 10A	Board of Supervisors, DeLuz Annexation 6/13/90

Sec. 18.2 General.

Water Service will be provided to lands within FPUD only after the owner of each parcel to be served has paid an annexation fee. Annexation fees are established for the purpose of equalizing the proportionate obligations, expenditures, and costs of operation between the territory within the District and the territory to be annexed.

Ordinance No. 92

Ordinance No. 226 and 248.

Sec. 18.3 Annexation Payments.

Annexation payments made to the District will be deposited in and held in a special account and will be used by the District toward defraying the costs and expenses of:

- a) Payment of costs and expenses of the District in connection with or incidental to the annexation proceedings.
- b) Payment to the San Diego County Water Authority and Metropolitan Water District of any amounts established by each said Authority and said District in consenting to the concurrent annexation of said territory to said Authority and said District, to be levied as special taxes by said Authority and by said District.
- c) In lieu taxes, from date of Board's approval of annexation to date District taxes may be levied.
- d) Pipelines to service or facilitate service of water to the annexed lands.
- e) Storage facilities.

- f) Improvements in District's facilities to enable it to handle the larger operating load created by the annexation.
- g) Other capital improvements which the Board of Directors may determine would be beneficial to the annexed lands.

Annexed lands share fully in all District assets and liabilities and shall be subject to the same District taxes as the lands already in the District, including taxes for payment of the present bonded indebtedness and other outstanding obligations of the District.

All water rates, rentals, rules and regulations established and to be established by the District for water service and for water delivered by said District, irrespective of the source from which water comes, shall apply uniformly to lands in the annexed areas which have paid their service connection charges in full and to the land already within the District.

Ordinance No. 92

Sec. 18.4 Conditions for Annexation.

All lands annexed shall be subject to easements for rights of way for District pipelines, power and phone lines and similar facilities used and to be used in connection with the District's operations, as may be required and determined necessary by the Board of Directors of said District, for installing, improving, repairing, replacing and maintaining such District facilities, which rights of way shall be furnished the District without claim or charge for compensation or damages. The District or its party will undertake to locate and maintain such facilities with as little injury as possible to the landowners property consistent with maintaining and operating an efficient system.

All existing operating policies of the District relating to water service and water delivery shall apply to and govern the annexed lands which have completed their service connection charges in full, uniformly with present District lands.

District's distribution pipelines to service the annexed lands will be laid along routes as determined by the District. Pipelines beyond District distribution lines or meters, must be installed, maintained and operated by owners.

Annexation to the District is and will be subject to the condition that the said territory shall also be annexed concurrently to the SDCWA and MWD and shall become and be subject to and be bound by all the terms and conditions fixed by said District and said

Authority respectively, for said annexation and annexation to the District shall become effective and binding only if and when said annexation also has become effective and binding as to the SDCWA and MWD and said lands have been included in and have become a part of the SDCWA and MWD.

Ordinance No. 92

Sec. 18.5 1950 Annexation.

The 1950 annexation has all been paid into the District. The 1950 annexation was recorded August 1, 1950.

Ordinance No. 73.

Sec. 18.6 1958 Annexation.

A petition for annexation to the Fallbrook Public Utility District of unincorporated contiguous territory was filed with the District by not less than 15% of the qualified electors residing in the territory and adopted on September 2, 1958.

In 1958, the District annexed 7,277 acres of land, mainly in the area across the Santa Margarita River, but also taking in all the little windows, which were within the original District boundary that had not paid their annexation fee. Prior to 1958, annexations were not voluntary, and therefore, there was no annexation fee charged at the time. Starting in 1958, a fee of \$250/acre rising to \$450/acre, which was reached in 1970, is a condition for receiving District water. Persons wishing to annex to the District must provide 1) certification of gross acreage by a licensed engineer or surveyor, 2) metes and bounds legal description, and 3) a plat map. (A recorded lot split map showing gross acreage provides all three requirements.)

At the option of the owner of land within the annexed area, service connection charges may be paid for a portion of a single ownership, at the rate of \$450/acre, subject to the following conditions:

- a) The portion of a single ownership so paid up shall consist of not less than 10 acres and shall be rectangular in shape with all four of its side boundaries parallel to Section lines, except sides which are property boundaries.
- b) Water service will not be provided for any portion of a single ownership unless service connection charges have been paid for all planted acreage within such single ownership.

The 1958 annexation was filed with the County Recorder on November 24, 1958.
Ordinance No. 92

Sec. 18.7 Airpark Annexation.

In 1966, the Board annexed the Airpark property to the District. The maximum service connection charge of \$400 per gross acre was reached in 1975.
Ordinance No. 122.

Sec. 18.8 Red Mountain Ranch Annexation.

In 1978, the District annexed 330 acres of Red Mountain Ranch. Water service connection charges (annexation) began at \$750/acre in 1980 and progressed to \$1,000/acre January 1, 1984. The District will not serve any parcel above the 1400 foot elevation level until such time as all water service connection charges have been paid on all such parcels within the annexed area. Two parcels, 108-010-39 and 40, have been granted a waiver from this agreement.
Resolution Nos. 1732 & 1791

Sec. 18.9 DeLuz Annexation.

Formation of the Parent District of the DeLuz Heights MWD occurred on September 25, 1962 by the registered voters. The District then became a member agency of the San Diego County Water Authority on June 28, 1967, and the District Board of

Directors established Improvement District No. 1 (I.D. #1) on March 11, 1969 which consisted of approximately 8,970 acres. Subsequently, a joint petition was filed by 13 individual property owners requesting annexation of approximately 1,580 additional acres to I.D. #1. Improvement District No. 2 (I.D. #2) was formed by the Board of Directors on February 29, 1972 by a special election of individual property owners, which brought the total area to 10,687 acres.

Both I.D. #1 and #2 have coterminous boundaries and voter approved bonds in both areas were used for system improvements in the DeLuz Service Area.

On June 13, 1990, the San Diego County Board of Supervisors and the Local Agency Formation Commission approved the dissolution of DeLuz Heights MWD and its annexation to the Fallbrook Public Utility District, with approval from a majority of the voters. This reorganization included transfer of 12,000 acres of inhabited land, all tangible assets and monies, including cash on hand, monies due but not collected, and all accounts payable and any other obligations, effective June 30, 1990.
LAFCO Resolution dated 1/8/90 & Board of Supervisors Resolution No. 10A dated 6/13/90.

Sec. 18.10 Annexation/Detachments Between Adjacent Districts.

Requests for annexation/detachment between Districts is usually done because one District has a pipeline closer to the parcel wishing service, or the other District can provide more adequate service. These requests must be made to both Districts so that annexation/detachment is concurrent. The Board of Directors determines administrative fees, annexations fees, and/or pro-rated share of bonded indebtedness.
Ordinance No. 120

Sec. 18.11 Partial Annexations.

If a landowner has more than 10 acres, he may pay for just 10 acres, provided he submits a legal description of the acreage to be annexed and served with District water. If he has less than 10 acres, he must pay in the whole piece. If more than 10 acres are planted, he must bring in all the planted area. In December of 1976, the Board of Directors authorized the General Manager and/or Secretary to accept a promissory note secured by a Deed of Trust, for annexation fees, if the payment of the fees causes a hardship on the property owner. The owner must pay 20% down with the balance, plus interest at the current general rate, on the promissory note. The balance is paid in four annual payments.

This section revises Section 4 of Ordinance No. 92

Sec. 18.12 DeLuz Service Area Annexations.

The fees charged for annexation of land to the DeLuz Service Area are as follows:

- a) Fee for annexation to the DeLuz Service Area, Parent District, is \$1,000.00, plus an acreage fee of \$100.00 per acre.
- b) Fee for annexation to the DeLuz Service Area Improvement Districts I and II is \$1,000.00, plus an acreage fee of \$350.00 per acre.
- c) Fee for annexation to the DeLuz Service Area Parent District and Improvement Districts I and II is \$1,000.00, plus an acreage fee of \$450.00 per acre.

18.12.1 Additional Costs.

The acreage fee shall increase as follows:

Five percent (5%) annually commencing July 1, 1988, and this increase shall be imposed on the first day of July of each calendar year thereafter.

All costs of preparing and processing an Environmental Impact Report, in the event one is required to process the annexation, shall be paid in full by the applicant.

All persons making application for annexation shall deposit with the District the required fees. In the event an environmental impact report is required to be prepared, the estimated cost of preparation and processing of the report shall be deposited with the District prior to the employment of the person or firm which will prepare the report. All additional fees required shall be deposited by the applicant before the District will file the Certificate of Completion to complete the annexation process. Any excess fees deposited will be returned to the applicant upon completion of the annexation.

DeLuz Heights MWD Ordinance No. 10 (9/8/87)

Sec. 18.13 Improvement District "S".

18.13.1 Annexation Fees and Costs.

The fees and costs for annexation of real property to the Fallbrook Public Utility District, Improvement District "S" after April 24, 2012, shall be those set forth below:

- a) Costs: The amount of Three Hundred Dollars (\$300.00) plus the current LAFCO processing fees shall be paid to the District at the time of application for processing annexation of real property to Improvement District "S".

The costs shall include any fees or costs required to be deposited with other governmental agencies in order to process the annexation. The District shall not approve the annexation until all required fees and costs have been deposited with the District.

- b) Fees: Effective April 24, 2012, an annexation fee of Nine Thousand Eight Hundred Sixty-Seven (\$9,867) dollars shall be charged for each equivalent dwelling unit permit for sewer service granted for service within the annexed territory at any time after the territory is annexed to the District. This fee shall be deposited with the application for issuance of a sewer service permit for service within the annexed territory.

18.13.2 Adjustment Review.

The fees and costs fixed by this Article of the Administrative Code shall be reviewed every five (5) years for the following

fiscal year and the fees and costs may be adjusted to be effective with the commencement of the fiscal year.

ARTICLE 18

Sec. 18.11 – Rev. 2/93
Sec. 18.1, 18.3-4 – Rev. 4/93
Sec. 18.12 – Rev. 11/94
Sec. 18.13 – Rev. 6/95
Sec. 18.13.6 – Rev. 9/96
Sec. 18.13.4 – Rev. 6/97
Sec. 18.13.5 – Rev. 6/97
Sec. 18.13.6(b) – Rev. 6/97
Sec. 18.13.2,3,4,5,6(b) – Rev.
9/98
Sec. 18.13 – Rev. 4/12
Secs. 18.2, 18.3 – Rev. 7/19

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 @ \$105.37 = \$526.86
 - 3" and larger 9 hours @ \$105.37 = \$948.35
- B) Fire Hydrant Installation 9 hours @ \$105.37 = \$948.35
- C) Fire Service Installation 9 hours @ \$105.37 = \$948.35

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"	\$2,761	\$464	N/A
1"	\$2,936	\$638	\$2,297
1-1/2"	\$3,981	\$1,013	\$2,968
2"	\$4,775	\$1,168	\$3,607
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 \$1,791. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$3,582. If County road inspection is required, there is an additional fee of \$1,389.

Sec. 19.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line*</u>
3/4"	\$3,174
1"	\$3,334
1-1/2"	\$4,005
2"	\$4,604

- * If paving is required up to 30 feet, there is an additional fee of \$4,704. If County road inspection is required, there is an additional fee of \$1,389.

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, 2019, 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	\$5,727
1"	1.6	\$9,164
1-1/2"	3	\$17,181
2"	5.2	\$29,782
3"	9.6	\$54,984
4"	16.4	\$93,928
6"	30	\$171,824

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>
¾" – 1"	\$121
1 ½" – 2"	\$163
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 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 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	\$5,267	\$146	\$5,413
1"	1.6	\$8,428	\$233	\$8,661
1-1/2"	3.0	\$15,802	\$437	\$16,239
2"	5.2	\$27,390	\$757	\$28,147
3"	9.6	\$50,566	\$1,398	\$51,964
4"	16.4	\$86,383	\$2,389	\$88,772
6"	30.0	\$158,018	\$34,370	\$162,388
8"	52.0	\$273,898	\$7,574	\$281,472
10"	78.0	\$410,847	\$11,361	\$422,208
12"	132.0	\$695,274	\$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 \$146 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	\$470
For each 1 inch meter	\$555
For each 1-1/2 inch meter	\$1,025
For each 2 inch meter	\$1,229
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).....	\$9,057 (complete assembly)
Model J-3765 (3-port hydrant).....	\$9,808 (complete assembly)
Fire flow testing	\$527

If paving over 20 feet is required, there is an additional fee of \$254 per trench foot. If county road inspection is required, there is an additional fee of \$1,389.

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 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 \$1,254 deposit, a meter installation charge of \$121 will be made. There will be a relocation charge of \$121 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

Article 23. **Construction, Regulations Governing.**

Sec. 23.1 Water Line Extensions and Replacements by the District.

As finances permit, the District will repair and replace the system of mains, storage reservoirs, pumps and controls that are existing, maintained, and operated by the District. Storage reservoirs connected by these mains will be located at convenient high points within the District so that reasonable pressures under gravity flow can be provided to the consumers around them. Pressures higher than those available under gravity flow will not be provided by the District except as may be considered under a special rate Ordinance.

Extensions desired beyond the existing system in service shall be provided by others desiring the extensions.

The District can fund pipeline looping projects, when all properties are served and a short pipeline section is needed to loop the end of the pipeline to another pipeline in the distribution. When this occurs in a subdivision or other development project, the project plans of improvement must include all District pipeline improvements, both private and District funded portions, prior to being approved by the District.
Ordinance No. 226.

Sec. 23.2 Water Line Extensions, privately financed.

The following terms and conditions shall apply to extensions and others who provide them:

- a) An extension, at the expense of others, may be required as a condition of service where the property to be served does not abut a District pipeline. A required pipeline extension shall extend a minimum of 20 feet beyond the property line into the property.
- b) An extension, at the expense of others, shall be required as a condition of service where the property to be served does not abut a District pipeline and where the land is to be part of a subdivision or a similar development. For minor subdivisions (5 parcels or fewer) the pipeline extension shall extend a minimum of 20 feet in to the last parcel to be served.
- c) The District will accept, maintain and operate those extensions constructed to its standards and requirements by others. Whenever an extension is to be provided by others, it shall conform to the then current Standard Specifications for Distribution System Construction, as approved by the Board of Directors.
- d) The location of all extensions and service connections shall be at the discretion of the District.
- e) Whenever it is not possible for an extension provided by others to lie within a County Road, the District shall require that an easement, normally thirty (30) feet in width, be provided, which will enable the District to maintain and replace the pipeline.

- f) An extension to serve a major subdivision (greater than 5 parcels) or other property being similarly developed may be required to the far edge of the last lot served.
- g) All extensions shall be constructed with pipe of a size adequate in the judgment of District staff to serve the area and the minimum size shall be six (6) inches.
- h) Fire hydrant installations as required by the North County Fire Protection District and then existing ordinances of San Diego County shall be provided as an integral part of all extensions.
- i) The District can approve exceptions to these requirements in the form of a Remote Meter Agreement per Section 19.2 or a Temporary Service Agreement per Section 19.3.

Sec. 23.3 Repayment Agreements - Water and Sewer Line Improvements.

Improvements provided by others which benefit owners fronting upon but not contributing toward the cost at the time of construction may be subject to a privately financed extension agreement for the collection and refunding of part of the cost. The Agreement consists of the following:

- a) The District will have title to the improvements and will operate and maintain them as a part of the District's system.
- b) The District agrees to collect a proportionate contribution for the cost of the improvements to provide service to those adjoining lands benefiting from them for a period of 10 years or until all proportionate charges have been collected and refunded, whichever period is less.
- c) The District agrees to refund to the financing owners the proportionate contribution funds that are collected.
- d) The District will have the sole authority to permit connections to or extensions from and service connections to said privately financed improvements.
- e) The basis upon which proportions of the cost of the improvement(s) shall be computed for each privately financed extension agreement shall be negotiated by the Board of Directors with the financing owners and shall generally consist of practicable front footage, acreage, number of service connections, or such other basis as may be determined by the Board of Directors to be equitable to the financing owners and other benefiting property owners.
- f) The improvement(s) will be installed in an easement granted to the District free of liens and encumbrances.

23.3.1 Administrative Costs. The administrative cost to the financing owners shall be one hundred dollars (\$100) and shall be collected by District at the time such privately financed extension agreement is entered into.

Payment for District service(s) that has been used on any parcel of land shall have been made in full before the parcel is to be eligible to receive service from a new extension or service connection.

Sec. 23.4 Pipeline Extensions - Sewer.

23.4.1 Process. If an Applicant seeks an application for sewer service for property which is not adjacent to a District sewer system pipeline, the Applicant shall be required to enter into a written agreement with the District to construct additional facilities determined necessary by the District at the time the application is submitted.

23.4.2 Agreement. No pipeline extension shall be allowed unless the Applicant executes the agreement entitled "Agreement for Construction of Sewer Facilities to be Dedicated to the Fallbrook Public Utility District".

23.4.3 Fees. For line extensions, the Applicant shall pay the District a cash deposit computed as follows:

- (a) Inspection fees of \$5 per lineal foot;
- (b) One hundred fifty percent (150%) of the District's estimate of the total construction costs for the line extension, or one hundred fifty percent (150%) of the actual bid secured by the applicant for the work, if lower.

Sec. 23.5 Construction Ownership and Maintenance of Sewer Lateral Pipelines.

The sewer lateral pipeline is that portion of the service lateral between the connection to the common sewer main and the service cleanout, located typically at the edge of the right-of-way where it connects with the owner lateral.

The installation of sewer lateral pipelines and connection of sewer lateral pipelines to the sewer main transmission lines of the District shall be done only by personnel of the District. The District is authorized to contract for such installation and connection when personnel of the District are not available to install and connect the lateral pipeline. The contract work shall be inspected and approved by the District before acceptance of the work by the District.

The entire sewer lateral pipeline and owner lateral from the connection to the common sewer main to the house connection shall belong to and be the property of the Owner. The common sewer main, including all manholes and appurtenances, shall belong and be the property of the District. The District may maintain that portion of the Owner's lateral between the common sewer main and the service cleanout upon the request of the Owner. The District may repair that portion of the Owner's lateral between the common sewer main and the service cleanout upon the request of, and at the expense of, the Owner.

Sec. 23.6 Temporary Sewer Service Connections.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a consumer that a connection will be placed temporarily at a location which must be pumped to serve the property, where the District intends, at some future date, to extend the District collection system to abut, or cross, the property described in the agreement, and that the consumer is responsible for extending his own temporary private lateral from the main to his property, obtaining whatever temporary easements are required for such extension, and maintaining private pump stations in a sanitary fashion, free of odors. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's collection system and the cost of connection to the gravity main, and shall be binding upon the signatory and all successor owners of said property.

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 23
Sec. 23.1 – Rev. 7/94
Sec. 23.4 – Rev. 6/95
Sec. 23.5.2 – Rev. 9/96
Sec. 23.3 - Rev. 1/99
Sec. 23.5, Sec. 23.5.1- Rev. 6/99
Sec. 23.6 – Added 11/99
Sec. 23.5 – Rev. 1/01
Sec. 23.5 – Rev. 6/07
Secs. 23.1, 23.2 – Rev. 7/19

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: July 22, 2019
SUBJECT: Steel Reservoir Coating Inspection Services

Purpose

This memo provides an update on inspection service costs related to the steel reservoir recoating program and seeks authorization to amend the previously approved professional services agreement.

Overview

As part of the Capital Improvement Program, the District initiated a steel water reservoir recoating plan in 2014, with the intention of recoating each of its nine reservoirs within a ten year period. As of June 2017, five of the nine reservoirs had been completed. On June 26, 2017, the board authorized MCS Inspection Group, Inc, a coating inspection provider, to provide inspection services for three of the remaining four reservoirs. The contract is for as-needed professional services, meaning it is set up as an hourly rate with a maximum value not to exceed. Due to extensive corrosion damage discovered during the execution of the projects, more inspection time has been needed and an additional \$19,710 is required for inspection services.

Upon completion of the Sandia Tank, the inspection services contract will be closed. There is one more reservoir remaining to complete the recoating program; the 2.8MG Tank, which is scheduled for the FY 2020-21 CIP. As part of that project, an RFP for a new inspection services contract will be issued.

Budgetary Impact

Inspection services are included in the Capital Budget.

Recommended Action

The Engineering and Operations Committee is recommending that the Board authorize a Professional Services Contract Amendment with MCS Inspection Group for an additional \$19,710.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: July 22, 2019
SUBJECT: As-Needed SCADA Support Contract Approval – SCADA Integrations

Description

This is a request for the Board to approve a new contract with SCADA Integrations to assist with instrumentation, controls, and SCADA support. This contract will be three years with an additional fourth year option, with a not-to-exceed amount of \$37,500 per year.

Purpose

The District utilizes a significant amount of remote monitoring and control of water and wastewater facilities in order to optimize operation of the system and reduce operational labor requirements. Some specialized troubleshooting and programming support is necessary to develop and maintain these systems. Addition support is also needed to address failures that occur after normal working hours in the event that District staff is unable to respond. As-needed support is initiated by District request for specific, well defined task.

Our current contract with SCADA Integrations for this service expires on July 1st, 2019. Due to the upcoming expiration, on May 7th, 2019, FPUD staff sent a new Request for Proposal to twelve firms, with 3 responsive bidders.

On May 22nd, 2019, a committee comprised of Jason Cavender, Operations Manager, and Chris Hamilton, Senior Instrumentation and Controls Specialist, interviewed the three responsive firms, TESCO, HydroScientific West, and SCADA Integrations. Each firm's experience, references, and overall cost were rated as selection criteria in addition to the interview.

After all scores were added, the committee agreed to recommend award to SCADA Integrations as they were proven to have the best combination of all deciding factors.

Budgetary Impact

This item is in the adopted Fiscal Year 19/20 budget in Water Services, contract services, for the amount of \$22,500, and in Wastewater Services, contract services, for the amount of \$15,000 for a total of \$37,500, so there is no additional budget impact from the approval of this item.

Recommended Action

The Engineering & Operations Committee recommends the Board award a three-year contract, with fourth year option, to SCADA Integrations for as-needed instrumentation, controls, and SCADA support, in the not-to-exceed amount of \$37,500 per year.

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: July 22, 2019
SUBJECT: 2019 California Special Districts Association Board of Directors Election, (Seat B), Southern Network

Purpose

Fallbrook Public Utility District is a member of the California Special Districts Association (CSDA), and as such, is entitled to vote for candidates in the 2019 CSDA Board of Directors Election, (Seat B) Southern Network.

Summary

There are seven candidates seeking election to Seat B for the 2020-2022 term in the Southern Network, which includes the counties of Los Angeles, San Bernardino, Orange, Riverside, San Diego, and Imperial. Arlene Schafer of Costa Mesa Sanitary District, William Nelson of Orange County Cemetery District, and Jo MacKenzie of Vista Irrigation District currently represent the Southern Network on the CSDA Board of Directors. The incumbent, William Nelson, will not be running for re-election for Seat B.

The slate of candidates is as follows: Ronald Coats of East Valley Water District, Dennis LaMoreaux of Palmdale Water District, Michael Mack of Rainbow Municipal Water District, Greg Mills of Serrano Water District, Kelly Rivers of Orange County Cemetery District, Kathleen Tiegs of Cucamonga Valley Water District, and Lindsay Woods of Hesperia Recreation and Park District (Attachment A). The District has received candidate statements for Dennis LaMoreaux, Michael Mack, Greg Mills, Kelly A. Rivers, Kathleen Tiegs, and Lindsay Woods (Attachment B).

The District Secretary has been designated by CSDA to cast the District's vote by electronic ballot (Attachment C) subject to Board direction. The due date for ballots is August 9, 2019.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board select one candidate from the slate of candidates in the 2019 California Special Districts Association Board of Directors Election, (Seat B), Southern Network for the 2020-2022 term and authorize the District Secretary to cast its vote by electronic ballot.

Attachment A



Home

How It Works

Logout **Mary Lou West**

Electronic Ballot - 2019 CSDA Board of Directors Election, (Seat B) Southern Network - Term 2020-2022

Please vote for your choice

Choose one of the following candidates:

- Ronald Coats - East Valley Water District
- Dennis LaMoreaux - Palmdale Water District
- Michael Mack - Rainbow Municipal Water District
- Greg Mills - Serrano Water District
- Kelly Rivers - Orange County Cemetery District
- Kathleen Tiegs - Cucamonga Valley Water District
- Lindsay Woods - Hesperia Recreation and Park District

Ronald Coats [\[view details\]](#)

Dennis LaMoreaux [\[view details\]](#)

Michael Mack [\[view details\]](#)

Greg Mills [\[view details\]](#)

Kelly Rivers [\[view details\]](#)

Kathleen Tiegs [\[view details\]](#)

Lindsay Woods [\[view details\]](#)

Attachment B



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

June 3, 2019

BOARD OF DIRECTORS

ROBERT E. ALVARADO
Division 1

DON WILSON
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

Fallbrook Public Utility District
ATTN: Ms. Mary Lou West
Board Secretary
990 E. Mission Road
Fallbrook, CA 92088-0022

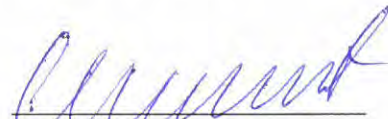
RE: SUPPORT FOR CSDA SEAT "B" IN SOUTHERN NETWORK

Dear Ms. West:

Palmdale Water District is honored to nominate Dennis LaMoreaux to serve on the Southern Network Board of Directors for the California Special Districts Association (CSDA). We respectfully request your support and vote in the upcoming election for Dennis to represent you. Enclosed is his candidate statement explaining his background and extensive qualifications that are critical for the continued success of the CSDA Board.

Dennis fully understands the important role special districts play to efficiently and responsibly provide services for the people of California. He is fully committed to strengthening the understanding of our role and helping to ensure we remain viable in California. Dennis' dedication, loyalty, knowledge and work ethic have made him a stellar leader for Palmdale Water District. We are confident that he will be a true asset to the Southern Network Board with your support.

Very truly yours,



VINCENT DINO,
President



KATHY MAC LAREN,
Vice-President

Enclosure

cc: PWD Board of Directors

VOTE FOR DENNIS D. LaMOREAUX CSDA SOUTHERN NETWORK BOARD SEAT "B"

Fellow Southern Network CSDA Members,



Dennis D. LaMoreaux

I respectfully ask for your support to be the Seat "B" Board member for our area. I have worked with special districts in California for more than three decades and am confident that I have the skills, experience and commitment to be a strong proponent for our Network. There were several challenges and changes to special districts during my tenure. These include Little Hoover Commission reports, gaining representation on Local Agency Formation Commissions, and multiple efforts to better inform and educate State legislators. These challenges were handled successfully and made us stronger and more unified. My involvement with these matters will be helpful for both our Network and the entire Association as new issues arise.

My 30-plus years with special districts have been with Palmdale Water District and Rosamond Community Services District. Palmdale Water District celebrated 100 years of serving the community in 2018. It is a medium-sized water district with about 27,000 water service connections. It is a State Water Contractor that operates in an adjudicated groundwater basin and owns two surface water reservoirs and dams. Rosamond Community Services District was formed in 1966 to provide services in its area. It is a smaller district with 5,103 water and 4,738 sewer connections. It also operates streetlights and provides graffiti abatement. My experience in these different types of districts is valuable and gives a well-rounded background to understand and advocate for our Network.

The Southern Network has a large area and nearly 200 member agencies. I am fully committed to representing the entire Network as a board director. With your votes, I will be honored to work with current Southern Network Directors Arlene Schafer and Jo MacKenzie to make sure our needs are met and are well represented within the full CSDA Board.





May 22, 2019

Ms. Mary Lou West
Fallbrook Public Utility District
990 E. Mission Road
Fallbrook, CA 92088-0022

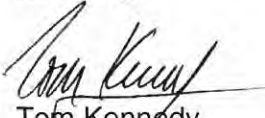
Dear Ms. West,

It is with great pleasure that I forward for your consideration a candidate statement for Director Michael Mack who is seeking your support for the Southern Network (Seat B) of the California Special Districts Association Board of Directors.

Director Mack has served on the Rainbow Municipal Water District Board of Directors since 2016. He is actively involved in CSDA, serving on the Elections and Bylaws Committee, as well as with the Association of California Water Agencies.

Attached you will find a candidate's statement summarizing some of his many accomplishments. I encourage you to forward this information to your Board of Directors and consider supporting his candidacy for the 2019 elections which will take place June 17th to August 9th. Please do not hesitate to contact me, if you need additional information or if you would like him to contact your Board of Directors.

Sincerely,



Tom Kennedy
General Manager

ENDLESS POSSIBILITIES



My name is Michael Mack and I am honored to be seeking election to be on the Board of Directors of California Special Districts Association.

I was elected to the Rainbow Municipal Water District Board of Directors in December 2016 and appointed to serve as the District's representative at both ACWA and CSDA. My background includes a degree in horticulture and worked for the City of San Marcos for over thirty years. As the Parks Department Supervisor, I had many responsibilities including reviewing plans and inspection of new park and street median installations. I was both a Certified Playground Inspector and Irrigation Auditor. One of my main responsibilities was ensuring efficient usage of water resources. I calculated, determined, and programmed water requirements for the plant material for all parks and street medians within the City.

I have learned the importance of CSDA is we are the support system to help ensure efficient and productive services to both small and large communities throughout California at the local level of city governments. As your CSDA Board Member, I see endless possibilities and promise to tackle and meet the challenges our districts face. We all must work together for present and future needs for our special districts and by doing so we can and will achieve our goals. We must be proactive with our legislators and with this energy and commitment we can make the difference between success and failure.

I am very honored to have this chance to serve all of you and given this opportunity. I feel extensive service and experience in the public sector, I will work effortlessly to make those endless possibilities become reality.



SERRANO WATER DISTRICT
18021 EAST LINCOLN STREET
VILLA PARK, CA 92861-6446
714-538-0079

Directors

C.L. "Larry" Pharris, Jr., President
Greg Mills, Vice President
Frank O. Bryant
Jerry L. Haight
Brad Reese

Jerry Vilander, General Manager

May 6, 2019

Dear President and/or General Manager:

It is my honor to request your agency's support and vote for election to CSDA Seat B (California Special Districts Association) for the 2020-2022 term. Please disseminate this letter and attached candidate statement of experience to your agency's governing board.

I have served on the Serrano Water District Board for over three years and am currently the Board Vice President providing solid leadership and guidance with the District's Finance and Insurance Committees. Additionally, I have served as the District's representative for the ACWA-JPIA Insurance Committee for the past year.

Previously, I served on the Villa Park City Council for a four-year term including one term as Mayor and another as Mayor Pro-Tem. During my tenure with the City of Villa Park, I was very involved and an active participant in many sensitive community issues including the Community Development Committee, shortening the permitting process. Additionally, I served on the Orange County Sanitation District as a Board Member for two years proactively involved in many of the improvements that residents benefit from today. I also served a three-year term on the Orange County Vector Control District.

During my tenure here at Serrano Water District, I have been instrumental in spearheading financial programs, planning and fiscal analysis including capital improvement programs and ensuring that the District is providing high-quality water to its constituents in the most cost-effective manner. My personal commitment to the Serrano Water Districts ratepayer is emblematic of the successful stewardship towards ensuring that all assets are maintained and replaced within best industry practices.

Additionally, I have been fundamentally involved with the District's long-term planning including common sense initiatives for maximum rate payer benefit at minimum cost. I possess a solid understanding of Special Districts and believe that they provide better governance and

May 6, 2019

Page 2

improved local control. Also, I am actively involved with attending LAFCO meetings which provides me with the knowledge and skills necessary to work collaboratively in the best interest of Special Districts. Again, I am requesting your vote for the CSDA Seat B position. I am committed to working with all of the voting agencies to accomplish their goals. My statement of qualifications is attached for your perusal.

If you have any questions, kindly contact our General Manager, Jerry Vilander, at (714) 538-0079 or through email at jerryv@serranowater.org. Thank you for considering me for the CSDA Seat B position.

Sincerely,

A handwritten signature in cursive script that reads "Greg Mills".

Greg Mills
Serrano Water District, Vice President

cc: Board of Directors
Jerry Vilander, General Manager

Attachment

Greg Mills

Seat B CSDA

EXPERIENCE

BUSINESS

- Small business owner – fifteen years
- Analytical Chemist – six years
- Process Engineer – six years
- Technical Marketing Manager – three years
- Marketing Director – three years
- Marketing Executive – five years

COMMUNITY INVOLVEMENT

- Board Member (Vice President) - Serrano Water District three years
- Villa Park City Councilman – four years; One term Mayor and one term Mayor Pro-Tem (one year each)
- Orange County Sanitation District - Director two years
- Orange County Vector Control District - Director three years
- ACWA-JPIA - Representative Serrano Water District
- Villa Park Family Picnic – five years
 - Chair – three years
- Eagle Scout
- Villa Park Rotary - Board member twenty-one years.
 - Club President; Paul Harris Fellow
- Indian Princess YMCA - seven years
- Orange Elks Lodge – seven years



PROFFESIONAL

- American Chemical Society – thirty years
- CS Mantech – eleven years
- PDA (Parenteral Drug Association)– five years
- ISPE (International Society of Pharmaceutical Engineering – eight years
- SEMI (Semiconductor Equipment and Manufacturer Institute – nine years
- Optical Society of America – four years
- MEPTEC
- AVS (American Vacuum Society)
 - ICMCTF

EDUCATION

- B.A., Chemistry – Illinois College
 - Phi Alpha President/Vice President
- M.S., Engineering Management – Santa Clara University

PERSONAL

- Married – 25 years. Wife: Journalist and active member of the community. One daughter currently at university.



KELLY A. RIVERS
TRUSTEE, 2ND DISTRICT
ORANGE COUNTY CEMETERY DISTRICT

I would like to announce my candidacy for the California Special Districts Association Board of Directors and ask for your district's consideration in the coming election. I currently serve on the Orange County Cemetery District Board of Trustees, where I have been a trustee for more than four years. The CSDA is incredibly important to facilitating good governance and networking our many diverse government bodies all over the state. I will remain committed to the strong foundations CSDA has built, empowering our members through educational programs, and giving our districts the representation they need in Sacramento.

Through my work with the OC Cemetery District I have championed public outreach and community events. I have been a community volunteer my entire life advocating for historic preservation, facilitating education, and coordinating events. I am currently the President of the Huntington Beach Historical Society, and director of two of the largest living history events in California. In years past I have undertaken major roles in the Huntington Beach Fourth of July Parade, the HB Historic Resources Board, and the Boy Scouts of America, Pacifica District. I believe my experience and dedication would greatly benefit all of our California special districts and organizations.

With your support, I hope to help the CSDA continue its important work around California. I may not have decades of experience on boards such as this, or a long and varied list of accolades, however, I do have time, energy, motivation, and compassion to dedicate to this organization which is so important for all of us. Thank you for your consideration, and please do not hesitate to contact me with any questions you may have.

KELLY RIVERS

John Bosler
Secretary/General Manager/CEO

April 19, 2019

Ms. Mary Lou West
Fallbrook Public Utility District
990 E. Mission Road
Fallbrook, CA 92088-0022

Dear Ms. West,

It is with great pleasure that I forward for your consideration a candidate statement for Director Kathleen Tieg who is seeking your support for the Southern Network (Seat B) of the California Special Districts Association Board of Directors.

Director Tieg has served admirably on the Cucamonga Valley Water District Board of Directors since 2005. She is actively involved in CSDA, as well as with the Association of California Water Agencies, and has served in numerous leadership positions with both organizations.

Attached you will find a candidate's statement summarizing some of her many accomplishments. You will also get a true sense of her integrity as a leader and her passion as an advocate for special districts throughout California. Also, Director Tieg will attend Special Districts Legislative Days being held in Sacramento May 21-22, 2019 if you would like to meet her in person and discuss her commitment to serving you and your district.

I encourage you to forward this information to your Board of Directors and consider supporting her candidacy for the 2019 elections which will take place June 17th to August 9th. Please do not hesitate to contact me, if you need additional information or if you would like her to contact your Board of Directors. Thank you for your consideration in this matter.

Sincerely,



John Bosler
General Manager/CEO

Kathleen J. Tiegs

2020-2022 California Special Districts Association
Board of Directors, Southern Network, Seat B



I am pleased to share with you my interest in serving as the Southern Network, Seat B, representative for the California Special Districts Association (CSDA) Board of Directors. Through my involvement with CSDA since 2011, I have served with great passion and commitment on the Board of Directors, and the Membership, Legislative, and By-laws Committees.

My experience on the Cucamonga Valley Water District (CVWD) Board of Directors has provided me with a solid foundation to lead. Elected to the CVWD in November 2005, I have served as the Board President and currently serve on the Legislative and Outreach, and Human Resources/Risk Management Committees. From 2014 to 2017 I was honored to serve in the capacity of President and Vice President of the Association of California Water Agencies (ACWA). My duties at ACWA provided me the extremely valuable opportunity to effectively dialogue with special districts across the state on the important issues they are facing and how we can solve them.

I also served on the Association of San Bernardino County Special Districts Board of Directors from 2010 – 2015 where I developed a network of colleagues in a variety of agencies with a common goal of serving the needs of our constituents. There are numerous critical issues that confront special districts today; these challenges will require strong, experienced leadership, as well as a commitment to preserving the special district's mission to make communities better by providing core local services and taking action through community collaboration.

Thank you for allowing me to share with you my experience, leadership and knowledge. I look forward to serving you and the entire CSDA organization.

With Best Regards,

Kathleen J. Tiegs



Post Office Box 401055 • Hesperia, California 92340-1055 • (760) 244-5488

February 26, 2019

Mary Lou West
Fallbrook Public Utility District
990 E. Mission Road
Fallbrook, CA 92088-0022

Dear Mary Lou:

I want to share my interest in serving you and your District as the Southern Network (Seat B) representative on the CSDA Board of Directors. In order to accomplish this I am asking for your consideration and hopefully your District's vote. Once the nominations close, April 17th, the ballots will be emailed to each district's CSDA contact person. The deadline for returning the ballot to CSDA's office is August 9th.

It has been a privilege and honor to be active with CSDA by serving at the committee level as a representative of the California Special Districts Association's Southern Network. I have served the Hesperia Recreation and Park District (HRPD) since 1987 in a variety of capacities which has given me a well-rounded foundation in the special district governance. HRPD was established in 1957 and now serves a diverse population of over 90,000. Our District provides a wide range of recreational, educational, social and other vital community services to our residents.

With your support I will serve you, your agency, and the other member districts of CSDA with the same high level of professionalism, dedication, service, and innovation that I have provided to the residents of Hesperia and HRPD. If elected, I will work cooperatively with the other CSDA Board of Directors to advance the work we do throughout the state as well as work with other organizations to protect our districts and the vital services we provide to our communities. We are all facing many of the same challenges and I want to be an active part of the future of CSDA as we work to educate, strengthen, and defend special districts both now and in the future. Lastly, I am committed to working hard to keep our Districts intact.

I would greatly appreciate your board of director's support in the coming election. Thank you for your consideration.

Sincerely,

HESPERIA RECREATION AND PARK DISTRICT

Lindsay Woods
General Manager

/ldw

Attachment C

Mary Lou West

From: vote@simplyvoting.com on behalf of CSDA <vote@simplyvoting.com>
Sent: Monday, June 17, 2019 7:00 AM
To: Mary Lou West
Subject: CSDA 2019 Board of Directors

Hello Mary Lou West,

You are registered to vote in CSDA 2019 Board of Directors. This ballot ends at 2019-08-09 17:00 US/Pacific.

To vote, please visit: [REDACTED]

Then enter:

[REDACTED]

Or follow this link to access the ballot directly:

[REDACTED]

Regards,
CSDA

[Unsubscribe](#)

M E M O

TO: Board of Directors
FROM: Paula de Sousa Mills, General Counsel
DATE: July 22, 2019
SUBJECT: Amendment to General Manager Employment Agreement with Jack Bebee Effective July 1, 2019

Purpose

Consider amendment to the General Manager's Employment Agreement.

Summary

At the regular meetings of April 22, May 20, and June 17, 2019, the Board of Directors conducted its annual performance evaluation and compensation review of the District's General Manager based upon his work in Fiscal Year 2018-19. The General Manager's annual performance evaluation has been completed.

Based upon the performance evaluation, his successful accomplishment or advancement of Strategic Plan Objectives for Fiscal Year 2018-19, and the completion of successful negotiations regarding the General Manager's Employment Agreement, an amendment to the Agreement has been drafted reflecting the negotiated proposed changes. The proposed amendment is attached and would:

- Provide an additional contribution to the General Manager's 401(a) plan in an amount equal to 2.3% of his salary (not to exceed \$5,022.00) for Fiscal Year 2019-20; and
- Provide one-time performance incentive compensation in the amount of \$4,978.00.

In addition, the proposed amendment would make the following changes, consistent with the benefits provided to other FPUD management employees:

- Remove the 1,000 hour cap on sick leave accrual and provide executive leave with a cap of 120 hours; and
- Provide a Health Reimbursement Account (HRA) upon retirement, which may be funded by converting accrued sick leave and executive leave hours.

Recommended Action

That the amendment to the Employment Agreement for General Manager Jack Bebee be approved effective July 1, 2019.

**AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC
UTILITY DISTRICT AND JACK BEBEE**

This AMENDMENT is made the ____ of July, 2019, between Fallbrook Public Utility District (hereinafter referred to as "DISTRICT") and Jack Bebee (hereinafter referred to as "EMPLOYEE").

RECITALS

- A. DISTRICT and EMPLOYEE entered into an Employment Agreement ("AGREEMENT") on August 27, 2018 pursuant to which EMPLOYEE agreed to serve as General Manager of DISTRICT. The AGREEMENT is attached hereto as Exhibit "A" and is incorporated herein by reference.
- B. Section 4 of the AGREEMENT provides that DISTRICT will conduct an annual evaluation of EMPLOYEE'S compensation in consideration of various factors therein described, and may make adjustments to the compensation and compensation in the form of benefits, which adjustments, if any, would be effective on July 1 of each year.
- C. DISTRICT and EMPLOYEE now desire to amend the AGREEMENT to reflect an adjustment to the benefits provided to EMPLOYEE under the terms of the AGREEMENT, and to provide for additional compensation to EMPLOYEE in the form of a one-time performance incentive compensation for work in accomplishing the Strategic Plan Objectives for Fiscal Year 2018-19.

NOW THEREFORE, in consideration of the mutual promises set forth herein, DISTRICT and EMPLOYEE agree to amend the following terms of the AGREEMENT as follows:

- 1. AGREEMENT Paragraph 3.b., related to Deferred Compensation, is hereby amended to add the bolded language, to read, in its entirety, as follows:

- b. Deferred Compensation Plan Contribution (401(a) Plan Contribution):

DISTRICT will match up to 2.5% of EMPLOYEE'S salary to a DISTRICT 401(a) plan as long as EMPLOYEE is contributing at least that percentage to EMPLOYEE'S individual deferred compensation 457(b) plan. **In addition for Fiscal Year 2019-20 and effective on July 1, 2019, DISTRICT shall make an additional contribution to a DISTRICT 401(a) plan in an amount equal to 2.3% of EMPLOYEE'S salary, in an amount not to exceed \$5,022.00.**

2. The title of AGREEMENT Paragraph 3.e., related to various leaves, is hereby amended to read as follows:

e. Sick, Vacation, Holiday Leave, Bereavement Leave and Executive Leave:

3. AGREEMENT Paragraph 3e.i., is hereby amended to delete the language in strikeout as follows:

i. Sick Leave: EMPLOYEE'S sick leave shall accrue at the rate of 3.69 hours per pay period. ~~EMPLOYEE's sick leave accrual is capped at 1,000 hours.~~

4. AGREEMENT Paragraph 3.e., is hereby amended by adding Paragraphs 3.e.v. and 3.e.vi., as follows:

v. Executive Leave:

(1) EMPLOYEE shall accrue 1.54 hours of executive leave per pay period, up to a maximum of 120 hours.

(2) Once EMPLOYEE reaches the maximum accrual of 120 hours, EMPLOYEE will stop accruing executive leave until EMPLOYEE'S balance is below 120 hours.

(3) Half (½) of EMPLOYEE'S executive leave balance shall be cashed out upon voluntary termination or retirement OR upon retirement, EMPLOYEE may elect to contribute up to EMPLOYEE'S entire executive leave balance to an Health Reimbursement Account, pursuant to Paragraph 3.e.vi., below.

vi. Health Reimbursement Account (HRA):

The following provisions apply if EMPLOYEE retires after age 50, with 10 or more years of continuous employment. For purposes of this paragraph 3.e.vi., the term "retiree" and "EMPLOYEE" are used interchangeably, and any references to "EMPLOYEE" is meant to refer to EMPLOYEE once retired.

In the event EMPLOYEE retires after age 50 with 10 or more years of continuous employment, EMPLOYEE has the option of continuing on DISTRICT'S medical, dental and/or vision insurance plans using an HRA account that is funded with conversion of EMPLOYEE'S sick leave hours as follows:

- (1) Using the current benefit plan year's premium rates and a 5% projection for possible cost increases in subsequent years, DISTRICT estimates the projected cost for EMPLOYEE to pay 50% of the employee-only monthly premium for dental and/or vision coverage and 50% of the employee-only monthly medical premium/s, with DISTRICT paying the remaining 50% of the employee-only dental and/or vision and employee-only monthly medical premium/s.

Following is an example of how the medical premium costs are shared between the retiree and DISTRICT:

	TOTAL MONTHLY PREMIUM FOR KAISER MEDICAL	RETIREE PAYS MONTHLY	DISTRICT PAYS MONTHLY
RETIREE Only Coverage	\$ 623.16	\$ 311.58	\$ 311.58
RETIREE + One	\$ 1,236.43	\$ 924.85	\$ 311.58
RETIREE + Family	\$ 1,745.45	\$ 1,433.87	\$ 311.58

- (2) The full amount as calculated in Paragraph 3.e.vi.1., above is the amount that will be transferred from EMPLOYEE'S final sick leave balance to EMPLOYEE'S HRA account, which will be used to make the monthly premium payments until the HRA account balance is depleted or the retiree or their covered spouse, if applicable, reaches Medicare eligibility.

The following is an HRA example for an employee that retires in 2019 at age 60 with 1500 hours of sick leave on the books and typical Medicare

eligibility at age 65:

1. Value of Total 1500 Sick Leave Hours at Retirement	\$67,500	1500 Hours x \$45.00 (Employee's Hourly Wage)
2. Premium Cost of Retiree + Spouse Coverage for Medical, Dental & Vision		NOTE: Premium costs provided for example only, they do not represent actual rates
2019 benefit year	\$10,000	
+5% in 2020	\$10,500	
+5% in 2021	\$11,025	
+5% in 2022	\$11,567.25	
+5% in 2023	\$12,155.06	
3. Amount Deposited to HRA	\$55,256.31	Estimated total cost for coverage to Medicare eligibility in 2023
4. Amount of Sick Leave Remaining After Amount Deposited to HRA	\$12,243.69	Calculation: \$67,500-\$55,256.31
5. Hours Equivalent of Remaining Sick Leave	272.08 Hours	Calculation: \$12,243.69/\$45.00. *Eligible to cash out or convert to CalPERS service credit full remaining balance since less than 600 hours max. in effect for 7/1/19-6/30/20
6. Cash out value or amount to be converted to CalPERS service credit	\$12,243.60	Calculation: 272.08*\$45.00

- (3) EMPLOYEE'S HRA account balance is depleted before EMPLOYEE becomes eligible for Medicare, EMPLOYEE can instead begin paying EMPLOYEE's share of the monthly premiums directly to DISTRICT in order to continue coverage under DISTRICT'S medical, vision and/or dental insurance plans until EMPLOYEE, or their spouse, if applicable, is eligible for Medicare.
- (4) Once EMPLOYEE and/or EMPLOYEE'S covered spouse becomes eligible for Medicare, which makes them ineligible to continue on DISTRICT'S medical coverage, they are also no longer eligible to continue on DISTRICT'S dental and/or vision coverage. Instead, they will receive information on continuing their coverage/s using COBRA.
- (5) Actual premium rates to be deducted from EMPLOYEE'S HRA, will be updated as the actual

rates are provided for each new plan year (January 1 – December 31).

- (6) If applicable, any balance in the account when EMPLOYEE becomes eligible for Medicare or if EMPLOYEE should die prior to becoming eligible for Medicare, will be available for the same use to EMPLOYEE'S covered eligible dependent(s) until they become eligible for Medicare or COBRA rights are exhausted, whichever comes first. If there is no covered eligible dependent(s), any unused balance shall be forfeited.
- (7) If EMPLOYEE has sick leave hours remaining after the mandatory contribution to the HRA account as described above, OR if EMPLOYEE chooses to not participate in the HRA, EMPLOYEE has the choice of:
 - (a) Cashing out half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined below, or all of their remaining balance, whichever is less; or
 - 600 hours max. – Effective July 1, 2019 - June 30, 2020
 - 500 hours max. – Effective July 1, 2020 – June 30, 2021
 - 400 hours max. – Effective July 1, 2021 – June 30, 2022
 - (b) Converting half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined above, to CalPERS service credit.

5. Compensation Successfully Accomplishing and/or Advancing the Strategic Plan Objectives for Fiscal Year 2018-19.

Effective July 1, 2019, EMPLOYEE shall receive a one-time performance incentive compensation of \$4,978.00 for successfully accomplishing and/or advancing the Strategic Plan Objectives for Fiscal Year 2018-19.

6. All remaining terms of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the “Employment Agreement Between Fallbrook Public Utility District and Jack Bebee” on the day and year first above written.

DATED: _____

Jack Bebee

FALLBROOK PUBLIC UTILITY DISTRICT

DATED: _____

Don McDougal, President
Fallbrook Public Utility District

EXHIBIT "A"

**EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC UTILITY
DISTRICT AND JACK BEBEE (August 27, 2018)**

**AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC
UTILITY DISTRICT AND JACK BEBEE**

This AMENDMENT is made the ____ of July, 2019, between Fallbrook Public Utility District (hereinafter referred to as "DISTRICT") and Jack Bebee (hereinafter referred to as "EMPLOYEE").

RECITALS

- A. DISTRICT and EMPLOYEE entered into an Employment Agreement ("AGREEMENT") on August 27, 2018 pursuant to which EMPLOYEE agreed to serve as General Manager of DISTRICT. The AGREEMENT is attached hereto as Exhibit "A" and is incorporated herein by reference.
- B. Section 4 of the AGREEMENT provides that DISTRICT will conduct an annual evaluation of EMPLOYEE'S compensation in consideration of various factors therein described, and may make adjustments to the compensation and compensation in the form of benefits, which adjustments, if any, would be effective on July 1 of each year.
- C. DISTRICT and EMPLOYEE now desire to amend the AGREEMENT to reflect an adjustment to the benefits provided to EMPLOYEE under the terms of the AGREEMENT, and to provide for additional compensation to EMPLOYEE in the form of a one-time performance incentive compensation for work in accomplishing the Strategic Plan Objectives for Fiscal Year 2018-19.

NOW THEREFORE, in consideration of the mutual promises set forth herein, DISTRICT and EMPLOYEE agree to amend the following terms of the AGREEMENT as follows:

- 1. AGREEMENT Paragraph 3.b., related to Deferred Compensation, is hereby amended to add the bolded language, to read, in its entirety, as follows:

- b. Deferred Compensation Plan Contribution (401(a) Plan Contribution):

DISTRICT will match up to 2.5% of EMPLOYEE'S salary to a DISTRICT 401(a) plan as long as EMPLOYEE is contributing at least that percentage to EMPLOYEE'S individual deferred compensation 457(b) plan. **In addition for Fiscal Year 2019-20 and effective on July 1, 2019, DISTRICT shall make an additional contribution to a DISTRICT 401(a) plan in an amount equal to 2.3% of EMPLOYEE'S salary, in an amount not to exceed \$5,022.00.**

2. The title of AGREEMENT Paragraph 3.e., related to various leaves, is hereby amended to read as follows:

e. Sick, Vacation, Holiday Leave, Bereavement Leave and Executive Leave:

3. AGREEMENT Paragraph 3e.i., is hereby amended to delete the language in strikeout as follows:

i. Sick Leave: EMPLOYEE'S sick leave shall accrue at the rate of 3.69 hours per pay period. ~~EMPLOYEE's sick leave accrual is capped at 1,000 hours.~~

4. AGREEMENT Paragraph 3.e., is hereby amended by adding Paragraphs 3.e.v. and 3.e.vi., as follows:

v. Executive Leave:

(1) EMPLOYEE shall accrue 1.54 hours of executive leave per pay period, up to a maximum of 120 hours.

(2) Once EMPLOYEE reaches the maximum accrual of 120 hours, EMPLOYEE will stop accruing executive leave until EMPLOYEE'S balance is below 120 hours.

(3) Half (½) of EMPLOYEE'S executive leave balance shall be cashed out upon voluntary termination or retirement OR upon retirement, EMPLOYEE may elect to contribute up to EMPLOYEE'S entire executive leave balance to an Health Reimbursement Account, pursuant to Paragraph 3.e.vi., below.

vi. Health Reimbursement Account (HRA):

The following provisions apply if EMPLOYEE retires after age 50, with 10 or more years of continuous employment. For purposes of this paragraph 3.e.vi., the term "retiree" and "EMPLOYEE" are used interchangeably, and any references to "EMPLOYEE" is meant to refer to EMPLOYEE once retired.

In the event EMPLOYEE retires after age 50 with 10 or more years of continuous employment, EMPLOYEE has the option of continuing on DISTRICT'S medical, dental and/or vision insurance plans using an HRA account that is funded with conversion of EMPLOYEE's sick leave hours as follows:

- (1) Using the current benefit plan year's premium rates and a 5% projection for possible cost increases in subsequent years, DISTRICT estimates the projected cost for EMPLOYEE to pay 50% of the employee-only monthly premium for dental and/or vision coverage and 50% of the employee-only monthly medical premium/s, with DISTRICT paying the remaining 50% of the employee-only dental and/or vision and employee-only monthly medical premium/s.

Following is an example of how the medical premium costs are shared between the retiree and DISTRICT:

	TOTAL MONTHLY PREMIUM FOR KAISER MEDICAL	RETIREE PAYS MONTHLY	DISTRICT PAYS MONTHLY
RETIREE Only Coverage	\$ 623.16	\$ 311.58	\$ 311.58
RETIREE + One	\$ 1,236.43	\$ 924.85	\$ 311.58
RETIREE + Family	\$ 1,745.45	\$ 1,433.87	\$ 311.58

- (2) The full amount as calculated in Paragraph 3.e.vi.1., above is the amount that will be transferred from EMPLOYEE'S final sick leave balance to EMPLOYEE'S HRA account, which will be used to make the monthly premium payments until the HRA account balance is depleted or the retiree or their covered spouse, if applicable, reaches Medicare eligibility.

The following is an HRA example for an employee that retires in 2019 at age 60 with 1500 hours of sick leave on the books and typical Medicare

eligibility at age 65:

1. Value of Total 1500 Sick Leave Hours at Retirement	\$67,500	1500 Hours x \$45.00 (Employee's Hourly Wage)
2. Premium Cost of Retiree + Spouse Coverage for Medical, Dental & Vision		NOTE: Premium costs provided for example only, they do not represent actual rates
2019 benefit year	\$10,000	
+5% in 2020	\$10,500	
+5% in 2021	\$11,025	
+5% in 2022	\$11,567.25	
+5% in 2023	\$12,155.06	
3. Amount Deposited to HRA	\$55,256.31	Estimated total cost for coverage to Medicare eligibility in 2023
4. Amount of Sick Leave Remaining After Amount Deposited to HRA	\$12,243.69	Calculation: \$67,500-\$55,256.31
5. Hours Equivalent of Remaining Sick Leave	272.08 Hours	Calculation: \$12,243.69/\$45.00. *Eligible to cash out or convert to CalPERS service credit full remaining balance since less than 600 hours max. in effect for 7/1/19-6/30/20
6. Cash out value or amount to be converted to CalPERS service credit	\$12,243.60	Calculation: 272.08*\$45.00

- (3) EMPLOYEE'S HRA account balance is depleted before EMPLOYEE becomes eligible for Medicare, EMPLOYEE can instead begin paying EMPLOYEE's share of the monthly premiums directly to DISTRICT in order to continue coverage under DISTRICT'S medical, vision and/or dental insurance plans until EMPLOYEE, or their spouse, if applicable, is eligible for Medicare.
- (4) Once EMPLOYEE and/or EMPLOYEE'S covered spouse becomes eligible for Medicare, which makes them ineligible to continue on DISTRICT'S medical coverage, they are also no longer eligible to continue on DISTRICT'S dental and/or vision coverage. Instead, they will receive information on continuing their coverage/s using COBRA.
- (5) Actual premium rates to be deducted from EMPLOYEE'S HRA, will be updated as the actual

rates are provided for each new plan year (January 1 – December 31).

- (6) If applicable, any balance in the account when EMPLOYEE becomes eligible for Medicare or if EMPLOYEE should die prior to becoming eligible for Medicare, will be available for the same use to EMPLOYEE'S covered eligible dependent(s) until they become eligible for Medicare or COBRA rights are exhausted, whichever comes first. If there is no covered eligible dependent(s), any unused balance shall be forfeited.
- (7) If EMPLOYEE has sick leave hours remaining after the mandatory contribution to the HRA account as described above, OR if EMPLOYEE chooses to not participate in the HRA, EMPLOYEE has the choice of:
 - (a) Cashing out half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined below, or all of their remaining balance, whichever is less; or
 - 600 hours max. – Effective July 1, 2019 - June 30, 2020
 - 500 hours max. – Effective July 1, 2020 – June 30, 2021
 - 400 hours max. – Effective July 1, 2021 – June 30, 2022
 - (b) Converting half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined above, to CalPERS service credit.

5. Compensation Successfully Accomplishing and/or Advancing the Strategic Plan Objectives for Fiscal Year 2018-19.

Effective July 1, 2019, EMPLOYEE shall receive a one-time performance incentive compensation of \$4,978.00 for successfully accomplishing and/or advancing the Strategic Plan Objectives for Fiscal Year 2018-19.

6. All remaining terms of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the “Employment Agreement Between Fallbrook Public Utility District and Jack Bebee” on the day and year first above written.

DATED: _____
Jack Bebee

FALLBROOK PUBLIC UTILITY DISTRICT

DATED: _____
Don McDougal, President
Fallbrook Public Utility District

EXHIBIT "A"

**EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC UTILITY
DISTRICT AND JACK BEBEE (August 27, 2018)**

**EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC UTILITY
DISTRICT AND JACK BEBEE**

This Employment Agreement (Agreement) is made the 27th of August, 2018, between Fallbrook Public Utility District (hereinafter referred to as "DISTRICT" and Jack Bebee (hereinafter referred to as "EMPLOYEE").

RECITALS

- A. DISTRICT is a governmental agency existing pursuant to the California Public Utility Act, Division 7 of the Public Utility Code.
- B. DISTRICT desires to employ EMPLOYEE to serve as its General Manager, pursuant to the terms and conditions specified in this Agreement.
- C. Upon execution by all parties to this Agreement, the EMPLOYEE shall commence serving as the General Manager pursuant to the terms and conditions of this Agreement effective [DATE].

AGREEMENT

1. EMPLOYMENT.

DISTRICT hereby employs EMPLOYEE who accepts employment to serve as its General Manager, under the terms and conditions stated herein, beginning on August 27, 2018.

2. ANNUAL COMPENSATION.

- a. EMPLOYEE shall be paid an annual salary of \$220,147.00, subject to adjustment as set forth in Paragraph 2.a.i., payable in biweekly installments at the same time as salary is paid to other DISTRICT employees. This compensation may not be reduced during the term of this Agreement except that if the Board finds it necessary to reduce salaries of all executive management employees, in which case EMPLOYEE'S salary may be reduced by no more than the average salary reduction of executive management, or except as specified below in Paragraph 2.a.i.
 - i. When EMPLOYEE serves as DISTRICT representative to the San Diego County Water Authority (CWA), EMPLOYEE'S annual salary will be automatically reduced by \$1,800 to an annual salary of \$218,347.00 to reflect the per diem compensation EMPLOYEE will receive from CWA. In no event shall EMPLOYEE serve on any CWA committees (or serve on any committees or boards of other agencies or entities related to the business of DISTRICT) without prior approval of DISTRICT Board.

- b. DISTRICT agrees to annually evaluate EMPLOYEE'S compensation, taking into consideration changes in the cost of living, the EMPLOYEE'S performance, and other economic and responsibility matters relevant to a fair and proper rate of compensation, and to make reasonable adjustments in accordance with such annual evaluation, if any. See Paragraph 6 below. DISTRICT will meet with EMPLOYEE in regard to such evaluation. Unless otherwise agreed by DISTRICT and EMPLOYEE, any adjustments would be effective on July 1 of each year.

3. BENEFITS.

EMPLOYEE shall be entitled to receive the following fringe benefits, which shall be administered consistent with DISTRICT policies unless otherwise provided herein. In the event any of the following fringe benefits is eliminated by DISTRICT for other DISTRICT employees, EMPLOYEE shall no longer receive the benefit:

- a. PERS: EMPLOYEE'S contributions to the Classic CalPERS retirement plan (2.5% at 55 with survivor benefit) shall be 8% (the contribution applicable to Classic CalPERS retirement plan members), or such percentage as may otherwise be required by the then applicable law.
- b. Deferred Compensation Plan Contribution (401(a) Plan Contribution): DISTRICT will match up to 2.5% of EMPLOYEE'S salary to a DISTRICT 401(a) plan as long as EMPLOYEE is contributing at least that percentage to EMPLOYEE'S individual deferred compensation 457(b) plan.
- c. Social Security: DISTRICT and EMPLOYEE share the Federal Social Security Tax equally.
- d. Health, Vision, Dental, Life and Long Term Disability Insurance:
 - i. Health Insurance: EMPLOYEE shall have the choice of medical plans provided by DISTRICT for DISTRICT employees.

DISTRICT will pay 100% of the cost Kaiser plus Chiropractic plan (or lowest cost DISTRICT provided medical plan) for employee, employee +1, or employee + family. The amount paid for each of those coverages shall be known as the "threshold amounts." If EMPLOYEE chooses a health plan with a cost that exceeds the threshold amounts, EMPLOYEE shall pay the difference between the threshold amount and the plan chosen. In such a case, the monthly cost difference will be multiplied by 12 (months) and divided by the number of paydays in that calendar year, which amount shall be reimbursed to DISTRICT through payroll deduction.

- ii. Vision Insurance: DISTRICT shall pay 100% of the vision insurance premium for EMPLOYEE and EMPLOYEE'S dependents.

- iii. Dental Insurance: DISTRICT shall pay 100% of the dental insurance premium for EMPLOYEE and EMPLOYEE'S dependents.
 - iv. Life Insurance and AD&D Insurance: DISTRICT shall pay for an Accidental Death & Dismemberment Insurance policy and for a Life Insurance policy up to a total maximum benefit of \$300,000.
 - v. LONG TERM DISABILITY INSURANCE: EMPLOYEE shall be covered by a Long Term Disability Insurance plan offered to other DISTRICT employees as follows: the plan provides 66.67% (or \$10,000 per month, whichever is less), of EMPLOYEE'S monthly salary to Social Security Normal Retirement Age in the event of a disabling accident or illness. Payment commences six (6) months after date of disability or illness.
- e. Sick, Vacation, Holiday Leave and Bereavement Leave:
- i. Sick Leave: EMPLOYEE'S sick leave shall accrue at a rate of 3.69 hours per pay period. EMPLOYEE'S sick leave accrual is capped at 1,000 hours.
 - ii. Vacation Leave: EMPLOYEE'S vacation leave shall accrue at a rate of 7.69 hours per pay period. Beginning four years following the effective date of this Agreement, EMPLOYEE'S vacation leave shall accrue at 8.00 hours per pay period, the rate applicable to employees with 20+ years of service with the DISTRICT. The vacation rate accrual ceases when EMPLOYEE has a balance of over 248 hours on December 31st of each year. EMPLOYEE'S unused vacation may not be sold back to DISTRICT.
 - iii. Holiday Leave: EMPLOYEE is granted DISTRICT observed holidays, as established by DISTRICT from time to time, without reduction in their regular pay. Holiday compensation will be paid at the rate of pay at which EMPLOYEE was being paid on the last working day before the holiday.
 - iv. Bereavement Leave: EMPLOYEE will be allowed 3 days paid leave in event of a death in the immediate blood or married family (spouse, mother, father, brother, sister, son, daughter, step-mother, stepfather, step-son, step-daughter, grandchild, grandparent, mother or father-in-law, domestic partner, or other person in custody where EMPLOYEE has or had guardianship or other person who had guardianship of EMPLOYEE.)

- f. Vehicle Allowance: EMPLOYEE shall receive a car allowance in the amount of \$604.17 per month in lieu of receiving mileage reimbursement. EMPLOYEE shall possess and maintain a valid an appropriate California Driver license, shall maintain automobile insurance at least at the minimum levels required by state law, and shall immediately provide written notice to the Board of any actions taken against EMPLOYEE'S driving privilege, such as a suspension or a revocation due to a DUI or vehicular accident, or a failure to provide proof of financial responsibility.
- g. Cellphone Reimbursement: EMPLOYEE shall receive a cell phone reimbursement payment in the amount of \$75 per month.
- h. Other Business Expense Reimbursement/ Professional Development and Business Expenses: Consistent with DISTRICT policies, all of the EMPLOYEE'S actual expenses (including travel related expenses) reasonably incurred in connection with the duties and responsibilities of EMPLOYEE'S position pursuant to this Agreement shall be paid for by DISTRICT upon presentation of the appropriate receipts or vouchers covering such expenses, including, but not limited to licenses and certifications, (and costs of continuing education to maintain such licenses and certification) listed in Exhibit "A" to this Agreement. Additionally, as is pre-approved by DISTRICT Board of Directors or the Board President (or Vice President in his or her absence) pursuant to Paragraph 4 or Paragraph 6 of this Agreement, DISTRICT will budget and pay for professional dues and subscriptions of EMPLOYEE necessary for EMPLOYEE'S continuation and full participation in national, regional, state and local associations and organizations, and payment for university curriculum, short courses, institutes, seminars, and materials that are necessary or desirable for EMPLOYEE'S continued professional development, participation, growth and advancement for the good of DISTRICT.

4. DUTIES.

EMPLOYEE shall perform the duties of General Manager as established from time to time by the Board of Directors of DISTRICT. A job description showing the duties established as of the date of this Agreement is attached as Exhibit "B" and as contained in any of DISTRICT'S standard personnel regulations. EMPLOYEE is responsible directly to the Board of Directors. EMPLOYEE shall give full time to the duties of the office. EMPLOYEE shall also attend or participate in university curriculum, short courses, institutes, seminars, and review materials that are necessary for EMPLOYEE'S professional development and for the good of DISTRICT as established and pre-approved by DISTRICT Board pursuant to Paragraph 6 of this Agreement or as pre-approved by action of the DISTRICT Board. Should an occasion arise that is not pre-approved by the DISTRICT Board pursuant to this Paragraph 4 or Paragraph 6, that would be appropriate for EMPLOYEE to attend, the Board President (or Vice President in the President's absence) may authorize such attendance prior to the event, with notification to the rest of the Board at the next regular meeting.

5. TERM.

This contract shall continue in full force and effect until it is terminated as provided in Paragraph 7 hereof.

6. ANNUAL PERFORMANCE REVIEW.

Annually, and no later than 60 days prior to the end of each fiscal year, EMPLOYEE shall develop a draft strategic plan as part of the annual budget process. After a strategic plan has been approved by the Board, it will be used to ensure board objectives are being addressed in the upcoming fiscal year. The strategic plan objectives will be used to establish the EMPLOYEE'S performance goals for the upcoming fiscal year.

The Board shall endeavor to commence in April of each year, the review and evaluation of EMPLOYEE'S performance, which review and evaluation shall be completed by June 30 of each year. The reviews and evaluations shall be conducted in accordance with the strategic plan as approved by the Board and EMPLOYEE, which may be added to, or deleted from, as the Board may from time to time determine in consultation with the General Manager.

7. TERMINATION.

a. By EMPLOYEE.

EMPLOYEE may terminate this Agreement upon giving three (3) months' written notice of termination to DISTRICT, or sooner by mutual agreement. In the event that EMPLOYEE exercises his right to terminate upon giving three (3) months' notice, or sooner by mutual agreement under this Paragraph 7.a., he shall not be entitled to the severance benefits set forth under Paragraph 8 or to any other similar termination benefits under law or DISTRICT rules and regulations, provided however, that EMPLOYEE shall be entitled to payment for any unused leave balances as set forth in this Agreement or as required by law.

b. By DISTRICT.

DISTRICT may terminate this Agreement at any time, either with or without cause, by a majority vote of the Governing Board. Termination shall be under one of the following paragraphs.

i. At-will.

DISTRICT may terminate this Agreement without cause, and with or without notice. In the event that this Agreement is terminated by DISTRICT pursuant to this Paragraph 7.b.i., EMPLOYEE shall be entitled to severance benefits under this Agreement, consistent with the requirements specified in this Paragraph and Paragraph 8. EMPLOYEE has no right to a hearing or other review of his termination without cause.

ii. For Cause.

DISTRICT may terminate this Agreement for cause. EMPLOYEE will not be entitled to severance if his employment is terminated by DISTRICT at any time for cause. Cause for termination shall be defined for purposes of this Agreement as: (1) malfeasance, (2) gross negligence, (3) fraud, (4) serious misconduct which would constitute a violation of DISTRICT policy, or state or federal law, (5) material misrepresentation to the Board, (6) moral turpitude, (7) conviction of a felony on the part of EMPLOYEE, or (8) notice of unsatisfactory performance and failure to correct performance within three months. Conviction for purposes of this Agreement includes a judgment entered after a trial, plea of guilty or plea of nolo contendere. EMPLOYEE has no right to a hearing or other review of the reason for his termination by DISTRICT and expressly waives any and all such rights as may be otherwise provided by law or which may be applicable to other DISTRICT employees.

iii. By Retirement.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the retirement of EMPLOYEE and upon EMPLOYEE giving ninety (90) days written notice of such retirement to DISTRICT.

iv. By Death or Disability.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the death of EMPLOYEE or upon the separation of his employment because of disability, which prevents EMPLOYEE from performing the essential functions of his job even with reasonable accommodations. As used herein, disability shall be defined as inability to perform essential job functions for a period of over six months. Neither EMPLOYEE nor his heirs, administrators, or assigns shall have any right under this Agreement to salary after such death or disability, but they shall have such rights and benefits as may be provided by law, including, as provided by law, rights to any accrued vacation to which EMPLOYEE was entitled at the time of termination, and shall have such rights to any accrued sick leave accrued by EMPLOYEE at the time of termination, up to the cap established in this Agreement.

8. SEVERANCE PAY.

DISTRICT shall have the right to terminate EMPLOYEE'S employment at any time during the term of this Agreement, with or without cause. In the event that EMPLOYEE'S employment is terminated by DISTRICT, under Paragraph 7.b.i. without cause, EMPLOYEE shall be entitled to the severance benefits stated below upon execution of an agreement with a general waiver of claims, as follows:

a. Computation: Items Included.

Severance benefits under this Paragraph 8 shall be computed based upon EMPLOYEE'S monthly base salary in effect at the time of termination.

b. Amount of Severance.

The amount of severance benefits shall be (1) a lump sum equal to three (3) months' base salary at the time of termination unless otherwise negotiated by the Parties and (2) continued payment by DISTRICT of health and dental benefits for EMPLOYEE and his eligible dependents for the same number of months as are paid for salary severance benefits, or until EMPLOYEE is re-employed, whichever is sooner.

c. Separately Negotiated: Waiver.

The parties expressly acknowledge and agree that these severance pay provisions have been independently negotiated. Acceptance at the time of termination by EMPLOYEE of the severance pay benefits provided by this Paragraph 8 shall operate as a full and complete waiver and release of any and all rights, claims, and/or causes of action which EMPLOYEE may have, or have had, at any time, in the past or in the future, arising out of EMPLOYEE'S employment by DISTRICT including but not limited to claims for wrongful termination. If EMPLOYEE wishes to retain any such rights, EMPLOYEE must decline to accept the severance benefits provided by this Paragraph 8. To receive severance benefits, EMPLOYEE must execute a Severance Agreement and General Release satisfactory to DISTRICT. In the event EMPLOYEE elects not to sign the Severance Agreement and General Release, EMPLOYEE will not be entitled to severance benefits.

Acceptance of the severance benefits under this Paragraph 8 will operate as a general release on the part of EMPLOYEE as to all claims, known or unknown, and EMPLOYEE specifically waives the provisions of California Civil Code Section 1542 which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

d. Legal Limitations on Severance.

This Paragraph 8.d. is intended to comply with the provisions of Government Code Section 53260, et seq., and in no event shall EMPLOYEE be entitled to severance benefits greater than provided for therein. This agreement in no way

affects EMPLOYEE'S rights to continue health insurance coverage as required under COBRA for EMPLOYEE and EMPLOYEE'S eligible dependents.

9. **STATUTORY OBLIGATIONS: ABUSE OF OFFICE OR POSITION.**

Pursuant to Government Code Section 53243, et seq. which became effective on January 1, 2012, if EMPLOYEE is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if EMPLOYEE is provided with administrative leave pay pending an investigation, EMPLOYEE shall be required to fully reimburse such amounts paid; (2) if DISTRICT pays for the criminal legal defense of EMPLOYEE (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), EMPLOYEE shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that EMPLOYEE may receive from DISTRICT shall be fully reimbursed to DISTRICT. For this Paragraph 9, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with Section 92 of the Penal Code.

10. **MISCELLANEOUS.**

a. **Governing Law.**

This Agreement shall be interpreted and enforced in conformance with California law.

b. **Entire Agreement.**

This Agreement together with the exhibits represents the entire agreement between the parties and supersedes any prior agreements, written or oral, any and representations, written or oral, not expressly included herein.

c. **Venue.**

The venue for any litigation to interpret or enforce this Agreement shall be San Diego County Superior Court.

d. **Integration Clause.**

If any part, provision, paragraph or subparagraph of this Agreement shall be held to be void or unenforceable by a final judgment of a court of competent jurisdiction, then unless that provision is found in such proceeding to be material to this Agreement, said void or unenforceable provision shall be severed from this Agreement and the balance of this Agreement shall remain in full force and effect. In the event that the void or unenforceable provision is found to be material to this Agreement then the entire Agreement shall be voided.

e. Independent Review: Interpretation.

EMPLOYEE and DISTRICT affirm in signing this Agreement that they have each had an opportunity to review and consider this Agreement, and to have it reviewed and to receive advice from independent advisors of their own choosing, including attorneys, and that each knowingly and voluntarily enters into this Agreement. EMPLOYEE and DISTRICT further affirm that this Agreement was the mutual product of their negotiations, including give and take, and that neither party shall be considered the drafter of this Agreement such that the Agreement is interpreted against that party.

f. Public Record.


EMPLOYEE acknowledges that this Agreement, upon final execution, will become a public record under California law available for public inspection and copying.

g. Counterparts.

This Agreement may be signed in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.


DATED: 8-27-18



Jack Bebee

FALLBROOK PUBLIC UTILITY DISTRICT

DATED: 8-27-18



Al Gebhart, President
Fallbrook Public Utility District

EXHIBIT "A"

List of Pre-Approved Licenses and Certifications

1. California Professional Engineering License
2. California Water Treatment Operator Certification
3. California Water Distribution Operator Certification
4. California Wastewater Treatment Operator Certification

EXHIBIT "B"

General Manager Job Description

GENERAL MANAGER

Definition

Under policy direction of the Board of Directors, the General Manager is responsible for providing overall leadership and direction for all of the Fallbrook Public Utility District (FPUD) activities and for the creation and implementation of the District's Overall Strategic Plan. Duties include implementing policies and directives of the Board and developing detailed long-term strategies to achieve FPUD's mission of providing the community of Fallbrook, now and in the future, a reliable supply and delivery of high-quality retail potable water service and to provide treatment of wastewater, consistent with the optimal use of recycled water in the most efficient and economical means possible.

Class Characteristics

The class of General Manager serves as the Chief Executive Officer, accountable to the Board of Directors, and is responsible for the enforcement of all District ordinances, policies and procedures, and the efficient and economical performance of the District's operations.

Examples of Duties

- Coordinates, evaluates, plans, organizes and administers, either directly or through subordinate management and supervisory staff, the work of the District in accordance with applicable laws, ordinances, regulations, and adopted policies and objectives of the Board of Directors;
- Directs and coordinates the development and implementation of goals, objectives and programs for the Board of Directors and the District;
- Attends internal/external meetings with various government agencies, professional associations, area organizations and Board of directors as required to help achieve District strategic objectives;
- Develops administrative policies, procedures and work standards to ensure that the goals and objectives are met and that programs provide services in an effective, efficient and economical manner;
- Oversees the preparation of the annual capital improvement and operating budgets for the District;
- Prepares and recommends long- and short-range plans for District, capital improvements, and funding; and directs the development of specific proposals for action regarding current and future District needs;
- Oversees the administration, construction, use and maintenance of all District infrastructure, facilities and equipment;
- Ensures that the Board of Directors is kept informed of District functions, activities, and financial status, and of legal, social, and economic issues affecting District activities;
- Monitors changes in laws, regulations, and technology that may affect District operations and implements policy and procedural changes as required;
- Supervises, develops and evaluates the performance of subordinate managers, supervisors and staff;
- Presents for the Board's consideration major goals and policy alternatives and recommendations for the District;

- Oversees development of the District's asset management plan;
- Recommends construction contracts, leases and other legal agreements to the Board for approval;
- Coordinates legal matters concerning the District, and engages counsel and professional consultants for assistance;
- Conducts negotiations for water storage, supply and distribution;
- Analyzes monthly financial statements, engineering reports, labor distribution reports, water sales reports and other operating reports;
- Develops water and sewer rate and fee schedules for Board considerations;
- Reviews work of staff to ensure accuracy;
- Reviews agreements negotiated by staff;
- Represents the District and the Board before citizen and professional groups and other public entities, including State and Federal legislatures;
- Supervises preparation of the agenda of the Board of Directors and staff reports to the Board;
- Attends meetings of the Board of Directors and advises the Board on important District administrative and operating activities and issues;
- Monitors and oversees the following District programs and services: financial, customer service, human resources, community and media relations, engineering, operations and field services;
- Establishes budgetary guidelines for departments and assures operation within Board adopted amounts; and
- Performs related work as required.

Qualifications

Knowledge of:

- Principles of practices of public administration, including administrative analysis, fiscal planning and control, and policy and program development;
- Knowledge of civil engineering, construction and operating principles applicable to the planning design, construction and operation of District facilities;
- Laws, rules, ordinances, and legislative processes controlling district functions, programs and operations;
- Organization, operations and problems of special research and evaluation methodologies;
- Contract administration;
- Principles of budget development and expenditure control, including capital improvement budgets;
- Public personnel and employer-employee relations practices and legislation;
- Public and media relations;
- Principles of supervision, management and general administration; and
- The use of personal computer and applicable software.

Ability to:

- Plan, organize, direct, coordinate and supervise functions and activities of an organization to achieve efficient operations and meet service goals;
- Organize and manage competing priorities;
- Develop long-term goals for the District;
- Exercise leadership, authority, and management tactfully and effectively;
- Prepare and administer a District budgeting and fiscal control process;

- Collect and analyze data on a variety of topics;
- Direct effective public and media relations;
- Coordinate the preparation of Board agendas;
- Direct effective personnel and employer-employee relations programs;
- Oversee the development and improvement of District facilities and services;
- Provide advice and consultation to the Board of Directors on the development of ordinances, regulations, policies and programs;
- Ensure prompt and proper response to public concerns and complaints;
- Prepare comprehensive strategic planning documents, technical reports and recommendations;
- Effectively represent the District policies, programs and services;
- Operate a personnel computer to effectively utilize word processing and spreadsheet applications;
- Operate a vehicle observing legal and defensive driving practices; and
- Establish an overall positive work environment.

Licenses and Certification

Possession of a valid and appropriate California driver's license.

Training and Experience

Any combination of training, education and experience which demonstrates possession of the knowledge and abilities stated above and the ability to perform the duties of the position.

A typical qualifying entrance background is possession of a bachelor's degree in management science, business administration, civil engineering or a closely related field and a minimum of five years of responsible, executive-level experience in water utility or public works management in a municipal or special district setting or at the level of Assistant General Manager in the Fallbrook Public Utility District.

Physical Demands

Sitting: Occupies seated position during majority of workday.

Talking: Expresses ideas and shares information by means of spoken word in person and by telephone.

Walking: Moves about office, warehouse and equipment facilities, and visits outlying District facilities and field crews at work sites.

Hearing: Hears well enough to receive communication in person and by telephone.

Hands/Arms: Operates computer and vehicle.

Vision: Reads written or video messages; operates vehicle.

Reasonable accommodations will be considered.

Board Approved	
Effective Date	
4/90	
Board Approved	
Revision Date	
7/92	5/18
7/96	
2/99	

1. **MWD Issues**

Settlement talks continue between MWD and SDCWA. SDCWA and MWD agreed on the Local Resources Program (LRP) agreement language. MWD adopted revised language to address concerns raised by SDCWA. SDCWA plans to put this on their July 25th agenda and MWD will have it on the agenda in September.

2. **Regional Conveyance**

SDCWA included in the budget \$3.8 million to study an independent pipeline to the Colorado River. The project was estimated to cost \$2.4 billion in 2017. The study will evaluate the potential benefits and economic impact of this proposed project.

3. **Key Upcoming Issues**

On the July Board agenda some key issues that will be discussed include:

- Award of a sole source \$1.8 million contract to Black and Veatch to study the regional conveyance pipeline.
- Update to the Boards Bay-Delta policy to support a single tunnel project instead of the two tunnel project.
- Approval of a customer survey to be conducted throughout the service area.

Detailed updates on any of these items will be provided by the General Manager at the request of any Board members.

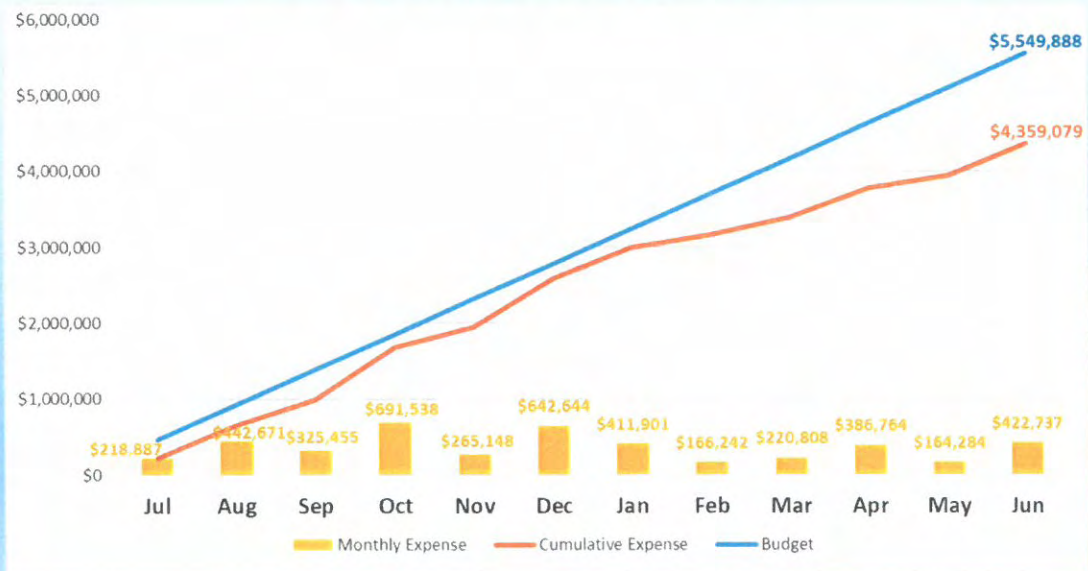


Fallbrook Public Utility District

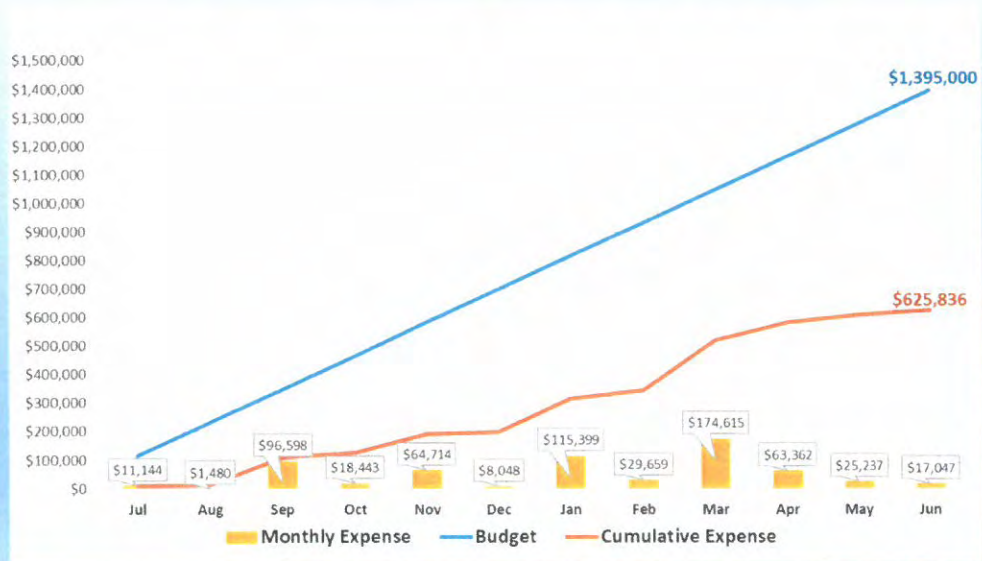
Engineering and Operations FY19

Board Meeting July 2019

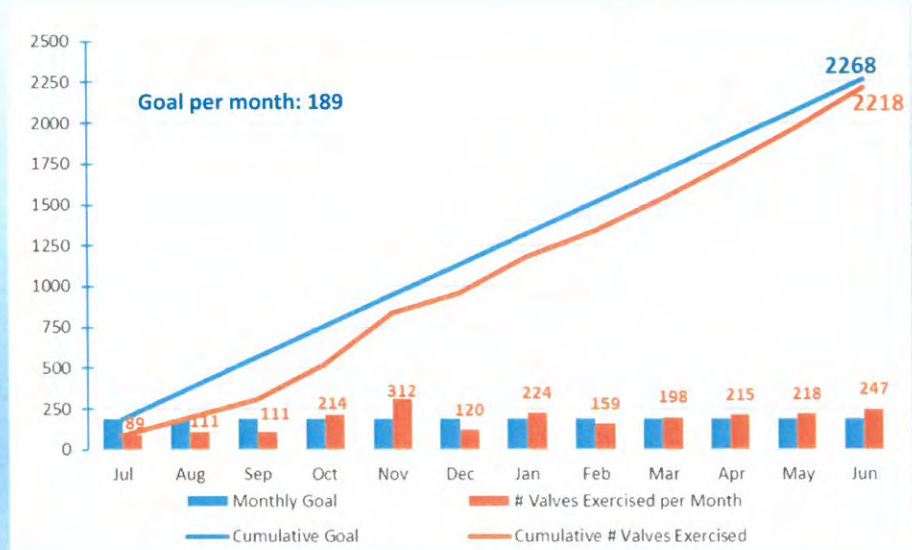
Water System CIP FY19

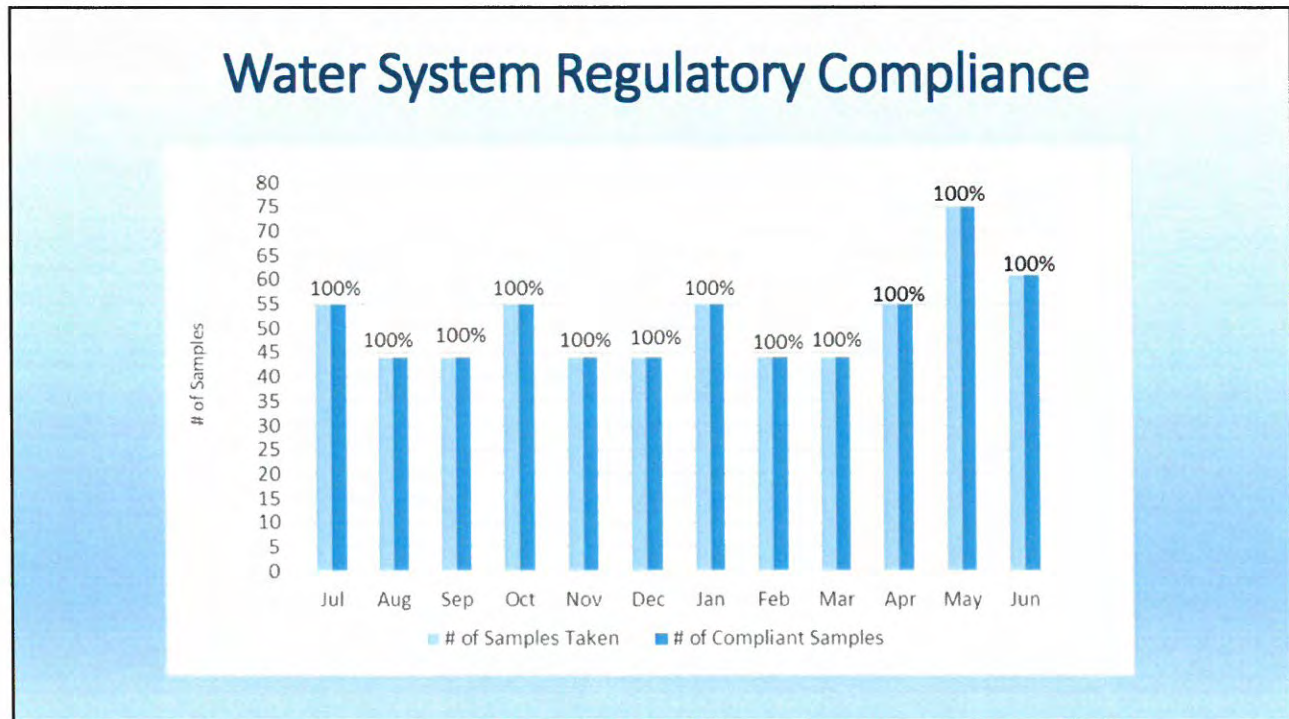
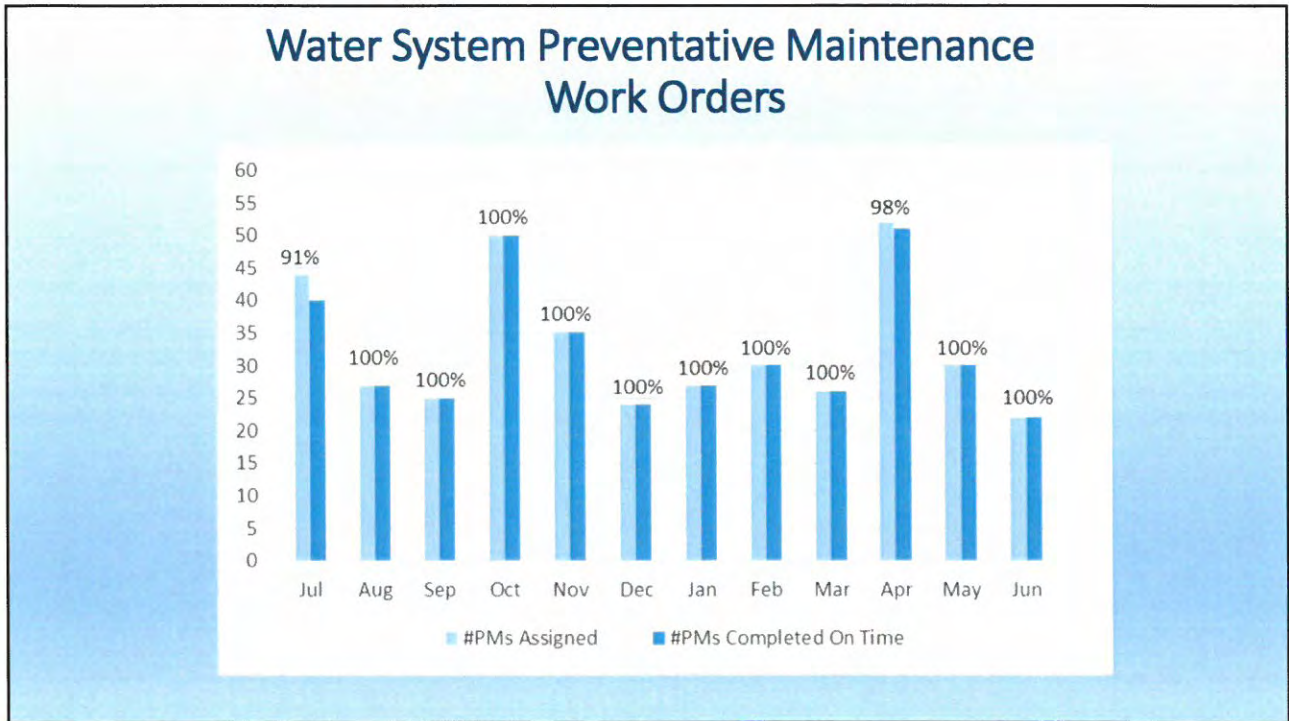


Wastewater System CIP FY19

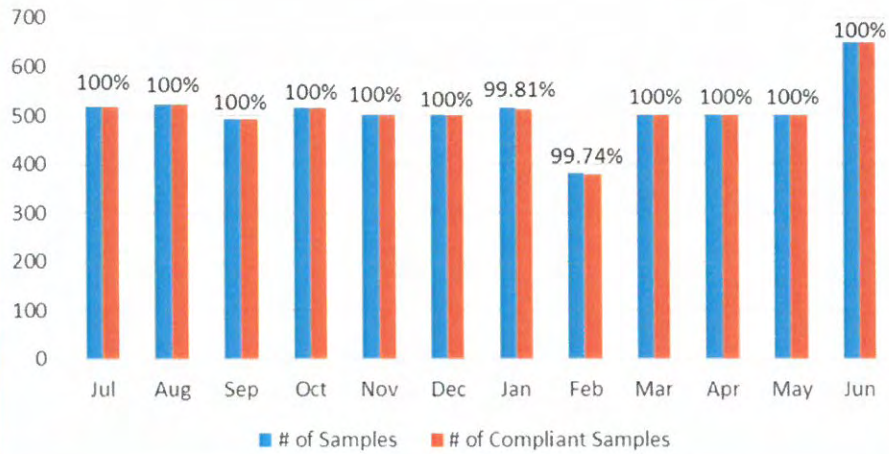


Valve Exercise Program

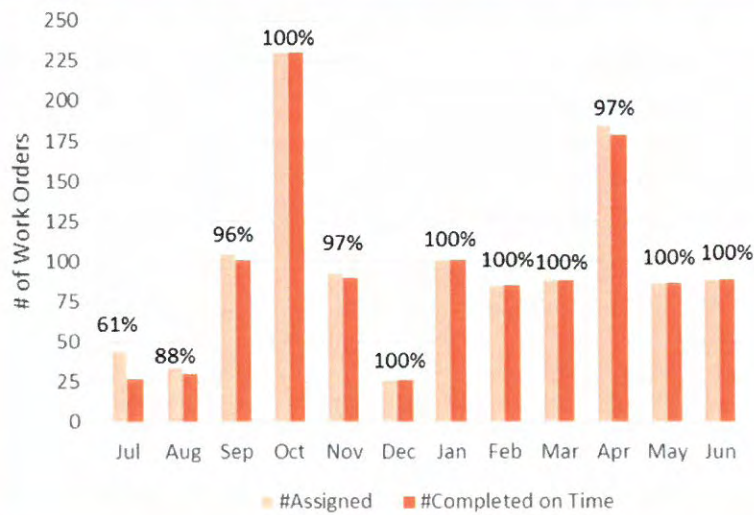


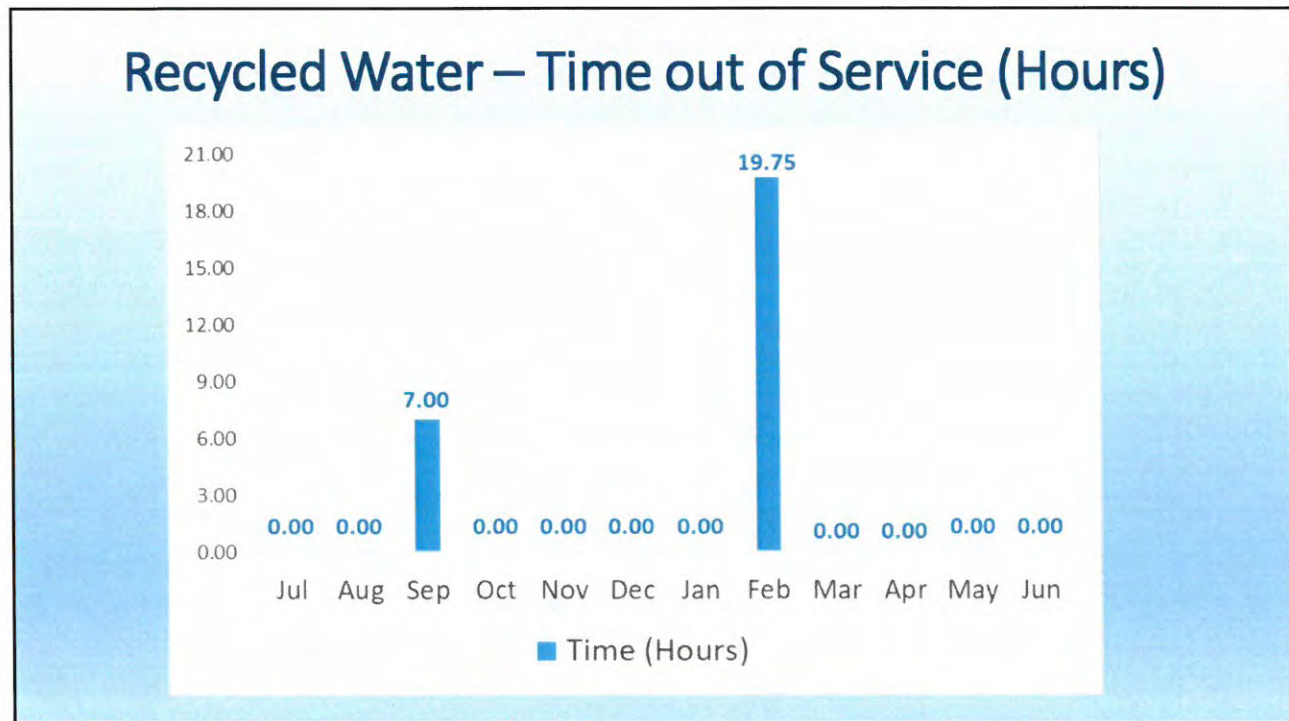
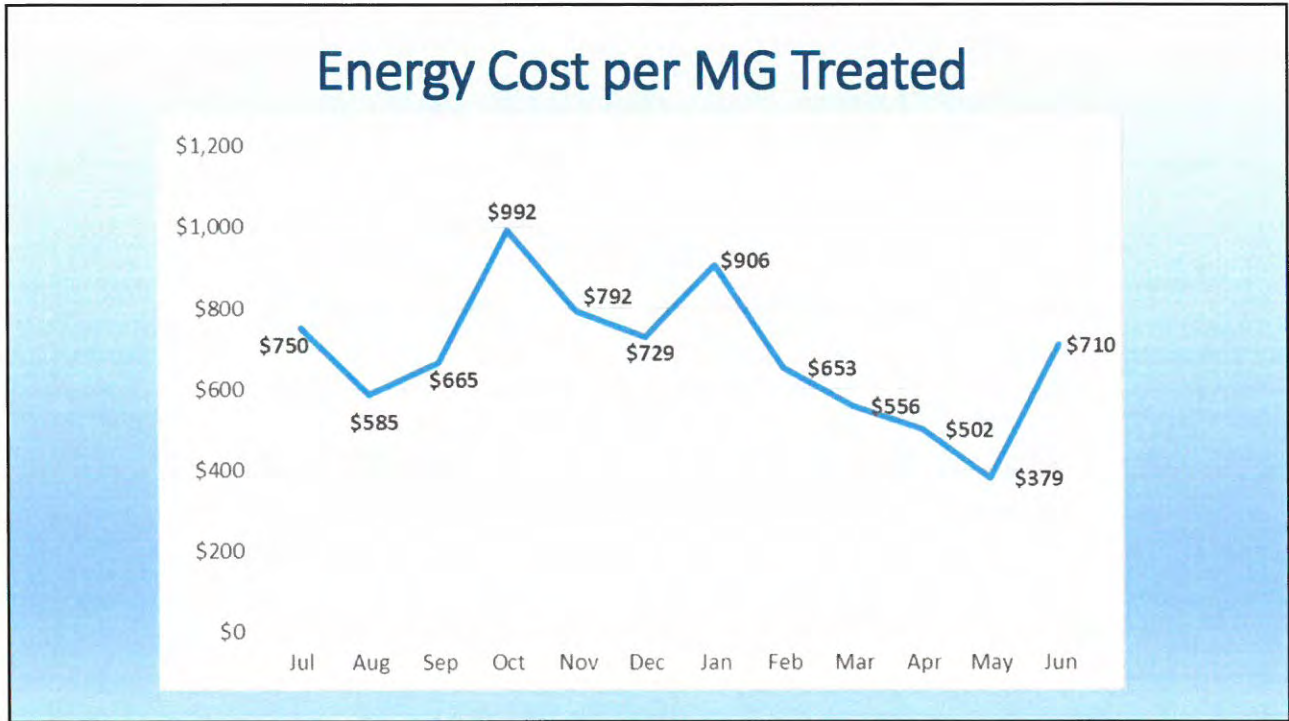


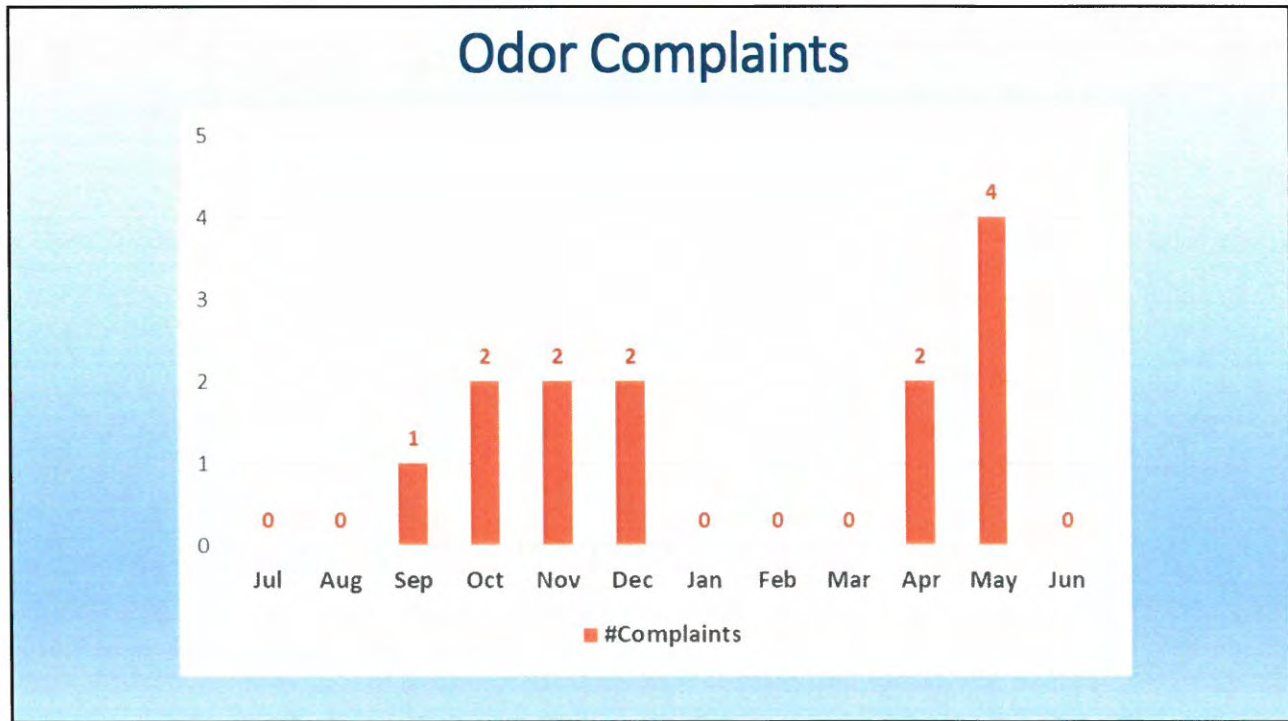
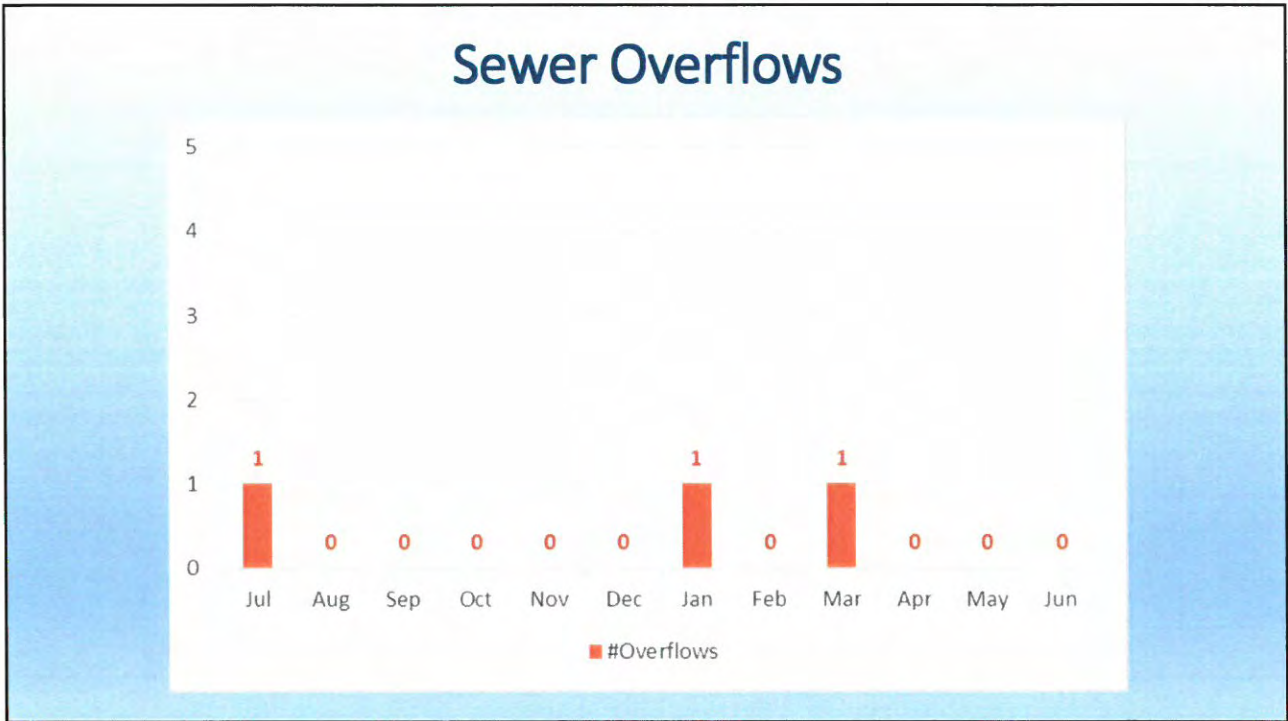
Wastewater System Regulatory Compliance

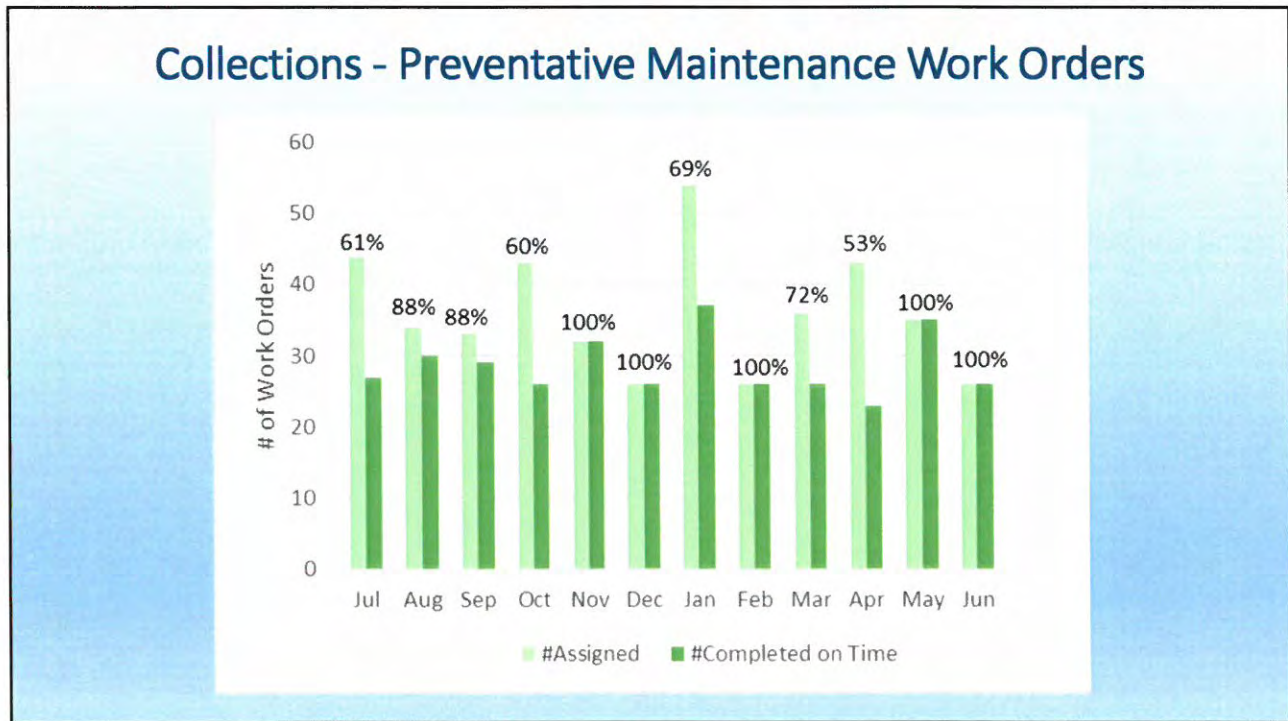
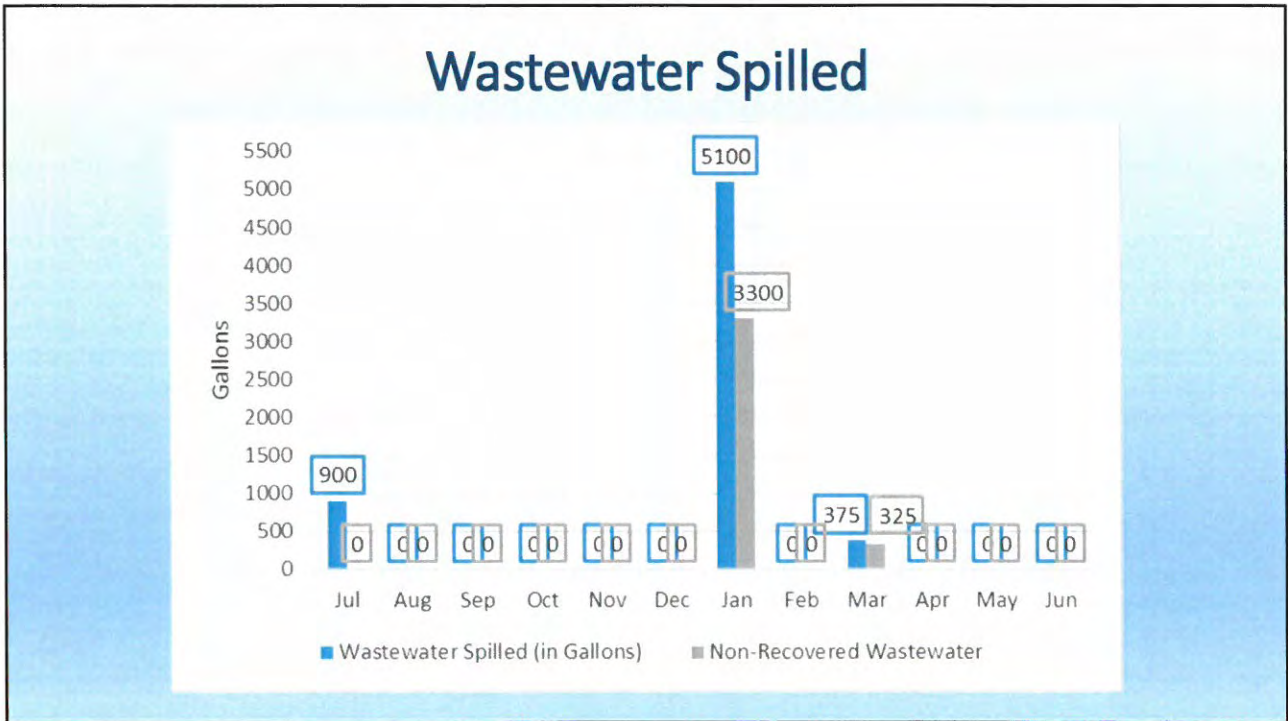


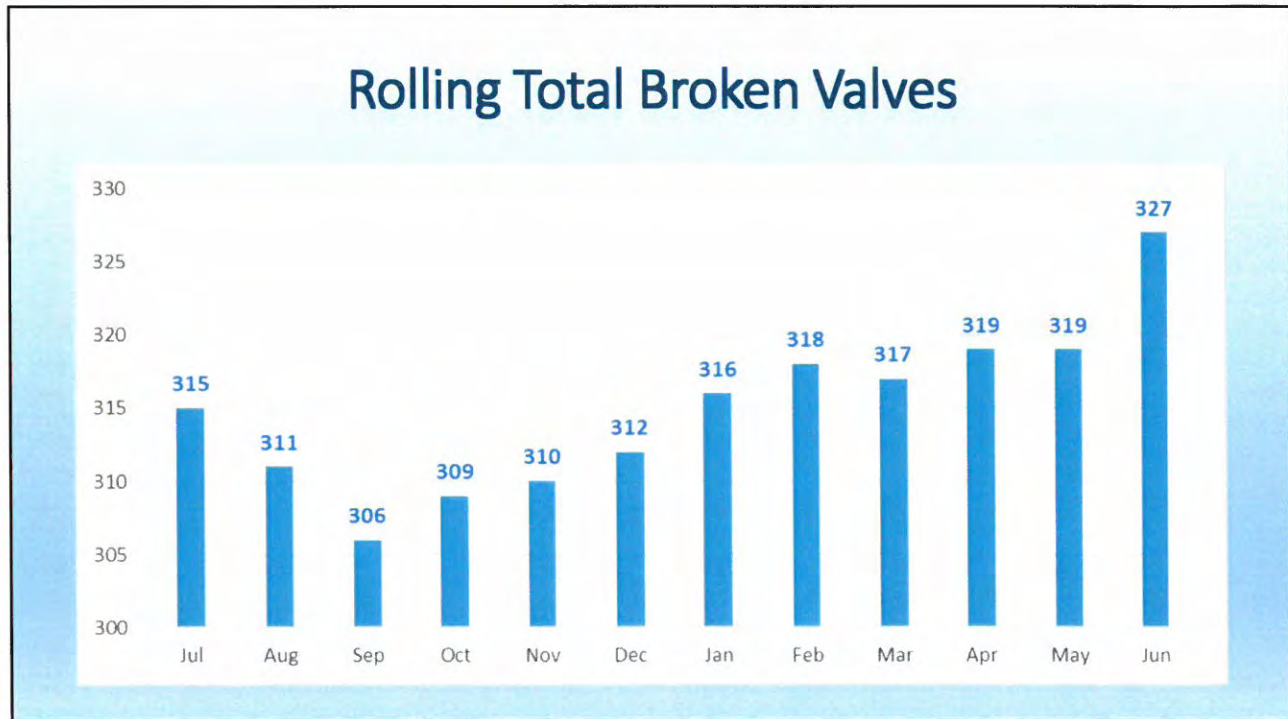
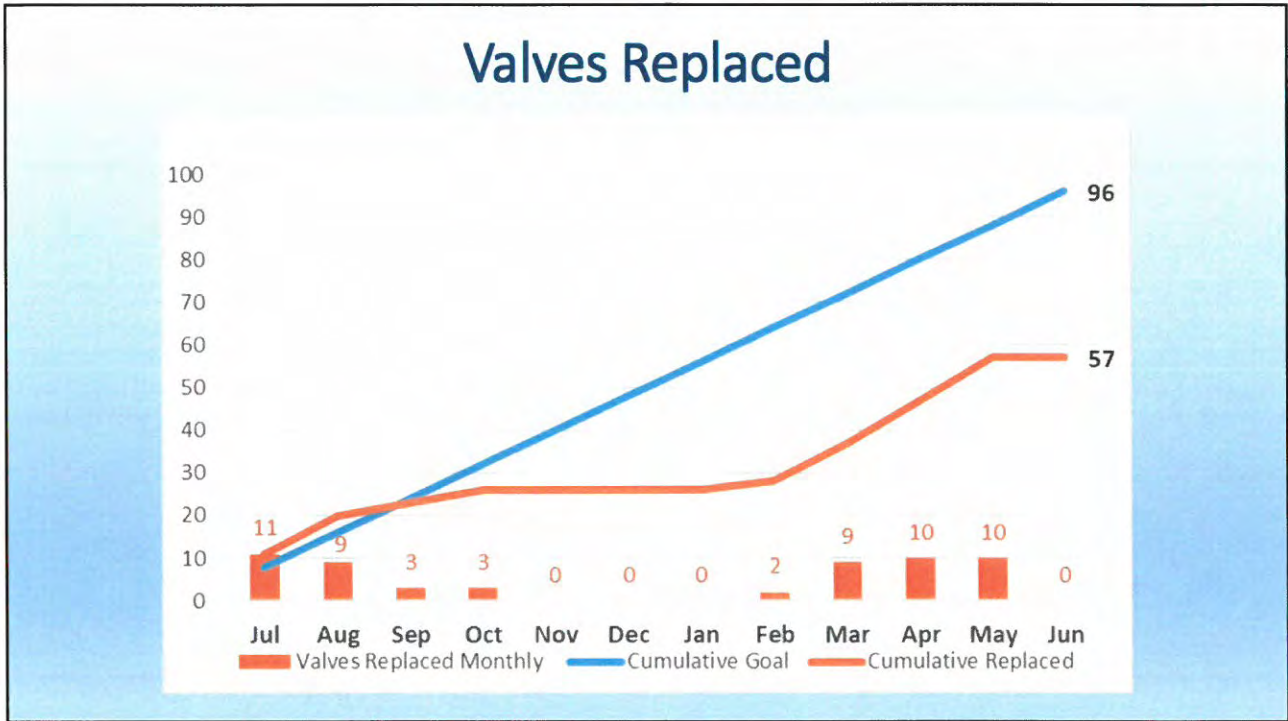
Reclamation Plant Preventative Maintenance Work Orders

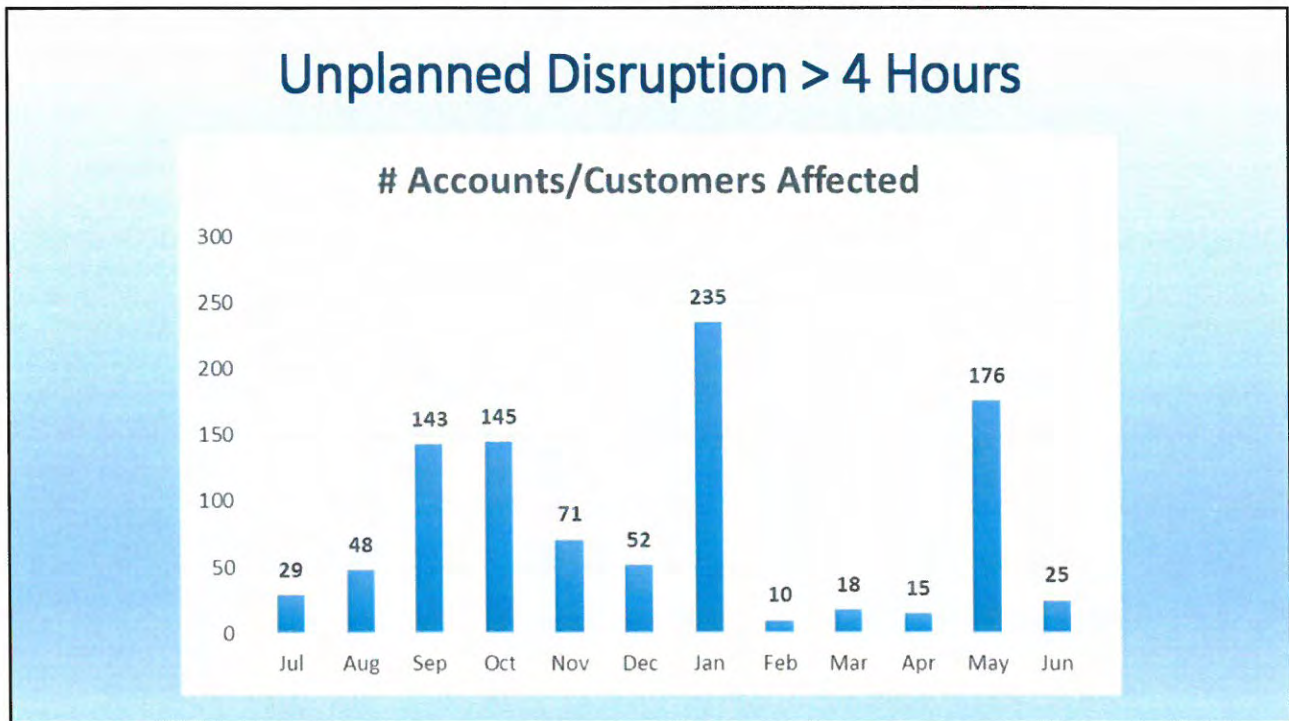
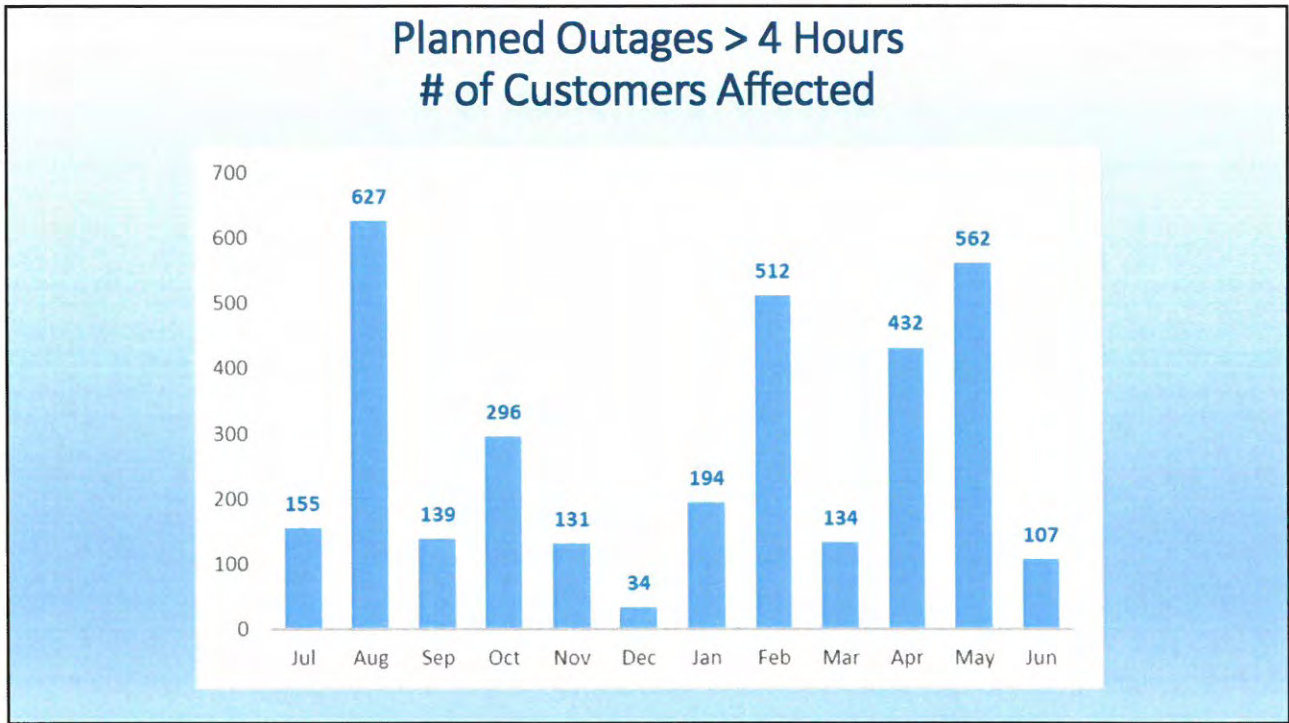








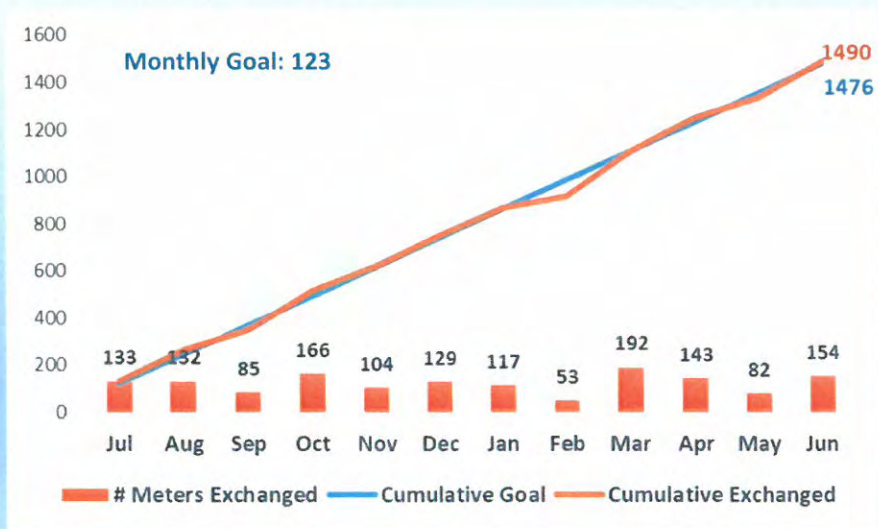




Meter Exchange

Total # Meters to Exchange FY-19: 1476

Meters Left to Exchange: -14



M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO DS
DATE: July 22, 2019
SUBJECT: Revised Treasurer's Report

Purpose

Provide the revised April 30, 2019 Treasurer's Report. The original report did not properly account for assets purchased before month end but settled after month end. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

The final Board directed transfers of the proceeds from the sale of the Santa Margarita River properties have been completed. The temporary CAMP Santa Margarita Loan Payment Fund and CAMP Pension Obligation Off-set Fund have been closed and the balance transferred as Directed by the Board. The deposit into the PARS account is comprised of the remaining balance in the Camp Pension Off-set Fund (\$1.95 million) and a budgeted deposit of \$350,000 from the District's liquidity portfolio. A small transfer of accrued interest from the prior month in the CAMP Santa Margarita Loan Payment Fund was transferred to the PFM Long-term Investment Portfolio. Operating revenues continue to be impacted by lower sales resulting in a reduction in Money Market funds held.

Summary

Treasurer's Report April 30, 2019


Operations Summary

Disbursements	\$	3,672,435
Receipts	\$	3,672,438
Net change	\$	2

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals) / Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 18,875	\$ 18,877	NA	\$ 2	0.4%	0.1%
Money Market	\$ 1,419,450	\$ 1,000,474	NA	\$ (418,977)	0.4%	3.9%
LAIF	\$ 230,217	\$ 231,661	NA	\$ 1,444	2.4%	0.9%
County Pool	\$ 15,002	\$ 15,077	NA	\$ 75	1.8%	0.1%
CAMP Liquidity Account	\$ 3,355,028	\$ 2,710,760	NA	\$ (644,267)	2.6%	10.6%
District's Liquidity Portfolio	\$ 5,038,572	\$ 3,976,849	\$ -	\$ (1,061,723)	2.0%	15.6%
PFM Managed Long-term Investment Portfolio*	\$ 14,508,946	\$ 14,535,411	\$ 18,929	\$ 7,535	2.2%	56.9%
CAMP Santa Margarita Loan Payment Fund	\$ 7,526	\$ -	\$ 9	\$ (7,535)	2.6%	0.0%
CAMP Pension Obligation Off-Set Fund	\$ 1,950,812	\$ -	\$ 2,324	\$ (1,953,136)	2.6%	0.0%
PARS (OPEB & Pension Trust)**	\$ 4,622,499	\$ 7,027,997	\$ 102,362	\$ 2,303,136	6.5%	27.5%
District Accounts Total	\$ 26,128,355	\$ 25,540,257	\$ 123,624	\$ (711,723)	3.1%	100.0%

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

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


David Shank
July 22, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	March 31, 2019	April 30, 2019	Change (\$)	Change (%)
U.S. Treasury	\$4,008,014.46	\$7,641,062.21	\$3,633,047.75	90.6%
Supranational	\$138,489.12	\$138,656.00	\$166.88	0.1%
Municipal	\$171,535.10	\$171,344.70	(\$190.40)	-0.1%
Federal Agency CMO	\$112,029.28	\$111,868.63	(\$160.65)	-0.1%
Federal Agency	\$251,187.24	\$251,573.06	\$385.82	0.2%
Corporate Note	\$3,788,491.82	\$3,788,037.38	(\$454.44)	0.0%
Negotiable CD	\$2,025,438.64	\$1,781,444.54	(\$243,994.10)	-12.0%
Asset-Backed Security	\$918,953.84	\$892,706.39	(\$26,247.45)	-2.9%
Securities Total	\$11,414,139.50	\$14,776,692.91	\$3,362,553.41	29.5%
Money Market Fund	\$3,094,806.85	(\$241,282.33)	(\$3,336,089.18)	-107.8%
Total Investments	\$14,508,946.35	\$14,535,410.58	\$26,464.23	0.2%

Summary	
FY18-19 Accrual Earnings	\$201,062.15
Yield to Maturity at Cost	2.15%
Weighted Average Maturity	2.56 Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending April 30, 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											
	04/01/19	04/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	431.93	0.00	0.64	0.64			
	04/01/19	04/25/19	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	04/15/19	04/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	04/15/19	04/15/19	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	04/15/19	04/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	12,387.37	0.00	11.77	11.77			
	04/15/19	04/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	14,207.62	0.00	15.39	15.39			
	04/15/19	04/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	20,010.91	0.00	29.68	29.68			
	04/15/19	04/15/19	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			
	04/15/19	04/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	6,759.20	0.00	7.04	7.04			
	04/15/19	04/15/19	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
	04/15/19	04/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	04/15/19	04/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	44,651.23	0.00	48.00	48.00			
	04/15/19	04/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	04/15/19	04/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	69,419.69	0.00	96.61	96.61			
	04/15/19	04/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			
	04/21/19	04/21/19	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	260,000.00	0.00	3,250.00	3,250.00			



Managed Account Security Transactions & Interest

For the Month Ending April 30, 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											
	04/25/19	04/25/19	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			
	04/30/19	04/30/19	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	0.00	1,562.50	1,562.50			
	04/30/19	04/30/19	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	0.00	1,531.25	1,531.25			
Transaction Type Sub-Total					2,807,867.95	0.00	26,851.20	26,851.20			
PAYDOWNS											
	04/01/19	04/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	180.82	180.82	0.00	180.82	(1.80)	0.00	
	04/15/19	04/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	5,320.11	5,320.11	0.00	5,320.11	0.07	0.00	
	04/15/19	04/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	5,887.59	5,887.59	0.00	5,887.59	0.02	0.00	
	04/15/19	04/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	2,049.06	2,049.06	0.00	2,049.06	0.06	0.00	
	04/15/19	04/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	756.74	756.74	0.00	756.74	0.06	0.00	
	04/15/19	04/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,750.82	4,750.82	0.00	4,750.82	0.64	0.00	
	04/15/19	04/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	1,979.05	1,979.05	0.00	1,979.05	0.28	0.00	
	04/15/19	04/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	4,617.39	4,617.39	0.00	4,617.39	0.24	0.00	
	04/15/19	04/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,567.53	1,567.53	0.00	1,567.53	0.13	0.00	
Transaction Type Sub-Total					27,109.11	27,109.11	0.00	27,109.11	(0.30)	0.00	
SELL											



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 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										
04/30/19	05/01/19	CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 2.000% 08/12/2019	140420UE8	245,000.00	244,512.45	1,047.12	245,559.57	(487.55)	(487.55)	FIFO
Transaction Type Sub-Total				245,000.00	244,512.45	1,047.12	245,559.57	(487.55)	(487.55)	
Managed Account Sub-Total					(3,360,316.72)	16,692.62	(3,343,624.10)	(487.85)	(487.55)	
Total Security Transactions					(\$3,360,316.72)	\$16,692.62	(\$3,343,624.10)	(\$487.85)	(\$487.55)	

Bolded items are forward settling trades.



Account Statement - Transaction Summary

For the Month Ending April 30, 2019

Fallbrook Public Utility District - Pension Obligation Off-Set Fund - 6050-002

CAMP Pool	
Opening Market Value	1,950,812.27
Purchases	2,323.81
Redemptions	(1,953,136.08)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$0.00
Cash Dividends and Income	2,323.81

Asset Summary		
	April 30, 2019	March 31, 2019
CAMP Pool	0.00	1,950,812.27
Total	\$0.00	\$1,950,812.27
Asset Allocation		



Account Statement

For the Month Ending **April 30, 2019**

Fallbrook Public Utility District - Pension Obligation Off-Set Fund - 6050-002

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					1,950,812.27
04/18/19	04/18/19	Redemption - Closeout Wire Redemption	1.00	(1,953,136.08)	(2,323.81)
04/18/19	04/18/19	Accrual Income Div Reinvestment - Closeout Wire Redemption	1.00	2,323.81	0.00
Closing Balance					0.00

	Month of April	Fiscal YTD July-April
Opening Balance	1,950,812.27	0.00
Purchases	2,323.81	3,803,136.08
Redemptions (Excl. Checks)	(1,953,136.08)	(3,803,136.08)
Check Disbursements	0.00	0.00
Closing Balance	0.00	0.00
Cash Dividends and Income	2,323.81	27,184.08

Closing Balance	0.00
Average Monthly Balance	1,105,460.29
Monthly Distribution Yield	2.55%



Account Statement - Transaction Summary

For the Month Ending April 30, 2019

Fallbrook Public Utility District - Water Rate Stabilization Fund - 6050-003

CAMP Pool	
Opening Market Value	7,525.96
Purchases	8.96
Redemptions	(7,534.92)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$0.00
Cash Dividends and Income	8.96

Asset Summary		
	April 30, 2019	March 31, 2019
CAMP Pool	0.00	7,525.96
Total	\$0.00	\$7,525.96
Asset Allocation		



Account Statement

For the Month Ending **April 30, 2019**

Fallbrook Public Utility District - Water Rate Stabilization Fund - 6050-003

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					7,525.96
04/18/19	04/18/19	Redemption - Closeout Wire Redemption	1.00	(7,534.92)	(8.96)
04/18/19	04/18/19	Accrual Income Div Reinvestment - Closeout Wire Redemption	1.00	8.96	0.00
Closing Balance					0.00

	Month of April	Fiscal YTD July-April
Opening Balance	7,525.96	0.00
Purchases	8.96	6,239,108.92
Redemptions (Excl. Checks)	(7,534.92)	(6,239,108.92)
Check Disbursements	0.00	0.00
Closing Balance	0.00	0.00
Cash Dividends and Income	8.96	39,108.92

Closing Balance	0.00
Average Monthly Balance	4,264.71
Monthly Distribution Yield	2.55%



Account Statement

For the Month Ending **April 30, 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					3,355,027.64
Opening Balance					
04/03/19	04/03/19	Redemption - Outgoing Wires	1.00	(300,000.00)	3,055,027.64
04/11/19	04/11/19	Redemption - Outgoing Wires	1.00	(300,000.00)	2,755,027.64
04/18/19	04/18/19	Redemption - Outgoing Wires	1.00	(350,000.00)	2,405,027.64
04/30/19	04/30/19	Purchase - Incoming Wires	1.00	300,000.00	2,705,027.64
04/30/19	05/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,732.68	2,710,760.32
Closing Balance					2,710,760.32

	Month of April	Fiscal YTD July-April
Opening Balance	3,355,027.64	0.00
Purchases	305,732.68	4,010,760.32
Redemptions (Excl. Checks)	(950,000.00)	(1,300,000.00)
Check Disbursements	0.00	0.00
Closing Balance	2,710,760.32	2,710,760.32
Cash Dividends and Income	5,732.68	10,760.32

Closing Balance	2,710,760.32
Average Monthly Balance	2,733,552.06
Monthly Distribution Yield	2.55%



Account Statement - Transaction Summary

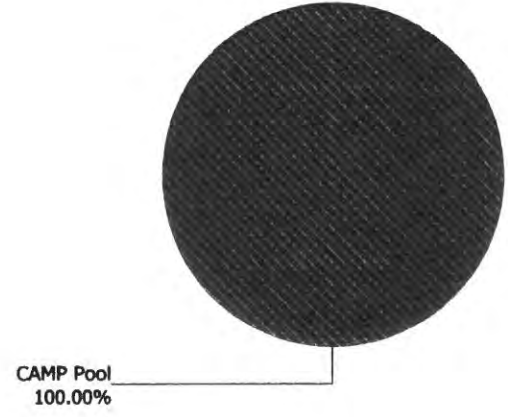
For the Month Ending April 30, 2019

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	3,355,027.64
Purchases	305,732.68
Redemptions	(950,000.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$2,710,760.32
Cash Dividends and Income	5,732.68

Asset Summary		
	April 30, 2019	March 31, 2019
CAMP Pool	2,710,760.32	3,355,027.64
Total	\$2,710,760.32	\$3,355,027.64

Asset Allocation	
CAMP Pool	100.00%



FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
4/1/2019 to 4/30/2019

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 4/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 4/30/2019
OPEB	\$976,345.03	\$0.00	\$19,163.88	\$203.41	\$0.00	\$0.00	\$995,305.50
PENSION	\$3,646,153.98	\$2,303,136.08	\$84,160.82	\$759.61	\$0.00	\$0.00	\$6,032,691.27
Totals	\$4,622,499.01	\$2,303,136.08	\$103,324.70	\$963.02	\$0.00	\$0.00	\$7,027,996.77

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	1.96%	3.92%	6.62%	-	-	-	2/16/2017
PENSION	1.83%	3.74%	6.42%	-	-	-	2/16/2017

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

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

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: July 22, 2019
SUBJECT: Revised Treasurer's Report

Purpose

Provide the revised May 31, 2019 Treasurer's Report. The original report did not properly account for assets purchased before month end but settled after month end. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

The final Board directed transfers of the proceeds from the sale of the Santa Margarita River properties have been completed. The temporary CAMP Santa Margarita Loan Payment Fund and CAMP Pension Obligation Off-set Fund accounts have been closed and the balance transferred as Directed by the Board. The District's Liquidity Portfolio had a slight increase. The PFM Managed Long-Term Investment Portfolio and the PARS accounts experienced changes in market value.

Summary

Treasurer's Report May 31, 2019


Operations Summary

Disbursements	\$ 2,446,974
Receipts	\$ 2,446,706
Net change	\$ (268)

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals) / Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 18,877	\$ 18,609	NA	\$ (268)	0.4%	0.1%
Money Market	\$ 1,000,474	\$ 1,246,500	NA	\$ 246,026	0.4%	4.9%
LAIF	\$ 231,661	\$ 231,661	NA	-	2.4%	0.9%
County Pool	\$ 15,077	\$ 15,077	NA	-	1.8%	0.1%
CAMP Liquidity Account	\$ 2,710,760	\$ 2,516,223	NA	\$ (194,538)	2.5%	9.8%
District's Liquidity Portfolio	\$ 3,976,849	\$ 4,028,070	\$ -	\$ 51,221	1.8%	15.8%
PFM Managed Long-term Investment Portfolio*	\$ 14,535,411	\$ 14,671,505	\$ 136,094	-	2.2%	57.4%
PARS (OPEB & Pension Trust)**	\$ 7,027,997	\$ 6,848,709	\$ (179,287)	-	2.4%	26.8%
District Accounts Total	\$ 25,540,257	\$ 25,548,284	\$ (43,193)	\$ 51,221	2.2%	100.0%

*\$6.21M of funds are from the sale of the Santa Margarita properties. Beginning balance adjusted for \$8,718 that was excluded last month.

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


 David Shank
 July 22, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	April 30, 2019	May 31, 2019	Change (\$)	Change (%)
U.S. Treasury	\$7,641,062.21	\$7,542,441.24	(\$98,620.97)	-1.3%
Supranational	\$138,656.00	\$139,074.60	\$418.60	0.3%
Municipal	\$171,344.70	\$172,148.80	\$804.10	0.5%
Federal Agency CMO	\$111,868.63	\$112,617.36	\$748.73	0.7%
Federal Agency	\$251,573.06	\$252,689.70	\$1,116.64	0.4%
Corporate Note	\$3,788,037.38	\$4,252,162.56	\$464,125.18	12.3%
Negotiable CD	\$1,781,444.54	\$1,102,122.76	(\$679,321.78)	-38.1%
Asset-Backed Security	\$892,706.39	\$979,341.61	\$86,635.22	9.7%
Securities Total	\$14,776,692.91	\$14,552,598.63	(\$224,094.28)	-1.5%
Money Market Fund	(\$241,282.33)	\$118,906.36	\$360,188.69	149.3%
Total Investments	\$14,535,410.58	\$14,671,504.99	\$136,094.41	0.9%

Summary

FY18-19 Accrual Earnings	\$228,387.38
Yield to Maturity at Cost	2.22%
Weighted Average Maturity	2.52 Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending May 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
BUY											
	04/30/19	05/03/19	US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	1,490,000.00	(1,447,569.92)	(2,015.16)	(1,449,585.08)			
	04/30/19	05/03/19	US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	235,000.00	(237,551.95)	(1,374.62)	(238,926.57)			
	04/30/19	05/03/19	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	1,000,000.00	(972,148.44)	(132.47)	(972,280.91)			
	04/30/19	05/03/19	US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	600,000.00	(599,156.25)	(4,587.02)	(603,743.27)			
	04/30/19	05/03/19	US TREASURY N/B DTD 03/31/2017 2.125% 03/31/2024	912828W71	145,000.00	(143,912.50)	(277.82)	(144,190.32)			
	04/30/19	05/03/19	US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	230,000.00	(231,599.22)	(2,818.61)	(234,417.83)			
	05/03/19	05/07/19	BANK OF NY MELLON CORP CORP NOTES DTD 08/13/2018 3.450% 08/11/2023	06406RAJ6	150,000.00	(153,492.00)	(1,236.25)	(154,728.25)			
	05/03/19	05/07/19	CITIGROUP INC CORP NOTES DTD 02/20/2013 3.375% 03/01/2023	172967GL9	150,000.00	(151,960.50)	(928.13)	(152,888.63)			
	05/03/19	05/07/19	US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	115,000.00	(113,162.70)	(43.75)	(113,206.45)			
	05/03/19	05/07/19	CHARLES SCHWAB CORP NOTES DTD 10/31/2018 3.550% 02/01/2024	808513AY1	145,000.00	(149,856.05)	(1,372.67)	(151,228.72)			
	05/10/19	05/14/19	AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.625% 10/10/2023	02665WCO2	90,000.00	(93,384.90)	(308.13)	(93,693.03)			
	05/10/19	05/14/19	ABBOTT LABORATORIES CORP NOTES DTD 11/22/2016 3.400% 11/30/2023	002824BE9	135,000.00	(138,384.45)	(2,091.00)	(140,475.45)			
	05/10/19	05/14/19	UNITED STATES TREASURY NOTES DTD 04/15/2019 2.250% 04/15/2022	9128286M7	120,000.00	(120,117.19)	(213.93)	(120,331.12)			
	05/21/19	05/29/19	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	75,000.00	(74,997.20)	0.00	(74,997.20)			
	05/21/19	05/30/19	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	40,000.00	(39,991.90)	0.00	(39,991.90)			



Managed Account Security Transactions & Interest

For the Month Ending May 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
BUY											
	05/31/19	06/04/19	BANK OF NY MELLON CORP NOTE DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	200,000.00	(202,200.00)	(2,048.61)	(204,248.61)			
Transaction Type Sub-Total					4,920,000.00	(4,869,485.17)	(19,448.17)	(4,888,933.34)			
INTEREST											
	05/01/19	05/01/19	MONEY MARKET FUND	MONEY0002	0.00	0.00	5,933.67	5,933.67			
	05/01/19	05/25/19	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	05/01/19	05/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	251.11	0.00	0.37	0.37			
	05/03/19	05/03/19	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	250,000.00	0.00	2,548.26	2,548.26			
	05/05/19	05/05/19	AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	285,000.00	0.00	3,206.25	3,206.25			
	05/10/19	05/10/19	BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	0.00	2,562.50	2,562.50			
	05/13/19	05/13/19	PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	40,000.00	0.00	410.00	410.00			
	05/15/19	05/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	39,900.41	0.00	42.89	42.89			
	05/15/19	05/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	05/15/19	05/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	63,532.10	0.00	88.42	88.42			
	05/15/19	05/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	18,031.86	0.00	26.75	26.75			
	05/15/19	05/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	29,243.26	0.00	44.35	44.35			
	05/15/19	05/15/19	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			



Managed Account Security Transactions & Interest

For the Month Ending **May 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											
	05/15/19	05/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	94,679.89	0.00	138.07	138.07			
	05/15/19	05/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	10,338.31	0.00	9.82	9.82			
	05/15/19	05/15/19	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			
	05/15/19	05/15/19	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	05/15/19	05/15/19	US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	100,000.00	0.00	1,312.50	1,312.50			
	05/15/19	05/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	9,590.23	0.00	10.39	10.39			
	05/15/19	05/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	5,191.67	0.00	5.41	5.41			
	05/15/19	05/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			
	05/16/19	05/16/19	SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	280,000.00	0.00	3,195.66	3,195.66			
	05/17/19	05/17/19	MORGAN STANLEY BONDS DTD 11/17/2016 2.625% 11/17/2021	61746BED4	220,000.00	0.00	2,887.50	2,887.50			
	05/30/19	05/30/19	ABBOTT LABORATORIES CORP NOTES DTD 11/22/2016 3.400% 11/30/2023	002824BE9	135,000.00	0.00	2,295.00	2,295.00			
	05/31/19	05/31/19	US TREASURY NOTES DTD 12/02/2013 2.000% 11/30/2020	912828A42	130,000.00	0.00	1,300.00	1,300.00			
	05/31/19	05/31/19	US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	185,000.00	0.00	1,387.50	1,387.50			
Transaction Type Sub-Total					2,740,758.84	0.00	28,623.69	28,623.69			
MATURITY											
	05/03/19	05/03/19	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	250,000.00	250,000.00	0.00	250,000.00	0.00	0.00	
Transaction Type Sub-Total					250,000.00	250,000.00	0.00	250,000.00	0.00	0.00	



Managed Account Security Transactions & Interest

For the Month Ending May 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
PAYDOWNS											
	05/01/19	05/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	251.11	251.11	0.00	251.11	(2.51)	0.00	
	05/15/19	05/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,359.82	4,359.82	0.00	4,359.82	0.59	0.00	
	05/15/19	05/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	2,207.09	2,207.09	0.00	2,207.09	0.31	0.00	
	05/15/19	05/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	7,198.13	7,198.13	0.00	7,198.13	0.09	0.00	
	05/15/19	05/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	5,849.65	5,849.65	0.00	5,849.65	0.02	0.00	
	05/15/19	05/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	4,431.75	4,431.75	0.00	4,431.75	0.23	0.00	
	05/15/19	05/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,901.04	1,901.04	0.00	1,901.04	0.15	0.00	
	05/15/19	05/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	2,945.21	2,945.21	0.00	2,945.21	0.22	0.00	
	05/15/19	05/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	1,962.45	1,962.45	0.00	1,962.45	0.05	0.00	
Transaction Type Sub-Total					31,106.25	31,106.25	0.00	31,106.25	(0.85)	0.00	
SELL											
	04/30/19	05/01/19	CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 2.000% 08/12/2019	140420UE8	245,000.00	244,512.45	1,047.12	245,559.57	(487.55)	(487.55)	FIFO
	05/03/19	05/07/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	115,000.00	112,924.61	203.45	113,128.06	(1,015.23)	(1,341.87)	FIFO
	05/03/19	05/07/19	US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	75,000.00	74,361.33	248.62	74,609.95	377.93	(274.16)	FIFO
	05/03/19	05/07/19	US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	130,000.00	130,741.41	1,630.84	132,372.25	(162.50)	(157.89)	FIFO
	05/03/19	05/07/19	BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	150,000.00	149,397.00	653.96	150,050.96	(666.20)	(614.11)	FIFO
	05/03/19	05/07/19	US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	100,000.00	99,058.59	651.10	99,709.69	(2,554.69)	(1,407.41)	FIFO



Managed Account Security Transactions & Interest

For the Month Ending May 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
SELL											
	05/10/19	05/14/19	AMERICAN EXPRESS BK FSB LT CD DTD 07/24/2014 2.000% 07/24/2019	02587CAJ9	245,000.00	244,767.25	1,476.71	246,243.96	(232.75)	(232.75)	FIFO
	05/10/19	05/14/19	AMERICAN HONDA FINANCE CORP NOTE DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	90,000.00	89,571.60	450.00	90,021.60	(300.60)	(395.67)	FIFO
	05/24/19	05/29/19	SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	185,000.00	184,766.19	1,096.84	185,863.03	(161.66)	(227.37)	FIFO
	05/31/19	06/04/19	BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	202,000.00	201,569.74	1,206.39	202,776.13	(515.36)	(443.53)	FIFO
Transaction Type Sub-Total					1,537,000.00	1,531,670.17	8,665.03	1,540,335.20	(5,718.61)	(5,582.31)	
Managed Account Sub-Total							(3,056,708.75)	17,840.55	(3,038,868.20)	(5,719.46)	(5,582.31)
Total Security Transactions							(\$3,056,708.75)	\$17,840.55	(\$3,038,868.20)	(\$5,719.46)	(\$5,582.31)

Bolded items are forward settling trades.



Account Statement - Transaction Summary

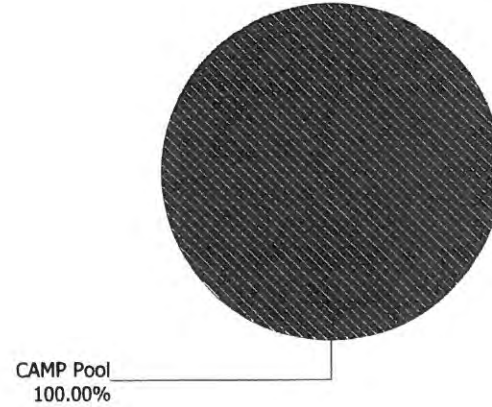
For the Month Ending May 31, 2019

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	2,710,760.32
Purchases	5,462.46
Redemptions	(200,000.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$2,516,222.78
Cash Dividends and Income	5,462.46

Asset Summary	May 31, 2019	April 30, 2019
CAMP Pool	2,516,222.78	2,710,760.32
Total	\$2,516,222.78	\$2,710,760.32

Asset Allocation	
CAMP Pool	100.00%



FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
5/1/2019 to 5/31/2019

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 5/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 5/31/2019
OPEB	\$995,305.50	\$0.00	-\$25,185.34	\$207.36	\$0.00	\$0.00	\$969,912.80
PENSION	\$6,032,691.27	\$0.00	-\$152,637.84	\$1,256.81	\$0.00	\$0.00	\$5,878,796.62
Totals	\$7,027,996.77	\$0.00	-\$177,823.18	\$1,464.17	\$0.00	\$0.00	\$6,848,709.42

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	-2.53%	0.51%	2.53%	-	-	-	2/16/2017
PENSION	-2.53%	0.35%	2.36%	-	-	-	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



Fallbrook Public Utilities District - Holdings Summary

Security Type	April 30, 2019	May 31, 2019	Change (\$)	Change (%)
U.S. Treasury	\$7,641,062.21	\$7,542,441.24	(\$98,620.97)	-1.3%
Supranational	\$138,656.00	\$139,074.60	\$418.60	0.3%
Municipal	\$171,344.70	\$172,148.80	\$804.10	0.5%
Federal Agency CMO	\$111,868.63	\$112,617.36	\$748.73	0.7%
Federal Agency	\$251,573.06	\$252,689.70	\$1,116.64	0.4%
Corporate Note	\$3,788,037.38	\$4,252,162.56	\$464,125.18	12.3%
Negotiable CD	\$1,781,444.54	\$1,102,122.76	(\$679,321.78)	-38.1%
Asset-Backed Security	\$892,706.39	\$979,341.61	\$86,635.22	9.7%
Securities Total	\$14,776,692.91	\$14,552,598.63	(\$224,094.28)	-1.5%
Money Market Fund	(\$241,282.33)	\$118,906.36	\$360,188.69	149.3%
Total Investments	\$14,535,410.58	\$14,671,504.99	\$136,094.41	0.9%

Summary	
FY18-19 Accrual Earnings	\$228,387.38
Yield to Maturity at Cost	2.22%
Weighted Average Maturity	2.52 Years



M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO DS
DATE: July 22, 2019
SUBJECT: Treasurer's Report

Purpose

Provide the revised June 30, 2019 Treasurer's Report. The original report did not properly account for assets purchased before month end but settled after month end. 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

This is the year-end report. A transfer from the Money Market Account to Camp Liquidity Account was the only activity outside normal day to day cash flows.

Summary

Treasurer's Report June 30, 2019

Operations Summary

Disbursements	\$ 2,446,974
Receipts	\$ 2,446,706
Net change	\$ (268)

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals) / Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 18,609	\$ 18,997	NA	\$ 387	0.4%	0.1%
Money Market	\$ 1,246,500	\$ 657,075	NA	\$ (589,425)	0.4%	2.6%
LAIF	\$ 231,661	\$ 231,661	NA	-	2.4%	0.9%
County Pool	\$ 15,077	\$ 15,077	NA	-	1.8%	0.1%
CAMP Liquidity Account	\$ 2,516,223	\$ 2,821,438	NA	\$ 305,215	2.5%	11.0%
District's Liquidity Portfolio	\$ 4,028,070	\$ 3,744,247	\$ -	\$ (283,823)	2.1%	14.6%
PFM Managed Long-term Investment Portfolio*	\$ 14,671,505	\$ 14,771,330	\$ 99,825	-	2.2%	57.6%
PARS (OPEB & Pension Trust)**	\$ 6,848,709	\$ 7,108,112	\$ 259,403	-	2.4%	27.7%
District Accounts Total	\$ 25,548,284	\$ 25,623,689	\$ 359,228	\$ (283,823)	2.2%	100.0%

*\$6.21M of funds are from the sale of the Santa Margarita properties. Beginning balance adjusted for \$8,718 that was excluded last month.

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


 David Shank
 July 22, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	May 31, 2019	June 30, 2019	Change (\$)	Change (%)
U.S. Treasury	\$7,542,441.24	\$7,903,946.16	\$361,504.92	4.8%
Supranational	\$139,074.60	\$139,467.86	\$393.26	0.3%
Municipal	\$172,148.80	\$172,653.70	\$504.90	0.3%
Federal Agency CMO	\$112,617.36	\$112,879.11	\$261.75	0.2%
Federal Agency	\$252,689.70	\$253,315.98	\$626.28	0.2%
Corporate Note	\$4,252,162.56	\$4,072,359.36	(\$179,803.20)	-4.2%
Negotiable CD	\$1,102,122.76	\$1,105,011.49	\$2,888.73	0.3%
Asset-Backed Security	\$979,341.61	\$946,828.04	(\$32,513.57)	-3.3%
Securities Total	\$14,552,598.63	\$14,706,461.70	\$153,863.07	1.1%
Money Market Fund	\$118,906.36	\$64,868.55	(\$54,037.81)	-45.4%
Total Investments	\$14,671,504.99	\$14,771,330.25	\$99,825.26	0.7%

Summary

FY18-19 Accrual Earnings	\$254,869.10
Yield to Maturity at Cost	2.22%
Weighted Average Maturity	2.74Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending **June 30, 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										
05/31/19	06/04/19	BANK OF NY MELLON CORP NOTE DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	200,000.00	(202,200.00)	(2,048.61)	(204,248.61)			
06/03/19	06/05/19	US TREASURY N/B DTD 09/30/2016 1.375% 09/30/2023	912828T26	320,000.00	(313,112.50)	(793.44)	(313,905.94)			

Transaction Type Sub-Total **520,000.00** **(515,312.50)** **(2,842.05)** **(518,154.55)**

INTEREST										
06/01/19	06/25/19	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
06/03/19	06/03/19	MONEY MARKET FUND	MONEY0002	0.00	0.00	506.15	506.15			
06/07/19	06/07/19	WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	385,000.00	0.00	4,908.75	4,908.75			
06/15/19	06/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	15,824.77	0.00	23.47	23.47			
06/15/19	06/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			
06/15/19	06/15/19	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			
06/15/19	06/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	8,375.86	0.00	7.96	7.96			
06/15/19	06/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	87,481.76	0.00	127.58	127.58			
06/15/19	06/15/19	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	40,000.00	0.00	41.83	41.83			
06/15/19	06/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	35,540.59	0.00	38.21	38.21			
06/15/19	06/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
06/15/19	06/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	26,298.05	0.00	39.89	39.89			
06/15/19	06/15/19	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
06/15/19	06/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	5,158.48	0.00	5.59	5.59			



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 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											
	06/15/19	06/15/19	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	06/15/19	06/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	3,290.63	0.00	3.43	3.43			
	06/15/19	06/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	57,682.45	0.00	80.27	80.27			
	06/21/19	06/21/19	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	75,000.00	0.00	115.50	115.50			
	06/30/19	06/30/19	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	240,000.00	0.00	2,550.00	2,550.00			
	06/30/19	06/30/19	US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	600,000.00	0.00	6,750.00	6,750.00			
	06/30/19	06/30/19	US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	235,000.00	0.00	2,056.25	2,056.25			
	06/30/19	06/30/19	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	185,000.00	0.00	1,965.63	1,965.63			
	06/30/19	06/30/19	US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	0.00	3,900.00	3,900.00			
Transaction Type Sub-Total					2,984,652.59	0.00	24,338.89	24,338.89			

PAYDOWNS											
	06/15/19	06/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	5,754.25	5,754.25	0.00	5,754.25	0.02	0.00	
	06/15/19	06/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	4,153.67	4,153.67	0.00	4,153.67	0.21	0.00	
	06/15/19	06/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	6,930.36	6,930.36	0.00	6,930.36	0.09	0.00	
	06/15/19	06/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	1,866.69	1,866.69	0.00	1,866.69	0.05	0.00	
	06/15/19	06/15/19	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	6,035.74	6,035.74	0.00	6,035.74	0.47	0.00	
	06/15/19	06/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,258.39	1,258.39	0.00	1,258.39	0.10	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 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
PAYDOWNS											
	06/15/19	06/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	1,747.12	1,747.12	0.00	1,747.12	0.25	0.00	
	06/15/19	06/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	1,982.32	1,982.32	0.00	1,982.32	0.14	0.00	
	06/15/19	06/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,300.07	4,300.07	0.00	4,300.07	0.58	0.00	
Transaction Type Sub-Total					34,028.61	34,028.61	0.00	34,028.61	1.91	0.00	
SELL											
	05/31/19	06/04/19	BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	202,000.00	201,569.74	1,206.39	202,776.13	(515.36)	(443.53)	FIFO
	06/03/19	06/05/19	BURLINGTON NRTH CORP NOTE DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	201,302.00	1,671.11	202,973.11	(19,478.00)	(760.94)	FIFO
Transaction Type Sub-Total					402,000.00	402,871.74	2,877.50	405,749.24	(19,993.36)	(1,204.47)	
Managed Account Sub-Total						(78,412.15)	24,374.34	(54,037.81)	(19,991.45)	(1,204.47)	
Total Security Transactions						(\$78,412.15)	\$24,374.34	(\$54,037.81)	(\$19,991.45)	(\$1,204.47)	



Account Statement - Transaction Summary

For the Month Ending **June 30, 2019**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	2,516,222.78
Purchases	305,215.17
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$2,821,437.95
Cash Dividends and Income	5,215.17

Asset Summary		
	June 30, 2019	May 31, 2019
CAMP Pool	2,821,437.95	2,516,222.78
Total	\$2,821,437.95	\$2,516,222.78

Asset Allocation	
CAMP Pool	100.00%



CAMP Pool
100.00%



Account Statement

For the Month Ending **June 30, 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					2,516,222.78
06/27/19	06/27/19	Purchase - Incoming Wires	1.00	300,000.00	2,816,222.78
06/28/19	07/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,215.17	2,821,437.95
Closing Balance					2,821,437.95

	Month of June	Fiscal YTD July-June		
Opening Balance	2,516,222.78	0.00	Closing Balance	2,821,437.95
Purchases	305,215.17	4,321,437.95	Average Monthly Balance	2,556,744.30
Redemptions (Excl. Checks)	0.00	(1,500,000.00)	Monthly Distribution Yield	2.48%
Check Disbursements	0.00	0.00		
Closing Balance	2,821,437.95	2,821,437.95		
Cash Dividends and Income	5,215.17	21,437.95		

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
6/1/2019 to 6/30/2019

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 6/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 6/30/2019
OPEB	\$969,912.80	\$0.00	\$36,938.63	\$202.06	\$0.00	\$0.00	\$1,006,649.37
PENSION	\$5,878,796.62	\$0.00	\$223,890.91	\$1,224.75	\$0.00	\$0.00	\$6,101,462.78
Totals	\$6,848,709.42	\$0.00	\$260,829.54	\$1,426.81	\$0.00	\$0.00	\$7,108,112.15

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	3.81%	3.17%	6.47%	-	-	-	2/16/2017
PENSION	3.81%	3.04%	6.29%	-	-	-	2/16/2017

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

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: July 17, 2019
SUBJECT: Budget Status Report

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 May, Year-to-Date and the annual budgeted amount.

Total revenues continue to under budget expectations due to water and wastewater sales levels. Wastewater Service Charges revenues have drawn closer to the budget levels but remain under budget levels due to water sales levels. Water Sales are 15.1% below budget due to the extreme wet weather the region has observed. With one month left in the fiscal year revenues are not expected recover by the end of the year. Sundry has been lumped into the Other Non-operating revenues until staff is able to split these revenues out better and shows no revenues.

Non-operating revenue shows the higher than expected portfolio interest and property tax receipts. Other Non-Operating revenues are over the budgeted levels even after adjusting for the temporary inclusion of Sundry Other Revenues.

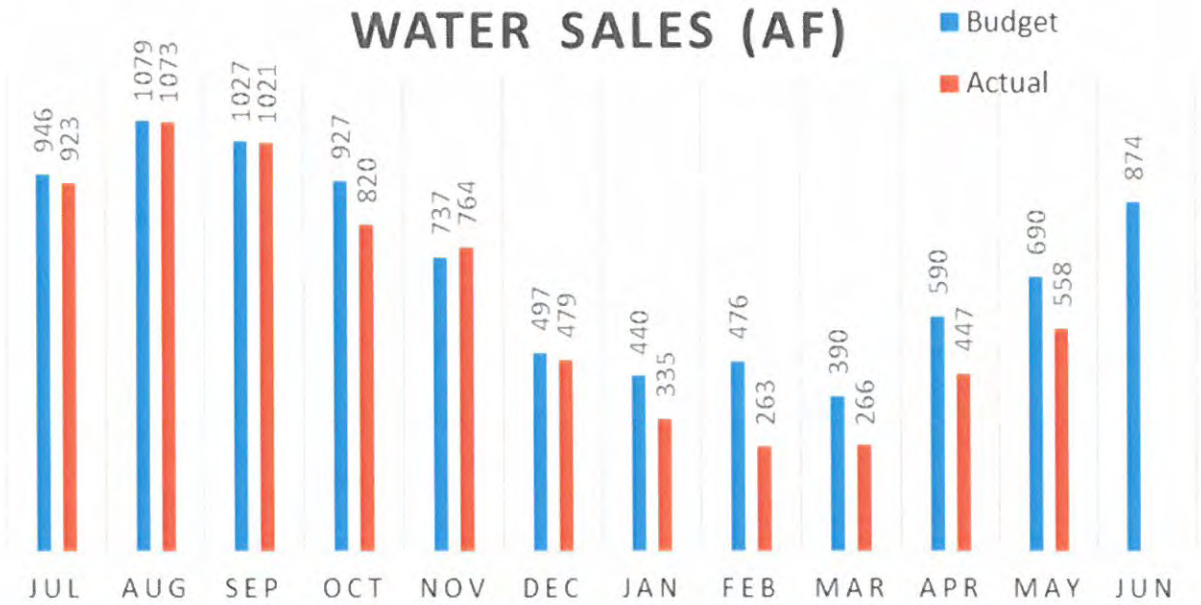
The District's expenditures overall are under budget due to the lower than budgeted purchased water expense, which is a result of lower water sales levels, and the District's operations and maintenance expenses.

Total revenue is \$30,183,949 or 9.5% under budget and total expenditures are \$26,011,516 or 7.2% under budget. Capital spending is currently 31.6% under budget but expected to trend towards budget. As a result, the District financial position is better than budget expectations.

Recommended Action

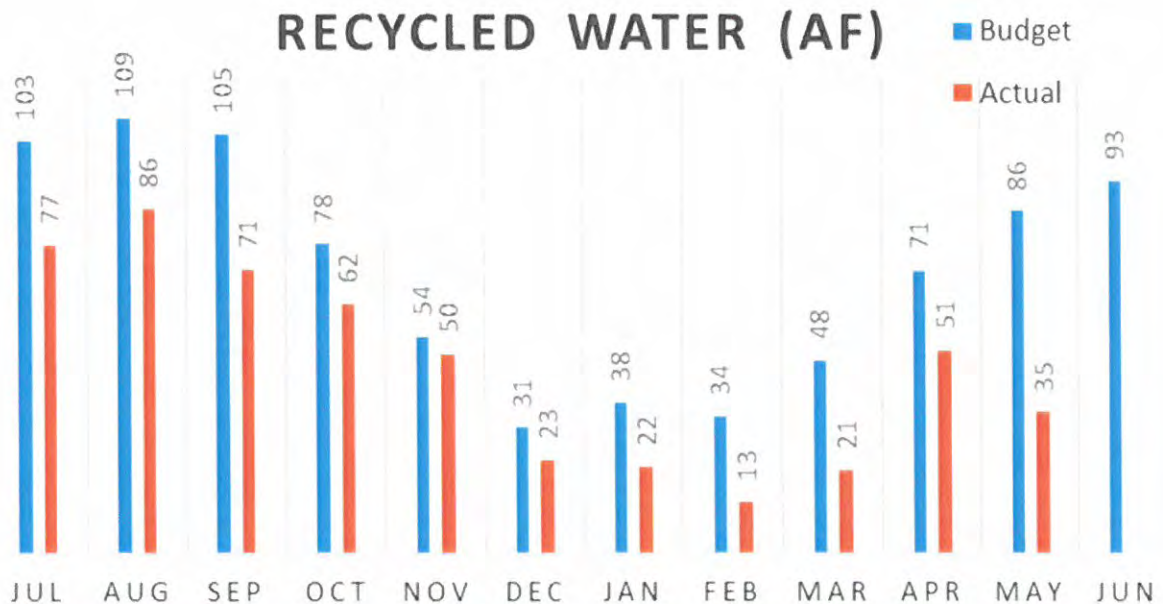
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 6,950 AF Year-to-Date Budget 7,799 AF

RECYCLED WATER (AF)



Year-to-Date Actual 513 AF Year-to-Date Budget 757 AF

Monthly Budget Report for May

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	8.3%
Water Sales	1,029,578	1,358,391	12,245,878	14,426,962	(2,181,084)	-15.1%	16,148,015	3,902,137	24.2%
MWD Readiness to Serve	28,154	28,366	303,269	312,024	(8,755)	-2.8%	340,390	37,121	10.9%
CWA Infrastructure Access Charge	36,032	35,608	390,131	401,060	(10,929)	-2.7%	436,668	46,537	10.7%
Water Meter Service Charges	541,437	579,563	5,751,858	6,117,610	(365,752)	-6.0%	6,697,173	945,315	14.1%
Wastewater Service Charges	482,198	501,384	4,837,193	5,515,229	(678,036)	-12.3%	6,016,613	1,179,420	19.6%
Recycled Water Revenues	57,403	139,957	796,494	1,181,373	(384,879)	-32.6%	1,333,360	536,866	40.3%
Overuse Penalties	-	-	-	-	-	NA	-	-	NA
Sundry Other Revenue	-	25,509	-	280,594	(280,594)	-100.0%	306,102	306,102	100.0%
CWA Rebates	6,660	12,627	81,080	138,898	(57,818)	-41.6%	151,525	70,445	46.5%
Total Operating Revenue	2,181,462	2,681,405	24,405,903	28,373,749	(3,967,845)	-14.0%	31,429,846	7,023,943	22.3%
Non Operating Revenues:									
Water Capital Improvement Charge	111,837	109,119	1,183,281	1,200,305	(17,024)	-1.4%	1,309,424	126,143	9.6%
Wastewater Capital Improvement Charge	96,962	95,175	1,044,405	1,046,926	(2,521)	-0.2%	1,142,101	97,696	8.6%
Property Taxes	267,629	16,898	1,992,694	1,875,158	117,537	6.3%	1,908,753	(83,941)	-4.4%
Water Standby/Availability Charge	55,994	4,026	190,820	192,873	(2,053)	-1.1%	203,000	12,180	6.0%
Water/Wastewater Capacity Charges	11,369	11,186	189,101	123,048	66,053	53.7%	134,234	(54,867)	-40.9%
Portfolio Interest	18,990	18,370	327,890	202,074	125,816	62.3%	220,444	(107,446)	-48.7%
Pumping Capital Improvement Charge	1,446	3,256	23,877	35,817	(11,940)	-33.3%	39,073	15,196	38.9%
Federal Interest Rate Subsidy	66,071	65,578	134,924	133,917	1,007	0.8%	133,917	(1,007)	-0.8%
SRF Loan Proceeds	-	-	-	-	-	NA	-	-	NA
CSI Rebate	-	-	-	-	-	NA	-	-	NA
Facility Rents & Other Non-Operating Revenues	80,595	14,710	691,053	161,806	529,247	327.1%	176,516	(514,537)	-291.5%
Total Non Operating Revenues	710,893	338,318	5,778,045	4,971,924	806,121	16.2%	5,267,458	(510,588)	-9.7%
Total Revenues	2,892,355	3,019,724	30,183,949	33,345,673	(3,161,724)	-9.5%	36,697,304	6,513,355	17.7%
Expenditures									
Purchased Water Expense	563,964	1,096,989	10,625,000	12,415,452	1,790,452	14.4%	13,743,805	3,118,805	22.7%
MWD Readiness to Serve	28,366	28,366	312,025	312,024	-	0.0%	340,390	28,365	8.3%
CWA Infrastructure Access Charge	35,608	35,608	401,060	401,060	-	0.0%	436,668	35,608	8.2%
Water Services	444,086	245,972	2,958,145	3,077,646	119,501	3.9%	3,197,635	239,490	7.5%
Wastewater Services	358,687	200,896	2,653,085	2,519,557	(133,528)	-5.3%	2,611,649	(41,436)	-1.6%
Recycled Water Services	55,228	45,273	508,075	566,185	58,109	10.3%	588,552	80,477	13.7%
Administrative Services	765,318	476,234	5,794,106	5,966,781	172,674	2.9%	6,191,048	396,942	6.4%
Total Operating Expenses	2,251,257	2,129,338	23,251,497	25,258,705	2,007,208	7.9%	27,619,407	4,367,910	15.8%
Debt Service Expenses									
Red Mountain SRF	-	-	395,850	395,850	-	0.0%	395,850	-	0.0%
WWTP SRF	-	-	1,845,746	1,845,746	-	0.0%	1,845,746	-	0.0%
QECB Solar Debt	257,728	257,728	518,423	518,423	-	0.0%	518,423	-	0.0%
Total Debt Service	257,728	257,728	2,760,019	2,760,019	-	0.0%	2,760,019	-	0.0%
Total Expenses	2,508,985	2,387,066	26,011,516	28,018,724	2,007,208	7.2%	30,379,426	4,367,910	14.4%
Net Revenue/(loss) From Operations and Debt Service	383,370	632,657	4,172,433	5,326,949	(1,154,516)	-21.7%	6,317,878	2,145,445	34.0%
Capital Investment									
Capital Investment									
Construction Expenditures**	398,788	649,991	4,888,455	7,149,897	2,261,442	31.6%	19,894,888	15,006,433	75.4%
SRF Loan Proceeds Draw (Capital Project Funds)							(12,095,000)		
Net Revenue/(Loss)	(15,419)	(17,334)	(716,022)	(1,822,948)	1,106,926	-60.7%	(1,482,010)	(765,988)	51.7%

* Excludes the proceeds from the sale of the Santa Margarita River of \$9.3M

**Adjusted to exclude CIP expenditures related to the SMCUP.

6/30/2019

Treasurer's Warrant No. June

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 -6/19

Computer Check Register

Payroll #1	\$145,714.59
Payroll #2	<u>\$137,772.45</u>
	<u>\$283,487.04</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
Printed: 7/10/2019 12:04 PM



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
ACH	00152	FPUD EMPL ASSOCIATION	06/06/2019	509.00
ACH	06758	US TREASURY - PAYROLL TAXES	06/06/2019	58,722.31
ACH	06759	STATE OF CA - PR TAXES	06/06/2019	8,964.14
ACH	06760	STATE OF CA - SDI	06/06/2019	2,252.55
ACH	06761	LINCOLN FINANCIAL GROUP	06/06/2019	6,246.56
ACH	06763	PERS - PAYROLL	06/06/2019	35,811.54
81034	04949	ALLDATA	06/06/2019	1,616.25
81035	05754	ALLIED TRAFFIC & EQUIPMENT REN'	06/06/2019	10,553.74
81036	91286	AMAZON CAPITAL SERVICES, INC.	06/06/2019	855.26
81037	05615	BOOT WORLD INC.	06/06/2019	213.63
81038	06375	CALGON CARBON CORPORATION	06/06/2019	764.79
81039	04178	CALOLYMPIC SAFETY CO., INC.	06/06/2019	3,799.74
81040	90884	MAVIS CANPINAR	06/06/2019	55.86
81041	06141	CENTRISYS CORPORATION	06/06/2019	8,400.00
81042	91445	CULVER-NEWLIN, INC	06/06/2019	2,986.83
81043	91242	DATA MANAGEMENT, INC.	06/06/2019	2,000.00
81044	05180	NOELLE DENKE	06/06/2019	60.55
81045	91123	DIGITAL DEVELOPMENT, INC.	06/06/2019	550.00
81046	06527	E.H. WACHS	06/06/2019	69,760.75
81047	91443	E.J. MEYER COMPANY, INC.	06/06/2019	40,565.00
81048	03391	ELECTRICAL SALES INC	06/06/2019	3,539.59
81049	04411	ENVIRONMENTAL RESOURCE ASSOC	06/06/2019	235.54
81051	02647	FALLBROOK AWARDS	06/06/2019	114.22
81052	02411	FALLBROOK PRINTING CORP	06/06/2019	129.30
81053	00182	GLENNIE'S OFFICE PRODUCTS, INC	06/06/2019	159.77
81054	UB*00265	JUSTIN HIGGINS	06/06/2019	528.53
81055	06577	INFOSEND INC	06/06/2019	3,086.87
81056	05255	INLAND WATER WORKS SUPPLY CO,	06/06/2019	2,543.98
81057	06463	IOTUM INC.	06/06/2019	17.84
81058	06243	JIM'S SIGN SHOP	06/06/2019	350.00
81059	90937	KIRK PAVING INC	06/06/2019	50,371.00
81060	91029	MALLORY SAFETY AND SUPPLY CO	06/06/2019	1,199.00
81061	91192	MISSION LINEN SUPPLY	06/06/2019	1,864.49
81062	06707	NATIONAL METER & AUTOMATION	06/06/2019	129.39
81063	01267	PACIFIC PIPELINE	06/06/2019	19,459.65
81064	02265	RUPE'S HYDRAULICS	06/06/2019	144.69
81065	90929	SOUTHWEST ANSWERING SERVICE, I	06/06/2019	683.21
81066	00159	SUPERIOR READY MIX	06/06/2019	762.96
81067	06378	TALLEY INC	06/06/2019	2,057.12
81068	91385	VERONICA TAMZIL	06/06/2019	1,387.25
81069	05883	TESTAMERICA LABORATORIES, INC.	06/06/2019	641.55
81070	06211	UNITED IMAGING	06/06/2019	294.73
81071	91404	UPS STORE #3607	06/06/2019	73.57

Total for 6/6/2019: 344,462.75

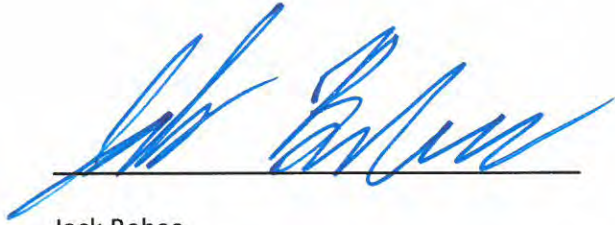
81072 00231 SAN DIEGO COUNTY WATER AUTH 06/11/2019 1,046,811.24

Check No	Vendor No	Vendor Name	Check Date	Check Amount
			Total for 6/11/2019:	1,046,811.24
81073	91184	4IMPRINT INC	06/13/2019	799.22
81074	06323	ADVANCED COMMUNICATION SYSTE	06/13/2019	21,267.60
81075	05880	ALLEN INSTRUMENTS & SUPPLIES	06/13/2019	1,096.81
81076	91274	AL'S KUBOTA TRACTOR, INC.	06/13/2019	167.01
81077	91286	AMAZON CAPITAL SERVICES, INC.	06/13/2019	2,411.60
81078	05091	ANALYTICAL TECHNOLOGY INC	06/13/2019	308.60
81079	05088	AT&T	06/13/2019	777.75
81080	06235	JACK BEBEE	06/13/2019	159.73
81081	03134	CALIFORNIA WATER ENVIRONMENT	06/13/2019	87.00
81082	03134	CALIFORNIA WATER ENVIRONMENT	06/13/2019	87.00
81083	03134	CALIFORNIA WATER ENVIRONMENT	06/13/2019	92.00
81084	03134	CALIFORNIA WATER ENVIRONMENT	06/13/2019	92.00
81085	03978	CAMERON WELDING SUPPLY	06/13/2019	941.73
81086	01719	MICKEY M. CASE	06/13/2019	60.00
81087	06045	CENTER FOR ORGANIZATION	06/13/2019	2,325.00
81088	90885	CENTRO BUSINESS FORMS. INC	06/13/2019	491.35
81089	91451	COIT SERVICES INC.	06/13/2019	760.00
81090	91272	KEVIN COLLINS	06/13/2019	188.00
81091	91210	CORE & MAIN LP	06/13/2019	462.25
81092	91437	COUNTY OF SAN DIEGO	06/13/2019	577.00
81093	06169	CS-ASSOCIATED MUNICIPAL SALES C	06/13/2019	8,632.62
81094	02925	DATA NET SOLUTIONS	06/13/2019	1,856.70
81095	05985	SOLEIL DEVELLE	06/13/2019	240.00
81096	05192	DIAMOND ENVIRONMENTAL SERVIC	06/13/2019	350.65
81097	05177	DOWNEY BRAND, LLP	06/13/2019	120.00
81098	03391	ELECTRICAL SALES INC	06/13/2019	6,448.84
81099	06507	EUROFINS EATON ANALYTICAL INC	06/13/2019	2,400.00
81100	09523	FALLBROOK EQUIP RENTALS	06/13/2019	6,031.74
81101	90956	FALLBROOK GLASS INC	06/13/2019	9.43
81102	00169	FALLBROOK OIL COMPANY	06/13/2019	7,547.33
81103	01155	FALLBROOK REFUSE	06/13/2019	49.00
81104	00170	FALLBROOK WASTE & RECYCLING	06/13/2019	693.40
81105	01432	FERGUSON WATERWORKS #1083	06/13/2019	8,995.41
81106	03099	FLO-SYSTEMS INC	06/13/2019	5,040.33
81107	00182	GLENNIE'S OFFICE PRODUCTS, INC	06/13/2019	374.91
81108	02908	TODD GOLEM	06/13/2019	66.32
81109	02170	GRAINGER, INC.	06/13/2019	7,014.20
81110	05380	HACH CO	06/13/2019	1,059.32
81111	06429	HEALTHPOINTE MEDICAL GROUP,INC	06/13/2019	210.00
81112	03276	HOME DEPOT CREDIT SERVICES	06/13/2019	1,029.98
81113	06577	INFOSEND INC	06/13/2019	3,152.85
81114	06359	INFRASTRUCTURE ENGINEERING CO	06/13/2019	2,210.00
81115	91172	INLAND KENWORTH (US) INC	06/13/2019	199.00
81116	05255	INLAND WATER WORKS SUPPLY CO.	06/13/2019	1,836.06
81117	00190	JCI JONES CHEMICALS INC.	06/13/2019	3,394.64
81118	04027	JOES HARDWARE	06/13/2019	917.59
81119	03765	LENNIHAN LAW	06/13/2019	1,373.32
81120	06555	LIEBERT CASSIDY WHITMORE	06/13/2019	539.00
81121	91130	LINCOLN NATIONAL LIFE INSURANC	06/13/2019	3,183.68
81122	06156	LOMACK SERVICE CORPORATION	06/13/2019	375.00
81123	91029	MALLORY SAFETY AND SUPPLY CO	06/13/2019	3,175.40
81124	03944	MISSION RESOURCE CONSV DISTRIC	06/13/2019	200.00
81125	06338	MYTHOS TECHNOLOGY INC	06/13/2019	1,681.94
81126	03201	NATIONAL SAFETY COMPLIANCE INC	06/13/2019	52.50

Check No	Vendor No	Vendor Name	Check Date	Check Amount
81127	01406	NORTH COUNTY WELDING SUPPLY	06/13/2019	112.76
81128	00370	NUTRIEN AG SOLUTIONS, INC.	06/13/2019	3,372.51
81129	06298	ONESOURCE DISTRIBUTORS, LLC	06/13/2019	593.22
81130	00216	PINE TREE LUMBER	06/13/2019	763.76
81131	06199	PLUMBERS DEPOT INC	06/13/2019	2,683.33
81132	91071	JACOB ROBINSON	06/13/2019	161.00
81133	06608	ROTARY CLUB OF FALLBROOK	06/13/2019	211.00
81134	00232	SAN DIEGO GAS & ELECTRIC	06/13/2019	46,412.78
81135	06643	SAN DIEGO LAFCO	06/13/2019	1,250.00
81136	00236	SCRAPPYS	06/13/2019	3,773.59
81137	91218	DAVID SHANK	06/13/2019	60.12
81138	06401	SONSRAY MACHINERY LLC	06/13/2019	4,672.38
81139	91107	SPECTRUM BUSINESS	06/13/2019	115.64
81140	91297	SPRINGS UNLIMITED INC.	06/13/2019	5,383.61
81141	00159	SUPERIOR READY MIX	06/13/2019	1,433.52
81142	06735	TCN, INC.	06/13/2019	104.00
81143	05883	TESTAMERICA LABORATORIES, INC.	06/13/2019	300.82
81144	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	06/13/2019	382.36
81145	04296	TRENCH PLATE RENTAL CO	06/13/2019	1,414.90
81146	00724	UNDERGROUND SERVICE ALERT	06/13/2019	479.29
81147	00458	VERIZON WIRELESS	06/13/2019	1,971.90
81148	05528	WATER ENVIRONMENT FEDERATION	06/13/2019	143.00
81149	06231	WESTERN WATER WORKS SUPPLY CC	06/13/2019	23,446.40
Total for 6/13/2019:				212,854.70
81154	00101	ACWA JPIA	06/19/2019	102,343.93
81155	91286	AMAZON CAPITAL SERVICES, INC.	06/19/2019	4,342.88
81156	04995	AMERICAN MESSAGING	06/19/2019	193.85
81157	91229	AMP UNITED LLC	06/19/2019	159,330.52
81158	06020	BABCOCK LABORATORIES, INC	06/19/2019	1,820.00
81159	05958	BAMM! PROMOTIONAL PRODUCTS, I	06/19/2019	56.48
81160	06235	JACK BEBEE	06/19/2019	1,251.71
81161	91154	ANNALECE BOKMA	06/19/2019	77.02
81162	91271	COUNCIL OF WATER UTILITIES C/O S'	06/19/2019	90.00
81163	06394	CALIFORNIA BANK & TRUST	06/19/2019	197,925.28
81164	03134	CALIFORNIA WATER ENVIRONMENT	06/19/2019	87.00
81165	UB*00220	ALICIA CARROLL	06/19/2019	4.97
81166	06115	CDW GOVERNMENT INC.	06/19/2019	696.44
81167	91241	LISA CHAFFIN	06/19/2019	60.00
81168	05899	PAULA CLARK	06/19/2019	153.30
81169	91459	ANTHONY & MELISSA CLEMONS	06/19/2019	200.00
81170	91272	KEVIN COLLINS	06/19/2019	60.00
81171	05953	CORODATA RECORDS MANAGEMENT	06/19/2019	732.64
81172	06675	CORODATA SHREDDING, INC	06/19/2019	61.37
81173	91008	MICHAEL COTHRAN	06/19/2019	89.78
81174	02925	DATA NET SOLUTIONS	06/19/2019	620.00
81175	05192	DIAMOND ENVIRONMENTAL SERVIC	06/19/2019	213.14
81176	UB*00152	SHAWNA & DYLAN ENDERLE	06/19/2019	425.04
81177	06303	EXECUTIVE LANDSCAPE INC.	06/19/2019	700.00
81178	01099	FALLBROOK IRRIGATION INC	06/19/2019	8.88
81179	UB*00126	HOMBERTO GALLARDO	06/19/2019	11.35
81180	06286	GARDA CL WEST, INC.	06/19/2019	267.08
81181	91039	GEORGE W. WEIR ASPHALT CONSTRU	06/19/2019	2,583.22
81182	00182	GLENNIE'S OFFICE PRODUCTS, INC	06/19/2019	593.33
81183	03174	HAAKER EQUIPMENT COMPANY	06/19/2019	109.91
81184	05380	HACH CO	06/19/2019	9,176.31

Check No	Vendor No	Vendor Name	Check Date	Check Amount
81185	06577	INFOSEND INC	06/19/2019	1,488.00
81186	05255	INLAND WATER WORKS SUPPLY CO.	06/19/2019	25,429.00
81187	06267	J2 GLOBAL IRELAND LIMITED	06/19/2019	59.91
81188	06380	JANI-KING OF CALIFORNIA, INC - SA	06/19/2019	2,777.45
81189	06243	JIM'S SIGN SHOP	06/19/2019	86.20
81190	04027	JOES HARDWARE	06/19/2019	104.10
81191	90937	KIRK PAVING INC	06/19/2019	40,457.00
81192	04926	KONICA MINOLTA PREMIER FINANCE	06/19/2019	1,845.14
81193	UB*00178	RUTHANN LONDON	06/19/2019	2.12
81194	91029	MALLORY SAFETY AND SUPPLY CO	06/19/2019	1,768.73
81195	06596	MCS INSPECTION GROUP	06/19/2019	8,261.00
81196	91077	MULTI SERVICE TECHNOLOGY SOLU'	06/19/2019	611.68
81197	90932	NAPA AUTO PARTS	06/19/2019	663.93
81198	03201	NATIONAL SAFETY COMPLIANCE INC	06/19/2019	87.50
81199	00718	NATIONWIDE RETIREMENT SOLUTIO	06/19/2019	3,285.00
81200	01267	PACIFIC PIPELINE	06/19/2019	5,516.80
81201	91007	PFM ASSET MANGEMENT LLC	06/19/2019	1,246.61
81202	04075	RAYNE WATER SYSTEMS	06/19/2019	130.00
81203	05911	RYAN HERCO PRODUCTS CORP	06/19/2019	596.23
81204	06064	SOLENIS LLC	06/19/2019	9,778.62
81205	05415	STATE WATER RESOURCE CONTROL	06/19/2019	60.00
81206	02206	STATE WATER RESOURCES CONTROL	06/19/2019	6,000.00
81207	91223	STERLING HEALTH SERVICES INC.	06/19/2019	125.00
81208	UB*00154	RACHEL STEWART	06/19/2019	3.06
81209	91450	T.T. TECHNOLOGIES, INC.	06/19/2019	736.18
81210	91082	TELETRAC, INC	06/19/2019	2,033.18
81211	91458	TOM & MAGGIE TIEHEN	06/19/2019	5,000.00
81212	UB*00149	EMILY TOOWE	06/19/2019	63.76
81213	06509	TRAFFIC SAFETY SOLUTIONS, LLC	06/19/2019	3,795.00
81214	91148	VARGYAS NETWORKS, INC.	06/19/2019	5,996.68
81215	91448	WARDS SCIENCE	06/19/2019	45.67
81216	01359	WATERMASTER	06/19/2019	28,276.18
81217	06256	MARYLOU WEST	06/19/2019	64.29
Total for 6/19/2019:				640,679.45
ACH	00152	FPUD EMPL ASSOCIATION	06/20/2019	507.50
ACH	06758	US TREASURY - PAYROLL TAXES	06/20/2019	54,100.06
ACH	06759	STATE OF CA - PR TAXES	06/20/2019	8,215.87
ACH	06760	STATE OF CA - SDI	06/20/2019	2,131.74
ACH	06761	LINCOLN FINANCIAL GROUP	06/20/2019	5,993.02
ACH	06763	PERS - PAYROLL	06/20/2019	35,903.22
Total for 6/20/2019:				106,851.41
81218	91440	BP BATTERY INC	06/27/2019	258.17
81219	06323	ADVANCED COMMUNICATION SYSTE	06/27/2019	1,202.50
81220	01460	AFLAC	06/27/2019	1,018.76
81221	91286	AMAZON CAPITAL SERVICES, INC.	06/27/2019	4,580.99
81222	02805	ASBURY ENVIRONMENTAL SERVICES	06/27/2019	55.00
81223	91428	ATKINSON, ANDELSON, LOYA, RUUD	06/27/2019	1,080.00
81224	05958	BAMM! PROMOTIONAL PRODUCTS, I	06/27/2019	45.65
81225	06235	JACK BEBEE	06/27/2019	375.00
81226	06375	CALGON CARBON CORPORATION	06/27/2019	15,138.86
81227	03134	CALIFORNIA WATER ENVIRONMENT	06/27/2019	92.00
81228	03205	CITY OF OCEANSIDE	06/27/2019	2,858.83
81229	02176	CORELOGIC SOLUTIONS, LLC	06/27/2019	225.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
81230	UB*00271	JOY CUDA	06/27/2019	131.31
81231	05670	CULVER COMPANY INC	06/27/2019	697.11
81232	03391	ELECTRICAL SALES INC	06/27/2019	224.39
81233	91444	EMMONS ENVIRONMENTAL INC	06/27/2019	15,550.00
81234	04122	EVOQUA WATER TECHNOLOGIES LLC	06/27/2019	4,051.38
81235	06303	EXECUTIVE LANDSCAPE INC.	06/27/2019	134.46
81236	05987	FALLBROOK GARAGE & QWIK LUBE	06/27/2019	145.13
81237	01099	FALLBROOK IRRIGATION INC	06/27/2019	208.08
81238	00169	FALLBROOK OIL COMPANY	06/27/2019	3,807.78
81239	04494	FEDERAL EXPRESS CORPORATION	06/27/2019	48.06
81240	02767	GRANGETTO FARM & GARDEN SUPPI	06/27/2019	157.10
81241	90897	JOSHUA HARGROVE	06/27/2019	105.56
81242	UB*00266	DANIELLE HAYNIE	06/27/2019	8.69
81243	06429	HEALTHPOINTE MEDICAL GROUP, INC	06/27/2019	75.00
81244	06426	INDUSTRIAL SAFETY PROFESSIONAL	06/27/2019	3,308.00
81245	06577	INFOSEND INC	06/27/2019	2,360.89
81246	06359	INFRASTRUCTURE ENGINEERING CO	06/27/2019	2,084.41
81247	05255	INLAND WATER WORKS SUPPLY CO.	06/27/2019	103.44
81248	91306	INSITUFORM TECHNOLOGIES, LLC	06/27/2019	8,457.91
81249	05194	LESLIE'S SWIMMING POOL SUPPLIES	06/27/2019	3,081.43
81250	06156	LOMACK SERVICE CORPORATION	06/27/2019	99.00
81251	91460	RODNEY LUNA	06/27/2019	900.00
81252	UB*00267	AMPARO & BARRY MAHLER	06/27/2019	153.92
81253	06633	MAINTENANCE CONNECTION INC	06/27/2019	756.20
81254	UB*00269	TOMMY & MARY ANN MAYFIELD	06/27/2019	25.00
81255	91287	MEDORA ENVIRONMENTAL INC	06/27/2019	8,620.00
81256	00718	NATIONWIDE RETIREMENT SOLUTIO	06/27/2019	3,285.00
81257	06298	ONESOURCE DISTRIBUTORS, LLC	06/27/2019	652.43
81258	91430	PALOMAR RESEARCH SERVICES LLC	06/27/2019	100.00
81259	04900	PARADISE CHEVROLET CADILLAC	06/27/2019	112.59
81260	00215	PETTY CASH	06/27/2019	289.83
81261	91155	QUALITY GATE COMPANY	06/27/2019	440.00
81262	06237	LARRY RAGSDALE	06/27/2019	252.36
81263	UB*00270	ANDREA RILEY	06/27/2019	2.72
81264	00236	SCRAPPYS	06/27/2019	62.00
81265	91218	DAVID SHANK	06/27/2019	317.00
81266	06738	SHAWN'S CONCRETE PUMPING	06/27/2019	465.00
81267	UB*00272	RICHARD & MINERVA SHEA	06/27/2019	4.75
81268	02927	TIM STERGER	06/27/2019	159.00
81269	00159	SUPERIOR READY MIX	06/27/2019	789.28
81270	91385	VERONICA TAMZIL	06/27/2019	502.16
81271	91454	TEXAS UNDERGROUND, INC.	06/27/2019	800.00
81272	91091	ORNEEN TOMA	06/27/2019	1,043.70
81273	06211	UNITED IMAGING	06/27/2019	273.66
81274	91452	UTILITY TOOL COMPANY, INC.	06/27/2019	1,832.00
81275	04290	VILLAGE NEWS, INC.	06/27/2019	495.00
81276	05528	WATER ENVIRONMENT FEDERATION	06/27/2019	143.00
81277	UB*00268	STEPHANIE AND CECILY ZARATE	06/27/2019	1.23
Total for 6/27/2019:				94,247.72
Report Total (251 checks):				2,445,907.27



Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: COWU Monthly Meeting
Buteba Shop Restaurant San Diego CA

Date(s) of Attendance: June 18, 2019

Purpose of Function: Education

Sponsoring Organization: Sweetwater Authority

Summary of Conference or Meeting:

This was a business meeting to
discuss the future of the organization.
A Bylaws committee was formed
which I volunteered to sit on
and future meeting will be held
~~at~~ under new leadership.

Director Signature: 

Date: 6/20/2019

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

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

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Fallbrook Village Toastmasters, Fallbrook Historical Society,
Hill St, Fallbrook, CA

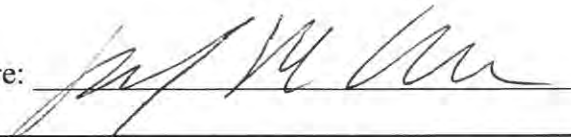
Date(s) of Attendance: Monday, July 8, 2019

Purpose of Function: Education

Sponsoring Organization: Fallbrook Village Toastmasters Club

Summary of Conference or Meeting:

Attended toastmasters meeting. Performed role of speaker delivering speech entitled, "The
Tattoo". It was about the Royal Edinburgh Military Tattoo held annually in Edinburgh, Scotland.
I attended one in 1983 while on my Semester Abroad in London. I continue to improve my
speaking skills thanks to Toastmasters.

Director Signature: 

Date: 7/9/2019

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Legislative Roundtable, San Diego County Water

Authority, 4677 Overland Ave., San Diego, CA 92123

Date(s) of Attendance: July 15, 2019

Purpose of Function: Presentation by Senator Jones followed by Q&A

Sponsoring Organization: San Diego County Water Authority

Summary of Conference or Meeting:

Brian was very engaged w/ the group. He promised an open door and support + a fair hearing for any concerns we had.

I look forward to working w/ the Senator to assist w/ projects that favor our water infrastructure in California.

Director Signature: _____

Date: July 16, 2019

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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: Council of Water Utilities
5255 Kearny Villa Rd.
San Diego, CA

Date(s) of Attendance: 6-18-19


Purpose of Function: Business Meeting

Sponsoring Organization: COWU

Summary of Conference or Meeting:

This was a business meeting only. It included discussion on whether COWU would continue as an entity, the potential of re-organizing with the existing Bi-Laws, and changes necessary to bring COWU into compliance with the Bi-Laws.

A committee was formed to that effect. Next meeting will be at the above address.

Director Signature:  Date: 6-18-19

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