



FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING

AGENDA

**PURSUANT TO WAIVERS TO CERTAIN BROWN ACT PROVISIONS UNDER EXECUTIVE ORDERS ISSUED BY GOVERNOR NEWSOM RELATED TO THE COVID-19 STATE OF EMERGENCY THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE USING THE BELOW INFORMATION, AND THERE WILL BE NO PHYSICAL LOCATION FROM WHICH MEMBERS OF THE PUBLIC MAY PARTICIPATE.**

**INSTEAD MEMBERS OF THE PUBLIC ARE ENCOURAGED TO PARTICIPATE IN THE BOARD MEETING VIA TELECONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION.**

**MEMBERS OF THE PUBLIC MAY ALSO SUBMIT PUBLIC COMMENTS AND COMMENTS ON AGENDA ITEMS IN ADVANCE IN ONE OF THE FOLLOWING WAYS:**

- **BY EMAILING TO OUR BOARD SECRETARY AT LECKERT@FPUD.COM**
- **BY MAILING TO THE DISTRICT OFFICES AT 990 E. MISSION RD., FALLBROOK, CA 92028**
- **BY DEPOSITING THEM IN THE DISTRICT'S PAYMENT DROP BOX LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028**

**ALL COMMENTS SUBMITTED BY WHAT EVER MEANS MUST BE RECEIVED AT LEAST ONE HOUR IN ADVANCE OF THE MEETING. ALL COMMENTS WILL BE READ TO THE BOARD DURING THE APPROPRIATE PORTION OF THE MEETING. PLEASE KEEP ANY WRITTEN COMMENTS TO 3 MINUTES. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.**

**AUDIO CALL-IN 1-408-418-9388  
ACCESS CODE 126 248 6158  
AUDIO PASSWORD 52492779**

<https://fallbrookpublicutilitydistrict.my.webex.com/fallbrookpublicutilitydistrict.my/j.php?MTID=mdbe1ae8216fcb4d4159ca56030f01f77>

**MONDAY, JULY 27, 2020  
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.*

**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.*

- A. EMPLOYEE ANNOUNCEMENTS
  - 1. Ken Hubbard, Warehouse/Purchasing Specialist

- B. MANAGER'S AWARD
  - 1. Faye Robinson

**II. CONSENT CALENDAR-----**(ITEM C)****

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

- C. CONSIDER APPROVAL OF MINUTES
  - 1. June 2, 2020 Special Board Meeting
  - 2. June 3, 2020 Special Board Meeting
  - 3. June 22, 2020 Regular Board Meeting
  - 4. July 9, 2020 Special Board Meeting

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

**III. INFORMATION-----**(ITEMS D-F)****

- D. ENGINEERING & OPERATIONS KEY PERFORMANCE INDICATORS PRESENTATION

*Presented by: Aaron Cook, Senior Engineer*

- E. PUBLISH THE DISTRICT'S FISCAL YEAR 2020-21 ADOPTED ANNUAL BUDGET

*Presented by: Dave Shank, Assistant General Manager/CFO*

- F. REVIEW OF CUSTOMER SERVICE SURVEY

*Presented by: Noelle Denke, Public Affairs Specialist*

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

**G. OVERLAND TRAIL LIFT STATION REHABILITATION PROJECT CHANGE ORDER**

Recommendation: That the Board:

1. Approve of Change Order 1 for \$13,182.48 – see attached exhibit
2. Approve of Change Order 2 for \$40,845.87 – see attached exhibit
3. Authorize the General Manager with approval authority to issue additional contract amendments as needed up to 10% of the total contract value for the Overland Trail Lift Station Rehabilitation Project.

**H. CONSIDER AMI METER SERVICE REPLACEMENT PROGRAM**

Recommendation: That the Board approve the purchase of Badger meters (National Meter and Automation Inc.), per attached for \$320,785 and Inland Water Works Supply Co. for 100W ERTs and Antennas per attached for \$173,730.50 for a total of \$532,088.90 (including sales tax) in order to replace existing drive-by radio read meters that have reached the end of their useful life with fixed network AMI meters that will provide additional real time water usage monitoring tools for the District customers.

**I. CONSIDER BACKFLOW DEVICE REPLACEMENT PROGRAM**

Recommendation: The Board approve the purchase of (40) ¾" (140) 1" (60) 1 ½" and (20) 2" backflow devices per attached for \$109,892.93 (including sales tax).

**J. CONSIDER ADDITIONAL SITE IMPROVEMENTS AT MARTIN TANK SITE TO ADDRESS RESIDENTS' CONCERNS**

Recommendation: That the Board authorize staff to expend up to \$45,000 for additional landscaping improvements to address residents' concerns about the visual impacts of the new Martin Tank constructed as part of the SMRCUP project.

**K. CONSIDER LETTER OF SUPPORT FOR FALLBROOK BEAUTIFICATION ALLIANCE GRANT APPLICATION**

Recommendation: Staff supports the Board's decision.

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

1. General Counsel
2. SDCWA Representative Report
3. General Manager

- a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
  - a. Financial Summary Report
  - b. Treasurer's Report
  - c. Budget Status Report
  - d. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
  - a. Notification of Approval for Director's attendance for a meeting with a Customer regarding concerns about the new Martin Water Tank on Wednesday, June 17, 2020.
  - b. Notification of Approval for Director's attendance for AB1825 – Sexual Harassment: training and education on Wednesday, June 24, 2020.
  - c. Notification of Approval for Director's attendance for a tour of landscape materials with District Staff and Gum Tree Residents on Wednesday, July 8, 2020.
  - d. Notification of Approval for Director's attendance for a Community Garden Revitalization photo shoot on Wednesday, July 8, 2020.
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

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

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

*Name of Case: Shane Lingle and Elizabeth Lingle v. Fallbrook Public Utilities Department, and Does 1 to 20 (37-2020-00020941-CU-EI-NC)*

2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

*Unrepresented Employee: General Manager*

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

*Discuss Performance Evaluation of General Manager*

**VII. ADJOURNMENT OF MEETING**



\* \* \* \* \*

### DECLARATION OF POSTING

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

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

July 22, 2020  
Dated / Fallbrook, CA

/s/ Lauren Eckert  
Executive Assistant/Board Secretary

**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, General Manager  
**DATE:** July 27, 2020  
**SUBJECT:** Ken Hubbard's Promotion to Warehouse/Purchasing Specialist

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Purpose

To recognize Ken Hubbard on his promotion to Warehouse/Purchasing Specialist.

Summary

Ken Hubbard was promoted from Utility Technician to Warehouse/Purchasing Specialist on July 8<sup>th</sup>, following Debra Potter's retirement from the District on July 7<sup>th</sup>. Ken and his family have lived in Fallbrook since 2001. Before starting with FPUD in 2006, Ken worked as a Warehouse Manager in the private sector. Over the last year, Ken continued his education and received his Purchasing Management Certificate, making him a highly qualified candidate for this open-competitive recruitment for which there were a total of 41 applications submitted.

Recommended Action

This is for information only. No action is required.

**M E M O**

**TO:** Board of Directors  
**FROM:** Dave Shank, Assistant General Manager/CFO  
**DATE:** July 27, 2020  
**SUBJECT:** Manager's Award Recipient

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Description

To recognize Manager's Award recipient Faye Robinson.

Purpose

Faye Robinson received an outstanding Customer Service survey on May 15, 2020 for the exemplary customer service she provided to a future customer. Faye provided instruction on how to set up an FPU account once Escrow closes on the property. Faye also went above and beyond to find and provide the contact information for other utility companies, so the future customer would have all the information in one place, and the set up process could be more streamlined.

Faye will receive a \$25 gift card.

Budgetary Impact

Approximately \$25 will be expensed under the Human Resources Staff Development budget for the 2020-21 fiscal year.

Recommended Action

This item is for information only; no Board action is required.

**From:** [noreply@getstreamline.com](mailto:noreply@getstreamline.com) <[noreply@getstreamline.com](mailto:noreply@getstreamline.com)>

**Sent:** Friday, May 15, 2020 1:29 PM

**To:** Noelle Denke <[Noelle@fpud.com](mailto:Noelle@fpud.com)>; Mavis Canpinar <[mavisc@fpud.com](mailto:mavisc@fpud.com)>; Mick Cothran <[mickc@fpud.com](mailto:mickc@fpud.com)>

**Subject:** Form submission received: Customer Service Survey

## Form submission received: Customer Service Survey

<b>1. Date of service:</b>	05/15/2020
<b>2. Which department did you contact for information or service?:</b>	Customer Service
<b>3. Name of FPUD employee if available:</b>	Ms. Faye
<b>4. Please describe the type of information or assistance you</b>	She helped me find out how to set up a future account when escrow closes. Found out my gas and electric provider's

<b>requested and received::</b>	number. Plus gave me the trash number!!!!!!
<b>5. Did you find our employee courteous and professional?:</b>	Exceeded your expectations
<b>Additional comments::</b>	She was an Angel sent from heaven! She was very sweet and spoke slow when I was writing down information. You are very blessed to have Ms. Faye as apart of your team!
<b>6. Was our employee well informed and did he/she understand your request or concern?:</b>	Exceeded your expectations
<b>Additional comments::</b>	She went above and beyond giving me information, plus our conversation was short and sweet!
<b>7. Did our employee respond promptly to your request for information or assistance?:</b>	Exceeded your expectations
<b>Additional comments::</b>	Yes she did!!!
<b>8. Overall, how would you rate your service experience?:</b>	Exceeded your expectations
<b>Additional comments::</b>	If this was a 1-10 situation she is a 20!
<b>9. How could our service be improved? Do you have any additional comments?:</b>	If Ms. Faye answers everyone, no improvement needed. Seriously she is the BEST! Finding other providers has been hard so far and she gave me 3 contacts in one call.
<b>If you would like us to contact you about your comments, please give us your name, email or phone number, and FPUD account number, if known.:</b>	I am not a current customer but my name is Brandi.

**M E M O**

**TO:** Board of Directors  
**FROM:** Lauren Eckert, Executive Assistant/Board Secretary  
**DATE:** July 27, 2020  
**SUBJECT:** Approval of Minutes

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Recommended Action

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

1. June 2, 2020 Special Board Meeting
2. June 3, 2020 Special Board Meeting
3. June 22, 2020 Regular Board Meeting
4. July 9, 2020 Special Board Meeting

Minutes of the  
June 2, 2020 Special Board Meeting



FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING

MINUTES

TUESDAY, JUNE 2, 2020  
9:00 A.M.

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

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

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 9:01 a.m. President Endter made clear for the record that this meeting was conducted by teleconference using the call-in and web link pursuant to the Brown Act waivers to certain provisions of the Brown Act provided under the Governor’s Executive Orders in response to the COVID-19 State of Emergency.

President Endter also announced that the agenda provided notice that members of the public were encouraged to participate in the Board Meeting via teleconference using the call-in and web link information, and that members of the public could also email public comments and comments on agenda items in advance of the meeting by depositing them in the District’s payment drop box, mailing them to the District, or emailing them to the Board Secretary. Any such written comments would be read onto the record at the appropriate portion of the meeting, up to a limit of three (3) minutes per comment.

President Endter made clear for the record that all actions taken by the Board, if any, would be done by roll call.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None



General Counsel/District Staff

Present: Alison Alpert, Board Counsel  
Lisa Chaffin, Human Resources Manager  
Steve Stone, Field Services Manager  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Frances Rogers, Andy Lotrich, Todd Lange

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

APPROVAL OF AGENDA

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

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

NOES: None

ABSTAIN: None

PUBLIC COMMENT

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

There were no public comments.

**II. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE PER GOVERNMENT CODE SECTION 54957**

**A. EMPLOYEE TERMINATION APPEAL HEARING OF TODD LANGE**

Board Counsel Alpert summarized the procedures of the hearing with the Board and the District and Employee Representatives and noted this hearing was conducted publicly, at the request of the employee.

MOTION: Director McDougal moved that witnesses be excluded from the hearing prior to testimony; Director Wolk seconded. Motion passed; VOTE:

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

NOES: None  
ABSTAIN: None

At 9:24 a.m., President Endter announced the Board would take a brief recess.

At 9:34 a.m., the Board returned from recess and reconvened to Open Session.

Board Counsel Alpert announced that since this meeting took place via WebEx, any members of the public could make a request for a copy of the documents included in the administrative record.

Opening argument occurred by District Representative, Frances Rogers.

Opening argument occurred by Employee Representative, Andy Lotrich.

Lisa Chaffin, Human Resources Manager, was called to testify, under oath, as a witness by District Representative, Frances Rodgers.

At 12:06 p.m., President Endter announced the Board would take a recess for lunch.

At 12:45 p.m., the Board returned from recess and reconvened to Open Session.

Testimony of Lisa Chaffin, Human Resources Manager continued, and subsequent cross-examination then occurred by Employee Representative, Andy Lotrich.

### **ADJOURN TO CLOSED SESSION**

*At any time during the Open Session, the Board may adjourn to Closed Session to consider litigation, or discuss with Legal Counsel matters within the Attorney/Client Privilege, subject to the appropriate disclosures. Discussion of litigation is within the Attorney/Client Privilege and may be held in Closed Session. (Pursuant to Government Code Section 54956.9)*

The Board of Directors adjourned to Closed Session at 2:13 p.m. following an oral announcement by Board Counsel Alpert of Closed Session Item III.1.

### **III. CLOSED SESSION -----(ITEM 1)**

1. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE PER GOVERNMENT CODE SECTION 54957

### **RECONVENE TO OPEN SESSION**

The Board returned from Closed Session and reconvened to Open Session at 2:37 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

Board Counsel Alpert announced there was no reportable action taken in Closed Session.

Cross-examination of Lisa Chaffin continued by Employee Representative, Andy Lotrich.

At 3:31 p.m., President Endter announced the Board would take a brief recess to gather the next witness.

At 3:39 p.m., the Board returned from recess and reconvened to Open Session.

Steve Stone, Field Services Manager, was called to testify, under oath, as a witness by District Representative, Frances Rodgers. Subsequent cross-examination then occurred by Employee Representative, Andy Lotrich.

**IV. ADJOURNMENT OF MEETING**

At 5:04 p.m., President Endter recessed the Special Meeting of the Board of Directors of the Fallbrook Public Utility District until June 3, 2020 at 9:00 a.m.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

Minutes of the  
June 3, 2020 Special Board Meeting



FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING

MINUTES

WEDNESDAY, JUNE 3, 2020  
9:00 A.M.

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

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

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called for the return of the Special Meeting of the Board of Directors of the Fallbrook Public Utility District back from recess at 9:02 a.m.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Alison Alpert, Board Counsel  
Lisa Chaffin, Human Resources Manager  
Steve Stone, Field Services Manager  
Jeff Evans, Utility Technician  
Jack Bebee, General Manager  
David Shank, Assistant General Manager/CFO  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Frances Rogers, Andy Lotrich, Todd Lange

## PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

President Endter made clear for the record that this meeting was conducted by teleconference using the call-in and web link pursuant to the Brown Act waivers to certain provisions of the Brown Act provided under the Governor's Executive Orders in response to the COVID-19 State of Emergency.

President Endter also announced that the agenda provided notice that members of the public were encouraged to participate in the Board Meeting via teleconference using the call-in and web link information, and that members of the public could also email public comments and comments on agenda items in advance of the meeting by depositing them in the District's payment drop box, mailing them to the District, or emailing them to the Board Secretary. Any such written comments would be read onto the record at the appropriate portion of the meeting, up to a limit of three (3) minutes per comment.

President Endter made clear for the record that all actions taken by the Board, if any, would be done by roll call.

## 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.*

There were no public comments.

## **II. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE PER GOVERNMENT CODE SECTION 54957**

### EMPLOYEE TERMINATION APPEAL HEARING OF TODD LANGE

Steve Stone, FPUD Field Services Manager, still under oath, was called to continue his cross-examination by Employee Representative, Andy Lotrich.

At 10:24 a.m. President Endter announced the Board would take a brief recess.

At 10:39 a.m. the Board returned from recess and reconvened to Open Session.

Cross-examination of Field Services Manager Stone continued.

Jeff Evans, FPUD Utility Technician, was called to testify, under oath, as a witness by District Representative, Frances Rodgers. Subsequent cross-examination then occurred by Employee Representative, Andy Lotrich.

**ADJOURN TO CLOSED SESSION**

*At any time during the Open Session, the Board may adjourn to Closed Session to consider litigation, or discuss with Legal Counsel matters within the Attorney/Client Privilege, subject to the appropriate disclosures. Discussion of litigation is within the Attorney/Client Privilege and may be held in Closed Session. (Pursuant to Government Code Section 54956.9)*

The Board of Directors adjourned to Closed Session at 12:33 p.m. following an oral announcement by Board Counsel Alpert of Closed Session Item III.1.

**III. CLOSED SESSION -----(ITEM 1)**

1. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE PER GOVERNMENT CODE SECTION 54957

**RECONVENE TO OPEN SESSION**

The Board returned from Closed Session and reconvened to Open Session at 1:34 p.m.

**REPORT FROM CLOSED SESSION (As Necessary)**

Board Counsel Alpert announced there was no reportable action taken in Closed Session.

Jack Bebee, FPUD General Manager, was called to testify, under oath, as a witness by District Representative, Frances Rogers. Subsequent cross-examination then occurred by Employee Representative, Andy Lotrich.

At 2:23 p.m. President Endter announced the Board would take a brief recess.

At 2:39 p.m. the Board returned from recess and reconvened to Open Session.

Cross-examination of General Manager Bebee continued.

David Shank, FPUD Assistant General Manager/CFO, was called to testify, under oath, as a witness by District Representative, Frances Rogers. Subsequent cross-examination then occurred by Employee Representative, Andy Lotrich.

Fallbrook Public Utility District Staff rested its case.

Employee Representative Lotrich proposed that the charges against Mr. Lange be dismissed and that he return to work with full back pay. Board Counsel Alpert stated the Board could make a ruling by motion at that time.

MOTION: Director McDougal moved to reject the proposal by the defense and move forward with the employee termination hearing; Director Wolk seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

Todd Lange was called to testify, under oath, by Employee Representative, Andy Lotrich. Mr. Lange put on his case and was then subsequently cross-examined by District Representative, Frances Rogers. Mr. Lange then rested his case.

Both parties agreed to provide written closing statements to Board Counsel Alpert electronically, as well as simultaneously to each to opposing parties by 5:00 p.m. on June 17, 2020. District Representative Rogers also agreed to electronically provide exhibits requested by Employee Representative Lotrich to Mr. Lotrich and Board Counsel Alpert.

#### **IV. ADJOURNMENT OF MEETING**

At 5:48 p.m., Director Wolk moved to recess the Special Meeting of the Board of Directors of the Fallbrook Public Utility District to another Special Board Meeting at a later date, to be determined, for the deliberation to conclude; Director McDougal seconded. The motion passed unanimously, with all Directors voting aye following a roll call vote.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors



Minutes of the  
June 22, 2020 Regular Board Meeting



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

MINUTES

MONDAY, JUNE 22, 2020  
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 Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the June Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:01 p.m.

President Endter announced, for the record, that this meeting was conducted by teleconference using the call-in and web link on the agenda, pursuant to the Brown Act waivers to certain provisions under the Governor's Executive Order in response to the COVID-19 State of Emergency.

President Endter also announced the agenda provided notice that members of the public were encouraged to participate in the Board meeting via teleconference using the call-in and web link information, and that members of the public could have also emailed public comments and comments on agenda items in advance of the meeting by mailing them to the District, dropping them in the District's payment drop box, or emailing them to the Board Secretary. Any such written comments would be read on to the record at the appropriate portion of the meeting – up to a limit of three (3) minutes per comment. These instructions supersede the District's normal public comment procedures.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager  
Paul de Sousa, General Counsel  
Dave Shank, Assistant General Manager/CFO  
Aaron Cook, Senior Engineer  
Noelle Denke, Public Affairs Specialist  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Risa Baron, Lisa Druary, Kelly Hansen, Ruth and Billy Allen.

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

President Endter announced that he would call on staff to make a presentation of each agenda item. After the presentation was made, to avoid everyone speaking at once, President Endter reported he would then call on each Director to see if there were questions for staff regarding their presentation. President Endter stated after the round of questions, he would then ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, President Endter would call on each Director to see if there were any comments. He announced all votes would be done by roll call.

PUBLIC COMMENT

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

There were no public comments.

- A. CONSIDER APPROVAL OF MINUTES
1. May 27, 2020 Special Board Meeting
  2. May 27, 2020 Regular Board Meeting
  3. May 29, 2020 Special Board Meeting and Facilities Tour

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

- B. CONSIDER ADOPTION OF RESOLUTION NO. 4997 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES ON THE TAX ROLL

Recommendation: That the Board adopt Resolution No. 4997 placing fixed charge special assessments to add delinquent and unpaid charges on the annual tax roll for 2020-21 by the San Diego County Treasurer-Tax Collector.

- C. CONSIDER ADOPTION OF ORDINANCE NO. 347 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2020-21

Recommendation: The Board adopt Ordinance No. 347 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 McDougal moved to approve the Consent Calendar as presented; Vice-President DeMeo seconded. Motion passed;  
VOTE:

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

**III. PROPOSED FISCAL YEAR 2020-21 BUDGET -----(ITEM D)**

- D. REVIEW OF PROPOSED BUDGET AND CONSIDER ADOPTION OF RESOLUTION NO. 4998 ADOPTING THE DISTRICT FISCAL YEAR 2020-21 RECOMMENDED ANNUAL BUDGET AND ADOPTION OF RESOLUTION NO. 4999 AMENDING ARTICLE 21 OF THE ADMINISTRATIVE CODE

Recommendation: That the Board adopt Resolution No. 4998 adopting the final budget for Fiscal Year 2020-21 and adopt Resolution No. 4999 amending the Administrative Code to reflect the new RTS charge.

Assistant General Manager/CFO Shank reviewed the proposed Fiscal Year 2020-21 Recommended Annual Budget.

AGM/CFO Shank and General Manager Bebee presented a slide show 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 2020-21 budget.

AGM/CFO Shank reported this is the second year that the Budget has received the Award of Excellence from GFOA as well as CSMFO.

Director Baxter announced that on page 81 of the Board packet, the water supply costs page shows an additional IAC cost that has increased 37.4% over the last 24 months. He reiterated that these costs are passed through from SDCWA and equates to roughly \$2.798M. Director Baxter stated these are costs that are imposed by SDCWA to the rate base of Fallbrook that FPUD has no control over. Director Baxter asked the FPUD ratepayers to reach out to their Directors and to educate themselves on projects such as the Conjunctive Use Project and the De-annexation project that can be done to help mitigate these costs.

Director Baxter asked what the estimated savings were per acre foot if the de-annexation were to be successful. He noted the budget has an estimate of \$1,730 per acre foot. AGM/CFO Shank responded that the price per acre foot would be \$1,104, if the de-annexation was successful. Director Baxter reiterated that is a savings of over \$500 per acre foot and would not sacrifice reliability or water quality.

Director McDougal added that the almost \$2.8M increase imposed by SDCWA would have no benefit to FPUD ratepayers, as that water would never reach Fallbrook.

AGM/CFO Shank noted the approved Budget would go back to the Board in July for confirmation and that rates and charges for calendar year 2021 would be set in December.

Director Wolk remarked that staff and Directors need to keep pushing the State for reimbursement for the loan, or the District will eventually run out of funds. He reported, to date, the District has spent \$4M out of its reserves and are still waiting on another \$4M from the State. General Manager Bebee agreed that this is an ongoing effort, and Staff is communicating with Senator Brian Jones's office monthly to keep the reimbursement process moving in a timely manner.

**MOTION:** Director Wolk moved to adopt Resolution No. 4998, adopting the final budget for Fiscal Year 2020-21 and to adopt Resolution No. 4999, amending the Administrative Code to reflect the new RTS charge; Director McDougal seconded. Motion passed; **VOTE:**

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

**NOES:** None

**ABSTAIN:** None

ABSENT: None

**IV. ACTION / DISCUSSION CALENDAR -----(ITEM E)**

**E. CONSIDER CONCERNS BY NEIGHBORS OVER REPLACEMENT OF THE MARTIN TANK**

*Recommendation: Staff supports Board direction.*

Three residents joined the meeting to voice their concerns over the impacts of the new Martin water tank and to request landscaping and painting of the tank be considered to mitigate the impact of the new tank.

Mr. and Mrs. Allen asked if the EIR for the project outlined the impacts of the new tank. General Manager Bebee stated that the environmental impacts of the entire project were included in the study.

Director McDougal stated he thought it was the responsibility of the realtors to disclose this project to potential homebuyers.

General Manager Bebee provided background on this project, stating this is a significant project that has been underway for some time. He did note that, fortunately, most of this project is underground, and the majority of the impact is temporary, except for the impact associated with the tank. General Manager Bebee reported that the requests from the residents on this issue were above his authority, and he needed Board direction on how to move forward. He did note, if it is not possible for the Board and the residents to work together on an approach to mitigate this, the residents are able to file a claim, which would go through FPUD's insurance and would then fall out of the Board's hands.

Director Baxter thanked the residents for their letters and time spent with the Directors. He reported that some of the items requested from the residents were outside the Board's approval, as it relates to ratepayers funding.

Director Baxter moved to consider the planting of trees on FPUD property, along the residents' fence line, not to exceed \$20,000, along with painting the water tank in one common color that the residents agree on. Director McDougal seconded the motion.

Director Wolk asked for clarification on the replacement fencing mentioned in the Board packet. General Manager Bebee stated this was a request from the Allens, but was unsure if this was a District-installed fence. Mr. Allen reported there is a razor wire on the fence with FPUD signs, which is falling apart. Mr. Allen also reported his water meter falls on the FPUD side of the fence, and he has no way

to get to it without going onto FPUD property. General Manager Bebee stated he would go back and look at the fence.

Director Wolk asked for clarification on the amount Director Baxter included in his motion for landscaping. Director Baxter stated he was unsure the cost of mature trees. Director Baxter noted it was prudent to have staff explore how many trees would be required and that his estimate was based on what trees may or may not cost. Director Wolk asked if staff would hire an architect and noted that based on what plant material is chosen, there does not have to be a solid wall to screen the tank.

President Endter suggested the motion be tabled until the Board has more solid figures for costs involved.

General Manager Bebee reiterated the landscaping would need to be done on the FPUD property, to avoid a potential gift of public funds problem.

Director McDougal agreed that landscape screening was needed and recommended 60 inch boxed trees be used on District property to protect the residents' views. He invited the residents and staff to his property to view examples of the landscape screening. Director McDougal also recommended that the tank be painted one color that all residents agree on. Director McDougal reported that he spoke with the contractor regarding the driveway, and the contractor agreed to pave 12 feet in width instead of six feet, using two inches of asphalt instead of four, which should give a complete driveway width.

Director Wolk stated he was uncomfortable having the tank painted in two colors.

Director Baxter requested that staff come up with a landscaping plan that included costs. He also requested the residents come together to select one color for the tank to be painted.

General Manager Bebee reported staff will work on developing a landscaping plan,, and then that plan will be brought back to the Board at the next Regular Board Meeting. He also stated he would look at the fence near the Allen residence on FPUD property.

Vice-President DeMeo confirmed this item would tentatively be placed on the next Board Meeting agenda.

Director Baxter withdrew his original motion, and Director McDougal withdrew his second.

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

1. General Counsel
  - General Counsel de Sousa reported she is continuing to review an inordinate number of health orders.
  - General Counsel de Sousa announced there is now an approved budget by Assembly and State Senate.
2. SDCWA Representative Report
3. General Manager
  - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
  - a. Financial Summary Report
  - b. Treasurer's Report
  - c. Budget Status Report
  - d. Warrant List
    - Assistant General Manager/CFO Shank provided an overview of the written reports included in the board packet.
    - AGM/CFO Shank did make note that one of the State reimbursements was inadvertently labeled as operating funds, when it should have been labeled as LAIF. While this was caught, it was not caught until the end of the month. The liquidity portfolio therefore showed \$1.38M out of the \$5.1M shown as incorrectly classified as operating funds. Since this has been corrected, there have been additional steps taken to make sure tracking is better, and going forward he did not anticipate this happening again in the future.
5. Public Affairs Specialist
  - Public Affairs Specialist Denke reported there have been efforts made on keeping ratepayers informed and educating them on what detachment is. There will be a bill stuffer included in the next round of bills that explains what detachment is. She noted there is also a video being creating, which will be put on social media. Press releases on various forms of ratepayer assistances are also being released.
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

#### ADJOURN TO CLOSED SESSION

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



The Board of Directors adjourned to Closed Session at 6:03 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.1 through VI.3.

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

1. PERFORMANCE EVALUATION FOR THE GENERAL MANAGER
2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6  
*Unrepresented Employee: General Manager*
3. PERFORMANCE EVALUATION FOR THE GENERAL COUNSEL

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:36 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

General Counsel de Sousa announced there was no reportable action taken in Closed Session.

**VII. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Endter adjourned the June Regular Meeting of the Fallbrook Public Utility District at 6:37 p.m.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

Minutes of the  
July 9, 2020 Special Board Meeting



FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING

MINUTES

THURSDAY, JULY 9, 2020  
9:00 A.M.

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

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

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 9:01 a.m. President Endter made clear for the record that this meeting was conducted by teleconference using the call-in and web link pursuant to the Brown Act waivers to certain provisions of the Brown Act provided under the Governor’s Executive Orders in response to the COVID-19 State of Emergency.

President Endter also announced that the agenda provided notice that members of the public were encouraged to participate in the Board Meeting via teleconference using the call-in and web link information, and that members of the public could also email public comments and comments on agenda items in advance of the meeting by depositing them in the District’s payment drop box, mailing them to the District, or emailing them to the Board Secretary. Any such written comments would be read onto the record at the appropriate portion of the meeting, up to a limit of three (3) minutes per comment.

President Endter made clear for the record that all actions taken by the Board, if any, would be done by roll call.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Alison Alpert, Board Counsel

PLEDGE OF ALLEGIANCE

President Endter led the 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.*

There were no public comments.

ADJOURN TO CLOSED SESSION

Board Counsel Alpert announced the Board would be going into Closed Session and that members of the public were welcomed to continue to stay on the line while the Board was in Closed Session, however, they would only hear silence.

Board Counsel Alpert also announced that following Closed Session, and prior to the adjournment of the meeting, an oral announcement of reportable action by the Board in Closed Session would be made, should there be any. The oral announcement of any reportable action would be heard on the teleconference line.

The Board of Directors adjourned to Closed Session at 9:04 a.m. following an oral announcement by Board Counsel Alpert of Closed Session Items II.1.

**II. CLOSED SESSION ----- (ITEM 1)**

1. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE PER GOVERNMENT CODE SECTION 54957

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 10:23 a.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

**III. ADJOURNMENT OF MEETING**

At 10:24 a.m., President Endter adjourned the Special Meeting of the Board of Directors of the Fallbrook Public Utility District.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

**M E M O**

**TO:** Board of Directors  
**FROM:** Jason Cavender, Operations Manager  
**DATE:** July 27, 2020  
**SUBJECT:** Engineering and Operations Key Performance Indicators

---

Purpose

To provide information to the Board on the Key Performance Indicators (KPIs) that have been developed for Engineering and Operations.

Summary

The primary purpose for developing and tracking KPIs is to provide a performance measurement system that gives management the ability to analyze data, make better decisions, and improve the organization. District KPIs are largely focus on Capital Improvement Projects (CIP), Preventative Maintenance (PM), leak response, and regulatory compliance.

Recommended Action

This is an information item. No board action needed.

## M E M O

**TO:** Board of Directors  
**FROM:** Fiscal Policy and Insurance (FP&I) Committee  
**DATE:** July 27, 2020  
**SUBJECT:** Publish the District's Fiscal Year 2020-21 Adopted Annual Budget

---

Purpose

Publish District's Fiscal Year 2020-21 Adopted Annual Budget (Budget) and make it widely available to stakeholders.

Summary

Per Article 15 of the District's Administrative Code (the Code), the Board adopted the Budget at the June Board meeting and established the District's appropriations for the fiscal year. The Budget is provided as Attachment A for ease of reference.

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

- **April, May and June FP&I Committee meetings** – Staff met with the Fiscal Policy and Insurance Committee to review the draft budget and address comments as well as review the Budget presentation.
- **June Board (June 22<sup>th</sup>)** – Staff provided a detailed presentation of the Fiscal Year 2020-21 Recommended Budget and addressed the Board's questions. The following Resolutions were approved by the Board:
  - Adopted the Budget Resolution Establishing the Fiscal Year 2020-21 Appropriations
  - Adopted the Recommended Budget for Fiscal Year 2020-21.
  - Amended the Administrative Code to adjust the Metropolitan Water District's Readiness to Service Charge

The close out of Fiscal Year 2019-20 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:

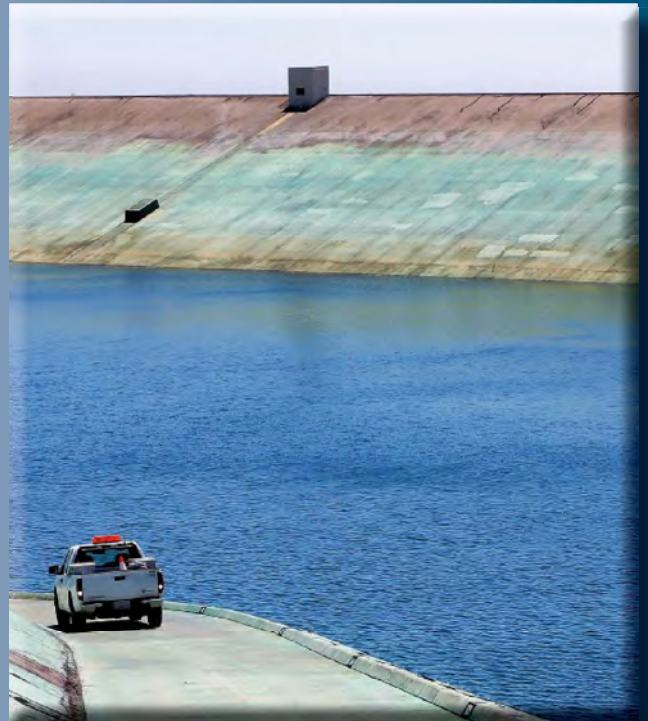
- **Year-end Budget Status Report** – This will provide the summary of the past years performance. This final report will be presented in August.
- **Year-end accounting entries** – Close out the year and prepare for the auditor's field work. Staff are working on this and expect to be done in August.
- **Field Work** – Auditors are set to conduct their field work in early September.
- **Comprehensive Annual Financial Report** – Draft ready in October and to the Board for Approval in November.

Recommended Action

No action is required.



# Fallbrook Public Utility District



## **Fallbrook Public Utility District Fiscal Year 2020-21 Adopted Annual Budget**



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# Fallbrook Public Utility District

990 East Mission Road  
Fallbrook, CA 92028  
760-728-1125  
www.fpud.com



## Current Board of Directors:

- District #1 - Dave Baxter
- District #2 - Ken Endter, President
- District #3 - Jennifer DeMeo, Vice-President
- District #4 - Don McDougal
- District #5 - Charley Wolk

## District Management:

- General Manager - Jack Bebee
- Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Jodi Brown, Kelly Laughlin, Aaron Cook, Mick Cothran, Noelle Denke, Kevin Collins, Debra Potter, Mickey Case, Jason Cavender, Larry Ragsdale, Kyle Drake, Owni Toma, Steve Stone, Veronica Tamzil, Annalece Bokma, Caroline Wilson and Lisa Chaffin for their support in preparing this document.

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# Table of Contents

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**Transmittal Letter ..... 1**

**Budget in Brief.....4**

Distinguished Budget Presentation Award..... 10

**Tables**

Table #1 - Operating Budget Comparison, Salaries, Non-Labor and Benefits .....6

Table #2 - Fallbrook Public Utility District’s Financial Summary.....9

**Charts**

Chart #1 - Sources of Revenue Fiscal Year 2020-21 .....5

Chart #2 - Uses of Funds Fiscal Year 2020-21 .....6

Chart #3 - Fallbrook Public Utility District’s Annual Budgeted CIP Expenditures .....7

Chart #4 - District’s Estimated Wholesale Water Costs .....8

Chart #5 - District’s Fund Balances and Target Balance Level.....8

**Introduction Section ..... 11**

About the District ..... 11

Services..... 13

Governance and Organizational Structure ..... 14

Service Area and Local Economy ..... 15

District’s Strategic Plan for FY 2020/2021 ..... 16

Budget Basis ..... 18

Budget Process ..... 18

**Figures**

Figure #1 - District Service Area ..... 15

Figure #2 - District Pipelines ..... 15

Figure #3- Fallbrook District’s Annual Budget Process ..... 18

Figure #4 - Proposed Fiscal Year 2020-21 Organizational Structure ..... 20

**Fund Structure and Financial Policies Section .....21**

Fund Structure ..... 21

Other Funds Maintained by the District ..... 23

District’s Financial Management Policies ..... 23

**Tables**

Table #1 - Total Fund Balances ..... 22

<b>Financial Summaries Section .....</b>	<b>24</b>
Financial Summaries .....	24
<b>Tables</b>	
Table #1 - Prop 218 Board Approved Maximum Rate Increases .....	24
Table #2 - Fallbrook Public Utility District’s Financial Projections .....	25-26
<b>Charts</b>	
Chart #1 - Projected Total Rate Revenues .....	24
Chart #2 - District Fund Balances and Target Level .....	26
<b>Sources of Funds Section .....</b>	<b>27</b>
Water Services Sources of Funds .....	27
Wastewater Services Sources of Funds .....	29
Recycled Water Services Sources of Funds .....	31
<b>Tables</b>	
Table #1 - Five-Year Production and Sales History .....	27
Table #2 - Water Services Sources of Revenue .....	28
Table #3 - Wastewater Services Sources of Revenue .....	30
Table #4 - Recycled Water Services Sources of Revenue .....	31
<b>Charts</b>	
Chart #1 - Water Sales Trends .....	27
Chart #2 - Fiscal Year 2020-21 Water Services Operating Revenues .....	29
Chart #3 - Wastewater Services Average Annual Flows .....	29
Chart #4 - Fiscal Year 2020-21 Wastewater Services Operating Revenues .....	30
Chart #5 - Fiscal Year 2020-21 Recycled Water Services Operating Revenues .....	31
<b>Operating Budget Section .....</b>	<b>32</b>
Operating Budget .....	32
Overview .....	32
Administrative Services .....	32
Water Services .....	40
Water Supply Costs .....	43
Wastewater Services .....	45
Recycled Water Services .....	48
Employee Benefits .....	51
Benefit Allocation .....	52
Debt Service .....	53



**Tables**

Table #1 - Overview of Total Services Operating Budget ..... 32

Table #2 - Administrative Services Approved Positions ..... 33

Table #3 - Administrative Services Total Operating Budget Summary ..... 35

Table #4 - Administrative Services, Division Budget to Budget Comparison ..... 36

Table #5 - Water Services Approved Positions ..... 40

Table #6 - Water Services Total Operating Budget Summary ..... 41

Table #7 - Water Services, Division Budget to Budget Comparison ..... 41

Table #8 - Variable and Fixed Charges Budget to Budget Comparison ..... 43

Table #9 - Wastewater Services Approved Positions ..... 45

Table #10 - Wastewater Services Operating Budget Summary ..... 46

Table #11 - Wastewater Services, Division Budget to Budget Comparison ..... 46

Table #12 - Recycled Water Services Approved Positions ..... 48

Table #13 - Recycled Water Services Operating Budget Summary ..... 49

Table #14 - Recycled Water Services, Division Budget to Budget Comparison ..... 49

Table #15 - Breakdown of District’s Employee Benefit Costs ..... 51

Table #16 - Debt Service Budget Summary ..... 53

Table #17 - Fiscal Year 2020-21 Debt Service Schedule ..... 54

**Charts**

Chart #1 - Administrative Services Cost Allocation ..... 39

Chart #2 - Water Supply Costs Breakdown ..... 44

Chart #3 - Fiscal Year 2020-21 Benefits Breakdown ..... 51

Chart #4 - Fallbrook Public Utility District’s Approved Full-Time Staffing Equivalents ..... 52

Chart #5 - Fiscal Year 2020-21 Benefits Allocation ..... 52

Chart #6 - Annual Debt Service ..... 53

Chart #7 - Debt Service Coverage Ratio ..... 55

**Capital Budget Section.....56**

District Capital Program ..... 56

Capital Budget Project Summary for Fiscal Year 2020-21 ..... 56

Table of Contents Capital Project Description, Goals and Impacts ..... 59

**Tables**

Table #1 - Capital Improvements Projects Summary Table..... 58

**Glossary .....78**

**Appendices .....83**

Appendix A - Fallbrook Public Utility District’s Financial Projections..... 83-86

Appendix B - Historic Financial Information and Agency Comparison Data ..... 87-90

Appendix C - District Financial Policies and Board Resolution..... 91-108

Appendix D - Supplemental Pension and Other Post-Employment Benefits Information ..... 109-110





June 22, 2020

Board of Directors  
Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, California 92028

990 East Mission Road  
Fallbrook, California  
92028-2232  
[www.fpubd.com](http://www.fpubd.com)  
(760) 728-1125

**Budget Message**

Enclosed is the Fiscal Year 2020-21 Adopted Operating and Capital Budget (Budget) for the Fallbrook Public Utility District (District). The District is focused on executing the Board of Directors’ goals and objectives through the continued implementation of the District Strategic Plan, which is included at the beginning of the Budget document. These objectives help the District meet its overall objective, which is to benefit the community of Fallbrook by leveraging sound business practices to provide efficient and reliable services. The Budget presented here supports these goals and objectives.

Board of Directors

Dave Baxter  
*Division 1*

Ken Endter  
*Division 2*

Jennifer DeMeo  
*Division 3*

Don McDougal  
*Division 4*

Charley Wolk  
*Division 5*

**Overcoming Challenges**

This year has brought unprecedented challenges to the District and the World. The District’s ability to adapt business practices to effectively manage the changes in operations required by the pandemic speak directly to management’s recent efforts to both enhance and update the District’s operations. The new phone system allowed Customer Service to receive calls like normal with staff working remotely. Access to the billing and water use information allowed them to answer customer questions. The payment options like PayNearMe and credit cards recently implemented provide customers more payment options. This ensured cash and other payments could be made even with the offices closed. Dedicated operators ensured uninterrupted service.

Staff

Jack Bebee  
*General Manager*

David Shank  
*Assistant General Manager/  
Chief Financial Officer*

Lauren Eckert  
*Executive Assistant/  
Board Secretary*

General Counsel

Paula de Sousa  
*Best Best & Krieger*

We also understand that this pandemic has added an additional financial burden to our ratepayers many of whom were already struggling with the increasing cost of water. In this Budget, additional steps have been taken to hold the District’s costs flat to the prior budget as we continue to pursue our long-term objectives of stabilizing the cost of water to our customers.

**Water Affordability**

The District has been faced in the past with escalating wholesale water costs driven by major infrastructure investments by the San Diego County Water Authority (SDCWA) in supply reliability. The SDCWA water purchase costs represent over 50% of the District’s water enterprise operating costs. With SDCWA facing operational inefficiencies that result from declining water demands and considering the construction of a more than \$4 billion pipeline to the All-American Canal, the District is facing significant water cost increases from SDCWA. To address this, the District has initiated







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Board of Directors

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*Assistant General Manager/  
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Lauren Eckert  
*Executive Assistant/  
Board Secretary*

General Counsel

Paula de Sousa  
*Best Best & Krieger*

a process to change its water wholesaler to Eastern Municipal Water District (EMWD). This change would reduce the District’s cost of water by approximately 30% and not impact water reliability. The significant cost savings that would result from this change would help make the District’s water more affordable for the community and help revitalize the region’s agricultural industry.

In addition to the regional investments in San Diego County water supplies, there is a significant proposed statewide water project to fix the Bay-Delta State Water Project, also known as the WaterFix, which delivers our key water supplies from Northern California. While the impact of the WaterFix on the cost of water is not known, the original cost in 2017 was expected to be just over \$16 billion. Since this cost is to be recovered on water rates, the project will cause an ongoing increase to wholesale water costs. With the additional increases in water costs due to WaterFix on the horizon, local water supply development, which will reduce our dependence on costly imported water, is another way to mitigate continued wholesale water rate increases.

The District recently settled over 66 years of water rights litigation with Camp Pendleton Marine Corps Base, which has been a hurdle to the District in achieving our own local water supply. This settlement allows the District to finally move forward on the Santa Margarita River Conjunctive Use Project (SMRCUP) which will make local supply for the District a reality and will provide District ratepayers long-term rate relief from increasing wholesale water costs. This project is under construction and is scheduled to begin producing water in 2022. This project will be one of the largest capital investments made by the District over the next decade. The District has secured local supply development incentives from the Metropolitan Water District that will offset some of the projects operating costs and make the supply even more cost effective.

**Asset Management**

The District has implemented an asset management program that balances the cost of infrastructure rehabilitation with the cost of emergency repairs. Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District’s replacement cycle for buried assets was on a replacement cycle of 400 years. With this replacement cycle, the frequency of asset failures was expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. In response, the District has proactively managed the renewal and rehabilitation program and is on a path to drive the system service life down from 400 years to 100 years. The recent decreased frequency of asset failures shows that some progress on this program has made, but this is a long-term program to meet the future replacement needs.





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Board of Directors

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*Division 3*

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*Division 4*

Charley Wolk  
*Division 5*

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*General Manager*

David Shank  
*Assistant General Manager/  
Chief Financial Officer*

Lauren Eckert  
*Executive Assistant/  
Board Secretary*

General Counsel

Paula de Sousa  
*Best Best & Krieger*

**Looking Forward**

The social and economic impacts of the pandemic will continue to impact the region. The District is focused on tracking the impacts and mitigating cost increases to provide much needed economic relief to the District’s customers. The District is focused on taking the final step to a level of water independence by completing the construction the SMRCUP project. This project will provide a level of control on the cost of water the ratepayers are faced with. The District is also focused on lowering its wholesale water costs by changing the Districts wholesale provider. While this effort will be politically challenging it has the potential to provide our customers with immediate and substantial rate relief.

During this Budget cycle, management will remain vigilant and take proactive measures to cut expenditures if the economic impacts of the pandemic intensify and disrupt the District’s cash flows. This budget includes a reduction in staffing and a delay in filling vacant positions to hold down total labor costs. Additional mitigation may also include deferral of capital expenditures and identifying other expenditures that can be deferred.

Jack Bebee  
General Manager

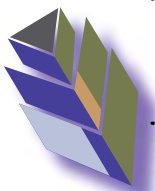
David Shank  
Assistant General Manager/CFO



**Budget in Brief**

**Fiscal Year 2019-20 Accomplishments**

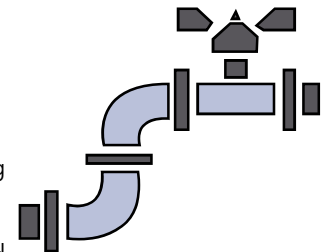
- Construction of the SMRCUP Project has begun and is on schedule.
- Key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects have been completed.
- Continue progress on replacing meters with smart meters (Advanced Metering Infrastructure (AMI) meters) and continue outreach to customers on how these meters can help them better monitor and reduce water use and water costs.
- Due to operational efficiency gains one FTE position was eliminated saving the District over \$140,000/year in labor and benefit costs.
- Completed the planned enhancements to the financial accounting system operations and structure to streamline operations and enhance controls.
- Improved the District’s customer bill paying experience by enhancing Bill pay and bill notification options.
- Upgraded and implemented a Computerized Maintenance Management System (CMMS) to enhance the District’s maintenance and asset management practices.
- The District’s first Comprehensive Annual Financial Report (CAFR) and an annual budget document that received the Government Financial Officers Association’s (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards.



**Fiscal Year 2020-21 Goals**

The Key Goals for the upcoming year include:

- Maintain the SMRCUP Project construction schedule with a goal of beginning deliveries of approximately 50% of our supply by 2022.
- Complete key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects.
- Complete project of replacing meters with smart meters (Advanced Metering Infrastructure (AMI) meters) replacement project and continue outreach to customers on how these meters can help them better monitor and reduce water use and water costs.
- Complete a review of the billing and banking systems to assess cost savings opportunities and operation enhancement that might be realized.
- Continue to move the District’s LAFCO initiatives forward and complete the detachment negotiations with the San Diego County Water Authority (SDCWA).
- Pursue power storage grant opportunities to reduce the District’s operating costs.
- Produce a Comprehensive Annual Financial Report (CAFR) and an annual budget document that meet the Government Financial Officers Association’s (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards.



**Continue projects to replace key pipelines and valves to reduce water outages and blowouts.**

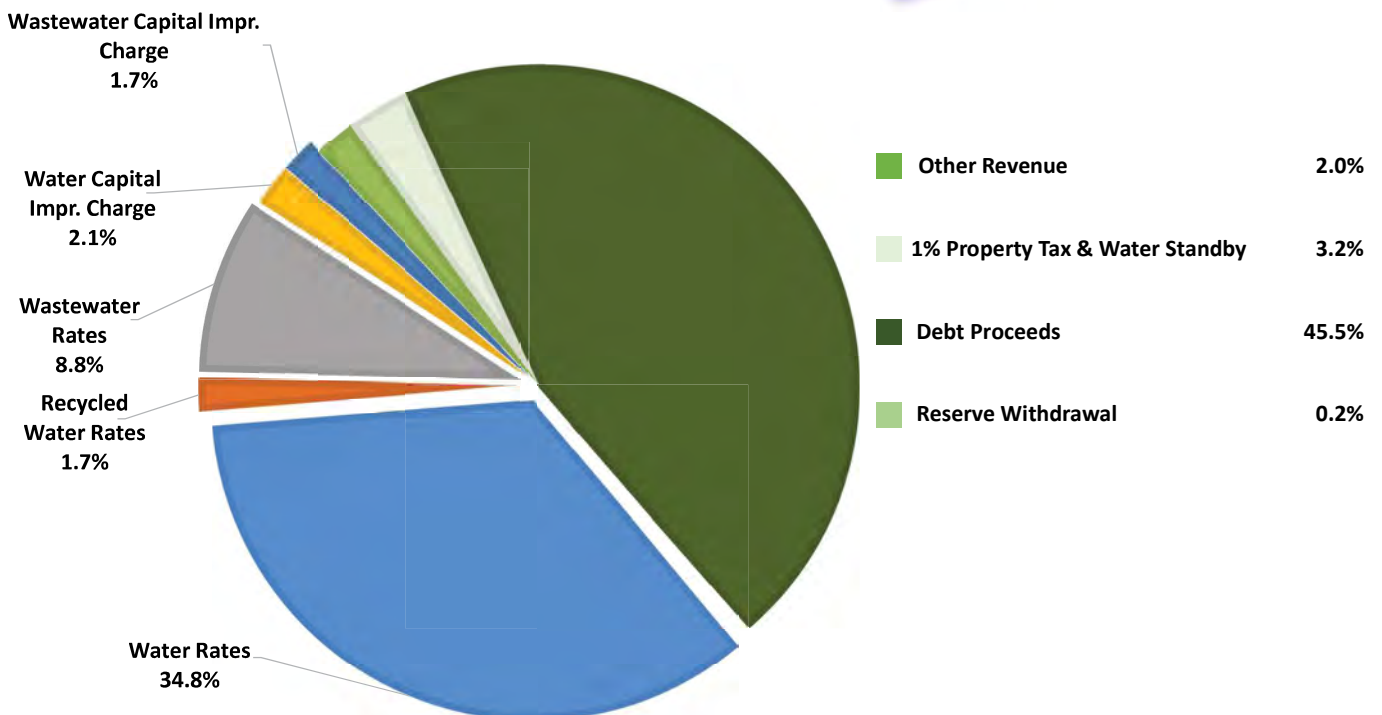
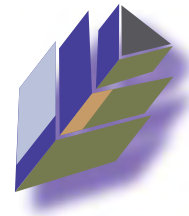


Sources of Funds

The water, recycled water and wastewater systems combined operating and non-operating revenues and net fund withdrawals are budgeted to be sufficient to fund the budgeted uses of funds. Fiscal Year 2019-20 was the second year with low water sales levels. As a result of this low water sales trend, the District has revised its projected average water sales levels lower for planning purposes. The water, recycled water and wastewater rate increases for the Budget are up to 8%, 8%, and 4.5%, respectively, for Calendar Year 2021 and were approved during the Proposition 218 process in 2017. While these increases are in-line with the financial plan adopted by the Board in 2018, the Board will take action to adopt Calendar Year 2021 rates and charges in December of 2020. When the Board takes action on rates and charges, it will take into account the economic impact the pandemic has had on the service area and strive to mitigate rate increases. **Appendix B shows the districts average water bill compared to other local agencies.**

Chart 1 shows a breakdown of the District’s \$70 million budgeted sources of funds. Rate and charge revenues makes up 49.1% of the District’s total budgeted sources of funds. In addition, the District is going to be drawing down its State Revolving Funds (SRF) loan and using the proceeds to pay for the SMRCUP. Net fund withdrawals from reserves are budgeted this year to make up for a budgeted revenue shortfall. The District plans to fund renewal and replacement Capital Improvement Program (CIP) projects that are funded with cash on a Pay-As-You-Go (PAYGO) basis.

Chart #1 - Sources of Revenue Fiscal Year 2020-21  
Total Revenue \$70,155,238



Use of Funds

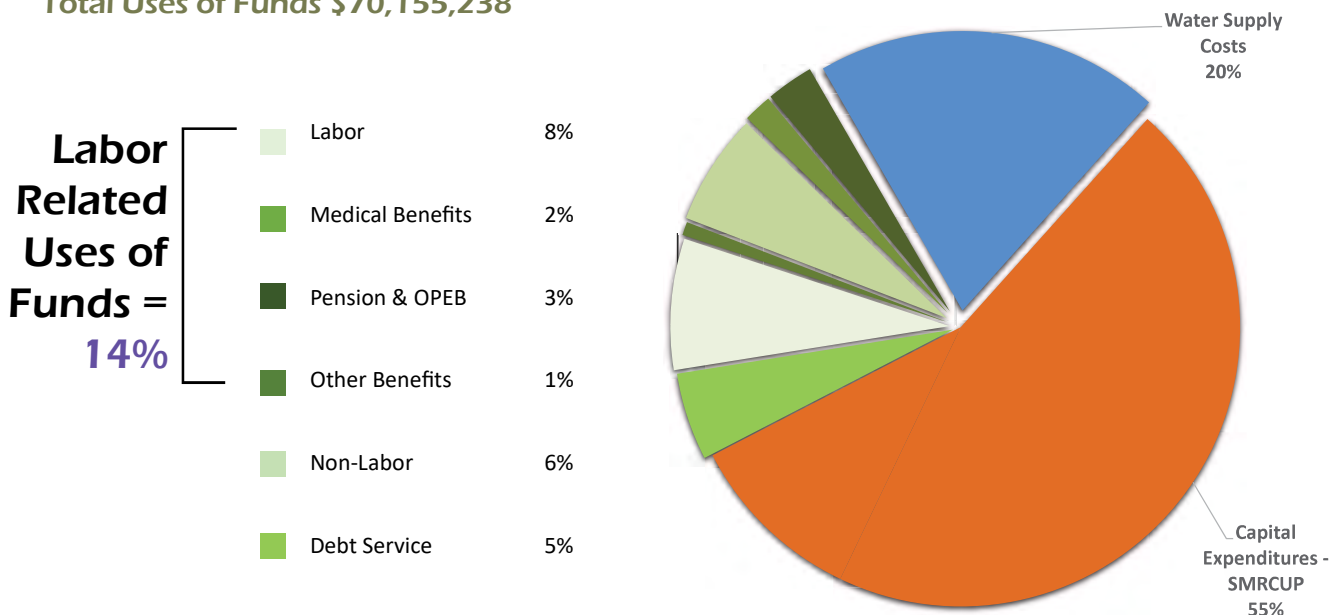
The Adopted Operating Budget includes a 0.1% decrease in the salaries and a 0.1% increase in non-labor expenses. The budget to budget salary decrease, while small, is due to the Board’s cost containment efforts. The District has focused on managing employee benefit costs with a long-term strategy to mitigate pension and healthcare costs. The increase of 5.8% is largely due to increased required retirement plan (CalPERS) payments. (See District Benefits and Appendix B for more detail) The overall increase in the salaries, non-labor and benefit budget is 1.5%, which is less than the rate of inflation.

Chart 2 shows the breakdown of the District’s total use of funds. Labor related uses of fund represent 14% of the District’s budgeted uses of funds. Eighty-six percent of the District’s uses of funds are for non-labor related expenditures. Water supply costs are the District’s single largest ongoing use of funds. Eighty-two percent of the CIP expenditures are due to SMRCUP and funded with a SRF loan.

Table #1 - Operating Budget Comparison, Salaries, Non-Labor and Benefits

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
Salaries	\$ 5,111,090	\$ 5,324,861	\$ 5,420,878	\$ 5,316,951	-0.1%
Non-Labor (excludes cost of water)	4,565,405	4,509,670	4,088,997	4,515,332	0.1%
<b>Total Labor and Non-Labor Expenses</b>	<b>\$ 9,676,495</b>	<b>\$ 9,834,531</b>	<b>\$ 9,509,875</b>	<b>\$ 9,832,283</b>	<b>0.0%</b>
Benefits	2,899,667	3,425,369	3,425,369	3,625,253	5.8%
<b>Total Expense</b>	<b>\$12,576,162</b>	<b>\$ 13,259,901</b>	<b>\$ 12,935,244</b>	<b>\$ 13,457,536</b>	<b>1.5%</b>

Chart #2 - Uses of Funds Fiscal Year 2020-21  
Total Uses of Funds \$70,155,238



**Capital Budget**

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is the replacement of aging infrastructure. In addition to rehabilitation, the construction of the \$62.9 million SMRCUP in Fiscal Years 2019-20 through 2021-22 will be the most significant single project for the next 15-20 years and will provide a long-term cost effective local water supply. The SMRCUP is funded with an SRF loan. Chart 3 shows the annual CIP expenditures by project type. Other projects are shown. The Capital Budget for Fiscal Year 2020-21 is \$39.1 million, with \$31.9 million funded with a SRF Loan.

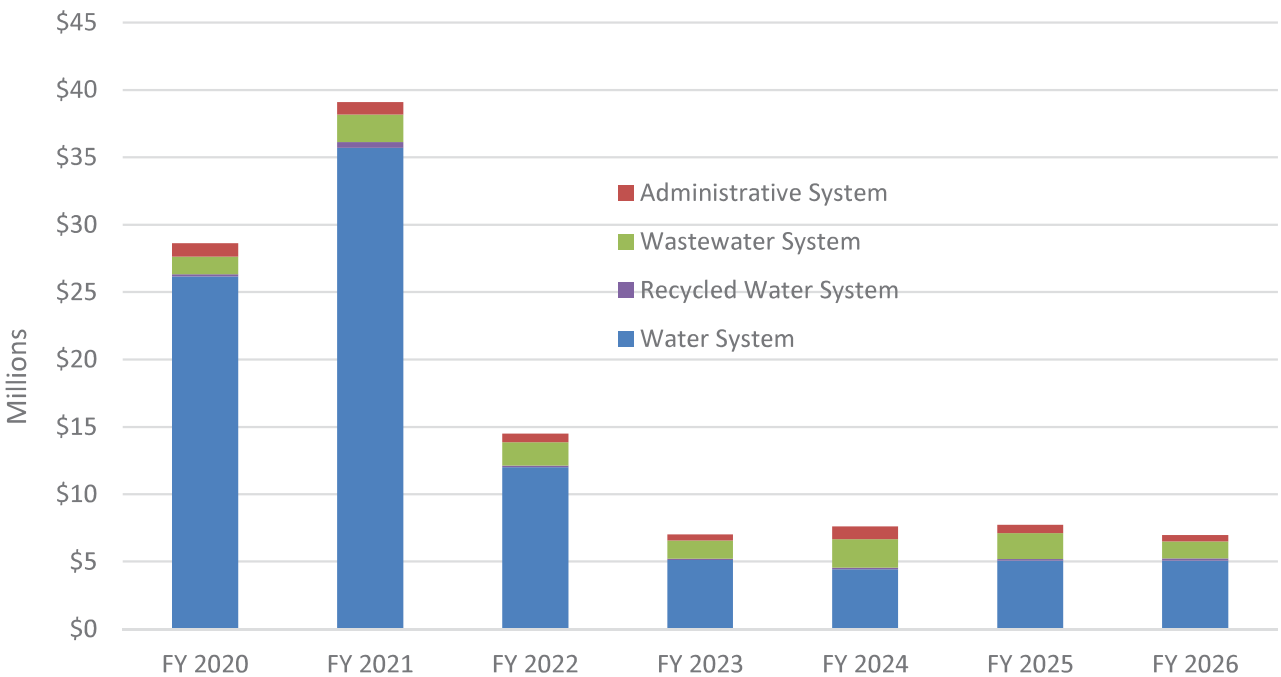


*Recycled water program*



*Pipeline relining program*

**Chart #3 - Fallbrook Public Utility District's Annual Budgeted CIP Expenditures**

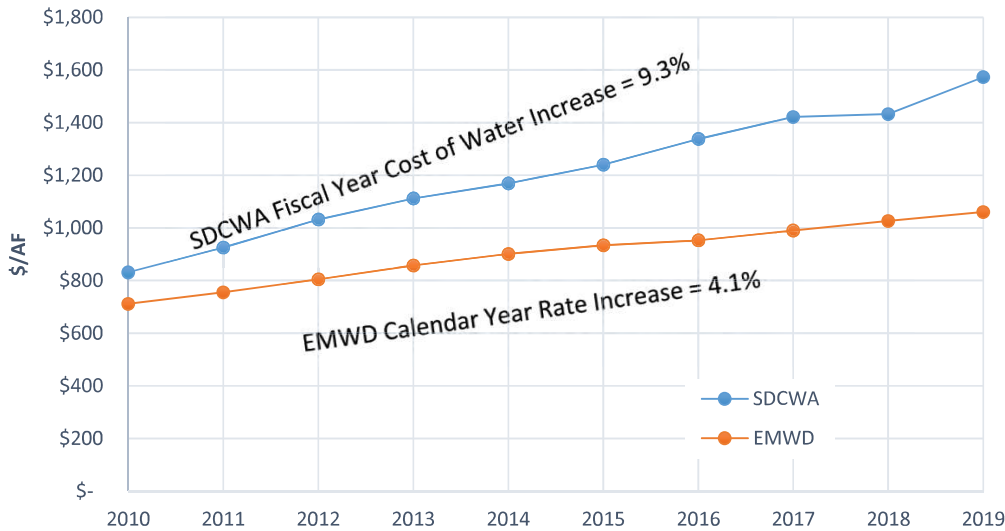




Financial Summaries

This year, as shown in the updated financial projections for Fiscal Year 2019-20 in Table #2, the District is projecting a deposit to reserves. Looking forward, the District has made a significant reduction in the average water sales level due to a persistent trend of lower annual water sales. SDCWA, the District’s water wholesaler, continues to increase the region’s cost of water due to its high cost water supply mix that is comprised of water transfer deliveries from the Imperial Irrigation District (IID) and its purchase contract with Poseidon Recourses. The District is pursuing detachment from SDCWA and annexation into Eastern Municipal Water District (EMWD) to save the District water users over 30% on their water costs. EMWD offers the District a reliable alternative wholesaler to SDCWA at a significantly lower cost. Chart 4 illustrates the per unit savings that the District would realize by purchasing its water from EMWD and shows EMWD maintains a lower average annual increase.

Chart #4 - District’s Estimated Wholesale Water Costs



As shown in the financial projections in Table 2, a budgeted reserve withdrawal of \$0.2 million is planned. Chart 5 shows the District’s reserve balances are expected to remain relatively stable but below the target fund levels. The District is projected to maintain a debt service coverage level in excess of its required 1.2x.

Chart #5 - District’s Fund Balances and Target Balance Level



Table #2 - Fallbrook Public Utility District's Financial Summary

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 21,390,868	\$ 24,414,828	\$ 26,368,177	\$ 28,492,566	\$ 31,803,088
Recycled Water	1,229,603	1,188,241	1,285,881	1,388,751	1,499,851
Wastewater	5,941,086	6,186,330	6,466,015	6,756,986	7,061,050
<b>Subtotal Revenue from Rates</b>	<b>\$ 28,561,557</b>	<b>\$ 31,789,398</b>	<b>\$ 34,120,073</b>	<b>\$ 36,638,302</b>	<b>\$ 40,363,989</b>
<b>Other Operating Revenue Subtotal</b>	<b>\$ 941,243</b>	<b>\$ 804,001</b>	<b>\$ 868,491</b>	<b>\$ 1,001,995</b>	<b>\$ 1,127,716</b>
<b>Non-Operating Revenue</b>	<b>\$ 5,582,222</b>	<b>\$ 5,508,830</b>	<b>\$ 5,646,870</b>	<b>\$ 5,802,424</b>	<b>\$ 5,969,437</b>
<b>Total Revenues</b>	<b>\$ 35,085,022</b>	<b>\$ 38,102,229</b>	<b>\$ 40,635,434</b>	<b>\$ 43,442,721</b>	<b>\$ 47,461,141</b>
<b>Total Operating Expenses</b>					
	\$ 25,893,971	\$ 27,470,440	\$ 26,992,855	\$ 27,798,224	\$ 29,585,309
<b>Net Operating Revenues</b>	<b>\$ 9,191,051</b>	<b>\$ 10,631,790</b>	<b>\$ 13,642,578</b>	<b>\$ 15,644,498</b>	<b>\$ 17,875,832</b>
<b>Total Debt Service</b>	<b>\$ 2,890,815</b>	<b>\$ 3,563,049</b>	<b>\$ 3,801,333</b>	<b>\$ 5,534,480</b>	<b>\$ 5,534,503</b>
<b>Total Capital Expenditures</b>					
	\$ 28,650,013	\$ 39,121,750	\$ 14,517,971	\$ 7,026,158	\$ 7,630,858
<b>Total Expenditures</b>	<b>\$ 57,434,799</b>	<b>\$ 70,155,238</b>	<b>\$ 45,312,160</b>	<b>\$ 40,358,862</b>	<b>\$ 42,750,670</b>
SRF Loan Proceeds	\$ 23,308,627	\$ 31,900,000	\$ 7,727,258	\$ -	\$ -
<b>Change in Net Position *</b>	<b>\$ 958,850</b>	<b>\$ (153,009)</b>	<b>\$ 3,050,531</b>	<b>\$ 3,083,860</b>	<b>\$ 4,710,471</b>
<i>Beginning Balances</i>	\$ 18,624,152	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384
<i>Ending Balances</i>	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384	\$ 30,274,855

\*Change in net position is Total Revenues minus Total Expenditures plus SRF Loan Proceeds.

## Budget User Guidance

The District's Fiscal Year 2020-21 Adopted Budget is organized and presented in a manner to better communicate the District's financial operations. Through enhanced transparency stakeholders will be better able to understand the District's costs and cost structure. The budget sections and a summary of the information provided in them is provided below:

**Introduction** – This section provides basic information on the District including history, governance, location and community profile and organizational structure.

**Fund Structure** – This section provides a description of the District's fund structure and financial policies.

**Financial Summaries** – This is a high level summary of the District's financial performance. Summaries for the Water, Wastewater and Recycled Services are shown in Appendix A.

**Sources of Funds** – This provides the projected revenues the District will receive and the underlying assumptions driving changes in the revenues.

**Operating Budget** – This section outlines the District's operating expenditures in addition to providing staffing and descriptions of activities and goals of each component of the District's operations. The benefit costs, debt service costs and how the cost are allocated to different services is also included in this section.

**Capital Budget** – This section outlines the District's capital expenditures and provides a description of the project. The description includes a summary of the project in addition to the project's cost and schedule.

**Appendices** – These provide historical and additional information on the District's financial operations, service area and policies.

\* Tables may not foot due to rounding.



**DISTINGUISHED BUDGET PRESENTATION AWARD**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Fallbrook Public Utility District  
California**

For the Fiscal Year Beginning

**July 1, 2019**

*Christopher P. Morill*

Executive Director

## About the District

### History

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



Water Reclamation Plant on Alturas Road, before Camp Pendleton. Photo courtesy of Tom Rodgers, (1922)

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

### Service Area / STATISTICS

- 44 square-mile service area
- Population: 33,000
- 9,300 water customers
- 5,000 sewer customers
- 29 recycled water customers
- 67 employees budgeted
- \$32 million operating revenues
- \$145 million in total assets
- 8,200 acre-feet sold annually

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

### Diversifying the District’s Water Supply: The Santa Margarita River

Back when the District used to produce some of its water from the Santa Margarita River, it did so using a small pump in the river, under a direct diversion license from the state of California. In 1948, additional water permits were obtained for diversion facilities and construction of a proposed 150-foot dam that would store 30,000 acre-feet of river water. The diversion works for the small pump were destroyed in 1969 by floods and was not rebuilt. Subsequently the state canceled the small-diversion license for lack of use, but the 30,000 acre-foot storage permit remained in place while the dam was being planned.

The proposed dam, and associated water supply, immediately hit some hurdles. In 1951, soon after the District had obtained water permits from the state, the federal government filed suit against the District over water rights on the river, to quiet its title to the adjudicated rights accruing to the U.S. Marine Corps Base Camp Pendleton. The lawsuit, the U.S. v. Fallbrook case, is the oldest civil case in the county. For more than 66 years, the District has been attempting to develop a permanent local water supply on the Santa Margarita River.

In 1968, a Memorandum of Understanding and Agreement was signed with the Federal Government to develop a two-dam reservoir project on the river that would benefit both Camp Pendleton and the District. This agreement was the culmination of 17 years of litigation. The federally sponsored project was known as the Santa Margarita Project. It never came to fruition however, due to environmental issues, new faces in leadership, and lack of funding.

Then in January 2018, the District’s Board of Directors signed an agreement with Camp Pendleton in a landmark settlement, resolving the U.S. v. Fallbrook case and in April 2019, the federal court adopted the settlement. As part of the settlement, river water will flow to Camp Pendleton and be stored in recharge ponds that seep into an underground aquifer there. Then some of that water will be pumped out of the ground and piped back to the District when needed. Called the SMRCUP, it will provide a local supply, reducing dependence on expensive wholesale purchases from the SDCWA, and is expected to provide just over half of the District’s water needs.

**Wastewater and Recycled Water History and Mergers**

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



## Services

The District provides residents, businesses and agricultural customers with full-service water, wastewater and recycled water services.

### Water System

The District imports 99% of its water from the SDCWA with the remaining 1% coming from a local well. The District has 4 connections to the imported water system, three of the four are directed connected to MWD owned pipelines and the fourth which is currently not in use is connected to SDCWA's pipeline. The District's water distribution system is comprised of 270 miles of pipeline, 6,800 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 300-million-gallon treated water reservoir, five pump stations and plans for a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District is in the middle of an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use.

The District also recently finalized an agreement with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River, of the SMRCUP. The SMRCUP was originally projected to provide a long-term average annual of 3,100 acre-feet per year to the District's ratepayers based on an assessment of available supplies

and demands for both the District and Camp Pendleton. The District's demands were also originally projected to be approximately 9,500 acre-feet per year so the project was projected to provide roughly 30% of the District's demands. Based on demand reductions from Camp Pendleton the available supplies from the SMRCUP project has increased to approximately 4,300 acre-feet per year of average annual water supplies. In addition, the District's long-term demand projections have decreased to roughly 8,100 acre-feet per year, so the long term expected supply percentage is now projected to be just over half of the District's total demands. Construction of a bi-directional pipeline and groundwater treatment plant began construction in the Fall of 2019.

### Construction / BI-DIRECTIONAL PIPELINE and GROUNDWATER TREATMENT PLANT

Fallbrook Public Utility District anticipates having this project completed by 2020 and to begin having its own cost-effective supply that same year.



Rendering of the Fallbrook Groundwater Treatment Plant

The District's five-year average annual water sales is 9,010 acre-feet. Residential and commercial customers represent 62% of sales, and agricultural customers make up the remaining 38%. The District's historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is being driven by the economics of agriculture production and the fact that high wholesale water costs make only limited crops profitable. The District's agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 2,300 in Fiscal Year 2019.

## Wastewater System

The District's wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 23-mile ocean outfall line.

In an effort to go green, and to save money by reducing hauling and disposal costs of sewage sludge, the District began recycling its sewage sludge in 2008. A state-of-the-art thermal dryer heats the sludge to extremely high temperatures, killing all harmful pathogens. The end product is a sterile fertilizer that can be safely returned to the soil and is classified as a Class A soil amendment. Instead of paying to haul sewage sludge to a landfill, the fertilizer is sold to commercial growers.

## Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 29 recycled water customers, and delivers an average of 0.6 million gallons per day to them. The District provides recycled water for nurseries, sports fields, home owners' associations, Fallbrook High School, street medians, and for freeway irrigation. In 2015, the District completed a \$27 million expansion and upgrade to the water reclamation plant to improve reliability of operation and provide storage for recycled water. The project was completed ahead of schedule and under budget.

To help new users tap into the expanding recycled water system, the District secured funding from the Department of Water Resources through the Prop. 84 grant program. In 2014, the District held a workshop to assist growers with planning, getting permits, purchasing new equipment, and receiving grant funds. Assisting growers through the entire process has helped bring new recycled customers online. The project included expanding the recycled water distribution system in order to add new large water users.

The District has recently applied for grant funding to explore development of a joint Indirect Potable Reuse Project with Camp Pendleton Marine Corps Base. The District is in the process of securing grant funding to help off-set the cost of the project feasibility studies.

## Governance and Organizational Structure

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

### Current Board of Directors:

**District #1 - Dave Baxter**

**District #2 - Ken Endter, President**

**District #3 - Jennifer DeMeo, Vice-President**

**District #4 - Don McDougal**

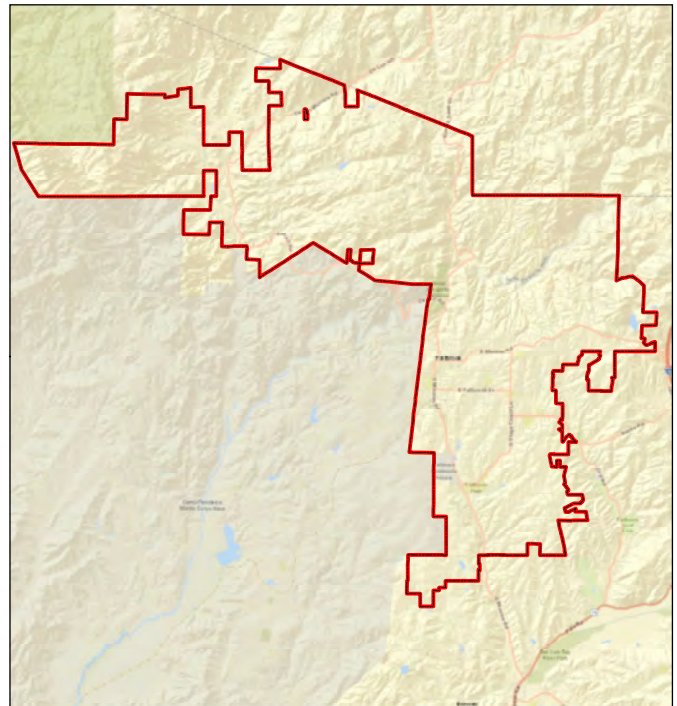
**District #5 - Charley Wolk**



## Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District's service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District's service area a bedroom community for Camp Pendleton's active military and civilian-service workers. The service area's 2018 population is estimated to be 33,021 with 11,289 households. Fallbrook's population has remained relatively unchanged over the past several years.

Figure #1 - District Service Area






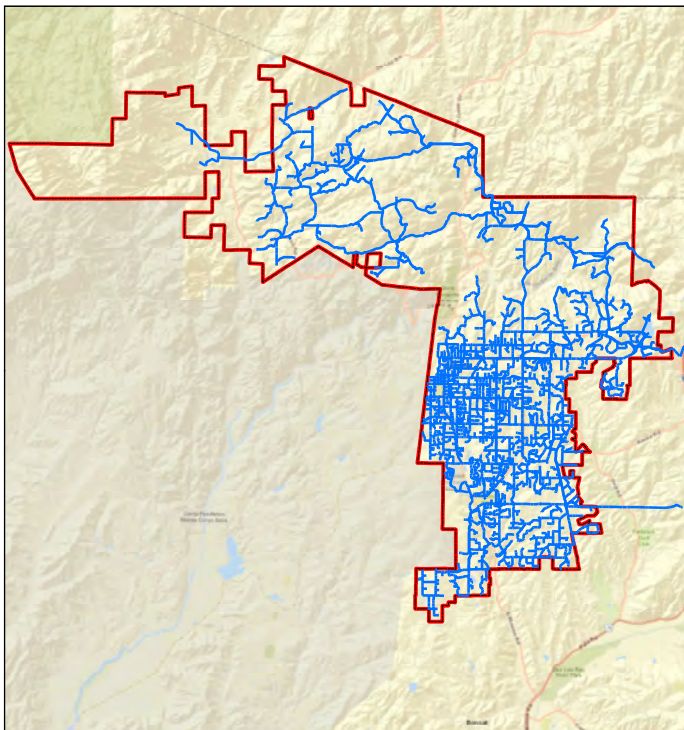



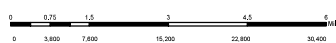
<p><small>DISCLAIMER: By accepting this map, you agree that the Fallbrook Public Utility District assumes no liability or responsibility of any kind arising from use of this map. This map, its data, and any calculations associated with this map is provided without warranty of any kind.</small></p>	<p><b>LEGEND</b></p> <p> FALLBROOK PUBLIC UTILITY DISTRICT WATER BOUNDARY</p>
	<p><b>FALLBROOK PUBLIC UTILITY DISTRICT WATER BOUNDARY</b></p>  <p><small>Source: ESRI, FPU/D. Projection: California State Plane NAD 83, Feet, Zone 9, Epoch 1983.35 Map Created by Todd Jester (tjester@fallbrook.org) Special Projects/Geographic Information Systems/BOUNDARY/WATER_BOUNDARY/BOUNDARY.MXD</small></p>

Figure #2 - District Pipelines



<p><small>DISCLAIMER: By accepting this map, you agree that the Fallbrook Public Utility District assumes no liability or responsibility of any kind arising from use of this map. This map, its data, and any calculations associated with this map is provided without warranty of any kind.</small></p>	<p><b>LEGEND</b></p> <p> FALLBROOK PUBLIC UTILITY DISTRICT WATER BOUNDARY</p> <p> WATERLINE</p>
	<p><b>FALLBROOK PUBLIC UTILITY DISTRICT WATER BOUNDARY</b></p>  <p><small>Source: ESRI, FPU/D. Projection: California State Plane NAD 83, Feet, Zone 9, Epoch 1983.35 Map Created by Todd Jester (tjester@fallbrook.org) Special Projects/Geographic Information Systems/BOUNDARY/WATER_BOUNDARY/WATERLINE.MXD</small></p>

The median household income in Fallbrook was \$60,223, which is less than the state median of \$71,228 and slightly lower than the national average of \$60,293. As of December 2019, San Diego County's unemployment rate was 2.8%, which is lower than the State's 3.9%.

The San Diego Association of Governments (SANDAG) projects that the County's population will approach 4.1 million residents in 2050, up from 3.4 million in 2020. The District's 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.

## District's Strategic Plan for FY 2020/2021

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

### #1 Strategic Focus Area | Water Supply

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

#### Fiscal Year 2020-21 District Objectives:

1. Maintain the construction progress of the SMRCUP in order to begin delivery of local water by 2022.
2. Take all necessary steps to ensure the District's LAFCO application to switch water wholesalers and reduce water costs continues to move towards LAFCO approval and a vote of District ratepayers.
3. Continue to evaluate funding alternatives including additional grants to help support water quality treatment improvements to the SMRCUP and to expand recycled water service to increase utilization of existing supplies.
4. Implement grant funded Indirect Potable Reuse (IPR) pilot project with Camp Pendleton to lay the groundwork to increase the reliability and availability of local water supplies.

### #2 Strategic Focus Area | Infrastructure

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

#### Fiscal Year 2020-21 District Objectives:

1. Complete capital projects in accordance with approved budget and asset-management plan. Maintain utilization of District construction crews with proactive replacements versus reactive repairs.
2. Implement the recently updated asset-management plan to help prioritize projects. This will help ensure lower cost alternatives are evaluated before full replacement of buried infrastructure.

### #3 Strategic Focus Area | Efficiency

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

#### Fiscal Year 2020-21 District Objectives:

1. Continue implementation and reporting of Key Performance Measures (KPIs) for engineering, operations, finance, customer service and public outreach. Tie measures to nationally recognized Effective Utility Management (EUM) goals and measure against applicable national bench-marks.
2. Improve the efficiency of operations by implementation of mobile device work order and service order processes as part of the new Enterprise Asset Management (EAM) System.
3. Build on recently implemented regional collaboration programs to evaluate new ways to reduce operating costs through shared resources without reducing the level of service.

## #4 Strategic Focus Area | Community

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

### Fiscal Year 2020-21 District Objectives:

1. Improve our customer engagement by holding an annual community engagement event to both educate the public and receive public input on District priorities.
2. Promote the District role in helping benefit the community. Expand high-school internship program.
3. Provide administrative support for the community benefit program proposal submitted to LAFCO.
4. Continue to improve customer engagement through social media and quarterly newsletters. Develop 2 short videos to highlight key aspects of the District.
5. Further improve the District budget to identify clearly to the public how costs are allocated and how resources are being managed. Continue to produce a CAFR and achieve a GFOA and California Society of Municipal Finance Officers (CSMFO) budget awards. Achieve District of Distinction from the California Special District's Association.

## #5 Strategic Focus Area | Workforce

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

### Fiscal Year 2020-21 District Objectives:

1. Develop the framework for a formal program to identify future leaders in the organization and provide them training and a clearer sense of future opportunities. Look to leverage capabilities of existing staff and expand their responsibility when they show potential.
2. Continue to expand cross-training and external training program for staff, and provide new opportunities and challenges for motivated employees. Reconstitute programs and events to recognize employees and improve employee recognition program.
3. Participate in regional efforts to improve local education, training and internship programs to bring more qualified applications into the industry.
4. Participate in key local and national organizations in the water/wastewater industry, including participating in presentations on District and trainings to improve recognition of the District as an effectively managed and forward-looking utility.





## Budget Basis

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

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

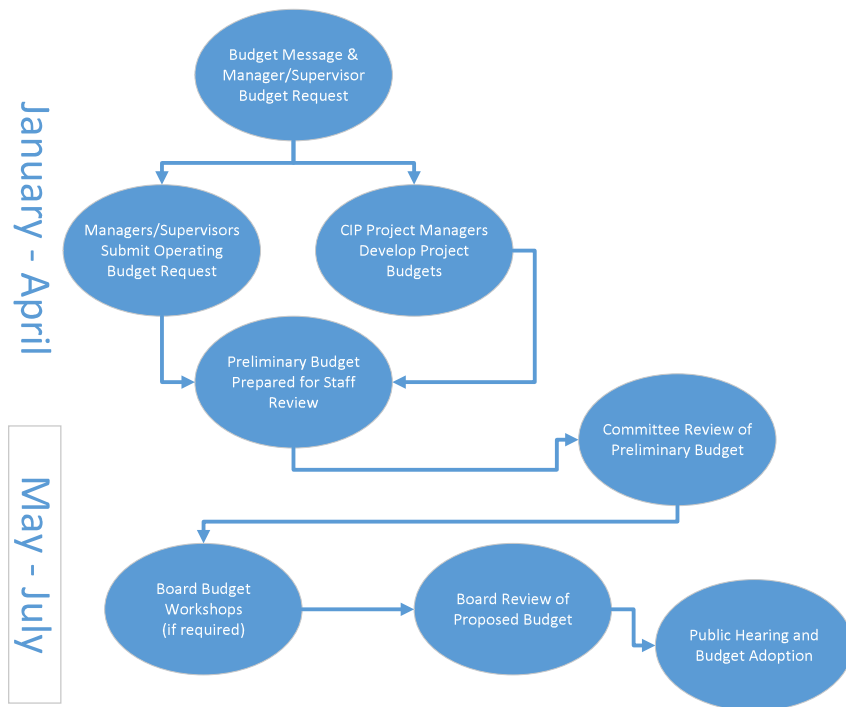
Budget adjustments are made if projects or expenditures are needed that fall outside the District’s adopted budget. These items are brought to the Board for approval and to appropriate the funds. A mid-year budget update is also provided to the Board each year to update spending trends and identify early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

## Budget Process

Each year, the District develops and adopts a new budget for the upcoming fiscal year. The budgeting process begins in January and starts with the budget message. The budget message establishes the priorities of the District in the next fiscal year and provides budget managers guidance on how to prioritize their budget needs. Along with the budget message, each manager/supervisor is provided a spreadsheet that has the current and projected operating expenditures for the current fiscal year and a placeholder for the proposed operating budget.

Each manager/supervisor then evaluates funding needs. Meetings with staff to review planned activities, as well as funding needs for services and equipment, are part of the process to develop and fill in the budgetary needs for each Division. Each manager/supervisor submits operating budgets by the end of February.

Figure #3 - Fallbrook District’s Annual Budget Process



While the operating budget is being developed, the CIP managers meet with the General Manager to develop the CIP project budgets for the upcoming fiscal year as well as the next five years of budgets. The CIP budgets are submitted by the end of February along with the operating budget.

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

**DISTRICT ORGANIZATIONAL CHART**

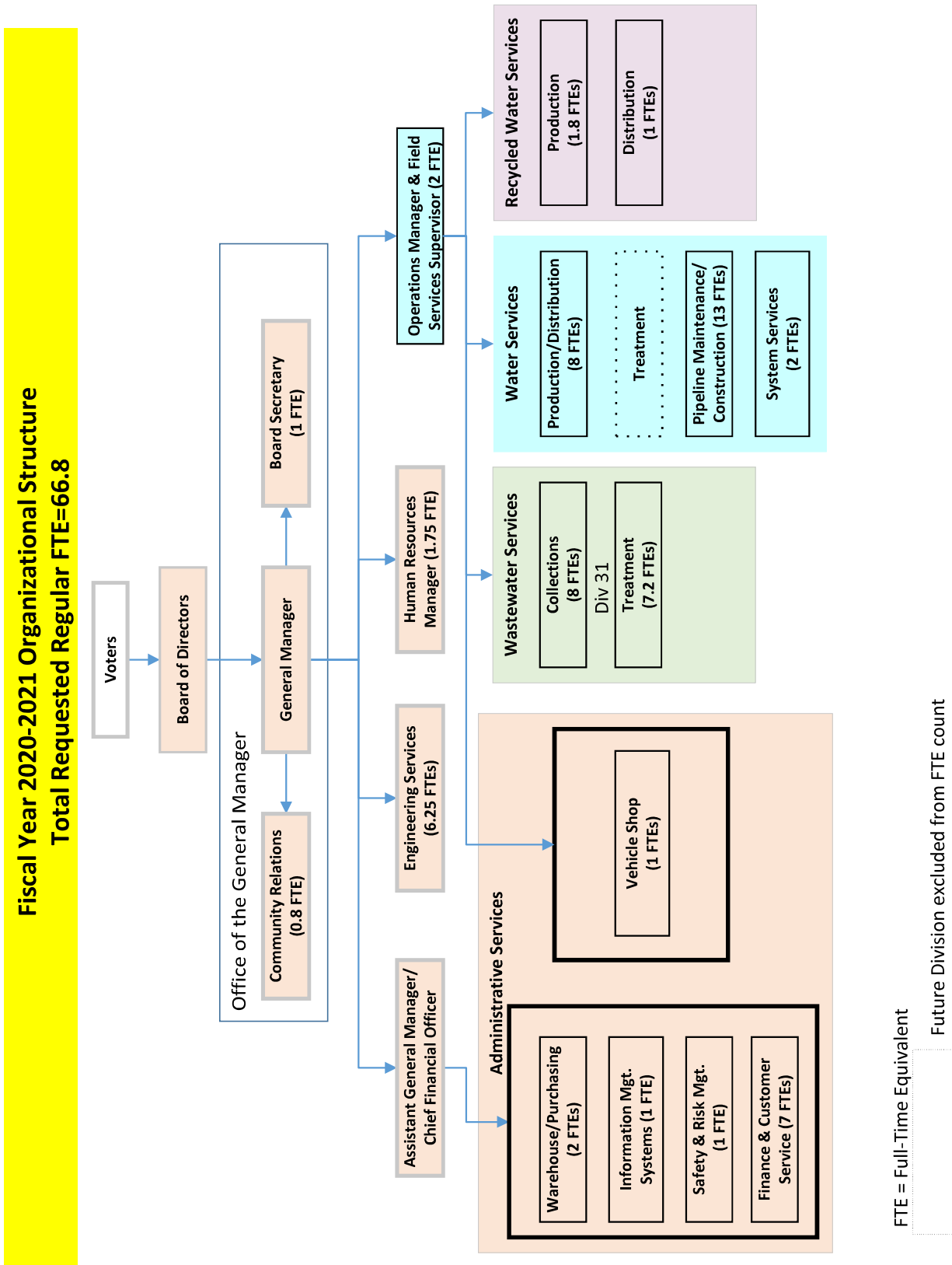
The District maintains an efficient level of staffing which requires an organizational structure that is very flat, with staff working across services and filling a variety of roles. The organizational chart provided is designed to illustrate the District’s structure and staffing levels. The Proposed Budget includes 66.8 Full Time Equivalent (FTE), which is one less FTE from the previous Fiscal Year. The boxes under Administrative, Water, Wastewater and Recycled Water Services represent functional groups called Divisions. However, in some cases (Human Resources) a division is a single position. In these cases, the object is colored to illustrate that it is part of Administrative Services.

The Administrative Services department includes all functions that are necessary for the District to operate, but are not specific to Water, Wastewater or Recycled Water Services. While this includes a wide range of activities, these costs are recovered through water, wastewater and sewer rates. The Operating Budget Section provides a detailed discussion of how these costs are recovered through rates and charges. Each Division is a function with the Services. For example, Wastewater Services is comprised of two Divisions. The function of each Division is discussed in the Operating Budget Section.

Water, Wastewater and Recycled Water Services are the District’s other services. The Divisions within each of these services are shown on the organizational chart. Water services is comprised of three Divisions while the other services are broken into two Divisions. While the SMRCUP is not expected to be operating during this Budget, a place holder under Water Services for treatment has been inserted. The function of each division is discussed in the Operating Budget Section.



Figure #4 - Proposed Fiscal Year 2020-21 Organizational Structure 1\*



1. An FTE is the hours worked by one employee on a full-time basis for one year. This is equal to 2,080 hours.

\* Total Requested Regular FTE=66.8

## Fund Structure

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The District's fund structure is set up to support water, wastewater and recycled water operations, and capital funding needs. Each fund is structured to receive certain revenues and fund certain expenditures. The District's working capital or operating funds receive operating and certain non-operating revenues and fund operating expenses for each of the services. The District's capital funds receive certain non-operating revenues that are restricted to capital uses and funds the District's capital expenditures, including a portion of debt service.

In 2017, the District completed the 2017 Water, Recycled Water and Wastewater Rate Study Report (Report). As part of the Report, the District's fund structure and target fund balances were re-evaluated and modified to meet future funding needs. The District's current working capital/operating structure, and a description of each fund and the fund's target balance is provided below:

### Water Services Funds

**Working Capital/Operating Fund:** To be established and maintained at a level of three months operating and maintenance expenses including water purchases. The primary source of funds for the Operating Fund are water sales, fixed service charge and pass-through charge revenues. The Operating Fund Target for Fiscal Year 2020-21 is \$5.4 million.

**Rate Stabilization 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. This fund was primarily established to buffer variability of water deliveries from the SMRCUP in dry years. The target level is set equal to two years of debt service payments on the SMRCUP financing. Transfers from the Operating Fund are the source of funds for the Rate Stabilization Fund (RSF). The RSF target and balance are \$0 until the SMRCUP is operational but has been prefunded with the \$6.2 million from the sale of the District's Santa Margarita Property in Fiscal Year 2018-19.

### Wastewater Services Funds

**Working Capital/Operating Fund:** To be established and maintained at a level of three months operating and maintenance expenses. The primary source of funds for the Operating Fund are wastewater service charges and investment earnings. The Operating Fund Target for Fiscal Year 2020-21 is \$1.4 million.

**Rate Stabilization Fund:** To promote smooth and predictable rates and charges, a Rate Stabilization Fund is established with a target level equal to 10% of annual revenues. Transfers from the Operating Fund are the source of funds for the Rate Stabilization Fund. The Rate Stabilization Fund Target for Fiscal Year 2020-21 is \$0.8 million.

### Recycled Water Services Fund

**Working Capital/Operating Fund:** To be established at three months operating and maintenance expenses. The primary source of funds for the Operating Fund are water sales and fixed service charge revenues. The Operating Fund Target for Fiscal Year 2020-21 is \$0.1 million.

The District’s capital fund structure and their target balances are provided below:

**Water Services Capital Fund**

The primary source of funds are the Water and Pumping Capital Improvement charges, property tax and standby availability charge receipts, annexation fees, connection fees and meter fees. Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). The Fiscal Year 2020-21 target balance for the Water Capital Fund is \$15.9 million.

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

**Wastewater Services Capital Fund**

The primary source of funds are Wastewater Capital Improvement charges, connection fees, property tax receipts, and meter fees. Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). The Fiscal Year 2020-21 target balance for the Wastewater Capital Fund is \$5.2 million.

**Recycled Water Services Capital Fund**

Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). Recycled Operating Fund transfers are the primary source of funds followed by a portion of the property tax receipts. The Fiscal Year 2020-21 target balance for the Water Capital Fund is \$0.4 million.

**Fund Summary**

The Districts total water target fund balance (21.3 million) equals the water working capital/operating fund (5.4 million), the rate stabilization fund (0 million) and the water services capital fund (15.9 million). The total recycled water target fund balance (0.5 million) equals the recycled working capital/operating fund (0.1 million) and the recycled water services capital fund (0.4 million). The total wastewater target fund balance (7.4 million) equals the wastewater working capital/operating fund (1.4 million), the rate stabilization fund (0.8 million) and the wastewater services capital fund (5.2 million). The District’s projected Fiscal Year 2020-21 year-end balances are shown in the table below.

**Table #1 - Total Fund Balances**

<b>Service</b>	<b>Target Balance (Millions)</b>	<b>Projected Fiscal Year 2020-21 Ending Balance (Millions)</b>
Water	\$ 21.3	\$ 15.4
Recycled Water	\$ 0.5	\$ 0.3
Wastewater	\$ 7.4	\$ 3.7
<b>Total</b>	<b>\$ 29.2</b>	<b>\$ 19.4</b>

## Other Funds Maintained by the District

### Section 115 Pension and OPEB Trust Fund

This fund was set up in Fiscal Year 2016-17 as an irrevocable trust established for the benefit of the pension and Other Post-Employment Benefits (OPEB) beneficiaries. The fund is managed by Public Agency Retirement Services (PARS) and is restricted in its use to funding pension and OPEB expenditures. The funds restricted for OPEB and pension costs are tracked in the fund. The fund balance was \$6.5 million on March 31, 2020. The District OPEB obligation is over 90% funded and no additional contributions will be made this budget. The District has developed a strategy to use returns from the fund to help off-set on-going OPEB costs. Details on the District's pension and OPEB obligations are provided in Appendix D.

## District's Financial Management Policies

The District maintains certain policies that govern aspects of the District's financial management. The District maintains the following policies:

- Debt Management Policy – Defines the District's debt management (available on website).
- Investment Policy – Establishes permitted investments in compliance with State Code (Article 27 of the District's Administrative Code)
- Fund Balance Policies – Sets target balances for reserves and working capital (Article 15 of the District's Administrative Code)
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure

These policies can be found on the District's website as standalone documents or as part of the District's Administrative Code. Appendix C also provides a copy of the District's Capitalization Policy and other policies for ease of reference.



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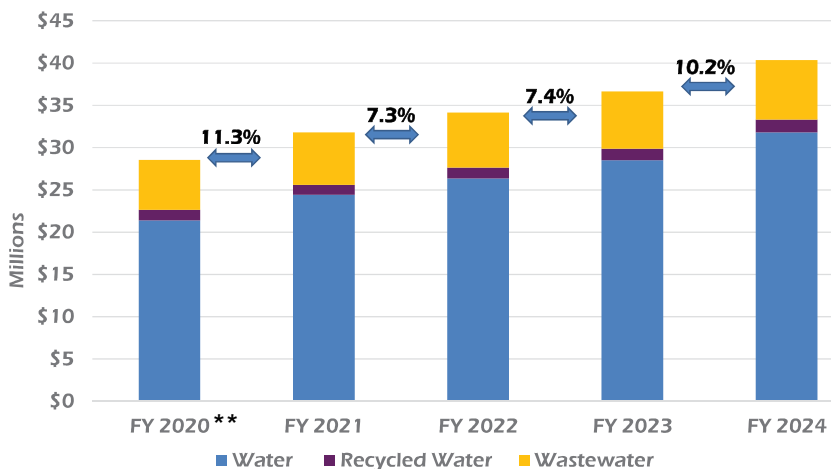
## Financial Summaries

The rate and charge increases included in the projections are in line with the increases approved by the Board in December 2017 as part of the 2017 Water, Recycled Water and Wastewater Rate Study Report and Proposition 218 process. Table 1 shows the approved increases through 2022. A similar increase is assumed for Calendar Years 2023 and 2024 but a rate and charge study will be conducted to determine the actual rate increases. Because the rate and charge increases are effective for a calendar year, the impact of a rate increase spans two fiscal years. The projections take this into account and show revenues on a fiscal year basis with the approved rate increases. The Board will set the Calendar Year 2021 rates and charges in December 2020. Since no decision on the rate and charge increases has been made at this time, the Budget uses the approved rate and charge increases to project revenues. Chart 1 shows the projected increase in revenues due to the rate adjustments. The large increase in Fiscal Year 2020-2021 is driven by a return to average water sales levels. **Appendix A provides the detailed revenue, expense and fund balance projections for Water, Recycled Water, and Wastewater operations.**

**Table #1 - Prop 218 Board Approved Maximum Rate Increases CY 2019-22**

	CY 2019	CY 2020	CY 2021	CY 2022
<b>Water Rate increase</b>				
Approved Increase	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%
<b>Wastewater Rate increase</b>				
Approved Increase	(up to) 4.5%	(up to) 4.5%	(up to) 4.5%	(up to) 4.5%
<b>Recycled Water Rate increase</b>				
Approved Increase	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%

**Chart #1 - Projected Total Rate Revenues \***



\* Total Rate Revenue increases shown

\*\* Projected revenues based upon current District sales projections

### Looking Forward

The economic impacts and duration of the pandemic are still unknown. While the Budget uses rate and charge increases in line with the Board's financial plan, the Board will take action to set rates in December 2020. At that time both the economic impacts and duration of the pandemic will be more clear. The Board will take these factors into consideration when adopting rates and charges and may elect to defer projects to mitigate rate increases.

This section provides an overview of the Districts overall projected financial operations. Table 2 provides a detailed summary of the District's revenues and expenditures and the projected year-end fund balances. Revenues from the District's water, recycled water and wastewater services are projected to increase over the projection period driven by rate and charge increases. Non-operating revenues are projected to remain relatively stable. Projected costs are assumed to rise at rates of inflation in line with levels assumed in the 2017 Water, Recycled Water and Wastewater Rate Study Report. The cost of treated water is expected to decrease by -8.8% next year based upon estimated wholesale water rate increases and a significant decrease in projected water sales. In the following years, wholesale water rates are



projected to increase annually in line with past averages driven by State and regional water supply reliability related costs. In Fiscal Year 2021-22, the District is projecting deliveries from the SMRCUP and the related costs. The SMRCUP deliveries reduce the cost of purchased water as shown in Table 2 and in Fiscal Year 2021-22 reduce projected purchased water costs by approximately 7.6%. For labor and non-labor, the result of the escalation is an average annual increase of 4.0%. This includes projected increase in the District’s pension and other benefits costs.

**Table #2 - Fallbrook Public Utility District’s Financial Projections**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 21,390,868	\$ 24,414,828	\$ 26,368,177	\$ 28,492,566	\$ 31,803,088
Recycled Water	1,229,603	1,188,241	1,285,881	1,388,751	1,499,851
Wastewater	5,941,086	6,186,330	6,466,015	6,756,986	7,061,050
<b>Subtotal Revenue from Rates</b>	<b>\$ 28,561,557</b>	<b>\$ 31,789,398</b>	<b>\$ 34,120,073</b>	<b>\$ 36,638,302</b>	<b>\$ 40,363,989</b>
<b>Other Operating Revenue</b>					
<b>Pass-through Charges</b>					
MWD RTS Charge	\$ 423,957	\$ 291,331	\$ 305,436	\$ 320,971	\$ 336,861
SDCWA IAC Charge	456,283	501,670	552,055	670,024	779,855
Sundry*	11,000	11,000	11,000	11,000	11,000
SDCWA Incentive	50,003	-	-	-	-
<b>Other Revenue Subtotal</b>	<b>\$ 941,243</b>	<b>\$ 804,001</b>	<b>\$ 868,491</b>	<b>\$ 1,001,995</b>	<b>\$ 1,127,716</b>
<b>Non-Operating Revenue</b>					
Water Availability Charge**	\$ 203,000	\$ 204,000	\$ 204,000	\$ 204,000	\$ 204,000
1% Property Tax	2,067,422	2,022,485	2,032,597	2,042,760	2,052,974
Investment Earnings	284,544	141,500	125,732	144,135	167,518
Water CIP Charge	1,373,621	1,455,281	1,556,735	1,653,313	1,755,694
Pumping CIP Charge	32,756	32,756	32,756	32,756	32,756
Other Revenue	220,000	250,000	255,000	260,100	265,302
Water Capacity Fees	3,000	50,000	50,500	51,005	51,515
Wastewater CIP Charge	1,170,233	1,207,132	1,255,873	1,293,426	1,332,275
Wastewater Capacity fees	105,000	35,000	35,700	36,414	37,142
Federal Interest Rate Subsidy	122,647	110,677	97,977	84,516	70,261
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 5,582,222</b>	<b>\$ 5,508,830</b>	<b>\$ 5,646,870</b>	<b>\$ 5,802,424</b>	<b>\$ 5,969,437</b>
<b>Total Revenues</b>	<b>\$ 35,085,022</b>	<b>\$ 38,102,229</b>	<b>\$ 40,635,434</b>	<b>\$ 43,442,721</b>	<b>\$ 47,461,141</b>

\* Sundry revenues is comprised of miscellaneous revenues and includes revenues from sale of assets taken out of service, which includes sale of equipment and vehicles.

\*\* Fee is charge on a per acre or parcel basis in service area, which is not expected to change.



Table #2 - Fallbrook Public Utility District's Financial Projections, cont.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Total Revenues</b>	\$35,085,022	\$38,102,229	\$40,635,434	\$43,442,721	\$47,461,141
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
Purchased Water Costs***	\$ 12,778,727	\$ 13,810,108	\$ 11,302,476	\$ 10,813,148	\$ 11,928,736
Pumping Costs	180,000	202,797	212,936	223,583	246,159
SMRCUP Treatment	-	-	1,431,394	2,098,131	2,161,075
Labor Costs	2,869,597	2,895,222	3,039,983	3,191,982	3,351,581
Fringe Benefits	1,809,326	1,974,048	2,102,361	2,239,015	2,350,965
Services, Materials & Supplies	1,902,947	2,122,900	2,186,587	2,252,185	2,319,750
Administrative Expenses	6,353,374	6,465,365	6,717,118	6,980,180	7,227,043
<b>Total Operating Expenses</b>	\$ 25,893,971	\$ 27,470,440	\$ 26,992,855	\$ 27,798,224	\$ 29,585,309
<b>Net Operating Revenues</b>	\$ 9,191,051	\$ 10,631,790	\$ 13,642,578	\$ 15,644,498	\$ 17,875,832
<b>Total Debt Service</b>	\$ 2,890,815	\$ 3,563,049	\$ 3,801,333	\$ 5,534,480	\$ 5,534,503
<b>Total Capital Expenditures</b>	\$ 28,650,013	\$ 39,121,750	\$ 14,517,971	\$ 7,026,158	\$ 7,630,858
<b>Total Expenditures</b>	\$ 57,434,799	\$ 70,155,238	\$ 45,312,160	\$ 40,358,862	\$ 42,750,670
<b>SRF Loan Proceeds</b>	\$ 23,308,627	\$ 31,900,000	\$ 7,727,258	\$ -	\$ -
<b>Change in Net Position ****</b>	\$ 958,850	\$ (153,009)	\$ 3,050,531	\$ 3,083,860	\$ 4,710,471
<i>Beginning Balances</i>	\$ 18,624,152	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384
<i>Ending Balance</i>	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384	\$ 30,274,855

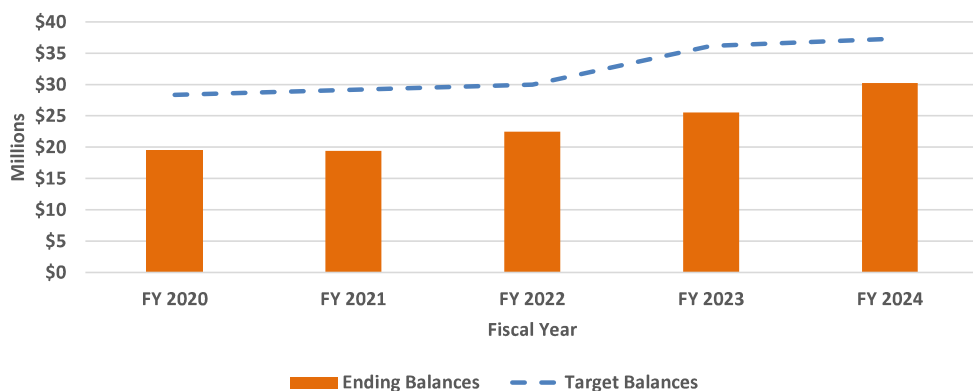
\*\*\*Detail on purchased water costs provided on page 43. Purchased water costs include MWD RTS Charge and SDCWA IAC Charge.

\*\*\*\*Change in net position is Total Revenues minus Total Expenditures plus SRF Loan Proceeds..

Debt service and capital expenditures are deducted from the District's Net Operating Revenues to determine the change in Net Position for the fiscal year. It is important to note that funds from the SRF Loan offsets the use of the District's financial resources as shown in the table above. The Fiscal Year 2020-21 Change in Net Position shows the District is utilizing reserves in that particular fiscal year. In Fiscal Year 2020-21, the District is projecting the withdrawal of \$153,009 in reserves.

The Beginning Balance shows the funds available at the start of the year and the Ending Balance shows the funds that are available after the year is over. The chart below shows the Target Reserve levels compared to the projected fund balances. **Appendix A provides the detailed revenue, expense and fund balance projections for Water, Recycled Water, and Wastewater operations.**

Chart #2 - District Fund Balances and Target Level



## Water Services Sources of Funds

The primary source of funds for water operations is water sales revenues. Water sales levels determine the Districts water sales revenues. Because Fallbrook is located in a semi-arid region of the United States and is subject to significant fluctuations in the level of water demands, each year careful attention is paid to the projected level of water sales. Heading into the Fiscal Year 2020-21 budget cycle, water supply conditions are near normal with most reservoirs near average. Therefore, at this point in time, no water use restrictions are expected to be in place this summer and water sales are projected to be in line with the District's average sales level.

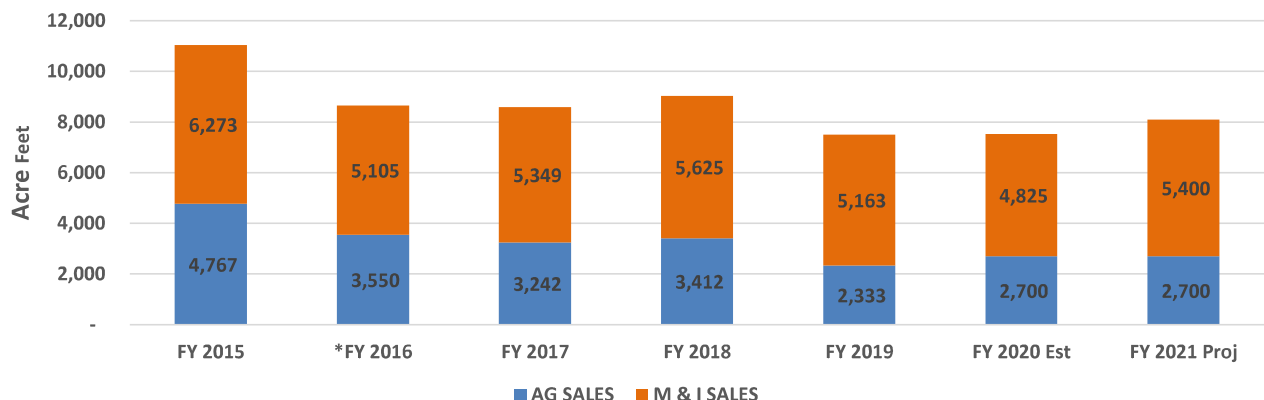
The District's sales over the last five years including the estimate for the current fiscal year and the projected water sales for the budget period are shown in Table 1. The table shows water production and total sales; production includes system losses, and water sales are units sold to customers. The sales are also split between Municipal & Industrial (M&I) customers and Agriculture (AG) customers. AG customers are eligible for a reduced water rate in exchange for a lower level of water supply reliability or put simply, agricultural customers have to cut back more than other customers when water restrictions are in place.

**Table #1 - Five-Year Production and Sales History**

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 Estimated	FY 2020-21 Projected
<b>Production</b>	11,849	9,573	9,193	10,090	8,043	8,100	8,650
<b>Total Sales</b> (adjusted for system losses)	<b>11,040</b>	<b>8,656</b>	<b>8,592</b>	<b>9,269</b>	<b>7,496</b>	<b>7,525</b>	<b>8,100</b>
<b>AG Sales</b>	4,767	3,550	3,242	3,412	2,333	2,700	2,700
<b>M&amp;I Sales</b>	6,273	5,105	5,349	5,625	5,163	4,825	5,400

As the table and chart shows, recent years have been impacted by restrictions in use levels, wet weather and changes in customer use patterns all of which result in reduced water demands. The District's Fiscal Year 2019-20 water demands are expected to be at or near the historic low levels seen last year, Fiscal Year 2018-19. This persistent trend in lower water demands has caused the District to reevaluate how it projects future water demands. After looking at changes in the region's agricultural industry and domestic water use patterns, the District has reduced the long-term average water sales it uses for planning purposes. The projected Fiscal Year 2020-21 water sales use this new long-term average, which is an 11% decrease from what the District had previously used to project water sales largely due to the projected permanent loss of agriculture.

**Chart#1 - Water Sales Trends**



\*Drought rates in effect July 2015-May 2016. Both M&I and AG sales decreased in this period.

The Water Services operating and non-operating revenues are shown in Table 2. Water sales revenues are those collected by the District for water usage during a billing cycle. Each of the District's customers are charged a fee based upon their user class and water purchased in that billing period. The monthly water fixed service charge revenues are an important revenue stream for the District because they are not subject to volatility in water demands. The District also passes through certain fixed charges from the MWD and the SDCWA. The revenue projection for Fiscal Year 2020-21 provided here include rate and charge increases in line what was approved by the Board as part of the 2017 Rate and Charge Study. The primary driver of the 2.5% revenue decrease budget to budget is the decrease in water sales. Fiscal Year 2019-20 sales revenues are projected to be 12.6% below budgeted levels due to lower water sales.

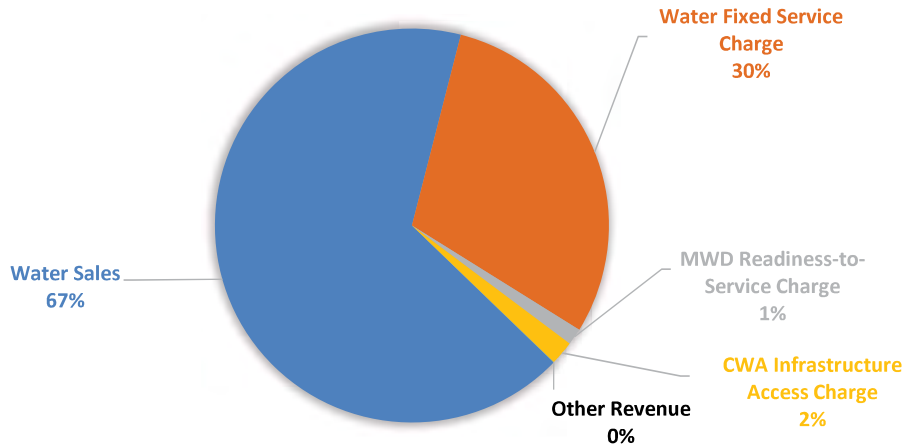
Table #2 - Water Services Sources of Revenue

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Operating Revenues:</b>					
Water Sales	\$ 13,204,050	\$ 18,260,895	\$ 14,402,371	\$ 16,867,076	-7.6%
Water Fixed Service Charge	6,291,436	7,004,867	6,988,497	7,547,752	7.8%
MWD Readiness-to-Service Charge	339,086	310,753	423,957	291,331	-6.3%
SDCWA Infrastructure Access Charge	428,785	457,553	456,283	501,670	9.6%
Other Revenue	218,432	5,000	5,000	5,000	0.0%
<b>Total Operating Revenue</b>	<b>\$ 20,481,789</b>	<b>\$ 26,039,068</b>	<b>\$ 22,276,108</b>	<b>\$ 25,212,828</b>	<b>-3.2%</b>
<b>Non-Operating Revenues:</b>					
Water Capital Improvement Charge	\$ 1,305,331	\$ 1,390,702	\$ 1,373,621	\$ 1,455,281	4.6%
Property Tax	1,099,256	955,580	1,100,000	1,050,225	9.9%
Water Availability Charge	204,359	203,000	203,000	204,000	0.5%
Water Capacity Charges	47,237	70,000	3,000	50,000	-28.6%
Investment Earnings	239,393	213,394	200,822	100,000	-53.1%
Pumping Capital Improvement Charge	24,337	37,000	32,756	32,756	-11.5%
Gain/Loss on sale of assets	6,200,000	-	-	-	N/A
Other Revenue	199,433	180,046	220,000	250,000	38.9%
<b>Total Non-Operating Revenue</b>	<b>\$ 9,319,346</b>	<b>\$ 3,049,723</b>	<b>\$ 3,133,199</b>	<b>\$ 3,142,262</b>	<b>3.0%</b>
<b>Total Revenues</b>	<b>\$ 29,801,135</b>	<b>\$ 29,088,790</b>	<b>\$ 25,409,306</b>	<b>\$ 28,355,090</b>	<b>-2.5%</b>

Water sales revenues represent 60% of the District's water operating revenues with the remaining 40% of revenues coming from other sources that are independent from water sales. This variable/fixed mix of revenue means that operating revenues are subject to volatility due to water sales levels. Managing this volatility requires good fiscal planning and the use of the Rate Stabilization Fund to make up shortfalls. The primary sources of non-operating revenues are the water Capital Improvement Charge, which is a fixed charge restricted to fund only capital projects, and property tax and Water Availability Charge revenues. Other revenues include pumping Capital Improvement Charge, investment earnings and other income.

The SMRCUP is being funded with a SRF loan. While not shown here as a source of funds, the expected \$62.9 million loan will provide funding for the project's costs. The project costs are expected to be \$23.3 million, \$31.9 million and \$7.7 million in Fiscal Years 2019-20, 2020-21 and 2021-22, respectively.

Chart #2 - Fiscal Year 2020-21 Water Services Operating Revenues

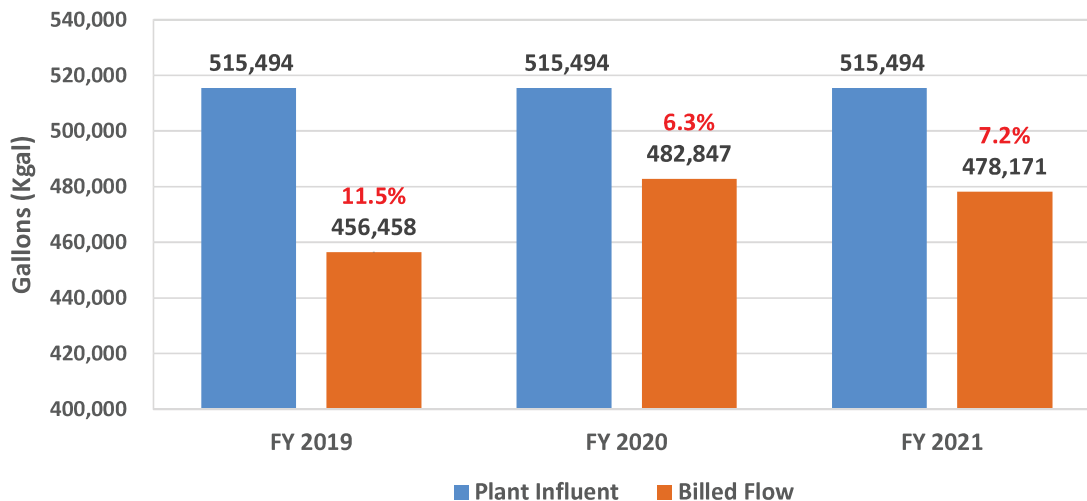


### Wastewater Services Sources of Funds

Wastewater revenue is relatively stable since it is billed based upon indoor water used. To estimate the amount of water used indoors that is returned to the sewer, a return to sewer factor is applied to each user class. For residential users, the return to sewer factor is applied to their 3-month winter average. The winter months, which are typically wet, allow indoor use to be estimated since outdoor/landscape use is at a minimum. However, even the winter average use is adjusted to reflect some level of residential outdoor/landscape, which is not returned to the sewer. This methodology limits the impact weather has on billable sewer flows. The revenue projection for Fiscal Year 2020-21 provided here includes rate and charge increases in line with what was approved by the Board and billable wastewater flows in line with historic wastewater flows at the District water reclamation plant.

Historic averages provide a good basis from which flows and revenue projections can be evaluated. The chart below shows the average annual flows at the plant (Plant Influent) and the billable wastewater flows projected for this budget period. The projection for Fiscal Year 2020-21 shows billable flows near average plant flow levels. Prior to adopting rates and charges in December 2020, staff will develop a recommendation for changes in the residential billable flow methodology.

Chart #3 - Wastewater Services Average Annual Flows

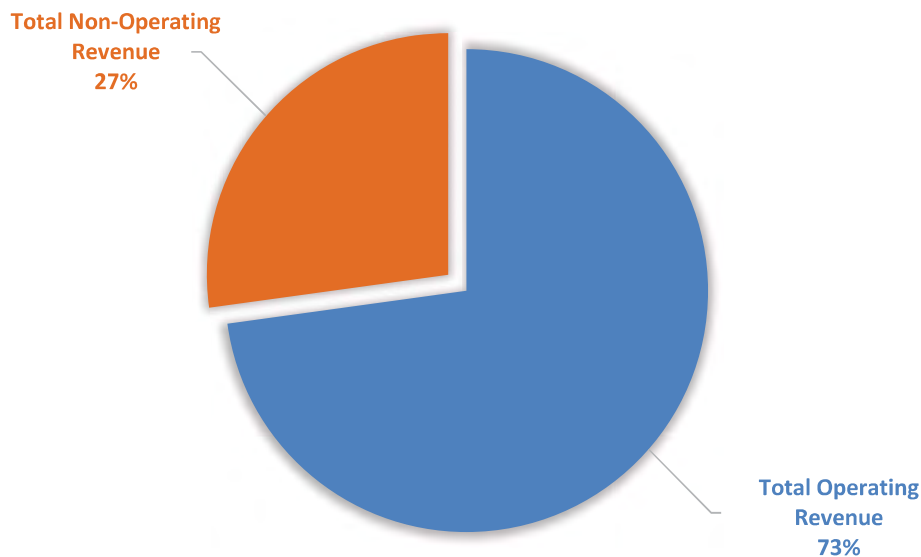


Wastewater Services operating and non-operating revenues are shown in Table 3. The primary source of operating revenue for Wastewater Services is the Wastewater Service Charge. The primary non-operating revenues are the Wastewater Capital Improvement charge, which, like the Water Capital Improvement Charge, is restricted to fund only capital projects. Other non-operating revenues include property tax revenues.

**Table #3 - Wastewater Services Sources of Revenue**

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Operating Revenue</b>					
Wastewater Service Charges	\$ 5,453,590	\$ 6,214,076	\$ 5,941,086	\$ 6,186,330	-0.4%
Sundry Other Revenue	10,230	1,000	1,000	1,000	0.0%
<b>Total Operating Revenue</b>	<b>\$ 5,463,820</b>	<b>\$ 6,215,076</b>	<b>\$ 5,942,086</b>	<b>\$ 6,187,330</b>	<b>-0.4%</b>
<b>Non-Operating Revenue</b>					
Wastewater Capital Improvement Charge	\$ 1,144,390	\$ 1,185,299	\$ 1,170,233	\$ 1,207,132	1.8%
Property Tax	956,993	912,422	912,422	916,985	0.5%
Wastewater Capacity Charges	133,729	31,522	105,000	35,000	11.0%
Investment Earnings	84,296	56,675	81,396	40,000	-29.4%
Federal Interest Rate Subsidy	134,924	122,647	122,647	110,677	-9.8%
<b>Total Non-Operating Revenue</b>	<b>\$ 2,454,332</b>	<b>\$ 2,308,565</b>	<b>\$ 2,391,698</b>	<b>\$ 2,309,793</b>	<b>0.1%</b>
<b>Total Revenues</b>	<b>\$ 7,918,152</b>	<b>\$ 8,523,641</b>	<b>\$ 8,333,784</b>	<b>\$ 8,497,123</b>	<b>-0.3%</b>

**Chart #4 - Fiscal Year 2020-21 Wastewater Services Operating Revenues**



## Recycled Water Services Sources of Funds

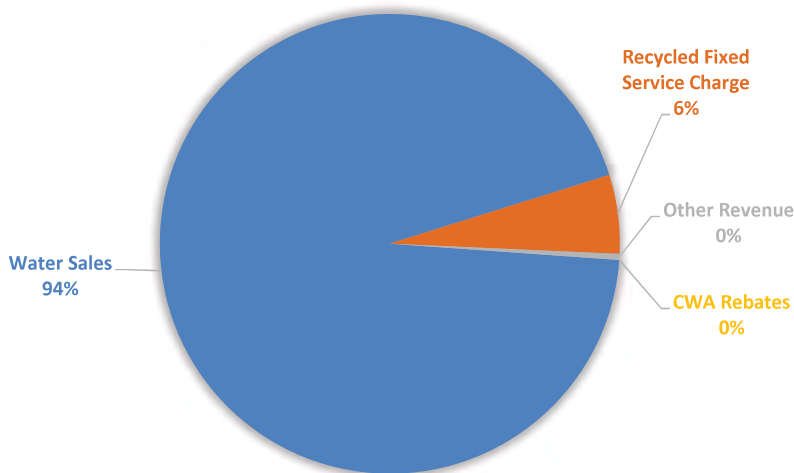
While recycled water sales are subject to weather driven water demands, these customers are not subject to use restrictions due to drought. It is for this reason that many have chosen to be a recycled water customer. While the District is expanding the distribution system, the customer base is relatively small and demands have remained static even with additional customers. Therefore, the historic average adjusted for a small level of growth provide a good basis from which revenues can be budgeted from. The accompanying chart shows the average annual recycled water sales and the sales projected for this budget period. The revenue projection for Fiscal Year 2020-21 provided here include rate and charge increases in line what was approved by the Board.

Recycled Water Services operating and non-operating revenues are shown in Table 4. The primary source of operating revenue for Recycled Water Services is water sales revenue. Recycled Water Services customers pay a per unit rate for recycled water. The District is actively exploring opportunities to more fully utilize the recycled water available. This includes expanding retail sales and utilizing the recycled water as part of an indirect potable water supply. Other operating revenues include the Fixed Recycled Water Charge. Investment earnings makes up the only non-operating revenues.

**Table #4 - Recycled Water Services Sources of Revenue**

	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Increase (%)
		Budget	Projected		
<b>Operating Revenues</b>					
Water Sales	\$ 920,376	\$ 1,318,476	\$ 1,168,400	\$ 1,122,142	-14.9%
Recycled Fixed Service Charge	(17,974)	64,354	61,203	66,099	2.7%
Other Revenue	6,061	5,000	5,000	5,000	0.0%
CWA Rebates	90,480	50,003	50,003	-	-100.0%
<b>Total Operating Revenue</b>	<b>\$ 998,943</b>	<b>\$ 1,437,833</b>	<b>\$ 1,284,606</b>	<b>\$ 1,193,241</b>	<b>-17.0%</b>
<b>Non-Operating Revenues</b>					
Property Tax	49,786	50,294	55,000	55,275	9.9%
Investment Earnings	2,409	14,475	2,326	1,500	-89.6%
<b>Total Non-Operating Revenue</b>	<b>\$ 52,195</b>	<b>\$ 64,768</b>	<b>\$ 57,326</b>	<b>\$ 56,775</b>	<b>-12.3%</b>
<b>Total Revenues</b>	<b>\$ 1,051,138</b>	<b>\$ 1,502,602</b>	<b>\$ 1,341,932</b>	<b>\$ 1,250,016</b>	<b>-16.8%</b>

**Chart #5 - Fiscal Year 2020-21 Recycled Water Services Operating Revenues**



## Operating Budget

### Overview

The District, while relatively small, provides a wide range of services to residents. This section of the budget document provides a detailed description of the District’s budgeted use of funds (operating expenses) for each division/function. To make the budget easy to follow, the District’s Operating Budget is broken out into its main cost centers. The cost center breakdown is: Administrative Services, Water Services, Wastewater Services and Recycled Water Services (collectively the Services).

This section also provides a detailed breakdown of the District’s employer-paid employee benefits and debt-service costs. Each of the District’s Services are allocated a portion of the District’s benefits costs based upon the Services’ share of total labor costs. The allocation of the benefits’ costs is detailed in the benefit cost section and each of the Districts Services’ operating budgets. It is denoted as Allocated Benefits Expenditures on each Services’ Total Operating Budget Summary Table.

In addition to a detailed budget to fund day-to-day operations, this section also provides a description of the divisions within each of the Services. Each division performs a specific program or function. The Services budget’s are developed to support the long and short-term strategic goals of the District.

It should be noted that the District has restructured its accounting system and chart of accounts. As a result of these changes, year to year comparison of the line items are now possible and allow line item comparisons.

**Table #1 - Overview of Total Services Operating Budget**

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 5,111,090	\$ 5,324,861	\$ 5,420,878	\$ 5,316,951	-0.1%
Total Non-Labor	4,565,405	4,509,670	4,088,997	4,515,332	0.1%
<b>Operating Total</b>	<b>\$ 9,676,495</b>	<b>\$ 9,834,531</b>	<b>\$ 9,509,875</b>	<b>\$ 9,832,283</b>	<b>-0.0%</b>
Benefits Expenses	2,899,667	3,425,369	3,425,369	3,625,253	5.8%
<b>Total Services Operating Budget</b>	<b>\$12,576,162</b>	<b>\$ 13,259,901</b>	<b>\$ 12,935,244</b>	<b>\$ 13,457,536</b>	<b>1.5%</b>

\* Total Labor does not include District’s Benefits

### Administrative Services

Administrative Services includes a wide range of functions that support the District’s core services: water, wastewater and recycled water. The Organizational Chart on page 20 shows the broad scope of functions captured in the Administrative Services budget. Administrative Service functions include:

- Manages District operations and capital projects
- Implements and maintains District policies and procedures
- Directs and maintains District documents and archives
- Supports activities of the Board of Directors
- Coordinates District legal activities
- Oversees the District’s financial management including debt management, budget, annual audit, treasury and other required financial reporting

- Maintains customer accounts and billing for water, wastewater and recycled water
- Oversees permit process, right of way and District Geographic Information System (GIS) data
- Manages District contracts, and service and construction services procurement
- Administers the District’s water conservation and agricultural water programs
- Creates and administers public outreach activities
- Provides human resources support to the District
- Coordinates and monitors District safety and risk management programs

Administrative Services is broken down into divisions that support a specific Administrative Service’s function. Administrative Services historic and proposed staffing levels are shown in Table 2.

**Table #2 - Administrative Services Approved Positions**

<b>Position</b>	<b>Actual FTE* FY 2018-19</b>	<b>Actual FTE FY 2019-20</b>	<b>Proposed FTE FY 2020-21</b>
General Manager	1.0	1.0	1.0
Board Secretary	1.0	1.0	-
Executive Assistant/ Board Secretary	-	-	1.0
Assistant General Manager/Chief Financial Officer	1.0	1.0	1.0
Human Resources Manager	1.0	1.0	1.0
Senior Accountant	1.0	1.0	1.0
Accounting Technician	2.0	2.0	2.0
Management Analyst	-	1.0	1.0
Safety & Risk Officer	1.0	1.0	1.0
Information Systems Tech	1.0	1.0	1.0
Senior Engineer	1.0	1.0	1.0
Engineering Supervisor	1.0	1.0	-
Administrative Office Specialist	1.0	1.0	1.0
Engineering Technician	4.0	3.0	3.0
GIS Specialist	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Public Affairs Specialist	0.8	0.8	0.8
Customer Service Specialist	2.0	2.0	2.0
Customer Service Representative	1.0	1.0	1.0
Purchasing Warehouse Supervisor	1.0	1.0	1.0
Warehouse Purchasing Specialist	1.0	1.0	1.0
Equipment Tech	1.0	-	-
Equipment Mechanic	1.0	1.0	1.0
<b>TOTAL FTE</b>	<b>25.8</b>	<b>24.8</b>	<b>23.8</b>

\*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**The Office of the General Manager**

- Oversees all District operations
- Plans, organizes and conducts Board of Directors activities and meetings in addition to supporting Board policy development and execution



- Manages legal activities including public hearing and other required notices
- Serves as public liaison to the Community and other entities (i.e. San Diego County Board member) and manages public relations
- Manages District documents, contracts, and Board of Director meeting agendas and minutes

**Finance and Customer Services**

- Manage and maintain the District's financial and customer information
- Develop and monitor the District's annual budget
- Manage the annual financial audit and develop financial reports
- Maintain and execute the District's financial policies and procedures
- Manage the District's payroll process, and treasury and debt-management functions
- Establish and monitors the District's internal controls
- Maintain customer service counter and phone line for questions and payment
- Generate and monitor customer bill

**Warehouse and Purchasing**

- Issue Requests for Proposals, and solicitations for equipment, supplies and materials
- Maintain and manage District equipment, supplies and materials inventory
- Manage purchasing contracts for materials, supplies, equipment and services

**Human Resources**

- Establish and maintain effective employee relations
- Implement and administer District personnel policies, practices and procedures, and various programs including the performance appraisal system
- Manage recruitment and selection activities, employee benefits and recognition, and training and technical certification
- Support Memorandum of Understanding (MOU) negotiations

**Information Management**

- Maintain, troubleshoot and upgrade the District's network servers, workstations, copiers and printers, phone system and wireless services
- Create and maintains the District's information system's policies and procedures
- Manage the security of the District's information management systems

**Engineering Services**

- Oversee implementation of the District's Capital Improvement Program
- Maintain records of District easements, as-built facility drawings and facility location drawings
- Design, develop and maintain the District GIS program
- Provide customer service for water and sewer service

- Process water and sewer requests for new service
- Support outside developer and County projects
- Participation in County subdivision map process for new development
- Assess water and sewer availability and develop requirements
- Review and plan check developer water and sewer improvement plans
- Inspect and document developer installation of District facilities

**Vehicle Services/Shop**

- Service and repair small and large equipment and vehicles

**Safety and Risk**

- Manage and administer the District’s safety and risk program
- Investigate claims against the District and conduct accident/incident investigations
- Maintain and update the District’s Emergency Response Plan and conduct vulnerability assessments

**Table #3 - Administrative Services Total Operating Budget Summary**

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor*	\$ 2,352,772	\$ 2,512,198	\$ 2,551,281	\$ 2,421,728	-3.6%
Total Non-Labor	2,295,135	2,279,270	2,186,050	2,392,432	5.0%
<b>Services Operating Total</b>	<b>\$ 4,647,907</b>	<b>\$ 4,791,468</b>	<b>\$ 4,737,331</b>	<b>\$ 4,814,160</b>	<b>0.5%</b>
Allocated Benefits Expenditures**	1,334,795	1,616,043	1,616,043	1,651,205	2.2%
<b>Total Services Budget</b>	<b>\$ 5,982,702</b>	<b>\$ 6,407,511</b>	<b>\$ 6,353,374</b>	<b>\$ 6,465,366</b>	<b>0.9%</b>

\* Total Labor does not include District’s Benefits

\*\* Includes transfer to Pension/OPEB Trusts



Table #4 - Administrative Services, Division Budget to Budget Comparison

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Office of the General Manager</b>					
<b>Labor:</b>					
Salaries	\$ 471,350	\$ 449,438	\$ 492,201	\$ 431,934	-3.9%
<b>Non-Labor:</b>					
Director Expenses	33,527	40,000	31,522	40,000	0.0%
General & Administrative	14,757	13,320	15,404	12,700	-4.7%
Equipment (Non Capital)	2,987	-	-	-	0.0%
Materials/Services/Supplies	77,654	52,800	100,281	68,300	29.4% *
Professional Services	286,214	240,000	279,408	316,000	31.7% *
Memberships/Training/Permits	85,181	94,400	88,000	96,600	2.3%
Santa Margarita Watermaster	114,059	115,000	120,425	123,429	7.3%
<b>Total Non-Labor</b>	<b>\$ 614,379</b>	<b>\$ 555,520</b>	<b>\$ 635,040</b>	<b>\$ 657,029</b>	<b>18.3%</b>
<b>Division Operating Total</b>	<b>\$ 1,085,729</b>	<b>\$ 1,004,958</b>	<b>\$ 1,127,241</b>	<b>\$ 1,088,963</b>	<b>8.4%</b>

\*Increased outside support costs for detachment efforts.

<b>Finance &amp; Customer Service</b>					
<b>Labor:</b>					
Salaries	\$ 652,647	\$ 671,504	\$ 744,674	\$ 757,348	12.8% *
<b>Non-Labor:</b>					
Contractor Services	25,986	14,000	18,380	19,000	35.7%
Equipment (Non Capital)	2,686	4,000	5,277	4,000	0.0%
Materials/Services/Supplies	221,960	193,200	194,318	195,700	1.3%
Professional Services	151,333	145,500	124,443	136,000	-6.5%
Memberships/Training/Permits	3,373	3,000	2,059	2,700	-10.0%
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 405,338</b>	<b>\$ 359,700</b>	<b>\$ 344,477</b>	<b>\$ 357,400</b>	<b>-0.6%</b>
<b>Division Operating Total</b>	<b>\$ 1,057,985</b>	<b>\$ 1,031,204</b>	<b>\$ 1,089,151</b>	<b>\$ 1,114,748</b>	<b>8.1%</b>

\*FTE dedicated to Finance & Customer Service functions added.

<b>Warehouse &amp; Purchasing</b>					
<b>Labor:</b>					
Salaries	\$ 166,186	\$ 162,550	\$ 188,105	\$ 169,919	4.5%
<b>Non-Labor:</b>					
Contractor Services	102,455	108,000	110,000	115,000	6.5%
Equipment (Non Capital)	1,910	3,500	4,025	4,000	14.3%
Materials/Services/Supplies	104,927	80,450	124,640	98,450	22.4% *
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	308	1,000	795	1,000	0.0%
Utilities **	45,571	40,000	51,444	45,000	12.5%
<b>Total Non-Labor</b>	<b>\$ 255,171</b>	<b>\$ 232,950</b>	<b>\$ 290,904</b>	<b>\$ 263,450</b>	<b>13.1%</b>
<b>Division Operating Total</b>	<b>\$ 421,357</b>	<b>\$ 395,500</b>	<b>\$ 479,009</b>	<b>\$ 433,369</b>	<b>9.6%</b>

\*Cost increase driven by actual cost levels.

\*\*Utility cost increase driven by actual cost levels.

Table #4 - Administrative Services, Division Budget to Budget Comparison, cont.

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Human Resources</b>					
<b>Labor:</b>					
Salaries	\$ 186,551	\$ 169,083	\$ 217,424	\$ 198,212	17.2% *
<b>Non-Labor:</b>					
Contractor Services	4,722	43,200	30,649	31,325	-27.5%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	19,937	21,300	16,323	17,400	-18.3%
Professional Services	16,292	10,000	15,000	10,000	0.0%
Memberships/Training/Permits	86,738	91,450	72,191	95,950	4.9%
Education Funding	-	30,000	1,748	30,000	0.0%
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 127,689</b>	<b>\$ 195,950</b>	<b>\$ 135,911</b>	<b>\$ 184,675</b>	<b>-5.8%</b>
<b>Division Operating Total</b>	<b>\$ 314,240</b>	<b>\$ 365,033</b>	<b>\$ 353,335</b>	<b>\$ 382,887</b>	<b>4.9%</b>

\*Added .75 FTE dedicated to Human Resources functions.

\*\*Utility cost increase driven by actual cost levels..

<b>Information Management</b>					
<b>Labor:</b>					
Salaries	\$ 85,608	\$ 87,578	\$ 89,649	\$ 93,937	7.3%
<b>Non-Labor:</b>					
Contractor Services	106,459	28,150	28,000	58,150	106.6% *
Equipment (Non Capital)	24,083	25,000	22,500	25,000	0.0%
Materials/Services/Supplies	129,198	149,800	132,500	145,728	-2.7%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 259,740</b>	<b>\$ 202,950</b>	<b>\$ 183,000</b>	<b>\$ 228,878</b>	<b>12.8%</b>
<b>Division Operating Total</b>	<b>\$ 345,348</b>	<b>\$ 290,528</b>	<b>\$ 272,649</b>	<b>\$ 322,815</b>	<b>11.1%</b>

\*Increase due to costs associated with web based Computerized Maintenance Management System (CMMS).

\*\*Utility cost increase driven by actual cost levels..

<b>Engineering Services</b>					
<b>Labor:</b>					
Salaries	\$ 522,747	\$ 570,334	\$ 575,838	\$ 475,800	-16.6% *
<b>Non-Labor:</b>					
Contractor Services	193	2,500	345	2,500	0.0%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	45,393	67,500	69,495	42,000	-37.8%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	1,035	1,200	227	500	-58.3%
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 46,621</b>	<b>\$ 71,200</b>	<b>\$ 70,067</b>	<b>\$ 45,000</b>	<b>-36.8%</b>
<b>Division Operating Total</b>	<b>\$ 569,368</b>	<b>\$ 641,534</b>	<b>\$ 645,905</b>	<b>\$ 520,800</b>	<b>-18.8%</b>

\*1 FTE transferred to Finance & Customer Service functions, .75 FTE allocated to Human Resources functions, and 1 FTE eliminated.

\*\*Utility cost increase driven by actual cost levels.

Table #4 - Administrative Services, Division Budget to Budget Comparison, cont.

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Safety &amp; Risk</b>					
<b>Labor:</b>					
Salaries	\$ 157,353	\$ 205,226	\$ 161,919	\$ 204,842	-0.2%
<b>Non-Labor:</b>					
Contractor Services	16,973	28,500	14,506	18,500	-35.1%
Equipment (Non Capital)	81,574	35,000	37,461	35,000	0.0%
Materials/Services/Supplies	3,267	11,500	35,940	27,500	139.1%
Professional Services	89,904	270,000	177,717	275,000	1.9%
Memberships/Training/Permits	-	500	767	-	-100.0%
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 191,718</b>	<b>\$ 345,500</b>	<b>\$ 266,391</b>	<b>\$ 356,000</b>	<b>3.0%</b>
<b>Division Operating Total</b>	<b>\$ 349,071</b>	<b>\$ 550,726</b>	<b>\$ 428,310</b>	<b>\$ 560,842</b>	<b>1.8%</b>

\*\*Utility cost increase driven by actual cost levels.

<b>Vehicle Services &amp; Shop</b>					
<b>Labor:</b>					
Salaries	\$ 110,330	\$ 196,485	\$ 81,471	\$ 89,735	-54.3% *
<b>Non-Labor:</b>					
Contractor Services	22,676	20,500	24,700	25,000	22.0%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	371,803	295,000	235,560	275,000	-6.8%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 394,479</b>	<b>\$ 315,500</b>	<b>\$ 260,260</b>	<b>\$ 300,000</b>	<b>-4.9%</b>
<b>Division Operating Total</b>	<b>\$ 504,809</b>	<b>\$ 511,985</b>	<b>\$ 341,731</b>	<b>\$ 389,735</b>	<b>-23.9%</b>

\*Time allocation to division reduced.

\*\*Utility cost increase driven by actual cost levels.

### Fiscal Year 2019-20 Accomplishments

- Completed the financial system restructuring to better track labor and benefit costs for operations and capital projects
- Conducted a review of organizational structure
- Implemented several enhancements to bill payment options, water use alerts and electronic bill reminders
- Started construction of the SMRCUP
- Updated the District’s performance evaluation process
- Developed CAD standards and drawing templates for improved CIP design



**Fiscal Year 2020-21 Goals and Objectives**

- Document finance policy and procedure guides
- Resilience Assessment for compliance with the 2018 AWIA Section 2013
- Assist in the Development or update of the District’s ERP based on Assessment study in accordance with the AWIA
- Develop a policies and procedures manual for HR
- Complete comprehensive update of standard specifications/drawings/approved materials list
- Utilize CityWorks to adopt improved work flows for new customer service requests
- Establish Sewer Improvement District in targeted portions of the sewer service area

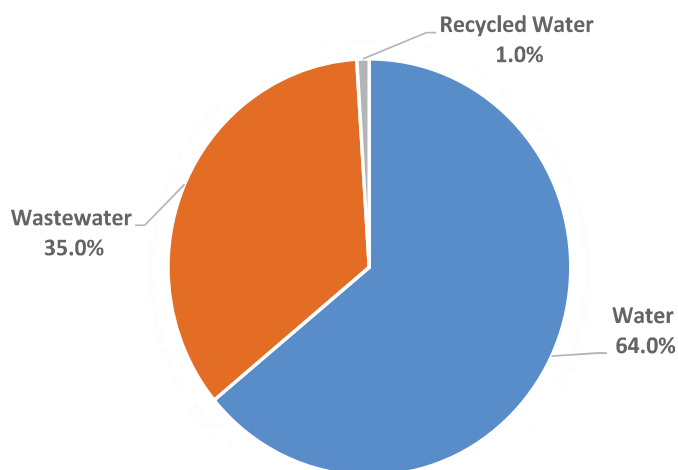
**Key Performance Indicators**

- Maintain an Experience Modification Rate below 1 for the District’s workers compensation rate
- Maintain an average customer service call wait time of less than 3 minutes
- Maintain an inventory shrinkage rate of less than 1%
- Reduce the number of audit findings from one year to the next

**Cost Allocation of Administrative Services**

Because Administrative Services acts like an internal service fund and supports the District’s revenue generating activities, the cost must be recovered through rates and charges levied by the core services; water, wastewater and recycled water. Administrative costs are allocated to water, wastewater and recycled water services operating budgets based upon the share of total accounts in each of the services. The accompanying chart shows the breakdown of accounts and the Administrative Service Allocations.

**Chart #1 - Administrative Services Cost Allocation**



**Total Number of Accounts: 14,317**



Water Services

The District provides Water Services to approximately 9,200 meters within the District’s service area. The largest component of the Water Services’ operating budget is the cost of water. The District buys 99% of its water from the SDCWA, which is the region’s wholesale water provider. Water Services provide the following functions:

- Manage the delivery of water from the District’s water supplier and the delivery of water to the District’s customers
- Manage an asset management program that optimizes life-cycle costs and maintains, repairs and replaces system assets
- Operate water system assets including reservoirs, valves, pump stations, control facilities
- Maintain the District’s Water Service’s rights of way
- Manage the District’s water meters and Smart Meter replacement program

Water Services is broken down into divisions that support a specific function. Water Services historic and proposed staffing levels are shown in Table 5.

Table #5 - Water Services Approved Positions

Position	Actual FTE FY 2018-19	Actual FTE FY 2019-20	Proposed FTE FY 2020-21
Construction/ Maintenance Supervisor	1.0	-	-
Field Services Manager	-	1.0	1.0
Utility Technician	4.75	4.75	5.5
Utility Worker I & II	9.5	9.5	9.5
System Service/ Shop Supervisor	1.0	1.0	1.0
Operations Manager	1.0	1.0	1.0
System Operations Supervisor	1.0	1.0	1.0
Systems Operator I/II	3.0	3.0	3.0
Instrumentation & Control Specialist	1.0	-	-
Senior Instrumentation & Control Specialist	-	1.0	1.0
Maintenance Electrician	1.0	-	-
Instrumentation, Electrical & Controls Tech	-	2.0	2.0
Backflow/ Cross Connection Tech	0.75	0.75	-
<b>TOTAL FTE</b>	<b>24.0</b>	<b>25.0</b>	<b>25.0</b>

\*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Production and Distribution

- Schedule and manages water deliveries to the District to meet customer demands
- Operate water system assets and monitors system conditions including water pressure and water quality
- Maintain crews to operate the system and respond to customer inquiries

Pipeline Maintenance and Construction

- Maintain the District’s Water Services assets
- Manage all Water Services repairs and asset replacements

- Replace aged water mains and valves
- Maintain 24-hour coverage of large water main breaks
- Maintain all right-of-way and interconnects with neighboring districts

**System Services**

- Meter reading, meter repair and meter exchange programs and delinquent account lock/ unlocking

**Table #6 - Water Services Total Operating Budget Summary**

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
Total Labor *	\$ 1,455,940	\$ 1,422,713	\$ 1,513,659	\$ 1,449,807	1.9%
Total Non-Labor	986,932	949,500	599,584	758,000	-20.2%
<b>Operating Total</b>	<b>\$ 2,442,872</b>	<b>\$ 2,372,213</b>	<b>\$ 2,113,243</b>	<b>\$ 2,207,807</b>	<b>-6.9%</b>
Allocated Benefits Expenditures	825,996	915,201	915,201	988,521	8.0%
<b>Total Direct Water Costs</b>	<b>\$ 3,268,868</b>	<b>\$ 3,287,415</b>	<b>\$ 3,028,444</b>	<b>\$ 3,196,328</b>	<b>-2.8%</b>
Allocation of Administrative Services	3,170,832	4,100,807	4,100,807	4,137,834	0.9%
<b>Total Services Budget</b>	<b>\$ 6,439,700</b>	<b>\$ 7,388,221</b>	<b>\$ 7,129,251</b>	<b>\$ 7,334,162</b>	<b>-0.7%</b>

\* Total Labor does not include District's Benefits.

**Table #7 - Water Services, Division Budget to Budget Comparison**

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Production &amp; Distribution</b>					
<b>Labor:</b>					
Salaries	\$ 654,839	\$ 747,781	\$ 717,716	\$ 679,375	-9.1% *
<b>Non-Labor:</b>					
Contractor Services	28,640	49,000	25,595	51,000	4.1%
Equipment (Non Capital)	-	14,000	6,541	14,000	0.0%
Materials/Services/Supplies	270,647	217,000	195,843	238,000	9.7%
Professional Services	63	-	-	-	NA
Memberships/Training/Permits	60,736	90,000	72,159	80,000	-11.1%
Utilities **	63,047	65,000	68,718	75,000	15.4%
<b>Total Non-Labor</b>	<b>\$ 423,133</b>	<b>\$ 435,000</b>	<b>\$ 368,856</b>	<b>\$ 458,000</b>	<b>5.3%</b>
<b>Division Operating Total</b>	<b>\$ 1,077,972</b>	<b>\$ 1,182,781</b>	<b>\$ 1,086,572</b>	<b>\$ 1,137,375</b>	<b>-3.8%</b>

\*Allocated additional labor costs to System Services.

\*\*Utility cost increase driven by actual cost levels.



Table #7 - Water Services, Division Budget to Budget Comparison, cont.

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
<b>Pipeline Maintenance &amp; Construction</b>					
<b>Labor:</b>					
Salaries	\$ 299,607	\$ 346,089	\$ 397,139	\$ 380,361	9.9% *
<b>Non-Labor:</b>					
Contractor Services	80,079	111,000	26,324	36,000	-67.6%
Equipment (Non Capital)	-	10,000	3,722	10,000	0.0%
Materials/Services/Supplies	50,908	32,000	16,250	33,000	3.1%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	144	500	-	-	-100.0%
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 131,131</b>	<b>\$ 153,500</b>	<b>\$ 46,296</b>	<b>\$ 79,000</b>	<b>-48.5%</b>
<b>Division Operating Total</b>	<b>\$ 430,738</b>	<b>\$ 499,589</b>	<b>\$ 443,435</b>	<b>\$ 459,361</b>	<b>-8.1%</b>

\*Increased labor costs from Vehicle Services.

\*\*Utility cost increase driven by actual cost levels.

<b>System Services</b>					
<b>Labor:</b>					
Salaries	\$ 501,494	\$ 328,844	\$ 398,804	\$ 390,071	18.6% *
<b>Non-Labor:</b>					
Contractor Services	205,294	136,000	62,222	76,000	-44.1%
Equipment (Non Capital)	712	-	-	-	NA
Materials/Services/Supplies	226,662	225,000	122,210	145,000	-35.6%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities **	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 432,668</b>	<b>\$ 361,000</b>	<b>\$ 184,432</b>	<b>\$ 221,000</b>	<b>-38.8%</b>
<b>Division Operating Total</b>	<b>\$ 934,162</b>	<b>\$ 689,844</b>	<b>\$ 583,236</b>	<b>\$ 611,071</b>	<b>-11.4%</b>

\*Increased labor costs from Production & Distribution

\*\*Utility cost increase driven by actual cost levels.

**Fiscal Year 2019-20 Accomplishments**

- Replaced 63 water main valves as of May 1
- Upgraded the Yarnell Cla-Val Pressure Reducing Station by replacing critical components and added radio communication
- Installed two 36” culverts and repaired the Stage Coach Right of Way
- Removed the solar panels, replaced the roof and reinstalled the solar panels on the tractor shed in the yard
- Completed multiple office remodels
- Currently working on the Bio Solids barn at the WRP and the drainage system for the FPUD warehouse
- Exchanged 691 meters and 38 back flow devices; Repaired 12 water main leaks and 13 service line leaks as of May 1
- Updated Calgon the software and HMI at the UV treatment plant. Added remote access capabilities for the Calgon technicians
- Developed a full list of preventative maintenance activities and work-flows with CityWorks CMMS
- Added radio communications at the SDCWA De Luz-1 meter to monitor and track flow
- Upgraded Harris Pump Station electrical and SCADA

**Fiscal Year 2020-21 Goals and Objectives**

- Upgrade the SCADA system to improve communication between critical sites
- Upgraded pressure/flow control facilities to increase reliability and better track flow rates and water loss
- Fully implement CMMS for preventative maintenance and reactive work orders
- Replace 100 valves
- Rebuild Lynda Ln PRV Station
- Rebuild Ross Lake PRV Station

**Key Performance Indicators**

- 100% regulatory compliance for water quality sampling
- Exercise 189 valves/month as part of the valve exercise program
- Complete all preventative maintenances work orders on time
- Replace 100 valves/year
- Replace 1,476 meters/year

**Water Supply Costs**

The District’s Water Supply Costs are comprised of Purchased Water Costs and pumping costs. The District’s Purchased Water Costs are the cost of wholesale water from SDCWA. Water Supply Costs are broken down into fixed and variable costs. Variable or Commodity costs vary depending on the amount of water purchased (this includes pumping costs). Fixed charges are set regardless of the water consumed during the billing period. The fixed water costs are comprised of the SDCWA’s charges and MWD fixed charges that are pass through by SDCWA. SDCWA’s recommended rates and charges are used for the cost of water estimate. The reduction in the Variable Water Cost is due to the reduced water sales projections. The District’s variable and fixed water charges are summarized below:

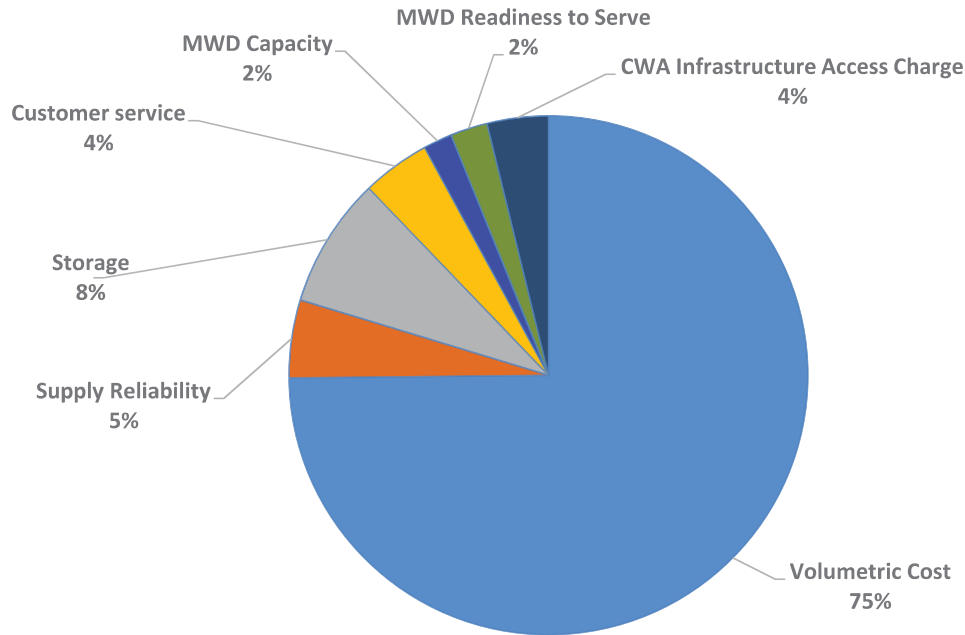
**Fixed Costs**

SDCWA has a fixed meter fee (the IAC), which has increased 37.4% over the past two calendar years. This fixed cost is passed through to the District’s customers and therefore increases each customers’ fixed costs.

**Table #8 - Variable and Fixed Charges Budget to Budget Comparison**

	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
<b>Variable Costs:</b>					
Variable Water Costs	\$ 9,318,288	\$ 12,427,091	\$ 9,629,669	\$ 10,587,871	-14.8%
<b>Fixed Costs:</b>					
Supply Reliability	\$ 519,150	\$ 593,136	\$ 593,136	\$ 690,036	16.3%
Storage	1,133,928	1,110,090	1,110,090	1,066,398	-3.9%
Customer service	618,534	585,942	585,942	570,306	-2.7%
MWD Capacity	273,605	254,982	254,982	244,872	-4.0%
MWD Readiness to Serve	340,392	310,440	310,440	291,012	-6.3%
SDCWA IAC	436,668	474,468	474,468	562,410	18.5%
<b>Total Cost of Water</b>	<b>\$ 12,640,565</b>	<b>\$ 15,756,149</b>	<b>\$ 12,958,727</b>	<b>\$ 14,012,905</b>	<b>-11.1%</b>
Estimated \$/AF	\$ 1,686	\$ 1,583	\$ 1,722	\$ 1,730	9.3%

Chart #2 - Water Supply Costs Breakdown



**Fixed Costs**

**Supply Reliability Charge** - SDCWA charge to collect a portion of the costs associated with highly reliability water supplies (i.e. Desalination).

**Infrastructure Access Charge (IAC)** – Meter charge imposed by SDCWA to provide water capacity.

**Customer Service Charge** – SDCWA charge designed to recover costs associated with SDCWA’s customer service and functions.

**Emergency Storage Charge** – SDCWA charge to recover costs associated with the Emergency Storage Program.

**MWD Capacity Charge** – MWD charge passed-through by the SDCWA. The MWD charge collects costs associated with demand peak.

**MWD Readiness-to-Serve Charge** – MWD charge for State Water Project costs passed through by the SDCWA.

Fixed Costs are **25%** of the Total Cost of Water Purchased from SDCWA

**Variable Costs**

**Melded Supply** – This is the \$/acre-foot rate the District pays for water.

**Melded Treatment** - This is the \$/acre-foot rate the District pays for water that is potable. The District only purchases treated water.

**Transportation** - This is the \$/acre-foot rate the District pays for water transported by the SDCWA.

**Special Agricultural Water Rate (SAWR)** - This is the \$/acre-foot rate the District pays for water that is in the SAWR program.

Variable Costs are **75%** of the Total Cost of Water Purchased from SDCWA

**Wastewater Services**

The District provides Wastewater Services to approximately 5,000 meters within the District’s service area. The largest component of the Wastewater Services’ operating budget is the operating costs of the District’s water reclamation plant. Wastewater Services includes the following functions:

- Operate a water reclamation plant that provides secondary treatment
- Manage an asset management program that optimizes lifecycle costs and maintains, repairs and replace plant and collections system assets
- Meet the Regional Water Quality Control Board’s discharge permit requirements
- Operate and maintain the District’s six collections system lift station and 100 miles of wastewater system piping

Wastewater Services is broken down into divisions that support a specific function. Wastewater Services historic and proposed staffing levels are shown in Table 9.

**Table #9 - Wastewater Services Approved Positions**

Position	Actual FTE	Actual FTE	Proposed FTE
	FY 2018-19	FY 2019-20	FY 2020-21
Collections Supervisor	1.0	1.0	1.0
Utility Technician	2.0	2.0	2.0
Utility Worker I & II	5.0	5.0	5.0
Chief Plant Operator	0.85	0.85	0.85
Lead Plant Operator	1.7	1.7	1.7
Plant Operator	1.7	1.7	1.7
Environmental Compliance Technician	0.5	0.5	0.5
Laboratory Technician	0.85	0.85	0.85
Mechanical Technician	0.8	0.8	0.8
Plant Maintenance Worker	0.8	0.8	0.8
<b>TOTAL FTE</b>	<b>15.2</b>	<b>15.2</b>	<b>15.2</b>

\* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**Collections**

- Provide emergency repairs and routine maintenance to the collections system
- Manage the District’s collection system inspection program that includes TV inspection of the collections system
- Maintain and operate a vacor truck
- Maintain lift stations, clean outs, system ocean outfall
- Provide light and heavy construction services

Treatment

- Operate and maintain the Water Reclamation Plant processes in the following areas: Headworks, Primary Sedimentation, Activated Sludge, Secondary Sedimentation and Solids Handling (which includes an aerobic digester, centrifuges and a sludge dryer)
- Conducts laboratory analysis and reporting to meet the Regional Water Quality Control Board’s discharge permit requirements

Table #10 - Wastewater Services Operating Budget Summary

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 1,171,926	\$ 1,190,718	\$ 1,230,872	\$ 1,257,231	5.6%
Total Non-Labor	1,019,664	1,018,400	1,057,013	1,136,900	11.6%
<b>Operating Total</b>	<b>\$ 2,191,590</b>	<b>\$ 2,209,118</b>	<b>\$ 2,287,885</b>	<b>\$ 2,394,131</b>	<b>8.4%</b>
Allocated Benefits Expenditures	664,867	765,963	765,963	857,217	11.9%
<b>Total Direct Wastewater Costs</b>	<b>\$ 2,856,457</b>	<b>\$ 2,975,082</b>	<b>\$ 3,053,848</b>	<b>\$ 3,251,349</b>	<b>9.3%</b>
Allocation of Administrative Services	2,512,735	2,242,629	2,242,629	2,262,878	0.9%
<b>Total Services Budget</b>	<b>\$ 5,369,192</b>	<b>\$ 5,217,710</b>	<b>\$ 5,296,477</b>	<b>\$ 5,514,227</b>	<b>5.7%</b>

\* Total Labor does not include District’s Benefits.

Table #11 - Wastewater Services, Division Budget to Budget Comparison

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
<b>Collections</b>					
<b>Labor:</b>					
Salaries	\$ 522,471	\$ 434,419	\$ 481,124	\$ 429,802	-1.1%
<b>Non-Labor:</b>					
Contractor Services	7,847	38,200	36,117	43,000	12.6%
Equipment (Non Capital)	-	5,000	2,366	5,000	0.0%
Materials/Services/Supplies	134,430	152,300	71,488	125,000	-17.9%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	1,369	900	307	900	0.0%
Utilities **	100,989	82,000	113,087	120,000	46.3%
<b>Total Non-Labor</b>	<b>\$ 244,635</b>	<b>\$ 278,400</b>	<b>\$ 223,365</b>	<b>\$ 293,900</b>	<b>5.6%</b>
<b>Division Operating Total</b>	<b>\$ 767,106</b>	<b>\$ 712,819</b>	<b>\$ 704,489</b>	<b>\$ 723,702</b>	<b>1.5%</b>

\*\*Utility cost increase driven by actual cost levels.

Table #11 - Wastewater Services, Division Budget to Budget Comparison, cont.

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
<b>Treatment</b>					
<b>Labor:</b>					
Salaries	\$ 649,455	\$ 756,299	\$ 749,748	\$ 827,430	9.4%
Non-Labor Expenses:					
Contractor Services	140,986	164,000	243,783	213,500	30.2% *
Equipment (Non Capital)	44,752	13,000	4,868	9,000	-30.8%
Materials/Services/Supplies	277,292	246,000	252,881	310,500	26.2% *
Professional Services	-	-	46,667	-	NA
Memberships/Training/Permits	60,111	65,000	83,689	95,000	46.2% *
Utilities **	251,888	252,000	201,760	215,000	-14.7%
<b>Total Non-Labor</b>	<b>\$ 775,029</b>	<b>\$ 740,000</b>	<b>\$ 833,648</b>	<b>\$ 843,000</b>	<b>13.9%</b>
<b>Division Operating Total</b>	<b>\$ 1,424,484</b>	<b>\$ 1,496,299</b>	<b>\$ 1,583,396</b>	<b>\$ 1,670,430</b>	<b>11.6%</b>

\*Increase in cost due to new NPDES permit.

\*\*Utility cost increase driven by actual cost levels.

### Fiscal Year 2019-20 Accomplishments

- Operated Water Reclamation Plant processes effectively from the headwork’s to secondary treatment including solids handling to stay in compliance while optimizing operation
- Made programming and minor hardware upgrades to increase reliability and provide flexibility of operation
- Added redundancy and fail-over capabilities to key processes
- Reduced power consumption by 10.7%
- Maintained Water Reclamation Plant equipment from the headwork’s to secondary, including solids handling equipment using preventative and predictive measures
- Kept common sewer spills to 3 during the year

### Fiscal Year 2020-21 Goals and Objectives

- Operate Water Reclamation Plant treatment units to stay in compliance with state and federal regulations, including new NPDES permit R9-2019-0169
- Minimize power and chemical usage
- Maintain Water Reclamation Plant equipment from the headwork’s to secondary, including solids handling equipment using preventative and predictive measures
- Keep Common Sewer Spills to 3 during the year

### Key Performance Indicators

- Reduce 10-year average wastewater spills by 10% - Keep spills under 9,075 gallons
- Reduce the energy use by MG treated at the WRP by an additional 5%

Recycled Water Services

The District provides Recycled Water Services to 33 meters within the District’s service area. The largest component of the Recycled Water Services’ operating budget is the operating costs of the District’s water reclamation plant. Recycled Water Services includes the following functions:

- Operate the Water Reclamation Plant, equipment and processes necessary to produce recycled water
- Liaise with recycled water customers to schedule deliveries and inspections of service connections
- Operate and maintain the District’s distribution system, which includes 10.5 miles of pipe and 14 customers in the Fallbrook service area

Recycled Water Services is broken down into Divisions that support a specific function. Recycled Water Services historic and proposed staffing levels are shown in Table 12.

Table #12 - Recycled Water Services Approved Positions

Position	Actual FTE	Actual FTE	Proposed FTE
	FY 2018-19	FY 2019-20	FY 2020-21
Chief Plant Operator	0.15	0.15	0.15
Lead Plant Operator	0.3	0.3	0.3
Plant Operator	0.3	0.3	0.3
Environmental Compliance Technician	0.5	0.5	0.5
Laboratory Technician	0.15	0.15	0.15
Mechanical Technician	0.2	0.2	0.2
Plant Maintenance Worker	0.2	0.2	0.2
Utility Technician	0.25	0.25	0.5
Utility Worker I	0.5	0.5	0.5
Backflow/ Cross Connection Tech	0.25	0.25	-
<b>TOTAL FTE</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>

\*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Production

- Operates and maintains the Water Reclamation Plant tertiary processes, such as the filters, chlorine contact basin, recycled water pumps, and recycled water storage/pond
- Laboratory analyses and reporting to meet permit requirements

Distribution

- Maintains the Districts Recycled Water Services distribution assets
- Conducts valve and meter maintenance and replacement
- Operates and maintains a SCADA telemetry system
- Conducts site connection and system inspections
- Maintains right-of-way and interconnects with neighboring districts

Table #13 - Recycled Water Services Operating Budget Summary

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 130,452	\$ 199,232	\$ 125,066	\$ 188,184	-5.5%
Total Non-Labor	263,674	262,500	246,350	228,000	-13.1%
<b>Operating Total</b>	<b>\$ 394,126</b>	<b>\$ 461,732</b>	<b>\$ 371,416</b>	<b>\$ 416,184</b>	<b>-9.9%</b>
Allocated Benefits Expenditures	74,009	128,162	128,162	128,310	0.1%
<b>Total Direct Recycled Water Costs</b>	<b>\$ 468,135</b>	<b>\$ 589,894</b>	<b>\$ 499,578</b>	<b>\$ 544,494</b>	<b>-7.7%</b>
Allocation of Administrative Services	299,135	64,075	64,075	64,654	0.9%
<b>Total Services Budget</b>	<b>\$ 767,270</b>	<b>\$ 653,969</b>	<b>\$ 563,653</b>	<b>\$ 609,148</b>	<b>-6.9%</b>

\* Total Labor does not include District's Benefits

Table #14 - Recycled Water Services, Division Budget to Budget Comparison

Description	FY 2018-19	FY 2019-20		FY 2020-21	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
<b>Production</b>					
<b>Labor:</b>					
Salaries	\$ 125,989	\$ 159,229	\$ 122,277	\$ 150,060	-5.8%
<b>Non-Labor:</b>					
Contractor Services	13,623	17,500	27,603	20,000	14.3%
Equipment (Non Capital)	11	8,000	3,435	4,000	-50.0%
Materials/Services/Supplies	113,842	112,000	110,457	91,000	-18.8%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities **	107,952	108,000	86,468	95,000	-12.0%
<b>Total Non-Labor</b>	<b>\$ 235,428</b>	<b>\$ 245,500</b>	<b>\$ 227,963</b>	<b>\$ 210,000</b>	<b>-14.5%</b>
<b>Division Operating Total</b>	<b>\$ 361,417</b>	<b>\$ 404,729</b>	<b>\$ 350,240</b>	<b>\$ 360,060</b>	<b>-11.0%</b>

<b>Distribution</b>					
<b>Labor:</b>					
Salaries	\$ 4,463	\$ 40,003	\$ 2,789	\$ 38,124	-4.7%
<b>Non-Labor:</b>					
Contractor Services	-	-	-	-	NA
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	27,743	17,000	17,853	18,000	5.9%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities **	503	-	534	-	NA
<b>Total Non-Labor</b>	<b>\$ 28,246</b>	<b>\$ 17,000</b>	<b>\$ 18,387</b>	<b>\$ 18,000</b>	<b>5.9%</b>
<b>Division Operating Total</b>	<b>\$ 32,709</b>	<b>\$ 57,003</b>	<b>\$ 21,176</b>	<b>\$ 56,124</b>	<b>-1.5%</b>

\*\*Utility cost increase driven by actual cost levels.



**Fiscal Year 2019-20 Accomplishments**

- Operated the Water Reclamation Plant tertiary treatment units effectively, reduced power, and stayed in compliance with applicable permits: Order No. 91-39, Title 22, State Recycled Water Permits and Policy
- Provided reliable recycled water production by maintaining the mechanical integrity of equipment using preventative and predictive measures

**Fiscal Year 2020-21 Goals and Objectives**

- Operate the Water Reclamation Plant tertiary treatment units while staying in compliance with the applicable recycled water permits: Order No. 91-39, Title 22, State Recycled Water Permits and Policy
- Maintain the Water Reclamation Plant tertiary equipment from the filters to the reclaimed water pond, using preventative and predictive measures, to reliably produce recycled water

**Key Performance Indicators**

- Maintain an overall compliance of > 99.9% each month from all samples associated with the Title 22 and WDR Permit

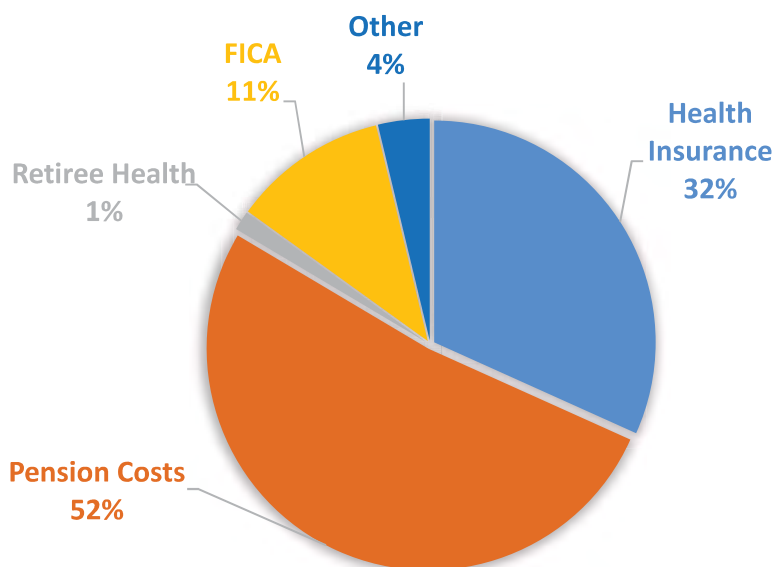


UV Plant

## Employee Benefits

The District updates the cost of the benefits offered to District staff as part of the annual budget. The current Memorandum of Understanding (MOU) between the District and its employee association is set to expire in July 2022, the budget was developed based upon the terms of the current MOU. Table 15 shows the breakdown of the District's costs related to employee benefits. These cost estimates include expected increases in costs.

Chart #3 - Fiscal Year 2020-21 Benefits Breakdown



### Strategic Planning

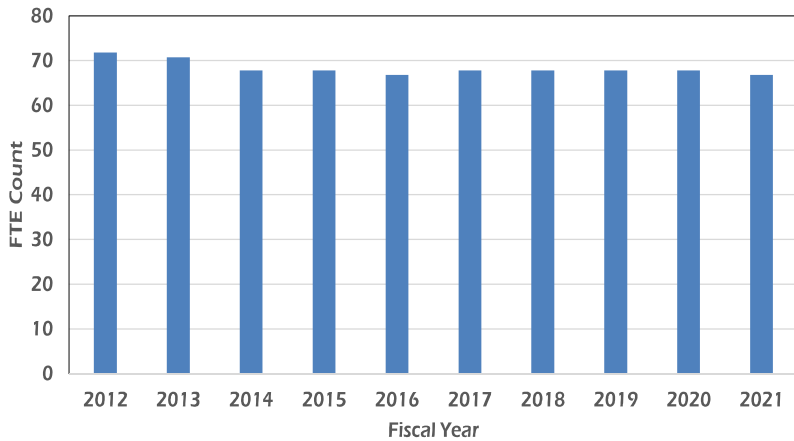
The District's proactive management of the district's pension obligations has resulted in approximately 84% funding of its pension obligations. This limits the potential for future rate and charge increases due to pension obligation funding needs.

Table #15 - Breakdown of District's Employee Benefit Costs

Description	FY 2018-19 Actual	FY 2019-20		FY 2020-21 Budget	Budget to Budget Change (%)
		Budget	Projected		
Auto Allowance	\$ 15,058	\$ 14,500	\$ 14,500	\$ 14,500	0.0%
Insurance - Dental	64,152	70,701	70,701	73,856	4.5%
Insurance - Vision	13,148	14,394	14,394	14,394	0.0%
Insurance - Health	873,472	964,776	964,776	1,000,135	3.7%
Insurance - Life and Disability	34,184	41,555	41,555	51,714	24.4% *
Insurance - Worker's Comp	138,235	154,979	154,979	157,403	1.6%
Longevity Bonus	27,529	32,945	32,945	36,448	10.6%
FICA - Employer's share	424,952	447,152	447,152	462,225	3.4%
CalPERS Annual Contribution	541,874	593,480	593,480	652,605	10.0%
CalPERS Unfunded Liability Payment	705,142	881,796	851,471	965,469	9.5%
Pension/OPEB Liability Trust Payment	650,000	500,000	500,000	500,000	0.0%
Employer's share (401 & 457)	17,048	20,410	20,410	51,467	152.2% *
District Share of Retiree Medical Insurance	36,801	45,851	45,851	57,615	25.7%
Retiree Compensated Absence Payout	-	50,000	50,000	20,000	-60.0%
Uniforms & Boots	8,862	31,396	31,396	31,460	0.2%
<b>Total</b>	<b>\$ 3,550,457</b>	<b>\$ 3,863,936</b>	<b>\$3,833,611</b>	<b>\$ 4,089,292</b>	<b>5.8%</b>

\* Increase in benefit cost due to changes in employee Memorandum of Understanding (MOU).

**Chart #4 - Fallbrook Public Utility District's Approved Full-Time Staffing Equivalent**



The District's staffing levels are shown in Chart 4 and reflect the reduction of one FTE. The District participates in the California Public Employees' Retirement System (CalPERS). Recent changes to CalPERS accounting practices have caused pension costs for participating agencies to increase. The District's pension cost budget incorporates the costs determined by CalPERS for the next fiscal year. The recent change to the discount rate used to calculate the current cost of

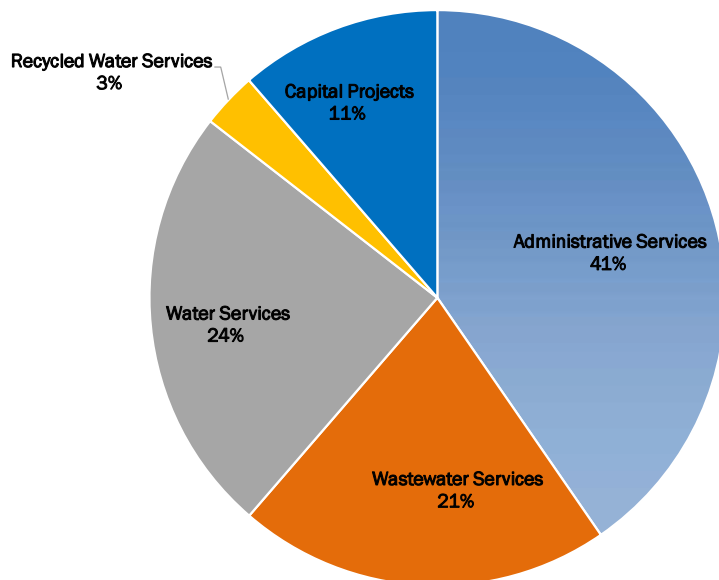
the pension benefits already earned by staff are driving up the Unfunded Liability Payment as seen by the 9.5% increase in this cost. The District has maintained its contribution to the Pension/OPEB Liability 115 Trust as part of the Board's strategy to mitigate the impacts of changing pension costs. Appendix D provides the District's CalPERS annual payment schedule for the Unfunded Actuarial Accrued Liability (UAAL).

The District's healthcare insurance costs are budgeted to increase by 4.1% driven by a change in the healthcare coverage elections made by new hires. The District's healthcare insurance premium increases were in line with inflation. The other major driver of the increase is changes to employee benefits as a result of the MOU. This changed the District's cost for Life and Disability and provided a 0.5% District match to employee contributions to their deferred compensation plan. Changes to other benefits are shown on the table.

**Benefit Allocation**

The District's benefit costs are allocated to each of the District's Services based upon its share of the budgeted salary and wages. This allocation methodology aligns the benefit cost allocation with salary and wages, which are the primary determinants of the benefit costs. A portion of the Benefits cost is allocated to labor associated with Capital Projects and is integrated into the projects budget.

**Chart#5 - Fiscal Year 2020-21 Benefits Allocation**



## Debt Service

The District currently has three outstanding long-term debt obligations, the Red Mountain State Revolving Fund Loan (2011 SRF Loan), the Wastewater Reclamation Plant State Revolving Fund Loan (2016 SRF Loan) and the Qualified Energy Conservation Revenue Bonds (2010 QECB). The 2011 SRF Loan funded the construction of a water treatment facility serving the Red Mountain Reservoir. The 2016 SRF Loan funded the rehabilitation and modernization of the District’s Water Reclamation Plant. The 2010 QECB loan funded the District’s 1 MW solar facility.

In addition, the District expects to issue approximately \$62.9 million in additional debt to finance the District’s SMRCUP groundwater treatment plant with State Revolving Fund Loans (2018 SRF Loan). While the agreement has been approved, the final amount and payment schedule have not yet been determined. During the construction period, interest payments will be made on the outstanding balance. The table below shows the debt service payment schedule for each debt issuance. The debt service in Fiscal Year 2021-22 increases significantly because full debt service payments for the SMRCUP loan begin.

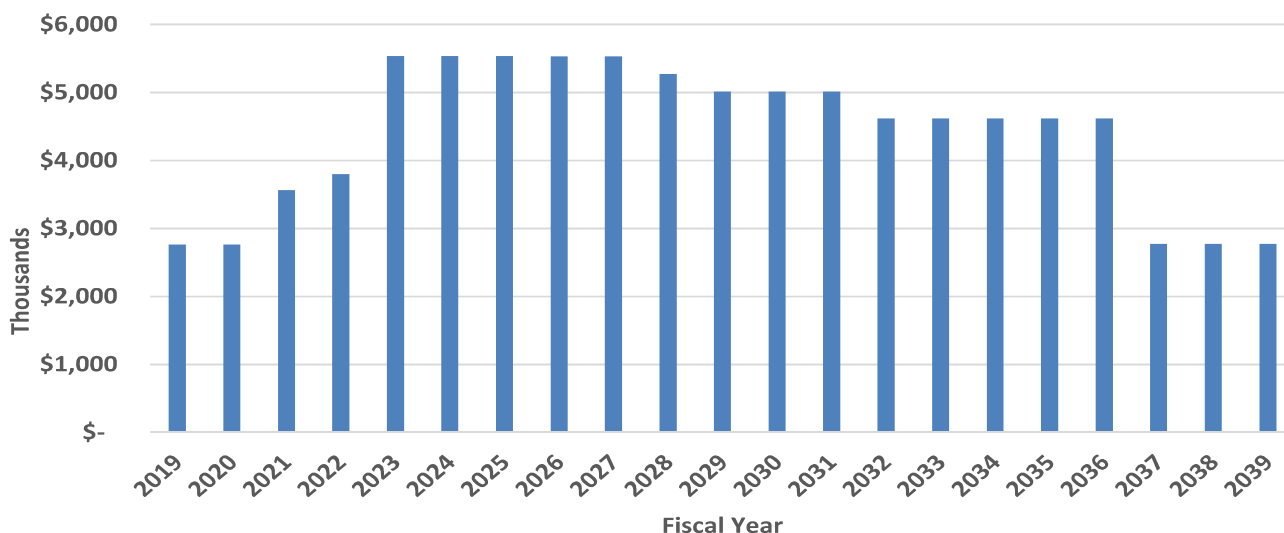
**Table #16 - Debt Service Budget Summary**

Debt Issuance	Service			Total Debt Service
	Water	Wastewater	Recycled Water	
2018 SRF Loan*	\$ 800,810	\$ -	\$ -	\$ 800,810
2011 SRF Loan	395,851	-	-	395,851
2016 SRF Loan**	-	1,292,022	553,724	1,845,746
2010 QECB	-	520,642	-	520,642
<b>Total</b>	<b>\$ 1,196,661</b>	<b>\$ 1,812,664</b>	<b>\$ 553,724</b>	<b>\$ 3,563,048</b>

\*During the construction period the District pays interest on the funds received from the State at the loan interest rate of 1.9%.

\*\*70% is allocated to wastewater and 30% of the debt service is allocated to recycled water.

**Chart #6 - Annual Debt Service**



Each debt issuance is linked to the Service that it was used to fund. In some cases, the debt service can be allocated to more than one service. The table below shows the debt service payments for Fiscal Year 2020-21 and the amount allocated to each service.

**Table #17 - Fiscal Year 2020-21 Debt Service Schedule**

Year Ending June 30	Red Mountain State		Water Reclamation Plant		QECP* Loan		SMRCUP State	
	Revolving Fund Loan		State Revolving loan		QECP* Loan		Revolving Funds**	District Annual Debt Service
	Principle	Interest	Principle	Interest	Principle	Interest		
2019	285,826	110,025	1,247,544	598,202	306,282	212,141	-	\$2,760,019
2020	293,220	102,630	1,274,990	570,756	325,386	194,288	20	\$2,761,290
2021	300,807	95,044	1,303,039	542,706	345,316	175,326	800,810	\$3,563,048
2022	308,589	87,261	1,331,706	514,039	366,104	155,208	1,038,424	\$3,801,332
2023	316,573	79,277	1,361,004	484,742	387,783	133,884	2,771,216	\$5,534,479
2024	324,764	71,087	1,390,946	454,800	410,388	111,302	2,771,216	\$5,534,502
2025	333,166	62,685	1,421,547	424,199	433,953	87,409	2,771,216	\$5,534,174
2026	341,786	54,065	1,452,821	392,925	458,515	62,150	2,771,216	\$5,533,477
2027	350,628	45,222	1,484,783	360,963	484,114	35,465	2,771,216	\$5,532,391
2028	359,700	36,151	1,517,448	328,298	254,219	7,296	2,771,216	\$5,274,327
2029	369,006	26,844	1,550,832	294,914	-	-	2,771,216	\$5,012,812
2030	378,553	17,297	1,584,950	260,796	-	-	2,771,216	\$5,012,812
2031	388,347	7,503	1,619,819	225,927	-	-	2,771,216	\$5,012,812
2032	-	-	1,655,455	190,291	-	-	2,771,216	\$4,616,962
2033	-	-	1,691,875	153,871	-	-	2,771,216	\$4,616,962
2034	-	-	1,729,096	116,649	-	-	2,771,216	\$4,616,962
2035	-	-	1,767,136	78,609	-	-	2,771,216	\$4,616,962
2036	-	-	1,806,014	39,732	-	-	2,771,216	\$4,616,962
2037	-	-	-	-	-	-	2,771,216	\$2,771,216
2038	-	-	-	-	-	-	2,771,216	\$2,771,216
2039	-	-	-	-	-	-	2,771,216	\$2,771,216
2040	-	-	-	-	-	-	2,771,216	\$2,771,216
2041	-	-	-	-	-	-	2,771,216	\$2,771,216
2042	-	-	-	-	-	-	2,771,216	\$2,771,216
2043	-	-	-	-	-	-	2,771,216	\$2,771,216
2044	-	-	-	-	-	-	2,771,216	\$2,771,216
2045	-	-	-	-	-	-	2,771,216	\$2,771,216
2046	-	-	-	-	-	-	2,771,216	\$2,771,216
2047	-	-	-	-	-	-	2,771,216	\$2,771,216
2048	-	-	-	-	-	-	2,771,216	\$2,771,216
2049	-	-	-	-	-	-	2,771,216	\$2,771,216
2050	-	-	-	-	-	-	2,771,216	\$2,771,216
2051	-	-	-	-	-	-	2,771,216	\$2,771,216
2052	-	-	-	-	-	-	2,771,216	\$2,771,216

\*Qualified Energy Conservation Revenue Bonds. Debt service is not adjusted for interest rate subsidy payments.

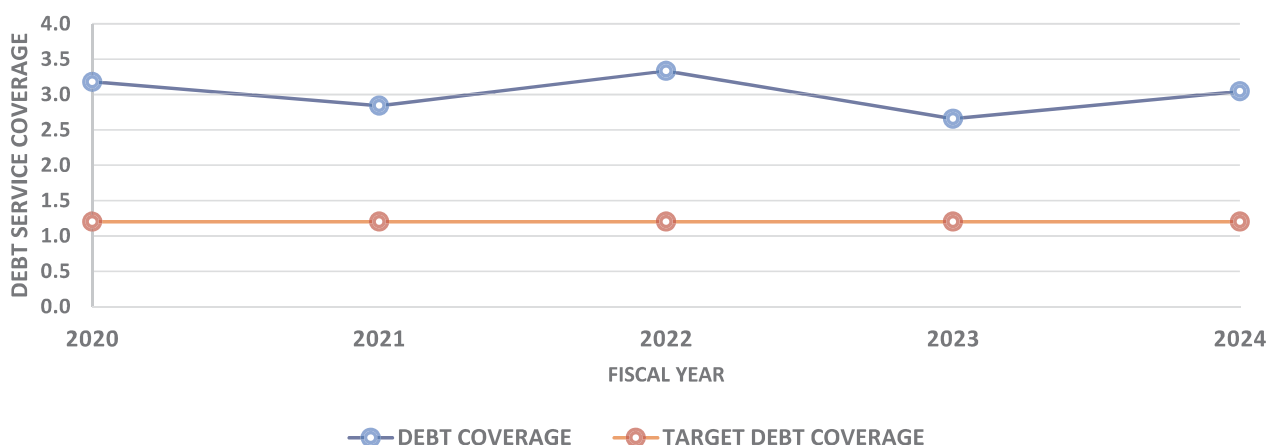
\*\* Debt service based upon approved loan amount and interest rate. Actual debt service will be calculated once the Santa Margarita Conjunction Use Project is completed.



The District expects to make an interest payment on the 2018 SRF Loan this budget period. The Full debt service for the 2018 SRF Loan is expected to begin in Fiscal Year 2021-22 and is shown in the summary table. The financial projections in this document include this debt service starting in Fiscal Year 2021-22.

While there is no established legal debt limit for the District, the District has an adopted Debt Management Policy. The Debt Management Policy creates the framework for issuing debt. The District’s debt service indentures require that the debt service coverage ratio be maintained at or above 1.2x. Chart 7 shows the projected debt service coverage above the target level of 1.2x. Currently the District has no subordinate debt outstanding.

Chart #7 - Debt Service Coverage Ratio



Santa Margarita River

## Project Summary for Fiscal Year 2020-21

### District Capital Program

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. Figure 1 summarizes the facilities owned and operated by the District. It is critical to develop plans to reduce the overall cost of operating these facilities by completing pro-active capital projects to replace and rehabilitate these assets versus waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

The annual Capital Improvement Budget is used to implement the District’s long-range capital goals. These goals are developed using the District’s Strategic Plan, Urban Water Management Plan, Asset Management Plan and Master Plans. These plans are utilized to develop the lowest lifecycle cost to meet water and wastewater needs and maintain system reliability for the District’s customers. Projects are selected based on weighing prioritized needs verses available capital funds. Individual project costs are estimated based on current construction cost information. While some projects are well into the design phase and costs can be fairly accurately estimated, others are based on early stage planning estimates. Additionally, unforeseen changes to priorities can result from changing materials and construction costs, pipeline failures, extreme weather, etc.



Figure #1 - Fallbrook District Facilities.

For Fiscal Year 2019-20, Table #1 shows budget vs projected actual expenses for each capital project category. Water Capital expenses were slightly under budget. Recycled Water Capital expenses were under budget as a result of delays in the state grant process which slowed the start of the water supply reliability feasibility project. Wastewater Capital Expenses for the year were also under budget, primarily due to the Overland Trail Lift Station (OTLS) Rehabilitation Project bid coming in lower than budget and slower procurement schedules as a result of the pandemic response. The OTLS project was scheduled to be constructed over multiple fiscal years anyway as explained in greater detail in the individual project description section. Finally, administrative capital expenses were very close to budget.

### Capital Project Summary for Fiscal Year 2020-21

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is replacement of aging infrastructure. In addition to rehabilitation, the ongoing construction of the \$62.9 million SMRCUP will be the most significant single project for the next 15-20 years and will provide a long-term cost effective local water supply. The key capital projects scheduled for Fiscal Year 2020-21 are summarized on the following pages.

## Water Capital Projects

District construction staff will continue with valve replacement projects to reduce outage impacts of breaks and failures. The District implemented an escalating capital improvement charge to ensure the District is meeting pipeline infrastructure replacement needs. The major pipeline projects for Fiscal Year 2020-21 include:

- Completion of the first phase of the Winter Haven Road Pipeline Replacement Project started in Fiscal Year 19-20.
- Replacement of approximately 1,000 linear feet of 20" pipe along the Gum Tree Pipeline.
- Initiate phase two of the Winter Haven Road Pipeline Replacement Project, approximately 2,650 linear feet of 12" water main.

The SMRCUP project is currently under construction, approximately 35 percent complete, and scheduled to begin operating in the fall of 2021.

The existing Toyon Pump Station was built in 1982 and has exceeded its useful life. It serves 63 accounts in the Toyon Service area, above Red Mountain Reservoir. The planned replacement will be constructed near the UV Plant, consolidating district facilities at the Red Mountain Site.

Recoating of the 2.8 MG Steel Reservoir in the De Luz area. The 2.8 MG Steel Reservoir is the last of the District's 8 steel reservoirs to be recoated as part of the reservoir coating program implemented over the last few years.

In accordance with the Meter Replacement Program Budget, the District will complete the fifth year of a six year program to replace existing Automatic Meter Reading (AMR) meters with Advanced Metering Infrastructure (AMI) meters to provide for real time data collection and alerts.

## Wastewater/ Recycled Capital Projects

As part of the long-term sewer system replacement plan, the focus will be on lining deteriorating manholes and constructing needed upgrades to the Overland Trail Lift Station (OTLS). The OTLS Improvements project was awarded in December 2019. The contractor is currently procuring long lead items and will mobilize to the site in early May. Work is scheduled to be completed in December 2020. The project will address needed maintenance while improving operational efficiencies by eliminating the Anthony's Corner Lift Station.

At the Water Reclamation Plant (WRP), the headworks cover replacement scheduled for the current year will not be completed until the coming fiscal year due to procurement delays. With that in mind, some smaller equipment replacements that were scheduled for next year are being prioritized in the final few months of the current year. Additionally, needed repairs to the secondary and tertiary storage pond liners will be made, as well as significant SCADA control improvements.

For the recycled water system, five aging below grade confined space air release/vacuum valve vaults will be replaced with new above grade air valves. Remote pressure monitoring capabilities will be added in strategic locations. The biggest recycled system project is the continuation of the water supply reliability feasibility effort currently underway.



Table #1 - Capital Improvements Projects Summary Table

	FY 2019-20	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Budget	Projected						
<b>Water Capital Projects</b>								
Pipelines & Valve Replacement Projects by District	\$ 720,000	\$ 656,214	\$ 670,000	\$ 587,272	\$ 593,144	\$ 704,177	\$ 605,066	\$ 611,117
Pipeline Replacement Projects by Contractors	1,303,933	1,377,411	1,298,000	2,507,237	3,615,579	3,168,795	3,014,717	3,216,406
Deluz ID Projects	80,000	-	80,000	103,030	104,060	105,101	106,152	107,214
Pump Stations	-	-	233,750	175,151	52,030	52,551	53,076	53,607
Meter Replacement	675,000	403,837	675,000	618,181	52,030	21,020	21,230	21,443
Pressure Reducing Stations	90,000	58,345	20,000	92,727	20,812	21,020	21,230	21,443
Red Mountain Reservoir Improvements	70,000	65,209	40,000	41,212	364,211	52,551	95,537	53,607
Steel Reservoir Improvements	-	235,415	669,000	70,060	10,406	10,510	849,216	696,888
Treatment Plant R&R	-	-	-	-	208,121	210,202	212,304	214,427
SCADA Upgrades/Security/Telemetry	130,000	61,186	130,000	97,879	93,654	89,336	111,460	112,574
<b>Total PAYGO Water Capital Projects</b>	<b>\$ 3,068,933</b>	<b>\$ 2,857,617</b>	<b>\$ 3,815,750</b>	<b>\$ 4,292,749</b>	<b>\$ 5,114,048</b>	<b>\$ 4,435,262</b>	<b>\$ 5,089,989</b>	<b>\$ 5,108,725</b>
Santa Margarita Conjointive Use Project Construction	\$ 27,179,100	\$ 23,308,627	\$ 31,900,000	\$ 7,727,258	\$ -	\$ -	\$ -	\$ -
<b>Total Water Capital Projects</b>	<b>\$ 30,248,033</b>	<b>\$ 26,166,244</b>	<b>\$ 35,715,750</b>	<b>\$ 12,020,007</b>	<b>\$ 5,114,048</b>	<b>\$ 4,435,262</b>	<b>\$ 5,089,989</b>	<b>\$ 5,108,725</b>
<b>Recycled Water Capital Projects</b>								
Recycled Water Improvements	\$ 406,000	\$ 158,898	\$ 430,000	\$ 117,454	\$ 118,629	\$ 119,815	\$ 121,013	\$ 175,830
<b>Total Recycled Water Capital Projects</b>	<b>\$ 406,000</b>	<b>\$ 158,898</b>	<b>\$ 430,000</b>	<b>\$ 117,454</b>	<b>\$ 118,629</b>	<b>\$ 119,815</b>	<b>\$ 121,013</b>	<b>\$ 175,830</b>
<b>Wastewater Capital Projects</b>								
WRP Improvements	\$ 240,000	\$ 224,300	\$ 245,000	\$ 257,575	\$ 208,121	\$ 998,460	\$ 796,140	\$ 428,854
Collection System Improvements	1,740,000	1,077,181	1,740,000	1,372,361	1,071,822	1,080,438	1,050,905	525,346
Outfall Improvements	80,000	10,000	50,000	82,424	52,030	52,551	53,076	268,034
<b>Total Wastewater Capital Projects</b>	<b>\$ 2,060,000</b>	<b>\$ 1,311,481</b>	<b>\$ 2,035,000</b>	<b>\$ 1,712,360</b>	<b>\$ 1,331,973</b>	<b>\$ 2,131,448</b>	<b>\$ 1,900,121</b>	<b>\$ 1,222,234</b>
<b>Administrative Capital Projects</b>								
Administrative Upgrades	\$ 20,000	\$ -	\$ 30,000	\$ 15,455	\$ 26,015	\$ 446,679	\$ 26,538	\$ 26,803
Engineering & Operations Information Systems	125,000	132,308	40,000	30,909	31,218	31,530	31,846	32,164
Facility Improvements/Upgrades/Security	70,000	86,537	185,000	128,788	88,451	26,275	26,538	26,803
District Yard Improvements	220,000	210,464	120,000	51,515	-	52,551	53,076	-
Vehicles and Heavy Equipment	560,000	584,081	566,000	441,484	315,823	387,297	497,322	395,082
<b>Total Administrative Capital Projects</b>	<b>\$ 995,000</b>	<b>\$ 1,013,390</b>	<b>\$ 941,000</b>	<b>\$ 668,150</b>	<b>\$ 461,508</b>	<b>\$ 944,333</b>	<b>\$ 635,320</b>	<b>\$ 480,853</b>
<b>Total Capital Budget Projects</b>	<b>\$ 6,529,933</b>	<b>\$ 5,341,386</b>	<b>\$ 7,221,750</b>	<b>\$ 6,790,714</b>	<b>\$ 7,026,158</b>	<b>\$ 7,630,858</b>	<b>\$ 7,746,443</b>	<b>\$ 6,987,642</b>
<b>Total all Capital Projects (Including SMRCUP)</b>	<b>\$ 33,709,033</b>	<b>\$ 28,650,013</b>	<b>\$ 39,121,750</b>	<b>\$ 14,517,971</b>	<b>\$ 7,026,158</b>	<b>\$ 7,630,858</b>	<b>\$ 7,746,443</b>	<b>\$ 6,987,642</b>

## Table of Contents

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### Capital Project Description, Goals and Impacts

#### Water Department

Pipeline and Valve Replacement Projects by District.....	60
Pipeline Replacement Projects by Contractors.....	61
DeLuz ID Projects .....	62
Pump Stations .....	63
Meter Replacement Program.....	64
Pressure Reducing Station Rehabilitation .....	65
Red Mountain Reservoir Facility Improvements .....	66
Steel Reservoir Improvements .....	67
SCADA and Security.....	68
Santa Margarita River Conjunctive Use Project.....	69

#### Recycled Water

Recycled Water Improvements .....	70
-----------------------------------	----

#### Wastewater

Water Reclamation Plant Improvements.....	71
Collections System Projects.....	72
Outfall Improvements .....	73

#### Administration Department

Engineering & Operations Information Systems.....	74
Facility Improvements/Upgrades/Security .....	75
District Yard Improvements.....	76
Vehicles and Heavy Equipment .....	77

## Pipeline and Valve Replacement Projects by District

### Project Description:

Projects include replacing existing valves and pipelines by District staff based on identified priority areas to reduce service interruptions. The primary focus is on valve replacements with a target of replacing 100 valves per year.

The proposed purchases and costs for Fiscal Year 2020-21 also include:

- Valve Replacement Program – Goal to replace 100 valves. Well-functioning isolation valves are critical to minimize the number of customers impacted during planned or unplanned shutdowns.
- Miscellaneous Pipeline Replacements – Small segments of mainline identified as needing repaired/replaced throughout the year.
- Mainline Leak Detection Survey – Survey of selected segments of water main to identify existing small leaks to help prioritize the pipeline replacement program.
- Easement Rehabilitation – Restoration of easement roads to maintain access to District pipelines and facilities.



Valves Replaced by Year	
Year	Quantity
FY 2016/17	82
FY 2017/18	112
FY 2018/19	57
FY 2019/20	76 (as of 5/1/20)
FY 2020/21	100 (Target)

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

The valve replacement program is critical in reducing the number of accounts effected by planned shutdowns and unplanned water outages. District pipeline and valve replacement projects do not require any additional operating budget funds, and are expected to reduce emergency repair costs.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Valve Replacement Program	Continuous Replacement Program	\$ 500,000
Miscellaneous Pipeline Replacements	Continuous Replacement Program	\$ 100,000
Mainline Leak Detection	Continuous Detection Program	\$ 20,000
Easement Rehabilitation	Continuous Rehabilitation Program	\$ 50,000
<b>Total</b>		<b>\$ 670,000</b>



## Pipeline Replacement Projects by Contractors

### Project Description:

Significant pipeline replacement projects performed by contractors. Projects are prioritized based on the pipeline asset risk assessment model to minimize pipeline failures and unplanned service outages. Specific projects planned for Fiscal Year 2020-21 include:



- Gum Tree Pipeline Replacement Phase 1 – 1,000 linear feet of 20 inch water main. The Gum Tree Lane Pipeline is a 20-inch cement lined iron pipe transmission main that conveys water from Red Mountain to Gheen Reservoir. Its actual age is unknown, but it was relined in 1966. There are multiple above grade creek-crossings that have deteriorated and required repairs in areas that are challenging to access. This replacement project will focus on approximately 1,000 linear feet in the vicinity of the above grade creek crossings. Ideally the pipe will be realigned to avoid existing creek crossings depending on ability to acquire right-of-way.
- Winter Haven Road Pipeline Replacement Phase 1 – 2,500 linear feet of 12-inch water main. The Winter Haven Road Pipeline is a 12-inch cement lined iron pipe that was relined in 1968. In recent years, there have been multiple leaks and flow restrictions. Replacement of the first phase, between Clearcrest Lane and Havencrest Lane started in Fiscal Year 2019-20 and is scheduled to be complete by August of 2020.
- Winter Haven Road Pipeline Replacement Phase 2 – 2,650 linear feet of 12-inch water main. The second phase of the Winter Haven Road Pipeline Replacement will continue east from Havencrest Lane to Sunnycrest Lane. It is anticipated this project will start construction late in the year and will likely be completed during the following Fiscal Year.

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

These projects will reduce the cost of leak repair and potential property damage due to pipe failure, but do not require additional operating funds long term.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Gum Tree Pipeline Replacement Phase 1	\$ 370,500	\$ 370,500
Winter Haven Road Pipeline Replacement Phase 1	\$ 839,280	\$ 100,000
Winter Haven Road Pipeline Replacement Phase 2	\$ 927,500	\$ 827,500
<b>Total</b>		<b>\$ 1,298,000</b>



## DeLuz ID Projects

### Project Description:

Capital Projects in the DeLuz Improvement District using DeLuz Improvement District Funds. Projects include pipeline extension to specified parcels per adopted policy and rehabilitation of existing infrastructure. Projects for Fiscal Year 2020-21 include:

- Ross Lake PRV – New pressure reducing valve station connecting the De Luz Aqueduct to the 1.0 MG Zone. This will improve operational flexibility in the De Luz service area. The new station was planned for the current year, but had to be deferred due to construction staff constraints.
- Lynda Lane PRV – replacement or elimination of the aging Lynda Lane PRV depending on analysis from the updated system hydraulic model. The existing PRV serves a small zone with six meters. Staff will be exploring alternatives for serving these meters or replacing the aging PRV.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

The new pressure reducing station will help improve water reliability by providing operational flexibility in the DeLuz service area. The project will have a negligible impact on operation costs.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Ross Lake PRV	\$ 60,000	\$ 60,000
Lynda Lane PRV	\$ 20,000	\$ 20,000
<b>Total</b>		<b>\$ 80,000</b>





## Pump Stations

### Project Description:

The District has 5 pump stations that deliver water to higher elevation areas. In Fiscal Year 2020-21, the following Pump Station projects are planned:

- Toyon Pump Station Replacement – This pump station was scheduled to be replaced in 2019, but had to be deferred due to other capital priorities. The pump station serves 63 accounts in the Toyon Service Area above Red Mountain Reservoir. The existing facility, built in 1982, is housed in a wood structure adjacent to the narrow Toyon Heights Road and is in poor condition. The new station will be constructed at the Red Mountain site, near the UV Plant, making it easier for operators to access and getting it out of the way for the public. The project will include new pumps, improved SCADA capabilities, and approximately 550 linear feet of new 8-inch water main to connect it to the Toyon Service Area.
- Donnil Pump Station Surge Tank – The surge tank at the Donnil Pump Station has not been functioning consistently and has required frequent maintenance. Either upgrades to the existing tank will be made, or the tank will be replaced with pressure control valves to improve the performance of the pump station.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

These projects will reduce operations and maintenance cost for the facilities by replacing the equipment that is at the end of its useful life. There will be additional SCADA controls added to help with remote operation and troubleshooting. The projects will improve water service reliability in their respective service areas.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Toyon Pump Station Replacement	\$ 218,750	\$ 218,750
Donnil Pump Station Surge Tank	\$ 15,000	\$ 15,000
<b>Total</b>		<b>\$ 233,750</b>



## Meter Replacement Program

### Project Description:

In accordance with the Meter Replacement Program Budget, the District will complete the fifth of a six-year program to replace existing Automatic Meter Reading (AMR) meters with Advanced Metering Infrastructure (AMI) meters to provide for real time data collection and alerts. As of April 1, 2020, 7,265 of the District’s 9,252 meters have been exchanged.

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

This project ensures accurate billing of water use and reduces labor for reading meter by providing remote radio readings.



### Project Budget:

Project	Total Project Budget	FY 2020-21 Budget
Meter Replacement Program	\$ 3,000,000	\$ 675,000
<b>Total</b>		<b>\$ 675,000</b>



## Pressure Reducing Station Rehabilitation

### Project Description:

The District has over 20 pressure control stations throughout the distribution system to enable service at all the various hydraulic zones. As part of the capital program, routine investments are made to maintain and improve the function of these pressure control stations. For Fiscal Year 2020-21, the focus will be to complete the final details of the two station overhauls done over the last two years; McDonald and Yarnell. McDonald was completely rebuilt and at Yarnell the pressure control valves were replaced. Remaining work to complete the two stations includes minor site surface work and adding telemetry to enhance the ability to monitor flow and pressure remotely.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

This project will reduce operations and maintenance cost for the facility by replacing the equipment that is at the end of its useful life. There will be additional SCADA controls added for monitoring flow and pressure to optimize operation and reduce staffing needs for operating this facility.

### Project Budget:

Project	Total Project Budget	FY 2020-21 Budget
Rebuild PRVs	Continuous Rehabilitation Program	\$ 20,000
<b>Total</b>		<b>\$ 20,000</b>





## Red Mountain Reservoir Facility Improvements

### Project Description:

Replacement and rehabilitation of equipment and facilities at the Red Mountain Site, including the reservoir and UV plant. Projects for Fiscal Year 2020-21 include:



- Additional Mixer – with the SMRCUP scheduled to begin deliveries in late 2021, the operation of the Red Mountain Reservoir will be significantly altered. There will likely be winter months with little system demand, but large SMRCUP deliveries that will need to be stored for several months in the reservoir. To maintain water quality additional reservoir mixing capacity will be needed. Part of this project will be to identify the extent of that need and the best equipment to meet that need. Tentatively it is anticipated that an additional mixer similar to the Solarbee that is currently operating in the reservoir will be needed.
- De Luz/Sachse Pump Design – Similar to the mixing needs described above, during months when 100% of demand can be met by SMRCUP deliveries, additional pumping capabilities will be needed to deliver water from Red Mountain to the Sachse Zone and the De Luz Service Area. In the past, these areas have been supplied by higher elevation turn outs on the MWD aqueducts. The intent of this project is to have a pump station design complete, ready for construction in the second half of 2021.
- Reservoir Liner Condition Assessment – Assessment of the existing Red Mountain Reservoir liner to determine long term capital needs for maintenance and potential relining.

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

Proper reservoir mixing will improve operational efficiency. The addition of a new pump station will result in additional operational time and cost. However, there will be no impact until the pump station is actually operating in future fiscal years.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Reservoir Mixer	\$ 20,000	\$ 20,000
Sachse/De Luz Pump Station Design	\$ 10,000	\$ 10,000
Reservoir Liner Condition Assessment	\$ 10,000	\$ 10,000
<b>Total</b>		<b>\$ 40,000</b>



## Steel Reservoir Improvements

### Project Description:

The District has eight steel reservoirs. Seven of the eight have been recoated over the last seven years. Recoating the reservoirs protect them from corrosion and extend their useful life. In Fiscal Year 2020-21 the following projects are planned:

- 2.8 Million Gallon Steel Reservoir Recoating – Recoating inside and outside of steel reservoir and replacement of old equipment and instrumentation. Replace cathodic protection system components as needed. Relining of manholes to extend the life of these facilities
- Cathodic Protection Repair – The steel reservoirs use sacrificial anodes to further prevent corrosion. Last year an assessment of the cathodic systems at each of the reservoirs was performed. As a result, the systems at the Rattlesnake and Toyon will be replaced.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

The projects will ensure the long-term integrity of these water supply reservoirs. There are no additional operating costs.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
2.8 MG Steel Reservoir Recoating	\$ 654,000	\$ 654,000
Cathodic Protection Repair	\$ 15,000	\$ 15,000
<b>Total</b>		<b>\$ 669,000</b>

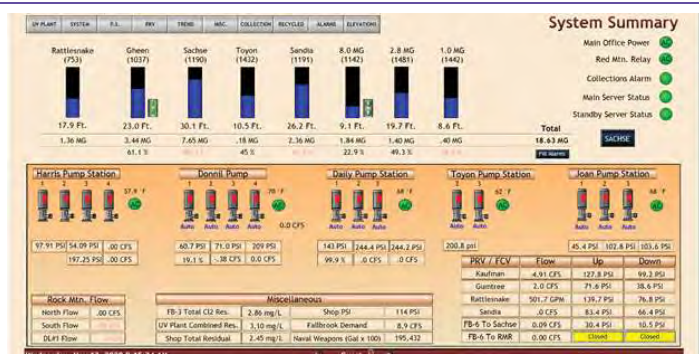


## SCADA and Security

### Project Description:

SCADA and security upgrades protect the District’s facilities and enable improved remote operations and controls. Projects for Fiscal Year 2020-21 include:

- Network Security/Firewall Improvements – Improvements will enable better remote access capabilities while enhancing network security.
- Development of Risk and Resiliency Plan – Per new EPA standards a comprehensive system Risk and Resiliency Plan is required to be in place by June 30, 2021.
- RTU/Control Panel Replacements – Replacement of outdated equipment that will improve remote monitoring and control of the system.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

Reduces long-term operating costs of the system by improving ability to address and monitor system conditions remotely.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Network Security/Firewall Improvements	Continuous Improvement Program	\$ 20,000
Development of Risk and Resiliency Plan	\$ 10,000	\$ 10,000
RTU/Control Panel Replacements	Continuous Improvement Program	\$ 100,000
<b>Total</b>		<b>\$ 130,000</b>



## Santa Margarita River Conjunctive Use Project

### Project Description:

Development of a new groundwater treatment plant to treat water delivered by Camp Pendleton per the executed settlement agreement of US vs FPUD. Projected to provide on average 4,300 acre-feet per year of local water. The project construction is expected to take approximately 2 years. Construction started in September 2019 and is expected to be completed in October 2021.



### Supports Strategic Goals:

Provide a reliable, cost effective water supply through implementation of local water supply projects.

### Operating Impacts:

The project will provide on average 50% of the District water needs and will help mitigate against future imported water cost increases. Without the project, the District would continue to rely on SDCWA for 99% of District potable water needs. The new facilities will result in significant additional operating costs, but the overall impact to the operating budget is more than offset by reduced expenditures on lower quantities of imported water.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Construction	\$ 58,395,885	\$ 30,000,000
Construction Management/Design Services During Construction	\$ 3,925,000	\$ 1,500,000
Internal Staff Support	\$ 215,000	\$ 150,000
SCADA Integration Services	\$ 400,000	\$ 250,000
<b>Total</b>	<b>\$ 62,935,885</b>	<b>\$ 31,900,000</b>

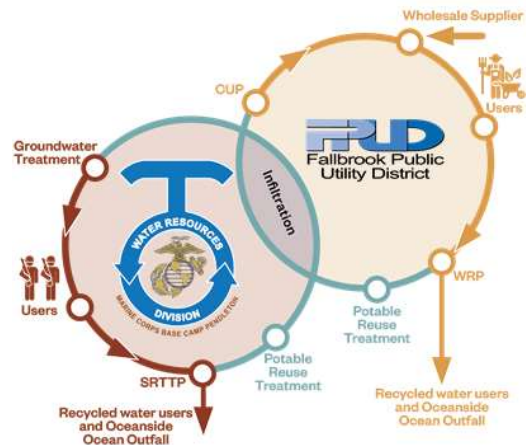


## Recycled Water Improvements

### Project Description:

The recycled system delivers water that has been treated to Title 22 tertiary standards for outdoor use. Projects for Fiscal Year 2020-21 include:

- Air/Vacuum Valve Replacement – When originally constructed, several of the air/vacuum valves were placed in vaults below grade. These vaults are in disrepair and require confined space entry when operated. Five of these vaults will be replaced with new above grade air valves.
- Distribution SCADA Improvements – Remote pressure monitoring capabilities will be added in strategic locations to better identify issues with fluctuating pressure.
- Water Supply Reliability Feasibility Study – This effort began in FY 2019-20 and will likely extend into the following FY as well. Due to challenges identifying potential new users for recycled water within cost effective expansion areas, alternative uses for treated WRP effluent need to be explored. With the addition of the SMRCUP facilities, the infrastructure needed to extract and treat ground water from the Lower Santa Margarita River Aquifer will be in place. Staff have begun looking into the feasibility of using treated WRP effluent for ground water augmentation in the aquifer. Grant funds have been applied for, and if received, will be used along with CIP matching funds to conduct pilot treatment studies to determine the feasibility for reuse. This pilot project will establish the parameters of a potential future full scale project, including additional treatment required, regulatory compliance, construction and operating costs and financial feasibility. The pilot project is expected to take two years. After completion of the pilot project, staff and all involved stakeholders will have the information needed to make an informed decision as to whether and when to move forward with a full scale project.



### Supports Strategic Goals:

Provide a reliable, cost effective water supply through implementation of local water supply projects.

### Operating Impacts:

There is no impact to the operating budget, but air/vac replacements and pressure monitoring will simplify operations. The pilot study would not have any operating impacts. If groundwater augmentation is considered feasible, full scale implementation would increase local water supply, eliminate the majority of discharges to the ocean, and improve operations by increasing utilization of the SMRCUP infrastructure.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Air/Vacuum Valve Replacement	\$ 60,000	\$ 60,000
Distribution SCADA Improvements	\$ 20,000	\$ 20,000
Water Supply Reliability Feasibility Study	\$ 700,000	\$ 350,000
<b>Total</b>		<b>\$ 430,000</b>





## Water Reclamation Plant Improvements

### Project Description:

On-going repair and replacement of key components of the Water Reclamation Plant (WRP) are critical to maintaining this critical facility. The projects for Fiscal Year 2020-21 include:

- Bio Solids Storage Shed – The existing barn was in very poor condition and was demolished as part of the SMRCUP project to make space for the new treatment facilities. The new barn was scheduled for FY 2019-20 and is substantially complete. However, the project will most likely be completed after the start of the new fiscal year.
- Headworks Cover Replacement – The headworks cover has deteriorated over time and is in need of replacing. The project was designed and awarded in FY 2019-20. However, due to longer than anticipated fabrication and delivery time, will not be installed until FY 2020-21. To prevent the deferment of needed capital improvements, projects planned for FY2020-21 were accelerated, essentially swapping the timing. These include replacement of plant equipment (air/vac valves, AC units, manual bar rake) and repairs to the pond liners.
- Fall Retrieval/Safety Equipment – Addition of fall retrieval system throughout the aeration basin for improved safety.
- Conveyor System Improvements – Replace conveyor control system, increasing automation and remote control capabilities.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

On-going replacement of equipment will ensure long-term reliability of the facility. The projects will not have any impact on operation costs, and in the case of the conveyor improvements, will simplify operations.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Bio Solids Storage Shed	\$ 100,000	\$ 25,000
Headworks Cover Replacement	\$ 140,000	\$ 140,000
Fall Retrieval/Safety Equipment	\$ 20,000	\$ 20,000
Conveyor System Improvements	\$ 75,000	\$ 60,000
<b>Total</b>		<b>\$ 245,000</b>



## Collections System Projects

### Project Description:

Projects include replacements and major repairs to existing sewer infrastructure.

The proposed purchases and costs for Fiscal Year 2020-21 include:



- Overland Trail Lift Station Rehabilitation – The Overland Trail Lift Station is in need of mechanical, electrical and structural improvements due to its age and condition. The project includes replacement of the pumps, recoating of the wet well and replacement of electrical gear. The project will also include the elimination of Anthony’s Corner Lift Station and diversion of flows to Overland Trail Lift Station. Construction began in FY2019-20 and is scheduled to be complete in December 2020.
- Replacement of Sewer Main Creek Crossing – District staff have been strategically replacing sewer main lines at creek and culvert crossings to prevent spills into waterbodies. This year’s plan is to replace the Fallbrook Creek crossing on Elder Street.
- Sewer Main Relining – Extends the life of sewer mains by rehabilitating them in place. This year approximately 1,800 linear feet of pipe will be relined.
- SCADA/Telemetry Upgrades – Replacement of outdated RTU’s and radio communications at the Green Canyon and Dougherty Lift Stations for improved remote monitoring and control. Design for complete electrical upgrade of Green Canyon Lift Station.

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

On-going replacement of equipment will ensure long-term reliability of the facility. The projects will not have any impact on operation costs.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
Overland Trail Lift Station	\$ 3,300,000	\$ 1,500,000
Creek Crossing	\$ 75,000	\$ 75,000
Sewer Main Relining	\$ 145,000	\$ 145,000
SCADA Upgrades	\$ 20,000	\$ 20,000
<b>Total</b>		<b>\$ 1,740,000</b>





## Outfall Improvements

### Project Description:

The project includes replacement of air/vac valves, drain valves, and connecting piping on the outfall. Replacement of these items is critical to preventing overflows and spills.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

On-going replacement of the items is critical to preventing spills and back-ups in the outfall. This project will reduce the cost of emergency repairs and maintenance, but does not require additional operating funds long term.

### Project Budget:

Project	Total Project Budget	FY 2020-21 Budget
Outfall Improvements	Ongoing Improvement Program	\$ 50,000
<b>Total</b>		<b>\$ 50,000</b>



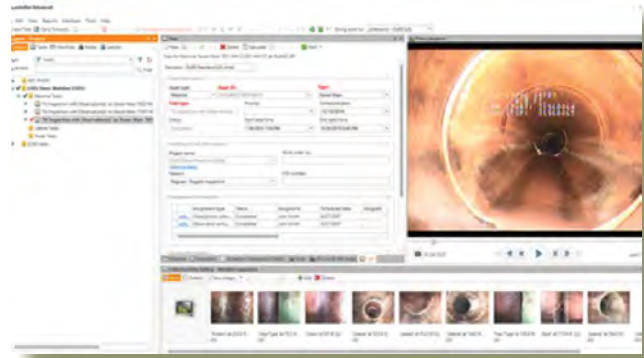
## Engineering & Operations Information Systems

### Project Description:

These project include updates to the tools and software utilized for asset management and operations.

The planned updates for Fiscal Year 2020-21 include:

- GIS Upgrade Implementation – Ongoing upgrades to the geographic information system that holds the district wide asset database and displays this information spatially on district mapbooks.
- EAM Implementation – The District adopted the enterprise asset management system CityWorks in FY 2019-20, which will streamline and digitize work orders and maintenance records, improving workforce productivity and longterm asset management. Funds for the current year are intended to provide training and support from the District’s contracted CityWorks specialist consultant and purchase remote access devices for use by crews in the field.
- Sewer CCTV Software Upgrade – The District uses the CCTV system GraniteNET for routine inspection of the collections facilities. The proposed software upgrades will enhance maintenance of the facilities and aid in prioritizing facility repairs and replacements.



### Supports Strategic Goals:

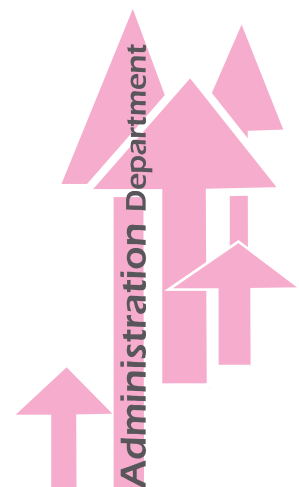
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

On-going investments in administrative facilities and systems is critical to maintain overall reliable and efficient operation.

### Projects Budgets:

Project	Total Project Budget	FY 2020-21 Budget
GIS Upgrade Implementation	Ongoing Upgrades	\$ 5,000
EAM Implementation	\$ 155,000	\$ 35,000
Sewer CCTV Software Upgrade	\$ 30,000	\$ 30,000
<b>Total</b>		<b>\$ 70,000</b>



**Facility Improvements/Upgrades/Security**

**Project Description:**

The project includes capital projects for administration facilities, including staff offices, shop, and warehouse facilities to help maintain efficient operation of the District.

The projects include the following:

- Minor Rehabilitation and Office Furniture – Miscellaneous office rehabilitation and furniture replacement.
- Building Roof Repair – Spot repairs as needed to keep the roof functional until it can be replaced.
- Facility Renovations – Continued renovation of the yard offices for Departments 3 and 4 as well as the yard restroom facilities. Replace the warehouse rollup door. Install new key fob door lock system.



**Supports Strategic Goals:**

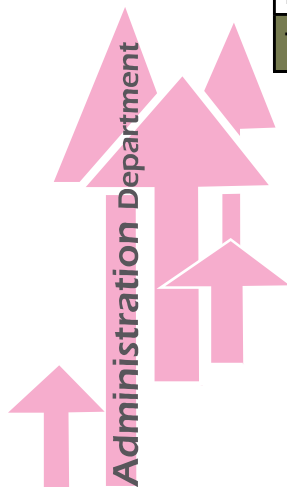
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

**Operating Impacts:**

On-going investments in administrative facilities and systems is critical to maintain overall reliable and efficient operation.

**Projects Budgets:**

Project	Total Project Budget	FY 2020-21 Budget
Minor Rehabilitation and Office Furniture	Ongoing Rehabilitation	\$ 10,000
Building Roof Repair	\$ 25,000	\$ 25,000
Facility Renovations	\$ 150,000	\$ 150,000
<b>Total</b>		<b>\$ 185,000</b>



## District Yard Improvements

### Project Description:

Projects consist of on-going improvements at the District Yard to maintain the facility. The focus for Fiscal Year 2020-21 will be to replace the perimeter fence, which is in poor condition. Sections of the decorative fence around the front office have corroded, leaving gaps and openings. The chain-link and wood fence around the back yard is inadequate for proper security and is in poor condition in several areas.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

Reduces long-term costs of maintaining the facility by addressing maintenance needs as they are necessary.

### Project Budget:

Project	Total Project Budget	FY 2020-21 Budget
Site Security Fencing	\$ 120,000	\$ 120,000
<b>Total</b>		<b>\$ 120,000</b>



## Vehicles and Heavy Equipment

### Project Description:

Having reliable heavy equipment is key to both maintaining reliable service and also replacing and maintaining critical infrastructure. The District has adopted a fleet replacement plan to minimize overall fleet and heavy equipment operating costs by reducing owner equipment to just critical higher use assets, replace vehicles when the cost of repairs for continued ownership is no longer economical and replace older engines to meet California Air Quality requirements. Since November 2016, the overall fleet and heavy equipment inventory has been reduced by eight transportation vehicles, one backhoe and one trencher.



The proposed purchases and costs for Fiscal Year 2020-21 include:

- Replacement of three fleet vehicles based on criteria established in the Fleet Replacement Plan
- Replacement of one full size truck (1054)
- Replacement of full size crane
- Miscellaneous Equipment – Wachs Vacuum Unit for Valve Truck, Generator for Main Office/SCADA System backup power.
- Safety Equipment/Trailer

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

Maintaining a reliable fleet and heavy equipment helps reduce overall operating costs and improves overall reliability of the District operation.

### Projects Budget:

Project	Total Project Budget	FY 2020-21 Budget
Fleet Vehicles	Ongoing Replacement Program	\$ 100,000
Full Size Truck	\$ 100,000	\$ 100,000
Crane	\$ 300,000	\$ 300,000
Miscellaneous Equipment	\$ 45,000	\$ 45,000
Safety Equipment/Trailer	\$ 21,000	\$ 21,000
<b>Total</b>		<b>\$ 566,000</b>



**Accrual Basis of Accounting** - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

**Acre-Foot (AF)** - A unit of measure equivalent to 325,900 gallons of water.

**AG** - Agricultural Customers

**AMI** – Advanced Meter Infrastructure

**Appropriation** - An amount of money in the budget authorized by the Board of Directors for expenditure or obligation within organizational units for specific purposes.

**Assessed Valuation** - An official government value placed upon real estate or other property as a basis for levying taxes.

**Assets** - Resources owned or held which have monetary and economic value.

**Bay/Delta** - Refers to an environmentally sensitive area of Sacramento/San Joaquin Rivers Delta through which State Water Project water must flow to reach Southern California and other areas.

**Budget** - A balanced financial plan for a given period of time, which includes expenditures and revenues funded through various funds. The budget serves as a financial plan as well as a policy guide, an operations guide, and a communications medium.

**CAFR** - Comprehensive Annual Financial Report

**CalPERS** - California Public Employee Retirement System

**Capital Equipment** - Fixed assets such as vehicles, computers, furniture, and technical instruments which have a life expectancy of more than three years and a value over five thousand dollars.

**Capital Improvement Program (CIP)** - A long-range plan for the construction, rehabilitation and modernization of the District-owned and operated infrastructure and assets.

**Capital Outlay** - Expenditures which result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery, and equipment. Most equipment or machinery is included in the Capital Budget. Capital improvements such as acquisition of land, construction, and engineering expenses are included in the Capital Budget.

**Cash Management** - A conscious effort to manage cash so that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without sacrifice of safety.

**CEQA** - California Environmental Quality Act

**CFS** - Cubic Feet per Second

**CMMS** - Computerized Maintenance Management System

**CSMFO** – California Society of Municipal Finance Officers

**Debt Service** - The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

**Disbursements** - Payments made on obligations.

**District Services** - The District's main cost centers are broken into Services, which include Administrative, Water, Recycled Water, and Wastewater.

**Division** - Part of the District's organizational structure that performs a specific service or function.

**DSCR** - Debt Service Coverage Ratio

**DWR** - California Department of Water Resources

**Each Parcel of Land** - Shall mean each parcel of land assigned a parcel number by the San Diego County Assessor.

**EAM** – Enterprise Asset Management

**EIR/EIS** - Environmental Impact Report/Environmental Impact Statement

**EMWD** - Eastern Municipal Water District

**EPA** - Environmental Protection Agency

**ERP** - An Enterprise Resource Planning information management system integrate areas such as planning, purchasing, inventory, billing, customer accounts and human resources.

**EUM** - Effective Utility Management

**Expenditure** - An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service, and capital improvements.

**FCF** - Flow Control Facility

**Fiscal Year (FY)** - The timeframe in which the budget applies. This is the period from July 1 through June 30.

**Fixed Assets** - Long-term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment, and improvements other than buildings and land.

**FTE** - Full Time Equivalent



**Generally Accepted Accounting Principles (GAAP)** - Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

**GFOA** - Government Financial Officers Association

**GIS** - Geographic Information System. An organized collection of computer hardware, software, and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

**GPS** - Global Positioning System

**HCF** - Hundred Cubic Feet

**IAC** - Infrastructure Access Charge

**IAWP** - Interim Agricultural Water Program

**IID** – Imperial Irrigation District

**IPR** – Indirect Potable Reuse

**IRWM** - Integrated Regional Water Management Program

**KPI** - Key Performance Indicator

**Leases and Rentals** - This includes costs to rent equipment, copy machines, temporary easements and other items.

**LRP** - MWD's Local Resource Program

**LWSD** - SDCWA's Local Water Supply Development, which provides funds to support local supply development.

**M&I** - Municipal and Industrial

**Master Plan** - Regional Water Facilities Master Plan

**ME** - Meter Equivalent

**MG** - Million Gallon

**MGD** - Million Gallons per Day

**MOU** - Memorandum of Understanding

**MW** - Megawatt

**MWD** - Metropolitan Water District of Southern California

**Non-Labor Expenditures** - This includes professional services, services and other operating expenditure like materials, supplies and equipment but excludes the cost of water.

**NPDES** - National Pollutant Discharge Elimination System

**OPEB** - Other Post-Employment Benefits, which includes the District's retiree health care obligation.

**Operating Budget** - The normal, ongoing operating costs incurred to operate the District.

**OTLS** - Overland Trail Lift Station

**PARS** - Public Agency Retirement Services

**PAYGO** - Pay-as-you-go capital funding uses cash and reserves to fund Capital Outlays.

**Professional Services** - The normal, ongoing operating costs incurred to operate the District that are procured from companies outside of the District. Examples include legal, auditing, appraisals, engineering, drafting, and design.

**Purchased Water Costs**- These are the costs of the District's wholesale water purchases from SDCWA.

**QECB** - Qualified Energy Conservation Revenue Bond

**Reliability** - Consistently providing a water supply that adequately supports the regional economy.

**Revenue** - Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

**ROW** - Right of Way

**RSF** - Rate Stabilization Fund

**RTS** - Readiness to Service charge

**Salary** – This is the cost of labor for 2,080 hours a year and does not include any employee benefits.

**SANDAG** - San Diego Association of Governments

**SAWR** - Transitional Special Agricultural Water Rate

**SCADA** - Supervisory Control and Data Acquisition

**SD** - San Diego

**SDCWA** - San Diego County Water Authority

**Services** - The normal, ongoing operating costs incurred to operate the District that are procured from companies outside of the District. Examples include repair, maintenance, custodial, and security.

**SMRCUP** - Santa Margarita River Conjunctive Use Project

**SpringBrook** - The District's ERP.

**SR** - State Route

**SRF** - State Revolving Fund

**Sundry/Other Revenues** – This includes disposal of assets and other miscellaneous revenues.

**Total Capital Budget** - The total budget requests for construction projects and associated expenses and equipment.

**Total District Budget** - The sum of the total Operating Budget, Debt Service, Cost of water and Capital Budget.

**Treated Water** - Water delivered to member agencies which has been treated by coagulation, sedimentation, filtration, and chlorination.

**Unfunded Actuarial Accrued Liability** - The unfunded actuarial accrued liability (UAAL) is the difference between the value of benefits earned by employees and the value of assets held in the pension plan. .

**Utilities** - This includes gas, electricity, water, and sewer. .

**UWMP** - Urban Water Management Plan

**Water Supply Costs** - Comprised of Purchased Water Costs and pumping costs.

**WRP** – Water Reclamation Plant

Table #1 - Fallbrook Public Utility District's Enterprise Projections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 21,390,868	\$ 24,414,828	\$ 26,368,177	\$ 28,492,566	\$ 31,803,088
Recycled Water	1,229,603	1,188,241	1,285,881	1,388,751	1,499,851
Wastewater	5,941,086	6,186,330	6,466,015	6,756,986	7,061,050
<b>Subtotal Revenue from Rates</b>	<b>\$ 28,561,557</b>	<b>\$ 31,789,398</b>	<b>\$ 34,120,073</b>	<b>\$ 36,638,302</b>	<b>\$ 40,363,989</b>
<b>Other Operating Revenue</b>					
<b>Pass-through Charges</b>					
MWD RTS Charge	\$ 423,957	\$ 291,331	\$ 305,436	\$ 320,971	\$ 336,861
SDCWA IAC Charge	456,283	501,670	552,055	670,024	779,855
Sundry	11,000	11,000	11,000	11,000	11,000
MWD/CWA Incentive	50,003	-	-	-	-
<b>Subtotal Other Operating Revenues</b>	<b>\$ 941,243</b>	<b>\$ 804,001</b>	<b>\$ 868,491</b>	<b>\$ 1,001,995</b>	<b>\$ 1,127,716</b>
<b>Non-Operating Revenue</b>					
Water Availability Charge	\$ 203,000	\$ 204,000	\$ 204,000	\$ 204,000	\$ 204,000
1% Property Tax	2,067,422	2,022,485	2,032,597	2,042,760	2,052,974
Investment Earnings	284,544	141,500	125,732	144,135	167,518
Water CIP Charge	1,373,621	1,455,281	1,556,735	1,653,313	1,755,694
Pumping Charge (Cap. Impr part)	32,756	32,756	32,756	32,756	32,756
Facility Rent	220,000	250,000	255,000	260,100	265,302
Water Capacity Fees	3,000	50,000	50,500	51,005	51,515
Wastewater CIP Charge	1,170,233	1,207,132	1,255,873	1,293,426	1,332,275
Wastewater Capacity Fees	105,000	35,000	35,700	36,414	37,142
Federal Interest Rate Subsidy	122,647	110,677	97,977	84,516	70,261
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 5,582,222</b>	<b>\$ 5,508,830</b>	<b>\$ 5,646,870</b>	<b>\$ 5,802,424</b>	<b>\$ 5,969,437</b>
<b>Total Revenues</b>	<b>\$ 35,085,022</b>	<b>\$ 38,102,229</b>	<b>\$ 40,635,434</b>	<b>\$ 43,442,721</b>	<b>\$ 47,461,141</b>
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
Purchased Water Costs	\$ 12,778,727	\$ 13,810,108	\$ 11,302,476	\$ 10,813,148	\$ 11,928,736
Pumping Costs	180,000	202,797	212,936	223,583	246,159
SMRCUP Treatment	-	-	1,431,394	2,098,131	2,161,075
Labor Costs	2,869,597	2,895,222	3,039,983	3,191,982	3,351,581
Fringe Benefits	1,809,326	1,974,048	2,102,361	2,239,015	2,350,965
Services, Materials & Supplies	1,902,947	2,122,900	2,186,587	2,252,185	2,319,750
Allocated Admin Expenses	6,353,374	6,465,365	6,717,118	6,980,180	7,227,043
<b>Total Operating Expenses</b>	<b>\$ 25,893,971</b>	<b>\$ 27,470,440</b>	<b>\$ 26,992,855</b>	<b>\$ 27,798,224</b>	<b>\$ 29,585,309</b>
<b>Net Operating Revenues</b>	<b>\$ 9,191,051</b>	<b>\$ 10,631,790</b>	<b>\$ 13,642,578</b>	<b>\$ 15,644,498</b>	<b>\$ 17,875,832</b>
<b>Debt Service</b>					
<b>Total Debt Service</b>	<b>\$ 2,890,815</b>	<b>\$ 3,563,049</b>	<b>\$ 3,801,333</b>	<b>\$ 5,534,480</b>	<b>\$ 5,534,503</b>
<b>Capital Expenditures</b>					
<b>Total Capital Expenditures</b>	<b>\$ 28,650,013</b>	<b>\$ 39,121,750</b>	<b>\$ 14,517,971</b>	<b>\$ 7,026,158</b>	<b>\$ 7,630,858</b>
<b>Total Expenditures</b>	<b>\$ 57,434,799</b>	<b>\$ 70,155,238</b>	<b>\$ 45,312,160</b>	<b>\$ 40,358,862</b>	<b>\$ 42,750,670</b>
SRF Loan Proceeds	\$ 23,308,627	\$ 31,900,000	\$ 7,727,258	\$ -	\$ -
<b>Change in Net Position *</b>	<b>\$ 958,850</b>	<b>\$ (153,009)</b>	<b>\$ 3,050,531</b>	<b>\$ 3,083,860</b>	<b>\$ 4,710,471</b>
Beginning Balances	\$ 18,624,152	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384
Ending Balances	\$ 19,583,002	\$ 19,429,993	\$ 22,480,524	\$ 25,564,384	\$ 30,274,855

\*Change in net position is Total Revenues minus Total Expenditures plus SRF Loan Proceeds..

Table #2 - Fallbrook Public Utility District's Water Projections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 21,390,868	\$ 23,475,796	\$ 23,475,941	\$ 23,488,253	\$ 24,275,304
Proposed Revenue Adjustments	-	939,032	2,892,236	5,004,313	7,527,783
<b>Subtotal Operating Revenues</b>	<b>\$ 21,390,868</b>	<b>\$ 24,414,828</b>	<b>\$ 26,368,177</b>	<b>\$ 28,492,566</b>	<b>\$ 31,803,088</b>
<b>Other Operating Revenues</b>					
<b>Pass-through Charges</b>					
MWD RTS Charge	\$ 423,957	\$ 291,331	\$ 305,436	\$ 320,971	\$ 336,861
SDCWD IAC Charge	456,283	501,670	552,055	670,024	779,855
Sundry	5,000	5,000	5,000	5,000	5,000
<b>Subtotal Other Operating Revenues</b>	<b>\$ 885,240</b>	<b>\$ 798,001</b>	<b>\$ 862,491</b>	<b>\$ 995,995</b>	<b>\$ 1,121,716</b>
<b>Non-Operating Revenue</b>					
Water Availability Charge	\$ 203,000	\$ 204,000	\$ 204,000	\$ 204,000	\$ 204,000
1% Property Tax	1,100,000	1,050,225	1,055,476	1,060,754	1,066,057
Investment Earnings	200,822	100,000	102,825	122,311	147,090
Water Capital Improvement Charge	1,373,621	1,455,281	1,556,735	1,653,313	1,755,694
Pumping Charge (Cap. Impr part)	32,756	32,756	32,756	32,756	32,756
Other Revenue	220,000	250,000	255,000	260,100	265,302
Water Capacity Fees	3,000	50,000	50,500	51,005	51,515
<b>Subtotal Non-Operating Rev</b>	<b>\$ 3,133,199</b>	<b>\$ 3,142,262</b>	<b>\$ 3,257,292</b>	<b>\$ 3,384,239</b>	<b>\$ 3,522,415</b>
<b>Total Revenues</b>	<b>\$ 25,409,306</b>	<b>\$ 28,355,090</b>	<b>\$ 30,487,960</b>	<b>\$ 32,872,799</b>	<b>\$ 36,447,218</b>
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
Purchased Water Costs	\$ 12,778,727	\$ 13,810,108	\$ 11,302,476	\$ 10,813,148	\$ 11,928,736
Pumping Costs	180,000	202,797	212,936	223,583	246,159
SMRCUP Treatment	-	-	1,431,394	2,098,131	2,161,075
Labor Costs	1,513,659	1,449,807	1,522,297	1,598,412	1,678,333
Fringe Benefits	915,201	988,521	1,052,775	1,121,205	1,177,265
Services, Materials & Supplies	599,584	758,000	780,740	804,162	828,287
Allocated Administrative Expenses	4,066,159	4,137,834	4,298,956	4,467,315	4,625,307
<b>Total Operating Expenses</b>	<b>\$ 20,053,330</b>	<b>\$ 21,347,066</b>	<b>\$ 20,601,574</b>	<b>\$ 21,125,957</b>	<b>\$ 22,645,162</b>
<b>Net Operating Revenue</b>	<b>\$ 5,355,976</b>	<b>\$ 7,008,024</b>	<b>\$ 9,886,386</b>	<b>\$ 11,746,842</b>	<b>\$ 13,802,056</b>
<b>Debt Service</b>					
<b>Total Debt Service</b>	<b>\$ 525,396</b>	<b>\$ 1,196,661</b>	<b>\$ 1,434,275</b>	<b>\$ 3,167,067</b>	<b>\$ 3,167,067</b>
<b>Capital Expenditures</b>					
<b>Total Capital Expenditures</b>	<b>\$ 27,179,634</b>	<b>\$ 36,656,750</b>	<b>\$ 12,688,157</b>	<b>\$ 5,575,556</b>	<b>\$ 5,379,595</b>
<b>Total Expenditures</b>	<b>\$ 47,758,360</b>	<b>\$ 59,200,477</b>	<b>\$ 34,724,006</b>	<b>\$ 29,868,580</b>	<b>\$ 31,191,824</b>
SRF Loan Proceeds	\$ 23,308,627	\$ 31,900,000	\$ 7,727,258	\$ -	\$ -
Change In Net Position *	\$ 959,573	\$ 1,054,613	\$ 3,491,212	\$ 3,004,219	\$ 5,255,394
Beginning Balances	\$ 13,377,717	\$ 14,337,290	\$ 15,391,903	\$ 18,883,115	\$ 21,887,334
Ending Balances	\$ 14,337,290	\$ 15,391,903	\$ 18,883,115	\$ 21,887,334	\$ 27,142,728

\*Change in net position is Total Revenues minus Total Expenditures plus SRF Loan Proceeds..

Chart #1 - Water Fund Balances and Change in Target Level

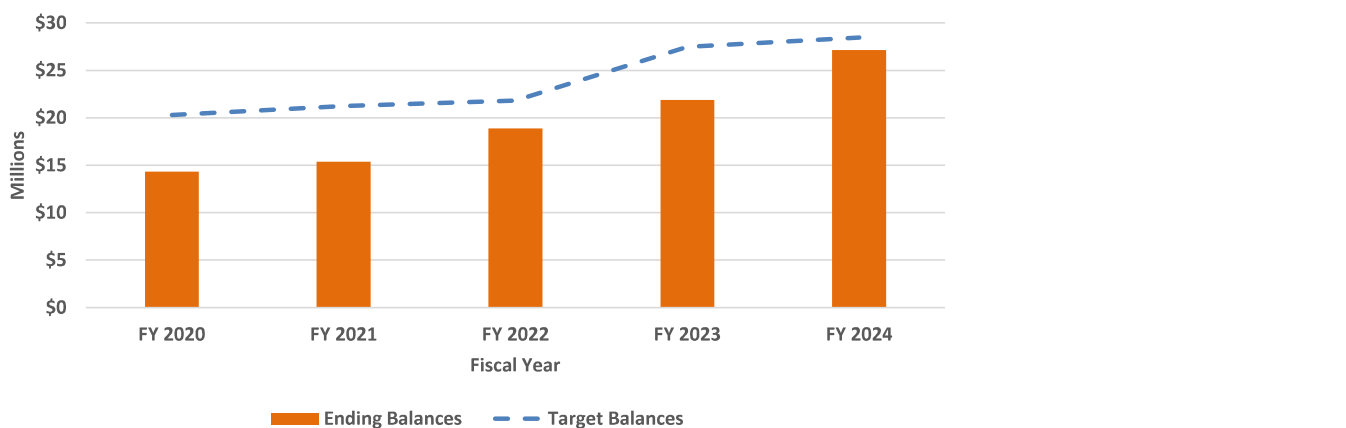


Table #3 - Fallbrook Public Utility District's Wastewater Projections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 5,941,086	\$ 6,050,200	\$ 6,051,417	\$ 6,051,417	\$ 6,051,417
Proposed Revenue Adjustments	-	136,130	414,598	705,568	1,009,633
<b>Subtotal Operating Revenues</b>	<b>\$ 5,941,086</b>	<b>\$ 6,186,330</b>	<b>\$ 6,466,015</b>	<b>\$ 6,756,986</b>	<b>\$ 7,061,050</b>
<b>Other Operating Revenues</b>					
Sundry	1,000	1,000	1,000	1,000	1,000
<b>Subtotal Other Operating Revenues</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>Non-Operating Revenue</b>					
Wastewater Capital Improvement Charge	\$ 1,170,233	\$ 1,207,132	\$ 1,255,873	\$ 1,293,426	\$ 1,332,275
Wastewater Capacity Fees	105,000	35,000	35,700	36,414	37,142
1% property Tax - IDS	912,422	916,985	921,569	926,177	930,808
Federal Interest Rate Subsidy	122,647	110,677	97,977	84,516	70,261
Investment Earnings	81,396	40,000	20,689	19,137	16,798
<b>Subtotal Non-Operating Revenues</b>	<b>\$ 2,391,698</b>	<b>\$ 2,309,793</b>	<b>\$ 2,331,809</b>	<b>\$ 2,359,670</b>	<b>\$ 2,387,284</b>
<b>Total Revenues</b>	<b>\$ 8,333,784</b>	<b>\$ 8,497,123</b>	<b>\$ 8,798,824</b>	<b>\$ 9,117,655</b>	<b>\$ 9,449,334</b>
<b>Operating Expenses</b>					
Labor Costs	\$ 1,230,872	\$ 1,257,231	\$ 1,320,093	\$ 1,386,097	\$ 1,455,402
Fringe Benefits	765,963	857,217	912,936	972,277	1,020,891
Services, Materials & Supplies	1,057,013	1,136,900	1,171,007	1,206,137	1,242,321
Allocated Administrative Expenses	2,223,681	2,262,878	2,350,991	2,443,063	2,529,465
<b>Total Operating Expenses</b>	<b>\$ 5,277,529</b>	<b>\$ 5,514,226</b>	<b>\$ 5,755,027</b>	<b>\$ 6,007,574</b>	<b>\$ 6,248,079</b>
<b>Net Operating Revenue</b>	<b>\$ 3,056,255</b>	<b>\$ 2,982,897</b>	<b>\$ 3,043,797</b>	<b>\$ 3,110,081</b>	<b>\$ 3,201,255</b>
<b>Debt Service</b>					
<b>Total Debt Service</b>	<b>\$ 1,811,696</b>	<b>\$ 1,812,664</b>	<b>\$ 1,813,334</b>	<b>\$ 1,813,689</b>	<b>\$ 1,813,712</b>
<b>Capital Expenditures</b>					
<b>Total Capital Expenditures</b>	<b>\$ 1,311,481</b>	<b>\$ 2,035,000</b>	<b>\$ 1,712,360</b>	<b>\$ 1,331,973</b>	<b>\$ 2,131,448</b>
<b>Total Expenditures</b>	<b>\$ 8,400,706</b>	<b>\$ 9,361,890</b>	<b>\$ 9,280,721</b>	<b>\$ 9,153,236</b>	<b>\$ 10,193,239</b>
Change in Net Position *	\$ (66,922)	\$ (864,767)	\$ (481,897)	\$ (35,581)	\$ (743,905)
Beginning Balances	\$ 4,620,809	\$ 4,553,887	\$ 3,689,121	\$ 3,207,223	\$ 3,171,642
Ending Balances	\$ 4,553,887	\$ 3,689,121	\$ 3,207,223	\$ 3,171,642	\$ 2,427,737

\*Change in net position is Total Revenues minus Total Expenditures..

Chart #2 - Wastewater Fund Balances and Change in Target Level

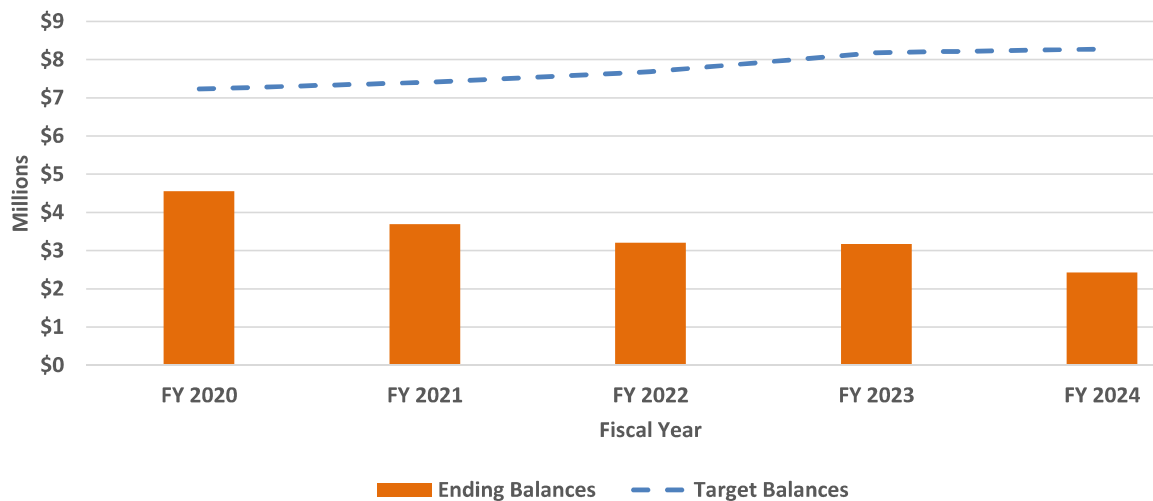


Table #4 Fallbrook Public Utility District's Recycled Water Projections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 1,229,603	\$ 1,142,539	\$ 1,144,837	\$ 1,144,837	\$ 1,144,837
Proposed Revenue Adjustments	-	45,702	141,044	243,914	355,014
<b>Other Operating Revenues</b>					
SDCWA Incentive	\$ 50,003	\$ -	\$ -	\$ -	\$ -
Sundry	5,000	5,000	5,000	5,000	5,000
<b>Subtotal Other Operating Revenues</b>	<b>\$ 55,003</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Non-Operating Revenue</b>					
1% Property Tax	\$ 55,000	\$ 55,275	\$ 55,551	\$ 55,829	\$ 56,108
Investment Earnings	2,326	1,500	2,217	2,687	3,629
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 57,326</b>	<b>\$ 56,775</b>	<b>\$ 57,769</b>	<b>\$ 58,516</b>	<b>\$ 59,738</b>
<b>Total Revenue</b>	<b>\$ 1,341,932</b>	<b>\$ 1,250,016</b>	<b>\$ 1,348,649</b>	<b>\$ 1,452,267</b>	<b>\$ 1,564,589</b>
<b>Operating Expenses</b>					
Labor Costs	\$ 125,066	\$ 188,184	\$ 197,593	\$ 207,473	\$ 217,847
Fringe Benefits	128,162	128,310	136,650	145,532	152,809
Services, Materials & Supplies	246,350	228,000	234,840	241,885	249,142
Allocated Administrative Expenses	63,534	64,654	67,171	69,802	72,270
<b>Total Operating Expenses</b>	<b>\$ 563,112</b>	<b>\$ 609,148</b>	<b>\$ 636,255</b>	<b>\$ 664,692</b>	<b>\$ 692,068</b>
<b>Net Operating Revenue</b>	<b>\$ 778,820</b>	<b>\$ 640,868</b>	<b>\$ 712,395</b>	<b>\$ 787,575</b>	<b>\$ 872,521</b>
<b>Debt Service</b>					
<b>Total Debt Service</b>	<b>\$ 553,724</b>	<b>\$ 553,724</b>	<b>\$ 553,724</b>	<b>\$ 553,724</b>	<b>\$ 553,724</b>
<b>Capital Expenditures</b>					
<b>Total Capital Expenditures</b>	<b>\$ 158,898</b>	<b>\$ 430,000</b>	<b>\$ 117,454</b>	<b>\$ 118,629</b>	<b>\$ 119,815</b>
<b>Total Expenditures</b>	<b>\$ 1,275,734</b>	<b>\$ 1,592,872</b>	<b>\$ 1,307,433</b>	<b>\$ 1,337,045</b>	<b>\$ 1,365,607</b>
Change in Net Position *	\$ 66,199	\$ (342,855)	\$ 41,217	\$ 115,222	\$ 198,982
Beginning Balances	\$ 625,626	\$ 691,825	\$ 348,969	\$ 390,186	\$ 505,408
Ending Balances	\$ 691,825	\$ 348,969	\$ 390,186	\$ 505,408	\$ 704,390

\*Change in net position is Total Revenues minus Total Expenditures..

Chart #3 - Recycled Water Fund Balances and Change in Target Level

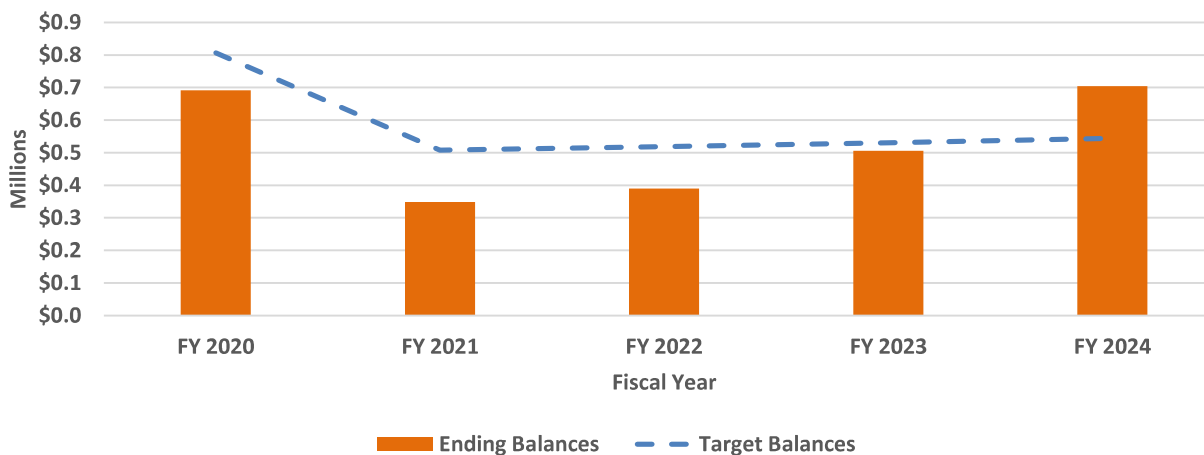




Table #5 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	FY 2009-10	FY 2010-11	FY 2011-12
<b>Changes in Net Position:</b>			
Operating Revenues	\$ 21,795,259	\$ 21,255,448	\$ 23,661,715
Operating Expenses	(24,347,069)	(24,175,989)	(26,140,572)
Other Operating Revenues	142,229	363,564	279,560
<b>Operating Income (loss)</b>	<b>\$ (2,409,581)</b>	<b>\$ (2,556,977)</b>	<b>\$ (2,199,297)</b>
<b>Non-Operating Revenues (expenses)</b>			
Property Taxes Ad-Valorem	\$ 1,602,551	\$ 1,549,625	\$ 1,552,911
Capital Improvement Charges	-	404,175	414,910
California Solar Initiative Rebate	-	-	534,835
Investment income	490,664	147,486	87,217
Water Availability Charges	201,397	200,944	200,906
Lease Revenue	215,154	184,983	177,095
Intergovernmental Revenue - Federal Interest Subsidy	-	-	-
Connection Fees	108,631	112,499	190,932
Federal Grants	-	-	-
Gain on Impairment	-	-	-
Other Non-Operating Revenues	748,834	102,704	109,261
Other Non-Operating Expenses	(276,937)	(508,849)	(294,462)
<b>Total Non-Operating Revenues(expenses), net</b>	<b>\$ 3,090,294</b>	<b>\$ 2,193,567</b>	<b>\$ 2,973,605</b>
<b>Net income Before Capital Contributions</b>	<b>\$ 680,713</b>	<b>\$ (363,410)</b>	<b>\$ 774,308</b>
Capital Contributions	211,782	3,094,483	273,825
Capital Grant - Proposition 50	-	-	338,331
Capital Grant - Proposition 84	-	-	-
Extraordinary Items	-	-	-
<b>Changes in Net Position</b>	<b>\$ 892,495</b>	<b>\$ 2,731,073</b>	<b>\$ 1,386,464</b>
<b>Net Assets</b>			
<b>Beginning, as restated</b>	<b>\$ 67,149,470</b>	<b>\$ 68,041,965</b>	<b>\$ 70,773,038</b>
Adjustments to restate balance	-	-	-
<b>Ending, as restated</b>	<b>\$ 68,041,965</b>	<b>\$ 70,773,038</b>	<b>\$ 72,159,502</b>

(1) Capital Grant of \$828,598 was received from State of California Wildlife Conservation Board Proposition 50 Funding.

(2) Accumulative effect of change in accounting principals.

(3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$68,428 was received.

Source: FPUD Finance Department

Table #5 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years, cont.

FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
\$ 27,582,160 (28,007,733) 439,560	\$ 28,955,183 (33,062,764) 681,876	\$ 27,483,881 (29,367,701) -	\$ 25,356,017 (27,921,351) -	\$ 27,256,065 (30,678,705) -	\$ 29,882,022 (33,319,799) -	\$ 26,944,550 (31,708,417) -
<b>\$ 13,987</b>	<b>\$ (3,425,705)</b>	<b>\$ (1,883,820)</b>	<b>\$ (2,565,334)</b>	<b>\$ (3,422,640)</b>	<b>\$ (3,437,777)</b>	<b>\$ (4,763,867)</b>
\$ 1,582,219 1,252,501 779,786 30,507 201,037 181,100 - 247,607 - - 81,008 (291,721)	\$ 1,694,090 1,981,822 843,714 209,175 200,779 183,641 - 118,581 - - 69,816 (344,730)	\$ 1,719,296 2,134,025 729,519 141,433 200,810 185,770 - 208,521 - - 162,913 (321,941)	\$ 1,815,734 2,224,529 740,125 324,126 200,808 185,220 185,040 131,894 - - 91,361 (690,409)	\$ 1,889,808 2,283,558 234,930 63,861 200,730 166,012 238,765 238,124 - - 32,729 (385,483)	\$ 1,984,543 2,476,452 - 18,188 229,400 178,602 145,338 411,744 - (273,396) - - (959,015)	\$ 2,106,034 2,505,876 - 915,275 204,359 199,433 134,924 180,966 - 9,338,297 - - (909,966)
<b>\$ 4,064,044</b>	<b>\$ 4,956,888</b>	<b>\$ 5,160,346</b>	<b>\$ 5,208,428</b>	<b>\$ 4,963,034</b>	<b>\$ 4,211,886</b>	<b>\$ 14,675,198</b>
<b>\$ 4,078,031</b> 595,205 - - -	<b>\$ 1,531,183</b> 76,746 828,598 <sup>(1)</sup> -	<b>\$ 3,276,526</b> 153,790 224,596 <sup>(1)</sup> -	<b>\$ 2,643,094</b> 75,299 874,040 <sup>(3)</sup> 682,428 -	<b>\$ 1,540,394</b> 59,509 773,163 - -	<b>\$ 774,109</b> 73,661 - 67,100 -	<b>\$ 9,911,331</b> 73,789 - - -
<b>\$ 4,673,236</b>	<b>\$ 2,436,527</b>	<b>\$ 3,65,912</b>	<b>\$ 4,274,861</b>	<b>\$ 2,373,066</b>	<b>\$ 914,870</b>	<b>\$ 9,985,120</b>
<b>\$ 72,159,502</b> (154,385)	<b>\$ 76,678,353</b> -	<b>\$ 79,114,880</b> (7,734,801) <sup>(2)</sup>	<b>\$ 75,034,991</b> -	<b>\$ 79,309,852</b> 3,485,519	<b>\$ 85,168,437</b> -	<b>\$ 86,083,307</b> -
<b>\$ 76,678,353</b>	<b>\$ 79,114,880</b>	<b>\$ 75,034,991</b>	<b>\$ 79,309,852</b>	<b>\$ 85,168,437</b>	<b>\$ 86,083,307</b>	<b>\$ 96,068,427</b>

Chart #1 - Operating Expenses by Activity

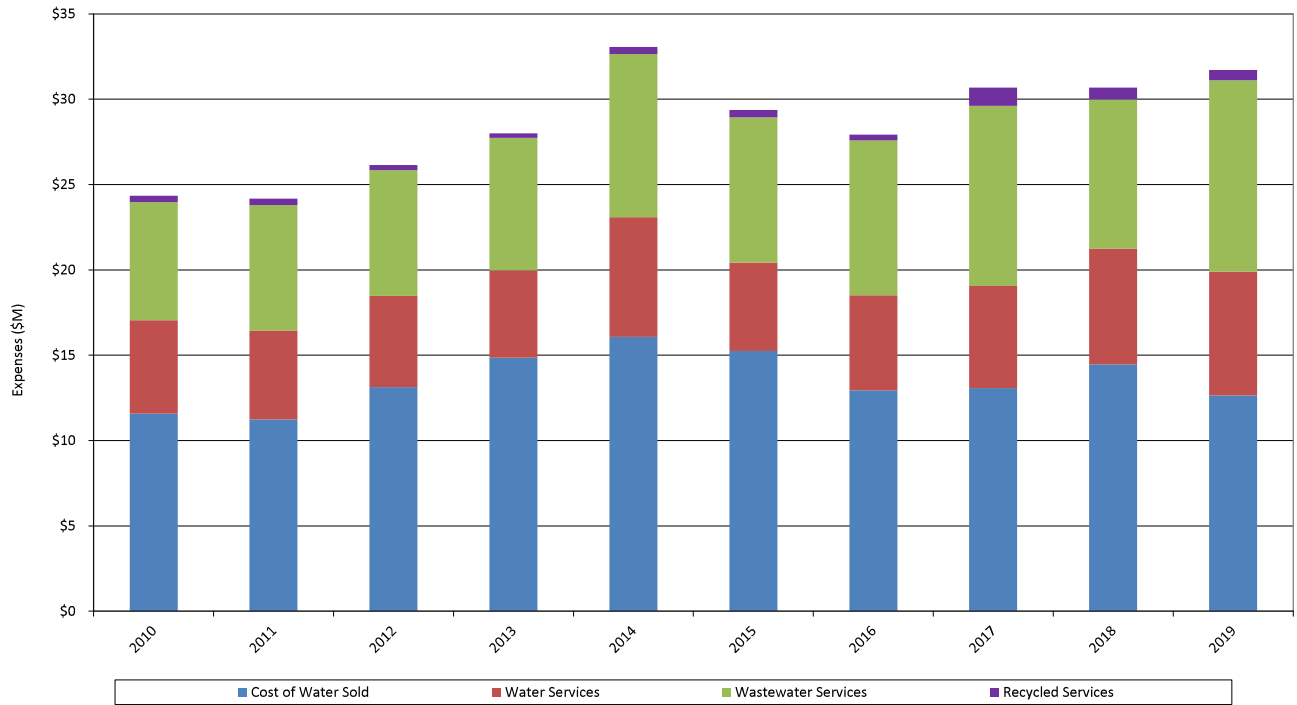


Chart #2 - Operating Revenues by Source

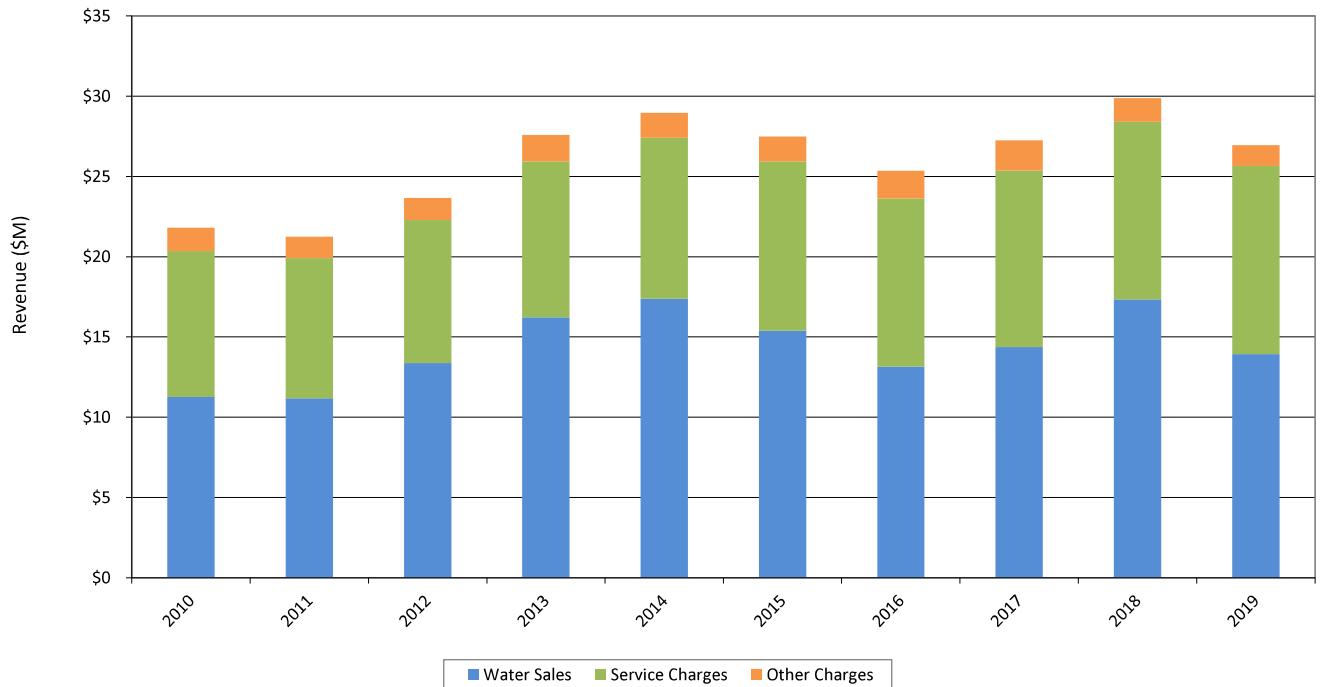
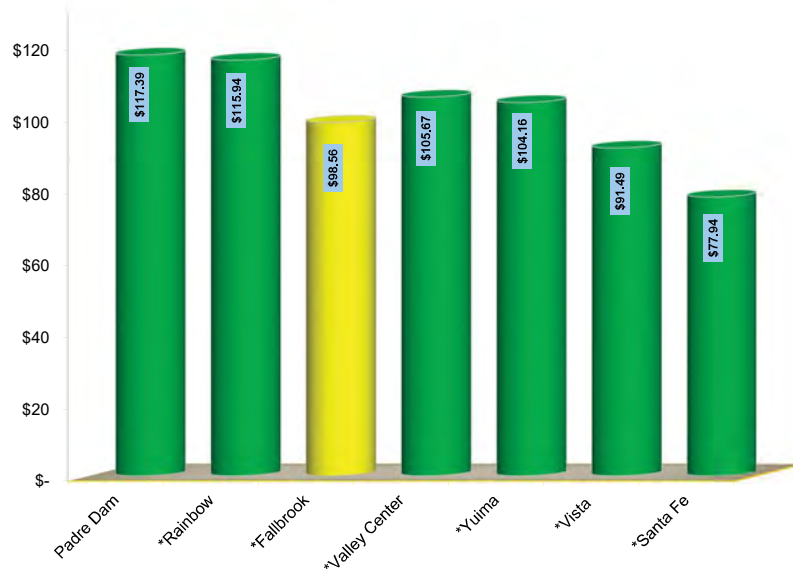
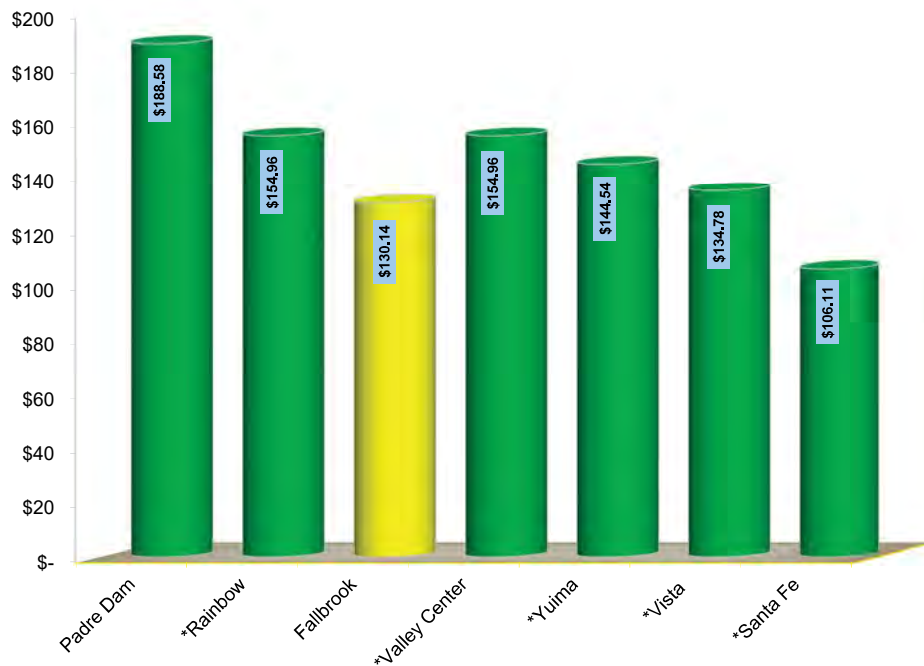


Chart #3 - Projected Water Bill for Fiscal Year 2020-21, Based on 11 HCF Water Use With a 3/4" Residential Meter \*



\*As of the time of the survey in May 2020, the member agency's FY 2021 rate increase was unavailable and an assumption was made that no rate increase will be implemented for FY 2021.

Chart #4 - Projected Water Bill for Fiscal Year 2020-21 Based on 20 HCF Water Use With a 3/4" Residential Meter \*



\*As of the time of the survey in May 2020, the member agency's FY 2021 rate increase was unavailable and an assumption was made that no rate increase will be implemented for FY 2021.

\* Figures based on data available for proposed Calendar Year 2020 rates. Final rates are subject to change.

Source: Otay Water District rate survey.

## Fallbrook Public Utility District 's Capitalization Policy

<b>FALLBROOK PUBLIC UTILITY DISTRICT</b>	<b>Standard Policy</b>		
	Drafted by:	CFO/General Manager	
	Original Date:	4-10-2018	
	Revision Date:		
Capital Policy	Review by department:	1 _____ 2 _____ 3 _____	4 _____ 5 _____ 6 _____
	Approved by:	General Manager	

**Purpose:**

*To identify standard process for establishing capital versus operating expenses and placing items in the operating and capital improvement budgets*

**Personnel:**

*Accounting and Supervisors*

**Policy:**

**General Policy**

*The capital policy is established to distinguish capital and operating expenses and placement of projects and items in the Operating or Capital Improvement Budget. Capital expenses are recorded as capital assets and a depreciation schedule is established for these assets. Capital expenses will generally be identified in the Capital Budget as part of the Capital Program (CIP), which identifies the District's capital projects. This budget includes large multi-year construction projects as well as acquisitions of capital equipment and materials. The operational budgets may also include some items that are capitalized based on the criteria identified below:*

**Definitions**

**Capital Budget:** *part of the annual budget adopted by the Board of Directors that identified all Capital Projects for a division including construction projects and acquisition of capital equipment.*

**Operating Budget:** *Part of the annual budget adopted by the Board of Directors that identifies all on-going annual operating costs for a division.*

**Construction Projects:** *Includes actual physical projects completed to build new facilities or rehabilitate existing facilities.*

**Plant Equipment:** *Includes actual physical equipment that may or may not be a part of a larger facility. May include mobile equipment utilized by that division.*

**Useful Life:** *The period of time it is anticipate that the piece of equipment would normally last before having to be replaced. The useful life of the equipment can be extended due to a significant rehabilitation project on the equipment.*

**Capital Projects**

A. *Construction Projects*

*All construction projects for construction of new facilities will be capitalized and included in the Capital Improvements Program. The costs to be capitalized include the costs of associated studies, design, construction, equipment, construction management, legal and administrative expenses. Construction projects related to rehabilitation of existing facilities will be capitalized if the project extends the useful life of the asset for three or more years and the cost of the project related to the asset exceeds \$5,000. Repairs to existing pipelines, valves, meters, etc. that maintain the existing service and repair a leak or failure and do not extending the life of the asset by three or more years and do not exceed \$5,000 are not capitalized. For example, repairing a leak with a leak repair coupling does not change the assets service life and will be expensed even if the project costs exceed \$5,000. If a valve is replaced or a full section of pipe is replaced and the value exceeds \$5,000 the project will be capitalized and the service life adjusted.*

**B. Plant Equipment**

*All Plant Equipment purchased with a value of \$5,000 or greater and a useful life of greater than three years will be capitalized. In general, these items will be included under the capital Improvement budget either as part of a larger capital improvement project or as an acquisition of capital equipment. Routine part replacement costs, such as air filters for the high efficiency blowers, are considered operating expense. Improvements to existing fixed assets may be capitalized and appear in the Capital Budget if they extend the useful life of the asset by three or more years and the cost of the improvement exceeds the \$5,000 threshold.*

**C. Office Equipment**

*Office equipment will be capitalized with a value of \$5,000 or greater and a useful life of greater than three years. Office equipment includes: Office furniture, cabinets, copiers, computer systems and other information technology system. This includes larger software system integrations including initial software costs and implementation costs. In general, these items will be included as a project in the Capital Improvement Program.*

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## Fallbrook Public Utility District 's Fund Balance Policy

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### 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

## Fallbrook Public Utility District 's Investment Policy

### Article 27. Investment Policy

#### Sec. 27.1 General.

The District's Investment Policy and practices of the District Treasurer are based on prudent money management principles and California Government Code, specifically Sections 53600 and 53630 et. seq.

27.1.1 Delegation of Authority. The Board of Directors delegates the investment authority of the District to the Treasurer under the supervision of the General Manager. The Treasurer shall deposit money under the Treasurer's supervision and control in such institutions and upon such terms as the laws of the State of California and the Board of Directors may permit.

The Treasurer may delegate day-to-day investment decision making and execution authority to an investment advisor. Eligible investment advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The advisor will follow the Policy and such other written instructions as are provided by the District.

27.1.2 Investment Objectives. The practices of this District will always comply with the legal authority and limitations placed on it by the governing legislative bodies. The implementation of these laws, allowing for the dynamics of the money markets, will be the focus of this Investment Policy. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the objectives of this District shall be:

1. The primary objective shall be to safeguard the principal of the funds under the Treasurer's control.
2. The secondary objective shall be to meet the liquidity needs of the District.
3. The third objective shall be to achieve a return on the funds under control of the Treasurer within the parameters of prudent risk management.

27.1.3 Prudent Investor Standard. The Board of Directors, General Manager, and Treasurer adhere to the guidance provided by the "prudent investor standard," California Government Code (Section 53600.3), which obligates a fiduciary to insure that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual

investments as part of an overall strategy, investments may be acquired as authorized by law.”

Sec. 27.2 Treasurer’s Annual Statement of Investment Policy.

The following is the District’s annual statement of investment policy rendered pursuant to Section 53646 (a) of the Government Code:

27.2.1 Security of Principal Policy. The policy issues directed to protecting the District are:

- a) Limiting exposure to each type of security.
- b) Limiting exposure to each issue and issuer of debt.
- c) Determining the minimum credit requirement for each type of security at the time of purchase.

27.2.2 Liquidity Policy. The policy issues directed to provide necessary liquidity are:

- a) Limiting the length of maturity for securities in the portfolio.
- b) Limiting exposure to illiquid securities.

27.2.3 Return Policy. The policy issues directed to achieving a return are:

- a) Attaining a market rate of return taking into account the investment risk constraints and liquidity needs.
- b) Return is of least importance compared to the safety and liquidity policies described above.
- c) Majority of the investments shall be limited to low risk securities in anticipation of earning a fair return relative to the risk being taken.
- d) The performance of the portfolio shall be compared to an industry benchmark established by the Fiscal Policy and Insurance Committee and shall be reported quarterly. The Fiscal Policy and Insurance Committee shall review the performance benchmark on an annual basis to ensure that it remains appropriate for the District’s investment objectives. The Fiscal Policy and Insurance Committee will bring any recommended changes to the industry benchmark to the Board for approval.

27.2.4 Maturity Policy. The maximum maturity allowed by the California Government Code is five (5) years with shorter limitations specified for specific types of securities. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year maturity limit. Such approval must be issued no less than three (3) months prior to the purchase of any security exceeding the five-year maturity limit.

27.2.5 Prohibited Securities. The California Government Code does not authorize a local agency to invest in any of the following derivative notes:

- a) Inverse Floater
- b) Range Notes
- c) Interest-only strips derived from a pool of mortgages
- d) Any security that could result in zero interest accrual

Sec. 27.3 Internal Controls.

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed benefits likely to be derived; and, 2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Treasurer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

Control of Collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

Separation of Transaction Authority from Accounting and Record Keeping: By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.

Custodial Safekeeping: Securities purchased from any bank or dealer including appropriate collateral (as defined by Government Code) shall be placed with an independent third party for custodial safekeeping.

Avoidance of Physical Delivery Securities: Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

Clear Delegation of Authority to Subordinate Staff Members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

Written Confirmation of Telephone Transactions for Investments and/or Wire Transfers: Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.

Development of a Wire Transfer Agreement with the Lead Bank or Third Party

Custodian: This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

Sec. 27.4 Permissible Investments.

Where this Policy specifies a percentage limitation for a particular security type, that percentage is applicable only on the date of purchase. Credit criteria listed in this Policy refers to the credit rating at the time the security is purchased. If an investment advisor is used and an investment's credit rating falls below the minimum rating required at the time of purchase, the investment advisor will immediately notify the Treasurer. The securities shall be reviewed and a plan of action shall be recommended by the Treasurer or investment advisor. The course of action to be followed will be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further drop, and market price of the security. The Fiscal Policy and Insurance Committee will be advised of the situation and intended course of action by e-mail or fax.

The District will limit investments in any one non-government issuer, except investment pools and money market funds, to no more than 5% regardless of security type.

Government Code 53601 addresses permissible investments. These investment categories are:

27.4.1 Government Obligations. Two categories of Government Obligations, U.S. Treasury and Agency obligations may be invested. Both are issued at the federal level. U.S. Treasury obligations are United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. Agency obligations are federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises..

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is unlimited.

- 1) Treasury: Unlimited.
- 2) Agencies: Unlimited. No more than 75% of the portfolio value shall be invested in any single issuer.

Minimum Credit Requirement: None.



27.4.2 Banker's Acceptance. This is a draft or bill of exchange, accepted by a bank or trust company and brokered to investors in a secondary market. The purpose of the banker's acceptance (BA) is to facilitate trade and provide liquidity to the import-export markets. Acceptances are collateralized by the pledge of documents such as invoices, trust receipts, and other documents evidencing ownership and insurance of the goods financed.

Maximum Maturity: The maximum maturity of an issue shall be 180 days.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%.

Minimum Credit Requirement: "A-1" or equivalent by a nationally recognized statistical rating organization (NRSRO)

27.4.3 Commercial Paper. These are short-term, unsecured, promissory notes issued by firms in the open market. Commercial paper (CP) is generally backed by a bank credit facility, guarantee/bond of indemnity, or some other support agreement. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:

- a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A", the equivalent or higher by a NRSRO.
- b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Maximum Maturity: The maximum maturity of an issue shall be 270 days.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.

Minimum Credit Requirements: "A-1", the equivalent or higher by a NRSRO.

27.4.4 Medium-Term Notes. Corporate and depository institution debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the U.S. (or any state) and operating within the U.S.

Maximum Maturity: The maximum maturity of an issue shall be 5 years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 30%.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher by a NRSRO

27.4.5 Repurchase Agreements. A repurchase agreement (RP) consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the District), the other is the commitment by the seller (i.e., a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Maximum Maturity: The maximum maturity of repurchase agreements shall be up to one year.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 10%.

Minimum Credit Requirements: None

27.4.6 Negotiable Certificates of Deposit. Certificates of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.

Maximum Maturity: The maximum maturity of an issue shall be five (5) years.

Maximum Exposure to Portfolio: The maximum exposure to the portfolio for this category shall be 30%.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for CDs issued with a long-term rating and “A-1” or higher for CDs issued with a short-term rating or their equivalents by a NRSRO.

27.4.7 State Local Agency Investment Fund (LAIF). There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the State Local Agency Investment Fund.

27.4.8 San Diego County Treasurer’s Fund. There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the County Treasurer.

27.4.9 Passbook and Money Market Savings Accounts. Savings accounts and/or money market accounts shall be maintained for monies that are needed on a day-to-day basis.

27.4.10 State Obligations / State of California and Other States. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 27.4.10 and 27.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO .

27.4.11 California Local Agency Obligations. Bonds, notes warrants or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 27.4.10 and 27.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO.

27.4.12 Joint Powers Authority Pool. The investment with a Joint Powers Authority Pool is mandated by that pool. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with

the Securities and Exchange Commission; (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive; and (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is unlimited.

Minimum Credit Requirement: None.

27.4.13 Money Market Mutual Funds.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.

A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.

27.4.14 Mortgage Pass-Through Securities and Asset-Backed Securities. A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: Rated in a rating category of “AA”, the equivalent or higher by a NRSRO.

27.4.15 Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 30%.

Minimum Credit Requirements: Rated in a rating category of “AA”, the equivalent or higher by a NRSRO.

Approval: Investments in supranational securities may only be made with prior approval of the Fiscal Policy and Insurance Committee.

Sec. 27.5      Maturity/Limit of Investments.

With the exception of U.S. Treasury and Federal Agency securities, the maturity of a give investment will not exceed five (5) years, without prior board approval per Section 27.2.4.

Sec. 27.6      Reporting Requirements.

The Treasurer shall prepare a quarterly investment report to the Board of Directors that provides an overview of the District’s investments and lists the investment transactions for the period. The report shall also (1) state the compliance of the portfolio with the statement of investment policy, or the manner in which the portfolio is not in compliance, and (2) the report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The Treasurer shall also provide the Board a summary report of investments on a monthly basis.

A subsidiary ledger of investments may be used in the report in accordance with accepted accounting practices.

In the event that an investment originally purchased within policy guidelines is downgraded by any one of the credit rating agencies, the Treasurer shall report it at the next regular scheduled meeting of the Board.

ARTICLE 27
Revised in its entirety: 2/94
Adopted in current form: 1/96, 1/97, 1/98, 1/99
Sec. 27.2.4 – Rev. 1/00
Adopted in current form: 1/01
Sec. 27.4.7 – Rev. 10/01
Sec. 27.6 – Rev. 1/03
Sec. 27.2.4 – Rev. 1/07
Sec. 27.4.4 – Rev. 3/07
Secs. 27.2.3, 27.4.1(2), 27.4.2, 27.4.3, 27.4.4, & 27.4.6 – Rev. 9/07
Sec. 27.2.1 – Rev. 1/10
Secs. 27.4.10-12 – Rev. 1/12
Secs. 27.2.4, 27.2.5, 27.4.5, 27.4.6, 27.4.7, 27.4.10, 27.4.11, 27.4.13, 27.4.14, 27.5 – Rev. 2/13
Secs. 27.4.6, 27.4.11 – Rev. 1/14
Secs. 27.1, 27.1.1, Attachment A – Rev. 3/15
Secs. 27.1, 27.1.1, 27.1.2, 27.1.3, 27.2, 27.2.3, 27.2.4, 27.3, 27.4, 27.4.1, 27.4.2, 27.4.3, 27.4.4, 27.4.6, 27.4.10, 27.4.11, 27.4.12, 27.4.13, 27.4.14, 27.4.15, 27.5 – Rev. 2/16
Secs. 27.2.4, 27.4, 27.4.3, 27.4.4, 27.4.6, 27.4.10, 27.4.11, 27.4.14, 27.4.15 – Rev. 3/17
Sec. 27.2.3 – Rev. 6/18
Sec. 27.6 – Rev. 7/18
Sec. 27.4.14 – Rev. 2/19

27-10

RESOLUTION NO. 4998

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT APPROVING AND ESTABLISHING THE DISTRICT'S FISCAL YEAR 2020-21 BUDGET FOR OPERATIONS, MAINTENANCE, WATER PURCHASES, CAPITAL IMPROVEMENTS, EQUIPMENT, AND DEBT SERVICE AND APPROPRIATING \$70,711,170 CONSISTENT WITH THE APPROVED BUDGET

\* \* \* \* \*

WHEREAS, the Fiscal Policy and Insurance Committee has reviewed and considered the Recommended Fiscal Year 2020-21 Budget during publicly noticed meetings on April 22, 2020 and May 26, 2020; and

WHEREAS, the Board has reviewed and considered the Recommended Fiscal Year 2020-21 Budget during a publicly noticed meeting on June 22, 2020;

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

- 1. The District's Fiscal Year 2020-21 Budget, as presented to the Board of Directors at the publicly noticed meeting on June 22, 2020, is hereby approved.
- 2. Expenditure under the District's approved Fiscal Year 2020-21 Budget is hereby appropriated as follows:

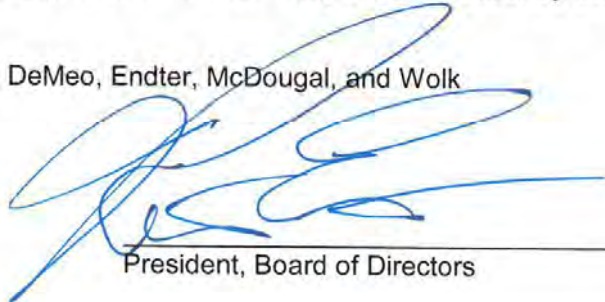
For administration, operations, and maintenance:.....	\$13,457,534
For water purchases: .....	\$14,012,905
For PAYGO capital improvements, and equipment: .....	\$ 7,221,750
For Santa Margarita Conjunctive Use Project capital improvements: .....	\$31,900,000
For Revenue Bonds, State Revolving Fund, and interest and principal: .....	\$ 3,563,049
	_____
TOTAL.....	<u>\$70,155,238</u>



- 3. Expenditure of appropriated funds shall be consistent with the approved Budget. Except as provided in this Resolution, no increases or decreases to the Budget shall occur except upon prior approval by the Board.
- 4. Notwithstanding the total appropriations, set forth herein, the General Manager is authorized subject only to the total appropriations to exceed the expenditure amount designated in the approved Budget for water purchases to meet the District's water demands.
- 5. The annual Liquidity Fund Level target for Fiscal Year 2020-21 is kept at the current level of \$3.7 million and no draws from the District's long-term investment portfolio is planned.
- 6. A draw of \$153,009 from the District's long-term investments is planned, and any unanticipated draws will go to the Board for approval.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22<sup>nd</sup> day of June, 2020, by the following vote:

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



\_\_\_\_\_  
 President, Board of Directors

ATTEST:  
  
 \_\_\_\_\_  
 Secretary, Board of Directors

## District's Pension Benefits

The District participates in CalPERS and has two benefit tiers. The Classic employees are eligible to receive 2.5% of their single highest annual salary for each year of service at the age of 55. An employee hired after January 1, 2013, and is new to CalPERS, or those that have had a break in service of more than six-months fall under the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA employees are eligible to receive 2.0% of the highest three-year average annual salary for each year of service at the age of 62. Both Classic and PEPRA employees are potentially subject to salary maximums when determining their benefit.

### CalPERS Unfunded Actuarial Accrued Liability (UAAL):

The AUL is portion of the pension liability that has been earned but has not been fully funded. The liability is estimated by an actuary based upon many different underlying assumptions. CalPERS amortizes these existing liabilities over a 30-year period. The payment schedule for the Unfunded Liability is shown below for both Classic and PEPRA. The District's net pension liability in Fiscal Year 2017-18 was \$14.1 million. In Fiscal Year 2017-18, the latest CalPERS valuation date, the District's pension liability was 72.6% funded for Classic employees and 91.6% funded for PEPRA employees.

Fiscal Year Ending (6/30)	Classic	PEPRA	Total
FY 2018-19	\$ 730,148	\$ 534	\$ 730,682
FY 2019-20	888,000	1,300	889,300
FY 2020-21	1,013,000	2,800	1,015,800
FY 2021-22	1,159,000	4,300	1,163,300
FY 2022-23	1,269,000	5,900	1,274,900
FY 2023-24	1,361,000	7,100	1,368,100
FY 2024-25	1,439,000	8,000	1,447,000

### Current Normal Cost

The Normal Cost Rate (NCR) is the percentage of payroll that is contributed to CalPERS to pay for the benefit earned by employees in the current year. This rate is expressed as a percent of payroll. The NCR for Classic employees for Fiscal Year 2020-21 is 13.146% of payroll, which is up from the Fiscal Year 2019-20 is 12.142%. The NCR for PEPRA employees is 7.874% of payroll in Fiscal Year 2020-21 and was 7.072% in Fiscal Year 2019-20.

## District's 115 Pension Trust

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As part of the District's commitment to fiscal sustainability, a Section 115 Pension Trust has been established. The trust holds assets pledged to pay for future pension related expenses. The Trust as of April 30 held \$5.98 million.

## District's Other Post-Employment Benefits (OPEB)

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The District provides a retiree healthcare benefit to employees who have ten years of service and are 50 or older. Under the OPEB benefit the District pays for half of the employees' health insurance premium until the beneficiary is 65-years old. The employee must contribute the other half of the insurance premium. The District has established the Section 115 Pension and OPEB Trust Fund (See Fund Structure Section) to fund the District's OPEB liabilities. The District's OPEB liability is 96.6% funded based upon an actuarial valuation report as of June 30, 2020. Based upon planned contributions to the OPEB Trust Fund, the District expects to fully fund the OPEB liability over the next 3 years. As of April 30, 2020, the OPEB Trust Fund held \$986,761.

**M E M O**

**TO:** Board of Directors  
**FROM:** Noelle Denke, Public Affairs Specialist  
**DATE:** July 27, 2020  
**SUBJECT:** Review of Customer Service Survey

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Purpose

For Board to review the results of the District's Customer Service Survey.

Summary

To give customers a chance to voice their opinion on our service, we implemented a customer service survey. It is on the home page of our website, at the top of the page. Hard copies are in the receptionist area. It was also publicized on the bills.

While feedback has been minimal, all feedback has been good, complimenting our employees for service that goes above-and-beyond. Below are four surveys that named actual employees.

## Faye

1. **Date of service:** 05/15/2020

2. **Which department did you contact for information or service?:** Customer Service

3. **Name of FPUD employee if available:** Ms. Faye

4. **Please describe the type of information or assistance you requested and received::**

She helped me find out how to set up a future account when escrow closes. Found out my gas and electric provider's number. Plus gave me the trash number!!!!!!

5. **Did you find our employee courteous and professional?:** Exceeded your expectations

**Additional comments::**

She was an Angel sent from heaven! She was very sweet and spoke slow when I was writing down information. You are very blessed to have Ms. Faye as apart of your team!, She went above and beyond giving me information, plus our conversation was short and sweet!, Yes she did!!!, If this was a 1-10 situation she is a 20!

6. **Was our employee well informed and did he/she understand your request or concern?:** Exceeded your expectations

7. **Did our employee respond promptly to your request for information or assistance?:** Exceeded your expectations

8. **Overall, how would you rate your service experience?:** Exceeded your expectations

9. **How could our service be improved? Do you have any additional comments?:**

If Ms. Faye answers everyone, no improvement needed. Seriously she is the BEST! Finding other providers has been hard so far and she gave me 3 contacts in one call.

**If you would like us to contact you about your comments, please give us your name, email or phone number, and FPUD account number, if known.:**

I am not a current customer but my name is Brandi.



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## Mavis

1. **Date of service:** June 26, 2019

2. **Which department did you contact for information or service?:** Customer Service

3. **Name of FPUD employee if available:** Mavis

4. **Please describe the type of information or assistance you requested and received::**

Leak adjustment request form and domestic sewer appeal form

5. **Did you find our employee courteous and professional?:** Exceeded your expectations

**Additional comments::**

She was amazing!, Yes! She explained how we charge for sewer, how to save in the future, and helped file a leak adjustment and sewer appeal. ,

6. **Was our employee well informed and did he/she understand your request or concern?:** Exceeded your expectations

7. **Did our employee respond promptly to your request for information or assistance?:** Exceeded your expectations

8. **Overall, how would you rate your service experience?:** Exceeded your expectations

9. **How could our service be improved? Do you have any additional comments?:**

**If you would like us to contact you about your comments, please give us your name, email or phone number, and FPUD account number, if known.:**

015123-000

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## Owini

1. **Date of service:** Sept 9

2. **Which department did you contact for information or service?:** Water Operations

3. **Name of FPUD employee if available:** Owini

4. **Please describe the type of information or assistance you requested and received::** Solar plant clean up

5. **Did you find our employee courteous and professional?:** Exceeded your expectations

**Additional comments::** He is always a pleasure to work with, pays attention to the concerns of the neighborhood, , ,

6. **Was our employee well informed and did he/she understand your request or concern?:** Exceeded your expectations

7. **Did our employee respond promptly to your request for information or assistance?:** Exceeded your expectations

8. **Overall, how would you rate your service experience?:** Exceeded your expectations

9. **How could our service be improved? Do you have any additional comments?:**

Reduce my bill costs, reduce salaries/wages equal to other water districts

**If you would like us to contact you about your comments, please give us your name, email or phone number, and FPUD account number, if known.:**



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## Noelle

1. **Date of service:** 6/7

2. **Which department did you contact for information or service?:** Customer Service

3. **Name of FPUD employee if available:** Noelle

4. **Please describe the type of information or assistance you requested and received::** Public Outreach

5. **Did you find our employee courteous and professional?:** Exceeded your expectations

**Additional comments::** Great experience, thank you, Great organization, thank you for your service, I like your web site, N/A

6. **Was our employee well informed and did he/she understand your request or concern?:** Exceeded your expectations

7. **Did our employee respond promptly to your request for information or assistance?:** Exceeded your expectations

8. **Overall, how would you rate your service experience?:** Exceeded your expectations

9. **How could our service be improved? Do you have any additional comments?:** No, thank you

**If you would like us to contact you about your comments, please give us your name, email or phone number, and FPUD account number, if known.:**

760-274-3552





## M E M O

**TO:** Board of Directors  
**FROM:** Engineering and Operations Committee  
**DATE:** July 27, 2020  
**SUBJECT:** Overland Trail Lift Station Rehabilitation Project Change Order

---

Description

Per Administrative Code Section 14.13, request for Board authorization to approve contract amendments for up to 10% of the contract value for the Overland Trail Lift Station Rehabilitation Project (OTLS).

Purpose

As part of the District's capital improvement program, the District is improving the reliability of the sewer collections system through strategic rehabilitation of existing infrastructure. This project was awarded to Pacific Hydrotech in December 2019 with a contract value of \$2,490,150. The work consists of the rehabilitation of the existing Overland Trail Lift Station and the demolition of the Anthony's Corner Lift Station. The capacity at Overland Trail will be increased to handle flows currently handled at Anthony's corner, which will enable the two existing lift stations to be consolidated into a single lift station. The rehabilitation generally includes replacement of pumps, electrical and controls equipment, and backup generator, expansion of the existing wet well, and modifications to the existing controls building. The facilities were originally built in the early 1960's and have been modified and repurposed multiple times since then, which has resulted in a congested site with unforeseen field conditions. To address some of these changed conditions, an initial change order was processed on May 18, 2020 for a total value of \$13,182.48. Since that time, \$40,845.87 of additional cost due to changes has occurred. These changes have been captured in two change orders, both attached as exhibits. To date, the project is approximately 35% complete. Going forward, it is anticipated that additional conflicts will be encountered in the field, which will require authorization to approve additional change orders. Section 14.13 of the Administrative Code states:

*The General Manager may request approval authority from the Board to issue contract amendments for up to 10% of the total contract value for specific projects with an initial contract value of greater than \$45,000.*

This provision is intended for projects like OTLS where the contractor is likely to encounter extensive unforeseen conditions. With this authorization, change orders within the set limit can be processed by staff on a more timely basis.

Budgetary Impact

No budgetary impact is anticipated. The total approved construction budget for the project is \$3,000,000. Total additional costs due to changed conditions encountered to date are approximately \$54,000 or 2.2% of the contract value. Total changes are anticipated to be less than 4% (approximately \$100,000) at project completion. Including these additional costs, the project is expected to be completed within budget.

Construction Contract Value	\$2,490,150
Change Order 1	\$13,182.48
Change Order 2	\$40,845.87
Total (as of 7/1/2020)	\$2,544,178.35

Recommended Action

That the Board:

1. Approve of Change Order 1 for \$13,182.48 – see attached exhibit
2. Approve of Change Order 2 for \$40,845.87 – see attached exhibit
3. Authorize the General Manager with approval authority to issue additional contract amendments as needed up to 10% of the total contract value for the Overland Trail Lift Station Rehabilitation Project.

## M E M O

**TO:** Board of Directors  
**FROM:** Steve Stone, Field Services Manager  
**DATE:** July 27, 2020  
**SUBJECT:** AMI Meter Service Replacement Program

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Purpose

To inform the Board of Directors of a request to purchase required meters and associated equipment to complete the transition for existing drive by radio read Automatic Meter Reading (AMR) meters to fixed network Advanced Metering Infrastructure (AMI) meters that allow real time tracking and monitoring of water use.

Summary

In July 2015 the Board approved starting a 5 year program to replace existing drive-by Automatic Meter Reading (AMR) meters and associated radio based endpoints (ERT) that are exceeding their reliable lifespan and recommended replacement frequency with Advanced Metering Infrastructure (AMI) meters that allow for real time tracking. The replacement of these meters ensures that the District continues to have accurate readings of water usage by customers and also allows the District to utilize newer meter technology with real time tracking, which will provide additional tools to customers along with the implementation of Water Smart software to track water use and identify leaks.

Meter Replacement

In 2002, the District purchased Hersey Water Meters with Itron Encoder Receiver Transmitter (ERTs). Upon installation of the new meters and ERTs, the meter reading system was converted to a drive-by system. The drive-by system provided the District with more accurate reads and reduced the amount of staff needed to collect meter reads.

The District budget includes costs to transition from the drive-by meters to a real time fixed network for the vast majority of District customers over by the end of Fiscal Year 2020/21. Currently 7,780 meters out of 9,267 have been replaced or 84 percent. Meter inventory is low and it is necessary to get new meters ordered to maintain the schedule to complete the replacement by 2020/21. The meter replacement is being done using District staff. Staff is working with Itron and Water Smart in order to bring customers with the new meters on-line with real time tracking and monitoring.

The District conducted testing and surveyed other agencies and determined the badger meters with Itron ERTs are the best solution for the District. The District worked with the manufacturers to ensure the pricing was competitive compared to other meter systems and other Districts' pricing. The proposed pricing for the meters, ERTs and associated

fixed network infrastructure is attached – these items are proprietary to these vendors and cannot be sourced from any other supplier.

#### Budgetary Impact

\$675,000 was budgeted for Meter Replacement CIP in FY 20-21.

The total cost of materials requesting to be purchased for the FY 20-21 is \$532,088.90. This would leave an available balance of \$142,911.10 for labor.

FPUD staff anticipates remaining within budget for Meter Replacement CIP in FY 20-21.

#### Recommended Action

FPUD staff recommends the Board approve the purchase of Badger meters (National Meter and Automation Inc.) per attached for \$320,785 and Inland Water Works Supply Co. for 100W ERTs and Antennas per attached for \$173,730.50 for a total of \$532,088.90 (including sales tax) in order to replace existing drive-by radio read meters that have reached the end of their useful life with fixed network AMI meters that will provide additional real time water usage monitoring tools for the District customers.

NATIONAL METER AND INLAND ORDER				NATIONAL METER AND INLAND ORDER			
QUOTE PRICES GOOD UNTIL				QUOTE PRICES GOOD UNTIL			
QTY	PRODUCT DESCRIPTION	UNIT PRICE	AMOUNT	QTY	PRODUCT DESCRIPTION	UNIT PRICE	AMOUNT
875	Badger Meter M-35 3/4" x 7.5" NSF 61 Brz, Brz Bttm, SS Thrust Roller, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$181.00	\$158,375.00	7	Badger LF1000 4" Bronze Turbo Meter w/Test Plug, Badger M1000 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons	\$1,398.00	\$9,786.00
282	Badger Meter M-55 1" x 10.75" NSF 61 Brz, Brz Bttm, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$238.00	\$67,116.00		Badger LF1000 4" Bronze Turbo Meter w/Test Plug, Badger M1000 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons <b>(RECYCLE)</b>	\$1,456.00	\$0.00
100	Badger Meter M-120 1.5" x 13" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$475.00	\$47,500.00	4	Badger LF2000 6" Bronze Turbo Meter w/Test Plug, Badger M2000 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons	\$3,301.00	\$13,204.00
24	Badger Meter M-170 2" x 17" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$654.00	\$15,696.00		Badger LF2000 6" Bronze Turbo Meter w/Test Plug, Badger M2000 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons <b>(RECYCLE)</b>	\$3,359.00	\$0.00
	Badger Meter T-160 1.5" x 13" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$764.00	\$0.00		Price Adder for Reclaim Option On All Turbo Series Meter Configurations	\$58.00	\$0.00
	Badger Meter T-160 1.5" x 13" NSF 61 Brz, Elliptical Long Drilled, w/Built-In Strainer, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$929.00	\$0.00	1301	Itron 100W + ERT- Water Endpoint Radio	\$80.50	\$104,730.50
	Badger Meter T-200 2" x 10" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$860.00	\$0.00	1301	Antenna	\$45.00	\$58,545.00
	Badger Meter T-200 2" x 17" NSF 61 Brz, Elliptical Long Drilled, w/Built-In Strainer, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$1,040.00	\$0.00	1301	Gopher Wire	\$7.50	\$9,757.50
9	Badger Meter T-450 3"x 12" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead	\$1,012.00	\$9,108.00				
	Badger Meter T-450 3"x 12" NSF 61 Brz, Elliptical Long Drilled, w/Test Plug, Less Connections, HRE 8 Encoder US Gallons, PL Lid & Shroud, Keyed Seal Screw, Itron ILC w/Cable Armor, 5' Lead <b>(RECYCLE)</b>	\$1,070.00	\$0.00				
					Total Meters	SUBTOTAL	\$493,818.00
		TOTAL METERS	1297			SALES TAX	\$38,270.90
						TOTAL	\$532,088.90

## M E M O

**TO:** Board of Directors  
**FROM:** Steve Stone, Field Services Manager  
**DATE:** July 27, 2020  
**SUBJECT:** Backflow Device Replacement Program

---

### Purpose

To inform the Board of Directors of a request to purchase required backflow devices and associated equipment to complete some necessary replacements and improvements to the District's backflow program.

### Summary

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. FPUD staff has recently recognized the need to rehabilitate a significant number of the ageing backflow protection devices. FPUD is also working closely with the State Water Resources Control Board – Division of Drinking Water in improving FPUD's backflow prevention program. FPUD staff has begun a comprehensive audit of properties.

### Budgetary Impact

\$500,000 was budgeted for Valve Replacement CIP in FY 20-21. FPUD staff recommends reallocating 200,000\$ of this budget to the Backflow Device Replacement program. Since staff and costs will be re-allocated from the valve program to installing backflow devices there will be no net budget impact, resources will be re-allocated in the initial months of the Fiscal Year to the backflow program. Due to on-going COVID-19 concerns it also allows staff to work in smaller groups or independently on the backflow program instead of larger valve replacement projects.

The cost of the initial materials requested to be purchased for the FY 20-21 is \$109,892.93. Property audits may present further costs not recognized at this time. The remaining balance of \$90,107.07 would be used for labor and additional devices.

### Recommended Action

FPUD staff recommends the Board approve the purchase of (40) ¾" (140) 1" (60) 1 ½" and (20) 2" backflow devices per attached for \$109,892.93 (including sales tax).

<b>Back Flow Device Order</b>			
<b>QTY</b>	<b>PRODUCT DESCRIPTION</b>	<b>UNIT PRICE</b>	<b>AMOUNT</b>
40	3/4" RP 975 XL2 Leadfree	\$298.40	\$11,936.00
140	1" RP 975 XL2 Leadfree	\$315.45	\$44,163.00
60	1.5" RP 975 XL2 Leadfree	\$560.90	\$33,654.00
20	2" RP 975 XL2 Leadfree	\$611.79	\$12,235.80
		<b>SUBTOTAL</b>	<b>\$101,988.80</b>
		<b>SALES TAX</b>	<b>\$7,904.13</b>
		<b>TOTAL</b>	<b>\$109,892.93</b>



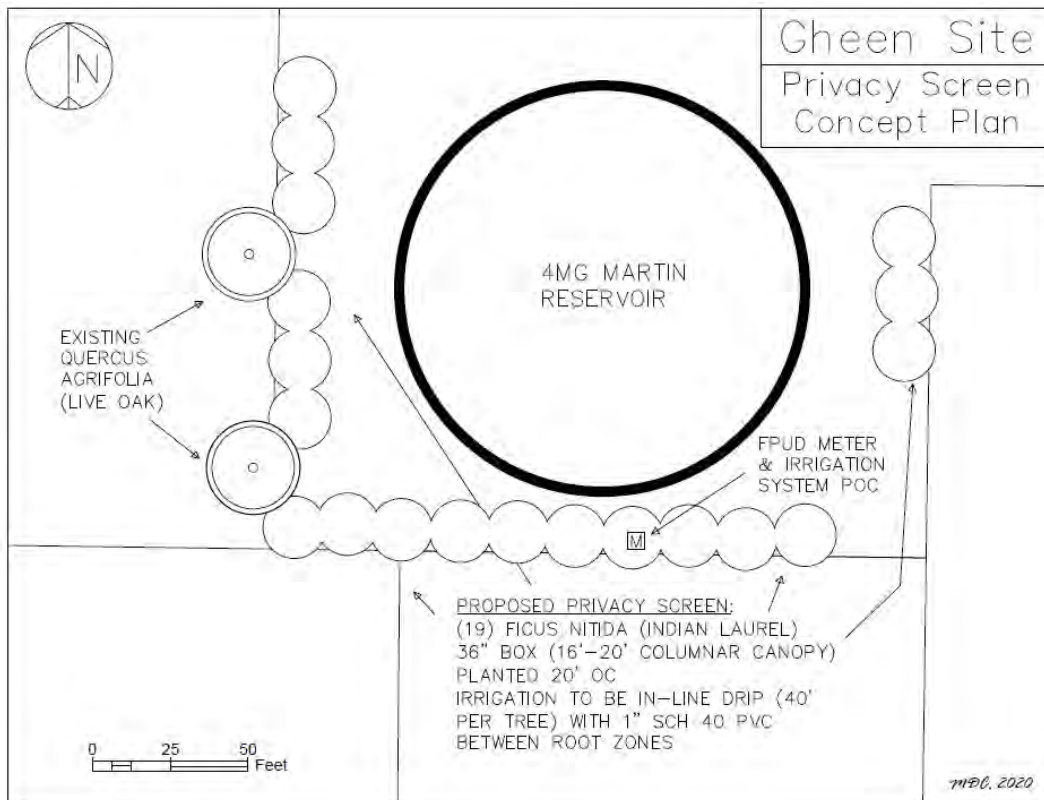
MEMO

**TO:** Board of Directors  
**FROM:** Aaron Cook, Senior Engineer  
**DATE:** July 27, 2020  
**SUBJECT:** Additional Site Improvements at Martin Tank Site to Address Residents' Concerns

Description

As part of the construction of the Santa Margarita Conjunctive Use Project, the existing Martin Tank was replaced with a larger tank to allow balancing flows within the water distribution system. The construction of the new Martin Tank at the Gheen Site off of East Mission Rd has led to concerns from residents about the prominence and visibility of the new larger tank. The Board directed staff to work with the neighbors at the June 2020 Board meeting to develop a landscaping plan and select a single paint color of their choosing to address their concerns. After several meetings and discussions with the affected neighbors, field visits to local sites with effective screen tree installations, District staff assembled a proposal to install a privacy screen comprised of large specimen trees with a dense canopy, as shown below.

In addition, two paint colors were selected by the residents and the contractor will paint a sample of both on the tank so that the residents can make the final selection.



### Budget Impact

The cost of a tree privacy screen was not budgeted in the project. It may be possible to include the cost in the SRF loan request, but it is unclear if State would accept the costs within the project eligible costs. If the costs cannot be reimbursed by the loan, then the funding would need to come from the water PAYGO capital budget. Staff can identify opportunities to reduce the total PAYGO capital expenditures to stay within the Board authorized amount. The estimated cost of these improvements is:

1. (19) large specimen trees: \$34,600
2. Irrigation & installation costs: \$4,374

### Recommended Action

That the Board authorize staff to expend up to \$45,000 for additional landscaping improvements to address residents' concerns about the visual impacts of the new Martin Tank constructed as part of the SMRCUP project.

**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, General Manager  
**DATE:** July 27, 2020  
**SUBJECT:** Consider Letter of Support for Fallbrook Beautification Alliance Grant Application

---

Purpose

To consider sending a letter in support of the Fallbrook Beautification Alliance's application for grant funds from the American Society of Landscape Architects.

Summary

The Fallbrook Beautification Alliance is applying for a \$5,000 grant from the American Society of Landscape Architects (ASLA) to improve the S. Mission Medians, which it maintains. The application requires two letters of support from community organizations indicating the project's success and benefit to the environment and community.

The proposed letter is attached.

Budgetary Impact

There is no budgetary impact

Recommended Action

Staff supports the Board's decision.



990 East Mission Road  
Fallbrook, California  
92028-2232  
[www.fpud.com](http://www.fpud.com)  
(760) 728-1125

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To: American Society of Landscape Architects  
via e-mail: [aslasd@sbcglobal.net](mailto:aslasd@sbcglobal.net)

Date: July 27, 2020

To Whom it may concern:

The Fallbrook Public Utility District wholeheartedly supports the Fallbrook Beautification Alliance's grant application to the American Society of Landscape Architects for improvements to the S. Mission Medians.

When S. Mission Road was realigned by the County in 2003, the Medians were to be hardscape. Community volunteers organized against this, demanding planted Medians with trees and plants that would be beautiful and benefit the environment. After a year of negotiations with the County, the non-profit Fallbrook Beautification Alliance was formed to maintain the Medians. The Fallbrook Public Utility District agreed that this project would provide numerous benefits for the community and our environment. FPUD has been providing locally produced recycled water as a community benefit at no cost for the S. Mission Medians since they were planted.

This successful project provides an attractive, welcoming gateway into Fallbrook and is deserving of your support.

Thank you for your consideration.

Ken Endter  
President, Board of Directors

1. **MWD Issues**

SDCWA lifted the stays on some of the older cases that involve off-setting benefits of wheeled IID water and funding of LRP. After a brief pause it looks like litigation will continue.

2. **Regional Conveyance**

There was originally going to be a discussion in July to move to Phase B and approve \$1.3 million in spending on the project. 18 member agencies, including FPUD, worked with a consultant to do a further review of the economic feasibility. This study identified some additional concerns relative to the initial economic feasibility conclusions reached by SDCWA. SDCWA is reviewing the study and moved further discussion on the project until August.

3. **FPUD/RMWD Detachment**

A Board member asked a question about costs of detachment versus rolling-off (local supply development) in the June meeting. I provided the attached information that was prepared by our CFO using the information provided by SDCWA in their original detachment cost analysis. SDCWA provided the attached response, which didn't directly address the question or explain what was specifically incorrect in our analysis.

4. **Key Upcoming Issues**

Some key issues for the upcoming year include:

- Reviewing the long-term fiscal sustainability of SDCWA and determining any structural changes to the rate structure.
- Developing an updated forecast of water demands and the rate impacts of the updated demand forecast.
- Finalizing the implementation of the new agricultural water program.
- Determining if the next phase of the regional conveyance study should be initiated.

Detailed updates on any of these items will be provided by the General Manager at the request of any Board members.

## Lauren Eckert

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**From:** Lauren Eckert  
**Sent:** Tuesday, June 30, 2020 11:30 AM  
**To:** 'Jim.Madaffer@sdcwa.org'; 'gcroucher@otaywater.gov'; 'cguerin@olivenhain.com'; 'keith.lewinger@gmail.com'; 'matt.hall@carlsbadca.gov'; 'melkatz@manpowersd.com'; 'cmartinez@escondido.org'; 'kathleen.hedberg@helixwater.org'; 'joel.scalzitti@helixwater.org'; 'frankldrb@gmail.com'; 'monarios@nationalcityca.gov'; 'boyleconstruction@icloud.com'; 'tsmith@otaywater.gov'; 'dwilson@padre.org'; 'john.o.simpson@usmc.mil'; 'EHeidemann@poway.org'; 'tkennedy@rainbowmwd.com'; 'dbarnum@rmwd.org'; 'jmurtland@rinconwater.org'; 'chriscate@sandiego.gov'; 'jimmy.ayala@pardeehomes.com'; 'tonyheinrichs51@gmail.com'; 'saxod@cox.net'; 'fsteiner@ssvwlaw.com'; 'audrys@sandiego.gov'; 'lfs@cox.net'; 'jerrybutkiewicz@gmail.com'; 'DCherashore@sdcwa.org'; 'jmosca@encinitasca.gov'; 'mhogan@sfidwater.org'; 'jpreciado@sweetwater.org'; 'betty@luanncomic.com'; 'GARant@vcuwd.org'; 'martym@millrcon.com'; 'amy@yuimamwd.com'  
**Cc:** Jack Bebee  
**Subject:** Sent on Behalf of Jack Bebee: Relative SDCWA Cost Impacts  
**Attachments:** Relative SDCWA Cost Impacts.pdf

This email is being sent on behalf of Jack Bebee in his role as GM of FPUD.

There was a request during the Board meeting about showing the relative impact of detachment versus roll-off from LRP Projects from Director Preciado. We prepared the following slide to illustrate the relative impacts of detachment back when we met with member agencies. This data is a bit dated as the RMWD/FPUD impact continues to drop as we have seen an on-going decrease in demands and we are working on preparing an updated version.

The key take-away of this evaluation is the financial impact of the decrease in demands on SDCWA from local projects (East County, Pure Water Phase I and Pure Water Oceanside) is 4x the impact on water costs than detachment of both RMWD and FPUD and it doesn't include the savings in the avoided cost of building the necessary ESP facilities to serve FPUD and RMWD.

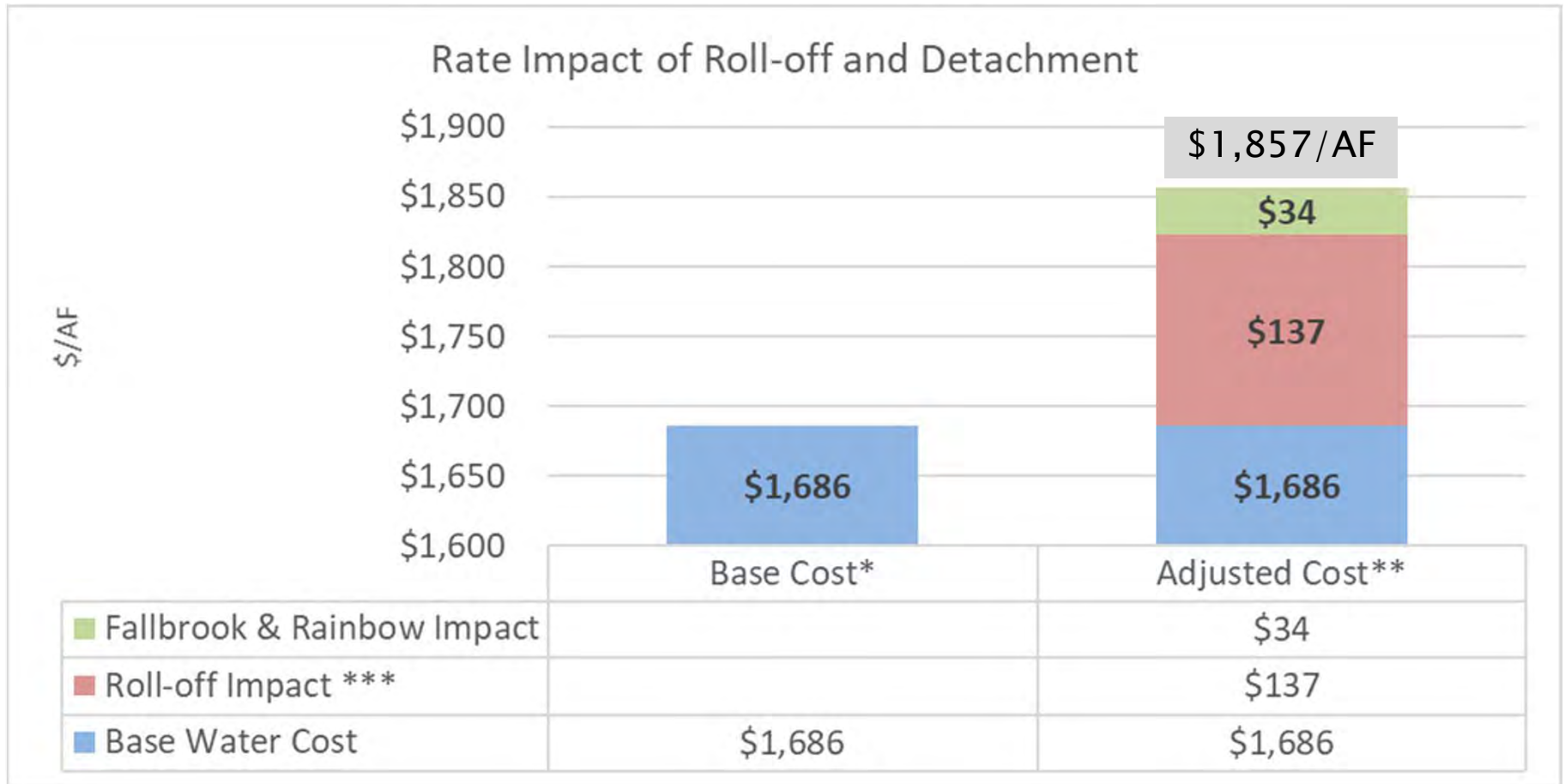
FPUD has supported these local projects that are important to the local agencies and supported the benefits they provide to the agencies even though the projects end up increasing costs FPUD ratepayers. I hope all agencies will have an open mind and try and understand the unique position and impacts of water costs to FPUD over the last decade before taking a position on the process. There are other upcoming local projects that will have additional financial impacts to SDCWA such as the Rosarito Desal project, and I'd hate for us to begin inter-agency attacks on each other's projects based on the impact of these projects on SDCWA rates.

Jack Bebee  
General Manager, FPUD

Lauren Eckert  
Executive Assistant/Board Secretary

Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, CA 92028  
(760) 999-2704

# CWA Other Rate Impacts



\* Based upon CWA's Recommended Calendar Year 2020 Rates and Charges presentation.

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

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



## Impacts and Implications of “Roll-Off” and Detachment at San Diego County Water Authority and Metropolitan Water District of Southern California (MWD)

At the last board meeting, Director Preciado asked about the financial impacts on the Water Authority of implementation of pending and planned local projects. Fallbrook General Manager Bebee distributed a one-page schedule purporting to show the “rate impact of roll-off and detachment.” This analysis will address these questions, as well as discuss the financial impacts on MWD, because both are important and potentially impact all Water Authority member agencies and their ratepayers.

### What is “rolling off”?

Historically, “rolling on” and “rolling off” a wholesale water agency referred to the impacts of individual member agency customers buying more or less of a wholesale agency’s water supply depending on weather, or hydrologic variation, over a number of years. This is different than “peaking” factors in the course of a day, week or month which also reflect the greater or lesser dependence on a wholesale provider at different times but are generally easier to plan for due to factors that are easier to predict than the weather.

The Water Authority’s highly reliable water supply portfolio was designed to meet the conservation adjusted base load demand of its member agencies and as a result, it has not incurred a lot of carrying costs for stored water supplies (historically it has peaked off of MWD). The financial impact of hydrologic “rolling off” by Water Authority member agencies has not been significant because the region has had limited reservoir capacity. At MWD, however, hydrologic variation has significant financial impacts when member agencies roll on the MWD system in dry years (increased sales and revenue) and roll off in wet years (reduced sales and revenue). Water purchases by the Los Angeles Department of Water and Power (LADWP) alone can vary by hundreds of thousands of acre-feet from year to year, depending on hydrology (for example a high in FY 2014 of 441,871 acre feet and a low in FY 2019 of 141,866 acre-feet). Because MWD is more dependent on water supplies that vary greatly according to hydrology (State Water Project and lower priority Colorado River), MWD incurs significant costs in order to store water, both in terms of having storage facilities available (owning or leasing) and the carrying costs of having water to store and make available during dry years.

### Compare planned development of local water supplies

More recently, particularly over the past decade, many agencies including the Water Authority have developed their own water supplies to meet conservation adjusted baseload demand. While some refer to this as “rolling off” a wholesale water supplier, these projects are more properly described as part of a sound long-term planning process designed to permanently replace demand for imported water. This is consistent with 2009 state law mandating regional self-sufficiency and reduced demand on the Bay Delta.

Similarly, member agencies working in collaboration with the Water Authority and MWD have planned or are planning local projects that will, when implemented, be expected to permanently lower demand for Water Authority (and MWD) water. Attachment 1 shows the most recent 2015 Urban Water Management Plan (UWMP) list of Water Authority member agencies' projects which the Water Authority factors into its own long term water supply and financial planning processes. This list is currently being updated as part of the 2020 UWMP process.

The Water Authority fully supports its member agencies' development of local water supplies, and as noted, includes these projects in its long term plan for the region. The rate impacts of member agency projects coming on line cannot be determined without knowing the total water supply and demand on the Water Authority, and without knowing what costs and rates and charges are in place at both the Water Authority and MWD, over time and from time to time. It is the responsibility of the Water Authority Board of Directors, in collaboration with SANDAG and regional planning initiatives, to manage the regional portfolio consistent with implementation of these projects and the demand for Water Authority water. It is also the Board's responsibility to ensure rates and charges that are lawful, fairly apportioned and sufficient at all times to pay the Water Authority's operating costs and debt.

### **Detachment is not “rolling off” and undermines regional planning**

Detachment has nothing to do with managing hydrologic variation, local water supply development, regional planning or fiscal sustainability. Instead, it is an abrupt action by Fallbrook and Rainbow to permanently extinguish member agency status and withdraw from the regional planning portfolio that was designed to meet the long term base load demand of these agencies, including projects with a 50+ year life cycle. Fallbrook and Rainbow claim in their public relations campaign that MWD's imported water supply is “as reliable or more reliable” than the water supply their ratepayers currently receive from the Water Authority, but the facts will show that is not true (in fact, they admit as much in some parts of their applications). Fallbrook and Rainbow also claim in their public relations campaign that they “don't use” the Water Authority's regional facilities or portfolio. Based on this untrue statement, they are asking to be absolved of any responsibility to pay any current or future rates and charges or property taxes for water supplies that were planned for, and are actually being used to meet the baseline demand of the respective agencies.

In contrast, when a Water Authority member agency reduces its water purchases from the Water Authority as part of the regional plan, it remains subject to Water Authority rates and charges and taxation, the specifics of which will depend on then-existing circumstances and actions by the Water Authority Board of Directors. Ideally, the implementation of local projects over time can be managed to minimize the need to increase fixed charges. However, if water sales revenue along with other sources of revenue should be insufficient to pay the Water Authority's costs (including its long term debt), it has the authority to impose fixed charges. There is therefore a major difference between abrupt detachment and “rolling off” or orderly, planned local water supply development.

At a state level, the proposed detachment is also materially different from the planned development of local water supplies because it has exactly the opposite impact of a new local water supply, i.e., the impact is to increase rather than reduce demand on the Bay Delta. A full discussion of this issue is beyond the scope of this paper but will be addressed in the LAFCO proceedings.

As recognized in the Board's recent Resolution, detachment may have many other potential impacts beyond reducing Water Authority water sales and increasing the costs of the remaining Water Authority member agencies. Comparing detachment to the planned development of local water supplies is comparing "apples to oranges."

### **MWD rate impacts are unknown but are inevitable to support LRP projects**

Many Water Authority member agency projects anticipate payment of MWD Local Resources Plan (LRP) subsidies to pay a portion of project costs. MWD has historically paid these costs through imposition of a volumetric Water Stewardship Rate (WSR) (i.e., they are paid for by the purchasers of MWD water). In the MWD rate litigation, the trial court found and the Court of Appeal decision affirmed that MWD may not assess the WSR on the Water Authority's Exchange Agreement (which transports the Water Authority's QSA water). Sometime later, MWD ceased imposing the WSR on the Exchange Agreement but continued to impose it on MWD water purchases. In the current biennial budget for calendar years 2021 and 2022, MWD suspended collection of the WSR altogether, after the board declined to support changes in the WSR or the imposition of a new fixed charge to pay for LRP demand management projects without further study.

The specific alternatives presented to the MWD board in December 2019 (see Board Memo 8-2) included two volumetric rate alternatives purporting to be based on cost of service (they are not), assigning almost 3/4 of the total costs to transportation (which it would again apply to the Exchange Agreement) and three fixed charges based on 1) rolling 10-year average supply and transportation costs; 2) population; and 3) assessed valuation. All of the MWD alternatives would have more than doubled or nearly doubled the Water Authority's share of MWD demand management costs (see Attachment 2, Table 2: *Estimated Member Agency Impacts of Demand Management Cost Recovery Alternatives*). If passed through directly and proportionally to the Water Authority's member agencies, the annual rate impacts would be as described on Attachment 3.

It is important for all Water Authority member agencies to understand that MWD does not pay LRP subsidies, they are paid collectively by the MWD member agencies including the Water Authority and in turn, by the Water Authority's member agencies and ratepayers. The Water Authority will continue to resist the imposition of unlawful charges by MWD (for example, charges that do not recognize LRP costs as supply or that are disproportionate to some agreed benefit formula). However, it fully expects to pay a fair share of MWD program costs attributable to its LRP program and those costs will be passed on to Water Authority member agencies and their ratepayers.

## Conclusion

The Water Authority will continue to plan prudently to manage the regional water portfolio consistent with the plans of its member agencies to develop local water supplies (the details of which are beyond the scope of this memo) over time. By contrast, an abrupt detachment by Fallbrook and Rainbow in which they do not pay for the water supplies that were acquired to meet their baseload demands would not allow for such a planning period or transition (leaving aside entirely other fundamental questions and concerns addressed in the Water Authority board Resolution, such as Bay Delta impacts and voting rights). Fallbrook General Manager Bebee's description of the "rate impact of roll-off and detachment" is an inaccurate and incomplete analysis of detachment issues, completely hypothetical and does not reflect key distinctions as related to the ability to prudently plan not only for member agency local projects but for other changed circumstances over time.

### Attachments:

- 1) 2015 Urban Water Management Plan list of Water Authority member agencies' projects
- 2) MWD's Estimated Member Agency Impacts of Demand Management Cost Recovery Alternatives
- 3) Water Authority Estimated Demand Management Cost Allocation

Table F-1

## Member Agency Surface Water Projections

Member Agency	Reservoir	Annual Member Agency Planned Local Use (AF)	Basis for Yield (information provided by member agencies)
Escondido, City of	Henshaw / Wohlford	7,260	25-year average.
Helix WD	Cuyamaca / El Capitan	3,258	Based on historical median runoff of 3,644 AFY, reduced by historical evaporation rate of 10.6% (386 AFY).
San Diego, City of <sup>a</sup>	Barrett El Capitan Hodges Lower Otay Morena San Vicente Sutherland Total	23,000	Median yield based on Reservoir Management Plan - post-2015 supply adjusted downward to account for increase in Cal-Am Water Co. demands.
San Dieguito WD / Santa Fe ID	San Dieguito / Hodges	5,700	Fractional interest: 42.67% / 57.33% (SDWD / SFID).
Sweetwater Authority	Loveland / Sweetwater	7,400	Average annual production from Sweetwater River since 1945.
Vista I.D.	Henshaw	5,062	Median for the years 1960-2015.
Total		51,680	

<sup>a</sup> Surface water use projections: 23,000 AFY (2015); 22,900 AFY (2020); 22,800 AFY (2025); 22,700 AFY (2030); 22,600 AFY (2035); 22,500 AFY (2040).

**Table F-2  
Member Agency Groundwater Projections**

**EXISTING GROUNDWATER [YIELD] PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Member Agency	Project or Facility Name	Project Type	Groundwater Basin or Location	Existing (AF/YR) <sub>1</sub>	Projected Yield Verifiable Projects (AF/YR)					
				Based on Period 2010-2014	2015	2020	2025	2030	2035	2040
Helix WD	Groundwater Production Well 101	Pump & Blend (with raw imported water)	El Monte Basin	135	93	130	130	130	130	130
Lakeside WD	Vine Street Groundwater Production Facility	Pump & Treat (blend with imported water)	Santee Basin (San Diego River Basin)		700	700	700	700	700	700
Oceanside, City of	Mission Basin Desalter Facility - 1st & 2nd Phase of Desal Expansion & IPR	Brackish Groundwater Recovery & Treatment	Mission Basin (Lower San Luis Rey River Valley)	3,300	3,300	3,300	3,700	3,700	3,700	3,700
MCB Camp Pendleton	Groundwater Production Wells	Pump & Conventional Treatment	Lower Santa Margarita, Las Flores, San Mateo, and San Onofre Basins		6,480	7,510	8,700	9,740	9,740	9,740
San Diego, City of	San Vicente GW Production Well	Pump & Blend	Santee/El Monte		500	500	500	500	500	500
	Richard A. Reynolds Desalination Facility	Brackish Groundwater Recovery	San Diego Formation			2,600	2,600	2,600	2,600	2,600
Sweetwater Authority	Richard A. Reynolds Desalination Facility	Brackish Groundwater Recovery	San Diego Formation		3,600	6,200	6,200	6,200	6,200	6,200
	National City Well Field	Pump & Conventional Treatment	San Diego Formation [National City Well Field]		2,100	2,100	2,100	2,100	2,100	2,100
Yuima MWD	Mutual Water Company wells within district	Groundwater Extraction	Pauma Basin (Upper San Luis Rey River Valley)	1,073	7,000	7,000	7,000	7,000	7,000	7,000
<b>Total Verifiable</b>					<b>23,773</b>	<b>30,040</b>	<b>31,630</b>	<b>32,670</b>	<b>32,670</b>	<b>32,670</b>

**ADDITIONAL PLANNED PROJECTS**

Member Agency	Project or Study Name	Project Type	Groundwater Basin or Location	Study / Project Status	Groundwater Additional Planned (AF/YR)					
					2015	2020	2025	2030	2035	2040
Fallbrook PUD/ Camp Pendleton (Conjunctive-Use Project)	Santa Margarita Conjunctive-Use Project	Local Surface Water Recharge and Expansion of Camp Pendleton GW Recovery Program	Lower Santa Margarita River Basin (Upper Ysidora and Chappo Sub-basins).	Progress continues; Feasibility Study Completed & CEQA 2011	-	3,100	3,100	3,100	3,100	3,100
Otay WD	Rancho del Rey Groundwater Well Development (Capacity)	Groundwater Recovery	Unknown	Feasibility Study & CEQA complete	-	-	-	500	500	500
				<b>Additional Planned Yields</b>	<b>-</b>	<b>3,100</b>	<b>3,100</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>



**PROJECT CONCEPTS AND ONGOING FEASIBILITY STUDIES**

Member Agency	Project or Study Name	Project Type	Groundwater Basin or Location	Study / Project Status	Groundwater Conceptual (AF/YR)					
					2015	2020	2025	2030	2035	2040
Olivenhain MWD	San Dieguito River Basin Brackish GW Recovery and Treatment	Brackish Groundwater Recovery	San Dieguito River Groundwater Basin	Project Concept/ Feasibility Study	0	560	560	560	560	560
Otay WD	Otay Mesa Lot 7 Groundwater Well System (Capacity)	Groundwater Recovery	Unknown	Feasibility Study	0	0	0	400	400	400
Otay WD	Middle Sweetwater River Basin Groundwater Well System (Capacity)	Groundwater Recovery	Middle Sweetwater River Basin	Advanced Planning Stage	0	0	0	1,000	1,000	1,000
Rainbow MWD	San Luis Rey Groundwater Study	Brackish Groundwater Recovery	San Luis Rey Basin	Feasibility Study	0	4,000	4,000	4,000	4,000	4,000
San Diego, City of	San Pasqual Brackish Groundwater Recovery Project	Brackish Groundwater Recovery and Treatment	San Pasqual Basin	Feasibility Report Complete/ CEQA 2012		0	1,235	1,427	1,539	1,619
San Diego, City of	Mission Valley Brackish Groundwater Recovery Project	Brackish Groundwater Recovery and Treatment	Mission Valley Basin (Alluvial Aquifer / San Diego River)	Pilot Production Well Study 2012	0	0	840	1,680	1,680	1,680
San Diego, City of	San Diego Formation - Southeastern San Diego, including Mt. Hope	Groundwater Recovery	San Diego Formation	Hydro-geologic Studies (2012)	0	0	800	1,600	1,600	1,600
Sweetwater Authority / Otay WD	Otay River Valley GW Aquifer Studies & Field Investigations	Brackish Groundwater Recovery	San Diego Formation (Otay River Basin)	Hydro-geologic Studies on-going (2012)	0	0	3,900	3,900	3,900	3,900
<b>Project Concepts Yields</b>					<b>-</b>	<b>4,560</b>	<b>11,335</b>	<b>14,567</b>	<b>14,679</b>	<b>14,759</b>

1 5-year average 2010-2014

**Table F-3**  
**Member Agency Wastewater Treatment**  
**San Diego Wastewater Treatment and Water Recycling Facilities Plant Capacity (Million Gallons/Day)**

Operating Agency	Treatment Facility Name	Planned Treatment Capacity						Effluent Quality for TDS (mg/L)	Disposal Method
		2020			2045				
		P	S	T	P	S	T		
Carlsbad, City of	Carlsbad WRF	-	-	7.4	-	-	12.0	1,000	Irrigation
Encina Wastewater Authority	Encina WPCF	43.3	43.3	-	43.3	43.3	-	1,031	Outfall-Reuse
Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF)	18.0	18.0	9.0	27.0	27.0	20.0	1,000	Reuse-Outfall
Fairbanks Ranch Comm. Ser. D	Fairbanks Ranch WPCF	0.3	0.3	-	0.3	0.3	0.3	1,100	Percolation
Fallbrook PUD	Fallbrook Plant #1 WRF	2.7	2.7	2.7	2.7	2.7	2.7	850	Reuse-Outfall
Leucadia CWD	Forest R. Gafner WRP	1.0	1.0	1.0	1.0	1.0	1.0	1,000	Reuse-Outfall
Oceanside, City of	La Salina WWTP	5.5	5.5	-	-	-	-	897	Outfall
Oceanside, City of	San Luis Rey WWTP	13.5	13.5	1.5	17.4	17.4	7.5	874	Reuse-Outfall
Olivenhain MWD	4-S Ranch WWTP	2.0	2.0	2.0	2.0	2.0	2.0	1,000	Reuse
Otay WD	Ralph W Chapman WRF	1.3	1.3	1.3	1.3	1.3	1.3	850	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 1	6.0	6.0	5.7	6.0	6.0	5.7	800	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 2	-	-	-	9.0	9.0	8.5	800	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 3	-	-	-	6.0	6.0	5.7	800	Reuse- Outfall
Camp Pendleton Marine Corps Base	Southern Region TTP	-	-	7.5	-	-	7.5	750	Irrigation/Outfall
Camp Pendleton Marine Corps Base	Northern Region TTP	-	-	4.0	-	-	4.0	750	Irrigation/Percolation
Ramona MWD	Santa Maria WRP		1.0	0.4		1.0	0.4	850	Reuse-Stream
Ramona MWD	San Vicente WRP			0.5			0.6	550	Reuse-Stream
Rancho Santa Fe Com. Service District	Santa Fe Valley WRF	-	-	0.5	-	-	0.5	1,000	Irrigation
Rancho Santa Fe Com. Service District	Rancho Santa Fe WRF	0.5	0.5	-	0.6	0.6	0.6	1,100	Percolation
Rincon del Diablo MWD	Harmony Grove Village	-	-	0.2	-	-	0.3	1,000	Reuse - Irrigation
Rincon del Diablo MWD	Harmony Grove Village - South	-	-	0.2	-	-	0.3	1,000	Reuse - Irrigation
San Diego, City of	North City WRP	30.0	30.0	24.0	52.0	52.0	52.0	1,000	Reuse
San Diego, City of	Point Loma WWTP	240.0	-	-	240.0	-	-	1700-3000	Outfall
San Diego, City of	Harbor Drive WRP <sup>1</sup>				49	49	49	1,000	Reuse
San Diego, City of	South Bay WRP <sup>1</sup>	15.0	15.0	15.0	36.0	36.0	36.0	1,000	Reuse-Outfall
San Diego, City of	Harbor Drive WRP <sup>2</sup>				68	68	68	1,000	Reuse
San Diego, City of	South Bay WRP <sup>2</sup>	15.0	15.0	15	15	15	13.5	1,000	Reuse-Outfall
San Elijo Joint Powers Authority	San Elijo WRF	5.3	5.3	3.0	5.3	5.3	5.3	950	Reuse-Outfall
Vallecitos WD	Meadowlark WRF	5.0	5.0	5.0	5.0	5.0	5.0	1,000	Reuse
Valley Center MWD	Lower Moosa Canyon WRF	0.40	0.40	0.40	0.875	0.875	0.875	1,000	Irrigation
Valley Center MWD	Weik WRF	-	-	-	0.125	0.125	0.125	1,000	Irrigation (Golf Course)
Valley Center MWD	Lilac Hills Ranch WRF	-	-	-	0.350	0.350	0.350	1,000	Irrigation
Valley Center MWD	Woods Valley Ranch WRF	0.275	0.275	0.275	0.475	0.475	0.475	1,000	Irrigation (Golf Course)
Valley Center MWD	North Village WRF (WVR Ph. 4)	-	-	-	0.125	0.125	0.125	1,000	Irrigation
Valley Center MWD	Meadowood WRF	0.170	0.170	0.170	0.170	0.170	0.170	1,000	Irrigation
Whispering Palms CSD	Whispering Palms WPCF	0.5	0.5	-	0.5	0.5	0.5	963	Pasture-Percolation
		* 105.73	106.73	67.66	266.50	267.50	230.78		

CSD - Community Services District  
MWD - Municipal Water District  
RRF - Resource Recovery Facility  
TTP - Tertiary Treatment Plant  
WPCF - Water Pollution Control Facility  
WRF - Water Reclamation/Recycling Facility  
WRP - Water Reclamation Plant  
WWTP - Wastewater Treatment Plant

P - Primary Treatment  
S - Secondary Treatment  
T - Tertiary Treatment

1. Scenario 1, HDWRP has 49 MGD treatment capacity and SBWRP has 36 MGD treatment capacity
2. Scenario 2, HDWRP has 68 MGD treatment capacity and SBWRP has 15 MGD treatment capacity

\* Totals include only Scenario 1 for City of San Diego's Harbor Drive WRP and South Bay WRP



**Table F-4  
Member Agency Recycled Water Projections**

**EXISTING RECYCLED PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>	Projected Verifiable Reuse (AF/YR) <sup>2</sup>					
				2015	2020	2025	2030	2035	2040
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	1,903	2,831	2,831	2,831	2,831	2,831
	Gafner WRF/Leucadia CWD	Tertiary	Landscape, Agriculture	247	247	247	247	247	247
	Meadowlark WRF (via Mahr Reservoir) /Vallecitos WD	Tertiary	Landscape, Agriculture	2,000	2,000	2,000	2,000	2,000	2,000
	Sub-total			<b>4,150</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>
Del Mar, City of	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	90	100	125	150	150	150
Escondido, City of	Hale Avenue RRF/WRF/City of Escondido	Tertiary	Landscape, Agriculture, Industrial/PR	600	3,000	3,650	4,400	4,400	4,400
Fallbrook PUD	Fallbrook Plant #1/Fallbrook PUD	Tertiary	Landscape, Agriculture	600	1,200	1,200	1,200	1,200	1,200
Oceanside, City of	San Luis Rey WWTP/City of Oceanside - Phase 1 Expansion	Tertiary	Landscape	130	400	1,700	2,900	3,060	3,500
Olivenhain MWD	4S Ranch WRF/Olivenhain MWD	Tertiary	Landscape	915	915	915	915	915	915
	Connection #1-North City Water Reclamation Plant/City of San Diego	Tertiary	Golf Course Irrigation/HOAs (includes farms at 272 AF/YR)	356	623	623	623	623	623
	Connection #2-North City Water Reclamation Plant/City of San Diego	Tertiary	Golf Course Irrigation/HOAs	15	20	20	20	20	20
	Santa Fe Valley WRF/Rancho Santa Fe CSD	Tertiary	Landscape, Golf Course Irrigation	140	140	140	140	140	140
	Northwest Quadrant /Meadowlark WRF/Vallecitos WD	Tertiary	Landscape	358	459	459	459	459	459
	SEJPA1-Quail Gardens	Tertiary	Landscape	144	50	50	50	50	50
	SEJPA2-Village Park, Manchester Phase I	Tertiary	Landscape	-	236	236	236	236	236
Sub-total			<b>1,928</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	
Otay WD	R. W. Chapman WRF/Otay WD	Tertiary	Landscape	1,100	1,100	1,100	1,100	1,100	1,100
	South Bay WRP/City of SD	Tertiary	Landscape	3,300	4,570	4,800	4,900	5,100	5,400
Sub-total			<b>4,400</b>	<b>5,670</b>	<b>5,900</b>	<b>6,000</b>	<b>6,200</b>	<b>6,500</b>	
Padre Dam MWD	Ray Stoyer WRF (Existing)/Padre Dam MWD	Tertiary	Replenishment of Santee Lakes	1,120	1,120	1,120	1,120	1,120	1,120
	Ray Stoyer WRF (Existing)/Padre Dam MWD	Tertiary	Landscape (Existing Distribution System)	896	896	896	896	896	896
Sub-total			<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Landscape, Golf Course, Agriculture	450	480	480	480	480	480
	Sewage Treatment Plants # 11 & #12/USMC	Secondary	Percolation/Seawater Intrusion Barrier	148	-	-	-	-	-
	North WWTPs/USMC	Tertiary	Landscape/Seawater Intrusion Barrier	450	510	510	510	510	510
Sub-total			<b>1,048</b>	<b>990</b>	<b>990</b>	<b>990</b>	<b>990</b>	<b>990</b>	
Poway, City of	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	645	645	645	645	645	645
Ramona MWD	Santa Maria WRP/Ramona MWD	Tertiary	Landscape, Recreational Impound, Development	230	230	230	230	230	230
	San Vicente WRP/Ramona MWD	Tertiary	Landscape (Golf Course), Agriculture (Orchard)	480	500	525	525	525	525
Sub-total			<b>710</b>	<b>730</b>	<b>755</b>	<b>755</b>	<b>755</b>	<b>755</b>	
Rincon Del Diablo MWD	Hale Avenue RRF/WRF/City of Escondido	Tertiary	Landscape, Industrial	3,300	3,100	4,000	4,000	4,000	4,000
San Diego, City of	North City WRP/City of San Diego	Tertiary	Landscape, Industrial	7,029	12,500	12,500	12,500	12,500	12,500
	South Bay WRP/City of San Diego	Tertiary	Landscape, Industrial	1,166	1,150	1,150	1,150	1,150	1,150
Sub-total			<b>8,195</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	
San Dieguito WD	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	736	800	800	800	800	800
Santa Fe ID	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	500	500	500	500	500	500
Valley Center MWD	Woods Valley Ranch WRF/VCMWD	Tertiary	Landscape Irrigation/Golf Course Irrigation	47	47	47	47	47	47
	Woods Valley Ranch WRF (Phase 2)	Tertiary	Landscape Irrigation/Golf Course Irrigation	-	90	175	184	184	184
Sub-total			<b>47</b>	<b>137</b>	<b>222</b>	<b>231</b>	<b>231</b>	<b>231</b>	
<b>Total</b>				<b>29,095</b>	<b>40,459</b>	<b>43,674</b>	<b>45,758</b>	<b>46,118</b>	<b>46,858</b>



## APPENDIX F

## ADDITIONAL PLANNED PROJECTS

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>							Project Phase
				2015	2020	2025	2030	2035	2040	
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	-	-	328	328	328	328	Design/Planning
Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF)	Tertiary	Landscape, Agriculture, Industrial, PR	-	1,380	7,130	8,130	8,130	8,130	FS
Padre Dam MWD	Ray Stoyer WRF/Padre Dam MWD	Tertiary	Landscape, Irrigation, Dust Control	-	-	1,008	1,008	1,008	1,008	FS
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Injection - Las Flores Basin	-	450	450	450	450	450	Design
	South WWTPs/USMC	Tertiary	Injection - Santa Margarita Basin	-	870	870	870	870	870	Design
	North WWTPs/USMC	Tertiary	Landscape	-	90	90	90	90	90	Design
	Sub-total			-	1,410	1,410	1,410	1,410	1,410	
Santa Fe ID	Evaluating Multiple Options/TBD	Tertiary	Landscape	50	50	50	50	50	50	FS
<b>Total</b>				<b>50</b>	<b>2,840</b>	<b>9,926</b>	<b>10,926</b>	<b>10,926</b>	<b>10,926</b>	

## PROJECT CONCEPTS

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>							Project Phase
				2015	2020	2025	2030	2035	2040	
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	-	-	-	-	616	616	EIR
	Meadowlark WRF/Vallecitos WD	Tertiary	Landscape, Agriculture	-	-	-	-	187	187	EIR
	Sub-total			-	-	-	-	803	803	
Olivenhain MWD	Village Park Recycled Water Expansion Project	Tertiary	Turf and Landscape	-	80	127	127	127	127	Concept
	Extension 153 Phase I	Tertiary	Landscape	-	-	189	189	189	189	Concept
	Joint RW Transmission Project with SFID and OMWD/TBD	Tertiary	Landscape, Golf Course Irrigation	-	-	400	400	400	400	Concept
	Extension 153 Phase II	Tertiary	Landscape	-	-	-	300	300	300	Concept
	Rancho Cielo	Tertiary	Landscape	-	-	-	100	100	100	Concept
Sub-total			-	80	716	1,116	1,116	1,116		
Otay WD	North District Recycled System/R.W. Chapman WRF/Otay WD	Tertiary	Landscape	-	-	-	4,400	4,400	4,400	Concept
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Indirect Potable Recharge	-	2,060	2,060	2,060	2,060	2,060	Concept
Poway, City of	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	-	100	100	100	100	100	Concept
	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	-	50	50	50	50	50	Concept
	Sub-total			-	150	150	150	150	150	
Rainbow MWD	WRP/Recycled Water Distribution System	Tertiary	Landscape, Agriculture, Irrigation	-	300	670	1,000	1,600	1,600	Design Review
Ramona MWD	Santa Maria WRP/Ramona MWD	Tertiary	Landscape, Recreational Impound, Development	-	3,000	3,000	3,000	3,000	3,000	Concept
Valley Center MWD	Lower Moosa Canyon WRF	Tertiary	Landscape Irrigation	-	370	460	580	700	700	FS
	Welk WRF/VCMWWD	Tertiary	Landscape/Golf Course Irrigation	-	-	140	140	140	140	FS
	Lilac Hills Ranch WRF/VCMWWD	Tertiary	Landscape Irrigation	-	-	-	-	147	294	FS
	Meadowood WRF/VCMWWD	Tertiary	Landscape Irrigation	-	-	100	143	143	143	FS
	Woods Valley Ranch WRF (Phase 3)/VCMWWD	Tertiary	Landscape Irrigation	-	-	-	50	150	168	FS
	North Village WRF (Phase 4)/VCMWWD	Tertiary	Landscape Irrigation	-	-	-	-	-	105	FS
Sub-total			-	370	700	913	1,280	1,550		
Vista Irrigation District	Shadowridge WRP	Tertiary	Landscape Irrigation	-	-	1,800	1,800	1,800	3,000	Concept
<b>Total</b>				<b>-</b>	<b>5,960</b>	<b>9,096</b>	<b>14,439</b>	<b>16,209</b>	<b>17,679</b>	

<sup>1</sup> Does not include recycled water used for environmental enhancement.

<sup>2</sup> Projected verifiable projects are included in the Water Authority's 2015 UWMP reliability analysis.

**Table F-5  
Member Agency Potable Reuse Projections**

**EXISTING POTABLE REUSE PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Source Water Facility	Project Type (i.e. direct, indirect)	Projected Verifiable Use (AF/YR)					
					2015	2020	2025	2030	2035	2040
Oceanside, City of	San Luis Rey WRF - Short/Long-Term Expansion	Oceanside, City of	San Luis Rey WRF	Indirect and/or Direct	-	3,300	3,300	3,300	3,300	3,300
<b>Total</b>					-	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>

**ADDITIONAL PLANNED PROJECTS**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Supply Source Treatment Plant/Agency	Project Type (i.e. direct, indirect)	Projected Additional Planned (AF/YR)					
					2015	2020	2025	2030	2035	2040
Padre Dam MWD	East County Advanced Water Purification Program Phase 1*	Padre Dam MWD/SD County San. District	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	3,920	3,920	3,920	3,920	3,920
	East County Advanced Water Purification Program Phase 2*	Padre Dam MWD/SD County San. District/ City of El Cajon	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	-	7,616	7,616	7,616	7,616
	<b>Sub-total</b>				-	<b>3,920</b>	<b>11,536</b>	<b>11,536</b>	<b>11,536</b>	<b>11,536</b>
Rincon del Diablo MWD	New Local Supply **		Hale Avenue RRF/ City of Escondido/WRFs	Indirect/ Direct	-	-	200	1,000	1,000	1,000
San Diego, City of	PURE Water	San Diego, City of	Phase 1 North City / City of San Diego	Indirect	-	-	16,800	33,600	33,600	33,600
			Phase 2 Central Area / City of San Diego	Indirect	-	-	-	-	42,598	42,598
			Phase 3 South Bay / City of San Diego	Indirect	-	-	-	-	16,815	16,815
			<b>Sub-total</b>				-	-	<b>16,800</b>	<b>33,600</b>
Santa Fe ID	SFID/SDWD/SEJPA Potable Reuse Project	San Elijo Joint Powers Authority	San Elijo Water Reclamation Facility (Advanced Treatment) / San Elijo JPA	Indirect or Direct	-	550	550	550	550	550
<b>Total</b>					-	<b>4,470</b>	<b>29,086</b>	<b>46,686</b>	<b>106,099</b>	<b>106,099</b>

**PROJECT CONCEPTS**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Supply Source Treatment Plant/Agency	Project Type (i.e. direct, indirect)	Conceptual (AF/YR)					
					2015	2020	2025	2030	2035	2040
Escondido, City of	Potable Reuse	Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF) / City of Escondido	TBD	-	-	-	4,000	5,000	5,000
Olivenhain MWD	San Elijo Valley/San Dieguito River Basin Brackish GW Recovery & Treatment	San Elijo JPA/Leucadia Wastewater District	San Elijo JPA/Leucadia Wastewater District	Indirect	-	560	560	560	560	560
Padre Dam MWD	East County Advanced Water Purification Program Phase 3*	Padre Dam MWD/SD County San. District/ City of El Cajon	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	-	-	-	-	5,824
<b>Total</b>					-	<b>560</b>	<b>560</b>	<b>4,560</b>	<b>5,560</b>	<b>11,384</b>

\* Effluent will be split between Helix WD & Padre Dam with percentages to TBD in the future, should Helix decide to participate in the Project beyond the current planning.

\*\* Based on HARRF/Harmony Grove Village WRFs and potential scalping plant.

**Table F-6  
Member Agency Desalination Projections**

**EXISTING DESALINATION PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Lead Agency	Project Name	Projected Verifiable Use (AF/YR)					
		2015	2020	2025	2030	2035	2040
Supplies to be purchased by Carlsbad MWD	Claude "Bud" Lewis Carlsbad Desalination Plant	-	2,500	2,500	2,500	2,500	2,500
Supplies to be purchased by Vallecitos WD	Claude "Bud" Lewis Carlsbad Desalination Plant	-	3,500	3,500	3,500	3,500	3,500

<b>Total</b>	-	6,000	6,000	6,000	6,000	6,000
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**ADDITIONAL PLANNED PROJECTS**

Lead Agency	Project Name	Projected Additional Planned (AF/YR)					
		2015	2020	2025	2030	2035	2040
Otay WD	Otay WD/ Rosarito Beach	-	-	15,100	15,600	16,100	16,800

<b>Total</b>	-	-	15,100	15,600	16,100	16,800
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**PROJECT CONCEPTS**

Lead Agency	Project Name	Conceptual (AF/YR)					
		2015	2020	2025	2030	2035	2040
-	-	-	-	-	-	-	

<b>Total</b>	-	-	-	-	-	-
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Table F-1

## Member Agency Surface Water Projections

Member Agency	Reservoir	Annual Member Agency Planned Local Use (AF)	Basis for Yield (information provided by member agencies)
Escondido, City of	Henshaw / Wohlford	7,260	25-year average.
Helix WD	Cuyamaca / El Capitan	3,258	Based on historical median runoff of 3,644 AFY, reduced by historical evaporation rate of 10.6% (386 AFY).
San Diego, City of <sup>a</sup>	Barrett El Capitan Hodges Lower Otay Morena San Vicente Sutherland Total	23,000	Median yield based on Reservoir Management Plan - post-2015 supply adjusted downward to account for increase in Cal-Am Water Co. demands.
San Dieguito WD / Santa Fe ID	San Dieguito / Hodges	5,700	Fractional interest: 42.67% / 57.33% (SDWD / SFID).
Sweetwater Authority	Loveland / Sweetwater	7,400	Average annual production from Sweetwater River since 1945.
Vista I.D.	Henshaw	5,062	Median for the years 1960-2015.
Total		51,680	

<sup>a</sup> Surface water use projections: 23,000 AFY (2015); 22,900 AFY (2020); 22,800 AFY (2025); 22,700 AFY (2030); 22,600 AFY (2035); 22,500 AFY (2040).

**Table F-2  
Member Agency Groundwater Projections**

**EXISTING GROUNDWATER [YIELD] PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Member Agency	Project or Facility Name	Project Type	Groundwater Basin or Location	Existing (AF/YR) <sub>1</sub> Based on Period 2010-2014	Projected Yield Verifiable Projects (AF/YR)					
					2015	2020	2025	2030	2035	2040
Helix WD	Groundwater Production Well 101	Pump & Blend (with raw imported water)	El Monte Basin	135	93	130	130	130	130	130
Lakeside WD	Vine Street Groundwater Production Facility	Pump & Treat (blend with imported water)	Santee Basin (San Diego River Basin)		700	700	700	700	700	700
Oceanside, City of	Mission Basin Desalter Facility - 1st & 2nd Phase of Desal Expansion & IPR	Brackish Groundwater Recovery & Treatment	Mission Basin (Lower San Luis Rey River Valley)	3,300	3,300	3,300	3,700	3,700	3,700	3,700
MCB Camp Pendleton	Groundwater Production Wells	Pump & Conventional Treatment	Lower Santa Margarita, Las Flores, San Mateo, and San Onofre Basins		6,480	7,510	8,700	9,740	9,740	9,740
San Diego, City of	San Vicente GW Production Well	Pump & Blend	Santee/El Monte		500	500	500	500	500	500
	Richard A. Reynolds Desalination Facility	Brackish Groundwater Recovery	San Diego Formation			2,600	2,600	2,600	2,600	2,600
Sweetwater Authority	Richard A. Reynolds Desalination Facility	Brackish Groundwater Recovery	San Diego Formation		3,600	6,200	6,200	6,200	6,200	6,200
	National City Well Field	Pump & Conventional Treatment	San Diego Formation [National City Well Field]		2,100	2,100	2,100	2,100	2,100	2,100
Yuima MWD	Mutual Water Company wells within district	Groundwater Extraction	Pauma Basin (Upper San Luis Rey River Valley)	1,073	7,000	7,000	7,000	7,000	7,000	7,000
<b>Total Verifiable</b>					<b>23,773</b>	<b>30,040</b>	<b>31,630</b>	<b>32,670</b>	<b>32,670</b>	<b>32,670</b>

**ADDITIONAL PLANNED PROJECTS**

Member Agency	Project or Study Name	Project Type	Groundwater Basin or Location	Study / Project Status	Groundwater Additional Planned (AF/YR)					
					2015	2020	2025	2030	2035	2040
Fallbrook PUD/ Camp Pendleton (Conjunctive-Use Project)	Santa Margarita Conjunctive-Use Project	Local Surface Water Recharge and Expansion of Camp Pendleton GW Recovery Program	Lower Santa Margarita River Basin (Upper Ysidora and Chappo Sub-basins).	Progress continues; Feasibility Study Completed & CEQA 2011	-	3,100	3,100	3,100	3,100	3,100
Otay WD	Rancho del Rey Groundwater Well Development (Capacity)	Groundwater Recovery	Unknown	Feasibility Study & CEQA complete	-	-	-	500	500	500
				<b>Additional Planned Yields</b>	<b>-</b>	<b>3,100</b>	<b>3,100</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>

**PROJECT CONCEPTS AND ONGOING FEASIBILITY STUDIES**

Member Agency	Project or Study Name	Project Type	Groundwater Basin or Location	Study / Project Status	Groundwater Conceptual (AF/YR)					
					2015	2020	2025	2030	2035	2040
Olivenhain MWD	San Dieguito River Basin Brackish GW Recovery and Treatment	Brackish Groundwater Recovery	San Dieguito River Groundwater Basin	Project Concept/ Feasibility Study	0	560	560	560	560	560
Otay WD	Otay Mesa Lot 7 Groundwater Well System (Capacity)	Groundwater Recovery	Unknown	Feasibility Study	0	0	0	400	400	400
Otay WD	Middle Sweetwater River Basin Groundwater Well System (Capacity)	Groundwater Recovery	Middle Sweetwater River Basin	Advanced Planning Stage	0	0	0	1,000	1,000	1,000
Rainbow MWD	San Luis Rey Groundwater Study	Brackish Groundwater Recovery	San Luis Rey Basin	Feasibility Study	0	4,000	4,000	4,000	4,000	4,000
San Diego, City of	San Pasqual Brackish Groundwater Recovery Project	Brackish Groundwater Recovery and Treatment	San Pasqual Basin	Feasibility Report Complete/ CEQA 2012		0	1,235	1,427	1,539	1,619
San Diego, City of	Mission Valley Brackish Groundwater Recovery Project	Brackish Groundwater Recovery and Treatment	Mission Valley Basin (Alluvial Aquifer / San Diego River)	Pilot Production Well Study 2012	0	0	840	1,680	1,680	1,680
San Diego, City of	San Diego Formation - Southeastern San Diego, including Mt. Hope	Groundwater Recovery	San Diego Formation	Hydro-geologic Studies (2012)	0	0	800	1,600	1,600	1,600
Sweetwater Authority / Otay WD	Otay River Valley GW Aquifer Studies & Field Investigations	Brackish Groundwater Recovery	San Diego Formation (Otay River Basin)	Hydro-geologic Studies on-going (2012)	0	0	3,900	3,900	3,900	3,900
<b>Project Concepts Yields</b>					<b>-</b>	<b>4,560</b>	<b>11,335</b>	<b>14,567</b>	<b>14,679</b>	<b>14,759</b>

1 5-year average 2010-2014



**Table F-3  
Member Agency Wastewater Treatment  
San Diego Wastewater Treatment and Water Recycling Facilities Plant Capacity (Million Gallons/Day)**

Operating Agency	Treatment Facility Name	Planned Treatment Capacity						Effluent Quality for TDS (mg/L)	Disposal Method
		2020			2045				
		P	S	T	P	S	T		
Carlsbad, City of	Carlsbad WRF	-	-	7.4	-	-	12.0	1,000	Irrigation
Encina Wastewater Authority	Encina WPCF	43.3	43.3	-	43.3	43.3	-	1,031	Outfall-Reuse
Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF)	18.0	18.0	9.0	27.0	27.0	20.0	1,000	Reuse-Outfall
Fairbanks Ranch Comm. Ser. D	Fairbanks Ranch WPCF	0.3	0.3	-	0.3	0.3	0.3	1,100	Percolation
Fallbrook PUD	Fallbrook Plant #1 WRF	2.7	2.7	2.7	2.7	2.7	2.7	850	Reuse-Outfall
Leucadia CWD	Forest R. Gafner WRP	1.0	1.0	1.0	1.0	1.0	1.0	1,000	Reuse-Outfall
Oceanside, City of	La Salina WWTP	5.5	5.5	-	-	-	-	897	Outfall
Oceanside, City of	San Luis Rey WWTP	13.5	13.5	1.5	17.4	17.4	7.5	874	Reuse-Outfall
Olivenhain MWD	4-S Ranch WWTP	2.0	2.0	2.0	2.0	2.0	2.0	1,000	Reuse
Otay WD	Ralph W Chapman WRF	1.3	1.3	1.3	1.3	1.3	1.3	850	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 1	6.0	6.0	5.7	6.0	6.0	5.7	800	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 2	-	-	-	9.0	9.0	8.5	800	Reuse- Outfall
Padre Dam MWD	Ray Stoyer WRF Phase 3	-	-	-	6.0	6.0	5.7	800	Reuse- Outfall
Camp Pendleton Marine Corps Base	Southern Region TTP	-	-	7.5	-	-	7.5	750	Irrigation/Outfall
Camp Pendleton Marine Corps Base	Northern Region TTP	-	-	4.0	-	-	4.0	750	Irrigation/Percolation
Ramona MWD	Santa Maria WRP		1.0	0.4		1.0	0.4	850	Reuse-Stream
Ramona MWD	San Vicente WRP			0.5			0.6	550	Reuse-Stream
Rancho Santa Fe Com. Service District	Santa Fe Valley WRF	-	-	0.5	-	-	0.5	1,000	Irrigation
Rancho Santa Fe Com. Service District	Rancho Santa Fe WRF	0.5	0.5	-	0.6	0.6	0.6	1,100	Percolation
Rincon del Diablo MWD	Harmony Grove Village	-	-	0.2	-	-	0.3	1,000	Reuse - Irrigation
Rincon del Diablo MWD	Harmony Grove Village - South	-	-	0.2	-	-	0.3	1,000	Reuse - Irrigation
San Diego, City of	North City WRP	30.0	30.0	24.0	52.0	52.0	52.0	1,000	Reuse
San Diego, City of	Point Loma WWTP	240.0	-	-	240.0	-	-	1700-3000	Outfall
San Diego, City of	Harbor Drive WRP <sup>1</sup>				49	49	49	1,000	Reuse
San Diego, City of	South Bay WRP <sup>1</sup>	15.0	15.0	15.0	36.0	36.0	36.0	1,000	Reuse-Outfall
San Diego, City of	Harbor Drive WRP <sup>2</sup>				68	68	68	1,000	Reuse
San Diego, City of	South Bay WRP <sup>2</sup>	15.0	15.0	15	15	15	13.5	1,000	Reuse-Outfall
San Elijo Joint Powers Authority	San Elijo WRF	5.3	5.3	3.0	5.3	5.3	5.3	950	Reuse-Outfall
Vallecitos WD	Meadowlark WRF	5.0	5.0	5.0	5.0	5.0	5.0	1,000	Reuse
Valley Center MWD	Lower Moosa Canyon WRF	0.40	0.40	0.40	0.875	0.875	0.875	1,000	Irrigation
Valley Center MWD	Weik WRF	-	-	-	0.125	0.125	0.125	1,000	Irrigation (Golf Course)
Valley Center MWD	Lilac Hills Ranch WRF	-	-	-	0.350	0.350	0.350	1,000	Irrigation
Valley Center MWD	Woods Valley Ranch WRF	0.275	0.275	0.275	0.475	0.475	0.475	1,000	Irrigation (Golf Course)
Valley Center MWD	North Village WRF (WVR Ph. 4)	-	-	-	0.125	0.125	0.125	1,000	Irrigation
Valley Center MWD	Meadowood WRF	0.170	0.170	0.170	0.170	0.170	0.170	1,000	Irrigation
Whispering Palms CSD	Whispering Palms WPCF	0.5	0.5	-	0.5	0.5	0.5	963	Pasture-Percolation
		* 105.73	106.73	67.66	266.50	267.50	230.78		

CSD - Community Services District  
MWD - Municipal Water District  
RRF - Resource Recovery Facility  
TTP - Tertiary Treatment Plant  
WPCF - Water Pollution Control Facility  
WRF - Water Reclamation/Recycling Facility  
WRP - Water Reclamation Plant  
WWTP - Wastewater Treatment Plant

P - Primary Treatment  
S - Secondary Treatment  
T - Tertiary Treatment

1. Scenario 1, HDWRP has 49 MGD treatment capacity and SBWRP has 36 MGD treatment capacity
2. Scenario 2, HDWRP has 68 MGD treatment capacity and SBWRP has 15 MGD treatment capacity

\* Totals include only Scenario 1 for City of San Diego's Harbor Drive WRP and South Bay WRP

**Table F-4  
Member Agency Recycled Water Projections**

**EXISTING RECYCLED PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>	Projected Verifiable Reuse (AF/YR) <sup>2</sup>					
				2015	2020	2025	2030	2035	2040
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	1,903	2,831	2,831	2,831	2,831	2,831
	Gafner WRF/Leucadia CWD	Tertiary	Landscape, Agriculture	247	247	247	247	247	247
	Meadowlark WRF (via Mahr Reservoir) /Vallecitos WD	Tertiary	Landscape, Agriculture	2,000	2,000	2,000	2,000	2,000	2,000
	Sub-total			<b>4,150</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>	<b>5,078</b>
Del Mar, City of	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	90	100	125	150	150	150
Escondido, City of	Hale Avenue RRF/WRF/City of Escondido	Tertiary	Landscape, Agriculture, Industrial/PR	600	3,000	3,650	4,400	4,400	4,400
Fallbrook PUD	Fallbrook Plant #1/Fallbrook PUD	Tertiary	Landscape, Agriculture	600	1,200	1,200	1,200	1,200	1,200
Oceanside, City of	San Luis Rey WWTP/City of Oceanside - Phase 1 Expansion	Tertiary	Landscape	130	400	1,700	2,900	3,060	3,500
Olivenhain MWD	4S Ranch WRF/Olivenhain MWD	Tertiary	Landscape	915	915	915	915	915	915
	Connection #1-North City Water Reclamation Plant/City of San Diego	Tertiary	Golf Course Irrigation/HOAs (includes farms at 272 AF/YR)	356	623	623	623	623	623
	Connection #2-North City Water Reclamation Plant/City of San Diego	Tertiary	Golf Course Irrigation/HOAs	15	20	20	20	20	20
	Santa Fe Valley WRF/Rancho Santa Fe CSD	Tertiary	Landscape, Golf Course Irrigation	140	140	140	140	140	140
	Northwest Quadrant /Meadowlark WRF/Vallecitos WD	Tertiary	Landscape	358	459	459	459	459	459
	SEJPA1-Quail Gardens	Tertiary	Landscape	144	50	50	50	50	50
	SEJPA2-Village Park, Manchester Phase I	Tertiary	Landscape	-	236	236	236	236	236
Sub-total			<b>1,928</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	<b>2,443</b>	
Otay WD	R. W. Chapman WRF/Otay WD	Tertiary	Landscape	1,100	1,100	1,100	1,100	1,100	1,100
	South Bay WRP/City of SD	Tertiary	Landscape	3,300	4,570	4,800	4,900	5,100	5,400
Sub-total			<b>4,400</b>	<b>5,670</b>	<b>5,900</b>	<b>6,000</b>	<b>6,200</b>	<b>6,500</b>	
Padre Dam MWD	Ray Stoyer WRF (Existing)/Padre Dam MWD	Tertiary	Replenishment of Santee Lakes	1,120	1,120	1,120	1,120	1,120	1,120
	Ray Stoyer WRF (Existing)/Padre Dam MWD	Tertiary	Landscape (Existing Distribution System)	896	896	896	896	896	896
Sub-total			<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	<b>2,016</b>	
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Landscape, Golf Course, Agriculture	450	480	480	480	480	480
	Sewage Treatment Plants # 11 & #12/USMC	Secondary	Percolation/Seawater Intrusion Barrier	148	-	-	-	-	-
	North WWTPs/USMC	Tertiary	Landscape/Seawater Intrusion Barrier	450	510	510	510	510	510
Sub-total			<b>1,048</b>	<b>990</b>	<b>990</b>	<b>990</b>	<b>990</b>	<b>990</b>	
Poway, City of	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	645	645	645	645	645	645
Ramona MWD	Santa Maria WRP/Ramona MWD	Tertiary	Landscape, Recreational Impound, Development	230	230	230	230	230	230
	San Vicente WRP/Ramona MWD	Tertiary	Landscape (Golf Course), Agriculture (Orchard)	480	500	525	525	525	525
Sub-total			<b>710</b>	<b>730</b>	<b>755</b>	<b>755</b>	<b>755</b>	<b>755</b>	
Rincon Del Diablo MWD	Hale Avenue RRF/WRF/City of Escondido	Tertiary	Landscape, Industrial	3,300	3,100	4,000	4,000	4,000	4,000
San Diego, City of	North City WRP/City of San Diego	Tertiary	Landscape, Industrial	7,029	12,500	12,500	12,500	12,500	12,500
	South Bay WRP/City of San Diego	Tertiary	Landscape, Industrial	1,166	1,150	1,150	1,150	1,150	1,150
Sub-total			<b>8,195</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	<b>13,650</b>	
San Dieguito WD	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	736	800	800	800	800	800
Santa Fe ID	San Elijo WRF/San Elijo JPA	Tertiary	Landscape	500	500	500	500	500	500
Valley Center MWD	Woods Valley Ranch WRF/VCMWD	Tertiary	Landscape Irrigation/Golf Course Irrigation	47	47	47	47	47	47
	Woods Valley Ranch WRF (Phase 2)	Tertiary	Landscape Irrigation/Golf Course Irrigation	-	90	175	184	184	184
Sub-total			<b>47</b>	<b>137</b>	<b>222</b>	<b>231</b>	<b>231</b>	<b>231</b>	
<b>Total</b>				<b>29,095</b>	<b>40,459</b>	<b>43,674</b>	<b>45,758</b>	<b>46,118</b>	<b>46,858</b>



## APPENDIX F

## ADDITIONAL PLANNED PROJECTS

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>							Project Phase
				2015	2020	2025	2030	2035	2040	
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	-	-	328	328	328	328	Design/Planning
Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF)	Tertiary	Landscape, Agriculture, Industrial, PR	-	1,380	7,130	8,130	8,130	8,130	FS
Padre Dam MWD	Ray Stoyer WRF/Padre Dam MWD	Tertiary	Landscape, Irrigation, Dust Control	-	-	1,008	1,008	1,008	1,008	FS
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Injection - Las Flores Basin	-	450	450	450	450	450	Design
	South WWTPs/USMC	Tertiary	Injection - Santa Margarita Basin	-	870	870	870	870	870	Design
	North WWTPs/USMC	Tertiary	Landscape	-	90	90	90	90	90	Design
	Sub-total			-	1,410	1,410	1,410	1,410	1,410	
Santa Fe ID	Evaluating Multiple Options/TBD	Tertiary	Landscape	50	50	50	50	50	50	FS
<b>Total</b>				<b>50</b>	<b>2,840</b>	<b>9,926</b>	<b>10,926</b>	<b>10,926</b>	<b>10,926</b>	

## PROJECT CONCEPTS

Purveyor	Supply Source Treatment Plant/Agency	Treatment Level	Type of Reuse <sup>1</sup>							Project Phase
				2015	2020	2025	2030	2035	2040	
Carlsbad MWD	Carlsbad WRF/Carlsbad MWD	Tertiary	Landscape, Agriculture	-	-	-	-	616	616	EIR
	Meadowlark WRF/Vallecitos WD	Tertiary	Landscape, Agriculture	-	-	-	-	187	187	EIR
	Sub-total			-	-	-	-	803	803	
Olivenhain MWD	Village Park Recycled Water Expansion Project	Tertiary	Turf and Landscape	-	80	127	127	127	127	Concept
	Extension 153 Phase I	Tertiary	Landscape	-	-	189	189	189	189	Concept
	Joint RW Transmission Project with SFID and OMWD/TBD	Tertiary	Landscape, Golf Course Irrigation	-	-	400	400	400	400	Concept
	Extension 153 Phase II	Tertiary	Landscape	-	-	-	300	300	300	Concept
	Rancho Cielo	Tertiary	Landscape	-	-	-	100	100	100	Concept
Sub-total			-	80	716	1,116	1,116	1,116		
Otay WD	North District Recycled System/R.W. Chapman WRF/Otay WD	Tertiary	Landscape	-	-	-	4,400	4,400	4,400	Concept
Camp Pendleton Marine Corps Base	South WWTPs/USMC	Tertiary	Indirect Potable Recharge	-	2,060	2,060	2,060	2,060	2,060	Concept
Poway, City of	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	-	100	100	100	100	100	Concept
	North City WRP/City of San Diego	Tertiary	Landscape, Agriculture	-	50	50	50	50	50	Concept
	Sub-total			-	150	150	150	150	150	
Rainbow MWD	WRP/Recycled Water Distribution System	Tertiary	Landscape, Agriculture, Irrigation	-	300	670	1,000	1,600	1,600	Design Review
Ramona MWD	Santa Maria WRP/Ramona MWD	Tertiary	Landscape, Recreational Impound, Development	-	3,000	3,000	3,000	3,000	3,000	Concept
Valley Center MWD	Lower Moosa Canyon WRF	Tertiary	Landscape Irrigation	-	370	460	580	700	700	FS
	Welk WRF/VCMD	Tertiary	Landscape/Golf Course Irrigation	-	-	140	140	140	140	FS
	Lilac Hills Ranch WRF/VCMD	Tertiary	Landscape Irrigation	-	-	-	-	147	294	FS
	Meadowood WRF/VCMD	Tertiary	Landscape Irrigation	-	-	100	143	143	143	FS
	Woods Valley Ranch WRF (Phase 3)/VCMD	Tertiary	Landscape Irrigation	-	-	-	50	150	168	FS
	North Village WRF (Phase 4)/VCMD	Tertiary	Landscape Irrigation	-	-	-	-	-	105	FS
Sub-total			-	370	700	913	1,280	1,550		
Vista Irrigation District	Shadowridge WRP	Tertiary	Landscape Irrigation	-	-	1,800	1,800	1,800	3,000	Concept
<b>Total</b>				<b>-</b>	<b>5,960</b>	<b>9,096</b>	<b>14,439</b>	<b>16,209</b>	<b>17,679</b>	

<sup>1</sup> Does not include recycled water used for environmental enhancement.

<sup>2</sup> Projected verifiable projects are included in the Water Authority's 2015 UWMP reliability analysis.

**Table F-5  
Member Agency Potable Reuse Projections**

**EXISTING POTABLE REUSE PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Source Water Facility	Project Type (i.e. direct, indirect)	Projected Verifiable Use (AF/YR)					
					2015	2020	2025	2030	2035	2040
Oceanside, City of	San Luis Rey WRF - Short/Long-Term Expansion	Oceanside, City of	San Luis Rey WRF	Indirect and/or Direct	-	3,300	3,300	3,300	3,300	3,300
<b>Total</b>					-	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>	<b>3,300</b>

**ADDITIONAL PLANNED PROJECTS**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Supply Source Treatment Plant/Agency	Project Type (i.e. direct, indirect)	Projected Additional Planned (AF/YR)					
					2015	2020	2025	2030	2035	2040
Padre Dam MWD	East County Advanced Water Purification Program Phase 1*	Padre Dam MWD/SD County San. District	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	3,920	3,920	3,920	3,920	3,920
	East County Advanced Water Purification Program Phase 2*	Padre Dam MWD/SD County San. District/ City of El Cajon	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	-	7,616	7,616	7,616	7,616
	<b>Sub-total</b>				-	<b>3,920</b>	<b>11,536</b>	<b>11,536</b>	<b>11,536</b>	<b>11,536</b>
Rincon del Diablo MWD	New Local Supply **		Hale Avenue RRF/ City of Escondido/WRFs	Indirect/ Direct	-	-	200	1,000	1,000	1,000
San Diego, City of	PURE Water	San Diego, City of	Phase 1 North City / City of San Diego	Indirect	-	-	16,800	33,600	33,600	33,600
			Phase 2 Central Area / City of San Diego	Indirect	-	-	-	-	42,598	42,598
			Phase 3 South Bay / City of San Diego	Indirect	-	-	-	-	16,815	16,815
			<b>Sub-total</b>				-	-	<b>16,800</b>	<b>33,600</b>
Santa Fe ID	SFID/SDWD/SEJPA Potable Reuse Project	San Elijo Joint Powers Authority	San Elijo Water Reclamation Facility (Advanced Treatment) / San Elijo JPA	Indirect or Direct	-	550	550	550	550	550
<b>Total</b>					-	<b>4,470</b>	<b>29,086</b>	<b>46,686</b>	<b>106,099</b>	<b>106,099</b>

**PROJECT CONCEPTS**

Lead Agency	Project Name	Source Water Purveyor (if different from lead agency)	Supply Source Treatment Plant/Agency	Project Type (i.e. direct, indirect)	Conceptual (AF/YR)					
					2015	2020	2025	2030	2035	2040
Escondido, City of	Potable Reuse	Escondido, City of	Hale Avenue Resource Recovery Facility (HARRF) / City of Escondido	TBD	-	-	-	4,000	5,000	5,000
Olivenhain MWD	San Elijo Valley/San Dieguito River Basin Brackish GW Recovery & Treatment	San Elijo JPA/Leucadia Wastewater District	San Elijo JPA/Leucadia Wastewater District	Indirect	-	560	560	560	560	560
Padre Dam MWD	East County Advanced Water Purification Program Phase 3*	Padre Dam MWD/SD County San. District/ City of El Cajon	East County Advanced Water Purification Facility / Padre Dam MWD	Indirect	-	-	-	-	-	5,824
<b>Total</b>					-	<b>560</b>	<b>560</b>	<b>4,560</b>	<b>5,560</b>	<b>11,384</b>

\* Effluent will be split between Helix WD & Padre Dam with percentages to TBD in the future, should Helix decide to participate in the Project beyond the current planning.

\*\* Based on HARRF/Harmony Grove Village WRFs and potential scalping plant.

**Table F-6  
Member Agency Desalination Projections**

**EXISTING DESALINATION PROJECTS AND PROPOSED EXPANSIONS (VERIFIABLE)**

Lead Agency	Project Name	Projected Verifiable Use (AF/YR)					
		2015	2020	2025	2030	2035	2040
Supplies to be purchased by Carlsbad MWD	Claude "Bud" Lewis Carlsbad Desalination Plant	-	2,500	2,500	2,500	2,500	2,500
Supplies to be purchased by Vallecitos WD	Claude "Bud" Lewis Carlsbad Desalination Plant	-	3,500	3,500	3,500	3,500	3,500

<b>Total</b>	-	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
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**ADDITIONAL PLANNED PROJECTS**

Lead Agency	Project Name	Projected Additional Planned (AF/YR)					
		2015	2020	2025	2030	2035	2040
Otay WD	Otay WD/ Rosarito Beach	-	-	15,100	15,600	16,100	16,800

<b>Total</b>	-	-	<b>15,100</b>	<b>15,600</b>	<b>16,100</b>	<b>16,800</b>
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**PROJECT CONCEPTS**

Lead Agency	Project Name	Conceptual (AF/YR)					
		2015	2020	2025	2030	2035	2040
-	-	-	-	-	-	-	-

<b>Total</b>	-	-	-	-	-	-
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**Table 2: Estimated Member Agency Impacts of Demand Management Cost Recovery Alternatives, Thousands of Dollars**

	Current WSR*	Alt #1 Existing COS	Alt #2 Modified COS	Alt #3A Function- alized Fixed Charge	Alt #3B Fixed Charge Population	Alt #3B Fixed Charge AV
Anaheim	\$ 1,059	\$ 918	\$ 954	\$ 1,107	\$ 1,920	\$ 1,578
Beverly Hills	776	672	680	636	230	1,188
Burbank	1,077	933	917	836	570	810
Calleguas MWD	6,848	5,932	6,009	6,115	3,338	3,495
Central Basin MWD	2,938	2,545	2,572	2,679	8,247	5,056
Compton	0	0	11	47	483	158
Eastern MWD	6,912	5,988	6,053	5,551	4,355	2,720
Foothill MWD	605	524	532	511	433	634
Fullerton	514	445	458	499	715	680
Glendale	1,160	1,005	1,025	1,006	979	1,091
Inland Empire	4,155	3,599	3,650	3,652	4,534	3,883
Las Virgenes MWD	1,496	1,296	1,309	1,245	371	850
Long Beach	2,267	1,963	1,986	1,921	2,506	1,724
Los Angeles	18,887	16,360	16,726	16,409	21,258	20,730
MWDOC	15,819	13,703	13,775	13,147	12,447	17,067
Pasadena	1,389	1,203	1,215	1,146	877	1,049
<b>SDCWA</b>	<b>10,463</b>	<b>22,442</b>	<b>21,644</b>	<b>24,182</b>	<b>17,009</b>	<b>17,368</b>
San Fernando	2	1	1	2	129	66
San Marino	69	60	63	51	70	222
Santa Ana	671	581	599	678	1,756	902
Santa Monica	274	238	261	335	495	1,276
Three Valleys MWD	4,685	4,058	4,084	3,820	2,741	2,341
Torrance	1,166	1,010	1,024	973	721	992
Upper San Gabriel	3,041	2,635	2,494	2,040	4,587	3,580
West Basin MWD	8,626	7,472	7,484	7,018	4,301	6,929
Western MWD	5,100	4,417	4,475	4,392	4,931	3,610
<b>Total</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

Estimated Demand Management Cost Allocation

		Assumed Demand Management Allocation					\$100,000,000
SDCWA Share (per Table 2)		10.46%	22.44%	21.64%	24.18%	17.01%	17.37%
Re-allocation Methodology		Current Sales	Current Sales	78% Sales, 10% RTS, 2% CC	10yr Avg Sales (RTS)	Population	Assessed Valuation
Member Agency	Current	Alt 1	Alt 2	Alt 3A	Alt 3B - Pop	Alt 3B - AV	
Carlsbad	\$328,861.12	\$705,371.42	\$687,002.74	\$838,385.90	\$467,923.07	\$893,405.37	
Del Mar, City of	\$26,210.31	\$56,218.27	\$53,845.24	\$57,254.22	\$22,739.43	\$121,469.11	
Escondido, City of	\$443,585.06	\$951,441.83	\$912,964.17	\$1,006,715.65	\$729,974.18	\$291,463.68	
Fallbrook PUD	\$207,163.39	\$444,343.01	\$439,608.15	\$568,584.27	\$185,217.57	\$133,407.29	
Helix WD	\$671,132.73	\$1,439,506.91	\$1,378,631.00	\$1,466,517.23	\$1,452,772.49	\$899,424.16	
Lakeside WD	\$72,044.27	\$154,527.14	\$151,331.18	\$169,485.28	\$187,863.53	\$92,074.38	
Oceanside, City of	\$542,573.00	\$1,163,760.23	\$1,121,153.02	\$1,243,563.97	\$933,819.34	\$789,610.79	
Olivenhain MWD	\$458,486.82	\$983,404.50	\$945,897.22	\$1,045,247.86	\$458,318.22	\$778,521.69	
Otay WD	\$746,582.10	\$1,601,337.63	\$1,538,141.97	\$1,638,039.18	\$1,191,552.22	\$1,037,944.45	
Padre Dam MWD	\$253,474.45	\$543,675.20	\$525,545.59	\$579,701.20	\$479,073.17	\$386,793.93	
Camp Pendleton MCB	\$2,183.74	\$4,683.88	\$4,323.87	\$3,283.30	\$0.00	\$1,956.72	
Poway, City of	\$240,999.06	\$516,916.85	\$499,481.90	\$571,663.84	\$264,448.35	\$359,911.83	
Rainbow MWD	\$399,512.27	\$856,910.47	\$839,029.60	\$1,014,110.38	\$105,542.26	\$154,258.60	
Ramona MWD	\$138,622.38	\$297,329.96	\$283,442.39	\$291,611.50	\$211,677.22	\$146,245.82	
Rincon Del Diablo MWD	\$129,186.77	\$277,091.62	\$268,266.82	\$311,898.70	\$158,519.78	\$330,843.40	
San Diego, City off	\$4,149,012.11	\$8,899,180.90	\$8,546,182.85	\$9,334,736.52	\$7,442,137.03	\$8,521,522.54	
San Dieguito WA	\$92,889.29	\$199,237.44	\$189,957.04	\$189,650.47	\$200,003.22	\$345,530.88	
Santa Fe ID	\$175,454.21	\$376,330.25	\$360,935.90	\$374,010.79	\$104,780.22	\$379,510.73	
Sweetwater	\$125,819.84	\$269,869.90	\$281,825.92	\$495,684.29	\$1,009,065.30	\$510,951.31	
Vallecitos WD	\$292,579.99	\$627,552.34	\$616,272.80	\$794,544.22	\$552,244.69	\$528,149.31	
Valley Center MWD	\$467,998.76	\$1,003,806.57	\$982,565.03	\$1,185,207.22	\$136,092.58	\$154,546.67	
Vista ID	\$365,927.41	\$784,874.60	\$753,131.05	\$823,941.50	\$705,340.24	\$497,317.42	
Yuima MWD	\$129,402.15	\$277,553.57	\$256,677.45	\$158,252.40	\$9,895.91	\$13,139.94	
Contract Water	\$3,298.78	\$7,075.53	\$7,787.11	\$19,910.12	\$0.00	\$0.00	
<b>Total</b>	<b>\$10,463,000.00</b>	<b>\$22,442,000.00</b>	<b>\$21,644,000.00</b>	<b>\$24,182,000.00</b>	<b>\$17,009,000.00</b>	<b>\$17,368,000.00</b>	





## Fallbrook Public Utility District

Engineering and Operations FY20

Board Meeting July 2020

# Engineering

### Water CIP FY20

- Budget: \$30,248,033
  - SMRCUP: \$27,179,100
  - PAYGO: \$3,068,933
- PAYGO Spent: \$3,289,988
- PAYGO Percentage Spent: 107%

### Wastewater CIP FY20

- Budget: \$2,060,000
- Spent: \$1,050,229
- Percentage Spent: 51%

# Engineering

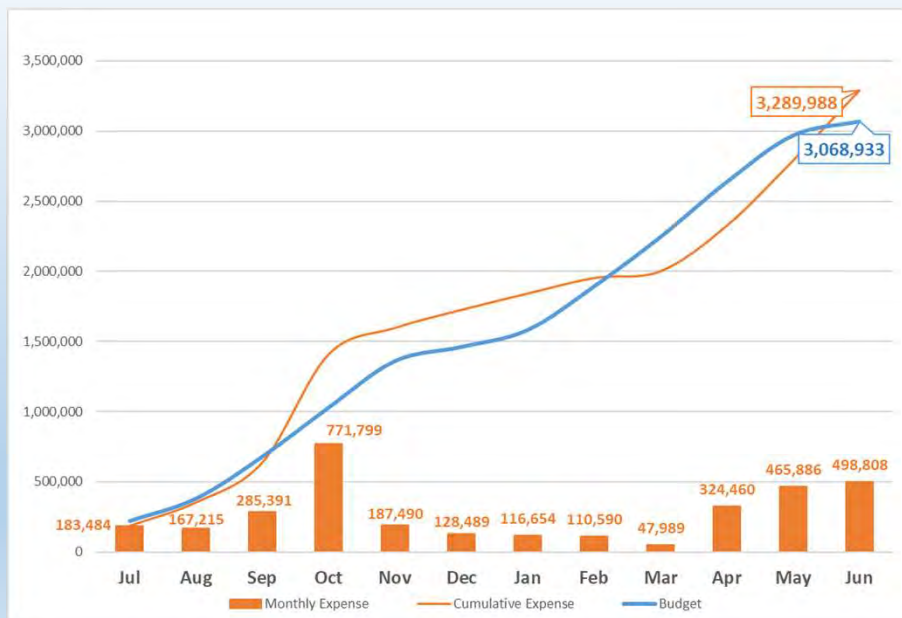
## Recycled Water CIP FY20

- Budget: \$892,000
- Spent thru Jun20: \$231,254
- Percentage spent: 26%

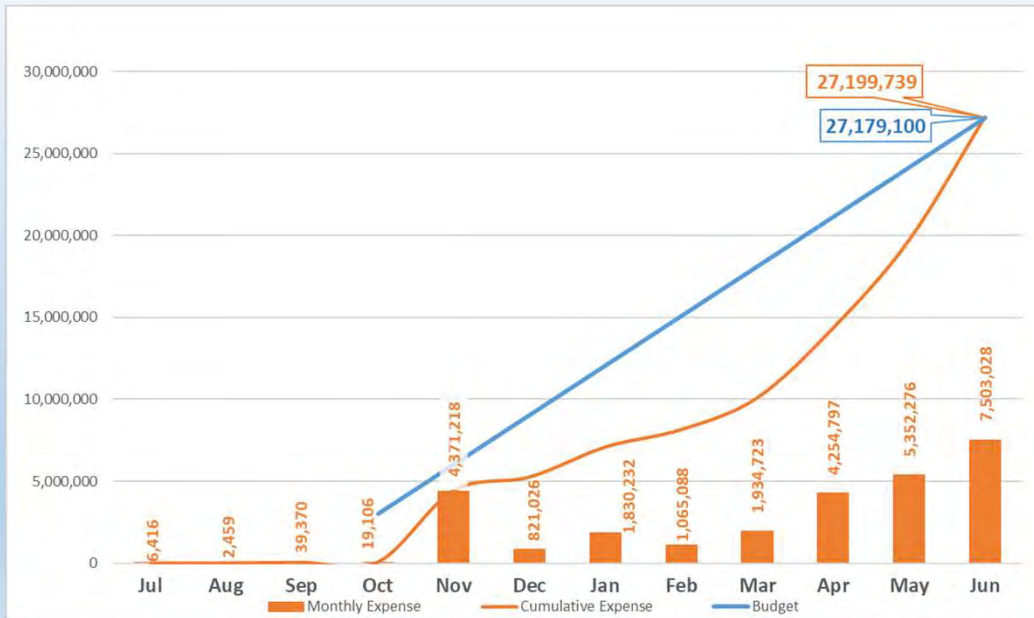
## Administrative CIP FY20

- Budget: 988,860
- Spent: \$803,461
- Percentage spent: 81%

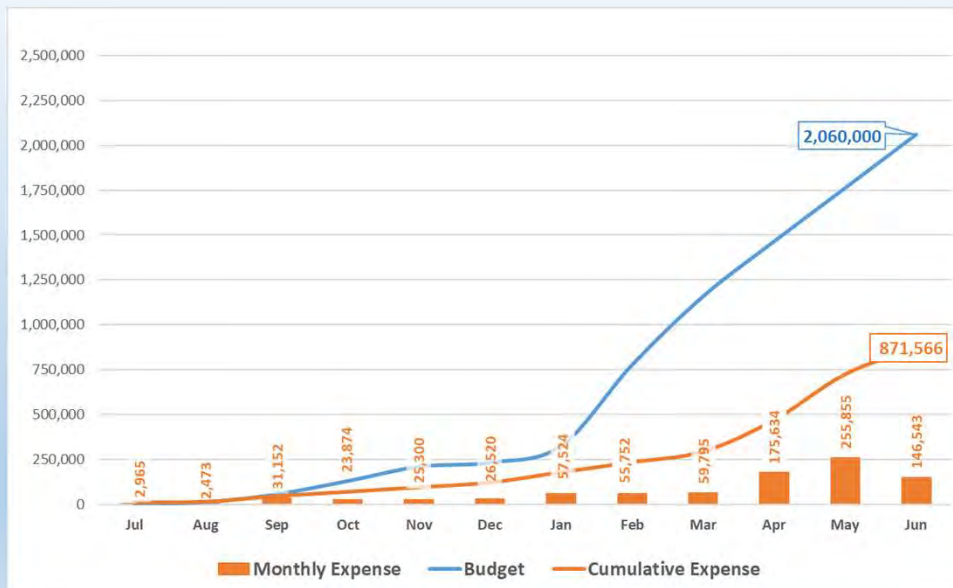
## Water PAYGO CIP FY20



## Water SMRCUP CIP FY20



## Wastewater System CIP FY20



# Wastewater

## Wastewater System Violations

- State and Regional Water Quality Control Board Compliance with NPDES, WDR and General Order Permits
- Analyses are performed daily, monthly, quarterly, semi-annually and annually
- Goal: 100% compliance

## Wastewater PMs Completed

- Servicing and inspecting pumps, motors, calibrating equipment, chlorine gas system, and site maintenance

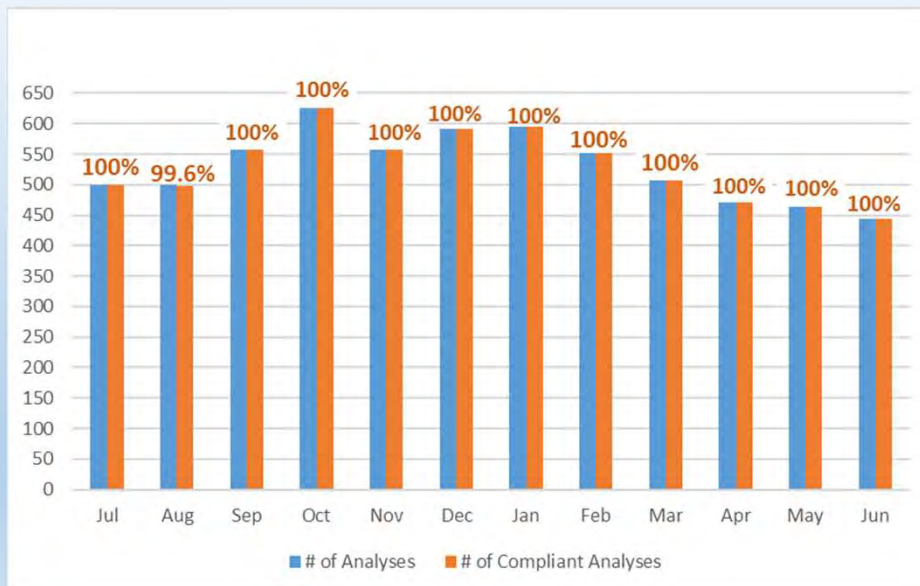
## Energy Cost per MG

- Blowers, Natural Gas Sludge Dryer, Pumps - Hydraulics
- Solar Fields

## Recycled Water – Time Out of Service

- Unplanned vs Planned

## Wastewater System Regulatory Compliance



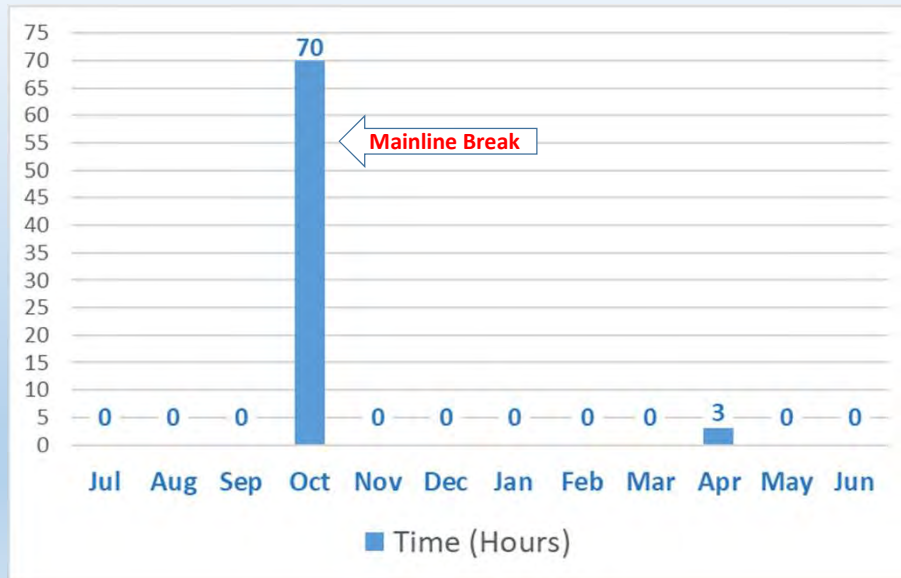
## Reclamation Plant – Preventative Maintenance Work Orders



## Reclamation Plant – Energy Usage (KWh/MG Treated)



## Recycled Water – Time out of Service (Hours)



## Collections

### Total Wastewater Spilled

- Common Gravity Sewer or Force Main
- Reportable to State and Regional board
- Controlled with main line cleaning

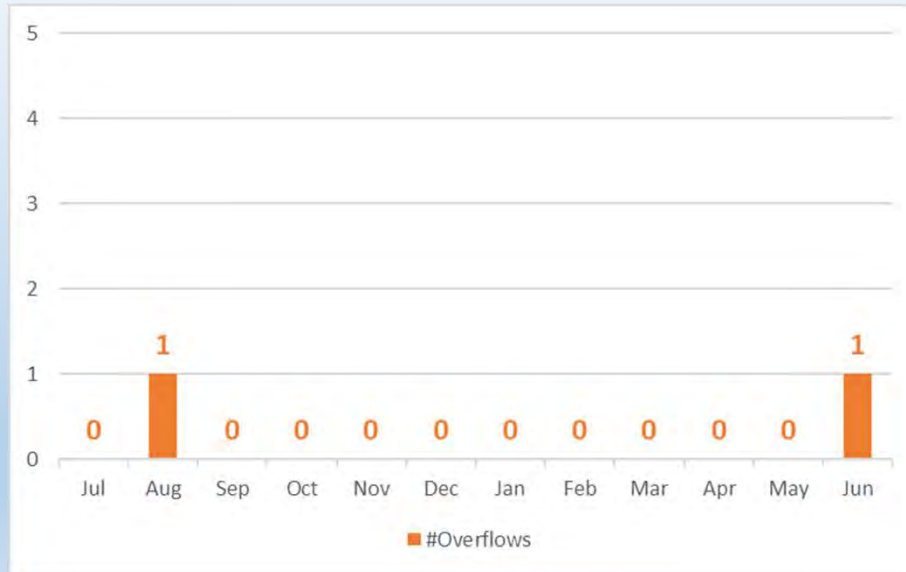
### Non-Recovered Wastewater Spilled

- Storm Drains, Creeks or Ponds or Ground
- Quick Response

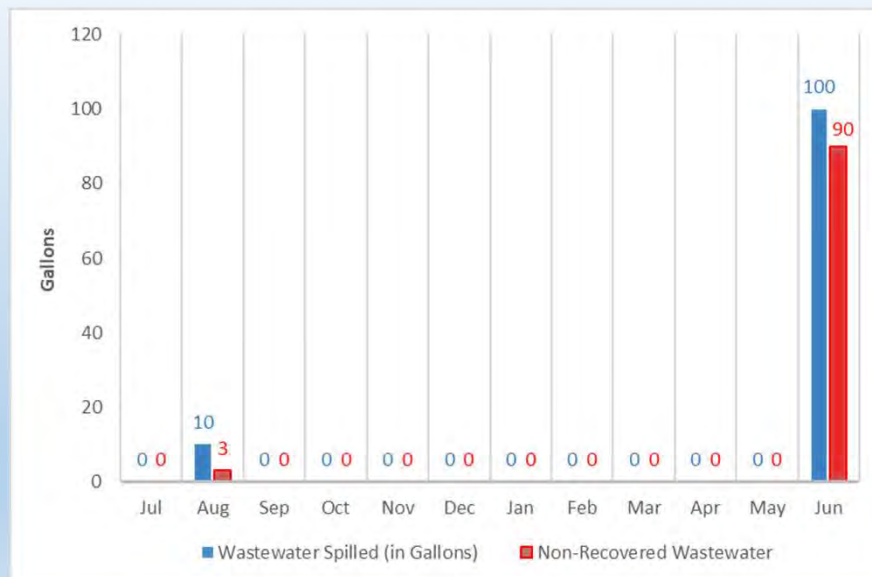
### Odor Complaints

- Two Types- WRP or Collections System
- WRP- Process problems
- Main Line- Gravity System/Force Main or Private Pumping System

## Sewer Overflows

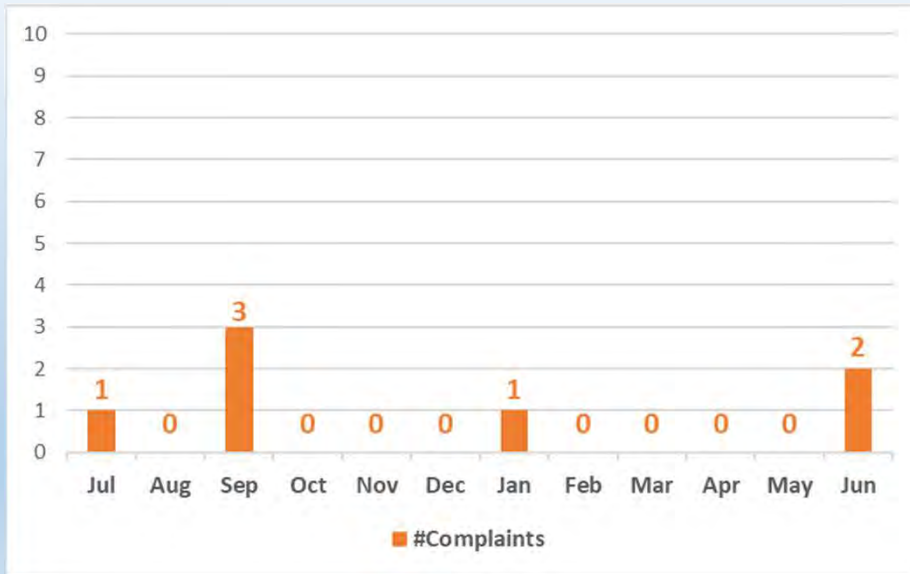


## Wastewater Spilled

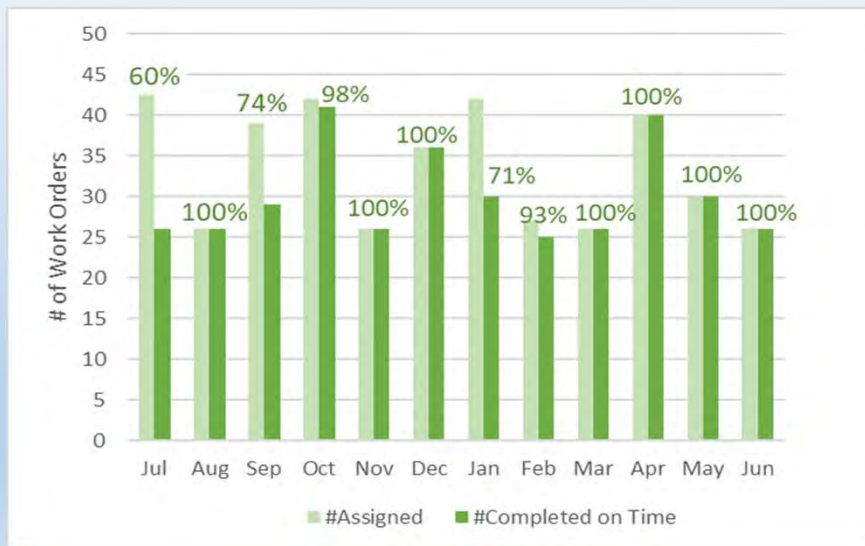




## Wastewater System Odor Complaints



## Collections – Preventative Maintenance Work Orders



# System Services

## Meter Exchange Program

- Began in Jul 2015 with 9239 meters to exchange
- As of July 2020 – 7,592 meters exchanged
- Goals: Exchange 123 meters/month, 1476 meters/year for the remainder of program
- If all goals are met, the meter exchange program should conclude in July 2021

## Meter Exchange



# System Operations

## Regulatory Compliance

- Routine water quality sampling
- UV Plant operation
- Goal: 100% complete on time

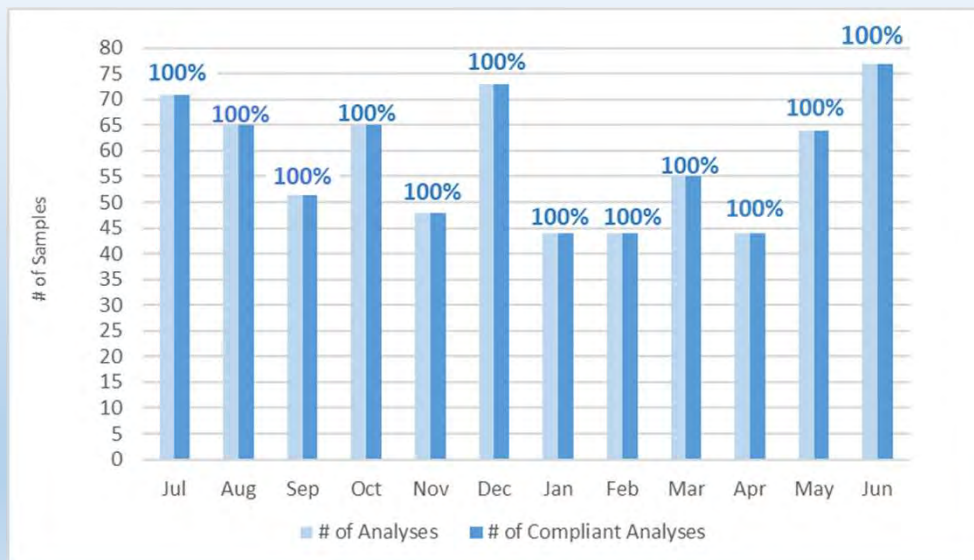
## Valve Exercising Program

- 6,804 main line valves on a 3 year cycle
- Improves valve reliability
- Goal: 189/mo. or 2.78% of total

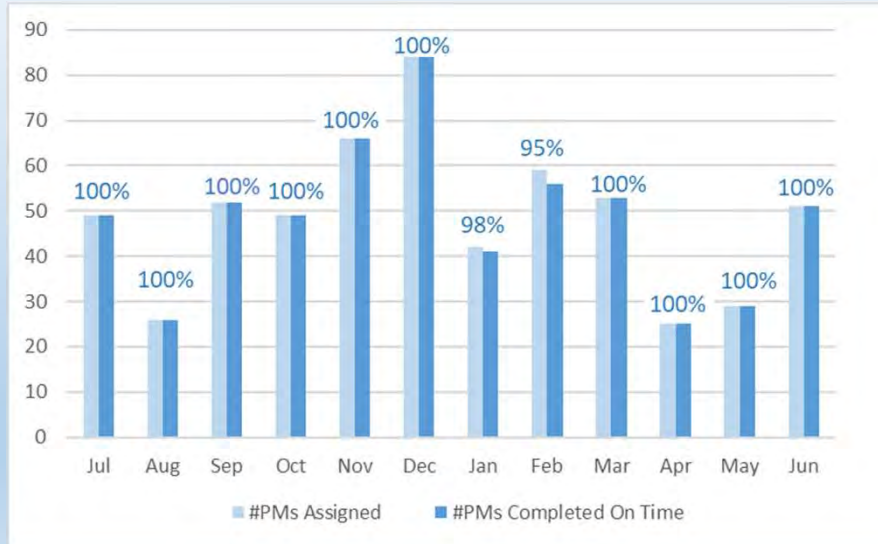
## Preventative Maintenance Work Orders

- Pump stations, tanks, UV Plant
- Critical components stay in good working order
- Goal: 100% complete on time

## Water System Regulatory Compliance



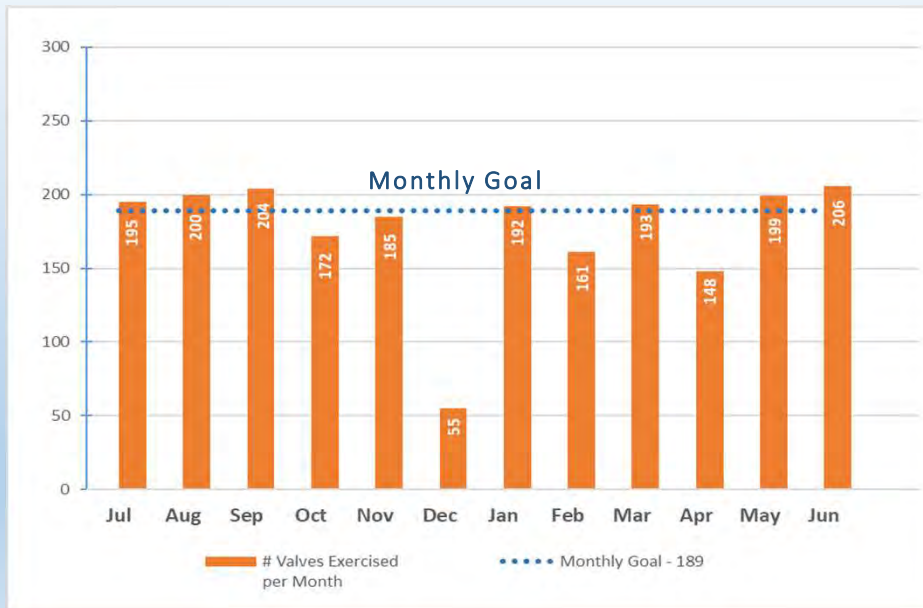
## Water Preventative Maintenance Work Orders



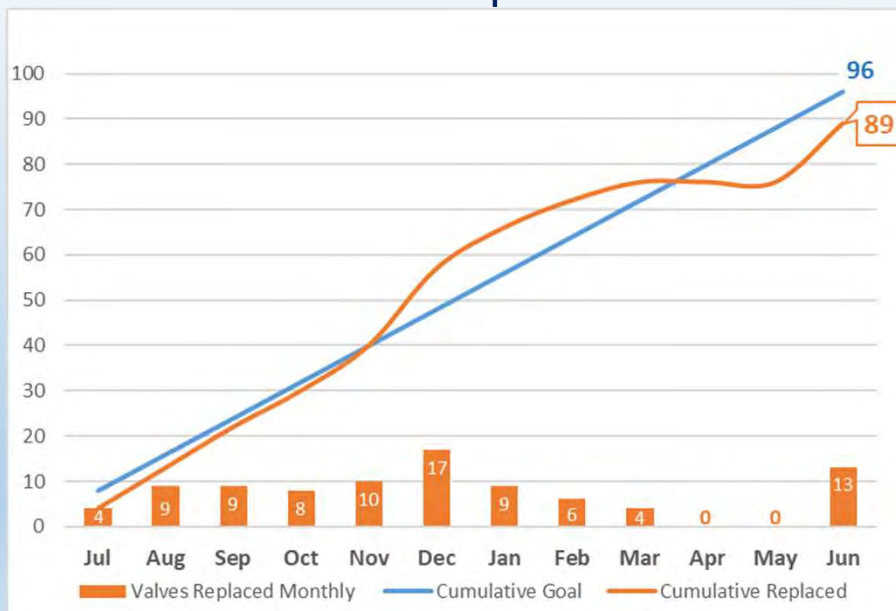
## Construction/Maintenance

- Efforts continue in replacing valves with the greatest impact on water loss and customer outages during large main breaks.
- With new valves, crews will be capable of shutting down smaller controlled areas faster, impacting fewer customers while losing less water and completing repairs sooner.
- Our goal is to replace 100 valves per year. We replaced 89 valves FY20. We currently have 6821 valves in the system with 332 known to be broken.

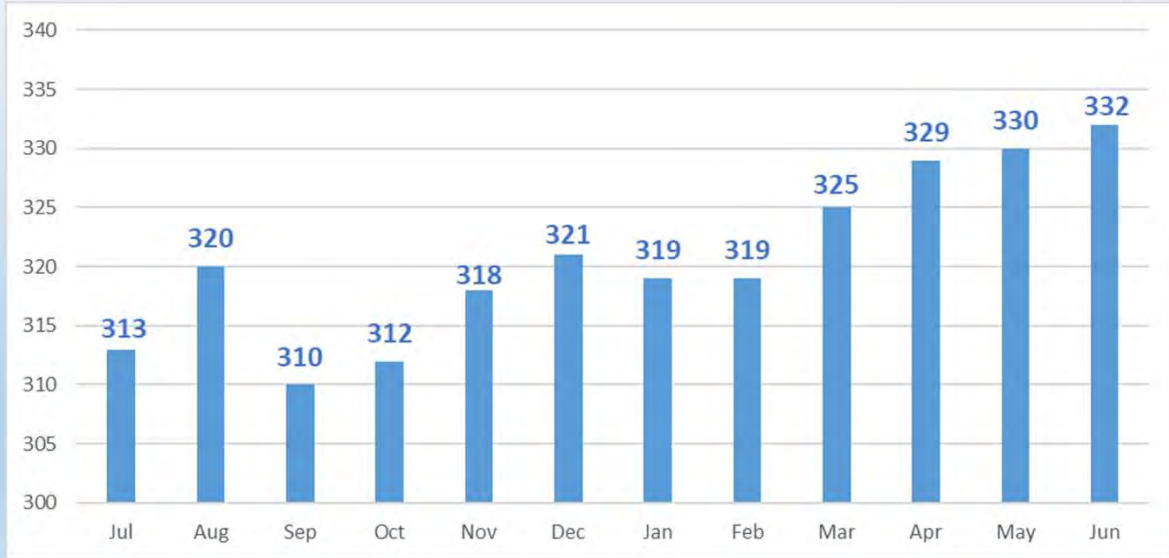
## Valve Exercise Program



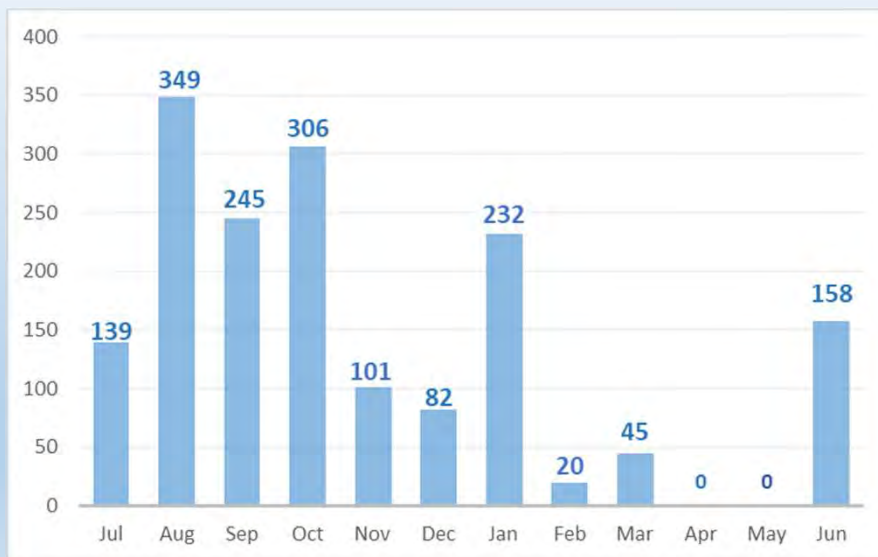
## Valves Replaced



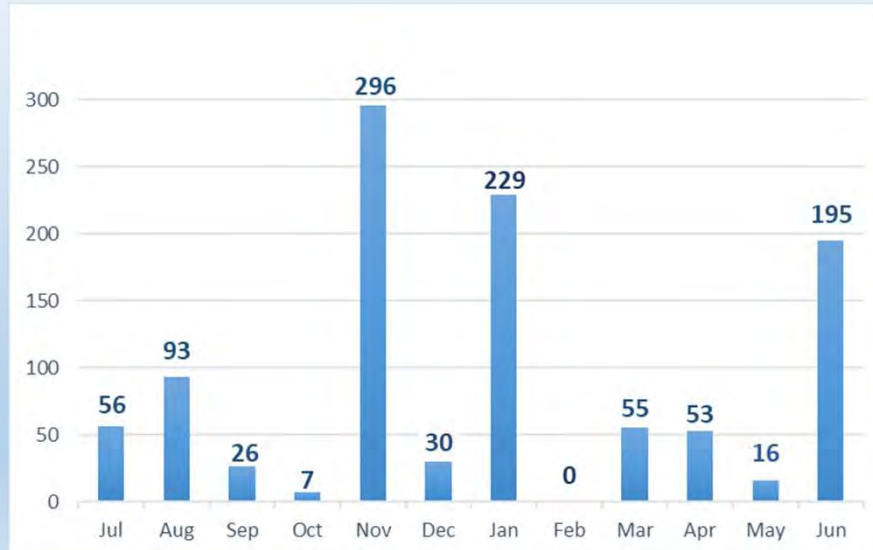
### Rolling Total Broken Valves



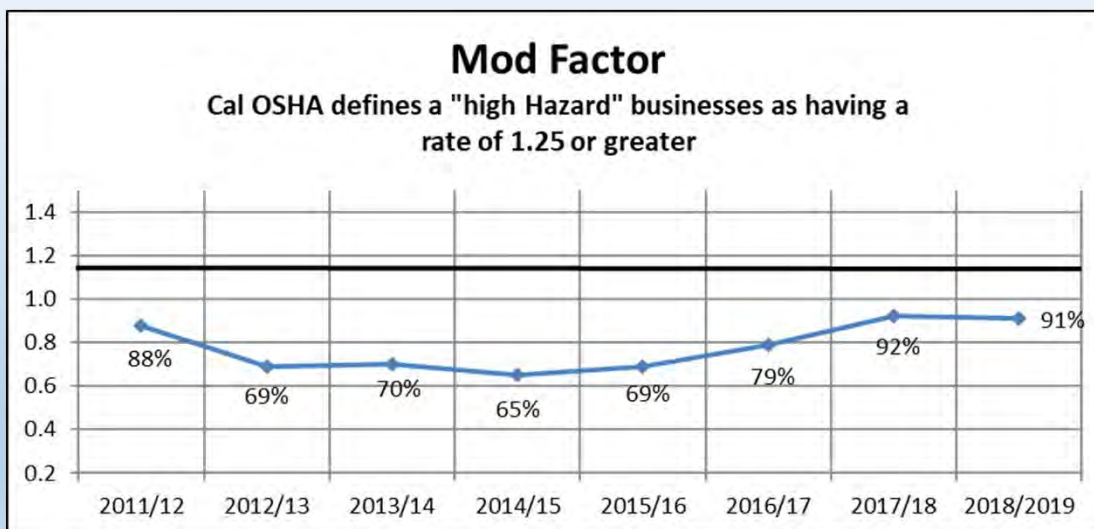
### Planned Outages > 4 Hours # of Customers Affected



## Unplanned Disruption > 4 Hours # of Customers Affected

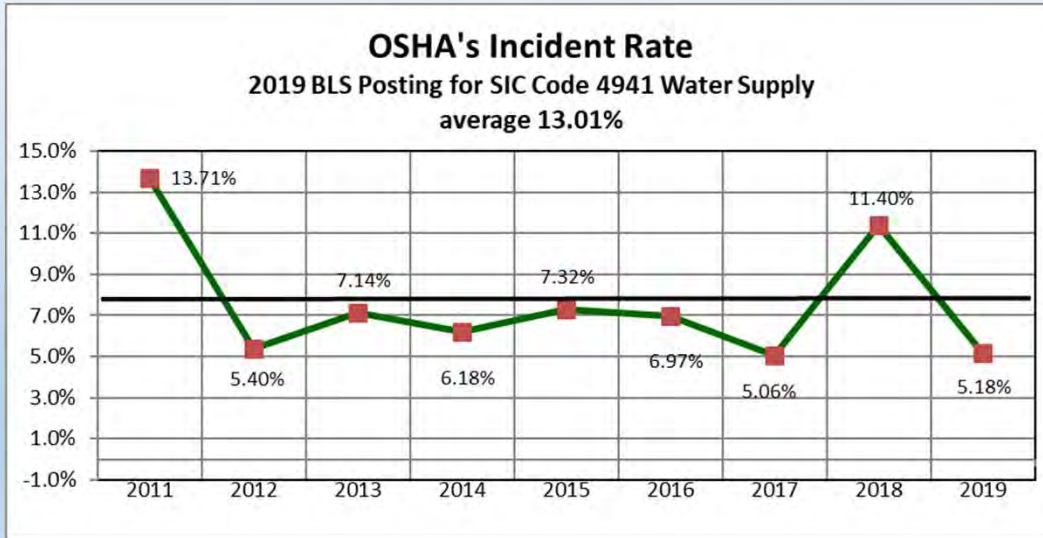


## Safety Data – Year-End Summary

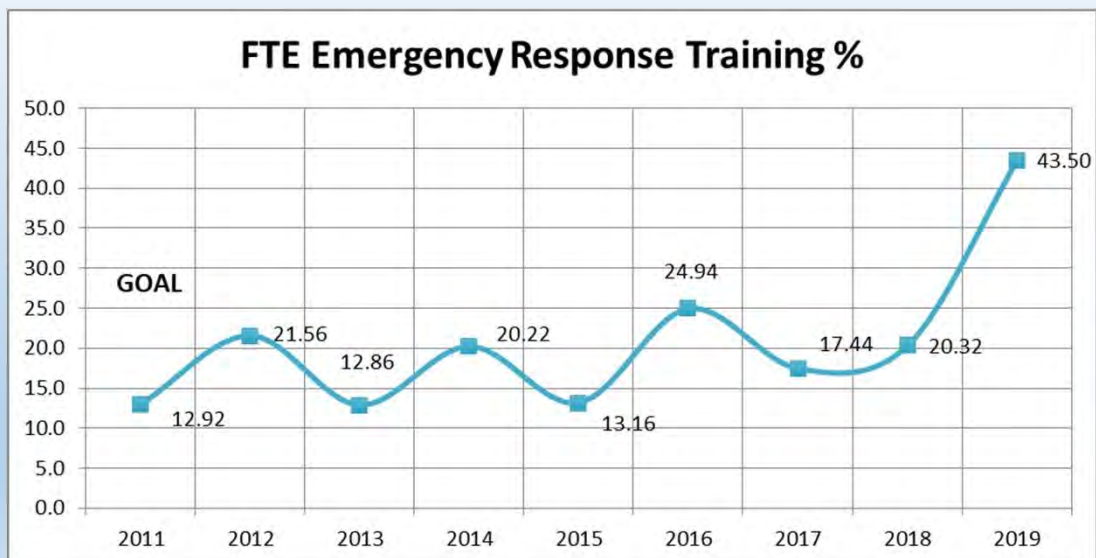


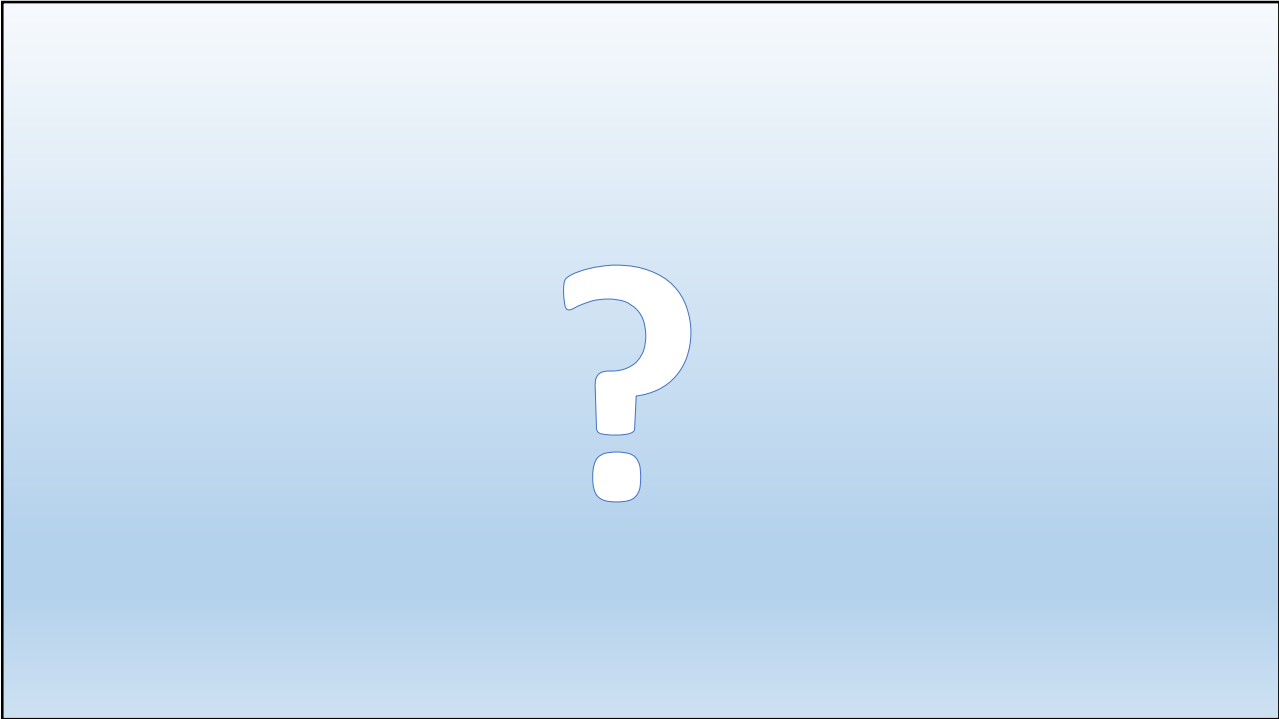


## Safety Data – Year-End Summary



## Safety Data – Year-End Summary





**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** July 27, 2020  
**SUBJECT:** Treasurer's Report

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Purpose

Provide the June, 2020 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

The District received \$2.6 million in reimbursement from the State in June and paid Santa Margarita Conjunctive Use Project (SMCUP) contractors \$2.7 million in June. In June, the District closed its County Pool Account and transferred the funds to the Money Market account. In addition, the District deposited the remaining \$0.4 million of the budgeted transfer to the PARS Pension Trust account.

Summary

**Treasurer's Report June 30, 2020**

<b>Account</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>
Operating Fund	\$ 16,370	\$ 19,525
Money Market	\$ 1,118,074	\$ 1,511,221
County Pool	\$ 15,430	\$ -
CAMP Account	\$ 3,945,213	\$ 2,562,569
<b><i>District's Liquidity Portfolio</i></b>	<b>\$ 5,095,087</b>	<b>\$ 4,093,315</b>
PFM Managed Long-term Investment Portfolio*	\$ 11,218,552	\$ 11,233,386
LAIF (Long-term Reserves)	\$ 2,436,617	\$ 3,676,617
PARS (OPEB & Pension Trust)**	\$ 7,299,416	\$ 7,852,397
<b><i>District Accounts Total</i></b>	<b>\$ 26,049,672</b>	<b>\$ 26,855,715</b>

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

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



Dave Shank  
July 27, 2020



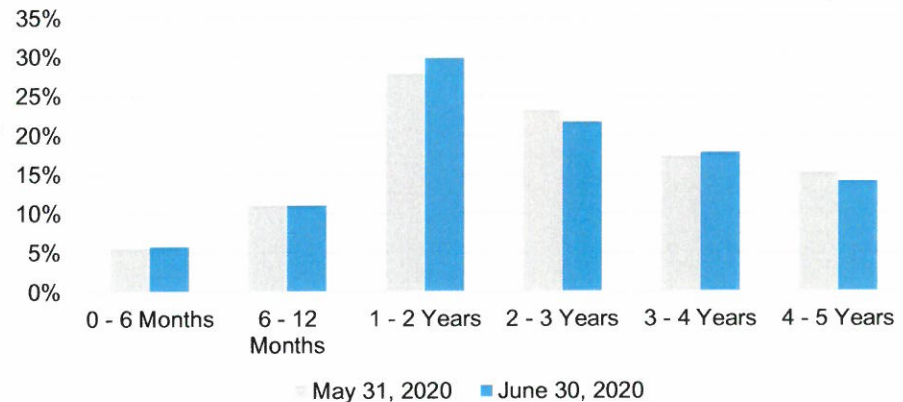
### Fallbrook Public Utilities District - Holdings Summary

Security Type	May 31, 2020	June 30, 2020	Change (\$)	Change (%)
U.S. Treasury	\$5,890,762.47	\$5,886,071.09	(\$4,691.38)	-0.1%
Municipal	\$172,985.20	\$173,173.90	\$188.70	0.1%
Federal Agency CMO	\$114,421.51	\$113,089.55	(\$1,331.96)	-1.2%
Corporate Note	\$3,634,640.47	\$3,637,395.64	\$2,755.17	0.1%
Negotiable CD	\$282,424.80	\$281,957.76	(\$467.04)	-0.2%
Asset-Backed Security	\$786,568.24	\$775,365.74	(\$11,202.50)	-1.4%
<b>Securities Total</b>	<b>\$10,881,802.69</b>	<b>\$10,867,053.68</b>	<b>(\$14,749.01)</b>	<b>-0.1%</b>
Money Market Fund	\$336,749.14	\$366,332.43	\$29,583.29	8.8%
<b>Total Investments</b>	<b>\$11,218,551.83</b>	<b>\$11,233,386.11</b>	<b>\$14,834.28</b>	<b>0.1%</b>

#### Summary

FY 19-20 Accrual Earnings	\$337,063.90
Yield to Maturity at Cost	2.21%
Weighted Average Maturity (Years)	2.29

#### Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending June 30, 2020

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									
<b>INTEREST</b>										
06/01/20	06/01/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	29.76	29.76			
06/01/20	06/25/20	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
06/15/20	06/15/20	DCENT 2019-A3 A DTD 10/31/2019 1.890% 10/15/2024	254683CM5	120,000.00	0.00	189.00	189.00			
06/15/20	06/15/20	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	30,000.00	0.00	55.25	55.25			
06/15/20	06/15/20	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	20,946.93	0.00	30.55	30.55			
06/15/20	06/15/20	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	4,599.07	0.00	6.98	6.98			
06/15/20	06/15/20	COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	285,000.00	0.00	408.50	408.50			
06/15/20	06/15/20	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	17,261.68	0.00	38.26	38.26			
06/15/20	06/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	792.04	0.00	1.10	1.10			
06/15/20	06/15/20	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	40,000.00	0.00	83.67	83.67			
06/15/20	06/15/20	MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769OAC5	60,000.00	0.00	100.00	100.00			
06/15/20	06/15/20	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	67,057.75	0.00	147.53	147.53			
06/15/20	06/15/20	WASTE MANAGEMENT INC CORP NOTES DTD 05/22/2019 2.950% 06/15/2024	94106LBF5	100,000.00	0.00	1,475.00	1,475.00			
06/16/20	06/16/20	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	50,000.00	0.00	90.83	90.83			
06/21/20	06/21/20	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	75,000.00	0.00	157.50	157.50			
06/27/20	06/27/20	AMERICAN HONDA FINANCE CORP NOTE DTD 06/27/2019 2.400% 06/27/2024	02665WCZ2	25,000.00	0.00	300.00	300.00			



**Managed Account Security Transactions & Interest**

For the Month Ending **June 30, 2020**

**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
<b>INTEREST</b>											
	06/30/20	06/30/20	US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	0.00	3,900.00	3,900.00			
	06/30/20	06/30/20	US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	100,000.00	0.00	1,000.00	1,000.00			
	06/30/20	06/30/20	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	200,000.00	0.00	2,125.00	2,125.00			
	06/30/20	06/30/20	US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	300,000.00	0.00	3,375.00	3,375.00			
	06/30/20	06/30/20	US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	235,000.00	0.00	2,056.25	2,056.25			
<b>Transaction Type Sub-Total</b>					<b>2,230,657.47</b>	<b>0.00</b>	<b>15,853.43</b>	<b>15,853.43</b>			
<b>PAYDOWNS</b>											
	06/15/20	06/15/20	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	6,391.42	6,391.42	0.00	6,391.42	0.83	0.00	
	06/15/20	06/15/20	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	3,910.12	3,910.12	0.00	3,910.12	0.05	0.00	
	06/15/20	06/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	792.04	792.04	0.00	792.04	0.00	0.00	
	06/15/20	06/15/20	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	1,660.45	1,660.45	0.00	1,660.45	0.12	0.00	
	06/15/20	06/15/20	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	975.84	975.84	0.00	975.84	0.07	0.00	
<b>Transaction Type Sub-Total</b>					<b>13,729.87</b>	<b>13,729.87</b>	<b>0.00</b>	<b>13,729.87</b>	<b>1.07</b>	<b>0.00</b>	
<b>Managed Account Sub-Total</b>						<b>13,729.87</b>	<b>15,853.43</b>	<b>29,583.30</b>	<b>1.07</b>	<b>0.00</b>	
<b>Total Security Transactions</b>						<b>\$13,729.87</b>	<b>\$15,853.43</b>	<b>\$29,583.30</b>	<b>\$1.07</b>	<b>\$0.00</b>	





### Account Statement - Transaction Summary

For the Month Ending **June 30, 2020**

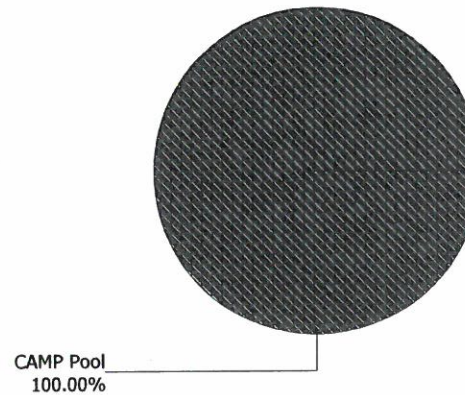
Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	3,945,212.78
Purchases	1,117.98
Redemptions	(1,383,761.84)
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$2,562,568.92</b>
Cash Dividends and Income	1,117.98

Asset Summary	June 30, 2020	May 31, 2020
<b>CAMP Pool</b>	2,562,568.92	3,945,212.78
<b>Total</b>	<b>\$2,562,568.92</b>	<b>\$3,945,212.78</b>

Asset Allocation	
CAMP Pool	100.00%







**Account Statement**

For the Month Ending **June 30, 2020**

**Fallbrook Public Utility District - Liquidity - 6050-004**

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>3,945,212.78</b>
06/03/20	06/03/20	Redemption - Outgoing Wires	1.00	(1,383,761.84)	2,561,450.94
06/30/20	07/01/20	Accrual Income Div Reinvestment - Distributions	1.00	1,117.98	2,562,568.92
<b>Closing Balance</b>					<b>2,562,568.92</b>

	Month of June	Fiscal YTD July-June
<b>Opening Balance</b>	3,945,212.78	2,821,437.95
<b>Purchases</b>	1,117.98	5,974,892.81
<b>Redemptions (Excl. Checks)</b>	(1,383,761.84)	(6,233,761.84)
<b>Check Disbursements</b>	0.00	0.00
<b>Closing Balance</b>	<b>2,562,568.92</b>	<b>2,562,568.92</b>
<b>Cash Dividends and Income</b>	1,117.98	43,963.81

<b>Closing Balance</b>	2,562,568.92
<b>Average Monthly Balance</b>	2,653,739.00
<b>Monthly Distribution Yield</b>	0.51%

**FALLBROOK PUBLIC UTILITY DISTRICT  
PARS Post-Employment Benefits Trust**

**Account Report for the Period  
6/1/2020 to 6/30/2020**

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

### Account Summary

Source	Balance as of 6/1/2020	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 6/30/2020
OPEB	\$1,019,533.64	\$0.00	\$21,420.18	\$467.56	\$0.00	\$0.00	\$1,040,486.26
PENSION	\$6,279,882.47	\$400,000.00	\$134,882.73	\$2,854.80	\$0.00	\$0.00	\$6,811,910.40
<b>Totals</b>	<b>\$7,299,416.11</b>	<b>\$400,000.00</b>	<b>\$156,302.91</b>	<b>\$3,322.36</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,852,396.66</b>

### 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	2.10%	12.79%	3.89%	5.25%	-	-	2/16/2017
PENSION	2.08%	12.76%	3.86%	5.17%	-	-	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

California State Treasurer  
**Fiona Ma, CPA**



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

July 06, 2020

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[Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER  
 P.O. BOX 2290  
 FALLBROOK, CA 92088

[Tran Type](#)  
[Definitions](#)

**Account Number:** 85-37-001

June 2020 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
6/4/2020	6/3/2020	RW	1642882	N/A	DAVID SHANK	-1,180,000.00
6/18/2020	6/16/2020	RW	1643623	N/A	DAVID SHANK	-170,000.00
6/25/2020	6/24/2020	RD	1644165	N/A	DAVID SHANK	2,590,000.00

**Account Summary**

Total Deposit:	2,590,000.00	Beginning Balance:	2,436,617.02
Total Withdrawal:	-1,350,000.00	Ending Balance:	3,676,617.02

06/30/2020

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 -06/2020

### Computer Check Register

Payroll #1	\$142,482.81
Payroll #2	<u>\$142,484.12</u>
	<u>\$284,966.93</u>

# Accounts Payable

## Checks by Date - Summary by Check Date

User: annaleceb  
Printed: 7/10/2020 12:12 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	06/04/2020	453.00
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	06/04/2020	3,523.00
ACH	06758	US TREASURY - PAYROLL TAXES	06/04/2020	53,512.32
ACH	06759	STATE OF CA - PR TAXES	06/04/2020	8,273.82
ACH	06760	STATE OF CA - SDI	06/04/2020	2,096.41
ACH	06761	LINCOLN FINANCIAL GROUP	06/04/2020	6,888.16
ACH	06763	PERS - PAYROLL	06/04/2020	34,955.82
ACH	91508	CALIFORNIA STATE DISBURSEMENT	06/04/2020	346.15
ACH	00152	FPUD EMPL ASSOCIATION	06/04/2020	34.00
ACH	06758	US TREASURY - PAYROLL TAXES	06/04/2020	3,429.48
ACH	06759	STATE OF CA - PR TAXES	06/04/2020	596.67
ACH	06760	STATE OF CA - SDI	06/04/2020	119.28
ACH	06761	LINCOLN FINANCIAL GROUP	06/04/2020	437.00
ACH	06763	PERS - PAYROLL	06/04/2020	2,017.70
83728	91286	AMAZON CAPITAL SERVICES, INC.	06/04/2020	788.16
83729	05615	BOOT WORLD INC.	06/04/2020	186.53
83730	91429	BSK ASSOCIATES	06/04/2020	3,730.00
83731	03134	CALIFORNIA WATER ENVIRONMENT	06/04/2020	356.00
83732	91210	CORE & MAIN LP	06/04/2020	5,438.36
83733	91239	CUMMINS PACIFIC, LLC	06/04/2020	3,452.02
83734	91123	DIGITAL DEPLOYMENT, INC.	06/04/2020	550.00
83735	05177	DOWNEY BRAND, LLP	06/04/2020	1,730.01
83736	09523	FALLBROOK EQUIP RENTALS	06/04/2020	958.11
83737	01099	FALLBROOK IRRIGATION INC	06/04/2020	279.40
83738	01432	FERGUSON WATERWORKS #1083	06/04/2020	5,808.06
83739	91499	FILANC ALBERICI A JOINT VENTURE	06/04/2020	2,391,209.55
83740	91198	FIRST BANKCARD	06/04/2020	180.00
83741	91200	FIRST BANKCARD	06/04/2020	131.92
83742	91536	ICONIX WATERWORKS (US) INC.	06/04/2020	901.55
83743	06577	INFOSEND INC	06/04/2020	1,279.07
83744	00190	JCI JONES CHEMICALS INC.	06/04/2020	8,724.83
83745	06555	LIEBERT CASSIDY WHITMORE	06/04/2020	703.00
83746	06263	LOS ANGELES FREIGHTLINER, LLC	06/04/2020	1,875.45
83747	02618	MC MASTER-CARR	06/04/2020	9.82
83748	01267	PACIFIC PIPELINE	06/04/2020	1,311.33
83749	91007	PFM ASSET MANGEMENT LLC	06/04/2020	883.34
83750	91543	PRESTIGE STRIPING SERVICES, INC	06/04/2020	77,155.00
83751	91538	PUDGIL & COMPANY	06/04/2020	5,000.00
83752	06130	S & J SUPPLY COMPANY, INC.	06/04/2020	33,331.92
83753	06738	SHAWN'S CONCRETE PUMPING	06/04/2020	1,090.00
83754	91264	SOUTHWEST VALVE & EQUIPMENT, I	06/04/2020	9,945.67
83755	05415	STATE WATER RESOURCE CONTROL I	06/04/2020	70.00
83756	00159	SUPERIOR READY MIX	06/04/2020	7,477.69
83757	91312	TERRAPIN GROUP	06/04/2020	46,759.00
83758	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	06/04/2020	263.96
83759	06512	ULINE SHIPPING SUPPLIES	06/04/2020	931.65
83760	91500	US BANK NATIONAL ASSOCIATION	06/04/2020	125,853.14



Check No	Vendor No	Vendor Name	Check Date	Check Amount
83761	06231	WESTERN WATER WORKS SUPPLY CC	06/04/2020	779.25
Total for 6/4/2020:				2,855,826.60
83762	91256	AFP	06/11/2020	200.00
83763	91286	AMAZON CAPITAL SERVICES, INC.	06/11/2020	817.54
83764	02743	BEST BEST & KRIEGER	06/11/2020	101,492.12
83765	04128	CUES, INC	06/11/2020	3,400.00
83766	05192	DIAMOND ENVIRONMENTAL SERVIC	06/11/2020	350.65
83767	09523	FALLBROOK EQUIP RENTALS	06/11/2020	4,939.07
83768	01099	FALLBROOK IRRIGATION INC	06/11/2020	48.28
83769	00169	FALLBROOK OIL COMPANY	06/11/2020	2,138.35
83770	00170	FALLBROOK WASTE & RECYCLING	06/11/2020	818.35
83771	01432	FERGUSON WATERWORKS #1083	06/11/2020	1,788.65
83772	02972	FISHER SCIENTIFIC COMPANY LLC	06/11/2020	1,338.85
83773	91099	FLUID COMPONENTS INTERNATIONAL	06/11/2020	1,319.50
83774	00182	GLENNIE'S OFFICE PRODUCTS, INC	06/11/2020	2,657.59
83775	04958	GOSCH FORD TEMECULA	06/11/2020	917.57
83776	02170	GRAINGER, INC.	06/11/2020	174.04
83777	06062	HARRINGTON INDUSTRIAL PLASTICS	06/11/2020	2,439.27
83778	91544	HAZEN AND SAWYER, D.P.C.	06/11/2020	33,162.75
83779	06577	INFOSEND INC	06/11/2020	1,239.05
83780	06359	INFRASTRUCTURE ENGINEERING CO	06/11/2020	12,252.00
83781	04027	JOES HARDWARE	06/11/2020	2,208.61
83782	91120	L.C. Paving & Sealing, Inc.	06/11/2020	26,574.00
83783	91029	MALLORY SAFETY AND SUPPLY CO	06/11/2020	492.96
83784	91192	MISSION LINEN SUPPLY	06/11/2020	914.47
83785	90932	NAPA AUTO PARTS	06/11/2020	1,146.28
83786	00370	NUTRIEN AG SOLUTIONS, INC.	06/11/2020	44.19
83787	06298	ONESOURCE DISTRIBUTORS, LLC	06/11/2020	7,788.34
83788	00216	PINE TREE LUMBER	06/11/2020	619.11
83789	00231	SAN DIEGO COUNTY WATER AUTH	06/11/2020	853,276.21
83790	90929	SOUTHWEST ANSWERING SERVICE, I	06/11/2020	686.03
83791	00159	SUPERIOR READY MIX	06/11/2020	325.71
83792	91385	VERONICA TAMZIL	06/11/2020	60.00
83793	06228	TECHNOLOGY UNLIMITED INC.	06/11/2020	1,291.81
83794	03134	CALIFORNIA WATER ENVIRONMENT	06/11/2020	188.00
83795	91241	LISA CHAFFIN	06/11/2020	32.36
83796	04425	DOMINICK'S SANDWICHES	06/11/2020	85.27
83797	UB*00338	BRUCE HARTCORN	06/11/2020	290.52
83798	UB*00337	A B HASHMI	06/11/2020	163.79
83799	90902	MATTHEW LIAN	06/11/2020	155.00
83800	05415	STATE WATER RESOURCE CONTROL I	06/11/2020	60.00
Total for 6/11/2020:				1,067,896.29
ACH	00152	FPUD EMPL ASSOCIATION	06/18/2020	34.00
ACH	06758	US TREASURY - PAYROLL TAXES	06/18/2020	3,162.92
ACH	06759	STATE OF CA - PR TAXES	06/18/2020	528.55
ACH	06760	STATE OF CA - SDI	06/18/2020	112.05
ACH	06761	LINCOLN FINANCIAL GROUP	06/18/2020	437.00
ACH	06763	PERS - PAYROLL	06/18/2020	1,876.18
ACH	00152	FPUD EMPL ASSOCIATION	06/18/2020	447.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	06/18/2020	3,523.00
ACH	06758	US TREASURY - PAYROLL TAXES	06/18/2020	53,498.36
ACH	06759	STATE OF CA - PR TAXES	06/18/2020	8,175.68
ACH	06760	STATE OF CA - SDI	06/18/2020	2,101.48



Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	06761	LINCOLN FINANCIAL GROUP	06/18/2020	6,888.16
ACH	06763	PERS - PAYROLL	06/18/2020	35,060.54
ACH	91508	CALIFORNIA STATE DISBURSEMENT	06/18/2020	346.15
83803	91286	AMAZON CAPITAL SERVICES, INC.	06/18/2020	9,719.08
83804	91490	AMAZON WEB SERVICES, INC.	06/18/2020	1,098.86
83805	91550	AMERICAN BUSINESS BANK	06/18/2020	5,521.41
83806	05088	AT&T	06/18/2020	782.07
83807	06431	BLACK & VEATCH CORPORATION	06/18/2020	23,878.75
83808	03978	CAMERON WELDING SUPPLY	06/18/2020	494.70
83809	91284	COAST WASTE MANAGEMENT INC	06/18/2020	185.00
83810	91210	CORE & MAIN LP	06/18/2020	4,072.95
83811	02176	CORELOGIC SOLUTIONS, LLC	06/18/2020	225.00
83812	05953	CORODATA RECORDS MANAGEMENT	06/18/2020	678.39
83813	06675	CORODATA SHREDDING, INC	06/18/2020	64.37
83814	02925	DATA NET SOLUTIONS	06/18/2020	2,856.70
83815	03391	ELECTRICAL SALES INC	06/18/2020	2,097.39
83816	06303	EXECUTIVE LANDSCAPE INC.	06/18/2020	267.95
83817	91316	FALLBROOK HEATING & AIR CONDIT	06/18/2020	998.00
83818	01432	FERGUSON WATERWORKS #1083	06/18/2020	2,370.93
83819	02972	FISHER SCIENTIFIC COMPANY LLC	06/18/2020	40.76
83820	02170	GRAINGER, INC.	06/18/2020	124.32
83821	03174	HAAKER EQUIPMENT COMPANY	06/18/2020	265.76
83822	02773	HDS WHITE CAP CONST SUPPLY	06/18/2020	503.62
83823	03276	HOME DEPOT CREDIT SERVICES	06/18/2020	208.73
83824	06359	INFRASTRUCTURE ENGINEERING CO	06/18/2020	170,596.74
83825	91524	INSIGHT DIRECT USA, INC.	06/18/2020	149.16
83826	06695	KNIGHT SECURITY & FIRST SYS	06/18/2020	1,437.00
83827	03944	MISSION RESOURCE CONSV DISTRIC	06/18/2020	69.50
83828	03201	NATIONAL SAFETY COMPLIANCE INC	06/18/2020	615.60
83829	00370	NUTRIEN AG SOLUTIONS, INC.	06/18/2020	512.22
83830	91522	PACIFIC HYDROTECH CORP	06/18/2020	104,906.64
83831	91538	PUDGIL & COMPANY	06/18/2020	5,000.00
83832	91546	QUADIENT FINANCE USA, INC.	06/18/2020	800.00
83833	06608	ROTARY CLUB OF FALLBROOK	06/18/2020	115.00
83834	00232	SAN DIEGO GAS & ELECTRIC	06/18/2020	38,025.37
83835	00236	SCRAPPYS	06/18/2020	1,184.45
83836	04434	SNAP ON TOOLS	06/18/2020	1,052.72
83837	06046	SOUTHWEST BOULDER & STONE INC	06/18/2020	224.46
83838	91223	STERLING HEALTH SERVICES INC.	06/18/2020	125.00
83839	90990	TK CONSTRUCTION, INC.	06/18/2020	374,371.25
83840	00458	VERIZON WIRELESS	06/18/2020	2,185.03
83841	00233	WAXIE SANITARY SUPPLY	06/18/2020	75.55
83842	91295	WHITE NELSON DIEHL EVANS LLP	06/18/2020	2,100.00
83843	91286	AMAZON CAPITAL SERVICES, INC.	06/18/2020	431.78
83844	03134	CALIFORNIA WATER ENVIRONMENT	06/18/2020	94.00
83845	01719	MICKEY M. CASE	06/18/2020	60.00
83846	03391	ELECTRICAL SALES INC	06/18/2020	43.11
83847	04411	ENVIRONMENTAL RESOURCE ASSOC	06/18/2020	152.92
83848	06303	EXECUTIVE LANDSCAPE INC.	06/18/2020	770.00
83849	01432	FERGUSON WATERWORKS #1083	06/18/2020	22,159.33
83850	91108	FLEETCREW	06/18/2020	409.95
83851	06286	GARDA CL WEST, INC.	06/18/2020	280.48
83852	05814	GEORGE PLUMBING COMPANY INC	06/18/2020	654.00
83853	91494	INTEGRITY PRESSURE WASH	06/18/2020	1,200.00
83854	06267	J2 GLOBAL IRELAND LIMITED	06/18/2020	59.91
83855	04926	KONICA MINOLTA PREMIER FINANCE	06/18/2020	1,910.79
83856	91555	MARY MACIEL	06/18/2020	354.62

Check No	Vendor No	Vendor Name	Check Date	Check Amount
83857	91292	MCR TECHNOLOGIES, INC	06/18/2020	4,361.50
83858	06338	MYTHOS TECHNOLOGY INC	06/18/2020	1,879.94
83859	91461	OCEANSIDE SECURITY AGENCY	06/18/2020	2,231.00
83860	04075	RAYNE WATER SYSTEMS	06/18/2020	135.00
83861	91486	SATELLITE PHONE STORE	06/18/2020	66.82
83862	00236	SCRAPPYS	06/18/2020	20.00
83863	91107	SPECTRUM BUSINESS	06/18/2020	122.58
83864	02927	TIM STERGER	06/18/2020	60.00
83865	02797	STEVE STONE	06/18/2020	222.49
83866	91082	TELETRAC, INC	06/18/2020	2,084.27
83867	91419	TEMECULA TROPHY & DESIGN	06/18/2020	26.10
83868	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	06/18/2020	31.02
83869	01359	WATERMASTER	06/18/2020	29,510.36
Total for 6/18/2020:				945,523.97
83870	91513	ALCHEMY CONSULTING GROUP	06/25/2020	7,500.00
83871	91429	BSK ASSOCIATES	06/25/2020	1,390.00
83872	06577	INFOSEND INC	06/25/2020	983.20
83873	06380	JANI-KING OF CALIFORNIA, INC - SA	06/25/2020	64.00
83874	00724	UNDERGROUND SERVICE ALERT	06/25/2020	357.33
83875	01460	AFLAC	06/25/2020	911.28
83876	91286	AMAZON CAPITAL SERVICES, INC.	06/25/2020	748.39
83877	06235	JACK BEBEE	06/25/2020	450.00
83878	02743	BEST BEST & KRIEGER	06/25/2020	21,136.68
83879	91440	BP BATTERY INC	06/25/2020	9.50
83880	91049	CALIFORNIA HAZARDOUS SERVICES	06/25/2020	4,740.00
83881	03134	CALIFORNIA WATER ENVIRONMENT	06/25/2020	286.00
83882	06115	CDW GOVERNMENT INC.	06/25/2020	395.12
83883	05935	CITRIX SYSTEMS INC	06/25/2020	919.00
83884	03205	CITY OF OCEANSIDE	06/25/2020	173.49
83885	91272	KEVIN COLLINS	06/25/2020	60.00
83886	91210	CORE & MAIN LP	06/25/2020	13,747.62
83887	06299	D & H WATER SYSTEMS, INC	06/25/2020	105.54
83888	05192	DIAMOND ENVIRONMENTAL SERVIC	06/25/2020	576.55
83889	05588	ESCONDIDO METAL SUPPLY	06/25/2020	533.18
83890	91557	ETERNAL MEMORIALS AND MONUM	06/25/2020	850.00
83891	91291	EVANTEC CORPORATION	06/25/2020	140.13
83892	06303	EXECUTIVE LANDSCAPE INC.	06/25/2020	119.60
83893	91316	FALLBROOK HEATING & AIR CONDIT	06/25/2020	357.00
83894	02411	FALLBROOK PRINTING CORP	06/25/2020	629.91
83895	01432	FERGUSON WATERWORKS #1083	06/25/2020	6,614.67
83896	91108	FLEETCREW	06/25/2020	250.00
83897	02767	GRANGETTO FARM & GARDEN SUPPI	06/25/2020	76.01
83898	91544	HAZEN AND SAWYER, D.P.C.	06/25/2020	99,948.75
83899	05034	HOSSEIN NAWAEY	06/25/2020	1,940.31
83900	06577	INFOSEND INC	06/25/2020	1,404.76
83901	06359	INFRASTRUCTURE ENGINEERING CO	06/25/2020	7,109.00
83902	06380	JANI-KING OF CALIFORNIA, INC - SA	06/25/2020	2,993.00
83903	91542	JCB SOUTHERN CALIFORNIA LLC	06/25/2020	160,122.64
83904	06087	KENNEDY EQUIPMENT CO., INC.	06/25/2020	74.00
83905	06695	KNIGHT SECURITY & FIRST SYS	06/25/2020	2,676.00
83906	91559	GERRY KRIPPNER	06/25/2020	6,265.61
83907	06555	LIEBERT CASSIDY WHITMORE	06/25/2020	3,193.55
83908	06156	LOMACK SERVICE CORPORATION	06/25/2020	613.00
83909	91029	MALLORY SAFETY AND SUPPLY CO	06/25/2020	483.41
83910	91427	MITEL CLOUD SERVICES, INC	06/25/2020	1,674.68



Check No	Vendor No	Vendor Name	Check Date	Check Amount
83911	91535	PAYMENTUS GROUP, INC	06/25/2020	3,752.85
83912	04542	PETE'S ROAD SERVICE, INC.	06/25/2020	759.10
83913	91007	PFM ASSET MANGEMENT LLC	06/25/2020	919.60
83914	91189	PTC INC.	06/25/2020	1,650.00
83915	91502	R.D. OFFUTT COMPANY	06/25/2020	1,380.84
83916	91481	RENE RAMOS	06/25/2020	164.00
83917	91556	ROCK SOLID STONE, INC.	06/25/2020	310.00
83918	91161	SAN DIEGO GALVANIZING, INC.	06/25/2020	587.88
83919	00236	SCRAPPYS	06/25/2020	1,613.77
83920	91218	DAVID SHANK	06/25/2020	420.00
83921	05415	STATE WATER RESOURCE CONTROL I	06/25/2020	80.00
83922	05608	STEVEN ENTERPRISES INC	06/25/2020	8,795.74
83923	00159	SUPERIOR READY MIX	06/25/2020	850.58
83924	06211	UNITED IMAGING	06/25/2020	295.21
83925	91404	UPS STORE #3607	06/25/2020	286.05
83926	06444	US SAWS INC	06/25/2020	606.13
83927	00458	VERIZON WIRELESS	06/25/2020	2,155.95
83928	91480	WAVE CONNECTS	06/25/2020	216.94
Total for 6/25/2020:				377,467.55
Report Total (227 checks):				5,246,714.41



Jack Bebee

General Manager

## Lauren Eckert

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**From:** Ken Endter 2  
**Sent:** Wednesday, July 22, 2020 1:41 PM  
**To:** Lauren Eckert

Lauren,

This is notice that I have approved Director McDougal to attend a meeting with a customer regarding their concerns about the new Martin Water Tank on Wednesday, June 17, 2020. I also approved Director McDougal's attendance for a tour of landscaping materials with District staff and Gum Tree Residents on Wednesday, July 8, 2020.

I approved Vice-President DeMeo to attend an online seminar on Wednesday, June 24, 2020 for AB1825 – Sexual Harassment training and education. I also approved Vice-President DeMeo's attendance for the Community Garden Revitalization photo shoot on Wednesday, July 8, 2020.

Please include these on the agenda for the July 27, 2020 Regular Board Meeting.

Thanks,  
President Endter

FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Don B. McDougal

Name & Location of Function: Lisa Druary Residence, 2130 Gum Tree Lane  
Fallbrook, CA 92028

Date(s) of Attendance: 6/17/2020

Purpose of Function: To gain better understanding of Martin Tank issues

Sponsoring Organization: \_\_\_\_\_

Summary of Conference or Meeting:

Meeting with Lisa Druary to better understand residents issues with  
the Martin Tank and it's impact on the three residents south of the  
tank. I did this to better deal with the item at the next board meeting.

Director Signature: 

Date: 7/14/2020

*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: Don B. McDougal

Name & Location of Function: Grand Tradition Estate and Gardens Tour

220 Grand Tradition Way, Fallbrook, CA 92028

Date(s) of Attendance: 7/8/2020

Purpose of Function: To show staff and residents landscape screening

Sponsoring Organization: \_\_\_\_\_

Summary of Conference or Meeting:

I met with Aaron, Mick and two Gum Tree residents Allen & Hansen  
to tour the Grand Tradition property to show plantings of ficus benjamina  
and ficus green gem and how we use them to screen off the property.  
I furnished sources and technical information on the different products  
so staff and residents had a better understanding on what can be done  
for screening rather than painting of the tank.

Director Signature: Don B. McDougal

Date: 7/14/2020

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*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 De Meo  
Name & Location of Function: Webex on ~~home~~<sup>FPOD</sup> laptop @ home office  
Date(s) of Attendance: 6/24/2020  
Purpose of Function: Education Compliance  
Sponsoring Organization: ALWA JPIA

Summary of Conference or Meeting:

Attended Required Sexual Harassment  
Training offered by ALWA  
JPIA Today 2 hours total.

Certificate available in 2 weeks.

Director Signature:  Date: 6/24/2020

*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: Community Garden Revitalization  
Alturas Rd, Fallbrook Photo, OP  
Date(s) of Attendance: Wed ~~July 8~~ July 8 2020  
Purpose of Function: Civic Participation  
Sponsoring Organization: MCRD

Summary of Conference or Meeting:

Stakeholders Gathered at the request of Nancy Glaser MCRD to promote renewed interest in the Community Garden which offers local residents plots to grow vegetables when they do not have the space at their own residences to plant.

Director Signature: Jennifer DeMeo Date: 7/9/2020

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