



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

AGENDA

WEDNESDAY, MAY 29, 2024
4:00 P.M.

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

THIS MEETING WILL BE HELD AT THE ABOVE DATE, TIME, AND LOCATION AND MEMBERS OF THE PUBLIC MAY ATTEND IN PERSON AT THE DISTRICT OFFICE LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028. FOR THE CONVENIENCE OF MEMBERS OF THE PUBLIC WHO DO NOT WISH TO ATTEND IN PERSON, FALLBROOK PUBLIC UTILITY DISTRICT PROVIDES A MEANS TO OBSERVE AND PROVIDE PUBLIC COMMENTS AT THE MEETING VIA WEB CONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION. PLEASE NOTE THAT IN THE EVENT OF TECHNICAL ISSUES THAT DISRUPT THE ABILITY OF MEMBERS OF THE PUBLIC TO VIEW THE MEETING OR PROVIDE PUBLIC COMMENTS THROUGH THE WEB CONFERENCE OPTION, THE MEETING WILL CONTINUE.

Join Zoom Meeting

<https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVAUFNkQnA2bHA4Zz09>

MEETING ID: 820 0317 2211

AUDIO PASSCODE: 363170

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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 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

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

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

- A. EMPLOYEE OF THE QUARTER FOR MAY 2024
1. Lauren Eckert

II. CONSENT CALENDAR-----(ITEMS B-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.

- B. CONSIDER APPROVAL OF MINUTES
1. April 22, 2024 Regular Board Meeting
2. April 30, 2024 Special Board Meeting

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

- C. CONSIDER ADOPTION OF 2024-25 APPROPRIATION GROWTH RATE;
RESOLUTION NO. 5076

Recommendation: *That the Board adopt attached Resolution No. 5076 setting the tax appropriation limit for 2024-25 at \$4,069,475, which includes the Fallbrook and DeLuz service areas and Improvement District "S".*

- D. CONSIDER NOTICE OF COMPLETION FOR THE EMERGENCY
PIPELINE REPAIR PROJECT

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

- E. CONSIDER FALLBROOK COMMUNITY GARDEN LEASE RENEWAL
(MISSION RESOURCE CONSERVATION DISTRICT)

Recommendation: That the Board approve a new five year lease with Mission Resource Conservation District to manage the Fallbrook Community Garden.

- F. CONSIDER APPROVAL OF REVISIONS TO ADMINISTRATIVE CODE ARTICLES 5, 9, AND 15

Recommendation: That the Board adopt Resolution No. 5077 amending Articles 5, 9 and 15 of the Administrative Code with the attached proposed revisions.

III. PROPOSED FISCAL YEAR 2024–25 BUDGET----- (ITEM G)

- G. CONSIDER ADOPTING THE DISTRICT’S FISCAL YEAR 2024-25 RECOMMENDED ANNUAL BUDGET

Recommendation: That the Board adopt Resolution No. 5078 adopting the final budget for Fiscal Year 2024–25.

IV. ACTION / DISCUSSION CALENDAR----- (ITEMS H – L)

- H. CONSIDER PAVING ON PRIVATE STREET PAVEMENT RESTORATION ON EAST ELDER

Recommendation: Staff supports Board direction.

- I. CONSIDER APPROVAL FOR ONE-TIME PAVING SERVICES AT 25 SITES

Recommendation: That the Board approve a contract with Peter’s Paving in the amount of \$74,675.00.

- J. CONSIDER APPROVAL FOR ANNUAL ONGOING PAVEMENT AND ASPHALT REPAIR CONTRACT

Recommendation: That the Board approve a contract with Asphalt and Concrete Enterprises for the not to exceed amount of \$300,000.00 for annual as-needed asphalt repair services.

- K. CONSIDER REPLACEMENT FILTER MEDIA FOR GRANULAR ACTIVATED CARBON FILTERS AT SMGTP

Recommendation: That the Board award a supplier contract with Calgon Carbon Company for the replacement of Filtrasorb 400 carbon media for \$680,777 over the next 3 years.

L. CONSIDER PUMP PURCHASE FOR RED MOUNTAIN RESERVOIR

Recommendation: That the Board award the purchase of the RMR pump skid to Sloan Environmental for \$69,329, to be able to reduce imported water purchases.

V. **ORAL/WRITTEN REPORTS**----- (ITEMS 1—7)

1. General Counsel
2. General Manager
 - a. EMWD/MWD Update
 - b. Engineering and Operations Report
 - c. Federal Funding Efforts Report
3. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
4. Public Information Officer
5. Notice of Approval of Per Diem for Meetings Attended
6. Director Comments/Reports on Meetings Attended
7. Miscellaneous

ADJOURN TO CLOSED SESSION

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

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

Discuss Performance Evaluation of General Manager

2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

Agency Designated Representative: Board President DeMeo

Unrepresented Employee: General Manager

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

Discuss Performance Evaluation of General Counsel

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*as necessary*)

VIII. **ADJOURNMENT OF MEETING**

* * * * *

DECLARATION OF POSTING

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

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

May 22, 2024
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: May 29, 2024
SUBJECT: May 2024 Employee of the Quarter

Lauren Eckert was chosen as the May 2024 Employee of the Quarter for the following reasons:

“Lauren is an unsung hero! She does so many behind the scenes tasks that help tremendously, many outside of her normal job duties. She has worked tirelessly as an integral part of the employee party planning committee, all to ensure FPUD employees feel appreciated and valued. Lauren has helped me out of several challenging situations during the HR transition, included but not limited to projects and in planning safety trainings and meetings. Most recently, she helped me with an on-going investigation by setting up on-line files/folders that made it easier for those on the project to handle information being gathered. What I appreciate the most is knowing I have someone who will willingly offer to help AND will follow through; for a department of one this is invaluable!”

Lauren received a Certificate of Appreciation and a monetary award of \$150. Additionally, Lauren 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: Lauren Eckert, Executive Assistant/Board Secretary
DATE: May 29, 2024
SUBJECT: Approval of Minutes

Recommended Action

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

1. April 22, 2024 Regular Meeting
2. April 30, 2024 Special Meeting

April 22, 2024 Regular Board Meeting



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

MINUTES

**MONDAY, APRIL 22, 2024
4:00 P.M.**

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

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

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: none

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Edward Benitez, Utility Worker I
Jodi Brown, Management Analyst
Isabel Casteran, Safety and Risk Officer
Aaron Cook, Engineering Manager
Noelle Denke, Public Information Officer
Kyle Drake, Collections Supervisor
John Marchetta, HR Manager
Rene Ramos, Utility Worker II
Martin Serrano, Utility Worker I
Steve Stone, Field Services Manager
Carl Quiram, Operations Manager
Peter Velasco, Utility Worker II
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Mark Mervich, Kevin Stamper, Sarah Stamper, Robert Rice, Jacqueline Howells, Jon Wells, Paul Jones

PLEDGE OF ALLEGIANCE

President DeMeo led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

President DeMeo announced she would be moving agenda item “F” to the beginning of the meeting.

MOTION: Director McDougal moved to approve the agenda, with the reordering of agenda item “F” to the beginning of the agenda; Director Endter seconded. Motion carried; 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.

There were no public comments for non-agenda items.

There were no public comments on agenda items A or B.

A. YEARS OF SERVICE

1. Rene Ramos – 5 years
2. Peter Velasco – 5 years

The Board recognized Rene Ramos and Peter Velasco for their five years of service to the District.

B. NEW CERTIFICATIONS

1. Josh Hargrove – Wastewater Operator, Grade I
2. Edward Benitez – Distribution Operator, Grade I
3. Martin Serrano – Distribution Operator, Grade I

The Board recognized Josh Hargrove for receiving his Wastewater Operator, Grade I certification and Edward Benitez and Martin Serrano for receiving their Distribution Operator, Grade I certifications.

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. March 25, 2024 Regular Board Meeting

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

MOTION: Director Wolk moved to approve the Consent Calendar, as presented; Director McDougal seconded. Motion carried; **VOTE:**

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

NOES: None

ABSTAIN: None

ABSENT: None

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

D. REVIEW PRELIMINARY DRAFT FISCAL YEAR 2024-25 OPERATING AND CAPITAL BUDGET EXPENDITURES

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

There were no public comments on agenda item D.

AGM/CFO Shank presented a slideshow reviewing the preliminary draft fiscal year 2024-25 operating, including slides from Engineering Manager Cook on the capital budget expenditures. Various rate scenario examples for calendar year 2025 were also presented.

AGM/CFO Shank announced the plan is to go to the FP&I Committee in mid-May with a complete draft, and then bring the recommended budget to the full Board at the regular May meeting.

E. EMPLOYEE SATISFACTION SURVEY RESULTS

Presented by: John Marchetta, Human Resources Manager

Human Resources Manager Marchetta summarized the results of the 2024 Employee Satisfaction Survey. He announced results had been shared with all employees, as well as the Personnel Committee. The survey results have also been discussed with supervisors to brainstorm ideas for improvement.

Mark Mervich stepped to the podium to inquire if it's possible to accurately compare 2023 to 2024 with such a large increase in participation. HR Manager Marchetta responded that we can, because we are generally looking at the totality of results and responses.

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

F. CONSIDER PRIVATE STREET PAVEMENT RESTORATION ON EAST ELDER

Recommendation: Staff supports Board direction.

General Counsel de Sousa read, onto the record, a public comment from Tom Reeser regarding the current state of the road on East Elder.

Robert Rice stepped to the podium to voice his concerns about damage to the private road near East Elder due to heavy equipment from Palm Engineering and the ongoing pipeline replacement. He reported the homeowners on the private road have met and also have been working with District staff to come up with repair options. He presented the Board with cost breakdowns for various repair options and requested the Board table any action at today's meeting and possibly work with the County further on this issue.

Engineering Manager Cook presented a slideshow with maps and photos showing the current project area and the condition of the road over time. He reported this road had not been paved since at least 2007.

Vice President McDougal asked if we had already reached out to the County on this issue. Engineering Manager Cook explained we had not. Vice President McDougal suggested we reach out to Supervisor Desmond's office to request assistance on this. General Manager Bebee explained the County can own a property in fee and it still not be a County road. He announced he was happy to have that discussion with the County but cautioned the homeowners to not get their hopes up that the County will provide funding. Vice President McDougal suggested we table this until we can reach out to the County and Supervisor Desmond's office.

Director Endter also thought it would be a good idea if the homeowners wrote a joint letter as well to the County.

Director Wolk asked if the cost to do the whole road included replacing sub-grade. Engineering Manager Cook responded that it did not, it is to pave over existing sub-grade. Director Wolk explained the County will require improvements to County standards.

MOTION: Director Endter moved to table this item for 30 days while staff and the homeowners contact the County and Supervisor Desmond's office on this issue, as presented; Director McDougal seconded. Motion carried; VOTE:

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

G. CONSIDER RECOGNIZING JACK SIMES FOR HIS YEARS OF SERVICE ON BEHALF OF THE UNITED STATES BUREAU OF RECLAMATION

Recommendation: The Board adopt Resolution No. 5074 recognizing, honoring, and commending Jack Simes for his year of service with the United States Bureau of Reclamation

There were no public comments on agenda item G.

General Manager Bebee reported this item was to thank and recognize Jack Simes for everything he has done for the Bureau of Reclamation and for the District, as he is retiring.

Director Wolk requested the District present a copy of the resolution to Mr. Simes.

MOTION: Director McDougal moved to adopt Resolution No. 5074 recognizing, honoring, and commending Jack Simes for his years of service with the United States Bureau of Reclamation; Director DeMeo seconded. Motion carried; VOTE:

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

- H. CONSIDER UPDATES TO PROCESS FOR APPEALING DELINQUENT BILLS TRANSFERRED TO A NEW OWNER (ADOPT RESOLUTION NO. 5075 AMENDING ADMINISTRATIVE CODE SECTION 12.8)

Recommendation: That the Board adopt Resolution 5075 updating the Administrative Code Section 12.8 to clarify requirements for an appeal on transferred delinquent bills.

There were no public comments on agenda item H.

General Manager Bebee announced this item went through FP&I and provided a summary, including that this item was to add language to the Administrative Code to include that the homeowner coming to the Board to request a waiver of delinquent bills from a previous homeowner had at least pursued recourse with the previous owner and the real estate agent. He reported the second part of this also included a letter being sent to real estate agents annually reminding them of their responsibility to check for delinquent bills before the close of escrow.

Director Wolk requested the annual letter to real estate agents be more strongly worded.

Director Endter reiterated that the buyer must do their due diligence when purchasing a home as well.

MOTION: Director McDougal moved to adopt Resolution No. 5075 updating the Administrative Code Section 12.8 to clarify requirements for an appeal on transferred delinquent bills; Director Endter seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

- I. CONSIDER INITIATION OF COMPREHENSIVE STRATEGIC PLANNING PROCESS

Recommendation: That the Board approve the award of \$78,705 to Dopudja and Wells Consulting for the facilitation and development of a comprehensive strategic plan that will ensure the District is positioned to address the current and future goals facing the District in the most cost effective manner.

There were no public comments on agenda item I.

General Manager Bebee reported this was a follow up from the last Board meeting. This was for an outside facilitator to come in and assist in developing a comprehensive strategic plan for the District going forward.

Director Wolk asked for clarification regarding the billing rate for a Senior Advisor and a Project Manager. Paul Jones from Dopudja and Wells Consulting thanked the Board for allowing him the opportunity to work on developing this strategic plan and responded that there would be two individuals principally working on the strategic plan. Mr. Jones would act as the principal in charge and reiterated that the two individuals would not be duplicating any work.

Director Baxter asked about the two optional workshops and how they would be determined necessary or not. General Manager Bebee responded that this will be determined as we get going on this process and develop the process going forward based on the initial results.

MOTION: Director Endter moved to approve the award of \$78,705 to Dopudja and Wells Consulting for the facilitation and development of a comprehensive strategic plan that will ensure the District is positioned to address the current and future goals facing the District in the most cost effective manner; Director McDougal seconded. Motion carried; **VOTE:**

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

J. CONSIDER PERSONNEL CHANGES

Recommendation: That the Board approve the re-classification of the Information Systems Technician to Information Technology Manager, the Engineering Technician positions, and the budget changes of these positions and attached salary table.

There were no public comments on agenda item J.

General Manager Bebee provided an overview of these personnel changes, including the additional positions and budget impact of the reclassifications and additional positions. He reported these proposed changes went through the Personnel Committee.

Director Baxter stressed the importance of having an individual with the skillset to address the District's need for cybersecurity.

MOTION: Director McDougal moved to approve the reclassification of the Information Systems Technician to Information Technology Manager, the Engineering Technician positions, and the budget changes of these positions and the proposed salary table; Director Baxter seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

K. CONSIDER APPROVAL FOR PAVING SERVICES NEEDED AT MACADAMIA DRIVE

Recommendation: That the Board approve a contract with Asphalt and Concrete Enterprises in the amount of \$78,678.00 for repair of pavement on Macadamia Drive.

There were no public comments on agenda item K.

General Manager Bebee provided a brief overview of this item, stating this was a required repair after a leak repair.

MOTION: Director McDougal moved to approve a contract with Asphalt and Concrete Enterprises in the amount of \$78,678 for repair of pavement on Macadamia Drive; Director Endter seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

V. **ORAL/WRITTEN REPORTS**-----**(ITEMS 1-7)**

1. General Counsel
2. General Manager
 - a. EMWD/MWD Update
 - b. Engineering and Operations Report
 - c. Federal Funding Update
3. 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 included in the packet.
4. Public Information Officer
 - Public Information Officer Denke reported on recent community events attended by the District.
5. Notice of Approval of Per Diem for Meetings Attended
 - Notification of approval for Directors' attendance to a media training event at Rancho California Water District on April 2, 2024.
 - Announcement was made of Directors' attendance to a media training event at Rancho California Water District on April 2, 2024.
6. Director Comments/Reports on Meetings Attended
 - Ad-hoc Committee for Detachment Event
 - President DeMeo announced the formation of an Ad-hoc Committee for the planning of an event to formally recognize detachment. This committee will include Directors Baxter and McDougal.
 - Director Wolk reported on his attendance at the Southern California Water Coalition meeting. The meeting topic was on outreach, and Director Wolk commended General Manager Bebee and Public Information Officer Denke on their outreach efforts. Director Wolk also suggested we look into ways to communicate with visuals or video.
 - Director Wolk suggested the District look at creating a wellness program for employees. General Manager Bebee responded he had spoken with Safety and Risk Officer Casteran on this.
 - President DeMeo reported she attended the Pure Water of Southern California Plant Tour, along with Directors Baxter and Wolk.
7. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session to discuss items VI.1 and 2.

The Board of Directors adjourned to Closed Session at 6:25 p.m.

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

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

Discuss Performance Evaluation of General Manager

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

Discuss Performance Evaluation of General Counsel

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken during Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the April Regular Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 6:45 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

April 30, 2024 Special Board Meeting



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

MINUTES

**TUESDAY, APRIL 30, 2024
3:00 P.M.**

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President DeMeo called the April 30, 2024 Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 3:02 p.m.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Dave Shank, Assistant General Manager/CFO
Paula de Sousa, General Counsel
Noelle Denke, Public Information Officer
Steve Stone, Field Services Manager
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Stephani Baxter, Eileen Delaney, Phil Delaney, Dan Howell, Lila Hargrove, Tom Kennedy, Nick Kanetis, Joe Mouawad, Jeff Armstrong, Stephen Corona, Phil Paule, Dan Coxe, Paula Coxe, Jennifer Jeffries, Jerri Patchett, Aldo Alvidres, Leticia Madonado/Stamos, Jeniene Domercq, Roxanne Rountree, April Coady, Rollin Bush, Daren Pudgil, and Chris Brown

PLEDGE OF ALLEGIANCE

President DeMeo led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda, as presented; Director Endter seconded. Motion carried; 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.

There were no public comments on non-agenda items.

II. **INFORMATION**-----**(ITEM A)**

A. RECOGNITION OF TRANSITION TO EASTERN MUNICIPAL WATER DISTRICT

President DeMeo welcomed Eastern Municipal Water District, exclaiming it had been a long four years to get here today. She announced today was to recognize some of the community leaders who worked so hard to make switching water wholesalers a reality.

General Manager Bebee thanked EMWD's Board and staff for willingly supporting the Fallbrook community during this long, difficult process. He announced because of these efforts, the District was able to reduce rates by 5% on January 1, 2024. Additionally, he thanked the members of the community who worked hard on these efforts, as well as Tom Kennedy, Rainbow Municipal Water District and the PR team including Public Information Officer Denke, Chris Brown and Darren Pudgil.

Public Information Officer Denke introduced EMWD Board President Phil Paule and invited him to the podium to speak. Mr. Paule welcomed FPUD to EMWD and presented a map of the two District's service areas. Mr. Paule then invited EMWD Vice President Steve Corona to speak, as he will be the current Director representing FPUD's service area.

EMWD General Manager Joe Mouawad stepped to the podium and recognized the EMWD staff who were instrumental in the detachment process. He congratulated FPUD for becoming a member of the EMWD family.

Public Information Officer Denke recognized various members of the community for their efforts in making detachment happen. These community members included Tom Kennedy, Eileen Delaney, Lila Hargrove, Paula Coxe, Dan Coxe, Roy Moose, Leticia Maldonado/Stamos, Jennifer Jeffries, Darren Pudgil, Chris Brown, Rollin Bush, Aldo Alvidres, Jeniene Domercq, Jerri Patchett, and Stephani Baxter.

Stephani Baxter stepped to the podium to provide a timeline of events leading to the successful detachment.

Each Director provided their thanks to the FPUD and EMWD Boards, staff, and the community leaders.

III. ADJOURNMENT OF MEETING

There being no further business to discuss, President DeMeo adjourned the April 30, 2024 special meeting of the Board of Directors of the Fallbrook Public Utility District at 3:51 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: May 29, 2024
SUBJECT: 2024-25 Appropriation Growth Rate - Resolution No. 5076

Purpose

To set the tax appropriation limitation for 2024-25.

Summary

In November 1979, the voters of California approved the addition of Article XIII B to the State Constitution. This amendment provided a maximum annual percentage that proceeds of taxes could increase. This calculation is what the County of San Diego uses when determining what portion of the County’s taxes that Fallbrook Public Utility District will receive for the Fallbrook service area, De Luz service areas, and Improvement District “S”.

The California Revenue and Taxation Code section 2227 mandates the Department of Finance transmit an estimate of the percentage change in population to local governments. Each jurisdiction uses their change in population factor for January 1, 2024, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for FY 24-25.

A certified copy of the attached Resolution must be sent to the State Controller’s office by June 1, 2024.

Recommended Action

That the Board adopt attached Resolution No. 5076 setting the tax appropriation limit for 2024-25 at \$4,069,475, which includes the Fallbrook and DeLuz service areas and Improvement District “S”.

RESOLUTION NO. 5076

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT ESTABLISHING THE LIMIT
FOR APPROPRIATION OF PROCEED OF TAX SUBJECT TO
LIMITATION FOR FISCAL YEAR 2024-25 IN COMPLIANCE WITH
ARTICLE XIII B OF THE CONSTITUTION OF THE STATE OF
CALIFORNIA**

* * * * *

WHEREAS, the determination of appropriation limitation documentation and the population and cost of living per capita income increase provided by the State of California Department of Finance used to determine the appropriation limitations under Article XIII B of the Constitution of the State of California is on file and available for public inspection and is attached as Exhibit "A" to this Resolution.

THEREFORE, BE IT RESOLVED THAT the calculated maximum limit applicable to the 2024-25 appropriations of proceeds of tax subject to limitation established in compliance with Article XIII B of the Constitution of the State of California, including Fallbrook and DeLuz services areas and Improvement District "S". The calculated maximum limit is as follows:

➤ **TOTAL MAXIMUM LIMIT APPLICABLE TO 2024-25: \$4,069,475**

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit "A"
FALLBROOK PUBLIC UTILITY DISTRICT

DETERMINATION OF PERMITTED GROWTH RATE IN APPROPRIATION

2024-25

Determination of Permitted Growth Rate Appropriations 2024-25

Given by Department of Finance:

Per Capita Income Change 3.62

Population Change 0.31

Per Capita Income Change Converted to a Factor: 1.0362

Population Change Converted to a Factor: 1.0031

2024-25 Growth Factor:

$$\boxed{1.0362} \times \boxed{1.0031} = \boxed{1.0394}$$

Appropriation Limit Adjustment Factor 2024-25 1.0394

2023-24 Appropriations for Proceeds to Tax Subject to Limitation
per Resolution No. 4489 - FPUD: \$2,026,955.73

2023-24 Appropriations for Proceeds to Tax Subject to Limitation
per Resolution No. 89-14 - DLHMWD:

Parent \$136,383

I.D. # 1&2 \$470,991

2023-24 Appropriation For Proceeds to Tax Subject to Limitation
per Resolution No. 4400 - I.D. "S" \$1,135,562

2023-24 Total Appropriation Limit for Proceeds of Tax Subject to
Limitation - All Districts \$3,915,215

2024-25 Total Appropriation Limit for Proceeds of Tax Subject to
Limitation - Combined Districts

$$\$3,915,215 \times 1.0394 \quad \boxed{\$4,069,475}$$

M E M O

TO: Board of Directors
FROM: Aaron Cook, Engineering Manager
DATE: May 29, 2024
SUBJECT: Notice of Completion – Emergency Pipeline Repair

Purpose

To file a Notice of Completion for Emergency Pipeline Replacement with the San Diego County Recorder.

Summary

The completion date for Emergency Pipeline Replacement, Job Number 3207, is April 10, 2024. JR Filanc, Inc. completed the contract. This job was inspected, and District staff is satisfied with the work performed. The final total contract amount was \$1,462,512.73. The original contract award date is May 19, 2023, in the amount of \$650,000. The final cost was higher than originally contracted due to the following:

- Replace approx. 680 LF of 6-inch CML&C water main in North Main Ave and approx. 510 LF of 12-inch CML&C water main in and near Green Canyon Road

Budgetary Impact

There is no budgetary impact to record the Notice of Completion. As noted, there were additional costs to complete the project, but said costs were approved in previous change orders and within the overall project budget.

Recommended Action

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

RECORDING REQUESTED BY:
Fallbrook Public Utility District

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

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

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

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

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

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

7. The work of improvement on the property hereinafter described was completed on **April 10, 2024**.
8. The name of the original contractor, if any, for the work of improvement was: **JR Filanc Construction, Inc.**
The kind of work done or material furnished was for the **Emergency Pipeline Repair**
9. The property on which the work of improvement was completed is in the unincorporated area of Fallbrook, county of San Diego, state of California, and is described as follows: **Acacia Lane**
10. The street address of the said property is: **Acacia Lane, Fallbrook CA**

DATED: May 21, 2024

Aaron Cook, Engineering Manager
Fallbrook Public Utility District

VERIFICATION

I, the undersigned, say:

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

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

Executed on May 21, 2024, at Fallbrook, California.

Signature

M E M O

TO: Board of Directors
FROM: Mick Cothran, Engineering Technician
DATE: May 29, 2024
SUBJECT: Fallbrook Community Garden Lease Renewal (Mission Resource Conservation District)

Purpose

To renew the five-year lease between FPUD and Mission Resource Conservation District for the Fallbrook Community Garden.

Summary

The Fallbrook Community Garden is located on Alturas Rd, within the FPUD property south of the solar panels. The site is approximately ½ acre and currently has a water meter, basic plumbing, raised garden beds, and a garden shed. Mission Resource Conservation District (MRCD), who manages the garden, partners with local community organizations and a corps of volunteers to maintain the garden and offer garden beds at low or no cost to members of the Fallbrook community. The existing lease between FPUD and MRCD expires on June 17, 2024.

Recommendation

That the Board approve a new five-year lease with Mission Resource Conservation District to manage the Fallbrook Community Garden.

GROUND LEASE

Preamble-Parties and Leasing

FALLBROOK PUBLIC UTILITY DISTRICT, a Public Agency, 990 East Mission Road Fallbrook, California, (hereafter referred to as "Lessor"), hereby leases to Mission Resource Conservation District (hereafter referred to as "Lessee)," the land and premises located along South Alturas Road, west of Ali Way, Fallbrook, California, consisting of approximately .58 acres (hereafter called the "premises"), in the County of San Diego, State of California, depicted on the plat (Exhibit "B" attached hereto and made a part hereof) described as follows:

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

ARTICLE 1. TERM OF LEASE

Fixed Term

Section 1.01. The term of this lease shall be a period of five (5) years commencing June 17, 2024, unless sooner terminated in accordance with this lease. Lessee may request renewals of this lease, which may be granted in the sole discretion of Lessor.

ARTICLE 2. RENT

Basic Rent

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

(1) In the amount of \$1.00 (one dollar) per year commencing June 17, 2024.

Place for Payment of Rent

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

ARTICLE 3. USE OF PREMISES

Principal Use

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

Only Lawful Uses Permitted

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

ARTICLE 4. TAXES AND UTILITIES

Tax Hold-Harmless Clause

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

Utilities

Section 4.02. Lessee shall pay or cause to be paid, and hold Lessor and the property of Lessor including said premises free and harmless from, all charges for the furnishing of electricity, sanitation, refuse removal, and other appropriate utilities, if any, to said premises during the term of this lease. Additionally, as this lease accomplishes a public purpose by achieving water conservation goals and providing other benefits to the community, FPUD shall provide potable water service to the site without cost to lessee, and the costs of such potable water services will be paid by FPUD from FPUD's unrestricted or otherwise legally available funds. As a Community Service Water User, lessee is not required to pay the monthly Water Fixed Service Charge, Capital Improvement Charge, and Backflow Device Charge, and is granted a water allotment of two-acre feet per year. Water use will be accounted for at the end of each fiscal year, and any water used in excess will be billed at the normal "Irrigation" rate. The Lessee will be responsible for complying with cross-connection/backflow policies of the District where fertilizers are used on the property. This lease shall not give Lessor any greater rights to a public water supply than the public generally.

Payment by Lessor

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

ARTICLE 5. CONSTRUCTION BY LESSEE

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

Cultivation/Environmental Practices

Section 5.02. A) Irrigation. Irrigation will be applied by low water-use application technology, including but not limited to, high efficiency irrigation emitters and drip lines. The Lessee will prepare an irrigation plan for Lessor's approval prior to installation. Runoff from the site due to irrigation practice will not be permitted.

B) Nutrient Application. All fertilizer and growth aids to be applied will be applied

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

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

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

D) Cultivation practices shall minimally impact the environment. As such, the number of Lessee's employees on the property at any one time shall not exceed five (5). Lessee's trucks shall not exceed ten (10) wheels and delivery trucks; tractors shall be wheeled.

Mechanic's Liens

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

Ownership of Improvements

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

ARTICLE 6. REPAIRS AND RESTORATION

Maintenance by Lessee

Section 6.01. At all times during the term of this lease Lessee shall, at Lessee's own cost and expense, keep and maintain said premises and all improvements now or hereafter on said premises as well as all facilities now or hereafter appurtenant to said premises in good order and repair and in a safe and clean condition. Furthermore, Lessee shall, at Lessee's own cost and expense, maintain at all times during the term of this lease the whole of said premises as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, and orderly condition.

ARTICLE 7. INDEMNITY AND INSURANCE

Indemnity Agreement

Section 7.01. Lessee shall indemnify and hold harmless and defend Lessor, its directors, employees, agents, or volunteers, and each of them, from and against any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever for, but not limited to, injury to or death of any person including Lessor and/or Lessee, or any directors, officers, employees, agents, invitees or volunteers of Lessor or Lessee, and damages to

or destruction of property of any person, including but not limited to, Lessor and/or Lessee and their directors, officers, employees, agents, invitees or volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of Lessor or its directors, officers, employees, agents or volunteers, except the sole negligence or willful misconduct or active negligence of Lessor or its directors, officers, employees, agents or volunteers.

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

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

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

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

Liability Insurance

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

A) General Liability - Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the Lessor) or the general aggregate limit shall be twice the required occurrence limit.

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

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

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

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

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

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

E) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Lessor. Such liability insurance shall indemnify the Lessee and his sub-lessees against loss from liability imposed by law upon, or assumed under contract by, the Lessee or his sub-lessees for damages on account of such bodily injury (including death), property damage, personal injury and completed operations and products liability. Such insurance shall be provided on a policy form written by underwriters through an agency satisfactory to the Lessor, which includes a cross-liability clause and covers bodily injury and property damage liability, owned and non-owned vehicles and equipment, blanket contractual liability and completed operations liability. Such liability insurance shall include explosion, collapse, underground excavation and removal of lateral support. The Lessor, its directors, officers, employees, agents and volunteers shall be named as additional primary insured on any such policies. An additional insured endorsement (ISO CG 2010 or equivalent) (modified to include provisions 1-5 above) and a certificate of insurance (Accord Form 25-S or equivalent), shall be provided to the Lessor.

Section 7.04. Deductible and Self-Insured Retentions - Any deductible or self-

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

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

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

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

The Lessee shall provide the Lessor with a certificate of Workers' Compensation

and Employer's liability insurance coverage.

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

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

ARTICLE 8. ASSIGNMENT AND SUBLEASING

No Assignment or Sublease Without Lessor's Consent

Section 8.01. Lessee shall not assign or otherwise transfer this lease, any right or interest in this lease, or any right or interest in said premises or any of the improvements that may now or hereafter be constructed or installed on said premises without the express written consent of Lessor first had and obtained. Any assignment or transfer by Lessee without the prior written consent of Lessor, whether it is voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this lease. A consent by Lessor to one assignment shall not be deemed to be a consent to any subsequent assignment of this lease by Lessee. The consent of Lessor to any assignment of Lessee's interest in this lease, however, shall not be unreasonably withheld.

ARTICLE 9. DEFAULT AND TERMINATION

Abandonment by Lessee

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

Termination for Breach by Lessee

Section 9.02. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby demised to Lessee. Should Lessee default in the performance of any covenant, condition, or agreement contained

in this lease and the default not be cured within sixty (60) days after written notice of the default is served on Lessee by Lessor, then Lessor may terminate this lease and:

(A) Bring an action to recover from Lessee:

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

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

Insolvency of Lessee

Section 9.03. Should Lessee become insolvent as defined in this section, Lessor may, by giving thirty (30) days' written notice to Lessor or to the person appointed to manage Lessee's affairs at the address for such person appearing in the official records

of the court that appointed him, terminate this lease and forfeit Lessee's interest in said premises and in any improvements or facilities in, on, or appertaining to said premises. For purposes of this section, Lessee shall be conclusively presumed to have become insolvent if Lessee:

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

Cumulative Remedies

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

Waiver of Breach

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

Surrender of Premises

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

Section 9.07. Termination Due to Change of Use - Lessor may terminate this

lease upon ninety (90) days written notice to Lessee should the land be required for waste treatment, environmental protection or other requirements related to Lessor's waste treatment and disposal activities on the property.

ARTICLE 10. MISCELLANEOUS

Attorney's Fees

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

Notices to Lessor

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

Notices to Lessee

Section 10.03. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessee by Lessor shall be in writing and shall be deemed duly served and given when personally delivered to Lessee, any managing employee of Lessee, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Lessee at 130 East Alvarado Street, Fallbrook, California 92028. Lessee may change his address for the purpose of this section by giving written notice of such change to Lessor in the manner provided in Section 10.02 of this lease.

Governing Law

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

Binding on Heirs and Successors

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

Sole and Only Agreement

Section 10.06. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said premises, the leasing of said premises to Lessee,

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

Memorandum of Lease for Recording

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

EXECUTED on _____, 2024, at Fallbrook, San Diego County, California.

LESSOR:

Mission Resource Conservation District

By:_____

LESSEE:

Fallbrook Public Utility District

By:_____

EXHIBIT 'A'

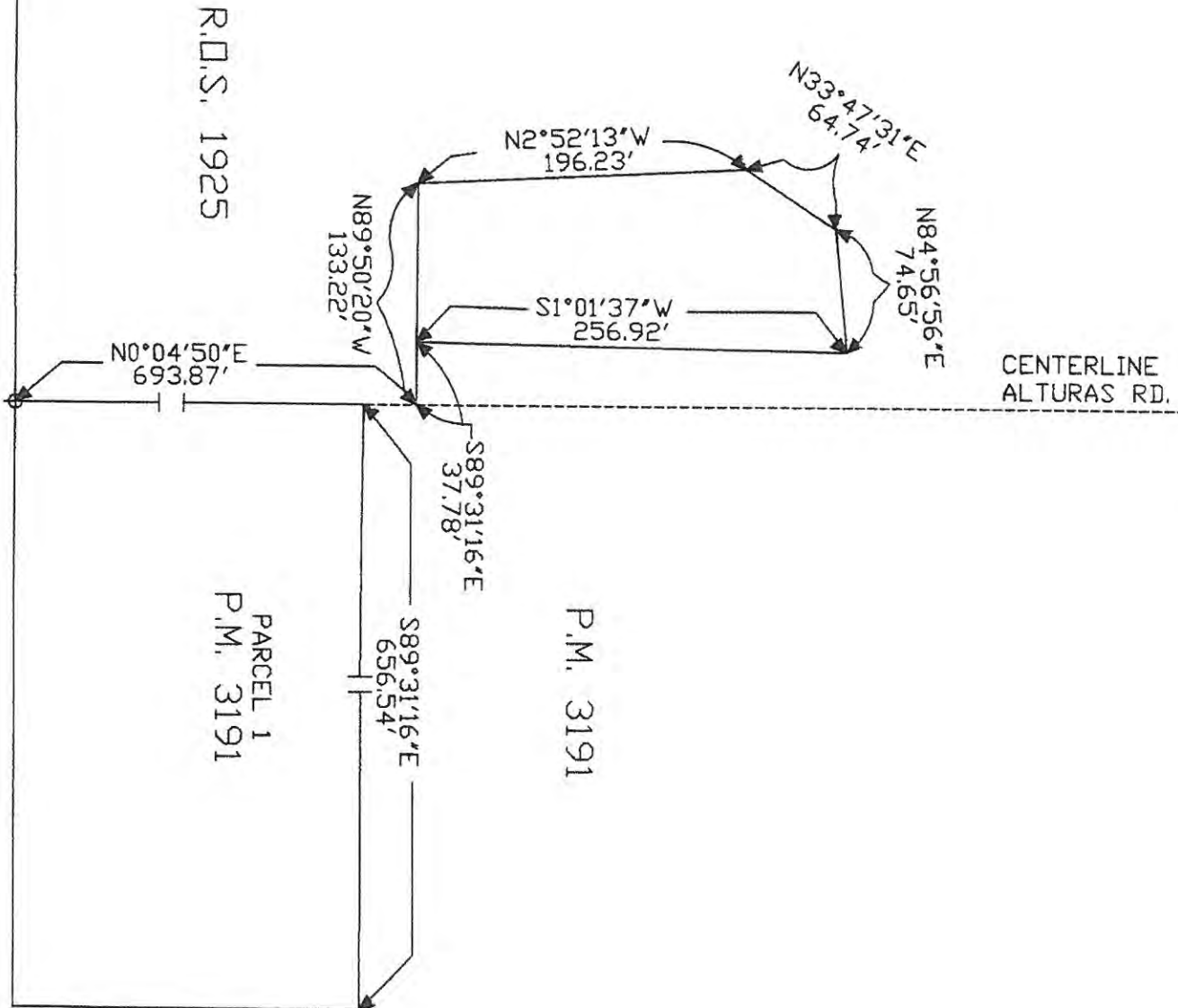
THAT PORTION OF LOT 4 OF FRACTIONAL SECTION 25, TOWNSHIP 9 SOUTH, RANGE 4 WEST, SAN BERNARDINO MERIDIAN IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO RECORD OF SURVEY MAP NUMBER 1925 RECORDED AUGUST 10TH, 1948 AT THE COUNTY RECORDERS OFFICE, SAN DIEGO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID LOT 4 OF FRACTIONAL SECTION 25, THENCE ALONG THE CENTERLINE OF ALTURAS ROAD NORTH 0°04'50" EAST 693.87 FEET, THENCE NORTH 89°59'39" WEST 37.40 FEET TO A SET POINT ON FALLBROOK PUBLIC UTILITY DISTRICT LAND RECORDED IN 1971 ON PAGE NUMBER 73942 IN THE OFFICE OF RECORDERS, SAN DIEGO COUNTY, STATE OF CALIFORNIA, SAID POINT BEING THE **TRUE POINT OF BEGINNING**, THENCE NORTH 89°42'17" WEST 95.94 FEET, THENCE NORTH 2°52'13" WEST 196.23 FEET, THENCE NORTH 33°47'31" EAST 64.74 FEET, THENCE NORTH 84°56'56" EAST 74.65 FEET, THENCE SOUTH 1°01'37" WEST 256.92 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL CONTAINS +/- 25,317.35 SQUARE FEET OR .58 ACRES

EXHIBIT "B"

SCALE: 1" = 100'



M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: May 29, 2024
SUBJECT: Consider Approval of Revisions to Administrative Code Articles 5, 9, and 15

Purpose

For the Board to consider approval of revisions to Articles 5, 9, and 15 of the District's Administrative Code.

Summary

Beginning on January 1, 2024, The District's wholesale water supplier became Eastern Municipal Water District (EMWD) instead of the San Diego County Water Authority (SDCWA). This change requires revisions to some portions of the administrative code to update references to SDCWA. Staff has completed the process of updating references, which includes updates to Articles 5, 9 and 15. The proposed revisions are identified in redline in Attachments A, B, and C.

Article 5 updates include revisions specific to Section 5.9. Article 9 updates include revisions specific to Sections 9.1, 9.3, 9.4, 9.13.1, and the addition of 9.14. Article 15 updates include revisions specific to Section 15.5.

Recommended Action

That the Board adopt Resolution No. 5077 amending Articles 5, 9 and 15 of the Administrative Code with the attached proposed revisions.

Attachment A

from a competitive solicitation for bids and why the action is necessary to respond to the emergency.

If the General Manager or Designee, orders any action specified herein, the Board shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless the General Manager or Designee, has terminated that action prior to the Board reviewing the emergency action and making a determination. When the Board reviews the emergency action, it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

Sec. 5.9 Exceptions to Procurement Requirements.

a. Sole Source Exception.

Notwithstanding any provision in this Article 5, the procurement requirements set out in this Article 5 shall not apply to the procurement of Articles, Professional Services, Public Projects, or Maintenance that can only be obtained from one supplier or contractor and for which obtaining quotes or bids is therefore impossible or not in the public interest, such that no competitive advantage can be gained by soliciting quotes or bids. Sole source contracts or agreements up to \$60,000 may be procured by the General Manager or Designee. The Board must approve any source contracts or agreements of \$60,000 or more.

b. Purchases when Price Controlled by an Official Rate-Making Body.

Whether approved by the General Manager or Designee, or the Board, the District is authorized to procure services or Articles without quotation or bid if the price is controlled by an official rate-making body such as is the case with wholesale water from [Eastern Municipal Water District](#), electricity, gas and telephone, and the services are provided for in the operating budget.

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Sec. 5.10 Local Procurements.

- a. It is the District's policy to encourage local businesses to provide goods and services to the District in order to maintain a healthy local economy, to increase local competition, and to lower core costs of goods and services. Local preference for the procurement of eligible contracts may be allowed, so long as it is not otherwise prohibited by funding sources, by providing a 5% local preference where the purchase or contracts with a respective local vendor or business during any fiscal year do not exceed \$60,000. In order to qualify for this local preference, a vendor or business must either (a) be a District rate payer in good standing for the

Attachment B

Article 9. **Annexations**

Sec. 9.1 Incorporation by Reference.

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

Ordinance No. 73	1950 Annexation
Ordinance No. 92	1958 Annexation
Ordinance No. 122	Airpark Annexation
Ordinance No. 226	Conditions of Service, Waterline Extensions
Ordinance No. 248	Water Service & Water Rates
Resolution No. 1732	Description of Land, Red Mountain Ranch
Resolution No. 1791	Red Mountain Ranch Annexation
Resolution of LAFCO	DeLuz Annexation 1/8/90
Resolution No. 10A	Board of Supervisors, DeLuz Annexation 6/13/90
<u>Resolution 2023-11</u>	<u>Concurrent Annexation to Eastern Municipal Water District and Detachment from San Diego County Water Authority with Related Actions</u>

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Sec. 9.2 General.

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

Ordinance No. 92

Ordinance No. 226 and 248.

Sec. 9.3 Annexation Payments.

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

- a) Payment of costs and expenses of the District in connection with or incidental to the annexation proceedings.
- b) Payment to the Eastern Municipal Water District (if any) and Metropolitan Water District of any amounts established by each said Districts in consenting to the concurrent annexation of said territory to said Districts, to be levied as special taxes by said Authority and by said District.
- c) In lieu taxes, from date of Board's approval of annexation to date District taxes may be levied.

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

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

All water rates, rentals, rules and regulations established and to be established by the District for water service and for water delivered by said District, irrespective of the source from which water comes, shall apply uniformly to lands in the annexed areas which have paid their service connection charges in full and to the land already within the District.
Ordinance No. 92

Sec. 9.4 Conditions for Annexation.

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

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

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

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

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Authority respectively, for said annexation and annexation to the District shall become effective and binding only if and when said annexation also has become effective and binding as to the EMWD and MWD and said lands have been included in and have become a part of the EMWD and MWD.
Ordinance No. 92

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Sec. 9.5 1950 Annexation.

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

9.12.1 Additional Costs.

The acreage fee shall increase as follows:

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

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

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

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

Sec. 9.13 Improvement District "S".

9.13.1 Annexation Fees and Costs.

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

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

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

- b) Fees: ~~An annexation fee as identified in Article 11~~ shall be charged for each equivalent dwelling unit permit for sewer service granted for service within the annexed territory at any time after the territory is annexed to the District. This fee shall be deposited with the application for issuance of a sewer service permit for service within the annexed territory.

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9.13.2 Adjustment Review.

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

Sec. 9.14 Eastern Municipal Water District (EMWD) Annexation

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On July 10, 2023, the San Diego Local Agency Formation Commission (LAFCO) approved the concurrent annexation to Eastern Municipal Water District and detachment from San Diego County Water Authority for the District. This action transferred the entire jurisdictional boundary of the district to EMWD. This action became effective January 1, 2024.

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ARTICLE 18 (Renumbered as Article 9 by Resolution 5006)
Sec. 18.11 – Rev. 2/93
Sec. 18.1, 18.3-4 – Rev. 4/93
Sec. 18.12 – Rev. 11/94
Sec. 18.13 – Rev. 6/95
Sec. 18.13.6 – Rev. 9/96
Sec. 18.13.4 – Rev. 6/97
Sec. 18.13.5 – Rev. 6/97
Sec. 18.13.6(b) – Rev. 6/97
Sec. 18.13.2,3,4,5,6(b) – Rev. 9/98
Sec. 18.13 – Rev. 4/12
Secs. 18.2, 18.3 – Rev. 7/19

Attachment C

Sec. 15.3 Exemptions.

Lands not using District water and obtaining water primarily from rainfall, springs, streams, lakes, rivers, or wells, and where the primary economic activity on the land is the commercial extraction of minerals, are exempt.

Sec. 15.4 Collection of Standby/Availability Charges.

On or before August 10 of each year, the Secretary of the District shall furnish in writing to the Board of Supervisors of San Diego County and to the County Auditor a description of the land within the District upon which standby or availability charges are to be levied and collected, together with the amount of the charges. At the time and in the manner required by law for the levying of taxes for County purposes, the Board of Supervisors shall collect, in addition to taxes it levies, water availability charges in the amounts fixed by this Administrative Code for the respective parcels of land described in Sec. 14.2.1 and Sec. 14.2.2 of this Code. All County officers charged with the duty of collecting taxes will collect the charges with the regular tax payments in the same form and manner as County taxes are collected. Such availability charges are a lien on the property with respect to which they are fixed. Collection of the charges may be enforced by the same means as provided for the enforcement of liens for State and County taxes.

Sec. 15.5 Deferral of Charge.

Situations may arise when an owner of a parcel of land does not use and has no present intention of using water provided by the District. The purpose of this section is to permit an evaluation by the District, on a case-by-case basis, of the circumstances which pertain to such situations to determine whether a deferral of charges should be approved according to the terms and conditions herein provided.

15.5.1 Application. Any owner of a parcel of land who believes that the amount of the Water Standby Availability Charge fixed against such parcel should be deferred may file an application with the District for deferral of the charge, as follows:

- a) The application shall include a statement describing the circumstances and factual elements which support the request for deferral.
- b) The General Manager shall consider the request within sixty (60) days after the filing of a completed application. If the application for deferral meets the established criteria, the General Manager may decide whether to approve the request and order the charge deferred accordingly. If the request is denied, the applicant shall be notified in writing stating the reasons for the denial.
- c) An application shall be deemed timely as to a charge established for any year if it is filed within three (3) years after the date the ordinance fixing the charge is adopted.

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Attachment 8

RESOLUTION NO. 5077

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING ARTICLES 5, 9, and 15 OF THE
DISTRICT'S ADMINISTRATIVE CODE**

* * * * *

WHEREAS, on January 1, 2024, the District's wholesale water supplier became Eastern Municipal Water District (EMWD), switching from San Diego County Water Authority (SDCWA); and

WHEREAS, this change requires revisions to some portions of the District's Administrative Code to update references to SDCWA, including Articles 5, 9, and 15; and

WHEREAS, specific sections of each Article that require updating include Section 5.9, Sections 9.1, 9.3, 9.4, 9.13.1, 9.14, and Section 15.5.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District that Articles 5, 9, and 15 of the Administrative Code are hereby amended as set forth in Exhibits A, B, and C, respectively, attached hereto and incorporated herein.

BE IT FURTHER RESOLVED, except as specifically amended in Exhibits A, B and C, the remaining provisions of Articles 5, 9, and 15 are hereby reconfirmed and shall remain unchanged and in full force and effect.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2024, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A

**REVISIONS TO ARTICLE 5 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE**

[COMMENCING ON NEXT PAGE]

Article 5. District Procurement Procedures.

Sec. 5.1 Authority.

California Public Contract Code Sections 20200-20207.7, as well as other provisions in the California Public Contract Code, certain miscellaneous statutes found in the Public Utility District Act (Public Utilities Code Section 15501 et seq.), and the California Government Code, govern procurement (purchasing and contracting) by the District of the following:

- Articles such as goods, materials, supplies, equipment, capital assets, and advertising
- Works of construction, alteration, and non-professional services (including repair and maintenance)
- Professional services

The District has elected to become subject to the provisions of the Uniform Public Construction Cost Accounting Act (the "Act"), Public Contract Code Section 22000 et seq., which provides alternative procedures for the bidding and awarding of public contracts. As provided in Public Contract Code Section 22003, these procedures may also be utilized for maintenance work and other work that does not fall within the definition of "public project." Accordingly, it is the District's intent to utilize these procedures for "public projects" and all other purchases otherwise subject to Public Contract Code Sections 20200-20207.7.

The provisions of this Article 5 shall not apply to the acquisition of land by the District.

Sec. 5.2 General.

The ongoing operation of the District requires the procurement of various items, construction and services. Since it is necessary to procure these items, construction and services on a regular basis to carry on the day-to-day operations of the District, and since the Board of Directors reviews and approves all procurements through the budgeting process, or otherwise approves procurements by separate action from time to time, the following formal procurement policies and procedures are provided for implementation by District staff. These formal procedures are intended to implement the above-listed requirements of the California Public Contract Code, California Government Code, and California Public Utilities Code, which are mandatory for Public Utility Districts located within the State of California. State law forbids any director or other officer of the District from being interested, directly or indirectly, in any contract awarded or to be awarded by the Board, or in the profits to be derived from it.

Sec. 5.3 Procurement Philosophy.

Purchases of goods, materials, supplies, equipment, and capital assets shall be made from time to time, in the most economical quantity, in order to provide the District with maximum benefit for minimum expenditures. Quality and reliability of products are also important factors which may, on a case-by-case basis, cause rejection of an inferior product that does not meet specified requirements. It is also essential that purchases of all goods, materials, supplies, equipment, and capital assets be done by the District in a fair and open manner that promotes public confidence in the District and reinforces the public perception of fairness and equal opportunity for all competing vendors offering their products or services to the District. Contracts for works of construction and all services shall be made from time to time, after complying with applicable legal requirements and these procurement policies and procedures. To the extent permitted by law, and subject to the limitations established in Section 5.10, purchases should be made from vendors located within the boundaries of the District.

Sec. 5.4 Definitions.

- a. Articles. Goods, materials, supplies, equipment, capital assets, and advertising required to carry on the day-to-day operations of the District, including without limitation, office supplies, computer hardware and software, communications equipment, equipment, materials and supplies for distribution and treatment, including meters, meter parts, and pipeline materials.
- b. Commission. The California Uniform Construction Cost Accounting Commission.
- c. Designee. The General Manager may authorize the following persons as his designee in those areas in which they exercise budgeting control:
 - (1) Assistant General Manager/Chief Financial Officer – (Articles related to office equipment and supplies, all computer hardware and software, communication equipment, and contract services).
 - (2) Operations Manager – (Articles used for distribution and treatment and SCADA).
 - (3) Field Services Manager – (Construction and field equipment and materials, contract change orders).
 - (4) Chief Plant Operator – (Articles used for treatment).
 - (5) Engineering Manager – (Contract services, contract change orders).
 - (6) Senior Accountant – (Contract services, articles related to office equipment and supplies).

- (7) Field Supervisors – (Articles such as field equipment and materials).
- (8) Purchasing/Warehouse/Fleet Supervisor – (Warehouse, fleet, and related articles).
- d. Maintenance. As defined in Public Contract Code § 22002, Maintenance includes all of the following: (1) routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes (2) minor repainting (3) resurfacing of streets and highways at less than one inch (4) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems (5) work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.
- e. Open Purchase Order. A purchase order for Articles which is effective for a specified period of time, not more than annually, and within the same budget year, i.e., office supplies and auto parts.
- f. Professional Services. Professional services, such as services involving provision of a report, study, plan, design, specification, document, program, advice, recommendation, analysis, review, inspection, investigation, audit, brokering or representation of the District before or in dealings with another party, or any other services which require a special skill or expertise of a professional, scientific or technical nature. Professional Services include architectural, landscape architectural, engineering, environmental, land surveying, construction project management services. Professional Services also include legal, financial, accounting, and planning services.
- g. Public Project. Defined in Cal. Public Contract Code § 22002, means any of the following: (1) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility and (2) Painting or repainting of any publicly owned, leased, or operated facility.

Sec. 5.5 Procedures for the Purchase of Public Projects, Maintenance, and Articles

- a. Purchase Procedures for Public Projects, Maintenance, and Articles in the Amount of \$60,000 or Less (“Small Purchase Procedures”).

The General Manager or Designee may make purchases of Public Projects, Maintenance, and Articles in an amount of \$60,000 or less, in accordance with the following Small Purchase Procedures, which the Board has imposed for such purchases, in the interests of sound business judgment.

- (1) Purchases of \$10,000 or more shall be made after obtaining three (3) written quotations. Purchases under \$10,000 shall be purchased in the most prudent and economical manner possible, but do not require multiple competitive quotations.
- (2) The requirement for three (3) quotations is not required in those cases where the Board has approved the purchase as a “standardized item” such as meters, or for Open Purchase Orders as provided below.
- (3) Small Purchase Procedures specific to Articles. All purchases shall be made by purchase order after a properly authorized Purchase Order Requisition (POR) has been completed, signed and forwarded in the required manner. The only exceptions to this requirement are purchases made under a pre-existing Open Purchase Order, purchase of small routine items from suppliers with open purchase order or accounts, or purchases made during emergency. The purchase order must indicate the name of the suggested vendor and an exact description and price of each Article. Shipping charges, if any, and applicable taxes must also be included in the total price. The purchase order shall be reviewed and signed by the General Manager or Designee.

Open Purchase Orders shall generally be utilized for the purchase of repetitive need, low-valued Articles or for the purchase of Articles (such as automotive supplies) which must be available on short notice. Open Purchase Orders shall not be utilized as a substitute for the normal requisition and purchase order process described in this section. Open Purchase Orders may be written for a single class of consumable Articles i.e., office supplies, without listing specific, exact descriptions of each Article, but not to exceed the authority listed above and cannot span a period of time which includes more than one fiscal year.

- (4) Small Purchase Procedures specific to Public Projects and Maintenance. All purchases shall be made by written contract. Any such contracts shall be awarded on the basis of price and such other criteria established by the General Manager or Designee, as may be in the best interest of the District, in light of the type of work involved. Contracts for Public Projects shall require the successful bidder to execute a bond, in a form approved by the Board, for the faithful performance of the contract. Additionally if the contract exceeds \$25,000 and involves erection, construction, alteration, repair or improvement of any public structure, building, road or other public improvement of any kind, the successful bidder shall execute a payment bond, as required by the provisions of the California Civil Code.
- (5) Petty cash. Occasionally purchases of minor items may be required. Payments for such items may be authorized from petty cash funds by the General Manager or Designee. In no case will approval exceed \$50.00.

- (6) Quote information shall be retained until completion of the annual audit for the fiscal year in which purchased, or as otherwise established in the District's Records Retention Schedule.
 - (7) Nothing in these Small Purchase Procedures shall prevent the General Manager, or Designee, from obtaining multiple quotations or from implementing the Informal Bid Procedures or Formal Bid Procedures if it is in the best economic interests of the District to do so. This judgment shall be made in the sole discretion of the General Manager or Designee.
 - (8) Nothing in these Small Purchase Procedures shall prohibit the District from doing or causing to be done directly by the District, and without any contract, any or all work necessary or proper in or about the making of all current and ordinary repairs or in or about current and ordinary upkeep or maintenance.
 - (8) Under no circumstances shall purchases be split or separated into multiple purchases in order to avoid the Small Purchase Procedures, Informal Bid Procedures and/or Formal Bid Procedures set forth herein
- b. Purchase Procedures for Public Projects, Maintenance, and Articles in Excess of \$60,000 and \$200,000 or Less ("Informal Bid Procedures").

In accordance with Public Contract Code Section 22034, the District adopts the following Informal Bid Procedures, applicable to purchases of Public Projects, Maintenance, and Articles in excess of \$60,000 and \$200,000 or less. Contract award shall be made by the Board.

- (1) The District shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be as required by the Commission.
- (2) All contractors on the list for the category of work being bid or all construction trade journals pursuant to in Public Contract Code Section 22036, or both all contractors on the list for the category of work being bid and all construction trade journals pursuant to in Public Contract Code Section 22036, shall be mailed, faxed or emailed, a notice inviting informal bids unless the product or service is proprietary.
- (3) All delivery of notices inviting informal bids to contractors and construction trade journals shall be completed not less than 10 calendar days before bids are due. The notice inviting informal bids may also be published in in a newspaper of general circulation.

- (4) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.
- (5) If all bids received are in excess of \$200,000, the Board may, by adoption of a resolution by a four-fifths (4/5) vote, award the contract, at one \$212,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the District is reasonable.
- (6) If awarded, a contract will be awarded to the lowest responsible bidder, consistent with the quality and delivery requirements.
- (7) All contracts for Public Projects shall require the successful bidder to execute a bond, in a form approved by the Board, for the faithful performance of the contract. Additionally if the contract involves erection, construction, alteration, repair or improvement of any public structure, building, road or other public improvement of any kind, the successful bidder shall execute a payment bond, as required by the provisions of the California Civil Code.
- (8) The Board shall have the right to reject all or any of the bids received.

c. Purchase Procedures for Public Projects, Maintenance, and Articles in Excess of \$200,000 (“Formal Bid Procedures”).

Purchases of Public Projects, Maintenance, and Articles in an amount exceeding \$200,000 shall be procured pursuant to the following Formal Bid Procedures. Contract award shall be made by the Board. Additionally, all plans and specifications for Public Projects shall be adopted by the Board or General Manager/ Designee.

- (1) In accordance with Public Contract Code Section 22037, a notice inviting formal bids shall be published in a newspaper of general circulation, printed and published, at least 14 calendar days before the date of opening the bids, in the jurisdiction of the District and any such other newspaper publications deemed appropriate by the General Manager or Designee. Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project.

If applicable, the notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail and mailed to all construction trade journals. The notice shall be sent at least 15 calendar days before the date of opening the bids.

- (2) All bids for shall be presented under sealed cover. If awarded, a contract will be awarded to the responsible bidder who submits the lowest responsive bid.
- (3) All bids for Public Projects shall be accompanied by one of the following forms of bidder's security:
 - i. Cash
 - ii. A cashier's check made payable to the District
 - iii. A certified check made payable to the District
 - iv. A bidder's bond executed by an admitted surety insurer made payable to the District in the form provided by the District

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the District beyond 60 days from the time the award is made.

- (4) All contracts for Public Projects shall require the successful bidder to execute a bond, in a form approved by the Board, for the faithful performance of the contract. Additionally if the contract involves erection, construction, alteration, repair or improvement of any public structure, building, road or other public improvement of any kind, the successful bidder shall execute a payment bond, as required by the provisions of the California Civil Code.
 - (5) The Board shall have the right to reject all or any of the bids received.
- d. Nothing in this Section shall preclude the District from utilizing the design-build project delivery method where authorized by and in accordance with the provisions and requirements set forth in California Public Contract Code Section 22160 et seq., as it may be amended from time to time.
 - e. Any federally funded project shall comply with Uniform Guidance for Procurement.

Sec. 5.6 Procedures for Procurement of Professional Services.

- a. Pursuant to California Government Code Section 4526 et seq., the District shall secure professional services on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. When specific technical expertise or experience is required, the District may negotiate the scope and fee for these services with an individual firm with this specific expertise.

- b. The District may, for procurement of architectural, landscape architectural, engineering, environmental, land surveying, and construction management services, utilize the Qualification-Based Selection procedures adopted by the Architects and Engineers Conference Committee of California, as deemed appropriate by the General Manager or Designee.
- c. If the value of the services are estimated to be \$60,000 or more, the District shall issue a formal Request for Proposals for the services. Additionally, if deemed in the best interests of the District as determined by the General Manager or Designee, the District may first issue a Request for Qualifications to solicit firms with the necessary qualifications for the services.
- d. If the value of the services are estimated to be less than \$60,000, where practical, three proposals shall be obtained unless the General Manager or Designee deems otherwise appropriate.
- e. Award of Professional Services Contracts may be made by the General Manager for contracts in the amount of \$60,000 or less. Contracts in excess of \$60,000 shall be awarded by the Board.
- f. The contract amendment procedures outlined in this Article apply to Professional Services Contracts.

Sec. 5.7 Prequalification.

The District may prequalify contractors, pursuant to the provisions and requirements of California Public Contract Code Section 20101, as determined appropriate in the reasonable discretion of the General Manager or District Engineer. Prequalification shall be through a uniform system of rating bidders on the basis of completed questionnaires and financial statements in a form specified by the Board. The District may accordingly limit bids or proposals it receives to those contractors who are prequalified.

Sec. 5.8 Emergencies.

California Public Contract Code Section 22050 authorizes special contracting procedures in cases of “emergency.” An “emergency” for purposes of Section 22050 is defined as a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

In the case of an emergency, as defined herein, the General Manager or Designee, may repair or replace a public facility, take any directly related and immediate action required by the emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts. The General Manager, or Designee, must report to the Board at its next meeting required pursuant to this Section 5.8, the reasons justifying why the emergency will not permit a delay resulting

from a competitive solicitation for bids and why the action is necessary to respond to the emergency.

If the General Manager or Designee, orders any action specified herein, the Board shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless the General Manager or Designee, has terminated that action prior to the Board reviewing the emergency action and making a determination. When the Board reviews the emergency action, it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

Sec. 5.9 Exceptions to Procurement Requirements.

a. Sole Source Exception.

Notwithstanding any provision in this Article 5, the procurement requirements set out in this Article 5 shall not apply to the procurement of Articles, Professional Services, Public Projects, or Maintenance that can only be obtained from one supplier or contractor and for which obtaining quotes or bids is therefore impossible or not in the public interest, such that no competitive advantage can be gained by soliciting quotes or bids. Sole source contracts or agreements up to \$60,000 may be procured by the General Manager or Designee. The Board must approve any source contracts or agreements of \$60,000 or more.

b. Purchases when Price Controlled by an Official Rate-Making Body.

Whether approved by the General Manager or Designee, or the Board, the District is authorized to procure services or Articles without quotation or bid if the price is controlled by an official rate-making body such as is the case with wholesale water from Eastern Municipal Water District, electricity, gas and telephone, and the services are provided for in the operating budget.

Sec. 5.10 Local Procurements.

- a. It is the District's policy to encourage local businesses to provide goods and services to the District in order to maintain a healthy local economy, to increase local competition, and to lower core costs of goods and services. Local preference for the procurement of eligible contracts may be allowed, so long as it is not otherwise prohibited by funding sources, by providing a 5% local preference where the purchase or contracts with a respective local vendor or business during any fiscal year do not exceed \$60,000. In order to qualify for this local preference, a vendor or business must either (a) be a District rate payer in good standing for the

past six months, or (b) receive District utility services at its business location for the past six months, paid by a third party.

- b. Eligible procurements include those contracts which are not otherwise subject to competitive bidding, including contracts for the following:
 - (1) Purchases of Public Projects, Maintenance, and Articles in the amount of \$60,000 or less, pursuant to Section 5.5(a).

Sec. 5.11 Sale of Surplus Property/Equipment and Scrap Metal.

- a. Surplus Property/Equipment. When it has been determined by the General Manager that equipment is no longer appropriate because of capability, size, age, etc., to fulfill the District's mission or if a particular piece of equipment is more costly to maintain than to replace, the item will be disposed of through the next scheduled San Diego County auction. Should property become surplus through obsolescence or through a change in operating methodology, the excess property will be disposed of, as determined by District staff, as follows:
 - (1) To other public agencies on a bid basis;
 - (2) San Diego County Auction, or
 - (3) Internet-based inline auction services.
- b. Scrap Metal. The scrap metal which accumulates through the replacing of damaged and/or unserviceable items in the course of District operations, shall be sold as scrap to local scrap dealers at prevailing rates. Sales receipts shall be miscellaneous revenues of the District.

Sec. 5.12 Use of District Credit Card.

- a. There are certain transactions that are more efficient using a credit card transaction. Examples include small purchases that are lower cost on-line, travel arrangements, registration for training and other similar services.
- b. The credit card shall never be used to circumvent established competitive purchasing procedures. The credit card is prohibited from being used to purchase items for personal use under all circumstances. Personal use of the credit card will result in disciplinary action.
- c. Authorized cardholders and credit card use shall be per the District Credit Card Users Guide as approved by the General Manager.

Sec. 5.13 Contract Amendment Procedures.

As delegated by the Board of Directors of the District pursuant to the provisions of the Public Utility District Act, the General Manager is authorized to issue amendments to contracts as follows:

- a. A purchase order or contract may be amended by the issuance of a change order or amendment, provided the change which is the subject of the change order or amendment is reasonably related to the scope of the original contract. The General Manager may issue a change order or amendment which results in a total contract price of \$60,000 or less. The General Manager may request approval authority from the Board to issue contract amendments for up to 10% of the total contract value for specific projects with an initial contract value of greater than \$60,000.
- b. When the cumulative sum of amendments to a contract would exceed the limits in (a) above, a report of such amendments will be presented to the Board at its next meeting. Upon acceptance of the amendments by the Board, the General Manager shall have additional authorization to issue amendments as if the original contract amount were the total of the original amount and all accepted amendments.

ARTICLE 14 (Renumbered as Article 5 by Resolution 5006)
Sec. 14.7 - Rev. 4/95
Sec. 14.10 – Rev. 3/96
Sec. 14.5(a), 14.6(a) & (d), 14.7(d) – Rev. 6/99
Sec. 14.11 – Added 10/05
Sec. 14.4e(2), 14.10(c) & 14.12(g) – Rev. 6/06
Sec. 14.5(g) – Rev. 8/08
Sec. 14.4(e), Rev 01/09
Secs. 14.4(e)1,3,4,5,(f); 14.5(a)(d); 14.6(c)(d); 14.7(d); 14.9(b); 14.11(c) – Rev. 2/10
Add Sec. 14.12 – Rev. 2/11
Secs. 14.4; 14.9 – Rev. 1/13
Secs. 14.4; 14.13 – Rev. 7/13
Sec. 14.4 – Rev. 5/15
Sec. 14.4(f), 14.9(c) – Rev. 1/16
All Secs. Repealed and Replaced - Rev. 6/17
Sec. 14.4 – Rev. 5/19
Sec. 5.5 – Rev. 3/21
Secs. 5.4; 5.5; 5.6; 5.9; 5.10; 5.13 – Rev. 7/22

EXHIBIT B

**REVISIONS TO ARTICLE 9 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE**

[COMMENCING ON NEXT PAGE]

Article 9. **Annexations**

Sec. 9.1 **Incorporation by Reference.**

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

Ordinance No. 73	1950 Annexation
Ordinance No. 92	1958 Annexation
Ordinance No. 122	Airpark Annexation
Ordinance No. 226	Conditions of Service, Waterline Extensions
Ordinance No. 248	Water Service & Water Rates
Resolution No. 1732	Description of Land, Red Mountain Ranch
Resolution No. 1791	Red Mountain Ranch Annexation
Resolution of LAFCO	DeLuz Annexation 1/8/90
Resolution No. 10A	Board of Supervisors, DeLuz Annexation 6/13/90
Resolution 2023-11	Concurrent Annexation to Eastern Municipal Water District and Detachment from San Diego County Water Authority with Related Actions

Sec. 9.2 **General.**

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

Ordinance No. 92

Ordinance No. 226 and 248.

Sec. 9.3 **Annexation Payments.**

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

- a) Payment of costs and expenses of the District in connection with or incidental to the annexation proceedings.
- b) Payment to the Eastern Municipal Water District (if any) and Metropolitan Water District of any amounts established by each said Districts in consenting to the concurrent annexation of said territory to said Districts, to be levied as special taxes by said Authority and by said District.
- c) In lieu taxes, from date of Board's approval of annexation to date District taxes may be levied.

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

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

All water rates, rentals, rules and regulations established and to be established by the District for water service and for water delivered by said District, irrespective of the source from which water comes, shall apply uniformly to lands in the annexed areas which have paid their service connection charges in full and to the land already within the District.
Ordinance No. 92

Sec. 9.4 Conditions for Annexation.

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

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

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

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

Authority respectively, for said annexation and annexation to the District shall become effective and binding only if and when said annexation also has become effective and binding as to the EMWD and MWD and said lands have been included in and have become a part of the EMWD and MWD.
Ordinance No. 92

Sec. 9.5 1950 Annexation.

The 1950 annexation has all been paid into the District. The 1950 annexation was recorded August 1, 1950.
Ordinance No. 73.

Sec. 9.6 1958 Annexation.

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

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

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

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

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

Sec. 9.7 Airpark Annexation.

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

Sec. 9.8 Red Mountain Ranch Annexation.

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

Sec. 9.9 DeLuz Annexation.

Formation of the Parent District of the DeLuz Heights MWD occurred on September 25, 1962 by the registered voters. The District then became a member agency of the San Diego County Water Authority on June 28, 1967, and the District Board of Directors established Improvement District No. 1 (I.D. #1) on March 11, 1969 which consisted of approximately 8,970 acres. Subsequently, a joint petition was filed by 13 individual property owners requesting annexation of approximately 1,580 additional acres to I.D. #1. Improvement District No. 2 (I.D. #2) was formed by the Board of Directors on February 29, 1972 by a special election of individual property owners, which brought the total area to 10,687 acres.

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

On June 13, 1990, the San Diego County Board of Supervisors and the Local Agency Formation Commission approved the dissolution of DeLuz Heights MWD and its annexation to the Fallbrook Public Utility District, with approval from a majority of the voters. This reorganization included transfer of 12,000 acres of inhabited land, all tangible assets and monies, including cash on hand, monies due but not collected, and all accounts payable and any other obligations, effective June 30, 1990.

LAFCO Resolution dated 1/8/90 & Board of Supervisors Resolution No. 10A dated 6/13/90.

Sec. 9.10 Annexation/Detachments Between Adjacent Districts.

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

Sec. 9.11 Partial Annexations.

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

This section revises Section 4 of Ordinance No. 92

Sec. 9.12 DeLuz Service Area Annexations.

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

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

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

9.12.1 Additional Costs.

The acreage fee shall increase as follows:

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

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

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

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

Sec. 9.13 Improvement District "S".

9.13.1 Annexation Fees and Costs.

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

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

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

- b) Fees: An annexation fee as identified in Article 11 shall be charged for each equivalent dwelling unit permit for sewer service granted for service within the annexed territory at any time after the territory is annexed to the District. This fee shall be deposited with the application for issuance of a sewer service permit for service within the annexed territory.

9.13.2 Adjustment Review.

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

Sec. 9.14 Eastern Municipal Water District (EMWD) Annexation

On July 10, 2023, the San Diego Local Agency Formation Commission (LAFCO) approved the concurrent annexation to Eastern Municipal Water District and detachment from San Diego County Water Authority for the District. This action transferred the entire jurisdictional boundary of the district to EMWD. This action became effective January 1, 2024.

ARTICLE 18 (Renumbered as Article 9 by Resolution 5006)
Sec. 18.11 – Rev. 2/93
Sec. 18.1, 18.3-4 – Rev. 4/93
Sec. 18.12 – Rev. 11/94
Sec. 18.13 – Rev. 6/95
Sec. 18.13.6 – Rev. 9/96
Sec. 18.13.4 – Rev. 6/97
Sec. 18.13.5 – Rev. 6/97
Sec. 18.13.6(b) – Rev. 6/97
Sec. 18.13.2,3,4,5,6(b) – Rev. 9/98
Sec. 18.13 – Rev. 4/12
Secs. 18.2, 18.3 – Rev. 7/19

EXHIBIT C

**REVISIONS TO ARTICLE 15 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE**

[COMMENCING ON NEXT PAGE]

Article 15. **Standby or Availability Charges**

Sec. 15.1 Definition.

In accordance with Division 7, Chapter 4, Article 3, Sec. 16475 and 16477 of the Public Utility District Act, the Board of Directors has the authority to establish standby or water availability charges, not to exceed \$30.00 an acre.

Sec. 15.2 Water Availability Charges.

Water availability charges are hereby fixed and established on all land within the District boundaries, whether the water is actually used or not, as follows:

The term "parcel" as used herein shall mean a parcel of land as shown upon the assessment rolls of the County Assessor of San Diego County; provided that where a legal final subdivision map has been approved, "parcel" shall mean each separate lot within the subdivision.

15.2.1 Fallbrook Service Area.

(a) \$10 (ten) per acre for all parcels one (1) acre or more prorated out to one hundredth of an acre, as set forth in the San Diego County Tax Assessor's maps, EXCEPTING lands permanently dedicated exclusively to transportation of persons or property, hereafter referred to as the transportation dedication exclusion. For purposes of this Administrative Code, it is assumed that 5% of all parcels have been permanently dedicated exclusively to transportation of persons and property; therefore, the actual assessment will be \$9.50 per gross acre, as set forth in the San Diego County Tax Assessor's maps.

(b) \$5 (five) for parcels of less than one acre. For purposes of this Administrative Code, all parcels with gross acreage of 1.05 acres are considered to have a net acreage of less than one acre for purposes of the transportation dedication exclusion.

15.2.2 DeLuz Improvement District.

(a) Acreage adjacent to or lying within 1320 feet of water distribution line \$10.00 per acre.

(b) Acreage between 1320 and 2640 feet of a water distribution line – \$ 9.00 per acre.

(c) Acreage between 2640 and 3960 feet of a water distribution line – \$ 8.00 per acre.

(d) Acreage between 3960 and 5280 feet of a water distribution line – \$ 7.00 per acre.

(e) Acreage over 5280 feet from water distribution line -\$ 6.00 per acre.

(f) All parcels of less than one acre - \$ 5.00.

Sec. 15.3 Exemptions.

Lands not using District water and obtaining water primarily from rainfall, springs, streams, lakes, rivers, or wells, and where the primary economic activity on the land is the commercial extraction of minerals, are exempt.

Sec. 15.4 Collection of Standby/Availability Charges.

On or before August 10 of each year, the Secretary of the District shall furnish in writing to the Board of Supervisors of San Diego County and to the County Auditor a description of the land within the District upon which standby or availability charges are to be levied and collected, together with the amount of the charges. At the time and in the manner required by law for the levying of taxes for County purposes, the Board of Supervisors shall collect, in addition to taxes it levies, water availability charges in the amounts fixed by this Administrative Code for the respective parcels of land described in Sec. 14.2.1 and Sec. 14.2.2 of this Code. All County officers charged with the duty of collecting taxes will collect the charges with the regular tax payments in the same form and manner as County taxes are collected. Such availability charges are a lien on the property with respect to which they are fixed. Collection of the charges may be enforced by the same means as provided for the enforcement of liens for State and County taxes.

Sec. 15.5 Deferral of Charge.

Situations may arise when an owner of a parcel of land does not use and has no present intention of using water provided by the District. The purpose of this section is to permit an evaluation by the District, on a case-by-case basis, of the circumstances which pertain to such situations to determine whether a deferral of charges should be approved according to the terms and conditions herein provided.

15.5.1 Application. Any owner of a parcel of land who believes that the amount of the Water Standby Availability Charge fixed against such parcel should be deferred may file an application with the District for deferral of the charge, as follows:

- a) The application shall include a statement describing the circumstances and factual elements which support the request for deferral.
- b) The General Manager shall consider the request within sixty (60) days after the filing of a completed application. If the application for deferral meets the established criteria, the General Manager may decide whether to approve the request and order the charge deferred accordingly. If the request is denied, the applicant shall be notified in writing stating the reasons for the denial.
- c) An application shall be deemed timely as to a charge established for any year if it is filed within three (3) years after the date the ordinance fixing the charge is adopted.

15.5.2 Appeal to Board of Directors. If the General Manager denies a request, the owner may file an appeal with the Board of Directors within sixty (60) days after such denial. No new application for deferral need be considered by the General Manager until expiration of twelve (12) months from the date of a denial unless differently directed by the Board of Directors.

15.5.3 Deferred Charges on Restricted Parcels. The levy of the charge may be deferred annually as to any parcel of land which meets each of the following criteria:

a) The owner of such parcel makes a timely application requesting deferral of the charge as defined in subsection 15.5.1.

b) The parcel, which is the subject of the request, will become subject to enforceable restrictions which prohibit the use of water on the parcel, except by means of natural precipitation or runoff; provided however, if considered appropriate by the General Manager local water may be used for limited domestic, stock watering and irrigation uses.

c) The owner executes a recordable agreement which includes provisions that:

set forth the enforceable restrictions pertinent to the subject parcel;

the agreement may be terminated upon written request by the owner and payment of all deferred Water Standby Availability Charges, plus interest thereon, compounded annually, and accruing at the legal rate from the date such charges would have been otherwise due and payable;

no water service from District sources shall be provided to such parcel for a period of ten (10) years after the total amount due for the charges deferred, plus annually compounded interest, is paid in full to the District;

during the ten (10) year period, while water service is not available to the subject land, the owner pays all annual Water Standby Availability charges as fixed; and

contains such other provisions considered by the General Manager to be appropriate.

15.5.4 Deferred Charges on Partial Parcels. The District does not allow partial deferments of the Water Availability/Standby charge on a single parcel. Landowners within the District's service area wishing to defer these charges on a portion of their property will need to obtain a separate Assessor Parcel Number (APN) for that property that cannot be developed or planted.

A property owner must submit a map to the San Diego County Assessor's Office, Mapping Division, depicting the owners property and the area(s) to be considered separately, and a request that the Water Availability/ Standby charge be deferred. This will create a new APN and an Owner's Map which is for assessment purposes only.

15.5.5 Surcharge. Upon termination of the deferral agreement, an owner may elect to receive water prior to the expiration of the ten (10) year period upon payment of a surcharge. The surcharge shall be equal to the amount of the annual water Standby Availability Charge fixed for the parcel(s) of land in the year of election to receive water service multiplied by the number of years remaining of the ten (10) year period.

15.5.6 Refunds. If it is determined that a refund of any previously fixed Water Standby Availability Charge is appropriate because the subject parcel qualifies for deferral of charges, the amount refunded shall be added to the amount of deferred charges due under section 15.5.3, c, para. 2, and will be subject to the legal interest rate compounded annually.

15.5.7 Enforcement Procedures. In order to insure that terms and conditions of the recordable agreement are being met, the General Manager shall:

a) maintain a record of all parcels approved for deferral of the Water Standby Availability Charge;

b) make a written report to the Board of Directors in August of each calendar year showing all parcels with deferred annual Water Standby Availability Charges and the amount of the deferred charges and accrued interest;

c) cause each such parcel to be physically inspected every three (3) years from the date of deferment;

d) report to the Board of Directors any instances where the terms of the agreement are being violated; and

e) take such other actions or procedures considered appropriate.

Sec. 15.6 Certified Copies.

The Secretary of the District shall deliver certified copies of this Ordinance to the Board of Supervisors and to the Auditor of San Diego County with the list of charges described above.

Sec. 15.7 Correction of Errors.

The General Manager of the District is hereby authorized to correct any clerical error made in any assessment or charge pursuant to this Administrative Code to make an appropriate adjustment in any assessment or charge made in error.

Ord. No. 218, 225, 232, 246, 256, 261, 285, and 295.

**ARTICLE 24 (Renumbered
as Article 15 by Resolution
5006)**

Sec. 24.5.4 – Rev. 9/97

MEMO

TO: Board of Directors
FROM: Fiscal Policy and Insurance Committee
DATE: May 29, 2024
SUBJECT: Adopt the District’s Fiscal Year 2024-25 Recommended Annual Budget

Purpose

Consider the District’s Fiscal Year 2024-25 Recommended Annual Operating and Capital Budget (Budget) (Attachment A). The District’s Fiscal Year 2024-25 Budget Resolution (Attachment B) establishes the appropriations for the District’s operations, debt service, capital improvement projects and the Community Benefit Program for the upcoming fiscal year.

Summary

The Fiscal Policy and Insurance Committee (Committee) has met and reviewed the Budget on April 10, 2024 and May 21, 2024. During these meetings, the Committee conducted a detailed line item review of the District’s budgeted expenditures and revenues and identified cost savings opportunities. On April 22, 2024, the Committee presented the Draft Budget to the Board for input.

Operating Budget Summary

The recommended Operating Budget is summarized in the table below.

	FY 2022-23	FY 2023-24			FY 2024-25	Amnd. Bgt to Bgt % Change
	Actual	Recommended	Amended Budget	Projected	Recommended	
Water Supply Costs	\$ 10,716,859	\$ 9,558,078	\$ 9,558,078	\$ 6,794,693	\$ 3,433,211	-64.1%
Debt Service	3,822,936	5,463,081	5,463,081	5,463,081	6,141,364	12.4%
Total Labor	6,500,369	6,813,579	7,069,662	7,069,662	7,318,240	3.5%
Total Non-Labor*	6,172,082	7,625,467	8,158,253	7,879,295	9,258,491	13.5%
Operating Expense Total	\$ 27,212,247	\$ 29,460,206	\$ 30,249,075	\$ 27,206,730	\$ 26,151,306	-13.5%
Benefits Expenditures (Ops)	4,279,809	4,400,781	4,400,781	4,400,781	4,835,681	9.9%
Total	\$ 31,492,056	\$ 33,860,987	\$ 34,649,856	\$ 31,607,511	\$ 30,986,987	-10.6%

*Total Non-Labor Includes \$542,367 for Community Benefit Program

Overall, the 10.6% decrease in the Operating Budget is being driven by a decrease in the cost of wholesale water due to the District’s detachment from the San Diego County Water Authority. In addition to now purchasing wholesale water from Eastern Municipal Water District (EMWD) at a lower cost, the District is also scheduled to receive a large volume of low cost local supply. Combined these factors are driving down the Water Supply Cost. The 12.4% increase in debt service is due to the issuance of the 2024 Revenue Bonds in 2024. Benefits are increasing by 9.9% due to increases in pension and healthcare costs.

Capital Budget Summary

The recommended Capital Budget is summarized in the table below.

	FY 2022-23	FY 2023-24			FY 2024-25
	Actual	Original Budget	Amended Budget	Projected	Recommended
Water CIP	\$ 3,561,544	\$ 7,379,500	\$ 6,590,632	\$ 5,857,146	\$ 8,508,750
Wastewater CIP	819,481	1,765,000	1,765,000	560,274	2,511,250
Recycled Water CIP	615,443	119,000	119,000	121,312	124,000
Admin CIP	834,727	966,000	966,000	516,746	582,000
Total CIP	\$ 5,831,196	\$ 10,229,500	\$ 9,440,632	\$ 7,055,478	\$ 11,726,000

For the FY 2024-25 Budget the focus will be on Water CIP, with continued emphasis on pipeline and valve replacements. This Budget cycle includes a \$2 million carry-over from FY 2023-24 for projects that were not completed due to long procurement times or unforeseen field conditions.

Today's Action

- **Adopting the Budget Resolution (Attachment B)** – This approves the Budget and authorizes the General Manager subject to the limitations provided in the resolution to execute the Budget and operate the District;

Recommended Action

That the Board adopt Resolution No. 5078 adopting the final budget for Fiscal Year 2024–25.

Attachment A

Fallbrook Public Utility District

Fiscal Year 2024-2025 Recommended Annual Budget



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Fallbrook Public Utility District

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Fallbrook, CA 92028
760-728-1125
www.fpud.com



Current Board of Directors:

District #1 - Dave Baxter

District #2 - Ken Endter

District #3 - Jennifer DeMeo, President

District #4 - Don McDougal, Vice-President

District #5 - Charley Wolk, 2023 CSDA Board Member of the Year

District Management:

General Manager - Jack Bebee

Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Jodi Brown, Aaron Cook, Annalece Bokma, Mickey Case, Devin Casteel, Isabel Casteran, Kevin Collins, Mick Cothran, Noelle Denke, Kyle Drake, Lauren Eckert, Jason Jared, Kelly Laughlin, John Marchetta, Donald Parker, Jesse Perez, Carl Quiram, Christi Ray, Eddie Rodriguez, Steve Stone, Veronica Tamzil and Steve Wuerth for their support in preparing this document.



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May 29, 2024

Board of Directors
 Fallbrook Public Utility District
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Division 4

Charley Wolk
Division 5

Staff

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General Manager

David Shank
*Assistant General Manager/
 Chief Financial Officer*

Lauren Eckert
*Executive Assistant/
 Board Secretary*

General Counsel

Paula de Sousa
Best Best & Krieger

Budget Message

Enclosed is the Fiscal Year 2024-25 Recommended Operating and Capital Budget (Budget) for the Fallbrook Public Utility District (District). The District is focused on executing the Board of Directors' goals and objectives through the continued implementation of the District's Strategic Plan, which is included at the beginning of the Budget document. These objectives help the District meet its overall objective, which is to benefit the community of Fallbrook by leveraging sound business practices to provide efficient and reliable services. The Budget presented here supports these goals and objectives.

Operational Efficiency

Over the past year, the District's water operations has undergone a complete transformation. This transformation includes coordinating the delivery of Santa Margarita River (SMR) water from Camp Pendleton (the District's local water supply), the operation of the new Santa Margarita Groundwater Treatment Plant (SMGTP), and importing water from a new wholesale water provider, Eastern Municipal Water District (EMWD). Staff now have to balance customer water demands, water deliveries from Camp Pendleton and EMWD, water production at the SMGTP with draws from and deposits into the Red Mountain Reservoir. Fiscal Year 2024-25 will be focused on fine tuning operations and with an eye towards identifying operational efficiencies to minimize the District's cost of water.

The District is also focused on the efficient operations of the Water Reclamation Plant. The District has implemented several Key Performance Indicators (KPIs) to use as performance benchmarks ensuring treatment processes are optimized and costs minimized. In addition, the District also continues to look for opportunities to expand its recycled water service area.

Water Affordability

The District has faced a decade of escalating wholesale water costs driven by costly infrastructure investments made by the San Diego County Water Authority (SDCWA) in supply reliability. This year the District detached from SDCWA's service area and annexed into EMWD's service area. The result of this change is a significant decrease in the District's cost of imported water. As an EMWD customer, the District's monthly fixed charges decreased by approximately 87%. The cost of treated water deliveries also went down by approximately 20%. These savings allowed the District to hold water usage



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*Executive Assistant/
Board Secretary*

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rates flat and reduce the fixed monthly fees paid by customers in calendar year 2024.

Going forward, the District expects, on average, more than half of its water supply will come from local supplies. For example, in Fiscal 2024-25, the District expects local water supply to provide more than 92% of District’s total water supplies. As the District optimizes system operations, cost savings will be passed through to customers.

The District’s detachment agreement with SDCWA required an \$8.5 million Detachment Fee to be paid to SDCWA. To manage the financial impact of the Detachment Fee in Fiscal Year 2023-24, the Board chose to debt fund the water Capital Improvement Program (CIP). By funding the CIP with debt proceeds, the District had sufficient cash reserves to pay the Detachment Fee and maintain its operating reserves. This approach also enabled the District to spread the financial impact of the Detachment Fee over time and minimize the immediate impact on water rates and charges.

The District still faces wholesale water rate increases by the Metropolitan Water District (MWD), which are passed through by EMWD. In calendar years 2025 and 2026, MWD is increasing water rates by 11% and 10%, respectively. However, the District will avoid SDCWA’s rate increases, which could be around 22% in calendar year 2025.

Asset Management

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 400 years, which means a significant number of assets in operation were well beyond their expected service life. With this replacement cycle, the frequency of asset failures is expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. Over the past several years, the District has seen an increase in the frequency of emergency water pipeline repairs. In an attempt to mitigate this trend, The District is reviewing its asset management program and modifying business practices in an attempt to better determine both the asset’s condition and consequence of failure to support better asset renewal and replacement decisions. With the overall goal of driving the water system’s asset service life down from 400 years to 100 years, the District will continue to proactively manage the renewal and rehabilitation program targeting prioritized assets.

Continuous Improvement

The District is focused on leveraging its information management systems into the decision making process. Providing field crews and engineering with a mix of information critical to effectively planning and making asset repair and replacement decisions is central to this effort. As staff continue to implement changes to information management systems to support better decisions, the District will begin a review of Enterprise Resource Planning (ERP) systems to evaluate which one best supports the District’s goals.



Looking Forward



The District is committed to advocating for its ratepayers and securing a reliable and affordable water supply. To this end, the District is focused on optimizing water supply and operations to minimize its costs. This approach not only applies to the Water System operations but also the Wastewater and Recycled Water Systems' operations.

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A handwritten signature in black ink, appearing to read 'Jack Bebee', written over a horizontal line.

Jack Bebee
General Manager

A handwritten signature in black ink, appearing to read 'David Shank', written over a horizontal line.

David Shank
Assistant General Manager/CFO

Board of Directors

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*Assistant General Manager/
Chief Financial Officer*

Lauren Eckert
*Executive Assistant/
Board Secretary*

General Counsel

Paula de Sousa
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Budget in Brief

Fiscal Year 2023-24 Accomplishments

- The District's SMGTP was able to process 100% of local water supply available.
- The SMGTP was used to optimize water supply reliability and operating costs.
- Completed key pipeline replacement projects to maintain system reliability and improved the methodology for evaluating and prioritizing projects.
- Completed a new meter testing program that tests 400 meters a year.
- Completed the detachment from San Diego County Water Authority (SDCWA) and annexation into Eastern Municipal Water District's (EMWD) service area.
- Completed the first round of grant funding for the Community Benefit Program's selected regional projects.
- Received the inaugural credit rating of AA- from Standard and Poors for the Water System and issued the 2024 Water Revenue Bonds to fund water capital projects.
- Completed the transition to a new third party administrator for the District's deferred compensation plans and implemented a fiduciary oversight committee.
- Implemented and tracked new operational and financial performance indicators for water, recycled water and wastewater that can be used to benchmark performance.
- The District's Annual Comprehensive Financial Report (ACFR) and an annual budget documents received the Government Financial Officers Association's (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards

Fiscal Year 2024-25 Goals

The Key Goals for the upcoming year include:

- Operate the District's SMGTP with a goal of receiving 100% of the Santa Margarita River water allocation.
- Optimize SMGTP operations to minimize the District's water costs.
- Complete key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects.
- Continue both SMGTP and Red Mountain UV facility operations and maintenance to deliver all available water supplies.
- Construct a new Toyon Pump Station at the site of the UV facility.
- Construct a De Luz Pump Station at the UV facility to move production water out to De Luz.
- Initiate the review and upgrade of the District's Enterprise Resource Planning system to better support operations and decision making.
- Advance asset management program by enhancing the computerized maintenance management system's functionality and utilization by field staff.
- Support the Community Benefit Program's activities and facilitate the execution of selected projects.
- Produce an Annual Comprehensive Financial Report (ACFR) and an annual budget document that meet the Government Financial Officers Association's (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards

Sources of Funds

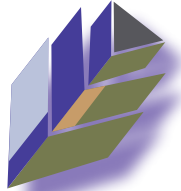
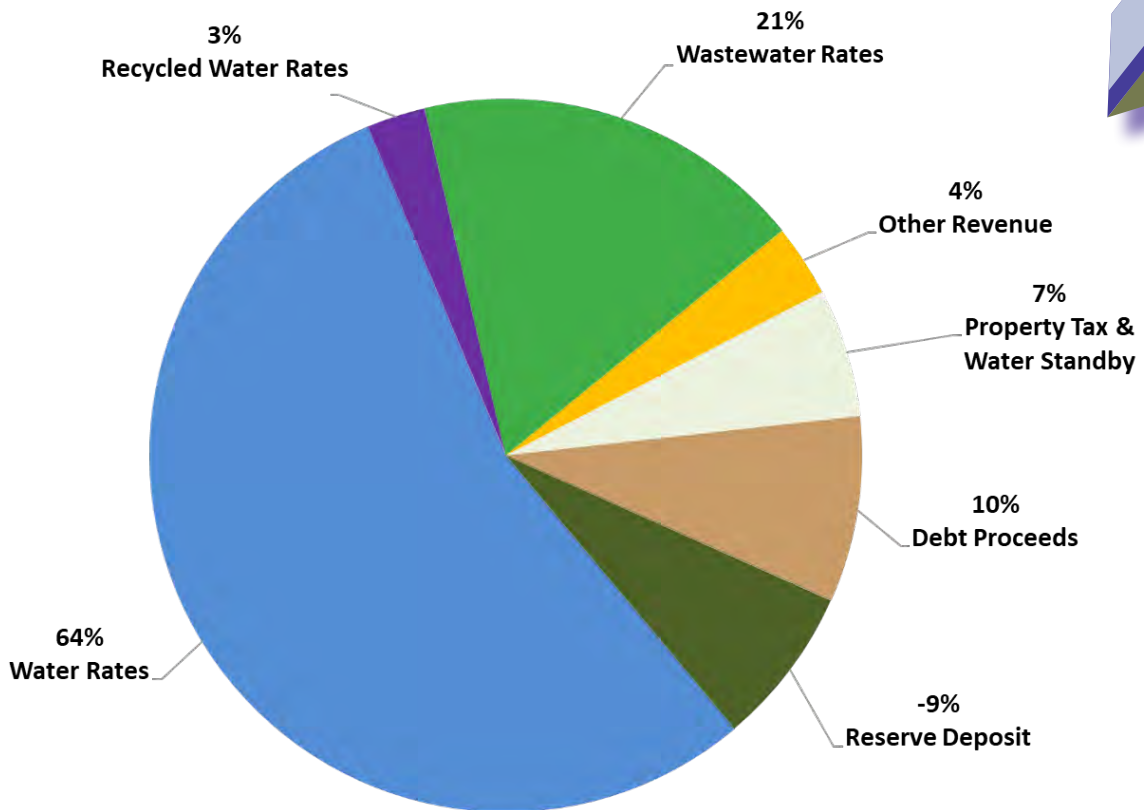
The water, recycled water and wastewater systems combined operating and non-operating revenues, debt proceeds and fund deposits are budgeted to meet the budgeted uses of funds and create a balanced budget. With Fiscal Year 2023-24 on track to set the District’s lowest ever annual water sales level, the Budget projections for Fiscal Year 2023-24 use 6,500 AF for water sales, which is 1,000 AF below what was budgeted. This is approximately 12% below the long-term average of 7,400 AF and reflects the extreme wet and cool year the region has had. Based upon the District’s Financial Plan Adopted in 2022, water, recycled water and wastewater rate increases for the Budget are projected at 3.5%, 2.5%, and 5%, respectively, for Calendar Year 2025. The Board will take action to adopt Calendar Year 2025 rates and charges in December of 2024 after it has reviewed the District’s Fiscal 2023-24 financial performance. At that time, the Board may choose alternative rate increases.

Rate Relief

The cost savings from detachment allowed the Board to keep calendar year 2024 water consumption rates flat and reduced the monthly fixed charges in spite of increasing wholesale water rates and charges.

Chart 1 shows a breakdown of the District’s \$42.7 million budgeted sources of funds. Rate and charge revenues make up 88% of the District’s total budgeted sources of funds. The District plans to fund the Wastewater and Recycled Water Capital Improvement Program (CIP) with cash on a Pay-As-You-Go (PAYGO) basis. The District will fund the Water CIP with a mix of bond proceeds and cash. A net fund deposit to reserves is budgeted and will help replenish reserves drawn down this year to fund the Detachment Fee.

Chart #1 - Sources of Revenue Fiscal Year 2024-25 Total Revenue \$42,712,987



Use of Funds

Table 1 shows the dramatic decrease in Water Supply costs, in spite of the adopted 11% increase in EMWD’s wholesale water rates, highlights the District’s transition from total reliance on imported supplies to having a local water supply. The District expects to get approximately 92% of its budgeted water supply from the Santa Margarita River (SMR) this Budget cycle. The cost to deliver the SMR water to customers includes the payment to Camp Pendleton to pump the water to the SMGTP (included in Water Supply Costs) and the cost to treat the water to drinking water standards at the SMGTP, which is included in the Water Treatment Division’s budget. The 35% increase in that division’s non-labor costs are being driven by power and chemical costs to treat the SMR water. Because the SMGTP operations costs and EMWD’s wholesale water costs are budgeted differently, any changes in the water supply mix make year-over-year Budget comparisons more complex. However, the overall increase takes into account changes in the supply mix and cost structure to provide a good year-over-year budget comparison.

Lowering Water Supply Costs

Detachment and high levels of local supply availability are driving water supply costs down by 64%.

The 12.4% increase in debt service is due to the addition of the Water Revenue Bonds. Overall, the 10.6% decrease in the Operating Budget is being driven by a decrease in the cost of wholesale water due to the District’s detachment from SDCWA.

Table #1 - Overview of Total Services’ Operating Budget

Description	FY 2022-23	FY 2023-24			FY 2024-25	Budget to
	Actual	Original Budget	Amended Budget	Projected	Budget	Budget Change (%)
Water Supply Costs	\$ 10,716,859	\$ 9,558,078	\$ 9,558,078	\$ 6,794,693	\$ 3,433,211	-64.1%
Debt Service	3,822,936	5,463,081	5,463,081	5,463,081	6,141,364	12.4%
Total Labor*	6,500,369	6,813,579	7,069,662	7,069,662	7,318,240	3.5%
Total Non-Labor**	6,172,082	7,625,467	8,158,253 (1)	7,879,295 (1)	9,258,491	13.5%
Operating Total	\$ 27,212,247	\$ 29,460,206	\$ 30,249,075	\$ 27,206,730	\$ 26,151,306	-13.5%
Benefits Expenses	4,279,809	4,400,781	4,400,781	4,400,781	4,835,681	9.9%
Total Services	\$ 31,492,056	\$ 33,860,987	\$ 34,649,856	\$ 31,607,511	\$ 30,986,987	-10.6%
Operating Budget						

* Total Labor does not include District’s Benefits

** Total Non-Labor includes \$542,367 for Community Benefit Program in FY 2024-25

(1) Does not include \$8,506,750 Detachment Fee



Table 2 shows the District’s total Cost of Water Production which includes Water Supply Costs and the Water Treatment Division’s Operating and Maintenance (O&M) Costs. The 26% reduction in the average cost of water production in Fiscal Year 2024-25 is due savings from detachment and the amount of low cost local water supply available to the District. Table 3 shows regional wholesale water rates against which the District’s average cost of water production can be compared.

Chart 2 shows the breakdown of the District’s total use of funds. Labor and benefits represent 28% of the District’s budgeted uses of funds. Seventy-two percent of the District’s uses of funds are for non-labor related expenditures. Non-labor costs represent the District’s single largest use of funds category. This Budget cycle, the share of Non-Labor uses of funds is elevated due to the cost to treat the high volume of local supply water that will be delivered to the District.

Table #2 - District’s Cost of Water Production

Description	FY 2023-24		FY 2024-25		Projection to Budget Change(%)
	Acre Feet	Projection	Acre Feet	Budget	
Water Supply Costs	SDCWA Wholesale Costs	2,080 \$ 3,937,505	0 \$ -	-100%	
	EMWD Wholesale Costs	424 862,141	679 772,590	-10%	
	MWD Pass Through Charges	N/A 512,489	N/A 537,156	5%	
	Camp Pendleton SMR Water Delivery Costs	4,523 1,185,026	5,990 1,600,288	35%	
	Red Mountain Inventory Withdrawal	0 -	899 240,177	100%	
	System Pumping	N/A 297,532	N/A 283,000	-5%	
Subtotal Water Supply Costs		\$ 6,794,693	\$ 3,433,211	-49%	
O&M Costs	Water Treatment Division Labor & Benefits Budget*	4,523 749,451	5,990 910,834	22%	
	Water Treatment Division Non-Labor Budget	4,523 1,550,860	5,990 2,280,088	47%	
	SMRCUP Debt	N/A 2,814,795	N/A 2,814,795	0%	
Subtotal O&M Costs		5,115,107	6,005,718	17%	
Total Cost of Water Production		\$11,909,799	\$ 9,438,929	-21%	
Subtotal Acre Feet Purchased	7,027		7,568	8%	
Total Cost of Water Production (\$/AF)		\$ 1,695	\$ 1,247	-26%	

* Treatment Division Labor & Benefits include \$264,658 and \$362,717 in benefits for FY 2024 and FY 2025 respectively.

Chart #2 - Uses of Funds Fiscal Year 2024-25
Total Uses of Funds \$42,712,987

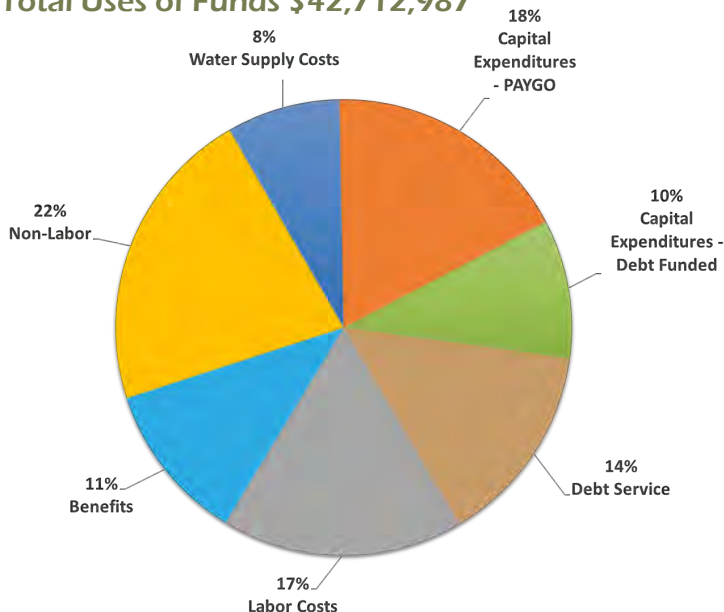


Table #3 - Regional Wholesale Water Rates (\$/AF)

Wholesale Supplier	CY 2024	CY 2025
EMWD ¹	1,267	1,406
SDCWA ²	1,997	2,436 ³

- (1) Actual and projected unit cost from EMWD.
- (2) Estimated unit cost if FPU D was still attached to SDCWA.
- (3) Based upon 22% increase in CY 2025.

The District’s average Cost of Water Production is below the Regional Wholesale Water Rates.

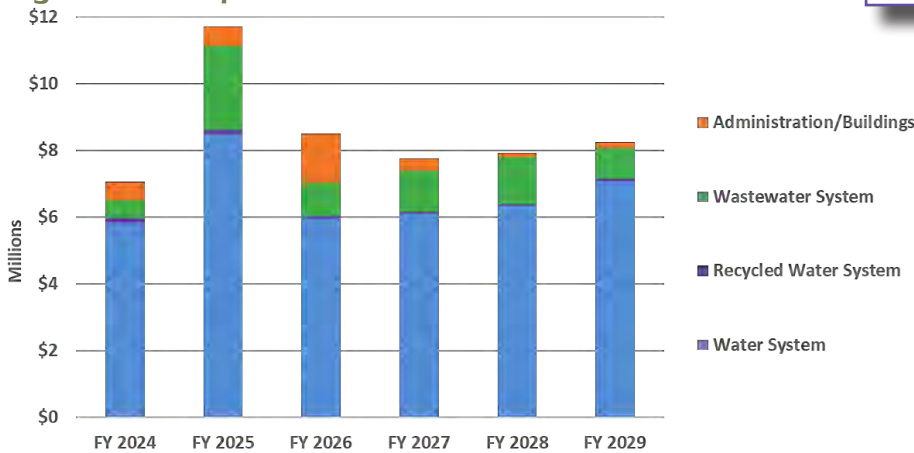
Capital Budget

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is the replacement of aging infrastructure. Chart 3 shows the annual CIP expenditures by project type. The Capital Budget for Fiscal Year 2024-25 is \$11.7 million. The budgeted amount for FY 2025 is above average due to the \$2 million carryover from FY 2024 for projects that were planned but not executed in FY 2023-24.

Capital Improvement Program Funds

The District will fund the Wastewater and Recycled CIP projects with PAYGO funds while the Water CIP projects will be funded with a combination of Water Revenue Bond proceeds and PAYGO.

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



Financial Summaries

This year, as shown in the updated financial projections for Fiscal Year 2024-25 in Table 4, the District is projecting a deposit to reserves. Looking forward, the District has made a significant reduction in the projected water sales level due to a persistent trend of lower annual water sales. The District's detachment from SDCWA and annexation into EMWD's service area has stabilized the District's financial position allowing inflationary level rate and charge increases in spite of the Water Services facing double digit wholesale water rate increases.

As shown in the financial projections in Table 4, a budgeted reserve deposit of \$3.6 million is planned for Fiscal Year 2024-25 followed by additional reserve deposits replenishing the reserves used to pay the Detachment Fee and bring reserves back in line with the reserve target established by the Board. Chart 4 shows the District's reserve balances are expected to remain relatively stable and trend towards the target fund levels. The chart also shows the 2024 Bond Proceeds balance as it is drawdown to fund Water CIP. The District is projected to maintain a debt service coverage level in excess of its required 1.2x.

Chart #4 - District's Fund Balances and Target Balance Level

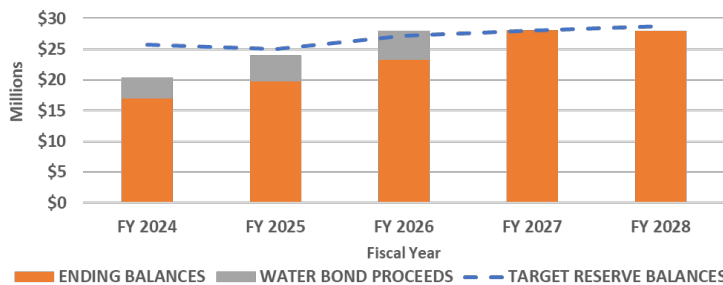


Table #4 - Fallbrook Public Utility District's Financial Summary

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenue from Rates					
Water	\$ 23,927,732	\$ 25,536,172	\$ 26,625,210	\$ 27,955,861	\$ 29,351,998
Recycled Water	1,300,047	1,332,131	1,365,039	1,398,983	1,433,840
Wastewater	7,188,621	7,480,829	7,776,732	8,076,396	8,316,439
Subtotal Revenue from Rates	\$ 32,416,401	\$ 34,349,132	\$ 35,766,981	\$ 37,431,240	\$ 39,102,277
Other Operating Revenue Subtotal	\$ 691,946	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Non-Operating Revenue	\$ 6,928,630	\$ 7,388,181	\$ 7,497,028	\$ 7,814,640	\$ 7,719,456
Total Revenues	\$ 40,036,977	\$ 42,112,313	\$ 43,639,009	\$ 45,620,880	\$ 47,196,733
Total Operating Expenses					
	\$ 25,877,388	\$ 24,299,623	\$ 28,833,311	\$ 30,396,610	\$ 31,942,171
Net Operating Revenues	\$ 14,159,589	\$ 17,812,690	\$ 14,805,698	\$ 15,224,270	\$ 15,254,562
Total Non-Operating Expenses	\$ 8,773,791	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Total Debt Service	\$ 5,463,081	\$ 6,141,364	\$ 6,137,994	\$ 6,139,425	\$ 5,878,311
Total Capital Expenditures	\$ 7,055,478	\$ 11,726,000	\$ 8,842,600	\$ 8,385,644	\$ 8,920,172
Total Expenditures	\$ 47,169,739	\$ 42,712,987	\$ 44,359,905	\$ 45,467,678	\$ 47,286,654
Water Revenue Bond Proceeds	\$ 3,376,538	\$ 4,207,500	\$ 4,690,000	\$ -	\$ -
Change in Net Position*	\$ (3,756,224)	\$ 3,606,826	\$ 3,969,104	\$ 153,202	\$ (89,921)
<i>Beginning Balances</i>	\$ 24,135,872	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779
<i>Ending Balances</i>	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779	\$ 28,018,858

* Change in net position is Total Revenues minus Total Expenditures plus Water Revenue Bond Proceeds.

Monitoring District Performance

The District has added, as part of the District's efforts to optimize operations and monitor operational and financial performance, several Key Performance Metrics (KPIs) to its Performance score card. Each of the KPIs is tied to a District strategic objectives and is both meaningful and measurable. The KPIs were selected to provide a means to compare the District to peer agencies to evaluate the District's relative performance. Since this is the first year of implementation, there is not much historic information available. As time progresses, the KPI data will provide valuable information to managers and stakeholders.

Table #5 - District's Key Performance Indicators

Strategic Goal	Department	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Estimated	Target Met
Water Supply	Water	Cost/Acre Foot of SMGTP Product Water Supply	Below \$1,500/AF	\$1,640/AF ¹	\$1,062/AF	\$836/AF	Yes
Infrastructure	Wastewater	Cost/MGD of Wastewater Influent Flows	Below \$3,500/MGD	\$3,497/MGD	\$3,146/MGD	\$3,168/MGD	Yes
Fiscal Management	Finance	Debt Coverage	>1.20	2.05	4.19	2.59	Yes
Fiscal Management	Finance	Days Cash on hand	90 days or greater	109 days	113 days	100 days	Yes

(1) FY 2021-22 was the first year of SMGTP's operation which included additional startup costs that exceeded normal year expenditures.

Budget User Guidance*

The District's Fiscal Year 2024-25 Recommended Budget is organized and presented in a manner to better communicate the District's financial operations. Through enhanced transparency stakeholders will be better able to understand the District's costs and cost structure. The budget sections and a summary of the information provided in them is provided below:

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

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

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

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

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

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

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

* Tables may not foot due to rounding.



DISTINGUISHED BUDGET PRESENTATION AWARD



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July 01, 2023

Christopher P. Morrell

Executive Director

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DISTRICT OF DISTINCTION-Special District Leadership Foundation



About the District

History

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



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

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

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

Service Area / STATISTICS

- 44 square-mile service area
- Population: 35,000
- 9,300 water customers
- 5,000 sewer customers
- 30 recycled water customers
- 71 employees budgeted
- \$32 million operating revenues
- \$217 million in total assets
- 7,000 acre-feet sold annually

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.

After a decade of steeply rising wholesale water rates and continued increases on the horizon, the District began the process to detach from SDCWA and annex into Eastern Municipal Water District (EMWD). SDCWA's costly supply reliability investments were the driving force behind the high cost of water. However, these investments have not provided any meaningful water supply reliability benefits to SDCWA rate payers during the past two droughts.

With rate payers struggling to afford water in the District's service area and no hope or rate relief, the District took the bold step of detaching from SDCWA in an effort to lower the cost of water. On January 1, 2024, the District successfully completed the Detachment process and annexed into EMWD's service area. This change immediately reduced the District's cost of wholesale water by approximately 30%. In addition, since the District did not use any SDCWA infrastructure, the only cost to the District for detachment was a negotiated fee.

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

Back when the District used to produce some of its water from the Santa Margarita River, it did so using a small pump in the river, under a direct diversion license from the state of California. In 1948, additional water permits were obtained for diversion facilities and construction of a proposed 150-foot dam that would store 30,000 acre-feet of river water. The diversion works for the small pump were destroyed in 1969 by floods and was not rebuilt. Subsequently the state canceled the small-diversion license for lack of use, but the 30,000 acre-foot storage permit remained in place while the dam was being planned. The proposed dam, and associated water supply, immediately hit some hurdles. In 1951, soon after the District had obtained water permits from the state, the federal government filed suit against the District over water rights on the river, to quiet its title to the adjudicated rights accruing to the U.S. Marine Corps Base Camp Pendleton. The lawsuit, the U.S. v. Fallbrook case, is the oldest civil case filed in the County. For more than 66 years, the District has been attempting to develop a permanent local water supply on the Santa Margarita River.

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

Then in January 2018, the District’s Board of Directors signed an agreement with Camp Pendleton in a landmark settlement, resolving the U.S. v. Fallbrook case and in April 2019, the federal court adopted the settlement. As part of the settlement, river water will flow to Camp Pendleton and be stored in recharge ponds that seep into an underground aquifer there. That stored water will be pumped out of the ground and piped back to the District when available. The Santa Margarita River Conjunctive Use Project (SMRCUP) provides a local supply, reducing dependence on wholesale water purchases from EMWD, and is expected to provide just over half of the District’s water needs on average.

Fiscal Year 2023-24 marks the first full year water deliveries from the SMRCUP will be delivered to the District’s ratepayers. To treat SMRCUP water deliveries, the District has constructed a \$65.7 million Santa Margarita Groundwater Treatment Plant (SMGTP).



Santa Margarita Groundwater Treatment Plant (SMGTP)

Wastewater and Recycled Water History and Mergers

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

Services

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

Water System

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

SANTA MARGARITA GROUNDWATER TREATMENT PLANT and PUMPING STATION / STATISTICS

Fallbrook Public Utility District completed this project in Fiscal Year 2022 and began having its own cost-effective supply that same year.

- Minimum Plant Capacity-1.2 Million Gallons per Day (MGD)
- Maximum Plant Capacity-7.8 MGD



Aerial View of the SMGTP

The District’s water distribution system is comprised of 270 miles of pipeline, 7,000 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 400-million-gallon treated water reservoir, seven pump stations and 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 three connections to the imported water system that are connected to MWD owned pipelines.

The District’s five-year average annual water sales is 7,383 acre-feet. Residential and commercial customers represent 71% of sales, and agricultural customers make up the remaining 29%. 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 1,597 in Fiscal Year 2023 or down 77%.

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.

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.

Current Board of Directors:

- District #1 - Dave Baxter**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo, President**
- District #4 - Don McDougal, Vice-President**
- District #5 - Charley Wolk, 2023 CSDA Board Member of the Year**

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,

Figure #1 - District Service Area Pipelines

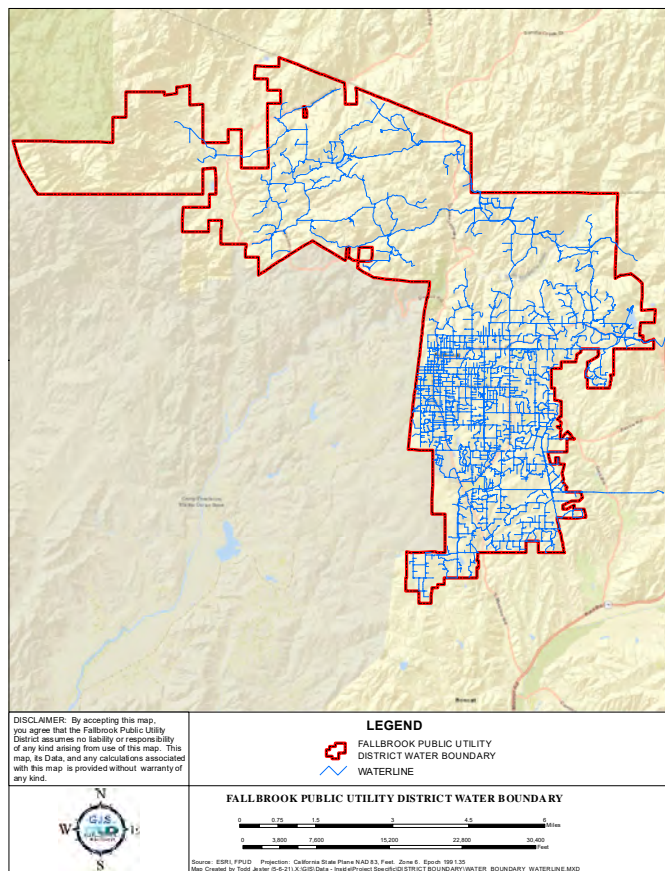
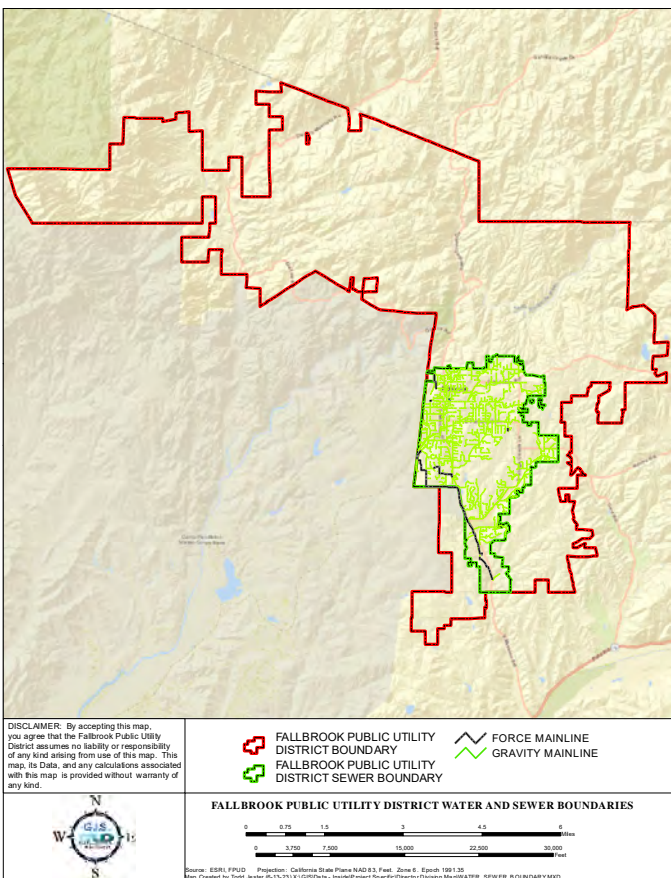


Figure #2 - District Sewer Boundary Mains



making the District’s service area a bedroom community for Camp Pendleton’s active military and civilian-service workers. The service area’s 2021 population is estimated to be 34,738 with 10,334 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$78,479, which is less than the state median of \$91,905 and slightly higher than the national average of \$74,580. As of March 2024, San Diego County’s unemployment rate was 4.4%, which is lower than the State’s 5.3%.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 3.4 million residents in 2050, up from 3.3 million in 2021. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



District's Strategic Plan for FY 2024/2025

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

#1 Strategic Focus Area | Water Supply

District Goal: Provide a reliable, cost-effective water supply through optimizing operation of local water supply projects and ensuring a cost effective source of imported water.

Fiscal Year 2024-25 District Objectives:

1. Maximize deliveries of local water by coordinating closely with Camp Pendleton on Santa Margarita water supply operations.
2. Support efforts to secure federal funding to help support additional dry year supplies for the SMRCUP in coordination with Camp Pendleton through implementation of an Indirect Potable Reuse (IPR) project.
3. Participate in regional water supply project to evaluate opportunities to expand recycled water service to increase utilization of existing recycled supplies.

#2 Strategic Focus Area | Infrastructure

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

Fiscal Year 2024-25 District Objectives:

1. Complete capital projects in accordance with approved budget and asset-management plan. Maintain utilization of District construction crews with proactive replacements versus reactive repairs. Make any necessary adjustments to meet pipeline and valve replacement targets to ensure long-term reliability of our water infrastructure.
2. Implement the asset-management plan to track project costs and help prioritize projects. Leverage this data to make continued improvements in determining the most effective project approaches.

#3 Strategic Focus Area | Efficiency

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

Fiscal Year 2024-25 District Objectives:

1. Continue implementation and reporting of Key Performance Indicators (KPIs) for engineering, operations, finance, customer service and public outreach. Tie KPIs to nationally recognized Effective Utility Management (EUM) goals and measure against applicable national bench-marks.
2. Improve the efficiency of operations by developing additional metrics and reporting using the recently implemented Enterprise Asset Management (EAM) System.
3. Build on recently implemented regional collaboration programs and new contract service opportunities with Rainbow MWD, Rancho California Water District, Valley Center MWD and Camp Pendleton to evaluate new ways to reduce operating costs through shared resources without reducing the level of service.

#4 Strategic Focus Area | Community

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

Fiscal Year 2024-25 District Objectives:

1. Provide administrative support for the implementation of the community benefit program to ensure that funds are being used efficiently to provide value to the community through the enhancement of public spaces in the District.
2. Continue to improve customer engagement and promote District benefits to the Community through social media and quarterly newsletters.
3. Further improve the District Budget to identify clearly to the public how costs are allocated and how resources are being managed. Continue to produce an ACFR and achieve a GFOA and California Society of Municipal Finance Officers (CSMFO) budget awards. Achieve District of Distinction from the California Special District's Association.
4. Involve the community in developing an updated vision and strategic plan for the District.

#5 Strategic Focus Area | Workforce

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

Fiscal Year 2024-25 District Objectives:

1. Expand implementation of the career development program that identifies future leaders in the organization and provides them training and a clear sense of future opportunities. Continue to leverage capabilities of existing staff and expand their responsibility when they show potential to develop a long-term pipeline for advancement of internal qualified candidates.
2. Continue to expand cross-training and external training program for staff, and provide new opportunities and challenges for motivated employees. Reconstitute programs and events to recognize employees and improve employee recognition program.
3. Look at opportunities to create a regional internship program with Riverside County agencies and expand the District's internship program.
4. Participate in regional efforts to improve local education, training and internship programs to bring more qualified applications into the industry. Lead efforts to help address existing regulatory bottlenecks in advancing the Water/Wastewater workforce.
5. Participate in key local and national organizations in the water/wastewater industry, including participating in presentations on District and trainings to improve recognition of the District as an effectively managed and forward-looking utility.



Budget Basis

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

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

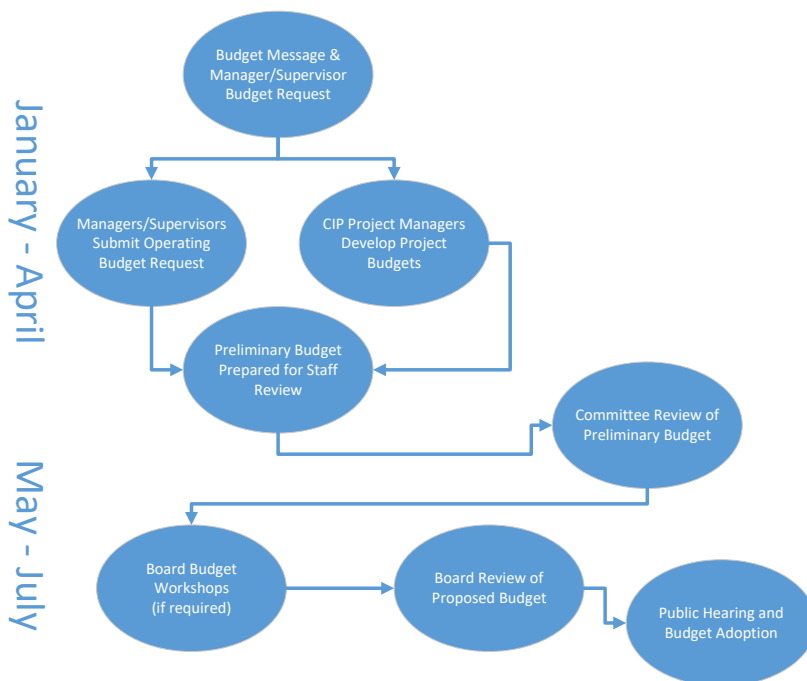
Budget adjustments are made if projects or expenditures are needed that fall outside the District’s adopted budget. These items are brought to the Board for approval and to appropriate the funds. A mid-year budget update is also provided to the Board each year to update spending trends and identify early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

Budget Process

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

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

Figure #3 - Fallbrook District’s Annual Budget Process



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

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



DISTRICT ORGANIZATIONAL CHART

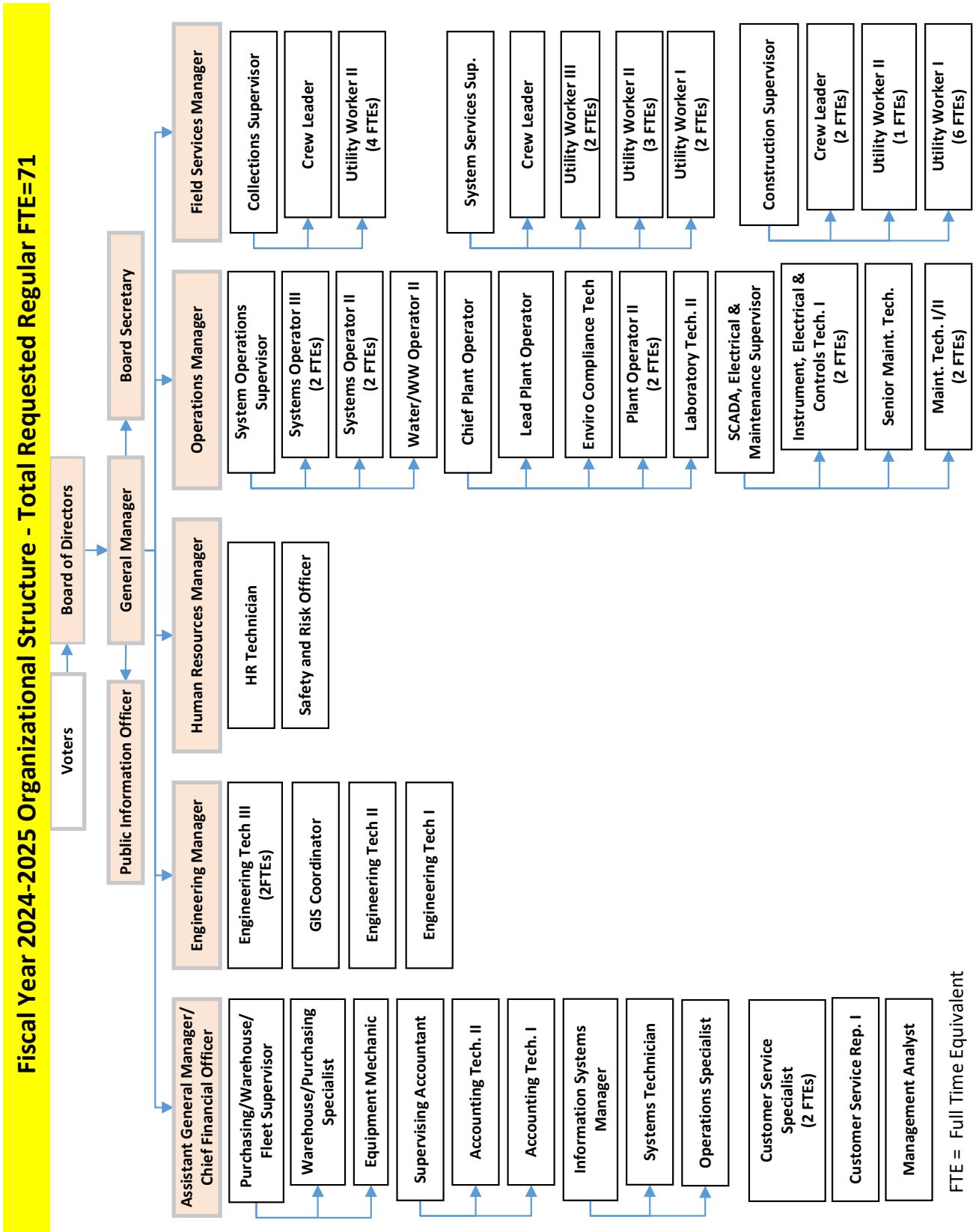
The District maintains an efficient level of staffing which requires an organizational structure that is very flat, with staff working across services and filling a variety of roles. The organizational chart provided is designed to illustrate the District’s structure and staffing levels. The Proposed Budget includes 71 Full Time Equivalent (FTE). The boxes under Administrative, Water, Wastewater and Recycled Water Services represent functional groups called Divisions. However, in some cases (Human Resources & Engineering Services) a division of Administrative Services is identified separately.

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

Water, Wastewater and Recycled Water Services are the District’s other services. The Divisions within each of these services are shown on the organizational chart. Water services is comprised of four Divisions while the other services are broken into two Divisions. The organizational chart shows the Water, Wastewater and Recycled Water Services reporting to two managers that manage multiple services. The function of each division is discussed in the Operating Budget Section. **Appendix B provides a summary of FTE counts.**

The District introduced the Community Benefit Program (CBP) in Fiscal Year 2022-23. In Fiscal Year 2024-25 the Administrative Services department will allocate .02 FTE from existing staff hours to be directed toward this activity.

Figure #4 - Proposed Fiscal Year 2024-25 Organizational Structure ¹



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

Fund Structure

The District’s fund structure is simple and set up to support the independent financial operation of the District’s Water, Wastewater and Recycled Water Services (the Services) and the Community Benefit Program (CBP). Each of the District’s Services has an Operating Fund and a Capital Fund that track sources and uses of funds as well as cash balances. The Operating Funds receive operating and certain non-operating revenues and fund operating expenses for each of the Services. The District’s Capital Funds receive certain non-operating revenues that are restricted to capital uses (i.e. Capital Improvement Charges) and fund the District’s capital expenditures, including a portion of debt service. The recently created CBP only has an Operating Fund. The CBP Operating Fund tracks all transactions related to the CBP financial activity.

Overview of Fund Structure

Water Services		Recycled Water Services		Wastewater Services		Community Benefit Program	
Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	

The District’s reserves and target reserve amounts were restructured as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report). The District’s current fund structure and a description of each fund and the fund’s reserve target balances are provided below:

Water Services Funds

Operating Fund

The primary source of funds for the Water Services Operating Fund are water sales, fixed monthly service charges and pass-through charge revenues. Expenditures that flow through the fund included water operations labor and non-labor, water purchases and a portion of the District’s Administrative Services costs.

Operating Fund Reserves: Established to maintain six months operating and maintenance expenses including water purchases. The Operating Fund Target for Fiscal Year 2024-25 is \$8.3 million.

Capital Fund

The primary source of funds are the Water Capital Improvement Charges, property tax and standby availability charge receipts, annexation fees, and capacity charges. Capital improvement expenditures and debt service expenditures flow through this fund.

Capital Fund Reserve: Established to maintain \$5 million to fund emergency repairs or replacements. The primary source of funds for the Capital Fund are Water Capital Improvement Charge, Water Standby Availability Charge, and Capacity Charge revenues. The Capital Fund Target for Fiscal Year 2024-25 is \$5 million. Funds related to the 1958 Annexation and the DeLuz Service Area bond proceeds are tracked separately in the fund.

Debt Service Reserve: This reserve was established to buffer the variability of water deliveries from the SMRCUP in dry years. In years that the SMRCUP does not produce water, the reserve will be available to fund debt service payments on the project. Therefore, the reserve target level is set equal to two years of debt service payments on the SMRCUP financing or \$5.6 million. The reserve has been prefunded with the \$6.2 million from the sale of the District's Santa Margarita Property in Fiscal Year 2018-19.

Recycled Water Services Funds

Operating Fund

The primary source of funds for the Recycled Water Operating Fund are sales and fixed service charge revenues. Expenditures include Recycled Operating labor and non-labor and a portion of the District's Administrative Services costs.

Operating Fund Reserve: Established to maintain six months operating and maintenance expenses. The Operating Fund Target for Fiscal Year 2024-25 is \$0.4 million.

Capital Fund

The primary source of funds for the Recycled Water Services Fund are Recycled Water Operating Fund transfers followed by a portion of the property tax receipts. Expenditures include CIP project expenditures and debt service.

Capital Fund Reserves: Established to maintain \$0.2 million to fund emergency repairs or replacements. The primary source of funds for the Capital Fund are transfers from the Operating Fund. The Capital Fund Target for Fiscal Year 2024-25 is \$0.2 million.

Wastewater Services Funds

Operating Fund

The primary source of funds for the Wastewater Operating Fund are wastewater monthly and flow service charges and investment earnings. Expenditures include Wastewater Operating labor and non-labor and a portion of the District's Administrative Services costs.

Operating Fund Reserve: Established to maintain six months operating and maintenance expenses. The Operating Fund Target for Fiscal Year 2024-25 is \$3.5 million.

Capital Fund

The primary source of funds are Wastewater Capital Improvement charges, connection fees, property tax receipts, and meter fees. Expenditures include CIP project expenditures and debt service.

Capital Fund Reserve: Established to maintain \$2 million to fund emergency repairs or replacements. The primary source of funds for the Capital Fund are Wastewater Capital Improvement Charge and Wastewater Capacity Charge revenues. The Capital Fund Target for Fiscal Year 2024-25 is \$2 million.

Community Benefit Program Fund

The sole source of funds for the Operating Fund are a portion of the District's property tax revenues. There is no reserve target for this fund.

Fund Summary

The Districts total water target fund balance (18.9 million) equals the water services operating fund (8.3 million), the water services capital fund (5 million) and the water debt services fund (5.6 million). The total recycled water target fund balance (0.6 million) equals the recycled services operating fund (0.4 million) and the recycled water services capital fund (0.2 million). The total wastewater target fund balance (5.5 million) equals the wastewater services operating fund (3.5 million) and the wastewater services capital fund (2 million). The District’s projected Fiscal Year 2024-25 year-end balances are shown in the table below.

Table #1 - Total Fund Balances

Service	Target Balance (Millions)	Projected Fiscal Year 2024-25	
		Ending Balance (Millions)	
Water	\$ 18.9	\$	17.3
Recycled Water	\$ 0.6	\$	0.3
Wastewater	\$ 5.5	\$	5.5
Community Benefit Program	N/A	\$	0.8
Total	\$ 25.0	\$	23.9

Other Funds Maintained by the District

Section 115 Pension and OPEB Trust Fund

This fund was set up in Fiscal Year 2016-17 as an irrevocable trust established for the benefit of the pension and Other Post-Employment Benefits (OPEB) beneficiaries. The fund is managed by Public Agency Retirement Services (PARS) and is restricted in its use to funding pension and OPEB expenditures. The funds restricted for OPEB and pension costs are tracked in the fund. The fund balance was \$7.6 million on March 31, 2024. The District OPEB obligation is nearly fully funded and no additional contributions will be made this budget. The District has developed a strategy to use returns from the fund to help off-set on-going OPEB costs. Details on the District’s pension and OPEB obligations are provided in Appendix D.

District’s Financial Management Policies

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

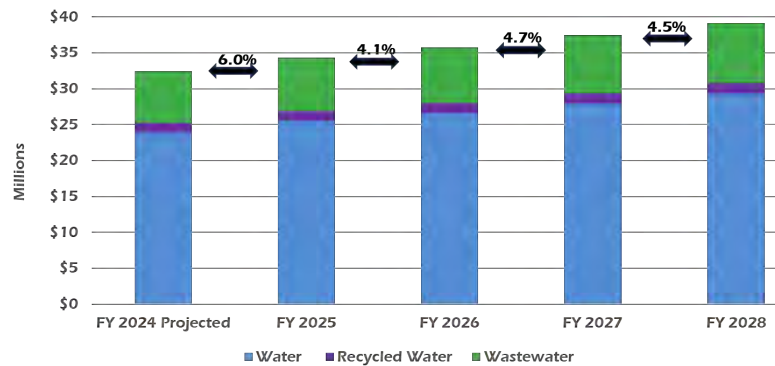
- [Debt Management Policy – Defines the District’s debt management \(available on website\)](#)
- [Investment Policy – Establishes permitted investments in compliance with State Code \(Article 18 of the District’s Administrative Code\)](#)
- [Fund Balance Policies – Sets target balances for reserves and working capital \(Article 6 of the District’s Administrative Code\)](#)
- [Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure](#)

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

Financial Summaries

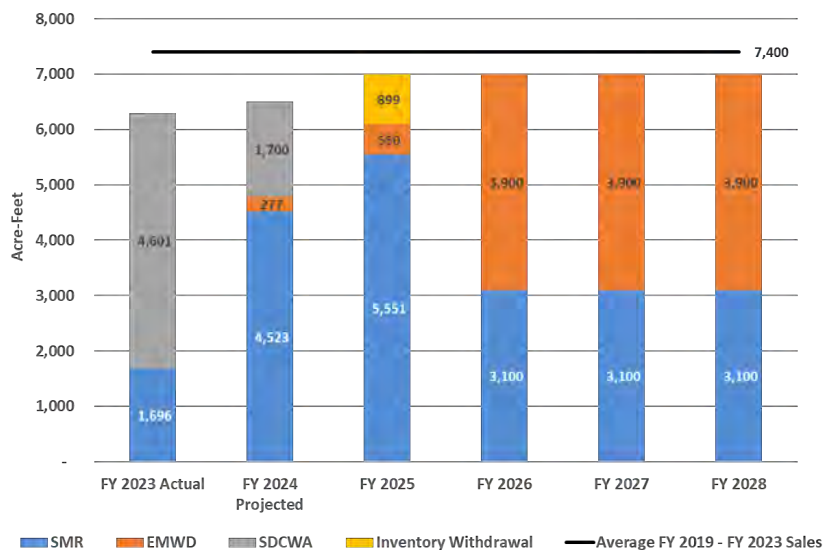
The rate and charge increases included in the Budget projections are in line with the increases approved by the Board in December 2023 as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report) and Proposition 218 process. The Report lays out the District’s Comprehensive Financial Plan (the Financial Plan) for Calendar Years 2024, 2025, 2026, 2027 and 2028. Because the rate and charge increases are effective for a calendar year, the impact of a rate increase spans two fiscal years. The projections take this into account and show revenues on a fiscal year basis with the underlying rate increases. While the Financial Plan provides guidance on the maximum permitted annual rate and charge increases, the Board adopts the rates and charges in December of each year based upon updated financial information. Since no decision on the Calendar Year 2025 rate and charge increases has been made at this time, the water, recycled water and wastewater rate increases for the Budget are projected to be 3.5%, 2.5%, and 5%, respectively. Chart 1 shows the projected increase in revenues due to the rate adjustments. The large increase in Fiscal Year 2024-2025 is driven by a return to average water sales levels. **Appendix A provides the detailed revenue, expense and fund balance projections for Water, Recycled Water and Wastewater operations.**

Chart #1 - Projected Total Rate Revenues



This section provides an overview of the District’s overall projected financial operations. Table 1 provides a detailed summary of the District’s revenues and expenditures and the projected year-end fund balances. Revenues from the District’s water, recycled water and wastewater services are projected to increase over the projection period driven by rate and charge increases. Non-operating revenues are projected to rise at rates of inflation in line with levels assumed in the Report. Wholesale water rates are projected to increase on average by 10% annually, in line with past averages, for the next three years and then increase at 5% annually. The Metropolitan Water District (MWD) has adopted an 11% and 10% water rate increase for calendar years 2025 and 2026, respectively, which will be passed through to the District by EMWD. The District is projecting 7,000 AF in sales for FY 2025 through FY 2028. As shown in Chart 2, in Fiscal Year 2024-25, the District is projecting 5,551 AF in SMR water deliveries from Camp Pendleton. The SMR Camp Pendleton deliveries are expected to return to the projected long-term average of 3,100 AF for the remainder of the projection period as shown in Chart 2. The 64.1% decrease in Fiscal Year 2024-25 Purchased Water Costs is being driven by reduced water sales and the reduction in wholesale water costs. Effective January 1, 2024, the District detached from SDCWA and annexed into EMWD’s

Chart #2 - Wholesale and Local Supply Mix



service area, which significantly reduced the District’s wholesale water costs. In addition, the District is projecting lower water sales and an increase in SMR water deliveries, which result in less water purchased from EMWD. Fluctuations in SMR water deliveries change the District’s non-labor costs significantly, this is the result of utility (power) and chemical operating cost of the SMGTP. Utility and chemical costs are directly related to and go up and down with the amount of SMR water treated by the plant but are offset by lower wholesale water costs.

Table #1 - Fallbrook Public Utility District’s Financial Projections

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenue from Rates					
Water	\$ 23,927,732	\$ 25,536,172	\$ 26,625,210	\$ 27,955,861	\$ 29,351,998
Recycled Water	1,300,047	1,332,131	1,365,039	1,398,983	1,433,840
Wastewater	7,188,621	7,480,829	7,776,732	8,076,396	8,316,439
Subtotal Revenue from Rates	\$ 32,416,401	\$ 34,349,132	\$ 35,766,981	\$ 37,431,240	\$ 39,102,277
Other Operating Revenue					
Pass-through Charges					
SDCWA IAC Charge ⁽¹⁾	\$ 316,946	\$ -	\$ -	\$ -	\$ -
Pumping Charge	100,000	100,000	100,000	100,000	100,000
Backflow Charge	200,000	200,000	200,000	200,000	200,000
Sundry ⁽²⁾	75,000	75,000	75,000	75,000	75,000
Other Revenue Subtotal	\$ 691,946	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Non-Operating Revenue					
Water Availability Charge ⁽³⁾	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax	2,700,000	2,710,462	2,731,833	2,753,692	2,775,769
Investment Earnings	507,805	600,827	756,113	869,330	558,508
Water Capital Improvement Charge	1,701,258	1,820,346	1,947,771	2,084,115	2,230,003
Other Revenue	291,107	236,565	241,296	246,122	251,045
Power Your Drive for Fleets-SDG&E Grant	-	240,000	-	-	-
Water Capacity Fees	85,000	85,128	85,255	85,383	85,511
Wastewater Capital Improvement Charge	1,328,198	1,394,608	1,450,392	1,508,408	1,568,744
Wastewater Capacity fees	45,000	45,068	45,135	45,203	45,271
Federal Interest Rate Subsidy	70,261	55,178	39,233	22,388	4,606
Subtotal Non-Operating Revenue	\$ 6,928,630	\$ 7,388,181	\$ 7,497,028	\$ 7,814,640	\$ 7,719,456
Total Revenues	\$ 40,036,977	\$ 42,112,313	\$ 43,639,009	\$ 45,620,880	\$ 47,196,733

(1) Starting in FY 2023-2024, the IAC is discontinued due to Detachment from SDCWA on January 1, 2024.

(2) Sundry revenue is comprised of miscellaneous revenues that include revenues from sale of assets taken out of service which is sale of equipment and vehicles.

(3) Fee is charged on a per acre or parcel basis in service area, which is not expected to change.

Looking Forward

The District is projecting smooth and predictable rate and charge increases in line with inflation, even with 10% increases in wholesale water for the next three years. SDCWA rate payers are facing a 22% increase in FY 2025 followed by two annual increases around 10%.

Table #1 - Fallbrook Public Utility District's Financial Projections, cont.

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Total Revenues	\$ 40,036,977	\$ 42,112,313	\$ 43,639,009	\$ 45,620,880	\$ 47,196,733
Operating Expenses					
Water Supply Costs					
SDCWA Purchased Water Costs ⁽¹⁾	\$ 4,747,526	\$ -	\$ -	\$ -	\$ -
EMWD Purchased Water Costs ⁽²⁾	862,141	1,832,923	7,025,735	7,685,582	8,308,664
SMR Water Delivery Costs	1,185,026	1,600,288	861,324	895,777	931,608
Subtotal Water Supply Costs	\$ 6,794,693	\$ 3,433,211	\$ 7,887,059	\$ 8,581,359	\$ 9,240,271
Labor Costs	4,108,663	4,157,399	4,362,859	4,552,780	4,751,068
Fringe Benefits	2,497,331	2,749,489	2,886,963	3,014,294	3,128,643
Services, Materials & Supplies	4,125,838	5,226,096	4,613,665	4,802,101	4,998,270
Administrative Expenses	8,350,863	8,733,428	9,082,765	9,446,076	9,823,919
Total Operating Expenses	\$ 25,877,388	\$ 24,299,623	\$ 28,833,311	\$ 30,396,610	\$ 31,942,171
Net Operating Revenues	\$ 14,159,589	\$ 17,812,690	\$ 14,805,698	\$ 15,224,270	\$ 15,254,562
Total Non-Operating Expenses	\$ 8,773,791	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Total Debt Service	\$ 5,463,081	\$ 6,141,364	\$ 6,137,994	\$ 6,139,425	\$ 5,878,311
Total Capital Expenditures	\$ 7,055,478	\$ 11,726,000	\$ 8,842,600	\$ 8,385,644	\$ 8,920,172
Total Expenditures	\$ 47,169,739	\$ 42,712,987	\$ 44,359,905	\$ 45,467,678	\$ 47,286,654
Water Revenue Bond Proceeds	\$ 3,376,538	\$ 4,207,500	\$ 4,690,000	\$ -	\$ -
Change in Net Position	\$ (3,756,224)	\$ 3,606,826	\$ 3,969,104	\$ 153,202	\$ (89,921)
<i>Beginning Balances</i>	\$ 24,135,872	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779
<i>Ending Balance</i>	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779	\$ 28,018,858

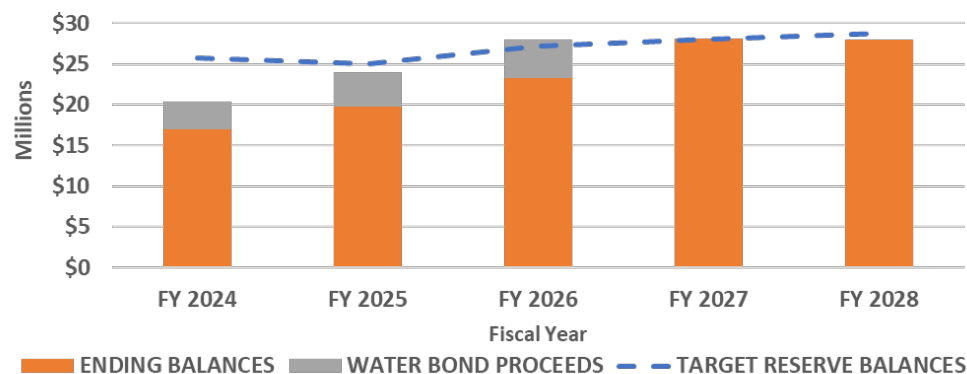
(1) Detail on purchased water costs provided on page 53. Purchased water costs include MWD RTS and Capacity Charges, SDCWA IAC Charge and Pumping Costs. The District Detached from SDCWA on January 1, 2024.

(2) Detail on purchased water costs provided on page 53. Purchased water costs include MWD RTS and Capacity Charges, and Pumping Costs.

Debt service and capital expenditures are deducted from the District's Net Operating Revenues to determine the change in Net Position for the fiscal year. The Fiscal Year 2024-25 Change in Net Position shows the District is depositing into reserves in that particular fiscal year. In Fiscal Year 2024-25, the District's projected deposit of \$3,606,826 to reserves is being driven by an increase in the Water Bond funded CIP expenditures.

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

Chart #3 - District Fund Balances and Target Level



Water Services Sources of Funds

The primary source of funds for water operations is water sales revenues. Water sales levels determine the District’s water sales revenues. Because Fallbrook is located in a semi-arid region of the United States and is subject to significant fluctuations in the level of water demands, each year careful attention is paid to the projected level of water sales. Heading into the Fiscal Year 2024-25 budget cycle, California’s water reservoir levels have recovered due to the record setting wet weather of the past two years. Overall California water reservoirs are well above their historical averages (see Figure 1). However, as a result of changes in water use behavior, water sales are projected recover but not return to the District’s long-term average sales level of 7,400 AF. The District is conservatively projecting the water sales levels to remain at 7,000 AF going forward, as shown in the table below.

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

Figure #1 - State Reservoir Conditions

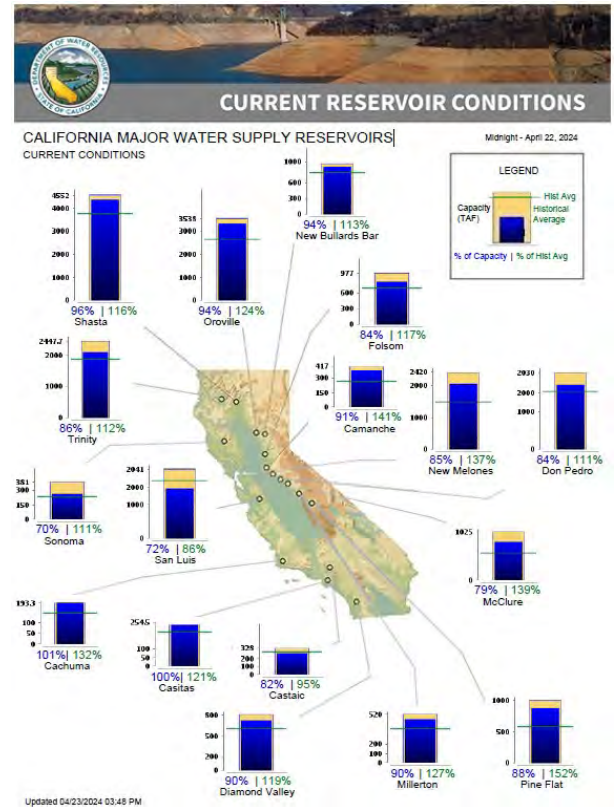
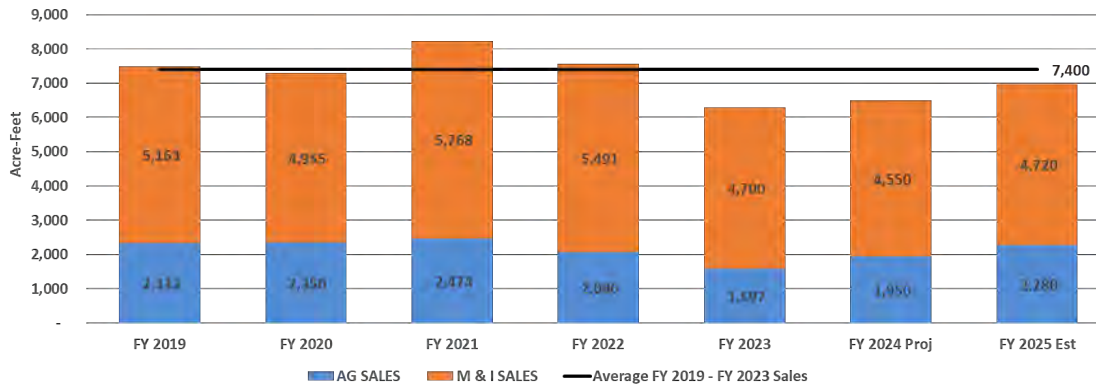


Table #1 - Five-Year Production and Sales History

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24 Estimated	FY 2024-25 Projected
Production	8,043	7,986	8,918	8,244	6,659	7,027	7,568
Total Sales (adjusted for system losses)	7,496	7,305	8,242	7,576	6,297	6,500	7,000
AG Sales	2,333	2,350	2,474	2,086	1,597	1,950	2,280
M&I Sales	5,163	4,955	5,768	5,491	4,700	4,550	4,720

As the table and chart shows, recent years have been impacted by wet weather and underlying changes in customer water use patterns, both of which have resulted in reduced water demands. While the District’s Fiscal Years 2018-19 and 2019-20 water demands were low, Fiscal Year 2022-23 set a new all-time low for District water sales. The persistent trend in lower water demands shown in the table is not just impacting the District. Many regional water agencies are experiencing the same trend in water sales. The projected Fiscal Year 2024-25 water sales are 5% under the average to reflect the trend in water sales and recent water sales levels.

Chart #1 - Water Sales Trends



The Water Services operating and non-operating revenues are shown in Table 2. Water sales revenues are those collected by the District for water usage during a billing cycle. Each of the District’s customers are charged a fee based upon their user class and for water purchased in that billing period. The monthly water fixed service charge revenues are an important revenue stream for the District because they are not subject to volatility in water demands. The revenue projection for Fiscal Year 2024-25 provided here include rate and charge increases in line with what was approved by the Board as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report). The primary drivers of the 7.3% revenue decrease budget to budget are a budgeted decrease in water sales levels, lower water rates and charges and the elimination of SDCWA’s charges. The Water Capital Improvement Charge increase is being driven by inflation adjustments to that charge. The increase in investment earnings is due to higher interest rates and the increase in property tax revenues is due to escalating real estate values. Cell tower lease revenue is lower due to a reduction in the number of leases. Fiscal Year 2023-24 revenues are projected to be below budgeted levels.

Lower Revenues

The Budget to Budget comparison of water sales revenues shows a decrease of 8.9%. The driving factors are:

- A 500 AF reduction in water sales
- The adoption of a 0% increase in CY 2025 water consumption rates

As Chart 2 shows, water sales revenues represent 66% of the District’s water operating revenues with the remaining 34% of revenues coming from other sources that are independent from water sales. This variable/fixed mix of revenue means that operating revenues are subject to volatility due to water sales levels. Managing this volatility requires good fiscal planning and the use of reserves to make up any unanticipated shortfalls. The primary sources of non-operating revenues are the water Capital Improvement Charge, which is a fixed charge restricted to fund only capital projects, and property tax and Water Availability Charge revenues. Other revenues include investment earnings and other income.

Table #2 - Water Services Sources of Revenue

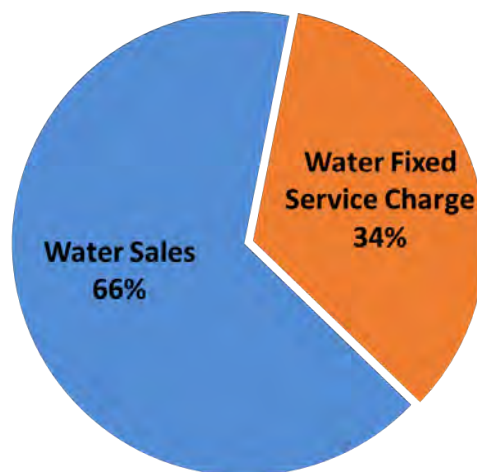
Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Operating Revenues:					
Water Sales	\$ 14,448,444	\$ 18,689,594	\$ 15,564,215	\$ 17,022,776	-8.9%
Water Fixed Service Charge	8,259,546	9,213,712	8,663,517	8,813,396	-4.3%
MWD Readiness-to-Service Charge ⁽¹⁾	120,763	-	-	-	N/A
SDCWA Infrastructure Access Charge ⁽²⁾	596,209	608,142	316,946	-	-100%
Total Operating Revenue	\$ 23,424,961	\$ 28,511,448	\$ 24,544,679	\$ 25,836,172	-9.4%
Non-Operating Revenues:					
Water Capital Improvement Charge	\$ 1,589,961	\$ 1,740,011	\$ 1,701,258	\$ 1,820,346	4.6%
Property Tax ⁽³⁾	809,239	854,000	854,000	862,540	1.0%
Water Availability Charge	200,106	200,000	200,000	200,000	0.0%
Water Capacity Charges	112,859	85,000	85,000	85,128	0.2%
Investment Earnings	248,842	381,762	363,511	454,199	19.0%
Pumping Capital Improvement Charge ⁽¹⁾	7,543	-	-	-	N/A
Gain/Loss on sale of assets/SDCWA Refund	178,748	-	-	-	N/A
MWD Local Resource Program	517,280	-	-	-	N/A
Power Your Drive for Fleets-SDG&E Grant	-	-	-	240,000	N/A
Other Revenue	42,249	60,000	60,000	60,000	0.0%
Cell Lease Revenue	347,502	312,386	291,107	236,565	-24.3%
Total Non-Operating Revenue	\$ 4,054,329	\$ 3,633,159	\$ 3,554,877	\$ 3,958,777	9.0%
Total Revenues	\$ 27,479,290	\$ 32,144,607	\$ 28,099,556	\$ 29,794,949	-7.3%

(1) Starting in FY 2023-2024, the RTS is not treated as a pass-through and the Pumping Capital Improvement Charge is discontinued.

(2) Starting in FY 2023-2024, the IAC is discontinued due to Detachment from SDCWA on January 1, 2024.

(3) Property tax revenue reduced by \$546,000 in Fiscal Years 2022-23, 2023-24 and 2024-25 for Community Benefit Program.

Chart #2 - Fiscal Year 2024-25 Water Services Operating Revenues



Wastewater Services Sources of Funds

Wastewater revenue is relatively stable since it is billed based upon indoor water used. To estimate the amount of water used indoors that is returned to the sewer, a return to sewer factor is applied to each user class. For residential users, the return to sewer factor is applied to their 3-month winter average. The winter months, which are typically wet, allow indoor use to be estimated since outdoor/landscape use is at a minimum. However, even the winter average water use is adjusted to reflect some level of residential outdoor/landscape water use, which is not returned to the sewer. This methodology limits the impact weather has on billable sewer flows.

As part of the Report, the Board modified the wastewater bill methodology slightly to increase the fixed component of the wastewater bill. While there is still a use based variable component in the bill, the District is increasing the fixed component of the bill from approximately 35% of the average bill to 70% of the average bill over the next 5-years. This better reflects the cost of providing wastewater services which does not vary much from year to year. The revenue projection for Fiscal Year 2024-25 provided here includes rate and charge increases in line with what was approved by the Board and billable residential wastewater flows using the adopted phase-in of the new billing methodology. This explains the 7.3% increase in Wastewater Service Charges shown in Table 3.

Historic averages provide a good basis from which flows and revenue projections can be evaluated. The chart on the following page shows the average annual flows at the plant (Plant Influent) and the billable wastewater flows projected for this budget period. The variance between Average Plant Influent and Billable Flows is shown in red. The projection for Fiscal Year 2024-25 shows billable flows remain flat from the Fiscal Year 2023-24 flow levels. Prior to adopting rates and charges in December 2024, the Board will review current financial information and adopt rate and charge increases for Calendar Year 2025.

Wastewater Services operating and non-operating revenues are shown in Table 3 and Chart 4. The primary source of operating revenue for Wastewater Services is the Wastewater Service Charge. The primary non-operating revenues are the Wastewater Capital Improvement charge, which, like the Water Capital Improvement Charge, is restricted to fund only capital projects. Other non-operating revenues include property tax revenues.

Table #3 - Wastewater Services Sources of Revenue

Description	FY 2022-23 Actual	FY 2023-24		FY 2024-25 Budget	Budget to Budget Change (%)
		Amended Budget	Projected		
Operating Revenue					
Wastewater Service Charges	\$ 7,048,717	\$ 6,971,339	\$ 7,188,621	\$ 7,480,829	7.3%
Sundry Other Revenue	11,073	10,000	10,000	10,000	0.0%
Total Operating Revenue	\$ 7,059,790	\$ 6,981,339	\$ 7,198,621	\$ 7,490,829	7.3%
Non-Operating Revenue					
Wastewater Capital Improvement Charge	\$ 1,241,192	\$ 1,328,198	\$ 1,328,198	\$ 1,394,608	5.0%
Property Tax	1,199,210	1,235,000	1,235,000	1,247,350	1.0%
Wastewater Capacity Charges	74,087	45,000	45,000	45,068	0.2%
Investment Earnings	137,514	15,131	140,264	142,368	840.9%
Federal Interest Rate Subsidy	86,153	70,261	70,261	55,178	-21.5%
Total Non-Operating Revenue	\$ 2,738,156	\$ 2,693,590	\$ 2,818,723	\$ 2,884,572	7.1%
Total Revenues	\$ 9,797,946	\$ 9,674,929	\$ 10,017,345	\$ 10,375,401	7.2%

Chart #3 - Wastewater Services Annual Flows

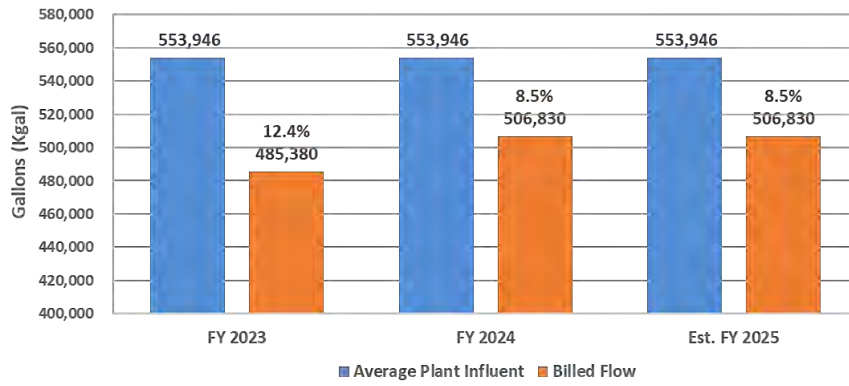
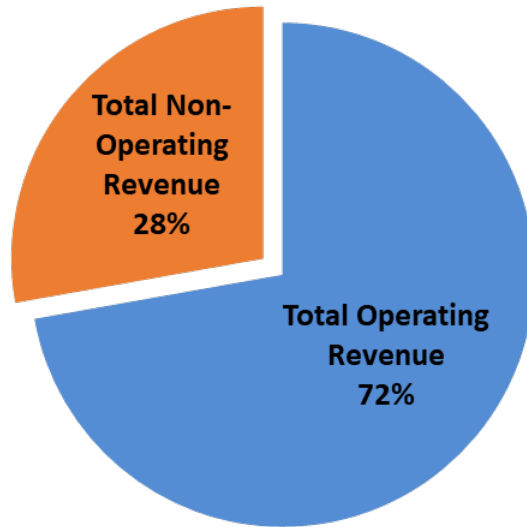


Chart #4 - Fiscal Year 2024-25 Wastewater Services Operating Revenues



Recycled Water Services Sources of Funds

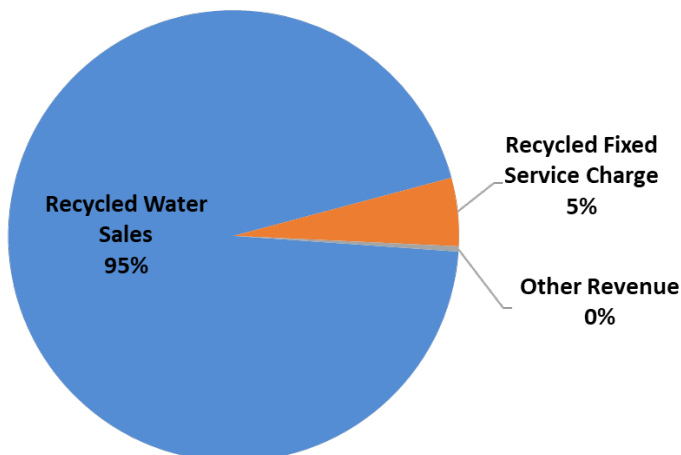
While recycled water sales are subject to weather driven water demands, these customers are not subject to use restrictions due to drought. It is for this reason that many have chosen to be a recycled water customer. While the District is expanding the distribution system, the customer base is relatively small and demands have remained static even with additional customers. Therefore, the historic average adjusted for a small level of growth provide a good basis from which revenues can be budgeted from. The projected recycled water sales for Fiscal Year 2024-25 is 610 acre-feet, which is the same as the prior year’s budget. The revenue projection for Fiscal Year 2024-25 provided here include rate and charge increases in line with what was approved by the Board. The Board will review and adopt Calendar Year 2025 rates in December 2024.

Recycled Water Services operating and non-operating revenues are shown in Table 4 and Chart 5. The reduction in the Recycled Fixed Service Charge is due to a true up of the meter count. The primary source of operating revenue for Recycled Water Services is water sales revenue. Recycled Water Services customers pay a per unit rate for recycled water. The District is actively exploring opportunities to more fully utilize the recycled water available. This includes expanding retail sales and utilizing the recycled water as part of an indirect potable water supply. Other operating revenues include the Fixed Recycled Water Charge. Investment earnings and property tax make up the only non-operating revenues.

Table #4 - Recycled Water Services Sources of Revenue

	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Increase (%)
Operating Revenues					
Recycled Water Sales	\$ 1,037,210	\$ 1,235,911	\$ 1,236,187	\$ 1,266,800	2.5%
Recycled Fixed Service Charge	60,283	63,859	63,860	65,331	2.3%
Other Revenue	5,000	5,000	5,000	5,000	0.0%
Total Operating Revenue	\$ 1,102,493	\$ 1,304,770	\$ 1,305,047	\$ 1,337,131	2.5%
Non-Operating Revenues					
Property Tax	\$ 63,115	\$ 65,000	\$ 65,000	\$ 54,572	-16.0%
Investment Earnings	3,876	4,030	4,030	4,260	5.7%
Grant Revenue	452,253	-	-	-	N/A
Total Non-Operating Revenue	\$ 519,244	\$ 69,030	\$ 69,030	\$ 58,831	-14.8%
Total Revenues	\$ 1,621,737	\$ 1,373,800	\$ 1,374,077	\$ 1,395,963	1.6%

Chart #5 - Fiscal Year 2024-25 Recycled Water Services Operating Revenues



Community Benefit Program Sources of Funds

The Community Benefit Program (CBP) maintains public spaces in the District’s service area. The primary source of revenue for the Community Benefit Program is a portion of the District’s water property tax revenues. Each year the Board will determine the amount that will be transferred into the CBP fund, and a Board appointed committee manages these funds.

Table #5 - Community Benefit Program Sources of Revenue

	FY 2022-23 Actual	FY 2023-24		FY 2024-25 Budget	Budget to Budget Increase (%)
		Amended Budget	Projected		
Non-Operating Revenues					
Property Tax	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%
Total Non-Operating Revenue	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%
Total Revenues	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%



Operating Budget

Overview

The District, while relatively small, provides a wide range of services to residents. This section of the budget document provides a detailed description of the District’s budgeted use of funds (operating expenses) for each division/function. To make the budget easy to follow, the District’s Operating Budget is broken out into its main cost centers. The cost center breakdown is: Administrative Services, Water Services, Wastewater Services, Recycled Water Services (collectively the Services). In addition, the Community Benefit Program (CBP), that maintains public spaces in the District’s service area, has been added as a stand-alone program to maximize financial transparency.

This section also provides a detailed breakdown of the District’s employer-paid employee benefits and debt-service costs. Each of the District’s Services are allocated a portion of the District’s benefits costs based upon the Services’ share of total labor costs. The allocation of the benefits’ costs is detailed in the benefit cost section and each of the Districts Services’ operating budgets. It is denoted as Allocated Benefits Expenditures on each Services’ Total Operating Budget Summary Table. The Recommended FY 2024-25 Budget includes a 10.6% decrease in the total Operating Budget.

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

Table #1 - Overview of Total Services’ Operating Budget

Description	FY 2022-23	FY 2023-24			FY 2024-25	Budget to
	Actual	Original Budget	Amended Budget	Projected	Budget	Change (%)
Water Supply Costs	\$ 10,716,859	\$ 9,558,078	\$ 9,558,078	\$ 6,794,693	\$ 3,433,211	-64.1%
Debt Service	3,822,936	5,463,081	5,463,081	5,463,081	6,141,364	12.4%
Total Labor*	6,500,369	6,813,579	7,069,662	7,069,662	7,318,240	3.5%
Total Non-Labor**	6,172,082	7,625,467	8,158,253 (1)	7,879,295 (1)	9,258,491	13.5%
Operating Total	\$ 27,212,247	\$ 29,460,206	\$30,249,075	\$27,206,730	\$ 26,151,306	-13.5%
Benefits Expenses	4,279,809	4,400,781	4,400,781	4,400,781	4,835,681	9.9%
Total Services Operating Budget	\$ 31,492,056	\$ 33,860,987	\$34,649,856	\$ 31,607,511	\$ 30,986,987	-10.6%

* Total Labor does not include District’s Benefits

** Total Non-Labor includes \$542,367 for Community Benefit Program

(1) Does not include \$8,506,750 Detachment Fee

Administrative Services

Administrative Services includes a wide range of functions that support the District’s core services: water, wastewater and recycled water. The Organizational Chart on page 22 shows the broad scope of functions captured in the Administrative Services budget. Administrative Service functions are listed on the following page:

- Manages District operations and capital projects
- Implements and maintains District policies and procedures
- Directs and maintains District documents and archives
- Supports activities of the Board of Directors
- Coordinates District legal activities
- Oversees the District’s financial management including debt management, budget, annual audit, treasury and other required financial reporting
- Maintains customer accounts and billing for water, wastewater and recycled water
- Oversees permit process, right of way and District Geographic Information System (GIS) data
- Manages District contracts, and service and construction services procurement
- Administers the District’s water conservation and agricultural water programs
- Creates and administers public outreach activities
- Provides human resources support to the District
- Coordinates and monitors District safety and risk management programs

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



Table #2 - Administrative Services Approved Positions

Position	Actual FTE*	Actual FTE*	Proposed FTE*
	FY 2022-23	FY 2023-24	FY 2024-25
General Manager	1.0	1.0	1.0
Executive Assistant/ Board Secretary	1.0	1.0	0.98
Assistant General Manager/Chief Financial Officer	1.0	1.0	1.0
Human Resources Manager	1.0	1.0	1.0
Supervising Accountant	1.0	1.0	1.0
Accounting Technician I & II	2.0	2.0	2.0
Management Analyst	1.0	1.0	1.0
Safety & Risk Officer	1.0	1.0	1.0
Information Systems Tech	1.0	1.0	0.08
IT Manager	-	-	0.92
Systems Tech	-	-	0.6
Engineering Manager	1.0	1.0	1.0
Human Resources Technician	1.0	1.0	1.0
Engineering Technician I, II & III	3.0	3.0	4.0
GIS Coordinator	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Public Affairs Specialist	1.0	-	-
Public Information Officer	-	1.0	1.0
Customer Service Specialist	1.0	1.0	2.0
Customer Service Representative I & II	2.0	2.0	1.0
Purchasing Warehouse Supervisor **	0.95	0.99	1.0
Warehouse Purchasing Specialist	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0
TOTAL FTE	23.95	23.99	25.58

* FTE - Full-Time Equivalents

** Decreased Executive Assistant/Board Secretary FTE due to the reallocation of time to the Community Benefit Program for FY25.

The divisions and their activities are summarized below.

The Office of the General Manager

- Oversee all District operations
- Plan, organize and conduct Board of Directors activities and meetings in addition to supporting Board policy development and execution
- Manage legal activities including public hearing and other required notices
- Serve as public liaison to the Community and other entities and manages public relations
- Manage District documents, contracts, and Board of Director meeting agendas and minutes

Finance and Customer Services

- Manage and maintain the District’s financial and customer information
- Develop and monitor the District’s annual budget
- Manage the annual financial audit and develop financial reports
- Maintain and execute the District’s financial policies and procedures
- Manage the District’s payroll process, and treasury and debt-management functions
- Establish and monitors the District’s internal controls

- Maintain customer service counter and phone line for questions and payment
- Generate and monitor customer bills

Warehouse and Purchasing

- Issue requests for proposals, and solicitations for equipment, supplies and materials
- Maintain and manage District equipment, supplies and materials inventory
- Manage purchasing contracts for materials, supplies, equipment and services
- Maintain and manage the District's Fleet Services vehicles

Human Resources

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

Information Management

- Maintain, troubleshoot and upgrade the District's network servers, workstations, copiers and printers, phone system and wireless services
- Maintain the District's Enterprise Resource Planning (ERP) and Computerized Maintenance Management (CMMS) systems
- Create and maintains the District's information system's policies and procedures
- Manage the security of the District's information management systems

Engineering Services

- Oversee implementation of the District's Capital Improvement Program
- Maintain records of District easements, as-built facility drawings and facility location drawings
- Design, develop and maintain the District GIS program
- Provide customer service for water and sewer service
- Process water and sewer requests for new service
- Support outside developer and County projects
- Participation in County subdivision map process for new development
- Assess water and sewer availability and develop requirements
- Review and plan check developer water and sewer improvement plans
- Inspect and document developer installation of District facilities

Vehicle Services/Shop

- Service and repair small and large equipment and vehicles

Safety and Risk

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

Overall the Administrative Services budget is increasing slightly more than inflation. The labor increase is due to the restructuring of the Information Management Division, the addition of an Engineering Services FTE and the annual cost of living adjustment set forth in the District’s most recent Memorandums of Understanding. Non-Labor is being driven by a large increase in the District’s insurance costs. The insurance increase is being driven by a combination of industry wide fee hikes and the increased frequency of claims paid.

Table #3 - Administrative Services Total Operating Budget Summary

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor*	\$ 2,693,092	\$ 2,947,047	\$ 2,959,534	\$ 3,157,209	7.1%
Total Non-Labor	3,030,424	3,416,362 (1)	3,487,879 (1)	3,490,027	2.2%
Services Operating Total	\$ 5,723,517	\$ 6,363,408	\$ 6,447,413	\$ 6,647,236	4.5%
Allocated Benefits Expenditures**	1,772,566	1,903,450	1,903,450	2,086,192	9.6%
Total Services Budget	\$ 7,496,083	\$ 8,266,858	\$ 8,350,863	\$ 8,733,428	5.6%

* Total Labor does not include District’s Benefits
 ** Includes transfer to Pension/OPEB Trusts
 (1) Does not include \$8,506,750 Detachment Fee

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

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Office of the General Manager					
Labor:					
Salaries	\$ 479,044	\$ 506,019	\$ 506,429	\$535,324	5.8%
Non-Labor:					
Director Expenses	33,307	40,000	38,693	41,500	3.8%
General & Administrative	10,940	14,500	24,315	88,600	511.0%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	81,685	83,800	95,300	79,800	-4.8%
Professional Services	511,706	677,535 (1)	677,535	412,000	-39.2%
Memberships/Training/Permits	89,296	91,000	91,425	91,200	0.2%
Santa Margarita Watermaster	125,188	131,447	131,447	138,020	5.0%
Total Non-Labor	\$ 852,122	\$ 1,038,283 (2)	\$ 1,058,715 (2)	\$ 851,120	-18.0%
Division Operating Total	\$ 1,331,166	\$ 1,544,302	\$ 1,565,144	\$ 1,386,444	-10.2%

(1) Budget Amendment increase of \$267,535 for professional services pertaining to detachment efforts.
 (2) Does not include Budget Amendment increase of \$8,506,750 for Detachment Fee.

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

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Finance & Customer Service					
Labor:					
Salaries	\$ 847,547	\$ 920,737	\$ 881,907	\$ 961,080	4.4%
Non-Labor:					
Contractor Services	27,401	24,000	29,589	36,500	52.1%
Equipment (Non Capital)	833	4,500	4,500	1,500	-66.7%
Materials/Services/Supplies	142,037	147,700	149,822	150,200	1.7%
Professional Services	180,515	123,500	119,401	122,500	-0.8%
Memberships/Training/Permits	1,752	2,700	2,080	2,700	0.0%
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 352,538	\$ 302,400	\$ 305,391	\$ 313,400	3.6%
Division Operating Total	\$ 1,200,085	\$ 1,223,137	\$ 1,187,299	\$ 1,274,480	4.2%

Warehouse & Purchasing					
Labor:					
Salaries	\$ 197,685	\$ 213,567	\$ 207,590	\$ 228,071	6.8%
Non-Labor:					
Contractor Services	154,489	150,000	150,000	145,000	-3.3%
Equipment (Non Capital)	1,099	1,000	1,000	1,000	0.0%
Materials/Services/Supplies	156,201	139,500 (1)	144,663	133,500	-4.3%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	658	1,000	250	1,000	0.0%
Utilities *	70,535	45,000	68,107	75,000	66.7%
Total Non-Labor	\$ 382,981	\$ 336,500	\$ 364,020	\$ 355,500	5.6%
Division Operating Total	\$ 580,666	\$ 550,067	\$ 571,610	\$ 583,571	6.1%

(1) Budget Amendment increase of \$15,000 for materials and services required for emergency repairs.

*Utility cost increase driven by actual cost levels.

Human Resources					
Labor:					
Salaries	\$ 256,159	\$ 270,962	\$ 370,962	\$ 254,134	-6.2%
Non-Labor:					
Contractor Services	11,691	13,000	21,381	13,000	0.0%
Equipment (Non Capital)	72	-	-	350	NA
Materials/Services/Supplies	17,978	18,300	8,240	12,000	-34.4%
Professional Services	8,636	10,000	14,484	10,000	0.0%
Memberships/Training/Permits	72,736	102,450	90,164	92,400	-9.8%
Education Funding	6,315	5,000	2,262	17,000	240.0%
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 117,428	\$ 148,750	\$ 136,532	\$ 144,750	-2.7%
Division Operating Total	\$ 373,587	\$ 419,712	\$ 507,494	\$ 398,884	-5.0%

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

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Information Management					
Labor:					
Salaries	\$ 102,208	\$ 107,306	\$ 114,822	\$ 329,935	207.5%
Non-Labor:					
Contractor Services	65,760	101,025	101,025	104,877	3.8%
Equipment (Non Capital)	25,381	30,000	30,000	30,000	0.0%
Materials/Services/Supplies	197,690	183,338	170,938	205,930	12.3%
Professional Services	-	50,000	50,000	50,000	0.0%
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 288,831	\$ 364,363	\$ 351,963	\$ 390,807	7.3%
Division Operating Total	\$ 391,039	\$ 471,669	\$ 466,785	\$ 720,743	52.8%

Engineering Services					
Labor:					
Salaries	\$ 544,594	\$ 585,757	\$ 544,875	\$ 497,023	-15.1%
Non-Labor:					
Contractor Services	17,210	55,000	75,819	25,000	-54.5%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	37,330	47,000	41,001	48,500	3.2%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	500	62	500	0.0%
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 54,540	\$ 102,500	\$ 116,882	\$ 74,000	-27.8%
Division Operating Total	\$ 599,134	\$ 688,257	\$ 661,758	\$ 571,023	-17.0%

Safety & Risk					
Labor:					
Salaries	\$ 174,113	\$ 241,955	\$ 236,187	\$ 246,708	2.0%
Non-Labor:					
Contractor Services	21,944	40,000	66,584	55,000	37.5%
Equipment (Non Capital)	75,417	66,550	68,182	66,550	0.0%
Materials/Services/Supplies	31,707	30,200 *	29,741	30,200 *	0.0%
Professional Services	445,816	599,865	597,936	810,000	35.0%
Memberships/Training/Permits	1,297	2,700	1,933	2,700	0.0%
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 576,181	\$ 739,315	\$ 764,376	\$ 964,450	30.5%
Division Operating Total	\$ 750,294	\$ 981,270	\$ 1,000,563	\$ 1,211,158	23.4%

*Includes \$20,000 budget for potential small claims.

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

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Vehicle Services & Shop					
Labor:					
Salaries	\$ 91,742	\$ 100,745	\$ 96,761	\$ 104,933	4.2%
Non-Labor:					
Contractor Services	36,514	45,000 (1)	45,000	40,000	-11.1%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	369,291	339,251 (1)	345,000	356,000	4.9%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 405,805	\$ 384,251	\$ 390,000	\$ 396,000	3.1%
Division Operating Total	\$ 497,548	\$ 484,996	\$ 486,761	\$ 500,933	3.3%

(1) Budget Amendment increase of \$11,000 for contract services (required fleet software). Budget Amendment increase of \$39,251 for fleet repairs and maintenance due to emergency repairs.

Fiscal Year 2023-24 Accomplishments

- Continued working with LAFCO on detachment efforts and successfully detached from SDCWA and annexed into EMWD’s service area on January 1, 2024
- Negotiated and paid the Detachment Fee to SDCWA
- Completed the process of changing billing and operational coordination to EMWD, the District’s new wholesale water provider
- Processed 7 new-hire employees
- Participated and finalized the Emergency Response Plan (ERP) for compliance with America’s Water Infrastructure Act of 2018 (AWIA)
- Updated training protocols to be in line with OSHA requirements
- Continued to revise and update critical safety policies identified by the safety program audit
- Conducted an emergency response drill at the Wastewater Treatment Plant and updated emergency response procedures accordingly
- Caught up on pipeline replacement contractor procurement process by planning for 2 years of projects in advance to resolve the ongoing supply-chain issues
- Executed Water, Recycled Water and Administrative CIP as planned
- Conducted multiple site inspections to ensure stores are properly represented in the District’s inventory
- Implemented new GPS and Work Order software to better assess and track the Fleet operations and maintenance
- Completed the review and selection of a third party administrator for the District’s deferred compensation plans and implement fiduciary oversight of the plans
- Secured an inaugural credit rating of AA- from Standard and Poors for the District’s Water System
- Executed a negotiated sale of Water Revenue Bonds to fund the District’s water CIP

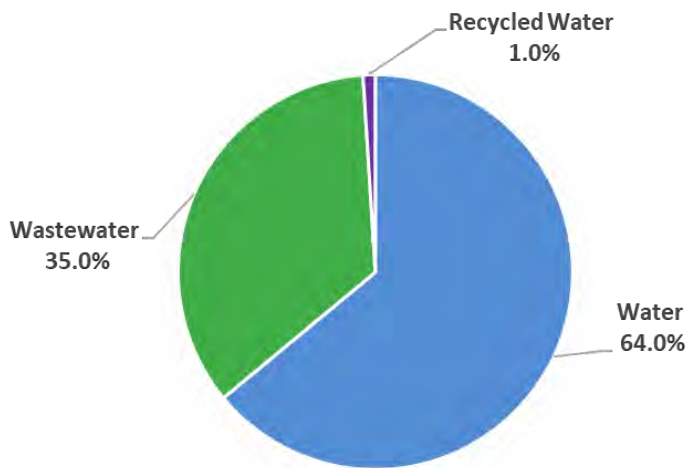
Fiscal Year 2024-25 Goals and Objectives

- Continue to revise and update critical safety policies identified by safety program audit
- Conduct an emergency response drill and update emergency response procedures accordingly
- Streamline procedures for obtaining base passes for Naval Weapons and Camp Pendleton
- Review and update approved job descriptions for compliance
- Further adjust the pipeline replacement contractor procurement process by planning for 2 years of projects in advance to resolve the ongoing supply-chain issues
- Execute planned CIP projects
- Create additional storage area to extend warehouse, allowing all outdoor inventory items to be secured and grouped together
- Create the District’s Information Management Systems Plan (IMSP) and evaluate the District’s ERP options that support the IMSP
- Implement enhancements to the District’s CMMS that support the IMSP and the District’s asset management plan
- Document finance policy and procedure guides

Cost Allocation of Administrative Services

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

Chart #1 - Administrative Services Cost Allocation



Total Number of Accounts: 14,382

Number of Accounts	
Water	9,299
Wastewater	5,053
Recycled Water	30
Total Accounts	14,382

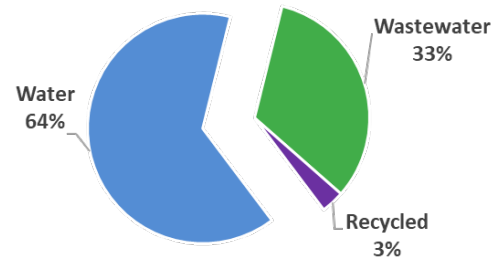
Table #5 - Administrative Services Key Performance Indicators

Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Estimated	Target Met
Efficiency	Maintain a Workers Compensation Experience Modification Rate below 1%	Below 1%	0.89%	0.86%	0.69%	Yes
Efficiency	Maintain an inventory shrinkage rate of less than 1%	Below 1%	0.3%	0%	0%	Yes
Community	Maintain an average customer service call wait time of less than 3 minutes	Below 3 minutes	0:40 seconds	0:55 seconds	0:42 seconds	Yes
Community	Percentage of customers enrolled in Watersmart-AMI portal (as a % of total District customers)	60% by Fiscal Year 2026	31%	37%	39%	Yes
Workforce	Employee engagement survey results; percentage of employees rating their overall morale as "high".	Above 25%	N/A	47%	45%	Yes
Fiscal Management	Debt Coverage	>1.20	2.05	4.19	2.59	Yes
Fiscal Management	Days Cash on hand	90 days or greater	109 days	113 days	100 days	Yes

Water Services

The District provides Water Services to approximately 9,300 meters within the District’s service area. The Water Services’ operating budget is comprised of the District’s water operations costs, which includes the cost to operate and maintain the District’s SMGTP. Chart 2 shows the Water System’s share of the District’s Systems’ costs. At 64% of the District’s Services costs, the Water System is the District’s largest System. The Water Supply Cost is reported separately. (Pg. 53). **Appendix A provides the detailed revenue, expense and fund balance projections for Water operations.**

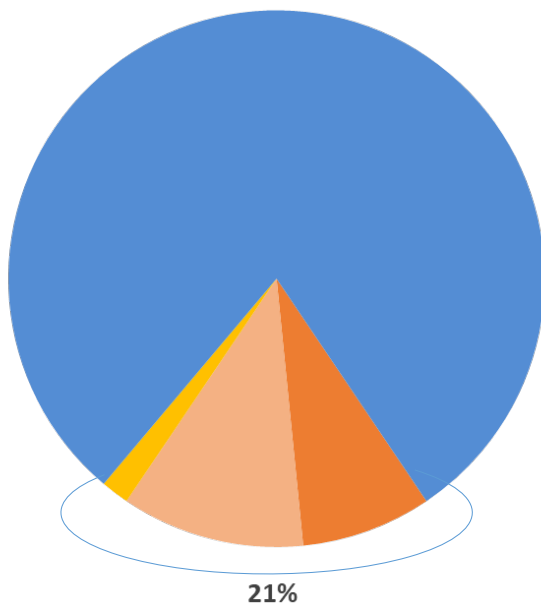
Chart #2 - Total Services’ Budget



Water Services provide the following functions:

- Operate and maintain an advanced membrane ground water treatment plant (SMGTP) to produce quality treated water for the District’s customers
- Manage the production of SMGTP water and the delivery of water from the District’s wholesale water supplier for delivery to the District’s customers
- Manage an asset management program that optimizes life-cycle costs and maintains, repairs and replaces system assets
- Operate water system assets including reservoirs, valves, pump stations, control facilities
- Maintain the District’s Water Service’s rights of way
- Manage the District’s water meters and Smart Meter replacement program

Chart #3 - Water Services Operating Costs \$16,671,573



- EMWD Water Supply Costs, 8%
- SMR Water Delivery Cost, 11%
- System Pumping, 2%
- Water Services Operating Budget, 79%

DISTRICT’S WATER SUPPLY COSTS

The District’s Water Supply Costs are 21% of the water services budget.

Water Services is broken down into divisions that support a specific function. Some changes to labor allocations have been made to align expenditures with cost of service principles given the addition of the Treatment Division. Water Services historic and proposed staffing levels are shown in Table 6.

Table #6 - Water Services Approved Positions

Position	Actual FTE* FY 2022-23	Actual FTE* FY 2023-24	Proposed FTE* FY 2024-25
Field Services Manager	1.0	1.0	1.0
Utility Technician	-	-	-
Crew Leader	4.5	2.8	2.8
Utility Worker I,II & III	11.5	12.8	13.8
System Services Supervisor	1.0	1.0	1.0
Construction Supervisor	-	1.0	1.0
Operations Manager	0.75	0.75	0.5
System Operations Supervisor	1.0	1.0	1.0
Systems Operator I, II & III	4.0	5.0	4.0
Water/Wastewater Operator I,II & III	-	-	0.75
SCADA/Electrical/Maintenance Supervisor	0.75	0.75	0.65
Systems Technician	-	-	0.4
Instrumentation, Electrical & Controls Tech I & II	1.5	1.5	1.5
Senior Maintenance Technician	0.2	0.2	0.5
Maintenance Technician I & II	0.2	0.2	0.3
TOTAL FTE	26.4	28.0	29.2

*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Water Treatment

- Operate and maintain a new groundwater treatment plant to treat water delivered by Camp Pendleton
- Maximize SMGTP production to achieve lowest Water Supply Cost mix
- Schedule and manage wholesale water deliveries to the District to optimize SMGTP operations

Production and Distribution

- Schedule and manage the District’s distribution facilities
- Operate water system assets and monitors system conditions including water pressure, water flows, storage facilities and water quality
- Maintain crews to operate the system and respond to customer inquiries

Pipeline Maintenance and Construction

- Maintain the District’s Water Services assets
- Manage all Water Services repairs and asset replacements
- Replace aged water mains and valves
- Maintain 24-hour coverage of large water main breaks
- Maintain all right-of-way and interconnects with neighboring districts

System Services

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



As reflected in Table 7, overall the Water Services Budget is increasing 14.1%. This is largely due to the 35% increase in non-labor, which is due to the high volume of water that will be treated at the District’s SMGTP. The costs for SMGTP operations are mostly captured in the Non-Labor category and are related to power and treatment chemical costs. The FY 2023-24 Amended Budget benefit expenditure was not amended to reflect increases in Water Services labor allocations in the Amended Fiscal 2023-24 Budget. The 21.2% increase in the allocation of benefit expenditures is being driven by the continued increase in planned emergency repair labor (included in the Amended Fiscal Year 2023-24 Budget) and due to increases in employee benefit costs.

Table #7 - Water Services, Total Operating Budget Summary*

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor **	\$ 2,221,411	\$ 2,325,039	\$ 2,449,535	\$ 2,449,192	5.3%
Total Non-Labor	1,736,116	2,650,856	2,657,220	3,579,020	35.0%
Operating Total	\$ 3,957,527	\$ 4,975,895	\$ 5,106,755	\$ 6,028,212	21.1%
Allocated Benefits Expenditures	1,436,730	1,337,251	1,337,251	1,620,756	21.2%
Total Direct Water Costs	\$ 5,394,257	\$ 6,313,146	\$ 6,444,006	\$ 7,648,968	21.2%
Allocation of Administrative Services	4,797,493	5,290,789	5,344,552	5,589,394	5.6%
Total Services Budget	\$ 10,191,750	\$ 11,603,935	\$ 11,788,558	\$ 13,238,362	14.1%

* Appendix A provides the detailed revenue, expense and fund balance projections for Water operations.

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

Table #8 - Water Services, Division Budget to Budget Comparison

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Treatment					
Labor:					
Salaries	\$ 314,282	\$ 483,866 (1)	\$ 484,793	\$ 548,117	13.3%
Non-Labor:					
Contractor Services	67,009	136,000	125,000	140,000	2.9%
Equipment (Non Capital)	1,514	8,000	7,348	8,000	0.0%
Materials/Services/Supplies	402,845	495,121 (1)	612,500	929,088	87.6%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities *	412,070	939,454	806,012	1,203,000	28.1%
Total Non-Labor	\$ 883,438	\$ 1,578,575	\$ 1,550,860	\$ 2,280,088	44.4%
Division Operating Total	\$ 1,197,720	\$ 2,062,441	\$ 2,035,653	\$ 2,828,205	37.1%

(1) Budget Amendment increase of \$65,768 for labor allocated to SMGTP. Budget Amendment increase of \$100,000 for chemicals required for SMGTP.

* Utility cost increase driven by actual cost levels.

Table #8 - Water Services, Division Budget to Budget Comparison, cont.

Description	FY 2022-23 Actual	FY 2023-24		FY 2024-25 Budget	Budget to Budget Change (%)
		Amended Budget	Projected		
Production & Distribution					
Labor:					
Salaries	\$ 667,618	\$ 564,591	\$ 688,161	\$ 567,887	0.6%
Non-Labor:					
Contractor Services	103,410	192,581	191,275	215,732	12.0%
Equipment (Non Capital)	7,704	20,000	17,586	20,000	0.0%
Materials/Services/Supplies	190,178	259,700	294,980	345,200	32.9%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	80,384	90,000	90,000	90,000	0.0%
Utilities*	76,010	92,000	85,000	180,000	95.7%
Total Non-Labor	\$ 457,686	\$ 654,281	\$ 678,841	\$ 850,932	30.1%
Division Operating Total	\$ 1,125,304	\$ 1,218,872	\$ 1,367,002	\$ 1,418,819	16.4%

* Utility cost increase driven by actual cost levels.

Pipeline Maintenance & Construction					
Labor:					
Salaries	\$ 668,304	\$ 658,713 (1)	\$ 658,713	\$ 710,808	7.9%
Non-Labor:					
Contractor Services	59,896	46,000	46,000	46,000	0.0%
Equipment (Non Capital)	13,643	10,000	8,500	10,000	0.0%
Materials/Services/Supplies	88,499	45,000	54,356	50,000	11.1%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 162,038	\$ 101,000	\$ 108,856	\$ 106,000	5.0%
Division Operating Total	\$ 830,342	\$ 759,713	\$ 767,568	\$ 816,808	7.5%

(1) Budget Amendment increase of \$90,748 for labor allocated to emergency repairs.

System Services					
Labor:					
Salaries	\$ 571,207	\$ 617,868 (1)	\$ 617,868	\$ 622,380	0.7%
Non-Labor:					
Contractor Services	85,028	200,000	200,000	200,000	0.0%
Equipment (Non Capital)	2,439	-	625	5,000	NA
Materials/Services/Supplies	145,487	117,000	118,039	137,000	17.1%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
Total Non-Labor	\$ 232,954	\$ 317,000	\$ 318,664	\$ 342,000	7.9%
Division Operating Total	\$ 804,161	\$ 934,868	\$ 936,532	\$ 964,380	3.2%

(1) Budget Amendment increase of \$99,567 for labor allocated to emergency repairs.
Budget Amendment increase of \$100,000 for paving relating to emergency repairs.

Fiscal Year 2023-24 Accomplishments

- Repaired 17 water main leaks, 14 water main breaks
- Repaired 35 water service leaks, 6 water service breaks
- Replaced 68 water main valves, 4" and above; replaced 3 valves, water A/V and drain valves 3" and below; by May 1
- Replaced 10 backflows
- Continued Right of Way maintenance program; 3,315 feet have been completed as of May 1
- Continued valve maintenance program; Average of 162 valves monthly exercised
- Continued fire hydrant maintenance program; 33 per month average
- Continued fire flow testing program; 17 fire hydrants tested this year
- Completed capital projects in accordance with approved budget and asset-management plan
- Added a protective seal coat layer on the asphalt on the access around the Red Mountain Secured the 2.8 Reservoir with security fencing and the access gate
- Maintained Red Mountain Reservoir and UV Treatment Facility to be operational for an emergency
- Deployed solar and battery backup systems at critical radio repeater sites to maintain SCADA communications during utility power outages
- Completed a 3-month predesign test on the 8.0 MG Tank to boost chloramine residual and maintain a high reservoir water level for increased fire protection
- Had a goal of maintaining 12 of the District's flow control facilities as determined by their service schedule. 20 valves were serviced and updated during the year
- Maintained and optimized operation of SMGTP to deliver all available water supplies
- Identified critical facility equipment and procure necessary spare parts
- Installed redundant analyzer feed pumps at the SMGTP facility
- Installed a new valve to control pumped SMGTP flow up the East Line at the Red Mountain site. This allow us to start the UV facility on SMGTP water and not purchased water off our imported connection
- Further expanded SMGTP preventative maintenance program, including construction and implementation of redundant process equipment and procurement of spare components for critical process systems.
- Installed multiple cellular signal boosters and Wi-Fi equipment at SMGTP in order to address limited signal problems.
- Developed and utilized new tablet-based CMMS inspection and testing forms for preventative maintenance tasks at the treatment plants and pump stations, in order to more efficiently capture data for predictive maintenance analysis.
- Completed all required annual calibrations of process control instrumentation, including flow, pressure, and level transducers.
- Developed additional client workstation and display screen for SMGTP SCADA system at main Operations office for remote monitoring and control of treatment process.
- Developed primary and backup servers for new potable and collections SCADA upgrade project.
- Installed and configured new Ethernet communications equipment at 8 separate water distribution facilities throughout the DeLuz and Fallbrook areas in order to facilitate SCADA Radio Transmission Unit upgrades and expansion.

Fiscal Year 2024-25 Goals and Objectives

- Replace 100 water main valves
- Continue meter testing program
- Continue Right of Way maintenance program
- Continue valve maintenance program
- Continue fire hydrant maintenance program
- Test all backflows in the system every calendar year. Repair and replace as needed
- Complete capital projects in accordance with approved budget
- Build materials bins at the 2.8 Million reservoir
- Build concrete pads in order to move four post truck lift and for additional warehouse storage
- Continue both SMGTP and the Red Mountain UV facilities operation and maintenance to deliver all available water supplies
- Continue to maintain/rebuild the Districts flow/pressure facilities as determined by their service schedule
- Construct a chloramination booster station at the 8.0 MG Tank, for increased reliability and emergency service, along with improved water quality.
- Bring Kauffman Flow Control Facility above ground and replace downstream valves
- Repair the slope that was damaged during this past winter near the Kauffman facility
- Continue to develop redundancy systems for the SMGTP process equipment to ensure sustained treatment
- Install a new valve after the De Luz connection to prevent the delivery of water to our system, during period when no flow is ordered
- Construct a new Toyon Pump Station at the site of the UV facility
- Construct a DeLuz Pump Station at the UV facility to move production water out to DeLuz
- Continue expansion of the Ethernet radio communications network to additional water distribution facilities and wastewater collection facilities throughout the District.
- Replace antiquated serial-based Radio Transmission Unit hardware with new Ethernet controllers at sites with upgraded Ethernet radio communications equipment.
- Continue building redundancy systems and procurement of critical spare equipment for SMGTP process control longevity.
- Continue expansion of video surveillance system to include remote FPUD distribution facilities over the new Ethernet radio communications network.

Table #9 - Water Services Key Performance Indicators

Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Estimated	Target Met
Water Supply	Cost/Acre Foot of SMGTP Product Water Supply	Below \$1,500/AF	\$1,640/AF ¹	\$1,062/AF	\$836/AF	Yes
Water Supply	Sample 30 residents that meet the criteria for Lead and Copper**	30 residents ²	72 residents	73 residents	46 residents	Yes
Water Supply	Receive and treat all entitled deliveries to the SMGTP	100% of deliveries treated	N/A	105%	99%	No
Infrastructure	Cost/Valve	Below \$6,500/Valve	N/A	\$6,245/Valve	\$8,069/Valve	No
Infrastructure	Maintain 4,000 feet of right of ways/year	4,000 feet	1,608 feet	6,188 feet	4,000 feet	Yes
Infrastructure	Replace 100 water main valves/year	100 water main valves	73 water main valves	101 water main valves	100 water main valves	Yes
Infrastructure	100% regulatory compliance for water quality sampling	100% Compliance	100%	100%	100%	Yes
Infrastructure	Exercise 189 valves and 46 fire hydrants per month as part of a three year valve exercise program cycle	189 valves per month; 46 fire hydrants/month	159 valves/month Hydrants not exercised until FY 2023	205 valves/month 35 Hydrants/month	196 valves/month 46 fire Hydrants/month	Yes
Infrastructure	Test 400 meters per year	400 meters	N/A	N/A, testing began in May 2024	N/A, testing began in May 2024	No
Infrastructure	Fire flow test 5 hydrants per month	5 hydrants per month	N/A	1st year of testing, 2 tests were completed	17 hydrants total	No

(1) FY 2021-22 was the first year of SMGTP’s operation which included additional startup costs that exceeded normal year expenditures.

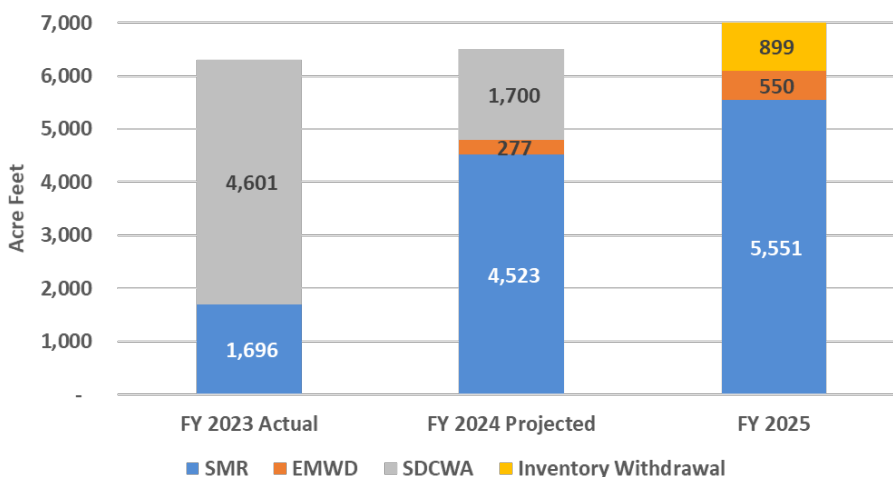
(2) This KPI changed from a target of 60 residents to 30 residents as of FY 2023-24.

Water Supply Costs

In January 2024, the District detached from the San Diego County Water Authority’s (SDCWA) service area and annexed into Eastern Municipal Water District’s (EMWD) service area. As a result of this change, the District’s Water Supply Cost structure changed dramatically. The fixed fees that the District pays for wholesale water regardless of the amount of water purchases decreased by 84% or \$2.9 million/year. This means that during a drought or a wet year, when water sales are low, the District is not faced with fixed costs that impact the District’s net revenues. In addition, the cost per AF of wholesale water decreased by 20% allowing savings to be passed on to rate payers.

The District’s Water Supply Cost is comprised of Purchased Water Costs and System Pumping costs. In Fiscal Year 2024-25, the District’s budget for Purchased Water Costs is comprised of the wholesale water costs from EMWD, Camp Pendleton’s water delivery costs for Santa Margarita River Water and inventory withdrawals. As shown in Chart 4, Camp Pendleton will pump an estimated 4,523 AF 7 miles from the Santa Margarita River (SMR) Aquifer to the SMGTP in Fiscal Year 2023-24 and 5,551 AF in Fiscal Year 2024-25. The cost of treating the SMR water and delivering it to customers is included in the District’s Water Services Treatment Division’s costs. (Pg. 48).

Chart #4 - Wholesale and Local Supply Mix



Water Supply Costs are broken down into fixed and variable costs. Variable or Commodity costs vary depending on the amount of water purchased (this includes pumping costs). Fixed charges are set regardless of the water consumed during the billing period. As shown in Table 10, the District’s fixed water costs are greatly decreased due to elimination of SDCWA’s fixed charges in the Fiscal Year 2024-25 Budget. MWD’s fixed charges are the only fixed charges that remain and are now passed through by EMWD. With lower fixed charges, the District’s average cost of water is not impacted by water sales volatility. The result is more stable net revenues. The reduction in Variable Water Cost budget is due to increased local water supply availability and the budgeted amount of wholesale water purchased from EMWD. The District’s variable and fixed water charges for this planning period are summarized on the following page. (Note: all SDCWA charges were discontinued effective January 1, 2024)

Variable Costs

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

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

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

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

System Pumping – This is the rate the District pays for water that is pumped to Red Mountain.

Fixed Costs

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

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

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

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

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

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

Figure #1 - Fixed vs. Variable

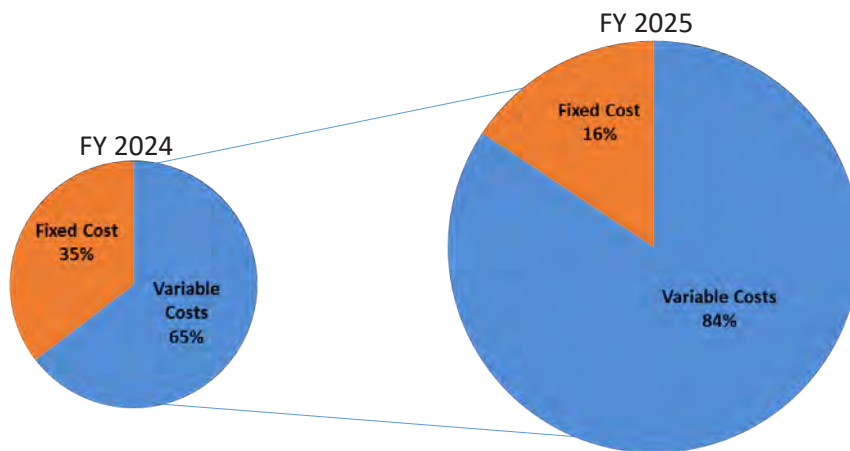
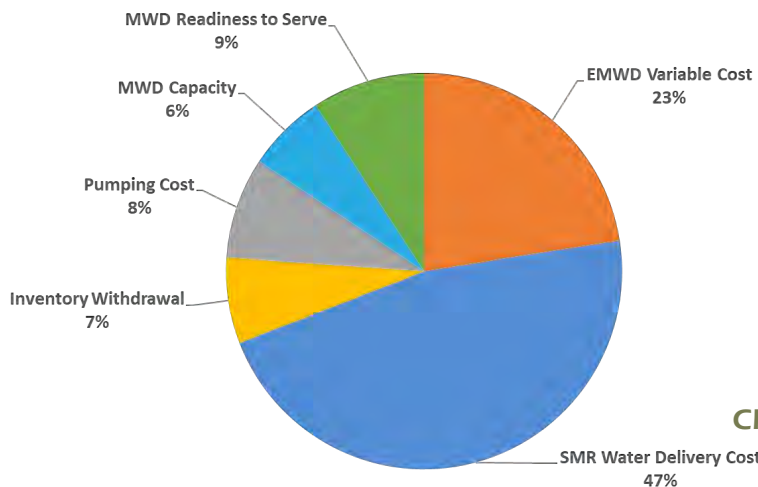


Table #10 - Variable and Fixed Charges Budget to Budget Comparison

	FY 2022-23 Actual	FY 2023-24		FY 2024-25 Budget	Budget to Budget Change (%)
		Amended Budget	Projected		
Variable Costs:					
SDCWA Variable Cost	\$ 6,511,543	\$ 4,814,288	\$ 2,485,367	\$ -	-100.0%
EMWD Variable Cost	-		862,141	772,590	N/A
SMR Water Delivery Cost*	477,678	1,219,265	1,185,026	1,600,288	31.3%
Inventory Withdrawal	-	-	-	240,177	N/A
System Pumping	339,098	140,904	297,532	283,000	100.8%
Subtotal Variable Costs	\$ 7,328,319	\$ 6,174,456	\$ 4,830,066	\$ 2,896,055	-53.1%
Fixed Costs:					
SDCWA Supply Reliability	\$ 684,190	\$ 726,804	\$ 353,568	\$ -	-100.0%
SDCWA Storage	1,048,485	1,048,920	522,204	-	-100.0%
SDCWA Customer service	555,891	547,662	275,004	-	-100.0%
MWD Capacity	237,025	209,694	208,365	220,867	5.3%
MWD Readiness to Serve	259,181	242,400	304,124	316,289	30.5%
SDCWA IAC	603,768	608,142	301,362	-	-100.0%
Subtotal Fixed Costs	\$ 3,388,540	\$ 3,383,622	\$ 1,964,627	\$ 537,156	-84.1%
Total Water Supply Costs	\$ 10,716,859	\$ 9,558,078	\$ 6,794,693	\$ 3,433,211	-64.1%

* This estimate does not include the SMGTP LRP credit of \$305/AF @ 3,100 estimated AF; \$945,500.

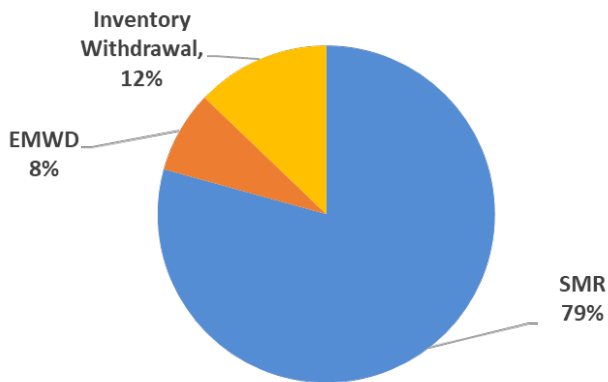
Chart #5 - Water Supply Costs Breakdown



REDUCED FIXED WATER COSTS IN CY 2024

Due to Detachment from SDCWA on January 1, 2024, fixed water costs were reduced in CY 2024 which allowed the District to keep variable rates flat and reduce the monthly fixed charges.

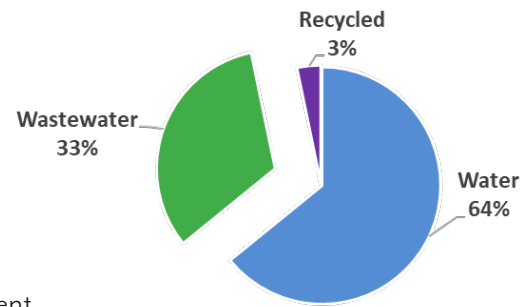
Chart #6 - Fiscal Year 2024-25 Water Supply Mix



Wastewater Services

The District provides Wastewater Services to approximately 5,000 service connections within the District’s service area. The largest component of the Wastewater Services’ operating budget is the operating costs of the District’s water reclamation plant. Appendix A provides the detailed revenue, expense and fund balance projections for Wastewater operations. Wastewater Services includes the following functions:

Chart #7 - Total Services’ Budget



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

Wastewater Services is broken down into divisions that support a specific functions. Wastewater Services historic and proposed staffing levels are shown in Table 11.

Table #11 - Wastewater Services Approved Positions

Position	Actual FTE*	Actual FTE*	Proposed FTE*
	FY 2022-23	FY 2023-24	FY 2024-25
Collections Supervisor	1.0	1.0	1.0
Crew Leader	2.0	2.0	1.0
Utility Worker I & II	5.0	5.0	4.0
Chief Plant Operator	0.85	0.7	0.7
Lead Plant Operator	1.7	1.7	0.7
Plant Operator I & II	1.7	1.7	1.4
Water/Wastewater Operator I, II & III	-	-	0.25
Operations Manager	0.25	0.25	0.4
Environmental Compliance Technician	0.5	0.7	0.95
Laboratory Technician I & II	0.85	0.7	0.5
Senior Maintenance Technician	0.6	0.6	0.45
Maintenance Technician I & II	0.6	0.6	1.6
SCADA/Electrical/Maintenance Supervisor	0.25	0.25	0.3
Instrumentation, Electrical & Controls Tech I & II	0.5	0.5	0.45
TOTAL FTE	15.8	15.7	13.7

* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Collections

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

Treatment

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

As shown in Table 12, the Wastewater Services Budget is increasing 2.6%. This is being driven by an increase in non-labor costs due to increased utility and chemical costs. The labor cost allocation has decreased due to a staffing transfer, which has helped keep this Service mostly flat.

Table #12 - Wastewater Services Operating Budget Summary*

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor **	\$ 1,379,266	\$ 1,536,968	\$ 1,444,625	\$ 1,467,256	-4.5%
Total Non-Labor	1,193,544	1,329,000	1,278,346	1,434,076	7.9%
Operating Total	\$ 2,572,810	\$ 2,865,968	\$ 2,722,971	\$ 2,901,332	1.2%
Allocated Benefits Expenditures	916,553	992,703	992,703	969,520	-2.3%
Total Direct Wastewater Costs	\$ 3,489,363	\$ 3,858,671	\$ 3,715,674	\$ 3,870,852	0.3%
Allocation of Administrative Services	2,623,629	2,893,400	2,922,802	3,056,700	5.6%
Total Services Budget	\$ 6,112,992	\$ 6,752,071	\$ 6,638,476	\$ 6,927,552	2.6%

* Appendix A provides the detailed revenue, expense and fund balance projections for Wastewater operations.

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

Table #13 - Wastewater Services, Division Budget to Budget Comparison

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Collections					
Labor:					
Salaries	\$ 540,269	\$ 624,127	\$ 595,573	\$ 570,918	-8.5%
Non-Labor:					
Contractor Services	26,856	93,500	93,500	65,000	-30.5%
Equipment (Non Capital)	4,810	5,000	1,381	5,000	0.0%
Materials/Services/Supplies	162,817	219,000	204,625	232,600	6.2%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	4,478	2,000	2,000	2,000	0.0%
Utilities *	180,954	118,000	206,040	226,476	91.9%
Total Non-Labor	\$ 379,915	\$ 437,500	\$ 507,545	\$ 531,076	21.4%
Division Operating Total	\$ 920,184	\$ 1,061,627	\$ 1,103,118	\$ 1,101,994	3.8%

* Utility cost increase driven by actual cost levels.

Table #13 - Wastewater Services, Division Budget to Budget Comparison, cont.

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Treatment					
Labor:					
Salaries	\$ 838,997	\$ 912,841	\$ 849,052	\$ 896,338	-1.8%
Non-Labor Expenses:					
Contractor Services	331,811	348,000	328,770	338,000	-2.9%
Equipment (Non Capital)	5,731	17,000	12,147	17,000	0.0%
Materials/Services/Supplies	262,736	287,500	214,884	313,500	9.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	75,444	95,000	95,000	90,500	-4.7%
Utilities *	137,907	144,000	120,000	144,000	0.0%
Total Non-Labor	\$ 813,629	\$ 891,500	\$ 770,801	\$ 903,000	1.3%
Division Operating Total	\$ 1,652,626	\$ 1,804,341	\$ 1,619,853	\$ 1,799,338	-0.3%

* Utility cost increase driven by actual cost levels.

Fiscal Year 2023-24 Accomplishments

- Successfully operated the Water Reclamation Plant to achieve an Energy costs saving of approximately 8% from the budgeted \$206,000. Total Energy costs are projected to end up at \$187,704.
- The projected chemical costs for the Bio solids Handling process will be approximately \$46,000 out of the budget \$70,000, accomplishing a 34% reduction.
- Reduced Total Overtime hours for Reclamation Plant by 26%.
- Completed monthly inspections of land outfall
- Completed weekly and monthly inspections on sewer lift stations
- Reduced 10-year average wastewater spills by 10%- Kept spills under 8,100 gallons
- Kept sewer spills under to 3 or less during the year
- On track to meet 240,000 foot goal for cleaning sewer mains
- On track to televise 96,000 feet of sewer mains this year
- Performed upgrades to secondary clarifier, including refurbishment of two scum pumps, replacement of drive unit and motor for skimmer and collector, and installation and commissioning of second refurbished RAS pump.
- Continued to upgrade level transmitters throughout the plant as needed to new Vega radar sensors and transmitters.
- Performed numerous electrical system upgrades to plant wiring, conduits, panels and enclosures, including the addition of multiple disconnect switches at various pump/motor locations to facilitate more enhanced lockout/tagout procedures.
- Received all backordered components required to complete Intermediate Pump Station (IPS) motor controls and Variable Frequency Drive (VFD) upgrade project for all four pumps- estimated completion by May 2024.
- Completed all required annual calibrations of process control instrumentation.
- Began assembly and construction of new VFD motor control equipment for Shady Lane Lift Station electrical system upgrade project.

- Performed annual testing and maintenance of the 1MW solar field, identified and procured critical spare componentry to expedite repair of inverters and limit solar production loss time.

Fiscal Year 2024-25 Goals and Objectives

- Maintain Wastewater Treatment process to achieve a compliance rating of >99% for each category pertaining to permit regulations
- Maintain energy consumption data to stay within the annual average target of 2,760,000 (kWh) or below
- Maintain critical equipment data for proper diagnostic/troubleshooting and predictive life expectancy to maintain tools/equipment budget deviation within 10%
- Accurately maintain/manage Bio solids system to reduce total operational costs by 5%.
- Reduce total Reclamation Plant hauling expenses by 5%.
- Reduce total overtime hours by 5% from previous Fiscal Year.
- Complete monthly inspections of the land outfall
- Complete weekly and monthly inspections on the sewer lift stations
- Reduce 10-year average wastewater spills by 10%. - Keeps spills under 8,167 gallons
- Keep common sewer spills to 3 or less during the year
- Clean 20,000 feet of regular sewer mains each month to total 240,000 feet a year
- Televis 8,000 feet a month of sewer mains to total 96,000 feet a year
- Complete construction of Shady Lane Lift Station electrical system upgrade and VFD motor control project, including commissioning of new SCADA Programmable Logic Controller (PLC) and Ethernet communications equipment.
- Remove and refurbish both Secondary Clarifier #1 Return Activated Sludge (RAS) pumps and motors and both scum pumps and 3-way valves and actuators.
- Continue electrical system upgrades throughout the Water Reclamation Plant and collections facilities, including motor controls equipment, enclosures, conduit and wiring.
- Continue identification and procurement of spare critical process control equipment
- Continue testing and preventative maintenance of the 1 MW solar field to reduce production downtime.

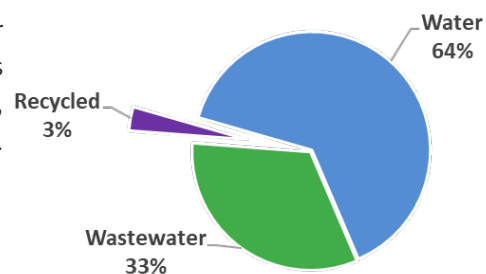
Table #14 - Wastewater Services Key Performance Indicators

Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Estimated	Target Met
Infrastructure	Cost/MGD of Wastewater Influent Flows	Below \$3,500/MGD	\$3,497/MGD	\$3,146/MGD	\$3,168/MGD	Yes
Efficiency	Reduce 10-year average wastewater spills by 10% - Keep spills under 9,075 gallons	Below 9,075 gallons	N/A	3,010 gallons 10 year average	2,999 gallons 10 year average	Yes
Efficiency	Keep common sewer spills to 3 or less during the year	3 or less spills/year	5 spills; 2 contractor spills	1 spill	0 spills	Yes
Efficiency	Clean 20,000 feet of regular sewer mains each month to total 240,000 feet per year	240,000 feet/year	288,337 feet	272,751 feet	240,000 feet	Yes
Efficiency	Maintain energy consumption to stay within the annual average target	Below 1,932,000/kWh	1,941,136/kWh	1,792,487/kWh	1,932,000/kWh	Yes

Recycled Water Services

Chart #8 - Total Services' Budget

The District provides Recycled Water Services to 30 meters within the District's service area. The largest component of the Recycled Water Services' operating budget is the operating costs of the District's water reclamation plant. Appendix A provides the detailed revenue, expense and fund balance projections for Recycled Water operations. Recycled Water Services includes the following functions:



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

Recycled Water Services is broken down into Divisions that support a specific function. Recycled Water Services historic and proposed staffing levels are shown in Table 15.

Table #15 - Recycled Water Services Approved Positions

Position	Actual FTE* FY 2022-23	Actual FTE* FY 2023-24	Proposed FTE* FY 2024-25
Chief Plant Operator	0.15	0.3	0.3
Lead Plant Operator	0.3	0.3	0.3
Plant Operator I & II	0.3	0.3	0.6
Operations Manager	-	-	0.1
Environmental Compliance Technician	0.5	0.3	0.5
Laboratory Technician I & II	0.15	0.3	0.5
Senior Maintenance Technician	0.2	0.2	0.05
Maintenance Technician I & II	0.2	0.2	0.1
Crew Leader	0.5	0.2	0.2
Utility Worker I, II & III	0.5	0.2	0.2
SCADA/Electrical/Maintenance Supervisor	-	-	0.05
Instrumentation, Electrical & Controls Tech	-	-	0.05
TOTAL FTE	2.8	2.3	2.5

* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Production

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

Distribution

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

As shown in Table 16, the Recycled Services Budget is decreasing by 3.6%. This is being driven by a decrease in labor cost allocation. The change in labor cost allocation was driven by the 2022 Water, Recycled Water and Wastewater Cost of Service Study. The changes better allocate the District’s labor costs to the Recycled Water Service.

Table #16 - Recycled Water Services Operating Budget Summary*

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor **	\$ 206,600	\$ 259,144	\$ 214,504	\$ 240,950	-7.0%
Total Non-Labor	211,902	217,500	190,272	213,000	-2.1%
Operating Total	\$ 418,502	\$ 476,644	\$ 404,776	\$ 453,950	-4.8%
Allocated Benefits Expenditures	153,960	167,377	167,377	159,213	-4.9%
Total Direct Recycled Water Costs	\$ 572,462	\$ 644,021	\$ 572,153	\$ 613,163	-4.8%
Allocation of Administrative Services	74,961	82,669	83,509	87,334	5.6%
Total Services Budget	\$ 647,423	\$ 726,690	\$ 655,662	\$ 700,497	-3.6%

* Appendix A provides the detailed revenue, expense and fund balance projections for Recycled Water operations.

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

Table #17 - Recycled Water Services, Division Budget to Budget Comparison

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Production					
Labor:					
Salaries	\$ 184,467	\$ 229,979	\$ 196,258	\$ 220,966	-3.9%
Non-Labor:					
Contractor Services	27,198	36,000	36,000	36,000	0.0%
Equipment (Non Capital)	1,252	4,000	4,000	4,000	0.0%
Materials/Services/Supplies	115,656	96,500	91,090	92,000	-4.7%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities *	59,103	62,000	50,000	62,000	0.0%
Total Non-Labor	\$ 203,209	\$ 198,500	\$ 181,090	\$ 194,000	-2.3%
Division Operating Total	\$ 387,676	\$ 428,479	\$ 377,348	\$ 414,966	-3.2%

*Utility cost increase driven by actual cost levels.

Table #17 - Recycled Water Services, Division Budget to Budget Comparison, cont.

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Distribution					
Labor:					
Salaries	\$ 22,133	\$ 29,165	\$ 18,246	\$ 19,984	-31.5%
Non-Labor:					
Contractor Services	1,622	-	-	-	NA
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	7,255	19,000	9,162	19,000	0.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities *	(184)	-	20	-	NA
Total Non-Labor	\$ 8,693	\$ 19,000	\$ 9,182	\$ 19,000	0.0%
Division Operating Total	\$ 30,826	\$ 48,165	\$ 27,428	\$ 38,984	-19.1%

*Utility cost increase driven by actual cost levels.

Fiscal Year 2023-24 Accomplishments

- All sampling requirements were successfully processed and found to have met permit regulations, achieving a 100% rating for the year and meeting the expected goal.
- The projected Energy totals for the Reclamation plant will be approximately 2,560,696 kWh, meeting the goal by staying below the annual average target of 2,760,000 kWh. (70% Wastewater/30% Recycled Water)
- The projected Chlorine chemical costs for the Recycled Water disinfection system will be approximately \$43,000, meeting the 5% reduction from the budgeted \$50,000.
- Reduced total overtime hours by 11%.
- Removal and refurbishment of two recycled water distribution pumps, including upgrades to premium efficient inverter duty motors for each and downsizing the flow capacity of one of the pumps to handle low recycled water usage demand more cost efficiently.
- Installed new permanent dewatering pump for recycled water pond.
- Completed all required annual calibrations of process control instrumentation.

Fiscal Year 2024-25 Goals and Objectives

- Maintain Reclamation Plant overall compliance rating at > 99% each month from all samples associated with the Title 22 and WDR Permit
- Reclamation Plant reduced the number of “Out of Service” hours to less than 10 hours.
- Maintain energy consumption data to stay within the annual average target of 2,760,000 (kWh) or below
- Maintain critical equipment data for proper diagnostic/troubleshooting and predictive life expectancy to maintain tools/equipment budget deviation within 10%
- Accurately maintain/manage Chlorine disinfection system to reduce total operational costs by 5%. The current annual operational cost for Chlorine disinfection process is \$79,000 (Chemicals-\$49,000 & Maintenance-\$30,000).

- Reduce total overtime hours by 5% from previous Fiscal Year.
- Accurately maintain/manage Chlorine disinfection system to reduce total operational
- Remove and refurbish another 100HP recycled water pump and motor
- Repair/replace motorized actuators and associated valves as necessary within filter system.

Table #18 - Recycled Water Services Key Performance Indicators

Strategic Goal	Department	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Estimated	Target Met
Efficiency	Recycled	Maintain an overall compliance of >99.9% each month from all samples associated with the Title 22 and WDR Permit	>99.9%	100%	99.9%	100%	Yes
Efficiency	Recycled	Maintain energy consumption data to stay within the annual average target	828,000/ kWh or below	831,915/kWh	768,209/kWh	828,000/kWh	Yes



Community Benefit Program

In response to the community’s request, the District has formed the Community Benefit Program (CBP). The CBP maintains public spaces in the District’s service area. The CBP is funded by water property tax revenues. Each year the amount established by the Board will be transferred into the CBP fund and used for the benefit of community. The funds will be managed by a Board appointed committee and require minimal staff support.

Table #19 - Community Benefit Program Approved Positions

Position	Actual FTE*	Actual FTE*	Proposed FTE*
	FY 2022-23	FY 2023-24	FY 2024-25
Purchasing Warehouse Supervisor	0.05	0.01	-
Executive Assistant/ Board Secretary	-	-	0.02
TOTAL FTE	0.05	0.01	0.02

* FTE - Full-Time Equivalents

Table #20 - Community Benefit Program Operating Budget Summary

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Total Labor	\$ -	\$ 1,464	\$ 1,464	\$ 3,633	148.1%
Total Non-Labor	96	544,536	265,577	542,367	-0.4%
Total Budget	\$ 96	\$ 546,000	\$ 267,041	\$ 546,000	0.0%

Fiscal Year 2023-24 Accomplishments

- Executed projects totaling \$267,000 that support the committee and community of Fallbrook

Fiscal Year 2024-25 Goals and Objectives

- To support the committee and execute selected projects for the benefit of the Fallbrook community

Employee Benefits

The District updates the cost of the benefits offered to District staff as part of the annual budget. A new Memorandum of Understanding (MOU) between the District and its employee associations was negotiated in 2022 and is set to expire in June 2027. The budget was developed based upon the terms of the MOU. Table 21 shows the breakdown of the District’s costs related to employee benefits.

Chart #9 - Fiscal Year 2024-25 Benefits Breakdown

STRATEGIC PLANNING
 The District’s proactive management of the district’s pension obligations has resulted in 80% funding of its pension obligations. This limits the potential for future rate and charge increases due to pension obligation funding needs.

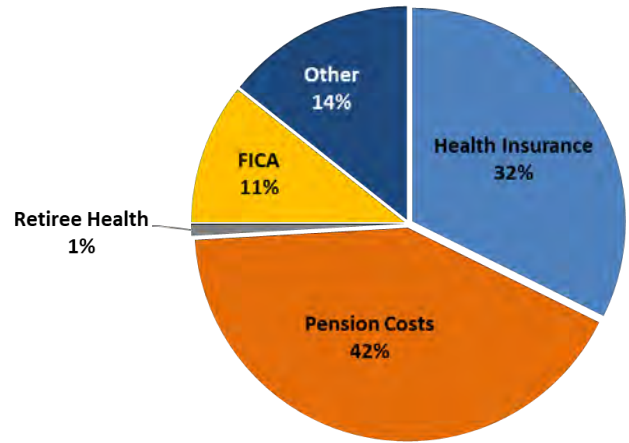
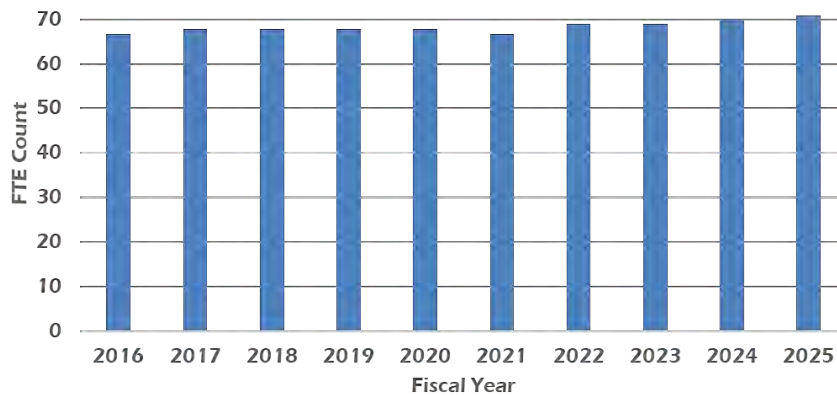


Table #21 - Breakdown of District’s Employee Benefit Costs

Description	FY 2022-23	FY 2023-24		FY 2024-25	Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Auto Allowance	\$ 23,500	\$ 21,750	\$ 23,500	\$ 22,795	4.8%
Insurance - Dental	76,903	84,731	78,535	86,348	1.9%
Insurance - Vision	13,648	14,818	13,955	15,135	2.1%
Insurance - Health	1,143,203	1,310,890	1,258,622	1,500,314	14.5%
Insurance - Life and Disability	55,359	57,390	61,923	61,894	7.8%
Insurance - Worker’s Comp	134,287	153,532	117,359	129,207	-15.8%
FICA - Employer’s share	535,293	529,000	567,827	591,992	11.9%
CalPERS Annual Contribution	669,948	803,005	779,764	842,390	4.9%
CalPERS Unfunded Liability Payment	1,243,218	1,237,755	1,237,755	1,476,796	19.3%
Pension/OPEB Liability Trust Payment *	500,000	500,000	500,000	500,000	0.0%
Employer’s share (401 & 457)	81,680	125,489	119,041	138,038	10.0%
District Share of Retiree Medical Insurance	48,590	53,318	54,792	50,849	-4.6%
Merit Increase/Performance Bonus	47,000	33,000	48,061	83,771	55.7%
Uniforms & Boots	50,473	45,543	49,971	50,248	10.3%
Total	\$ 4,623,102	\$ 4,991,021	\$ 4,899,457	\$ 5,549,777	11.2%

*\$500,000 transferred to the District’s Section 115 Pension Trust.

Chart #10 - Fallbrook Public Utility District's Approved Full-Time Staffing Equivalents



The District's staffing levels shown in Chart 10 show the addition of a one FTE for a total of 71 FTEs. The District participates in the California Public Employees' Retirement System (CalPERS). While the calculations are complex, the District's pension costs can be split into the Annual Required Contribution (ARC) and the annual Unfunded Actuarial Accrued Liability (UAAL) Payment. The budget utilizes the latest CalPERS annual report that provides these costs. The District has maintained its contribution to the Pension/OPEB Liability 115 Trust as part of the Board's strategy to mitigate the impacts of changing pension costs. Appendix D provides the District's CalPERS annual payment schedule for the UAAL.

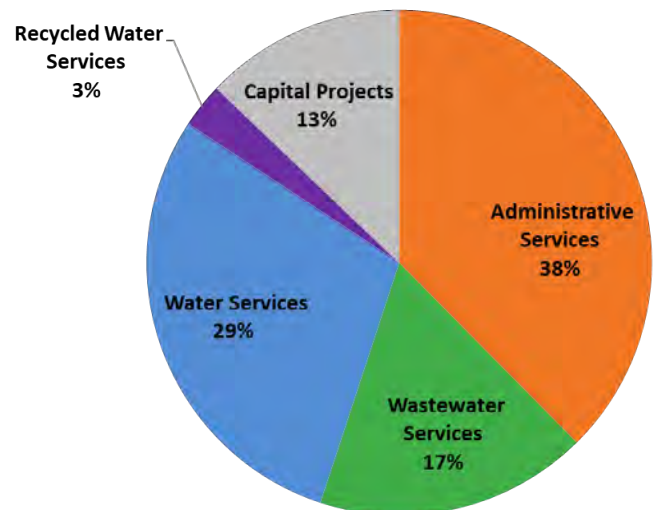
This year 60% of the District's staff fall under the Public Employees' Pensions Reform Act (PEPRA). The changes in pension benefits for PEPRA staff are expected to lower the District's future pension costs.

The District's healthcare insurance costs are up due to higher premiums, the addition of an FTE and the trend for new hires to elect family coverage under the District's healthcare plans. Under the new MOU the District is increasing the employee contribution match to 401 and 457 plans increasing the cost. The increase in Merit Bonus cost is a true up to actual. The last year's budget was estimated prior to MOU implementation. Changes to other benefits are shown on the table.

Benefit Allocation

The District's benefit costs are allocated to each of the District's Services based upon its share of the budgeted salary and wages. This allocation methodology aligns the benefit cost allocation with salary and wages, which are the primary determinants of the benefit costs. A portion of the Benefits cost is allocated to labor associated with Capital Projects and is integrated into the projects budget. This year the portion of benefits allocated to Capital Projects is 13%, an increase of 1% from last year.

Chart #11 - Fiscal Year 2024-25 Benefits Allocation



Debt Service

The District currently has five outstanding long-term debt obligations, the Red Mountain State Revolving Fund Loan (2011 SRF Loan), the 2021 Wastewater Refunding Revenue Bonds (2021 WWRRB), the 2024 Water Revenue Bonds (2024 WRB), the Qualified Energy Conservation Revenue Bonds (2010 QECCB) and the State Revolving Fund Loans (2018 SRF Loan). The 2011 SRF Loan funded the construction of a water treatment facility serving the Red Mountain Reservoir. The 2021 Wastewater Refunding Revenue Bonds (2021 WWRRB), which refunded a SRF Loan that funded the rehabilitation and modernization of the District’s Water Reclamation Plant. The 2010 QECCB loan funded the District’s 1 MW solar facility. The 2018 SRF loan funded the District’s SMGTP. With construction completed and final amounts set, the 2018 SRF loan schedule is finalized. The 2024 WRBs funded Water System pipeline replacement and other capital projects. Chart 9 shows the annual debt service payments are relatively flat through 2027, and slowly decrease thereafter.

The District successfully executed a public debt offering for Water Service. With a rating from Standard and Poor’s of AA-, the District debt was well received by investors and highlights the recent improvements to the District’s financial disclosure.

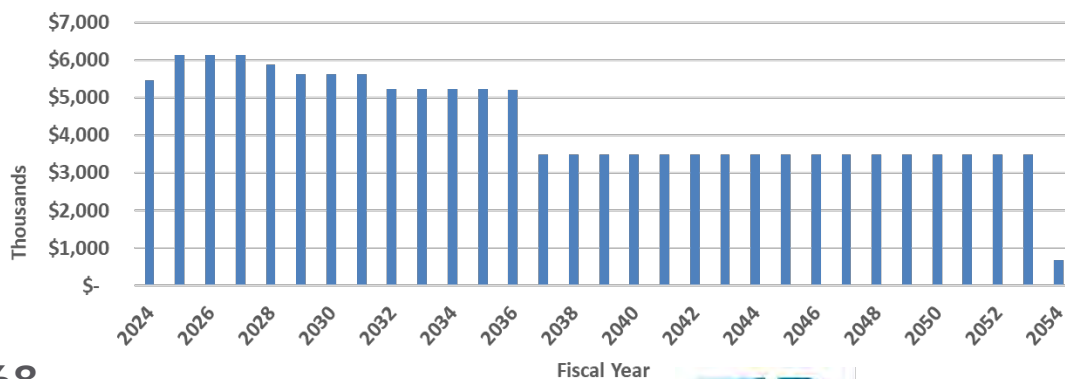
Each debt issuance is linked to the Service that it was used to fund. In some cases, the debt service can be allocated to more than one service. The table below shows the debt service payments for Fiscal Year 2024-25 and the amount allocated to each service.

Table #22 - Debt Service Budget Summary

Debt Issuance	Service			Total Debt Service
	Water	Wastewater	Recycled Water	
2018 SRF Loan	\$ 2,814,795	\$ -	\$ -	\$ 2,814,795
2011 SRF Loan	395,851	-	-	395,851
2021 WWRRB*	-	1,213,502	520,072	1,733,575
2024 WRB	675,782	-	-	675,782
2010 QECCB	-	521,362	-	521,362
Total	\$ 3,886,428	\$ 1,734,864	\$ 520,072	\$ 6,141,364

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

Chart #12 - Annual Debt Service



The table below shows the debt service payment schedule for each debt issuance. The debt service in Fiscal Year 2024-25 increases significantly because of the 2024 WRB debt service payments.

Table #23 - Fiscal Year 2024-25 Debt Service Schedule

Year Ending	Red Mountain State Revolving Fund Loan		Wastewater Revenue Refunding Bonds		QECP* Loan		SMRCUP State Revolving Funds		Water Revenue Bonds		District Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 324,764	\$ 71,087	\$ 1,120,000	\$ 610,746	\$ 410,388	\$ 111,302	\$ 1,600,373	\$ 1,214,422	\$ -	\$ -	\$ 5,463,081
2025	333,166	62,685	1,130,000	603,575	433,953	87,409	1,630,780	1,184,015	65,000	610,782	\$ 6,141,364
2026	341,786	54,065	1,145,000	584,934	458,515	62,150	1,661,765	1,153,030	180,000	496,750	\$ 6,137,994
2027	350,628	45,222	1,185,000	546,700	484,114	35,465	1,693,339	1,121,456	190,000	487,500	\$ 6,139,425
2028	359,700	36,151	1,230,000	498,400	254,219	7,296	1,725,512	1,089,283	200,000	477,750	\$ 5,878,311
2029	369,006	26,844	1,280,000	448,200	-	-	1,758,297	1,056,498	210,000	467,500	\$ 5,616,346
2030	378,553	17,297	1,335,000	395,900	-	-	1,791,704	1,023,091	220,000	456,750	\$ 5,618,296
2031	388,347	7,503	1,390,000	341,400	-	-	1,825,747	989,048	230,000	445,500	\$ 5,617,546
2032	-	-	1,445,000	284,700	-	-	1,860,436	954,359	245,000	433,625	\$ 5,223,120
2033	-	-	1,505,000	225,700	-	-	1,895,784	919,011	255,000	421,125	\$ 5,221,620
2034	-	-	1,565,000	164,300	-	-	1,931,804	882,991	270,000	408,000	\$ 5,222,095
2035	-	-	1,630,000	100,400	-	-	1,968,509	846,287	280,000	394,250	\$ 5,219,445
2036	-	-	1,695,000	33,900	-	-	2,005,910	808,885	295,000	379,875	\$ 5,218,570
2037	-	-	-	-	-	-	2,044,022	770,773	310,000	364,750	\$ 3,489,545
2038	-	-	-	-	-	-	2,082,859	731,936	330,000	348,750	\$ 3,493,545
2039	-	-	-	-	-	-	2,122,433	692,362	345,000	331,875	\$ 3,491,670
2040	-	-	-	-	-	-	2,162,759	652,036	360,000	314,250	\$ 3,489,045
2041	-	-	-	-	-	-	2,203,852	610,943	380,000	295,750	\$ 3,490,545
2042	-	-	-	-	-	-	2,245,725	569,070	400,000	276,250	\$ 3,491,045
2043	-	-	-	-	-	-	2,288,394	526,401	420,000	255,750	\$ 3,490,545
2044	-	-	-	-	-	-	2,331,873	482,922	445,000	234,125	\$ 3,493,920
2045	-	-	-	-	-	-	2,376,179	438,616	465,000	213,700	\$ 3,493,495
2046	-	-	-	-	-	-	2,421,326	393,469	480,000	194,800	\$ 3,489,595
2047	-	-	-	-	-	-	2,467,332	347,464	500,000	175,200	\$ 3,489,995
2048	-	-	-	-	-	-	2,514,211	300,584	520,000	154,800	\$ 3,489,595
2049	-	-	-	-	-	-	2,561,981	252,814	545,000	133,500	\$ 3,493,295
2050	-	-	-	-	-	-	2,610,658	204,137	565,000	111,300	\$ 3,491,095
2051	-	-	-	-	-	-	2,660,261	154,534	590,000	88,200	\$ 3,492,995
2052	-	-	-	-	-	-	2,710,806	103,989	610,000	64,200	\$ 3,488,995
2053	-	-	-	-	-	-	2,762,311	52,484	635,000	39,300	\$ 3,489,095
2054	-	-	-	-	-	-	-	-	665,000	13,300	\$ 678,300

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

While there is no established legal debt limit for the District, the District has an adopted Debt Management Policy. The Debt Management Policy creates the framework for issuing debt. The District’s debt service indentures require that the debt service coverage ratio be maintained at or above 1.2x. Chart 10 shows the projected debt service coverage above the target level of 1.2x. Currently the District has no subordinate debt outstanding.

Chart #13 - Debt Service Coverage Ratio



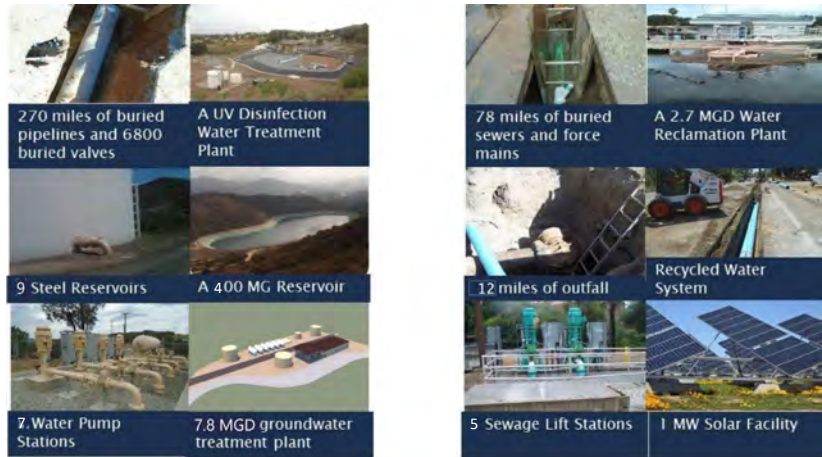
Santa Margarita Groundwater Treatment Plant

Project Summary for Fiscal Year 2024-25

District Capital Program

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. Figure 1 summarizes the facilities owned and operated by the District. It is critical to develop plans to reduce the overall cost of operating these

Figure #1 - Fallbrook District Facilities



facilities by completing pro-active capital projects to replace and rehabilitate these assets versus waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

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

For Fiscal Year 2023-24, Table 1 shows budget versus projected actual expenses for each capital project category. The primary drivers of the expenditure shortfall are:

- Removing a phase of pipeline replacement from an existing contract. This phase will be part of a future pipeline replacement project.
- Deferring work at the Kaufman Pressure Reducing Station for a more comprehensive replacement in the upcoming year.
- Delayed Procurement for the WRP Scrubber
- Delayed Procurement for the Replacement Vector Truck
- Redesign of Main Ave Sewer Replacement due to unknown utility conflicts

These projects are included in the FY25 budget in addition to the planned work for the year.

Capital Budget Project Summary for Fiscal Year 2024-25

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The key capital projects scheduled for Fiscal Year 2024-25 are summarized on the following pages.

Water Capital Projects

District construction staff will continue with valve replacement projects to reduce the impacts of outages from breaks and failures. Since 2021, supply chain challenges have caused projects to take more time requiring more advanced planning than in the past. As a result, the capital program fell behind on pipeline replacement targets. During the past year, approximately 9,000 linear feet of pipe were replaced, putting the pipeline replacement program back in line with the goals. Even with this accomplishment, the rate of water main breaks has increased so the District will continue to focus on pipeline replacements pushing to exceed previous goals. Approximately 8,000 linear feet of pipeline replacement work has already been awarded for completion in FY25, and another large project will be awarded and initiated before the end of the year. Other significant components of the Water CIP include the replacement of the Kaufman Pressure Reducing Station, Construction of the De Luz Pump Station, Rattlesnake Tank Site Improvements, and a chlorination system for the 8MG Tank.

Wastewater/ Recycled Capital Projects

As part of the long-term sewer system replacement plan, the focus will be on replacing and relining aging collection mains and manholes, and creek crossing replacements.

At the Water Reclamation Plant (WRP), aging mechanical equipment will be replaced, including components of the centrifuge and chlorine gas scrubber.

For the recycled water system, the remaining system pumps will be rebuilt.

Table #1 - Capital Improvements Projects Summary Table

	FY 2023-24	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Amended Budget	Projected						
Water Capital Projects								
Pipelines & Valve Replacement Projects by District	\$ 680,000	\$ 1,066,816	\$ 630,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 720,000	\$ 620,000
Pipeline Replacement Projects by Contractors	4,971,132	3,896,201	4,725,000	3,535,000	3,884,500	4,040,000	4,540,000	4,500,000
DeLuz ID Projects	100,000	185,266	100,000	100,000	100,000	100,000	100,000	100,000
Pump Stations	100,000	39,246	1,250,000	50,000	120,000	50,000	50,000	50,000
Meter Replacement	20,000	51,031	-	-	-	-	-	-
Pressure Reducing Station Rehabilitation	40,000	4,500	250,000	20,000	20,000	20,000	20,000	20,000
Red Mountain Reservoir Facility Improvements	24,000	19,350	90,000	50,000	50,000	100,000	50,000	50,000
Steel Reservoir Improvements	162,000	129,314	840,000	800,000	650,000	650,000	750,000	650,000
Santa Margarita Groundwater Treatment Plant	200,000	193,396	310,000	200,000	200,000	200,000	200,000	200,000
SCADA and Security	150,000	133,478	150,000	150,000	150,000	150,000	150,000	150,000
Vehicles and Heavy Equipment	143,500	138,546	163,750	452,625	306,375	412,500	510,000	300,000
Total PAYGO Water Capital Projects	\$ 6,590,632	\$ 5,857,146	\$ 8,508,750	\$ 5,977,625	\$ 6,100,875	\$ 6,342,500	\$ 7,090,000	\$ 6,640,000
Recycled Water Capital Projects								
Recycled Water Improvements	\$ 119,000	\$ 121,312	\$ 124,000	\$ 64,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Total Recycled Water Capital Projects	\$ 119,000	\$ 121,312	\$ 124,000	\$ 64,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Wastewater Capital Projects								
Water Reclamation Plant Improvements	\$ 855,000	\$ 226,437	\$ 1,280,000	\$ 400,000	\$ 650,000	\$ 900,000	\$ 400,000	\$ 200,000
Collections System Projects	390,000	298,582	690,000	390,000	260,000	260,000	260,000	560,000
Outfall Improvements	25,000	35,255	50,000	50,000	250,000	110,000	110,000	110,000
Vehicles and Heavy Equipment	495,000	-	491,250	150,875	102,125	137,500	170,000	100,000
Total Wastewater Capital Projects	\$ 1,765,000	\$ 560,274	\$ 2,511,250	\$ 990,875	\$ 1,262,125	\$ 1,407,500	\$ 940,000	\$ 970,000
Administrative Capital Projects								
Administrative Upgrades	\$ 50,000	\$ 43,589	\$ 205,000	\$ 1,375,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Engineering & Operations Information Systems	-	-	-	30,000	30,000	30,000	30,000	30,000
Facility Improvements/Upgrades/Security	496,000	469,427	65,000	65,000	225,000	65,000	65,000	65,000
District Yard Improvements	420,000	3,731	312,000	-	50,000	-	50,000	50,000
Total Administrative Capital Projects	\$ 966,000	\$ 516,746	\$ 582,000	\$ 1,470,000	\$ 330,000	\$ 120,000	\$ 170,000	\$ 170,000
Total Capital Budget Projects	\$ 9,440,632	\$ 7,055,479	\$ 11,726,000	\$ 8,502,500	\$ 7,753,000	\$ 7,930,000	\$ 8,260,000	\$ 7,840,000

Capital Expenditure Carry-Over

As mentioned in the District Capital Program introduction on page 70, there were some projects initiated in FY24 that were not completed due to long procurement times or unforeseen field conditions. To ensure they are completed along with the planned FY25 projects, the remaining estimated expense to complete these projects is being carried over to the new fiscal year. These include the following:

Table #2 - Capital Expenditure Carry-Over Summary Table

Incomplete Project	CIP Budget Category	CIP Budget Line Item	Carry Over Value
Hawthorne Pipeline Replacement	Water	Pipeline Replacement Projects by Contractors	\$ 800,000
Kaufman PRS	Water	Pressure Reducing Station Rehabilitation	\$ 35,500
WRP Scrubber Replacement	Wastewater	Water Reclamation Plant Improvements	\$ 300,000
WRP Creek Crossing	Wastewater	Water Reclamation Plant Improvements	\$ 130,000
Main Ave Sewer Replacement	Wastewater	Collections System Projects	\$ 100,000
Vactor Truck Replacement	Wastewater	Vehicles and Heavy Equipment	\$ 400,000
EV Charging Facilities	Administrative	District Yard Improvements	\$ 300,000
TOTAL CARRY-OVER			\$ 2,065,500

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Pipeline and Valve Replacement Projects by District

Project Description:

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

The proposed purchases and costs for Fiscal Year 2024-25 also include:

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



Valves Replaced by Year	
Year	Quantity
FY 2017-18	112
FY 2018-19	57
FY 2019-20	89
FY 2020-21	82
FY 2021-22	73
FY 2022-23	109
FY 2023-24	80 as of May 1
FY 2024-25	100 (Target)

Supports Strategic Goals:

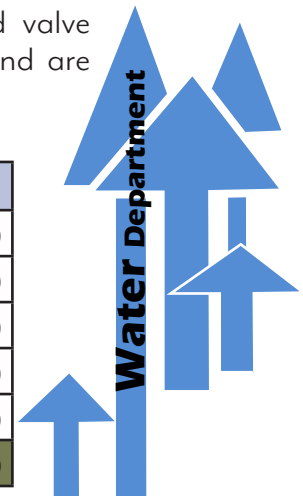
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

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

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Valve Replacement Program	Continuous Replacement Program	\$ 450,000
Miscellaneous Pipeline Replacements	Continuous Replacement Program	100,000
Mainline Leak Detection	Continuous Detection Program	30,000
Fire Hydrant Replacements	Continuous Replacement Program	25,000
Easement Rehabilitation	Continuous Rehabilitation Program	25,000
Total		\$ 630,000



Pipeline Replacement Projects by Contractors

Project Description:

Significant pipeline replacement projects installed by contractors. Projects are prioritized based on the pipeline asset risk assessment model to minimize pipeline failures and unplanned service outages. Specific projects planned for Fiscal Year 2024-25 include:



- Via Arroyo/Alta Vista Pipeline Replacement – 5,500 linear feet of 12-inch water main. The original installation date of the existing cement lined iron pipe is unknown, but it was relined in 1968. There have been multiple breaks over the past year and the pipe is in poor condition. This project was awarded in fall 2023 with construction expected between June and December 2024.
- Ross Lake Pipeline Replacement – 2,600 linear feet of 8-inch and 12-inch water main. These pipelines were installed in the 1970’s but, due to high groundwater issues, have had multiple significant leaks and breaks in recent years. The replacement water main will be PVC, a pipe material that performs better in high groundwater conditions. This project was awarded in January 2024 with construction expected between May and September 2024.
- Downtown Primary Pipeline Replacement – 9,000 linear feet of main line replacements on various streets. Pipe diameters range from 6-inches to 12-inches. The existing pipe was installed in the 1950s and has had multiple breaks over the past year. This will be a multi-year project.

Supports Strategic Goals:

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

Operating Impacts:

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

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Via Arroyo/Alta Vista Pipeline Replacement	\$ 2,700,000	\$ 2,300,000
Ross Lake Pipeline Replacement	1,000,000	825,000
Downtown Primary Pipeline Replacement	4,050,000	1,600,000
Total		\$ 4,725,000



DeLuz ID Projects

Project Description:

Capital Projects in the DeLuz Improvement District using DeLuz Improvement District Funds. Projects include pipeline extension to specified parcels per adopted policy and replacement of existing infrastructure. Projects for Fiscal Year 2024-25 include:

- De Luz Aqueduct Connection Flow Control Facility: The existing DeLuz connection to the MWD Aqueduct does not have a flow control facility. With the recent wholesale supplier changes, this flow control facility is needed to better control imported water deliveries to the DeLuz service area.



Supports Strategic Goals:

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

Operating Impacts:

The new flow control facility will improve water quality and delivery schedules by better controlling deliveries to the DeLuz service area. The project will reduce operation costs and improve water delivery capabilities.

Project Budget:

Project	Total Project Budget	FY 2024-25 Budget
DeLuz Aqueduct Connection Flow Control Facility	\$ 100,000	\$ 100,000
Total		\$ 100,000



Pump Stations

Project Description:

The District has 7 pump stations that deliver water to higher elevation areas. In Fiscal Year 2024-25, the following Pump Station projects are planned:



- Toyon Pump Station Replacement – This pump station has been scheduled for replacement for some time now, but has been deferred due to other capital priorities. The pump station serves 63 accounts in the Toyon Service Area above Red Mountain Reservoir. The existing facility, built in 1982, is housed in a wood structure adjacent to the narrow Toyon Heights Road and is in poor condition. The new station will be constructed at the Red Mountain site, near the UV Plant, making it easier for operators to access and away from public right-of-way. The project will include new pumps, improved SCADA capabilities, and approximately 550 linear feet of new 8-inch water main to connect it to the Toyon Service Area. Construction is expected to start in FY25 but may not be complete until the following fiscal year.
- De Luz Pump Station – A new pump station is needed in order to deliver SMRCUP water to the De Luz Service Area. This will enable SMRCUP water to be used throughout the entire District. The new pump station will be constructed with the Toyon Pump Station, and may not be completed until the following fiscal year.

Supports Strategic Goals:

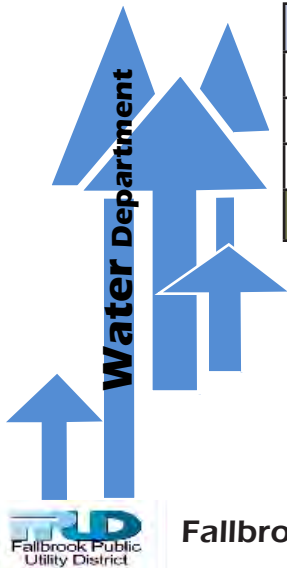
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

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

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Toyon Pump Station Replacement	\$ 700,000	\$ 600,000
DeLuz Pump Station	700,000	600,000
Miscellaneous Pump Replacements	Ongoing	50,000
Total		\$ 1,250,000



Pressure Reducing Station Rehabilitation

Project Description:

Routine improvements and replacements of the District’s pressure reducing stations are needed to maintain reliable service. The one project planned for FY24-25 entails a complete replacement of the Kaufman Pressure Reducing Station. The existing station is in a below grade vault originally installed in the 1960’s. The replacement will bring the facility above grade to match the other modern pressure reducing stations in the District, and address erosion issues around the site.

Supports Strategic Goals:

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



Operating Impacts:

This project will reduce operations and maintenance cost for the facility by replacing the equipment that is at the end of its useful life.

Project Budget:

Project	Total Project Budget	FY 2024-25 Budget
Kaufman PRS Replacement	\$ 250,000	\$ 250,000
Total		\$ 250,000



Red Mountain Reservoir Facility Improvements

Project Description:

Replacement and rehabilitation of equipment and facilities at the Red Mountain Site, including the reservoir and UV plant. Projects for Fiscal Year 2023-24 include:

- Replacement of UV facility isolation valves
- Rehabilitation of the UV facility Uninterruptable Power Supply



Supports Strategic Goals:

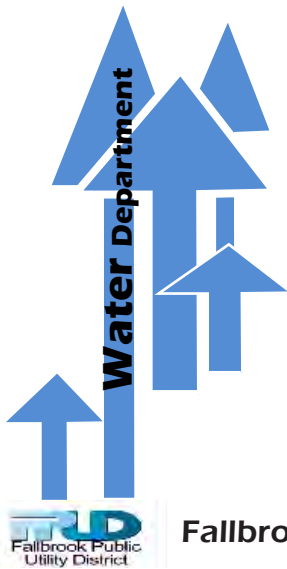
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

Replacing the facility valves and rehabilitating the UPS will improve ensure operational efficiency.

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
UV Facility Isolation Valves	\$ 50,000	\$ 50,000
Uninterruptable Power Supply	40,000	40,000
Total		\$ 90,000



Steel Reservoir Improvements

Project Description:

Each existing reservoir has been recoated within the last ten years, protecting the existing reservoirs from corrosion and extending their useful life. The coatings typically last 10 to 15 years, so no recoating projects are planned for the coming year. Other projects planned in Fiscal Year 2024-25 include:



- Cathodic Protection Replacements and Dive Inspection – The steel reservoirs use sacrificial anodes to further prevent corrosion. The anodes are replaced regularly based on assessed condition at each tank. Routine dive inspections are also conducted to check the condition of the interior of the tanks and stay compliant with state regulations.
- Rattlesnake Tank Site Improvements – The tank site is in need of rehabilitation due to erosion and storm water management issues. The perimeter will be regraded and resurfaced with stabilization added around the edges of the slope and storm water facilities added.
- 8MG Tank Chlorination System – Due to reduced demands in the De Luz Area, a chlorination booster system is needed to maintain water quality standards more efficiently. The new system will improve operations efficiency and reduce wasted water.
- 2.8MG Tank Site Improvements – Material storage capacity will be added to the site for quicker access to materials when crews are working in the De Luz Area.

Supports Strategic Goals:

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

Operating Impacts:

The projects will ensure the long-term integrity of these water supply tanks. The operating costs for the chlorination system at the 8MG Tank are expected to be lower than costs for the current operators’ time dosing tanks and reduce the need for flushing the distribution system.

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Rattlesnake Tank Site Development	\$ 500,000	\$ 500,000
Cathodic Protection Repair & Dive Inspection	Ongoing Program	20,000
8 MG Tank Chlorination System	300,000	300,000
2.8 MG Tank Site Improvements	20,000	20,000
Total		\$ 840,000



Santa Margarita Groundwater Treatment Plant

Project Description:

Construction of the Santa Margarita Groundwater Treatment Plant (SMGTP) was brought online in December 2021. The plant treats water delivered by Camp Pendleton per the executed settlement agreement of US v. FPUD. On average, it is expected to provide 3,100 acre-feet per year of local water. Each year’s actual quantity is determined by hydrologic conditions in the river basin. This year the project is expected to yield 5,120 acre-feet.



The plant requires routine equipment replacements and improvements. Capital Budget funds have been allocated for that purpose. The largest anticipated expense in the coming year is for Granular Activated Carbon System Media Replacement.

Supports Strategic Goals:

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

Operating Impacts:

The project is providing on average about 40% of the District’s water needs and is helping mitigate against imported water costs. The ongoing plant improvement program increases operational efficiency and ensures water quality requirements are met.

Project Budget:

Project	Total Project Budget	FY 2024-25 Budget
Plant Improvements	Continuous Program	\$ 310,000
Total		\$ 310,000

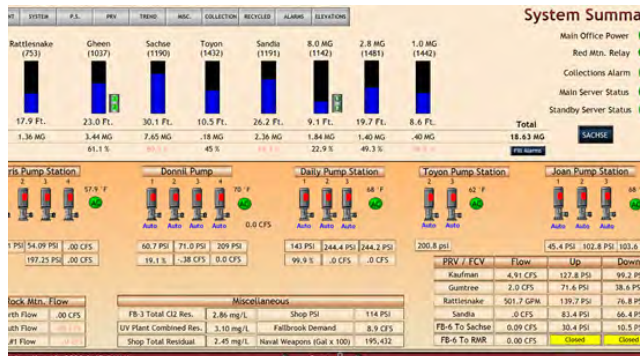


SCADA and Security

Project Description:

SCADA and security upgrades protect the District’s facilities and enable improved remote operations and controls. Projects for Fiscal Year 2024-25 include:

- SCADA Upgrades – Replacement of outdated equipment with newer technology increases remote capabilities. The focus will be on replacing outdated RTUs and backup power with batteries or solar at more communications sites.



Supports Strategic Goals:

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

Operating Impacts:

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

Project Budget:

Project	Total Project Budget	FY 2024-25 Budget
SCADA Upgrades	Ongoing Replacement Program	\$ 150,000
Total		\$ 150,000



Recycled Water Improvements

Project Description:

The recycled system delivers water that has been treated to Title 22 tertiary standards for outdoor use. Projects for Fiscal Year 2024-25 include:

- Recycled Water Pumps Rebuild – the primary pumps have exceeded their recommended run time and will be rebuilt to maintain reliable service. Two pumps were rebuilt in FY24, and another will be rebuilt in FY25.
- Tertiary Filter Outlet Valve Replacements



Supports Strategic Goals:

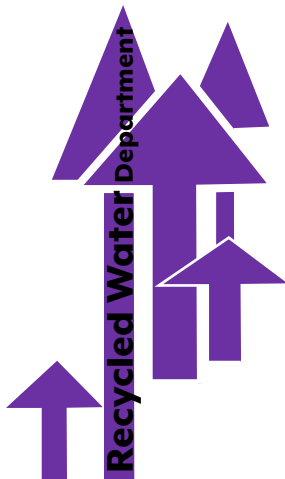
Provide a reliable, cost effective water supply through implementation of local water supply projects.

Operating Impacts:

There is no impact to the operating budget.

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Recycled Water Pumps Rebuild	\$ 74,000	\$ 74,000
Tertiary Filter Outlet Valve Replacements	50,000	\$ 50,000
Total		\$ 124,000



Water Reclamation Plant Improvements

Project Description:

On-going repair and replacement of key components of the Water Reclamation Plant (WRP) are critical to maintaining this facility. The projects for Fiscal Year 2024-25 include:

- Capital Equipment Replacements – Several pieces of mechanical equipment have exceeded their useful life and are in need of replacement.
- Chlorine Gas Scrubber Replacement
- Centrifuge Replacement
- Chlorine Yard Piping Condition Assessment



Supports Strategic Goals:

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

Operating Impacts:

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

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Capital Equipment Replacements	Continuous Replacement Program	\$ 135,000
Scrubber Replacement	\$ 380,000	380,000
Centrifuge Replacement	750,000	750,000
Chlorine Yard Piping Assessment	15,000	15,000
Total		\$ 1,280,000



Collections System Projects

Project Description:

Projects include replacements and major repairs to existing sewer infrastructure.

The proposed projects for Fiscal Year 2024-25 include:

- Mainline Replacement and Relining – Approximately 2,000 linear feet of sewer main line will be replaced or relined to like-new condition.
- Creek and Culvert Crossing Replacement – Replace aging main lines crossing creeks to preemptively prevent any spills into sensitive habitat.
- Shady Lane Lift Station – Completion of electrical and controls upgrades of Shady Lane Lift Station.
- Anthony’s Corner Lift Station – Replace pumps and odor control system tank.
- Main Ave Sewer Main Replacement – Replacement and realignment of a section of mainline in Main Ave that is difficult to access for maintenance and partially under existing buildings.
- SCADA & Controls Upgrades – General improvements to the communications and controls network for the collections system.



Supports Strategic Goals:

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

Operating Impacts:

The collection systems capital program is critical in reducing the number of spills and potential fines. The planned projects do not require any additional operating budget funds, and are expected to reduce emergency repair costs.

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Mainline Replacement & Relining	\$ 170,000	\$ 170,000
Creek and Culvert Crossing Replacement	200,000	200,000
Shady Lane Lift Station	25,000	25,000
Anthony’s Corner Lift Station	100,000	100,000
Main Ave Sewer Replacement	175,000	175,000
SCADA & Controls Upgrades	Ongoing Program	20,000
Total		\$ 690,000



Outfall Improvements

Project Description:

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



Supports Strategic Goals:

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

Operating Impacts:

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

Project Budget:

Project	Total Project Budget	FY 2024-25 Budget
Outfall Improvements	Ongoing Improvement Program	\$ 50,000
Total		\$ 50,000



Facility Improvements/Upgrades/Security

Project Description:

The project includes capital projects for administration facilities, including staff offices, shop, and warehouse facilities to help maintain efficient operation of the District, as well as network and server improvements for the main office.



The projects include the following:

- EV Charging Facility – Installation of EV Charging capabilities for future electric fleet vehicles. This is part of a state required program to transition the fleet to electric vehicles. 80% of the cost will be reimbursed by grant funds. The project was designed, bid, and awarded in FY24, but will not be completed until FY25.
- General Yard Improvements – Replacement of material storage unit and yard landscaping improvements.
- Emergency Radios – Replacement of emergency communications system for the District vehicles.
- General Office Improvements – Mechanical equipment replacements, warehouse door replacement, and electrical safety improvements in the yard offices.
- Enterprise Software Replacement – Initiation of the enterprise system upgrade to streamline accounting, customer service, and billing software compatible with the District’s asset management software.
- Server Upgrades – Additional replacement of servers for improved network speed and security.

Supports Strategic Goals:

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

Operating Impacts:

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

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
EV Charging Facility	\$ 420,000	\$ 300,000
Yard Improvements	12,000	12,000
General Office Improvements	Ongoing Rehabilitation	65,000
Emergency Radios	30,000	30,000
Enterprise Software Replacement	1,500,000	150,000
Server Upgrades	25,000	25,000
Total		\$ 582,000



Vehicles and Heavy Equipment

Project Description:

The fleet consists of a combination of light duty vehicles, heavy equipment, and trailers. In addition, the department maintains the District’s refueling station, generators, and various hydraulic and gas powered tools.

During Fiscal Year 2020-21, the department updated its methodology for fleet replacement in combination with a new software program to better track how much is spent on each vehicle.



Supports Strategic Goals:

By reviewing various data points using the new software, staff can ensure ratepayers that funds are being spent prudently on vehicle replacements and repairs. This new method of evaluation helps guarantee an extremely reliable fleet. In turn, the fleet allows field operations to respond quickly to leaks, new installations, and infrastructure operations and maintenance.

Operating Impacts:

Detailed documentation of repairs and inspections will allow the District to make better informed decisions about true needs. Long-term, this will lead to cost reduction as it will enable staff to focus on problematic vehicles and replace them while keeping reliable vehicles for an extended period of time.

Projects Budgets:

Project	Total Project Budget	FY 2024-25 Budget
Fleet Vehicles	Ongoing Replacement Program	\$ 180,000
Vactor Truck	\$ 450,000	400,000
Fork Lift	45,000	45,000
Miscellaneous Equipment	30,000	30,000
Total		\$ 655,000*

*\$491,250 for the Vactor Truck and one fleet vehicle will be from wastewater capital and the remaining \$163,750 will be from water capital funds.



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

ACFR - Annual Comprehensive Financial Report

Acre-Foot (AF) - A unit of measure equivalent to 325,851 gallons of water.

AG - Agricultural Customers

AMI - Advanced Meter Infrastructure

AMR - Automatic Meter Reading

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

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

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

AWIA – America’s Water Infrastructure Act of 2018.

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

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

CalPERS - California Public Employee Retirement System

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

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

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

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

CBP - Community Benefit Program

CEQA - California Environmental Quality Act

CFS - Cubic Feet per Second

CMMS - Computerized Maintenance Management System

Cost of Water Production – Comprised of Water Supply Costs and the Water Treatment Division's Operating and Maintenance Costs.

CSMFO – California Society of Municipal Finance Officers

Days Cash on Hand – Calculation using total operating expense including debt and water supply costs, less depreciation divided by 365 days of the year to give you the daily cash operating expenses. The cash equivalents will be divided by the daily cash operating expenses to give you the days cash on hand.

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

Disbursements - Payments made on obligations.

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

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

DSCR - Debt Service Coverage Ratio

DWR - California Department of Water Resources

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

EAM - Enterprise Asset Management

EIR/EIS - Environmental Impact Report/Environmental Impact Statement

EMWD - Eastern Municipal Water District

EPA - Environmental Protection Agency

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

EUM - Effective Utility Management

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

FCF - Flow Control Facility

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

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

FPUD - Fallbrook Public Utility District

FTE - Full Time Equivalent

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

GFOA - Government Financial Officers Association

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

GPS - Global Positioning System

HCF - Hundred Cubic Feet

IAC - Infrastructure Access Charge

IAWP - Interim Agricultural Water Program

IMSP - Information Management System Plan

IPR - Indirect Potable Reuse project

IRWM - Integrated Regional Water Management Program

KPI - Key Performance Indicator

LAFCO - Local Agency Formation Commission

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

LRP - MWD's Local Resource Program

M&I - Municipal and Industrial

Master Plan - Regional Water Facilities Master Plan

ME - Meter Equivalent

MG - Million Gallon

MGD - Million Gallons per Day

MOU - Memorandum of Understanding

MW - Megawatt

MWD - Metropolitan Water District of Southern California

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

NPDES - National Pollutant Discharge Elimination System

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

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

OTLS - Overland Trail Lift Station

PARS - Public Agency Retirement Services

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

PEPRA - Public Employees' Pension Reform Act.

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

PRV- Pressure Reducing Valve

Purchased Water Costs- These are the costs are comprised of the wholesale water costs from EMWD, Camp Pendleton's water delivery costs for Santa Margarita River Water and inventory withdrawals.

QECB - Qualified Energy Conservation Revenue Bond

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

Report - 2022 Water, Recycled Water and Wastewater Rate Study Report.

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

ROW - Right of Way

RSF - Rate Stabilization Fund

RTS - Readiness to Service charge

S&P - Standard and Poor's rating services

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

SANDAG - San Diego Association of Governments

SAWR - Transitional Special Agricultural Water Rate

SCADA - Supervisory Control and Data Acquisition

SD - San Diego

SDCWA - San Diego County Water Authority

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

SMGTP - Santa Margarita Groundwater Treatment Plant

SMRCUP - Santa Margarita River Conjunctive Use Project

SMR - Santa Margarita River water

SpringBrook - The District's ERP.

SR - State Route

SRF - State Revolving Fund

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

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

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

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

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

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

UV - Ultraviolet

UWMP - Urban Water Management Plan

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

WRP - Water Reclamation Plant

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

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenue from Rates					
Water	\$ 23,927,732	\$ 25,536,172	\$ 26,625,210	\$ 27,955,861	\$ 29,351,998
Recycled Water	1,300,047	1,332,131	1,365,039	1,398,983	1,433,840
Wastewater	7,188,621	7,480,829	7,776,732	8,076,396	8,316,439
Subtotal Revenue from Rates	\$ 32,416,401	\$ 34,349,132	\$ 35,766,981	\$ 37,431,240	\$ 39,102,277
Other Operating Revenues					
Pass-through Charges					
SDCWA IAC Charge ⁽¹⁾	\$ 316,946	\$ -	\$ -	\$ -	\$ -
Pumping Charge	100,000	100,000	100,000	100,000	100,000
Backflow Charge	200,000	200,000	200,000	200,000	200,000
Sundry	75,000	75,000	75,000	75,000	75,000
Subtotal Other Operating Revenues	\$ 691,946	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Non-Operating Revenues					
Water Availability Charge	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax	2,700,000	2,710,462	2,731,833	2,753,692	2,775,769
Investment Earnings	507,805	600,827	756,113	869,330	558,508
Water CIP Charge	1,701,258	1,820,346	1,947,771	2,084,115	2,230,003
Facility Rent/Lease Revenue	291,107	236,565	241,296	246,122	251,045
Power Your Drive for Fleets-SDG&E Grant	-	240,000	-	-	-
Water Capacity Fees	85,000	85,128	85,255	85,383	85,511
Wastewater Capital Improvement Charge	1,328,198	1,394,608	1,450,392	1,508,408	1,568,744
Wastewater Capacity Fees	45,000	45,068	45,135	45,203	45,271
Federal Interest Rate Subsidy	70,261	55,178	39,233	22,388	4,606
Subtotal Non-Operating Revenue	\$ 6,928,630	\$ 7,388,181	\$ 7,497,028	\$ 7,814,640	\$ 7,719,456
Total Revenues	\$ 40,036,977	\$ 42,112,313	\$ 43,639,009	\$ 45,620,880	\$ 47,196,733
Operating Expenses					
Water Supply Costs					
SDCWA Purchased Water Costs	\$ 4,747,526	\$ -	\$ -	\$ -	\$ -
EMWD Purchased Water Costs	862,141	1,832,923	7,025,735	7,685,582	8,308,664
SMR Water Delivery Costs	1,185,026	1,600,288	861,324	895,777	931,608
Subtotal Water Supply Costs	\$ 6,794,693	\$ 3,433,211	\$ 7,887,059	\$ 8,581,359	\$ 9,240,271
Labor Costs	4,108,663	4,157,399	4,362,859	4,552,780	4,751,068
Fringe Benefits	2,497,331	2,749,489	2,886,963	3,014,294	3,128,643
Services, Materials & Supplies	4,125,838	5,226,096	4,613,665	4,802,101	4,998,270
Allocated Admin Expenses	8,350,863	8,733,428	9,082,765	9,446,076	9,823,919
Total Operating Expenses	\$ 25,877,388	\$ 24,299,623	\$ 28,833,311	\$ 30,396,610	\$ 31,942,171
Net Operating Revenues	\$ 14,159,589	\$ 17,812,690	\$ 14,805,698	\$ 15,224,270	\$ 15,254,562
Non-Operating Expenses					
Community Benefit Program	\$ 267,041	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Detachment Fee	8,506,750	-	-	-	-
Subtotal Non-Operating Expenses	\$ 8,773,791	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Debt Service					
Total Debt Service	\$ 5,463,081	\$ 6,141,364	\$ 6,137,994	\$ 6,139,425	\$ 5,878,311
Capital Expenditures					
Total Capital Expenditures	\$ 7,055,478	\$ 11,726,000	\$ 8,842,600	\$ 8,385,644	\$ 8,920,172
Total Expenditures	\$ 47,169,739	\$ 42,712,987	\$ 44,359,905	\$ 45,467,678	\$ 47,286,654
Water Revenue Bond Proceeds	\$ 3,376,538	\$ 4,207,500	\$ 4,690,000	\$ -	\$ -
Change in Net Position ⁽²⁾	\$ (3,756,224)	\$ 3,606,826	\$ 3,969,104	\$ 153,202	\$ (89,921)
Beginning Balances	\$ 24,135,872	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779
Ending Balances	\$ 20,379,648	\$ 23,986,474	\$ 27,955,578	\$ 28,108,779	\$ 28,018,858

(1) Starting in FY 2023-2024, the IAC is discontinued due to Detachment from SDCWA on January 1, 2024.

(2) Change in net position is Total Revenues minus Total Expenditures plus WRB Loan Proceeds.

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

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 23,927,732	\$ 25,101,903	\$ 25,114,898	\$ 25,127,913	\$ 25,140,947
Proposed Revenue Adjustments	-	434,269	1,510,312	2,827,948	4,211,051
Subtotal Operating Revenues	\$ 23,927,732	\$ 25,536,172	\$ 26,625,210	\$ 27,955,861	\$ 29,351,998
Other Operating Revenues					
Pass-through Charges					
SDCWD IAC Charge ⁽¹⁾	\$ 316,946	\$ -	\$ -	\$ -	\$ -
Pumping Charge	100,000	100,000	100,000	100,000	100,000
Backflow Charge	200,000	200,000	200,000	200,000	200,000
Sundry	60,000	60,000	60,000	60,000	60,000
Subtotal Other Operating Revenues	\$ 676,946	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Non-Operating Revenue					
Water Availability Charge	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax ⁽²⁾	854,000	862,540	871,165	879,877	888,676
Investment Earnings	363,511	454,199	606,578	715,914	401,081
Water Capital Improvement Charge	1,701,258	1,820,346	1,947,771	2,084,115	2,230,003
Other Revenue	291,107	236,565	241,296	246,122	251,045
Power Your Drive for Fleets-SDG&E Grant	-	240,000-	-	-	-
Water Capacity Fees	85,000	85,128	85,255	85,383	85,511
Subtotal Non-Operating Revenues	\$ 3,494,877	\$ 3,898,777	\$ 3,952,066	\$ 4,211,411	\$ 4,056,315
Total Revenues	\$ 28,099,556	\$ 29,794,949	\$ 30,937,276	\$ 32,527,271	\$ 33,768,313
Operating Expenses					
Water Supply Costs					
SDCWA Purchased Water Costs	\$ 4,747,526	\$ -	\$ -	\$ -	\$ -
EMWD Purchased Water Costs	862,141	1,832,923	7,025,735	7,685,582	8,308,664
SMR Water Delivery Costs	1,185,026	1,600,288	861,324	895,777	931,608
Subtotal Water Supply Costs	\$ 6,794,693	\$ 3,433,211	\$ 7,887,059	\$ 8,581,359	\$ 9,240,271
Labor Costs	2,449,535	2,449,192	2,571,652	2,674,518	2,781,499
Fringe Benefits	1,337,251	1,620,756	1,701,794	1,769,866	1,840,660
Services, Materials & Supplies	2,657,220	3,579,020	2,897,001	3,012,881	3,133,396
Allocated Administrative Expenses	5,344,552	5,589,394	5,812,970	6,045,488	6,287,308
Total Operating Expenses	\$ 18,583,251	\$ 16,671,573	\$ 20,870,475	\$ 22,084,112	\$ 23,283,134
Net Operating Revenue	\$ 9,516,305	\$ 13,123,376	\$ 10,066,801	\$ 10,443,160	\$ 10,485,179
Non-Operating Expenses					
Detachment Fee	\$ 8,506,750	\$ -	\$ -	\$ -	\$ 4-
Subtotal Non-Operating Expenses	\$ 8,506,750	\$ -	\$ -	\$ -	\$ -
Debt Service					
Total Debt Service	\$ 3,210,646	\$ 3,886,428	\$ 3,887,396	\$ 3,888,146	\$ 3,888,396
Capital Expenditures					
Total Capital Expenditures	\$ 6,373,892	\$ 9,090,750	\$ 7,745,530	\$ 6,955,634	\$ 7,269,434
Total Expenditures	\$ 36,674,538	\$ 29,648,751	\$ 32,503,401	\$ 32,927,892	\$ 34,440,964
Water Refunding Bond Proceeds	\$ 3,376,538	\$ 4,207,500	\$ 4,690,000	\$ -	\$ -
Change In Net Position ⁽³⁾	\$ (5,198,445)	\$ 4,353,698	\$ 3,123,875	\$ (400,620)	\$ (672,651)
Beginning Balances	\$ 18,175,551	\$ 12,977,106	\$ 17,330,804	\$ 20,454,679	\$ 20,054,059
Ending Balances	\$ 12,977,106	\$ 17,330,804	\$ 20,454,679	\$ 20,054,059	\$ 19,381,408

(1) Starting in FY 2023-2024, the IAC is discontinued due to Detachment from SDCWA on January 1, 2024.
 (2) Property tax revenue reduced by \$546,000 in Fiscal Years 2023-24 and 2024-25 for Community Benefit Program.
 (3) Change in net position is Total Revenues minus Total Expenditures plus WRB Loan Proceeds.

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

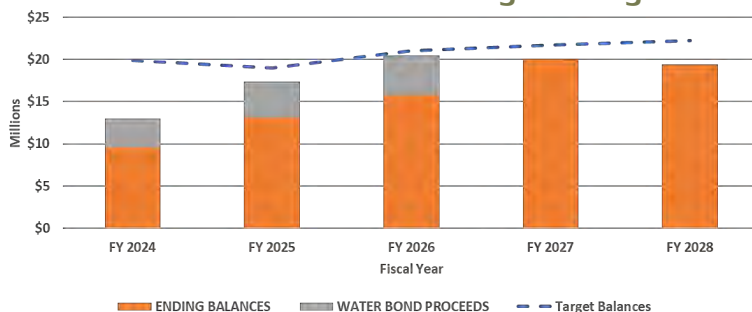


Table #3 - Fallbrook Public Utility District's Wastewater Projections

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 7,188,621	\$ 7,059,290	\$ 7,069,879	\$ 7,080,484	\$ 7,091,105
Proposed Revenue Adjustments	-	421,539	706,853	995,912	1,225,334
Subtotal Operating Revenues	\$ 7,188,621	\$ 7,480,829	\$ 7,776,732	\$ 8,076,396	\$ 8,316,439
Other Operating Revenues					
Sundry	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Subtotal Other Operating Revenues	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Non-Operating Revenues					
Wastewater Capital Improvement Charge	\$ 1,328,198	\$ 1,394,608	\$ 1,450,392	\$ 1,508,408	\$ 1,568,744
Wastewater Capacity Fees	45,000	45,068	45,135	45,203	45,271
1% property Tax - IDS	1,235,000	1,247,350	1,259,824	1,272,422	1,285,146
Federal Interest Rate Subsidy	70,261	55,178	39,233	22,388	4,606
Investment Earnings	140,264	142,368	144,504	146,671	148,871
Subtotal Non-Operating Revenues	\$ 2,818,723	\$ 2,884,572	\$ 2,939,087	\$ 2,995,092	\$ 3,052,638
Total Revenues	\$ 10,017,345	\$ 10,375,401	\$ 10,725,819	\$ 11,081,487	\$ 11,379,077
Operating Expenses					
Labor Costs	\$ 1,444,625	\$ 1,467,256	\$ 1,540,619	\$ 1,617,650	\$ 1,698,533
Fringe Benefits	992,703	969,520	1,017,996	1,068,896	1,106,307
Services, Materials & Supplies	1,278,346	1,434,076	1,495,144	1,558,840	1,625,278
Allocated Administrative Expenses	2,922,802	3,056,700	3,178,968	3,306,126	3,438,372
Total Operating Expenses	\$ 6,638,476	\$ 6,927,552	\$ 7,232,727	\$ 7,551,512	\$ 7,868,489
Net Operating Revenues	\$ 3,378,869	\$ 3,447,849	\$ 3,493,092	\$ 3,529,975	\$ 3,510,588
Debt Service					
Total Debt Service	\$ 1,733,212	\$ 1,734,864	\$ 1,731,618	\$ 1,731,769	\$ 1,471,395
Capital Expenditures					
Total Capital Expenditures	\$ 560,274	\$ 2,511,250	\$ 1,030,510	\$ 1,365,114	\$ 1,583,246
Total Expenditures	\$ 8,931,961	\$ 11,173,667	\$ 9,994,855	\$ 10,648,395	\$ 10,923,130
Change in Net Position	\$ 1,085,383	\$ (798,265)	\$ 730,964	\$ 433,092	\$ 455,947
<i>Beginning Balances</i>	\$ 5,208,306	\$ 6,293,690	\$ 5,495,424	\$ 6,226,388	\$ 6,659,481
<i>Ending Balances</i>	\$ 6,293,690	\$ 5,495,424	\$ 6,226,388	\$ 6,659,481	\$ 7,115,427

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

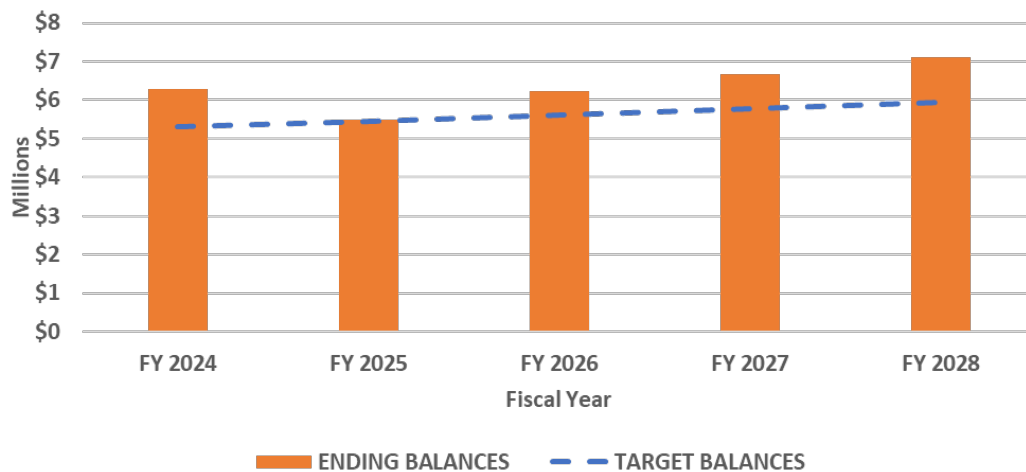


Table #4 Fallbrook Public Utility District’s Recycled Water Projections

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 1,300,047	\$ 1,284,113	\$ 1,284,113	\$ 1,284,113	\$ 1,284,113
Proposed Revenue Adjustments	-	48,018	80,925	114,870	149,727
Other Operating Revenues					
Sundry	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Subtotal Other Operating Revenues	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Non-Operating Revenues					
1% Property Tax	\$ 65,000	\$ 54,572	\$ 54,844	\$ 55,393	\$ 55,947
Investment Earnings	4,030	4,260	5,031	6,745	8,556
Subtotal Non-Operating Revenues	\$ 69,030	\$ 58,831	\$ 59,875	\$ 62,138	\$ 64,502
Total Revenues	\$ 1,374,077	\$ 1,395,963	\$ 1,429,914	\$ 1,466,121	\$ 1,503,343
Operating Expenses					
Labor Costs	\$ 214,504	\$ 240,950	\$ 250,588	\$ 260,612	\$ 271,036
Fringe Benefits	167,377	159,213	167,174	175,532	181,676
Services, Materials & Supplies	190,272	213,000	221,520	230,381	239,596
Allocated Administrative Expenses	83,509	87,334	90,828	94,461	98,239
Total Operating Expenses	\$ 655,662	\$ 700,497	\$ 730,109	\$ 760,986	\$ 790,547
Net Operating Revenues	\$ 718,415	\$ 695,465	\$ 699,805	\$ 705,135	\$ 712,795
Debt Service					
Total Debt Service	\$ 519,224	\$ 520,072	\$ 518,980	\$ 519,510	\$ 518,520
Capital Expenditures					
Total Capital Expenditures	\$ 121,312	\$ 124,000	\$ 66,560	\$ 64,896	\$ 67,492
Total Expenditures	\$ 1,296,198	\$ 1,344,570	\$ 1,315,650	\$ 1,345,392	\$ 1,376,559
Change in Net Position	\$ 77,880	\$ 51,393	\$ 114,264	\$ 120,729	\$ 126,783
Beginning Balances	\$ 206,114	\$ 283,993	\$ 335,386	\$ 449,651	\$ 570,380
Ending Balances	\$ 283,993	\$ 335,386	\$ 449,651	\$ 570,380	\$ 697,163

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

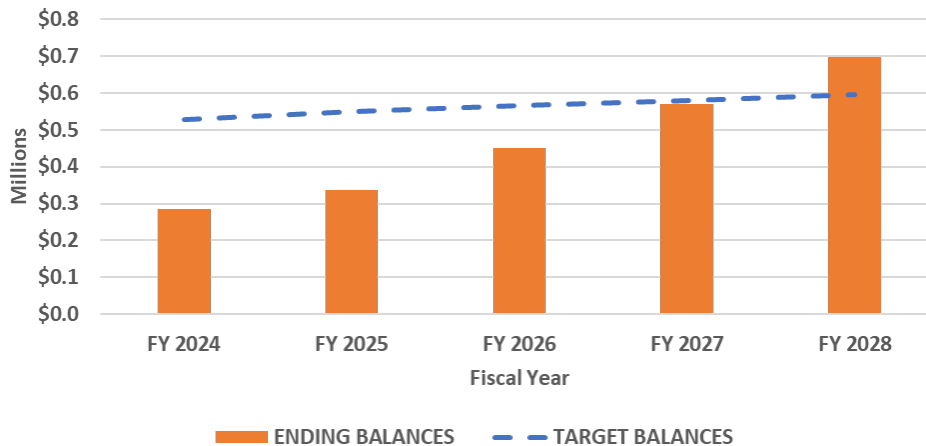


Table #5 Fallbrook Public Utility District’s Community Benefit Program Projections

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenues					
Non-Operating Revenues					
1% Property Tax	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Subtotal Non-Operating Revenues	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Total Revenues	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Operating Expenses					
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Revenues	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Non-Operating Expenses					
Total Non-Operating Expenses	\$ 267,041	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
Change in Net Position	\$ 278,959	\$ -	\$ -	\$ -	\$ -
<i>Beginning Balances</i>	<i>\$ 545,901</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>
<i>Ending Balances</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>	<i>\$ 824,860</i>

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Table #6 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	FY 2013-14	FY 2014-15	FY 2015-16
Changes in Net Position:			
Operating Revenues	\$ 28,955,183	\$ 27,483,881	\$ 25,356,017
Operating Expenses	(33,062,764)	(28,604,249)	(27,144,267)
Other Operating Revenues	681,876	-	-
Operating Income (loss)	\$ (3,425,705)	\$ (1,120,368)	\$ (1,788,250)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,623,510	\$ 1,719,296	\$ 1,815,734
Capital Improvement Charges	1,981,822	2,134,025	2,224,529
California Solar Initiative Rebate	843,714	729,519	740,125
Investment income (Loss)	209,175	141,433	324,126
Lease Interest Income	-	-	-
Water Availability Charges	200,779	200,810	200,808
MWD Local Resource Program	-	-	-
Lease Revenue	183,641	185,770	185,220
Intergovernmental Revenue - Federal Interest Subsidy	-	206,584	185,040
Connection Fees	118,581	208,521	131,894
SDCWA Rate Refund	-	-	-
COVID Relief Grant	-	-	-
Water Supply Grant Funds	-	-	-
Gain on Impairment	-	(444,252)	(551,281)
Community Benefit Program expense	-	-	-
Other Non-Operating Revenues	140,396	162,913	91,361
Other Non-Operating Expenses	(344,730)	(847,725)	(916,212)
Total Non-Operating Revenues(expenses), net	\$ 4,956,888	\$ 4,396,894	\$ 4,431,344
Net income Before Capital Contributions	\$ 1,531,183	\$ 3,276,526	\$ 2,643,094
Capital Contributions	76,746	153,790	75,299
Capital Grant - Proposition 50	828,598 ⁽¹⁾	224,596 ⁽¹⁾	874,040 ⁽³⁾
Capital Grant - Proposition 84	-	-	682,428 ⁽³⁾
Extraordinary Items	-	-	-
Changes in Net Position	\$ 2,436,527	\$ 3,654,912	\$ 4,274,861
Net Assets			
Beginning, as restated	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991
Adjustments to restate balance	-	(7,734,801) ⁽²⁾	-
Ending, as restated	\$ 79,114,880	\$ 75,034,991	\$ 79,309,852

(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 principles.

(3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$682,428 was received.

Source: FPUD Finance Department

Table #6 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years, cont.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
\$	27,256,065	\$ 29,882,022	\$ 26,944,550	\$ 28,931,007	\$ 32,511,601	\$ 32,814,986	\$ 31,629,493
	(29,890,177)	(33,319,799)	(31,708,417)	(33,234,259)	(33,933,185)	(37,929,546)	(32,965,081)
	-	-	-	-	-	-	-
\$	(2,634,112)	\$ (3,437,777)	\$ (4,763,867)	\$ (4,303,252)	\$ (1,421,584)	\$ (5,114,560)	\$ (1,335,588)
\$	1,889,808	\$ 1,984,543	\$ 2,106,034	\$ 2,205,975	\$ 2,340,185	2,397,429	2,617,564
	2,283,558	2,476,452	2,505,876	2,559,135	2,604,061	2,650,202	2,838,696
	234,930	-	-	-	-	-	--
	63,861	18,188	915,275	920,135	1,543,078	(1,835,245)	932,974
	-	-	-	-	-	15,437	16,496
	200,730	229,400	204,359	204,418	208,842	202,234	200,107
	-	-	-	-	-	197,884	517,280
	166,012	178,602	199,433	249,092	251,047	284,819	331,006
	238,765	145,338	134,924	123,762	112,207	99,240	86,153
	238,124	411,744	180,966	107,107	149,650	193,201	186,946
	-	-	-	-	909,413	839,398	8,441
	-	-	-	-	-	184,762	-
	-	-	-	-	-	213,368	452,253
	-	(273,396)	9,338,297	(31,450)	38,100	36,543	170,307
	-	-	-	-	-	-	(96)
	32,729	-	-	-	-	-	-
	(1,174,011)	(959,015)	(909,966)	(910,224)	(1,665,457)	(1,524,767)	(1,622,851)
\$	4,174,506	\$ 4,211,886	\$ 14,675,198	\$ 5,427,950	\$ 6,491,127	\$ 3,954,505	\$ 6,735,276
\$	1,540,394	\$ 774,109	\$ 9,911,331	\$ 1,124,698	\$ 5,069,543	\$ (1,160,055)	\$ 5,399,688
	59,509	73,661	73,789	372,507	47,842	59,898	175,868
	773,163	-	-	-	-	-	-
	-	67,100	-	-	-	-	-
	-	-	-	-	-	-	-
\$	2,373,066	\$ 914,870	\$ 9,985,120	\$ 1,497,205	\$ 5,117,385	\$ (1,100,157)	\$ 5,575,556
\$	79,309,852	\$ 85,168,437	\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982
	3,485,519	-	1,139,122	-	-	-	-
\$	85,168,437	\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982	\$ 108,297,538

Chart #1 - Operating Expenses by Activity

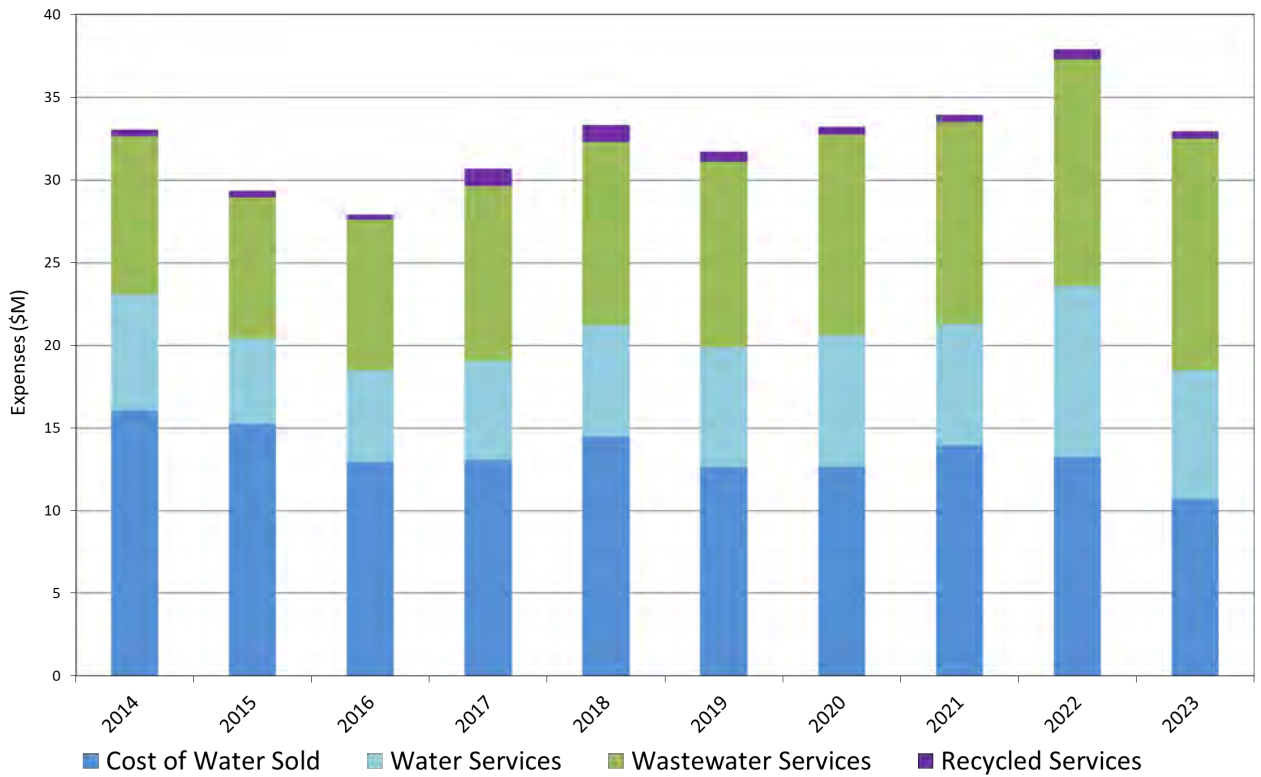


Chart #2 - Operating Revenues by Source

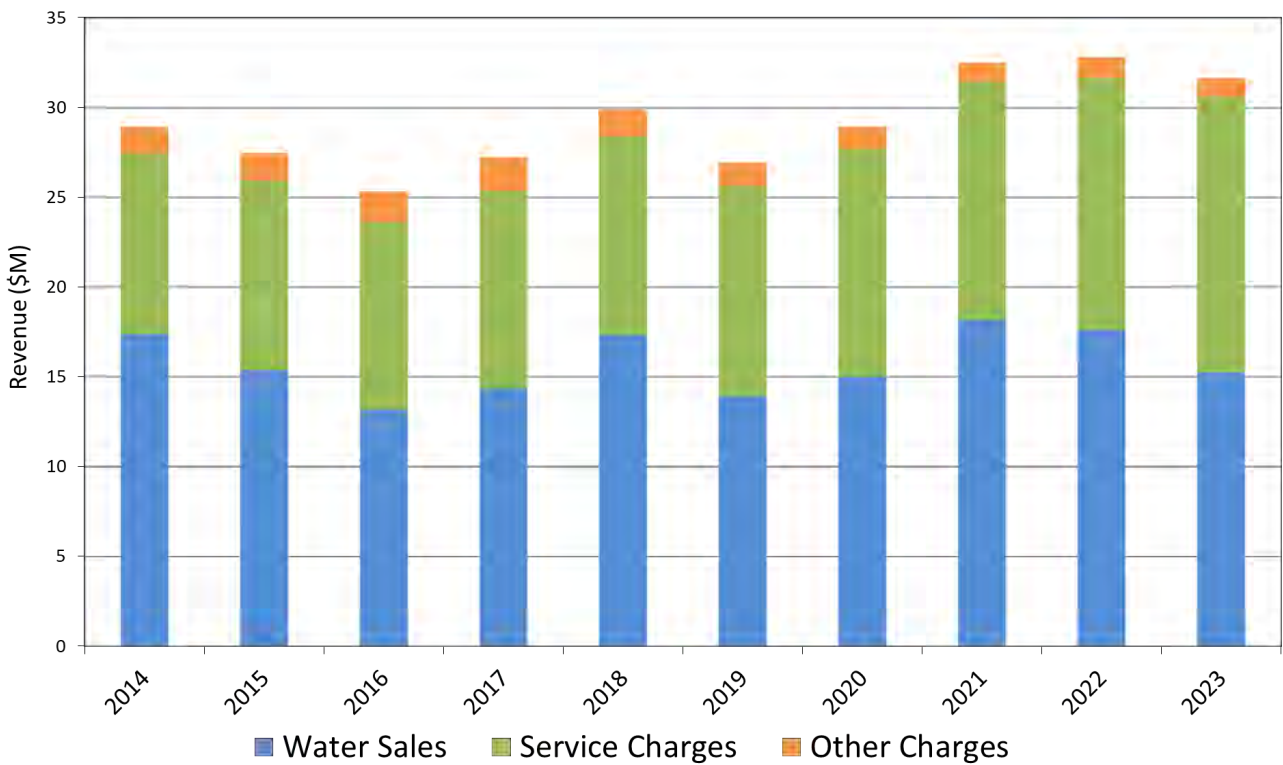


Table #7 - Summary of Services Approved Positions

Position	Actual FTE* FY 2022-23	Actual FTE* FY 2023-24	Proposed FTE* FY 2024-25
Accounting Technician I & II	2.0	2.0	2.0
Assistant General Manager/Chief Financial Officer	1.0	1.0	1.0
Chief Plant Operator	1.0	1.0	1.0
Collections Supervisor	1.0	1.0	1.0
Construction Supervisor	-	1.0	1.0
Crew Leader	7.0	5.0	4.0
Customer Service Representative I & II	2.0	2.0	1.0
Customer Service Specialist	1.0	1.0	2.0
Engineering Manager	1.0	1.0	1.0
Engineering Technician I, II & III	3.0	3.0	4.0
Environmental Compliance Technician	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0
Executive Assistant/ Board Secretary	1.0	1.0	1.0
Field Services Manager	1.0	1.0	1.0
General Manager	1.0	1.0	1.0
GIS Coordinator	1.0	1.0	1.0
Human Resources Manager	1.0	1.0	1.0
Human Resources Technician	1.0	1.0	1.0
Information Systems Technician	1.0	1.0	0.08
Instrumentation, Electrical & Controls Tech	2.0	2.0	2.0
IT Manager	-	-	0.92
Laboratory Technician I & II	1.0	1.0	1.0
Lead Plant Operator	2.0	2.0	1.0
Maintenance Technician I & II	1.0	1.0	2.0
Management Analyst	1.0	1.0	1.0
Operations Manager	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Plant Operator I & II	2.0	2.0	2.0
Public Affairs Specialist	1.0	-	-
Public Information Officer	-	1.0	1.0
Purchasing Warehouse Supervisor	1.0	1.0	1.0
Safety & Risk Officer	1.0	1.0	1.0
SCADA/Electrical/Maintenance Supervisor	1.0	1.0	1.0
Senior Maintenance Technician	1.0	1.0	1.0
Supervising Accountant	1.0	1.0	1.0
System Operations Supervisor	1.0	1.0	1.0
System Services Supervisor	1.0	1.0	1.0
Systems Operator I, II & III	4.0	5.0	4.0
Systems Technician	-	-	1.0
Utility Worker I, II & III	17.0	18.0	18.0
Warehouse Purchasing Specialist	1.0	1.0	1.0
Water/Wastewater Operator I, II & III	-	-	1.0
TOTAL FTE	69.0	70.0	71.0

* FTE - Full-Time Equivalents

Table #8 - Regional Water Rate Survey

Regional Water Rate Survey	
Single Family Residence - Typical Monthly Water Charge	
Assumes 3/4-inch water meter & 12,000 gallons of monthly water use	
Based on 2024 Water Rates	
Water District	Monthly Charge
Rancho California Water District*	\$49.31 - \$88.10
Eastern Municipal Water District	77.27
Murrieta County Water District	109.31
Vallecitos Water District	114.54
Valley Center Municipal Water District	142.74
South Coast Water District	148.06
Rincon Del Diablo Water District	153.41
Fallbrook Public Utility District	162.18
Rainbow Municipal Water District	188.19

Source: Prepared by Bartle Wells Associates

* Charges vary based on zone.

Fallbrook Public Utility District 's Capitalization Policy

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

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

Personnel:
Accounting and Supervisors

Policy:

General Policy

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

Definitions

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

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

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

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

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

Capital Projects

A. *Construction Projects*

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

B. Plant Equipment

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

C. Office Equipment

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

Fallbrook Public Utility District 's Fund Balance Policy

Article 6. Budget and Fund Management

Sec. 6.1 District's Annual Budget.

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

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

6.1.1 Annual Budget Resolution.

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

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

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

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

Sec. 6.2 Treasurer's Fund.

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

Sec. 6.3 General Fund.

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

Sec. 6.4 Utility Funds.

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

Sec. 6.5 Capital Funds.

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

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

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

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

Sec. 6.6 Equipment Fund.

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

Sec. 6.7 Debt Service Funds.

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

Sec. 6.8 Appropriated Fund Balances.

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

6.8.1 Utility Funds Appropriated Fund Balances.

1. Water.

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

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

2. Wastewater.

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

b) Rate Stabilization Fund. To promote smooth and predictable rates and charges a Rate Stabilization Fund is established with a target of level equal to 10% of annual revenues.

3. Recycled Water.

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

6.8.2 Utility Capital Funds Appropriated Fund Balances.

1. Water Capital Fund.

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

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

2. Wastewater Capital Fund.

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

3. Recycled Water Capital Fund.

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

6.8.3 Debt Service Funds.

Each borrowing activity is maintained within a separate Debt Service fund. Some indentures require the establishment of a reserve fund and the District must comply with any creditor imposed requirements. Since sources of funding to repay each debt instrument varies, the possibility of that inflow being interrupted is

likely/possible with different issues in differing circumstances. Because of the possibility of this interruption, each Debt Service Fund should establish an Appropriated Fund Balance equal to the next year's total debt service (principal and interest).

Sec. 6.9 Petty Cash.

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

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

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

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

ARTICLE	15
(Renumbered	as
Article 6	by
Resolution 5006)	
Sec. 15.8 - Rev.74/97	
Sec. 15.4 & 15.5 – Rev. 4/03	
Sec. 15.8 added 4/03	
Sec. 15.1 & 15.9 – Rev. 6/06	
Sec. 15.9 – Rev. 8/08	
Sec. 15.6 – Rev. 9/09	
Sec. 15.8.1 – Rev. 12/09	
Secs. 15.1, 15.5, 15.8.1, 15.8.2, 15.8.4, 15.9 – Rev. 1/18	
Secs. 15.1.1, 15.8.1 – Rev. 2/19	
Sec. 15.1.1 – Rev. 4/19	
Sec. 15.1 – Rev. 7/19	

Fallbrook Public Utility District's Investment Policy

Article 18. Investment Policy

Sec. 18.1 General.

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

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

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

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

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

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

Sec. 18.2 Treasurer's Annual Statement of Investment Policy.

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

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

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

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

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

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

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

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

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

- a) Inverse Floater
- b) Range Notes
- c) Interest-only strips derived from a pool of mortgages
- d) Any security that could result in zero interest accrual, except as authorized by Government Code Section 53601.6.

Sec. 18.3 Internal Controls.

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

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

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

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

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

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

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

Development of a Wire Transfer Agreement with the Lead Bank or Third Party Custodian: This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

Sec. 18.4 Permissible Investments.

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

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

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

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

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

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

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

Minimum Credit Requirement: None.

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

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

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

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

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

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

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%. The District may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

Minimum Credit Requirements: "A-1", the equivalent or higher by a NRSRO.

18.4.4 Medium-Term Notes. Corporate and depository institution debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the U.S. (or any state) and operating within the U.S.

Maximum Maturity: The maximum maturity of an issue shall be 5 years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 30%. The District may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher by a NRSRO

18.4.5 Repurchase Agreements. A repurchase agreement (RP) consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the District), the other is the commitment by the seller (i.e., a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Maximum Maturity: The maximum maturity of repurchase agreements shall be up to one year.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 10%.

Minimum Credit Requirements: None

18.4.6 Negotiable Certificates of Deposit. Certificates of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.

Maximum Maturity: The maximum maturity of an issue shall be five (5) years.

Maximum Exposure to Portfolio: The maximum exposure to the portfolio for this category shall be 30%.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for CDs issued with a long-term rating and “A-1” or higher for CDs issued with a short-term rating or their equivalents by a NRSRO.

18.4.7 State Local Agency Investment Fund (LAIF). There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the State Local Agency Investment Fund.

18.4.8 San Diego County Treasurer’s Fund. There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the County Treasurer.

18.4.9 Passbook and Money Market Savings Accounts. Savings accounts and/or money market accounts shall be maintained for monies that are needed on a day-to-day basis.

18.4.10 State Obligations / State of California and Other States. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 18.4.10 and 18.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO .

18.4.11 California Local Agency Obligations. Bonds, notes warrants or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 18.4.10 and 18.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO.

18.4.12 Joint Powers Authority Pool. The investment with a Joint Powers Authority Pool is mandated by that pool. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the

Securities and Exchange Commission; (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive; and (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

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

Minimum Credit Requirement: None.

18.4.13 Money Market Mutual Funds.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.

A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.

18.4.14 Mortgage Pass-Through Securities and Asset-Backed Securities. A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: Rated in a rating category of "AA", the equivalent or higher by a NRSRO.

18.4.15 Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 30%.

Minimum Credit Requirements: Rated in a rating category of “AA”, the equivalent or higher by a NRSRO.

Approval: Investments in supranational securities may only be made with prior approval of the Fiscal Policy and Insurance Committee.

Sec. 18.5 Maturity/Limit of Investments.

With the exception of U.S. Treasury and Federal Agency securities, the maturity of a give investment will not exceed five (5) years, without prior board approval per Section 18.2.4.

Sec. 18.6 Reporting Requirements.

The Treasurer shall prepare a quarterly investment report to the Board of Directors that provides an overview of the District’s investments and lists the investment transactions for the period. The report shall also (1) state the compliance of the portfolio with the statement of investment policy, or the manner in which the portfolio is not in compliance, and (2) the report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The Treasurer shall also provide the Board a summary report of investments on a monthly basis.

A subsidiary ledger of investments may be used in the report in accordance with accepted accounting practices.

In the event that an investment originally purchased within policy guidelines is downgraded by any one of the credit rating agencies, the Treasurer shall report it at the next regular scheduled meeting of the Board.

ARTICLE 27 (Renumbered as Article 18 by Resolution 5006)

Revised in its entirety: 2/94
 Adopted in current form: 1/96, 1/97, 1/98, 1/99
 Sec. 27.2.4 – Rev. 1/00
 Adopted in current form: 1/01
 Sec. 27.4.7 – Rev. 10/01
 Sec. 27.6 – Rev. 1/03
 Sec. 27.2.4 – Rev. 1/07
 Sec. 27.4.4 – Rev. 3/07
 Secs. 27.2.3, 27.4.1(2), 27.4.2, 27.4.3, 27.4.4, & 27.4.6 – Rev. 9/07
 Sec. 27.2.1 – Rev. 1/10
 Secs. 27.4.10-12 – Rev. 1/12
 Secs. 27.2.4, 27.2.5, 27.4.5, 27.4.6, 27.4.7, 27.4.10, 27.4.11, 27.4.13, 27.4.14, 27.5 – Rev. 2/13
 Secs. 27.4.6, 27.4.11 – Rev. 1/14
 Secs. 27.1, 27.1.1, Attachment A – Rev. 3/15
 Secs. 27.1, 27.1.1, 27.1.2, 27.1.3, 27.2, 27.2.3, 27.2.4, 27.3, 27.4, 27.4.1, 27.4.2, 27.4.3, 27.4.4, 27.4.6, 27.4.10, 27.4.11, 27.4.12, 27.4.13, 27.4.14, 27.4.15, 27.5 – Rev. 2/16
 Secs. 27.2.4, 27.4, 27.4.3, 27.4.4, 27.4.6, 27.4.10, 27.4.11, 27.4.14, 27.4.15 – Rev. 3/17
 Sec. 27.2.3 – Rev. 6/18
 Sec. 27.6 – Rev. 7/18
 Sec. 27.4.14 – Rev. 2/19
 Sec. 18.2.5 – Rev. 6/21
 Sec. 18.4.3 – Rev. 6/21
 Sec. 18.4.4 – Rev. 6/21

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District's Pension Benefits

The District participates in CalPERS and has two benefit tiers. The Classic employees are eligible to receive 2.5% of their single highest annual salary for each year of service at the age of 55. An employee hired after January 1, 2013, and is new to CalPERS, or those that have had a break in service of more than six-months fall under the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA employees are eligible to receive 2.0% of the highest three-year average annual salary for each year of service at the age of 62. Both Classic and PEPRA employees are potentially subject to salary maximums when determining their benefit.

CalPERS Unfunded Actuarial Accrued Liability (UAAL):

The AUL is portion of the pension liability that has been earned but has not been fully funded. The liability is estimated by an actuary based upon many different underlying assumptions. CalPERS amortizes these existing liabilities over a 30-year period. The payment schedule for the Unfunded Liability is shown below for both Classic and PEPRA. The District's net pension liability in Fiscal Year 2021-22 was \$18.2 million. In Fiscal Year 2021-22, the latest CalPERS valuation date, the District's pension liability was 68.5% funded for Classic employees and 87.3% funded for PEPRA employees.

Fiscal Year Ending (6/30)	Classic	PEPRA	Total
FY 2023-24	\$ 1,466,267	\$ 10,529	\$ 1,476,796
FY 2024-25	1,575,765	17,675	1,593,440
FY 2025-26	1,681,888	24,820	1,706,708
FY 2026-27	1,767,559	31,966	1,799,525
FY 2027-28	1,960,423	39,112	1,999,535
FY 2028-29	2,001,863	39,111	2,040,974
FY 2029-30	2,044,464	39,111	2,083,575
FY 2030-31	2,088,256	39,111	2,127,367
FY 2031-32	2,072,614	39,112	2,111,726
FY 2032-33	2,054,828	39,110	2,093,938
FY 2033-34	2,011,750	39,111	2,050,861
FY 2034-35	1,938,460	39,112	1,977,572
FY 2035-36	1,204,257	39,110	1,243,367
FY 2036-37	1,112,682	39,112	1,151,794
FY 2037-38	1,015,410	39,110	1,054,520
FY 2038-39	938,662	39,112	977,774
FY 2039-40	887,696	39,110	926,806
FY 2040-41	751,516	39,111	790,627
FY 2041-42	618,304	39,111	657,415
FY 2042-43	1,089,136	39,110	1,128,246

Current Normal Cost

The Normal Cost Rate (NCR) is the percentage of payroll that is contributed to CalPERS to pay for the benefit earned by employees in the current year. This rate is expressed as a percent of payroll. The NCR for Classic employees for Fiscal Year 2024-25 is 14.99% of payroll, which is up from the Fiscal Year 2023-24 is 14.92%. The NCR for PEPRA employees is 8.18% of payroll in Fiscal Year 2024-25 and was 8% in Fiscal Year 2023-24.

District's 115 Pension Trust

As part of the District's commitment to fiscal sustainability, a Section 115 Pension Trust has been established. The trust holds assets pledged to pay for future pension related expenses. The Trust as of March 31 held \$6.4 million.

District's Other Post-Employment Benefits (OPEB)

Effective January 7, 2022, the District provides a retiree healthcare benefit to employees who were hired before July 1, 2022, have ten years of service and are 50 or older. Under the OPEB benefit the District pays for half of the employees' health insurance premium until the beneficiary is 65-years old. The employee must contribute the other half of the insurance premium. The District has established the Section 115 Pension and OPEB Trust Fund (See Fund Structure Section) to fund the District's OPEB liabilities. The District's OPEB liability is 81.6% funded based upon an actuarial valuation report as of June 30, 2022. Based upon planned contributions to the OPEB Trust Fund, the District expects to fully fund the OPEB liability over the next 3 years.

Attachment B

RESOLUTION NO. 5078

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT APPROVING AND
ESTABLISHING THE DISTRICT'S FISCAL YEAR 2024-25 BUDGET
FOR OPERATIONS, MAINTENANCE, WATER PURCHASES, CAPITAL
IMPROVEMENTS, EQUIPMENT, AND DEBT SERVICE AND
APPROPRIATING \$42,712,987 CONSISTENT WITH THE APPROVED
BUDGET**

* * * * *

WHEREAS, the Fiscal Policy and Insurance Committee has reviewed and considered the Recommended Fiscal Year 2024-25 Budget during publicly noticed meetings on April 10, 2024, and May 21, 2024; and

WHEREAS, the Board has reviewed and considered the Recommended Fiscal Year 2024-25 Budget during a publicly noticed meeting on April 22, 2024 and May 29, 2024;

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

1. The District's Fiscal Year 2024-25 Budget, as presented to the Board of Directors at the publicly noticed meeting on May 29, 2024, is hereby approved.
2. Expenditure under the District's approved Fiscal Year 2024-25 Budget is hereby appropriated as follows:

For administration, operations, and maintenance:	\$20,866,412
Community benefit program:	\$ 546,000
For water purchases:	\$ 3,433,211
For PAYGO capital improvements, and equipment:	\$11,726,000
For Revenue Bonds, State Revolving Fund, and interest and principal:	\$ 6,141,364
	<hr/>
TOTAL	<u>\$42,712,987</u>

3. Expenditure of appropriated funds shall be consistent with the approved Budget. Except as provided in this Resolution, no increases or decreases to the Budget shall occur except upon prior approval by the Board.
4. Notwithstanding the total appropriations, set forth herein, the General Manager is authorized subject only to the total appropriations to exceed the expenditure amount designated in the approved Budget for water purchases to meet the District's water demands.
5. The annual Liquidity Fund Level target for Fiscal Year 2024-25 is kept at the current level and no draws from the District's long-term investment portfolio is planned.
6. No deposit or withdrawal to the District's long-term investments is planned, and any unanticipated draws will go to the Board for approval.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2024, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: May 29, 2024
SUBJECT: Paving on Private Street Pavement Restoration on East Elder

Description

Pipeline maintenance and replacement work often occurs in private streets owned and maintained by local residents. Typically, when performing work in private streets, the District replaces the pavement in-kind within the influence of the excavation and any other damage caused by the work. Private roads without a maintenance agreement or HOA are often neglected and in a severely deteriorated state. Residents sometimes hope to have their entire road replaced when pipeline work is performed.

Purpose

As part of the FY24 Pipeline Replacement Project, the District's contractor installed a new water main on East Elder Street. 730 feet of the street is privately owned between Shady Glen and Debra Anne. This section of private street connects two County maintained streets and is used by the wider public as pass through access, as well as the only access for the Emmanuel Baptist Church. There is no maintenance committee or HOA responsible for road maintenance. There are 7 homes with direct access from the private section of E Elder. There are an additional 11 homes on private dead end streets accessed from this section of E Elder. And there are approximately 10 homes on Morro Road that have access from another direction, but are near the private section of E Elder. The private streets that connect to E Elder have been maintained by the residents, but E Elder itself has not been repaved or maintained since before 2007. As a result, it was in a deteriorated state with alligator cracking throughout the length of the street prior to starting this pipeline construction project. The road appears to have been originally constructed without an adequate base layer and 3-inches of asphalt.

The District's new pipeline was placed in existing public utility right-of-way, 550 linear feet of which was placed under the existing private pavement. A 180 foot section of the pipe was placed in the public easement north of the paved street to avoid existing utility conflicts and did not require trenching in the private pavement. During construction, the contractor staged some equipment (excavator and dump truck) within this same public easement in the dirt lot adjacent to the private road. An additional staging area for materials and equipment was used within the shoulder of the County maintained street just east of the private section of road. The contractor did routinely use the private road within the District's easement to transport equipment and materials from these staging areas to other areas of the project. This occurred for a period of approximately 6 months. There was no reasonable alternative for the contractor that would have avoided the use of the private road during construction.

As construction is nearing completion, several residents have reached out to the District requesting pavement restoration beyond the planned trench repair. They have expressed concern that wear and tear on the pavement occurred outside the influence of the trench area due to the contractor's use of the road for access. Several residents, as well as a pastor from the church, attended the March 25 board meeting and requested the board of directors consider options for additional paving. The issue was discussed at the April 22 board meeting, and the item was deferred to give the community members time to explore options with the County.

While the street is on property owned by the County, it has never been a County maintained road. It was originally paved around 1980, but it is not known who funded the original paving. In discussion with the County, there is not a standard mechanism to allocate funds towards the maintenance or restoration of the street without either:

1. Forming a Permanent Road Division Zone (PRD Zone).
2. Privately funded roadway improvement project that brings the road to current County standards, and then adopting into the County Maintained road system.

If the community chooses not to engage either of these approaches, there are various options for the District to consider for post-pipeline work pavement restoration:

Option 1

No additional paving beyond the planned trench repair: Following the District's standard practice (see attached Policy for Private Roads), the road within the influence of the pipeline trench will be restored to like new condition. This will result in an approximately 6-foot wide swath of new pavement, with the deteriorated pavement left on either side of the trench. No additional cost to the District.

Option 2

Full width paving at the two intersections in addition to trench repair: The existing pavement is in the worst condition at each of the two intersections and the influence of the pipeline work is larger due to trenching for tie-ins to the cross streets. To extend the paving to the full width of the intersection would only require 1,500 square feet of additional paving. Based on estimates from paving contractors, this equates to an additional cost of \$17,000. This additional cost could be entirely covered by the residents, entirely covered by the District, or shared between the two. If a cost sharing agreement is reached, generally the contractor would bill the residents directly, separate from the District.

Option 3

Full width paving along the entire length of the private road: This option would include 13,350 square feet of additional paving. This equates to an additional cost of \$92,000. Again, a cost sharing agreement could be reached, similar to the contracting options listed in Option 2 above.

Budgetary Impact

Any cost of additional paving paid for by the District would have to come from capital funds designated for pipeline repairs. Adding significant pavement expenses to the cost of pipeline installation will limit the ability of the pipeline replacement program to achieve the targeted replacement goals needed to maintain reliable water service. If the District fully funded option 2, it would be a 6% increase in cost for this portion of the project. If the District fully funded option 3, it would be a 32% increase in the cost. Because 70% of the District's pipelines are in private roads, extrapolating that extra paving cost to all pipeline replacements in private roads would result in an increased expense of between \$800,000 and \$1,000,000 per year – roughly a 20% increase in cost to the pipeline replacement program.

Recommended Action

Staff supports Board direction.

MEMO

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: May 29, 2024
SUBJECT: Approval for One-Time Paving Services at 25 Sites

Description

When pipe is added or repaired, asphalt is removed and replaced with a temporary cold-mix asphalt. Eventually, this temporary solution needs to be permanently paved to comply with San Diego County standards and to ensure the integrity of the road remains intact.

Purpose

Due to leak repairs and replacement of valves throughout the District's service area, permanent asphalt will be required at 25 sites.

District purchasing issued an RFP for this work to our pre-select list of 15 asphalt repair contractors. Of those contractors, two submitted bids. Of those two bids, the lowest responsive and responsible bidder is Peter's Paving in the amount of \$74,675.00.

Budgetary Impact

The work will be completed within the Board authorized budget.

Recommended Action

That the Board approve a contract with Peter's Paving in the amount of \$74,675.00.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: May 29, 2024
SUBJECT: Approval for Annual Ongoing Pavement and Asphalt Repair Contract

Description

As leaks are repaired or valves are replaced, asphalt is frequently damaged or destroyed and needs to be repaired. This request is for the E&O Committee to recommend the approval of an annual ongoing contract for this work.

Purpose

The current process for asphalt repair has proven to be extremely time consuming and causes unnecessary delays. Without an annual contract for this work, FPUD staff would bid-out a minimum of 25 sites that needed repair, and repeat this process multiple times throughout the fiscal year. In order to be able to complete these repairs more quickly, FPUD purchasing staff advertised for an annual ongoing pavement repair contract for two years, with two additional one-year extensions available. This will be a not-to-exceed contract for \$300,000 for each year, equal in annual cost to the amount FPUD has spent on asphalt repair services over the past two fiscal years.

A Request for Proposal was sent to FPUD's pre-select list of 15 contractors and advertised in the Union Tribune on April 12, 2024, with three bids received. Of the three bids received, Asphalt & Concrete Enterprises Inc. was deemed the lowest responsive and responsible bidder based on price per square foot.

Budgetary Impact

The work will be completed within the Board authorized Capital Improvements Project and Operations budget for the 24/25 fiscal year.

Recommended Action

That the Board approve a contract with Asphalt and Concrete Enterprises for the not to exceed amount of \$300,000.00 for annual as-needed asphalt repair services.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: May 29, 2024
SUBJECT: Replacement Filter Media for Granular Activated Carbon Filters at SMGTP

Purpose

To award the supplier contract to replace the carbon media in the Granular Activated Carbon vessels (GAC) at the SMGTP.

Background

In December of 2021, the Santa Margarita Groundwater Treatment Plant (SMGTP) came on line to treat the local water supply purchased from Camp Pendleton. The design of the SMGTP was based on an average annual flow of 3,100 AF. The life of the GAC material was estimated to be about 5 years.

Knowing that the influent had levels of PFAS and PFOA that at some point would be regulated by EPA or the State, the plant was design with a Granular Activated Carbon system to remove the unwanted chemicals. This past week, EPA published new Maximum Contaminant Limits (MCL) for PFAS and PFOA, as well as, several other related contaminants. Fallbrook is fortunate to already have GAC as part of our treatment train.

The first few months of operation were based on a below normal water year, however, last water year's (May through April) flow was based on a very wet year which is four times the below normal flow. This current water year is an above normal water year which represents three times the below normal flow. The District's current issue is that due to the higher than expected flow levels we have experience bleed through on all of our lead filters. SMGTP has six GAC vessels configured in three trains with both a lead vessel and a lag vessel. Sampling the media to stratify the contaminants is required quarterly. Two quarters ago we found that certain PF contaminates were detected in the later stages of the lead filters. Our latest round of sampling revealed that the contaminants seem to be moving through the filter media faster than anticipated. Based on the progress seen, the District anticipates having to move to monthly sampling after the next quarter and we anticipate that the media change out requirement criteria will be hit soon after that. At that point, the lag vessels will be moved to lead and new media will be replaced into the new lag vessels. In the recommended FY25 budget, which was prepared prior to the quarterly sampling event, we had budgeted for one media change out. We also had budgeted for a few monthly samples for one train.

Budgetary Impact

The overall cost of this media exchange is part of the cost of water. As information shared with the Board has shown, local water is much cheaper than imported water.

Recommended Action

That the Board award a supplier contract with Calgon Carbon Company for the replacement of Filtrasorb 400 carbon media for \$680,777 over the next 3 years.

Attachment A

**PURCHASE CONTRACT BETWEEN THE
FALLBROOK PUBLIC UTILITY DISTRICT
AND CALGON CARBON COMPANY
FOR THE PURCHASE OF GRANULAR ACTIVATED CARBON
FOR THE SANTA MARGARITA GROUNDWATER TREATMENT
FACILITY**

THIS AGREEMENT FOR PURCHASE OF GRANULAR ACTIVATED CARBON (GAC)A and CMR-F400 for use at the THE SANTA MARGARITA GROUNDWATER TREATMENT FACILITY (SMGTP) (hereinafter referred to as "Agreement") is made and entered into this 13th day of May2024, by and between the FALLBROOK PUBLIC UTILITY DISTRICT, a Public Utility District organized and existing under the Public Utility District Act, California Public Utilities Code Section 15501, et seq. (hereinafter referred to as "District"), and **CALGON CARBON COMPANY**, a Delaware Corporation (hereinafter referred to as "Supplier").

RECITALS

- A. District is a public agency of the State of California and operates, among other facilities, the SMGTP located in Fallbrook, California (hereinafter referred to as "Facility").
- B. District desires Supplier to provide **GAC and CMR-F400** to District for use at its Facility.
- C. Supplier is duly licensed and has the necessary qualifications to fulfill the obligations set forth herein.
- D. The parties desire by this Agreement to establish the terms for District to purchase and acquire the goods specified herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

- 1. Method of Ordering. The District shall issue a purchase order(s). The District shall provide Supplier delivery dates by facsimile or telephone, consistent with contact information provided in Paragraph 14.
 - 1.1 Supply and Purchase of Goods. **GAC and CMR-F400** supplied and purchased under this Agreement ("Goods") shall be in compliance with the most current ANSI/AWWA standard for each chemical listed.
 - 1.2 Request for Delivery. On an as-needed basis, District shall submit to Supplier a confirmed request for delivery of specific Goods, consistent with contact information provided in Paragraph 15.
- 2. Price. Price for Goods supplied under this Agreement shall be in accordance with Supplier's quotation, attached hereto and incorporated by reference herein as Exhibit

V. The unit price (\$/weight of chemical) shall be fixed for the first year of this Agreement. Except where otherwise noted on Exhibit V the unit price shall be based on the price per weight of actual active chemical. The unit price shall be all-inclusive of Supplier's profit, overhead and costs of producing and delivering the chemical. Separate charges for permit fees, regulatory compliance, taxes, fuel, and cleanup will not be accepted. These and all other costs shall be included in the unit price.

There shall be no price increase during the period of contract. Prices may be adjusted in accordance with the terms of this Agreement annually with each contract; however, there shall be no annual increases of greater than 5%.

3. Delivery. Supplier shall deliver Goods within three business days of a confirmed request for each delivery. Hours of delivery shall be Monday through Friday, 7 a.m. to 3 p.m.

3.1 Business Hours. Within one month of the execution of this Agreement, Supplier shall submit to the District dates Supplier will not be able to deliver Goods due to planned maintenance, holidays or other events that might affect chemical production or delivery.

3.2 Chemical Delivery. All chemical fill connections are two-inch male camlock fittings. Supplier's delivery personnel shall have the applicable adapter/connectors and hoses to complete the chemical delivery. Aqua ammonia deliveries require 2-hour notice to the District prior to arrival.

3.3 Minimum Standards. Goods delivered shall meet or exceed all of the current ANSI/AWWA minimum standards.

3.4 NSF Certification. The District requires all supplied Goods to carry NSF 60 certification. "NSF" shall be stamped directly on the delivery paperwork.

3.5 Certificate of Analysis. A certificate of analysis (hereinafter referred to as "C of A") is required with each load before the Goods can be unloaded.

3.6 Samples. Delivery vehicles shall be equipped to safely provide samples of Goods, before off-loading.

3.7 Weight-Master's Certificate. A weight-master's certificate shall be included at the time of delivery. The certificates shall show the weight of the material delivered. If a split transport load is handled, Supplier shall furnish a second weight-master's certificate within one (1) hour of the original shipment.

3.8 Material Safety Data Sheet. Under this Agreement, a Material Safety Data Sheet ("MSDS") sheet shall be included with the first delivery of the Goods or after any change in composition of the product, a change in manufacturing process, a change in supplier, or a change in labeling/packaging of the product.

3.9 **Prior** to delivery **and after** the truck has been loaded, all tanker fill/drain accesses shall be sealed with security tags, the serial numbers recorded and faxed to the Facility. Tags removed by an authorized agency (e.g., D.O.T., CHP) shall be replaced with a tag from that agency. Broken tags shall be kept with the delivery truck to be shown to the Facility personnel prior to discarding.

3.10 Location. Deliveries shall be made to:

Fallbrook Public Utility District
SMGTP
Attn: DEVIN CASTEEL
1641 ALTURAS RD
FALLBROOK, CA 92028

4. Inspection. Delivery does not constitute acceptance. The District reserves the right to inspect any Goods for conformance with the specifications contained herein. Goods discovered to be in noncompliance shall be returned and immediately replaced with conforming Goods at supplier's sole expense. The District shall be reimbursed for any additional cost incurred as a result of Supplier's lack of conformance.

A representative of the District may examine Supplier's inventory and production facilities at any time during the life of this Agreement.

5. Goods Specification and Quantity Estimate. The District estimates the quantity of Goods to be required for the District's operation of the Facility. Weights are based on actual active chemical weight. Quantities of Goods listed may be increased or decreased to meet the requirements of the District during the duration of this Agreement. The District does not guarantee a minimum quantity, and the District reserves the right to purchase more or less product units on an as-needed basis.

6. Personal Protective Equipment (PPE). Supplier shall wear appropriate PPE when taking samples and off-loading product.

7. Emergency Spill Plan. In the event of accidents or spills on District property, Supplier shall follow the procedures of its Emergency Spill Plan. The Emergency Spill Plan shall include, at a minimum, the annual training the delivery driver receives to deal with material spills, emergency equipment the delivery truck has on board, the type and frequency of equipment inspections, emergency contact telephone numbers and names of personnel the District can contact in case of problems.

8. Safety. All Goods and services furnished, or equipment and PPE used, under this Agreement shall meet or exceed the standards established by the California Occupational Safety and Health Administration and any other applicable federal, state, and local laws, regulations, and ordinances. Supplier compliance shall include, but not be limited to, all relevant U.S. Department of Transportation or Department of Homeland Security regulations pertaining to transportation of hazardous waste,

substances and/or materials, as those regulations may be amended from time to time and/or incorporated into state or local laws, regulations and ordinances. If requested, Supplier shall supply to the District information regarding the Supplier's safety ratings, safety audits and implementation of security plans or measures for complying with said regulations.

9. Termination. The District reserves the right to terminate this Agreement in its entirety at no cost, except for Goods delivered and accepted. The District shall notify Supplier no less than 60 days prior to the date of termination of the Agreement. Reasons for termination of the Agreement include, but are not limited to, the following:

- The Goods are not compatible to the Facility equipment or are not providing acceptable process performance;
- Poor Goods quality;
- Poor or unsafe delivery container quality; and/or
- Failure of Supplier to meet any of the Agreement terms and conditions.

10. Insurance. Supplier shall not commence work for the District until it has provided evidence satisfactory to the District it has secured all insurance required under this section. In addition, Supplier shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

10.1 Commercial General Liability.

- (a) Supplier shall take out and maintain, for the duration of this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the District.
- (b) Coverage for Commercial General Liability insurance shall be at least as broad as the following:
 - (1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 0001)
- (c) Commercial General Liability Insurance must include coverage for the following:
 - (1) Bodily Injury and Property Damage
 - (2) Personal Injury/Advertising Injury
 - (3) Premises/Operations Liability
 - (4) Products/Completed Operations Liability
 - (5) Aggregate Limits that Apply per Project
 - (6) Explosion, Collapse and Underground (UCX) exclusion deleted
 - (7) Contractual Liability with respect to this Agreement
 - (8) Broad Form Property Damage
 - (9) Independent Consultants Coverage

- (d) All such policies shall name the Fallbrook Public Utility District, the Board and each member of the Board, its officers, employees, agents and the District designated volunteers as Additional Insureds under the policies using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.
- (e) The general liability program may either utilize deductibles or provide coverage excess of a self-insured retention, subject to written approval by the District, and provided that such deductibles shall not apply to the District as an additional insured.

10.2 Automobile Liability

- (a) At all times under this Agreement Supplier shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the District.
- (b) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 (ed. 6/92) covering automobile liability, Code 1 (any auto).
- (c) The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by the District, and provided that deductibles shall not apply to the District as an additional insured.
- (d) All such policies shall name the District, the Board and each member of the Board, its officers, employees, agents and the District designated volunteers as Additional Insureds under the policies.

10.3 Workers' Compensation/Employer's Liability.

- (a) Supplier certifies that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement
- (b) At all times under this Agreement and for 24 months following the termination of this Agreement, Supplier shall maintain workers' compensation in compliance with applicable statutory requirements and Employer's Liability Coverage in amounts indicated herein.
- (c) Such insurance shall include an insurer's Waiver of Subrogation in favor of the District and will be in a form and with insurance companies acceptable to the District.

10.4 Pollution Liability.

- (a) At all times under this Agreement and for 24 months following the termination of this Agreement, Supplier shall maintain Pollution Liability insurance as respects services or operations under this Agreement.

10.5 Minimum Policy Limits Required.

- (a) The following insurance limits are required for this Agreement:

Combined Single Limit

Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Workers' Compensation	Statutory
Employer's Liability	\$1,000,000 per occurrence for bodily injury and disease
Pollution Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate

- (b) Defense costs shall be payable in addition to the limits.
- (c) Requirement of specific coverage or minimum limits contained in this Agreement are not intended as a limitation on coverage, limits or any other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

10.6 Evidence Required.

- (a) Prior to execution of the Agreement, Supplier shall file with the District evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with all endorsements to the policies described therein. All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insureds, where appropriate, the type

and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

10.7 Policy Provisions Required.

- (a) All policies shall contain a provision for thirty (30) days prior written notice by the insurer(s) to the District of cancellation of any policy required by this Agreement, except that the Supplier shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. Statements that the carrier “will endeavor” and “that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives,” will not be acceptable on certificates. In the event any insurer providing coverage required under this Agreement shall fail to provide the notice required in this section, Supplier shall be responsible to provide such notice to the District. If any of the required coverage is cancelled or expires during the term of this Agreement, the Supplier shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the District at least ten (10) days prior to the effective date of cancellation or expiration.
- (b) All policies of Commercial General Liability and Automobile Liability Insurance shall contain a provision stating that Supplier’s policies are primary insurance and that any insurance, self-insurance or other coverage maintained by the District or any named insureds shall not be called upon to contribute to any loss.
- (c) All policies of Commercial General Liability and Automobile Liability insurance shall contain or shall be endorsed to contain a waiver of subrogation in favor of the Fallbrook Public Utility District, the Board and each member of the Board, its officers, directors, employees, agents and designated volunteers; or shall specifically allow Supplier or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Supplier hereby waives its own right of recovery against Fallbrook Public Utility District, the Board and each member of the Board, its officers, directors, employees, agents and designated volunteers, and shall require similar written express waivers and insurance clauses from each of its subcontractors.
- (d) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further, the limits set forth herein shall not be construed to relieve the Supplier from liability in excess of such coverage, nor shall it limit the Supplier’s indemnification obligations to the District and shall not preclude the District from taking such other actions available to the District under other provisions of the Agreement or law.

10.8 Qualifying Insurers.

- (a) All policies required shall be issued by acceptable insurance companies, as determined by the District, which satisfy the following minimum requirements:

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

10.9 Continuation of Coverage. If any of the required coverage expires during the term of this Agreement, Supplier shall deliver the renewal certificate(s) with the required modifications, including the general liability additional insured endorsement to the District prior to the expiration date.

10.10 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the District. At the option of the District, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

10.11 Additional Insurance Provisions.

- (a) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Supplier, and any approval of said insurance by the District, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Supplier pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.
- (b) If at any time during the life of the Agreement Supplier fails to maintain in full force any insurance required by the Agreement documents, the District has the right but not the duty to acquire the insurance it deems necessary and deduct the cost thereof from the appropriate progress payments due the Supplier, or backcharge the Supplier for such costs in the event they exceed the amount of unpaid progress payments due the Supplier. In the alternative, District may in its sole discretion terminate this Agreement for cause.
- (c) Supplier shall include any and all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.

- (d) The District may require Supplier to provide complete copies of all insurance policies in effect for the duration of the Project.
 - (e) Neither the District, nor the board, nor any member of the board, nor any of the directors, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of the Agreement.
 - (f) Insurance certificates shall be attached hereto as Exhibit VI.
11. Subcontractors. In the event that Supplier employs other suppliers (subcontractors) as part of the work covered by this Agreement, it shall be Supplier's responsibility to require and confirm that each subcontractor meets the minimum insurance requirements specified above.
12. Hold Harmless and Indemnification. Supplier agrees to protect, save, defend and hold harmless the District and its Board and each member of the Board, officers, agents, employees, and volunteers from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with the negligent acts, errors or omissions or willful misconduct by Supplier, Supplier's agents, officers, employees, subconsultants, or independent suppliers hired by Supplier under this Agreement. The only exception to Supplier's responsibility to protect, save, defend and hold harmless the District is due to the sole negligence, willful misconduct or active negligence of the District. This hold harmless Agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Supplier.
13. Notice. Any notice required under this Agreement shall be provided as follows:

Fallbrook Public Utility District
To: Devin Casteel
Title: Operations Supervisor
Address:
990 E Mission Rd
Fallbrook, CA 92028
Cell Phone: (760) 497-5777
Telephone: (760) 999-2728
Email: devinc@fpud.com

14. Compliance with Law.
- 14.1 Supplier shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.
 - 14.2 Supplier is responsible for all costs of clean up and/or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

15. Integration. This Agreement represents the entire understanding of the District and Supplier as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

16. Laws, Venue and Attorneys' Fees. This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

17. Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the District and Supplier.


18. Severability. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

IN WITNESS WHEREOF, this Agreement is executed by the District and by Supplier on the day and year first written above.

FALLBROOK PUBLIC UTILITY DISTRICT

CALGON CARBON COMPANY

By: _____
 Jack Bebee
 General Manager

By:  _____
 Name: Jeremy J. Jones
 Title: DWS Project Manager

Address:
 3000 GSK Drive, Moon Township, PA 15108

Email: mbu.ccc@kuraray.com
 Phone: 412-787-6700

Municipal Contract
 X _____
 Name: Jeremy J. Jones
 Title: DWS Project Manager

EXHIBIT I
RESPONSIBILITIES OF CALGON CARBON CORPORATION

1. Supply 40,000 lbs. Activated Carbon, delivered by truckload. Currently, this is estimated to be four (4) truckloads per year. A truckload consisting of 40,000 pounds.
2. On-going transfer assistance by CCC *Field Services* who will make all necessary truck connections *and supervise the transfer*.
3. Spent carbon reactivation acceptance testing. See Exhibit II, Item #4, for cost responsibilities.
4. Spent carbon reactivation; provided that the spent carbon continues to be acceptable to CCC for reactivation (see Exhibit III). Should the spent carbon become unacceptable, CCC will consult with Customer regarding the disposal of such spent media; provided, however, such disposal shall be the responsibility of the Customer, including all costs of disposal.

EXHIBIT II
RESPONSIBILITIES OF CUSTOMER

1. Unload trailers or containers at Customer's site.
2. Transfer assistance to isolate equipment from the process and open manways for inspection, as necessary.
3. Disposal of backwash/backflush and transfer water.
4. Customer is responsible for all costs of the spent carbon reactivation testing (including laboratory costs), when applicable, and completing the Adsorbate Profile Document (APD). Should the spent carbon become unacceptable, CCC will consult with Customer regarding the disposal of such spent media; provided, however, such disposal shall be the responsibility of the Customer, including all costs of disposal.

EXHIBIT III
GUIDELINES FOR RETURN FOR REACTIVATION
OF GRANULAR ACTIVATED CARBON

1. SPENT PROFILING: To protect both the Customer and CCC from liability, spent media will not be removed from the job site without an approved profile. Federal and state regulations are very strict concerning storage and transportation of non-profiled material. Since the spent media review and approval process requires varying amounts of time (generally two to three weeks), customers are required to get acceptance prior to media exchange. If the spent media does not have acceptance at the time of service, the spent media will be removed at a later date and additional charges may result.

In order to profile the spent media for reactivation (or disposal), the Customer is required to fully complete CCC's Adsorbate Profile Document (APD) and submit a spent media sample as described in the APD. Sample generation is best accomplished by using a Carbon Acceptance canister which can be arranged through CCC's Customer Service Department. The spent media sample will be analyzed to ensure compliance of the APD.

2. GENERAL GUIDELINES: The criteria listed below are guidelines. Because the regulations governing the operation of CCC's reactivation facilities are complex and subject to change, CCC must reserve the final right to reject the return of spent carbon to its facilities and return to Customer for disposition.of return.

Calgon Carbon Spent Activated Carbon Acceptance Criteria (Revised 07/16/2021)

	Neville Island Plant (NIP)	Big Sandy Plant (BSP)	Gila Bend Plant (GBP)	North Tonawanda Plant (NTP)	Columbus Plant (CP)
Chloride (%)	<5.0	<4	<0.2	<0.2	CBC
Bromide (%)	<0.3	<0.3	<0.1	<0.1	CBC
Fluoride (%)	<0.4	<0.4	<0.1	<0.1	CBC
Potassium (%)	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1
Sulfur (%)	< 2.0	< 1.0	< 1.0	< 1.0	< 1.0
Sodium (%)	< 1.0	< 1.0	< 1.0	< 1.0	< 1.0
Arsenic (ppm)	50	50	50	50	50
Barium (ppm)	350	350	350	350	350
Cadmium (ppm)	2.5	2.5	2.5	2.5	2.5
Chromium (ppm)	200	200	200	200	200
Hexavalent chromium (Cr+6) (ppm)	3.9	3.75	3.9	10	NA
Lead (ppm)	50	50	50	50	50
Mercury (ppm)	1.3	1.26	0.1	N/A	CBC
Selenium (ppm)	200	200	200	200	200
Silver (ppm)	200	200	200	200	200
Beryllium (ppm)	63.75	63.75	63.75	63.75	63.75
Calcium (ppm)	10,000	10,000	10,000	10,000	10,000
Copper (ppm)	500	500	500	500	500
Iron (ppm)	10,000	10,000	10,000	10,000	10,000
Manganese (ppm)	5,000	5,000	5,000	5,000	5,000
Nickel (ppm)	5,000	5,000	5,000	5,000	5,000
Antimony (ppm)	1,000	1,000	1,000	1,000	1,000
Thallium (ppm)	200	200	200	200	200
Zinc (ppm)	500	500	500	500	500
Mesh Size	Greater than or equal to 12 x 40 Mesh				
pH Range (aqueous extract)	> 2 and < 12.5	> 2 and < 12.5	> 2 and < 12.5	>5.0 - < 9.0	> 2 and < 12.5
Ignitable	NA - Must pass CCC Ignitability Test Method				
Instantaneously Ignitable	NA				
Dioxins	Must be < 20 ug/kg TEQs	NA			
Polychlorinated Biphenyls (PCB's)	< 50 mg/kg	NA			
1,2-Dibromo-3-chloropropane (DBCP)	NA		Acceptable on CBC		NA

Unacceptable RCRA Waste Codes	D001 (NIP - NA), D002, D003, F020, F021, F022, F023, F026, F027, F028, F032, F039, K174, K175, K181	Cannot accept RCRA-hazardous waste	
Total Cyanide	< 250 ppm	NA	< 250 ppm
Total Sulfide	<500 ppm	NA	< 500 ppm
Radioactivity	MUST not to Exceed Background Level		
Air-dried Apparent Density (AD)	< 0.900 mg / L		
BTU	< 17,000 BTU / LB		
Spent ash	Typically <10% or CBC		
Explosive compounds	NA		
Please note these values are subject to change and CCC reserves the right to reject any spent activated carbon source.			
Note 1: Spent Granular Activated carbon to be returned for reactivation shall be free of any foreign debris (rock, wood, metal, etc.) or extraneous impurities, free of oil and grease, easily wetted by water, and free flowing.			
Note 2: Acceptance for reactivation of spent carbon which has not been supplied by Calgon Carbon Corporation must be investigated on a case-by-case basis.			
NA = Not Accepted			
CBC = Case by Case basis			
TEQs - Toxic Equivalency factor			

**EXHIBIT IV
CERTIFICATION OF SPENT MEDIA
NSF 61 Reactivated Media**

A newly signed Certification of Spent Media form is required for initial custom reactivation exchanges and annually thereafter, if shipments occur during that period. This document is to ensure that each shipment during the annual period remains certified. If at any time during this annual period, water quality changes knowingly, this shall be re-completed. This document must be on file at the processing site or the spent media cannot be processed as an NSF 61 certified material. This form may be copied.

I, the Generator and/or Authorized Agent, certify by this Statement that the spent granular activated carbon being returned with this shipment for the purposes of customer municipal reactivation meets the following criteria: **(CIRCLE ONE)**

- The spent granular activated carbon being returned **(IS / IS NOT)** from a public water system as defined under USEPA regulations (40 CFR 141.2), or equivalent regulation in Canada or other countries where applicable, and is used solely for the production of drinking water.
- The spent granular activated carbon being returned **(IS / IS NOT)** NSF 61 listed, and the manufacturer, trade name and mesh size **(ARE / ARE NOT)** the same as identified on the most recent Adsorbate Profile Document submitted to CCC.

Supplier:	Product Trade Name:	Mesh Size:
	/	/

- The spent granular activated carbon **(IS / IS NOT)** RCRA hazardous waste as defined by 40 CFR Part 261 nor is the spent media classified as a hazardous waste in the facility's state, province, or territory.
- The granular activated carbon **(HAS / HAS NOT)** knowingly been exposed to PCBs or dioxins.
- The water entering the activated carbon filter remains as characterized in the most recently completed Adsorbate Profile Document and there have been no contaminate spills or unusual water quality conditions. **(YES / NO)**

I, the Generator and/or Authorized Agent, acknowledge that Calgon Carbon Corporation must rely on the Generator certification of all chemical and physical characteristics of hazardous substances managed or processed by Calgon Carbon Corporation, and that this Statement is an integral part of the NSF certification process, without which Calgon Carbon Corporation will not be able to return the resulting reactivated carbon as an NSF certified product.

I acknowledge that any changes in character or loading which deviate from this profile warrant completion of a new Adsorbate Profile Document Addendum Reactivated Media. Calgon Carbon Corporation reserves the right to rescind any spent carbon returns which differ from the approved profile.

If the conditions of this certification are not fully complied with, the reactivated media, if processed, may not qualify as NSF 61 listed media and may not bear the NSF mark on containers or any associated documents. **If the reactivated media does not qualify as NSF 61 listed media, CCC will contact you to determine processing options.**

Name: _____ Title: _____

Signature: _____ Date: _____

Water Treatment Facility: _____

CARBON ACCEPTANCE NUMBER: _____

Address: _____

[PLEASE RETURN THIS COMPLETED FORM TO YOUR PROJECT MANAGER'S ATTENTION](#)

CCC Approval By: _____ Date: _____

Disposition: Approved "As Is" _____
Approved with conditions (must be documented and on file) _____
Rejected as CMR (NSF 61 listed media) _____

EXHIBIT V
PRICE AND PRICE ADJUSTMENT

In consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. CCC will supply Filtrasorb 400 (“Product”), for the treatment of PFAS at Customer’s site(s) located at SMGTP. CCC’s scope of supply and responsibilities are further defined in Exhibit I and Customer’s responsibilities are further defined in Exhibit II. Both Exhibits are attached hereto and incorporated herein by reference.
2. This Agreement shall be in effect from the Effective Date for a period of three (3) years (the “Initial Term”) with an annual price adjustment (every 12 months from effective date) based on indices listed below. Thereafter, this Agreement shall automatically renew for successive one (1) year periods (each, a “Renewal Term” and, together with the Initial Term, the “Term”), unless terminated by either party upon sixty (60) days written notice.
3. During the Initial Term, the following fees apply:
 - a. Virgin Filtrasorb 400 40,000 lbs \$91,600 (assumes normal spent handling)
 - b. CMR-F400 40,000 lbs \$56,400 (assumes up to 20% virgin makeup)
 - c. Virgin Filtrasorb 400 40,000 lbs \$124,628 (spent handling/transport to RCRA permitted facility)

Following the first year of the Initial Term and every year thereafter during the agreement, the fees payable pursuant to this Agreement will be adjusted, as outlined in Exhibit V.

CCC’s fees are based upon an average terminal time for a carbon delivery of four (4) hours. If the terminal time routinely exceeds four (4) hours, CCC and Customer hereby agree to review the reasons for the excess terminal time and, if possible, take corrective action. If corrective action is not possible and the cause is due to factors that are related to Customer’s activities or procedures, then CCC reserves the right to charge Customer for the actual demurrage costs in excess of four (4) hours.

The fees in this Agreement are based on CCC performing the responsibilities as described in Exhibit I during normal working hours and under reasonable order processing conditions. Rush shipments (less than 3 days’ notice) will be subject to a 15% surcharge.

4. The fees are exclusive of any taxes, tariff, and duties of any kind, which either party may be required to pay with respect to the sale of the Product, and Customer shall be responsible for the payment of all taxes, tariffs and duties related hereto, except for income taxes imposed on CCC. Sales tax will be added to the price based upon the Product destination unless tax exemption or direct pay documentation is provided. Product will be billed for at the time of delivery and payment terms shall be net thirty (30) days, or net forty-five (45) days if paid by Electronic Funds Transfer (EFT). A late payment fee of 1.25% per month, or the highest lawful rate, whichever is less, will apply to all amounts past due, and will be prorated per day. Retainage may only be applied on the final invoice. Customer agrees that CCC, at its discretion, may accelerate and make due and payable all remaining payments if Customer

shall fail to perform any of its obligations hereunder, including without limitation Customer's failure to pay any amount when due, subject to any applicable cure periods provided for herein.

5. At the request of the Customer, technical assistance will be provided by CCC in an effort to aid in the optimization of results for the Customer's specific application. Such assistance will be provided upon such terms as may be mutually agreed upon by both parties. An additional fee may apply.

Virgin GAC F400 & Virgin GAC F400 to RCRA:

The fees payable pursuant hereto will be adjusted on June 1 of each calendar year by the annual percentage change in the following three price indices, in the proportion indicated next to each index:

- 1) U.S. Department of Labor PPI for All Other Basic Organic Chemicals Manufacturing: Miscellaneous end-use chemicals and chemical products, excluding urea (PCU325199325199T) @ 40% weight
- 2) U.S. Department of Labor CPI for Urban Wage Earners for the U.S. City Average (CWUR0000SA0) @ 40% weight
- 3) Transportation: U.S. Department of Labor PPI by Commodity for Transportation Services: Truck Transportation of Freight (WPU3012) @ 20% weight

The percent adjustment shall be calculated by taking the percent difference for each index during the twelve-month period from July 1 through June 30 of the last completed calendar year as compared to the twelve-month period from January 1 through December 31 of the calendar year immediately preceding the last completed calendar year. These percentages will then be averaged per the proportions shown above for calculating the final percent adjustment to which all virgin GAC will be subject.

Annual Limits: Annual increases are limited to a maximum of 10% regardless of the above calculation, and annual decreases are limited to a maximum of 5% regardless of the above calculation. No amounts in excess of these limits (either increases or decreases) shall be carried over to subsequent years.

Initial Fee Limit: Regardless of any annual fee adjustment calculation, fees covered by this Agreement will at no time be reduced below the Initial Fee.

Custom CMR-F400 (CMR):

The fees payable pursuant hereto will be adjusted on June 1 of each calendar year by the annual percentage change in the following three price indices, in the proportion indicated next to each index:

- 1) U.S. Department of Labor PPI Data for Utilities (PCU221---221---) @ 10% weight
- 2) U.S. Department of Labor CPI for Urban Wage Earners for the West (CWUR0400SA0) @ 60% weight

- 3) U.S. Department of Labor PPI by Commodity for Transportation Services: Truck Transportation of Freight (WPU3012) @ 30% weight

The percent adjustment shall be calculated by taking the percent difference for each index during the twelve-month period from July 1 through June 30 of the last completed calendar year as compared to the twelve-month period from January 1 through December 31 of the calendar year immediately preceding the last completed calendar year. These percentages will then be averaged per the proportions shown above for calculating the final percent adjustment to which all reactivated carbon will be subject.

Annual Limits: Annual increases are limited to a maximum of 10% regardless of the above calculation, and annual decreases are limited to a maximum of 5% regardless of the above calculation. No amounts in excess of these limits (either increases or decreases) shall be carried over to subsequent years.

Initial Fee Limit: Regardless of any annual fee adjustment calculation, fees covered by this Agreement will at no time be reduced below the Initial Fee.

Additional Virgin Make-Up Pricing for CMR:

The custom reactivated carbon (CMR) fee in the Agreement includes 20% virgin make-up GAC. In those cases where additional virgin make-up GAC in excess of 20% is required to meet quality control requirements or to replace spent GAC that was fouled and could not be cleaned, the additional virgin make-up GAC shall be provided at an initial cost of \$1.25/lb. This price shall also be adjusted on an annual basis, using the following indices in the proportion indicated next to each index (note: Annual and Initial Fee Limits apply here as for Virgin GAC above):

- 1) U.S. Department of Labor PPI for All Other Basic Organic Chemicals Manufacturing: Miscellaneous end-use chemicals and chemical products, excluding urea (PCU325199325199T) @ 40% weight
- 2) U.S. Department of Labor CPI for Urban Wage Earners for the U.S. City Average (CWUR0000SA0) @ 40% weight
- 3) Transportation: U.S. Department of Labor PPI by Commodity for Transportation Services: Truck Transportation of Freight (WPU3012) @ 20% weight

EXHIBIT VI
Insurance Certificates

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: May 29, 2024
SUBJECT Pump Purchase for Red Mountain Reservoir

Purpose

To approve the purchase of a pump skid from Sloan Environmental to temporarily pump SMGTP water from the Sachse zone to meet demands in DeLuz.

Background

In December of 2021, the Santa Margarita Groundwater Treatment Plant (SMGTP) came on line to treat the local water supply purchased from Camp Pendleton. Since that time, particularly in above normal flow years, the District has produced local water much cheaper than the cost of imported water.

Unfortunately, the District currently has to purchase imported water to supply DeLuz with water. The District is in design for a new pump station to rectify this situation. Since it will take time to finalize the design, go through permitting, bidding and ultimately construction, the District evaluated a pump rental, which could get us through the next two years. In the next two years, the District anticipates having above normal local water available. The analysis is based on our current DeLuz demands over the next 2 Fiscal Years.

Budgetary Impact

Over the next two years, this purchase will result in approximately \$456,458 savings. The cost comparison summary is detailed in Attachment A. The unit will be purchased within our proposed FY25 CIP budget monies.

Recommended Action

That the Board award the purchase of the RMR pump skid to Sloan Environmental for \$69,329, to be able to reduce imported water purchases.

Attachment A

Exhibit 1

Options Comparison to Move Local Water to DeLuz

Total AF demand 24 months		1,246		
EMWD Cost/AF	\$	1,267.00		
FPUD Production \$/AF	\$	775.00		
 Rental Pump Option				
Electric Pump	\$	8,494.39	24	\$ 203,865.36
Fees	\$	596.34	24	\$ 14,312.16
Electricity (Gheen)	\$	3,404.10	24	\$ 81,698.40
One time service items	\$	3,315.00	1	\$ 3,315.00
Total Electric Pump Rental				\$ 303,190.92
FPUD Production \$/AF with Pumping				\$ 243.33
				\$ 1,018.33
 Option 2 (purchase from R4R)				
Purchase of Electric Pump Skid	\$	97,251.28	1	\$ 97,251.28
Tax				\$ 7,780.10
Electricity				\$ 81,698.40
Piping and Setup				
				\$ 186,729.78
				\$ 149.86
FPUD Production \$/AF with Pumping				\$ 924.86
 Purchase of Electric Pump Skid				
Purchase of Electric Pump Skid	\$	69,329.00	1	\$ 69,329.00
Tax				\$ 5,546.32
Electricity				\$ 81,698.40
Piping and Setup				
				\$ 156,573.72
				\$ 125.66
FPUD Production \$/AF with Pumping				\$ 900.66
 Total Cost DeLuz (2yr) - Imported				
Total Cost DeLuz (2yr) - Imported	\$	1,578,682.00		
Total Cost DeLuz (2yr) - SMGTP Pumped	\$	1,122,223.72		
Total Savings (2yr)	\$	456,458.28		

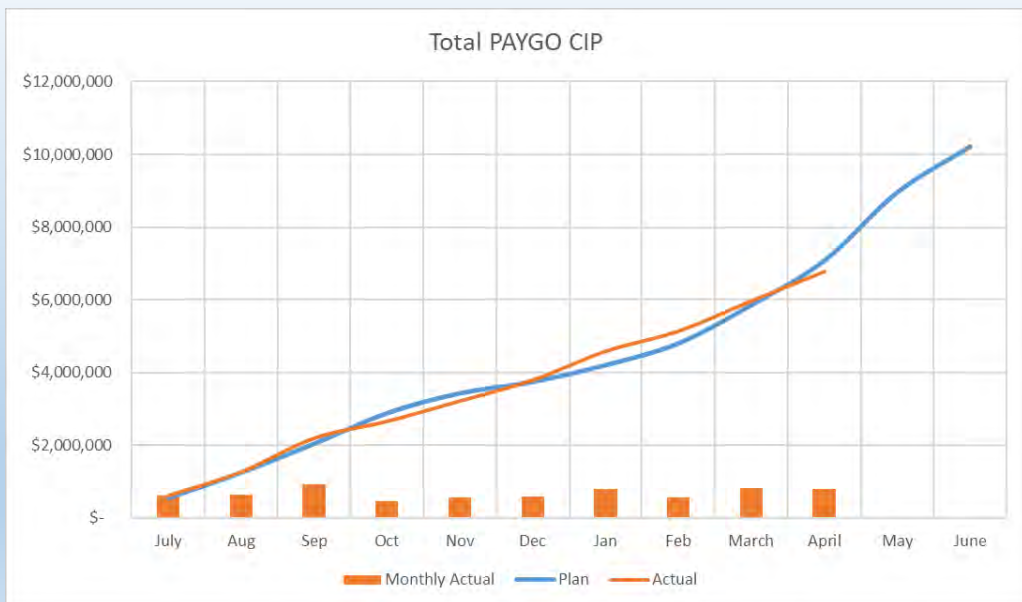


Fallbrook Public Utility District

Engineering and Operations

Board Meeting MAY 2024

Total CIP FY24



Wastewater Treatment

Reclamation Plant

Recycled Water

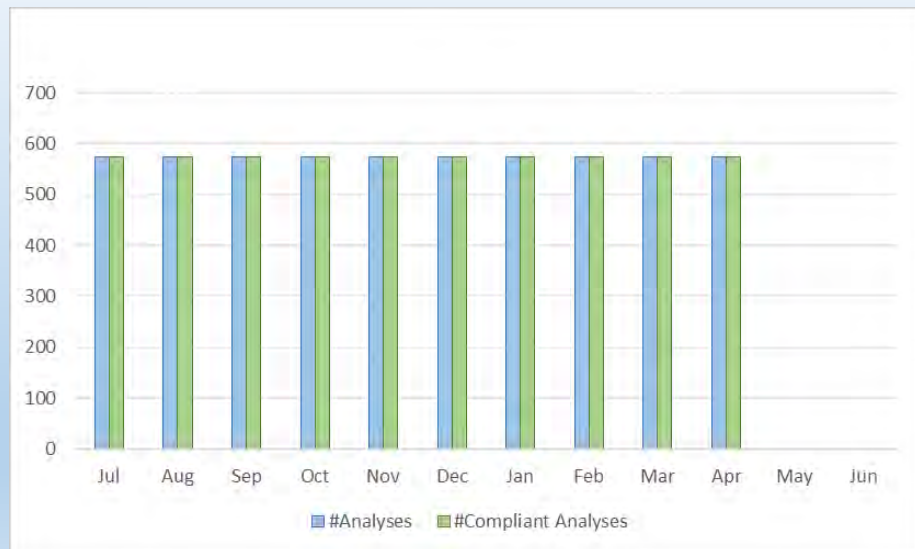
- Wastewater System Violations
- Reclamation Plant PMs Completed
- Energy Cost per MG
- Recycled Water – Time Out of Service

3

Wastewater Treatment System Regulatory Compliance

**SRWQCB
Compliance:**
NPDES
WDR

**Analyses
performed:**
Daily
Monthly
Quarterly
Semi-annually
Annually



4

Reclamation Plant – Wastewater PMs

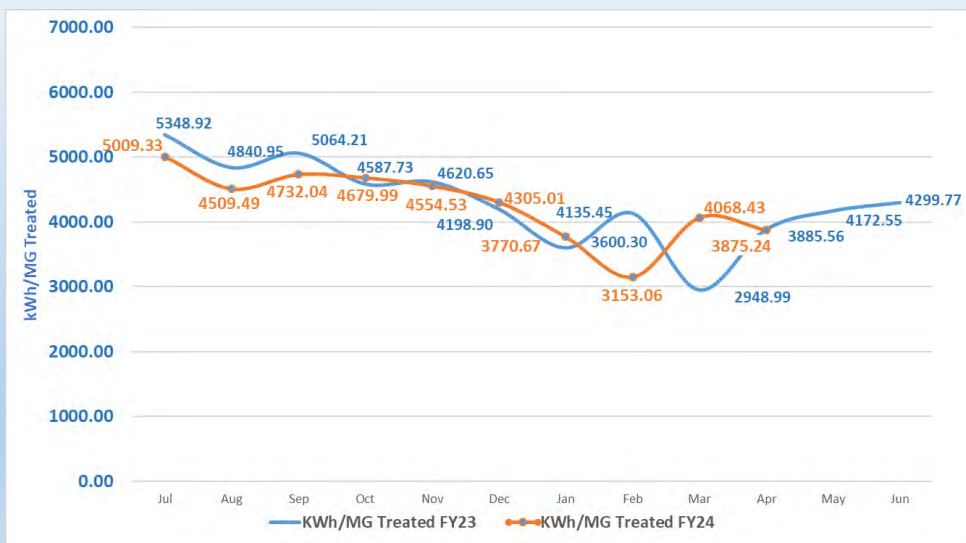


5

Formula =

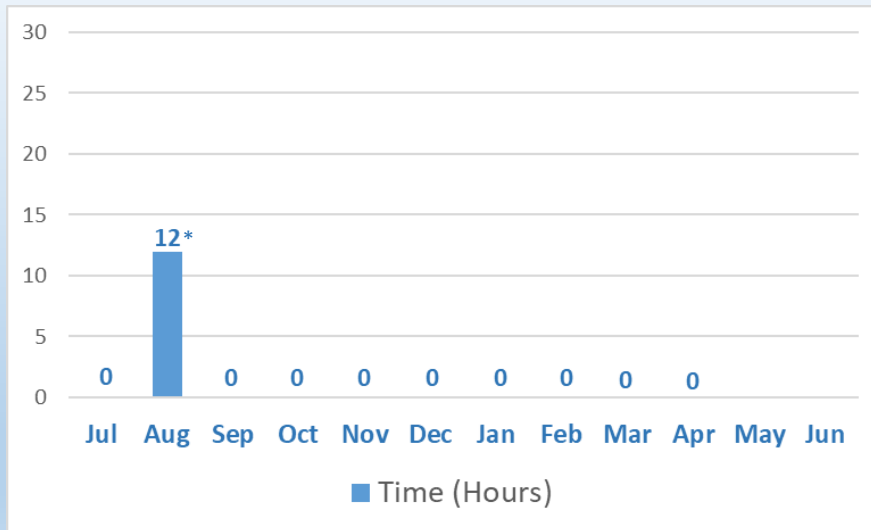
$$\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$$

Reclamation Plant – Energy Usage (KWh/MG Treated)



6

Recycled Water – Time out of Service (Hours)



*planned meter replacement work for two locations at Altman Nursey

7

Water Operations

Regulatory Compliance

Preventative Maintenance Work Orders

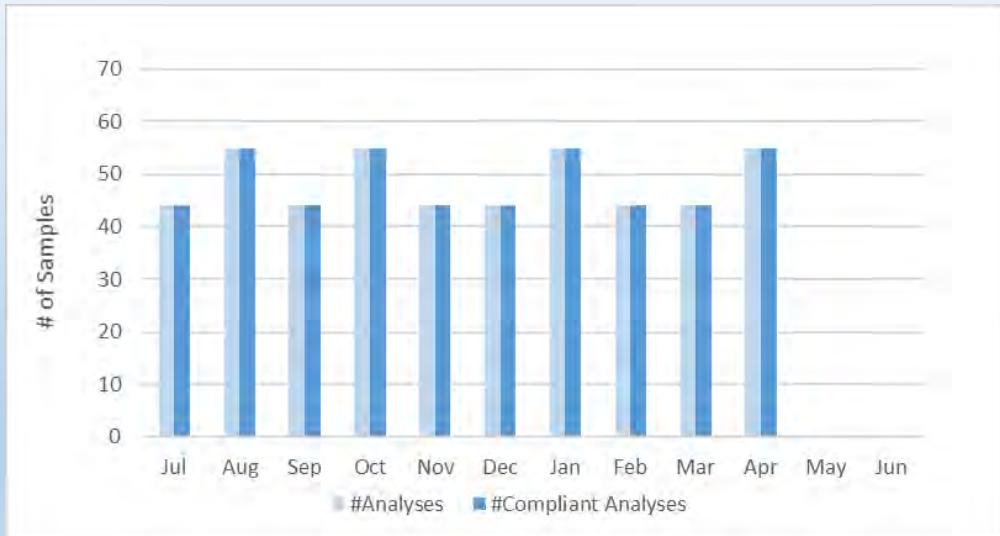
CUP Deliveries

SMGTP Flows

8

Water System Regulatory Compliance

- Facility Operation
- Routine Sampling



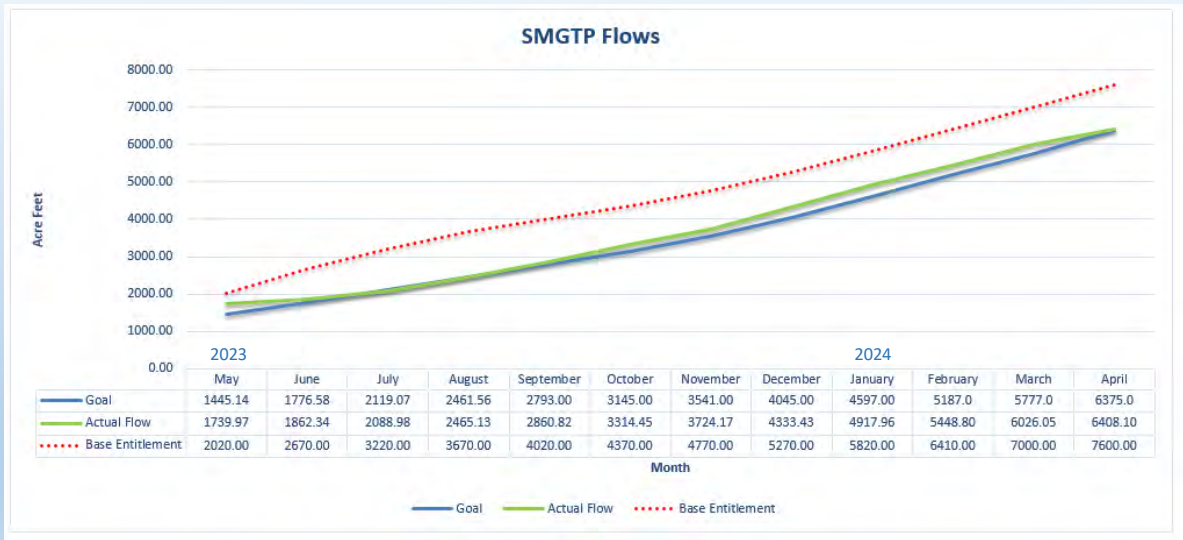
9

Water System PMs



10

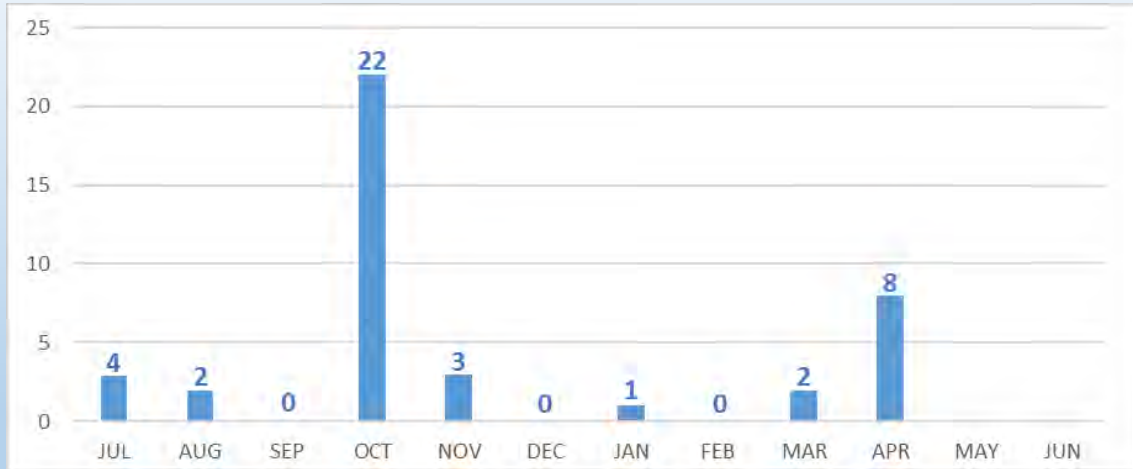
SMGTP Flows



Meter Services

Meter Testing
Valve Exercising

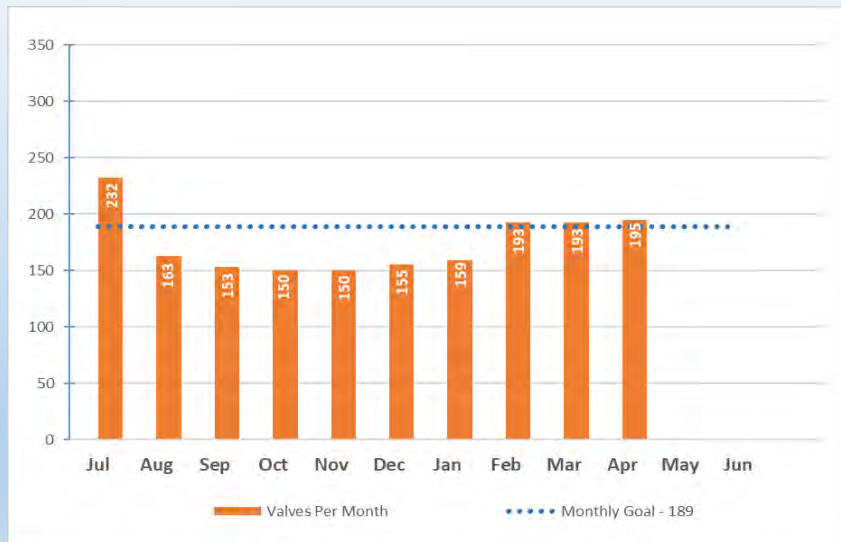
Meter Testing by Month



13

Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns
- **Total valves exercised FY23: 2,554**



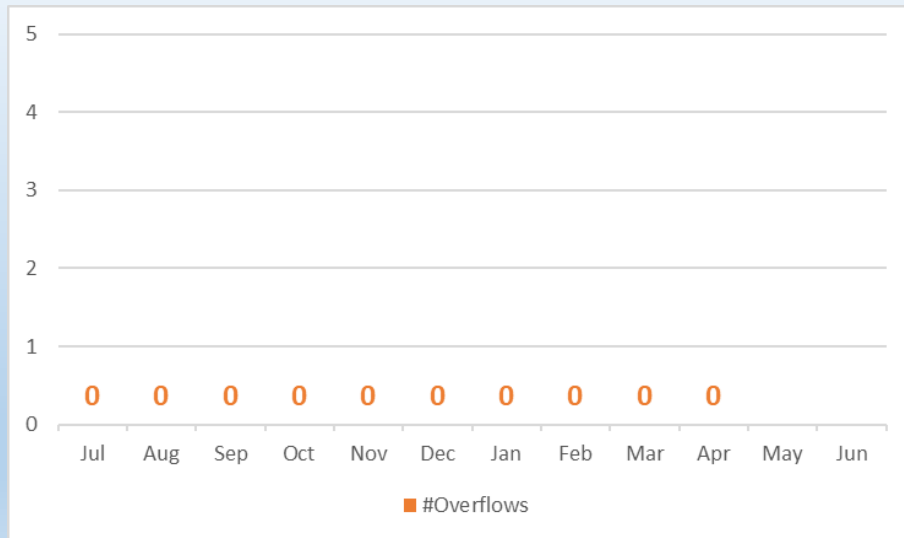
14

Wastewater Collections

Total Wastewater Spilled
Non-Recovered Wastewater Spilled
Odor Complaints

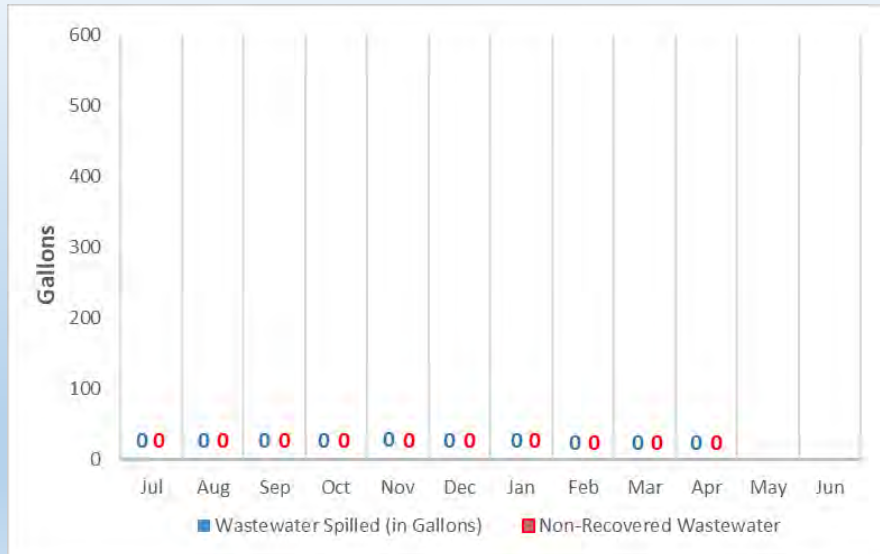
15

Wastewater Collections - Sewer Overflows



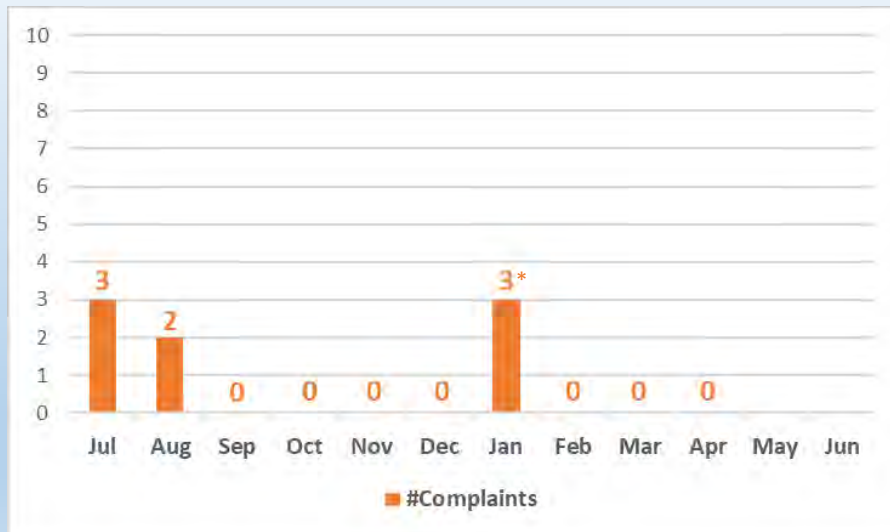
16

Wastewater Collections - Wastewater Spilled



17

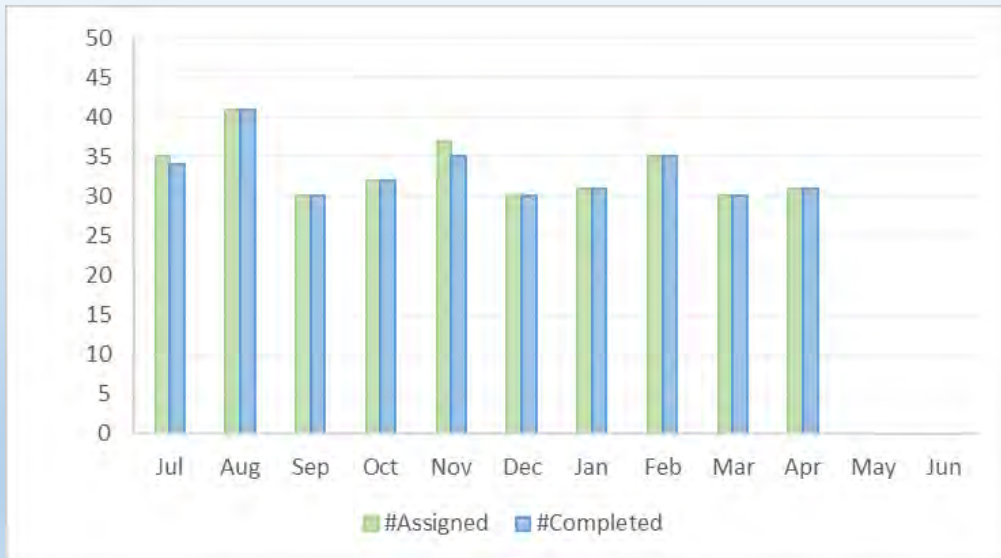
Reclamation Plant & Wastewater Collections Odor Complaints



* Determined to be on customer side

18

Wastewater - Collections PMs



19

Wastewater - Collections Flushing in kLF



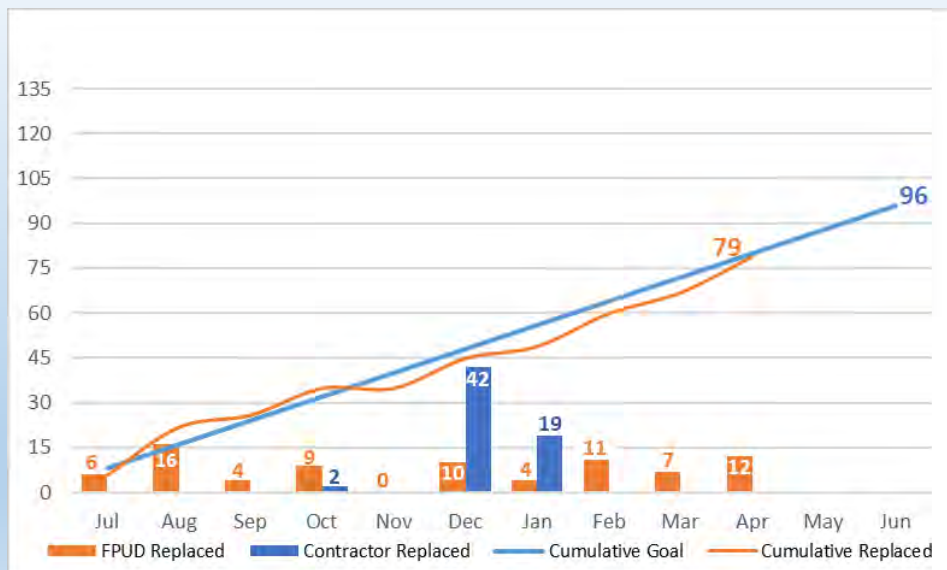
20

Construction/Maintenance

- Efforts continue in replacing valves with the greatest impact on water loss and customer outages during large main breaks.
- With new valves, crews will be capable of shutting down smaller controlled areas faster, impacting fewer customers while losing less water and completing repairs sooner.
- Our goal is to replace 100 valves per year. FY23, 109 valves were replaced. FY24, 123 valves have been replaced to date. We currently have 6821 valves in the system with 411 known to be broken.
- We have a goal to perform maintenance on 3,000 linear feet of easement roads. Year to date, we have completed 2,765 linear feet.

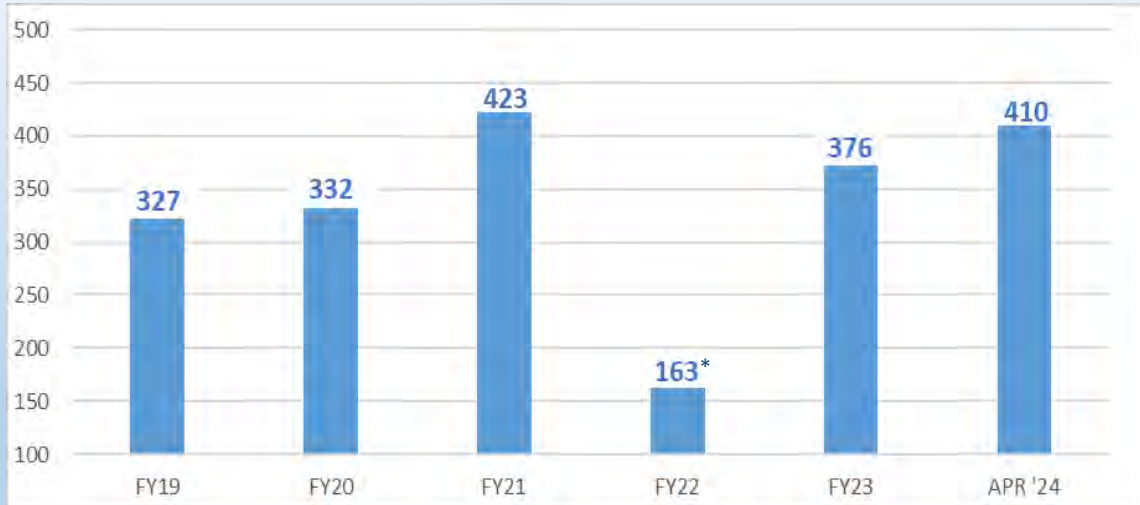
21

Main Line Valves Replaced by FPUD Crew



22

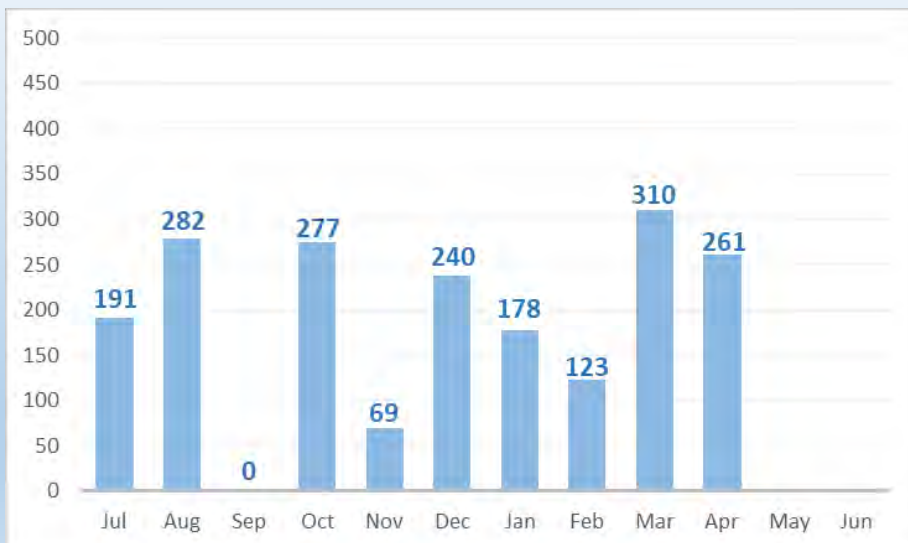
Rolling Total Broken Valves



*4" and larger - does not include Leak By or Poor Counts

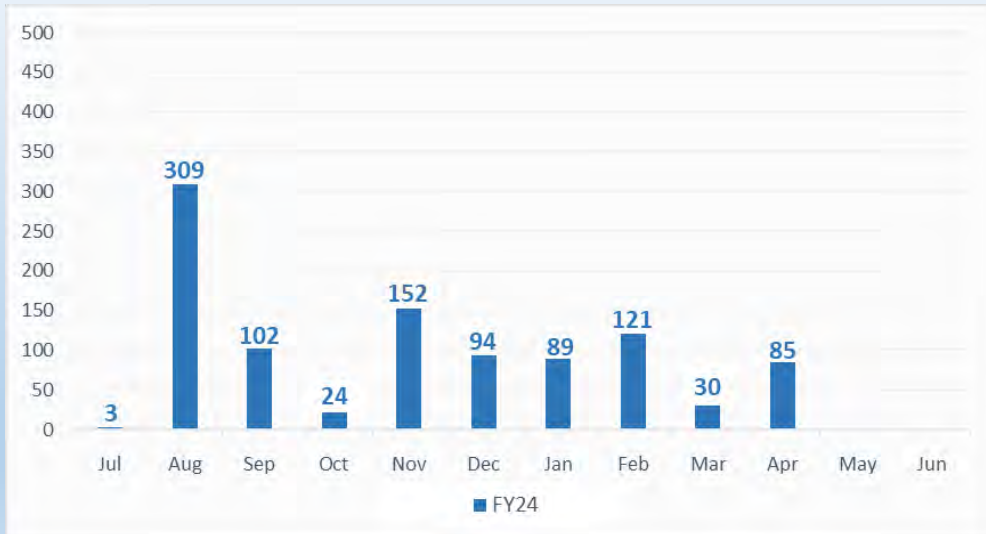
23

Planned Outages > 4 Hours Customers Affected



24

Unplanned Outages > 4 Hours Customers Affected



25

M E M O

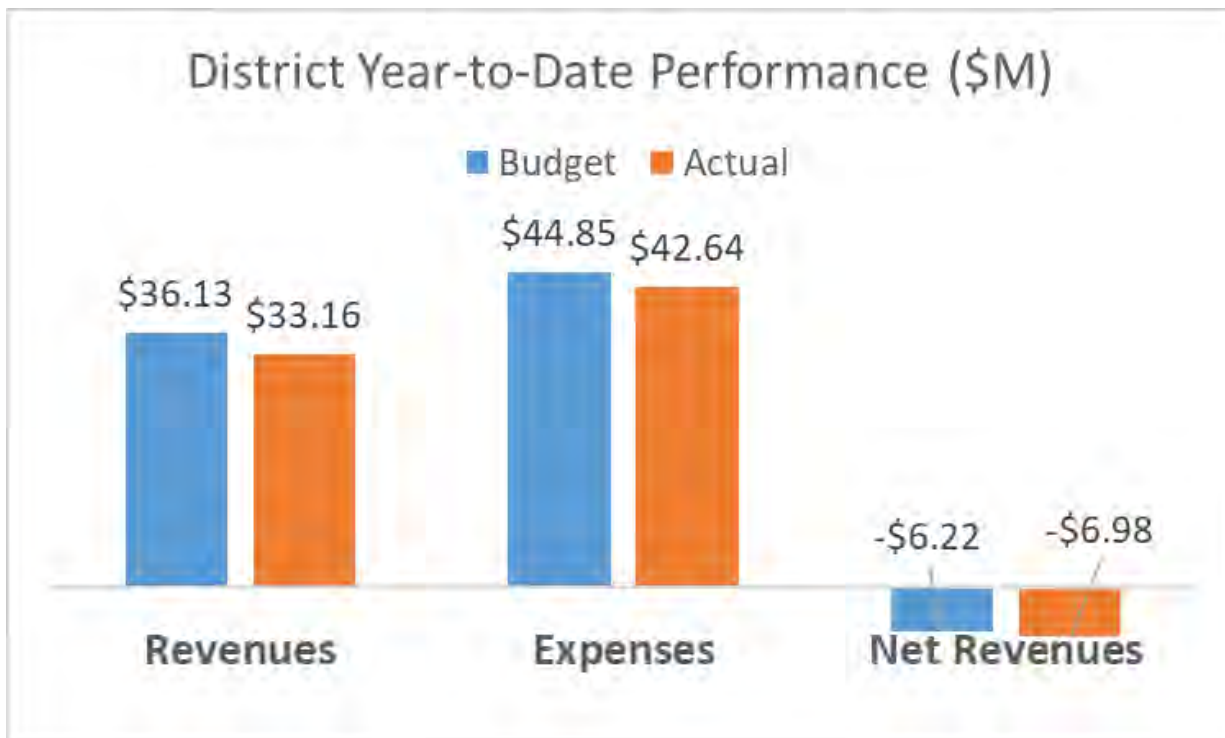
TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: May 29, 2024
SUBJECT: Financial Summary Report – April

Purpose

Provide an overview of changes in the District’s financial position.

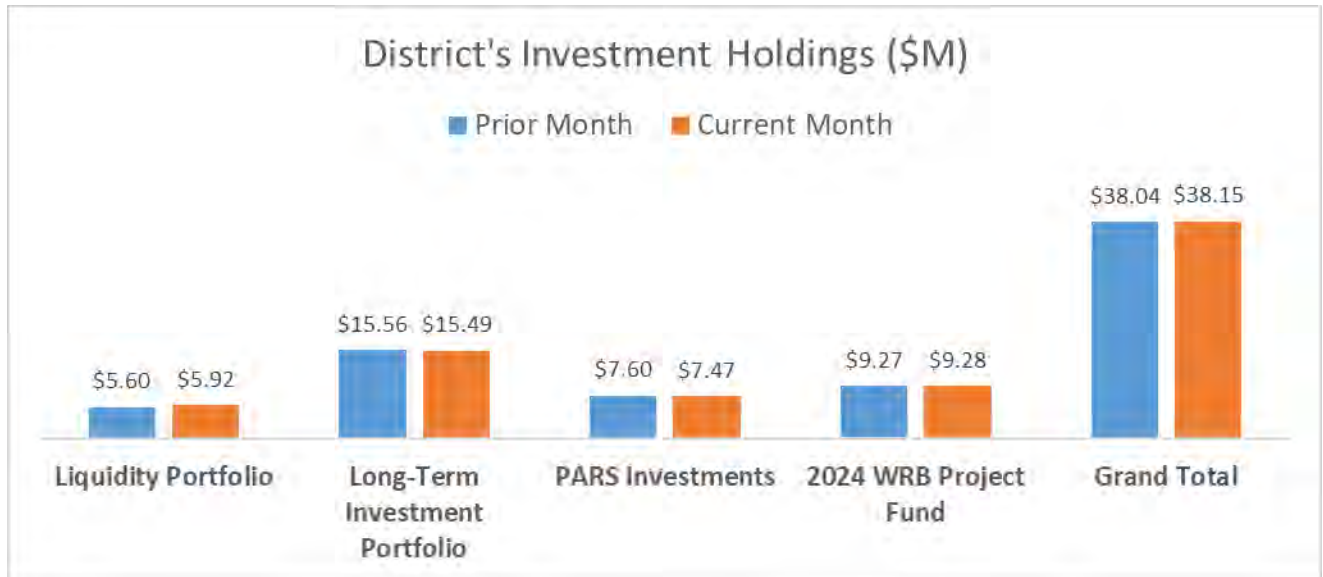
Summary

The graph below shows the District’s year-to-date Revenues, Expenditures and Net revenues.



Revenues and expenditures are under Amended Budget levels. Revenues are below Amended Budget levels due to the persistent low level of water sales. Expenditures are slightly under the Amended Budget levels. Net Revenues are adjusted for the use of the 2024 Water Revenue Bond proceeds to fund Water Capital Projects. Staff are carefully tracking the District’s financial position to identify any budget shortfalls early.

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 slightly this month. The remaining proceeds from the 2024 Revenue Bond issuance are shown in the Project Fund balance. Overall the Long-term Portfolio and PARS 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: May 29, 2024
SUBJECT: Treasurer's Report

Purpose

Provide the April, 2024 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

Overall the District's financial holdings increased slightly this month. The remaining proceeds from the 2024 Revenue Bond issuance are shown in the Project Fund balance. Overall the Long-term Portfolio and PARS investments continue to perform in line with the capital markets.

Summary

Treasurer's Report April 2024

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 5,051	\$ 5,085
Money Market	\$ 579,781	\$ 579,781
CAMP Account	\$ 5,012,774	\$ 5,335,493
<i>District's Liquidity Portfolio</i>	\$ 5,597,606	\$ 5,920,359
PFM Managed Long-term Investment Portfolio*	\$ 15,554,960	\$ 15,480,194
LAIF (Long-term Reserves)	\$ 6,849	\$ 6,923
PARS (OPEB & Pension Trust)**	\$ 7,602,289	\$ 7,465,416
Revenue Bonds 2024 Project Fund	\$ 9,274,300	\$ 9,275,243
<i>District Accounts Total</i>	\$ 38,036,004	\$ 38,148,135

*\$6.21M of funds are from the sale of the Santa Margarita properties.

**\$3.78M of funds are from the sale of the Santa Margarita Properties.

David Shank
May 29, 2024



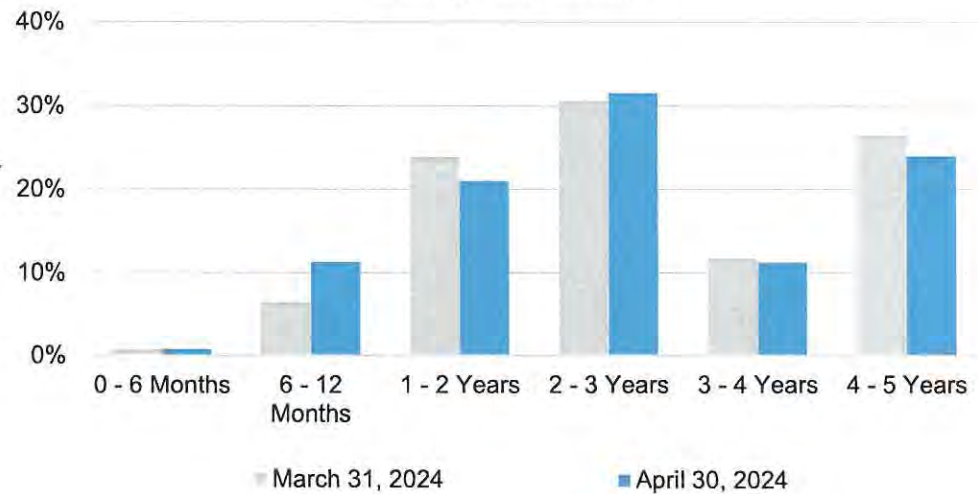
Fallbrook Public Utilities District - Holdings Summary

Security Type	March 31, 2024	April 30, 2024	Change (\$)	Change (%)
U.S. Treasury	\$6,822,131.23	\$6,789,976.64	(\$32,154.59)	-0.5%
Municipal	\$207,583.75	\$205,788.65	(\$1,795.10)	-0.9%
Federal Agency CMBS	\$2,587,788.96	\$2,552,653.76	(\$35,135.20)	-1.4%
Corporate Note	\$3,609,863.07	\$3,574,721.04	(\$35,142.03)	-1.0%
Negotiable CD	\$101,459.00	\$100,469.00	(\$990.00)	-1.0%
Asset-Backed Security	\$1,955,448.34	\$1,931,296.84	(\$24,151.50)	-1.2%
Securities Total	\$15,284,274.35	\$15,154,905.93	(\$129,368.42)	-0.8%
Money Market Fund	\$270,685.90	\$325,288.41	\$54,602.51	20.2%
Total Investments	\$15,554,960.25	\$15,480,194.34	(\$74,765.91)	-0.5%

Summary

FY 23-24 Accrual Earnings	\$253,315.90
Yield to Maturity at Cost	3.52%
Weighted Average Maturity (Years)	2.59

Maturity Distribution



Security market values, excluding accrued interest, as on last day of month.



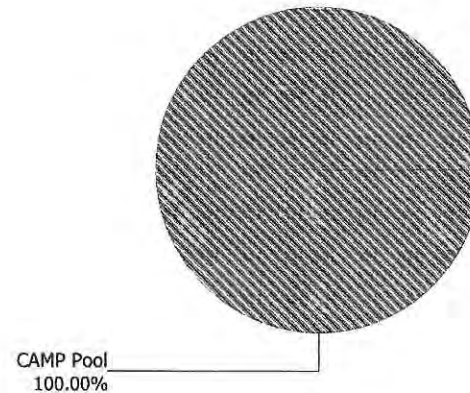
Account Statement - Transaction Summary

For the Month Ending **April 30, 2024**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	5,012,773.82
Purchases	322,719.37
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$5,335,493.19
Cash Dividends and Income	22,719.37

Asset Summary		
	April 30, 2024	March 31, 2024
CAMP Pool	5,335,493.19	5,012,773.82
Total	\$5,335,493.19	\$5,012,773.82
Asset Allocation		





Account Statement

For the Month Ending **April 30, 2024**

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					5,012,773.82
04/23/24	04/23/24	Purchase - Incoming Wires	1.00	300,000.00	5,312,773.82
04/30/24	05/01/24	Accrual Income Div Reinvestment - Distributions	1.00	22,719.37	5,335,493.19
Closing Balance					5,335,493.19

	Month of April	Fiscal YTD July-April		
Opening Balance	5,012,773.82	7,939,116.69	Closing Balance	5,335,493.19
Purchases	322,719.37	10,291,445.94	Average Monthly Balance	5,093,531.13
Redemptions (Excl. Checks)	0.00	(12,895,069.44)	Monthly Distribution Yield	5.44%
Check Disbursements	0.00	0.00		
Closing Balance	5,335,493.19	5,335,493.19		
Cash Dividends and Income	22,719.37	341,708.94		

Managed Account Security Transactions & Interest

For the Month Ending April 30, 2024

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	04/01/24	04/01/24	JP MORGAN CORP (CALLABLE) NOTES DTD 03/23/2016 3.300% 04/01/2026	4662SHOW3	115,000.00	0.00	1,897.50	1,897.50			
	04/01/24	04/01/24	MONEY MARKET FUND	MONEY0002	0.00	0.00	1,027.47	1,027.47			
	04/01/24	04/01/24	ANALOG DEVICES INC (CALLABLE) CORPORATE DTD 10/05/2021 1.700% 10/01/2028	032654AU9	90,000.00	0.00	765.00	765.00			
	04/01/24	04/01/24	COMCAST CORP NOTES (CALLABLE) DTD 03/27/2020 3.300% 04/01/2027	20030NDK4	200,000.00	0.00	3,300.00	3,300.00			
	04/01/24	04/25/24	FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAO74	150,000.00	0.00	592.50	592.50			
	04/01/24	04/25/24	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	119,463.93	0.00	475.57	475.57			
	04/01/24	04/25/24	FHLMC MULTIFAMILY STRUCTURED P DTD 07/01/2017 3.243% 04/01/2027	3137F1G44	155,000.00	0.00	418.89	418.89			
	04/01/24	04/25/24	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69	124,474.59	0.00	503.91	503.91			
	04/01/24	04/25/24	FHMS K063 A2 DTD 03/01/2017 3.430% 01/01/2027	3137BVZ82	145,000.00	0.00	414.46	414.46			
	04/01/24	04/25/24	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	84,336.87	0.00	370.52	370.52			
	04/01/24	04/25/24	FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2	150,000.00	0.00	600.00	600.00			
	04/01/24	04/25/24	FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4	55,000.00	0.00	232.33	232.33			
	04/01/24	04/25/24	FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	84,395.35	0.00	215.49	215.49			
	04/01/24	04/25/24	FHMS K061 A2 DTD 01/30/2017 3.347% 11/01/2026	3137BTUM1	99,262.84	0.00	276.86	276.86			
	04/01/24	04/25/24	FHMS K058 A2 DTD 11/09/2016 2.653% 08/01/2026	3137BSP72	100,000.00	0.00	221.08	221.08			
	04/01/24	04/25/24	FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7	85,000.00	0.00	344.25	344.25			

Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2024**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	04/01/24	04/25/24	FHMS K733 A2 DTD 11/09/2018 3.750% 08/01/2025	3137FJX07	145,310.70	0.00	454.10	454.10			
	04/01/24	04/25/24	FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4	115,000.00	0.00	464.79	464.79			
	04/01/24	04/25/24	FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BODE6	150,000.00	0.00	523.75	523.75			
	04/01/24	04/25/24	FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2	150,000.00	0.00	602.38	602.38			
	04/01/24	04/25/24	FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6	150,000.00	0.00	581.25	581.25			
	04/01/24	04/25/24	FHMS K046 A2 DTD 06/17/2015 3.205% 03/01/2025	3137BJP64	100,000.00	0.00	267.08	267.08			
	04/01/24	04/25/24	FHMS K743 A2 DTD 06/30/2021 1.770% 05/01/2028	3137H14B9	170,000.00	0.00	250.75	250.75			
	04/01/24	04/25/24	FHMS K064 A2 DTD 05/15/2017 3.224% 03/01/2027	3137BXOY1	160,000.00	0.00	429.87	429.87			
	04/01/24	04/25/24	FHMS K734 A2 DTD 04/18/2019 3.208% 02/01/2026	3137FLN34	150,000.00	0.00	401.00	401.00			
	04/15/24	04/15/24	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2	85,000.00	0.00	386.75	386.75			
	04/15/24	04/15/24	BACCT 2023-A1 A1 DTD 06/16/2023 4.790% 05/15/2028	05522RDG0	50,000.00	0.00	199.58	199.58			
	04/15/24	04/15/24	COMET 2021-A3 A3 DTD 11/30/2021 1.040% 11/15/2026	14041NFY2	70,000.00	0.00	60.67	60.67			
	04/15/24	04/15/24	CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4	120,000.00	0.00	516.00	516.00			
	04/15/24	04/15/24	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4	45,000.00	0.00	196.13	196.13			
	04/15/24	04/15/24	DCENT 2022-A3 A3 DTD 08/09/2022 3.560% 07/15/2027	254683CW3	70,000.00	0.00	207.67	207.67			
	04/15/24	04/15/24	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3	105,000.00	0.00	483.88	483.88			
	04/15/24	04/15/24	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8	105,000.00	0.00	455.88	455.88			

Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2024**

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									
INTEREST										
04/15/24	04/15/24	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	19,491.85	0.00	13.16	13.16			
04/15/24	04/15/24	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	30,132.68	0.00	13.81	13.81			
04/15/24	04/15/24	HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	44,050.73	0.00	81.49	81.49			
04/15/24	04/15/24	BACCT 2022-A2 A2 DTD 11/23/2022 5.000% 04/15/2028	05522RDF2	145,000.00	0.00	604.17	604.17			
04/15/24	04/15/24	COMET 2023-A1 A DTD 05/24/2023 4.420% 05/15/2028	14041NGD7	145,000.00	0.00	534.08	534.08			
04/15/24	04/15/24	FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	23,885.91	0.00	25.68	25.68			
04/15/24	04/15/24	WALMART INC CORPORATE NOTES (CALLABLE) DTD 04/18/2023 3.900% 04/15/2028	931142FB4	75,000.00	0.00	1,462.50	1,462.50			
04/15/24	04/15/24	US TREASURY NOTES DTD 04/15/2022 2.625% 04/15/2025	91282CEH0	100,000.00	0.00	1,312.50	1,312.50			
04/15/24	04/15/24	BANK OF NY MELLON CORP CORP NOTES (CALLA) DTD 07/27/2021 1.050% 10/15/2026	06406RAV9	130,000.00	0.00	682.50	682.50			
04/15/24	04/15/24	CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1	75,000.00	0.00	248.13	248.13			
04/15/24	04/15/24	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9	50,000.00	0.00	228.33	228.33			
04/15/24	04/15/24	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5	30,000.00	0.00	148.25	148.25			
04/15/24	04/15/24	DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	70,000.00	0.00	33.83	33.83			
04/15/24	04/15/24	HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	45,000.00	0.00	207.75	207.75			
04/15/24	04/15/24	DCENT 2023-A2 A DTD 06/28/2023 4.930% 06/15/2028	254683CZ6	100,000.00	0.00	410.83	410.83			
04/15/24	04/15/24	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2	85,000.00	0.00	417.92	417.92			

Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2024**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	04/15/24	04/15/24	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0	110,000.00	0.00	533.50	533.50			
	04/16/24	04/16/24	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	17,526.39	0.00	9.93	9.93			
	04/16/24	04/16/24	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2	55,000.00	0.00	264.92	264.92			
	04/16/24	04/16/24	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	13,732.43	0.00	14.42	14.42			
	04/16/24	04/16/24	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9	50,000.00	0.00	227.08	227.08			
	04/18/24	04/18/24	HAROT 2023-3 A3 DTD 08/22/2023 5.410% 02/18/2028	43815OAC1	95,000.00	0.00	428.29	428.29			
	04/19/24	04/19/24	BANK OF AMERICA CORP NOTES DTD 04/19/2016 3.500% 04/19/2026	06051GFX2	160,000.00	0.00	2,800.00	2,800.00			
	04/21/24	04/21/24	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5	25,000.00	0.00	118.13	118.13			
	04/21/24	04/21/24	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	19,017.19	0.00	13.95	13.95			
	04/21/24	04/21/24	MORGAN STANLEY CORP NOTES (CALLABLE) DTD 10/19/2021 1.164% 10/21/2025	61747YEG6	70,000.00	0.00	407.40	407.40			
	04/23/24	04/23/24	WELLS FARGO & COMPANY CORPORATE NOTES DTD 10/25/2016 3.000% 10/23/2026	949746SH5	125,000.00	0.00	1,875.00	1,875.00			
	04/25/24	04/25/24	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2	40,000.00	0.00	182.33	182.33			
	04/25/24	04/25/24	BMWOT 2022-A A3 DTD 05/18/2022 3.210% 08/25/2026	05602RAD3	23,827.66	0.00	63.74	63.74			
	04/27/24	04/27/24	BANK OF AMERICA CORP NOTES (CALLABLE) DTD 04/27/2022 4.376% 04/27/2028	06051GKP3	80,000.00	0.00	1,750.40	1,750.40			
	04/30/24	04/30/24	US TREASURY NOTES DTD 10/31/2021 1.375% 10/31/2028	91282CDF5	400,000.00	0.00	2,750.00	2,750.00			

Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2024**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
04/30/24	04/30/24		US TREASURY NOTES DTD 10/31/2020 0.500% 10/31/2027	91282CAU5	25,000.00	0.00	62.50	62.50			
04/30/24	04/30/24		US TREASURY NOTES DTD 10/31/2019 1.625% 10/31/2026	912828Y07	125,000.00	0.00	1,015.63	1,015.63			
04/30/24	04/30/24		US TREASURY NOTES DTD 10/31/2020 0.250% 10/31/2025	91282CAT8	225,000.00	0.00	281.25	281.25			
04/30/24	04/30/24		US TREASURY NOTES DTD 04/30/2020 0.375% 04/30/2025	912828ZL7	650,000.00	0.00	1,218.75	1,218.75			
Transaction Type Sub-Total					7,173,909.12	0.00	38,579.51	38,579.51			
PAYDOWNS											
04/01/24	04/25/24		FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	62.76	62.76	0.00	62.76	0.00	0.00	
04/01/24	04/25/24		FHMS K733 A2 DTD 11/09/2018 3.750% 08/01/2025	3137FJX07	66.37	66.37	0.00	66.37	1.84	0.00	
04/01/24	04/25/24		FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	142.13	142.13	0.00	142.13	(0.19)	0.00	
04/01/24	04/25/24		FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69	146.65	146.65	0.00	146.65	0.00	0.00	
04/01/24	04/25/24		FHMS K046 A2 DTD 06/17/2015 3.205% 03/01/2025	3137BJP64	138.16	138.16	0.00	138.16	1.03	0.00	
04/01/24	04/25/24		FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	98.63	98.63	0.00	98.63	0.00	0.00	
04/01/24	04/25/24		FHMS K061 A2 DTD 01/30/2017 3.347% 11/01/2026	3137BTUM1	189.22	189.22	0.00	189.22	5.82	0.00	
04/15/24	04/15/24		CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	2,578.17	2,578.17	0.00	2,578.17	0.42	0.00	
04/15/24	04/15/24		FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	1,920.10	1,920.10	0.00	1,920.10	0.23	0.00	
04/15/24	04/15/24		WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	1,575.72	1,575.72	0.00	1,575.72	0.21	0.00	
04/15/24	04/15/24		HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	3,227.78	3,227.78	0.00	3,227.78	0.12	0.00	

Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2024**

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									
PAYDOWNS										
04/16/24	04/16/24	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	1,035.00	1,035.00	0.00	1,035.00	0.09	0.00	
04/16/24	04/16/24	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	1,380.88	1,380.88	0.00	1,380.88	0.04	0.00	
04/21/24	04/21/24	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	1,713.57	1,713.57	0.00	1,713.57	0.36	0.00	
04/25/24	04/25/24	BMWOT 2022-A A3 DTD 05/18/2022 3.210% 08/25/2026	05602RAD3	1,747.86	1,747.86	0.00	1,747.86	0.09	0.00	
Transaction Type Sub-Total				16,023.00	16,023.00	0.00	16,023.00	10.06	0.00	
Managed Account Sub-Total					16,023.00	38,579.51	54,602.51	10.06	0.00	
Total Security Transactions					\$16,023.00	\$38,579.51	\$54,602.51	\$10.06	\$0.00	

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

May 13, 2024

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[PMIA Average Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER
 990 E MISSION ROAD
 FALLBROOK, CA 92028

[Tran Type Definitions](#)



Account Number: 85-37-001

April 2024 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
4/15/2024	4/12/2024	QRD	1751270	N/A	SYSTEM	73.18

Account Summary

Total Deposit:	73.18	Beginning Balance:	6,849.46
Total Withdrawal:	0.00	Ending Balance:	6,922.64

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
4/1/2024 to 4/30/2024

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028

Account Summary

Source	Balance as of 4/1/2024	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 4/30/2024
OPEB	\$1,160,764.36	\$0.00	-\$35,624.72	\$534.85	\$0.00	\$0.00	\$1,124,604.79
PENSION	\$6,441,524.67	\$100,000.00	-\$197,745.54	\$2,968.10	\$0.00	\$0.00	\$6,340,811.03
Totals	\$7,602,289.03	\$100,000.00	-\$233,370.26	\$3,502.95	\$0.00	\$0.00	\$7,465,415.82

Investment Selection

Source

OPEB Moderate - Strategic Blend
PENSION Moderate - Strategic Blend

Investment Objective

Source

OPEB The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

PENSION The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-3.07%	0.89%	9.54%	0.72%	5.22%	-	2/16/2017
PENSION	-3.06%	0.90%	9.58%	0.74%	5.22%	-	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



000638706341912
 459
 058129834- 2-N-01
 708869866-240501-4750--058129232- 01

Account Name: Fallbrook Public Utility District Wastewater Revenue Refunding Bonds 2024 Project Fund
 Account Number: 219614005

Page 2 of 10
 April 1, 2024 to April 30, 2024

MARKET VALUE SUMMARY

	Current Period 04/01/24 to 04/30/24
Beginning Market Value	\$9,274,300.19
Adjusted Market Value	\$9,274,300.19
Investment Results	
Interest, Dividends and Other Income	942.41
Total Investment Results	\$942.41
Ending Market Value	\$9,275,242.60

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: May 29, 2024
SUBJECT: Budget Status Report for Fiscal Year 2023-2024

Purpose

Provide a Budget Status Report (BSR) to the Board.

Summary

The BSR shows the District's financial performance compared to the amended budget for the month of April, Year-to-Date and the annual budgeted amount.

Total revenues are 8.2% under budget largely due to lower water sales driven by wet/cool weather. Year-to-date water sales are 30% under the budget water sales level. With sales well under budgeted levels, it is no surprise that water sales revenues are 21.7% below budget levels. Wastewater revenues are slightly higher than the budgeted levels. Recycled water sales are 14.1% under budget, likely due to wet weather.

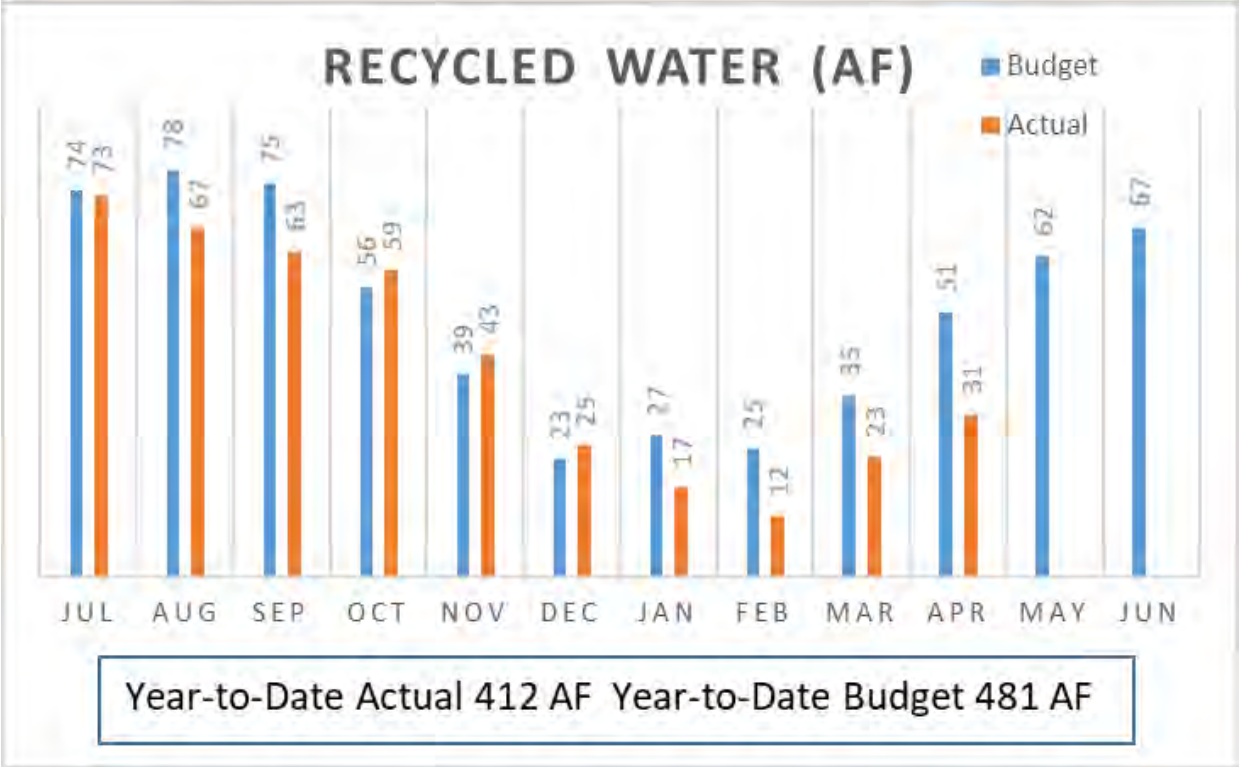
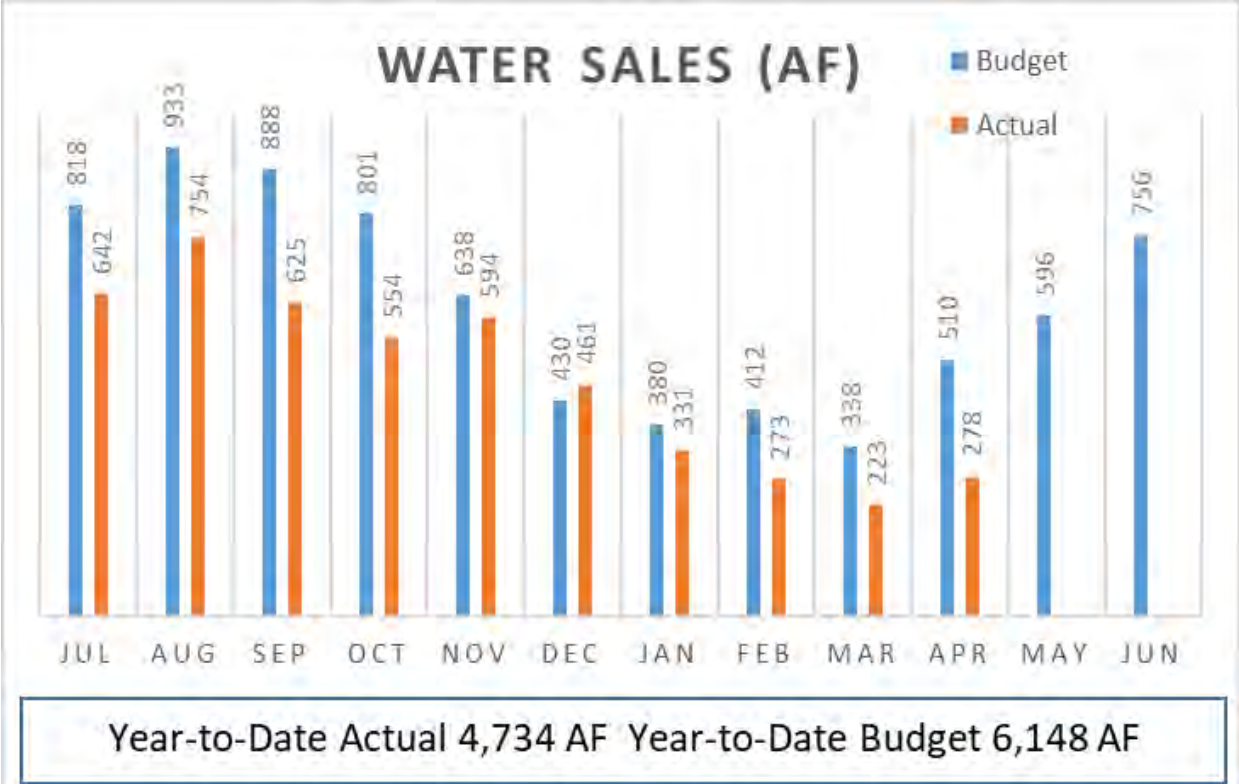
Non-operating revenues are over budget due largely to the gain on sale of property and investment earnings. Other non-operating revenues is also trending over budget. As the year progresses, non-operating revenues are expected to remain over budget.

The District's monthly and year-to-date total expenditures are 7.9% under the Amended Budget due to reduced purchased water expenditures. The overall the District's operating costs, excluding cost of water and the Community Benefit Program, are in line with the Amended Budget. The Community Benefit Program has issued several Board approved grants.

Total revenue is \$33,158,962 or 8.2% under budget and total expenditures are \$35,853,918 or 5.0% under the Amended Budget. PAYGO CIP expenditures are under budget for the year-to-date. After adjusting for the PAYGO expenditures year-to-date net revenues are lower than Budgeted.

Recommended Action

This item is for discussion only. No action is required.



Monthly Budget Report for April

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Amended Budget ⁽⁴⁾	Variance	%	Amended Budget ⁽⁴⁾	Remaining Balance	%
Operating Revenues:								Year remaining	16.7%
Water Sales ⁽¹⁾	660,611	1,382,338	12,262,360	15,667,716	(3,405,355)	-21.7%	19,297,736	7,035,376	36.5%
Water Meter Service Charges	700,160	791,978	7,255,314	7,629,757	(374,442)	-4.9%	9,213,712	1,958,397	21.3%
Wastewater Service Charges	600,939	548,084	6,116,740	5,875,172	241,569	4.1%	6,971,339	854,598	12.3%
Recycled Water Revenues	69,185	109,736	880,477	1,024,464	(143,987)	-14.1%	1,299,770	419,293	32.3%
Other Operating Revenue	-	-	-	-	-	NA	-	-	NA
Total Operating Revenue	2,030,895	2,832,135	26,514,892	30,197,108	(3,682,216)	-12.2%	36,782,557	10,267,665	27.9%
Non Operating Revenues:									
Water Capital Improvement Charge	151,900	145,001	1,445,027	1,450,009	(4,982)	-0.3%	1,740,011	294,983	17.0%
Wastewater Capital Improvement Charge	113,224	110,683	1,095,184	1,106,832	(11,648)	-1.1%	1,328,198	233,014	17.5%
Property Taxes	933,077	782,339	2,581,656	2,409,443	172,213	7.1%	2,700,000	118,344	4.4%
Water Standby/Availability Charge	53,500	39,405	177,299	160,658	16,641	10.4%	200,000	22,701	11.4%
Water/Wastewater Capacity Charges	-	10,833	109,369	108,333	1,036	1.0%	130,000	20,631	15.9%
Portfolio Interest	65,214	33,410	517,770	334,103	183,668	55.0%	400,923	(116,847)	-29.1%
Federal Interest Rate Subsidy	-	-	37,902	35,833	2,069	5.8%	70,261	32,359	46.1%
Gain/(Loss) on Sale of Asset	-	-	277,952	-	277,952	NA	-	(277,952)	NA
Facility Rents	20,717	26,032	229,888	260,322	(30,434)	-11.7%	312,386	82,498	26.4%
Fire Hydrant Service Fees	-	-	12,530	-	12,530	NA	-	(12,530)	NA
Other Non-Operating Revenues	(10,853)	6,250	159,492	62,500	96,992	155.2%	75,000	(84,492)	-112.7%
Total Non Operating Revenues	1,326,778	1,153,954	6,644,070	5,928,032	716,038	12.1%	6,956,779	312,709	4.5%
Total Revenues	3,357,673	3,986,089	33,158,962	36,125,140	(2,966,178)	-8.2%	43,739,336	10,580,374	24.2%
Expenditures									
Purchased Water Expense	198,490	536,322	5,812,599	7,598,420	1,785,821	23.5%	9,558,078	3,745,480	39.2%
Water Services ⁽²⁾	596,069	478,022	5,743,482	5,234,697	(508,785)	-9.7%	6,313,145	569,663	9.0%
Wastewater Services ⁽²⁾	322,186	314,924	2,877,464	3,148,183	270,719	8.6%	3,858,671	981,207	25.4%
Recycled Water Services ⁽²⁾	33,149	52,562	374,467	525,439	150,972	28.7%	644,021	269,554	41.9%
Administrative Services ⁽²⁾	726,842	647,537	6,851,569	6,805,976	(45,593)	-0.7%	8,266,858	1,415,289	17.1%
Community Benefit Program	34,771	44,562	224,506	445,466	220,960	49.6%	546,000	321,494	58.9%
Total Operating Expenses	1,911,508	2,073,928	21,884,087	23,758,181	1,874,094	7.9%	29,186,774	7,302,686	25.0%
Debt Service & Extraordinary Expenses									
SMCUP SRF	-	-	2,814,795	2,814,795	-	0.0%	2,814,795	-	0.0%
Red Mountain SRF	-	-	395,851	395,851	-	0.0%	395,851	-	0.0%
WW Rev Refunding Bonds	-	-	1,730,746	1,730,746	-	0.0%	1,730,746	-	0.0%
QECB Solar Debt	258,858	258,858	521,690	521,690	-	0.0%	521,690	-	0.0%
Total Debt Service	258,858	258,858	5,463,081	5,463,081	-	0.0%	5,463,081	-	0.0%
Detachment Fee Payment	-	-	8,506,750	8,506,750	-	0.0%	8,506,750	-	0.0%
Total Expenses	2,170,365	2,332,786	35,853,918	37,728,013	1,874,094	5.0%	43,156,605	7,302,686	16.9%
Net Revenue/(loss) From Operations and Debt Service	1,187,307	1,653,303	(2,694,956)	(1,602,872)	(1,092,084)	68.1%	582,731	3,277,687	562.5%
Capital Investment									
Capital Investment⁽³⁾									
Construction Expenditures-Admin	234,524	247,500	666,371	681,000	14,629	2.1%	966,000	299,629	31.0%
Construction Expenditures-Water	449,558	651,542	5,545,925	5,276,549	(269,376)	-5.1%	6,590,632	1,044,707	15.9%
Construction Expenditures-Recycled	435	1,250	124,449	116,500	(7,949)	-6.8%	119,000	(5,449)	-4.6%
Construction Expenditures-Wastewater	119,533	130,833	450,891	1,045,000	594,109	56.9%	1,765,000	1,314,109	74.5%
Construction Expenditures-PAYGO TOTAL	804,049	1,031,125	6,787,635	7,119,049	331,414	4.7%	9,440,632	2,652,997	28.1%
Capital Expenditures Funded by Water Bond Proceeds	-	-	(2,499,738)	(2,499,738)	-	0.0%	(2,499,738)	-	0.0%
Net Revenue/(Loss)	383,259	622,178	(6,982,854)	(6,222,183)	(760,670)	12.2%	(6,358,163)	(624,690)	-9.8%

(1) Includes Local Resource Credit of \$686,463.50

(2) Includes share of \$200,000 PARS transfer

(3) Detailed CIP Summary Table attached

(4) Per Board meeting on March 25, 2024 \$788,868 of Water CIP appropriations were transferred to Water Services and Administrative Services. Appropriations of \$8,506,750 were added for the Detachment Fee

CIP Summary Table

FY24 PAYGO CIP Summary Table

Water Capital Projects	Annual Budget	April Expenditures	Year-to-Date
Pipelines and Valve Replacement Projects by District	\$ 680,000	\$ 79,557	\$ 1,008,009
Pipeline Replacement Projects by Contractors	\$ 5,760,000	\$ 282,911	\$ 3,848,678
Deluz ID Projects	\$ 100,000	\$ 41,520	\$ 53,604
Pump Stations	\$ 100,000	\$ 658	\$ 3,110
Meter Replacement	\$ 20,000	\$ 11,211	\$ 136,422
Pressure Reducing Stations	\$ 40,000	\$ 50	\$ 356
Red Mountain Reservoir Improvements	\$ 24,000	\$ -	\$ 19,350
Steel Reservoir Improvements	\$ 162,000	\$ 2,827	\$ 112,181
Treatment Plant R&R	\$ 200,000	\$ 7,337	\$ 115,577
SCADA Upgrades/ Security/Telemetry	\$ 150,000	\$ 23,487	\$ 110,090
Vehicles and Heavy Equipment	\$ 143,500	\$ -	\$ 138,546
Total Water Capital Projects	\$ 7,379,500	\$ 449,558	\$ 5,545,925

Recycled Water Capital Projects

Recycled Water Improvements	\$ 119,000	\$ 435	\$ 124,449
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Wastewater Capital Projects

WRP Improvements	\$ 855,000	\$ 35,069	\$ 222,530
Collection System Improvements	\$ 390,000	\$ 57,976	\$ 156,419
Outfall Improvements	\$ 25,000	\$ -	\$ 35,255
Vehicles and Heavy Equipment	\$ 495,000	\$ 26,488	\$ 36,687
Total Wastewater Capital Projects	\$ 1,765,000	\$ 119,533	\$ 450,891

Administrative Capital Projects

Administrative Upgrades	\$ 50,000	\$ 8,344	\$ 43,311
Engineering and Operations Information Systems	\$ -	\$ -	\$ -
Facility Improvements/Upgrades/Security	\$ 460,000	\$ 226,180	\$ 514,410
District Yard Improvements	\$ 420,000	\$ -	\$ 52,671
Total Administrative Capital Projects	\$ 930,000	\$ 234,524	\$ 610,391

Capital Projects Total	\$ 10,193,500	\$ 804,049	\$ 6,731,656
-------------------------------	---------------	------------	--------------

04/30/2024

Treasurer Warrant No. April

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 - 04/2024

Computer Check Register

Payroll #1	\$189,988.79
Payroll #2	<u>\$193,281.35</u>
	<u>\$383,270.14</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
 Printed: 5/6/2024 2:34 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	04/04/2024	748.75
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	04/04/2024	20,997.53
ACH	06758	UNITED STATES TREASURY	04/04/2024	73,118.62
ACH	06759	STATE OF CA - PR TAXES	04/04/2024	11,337.17
ACH	06760	STATE OF CA - SDI	04/04/2024	3,272.40
ACH	06763	PERS - PAYROLL	04/04/2024	53,242.16
93961	01460	AFLAC	04/04/2024	446.72
93962	91286	AMAZON CAPITAL SERVICES, INC.	04/04/2024	992.08
93963	06536	ARCADIS U.S., INC	04/04/2024	576.40
93964	91608	AT&T MOBILITY LLC	04/04/2024	4,281.31
93965	91708	B2B SECURITY	04/04/2024	3,000.00
93966	91487	BADGER METER, INC.	04/04/2024	486.36
93967	05615	BOOT WORLD INC.	04/04/2024	300.58
93968	91069	BRENNTAG PACIFIC INC.	04/04/2024	1,807.76
93969	03978	CAMERON WELDING SUPPLY	04/04/2024	154.00
93970	91766	CHARLES P. CROWLEY COMPANY, IN	04/04/2024	3,908.75
93971	06299	D & H WATER SYSTEMS, INC	04/04/2024	1,540.98
93972	05192	DIAMOND ENVIRONMENTAL SERVIC	04/04/2024	890.29
93973	91902	DICKINSON FAMILY FARMS, INC	04/04/2024	120.00
93974	06527	E.H. WACHS	04/04/2024	1,443.30
93975	91882	EASTERN MUNICIPAL WATER DISTRI	04/04/2024	66,517.50
93976	04494	FEDERAL EXPRESS CORPORATION	04/04/2024	105.47
93977	01432	FERGUSON WATERWORKS #1083	04/04/2024	10,019.41
93978	02170	GRAINGER, INC.	04/04/2024	1,499.86
93979	03174	HAAKER EQUIPMENT COMPANY	04/04/2024	13,511.85
93980	06577	INFOSEND INC	04/04/2024	3,077.74
93981	06555	LIEBERT CASSIDY WHITMORE	04/04/2024	3,457.50
93982	02618	MC MASTER-CARR	04/04/2024	2,918.53
93983	91896	GREGORY MCANALLY	04/04/2024	474.99
93984	01267	PACIFIC PIPELINE	04/04/2024	38,523.02
93985	91546	QUADIENT FINANCE USA, INC.	04/04/2024	300.00
93986	91155	QUALITY GATE, INC	04/04/2024	1,616.25
93987	06717	RDO EQUIPMENT CO	04/04/2024	1,230.86
93988	91077	RED WING BUSINESS ADVANTAGE AC	04/04/2024	881.89
93989	91893	REXEL ENERGY SOLUTIONS	04/04/2024	19,160.20
93990	00232	SAN DIEGO GAS & ELECTRIC	04/04/2024	103,089.17
93991	91909	MARTIN SERRANO VENTURA	04/04/2024	359.99
93992	90929	SOUTHWEST ANSWERING SERVICE, I	04/04/2024	859.00
93993	91723	SPECIALTY MOWING SERVICES, INC	04/04/2024	10,804.32
93994	00724	UNDERGROUND SERVICE ALERT	04/04/2024	395.93
93995	91703	UNIVAR SOLUTIONS	04/04/2024	8,645.51
93996	00233	WAXIE SANITARY SUPPLY	04/04/2024	1,748.35
93997	06231	WESTERN WATER WORKS SUPPLY CC	04/04/2024	16,982.91
93998	04995	AMERICAN MESSAGING	04/04/2024	210.99
93999	UB*00536	VIRGINIA COLEGROVE	04/04/2024	405.61
94000	91833	FAMILY SUPPORT REGISTRY	04/04/2024	100.15
94001	05560	FRANCHISE TAX BOARD	04/04/2024	50.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
			Total for 4/4/2024:	489,612.16
94002	90979	ABABA BOLT	04/11/2024	645.21
94003	91286	AMAZON CAPITAL SERVICES, INC.	04/11/2024	2,244.24
94004	91724	ASPHALT & CONCRETE ENTERPRISES	04/11/2024	55,293.00
94005	06020	BABCOCK LABORATORIES, INC	04/11/2024	4,701.73
94006	91908	BISHOP, INC.	04/11/2024	231,982.64
94007	91440	BP BATTERY INC	04/11/2024	116.35
94008	06141	CENTRISYS CORPORATION	04/11/2024	13,537.68
94009	05714	COUNTY OF SD DEPT PUBLIC WORKS	04/11/2024	328.50
94010	06299	D & H WATER SYSTEMS, INC	04/11/2024	19,079.08
94011	02925	DATA NET SOLUTIONS	04/11/2024	3,338.00
94012	91585	LAUREN ECKERT	04/11/2024	295.48
94013	03391	ELECTRICAL SALES INC	04/11/2024	2,761.37
94014	91611	FALLBROOK ACE HARDWARE	04/11/2024	2,211.24
94015	09523	FALLBROOK EQUIP RENTALS	04/11/2024	3,428.80
94016	01099	FALLBROOK IRRIGATION INC	04/11/2024	260.57
94017	00169	FALLBROOK OIL COMPANY	04/11/2024	4,080.81
94018	00170	FALLBROOK WASTE & RECYCLING	04/11/2024	1,055.30
94019	06497	FASTENAL COMPANY	04/11/2024	633.57
94020	04494	FEDERAL EXPRESS CORPORATION	04/11/2024	60.28
94021	91913	GEO PACIFIC SERVICES INC	04/11/2024	829.06
94022	02170	GRAINGER, INC.	04/11/2024	2,551.94
94023	05380	HACH CO	04/11/2024	359.28
94024	06062	HARRINGTON INDUSTRIAL PLASTICS	04/11/2024	1,453.82
94025	91862	IFLOW INC.	04/11/2024	42,679.78
94026	06577	INFOSEND INC	04/11/2024	2,559.43
94027	90887	LLOYD PEST CONTROL	04/11/2024	163.00
94028	91815	MAIN ELECTRIC SUPPLY COMPANY L	04/11/2024	4,299.98
94029	91192	MISSION LINEN SUPPLY	04/11/2024	1,205.68
94030	90932	NAPA AUTO PARTS	04/11/2024	1,035.59
94031	00370	NUTRIEN AG SOLUTIONS, INC.	04/11/2024	532.67
94032	06298	ONESOURCE DISTRIBUTORS, LLC	04/11/2024	4,380.61
94033	01267	PACIFIC PIPELINE	04/11/2024	1,506.62
94034	00215	PETTY CASH	04/11/2024	72.76
94035	91155	QUALITY GATE, INC	04/11/2024	725.00
94036	91697	R&B AUTOMATION, INC.	04/11/2024	810.00
94037	05656	SLOAN ELECTROMECHANICAL SERV	04/11/2024	1,642.90
94038	06064	SOLENIIS LLC	04/11/2024	13,289.75
94039	06605	SOUTHLAND PIPE CORP.	04/11/2024	8,445.92
94040	03197	SWRCB ACCOUNTING OFFICE	04/11/2024	30,085.00
94041	05319	T.S. INDUSTRIAL SUPPLY	04/11/2024	126.78
94042	06735	TCN, INC.	04/11/2024	67.17
94043	91789	TSI	04/11/2024	16,650.00
94044	05971	UNISORB CORPORATION	04/11/2024	7,571.31
94045	91703	UNIVAR SOLUTIONS	04/11/2024	9,258.11
94046	91871	WALTERS WHOLESALE ELECTRIC CO	04/11/2024	1,475.92
94047	91498	WEST COAST TRUCK & AUTO	04/11/2024	1,825.15
94048	01719	MICKEY M. CASE	04/11/2024	60.00
94049	02925	DATA NET SOLUTIONS	04/11/2024	1,350.00
94050	91914	JUSTIN LOERA-HANSEN	04/11/2024	98.08
94051	91107	SPECTRUM BUSINESS	04/11/2024	161.42
94052	91860	SPECTRUM ENTERPRISE	04/11/2024	2,656.38
94053	91910	ZACHARY BOWLUS	04/11/2024	4,984.00
			Total for 4/11/2024:	510,966.96

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	04/18/2024	764.00
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	04/18/2024	20,999.11
ACH	06758	UNITED STATES TREASURY	04/18/2024	75,686.83
ACH	06759	STATE OF CA - PR TAXES	04/18/2024	11,962.70
ACH	06760	STATE OF CA - SDI	04/18/2024	3,341.14
ACH	06763	PERS - PAYROLL	04/18/2024	53,558.37
ACH	91223	STERLING ADMINISTRATION	04/18/2024	125.00
94056	90979	ABABA BOLT	04/18/2024	1,493.42
94057	06323	ADVANCED COMMUNICATION SYSTE	04/18/2024	430.00
94058	91286	AMAZON CAPITAL SERVICES, INC.	04/18/2024	846.49
94059	91490	AMAZON WEB SERVICES, INC.	04/18/2024	1,124.99
94060	05088	AT&T	04/18/2024	600.68
94061	91503	BACKGROUNDS ONLINE	04/18/2024	201.50
94062	05949	CALIFORNIA WATER EFFICIENCY PAR	04/18/2024	1,685.60
94063	03978	CAMERON WELDING SUPPLY	04/18/2024	770.86
94064	91880	CCL CONTRACTING INC	04/18/2024	41,325.00
94065	02176	CORELOGIC SOLUTIONS, LLC	04/18/2024	206.00
94066	05953	CORODATA RECORDS MANAGEMENT	04/18/2024	897.63
94067	06675	CORODATA SHREDDING, INC	04/18/2024	67.32
94068	00709	COUNTY OF SAN DIEGO	04/18/2024	140.00
94069	06299	D & H WATER SYSTEMS, INC	04/18/2024	1,325.33
94070	02925	DATA NET SOLUTIONS	04/18/2024	326.25
94071	00143	DEPARTMENT OF WATER RESOURCES	04/18/2024	32,555.00
94072	04122	EVOQUA WATER TECHNOLOGIES LLC	04/18/2024	10,591.57
94073	91611	FALLBROOK ACE HARDWARE	04/18/2024	43.96
94074	02972	FISHER SCIENTIFIC COMPANY LLC	04/18/2024	580.77
94075	91837	GEOTAB USA, INC.	04/18/2024	887.76
94076	02170	GRAINGER, INC.	04/18/2024	734.76
94077	06329	HILL BROTHERS CHEMICAL COMPAN	04/18/2024	1,764.64
94078	03276	HOME DEPOT CREDIT SERVICES	04/18/2024	1,045.12
94079	06561	HOWELLS GOVERNMENT RELATIONSE	04/18/2024	4,088.02
94080	03161	IDEXX DISTRIBUTION, INC.	04/18/2024	727.41
94081	06577	INFOSEND INC	04/18/2024	1,346.63
94082	91815	MAIN ELECTRIC SUPPLY COMPANY L	04/18/2024	49.48
94083	03201	NATIONAL SAFETY COMPLIANCE INC	04/18/2024	947.15
94084	91167	NORTH COUNTY FORD	04/18/2024	65.17
94085	91674	O'REILLY AUTO ENTERPRISES, LLC	04/18/2024	752.55
94086	91779	RINGCENTRAL, INC.	04/18/2024	1,109.17
94087	91599	RUSH TRUCK CENTERS OF CALIFORN	04/18/2024	815.67
94088	91482	S & R TOWING	04/18/2024	300.00
94089	00232	SAN DIEGO GAS & ELECTRIC	04/18/2024	65,902.65
94090	05656	SLOAN ELECTROMECHANICAL SERV	04/18/2024	60,666.34
94091	06605	SOUTHLAND PIPE CORP.	04/18/2024	92.02
94092	03197	SWRCB ACCOUNTING OFFICE	04/18/2024	5,525.00
94093	06512	ULINE SHIPPING SUPPLIES	04/18/2024	187.52
94094	91703	UNIVAR SOLUTIONS	04/18/2024	12,413.42
94095	06231	WESTERN WATER WORKS SUPPLY CC	04/18/2024	4,308.72
94096	00101	ACWA JPIA	04/18/2024	135,558.04
94097	00805	ACWA/JOINT POWERS INS.	04/18/2024	27,236.13
94098	06536	ARCADIS U.S., INC	04/18/2024	17,918.67
94099	91916	EDWARD BENITEZ	04/18/2024	150.00
94100	06374	BOOT BARN INC.	04/18/2024	712.11
94101	91440	BP BATTERY INC	04/18/2024	2,343.39
94102	91069	BRENNTAG PACIFIC INC.	04/18/2024	1,807.76
94103	91272	KEVIN COLLINS	04/18/2024	60.00
94104	91915	COURT-ORDERED DEBT COLLECTION	04/18/2024	30.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
94105	91143	CULLY REPAIR LLC	04/18/2024	676.38
94106	06299	D & H WATER SYSTEMS, INC	04/18/2024	1,378.01
94107	05192	DIAMOND ENVIRONMENTAL SERVIC	04/18/2024	1,018.61
94108	04411	ENVIRONMENTAL RESOURCE ASSOC	04/18/2024	383.20
94109	06303	EXECUTIVE LANDSCAPE INC.	04/18/2024	1,260.00
94110	91833	FAMILY SUPPORT REGISTRY	04/18/2024	100.15
94111	06497	FASTENAL COMPANY	04/18/2024	2,030.01
94112	04494	FEDERAL EXPRESS CORPORATION	04/18/2024	99.42
94113	01432	FERGUSON WATERWORKS #1083	04/18/2024	317.42
94114	05560	FRANCHISE TAX BOARD	04/18/2024	50.00
94115	02767	GRANGETTO FARM & GARDEN SUPPI	04/18/2024	361.99
94116	06577	INFOSEND INC	04/18/2024	2,674.66
94117	06380	JANI-KING OF CALIFORNIA, INC - SA	04/18/2024	3,440.56
94118	06479	KNOCKOUT PEST CONTROL & TERMI	04/18/2024	100.00
94119	04926	KONICA MINOLTA PREMIER FINANCE	04/18/2024	2,033.25
94120	91912	LEGEND TECHNICAL SERVICES OF AI	04/18/2024	1,232.00
94121	91130	LINCOLN NATIONAL LIFE INSURANC	04/18/2024	4,230.54
94122	06298	ONESOURCE DISTRIBUTORS, LLC	04/18/2024	1,531.11
94123	01267	PACIFIC PIPELINE	04/18/2024	6,188.35
94124	04075	RAYNE WATER SYSTEMS	04/18/2024	195.00
94125	06717	RDO EQUIPMENT CO	04/18/2024	1,078.01
94126	06608	ROTARY CLUB OF FALLBROOK	04/18/2024	182.00
94127	91486	SATELLITE PHONE STORE	04/18/2024	78.28
94128	06605	SOUTHLAND PIPE CORP.	04/18/2024	2,408.63
94129	91860	SPECTRUM ENTERPRISE	04/18/2024	1,530.02
94130	05415	STATE WATER RESOURCE CONTROL I	04/18/2024	105.00
94131	02927	TIM STERGER	04/18/2024	60.00
94132	05319	T.S. INDUSTRIAL SUPPLY	04/18/2024	681.40
94133	91082	TELETRAC, INC	04/18/2024	2,248.76
94134	04290	VILLAGE NEWS, INC.	04/18/2024	500.00

Total for 4/18/2024:

649,367.58

ACH	06763	PERS - PAYROLL	04/25/2024	175.14
94135	91256	AFP	04/25/2024	1,493.72
94136	91286	AMAZON CAPITAL SERVICES, INC.	04/25/2024	5,978.99
94137	06536	ARCADIS U.S., INC	04/25/2024	4,805.10
94138	91866	ATS COMMUNICATIONS	04/25/2024	350.00
94139	91226	BEAR COMMUNICATIONS INC.	04/25/2024	635.00
94140	03978	CAMERON WELDING SUPPLY	04/25/2024	63.03
94141	91594	CONCENTRA MEDICAL CENTERS	04/25/2024	124.00
94142	06021	JOSHUA COUVEAU	04/25/2024	95.63
94143	91689	DE NORA WATER TECHNOLOGIES, LL	04/25/2024	377.48
94144	06762	DENALI WATER SOLUTIONS LLC	04/25/2024	20,700.82
94145	05588	ESCONDIDO METAL SUPPLY	04/25/2024	1,687.37
94146	04122	EVOQUA WATER TECHNOLOGIES LLC	04/25/2024	9,956.10
94147	06303	EXECUTIVE LANDSCAPE INC.	04/25/2024	20,356.59
94148	91873	EXTERIOR PERFORMANCE CONSULT	04/25/2024	4,710.00
94149	91905	FALLBROOK LAND CONSERVANCY	04/25/2024	34,340.00
94150	00169	FALLBROOK OIL COMPANY	04/25/2024	10,612.51
94151	01406	FALLBROOK PROPANE GAS CO	04/25/2024	36.21
94152	01432	FERGUSON WATERWORKS #1083	04/25/2024	1,346.34
94153	91848	FERNANDEZ GOVERNMENT SOLUTIC	04/25/2024	8,000.00
94154	91200	FIRST BANKCARD	04/25/2024	2,303.56
94155	91202	FIRST BANKCARD	04/25/2024	4,032.25
94156	91225	FIRST BANKCARD	04/25/2024	373.98
94157	91313	FIRST BANKCARD	04/25/2024	19.99

Check No	Vendor No	Vendor Name	Check Date	Check Amount
94158	91323	FIRST BANKCARD	04/25/2024	946.21
94159	91540	FIRST BANKCARD	04/25/2024	4,837.89
94160	91678	FIRST BANKCARD	04/25/2024	634.37
94161	91744	FIRST BANKCARD	04/25/2024	3,636.34
94162	91847	FIRST BANKCARD	04/25/2024	3,737.30
94163	05814	GEORGE PLUMBING COMPANY INC	04/25/2024	253.00
94164	02170	GRAINGER, INC.	04/25/2024	859.59
94165	05380	HACH CO	04/25/2024	30,211.76
94166	91336	JACOB HYINK	04/25/2024	1,389.00
94167	91862	IFLOW INC.	04/25/2024	10,405.24
94168	06577	INFOSEND INC	04/25/2024	52.16
94169	00190	JCI JONES CHEMICALS INC.	04/25/2024	10,533.67
94170	91901	KUBOTA OF SAN DIEGO	04/25/2024	42.74
94171	91535	PAYMENTUS CORPORATION	04/25/2024	4,936.86
94172	02283	PETERS PAVING & GRADING	04/25/2024	25,500.00
94173	91710	PREFERRED AERIAL & CRANE TECHN	04/25/2024	2,700.00
94174	91093	RANCHO CALIFORNIA WATER DISTRI	04/25/2024	25,000.00
94175	91806	SAN DIEGO CHAPTER CSDA TREASUI	04/25/2024	180.00
94176	05936	SAN DIEGO COUNTY RECORDER	04/25/2024	50.00
94177	05936	SAN DIEGO COUNTY RECORDER	04/25/2024	50.00
94178	05936	SAN DIEGO COUNTY RECORDER	04/25/2024	50.00
94179	05936	SAN DIEGO COUNTY RECORDER	04/25/2024	50.00
94180	05936	SAN DIEGO COUNTY RECORDER	04/25/2024	50.00
94181	91385	VERONICA TAMZIL	04/25/2024	60.00
94182	91703	UNIVAR SOLUTIONS	04/25/2024	7,672.50
94183	03358	US BANK TRUST NA	04/25/2024	258,857.58
94184	91910	ZACHARY BOWLUS	04/25/2024	546.00

Total for 4/25/2024: 525,816.02

Report Total (236 checks): 2,175,762.72



Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Inspection Trip (Tour) of
Pure Water So Cal Carson, CA

Date(s) of Attendance: APRIL 11, 2024

Purpose of Function: EDUCATION

Sponsoring Organization: Eastern Municipal Water Distric

Summary of Conference or Meeting: The tour was impresswe,
Assembled at EMWD for continental breakfast
and welcome Boarded BUs for Carson
Tour guide Bart from EMWD gave us a
brief history lesson + Joe spoke on EMWD
plans. Pure water is scaling up from
Que's working model of One pilot Plant
to work out any challenges when One p roject
is a reality. Funding sources are in place
for billions of dollars to be spent.

Director Signature: Jennifer DeMeo Date: 4/19/2024

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: Pure Water of California Tour

Date(s) of Attendance: 4/11/2024

Purpose of Function: Pure Water of California Tour

Sponsoring Organization: EMWD

Summary of Conference or Meeting:

Attended a Comprehensive tour of the Pure Water of California Pilot project.

Pure Water of California is currently budgeted at \$6.4B yet will likely land around \$7B at the

Time of construction (if approved). The project is designed to take effluent water currently

Discharged to the ocean. Using various technologies, the effluent will be cleaned to potable

(drinking water) quality.

Director Signature: 

Date: 4/14/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: COWU Monthly Meeting
Butcher Shop Steak House, San Diego

Date(s) of Attendance: 4-16-24

Purpose of Function: COWU Monthly Mtg.

Sponsoring Organization: COWU

Summary of Conference or Meeting:

Padre Dam: AWP construction: East County
Rebecca Cole gave an overview of the
Waste water project and included some
recycled water benefits. Project includes
26K feet of pipeline with a projected
cost of \$950 million. Multiple outreach
methods were used, ie: Community Sign
Boards, mailers, and onsite tours

Director Signature:  Date: 4-23-24

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Monterey CSDA

Butcher Shop Restaurant San Diego CA

Date(s) of Attendance: 5/16/2024

Purpose of Function: Educative

Sponsoring Organization: CSDA San Diego Chapter

Summary of Conference or Meeting:

Attended Dinner Speaker was

PAULA FORBIS SDAPCD AIR POLLUTION

AIR DISTRICTS Air Quality/Public Health CONTROL

AB423 Environmental Justice OFFICER

Grants + Incentives, Federal + local funding

Farmer Program / electric school buses, tugboat

sdapcd.org/grants info@sdapcd.org

SAN DIEGO COUNTY AIR POLLUTION CONTROL DIST.

Director Signature: Jen DeMeo

Date: 5/16/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: ACWA JPIA Summit Spring 2024
Sheraton Grand, Sacramento, CA

Date(s) of Attendance: May 6, 2024

Purpose of Function: Education

Sponsoring Organization: ACWA JPIA

Summary of Conference or Meeting:
9am - 10:15am employee benefits
committee discussed new prescription plan
provider. The provider changed to mail order
prescription plan for some medications. This
resulted in many delays in prescribing. Many
present complained about their own issues.
JPIA is committed to working with the provider
to fix the issue.
10:30 Executive Committee then lunch

Director Signature: Jennifer DeMeo

Date: 5/15/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: ACWA JPIA
Sacramento

Date(s) of Attendance: May 6 2024

Purpose of Function: Education

Sponsoring Organization: ACWA JPIA

Summary of Conference or Meeting: 1:45pm - 4:45pm
BOARD OF DIRECTORS MEETING

Voting system updated from FOBs to
an app on our cell phones. It made it
very easy to vote. Two board seats for
ACWA JPIA California Water Insurance Fund
were voted on. One incumbent Andy Morris
was unopposed + got 98% of the vote. The
At-large seat had no one qualifying.
A letter of intent is now all that is
required to be appointed to the seat due

Director Signature: Jenny DeMeo

Date: 5/15/24 by June 15.

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.

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: ACWA JPIA Summit
Sheraton Grand Sacramento CA

Date(s) of Attendance: Tuesday May 7 2024

Purpose of Function: Education

Sponsoring Organization: ACWA JPIA

Summary of Conference or Meeting: 8:00 Breakfast 8:30 Keynote
Public Entity Pooling Trends - Ann Gersen
from AGRIP Assoc of Governmental Risk Pools
10Am - 12:00pm Completed Sexual Harassment
Prevention Training for Board Members AB 1825, 1661, 2053
Committee Lunch 12:15 - 1:30pm 4:45pm local govt committee
spoke to a rep of the Paving subcommittee about Elder,
Welcome Reception - ACWA Exhibit Hall

Director Signature: Jenny DeMeo

Date: 5/15/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo
 Name & Location of Function: SPRING ACWA Conference + Expo 2024
Sacramento Convention Center
 Date(s) of Attendance: Wednesday, May 8, 2024
 Purpose of Function: Education
 Sponsoring Organization: ACWA

Summary of Conference or Meeting: 8:30 Welcome Keynote
with Wade Crowfoot California Nat Resources
Secretary had a special guest join
after a few words - GAVIN Newsom
gave a speech promising to do everything
in his power to expedite projects to
build CA's infrastructure projects such as
Sites + and the Delta Conveyance & received
a standing ovation from most of us.

Director Signature: Jen DeMeo Date: 5/15/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Spring 2024 ACWA Convention + Expo
Sacramento Convention Center, Sacramento CA

Date(s) of Attendance: Wednesday May 8 2024

Purpose of Function: Education

Sponsoring Organization: ACWA

Summary of Conference or Meeting: 3:45 Region 10 Membership Meeting. Board Chair Dana Fruehauf called the meeting to order and announced the new board members. Each were allowed 2 minute self introduction, Debbie Neev, myself and Jose Martinez. It went well.

Committee Reports were given. Region 10 Event will take place in Yorba Linda on ^{Tues} October 15th topic will be PFAS. More information to come. (emerging regulations

Director Signature: Jenny DeMeo Date: 5/15/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: ACWA Conference + Expo Spring 2024

Date(s) of Attendance: Thursday, May 9, 2024

Purpose of Function: Education

Sponsoring Organization: ACWA

Summary of Conference or Meeting: 7:30am Breakfast

+ Connect in Exhibit Hall

Grand Prize Drawing

(Dave Drake won)

9:15 Attorney Program

Nick from BBK was one of the speakers

on new ethics laws & regarding political

donation limits in the Levine Act moderated

by Dave Bainbude FPPC, → Next w/ Jacqueline Howell

to meet Carlos Suarez

Director Signature: Jenny DeMeo

Date: 5/15/2024

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: Media Training, Rancho Ca WD

Date(s) of Attendance: 4/2/24

Purpose of Function: Training

Sponsoring Organization: CSDA ?

Summary of Conference or Meeting:

Instructor was well qualified. Described situations and what techniques could be used to deal with the press.

Director Signature: _____

Date: 4/18/24

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: Pure Water Tour Carson CA

Date(s) of Attendance: 4/11/24

Purpose of Function: Information

Sponsoring Organization: MWD

Summary of Conference or Meeting:

The concept was explained. The construction schedule was shown along with the funding sources. We looked at the physical pilot plant. The note worthy points are that MWD is entering the reclaimed water business and this project will help the situation on the Colorado river.

Director Signature: _____

Date: 4/18/24

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: Outreach, Wilson Creek Winery

Date(s) of Attendance: 4/19/24

Purpose of Function: Information

Sponsoring Organization: SCWC

Summary of Conference or Meeting:

It was a three person panel, a journalist, a PR firm executive, and a communication research company owner. All were well qualified. Points made by all three were that visual communication is preferred. Folks don't read much anymore. News papers are dying.

We are doing a good job, but can do more. We could make some movies for our web site and conduct more tours of our facilities.

Compliments to Noelle and Jack for our program.

Director Signature: _____

Date: 4/24/24

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