



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

AGENDA

**MONDAY, DECEMBER 13, 2021
4:00 P.M.**

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

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

Join Zoom Meeting

<https://us06web.zoom.us/j/87054622564?pwd=aWt0emtsOUp1SmJ1QIRQV0Q0bXhtZz09>

MEETING ID: 870 5462 2564

AUDIO PASSCODE: 072719

Dial by your location

+1 346 248 7799 US (Houston); +1 720 707 2699 US (Denver); +1 253 215 8782 US (Tacoma);
+1 312 626 6799 US (Chicago); +1 646 558 8656 US (New York); +1 301 715 8592 US (Washington DC)

Find your local number: <https://us06web.zoom.us/u/kb7TPD4AEt>

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

SUBMIT COMMENTS BEFORE THE MEETING:

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

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

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

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

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

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

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

Recommendation:

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

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

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

- B. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President
2. Vice-President

- C. APPOINTMENTS TO BOARD STANDING COMMITTEES

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

- D. NEW EMPLOYEE ANNOUNCEMENTS
 - 1. Steve Wuerth, SCADA/Electrical/Maintenance Supervisor
 - 2. Gilbert Bowman, System Operator II

- E. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2021
 - 1. Bryan Wagner

- F. MANAGER'S AWARD
 - 1. Aaron Cook
 - 2. Alex Dagondon
 - 2. Devin Casteel
 - 3. Jake Robinson
 - 4. Mateo Morgan
 - 5. Matt Lian

II. CONSENT CALENDAR----- (ITEMS G-I)
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.

- G. CONSIDER APPROVING MINUTES
 - 1. October 25, 2021 Regular Board Meeting

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

- H. CONSIDER 2022 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: *The Board establish the 2022 Board of Directors' regular meeting schedule, to include combining the November and December regular Board meetings to Monday, December 5, 2022, at 4 p.m.*

- I. CONSIDER SILVERTHORN RANCH LEASE EXTENSION

Recommendation: *That the Board authorize the General Manager to extend the land lease on a year-to-year basis.*

III. ACTION / DISCUSSION CALENDAR----- (ITEMS J-O)

- J. CONSIDER APPROVING THE DRAFT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FY ENDING JUNE 30, 2021

Recommendation: *The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2021.*

- K. CONSIDER ADOPTING RESOLUTION NO. 5020 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS

Recommendation: *The Board adopt Resolution No. 5020 adopting calendar year 2022 rates and charges for water, recycled water and wastewater services.*

- L. CONSIDER APPROVAL OF A TEMPORARY EMPLOYMENT AGREEMENT FOR THE POSITION OF OPERATIONS MANAGER

Recommendation: *That the Board approve Resolution 5021 and the temporary employment agreement with Jason Cavender.*

- M. CONSIDERATION AND DIRECTION TO STAFF REGARDING IMPLEMENTATION OF THE REDISTRICTING PROCESS BASED ON 2020 U.S. CENSUS DATA

Recommendation: *It is recommended that the Board take action to direct District staff to perform the work with support from BB&K necessary for the redistricting process based on the release of the 2020 U.S. Census data.*

- N. CONSIDER REQUEST FOR APPROVAL OF BARTLE WELLS ASSOCIATES TO PROVIDE CONSULTING SERVICES

Recommendation: *The Board approve Bartle Wells Associates to provide consulting services to the District for the not-to-exceed amount of \$139,770.*

- O. CONSIDER AWARD OF THE SEWER MAIN RELINING PROJECT – FY 22 (JOB #3179)

Recommendation: *That the Board authorize award of the Sewer Main Relining Project to the lowest responsible bidder, NorCal Pipeline, for \$90,628.*

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

1. General Counsel
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer

- a. Financial Summary Report
- b. Treasurer's Report
- c. Budget Status Report
- d. Warrant List
- e. Annual Disclosure of Reimbursements Over \$100
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
 - a. Notification of Approval for Directors' attendance at the SMRCUP Ribbon Cutting event on November 9, 2021.
 - b. Notification of Approval for Directors' attendance at the Town Hall Meeting at the District office on November 17, 2021.
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

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

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

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

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

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

One (1) Potential Case

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (As Necessary)

VI. 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.

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.

December 8, 2021
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors
FROM: Paula de Sousa, General Counsel
DATE: December 13, 2021
SUBJECT: Findings to Continue Holding Remote/Teleconference Committee Meetings Pursuant to Assembly Bill 361

Purpose

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

Summary

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

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

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

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

Recommended Actions

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

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

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 13, 2021
SUBJECT: Election of Officers to the Board of Directors

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

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

Year	President	Vice President
2021	Jennifer DeMeo	Dave Baxter
2020	Ken Endter	Jennifer DeMeo
2019	Don McDougal	Jennifer DeMeo
2018	Al Gebhart	Don McDougal
2017	Charley Wolk	Al Gebhart

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

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 13, 2021
SUBJECT: Appointments to Board Standing Committees

Purpose

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

Summary

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

As of December 1, 2021, the appointments to the Board standing committees were as follows:

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

Recommended Action

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

This page intentionally left blank.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 13, 2021
SUBJECT: November 2021 Employee of the Quarter

Out of three nominations, Bryan Wagner was chosen as the November 2021 Employee of the Quarter for the following reasons:

“Bryan has been filling in as the mechanic while continuing to fulfill his duties as a Utility Worker in the Construction Department as well. He has also assisted System Services with welding repairs when required. He does all of this with a positive attitude. Every time Bryan is asked if he could provide assistance with any task, no matter how difficult, he replies ‘that will be easy.’ This is only a small piece of why Bryan has been chosen as Employee of the Quarter.”

Bryan received a Certificate of Appreciation and a monetary award of \$150. Additionally, Bryan will have lunch with the General Manager, a member of the Board of Directors, and the previous Employee of the Quarter.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 13, 2021
SUBJECT: Manager's Award Recipients

Description

To recognize Manager's Award recipients Aaron Cook, Alex Dagondon, Devin Casteel, Jake Robinson, Mateo Morgan, and Matt Lian.

Purpose

These individuals have gone to great lengths to make the start-up of the Santa Margarita Groundwater Treatment Plant successful. The initial operation of a new treatment plant is always challenging and they have put in extra effort to learn how to effectively operate the new facility and troubleshoot any issues. This project would not have been successful without them. They have taken ownership in making this project a success and the District recognizes their dedication to this effort.

Aaron, Alex, Devin, Jake, Mateo, and Matt will each receive a \$25 gift card.

Budgetary Impact

Manager's Award costs are included in the Human Resources Staff Development budget for the 2021-22 fiscal year.

Recommended Action

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

M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 13, 2021
SUBJECT: Approval of Minutes

Recommended Action

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

1. October 25, 2021 Regular Meeting



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, OCTOBER 25, 2021
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 DeMeo called the October Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:06 p.m. President DeMeo deferred to General Counsel Norvell to make the following statements on the record regarding the proceedings for this meeting:

General Counsel Norvell 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.

General Counsel Norvell also announced the agenda provided notice that members of the public were encouraged to participate in person, or 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.

General Counsel Norvell noted, for the record, there were no written public comments for any agenda items submitted prior to the submission deadline.

A quorum was established, and attendance was as follows:

Board of Directors

Present: Jennifer DeMeo, Member/President
Dave Baxter, Member/Vice President
Ken Endter, Member

Don McDougal, Member
Charley Wolk, Member
Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Nicholaus Norvell, General Counsel
Dave Shank, Assistant General Manager/CFO
Jason Cavender, Operations Manager
Aaron Cook, Engineering Manager
Mick Cothran, Engineering Technician II
Noelle Denke, Public Affairs Specialist
Soleil Develle, Engineering Technician III
Owni Toma, Chief Plant Operator
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Craig Balben and Cynthia Young.

PLEDGE OF ALLEGIANCE

President DeMeo led the Pledge of Allegiance.

General Counsel Norvell announced that President DeMeo would ask the Board Secretary if there were any members of the public who had submitted written comments in advance of the meeting, or who wished to make comments on the item either in person or through Zoom webinar or Zoom teleconference. After public comments, President DeMeo would then call on staff to make a presentation for the next item on the agenda. After the presentation was made, to avoid everyone speaking at once, President DeMeo would then call on each Director to see if there were questions for staff regarding their presentation. After the round of questions, President DeMeo would then ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, President DeMeo would call on each Director to see if there were any comments. General Counsel de Sousa announced all votes would be done by roll call.

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
ABSENT: None

PUBLIC COMMENT

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

President DeMeo asked the Board Secretary if there were any members of the public who would have liked to be heard, or if any written in person public comment speaker slips for non-agenda items had been received in person, via mail, email, or deposit. President DeMeo then requested that members of the public, who wished to speak on non-agenda items, raise their hand via Zoom Webinar by clicking on the ‘Raise Hand’ button and via phone by pressing star nine.

There were no public comments on non-agenda items.

A. YEARS OF SERVICE

1. Soleil Develle – 15 years

The Board recognized Soleil Develle, Engineering Technician III, for this 15 years of service to the District.

B. NEW EMPLOYEE ANNOUNCEMENTS

1. Justin Amaro – Instrumentation, Electrical and Controls Technician
2. Michael Barranon – Plant Operator II
3. Alex Dagondon – Valve Maintenance Utility Worker
4. Yelena Giannuzzi – Accounting Technician
5. Devin Rodriguez – Utility Worker I
6. Chad Wodarczyk – Utility Worker II

The Board welcomed Justin Amaro as Instrumentation, Electrical and Controls Technician, Michael Barranon as Plant Operator II, Alex Dagondon as Valve Maintenance Utility Worker, Yelena Giannuzzi as Accounting Technician, Devin Rodriguez as Utility Worker I, and Chad Wodarczyk as Utility Worker II.

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.

There were no public comments on Consent Calendar items.

C. CONSIDER APPROVAL OF MINUTES

1. September 27, 2021 Regular Meeting

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

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

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

NOES: None

ABSTAIN: None

ABSENT: None

III. INFORMATION -----(ITEMS D–E)

D. PROCESS FOR SETTING CY 2022 RATES AND CHARGES

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item D.

AGM/CFO Shank reviewed the process for setting calendar year 2022 rates and charges with the Board, which will be reviewed at the December 2021 Board meeting. He noted 2022 would be the last year of the five year plan adopted in 2017.

E. REVIEW OF WATER DEMAND TRENDS

Presented by: Mick Cothran, Engineering Technician II

There were no public comments on agenda item E.

Engineering Technician II Cothran presented a slideshow reviewing water demand trends, including the variable that affect the demand trends. He reported water demand has been trending downward for some time.

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

F. CONSIDER UPDATE ON APPLICATION TO LAFCO TO SWITCH WHOLESALE WATER SUPPLIERS

Recommendation: Staff supports Board direction.

There were no public comments on agenda item F.

General Manager Bebee presented a slideshow providing an update on the application to LAFCO to switch wholesale water suppliers, including a projected

future timeline for the application process. General Manager Bebee also provided a high-level summary of Dr. Hanemann's draft report. Dr. Hanemann is the consultant LAFCO retained to evaluate water supply reliability, revenue impacts to SDCWA, and potential exit fees. He reported there was a link to the full draft report included in the Board memo.

General Manager Bebee provided the Board with three potential actions, including authorizing the General Manager to withdraw the application to LAFCO, taking no action, or authorizing the General Manager to engage additional resources as needed to try and successfully complete the reorganization process with LAFCO.

Director Wolk requested that General Manager Bebee alert the Board of any action he takes, but not to wait until the next Board meeting to take the necessary action.

Vice President Baxter reiterated the Directors' responsibility is to represent the needs of the ratepayers, and there would be a great financial impact of this detachment to the ratepayers.

Director Endter stated the District has been paying for infrastructure it has not used for many years.

Director McDougal noted it is the Directors' obligation to fight for fairness to the ratepayers.

MOTION: Director Wolk moved to authorize the General Manager to engage additional resources, as needed, to try and successfully complete the reorganization process with LAFCO; Director Endter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

G. CONSIDER AWARD OF GREEN CANYON FORCE MAIN REPLACEMENT PROJECT

Recommendation: That the Board authorize the Green Canyon Force Main Replacement Project to the lowest responsible bidder, Blue Pacific Engineering & Construction.

There were no public comments on agenda item G.

Engineering Manager Cook provided a brief overview of the project, reporting this would bring the sewer line from Green Canyon to Overland Trail.

MOTION: Director Baxter moved to authorize the Green Canyon Force Main Replacement Project to the lowest responsible bidder, Blue Pacific Engineering & Construction, in the amount of \$248,000; Director Endter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

H. CONSIDER WATER SUPPLY RELIABILITY PROJECT UPDATE AND EQUIPMENT PROCUREMENT (JOB 3117)

Recommendation: *The Board authorize a services agreement with Intuitech for an amount not to exceed \$370,450 for the lease of pilot treatment equipment.*

There were no public comments on agenda item H.

Engineering Manager Cook provided the Board with a brief update on the water supply reliability project, explaining we are looking for ways to utilize our recycled water. He explained we have more recycled water than we have customer demand for recycled water and have had challenges finding additional customers.. Engineering Manager Cook reported this project has been underway slowly over the last couple of years.

Engineering Manager Cook noted there were regulatory challenges that come along with this project associated with delivering the Fallbrook recycled supplies via live stream discharge to the base. Because of this, we are focused on utilizing recycled supplies on base to discharge to the infiltration basin on Camp Pendleton. The next step in this project is to lease pilot equipment to give us the additional data and parameters to fully understand future costs and develop a framework for moving forward with project implementation Camp Pendleton. We would expect to receive the equipment in February, which would then require a four month test after the equipment is received.

MOTION: Director Endter moved to authorize a services agreement with Intuitech for an amount not to exceed \$370,450 for the lease of pilot treatment equipment; Director Baxter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

I. CONSIDER AWARD OF RECYCLED AIRVAC & DRAIN REPLACEMENT PROJECT (JOB 3150)

Recommendation: *The Board authorize the Recycled Airvac & Drain Replacement Project to the lowest responsible bidder, CHI Construction.*

There were no public comments on agenda item I.

Engineering Manager Cook explained this project is part of the planned capital project for the recycled system. He reported there were old valves in disrepair and in underground vaults. The plan is to remove and replace them, installing to current District standards. Engineering Manager Cook explained there was \$100,000 budgeted for this specific project, and the expected cost of the project will likely be between \$120,000 and \$125,000, however other recycled system capital jobs have been trending under budget.

Director Wolk asked staff that, as other recycled projects are completed under budget, to keep track until the \$125,000 is met. Staff agreed to provide details on the recycled projects completed and the total costs.

MOTION: Director Baxter moved to authorize the Recycled Airvac & Drain Replacement Project to the lowest responsible bidder, CHI Construction, in the amount of \$112,000; Director Endter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

Recommendation:

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

the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.

There were no public comments on agenda item J.

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

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

NOES: None

ABSTAIN: None

ABSENT: None

K. CONSIDER PROPOSED HIRING BONUS AND RELOCATION PROGRAM TERMS

Recommendation: Staff recommends the Board approve the proposed relocation hiring bonus and relocation program terms. The terms will be incorporated into the District's personnel regulations.

There were no public comments on agenda item K.

Director McDougal reported that staff brought to the Personnel Committee the issue of finding candidates to fill open positions due to industry demand. The ability to offer a hiring bonus, at the discretion of the General Manager, as incentive to recruit candidates was proposed, as well as the possibility of paying relocation costs would help in recruiting efforts.

Director Endter reported he appreciated the employee referral bonus aspect of this program.

MOTION: Director Endter moved to approve the proposed relocation hiring bonus and relocation program terms. The terms will be incorporated into the District's personnel regulations; Director McDougal seconded. Motion passed; VOTE:

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

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

1. General Counsel
 - General Counsel Norvell provided an update on SB 323. He also reported the state is adopting standards under AB 1668 for water use deficiency, to be put into effect in 2024.
 - General Counsel Norvell provided a general update on the legislative session, including that 2,776 bills were introduced this year, of which 1,100 were of interest to BB&K practices, 836 bills of which were passed, and 66 were vetoed.
2. SDCWA Representative Report
 - General Manager Bebee provided an overview of the written report provided in the Board packet.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee reported we are having to put in additional storm water detention structures at the water reclamation plant.
 - General Manager Bebee also reported we received an APCD notice of violation for the Overland Trail project. He explained this is the contractor's doing, but the violation also came to the District.
 - Director Wolk questioned the actual versus budget lines for the Engineering and Operations charts in the packet. General Manager Bebee noted the CIP update would be provided to the Board in January.
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - AGM/CFO Shank provided an overview of the written reports provided in the Board packet.
5. Public Affairs Specialist
 - Public Affairs Specialist Denke reported on the various community events the District has participated in. She also reported on the Town Hall meeting taking place on November 17th.
6. Notice of Approval of Per Diem for Meetings Attended
 - Notification of Approval for Director's attendance at the Farm Bureau – Farmer of the Year Banquet on October 14, 2021 in Escondido, CA.
 - President DeMeo announced she approved Directors to attend the Farm Bureau Farmer of the Year Banquet on October 14, 2021.
7. Director Comments/Reports on Meetings Attended

8. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 6:18 p.m. following an oral announcement by General Counsel Norvell of Closed Session Item VI.1

General Counsel Norvell 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.

There were no public comments on Closed Session Item 1.

VI. CLOSED SESSION------(ITEM 1)

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

One (1) Potential Case

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 6:50 p.m.

REPORT FROM CLOSED SESSION

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the October Regular Meeting of the Fallbrook Public Utility District was adjourned at 6:50 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 13, 2021
SUBJECT: Proposed 2022 Board of Directors Regular Meeting Schedule

Purpose

To establish the 2022 Board meeting dates.

Summary

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

Additionally, it has been the Board’s practice to combine the November and December regular Board meetings into one meeting to accommodate the fall/winter holiday schedule. The proposed 2022 schedule combines the November and December regular meetings to Monday, December 5, 2022, at 4 p.m., as follows:

Month	Day	Month	Day	Month	Day	Month	Day
January	24	April	25	July	25	October	25
February	28	May	23	August	22	November	<i>Combined with December</i>
March	28	June	27	September	26	December	5

Recommendation

The Board establish the 2022 Board of Directors’ regular meeting schedule, to include combining the November and December regular Board meetings to Monday, December 5, 2022, at 4 p.m.

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 13, 2021
SUBJECT: Renewal of Land Lease for Silverthorn Ranch

Purpose

To authorize the General Manager to extend the land lease agreement with Wayne Loomis, dba Silverthorn Ranch on a year-to-year basis.

Summary

In October 2015, the District and Wayne Loomis, dba Silverthorn Ranch agreed upon a six (6) year lease term for 7.57 acres of land at the southwest portion of the District's Alturas property, just south of the Santa Margarita Conjunctive Use Project (SMRCUP) facilities.

In December 2019, the boundary of the leased area was reduced by 0.06 acres due to construction activities for the SMRCUP project.

Mr. Loomis has expressed an interest in extending his lease for a period of one (1) year, effective December 13, 2021 at a monthly rate that was adjusted from the previous lease rate by CPI to \$474.90/month.

Budgetary Impact

The lease revenue is included in the budget. If approved there is no budgetary impact.

Recommended Action

That the Board authorize the General Manager to extend the land lease on a year-to-year basis.

M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance Committee
DATE: December 13, 2021
SUBJECT: Approve Annual Comprehensive Financial Report (ACFR) for FY Ending June 30, 2021

Purpose

Approve the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year ending June 30, 2021, Attachment A.

Summary

The issuance of an ACFR is considered an industry best management practice and is central to transparent and complete financial disclosure to stakeholders. The District has now received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finances Officers Association for its last four annual financial reports. The receipt of this award is the result the District's focus on adopting industry best management practices and enhancing its fiscal transparency.

On October 19th and November 10th, the Fiscal Policy and Insurance Committee (the Committee) met and reviewed the Draft CAFR. At these meetings, staff and David Foreman, the engagement Partner from Clifton Larson Allen LLP (CLA), were present to review the financial statements and other draft sections of ACFR. The Committee's comments and suggestions are included in the ACFR.

David Foreman will be present at the Board meeting and will make a short presentation on the audit process and this year's financial results as well as address any questions the Board has. In addition, He will be reviewing the correspondences from the Auditor to the Board, which are provided as Attachment B.

Recommended Action

The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2021.

Attachment A



Fallbrook Public Utility District

A Special District in the State of California



**Annual Comprehensive Financial Report
For the Fiscal Year Ending June 30, 2021**

This page intentionally left blank



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year ending June 30, 2021

Current Board of Directors:

District #1 - Dave Baxter, Vice-President

District #2 - Ken Endter

District #3 - Jennifer DeMeo, President

District #4 - Don McDougal

District #5 - Charley Wolk

Prepared by District Management:

General Manager - Jack Bebee

Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Jodi Brown, Mick Cothran, Joye Johnson, Annalece Bokma, Veronica Tamzil, Todd Jester and Kelly Laughlin for their support in preparing this document.

Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028
(760) 728-1125
www.fpud.com



This page intentionally left blank

Table of Contents

INTRODUCTORY SECTION

Transmittal Letter	1
Organizational Chart	9
GFOA Certificate of Achievement for Excellence in Financial Reporting	10

FINANCIAL SECTION

Independent Auditors' Report	12
Management's Discussion and Analysis	15
Basic Financial Statements	
Enterprise Fund	
Statement of Net Position	22-23
Statement of Revenues, Expenses and Changes in Net Position	24
Statement of Cash Flows	25-26
Notes to Basic Financial Statements	27
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability - Defined Benefit Pension Plans ..	61
Schedule of Contributions - Defined Benefit Pension Plans	62
Schedule of Changes in the Net OPEB Liability and Related Ratios	63
Schedule of Contributions - OPEB	64
Supplementary Information	
Schedule of Operating Income and Expenses	65

STATISTICAL SECTION

List of Tables and Charts	66-67
Financial Position	69-71
District Operations	72-86
Debt Capacity	86-87
Demographic and Economic Information	88

Front Cover: Rattlesnake Tank is painted every year, a tradition that started with the local high school



INTRODUCTORY SECTION



November 24, 2021

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

990 East Mission Road
Fallbrook, California
92028-2232
www.fpud.com
(760) 728-1125

Board of Directors

Dave Baxter
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougall
Division 4

Charley Wolk
Division 5

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 are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Fallbrook Public Utility District (District) for the fiscal year ended June 30, 2021. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable and transparent financial information about the District.

The ACFR is being produced as part of management’s continued efforts to enhance the District’s fiscal transparency and to support a better understanding of the District’s financial operations. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP, Certified Public Accountants, have issued an unmodified opinion on the Fallbrook Public Utility District’s financial statements for the year ended June 30, 2021. The independent auditors’ report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Following the MD&A are the basic financial statements, notes to the statements, and an unaudited section of statistical information.

This report has been prepared using the financial reporting model recommended in the Government Accounting Standards Board’s (GASB) Statement 34. The GASB requires proprietary fund governments to use the full accrual basis of accounting. The accompanying statements have been prepared using the full accrual basis.



District Profile

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

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

The District became a member of the San Diego County Water Authority (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.

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

Water System

In the past, the District imported 99% of its potable water from the SDCWA with the remaining 1% coming from a local well. Looking forward, with the Santa Margarita Groundwater Treatment Plant (SMGTP) expected to be operational by the end of fiscal year 2022, a significant amount of the District's water supply will be provided through its Santa Margarita River Water Rights. While only a partial year of deliveries are expected in fiscal year 2022 from SMGTP, this new local supply is expected to reduce the average annual amount of water purchased from SDCWA by 40% or more and change the District's cost structure. The District's cost to treat and deliver the local water supply is expected to be less than the current cost of purchasing the same amount of water from SDCWA. With a local supply available, the District's rate payers are not only saving on the cost of water but also limiting the impact of future SDCWA rate increases.

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 has nearly completed an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use. 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 five-year average annual water sales is 8,263 acre-feet. Residential and commercial customers represent 64% of sales, and agricultural customers make up the remaining 36%. 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 2,474 in Fiscal Year 2021 or down 65%.

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 12-mile ocean outfall line.

Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 30 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 received grant funding to explore development of a joint Indirect Potable Reuse Project with Camp Pendleton Marine Corps Base. The pilot project is planned to be operating during the first part of Fiscal Year 2022.

Governance and Organizational Structure

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

Elected District Officials (As of 06/30/2021):

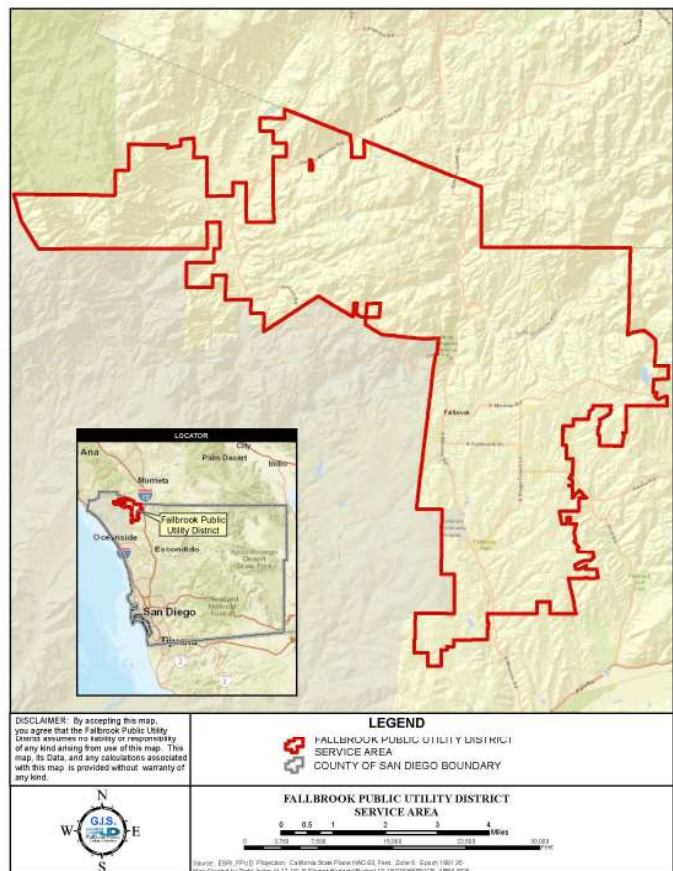
- District #1 - Dave Baxter, Vice-President**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo, President**
- District #4 - Don McDougal**
- District #5 - Charley Wolk**

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 2020 population is estimated to be 34,432 with 11,074 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$63,244, which is less than the state median of \$75,235 and slightly higher than the national average of \$62,843. Being only slightly higher than the national average is noteworthy since California is one of the most expensive states to live in.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 4.1 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.



Financial Policies

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

- Debt Management Policy – Defines the District's debt management.
- Investment Policy – Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies – Set target balances for reserves and working capital.
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure.

These policies can be found on the District's website as standalone documents or as part of the District's Administrative Code.

Long-Range Planning

The District engages in a wide range of long range planning activities. In 2017, the District completed a comprehensive 10-year financial plan. As part of the financial plan, a Capital Improvement Plan was developed for water, recycled water and wastewater services. In addition, the District also restructured its rates and charges to better align them with the cost of service. Other planning activities include establishing and funding a 115 Trust to offset the District's pension and Other Post Employment Benefits (OPEB) liabilities. On June 30, 2021, the trust held \$10.1 million in assets to offset in District's OPEB and Pension liabilities.

In 2018, the District adopted a new Mission Statement to ensure the District's activities are aligned with the stakeholder interests. To benefit the community of Fallbrook by providing efficient and reliable services the District has identified the following long-range strategic focus areas.

1 Strategic Focus Area | Water Supply

Need: The District is almost 100% reliant on imported water purchased from the SDCWA, and has little control over the cost of this water. While our water is reliable due to regional investments in supply and storage, this has also resulted in the cost of water increasing significantly.

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

Strategy: Maximize available local water resources through development of our Santa Margarita River water rights settlement, which will provide low-cost water from the Santa Margarita River and resolve over 60 years of water rights litigation between the United States Government and the District. Evaluate further expansion of recycled water supplies, which provide a local, cost-effective drought-proof supply.

2 Strategic Focus Area | Infrastructure

Need: The District was formed in 1922 and has aging infrastructure throughout its service area. Over the last few years, pipe failures have caused increased service disruptions and property damage. If not addressed, these problems will increase significantly as the existing infrastructure reaches the end of its useful life.

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

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

#3 Strategic Focus Area | Efficiency

Need: While the District has been able to maintain reliable service with limited resources, additional legal and environmental requirements along with rising employee costs require the District to do more with less to help control water and wastewater rates.

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

Strategy: Continue taking incremental steps toward developing an organization that is a model in the industry for operational practices and efficiency, and one that is looked to as an industry leader for a smaller utility. Collaborate with other agencies locally and nationally to implement best practices in the industry.

#4 Strategic Focus Area | Community

Need: The District was formed by the community as a local resource, but the need to increase rates for long-term fiscal sustainability and to address past under-investments in infrastructure negatively affects our customers' public opinion of the District.

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

Strategy: Improve messaging and District approach, from field staff to management, to make sure we are approaching our activities with a focus on the customer's perspective. Establish programs that help invest in our community.

#5 Strategic Focus Area | Workforce

Need: Approximately 40% of our staff are currently eligible or within five years of being eligible for retirement. Recruiting is challenging for qualified replacements with necessary knowledge in water and wastewater operations, heavy construction, finance, and engineering.

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

Strategy: Create an organization where many key positions are developed internally and a formal program exists to identify staff with management potential and provide necessary training. Establish a work environment and reputation in the industry that draws qualified candidates with external recruitments.



Major Initiatives

Overcoming Challenges

This year the pandemic continued to challenge both the District and the World's ability to adapt to a rapidly changing operational environment. The District's ability to adapt business practices to effectively manage changes in operations required by the pandemic speak directly to management's efforts to both enhance and modernize the District's operations. The integration of the District's information management systems have allowed Customer Service to work remotely and have access to all the information they need. In addition, the new web based maintenance management system has cut the District's Customer Service response time by more than half and enabled operators to respond to service issues in real time out in the field. The range of convenient payment options like PayNearMe and credit cards available continues to provide customers best in class flexibility in payment options. This ensured cash and other payments could be made even with the offices closed.

Water Affordability

The District has been faced in the past with escalating wholesale water costs driven by major infrastructure investments by the SDCWA in supply reliability. The SDCWA water purchase costs represent approximately 40% of the District's water enterprise operating costs. With SDCWA facing operational challenges from declining water demands and the additional costs from the potential construction of a more than \$4 billion dollar pipeline to the All-American Canal, the District is facing significant water cost increases from SDCWA. To address this, the District has initiated 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.

Having recently settled over 66 years of water rights litigation with Camp Pendleton Marine Corps Base, the Santa Margarita River Conjunctive Use Project (SMRCUP) has secured a local water supply for the District. This major achievement will provide all future District ratepayers long-term rate relief from increasing water costs at the local wholesale and State levels. The settlement has allowed the District to

Santa Margarita River Conjunctive Use Project

Development of a new groundwater treatment plant to treat water delivered by Camp Pendleton per the executed settlement agreement of US vs FPUD. Projected to provide on average 3,100 acre-feet per year of local water. The project construction is expected to take 24 months. Construction began in September 2019 and is expected to be completed in Fiscal Year ending June 30, 2022.

quickly move forward with the construction of the SMGTP. This project is currently under construction and is scheduled to begin producing water by the end of calendar year 2021. 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 cheaper than water purchased from SDCWA.

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 been made, but this is a long-term program to meet the future replacement needs.

Continuous Improvement

We 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. This year the District was able to leverage all of the hard work done to enhance its financial management and reporting practices into rate payer savings by securing a strong credit rating and executing a public debt offering to refinance a wastewater loan. By securing an A+ rating from Standard and Poor's (S&P), the District saved wastewater rate payers \$1.6 million on a present value basis or an average of \$115,000 per year. The District also secured grant funding for the construction and operation of four Tesla battery power storage facilities worth \$4.6 million, which will save the District an estimated \$100,000 a year on power costs.

The District realizes that while small, savings like these add up and help lessen the financial burden our ratepayers face. The District is also advocating at the State and local level for rate payer assistance programs and applying for funding where available.

The District's organizational chart is shown on the page 9.

Acknowledgments

Management would like to thank the Board of Directors for their leadership and vision guiding the implementation of the highest standards of financial management and securing District's long-term financial sustainability.



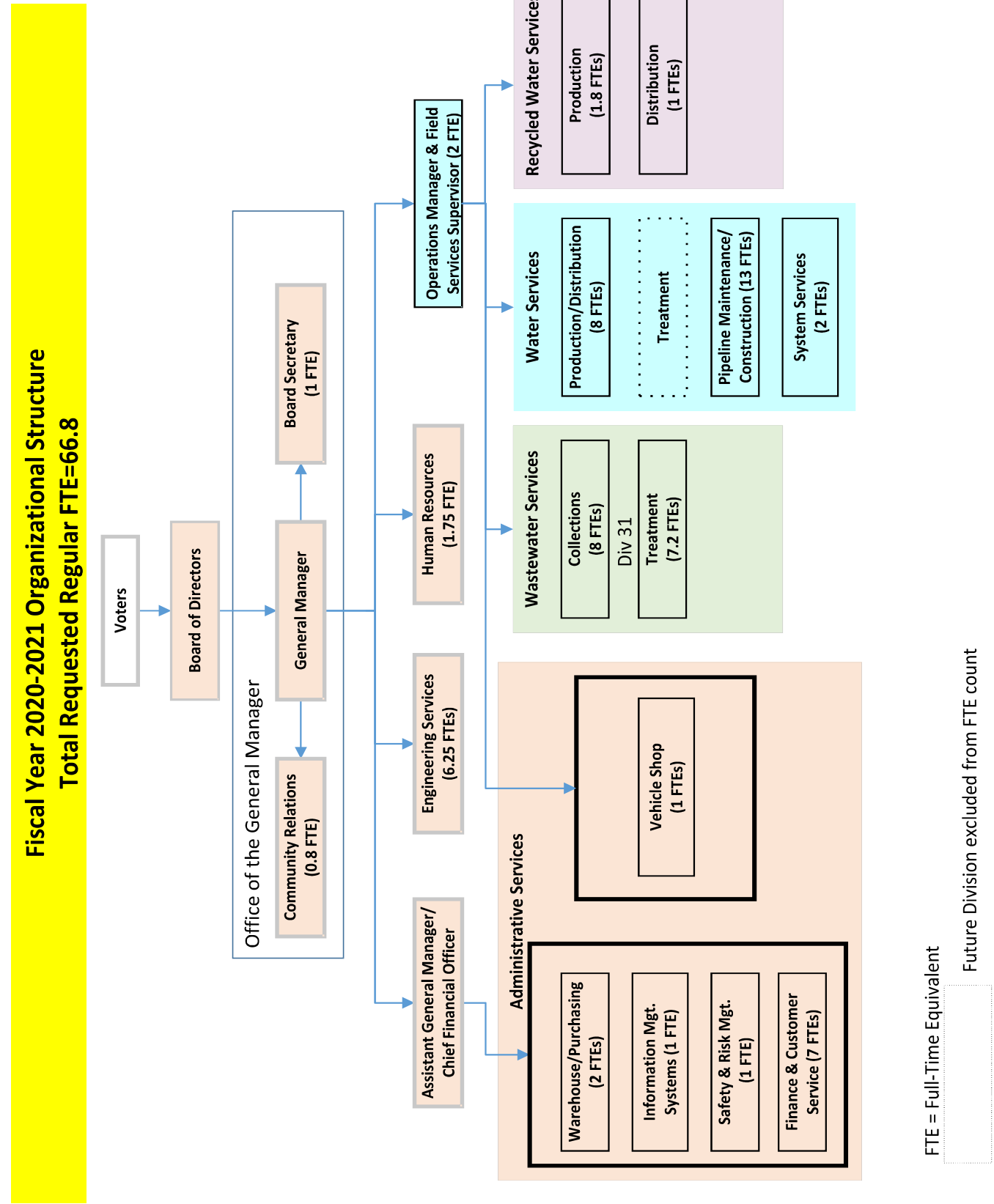
Jack Bebee
General Manager



David Shank
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 66.8)



Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Fallbrook Public Utility District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

Report on the Financial Statements

We have audited the accompanying financial statements of Fallbrook Public Utility District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.



Board of Directors
Fallbrook Public Utility District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1C to the financial statements, the District implemented GASB 84, *Fiduciary Funds* in the fiscal year ended June 30, 2021. This resulted in the removal of the OPEB trust from the financial statements as a fiduciary fund. Our opinion is not modified with respect to that matter.

Other Matters

Summarized Prior-Year Comparative Information

The statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements as of and for the year ended June 30, 2020, from which such summarized information was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability - Defined Benefit Pension Plans, Schedule of Contributions - Defined Benefit Pension Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions - OPEB, identified as Required Supplementary Information (RSI) in the accompanying Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors
Fallbrook Public Utility District

The Schedule of Operating Income and Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Income and Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP
CliftonLarsonAllen LLP

Carlsbad, California
November 24, 2021

Management's Discussion and Analysis

This section of the Fallbrook Public Utility District's (District) annual financial report provides management's summary and analysis of the District's financial performance for fiscal year ending June 30, 2021. Management's Discussion and Analysis (MD&A) are broken into the following sections:

- Financial Statement Overview
- Financial Highlights & Analysis
- Capital Assets
- Debt Administration

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

Financial Statement Overview

The financial statements report information about the District's financial position and result of operations using the accrual basis of accounting, similar to methods used by private sector companies. The statements also present changes in cash balances, and information about both short and long-term activities. This section of the annual report contains three components: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Financial Statements.

The Basic Financial Statements include the following:

- The Statement of Net Position present financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last year. It provides the basis for measuring the relative success in recovering operational costs.
- The Statement of Cash Flows report the District's cash receipts and disbursements during the period, classified into operating, financing, and investing categories.
- The Notes to the Financial Statements provide additional information and present material disclosures required by generally accepted accounting principles that are not otherwise visible in the financial statements. The notes immediately follow the statements.

Financial Highlights

This year the District's net financial position increased 5.2% from the June 30, 2020 balance of \$98,704,754 to the June 30, 2021 balance of \$103,822,139. The District's total assets increased to \$215,257,936, which is a 13.5% increase from last year. The increase in District's assets is being driven by the construction of a water treatment plant, which is part of the District's Santa Margarita River Conjunctive Use Project (SMRCUP). The treatment plant construction is being funded by a State Revolving Fund (SRF) Loan. Liabilities increased to \$114,189,577 or 22.6% from year ending June 30, 2020 due to the new SRF Loan funding the SMRCUP water treatment plant and construction related payments. Of the District's assets, 79.7% are related to infrastructure, which is the largest class of assets.

The District’s operating loss decreased from \$4,303,252 in fiscal year ending June 30, 2020 to \$1,421,584 in fiscal year ending June 30, 2021. Overall the District’s operating revenues increased 12.4% or from \$28,931,007 to \$32,511,601 in fiscal years ending June 30, 2020 and 2021, respectively. After net non-operating revenues and capital contributions the District’s fiscal year ending June 30, 2021 change in net position was \$5,117,385. During the past year, the District made contributions to the Pension and OPEB 115 Trust that when combined with investment earnings bring the trust balance from \$7,852,396 fiscal year ending June 30, 2020 to \$10,076,659 fiscal year ending June 30, 2021.

Financial Analysis

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District’s enterprise fund activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of this year’s activities. These two statements report the net position of the District and changes in it. One can think of the District’s net position as the difference between assets and deferred outflows of resources (what is owned) and liabilities and deferred inflows of resources (what is owed) and is one way to measure its financial health or financial position.

Condensed Statements of Net Position

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019
Assets			
Unrestricted Current Assets	\$ 30,554,990	\$ 37,944,043	\$ 21,737,022
OPEB and Restricted Assets	13,056,070	10,556,480	9,752,965
Capital Assets, net	171,646,876	141,112,251	113,599,777
Total Assets	215,257,936	189,612,774	145,089,764
Deferred Outflows of Resources			
	3,093,115	3,235,682	3,419,768
Liabilities			
Current liabilities	11,318,938	21,205,499	5,825,259
Noncurrent liabilities including Retention Payable	102,870,639	71,922,788	45,425,373
Total Liabilities	114,189,577	93,128,287	51,250,632
Deferred Inflows of Resources			
	339,335	1,015,415	1,190,472
Net Position			
Net Investment in Capital Assets	83,368,399	82,199,752	81,264,522
Restricted	10,340,855	10,188,202	9,477,694
Unrestricted	10,112,885	6,316,800	6,465,333
Total Net Position	\$ 103,822,139	\$ 98,704,754	\$ 97,207,549

Fiscal year 2021 compared to Fiscal Year 2020

The largest and most significant portion of the District’s net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include

the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Ocean Outfall. Capital assets increased to \$171,646,876 in fiscal year ending June 30, 2021.

Current assets decreased by \$7,389,053 from fiscal year ending June 30, 2020. The decrease is primarily driven by a reduction in Loan proceeds receivable related to SMRCUP. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$10,076,659, \$1,266,271 for OPEB and \$8,810,388 for pensions.

Net capital assets increased \$30,534,625 in fiscal year ending June 30, 2021. District wide depreciation in fiscal year ending June 30, 2021 was \$6,773,273. The increase in net capital assets indicates that the District's capital investments in system assets during fiscal year ending June 30, 2021 greatly outpaced the rate of asset depreciation, largely due to the construction of SMGTP.

Current liabilities decreased by \$9,886,561 from fiscal year ending June 30, 2020. The driver behind the decrease in current liabilities was corresponding decrease in accounts payable, which is related to SMGTP construction related outflows.

The District's total net position increased by \$5,117,385 primarily attributable to the \$8,156,584 in nonoperating revenue, which is predominantly made up of property taxes and capital improvement charges, and investment income and includes a one time payment from SDCWA related to Rate litigation. These, along with offsetting nonoperating expenses of \$1,665,457, compensated for the operating loss of \$1,421,584.

Fiscal year 2020 compared to Fiscal Year 2019

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Ocean Outfall. Capital assets increased to \$141,112,251 in fiscal year ending June 30, 2020. In fiscal year ending June 30, 2020, the District spent \$27,331,718 million on the construction of a \$62.9 million dollar water treatment plant. This investment in District assets is driving the increase in capital assets.

Current assets increased by \$16,207,021 million from fiscal year ending June 30, 2019. The increase is primarily driven by \$15,412,415 in loan proceeds receivable, which are pending SMRCUP water treatment plant project reimbursements from the SRF Loan program. The loan proceeds receivable is included in Other Receivables in the financial statements. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$7,852,396, \$1,040,486 for OPEB and \$6,811,910, for pensions.

Net capital assets increased \$27,512,474 in fiscal year ending June 30, 2020. District wide depreciation in fiscal year ending June 30, 2020 was \$6,637,996. The increase in net capital assets indicates that the District's capital investments in system assets during fiscal year ending June 30, 2020 greatly outpaced the rate of asset depreciation.

Current liabilities increased by \$15,380,240 from fiscal year ending June 30, 2019. The driver behind the increase in current liabilities was corresponding increase in accounts payable, which is related to SMRCUP water treatment plant construction related outflows.

The District's total net position increased by \$1,497,205 primarily attributable to the \$6,369,624 in nonoperating revenue, which is predominantly made up of property taxes and capital improvement charges, and investment income. These along with offsetting nonoperating expenses of \$941,674, compensated for the operating loss of \$4,303,252.

Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019
Operating Revenues			
Water	\$ 25,429,014	\$ 21,940,234	\$ 20,481,788
Recycled Water	1,088,163	1,059,305	998,942
Wastewater	5,994,424	5,931,468	5,463,820
Total Operating Revenues	32,511,601	28,931,007	26,944,550
Operating Expenses			
Cost of Water	13,955,908	12,663,006	12,650,795
Water Operations	7,366,600	7,970,479	7,252,060
Recycled Water Operations	441,490	497,444	600,294
Wastewater Operations	5,395,914	5,465,334	5,046,679
Operating Expenses Before Depreciation	27,159,912	26,596,263	25,549,828
Operating Income Before Depreciation	5,351,689	2,334,744	1,394,722
Depreciation	6,773,273	6,637,996	6,158,589
Total Operating Expenses Including Depreciation			
Operating Loss	(1,421,584)	(4,303,252)	(4,763,867)
NonOperating Revenues (Expenses)			
Property Taxes	2,340,185	2,205,975	2,106,034
Capital Improvements Charges	2,604,061	2,559,135	2,505,876
Investment Income	1,543,078	920,135	915,275
Water Availability Charges	208,842	204,418	204,359
Lease Revenue	251,047	249,092	199,433
Intergovernmental Revenue-Federal Interest Rate Subsidy	112,207	123,762	134,924
Connection Fees	149,650	107,107	180,966
SDCWA Rate Refund	909,413	-	-
Net Gain (Loss) on Disposal of Capital Assets	38,100	(31,450)	9,338,297
Interest Expense	(1,665,457)	(910,224)	(909,966)
Total Non-Operating Revenues, Net	6,491,127	5,427,950	14,675,198
Change in Net Position Before Capital Contributions	5,069,543	1,124,698	9,911,331
Capital Contributions	47,842	372,507	73,789
Change in Net Position	5,117,385	1,497,205	9,985,120
Net Position - Beginning of Year, As Originally Stated	98,704,754	96,068,427	86,083,307
Prior Period Adjustments	-	1,139,122	-
Net Position - Beginning of Year, As Restated	98,704,754	97,207,549	86,083,307
Net position - End of Year	\$ 103,822,139	\$ 98,704,754	\$ 96,068,427

Fiscal year 2021 compared to Fiscal Year 2020

Fiscal year ending June 30, 2021 water revenues were up 15.9% or \$3,488,780 from fiscal year ending June 30, 2020. Wastewater revenues were up 1.1% from fiscal year ending June 30, 2020 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2021 net position. The District's net position increased by \$5,117,385 during fiscal year ending June 30, 2021.

Operating revenue increased \$3,580,594 primarily due to water sales of 8,242 AF in fiscal year ending June 30, 2021 compared to 7,305 AF during fiscal year ending June 30, 2020. Recycled water sales were flat at 557 AF as compared to 560 AF in fiscal year ending June 30, 2020. Wastewater revenues increased by \$62,956 from fiscal year ending June 30, 2020. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$698,926 from fiscal year ending June 30, 2020. The increase in operating expense was driven by a \$1,292,902 increase in the cost of water from fiscal year ending June 30, 2020. Depreciation expense increased by \$135,277 from fiscal year ending June 30, 2020 while other operating costs decreased by \$729,253. The operating expenses increase also included costs associated with changes in the actuarial valuation of the District's pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District's operating loss of \$1,421,584 when netted against combined nonoperating revenues and expenses of \$6,491,127 results in a \$5,069,543 increase in net position before capital contributions. The District's nonoperating revenues come from six primary sources, property taxes in the amount of \$2,340,185, water and wastewater capital improvement charges in the amount of \$2,604,061, investment income in the amount of \$1,543,078, water availability charges in the amount of \$208,842, connection fees in the amount of \$149,650 and the Federal Interest Rates Subsidy Payments of \$112,207.

Fiscal year 2020 compared to Fiscal Year 2019

Fiscal year ending June 30, 2020 water sales revenues were up 7.1% or \$1,458,446 from fiscal year ending June 30, 2019 due to increased rates. Wastewater revenues were up 8.6% from fiscal year ending June 30, 2019 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2020 net position. The District's restated net position increased by \$2,636,327 during fiscal year ending June 30, 2020.

Operating revenue increased \$1,986,457 due to rate increases and higher billable flows. Recycled water sales were flat at 560 AF as compared to 562 AF in fiscal year ending June 30, 2019. Wastewater revenues increased by \$467,648 versus fiscal year ending June 30, 2019. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$1,525,842 from fiscal year ending June 30, 2019. The increase in operating expense was driven by a \$718,419 increase in water operations and a \$418,655 increase

in wastewater operations from fiscal year ending June 30, 2019. Depreciation expense increased by \$479,407 from fiscal year ending June 30, 2019 while other operating costs increased by \$1,034,224. The operating increase also included costs associated with changes in the actuarial valuation of the District’s pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District’s operating loss of \$4,303,252 when netted against combined nonoperating revenues and expenses of \$5,427,950 results in a \$1,124,698 increase in net position before capital contributions. The District’s nonoperating revenues come from six primary sources, property taxes in the amount of \$2,205,975, water and wastewater capital improvement charges in the amount of \$2,559,135, investment income in the amount of \$920,135, water availability charges in the amount of \$204,418, connection fees in the amount of \$107,107 and the Federal Interest Rates Subsidy Payments of \$123,762.

Supplemental information for each of the three operations divisions can be found on page 67 of this report.

Capital Assets

The District’s has implemented an asset management program to improve the system reliability and reduce the number of unscheduled repairs. A critical component of the asset management program is the District’s pipeline and valve replacement program. In fiscal year ending June 30, 2021, the District replaced 5,960 feet of pipe and 85 valves. The District’s pipeline and valve replacement program’s goal is to reduce the replacement cycle of pipelines to 100 years from the previous 400 year replacement cycle. Last year the District completed and capitalized its Santa Margarita Water Rights capital project. This multi-decade project resulted in perpetual rights to Santa Margarita River water. This local supply will provide water to future generations to come. This year, the District began construction of the SMRCUP water treatment plant, which when completed will provide the District’s ratepayers with a local water supply, which is not only reliable but also affordable. The water treatment plant will treat the District’s share of the Santa Margarita River water.

June 30, 2021, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Gum Tree Pipeline Replacement	\$ 470,000	1/21/2022
Ross Lake PRS	60,000	8/30/2021
Toyon Pump Station	100,000	12/15/2022
Santa Margarita River Conjunctive Use Project (SMRCUP)	8,450,000	12/31/2021
Water Supply Reliability Project	500,000	10/31/2022
Recycled Air/Vac and Drain Replacement	50,000	3/31/2022
Overland Trail Lift Station Rehabilitation	125,000	12/31/2021

Additional information on the District’s capital asset activity can be found at Note 3 of the Notes to the Basic Financial Statements.

Debt Administration

At June 30, 2021, the District had \$88.3 million of long-term debt outstanding. \$2.8 million of this debt is attributable to the wastewater Qualified Energy Conservation Bonds (QECCB) solar loan, which qualifies for Federal Interest Rate Subsidy payments. The loan was originally for \$7.2 million. An additional \$3.5 million of indebtedness is attributable to the Red Mountain Filtration Plant SRF loan, which was originally for \$6.16 million. \$19.9 million of indebtedness and \$3.6 million in unamortized premium is attributable to the District's Waste Water Revenue Refunding Bonds, which refunded the District's Wastewater Treatment Plant SRF loan, which was originally for \$29.6 million. Of the approved \$62.9 million SRF loan for the SMGTP, only \$58.5 million had been drawn at the end of fiscal year ending June 30, 2021. Scheduled debt service payments (principal and interest) on this loan commence once the project is completed, which is anticipated to occur in the fall of 2021. During construction, the District only pays interest on the balance of loan proceeds received. During the year ending June 30, 2021 \$1.9 million of principal payments were made on the District's outstanding long-term obligations.

More detailed information about the District's debt structure is found in Note 4 to the Basic Financial Statements.

Currently Known Facts

The SRF loan which funds the SMGTP was amended from \$62.9 million to \$68.3 million. The State Water Resources Control Board approved the amendment on October 26, 2021.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,275,808	\$ 8,137,414
Investments	6,019,693	7,831,917
Receivables - Water Sales and Services	5,063,293	4,478,619
Accrued Interest Receivable	22,998	64,434
Property Taxes Receivable	58,525	10,160
Other Receivables	7,170,247	15,519,773
Inventory	1,861,925	1,845,755
Prepaid Expenses and Other Deposits	82,501	55,971
Restricted Assets:		
Cash and Cash Equivalents	9,494,809	7,496,954
Investments	3,561,261	3,059,526
Total Current Assets	<u>43,611,060</u>	<u>48,500,523</u>
NONCURRENT ASSETS		
Capital Assets:		
Capital Assets, Not Being Depreciated	75,045,121	42,118,554
Capital Assets Being Depreciated, Net	96,601,755	98,993,697
Total Capital Assets, Net	<u>171,646,876</u>	<u>141,112,251</u>
Total Noncurrent Assets	<u>171,646,876</u>	<u>141,112,251</u>
 Total Assets	 <u>215,257,936</u>	 <u>189,612,774</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts From Pension	2,744,892	3,004,079
Deferred Amounts From OPEB	348,223	231,603
Total Deferred Outflows of Resources	<u>\$ 3,093,115</u>	<u>\$ 3,235,682</u>

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 8,203,459	\$ 18,213,752
Accrued Wages	167,285	208,653
Construction and Other Deposits	12,056	14,884
Accrued Interest Payable	582,359	258,156
Retention Payable	245,627	27,771
Compensated Absences, Current Portion	569,086	560,892
Current Portion of Other Long-Term Debt	1,784,693	1,949,162
Total Current Liabilities	11,564,565	21,233,270
NONCURRENT LIABILITIES		
Health Retirement Account Liability	351,250	351,796
Net OPEB Liability	205,001	109,213
Net Pension Liability	14,721,348	13,629,333
Compensated Absences, Net of Current Portion	853,629	841,338
Long-Term Debt - Net of Current Portion	86,493,784	56,963,337
Total Noncurrent Liabilities	102,625,012	71,895,017
Total Liabilities	114,189,577	93,128,287
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts From Pension	265,130	915,032
Deferred Amounts From OPEB	74,205	100,383
Total Deferred Inflows of Resources	339,335	1,015,415
NET POSITION		
Net Investment in Capital Assets	83,368,399	82,199,752
Restricted for:		
1958 Annex Projects	1,213,780	1,213,780
Debt Service	316,687	2,162,512
Pension	8,810,388	6,811,910
Unrestricted	10,112,885	6,316,800
Total Net Position	\$ 103,822,139	\$ 98,704,754

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
OPERATING REVENUES		
Water	\$ 25,429,014	\$ 21,940,234
Recycled Water	1,088,163	1,059,305
Wastewater	5,994,424	5,931,468
Other		
Total Operating Revenues	32,511,601	28,931,007
OPERATING EXPENSES		
Cost of Water	13,955,908	12,663,006
Water Operations	7,366,600	7,970,479
Recycled Water Operations	441,490	497,444
Wastewater Operations	5,395,914	5,465,334
Operating Expenses Before Depreciation	27,159,912	26,596,263
Operating Income Before Depreciation	5,351,689	2,334,744
Depreciation	6,773,273	6,637,996
Total Operating Expenses Including Depreciation	12,126,962	9,015,740
Operating Loss	(1,421,584)	(4,303,252)
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	2,340,185	2,205,975
Capital Improvements Charges	2,604,061	2,559,135
Investment Income	1,543,078	920,135
Water Availability Charges	208,842	204,418
Lease Revenue	251,047	249,092
Intergovernmental Revenue - Federal Interest Rate Subsidy	112,207	123,762
Connection Fees	149,650	107,107
SDCWA Rate Refund	909,413	-
Net Gain (Loss) on Disposal of Capital Assets	38,100	(31,450)
Interest Expense	(1,665,457)	(910,224)
Total Nonoperating Revenues (Expenses)	6,491,127	5,427,950
Changes in Net Position Before Capital Contributions	5,069,543	1,124,698
Capital Contributions	47,842	372,507
CHANGE IN NET POSITION	5,117,385	1,497,205
Net Position - Beginning of Year, As Originally Stated	98,704,754	96,068,427
Prior Period Adjustment	-	1,139,122
Net Position - Beginning of Year, As Restated	98,704,754	97,207,549
NET POSITION - END OF YEAR	\$ 103,822,139	\$ 98,704,754

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 31,846,269	\$ 28,461,877
Lease Revenues Collected	251,047	249,092
Payments for Water	(13,775,839)	(12,513,388)
Payments for Services and Supplies	(3,685,249)	(3,846,281)
Payments for Employee Wages, Benefits and Related Costs	<u>(8,967,158)</u>	<u>(8,854,503)</u>
Net Cash Provided by Operating Activities	<u>5,669,070</u>	<u>3,496,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	<u>2,291,820</u>	<u>2,208,185</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,291,820</u>	<u>2,208,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(47,196,825)	(17,662,519)
Proceeds From Sales of Capital Assets	38,100	-
Proceeds of Issuance of Debt	63,273,926	11,919,303
Principal Payments on Long-Term Debt	(25,477,764)	(1,893,596)
Interest Paid	(1,341,254)	(869,963)
Intergovernmental Revenue - Federal Interest Rate Subsidy	112,207	123,762
Capital Improvement Charges and Connection Fees	2,753,711	2,666,242
Proceeds from SDCWA Rate Rebate	909,413	-
Water Availability Charges	<u>208,842</u>	<u>204,418</u>
Net Cash Used by Capital and Related Financing Activities	<u>(6,719,644)</u>	<u>(5,512,353)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,049,897)	(4,536,297)
Sales of Investments	2,127,109	8,684,567
Interest Received	<u>1,817,791</u>	<u>602,596</u>
Net Cash Provided by Investing Activities	<u>2,895,003</u>	<u>4,750,866</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	4,136,249	4,943,495
Cash and Cash Equivalents - Beginning of Year	<u>15,634,368</u>	<u>10,690,773</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 19,770,617</u>	<u>\$ 15,634,268</u>
Financial Statement Presentation		
Cash and Cash Equivalents	\$ 10,275,808	\$ 8,137,414
Cash and Cash Equivalents - Restricted Assets	<u>9,494,809</u>	<u>7,496,954</u>
Total Cash and Cash Equivalents	<u>\$ 19,770,617</u>	<u>\$ 15,634,368</u>

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,421,584)	\$ (4,303,252)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by Operating Activities:		
Depreciation	6,773,273	6,637,996
Lease Revenues Collected	251,047	249,092
(Increase) Decrease in:		
Receivables	(665,332)	(469,130)
Inventory	(16,170)	(5,760)
Prepaid Expenses And Other Deposits	(26,530)	(12,578)
Deferred Outflows of Resources	142,567	184,086
Increase (Decrease) in:		
Accounts Payable	141,505	338,608
Accrued Wages	(41,368)	(39,241)
HRA Liability	(546)	93,375
Net OPEB Obligation	95,788	(25,864)
Net Pension Liability	1,092,015	1,087,404
Compensated Absences	20,485	(62,882)
Deferred Inflows of Resources	(676,080)	(60,206)
Deferred Revenue	-	(114,851)
Net Cash Provided by Operating Activities	\$ 5,669,070	\$ 3,496,797
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in Fair Value of Investments	\$ (233,277)	\$ 334,417
Capital Assets Contributed	\$ 47,842	\$ 73,789

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Organization and Operations of the District**

Fallbrook Public Utility District (District) was incorporated as a political subdivision of the State of California in 1922 and operates under the provisions of the Public Utility District Code as adopted in 1953. The District constructs, operates and maintains facilities to supply water to the town of Fallbrook and the surrounding residential and agricultural areas comprising approximately 27,963 acres, which includes the former De Luz Heights Municipal Water District (annexed in 1990). The District is a member of the San Diego County Water Authority, and as that organization is a member of the Metropolitan Water District of Southern California, the District is entitled to pro rata participation in all water supplies available to those agencies. The District is governed by a Board of Directors consisting of five board members, each of whom is elected to office for a term of four years by registered voters of the District.

In November 1994, the Fallbrook Sanitary District (which is wholly included within the Fallbrook Public Utility District) dissolved that district and was incorporated into the Fallbrook Public Utility District to provide wastewater services in Fallbrook. The provisions of the dissolution and assumption of services established a separate improvement district to identify the tax base and debt obligations of the former Fallbrook Sanitary District.

Under the terms and conditions of the Local Agency Formation Commission (LAFCO), a San Diego County agency that oversees special districts, the debt of the former Fallbrook Sanitary District, now identified as Improvement District S, existing at the time of the merger was paid from taxes and other revenues raised within the Improvement District "S". The debt of the former De Luz Heights Municipal Water District was also paid from revenues and taxes paid in the De Luz area.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**Proprietary Fund**

The District's activities are reported in an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

The basic financial statements are prepared using the *economic resource measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with the District's activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Proprietary Fund (Continued)

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, delivering water, and collecting, treating and disposing of wastewater in connection with the District's principal ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Changes in Net Position.

Net Position

The basic financial statements of the Fallbrook Public Utility District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Net Position (Continued)

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position.”

C. New Accounting Pronouncements

Current Year Standards

GASB 84 – In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The District adopted this standard in the current fiscal year. Implementation of GASB 84 removed the previously reported OPEB trust that no longer qualifies as a fiduciary fund of the District.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to other postemployment benefits for employer contributions made after the measurement date of the net other postemployment benefit liability.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to other postemployment benefits for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to pensions resulting from the changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to other postemployment benefits resulting from the changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred outflow related to other postemployment benefits resulting from the difference in projected and actual earnings on investments of the other postemployment benefits plan fiduciary net position. This amount is amortized over five years.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**D. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that will qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to pensions resulting from the changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.

E. Cash, Cash Equivalents and InvestmentsCash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents and Investments (Continued)

Investment Valuation

Investments are carried at fair value. In the financial statements, changes in fair value that occur during a fiscal year are recognized as *investment income* reported for the fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

F. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

G. Accounts Receivable and Allowance for Doubtful Accounts

The District participates in the County of San Diego's Teeter Plan. Under the Plan, each year in June, the County advances the delinquent accounts receivables amount to the District. The advance is then collected from the taxpayer by the County. The County also receives penalty payments. As a result, the District does not record an allowance for doubtful accounts.

H. Inventory

Inventory consists of water stored at Red Mountain Reservoir and in any of the District's water distribution tanks in the service area, warehouse materials, supplies and equipment necessary to support operations. Inventory is valued at cost using the weighted average cost method. Warehouse materials, supplies and equipment are charged to inventory stores expense when they are issued at the weighted average cost. Water inventory is charged to the cost of water when sold.

I. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses and are recorded utilizing the consumption method.

j. Restricted Assets

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**K. Capital Assets and Depreciation**

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. The District capitalizes all plant and office equipment with a value of \$5,000 or greater and a useful life of greater than three years. Improvements to existing capital assets are capitalized if they extend the useful life of the asset by three or more years and the cost of the improvement is \$5,000 or greater. Interest costs incurred while constructing capital assets can be capitalized as part of the specific capital assets. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Water Transmission and Distribution System:	
Impounding Dams and Reservoirs	50 Years
Pipelines	50 Years
Other	20 to 25 Years
Wastewater Collection System, and Treatment and Disposal Facilities	
Buildings and Structures	45 Years
Equipment	3 to 10 Years

L. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2021, were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
\$ 1,402,230	\$ 624,274	\$ (603,789)	\$ 1,422,715	\$ 569,086

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Contributed Capital, Connection Fees and Water Availability Charges (Capacity Fees)

Capital contributions for water and wastewater represent contributions of capital assets from developers and revenues from the California State proposition programs. Capital contributions are recorded in the Statement of Revenues, Expenses and Changes in Net Position at acquisition value at the date the ownership is transferred to the District.

Connection and water availability charges (capacity fees) for water and sewer represent purchases of water meters and fees to connect to the water distribution system or connect to the wastewater collections system by developers or landowners. Connection fees and water availability charges are used strictly for capital improvement.

N. Property Taxes and Assessments

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the San Diego County Tax Collector’s Offices. The San Diego County Tax Collector’s Offices acts as a collection agent for the property taxes which are normally collected twice a year.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS financial office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website under Forms and Publications.

Q. Other Postemployment Benefits

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are classified in the accompanying financial statements as follows:

Current Assets:

Cash and Cash Equivalents	\$	10,275,808
Restricted Cash and Cash Equivalents		9,494,809
Investments		6,019,693
Restricted Investments		3,561,261
Total Cash and Investments	<u>\$</u>	<u>29,351,571</u>

Cash and Investments Consist of the following:

Cash on Hand	\$	1,150
Deposits with Financial Institutions		5,323,055
Investments		24,027,366
Total Cash and Investments	<u>\$</u>	<u>29,351,571</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of funds within the pension and other postemployment benefit (OPEB) trusts that are governed by the agreement of the District and the trustee, and debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Quality Requirements (S & P Rating)
U.S. Treasury Obligations	5 Years	No Limitation	No Limitation	No Limitation
Federal Agencies	5 Years	No Limitation	75%	No Limitation
State Obligations	5 Years	25%	5%	A/A-1
Supranationals	5 Years	30%	No Limitation	AA
Banker’s Acceptances	180 Days	25%	5%	A-1
Commercial Paper	270 Days	25%	10%	A-1
Negotiable Certificates of Deposit	5 Years	30%	5%	A/A-1
Repurchase Agreements	1 Year	10%	No Limitation	No Limitation
Medium-Term Notes	5 Years	30%	No Limitation	A
Accounts	No Limitation	No Limitation	No Limitation	No Limitation
Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	No Limitation	No Limitation
County Pooled Investment Funds	No Limitation	No Limitation	No Limitation	No Limitation
California Local Agency Obligations	5 Years	25%	5%	A/A-1
Joint Powers Authority Pool	No Limitation	No Limitation	No Limitation	No Limitation
Money Market Mutual Funds	No Limitation	20%	No Limitation	AAA
Mortgage Pass-Through Securities	5 Years	20%	No Limitation	AA

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2021.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund (LAIF)	\$ 3,850,844	\$ 3,850,844	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	1,815,365	1,815,365	-	-	-
Asset Backed Securities	308,175	-	101,391	206,784	-
Medium-Term Notes	2,455,216	661,061	469,425	1,324,730	-
U.S. Treasury Securities	6,676,110	2,397,703	1,675,961	2,602,446	-
Federal Agency Collateralized Mortgage Obligations	111,268	-	-	111,268	-
PARS Pooled Trust - Pension Trust	8,810,388	8,810,388	-	-	-
Total	\$ 24,027,366	\$ 17,535,361	\$ 2,246,777	\$ 4,245,228	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Standard & Poor's (S&P) rating for each investment type at June 30, 2021.

Investment Type	Total	Minimum Legal Rating*	Ratings as of Year End				
			Exempt from Disclosure	AAA	AA	A	Not Rated
Local Agency Investment Fund (LAIF)	\$ 3,850,844	Exempt	\$ -	\$ -	\$ -	\$ -	\$ 3,850,844
California Asset Management Program (CAMP)	1,815,365	AAA	-	1,815,365	-	-	-
Asset Backed Securities	308,175	A	-	308,175	-	-	-
Medium-Term Notes	2,455,216	A	-	-	-	2,455,216	-
U.S. Treasury Securities	6,676,110	Exempt	6,676,110	-	-	-	-
Federal Agency Collateralized Mortgage Obligations	111,268	AA	-	111,268	-	-	-
PARS Pooled Trust - Pension Trust	8,810,388	Exempt	-	-	-	-	8,810,388
Total	\$ 24,027,366		\$ 6,676,110	\$ 2,234,808	\$ -	\$ 2,455,216	\$ 12,661,232

* Required to be rated accordingly by at least one Nationally Recognized Statistical Rating Organization (NRSRO)

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)**Concentration of Credit Risk**

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District holds no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2021.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, \$4,329,806 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments measured at cost or net asset value (NAV) are not subject to fair value measurement hierarchy.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)**Fair Value Measurements (Continued)**

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	June 30, 2021
Investments by Fair Value Level				
Asset Backed Securities	\$ -	\$ 308,175	\$ -	\$ 308,175
Medium-Term Notes	-	2,455,216	-	2,455,216
U.S. Treasury Securities	-	6,676,110	-	6,676,110
Federal Agency Collateralized Mortgage Obligations	-	111,268	-	111,268
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 9,550,769</u>	<u>\$ -</u>	<u>\$ 9,550,769</u>
Investments Measured at Cost or Net Asset Value (NAV)				
Local Agency Investment Fund (LAIF)				3,850,844
California Asset Management Program (CAMP)				1,815,365
PARS Pooled Trust - Pension Trust				8,810,388
Total Investments at Cost or Net Asset Value (NAV)				<u>14,476,597</u>
Total Investments				<u>\$ 24,027,366</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 3 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021, were as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2021
Capital Assets, Not Being Depreciated:					
Land and Property Rights-Water	\$ 11,704,070	\$ -	\$ -	\$ -	\$ 11,704,070
Land and Property Rights-Wastewater	1,128,164	-	-	-	1,128,164
Construction In Progress	29,286,320	37,154,851	-	(4,222,413)	62,218,758
Total Capital Assets, Not Being Depreciated	42,118,554	37,154,851	-	(4,222,413)	75,050,992
Capital Assets, Being Depreciated:					
Water Operations:					
Impounding Dam	31,579,387	-	-	680,802	32,260,189
Distribution System	54,199,172	-	-	2,401,793	56,600,965
Buildings and Structures	5,417,849	-	-	307,843	5,725,692
Equipment	10,216,400	158,919	(152,897)	214,815	10,437,237
Total Water Operations	101,412,808	158,919	(152,897)	3,605,253	105,024,083
Wastewater Operations:					
Collection System	13,324,119	-	-	185,309	13,509,428
Treatment And Disposal Facilities	60,328,560	-	-	416,643	60,745,203
Equipment	857,476	-	-	15,208	872,684
Total Wastewater Operations	74,510,155	-	-	617,160	75,127,315
Recycle Operations:					
Distribution System	4,661,974	-	-	-	4,661,974
Total Recycle Operations	4,661,974	-	-	-	4,661,974
Total Capital Assets Being Depreciated	180,584,937	158,919	(152,897)	4,222,413	184,813,372
Less Accumulated Depreciation	(81,591,240)	(6,773,273)	152,897	-	(88,211,616)
Total Capital Assets Being Depreciated, Net	98,993,697	(6,614,354)	-	4,222,413	96,601,756
Total Capital Assets, Net	\$ 141,112,251	\$ 30,540,497	\$ -	\$ -	\$ 171,652,748

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Deletions	Non-Cash Transactions	Balance June 30, 2021	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 3,771,920	\$ -	\$ (300,807)	\$ -	\$ 3,471,113	\$ 308,589
Qualified Energy Conservation Revenue Bonds	3,140,391	-	(345,316)	-	2,795,075	366,104
Clean Water State Revolving Fund Loan	24,668,470	-	(24,668,470)	-	-	-
State Water Resources Control Board Loan	27,331,718	31,157,410	-	-	58,489,128	-
2021 Wastewater Revenue Refunding Bonds Series A	-	14,845,000	-	-	14,845,000	-
2021 Wastewater Revenue Refunding Bonds Series B	-	5,035,000	-	-	5,035,000	1,110,000
Unamortized Premium on 2021 Revenue Bonds	-	3,806,332	-	(163,171)	3,643,161	-
Total Long-Term Debt	\$ 58,912,499	\$ 54,843,742	\$ (25,314,593)	\$ (163,171)	\$ 88,278,477	\$ 1,784,693

Red Mountain State Revolving Fund Loan

On June 21, 2010, The District entered into a loan agreement with the State of California Department of Public Health with interest at 2.57% payable semi-annually, and principal payments ranging from \$118,751 to \$195,414 due semi-annually beginning July 1, 2011 through January 1, 2031. The proceeds of the loan assisted the District in financing construction of the Red Mountain UV Filtration Plant, which enabled the District to meet the Federal safe drinking water standards. This standard is incorporated into the Long-Term Two Enhanced Surface Water Treatment Rule (LT2).

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 308,589	\$ 87,261	\$ 395,850
2023	316,573	79,277	395,850
2024	324,764	71,087	395,851
2025	333,166	62,685	395,851
2026	341,786	54,065	395,851
2027-2031	1,846,235	133,019	1,979,254
Total	\$ 3,471,113	\$ 487,394	\$ 3,958,507

Qualified Energy Conservation Bonds (QECCB) Solar Loan

On November 18, 2010, the District borrowed \$7,227,000 from the California Alternative Energy and Advanced Transportation Financing Authority, the proceeds of which were used to finance the construction of a solar project. Financing was secured at an interest rate of 5.74%. The Federal government will pay 70% of the Tax Credit Rate, which is 5.56% or 3.89%. The District's applicable interest rate is the difference between the taxable rate and the Federal Direct Pay rate, equivalent to 1.85% interest with principal payments ranging from \$134,593 to \$317,071 until November 18, 2027.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

Qualified Energy Conservation Bonds (QECCB) Solar Loan

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 366,104	\$ 155,208	\$ 521,312
2023	387,783	133,883	521,666
2024	410,387	111,302	521,689
2025	433,953	87,409	521,362
2026	458,515	62,150	520,665
2027-2028	738,333	42,761	781,094
Total	<u>\$ 2,795,075</u>	<u>\$ 592,713</u>	<u>\$ 3,387,788</u>

2021 Wastewater Revenue Refunding Bonds

On January 27, 2021, the District issued Wastewater Revenue Refunding Bonds, Series 2021A in the amount of \$14,845,000 and Series 2021B in the amount of \$5,035,000 for the purpose of refunding \$24,668,470 of the outstanding balance of the funds borrowed from the California State Water Resources Control Board in November 2012 and again in September 2013 for the purpose of assisting the District in funding costs associated with the Fallbrook Wastewater Treatment Plan I Rehabilitation project which was completed in May 2016. The 2021A bonds were issued with an original issue premium of \$3,806,332, which will be amortized over the life of the bonds. The Series 2021A bonds mature annually from September 1, 2025 to September 1, 2035 with an interest rate of 4%. The Series 2021B bonds mature annually from September 1, 2021 to September 2025 with interest rates between .297% and 1.012%. The Series 2021A bonds maturing on or after September 1, 2032 are subject to option redemption. The Series 2021B bonds are not subject to option redemption.

The District has pledged all of the Net System Revenues derived from the operation of its wastewater systems for the debt service payment of the bond. The bonds contain various covenants and restrictions, principally that the District fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each fiscal year which are sufficient to yield Net Revenues which are at least equal to 100% of all operation and maintenance costs and all payments required to be payable from gross revenues and 120% of principal and interest of the bonds and any parity debt for each fiscal year.

The district refunded funds borrowed from the California State Water Resources Control Board to reduce its total debt service payments over 16 years by \$3,518,472 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,575,777.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

2021 Wastewater Revenue Refunding Bonds (Continued)

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,110,000	\$ 619,884	\$ 1,729,884
2023	1,115,000	616,022	1,731,022
2024	1,120,000	610,746	1,730,746
2025	1,130,000	603,575	1,733,575
2026	1,145,000	584,934	1,729,934
2027-2031	6,420,000	2,230,600	8,650,600
2032-2036	7,840,000	809,000	8,649,000
Total	<u>\$ 19,880,000</u>	<u>\$ 6,074,761</u>	<u>\$ 25,954,761</u>

State Water Resources Control Board Loan

On August 28, 2019, the District entered into a loan agreement with the State Water Resources Control Board (SWRCB) with a principal amount of \$53,334,000 and an interest of 1.9%. On January 31, 2020, the District entered into an amended loan agreement increasing the principal amount to \$62,935,855 and annual debt service payments of \$2,771,216. The proceeds from the loan are funding construction of the District's Santa Margarita Conjunctive Use Project water treatment plant. The new treatment plant will treat locally supplied water taken from the Santa Margarita River Basin in accordance with District's water rights. With the project under currently construction, only interest payments on the amount drawn are due to SMRCB. Debt service payments are due March 1 of each year and full debt service payments are expected to begin 2023. The loan's term is 30-years and the final payment will be made 3/1/2052.

NOTE 5 INVENTORY

Inventory at June 30, 2021 consisted of the following:

Water Inventory	\$ 923,275
Materials Inventory	938,650
Total	<u>\$ 1,861,925</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the basic death benefit or the 2W death benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Employees are eligible for service-related disability benefits regardless of length of service. An employee must be actively employed by the District at the time of disability in order to be eligible for this benefit. Disability benefits are determined by the products of 1.8 percent of final compensation and the factor of years of service. The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

The Plans' provisions and benefits in effect at June 30, 2020 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.5%@55	2%@62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.50%
Required Employer Contribution Rates:		
Normal Cost Rate	11.419%	7.266%
Payment of Unfunded Liability	\$ 730,148	\$ 534

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Supplemental Plan Funding

In Fiscal year ended June 30, 2017, the District entered into a Section 115 Trust (Trust) agreement with the Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. The Trust funds are available to the District to pay for pension related expenditures or reduce pension liabilities. On June 30, 2021, the fair value of the funds held in the trust account was \$8,810,388. When evaluating the District’s pension funding level these funds should be taken into account.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, Fallbrook Public Utility District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
	<hr/>
Miscellaneous	\$ 14,721,348
	<hr/> <hr/>

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District’ proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The Fallbrook Public Utility District's proportionate share of the net pension liability as of the measurement dates ended June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.34035%
Proportion - June 30, 2020	0.34901%
Change - Increase (Decrease)	0.00866%

For the year ended June 30, 2021, the District recognized pension expense of \$2,250,233. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,548,933	\$ -
Differences Between Actual and Expected Experience	758,638	-
Change in Assumptions	-	104,999
Change In Employer's Proportion and Differences Between The Employer's Contributions And The Employer's Proportionate Share of Contributions	-	160,131
Net Differences Between Projected and Actual Earnings on Plan Investments	437,321	-
Total	<u>\$ 2,744,892</u>	<u>\$ 265,130</u>

\$1,548,933 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 45,248
2023	360,362
2024	315,462
2025	209,757
2026	-
Thereafter	-
Total	<u>\$ 930,829</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on the CalPERS website.
- (3) Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short term and long-term market return expectations as well as the expected pension fund cash flows. Using funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long-term returns. The expected rate of return was then set equal to the rounded single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period
- (c) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 6 PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Miscellaneous Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$ 21,844,846
Current Discount Rate	7.15%
Net Pension Liability	\$ 14,721,348
1% Increase	8.15%
Net Pension Liability	\$ 8,835,427

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers its Public Agencies Post-Employment Health Care Plan (OPEB Plan), an agent multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions. The District’s OPEB Plan provides continued medical dental, and vision coverage for an eligible retired employee, spouse or legal dependent. Coverage will continue for the retiree and spouse or legal dependent until they become entitled to Medicare Benefits at age 65.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Employees retiring after age 50, with 10 or more years of continuous employment, will have the mandatory amount estimated by the District at the date of retirement to be necessary to pay for 50% of the employee’s monthly health insurance premium, and any additional costs for spouse and dependent(s) covered at the time of retirement. The difference between the total value of sick leave at retirement and the estimated cost benefit (medical, dental and vision) minus the estimated costs of 50% of the retiree’s medical premium is deposited into a health reimbursement account at the District to pay for retiree benefits until Medicare entitlement or the account is depleted. The District’s health reimbursement account (HRA) balance as of June 30, 2021 is \$351,250. The District will pay for half (50%) of the retired employee’s monthly premium.

During the year ended June 30, 2017, the District entered into a trust agreement with Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. Management of the OPEB Plan is vested with the General Manager of the District with oversight and governance by the District’s Finance Committee. Benefit terms are as established by the District’s board of directors and agreed upon between the District and the Fallbrook Public Utility District Employees’ Association through Memorandum of Understanding. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. On June 30, 2021, the PARS OPEB account’s fair value was \$1,266,271.

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

	Number of Participants
Inactive Employees Currently Receiving Benefits	10
Participating Active Employees	62
Total	72

Contributions

The District has historically funded the plan on a pay-as-you-go basis. Plan members are not required to contribute to the OPEB Plan. For the fiscal year ended June 30, 2020, the District made \$55,556 in payments made outside of the trust.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.00%
Projected Salary Increase	3.0% per year
Expected Long-Term Investment Rate of Return, Net of Plan Investment Expense	6.00%
Healthcare Cost Trend Rates	5.50 percent for 2020-2023; 5.20 percent for 2024-2069; and decreasing 4.00 percent for 2070 and later years. Medicare: 3.50 percent for all years.
Mortality	Postretirement Mortality Rates for Public Agency Miscellaneous from 2017 CalPERS Experience Study.

Investment Policy

The OPEB Plan has an established investment guidelines policy document which provides a framework for a well-diversified asset mix that can potentially be expected to meet the trusts short and long-term needs consistent with the District's investment objectives, liquidity considerations and risk tolerance. The investment guidelines facilitate the process of ongoing communication between the District and the plan fiduciaries and help maintain a long-term perspective when market volatility is caused by short-term market movements. As the trustee, US Bank has delegated investment authority to Highmark Capital Management (Highmark) as the investment manager. Highmark has full investment discretion over the managed assets in the trust and is authorized to purchase, sell, exchange, invest, reinvest, and manage the OPEB Plan assets in accordance with the trust's investment objectives.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investment Policy (Continued)

The goal of the trust’s investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the OPEB Plan. The following objectives are intended to assist in achieving this goal:

- The OPEB Plan assets should earn, on a long-term average basis, a rate of return equal to or more than the target rate of return of 6.0%;
- The OPEB Plan trust should seek to earn a return more than its policy benchmark over the long-term;
- The OPEB Plan assets will be managed on a total return basis which considers both investment income and capital appreciation. As the plan sponsor the District recognizes the importance of preservation of capital, but also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

To achieve the objectives above, the District has established an asset allocation which strives for the growth of income and principal with a strategic, long-term perspective of the capital markets. With a moderate risk tolerance, the following table summarizes the District’s OPEB Plan trust asset allocation policy:

Asset Class	Strategic Allocation	Real Rate of Return
Cash	0 - 20%	0%
Fixed Income	50%	1.5%
Equity	50%	4.4%

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments of current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	\$ 1,115,862	\$ 1,006,649	\$ 109,213
Changes in the Year:			
Service Cost **	58,287	-	58,287
Interest on the Total OPEB Liability	67,499	-	67,499
Differences Between Actual and Actual Experience	95,306	-	95,306
Changes in Assumptions	8,321	-	8,321
Contribution - Employer	-	99,787	(99,787)
Net Investment Income	-	39,017	(39,017)
Administrative Expenses	-	(5,179)	5,179
Benefit Payments	(99,787)	(99,787)	-
Net Changes	129,626	33,838	95,788
Balance at June 30, 2020	\$ 1,245,488	\$ 1,040,487	\$ 205,001

** - Service Cost - The actuarial present value of projected benefits payments that are attributed to the valuation year.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change of Assumptions

From the June 30, 2018 to the June 30, 2020 Valuation, the healthcare trend rate assumptions decreased by .5% (from 6% to 5.5%).

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB Liability	\$ 289,393	\$ 205,001	\$ 127,662

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.50% decreasing to 3.00%) or 1 percentage point higher (6.50% decreasing to 5.00%), than the current healthcare cost trend rates:

	1% Decrease (4.50 percent for 2020-2023, 4.20 percent for 2024-2069, and 3.00 percent for 2070+; 2.50% at Medicare ages)	Current Healthcare Cost Trend Rates (5.50 percent for 2020-2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070+; 3.50% at Medicare ages)	1% Increase (6.50 percent for 2020-2023, 6.20 percent for 2024-2069, and 5.00 percent for 2070+; 4.50% at Medicare ages)
Net OPEB Liability	\$ 109,969	\$ 205,001	\$ 313,792

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$87,392. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 134,400	\$ -
Differences Between Actual and Expected Experience	191,518	-
Change in Assumptions	7,268	74,205
Differences Between Projected and Actual Earnings	15,037	-
Total	<u>\$ 348,223</u>	<u>\$ 74,205</u>

\$74,205 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 22,007
2023	23,846
2024	25,437
2025	25,835
2026	17,569
Thereafter	24,924

Payable to the OPEB Plan

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The District is a participating member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), which arranges for and provides for various insurance programs to its member agencies. The District pays a premium commensurate with the level of coverage requested. The District has elected to self-insure for a portion of property damage coverage in the amount of \$10,000 per occurrence.

At June 30, 2021, the District participated in ACWA/JPIA as follows:

Liability – General, Auto & Public Officials Errors & Omissions – ACWA/JPIA pools for the first \$5 million and purchases excess coverage up to \$55 million per occurrence, except terrorism \$5 million, subsidence \$35 million, lead \$35 million, and mold \$35 million.

Cyber Liability – Insured through Indian Harbor Insurance Company, with coverage limits of \$5 million per claim and \$5 million in the aggregate.

Property Program – ACWA/JPIA pools for the first \$100,000 and purchases excess coverage up to \$500 million, except for Boiler & Machinery \$100 million per occurrence, Earthquake \$2,500,000 program aggregate and Flood \$25 million. Deductibles are \$10,000 for real and personal property, \$10,000 for mobile equipment, licensed vehicles/trailers, \$25,000 for boiler and machinery, except \$50,000 if Turbine or Power Generation equipment, 5% of total insurable values for earthquake and \$100,000 for flood.

Crime Program – coverage limit of \$100,000 per loss, with a \$1,000 deductible.

Worker's Compensation and Employer's Liability Program – Worker's Compensation coverage limit up to California Statutory Limits. Employer's Liability coverage limit \$4 million program aggregate.

Dam Failure Liability – For Red Mountain Dam. Coverage limit of \$4 million per occurrence.

During the past three years, there have been no instances where the amount of claims settlements exceeded insurance coverage, nor have there been any significant reductions of insurance coverage.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 COMMITMENTS AND CONTINGENCIES**Construction Commitments**

At June 30, 2021, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion Date</u>
Gum Tree Pipeline	\$ 470,000	January 2022
Overland Trail Lift Station Rehabilitation	125,000	December 2021
Recycled Air Vac	50,000	March 2022
Ross Lake PRS	60,000	August 2021
Toyon Pump Station	100,000	December 2022
SMRCUP	8,450,000	December 2021
Water Supply Reliability Project	500,000	October 2021

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. The District has (a) determined that it has no litigation pending with service of process completed which would have a material effect on its financial condition and (b) believes, to its current actual knowledge and after due inquiry and consultation with legal counsel, that no litigation has been threatened against the District in any court which would have a material effect on its financial condition.

COVID-19

On January 30, 2020 the World Health Organization (WHO) announced a global health emergency based on an outbreak of a new strain of coronavirus (the COVID-19 outbreak) and the risks that are posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations, and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District's results of future operations and financial position in fiscal year 2021.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 SEGMENT INFORMATION

The District reports one overall activity on its financial statements, however the District's identifiable activities include water services, recycled water services and wastewater services. On January 11, 2021 The District issued Wastewater Revenue Refunding Bonds (see note 4). The District has pledged all of the Net System Revenues derived from the operation of its wastewater systems for the debt service payment of the bond. For the purposes of reporting below the wastewater activity has been identified as a segment.

Condensed Statement of Net Position

Current Assets	\$ 4,126,346
Capital Assets	47,308,394
Other Assets and Deferred Outflows of Resources	897,003
Total Assets and Deferred Outflows of Resources	<u>52,331,743</u>
Current Liabilities	871,814
Long Term Debt	26,318,237
Net Pension and OPEB Liabilities	4,328,642
Deferred Inflows of Resources	98,407
Total Liabilities and Deferred Inflows of Resources	<u>31,617,100</u>
Net Investment in Capital Assets	20,990,157
Unrestricted	(275,514)
Net Position	<u>\$ 20,714,643</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 SEGMENT INFORMATION (CONTINUED)**Condensed Statement of Revenues, Expenses and Changes in Net Position**

Operating Revenues	
Wastewater Sales	\$ 5,994,424
Total Operating Revenues	<u>5,994,424</u>
Operating Expenses	
Operations and Maintenance	3,188,426
Administrative and General	2,207,488
Depreciation Expenses	<u>2,832,969</u>
Total Operating Expenses	<u>8,228,883</u>
Non operating Revenues (Expenses) and Transfers	
Property Taxes	1,069,872
Capital improvement Charges	1,171,245
Investment Income	71,912
Other Revenues	151,786
Interest Expense	(902,557)
Transfers	<u>455,452</u>
Total Nonoperating Revenues (Expenses) and Transfers	<u>2,017,710</u>
Changes in Net Position	(216,749)
Net Position, Beginning of Year	<u>20,931,392</u>
Net Position, End of Year	<u>\$ 20,714,643</u>
Condensed Statement of Cash Flows	
Cash Flows from Operating Activities	\$ 1,225,091
Cash Flows from Noncapital Financing Activities	1,069,872
Cash Flows from Capital and Related Financing Activities	(3,911,349)
Cash Flows from Investing Activities	<u>71,914</u>
Net Increase (decrease) in Cash and Cash Equivalents	(1,544,472)
Cash and Cash Equivalents, Beginning of Year	<u>4,839,266</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,294,794</u>

* Investment income excludes the mark-to-market investment gain and investment earnings on the District's 115 Trust.

FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 24, 2021, the date the financial statements were available to be issued.

**FALLBROOK PUBLIC UTILITY DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 DEFINED BENEFIT PENSION PLANS
 FOR THE LAST TEN FISCAL YEARS***

Schedule of the Proportionate Share of the Net Pension Liability
 For the Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Classic & PEPR Miscellaneuous Plan							
Plan's Proportion of the Net Pension Liability	0.34901%	0.13301%	0.13015%	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 14,721,348	\$ 13,629,333	\$ 12,541,929	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Covered Payroll	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842	\$ 4,683,594
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	270.17%	263.15%	240.41%	241.82%	232.19%	177.52%	147.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.50%	75.26%	75.26%	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,733,944	\$ 1,640,356	\$ 1,410,070	\$ 1,335,205	\$ 1,234,176	\$ 1,177,856	\$ 1,014,669

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019

There were no changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**FALLBROOK PUBLIC UTILITY DISTRICT
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN FISCAL YEARS***

	2021	2020	2019	2018	2017	2016
Contribution Deficiency (Excess)	\$ 1,548,933	\$ 1,407,555	\$ 1,224,180	\$ 1,081,154	\$ 968,372	\$ 870,680
Contributions in relation to the actuarially determined contributions	1,548,933	1,407,555	1,224,180	1,081,154	968,372	870,680
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986
Contributions as a Percentage of Covered Payroll	28.71%	25.83%	23.64%	20.72%	18.37%	18.35%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
----------------	-----------	-----------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age**
Amortization Method	Level percentage of payroll, closed**
Asset Valuation Method	Market Value***
Inflation	2.50%**
Salary Increases	Depending on age, service, and type of employment**
Investment Rate of Return	7.15%, net of pension plan investment expense, including inflation**
Retirement Age	50 years (2% at 55), 62 years (2% at 62), 50 years (2% at 50)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the Board.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

** - The valuations for June 30, 2012 through June 30, 2019 (applicable to fiscal years ended June 30, 2015 through June 30, 2021) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 through June 30, 2016 valuations (applicable to fiscal years ended June 30, 2016 through June 30, 2019).

**FALLBROOK PUBLIC UTILITY DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN FISCAL YEARS***

Fiscal Year-End	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:				
Service Cost	\$ 58,287	\$ 57,291	\$ 63,116	\$ 61,278
Interest on Total OPEB Liability	67,499	62,409	39,301	38,242
Difference Between Expected and Actual Experience	95,306	-	178,893	-
Changes of Assumptions	8,321	-	(122,601)	-
Benefit Payments, Including Refunds of	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Total OPEB Liability	129,626	33,001	43,140	68,124
Total OPEB Liability - Beginning of Year	1,115,862	1,082,861	1,039,721	971,597
Total OPEB Liability - End of Year (a)	1,245,488	1,115,862	1,082,861	1,039,721
Plan Fiduciary Net Position:				
Contributions - Employer	99,787	86,699	268,569	767,396
Net Investment Income	39,017	61,267	40,802	20,571
Administrative Expenses	(5,179)	(2,402)	(1,970)	(619)
Benefit Payments	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Plan Fiduciary Net Position	33,838	58,865	191,832	755,952
Plan Fiduciary Net Position - Beginning of Year	1,006,649	947,784	755,952	-
Plan Fiduciary Net Position - End of Year (b)	1,040,487	1,006,649	947,784	755,952
Net OPEB Liability - Ending (a)-(b)	\$ 205,001	\$ 109,213	\$ 135,077	\$ 283,769
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	83.54%	90.21%	87.53%	72.71%
Covered - Employee Payroll	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,684,049
Net OPEB Liability as Percentage of Covered - Employee Payroll	3.76%	2.11%	2.59%	4.99%

Notes to Schedule:

Benefit Changes:

There Were No Changes in Benefits.

Changes in Assumptions:

From the June 30, 2017 to the June 30, 2018 Valuation, the discount rate used increased by 2% (from 4% to 6%), the expected long-term rate of return, net of plan investment expense increased by 2% (from 4% to 6%), and healthcare trend rate assumptions decreased by 2% (from 8% to 6%).

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

**FALLBROOK PUBLIC UTILITY DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE LAST TEN FISCAL YEARS***

	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 73,456	\$ 66,239	\$ 72,529	\$ 74,065
Contributions in Relation to the Actuarially Determined Contributions	<u>(134,400)</u>	<u>(99,786)</u>	<u>(67,197)</u>	<u>(202,055)</u>
Contribution Deficiency (Excess)	<u>\$ (60,944)</u>	<u>\$ (33,547)</u>	<u>\$ 5,332</u>	<u>\$ (127,990)</u>
Covered- Employee Payroll	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869
Contributions as a Percentage of Covered-Employee Payroll	1.36%	1.22%	1.40%	1.42%

Notes to Schedule:

Valuation Date	6/30/2020	6/30/2018	6/30/2018	6/30/2017
----------------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age actuarial cost method **
Discount Rate	6%
Projected Salary increases	3.0% Per Year
Expected Long-Term Investment Rate of Return, Net of Plan Investment	6.00%
Healthcare Cost Trend Rate	5.50% for 2020-2023; 5.20% for 2024-69; 4.00% for 2070; and later years. Medicare: 3.50% for all years.
Mortality	Preretirement mortality rates for Public Agency Miscellaneous from 2017 CalPERS Experience Study.

* Fiscal year 2018 was the first year of implementation; therefore, four years are shown.

** Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The actuarial present value of projected benefits and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

**FALLBROOK PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING INCOME AND EXPENSES**

YEAR ENDED JUNE 30, 2021

	Water	Recycled Water	Wastewater	Total
Operating Revenues:				
Water Sales	\$ 25,429,014	\$ -	\$ -	\$ 25,429,014
Recycled Water Sales	-	1,088,163	-	1,088,163
Wastewater Sales	-	-	5,994,424	5,994,424
Total Operating Revenues	<u>25,429,014</u>	<u>1,088,163</u>	<u>5,994,424</u>	<u>32,511,601</u>
Operating Expenses:				
Cost of Water Sold	13,955,908	-	-	13,955,908
Operations and Maintenance	3,330,054	378,419	3,188,426	6,896,899
Administrative and General Expenses	4,036,546	63,071	2,207,488	6,307,105
Total Operating Expenses Before Depreciation	21,322,508	441,490	5,395,914	27,159,912
Depreciation Expense	3,879,882	60,422	2,832,969	6,773,273
Total Operating Expenses	<u>25,202,390</u>	<u>501,912</u>	<u>8,228,883</u>	<u>33,933,185</u>
Operating Income (Loss)	<u>\$ 226,624</u>	<u>\$ 586,251</u>	<u>\$ (2,234,459)</u>	<u>\$ (1,421,584)</u>

YEAR ENDED JUNE 30, 2020

	Water	Recycled Water	Wastewater	Total
Operating Revenues:				
Water Sales	\$ 21,940,234	\$ -	\$ -	\$ 21,940,234
Recycled Water Sales	-	1,059,305	-	1,059,305
Wastewater Sales	-	-	5,931,468	5,931,468
Total Operating Revenues	<u>21,940,234</u>	<u>1,059,305</u>	<u>5,931,468</u>	<u>28,931,007</u>
Operating Expenses:				
Cost of Water Sold	12,663,006	-	-	12,663,006
Operations and Maintenance	3,984,938	433,945	3,286,965	7,705,848
Administrative and General Expenses	3,985,541	63,499	2,178,369	6,227,409
Total Operating Expenses Before Depreciation	20,633,485	497,444	5,465,334	26,596,263
Depreciation Expense	3,759,996	60,201	2,817,799	6,637,996
Total Operating Expenses	<u>24,393,481</u>	<u>557,645</u>	<u>8,283,133</u>	<u>33,234,259</u>
Operating Income (Loss)	<u>\$ (2,453,247)</u>	<u>\$ 501,660</u>	<u>\$ (2,351,665)</u>	<u>\$ (4,303,252)</u>

STATISTICAL SECTION

List of Tables and Charts

Financial Position 69-71

These tables show the District’s financial position over the reporting period.

Tables

Table #1 - Net Positions..... 69
 Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years 70-71

District Operations 72-86

These tables show the Districts revenues and expenses, the District’s rates and charges and the District’s property tax revenues.

Tables

Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years)..... 72-73
 Table #4 - Operating Revenues by Source (Last Ten Fiscal Years) 74
 Table #5 - Water Rates (\$/Kgal)..... 75
 Table #6 - Non-Agricultural/Government Monthly Water Service Charge (\$/month) 75
 Table #7 - Monthly Water Service Charge (Ag/Gov) (\$/month)..... 76
 Table #8 - Monthly Water Capital Improvement Charge (CIC) (\$/month) 76
 Table #9 - Sewer Rates by Customer Class (2012-2021)..... 77
 Table #10 - Monthly Sewer Capital Improvement Charge (CIC) (\$/month) 77
 Table #11 - Number of Water Customers by Type 78
 Table #12 - Top Ten Water Customers 79
 Table #13 - Water System..... 81
 Table #14 - Water System Total Production 81
 Table #15 - Sewer System 82
 Table #16 - Sewer System Influent Flow 82
 Table #17 - Recycled Water System 83
 Table #18 - Recycled Water System Production..... 83
 Table #19 - Annual RW Production and WRP Influent Flow 84
 Table #20 - Full Time Equivalent (FTE) Employees by Function 84
 Table #21 - Assessed Valuation of Taxable Property 85
 Table #22 - Property Tax 85
 Table #23- Top 10 Taxpayers in Improvement District "S"..... 86

Charts

Chart #1 - Operating Expenses by Activity 72
 Chart #2 - Operating Revenues by Source..... 74
 Chart #3 - Number of Water Customers by Type..... 78
 Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2021 79
 Chart #5 - Total Water Consumed Fiscal Year 2021 80
 Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2012 vs Fiscal Year 2021 80

Debt Capacity 86-87

These tables show the District’s debt capacity and ability to meet its debt service coverage requirements.

Tables

Table #24 - Pledged-Revenue Debt Service Coverage Ratio..... 86
 Table #25 - Computation of Direct and Overlapping Debt (As of 06/30/2021) 87

Demographic and Economic Information 88

These tables provide demographic and economic information on the District’s service area. Because the District is part of the unincorporated region of the San Diego County, County wide data is reported.

Tables

Table #26 - San Diego County Principal Employers..... 88
 Table #27 - Outstanding Debt, Demographic Statistics and Per Capita Statistics 88

This page intentionally left blank

Table #1 - Net Positions

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2012	\$ 60,609,683	\$ 1,212,780	\$ 10,336,039	\$ 72,158,502
2013	60,609,683	1,213,780	10,336,039	72,159,502
2014	64,203,257	2,431,978	12,479,645	79,114,880
2015	67,995,640	2,231,947	4,807,404	75,034,991
2016	70,683,956	3,455,377	5,170,519	79,309,852
2017	76,004,617	3,495,635	5,668,185	85,168,437
2018	79,333,568	4,711,487	2,038,252	86,083,307
2019	81,264,522	9,477,694	6,465,333	97,207,549
2020	82,199,752	10,188,202	6,316,800	98,704,754
2021	83,368,399	10,340,855	10,112,885	103,822,139

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Changes in Net Position:			
Operating Revenues (See Table 4)	\$ 23,661,715	\$ 27,582,160	\$ 28,955,183
Operating Expenses (See Table 3)	(26,140,572)	(28,007,733)	(33,062,764)
Other Operating Revenues	279,560	439,560	681,876
Operating Income (loss)	\$ (2,199,297)	\$ 13,987	\$ (3,425,705)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,552,911	\$ 1,582,219	\$ 1,623,510
Capital Improvement Charges	414,910	1,252,501	1,981,822
California Solar Initiative Rebate	534,835	779,786	843,714
Investment income	87,217	30,507	209,175
Water Availability Charges	200,906	201,037	200,779
Lease Revenue	177,095	181,100	183,641
Intergovernmental Revenue - Federal Interest Subsidy	-	-	-
Connection Fees	190,932	247,607	118,581
Federal Grants	-	-	-
SDCWA Rate Refund	-	-	-
Gain (Loss) on disposal of capital assets	29,976	3,550	-
Other Non-Operating Revenues	79,285	77,458	140,396
Other Non-Operating Expenses	(294,462)	(291,721)	(344,730)
Total Non-Operating Revenues(expenses), net	\$ 2,973,605	\$ 4,064,044	\$ 4,956,888
Net income Before Capital Contributions	\$ 774,308	\$ 4,078,031	\$ 1,531,183
Capital Contributions	273,825	595,205	76,746
Capital Grant - Proposition 50	338,331	-	828,598 ⁽¹⁾
Capital Grant - Proposition 84	-	-	-
Extraordinary Items	-	-	-
Changes in Net Position	\$ 1,386,464	\$ 4,673,236	\$ 2,436,527
Net Position			
Beginning, as restated	\$ 70,773,038	\$ 72,159,502	\$ 76,678,353
Adjustments to restate balance	-	(154,385)	-
Ending, as restated	\$ 72,159,502	\$ 76,678,353	\$ 79,114,880

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

(2) Accumulative effect of change in accounting principals.

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

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years, Continued

Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
\$ 27,483,881 (28,604,249)	\$ 25,356,017 (27,144,267)	\$ 27,256,065 (29,890,177)	\$ 29,882,022 (33,319,799)	\$ 26,944,550 (31,708,417)	\$ 28,931,007 (33,234,259)	\$ 32,511,601 (33,933,185)
-	-	-	-	-	-	-
\$ (1,120,368)	\$ (1,788,250)	\$ (2,634,112)	\$ (3,437,777)	\$ (4,763,867)	\$ (4,303,252)	\$ (1,421,584)
\$ 1,719,296 2,134,025 729,519 141,433 200,810 185,770 206,584 208,521	\$ 1,815,734 2,224,529 740,125 324,126 200,808 185,220 185,040 131,894	\$ 1,889,808 2,283,558 234,930 63,861 200,730 166,012 238,765 238,124	\$ 1,984,543 2,476,452 - 18,188 229,400 178,602 145,338 411,774	\$ 2,106,034 2,505,876 - 915,275 204,359 199,433 134,924 180,966	\$ 2,205,975 2,559,135 - 920,135 204,418 249,092 123,762 107,107	\$ 2,340,185 2,604,061 - 1,543,078 208,842 251,047 112,207 149,650
-	-	-	-	-	-	-
-	-	-	-	-	-	909,413
(444,252)	(551,281)	-	(273,396)	9,338,297	(31,450)	38,100
162,913	91,361	32,729	-	-	-	-
(847,725)	(916,212)	(1,174,011)	(959,015)	(909,966)	(910,224)	(1,665,457)
\$ 4,396,894	\$ 4,431,344	\$ 4,174,506	\$ 4,211,886	\$ 14,675,198	\$ 5,427,950	\$ 6,491,127
\$ 3,276,526	\$ 2,643,094	\$ 1,540,394	\$ 774,109	\$ 9,911,331	\$ 1,124,698	\$ 5,069,543
153,790	75,299	59,509	73,661	73,789	372,507	47,842
224,596 ⁽¹⁾	874,040 ⁽³⁾	773,163	-	-	-	-
-	682,428	-	67,100	-	-	-
-	-	-	-	-	-	-
\$ 3,654,912	\$ 4,274,861	\$ 2,373,066	\$ 914,870	\$ 9,985,120	\$ 1,497,205	\$ 5,117,385
\$ 79,114,880 (7,734,801) ⁽²⁾	\$ 75,034,991 -	\$ 79,309,852 3,485,519	\$ 85,168,437 -	\$ 86,083,307 1,139,122	\$ 97,207,549 -	\$ 98,704,754 -
\$ 75,034,991	\$ 79,309,852	\$ 85,168,437	\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139

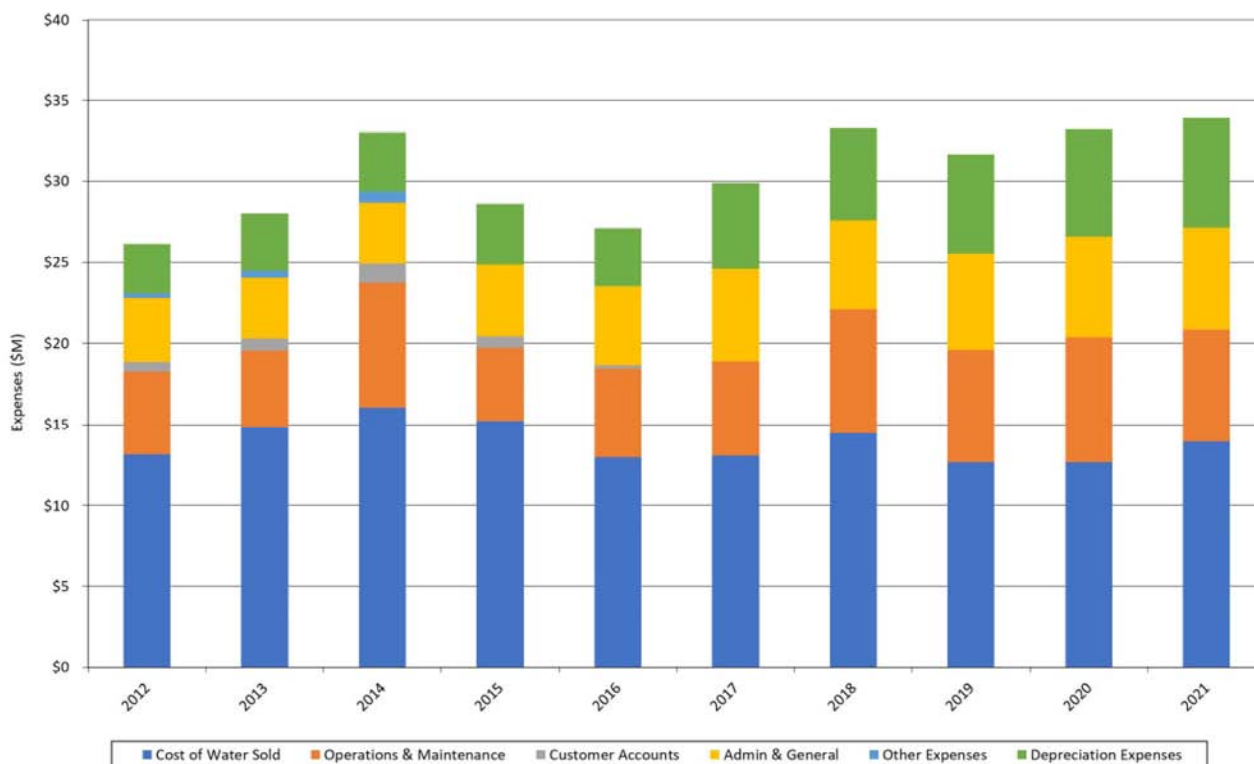
Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years)

Fiscal Year	Water				
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General ⁽¹⁾	Other Expenses
2012	\$ 12,647,833	\$ 2,570,414	\$ 611,736	\$ 2,148,057	N/A
2013	14,457,083	2,350,655	700,158	2,056,605	N/A
2014	15,649,781	3,810,606	1,179,998	2,006,124	N/A
2015	14,692,652	2,173,576	725,610	2,286,586	N/A
2016	12,804,470	2,788,548	203,260	2,571,803	N/A
2017	13,067,064	3,030,201	N/A	2,963,305	N/A
2018	14,453,229	3,922,528	N/A	2,868,610	N/A
2019	12,650,795	3,444,139	N/A	3,807,921	N/A
2020	12,663,006	3,984,938	N/A	3,985,541	N/A
2021	13,955,908	3,330,054	N/A	4,036,546	N/A

Note: (1) - General and administration costs are allocated as follows: 64% water, 35% wastewater, and 1% recycled water.

Source: Fallbrook Public Utility District

Chart #1 - Operating Expenses by Activity



Source: Fallbrook Public Utility District

Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years), Continued

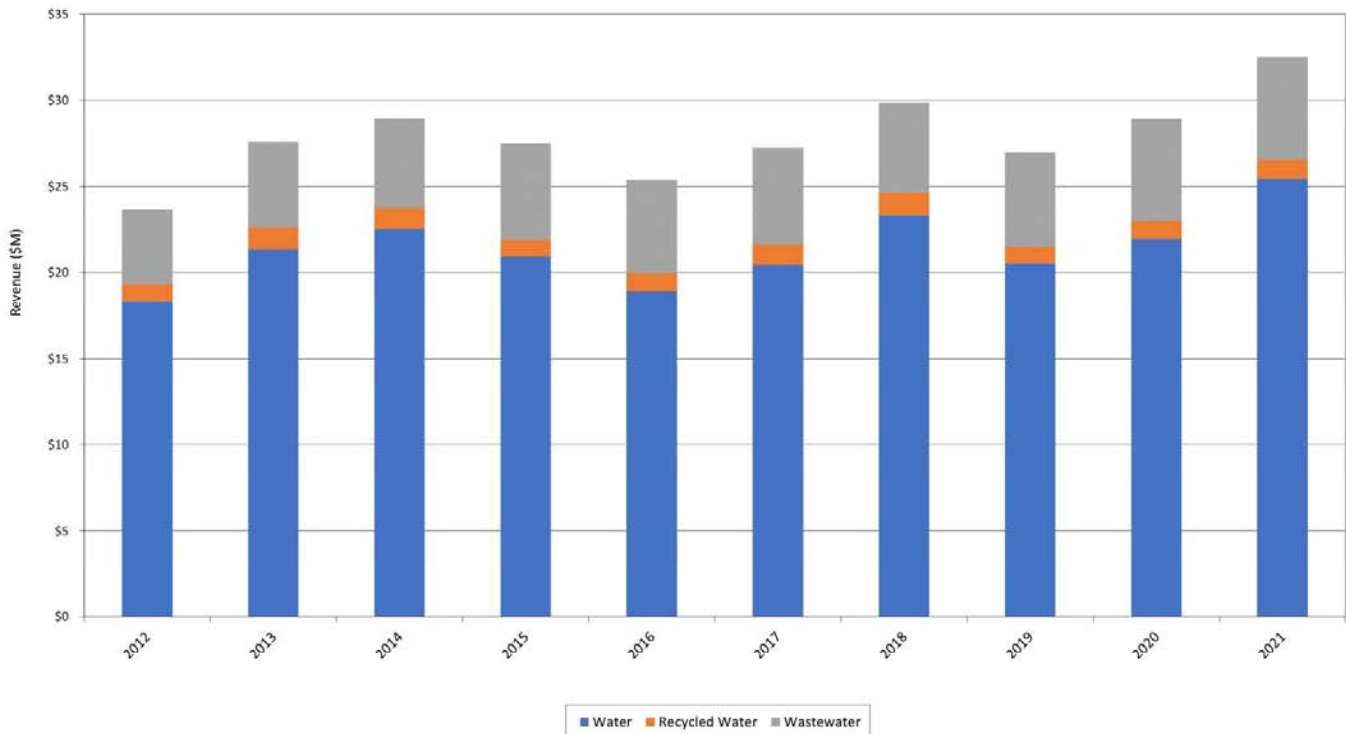
Recycled				Wastewater			Depreciation Expenses	Total Operating Expenses
Cost of Water Sold	Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses	Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses		
\$ 492,962	\$ 53,275	\$ 156,733	\$ 79,560	\$ 2,494,189	\$ 1,606,509	\$ 200,000	\$ 3,079,304	\$26,140,572
403,582	52,675	149,252	79,560	2,309,384	1,529,836	360,000	3,558,943	28,007,733
427,328	63,620	188,964	171,960	3,765,046	1,584,190	509,916	3,705,231	33,062,764
551,866	N/A	337,226	N/A	2,296,712	1,763,527	N/A	3,776,494	28,604,249
146,128	N/A	242,623	N/A	2,709,284	2,038,033	N/A	3,640,118	27,144,267
N/A	622,997	346,173	N/A	2,173,738	2,392,389	N/A	5,294,310	29,890,177
N/A	693,972	330,993	N/A	3,039,790	2,316,954	N/A	5,693,723	33,319,799
N/A	548,821	51,473	N/A	2,956,457	2,090,222	N/A	6,158,589	31,708,417
N/A	433,945	63,499	N/A	3,286,965	2,178,369	N/A	6,637,996	33,234,259
N/A	378,419	63,071	N/A	3,188,426	2,207,488	N/A	6,773,273	33,933,185

Table #4 - Operating Revenues by Source (Last Ten Fiscal Years)

Fiscal Year	Water			Recycled			Wastewater		Total Operating Revenue
	Water Sales	Service Charges	Other Charges	Water Sales	Service Charges	Other Charges	Service Charges	Other Charges	
2012	\$12,778,113	\$4,524,843	\$1,062,054	\$592,986	\$55,373	\$312,948	\$4,331,022	\$4,376	\$23,661,715
2013	15,458,783	4,702,564	1,190,568	777,329	50,316	445,859	4,950,757	5,984	27,582,160
2014	16,587,771	4,772,242	1,188,741	802,509	50,972	344,423	5,205,516	3,009	28,955,183
2015	14,722,792	4,930,254	1,295,660	662,849	53,011	244,466	5,571,362	3,487	27,483,881
2016	12,328,995	5,000,621	1,583,301	824,925	59,359	156,353	5,402,353	110	25,356,017
2017	13,233,057	5,388,463	1,783,859	1,135,841	N/A	86,620	5,627,476	749	27,256,065
2018	16,194,537	5,777,173	1,340,062	1,153,170	17,956	156,060	5,258,183	(15,119)	29,882,022
2019	12,997,586	6,291,436	1,192,767	920,376	(17,974)	96,541	5,453,590	10,230	26,944,550
2020	14,040,914	6,782,468	1,116,852	949,040	51,745	58,520	5,924,878	6,590	28,931,007
2021	17,115,866	7,237,052	1,076,096	1,029,394	53,769	5,000	5,993,042	1,382	32,511,601

Source: Fallbrook Public Utility District

Chart #2 - Operating Revenues by Source



Source: Fallbrook Public Utility District

Table #5 - Water Rates (\$/Kgal*) ⁽¹⁾

Fiscal Year	Domestic			Commercial		Government	Special Ag Rate	Commercial Ag Rate
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2			
2012	\$ 3.51	\$ 4.04	\$ 4.45	\$ 3.51	\$ 4.04	\$ 4.04	\$ 2.81	\$ 3.45
2013	3.86	4.44	4.89	3.86	4.44	4.44	3.05	3.86
2014	4.03	4.64	5.11	4.03	4.64	4.64	3.14	4.06
2015	4.19	4.61	5.08	4.19	4.61	4.61	3.14	4.06
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83
2019	5.96	6.05	7.37	6.14	6.14	6.04	4.42	5.12
2020	6.44	6.53	7.96	6.63	6.63	6.52	4.77	5.53
2021	6.83	6.92	8.44	7.03	7.03	6.91	5.06	5.86

*Kgal = 1,000 gal

Note: (1) - The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

Source: Fallbrook Public Utility District

Table #6 - Non-Agricultural/Government Monthly Water Service Charge (\$/month)

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2012	\$ 34.87	\$ 45.37	\$ 64.74	\$ 94.75	\$ 154.57	\$ 245.77	\$ 439.24	\$ 20.78
2013	36.09	46.96	67.01	98.07	159.98	254.37	454.61	21.51
2014	36.63	47.66	68.02	99.54	162.38	258.19	461.43	21.83
2015	38.10	49.57	70.74	103.52	168.88	268.52	479.89	22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1419.85	*Variable

* Standby rates are based on meter size

For more information on the District's rate structure, visit www.fpud.com

Source: Fallbrook Public Utility District

Table #7 - Monthly Water Service Charge (Ag/Gov) (\$/month)

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2012	\$ 43.37	\$ 57.26	\$ 82.77	\$ 122.31	\$ 201.26	\$ 312.70	\$ 563.53	\$ 20.78
2013	44.45	58.69	84.84	125.37	206.29	320.52	57.62	21.51
2014	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2015	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable

* Standby rates are based on meter size

For more information on the District's rate structure, visit www.fpud.com

Source: Fallbrook Public Utility District

Table #8 - Monthly Water Capital Improvement Charge (CIC) (\$/month)

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2012	\$ 3.29	\$ 4.52	\$ 6.58	\$ 10.28	\$ 17.27	\$ 27.14	\$ 49.35	\$ 1.97
2013	4.00	5.50	8.00	12.50	21.00	33.00	60.00	2.40
2014	8.00	11.00	16.00	25.00	42.00	66.00	120.00	4.80
2015	8.59	11.81	17.18	26.84	45.10	70.87	128.85	5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	*Variable
2019	9.12	15.20	30.40	48.64	97.29	152.01	304.02	*Variable
2020	9.47	15.78	31.56	50.49	100.98	157.79	315.57	*Variable
2021	9.77	16.27	32.55	52.07	104.14	162.72	325.43	*Variable

* Standby rates are based on meter size

For more information on the District's rate structure, visit www.fpud.com

Source: Fallbrook Public Utility District

Table #9 - Sewer Rates by Customer Class (2012 - 2021)

	2012	2013	2014	2015	2016	2017	2018 ⁽¹⁾	2019 ⁽¹⁾	2020 ⁽¹⁾	2021 ⁽¹⁾
Fixed Rates (by meter size) (\$/month)										
3/4"	\$ 12.15	\$ 12.69	\$ 13.19	\$14.10	\$ 14.23	\$ 16.12	B Y EDU \$9.28/ EDU	B Y EDU \$9.70/ EDU	B Y EDU \$10.14/ EDU	B Y EDU \$10.60/ EDU
1"	18.33	19.23	19.95	21.23	21.55	24.01				
1 1/2"	33.79	35.59	36.86	39.06	39.86	43.75				
2"	52.35	55.23	57.15	60.46	61.84	67.42				
3"	95.63	101.03	104.49	110.38	113.14	122.67				
4"	157.48	166.47	172.12	181.70	186.36	201.60				
6"	312.08	330.06	341.20	359.99	369.49	398.91				
Billable Flow Rates ⁽²⁾ (\$/Kgal)										
Single Family Residence, Ag Domestic, Multi - Family	\$ 6.72	\$ 7.64	\$ 7.64	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79
Low -Strength Commercial, Schools, Churches	10.09	11.54	11.54	11.54	12.35	13.27	9.37	9.79	10.25	10.72
Medium Strength Commercial	10.09	11.54	11.54	11.54	12.35	13.27	11.57	12.09	12.65	13.22
High Strength Commercial	16.83	19.35	19.35	19.35	20.63	22.28	14.44	15.09	15.77	16.48

Notes:

(1) - Rates switched from fiscal year to calendar year January 1, 2018.

(2) - Billable flow rates are calculated based upon water usage adjusted for outdoor use.

Source: Fallbrook Public Utility District

Table #10 - Monthly Sewer Capital Improvement Charge (CIC) (\$/month)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Per EDU	N/A	\$ 8.00	\$ 10.00	\$ 10.44	\$ 10.70	\$ 10.84	\$ 11.16	\$ 11.53	\$ 11.62	\$ 11.63

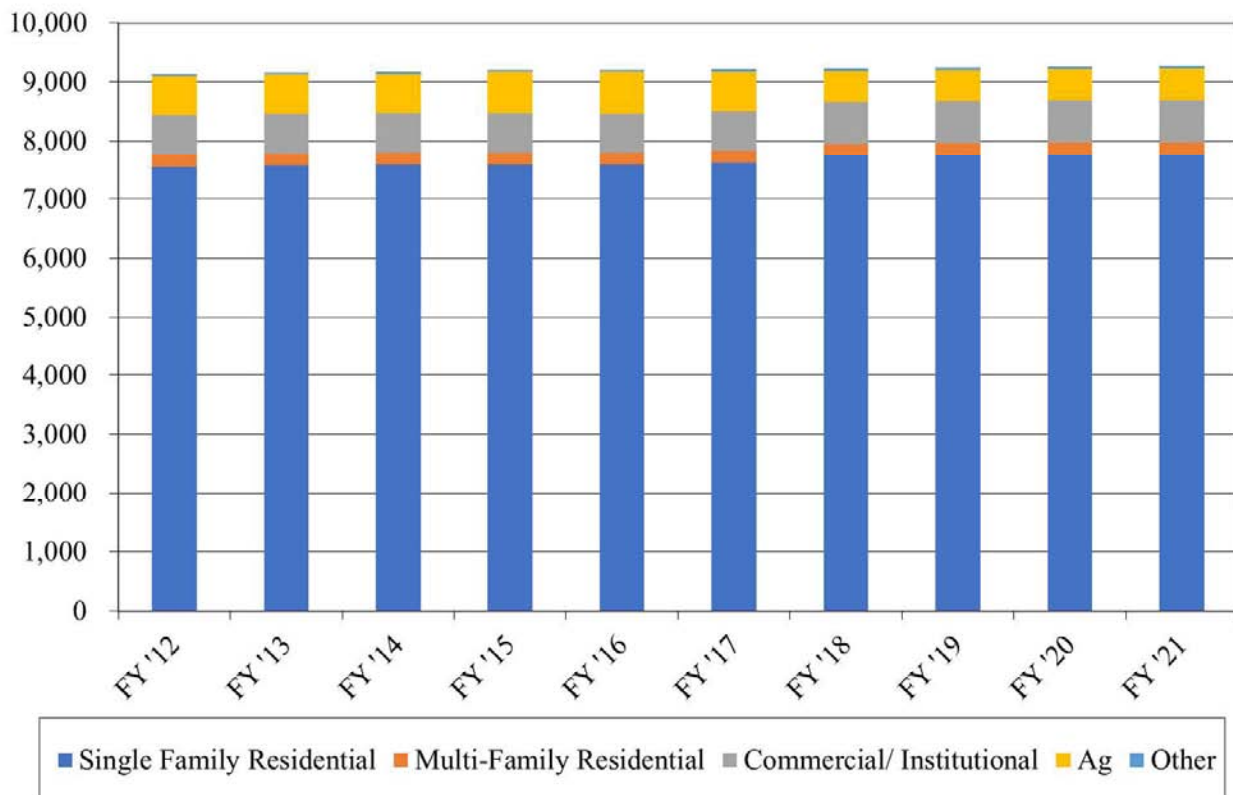
Source: Fallbrook Public Utility District

Table #11 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
2012	7,545	219	678	667	29	9,138
2013	7,569	217	678	663	31	9,158
2014	7,582	217	680	660	32	9,171
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233
2019	7,742	218	713	533	45	9,251
2020	7,755	216	712	535	41	9,259
2021	7,757	218	711	543	41	9,270

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



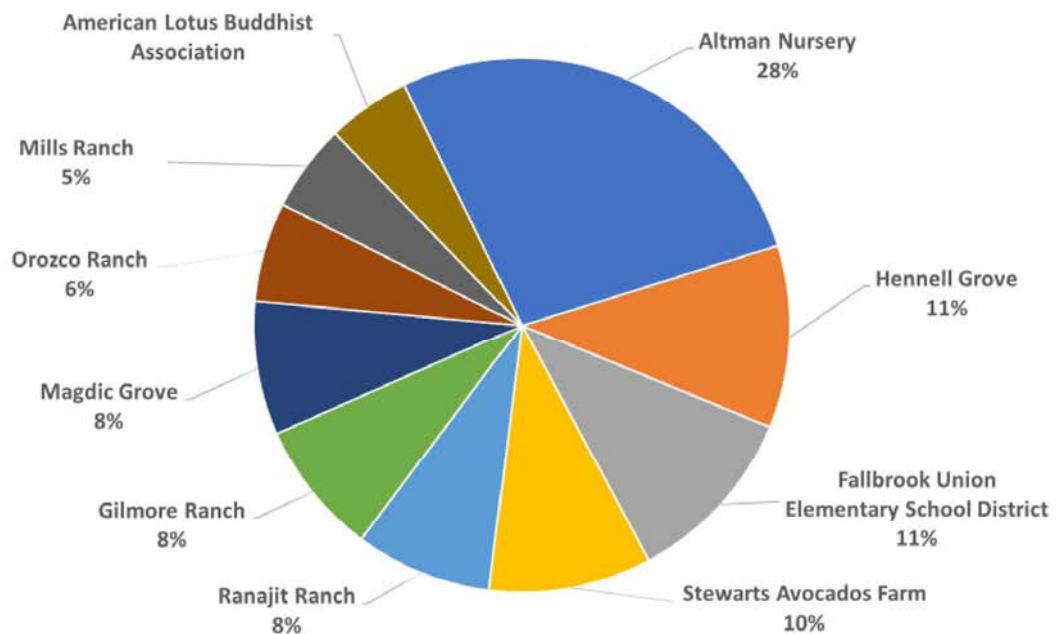
Source: Fallbrook Public Utility District

Table #12 - Top Ten Water Customers

Fiscal Year 2012			Fiscal Year 2021		
Customer	Annual Usage (Kgal)	Percent of Total	Customer	Annual Usage (Kgal)	Percent of Total
Ross Ranch	109,434	2.97%	Altman Nursery	74,659	2.78%
Chandler Ranch	91,859	2.49%	Hennell Grove	30,033	1.12%
Lilac 124 Inc	71,821	1.95%	Fallbrook Union Elementary School District	29,830	1.11%
Color Spot Nursery	40,725	1.11%	Stewarts Avocados Farm	26,709	1.00%
Eco Farms	40,721	1.11%	Ranajit Ranch	22,469	0.84%
Serafina Holdings	27,528	0.75%	Gilmore Ranch	22,215	0.83%
Magdic Grove	27,376	0.74%	Magdic Grove	22,074	0.82%
Sparrow Hawk Ranch	26,160	0.71%	Orozco Ranch	16,315	0.61%
Hennell Grove	25,154	0.68%	Mills Ranch	14,414	0.54%
Brown Ranch	23,884	0.65%	American Lotus Buddhist Association	13,701	0.51%
Total Top 10 Customers	484,662	13.16%	Total Top 10 Customers	272,419	10.16%
Total All Other Water Customers	3,198,937	86.84%	Total All Other Water Customers	2,409,106	89.84%
Total Water Consumed	3,683,599	100.00%	Total Water Consumed	2,681,525	100.00%

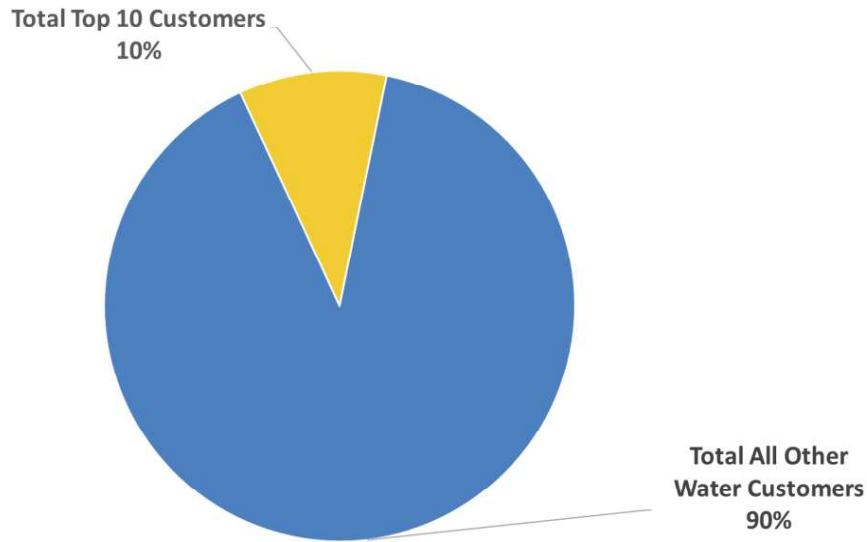
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2021



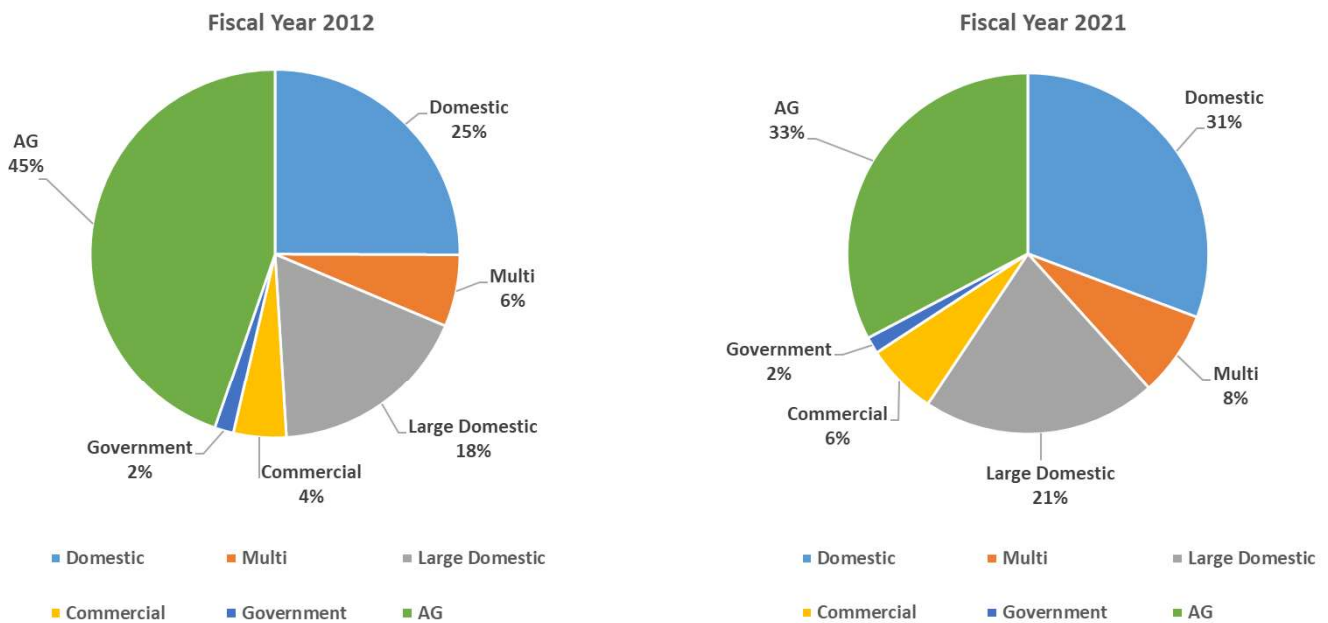
Source: Fallbrook Public Utility District

Chart #5 - Total Water Consumed Fiscal Year 2021



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2012 vs Fiscal Year 2021



Source: Fallbrook Public Utility District

Table #13 - Water System

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
2012	268.89	9,130	4,201,053,710	11,509,736
2013	268.89	9,142	4,159,247,155	11,395,198
2014	268.94	9,154	4,178,179,040	11,447,066
2015	268.98	9,166	3,327,254,350	9,115,765
2016	269.11	9,197	3,235,951,180	8,865,620
2017	269.11	9,211	3,114,930,490	8,534,056
2018	269.11	9,244	3,287,934,350	9,008,039
2019	269.29	9,253	2,684,556,048	7,354,948
2020	269.36	9,262	2,602,343,841	7,129,709
2021	270.44	9,275	2,905,874,048	7,961,299

Source: Fallbrook Public Utility District

Table #14 - Water System Total Production⁽¹⁾

Fiscal Year	Total Used/Prod. (AF)	HCF
2012	12,892.60	5,616,016.56
2013	12,764.30	5,560,129.08
2014	12,822.40	5,585,437.44
2015	10,211.00	4,447,911.60
2016	9,930.80	4,325,856.48
2017	9,559.40	4,164,074.64
2018	10,090.30	4,395,334.68
2019	8,238.60	3,588,734.16
2020	7,986.30	3,478,832.28
2021	8,917.80	3,884,593.68

Note: (1) - Total Production before system losses.

Source: Fallbrook Public Utility District

Table #15 - Sewer System

Fiscal Year	Miles of Sewer Lines	Service Connections	Annual Sewerage (G)	Daily Sewerage (GD)
2012	78.62	4,994	609,826,887.99	1,670,758.60
2013	78.62	5,008	557,909,048.16	1,528,517.94
2014	78.62	5,028	540,541,189.86	1,480,934.77
2015	78.64	5,034	562,027,804.80	1,539,802.20
2016	78.64	5,044	499,860,321.77	1,369,480.33
2017	78.64	5,049	507,140,810.66	1,389,426.88
2018	78.64	5,049	486,337,179.41	1,332,430.63
2019	78.70	5,004	556,424,471.00	1,524,450.00
2020	79.14	5,011	551,861,979.40	1,511,950.63
2021	79.14	5,029	551,882,461.86	1,512,006.74

Source: Fallbrook Public Utility District

Table #16 - Sewer System Influent Flow

Fiscal Year	Total Used/Prod. (AF)
2012	1,968.83
2013	1,883.86
2014	1,873.30
2015	1,997.62
2016	1,639.42
2017	1,706.45
2018	1,592.26
2019	1,707.60
2020	1,693.60
2021	1,693.70

Source: Fallbrook Public Utility District

Table #17 - Recycled Water System

Fiscal Year	Miles of Recycled Pipes	Service Connections	Used Annual Recycled Water (AF) ⁽¹⁾	Daily Usage (MGD)
2012	8.28	28	603.50	0.5
2013	8.28	28	758.70	0.7
2014	8.28	28	746.80	0.7
2015	8.28	28	598.80	0.5
2016	10.53	29	599.83	0.5
2017	10.53	30	671.34	0.6
2018	10.53	32	740.40	0.7
2019	10.53	33	562.66	0.5
2020	10.53	30	559.89	0.5
2021	10.53	30	556.54	0.5

Note: (1) - Includes water not billed at full rate
 Source: Fallbrook Public Utility District

Table #18 - Recycled Water System Production

Fiscal Year	Total Prod./Disposed (AF)
2012	1,871.49
2013	1,712.16
2014	1,658.86
2015	1,724.80
2016	1,534.02
2017	1,556.36
2018	1,492.51
2019	1,617.50
2020	1,656.50
2021	1,619.20

Notes:
 G- Gallons
 GD - Gallons per Day
 AF - Acre Feet
 MG - Millions of Gallons
 MGD - Millions of Gallons per Day

Source: Fallbrook Public Utility District

FPUD treats all water to recycled standards. This tables includes both recycled water used as well as discharged to the ocean outfall.

Table #19- Annual RW Production and WRP Influent Flow

	Recycled Water (Acre-Feet)				WRP Influent Flow (Acre-Ft)
	Annual Production	Daily Average Production	Total Used Production	Total Disposed	
2012	1,795.23	4.92	702.99	1,092.23	1,933.72
2013	1,661.57	4.55	714.98	946.59	1,892.02
2014	1,756.49	4.81	690.15	1,066.34	1,888.80
2015	1,588.47	4.35	584.11	1,004.36	1,878.31
2016	1,489.03	4.08	694.37	794.66	1,600.40
2017	1,570.92	4.30	664.82	906.11	1,694.43
2018	1,492.51	4.09	740.39	752.12	1,592.26
2019	1,617.50	4.43	562.70	1,054.80	1,707.60
2020	1,656.50	4.54	559.90	1,096.60	1,693.60
2021	1,619.20	4.44	556.50	1,062.70	1,693.70

Source: Fallbrook Public Utility District

Table #20 - Full Time Equivalent (FTE) Employees by Function

Fiscal Year	Water Services	Wastewater Services	Recycled Water Services	General & Administrative	Total FTE Employees
2012	23	14	5	2.8	71.8
2013	22	14	6	2.8	70.8
2014	21	13	6	27.8	67.8
2015	21	13	5	2.8	67.8
2016	20	13	5	2.8	66.8
2017	23	12	5	2.8	67.8
2018	24	15.2	2.8	25.8	67.8
2019	24	15.2	2.8	25.8	67.8
2020	25	15.2	2.8	24.8	67.8
2021	25	15.2	2.8	23.8	66.8

Source: Fallbrook Public Utility District

Table #21 -Assessed Valuation of Taxable Property

Fiscal Year	Secured				Unsecured		Total Assessed Value
	Water		Sewer		Water	Sewer	
	Local Assessed	State Assessed	Local Assessed	State Assessed			
2012	\$ 3,023,254,725	\$ 225,000	\$ 1,783,734,000	\$ 225,000	\$ 39,028,848	\$ 33,883,225	\$ 4,880,350,798
2013	3,005,131,868	225,000	1,773,732,093	225,000	40,228,753	35,613,386	4,855,156,100
2014	3,058,914,090	-	1,811,990,591	-	39,761,073	34,916,821	4,945,582,575
2015	3,234,556,718	-	1,928,060,834	-	40,480,476	35,184,912	5,238,282,940
2016	3,390,367,447	-	2,021,437,198	-	37,440,559	32,152,307	5,481,397,511
2017	3,518,846,961	-	2,098,501,032	-	36,135,611	31,163,876	5,684,647,480
2018	3,709,470,372	-	2,220,524,962	-	36,271,614	31,902,804	5,998,169,752
2019	3,895,955,738	-	2,337,209,037	-	41,211,234	35,075,356	6,309,451,365
2020	4,078,331,287	-	2,463,512,540	-	41,515,562	35,305,514	6,618,664,903
2021	4,268,726,975	-	2,583,369,560	-	42,961,480	37,819,020	6,932,877,035

Source: County of San Diego, Office of the Auditor & Controller

Table #22 -Property Tax

Fiscal Year	Current Year Levy ⁽¹⁾			Revenues Collected ⁽²⁾			Uncollected Collected			Percent Uncollected
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
2012	\$ 859,279	\$ 769,708	\$1,628,987	\$ 848,048	\$ 758,639	\$ 1,606,687	\$ 11,230	\$11,069	\$ 22,300	1.4%
2013	866,702	776,960	1,643,662	855,046	766,457	1,621,503	11,656	10,504	22,159	1.3%
2014	887,378	798,786	1,686,164	874,729	787,339	1,662,068	12,649	11,447	24,096	1.4%
2015	933,206	847,121	1,780,327	921,440	836,401	1,757,840	11,766	10,721	22,487	1.3%
2016	982,997	890,717	1,873,715	970,998	879,769	1,850,767	11,999	10,949	22,948	1.2%
2017	1,022,747	927,792	1,950,539	1,009,595	915,788	1,925,384	13,151	12,004	25,155	1.3%
2018	1,072,468	978,636	2,051,105	1,060,447	967,619	2,028,066	12,021	11,017	23,039	1.1%
2019	1,122,771	1,028,393	2,151,164	1,108,272	1,015,057	2,123,329	14,499	13,336	27,835	1.3%
2020	1,169,224	1,079,727	2,248,951	1,154,850	1,066,408	2,221,258	14,374	13,319	27,693	1.2%
2021	1,221,575	1,131,688	2,353,264	1,205,539	1,116,772	2,322,312	16,036	14,916	30,952	1.3%

Notes:

(1) - Total levy including penalties before administrative fees.

(2) - Amount before administrative and other fees deducted.

Source: County of San Diego, Office of the Auditor & Controller

Table #23 -Top 10 Taxpayers in Improvement District "S"

Rank	Property Owner	Primary Land Use	FY 2020-21 Assessed Value	% of Total Assessed Value
1	Fallbrook GR F2 LLC	Shopping Center	\$ 24,249,581	0.93%
2	Albertsons LLC	Supermarket	20,271,577	0.78%
3	Americare Health & Retirement LLC	Assisted Living Facility	19,604,487	0.75%
4	Pine View Preservation LP	Apartments	16,000,000	0.62%
5	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	14,280,000	0.55%
6	Efren R. Cota Ltd.	Apartments	13,246,530	0.51%
7	Axelgaard Manufacturing Co. Ltd.	Industrial	12,969,989	0.50%
8	Sheryl A. Hailey	Residential Properties	12,948,177	0.50%
9	Fallbrook Medical Arts LLC	Medical Offices	11,284,353	0.43%
10	Hampton Family Trust	Residential Properties	10,198,336	0.39%
Total Top Ten Taxpayers			155,053,030	5.97%
Total 2020-21 Local Assessed Value			2,597,985,251	100%

Source: California Municipal Statistics

Table #24 -Pledged-Revenue Debt Service Coverage Ratio

Fiscal Year	Total Operating Revenues	Total Operating Expenses ⁽¹⁾	Non-Operating Revenue ⁽²⁾	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
2012	\$ 23,661,715	\$ 23,061,268	\$ 3,268,067	\$ 3,868,514	\$ 1,567,663	2.47	1.20
2013	27,582,160	24,448,790	4,355,765	7,489,135	1,490,434	5.02	1.20
2014	28,955,183	29,357,533	5,301,618	4,899,268	1,414,198	3.46	1.20
2015	27,483,881	25,591,207	5,482,287	7,374,961	1,319,031	5.59	1.20
2016	25,356,017	24,281,233	5,898,837	6,973,621	1,302,876	5.35	1.20
2017	27,256,065	25,384,395	5,348,517	7,220,187	2,756,731	2.62	1.20
2018	29,882,022	27,626,075	5,170,901	7,426,848	2,758,501	2.69	1.20
2019	26,944,550	25,549,828	⁽³⁾ 6,246,867	6,731,623	2,760,019	2.44	1.20
2020	28,931,007	26,596,263	6,338,174	7,762,694	2,761,290	2.81	1.20
2021	32,511,601	27,159,912	8,156,584	11,842,816	3,101,093	3.82	1.20

Source: Fallbrook Public Utility District

Notes:

(1) - Excludes depreciation

(2) - Excludes debt interest expenses

(3) - Excludes one-term gain of \$9,338,297 on the sale of assets.

Table #25 Computation of Direct and Overlapping Debt (As of 06/30/2021)

2020-21 Assessed Valuation: \$4,311,688,455

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt (6/30/21)	% Applicable ⁽¹⁾	District's Share of Debt (6/30/21)
Metropolitan Water District	\$ 26,830,000	0.132%	\$ 35,416
Palomar Community College District	650,751,375	3.194	20,784,999
Bonsall Unified School District	9,282,673	0.496	46,042
Fallbrook Union High School District	19,800,000	63.632	12,599,136
Fallbrook Union School District	14,694,476	67.425	9,907,750
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 43,373,343
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 211,585,000	0.736%	\$ 1,557,266
San Diego County Pension Obligation Bonds	400,125,000	0.736	2,944,920
San Diego County Superintendent of Schools Certificates of Participation	8,585,000	0.736	63,186
Palomar Community College District Certificates of Participation	1,560,000	3.194	49,826
Bonsall Unified School District Certificates of Participation	6,850,000	0.496	33,976
Fallbrook Public Utility District	0	100.	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 4,649,174
TOTAL DIRECT DEBT			\$ 0
TOTAL OVERLAPPING DEBT			\$ 48,022,517
COMBINED TOTAL DEBT			\$ 48,022,517 ⁽²⁾

(1) The percentage of overlapping debt applicable to the public utility district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the public utility divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.01%
Total Direct Debt	0.00%
Combined Total Debt	1.11%

Source: California Municipal Statistics Inc.

Table #26 - San Diego County Principal Employers

Fiscal Year 2012			Fiscal Year 2020 ⁽¹⁾		
Employer Name	Number of Employees	% of Total County Employment	Employer Name	Number of Employees	% of Total County Employment
Federal Government	45,500	3.14%	Naval Base San Diego	41,111	2.89%
State of California	42,900	2.96%	University of California, San Diego	40,088	2.82%
University of California, San Diego	27,391	1.89%	Sharp Healthcare	19,148	1.35%
County of San Diego	15,687	1.08%	County of San Diego	17,929	1.26%
Sharp Healthcare	15,231	1.05%	San Diego Unified School District	14,020	0.99%
San Diego Unified School District	14,603	1.01%	Scripps Health	13,254	0.93%
Scripps Health	14,097	0.97%	City of San Diego	11,598	0.82%
Qualcomm Inc.	11,400	0.79%	Qualcomm Inc.	11,050	0.78%
City of San Diego	10,057	0.69%	Kaiser Permanente	9,653	0.68%
Kaiser Permanente	7,731	0.53%	San Diego Community College District	6,804	0.48%
Total Top Ten County Employers	204,597	14.10%	Total Top Ten County Employers	184,655	13.00%
All Other County Employers	1,246,003	85.90%	All Other County Employers	1,235,745	87.00%
Total County Employment	1,450,600	100.00%	Total County Employment	1,420,400	100.00%

Sources: San Diego Business Journal; California Labor Market Info; Avenu Insights and Analytics, LLC

Note: (1) Data for FY 2021 not available as of publication date. Data shown is for the most recently available version.

Table #27 - Outstanding Debt, Demographic Statistics and Per Capita Statistics

Fiscal Year	District's Outstanding Long-Term Debt ⁽¹⁾		Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Notes	Contracts		Population Estimate ^{(1) (2)}	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	Total Estimated Personal Income		
2012	\$ 152,008	\$ 1,263,686	\$ 1,415,694	32,236	\$ 47,704	9.5%	\$ 1,537,804,219	\$ 44	0.1%
2013	77,090	13,165,083	13,242,173	32,366	48,815	8.2%	1,579,938,590	409	0.8%
2014	-	21,810,892	21,810,892	32,496	51,230	6.5%	1,664,761,144	671	1.3%
2015	-	32,389,288	32,389,288	32,626	53,679	5.3%	1,751,348,816	993	1.8%
2016	-	38,841,278	38,841,278	32,757	55,056	4.9%	1,803,489,231	1,186	2.2%
2017	-	37,101,306	37,101,306	32,889	56,802	4.2%	1,868,156,207	1,128	2.0%
2018	-	35,314,028	35,314,028	33,021	58,719	3.7%	1,938,960,099	1,069	1.8%
2019	-	33,474,377	33,474,377	33,153	60,845	3.7%	2,017,194,285	1,010	1.7%
2020	-	⁽⁵⁾ 58,912,499	58,912,499	34,432	66,266	13.5%	2,281,670,912	1,711	2.6%
2021	-	⁽⁶⁾ 88,278,477	88,278,477	34,570	68,917	7.0%	2,382,429,499	2,554	3.7%

Sources:

(1) - Fallbrook Public Utility District

(2) - <https://datasurfer.sandag.org/>

(3) - U.S. Department of Commerce, Bureau of Economic Analysis, and Federal Reserve Bank of St. Louis (FRED)

(4) - U.S. Bureau of Labor Statistics, June 2021 unemployment rate

Notes:

(1) - Debt secured by District's net revenues

(2) - Historic population estimated based upon a 0.4% growth rate and the 2020 population estimate of 34,432 calculated by FPUD GIS staff.

(3) - Per capita personal income for the San Diego County Region.

(4) - June 2021 unemployment rate.

(5) - Includes \$27.3 million in construction expenses/withdrawals.

(6) - Includes \$58.5 million in construction expenses/withdrawals.

This page intentionally left blank

Attachment B



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fallbrook Public Utility District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fallbrook Public Utility District's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Carlsbad, California
November 24, 2021



Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited the financial statements of Fallbrook Public Utility District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated November 24, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 1C, the District implemented the Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities* in fiscal year 2020-2021 by excluding the previously reported Other Postemployment Benefits trust from the District's fiduciary funds since the trust no longer meets the definition of a fiduciary fund.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the fair market value of investments which is based on market values by outside sources.
- Management's estimate of useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- The annual required contributions, other postemployment benefits (OPEB) expense, net OPEB liability and corresponding deferred outflows of resources and deferred inflows of resources for the District's OPEB plan are based upon several key assumptions that are set by management with the assistance of an independent third-party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, and mortality rates.

Significant audit findings (continued)

Qualitative aspects of accounting practices (continued)

Accounting estimates (Continued)

- The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure regarding depreciation expense reported in Note 1.k.
- The disclosure of the net pension liability reported in Note 6.
- The disclosure regarding Other Post-Employment Benefits reported in Note 7.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected adjustments of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 24, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and that the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of Fallbrook Public Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.


CliftonLarsonAllen LLP

Carlsbad, California
November 24, 2021

Schedule of Uncorrected Adjustments
June 30, 2021

AJE #	Account Description	Debit	Credit
1	Interest Expense (expense)		107,956
	Debt Issuance Cost (Asset)	107,956	

With the issuance of the 2021 Wastewater Revenue Refunding Bonds, a part of the cost of issuance was prepaid insurance. Per GASB 65 these costs are normally capitalized and amortized over the life of the bonds, however the District expensed them in the year of issuance.

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: December 13, 2021
SUBJECT: Consider Adopting Resolution No. 5020 Approving the Increased Rates for Water and Recycled Water Service Charges, and Rates for Wastewater Service Charges and Taking Other Related Actions

Purpose

Provide the Board with the Fiscal Policy & Insurance Committee's (the Committee) recommended Calendar Year (CY) 2022 rates and charges for water, recycled water and wastewater services.

Summary

Calendar Year 2022 is the fifth and final year of the 2017 adopted five year financial plan. The plan adopted by the Board in 2018 had a maximum increase of 8% each year for water, recycled water and a 4.5% annual increase for wastewater. At the time the plan was adopted, the Board committed conducting an annual review of the District's financial position to determine the actual annual increase. Accordingly, each year the District's current financial data, sales projections, and water cost data are taken into account by the Board when setting the annual rate increase. This allows the Board to balance the need to ensure the future fiscal sustainability of the District with the desire to provide rate relief to current rate payers.

The cost of water the District buys from San Diego County Water Authority (SDCWA) has been increasing around 8% annually over the last decade and is increasing just under 8% this year with similar increases expected going forward. In addition, the SDCWA Infrastructure Access Charge (IAC) pass through, which SDCWA has increased by 41% since calendar year 2019, is being increased by 10%, which is the maximum amount permitted under the District's approved Prop 218 notice. Even with this year's increase, the District is still not able to pass through the actual SDCWA IAC cost. These cost increases have corresponded with substantial reductions in the District's water demands, especially agricultural demands. The impact of these projected increases is one of the main reasons the District is pursuing switching wholesale supplier to Eastern Municipal Water District.

This year the Committee focused on evaluating the uncertainties associated with water sales as the region faces the threat of continued drought. To evaluate the impact of water revenue volatility due to sales dropping to previous drought levels, a sensitivity analysis was conducted. This allowed the Committee to evaluate the financial impact of an unexpected drop in sales. Based upon that analysis, the Committee is recommending a 5% increase in water and recycled water rates. This balances providing rate relief to rate payers with maintaining the District's financial position. Due to the District's cost

containment efforts and new water supply, The District is able to increase rates less than the rate increase from SDCWA.

Over the course of the financial plan, including this year's proposed 5% increase, the Board reduced the approved 5-year plan increase for water and recycled water by just under 10%. Wastewater increases were kept at the plan's 4.5% level to maintain the financial position of wastewater system. Through the execution of this financial plan and prudent fiscal management, the Board was able to not only put the District on a path to financial sustainability but also provide real rate relief.

In addition, construction service fees, Capital Improvement Charges and system buy-in capacity charges are being adjusted for inflation based upon the Engineering News-Record Los Angeles Construction Cost Index per the District's Administrative Code. With the exception of the Water Capital Improvement Charge, the adjustments are based upon the change in the index from February 2020 to February 2021, which was 0.4%. The Water Capital Improvement Charge is increased by inflation plus three percent or 3.4%. These changes are shown in Articles 10, 11 & 12 which are Attachments A, B and C.

The Committee's recommended rates and charges keep the District on track to stabilize its financial position, continue its investment in infrastructure and maintain reserve levels. Attachment C shows the recommended rate and charge adjustments to Article 12 of the Administrative Code. The resolution adopting the calendar year 2022 rates and charges is Attachment D. Exhibit A of Attachment D shows the adopted calendar year 2021 rates and charges along with the calendar year 2022 recommended rates and charges.

Given this is the last year of the 2017 financial plan, the process for developing a new 5-year financial plan is set to begin. The new plan will not only evaluate all aspects of the District's operations and cost allocations but also review reserve targets and other financial goals/objectives. The new plan is expected to be developed and completed in the Spring of 2022.

Recommended Action

That the Board adopt Resolution No. 5020 adopting calendar year 2022 rates and charges for water, recycled water and wastewater services.

Attachment A

Article 10. Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

For the purpose of this Administrative Code and the regulation of water service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "District", as used herein shall mean and refer to the Fallbrook Public Utility District of San Diego County, California. Fallbrook Service Area (FSA) will indicate that area known as Fallbrook Public Utility District prior to July 1, 1990. The DeLuz Service Area (DLSA) will indicate that area known as Improvement Districts I and II of DeLuz Heights Municipal Water District prior to July 1, 1990.

The word "Consumer", as used herein, shall mean and refer to every individual, corporation, association, farm, or place of business to whom or to which water is served by the District.

The word "Unit", as used herein, shall mean and refer to each of the following:

1. A single family residence.
2. A single business establishment.
3. A single farm.
4. One hotel or motel suite with bath and kitchen.
5. Two hotel or motel suites without kitchen but with private bath.
6. Four hotel or motel suites without private bath.
7. One trailer space.
8. In multi-family dwellings, each apartment with kitchen and bath.
9. Each dormitory or labor camp facility.
10. Nursing home.

The word "rates", as used herein, shall mean the compensation fixed by the Directors by Ordinance for water delivered to the consumer or for the cost of installing and maintaining meters, main line extensions and any and every appliance, fixture or connection used by said District in delivering water to said consumer.

The term "service connections", as used herein, shall designate the distribution system extension to the meter assembly and the connection to the consumer's line which shall previously have been provided to the location and to the specifications set by the District.

The term "Agricultural purposes", as used herein, shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption. Water used for agricultural purposes may be ~~eligible~~ eligible for either the Commercial Agricultural Water Rate or Permanent ~~Agricultural~~ Agricultural Water Rater (PSAWR) if they meet additional requirements outlined below.

The term "Commercial Agricultural", as used herein, shall mean the use of water through a single service connection for agricultural purposes without participation in the PSAWR

discount program, on land having an area of not less than one acre fully utilized for agricultural purposes.

The term "Domestic purposes", as used herein, shall mean the use of water for residential (up to and including two units) purposes and businesses that use water for incidental domestic purposes only. If a commercial agricultural parcel has a ~~permenant~~permanent residence, the first 5 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property. If a PSAWR parcel has a ~~permenant~~permanent residence, the first 17 units of water provided each month is not eligible for the PSAWR program rate. Parcels using water for Agricultural purposes that are eligible for the commercial agricultural or PSAWR water rate programs will be classified as either Agricultural-Domestic with PSAWR Discount (AT) or Agricultural Commercial-Domestic (CB);

The term "Large Lot domestic purposes", as used herein, shall mean the use of water through a single service connection for residential (up to and including two units) _____purposes on parcels of one acre or more.

Formatted: Indent: Left: 0.5"

The term "Commercial purposes", as used herein, shall mean the use of water through a single service connection for the operation of the business or maintaining the landscaping of non-residential property.

The term "Government purposes", as used herein, shall mean the use of water through a single service connection for any political subdivision property.

The term "Multi-Unit purposes", as used herein, shall mean the use of water through a single service connection for master-metered residential housing of more than two living units.

The term "Standby Service", as used herein, shall mean a meter which has been locked at the request of the customer and which account balance remains current. Accounts may also be locked and placed on "standby service" in the event that the unpaid balance on the account becomes delinquent for a period of 90 days and/or if the District is made aware of foreclosure or vacancy of said property. A fee of \$50 to lock the meter and initiate standby service will be charged to the account and the account will be charged all applicable monthly standby charges.

The term "San Diego County Water Authority Permanent Special Agricultural Water Program" or "PSAWR", as used herein, shall mean the Program described in Section 10.11.

The term "Construction Meter Service", as used herein, shall mean the temporary use of water for construction from a meter installed on a fire hydrant.

The term "Temporary Ag Service", as used herein, shall mean the temporary use of water solely for the growing of annual crops through a temporary connection.

The term "Recycled Water System", as used herein, shall mean water that is defined in Title 22, Division 4, Chapter 3, Article 60301, paragraph 8, of the California Administrative Code and shall mean water which, as a result of filtration and disinfection of domestic wastewater, is suitable for a direct beneficial use or a controlled use that otherwise would not occur.

Sec. 10.2 Remote Meter Agreements.

A Remote Meter Agreement is an agreement between the District and a consumer that a water meter will be installed at a location remote from the property to be served where the District does not intend to extend the District distribution system to abut the said property, and that the consumer is responsible for extending his own private line from the meter to his property and obtaining the permanent easements required for such extension.

Formatted: Indent: First line: 1.5"

Sec. 10.3 Temporary Service Agreements.

A Temporary Service Agreement is a recorded agreement between the District and a consumer that a meter will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District distribution system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the meter to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the meter, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of water service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving water service under a Temporary Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Service Agreement with the District.

Sec. 10.4 Engineering Fees.

Sec. 10.4.1 Plan Check Fees.

- A) Plan checks less than 500 lineal feet, water or sewer, \$500 each.
- B) Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
- C) Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 10.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ ~~\$106.31-74~~ = \$531.553.70
 - 3" and larger 9 hours @ ~~\$106.31-74~~ = \$956.8160.66
- B) Fire Hydrant Installation 9 hours @ ~~\$106.31-74~~ = \$956.8160.66
- C) Fire Service Installation 9 hours @ ~~\$106.31-74~~ = \$956.8160.66

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 10.5 Rules for Service of Water.

The following rules for the service of water by the District to the consumer, either within or without the District, are hereby established:

All parcels desiring water must abut a District pipeline, and all meters will be located on the parcel being served unless the General Manager approves a Remote Meter Agreement, or the Board of Directors authorizes a Temporary Service Agreement subject to certain conditions as described in Section -10.3.

Each consumer desiring water furnished by the District shall furnish a plat of the property to be served, individually file a written application for such service, and in the form provided by the District, shall state the location, the number of acres served, the legal owner thereof, the purpose for which water is to be used and such other data regarding consumer's water production and use practices as required by the District. Based on the information provided, and verified by physical inspection if appropriate, each application will be assigned a user code: Agricultural with PSAWR Discount (AS); Agricultural Commercial (CA); Agricultural-Domestic with PSAWR Discount (AT); Agricultural Commercial-Domestic (CB); Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section 19.1.

Formatted: Line spacing: Exactly 12 pt

By making such application and upon approval thereof by the General Manager, or his designee, the application and the acceptance shall constitute a contract, the effect of which shall bind the applicant to pay all rates then or thereafter prescribed by the District for water service and to comply with all the rules and regulations with respect to service, a breach of any of which will authorize the District to discontinue water service immediately without notice or recourse and to levy such charges as otherwise provided for in this ordinance for resumption of service.

In addition, the effect of this contract shall be such as to bind the applicant to pay reasonable attorney's fees as fixed by the court where the District is required to take legal action to enforce collection of any charges incurred under this service. ~~legal action to enforce collection of any charges incurred under this service.~~

Formatted: Body Text

The District reserves the right to determine the size and location of all service connections and may to that extent, where deemed for the best interests of the District, reduce the size, change the location or the pressure of the service connection without notice or recourse.

Sec. 10.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article ~~10.8~~ 10.8 of this Administrative Code. Reclaimed meter and service line connections shall be

capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Meter Size	Meter and Service Line*	Meter Only on Existing Service Line	Service Line Only*
3/4"	\$2784 <u>2795</u>	\$468 — 470	\$2318 — 2327
1"	\$2962 — 2974	\$644 — 647	\$2318 — 2327
1-1/2"	\$4017 — 4033	\$1022 — 1026	\$2995 — 3007
2"	\$4818 — 4837	\$1178 — 1183	\$3640 — 3655
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of ~~\$1807-1814~~. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of ~~\$3615-3629~~. If County road inspection is required, there is an additional fee of ~~\$1402-1408~~.

Sec. 10.7 Meter Relocation Fees.

Meter Size	Relocation and Service Line*
3/4"	\$3,203 — 216
1"	\$3,364 — 377
1-1/2"	\$4,041 — 057
2"	\$4,645 — 664

* If paving is required up to 30 feet, there is an additional fee of ~~\$of \$4746-4765~~. If County road inspection is required, there is an additional fee of ~~\$of \$1402-1408~~.

Sec. 10.8 Connection/Capacity Fees.

A connection fee shall be paid at the time meter service is applied for, for all permanent service connections, which fee shall be in addition to the charges made for the actual cost of labor and materials necessary to make the physical connection to the water system. The capacity fee for the connection is based on the demand that could be placed on the District's water system by reason of the connection. The extent of demand will be determined on the basis of the size of the water meter necessary to provide the estimated quantity of water usage for the connection. The demand factor for each meter size shall be calculated on the basis of the rated capacity of each size of meter divided by the rated capacity of a 3/4" meter at a pressure of 40 pounds per square inch (20 gpm), hereinafter referred to as an "equivalent meter unit" (EMU) as defined by SDCWA. Connection/ capacity charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing current fees to calculated fees.

Formatted: Indent: First line: 1.5"

Effective January 1, ~~2020~~2021, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
¾"	1	\$5,778 801
1"	1.6	\$9,247 284
1-1/2"	3	\$17,336 406
2"	5.2	\$30,050 171
3"	9.6	\$55,477 699
4"	16.4	\$9495,770 150
6"	30	\$173174,365 060

The capacity charge for a meter size greater than 6 inches shall be a basic charge for one (1) EMU multiplied by one of the following factors:

8".....factor52.0
 10".....factor78.0
 12".....factor132.0

Sec. 10.8.1 Removal of Meters.

An owner of a parcel who has a meter and is not required to have District water for their parcel can request to have their meter removed and discontinue service. A fee of \$100 will be charged for meter removal. Once the meter is removed, if service is later requested for the parcel, it will be subject to all the fees identified in Article 10, including installation and connection/capacity fees as if it is a new service.

The following procedure will be followed when discontinuation of service is requested:

1. The District will verify that the parcel does not have a residence or that another supply is available for the residence. If District water service is necessary as a health and safety concern for the residence then the meter cannot be removed.
2. The parcel owner shall sign a form that will be recorded on their deed indicating that water service was discontinued and re-establishing service will require payment of all fees similar to any other new water customer.
3. The District will remove the meter based on the fee established for meter removal.
4. The owner will be deleted from the District's customer database and no further monthly operations, capital improvement or standby fees will be charged to the parcel. The parcel will be subject to Water Availability Charges, unless the parcel owner requests deferral in accordance with ~~Article 15~~Article 15.
5. If the water service is requested in the future for this parcel it will be similar to any other parcel without water service and subject to all necessary fees including installation and connection/capacity fees.

Sec. 10.8.2 Meter Testing Costs.

The District will provide meter testing upon request by ratepayers. A meter is considered accurate according to AWWA standards if it measures 98.5% to 101.5% of actual usage. If, after the customer's request for testing, the meter is determined to be accurate, the customer will be charged the following fee based on the size of the meter:

<u>Meter Size</u>	<u>Fee for testing</u>
¾" – 1"	\$123
1 ½" – 2"	\$165 166
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

If the meter is inaccurate, the District will absorb the cost of the test and make the appropriate exchange or repair to said meter to AWWA standards of accuracy. These charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February.

Sec. 10.8.3 Adjustment to Fees for Meters and Connections.

Service requests after advance payments for meters and connection fees shall be adjusted to the District's current schedule after six (6) months from the payment date(s).

Sec. 10.9 Credit for Connection Fees and Fees for Increased Meter Size.

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply for additional meters to new legal parcels will be given credit for connection charges if they reduce their demand by requesting a smaller meter for their original service.

Owners of parcels presently receiving water service through a District meter that are not in the process of subdividing their land, but require a larger meter service connection due to a change in land use, shall pay a connection fee equal to the difference between connection fees for the old and new meters in accordance with the schedule in Sec. 10.8.

Sec. 10.10 San Diego County Water Authority Connection Fees.

The Board of Directors of the San Diego County Water Authority (SDCWA) announced an administrative adjustment to capacity charges on all meters purchased on or after January 1, ~~2020~~2021 within the boundaries of the SDCWA.

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of ~~\$5,312~~ ~~328~~ multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$5,328 \$5,312	\$149 \$148	\$5,477 \$5,460
1"	1.6	\$8,525 \$8,499	\$238 \$237	\$8,763 \$8,736

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Formatted: Font: Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt, Font color: Auto

Sec. 10.11.2 Qualification.

New eligible customers may sign up to receive the PSAWR Program water rate at any time during non-service limitation periods. Non-service limitation periods are when there are no service limitations imposed to PSAWR member agencies such as a cutback from Metropolitan or emergency situations. The qualifications for water use under the San Diego County Water Authority's (SDCWA) PSAWR program are as follows:

In accordance with the San Diego County Water Authority policies, including but not limited to the Permanent Special Agricultural Water Rate Program Handbook, Fallbrook Public Utility District and Owner acknowledge that to participate in the PSAWR water rate, agricultural customers must meet the following criteria:

1. Grow or raise – for commercial purposes – products of an agricultural, horticultural, or floricultural nature.
2. The Commercial Agricultural Operation must be included on one of the following lists (ONLY 1 REQUIRED):
 - Grower's List
 - Active Certified Producers List
 - Organic Producers List
 - Regional Board General Agricultural Order Enrollment List

Sec. 10.11.3 Certification and Recertification.

Individuals applying for participation in the SDCWA PSAWR shall certify, a that they are the owner or authorized agent of the owner of the property to receive water under the SDCWA PSAWR and further certify that their respective water usage will meet the qualifications set forth in Section 10.11.2 and as modified from time to time by SDCWA. Upon submission and approval of the application for participation in the PSAWR, applicants shall be classified as either "Agricultural" or "Ag / Domestic", and be eligible to receive the established water rate for the assigned classification. Participants may be subject to periodic re-certification as determined by the SDCWA, or the District.

Sec. 10.11.4 Acknowledgement.

Individuals participating in the PSAWR shall acknowledge that:

- a) Water received under the PSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and/or the SDCWA.
- b) Water use under the PSAWR supply is subject to periodic data examination and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the PSAWR.
- c) Failure to respond in a timely manner to information requests, associated data examination and field audits or recertification, or failure to provide reasonable access to properties receiving water under the PSAWR will result in automatic removal of the subject property from the PSAWR, subject to the conditions set for in subsection 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as "Domestic" or "Commercial".

- d) If, as a result of data examination and/or an audit, it is determined that PSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive supplemental water rates, penalties and charges as required by the SDCWA, or the District, which the participant agrees to pay.
- e) If data examination and/or an audit determines that the subject property and/or water use on the property does not qualify for the PSAWR, then the property and associated water account will be removed from the PSAWR as provided for and subject to the conditions in sub-section 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

Sec. 10.11.5 Exit and Re-entry into the PSAWR Program.

- a) PSAWR customers who knowingly no longer meet the participation qualifications of the PSAWR are required to inform the District within 30 days. Failure to provide notice of a change in eligibility within 30 days will result in retroactive assessment of the SDCWA M&I water rates and charges for the period of ineligibility in which the PSAWR water rate was received.—
- b) Customers electing to voluntarily exit the PSAWR will still be subject to PSAWR-related reductions if the customer exiting utilized PSAWR water in the base year for a mandatory reduction in a subsequent year. PSAWR customers may not voluntarily exit during periods of water shortage allocations and mandatory reductions for the duration the level is implemented or for three years, whichever is a shorter period, or during periods in which there is substantial threat of a mandatory water supply reduction.
- c) Participating customers may opt-out of the PSAWR Program at any time during non-service limitation periods. If a PSAWR Program account has opted out, the parcel number associated with that retail meter account will not be allowed to re-enter the PSAWR Program unless the parcel legally changes ownership in an arm’s length commercial transaction verified by the District.—

Sec. 10.11.6 Implementation of Mandatory PSAWR Supply Reductions.

Actual implementation of mandatory supply reductions shall be based upon levels of reduction required the SDCWA. To achieve the required levels of use reduction and avoid the maximum penalty possible any operational or financial sanctions which may be imposed on the District by the SDCWA, the District will utilize one or a combination of methods, including timely notice of pending reductions, water management information dissemination, individual participant water budgets and use reduction targets, assessment of financial disincentives, and individual meter flow reduction devices.

Sec. 10.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The

cost of the service lines together with the pipeline extension costs will be borne by the owners.

Where because of any unusual circumstance service connections involve extra expense to the District, an additional deposit or payment based upon the actual cost of such connection as determined by District staff, may be required by the District.

Sec. 10.13 Customer Valve.

There shall be a stopcock or wheel valve in every attachment between the meter and the main next to the meter which said stopcock or wheel valve and the meter and other devices and fittings, including the meter box supplied by the District, shall be for the exclusive use and under the control of the District.

Formatted: Indent: First line: 1.5"

There shall be a stopcock or wheel valve in each service connection located on the consumer's side of the meter, at a point to be designated by the District, which stopcock or wheel valve shall be for the use of the consumer and shall be referred to as the "customer valve."

The District has responsibility to repair or replace facilities up to and including the customer shut off valve. Repair and maintenance of facilities beyond the customer valve is the responsibility of the customer.

The District is not responsible for water loss due to leaks or other problems on the property side of the customer valve.

If there is an emergency, the District, at its discretion, can make temporary repairs and charge the customer a minimum of \$50. However, the District is under no obligation to repair leaks beyond the customer valve and assumes no long term liability for those repairs. It is recommended that the customer obtain the services of a licensed plumber to make permanent repairs.

Sec. 10.14 Water Must Pass Through Meter.

All water sold by the District and used by any consumer must pass through that customer's meter, and no delivery will be made by the District except through that customer's meter. In the event that it should be discovered that water is served to any premises by means of a bypass or any other mechanical device or instrument which permits water to be served other than through that customer's meter, the District shall have the right to immediately cut off the supply of water to said consumer until the person guilty of such conduct shall have reimbursed the District for the cost, as determined by the District, of the water so illegally used. The District shall assess a \$100 penalty, per incident, to any person who steals water in any amount.

Sec. 10.15 Mains, Service Pipes, Equipment Belonging to District.

All water mains, extensions of service pipes, meters, and all other equipment used in the delivery of water to any meter, including the meter and the customer valve shall belong to and be the property of the District, and shall be maintained and repaired by the District.

Customer shall permit reasonable access to the meter and valves to effect said maintenance and repairs and to read the meter. Replacement shall be made by the District when such equipment is rendered unserviceable through reasonable use thereof.

However, the cost of replacements, repairs, or adjustments of any equipment of said District, including meters, when rendered necessary by any act, negligence or carelessness of the consumer, shall be made by the District at the expense of the consumer.

Sec. 10.16 Meter Area Clean and Consumer Line Free from Leaks.

Every consumer of water must keep his service pipes, valves, fixtures, and all other apparatus beyond that belonging to and serviced by the District in good repair and free from leakage at his own expense and he will be responsible for all damages which may result from failure to comply with this rule.

Sec. 10.17 Fires.

In the event that fires should take place within the District, where it is necessary to use the distribution mains of the District to supply water to extinguish such fires, the District may temporarily discontinue service to any meter, and the affected consumer shall not be permitted to use water from any of the District mains until such fire is completely extinguished.

Sec. 10.18 Access to Meters.

No person shall place or cause to be placed on or about or around any meter, hydrant, stopcock or service connection of any of the mains, pipes or water-works of the District any material of any kind which may serve or act as an obstruction to the free access or use of such meter, hydrant, stopcock or service connection. Upon failure to remove such obstruction after reasonable notice, the District shall have the right to have the water shut off and keep the same from being turned on again until such obstruction is removed and the necessary fee for turning on said water paid to the District.

Sec. 10.19 Temporary Discontinuance of Service for Repairs, etc.

The District reserves the right at any time to discontinue the service of water from its mains to water consumers for the purpose of making repairs or extensions to all parts of the system under the operation and control of the District or for any other purpose which may be found necessary by the District in order to properly maintain its system. In such case, the District will, if practicable, give notice to the consumer of such interruption in service.

Sec. 10.20 Allowances or Rebates.

No allowance or rebates in rates or charges shall be made under any circumstances, except as hereinafter in this Administrative Code authorized, and the rates herein prescribed for service of water shall be a charge against any and all property as hereinbefore specified, until the District shall receive written notice of request to discontinue the water to such property, provided, however, that notwithstanding such written notice or request, the District shall still collect the minimum amount prescribed by this Administrative Code for the standby service as long as the meter is in place.

Sec. 10.21 Water Served to Others.

It is hereby declared to be a violation of the consumer's contract for which the District shall have the right to discontinue the service of water, if any water consumer shall be found to have served water to a consumer whose water has been shut off for breach of any of the provisions of this Administrative Code.

Formatted: Indent: Left: 0.5", First line: 1.5"

The District or representatives of the District shall have the right at all times to have free access to all parts of the premises of the consumer supplied with water to inspect the water system maintained by the customer.

Sec. 10.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible contamination will be owned and maintained by the District. The device will be located at the service connections. The type of protection that shall be required to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the customer premises. The type of protective device that will be required (listed in an increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The customer may choose a higher level of protection than required by FPU. The minimum types of backflow protection required to protect the public water supply, at the water user's meter connection to the property with various degrees of hazard, are listed below. Situations not covered in the listed below shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by FPU.

Sec. 10.22.1 Type Of Backflow Protection Required.

1. An (AG) is required on premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
2. An (AG) is required on premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
3. An (RP) is required on premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected. Any sign of injection systems on the property, including unused systems will require an (RP).
4. Auxiliary Water Supplies--Any water supply other than that received from a public water system.
 - A) (AG) is required on premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the District.

B) An (RP) is required on premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system.

5. Recycled Water

A) An (AG) is required on premises where the public water system is used to supplement the recycled water supply.

B) An (RP) is required on premises where recycled water is used, and there is no interconnection with the potable water system.

C) An (RP) is required on residences using recycled water for landscape irrigation as part of an approved dual plumbed use area. If the District is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).

B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.

C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.

D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.

E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.

7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.

8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.

9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.
10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
11. Property owners who appeal to the District to change classification from a classification other ~~than agricultural~~ than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 10.22.3 & 4.

Evaluation of Hazard. The District shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The District, however, shall not be responsible for abatement of cross-connections which may exist within a user's premises. As a minimum, the evaluation should consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

- A) Premises where substances harmful to health are handled under pressure in a manner which could permit their entry into the public water system. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.
- B) Premises having an auxiliary water supply, unless the auxiliary supply is accepted as an additional source by the District.
- C) Premises that have internal cross-connections that are not abated to the satisfaction of the District.
- D) Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
- E) Premises having a repeated history of cross-connections being established or reestablished.

Sec. 10.22.2 Backflow Device Installation on New Services.

The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable. (~~see~~See Type of Backflow Device Protection Required)

An additional charge will be made for installation of backflow prevention devices as follows:

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$475 <u>477</u>
For each 1 inch meter	\$560 <u>562</u>
For each 1-1/2 inch meter	\$1,034 <u>038</u>
For each 2 inch meter	\$1,251 <u>256</u>
For each 3, 4 or 6 inch meter	Cost

Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 10.22.3 Reduced Pressure Backflow Preventer Retrofits.

Retrofit: Installation of a Backflow device after the service connection has been established.

General Design Considerations.

- A) The design and construction of the backflow prevention assembly shall meet the requirements called for in this specification.
- B) The nominal size of the backflow prevention device shall be equal to the size of the purchased meter. For example, a (1") meter shall have a (1") backflow prevention device.
- C) The assembly shall include same size valves located on either side of the backflow prevention assemblies. Four test cocks shall be appropriately located on the assembly for testing and certification.
- D) The nominal size of reduced-pressure principle detector assemblies shall be as shown on the Approved Plans or as directed by the Fire Department of jurisdiction.
- E) Enclosures and concrete slabs shall be provided only as shown on the Approved Plans or as required by the agency of jurisdiction.

Sec. 10.22.4 Reduced Pressure Backflow Preventer Device Retrofit –Installed by Property Owner

The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit. Once the device is installed, passes the backflow test, and meets the District’s standards the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks.

Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday's only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.
- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.
- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty eight dollars (\$128) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.
- 10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 10.22.5 Well Destruction and Alteration.

To protect the State's groundwater supplies, the Legislature authorized the establishment of standards (Department of Water Resources Bulletins 74-81 and 74-90) and regulations pertaining to the construction, alteration, and destruction of wells.

California Water Code Section 13750.5 requires that those responsible for the construction, alteration, or destruction of water wells, cathodic protection wells, groundwater monitoring wells, or geothermal heat exchange wells possess a C-57 Water Well Contractor's License. This license is issued by the Contractors State License Board.

California Water Code Section 13751 requires that anyone who constructs, alters, or destroys a water well, cathodic protection well, groundwater monitoring well, or geothermal heat exchange well file with the Department of Water Resources a report of completion within sixty (60) days of the completion of the work.

The Land and Water Quality Division regulates the design, construction, modification, and destruction of water wells throughout San Diego County to protect San Diego County's groundwater resource. Water Wells are commonly used as the only potable water supply in the rural areas of San Diego County. For general information call the San Marcos office at (760) 471-0730.

Upon the completion of the well destruction or alteration, the property owner is responsible for supplying proper documentation to the District.

If the property owner chooses not to follow the California Water Code (listed above) within sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and a Reduced Pressure Backflow Device is installed (See Section 10.22.3&4) and passes and meets the District standards.

Sec. 10.23 Booster Pumps.

No person shall place or cause to be placed a device to raise the pressure of water supplied him by the District unless said booster system plans and proposals have been submitted to the District's General Manager and written approval for its installation and use has been secured. In the event such apparatus is installed without permission, the General Manager will immediately discontinue service to the consumer and resume service only after satisfactory removal or correction and payment of turn-on charges and payment for any repair or treatment necessary for sanitary and safe operation.

Sec. 10.23.1 Fallbrook Service Area Pressure Zones. Any approved individual service booster pump in the following pressure zones will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer:

- 1) Toyon Heights

- 2) Sachse
- 3) Red Mountain
- 4) Gheen
- 5) Modified Town
- 6) Rattlesnake

Sec. 10.23.2 DeLuz Heights Service Area Pressure Zones. Any approved individual service booster pump in the DeLuz Service Area will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer, with the exception of the following meter numbers:

- 1) Meter No. 7783
- 2) Meter No. 7784
- 3) Meter No. 7789

Sec. 10.24 Fire Hydrants.

For installing, maintaining and use of fire hydrants, the following will apply:

The District will install fire hydrants and necessary piping so required where and when jointly approved by the District staff and the Chief of the Fire District at the cost of the North County Fire Protection District.

In the event hydrants are required as part of pipeline extensions to service a subdivision or consumer, the cost of such hydrants will be included in the cost of the extension construction and paid for by the subdivider or consumer. Charges for installation of hydrants on the existing District distribution system will be as follows:

Model J-3700 (2-port hydrant).....	\$9, 138 <u>175</u>	(complete assembly)
Model J-3765 (3-port hydrant).....	\$9, 896 <u>936</u>	(complete assembly)
Fire flow testing	\$532 <u>534</u>	

If paving over 20 feet is required, there is an additional fee of ~~\$257~~258 per trench foot. If county road inspection is required, there is an additional fee of \$1,~~402~~408.

Charges for fire hydrants will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Maintenance and repairs to hydrants, valves and connecting pipelines, will be performed by the District at the expense of the North County Fire Protection District.

Sec. 10.25 Automatic Sprinkler and Fire Protection Systems.

For automatic sprinkler and fire protection systems, the District upon request, will install a detector check valve system subject to the payment of the following installation charges by the user:

4 inch service	Cost
6 inch service	Cost
8 inch service	Cost

Sec. 10.26 Construction Meters.

For each use of a fire hydrant by any person not _____officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a ~~\$a~~ \$1,266 deposit, a meter installation charge of ~~\$123~~ ~~will~~ \$123 will be made. There will be a relocation charge of ~~\$of~~ \$123 to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 10.27 Water Used for Annual Crops.

For each use of water for agricultural purposes solely for the growing of annual crops, as described in Sec. 10.1, Temporary Ag Service, the connection charge levied by Sec. 10.8 will not be assessed for this purpose.

All other fees, assessments, and charges of this Administrative Code will be in effect. The Board of Directors will determine annually the availability of water for these purposes, and the use will be continued on a year to year basis at the discretion of the Board of Directors.

Sec. 10.28 Illegal Use of Water.

The District may discontinue service to any consumer who uses or permits the use of District water beyond District boundaries or who within the District permits the flow of water beyond the limits of his property which is recorded as being served by the meter service through which the water is supplied. After discontinuing service for such cause, a charge of \$100 plus the estimated cost of the water so wasted or misused will be made and water service will not be resumed until paid.

Sec. 10.29 Water Service Outside District.

In the event that the District should at any time have surplus water over and above that which may be needed and used within the limits of the District, then and in that event, the Directors of the District are hereby authorized to enter into a contract for the sale of such surplus water outside the boundaries of the District, upon such terms and conditions and for such rates as the Directors may at the time deem for the best interests of said District, provided, however, that in no case shall the Directors of said District, in fixing the rate to be charged for water in such contract, charge less than a sum which would represent the cost of actually developing and delivering said water outside of said boundaries of said District.

Sec. 10.30 Application of Water Service to Affordable Housing

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for water service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 10.30.1 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 10.31 Administrative Fees.

The following administrative fees will be charged for the preparation, processing, and recording of the following documents:

Insufficient Funds Check	\$25
Temporary Service Agreements	\$50
Remote Meter Agreements	\$50
Quitclaim of Easement	\$50
Grant of Easement	\$50
Grant Deed	\$50
Temporary Sewer Service Agreements	\$50
Repayment Agreements	\$100

ARTICLE 19 (Renumbered as Article 10 by Resolution 5006)
 Sec. 19.1,19.4,19.6, 19.21, 19.23 & 19.28 – Rev. 6/93
 Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
 Sec. 19.8 – Rev. 4/95
 Sec. 19.1 – Rev. 8/95

Sec. 19.33-19.43 – Rev. 8/95
 Sec. 19.5, 19.24-19.25 – Rev. 9/96
 Sec. 19.6-19.8 – Rev. 9/96
 Sec. 19.23 – Rev. 10/96
 Sec. 19.8 – Rev. 6/97
 Sec. 19.1 – Rev. 7/97
 Sec. 19.11 – Rev. 7/98
 Sec. 19.9 – Deleted (all parcels paid) –
 Rev. 9/98
 Sec. 19.21 – Rev. 6/99
 Sec. 19.8 – Rev. 7/99
 Sec. 19.9 – Rev. 11/99
 Sec. 19.20.2 – Rev. 11/99
 Sec. 19.9.2 – Rev. 7/00
 Sec. 19.8 – Rev. 12/00
 Sec. 19.8 – Rev. 8/01

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Sec. 19.21, 19.23 – Rev. 07/03
 Sec. 19.6, 19.21 – Rev. 6/04
 Sec. 19.8, Rev. 1/05
 Sec. 19.5 – Rev. 7/05
 Sec. 19.4 & 19.8 – Rev. 3/06
 Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
 6/06
 New sec. 19.27 added 6/06
 Sec. 19.5, 19.8 & 19.23 – Rev. 12/06
 New Sec. 19.4 – Added 2/07
 Sec. 19.20 – Rev. 3/07
 Sec. 19.22 – Rev. 6/07
 Sec. 19.6 – Rev. 6/07; 19.7 – Added
 6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
 6/07
 New 19.11 – added 8/07
 Sec. 19.1 (last para pg. 1) & 1st para. Pg.
 2 – Rev. 12/07
 Sec. 19.8.2 – Add 3/08
 Sec. 19.1, 19.6, 19.7, 19.8, 19.8.1, 19.9,
 19.14, 19.22, 19.24, 19.26, 19.27, and
 19.31 – Rev. 6/08
 Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
 19.11.2, 19.11.3, 19.11.4, 19.11.5,
 19.11.6, 19.22,
 19.24, - Rev. 6/09
 19.1, 19.5 Rev. 8/09
 Sec. 19.22-19.22.5 – Rev. 10/09
 Sec. 19.8.1 – Rev. 5/10
 Sec. 19.5 – Rev. 10/10
 Sec. 19.3 – Rev 12/10
 Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
 19.26 – Rev. 5/11

Sec. 19.8, 19.9 – Rev. 4/12
 Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
 19.22.2, 19.24, 19.26 – Rev. 6/12
 Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
 19.22.2, 19.24, 19.26 – Rev. 6/13
 Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
 19.10, 19.22.2, 19.24, 19.26 – Rev. 6/14
 Sec. 19.8.1 – Rev. 10/14
 Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
 19.24, 19.26 Rev. 6/15
 Secs. 19.1, 19.5, 19.11, 19.11.1,
 19.11.2, 19.11.3,
 19.11.4, 19.11.5, 19.11.6, 19.22.1 Rev.
 3/16
 19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
 19.10, 19.22.2, 19.24, 19.26 – Rev. 7/16
 Sec. 19.10 - Rev. 1/17
ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)
 Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
 19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
 Rev. 12/18
 Secs. 19.12.1, 19.12.2, 19.24 – Rev.
 7/19
 Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
 19.10, 19.22.2, 19.24, 19.26 – Rev.
 12/19
 Secs. 19.1, 19.5, 19.11, 19.11.1,
 19.11.2, 19.11.3, 19.11.4, 19.11.5,
 19.11.6 – Rev. 12/20
 Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
 19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
 Rev. 12/20

Attachment B

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following definitions are adopted:

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

The term “Owner,” as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District.

The term “Parcel Map,” as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term “Parcel of Land,” as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor’s office for the County of San Diego and legally ———subdivided by California law.

The term “pass through” means wastewater leaving the District’s sewer system in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the state or federal law, regulation, or order.

The term “Permit,” when used as a noun as used herein, shall mean permit for a sewer connection required by the District for any discharger to the District’s sewer system and includes a sewer permit, a Special Use Permit, a temporary sewer service agreement, and any other authorization to connect to and use the District’s sewer system.

The term “person,” as used herein, shall mean any individual, entity, partnership, firm, association, corporation or public agency, including the State of California and the United States of America.

The term “Project,” as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term “sewer system” or “District’s sewer system” shall mean all of the publicly owned property involved in the operation of the sewage collection, treatment, and disposal system in the District, including land, sewers and appurtenances, pumping stations, and the treatment works and equipment.

The term “Special Use Permit” shall mean a permit for a sewer connection issued by the District to certain industrial users of the District’s sewer system in accordance with Section 11.9.

The Term “SS,” as used herein, means suspended solids.

The term “Subdivision,” as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term “upset” means an incident in which there is temporary noncompliance with requirements of the District’s sewer system regulations.

The term “user” refers to any person who connects to or discharges to or authorizes, permits, facilitates, or allows the connection or discharge to the District’s sewer system.

Sec 11.2 Prohibited Connections.

It shall be unlawful for any person to connect to or to facilitate, authorize, permit, or allow connection to the District sewer system or to add or to facilitate, authorize, permit, or allow the addition of any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction in accordance with Division 20.2 of this Article. No permit to connect shall be issued except to the owner of the property or the owner’s duly authorized agent.

Sec 11.3 Prohibited Uses and Prohibited Discharges.

It is unlawful for any person to use or discharge to, or to facilitate, authorize, permit, or allow the use of or discharge to, the sewer system except in accordance with Division 20.3.

Industrial users subject to the pretreatment standards specified in Part 403 of Title 40 of the Code of Federal Regulations are prohibited from connecting to or discharging into the District’s sewer system.

Sec 11.4 Permit Required.

No person or entity shall be entitled to establish, authorize, cause, facilitate or allow a connection or discharge to the District’s sewer system without first obtaining a sewer permit in accordance with Section 11.4, a Special Use Permit in accordance with Section 11.9 or a temporary sewer service agreement in accordance with Section 11.10 and paying required fees in accordance with this Article.

No person or entity shall be entitled to discharge or to authorize, cause, facilitate, or allow a discharge to the District’s sewer system except as authorized by a sewer permit, Special Use Permit or temporary sewer service agreement. Permits are issued only for the use expressly authorized by the permit.

If a permit does not show thereon the number of equivalent dwelling units for which it is issued, the holder of the permit may seek a determination of the equivalent dwelling units authorized by the permit in accordance with this Article.

The holder of a permit who seeks to undertake any of the following actions on the property associated with the permit must submit an application for a redetermination of equivalent dwelling units as set forth in Section 11.7 and/or a redetermination of strength classification under Section 11.8 and, if required apply for a new or amended permit and pay fees in accordance with this Article:

- a) add a new or change an existing use of a property;

- b) remodel, renovate, or enlarge a structure that discharges or connects to the District's sewer system;
- c) construct any additional improvements on the parcel of property that discharges or connects to the District's sewer system;
- d) discharge a greater volume of wastewater than is authorized by an existing sewer permit;
- e) discharge wastewater with a greater concentration of BOD, SS or other constituent than is authorized by the sewer permit.

No sewer permit required by this Section is valid until the applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with this Article.

Sec 11.5 Sewer Permit Application Process.

Sec 11.5.1 Submission of Application.

Any person required to obtain a permit in accordance with Section 11.4 must submit a request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application, which may include but is not limited to the following:

- a) Environmental Review.

Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to complete this additional environmental review. All environmental review shall be at the applicant's sole cost and expense. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

- b) Plans and Specifications.

Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received

all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

c) Parcel Maps and Subdivisions.

Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California. The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement.

Sec 11.5.2 Determination of Equivalent Dwelling Unit and Strength.

Upon receiving an application for issuance of a sewer permit, the District will determine the number of equivalent dwelling units and anticipated strength classification for which the Permit shall be issued, and fees shall be calculated in accordance with this Article.

Sec 11.5.3 Payment of Fees.

Before a sewer permit may be issued, the applicant must pay the following fees or arrange for payment of the fees pursuant to Section 11.16:

- a) Capacity fees in accordance with Section 11.16.2;
- b) Plan Check fees in accordance with Section 11.16.3;
- c) Lateral fees in accordance with section 11.16.4, if applicable;
- d) Fees to inspect contractor-installed laterals in accordance with Section 11.16.5, if applicable; and
- e) Annexation fee in accordance with Section 11.16.6, if applicable.

Sec 11.6. Sewer Availability Forms and Letters.

If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, and all fees have been paid or guaranteed, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays

all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec 11.7 Equivalent Dwelling Units.

a) Equivalent Dwelling Unit Schedules.

1. The following schedule shall be used when determining the equivalent dwelling units and class of service for any connection to the District’s sewer system.

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE

Equivalent Class	Description	Dwelling Units
Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.) *Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel with no restaurant	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33

Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00
	Car Wash with water recovery system and public restroom	
Class 21		2.00
	Self Service Laundry	
Class 23	Restaurants	2.00
	Restaurant Under 2500 Square feet	
Class 24		3.00
	Restaurant 2501-7000 Square feet	
Class 25		4.00
	Restaurant Over 7000 Square feet	
Class 26		5.00

	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.24

2. Unclassified Users. Users whose use is not classified in the above table are considered “unclassified users.” District staff shall determine the number of equivalent dwelling units for which a permit shall be issued to an unclassified user, including but not limited to commercial and industrial users, based upon the estimated volume of wastewater to be discharged therefrom into the District’s sewer system. An unclassified user that is also an Industrial User may be required to obtain a Special Use Permit pursuant to Section 2.9.

b) Determination and Redetermination of Equivalent Dwelling Units.

1. Determination of Equivalent Dwelling Units.

The holder of an existing sewer permit which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on this section.

Upon completing the determination of the number of equivalent dwelling units to be assigned to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units assigned thereto and shall also make a notation of such equivalent dwelling units assigned to the existing in the appropriate District record.

2. Redetermination of Equivalent Dwelling Units.

Upon receiving an application for a redetermination, the District shall determine the number of equivalent dwelling units assigned to such permit and the number of equivalent dwelling units required by the action undertaken by the permit holder. If the permit does not accurately show the number of equivalent dwelling units for which it was issued or which will exist after the action undertaken by the permit holder, the District shall determine the number of equivalent dwelling units to be assigned to such permit in the manner above provided in this section, and whether the action undertaken by the permit holder will necessitate additional equivalent dwelling units.

If additional equivalent dwelling units are required as a result of the action undertaken by the permit holder, the applicant will be required to acquire additional equivalent dwelling units in accordance with Section 11.4, to construct any additional sewer facilities determined necessary by the District to adequately serve the property, and to pay fees required by this Article based on the fees in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

3. Reduction in Equivalent Dwelling Units.

If any determination or redetermination conducted in accordance with this Section results in a reduction in equivalent dwelling units, such reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec 11.8 Determination and Classification of Strength (BOD and SS).

The District shall use the following guidance when determining the anticipated concentrations of BOD and SS for discharges to the District's sewer system:

- a) Low strength: BOD < 200 mg/l and SS < 200 mg/l: Retail, laundry, church or community facility with no kitchen, offices, car wash, nursing home or hospital.
- b) Medium strength: BOD 200 - 700 or SS > 200 -700: hotel, auto service station, hotel with restaurant, light manufacturing.
- c) High strength: BOD > 700 mg/l or SS > 700 mg/l: Restaurant, mortuary, manufacturing or high strength wastes.

The allowable discharge strength classification shall be set forth in the permit.

Industrial Users required to obtain a Special Use Permit may be subject to alternative strength classification requirements and/or additional discharge requirements pursuant to Section 11.9.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease any actual discharge and obtain and implement a Special Use Permit in accordance with Section 11.9 before commencing or recommencing any such discharge.

Sec. 11.9 Special Use Permits.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease

any actual discharge and obtain and implement a Special Use Permit before commencing or recommencing any such discharge.

Applicants for Special Use Permits shall complete and file the standard application form and submit all applicable fees. Applications for a Special Use Permit shall include such additional information as may be required by the General Manager, which may include, but not be limited to, sewage constituents and characteristics (as may be determined by a laboratory approved by the District), and any other information deemed necessary by the District to evaluate the application.

The Special Use Permit shall be subject to all requirements and provisions applicable to general permits under this Article, but may also be subject to one or more of the following:

- a) Limitation of the volume discharged;
- b) Restriction of peak flow discharges;
- c) Pretreatment of wastewater prior to discharge;
- d) Discharge of certain wastewater only to specified sewers of the District;
- e) Relocation of the point of discharge;
- f) Prohibition or limitation of discharge of certain wastewater constituents;
- g) Restriction of discharge to certain hours of the day;
- h) Filing of periodic self-monitoring discharge reports or results of periodic measurements;
- i) Installation of a suitable manhole together with such necessary meters and other appurtenances to facilitate observation, sampling, and measurement of the wastes;
- j) Payment of additional charges to defray increased costs of the District created by the wastewater discharge; and
- k) Such other conditions as may be required to achieve the purpose of this section.

Sec 11.10 Temporary Sewer Service Agreement.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a user that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending a temporary private line from the sewer to the property to be served, and obtaining whatever temporary easements are required for such extension. Temporary sewer service agreements shall establish the financial obligations of the user related to the

future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

If the user's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Sec. 11.11 Permit Modifications.

The terms and conditions of a permit may be subject to modification by the District, in accordance with any changes in the effluent standards limitations or prohibited substances by superior regulators or in response to violations of this Code. The discharger shall be informed of any proposed changes in the permit at least thirty (30) days prior to the effective date of change, except in the case of violations of a permit or other order of the District, which may be modified as needed to protect public health, safety, and welfare, the District's sewer system, or personnel. Any modifications or new conditions in the permit shall include a reasonable time schedule for compliance.

No person shall discharge sewage in excess of the quantity or quality limitations set by a permit. Anyone desiring to discharge wastes or use wastewater facilities that are not in conformance with terms of a permit must apply to the District for an amendment to the permit or for a Special Use Permit, as applicable.

Sec. 11.12 Permits Non-Transferable.

A permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A permit shall not be transferred to or used for a parcel of land which is not specifically described in the permit. Permits may be used only for the use which is specifically set forth on the permit.

Sec 11.13 Application of Sewer Service to Affordable Housing.

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for sewer service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or

- b) The District is subject to a compliance order issued by the State Water Resources Control Board, Division of Drinking Water that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for sewer service from the District which is generally applicable to other development projects seeking sewer service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 11.14 Sewer Use Requirements.

Sec. 11.14.1 General Conditions for Sewage Disposal.

No person shall discharge to the District's sewer system except through a connection permitted in accordance with Division 20.2 and in accordance with the sewer use requirements of this Division 20.3 and on payment of fees and charges provided in Division 20.4. Unless specifically authorized in a Special Use Permit issued by the District, no person shall discharge to the District's sewer system anything other than domestic sewage that complies with the requirements of this Article.

No person shall discharge to the District' sewer collection system in any manner that does the following:

- a) Create nuisances such as odors,
- b) Menace or endanger public health or safety or damage public or private structures, facilities or improvements,
- c) Impose unreasonable collection, treatment, or disposal costs to the District,
- d) Interfere with wastewater treatment processes,
- e) Exceed quality requirements set by regulatory government agencies,
- f) Detrimentially affect the local environment,
- g) Causes or contributes or threatens to cause or contribute to a bypass of untreated waste, pass through, or upset; or
- h) Cause or contribute to a violation of any permits applicable to the District's sewer system or treatment facilities.

Sec. 11.14.2 Discharge Prohibition.

Unless written approval has been provided by the District, no person shall discharge or cause to be discharged into the District's sewer, directly or indirectly, the following:

- a) Any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or industrial process waters.
- b) Pollutants which create a fire or explosion hazard, including but not limited to any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
- c) Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanides in excess of two (2) mg/L as CN in the wastes as discharged to the public sewer.
- d) Pollutants which will cause corrosive structural damage to the sewer system, but in no case any waters or wastes having a pH lower than 6.0 or in excess of 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the sewage works.
- e) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works such as, but not limited to, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, ashes, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.
- f) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the sewer system.
- g) Brine from on-site regenerated ion exchange water treating devices.
- h) Water softener waste or any other salt water brine wastes.
- i) Any trucked or hauled pollutants, except at discharge points designated by the District.
- j) Fats, oils and grease (FOG) from food service establishments, except in compliance with the District's FOG program.
- k) Any other substances, materials, waters, or wastes if it appears likely in the opinion of the District's General Manager that such wastes can harm either the sewers, sewage treatment process, or equipment, have an adverse effect on the receiving

stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In making a determination as to the acceptability of these wastes, the General Manager will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacity of the sewage treatment plant, degree of treatability of wastes in the sewage treatment plant, and other pertinent factors. The substances prohibited are:

- l) Heat in amounts which will inhibit biological activity in the sewer system resulting in interference, but in no case any liquid or vapor having a temperature higher than one hundred fifty (150) °F (65°C).
- m) Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of two hundred (200) mg/L or containing substances which may solidify or become viscous at temperatures between thirty two (32) and one hundred fifty (150) °F (0 and 65° C).
- n) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three fourths (3/4) horsepower (0.76 hp metric) or greater shall be subject to the review and approval of the District.
- o) Any waters or wastes containing strong acid iron picking wastes, or concentrated plating solutions whether neutralized or not.
- p) Any water or wastes containing boron, cadmium, chromium, copper, iron, lead, manganese, mercury, selenium, tin, zinc and similar objectionable or toxic substances, or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the District for such materials. And, any water or wastes containing constituents in excess of those required by the District's current permits.
- q) Any water or wastes containing phenols or other taste odor producing substances, in such concentrations exceeding limits which may be established by the District as necessary, after treatment of the composite sewage, to meet the requirements of the State, Federal, or other public agencies of jurisdiction for such discharge to the receiving waters.
- r) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the District in compliance with applicable State or Federal regulations.
- s) Materials which exert or cause:
 - 1. Any waters or wastes containing more than 350 parts per million by weight of suspended solids or have a 5 day B.O.D. greater than 300

parts per million by weight, or a C.O.D. greater than 600 parts per million by weight.

2. Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
 3. Unusual B.O.D. chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
 4. Unusual volume of flow or concentration of wastes constituting “slugs” as defined herein.
- t) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed, or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

Sec. 11.14.3 FOG Compliance Program.

The District has prepared and adopted a fats, oils, and grease (FOG) program on the implementation and enforcement of this Article. The District may require compliance with the FOG program as a condition of a Special Use Permit under this Article. FOG program may be updated as needed to achieve the applicable performance standards for the sewer system.

Sec. 11.15 Miscellaneous Provisions.

Sec. 11.15.1 Provide Information.

Users must provide information regarding the nature of any discharge to the system on request of the District.

Sec. 11.15.2 Users Outside the District.

The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District. The provision of sewer services to premises outside the District shall also comply with applicable law, including but not limited to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code § 56000 et seq.).

Sec. 11.15.3 Agreements.

No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the District and any discharger whereby waste

of unusual strength or character may be accepted by the District for treatment, subject to payment as agreed thereof by the discharger.

Sec. 11.16 Fees and Charges.

Sec. 11.16.1 Sewer Service Charges.

Every user of the District's sewer system must pay a sewer service charge for the use of the District's sewer system in an amount and at a frequency established by the Board.

Sec. 11.16.2 Capacity Fees.

a) Capacity Fee Amount. Prior to issuance, reissuance, or amendment of a sewer permit the following capacity fees shall be paid by an applicant for a sewer permit for each equivalent dwelling unit determined by the District in accordance with Section 11.7:

Capacity Fee	\$7, 115 -144 per EDU
--------------	-------------------------------------

b) Adjustments to Capacity Fees. Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

c) Financing Capacity Fees. Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff as follows:

1. Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
2. Any delinquent amounts will be transferred to the property tax bill.
3. Amounts up to \$3,000 are due immediately with no financing option.
4. Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
5. Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
6. Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
7. Liens will not be offered as a methods of postponing payment of fees.

Sec. 11.16.2 Plan Check Fees.

- a) An applicant must pay a plan check fee in accordance with the following:
1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
 2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
 3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 11.16.4 Lateral Fees.

If the District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device, the applicant shall pay the following fee upon submission of an application. The fee is to cover the cost to install a lateral from the main line and to install the clean-out box and overflow device, if a lateral is required based on the nature of the application:

Length	Depth	Crew Size	Hours	Cost
≤ 15'	≤ 8'	4	36	\$3,500 <u>514</u>
≤ 15'	>8'	4	56	\$5,422 <u>444</u>
>15' to 30'	≤8'	5	90	\$7,443 <u>473</u>
>15' to 30'	>8'	5	115	\$9,586 <u>624</u>
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of \$1,~~470~~476. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$2,~~462~~472. If county road inspection is required, there is an additional fee of \$1,~~402~~408.

Lateral installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec 11.16.5 Fees for District to Inspect Contractor-Installed Facilities.

If a contractor will install the sewer lateral and related facilities, the applicant shall pay a sewer lateral inspection fee on a time and materials basis. Upon submission of an application, the applicant shall pay a deposit for the estimated inspection fee, calculated as follows:

Sewer Lateral Installation Estimated inspection hours @ \$106.~~31~~74 = Estimated inspection fee

If the actual time per form inspection is less than the District's estimate, the District will refund the excess amount to the applicant. If the actual time to perform inspection exceeds the estimated time, the applicant shall pay the remaining amount due to the District as a condition of service. If the applicant fails to pay within the time specified by the District, the District may include the remaining amount in its bill for ~~for~~ sewer service or seek collection through any other lawful means.

Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 11.16.6 Annexation Fees.

An applicant must pay a sewer annexation fee for any connection located in an area that is required to be annexed to the sewer service area after March 23, 2012 in accordance with state law. Annexation fees are due with the other sewer permit fees when applying for a sewer permit and are calculated for each equivalent dwelling unit determined by the District in accordance with Section 11.7.

Annexation Fee (if required)	\$11,389 per EDU
------------------------------	------------------

Sec. 11.16.7 Fees and Charges May Be Collected with Taxes.

Notwithstanding any other provision of this Administrative Code, the fees and charges required by this Code, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 11.17 Right of Entry and Inspection.

To the fullest extent permitted by law, the officers, employees, and agents of the District shall have the right to enter upon any premises within the District to inspect and verify compliance with the Administrative Code or any permit, order, ordinance or authorization issued by the District. The District has the right to conduct routine inspections and sampling at any location where discharges to the sewer system occur.

Sec. 11.18 Enforcement – Generally.

In addition to any remedies provided in this Code or available under any applicable law, the District may take any enforcement action or combination of enforcement actions provided in this Division against any person who violates any provision of this Article.

Sec. 11.19 Administrative Enforcement.

Sec. 11.19.1 Monitoring.

The Authorized Inspector may require any discharger who violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article to pay all costs associated with follow-up sampling, cost of analysis, and inspections needed to return the discharger to compliance. The discharger may be required to install and maintain pre-treatment, monitoring, and sampling facilities to ensure compliance with this Code.

Sec. 11.19.2 Citations.

The Authorized Inspector may issue an administrative citation directing a user or discharger to cease any action that violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article and may require the user or discharger to take any action necessary on a reasonable timeline to return to compliance and to pay penalties and costs authorized by law or this Article.

Sec. 11.19.3 Termination of Service and Revocation of Permit.

In addition to other statutes or rules authorizing termination of service for delinquency in payment for sewer service, the District may revoke any permit issued pursuant to these regulations. The District may also terminate the sewer or water service to any property, if a violation of any provision of this Article or a permit is found to exist, or if any wastewater discharge into the District's sewer system causes or threatens to cause a condition of contamination, pollution, or nuisance.

When deemed necessary for the preservation of public health or safety, or for the protection of public or private property, the District may suspend or terminate sewer or water service to any person using the sewer system in a manner endangering the public health or safety, or public or private property. If such endangerment shall be imminent, the District may act immediately to suspend sewer service without notice or warning to said discharger. In terminating service, the District may sever all pertinent connections to the public sewer.

Sec. 11.19.4 Permit Amendment.

In the event that the user demonstrates non-compliance or potential non-compliance with the limitations set forth in this Article or in any permit, agreement, or other authorization issued in accordance with this Article, the District may require the user to obtain a Special Use Permit or may modify an existing permit.

Sec. 11.19.5 Cost Recovery.

A person violating this Code or a permit or agreement or other authorization issued in accordance with this Article, or who discharges wastewater that causes a deposit, obstruction, damage, or any other impairment to the District's sewer system shall become liable for all expense, loss, or damage sustained by the District by reason of such violation or discharge. Such expenses, losses and damages include the District's costs of investigation and of taking any enforcement action required to return the user to compliance.

In addition to such costs, the District may recover reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation by means of an appropriate lawsuit or other remedy against the person or discharger found to have violated these regulations or any discharge permit issued.

The District may condition the provision or continued provision of service on the payment of such expenses, losses, and damages.

Sec. 11.19.6 Administrative Complaint – Pretreatment Violations.

- a) In accordance with Section 54740.5 of the Government Code, the Authorized Inspector may issue an administrative complaint to any person who violates any requirement adopted or ordered by a local agency pursuant to Section 11.9. The administrative complaint shall allege the act or failure to act that constitutes the violation of the requirements, this Section, and the proposed civil penalty.
- b) The administrative complaint shall be served by personal delivery or certified mail on the person subject to the discharge requirements, and shall inform the person served that a hearing shall be conducted within 60 days after the person has been served. The hearing shall be before a hearing officer designated by the General Manager. The person who has been issued an administrative complaint may waive the right to a hearing, in which case no hearing will be conducted. A person dissatisfied with the decision of the hearing officer may appeal to the Board within 30 days after notice of the hearing officer's decision.
- c) If after the hearing, or appeal, if any, it is found that the person has violated reporting or discharge requirements, the hearing officer or Board may assess a civil penalty against that person. In determining the amount of the civil penalty, the hearing officer or Board may take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any noncompliance, the nature and persistence of the violation, the length of time over which the violation occurs and corrective action, if any, attempted or taken by the discharger.
- d) Civil penalties may be imposed as follows:
 1. In an amount which shall not exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.
 2. In an amount which shall not exceed three thousand dollars (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule established by the Authorized Inspector.
 3. In an amount which shall not exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge

limitation, permit condition, or requirement issued, reissued, or adopted by the District.

4. In an amount which does not exceed ten dollars (\$10) per gallon for discharges in violation of any suspension, cease and desist order or other orders, or prohibition issued, reissued, or adopted by the District.
 5. The amount of any civil penalties imposed under this section which has remained delinquent for a period of 60 days shall constitute a lien against the real property of the discharger from which the discharge originated resulting in the imposition of the civil penalty. The lien provided herein shall have no force and effect until recorded with the county recorder and when recorded shall have the force and effect and priority of a judgment lien and continue for 10 years from the time of recording unless sooner released, and shall be renewable in accordance with the provisions of Sections 683.110 to 683.220, inclusive, of the Code of Civil Procedure.
- e) All moneys collected under this section shall be deposited in a special account of the District and shall be made available for the monitoring, treatment, and control of discharges into the District's sewer system or for other mitigation measures.
 - f) Unless appealed, orders setting administrative civil penalties become effective and final upon issuance thereof, and payment shall be made within 30 days. Copies of these orders shall be served by personal service or by registered mail upon the party served with the administrative complaint and upon other persons who appeared at the hearing and requested a copy.
 - g) The local agency may, at its option, elect to petition the superior court to confirm any order establishing civil penalties and enter judgment in conformity therewith in accordance with the provisions of Sections 1285 to 1287.6, inclusive, of the Code of Civil Procedure.
 - h) No penalties shall be recoverable under this section for any violation for which civil liability is recovered under Section 54740 of the Government Code.

Sec. 11.20 Public Nuisance.

- a) Discharge of wastewater in any manner that is in violation of this Article or a permit, or any order issued by the District as authorized herein, is hereby declared a public nuisance and shall be corrected or abated as directed by the District. Any person creating such a public nuisance is guilty of a misdemeanor and may be referred for criminal prosecution.
- b) If any wastes or waters are discharged, or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics prohibited under this Article, and which in the judgement of the District, may have a deleterious effect upon the sewage works, processes, equipment, or receiving

waters, or which otherwise create a hazard to life or constitute a public nuisance, the District may:

1. Reject the wastes,
2. Require pretreatment to an acceptable condition for discharge to the public sewers,
3. Require control over the quantities and rates of discharge,
4. Require discharger to obtain and comply with an Special Use Permit under this Article,
5. Require payment to cover the added cost of handling and treating the wastes not covered by the sewer charges levied by the District, and/or
6. Take any or all enforcement actions available to the District for violations of this Article.

Sec. 11.21 Civil Enforcement.

Sec. 11.21.1 Injunction.

Whenever a discharge of wastewater or other action is found to be in violation of this Code or a permit, or otherwise causes or threatens to cause a condition of contamination, pollution, or nuisance, the District may petition the Superior Court for the issuance of a temporary restraining order, preliminary injunction, permanent injunction, or all, as may be appropriate to restrain such action or require compliant actions.

Sec. 11.21.2 Other Actions.

The District may take any other civil action available at law or in equity to enforce the provisions of this Code.

Sec. 11.21.3 Criminal Enforcement.

Violations of this Code may constitute violations of other federal, state, or local laws. The District may refer such violations to the appropriate law enforcement agency for prosecution.

Sec. 11.22 Appeal Process.

Sec. 11.22.1 Appeals of Determinations and Redeterminations of EDUs.

- a) The owner of a property subject to a determination or redetermination made in accordance with Section 11.7 may appeal that determination or redetermination to the General Manager within fifteen (15) days after the District delivers notice of

the determination or redetermination in accordance with Section 11.23 by submitting a written appeal and supporting documentation.

- b) The appellant may submit evidence and the hearing officer shall only consider evidence that is relevant to whether the determination or redetermination was made in error and whether an alternative determination or redetermination is justified, such as evidence that discharges will be lower than the typical industry values identified in the schedule or otherwise determined by the District.
- c) The hearing officer will grant the appeal in whole or in part if it determines that the evidence submitted by the appellant justifies an alternative determination.

Sec. 11.22.2 Appeals of Special Use Permit Requirements.

- a) Any person subject to a Special Use Permit issued in accordance with Section 11.9 may appeal any term or condition included in the Special Use Permit to the General Manager within fifteen (15) days after the Special Use Permit is delivered in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence regarding (a) the discharger's ability to meet the District's effluent standards; (b) the requested variance and its impacts on the operation of any District wastewater treatment plant or improvements.
- c) The hearing officer will grant the appeal in whole or in part if the following criteria can be demonstrated: (a) that the discharger is unable to meet the District's effluent standards by means of reasonable modifications to the discharging facility; (b) that the requested variance will not directly impact the operation of any District wastewater treatment plant or improvements, cause the wastewater or sludge of such plant to violate applicable requirements, or harm facilities or personnel; and (c) that the easing of any effluent standards will not violate any State or Federal requirements applicable to the District.

Sec. 11.22.3 Appeals of Administrative Enforcement Actions.

- a) Any person subject to an administrative enforcement action appeal from the issuance thereof to the General Manager within fifteen (15) days of the date of delivery of the administrative enforcement action by the Authorized Inspector. A person subject to an order to remedy a condition which poses an immediate threat to the public health, safety or welfare shall comply with that order during the pendency of any appeal.
- b) The only issues on appeal may be whether there was a violation as alleged in the administrative enforcement action and whether the appellant is the person responsible for the violation or corrective action.

- c) The amount of any fine or penalty imposed with the administrative enforcement action must be submitted together with the written appeal. Any fine which has been deposited shall be refunded if it is determined, after a hearing, that the person subject to the administrative enforcement action was not responsible for the violation or that there was no violation as alleged in the administrative enforcement action.

Sec. 11.22.4 Hearing on Appeal.

- a) Whenever a hearing is required or held in accordance with this Article, the General Manager or hearing officer appointed by the General Manager shall endeavor to set a date for the hearing that is not less than fifteen (15) and not more than sixty (60) days after the date that the written appeal is filed.
- b) The District shall notify person requesting the hearing of the time and place set for the hearing at least ten (10) days prior to the date of the hearing.
- c) The failure of any person requesting a hearing to appear at the hearing shall constitute a forfeiture of the appeal and any fine, and shall be a bar to judicial review of the action based upon a failure to exhaust administrative remedies.
- d) The hearing officer shall only consider evidence that is relevant to the issues identified in this Section.
- e) The appellant shall be given the opportunity to testify and present witnesses and evidence concerning the administrative citation.
- f) The District's determination or redetermination, permit or agreement, or administrative enforcement action and any additional document created by the District shall constitute prima facie evidence of the respective facts contained in those documents. Formal rules of evidence shall not apply.
- g) Upon request, the person requesting a hearing shall be provided with copies of the citations, reports and other documents submitted or relied upon by the District when taking the action subject to the appeal. In addition, if the District submits any additional written reports concerning action subject to the hearing to the hearing officer for consideration at the hearing, then a copy of said documentation also shall be served by mail on the person requesting the hearing.
- h) The hearing officer may continue the hearing and request additional information from the District or the person requesting the hearing prior to issuing a written decision.
- i) After considering all of the testimony and evidence submitted at the hearing, the hearing officer may immediately issue a verbal decision or may issue a written decision within ten (10) days of the hearing. The decision shall include the reasons for the decision and such decision shall be final. If the hearing officer determines that the administrative citation should be upheld, then the fine amount on deposit

with the city shall be retained by the city. If the hearing officer determines that an administrative citation should be canceled and the fine was deposited with the city, then the city shall promptly refund the amount of the deposited fine.

- j) If any action is not timely appealed as provided in this Article, the action becomes final.

Sec. 11.22.5 Appeal to Board.

The decision of a hearing officer issued in accordance with this Article may be appealed to the Board within fifteen (15) days after delivery of the notice of such decision in accordance with Section 11.23. An appeal under this Section must be submitted to the General Manager on a form or in a format specified by the District. The only issue on appeal shall be whether the decision of the hearing officer is supported by the evidence.

Sec 11.22.6 Judicial Review.

Any person subject to a decision of the Board on an appeal of a decision of a hearing officer may obtain review of the decision of the Board by filing a petition with the Superior Court of San Diego in accordance with the timelines and provisions applicable to writs of mandate under Code of Civil Procedure section 1094.5.

Sec 11.23 Delivery of Notice.

Notice of any administrative enforcement action or other action of the District required be delivered pursuant to the requirements of this Article shall be subject to the following:

- a) Notice of any administrative enforcement action shall state that the recipient has a right to appeal the matter as set forth in Section 11.22 of this Article.
- b) Notice shall be delivered by personal service to the recipient, deposit in the U.S. mail, postage prepaid for first class delivery, by facsimile service with confirmation of receipt, by posting on the property, or by any other means permitted by law, including by electronic mail on consent of the person receiving the notice.
- c) Delivery shall be deemed complete as follows:
 - 1. Upon personal service;
 - 2. As indicated on the return receipt of any notice mailed by certified mail, return receipt requested;
 - 3. Three (3) days after deposit in the U.S. mail, postage pre-paid for first class deliver; or

4. Where the owner or occupant of any property cannot be located after the reasonable efforts any notice shall be deemed delivered after posting on the property for a period of five (5) business days.
- d) Where the recipient of notice is the owner of the property, the address for notice shall be the address from the most recently issued equalized assessment roll for the property or as otherwise appears in the current records of the City.

ARTICLE 20 (Renumbered as Article 11 by Resolution 5006)

Revised in its entirety – 6/93, 6/94, 6/95, 9/96
Sec. 20.7, Sec. 20.7.2 – Rev. 6/99
Sec. 20.6 – Rev. 11/99
Sec. 20.5.4 & 20.5.5 – Rev. 6/06
Sec. 20.7.1 & 20.7.2 – Rev. 6/06
Sec. 20.6.1 – Rev. 10/06
New Sec, 20.6 – Added 2//07
Sec. 20.7.5; 20.7.8; 20.8; 20.8.1; 20.8.2 – Rev. 6/07
20.8.1 – Rev. 3/08
20.7.2, 20.7.4, 20.7.5, 20.7.6, 20.8, 20.8.2 – Rev. 6/08
Sec. 20.7.2 – Rev. 8/08
Sec. 20.8.1, 20.8.2 – Rev. 6/09
Sec. 20.11 – Rev. 12/10
Sec. 20.8.2 – Rev. 5/11
Sec. 20.8.1 – Rev. 6/11
Sec. 20.8.1 – Rev. 4/12
Sec. 20.2, 20.4, 20.6.2, 20.6.3, 20.7.1, 20.7.2, 20.7.3, 20.7.4, 20.7.5, 20.7.6, 20.8.2 – Rev. 6/12
Sec. 20.7.2, 20.7.3 – Rev. 7/12
Sec. 20.8 – Rev. 6/13
Sec. 20.8.1, 20.8.2 – Rev. 6/14
Sec. 20.8.1, 20.8.2 – Rev. 6/15
Secs. 20.5.2 (add), 20.8.1, 20.8.2 – Rev. 7/16
Secs. 20.5.2, 20.8, 20.8.2 – Rev. 12/18
Sec. 20.7.2 – Rev. 7/19
Revised in its entirety – 8/20
Sec. 20.16.2, 20.16.4, 20.16.5 – 12/20

Attachment C

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, ~~2021~~2022, the following rates for water deliveries to each class of service are established:

Sec. 12.1 Volumetric Water, Recycled Water and Pumping Rates.

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

—gallons:

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

1-5 units per month	\$67.83 <u>17</u> per unit
6-30 units per month	\$67.92 <u>27</u> per unit
Over 30 units per month	\$8.44 <u>86</u> per unit

Commercial (C).

All usage	\$7.03 <u>38</u> per unit
-----------------	--------------------------------------

Multi-Unit (M) (Tier ranges factor residential units, per Article 10.1).

1 - 5 units per month	\$67.83 <u>17</u> per unit
6 - 30 units per month	\$67.92 <u>27</u> per unit
Over 30 units per month	\$8.44 <u>86</u> per unit

Government (G).

All usage	\$67.91 <u>26</u> per unit
-----------------	---------------------------------------

Irrigation Only (I).

All usage	\$7.04 <u>39</u> per unit
-----------------	--------------------------------------

SAWR - Ag Only (AS).

All usage\$~~5.06~~31 per unit

SAWR - Ag & Home (AT).

1-5 units per month\$~~67.83~~17 per unit

6-17 units per month\$~~56.86~~15 per unit

Over 17 units per month\$~~5.06~~31 per unit

Commercial Ag (CA).

All usage\$~~56.86~~15 per unit

Commercial Ag Domestic (CB).

1-5 units per month\$~~67.83~~17 per unit

Over 5 units per month\$~~56.86~~15 per unit

Drought Rates

In order to prepare and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the "Program"). Pursuant to the Program, the District established four Water Shortage Response Levels. Article 17 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$~~56.84~~13 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers. For San Diego County Water Authority and Metropolitan Water District rebate purposes, reclaimed water rates must be set at higher of 85 percent of lowest applicable potable water rate or 80 percent of the average of Tier 1 and Tier 2 rates.

Construction Meter.

Water furnished for construction purposes will be billed at \$~~89.70~~14 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$~~0.84~~88 per 1,000 gallons to recover the cost of electricity.

Sec. 12.2 Monthly Fixed Charges.

Effective January 1, ~~2021~~2022, the following rates and charges are established and shall be collected by the District for water and recycled water service:

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

	Water Charges	Fixed	Recycled Water Charges	Standby Service Charge	Private Services Charge	Fire
3/4 inch meter	\$5356.52	20	\$2425.02	\$2425.02	NA	
1 inch meter	\$8185.70		\$3234.52	\$3234.52	NA	
1-1/2 inch meter	\$152159.12		\$5356.77	\$5356.77	-NA	
2 inch meter	\$236248.65		\$7983.27	\$7983.27	\$112.67	
3 inch meter	\$462485.01		\$147154.29	\$147154.29	\$1213.44	06
4 inch meter	\$715751.55		\$223235.81	\$223235.81	\$1314.78	47
6 inch meter	\$1,419490.85		\$436458.34	\$436458.34	\$1819.57	50
8 inch meter	NA		NA	NA	\$2628.84	18

NA- Not applicable

For construction meters, a service charge of ~~\$354372.98-72~~ per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2" water meter.

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

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

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

For each 3/4 inch device	\$56.90-20
For each 1 inch device	\$67.95-30
For each 1-1/2 inch device	\$1213.86-50
For each 2 inch device	\$1516.42-19
For each 3 inch device	\$3032.81-35
For each 4 inch device	\$4850.15-56
For each 6 inch device	\$96101.28-09

Sec. 12.3 MWD Readiness-to-Serve Charge (RTS) and SDCWA Infrastructure Access Charge (IAC).

Effective July, 2021, the following monthly charges are established and shall be collected by the District for the Metropolitan Water District of Southern California's Readiness-to-Serve (the "RTS") charge and San Diego County Water Authority's Infrastructure Access Charge (the "IAC").

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

	RTS	IAC
3/4 inch meter	\$1.72	\$3.64 4.00
1 inch meter	\$2.87	\$6.08 6.69
1-1/2 inch meter	\$5.73	\$12.12 13.33
2 inch meter	\$9.17	\$19.40 21.34
3 inch meter	\$18.35	\$38.86 42.75
4 inch meter	\$28.67	\$60.72 66.79
6 inch meter	\$57.33	\$121.13 133.39-53

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional ~~\$9~~^{10.77}~~10~~ per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, ~~2021~~²⁰²². This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the "CIC") was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

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

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

Meter Size	FPUD EMU	Water CIC	Water CIC (Standby Service)
3/4 inch meter	1.0	\$9 ^{10.77} 10	\$4.42 5.7
1 inch meter	1.67	\$16.27 82	\$7.37 62
1-1/2 inch meter	3.33	\$32 ^{33.55} 66	\$14 ^{15.75} 25
2 inch meter	5.33	\$52 ^{53.07} 84	\$23 ^{24.60} 40
3 inch meter	10.67	\$104 ^{107.14} 68	\$47 ^{48.19} 79
4 inch meter	16.67	\$162 ^{168.72} 25	\$73 ^{76.73} 24

6 inch meter	33.33	\$325336.43-50	\$147152.46-48
--------------	-------	---------------------------	---------------------------

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

Sec. 12.5 Billing Periods.

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

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

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

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

Sec. 12.5.1 Unclaimed Funds

Unclaimed funds in an amount less than \$15 or where the depositor's name is unknown will become FPUD general funds if unclaimed for 1 year. Unclaimed funds in an amount greater than \$15 become may become FPUD general funds once the following procedure is completed:

1. The FPUD treasurer will publish notice once a week for two (2) successive weeks in a newspaper of general circulation published within FPUD boundaries.
2. The notice will state the amount of unclaimed money, the formal name of the fund in which the money is held, and a statement that the money will become FPUD property after a specified date ("Effective Date"). The Effective Date will be no less than forty-five (45) days nor more than sixty (60) days of the date of the first publication of the notice ("Claim Period").

3. Upon the expiration of the Claim Period, and if there are no claims filed with FPUD or verified lawsuits filed with the superior court, the funds will become FPUD property and may be transferred to FPUD’s general fund.

Any person with a claim to such money may file a claim prior to the Effective Date with the FPUD treasurer. Pursuant to Government Code Section 50052, the claim shall include the following information: claimant’s name, address, amount of claim, grounds upon which the claim is founded, and any other information that may be required by the FPUD treasurer. FPUD has the right to accept or reject a claim. If the claim is accepted, FPUD will return the money without interest. If FPUD rejects the claim, the claimant may file a verified complaint against FPUD with the superior court within thirty (30) days of receiving notice of FPUD’s rejection pursuant to Government Code Section 50052. In the event that the original customer or depositor is deceased, such person’s heir, beneficiary, or duly appointed representative may file a claim before the Effective Date as provided in Government Code Section 50052.5.

Sec. 12.6 Meter Locks and Restrictors.

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

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

<u>Meter Size</u>	<u>Installation Fee</u>
¾” and 1” Meters	\$137 <u>144</u>
1-1/2” and larger	\$582 <u>611</u>

Sec. 12.7 Meter Not Registering.

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

Sec. 12.8 Water Rates or Service Charges Lien on Property.

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

served to a property shall be and become a lien against the premises upon which the water is used or served.

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

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

~~been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.~~

Formatted: Body Text Indent 2, Indent: Left: 0", Line spacing: single

Sec. 12.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

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

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will

be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 12.9 Volumetric Wastewater Charges.

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

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic	\$ 4011.79 <u>28</u>
Commercial Ag. Domestic	\$ 4011.79 <u>28</u>
Residential (Single , Multi-family)	\$ 4011.79 <u>28</u>
Government	\$ 4011.72 <u>20</u>
School	\$ 4011.72 <u>20</u>
Church	\$ 4011.72 <u>20</u>
Commercial – Low Strength*	\$ 4011.72 <u>20</u>
Commercial – Medium Strength*	\$ 13.22 <u>81</u>
Commercial – High Strength*	\$ 4617.48 <u>22</u>

Appendix A to this Article provides commercial effluent classification.

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

Customer Class	Return to Sewer Factor
Residential (Multi-Family, Single Family)	75%
Non-Residential/Commercial	90%
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%
Churches	80%
Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%

Customer Class	Return to Sewer Factor
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

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

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

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

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

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

All other water customer classes (G, C, A₁₋₃, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.
2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY ~~2021-2022~~ public elementary school rate is \$~~1.31-37~~ per student and \$~~2.91-00~~ per staff, per month.
4. CY ~~2021-2022~~ public junior high school and administrative offices rate is \$~~2.91-00~~ per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 12.10 Monthly Fixed Wastewater Charge.

For each sewer account, Effective January 1, ~~2021~~2022, the Monthly Fixed Wastewater Charge shall be \$~~11.60-08~~ per month per Equivalent Dwelling Unit (EDU). EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4.

Sec. 12.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$~~11.63-68~~ per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, ~~2021~~2022. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21 (Renumbered as
Article 12 by Resolution 5006)

Sec. 21.1 – Rev. 7/02
Sec. 21.2-21.8.2 – Rev. 9/96
Sec. 21.3 – Rev. 10/96
Sec. 21.4 & 21.9 – Rev. 6/97
Sec. 21.4 – Rev 7/02
Sec. 21.9 – Rev. 10/97
Sec. 21.9 – Rev. 6/04
Sec. 21.9 – Rev. 1/05
Sec. 21.1, 21.3, 21.4, 21.9 – Rev.
6/05
Sec. 21.1, 21.2, 21.4, & 21.9 –
Rev. 6/06
Sec. 21.9, Flat Rate + Metered
Flow – Rev. 7/06
Sec. 21.9 (Flat Rate classification)
– Rev. 10/06
Sec. 21.4 (construction meters),
Sec. 21.5 & Sec. 21.6 – Rev.
12/06
Sec. 21.5 – Rev. 3/07
Sec. Sec. 21.1, 21.2, 21.4 , 21.10,
21.10.1 – Rev. 6/07
Sec. 21.5 – Added 6/07
Sec. 21.10.2 – Deleted 6/07
Sec. 21.11 – Added 10/07
Sec. 21.4.1 – Added 12/07; Sec.
21.7 renamed and addition of flow
restrictors – Rev. 12/07
Sec. 21.1, 21.2, 21.4, 21.5, 21.7,
21.10, and 21.11 – Rev. 6/08
Sec. 21.1, 21.2, 21.4, 21.4.1,
21.4.2 (added), 21.5, 21.7, 21.10
(new table), 21.10.1, - Rev. 6/09
Sec. 21.4, 21.10 – Rev. 12/09
Sec. 21.6, 21.9 – Rev. 5/10
Sec. 21.1, 21.2, 21.4, 21.4.1,
21.4.2, 21.5, 21.10, 21.10.1 – Rev.
6/10
Sec. 21.9.1 (added) – Rev. 9/10
Sec. 21.1, 21.4, 21.4.1, 21.4.2,
21.5, 21.10, 21.10.1 - Rev. 6/11
Sec. 21.1, 21.2, 21.4, 21.5, 21.10,
21.10.1 – Rev. 6/12
Sec. 21.1, 21.2, 21.4, 21.5, 21.10,
21.10.1 – Rev. 6/13
Sec. 12.1, 21.2, 21.4, 21.5, 21.9.1,
21.10, 21.10.1 – Rev. 6/14
Sec. 21.1, 21.2, 21.5 – Rev. 1/15
Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2,
21.5, 21.10, 21.10.1 Rev 6/15
Sec. 21, 21.1 – Rev. 11/15
Secs. 21, 21.2, 21.4, 21.5, 21.7,
21.10, 21.10.1 – Rev. 7/16
Secs. 21, 21.1 - Rev. 12/16
All Secs. – Rev. 12/17
Sec. 21.3 – Rev. 6/18
Secs. 21.1, 21.2, 21.3, 21.4, 21.9,
21.10, 21.10.1 – Rev. 12/18
Sec. 21.3 – Rev. 6/19

ARTICLE 21 CONTINUED

(Renumbered as Article 12 by Resolution 5006)

Secs. 21, 21.1, 21.2, 21.3, 21.4, 21.5, 21.9, 21.10, 21.10.1 – Rev 12/19

Secs. 21.5, 21.6, 21.5.1 (added) – Rev. 1/20

Sec 21.3 – Rev 6/20

Secs. 21, 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev 12/20

Sec 12.3 – Rev 6/21

Attachment D

RESOLUTION NO. 5020

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT, ADJUSTING RATES FOR WATER, RECYCLED WATER, AND WASTEWATER SERVICE CHARGES IN ACCORDANCE WITH A PREVIOUSLY ADOPTED SCHEDULE OF ADJUSTMENTS, ADOPTING INCREASES IN THE RATES FOR OTHER CHARGES IMPOSED BY THE DISTRICT, REVISING PORTIONS OF THE DISTRICT'S ADMINISTRATIVE CODE ACCORDINGLY, AND OTHER RELATED ACTIONS

* * * * *

WHEREAS, the Fallbrook Public Utility District ("District") is a public utility district organized and operating pursuant to the Public Utility Districts Act, commencing with section 15501 of the California Public Utilities Code; and

WHEREAS, the District is authorized to fix and collect charges for the provision of services and facilities including water, recycled water, and wastewater services; and

WHEREAS, on December 11, 2017, the District held a public hearing and protest proceeding in accordance with article XIII D, section 6 of the California Constitution ("Article XIII D"), on the question of whether to adopt new or increased rates for the District's water, recycled water, and wastewater service charges (the "Charges"); and

WHEREAS, notice of such public hearing was provided to all property owners and customers of record as required by Article XIII D, and such notice included authority for the District to adjust the rates for the Charges annually in accordance with a formula for calculating inflation, or a schedule of adjustments, all as described more fully in the notice; and

WHEREAS, at the public hearing, the District did not receive written protests from a majority of the separate parcels subject to the Charges, and pursuant to Resolution No. 4920, adopted the Charges and the schedule of adjustments and inflationary increases; and

WHEREAS, in accordance with such schedule of adjustments and inflationary increases, the District now wishes to increase the rates for the Charges to a rate equal to or less than the maximum rate authorized pursuant to Resolution No. 4920 commencing January 1, 2022; and

WHEREAS, the Charges, as adjusted, shall not exceed the proportional cost of providing the service for which the Charges were imposed; and the Charges, as adjusted, shall continue to comply with the substantive provisions of Article XIII D; and

WHEREAS, the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 4920, and, in accordance with Government Code sections 53750(h)(2) and 53756, the adjustments to the Charges as contemplated herein shall not constitute an "increase" for purposes of Article XIII D; and

WHEREAS, the District further wishes to adjust certain other fees and charges, including without limitation the District's water and wastewater connection fees, capacity fees, inspection fees, and other related fees and charges, in accordance with pre-approved formulae for inflation in order to ensure such fees and charges (the "Other Charges") reflect the cost of providing the service or regulatory activity for which such Other Charges are imposed; and

WHEREAS, the Other Charges, as adjusted, shall not exceed the reasonable estimated cost of providing the service or regulatory activity for which such Other Charges are imposed, and are adjusted in accordance with a pre-approved formula for accounting for inflation; and

WHEREAS, the schedule of Charges and Other Charges, as adjusted by this Resolution, is attached hereto as Exhibit "A" and incorporated by this reference; and

WHEREAS, the District has further determined that it is appropriate to adopt revisions to Article 12 (attached as Exhibit "B"), Article 10 (attached as Exhibit "C"), and Article 11 (attached as Exhibit "D") to reflect the adjustment to the Charges and the Other Charges, and to incorporate additional changes;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT AS FOLLOWS:

1. Incorporation of Recitals:

The Recitals set forth above are made findings of this Board of Directors and are incorporated herein and made an operative part of this Resolution.

2. Inconsistency with other Fees:

To the extent any Charges or Other Charges established by this Resolution and the revisions to the Administrative Code approved hereby are inconsistent with the Charges, Other Charges, or any other fee or charge previously adopted by the Board of Directors; it is the explicit intention of the Board of Directors that the Charges and Other Charges adjusted pursuant to this Resolution and included in the revised Articles attached hereto shall prevail. The purpose of this Resolution is to set the rates for the Charges and the Other Charges within maximum rates and according to inflationary increases previously approved and adopted by the District. Nothing contained herein shall be deemed to be a re-adoption of any Charge, Other Charge, or any other fee or charge of the District, nor shall it be deemed an "increase" within the meaning of Government Code section 53750.

3. Charges:

In accordance with the authority granted pursuant to Resolution No. 4920, the Board of Directors hereby sets the rates for the Charges in the amounts set forth in Exhibit "A" and the revisions to Article 12, attached hereto as Exhibit "B" and incorporated herein by this reference. The Board of Directors finds that the Charges, as adjusted and set pursuant to this Resolution, do not exceed the proportional cost of providing the property-related service for which they are imposed, and otherwise meet the requirements set forth in Article XIII D. The Board further finds that the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 4920, and therefore this action does not constitute an "increase" for purposes of Article XIII D. The Charges, as adjusted, shall be effective for the respective property-related service commencing January 1, 2022.

4. Other Charges:

The Board of Directors hereby sets the rates for the Other Charges in the amounts set forth in Articles 12, 10, and 11, as revised and attached as Exhibits "B," "C," and "D" hereto, in accordance with pre-approved authorization for inflationary adjustments. The Board of Directors

further finds that no Other Charge adjusted pursuant to this Resolution shall exceed the reasonable estimated cost of providing the service or product for which it is imposed, or the reasonable regulatory costs of issuing licenses, permits, and conducting inspections and investigations associated therewith. The Other Charges, as adjusted, shall be effective January 1, 2022.

5. Authorization:

The General Manager is hereby authorized and directed to take all actions necessary to implement and collect the Charges and the Other Charges, and to revise Articles 10, 11, and 12 in substantially the forms attached hereto, to reflect the new or increased rates for the Charges and Other Charges.

6. CEQA Compliance:

The Board of Directors finds that the administration, operation, maintenance, and improvements of the District's water, recycled water, and wastewater systems, which are to be funded by the Charges and Other Charges, are necessary to maintain service within the District's existing water, recycled water, and wastewater service areas as described herein. The Board of Directors further finds that the administration, operation, maintenance and improvements of the District's water, recycled water, and wastewater systems, to be funded by the Charges and Other Charges, will not expand the District's water, recycled, and wastewater systems. The Board of Directors further finds that adjustments to the rates for the Charges and Other Charges are necessary and reasonable to fund the administration, operation, maintenance and improvements of the District water, recycled water, and wastewater systems. Based on these findings, the Board determines that the adjustments to the Charges and Other Charges by this Resolution are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 990 E Mission Rd, Fallbrook, CA 92028. The custodian for these records is the secretary of the District.

7. Severability:

If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

8. Effective Date of Resolution:

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 13th day of December, 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
SCHEDULE OF CHARGES AND OTHER CHARGES

WATER R A T E S

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Meters are read in three cycles each month for billing periods ending on the 10th, 20th, and 30th. An account is placed in a cycle according to the location of the meter within the District. All customers are billed on a monthly basis. Payment is due and payable upon receipt and delinquent after the due date shown on the bill. In the event delinquent accounts are not paid a disconnection processing fee will be charged and services may be interrupted without further notice.

MONTHLY CHARGES

METER SIZE	WATER FIXED SERV. CHARGE	WATER CIC CHARGE	STANDBY FIXED SERV. CHARGE	STANDBY CIC CHARGE	RECYCLED FIXED SERV. CHARGE	BACKFLOW DEVICE	MWD RTS	CWA IAC
							All Classes Except R & SS	All Classes Except R & SS
3/4"	\$53.52 56.20	\$9.77 10.10	\$24.02 25.22	\$4.42 4.57	\$24.02 25.22	\$5.90 6.20	\$1.72	\$3.64 4.00
1"	\$81.70 85.79	\$16.27 16.82	\$32.52 34.15	\$7.37 7.62	\$32.52 34.15	\$6.95 7.30	\$2.87	\$6.08 6.69
1 1/2"	\$152.12 159.73	\$32.55 33.66	\$53.77 56.46	\$14.75 15.25	\$53.77 56.46	\$12.86 13.50	\$5.73	\$12.12 13.33
2"	\$236.65 248.48	\$52.07 53.84	\$79.27 83.23	\$23.60 24.40	\$79.27 83.23	\$15.42 16.19	\$9.17	\$19.40 21.34
3"	\$462.04 485.11	\$104.14 107.68	\$147.29 154.65	\$47.19 48.79	\$147.29 154.65	\$30.81 32.35	\$18.35	\$38.86 42.75
4"	\$715.55 751.33	\$162.72 168.25	\$223.81 235.00	\$73.73 76.24	\$223.81 235.00	\$48.15 50.56	\$28.67	\$60.72 66.79
6"	\$1419.85 1490.84	\$325.43 336.50	\$436.34 458.16	\$147.46 152.48	\$436.34 458.16	\$96.28 101.09	\$57.33	\$121.39 133.53

C = Commercial; M = Multi Unit; D = Domestic; LD = Large Lot Domestic; G = Government; SS = Standby; R=Recycled; CA = Commercial Ag; CB = Commercial Ag Domestic; AS = Ag (SAWR); AT = Ag Domestic (SAWR); I = Irrigation Only; CIC = Capital Improvement Charge

Temporary Construction Meter: \$1,266 deposit plus \$123 installation; \$123 relocation; operations charge ~~\$354.98~~ 372.72 per month

Initiate Standby Service: \$50
Delinquent Processing Fee: \$30
Disconnection Processing Fee: \$50

Fire Flow Test: \$532
Broken / Tampered Lock Fee: \$100
Meter Testing Fee (3/4" & 1" meters): \$123
Meter Testing Fee (1 1/2" & 2" meters): ~~\$165~~ 166

Residential: Domestic (D), Large Lot Domestic (LD), and Multi Unit (M)	Recycled Water (R): All usage \$5.84 6.13	SAWR
1 - 5 units per month..... \$6.83 7.17	Construction Water (C): All usage\$8.70 9.14	Ag (AS): All usage \$5.06 5.31
6 - 30 units per month..... \$6.92 7.27	Pumping Charges (DSA & Toyon only)\$0.84 .88	Ag Domestic (AT): 1 - 5 units..... \$6.83 7.17
Over 30 units per month \$8.44 8.86	Pumping CIC (DSA & Toyon only)\$0.10	6 - 17 units per month..... \$5.86 6.15
Government (G): All usage \$6.91 7.26	Irrigation Only (I): All usage..... \$7.04 7.39	Over 17 units per month..... \$5.06 5.31
Commercial (C): All usage..... \$7.03 7.38		Com Ag (CA): All usage \$5.86 6.15
		Com Ag Dom (CB): 1 - 5 units..... \$6.83 7.17
		Over 5 units per month \$5.86 6.15
ALL PRICES ARE PER UNIT (1 unit = 1,000 gal.)		

If you have any questions about these rates or how they will affect your account, please contact FPUD at (760) 728-1125

WASTEWATER R A T E S

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Wastewater service charges are established upon each property within the District that is connected to a wastewater line of the District whether said premises are occupied or unoccupied.

USER CLASS	COMMODITY RATE 1,000 GAL OF WASTEWATER *
Single Family Residence, Ag Domestic, Multi-Family (<i>Average BOD & SS = 0 -200</i>)	\$ 10.79 <u>11.28</u> /Unit
Government, Schools, Churches, and Low-Strength Commercial	\$ 10.72 <u>11.20</u> /Unit
Medium Strength Commercial (<i>Average BOD & SS = 201 – 600</i>)	\$ 13.22 <u>13.81</u> /Unit
High Strength Commercial (<i>Average BOD & SS = ≥ 601</i>)	\$ 16.48 <u>17.22</u> /Unit

*Residential sewer billable flow is calculated based upon a 2 year winter average water use, adjusted by the RTS (Return to Sewer). Residential RTS is 75%

**Commercial sewer billable flow is calculated based upon monthly water usage, adjusted by the RTS (Return to Sewer). Commercial RTS is 90%

FIXED CHARGES

Monthly Fixed Wastewater Charge	\$ 10.60 <u>11.08</u> /Equivalent Dwelling Unit (EDU)
Wastewater Capital Improvement Charge (per month)	\$ 11.63 <u>11.68</u> /EDU

If you have any questions about these rates or how they will affect your account, please contact FPUD at (760) 728-1125

WATER INSTALLATION

FALLBROOK PUBLIC UTILITY DISTRICT / METER AND SERVICE INSTALLATION CHARGES

Meter Size	3/4"	1"	1½"	2"	3"	4"	6"
Acreage Served	0 - 1	1 - 3 ½	3 ½ - 8	8 - 15	15 - 35	35 - 80	80+
Maximum Rate of Flow - GPM	16 - 24	40	80	145	277	460	878
Meter Installation	<u>\$468,470</u>	<u>\$644,647</u>	<u>\$1022,1026</u>	<u>\$1178,1183</u>	Cost	Cost	Cost
FPUD Connection Fee	<u>\$5778,5801</u>	<u>\$9247,9284</u>	<u>\$17336,17406</u>	<u>\$30050,30171</u>	<u>\$55477,55699</u>	<u>\$94770,95150</u>	<u>\$173365,174060</u>
SDCWA Connection Fee	<u>\$5460,5477</u>	<u>\$8736,8763</u>	<u>\$16380,16431</u>	<u>\$28392,28481</u>	<u>\$52416,52579</u>	<u>\$89544,89822</u>	<u>\$163800,164310</u>
Service Line Installation (No Paving)	<u>\$2318,2327</u>	<u>\$2318,2327</u>	<u>\$2995,3007</u>	<u>\$3640,3655</u>	Cost	Cost	Cost
Paving for Service Line ≤15' (Add \$1807)	<u>\$1807,1814</u>	<u>\$1807,1814</u>	<u>\$1807,1814</u>	<u>\$1807,1814</u>	Cost	Cost	Cost
Paving for Service Line = >15' <30' (Add \$3,615)	<u>\$3615,3629</u>	<u>\$3615,3629</u>	<u>\$3615,3629</u>	<u>\$3615,3629</u>	Cost	Cost	Cost
County Inspection on Public Roadway (Add \$1402)	<u>\$1402,1408</u>	<u>\$1402,1408</u>	<u>\$1402,1408</u>	<u>\$1402,1408</u>	Cost	Cost	Cost
Meter Relocation (No Paving)	<u>\$3203,3216</u>	<u>\$3364,3377</u>	<u>\$4041,4057</u>	<u>\$4645,4664</u>	Cost	Cost	Cost
Meter Relocation with Paving Up to 30' (Add \$4,746)	<u>\$794,94765</u>	<u>\$8110,4765</u>	<u>\$8787,4765</u>	<u>\$9391,4765</u>	Cost	Cost	Cost
RP Backflow Device Installed with Meter*	<u>\$475,477</u>	<u>\$560,562</u>	<u>\$1034,1038</u>	<u>\$1241,1256</u>	Cost	Cost	Cost
RP Backflow Device Retrofit**	<i>Installation is the responsibility of the property owner; First inspection is free; additional inspection \$128 plus costs (each).</i>						
RP Backflow Device on Reclaimed Water Meters	<i>Installed at no cost.</i>						

FIRE HYDRANT, including installation: Model J-3700 \$9,138,9,175
 Model J-3765 \$9,896,9,936
 Trench > 20' \$257,258/trench foot
 County Inspection:..... \$1,402,1,408 if required

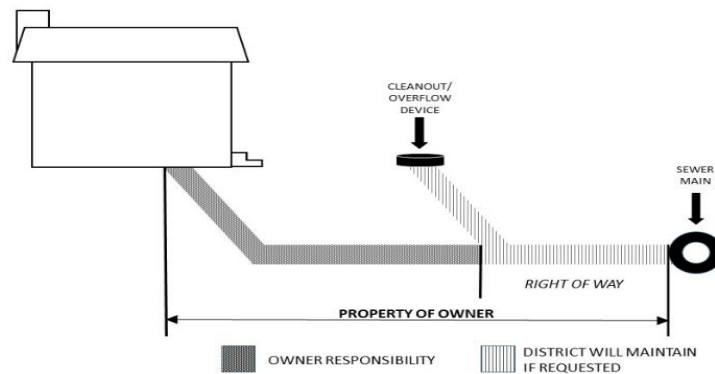
* The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable pursuant to Section 19 of the FPUD Administrative Code.

** The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit pursuant to Section 19 of the FPUD Administrative Code. Once the device is installed, passes the backflow test, and meets the District's standards, the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

WASTEWATER INSTALLATION

SEWER PERMIT FEES: Capacity Fees. The following capacity fees shall be paid by the applicant for each equivalent dwelling unit determined by the District:

	Amount per Equivalent Dwelling Unit
Standard Capacity Fee	\$ 7,115 7,144
Annexation Fee	\$ 11,389
Lateral Installation Fee:	
≤ 15' Length, ≤ 8' Depth	\$ 3,500 3,514
≤ 15' Length, > 8' Depth	\$ 5,422 5,444
> 15'- 30' Length, ≤ 8' Depth	\$ 7,443 7,473
> 15'- 30' Length, > 8' Depth	\$ 9,586 9,624
> 30' Length, Any Depth	\$ Cost
County Road Inspection	\$ 1,402 1,408
Paving ≤ 15'	\$ 1,470 1,476
Paving 16'-30'	\$ 2,462 2,472



Owners Responsible for Cleanout/Overflow Devices

Your sewer cleanout is your first line of defense in preventing a potential sewer overflow problem and can save you from unnecessary messy clean ups and prevent a larger emergency such as a sewer main stoppage. The cleanout device is a pipe that rises to the ground surface from the lateral line that carries sewage from your home to a main sewer line. The device, housed in a concrete box or green plastic circular container and equipped with an easily removable floating lid, normally can be found within five feet of a property line. If you have trouble locating the device, please call the District at 760-728-1125 and we will be happy to help you locate it.

The device is used to clean the sewer lateral. To protect the property if a main sewer line is blocked, sewage backing up into your line will “overflow” through the device rather than back up into your home. To ensure proper functioning of the cleanout you should make sure the device doesn’t become covered by dirt, paving material, structures, or any other covering.

The homeowner is responsible for the sewer line between the home and the sewer main in the street.

If at any time you experience a problem that causes a backup in your lateral, it is best to contact the District first. District personnel will be dispatched to your property to assist you. If the problem is located between the District main and the property line clean out, the District will assist with mechanical or chemical root control only. All repairs will be the sole responsibility of the owner. If it is determined that the problem is located between the cleanout and the house, you will be responsible for all repairs including the expense of calling a plumber.

EXHIBIT B

**REVISIONS TO ARTICLE 12 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2022**

[COMMENCING ON NEXT PAGE]

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, 2022, the following rates for water deliveries to each class of service are established:

Sec. 12.1 Volumetric Water, Recycled Water and Pumping Rates.

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

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

1-5 units per month	\$7.17 per unit
6-30 units per month	\$7.27 per unit
Over 30 units per month	\$8.86 per unit

Commercial (C).

All usage	\$7.38 per unit
-----------------	-----------------

Multi-Unit (M) (Tier ranges factor residential units, per Article 10.1).

1 - 5 units per month	\$7.17 per unit
6 - 30 units per month	\$7.27 per unit
Over 30 units per month	\$8.86 per unit

Government (G).

All usage	\$7.26 per unit
-----------------	-----------------

Irrigation Only (I).

All usage	\$7.39 per unit
-----------------	-----------------

SAWR - Ag Only (AS).

All usage	\$5.31 per unit
-----------------	-----------------

SAWR - Ag & Home (AT).

1-5 units per month	\$7.17 per unit
6-17 units per month	\$6.15 per unit
Over 17 units per month	\$5.31 per unit

Commercial Ag (CA).

All usage	\$6.15 per unit
-----------------	-----------------

Commercial Ag Domestic (CB).

1-5 units per month	\$7.17 per unit
Over 5 units per month	\$6.15 per unit

Drought Rates

In order to prepare and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the “Program”). Pursuant to the Program, the District established four Water Shortage Response Levels. Article 17 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$6.13 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers. For San Diego County Water Authority and Metropolitan Water District rebate purposes, reclaimed water rates must be set at higher of 85 percent of lowest applicable potable water rate or 80 percent of the average of Tier 1 and Tier 2 rates.

Construction Meter.

Water furnished for construction purposes will be billed at \$9.14 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$0.88 per 1,000 gallons to recover the cost of electricity.

Sec. 12.2 Monthly Fixed Charges.

Effective January 1, 2022, the following rates and charges are established and shall be collected by the District for water and recycled water service:

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

	Water Fixed Charges	Recycled Water Charges	Standby Service Charge	Private Fire Services Charge
3/4 inch meter	\$56.20	\$25.22	\$25.22	NA
1 inch meter	\$85.79	\$34.15	\$34.15	NA
1-1/2 inch meter	\$159.73	\$56.46	\$56.46	NA
2 inch meter	\$248.48	\$83.23	\$83.23	\$12.25
3 inch meter	\$485.11	\$154.65	\$154.65	\$13.06
4 inch meter	\$751.33	\$235.00	\$235.00	\$14.47
6 inch meter	\$1,490.84	\$458.16	\$458.16	\$19.50
8 inch meter	NA	NA	NA	\$28.18

NA- Not applicable

For construction meters, a service charge of \$372.72 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2” water meter.

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

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

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

For each 3/4 inch device	\$6.20
For each 1 inch device	\$7.30
For each 1-1/2 inch device	\$13.50
For each 2 inch device	\$16.19
For each 3 inch device	\$32.35
For each 4 inch device	\$50.56
For each 6 inch device	\$101.09

Sec. 12.3 MWD Readiness-to-Serve Charge (RTS) and SDCWA Infrastructure Access Charge (IAC).

Effective July, 2021, the following monthly charges are established and shall be collected by the District for the Metropolitan Water District of Southern California's Readiness-to-Serve (the "RTS") charge and San Diego County Water Authority's Infrastructure Access Charge (the "IAC").

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

	RTS	IAC
3/4 inch meter	\$1.72	\$4.00
1 inch meter	\$2.87	\$6.69
1-1/2 inch meter	\$5.73	\$13.33
2 inch meter	\$9.17	\$21.34
3 inch meter	\$18.35	\$42.75
4 inch meter	\$28.67	\$66.79
6 inch meter	\$57.33	\$133.53

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional \$10.10 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, 2022. This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the “CIC”) was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

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

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

Meter Size	FPUD EMU	Water CIC	Water CIC (Standby Service)
3/4 inch meter	1.0	\$10.10	\$4.57
1 inch meter	1.67	\$16.82	\$7.62
1-1/2 inch meter	3.33	\$33.66	\$15.25
2 inch meter	5.33	\$53.84	\$24.40
3 inch meter	10.67	\$107.68	\$48.79
4 inch meter	16.67	\$168.25	\$76.24
6 inch meter	33.33	\$336.50	\$152.48

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

Sec. 12.5 Billing Periods.

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

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

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

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

Sec. 12.5.1 Unclaimed Funds

Unclaimed funds in an amount less than \$15 or where the depositor's name is unknown will become FPUD general funds if unclaimed for 1 year. Unclaimed funds in an amount greater than \$15 become may become FPUD general funds once the following procedure is completed:

1. The FPUD treasurer will publish notice once a week for two (2) successive weeks in a newspaper of general circulation published within FPUD boundaries.

2. The notice will state the amount of unclaimed money, the formal name of the fund in which the money is held, and a statement that the money will become FPUD property after a specified date ("Effective Date"). The Effective Date will be no less than forty-five (45) days nor more than sixty (60) days of the date of the first publication of the notice ("Claim Period").

3. Upon the expiration of the Claim Period, and if there are no claims filed with FPUD or verified lawsuits filed with the superior court, the funds will become FPUD property and may be transferred to FPUD's general fund.

Any person with a claim to such money may file a claim prior to the Effective Date with the FPUD treasurer. Pursuant to Government Code Section 50052, the claim shall include the following information: claimant's name, address, amount of claim, grounds upon which the claim is founded, and any other information that may be required by the FPUD treasurer. FPUD has the right to accept or reject a claim. If the claim is accepted, FPUD

will return the money without interest. If FPUD rejects the claim, the claimant may file a verified complaint against FPUD with the superior court within thirty (30) days of receiving notice of FPUD's rejection pursuant to Government Code Section 50052. In the event that the original customer or depositor is deceased, such person's heir, beneficiary, or duly appointed representative may file a claim before the Effective Date as provided in Government Code Section 50052.5.

Sec. 12.6 Meter Locks and Restrictors.

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

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

<u>Meter Size</u>	<u>Installation Fee</u>
3/4" and 1" Meters	\$144
1-1/2" and larger	\$611

Sec. 12.7 Meter Not Registering.

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

Sec. 12.8 Water Rates or Service Charges Lien on Property.

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

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

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the

same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 12.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

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

Water Stolen from District.

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

Sec. 12.9 Volumetric Wastewater Charges.

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

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic	\$ 11.28
Commercial Ag. Domestic	\$ 11.28
Residential (Single , Multi-family)	\$ 11.28
Government	\$ 11.20
School	\$ 11.20
Church	\$ 11.20
Commercial – Low Strength*	\$ 11.20
Commercial – Medium Strength*	\$ 13.81
Commercial – High Strength*	\$ 17.22

Appendix A to this Article provides commercial effluent classification.

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

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

Customer Class	Return to Sewer Factor
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

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

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

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

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

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

All other water customer classes (G, C, A, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.
2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY 2022 public elementary school rate is \$1.37 per student and \$2.00 per staff, per month.
4. CY 2022 public junior high school and administrative offices rate is \$2.00 per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 12.10 Monthly Fixed Wastewater Charge.

For each sewer account, Effective January 1, 2022, the Monthly Fixed Wastewater Charge shall be \$11.08 per month per Equivalent Dwelling Unit (EDU). EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4.

Sec. 12.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$11.68 per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, 2022. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21 (Renumbered as Article 12 by Resolution 5006)

- Sec. 21.1 – Rev. 7/02
- Sec. 21.2-21.8.2 – Rev. 9/96
- Sec. 21.3 – Rev. 10/96
- Sec. 21.4 & 21.9 – Rev. 6/97
- Sec. 21.4 – Rev 7/02
- Sec. 21.9 – Rev. 10/97
- Sec. 21.9 – Rev. 6/04
- Sec. 21.9 – Rev. 1/05
- Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05
- Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06
- Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06
- Sec. 21.9 (Flat Rate classification) – Rev. 10/06
- Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06
- Sec. 21.5 – Rev. 3/07
- Sec. Sec. 21.1, 21.2, 21.4 , 21.10, 21.10.1– Rev. 6/07
- Sec. 21.5 – Added 6/07
- Sec. 21.10.2 – Deleted 6/07
- Sec. 21.11 – Added 10/07
- Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07
- Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08
- Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09
- Sec. 21.4, 21.10 – Rev. 12/09
- Sec. 21.6, 21.9 – Rev. 5/10
- Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 – Rev. 6/10
- Sec. 21.9.1 (added) – Rev. 9/10
- Sec. 21.1, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 - Rev. 6/11
- Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12
- Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/13
- Sec. 21.1, 21.2, 21.4, 21.5, 21.9.1, 21.10, 21.10.1 – Rev. 6/14
- Sec. 21.1, 21.2, 21.5 – Rev. 1/15
- Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2, 21.5, 21.10, 21.10.1 Rev 6/15
- Sec. 21, 21.1 – Rev. 11/15
- Secs. 21, 21.2, 21.4, 21.5, 21.7, 21.10, 21.10.1 – Rev. 7/16
- Secs. 21, 21.1 - Rev. 12/16
- All Secs. – Rev. 12/17
- Sec. 21.3 – Rev. 6/18
- Secs. 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev. 12/18
- Sec. 21.3 – Rev. 6/19

ARTICLE 21 CONTINUED
(Renumbered as Article 12 by
Resolution 5006)

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.5, 21.9, 21.10, 21.10.1 – Rev
12/19

Secs. 21.5, 21.6, 21.5.1 (added) –
Rev. 1/20

Sec 21.3 – Rev 6/20

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.9, 21.10, 21.10.1 – Rev 12/20

Sec 12.3 – Rev 6/21

EXHIBIT C

**REVISIONS TO ARTICLE 10 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2022**

[COMMENCING ON NEXT PAGE]

Article 10.

Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

For the purpose of this Administrative Code and the regulation of water service by the Fallbrook Public Utility District, the following definitions are adopted:

The word "District", as used herein shall mean and refer to the Fallbrook Public Utility District of San Diego County, California. Fallbrook Service Area (FSA) will indicate that area known as Fallbrook Public Utility District prior to July 1, 1990. The DeLuz Service Area (DLSA) will indicate that area known as Improvement Districts I and II of DeLuz Heights Municipal Water District prior to July 1, 1990.

The word "Consumer", as used herein, shall mean and refer to every individual, corporation, association, farm, or place of business to whom or to which water is served by the District.

The word "Unit", as used herein, shall mean and refer to each of the following:

1. A single family residence.
2. A single business establishment.
3. A single farm.
4. One hotel or motel suite with bath and kitchen.
5. Two hotel or motel suites without kitchen but with private bath.
6. Four hotel or motel suites without private bath.
7. One trailer space.
8. In multi-family dwellings, each apartment with kitchen and bath.
9. Each dormitory or labor camp facility.
10. Nursing home.

The word "rates", as used herein, shall mean the compensation fixed by the Directors by Ordinance for water delivered to the consumer or for the cost of installing and maintaining meters, main line extensions and any and every appliance, fixture or connection used by said District in delivering water to said consumer.

The term "service connections", as used herein, shall designate the distribution system extension to the meter assembly and the connection to the consumer's line which shall previously have been provided to the location and to the specifications set by the District.

The term "Agricultural purposes", as used herein, shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption. Water used for agricultural purposes may be eligible for either the Commercial Agricultural Water Rate or Permanent Agricultural Water Rater (PSAWR) if they meet additional requirements outlined below.

The term "Commercial Agricultural", as used herein, shall mean the use of water through a single service connection for agricultural purposes without participation in the PSAWR

discount program, on land having an area of not less than one acre fully utilized for agricultural purposes.

The term "Domestic purposes", as used herein, shall mean the use of water for residential (up to and including two units) purposes and businesses that use water for incidental domestic purposes only. If a commercial agricultural parcel has a permanent residence, the first 5 units of water provided each month is considered for domestic purposes regardless of the number of residences on the property. If a PSAWR parcel has a permanent residence, the first 17 units of water provided each month is not eligible for the PSAWR program rate. Parcels using water for Agricultural purposes that are eligible for the commercial agricultural or PSAWR water rate programs will be classified as either Agricultural-Domestic with PSAWR Discount (AT) or Agricultural Commercial-Domestic (CB);

The term "Large Lot domestic purposes", as used herein, shall mean the use of water through a single service connection for residential (up to and including two units) purposes on parcels of one acre or more.

The term "Commercial purposes", as used herein, shall mean the use of water through a single service connection for the operation of the business or maintaining the landscaping of non-residential property.

The term "Government purposes", as used herein, shall mean the use of water through a single service connection for any political subdivision property.

The term "Multi-Unit purposes", as used herein, shall mean the use of water through a single service connection for master-metered residential housing of more than two living units.

The term "Standby Service", as used herein, shall mean a meter which has been locked at the request of the customer and which account balance remains current. Accounts may also be locked and placed on "standby service" in the event that the unpaid balance on the account becomes delinquent for a period of 90 days and/or if the District is made aware of foreclosure or vacancy of said property. A fee of \$50 to lock the meter and initiate standby service will be charged to the account and the account will be charged all applicable monthly standby charges.

The term "San Diego County Water Authority Permanent Special Agricultural Water Program" or "PSAWR", as used herein, shall mean the Program described in Section 10.11.

The term "Construction Meter Service", as used herein, shall mean the temporary use of water for construction from a meter installed on a fire hydrant.

The term "Temporary Ag Service", as used herein, shall mean the temporary use of water solely for the growing of annual crops through a temporary connection.

The term "Recycled Water System", as used herein, shall mean water that is defined in Title 22, Division 4, Chapter 3, Article 60301, paragraph 8, of the California Administrative Code and shall mean water which, as a result of filtration and disinfection of domestic wastewater, is suitable for a direct beneficial use or a controlled use that otherwise would not occur.

Sec. 10.2 Remote Meter Agreements.

A Remote Meter Agreement is an agreement between the District and a consumer that a water meter will be installed at a location remote from the property to be served where the District does not intend to extend the District distribution system to abut the said property, and that the consumer is responsible for extending his own private line from the meter to his property and obtaining the permanent easements required for such extension.

Sec. 10.3 Temporary Service Agreements.

A Temporary Service Agreement is a recorded agreement between the District and a consumer that a meter will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District distribution system to abut the property described in the agreement, and that the consumer is responsible for extending his own temporary private line from the meter to his property, and obtaining whatever temporary easements are required for such extension. Such agreements shall establish the financial obligations of the consumer related to the future installation costs of the District's distribution system and the cost of relocation of the meter, and shall be binding upon the signatory and all successor owners of said property.

If the customer's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Failure to comply with the terms of the agreement shall be cause for termination of water service to said property and the basis for establishing a lien against the property for collection of any amounts due the District. Upon change of ownership, any parcel receiving water service under a Temporary Service Agreement will be required, as a condition of continued service, for the new owner to enter into a new Temporary Service Agreement with the District.

Sec. 10.4 Engineering Fees.

Sec. 10.4.1 Plan Check Fees.

- A) Plan checks less than 500 lineal feet, water or sewer, \$500 each.
- B) Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
- C) Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 10.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ \$106.74 = \$533.70
 - 3" and larger 9 hours @ \$106.74 = \$960.66
- B) Fire Hydrant Installation 9 hours @ \$106.74 = \$960.66
- C) Fire Service Installation 9 hours @ \$106.74 = \$960.66

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to

start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 10.5 Rules for Service of Water.

The following rules for the service of water by the District to the consumer, either within or without the District, are hereby established:

All parcels desiring water must abut a District pipeline, and all meters will be located on the parcel being served unless the General Manager approves a Remote Meter Agreement, or the Board of Directors authorizes a Temporary Service Agreement subject to certain conditions as described in Section 10.3.

Each consumer desiring water furnished by the District shall furnish a plat of the property to be served, individually file a written application for such service, and in the form provided by the District, shall state the location, the number of acres served, the legal owner thereof, the purpose for which water is to be used and such other data regarding consumer's water production and use practices as required by the District. Based on the information provided, and verified by physical inspection if appropriate, each application will be assigned a user code: Agricultural with PSAWR Discount (AS); Agricultural Commercial (CA); Agricultural-Domestic with PSAWR Discount (AT); Agricultural Commercial-Domestic (CB); Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section 19.1.

By making such application and upon approval thereof by the General Manager, or his designee, the application and the acceptance shall constitute a contract, the effect of which shall bind the applicant to pay all rates then or thereafter prescribed by the District for water service and to comply with all the rules and regulations with respect to service, a breach of any of which will authorize the District to discontinue water service immediately without notice or recourse and to levy such charges as otherwise provided for in this ordinance for resumption of service.

In addition, the effect of this contract shall be such as to bind the applicant to pay reasonable attorney's fees as fixed by the court where the District is required to take legal action to enforce collection of any charges incurred under this service.

The District reserves the right to determine the size and location of all service connections and may to that extent, where deemed for the best interests of the District, reduce the size, change the location or the pressure of the service connection without notice or recourse.

Sec. 10.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article 10.8 of this Administrative Code. Reclaimed meter and service line connections shall be capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of

February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

<u>Meter Size</u>	<u>Meter and Service Line*</u>	<u>Meter Only on Existing Service Line</u>	<u>Service Line Only*</u>
3/4"	\$2795	\$470	\$2327
1"	\$2974	\$647	\$2327
1-1/2"	\$4033	\$1026	\$3007
2"	\$4837	\$1183	\$3655
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$1814. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$3629. If County road inspection is required, there is an additional fee of \$1408.

Sec. 10.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line*</u>
3/4"	\$3,216
1"	\$3,377
1-1/2"	\$4,057
2"	\$4,664

* If paving is required up to 30 feet, there is an additional fee of \$4765. If County road inspection is required, there is an additional fee of \$1408.

Sec. 10.8 Connection/Capacity Fees.

A connection fee shall be paid at the time meter service is applied for, for all permanent service connections, which fee shall be in addition to the charges made for the actual cost of labor and materials necessary to make the physical connection to the water system. The capacity fee for the connection is based on the demand that could be placed on the District's water system by reason of the connection. The extent of demand will be determined on the basis of the size of the water meter necessary to provide the estimated quantity of water usage for the connection. The demand factor for each meter size shall be calculated on the basis of the rated capacity of each size of meter divided by the rated capacity of a 3/4" meter at a pressure of 40 pounds per square inch (20 gpm), hereinafter referred to as an "equivalent meter unit" (EMU) as defined by SDCWA. Connection/capacity charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing current fees to calculated fees.

Effective January 1, 2021, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
-------------------	----------------------------------	---------------------

3/4"	1	\$5,801
1"	1.6	\$9,284
1-1/2"	3	\$17,406
2"	5.2	\$30,171
3"	9.6	\$55,699
4"	16.4	\$95,150
6"	30	\$174,060

The capacity charge for a meter size greater than 6 inches shall be a basic charge for one (1) EMU multiplied by one of the following factors:

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 10.8.1 Removal of Meters.

An owner of a parcel who has a meter and is not required to have District water for their parcel can request to have their meter removed and discontinue service. A fee of \$100 will be charged for meter removal. Once the meter is removed, if service is later requested for the parcel, it will be subject to all the fees identified in Article 10, including installation and connection/capacity fees as if it is a new service.

The following procedure will be followed when discontinuation of service is requested:

1. The District will verify that the parcel does not have a residence or that another supply is available for the residence. If District water service is necessary as a health and safety concern for the residence then the meter cannot be removed.
2. The parcel owner shall sign a form that will be recorded on their deed indicating that water service was discontinued and re-establishing service will require payment of all fees similar to any other new water customer.
3. The District will remove the meter based on the fee established for meter removal.
4. The owner will be deleted from the District's customer database and no further monthly operations, capital improvement or standby fees will be charged to the parcel. The parcel will be subject to Water Availability Charges, unless the parcel owner requests deferral in accordance with Article 15.
5. If the water service is requested in the future for this parcel it will be similar to any other parcel without water service and subject to all necessary fees including installation and connection/capacity fees.

Sec. 10.8.2 Meter Testing Costs.

The District will provide meter testing upon request by ratepayers. A meter is considered accurate according to AWWA standards if it measures 98.5% to 101.5% of actual usage. If, after the customer's request for testing, the meter is determined to be accurate, the customer will be charged the following fee based on the size of the meter:

<u>Meter Size</u>	<u>Fee for testing</u>
-------------------	------------------------

3/4" – 1"	\$123
1 1/2" – 2"	\$166
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

If the meter is inaccurate, the District will absorb the cost of the test and make the appropriate exchange or repair to said meter to AWWA standards of accuracy. These charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February.

Sec. 10.8.3 Adjustment to Fees for Meters and Connections.

Service requests after advance payments for meters and connection fees shall be adjusted to the District's current schedule after six (6) months from the payment date(s).

Sec. 10.9 Credit for Connection Fees and Fees for Increased Meter Size.

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply for additional meters to new legal parcels will be given credit for connection charges if they reduce their demand by requesting a smaller meter for their original service.

Owners of parcels presently receiving water service through a District meter that are not in the process of subdividing their land, but require a larger meter service connection due to a change in land use, shall pay a connection fee equal to the difference between connection fees for the old and new meters in accordance with the schedule in Sec. 10.8.

Sec. 10.10 San Diego County Water Authority Connection Fees.

The Board of Directors of the San Diego County Water Authority (SDCWA) announced an administrative adjustment to capacity charges on all meters purchased on or after January 1, 2021 within the boundaries of the SDCWA.

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of \$5,328 multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$5,328	\$149	\$5,477
1"	1.6	\$8,525	\$238	\$8,763
1-1/2"	3.0	\$15,984	\$447	\$16,431
2"	5.2	\$27,706	\$775	\$28,481
3"	9.6	\$51,149	\$1,430	\$52,579
4"	16.4	\$87,379	\$2,443	\$89,822
6"	30.0	\$159,840	\$4,470	\$164,310
8"	52.0	\$277,056	\$7,748	\$284,804
10"	78.0	\$415,584	\$11,622	\$427,206
12"	132.0	\$703,296	\$19,668	\$722,964

The System Capacity Charge is the cost for the conveyance and storage facilities necessary to operate the delivery system.

The Water Treatment Capacity Charge is the cost for the connection to the 50 MGD (million gallons per day) regional water treatment facility. The Water Treatment Capacity Charge is an additional charge of \$149 for each new meter of a size less than one inch and a corresponding increase for larger meters.

The member agency shall determine the size of the water meter to serve any property within its jurisdiction. In the event an agency calculates the water demand by the equivalent dwelling unit (EDU) method, the County Water Authority's capacity charge will be collected based on the size of meter actually installed to meet flow demand.

No capacity charge shall be imposed for a water meter permanently connected to a reclaimed water system and measuring reclaimed water. If a water user converts a water meter to permanently measure only reclaimed water, the capacity charge previously collected for the meter shall be refunded upon written request from the water user and verification by the member agency in which the water user is located that the meter is permanently connected to the reclaimed water supply and is measuring reclaimed water. The refund shall be in the amount of the capacity charge actually collected.

All claims for refund permitted shall be presented within one year of the date of the event justifying the refund.

Sec. 10.11 San Diego County Water Authority Permanent Special Agricultural Water Program Administration

Sec. 10.11.1 Purpose.

The San Diego County Water Authority Permanent Special Agricultural Water Program (PSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible. This section of the District's Administrative Code establishes the rules and regulations for Administration of the SDCWA PSAWR within the Fallbrook Public Utility District (District).

Sec. 10.11.2 Qualification.

New eligible customers may sign up to receive the PSAWR Program water rate at any time during non-service limitation periods. Non-service limitation periods are when there are no service limitations imposed to PSAWR member agencies such as a cutback from Metropolitan or emergency situations. The qualifications for water use under the San Diego County Water Authority's (SDCWA) PSAWR program are as follows:

In accordance with the San Diego County Water Authority policies, including but not limited to the Permanent Special Agricultural Water Rate Program Handbook, Fallbrook Public Utility District and Owner acknowledge that to participate in the PSAWR water rate, agricultural customers must meet the following criteria:

1. Grow or raise – for commercial purposes – products of an agricultural, horticultural, or floricultural nature.

2. The Commercial Agricultural Operation must be included on one of the following lists (ONLY 1 REQUIRED):
 - Grower’s List
 - Active Certified Producers List
 - Organic Producers List
 - Regional Board General Agricultural Order Enrollment List

Sec. 10.11.3 Certification and Recertification.

Individuals applying for participation in the SDCWA PSAWR shall certify, a that they are the owner or authorized agent of the owner of the property to receive water under the SDCWA PSAWR and further certify that their respective water usage will meet the qualifications set forth in Section 10.11.2 and as modified from time to time by SDCWA. Upon submission and approval of the application for participation in the PSAWR, applicants shall be classified as either “Agricultural” or “Ag / Domestic”, and be eligible to receive the established water rate for the assigned classification. Participants may be subject to periodic re-certification as determined by the SDCWA, or the District.

Sec. 10.11.4 Acknowledgement.

Individuals participating in the PSAWR shall acknowledge that:

- a) Water received under the PSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and/or the SDCWA.
- b) Water use under the PSAWR supply is subject to periodic data examination and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the PSAWR.
- c) Failure to respond in a timely manner to information requests, associated data examination and field audits or recertification, or failure to provide reasonable access to properties receiving water under the PSAWR will result in automatic removal of the subject property from the PSAWR, subject to the conditions set for in subsection 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.
- d) If, as a result of data examination and/or an audit, it is determined that PSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive supplemental water rates, penalties and charges as required by the SDCWA, or the District, which the participant agrees to pay.
- e) If data examination and/or an audit determines that the subject property and/or water use on the property does not qualify for the PSAWR, then the property and associated water account will be removed from the PSAWR as provided for and subject to the conditions in sub-section 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

Sec. 10.11.5 Exit and Re-entry into the PSAWR Program.

- a) PSAWR customers who knowingly no longer meet the participation qualifications of the PSAWR are required to inform the District within 30 days. Failure to provide notice of a change in eligibility within 30 days will result in retroactive assessment of the SDCWA M&I water rates and charges for the period of ineligibility in which the PSAWR water rate was received.
- b) Customers electing to voluntarily exit the PSAWR will still be subject to PSAWR-related reductions if the customer exiting utilized PSAWR water in the base year for a mandatory reduction in a subsequent year. PSAWR customers may not voluntarily exit during periods of water shortage allocations and mandatory reductions for the duration the level is implemented or for three years, whichever is a shorter period, or during periods in which there is substantial threat of a mandatory water supply reduction.
- c) Participating customers may opt-out of the PSAWR Program at any time during non-service limitation periods. If a PSAWR Program account has opted out, the parcel number associated with that retail meter account will not be allowed to re-enter the PSAWR Program unless the parcel legally changes ownership in an arm's length commercial transaction verified by the District.

Sec. 10.11.6 Implementation of Mandatory PSAWR Supply Reductions.

Actual implementation of mandatory supply reductions shall be based upon levels of reduction required the SDCWA. To achieve the required levels of use reduction and avoid the maximum penalty possible any operational or financial sanctions which may be imposed on the District by the SDCWA, the District will utilize one or a combination of methods, including timely notice of pending reductions, water management information dissemination, individual participant water budgets and use reduction targets, assessment of financial disincentives, and individual meter flow reduction devices.

Sec. 10.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The cost of the service lines together with the pipeline extension costs will be borne by the owners.

Where because of any unusual circumstance service connections involve extra expense to the District, an additional deposit or payment based upon the actual cost of such connection as determined by District staff, may be required by the District.

Sec. 10.13 Customer Valve.

There shall be a stopcock or wheel valve in every attachment between the meter and the main next to the meter which said stopcock or wheel valve and the meter and other devices and fittings, including the meter box supplied by the District, shall be for the exclusive use and under the control of the District.

There shall be a stopcock or wheel valve in each service connection located on the consumer's side of the meter, at a point to be designated by the District, which stopcock or

wheel valve shall be for the use of the consumer and shall be referred to as the “customer valve.”

The District has responsibility to repair or replace facilities up to and including the customer shut off valve. Repair and maintenance of facilities beyond the customer valve is the responsibility of the customer.

The District is not responsible for water loss due to leaks or other problems on the property side of the customer valve.

If there is an emergency, the District, at its discretion, can make temporary repairs and charge the customer a minimum of \$50. However, the District is under no obligation to repair leaks beyond the customer valve and assumes no long term liability for those repairs. It is recommended that the customer obtain the services of a licensed plumber to make permanent repairs.

Sec. 10.14 Water Must Pass Through Meter.

All water sold by the District and used by any consumer must pass through that customer’s meter, and no delivery will be made by the District except through that customer’s meter. In the event that it should be discovered that water is served to any premises by means of a bypass or any other mechanical device or instrument which permits water to be served other than through that customer’s meter, the District shall have the right to immediately cut off the supply of water to said consumer until the person guilty of such conduct shall have reimbursed the District for the cost, as determined by the District, of the water so illegally used. The District shall assess a \$100 penalty, per incident, to any person who steals water in any amount.

Sec. 10.15 Mains, Service Pipes, Equipment Belonging to District.

All water mains, extensions of service pipes, meters, and all other equipment used in the delivery of water to any meter, including the meter and the customer valve shall belong to and be the property of the District, and shall be maintained and repaired by the District.

Customer shall permit reasonable access to the meter and valves to effect said maintenance and repairs and to read the meter. Replacement shall be made by the District when such equipment is rendered unserviceable through reasonable use thereof.

However, the cost of replacements, repairs, or adjustments of any equipment of said District, including meters, when rendered necessary by any act, negligence or carelessness of the consumer, shall be made by the District at the expense of the consumer.

Sec. 10.16 Meter Area Clean and Consumer Line Free from Leaks.

Every consumer of water must keep his service pipes, valves, fixtures, and all other apparatus beyond that belonging to and serviced by the District in good repair and free from leakage at his own expense and he will be responsible for all damages which may result from failure to comply with this rule.

Sec. 10.17 Fires.

In the event that fires should take place within the District, where

it is necessary to use the distribution mains of the District to supply water to extinguish such fires, the District may temporarily discontinue service to any meter, and the affected consumer shall not be permitted to use water from any of the District mains until such fire is completely extinguished.

Sec. 10.18 Access to Meters.

No person shall place or cause to be placed on or about or around any meter, hydrant, stopcock or service connection of any of the mains, pipes or water-works of the District any material of any kind which may serve or act as an obstruction to the free access or use of such meter, hydrant, stopcock or service connection. Upon failure to remove such obstruction after reasonable notice, the District shall have the right to have the water shut off and keep the same from being turned on again until such obstruction is removed and the necessary fee for turning on said water paid to the District.

Sec. 10.19 Temporary Discontinuance of Service for Repairs, etc.

The District reserves the right at any time to discontinue the service of water from its mains to water consumers for the purpose of making repairs or extensions to all parts of the system under the operation and control of the District or for any other purpose which may be found necessary by the District in order to properly maintain its system. In such case, the District will, if practicable, give notice to the consumer of such interruption in service.

Sec. 10.20 Allowances or Rebates.

No allowance or rebates in rates or charges shall be made under any circumstances, except as hereinafter in this Administrative Code authorized, and the rates herein prescribed for service of water shall be a charge against any and all property as hereinbefore specified, until the District shall receive written notice of request to discontinue the water to such property, provided, however, that notwithstanding such written notice or request, the District shall still collect the minimum amount prescribed by this Administrative Code for the standby service as long as the meter is in place.

Sec. 10.21 Water Served to Others.

It is hereby declared to be a violation of the consumer's contract for which the District shall have the right to discontinue the service of water, if any water consumer shall be found to have served water to a consumer whose water has been shut off for breach of any of the provisions of this Administrative Code.

The District or representatives of the District shall have the right at all times to have free access to all parts of the premises of the consumer supplied with water to inspect the water system maintained by the customer.

Sec. 10.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible contamination will be owned and maintained by the District. The device will be located at the service connections. The type of protection that shall be required to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the customer premises. The type of protective device that will be required (listed in an

increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The customer may choose a higher level of protection than required by FPUD. The minimum types of backflow protection required to protect the public water supply, at the water user's meter connection to the property with various degrees of hazard, are listed below. Situations not covered in the listed below shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by FPUD.

Sec. 10.22.1 Type Of Backflow Protection Required.

1. An (AG) is required on premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
2. An (AG) is required on premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
3. An (RP) is required on premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected. Any sign of injection systems on the property, including unused systems will require an (RP).
4. Auxiliary Water Supplies--Any water supply other than that received from a public water system.
 - A) (AG) is required on premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the District.
 - B) An (RP) is required on premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system.
5. Recycled Water
 - A) An (AG) is required on premises where the public water system is used to supplement the recycled water supply.
 - B) An (RP) is required on premises where recycled water is used, and there is no interconnection with the potable water system.
 - C) An (RP) is required on residences using recycled water for landscape irrigation as part of an approved dual plumbed use area. If the District is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

- A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).
 - B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.
 - C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.
 - D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.
 - E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.
- 7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
 - 8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.
 - 9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.
 - 10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
 - 11. Property owners who appeal to the District to change classification from a classification other than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 10.22.3 & 4.

Evaluation of Hazard. The District shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The District, however, shall not be responsible for abatement of cross-connections which may exist within a user's premises. As a minimum, the evaluation should consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity

and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

- A) Premises where substances harmful to health are handled under pressure in a manner which could permit their entry into the public water system. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.
- B) Premises having an auxiliary water supply, unless the auxiliary supply is accepted as an additional source by the District.
- C) Premises that have internal cross-connections that are not abated to the satisfaction of the District.
- D) Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
- E) Premises having a repeated history of cross-connections being established or reestablished.

Sec. 10.22.2 Backflow Device Installation on New Services.

The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable. (See Type of Backflow Device Protection Required)

An additional charge will be made for installation of backflow prevention devices as follows:

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$477
For each 1 inch meter	\$562
For each 1-1/2 inch meter	\$1,038
For each 2 inch meter	\$1,256
For each 3, 4 or 6 inch meter	Cost

Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec. 10.22.3 Reduced Pressure Backflow Preventer Retrofits.

Retrofit: Installation of a Backflow device after the service connection has been established.

General Design Considerations.

- A) The design and construction of the backflow prevention assembly shall meet the requirements called for in this specification.
- B) The nominal size of the backflow prevention device shall be equal to the size of the purchased meter. For example, a (1") meter shall have a (1") backflow prevention device.
- C) The assembly shall include same size valves located on either side of the backflow prevention assemblies. Four test cocks shall be appropriately located on the assembly for testing and certification.
- D) The nominal size of reduced-pressure principle detector assemblies shall be as shown on the Approved Plans or as directed by the Fire Department of jurisdiction.
- E) Enclosures and concrete slabs shall be provided only as shown on the Approved Plans or as required by the agency of jurisdiction.

Sec. 10.22.4 Reduced Pressure Backflow Preventer Device Retrofit –Installed by Property Owner

The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit. Once the device is installed, passes the backflow test, and meets the District’s standards the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday’s only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.
- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.

- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty eight dollars (\$128) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.
- 10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 10.22.5 Well Destruction and Alteration.

To protect the State's groundwater supplies, the Legislature authorized the establishment of standards (Department of Water Resources Bulletins 74-81 and 74-90) and regulations pertaining to the construction, alteration, and destruction of wells.

California Water Code Section 13750.5 requires that those responsible for the construction, alteration, or destruction of water wells, cathodic protection wells, groundwater monitoring wells, or geothermal heat exchange wells possess a C-57 Water Well Contractor's License. This license is issued by the Contractors State License Board.

California Water Code Section 13751 requires that anyone who constructs, alters, or destroys a water well, cathodic protection well, groundwater monitoring well, or geothermal heat exchange well file with the Department of Water Resources a report of completion within sixty (60) days of the completion of the work.

The Land and Water Quality Division regulates the design, construction, modification, and destruction of water wells throughout San Diego County to protect San Diego County's

groundwater resource. Water Wells are commonly used as the only potable water supply in the rural areas of San Diego County. For general information call the San Marcos office at (760) 471-0730.

Upon the completion of the well destruction or alteration, the property owner is responsible for supplying proper documentation to the District.

If the property owner chooses not to follow the California Water Code (listed above) within sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and a Reduced Pressure Backflow Device is installed (See Section 10.22.3&4) and passes and meets the District standards.

Sec. 10.23 Booster Pumps.

No person shall place or cause to be placed a device to raise the pressure of water supplied him by the District unless said booster system plans and proposals have been submitted to the District's General Manager and written approval for its installation and use has been secured. In the event such apparatus is installed without permission, the General Manager will immediately discontinue service to the consumer and resume service only after satisfactory removal or correction and payment of turn-on charges and payment for any repair or treatment necessary for sanitary and safe operation.

Sec. 10.23.1 Fallbrook Service Area Pressure Zones. Any approved individual service booster pump in the following pressure zones will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer:

- 1) Toyon Heights
- 2) Sachse
- 3) Red Mountain
- 4) Gheen
- 5) Modified Town
- 6) Rattlesnake

Sec. 10.23.2 DeLuz Heights Service Area Pressure Zones. Any approved individual service booster pump in the DeLuz Service Area will be installed, operated, and maintained entirely at the individual customer's expense and will remain the property of the individual customer, with the exception of the following meter numbers:

- 1) Meter No. 7783
- 2) Meter No. 7784
- 3) Meter No. 7789

Sec. 10.24 Fire Hydrants.

For installing, maintaining and use of fire hydrants, the following will apply:

The District will install fire hydrants and necessary piping so required where and when jointly approved by the District staff and the Chief of the Fire District at the cost of the North County Fire Protection District.

In the event hydrants are required as part of pipeline extensions to service a subdivision or consumer, the cost of such hydrants will be included in the cost of the extension construction and paid for by the subdivider or consumer. Charges for installation of hydrants on the existing District distribution system will be as follows:

Model J-3700 (2-port hydrant).....	\$9,175 (complete assembly)
Model J-3765 (3-port hydrant).....	\$9,936 (complete assembly)
Fire flow testing	\$534

If paving over 20 feet is required, there is an additional fee of \$258 per trench foot. If county road inspection is required, there is an additional fee of \$1,408.

Charges for fire hydrants will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Maintenance and repairs to hydrants, valves and connecting pipelines, will be performed by the District at the expense of the North County Fire Protection District.

Sec. 10.25 Automatic Sprinkler and Fire Protection Systems.

For automatic sprinkler and fire protection systems, the District upon request, will install a detector check valve system subject to the payment of the following installation charges by the user:

4 inch service	Cost
6 inch service	Cost
8 inch service	Cost

Sec. 10.26 Construction Meters.

For each use of a fire hydrant by any person not officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a \$1,266 deposit, a meter installation charge of \$123 will be made. There will be a relocation charge of \$123 to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 10.27 Water Used for Annual Crops.

For each use of water for agricultural purposes solely for the growing of annual crops, as described in Sec. 10.1, Temporary Ag Service, the connection charge levied by Sec. 10.8 will not be assessed for this purpose.

All other fees, assessments, and charges of this Administrative Code will be in effect. The Board of Directors will determine annually the availability of water for these purposes, and the use will be continued on a year to year basis at the discretion of the Board of Directors.

Sec. 10.28 Illegal Use of Water.

The District may discontinue service to any consumer who uses or permits the use of District water beyond District boundaries or who within the District permits the flow of water beyond the limits of his property which is recorded as being served by the meter service through which the water is supplied. After discontinuing service for such cause, a charge of \$100 plus the estimated cost of the water so wasted or misused will be made and water service will not be resumed until paid.

Sec. 10.29 Water Service Outside District.

In the event that the District should at any time have surplus water over and above that which may be needed and used within the limits of the District, then and in that event, the Directors of the District are hereby authorized to enter into a contract for the sale of such surplus water outside the boundaries of the District, upon such terms and conditions and for such rates as the Directors may at the time deem for the best interests of said District, provided, however, that in no case shall the Directors of said District, in fixing the rate to be charged for water in such contract, charge less than a sum which would represent the cost of actually developing and delivering said water outside of said boundaries of said District.

Sec. 10.30 Application of Water Service to Affordable Housing

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for water service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or

- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 10.30.1 Review of Service Policies.

At least once every five (5) years after passage of this policy, the policies contained in this section shall be presented to the Board of Directors of the District for a review and evaluation of the written policies governing water service to proposed developments that include housing units affordable to lower income households.

Sec. 10.31 Administrative Fees.

The following administrative fees will be charged for the preparation, processing, and recording of the following documents:

Insufficient Funds Check	\$25
Temporary Service Agreements	\$50
Remote Meter Agreements	\$50
Quitclaim of Easement	\$50
Grant of Easement	\$50
Grant Deed	\$50
Temporary Sewer Service Agreements	\$50
Repayment Agreements	\$100

ARTICLE 19 (Renumbered as Article 10 by Resolution 5006)
Sec. 19.1,19.4,19.6, 19.21, 19.23 & 19.28 – Rev. 6/93
Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
Sec. 19.8 – Rev. 4/95
Sec. 19.1 – Rev. 8/95
Sec. 19.33-19.43 – Rev. 8/95
Sec. 19.5, 19.24-19.25 – Rev. 9/96
Sec. 19.6-19.8 – Rev. 9/96
Sec. 19.23 – Rev. 10/96
Sec. 19.8 – Rev. 6/97
Sec. 19.1 – Rev. 7/97
Sec. 19.11 – Rev. 7/98
Sec. 19.9 – Deleted (all parcels paid) – Rev. 9/98
Sec. 19.21 – Rev. 6/99
Sec. 19.8 – Rev. 7/99
Sec. 19.9 – Rev. 11/99
Sec. 19.20.2 – Rev. 11/99
Sec. 19.9.2 – Rev. 7/00
Sec. 19.8 – Rev. 12/00
Sec. 19.8 – Rev. 8/01

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Sec. 19.21, 19.23 – Rev. 07/03
Sec. 19.6, 19.21 – Rev. 6/04
Sec. 19.8, Rev. 1/05
Sec. 19.5 – Rev. 7/05
Sec. 19.4 & 19.8 – Rev. 3/06
Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
6/06
New sec. 19.27 added 6/06
Sec. 19.5, 19.8 & 19.23 – Rev. 12/06
New Sec. 19.4 – Added 2//07
Sec. 19.20 – Rev. 3/07
Sec. 19.22 – Rev. 6/07
Sec. 19.6 – Rev. 6/07; 19.7 – Added
6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
6/07
New 19.11 – added 8/07
Sec. 19.1 (last para pg. 1) & 1st para. Pg.
2 – Rev. 12/07
Sec. 19.8.2 – Add 3/08
Sec. 19.1, 19.6, 19.7, 19.8, 19.8.1, 19.9,
19.14, 19.22, 19.24, 19.26, 19.27, and
19.31 – Rev. 6/08
Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22,
19.24, - Rev. 6/09
19.1, 19.5 Rev. 8/09
Sec. 19.22-19.22.5 – Rev. 10/09
Sec. 19.8.1 – Rev. 5/10
Sec. 19.5 – Rev. 10/10
Sec. 19.3 – Rev 12/10
Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
19.26 – Rev. 5/11
Sec. 19.8, 19.9 – Rev. 4/12
Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/12
Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/13
Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 6/14
Sec. 19.8.1 – Rev. 10/14
Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
19.24, 19.26 Rev. 6/15
Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3,
19.11.4, 19.11.5, 19.11.6, 19.22.1 Rev.
3/16
19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 7/16
Sec. 19.10 - Rev. 1/17

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/18

Secs. 19.12.1, 19.12.2, 19.24 – Rev.
7/19

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev.
12/19

Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6 – Rev. 12/20

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/20

EXHIBIT D

**REVISIONS TO ARTICLE 11 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2022**

[COMMENCING ON NEXT PAGE]

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

For the purpose of this Administrative Code and the regulation of sewer service by the Fallbrook Public Utility District, the following definitions are adopted:

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

The term “Owner,” as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District.

The term “Parcel Map,” as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term “Parcel of Land,” as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor’s office for the County of San Diego and legally subdivided by California law.

The term “pass through” means wastewater leaving the District’s sewer system in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the state or federal law, regulation, or order.

The term “Permit,” when used as a noun as used herein, shall mean permit for a sewer connection required by the District for any discharger to the District’s sewer system and includes a sewer permit, a Special Use Permit, a temporary sewer service agreement, and any other authorization to connect to and use the District’s sewer system.

The term “person,” as used herein, shall mean any individual, entity, partnership, firm, association, corporation or public agency, including the State of California and the United States of America.

The term “Project,” as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term “sewer system” or “District’s sewer system” shall mean all of the publicly owned property involved in the operation of the sewage collection, treatment, and disposal system in the District, including land, sewers and appurtenances, pumping stations, and the treatment works and equipment.

The term “Special Use Permit” shall mean a permit for a sewer connection issued by the District to certain industrial users of the District’s sewer system in accordance with Section 11.9.

The Term “SS,” as used herein, means suspended solids.

The term “Subdivision,” as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term “upset” means an incident in which there is temporary noncompliance with requirements of the District’s sewer system regulations.

The term “user” refers to any person who connects to or discharges to or authorizes, permits, facilitates, or allows the connection or discharge to the District’s sewer system.

Sec 11.2 Prohibited Connections.

It shall be unlawful for any person to connect to or to facilitate, authorize, permit, or allow connection to the District sewer system or to add or to facilitate, authorize, permit, or allow the addition of any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction in accordance with Division 20.2 of this Article. No permit to connect shall be issued except to the owner of the property or the owner’s duly authorized agent.

Sec 11.3 Prohibited Uses and Prohibited Discharges.

It is unlawful for any person to use or discharge to, or to facilitate, authorize, permit, or allow the use of or discharge to, the sewer system except in accordance with Division 20.3.

Industrial users subject to the pretreatment standards specified in Part 403 of Title 40 of the Code of Federal Regulations are prohibited from connecting to or discharging into the District’s sewer system.

Sec 11.4 Permit Required.

No person or entity shall be entitled to establish, authorize, cause, facilitate or allow a connection or discharge to the District’s sewer system without first obtaining a sewer permit in accordance with Section 11.4, a Special Use Permit in accordance with Section 11.9 or a temporary sewer service agreement in accordance with Section 11.10 and paying required fees in accordance with this Article.

No person or entity shall be entitled to discharge or to authorize, cause, facilitate, or allow a discharge to the District’s sewer system except as authorized by a sewer permit, Special Use Permit or temporary sewer service agreement. Permits are issued only for the use expressly authorized by the permit.

If a permit does not show thereon the number of equivalent dwelling units for which it is issued, the holder of the permit may seek a determination of the equivalent dwelling units authorized by the permit in accordance with this Article.

The holder of a permit who seeks to undertake any of the following actions on the property associated with the permit must submit an application for a redetermination of equivalent dwelling units as set forth in Section 11.7 and/or a redetermination of strength classification under Section 11.8 and, if required apply for a new or amended permit and pay fees in accordance with this Article:

- a) add a new or change an existing use of a property;

- b) remodel, renovate, or enlarge a structure that discharges or connects to the District's sewer system;
- c) construct any additional improvements on the parcel of property that discharges or connects to the District's sewer system;
- d) discharge a greater volume of wastewater than is authorized by an existing sewer permit;
- e) discharge wastewater with a greater concentration of BOD, SS or other constituent than is authorized by the sewer permit.

No sewer permit required by this Section is valid until the applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with this Article.

Sec 11.5 Sewer Permit Application Process.

Sec 11.5.1 Submission of Application.

Any person required to obtain a permit in accordance with Section 11.4 must submit a request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application, which may include but is not limited to the following:

- a) Environmental Review.

Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to complete this additional environmental review. All environmental review shall be at the applicant's sole cost and expense. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

- b) Plans and Specifications.

Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received

all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

c) Parcel Maps and Subdivisions.

Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California. The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement.

Sec 11.5.2 Determination of Equivalent Dwelling Unit and Strength.

Upon receiving an application for issuance of a sewer permit, the District will determine the number of equivalent dwelling units and anticipated strength classification for which the Permit shall be issued, and fees shall be calculated in accordance with this Article.

Sec 11.5.3 Payment of Fees.

Before a sewer permit may be issued, the applicant must pay the following fees or arrange for payment of the fees pursuant to Section 11.16:

- a) Capacity fees in accordance with Section 11.16.2;
- b) Plan Check fees in accordance with Section 11.16.3;
- c) Lateral fees in accordance with section 11.16.4, if applicable;
- d) Fees to inspect contractor-installed laterals in accordance with Section 11.16.5, if applicable; and
- e) Annexation fee in accordance with Section 11.16.6, if applicable.

Sec 11.6. Sewer Availability Forms and Letters.

If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, and all fees have been paid or guaranteed, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays

all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec 11.7 Equivalent Dwelling Units.

a) Equivalent Dwelling Unit Schedules.

1. The following schedule shall be used when determining the equivalent dwelling units and class of service for any connection to the District’s sewer system.

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE

Equivalent Class	Description	Dwelling Units
Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.) *Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel with no restaurant	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33

Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00
	Car Wash with water recovery system and public restroom	
Class 21		2.00
	Self Service Laundry	
Class 23	Restaurants	2.00
	Restaurant Under 2500 Square feet	
Class 24		3.00
	Restaurant 2501-7000 Square feet	
Class 25		4.00
	Restaurant Over 7000 Square feet	
Class 26		5.00

	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.24

2. Unclassified Users. Users whose use is not classified in the above table are considered “unclassified users.” District staff shall determine the number of equivalent dwelling units for which a permit shall be issued to an unclassified user, including but not limited to commercial and industrial users, based upon the estimated volume of wastewater to be discharged therefrom into the District’s sewer system. An unclassified user that is also an Industrial User may be required to obtain a Special Use Permit pursuant to Section 2.9.

b) Determination and Redetermination of Equivalent Dwelling Units.

1. Determination of Equivalent Dwelling Units.

The holder of an existing sewer permit which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on this section.

Upon completing the determination of the number of equivalent dwelling units to be assigned to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units assigned thereto and shall also make a notation of such equivalent dwelling units assigned to the existing in the appropriate District record.

2. Redetermination of Equivalent Dwelling Units.

Upon receiving an application for a redetermination, the District shall determine the number of equivalent dwelling units assigned to such permit and the number of equivalent dwelling units required by the action undertaken by the permit holder. If the permit does not accurately show the number of equivalent dwelling units for which it was issued or which will exist after the action undertaken by the permit holder, the District shall determine the number of equivalent dwelling units to be assigned to such permit in the manner above provided in this section, and whether the action undertaken by the permit holder will necessitate additional equivalent dwelling units.

If additional equivalent dwelling units are required as a result of the action undertaken by the permit holder, the applicant will be required to acquire additional equivalent dwelling units in accordance with Section 11.4, to construct any additional sewer facilities determined necessary by the District to adequately serve the property, and to pay fees required by this Article based on the fees in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

3. Reduction in Equivalent Dwelling Units.

If any determination or redetermination conducted in accordance with this Section results in a reduction in equivalent dwelling units, such reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec 11.8 Determination and Classification of Strength (BOD and SS).

The District shall use the following guidance when determining the anticipated concentrations of BOD and SS for discharges to the District's sewer system:

- a) Low strength: BOD < 200 mg/l and SS < 200 mg/l: Retail, laundry, church or community facility with no kitchen, offices, car wash, nursing home or hospital.
- b) Medium strength: BOD 200 - 700 or SS > 200 -700: hotel, auto service station, hotel with restaurant, light manufacturing.
- c) High strength: BOD > 700 mg/l or SS > 700 mg/l: Restaurant, mortuary, manufacturing or high strength wastes.

The allowable discharge strength classification shall be set forth in the permit.

Industrial Users required to obtain a Special Use Permit may be subject to alternative strength classification requirements and/or additional discharge requirements pursuant to Section 11.9.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease any actual discharge and obtain and implement a Special Use Permit in accordance with Section 11.9 before commencing or recommencing any such discharge.

Sec. 11.9 Special Use Permits.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease

any actual discharge and obtain and implement a Special Use Permit before commencing or recommencing any such discharge.

Applicants for Special Use Permits shall complete and file the standard application form and submit all applicable fees. Applications for a Special Use Permit shall include such additional information as may be required by the General Manager, which may include, but not be limited to, sewage constituents and characteristics (as may be determined by a laboratory approved by the District), and any other information deemed necessary by the District to evaluate the application.

The Special Use Permit shall be subject to all requirements and provisions applicable to general permits under this Article, but may also be subject to one or more of the following:

- a) Limitation of the volume discharged;
- b) Restriction of peak flow discharges;
- c) Pretreatment of wastewater prior to discharge;
- d) Discharge of certain wastewater only to specified sewers of the District;
- e) Relocation of the point of discharge;
- f) Prohibition or limitation of discharge of certain wastewater constituents;
- g) Restriction of discharge to certain hours of the day;
- h) Filing of periodic self-monitoring discharge reports or results of periodic measurements;
- i) Installation of a suitable manhole together with such necessary meters and other appurtenances to facilitate observation, sampling, and measurement of the wastes;
- j) Payment of additional charges to defray increased costs of the District created by the wastewater discharge; and
- k) Such other conditions as may be required to achieve the purpose of this section.

Sec 11.10 Temporary Sewer Service Agreement.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a user that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending a temporary private line from the sewer to the property to be served, and obtaining whatever temporary easements are required for such extension. Temporary sewer service agreements shall establish the financial obligations of the user related to the

future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

If the user's obligation is to be secured with a promissory note and deed of trust, the terms will be based on the 10-year Treasury Bill rate plus 2%. Interest will be recalculated annually on the anniversary date of the recorded Trust Deed and will be compounded annually on the same anniversary date.

Sec. 11.11 Permit Modifications.

The terms and conditions of a permit may be subject to modification by the District, in accordance with any changes in the effluent standards limitations or prohibited substances by superior regulators or in response to violations of this Code. The discharger shall be informed of any proposed changes in the permit at least thirty (30) days prior to the effective date of change, except in the case of violations of a permit or other order of the District, which may be modified as needed to protect public health, safety, and welfare, the District's sewer system, or personnel. Any modifications or new conditions in the permit shall include a reasonable time schedule for compliance.

No person shall discharge sewage in excess of the quantity or quality limitations set by a permit. Anyone desiring to discharge wastes or use wastewater facilities that are not in conformance with terms of a permit must apply to the District for an amendment to the permit or for a Special Use Permit, as applicable.

Sec. 11.12 Permits Non-Transferable.

A permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A permit shall not be transferred to or used for a parcel of land which is not specifically described in the permit. Permits may be used only for the use which is specifically set forth on the permit.

Sec 11.13 Application of Sewer Service to Affordable Housing.

Per Government Code Sec. 65589.7, effective July 1, 2006, the District shall not deny or condition the approval of an application for sewer service to, or reduce the amount of services applied for by, a proposed development that includes housing units affordable to lower income households unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or

- b) The District is subject to a compliance order issued by the State Water Resources Control Board, Division of Drinking Water that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for sewer service from the District which is generally applicable to other development projects seeking sewer service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 11.14 Sewer Use Requirements.

Sec. 11.14.1 General Conditions for Sewage Disposal.

No person shall discharge to the District's sewer system except through a connection permitted in accordance with Division 20.2 and in accordance with the sewer use requirements of this Division 20.3 and on payment of fees and charges provided in Division 20.4. Unless specifically authorized in a Special Use Permit issued by the District, no person shall discharge to the District's sewer system anything other than domestic sewage that complies with the requirements of this Article.

No person shall discharge to the District' sewer collection system in any manner that does the following:

- a) Create nuisances such as odors,
- b) Menace or endanger public health or safety or damage public or private structures, facilities or improvements,
- c) Impose unreasonable collection, treatment, or disposal costs to the District,
- d) Interfere with wastewater treatment processes,
- e) Exceed quality requirements set by regulatory government agencies,
- f) Detrimentially affect the local environment,
- g) Causes or contributes or threatens to cause or contribute to a bypass of untreated waste, pass through, or upset; or
- h) Cause or contribute to a violation of any permits applicable to the District's sewer system or treatment facilities.

Sec. 11.14.2 Discharge Prohibition.

Unless written approval has been provided by the District, no person shall discharge or cause to be discharged into the District's sewer, directly or indirectly, the following:

- a) Any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or industrial process waters.
- b) Pollutants which create a fire or explosion hazard, including but not limited to any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
- c) Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanides in excess of two (2) mg/L as CN in the wastes as discharged to the public sewer.
- d) Pollutants which will cause corrosive structural damage to the sewer system, but in no case any waters or wastes having a pH lower than 6.0 or in excess of 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the sewage works.
- e) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works such as, but not limited to, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, ashes, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.
- f) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the sewer system.
- g) Brine from on-site regenerated ion exchange water treating devices.
- h) Water softener waste or any other salt water brine wastes.
- i) Any trucked or hauled pollutants, except at discharge points designated by the District.
- j) Fats, oils and grease (FOG) from food service establishments, except in compliance with the District's FOG program.
- k) Any other substances, materials, waters, or wastes if it appears likely in the opinion of the District's General Manager that such wastes can harm either the sewers, sewage treatment process, or equipment, have an adverse effect on the receiving

stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In making a determination as to the acceptability of these wastes, the General Manager will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacity of the sewage treatment plant, degree of treatability of wastes in the sewage treatment plant, and other pertinent factors. The substances prohibited are:

- l) Heat in amounts which will inhibit biological activity in the sewer system resulting in interference, but in no case any liquid or vapor having a temperature higher than one hundred fifty (150) °F (65°C).
- m) Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of two hundred (200) mg/L or containing substances which may solidify or become viscous at temperatures between thirty two (32) and one hundred fifty (150) °F (0 and 65° C).
- n) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three fourths (3/4) horsepower (0.76 hp metric) or greater shall be subject to the review and approval of the District.
- o) Any waters or wastes containing strong acid iron picking wastes, or concentrated plating solutions whether neutralized or not.
- p) Any water or wastes containing boron, cadmium, chromium, copper, iron, lead, manganese, mercury, selenium, tin, zinc and similar objectionable or toxic substances, or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the District for such materials. And, any water or wastes containing constituents in excess of those required by the District's current permits.
- q) Any water or wastes containing phenols or other taste odor producing substances, in such concentrations exceeding limits which may be established by the District as necessary, after treatment of the composite sewage, to meet the requirements of the State, Federal, or other public agencies of jurisdiction for such discharge to the receiving waters.
- r) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the District in compliance with applicable State or Federal regulations.
- s) Materials which exert or cause:
 1. Any waters or wastes containing more than 350 parts per million by weight of suspended solids or have a 5 day B.O.D. greater than 300

parts per million by weight, or a C.O.D. greater than 600 parts per million by weight.

2. Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
 3. Unusual B.O.D. chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
 4. Unusual volume of flow or concentration of wastes constituting “slugs” as defined herein.
- t) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed, or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

Sec. 11.14.3 FOG Compliance Program.

The District has prepared and adopted a fats, oils, and grease (FOG) program on the implementation and enforcement of this Article. The District may require compliance with the FOG program as a condition of a Special Use Permit under this Article. FOG program may be updated as needed to achieve the applicable performance standards for the sewer system.

Sec. 11.15 Miscellaneous Provisions.

Sec. 11.15.1 Provide Information.

Users must provide information regarding the nature of any discharge to the system on request of the District.

Sec. 11.15.2 Users Outside the District.

The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District. The provision of sewer services to premises outside the District shall also comply with applicable law, including but not limited to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code § 56000 et seq.).

Sec. 11.15.3 Agreements.

No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the District and any discharger whereby waste

of unusual strength or character may be accepted by the District for treatment, subject to payment as agreed thereof by the discharger.

Sec. 11.16 Fees and Charges.

Sec. 11.16.1 Sewer Service Charges.

Every user of the District's sewer system must pay a sewer service charge for the use of the District's sewer system in an amount and at a frequency established by the Board.

Sec. 11.16.2 Capacity Fees.

a) Capacity Fee Amount. Prior to issuance, reissuance, or amendment of a sewer permit the following capacity fees shall be paid by an applicant for a sewer permit for each equivalent dwelling unit determined by the District in accordance with Section 11.7:

Capacity Fee	\$7,144 per EDU
--------------	-----------------

b) Adjustments to Capacity Fees. Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

c) Financing Capacity Fees. Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff as follows:

1. Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
2. Any delinquent amounts will be transferred to the property tax bill.
3. Amounts up to \$3,000 are due immediately with no financing option.
4. Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
5. Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
6. Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
7. Liens will not be offered as a methods of postponing payment of fees.

Sec. 11.16.2 Plan Check Fees.

- a) An applicant must pay a plan check fee in accordance with the following:
1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
 2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
 3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 11.16.4 Lateral Fees.

If the District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device, the applicant shall pay the following fee upon submission of an application. The fee is to cover the cost to install a lateral from the main line and to install the clean-out box and overflow device, if a lateral is required based on the nature of the application:

Length	Depth	Crew Size	Hours	Cost
≤ 15'	≤ 8'	4	36	\$3,514
≤ 15'	>8'	4	56	\$5,444
>15' to 30'	≤8'	5	90	\$7,473
>15' to 30'	>8'	5	115	\$9,624
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of \$1,476. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$2,472. If county road inspection is required, there is an additional fee of \$1,408.

Lateral installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

Sec 11.16.5 Fees for District to Inspect Contractor-Installed Facilities.

If a contractor will install the sewer lateral and related facilities, the applicant shall pay a sewer lateral inspection fee on a time and materials basis. Upon submission of an application, the applicant shall pay a deposit for the estimated inspection fee, calculated as follows:

Sewer Lateral Installation Estimated inspection hours @ \$106.74 = Estimated inspection fee

If the actual time per form inspection is less than the District's estimate, the District will refund the excess amount to the applicant. If the actual time to perform inspection exceeds the estimated time, the applicant shall pay the remaining amount due to the District as a condition of service. If the applicant fails to pay within the time specified by the District,

the District may include the remaining amount in its bill for sewer service or seek collection through any other lawful means.

Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 11.16.6 Annexation Fees.

An applicant must pay a sewer annexation fee for any connection located in an area that is required to be annexed to the sewer service area after March 23, 2012 in accordance with state law. Annexation fees are due with the other sewer permit fees when applying for a sewer permit and are calculated for each equivalent dwelling unit determined by the District in accordance with Section 11.7.

Annexation Fee (if required)	\$11,389 per EDU
------------------------------	------------------

Sec. 11.16.7 Fees and Charges May Be Collected with Taxes.

Notwithstanding any other provision of this Administrative Code, the fees and charges required by this Code, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 11.17 Right of Entry and Inspection.

To the fullest extent permitted by law, the officers, employees, and agents of the District shall have the right to enter upon any premises within the District to inspect and verify compliance with the Administrative Code or any permit, order, ordinance or authorization issued by the District. The District has the right to conduct routine inspections and sampling at any location where discharges to the sewer system occur.

Sec. 11.18 Enforcement – Generally.

In addition to any remedies provided in this Code or available under any applicable law, the District may take any enforcement action or combination of enforcement actions provided in this Division against any person who violates any provision of this Article.

Sec. 11.19 Administrative Enforcement.

Sec. 11.19.1 Monitoring.

The Authorized Inspector may require any discharger who violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article to pay all costs associated with follow-up sampling, cost of analysis, and inspections needed to return the discharger to compliance. The discharger may be required

to install and maintain pre-treatment, monitoring, and sampling facilities to ensure compliance with this Code.

Sec. 11.19.2 Citations.

The Authorized Inspector may issue an administrative citation directing a user or discharger to cease any action that violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article and may require the user or discharger to take any action necessary on a reasonable timeline to return to compliance and to pay penalties and costs authorized by law or this Article.

Sec. 11.19.3 Termination of Service and Revocation of Permit.

In addition to other statutes or rules authorizing termination of service for delinquency in payment for sewer service, the District may revoke any permit issued pursuant to these regulations. The District may also terminate the sewer or water service to any property, if a violation of any provision of this Article or a permit is found to exist, or if any wastewater discharge into the District's sewer system causes or threatens to cause a condition of contamination, pollution, or nuisance.

When deemed necessary for the preservation of public health or safety, or for the protection of public or private property, the District may suspend or terminate sewer or water service to any person using the sewer system in a manner endangering the public health or safety, or public or private property. If such endangerment shall be imminent, the District may act immediately to suspend sewer service without notice or warning to said discharger. In terminating service, the District may sever all pertinent connections to the public sewer.

Sec. 11.19.4 Permit Amendment.

In the event that the user demonstrates non-compliance or potential non-compliance with the limitations set forth in this Article or in any permit, agreement, or other authorization issued in accordance with this Article, the District may require the user to obtain a Special Use Permit or may modify an existing permit.

Sec. 11.19.5 Cost Recovery.

A person violating this Code or a permit or agreement or other authorization issued in accordance with this Article, or who discharges wastewater that causes a deposit, obstruction, damage, or any other impairment to the District's sewer system shall become liable for all expense, loss, or damage sustained by the District by reason of such violation or discharge. Such expenses, losses and damages include the District's costs of investigation and of taking any enforcement action required to return the user to compliance.

In addition to such costs, the District may recover reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation by means of an appropriate lawsuit or

other remedy against the person or discharger found to have violated these regulations or any discharge permit issued.

The District may condition the provision or continued provision of service on the payment of such expenses, losses, and damages.

Sec. 11.19.6 Administrative Complaint – Pretreatment Violations.

- a) In accordance with Section 54740.5 of the Government Code, the Authorized Inspector may issue an administrative complaint to any person who violates any requirement adopted or ordered by a local agency pursuant to Section 11.9. The administrative complaint shall allege the act or failure to act that constitutes the violation of the requirements, this Section, and the proposed civil penalty.
- b) The administrative complaint shall be served by personal delivery or certified mail on the person subject to the discharge requirements, and shall inform the person served that a hearing shall be conducted within 60 days after the person has been served. The hearing shall be before a hearing officer designated by the General Manager. The person who has been issued an administrative complaint may waive the right to a hearing, in which case no hearing will be conducted. A person dissatisfied with the decision of the hearing officer may appeal to the Board within 30 days after notice of the hearing officer's decision.
- c) If after the hearing, or appeal, if any, it is found that the person has violated reporting or discharge requirements, the hearing officer or Board may assess a civil penalty against that person. In determining the amount of the civil penalty, the hearing officer or Board may take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any noncompliance, the nature and persistence of the violation, the length of time over which the violation occurs and corrective action, if any, attempted or taken by the discharger.
- d) Civil penalties may be imposed as follows:
 1. In an amount which shall not exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.
 2. In an amount which shall not exceed three thousand dollars (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule established by the Authorized Inspector.
 3. In an amount which shall not exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge limitation, permit condition, or requirement issued, reissued, or adopted by the District.

4. In an amount which does not exceed ten dollars (\$10) per gallon for discharges in violation of any suspension, cease and desist order or other orders, or prohibition issued, reissued, or adopted by the District.
 5. The amount of any civil penalties imposed under this section which has remained delinquent for a period of 60 days shall constitute a lien against the real property of the discharger from which the discharge originated resulting in the imposition of the civil penalty. The lien provided herein shall have no force and effect until recorded with the county recorder and when recorded shall have the force and effect and priority of a judgment lien and continue for 10 years from the time of recording unless sooner released, and shall be renewable in accordance with the provisions of Sections 683.110 to 683.220, inclusive, of the Code of Civil Procedure.
- e) All moneys collected under this section shall be deposited in a special account of the District and shall be made available for the monitoring, treatment, and control of discharges into the District's sewer system or for other mitigation measures.
 - f) Unless appealed, orders setting administrative civil penalties become effective and final upon issuance thereof, and payment shall be made within 30 days. Copies of these orders shall be served by personal service or by registered mail upon the party served with the administrative complaint and upon other persons who appeared at the hearing and requested a copy.
 - g) The local agency may, at its option, elect to petition the superior court to confirm any order establishing civil penalties and enter judgment in conformity therewith in accordance with the provisions of Sections 1285 to 1287.6, inclusive, of the Code of Civil Procedure.
 - h) No penalties shall be recoverable under this section for any violation for which civil liability is recovered under Section 54740 of the Government Code.

Sec. 11.20 Public Nuisance.

- a) Discharge of wastewater in any manner that is in violation of this Article or a permit, or any order issued by the District as authorized herein, is hereby declared a public nuisance and shall be corrected or abated as directed by the District. Any person creating such a public nuisance is guilty of a misdemeanor and may be referred for criminal prosecution.
- b) If any wastes or waters are discharged, or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics prohibited under this Article, and which in the judgement of the District, may have a deleterious effect upon the sewage works, processes, equipment, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the District may:
 1. Reject the wastes,

2. Require pretreatment to an acceptable condition for discharge to the public sewers,
3. Require control over the quantities and rates of discharge,
4. Require discharger to obtain and comply with an Special Use Permit under this Article,
5. Require payment to cover the added cost of handling and treating the wastes not covered by the sewer charges levied by the District, and/or
6. Take any or all enforcement actions available to the District for violations of this Article.

Sec. 11.21 Civil Enforcement.

Sec. 11.21.1 Injunction.

Whenever a discharge of wastewater or other action is found to be in violation of this Code or a permit, or otherwise causes or threatens to cause a condition of contamination, pollution, or nuisance, the District may petition the Superior Court for the issuance of a temporary restraining order, preliminary injunction, permanent injunction, or all, as may be appropriate to restrain such action or require compliant actions.

Sec. 11.21.2 Other Actions.

The District may take any other civil action available at law or in equity to enforce the provisions of this Code.

Sec. 11.21.3 Criminal Enforcement.

Violations of this Code may constitute violations of other federal, state, or local laws. The District may refer such violations to the appropriate law enforcement agency for prosecution.

Sec. 11.22 Appeal Process.

Sec. 11.22.1 Appeals of Determinations and Redeterminations of EDUs.

- a) The owner of a property subject to a determination or redetermination made in accordance with Section 11.7 may appeal that determination or redetermination to the General Manager within fifteen (15) days after the District delivers notice of the determination or redetermination in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence that is relevant to whether the determination or redetermination was made in error and whether an alternative determination or redetermination is justified,

such as evidence that discharges will be lower than the typical industry values identified in the schedule or otherwise determined by the District.

- c) The hearing officer will grant the appeal in whole or in part if it determines that the evidence submitted by the appellant justifies an alternative determination.

Sec. 11.22.2 Appeals of Special Use Permit Requirements.

- a) Any person subject to a Special Use Permit issued in accordance with Section 11.9 may appeal any term or condition included in the Special Use Permit to the General Manager within fifteen (15) days after the Special Use Permit is delivered in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence regarding (a) the discharger's ability to meet the District's effluent standards; (b) the requested variance and its impacts on the operation of any District wastewater treatment plant or improvements.
- c) The hearing officer will grant the appeal in whole or in part if the following criteria can be demonstrated: (a) that the discharger is unable to meet the District's effluent standards by means of reasonable modifications to the discharging facility; (b) that the requested variance will not directly impact the operation of any District wastewater treatment plant or improvements, cause the wastewater or sludge of such plant to violate applicable requirements, or harm facilities or personnel; and (c) that the easing of any effluent standards will not violate any State or Federal requirements applicable to the District.

Sec. 11.22.3 Appeals of Administrative Enforcement Actions.

- a) Any person subject to an administrative enforcement action appeal from the issuance thereof to the General Manager within fifteen (15) days of the date of delivery of the administrative enforcement action by the Authorized Inspector. A person subject to an order to remedy a condition which poses an immediate threat to the public health, safety or welfare shall comply with that order during the pendency of any appeal.
- b) The only issues on appeal may be whether there was a violation as alleged in the administrative enforcement action and whether the appellant is the person responsible for the violation or corrective action.
- c) The amount of any fine or penalty imposed with the administrative enforcement action must be submitted together with the written appeal. Any fine which has been deposited shall be refunded if it is determined, after a hearing, that the person subject to the administrative enforcement action was not responsible for the violation or that there was no violation as alleged in the administrative enforcement action.

Sec. 11.22.4 Hearing on Appeal.

- a) Whenever a hearing is required or held in accordance with this Article, the General Manager or hearing officer appointed by the General Manager shall endeavor to set a date for the hearing that is not less than fifteen (15) and not more than sixty (60) days after the date that the written appeal is filed.
- b) The District shall notify person requesting the hearing of the time and place set for the hearing at least ten (10) days prior to the date of the hearing.
- c) The failure of any person requesting a hearing to appear at the hearing shall constitute a forfeiture of the appeal and any fine, and shall be a bar to judicial review of the action based upon a failure to exhaust administrative remedies.
- d) The hearing officer shall only consider evidence that is relevant to the issues identified in this Section.
- e) The appellant shall be given the opportunity to testify and present witnesses and evidence concerning the administrative citation.
- f) The District's determination or redetermination, permit or agreement, or administrative enforcement action and any additional document created by the District shall constitute prima facie evidence of the respective facts contained in those documents. Formal rules of evidence shall not apply.
- g) Upon request, the person requesting a hearing shall be provided with copies of the citations, reports and other documents submitted or relied upon by the District when taking the action subject to the appeal. In addition, if the District submits any additional written reports concerning action subject to the hearing to the hearing officer for consideration at the hearing, then a copy of said documentation also shall be served by mail on the person requesting the hearing.
- h) The hearing officer may continue the hearing and request additional information from the District or the person requesting the hearing prior to issuing a written decision.
- i) After considering all of the testimony and evidence submitted at the hearing, the hearing officer may immediately issue a verbal decision or may issue a written decision within ten (10) days of the hearing. The decision shall include the reasons for the decision and such decision shall be final. If the hearing officer determines that the administrative citation should be upheld, then the fine amount on deposit with the city shall be retained by the city. If the hearing officer determines that an administrative citation should be canceled and the fine was deposited with the city, then the city shall promptly refund the amount of the deposited fine.
- j) If any action is not timely appealed as provided in this Article, the action becomes final.

Sec. 11.22.5 Appeal to Board.

The decision of a hearing officer issued in accordance with this Article may be appealed to the Board within fifteen (15) days after delivery of the notice of such decision in accordance with Section 11.23. An appeal under this Section must be submitted to the General Manager on a form or in a format specified by the District. The only issue on appeal shall be whether the decision of the hearing officer is supported by the evidence.

Sec 11.22.6 Judicial Review.

Any person subject to a decision of the Board on an appeal of a decision of a hearing officer may obtain review of the decision of the Board by filing a petition with the Superior Court of San Diego in accordance with the timelines and provisions applicable to writs of mandate under Code of Civil Procedure section 1094.5.

Sec 11.23 Delivery of Notice.

Notice of any administrative enforcement action or other action of the District required be delivered pursuant to the requirements of this Article shall be subject to the following:

- a) Notice of any administrative enforcement action shall state that the recipient has a right to appeal the matter as set forth in Section 11.22 of this Article.
- b) Notice shall be delivered by personal service to the recipient, deposit in the U.S. mail, postage prepaid for first class delivery, by facsimile service with confirmation of receipt, by posting on the property, or by any other means permitted by law, including by electronic mail on consent of the person receiving the notice.
- c) Delivery shall be deemed complete as follows:
 1. Upon personal service;
 2. As indicated on the return receipt of any notice mailed by certified mail, return receipt requested;
 3. Three (3) days after deposit in the U.S. mail, postage pre-paid for first class deliver; or
 4. Where the owner or occupant of any property cannot be located after the reasonable efforts any notice shall be deemed delivered after posting on the property for a period of five (5) business days.
- d) Where the recipient of notice is the owner of the property, the address for notice shall be the address from the most recently issued equalized assessment roll for the property or as otherwise appears in the current records of the City.

ARTICLE 20 (Renumbered as Article 11 by Resolution 5006)

Revised in its entirety – 6/93, 6/94, 6/95, 9/96
Sec. 20.7, Sec. 20.7.2 – Rev. 6/99
Sec. 20.6 – Rev. 11/99
Sec. 20.5.4 & 20.5.5 – Rev. 6/06
Sec. 20.7.1 & 20.7.2 – Rev. 6/06
Sec. 20.6.1 – Rev. 10/06
New Sec. 20.6 – Added 2//07
Sec. 20.7.5; 20.7.8; 20.8; 20.8.1; 20.8.2 – Rev. 6/07
20.8.1 – Rev. 3/08
20.7.2, 20.7.4, 20.7.5, 20.7.6, 20.8, 20.8.2 – Rev. 6/08
Sec. 20.7.2 – Rev. 8/08
Sec. 20.8.1, 20.8.2 – Rev. 6/09
Sec. 20.11 – Rev. 12/10
Sec. 20.8.2 – Rev. 5/11
Sec. 20.8.1 – Rev. 6/11
Sec. 20.8.1 – Rev. 4/12
Sec. 20.2, 20.4, 20.6.2, 20.6.3, 20.7.1, 20.7.2, 20.7.3, 20.7.4, 20.7.5, 20.7.6, 20.8.2 – Rev. 6/12
Sec. 20.7.2, 20.7.3 – Rev. 7/12
Sec. 20.8 – Rev. 6/13
Sec. 20.8.1, 20.8.2 – Rev. 6/14
Sec. 20.8.1, 20.8.2 – Rev. 6/15
Secs. 20.5.2 (add), 20.8.1, 20.8.2 – Rev. 7/16
Secs. 20.5.2, 20.8, 20.8.2 – Rev. 12/18
Sec. 20.7.2 – Rev. 7/19
Revised in its entirety – 8/20
Sec. 20.16.2, 20.16.4, 20.16.5 – 12/20

M E M O

TO: Board of Directors
FROM: Personnel Committee
DATE: December 13, 2021
SUBJECT: Approval of a Temporary Employment Agreement for the Position of Operations Manager

Purpose

To obtain approval for a temporary employment agreement with Jason Cavender to perform as-needed work for the District as operations manager.

Summary

Jason Cavender retired from his position as operations manager, effective November 12, 2021. The District began an expedited recruitment process in July 2021 to hire his replacement ahead of his retirement in order to allow for some overlap and on-the-job training. Of the total 19 applicants, we interviewed the three most highly qualified applicants who possessed the required certification as a Water Distribution Operator Grade IV (D4) and certification as a Water Treatment Operator Grade III (T3). The District made a conditional offer of employment to one of applicants; however, he ultimately declined the offer and decided to remain with his current employer.

The District plans on reopening the recruitment in early 2022 to permanently fill the full-time, benefited vacancy. In the meantime, having Jason available to provide his professional knowledge and expertise will assist the District with critical operational and staffing support that will likely be necessary in the early stages of the opening of the Rancho Santa Margarita Groundwater Treatment Plant.

Budgetary Impact

The pay rate for this temporary assignment will be \$79.38 per hour and will not receive any additional pay or benefits. As such, the total budgetary impact will be offset by the total length of the vacancy of the fulltime, benefited position.

Recommended Action

That the Board of Directors approve Resolution 5021 and the temporary employment agreement with Jason Cavender.

RESOLUTION NO. 5021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT ADOPTING AN
AGREEMENT FOR TEMPORARY EMPLOYMENT AS A
CALPERS RETIRED ANNUITANT**

* * * * *

WHEREAS, Government Code Sections 7522.56 and 21221(h) permit the Board to appoint a California Public Employees' Retirement System ("CalPERS") retired annuitant to a vacant position requiring specialized skills during recruitment for a permanent appointment, and provides that such appointment will not subject the retired person to reinstatement from retirement or loss of benefits so long as it is a single appointment that does not exceed 960 hours in a fiscal year; and

WHEREAS, Executive Order N-12-21, suspends Government Code section 7522.56(f) 180-day break in service requirement, for CalPERS retirees that begin appointment as a retired annuitant with a CalPERS employer on or after July 1, 2021, and Executive Order N-25-20 suspends the 960 work-hour per fiscal year limit and single appointment rule, to ensure adequate staffing in response to COVID-19, until further notice, and Government Code section 7522.56 provides an exception to the 180 day wait period upon certification resolution; and

WHEREAS, in order to retain efficient and uninterrupted operation and management of the Systems Operator Department, the Board desires to appoint Jason Cavender (CalPERS ID 3861534019) to the vacant position of Operations Manager for the District on an interim basis under Government Code Section 21221(h), effective January 3, 2021; and

WHEREAS, Cavender retired from the District as Operations Manager, effective November 12, 2021; and

WHEREAS, the employment of Cavender is necessary to ensure adequate staffing in response to COVID-19; and

WHEREAS, the Board, the District and Cavender certify that Cavender has not and will not receive a Golden Handshake or any other retirement-related incentive

WHEREAS, the position of Operations Manager has been vacant since November 12, 2021; and

WHEREAS, the District is conducting a recruitment for a permanent appointment to the regular position of Operations Manager which is currently open; and

WHEREAS, Employee was over the normal retirement age on the date of his retirement; and

WHEREAS, the District has a need for an employee to perform duties of the position of Operations Manager, a position involving specialized skills and training and which is critically necessary to the on-going duties and functions of the District and critically needed sooner than 180 days; and

WHEREAS, Cavender is competent and qualified to perform the services required having been previously employed as the Operations Manager for approximately 7 years and having been in the industry for over 30 years; and

WHEREAS, Board has reviewed a proposed employment agreement by and between Cavender and the District; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is \$13,359 and the hourly equivalent is \$77.07, and the minimum base salary for this position is \$10,182 and the hourly equivalent is \$58.74; and

WHEREAS, the hourly rate paid to Cavender will be \$79.38; and

WHEREAS, Cavender has not and will not receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate; and

WHEREAS, this Section 21221(h) appointment shall only be made once and therefore will end on the date immediately preceding the date on which the permanent replacement for the vacant position of Operations Manager commences his or her employment or, if earlier, the date that this appointment is terminated by the District.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Fallbrook Public Utility District hereby certifies the nature of the employment of Cavender as described herein and detailed in the attached employment agreement and that this appointment is necessary to fill the critically needed position of Operations for the Fallbrook Public Utility District by January 3, 2022, because the Operations Manager is a critical position to the continued safe provision of water services to the public during the COVID-19 pandemic and currently is vacant.

NOW, BE IT FURTHER RESOLVED, that the Board approves the agreement for temporary employment as a CalPERS Retired Annuitant, as shown in Exhibit A and directs the General Manager to execute the agreement for temporary employment as a CalPERS Retired Annuitant for and on behalf of the District.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 13th day of December, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit A

AGREEMENT FOR TEMPORARY EMPLOYMENT
AS A CALPERS RETIRED ANNUITANT

THIS AGREEMENT is between the FALLBROOK PUBLIC UTILITY DISTRICT, State of California, a special district (“District”), and Jason Cavender, an individual (“Employee”) (collectively, the “Parties”) and is effective at 12:00 a.m. on January 3, 2022.

Recitals

WHEREAS, Employee retired from his District employment as Operations Manager, effective November 12, 2021; and

WHEREAS, Employee’s interim employment as Operations Manager is authorized by Executive Order N-12-21, which suspends Government (Gov.) Code Section 7522.56(f), the 180-day break in service requirement, for CalPERS retirees that begin appointment as a retired annuitant with a CalPERS employer on or after July 1, 2021 to ensure adequate staffing in response to COVID-19, until further notice; and

WHEREAS, Employee was over the normal retirement age on the date of his retirement; and

WHEREAS, Employee represents that he is a retired annuitant of CalPERS within the meaning of Government Code §§7522.56 and 21221(h) and acknowledges that his compensation is statutorily limited as provided in Government Code §21221(h). Employee represents that, as of the effective date of this Agreement, and he has not worked for another CalPERS state or contracting agency as a retired annuitant during the 2021-2022 fiscal year. With the execution of this Agreement, Employee affirms that he has not received unemployment compensation arising from work pursuant to Government Code Section 7522.56 during the 12-month period preceding the effective date of this Agreement.

WHEREAS, the District is conducting a recruitment for a permanent appointment to the regular position of Operations Manager which is currently open; and

WHEREAS, the District has a need for an employee to perform duties of the position of Operations Manager, a position involving specialized skills and training and which is critically necessary to the on-going duties and functions of the District which is critically needed sooner than 180 days; and

WHEREAS, Employee is competent and qualified to perform the services required by this Agreement, and District wishes to have Employee perform the Operations Manager duties on an interim, as-needed, basis; and

NOW, THEREFORE, the parties do mutually agree as follows:

Agreement

1. The parties acknowledge and affirm that the recitals above are true and correct, and incorporated herein to this Agreement.

2. Appointment and Scope of Services: Employee is being appointed as interim Operations Manager, and shall temporarily perform the functions of the position, which involves highly-specialized and critically-needed skills set forth in the attached job description. Such employment is “at will,” subject to the terms of this Agreement, and Employee shall perform said duties at the pleasure of and under the direct supervision of the general manager.

3. Compensation:

Rate of Pay: Employee shall be paid at the rate of \$79.38 per hour. The District has confirmed that this rate is not less than the minimum, nor in excess of the maximum, paid by the District to the position of Operations Manager, as listed on the District’s publicly-available pay schedule. Payments will be made on regularly scheduled District payroll dates, and shall be subject to all applicable payroll taxes and withholdings. Such compensation shall be the sole compensation for Employee’s services under this Agreement.

4. Work Schedule and CalPERS’ 960-Hour Limitation:

The position is a temporary, hourly assignment that shall not exceed 40 hours per week. Due to the nature of the position, it is understood that the workday and workweek hours may vary, however Employee shall not work overtime. The District retains the right to designate, reduce, change, or amend the number of hours assigned to Employee consistent with the District’s workload and other needs.

Executive Order N-84-20 allows for the suspension of the fiscal year 960-hour limitation for CalPERS retired annuitants under Gov. Code section 21221(h). Any hours worked by a retired annuitant to ensure adequate staffing during the state of emergency will not be counted toward the 960-hour limit for the fiscal year. The work hour limitation for retired annuitants is suspended from the date the state of emergency was declared until further notice.

5. Employment Status:

A. Benefits: Other than the compensation described above in Section 2, Employee will receive no other benefits, incentives, compensation in lieu of benefits, or any other form of compensation. Employee understands and agrees that he is not, and will not be, eligible to receive any benefits from the District, including any District group plan for hospital, surgical, or medical insurance, any District retirement program, or any paid holidays, vacation, sick leave, or other leave, with or without pay, or any other job benefits available to an employee in the regular service of the District, except for workers’ compensation insurance coverage or similar benefits required by law.

B. No Membership in Bargaining Unit: Employee understands that he is not a member of any bargaining unit and is not covered by the terms of any Memorandum of Understanding with any represented or unrepresented group of District employees.

- C. No Property Right in Employment: Employee understands and agrees that the terms of his employment are governed only by this Agreement and that no right of regular employment for any specific term is created by this Agreement. Employee further understands that he acquires no property interest in his employment by virtue of this agreement, that the employment is “at will” as defined by the laws of the State of California (meaning that he can be terminated at any time for any reason or for no reason), and that he is not entitled to any pre- or post-deprivation administrative hearing or other due process upon termination or any disciplinary action except as otherwise provided by law.
6. Representation of Employee: Employee represents that he is properly trained and certified to perform the duties required of the positions and this Agreement.
 7. Effective Date and Term of Agreement: This Amended Agreement shall be effective on January 3, 2022 (“Effective Date”), and unless terminated earlier, shall terminate automatically at midnight on December 31, 2022 for the position of interim Operations Manager. Employment is temporary, at-will and may be terminated with or without cause and with or without notice at any time by the Employee or the District. Employee is not eligible for any severance payment or benefit relating to or arising out of the termination of this Agreement. This Agreement shall expire as of the first of the following to occur: (i) upon the employment commencement date of a permanent Operations Manager; (ii) upon Employee working 960 hours combined for any CalPERS Agencies during any fiscal year should the current exception to the 960 hour limit expire; or (iii) upon termination of the Agreement by either Employee or District as provided above.
 8. Non-Assignment of Agreement: This Agreement is intended to secure the individual services of the Employee and is not assignable or transferable by employee to any third party.
 9. Governing Law/Venue: This Agreement shall be interpreted according to the laws of the State of California. Venue for any action or proceeding regarding this contract shall be in San Diego County.
 10. Enforceability: If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
 11. Conflict of Interest: Employee agrees that during the term of this Agreement, he will not maintain any financial interest or engage in any other contract employment, occupation, work, endeavor or association, whether compensated or not, that would in any way conflict with, or impair Employee’s ability to perform the duties described in this Agreement.
 12. Entire Agreement and Modification: This Agreement constitutes the entire understanding of the parties hereto. This Agreement supersedes any previous contracts, agreements, negotiations or understandings, whether written or oral, between the parties. Employee shall be entitled to no other compensation or benefits than those specified herein, and Employee acknowledges that no

representation, inducements or promises not contained in this Agreement have been made to Employee to induce Employee to enter into this Agreement.

No changes, amendments, or alterations hereto shall be effective unless in writing and signed by both parties. Employee understands that no oral modification of this Agreement made by any officer, agent, or employee of the District is effective. Employee specifically acknowledges that in entering into and executing this Agreement, he relies solely upon the provisions contained herein and no others.

13. Support Services and Equipment: Employee shall be provided office space and the equipment needed to perform his duties and sufficient to fulfill obligations under this Agreement.
14. Notices: All notices permitted or required under this Agreement shall be given to the respective parties by hand-delivery or by mail at the following address, or at such other address as the respective parties may provide in writing for this purpose, by deposit in the U.S. Mail, postage pre-paid, addressed as follows:
15. Indemnification: In accordance with and subject to the limitations of the California Government Claims Act and California Labor Code, the District shall defend, save harmless and indemnify Employee against any tort, professional liability, claim or demand or other legal action, arising out of an alleged act or omission occurring in the performance of Employee's services as interim Operations Manager, except that this provision shall not apply with respect to any intentional tort or crime committed by Employee, or any actions outside the course and scope of his employment as interim Operations Manager.

Dated: _____

EMPLOYEE:

JASON CAVENDER

Dated: _____

DISTRICT:

JACK BEBEE, GENERAL MANAGER

M E M O

TO: Board of Directors
FROM: Paula de Sousa, General Counsel
DATE: December 13, 2021
SUBJECT: Consideration and Direction to Staff Regarding Implementation of the Redistricting Process Based on 2020 U.S. Census Data

Purpose

Consider and provide direction to staff regarding implementation of the redistricting process based on 2020 U.S. Census data.

Summary

Every ten years, upon release of the U.S. Census data, Fallbrook Public Utility District is required to adjust the boundaries of its subdistricts through a process commonly known as “redistricting.” The redistricting process is affected by multiple legal requirements, standards, and sources of law, including both federal and state law.

Public utilities districts are governed by Public Utilities Code section 15501 et seq., which provides that a district divided into subdistricts shall be divided so that the subdistricts shall be as nearly as equal in population as may be. (Pub. Util. Code § 15961.6(b)). Public utility districts divided into subdistricts are statutorily required to adjust their subdistrict boundaries by resolution after each federal decennial census. (Pub. Util. Code § 15963; Elec. Code, § 22000(a).)

The District’s Board of Directors is directly responsible for adjusting the District’s subdistrict boundaries. Typically, draft plans are prepared by staff, a consultant, or a committee, but the ultimate responsibility to approve or adopt the redistricting plans remains with the Board of Directors. As an initial step in the process, the Board of Directors must establish its desired approach for how the redistricting process will be performed so that staffing, scheduling, and costs can be developed for this project.

Redistricting Requirements and Procedures

Following the release of the 2020 U.S. Census data for California, the District must adjust its subdistrict boundaries to keep the population in each subdistrict as nearly equal as practicable. The purpose is to ensure that citizens have roughly the same voting power and representation as those of other subdistricts in a special district.

The primary goal of redistricting is to have the same percentage of total population in each subdistrict. However, perfect distribution is impractical and some deviation is tolerable, or even necessary, based on certain secondary considerations such as:

(a) topography, (b) geography, (c) cohesiveness, (d) contiguity, (e) integrity, (f) compactness, and (g) communities of interest.

In addition, the drawing of subdistricts is regulated by both state and federal law, including the California Voting Rights Act and the Federal Voting Rights Act. For example, under federal law, subdistricts may not be drawn with race as the predominate factor. (*Shaw v. Reno* (1993) 509 U.S. 630.) However, local agencies must be cautious to avoid dilution of votes by protected classes and may, if other circumstances are present, be required to establish majority-minority districts if the protected class at issue is sufficiently large and geographically compact to create a majority-minority district.

Typically, new subdistricts must be adopted 180 days prior to the next general election for the Board of Directors. However, SB 574 (Glazer) was recently signed by the Governor and requires California special districts to complete their redistricting process by April 17, 2022. Accordingly, the District's new subdistricts must be provided to the Registrar of Voters for its use in the election process by that date.

Special districts may choose to use their in-house geographic information systems (GIS) staff or contract with assistance from a consultant to facilitate development of the redistricting maps. Following the 2010 Census, District GIS staff with support from a consultant performed the redistricting process using the U.S. Census data, and staff remains capable of performing that task with assistance, if desired by the Board.

Prior to approving a new subdistrict map, the Board must receive comments on the redistricting plan prior to adoption by holding at least two open and noticed public hearings—one for public comment on the plan and one at the time of adoption.

In addition, special districts may create a commission to perform certain aspects of the redistricting process. If a commission is created, then by law its meetings are required to be open to the public and the commission and its members must comply with certain requirements under the California Elections Code. The District must also have sufficient time to establish the commission, adopt rules or bylaws, recruit commission members, and for the commission to hold meetings and perform its redistricting-related responsibilities.

Recommended Action and Alternatives

Under the recommended action identified below, the Board would direct District staff to perform the redistricting effort with support from BB&K. District staff would publicize the effort through the District web site and other means. Staff would perform the technical, GIS effort and provide redistricting plan options to the Board for consideration and approval. This alternative is believed to be the most cost effective to leverage existing GIS staff with support from BB&K.

There are three primary alternatives to the recommended action. The first would be to hire a redistricting consultant to replace all of the staff effort described above. Services that could be provided by the consultant include establishing and facilitating public outreach/meetings, performing the technical analysis that generates the map

options/recommendations, reviewing potential maps for compliance with state and federal voting rights laws, and/or presenting the options/recommendations to the Board for consideration. This effort would be more costly, but would reduce the amount of effort by staff. This approach will take longer, in that a Request for Proposals and vendor selection process would be required before the efforts begin.

The second alternative is to develop a commission and have staff or a consultant support the work of the commission. The specifics of how the commission would work, associated costs, and schedule is dependent on the approach determined by the Board of Directors.

The final alternative would be for the Board not to take action or provide direction at this meeting.

Recommended Action

It is recommended that the Board take action to direct District staff to perform the work with support from BB&K necessary for the redistricting process based on the release of the 2020 U.S. Census data.

M E M O

TO: Board of Directors
FROM: Kevin Collins, Purchasing/Warehouse/Fleet Supervisor
DATE: December 13, 2021
SUBJECT: Request for Approval of Bartle Wells Associates to Provide Consulting Services

Description

This request is for board approval to retain Bartle Wells Associates (BWA) as consultants for the development of an updated financial plan for District's water, wastewater, and recycled water systems. The financial plan update includes both Board and stakeholder input and will be done in compliance with cost of service principles, Proposition 218 requirements. As the District's consultant, BWA will serve as the moderator and work with stakeholders to develop a financial plan for the next five years that achieves the Board's goals and objectives. Two plans will be developed, one for the District's detachment from San Diego County Water Authority (SDCWA) and one for the District to remain in the SDCWA service area. BWA, through the RFP process, has shown that their firm is the best fit to assist the District with the development of its updated financial plan.

Purpose

With calendar year 2022 rates and charges ready to be adopted, calendar year 2023 rates and charges will require a new Prop 218 process. As a result, a cost of service study and update of the District's five year financial plan is also necessary. This effort requires additional resources and expertise to complete.

A Request for Proposal was issued on September 21st, 2021, and directly e-mailed to 10 firms along with public advertisement on the District's website. Of those 10 firms, six responses were received. District staff chose the top three submittals for interviews. After interviews were completed, staff had scored Bartle Wells Associates highest, and felt their firm best aligned with our needs at this time.

Budgetary Impact

The not-to-exceed cost of the study is \$139,770. A total of \$50,000 was budgeted for this task in this fiscal year and \$100,000 for next fiscal year. Savings in customer service and IT departments are expected to offset any overages.

Recommended Action

The Board approve Bartle Wells Associates to provide consulting services to the District for the not-to-exceed amount of \$139,770.



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Proposal to Fallbrook Public Utility District for a Water, Wastewater, and Recycled Water Rate Study



October 27, 2021



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

2625 Alcatraz Ave, #602
Berkeley, CA 94705
Tel 510 653 3399
www.bartlewells.com

October 27, 2021

David Shank, Assistant General Manager/CFO
Fallbrook Public Utility District
990 E. Mission Road
Fallbrook, CA 92088

Re: Proposal to Conduct a Water, Wastewater, and Recycled Water Rate Study

Bartle Wells Associates (BWA) is pleased to submit this proposal to develop a water, wastewater, and recycled water rate study for the Fallbrook Public Utility District (District). For more than 50 years, our firm has specialized in providing independent financial and utility rate consulting services to over 550 California water and wastewater agencies. We offer an unmatched level of financial planning expertise as we provide both financial advisory services for project financing as well as utility rate consulting services.

Bartle Wells Associates has a highly qualified professional team. Our educations and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. Bartle Wells Associates has a long track record of completing projects on time and on or under budget. Our consulting staff has availability to assist on this project as needed to ensure all project work and deliverables are completed on schedule. We propose to assign Doug Dove, as principal-in-charge for this project, Erik Helgeson as project manager and Alex Handlers as a subject matter expert. Doug has over 30 years of experience as a rate consultant and is an expert in working with community groups and citizen's advisory committees. Erik has over 11 years of industry experience including serving as a senior analyst in the rates division for Denver Water and as a rate consultant. Erik has developed financial plans and utility rates for a wide range of California agencies and is an active member of the Rates and Charges Committee of the American Water Works Association (AWWA). Alex is a firm principal with over 20 years of experience. He has served many southern California agencies with recycled water programs.

Our overall goal for this project would be to work closely with the District's project team to evaluate alternatives and their impacts, gain ongoing input, and build consensus for final recommendations. We have reviewed all RFP documents and will provide all services outlined in the Scope of Required Services in the RFP. We have a well-earned reputation of providing our clients with straightforward, practical advice and have a strong track record of building consensus for our final recommendations.

We have helped a number of agencies develop strategic financial plans to address escalating costs related to operations and long-term infrastructure needs. We have also assisted many agencies in modifying their existing rate structures to provide a better balance of revenue stability, customer equity, and compliance with the evolving interpretations of Proposition 218. Our rate studies are based on a comprehensive analysis of each agency's costs, customer base characteristics, and demands to ensure rate structure recommendations reflect local needs and objectives.

We are very interested in working with the District on this project and are available to start working at the District's direction. Please do not hesitate to contact us if you have any questions or need additional information.

Sincerely,

Handwritten signature of Douglas Dove in black ink.

Douglas Dove, PE, CIPMA
Principal/ President

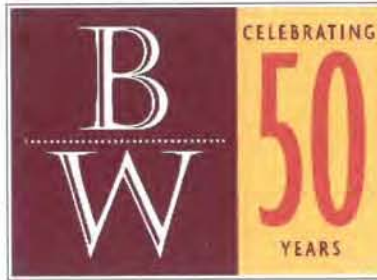
Handwritten signature of Erik Helgeson in black ink.

Erik Helgeson, MBA
Assistant Vice President



QUALIFICATIONS AND PERSONNEL	2
BARTLE WELLS ASSOCIATES.....	2
PROJECT TEAM.....	4
RESUMES.....	5
REFERENCES.....	11
MUNICIPAL ADVISOR DISCLOSURES	16
SCHEDULE OF INSURANCE.....	17

Bartle Wells Associates Contact Information



Bartle Wells Associates
2625 Alcatraz Ave #602
Berkeley, CA 94705
510.653.3399

BWA Contacts

Doug Dove, PE, CIPMA

Tel: 510.853.2336

E-mail: ddove@bartlewells.com

Erik Helgeson, MBA

Tel: 509.998.7602

E-mail: erik@bartlewells.com

Bartle Wells Associates was established in 1964 and is a California Corporation and certified State of California Small Business. Our Federal Tax ID number is 94-1664409



BARTLE WELLS ASSOCIATES

Leaders in Water, Wastewater & Stormwater Rates and Finance

Bartle Wells Associates (BWA) is an independent financial advisory firm with expertise in the areas of water, wastewater, and solid waste finance. BWA was established in 1964 and has over 50 years of experience advising cities, special districts, and other agencies on the complexities and challenges in public finance. We have advised over 600 public agency clients throughout California and the western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly qualified professional team of five consultants. Our educational backgrounds include finance, civil engineering, business, public administration, public policy, and economics.

BWA specializes in three professional services: utility cost-of-service rate and fee studies, financial plans, and project financing. We are one of the few independent financial advisors providing *all three* of these interrelated services to public agencies.



RATE AND FEE STUDIES Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of utility rate and fee studies. We have helped communities implement a wide range of rate structures and are knowledgeable about the legal requirements governing rates and impact fees. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.

FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 utility enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING Our project financing experience includes over 300 bond sales and numerous bank loans, lines of credit, and a range of state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of financing via bonds, bank loans/private



placements, lines of credit, low-rate State Revolving Fund Loans, and other funding programs. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the **National Association of Municipal Advisors (NAMA)**, which establishes strict criteria for independent advisory firms. All of our lead consultants are *Certified Independent Professional Municipal Advisors* and are Registered Municipal Advisors.



BWA has served over 550 public agencies throughout California and the western United States.

Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

EXPERIENCE BWA has extensive experience developing long-term financial plans, utility rates, and capacity fees for public agencies from all areas of California and the western U.S. In recent years, we have completed assignments for many agencies including:

Sample Water/Sewer/ Stormwater Districts

- Monterey One Water
- Pico Water District
- Ramona Municipal Water District
- San Diego County Water Authority
- Joshua Basin Water District
- Palmdale Water District
- South San Luis Obispo County Sanitation District
- Silicon Valley Clean Water
- Victor Valley Wastewater Reclamation Authority
- Santa Ynez River Water CD, ID#1
- Cucamonga Valley Water District
- San Miguel Community Services District
- Big Bear Area Regional Wastewater Agency
- Moulton-Niguel Water District
- Sonoma County Water Agency
- Helix Water District
- Lake Arrowhead Community Services District
- Indian Wells Valley Water District
- East Bay Municipal Utility District
- West Valley Sanitation District
- San Francisco Public Utilities Commission

Sample Cities

- City of Modesto
- City of Santa Barbara
- City of San Clemente
- City of Hemet
- City of Fresno
- City of Palm Springs
- City of Poway
- City of Imperial
- City of Port Hueneme
- City of Redwood City
- City of Hesperia
- City of Glendale
- City of Solvang
- City of Brawley
- City of Chula Vista
- City of Morro Bay
- City of Vacaville
- City of San Carlos
- City of Monterey
- City of Mountain View
- City of Lancaster

PROJECT TEAM

BWA uses a **team approach** for most projects, typically assigning two consultants to each assignment, including at least one principal consultant. Our general project approach is to work closely with staff and other members of the project team to: identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

Bartle Wells Associates has a highly qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. Bartle Wells Associates has a long track record of completing projects on time and on or under budget.

Our consulting staff is available to assist on this project as needed to ensure all project work and deliverables are completed on schedule.

Doug Dove, Principal in Charge

Doug Dove is President of BWA and one of BWA's principal consultants. He has more than 30 years of professional experience, specializing in all areas of public finance, including utility rate setting, capacity fee implementation, strategic financial planning, and infrastructure financing. He has extensive experience developing strategic financial plans and utility rate studies and has consulted for more than 150 California agencies. Doug has substantial experience working with public agency staff and governing bodies to build understanding and consensus for recommendations.

Erik Helgeson, Senior Project Manager

Erik Helgeson is an Assistant Vice President of BWA with 11 years of experience. He specializes in developing long-term financial models and utility rates based on a cost of service approach. His experience includes working as a senior finance analyst for Denver Water in the rates and charges group and as a utility rate consultant in Colorado and California. His prior experience working for a utility gives him a unique perspective on the internal challenges a utility faces when implementing a study's recommendations. He currently serves on American Water Works Association's Rates and Charges Committee.

Alex Handlers, Subject Matter Expert

Alex Handlers is a principal and vice-president of BWA and will serve as project manager for this engagement. He has extensive experience developing strategic financial plans and utility rate studies and has consulted for more than 150 California agencies. Alex has substantial experience working with public agency staff and governing bodies to build understanding and consensus for recommendation. He is a Certified Independent Professional Municipal Advisor and Board Member of the National Association of Municipal Advisors. *Alex will provide input and review utilizing his experience working with agencies in the region who have recycled water programs.*



Principal in Charge
Doug Dove, PE, CIPMA

Project Manager
Erik Helgeson

Subject Matter Expert
Alex Handlers

Analytical Support
Additional BWA Staff
Available as Needed



RESUMES

DOUGLAS R. DOVE



Principal Consultant

Douglas R. Dove is President of Bartle Wells Associates and directs the operation of the firm while maintaining a principal consultant's role. With over 30 years of consulting experience, he specializes in utility rate analysis, strategic financial planning, and project financing. Mr. Dove has developed utility rate structures and financing plans for a wide variety of public infrastructure programs. He has managed the procurement of over \$1 billion in municipal debt and over \$300 million in state and federal grants and low-interest loans. Mr. Dove frequently shares his expertise and has given presentations at conferences including the Association of California Water Agencies (ACWA), the American Water Works Association (AWWA), the California Association of Sanitation Agencies (CASA), the California Municipal Rates Group (CMRG), the California Special District's Association (CSDA), the California Municipal Treasurers Association (CMTA), the California Water Environment Association (CWEA) and Water Reuse. By special request in July 2015, Mr. Dove made a presentation to the California Water Resources Control Board regarding water conservation pricing. Mr. Dove is also a published author of a water rate paper in the Journal of the American Water Works Association (*Implementing Consumption-Based Fixed Rates in Davis, Calif.*). Mr. Dove's expertise also includes assisting agencies in securing state and federal grants and loans and in issuing certificates of participation (COPs), revenue bonds, general obligation bonds, assessment district bonds, Marks-Roos revenue bonds, CFD (Mello-Roos) bonds, private placement loans and other types of debt. Mr. Dove recently finished his term on the board of directors of the National Association of Municipal Advisors (NAMA).

Education

M.S., Civil Engineering - University of California, Berkeley
B.S., Civil Engineering – Drexel University, Philadelphia, PA

Representative Projects

- **City of Modesto:** Provided rate expert litigation support in wastewater rate litigation. Developed water and wastewater cost-of-service and capacity fee studies.
- **Modesto Irrigation District:** Developed cost allocation methodology between the district's domestic water, irrigation, and electric enterprises.
- **City of Davis:** Comprehensive water rate study developed with a 15-member Water Advisory Committee. Completed a water capacity fee study for the City as well.
- **Big Bear City CSD, CA:** Water, sewer and solid waste cost-of-service rate studies
- **Pico Water District, CA:** Water financial plan and cost-of-service rate study
- **City of Placerville:** Wastewater rate study and capacity fees
- **Napa-Berryessa Resort Improvement District:** Developed financing plan for water and wastewater public-private partnership (P3). Prepared assessment engineers report. Formed an assessment district and secured \$11.1 million in federal funding from US Department of Agriculture.
- **City of American Canyon:** Comprehensive, multi-year water and wastewater rate study.
- **Madera County, CA:** Rate studies for twenty-three of the county's water and sewer special service districts
- **City of Santa Barbara:** Comprehensive water rate and capacity fee study.
- **City of Patterson:** Water and wastewater rate studies and five-year financing plans.
- **City of San Juan Bautista:** Water and Wastewater rate and capacity fee studies, DIF study, Revenue bonds for water and wastewater projects, continuing disclosure services.

- **Del Paso Manor Water District:** Comprehensive water financial plan and rate study.
- **Browns Valley ID:** Water rate study
- **Rio Linda/ Elverta Community Water District:** Comprehensive water financial plan, connection fee and rate study.
- **City of Imperial, CA:** Water and wastewater financial plans and rate studies.
- **East Bay Municipal Utility District:** Comprehensive water rate study and AB 1600 capacity fee review, Wastewater cost-of-service review and capacity fee review, various other financial studies
- **Newhall County Water District:** Provided rate expert litigation support in water rate litigation.
- **City of Monterey:** Developed financing plan and rate study for \$20 million wastewater pipeline rehabilitation project.
- **San Miguel Community Services District, CA:** Water and wastewater financial plans and rate studies.
- **City of Santa Clara:** Wastewater rate and capacity fee study.
- **City of Gilroy:** Water and wastewater rate studies.
- **West Valley Sanitation District (Campbell, CA):** Wastewater rate study, financing plan and bond issuance.
- **City of Calistoga:** Long range utility financial plan, water and wastewater rates, secured financing for WW treatment plant upgrade (\$6 million SRF loan, \$3 million Small Community Grant, \$3.5 million revenue bonds).
- **El Dorado Irrigation District:** Water and wastewater rate studies.
- **Lake Arrowhead Community Services District:** Financial master plan, \$28 million revenue bond refinancing and water and wastewater rate studies.
- **California Statewide Communities Development Authority:** Financial advisor for statewide pooled revenue bond program (over \$250 million issued for over 32 borrowers).
- **South Bay Water Recycling Program, Phases 1 & 2:** Financial plan and rate study for \$200+ million regional (San Jose area) wastewater recycling program.
- **City of Tulare:** Financial advisor to the city, sale of \$63 million in bonds (3 issues), water and wastewater rate studies.
- **Big Bear Area Regional Wastewater Agency:** Regional wastewater rate study, sale of bonds (2 issues) and bank loans (2 loans).

Professional Memberships

- National Association of Municipal Advisors (former Board Member)
- League of California Cities
- American Water Works Association
- Association of California Water Agencies
- California Water Environment Association
- California Association of Sanitation Agencies
- California Special Districts Association
- Water Reuse Association

Certifications

Certified Independent Professional Municipal Advisor (CIPMA), Registered Professional Engineer (PE) in California (PE# 45642) and MSRB -Registered Municipal Advisor – Series 50

ERIK W. HELGESON

Senior Project Manager



Erik Helgeson an assistant vice president of Bartle Wells and Associates. His areas of expertise include the development of financial plans, ratemaking, and policy solutions for water, stormwater and wastewater utilities. He has eleven years of utility finance experience as a finance analyst at Denver Water and now as a utility rate consultant. Erik has extensive expertise in working with executive level staff and assisting in strategic decisions. He serves on the American Water Works Association (AWWA) Rates and Charges Committee and has presented at the Utility Management Conference.

Education

M.B.A., Entrepreneurship – University of Colorado, Denver

B.A., Business Administration – Gonzaga University

Representative Projects

- **Pico Water District, CA:** Water financial plan and cost-of-service rate study
- **Big Bear City CSD, CA:** Water, sewer and solid waste cost-of-service rate studies
- **City of Modesto, CA:** Analytical support for water and wastewater financial plans and rate studies
- **Modesto Irrigation District:** Designed an allocation methodology between the district's domestic water, irrigation, and electric enterprises.
- **City of Hemet, CA:** Water budget rate design and cost of service study
- **Carlsbad, CA:** Played a key role in completing the 2016 water cost of service study. Created a supply-based cost allocation and supply layered, tiered, water rate design
- **City of Imperial, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **City of Vacaville, CA:** Water and wastewater capacity fee studies
- **Union Sanitary District, CA:** Wastewater capacity fee study
- **City of Placerville, CA:** Analytical support for water financial plans and rate studies.
- **San Luis Water District, CA:** Prop. 218 Assessment Election
- **Madera County, CA:** Lead consultant providing rate studies for twenty-three of the county's water and sewer special service districts
- **San Miguel Community Services District, CA:** Lead consultant providing water and wastewater financial plans and rate studies. The District was nearing insolvency and large rate increases were needed to save the District.
- **Alameda County, CA:** Reviewed proposed wheeling charges on behalf of the local agency partners working on the Los Vaqueros Dam expansion project.
- **King City, CA:** Wastewater financial plan and rate study
- **Castle Pines North Metropolitan District, CO:** Lead consultant providing annual water and wastewater financial plans and rate study updates
- **Arapahoe Parks and Recreation District, CO:** Reviewed water rates for fairness
- **Las Gallinas Valley Sanitary District, CA:** Support for annual budget process
- **Leland Meadows CSD, CA:** Project manager for water and sewer rate studies

- **City of Willits, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **The Cities of Pinole and Hercules, CA:** Assisted the cities with the co-financing of a wastewater project with SRF loans. This included the design of the payment and reimbursement process, the administration of the process, and navigating the State requirements.
- **Humboldt Bay Municipal Water District, CA:** Lead consultant providing 10-year financial plan update
- **Marin Municipal Water District, Marin, CA:** Analyst supporting the financial plan and rate study update in 2016.
- **Sacramento County Water Authority, Sacramento, CA:** Lead analyst supporting water financial plan and rate study

Public Utility Experience

Denver Water, Denver, CO:

Senior Finance Analyst- Assisted with the annual cost of service study and financial plan, provided regular revenue reports, and oversaw the gathering and reporting of metrics to support Denver Water’s organizational improvement initiatives. As the lead analyst on the initiative to change the rate design he facilitated research (customer survey and affordability study), performed rate design analysis, and assisted with stakeholder outreach (municipalities, customers, business representatives, non-profits, and Denver Water executives and Board) which led to the adoption of new rate structures. He coordinated the implementation efforts between various business units to ensure a successful rollout of the new rates and rate structures.

Professional Memberships

American Water Works Association – Member of Rates and Charges Committee

Certifications

MSRB-Registered Municipal Advisor (Series 50)

ALEX T. HANDLERS



Principal Consultant

Alex Handlers is a principal and vice president of Bartle Wells Associates with expertise in the areas of utility rates and finance. He has extensive experience developing long-term financial plans, utility rates, and development impact fees for utility enterprises. Alex has helped agencies implement a wide variety of water and sewer rate and fee structures and is knowledgeable about the legal requirements of rates and fees. He has managed projects for over 150 cities, counties, and special districts.

Alex is also an independent financial advisor who helps public agencies secure low-cost financing for capital projects. He has expertise helping public agencies evaluate financing alternatives for capital improvement programs and obtain over \$2 billion in financing via bonds, COPs, bank loans/private placements, lines of credit, and various state and federal funding programs. He is an MSRB-Registered Municipal Advisor, a Certified Independent Professional Municipal Advisor, and a current Board Member of the National Association of Municipal Advisors.

Education

M.P.A. - University of Washington

B.A. - Lehigh University

Certifications

Board Member – National Association of Municipal Advisors

CIPMA – Certified Independent Professional Municipal Advisor

MSRB-Registered Municipal Advisor (Series 50)

Representative Projects

- **Ramona Municipal Water District:** Developed long-term financial plans and cost-of-service rate studies for the District's two sewer service areas designed to support capital improvements to each area's wastewater treatment plant and provide an ongoing funding stream for rehabilitation and replacement of aging pipelines. Updated the District's wastewater system capacity charges. Developed a cost-of-service recycled water rate analysis.
- **Monterey One Water** (formerly Monterey Regional Water Pollution Control Agency): Developed a long-term financial plan, sewer rate study, capacity charge study, and update of a range of miscellaneous fees and charges.
- **City of Redwood City:** Developed water and sewer financial plans and utility rate studies designed to support long-term operating and capital needs while providing a defensible cost-justification for the City's water and sewer rates. BWA has assisted Redwood City on a number of financial consulting assignments since the early 2000s including developing financial plans and utility rates supporting a) construction of a \$72 million recycled water project, b) funding the City's roughly \$400 million share of improvements to the regional wastewater treatment plant, c) funding major increases in wholesale water rates, and d) increasing funding for ongoing investment in the City's aging infrastructure.
- **Joshua Basin Water District:** Long-term financial plan and water rate study recommending a gradual increase in water rates coupled with rate structure modifications to provide additional conservation incentive. Updated District's connection fees. Worked closely with the District's Board of Directors and a Citizen Advisory Committee to develop final recommendations.
- **City of Palm Springs:** Developed a long-term wastewater enterprise financial plan and sewer rate study supporting an \$80 million capital improvement program. Updated wastewater connection fees.
- **City of San Carlos:** Developed a sewer enterprise financial plan and rate study designed to support sewer collection system capacity improvements, long-term pipeline replacements, and over

\$120 million for the City's share of costs for rebuilding the regional wastewater treatment plant. Evaluated residential rate alternatives and recommended modifications to the City's sewer rate structure designed to improve rate equity and align rates with the cost of service. Updated the City's sewer capacity charges levied on new development and developed solid waste rate recommendations to support future funding requirements and restore rate equity.

- **City of Hesperia:** Developed water and wastewater financing plans, rates, and connection fees to support engineering master plan recommendations. Recommended a phase in of water & sewer rate adjustments including rate structure modifications designed to gradually increase conservation incentive. Built consensus with a citizen-based Council Advisory Committee.
- **City of Fresno:** Developed wastewater enterprise financial plan and Excel-based financial model used by City staff to update financial and rate projections. Developed new water connection fees designed to recover costs of existing facilities and future supplemental water supply to serve new development.
- **Victor Valley Wastewater Reclamation Authority:** Developed financial plan and rate recommendations for a regional wastewater authority serving agencies in San Bernardino County.
- **Silicon Valley Clean Water:** Developed 10-year financial plan supporting over \$750 million of capital improvements to a regional JPA that provides sewer treatment to Belmont, Redwood City, San Carlos, and the West Bay Sanitary District. Served as financial advisor on issuance of \$200 million of financing via bonds, State Revolving Fund (SRF) loans, and a line of credit.
- **City of Port Hueneme:** Developed water and wastewater rate studies designed to bring rates in line with the cost of providing utility services. Phased in new volumetric water rates.
- **City of Mountain View:** Developed 10-year water and wastewater financial plans and rate studies. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and compliance with Prop. 218. Updated the City's water and wastewater connection fees.
- **City of Poway:** Evaluated conservation-oriented water rate structures and assisted City in transitioning from a uniform block rate to a partially-tiered rate structure to help meet conservation targets. Developed financial projections accounting for the impacts of conservation.
- **City of San Mateo:** Developed a sewer enterprise financial plan and rate recommendations supporting funding for a roughly \$900 million wastewater capital improvement program needed to improve wet weather capacity and rebuild the City's aging wastewater treatment plant. Transitioned residential sewer rates from 100% volumetric rates (subject to a minimum charge) to a hybrid 50% fixed & 50% volumetric rate structure.
- **Cucamonga Valley Water District:** Transitioned the District's water rates from a uniform block rate structure to a 4-tiered consumption rate structure. Phased in rate increases and rate structure adjustments to minimize the annual impact on ratepayers. Updated the District's connection fees.
- **City of Petaluma:** Developed water and sewer financial plans and rate studies designed to support each utility's long-term capital improvement program. Recommendation included a gradual phase-in of rate increases along with automatic inflationary rate adjustments designed to keep rates aligned with the cost of providing service.
- **San Francisco Public Utilities Commission:** Developed financial projections supporting over \$2 billion of bonds issued to help fund a \$4.3 billion upgrade to the Hetch-Hetchy regional water system and improvements to the City's wastewater system.



City of Modesto, CA

In 2015, BWA was retained to work with the City and the Industrial customers to develop a new wastewater rate structure based on the 2014 Tolling Agreement. Working closely with an accountant hired by the City's large industrial customers, BWA developed a separate large industrial wastewater rate structure and capacity fee schedule for cannery customers. BWA also developed new rates reflecting the City's tertiary treatment stream and secondary treatment "scalping." We met with stakeholder groups, the wastewater master planning engineering team, Finance Committee, and City Council on many occasions to vet our recommendations and gain consensus. Our rate study was implemented by City Council April 2016.

In 2015, the City retained BWA to conduct a comprehensive water rate study. The City had not raised rates since 2013 and experienced reduced revenue due to drought conditions. BWA developed drought surcharges and analyzed individualized rate structures for each of the City's outlying service areas. A Proposition 218 hearing to adopt proposed rates was successfully completed in Fall 2016.

In 2021 BWA was retained again to perform water and sewer rate studies. BWA is in the process of completing these studies.

Agency Contact:

William Wong, P.E., Sr. Engineer

(209) 571-5801

wwong@modestogov.com





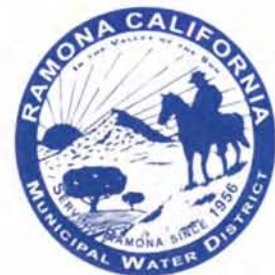
Ramona Municipal Water District

The Ramona Municipal Water District is located approximately 35 miles northeast of San Diego and provides water and wastewater services to a community of approximately 20,000. Bartle Wells Associates was initially retained by the District in 2014 to develop a long-term financial plan and rate study for the District's Santa Maria Sewer Service Area. BWA was subsequently retained by the District to develop a similar study for the District's San Vicente Sewer Service Area. For both areas, BWA recommended a series of gradual annual rate adjustments designed to fund the District's cost of providing service, generate adequate revenues to fund treatment plant and collection system improvements on a pay-as-you-go basis, and minimize the annual impact on ratepayers. BWA also developed updated sewer capacity charges for each of the District's sewer service areas.

In 2015, the District retained BWA to conduct an analysis of the District's recycled water program. The District relies on recycled water as a means of disposal for treated wastewater effluent generated by the San Vicente Water Reclamation Plant. 100% of the effluent produced by the treatment plant is disposed of as recycled water. BWA evaluated the District's recycled water agreements, conducted an analysis of recycled water program costs, identified a range of potential pricing alternatives, and conducted a survey of recycled water rates to identify industry practices and norms.

In 2017 and 2019 BWA assisted the District with interim updates of financial and rate projections for the District's two sewer service areas, and an updated recycled water cost of service analysis. BWA is providing ongoing assistance the District.

Agency Contact:
David Barnum
General Manager
(760) 789-1330
dbarnum@rmwd.org





Big Bear City Community Services District, CA

Bartle Wells Associates first assisted the District in 1967. BWA developed the district's early financing and revenue programs to build sewers and finance wastewater improvements. BWA assisted the district with the authorization and sale of three series of general obligation bonds and supervised the sale of five assessment bond issues in the Sugarloaf and Pinewood areas.

In 2015, BWA assisted the district in developing water, wastewater and solid waste 5-yr financing plans and rate studies.

Most recently, in 2019, BWA performed comprehensive water, wastewater and solid waste cost-of-service rate studies. BWA recommended a series of rate increases designed to meet each utility's operating and capital funding needs. BWA also reviewed the water and solid waste rate structures and customers classes and recommended modifications designed to equitably recover the costs of providing service, comply with Proposition 218, and achieve the District's objectives.

BWA assisted the District with the Proposition 218 noticing and the rate adoption process which ultimately resulted in Board's adoption of recommended rate increases and cost-of-service based rate structure modifications.

Contact:

Shari Strain
Finance Officer
909-585-6525
sstrain@bbccsd.org





Pico Water District, CA

Pico Water District (District) provides water distribution and maintenance service to 5,600 customers in Pico Rivera, CA. The District provides water service to its customers through the use of a 1.25 million gallon reservoir and five wells ranging in water production from 600 gallons per minute to 2,800 gallons per minute. The District pumps all of its water from the underground aquifer known as the Central Basin, which is an adjudicated water basin.

The District contracted Bartle Wells Associates (BWA) to conduct a water rate study which recommended rates sufficient to support capital projects and complied with Proposition 218. BWA provided several rate structure recommendations including transitioning to a uniform rate structure. The Pico Water District Board adopted the BWA recommended rates after a successful 218 process.

Contact:

Mark Grajeda, General Manager

Pico Water District

(562) 692-3756

msgrajeda@picowaterdistrict.net





City of Davis, CA

For over a year, BWA worked closely with City staff and a 15-member Water Advisory Committee (WAC) to review water rate structure alternatives, evaluate various financing scenarios, and develop a gradually phased-in set of rate increases to support the new Woodland-Davis surface water project. The WAC recommended implementing a new rate structure called the consumption-based fixed rate (CBFR) to recover a portion of the fixed costs based on each customer's actual consumption. The 2013 water rate study recommended rate increases through 2017/18 to assist the City in obtaining State loans and grants and other debt financing to fund the Woodland-Davis supply project.

The approved water rate structure and increases were subjected to a legal challenge posed by opponents of the surface water project. In January 2014, the Yolo County Superior Court ruled in favor of the City and found that the water rates complied with the requirements of the CA Constitution (Proposition 218). In June 2014, the citizens of Davis repealed the March 2013 rates through a ballot Initiative. Accordingly, BWA worked with the newly formed Utilities Rate Advisory Commission (URAC) to update the projections used in the 2013 study and to develop a new water rate structure. The 2014 update included a uniform block volume rate by customer class and a drought surcharge based on the City's Water Shortage Contingency Plan. BWA updated the water rate study in 2017 using the rate model developed in 2014. We are currently contracted to conduct the 2019 Water Rate and Cost of Service Study.

Contact:

Stan Gryczko, Public Works Utilities and Operations Director

(530) 757-5686

sgryczko@cityofdavis.org



Additional References are Available Upon Request

This section provides certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) regarding our duties as a Municipal Advisor to the extent any such duties apply to this assignment.

- * Bartle Wells Associates will provide advice and conduct activities with a “duty of care” and a “fiduciary duty” to the City. Our role and responsibilities during this engagement will continue through the completion of the project.
- * Bartle Wells Associates is a registered Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
- * Bartle Wells Associates has never been cited for any legal or disciplinary action regarding municipal advisory activities.
- * Bartle Wells Associates has not and will not receive any compensation from any third party seeking to provide services, municipal securities transactions, or municipal financial products related to this transaction. BWA or any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than compensation for our services identified in this proposal.
- * Bartle Wells Associates is not aware of any conflicts of interest that would affect our ability to provide independent and objective advice and Municipal Advisory services in a manner consistent with the requirements of MSRB Rule G-42.
- * The website address for the Municipal Securities Rulemaking Board (MSRB) is www.MSRB.org. The MSRB’s website provides a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The municipal advisory client brochure is accessible via a link on www.MSRB.org or can be downloaded from <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure>.

SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$2,000,000 General Aggregate ▪ \$2,000,000 Products Comp/Op Aggregate ▪ \$2,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence 	6/1/22
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/22
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/22
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/22
Professional Liability	Chubb & Son, Inc. BINDO94045	<p>Solely in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/22

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 13, 2021
SUBJECT: Award of Sewer Main Relining Project – FY 22 (Job #3179)

Description

Award of the Sewer Main Relining Project.

Purpose

As part of the District's capital improvement program, the District is improving the reliability of the sewer collections system through strategic rehabilitation of existing infrastructure. District staff prepared a bid package for the relining of approximately 1,700 linear feet of 10" and 6" gravity sewer main. The work consists of trenchless restoration of existing mainline to like-new condition. Bid opening was November 18, 2021. Six bids were received. A summary of the bid results is below:

	Company Name	Bid Amount
1	NorCal Pipeline	\$90,628
2	Nu-Line Technologies, LLC	\$98,032
3	Southwest Pipeline	\$115,391
4	Sancon Technologies	\$140,143.55
5	Downstream Services	\$144,289
6	Insituform Technologies, LLC	\$147,024

NorCal Pipeline was the apparent lowest responsible bidder at \$90,628.

Budgetary Impact

There is no budgetary impact. The approved capital budget for FY2021/22 included \$125,000 intended for this project.

Recommended Action

That the Board authorize award of the Sewer Main Relining Project to the lowest responsible bidder, NorCal Pipeline, for \$90,628.

1. **MWD Issues**

MWD included an item on their Water Supply and Planning Stewardship Committee at their November meeting. The attached correspondence was sent in from both FPUD/RMWD and SDCWA on this item. . Chairwomen Grey closed out the discussion at the meeting by indicating MWD would reiterate to SD LAFCO that MWD is neutral on this item. At the November SDCWA meeting, I asked if this item was placed on the agenda due to a request from SDCWA or an SDCWA consultant to MWD or a MWD Board member SDCWA responded that this item was raised independently by Director Ortega representing San Fernando as he was concerned what the switching of FPUD and RMWD from SDCWA to EMWD would mean for MWD. It is unclear if there will be continued discussions at MWD on this item.

2. **Long Range Financial Plan**

Three new positions were approved to help SDCWA complete the financial forecasting requested during adoption of the Long Range Financial Plan. Additional consultants were also hired to complete the 3rd party reviews and water transfer evaluations.

3. **Key Upcoming Issues**

Some key issues for the upcoming year include:

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



November 5, 2021

Dear Chair Atwater,

The Fallbrook Public Utility District (FPUD) and Rainbow Municipal Water District (RMWD) are submitting this letter relative to the item on the November 8, 2020 Metropolitan Water District (MWD) Water Planning and Stewardship Committee (Committee) agenda regarding our reorganization applications, which is before the San Diego Local Agency Formation Commission. We appreciate the role MWD and the Committee play in ensuring we have a cost-effective reliable water supply and maintaining programs that benefit the region such as the Local Resources Program (LRP). FPUD has just initiated production of a local groundwater plant made possible, in part, by the LRP Program.

In regards to our proposed reorganization, we understand that this issue was placed on the Committee agenda based on questions raised by Director Ortega, who represents San Fernando. While we appreciate the interest by MWD in our organizations, we do not see any impact of this reorganization process on MWD. Since our MWD representation has not provided us any information about why this item would be on the agenda at MWD, we thought it was important to ensure the FPUD and RMWD perspective on the reorganization is provided to the committee. To provide some background on our Districts, FPUD and RMWD are small rural agricultural water District's in northern San Diego county that only serve a combined population of roughly 55,000 people in the unincorporated communities of Rainbow, Fallbrook and Bonsall.

We do not expect that MWD would play a role in either support or opposition on either side of the reorganization before San Diego LAFCO. The proposed reorganizations are a result of a unique circumstance in which our two agencies, due to their physical location, can purchase water directly off MWD infrastructure as an Eastern Municipal Water District (EMWD) member agency at a much lower cost than purchasing the same water from SDCWA. There is no net impact on MWD as we will either be purchasing the same blend of imported water from SDCWA or EMWD. There is also no stranded physical infrastructure that was constructed to serve FPUD or RMWD by SDCWA.

There is language included in the County Water Authority Act that describes how this process should be conducted. Ultimately San Diego LAFCO and then FPUD and

RMWD ratepayers would get to vote on the reorganization. Each MWD member agency likely has their own principal acts that have their own requirements as set by the state legislature. Similarly, Section 109-455 of Metropolitan Water District Act includes procedures for inclusion of territory into an agency already within the boundaries of a metropolitan water District, such as the contemplated potential annexation of FPUD into Eastern. Section 109-455 provides:

Whenever two or more member public agencies of [MWD] are subject to a reorganization of their boundaries under applicable provisions of law which would result in an exchange, but not an overlapping, of territory that is entirely within [MWD], the boundaries of such agencies within [MWD], upon completion of such reorganization and the filing with the secretary of [MWD] of certificates thereof, shall constitute the boundaries of such member public agencies for all [MWD] purposes, without action by the board, and shall be so shown on any certificates relating to [MWD] boundaries thereafter filed under this part or applicable provisions of law. If such exchange includes territory subject to special conditions and tax levies pursuant to terms of annexation at the time such territory became a part of [MWD], such territory shall continue subject to such conditions and to be taxable by [MWD] for such levies.

(§ 109-455.) Based on this, we feel that there are two roles that MWD would take in this process. First, we would anticipate that MWD provide factual information to San Diego LAFCO and correct the public record when incorrect information about MWD is put in the record by any party involved in the process. Second, should either or both of the reorganization be approved, MWD will need to be involved in simply changing the way water deliveries on the affected turnouts is billed – changing the billing from SDCWA to EMWD. This matter has been reviewed by MWD staff and no issues were identified related to such a change.

Although SDCWA has in the past accused both MWD and EMWD of being behind the decision to file our applications for reorganization, we want to be clear that the decision was 100% initiated by the FPUD and RMWD governing Boards due to the impact of rising water costs on our rural agricultural communities. Our effort is driven by our need to ensure the long-term viability of our local agriculturally based economies as well as the affordability impacts high water costs presents for our residential ratepayers. Due to the current inequity in cost versus benefits received by our ratepayers, our locally elected governing Boards have determined that our communities are better positioned with EMWD as our wholesale water provider instead of SDCWA.

As part of this process, MWD has sent letters to San Diego LAFCO to correct some previous statements made by SDCWA about MWD. Some of the past statements made by SDCWA are repeated below and links to the full documents are included:

Statements from the January 6, 2021 SDCWA submission to San Diego LAFCO
<https://www.sdlafco.org/home/showpublisheddocument/5440/63745540195613000>

0

“As to LAFCO Policy L-109, the standard is not just an “adequate” water supply, but also a “reliable” one, and one that is “diversified where possible.” As the Water Authority points out in its Response, MWD’s supply has not always been reliable”.

“Fallbrook and Rainbow complain about 9% annual Water Authority rate increases for the last decade, but they do not tell LAFCO or the public where those rate increases came from. Most of them are the result of MWD rate increases, which the Water Authority passes through to its member agencies and which Fallbrook and Rainbow would still pay even if they became part of Eastern. Also, as explained in the Water Authority Response (pp. 100-102), MWD’s rates will soon be increasing dramatically, because it plans to spend tens of billions of dollars on major water supply projects such as a Bay-Delta tunnel. Attached as Exhibits C, D, and E are recent MWD documents showing the expected MWD costs for these projects. These costs will fall most heavily on agencies which rely solely on MWD for water, such as Fallbrook and Rainbow are planning to do.”

“Our state has struggled with the south’s reliance on the north for decades. Southern California’s water demands stress the local economies and ecosystems in the north. The Fallbrook and Rainbow detachment proposal would intensify the conflict, reduce the reliability of water service of Fallbrook and Rainbow water customers, and increase their exposure to Metropolitan’s record of rapidly increasing water rates historically that may be expected to accelerate in the future.”

Statements from the March 9, 2021 SDCWA Letter to San Diego LAFCO
<https://www.sdlafco.org/home/showpublisheddocument/5572/63750981614980000>

0

“In actuality MWD management is seeking to poach customers from one of MWD’s own member agencies, and there is a clear and immediate financial benefit to MWD in doing so. (underline in original).”

“Though Eastern and MWD management constantly posture that they have “no skin in the game,” they are clearly seeking to facilitate the reorganization so as to undermine the Water Authority”

“The above recent litigation developments show that it is premature for Fallbrook and Rainbow to be making any assertions about MWD water being “cheaper” than that of the Water Authority. Once MWD has had to pay the bills for past unlawful charges, for future fixes in the Bay-Delta and to repair California Aqueduct subsidence, and once it may no longer overcharge the Water Authority for Exchange Agreement water, then one may more easily predict and calculate impacts on water rates.”

As noted above, MWD did previously send a letter to address some of these comments that were made by SDCWA. Since that time, San Diego LAFCO has retained a consultant (Dr. Hanemann) to produce a draft report to support the process. For anyone interested, the full copy of the draft report can be found at:

<https://www.sdlafco.org/resources/major-proposals/fallbrook-pud-rainbow-mwd-wholesaler-reorganization-2020>

MWD did not provide any comments to the draft report, but it appears there may be some statements that MWD may want to correct in the public record. For example, the following text (both question and answer are by Dr. Hanemann) is included in the draft report:

“Q. Will Water Fix raise the cost to SDCWA to convey QSA water from the Colorado River to SDCWA’s service area?


A. The Sacramento Valley’s SWP and the Colorado River are two different sources of water. From an economic perspective, there would be no legitimate reason to comingle the cost of conveying SWP water through the Delta and over the Tehachapi Mountains with the cost of conveying QSA water from the Colorado River to the SDCWA service area. From an economic perspective, it could be seen as a form of predatory pricing if that were to occur.”

We believe it helps ensure the public record is accurate for this process when MWD identifies and provides corrections to any factually inaccurate statements. The description of MWD’s allocation of SWP costs, which has been affirmed by the courts, as “predatory pricing” appears to be inaccurate.

We also understand MWD has much higher priorities than involving itself in matters related to member agency jurisdictional boundary adjustments. Given all the higher priorities at MWD, we understand if monitoring and correcting the record in this process is not a high MWD priority, but we wanted to be sure MWD was at least aware of some of the statements being made in this process, so it can consider providing any necessary clarifications.

We will attend the meeting on November 8th and would be more than happy to address any questions you may have.

Sincerely,



Tom Kennedy
General Manager
Rainbow Municipal Water District



Jack Bebee
General Manager
Fallbrook Public Utility District

transmitted via email MWD Board Secretary rcastro@mwdh2o.com

November 7, 2021

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER
REPRESENTATIVE

County of San Diego

Chairwoman Gray and
 Members of Board of Directors
 Metropolitan Water District of Southern California
 P.O. Box 54153
 Los Angeles, CA 90054-0153

RE: Water Planning and Stewardship Committee Item 6c (Information Item)
 Update on Proposed Reorganization of Fallbrook PUD and Rainbow MWD
 before San Diego Local Agency Formation Commission

Dear Chairwoman Gray and Members of the Board:

First, the Water Authority and we as MWD Board members would like to thank Chairwoman Gray and General Manager Hagekhalil and staff for their support and cooperation encouraging this matter to be placed on our November Board meeting agenda and for the Board item 6c staff presentation. The initial request for this presentation was made by Director Ortega in response to a [letter](#) the Water Authority sent to the San Diego Local Agency Formation Commission (SD-LAFCO) on September 2, 2021.

The Water Authority copied MWD on its September 2 letter for two reasons: 1) the main subject matter is extremely important, namely, whether an “exit fee” or other financial responsibility exists if a member agency of a wholesale water supplier seeks to detach;ⁱ and 2) we believe that there are very important policy considerations and implications for the MWD Board to consider before SD-LAFCO goes any further in its deliberations without input from our MWD Board of Directors.ⁱⁱ

We specifically are not asking any Board member to “take sides” in the matter; rather, the purpose of this letter is solely to address what we, as MWD Board members, believe are important *policy and fiscal issues* for our own MWD Board to deliberate.ⁱⁱⁱ They include the following:

1. Would a detachment from MWD under the facts and circumstances presented (i.e., exit via LAFCO detachment by a member agency in order to avoid paying any share of investments made to supply water to those agencies) pose a threat to MWD’s fiscal sustainability?^{iv}
2. Does the specter of such detachments threaten to disrupt cooperative relationships between and among member agencies and wholesale suppliers?^v
3. Does the specter of such detachments threaten MWD’s fiscal sustainability and bond ratings and potentially, the municipal bond market generally?^{vi}
4. Is such a detachment inconsistent with industry standards and contractual provisions designed to protect utilities from avoidable financial impacts (AKA “anti-parallelizing” or service duplication)?^{vii}
5. What impact might there be on MWD’s future water supply and financial planning if it accepts the agencies’ fundamental premise, presented to SD-LAFCO, that the cost of a reliable water supply is not affordable? While Fallbrook and Rainbow have a small

sector of low-income residents (who we agree should be supported by the kind of programs now under consideration by MWD's new caucus focusing on disadvantaged communities), the median income level of these agencies is in fact much higher than many other parts of the MWD service area.^{viii}

6. Does the proposed detachment increase reliance on the Bay-Delta in contravention of state law and policy?^{ix}

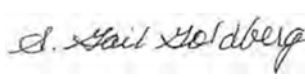
This is a very brief summary of the many policy, legal,^x and financial issues presented by the Fallbrook and Rainbow detachments that we believe are of importance to MWD. Given that both Eastern and MWD are neutral, we would hope that the MWD Board of Directors will agree that these and other potential impacts on MWD must be fully considered before SD-LAFCO is led to believe that it has MWD's agreement to serve water to Fallbrook and Rainbow via Eastern under the terms they are proposing.

Thank you very much for your consideration.

Sincerely,



Jerry Butkiewicz
Director



S. Gail Goldberg
Director



Tim Smith
Director

Attachment: Water Authority Board Resolution 2020-06

cc: Adel Hagekhalil, General Manager
Marcia Scully, General Counsel
Water Authority Board of Directors
Sandy Kerl, Water Authority General Manager
Mark Hattam, Water Authority General Counsel

ⁱ Fallbrook and Rainbow's water supply demands were included in the Water Authority's regional long-range planning forecasts for decades and relied on by the Water Authority in entering into long-term infrastructure and water supply investments. These water supplies have for many years been used and continue to be used to serve Fallbrook and Rainbow customers. The agencies' detachment applications to SD-LAFCO propose to terminate the Water Authority's rates-setting authority without any payment of costs incurred to provide the water supply they are now receiving.

ⁱⁱ As noted in footnote 10 of the Water Authority's September 2 letter, MWD's former General Manager had concluded without Board discussion that no MWD policy issues are presented by these facts and circumstances.

ⁱⁱⁱ We have received and reviewed the November 5 letter addressed to Chair Atwater from Fallbrook and Rainbow and distributed to the MWD Board. We agree with the agencies that MWD should not, *per se* or as a "political" matter, "play a role in either support or opposition on either side" of the proceeding pending before SD-LAFCO. In fact, both MWD and Eastern have stated many times that they are "agnostic" or "neutral" on the question of the outcome of the proceeding; indeed, this is one of the reasons we believe it is important now for our Board to discuss the policy issues presented in this letter (and potentially additional issues) *from an MWD perspective*. Thus, we do not plan to address any of the statements in the

agencies' November 5 letter that do not involve MWD policy issues (there are many disagreements over both factual and legal issues as stated in the November 5 letter, including interpretation of the Water Authority Act), except for correcting the statement that neither we nor Water Authority staff provided any information to the agencies "about why this item would be on the agenda at MWD" (Fallbrook/Rainbow Nov. 5 letter, p.1 para.2). See [Water Authority's Imported Water Committee September 22, 2021 MWD Delegates' Report](#) at page 3 of 3, including footnote 5 attachment. The Water Authority's MWD delegates and staff regularly provide detailed written and oral reports of MWD Board proceedings to the Water Authority's Board of Directors; in fact, the two General Managers who signed the November 5 letter in that capacity also represent their agencies on the Water Authority's Board of Directors and receive these briefings directly.

^{iv} Over our years of differences with MWD, *the Water Authority has never proposed to detach*, even when it would be projecting to buy zero water from MWD in some or many years in the future. Unlike detachment, which terminates all rate-setting authority over a detaching agency, reducing imported water demand (which is consistent with state law and both Water Authority and MWD Board policies) does not. The Water Authority has always planned to remain a member agency of MWD, with a critical interest and stake in its success. Recently, however, we have member agencies and other inquiries asking why the Water Authority should not consider such a detachment from MWD. We have also received inquiries whether the Water Authority would be willing to attach territory currently being served by other MWD member agencies.

^v This is noted as a potential "Other Related Issue" on slide 7 of the Board presentation. We can assure you that the answer is yes. The Fallbrook/Rainbow detachment has disrupted relationships not only between these agencies and the Water Authority but between and among our member agencies, who unanimously adopted a [Board resolution](#) to oppose the detachment if their ratepayers will have to "pick up the bill" for Fallbrook and Rainbow, along with other conditions. We believe the applications have also created unnecessary tension between two MWD member agencies, namely, the Water Authority and Eastern, at a time when there are far more important initiatives to be working on together at MWD, not the least of which is the current statewide drought.

^{vi} Director Blois recently asked the very prescient question whether the bond ratings and financial condition of MWD member agencies can impact MWD's bond ratings and fiscal sustainability. As stated by General Manager Hagekhalil, MWD is only as strong as its weakest link. We agree and have received commentary in recent rating reports that discusses the potential threats that detachments pose generally.

^{vii} MWD has some such protection under its State Water Project contract (Article 15(a)), but this would not cover investments in other water supply sources.

^{viii} Some agencies and other third parties have asked the Water Authority, "why don't you just do something to help Fallbrook and Rainbow ag customers?" *The answer is, we do!* Ever since MWD terminated its agricultural discount program in 2012, the Water Authority has worked with the San Diego County Farm Bureau and our member agencies to continue to provide discounted water for agriculture, consistent with legal cost of service standards and requirements. Currently, the cost of treated water for agriculture is \$1,295/AF, which is \$474/AF lower than Metropolitan's "all-in" treated water rate. However, many Fallbrook and Rainbow agricultural water customers do not sign up for the Water Authority's discounted water program, choosing instead to pay the full water rate in order to ensure water supply reliability for their business.

^{ix} The Delta Watermaster has already [opined](#) that the detachment will increase demand on the Bay-Delta. Dr. Hanemann, the independent expert retained by SD-LAFCO has [agreed](#) with that assessment based his review of the respective current water portfolios of the Water Authority and MWD. As MWD Board members, we do not see any "upside" for MWD becoming involved in this debate. Rather, all parties (including MWD and the Water Authority) can certainly "reserve all rights" to argue the point in a different context not presented here which and which in fact is important to MWD).

^x There are also legal issues involved in the interpretation of both the Water Authority and MWD Acts, beyond the scope of this memo but important to both agencies in the context of unanticipated, unplanned detachments such as proposed by Fallbrook and Rainbow.

RESOLUTION NO. 2020-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY ADDRESSING
POTENTIAL DETACHMENT OF FALLBROOK PUBLIC
UTILITIES DISTRICT AND RAINBOW MUNICIPAL WATER
DISTRICT AND ANNEXATION OF THOSE DISTRICTS INTO
EASTERN MUNICIPAL WATER DISTRICT-06

The San Diego County Water Authority (“**Water Authority**”) is a county water authority established in 1944 under the County Water Authority Act (“**Act**”), that has provided water to its member agencies throughout San Diego County since World War II.

The Fallbrook Public Utilities District (“**Fallbrook**”) was a founding member agency of the Water Authority in 1944 and Rainbow Municipal Water District (“**Rainbow**”) has been a member agency of the Water Authority since 1954.

In March 2020, Fallbrook and Rainbow filed applications with the San Diego County Local Agency Formation Commission (“**San Diego LAFCO**”) seeking detachment from the Water Authority and annexation into Riverside County’s Eastern Municipal Water District.

The proposed detachment will affect water users and ratepayers in Fallbrook and Rainbow, as well as other member agencies and their ratepayers throughout the County of San Diego.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. Given the significant and unprecedented nature of the proposed detachments, and in order to protect ratepayers in Rainbow, Fallbrook, and the remainder of the Water Authority’s service area, the Water Authority recommends that San Diego LAFCO conduct a comprehensive evaluation of the impacts of the detachment proposals, including financial, water supply reliability, governmental, and environmental impacts, and ensure that the public and all affected agencies have a meaningful and balanced opportunity to engage in the evaluation process.

2. Given the Water Authority’s obligation to provide an adequate, reliable, and affordable source of water for all of San Diego County, the Water Authority will oppose detachment by Rainbow and Fallbrook unless:

a. It can be determined by what means Rainbow and Fallbrook can guarantee that all obligations as promised to their own ratepayers are met;

b. It can be demonstrated that detachment will not adversely affect other Water Authority member agencies and San Diego County as a region financially or environmentally;

c. It can demonstrated that detachment and then annexation into Riverside County’s Eastern Municipal Water District will not increase reliance on the Bay-Delta; and

d. It can be demonstrated that detachment will not result in a diminution of the Water Authority's voting power at MWD to represent the interests of all San Diego County ratepayers and property owners.

PASSED, APPROVED, and ADOPTED this 28th day of May, 2020 by the following vote:

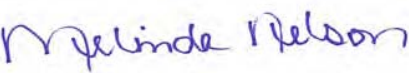
AYES:	Unless noted below all Directors voted aye.
NOES:	Bebee and Kennedy.
ABSTAIN:	None.
RECUSAL:	Ayala and Cate.
ABSENT:	Boyle, Simpson, Steiner, and Preciado (P).


Jim Madaffer, Chair

ATTEST:


Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2020- 06 was duly adopted at the meeting of the Board of Directors on the date stated above.


Melinda Nelson, Clerk of the Board



Fallbrook Public Utility District

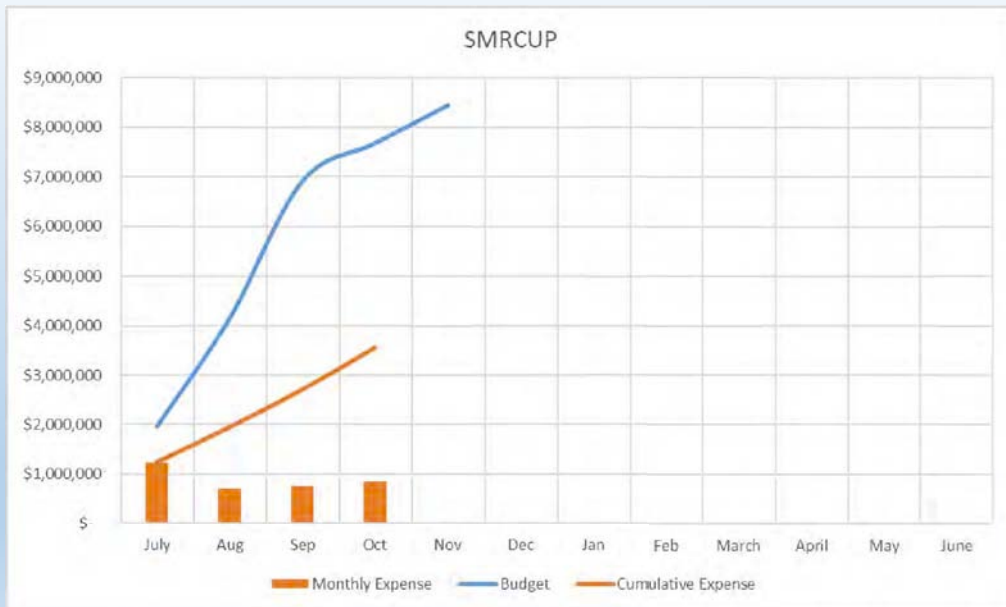
Engineering and Operations FY22

Board Meeting Nov/Dec 2021

Water PAYGO CIP FY22



Water SMRCUP CIP FY22



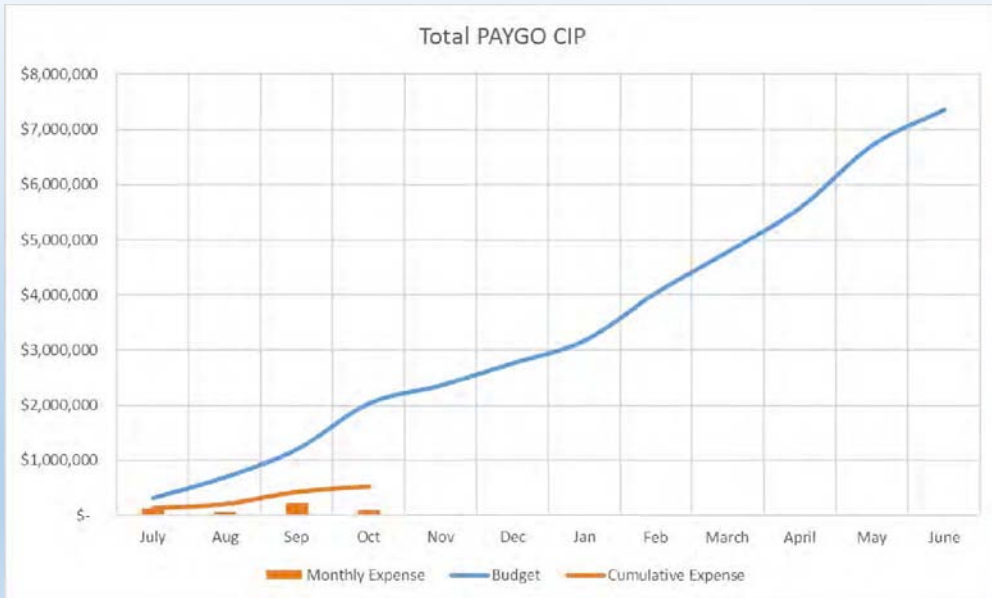
3

Wastewater System CIP FY22



4

Total PAYGO CIP FY22



5

Total CIP FY22



6

Wastewater Treatment

Reclamation Plant

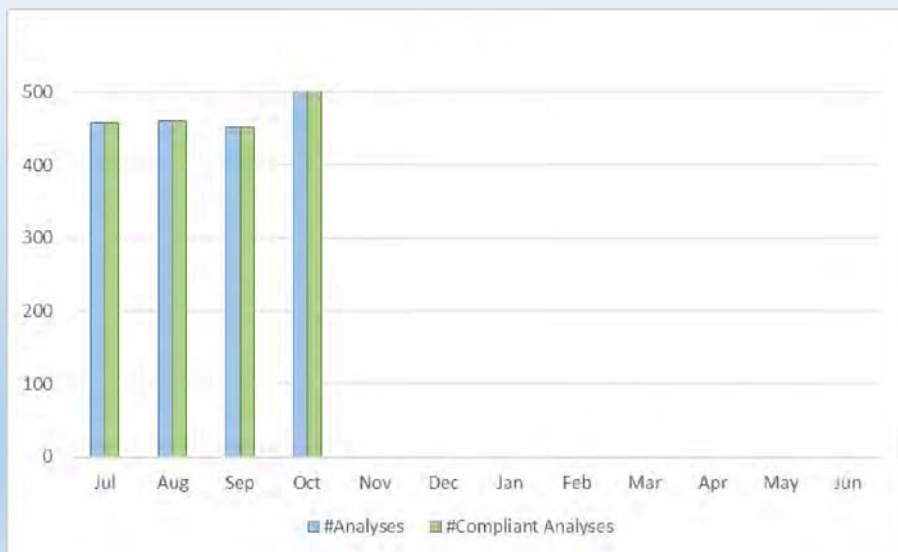
Recycled Water

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

Wastewater Treatment System Regulatory Compliance

SRWQCB Compliance:
 NPDES
 WDR
 GO Permits

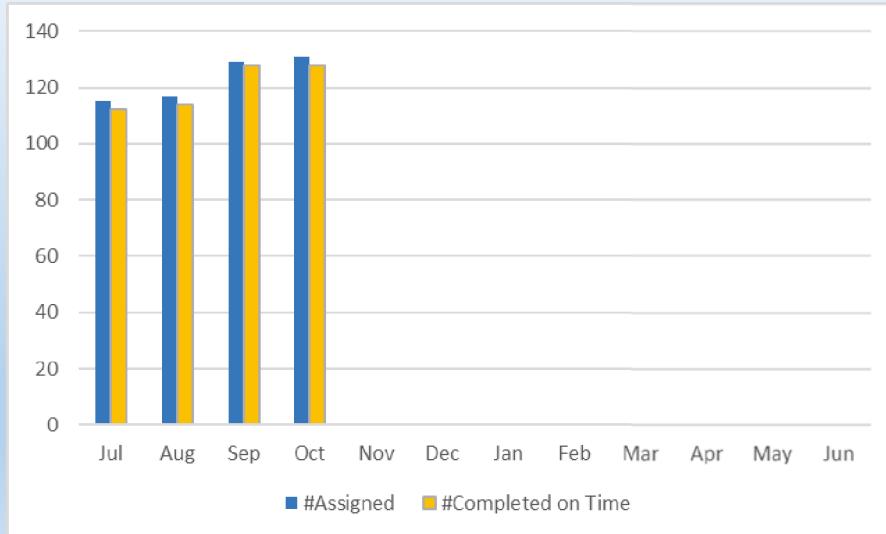
Analyses performed:
 Daily
 Monthly
 Quarterly
 Semi-annually
 Annually



Reclamation Plant – Preventative Maintenance Work Orders

Equipment Service/Inspection

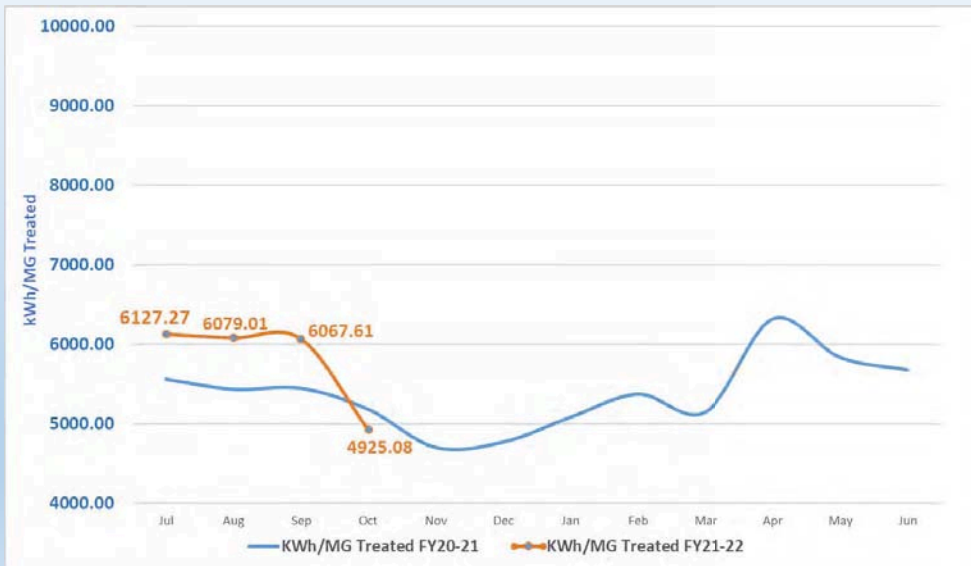
Site Maintenance



9

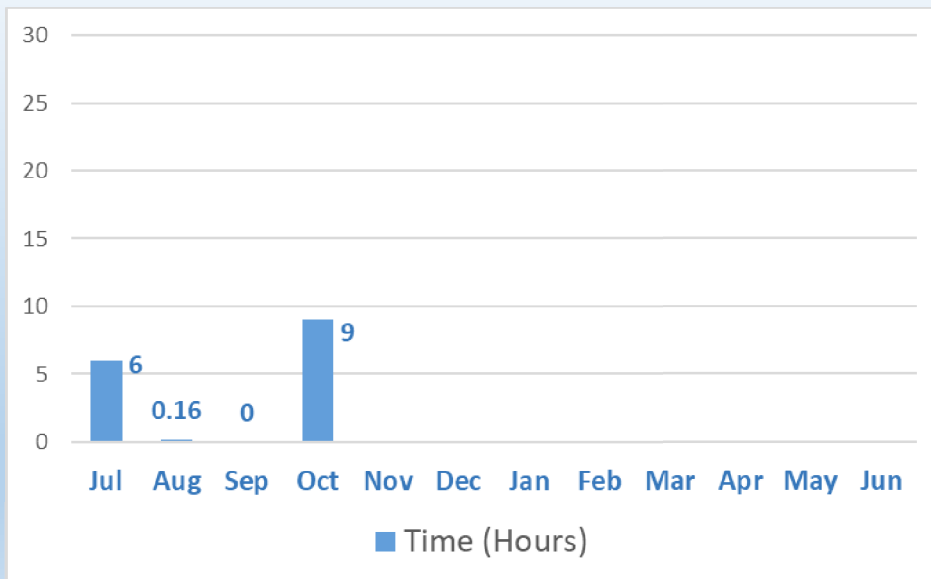
Formula =
 $\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$

Reclamation Plant – Energy Usage (KWh/MG Treated)



10

Recycled Water – Time out of Service (Hours)



11

Wastewater Collections

Total Wastewater Spilled
Non-Recovered Wastewater Spilled
Odor Complaints

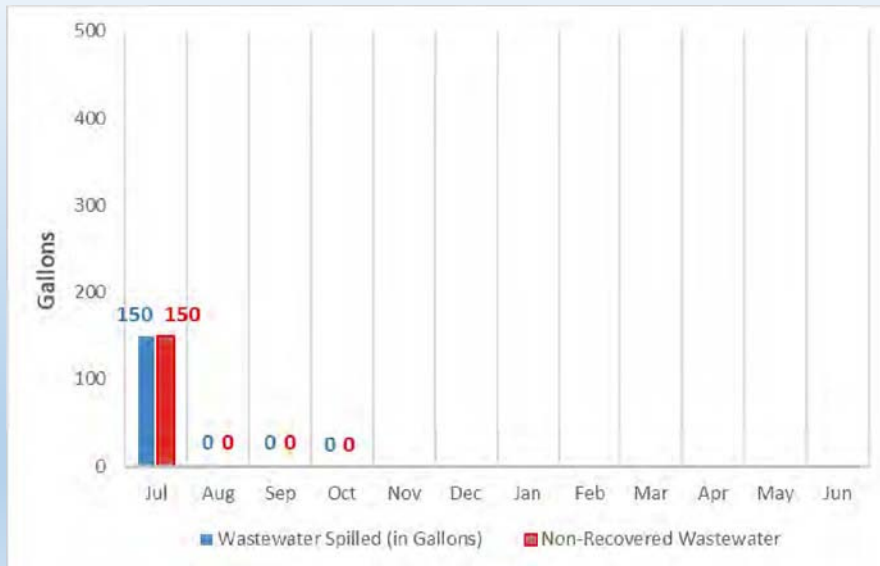
12

Wastewater Collections Sewer Overflows



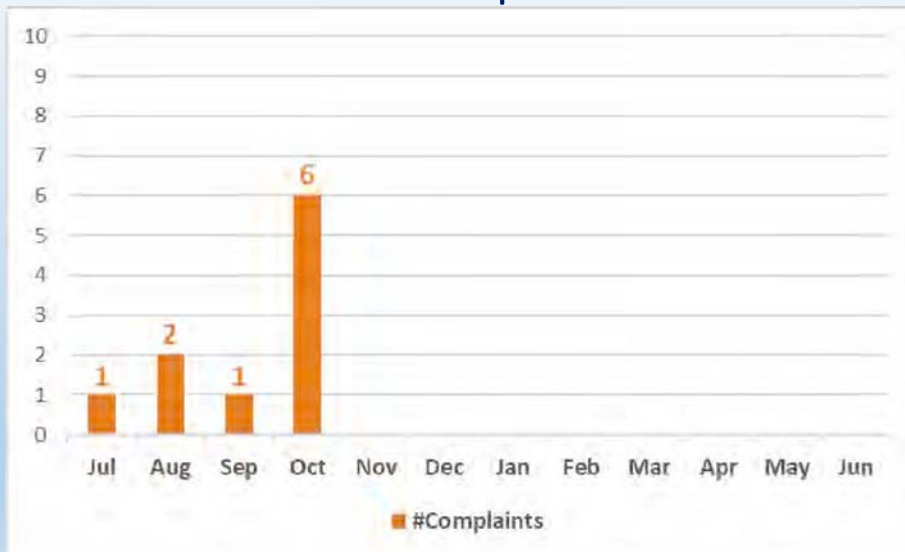
13

Wastewater Collections Wastewater Spilled



14

Reclamation Plant & Wastewater Collections Odor Complaints



15

Wastewater Collections – Preventative Maintenance Work Orders



16

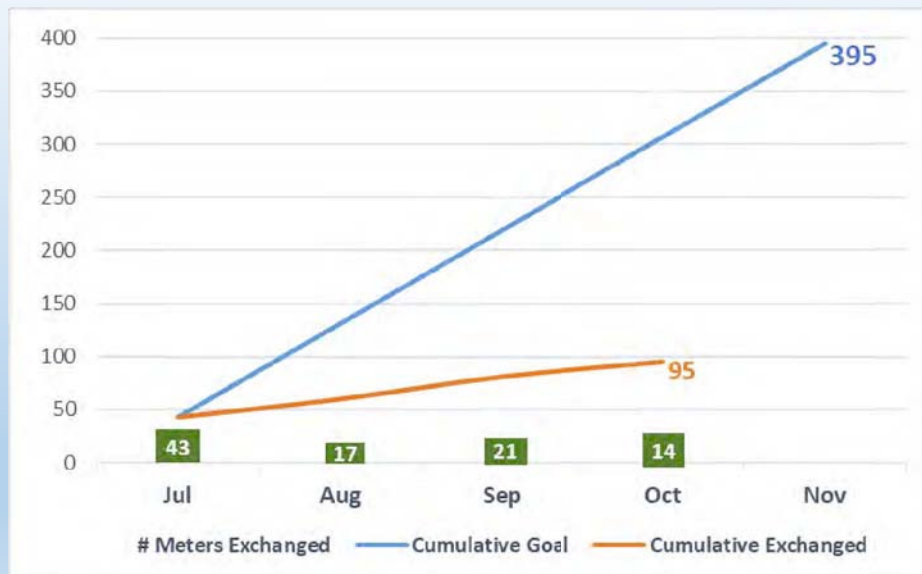
Meter Services

Meter Exchange Program

17

Meter Exchange

Goal to complete meter exchange program by Nov



18

Water Operations

Regulatory Compliance

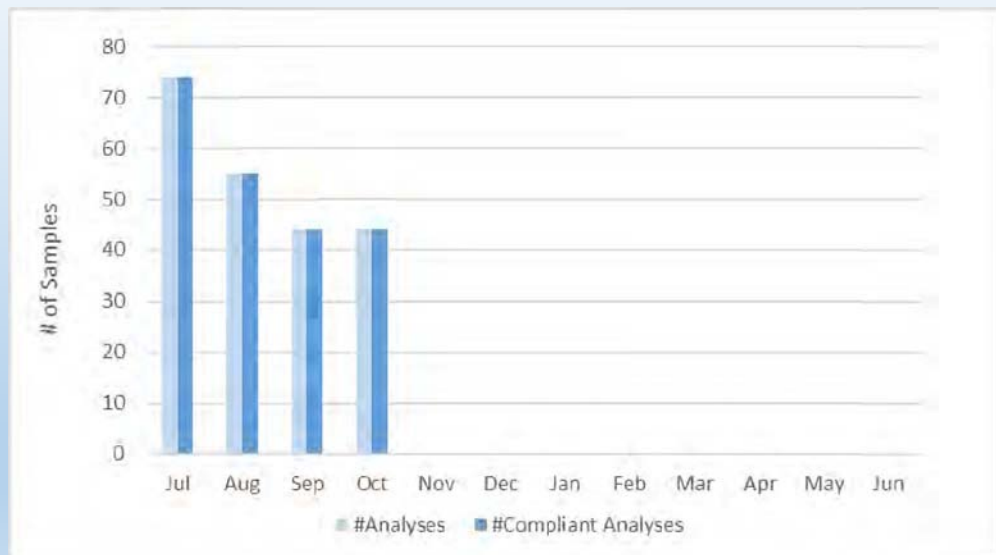
Valve Exercising Program

Preventative Maintenance Work Orders

19

Water System Regulatory Compliance

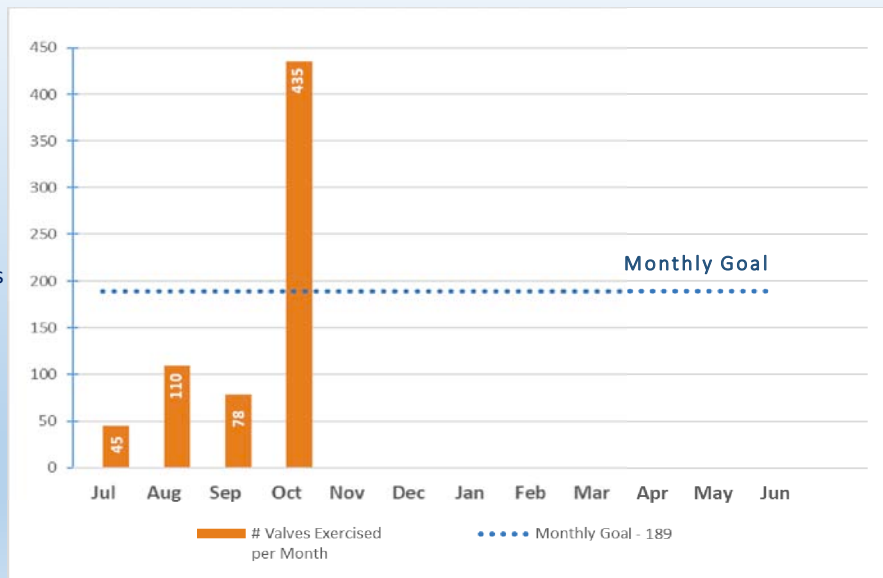
- UV Plant Operation
- Routine Sampling



20

Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns



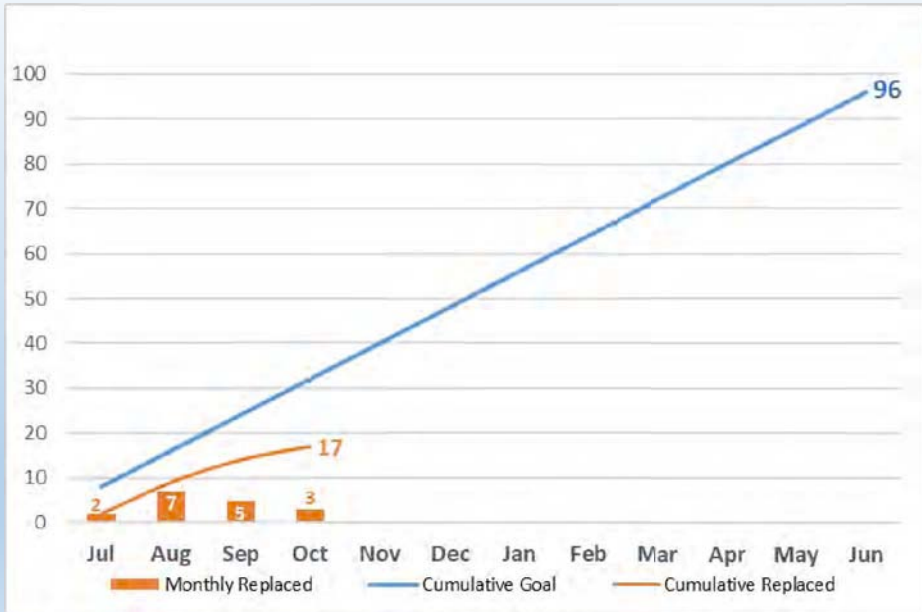
21

Water Preventative Maintenance Work Orders



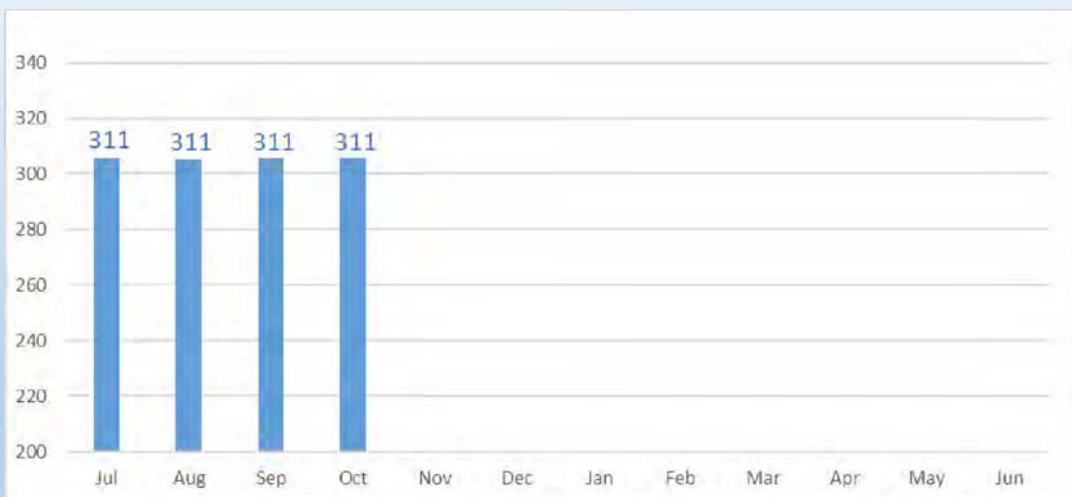
22

Main Line Valves Replaced



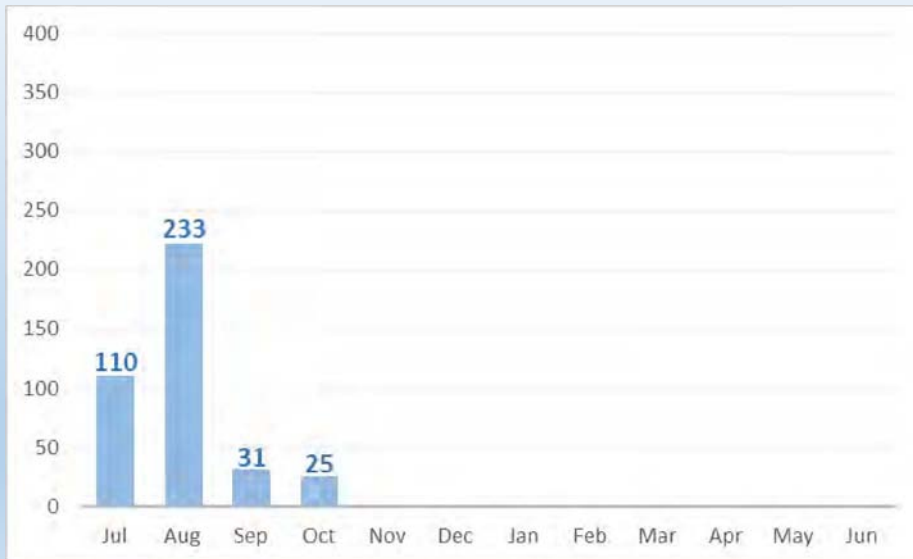
23

Rolling Total Broken Valves (4" and above)



24

Planned Water Outages > 4 Hours # of Customers Affected



25

Unplanned Water Outages > 4 Hours # of Customers Affected



26

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 13, 2021
SUBJECT: Financial Summary Report – October

Purpose

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

Summary

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



Revenues and expenditures continue to diverge from the Budget levels. These trends offset each other and net revenues continues to be better than budgeted. With PayGo CIP expected to ramp up this winter and spring, net revenues are expected to trend towards budget levels. Water sales is expected to continue to trend under budgeted levels. Given the water supply outlook, it seems sales will either be constrained by a wet weather (hopefully) or demand restrictions due to a worsening water supply outlook. Staff are carefully tracking the District's financial position. After adjusting for expected State reimbursement, Net Revenue is trending better than Budget largely due to CIP underspending.

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



Overall the District's financial holdings increased this month. The increase reflects the State's reimbursement for capital expenditures related to the Santa Margarita Conjunctive Use Project. This was the first reimbursement received since July from the State. The District's PARS investments reflect recent market activity. Overall these investments continue to perform in line with the capital markets.

Recommended Action

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

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 13, 2021
SUBJECT: Treasurer's Report

Purpose

Provide the October, 2021 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 a \$4.4 million State reimbursement check for the Santa Margarita Conjunctive Use Project (SMCUP) in October. In addition, the District also made a \$1.2 million dollar payment to the contractor this month. With the SMCUP project nearing completion, expenditures have slowed down and account balances recovered. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Summary

Treasurer's Report October 31, 2021

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 5,000	\$ 5,000
Money Market	\$ 2,980,484	\$ 2,620,105
CAMP Account	\$ 1,815,599	\$ 1,815,678
<i>District's Liquidity Portfolio</i>	\$ 4,801,083	\$ 4,440,783
PFM Managed Long-term Investment Portfolio*	\$ 11,303,242	\$ 11,280,838
LAIF (Long-term Reserves)	\$ 481,016	\$ 3,648,606
PARS (OPEB & Pension Trust)**	\$ 9,952,782	\$ 10,210,862
<i>District Accounts Total</i>	\$ 26,538,123	\$ 29,581,089

*\$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
December 13, 2021



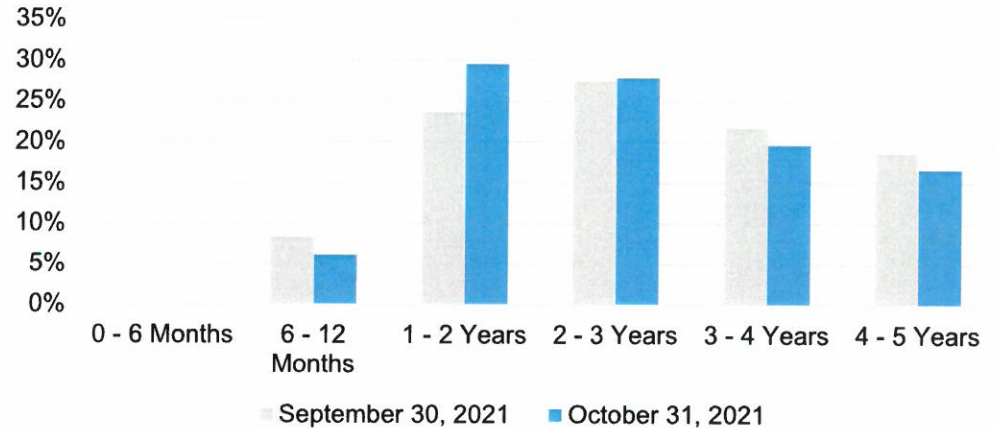
Fallbrook Public Utilities District - Holdings Summary

Security Type	September 30, 2021	October 31, 2021	Change (\$)	Change (%)
U.S. Treasury	\$8,623,284.37	\$8,483,757.88	(\$139,526.49)	-1.6%
Municipal	\$0.00	\$115,000.00	\$115,000.00	100.0%
Federal Agency CMO	\$106,315.85	\$103,290.59	(\$3,025.26)	-2.8%
Corporate Note	\$2,092,565.74	\$2,066,684.45	(\$25,881.29)	-1.2%
Asset-Backed Security	\$417,131.20	\$465,166.56	\$48,035.36	11.5%
Securities Total	\$11,239,297.16	\$11,233,899.48	(\$5,397.68)	< 0.1%
Money Market Fund	\$63,945.14	\$46,938.08	(\$17,007.06)	-26.6%
Total Investments	\$11,303,242.30	\$11,280,837.56	(\$22,404.74)	-0.2%

Summary

FY 21-22 Accrual Earnings	\$78,851.09
Yield to Maturity at Cost	1.39%
Weighted Average Maturity (Years)	2.68

Maturity Distribution



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



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2021**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY											
	10/01/21	10/06/21	US TREASURY NOTES DTD 09/30/2021 0.250% 09/30/2023	91282CDA6	300,000.00	(299,894.53)	(12.36)	(299,906.89)			
	10/01/21	10/06/21	US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	100,000.00	(98,062.50)	(68.27)	(98,130.77)			
	10/13/21	10/21/21	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	30,000.00	(29,999.24)	0.00	(29,999.24)			
	10/14/21	10/19/21	MORGAN STANLEY CORP NOTES (CALLABLE) DTD 10/19/2021 1.164% 10/21/2025	61747YEG6	70,000.00	(70,000.00)	0.00	(70,000.00)			
	10/15/21	10/21/21	NY ST URBAN DEV CORP TXBL REV BONDS DTD 10/21/2021 1.310% 03/15/2026	64985TDC2	115,000.00	(115,000.00)	0.00	(115,000.00)			
	10/26/21	11/03/21	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	35,000.00	(34,995.23)	0.00	(34,995.23)			
Transaction Type Sub-Total					650,000.00	(647,951.50)	(80.63)	(648,032.13)			

INTEREST											
	10/01/21	10/01/21	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.26	0.26			
	10/01/21	10/25/21	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	104,751.56	0.00	269.74	269.74			
	10/15/21	10/15/21	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	65,000.00	0.00	29.79	29.79			
	10/15/21	10/15/21	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	17,126.77	0.00	31.54	31.54			
	10/15/21	10/15/21	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	18,791.26	0.00	39.31	39.31			
	10/15/21	10/15/21	DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	70,000.00	0.00	20.30	20.30			
	10/15/21	10/15/21	MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769OAC5	31,893.09	0.00	53.16	53.16			
	10/15/21	10/15/21	DCENT 2019-A3 A DTD 10/31/2019 1.890% 10/15/2024	254683CM5	120,000.00	0.00	189.00	189.00			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2021**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/16/21	10/16/21	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	27,906.37	0.00	50.70	50.70			
	10/20/21	10/20/21	GMALT 2021-3 A4 DTD 08/18/2021 0.500% 07/21/2025	36262XAD6	25,000.00	0.00	10.42	10.42			
	10/21/21	10/21/21	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	38,508.72	0.00	80.87	80.87			
	10/23/21	10/23/21	MORGAN STANLEY CORP NOTES DTD 10/23/2014 3.700% 10/23/2024	61761JVL0	40,000.00	0.00	740.00	740.00			
	10/29/21	10/29/21	MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	150,000.00	0.00	2,906.25	2,906.25			
	10/31/21	10/31/21	US TREASURY NOTES DTD 04/30/2020 0.375% 04/30/2025	912828ZL7	300,000.00	0.00	562.50	562.50			
	10/31/21	10/31/21	US TREASURY NOTES DTD 10/31/2020 0.250% 10/31/2025	91282CAT8	250,000.00	0.00	312.50	312.50			
	10/31/21	10/31/21	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	400,000.00	0.00	3,250.00	3,250.00			
Transaction Type Sub-Total					1,658,977.77	0.00	8,546.34	8,546.34			
PAYDOWNS											
	10/01/21	10/25/21	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	2,716.29	2,716.29	0.00	2,716.29	(23.13)	0.00	
	10/15/21	10/15/21	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	1,981.88	1,981.88	0.00	1,981.88	0.40	0.00	
	10/15/21	10/15/21	MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769OAC5	5,458.17	5,458.17	0.00	5,458.17	0.87	0.00	
	10/15/21	10/15/21	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	1,214.27	1,214.27	0.00	1,214.27	0.26	0.00	
	10/16/21	10/16/21	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	2,483.75	2,483.75	0.00	2,483.75	0.30	0.00	
	10/21/21	10/21/21	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	4,013.77	4,013.77	0.00	4,013.77	0.15	0.00	
Transaction Type Sub-Total					17,868.13	17,868.13	0.00	17,868.13	(21.15)	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2021**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
10/01/21	10/06/21	US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	235,000.00	237,909.96	1,095.18	239,005.14	2,579.49	2,859.74	FIFO
10/01/21	10/06/21	US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	100,000.00	99,789.06	84.58	99,873.64	54.68	34.56	FIFO
10/14/21	10/19/21	MORGAN STANLEY CORP NOTES DTD 10/23/2014 3.700% 10/23/2024	61761JVL0	75,000.00	81,147.75	1,356.67	82,504.42	(831.00)	(379.99)	FIFO
10/14/21	10/21/21	US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	115,000.00	112,533.79	64.06	112,597.85	(548.05)	(676.53)	FIFO
10/18/21	10/21/21	US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	35,000.00	35,488.09	146.23	35,634.32	1,007.62	576.18	FIFO
Transaction Type Sub-Total				560,000.00	566,868.65	2,746.72	569,615.37	2,262.74	2,413.96	
Managed Account Sub-Total					(63,214.72)	11,212.43	(52,002.29)	2,241.59	2,413.96	
Total Security Transactions					(\$63,214.72)	\$11,212.43	(\$52,002.29)	\$2,241.59	\$2,413.96	

Bolded items are forward settling trades.



Account Statement - Transaction Summary

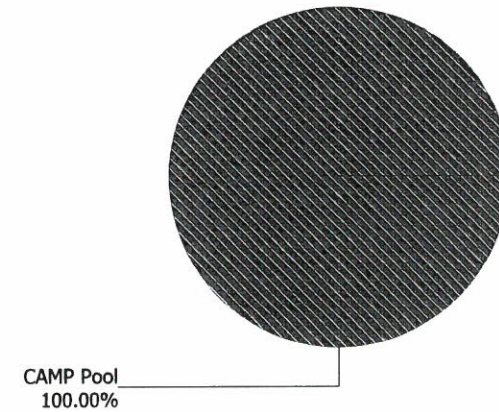
For the Month Ending **October 31, 2021**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	1,815,599.33
Purchases	78.91
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$1,815,678.24
Cash Dividends and Income	78.91

Asset Summary		
	October 31, 2021	September 30, 2021
CAMP Pool	1,815,678.24	1,815,599.33
Total	\$1,815,678.24	\$1,815,599.33

Asset Allocation	
CAMP Pool	100.00%





Account Statement

For the Month Ending **October 31, 2021**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					1,815,599.33
10/29/21	11/01/21	Accrual Income Div Reinvestment - Distributions	1.00	78.91	1,815,678.24
Closing Balance					1,815,678.24

	Month of October	Fiscal YTD July-October		
Opening Balance	1,815,599.33	1,815,365.76	Closing Balance	1,815,678.24
Purchases	78.91	312.48	Average Monthly Balance	1,815,606.97
Redemptions (Excl. Checks)	0.00	0.00	Monthly Distribution Yield	0.05%
Check Disbursements	0.00	0.00		
Closing Balance	1,815,678.24	1,815,678.24		
Cash Dividends and Income	78.91	312.48		

California State Treasurer
Fiona Ma, CPA



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

November 04, 2021

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

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER
 P.O. BOX 2290
 FALLBROOK, CA 92088

[Tran Type Definitions](#)

Account Number: 85-37-001

October 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/15/2021	10/14/2021	QRD	1687827	N/A	SYSTEM	1,590.34
10/26/2021	10/25/2021	RD	1689338	N/A	DAVID SHANK	3,166,000.00

Account Summary

Total Deposit:	3,167,590.34	Beginning Balance:	481,016.03
Total Withdrawal:	0.00	Ending Balance:	3,648,606.37

**FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust**

**Account Report for the Period
10/1/2021 to 10/31/2021**

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

Account Summary

Source	Balance as of 10/1/2021	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 10/31/2021
OPEB	\$1,250,704.55	\$0.00	\$33,008.96	\$577.64	\$0.00	\$0.00	\$1,283,135.87
PENSION	\$8,702,077.63	\$0.00	\$229,667.77	\$4,019.14	\$0.00	\$0.00	\$8,927,726.26
Totals	\$9,952,782.18	\$0.00	\$262,676.73	\$4,596.78	\$0.00	\$0.00	\$10,210,862.13

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	2.64%	1.04%	19.84%	11.81%	-	-	2/16/2017
PENSION	2.64%	1.04%	19.84%	11.74%	-	-	2/16/2017

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

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

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 13, 2021
SUBJECT: Budget Status Report for Fiscal Year 2021-2022

Purpose

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

Summary

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

Total revenues year-to-date are under budget by 8.7%, which is largely due to the lower than projected water and wastewater operating revenues. Water sales remain below budget due to lower than budgeted water demands. The trend in lower water sales continued this month with year to date water sales 13.8% below. Staff expect that the water supply situation and public awareness of the drought will continue to suppress demand. At this point, either wet weather or water restrictions will be driving winter water demands and either way water sales will likely be less than budgeted.

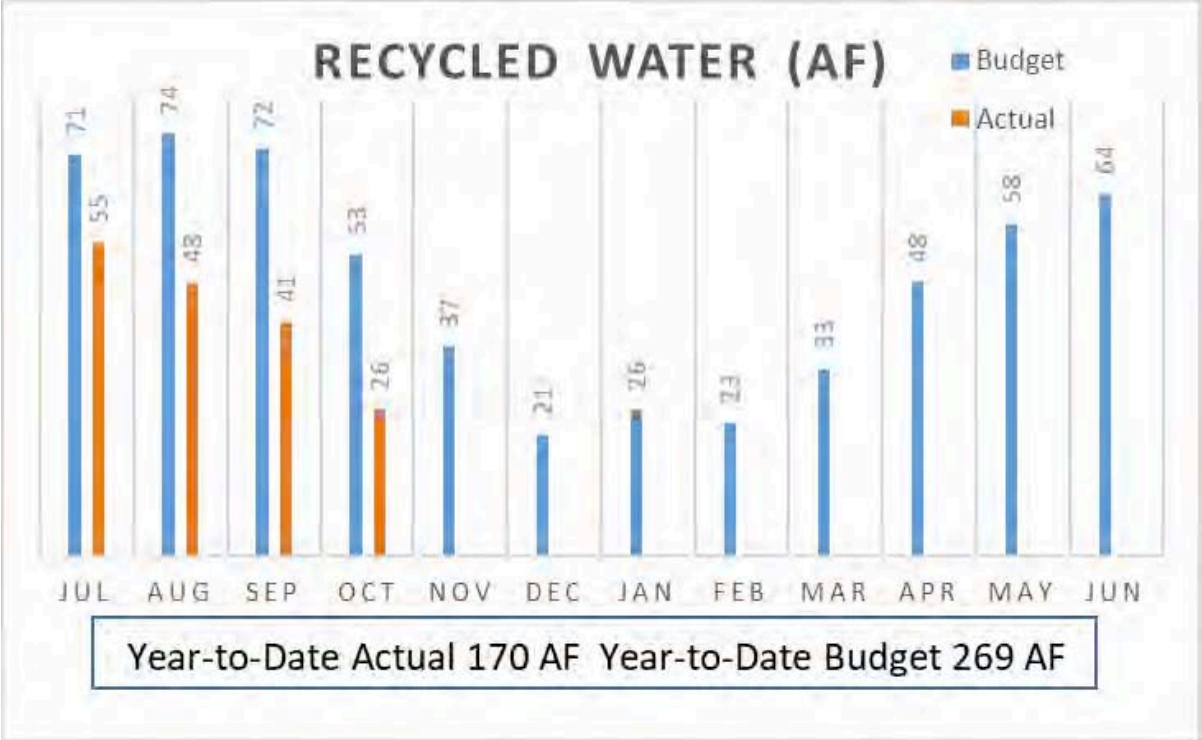
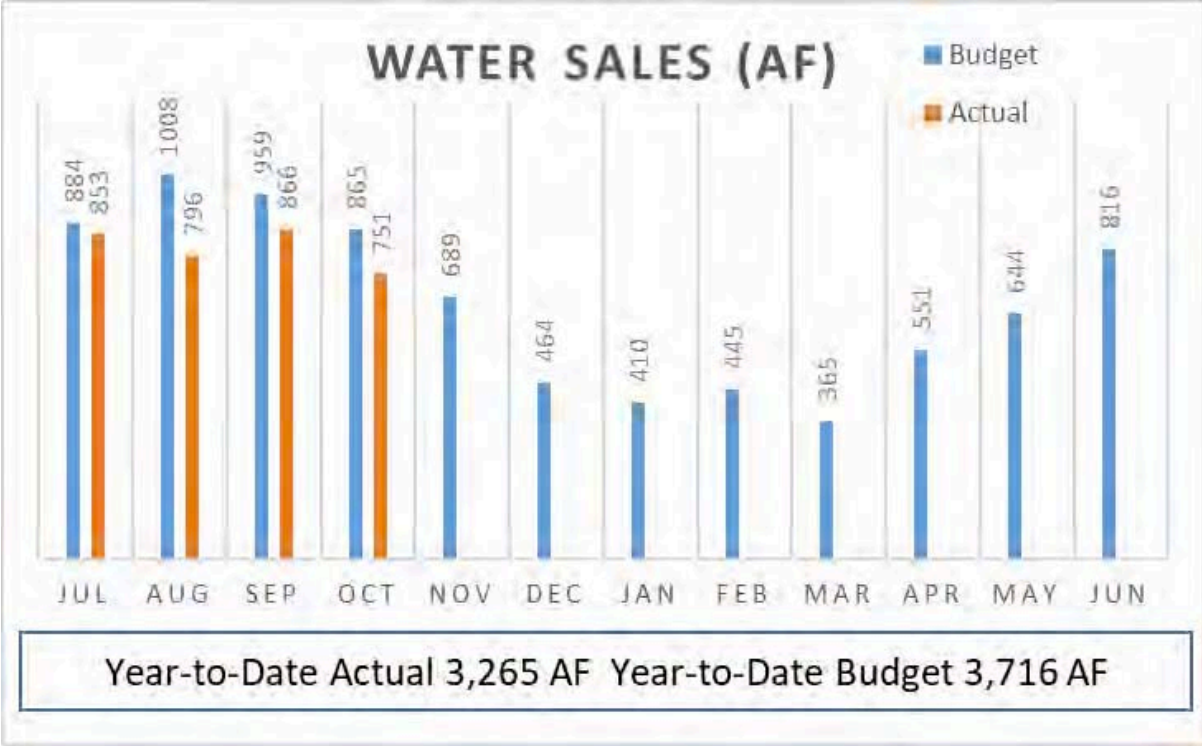
Non-operating revenues are slightly over budget driven by both other revenues and portfolio interest earnings. Total non-operating revenues are expected to trend towards budget levels once the first installment of property tax remittances begin in December.

The District's year-to-date total expenditures are under budget due to the lower than budgeted water and operating expenses. Operating expenses are expected to trend towards budget as the year progresses. Purchased water costs will trend with sales levels, which is dependent on weather.

Total revenue is \$13,416,625 or 8.7% under budget and total expenditures are \$11,005,275 or 8.2% under budget. PAYGO CIP expenditures are 55.1% under budget but are expected to trend towards Budget levels. After adjusting for expected State Loan proceeds, the District's financial results are out performing Budget levels.

Recommended Action

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



Monthly Budget Report for October

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
Operating Revenues:								Year remaining	66.7%
Water Sales	1,677,477	1,904,964	7,268,817	8,160,107	(891,290)	-10.9%	18,695,785	11,426,968	61.1%
Water Meter Service Charges	642,537	641,081	2,568,492	2,564,323	4,169	0.2%	8,000,687	5,432,196	67.9%
Wastewater Service Charges	503,334	569,415	2,023,053	2,277,659	(254,606)	-11.2%	6,469,183	4,446,130	68.7%
Recycled Water Revenues	51,665	102,502	329,835	515,579	(185,745)	-36.0%	1,175,173	845,339	71.9%
Other Operating Revenue	-	917	-	3,667	(3,667)	-100.0%	11,000	11,000	100.0%
Total Operating Revenue	2,875,013	3,218,878	12,190,196	13,521,334	(1,331,138)	-9.8%	34,351,829	22,161,633	64.5%
Non Operating Revenues:									
Water Capital Improvement Charge	120,008	120,280	480,154	481,120	(966)	-0.2%	1,443,359	963,206	66.7%
Wastewater Capital Improvement Charge	98,461	98,390	393,729	393,559	170	0.0%	1,180,678	786,949	66.7%
Property Taxes	22,616	68,463	63,791	132,800	(69,009)	-52.0%	2,122,467	2,058,676	97.0%
Water Standby/Availability Charge	-	7,347	3	7,351	(7,348)	-100.0%	204,000	203,998	100.0%
Water/Wastewater Capacity Charges	12,893	7,183	45,252	28,733	16,519	57.5%	86,200	40,948	47.5%
Portfolio Interest	11,003	10,304	89,920	41,217	48,703	118.2%	123,651	33,730	27.3%
Pumping Capital Improvement Charge	1,317	2,730	6,410	10,919	(4,508)	-41.3%	32,756	26,346	80.4%
Federal Interest Rate Subsidy	-	-	-	-	-	NA	97,977	97,977	100.0%
SDCWA Refund	-	-	-	-	-	NA	-	-	NA
Facility Rents	30,502	18,750	76,870	75,000	1,870	2.5%	225,000	148,130	65.8%
Fire Hydrant Service Fees	-	-	9,138	-	9,138	NA	-	(9,138)	NA
Other Non-Operating Revenues	25,921	2,500	61,163	10,000	51,163	511.6%	30,000	(31,163)	-103.9%
Total Non Operating Revenues	322,722	335,946	1,226,429	1,180,698	45,731	3.9%	5,546,087	4,319,658	77.9%
Total Revenues	3,197,735	3,554,825	13,416,625	14,702,032	(1,285,407)	-8.7%	39,897,916	26,481,291	66.4%
Expenditures									
Purchased Water Expense	1,045,859	1,401,015	4,932,371	5,919,934	987,563	16.7%	11,547,729	6,615,358	57.3%
Water Services	326,189	273,497	1,176,653	1,093,990	(82,664)	-7.6%	5,355,939	4,179,286	78.0%
Wastewater Services	332,379	267,037	1,047,364	1,068,146	20,782	1.9%	3,471,475	2,424,111	69.8%
Recycled Water Services	28,926	40,554	104,786	162,216	57,430	35.4%	527,202	422,416	80.1%
Administrative Services	546,285	531,066	2,125,409	2,124,264	(1,145)	-0.1%	6,903,859	4,778,450	69.2%
Total Operating Expenses	2,279,637	2,513,169	9,386,583	10,368,550	981,967	9.5%	27,806,204	18,419,620	66.2%
Debt Service Expenses									
SMCUP SRF	-	-	-	-	-	NA	1,038,424	1,038,424	100.0%
Red Mountain SRF	-	-	197,925	197,925	-	0.0%	395,851	197,925	50.0%
WW Rev Refunding Bonds	-	-	1,420,766	1,420,766	-	0.0%	1,729,884	309,118	17.9%
QECB Solar Debt	-	-	-	-	-	NA	521,312	521,312	100.0%
Total Debt Service	-	-	1,618,691	1,618,691	-	0.0%	3,685,471	2,066,779	56.1%
Total Expenses	2,279,637	2,513,169	11,005,275	11,987,241	981,967	8.2%	31,491,674	20,486,400	65.1%
Net Revenue/(loss) From Operations and Debt Service	918,098	1,041,656	2,411,350	2,714,791	(303,441)	-11.2%	8,406,242	5,994,891	71.3%
Capital Investment									
Capital Investment									
Construction Expenditures	220,594	810,250	885,218	1,971,061	1,085,843	55.1%	7,288,000	6,402,782	87.9%
SMCUP Expenditures*	122,498	767,021	2,840,991	7,682,980	4,841,989	63.0%	8,450,000	5,609,009	66.4%
SRF Loan Proceeds Draw (Capital Project Funds)**	(122,498)	(767,021)	(2,840,991)	(7,682,980)	(4,841,989)	63.0%	(8,450,000)	(5,609,009)	66.4%
Net Revenue/(Loss)	697,504	231,406	1,526,133	743,730	782,402	105.2%	1,118,242	(407,891)	-36.5%

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

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

10/31/2021

Treasurer's Warrant No. October

TO: Treasurer of the Fallbrook Public Utility District

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

Payroll - 10/2021

Computer Check Register

Payroll #1	\$146,659.87
Payroll #2	<u>\$145,148.53</u>
	<u>\$291,808.40</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
Printed: 11/10/2021 8:28 AM



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

Check No	Vendor No	Vendor Name	Check Date	Check Amount
86891	06536	ARCADIS U.S., INC	10/01/2021	41,475.00
86892	91429	BSK ASSOCIATES	10/01/2021	16,356.25
86893	06359	INFRASTRUCTURE ENGINEERING CO	10/01/2021	113,053.97
86894	91549	ZAK CONTROLS, INC.	10/01/2021	7,274.40
86895	01460	AFLAC	10/01/2021	598.56
86896	91286	AMAZON CAPITAL SERVICES, INC.	10/01/2021	4,042.62
86897	05778	AQUATIC BIOASSAY AND CONSULTIN	10/01/2021	1,080.00
86898	91510	ASTA-USA TRANSLATION SERVICES, I	10/01/2021	325.00
86899	91066	ATHENS SERVICES	10/01/2021	2,996.32
86900	06020	BABCOCK LABORATORIES, INC	10/01/2021	1,270.50
86901	UB*00403	CARL BEEHLER	10/01/2021	135.73
86902	02743	BEST BEST & KRIEGER	10/01/2021	10,212.27
86903	91657	BONSALL UNIFIED SCHOOL DISTRICT	10/01/2021	235.00
86904	06374	BOOT BARN INC.	10/01/2021	166.38
86905	91440	BP BATTERY INC	10/01/2021	804.96
86906	91069	BRENNTAG PACIFIC INC.	10/01/2021	6,791.58
86907	91429	BSK ASSOCIATES	10/01/2021	2,831.25
86908	91600	CAL PACIFIC TRUCK CENTER, LLC	10/01/2021	2,546.63
86909	91241	LISA CHAFFIN	10/01/2021	60.00
86910	91272	KEVIN COLLINS	10/01/2021	60.00
86911	91210	CORE & MAIN LP	10/01/2021	2,573.07
86912	06675	CORODATA SHREDDING, INC	10/01/2021	64.37
86913	00709	COUNTY OF SAN DIEGO	10/01/2021	515.00
86914	91483	CUSTOM TRUCK BODY AND EQUIPMI	10/01/2021	24,287.69
86915	06299	D & H WATER SYSTEMS, INC	10/01/2021	1,760.78
86916	91593	D LOWEN ELECTRIC	10/01/2021	6,730.60
86917	02925	DATA NET SOLUTIONS	10/01/2021	1,544.40
86918	06762	DENALI WATER SOLUTIONS LLC	10/01/2021	10,590.78
86919	05192	DIAMOND ENVIRONMENTAL SERVIC	10/01/2021	469.92
86920	05177	DOWNEY BRAND, LLP	10/01/2021	1,955.00
86921	03391	ELECTRICAL SALES INC	10/01/2021	452.07
86922	91401	KENNETH ENDTER	10/01/2021	61.60
86923	05588	ESCONDIDO METAL SUPPLY	10/01/2021	276.72
86924	06303	EXECUTIVE LANDSCAPE INC.	10/01/2021	770.00
86925	00161	FALLBROOK CHAMBER OF COMMER	10/01/2021	30.00
86926	00169	FALLBROOK OIL COMPANY	10/01/2021	2,137.67
86927	00170	FALLBROOK WASTE & RECYCLING	10/01/2021	52.00
86928	01155	FALLBROOK WASTE/RECYCLING	10/01/2021	58.00
86929	04494	FEDERAL EXPRESS CORPORATION	10/01/2021	120.20
86930	01432	FERGUSON WATERWORKS #1083	10/01/2021	13,754.86
86931	91200	FIRST BANKCARD	10/01/2021	4,813.57
86932	91201	FIRST BANKCARD	10/01/2021	675.00
86933	91202	FIRST BANKCARD	10/01/2021	635.83
86934	91225	FIRST BANKCARD	10/01/2021	1,794.00
86935	91323	FIRST BANKCARD	10/01/2021	544.50
86936	91540	FIRST BANKCARD	10/01/2021	3,716.91
86937	91620	FIRST BANKCARD	10/01/2021	1,710.83

Check No	Vendor No	Vendor Name	Check Date	Check Amount
86938	02972	FISHER SCIENTIFIC COMPANY LLC	10/01/2021	322.84
86939	06764	G & W TRUCK ACCESSORIES	10/01/2021	2,999.00
86940	06286	GARDA CL WEST, INC.	10/01/2021	348.38
86941	02170	GRAINGER, INC.	10/01/2021	1,112.49
86942	05380	HACH CO	10/01/2021	2,765.25
86943	02773	HDS WHITE CAP CONST SUPPLY	10/01/2021	1,410.02
86944	91626	HEMET MANUFACTURING COMPANY	10/01/2021	48,871.80
86945	06577	INFOSEND INC	10/01/2021	1,324.72
86946	06380	JANI-KING OF CALIFORNIA, INC - SA	10/01/2021	2,995.24
86947	06243	JIM'S SIGN SHOP	10/01/2021	640.00
86948	06479	KNOCKOUT PEST CONTROL & TERMI	10/01/2021	75.00
86949	04926	KONICA MINOLTA PREMIER FINANCE	10/01/2021	1,983.67
86950	91130	LINCOLN NATIONAL LIFE INSURANC	10/01/2021	6,768.24
86951	UB*00404	HL3 LUNA LLC	10/01/2021	40.83
86952	90887	LLOYD PEST CONTROL	10/01/2021	142.00
86953	06156	LOMACK SERVICE CORPORATION	10/01/2021	18,654.76
86954	91427	MITEL CLOUD SERVICES, INC	10/01/2021	1,738.43
86955	06338	MYTHOS TECHNOLOGY INC	10/01/2021	1,809.63
86956	UB*00401	CALEB & ALYSSA NELSON	10/01/2021	69.45
86957	01406	NORTH COUNTY WELDING SUPPLY	10/01/2021	53.85
86958	00370	NUTRIEN AG SOLUTIONS, INC.	10/01/2021	318.99
86959	91461	OCEANSIDE SECURITY AGENCY	10/01/2021	2,231.00
86960	91591	OPERATIONAL TECHNICAL SERVICES	10/01/2021	6,102.18
86961	01267	PACIFIC PIPELINE	10/01/2021	1,634.06
86962	91535	PAYMENTUS GROUP, INC	10/01/2021	3,361.77
86963	UB*00402	JILL PETTIGREW	10/01/2021	54.55
86964	91007	PFM ASSET MANGEMENT LLC	10/01/2021	945.90
86965	00216	PINE TREE LUMBER	10/01/2021	992.24
86966	91603	PREMIER ACCESS CONSULTING GROU	10/01/2021	37,207.08
86967	05064	RAINBOW MUNICIPAL WATER	10/01/2021	2,500.00
86968	04075	RAYNE WATER SYSTEMS	10/01/2021	170.00
86969	06643	SAN DIEGO LAFCO	10/01/2021	4,163.23
86970	05403	SAN DIEGO UNION-TRIBUNE CO.	10/01/2021	340.00
86971	91486	SATELLITE PHONE STORE	10/01/2021	66.82
86972	06064	SOLENIS LLC	10/01/2021	11,237.00
86973	91223	STERLING ADMINISTRATION	10/01/2021	125.00
86974	91123	STREAMLINE	10/01/2021	550.00
86975	00159	SUPERIOR READY MIX	10/01/2021	880.81
86976	91082	TELETRAC, INC	10/01/2021	2,279.41
86977	06454	TRIMARK ASSOCIATES INC	10/01/2021	180.00
86978	01359	WATERMASTER	10/01/2021	31,182.50
86979	06231	WESTERN WATER WORKS SUPPLY CC	10/01/2021	26,632.24
86980	UB*00400	HUNTER WHITESIDE	10/01/2021	326.69
86981	06736	JEFF WOLFE	10/01/2021	50.00
86982	91276	WOLFE DOOR INDUSTRIES, INC.	10/01/2021	3,171.71
Total for 10/1/2021:				525,240.57
ACH	00152	FPUD EMPL ASSOCIATION	10/07/2021	417.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/07/2021	3,127.06
ACH	06758	US TREASURY - PAYROLL TAXES	10/07/2021	55,953.22
ACH	06759	STATE OF CA - PR TAXES	10/07/2021	9,027.47
ACH	06760	STATE OF CA - SDI	10/07/2021	2,458.65
ACH	06761	LINCOLN FINANCIAL GROUP	10/07/2021	7,713.66
ACH	06763	PERS - PAYROLL	10/07/2021	38,822.83
ACH	91508	CALIFORNIA STATE DISBURSEMENT	10/07/2021	346.15
86985	91312	TERRAPIN GROUP	10/07/2021	68,470.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
86986	91574	TRUSSELL TECHNOLOGIES, INC.	10/07/2021	6,915.00
Total for 10/7/2021:				193,251.54
86987	91499	FILANC ALBERICI A JOINT VENTURE	10/14/2021	1,518,855.89
86988	00231	SAN DIEGO COUNTY WATER AUTH	10/14/2021	1,420,733.58
86989	00101	ACWA JPIA	10/14/2021	109,180.45
86990	91256	AFP	10/14/2021	4,200.00
86991	91513	ALCHEMY CONSULTING GROUP	10/14/2021	7,500.00
86992	91286	AMAZON CAPITAL SERVICES, INC.	10/14/2021	47.58
86993	91490	AMAZON WEB SERVICES, INC.	10/14/2021	1,080.97
86994	05088	AT&T	10/14/2021	83.09
86995	91608	AT&T MOBILITY LLC	10/14/2021	744.52
86996	06020	BABCOCK LABORATORIES, INC	10/14/2021	1,885.50
86997	91503	BACKGROUNDS ONLINE	10/14/2021	107.78
86998	91440	BP BATTERY INC	10/14/2021	140.06
86999	91429	BSK ASSOCIATES	10/14/2021	7,131.00
87000	03205	CITY OF OCEANSIDE	10/14/2021	289.57
87001	91595	CLIFTONLARSONALLEN LLP	10/14/2021	8,500.00
87002	91330	AARON COOK	10/14/2021	180.00
87003	05953	CORODATA RECORDS MANAGEMENT	10/14/2021	730.74
87004	06675	CORODATA SHREDDING, INC	10/14/2021	64.37
87005	06299	D & H WATER SYSTEMS, INC	10/14/2021	1,450.73
87006	05192	DIAMOND ENVIRONMENTAL SERVIC	10/14/2021	365.56
87007	91592	ELEMENT MATERIALS TECHNOLOGY	10/14/2021	370.00
87008	05719	ENVIRONMENTAL SYSTEMS RESEAR	10/14/2021	12,500.00
87009	04122	EVOQUA WATER TECHNOLOGIES LLC	10/14/2021	7,110.49
87010	91611	FALLBROOK ACE HARDWARE	10/14/2021	1,534.08
87011	09523	FALLBROOK EQUIP RENTALS	10/14/2021	3,259.24
87012	00169	FALLBROOK OIL COMPANY	10/14/2021	5,332.86
87013	00170	FALLBROOK WASTE & RECYCLING	10/14/2021	838.81
87014	01155	FALLBROOK WASTE/RECYCLING	10/14/2021	348.00
87015	04494	FEDERAL EXPRESS CORPORATION	10/14/2021	87.71
87016	01432	FERGUSON WATERWORKS #1083	10/14/2021	48,700.85
87017	91198	FIRST BANKCARD	10/14/2021	265.48
87018	91313	FIRST BANKCARD	10/14/2021	300.00
87019	91635	FIRST BANKCARD	10/14/2021	53.40
87020	02972	FISHER SCIENTIFIC COMPANY LLC	10/14/2021	671.24
87021	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/14/2021	443.91
87022	02170	GRAINGER, INC.	10/14/2021	903.93
87023	05380	HACH CO	10/14/2021	4,994.27
87024	91473	HARRIS & ASSOCIATES	10/14/2021	3,205.00
87025	91544	HAZEN AND SAWYER, D.P.C.	10/14/2021	6,626.25
87026	06429	HEALTHPOINTE MEDICAL GROUP, INC	10/14/2021	178.00
87027	06577	INFOSEND INC	10/14/2021	4,758.20
87028	00190	JCI JONES CHEMICALS INC.	10/14/2021	10,049.32
87029	05505	TODD JESTER	10/14/2021	60.00
87030	05065	JOHNSON CONTROLS SECURITY SOL	10/14/2021	613.48
87031	06479	KNOCKOUT PEST CONTROL & TERMI	10/14/2021	100.00
87032	06700	KOFF & ASSOCIATES, INC.	10/14/2021	9,680.00
87033	06555	LIEBERT CASSIDY WHITMORE	10/14/2021	75.00
87034	06156	LOMACK SERVICE CORPORATION	10/14/2021	2,167.10
87035	91643	MICHAEL K NUNLEY & ASSOCIATES,	10/14/2021	517.58
87036	91192	MISSION LINEN SUPPLY	10/14/2021	1,499.81
87037	03944	MISSION RESOURCE CONSV DISTRIC	10/14/2021	250.00
87038	90932	NAPA AUTO PARTS	10/14/2021	467.22
87039	03201	NATIONAL SAFETY COMPLIANCE INC	10/14/2021	144.45

Check No	Vendor No	Vendor Name	Check Date	Check Amount
87040	91446	NIGRO & NIGRO, PC	10/14/2021	300.00
87041	00370	NUTRIEN AG SOLUTIONS, INC.	10/14/2021	1,199.24
87042	91628	ONYX PAVING COMPANY INC	10/14/2021	964.00
87043	91591	OPERATIONAL TECHNICAL SERVICES	10/14/2021	5,206.32
87044	04489	PARKHOUSE TIRE INC	10/14/2021	182.88
87045	00216	PINE TREE LUMBER	10/14/2021	326.92
87046	91538	PUDGIL & COMPANY	10/14/2021	10,176.76
87047	91601	QUADIENT LEASING USA, INC	10/14/2021	800.00
87048	05064	RAINBOW MUNICIPAL WATER	10/14/2021	2,781.24
87049	91077	RED WING BUSINESS ADVANTAGE AC	10/14/2021	500.74
87050	03231	SAN DIEGO COUNTY WATER AUTH	10/14/2021	30,576.00
87051	00232	SAN DIEGO GAS & ELECTRIC	10/14/2021	79,430.16
87052	05403	SAN DIEGO UNION-TRIBUNE CO.	10/14/2021	367.00
87053	00236	SCRAPPYS	10/14/2021	1,623.65
87054	90929	SOUTHWEST ANSWERING SERVICE, I	10/14/2021	652.48
87055	05415	STATE WATER RESOURCE CONTROL I	10/14/2021	80.00
87056	91223	STERLING ADMINISTRATION	10/14/2021	125.00
87057	91385	VERONICA TAMZIL	10/14/2021	60.00
87058	06735	TCN, INC.	10/14/2021	36.11
87059	05883	TESTAMERICA LABORATORIES, INC.	10/14/2021	1,827.50
87060	00724	UNDERGROUND SERVICE ALERT	10/14/2021	280.48
87061	04290	VILLAGE NEWS, INC.	10/14/2021	990.00
87062	91254	WESTERN PUMP, INC.	10/14/2021	750.00
87063	06231	WESTERN WATER WORKS SUPPLY CC	10/14/2021	4,144.71
87064	91284	WM CORPORATE SERVICES, INC	10/14/2021	2,437.39
87065	UB*00405	ELVA & RICHARDS	10/14/2021	2,259.00
Total for 10/14/2021:				3,359,454.65
87066	91500	US BANK NATIONAL ASSOCIATION	10/18/2021	79,939.78
Total for 10/18/2021:				79,939.78
ACH	00152	FPUD EMPL ASSOCIATION	10/21/2021	417.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/21/2021	3,127.06
ACH	06758	US TREASURY - PAYROLL TAXES	10/21/2021	55,968.90
ACH	06759	STATE OF CA - PR TAXES	10/21/2021	9,215.71
ACH	06760	STATE OF CA - SDI	10/21/2021	2,404.25
ACH	06761	LINCOLN FINANCIAL GROUP	10/21/2021	7,713.66
ACH	06763	PERS - PAYROLL	10/21/2021	39,181.34
ACH	91508	CALIFORNIA STATE DISBURSEMENT	10/21/2021	346.15
87069	00805	ACWA/JOINT POWERS INS.	10/21/2021	28,838.15
87070	01460	AFLAC	10/21/2021	598.56
87071	91286	AMAZON CAPITAL SERVICES, INC.	10/21/2021	2,653.08
87072	04995	AMERICAN MESSAGING	10/21/2021	213.86
87073	06536	ARCADIS U.S., INC	10/21/2021	13,852.50
87074	91160	AVI SYSTEMS, INC.	10/21/2021	320.00
87075	91662	BAKER ELECTRIC INC.	10/21/2021	24,476.00
87076	05958	BAMM! PROMOTIONAL PRODUCTS, I	10/21/2021	3,185.05
87077	02743	BEST BEST & KRIEGER	10/21/2021	9,323.25
87078	06374	BOOT BARN INC.	10/21/2021	314.15
87079	91069	BRENNTAG PACIFIC INC.	10/21/2021	9,469.37
87080	91600	CAL PACIFIC TRUCK CENTER, LLC	10/21/2021	843.54
87081	03134	CALIFORNIA WATER ENVIRONMENT.	10/21/2021	379.00
87082	04178	CALOLYMPIC SAFETY CO., INC.	10/21/2021	351.07
87083	01719	MICKEY M. CASE	10/21/2021	60.00
87084	03205	CITY OF OCEANSIDE	10/21/2021	140.63

Check No	Vendor No	Vendor Name	Check Date	Check Amount
87085	UB*00406	ANTHONY CLEMONS JR	10/21/2021	4.58
87086	02176	CORELOGIC SOLUTIONS, LLC	10/21/2021	225.00
87087	00709	COUNTY OF SAN DIEGO	10/21/2021	2,067.00
87088	00709	COUNTY OF SAN DIEGO	10/21/2021	2,030.00
87089	06299	D & H WATER SYSTEMS, INC	10/21/2021	490.00
87090	02925	DATA NET SOLUTIONS	10/21/2021	2,398.00
87091	06303	EXECUTIVE LANDSCAPE INC.	10/21/2021	1,020.00
87092	91611	FALLBROOK ACE HARDWARE	10/21/2021	126.62
87093	01099	FALLBROOK IRRIGATION INC	10/21/2021	92.49
87094	04494	FEDERAL EXPRESS CORPORATION	10/21/2021	25.34
87095	05560	FRANCHISE TAX BOARD	10/21/2021	50.00
87096	91612	JESUS GARCIA	10/21/2021	192.00
87097	06286	GARDA CL WEST, INC.	10/21/2021	348.38
87098	02170	GRAINGER, INC.	10/21/2021	1,196.85
87099	05380	HACH CO	10/21/2021	2,757.63
87100	06062	HARRINGTON INDUSTRIAL PLASTICS	10/21/2021	259.83
87101	06429	HEALTHPOINTE MEDICAL GROUP, INC	10/21/2021	75.00
87102	06329	HILL BROTHERS CHEMICAL COMPAN	10/21/2021	2,056.43
87103	03161	IDEXX DISTRIBUTION, INC.	10/21/2021	198.27
87104	91494	INTEGRITY PRESSURE WASH	10/21/2021	1,300.00
87105	06380	JANI-KING OF CALIFORNIA, INC - SA	10/21/2021	2,995.24
87106	91648	KING LEE CHEMICAL COMPANY	10/21/2021	1,365.41
87107	04926	KONICA MINOLTA PREMIER FINANCE	10/21/2021	2,082.86
87108	91287	MEDORA ENVIRONMENTAL INC	10/21/2021	71,322.73
87109	91427	MITEL CLOUD SERVICES, INC	10/21/2021	1,765.26
87110	91666	STEPHEN MOWRY	10/21/2021	485.00
87111	91561	MUNICIPAL SEWER TOOLS	10/21/2021	353.42
87112	06338	MYTHOS TECHNOLOGY INC	10/21/2021	1,809.63
87113	06744	O.S.T.S. INC	10/21/2021	425.00
87114	91461	OCEANSIDE SECURITY AGENCY	10/21/2021	2,231.00
87115	06298	ONESOURCE DISTRIBUTORS, LLC	10/21/2021	1,240.00
87116	91591	OPERATIONAL TECHNICAL SERVICES	10/21/2021	672.00
87117	91535	PAYMENTUS GROUP, INC	10/21/2021	3,517.46
87118	91189	PTC INC.	10/21/2021	1,204.00
87119	91481	RENE RAMOS	10/21/2021	420.00
87120	04075	RAYNE WATER SYSTEMS	10/21/2021	170.00
87121	91486	SATELLITE PHONE STORE	10/21/2021	66.82
87122	91094	SCADA INTEGRATIONS	10/21/2021	23,155.50
87123	00236	SCRAPPYS	10/21/2021	693.71
87124	91107	SPECTRUM BUSINESS	10/21/2021	127.15
87125	05415	STATE WATER RESOURCE CONTROL I	10/21/2021	150.00
87126	02927	TIM STERGER	10/21/2021	60.00
87127	91223	STERLING ADMINISTRATION	10/21/2021	440.00
87128	91123	STREAMLINE	10/21/2021	550.00
87129	00159	SUPERIOR READY MIX	10/21/2021	476.59
87130	91082	TELETRAC, INC	10/21/2021	2,279.41
87131	05731	TEMECULA VALLEY POWDER COATING	10/21/2021	1,170.00
87132	03358	US BANK TRUST NA	10/21/2021	262,428.96
87133	01847	WATEREUSE ASSOCIATION	10/21/2021	1,128.75
87134	00233	WAXIE SANITARY SUPPLY	10/21/2021	1,539.70
87135	91498	WEST COAST TRUCK & AUTO	10/21/2021	539.44
87136	91554	WESTECH ENGINEERING, INC.	10/21/2021	129.98
87137	91664	WHITSON CONTRACTING & MANAGE	10/21/2021	38,765.00
87138	91504	WORKPARTNERS OHS	10/21/2021	250.00

Total for 10/21/2021:

656,316.22

Check No	Vendor No	Vendor Name	Check Date	Check Amount
Report Total (260 checks):				4,814,202.76

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

Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT

Reimbursement to Board and Staff Members \$100.00 or more (July 1st to June 30th) FY20

EMPLOYEE	DATE	DESCRIPTION	AMOUNT
Beebe, Jack	9/4/2019	Board Member Meetins FPUD & SDCWA	\$168.56
	9/18/2019	Employee of the Quarter Lunch	\$140.64
	12/12/2019	ACWA Conference Expenses	\$136.36
	12/12/2019	Cell Phone Reimbursement	\$450.00
	12/19/2019	Grade V WWTP Exam	\$365.00
	2/19/2020	WWTP Certification	\$190.00
Casteel, Devin	6/25/2020	Cell Phone Reimbursement	\$450.00
	8/20/2019	Tuition Reimbursement	\$294.94
	6/22/2020	Tuition Reimbursement	\$218.02
Cerame, Audrey	12/5/2019	Reimbursement CWEA Membership	\$192.00
Chaffin, Lisa	10/10/2019	Mileage, Meals & Hotel Training	\$467.07
	5/28/2020	Reimbursement for Adobe Software	\$174.54
	5/28/2020	Cell Phone Reimbursement	\$120.00
Collins, Kevin	10/3/2019	Cert Renewal	\$170.00
	11/7/2019	Membership American Purchasing Society	\$258.00
	11/7/2019	CPDW Test 7 Prep Course	\$425.00
Cook, Aaron	11/27/2019	Cell Phone Reimbursement	\$240.00
	12/19/2019	Discetionary Lunch Dept 2	\$135.30
	4/9/2020	Cell Phone Reimbursement	\$300.00
	5/28/2020	Reimbursement Full Size Plots OTLS Project	\$347.13
Cothran, Michael	7/25/2019	ESRI Conference Expenses	\$401.50
	8/15/2019	Mileage Training	\$110.20
	1/16/2020	Cell Phone Reimbursement	\$360.00
	3/12/2020	Mileage & Parking Training	\$114.60
Couveau, Joshua	8/22/2019	Reimbursement Tri-State Seminar	\$629.60
Cox, Aaron	8/14/2019	Reimbursement Tri-State Seminar	\$769.69
Demeo, Jennifer	9/4/2019	Reimbursement Mileage	\$107.65
	2/27/2020	Reimbursement Mileage & Parking	\$111.07
	2/27/2020	Reimbursement Mileage	\$106.84
Denke, Noelle	12/12/2019	Frames for Calendar Contest	\$193.94
	1/8/2020	Mileage	\$106.43
Develle, Soleil	9/5/2019	Reimbursement AWWA CA-NV Section Convention	\$465.00
	9/10/2019	Reimbursement WaterReuse National Convention	\$157.60
	11/21/2019	Mileage, Parking, & Meals AWWA Conference	\$286.96
	1/15/2020	Cell Phone Reimbursement	\$360.00
Drake, Kyle	8/14/2019	Reimbursement Tri-State Seminar	\$685.64
Endter, Kenneth	7/25/2019	Reimbursement Mileage	\$145.70
	11/7/2019	Reimbursement Mileage	\$158.32
	12/19/19	Reimbursement Mileage, Meals, Parking	\$120.73
	1/8/2020	Reimbursement Mileage	\$108.34
Galloway, Alex	11/4/2019	Reimbursement Cert Renewal	\$100.00
Golem, Todd	8/14/2019	Reimbursement Tri-State Seminar	\$711.65
	1/8/2020	Retirement Gift	\$412.72
Hamilton, Christopher	10/10/2019	SCADA Training Expenses	\$334.76
	11/14/2019	Tuition Reimbursement	\$258.39
	2/6/2020	Employee of the Quarter Gift	\$100.00

Hargrove, Joshua	8/15/2019 2/19/2020	Reimbursement Tri-State Seminar Mileage, Meals, Hotel Training	\$806.51 \$257.70
Hubbard, Kenneth	8/22/2019 3/26/2020	Reimbursement Tri-State Seminar Tuition Reimbursement	\$336.15 \$1,300.00
Iliev, Nikolay	3/12/2020	Reimbursement Mileage & Meals for Training	\$164.20
Jester, Todd	7/25/2019	Reimbursement ESRI Conference Expenses	\$1,224.40
Johnson, Joye	3/12/2020	Reimbursement Mileage & Meals for Training	\$141.70
Jones, Troy	8/14/2019	Reimbursement Tri-State Seminar	\$473.99
Laughlin, Kelly	11/14/2019	Employee of the Quarter Gift	\$100.00
Lian, Matthew	7/17/2019 10/31/2019 6/11/2020	Mileage & Meals CLA-VAL Training Cert/Exam Reimbursement Cert/Exam Reimbursement	\$288.59 \$155.00 \$155.00
Luengas, Juliana	1/9/2020	Reimbursement Mileage for Training	\$189.08
Marchand, Jeff	10/10/2019 1/16/2020	Cell phone Reimbursement - July-Sept 2019 Reimbursement Retirement Gift	\$180.00 \$412.00
Morgan, Matthew	7/29/2019	Leak on Via Ranchitos - OT Meals, Water for Customers	\$118.19
Pagan, Abraham	2/27/2020	Mileage CLA-VAL Training	\$164.22
Peterson, Sky	7/24/2019 3/4/2020	Employee of the Quarter Gift Reimbursement Membership CWEA	\$100.00 \$192.00
Ramos, Rene	6/25/2020	Tuition Reimbursement	\$164.00
Robinson, Jacob	7/17/2019 1/8/2020	Mileage & Meals CLA-VAL Training Cert & Membership CWEA	\$132.00 \$302.00
Shank, David	11/21/2019 1/16/2020 2/13/2020 6/25/2020	Cell Phone Reimbursement Physical Hotel CSMFO Conference Cell Phone Reimbursement	\$300.00 \$200.00 \$332.28 \$420.00
Stagg, David	1/16/2020	Retirement Gift	\$412.00
Sterger, Tim	8/22/2019 5/14/2020	Reimbursement Tri-State Seminar Cell Phone Reimbursement	\$772.76 \$120.00
Stone, Steve	8/19/2019 10/31/2019	Tuition Reimbursement Tuition Reimbursement	\$287.55 \$167.99
Tamzil, Veronica	10/21/2019	Tuition Reimbursement	\$167.99
Toma, Orneen	8/15/2019 3/4/2020	Reimbursement Mileage - Training Reimbursement Mileage - Training	\$110.78 \$305.90
Velasco, Eduardo	11/14/2019 11/21/2020	Reimbursement Cert Renewal Reimbursement Membership	\$175.00 \$188.00
West, Austin	10/2/2019	Reimbursement Meals & Fuel - Paradise Fire Project	\$454.31
Wilson, Caroline	3/12/2019	Mileage & Meal Training	\$128.77
West, Marylou	3/26/2020	Reimbursement Retirement Gift	\$412.00

FALLBROOK PUBLIC UTILITY DISTRICT
Reimbursement to Board and Staff Members \$100.00 or more (July 1st to June 30th) FY21

EMPLOYEE	DATE	DESCRIPTION	AMOUNT
Beebe, Jack	9/3/2020	PE License	\$115.00
Brown, Craig	6/30/2021	Reimbursement Physical	\$910.00
Chaffin, Lisa	5/27/2021	Cell Phone Reimbursement	\$120.00
Cook, Aaron	7/2/2020	Cell Phone Reimbursement	\$180.00
	8/14/2020	Reimbursement AMTA Classes	\$375.00
	10/1/2020	Cell Phone Reimbursement	\$180.00
	2/4/2021	Cell Phone Reimbursement	\$240.00
	6/10/2021	Cell Phone Reimbursement	\$240.00
Cothran, Michael	7/2/2020	Cell Phone Reimbursement	\$360.00
	4/22/2021	Cell Phone Reimbursement	\$540.00
Cox, Aaron	11/9/2020	Reimbursement WWTP0 Grade 3 Test	\$209.03
	1/7/2021	Reimbursement Cert Exam	\$525.00
	2/16/2021	Reimbursement Cert Fee	\$170.00
Develle, Soleil	7/9/2020	Cell Phone Reimbursement	\$360.00
	10/1/2020	Wateruse Symposium Reimbursement	\$548.00
	5/6/2021	Cell Phone Reimbursement	\$540.00
	5/27/2021	Reimbursement Employee of QTR Gift	\$150.00
Galloway, Alex	9/10/2020	Reimbursement for Cert AWWA	\$285.00
	2/8/2021	Reimbursement Cert Exam	\$100.00
Hargrove, Joshua	11/5/2020	Reimbursement Mileage/Meals Training	\$207.09
Hernandez, Christian	4/8/2021	Reimbursement Employee of QTR Gift	\$150.00
Hyink, Jacob	8/24/2020	Reimbursement Cert Renewal	\$110.00
	11/3/2020	Reimbursement Cert Exam	\$195.00
	1/26/2021	Reimbursement Tuition	\$390.00
Iliev, Nick	2/26/2020	Reimbursement Mileage/Meals Training	\$164.20
Jester, Todd	4/8/2021	Cell Phone Reimbursement	\$420.00
	4/8/2021	Reimbursement Cert Fee	\$285.00
	6/30/2021	Cell Phone Reimbursement	\$240.00
Mendoza, Jose	9/10/2020	Reimbursement Employee of QTR Gift	\$150.00
Morgan, Matthew	12/18/2020	Reimbursement Supplies for Christmas Parade	\$142.49
Pagan, Abraham	10/22/2020	Reimbursement Cert Exam, Memebership	\$245.00
Peterson, Sky	10/15/2020	Reimbursement Cert Exam	\$195.00
Potter, Debra	7/2/2020	Reimbursement Retirement Gift	\$412.00
Ragsdale	6/17/2021	Reimbursement Retirement Gift	\$412.00
Robinson, Jacob	1/14/2021	Tuition Reimbursement	\$205.00
	5/20/2021	Reimbursement Cert Exam	\$100.00
	6/10/2021	Tuition Reimbursement	\$276.00
Shank, David	3/11/2021	Cell Phone Reimbursement	\$460.89
Shannon, Colter	10/13/2020	Replacement Check for PR #5	\$1,907.01
Stanko, Alexander	2/11/2021	Reimbursement Cert Exam	\$180.00

	6/10/2021	Tuition Reimbursement	\$3,791.00
Stewart, Brandon	8/31/2020	Reimbursement for Cert/Membership CWEA	\$367.00
Stone, Steve	1/14/2021	Tuition Reimbursement	\$218.95
	6/24/2021	Tuition Reimbursement	\$159.14
Taylor, Eddie	8/10/2020	Reimbursement Retirement Gift	\$412.00
Toma, Orneen	4/15/2021	Cell Phone Reimbursement	\$120.00
	6/24/2021	Cell Phone Reimbursement	\$120.00
Wolfe, Jeff	7/23/2020	Reimbursement Membership	\$192.00
	10/29/2020	Reimbursement Cert Renewal	\$195.00

Lauren Eckert

From: Jennifer DeMeo 3
Sent: Monday, December 6, 2021 7:23 PM
To: Lauren Eckert
Subject: Advance Approval for Meetings

This will serve as advance approval for meetings attended for the following events on FPUD property

11/09 – SMRCUP Ribbon Cutting

11/17 – Detachment Town Hall Meeting

for Director Kenneth Enter, Director Charlie Wouk, Director Don McDougal, Director and VP Dave Baxter and myself, Director/President Jennifer DeMeo.

Sincerely,

Jennifer DeMeo
Board President
Director, Div 3
Fallbrook Public Utility District

Sent from my T-Mobile 4G LTE Device

Get [Outlook for Android](#)

Lauren Eckert

From: Dave Baxter 1
Sent: Tuesday, December 7, 2021 7:39 PM
To: Lauren Eckert
Cc: Jennifer DeMeo 3
Subject: Advance Approval for SMRCUP & Town Hall Attendance - Jennifer DeMeo

Hi Lauren and Good Evening!

Please allow this email to serve as advance approval for Director/President Jennifer DeMeo to attend the following events on FPUD property:

11/09 – SMRCUP Ribbon Cutting

11/17 – Detachment Town Hall Meeting

Thank you very much and please let me know if I may be of service in any way.

Dave

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: San Diego County Farm Bureau
San Diego Zoo Wild Animal Park

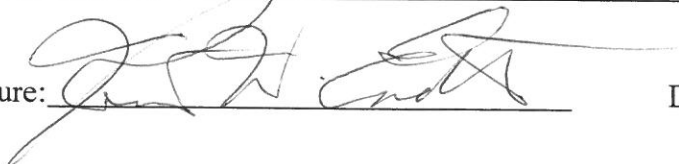
Date(s) of Attendance: October 14th, 2021

Purpose of Function: New President Presentation Farmer of the year!

Sponsoring Organization: San Diego County Farm Bureau

Summary of Conference or Meeting:

A pre-presentation group social gave opportunity to greet and meeting members of the Farm Bureau as well as people from many of San Diego County Special Districts. Dinner was very good and Farmer of the Year Awards were given to Ken Altman by Assemblymember Akilah Weber, M.D. of Children's Hospital, representatives of Governor Newsome and others

Director Signature:  Date: 11-1-21

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: SMRCUP Ribbon Cutting

Date(s) of Attendance: 11/09/2021

Purpose of Function: Education

Sponsoring Organization: FPUD

Summary of Conference or Meeting:

Attended Ribbon Cutting Ceremony for Santa Margarita Conjunctive Use Project as speaker and Ribbon Cutter!

Director Signature: Jennifer DeMeo Date: 11/15/2021

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: 11/17 – Detachment Town Hall Meeting, FPUD Board Room

Date(s) of Attendance: 11/17/2021

Purpose of Function: _____

Sponsoring Organization: FPUD and Rainbow Municipal Water

Summary of Conference or Meeting:

Participated in Town Hall attended by a full conference room holding 100 or more on the subject of detachment from SDCWA

Director Signature: Jennifer DeMeo

Date: 11/20/2021

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 McDougal

Name & Location of Function: SMRCUP Ribbon Cutting

Date(s) of Attendance: 11/9/2021

Purpose of Function: Meet with dignitaries, contractors, staff and community leaders at event.

Sponsoring Organization: FPUD

Summary of Conference or Meeting:

Attended the SMRCUP Ribbon Cutting to recognize and support efforts in the culmination of this project. The event was very well attended and well planned and executed.

Director Signature: 

Date: 12/2/2021

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 McDougal

Name & Location of Function: Detachment Town Hall Meeting

Date(s) of Attendance: 11/17/2021

Purpose of Function: Educate community on Detachment process

Sponsoring Organization: FPUD & RMWD

Summary of Conference or Meeting:

Attended the detachment town hall meeting to inform the rate payers on the value and status of the detachment project. The event was very well attended and well planned and executed.

Director Signature:  Date: 12/2/2021

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

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

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Dave Baxter

Name & Location of Function: Santa Margarita River Conjunctive Use Project Ribbon Cutting

Date(s) of Attendance: November 9, 2021

Purpose of Function: Opening of the new SMRCUP

Sponsoring Organization: FPUD

Summary of Conference or Meeting:

Supporting the Opening & Dignitary tour of the New FPUD Santa Margarita River Conjunctive Use Project with Camp Pendleton.

Toured with various County and State dignitaries.

Discussed the importance of the Plant, its value to our joint communities, the function & Commercial details of the investment.

Director Signature: David Baxter Date: 12/2/2021

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

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

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Dave Baxter

Name & Location of Function: Detachment Town Hall – Located in the FPUD Board Room

Date(s) of Attendance: November 17, 2021

Purpose of Function: Detachment Town Hall

Sponsoring Organization: FPUD & RMWD

Summary of Conference or Meeting:

Welcomed all Public who attended the Detachment Town Hall and Open Forum.

Answered Questions from the Public regarding details of the detachment, timing, cost, benefit, etc.

Director Signature: David Baxter

Date: 12/2/2021

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: Ken Endter

Name & Location of Function: FPUD-New FPUD Pump Station.

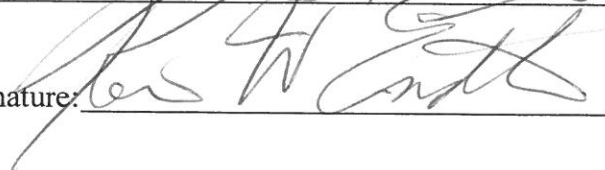
Date(s) of Attendance: 9 Nov. 2021

Purpose of Function: Ribbon Cutting of the SMRCUP

Sponsoring Organization: FPUD

Summary of Conference or Meeting:

This was a wonderful moment in FPUD's history as we celebrated nearly 70 years of legal battles as to who gets water rights from the Santa Margarita River. Jack Bebee and Brigadier General Woodworth both spoke and were glad this finally had been done. The FPUD Board Members and over a hundred local citizens enjoyed this momentous event.

Director Signature:  Date: 12-8-21

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.