



FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS

COMBINED NOVEMBER/DECEMBER REGULAR BOARD MEETING AND  
PUBLIC HEARING

AGENDA

MONDAY, DECEMBER 11, 2017  
4:00 P.M.

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

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 728-1125, ext. 1130 for assistance so the necessary arrangements can be made.*

*Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER

ROLL CALL/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. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS**

- 1. President
- 2. Vice-President

**B. APPOINTMENTS TO BOARD STANDING COMMITTEES**

- 1. Fiscal Policy & Insurance
- 2. Personnel
- 3. Water Resources

**II. CONSENT CALENDAR----- (ITEMS C-G)**

*All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public*

*requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.*

C. PROPOSED 2018 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

*Recommendation: The Board establish the 2018 Board of Directors' meeting schedule, as proposed, to include postponing the May regular meeting by one day to Tuesday, May 29, 2018, and combining the November and December regular Board meetings to Monday, December 10, 2018.*

D. ADVANCE APPROVAL TO ATTEND MEETINGS

*Recommendation: The Board authorize Advance Approval to Attend Meetings for Directors' attendance to the Metropolitan Water District of Southern California Tour hosted by the San Diego County Water Authority: Colorado River Aqueduct System Inspection Tour, January 19-20, 2018.*

E. APPROVAL OF MINUTES

1. Regular Board Meeting of October 23, 2017
2. Special Board Meeting of October 31, 2017
3. Special Board Meeting of November 15, 2017

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

F. SMITH QUITCLAIM REQUEST  
RESOLUTION NO. 4918

*Recommendation: That the Board approve the attached quitclaim and the adoption of Resolution No. 4918.*

G. NOTICE OF COMPLETION FOR THE BEAVERCREEK PIPELINE  
REPLACEMENT PROJECT, JOB NO. 2980

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

III. ACTION/DISCUSSION CALENDAR -----(ITEM H)

H. RECOMMENDATION FOR APPROVAL OF SETTLEMENT AGREEMENT  
SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT UPDATE  
RESOLUTION NO. 4919

*Recommendation: That the Board authorize the Board President and District water counsel to execute the Settlement Agreement substantially in the form of Attachment 2, and its filing with the Federal Court for approval, and adopt Resolution No. 4919.*

[Action/ Discussion Calendar Continued following Public Hearing]

**IV. PUBLIC HEARING -----(ITEM I)**

- I. PUBLIC HEARING ON THE IMPOSITION OF PROPOSED INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES

*Recommendation:* That the Board open a public hearing to allow the public an opportunity to address the Board concerning the proposal to increase rates for water and recycled water service charges, and rates for wastewater service charges, and, upon hearing all such oral protests and receiving written protests, close the public hearing.

**V. ACTION/DISCUSSION CALENDAR (CONTINUED) -----(ITEMS J-L)**

- J. CONSIDER ADOPTING RESOLUTION NO. 4920 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS

*Recommendation:* That the Board adopt Resolution No. 4920 adopting the rates for water and recycled water service charges, and rates for wastewater service charges.

- K. AMI METER SERVICE REPLACEMENT PROGRAM: YEAR 3

*Recommendation:* That the Board approve the purchase of Badger meters from National Meter and Automation, for \$352,030.03, including sales tax. In addition, to purchase the associated transmitter from Inland Water Works Supply Co. for 100W ERTs, for \$169,017.30, including sales tax, in order to replace existing drive-by radio-read meters that have reached the end of their useful life with fixed network AMI meters that will provide additional real-time water usage monitoring tools for the District's customers.

- L. CONSIDER APPOINTING THE DISTRICT REPRESENTATIVE ON THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY; RESOLUTION NO. 4921

*Recommendation:* That the Board adopt Resolution No. 4921 appointing Acting General Manager Jack Bebee as the District representative on the Board of Directors of the San Diego County Water Authority.

**VI. ORAL/WRITTEN REPORTS -----(ITEMS 1-9)**

1. General Legal Counsel

2. General Manager/SDCWA Representative
  - a. Report from the San Diego County Water Authority Representative
3. Acting General Manager/Assistant General Manager/District Engineer
  - a. Acting General Manager Report
  - b. Engineering Report Summary
  - c. Annual Production; Total Potable Production
  - d. Ag and M&I Sales; Recycled Water Production & Sales
  - e. 12-Month Running Water Sales
  - f. Meter Exchange; Backflow Testing
  - g. Sewer Overflow/Spills
4. Assistant General Manager/Chief Financial Officer
  - a. Treasurer's Report
  - b. Financial Statements
  - c. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
8. Log of Board Requests
9. Miscellaneous

**VII. ADJOURNMENT OF MEETING**

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**DECLARATION OF POSTING**

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

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

December 8, 2017  
Dated / Fallbrook, CA

  
Secretary, Board of Directors



MEMO

**TO:** Board of Directors  
**FROM:** Jack Bebee, Acting General Manager, JRB  
**DATE:** December 11, 2017  
**SUBJECT:** Election of Officers to the Board of Directors

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

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

Year	President	Vice President
2017	Charley Wolk	Al Gebhart
2016	Milt Davies	Charley Wolk
2015	Don McDougal	Milt Davies
2014	Al Gebhart	Don McDougal
2013	Bert Hayden	Al Gebhart

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

**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, Acting General Manager, *JAB*  
**DATE:** December 11, 2017  
**SUBJECT:** Appointments to Board Standing Committees

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Purpose

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

Summary

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

As of December 1, 2017, the appointments to the Board standing committees were as follows:

- Fiscal Policy & Insurance: *Directors Gebhart and Wolk*
- Personnel: *Directors Davies and DeMeo*
- Water Resources: *Directors McDougal and Wolk*

Recommended Action

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

## M E M O

**TO:** Board of Directors  
**FROM:** Mary Lou West, Secretary *mw*  
**DATE:** December 11, 2017  
**SUBJECT:** Proposed 2018 Board of Directors Regular Meeting Schedule

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Purpose

To establish the 2018 Board meeting dates.

Summary

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

For 2018, the Memorial Day holiday will be observed on Monday, May 28 and falls on the fourth Monday of the month conflicting with the regular board meeting schedule. As a result, the proposal is to postpone the May regular board meeting date by one day to Tuesday, May 29.

In addition, it has been the Board's practice to combine the November and December regular Board meetings into one meeting to accommodate the fall/winter holiday schedule.

The proposed 2018 schedule includes postponing the May regular Board meeting date by one day and combining the November and December Board meetings, as follows:

Month	Day	Month	Day	Month	Day	Month	Day
January	22	April	23	July	23	October	22
February	26	May	29	August	27	November	<i>Combined with December</i>
March	26	June	25	September	24	December	10

Recommendation

The Board establish the 2018 Board of Directors' meeting schedule, as proposed, to include postponing the May regular meeting by one day to Tuesday, May 29, 2018, and combining the November and December regular Board meetings to Monday, December 10, 2018.

## M E M O

TO: Board of Directors  
FROM: Mary Lou West, Secretary *mw*  
DATE: December 11, 2017  
SUBJECT: Advance Approval to Attend Meetings

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Purpose

To authorize Directors' attendance, travel, and expenses to an event requiring advance approval by the Board of Directors.

Summary

Compensation for attendance and reimbursement for expenses at other occasions, events, or meetings related to District business, other than those listed in Article 2.12 of the Administrative Code, shall be determined by the Board of Directors in advance.

In addition, Article 12.1.3 (1) provides that travel associated with the attendance of meetings or functions for Directors shall be approved in advance by the Board of Directors at a regular meeting under "Advance Approval to Attend Meetings."

Director DeMeo has requested advance approval for the following event:

1. Metropolitan Water District of Southern California Tour hosted by the San Diego County Water Authority: *Colorado River Aqueduct System Inspection Tour*, January 19-20, 2018.

Directors must apply for the tour prior to Friday, December 15, 2017, and space is limited.

Recommended Action

The Board authorize Advance Approval to Attend Meetings for Directors' attendance to the Metropolitan Water District of Southern California Tour hosted by the San Diego County Water Authority: *Colorado River Aqueduct System Inspection Tour*, January 19-20, 2018.

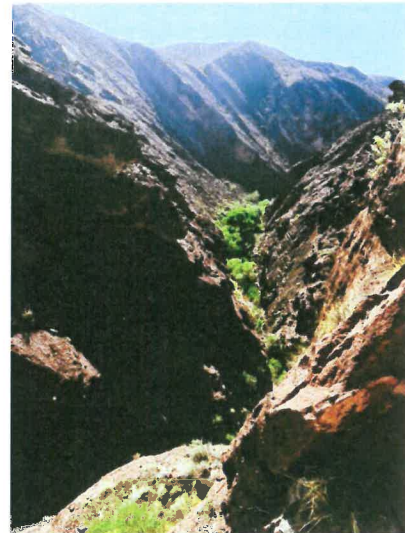


## Colorado River Aqueduct System Inspection Trip January 19–20, 2018

Dear Mary Lou,

I am pleased to notify you about my two-day inspection trip of the Colorado River Aqueduct System on **Friday and Saturday, January 19–20, 2018**.

The tour is sponsored by the Metropolitan Water District of Southern California (MWD) and hosted by the San Diego County Water Authority. This tour provides a unique and highly impactful opportunity to learn about current and historical water issues affecting our region from a statewide and local perspective. The tour will also provide a greater understanding of the water supply challenges that affect our region's economy and quality of life.



Anticipated stops include the San Vicente Dam, Diamond Valley Lake, the Salton Sea, Parker Dam, Copper Basin, and Whitsett Pumping Plant.

**All transportation, lodging, and meals are provided by MWD.** However, participation on these trips by certain California governmental officials, public officials, or public agency staff may constitute a reportable gift under California and local ethics laws. Please contact your general counsel or legal department regarding the reporting requirements that may apply.

If you are interested in joining me on the trip, please complete the below application to be considered for participation.

Sincerely,  
Elsa Saxod  
*Director*

San Diego County Water Authority  
Metropolitan Water District of Southern California

## Application and Security Check Process

**Deadline: Friday, December 15, 2017**

Space on the tour is limited; please complete the application today! All potential participants will be required to provide information for security clearance. Please click [HERE](#) to apply for the tour. The deadline to submit individual applicant information is **Friday, December 15**.

**About a week after the application period has closed, applicants will receive an email notifying them if they are on the tour.** Should you have any questions or concerns about the trip, please email [MWDProgramTours@sdewa.org](mailto:MWDProgramTours@sdewa.org).

Thank you.

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### Questions?

We look forward to seeing you and sharing this important information about our most precious resource. If you have any additional questions or specific needs, please email us at [MWDProgramTours@sdewa.org](mailto:MWDProgramTours@sdewa.org).



STAY CONNECTED





San Diego County Water Authority | 4677 Overland Ave, San Diego, CA 92123

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MEMO

**TO:** Board of Directors  
**FROM:** Mary Lou West, Secretary *mw*  
**DATE:** December 11, 2017  
**SUBJECT:** Approval of Minutes

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Recommendation

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

1. Regular Board Meeting of October 23, 2017
2. Special Board Meeting of October 31, 2017
3. Special Board Meeting and Public Comment and Information Meeting of November 15, 2017

Minutes of the October 23, 2017 Regular Board  
Meeting

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

**MINUTES**

**MONDAY, OCTOBER 23, 2017  
4:00 P.M.**

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

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**I. PRELIMINARY FUNCTIONS**

**CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM**

President Wolk called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. A quorum was established with attendance as follows:

**Board of Directors**

**Present:** Milt Davies, Member (*arrived at 4:05 p.m.*)  
Jennifer DeMeo, Member  
Al Gebhart, Member/Vice-President  
Don McDougal, Member  
Charley Wolk, Member/President

**Absent:** None

**District Staff**

**Present:** Paula de Sousa Mills, General Legal Counsel  
Jack Bebee, Acting General Manager  
David Shank, Assistant General Manager/Chief Financial Officer  
Jason Cavender, System Operations Manager  
Mick Cothran, Drought Management Coordinator  
Noelle Denke, Public Affairs Specialist  
Jeff Marchand, Engineering Supervisor  
Mary Lou West, Secretary

**Also present were others, including, but not limited to:** Steven and Kimberley Taylor, Helene Brazier, Archie and Patricia McPhee, and Meena Westford of the Metropolitan Water District of Southern California.

**PLEDGE OF ALLEGIANCE**

President Wolk led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as submitted; Director DeMeo seconded. Motion carried; VOTE:

AYES: Directors DeMeo, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director Davies

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.*

Mr. Stephen Taylor, who identified himself as a resident of De Luz Heights, stepped to the podium to discuss his request to downsize his water meter from two inches to one and one-half inches. Mr. Taylor represented that District staff initially told him his new meter would be installed within one week and was subsequently told it may take four to six weeks. Mr. Taylor expressed concern that he is continuing to pay for a larger meter that he requested to be downsized six weeks ago. Mr. Taylor requested he be charged for a one and one-half inch meter pending processing.

Mr. Bebee stated he would work with Mr. Taylor to address the issue and suggested changing the District's policy concerning charges and requests to downsize meters and make billing change occur upon the request for a meter downsize.

**II. CONSENT CALENDAR----- (ITEMS A—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.*

**A. APPROVAL OF MINUTES**

1. Regular Board Meeting of September 25, 2017
2. Special Board Meeting of October 17, 2017

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

**B. CLAIM FOR PROPERTY DAMAGE**

*Recommendation:* That the Board deny the Claim for Property Damage by Mrs. Hansen for her driveway and forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution.

**C. COMPLETION OF "OF COUNSEL" SERVICES**

*Recommendation:* That the Board discharge the services of Of Counsel to the District, pursuant to Section 6 of the Contract for "Of Counsel" Legal Services by and between the Fallbrook Public Utility District and Robert H. James, effective on October 31, 2017, and that written notice of discharge be provided.

**MOTION:** Director McDougal moved to approve the Consent Calendar as submitted; Director DeMeo seconded. Motion carried; **VOTE:**

**AYES:** Directors Davies, DeMeo, Gebhart, McDougal, and Wolk

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**III. INFORMATION -----(ITEM D)**

**D. METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD)  
ISSUES UPDATE**

- UPDATE ON CALIFORNIA WATER FIX AND MWD BAY DELTA ACTIONS
- MWD FINANCIAL PLANNING PRACTICES
- MWD'S LOCAL RESOURCES PROGRAM

*Presented by:* Meena Westford, Special Projects Manager of the Metropolitan Water District of Southern California

Meena Westford, Special Projects Manager of the Metropolitan Water District of Southern California (MWD), stepped to the podium and stated she would be providing an update on MWD issues.

Ms. Westford presented a slide show and began with an overview of MWD's Integrated Resources Plan, which is a plan to provide water supplies under a wide range of potential future conditions and risks.

Following, Ms. Westford discussed the Local Resources Program for water recycling, groundwater recovery, and incentives paid for water produced. Ms. Westford also discussed the California WaterFix program and MWD Bay-Delta actions.



Ms. Westford concluded with a brief question and answer period and offered to provide a presentation on the California WaterFix program to the Board of Directors at a future meeting.

**IV. ACTION / DISCUSSION CALENDAR -----(ITEMS E—L)**

**E. AWARD OF HARRIS PUMP STATION ELECTRICAL IMPROVEMENTS**

*Recommendation:* That the Board authorize award of the Harris Pump Station Electrical Improvements project to the lowest responsible bidder of California Building Evaluation and Construction, Inc. at an amount of \$392,750.

Mr. Bebee stated the electrical gear at the Harris Pump Station is reaching the end of its useful life and replacement parts are not available. Mr. Bebee further stated variable speed drives would be added to the pump station to increase energy efficiency. The recommendation is to award the project to California Building Evaluation and Construction, Inc. in the amount of \$392,750.

MOTION: Vice-President Gebhart moved to approve staff's recommendation; Director McDougal seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

**F. MEMORANDUM OF UNDERSTANDING FOR SHARED FACILITY USE WITH NORTH COUNTY FIRE PROTECTION DISTRICT**

*Recommendation:* That the Board authorize the Acting General Manager to execute the "Memorandum of Understanding (MOU) for Shared Facility Use" between Fallbrook Public Utility District and North County Fire Protection District to develop the District boardroom into an Emergency Operations Center to better coordinate emergency response between the agencies.

Mr. Bebee indicated the District has been working with the North County Fire Protection District (NCFPD) to make the boardroom a shared Emergency Operation Center. This document would give the two parties a framework regarding the joint sharing of the cost as well as some training. Mr. Bebee stated the recommendation is for the Board to authorize the Acting General Manager to execute the "Memorandum of Understanding for Shared Facility Use" between the District and NCFPD.

MOTION: Director McDougal moved to approve staff's recommendation; Vice-President Gebhart seconded. Motion carried; VOTE:

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

NOES: None  
ABSTAIN: None  
ABSENT: None

G. CONSIDERATION OF COMPENSATION FOR ACTING GENERAL MANAGER  
(INCLUDING APPROVAL OF AMENDED SALARY SCHEDULE)

*Recommendation of the Board President Based on Completion of Negotiations:* That the Board authorize a temporary 10% increase in compensation to the Assistant General Manager, effective September 11, 2017, for additional service as the Acting General Manager of the District, and approve an amended Salary Schedule. That the Board further direct the General Counsel and District Human Resources Manager to draft a letter agreement for execution by the Board President and the Acting General Manager memorializing the increase in compensation other legally required provisions.

President Wolk specified he was authorized to be the negotiator regarding a change in Mr. Bebee's compensation for serving as Acting General Manager. An agreement was reached providing for a temporary 10% increase to Mr. Bebee's current salary while he also covers the role of Acting General Manager in addition to Assistant General Manager. President Wolk clarified the agreement is retroactive to the time Mr. Bebee assumed the duties of the General Manager and the temporary pay increase will terminate when a new General Manager is appointed.

MOTION: Director McDougal moved to approve staff's recommendation; Director DeMeo seconded.

Director Davies requested the job title "Assistant General Manager" be revised to "Assistant General Manager/District Engineer."

MOTION: Director McDougal stated he is amending his original motion to add revising the job title of Assistant General Manager to Assistant General Manager/District Engineer; Director DeMeo seconded. Motion carried;  
VOTE:

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

H. MODIFICATIONS TO DIRECTOR PER DIEM (ADMINISTRATIVE CODE  
SECTIONS 2.12 AND 12.1.1)  
ORDINANCE NO. 341  
RESOLUTION NO. 4917

*Recommendation:* The Personnel Committee recommends the following: (1) The Board adopt Ordinance No. 341 decreasing the amount of the per diem compensation. The

*recommended amount is \$100 per day, and (2) The Board adopt Resolution No. 4917 to make changes to the District's Administrative Code regarding meetings and other events eligible for compensation and reimbursement.*

Director Davies reported the Personnel Committee met to review the per diem compensation rate for Directors and is recommending the rate be reduced to \$100 per day. Director DeMeo expressed her support of reducing the rate to \$100 per day.

Mr. Bebee noted the item includes clarifying meetings subject to per diem compensation and suggested the Board consider including meetings between the Board President and the General Manager.

MOTION: Director Davies moved to adopt Ordinance No. 341 decreasing the amount of per diem compensation to \$100 per day; Director McDougal seconded. Motion carried; VOTE:

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

MOTION: Director McDougal moved to adopt Resolution No. 4917, to include adding two meetings per month between the Board President and the General Manager to the list of approved meetings that do not require advance approval; Vice-President Gebhart seconded. Motion carried; VOTE:

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

#### I. POTENTIAL FUNDING FOR LOCAL SUPPLY DEVELOPMENT

Recommendation: *This item is for discussion only. No action is required.*

Mr. Shank explained the District is moving forward with the application process to secure funding from the Metropolitan Water District of Southern California's Local Resource Program through the San Diego County Water Authority (SDCWA).

Mr. Bebee added that the application must be completed before the start of construction of the Santa Margarita Conjunctive Use Project. In response to Director McDougal, Mr. Bebee stated the application must be processed through the SDCWA.

#### J. UPDATES TO "REGULATIONS FOR USE OF THE SANTA MARGARITA RIVER PROPERTY OWNED BY THE DISTRICT" ORDINANCE NO. 340

*Recommendation: That the Board adopt Ordinance No. 340 revising the “Regulations for Use of the Santa Margarita River Property Owned by the District” to add a new subsection to prohibit operating drones within the Santa Margarita River Property.*

Mr. Bebee explained Director Davies requested the ordinance that governs the “Regulations for Use of the Santa Margarita River Property Owned by the District” be revised to add a new subsection to prohibit operating drones within the property.

Mr. Bebee noted that drones are allowed on the property for public safety or with the District’s approval.

MOTION: Director Davies moved to adopt Ordinance No. 340 modifying the “Regulations for Use of the Santa Margarita River Property Owned by the District”; Director McDougal seconded. Motion carried; VOTE:

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

K. WATER MANAGEMENT AT HEYNEMAN PARK

*Recommendation: Approve the development of a policy for users with a community benefit discount based on their usage and an established water budget for the property.*

Mr. Bebee reported that staff performed an audit of water usage at Heyneman Park and found a leak in the irrigation system that was subsequently repaired. As a result, the community water usage program was reviewed and staff is recommending developing a policy to establish water budgets for community groups.

Discussion ensued, and the Board clarified Mr. Bebee would be developing a policy for consideration by the Board and brought back to the Board for approval prior to implementation.

MOTION: Director Davies moved to approve staff’s recommendation; Vice-President Gebhart seconded. Motion carried; VOTE:

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

L. POTENTIAL NOMINATION TO THE SAN DIEGO CHAPTER OF THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD

*Recommendation: Staff supports the Board’s direction.*

Mr. Bebee announced the San Diego Chapter of the California Special Districts Association is recruiting nominations for two positions on their Board.

President Wolk noted the nomination form is in the Board packet and is due next week.

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

1. General Legal Counsel

- Mrs. de Sousa Mills provided an update on legislation affecting water districts. Mrs. de Sousa Mills reported that SB 5 would be on the June 2018 ballot. SB 5 is a \$4 billion bond for water and park projects, and \$10 million is earmarked for the Santa Margarita River.

2. SDCWA Representative

- Mr. Bebee pointed out that Dr. Brady's report included a letter from Eastern Municipal Water District supporting a cooperative approach between MWD and SDCWA.
- Director Davies requested that Dr. Brady provide an executive summary of topics impacting the District. Mr. Bebee stated he would ask Dr. Brady to include key issues for the District in his reports.

3. Acting General Manager

- Mr. Bebee reported a draft letter from the Department of Navy was received that approved the settlement for the Santa Margarita River Conjunctive Use Project. Additionally, SRF funding is expected once the water rights issues are resolved.
- Mr. Bebee reported staff is working on the presentation for the November 15, 2017 meeting on rates that will be reviewed by the Fiscal Policy & Insurance Committee on November 13.
- Mr. Bebee reported the next Village News ad would identify water sources and costs to ratepayers.

4. Assistant General Manager/Chief Financial Officer

- Mr. Shank noted the Fiscal Policy & Insurance Committee provided direction on enhancing the budget status report moving forward. The goal is to have the new format for the Board in January.
- Mr. Shank reported the audit would be reviewed by the Fiscal Policy & Insurance Committee on November 13 and submitted to the Board on November 15.

5. Public Affairs Specialist

- Mrs. Denke provided an update concerning the Prop 218 Notice sent to ratepayers and recent presentations made at local schools.

6. Notice of Approval of Per Diem for Meetings Attended

7. Director Comments/Reports on Meetings Attended

- President Wolk suggested projects be removed from the Engineering Report when completed.
- President Wolk inquired on the status of the bid that was returned to staff for reprocessing for purchase of a truck with an aluminum body instead of a steel body.

8. Log of Board Requests

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 5:25 p.m. following an oral announcement of Closed Session Item VI., 1. by Mrs. de Sousa Mills.

**VI. CLOSED SESSION**

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS PER GC § 54956.8:

PROPERTY: 1492 NORTH STAGECOACH LANE, FALLBROOK, CA  
AGENCY NEGOTIATORS: JACK BEBEE, JEFF MARCHAND  
NEGOTIATING PARTIES: BRUCE E. SCHWANDT, TRACEY L. SCHWANDT  
UNDER NEGOTIATION: TERMS

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:05 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.



**VII. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Wolk adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:07 p.m.

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

ATTEST:

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

Minutes of the October 31, 2017 Special Board  
Meeting

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

**MINUTES**

**TUESDAY, OCTOBER 31, 2017  
8:00 A.M.**

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

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**I. PRELIMINARY FUNCTIONS**

**CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM**

President Wolk called the Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 8:00 a.m. A quorum was established with attendance as follows:

**Board of Directors**

**Present:** Charley Wolk, Member / President  
Al Gebhart, Member / Vice-President  
Milt Davies, Member  
Jennifer DeMeo, Member  
Don McDougal, Member

**Absent:** None

**District Staff**

**Present:** Ace Rule, Human Resources Manager

**Also present were others, including, but not limited to:** There were no others present.

**PLEDGE OF ALLEGIANCE**

President Wolk led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

The agenda was approved as submitted.

**PUBLIC COMMENT**

There were no comments from members of the public.

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 8:15 a.m. for discussion of Closed Session Item II. 1., following an oral reading of the item.

**II. CLOSED SESSION**

**1. PUBLIC EMPLOYEE APPOINTMENT PER GC § 54957:**

TITLE: GENERAL MANAGER (RECRUITMENT OF GENERAL MANAGER DUE TO RETIREMENT OF THE GENERAL MANAGER ON JANUARY 12, 2018)

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 11:05 a.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

As to Closed Session Agenda Item II. 1., by Motion of Director McDougal, Seconded by Director Davis, the Board unanimously voted to select Bob Murray & Associates to provide executive recruitment services for the position of general manager due to the retirement of the current general manager on January 12, 2018.

**III. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Wolk adjourned the Special Meeting of the Board of Directors of the Fallbrook Public Utility District at 11:20 p.m.

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

ATTEST:

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

Minutes of the November 15, 2017 Special Board  
Meeting and Public Comment and Information  
Meeting

**FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING AND  
PUBLIC COMMENT AND INFORMATION MEETING**

**MINUTES**

**WEDNESDAY, NOVEMBER 15, 2017  
6:00 P.M.**

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

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**I. PRELIMINARY FUNCTIONS**

**CALL TO ORDER / ROLL CALL/ ESTABLISH A QUORUM**

President Wolk called the Special Board Meeting and Public Comment and Information Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 6:03 p.m. A quorum was established and attendance was as follows:

**Board of Directors**

**Present:** Charley Wolk, Member / President  
Al Gebhart, Member / Vice-President  
Milt Davies, Member  
Jennifer DeMeo, Member  
Don McDougal, Member

**Absent:** None

**District Staff**

**Present:** Lutfi Kharuf, General Legal Counsel  
Jack Bebee, Acting General Manager  
David Shank, Assistant General Manager / Chief Financial Officer  
Mavis Canpinar, Customer Service Representative I  
Jason Cavender, System Operations Manager  
Mick Cothran, Drought Management Coordinator  
Noelle Denke, Public Affairs Specialist  
Kelly Laughlin, Administrative Office Specialist  
Jeff Marchand, Engineering Supervisor  
Mary Lou West, Secretary

**Also present were others including, but not limited to, the following:** Charles Bertolino, Debbie McCain, Gary Hesser, Al Erikson, Michael Summers, Michael McGuire, Alan Geraci, Dan Coxe, Ryan Promack, Mary Cicernelle, David Promack, John Merkel, Janet Kennington, Jimmy Aivaliotis, Larry Sinagub, Connor DeCuir, Jeanne Meadow, Roger Milner, Dale Kaye, Bruce Helbert, Nick Stamos, Jill Pettigrew, Robert Landes, Barbara



Jarnes, Jason Burgess, Belinda Maxwell, Pat Bennie, and Sanjay Gaur, Vice-President of Raftelis Financial Consultants, Inc.

#### PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance.

#### APPROVAL OF AGENDA

**MOTION:** Vice-President Gebhart moved to approve the agenda as presented; Director Davies seconded. Motion carried; **VOTE:**

**AYES:** Directors Davies, DeMeo, Gebhart, McDougal, and Wolk

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

#### PUBLIC COMMENT

President Wolk invited comments from members of the public on items not identified in the agenda and within the subject matter jurisdiction of the Board.

There were no comments from members of the public.

## **II. OPEN SESSION -----(ITEM A)**

### **A. ACCEPTANCE OF AUDIT FOR FISCAL YEAR 2016-17**

***Recommendation:** That the Board accept the audited financial statements for FY 2016-17 as recommended by the Fiscal Policy & Insurance Committee.*

Mr. Shank reported that Macias Gini & O'Connell, LLP, an independent accounting firm, completed the audit for fiscal year 2016-17. Mr. Shank provided an overview of highlights from the report noting the operating loss grew slightly from \$1.8 million to \$2.6 million and cash and investments decreased from \$15.9 million to \$14.1 million. Mr. Shank added the Fiscal Policy & Insurance Committee met with the auditors several times and has reviewed the report and is recommending acceptance of the audit for fiscal year 2016-17.

**MOTION:** Vice-President Gebhart moved to approve staff's recommendation to accept the audited financial statements for FY 2016-17 as recommended by the Fiscal Policy & Insurance Committee; Director McDougal seconded. Motion carried; **VOTE:**

**AYES:** Directors Davies, DeMeo, Gebhart, McDougal, and Wolk

NOES: None  
ABSTAIN: None  
ABSENT: None

**III. PUBLIC COMMENT AND INFORMATION------(ITEM B)**

**B. PUBLIC WORKSHOP ON PROPOSED WATER, SEWER & RECYCLED WATER RATES**

President Wolk announced that staff would provide a presentation of the rationale behind the water, sewer, and recycled water rates as proposed followed by a presentation by Raftelis Financial Consultants, Inc., with an overview of the fiscal analysis developed to ensure compliance with the requirements of Proposition 218. Following the presentations, members of the public will have the opportunity to provide comments. President Wolk emphasized that all comments from members of the public are encouraged.

Acting General Manager Jack Bebee provided a slide show presentation titled, "Rate Study—What is Driving Rate Increases." Following Mr. Bebee's presentation, Sanjay Gaur, Vice President of Raftelis Financial Consultants, Inc., provided a slide show presentation of an overview of the rate setting process, financial plan development, and proposed rates.

Following the presentations, President Wolk invited members of the public to the podium to present their comments.

The following members of the public stepped to the podium and provided comments on the proposed water, sewer, and recycled water rates: Charles Bertolino, Debbie McCain, Gary Hesser, Michael Summers, Michael McGuire, Alan Geraci, Dan Coxe, Ryan Promack, Mary Cicernelle, David Promack, John Merkel, Jimmy Aivaliotis, Larry Sinagub, Connor DeCuir, Jeanne Meadow, Roger Milner, Dale Kaye, Bruce Helbert, Nick Stamos, Jill Pettigrew, Robert Landes, Jason Burgess, Belinda Maxwell, and Pat Bennie.

**IV. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Wolk adjourned the Special Board Meeting and Public Comment and Information Meeting of the Board of Directors of the Fallbrook Public Utility District at 8:11 p.m.

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

ATTEST:

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

**M E M O**

**TO:** Board of Directors  
**FROM:** Soleil Develle, Engineering Technician III   
**DATE:** December 11, 2017  
**SUBJECT:** Smith Quitclaim Request; Resolution No. 4918

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Purpose

Request the Board to quitclaim unneeded portion of easement to the landowner.

Summary

As part of the planning for the Beaver Creek pipeline replacement project, it was determined that the portion of the pipeline that crosses the Smith's property (2203 Gumtree Lane, APN 105-180-91) should be relocated to their dirt road. This location will provide better access to the pipeline in the future. The Smiths granted a new easement for the new pipeline alignment and the pipeline project is completed. They are now requesting the District quitclaim that portion of the easement that is no longer needed. Staff has determined the portion of the easement the Smiths are requesting to be quitclaimed will not be required in the future.

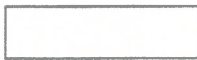
Recommended Action

That the Board approve the attached quitclaim and the adoption of Resolution No. 4918.

BEAVERCREEK PIPELINE REPLACEMENT  
2203 GUMTREE LANE - QUITCLAIM SUMMARY MAP



MAP BY: SOLEIL DEVELLE  
DATE: 11/2/2017



PROPOSED QUITCLAIM



NEW EASEMENT GRANTED



**RESOLUTION NO. 4918**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT GRANTING A QUITCLAIM  
OF A PORTION OF AN EASEMENT TO THE PROPERTY OWNER**

\* \* \* \* \*

**WHEREAS**, the Smith Family Trust is the current property owner of APN# 105-180-91 located within the Fallbrook Public Utility District's boundaries; and

**WHEREAS**, the District relocated a pipeline that crosses APN# 105-180-91. As part of the pipeline relocation project, the property owner granted the District a new easement through APN# 105-180-91 to facilitate the project.

**WHEREAS**, there is an existing easement through APN# 105-180-91 that is no longer needed by the District now, or in the future, and was replaced with the new easement granted by the property owner as part of the pipeline relocation project.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Board of Directors of the Fallbrook Public Utility District approves the property owner's request that the District quitclaim a portion of the easement through APN# 105-180-91 to the property owner as more fully described in Exhibit A.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 11<sup>th</sup> day of December, 2017, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

## **EXHIBIT "A"**

QUITCLAIM OF A 20 FOOT WIDE EASEMENT RECORDED APRIL 21<sup>ST</sup> 1939, IN BOOK 883, AT PAGE 497, UNDER DOCUMENT NUMBER 17705 OF OFFICIAL RECORDS, IN SAN DIEGO COUNTY, STATE OF CALIFORNIA THE SAID EASEMENT TO BE QUITCLAIMED BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A STRIP OF LAND 20 FEET IN WIDTH THROUGH THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 9 SOUTH, RANGE 3 WEST OF THE SAN BERNADINO BASELINE AND MERIDIAN, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH LINE OF SAID NORTHEAST QUARTER OF SAID SECTION 20, DISTANT NORTH 89°56'30" EAST 172.83 FEET FROM THE NORTHEAST CORNER THEROF; THENCE SOUTH 2°40'30" WEST 1153.30 FEET; THENCE SOUTH 24°05' WEST 192.00 FEET; THENCE SOUTH 0°57' WEST 8.00 FEET TO THE SOUTH LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 20.

EXCEPTING THEREFROM THOSE PORTIONS LYING WITHIN THAT CERTAIN EASEMENT GRANTED TO THE FALLBROOK PUBLIC UTILITY DISTRICT, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, RECORDED ON DATE: APRIL 22, 2016, AS DOCUMENT NO. 2016-0188523 OF OFFICIAL RECORDS.

**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, Acting General Manager, JRB  
**DATE:** December 11, 2017  
**SUBJECT:** Notice of Completion – Beaver Creek Pipeline Replacement – Job 2980

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Purpose

File Notice of Completion of the Beaver Creek Pipeline Replacement Project with the San Diego County Recorder.

Summary

The contract for the Beaver Creek Pipeline Replacement Project – Job 2980 was completed on November 21, 2017. The contract was awarded to J.R. Filanc Construction Company, Inc. The final total contract amount was \$1,484,557.38. The budgeted project amount was \$1,446,000, which included the installation of 16" CML&C steel replacement pipe along Beaver Creek Lane and Frolic Way, across an easement to Gumtree Lane, and the relocation and replacement of the Gumtree Lane Pressure Station.

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  
Post Office Box 2290  
Fallbrook, CA 92088-2290

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**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 92088.
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	PO Box 2290, Fallbrook, CA 92088-2290

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	

7. The work of improvement on the property hereinafter described was completed on November 21, 2017.
8. The name of the original contractor, if any, for the work of improvement was: **J.R. Filanc Construction Company, Inc.**  
The kind of work done or material furnished was for the **BEAVERCREEK PIPELINE REPLACEMENT.**
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: intersection of Daily Drive and Lynda Lane.
10. The street address of the said property is: Northerly along Breavercreek Lane, intersecting with Alvarado Street and North along Frolic Way, continuing to Gumtree Lane.

DATED: December 12<sup>th</sup> 2017

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Jack Bebee, Acting General 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 October \_\_\_\_\_, 2017, at Fallbrook, California.

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Signature

## M E M O

**TO:** Board of Directors  
**FROM:** Jack Bebee, Acting General Manager, JAB  
**DATE:** December 11, 2017  
**SUBJECT:** Recommendation for Approval of Settlement Agreement  
Santa Margarita River Conjunctive Use Project Update  
Resolution No. 4919

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Purpose

To request that the Board authorize the execution of the Settlement Agreement between the United States and the District, and its filing with the Federal Court for approval. The Settlement provides for the District and Camp Pendleton to proceed with the Santa Margarita River Conjunctive Use Project and dismiss their litigation claims against each other.

Summary

After many decades, a successful conclusion to the long-standing litigation between the District and Camp Pendleton has been reached. This is a major achievement.

Implementation of the Santa Margarita River Conjunctive Use Project (SMRCUP) resolves the 66-year old water rights litigation between Camp Pendleton and the District, secures additional local water supplies to help provide additional water supplies during a drought, and provides the District a buffer from escalating imported water costs. The project includes facilities to be constructed by Camp Pendleton that are within its boundaries and facilities to be constructed by the District that are within the District boundaries. Figure 1 shows the facilities to be constructed by the District for the project.

The environmental permitting is complete for the project and the EIR was certified by the Board on September 26, 2016.

The water rights permit process is being finalized by the State Water Resources Control Board (SWRCB). It will modify the existing permits and license now jointly held by the District and Camp Pendleton to enable their use for this project. It is anticipated that the necessary water right approvals will be issued in the next several months. The funding through the State Revolving Fund (SRF) for the District's new water treatment plant and associated distribution facilities has been arranged and will be finalized once the water rights permits are finalized.

The design of the water treatment plant and distribution facilities is complete. Pre-qualification of contractors and solicitation for a construction manager will be initiated after the first of the year. Camp Pendleton has begun construction of its facilities, which are being funded through a federal appropriation for a total cost of \$47 million. Construction of District facilities is anticipated to be initiated in 2018 and take approximately two years to complete.

District facilities will be funded by a \$45 million SRF loan that has a 20-year term and an interest rate of approximately 1.85%.

### Settlement Agreement

In 1951 the Federal Government sued all water users in Fallbrook, claiming it had water rights superior to those of Fallbrook, and as a federal military installation, was not required to comply with state water law. This case, United States v. Fallbrook PUD, is the oldest unresolved water rights litigation in California. In 1966 a Modified Final Judgment and Decree was issued by the Federal Court, which required the U.S. Government and the District to develop a physical solution to address the water rights dispute on the Santa Margarita River. For over 66 years, the residents of Fallbrook and the District have been seeking to resolve this dispute to be able to develop a local water supply. After many years of unsuccessful negotiations, that physical solution, the SMRCUP and the local water supply it will provide, is now within a few years of being a real, functioning project.

This final settlement was achieved by District staff and District water counsel Martha Lennihan, working with Camp Pendleton and its advisors. It was approved by the United States Department of Navy on November 8, 2017. It has been reviewed by the Santa Margarita Watermaster, who has indicated that he will support it in his role as advisor to the Federal Court. If approved by the District Board, it will be filed by the District and the U.S. Department of Justice for the required approval by the Federal Court.

The proposed final settlement agreement is included in Attachment 2. The key aspects of this settlement are:

1. The District would receive on an average annual basis an estimated amount of 3,100 AFY of Santa Margarita River water from Camp Pendleton.
2. The amount of water to be delivered each year varies based on the measured flow of water in the river on an annual basis.
3. The District would only pay Camp Pendleton for the cost to pump and deliver this water after it is pumped from the ground.
4. The District has the first right of refusal for any excess water from the project. Any excess water would be at a price less than the imported water costs from SDCWA. The framework of this agreement establishes a long-term mutually beneficial partnership between the District and Camp Pendleton Marine Corps Base.
5. Based on analysis conducted by Raftelis Financial Consultants, the project will save the District and the Community it serves approximately \$10 million over 10 years in water costs.

### Recommended Action

That the Board authorize the Board President and District water counsel to execute the Settlement Agreement substantially in the form of Attachment 2<sup>1</sup>, and its filing with the Federal Court for approval, and adopt Resolution No. 4919.

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<sup>1</sup> This allows for non-substantive changes only.

Attachment 1



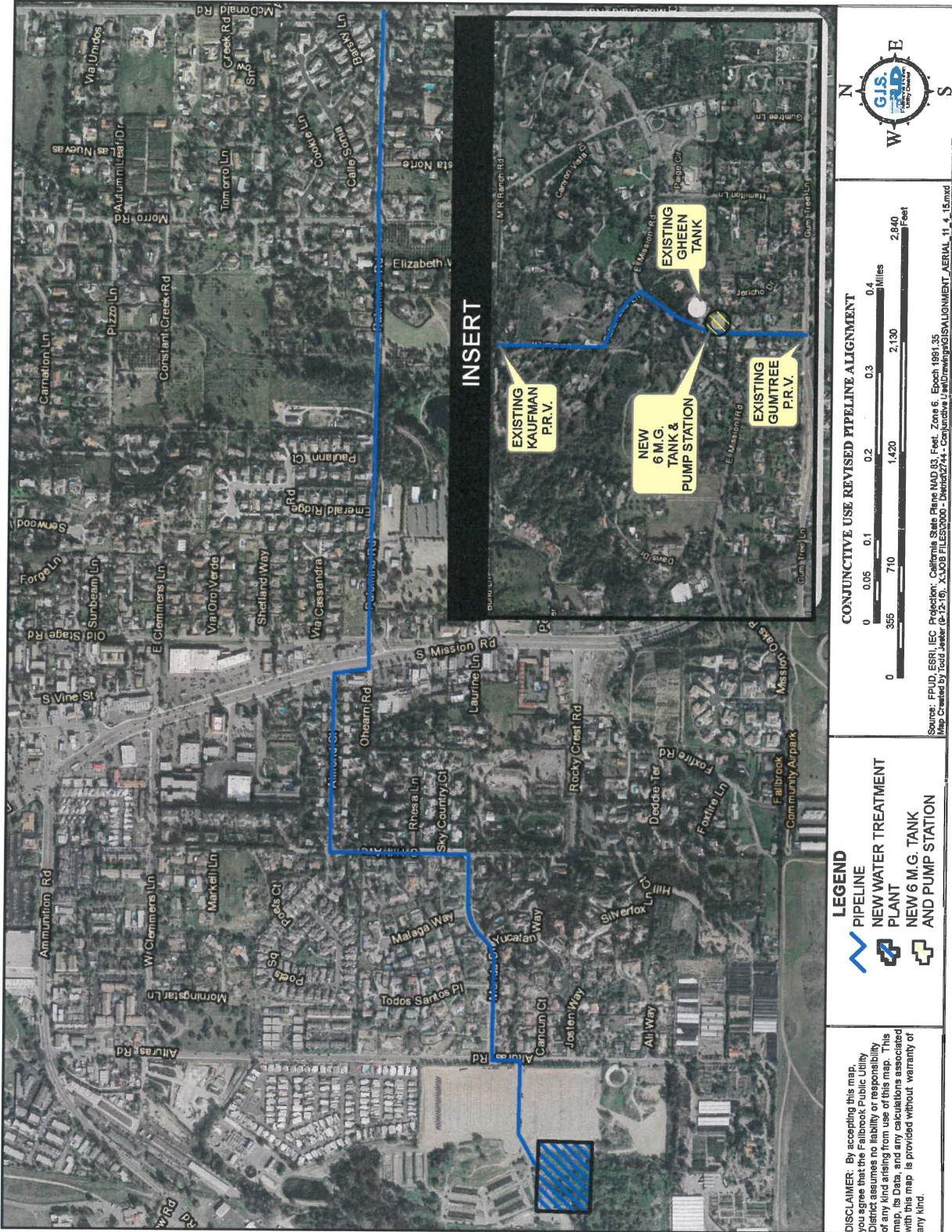


Figure 1 – District SMRCUP Facilities

Attachment 2

1 BRUCE D. BERNARD (CO 12166)  
Natural Resources Section  
2 Environment & Natural Resources Division  
UNITED STATES DEPARTMENT OF JUSTICE  
3 999 18<sup>th</sup> Street, South Terrace - Suite 370  
Denver, Colorado 80202  
4 Telephone: (303) 844-1361

5 Email: bruce.bernard@usdoj.gov

6 Attorney for Plaintiff UNITED STATES OF AMERICA

7 MARTHA H. LENNIHAN (SBN 122478)  
LENNIHAN LAW  
8 6645 Garden Highway  
Sacramento, California 95837  
9 Telephone: (916) 799-4460

10 Email: mlennihan@lennihan.net

11 Attorney for Defendant FALLBROOK PUBLIC UTILITY DISTRICT

12  
13 IN THE UNITED STATES DISTRICT COURT  
14 FOR THE SOUTHERN DISTRICT OF CALIFORNIA  
15

16 UNITED STATES OF AMERICA,	)	Case No. 51-1247-GPC-RBB
	)	
17 Plaintiff,	)	<b>STIPULATION OF SETTLEMENT</b>
	)	
18 vs.	)	
	)	
19 FALLBROOK PUBLIC UTILITY	)	
DISTRICT, et al.,	)	
	)	
20 Defendants.	)	
	)	
21	)	
22	)	

23 **SANTA MARGARITA RIVER**  
24 **CONJUNCTIVE USE PROJECT AGREEMENT**  
**AND STIPULATION OF SETTLEMENT**

25 This Santa Margarita River Conjunctive Use Project Agreement and Stipulation of  
26 Settlement (“Settlement”), effective as of the Effective Date, is entered into by and between  
27 Fallbrook Public Utility District, a California municipal utility district (“FPUD”), and the United  
28 States of America (“United States”), acting on behalf of and binding, as well as acting by and

1 through, its Department of the Navy, and the United States Marine Corps, for the benefit of the  
2 Marine Corps Base, Camp Pendleton (“MCB CPEN”). FPUD and the United States, including  
3 without limitation its subsidiaries the Department of the Navy, the United States Marine Corps,  
4 and MCB CPEN, are sometimes hereinafter referred to each as a “Party” and collectively as the  
5 “Parties.” Terms not defined herein shall be as defined in Exhibit 1 hereto. The Form of Joint  
6 Motion for Approval of Settlement and Order of Dismissal is attached as Exhibit 2 hereto.

7  
8 **RECITALS**

9 A. MCB CPEN, a military facility established in 1942, is one of the largest  
10 U.S. military bases, encompassing approximately 125,000 acres and 200 square miles in San  
11 Diego County, is the only amphibious military base on the West coast, and is part of a larger Naval  
12 Enclave, which includes the Marine Corps Air Station Camp Pendleton, the United States Naval  
13 Hospital Camp Pendleton, and the Naval Weapons Station, Seal Beach Detachment, Fallbrook  
14 (NWS Fallbrook) (collectively, “Naval Enclave”).

15 B. MCB CPEN, as part of the Naval Enclave, employs military and civilian  
16 personnel, provides housing and training facilities for units of the United States Armed Forces, and  
17 provides the full spectrum of logistic support to units of the United States Marine Corps.

18 C. FPUD, a public entity formed in 1922 under California Public Utilities  
19 Code, Division 7, has its principal place of business in the community of Fallbrook, which is  
20 contained within the unincorporated area of northern San Diego County.

21 D. FPUD provides water and wastewater services to its residents and  
22 businesses in the FPUD service area as it changes from time to time, in and around the community  
23 of Fallbrook (FPUD Service Area.)

24 E. The Santa Margarita River is formed at the confluence of Murrieta Creek  
25 and Temecula Creek at a location referred to as the “Gorge,” which separates the Upper Basin  
26 from the Lower Basin of the Santa Margarita River Watershed. MCB CPEN and FPUD are the  
27 last significant water users on the lower Santa Margarita River and both entities are located in part  
28 within the lower end of the watershed. A vicinity map depicting the FPUD Service Area and the



1 southern portion of MCB CPEN along the Santa Margarita River is attached as Exhibit 3 hereto.

2 F. MCB CPEN, the furthest downstream water user on the Santa Margarita  
3 River, occupies lands encompassing the lower Santa Margarita River and its tributaries from the  
4 mouth of the river upstream towards Fallbrook, and relies on the natural aquifer system associated  
5 with the Santa Margarita River to satisfy the majority of its water requirements for the southern  
6 portion of MCB CPEN (see Exhibit 3).

7 G. FPUD is located immediately upstream of the Naval Enclave, and relies  
8 almost entirely upon imported water from the San Diego County Water Authority (SDCWA) to  
9 satisfy its water requirements.

10 H. There has been longstanding litigation in the above-captioned matter  
11 between United States and FPUD over the rights to use the water of the Santa Margarita River. On  
12 January 25, 1951, the United States of America filed Complaint No. 1247 in the United States  
13 District Court for the Southern District of California to seek a judicial determination of all  
14 respective water rights within the Santa Margarita River Watershed (the "Litigation"). In addition  
15 to FPUD, there are numerous other defendants named in the Litigation. A Final Judgment and  
16 Decree was entered in the Litigation on May 8, 1963, and appealed to the U. S. Court of Appeals.  
17 A Modified Final Judgment and Decree was entered on April 6, 1966 ("1966 Modified Final  
18 Judgment and Decree"), the terms of which are incorporated herein by reference. Among other  
19 things, the 1966 Modified Final Judgment and Decree provided that the Court:

20 . . . retains continuing jurisdiction of this cause as to the use of all surface waters within the  
21 watershed of the Santa Margarita River and all underground or sub-surface waters within  
22 the watershed of the Santa Margarita River, which are determined in any of the constituent  
23 parts of this Modified Final Judgment to be part of the sub-surface flow of any specific  
24 river or creek, or which are determined in any of the constituent parts of this Modified  
25 Final Judgment to add to, contribute to, or support the Santa Margarita River stream  
26 system.

27 I. In March 1989, the Court issued an Order appointing a Watermaster (the  
28 "Watermaster") to administer and enforce the provisions of the 1966 Modified Final Judgment and  
Decree and subsequent orders of the Court. The appointing Order described the Watermaster's  
powers and duties as well as procedures for funding and operating the Watermaster's office.

1 J. This Settlement applies to and resolves all of the currently pending claims in  
2 the Litigation between the United States on one hand and FPUD on the other hand (this subset of  
3 the Litigation is referred to herein as the “Resolved Claims”), but not claims by the other parties to  
4 the Litigation or by the United States or FPUD against other parties to the Litigation.

5 K. It is in the best interests of both the United States and FPUD to reach  
6 settlement and resolve these claims in the manner set forth herein.

7 L. The Parties desire to settle the Resolved Claims, and to develop a project  
8 that builds on and enhances the existing Santa Margarita River diversion, extraction, storage and  
9 delivery facilities, including the storage provided by the Santa Margarita River related aquifers  
10 underlying MCB CPEN. This project will provide a local water supply, as well as additional  
11 benefits, to both Parties.

12 M. The Santa Margarita River Conjunctive Use Project, as described herein  
13 (“CUP” or “Project”), is the “physical solution” to the Litigation over the rights to use the water of  
14 the Santa Margarita River. The United States and FPUD acknowledge that the Santa Margarita  
15 River is a Southern California river typified by long dry periods and short wet periods, that the  
16 river, with and without the Project, does not provide a sufficient supply of water to fully satisfy  
17 both Parties’ requirements, and that this settlement will improve, but not entirely resolve, that  
18 circumstance. The Project is designed to increase the capacities and capabilities of existing  
19 facilities, to construct new facilities, and to enhance the ability to divert, store, and deliver water  
20 from the lower Santa Margarita River for the benefit of both Parties.

21 N. FPUD desires to reduce its reliance on imported water supplies by the  
22 development of additional local water supply, which supply can be afforded via the CUP. FPUD  
23 has for decades contributed imported water return flow to the water supply diverted and used by  
24 MCB CPEN. FPUD anticipates that it will continue to purchase imported water for use in its  
25 service area. Return flow from this imported water that is tributary to the lower Santa Margarita  
26 River flow into MCB CPEN will contribute to the water supply of the CUP.

27 O. SDCWA annexed the majority of the area of MCB CPEN which conferred  
28 to MCB CPEN (with certain geographic exceptions) an entitlement to imported water from the

1 SDCWA, but MCB CPEN lacks an adequate means for delivery of its imported water to MCB  
2 CPEN, and desires a usable connection to the SDCWA imported water aqueduct system, through  
3 FPUD's water delivery system, to enable MCB CPEN to access imported water for improved  
4 drought protection when needed on the southern portion of MCB CPEN.

5 P. MCB CPEN and FPUD each have water rights to the Santa Margarita River,  
6 and intend, as described herein, to exercise those rights for purposes of providing the water  
7 supplies to the Parties as set forth herein, and to share title to the water rights to align their  
8 interests, avoid competition between the Parties, and facilitate efficient Project development and  
9 operation on a long term basis. Some of these water rights were held by the United States  
10 Department of the Interior, Bureau of Reclamation (BUREC) for benefit of the Parties who  
11 originally applied for and obtained the water right permits, in anticipation that BUREC would  
12 construct and operate a prior version of the Project. The Project as presently contemplated is being  
13 constructed and operated by MCB CPEN and FPUD. BUREC has transferred those rights,  
14 specifically Water Right Permit Nos 8511 (Application 11587), 11357 (Application 12179), and  
15 15000 (Application 21471B), back to the U.S. Department of the Navy and FPUD as co-  
16 permittees, consistent with the provisions of this Settlement.

17 Q. The United States' Marine Corps Headquarters and MCB CPEN desire to  
18 maintain autonomy in owning and operating water diversion, treatment, storage, and delivery  
19 facilities on the Naval Enclave. In order to satisfy this goal, while sharing the Project Yield  
20 diverted in reliance on both Parties' water rights, the Parties have agreed to a CUP design wherein  
21 each Party is responsible for separate ownership, operation, and all other aspects of the facilities in  
22 their respective jurisdictions, and wherein MCB CPEN will operate the Project facilities on MCB  
23 CPEN to provide water to the southern portion of MCB CPEN, and to reliably deliver to FPUD a  
24 base amount of the water produced by the Project, plus excess water when available, as more fully  
25 set forth below. The base amount to be delivered to FPUD will vary by hydrologic year type, as  
26 described in Article 3, including Tables A, B-1 and B-2, and Appendix A. The United States'  
27 Marine Corps Headquarters and MCB CPEN's goal of maintaining autonomy on the Naval  
28 Enclave, in lieu of the Parties' joint operation of a project on the Naval Enclave as previously

1 contemplated, resulted in the structure of this Settlement, and its focus on water deliveries to  
2 FPUD from water facilities owned and operated by MCB CPEN on the Naval Enclave. MCB  
3 CPEN will be entitled to all water produced by the Project other than that required to meet the  
4 delivery obligations to FPUD.

5 R. Because imported water is available to FPUD and storage in underground  
6 aquifers is available to MCB CPEN, and because the Parties have agreed to a delivery schedule  
7 based on the hydrologic water year type, the Parties have further agreed to a water banking system  
8 (Water Bank or Bank) that enhances MCB CPEN's ability to satisfy its water requirements under  
9 the Project and meet its delivery obligations to FPUD while managing and protecting the health of  
10 the underground aquifer. The Water Bank provides MCB CPEN with additional flexibility by  
11 creating another tool, in addition to the purchase of imported water, to satisfy its delivery  
12 obligations when the delivery of Project water is constrained. The Parties acknowledge that each  
13 will need to obtain funding to perform their obligations under this Settlement.

14 S. An Environmental Impact Statement and Report (EIS/EIR) under the  
15 National Environmental Policy Act (NEPA) and the California Environmental Quality Act  
16 (CEQA) has been prepared for the CUP. FPUD completed environmental review pursuant to  
17 CEQA, and certified the EIR as the CEQA lead agency. The Department of the Navy and  
18 BUREC, acting as co-lead agencies under NEPA, completed environmental review in accordance  
19 with their respective procedures. The requisite Record(s) of Decision have been issued.

20 T. The United States and FPUD intend the CUP to be the permanent solution to  
21 their longstanding dispute over their respective rights to use the waters of the Santa Margarita  
22 River and its tributaries, and desire to use the dispute resolution processes described herein to  
23 further the long term success of the CUP and to perpetuate the beneficial sharing of the Project  
24 Yield in the manner set forth herein.

25 U. The 1966 Modified Final Judgment and Decree provide, among other  
26 things, that the Court shall reserve continuing jurisdiction of the matters stated therein. Consistent  
27 with this, the Parties intend that to the maximum extent allowed by law, the Court in the Litigation  
28 shall retain indefinite subject matter and personal jurisdiction to enforce this Settlement and any

1 disputes pertaining to the Settlement, and that in the event the Court fails or declines for any  
2 reason whatsoever to accept or assert jurisdiction to enforce this Settlement, any Party shall have  
3 the remedy to file a new action in the above Court to specifically enforce this Settlement as set  
4 forth below.

5  
6 **STIPULATION OF SETTLEMENT**

7 NOW, THEREFORE, in consideration of the mutual promises of the Parties and the terms  
8 and conditions set forth in this Settlement, the Parties hereto agree as follows:

9  
10 **ARTICLE 1**

11 **INCORPORATION OF RECITALS AND TERM OF SETTLEMENT**

12 1.1. Incorporation of Recitals. The above preamble and Recitals are incorporated herein  
13 by reference.

14 1.2. Term. This Settlement shall commence as of the Effective Date and shall only be  
15 terminated in accordance with the provisions of Article 8.

16  
17 **ARTICLE 2**

18 **PROJECT FACILITIES**

19 2.1. Project Description. The Parties have agreed upon the Santa Margarita Conjunctive  
20 Use Project, a proposed project that will enhance the yield of the Santa Margarita River's Lower  
21 Basin. The Project is being designed cooperatively by the Parties. BUREC and the Parties have  
22 also developed an EIS/EIR for the CUP, which describes the project and alternatives thereto. A  
23 list of the primary Project Facilities needed, and figures depicting the approximate locations  
24 thereof, is contained in Exhibit 4 hereto.

25 2.2. MCB CPEN Project Facilities.

26 2.2.1. MCB CPEN shall be fully responsible for the ownership, construction,  
27 operation, maintenance, repair, replacement, costs, liabilities, and Regulatory compliance of all  
28 Project facilities and features located on the Naval Enclave (excluding any Project facilities FPUD

1 may construct on NWS Fallbrook to deliver water from the FPUD Point of Delivery to the FPUD  
2 Service Area), to the FPUD Point of Delivery, as necessary and convenient to divert, store, and  
3 deliver to FPUD the FPUD Entitlement (“MCB CPEN Project Facilities”). A non-exhaustive  
4 description of the MCB CPEN Project Facilities is contained in Exhibit 4 hereto. Some of the  
5 MCB CPEN Project Facilities required for the Project are also required to support the southern  
6 portion of MCB CPEN’s existing and on-going water operations and water use, including, but not  
7 limited to: new inflatable type weir, O’Neill diversion ditch improvements, Recharge Ponds 6 and  
8 7 rehabilitation, Lake O’Neill rehabilitation, and additional and refurbished groundwater wells.  
9 Installation of a stream flow gage at the Point of Diversion, meeting industry standards, for the  
10 purpose of enabling actual measurements of flow, and calibrating the 50-year data to actual data, is  
11 part of MCB CPEN’s Project Facilities and installation of this gage shall occur as soon as  
12 practicable. The stream flow gage will measure: flow over the weir, diversions to the ditch, and  
13 bypass flows. The flow measurement device shall be calibrated at least annually by a qualified  
14 third party and a copy of the certificate of verification provided to both Parties. Additional MCB  
15 CPEN Project Facilities also needed include transmission piping and pump stations from the well  
16 field to and including the FPUD Turnout in Haybarn Canyon, and to the FPUD Point of Delivery.

17 2.2.2. MCB CPEN and FPUD shall each perform their obligations hereunder in a  
18 diligent manner consistent with Prudent Utility Practice.

19 2.2.3. MCB CPEN shall provide to FPUD notice that will afford FPUD the timely  
20 and reasonable opportunity for FPUD input regarding design and construction of those MCB  
21 CPEN Project Facilities for which FPUD will pay any of the costs of operation and maintenance  
22 (O&M), and repair and replacement (R&R) (these are also referred to as the “FPUD Delivery  
23 Facilities”). This provision of notice and input shall not be interpreted to reduce or otherwise alter  
24 MCB CPEN’s obligations under this Settlement. Both Parties shall endeavor to coordinate notice  
25 and input in a manner which will avoid any delay to construction.

26 2.3. FPUD Project Facilities. FPUD shall be fully responsible for the construction,  
27 operation, maintenance, repair, replacement, costs, liabilities, and Regulatory compliance of all  
28 Project Facilities located within the FPUD Service Area, as necessary and convenient to accept

1 delivery of, treat, and distribute for use the FPUD Entitlement described below (collectively,  
2 “FPUD Project Facilities”). A non-exhaustive description of the FPUD Project Facilities is  
3 contained in Exhibit 4 hereto. The Parties acknowledge and agree that FPUD’s ability to proceed  
4 with the Project and perform under this Settlement is contingent upon the availability of financing  
5 for capital related expenses including construction costs. FPUD may, at its election, receive  
6 Project water deliveries using existing FPUD facilities and/or limited additional FPUD facilities.  
7 To the extent that FPUD’s capacity to accept deliveries of Project water called for by this  
8 Settlement is limited, as described in Section 2.6.1, MCB CPEN’s obligation to deliver shall be  
9 correspondingly reduced for so long as the FPUD capacity restriction exists, and MCB CPEN shall  
10 not incur any obligation to make-up or otherwise pay for water that cannot be delivered to FPUD  
11 as a result of such capacity restriction.

12       2.4. Real Property. Each Party represents and warrants that it has or will timely obtain  
13 any real property interests necessary to carry out its duties and responsibilities under this  
14 Settlement.

15       2.5. Use of FPUD Facilities to Convey Water from the SDCWA for MCB CPEN.

16       2.5.1. Request and Consent. Upon reasonable advance notice to FPUD, MCB  
17 CPEN may request use of unused capacity in certain FPUD facilities (“FPUD Wheeling  
18 Facilities”, further described in Section 2.5.4 below) to convey to the boundary between FPUD and  
19 the NWS Fallbrook to MCB CPEN facilities at the Point of Delivery, without going through or  
20 receiving treatment at the FPUD treatment plant, imported water from SDCWA necessary for  
21 MCB CPEN to meet demand that otherwise cannot be met due to drought, a Force Majeure Event,  
22 or other on-Base need reasonably identified by MCB CPEN. Such water shall be purchased by  
23 MCB CPEN from SDCWA using MCB CPEN’s right(s) to SDCWA imported water supplies,  
24 which include but are not limited to delivery, allocation and preferential rights (MCB CPEN  
25 SDCWA Rights). FPUD shall make all reasonable good faith efforts to provide such capacity to  
26 convey imported water to MCB CPEN through the FPUD Wheeling Facilities, provided that there  
27 is no adverse effect to FPUD operations or deliveries of water within the FPUD Service Area. In  
28 the event FPUD does not deliver imported water to MCB CPEN as requested because of an

1 adverse impact on FPUD operations or deliveries of water within the FPUD Service Area, FPUD  
2 will endeavor to manage its system in a manner that will allow it to make capacity available for  
3 delivery of imported water to MCB CPEN at the soonest opportunity, provided that such delivery  
4 shall not be required if it would cause any adverse impact to FPUD operations or deliveries of  
5 water to the FPUD Service Area, as reasonably determined by FPUD. MCB CPEN shall ensure  
6 that the proposed conveyance of water from the SDCWA to MCB CPEN is in compliance with all  
7 applicable laws and this Settlement. Upon consent, the Parties shall cooperate in scheduling and  
8 each Party will operate their respective facilities to effect such conveyance in accordance with this  
9 Section 2.5.

10           2.5.2. Regulatory Compliance, Liabilities. MCB CPEN shall be solely responsible  
11 for Regulatory compliance with all applicable laws, water quality, liabilities, costs, expenses, and  
12 arrangements with the SDCWA and any other third parties, including scheduling and payment for  
13 the water delivered or to be delivered pursuant to this Section 2.5.

14           2.5.3. Payment. MCB CPEN shall pay to FPUD O&M and R&R for FPUD  
15 Wheeling Facilities used, plus a 15% administration surcharge on O&M, plus any additional costs  
16 or expenses actually incurred by or to FPUD, for each acre foot of SDCWA water wheeled to  
17 MCB CPEN. The O&M and R&R for wheeling shall be determined in a manner similar to the  
18 method used for the FPUD Delivery Facilities O&M and R&R (see Exhibit 5 hereto), except that  
19 all FPUD costs and expenses associated with such conveyance of water to MCB CPEN shall be  
20 reimbursed by MCB CPEN. Payments shall be made in accordance with Section 3.2.3 hereof.

21           2.5.4. FPUD Wheeling Facilities. FPUD Wheeling Facilities are those FPUD  
22 facilities, of whatever capacity, that exist at the time the water conveyance is needed and that are  
23 necessary and capable of conveying water from the SDCWA FPUD turnout(s) to the Point of  
24 Delivery. Those facilities include certain existing facilities as well as some FPUD Project  
25 Facilities, to the extent constructed and operable, and exclude treatment and storage facilities.  
26 FPUD shall have no obligation to construct additional facilities or other infrastructure, or to treat  
27 or store any water, pursuant to this Settlement for purposes of this MCB CPEN use. The Parties  
28 acknowledge that such wheeling will not be possible until the FPUD Delivery Facilities (which are



1 MCB CPEN Project Facilities) are constructed, and will be limited unless and until the proposed  
2 pipeline from the FPUD CUP WTP to Red Mountain Reservoir, as well as infrastructure to convey  
3 water from the SDCWA FPUD turnout(s) to the Point of Delivery, without going through the  
4 FPUD CUP WTP, are constructed and/or installed and in operation. This particular pipeline and  
5 infrastructure are FPUD Project Facilities that FPUD intends to construct or have constructed as  
6 part of FPUD Project development.

7           2.5.5. FPUD-NWS Fallbrook Agreement. The Parties recognize and agree that,  
8 absent NWS Fallbrook's agreement otherwise, FPUD's conveyance of water to NWS Fallbrook in  
9 accordance with the existing contract dated March 20, 1984, between the United States and FPUD  
10 for water transportation service, as it may be amended from time to time, takes precedence over  
11 any conveyance of water pursuant to Section 2.5.

12           2.6. Construction Delay or Interruption in Performance. The Parties acknowledge that  
13 there may be complexities regarding construction of the Project Facilities, including for example  
14 delays caused by problems obtaining funding. The Parties' intent is that the Project Facilities be in  
15 place and operational by the deadline established by the United States Congress, i.e., ten (10) years  
16 after the date of enactment of Pub. L. 111-11 (see Section 3.2.6.). This Section 2.6 addresses the  
17 possibility that in spite of diligent good faith efforts, which the Parties are obligated to make, one  
18 or both Parties are not able to fully construct their respective Project Facilities. Except where  
19 Section 10.3 (Force Majeure) applies, this Section 2.6 also applies in the event of a substantial  
20 interruption in making or receiving deliveries by the Parties.

21           2.6.1. FPUD. If FPUD is not able to construct all or a portion of the FPUD Project  
22 Facilities, or otherwise perform, in a manner that impairs its ability to take delivery of its full  
23 FPUD Entitlement as contemplated in this Settlement ("Limited FPUD Capacity"), then during the  
24 pendency and to the extent of such Limited FPUD Capacity:

25                   (a) MCB CPEN is entitled to use the Project Water that would otherwise  
26 have been, but cannot be, delivered to FPUD in accordance with Article 3;

27                   (b) MCB CPEN incurs no obligation to make up or otherwise pay for  
28 deliveries that cannot be made due to Limited FPUD Capacity; and

1 (c) The provisions for conveyance of SDCWA water to MCB CPEN  
2 shall remain in force, as set forth in Section 2.5 hereof.

3 2.6.2. MCB CPEN. If MCB CPEN is not able to construct or otherwise perform  
4 so as to enable it to deliver the full FPUD Entitlement to FPUD, when such deliveries are due  
5 pursuant to Section 3.2.6, then to the extent that FPUD is capable of taking delivery, and to the  
6 extent of the shortfall in delivery of Project Water to satisfy the FPUD Entitlement, MCB CPEN  
7 will provide in lieu SDCWA water to FPUD in accordance with Section 3.2.5 below.

8 2.6.3. Construction Coordination. The Parties shall coordinate to keep each other  
9 apprised of the status of their efforts to obtain funding and to construct facilities as contemplated in  
10 this Settlement. Information regarding any phasing of construction, and construction schedules,  
11 shall be shared between the Parties.

12  
13 **ARTICLE 3**

14 **ALLOCATION OF PROJECT YIELD**

15 3.1. MCB CPEN Entitlement. MCB CPEN shall be entitled to all Project Yield other  
16 than the water needed to satisfy the FPUD Entitlement. This is referred to herein as the MCB  
17 CPEN Entitlement.

18 3.2. FPUD Entitlement. FPUD Entitlement consists of the FPUD Base Entitlement and  
19 Excess Water as to which FPUD exercises the FPUD First Right to Purchase Excess Water. MCB  
20 CPEN determines whether there is any Excess Water, and the amount of that Excess Water, in  
21 accordance with Section 3.2.2 and other applicable provisions of this Settlement.

22 3.2.1. FPUD Base Entitlement. The Parties have agreed that the volume of water  
23 to be delivered to FPUD as its Base Entitlement will be determined based upon the hydrologic year  
24 type, as more fully set forth below including Tables A, B-1, and B-2 (hereafter the “FPUD Base  
25 Entitlement”). This FPUD Base Entitlement is predicated on the agreed upon long-term average  
26 annual delivery of 3,100 AFY, assuming the hydrology of the 50-year Period of Record, (water  
27 years 1952 through 2001). The actual amount of each year’s FPUD Base Entitlement will vary  
28 depending upon that year’s hydrologic condition. The long-term average annual amount may also

1 vary from 3,100 AFY, as a result of variation, if any, between the future hydrology and the  
 2 hydrology of the Period of Record. The Parties acknowledge and assume the respective risk that  
 3 the agreed upon amounts may vary annually and cumulatively from what they would have been  
 4 during the Period of Record, whether less or more.

5 MCB CPEN shall deliver the FPUD Base Entitlement to FPUD at the Point of Delivery. The  
 6 FPUD Base Entitlement shall be determined as follows:

7 (a) FPUD’s annual Base Entitlement will be based on the previous  
 8 October 1 through April 30 total stream flow at the Point of Diversion, before any diversions,  
 9 extractions, or bypasses at the Point of Diversion have occurred. This volume is referred to as  
 10 “Winter Flow.” The Winter Flow is calculated (or measured in the future when measurement  
 11 facilities are in place), and used to determine each year’s Hydrologic Condition (or Year Type) as  
 12 one of the following: Very Wet (VW), Above Normal (AN), Below Normal (BN), Very Dry (VD),  
 13 or Extreme Drought (ED).

14 The following Table A describes the relationship between Winter Flow at the Point of  
 15 Diversion and Hydrologic Condition.

17 **TABLE A**

Range of Winter Flow (AF)	HYDROLOGIC CONDITION Hydrologic Condition (Year Type)	Number of Years Hydrologic Condition Occurred During MY 1- 50
> 57,700	VW - Very Wet	9
57,699 to 14,700	AN - Above Normal	15
14,699 to 7,600	BN - Below Normal	14
< 7,599	VD - Very Dry	5
2 or more Very Dry Years in a row	ED – Extreme Drought	7

The “Extreme Drought” condition only occurs following the second consecutive Very Dry year. While there is a volumetric range for the VW, AN, BN, and VD year types, there is an antecedent condition (an immediately preceding Very Dry year) required for the Extreme Drought year type.

“MY” as used herein means model year, and refers to modeled future conditions based upon the 50-year Period of Record used for this Project. A more detailed description of the modeling upon which this is based, entitled “*Surface Water Modeling Supporting the MCB Camp Pendleton-Fallbrook Public Utility District Settlement Agreement*”, is contained in Appendix A to this Settlement.

(i) The Hydrologic Condition established based upon the October 1 through April 30 Winter Flow determines the FPUD Base Entitlement delivery schedule for the immediately following twelve month period, May 1 through April 30 (Delivery Year), in accordance with Table B-1. The monthly Base Entitlement delivery volume measured at the Point of Delivery ranges from 0 up to 740 acre-feet per month (AFM). MCB CPEN shall equalize the daily deliveries of FPUD Base Entitlement to the maximum extent feasible, in accordance with Table B-2.

**TABLE B-1**  
**MONTHLY DELIVERIES OF BASE ENTITLEMENT TO FPUD AT THE POINT OF**  
**DELIVERY**  
**(ACRE-FEET PER MONTH)**

Month	ED	VD	BN	AN	VW
May	0	0	60	600	740
June	0	0	60	600	650
July	0	0	60	500	550
August	0	0	60	400	450

1	September	0	0	60	300	350
2	October	0	0	150	230	350
3	November	0	0	150	230	400
4	December	0	115	150	360	500
5	January	0	115	150	450	550
6	February	0	115	150	455	590
7	March	0	115	150	495	590
8	April	0	120	100	500	600
9	Annual					
10	Total	0	580	1300	5120	6320

**TABLE B-2**  
**DAILY BASE ENTITLEMENT DELIVERIES (MGD)**

Month	ED	VD	BN	AN	VW	
17	May	0	0	0.6	6.3	7.8
18	June	0	0	0.7	6.5	7.1
19	July	0	0	0.6	5.3	5.8
20	August	0	0	1.6	4.2	4.7
21	September	0	0	1.6	3.3	3.8
22	October	0	0	1.6	2.4	3.7
23	November	0	0	1.6	2.5	4.3
24	December	0	1.2	1.6	3.8	5.3
25	January	0	1.2	1.6	4.7	5.8
26	February	0	1.3	1.7	5.3	6.9

1	March	0	1.2	1.6	5.2	6.2
2	April	0	1.3	1.1	5.4	6.5

3  
4  
5 (ii) If in the future, upon recommendation by the Technical  
6 Committee and approval by the Management Committee, it is determined that any changes should  
7 be made to the range of winter-time stream flow for any or all hydrologic year types, e.g., due to  
8 model calibration (see Appendix A), the number of years each hydrologic condition occurs, and  
9 the volume of water to be delivered to FPUD during those year types, must remain the same so as  
10 to be consistent with the Parties' agreement that the Base Entitlement to be delivered to FPUD is  
11 on average 3,100 AFY based upon the hydrology of the Period of Record.

12 (iii) MCB CPEN is developing, as part of the MCB CPEN Project  
13 Facilities, and will implement as part of its responsibility to manage the aquifers, an adaptive  
14 management plan (AMP) to monitor stream flow, habitat, groundwater levels, and pumping rates  
15 in order to determine how environmental and riparian conditions are being met. MCB CPEN will  
16 consult and coordinate with FPUD and keep FPUD fully apprised of the AMP and any proposed  
17 changes thereto, and will promptly provide FPUD with copies of all AMP reports, correspondence  
18 and other communications and documents. In a manner consistent with other provisions of this  
19 Settlement, MCB CPEN will use the AMP and other tools available to it to take actions as needed  
20 to maintain the aquifers and associated environment in good condition, and to facilitate MCB  
21 CPEN's ability to meet its resource stewardship and environmental compliance obligations. As  
22 part of this undertaking, based upon the model described in Appendix A hereto, and the AMP,  
23 MCB CPEN may periodically propose to FPUD adjustments to the total groundwater pumping  
24 from the aquifer that would shift the volume of water delivered to FPUD in one or more month(s)  
25 to another month(s), or one or more day(s) to other day(s) without reducing the annual Base  
26 Entitlement delivered or exceeding FPUD's capacity to take delivery of, store, and use the  
27 delivered water. The Parties shall coordinate regarding any such proposed delivery schedule  
28 changes, which FPUD shall endeavor to accommodate whenever reasonably feasible without

1 adverse impact to FPUD or its customers. MCP CPEN and FPUD shall coordinate to  
2 accommodate reasonable maintenance and repair activities. In the event that MCB CPEN makes  
3 CUP water available to FPUD in accordance with the agreed upon Base Entitlement delivery  
4 schedules set forth in Tables B-1 and B-2, and FPUD chooses not to take delivery in satisfaction of  
5 its Base Entitlement for reasons other than technical infeasibility (which infeasibility shall include  
6 maintenance and repair), MCB CPEN shall receive credit toward FPUD's Base Entitlement as if  
7 FPUD had accepted delivery.

8 (b) Payment.

9 (i) Payment Rate A for O&M and R&R. For each acre foot of  
10 FPUD Base Entitlement delivered to FPUD, FPUD shall pay to MCB CPEN the FPUD Delivery  
11 O&M rate, the administrative surcharge, and the FPUD Delivery R&R rate described in  
12 subsections (1) - (3) below, for use of the FPUD Delivery Facilities (which are the MCB CPEN  
13 Project Facilities from the FPUD Turnout to the FPUD Point of Delivery). This payment rate is  
14 sometimes referred to in this Settlement as Payment Rate A. Exhibit 5 hereto provides more detail  
15 regarding the manner in which Payment Rate A is determined.

16 (1) The O&M rate shall be the reasonable and actual  
17 operation and maintenance costs for the FPUD Delivery Facilities, based upon actual Project  
18 Water deliveries to FPUD.

19 (2) FPUD shall pay an additional fifteen percent (15%) of  
20 the above O&M payment, in payment of its portion of administrative costs.

21 (3) The R&R rate is based upon the capital cost of the  
22 FPUD Delivery Facilities divided by their expected useful life, divided by the projected average  
23 annual volume of FPUD Base Entitlement plus the projected average annual volume of imported  
24 water wheeled to MCB CPEN for those facilities that will be used for wheeling pursuant to Section  
25 2.5. The R&R Rate for FPUD Delivery Facilities required to lift or pump Project Water is based  
26 on an average annual delivery of 3,100 AFY. The R&R Rate for FPUD Delivery Facilities used to  
27 convey both Project Water and imported water between the FPUD Turnout and the Point of  
28 Delivery is based on an average annual delivery of 3,350 AFY. (See Exhibit 5). This denominator

1 will be re-evaluated every ten (10) years commencing on the Effective Date, or more frequently as  
2 determined by the Technical Committee, to ensure that it roughly approximates the actual use of  
3 these facilities. This rate is not based upon actual R&R costs, which will be paid by MCB CPEN  
4 regardless of whether they are lesser or greater than the R&R paid by FPUD.

5 (4) No other Project (or non-Project) costs shall be  
6 included in Payment Rate A.

7 (ii) Payments shall be made annually in accordance with Section  
8 3.2.3.

9 3.2.2. FPUD First Right to Purchase Excess Water. Water that is or could be  
10 produced by the Project each year in excess of the sum of MCB CPEN Annual Demand plus  
11 FPUD Base Entitlement, shall be declared as Excess Water. MCB CPEN shall reasonably  
12 determine the amount of Excess Water, if any. FPUD has an exclusive First Right to purchase  
13 Excess Water as set forth herein. The Parties will cooperate in good faith to enable exercise of this  
14 right for purchase and delivery of Excess Water to FPUD.

15 (a) Availability and Delivery of Excess Water. The Parties shall  
16 coordinate to ascertain at the earliest time reasonably possible the amount of Excess Water that  
17 will be available in a given month, and whether and to what extent FPUD will exercise its First  
18 Right to purchase that Excess Water.

19 (i) Projections for Planning Purposes. At least thirty days in  
20 advance of the beginning of each Delivery Year, MCB CPEN shall provide notice to FPUD of  
21 MCB CPEN's good faith estimate of the amount and timing of Excess Water it anticipates will be  
22 available, including the basis therefore. FPUD shall respond to MCB CPEN identifying whether  
23 FPUD anticipates that it will want to purchase some or all of that water, and the probable volume  
24 and timing thereof. This coordination effort does not bind either Party, but furthers necessary  
25 planning for both. The Parties shall update this information periodically during the Delivery Year.

26 (ii) FPUD Exercise of First Right to Purchase Excess Water.  
27 When MCB CPEN proposes to deliver Excess Water to FPUD, it shall make an advance request  
28 for a change in the delivery schedules set forth herein (Tables B-1 and B-2), in accordance with



1 Section 3.2.8, to allow delivery of amounts greater than the Base Entitlement Amounts. MCB  
2 CPEN shall specify in its request that it is proposing to deliver Excess Water to FPUD, and to the  
3 extent reasonably possible, MCB CPEN shall send such request sufficiently far in advance to  
4 enable FPUD to adjust its operations and prepare its facilities for such Excess Water. FPUD may  
5 exercise or may decline to exercise its First Right to Excess Water, in whole or in part, in its  
6 response to such request without prejudice to its rights to do so in the future. FPUD shall timely  
7 notify MCB CPEN of its response. The Parties anticipate that to a lesser extent, Excess Water may  
8 also be determined during the end of year accounting, if the amount of water delivered to and  
9 accepted by FPUD exceeds the amount of Base Entitlement for that Delivery Year.

10 (iii) Delivery. MCB CPEN shall deliver the Excess Water as to  
11 which FPUD has exercised its First Right on a delivery schedule agreed to by the Parties and in a  
12 manner that does not interfere with FPUD Base Entitlement deliveries. MCB CPEN shall equalize  
13 the daily volumes of water delivered to the extent feasible.

14 (b) FPUD Payment for Delivered Excess Water.

15 (i) Payment Rate A shall apply to (1) the first four hundred acre  
16 feet (400 AF) of Excess Water in each year, or the full amount of Excess Water in that year if less  
17 than 400 AF, as to which FPUD exercises its First Right; and (2) all water that is credited to the  
18 Bank per Section 3.2.4.

19 (ii) Payment Rate B shall apply to each acre foot of Excess  
20 Water delivered to FPUD that is not subject to Payment Rate A. The method set forth in  
21 subsection (1) below shall be used to determine Payment Rate B, absent agreement of the Parties  
22 in accordance with (2) below.

23 (1) An amount halfway between:

24 (a) The SDCWA Treated Water Rate, minus the  
25 sum of the following: FPUD's O&M cost to treat Project Water, plus any FPUD capital obligation  
26 for FPUD Project Facilities, plus FPUD's O&M cost of pumping and conveying this water to Red  
27 Mountain Reservoir; and

28 (b) MCB CPEN's O&M cost of production and

1 delivery of Project Water to FPUD's Point of Delivery.

2 Using the amounts defined in (a) and (b) in this subsection, Payment Rate B = ((a) + (b))/2. (See  
3 also Exhibit 6 hereto.)

4 Capital and R&R costs other than the capital obligation referenced above are considered to  
5 be sunk costs, and have been intentionally omitted by the Parties. Administrative costs of both  
6 Parties are omitted from this calculation for simplicity.

7 (2) A different amount agreed to by the Parties in writing,  
8 which amount provides a financial benefit to MCB CPEN to sell and a financial benefit to FPUD  
9 to buy this category of Project Water.

10 (c) Payments. Payments shall be made annually in accordance with  
11 Section 3.2.3.

12 3.2.3. Annual Accounting and Payments. At the end of each Delivery Year, the  
13 total deliveries to FPUD will be compared by the Technical Committee to FPUD Entitlements for  
14 that year, actual MCB CPEN Demand, deliveries of imported water to MCB CPEN, Excess Water,  
15 Bank debits and credits, and any other relevant information or categories. The volumes in each  
16 category, and the amounts owed by each Party to the other Party, shall be determined in  
17 accordance with this Settlement. The foregoing information, including the proposed payments and  
18 reasonable back up documentation therefor, shall be reviewed, approved, and reported by the  
19 Technical Committee. The resulting Technical Committee Delivery Year Report pursuant to  
20 Section 6.1.4, shall be provided to the Management Committee within thirty (30) days after the  
21 end of the Delivery Year. Within sixty (60) days after the date that the report is provided to the  
22 Management Committee, the Parties shall make payments to each other sufficient to reconcile  
23 these accounts and bring the balances to zero. The Parties can agree to a different payment  
24 schedule, if such different schedule has been reduced to writing and signed by both Parties.  
25 Several examples of water delivery accounting are provided in Exhibit 7 hereto.

26 (a) MCB CPEN shall make payments to FPUD in cash or cash  
27 equivalent timely delivered to FPUD at its administrative headquarters located at 990 East Mission  
28 Road, Fallbrook, CA 92088 (mailing address P.O. Box 2290, Fallbrook, CA 92028-2290), or

1 other address as FPUD may identify from time to time.

2 (b) FPUD shall make payments to MCB CPEN in one of the three  
3 following methods:

4 (i) By check or postal money order made payable to the U.S.  
5 Treasurer (Treasurer of the United States) and mailed or delivered to the following address: AC/S  
6 Comptroller, Attn: Budget Office, Box 555011 Bldg. 1160 Room 273, MCB Camp Pendleton, CA  
7 92055-5011; or

8 (ii) By deposit to an account clearly and sufficiently identified by  
9 MCB CPEN in advance notice to FPUD requesting that any or all FPUD payments under this  
10 Settlement be deposited to that account, where:

11 (1) FPUD agrees to create and maintain such account,  
12 provided that all costs of such account shall be borne by MCB CPEN; and

13 (2) Upon notice to the Management Committee, funds  
14 held in such account may be withdrawn by FPUD and used to satisfy any MCB CPEN financial  
15 obligation to FPUD under this Settlement, including but not limited to the purchase of in lieu  
16 SDCWA water pursuant to Section 3.2.5 hereof; and FPUD shall be entitled to any interest  
17 generated by this account; or

18 (iii) By the provision of in kind services in accordance with  
19 subsection (c) below.

20 (c) MCB CPEN anticipates that FPUD can, directly or by third party  
21 contract, provide certain water utility services in a relatively cost effective and proficient manner  
22 that will directly benefit MCB CPEN by minimizing the expenditure of appropriated funds to  
23 support the installation's water infrastructure, serve the public interest, and further the national  
24 defense mission of MCB CPEN and the Department of the Navy. In lieu of any other form of  
25 payment by FPUD to MCB CPEN pursuant to this Settlement, MCB CPEN may request that  
26 FPUD provide: (1) maintenance, protection, alteration, repair, improvement, replacement, or  
27 restoration (including environmental restoration) of property or facilities at the Naval Enclave as  
28 defined in this Settlement; (2) construction of new facilities at the Naval Enclave as defined in this

1 Settlement; (3) provision of facilities for use by the Naval Enclave as defined in this Settlement;  
2 (4) facilities operation support for the Naval Enclave as defined in this Settlement; or provision of  
3 such other services at the Naval Enclave as defined in this Settlement as the Secretary of the Navy  
4 deems appropriate with the priority of such services for MCB CPEN Project Facilities, or any  
5 MCB CPEN water system facilities on the southern portion of MCB CPEN. MCB CPEN shall  
6 make any such request in writing with the scope, timing, and other relevant factors clearly  
7 specified. FPUD will determine in its sole discretion whether to provide requested services; and if  
8 it decides to provide those services, whether it will do so itself, or it will do so by contract with  
9 another service provider, in whole or in part.

10 (i) Where FPUD and MCB CPEN agree that FPUD will provide  
11 certain services, the scope, value, and all other required information shall be set forth in writing  
12 and agreed to by the Parties. Authorization to proceed by MCB CPEN will occur only through  
13 written approval from the designated responsible MCB CPEN official. A “not to exceed cost  
14 ceiling” will be established in the written approval. Upon completion of all or any portion of the  
15 services, MCB CPEN shall promptly inspect and accept the services if performed in accordance  
16 with prudent utility practices, taking into account the circumstances. A MCB CPEN representative  
17 may inspect the work while it is in progress for the benefit of MCB CPEN. The Parties shall  
18 cooperate in furtherance of successful completion of the services.

19 (ii) If, and to the extent FPUD provides such services:

20 (1) FPUD shall assign to MCB CPEN, on a non-  
21 exclusive basis, all representations, warranties, and potential liability that FPUD's contractors may  
22 have in connection with the performance of such services. In that regard FPUD shall serve as a  
23 conduit for such liability, and shall not have any independent or direct liability as a result of the  
24 performance of such services.

25 (2) With respect to services performed by FPUD  
26 personnel directly, FPUD's maximum liability shall be limited to the extent of FPUD's insurance  
27 coverage for such liability.

28 (3) The Parties may use the Technical Committee to

1 assist in reaching agreement upon, coordinating, and resolving any issues which may arise with  
2 respect to such in kind services. In kind services may be provided to satisfy FPUD payment  
3 obligations to MCB CPEN which have accrued in accordance with this Settlement. In no case will  
4 in kind services be performed that have a value that exceeds the amount owed to MCB CPEN  
5 pursuant to this Settlement at the time agreement is reached by the Parties regarding in kind  
6 services to be provided by FPUD. A running account including in kind services will be maintained  
7 by the Technical Committee, and reflected in its report(s).

8 (4) The sufficiency of the in kind services provided, or  
9 the amount of the incurred cost of performing those services, will be subject to inspection by the  
10 Technical Committee upon request by either Party or as determined to be reasonably necessary by  
11 the Technical Committee. Any disagreement over sufficiency or cost will be reviewed by the  
12 Technical Committee, and subject to the dispute resolution provisions of this Settlement.

13 3.2.4. Water Banking. The Water Bank is for the purpose of providing to MCB  
14 CPEN a measure of flexibility by providing an alternative method for MCB CPEN to meet its Base  
15 Entitlement delivery obligation to FPUD, in addition to Santa Margarita River water obtained by  
16 operation of the Project (Project water) or in-lieu SDCWA water in accordance with Section 3.2.5.  
17 The Water Bank operates as an accounting tool that tracks the quantity of credits and debits. The  
18 balance of the Water Bank is a cumulative running total from year-to-year of those credits and  
19 debits. Credits to the Water Bank (positive value) accrue when Project Water is delivered to  
20 FPUD in excess of the sum of the FPUD Base Entitlement plus the first 200 AF of Excess Water.  
21 Debits (negative value) are deducted when MCB CPEN does not meet its annual obligation to  
22 deliver FPUD Base Entitlement in the form of Project water or Section 3.2.5 in lieu SDCWA  
23 water. The Water Bank does not entail any accrual or exchange of money between the Parties. All  
24 allowable credits and debits to the Bank, within the limits defined herein, are made through the  
25 delivery of or retention of Project Water. Decreases in required deliveries of FPUD Base  
26 Entitlement can occur pursuant to this Settlement only if and to the extent that (i) Bank debits are  
27 made in accordance with this Section 3.2.4, or (ii) MCB CPEN makes in lieu SDCWA water  
28 deliveries sufficient to timely provide the full FPUD Base Entitlement in accordance with Section

1 3.2.5 of this Settlement.

2 (a) Bank Capacity. The maximum permitted Bank negative balance at  
3 any time is negative 3600 acre feet (-3600 AF). The maximum permitted Bank positive balance at  
4 any time is positive 3000 acre feet (+3000 AF).

5 (b) True Up. The Bank balance shall be no less than zero at least once  
6 every fifteen years. In order to effect this true-up, MCB CPEN shall deliver to FPUD either  
7 Project Water or Section 3.2.5 in lieu SDCWA water in an amount equal to the negative Bank  
8 balance. This delivery shall be in addition to other deliveries called for pursuant to this Settlement,  
9 and shall be completed on a mutually agreeable schedule during the fifteen years, except where a  
10 different delivery schedule is agreed to by the Parties.

11 (c) Bank Credits. In a given Delivery Year, credits to the Bank are  
12 accrued, up to the maximum permitted balance, after MCB CPEN's delivery of FPUD Base  
13 Entitlement is met and the first 200 acre feet of Excess Water has been delivered to FPUD. Credits  
14 are based upon additional (greater than the first 200 AF) Excess Water deliveries to FPUD. In a  
15 given Delivery Year, the Bank will be credited based on the amount by which the total volume of  
16 water delivered to FPUD exceeds the sum of the FPUD Base Entitlement plus the first 200 AF of  
17 Excess Water. Once the maximum Bank balance is reached based on this calculation, Excess  
18 Water Deliveries may not be accrued as Water Bank credits.

19 (d) Bank Debits.

20 (i) Debits to the Water Bank balance may occur only when and  
21 to the extent that the Water Bank balance is greater than the minimum Water Bank balance, and  
22 MCB CPEN determines that there are aquifer, environmental, or operational constraints that  
23 prevent the delivery of the full amount of the FPUD Base Entitlement in the form of Project Water,  
24 and MCB CPEN elects to use the Water Bank instead of providing in-lieu water pursuant to  
25 Section 3.2.5. If the Water Bank is used in whole or in part to meet MCB CPEN's obligation to  
26 deliver the FPUD Base Entitlement, the debit from the Water Bank balance will be calculated as  
27 the amount by which the FPUD Base Entitlement exceeds the Project and Section 3.2.5 in-lieu  
28 water delivered to FPUD during that Delivery Year, provided that the Water Bank cannot be

1 debited below the minimum Water Bank balance. After the debit is applied to the Water Bank  
2 Balance, and provided that that debit plus the Project and the Section 3.2.5 in lieu SDCWA water  
3 delivered to FPUD during the relevant Delivery Year at least equal the FPUD Base Entitlement,  
4 MCB CPEN has no further financial or other obligation to provide water to FPUD in fulfillment of  
5 MCB CPEN's obligation to provide that Delivery Year's FPUD Base Entitlement.

6 (ii) MCB CPEN shall request that the Technical Committee adjust  
7 the delivery schedule in accordance with Section 3.2.8 to accommodate Water Bank debits, and  
8 shall inform the Technical Committee and the Management Committee of its intent to debit the  
9 Water Bank, the existing and projected Water Bank balances, and the resulting proposed  
10 reductions in Project Water deliveries to FPUD. The Technical Committee shall approve the  
11 request and make the appropriate adjustments provided that they are consistent with this  
12 Settlement.

13 (e) Annual Accounting. The Parties shall perform, or have performed,  
14 an annual accounting of the Water Bank to document and to reconcile Water Bank transactions as  
15 part of the accounting described in Section 3.2.3 above. This accounting shall be included in the  
16 Technical Committee's Delivery Year Report pursuant to Section 6.1.4. Credits and debits, and  
17 the balance, of the Water Bank are expressed in acre-feet (or fraction thereof, as determined by the  
18 Technical Committee) of water and are not based on the value of water or the transfer of money.

19 3.2.5. MCB CPEN Provision of In Lieu SDCWA Water. If and to the extent that  
20 MCB CPEN cannot meet its delivery obligations to FPUD using Project Water, and there is no  
21 capacity in the Bank for further debits (i.e., the Bank is at -3600 AF), MCB CPEN shall purchase  
22 from SDCWA water using MCB CPEN SDCWA Rights, in an amount equal to the amount of  
23 unmet FPUD Entitlement delivery obligation, and shall have that water delivered to FPUD at the  
24 SDCWA point of delivery to FPUD at the turnout that supplies Red Mountain Reservoir. Delivery  
25 shall be made no later than one month after the end of the Delivery Year within which the water  
26 would otherwise have been delivered to FPUD from the CUP, on a schedule selected by FPUD,  
27 with MCB CPEN consent, which consent shall not be unreasonably withheld. MCB CPEN shall  
28 pay the SDCWA raw water rate for such water including delivery to Red Mountain Reservoir, and



1 FPUD shall pay any SDCWA treatment surcharge for such water. MCB CPEN shall provide to  
2 FPUD at least sixty (60) days advance notice of its need to provide SDCWA water in lieu of  
3 Project Water. The Parties may agree to a shorter notice period. Once the CUP is fully  
4 operational, the Parties intend that such provision of SDCWA water to fulfill the FPUD Delivery  
5 Entitlement shall be the exception rather than the normal practice. Such provision of in lieu  
6 SDCWA water to FPUD shall not be required if it would cause any harm to FPUD, as reasonably  
7 determined by FPUD.

8 (a) SDCWA Allocations. Each Party shall use its own SDCWA  
9 allocation to meet its respective water demands and any other applicable obligations (e.g.,  
10 obligation to deliver water) of that Party pursuant to this Settlement. Either Party may request use  
11 of the other Party's SDCWA allocation, which use shall be allowed provided that (i) the other  
12 Party consents to such use in writing, as determined in its sole discretion, and (ii) such use is  
13 allowed under all applicable rules and requirements, including those administered by the SDCWA.

14 3.2.6. Initiation of Deliveries. Commencing within thirty days of the date of  
15 FPUD notice to MCB CPEN that FPUD is ready to accept deliveries, but no earlier than the earlier  
16 of (i) the date MCB CPEN has completed sufficient construction to enable the FPUD Entitlement  
17 deliveries, or (ii) ten years after the date of enactment of P.L. 111-11, MCB CPEN shall  
18 commence deliveries to FPUD, at the FPUD Point of Delivery, of the FPUD Entitlement. MCB  
19 CPEN shall promptly provide notice to FPUD if and when it completes sufficient construction to  
20 enable the FPUD Entitlement deliveries in advance of the deadline set forth in Section 3.2.6(ii)  
21 above.

22 3.2.7. Point of Delivery. The FPUD Point of Delivery (or Point of Delivery) is a  
23 point on the boundary between the NWS Fallbrook property and the FPUD CUP WTP property, at  
24 a location as close as is feasible to the FPUD CUP WTP, as depicted in Exhibit 8 hereto. The  
25 exact location will be determined by the Parties' mutual agreement during the design phase. MCB  
26 CPEN will construct the pipeline and associated facilities from the FPUD Turnout to this Point of  
27 Delivery, and FPUD will be responsible for construction of facilities for treatment and distribution  
28 of Project Water from that Point of Delivery. This point will serve as the Point of Delivery for

1 Project Water delivered by MCB CPEN to FPUD, as well as for SDCWA water conveyed by  
2 FPUD to MCB CPEN pursuant to Section 2.5. Except as otherwise provided in this Settlement,  
3 possession and control of, and responsibility for, the water being delivered or conveyed transfers to  
4 the receiving entity at the Point of Delivery.

5           3.2.8. Delivery Schedule. The FPUD Base Entitlement shall be delivered on a  
6 monthly schedule, measured at the Point of Delivery, in accordance with the schedule set forth in  
7 Tables B-1 and B-2. The Parties may agree to a different schedule for any given period of time.  
8 Such agreement shall be made in advance and shall be in writing. Requests to change the delivery  
9 schedule made at least 60 days in advance of the proposed change are the most likely to be able to  
10 be accommodated. If the volume of the change in delivery is minor (e.g., less than 20 acre feet in  
11 a month), shorter notice may be feasible. The Parties shall coordinate with each other, using the  
12 Technical Committee and other resources as needed, to facilitate deliveries and scheduling thereof  
13 in compliance with this Settlement.

14           3.3. Water Quality. Project Water used to meet the FPUD Entitlement shall consist  
15 solely of water extracted by wells tapping only the underground aquifer(s). No treatment of this  
16 water by MCB CPEN is required; however, MCB CPEN shall ensure that the quality of Project  
17 Water delivered to FPUD at the Point of Delivery shall be no less than the quality of the raw water  
18 used on the southern portion of MCB CPEN for domestic purposes, before treatment, in every  
19 respect. MCB CPEN shall operate the wells and other Project facilities so as to deliver to FPUD  
20 water of a quality consistent with this Section. Provided the MCB CPEN is in compliance with  
21 this section 3.3, FPUD shall be responsible for any water treatment needed before distribution to  
22 FPUD customers.

23           3.4. Place and Purpose of Use.

24           The Parties may use the water to which they are entitled under this Settlement in any  
25 location and in any manner allowed by this Settlement and applicable law.

26           3.5. Generation and Protection of Project Yield.

27           3.5.1. Each year MCB CPEN shall produce as much water from the Project as  
28 feasible, in light of relevant factors, including but not limited to aquifer conditions, sound water

1 utility management practices, Regulatory constraints, MCB CPEN Annual Demand, and FPUD  
2 Entitlement.

3 3.5.2. The Parties shall take all measures reasonably necessary or convenient to  
4 protect Project Yield, and except as required by law and in accordance with Article 5, shall not  
5 take any actions that would be reasonably expected to adversely affect that Project Yield, as  
6 determined by the Technical Committee and approved by the Management Committee. The  
7 Parties shall keep each other informed of anything they become aware of that could potentially  
8 decrease project yield.

9 3.5.3. The Parties may, in their sole discretion, take actions to enhance Project  
10 Yield. If such action results in a measurable material increase in Project Yield, as determined by  
11 the Technical Committee and approved by the Management Committee, the Party whose action  
12 caused such increase shall be accorded the benefits of that increase, provided that there is no cost  
13 to the other Party. The Parties shall reasonably cooperate in furtherance of such increase. Before  
14 either Party initiates any action that will or could enhance Project Yield, it shall offer to the other  
15 Party the opportunity to participate on an equal (50:50) basis, or otherwise as agreed by the Parties,  
16 and other reasonable terms. The Party to whom this offer is made can, but is not required to,  
17 accept, and may accept in whole or in part. The Parties agree to negotiate the terms of such  
18 participation in good faith.

## 19 **ARTICLE 4**

### 20 **WATER RIGHTS**

21 4.1. Definition of Water Rights. “Water Rights” shall mean the Riparian Rights, the  
22 Pre-1914 Rights, Permit 8511, Permit 11357, License 10494, Permit 15000B and any extensions,  
23 amendments, replacements, successors, modifications or renewals of such rights, permits, or  
24 licenses necessary or useful for construction, completion, operation, or maintenance of the Project.  
25 The foregoing Water Rights are listed in order of their seniority, the most senior first. “Water  
26 Rights” excludes water right Permit 11356 as it may change from time to time, and any license  
27 issued pursuant thereto.  
28

1           4.2.   Reporting Requirements; Annual Fees.

2           4.2.1. SWRCB and Watermaster Reporting Requirements. The Parties are subject  
3 to certain reporting requirements to the SWRCB and to the Watermaster with respect to California  
4 State and local laws, rules, and regulations governing the Parties exercise of the Water Rights  
5 (“Reporting Requirements”). The Parties agree that they will satisfy all Reporting Requirements  
6 and report to the SWRCB and the Watermaster the diversion and use of the Water Rights in order  
7 of priority of those rights, with the senior Water Rights being exercised, and water allocated to  
8 them, first, except as otherwise jointly determined by the Parties to best serve Project purposes.  
9 MCB CPEN shall ensure that such reporting is duly accomplished, with the assistance of and in  
10 cooperation with the Technical Committee.

11           4.2.2. Use and Reporting of Riparian Rights. MCB CPEN’s use and reporting of  
12 Riparian Rights shall not exceed the following:

13                   (a)    The annual amounts of “makeup water” Rancho California Water  
14 District is required to provide under the Cooperative Water Resource Management Agreement  
15 between Rancho California Water District and the United States dated March 26, 2002 (“CWRMA  
16 ”, approved in the above-captioned matter by Court order filed August 20, 2002), which protection  
17 for MCB CPEN is also substantially reflected in conditions on Rancho California Water District’s  
18 water right Permit 7032 (including any license issued pursuant thereto), pursuant to SWRCB Order  
19 Approving Changes in Purpose of Use, Place of Use, Points of Rediversion and Denying  
20 Extension of Time and amending the Permit dated April 22, 2009 (collectively, the CWRMA and  
21 Permit 7032 conditions are referred to herein as “CWRMA”);

22                   (b)    If neither the CWRMA nor the relevant Permit 7032 conditions  
23 apply, the actual amount of MCB CPEN valid use of Riparian Rights; and

24                   (c)    The total amount of Riparian Rights used and reported under  
25 Sections 4.2.2 (a) and (b) shall not exceed on a cumulative basis 4,000 AFY.

26                   (d)    Water provided under CWRMA which reaches any diversion facility  
27 which is part of the MCB CPEN Project Facilities shall be diverted and used for the Project and in  
28 accordance with this Settlement.

1 (e) Use of the CWRMA in this Settlement neither characterizes nor  
2 changes the CWRMA itself.

3 4.2.3. Use and Reporting of Pre-1914 Rights. MCB CPEN's use and reporting of  
4 the Pre-1914 Rights shall be as follows:

5 (a) The rights to and the use of the Pre-1914 Rights shall be in  
6 accordance with the terms and conditions specified in Interlocutory Judgments 24 and 24A in the  
7 Litigation, provided that the use of the water diverted under the Pre-1914 Rights shall be as set  
8 forth in this Settlement.

9 (b) The volume of Pre-1914 Rights used and reported as delivered to  
10 Lake O'Neill shall not exceed 1,100 AFY, plus any refill to replace losses during the irrigation  
11 season due to evaporation and seepage, provided that an additional amount not to exceed 100 AFY  
12 may be delivered to Lake O'Neill for purposes of maintaining dead storage, all as more  
13 specifically described in Interlocutory Judgment 24. Any refill of Lake O'Neill for other purposes  
14 shall be an exercise of and reported on the next senior Water Right.

15 (c) MCB CPEN shall make reasonable good faith efforts to operate  
16 Lake O'Neill in the most efficient and productive manner with minimal losses.

17 4.3. Holder of Title Interest in Water Rights.

18 4.3.1. Riparian and Pre-1914 Rights.

19 (a) The Department of the Navy shall retain sole holder status in its  
20 Riparian Rights and the Pre-1914 Rights provided, however, that its rights to riparian water shall  
21 be subject to Section 4.2.2 and its rights to the Pre-1914 Rights use shall be subject to Section  
22 4.2.3.

23 (b) The Parties agree and acknowledge that the Department of the  
24 Navy's sole holder status to the Riparian Right and the Pre-1914 Rights set forth above in Section  
25 4.3.1(a) is not intended, nor shall be interpreted, in any way to adversely affect any of FPUD's  
26 rights, including but not limited to its rights to water deliveries (the FPUD Entitlement), as set  
27 forth in this Settlement, based upon exercise of all of the Water Rights.

28 4.3.2. All Other Water Rights. Except as specifically set forth herein, title to

1 Permit 8511, Permit 11357, Permit 15000B, License 10494 and all other Water Rights obtained for  
2 the Project shall be held jointly by the Department of the Navy and FPUD (seventy percent [70%]  
3 Department of the Navy and thirty percent [30%] FPUD). The Department of the Navy hereby  
4 assigns to FPUD a thirty percent (30%) interest in License 10494 consistent herewith, shall file a  
5 notice of change of ownership with the SWRCB in accordance with then applicable SWRCB  
6 requirements within ninety days of Court approval of this Settlement, and shall take all further acts  
7 to effect such change in ownership as are reasonably required.

8 (a) As of the date of this Settlement, title to Permits 8511, 11357, and  
9 Permit 15000B has been transferred to FPUD and the Department of the Navy as co-permittees in  
10 the proportions contemplated by this Settlement: 30% FPUD and 70% Department of the Navy.  
11 The Parties agree to hold those permits as co-permittees in the specified percentages.

12 4.4. Credits under California Water Code sections 1011 and 1011.5, and any other  
13 similar provision protecting the Water Rights from loss by nonuse due to reduction in use due to  
14 inter alia water conservation and recycled water use, shall be allocated among the state issued  
15 permits and licenses in a manner that best preserves the water rights to be exercised for the CUP  
16 for the benefit of both Parties. The starting presumption is that credits should be allocated to the  
17 most senior appropriative state issued Water Right(s) first, unless doing so in another manner will  
18 better preserve the Water Rights or is preferable for Project purposes, as agreed by the Parties  
19 respective interests.

20 The Parties' respective interests in the Water Rights shall be as set forth in this Settlement.  
21 While there are variations as set forth herein, generally speaking, the respective interests are FPUD  
22 30% and Department of the Navy 70%. The Parties intend that this Settlement be interpreted to  
23 the maximum extent possible to reflect the Parties' joint ownership of the Water Rights as set forth  
24 herein.

25 4.4.1. Excepting fees for which the United States has sovereign immunity, for  
26 which FPUD shall not be liable, water right permitting and licensing fees and costs not otherwise  
27 allocated by this Settlement shall be shared in accordance with this ratio where they are for the  
28 benefit of both Parties. Fees and costs for the benefit of one Party shall be borne by that Party.

1           4.4.2. (a) If and to the extent a single Party is designated as the primary holder, or  
2 otherwise as the single one that receives correspondence (for example, as presently required by the  
3 SWRCB pursuant to 23 California Code of Regulations section 691), that Party shall be the  
4 Department of the Navy. The Department of the Navy shall be responsible for and shall  
5 competently perform the functions required by this Article 4 and the SWRCB. Otherwise, such  
6 designation shall have no effect on the Parties' rights and obligations as set forth in this Settlement.  
7 Any Party receiving or sending correspondence, notices, or information of any kind from or to the  
8 SWRCB or other regulatory agency pertaining to the Water Rights shall immediately provide a full  
9 copy thereof to, or if not in writing will otherwise effectively, fully, and timely share it with, the  
10 other Party. Except as otherwise provided in this Settlement, the Parties shall coordinate via the  
11 Technical Committee or other appropriate Party representatives regarding any such  
12 correspondence.

13           (b) If and to the extent that any of the Water Rights are subject to fees or expenses  
14 pursuant to state law, the Department of the Navy shall provide timely notice thereof to FPUD, and  
15 to the extent such fees or expenses are attributable to FPUD's 30% interest(s) in the Water Rights,  
16 FPUD shall make such payment directly to the State (with notice to the Department of the Navy)  
17 or shall send such payment to MCB CPEN for it, as primary right holder, to duly forward to the  
18 State. FPUD shall not be liable for any fees or expenses attributable to MCB CPEN the  
19 Department of the Navy's 70% interest in the Water Rights, for which the Department of the Navy  
20 may have sovereign immunity. (See, e.g., Water Code Sections 1540 and 1560.) The Department  
21 of the Navy shall bear all costs and liabilities, if any, associated with its sovereign immunity, and  
22 claims thereof. The Department of the Navy's sovereign liability and claims thereof shall not  
23 adversely affect FPUD, including but not limited to FPUD's Water Rights and water supply. The  
24 Parties shall cooperate in good faith to avoid the unnecessary payment of fees.

25           4.5. New Applications, Permits, and Licenses. Any new applications, permits, or  
26 licenses issued as a result of this Settlement or as necessary for the construction, completion,  
27 operation, or maintenance of the Project, shall be applied for, issued to and held by the Department  
28 of the Navy and FPUD jointly, in the proportions described in Section 4.5.1 above.





1 Committee. Entitlement reduction shall be implemented only after final approval thereof, whether  
2 by the Technical Committee, the Management Committee, or the conclusion of any dispute  
3 resolution.

4 5.2.2. The Parties shall make all diligent and reasonable efforts to avoid, and if  
5 unavoidable, to mitigate, any such restriction. The Party within whose jurisdiction the restriction  
6 applies shall be responsible for such efforts. The other Party shall reasonably cooperate with such  
7 efforts, as needed. Each Party shall bear its own costs except as otherwise provided in subsection  
8 (b)(i) below.

9 (a) Avoidance: The Party within whose jurisdiction the restriction  
10 applies shall be responsible for all diligent and reasonable efforts to avoid and to mitigate such  
11 restriction, except as provided in subsection (b) below. The other Party shall reasonably cooperate  
12 as needed.

13 (b) Mitigation: If the restriction is not avoidable and it materially  
14 reduces Project Yield, and if mitigation is required to and capable of restoring the Project Yield in  
15 whole or material part, then:

16 (i) The Parties shall cooperate to determine and agree upon  
17 reasonable mitigation measures and reasonable costs thereof. The agreed upon mitigation costs  
18 shall be shared in the following ratio: 30% FPUD and 70% MCB CPEN. The Party in whose  
19 jurisdiction the mitigation must be implemented shall effect such mitigation.

20 (ii) If the mitigation is to be effected in MCB CPEN's  
21 jurisdiction, MCB CPEN may elect to solely determine and pay for the mitigation in order to retain  
22 its autonomy (see Recital Q).

23 (iii) Upon mitigation, the Parties' rights to and share of Project  
24 Yield shall remain as set forth in Article 3 of this Settlement.

## 25 ARTICLE 6

### 26 TECHNICAL AND MANAGEMENT COMMITTEES

#### 27 6.1. Technical Committee.

1           6.1.1. Function. The Technical Committee shall serve as a forum for discussion  
2 and cooperation among the Parties regarding technical aspects of performance of the Project and  
3 this Settlement. It shall have the duties set forth in this Settlement, and others as assigned from  
4 time to time by the Management Committee. Examples of Technical Committee functions shall  
5 include determining the water year type and scheduling deliveries in accordance with Article 3,  
6 preparation of the Technical Committee Delivery Year Report, Water Bank accounting, and  
7 technical aspects of other provisions of this Settlement. It shall make technical decisions, and  
8 where appropriate, recommendations to the Management Committee, on technical matters. The  
9 Technical Committee shall, with the approval of the Parties with respect to any required funding,  
10 request the participation of one or more persons with relevant expertise, including but not limited  
11 to the Watermaster and representatives of the U.S. Geological Survey, to address technical issues  
12 within such persons' expertise, and assist in resolving technical disputes within the Technical  
13 Committee. Unresolved disputes shall be promptly reported by the Technical Committee, or either  
14 member of the Technical Committee, to the Management Committee, with supporting  
15 documentation and explanation as appropriate.

16           6.1.2. Composition. The Technical Committee shall be comprised of one technical  
17 representative on behalf of each Party. The Parties shall at all times have an appointed Technical  
18 Committee representative, notice of which shall be provided to the Management Committee  
19 members. The Parties may change their representative at any time upon notice to the Management  
20 Committee members. Other Party representatives may attend Technical Committee meetings, but  
21 shall not have the ability to vote and must conduct themselves in a manner consistent with the  
22 ability of the Technical Committee to function competently.

23           6.1.3. Meetings. The Technical Committee shall meet at least twice annually: (1)  
24 at the close of the Delivery Year, on or about April 30, and (2) in October prior to the advent of the  
25 winter season to evaluate the status of the groundwater levels at the end of peak pumping,  
26 determine whether and how much Excess Water is available, and recommend any needed  
27 adjustments to pumping or other operations. Additional meetings shall be held as reasonably  
28 needed. The Watermaster shall be afforded notice of and opportunity to attend Technical

1 Committee meetings.

2           6.1.4. Reports. The Technical Committee shall prepare at minimum four reports  
3 per year to update the Parties regarding Project operations, yield, and issues if any. These reports  
4 are the Delivery Year Report and three other quarterly reports. They shall be timely prepared by  
5 the Technical Committee and submitted to the Management Committee.

6           6.2. Management Committee.

7           6.2.1. Function. The Management Committee is established for the purpose of  
8 overseeing Project operations and matters relating thereto, and addressing any issues that arise.  
9 The primary goal of the Management Committee shall be to maintain Project operations in a  
10 manner that perpetuates the benefits of the Project to both Parties, and the allocation of burdens of  
11 the Project, as reflected in this Settlement. Among other functions, after its deliberations thereon,  
12 the Management Committee shall timely submit the Delivery Year Report to the Watermaster.

13           6.2.2. Composition. The Management Committee shall be comprised of one  
14 representative of each Party. Each Party's Management Committee member shall be authorized to  
15 act on behalf of the Party that member represents. The Parties shall at all times have one appointed  
16 representative to the Management Committee, and shall provide notice of that representative's  
17 name and contact information to the other Party. The Parties may change their representatives at  
18 any time upon notice to the other Party.

19           6.2.3. Periodic Meetings. The Management Committee shall meet at least once  
20 every two months from the Effective Date until the end of the first year of Project operations.  
21 Thereafter, the Management Committee shall meet no less than two times per year. Meetings may  
22 be conducted by conference call. Meetings may be called by either Management Committee  
23 member upon no less than twenty (20) days advance notice, and shall be scheduled cooperatively  
24 between the Parties, and the Watermaster to the extent feasible. Management Committee members  
25 may agree to a shorter notice period.

26           6.2.4. Voting Rules. Decisions of the Management Committee shall be made by  
27 the affirmative vote of both members of the Management Committee. Any decision so made shall  
28 constitute the decision of the Management Committee.



1 of this Settlement are not reasonably possible, either Party may petition the Court to terminate this  
2 Settlement. Termination shall occur only upon order of the Court.

3  
4 **ARTICLE 9**

5 **SETTLEMENT OF RESOLVED CLAIMS**

6 9.1. Settlement and Dismissal of Resolved Claims. This Settlement shall resolve all of  
7 the Resolved Claims. The Parties expressly agree that the Court shall retain indefinite subject  
8 matter and personal jurisdiction pursuant to Section 11.1, below, to enforce this Settlement and any  
9 disputes pertaining to the Settlement. Within \_\_\_\_\_ days of the full execution of this Settlement,  
10 the Parties shall execute and file the Joint Motion for Approval of Settlement and Order of  
11 Dismissal, with attached proposed Order of Dismissal for execution and filing by the Court, all in  
12 the form of Exhibit 2. The Order of Dismissal shall expressly incorporate by reference the terms  
13 of this Settlement and expressly provide that the Court shall retain indefinite subject matter and  
14 personal jurisdiction to enforce this Settlement and any disputes pertaining to it. Additional  
15 briefing in support of the Court approval of the Settlement and Order of Dismissal, as agreed by  
16 the Parties or requested or ordered by the Court, shall be in a form mutually agreed by the Parties.

17 9.2. Inconsistent Provisions. To the extent this Settlement is inconsistent with all or any  
18 portion of the Court Orders, Interlocutory Judgments, and other applicable rulings previously  
19 entered in the Litigation, and for so long as this Settlement is in effect, this Settlement shall  
20 supersede any such inconsistent provisions. Should this Settlement cease to be in effect, all  
21 provisions of the previously entered Court Orders, Interlocutory Judgments, and other applicable  
22 rulings shall apply.

23 9.3. Mutual Releases. Excepting the duties and obligations imposed by this Settlement  
24 as set forth herein, each Party does hereby and for its elected officials, directors, officers,  
25 shareholders, employees, agents, attorneys, accountants, expert witnesses, representatives,  
26 successors, and assigns, release and acquit and forever discharge each other Party and its elected  
27 officials, directors, officers, shareholders, employees, agents, attorneys, accountants, expert  
28 witnesses, representatives, successors, and assigns from any and all claims, actions, causes of

1 action, demands, rights, damages, fees, costs, expenses, and compensation whatsoever, relating to  
2 the Resolved Claims.

3 9.4. No Admissions of Liability. This Settlement effects settlement of the Resolved  
4 Claims and nothing contained herein shall be construed as an admission by a Party of liability to  
5 another. Each of the Parties denies any liability and intends merely to avoid further litigation.  
6

7 **ARTICLE 10**

8 **BREACH**

9 10.1. Breach Defined. “Breach” shall mean an uncured failure of a Party to perform its  
10 obligations under this Settlement. A Party (the “Breaching Party”) shall not be in Breach until the  
11 other Party (“Non-Breaching Party”) has first delivered to the Breaching Party thirty (30) days  
12 written notice (the “Cure Period”) describing the alleged default, and

13 (a) for a monetary obligation, the Breaching Party fails to fully perform during  
14 the Cure Period; or

15 (b) for a non-monetary obligation or such other obligation or default not  
16 reasonably practicable to fully cure during the Cure Period, the Breaching Party fails to commence  
17 within the Cure Period the work of curing the default and carrying it to completion with reasonable  
18 diligence.

19 10.2. Remedies for Breach. The Non-Breaching Party shall be entitled to exercise such  
20 rights and remedies as may now or hereafter be provided by law and in equity with respect to any  
21 Breach.

22 10.3. Force Majeure. If a Party’s performance of any of its obligations pursuant to this  
23 Settlement is prevented, hindered or delayed by fire, flood, earthquake, or acts of God, acts of war  
24 (declared and undeclared), riots, rebellions, revolutions or terrorism, which directly and  
25 unavoidably result in physical damage or destruction to the Project, thereby reducing Project  
26 Yield, whether foreseeable or unforeseeable, the effects of which were not caused by that Party  
27 and could not be prevented or avoided by the exercise of due care or foresight of that Party (each, a  
28 “Force Majeure Event”), that Party shall use reasonable efforts, consistent with Prudent Utility

1 Practice, to recommence performance whenever and to whatever extent possible without delay,  
2 including through the use of alternate sources, workaround plans or other means. The lack of  
3 funding shall not constitute a Force Majeure Event. To the extent a Party's performance of any of  
4 its obligations pursuant to this Settlement is prevented, hindered or delayed by a Force Majeure  
5 Event and such nonperformance, hindrance or delay could not have been prevented, then the non  
6 performing, hindered or delayed Party shall be excused for such nonperformance, hindrance or  
7 delay, as applicable, of those obligations affected by the Force Majeure Event for as long as the  
8 Force Majeure Event continues and such Party continues to use reasonable efforts consistent with  
9 Prudent Utility Practice to recommence performance pursuant to the foregoing sentence. The  
10 Party whose performance is prevented, hindered, or delayed by a Force Majeure Event shall  
11 immediately notify in writing the other Party of the occurrence of the Force Majeure Event and  
12 describe in reasonable detail the nature of the Force Majeure Event. This Force Majeure provision  
13 shall not apply to excuse non-delivery of all or any portion of FPUD Entitlement if MCB CPEN is  
14 delivering water from the Project for on-Base use, unless and to the extent that the Force Majeure  
15 reduced the Project Facilities' capacity to make or receive deliveries of Project Water to FPUD. If  
16 the Project Yield is reduced, but not eliminated, during the pendency of a Force Majeure Event,  
17 such reduction shall be shared by the Parties on a pro rata basis (30% FPUD; 70% MCB CPEN).  
18 In the event of and during the pendency of such Force Majeure caused reduction, in order to keep  
19 100% of the reduced supply on MCB CPEN, MCB CPEN shall have the option in its sole  
20 discretion of providing to FPUD SDCWA water purchased by MCB CPEN in accordance with  
21 Section 3.2.5, in lieu of providing to FPUD its 30% share of available Project Water.

## 22 23 **ARTICLE 11**

### 24 **DISPUTE RESOLUTION**

25 11.1. Court's Retained Jurisdiction. The Parties specifically and expressly agree that to  
26 the maximum extent allowed by law, the Court in the Litigation shall retain indefinite subject  
27 matter and personal jurisdiction to enforce this Settlement and any disputes pertaining to the  
28 Settlement.



1           11.2. Informal Resolution. Prior to seeking relief from the Court, the Parties shall first  
2 communicate and meet in good faith to resolve potential disputes informally and promptly. This  
3 shall occur at the Management Committee, with the input and recommendations of the Technical  
4 Committee where appropriate. If, in spite of the foregoing efforts, a dispute persists, either Party  
5 may submit a written Statement to the other Party at the earliest practicable time that the dispute is  
6 identified (the “Initial Statement”). The Initial Statement shall set forth that Party’s position with  
7 respect to the dispute, and shall: (i) be fully supported by detailed factual information; (ii) state the  
8 specific provisions of the Settlement on which the Initial Statement is based; (iii) if the Initial  
9 Statement involves monetary damages, state the exact amount based on best available information  
10 of the damages; and (iv) if the Initial Statement involves specific performance, state the exact  
11 performance requested based on best available information. The Initial Statement shall be  
12 accompanied by all records supporting such Initial Statement and items (i) through (iv) above.  
13 The Demand shall include a written statement signed by an authorized person indicating that the  
14 Demand is made in good faith, that the supporting data are accurate and as complete as feasible,  
15 and that any monetary amount or quantity of water, requested accurately reflects the adjustment for  
16 which the submitting Party believes the other Party is responsible. To assist the other Party in its  
17 review of the Initial Statement, the submitting Party shall comply with reasonable requests for  
18 additional information. Within forty-five (45) days after receipt of an Initial Statement, the Parties  
19 shall meet and confer in a good faith effort to resolve the dispute. Within sixty (60) days of receipt  
20 of the Initial Statement, or a shorter time if required by the circumstances and agreed to by the  
21 Parties, the receiving Party shall provide a written response (the “Responsive Statement”) to the  
22 Initial Statement, setting forth the receiving Party’s position, including the same type of  
23 information as must be contained in an Initial Statement ((i) through (iv) above), and stating the  
24 receiving Party’s decision as to whether the receiving Party accepts or rejects the remedies  
25 requested in the Initial Statement, in whole or in part. The receiving Party may propose alternative  
26 remedies. Failure by the receiving Party to provide such a Responsive Statement shall be deemed  
27 a decision by the receiving Party constituting a rejection of the Initial Statement.

28           11.2.1. Third Party Neutral. If the dispute remains unresolved, the Parties

1 by mutual consent may, but are not required to, select a third party neutral to assist the Parties in  
2 resolving the dispute. The Parties shall first consult with the Watermaster regarding the need for  
3 such third party neutral, to ascertain whether the Watermaster could serve that function in lieu of a  
4 third party neutral, and to ensure that the use of a third party neutral does not interfere with the  
5 jurisdiction of the Court. If the services of a third party neutral are deemed acceptable, the Parties  
6 shall proceed as follows. The function of the third party neutral shall be as determined by the  
7 Parties, e.g., to evaluate and render an opinion, or to act as a facilitator, or otherwise. In such  
8 event the Parties shall share the reasonable costs of such third party neutral on a pro rata basis  
9 (30% FPUD 70% MCB CPEN). Any proceedings before the third party neutral shall be  
10 commenced as expeditiously as possible, and shall not involve any discovery. Either Party may in  
11 good faith elect to terminate such proceedings and proceed to invoke the jurisdiction of the Court  
12 as provided in Section 11.1 of this Settlement.

13 11.3. Judicial Resolution of Dispute. In the event that the Parties have not resolved a  
14 dispute arising under this Settlement by means of the informal or formal procedures provided in  
15 Section 11.2 above within sixty (60) days of receipt of the date the Responsive Statement was due  
16 under Section 11.2, either Party may thereafter invoke, in the manner provided herein, or as  
17 otherwise allowed by law, the jurisdiction of the Court to resolve such dispute.

18 11.3.1. The complaining party shall notice a motion, in accordance with the  
19 Local Rules of Court, requesting judicial resolution of the dispute. The Parties may, by stipulation  
20 approved by the Court, alter the time table for briefing the motion; otherwise, briefing shall  
21 proceed as set forth in the Local Rules.

22 11.3.2. A Party may conduct discovery as to the matter in dispute upon a  
23 showing of good cause that discovery is merited, which showing has been approved by the Court.

24 11.3.3. In resolving the dispute, the Court shall review the Parties'  
25 respective positions and supporting data, analysis, and such other information as the Parties may  
26 seek to submit.

27 11.4. The Parties expressly agree that in the event the Court fails or declines for any  
28 reason whatsoever to accept or assert jurisdiction to enforce this Settlement, or at any point

1 terminates its continued jurisdiction to enforce this Settlement (including, but not limited to,  
2 reasons pertaining to the discretion of the Court, a change in procedural or substantive law, or the  
3 passage of time), any Party shall have the remedy to file a new action in the above court to enforce  
4 this Settlement.

5 11.5. Attorneys' Fees Incurred in Judicial Resolution of Dispute. In the event of any  
6 dispute involving the Parties to this Settlement to enforce any provision of this Settlement, to  
7 enforce any remedy available upon default under this Settlement, or seeking a declaration of the  
8 rights of either Party under this Settlement, that entails judicial resolution of any such dispute,  
9 enforcement, or declaration of rights, the prevailing Party shall be entitled to seek recovery from  
10 the other Party such attorneys' fees and costs as may be reasonably incurred, including the costs of  
11 reasonable investigation, preparation and professional or expert consultation incurred by reason of  
12 such dispute, provided that such fees and costs may be recovered only to the extent provided by  
13 law. Except as set forth above, all attorneys' fees and costs incurred prior to the execution of this  
14 Settlement and all prospective attorneys' fees and costs relating to this Settlement and the  
15 transactions contemplated hereby shall be borne by the party incurring the same.

16  
17 **ARTICLE 12**

18 **MISCELLANEOUS PROVISIONS**

19 12.1. Notices. All notices, demands or other communications given hereunder shall be in  
20 writing and shall be sufficiently given if delivered by overnight delivery service, sent by registered  
21 or certified mail, first class, postage prepaid or by facsimile with confirmation of receipt and the  
22 original mailed same day first class postage prepaid, addressed as follows, or by electronic mail  
23 provided confirmation of receipt is received by electronic mail or telephone within one business  
24 day.

25 If to the FPUD:

26 General Manager  
27 Fallbrook Public Utility District  
28 990 East Mission Road  
Fallbrook, CA 92088

1 With a copy to:

Fallbrook Public Utility District General Counsel  
c/o Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, CA 92088

2  
3  
4 If to United States, the Department of the Navy, the United States Marine Corps, and MCB  
5 CPEN, or any of them:

6 Director, Water Resources Division  
7 Box 555013  
8 Bldg. 220105T  
9 Camp Pendleton, CA 92055-5013

10 With a copy to:

11 Commanding General  
12 Attn: AC/S G-F  
13 MCIWest-MCB  
14 Box 555010  
15 Camp Pendleton, CA 92055-5010

16 Counsel, Western Bases  
17 Western Area Counsel Office  
18 Box 555231  
19 Bldg. 1254  
20 Camp Pendleton, CA 92055-5231

21 or such other address with respect to any Party hereto as such Party may from time to time notify  
22 (as provided above) to the other Party hereto. Any notice, demand, or communication pursuant to  
23 this Section shall be deemed to have been given upon delivery provided the delivering Party  
24 receives requisite confirmation of delivery.

25 12.2. Assignment, Successors, and Assigns. Subject to the remaining provisions of this  
26 Section 12.2, this Settlement shall be binding upon and inure to the benefit of the Parties hereto  
27 and their respective successors, heirs and administrators, and assigns. Except as provided in the  
28 following sentence, no Party shall assign any of its rights or obligations hereunder without the  
prior written consent of the other Party, which the other Party shall not unreasonably withhold,  
delay, or condition. Notwithstanding the foregoing, both Parties shall have the right, without the  
consent of the other, to transfer its rights and obligations under this Settlement pursuant to a  
governmental change in organization or reorganization under California or Federal law, including  
but not limited to any of the following circumstances: (a) to the surviving entity in a change of  
organization, reorganization, or merger; (b) to an entity which acquires all of the assets of FPUD

1 or MCB CPEN; (c) where the transfer occurs pursuant to operation of law.

2 12.3. Further Assurances. The United States, Department of the Navy, United States  
3 Marine Corps, MCB CPEN and FPUD each agrees to perform such other acts, and to execute,  
4 acknowledge and deliver, subsequent to the Effective Date, such other instruments, documents and  
5 other materials as the other may reasonably request and as shall be reasonably necessary in order  
6 to implement this Settlement provided that such act and that execution, acknowledgement, and  
7 delivery of such instruments, documents and other materials do not contravene any applicable  
8 provision of law.

9 12.4. Reasonableness Requirement. Where the provisions of this Settlement provide for  
10 the opinion, judgment, decision, approval, review, agreement, or determination of any Party, such  
11 provisions are to be construed as requiring that such opinion, judgment, decision, approval, review,  
12 agreement, or determination be reasonable.

13 12.5. Independent Responsibilities. Except as specifically set forth herein, each Party is  
14 separately and independently responsible for its water supply, and associated treatment,  
15 discharges, deliveries, water quality, financing, facilities, and otherwise.

16  
17 12.6. Entire Agreement. This Settlement, together with all schedules, enclosures, and  
18 exhibits attached hereto and thereto, constitute the entire agreement between the Parties, all oral  
19 agreements being merged herein, and supersede all prior representations. No other documents,  
20 representations, agreements, arrangements, or understandings, oral or written, between or among  
21 the Parties relating to the subject matter of this Settlement constitute any part of this Settlement or  
22 the settlement it represents, nor shall they be used in construing this Settlement.

23 12.7. Calendar Days. All references in the Settlement to “days” shall mean calendar days  
24 unless stated otherwise.

25 12.8. Amendments and Waivers. Subject to Article 8 (Termination), no term or provision  
26 of this Settlement may be amended, waived, discharged or terminated orally but only by an  
27 instrument in writing signed by the Party against whom the enforcement of such amendment,  
28 waiver, discharge, or termination is sought. Any waiver shall be effective only in accordance with

1 its express terms and conditions.

2 12.9. Headings. The headings in the sections of this Settlement are inserted for  
3 convenience only and shall not constitute a part hereof or affect the meaning or interpretation  
4 hereof.

5 12.10. Construction. Each of the Parties acknowledges that (a) it has been represented by  
6 legal counsel throughout the negotiations that preceded execution of this Settlement, and (b) it has  
7 executed this Settlement in consideration of the advice of such legal counsel. No provision of this  
8 Settlement shall be construed against any Party on the ground that such Party or its counsel drafted  
9 the provision.

10 12.11. Counterparts. This Settlement may be executed in two (2) or more counterparts  
11 including by facsimile signature, each of which shall be deemed an original, but all of which  
12 together shall constitute one and the same document.

13 12.12. Time of Essence. Time is of the essence.

14 12.13. No Third-party Beneficiaries. This Settlement, and the obligations, responsibilities  
15 and goals set forth herein, are solely for the benefit of FPUD and MCB CPEN only.  
16 Notwithstanding any provision herein, the parties do not intend to create, expand or otherwise  
17 imply rights of any nature to or for the benefit of any person, state, agency or entity not a named  
18 Party hereto.

19 12.14. Cooperation. In the event of any action or proceeding by third parties to challenge  
20 the terms and conditions of this Settlement the Parties to this Settlement agree to cooperate with  
21 each other in a vigorous defense of such action as necessary.

22 12.15. Federal Entities. The federal entities referenced in this Settlement, the United  
23 States, its Department of the Navy, the United States Marine Corps, and MCB CPEN, are related  
24 entities which perform different functions. Any obligation undertaken, representation made, or  
25 other reference made herein to one of these federal entities is fully binding on all of these federal  
26 entities.

27 12.16. No Partnership or Joint Venture. The Parties are not partners or joint venturers, and  
28

1 nothing in this Settlement shall be construed as to create a partnership or joint venture between the  
2 Parties.

3 12.17. Authority to Execute Agreement. Each person whose signature appears hereon  
4 represents, warrants, and guarantees that she or he has been duly authorized and has full authority  
5 to execute this Agreement on behalf of the party for whom such signature is made.

6  
7 *Signatures to immediately follow on next page.*  
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FALLBROOK PUBLIC UTILITY DISTRICT

BY

\_\_\_\_\_  
President of the Board of Directors

LENNIHAN LAW

BY

\_\_\_\_\_  
MARTHA H. LENNIHAN  
Attorney for Defendant

UNITED STATES DEPARTMENT OF JUSTICE  
NATURAL RESOURCES SECTION, ENVIRONMENTAL &  
NATURAL RESOURCES DIVISION

BY

\_\_\_\_\_  
BRUCE D. BERNARD  
Attorney for Plaintiff



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**EXHIBIT 1**  
**TO**  
**STIPULATION OF SETTLEMENT**

Definitions

“AMP” means the Adaptive Management Plan developed by MCB CPEN.

“Bank” means the CUP water bank discussed in Section 3.2.4 of this Settlement.

“Breach” shall have the meaning as set forth in Section 10.1 of this Settlement.

“BUREC” means United States Bureau of Reclamation.

“Court” means the United States District Court for the Southern District of California.

“CUP” or “Project” means the Santa Margarita River Conjunctive Use Project as described in this Settlement. It includes all MCB CPEN water production facilities in the Santa Margarita River Watershed, as those facilities may be rehabilitated, replaced, and/or expanded, subject to Section 3.5 and other provisions of this Settlement. MCB CPEN is separately and independently responsible for the Lower Ysidora sub-basin wells, including but not limited to water rights reporting. This in no way affects the Parties’ other rights and responsibilities under this Settlement.

“CWRMA” means the Cooperative Water Resource Management Agreement.

“Days” shall have the meaning as set forth in Section 12.7 of this Settlement.

“Effective Date” shall be the date of final Court approval of this Settlement.

“Excess Water” shall have the meaning as set forth in Section 3.2.2 of the Settlement.

“Force Majeure Event” shall have the meaning as set forth in Section 10.3 of the Settlement.

“FPUD Base Entitlement” shall be as determined under Article 3, Sections 3.2 et. seq. of the Settlement.

“FPUD Excess Entitlement” means water as to which FPUD has exercised the FPUD First Right to Purchase Excess Water.

1           “FPUD Entitlement” shall mean FPUD Base and Excess Entitlement. Those terms or  
2 either of them may also sometimes be referred to as “delivery” entitlement.

3           “FPUD First Right to Purchase Excess Water” or “First Right” shall have the meaning set  
4 forth in Section 3.2.2, and otherwise in this Settlement.

5           “FPUD Point of Delivery” shall have the meaning as set forth in Section 3.2.7 of this  
6 Settlement.

7           “FPUD Project Facilities” means those Project Facilities located within the FPUD Service  
8 Area, as more fully described in Section 2.3 of this Settlement, including water treatment facilities  
9 at the proposed FPUD water treatment plant adjacent to the Point of Delivery (FPUD CUP WTP),  
10 including any brine disposal facilities; conveyance facilities from the FPUD CUP WTP to the  
11 Gheen Reservoir site including a booster pump station, and from the Gheen Reservoir site to Red  
12 Mountain Reservoir, including a booster pump station.

13           “FPUD Service Area” shall have the meaning as set forth in Recital D of the Settlement.

14           “FPUD Turnout” means the turnout constructed by MCB CPEN on the pipeline that  
15 delivers Project Water to the MCB CPEN advanced water treatment plant (“MCB CPEN WTP”)  
16 (Building number 2470). The FPUD Turnout will be located at a point in the pipeline prior to the  
17 pipeline’s connection to the MCB CPEN WTP. Project Water for delivery to FPUD is diverted  
18 into the FPUD Turnout and conveyed to the FPUD Point of Delivery, and water for delivery to  
19 MCB CPEN continues in the pipeline to the MCB CPEN WTP for treatment. All water which  
20 goes into the FPUD Turnout is water being delivered to FPUD, excepting any deliveries of water  
21 to MCB CPEN conveyed through FPUD Wheeling Facilities in accordance with Section 2.5 of this  
22 Settlement.

23           “FPUD Wheeling Facilities” shall have the meaning as set forth in Section 2.5.4 of this  
24 Settlement.

25           “FPUD Delivery Facilities” means the MCB CPEN facilities from the FPUD Turnout to  
26 the Point of Delivery, for which FPUD pays O&M and R&R rates for Project water delivered to  
27 FPUD as otherwise set forth in this Settlement. These facilities will include one or more flow  
28 meters to measure water deliveries to each Party.

1           “Hydrologic Year” means May 1 through April 30.

2           “License 10494” means appropriative water rights license number 10494 issued by the  
3 State Water Resources Control Board.

4           “Limited FPUD Capacity” shall have the meaning set forth in Section 2.6 of the  
5 Settlement. It does not apply in the context of ordinary day to day and monthly scheduling or  
6 temporary outages.

7           “Litigation” shall have the meaning as set forth in Recital H of this Settlement.

8           “Management Committee” shall have the meaning set forth in Section 6.2 of this  
9 Settlement.

10           “MCB CPEN Annual Demand” means on-Base, offstream potable water demand served by  
11 MCB CPEN. The northern portion of MCB CPEN has historically been served with water from  
12 resources other than the Santa Margarita River; the Santa Margarita River is used to meet the  
13 southern portion of MCB CPEN demands. A pipeline is being constructed by MCB CPEN to  
14 allow water deliveries between the northern and southern portions of MCB CPEN, MCB CPEN  
15 shall be allowed to use this pipeline to deliver its allocation of CUP Water per this Settlement to  
16 meet northern portion of MCB CPEN demands in the event of and for the duration of an  
17 emergency interrupting the other sources of supply to that portion of MCB CPEN. Otherwise,  
18 CPEN Annual Demand shall be the southern portion of MCB CPEN demand. MCB CPEN shall  
19 not use CUP Water in lieu of other sources of supply that can reasonably be used to serve the  
20 northern portion of MCB CPEN demand.

21           “MCB CPEN SDCWA Rights” means any and all of MCB CPEN rights to water from the  
22 San Diego County Water Authority, whatever those rights may be, and including but not limited to  
23 the normal delivery of water, allocation of water during shortages, and the preferential right.

24           “MCB CPEN Project Facilities” means those Project Facilities located within MCB CPEN,  
25 as more fully described in Section 2.2 of this Settlement. MCB CPEN facilities include the  
26 following: Groundwater recharge facilities including a diversion structure, conveyance canal and  
27 recharge ponds; extraction facilities including groundwater wells and conveyance piping; delivery  
28 facilities including conveyance from the wells to the MCB CPEN WTP and to the FPUD boundary

1 near the FPUD CUP WTP, including booster pump stations.

2 “Model Year” means the modeled future conditions based upon the 50-year Period of  
3 Record used for this Project (see Appendix A).

4 “Naval Enclave” shall be as defined in Recital A of this Settlement.

5 “1966 Modified Final Judgment and Decree” shall have the meaning as referred to in  
6 Recital H of this Settlement.

7 “NWS Fallbrook” means Naval Weapons Station, Seal Beach Detachment, Fallbrook.

8 “O&M” means reasonable and actual routine operations and maintenance (excluding repair  
9 and replacement). O&M is the actual labor and materials cost for the pump station and pipeline  
10 for the specified facilities, e.g. for the delivery of water to FPUD, the pipeline and pump stations  
11 located between the FPUD Turnout and the FPUD Point of Delivery. O&M costs are for  
12 operations and maintenance personnel to operate and maintain facilities. O&M costs include but  
13 are not limited to valve operation, pump operation and maintenance and pipeline inspection O&M  
14 includes all planned operations and maintenance, and excludes all unplanned items such as repair  
15 of unanticipated leaks which shall be R&R. See also Exhibit 5 to this Settlement.

16 “Parties” means FPUD and MCB CPEN, collectively.

17 “Party” means individually FPUD or MCB CPEN, as applicable.

18 “Period of Record” means the 50-year hydrologic period of record, consisting of Water  
19 Years 1952 through 2001, as described in this Settlement including Appendix A.

20 “Permit 8511” means appropriative water rights permit number 8511 issued by the State  
21 Water Resources Control Board pursuant to application number 11587, as it may be amended from  
22 time to time, and any license issued based on that permit.

23 “Permit 11357” means appropriative water rights permit number 11357 issued by the State  
24 Water Resources Control Board pursuant to application no 12129, as it may be amended from time  
25 to time, and any license issued based on that permit.

26 “Permit 15000B” means appropriative water rights permit number 15000B issued by the  
27 State Water Resources Control Board pursuant to application number 21471B, as it may be  
28 amended from time to time, and any license issued based on that permit.

1           “Point of Delivery” shall have the meaning as set forth in Section 3.2.7 of this Settlement.

2           “Point of Diversion” means the location of the existing MCB CPEN diversion structure on  
3 the Santa Margarita River at the head gate of the O’Neill diversion ditch.

4           “Pre-1914 Rights” means MCB CPEN’s pre-1914 appropriative water rights, the use and  
5 application of which are further described in Interlocutory Judgments 24 and 24a entered in  
6 the Litigation.

7           “Project” means the CUP.

8           “Project Facilities” means those facilities and equipment associated with the Project. A list  
9 of primary Project Facilities is contained in Exhibit 4 to this Settlement.

10          “Project Water” or “CUP Water” means water from the Santa Margarita River system  
11 diverted and/or extracted using Project Facilities.

12          “Project Yield” means the amount of water produced, without limitation, from the water  
13 system supporting the southern portion of MCB CPEN, including wells in the Chappo, Upper and  
14 Lower Ysidora sub-basins, and completion of all CUP Project Facilities, with yield estimates  
15 quantified as set forth in Appendix A.

16          “Prudent Utility Practice” shall mean a Party’s diligent construction, operation,  
17 maintenance, repair and replacement of the Project or Project components, excepting the facilities  
18 and functions for which the other party is responsible, in a prudent and reasonable manner so as to  
19 provide efficient and reliable water deliveries.

20          “Public Law 111-11” or “P.L. 111-11” means the Omnibus Public Land Management Act  
21 of 2009.

22          “R&R” or “Repair and Replacement” shall have the meaning set forth in Section 3.2.1(b)  
23 and Exhibit 5 of this Settlement.

24          “Regulatory” means all requirements of applicable law, including without limitation  
25 administrative, judicial, and legislative requirements in all of their forms.

26          “Reporting Requirements” shall have the meaning as set forth in Section 4.2 of the  
27 Settlement.

28          “Resolved Claims” shall have the meaning as set forth in Recital J of this Settlement.

1 “Riparian Rights” means MCB CPEN’s riparian water rights, the use and application of which are  
2 further described in Interlocutory Judgment 37 entered in the above-captioned matter.

3 “Settlement” means the Santa Margarita River Conjunctive Use Project Agreement and  
4 Stipulation of Settlement.

5 “SDCWA” means San Diego County Water Authority.

6 “SDCWA Allocation”, as used in Section 3.2.5(a) of this Settlement, means the allocations  
7 as they existed at the time of execution of this Settlement and any subsequent mechanisms by  
8 which SDCWA makes water available to its members that serve the same or similar purpose. At  
9 the time of execution of this Settlement, where there is a shortage of water, SDCWA makes water  
10 available to its members on an “allocation” basis. There are at least two types of allocations: a  
11 “loss of local supply” allocation, and a general allocation.

12 “SDCWA Treated Water Rate” shall mean the total amount FPUD would be required to  
13 pay to SDCWA to purchase treated water delivered to Red Mountain Reservoir, as that amount  
14 may change from time to time. Offsets, such as credits for water diverted under Permit 11356,  
15 which would reduce this total amount, are not included.

16 “SWRCB” means the State Water Resources Control Board.

17 “Technical Committee” shall have the meaning set forth in Section 6.1 of this Settlement.

18 “United States” means the United States of America. References in this Settlement to the  
19 United States, the Department of the Navy, the United States Marine Corps, and MCB CPEN, or  
20 each of them, may reflect these federal entities’ different roles, but shall be construed as inclusive  
21 of all these federal entities.

22 “Water Bank” means the CUP water bank discussed in Section 3.2.4 of this Settlement.

23 “Water Rights” shall have the meaning as set forth in Section 4.1 of this Settlement.

24  
25 “Water Delivery Year” or “Delivery Year” is May 1 to and including April 30.

26 “Watermaster” means the Watermaster appointed by the Court in the above-captioned  
27 matter.

28 “Winter Flow” means the October 1 through April 30 total stream flow at the Point of

1 Diversion, before any diversions, extractions, or bypasses at the Point of Diversion have occurred  
2 (see Appendix A).

3       “WTP” means water treatment plant.  
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**EXHIBIT 2**  
**TO**  
**STIPULATION OF SETTLEMENT**

Form of Joint Motion for Approval of Settlement and Order of Dismissal Attached



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**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

UNITED STATES OF AMERICA,  
  
                                Plaintiff,  
  
vs.  
  
FALLBROOK PUBLIC UTILITY  
DISTRICT, a public service corporation of  
the State of California, et al.,  
  
                                Defendants.

Case No. 51-1247-GPC-RBB  
  
ORDER OF DISMISSAL

It is stipulated by and through the plaintiff, United States of America, and defendant, Fallbrook Public Utility District, as follows:

1. The United States of America and the Fallbrook Public Utility District executed that certain Stipulation of Settlement (“**Settlement**”) on or about \_\_\_\_\_ 2017, the terms of which are incorporated herein by reference.
2. The Court approves the Settlement, the terms of which are hereby incorporated by reference as though set forth at length.
3. Pursuant to the Settlement, the complaint is dismissed.
4. Notwithstanding the foregoing, the Court shall and hereby does reserve and retain indefinite subject matter and personal jurisdiction to enforce the Settlement and any disputes pertaining to the Settlement.
5. In the event the Court fails or declines for any reason whatsoever to accept or assert

1 jurisdiction to enforce this Settlement, or at any point terminates its continued jurisdiction to enforce  
2 this Settlement, any Party shall have the remedy to file a new action in the above court to enforce the  
3 Settlement consistent with its terms.

4  
5  
6 Dated: \_\_\_\_\_

FALLBROOK PUBLIC UTILITY DISTRICT

7 By: \_\_\_\_\_

8 President of the Board of Directors

9  
10 Dated: \_\_\_\_\_

LENNIHAN LAW

11 By: \_\_\_\_\_

12 MARTHA H. LENNIHAN  
13 Attorney for Defendant

14 Dated: \_\_\_\_\_

UNITED STATES DEPARTMENT OF JUSTICE  
NATURAL RESOURCES SECTION,  
ENVIRONMENTAL & NATURAL RESOURCES  
DIVISION

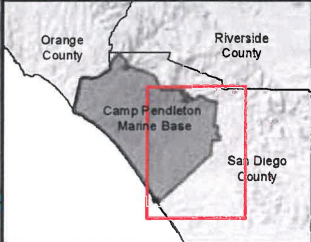
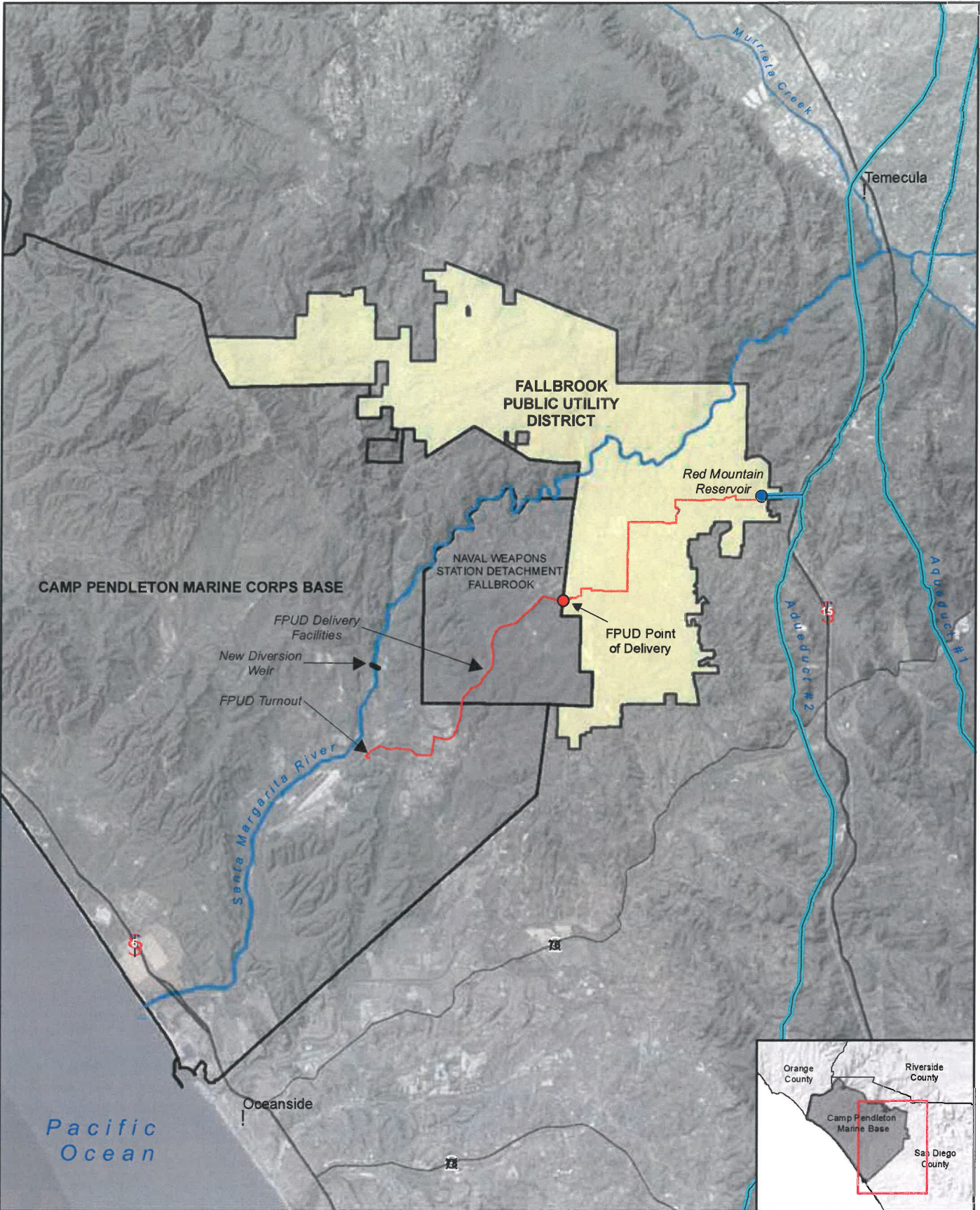
16  
17 By: \_\_\_\_\_

18 BRUCE D. BERNARD  
19 Attorney for Plaintiff

20 IT IS SO ORDERED.

21 Dated: \_\_\_\_\_

22 \_\_\_\_\_  
23 Judge of the United States District Court  
24  
25  
26  
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28



- ! City
- FPUD Delivery Facilities
- ↔ Interstate
- ↔ State Highway
- San Diego Water Authority Aqueduct and Pipelines
- River
- Creek
- Naval Weapons Station
- Camp Pendleton Marine Corps Base
- FPUD Boundary

**EXHIBIT 3  
VICINITY MAP**  
(Location of Facilities are Approximate)



Path: J:\n2408\FPUD\vicinity\Map.mxd

## EXHIBIT 4

### TO STIPULATION OF SETTLEMENT

MCB CPEN and Fallbrook Public Utility District

#### SMR CUP Project Facilities

(non-exhaustive)

The Project includes construction of facilities on CPEN and NWS Fallbrook by MCB CPEN, and construction of facilities within FPUD by FPUD. The only exception to this geographic division of responsibility for Project Facilities is that FPUD may construct certain conveyance facilities on the Fallbrook Naval Weapons Station (NWS Fallbrook), as noted below and as shown on Exhibit X. Existing facilities will also be used for the Project, such as the existing groundwater production wells and water system facilities on MCB CPEN that will be used to produce and deliver water to FPUD as well as to produce and deliver water for use by MCB CPEN.

#### CPEN Project Facilities include the following:

- Modification of the existing diversion structure on the Santa Margarita River and an associated diversion ditch to remove the existing constraint on diversion capacity resulting from a roadway, and increasing the headworks diversion capacity from 100 cfs to 200 cfs;
- Rehabilitation of existing groundwater recharge ponds located on Camp Pendleton property.
- Installation of new groundwater production wells within the Upper Ysidora Sub-basin and the Chappo Sub-basin;
- New groundwater delivery facilities from CPEN to FPUD including modifications to existing conveyance from the wells to Haybarn canyon, where the FPUD Turnout will be located, and new conveyance facilities from the FPUD Turnout to the Point of Delivery at the FPUD boundary at the existing Fallbrook WWTP site, including booster pump stations
- Existing and upgraded groundwater production facilities, storage and delivery system

#### FPUD Project Facilities include the following:

- Groundwater treatment facilities to treat Project water at the existing Fallbrook WWTP site (FPUD CUP WTP), including any brine disposal facilities
- Bi-directional pipeline for conveyance of untreated Project water from the FPUD Turnout on MCB CPEN to the FPUD Point of Delivery, and for conveyance of treated water supplies imported from SDCWA to MCB CPEN. The facilities will provide conveyance of Project water from the FPUD CUP WTP to FPUD's Gheen reservoir site, including a booster pump station, and conveyance facilities from the Gheen reservoir site to FPUD's Red Mountain Reservoir, including a booster pump station. A portion of the conveyance facilities from the FPUD CUP WTP to Gheen Reservoir may be constructed by FPUD on NWS Fallbrook.

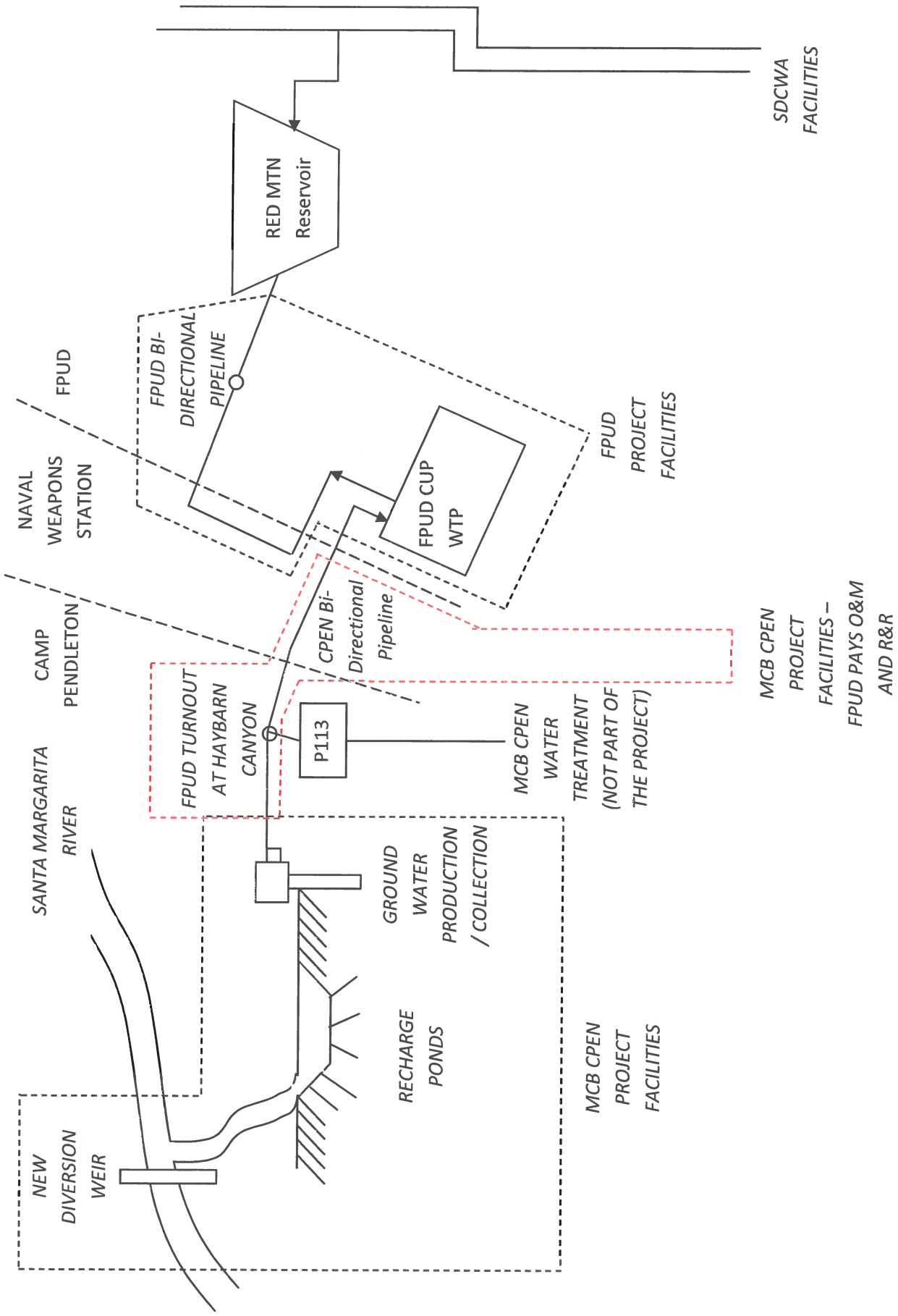


EXHIBIT 5

TO STIPULATION FOR SETTLEMENT

MCB CPEN and Fallbrook Public Utility District

General Description of Operation, Maintenance, Repair, Replacement, and Administrative  
Costs for FPUD Delivery Facilities and FPUD Wheeling Facilities

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<b>1.0</b>	<b>Certain Project Rates .....</b>	<b>1</b>
1.1	FPUD Delivery O&M Rate.....	1
1.2	FPUD Delivery R&R Rate.....	1
1.3	Other Costs and Rates .....	2
<b>2.0</b>	<b>FPUD Delivery O&amp;M Costs.....</b>	<b>2</b>
2.1.1	Source of Supply (SOS) .....	2
2.1.2	Transmission.....	2
2.1.3	Pumping.....	3
2.1.4	Treatment.....	3
<b>3.0</b>	<b>FPUD Delivery R&amp;R Costs.....</b>	<b>3</b>
3.1.1	R&R Costs.....	4
<b>4.0</b>	<b>Other Rates.....</b>	<b>5</b>
4.1	Administrative and General Expenses .....	5
4.1.1	Adaptive Management and Operations Plans.....	5
4.1.2	CUP Administrative and General (AG).....	5
4.2	Technical Committee (TC).....	6
4.3	FPUD Wheeling Facilities Costs.....	6
4.3.1	FPUD Administrative Costs .....	6
4.3.2	FPUD O&M Costs.....	6
4.3.3	FPUD R&R Costs.....	7
<b>5.0</b>	<b>Exemplary Operation, Maintenance, Repair, and Replacement Activities .....</b>	<b>7</b>
5.1	Operations activities would include: .....	7
5.2	Maintenance activities would include: .....	7
5.3	Repair activities would include: .....	8
5.4	Replacement activities would include:.....	8
<b>6.0</b>	<b>Exemplary O&amp;M and R&amp;R Cost Calculation .....</b>	<b>8</b>



## **1.0 CERTAIN PROJECT RATES**

This Exhibit 5 provides additional detail regarding Payment Rate A, the “wheeling” rate, and other costs.

Payment Rate A is comprised of: (1) the FPUD Delivery Operation and Maintenance (O&M) Rate; (2) a 15% administrative surcharge on the O&M Rate; and (3) the FPUD Delivery Repair and Replacement (R&R) Rate discussed in the Stipulation for Settlement (Settlement). The FPUD Delivery Facilities are the MCB CPEN Project Facilities from the FPUD Turnout on the raw water conveyance line near Haybarn Canyon to the FPUD Point of Delivery. Delivered water is Project Water delivered by MCB CPEN to the FPUD Point of Delivery.

This exhibit also describes the FPUD wheeling rate which applies when SDCWA imported water is delivered by FPUD through FPUD Wheeling Facilities to MCB CPEN at the MCB CPEN side of the FPUD Point of Delivery. These rates, and any additional costs as described in the Settlement, are paid by MCB CPEN to FPUD on a per acre foot of water basis.

This exhibit is to provide further detail regarding the foregoing rates and associated costs, as well as some of the costs that are intentionally not being incorporated into the rates. It is supplementary to the Settlement. In the event of conflict, the Settlement prevails.

### **1.1 FPUD DELIVERY O&M RATE**

The FPUD Delivery O&M Rate is based on actual costs incurred by MCB CPEN for FPUD Delivery Facilities during the operation of those facilities to make deliveries to FPUD. It is charged to FPUD annually based on a per acre foot of delivered water basis. MCB CPEN will document and summarize all O&M costs for each month during the delivery year, and include this documentation with the final invoice for payment. The intent of the FPUD Delivery O&M Rate is for FPUD to pay its fair share of costs associated with variable or recurring annual costs such as labor, maintenance, monitoring, consumption of material and energy, and other variable costs associated with the operation and maintenance of FPUD Delivery Facilities. This O&M Rate will exclude all administrative costs. FPUD will pay for administrative costs via the fifteen percent (15%) administrative surcharge on the O&M payment.

### **1.2 FPUD DELIVERY R&R RATE**

The FPUD Delivery R&R Rate is a calculated amount based on the estimated life of the FPUD Delivery Facilities (without regard to actual R&R costs, whether less or more.) It is charged to FPUD annually based on a per acre-foot of delivered water basis. The actual costs will be paid by MCB CPEN regardless of whether or not the costs are more or less than the amount paid by FPUD. The intent of FPUD Delivery R&R Rate is for FPUD to pay a calculated unit cost that represents its share to maintain facilities due to normal wear and tear over their useful life. A calculated amount has been intentionally chosen in lieu of actual costs in order to allow CPEN to maintain autonomy of facilities within the Naval Enclave.

### 1.3 OTHER COSTS AND RATES

The Settlement introduces costs and rates that address the parties' financial responsibility for General and Administrative costs, Technical Committee costs, and FPUD facilities wheeling costs for imported water. While the General and Administrative costs are based on a 15% overhead fee levied against the FPUD Delivery O&M Rate, each parties' share of the Technical Committee is the responsibility of the party that incurs that cost. Finally, the FPUD Facilities Wheeling cost for delivery of imported water to MCB CPEN is based on administrative, O&M, and R&R costs incurred by FPUD to operate facilities required to deliver imported water to the FPUD Point of Delivery as described in Section 2.5.4 of the Settlement.

## 2.0 FPUD DELIVERY O&M COSTS

The FPUD Delivery O&M costs account for water delivered from MCB CPEN at the Turnout Point to the FPUD Point of Delivery. These costs do not account for delivery of imported water from the FPUD Point of Delivery to MCB CPEN since the Base will be responsible for O&M of the pipeline. Other costs associated with the delivery of imported water through the FPUD Wheeling Facilities and the R&R costs for the use of the FPUD Delivery Facilities are discussed in the appropriate section.

### 2.1.1 SOURCE OF SUPPLY (SOS)

The FPUD Delivery SOS O&M includes labor, supervision, engineering, materials, supplies, and other recurring expenses incurred in the operation and maintenance of collecting, impounding, diverting, rediverting, and conveying of water from the inflatable weir to Haybarn Canyon. SOS facilities include: inflatable weir, O'Neill ditch, turnout and control structures, recharge ponds, Lake O'Neill, groundwater recovery wells, raw water conveyance pipelines, and supporting appurtenant facilities.

FPUD Delivery SOS O&M costs include electricity and consumable materials required to pump groundwater from the Santa Margarita River basin aquifer and deliver it to the FPUD Turnout.

#### Allocation of SOS Costs:

CPEN: 100%

FPUD: 0%

### 2.1.2 TRANSMISSION

The FPUD Delivery Transmission O&M includes the cost of labor, supervision, engineering, materials, supplies, meters, and other expenses incurred in the operating and maintenance cost of transmitting water through the FPUD Delivery Facilities. FPUD Delivery Transmission O&M facilities include the bi-directional pipeline and storage reservoirs, if any,



required to support the conveyance of water from the FPUD Turnout to the FPUD Point of Delivery.

FPUD Transmission O&M costs from the FPUD Turnout to the FPUD Point of Delivery are calculated by summing the actual annual costs incurred by MCB CPEN divided by the total quantity of water delivered.

Allocation of Transmission Costs:

CPEN: 0%

FPUD: 100%

### 2.1.3 PUMPING

The FPUD Delivery Pumping O&M includes labor, supervision, engineering, materials, supplies, meters, electricity, consumable and other expenses incurred in the recurring cost of pumping water through the FPUD Delivery Facilities from the FPUD Turnout to the FPUD Point of Delivery.

FPUD Pumping O&M costs from the FPUD Turnout to the FPUD Point of Delivery are calculated by summing the actual annual costs incurred by MCB CPEN divided by the total quantity of water delivered.

Allocation of Pumping Costs:

CPEN: 0%

FPUD: 100%

### 2.1.4 TREATMENT

There are no treatment facilities included in the Fallbrook Delivery O&M costs.

## 3.0 FPUD DELIVERY R&R COSTS

FPUD Delivery R&R costs are not calculated individually for either the repair or replacement portion; rather they have been lumped as one cost using industry standards. Minor repair performed on the system is included in the costs identified as O&M discussed above. FPUD Delivery R&R costs account for the delivery of Project Water to FPUD and imported water to CPEN, when appropriate. Major repair is likely to include replacement of major components and is included in the R&R costs described below. This R&R Rate will not include any administrative costs nor incur an administrative surcharge. FPUD will pay for administrative costs via the fifteen percent (15%) administrative surcharge on the O&M Rate.

The calculation of the FPUD Delivery R&R costs differs from the calculation of FPUD Delivery O&M costs because they are based on long-term average annual use and not actual

annual costs. FPUD Delivery R&R costs are calculated using 3,350 AFY based on the historical 50-year long-term average annual delivery of FPUD Base Entitlement (3,100 AFY) and the estimated MCB CPEN average annual import water requirement (250 AFY). Additional water delivered to either FPUD or MCB CPEN through the FPUD Delivery Facilities does not incur R&R Costs.

### 3.1.1 R&R COSTS

The FPUD Delivery R&R unit cost is calculated based on the actual capital cost of the component divided by the expected useful life divided by the projected average annual delivery of both project, and if applicable, imported water. The R&R cost for the FPUD Delivery Facilities required to lift or pump project water is based on an average annual delivery of 3,100 AFY. The R&R cost for FPUD Delivery Facilities used to convey both project water and imported water between the Fallbrook Turnout and the FPUD Point of Delivery is based on an average annual delivery of 3,350 afy. The 50-year long-term estimated requirement of imported water from the SDCWA to MCB CPEN is anticipated to be 250 afy<sup>1</sup>.

R&R costs will be calculated based on actual capital costs following completion of construction of the FPUD Delivery Facilities and initiation of deliveries to FPUD. After the first year of full deliveries, FPUD Delivery R&R costs would then be escalated annually based on an appropriate index such as the Engineering News Record Construction Cost Index (CCI), the Consumer Price Index (CPI), the Handy Whitman index or otherwise agreed to published escalation factor(s) by the Parties, to reflect actual costs incurred by MCB CPEN.

FPUD R&R Costs are collected so that MCB CPEN may perform major repairs and maintenance to the FPUD Delivery Facilities so they remain in good working order. R&R costs are escalated annually so that the present value of repair and replacement is maintained throughout the life of the project. The annual reporting of costs should include applicable escalation factor(s) and an estimate of the present value of to replace facilities as if new. If the cost to replace facilities as new are not consistent with the R&R unit cost or each parties' use of the pipeline is not consistent with the original estimate based on the 50-year historic record; the Technical Committee should review discrepancies and provide recommendations to the Management Committee for action.

#### Allocation of R&R Costs:

CPEN: 0% (except for delivery of imported water to MCB CPEN))  
FPUD: 100% (except for delivery of imported water to MCB CPEN))

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<sup>1</sup> MCB CPEN made this determination based on the 50-year model for Run 16a, which showed that MCB CPEN will require an average of 500 afy to meet an assumed demand of 7,822 afy. Because the demand may be met by severe drought demand measurements or other conservation measures, MCB CPEN believes that only 250 afy (roughly ½) would be required from imported water supplies. Actual import water deliveries to MCB CPEN are expected to occur during Extreme Drought and Below Normal hydrologic conditions; and may exceed 1,500 afy during these periods.

While FPUD is responsible for contributing to R&R expenses as set forth in this exhibit and the Settlement Agreement, MCB CPEN has the responsibility of performing and paying for R&R. The FPUD Delivery R&R payment rate from FPUD to MCB CPEN is calculated on a per acre foot unit cost as shown in the attached table based on estimated 3,100 AFY FPUD Base Entitlement delivered to FPUD; plus a projected 250 AFY of SDCWA water delivered to MCB CPEN through non-pumping related facilities. The average annual conveyance of water through the FPUD Delivery Facilities is estimated to be 3,350 AFY; of which only 3,100 is conveyed through the pumping facilities. The R&R costs attributed with delivery of imported water to MCB CPEN will be the responsibility of MCB CPEN and reduce the overall R&R Rate to be paid by FPUD for non-pumping related FPUD Delivery Facilities.

#### **4.0 OTHER RATES**

The following sections of this exhibit describe other rates that are discussed in the Settlement.

##### **4.1 ADMINISTRATIVE AND GENERAL EXPENSES**

MCB CPEN recovers all administrative and general expenses based on a 15% overhead fee levied against the FPUD Delivery O&M Rate; not on item-by-item methodology used for O&M and R&R. The following section addresses various overhead costs which will be incurred by MCB CPEN to maintain the maximum sustainable yield of the Lower Santa Margarita River Basin.

###### **4.1.1 ADAPTIVE MANAGEMENT AND OPERATIONS PLANS**

The annual recurring expenses related to the Adaptive Management and Operations Plans consists of all costs related to operation of the groundwater model, Adaptive Management Plan (AMP), and Operation Plan (OP). Facilities included in the AMP and OP include monitoring, telemetry, and recording instrumentation required to monitor streamflow, groundwater levels, and environmental parameters that impact the diversion and redirection of water for the CUP. The cost of these plans is in part recovered by MCB CPEN through FPUD's contribution of the 15% fee levied on the FPUD Delivery O&M cost.

###### Allocation of AMP and OP Costs:

CPEN: 100% (except as recovered by the 15% fee referenced above)

FPUD: 0% (except as recovered by the 15% fee referenced above)

###### **4.1.2 CUP ADMINISTRATIVE AND GENERAL (AG)**

The CUP Administrative and General costs include all office, reporting, accounting, and similar expenses related to the regulatory and statutory reporting requirements. The cost of AG services is in part recovered by MCB CPEN by FPUD's contribution of the 15% fee levied on the FPUD Facilities O&M cost.

Allocation of AG Costs:

CPEN: 100% (except as recovered by the 15% fee referenced above)

FPUD: 0% (except as recovered by the 15% fee referenced above)

**4.2 TECHNICAL COMMITTEE (TC)**

Technical Committee costs include administrative, office, and the Parties' staff and consultant services regarding all aspects of the performance of the project. Each party will pay their share of TC services; these costs are not included in the 15% fee levied on the FPUD Facilities O&M cost.

Allocation of TC Costs:

CPEN: Each Party Pays Their Share

FPUD: Each Party Pays Their Share

In the event that the Technical Committee requests and obtains approval for participation of one or more persons with relevant expertise as set forth in Section 6.1.1 of the Settlement, costs of those outside services shall be allocated 30% FPUD and 70% MCB CPEN.

**4.3 FPUD WHEELING FACILITIES COSTS**

The FPUD Wheeling Facilities costs include all administrative, O&M and R&R costs associated with MCB CPEN's use of FPUD Wheeling Facilities for delivering water from SDCWA to the FPUD Delivery Facilities at the FPUD Point of Delivery. If there are any additional costs or expenses incurred by or to FPUD in connection with such wheeling they will be paid by MCB CPEN in accordance with the Settlement. FPUD will document and summarize all FPUD Wheeling Facilities costs for each year and include this documentation with a final invoice for payment.

**4.3.1 FPUD ADMINISTRATIVE COSTS**

The FPUD Administrative costs include all office, reporting, accounting, and similar expenses related to the purchase of SDCWA imported water to MCB CPEN.

**4.3.2 FPUD O&M COSTS**

FPUD O&M costs include the cost of labor, supervision, engineering, materials, supplies, meters, and other expenses incurred in the operating and maintenance cost of transmitting water through the FPUD Wheeling Facilities. FPUD Wheeling O&M facilities include the bi-directional pipeline and storage reservoirs required to support the conveyance of water from the FPUD's turnout with SDCWA to the FPUD Point of Delivery.

#### 4.3.3 FPUD R&R COSTS

FPUD Wheeling Facilities R&R Costs will be based on a similar methodology used to determine the FPUD Delivery R&R Costs described in Section 3.1.1. of this Exhibit. FPUD Wheeling Facilities R&R costs are based on conveyance pipeline facilities and do not include pumping station related costs because the delivery of imported water to MCB CPEN will be entirely by gravity.

#### Allocation of FPUD Wheeling Facilities Costs:

CPEN: 100%

FPUD: 0%

### **5.0 EXEMPLARY OPERATION, MAINTENANCE, REPAIR, AND REPLACEMENT ACTIVITIES**

#### **5.1 OPERATIONS ACTIVITIES WOULD INCLUDE:**

- Scheduling deliveries and turn on and off pumps or adjust pump operation based on delivery requirements.
- Coordination with FPUD on delivery timing and changes
- Time associated with operating and controlling any valves to facilitate delivery.
- Power costs for pump station operation to boost water from Haybarn Canyon to FPUD for actual water delivered.

#### **5.2 MAINTENANCE ACTIVITIES WOULD INCLUDE:**

- Regular valve exercising.
- Labor and material for regular maintenance of valves such as lubrication and adjusting/replacing seats and seals.
- Labor and material for regular pump and motor maintenance such as balancing impellers, maintaining fluids, and painting.
- Regular inspection of pipeline and appurtenances
- Testing, inspection, and calibration of field instruments.
- Minor repairs for regular schedule service replacement items such as replacing seals, fluids, touch up painting, fuses, indicator lights and minor field instruments.

- Support, maintenance, and upgrades to CUP SCADA and related computer systems (as with all costs, this is to the extent applicable to FPUD Delivery Facilities.)

**5.3 REPAIR ACTIVITIES WOULD INCLUDE:**

- Servicing leaks in pipe, valves or pumps
- Removing Pumps for service for replacement of parts such as impellers, casings, or bearings.
- Unplanned failures of valves or pumps that required immediate on-site modifications.
- Fixing wiring or shorts on electrical components

**5.4 REPLACEMENT ACTIVITIES WOULD INCLUDE:**

- Replacement of Entire Pump
- Replacement of Pump Motor
- Replacement of Valves
- Replacement of Sections of Pipeline
- Replacement of electrical gear such as motor control centers.

**6.0 EXEMPLARY O&M AND R&R COST CALCULATION**

See attached spreadsheet. The numbers are exemplary only.

**EXHIBIT 5 SUPPORTING TABLE**  
**EXAMPLES of TYPICAL OPERATION, MAINTENANCE, AND REPAIR/REPLACEMENT COSTS**  
 (All values are shown are for Example Purposes Only)

Item	Annual Operation and Maintenance	Annual Flow	Annual CPEN Cost	CPEN Allocation	FPUD Allocation	Cost Attrib to CPEN	Cost Attrib to FPUD	CPEN AF Unit Cost	FPUD AF Unit Cost	
1	Operation of Weir and Diversion	10,800	20,000	100%	0%	20,000	-	2	SOS Cost	
2	Operation of O'Neill Ditch	10,800	10,000	100%	0%	10,000	-	1	SOS Cost	
3	Ditch Monitoring and Reporting	10,800	40,000	100%	0%	40,000	-	4	SOS Cost	
4	Electricity for Obermeyer	10,800	2,000	100%	0%	2,000	-	0	SOS Cost	
5	Operation of Lake O'Neill	1,200	5,000	100%	0%	5,000	-	4	SOS Cost	
6	Dredging Lake O'Neill	1,200	100,000	100%	0%	100,000	-	83	SOS Cost	
7	Lake O'Neill Monitoring and Reporting	1,200	5,000	100%	0%	5,000	-	4	SOS Cost	
8	Operation of Groundwater Wells	10,800	2,500,000	100%	0%	2,500,000	-	231	SOS Cost	
9	Groundwater well monitoring	10,800	30,000	100%	0%	30,000	-	3	SOS Cost	
10	Electricity for Groundwater Pumping	10,800	1,000,000	100%	0%	1,000,000	-	93	SOS Cost	
11	Replacement of Well Pump	10,800	80,000	100%	0%	80,000	-	7	SOS Cost	
12	Operation of Raw Water Conveyance	10,800	500,000	100%	0%	500,000	-	46	SOS Cost	
13	Operation of FPUD Turnout	3,100	5,000	0%	100%	-	5,000	-	2	Transmission Cost
14	O&M of FPUD Delivery Facilities	3,100	100,000	0%	100%	-	100,000	-	32	Transmission Cost
15	Cars, trucks, yard expenses for FPUD Delivery Fac	3,100	Item 19	0%	100%	Item 19	Item 19	Item 19	Item 19	Transmission Cost
16	O&M of FPUD Pumping Plants (FPUD Delivery Fac)	3,100	100,000	0%	100%	-	100,000	-	32	Pumping Cost
17	Elec for Pumping Haybarn to Booster (el 90 to 3XX)	3,100	250,000	0%	100%	-	250,000	-	81	Pumping Cost
18	Elec for Pumping Booster to FPUD (el 3XX to 7XX)	3,100	250,000	0%	100%	-	250,000	-	81	Pumping Cost
19	Exercise FPUD Delivery Facilities Valves	3,100	5,000	0%	100%	-	5,000	-	2	Transmission Cost
20	Replace Pump Motor at Booster Sta.	3,100	55,000	100%	0%	55,000	-	18	Replacement cost	
21	Replace Air Release Valve on FPUD Delivery Fac	3,100	8,000	100%	0%	8,000	-	3	Replacement cost	
22	Repair Air Release Valve on FPUD Delivery Fac	3,100	3,000	100%	0%	3,000	-	1	Repair cost	
23	Repair FPUD Delivery Fac	3,100	45,000	100%	0%	45,000	-	15	Repair cost	
24	Repair FPUD Delivery Fac Check Valves	3,100	100,000	100%	0%	100,000	-	32	Repair cost	
25	Maintenance and inspection of valves	3,100	10,000	0%	100%	-	10,000	-	3	Transmission Cost
26	FPUD Delivery Fac Monitoring and Reporting	3,100	3,000	0%	100%	-	3,000	-	1	Transmission Cost
27	FPUD Delivery Fac Telemetry and Monitoring	3,100	5,000	0%	100%	-	5,000	-	2	Transmission Cost
28	FPUD Admin Cost for Wheeling Import	1,200	12,000	100%	0%	12,000	-	10	FPUD Admin Cost	
29	Watershed Protection Plan	10,800	100,000	100%	0%	100,000	-	9	CUP Administrative and General Cost	
30	Salt Nutrient Management Plan Update	10,800	150,000	100%	0%	150,000	-	14	CUP Administrative and General Cost	
31	Adaptive Management Plan and Operation Plan	10,800	100,000	100%	0%	100,000	-	9	Adaptive Management and Operation Plan Cost	
32	Groundwater Model Maintenance	10,800	100,000	100%	0%	100,000	-	9	Adaptive Management and Operation Plan Cost	
33	SCADA Telemetry equipment for monitoring wells	10,800	50,000	100%	0%	50,000	-	5	Adaptive Management and Operation Plan Cost	
34	New monitoring well	10,800	40,000	100%	0%	40,000	-	4	Adaptive Management and Operation Plan Cost	
35	CPEN Related Technical Committee Cost	10,800	30,000	100%	0%	30,000	-	3	Technical Committee Cost	
36	FPUD Related Technical Meeting Cost	10,800	15,000	0%	100%	-	15,000	-	1	Technical Committee Cost
37	SCADA Diversion and Groundwater Pumping	10,800	100,000	100%	0%	100,000	-	9	SOS Cost	
38	SCADA for Bi-Directional Pipeline	3,350	35,000	0%	100%	-	35,000	-	10	Transmission Cost
39	Cost of USGS to Support Technical Committee	10,800	30,000	50%	50%	15,000	15,000	1	1	Technical Committee Cost
40	<b>Annual OM RR&amp;AG Cost</b>		<b>5,993,000</b>			<b>5,200,000</b>	<b>793,000</b>	<b>620</b>	<b>248</b>	

NOTE: Annual Flow reflects the actual water pumped and/or delivered to the FPUD Point of Delivery. Long-term average annual values used for example only



**EXHIBIT 5 SUPPORTING TABLE**  
**EXAMPLES of TYPICAL OPERATION, MAINTENANCE, AND REPAIR/REPLACEMENT COSTS**  
 (All values are shown are for Example Purposes Only)

Item	Annual Repair and Replacement Facilities	Annual Flow	Annual CPEN Cost	Useful Life	CPEN Allocation	Cost Attrib to CPEN	Cost Attrib to FPUD	CPEN AF Unit Cost	FPUD AF Unit Cost	Capital Cost
39	Haybarn Pumping Plant									
39a	Pump Structures and Improvements	3,100	16,000	100	100%	0	16,000	-	5	2,400,000
39b	Pump Equipment	3,100	32,000	25	100%	0	32,000	-	10	1,600,000
40	Booster Pumping Plant									
40a	Pump Structures and Improvements	3,100	16,000	100	100%	0	16,000	-	5	2,400,000
40b	Pump Equipment	3,100	32,000	25	100%	0	32,000	-	10	1,600,000
41	Pipeline Valves	3,350	20,000	25	100%	0	20,000	-	6	500,000
42	Pipeline	3,350	140,000	100	100%	0	140,000	-	42	14,000,000
43	Electrical Gear	3,100	66,667	15	100%	0	66,667	-	22	1,000,000
44	Instrumentation	3,350	20,000	10	100%	0	20,000	-	6	200,000
<b>45</b>	<b>Annual R&amp;R Cost</b>		<b>342,667</b>			<b>-</b>	<b>342,667</b>	<b>-</b>	<b>106</b>	
<b>46</b>	<b>Total O&amp;M and R&amp;R Costs</b>		<b>6,335,667</b>			<b>5,200,000</b>	<b>1,135,667</b>	<b>620</b>	<b>354</b>	

NOTE: Items 41, 42, 44 include Imported Water Deliveries of 250 afy  
 3,100 AFY reflects estimated FPUD Base Entitlement based on 50-year hydrology (1952-2001)  
 3,350 AFY reflects estimated FPUD Base Entitlement (3,100 AF) + Annual CWA Deliveries to CPEN (250 AFY)



## EXHIBIT 6

### Payment Rate B

(All Costs Shown are For Example Only)

#### CPEN O&M COSTS to FPUD POINT OF DELIVERY

CPEN GW O&M	+	FPUD Delivery Fac. O&M	=	CPEN Cost
\$430		\$46		\$476

Comments  
CPEN O&M Cost of producing and conveying project water to FPUD POD.

#### FPUD TOTAL COSTS to RMR

FPUD Treat O&M	+	FPUD Convey O&M	+	FPUD Capital to BOR, if any	=	FPUD Cost
\$158		\$50		Unknown		\$208

FPUD Cost of treating and conveying project water from FPUD POD to RMR

### Calculate Rate B

#### CALCULATE EQUIVALENT COST OF IMPORT AT POINT OF DELIVERY

Cost of SDCWA Treated Imported Water to RMR	-	FPUD Cost	=	Equivalent Import at POD
\$1,073		\$208		\$865

Equivalent Cost of Import at POD is the cost of imported water delivered to RMR minus the cost to treat and convey project water to RMR

#### CALCULATE RATE B MARGIN

Equivalent Import at POD	-	CPEN Cost	=	Rate B Margin
\$865		\$476		\$389

Rate B Margin

#### CALCULATE RATE B

CPEN O&M Cost	+	1/2	Rate B Margin	=	Rate B
\$476			\$195		\$671

Rate B is the CPEN O&M Cost plus 1/2 the Rate B Margin

Notes: CPEN = MCB Camp Pendleton  
BOR = Bureau of Reclamation  
RMR = FPUD's Red Mountain Reservoir  
O&M costs are determined in accordance with the Settlement Agreement.  
In the even of conflict, the Settlement Agreement Governs.

**EXHIBIT 7**

TO STIPULATION OF SETTLEMENT

MCB CPEN and Fallbrook Public Utility District

Examples of Water Delivery Accounting

Example: Below Normal Year, Banked Excess Delivery, starting bank balance = 0.

Year Type: BN

Month	Required Entitlement Delivery	Actual Delivery	Ending Bank Balance	Rate A Excess (<400 AF)	Rate B Excess (>400 AF)	SDCWA in-lieu water delivered
May	60	70				
June	60	70				
July	60	50				
August	60	50				
September	60	60				
October	150	150				
November	150	200				
December	150	250				
January	150	150				
February	150	200				
March	150	150				
April	100	150				
<b>Annual Total</b>	<b>1300</b>	<b>1550</b>	<b>50</b>	<b>200</b>	<b>0</b>	<b>0</b>

Example: Below Normal Year, Rate B Excess Delivery, starting bank balance = 0.

Year Type: BN

Month	Required Entitlement Delivery	Actual Delivery	Ending Bank Balance	Rate A Excess (<400 AF)	Rate B Excess (>400 AF)	SDCWA in-lieu water delivered
May	60	400				
June	60	400				
July	60	400				
August	60	400				
September	60	400				
October	150	400				
November	150	400				
December	150	400				
January	150	400				
February	150	400				
March	150	400				
April	100	800				
<b>Annual Total</b>	<b>1300</b>	<b>5200</b>	<b>3000</b>	<b>400</b>	<b>500</b>	<b>0</b>

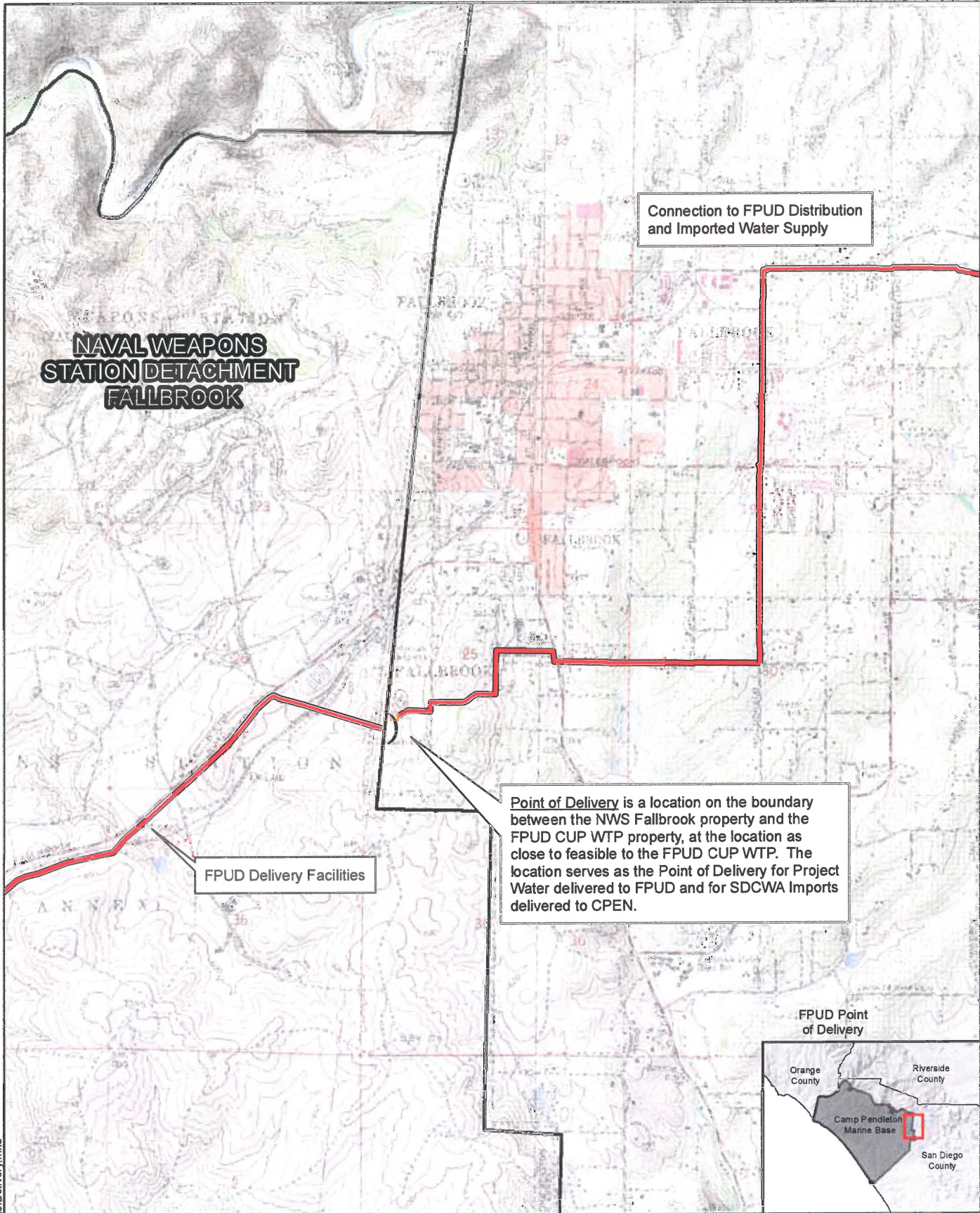
Example: Very Wet Year, Required SDCWA in-lieu water Delivery, **starting bank balance = 300.**

Year Type: VW

Month	Required Entitlement Delivery	Actual Delivery	Ending Bank Balance	Rate A Excess (<400 AF)	Rate B Excess (>400 AF)	SDCWA in-lieu water delivered
May	740	400				
June	650	400				
July	550	400				
August	450	50				
September	350	50				
October	350	0				
November	400	0				
December	500	0				
January	550	0				
February	590	0				
March	590	0				
April	600	400				
Annual Total	6320	1700	-3000	0	0	1320

Note: Additional examples showing project conditions and use of the bank during a simulation of 50-year project conditions if the 50-year 1952-2001 hydrology were repeated are shown in Appendix A.

This exhibit and Appendix A augments the Settlement Agreement. In the event of conflict, the body of the Settlement Agreement shall prevail.

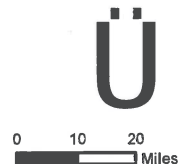


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**Exhibit 8  
Point of Delivery**

(Location of Facilities are Approximate)



**RESOLUTION NO. 4919**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT AUTHORIZING THE  
EXECUTION OF THE SETTLEMENT AGREEMENT BETWEEN THE  
UNITED STATES AND THE DISTRICT AND CAMP PENDLETON AND  
ITS FILING WITH THE FEDERAL COURT FOR APPROVAL**

\* \* \* \* \*

**WHEREAS**, after many decades, a successful conclusion to the long-standing litigation between the District and Camp Pendleton has been reached; and

**WHEREAS**, in 1951, the Federal Government sued all water users in Fallbrook, claiming it had water rights superior to those of Fallbrook, and as a federal military installation, was not required to comply with state water law. This case, United States v. Fallbrook PUD, is the oldest unresolved water rights litigation in California. In 1966, a Modified Final Judgment and Decree was issued by the Federal Court, which required the U.S. Government and the District to develop a physical solution to address the water rights dispute on the Santa Margarita River; and

**WHEREAS**, for over 66 years the residents of Fallbrook and the District have been seeking to resolve this dispute to be able to develop a local water supply. After many years of unsuccessful negotiations, that physical solution, the Santa Margarita River Conjunctive Use Project and the local water supply it will provide, is now within a few years of being a real, functioning project; and

**WHEREAS**, the final settlement was achieved by District staff and District water counsel, working with Camp Pendleton and its advisors. It was approved by the United States Department of Navy on November 8, 2017. It has been reviewed by the Santa Margarita Watermaster, who has indicated that he will support it in his role as advisor to the Federal Court.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT THAT:**

1. The Board authorizes the Board President and the District water counsel to execute the Settlement Agreement substantially in the form of Attachment 2 to the December 11, 2017 Memorandum of Acting General Manager Jack Bebee to the Board of Directors; and
2. The Board further authorizes the filing of the Settlement Agreement with the Federal Court 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 11<sup>th</sup> day of December, 2017, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

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## M E M O

**TO:** Board of Directors  
**FROM:** Fiscal Policy & Insurance Committee  
**DATE:** December 11, 2017  
**SUBJECT:** Consider Adopting Resolution No. 4920 Approving the Increased Rates for Water and Recycled Water Service Charges, and Rates for Wastewater Service Charges and Taking Other Related Actions

---

Purpose

Provide the Board with the Fiscal Policy & Insurance Committee's final recommended rates and charges for water, recycled water and wastewater services.

Summary

December's vote on the calendar year 2018 rates and charges and the Proposition 218 noticed proposed rate and charge increases is the culmination of long and thorough financial planning process that began in April of 2017. The process involved extensive community outreach and communications as well as multiple public hearings. Attachment A shows all of the Public Relations actions taken to notify and solicit input from the District's ratepayers.

In preparation for the adoption of rates and charges for calendar year 2018, the water cost data was updated to reflect the adopted water rates from the District's wholesale provider, the San Diego County Water Authority (the "SDCWA"). Prior to this update, estimated SDCWA water costs were used to determine the District's rate and charge levels.

In addition to updating water costs, staff also identified some personnel cost savings measures. These cost savings combined with lower water costs reduced the overall recommended water revenue increase in calendar year 2018 from 8% to 6.5%. Attachment B shows the Proposition 218 published rates and charges along with the calendar year 2018 recommended water rates and charges.

While the Board is only adopting rates and charges for calendar year 2018 at this time, as part of the Proposition 218 process, the published rates and charges are also being approved as a cap or maximum for each of the District's rates and charges. Attachment C is the Resolution adopting the calendar year 2018 rates and charges and setting the maximum permitted rates and charges through 2022. It is important to note that the District will adopt rates and charges each year after a thorough review of actual costs.

Recommended Action

That the Board adopt Resolution No. 4920 adopting the rates for water and recycled water service charges, and rates for wastewater service charges.



## Attachment A:

### Public Relations Outreach Activities

#### Letters:

- Sewer increase, approximately 5,000 letters, mailed Aug. 18
- TSAWR increase, 360 letters, mailed Aug. 24
- 1" meter customers increase, approximately 1,600 letters, mailed Aug. 28
- Commercial Ag, Gov meter service charge, approximately 365 letters, mailed Aug. 30
- Domestic, Multi-family meter service charge, approximately 79 letters, mailed Aug. 30
- Stand-by increase, approximately 102 letters, mailed Aug. 30
- Pumping cost increase, 36 letters, mailed Aug. 30
- Prop. 218 letters, mailed Sept. 30
- Second round of Prop. 218 letters, mailed Oct. 24

#### Workshop/meetings

- Mon., May 17, 4 p.m. public hearing with Raftelis Financial Consultants
- Tues., Sept 12, 6 pm for TSAWR customers
- Thurs., Sept. 14, 6 pm for other customers who received letters
- Wed., Nov. 15, 6 pm public workshop

#### Press release

- Written Sept. 8, appeared in Sept. 14 Village News – front page, top of the fold

#### Ad/mini newsletters in Village News

- Oct. 5, half-page ad
- Nov. 2, half-page ad
- Nov. 9, half-page ad
- Nov. 23, half-page ad
- Dec. 7, half-page ad

#### Printed material

- Full-page color handout created for Nov. 15 Public Comment meeting

#### Web site

- Posted complete cost-of-service study by Raftelis – under “Transparency” and on the home page revolving carousel
- Posted PowerPoint presentation prepared for May board meeting
- Posted PowerPoint presentation prepared for Nov. 15 board meeting
- Posted Prop. 218 letter mailed in October
- Posted (12/1) the Nov. 15 public workshop transcript and District response to speaker questions

Attachment B

**PROPOSED WATER RATES**

**FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION**

Meters are read in three cycles each month for billing periods ending on the 10<sup>th</sup>, 20<sup>th</sup>, and 30<sup>th</sup>. An account is placed in a cycle according to the location of the meter within the District. All customers are billed on a monthly basis. Payment is due and payable upon receipt and delinquent after the due date shown on the bill. In the event delinquent accounts are not paid by the lock-off deadline indicated on the bill, a delinquent processing fee will be charged and services may be interrupted without further notice. The discount will be applied to non-delinquent accounts for which payment is received in the business office on or before the due date and automatically applied for ACH (auto-pay) customers.

**MONTHLY CHARGES**

METER SIZE	WATER FIXED SERV. CHARGE	WATER CIC CHARGE	STANDBY FIXED SERV. CHARGE	STANDBY CIC CHARGE	RECYCLED FIXED SERV. CHARGE	BACKFLOW DEVICE	MWD RTS		CWA IAC
							AS, AT, CA, CB, D, LD, C, M, G	All Classes Except R & SS	
3/4"	\$44.72 \$44.10	\$8.58	\$20.06 \$19.79	\$3.89	\$20.06 \$19.79	\$4.93 \$4.87	\$2.70 \$2.34		\$2.93
1"	\$68.27 \$67.33	\$14.30	\$27.17 \$26.80	\$6.48	\$27.17 \$26.80	\$5.81 \$5.73	\$4.49 \$3.91		\$4.88
1 1/2"	\$127.12 \$125.36	\$28.60	\$44.93 \$44.31	\$12.96	\$44.93 \$44.31	\$10.73 \$10.59	\$8.98 \$7.79		\$9.76
2"	\$197.75 \$195.01	\$45.76	\$66.24 \$65.32	\$20.74	\$66.24 \$65.32	\$12.88 \$12.71	\$14.36 \$12.47		\$15.62
3"	\$386.09 \$380.73	\$91.52	\$123.08 \$121.38	\$41.47	\$123.08 \$121.38	\$25.75 \$25.40	\$28.72 \$24.97		\$31.24
4"	\$597.97 \$589.67	\$143.00	\$187.02 \$184.43	\$64.80	\$187.02 \$184.43	\$40.23 \$39.68	\$44.87 \$39.01		\$48.80
6"	\$1186.53 \$1170.06	\$286.00	\$364.64 \$359.58	\$129.59	\$364.64 \$359.58	\$80.45 \$79.34	\$89.73 \$77.99		\$97.60

C = Commercial; M = Multi Unit; D = Domestic; LD = Large Lot Domestic; G = Government; SS = Standby; R=Recycled; CA = Commercial Ag; CB = Commercial Ag Domestic; AS = Ag (SAWR); AT = Ag Domestic (SAWR); I = Irrigation Only

CIC = Capital Improvement Charge

Residential: Domestic (D), Large Lot Domestic (LD), and Multi Unit (M)	SAWR
1 - 5 units per month ..... \$5.69 \$5.62	Ag (AS): All usage ..... \$4.22 \$4.17
6 - 30 units per month ..... \$5.79 \$5.71	Ag Domestic (AT): 1 - 5 units ..... \$5.69 \$5.62
Over 30 units per month ..... \$7.04 \$6.95	Over 20 units per month ..... \$4.22 \$4.17
Government (G): All usage ..... \$5.78 \$5.70	Com Ag (CA): All usage ..... \$4.89 \$4.83
Commercial (C): All usage ..... \$5.87 \$5.79	Com Ag Dom (CB): 1 - 5 units ..... \$5.69 \$5.62
	Over 5 units per month ..... \$4.89 \$4.83
ALL PRICES ARE PER UNIT (1 unit = 1,000 gal.)	

\*If you have any questions about these rates or how they will affect your account, please contact the FPUD Engineering Department at (760) 728-1125 ext 1187

Attachment C

RESOLUTION NO. 4920

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT, ADOPTING INCREASES IN WATER, RECYCLED WATER, AND WASTEWATER SERVICE CHARGES, ADOPTING PASS-THROUGH ADJUSTMENTS AND INFLATIONARY INCREASES FOR CERTAIN CHARGES, REVISING THE DISTRICT'S ADMINISTRATIVE CODE, AND TAKING OTHER ACTIONS RELATING THERETO**

\* \* \* \* \*

**WHEREAS**, the Fallbrook Public Utility District ("District") is a public utility district organized and operating pursuant to the Public Utility Districts Act, commencing with section 15501 of the California Public Utilities Code; and

**WHEREAS**, the District is authorized to fix and collect charges for the provision of services and facilities including water, recycled water, and wastewater services; and

**WHEREAS**, the District has determined that it is necessary to increase the rates for its water, recycled water, and wastewater services charges (collectively herein, the "Charges") to: (1) maintain the operational and financial stability of the District, including keeping pace with inflation and other cost increases such as water supply costs; (2) comply with State and Federal regulations governing drinking water and the treatment, disposal, and reuse of wastewater; (3) fund capital infrastructure improvements needed to repair and update the District's aging water, recycled water, and wastewater systems; and (4) avoid operational deficits and depletion of reserves; and

**WHEREAS**, the District retained Raftelis Financial Consultants, Inc., an independent financial consultant, to conduct a cost of service analysis and rate study (the "Rate Study") and assist the District in preparing the proposed rate structure to provide a cost-effective way for meeting the District's increased revenue requirements for providing water service, recycled water service, and wastewater service. The rate structure is set forth in Exhibit A hereto and by this reference incorporated herein, and the Rate Study has been made available on the District's website and at the offices of the District for public inspection; and

**WHEREAS**, the water service charges are comprised of two components: (1) fixed service charges ("Fixed Water Charges"), which include charges for capital projects (the "Water CIC"), and (2) variable volumetric water consumption charges ("Volumetric Water Charges" and, collectively, the "Water Charges"); and

**WHEREAS**, the Fixed Water Charges are designed to recover a portion of the District's fixed costs for providing water service, including billing and customer service and meter service costs; and

**WHEREAS**, the District imposes the Water CIC to fund various water capital projects necessary to provide water service to customers of the District, which is charged based on the size of the meter serving the property; and

**WHEREAS**, the District's Fixed and Variable Water Charges include charges for certain of the District's water customers for specific services received, including: (1) fixed standby charges ("Standby Service Charge"); (2) fixed charges for private fire systems ("Private Fire Services Charge"); (3) variable pumping charges ("Pumping Charge"); and (4) variable capital improvements charges associated with areas that require pumping (the "Water CIC Pumping"). Customers not receiving such services do not pay such additional charges; and

**WHEREAS**, the District imposes the Private Fire Service Charge as a fixed charge on certain properties that are additionally served by a private fire service meter as a condition of extending or initiating water service by the installation of a private fire suppression system, and upon the request of the customer or property owner for delivery of water to the property for the purpose of fire protection services, with the Private Fire Service charge determined based on the size of the private fire service meter serving the property. The Private Fire Service Charge is calculated to recover the costs of providing water to such properties for private fire service protection; and

**WHEREAS**, the District imposes the Standby Service Charge on certain customers who choose to remain connected to the water system, but have opted to not receive water for a period of time including during peaking periods, in order to compensate the District for fixed costs associated with maintaining a connection to the water system, with the Standby Service Charge determined by the size of the meter serving the property; and

**WHEREAS**, the Volumetric Water Charge is the variable component of the Water Charge, and is imposed per unit of delivered water during a billing period, with one unit equal to one kilogallon of water; and

**WHEREAS**, the Volumetric Water Charge is designed to recover water supply, reliability, delivery, and conservation costs, as well as a portion of the District's fixed costs, and contains one to three tiers (depending on customer class) imposing higher rates as levels of consumptions increase depending on customer class, all as set forth in Exhibit A hereto; and

**WHEREAS**, the District has eight customer classes pursuant to which the Volumetric Water Charge is determined: special agriculture water rate ("Ag SAWR"), special agriculture water rate domestic ("Ag Domestic"), domestic and multi-unit residential (collectively "Residential"), commercial agricultural ("Commercial Ag"), commercial domestic agricultural ("Commercial Domestic Ag"), commercial, government, and irrigation; and

**WHEREAS**, certain customers in the DeLuz High Pressure Service Area ("DSA") and Toyon Heights ("Toyon") will also be charged Pumping Surcharges to compensate the District for the additional cost of electricity necessary to pump water to those areas (the "Pumping Surcharges"), and a Water CIC Pumping charge to pay for capital improvements necessary to serve DSA and Toyon service areas alone, which are both imposed per unit of delivered water, with each unit equaling one kilogallon of water; and

**WHEREAS**, pursuant to section 375 *et seq.* of the California Water Code, the District previously adopted a Water Shortage Response Program (the "Program"), in order to provide policies, procedures, rules and regulations in the event drought or water shortage conditions exist; and

**WHEREAS**, the Program establishes four water shortage levels (each a “Level”), which upon declaration will result in a mandatory reduction in water use, during which the District may experience significant losses in revenues due reductions in the amount of purchased water; and

**WHEREAS**, to offset the impact on its revenues during specified drought Levels, the District further proposes to revise the drought rates applicable upon declaration of one of the Levels set forth in Article 26 of the District’s Administrative Code, in accordance with the procedures set forth therein, in order to ensure sufficient revenue to recover its costs of providing service, all as set forth in Exhibit A hereto; and

**WHEREAS**, the District is not currently charging drought rates, and the drought rates would be implemented only upon declaration of a 1, 2, 3 or 4 drought Level; and

**WHEREAS**, the District purchases almost all of its water from the San Diego County Water Authority (the “CWA”), which in turn purchases water from the Metropolitan Water District of Southern California (“MWD”); and

**WHEREAS**, the District pays a Readiness-To-Serve charge (“RTS”) to MWD and an Infrastructure Access Charge (“IAC” and, collectively, the “Pass-throughs”) to CWA, which are passed through to customers; and

**WHEREAS**, the District anticipates that CWA and MWD will increase the rates of the IAC and RTS, respectively, and in order to ensure that there are sufficient revenues to provide water services to customers, the District will annually pass through to customers any increases in the IAC and RTS for a five year period to reflect any such increases by CWA and/or MWD, respectively, commencing January 1, 2018 and ending on December 31, 2022, provided however that the District shall not increase either the IAC or RTS in any year by more than 10% in such year, in no event shall the rates be increased by more than the cost of providing water service, and the District will provide customers at least 30 days written notice prior to an increase (each a “Pass-through Adjustment”); and

**WHEREAS**, the RTS and IAC, effective January 1, 2018, are set forth in Exhibit A hereto; and

**WHEREAS**, recycled water service charges are comprised of two components: (1) fixed service charges (“Fixed Recycled Water Charges”), which are determined on the basis of the size of the meter serving a property (in inches), and (2) variable volumetric recycled water charges (“Volumetric Recycled Water Charges” and, collectively, the “Recycled Water Charges”); and

**WHEREAS**, the Fixed Recycled Water Charges are designed to recover a portion of the District’s fixed costs of providing recycled water service, and the Volumetric Recycled Water Charges recover a portion of the fixed costs, as well as the variable costs of providing recycled water service; and

**WHEREAS**, the Volumetric Recycled Water Charge is a uniform rate for all recycled water customers regardless of customer class, based on the cost of providing recycled water service; and

**WHEREAS**, wastewater service charges are comprised of two components: (1) fixed service charges (“Fixed Wastewater Charges”), including a wastewater capital improvements charge (the “Wastewater CIC”) to fund improvements and related debt service for the benefit of

the wastewater system, and (2) flow-based wastewater service charges to pay for a portion of the fixed and the variable costs of the wastewater system (“Volumetric Wastewater Charges” and, collectively, “Wastewater Charges”); and

**WHEREAS**, Fixed Wastewater Charges and Wastewater CIC are charged based on equivalent dwelling units (“EDUs”) assigned to a property, which are used to estimate the amount of wastewater returned to the sewer and certain assumptions regarding concentration of wastewater discharged, with single family residential customers assigned one EDU and all other customers assigned a fraction of one EDU or one or more EDUs depending on customer classification, all as set forth in the District’s Administrative Code; and

**WHEREAS**, the Volumetric Wastewater Charges are determined based on total flow, measured in dollars per kilogallon of flow, and customer class, including Ag Domestic, Commercial Domestic Ag, Residential, Government, School, Church and Commercial, with flow for residential customers determined at 75% of average water use (capped at 22 kilogallons per month of water i.e. 16.5 kilogallons for sewer) from December to February, and flow for non-residential customers determined at the return-to-sewer levels set forth in Article 21 and Exhibit B hereto; and

**WHEREAS**, the Commercial customers are further divided into Low Strength (0-300 average biological oxygen demand (“BOD”) and total suspended solids (“TSS”), Medium Strength (300-550 average BOD and TSS) and High Strength (above 550 average BOD and TSS); and

**WHEREAS**, the revenues derived from the proposed Charges will not exceed the funds required to provide the services and shall be used exclusively for the operation and maintenance of the water, recycled water, and wastewater systems; and

**WHEREAS**, the Charges are equitable to all customer classes;

**WHEREAS**, the amount of the proposed Charges will not exceed the proportional cost of the services attributable to each parcel upon which they are proposed for imposition; and

**WHEREAS**, the proposed Charges will not be imposed on a parcel unless the services are actually used by, or immediately available to, the owner of the parcel; and

**WHEREAS**, article XIII D, section 6 of the California Constitution (“Article XIII D”) requires that prior to imposing any new property-related fee such as the Charges, or increase to existing Charges, the District shall provide written notice (the “Notice”) by mail of the proposed increases to the Charges to the record owner of each parcel upon which the Charges are proposed for imposition and any tenant directly liable for payment of the Charges, the amount of the Charges proposed to be imposed on each parcel, the basis upon which the Charges were calculated, the reason for the Charges, and the date time and location of a public hearing (the “Hearing”) on the proposed Charges; and

**WHEREAS**, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and tenants directly liable for the payment of the Charges not less than forty-five days prior to the Hearing on the proposed Charges; and

**WHEREAS**, the District did provide such Notice to the affected property owners and tenants in compliance with Article XIII D; and



**WHEREAS**, a public workshop was held on the Charges on November 15, 2017, and a public Hearing was held on December 11, 2017, noticed in the manner and for the time required by law; and

**WHEREAS**, at the Hearing, the Board of Directors of the District (“Board”) considered all written materials and written protests to the proposed new or increased Charges received prior to the close of the Hearing, and heard oral testimony concerning the establishment and imposition of the proposed Charges, and at the close of the Hearing the District determined that it did not receive written protests against the establishment and imposition of the proposed Charges from a majority of the affected property owners or tenants directly liable for the payment of such Charges; and

**WHEREAS**, the Board of Directors now desires to adopt the Charges for a five-year period in the maximum amounts and on the dates set forth in Exhibit A, effective January 1, 2018; provided, however, the Board shall determine each year the rates at which the Charges will be imposed, and may impose such rates for the Charges at a rate lower than those set forth in Exhibit A hereto. Commencing January 1, 2018, the actual rates imposed for the Charges are included in Article 21, as revised in Exhibit B hereto; and

**WHEREAS**, the Board further desires to authorize the Pass-through Adjustments for the MWD RTS and the CWA IAC for a five-year period, to authorize inflationary adjustments for certain of the rates, such as the Water and Wastewater CICs, as described in this Resolution, and to authorize revisions to the drought rates for a five-year period, in the maximum amounts set forth in Exhibit A; and

**WHEREAS**, the Board of Directors has further determined that it is appropriate to amend Articles 21 and 26 of the District’s Administrative Code to reflect the new and increased Charges, revised drought rates, and Pass-through Adjustments established herein;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT AS FOLLOWS:**

1. Incorporation of Recitals:

The Recitals set forth above are made findings of this Board of Directors and are incorporated herein and made an operative part of this Resolution.

2. Inconsistency with other Fees:

To the extent any Charges, including the drought rates and Pass-through Adjustments, established by this Resolution are inconsistent with the Charges, drought rates, or any other fee or charge previously adopted by the Board of Directors; it is the explicit intention of the Board of Directors that the Charges, including the drought rates and Pass-through Adjustments, adopted pursuant to this Resolution shall prevail.

3. Water Charges:

The Board of Directors hereby establishes, adopts and imposes the Water Charges, including the drought rates, Pass-throughs and Pass-through Adjustments, up to the maximum amounts, on the dates, and up to the maximum rates (including associated tier widths) set forth in Exhibit A, attached hereto and incorporated herein by this reference. The maximum rates for

monthly Water Charges may be applied to water services provided on and after the effective date of each year as set forth in Exhibit A. The Board shall determine each year the rate at which the Water Charges shall be imposed, provided, however, that the Board may not impose rates for the Water Charges at a level higher than those set forth in Exhibit A hereto. The actual rates to be imposed commencing January 1, 2018, are set forth in Article 21 of the Administrative Code, as amended as set forth in Exhibit B hereto; and

4. Recycled Water Service Fees:

The Board hereby establishes, adopts and imposes the Recycled Water Charges up to the maximum amounts, on the dates, and up to the maximum rates set forth in Exhibit A. The maximum rates for the monthly Recycled Water Charges may be effective and applied to recycled water services provided on and after the effective of each year as set forth in Exhibit A. The Board shall determine each year the rate at which the Recycled Water Charges shall be imposed, provided, however, that the Board may not impose rates for the Recycled Water Charges at a level higher than those set forth in Exhibit A hereto. The actual rates to be imposed commencing January 1, 2018, are set forth in Article 21 of the Administrative Code, as amended as set forth in Exhibit B hereto; and

5. Wastewater Service Fees:

The Board hereby establishes, adopts and imposes the monthly Wastewater Charges up to the maximum amounts, on the dates, and up to the maximum rates set forth in Exhibit A. The maximum rates for the monthly Wastewater Charges set forth in Exhibit A may be effective and applied to wastewater services provided on and after the effective date of each year as set forth in Exhibit A. The Board shall determine each year the rate at which the Wastewater Charges shall be imposed, provided, however, that the Board may not impose rates for the Wastewater Charges at a level higher than those set forth in Exhibit A hereto. The actual rates to be imposed commencing January 1, 2018, are set forth in Article 21 of the Administrative Code, as amended as set forth in Exhibit B hereto; and

6. Pass Through Adjustments:

(a) The District is hereby authorized to implement any MWD RTS Pass-through Adjustment commencing January 1, 2018, through and including, the calendar year commencing January 1, 2022. Provided, however, that: (1) any increase in the rates for water service fees as a result of any MWD RTS Pass-through Adjustment shall not exceed a 10% increase for the MWD RTS for such year; and (2) in no event shall such rates be increased as a result of a MWD RTS Pass-through Adjustment by more than the cost of providing water service.

(b) The District is hereby authorized to implement any CWA IAC Pass-through Adjustment commencing January 1, 2018, through and including, the calendar year commencing January 1, 2022. Provided, however, that: (1) any increase in the rates for water service fees as a result of any CWA IAC Pass-through Adjustment shall not exceed a 10% increase for the CWA IAC for such year; and (2) in no event shall such rates be increased as a result of a CWA IAC Pass-through Adjustment by more than the cost of providing water service.

(c) Prior to implementing any future increases to the MWD RTS or CWA IAC as a result of a Pass-Through Adjustment, the District General Manager, or his or her designee, is hereby directed and shall provide written notice of any such rate increases to District customers not less than 30 days prior to the effective date of the rate increases. Any such notice may be

provided in the regular billing statements of such District water customers. In the event that a Pass-through is implemented in accordance with this Resolution, the District General Manager, or his or her designee, is hereby directed and shall revise the schedule of rates and charges as set forth in Article 21 of the District's Administrative Code.

7. Inflationary Adjustments:

(a) Each July 1, commencing July 1, 2018, through and including July 1, 2022, the District will be authorized to increase the Water CIC in accordance with the Engineering News Record Construction Cost Index of February for Los Angeles of the preceding year ("ENR CCI") plus 3%, not to exceed 10% annually. The Water CIC may not be increased by more than the cost of providing water service, and the District shall provide all customers at least 30 days' written notice prior to implementing any such increase. While the Board is authorized to make such increase on July 1 of each year, no such increase shall go into effect until the following January, commencing with January 1, 2019.

(b) Each July 1, commencing July 1, 2018, through and including July 1, 2022, the District will be authorized to increase the Water CIC Pumping in accordance with the ENR CCI, not to exceed 10% annually. Such rates may not be increased by more than the cost of providing water service, and the District shall provide all customers at least 30 days' written notice prior to implementing any inflationary adjustment. While the Board is authorized to make such increase on July 1 of each year, no such increase shall go into effect until the following January, commencing with January 1, 2019.

(c) Each July 1, commencing July 1, 2018, through and including July 1, 2022, the District will be authorized to increase the Wastewater CIC in accordance with the ENR CCI, for Los Angeles, in an amount not to exceed 10% annually. Such rates may not be increased by more than the cost of providing service, and the District shall provide all customers at least 30 days' written notice prior to implementing any inflationary adjustment. While the Board is authorized to make such increase on July 1 of each year, no such increase shall go into effect until the following January, commencing with January 1, 2019.

8. Drought Rates:

The Board hereby adopts the drought rates in the amounts, on the dates, and at the rates set forth in Exhibit A. The drought rates may be implemented only upon the declaration of a drought Level 1, 2, 3 or 4, as provided in Article 26 of the District's Administrative Code. Any drought rates implemented by the Board shall be in place of the Volumetric Water Charge for those customers subject to drought rates.

9. Authorization:

The General Manager is hereby authorized and directed to take all actions necessary to implement and collect the Charges, including the drought rates and any Pass-through Adjustments, as set forth herein. The General Manager, or his or her authorized designee, is hereby authorized and directed to revise Articles 21 and 26 of the District's Administrative Code, in substantially the form set forth in Exhibit B hereto, to reflect the new or increased rates for the charges, including the drought rates and Pass-through Adjustments, as set forth in Exhibit A and as approved by the Board of Directors pursuant to this Resolution.

10. CEQA Compliance:

The Board of Directors finds that the administration, operation, maintenance, and improvements of the District's water, recycled water, and wastewater systems, which are to be funded by the Charges, including the drought rates and the Pass-through Adjustments, and set forth herein, are necessary to maintain service within the District's existing water, recycled water, and wastewater service areas as described herein. The Board of Directors further finds that the administration, operation, maintenance and improvements of the District's water, recycled water, and wastewater systems, to be funded by the Charges, including the drought rates and the Pass-through Adjustments, will not expand the District's water, recycled, and wastewater systems. The Board of Directors further finds that the adoption of the rates for the Charges, including the drought rates and the Pass-through Adjustments, is necessary and reasonable to fund the administration, operation, maintenance and improvements of the District water, recycled water, and wastewater systems. Based on these findings, the Board determines that the adoption of the Charges, including the drought rates and the Pass-through Adjustments, established by this Resolution are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 990 E Mission Rd, Fallbrook, CA 92028. The custodian for these records is the secretary of the District.

11. Severability:

If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

12. Effective Date of Resolution:

This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a special meeting of the Board held on the 11<sup>th</sup> day of December, 2017, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

**EXHIBIT A**

**SCHEDULE OF MAXIMUM RATES FOR THE CHARGES  
EFFECTIVE JANUARY 1, 2018\***

\* These are the maximum rates that can be adopted each calendar year in accordance with the State of California Law. Actual increases will be voted on by the Board of Directors before each rate increase.

**MAXIMUM RATES FOR WATER CHARGES**

**MONTHLY WATER FIXED CHARGES**

<b>Monthly Water Fixed Charges (\$/meter size)</b>					
<b>Rates and Effective Date</b>					
<b>Meter Size</b>	<b>Jan. 1, 2018</b>	<b>Jan. 1, 2019</b>	<b>Jan. 1, 2020</b>	<b>Jan. 1, 2021</b>	<b>Jan. 1, 2022</b>
3/4"	\$44.72	\$48.30	\$52.17	\$56.35	\$60.86
1"	\$68.27	\$73.74	\$79.64	\$86.02	\$92.91
1 1/2"	\$127.12	\$137.29	\$148.28	\$160.15	\$172.97
2"	\$197.75	\$213.57	\$230.66	\$249.12	\$269.05
3"	\$386.09	\$416.98	\$450.34	\$486.37	\$525.28
4"	\$597.97	\$645.81	\$697.48	\$753.28	\$813.55
6"	\$1,186.53	\$1,281.46	\$1,383.98	\$1,494.70	\$1,614.28
<b>Monthly Standby Service Charge</b>					
3/4"	\$20.06	\$21.67	\$23.41	\$25.29	\$27.32
1"	\$27.17	\$29.35	\$31.70	\$34.24	\$36.98
1 1/2"	\$44.93	\$48.53	\$52.42	\$56.62	\$61.15
2"	\$66.24	\$71.54	\$77.27	\$83.46	\$90.14
3"	\$123.08	\$132.93	\$143.57	\$155.06	\$167.47
4"	\$187.02	\$201.99	\$218.15	\$235.61	\$254.46
6"	\$364.64	\$393.82	\$425.33	\$459.36	\$496.11
<b>Monthly Private Fire Services Charge</b>					
2"	\$9.74	\$10.52	\$11.37	\$12.28	\$13.27
3"	\$10.39	\$11.23	\$12.13	\$13.11	\$14.16
4"	\$11.51	\$12.44	\$13.44	\$14.52	\$15.69
6"	\$15.51	\$16.76	\$18.11	\$19.56	\$21.13
8"	\$22.42	\$24.22	\$26.16	\$28.26	\$30.53

<b>Water CIC (\$/meter size)</b>		
<b>Effective January 1, 2018</b>		
<b>Meter Size</b>	<b>Water CIC (Regular Service)*</b>	<b>Water CIC (Standby Service)</b>
3/4"	\$8.58	\$3.89
1"	\$14.30	\$6.48
1 1/2"	\$28.60	\$12.96
2"	\$45.76	\$20.74
3"	\$91.52	\$41.47
4"	\$143.00	\$64.80
6"	\$286.00	\$129.59

### VOLUMETRIC WATER CHARGES

Monthly Water Volumetric Charges and Pumping Charges (\$/kgal)						
Rates and Effective Dates						
Customer Class		Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
<b>Ag SAWR</b>		\$4.22	\$4.56	\$4.93	\$5.33*	\$5.76*
<b>Commercial Ag</b>		\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
<b>Ag Domestic</b>						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	6 – 20 kgal	\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
Tier 3	Above 20 kgal	\$4.22	\$4.56	\$4.93	\$5.33*	\$5.76*
<b>Commercial Domestic Ag</b>						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	Above 5 kgal	\$4.89	\$5.29	\$5.72	\$6.18	\$6.68
<b>Residential</b>						
Tier 1	0 – 5 kgal	\$5.69	\$6.15	\$6.65	\$7.19	\$7.77
Tier 2	6 – 30 kgal	\$5.79	\$6.26	\$6.77	\$7.32	\$7.91
Tier 3	Above 30 kgal	\$7.04	\$7.61	\$8.22	\$8.88	\$9.60
<b>Commercial</b>		\$5.87	\$6.34	\$6.85	\$7.40	\$8.00
<b>Government</b>		\$5.78	\$6.25	\$6.75	\$7.29	\$7.88
<b>Irrigation Only</b>		\$5.88	\$6.36	\$6.87	\$7.42	\$8.02
<b>Pumping Surcharges</b> <i>(DSA, Toyon service areas)</i>		\$0.69	\$0.75	\$0.81	\$0.88	\$0.96
<i>*The SAWR program expires on December 31, 2020. If the SAWR program is not extended, Ag SAWR and Ag Domestic customers (Tier 2 only) will be charged the rates for Commercial Ag customers (i.e. \$6.18/kgal effective January 1, 2021, and \$6.68/kgal effective January 1, 2022.)</i>						

Water CIC Pumping (\$/kgal)	
Effective January 1, 2018	
Water CIC Pumping	\$0.10

### MONTHLY WATER MWD RTS AND CWA IAC PASS-THROUGHS

Monthly MWD RTS Charge and CWA IAC (\$/meter size)		
Effective January 1, 2018		
Meter Size	MWD RTS	CWA IAC
3/4"	\$2.34	\$2.93
1"	\$3.91	\$4.88
1 1/2"	\$7.79	\$9.76
2"	\$12.47	\$15.62
3"	\$24.97	\$31.24
4"	\$39.01	\$48.80
6"	\$77.99	\$97.60



**DROUGHT RATES**

<b>2018 Monthly Drought Rates by Drought Levels (\$/kgal)</b>			
<b>Customer Class</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3 and 4</b>
<b>Residential</b>			
Tier 1	\$5.98	\$6.24	\$7.01
Tier 2	\$6.08	\$6.35	\$7.13
Tier 3	\$7.40	\$7.72	\$8.67
<b>Ag Domestic</b>			
Tier 1 only	\$5.98	\$6.24	\$7.01
<b>Commercial Dom Ag</b>			
Tier 1	\$5.98	\$6.24	\$7.01
Tier 2	\$5.14	\$5.36	\$6.02
<b>Uniform</b>			
Commercial Ag	\$5.14	\$5.36	\$6.02
Commercial	\$6.17	\$6.44	\$7.23
Irrigation Only	\$6.07	\$6.34	\$7.12
Government	\$6.18	\$6.45	\$7.24

<b>2019 Monthly Drought Rates by Drought Levels (\$/kgal)</b>			
<b>Customer Class</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3 and 4</b>
<b>Residential</b>			
Tier 1	\$6.46	\$6.75	\$7.57
Tier 2	\$6.58	\$6.87	\$7.71
Tier 3	\$7.99	\$8.35	\$9.37
<b>Ag Domestic</b>			
Tier 1 only	\$6.46	\$6.75	\$7.57
<b>Commercial Dom Ag</b>			
Tier 1	\$6.46	\$6.75	\$7.57
Tier 2	\$5.56	\$5.80	\$6.51
<b>Uniform</b>			
Commercial Ag	\$5.56	\$5.80	\$6.51
Commercial	\$6.66	\$6.95	\$7.81
Irrigation Only	\$6.57	\$6.86	\$7.69
Government	\$6.68	\$6.98	\$7.83

2020 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
<b>Residential</b>			
Tier 1	\$6.99	\$7.29	\$8.19
Tier 2	\$7.11	\$7.43	\$8.33
Tier 3	\$8.63	\$9.01	\$10.12
<b>Ag Domestic</b>			
Tier 1 only	\$6.99	\$7.29	\$8.19
<b>Commercial Dom Ag</b>			
Tier 1	\$6.99	\$7.29	\$8.19
Tier 2	\$6.01	\$6.27	\$7.04
<b>Uniform</b>			
Commercial Ag	\$6.01	\$6.27	\$7.04
Commercial	\$7.20	\$7.51	\$8.43
Irrigation Only	\$7.09	\$7.40	\$8.31
Government	\$7.22	\$7.53	\$8.46

2021 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
<b>Residential</b>			
Tier 1	\$7.55	\$7.89	\$8.85
Tier 2	\$7.69	\$8.03	\$9.01
Tier 3	\$9.33	\$9.74	\$10.93
<b>Ag Domestic</b>			
Tier 1 only	\$7.55	\$7.89	\$8.85
<b>Commercial Dom Ag</b>			
Tier 1	\$7.55	\$7.89	\$8.85
Tier 2	\$6.49	\$6.78	\$7.61
<b>Uniform</b>			
Commercial Ag	\$6.49	\$6.78	\$7.61
Commercial	\$7.77	\$8.12	\$9.11
Irrigation Only	\$7.66	\$8.00	\$8.97
Government	\$7.79	\$8.14	\$9.13

2022 Monthly Drought Rates by Drought Levels (\$/kgal)			
Customer Class	Level 1	Level 2	Level 3 and 4
<b>Residential</b>			
Tier 1	\$8.16	\$8.52	\$9.56
Tier 2	\$8.31	\$8.67	\$9.74
Tier 3	\$10.08	\$10.53	\$11.82
<b>Ag Domestic</b>			
Tier 1 only	\$7.55	\$7.89	\$8.85
<b>Commercial Dom Ag</b>			
Tier 1	\$8.16	\$8.52	\$9.56
Tier 2	\$7.02	\$7.33	\$8.22
<b>Uniform</b>			
Commercial Ag	\$7.02	\$7.33	\$8.22
Commercial	\$8.40	\$8.77	\$9.85
Irrigation Only	\$8.28	\$8.64	\$9.70
Government	\$8.42	\$8.80	\$9.87

**MAXIMUM RATES FOR RECYCLED WATER CHARGES**

***MONTHLY FIXED RECYCLED WATER CHARGES***

<b>Monthly Fixed Recycled Water Charges (\$/meter size)</b>					
	<b>Rates and Effective Dates</b>				
<b>Meter Size</b>	<b>Jan. 1, 2018</b>	<b>Jan. 1, 2019</b>	<b>Jan. 1, 2020</b>	<b>Jan. 1, 2021</b>	<b>Jan. 1, 2022</b>
<b>3/4"</b>	\$20.06	\$21.67	\$23.41	\$25.29	\$27.32
<b>1"</b>	\$27.17	\$29.35	\$31.70	\$34.24	\$36.98
<b>1 1/2"</b>	\$44.93	\$48.53	\$52.42	\$56.62	\$61.15
<b>2"</b>	\$66.24	\$71.54	\$77.27	\$83.46	\$90.14
<b>3"</b>	\$123.08	\$132.93	\$143.57	\$155.06	\$167.47
<b>4"</b>	\$187.02	\$201.99	\$218.15	\$235.61	\$254.46
<b>6"</b>	\$364.64	\$393.82	\$425.33	\$459.36	\$496.11

***VOLUMETRIC RECYCLED WATER CHARGES***

<b>Monthly Volumetric Recycled Water Charges (\$/kgal)</b>					
	<b>Rates and Effective Date</b>				
	<b>Jan 1, 2018</b>	<b>Jan 1, 2019</b>	<b>Jan 1, 2020</b>	<b>Jan 1, 2021</b>	<b>Jan 1, 2022</b>
<b>Recycled Water</b>	\$4.92	\$5.32	\$5.73	\$6.19	\$6.69

**MAXIMUM RATES FOR WASTEWATER CHARGES**

**MONTHLY FIXED WASTEWATER CHARGES**

<b>Monthly Fixed Wastewater Charges (\$/EDU*/month)</b>					
	<b>Effective Date</b>				
	<b>Jan 1, 2018</b>	<b>Jan 1, 2019</b>	<b>Jan 1, 2020</b>	<b>Jan 1, 2021</b>	<b>Jan 1, 2022</b>
<b>Wastewater (\$/EDU)</b>	\$9.28	\$9.70	\$10.14	\$10.60	\$11.08

\*EDUs are defined and set forth in Section 20.7.2 of the District's Administrative Code.

<b>Wastewater CIC (\$/EDU/month)</b>	
<b>Effective January 1, 2018</b>	
<b>Wastewater CIC</b>	\$11.16

**VOLUMETRIC WASTEWATER CHARGES**

<b>Monthly Volumetric Wastewater Charges (\$/kgal)</b>					
<b>Customer Classes</b>	<b>Rates and Effective Dates</b>				
	<b>Jan. 1, 2018</b>	<b>Jan. 1, 2019</b>	<b>Jan. 1, 2020</b>	<b>Jan. 1, 2021</b>	<b>Jan. 1, 2022</b>
<b>Ag Domestic</b>	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
<b>Commercial Ag</b>	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
<b>Residential (Single, Multi-Family)</b>	\$9.44	\$9.87	\$10.32	\$10.79	\$11.28
<b>Government</b>	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
<b>School</b>	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
<b>Church</b>	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
<b>Commercial - Low Strength</b>	\$9.37	\$9.80	\$10.25	\$10.72	\$11.21
<b>Commercial-Med Strength</b>	\$11.57	\$12.10	\$12.65	\$13.22	\$13.82
<b>Commercial - High Strength</b>	\$14.44	\$15.09	\$15.77	\$16.48	\$17.23

**EXHIBIT B**

**REVISIONS TO ARTICLES 21 AND 26 OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT  
ADMINISTRATIVE CODE  
EFFECTIVE JANUARY 1, 2018\***

\*The actual rates for the Charges imposed effective January 1, 2018, for calendar year 2018, will be included in Article 21 of the Administrative Code, as revised and shown below. For calendar year 2018, these rates are lower than the maximum authorized rates shown in Exhibit A.

**Article 21. Water and Sewer Rates and Service Charges.**

~~Operations Charges are set at 80% of the fixed costs to run the District's Water Operations. The remaining 20% of fixed costs are collected on the water rates.~~

~~From and after Water and sewer rates and charges are set to fully recover the District's costs. In order to help stabilize the revenue of the District during increasing or decreasing sales, the District has established a policy to collect approximately 80% of the District's fixed water operating costs through the monthly fixed charges and collect the remaining approximately 20% of the District's fixed operating cost through volumetric water rates. The rates and charges are set based upon cost of service principals that meet legal requirements and industry standards.~~

~~Effective January 1, 2017, through December 31, 2017~~2018, the following rates for water deliveries to each class of service are established:

Sec. 21.1 Volumetric Water, Recycled Water and Pumping Rates.

For purposes of determining water rates, one unit equals 1,000 gallons:

<del>Base Rate.</del>	<del>.....\$5.74 per unit</del>
<u>Domestic (D), Large Lot Domestic (L/DLD).</u>	
1-5 units per month .....	<del>\$5.2162 per unit</del>
6-30 units per month .....	<del>\$5.7471 per unit</del>
Over 30 units per month .....	<del>\$6.3295 per unit</del>
<u>Commercial (C).</u>	
<del>1-30 units per month</del> All usage.....	<del>\$5.2179 per unit</del>
<del>Over 30 units per month</del>	<del>.....\$5.74 per unit</del>
<u>Multi-Unit (M) (Tier ranges factor residential units, per Article 19.1).</u>	
1 - 5 units per month .....	<del>\$5.2162 per unit</del>
<del>6 - 30 units per month</del>	<del>.....\$5.71 per unit</del>
<del>6 - 18 units per month</del>	<del>.....\$5.74 per unit</del>
Over <del>18</del> 30 units per month .....	<del>\$6.3295 per unit</del>
<u>Government (G).</u>	
All <del>Usage</del> usage .....	<del>\$5.7470 per unit</del>
<u>Irrigation Only (I).</u>	

All usage .....\$5.7480 per unit

SAWR - Ag Only (AS).

All usage ..... \$3.654.17 per unit

SAWR - Ag & Home (AT).

1-5 units per month .....\$5.2162 per unit

6-20 units per month ..... \$5.744.83 per unit

Over 20 units per month ..... \$3.654.17 per unit

Commercial Ag (CA).

All usage .....\$4.9783 per unit

Commercial Ag Domestic (CB).

1-5 units per month .....\$5.2162 per unit

~~6-20 units per month .....\$5.74 per unit~~

Over 205 units per month .....\$4.9783 per unit

Drought Rates

In order to prepare and manage future periods of water shortage and mandatory conservation, the District adopted a water shortage contingency plan called the Water Shortage Response Program (the “Program”). Pursuant to the Program, the District established four Water Shortage Response Levels. Article 26 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$4.4381 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers. For San Diego County Water Authority and Metropolitan Water District rebate purposes, reclaimed water rates must be set at higher of 85 percent of lowest applicable potable water rate or 80 percent of the average of Tier 1 and Tier 2 rates.

Construction Meter.

Water furnished for construction purposes will be billed at \$7.17 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$0.3369 per 1,000 gallons to recover the cost of electricity. An additional \$.10 per 1,000 gallons is charged and allocated to capital improvements for the DeLuz High Pressure service area and Toyon Heights zone. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February.

Sec. 21.2 Operation Monthly Fixed Charges.

Operations Charges are set at 80% of the fixed costs to run the District's Water Operations. The remaining 20% of fixed costs are collected on the water rates.

From and after July Effective January 1, 2016 2018, the following rates and charges are established and shall be collected by the District for water and recycled water service:

Monthly Service Charges for each meter: (\$/meter size):

	<u>Classes</u>			
	<u>AS, AT, CA, CB, G</u>	<u>D, L/D, C, M, R</u>		
	<u>Water Fixed Charges</u>	<u>Recycled Water Charges</u>	<u>Standby Service Charge</u>	<u>Private Fire Services Charge</u>
3/4 inch meter	<u>\$49.01</u> <u>44.10</u>	<u>\$41.59</u> <u>19.79</u>	<u>\$19.79</u>	<u>NA</u>
1 inch meter	<u>\$64.72</u> <u>67.33</u>	<u>\$54.12</u> <u>26.80</u>	<u>\$26.80</u>	<u>NA</u>
1-1/2 inch meter	<u>\$93.56</u> <u>125.36</u>	<u>-\$77.23</u> <u>\$44.31</u>	<u>\$44.31</u>	<u>NA</u>
2 inch meter	<u>\$195.01</u>	<u>\$65.32</u>	<u>\$65.32</u>	<u>\$9.61</u>
2 3/4 inch meter	<u>\$380.73</u>	<u>\$121.38</u>	<u>\$121.38</u>	<u>\$138</u> <u>\$10.25</u>   <u>-\$113.03</u>
3 1/4 inch meter	<u>\$227.48</u> <u>589.67</u>	<u>\$184.39</u> <u>43</u>	<u>\$184.43</u>	<u>\$11.36</u>
4 1/2 inch meter	<u>\$353.45</u> <u>1,170.06</u>	<u>\$293.17</u> <u>359.58</u>	<u>\$359.58</u>	<u>\$15.30</u>
6 1/2 inch meter	<u>\$636.95</u> — <u>NA</u>	<u>\$523.95</u> <u>NA</u>	<u>NA</u>	<u>\$22.11</u>
Standby service, all sizes		<u>\$24.78</u>		<u>\$24.78</u>

NA- Not applicable

~~For each additional unit or fraction thereof served through any meter, defined as each additional living unit or separate business, a monthly service charge of \$6.55 will be made.~~

~~Recycled water service charges are the same as those for potable meters under the Domestic (D), Large Domestic (L/D), Commercial (C) and Multi-unit (M) schedule.~~

For construction meters, a service charge of \$169.55292.52 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the ~~commercial rate~~fixed charge for a 2" water meter.



The foregoing minimum fixed charges for water service through various sized meters that are installed or upgraded will be effective commencing the day of installation, regardless of the amount of water used, as long as the consumer's property is actually connected with the District's distribution system. In addition, any request to down size a meter properly filed with the District will receive a fixed charge commensurate with the meter size effective the next billing cycle.

Billings for water furnished to all accounts will be on a monthly basis.

A monthly service charge to cover the District's cost for annual inspection, maintenance, repair and replacement of backflow prevention devices will be made as follows: (\$/meter size):

Reduced Pressure Principle Devices

For each 3/4 inch device	\$6.884.87
For each 1 inch device	\$6.885.73
For each 1-1/2 inch device	\$9.9410.59
For each 2 inch device	\$9.9412.71
For each 3 inch device	\$11.2725.40
For each 4 inch device	\$15.9239.68
For each 6 inch device	\$19.0679.34
<u>Recycled Water</u>	No charge

Double Check Valves

For each 3/4 or 1 inch meter	\$5.55
For each 1-1/2 or 2 inch meter	\$7.29
For each 3 inch meter	\$7.64
For each 4 inch meter	\$10.85
For each 6 inch meter	\$14.34

The monthly service charge for annual inspection, maintenance, repair and replacement of fire service detector check valve systems will be made as follows:

For each 2 inch service	\$68.26
For each 3 inch service	\$78.74
For each 4 inch service	\$89.22
For each 6 inch service	\$122.49
For each 8 inch service	\$155.76

Sec. 21.3 Discount:

Monthly Discount for bills paid prior to becoming delinquent:

<u>3/4 inch meter</u>	\$5.00
1 inch meter	\$5.00
1-1/2 inch meter	\$5.00
2 inch meter	\$5.00
3 inch meter	\$5.00
4 inch meter	\$5.00
6 inch meter	\$5.00

Standby service, all sizes	\$5.00
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~~Sec. 21.4~~ MWD Readiness-to-Serve Charge (RTS) and SDCWA Infrastructure Access Charge (IAC).

~~From and after July~~ Effective January 1, 1997~~2018~~, the following monthly charges are established and shall be collected by the District for the Metropolitan Water District of Southern California's Readiness-to-Serve (the "RTS") charge and San Diego County Water Authority's Infrastructure Access Charge (the "IAC").

Monthly charges for each meter: (\$/meter size):

	( <u>RTS</u> )	
	<u>AS, AT, CA, CB, D, LD, C, M, G</u>	<u>CWA/IAC</u>
<u>3/4"</u>	<u>\$4.00RTS*</u>	<u>\$2.82 IAC</u>
<u>1<sup>2</sup>3/4 inch meter</u>	<u>\$5.502.34</u>	<u>\$4.512.93</u>
<u>1-1/2" inch meter</u>	<u>\$8.003.91</u>	<u>\$8.464.88</u>
<u>2<sup>2</sup>1-1/2 inch meter</u>	<u>\$12.507.79</u>	<u>\$14.669.76</u>
<u>3<sup>2</sup>2 inch meter</u>	<u>\$21.0012.47</u>	<u>\$27.0715.62</u>
<u>4<sup>2</sup>3 inch meter</u>	<u>\$33.0024.97</u>	<u>\$46.2531.24</u>
<u>6<sup>2</sup>4 inch meter</u>	<u>\$60.0039.01</u>	<u>\$84.6048.80</u>
<u>SS6 inch meter</u>	<u>\$2.0077.99</u>	<u>\$97.60</u>

~~\*A credit to~~ ~~Sec. 21.4.1~~ MWD IAWP Overuse Penalty

~~MWD lifted all allocations and penalties as of April 2011.~~

~~Sec. 21.4.2~~ SAWR/LD/Commercial Ag/Commercial Ag Domestic Penalties:

~~Allocations are 85% of the water use for FY 2013-14 usage by month. Penalties for water usage over allocation are evaluated and levied every 6 months.~~

~~Sec. 21.5~~ the RTS charge of \$0.49/EMU through July will be applied due to an overcollection in the first 6-months. The RTS will be adjusted July 1, 2018 and each subsequent July to match the wholesaler charges.

Sec. 21.4 Water Capital Improvement Charge.

For each water account ~~as calculated by this Section~~, an additional \$9.458.58 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge ~~beginning FY 2014-15 effective January 1, 2018~~. This charge is solely dedicated to Water Capital Improvement funding water capital improvement projects. The Water Capital Improvement Charge ~~has been~~ (the "CIC") was implemented to partially fund the design and build-out of provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

Water Capital Improvement Charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February ~~plus 3 percent, not to at least 2033-exceed 10%.~~ Staff will report back to the Board of Directors no less than every five (5) years with analysis of its necessity. The ~~Water~~ Capital Improvement Charge ~~was last analyzed and approved by~~ will be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the ~~Board of Directors effective July 1, 2013; therefore, the first analysis is required by 2018~~ Capital Improvement Charge will not be used to fund Operating Costs.

Fallbrook Public Utility District's Equivalent Meter Unit (EMU) is associated with meter size as listed below.

<u>Meter Size</u>	<u>FPUD EMU</u>	<u>Water CIC</u>	<u>Water CIC (Standby Service)</u>
<u>3/4" 3/4 inch meter</u>	<u>1.0</u>	<u>\$9.45</u> <u>8.58</u>	<u>\$3.89</u>
<u>1" 1 inch meter</u>	<u>1.37</u> <u>5.67</u>	<u>\$12.99</u> <u>14.30</u>	<u>\$6.48</u>
<u>1-1/2" 1-1/2 inch meter</u>	<u>2.03</u> <u>3.33</u>	<u>\$18.90</u> <u>28.60</u>	<u>\$12.96</u>
<u>2" 2 inch meter</u>	<u>3.12</u> <u>5.33</u>	<u>\$29.53</u> <u>45.76</u>	<u>\$20.74</u>
<u>3" 3 inch meter</u>	<u>5.25</u> <u>10.67</u>	<u>\$49.61</u> <u>91.52</u>	<u>\$41.47</u>
<u>4" 4 inch meter</u>	<u>8.25</u> <u>16.67</u>	<u>\$77.96</u> <u>143.00</u>	<u>\$64.80</u>
<u>6" 6 inch meter</u>	<u>15.03</u> <u>33.33</u>	<u>\$141.75</u> <u>286.00</u>	<u>\$129.59</u>

An additional, a Water CIC Pumping charge of \$.10 per 1,000 gallons is charged and allocated to capital improvements for the DeLuz High Pressure service area and Toyon Heights zone. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10% annually.

Sec. 21.65 Billing Periods.

Billing periods end on the 10<sup>th</sup>, 20<sup>th</sup>, and 30<sup>th</sup> of the month depending on meter location in the District. All charges for water and sewer service and water usage during any billing period are due and payable when rendered and become delinquent on either the 10<sup>th</sup>, 20<sup>th</sup>, or 30<sup>th</sup> of the month, as noted on the bills. Bills paid prior to becoming delinquent will be credited with a discount. Accounts not paid by the delinquent date are sent special delinquent notices and the meters are subject to lock-up for non-payment. Delinquent accounts are subject to a pre lock-up notice implemented by a door hanger on the property, which is delivered a minimum of 48 hours before the meter is locked. Such accounts accrue a \$30 lock-up notice fee upon the District's preparation of the final pre lock-up notice report, regardless of when the actual door hanger is placed on the property. Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

If a meter has been locked for non-payment for a period of 90 days, it may be placed on Standby Service by FPU. Standby Service charges will accrue from that time until an application for service restoration has been received by the District.

The District must be notified in a timely manner with the name and mailing address of the new owner or tenant and the upcoming date of transfer. Notification of the transfer of property ownership, or tenancy, is the responsibility of the owner/seller. The District is not responsible for the proration of the final billing if notification is not received prior to the date of sale, or change of tenancy.

Sec. 21.76 Meter Locks and Restrictors.

If for any reason, other than District convenience, a water meter shall be locked by the District, the water may not be again turned on to serve the property through such meter until all past due charges plus a turn-on charge of Fifty Dollars (\$50) shall have been paid to the District. There shall be a fee of \$30 to process and deliver Pre-Lock Notices and a fee of \$100 for broken or damaged locks. Damage to ~~cor~~corporation or angle stop in attempt to restore services locked for non-payment will be billed at actual time and material and added to the water bill.

If flow restrictors are required for any reason in order to implement policies within this Administrative Code, the fees are as follows:

<u>Meter Size</u>	<u>Installation Fee</u>
3/4" and 1" Meters .....	\$137
1-1/2" and larger .....	\$582

Sec. 21.87 Meter Not Registering.

Whenever, for any reason, a meter fails to register correctly, the consumer will be charged an amount for the previous billing period increased or decreased by the percentage change in total billing by the District for all consumers for the two billing periods.

Sec. 21.98 Water Rates or Service Charges Lien on Property.

In addition to any other remedy provided therein or by law for the collection of any water rate, charges or account, all rates or service charges provided for in this Administrative Code shall be charged and become a charge against the property on which the water is furnished and against the owner thereof, and all charges for water so served to a property shall be and become a lien against the premises upon which the water is used or served.

Standby accounts with a delinquent balance greater than ~~\$250~~500 as of April 1<sup>st</sup> of each year may be sent notification of intent to place delinquent and unpaid charges on the annual tax roll. The notification will be sent by May 1<sup>st</sup> and provides the customer 60 days to bring the account current. If the amount is not brought current by July 1<sup>st</sup>, the portion of the delinquency due as of the prior April 1<sup>st</sup> may be reported to the County Treasurer for inclusion on the annual taxes levied on the property.

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 21.98.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

Customers who have reported water theft to the District must also notify local law enforcement agencies. The District will require proof of theft from a law enforcement agency that a theft of water occurred. Customer's asking for credit on the bill for water theft will be processed by account type. If a full price M&I customer, the District may discount the estimated amount of water stolen and charge the District's wholesale cost of water for the amount stolen. An estimate of the amount of water stolen will be made by District staff using that customer's usage history. Water sold to agricultural customers-, SAWR, and Commercial Ag/Commercial Ag Domestic, is sold at District cost so no discount may be applied. If the stolen water caused the customer's allocation bank to be adversely affected, the District will restore the estimated amount stolen to the customer's allocation bank. If the water theft resulted in an overuse penalty, the District will credit the penalty to the customer for the estimated amount of water stolen.

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 21.10—Sewer Rates21.9 Volumetric Wastewater Charges.

Sewer Wastewater service charges are established upon each property within the District that is connected to a sewer line of the District whether said premises are occupied or unoccupied. Volumetric Wastewater Charges are applied to estimated billable wastewater flows, which are based upon adjusted water deliveries. The charge per killogallon of wastewater flow is shown below:



<u>USER CLASS</u>	<u>COMMODITY RATE</u> <u>1,000 GAL OF SEWAGE</u>
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Single Family Residence, Ag Domestic, Multi-Family, Schools, Churches, and Low Strength Commercial (Average BOD & SS = 0-200)	\$8.77
Medium Strength Commercial (Average BOD & SS = 201-600)	\$13.27
High Strength Commercial (Average BOD & SS ≥ 601)	\$22.28

<u>METER SIZE</u> <u>User Class</u>	<u>FIXED CHARGE</u> <u>Volumetric</u> <u>Wastewater Charge</u> <u>(\$/kgal)</u>
<u>¾" and All</u> <u>Ag. Domestic</u>	\$ <u>16.12</u> <u>9.44</u>
<u>Commercial Ag. Domestic</u> <u>1"</u>	\$ <u>24.01</u> <u>9.44</u>
<u>1½"</u> <u>Residential (Single, Multi-</u> <u>family)</u>	\$ <u>43.75</u> <u>9.44</u>
<u>2"</u> <u>Government</u>	\$ <u>67.42</u> <u>9.37</u>
<u>3"</u> <u>School</u>	\$ <u>122.67</u> <u>9.37</u>
<u>4"</u> <u>Church</u>	\$ <u>201.60</u> <u>9.37</u>
<u>6"</u> <u>Commercial – Low Strength*</u>	\$ <u>398.91</u> <u>9.37</u>
<u>Commercial – Medium Strength*</u>	\$ <u>11.57</u>
<u>Commercial – High Strength*</u>	\$ <u>14.44</u>

Appendix A to this Article provides commercial effluent classification.

For the purpose of determining the billable wastewater flows, water deliveries must be converted to wastewater flows returned to the sewer system. To do this conversion, a Return to Sewer Factor is applied. The Return to Sewer factor adjusts the water received by the meter to the estimated flows from the residence or entity into the sewer system. The Return to Sewer Factor applied to the different customer classes are shown below:

<u>USER CODE</u> <u>Cusomer Class</u>	<u>RTS</u> <u>Return to Sewer</u> <u>Factor</u>
<u>Residential (Multi-Family &amp; SFR,</u> <u>Single Family)</u>	<u>90</u> <u>75%</u>
<u>Non-Residential/Commercial</u>	<u>90%</u>
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%
Churches	80%

Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

Non-residential customers with higher outdoor are evaluated on a case by case basis.

For those Single Family Residences (D, LD, ~~AD~~, AT, CB), volumetric charges are calculated as follows:

- ~~1. Determined by lowest one-month winter water use from prior fiscal year for period November through March. If all five months are zero, usage will be set to 1. If any one month is equal to zero, next lowest month's usage is used.~~
- ~~1. The average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at 21.33 units.~~
- ~~2. 75% of this water is assumed Returned to Sewer (RTS) to be returned to sewer/billable flow.~~
- ~~3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.~~
- ~~4. Consumption analysis is performed annually. Appeal for consumption is available.~~
- ~~5. No prior history customer (new customer) will be placed at that customer class median of 5.~~
- ~~6. Use must be > 0 unless customer is on standby.~~
- ~~3. FY 2016-17 fixed component based on meter size (see chart).~~
- ~~4. FY 2016-17 flow component \$8.77/unit.~~
- ~~5. Rate is fixed and remains in effect throughout FY 2016-17.~~

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

- ~~7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.~~
- ~~8. 75% of this water is assumed to be returned to sewer/billable flow.~~
- ~~9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.~~
- ~~6-10. Consumption analysis is performed annually. Appeal for consumption is available.~~
- ~~7. Cap of 18 units.~~

~~8.11. No prior history customer will be placed at that (new customer class median currently 4 for FY 2016-17) will addressed on a case by case basis.~~

~~9.1. Use must be > 0 unless customer is on standby.~~

~~10. Billing cycles are as follows:~~

WINTER WATER USE	CYCLE 1	CYCLE 2	CYCLE 3
November	October 1st to Nov 1st	Oct. 10th to Nov 10 <sup>th</sup>	Oct. 30th to Nov. 30th
December	Nov 1st to Dec 1st	Nov. 10th to Dec 10 <sup>th</sup>	Nov. 30th to Dec 30th
January	Dec 1st to Jan 1st	Dec 10th to Jan 10 <sup>th</sup>	Dec 30th to Jan 30th
February	Jan 1st to Feb 1st	Jan 10th to Feb 10 <sup>th</sup>	Jan 30th to Feb 28th
March	Feb 1st to March 1st	Feb 10th to Mar 10 <sup>th</sup>	Feb 28th to Mar 30th

All other water customer classes (M, G, C, A<sub>22</sub>, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.
2. ~~RTS~~The Return to Sewer factor ~~as determined by customer class applied to determine the billable flow.~~ Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. ~~FY 2016-17 monthly fixed component based on meter size (see chart).~~
5. ~~FY 2016-17 flow component for low strength sewage = \$8.77/unit~~
6. ~~FY 2016-17 flow component for medium strength sewage = \$13.27/unit~~
7. ~~FY 2016-17 flow component for high strength sewage = \$22.28/unit~~
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. ~~FY 2016-17~~CY 2018 public elementary school rate is \$1.~~0611~~ per person student and \$1.62 per staff, per month.
4. ~~FY 2016-17~~CY 2018 public junior high school and administrative offices rate is \$1.~~5562~~ per person, per month.
5. Rates to be increased by the overall percentage change/increase in ~~the~~ wastewater budget/revenues each year.

Sec. —21.10 Monthly Fixed Wastewater Charge.

For each sewer account, Effective January 1, 2018, the Monthly Fixed Wastewater Charge shall be \$9.28 per month per Equivalent Dwelling Unit (EDU). EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4.

Sec. 21.10.1 Wastewater Capital Improvement Charge.

For each sewer account, an additional \$10.84~~11.16~~ per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge beginning FY 2016-17. Effective January 1, 2018. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater



Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 20.7.2, 20.7.3, or 20.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. -The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

~~Sec. 21.11 Allocations and Special Water Conservation Rates.~~

~~When it is considered critical for the well being of the citizens within the District that all existing water supplies be husbanded and future available imported supplies be fairly and uniformly allocated among the District's customers so that water essential for domestic use, sanitation, and fire protection will remain available through the duration of the drought, the Board of Directors may implement special water pricing.~~

**ARTICLE 21**

Sec. 21.1 – Rev. 7/02  
Sec. 21.2-21.8.2 – Rev. 9/96  
Sec. 21.3 – Rev. 10/96  
Sec. 21.4 & 21.9 – Rev. 6/97  
Sec. 21.4 – Rev 7/02  
Sec. 21.9 – Rev. 10/97  
Sec. 21.9 – Rev. 6/04  
Sec. 21.9 – Rev. 1/05  
Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05  
Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06  
Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06  
Sec. 21.9 (Flat Rate classification) – Rev. 10/06  
Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06  
Sec. 21.5 – Rev. 3/07  
Sec. Sec. 21.1, 21.2, 21.4, 21.10, 21.10.1 – Rev. 6/07  
Sec. 21.5 – Added 6/07  
Sec. 21.10.2 – Deleted 6/07  
Sec. 21.11 – Added 10/07  
Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07  
Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08  
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09  
Sec. 21.4, 21.10 – Rev. 12/09  
Sec. 21.6, 21.9 – Rev. 5/10  
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 – Rev. 6/10  
Sec. 21.9.1 (added) – Rev. 9/10  
Sec. 21.1, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 - Rev. 6/11  
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12  
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/13  
Sec. 12.1, 21.2, 21.4, 21.5, 21.9.1, 21.10, 21.10.1 – Rev. 6/14  
Sec. 21.1, 21.2, 21.5 – Rev. 1/15  
Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2, 21.5, 21.10, 21.10.1 Rev 6/15  
Sec. 21, 21.1 – Rev. 11/15  
Secs. 21, 21.2, 21.4, 21.5, 21.7, 21.10, 21.10.1 – Rev. 7/16  
Secs. 21, 21.1 - Rev. 12/16  
All Secs. – Rev. 12/17

**Article 26.**

**Water Shortage Response Program.**

Sec. 26.1                      Declaration of Policy.

California Water Code Sections 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity. The Board of Directors hereby establishes a comprehensive water conservation program pursuant to California Water Code Sections 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage.

Sec. 26.1.1            TSAWR Reduction Program.

The San Diego County Water Authority Transitional Special Agricultural Water Program (TSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible supply up to the maximum allowed under Article 162 of the SDCWA Administrative Code. During periods of water shortages imposed by the Metropolitan Water District (MWD), those customers who are participating in the TSAWR shall abide by the conditions set forth by SDCWA for implementation of the TSAWR Reduction Program. TSAWR customers shall be notified of impending drought restrictions within (14) days of the Board's declaration of a water shortage. Administration of the TSAWR Reduction Plan is incorporated by reference in Article 19 of this Administrative Code.

Sec. 26.1.2            TSAWR Reduction Compliance.

When SDCWA imposes a mandatory use reduction, TSAWR customers must be prepared to reduce consumption by complying with a water allocation, or water use target. Water consumed during each billing period will be compared to the assigned target. Any use below the target will be accumulated and carried forward. The customer's cumulative use will be compared with the cumulative target, and any total usage above the target will be billed at the "above average" rates. This cumulative comparison will continue for the duration of the fiscal year. Below target usage "credits" will be carried forward until the cumulative target is exceeded, at which time, all cumulative "over target" use will be billed at the "above target" rates. The cumulative comparison process will start over in the next fiscal year.

Upon written request, customers shall reserve the right to "group" accounts and adjust, or "smooth", allocations to facilitate compliance.

In accordance with the MWD Water Supply Allocation Plan (WSAP), any person that uses water in excess of the allocation shall be subject to a penalty, structured as an "Allocation Surcharge". Currently, the "Allocation Surcharge" for each unit of usage greater than the allocation but less than 115% of the allocation is \$1,480 per acre-foot, and the penalty for each unit of water in excess of 115% of the allocation is \$2,960 per acre-foot. The Penalty Rate is charged over and above the water rates for the use of water.

Sec. 26.2                      Findings.

The Board of Directors finds and determines that a water shortage could exist as a result of a general regional water supply shortage due to increased demand or limited supplies.

The Board of Directors also finds and determines that the conditions prevailing in the coastal San Diego County area require that the water resources available be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such water encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people of the Fallbrook Public Utility District and for the public welfare.

NORMAL CONDITIONS. The District's service area is in a semi-arid climate. Good water management practices dictate that water be used wisely and not wasted at any time. Customers are requested to follow the guidelines presented in Sec. 26.8.1. Under Normal Conditions, the District will provide public education and outreach efforts to emphasize public awareness of the need to always voluntarily use water wisely and practice water conservation measures.

Sec. 26.3                      Application.

The provisions of this Administrative Code shall apply to all water served to persons, customers, and property by the Fallbrook Public Utility District.

Sec. 26.4                      Determination and Declaration by General Manager of Water Supply Conditions.

Based on information provided by the District's wholesale water agency of water availability supplies, the Fallbrook Public Utility District General Manager (or in the General Manager's absence his designee) is hereby authorized and directed to implement the provisions of this Administrative Code. Additionally, the General Manager (or in the General Manager's absence, his designee) is hereby authorized to make minor and limited exceptions to prevent undue hardship or unreasonable restrictions, provided that water shall not be wasted or used unreasonably and the purpose of this Administrative Code can be accomplished. Any such exceptions shall be reported to the Board of Directors at the next meeting.

The General Manager (or in the General Manager's absence his designee) shall from time to time based upon all available data determine and declare whether the District's water supply is in the following condition and post a notice thereof in the District's lobby and publish said notice in the local newspaper:

WATER SHORTAGE RESPONSE LEVEL 1 – WATER SHORTAGE WATCH CONDITION. This level applies when the San Diego County Water Authority notifies its member agencies that due to water shortage or other supply reductions, there is a reasonable probability there will be supply shortages and that a consumer demand reduction of up to 10 percent is required in order to ensure that sufficient supplies will be available to meet anticipated demands. The General Manager shall declare the existence of a Water Shortage Response Level 1 condition and take action to implement the Level 1 conservation practices identified in Sec. 26.8.2. The District will suspend consideration of annexations to its service area.

The Board of Directors shall from time to time based upon all available data determine and declare whether the District's water supply is in one of the following conditions and post a notice thereof in the District's lobby and publish said notice in the local newspaper:

WATER SHORTAGE RESPONSE LEVEL 2 – WATER SHORTAGE ALERT

CONDITION. This level applies when the San Diego County Water Authority notifies its member agencies that due to cutbacks caused by water shortages or other reduction in supplies, a consumer demand reduction of up to 20 percent is required in order to have sufficient supplies available to meet anticipated demands. The Board of Directors shall declare the existence of a Water Shortage Response Level 2 condition and implement the mandatory Level 2 conservation measures identified in Sec. 26.8.3. The District will suspend consideration of annexations to its service.

WATER SHORTAGE RESPONSE LEVEL 3 – WATER SHORTAGE CRITICAL

CONDITION. This level applies when the San Diego County Water Authority notifies its member agencies that due to increasing cutbacks caused by water shortages or other reduction of supplies, a consumer demand reduction of up to 40 percent is required in order to have sufficient supplies available to meet anticipated demands. The Board of Directors shall declare the existence of a Water Shortage Response Level 3 condition and implement the Level 3 conservation measures identified in Sec. 26.8.4. The District will suspend consideration of annexations to its service area and no new potable water service shall be provided and no statements of immediate ability to serve or provide potable water service shall be issued.

WATER SHORTAGE RESPONSE LEVEL 4 – DROUGHT EMERGENCY

CONDITION. This level applies when the San Diego County Water Authority Board of Directors declares a water shortage emergency pursuant to California Water Code Section 350 and notifies its member agencies that Level 4 requires a demand reduction of more than 40% in order for the District to have maximum supplies available to meet anticipated demands. The District shall declare a Water Shortage Emergency in the manner and on the grounds provided in California Water Code Section 350.

The General Manager is authorized to require submission of water use curtailment plans from those users having the largest effect on overall District consumption in order to protect the minimum supplies necessary to provide for public health, sanitation, and fire protection. Failure to provide curtailment plans in a timely manner or plans that do not meet the required cutbacks shall authorize the District to install flow restrictors at the meter or termination of service.

Sec. 26.5                      Implementation of Emergency Water Management Program.

California Water Code Sections 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity.

At such time when the Board of Directors of the District finds and determines that by reason of an anticipated general water supply shortage, inadequate San Diego County Water Authority distribution facilities, or the prospect of a major failure of the supply and distribution facilities of the Metropolitan Water District of Southern California exists, the Board may adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity. Upon adoption of a water conservation program, the district shall provide

notice to customers within (14) days of the Board's declaration of a water shortage. In addition, the Board may also find and determine that the conditions prevailing in the coastal San Diego county area require that the water resources available be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such water encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people within the Fallbrook Public Utility District service area and for the public welfare.

The General Manager shall determine the extent of the emergency conservation required in order for the District to prudently plan for and supply water to its customers. Thereafter, the General Manager may order that the Emergency Water Management Program be implemented or terminated in accordance with the applicable provisions of this Article of the Administrative Code. The declaration of a water emergency shall be made by public announcement and notice shall be published a minimum of three (3) consecutive times in a newspaper of general circulation and shall become effective immediately upon announcement.

The declaration shall be reported to the Board of Directors at its next regular meeting. The Board of Directors shall thereupon ratify the declaration or rescind the declaration, and may adopt such additional rules and regulations to limit water use during the emergency as it deems appropriate.

Sec. 26.6                      Duration of Declaration.

As soon as a particular condition is declared to exist, the water conservation measures provided for herein for that condition shall apply to all District water service until a different condition is declared.

Sec. 26.7                      Mandatory and Discretionary Use of Recycled Water.

Nothing in this Administrative Code shall prohibit or limit the use of recycled water for any purposes listed herein. No customer of the District shall make, cause, use or permit the use of potable water supplied by the District for construction grading on major subdivisions, paved surface cleaning, or greenbelt uses, including, but not limited to, cemeteries, playing fields, parks, and highway landscaped areas, when, following notice and a hearing, the District finds that recycled water is available under the following conditions:

1.        The recycled water is of adequate quality and is available for use.
2.        The recycled water may be furnished to such areas at a reasonable cost, equal to or less than the cost of supplying potable domestic water.
3.        The State Department of Health Services has determined that such use would not be detrimental to public health.
4.        The use of recycled water will not adversely affect downstream water rights, and will not degrade water quality.

Sec. 26.8 Water Conservation Stages.

Sec. 26.8.1 NORMAL CONDITIONS.

During Normal Conditions, customers are asked to use water wisely and to practice water conservation measures so that water is not wasted.

No water furnished by the District will be wasted. All water withdrawn from District facilities shall be put to reasonable beneficial use. District water users shall comply with the following water use prohibitions and conservation measures at all times:

1. Do not wash down paved surfaces, including but not limited to sidewalks, driveways, parking lots, tennis courts, or patios, except when it is necessary to alleviate safety or sanitation hazards.
2. Eliminate water waste resulting from inefficient landscape irrigation, such as runoff, low head drainage, or overspray, etc. Similarly, stop water flows onto non-targeted areas, such as adjacent property, non-irrigated areas, hardscapes, roadways, or structures.
3. Irrigate residential and commercial landscape before 10 a.m. and after 6 p.m. only.
4. Use a hand-held hose equipped with a positive shut-off nozzle or bucket to water landscaped areas, including trees and shrubs located on residential and commercial properties that are not irrigated by a landscape irrigation system.
5. Irrigate nursery and commercial grower's products before 10 a.m. and after 6 p.m. only. Watering is permitted at any time with a hand-held hose equipped with a positive shut-off nozzle, a bucket, or when a drip/micro-irrigation system/equipment is used. Irrigation of nursery propagation beds is permitted at any time. Watering of livestock is permitted at any time.
6. Use re-circulated water to operate ornamental fountains.
7. Wash vehicles using a bucket and a hand-held hose with positive shut-off nozzle, mobile high pressure/low volume wash system, or at a commercial site that re-circulates (reclaims) water on-site. Avoid washing during hot conditions when additional water is required due to evaporation.
8. The irrigation with potable water of ornamental turf on public street medians is prohibited.
9. The application of potable water to outdoor landscapes during or within 48 hours of measurable rainfall is prohibited

10. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the County of San Diego's Landscape Ordinance.
11. Serve and refill water in restaurants and other food service establishments only upon request.
12. Offer guests in hotels, motels, and other commercial lodging establishments the option of not laundering towels and linens daily.
13. Repair all water leaks within five (5) days of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.
14. Use recycled or non-potable water for construction purposes when available.

Sec. 26.8.2 WATER SHORTAGE RESPONSE LEVEL 1 – WATER SHORTAGE WATCH CONDITION.

During a Level 1 Water Shortage Watch condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices.

All persons using District water shall comply with Normal Conditions water conservation practices during a Level 1 Water Shortage Watch, as identified in Sec. 26.8.~~12~~.

Upon declaration of a Level 1 Water Shortage Watch condition, the District will suspend consideration of annexations to its service area except under the following circumstances:

1. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of Fallbrook Public Utility District.

Sec. 26.8.3 WATER SHORTAGE RESPONSE LEVEL 2 – WATER SHORTAGE ALERT CONDITION.

During a Level 2 Water Shortage Alert condition, all persons using District water shall comply with Normal and Level 1 Water Shortage Watch water conservation practices during a Level 2 Water Shortage Alert, as identified in Sec. 26.8.~~12~~ and 26.8.~~23~~, and shall also comply with the following additional conservation measures:

1. During the months of June through October, limit residential and commercial landscape irrigation to no more than two (2) days per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During the months of November through May, landscape irrigation is limited to no more than once per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During extreme Santa Ana conditions (temperature > 80 and easterly winds > 20 mph), one additional day per week of watering is allowed. This section shall not apply to commercial growers or nurseries. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited



to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.

2. Limit lawn watering and landscape irrigation using sprinklers to no more than ten (10) minutes per watering station per assigned day. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.
3. Water landscaped areas, including trees and shrubs located on residential and commercial properties, and not irrigated by a landscape irrigation system governed by section 5 (b) (1), on the same schedule set forth in section 5 (b) (1) by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation.
4. Repair all leaks within seventy-two (72) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

For Levels 2 and above, the District may establish a water allocation for property served by the Fallbrook Public Utility District using a method that does not penalize persons for the implementation of conservation methods or the installation of water saving devices and allows for the banking and subsequent use of unused allocations. ~~For domestic and multi-unit classes, the district may instead of allocations establish a tiered pricing structure which promotes conservation. These rates shall be calculated as follows:~~

**Normal/Shortage Level 1**

<del>Domestic &amp; Large Lot Domestic</del>	<del>Multi Unit</del>
<del>Units 1-5 @ .90 x Base Rate</del>	<del>Units 1-5 @ .90 x Base Rate</del>
<del>Units 6-30 @ Base Rate</del>	<del>Units 6-18 @ Base Rate</del>
<del>Units 31+ @ 1.1 x Base Rate</del>	<del>Units 19+ @ 1.1 x Base Rate</del>

**Shortage Level 2**

<del>Domestic &amp; Large Lot Domestic</del>	<del>Multi Unit</del>
<del>Units 1-5 @ .90 x Base Rate*</del>	<del>Units 1-5 @ .90 x Base Rate</del>
<del>Units 6-27 @ Base Rate</del>	<del>Units 6-17 @ Base Rate</del>
<del>Units 28-54 @ 1.5 x Base Rate</del>	<del>Units 18-34 @ 1.5 x Base Rate</del>
<del>Units 55-81 @ 1.75 x Base Rate</del>	<del>Units 35-50 @ 1.75 x Base Rate</del>
<del>Units 82+ @ 2 x Base Rate</del>	<del>Units 51+ @ 2 x Base Rate</del>

**Shortage Level 3**

<del>Domestic &amp; Large Lot Domestic</del>	<del>Multi Unit</del>
<del>Units 1-5 @ .90 x Base Rate*</del>	<del>Units 1-5 @ .90 x Base Rate</del>
<del>Units 6-22 @ Base Rate</del>	<del>Units 6-14 @ Base Rate</del>

<del>Units 23-45 @ 1.75 x Base Rate</del>	<del>Units 15-22 @ 1.75 x Base Rate</del>
<del>Units 46-67 @ 2 x Base Rate</del>	<del>Units 23-31 @ 2 x Base Rate</del>
<del>Units 68+ @ 2.5 x Base Rate</del>	<del>Units 32+ @ 2.5 x Base Rate</del>

**Shortage Level 4**

<del>Domestic &amp; Large Lot Domestic</del>	<del>Multi Unit</del>
<del>Units 1-5 @ .90 x Base Rate</del>	<del>Units 1-5 @ .90 x Base Rate</del>
<del>Units 6-15 @ Base Rate</del>	<del>Units 6-9 @ Base Rate</del>
<del>Units 16-30 @ 2 x Base Rate</del>	<del>Units 10-18 @ 2 x Base Rate</del>
<del>Units 31-45 @ 2.5 x Base Rate</del>	<del>Units 19-27 @ 2.5 x Base Rate</del>
<del>Units 46+ @ 3 x Base Rate</del>	<del>Units 28+ @ 3 x Base Rate</del>

**~~(See attached "Domestic Class Block Ranges at Different Shortage Levels" bar graph for conservation rates effective July 2014.)~~**

If the District establishes a water allocation it shall provide notice of the allocation within (14) days of its establishment by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. The following customer classes are subject to allocations: Commercial Agriculture (CA), Commercial Agriculture Domestic (CB), Commercial (C), Government (G), and Irrigation (I). Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount of 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this ordinance.

This provision shall not be construed to preclude the resetting or turn-on of meters to provide continuation of water service or to restore service that has been interrupted for a period of one year or less.

Sec. 26.8.4 WATER SHORTAGE RESPONSE LEVEL 3 – WATER SHORTAGE CRITICAL CONDITION.

During a Level 3 Water Shortage Critical condition, all persons using District water shall comply with Normal, Level 1 Water Shortage Watch and Level 2 Water Shortage Alert water conservation practices during a Level 3 Water Shortage Critical condition and shall also comply with the following additional mandatory conservation measures:

1. During the months of June through October, limit residential and commercial landscape irrigation to no more than two (2) assigned days per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. This section shall not apply to commercial growers or nurseries.
2. Water landscaped areas, including trees and shrubs located on residential and commercial properties, and not irrigated by a landscape irrigation system

governed by section 6 (b) (1), on the same schedule set forth in section 6 (b) (1) by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation.

3. Stop filling or re-filling ornamental lakes or ponds, except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a drought response level under this ordinance.
4. Stop washing vehicles except at commercial carwashes that recirculate water, or by high pressure/low volume wash systems.
5. Repair all leaks within forty-eight (48) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

Sec. 26.8.5 WATER SHORTAGE RESPONSE LEVEL 4 – WATER SHORTAGE EMERGENCY CONDITION.

During a Level 4 Water Shortage Emergency condition, all persons using District water shall comply with Normal, Level 1 Water Shortage Watch, Level 2 Water Shortage Alert, and Level 3 Water Shortage Critical water conservation practices during a Level 4 Water Shortage Emergency and shall also comply with the following additional mandatory conservation measures:

1. Stop all landscape irrigation, except crops and landscape products of commercial growers and nurseries. This restriction shall not apply to the following categories of use unless the Fallbrook Public Utility District has determined that recycled water is available and may be lawfully applied to the use.
  - A. Maintenance of trees and shrubs that are watered on the same schedule set forth in section 6 (b) (1) by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation;
  - B. Maintenance of existing landscaping necessary for fire protection as specified by the Fire Marshal of the local fire protection Fallbrook Public Utility District having jurisdiction over the property to be irrigated;
  - C. Maintenance of existing landscaping for erosion control;
  - D. Maintenance of plant materials identified to be rare or essential to the well being of rare animals;
  - E. Maintenance of landscaping within active public parks and playing fields, day care centers, school grounds, cemeteries, and golf course greens, provided that such irrigation does not exceed two (2) days per week according to the schedule established under section 6 (b) (1);

- F. Watering of livestock; and
  - G. Public works projects and actively irrigated environmental mitigation projects.
2. Repair all water leaks within twenty-four (24) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

The District may establish a water allocation for property served by the District. If the District establishes a water allocation it shall provide notice of the allocation by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this ordinance.

3. (TSAWR) customers as defined in the San Diego County Water Authority (SDCWA) Administrative Code must abide by any TSAWR restrictions that may be in place.

Water consumed during each billing period will be compared to the assigned target. Any use below the target will be accumulated and carried forward. The customer's cumulative use will be compared with the cumulative target, and any total usage above the target will be billed at the "above target" rates. This cumulative comparison will continue for the duration of the fiscal year. Below target usage "credits" will be carried forward until the cumulative target is exceeded, at which time, all cumulative "over target" use will be billed at the "above target" rates and the cumulative comparison process will start over in the next fiscal year.

Sec. 26.8.6 Drought Rates

Drought Rates would be implemented during declaration of Levels 1, 2, 3 and 4 described above. Drought Rates would only be in effect during declared drought Levels 1-4. The effective January 1, 2018 the Drought Rates during drought Levels 1-4 are set forth in the tables below:

<b><u>2018 Monthly Drought Rates by Drought Levels (\$/kgal)</u></b>			
<b><u>Customer Class</u></b> <b><u>(See Article 21 for class definitions)</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3 and 4</u></b>
<b><u>Residential (D, LD,M)</u></b>			
<b><u>Tier 1</u></b>	<b><u>\$5.91</u></b>	<b><u>\$6.16</u></b>	<b><u>\$6.92</u></b>
<b><u>Tier 2</u></b>	<b><u>\$6.00</u></b>	<b><u>\$6.26</u></b>	<b><u>\$7.03</u></b>
<b><u>Tier 3</u></b>	<b><u>\$7.30</u></b>	<b><u>\$7.62</u></b>	<b><u>\$8.56</u></b>
<b><u>Ag. Domestic (AT)</u></b>			

<u>Tier 1</u>	<u>\$5.91</u>	<u>\$6.16</u>	<u>\$6.92</u>
<u>Tier 2*</u>	<u>\$4.83</u>	<u>\$4.83</u>	<u>\$4.83</u>
<u>Tier 3*</u>	<u>\$4.17</u>	<u>\$4.17</u>	<u>\$4.17</u>
<b><u>Commercial Domestic Ag. (CB)</u></b>			
<u>Tier 1</u>	<u>\$5.91</u>	<u>\$6.16</u>	<u>\$6.92</u>
<u>Tier 2</u>	<u>\$5.08</u>	<u>\$5.30</u>	<u>\$5.95</u>
<b><u>Agriculture TSAWR (AS)*</u></b>	<u>\$4.17</u>	<u>\$4.17</u>	<u>\$4.17</u>
<b><u>Commercial Ag (CB)</u></b>	<u>\$5.08</u>	<u>\$5.30</u>	<u>\$5.95</u>
<b><u>Commercial (C)</u></b>	<u>\$6.08</u>	<u>\$6.35</u>	<u>\$7.13</u>
<b><u>Irrigation Only (I)</u></b>	<u>\$6.07</u>	<u>\$6.34</u>	<u>\$7.12</u>
<b><u>Government (G)</u></b>	<u>\$5.99</u>	<u>\$6.25</u>	<u>\$7.02</u>

\*TSAWR customers must implement cuts to water use during drought restrictions or face penalties. Program compliance is discussed above in Section 26.1.2.

Sec. 26.9

Implementation of Conservation Levels.

The General Manager shall monitor the projected supply and demand for water by its customers on a daily basis. The General Manager shall determine the extent of the conservation required through the implementation and/or termination of particular conservation stages in order for the District to prudently plan for and supply water to its customers. Thereafter, the General Manager may order or recommend to the Board of Directors that the appropriate level of water conservation be implemented or terminated in accordance with the applicable provision of this Administrative Code. The declaration of any level beyond Water Shortage Response Level 1 shall be made by public announcement and notice shall be published a minimum of three (3) consecutive times in a newspaper of general circulation. The level designated shall become effective immediately upon announcement. The declaration of any level beyond Water Shortage Response Level 1 shall be by action of the Board of Directors.

Sec. 26.10

Variances.

If, due to unique circumstances, a specific requirement of this Article of the Administrative Code would result in undue hardship to a person using District water or to property upon which the District water is used, that is disproportionate to the impacts to the District water users generally or to similar property or classes of water uses, then the person may apply for a variance to the requirements as provided in this section.

The variance may be granted or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a person using District water or to property upon which the District water is used, that is disproportionate to the impacts to the District water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property.

A completed appeal shall describe the specific reason(s) the allocation is causing undue hardship, including the following:

1. Commercial buildings that were empty or partially occupied during base period but are now occupied to a greater degree and require more water.
2. A grove with new trees planted a year before the base period began that, in the third year of growth, would need additional water.
3. Agricultural land used for annual crops that had abnormally low irrigation application during the base year.
4. An unexpected emergency line break, or equipment malfunction that has since been fixed.
5. Loss or reduction of an alternative water source, such as a well or pond.
6. Other, with a detailed description.

Sec. 26.10.1 Application.

Application for a variance shall be a form prescribed by Fallbrook Public Utility District.

Sec. 26.10.2 Supporting Documentation.

The application shall be accompanied by photographs, maps, drawings, and other information, including a written statement of the applicant.

Sec. 26.10.3 Required Findings for Variance.

An application for a variance shall be denied unless the approving authority finds, based on the information provided in the application, supporting documents, or such additional information as may be requested, and on water use information for the property as shown by the records of the Fallbrook Public Utility District, all of the following:

- A. That the variance does not constitute a grant of special privilege inconsistent with the limitations upon other Fallbrook Public Utility District customers.
- B. That because of special circumstances applicable to the property or its use, the strict application of this ordinance would have a disproportionate impact on the property or use that exceeds the impacts to customers generally.
- C. That the authorizing of such variance will not be of substantial detriment to adjacent properties, and will not materially affect the ability of the Fallbrook Public Utility District to effectuate the purpose of this chapter and will not be detrimental to the public interest.

- D. That the condition or situation of the subject property or the intended use of the property for which the variance is sought is not common, recurrent or general in nature.

Sec. 26.10.4. Approval Authority.

The General Manager or his/her designee shall exercise approval authority and act upon any completed application no later than 20 days after submittal and may approve, conditionally approve, or deny the variance. The applicant requesting the variance shall be promptly notified in writing of any action taken. Unless specified otherwise at the time a variance is approved, the variance applies to the subject property during the term of the mandatory drought response.

Sec. 26.10.5 Appeals to Fallbrook Public Utility District Board of Directors.

An applicant may appeal a decision or condition of the General Manager on a variance application to the Fallbrook Public Utility District Board of Directors within 10 days of the written decision upon written request for a hearing. The request shall state the grounds for the appeal. Any determination not appealed within ten (10) days is final. At a public meeting, the Fallbrook Public Utility District Board of Directors shall act as the approval authority and review the appeal de novo by following the regular variance procedure. The decision of the Fallbrook Public Utility District Board of Directors is final.



**ARTICLE 26**

Sec. 26.6 – Rev.  
7/97

Sec. 26.4, Sec.  
26.5, Sec.  
26.8.2 – Rev.  
10/07

Article 26  
revised in its  
entirety – 6/08

Sec. 26.8.3,  
26.9, 26.10 ,  
26.10.1,  
26.10.2,  
26.10.3,  
26.10.4,  
26.10.5, and  
addition of  
Domestic Class  
and Multi-Unit  
Class rates–

Rev. 6/09

Sec. 26.8.3 –

Rev. 10/09

Sec. 26.8.3 –

Rev. 5/11

Sec. 26.8.3 –

Rev. 8/14

Sec. 26.11 –

Rev 6/15

Secs. 26.1.1,  
26.1.2, 26.4,  
26.5, 26.8.3,  
26.8.5, 26.10,  
26.10.1,  
26.10.4,  
26.10.5, 26.11 –  
Rev. 3/16

Secs. 26.8.1,

26.8.3 – Rev.

6/16

Secs. 26.8.2,  
26.8.3, 26.8.6 –  
Rev. 12/17



## M E M O

TO: Board of Directors  
FROM: Todd Lange, System Service Supervisor   
DATE: December 11, 2017  
SUBJECT: AMI Meter Service Replacement Program, Year 3

---

Purpose

To request board approval to purchase required meters and associated equipment to complete year three of a five-year program to transition for existing drive-by radio-read Automatic Meter Reading (AMR) meters to fixed network Advanced Metering Infrastructure (AMI) meters that allow real-time tracking and monitoring of water use.

Summary

In July 2015, the Board approved starting a five-year program to replace existing drive-by Automatic Meter Reading (AMR) meters and associated radio-based endpoints (ERT) that are exceeding their reliable lifespan and recommended replacement frequency with Advanced Metering Infrastructure (AMI) meters that allow for real-time tracking. The replacement of these meters ensures that the District continues to have accurate readings of water usage by customers and also allows the District to utilize newer meter technology with real-time tracking, which will provide additional tools to customers along with the implementation of Water Smart software to track water use and identify leaks.

Meter Replacement

The District budget includes costs to transition from the drive-by meters to a real-time fixed network for the vast majority of District customers over by the end of FY 2020-21. Currently, 3,576 meters out of 9,600 have been replaced. Meter inventory is low, and it is necessary to order new meters to maintain the schedule to complete the replacement by 2020-21. The meter replacement is being done using District staff. Staff is working with Itron and Water Smart in order to bring customers with the new meters online with real-time tracking and monitoring, and this should be completed over the next few weeks.

The District conducted testing and surveyed other agencies and determined the Badger meters with Itron ERTs are the best solution for the District. The District worked with the manufacturers to ensure the pricing was competitive compared to other meter systems and other Districts' pricing. Four hundred thousand dollars (\$400,000) annually over five years was budgeted for this item. In the last two years, meter pricing has increased due to cost of materials, especially brass and copper. The budget for the remaining meters/ERTs will be adjusted in the upcoming budget. The total request for meters and ERTs for this purchase is \$521,047. The District will adjust other capital

projects to stay within the overall approved water capital budget for FY 2017-18 given the high priority of replacing meters to ensure accurate measurement of water deliveries and the benefits of the AMI program to help customers monitor water use.

Recommended Action

That the Board approve the purchase of Badger meters from National Meter and Automation, for \$352,030.03, including sales tax. In addition, to purchase the associated transmitters from Inland Water Works Supply Co. for 100W ERTs for \$169,017.30, including sales tax, in order to replace existing drive-by radio-read meters that have reached the end of their useful life with fixed network AMI meters that will provide additional real-time water usage monitoring tools for the District's customers.



3 Faraday, Suite A  
Irvine, California 92618  
Phone: 949-445-7171  
Fax: 949-595-0958

**QUOTE NUMBER:** NQ101717-5SW  
**DATE:** Tuesday, October 17, 2017  
**QUOTED BY:** Steve Wheeler  
**REQUESTED BY:** Todd Lange  
**PHONE:** 760-728-1125 x1129  
**EMAIL:** [todd@fpud.com](mailto:todd@fpud.com)  
**SHIP TO:**

**BILL TO:**  
**Fallbrook P.U.D.**  
990 E. Mission Road  
Fallbrook, CA 92028

**Fallbrook P.U.D.**  
990 E. Mission Road  
Fallbrook, CA 92028

SALESPERSON	PAYMENT TERMS	SHIPPING METHOD	SHIPPING TERMS	Subject to Review After:
	Net 30 Days	TBD	FOB Factory	Monday, January 15, 2018

QTY	PRODUCT DESCRIPTION	UNIT PRICE	AMOUNT
796	Badger LF35 3/4" x 7 1/2" Bronze Disc Meter (.9189)	\$ 86.00	\$ 68,456.00
796	Badger M35 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons (.9146)	\$ 86.00	\$ 68,456.00
		\$ 172.00	\$ 136,912.00
334	Badger LF55 1" x 10 3/4" Bronze Disc Meter w/Bronze Bottom (.9346)	\$ 142.00	\$ 47,428.00
334	Badger M55 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons (.9147)	\$ 83.00	\$ 27,722.00
		\$ 225.00	\$ 75,150.00
26	Badger LF120 1 1/2" x 13" Bronze Disc Meter w/Test Plug & Stainless Steel Thrust Roller (.9339)	\$ 362.00	\$ 9,412.00
26	Badger M120 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons (.9335)	\$ 88.00	\$ 2,288.00
		\$ 450.00	\$ 11,700.00
19	Badger LF170 2" x 17" Bronze Disc Meter w/Test Plug & Stainless Steel Thrust Roller (.9340)	\$ 532.00	\$ 10,108.00
19	Badger M170 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons (.9337)	\$ 88.00	\$ 1,672.00
		\$ 620.00	\$ 11,780.00
71	Badger LF160 1 1/2" Bronze Turbo Meter w/Test Plug (.9341)	\$ 603.00	\$ 42,813.00
71	Badger M160 HR-E 8-Dial Encoder w/Itron ILC Connection, 5' Lead, Cable Armor & Keyed Seal Screw in Gallons (.9345)	\$ 108.00	\$ 7,668.00
		\$ 711.00	\$ 50,481.00





# QUOTE

3 Faraday, Suite A  
Irvine, California 92618  
Phone: 949-445-7171  
Fax: 949-595-0958

**QUOTE NUMBER:** NQ101717-5SW  
**DATE:** Tuesday, October 17, 2017  
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**EMAIL:** [todd@fpud.com](mailto:todd@fpud.com)  
**SHIP TO:**

**BILL TO:**  
**Fallbrook P.U.D.**  
990 E. Mission Road  
Fallbrook, CA 92028

**Fallbrook P.U.D.**  
990 E. Mission Road  
Fallbrook, CA 92028

SALESPERSON	PAYMENT TERMS	SHIPPING METHOD	SHIPPING TERMS	Subject to Review After:
	Net 30 Days	TBD	FOB Factory	Monday, January 15, 2018

**THANK YOU FOR YOUR BUSINESS!!**

Standard Terms & Conditions

[www.nationalmeter.com/legal](http://www.nationalmeter.com/legal)



## M E M O

**TO:** Board of Directors  
**FROM:** Jack Bebee, Acting General Manager , JRB  
**DATE:** December 11, 2017  
**SUBJECT:** Consider Appointing the District Representative on the Board of Directors of the San Diego County Water Authority; Resolution No. 4921

---

Purpose

To appoint the District representative on the San Diego County Water Authority (SDCWA) Board of Directors.

Summary

On April 25, 2016, the Board of Directors reappointed General Manager Brian J. Brady as the District representative on the SDCWA Board of Directors for the term commencing July 15, 2016, and ending July 14, 2022.

General Manager Brady has provided notice of intent to retire effective January 12, 2018, requiring the appointment of a replacement representative on the SDCWA Board of Directors. Pending the appointment of a new general manager, Jack Bebee has assumed the position of Acting General Manager of the District. As such, the Board may wish to appoint Acting General Manager Bebee as the District representative to the SDCWA Board of Directors in the interim.

Under the terms of the SDCWA Act, members of the Board of Directors hold office for a term of six years or until their successors are appointed and qualified.

Recommended Action

That the Board adopt Resolution No. 4921 appointing Acting General Manager Jack Bebee as the District representative on the Board of Directors of the San Diego County Water Authority.



**RESOLUTION NO. 4921**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT APPOINTING THE DISTRICT  
REPRESENTATIVE TO SERVE ON THE BOARD OF DIRECTORS OF  
THE SAN DIEGO COUNTY WATER AUTHORITY**

\* \* \* \* \*

**WHEREAS**, the Fallbrook Public Utility District (District) is a member agency of the San Diego County Water Authority (SDCWA) and is entitled to one representative to serve as a member of the Board of Directors of the SDCWA; and

**WHEREAS**, the Board of Directors adopted Resolution No. 4878 on April 25, 2016, reappointing General Manager Brian J. Brady as the District's representative on the Board of Directors of the SDCWA for a term of six years, commencing on July 15, 2016, and ending on July 14, 2022; and

**WHEREAS**, General Manager Brady has provided notice of his intent to retire on January 12, 2018, requiring the appointment of a replacement representative on the SDCWA Board of Directors; and

**WHEREAS**, pending the appointment of a new general manager, Jack Bebee has been appointed as the District's acting general manager and would be an appropriate replacement as the District's representative on the SDCWA Board of Directors.

**NOW, THEREFORE, BE IT RESOLVED THAT** by the Board of Directors of the Fallbrook Public Utility District approves the following:

SECTION 1: The President of the Board, with the approval and acquiescence of the Board of Directors, does hereby appoint Acting General Manager Jack Bebee as a member of the Board of Directors of the San Diego County Water Authority as the representative of this District on said Board beginning January 12, 2018, to assume the term commencing on July 15, 2016, and ending on July 14, 2022.

SECTION 2: The Secretary is hereby authorized and directed to provide a certified copy of this resolution to the San Diego County Water Authority.



**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at regular meeting of the Board held on the 11<sup>th</sup> day of December, 2017, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

**REPORT FROM THE SAN DIEGO COUNTY WATER AUTHORITY  
REPRESENTATIVE**

**TO:** Board of Directors  
**FROM:** Brian J. Brady, General Manager  
**DATE:** December 11, 2017  
**SUBJECT:** San Diego County Water Authority (SDCWA) Activities for November-December 2017

---

**Updating previously reported subjects (October 23, 2017 memo, attached):**

*Litigation against the Metropolitan Water District (MWD)*

Representatives of both the SDCWA Board and the MWD Board met several weeks ago in Temecula for their first meeting to discuss issues of common interest. The three key topics were:

- SDCWA obtaining MWD's rate model
- Funding for San Diego region's local supply projects (e.g. SMR CUP)
- Outreach activities of each agency in the other agency's service territory

No immediate resolution to the issues were agreed upon, but will be the subject of ongoing discussions.

*Local Resources Program (LRP)*

By year-end, at least five SDCWA member agencies (including FPUD) will have submitted applications to participate in MWD's LRP.

**December SDCWA Board Meeting:**

*IID Water Transfer Agreement*

The Water Authority's Board of Directors is faced with a major decision by the end of 2017 about the future of a long-term deal for water from the Colorado River. The central question is whether to maintain a 45-year Water Transfer Agreement with the Imperial Irrigation District that is scheduled to provide river water for San Diego County through 2047, or to end it 10 years earlier. The mood of the Board appears to favor maintaining the 45-year agreement. Even if the Board decides to maintain the current term, the agreement can be ended with a five-year notice.

In addition, the Water Authority is assessing potential future water conveyance options that don't depend on MWD – specifically, the cost and feasibility of building its own aqueduct from the Imperial Valley. That concept has been studied for decades and has, to this point in time, never gained traction at the Board level

### *San Vicente Pumped Storage Project*

Raising the San Vicente Dam and more than doubling the reservoir size not only provides additional emergency and carryover water storage capacity, but also provides an opportunity to serve as the lower reservoir for an up to 500 megawatt energy storage facility (pumped storage). The facility would provide a means to generate revenue for the Water Authority, owner of the additional water storage capacity, and City of San Diego, owner and operator of the dam and reservoir. This revenue would help to offset operational costs and attenuate water rates.

The Water Authority and City are joint project Owners and permittees with the Federal Energy Regulatory Commission, the regulator of power projects. The two agencies, through various cost-sharing agreements, have been studying this potential project and are collaborating on various project activities in incremental steps. I have been a member of the Board task force studying the potential project since September of 2016.

The recommendation of the task force to the full Board is to enter into good faith negotiations with a consulting team to further assess the potential for a project; but, not to commit to actually developing the project. Before a decision that commits the agencies to proceed with the project, environmental review must be completed and considered by the Board.

#### **Member Agency General Manager Strategy Group:**

For the past several months, Jack Bebee has been working with other member agency GMs to engage SDCWA executive staff and Board leadership in addressing a number of planning and financial issues important to the retail agencies.

October 23, 2017

To: Board of Directors  
From: Brian J. Brady, General Manager

Subject: San Diego County Water Authority (SDCWA) Activities

### **Litigation against the Metropolitan Water District (MWD)**

As the Board is aware, the series of issues contained within the lawsuits filed by the SDCWA against MWD, starting in 2010, included the following:

- State Water Project costs
- Preferential rights
- MWD's "Rate Structure Integrity" clause
- Applicability of Prop. 26 to MWD's rates
- Validity of 2003 Exchange Agreement
- Validation and statute of limitations
- Phase 1 attorneys' fees
- Phase 2 attorneys' fees
- Statutory interest rate (10% pre- and 7% post-judgment)

The SDCWA prevailed on all issues except for State Water Project costs, petitioning the California Supreme Court for reconsideration on that one issue. The Court declined on September 27<sup>th</sup>.

A letter to SDCWA Board members from the Municipal Water District of Orange County was received shortly after the California State Supreme Court refusal to consider SDCWA's request. The letter's opening paragraph:

Wednesday's decision by the California State Supreme Court not to review the San Diego County Water Authority lawsuit is an opportunity. It is an opportunity for the Authority and all the other Member Agencies of the Metropolitan Water District of Southern California to turn away from expensive and wasteful litigation and to move towards effective cooperation. As a water community, we have lost years of collaboration as we face increasing challenges in supply and reliability. Let's take a new direction.

The opening paragraph of another letter on behalf of Eastern Municipal Water District, Inland Empire Utilities Agency, Western Municipal Water District, and Three Valleys Municipal Water District struck a similar note:

With the recent news from the California Supreme Court regarding SDCWA's petition for review of the rate litigation and MWD's vote on Tuesday to participate in the California Water Fix, there appears to be a great opportunity

to chart a more collaborative path forward. Our agencies, like SDCWA and its member agencies, share common goals for a secure, reliable and cost effective water supply for our service areas. We have all individually and collectively invested - and will continue to invest - in local water supply development and increased imported water supply reliability. MWD and its member agencies, including SDCWA, have jointly built one of the most reliable and drought resilient urban water systems in the nation.

On October 12<sup>th</sup> the SDCWA Board met in a day-long closed session workshop to consider the on-going MWD litigation. Subsequent to that workshop, SDCWA Chair Mark Muir penned the following letter to MWD Chair Randy Record (October 16<sup>th</sup>):

Dear Randy:

This letter is a follow-up to our informal lunch we had on October 7 to discuss the opportunity to resolve the business disputes between our agencies. At the meeting, we discussed forming a workgroup comprised of a small number of directors from each of our agencies to meet with the initial goal of identifying an agenda of issues we would seek to address over the next several months. We agreed to consult with our respective board members to determine support for engaging in such a process. I can confirm there is the sentiment on my board and board officers to proceed with this effort.

At such time you can confirm the support of your board members, we should agree on a process to move this effort forward, including:

- Identification of board member participants from each agency;
- Ground rules for our discussions
- Initial list of issues for discussion;
- Proposed date and location for our first meeting; and,
- Other issues or details, as may be needed.

During our past conversations, we both agreed that this was something that hasn't been done in many decades, but needs to be done. We both also agreed that this is the right time to start this constructive dialogue. With the right attitude of mutual respect, understanding, and trust, we can achieve mutual benefits for both of our organizations and our ratepayers. I look forward to hearing from you on your board's support for engaging in this effort.

Sincerely,

Mark Muir, Chair

The process described by Chair Muir is expected to play out over the next six to twelve months.

## **Local Resources Program (LRP)**

Since 1982, Metropolitan has assisted local agencies in the development of local water recycling and groundwater recovery projects under the LRP. Metropolitan currently provides financial incentives up to \$250 per acre-foot (AF) of water production. Since program inception, Metropolitan has provided over \$500 million in incentives for the development of recycled water and recovered groundwater. More than half the recycled water and groundwater recovery supplies produced annually in the region have been developed through this program.

During the protracted period of litigation between MWD and SDCWA, San Diego local projects have been ineligible to apply for financial incentives. With the new commitment by both agencies to forge a more collaborative working relationship, many are optimistic that local projects such as FPUD's Santa Margarita Project may qualify under the LRP. To that end, Chair Muir is encouraging all member agencies developing a local project to complete the application process, working with the SDCWA staff.

Summary of Key Priorities during interim period

**1. Rate Study and Proposed Rate Changes**

Action: Continue Public Outreach. Keep Board informed of outreach efforts.

Status: Public Hearing was held on November 15<sup>th</sup>. Written responses were provided.

Future Actions: Hold meetings with public groups to continue to identify need for increases and help better inform what the rates fund and benefits a financial stable utility District provides to the community.

**2. District Budget and Financial Reports**

Action: Continue to Improve District budgeting process and financial reporting to the Board. Complete FY 15/16 Audit for Board approval at October regular board meeting.

Status: Audit adopted at November special Board meeting. Staff is focused on developing a detailed budget status report for the Board at the January Board meeting.

Future Actions: The AGM/CFO will provide a detailed budget status report at the January regular Board meeting.

**3. Santa Margarita Property**

Action: Issue Notice to Interested Parties Regarding Notice Transfer or Other Arrangement for Property. Continue to maintain safe operation of the property.

Status: The notice was advertised for proposals. District continues to utilize outside security to help maintain property operations. Security hours will be adjusted as needed.

Future Actions: Work with the Water Resources Committee and Board to evaluate proposals and identify preferred proposal. Target bringing forward preferred proposal from committee for January 2018 regular Board meeting.

**4. Santa Margarita Conjunctive Use Project**

Action: Complete steps necessary to issue the project for Construction.

Status: Settlement agreement complete and brought forward at this meeting for board consideration. Before the State Revolving Fund (SRF) funding can be secured for construction, the water rights permit changes must be approved by the State Water Resources Control Board (SWRCB) and. The SWRCB is processing the permits and some revisions have been requested, but no hurdles in securing the permits are anticipated.

Future Actions: Work to get water rights finalized so SRF funding can be finalized. Target securing SRF funding by end of calendar year 2017 and advertise for construction in early summer 2018.

Status of Key Capital Projects

**Donnil PS Emergency Generator**

Awarded Construction Cost	\$139,900
Change Orders	\$ -
Total Cost	\$ 139,900.00
Total Completed	\$ 132,905.00
Percent Complete	95%
End Date	8/24/2017
Days Added	
Funding Source	Water Capital

**SMRCUP Design**

Awarded Design Cost*	\$ 3,205,140.00
Contract Ammendments	\$ 2,619.00
Total Cost	\$ 3,207,759.00
Total Completed	\$2,431,431
Percent Complete**	76%
End Date	4/1/2017
Days Added	0
* Only Preliminary Design and Design Task was Authorized for \$2,433,846	
**Authorized Tasks Completed (Design Complete)	
Funding Source	Prop 50 Grant: \$2.4 Million Balance Water Capital

**Beaver Creek Pipeline Replacement**

Awarded Construction Cost (Pending Approval)	\$ 1,446,000.00
Change Orders*	\$ 38,557.17
Total Cost	\$ 1,484,557.17
Total Completed*	\$ 1,484,557.17
Percent Complete	100%
End Date	12/25/2017
Days Added	6
Funding Source	Water Capital
*Complete pending final Change Order	

**N. Brandon and E. Alvarado Sewer Replacement**

Awarded Construction Cost	\$ 1,379,000.00
Change Orders	
Total Cost	\$ 1,379,000.00
Total Completed	\$ 1,310,050.00
Percent Complete	95%
End Date	2/3/2018
Days Added	
Funding Source	Wastewater Capital

**Vista Del Rio 30-14 Inch Connection**

Awarded Construction Cost	\$148,000
Change Orders	\$ -
Total Cost	\$ 148,000.00
Total Completed	\$ 148,000.00
Percent Complete	100%
End Date	8/4/2017
Days Added	
Funding Source	Water Capital

**8 MG Tank Recoating**

Awarded Construction Cost	\$804,060
Change Orders	\$ -
Total Cost	\$ 804,060.00
Total Completed	\$ 40,203.00
Percent Complete	5%
End Date	3/18/2018
Days Added	
Funding Source	Water Capital

**Old Stage Pipeline Replacement**

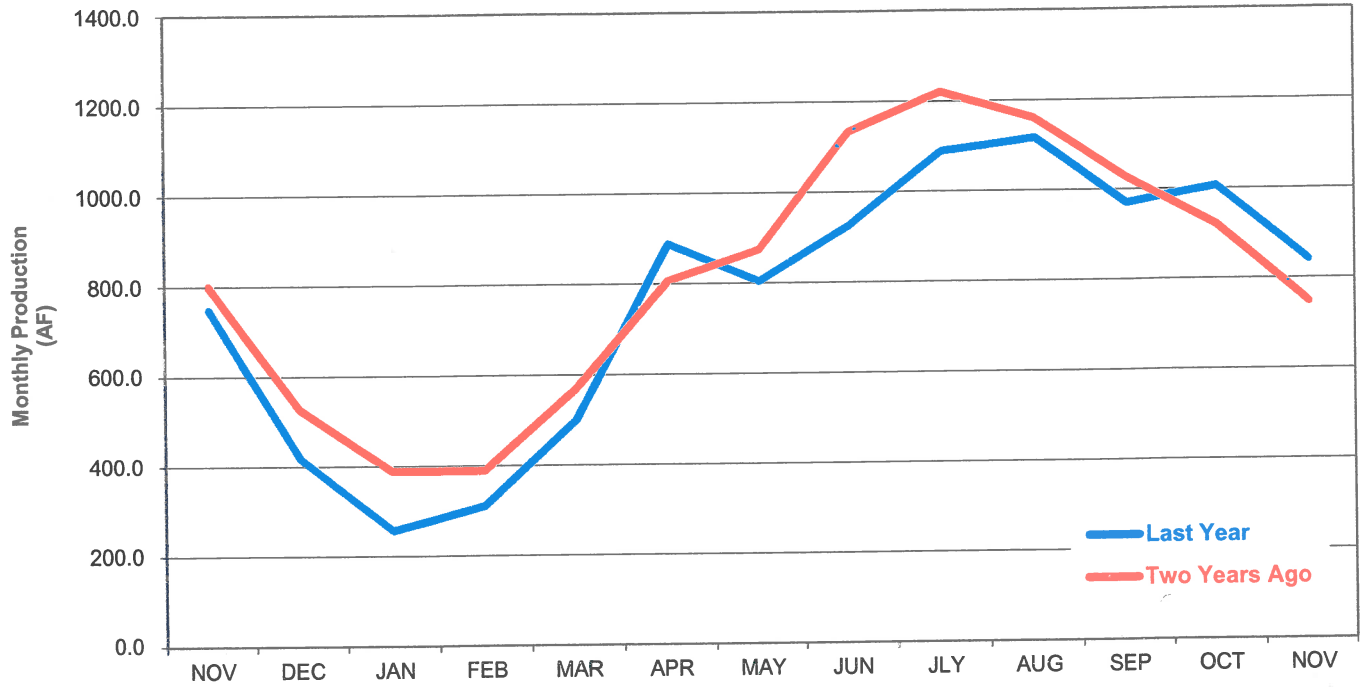
Awarded Construction Cost	Project Out to Bid. Bid Opening End of January
Change Orders*	
Total Cost	
Total Completed	
Percent Complete	
End Date	
Days Added	
Funding Source	

**24" FB3 Pipleine Replacement Under I-15**

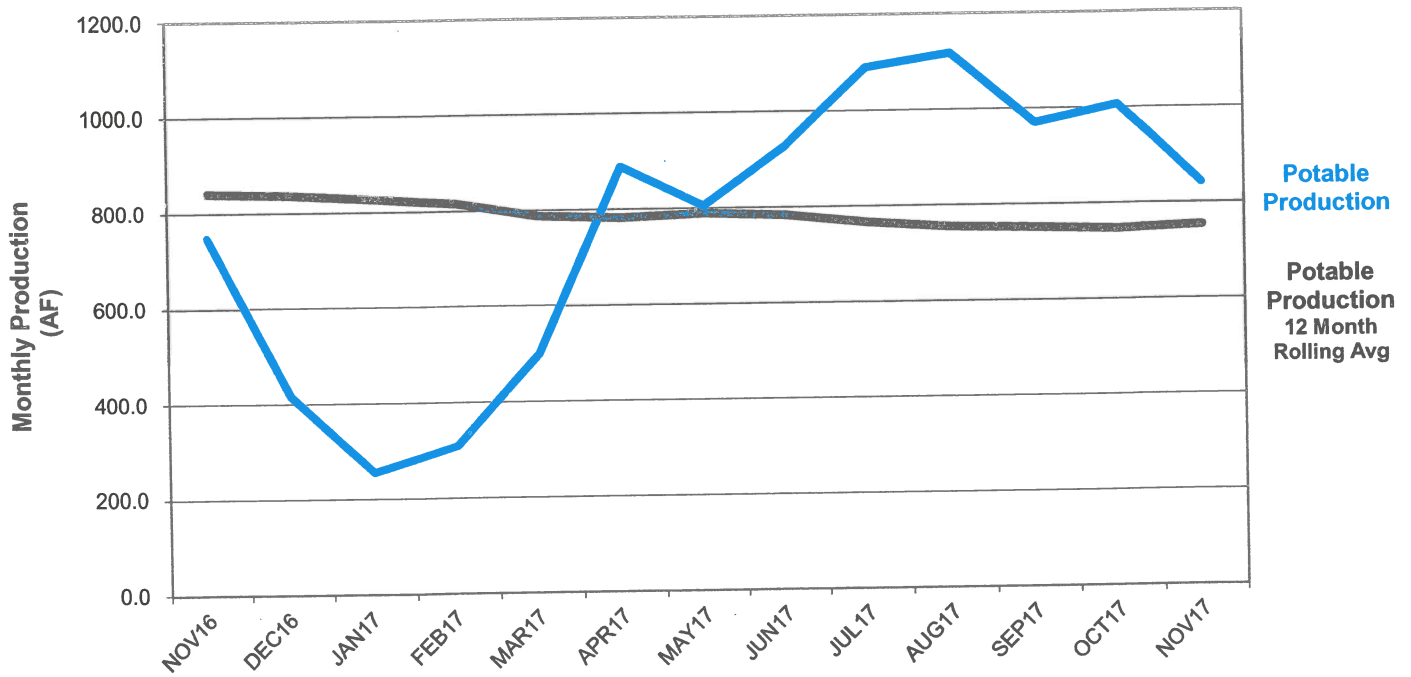
Awarded Construction Cost	Bids Received, award to be requested in January
Change Orders*	
Total Cost	
Total Completed	
Percent Complete	
End Date	
Days Added	
Funding Source	



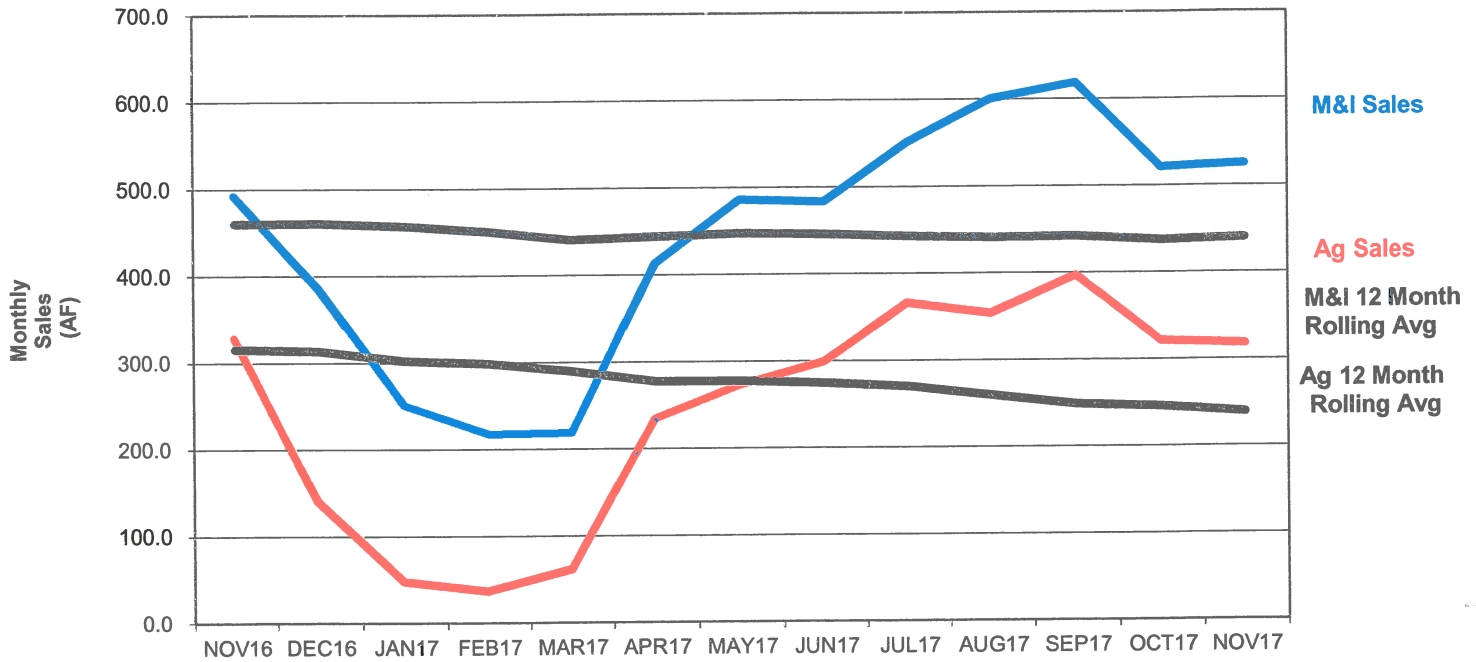
### Fallbrook Public Utility District Annual Production



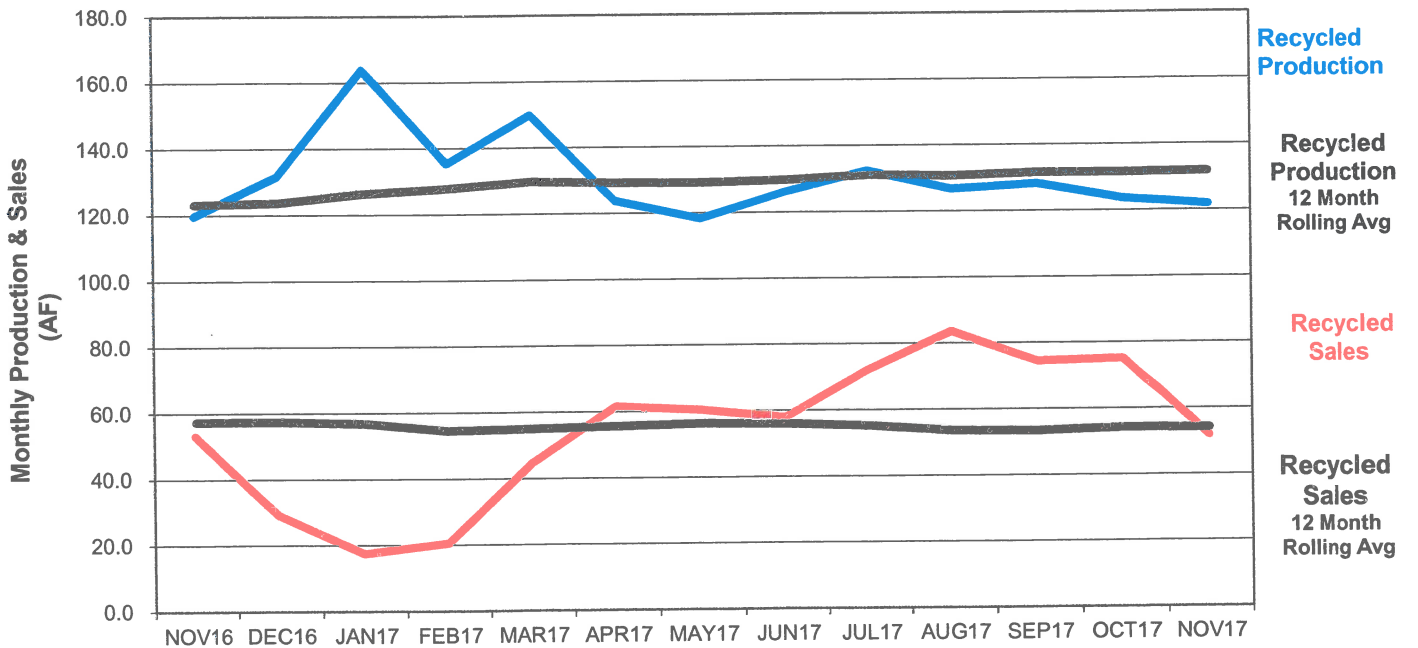
### Fallbrook Public Utility District Total Potable Production



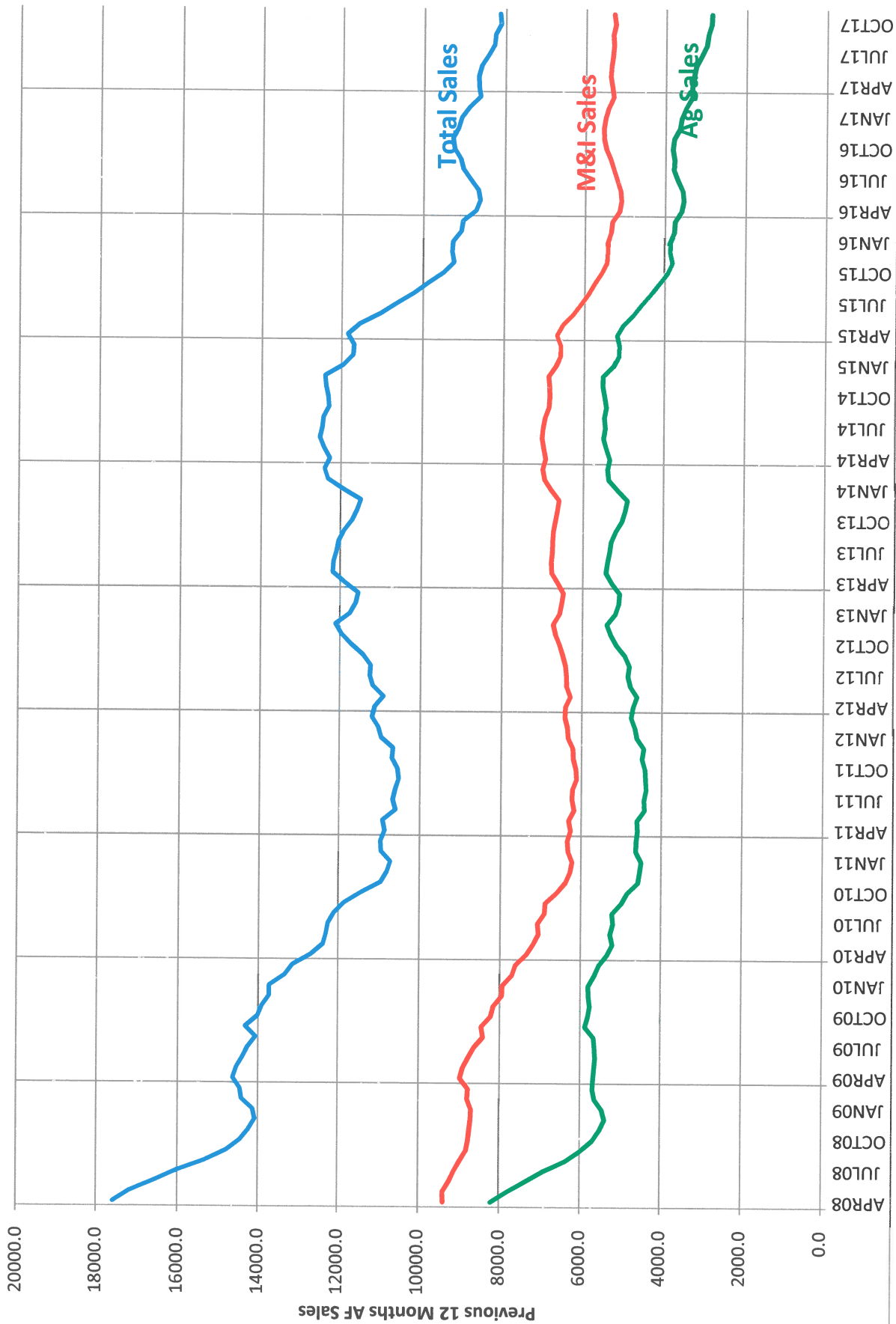
### Fallbrook Public Utility District Ag and M&I Sales



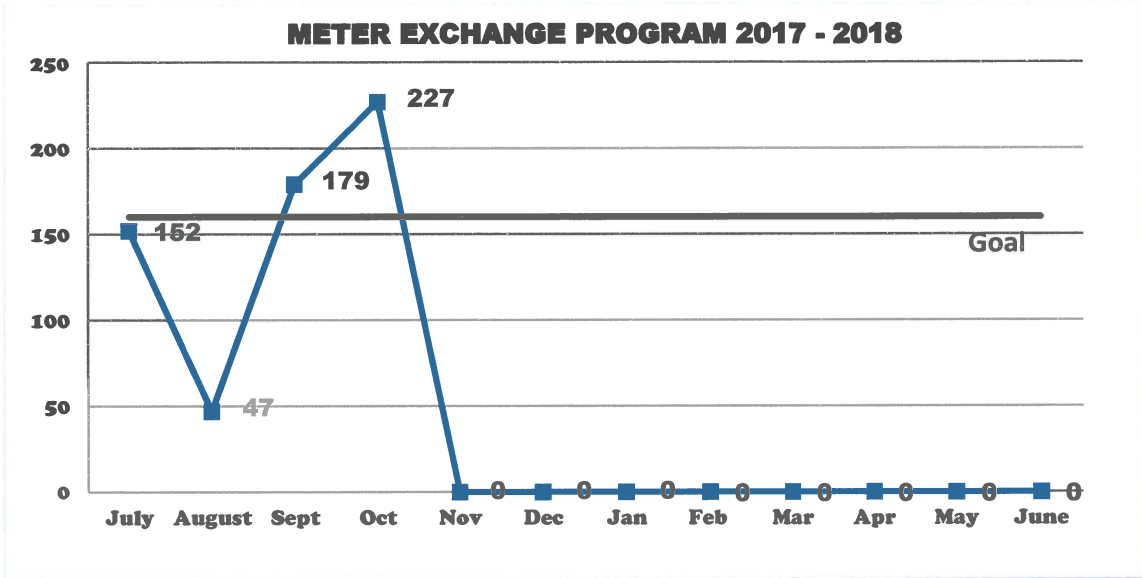
### Fallbrook Public Utility District Recycled Water Production & Sales



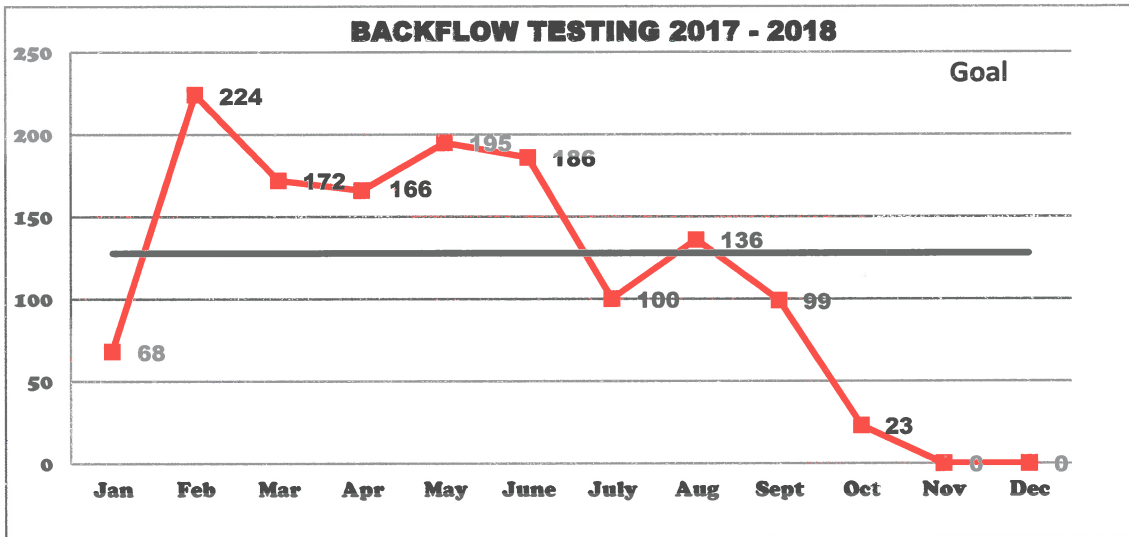
# FPUD 12 Month Running Water Sales



**DEPT 5  
MONTHLY REPORTS**



**TOTAL # METERS TO EXCHANGE:** 1920  
**TOTAL # METERS EXCHANGED:** 605  
**METERS LEFT TO EXCHANGE:** 1315  
**PERCENTAGE REMAINING** 68.49%



**TOTAL TESTED GOAL:** 1505  
**TOTAL TESTED TO DATE:** 1369  
**TOTAL NUMBER OF DEVICES ON STAND BY:** 126  
**DEVICES REMAINING TO TEST:** 10  
**PERCENTAGE REMAINING** 0.66%



990 East Mission Road  
 Fallbrook, California  
 92028-2232

(760) 728-1125

Board of Directors

Milt Davies  
 Jennifer DeMeo  
 Al Gebhart  
 Don McDougal  
 Charley Wolk

Staff

Brian J. Brady  
*General Manager*

Jack Bebee  
*Assistant General Manager/  
 District Engineer*

David Shank  
*Assistant General Manager/  
 Chief Financial Officer*

Paula de Sousa Mills  
*General Counsel*

Mary Lou West  
*Secretary*

Treasurer's Report  
 October 31, 1917

Money Market Account

Disbursements		2,516,138.38
Receipts	\$	2,918,421.94
Interest		
Balance as of 9/30/17	\$	2,173,142.04
Balance as of 10/31/2017	\$	2,575,425.60

Operating Account

Disbursements	\$	2,507,472.66
Receipts	\$	2,507,000.00
Balance as of 9/30/17	\$	8,987.06
Balance as of 10/31/2017	\$	8,514.40

All investments have been made in accordance with the District's Annual Statement of Investment Policy.

David Shank  
 November 16, 2017



**pfm**

**PFM Asset Management LLC**

One Keystone Plaza, Suite 300 • North Front & Market Streets • Harrisburg, PA 17101

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Show Menu

Reports

Tools / Forms



Reports - Transaction Query Results

TRANSACTION DETAILS FOR:  
DATE RANGE: 10/1/2017 - 10/31/2017  
TRANSACTION TYPE: All Types

28710100 - FPUD - INVESTMENT PORTFOLIO

Transaction Type	Trade Date	Settle Date	Security Description	CUSIP	Principal Proceeds	Accrued Interest	Total Amount
INTEREST	10/1/2017	10/25/2017	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	\$0.00	\$60.85	\$60.85
PAYDOWNS	10/1/2017	10/25/2017	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	\$2,918.52	\$0.00	\$2,918.52
INTEREST	10/1/2017	10/1/2017	BURLINGTON NRTH CORP	12189TBC7	\$0.00	\$4,700.00	\$4,700.00
INTEREST	10/1/2017	10/1/2017	BB&T CORP (CALLABLE) NOTES	05531FAX1	\$0.00	\$4,354.17	\$4,354.17
INTEREST	10/2/2017	10/2/2017	MONEY MARKET FUND	MONEY0002	\$0.00	\$21.72	\$21.72
BUY	10/4/2017	10/5/2017	US TREASURY NOTES	912828L57	\$267,510.94	\$64.90	\$267,575.84
SELL	10/4/2017	10/5/2017	US TREASURY NOTES	912828XE5	\$249,453.13	\$1,301.23	\$250,754.36
INTEREST	10/5/2017	10/5/2017	BANK OF NOVA SCOTIA HOUSTON LT CD	06417GUE6	\$0.00	\$2,703.71	\$2,703.71
INTEREST	10/15/2017	10/15/2017	TOYOTA ABS 2016-B A3	89231UAD9	\$0.00	\$119.17	\$119.17
INTEREST	10/15/2017	10/15/2017	HYUNDAI ABS 2016-B A3	44891EAC3	\$0.00	\$80.63	\$80.63
INTEREST	10/15/2017	10/15/2017	CNH 2017-A A2	12636WAB2	\$0.00	\$205.00	\$205.00
INTEREST	10/15/2017	10/15/2017	JOHN DEERE ABS 2017-B A3	47788BAD6	\$0.00	\$45.50	\$45.50
INTEREST	10/15/2017	10/15/2017	JOHN DEERE ABS 2016-B A3	47788NAC2	\$0.00	\$36.46	\$36.46
INTEREST	10/15/2017	10/15/2017	JOHN DEERE ABS 2017-A A3	47787XAC1	\$0.00	\$44.50	\$44.50
INTEREST	10/15/2017	10/15/2017	ALLY ABS 2017-4 A3	02007FAC9	\$0.00	\$145.83	\$145.83
INTEREST	10/15/2017	10/15/2017	TOYOTA ABS 2016-C A3	89237WAD9	\$0.00	\$42.75	\$42.75
INTEREST	10/15/2017	10/15/2017	FORD ABS 2017-A A3	34531EAD8	\$0.00	\$132.21	\$132.21
INTEREST	10/15/2017	10/15/2017	CARMAX ABS 2016-3 A2	14314EAB7	\$0.00	\$62.63	\$62.63
PAYDOWNS	10/15/2017	10/15/2017	CARMAX ABS 2016-3 A2	14314EAB7	\$8,916.11	\$0.00	\$8,916.11
INTEREST	10/21/2017	10/21/2017	MORGAN STANLEY CORP NOTES	61746BEA0	\$0.00	\$3,250.00	\$3,250.00
INTEREST	10/25/2017	10/25/2017	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	38141GVU5	\$0.00	\$3,806.25	\$3,806.25
INTEREST	10/28/2017	10/28/2017	BANK OF BARODA LT CD	0606246K4	\$0.00	\$2,518.13	\$2,518.13
INTEREST	10/31/2017	10/31/2017	US TREASURY NOTES	912828T67	\$0.00	\$1,531.25	\$1,531.25
INTEREST	10/31/2017	10/31/2017	US TREASURY NOTES	912828Q78	\$0.00	\$1,615.63	\$1,615.63
INTEREST	10/31/2017	10/31/2017	US TREASURY NOTES	912828T67	\$0.00	\$1,562.50	\$1,562.50
INTEREST	10/31/2017	10/31/2017	US TREASURY NOTES	912828Q78	\$0.00	\$1,031.25	\$1,031.25
BUY	11/1/2017	11/3/2017	US TREASURY N/B NOTES	9128282P4	\$193,666.99	\$943.87	\$194,610.86
SELL	11/1/2017	11/3/2017	CITIBANK NA CERT DEPOS	17305TPX4	\$160,000.65	\$871.11	\$160,871.76
INTEREST	11/1/2017	11/1/2017	MONEY MARKET FUND	MONEY0002	\$0.00	\$14.08	\$14.08

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**FALLBROOK PUBLIC UTILITY DISTRICT**  
**PARS Post-Employment Benefits Trust**

Account Report for the Period  
9/1/2017 to 9/30/2017

Paula Clark  
Accounting Supervisor  
Fallbrook Public Utility District  
PO Box 2290  
Fallbrook, CA 92088

### Account Summary

Source	Beginning Balance as of 9/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 9/30/2017
OPEB	\$767,673.01	\$0.00	\$8,136.84	\$159.93	\$0.00	\$0.00	\$775,649.92
PENSION	\$619,929.63	\$0.00	\$6,570.85	\$129.15	\$0.00	\$0.00	\$626,371.33
<b>Totals</b>	<b>\$1,387,602.64</b>	<b>\$0.00</b>	<b>\$14,707.69</b>	<b>\$289.08</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,402,021.25</b>

### Investment Selection

Source	
OPEB	Moderate Index PLUS
PENSION	Moderate Index PLUS

### Investment Objective

Source	
OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

### Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	1.06%	2.66%	-	-	-	-	2/16/2017
PENSION	1.06%	2.66%	-	-	-	-	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





**Managed Account Summary Statement**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

**Transaction Summary - Managed Account**

<b>Opening Market Value</b>	<b>\$14,373,246.75</b>
Maturities/Calls	(11,834.63)
Principal Dispositions	(249,453.13)
Principal Acquisitions	267,510.94
Unsettled Trades	0.00
Change in Current Value	(23,495.51)
<b>Closing Market Value</b>	<b>\$14,355,974.42</b>

**Cash Transactions Summary - Managed Account**

Maturities/Calls	0.00
Sale Proceeds	401,458.93
Coupon/Interest/Dividend Income	28,070.14
Principal Payments	11,834.63
Security Purchases	(407,565.41)
Net Cash Contribution	0.00
Reconciling Transactions	0.00

**Earnings Reconciliation (Cash Basis) - Managed Account**

Interest/Dividends/Coupons Received	30,255.94
Less Purchased Interest Related to Interest/Coupons	(64.90)
Plus Net Realized Gains/Losses	(6,800.24)
<b>Total Cash Basis Earnings</b>	<b>\$23,390.80</b>

**Cash Balance**

**Closing Cash Balance** **\$37,437.81**

**Earnings Reconciliation (Accrual Basis)**

	<b>Total</b>
Ending Amortized Value of Securities	14,392,679.95
Ending Accrued Interest	70,926.67
Plus Proceeds from Sales	250,754.36
Plus Proceeds of Maturities/Calls/Principal Payments	11,834.63
Plus Coupons/Dividends Received	28,070.14
Less Cost of New Purchases	(267,575.84)
Less Beginning Amortized Value of Securities	(14,392,950.94)
Less Beginning Accrued Interest	(76,188.05)

**Total Accrual Basis Earnings** **\$17,550.92**





**Portfolio Summary and Statistics**

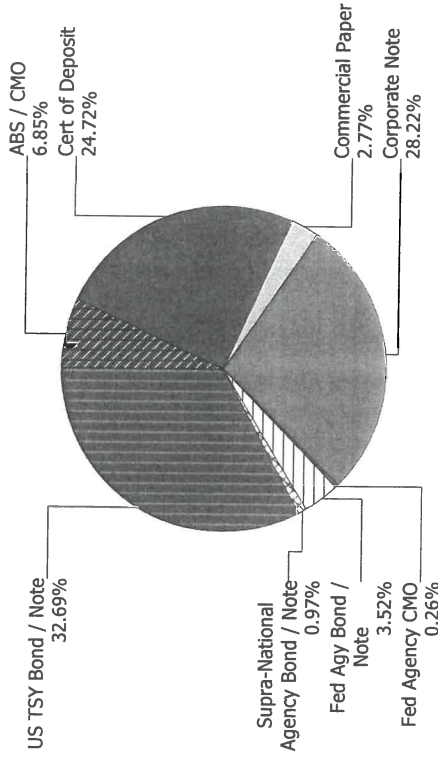
For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

**Account Summary**

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	4,720,000.00	4,692,490.15	32.69
Supra-National Agency Bond / Note	140,000.00	139,141.66	0.97
Federal Agency Collateralized Mortgage Obligation	37,990.18	37,982.37	0.26
Federal Agency Bond / Note	510,000.00	505,385.19	3.52
Corporate Note	3,987,000.00	4,051,675.88	28.22
Commercial Paper	400,000.00	397,706.25	2.77
Certificate of Deposit	3,540,000.00	3,548,496.46	24.72
Asset-Backed Security / Collateralized Mortgage Obligation	985,316.80	983,096.46	6.85
<b>Managed Account Sub-Total</b>	<b>14,320,306.98</b>	<b>14,355,974.42</b>	<b>100.00%</b>
Accrued Interest		70,926.67	
<b>Total Portfolio</b>	<b>14,320,306.98</b>	<b>14,426,901.09</b>	

**Sector Allocation**

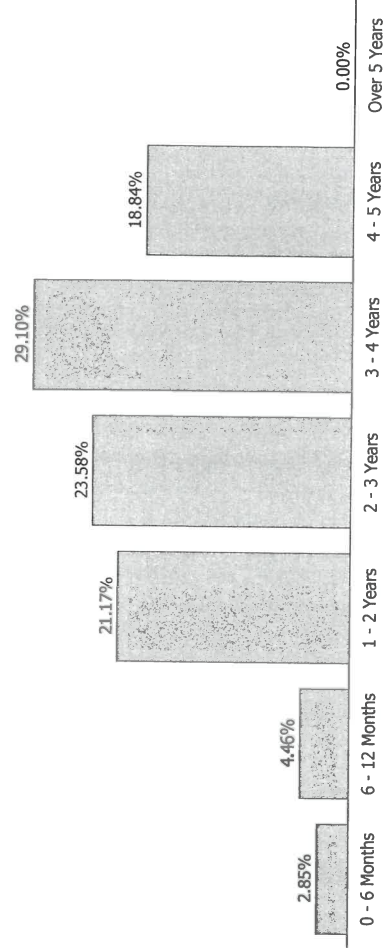


**Unsettled Trades**

0.00

**Maturity Distribution**

0.00



**Characteristics**

Yield to Maturity at Cost	1.83%
Yield to Maturity at Market	1.84%
Duration to Worst	2.59
Weighted Average Days to Maturity	1016



**Managed Account Issuer Summary**

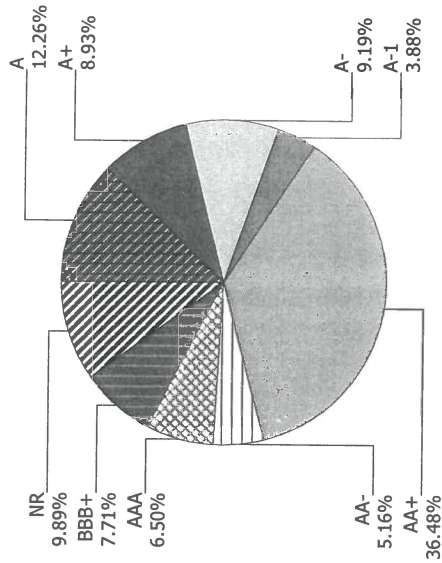
For the Month Ending October 31, 2017

**FPUD - INVESTMENT PORTFOLIO - 28710100**

**Issuer Summary**

**Credit Quality (S&P Ratings)**

Issuer	Market Value of Holdings	Percent
ALLY AUTO RECEIVABLES TRUST	99,682.16	0.69
AMERICAN EXPRESS CO	531,198.31	3.70
AMERICAN HONDA FINANCE	115,059.77	0.80
BANK OF AMERICA CO	235,622.05	1.64
BANK OF BARODA	246,043.95	1.71
BANK OF MONTREAL	281,100.12	1.96
BANK OF NOVA SCOTIA	279,689.76	1.95
BB&T CORPORATION	552,320.95	3.85
BURLINGTON NORTHERN SANTA FE	210,384.60	1.47
CANADIAN IMPERIAL BANK OF COMMERCE	280,692.16	1.96
CAPITAL ONE FINANCIAL CORP	492,359.36	3.43
CARMAX AUTO OWNER TRUST	55,269.95	0.38
CATERPILLAR INC	557,671.73	3.88
CITIGROUP INC	519,820.90	3.62
CNH EQUIPMENT TRUST	149,993.76	1.04
CREDIT AGRICOLE SA	249,071.25	1.73
FANNIE MAE	251,956.82	1.76
FEDERAL HOME LOAN BANKS	291,410.74	2.03
FORD CREDIT AUTO OWNER TRUST	94,732.67	0.66
GOLDMAN SACHS GROUP INC	291,059.37	2.03
HYUNDAI AUTO RECEIVABLES	74,366.63	0.52
INTL BANK OF RECONSTRUCTION AND DEV	139,141.66	0.97
JOHN DEERE OWNER TRUST	94,749.61	0.66
JP MORGAN CHASE & CO	481,775.39	3.36
MITSUBISHI UFJ FINANCIAL GROUP INC	288,568.78	2.01
MORGAN STANLEY	480,888.16	3.35
NORDEA BANK AB	280,692.16	1.96
SKANDINAVISKA ENSKILDA BANKEN AB	184,856.63	1.29
STATE BANK OF INDIA	246,235.29	1.72
SUMITOMO MITSUI FINANCIAL GROUP INC	250,447.50	1.74
SVENSKA HANDELSBANKEN AB	199,430.00	1.39
THE BANK OF NEW YORK MELLON CORPORATION	353,379.84	2.46





**Managed Account Issuer Summary**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

<b>Issuer</b>	<b>Market Value of Holdings</b>	<b>Percent</b>
TOYOTA MOTOR CORP	154,469.42	1.08
UNITED STATES TREASURY	4,692,490.15	32.68
WELLS FARGO & COMPANY	388,310.62	2.70
WESTPAC BANKING CORP	261,032.20	1.82
<b>Total</b>	<b>\$14,355,974.42</b>	<b>100.00%</b>



**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>												
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	110,000.00	AA+	Aaa	06/27/16	06/29/16	112,659.77	0.87	694.26	111,759.95	109,471.45
US TREASURY NOTES	DTD 06/01/2015 1.500% 05/31/2020	912828XE5	525,000.00	AA+	Aaa	09/01/16	09/02/16	533,469.73	1.06	3,313.52	530,873.27	522,477.38
US TREASURY NOTES	DTD 12/02/2013 2.000% 11/30/2020	912828A42	470,000.00	AA+	Aaa	04/27/16	04/29/16	484,357.03	1.31	3,955.19	479,732.42	473,415.02
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828O78	150,000.00	AA+	Aaa	02/01/17	02/03/17	147,035.16	1.86	5.70	147,537.49	147,732.45
US TREASURY NOTES	DTD 05/02/2016 1.375% 04/30/2021	912828O78	235,000.00	AA+	Aaa	01/03/17	01/05/17	230,318.36	1.86	8.93	231,180.87	231,447.51
US TREASURY NOTES	DTD 06/02/2014 2.000% 05/31/2021	912828WN6	400,000.00	AA+	Aaa	10/04/16	10/05/16	413,828.13	1.23	3,366.12	410,708.29	402,203.20
US TREASURY NOTES	DTD 08/01/2016 1.125% 07/31/2021	912828S76	175,000.00	AA+	Aaa	05/08/17	05/10/17	170,016.60	1.83	497.54	170,564.22	170,365.30
US TREASURY N/B	DTD 07/31/2014 2.250% 07/31/2021	912828WY2	295,000.00	AA+	Aaa	11/22/16	11/23/16	301,268.75	1.78	1,677.41	300,054.71	299,067.76
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	400,000.00	AA+	Aaa	12/01/16	12/05/16	401,406.25	1.92	1,370.17	401,150.63	401,812.40
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	AA+	Aaa	08/30/17	08/31/17	241,152.73	1.64	8.46	241,304.69	238,922.78
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	AA+	Aaa	03/14/17	03/16/17	240,703.13	2.10	8.63	241,913.21	243,798.75
US TREASURY NOTES	DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	AA+	Aaa	06/26/17	06/28/17	394,737.89	1.72	2,628.26	394,390.13	391,203.54
US TREASURY NOTES	DTD 02/02/2015 1.500% 01/31/2022	912828H86	460,000.00	AA+	Aaa	07/05/17	07/07/17	452,435.16	1.88	1,743.75	452,945.61	451,860.30
US TREASURY NOTES	DTD 03/31/2017 1.875% 03/31/2022	912828W89	110,000.00	AA+	Aaa	06/26/17	06/28/17	110,648.83	1.75	181.32	110,604.59	109,596.08





**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>										
US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	AA+	Aaa	09/01/17	09/07/17	235,330.47	1.72	1,385.73	235,321.52	232,512.29
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	AA+	Aaa	10/04/17	10/05/17	267,510.94	1.94	415.38	267,546.42	266,603.94
<b>Security Type Sub-Total</b>						<b>4,736,878.93</b>	<b>1.62</b>	<b>21,260.37</b>	<b>4,727,588.02</b>	<b>4,692,490.15</b>
<b>Supra-National Agency Bond / Note</b>										
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	AAA	Aaa	08/22/17	08/29/17	139,970.60	1.63	391.81	139,972.28	139,141.66
<b>Security Type Sub-Total</b>						<b>140,000.00</b>	<b>1.63</b>	<b>391.81</b>	<b>139,972.28</b>	<b>139,141.66</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>										
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	AA+	Aaa	06/09/16	06/30/16	38,370.07	1.05	56.51	38,167.04	37,982.37
<b>Security Type Sub-Total</b>						<b>38,370.07</b>	<b>1.05</b>	<b>56.51</b>	<b>38,167.04</b>	<b>37,982.37</b>
<b>Federal Agency Bond / Note</b>										
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	AA+	Aaa	02/24/17	02/28/17	214,862.40	1.52	564.38	214,892.84	213,974.45
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	AA+	Aaa	09/07/17	09/08/17	49,839.50	1.48	63.02	49,846.96	49,391.65
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	AA+	Aaa	09/18/17	09/19/17	243,238.45	1.62	308.80	243,304.71	242,019.09
<b>Security Type Sub-Total</b>						<b>507,940.35</b>	<b>1.56</b>	<b>936.20</b>	<b>508,044.51</b>	<b>505,385.19</b>
<b>Corporate Note</b>										
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	BBB+	Baa1	06/02/16	06/09/16	99,948.00	2.07	820.00	99,971.79	99,967.70



**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description Dated Date/Coupon/Maturity Corporate Note	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	A	A3	06/03/16	06/08/16	220,780.00	1.48	783.33	212,142.62	210,384.60
CATERPILLAR FINANCIAL CORP NOTES DTD 12/01/2014 2.250% 12/01/2019	14912L6F3	455,000.00	A	A3	04/24/15	04/24/15	464,809.80	1.76	4,265.63	459,539.34	458,251.43
AMERICAN HONDA FINANCE DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	90,000.00	A+	A2	02/13/17	02/16/17	89,872.20	2.05	385.00	89,901.72	90,104.04
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	352,000.00	A	A1	07/07/15	07/07/15	352,148.30	2.14	1,408.49	352,077.87	353,379.84
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	25,000.00	A+	A2	07/17/17	07/20/17	24,974.75	1.98	136.77	24,977.05	24,955.73
JP MORGAN CHASE & CO NOTES DTD 07/22/2010 4.400% 07/22/2020	46625HHS2	455,000.00	A-	A3	04/27/16	04/29/16	493,065.30	2.31	5,505.50	479,944.04	481,775.39
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	1491302A6	100,000.00	A	A3	09/05/17	09/07/17	99,916.00	1.88	277.50	99,920.10	99,420.30
WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	385,000.00	A	A2	04/27/16	04/29/16	391,579.65	2.16	3,927.00	389,502.30	388,310.62
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	260,000.00	BBB+	A3	05/10/16	05/13/16	261,492.40	2.38	180.56	261,068.66	260,570.70
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	BBB+	A3	08/10/16	08/15/16	296,693.20	2.11	126.88	295,001.19	291,059.37
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	285,000.00	A-	A2	05/05/16	05/10/16	286,558.95	2.13	3,135.00	286,107.61	285,235.70
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	A-	A2	05/10/16	05/16/16	249,835.00	2.06	2,434.38	249,881.86	248,398.75
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	90,000.00	BBB+	Baa1	09/13/17	09/18/17	90,000.00	2.33	250.26	90,000.00	89,689.77



**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>										
MORGAN STANLEY BONDS DTD 11/17/2016 2.625% 11/17/2021	61746BED4	BBB+	A3	02/01/17	02/03/17	216,755.00	2.96	2,630.83	217,234.59	220,317.46
BANK OF AMERICA CORP CORP NOTES DTD 01/24/2012 5.700% 01/24/2022	06051GEM7	BBB+	Baa1	09/01/17	09/07/17	147,414.80	2.46	1,996.58	146,848.63	145,932.28
BB&T CORP NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	A-	A2	04/03/17	04/06/17	302,265.00	2.59	687.50	302,019.70	303,922.20
<b>Security Type Sub-Total</b>						<b>4,088,108.35</b>	<b>2.17</b>	<b>28,951.21</b>	<b>4,056,139.07</b>	<b>4,051,675.88</b>
<b>Commercial Paper</b>										
CREDIT AGRICOLE CIB NY COMM PAPER DTD 08/15/2017 0.000% 02/09/2018	22533UB93	A-1	P-1	08/16/17	08/17/17	248,264.44	1.43	0.00	249,013.89	249,071.25
BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA -- 0.000% 05/29/2018	06538CEV9	A-1	P-1	09/01/17	09/07/17	148,306.00	1.56	0.00	148,658.92	148,635.00
<b>Security Type Sub-Total</b>						<b>396,570.44</b>	<b>1.48</b>	<b>0.00</b>	<b>397,672.81</b>	<b>397,706.25</b>
<b>Certificate of Deposit</b>										
CITIBANK NA CERT DEPOS DTD 06/16/2017 1.400% 01/02/2018	17305TPX4	A-1	P-1	06/16/17	06/16/17	160,000.00	1.40	858.67	160,000.00	160,020.94
CAPTIAL ONE BANK USA NA LT CD DTD 08/12/2015 1.700% 08/13/2018	14042E5N6	NR	NR	08/12/15	08/12/15	245,000.00	1.40	924.29	245,000.00	245,596.09
BANK OF BARODA LT CD DTD 10/28/2013 2.050% 10/29/2018	0606246K4	NR	NR	10/29/13	10/29/13	245,000.00	1.96	55.04	245,000.00	246,043.95
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	A+	A1	12/01/16	12/05/16	279,781.60	1.78	2,067.02	279,881.31	280,692.16
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	AA-	Aa3	12/01/16	12/05/16	280,000.00	1.74	2,121.78	280,000.00	280,692.16
STATE BANK OF INDIA LT CD DTD 12/18/2013 2.050% 12/18/2018	856283VY9	NR	NR	12/19/13	12/19/13	245,000.00	1.96	1,871.40	245,000.00	246,235.29





**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Certificate of Deposit</b>												
SVENSKA HANDELSBANKEN NY LT CD	DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	200,000.00	AA-	Aa2	01/10/17	01/12/17	200,000.00	1.91	1,197.00	200,000.00	199,430.00
BANK OF MONTREAL CHICAGO CERT DEPOS	DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	280,000.00	A+	A1	02/08/17	02/09/17	280,000.00	1.90	1,228.27	280,000.00	281,100.12
BANK OF NOVA SCOTIA HOUSTON LT CD	DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	280,000.00	A+	A1	04/05/17	04/06/17	280,000.00	1.91	401.10	280,000.00	279,689.76
SUMITOMO MITSUI BANK NY CD	DTD 05/04/2017 2.050% 05/03/2019	86563YYN0	250,000.00	A	A1	05/03/17	05/04/17	250,000.00	2.05	2,519.79	250,000.00	250,447.50
AMERICAN EXPRESS BK FSB LT CD	DTD 07/24/2014 2.000% 07/24/2019	02587CAJ9	245,000.00	NR	NR	07/25/14	07/25/14	245,000.00	1.92	1,342.47	245,000.00	245,962.61
SKANDINAV ENSKILDA BANKEN NY CD	DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	185,000.00	A+	Aa3	08/03/17	08/04/17	184,927.85	1.85	841.54	184,936.67	184,856.63
CAPTIAL ONE BANK USA NA LT CD	DTD 08/12/2015 2.000% 08/12/2019	140420UE8	245,000.00	NR	NR	08/12/15	08/12/15	245,000.00	1.94	1,087.40	245,000.00	246,763.27
BANK TOKYO MITSUBISHI UFJ LTD LT CD	DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	140,000.00	A+	A1	09/25/17	09/27/17	140,000.00	2.07	281.75	140,000.00	139,933.78
WESTPAC BANKING CORP NY CD	DTD 08/07/2017 2.050% 08/03/2020	9612IT4A3	260,000.00	AA-	Aa3	08/03/17	08/07/17	260,000.00	2.05	1,243.67	260,000.00	261,032.20
<b>Security Type Sub-Total</b>			<b>3,540,000.00</b>					<b>3,539,709.45</b>	<b>1.86</b>	<b>18,041.19</b>	<b>3,539,817.98</b>	<b>3,548,496.46</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>												
CARMAX ABS 2016-3 A2	DTD 07/20/2016 1.170% 08/15/2019	14314EAB7	55,316.80	AAA	NR	07/14/16	07/20/16	55,312.29	1.18	28.76	55,314.25	55,269.95
TOYOTA ABS 2016-B A3	DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	110,000.00	AAA	Aaa	05/02/16	05/11/16	109,994.38	1.30	63.56	109,996.78	109,702.11
JOHN DEERE ABS 2016-B A3	DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	35,000.00	NR	Aaa	07/19/16	07/27/16	34,997.21	1.25	19.44	34,998.26	34,855.42
CNH 2017-A A2	DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	150,000.00	AAA	NR	03/15/17	03/22/17	149,994.24	1.80	109.33	149,995.08	149,993.76





**Managed Account Detail of Securities Held**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	Asset-Backed Security / Collateralized Mortgage Obligation	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
TOYOTA ABS 2016-C A3	DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	45,000.00 AAA	Aaa	Aaa	08/01/16	08/10/16	44,998.79	1.14	22.80	44,999.22	44,767.31
CITIBANK ABS 2017-A2 A2	DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	120,000.00 AAA	Aaa	Aaa	01/19/17	01/26/17	119,977.02	1.75	603.20	120,000.00	120,042.37
JOHN DEERE ABS 2017-A A3	DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00 NR	Aaa	Aaa	02/22/17	03/02/17	29,995.73	1.79	23.73	29,995.73	29,961.60
HYUNDAI ABS 2016-B A3	DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	75,000.00 AAA	Aaa	Aaa	09/14/16	09/21/16	74,989.91	1.30	43.00	74,992.62	74,366.63
FORD ABS 2017-A A3	DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00 NR	Aaa	Aaa	01/18/17	01/25/17	94,999.65	1.67	70.51	94,999.74	94,732.67
CCCIT 2017-A9 A9	DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	140,000.00 AAA	NR	NR	09/25/17	10/02/17	139,989.57	1.80	203.00	139,989.80	139,789.89
JOHN DEERE ABS 2017-B A3	DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00 NR	Aaa	Aaa	07/11/17	07/18/17	29,997.80	1.82	24.27	29,997.98	29,932.59
ALLY ABS 2017-4 A3	DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00 AAA	NR	NR	08/15/17	08/23/17	99,998.71	1.75	77.78	99,998.78	99,682.16
<b>Security Type Sub-Total</b>			<b>985,316.80</b>					<b>985,245.30</b>	<b>1.60</b>	<b>1,289.38</b>	<b>985,278.24</b>	<b>983,096.46</b>
<b>Managed Account Sub-Total</b>			<b>14,320,306.98</b>					<b>14,432,793.49</b>	<b>1.83</b>	<b>70,926.67</b>	<b>14,392,679.95</b>	<b>14,355,974.42</b>
<b>Securities Sub-Total</b>			<b>\$14,320,306.98</b>					<b>\$14,432,793.49</b>	<b>1.83%</b>	<b>\$70,926.67</b>	<b>\$14,392,679.95</b>	<b>\$14,355,974.42</b>
<b>Accrued Interest</b>												<b>\$70,926.67</b>
<b>Total Investments</b>												<b>\$14,426,901.09</b>



**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
<b>U.S. Treasury Bond / Note</b>												
US TREASURY NOTES	912828XE5	110,000.00	CITIGRP			99.52	109,471.45	(3,188.32)	(2,288.50)	2.51	2.51	1.69
DTD 06/01/2015 1.500% 05/31/2020												
US TREASURY NOTES	912828XE5	525,000.00	TD SEC U			99.52	522,477.38	(10,992.35)	(8,395.89)	2.51	2.51	1.69
DTD 06/01/2015 1.500% 05/31/2020												
US TREASURY NOTES	912828A42	470,000.00	CITIGRP			100.73	473,415.02	(10,942.01)	(6,317.40)	2.95	2.95	1.76
DTD 12/02/2013 2.000% 11/30/2020												
US TREASURY NOTES	912828078	150,000.00	CITIGRP			98.49	147,732.45	697.29	194.96	3.40	3.40	1.82
DTD 05/02/2016 1.375% 04/30/2021												
US TREASURY NOTES	912828078	235,000.00	MERRILL			98.49	231,447.51	1,129.15	266.64	3.40	3.40	1.82
DTD 05/02/2016 1.375% 04/30/2021												
US TREASURY NOTES	912828WN6	400,000.00	MORGANST			100.55	402,203.20	(11,624.93)	(8,505.09)	3.42	3.42	1.84
DTD 06/02/2014 2.000% 05/31/2021												
US TREASURY NOTES	912828S76	175,000.00	CITIGRP			97.35	170,365.30	348.70	(198.92)	3.64	3.64	1.86
DTD 08/01/2016 1.125% 07/31/2021												
US TREASURY N/B	912828WY2	295,000.00	BNP PARI			101.38	299,067.76	(2,200.99)	(986.95)	3.57	3.57	1.87
DTD 07/31/2014 2.250% 07/31/2021												
US TREASURY NOTES	912828D72	400,000.00	MORGANST			100.45	401,812.40	406.15	661.77	3.66	3.66	1.88
DTD 09/02/2014 2.000% 08/31/2021												
US TREASURY NOTES	912828T67	245,000.00	MORGAN_S			97.52	238,922.78	(2,229.95)	(2,381.91)	3.88	3.88	1.90
DTD 10/31/2016 1.250% 10/31/2021												
US TREASURY NOTES	912828T67	250,000.00	CITIGRP			97.52	243,798.75	3,095.62	1,885.54	3.88	3.88	1.90
DTD 10/31/2016 1.250% 10/31/2021												
US TREASURY NOTES	912828U81	390,000.00	HSBC			100.31	391,203.54	(3,534.35)	(3,186.59)	3.95	3.95	1.92
DTD 01/03/2017 2.000% 12/31/2021												
US TREASURY NOTES	912828H86	460,000.00	MORGAN_S			98.23	451,860.30	(574.86)	(1,085.31)	4.08	4.08	1.94
DTD 02/02/2015 1.500% 01/31/2022												
US TREASURY NOTES	912828W89	110,000.00	MORGAN_S			99.63	109,596.08	(1,052.75)	(1,008.51)	4.21	4.21	1.96
DTD 03/31/2017 1.875% 03/31/2022												
US TREASURY NOTES	912828XW5	235,000.00	HSBC			98.94	232,512.29	(2,818.18)	(2,809.23)	4.43	4.43	1.99
DTD 06/30/2017 1.750% 06/30/2022												
US TREASURY NOTES	912828L57	270,000.00	CITIGRP			98.74	266,603.94	(907.00)	(942.48)	4.68	4.68	2.02
DTD 09/30/2015 1.750% 09/30/2022												
<b>Security Type Sub-Total</b>		<b>4,720,000.00</b>					<b>4,692,490.15</b>	<b>(44,388.78)</b>	<b>(35,097.87)</b>	<b>3.58</b>	<b>3.58</b>	<b>1.86</b>



**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
<b>Supra-National Agency Bond / Note</b>												
INTL BANK OF RECON AND DEV GLOBAL NOTES		459058GA5	140,000.00	JPM_CHAS		99.39	139,141.66	(828.94)	(830.62)	2.76	2.76	1.85
DTD 08/29/2017 1.625% 09/04/2020												
<b>Security Type Sub-Total</b>			<b>140,000.00</b>				<b>139,141.66</b>	<b>(828.94)</b>	<b>(830.62)</b>	<b>2.76</b>	<b>2.76</b>	<b>1.85</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>												
FNMA SERIES 2016-M9 ASQ2		3136ASPX8	37,990.18	CSFB		99.98	37,982.37	(387.70)	(184.67)	0.93	1.41	1.72
DTD 06/01/2016 1.785% 06/01/2019												
<b>Security Type Sub-Total</b>			<b>37,990.18</b>				<b>37,982.37</b>	<b>(387.70)</b>	<b>(184.67)</b>	<b>0.93</b>	<b>1.41</b>	<b>1.72</b>
<b>Federal Agency Bond / Note</b>												
FNMA NOTES	DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	215,000.00	JPM_CHAS		99.52	213,974.45	(887.95)	(918.39)	2.27	2.27	1.71
FHLB NOTES	DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	50,000.00	BARCLAYS		98.78	49,391.65	(447.85)	(455.31)	2.83	2.83	1.81
FHLB NOTES	DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	245,000.00	DEUTSCHE		98.78	242,019.09	(1,219.36)	(1,285.62)	2.83	2.83	1.81
DTD 09/08/2017 1.375% 09/28/2020												
<b>Security Type Sub-Total</b>			<b>510,000.00</b>				<b>505,385.19</b>	<b>(2,555.16)</b>	<b>(2,659.32)</b>	<b>2.59</b>	<b>2.59</b>	<b>1.77</b>
<b>Corporate Note</b>												
CITIGROUP INC CORP NOTES	DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	CITIGRP		99.97	99,967.70	19.70	(4.09)	1.55	1.55	2.07
BURLINGTON NRTH CORP	DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	GOLDMAN		105.19	210,384.60	(10,395.40)	(1,758.02)	1.83	1.83	1.93
CATERPILLAR FINANCIAL CORP NOTES	DTD 12/01/2014 2.250% 12/01/2019	14912L6F3	455,000.00	NEW ACCT		100.71	458,251.43	(6,558.37)	(1,287.91)	2.01	2.01	1.90
AMERICAN HONDA FINANCE	DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	90,000.00	MIZUHO		100.12	90,104.04	231.84	202.32	2.22	2.22	1.95
BNY MELLON (CALLABLE) CORP NOTE	DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	352,000.00	NEW ACCT	01/24/20	100.39	353,379.84	1,231.54	1,301.97	2.21	2.16	1.98



**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
<b>Corporate Note</b>												
AMERICAN HONDA FINANCE CORP NOTES	02665WB17	25,000.00	BARCLAYS			99.82	24,955.73	(19.02)	(21.32)	2.62	2.62	2.02
DTD 07/20/2017 1.950% 07/20/2020												
JP MORGAN CHASE & CO NOTES	46625HHS2	455,000.00	BONY			105.88	481,775.39	(11,289.91)	1,831.35	2.55	2.55	2.16
DTD 07/22/2010 4.400% 07/22/2020												
CATERPILLAR FINL SERVICE NOTE	1491302A6	100,000.00	BARCLAYS			99.42	99,420.30	(495.70)	(499.80)	2.75	2.75	2.06
DTD 09/07/2017 1.850% 09/04/2020												
WELLS FARGO & COMPANY NOTES	94974BGR5	385,000.00	WELLSFAR			100.86	388,310.62	(3,269.03)	(1,191.68)	2.94	2.94	2.26
DTD 12/07/2015 2.550% 12/07/2020												
MORGAN STANLEY CORP NOTES	61746BEA0	260,000.00	SCOTIA			100.22	260,570.70	(921.70)	(497.96)	3.31	3.31	2.43
DTD 04/21/2016 2.500% 04/21/2021												
GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	38141GVU5	290,000.00	JPMCHASE		03/25/21	100.37	291,059.37	(5,633.83)	(3,941.82)	3.30	3.23	2.51
DTD 04/25/2016 2.625% 04/25/2021												
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES	0258M0EB1	285,000.00	GOLDMAN		04/04/21	100.08	285,235.70	(1,323.25)	(871.91)	3.31	3.24	2.23
DTD 05/05/2016 2.250% 05/05/2021												
BRANCH BANKING & TRUST (CALLABLE) NOTE	05531FAV5	250,000.00	KEYBAN		04/09/21	99.36	248,398.75	(1,436.25)	(1,483.11)	3.35	3.35	2.24
DTD 05/10/2016 2.050% 05/10/2021												
BANK OF AMERICA CORP (CALLABLE)	06051GGS2	90,000.00	MERRILL		10/01/20	99.66	89,689.77	(310.23)	(310.23)	3.05	3.71	2.42
DTD 09/18/2017 2.328% 10/01/2021												
MORGAN STANLEY BONDS	61746BED4	220,000.00	MORGAN_S			100.14	220,317.46	3,562.46	3,082.87	3.77	3.77	2.59
DTD 11/17/2016 2.625% 11/17/2021												
BANK OF AMERICA CORP CORP NOTES	06051GEM7	130,000.00	INCAPITA			112.26	145,932.28	(1,482.52)	(916.35)	3.75	3.75	2.62
DTD 01/24/2012 5.700% 01/24/2022												
BB&T CORP NOTES	05531FAX1	300,000.00	MORGAN_S		03/01/22	101.31	303,922.20	1,657.20	1,902.50	4.12	4.06	2.44
DTD 03/21/2017 2.750% 04/01/2022												
<b>Security Type Sub-Total</b>		<b>3,987,000.00</b>					<b>4,051,675.88</b>	<b>(36,432.47)</b>	<b>(4,463.19)</b>	<b>2.88</b>	<b>2.87</b>	<b>2.22</b>

<b>Commercial Paper</b>												
CREDIT AGRICOLE CIB NY COMM PAPER	22533UB93	250,000.00	CREDAG			99.63	249,071.25	806.81	57.36	0.27	0.27	1.33
DTD 08/15/2017 0.000% 02/09/2018												





**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
<b>Commercial Paper</b>											
BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	06538CEV9	150,000.00	BTM		99.09	148,635.00	329.00	(23.92)	0.57	0.57	1.57
---	0.000% 05/29/2018										

<b>Security Type Sub-Total</b>		<b>400,000.00</b>				<b>397,706.25</b>	<b>1,135.81</b>	<b>33.44</b>	<b>0.39</b>	<b>0.39</b>	<b>1.42</b>
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<b>Certificate of Deposit</b>											
CITIBANK NA CERT DEPOS	17305TPX4	160,000.00	CITIGRP		100.01	160,020.94	20.94	20.94	0.17	0.17	1.32
DTD 06/16/2017 1.400% 01/02/2018											
CAPTIAL ONE BANK USA NA LT CD	14042E5N6	245,000.00	NEW ACCT		100.24	245,596.09	596.09	596.09	0.78	0.78	1.33
DTD 08/12/2015 1.700% 08/13/2018											
BANK OF BARODA LT CD	0606246K4	245,000.00	NEW ACCT		100.43	246,043.95	1,043.95	1,043.95	0.99	0.99	1.49
DTD 10/28/2013 2.050% 10/29/2018											
CANADIAN IMPERIAL BANK NY CD	13606A5Z7	280,000.00	GOLDMAN		100.25	280,692.16	910.56	810.85	1.07	1.07	1.50
DTD 12/05/2016 1.760% 11/30/2018											
NORDEA BANK FINLAND NY CD	65558LW46	280,000.00	MERRILL		100.25	280,692.16	692.16	692.16	1.08	1.08	0.70
DTD 12/05/2016 1.760% 11/30/2018											
STATE BANK OF INDIA LT CD	856283VY9	245,000.00	NEW ACCT		100.50	246,235.29	1,235.29	1,235.29	1.12	1.12	1.47
DTD 12/18/2013 2.050% 12/18/2018											
SVENSKA HANDELSBANKEN NY LT CD	86958JHB8	200,000.00	MERRILL		99.72	199,430.00	(570.00)	(570.00)	1.19	1.19	1.31
DTD 01/12/2017 1.890% 01/10/2019											
BANK OF MONTREAL CHICAGO CERT DEPOS	06427KRC3	280,000.00	GOLDMAN		100.39	281,100.12	1,100.12	1,100.12	1.26	1.26	1.53
DTD 02/09/2017 1.880% 02/07/2019											
BANK OF NOVA SCOTIA HOUSTON LT CD	06417GUE6	280,000.00	MERRILL		99.89	279,689.76	(310.24)	(310.24)	1.42	1.42	1.31
DTD 04/06/2017 1.910% 04/05/2019											
SUMITOMO MITSUI BANK NY CD	86563YVW0	250,000.00	JPM_CHAS		100.18	250,447.50	447.50	447.50	1.49	1.49	1.89
DTD 05/04/2017 2.050% 05/03/2019											
AMERICAN EXPRESS BK FSF LT CD	02587CAJ9	245,000.00	NEW ACCT		100.39	245,962.61	962.61	962.61	1.71	1.71	1.64
DTD 07/24/2014 2.000% 07/24/2019											
SKANDINAV ENSKILDA BANKEN NY CD	83050FXT3	185,000.00	BARCLAYS		99.92	184,856.63	(71.22)	(80.04)	1.73	1.73	1.62
DTD 08/04/2017 1.840% 08/02/2019											
CAPTIAL ONE BANK USA NA LT CD	140420UE8	245,000.00	NEW ACCT		100.72	246,763.27	1,763.27	1,763.27	1.77	1.77	1.50
DTD 08/12/2015 2.000% 08/12/2019											



**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
<b>Certificate of Deposit</b>												
BANK TOKYO MITSUBISHI UFJ LTD LT CD	06539RGM3		140,000.00	MITSU		99.95	139,933.78	(66.22)	(66.22)	1.88	1.88	1.97
DTD 09/27/2017 2.070% 09/25/2019												
WESTPAC BANKING CORP NY CD	96121T4A3		260,000.00	JPM_CHAS		100.40	261,032.20	1,032.20	1,032.20	2.73	2.73	1.85
DTD 08/07/2017 2.050% 08/03/2020												
<b>Security Type Sub-Total</b>			<b>3,540,000.00</b>				<b>3,548,496.46</b>	<b>8,787.01</b>	<b>8,678.48</b>	<b>1.37</b>	<b>1.37</b>	<b>1.48</b>

**Asset-Backed Security / Collateralized Mortgage Obligation**

CARMAX ABS 2016-3 A2	14314EAB7		55,316.80	CSFB		99.92	55,269.95	(42.34)	(44.30)	0.27	1.61	1.22
DTD 07/20/2016 1.170% 08/15/2019												
TOYOTA ABS 2016-B A3	89231UAD9		110,000.00	CITIGRP		99.73	109,702.11	(292.27)	(294.67)	0.78	1.60	1.47
DTD 05/11/2016 1.300% 04/15/2020												
JOHN DEERE ABS 2016-B A3	47788NAC2		35,000.00	RBC CAP		99.59	34,855.42	(141.79)	(142.84)	1.13	1.80	1.48
DTD 07/27/2016 1.250% 06/15/2020												
CNH 2017-A A2	12636WAB2		150,000.00	CITIGRP		100.00	149,993.76	(0.48)	(1.32)	0.61	1.84	1.64
DTD 03/22/2017 1.640% 07/15/2020												
TOYOTA ABS 2016-C A3	89237WAD9		45,000.00	MITSU		99.48	44,767.31	(231.48)	(231.91)	1.01	1.99	1.40
DTD 08/10/2016 1.140% 08/15/2020												
CITIBANK ABS 2017-A2 A2	17305EGA7		120,000.00	CITIGRP		100.04	120,042.37	65.35	42.37	1.20	1.66	1.72
DTD 01/26/2017 1.740% 01/17/2021												
JOHN DEERE ABS 2017-A A3	47787XAC1		30,000.00	MERRILL		99.87	29,961.60	(34.13)	(34.13)	1.82	2.27	1.84
DTD 03/02/2017 1.780% 04/15/2021												
HYUNDAI ABS 2016-B A3	44891EAC3		75,000.00	JPMCHASE		99.16	74,366.63	(623.28)	(625.99)	1.59	2.88	1.58
DTD 09/21/2016 1.290% 04/15/2021												
FORD ABS 2017-A A3	34531EAD8		95,000.00	CITIGRP		99.72	94,732.67	(266.98)	(267.07)	1.72	2.63	1.78
DTD 01/25/2017 1.670% 06/15/2021												
CCCIT 2017-A9 A9	17305EGH2		140,000.00	CITIGRP		99.85	139,789.89	(199.68)	(199.91)	1.85	2.09	1.87
DTD 10/02/2017 1.800% 09/20/2021												
JOHN DEERE ABS 2017-B A3	47788BAD6		30,000.00	MITSU		99.78	29,932.59	(65.21)	(65.39)	2.47	1.63	1.96
DTD 07/15/2017 1.820% 10/15/2021												
ALLY ABS 2017-4 A3	02007FAC9		100,000.00	DEUTSCHE		99.68	99,682.16	(316.55)	(316.62)	1.91	2.05	1.91
DTD 08/23/2017 1.750% 12/15/2021												
<b>Security Type Sub-Total</b>			<b>985,316.80</b>				<b>983,096.46</b>	<b>(2,148.84)</b>	<b>(2,181.78)</b>	<b>1.30</b>	<b>2.00</b>	<b>1.68</b>



**Managed Account Fair Market Value & Analytics**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Managed Account Sub-Total			14,320,306.98				14,355,974.42	(76,819.07)	(36,705.53)	2.54	2.59	1.84
Securities Sub-Total			\$14,320,306.98			\$14,355,974.42	(\$76,819.07)		(\$36,705.53)	2.54	2.59	1.84%
Accrued Interest						\$70,926.67						
Total Investments						\$14,426,901.09						



**Managed Account Security Transactions & Interest**

For the Month Ending **October 31, 2017**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>BUY</b>											
	09/25/17	10/02/17	CCCT 2017-A9 A9	17305EGH2	140,000.00	(139,989.57)	0.00	(139,989.57)			
			DTD 10/02/2017 1.800% 09/20/2021								
	10/04/17	10/05/17	US TREASURY NOTES	912828L57	270,000.00	(267,510.94)	(64.90)	(267,575.84)			
			DTD 09/30/2015 1.750% 09/30/2022								
<b>Transaction Type Sub-Total</b>					<b>410,000.00</b>	<b>(407,500.51)</b>	<b>(64.90)</b>	<b>(407,565.41)</b>			
<b>INTEREST</b>											
	10/01/17	10/01/17	BB&T CORP NOTES	05531FAX1	300,000.00	0.00	4,354.17	4,354.17			
			DTD 03/21/2017 2.750% 04/01/2022								
	10/01/17	10/01/17	BURLINGTON NRTH CORP	12189TBC7	200,000.00	0.00	4,700.00	4,700.00			
			DTD 09/24/2009 4.700% 10/01/2019								
	10/01/17	10/25/17	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	40,908.70	0.00	60.85	60.85			
			DTD 06/01/2016 1.785% 06/01/2019								
	10/02/17	10/02/17	MONEY MARKET FUND	MONEY0002	0.00	0.00	21.72	21.72			
	10/05/17	10/05/17	BANK OF NOVA SCOTIA HOUSTON LT CD	06417GUE6	280,000.00	0.00	2,703.71	2,703.71			
			DTD 04/06/2017 1.910% 04/05/2019								
	10/15/17	10/15/17	TOYOTA ABS 2016-C A3	89237WAD9	45,000.00	0.00	42.75	42.75			
			DTD 08/10/2016 1.140% 08/15/2020								
	10/15/17	10/15/17	TOYOTA ABS 2016-B A3	89231UAD9	110,000.00	0.00	119.17	119.17			
			DTD 05/11/2016 1.300% 04/15/2020								
	10/15/17	10/15/17	JOHN DEERE ABS 2017-B A3	47788BAD6	30,000.00	0.00	45.50	45.50			
			DTD 07/15/2017 1.820% 10/15/2021								
	10/15/17	10/15/17	CARMAX ABS 2016-3 A2	14314EAB7	64,232.91	0.00	62.63	62.63			
			DTD 07/20/2016 1.170% 08/15/2019								
	10/15/17	10/15/17	FORD ABS 2017-A A3	34531EAD8	95,000.00	0.00	132.21	132.21			
			DTD 01/25/2017 1.670% 06/15/2021								
	10/15/17	10/15/17	CNH 2017-A A2	12636WAB2	150,000.00	0.00	205.00	205.00			
			DTD 03/22/2017 1.640% 07/15/2020								
	10/15/17	10/15/17	HYUNDAI ABS 2016-B A3	44891EAC3	75,000.00	0.00	80.63	80.63			
			DTD 09/21/2016 1.290% 04/15/2021								
	10/15/17	10/15/17	ALLY ABS 2017-4 A3	02007FAC9	100,000.00	0.00	145.83	145.83			
			DTD 08/23/2017 1.750% 12/15/2021								





Managed Account Security Transactions & Interest

For the Month Ending October 31, 2017

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/15/17	10/15/17	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	0.00	44.50	44.50			
	10/15/17	10/15/17	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	35,000.00	0.00	36.46	36.46			
	10/21/17	10/21/17	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEAO	260,000.00	0.00	3,250.00	3,250.00			
	10/25/17	10/25/17	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	0.00	3,806.25	3,806.25			
	10/28/17	10/28/17	BANK OF BARODA LT CD DTD 10/28/2013 2.050% 10/29/2018	0606246K4	245,000.00	0.00	2,518.13	2,518.13			
	10/31/17	10/31/17	US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828078	235,000.00	0.00	1,615.63	1,615.63			
	10/31/17	10/31/17	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	0.00	1,531.25	1,531.25			
	10/31/17	10/31/17	US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828078	150,000.00	0.00	1,031.25	1,031.25			
	10/31/17	10/31/17	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	0.00	1,562.50	1,562.50			
<b>Transaction Type Sub-Total</b>					<b>3,230,141.61</b>	<b>0.00</b>	<b>28,070.14</b>	<b>28,070.14</b>			
<b>PAYDOWNS</b>											
	10/01/17	10/25/17	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	2,918.52	2,918.52	0.00	2,918.52	(29.18)	0.00	
	10/15/17	10/15/17	CARMAX ABS 2016-3 A2 DTD 07/20/2016 1.170% 08/15/2019	14314EAB7	8,916.11	8,916.11	0.00	8,916.11	0.73	0.00	
<b>Transaction Type Sub-Total</b>					<b>11,834.63</b>	<b>11,834.63</b>	<b>0.00</b>	<b>11,834.63</b>	<b>(28.45)</b>	<b>0.00</b>	
<b>SELL</b>											
	09/25/17	10/02/17	CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	150,000.00	149,820.00	884.57	150,704.57	(180.00)	(180.00)	FIFO
	10/04/17	10/05/17	US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	250,000.00	249,453.13	1,301.23	250,754.36	(6,591.79)	(4,659.71)	FIFO



**Managed Account Security Transactions & Interest**

For the Month Ending **October 31, 2017**

**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
Transaction Type Sub-Total				400,000.00	399,273.13	2,185.80	401,458.93	(6,771.79)	(4,839.71)	
Managed Account Sub-Total					3,607.25	30,191.04	33,798.29	(6,800.24)	(4,839.71)	
Total Security Transactions					\$3,607.25	\$30,191.04	\$33,798.29	(\$6,800.24)	(\$4,839.71)	

**Fallbrook Public Utility District  
2017-18 Budget Overview-Through 10/30/17**

	2017-18 Adopted Budget	2017-18 Actual YTD	2017-18 Projected	Change from Projected to Adopted Budget	Percent Change from Prior Budget
<b>REVENUES:</b>					
Water Sales	8,673	3,807			
Recycled Sales	850	290			
	9,523	4,096	9,523.00		0.0%
<b>Operating Revenues:</b>					
Water Sales	16,124,308	6,408,148	16,124,308	-	0.0%
MWD Readiness to Serve	405,267	168,971	506,912	101,645	25.1%
CWA Infracture Access Charge	411,331	132,699	398,096	(13,235)	-3.2%
Meter Service Charges	5,348,419	1,814,301	5,442,903	94,484	1.8%
Wastewater Service Charges	5,787,904	1,824,506	5,473,519	(314,385)	-5.4%
Overuse Penalties	0		0	-	0.0%
Sundry Other Revenue	306,100	111,481	306,100	-	0.0%
CWA Rebates	162,448	66,860	162,448	-	0.0%
Total Operating Revenue	28,545,777	10,526,965	28,414,286	(131,491)	-0.5%
<b>Non Operating Revenues:</b>					
Capital Improvement Charge	2,396,200	764,482	2,293,447	(102,753)	-4.3%
Property Taxes*	1,916,938	152,477	1,916,938	-	0.0%
Water Standby/Availability Charge	203,000	7,900	203,000	-	0.0%
Water/Wastewater Capacity Charges	136,914	41,710	136,914	-	0.0%
Portfolio Interest**	207,356	66,833	200,500	(6,856)	-3.3%
Pumping Charge	131,840	66,606	199,818	67,978	51.6%
Prop 84 & 50 Funds	0	28,500	28,500	28,500	100.0%
SRF Loan Proceeds	0		0	-	0.0%
CSI Rebate	0		0	-	0.0%
Facility Rents & Other Non Operating Revenues	173,055	98,079	294,237	121,182	70.0%
Total Non Operating Revenues	5,165,303	1,226,588	5,273,354	108,051	2.1%
*FY 16-17 Opening Balances (did not use Raftelis figures)					
**Portfolio interested as calculated on actual investments					
<b>Total Budgeted Revenues</b>	<b>33,711,080</b>	<b>11,753,553</b>	<b>33,687,640</b>	<b>(23,440)</b>	<b>-0.1%</b>
<b>EXPENDITURES:</b>					
<b>Operating Expenses:</b>					
AF Purchased Potable Water	9,223	3,208			
AF Produced Recycled Water	902	387			
	10,125	3,595	10,125		
Purchased Water Expense	13,228,586	5,455,611	13,228,586	-	0.0%
MWD Readiness to Serve	405,267	119,064	357,192	48,075	-11.9%
CWA Infracture Access Charge	411,331	135,144	405,432	5,899	-1.4%
Production-Water Quality & Treatment	1,388,176	374,049	1,122,147	266,029	-19.2%
Distribution & Pumping	1,896,071	662,094	1,986,282	(90,211)	4.8%
Customer Service	1,421,119	489,478	1,468,435	(47,316)	3.3%
General Administration	5,094,194	1,821,942	5,465,827	(371,633)	7.3%
Collection, Treatment & Disposal	2,731,560	1,046,187	3,138,561	(407,001)	14.9%
Total Operating Expenses	26,576,304	10,103,569	27,172,461	(596,157)	2.2%
<b>Debt Service Expenses</b>					
Red Mountain SRF	395,893	197,712	395,893	-	0.0%
WWTP SRF	1,845,746	0	1,845,746	-	0.0%
QECB Solar Debt	372,854	0	372,854	-	0.0%
CalPERS 17-18 Unfunded Actuarial Liability Lump Sum	572,652	572,652	572,652	-	0.0%
PARS	750,000		750,000	-	0.0%
Total Debt Service Expenses	3,937,145	770,364	3,937,145	-	0.0%
<b>Net Revenue/(loss) From Operations and Debt Service</b>	<b>3,197,631</b>	<b>879,620</b>	<b>2,578,034</b>	<b>(619,597)</b>	<b>-19.4%</b>
Capital Project Expenses-completed and ongoing projects	8,395,283	2,354,945	7,064,835	1,330,448	-15.8%
<b>NET REVENUES &amp; EXPENDITURES</b>	<b>(5,197,652)</b>	<b>(1,475,325)</b>	<b>(4,486,801)</b>	<b>710,851</b>	<b>-13.7%</b>
Estimated Reserves as of 7/1/17	11,349,777	14,988,998	14,988,998	3,639,221	32.1%
Estimated Reserves as of 6/30/18	6,152,125	13,513,673	10,502,197	4,350,072	70.7%

**Fallbrook Public Utility District  
2017-18 Budget Overview-Through 10/31/17**

	2017-2018 Adopted Budget	2017-2018 Actual YTD	2017-18 Projected	Change from Projected to Adopted Budget	
<b>Labor Costs:</b>					
Annual Wages	5,828,492	2,028,551	5,860,257.92	(31,766)	0.5%
<b>Direct Benefits:</b>					
Medical/Dental/Vision (ACWA JPIA)	908,782	300,711	902,132	6,650	-0.7%
Other Post Employment Benefits (OPEB) contribution	150,000	0	150,000	-	0.0%
Life Insurance/Long Term Disability(Lincoln Life Ins)	35,780	12,984	38,952	(3,172)	8.9%
Uniforms/Safety Equipment	38,317	3,005	9,014	29,303	0.0%
Auto Allowance & Rec Fund	18,700	2,789	8,366	10,335	-55.3%
<b>Total Wages &amp; Direct Benefits</b>	<b>6,980,071</b>	<b>2,348,039</b>	<b>6,968,721</b>	<b>11,350</b>	<b>-0.2%</b>
<b>Indirect Benefits:</b>					
CalPERS/401A* (Lincoln Financial)	558,770 *	183,217	549,651	9,119	-1.6%
CalPERS Lump Sum Unfunded Liability Payment	572,652	572,652	572,652	-	0.0%
CalPERS Side Fund Payoff**	585,000 **		585,000	-	0.0%
CalPERS Unfunded Liability contribution	100,000 ***	0	100,000	-	0.0%
FICA/Social Security	426,321	137,939	413,818	12,503	-2.9%
Workers Comp Premiums (JPIA)	127,023	46,716	127,023	-	0.0%
Other-Unemployment Insurance	0	0	0	-	
**Reimburse Reserves for 6/30/14 Side Fund Payoff				-	
***Actuarial Unfunded Liability of \$9.8M				-	
<b>Total Indirect Benefits</b>	<b>2,369,766</b>	<b>940,524</b>	<b>2,348,144</b>	<b>21,622</b>	<b>-0.9%</b>
<b>Total Wages and Fringe Benefits</b>	<b>9,349,837</b>	<b>3,288,563</b>	<b>9,316,865</b>	<b>32,972</b>	<b>-0.4%</b>
*Employer Contribution 10.848% for Misc Members and 6.908% for PEPRA Members					
**Reimburse Reserves for 6/30/14 Side Fund Payoff Balance remaining is \$1,223,392 as of 6/30/17					
***Unfunded Actuarial Liability (UAL) of \$9.8M. This action prefunds a portion of the UAL into PARS					

10/31/2017

Treasurer's Warrant No. September

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 in the amounts stated (less discounts in instances where discounts are allowed).

# Accounts Payable

## Checks by Date - Summary by Check Date

User: CarolineW  
Printed: 11/9/2017 1:54 PM



### Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76268	00805	ACWA/JOINT POWERS INS.	10/04/2017	117,019.00
76269	06696	AT & T MOBILTIY	10/04/2017	55.32
76270	06020	BABCOCK & SONS, INC.	10/04/2017	2,665.00
76271	02743	BEST BEST & KRIEGER	10/04/2017	422.34
76272	06402	BRIAN BRADY	10/04/2017	470.37
76273	06115	CDW GOVERNMENT INC.	10/04/2017	2,420.55
76274	05896	CORTECH ENGINEERING LLC	10/04/2017	86,759.99
76275	00370	CROP PRODUCTION SERVICES, INC.	10/04/2017	456.33
76276	06169	CS-ASSOCIATED MUNICIPAL SALES C	10/04/2017	1,168.54
76277	91044	CUBICLES OFFICE ENVIRONMENTS, I	10/04/2017	423.35
76278	91129	JENNIFER DEMEO	10/04/2017	101.65
76279	05192	DIAMOND ENVIRONMENTAL SERVIC	10/04/2017	493.74
76280	91123	DIGITAL DEPLOYMENT, INC.	10/04/2017	550.00
76281	03391	ELECTRICAL SALES INC	10/04/2017	2,871.04
76282	02647	FALLBROOK AWARDS	10/04/2017	16.16
76283	91198	FIRST BANKCARD	10/04/2017	597.87
76284	91203	FIRST BANKCARD	10/04/2017	2,636.69
76285	91204	FIRST BANKCARD	10/04/2017	31.88
76286	91211	G.E. BROWN SERVICE, INC	10/04/2017	686.38
76287	09517	GENCO	10/04/2017	218.73
76288	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/04/2017	812.92
76289	02908	TODD GOLEM	10/04/2017	687.82
76290	91110	GOVERNMENTJOBS.COM, INC.	10/04/2017	11,577.00
76291	02170	GRAINGER, INC.	10/04/2017	2,734.71
76292	03174	HAAKER EQUIPMENT COMPANY	10/04/2017	762.15
76293	05380	HACH CO	10/04/2017	882.23
76294	05925	HD SUPPLY WATERWORKS	10/04/2017	2,617.25
76295	06429	HEALTHPOINTE MEDICAL GROUP,INC	10/04/2017	75.00
76296	06577	INFOSEND INC	10/04/2017	7,716.71
76297	00190	JCI JONES CHEMICALS INC.	10/04/2017	4,120.10
76298	06243	JIM'S SIGN SHOP	10/04/2017	510.74
76299	06261	LAWTON GROUP	10/04/2017	439.56
76300	06156	LOMACK SERVICE CORPORATION	10/04/2017	125.00
76301	04638	LOWE'S CORPORATION	10/04/2017	1,121.70
76302	06614	MITEL LEASING	10/04/2017	1,041.15
76303	06338	MYTHOS TECHNOLOGY INC	10/04/2017	481.76
76304	01267	PACIFIC PIPELINE	10/04/2017	1,418.48
76305	04900	PARADISE CHEVROLET CADILLAC	10/04/2017	258.61
76306	03708	PAULEY EQUIPMENT CO INC	10/04/2017	3,014.26
76307	00215	PETTY CASH	10/04/2017	54.34
76308	06688	ANDO PILVE	10/04/2017	4,800.00
76309	00216	PINE TREE LUMBER	10/04/2017	16.15
76310	05792	POLLARD WATER CO INC	10/04/2017	5,468.36
76311	91104	RAFTELIS FINANCIAL CONSULTANTS	10/04/2017	18,461.25
76312	UB*00097	CARLOS & ELSY RAMIREZ	10/04/2017	143.18
76313	03930	ROYAL WHOLESALE ELECTRIC	10/04/2017	6,325.74
76314	05636	SAM'S CLUB	10/04/2017	6,957.89



Check No	Vendor No	Vendor Name	Check Date	Check Amount
76315	00232	SAN DIEGO GAS & ELECTRIC	10/04/2017	27,304.30
76316	06738	SHAWN'S CONCRETE PUMPING	10/04/2017	975.00
76317	90929	SOUTHWEST ANSWERING SERVICE, I	10/04/2017	817.66
76318	04092	STATE WATER RESOURCES CONT BRI	10/04/2017	90.00
76319	05883	TESTAMERICA LABORATORIES, INC.	10/04/2017	496.12
76320	06541	TIFCO INDUSTRIES, INC	10/04/2017	735.59
76321	06005	UNIFIRST CORP.	10/04/2017	429.34
76322	06211	UNITED IMAGING	10/04/2017	76.76
76323	06554	VOLVO CONSTRUCTION EQUIPMENT	10/04/2017	4,315.63
76324	02570	CHERYL WILLIAMS	10/04/2017	351.00
Total for 10/4/2017:				338,280.39
ACH	00152	FPUD EMPL ASSOCIATION	10/11/2017	909.78
ACH	06758	US TREASURY - PAYROLL TAXES	10/11/2017	58,494.40
ACH	06759	STATE OF CA - PR TAXES	10/11/2017	8,548.80
ACH	06760	STATE OF CA - SDI	10/11/2017	1,771.49
ACH	06761	LINCOLN FINANCIAL GROUP	10/11/2017	6,500.44
ACH	06763	PERS - PAYROLL	10/11/2017	36,344.69
76332	00805	ACWA/JOINT POWERS INS.	10/11/2017	46,945.81
76333	03223	AIR POLLUTION CONTROL DISTRICT	10/11/2017	510.00
76334	06661	MARK APRIL	10/11/2017	718.59
76335	02805	ASBURY ENVIRONMENTAL SERVICES	10/11/2017	199.57
76336	06235	JACK BEBEE	10/11/2017	68.00
76337	06713	BISHOP'S TREE SERVICE, INC.	10/11/2017	2,600.00
76338	00898	BP BATTERY	10/11/2017	115.12
76339	06402	BRIAN BRADY	10/11/2017	1,944.91
76340	03035	BRITHINEE ELECTRIC	10/11/2017	2,534.28
76341	05897	FILOMENO CABALBAG	10/11/2017	99.58
76342	06012	CALIFORNIA DEPT OF CSS	10/11/2017	231.00
76343	03978	CAMERON WELDING SUPPLY	10/11/2017	510.33
76344	06336	CAPITAL ONE COMMERCIAL	10/11/2017	201.06
76345	04408	DEVIN CASTEEL	10/11/2017	715.44
76346	UB*00101	SOLUTIONS FOR CHANGE	10/11/2017	82.22
76347	02176	CORELOGIC SOLUTIONS, LLC	10/11/2017	225.00
76348	05953	CORODATA RECORDS MANAGEMENT	10/11/2017	512.39
76349	00709	COUNTY OF SAN DIEGO	10/11/2017	469.00
76350	05179	AARON COX	10/11/2017	699.42
76351	00370	CROP PRODUCTION SERVICES, INC.	10/11/2017	269.84
76352	02925	DATA NET SOLUTIONS	10/11/2017	712.00
76353	05192	DIAMOND ENVIRONMENTAL SERVIC	10/11/2017	188.30
76354	01262	KYLE D. DRAKE	10/11/2017	348.48
76355	05588	ESCONDIDO METAL SUPPLY	10/11/2017	655.12
76356	06303	EXECUTIVE LANDSCAPE INC.	10/11/2017	417.50
76357	00161	FALLBROOK CHAMBER OF COMMER	10/11/2017	285.00
76358	09523	FALLBROOK EQUIP RENTALS	10/11/2017	4,665.74
76359	05987	FALLBROOK GARAGE & QWIK LUBE	10/11/2017	130.00
76360	00169	FALLBROOK OIL COMPANY	10/11/2017	3,413.02
76361	02411	FALLBROOK PRINTING CORP	10/11/2017	203.58
76362	01155	FALLBROOK REFUSE	10/11/2017	123.46
76363	00170	FALLBROOK WASTE & RECYCLING	10/11/2017	549.70
76364	03099	FLO-SYSTEMS INC	10/11/2017	32,831.11
76365	05560	FRANCHISE TAX BOARD	10/11/2017	250.00
76366	09517	GENCO	10/11/2017	70.04
76367	02170	GRAINGER, INC.	10/11/2017	283.70
76368	05380	HACH CO	10/11/2017	1,444.51
76369	05925	HD SUPPLY WATERWORKS	10/11/2017	596.77

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76370	03276	HOME DEPOT CREDIT SERVICES	10/11/2017	8,034.92
76371	UB*00098	ICON BUILDING SUPPLIES INC	10/11/2017	1,107.75
76372	UB*00099	ICON BUILDING SUPPLIES INC	10/11/2017	1,115.85
76373	06380	JANI-KING OF CALIFORNIA, INC - SA	10/11/2017	2,117.39
76374	05505	TODD JESTER	10/11/2017	203.50
76375	04027	JOES HARDWARE	10/11/2017	2,070.84
76376	05837	TROY JONES	10/11/2017	335.97
76377	06479	KNOCKOUT PEST CONTROL & TERMI	10/11/2017	75.00
76378	04926	KONICA MINOLTA PREMIER FINANCE	10/11/2017	3,336.15
76379	06633	MAINTENANCE CONNECTION INC	10/11/2017	756.20
76380	04649	MAR-CON PRODUCTS, INC	10/11/2017	869.38
76381	91061	MICHELLI MEASUREMENT GROUP	10/11/2017	842.00
76382	UB*00100	NICHOLAS & ALEXIA MOWRY	10/11/2017	368.10
76383	90932	NAPA AUTO PARTS	10/11/2017	603.40
76384	06707	NATIONAL METER & AUTOMATION	10/11/2017	8,374.33
76385	00718	NATIONWIDE RETIREMENT SOLUTIO	10/11/2017	2,518.07
76386	04900	PARADISE CHEVROLET CADILLAC	10/11/2017	51.60
76387	91007	PFM ASSET MANGEMENT LLC	10/11/2017	1,227.69
76388	00216	PINE TREE LUMBER	10/11/2017	116.34
76389	06076	POWERLAND EQUIPMENT INC.	10/11/2017	2,072.75
76390	UB*00103	CAL AM PROPERTIES	10/11/2017	487.10
76391	06608	ROTARY CLUB OF FALLBROOK	10/11/2017	422.00
76392	91136	DUANE RULE	10/11/2017	243.01
76393	05938	SAN DIEGO COUNTY RECORDER	10/11/2017	57.00
76394	00231	SAN DIEGO COUNTY WATER AUTH	10/11/2017	1,202,979.50
76395	03231	SAN DIEGO COUNTY WATER AUTH	10/11/2017	15,471.00
76396	00235	SAN DIEGO UNION-TRIBUNE	10/11/2017	247.50
76397	90925	SHERWIN-WILLIAMS	10/11/2017	139.48
76398	06401	SONSRAY MACHINERY LLC	10/11/2017	805.88
76399	91107	SPECTRUM BUSINESS	10/11/2017	105.58
76400	91082	TELETRAC, INC	10/11/2017	1,105.48
76401	05883	TESTAMERICA LABORATORIES, INC.	10/11/2017	548.65
76402	UB*00102	BROOKS FAMILY SURVIVORS TRUST	10/11/2017	10.48
76403	06005	UNIFIRST CORP.	10/11/2017	429.34
76404	00458	VERIZON WIRELESS	10/11/2017	666.17
76405	02570	CHERYL WILLIAMS	10/11/2017	436.50
76406	91197	YOUNG ENGINEERING & MANUFACT	10/11/2017	9,780.80
Total for 10/11/2017:				1,489,521.89
ACH	00152	FPUD EMPL ASSOCIATION	10/18/2017	15.54
ACH	06758	US TREASURY - PAYROLL TAXES	10/18/2017	4,388.30
ACH	06759	STATE OF CA - PR TAXES	10/18/2017	707.64
ACH	06760	STATE OF CA - SDI	10/18/2017	121.26
ACH	06761	LINCOLN FINANCIAL GROUP	10/18/2017	221.60
ACH	06763	PERS - PAYROLL	10/18/2017	484.56
76412	00101	ACWA JPIA	10/18/2017	81,969.63
76413	06323	ADVANCED COMMUNICATION SYSTE	10/18/2017	907.20
76414	04995	AMERICAN MESSAGING	10/18/2017	103.35
76415	05778	AQUATIC BIOASSAY AND CONSULTIN	10/18/2017	3,835.00
76416	05088	AT&T	10/18/2017	869.73
76417	05958	BAMM! PROMOTIONAL PRODUCTS, I	10/18/2017	206.88
76418	06235	JACK BEBEE	10/18/2017	100.96
76419	03134	CALIFORNIA WATER ENVIRONMENT.	10/18/2017	180.00
76420	03978	CAMERON WELDING SUPPLY	10/18/2017	11,419.36
76421	01719	MICKEY M. CASE	10/18/2017	60.00
76422	04408	DEVIN CASTEEL	10/18/2017	984.00



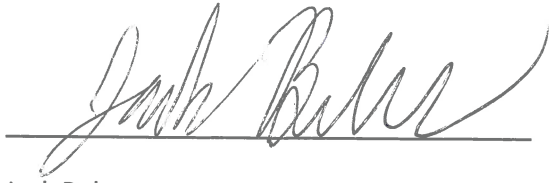
Check No	Vendor No	Vendor Name	Check Date	Check Amount
76423	06115	CDW GOVERNMENT INC.	10/18/2017	152.11
76424	06675	CORODATA SHREDDING, INC	10/18/2017	54.50
76425	91008	MICHAEL COTHRAN	10/18/2017	360.00
76426	00425	C/O VALLECITOS WATER DISTRICT CO	10/18/2017	25.00
76427	04128	CUES	10/18/2017	615.58
76428	02925	DATA NET SOLUTIONS	10/18/2017	3,885.30
76429	91006	DAVID JENKINS AND ASSOCIATES	10/18/2017	8,300.00
76430	05180	NOELLE DENKE	10/18/2017	25.00
76431	03391	ELECTRICAL SALES INC	10/18/2017	646.50
76432	05588	ESCONDIDO METAL SUPPLY	10/18/2017	898.64
76433	04122	EVOQUA WATER TECHNOLOGIES LLC	10/18/2017	3,935.34
76434	09523	FALLBROOK EQUIP RENTALS	10/18/2017	776.00
76435	05987	FALLBROOK GARAGE & QWIK LUBE	10/18/2017	447.71
76436	90945	FALLBROOK RADIATOR	10/18/2017	231.81
76437	91184	FKA NELSON MARKETING	10/18/2017	661.86
76438	06286	GARDA CL WEST, INC.	10/18/2017	233.82
76439	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/18/2017	622.05
76440	05140	GMC ELECTRICAL, INC.	10/18/2017	2,520.00
76441	04958	GOSCH FORD TEMECULA	10/18/2017	193.12
76442	02170	GRAINGER, INC.	10/18/2017	2,522.29
76443	02767	GRANGETTO FARM & GARDEN SUPPI	10/18/2017	72.08
76444	05380	HACH CO	10/18/2017	566.41
76445	05901	KENNETH HUBBARD	10/18/2017	342.69
76446	06577	INFOSEND INC	10/18/2017	3,277.26
76447	06267	J2 GLOBAL IRELAND LIMITED	10/18/2017	59.91
76448	05401	JOE'S PAVING	10/18/2017	5,712.67
76449	06695	KNIGHT SECURITY & FIRST SYS	10/18/2017	225.00
76450	03765	LENNIHAN LAW	10/18/2017	7,533.42
76451	05194	LESLIE'S SWIMMING POOL SUPPLIES	10/18/2017	3,964.98
76452	91130	LINCOLN NATIONAL LIFE INSURANC	10/18/2017	3,190.47
76453	UB*00104	LAURIE LOOSE	10/18/2017	6.78
76454	91029	MALLORY SAFETY AND SUPPLY CO	10/18/2017	1,461.08
76455	03944	MISSION RESOURCE CONSV DISTRIC	10/18/2017	125.00
76456	06602	MORAES/PHAM & ASSOCIATES	10/18/2017	2,750.00
76457	06707	NATIONAL METER & AUTOMATION	10/18/2017	27,153.00
76458	03201	NATIONAL SAFETY COMPLIANCE INC	10/18/2017	57.50
76459	05104	NCL OF WISCONSIN INC	10/18/2017	1,034.56
76460	06744	O.S.T.S. INC	10/18/2017	140.00
76461	06335	OCCU-MED LTD	10/18/2017	200.00
76462	06298	ONESOURCE DISTRIBUTORS, LLC	10/18/2017	4,582.27
76463	01267	PACIFIC PIPELINE	10/18/2017	3,498.37
76464	03708	PAULEY EQUIPMENT CO INC	10/18/2017	277.36
76465	03137	GARY PITTS	10/18/2017	530.55
76466	06199	PLUMBERS DEPOT INC	10/18/2017	15,900.90
76467	90944	ROBERT H JAMES	10/18/2017	2,850.00
76468	02958	RSIS INC	10/18/2017	3,140.00
76469	05936	SAN DIEGO COUNTY RECORDER	10/18/2017	50.00
76470	00191	SAN DIEGO COUNTY TREASURER	10/18/2017	144.44
76471	91094	SCADA INTEGRATIONS	10/18/2017	6,250.00
76472	00236	SCRAPPYS	10/18/2017	600.11
76473	06401	SONSRAY MACHINERY LLC	10/18/2017	14,412.13
76474	00159	SUPERIOR READY MIX	10/18/2017	4,306.54
76475	06735	TCN, INC.	10/18/2017	24.72
76476	05883	TESTAMERICA LABORATORIES, INC.	10/18/2017	127.58
76477	02972	THERMO ENVIRONMENTAL INSTRUM	10/18/2017	233.17
76478	00724	UNDERGROUND SERVICE ALERT	10/18/2017	343.30
76479	06005	UNIFIRST CORP.	10/18/2017	437.92

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76480	00458	VERIZON WIRELESS	10/18/2017	1,739.97
76481	06554	VOLVO CONSTRUCTION EQUIPMENT	10/18/2017	3,207.80
76482	02570	CHERYL WILLIAMS	10/18/2017	351.00
Total for 10/18/2017:				254,562.58
ACH	00152	FPUD EMPL ASSOCIATION	10/25/2017	894.24
ACH	06758	US TREASURY - PAYROLL TAXES	10/25/2017	57,478.80
ACH	06759	STATE OF CA - PR TAXES	10/25/2017	8,370.85
ACH	06760	STATE OF CA - SDI	10/25/2017	1,769.41
ACH	06761	LINCOLN FINANCIAL GROUP	10/25/2017	6,278.84
ACH	06763	PERS - PAYROLL	10/25/2017	35,780.86
76491	06235	JACK BEBEE	10/25/2017	60.00
76492	05615	BOOT WORLD INC.	10/25/2017	96.96
76493	06012	CALIFORNIA DEPT OF CSS	10/25/2017	231.00
76494	03978	CAMERON WELDING SUPPLY	10/25/2017	803.56
76495	06299	D & H WATER SYSTEMS, INC	10/25/2017	9.86
76496	05180	NOELLE DENKE	10/25/2017	69.32
76497	04411	ENVIRONMENTAL RESOURCE ASSOC	10/25/2017	451.23
76498	05560	FRANCHISE TAX BOARD	10/25/2017	250.00
76499	06398	FULLCOURT PRESS	10/25/2017	6,178.62
76501	06577	INFOSEND INC	10/25/2017	4,002.86
76502	00190	JCI JONES CHEMICALS INC.	10/25/2017	3,085.28
76503	91130	LINCOLN NATIONAL LIFE INSURANC	10/25/2017	3,413.31
76504	06338	MYTHOS TECHNOLOGY INC	10/25/2017	2,750.89
76505	01406	NORTH COUNTY WELDING SUPPLY	10/25/2017	654.57
76506	04075	RAYNE WATER SYSTEMS	10/25/2017	125.00
76507	91218	DAVID SHANK	10/25/2017	20.00
76508	06005	UNIFIRST CORP.	10/25/2017	428.09
76509	05909	WAGNER & BONSIGNORE, CONSULTI	10/25/2017	4,053.75
76510	00233	WAXIE SANITARY SUPPLY	10/25/2017	1,263.09
76511	06256	MARYLOU WEST	10/25/2017	41.73
76512	02570	CHERYL WILLIAMS	10/25/2017	540.00
Total for 10/25/2017:				139,102.12
Report Total (242 checks):				2,221,466.98

## Payroll -10/17

### Computer Check Register

Payroll #1	137,884.76
Payroll #2	<u>147,319.63</u>
	<u>285,204.39</u>

A handwritten signature in cursive script, reading "Jack Bebee", is positioned above a solid horizontal line.

Jack Bebee

Acting General Manager

11/30/2017

Treasurer's Warrant No. September

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 in the amounts stated (less discounts in instances where discounts are allowed).

**Payroll -11/17**

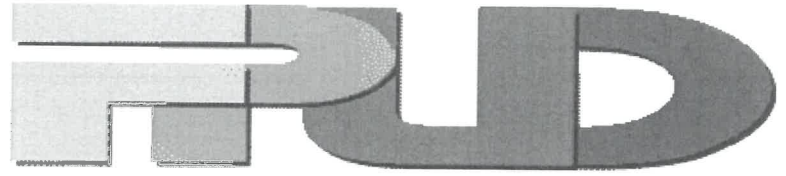
**Computer Check Register**

Payroll #1	136,827.54
Payroll #2	<u>139,307.22</u>
	<u>276,134.76</u>

# Accounts Payable

## Checks by Date - Summary by Check Date

User: AnnaleceB  
Printed: 12/4/2017 10:03 AM



### Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76513	01460	AFLAC	11/01/2017	1,534.31
76514	02805	ASBURY ENVIRONMENTAL SERVICES	11/01/2017	1,740.00
76515	06696	AT & T MOBILTIY	11/01/2017	55.32
76516	02743	BEST BEST & KRIEGER	11/01/2017	21,284.62
76517	00898	BP BATTERY	11/01/2017	508.88
76518	06375	CALGON CARBON CORPORATION	11/01/2017	14,989.88
76519	03134	CALIFORNIA WATER ENVIRONMENT	11/01/2017	180.00
76520	03978	CAMERON WELDING SUPPLY	11/01/2017	663.91
76521	06676	CAROLLO ENGINEERS, INC	11/01/2017	1,341.17
76522	04408	DEVIN CASTEEL	11/01/2017	269.55
76523	03205	CITY OF OCEANSIDE	11/01/2017	969.96
76524	06021	JOSHUA COUVEAU	11/01/2017	100.00
76525	06299	D & H WATER SYSTEMS, INC	11/01/2017	4,124.50
76526	05180	NOELLE DENKE	11/01/2017	40.00
76527	05192	DIAMOND ENVIRONMENTAL SERVIC	11/01/2017	333.74
76528	91123	DIGITAL DEPLOYMENT, INC.	11/01/2017	550.00
76529	00169	FALLBROOK OIL COMPANY	11/01/2017	6,723.23
76530	04494	FEDERAL EXPRESS CORPORATION	11/01/2017	235.32
76531	05733	FIRST BANKCARD	11/01/2017	3,951.41
76532	91198	FIRST BANKCARD	11/01/2017	551.18
76533	91199	FIRST BANKCARD	11/01/2017	171.64
76534	91200	FIRST BANKCARD	11/01/2017	38.00
76535	91201	FIRST BANKCARD	11/01/2017	581.54
76536	91202	FIRST BANKCARD	11/01/2017	505.16
76537	91203	FIRST BANKCARD	11/01/2017	1,062.40
76538	91212	FIRST BANKCARD	11/01/2017	3,530.17
76539	91225	FIRST BANKCARD	11/01/2017	507.55
76540	09517	GENCO	11/01/2017	172.40
76541	00182	GLENNIE'S OFFICE PRODUCTS, INC	11/01/2017	188.06
76542	02170	GRAINGER, INC.	11/01/2017	1,176.62
76543	UB*00106	MICHAEL GREENE	11/01/2017	35.29
76544	05380	HACH CO	11/01/2017	819.09
76545	02773	HDS WHITE CAP CONST SUPPLY	11/01/2017	117.41
76546	06429	HEALTHPOINTE MEDICAL GROUP, INC	11/01/2017	75.00
76547	06577	INFOSEND INC	11/01/2017	3,978.77
76548	06699	INTER-LINGUA, LLC	11/01/2017	76.50
76549	05401	JOE'S PAVING	11/01/2017	15,806.00
76550	90916	KELLY LAUGHLIN	11/01/2017	50.00
76552	06614	MITEL LEASING	11/01/2017	1,070.03
76553	00718	NATIONWIDE RETIREMENT SOLUTIO	11/01/2017	2,518.07
76554	06298	ONESOURCE DISTRIBUTORS, LLC	11/01/2017	246.69
76555	01267	PACIFIC PIPELINE	11/01/2017	741.32
76556	90939	PCM SALES, INC.	11/01/2017	145.65
76557	00215	PETTY CASH	11/01/2017	75.48
76558	91007	PFM ASSET MANGEMENT LLC	11/01/2017	1,189.65
76559	91104	RAFTELIS FINANCIAL CONSULTANTS	11/01/2017	6,455.00
76560	06485	FABRIENNE ROBINSON	11/01/2017	18.26

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76561	05636	SAM'S CLUB	11/01/2017	2,552.45
76562	00232	SAN DIEGO GAS & ELECTRIC	11/01/2017	40,158.95
76563	05403	SAN DIEGO UNION-TRIBUNE CO.	11/01/2017	422.20
76564	06704	SMOG BROS	11/01/2017	1,045.00
76565	90929	SOUTHWEST ANSWERING SERVICE, I	11/01/2017	658.51
76566	05415	STATE WATER RESOURCE CONTROL	11/01/2017	70.00
76567	91223	STERLING HEALTH SERVICES INC.	11/01/2017	545.00
76568	00159	SUPERIOR READY MIX	11/01/2017	698.59
76569	91082	TELETRAC, INC	11/01/2017	10,969.76
76570	04024	TEDD THEODORE	11/01/2017	500.00
76571	06005	UNIFIRST CORP.	11/01/2017	429.33
76572	04330	UNION BANK	11/01/2017	1,661.00
76573	01359	WATERMASTER	11/01/2017	54,542.32
76574	06104	WEST PACK INC.	11/01/2017	1,462.50
76575	02570	CHERYL WILLIAMS	11/01/2017	432.00

Total for 11/1/2017:

217,646.34

ACH	00152	FPUD EMPL ASSOCIATION	11/08/2017	894.24
ACH	06758	US TREASURY - PAYROLL TAXES	11/08/2017	56,985.49
ACH	06759	STATE OF CA - PR TAXES	11/08/2017	8,319.50
ACH	06760	STATE OF CA - SDI	11/08/2017	1,692.49
ACH	06761	LINCOLN FINANCIAL GROUP	11/08/2017	6,178.84
ACH	06763	PERS - PAYROLL	11/08/2017	35,751.38
76583	UB*00108	MISSION REALTY	11/08/2017	76.49
76584	00100	ACWA	11/08/2017	21,696.92
76585	91163	AM Diesel INC.	11/08/2017	1,386.60
76586	04166	AMERICAN WATER WORKS ASSOCIAT	11/08/2017	2,095.00
76587	06020	BABCOCK & SONS, INC.	11/08/2017	3,125.00
76588	05615	BOOT WORLD INC.	11/08/2017	96.95
76589	06012	CALIFORNIA DEPT OF CSS	11/08/2017	231.00
76590	03978	CAMERON WELDING SUPPLY	11/08/2017	408.09
76591	01719	MICKEY M. CASE	11/08/2017	60.00
76592	06572	CCL CONSTRUCTION INC	11/08/2017	261,373.50
76593	05593	CHARLES P CROWLEY CO INC	11/08/2017	769.68
76594	05899	PAULA CLARK	11/08/2017	468.95
76595	91210	CORE & MAIN LP	11/08/2017	3,771.90
76596	00709	COUNTY OF SAN DIEGO	11/08/2017	3,814.00
76597	03391	ELECTRICAL SALES INC	11/08/2017	339.35
76598	09523	FALLBROOK EQUIP RENTALS	11/08/2017	7,618.11
76599	01099	FALLBROOK IRRIGATION INC	11/08/2017	302.58
76600	02411	FALLBROOK PRINTING CORP	11/08/2017	4,390.45
76601	01432	FERGUSON WATERWORKS #1083	11/08/2017	13,084.38
76603	05560	FRANCHISE TAX BOARD	11/08/2017	250.00
76604	00182	GLENNIE'S OFFICE PRODUCTS, INC	11/08/2017	328.14
76605	06577	INFOSEND INC	11/08/2017	2,182.40
76606	04027	JOES HARDWARE	11/08/2017	686.50
76607	90887	LLOYD PEST CONTROL	11/08/2017	198.00
76608	04638	LOWE'S CORPORATION	11/08/2017	2,075.48
76609	91029	MALLORY SAFETY AND SUPPLY CO	11/08/2017	2,373.21
76610	03944	MISSION RESOURCE CONSV DISTRIC	11/08/2017	344.00
76611	05942	MSDSOONLINE, INC	11/08/2017	898.00
76612	06338	MYTHOS TECHNOLOGY INC	11/08/2017	481.76
76613	06298	ONESOURCE DISTRIBUTORS, LLC	11/08/2017	484.68
76614	01267	PACIFIC PIPELINE	11/08/2017	9,125.94
76615	UB*00109	WAYNE & JEANNE PACKARD	11/08/2017	98.47
76616	06688	ANDO PILVE	11/08/2017	5,100.00



Check No	Vendor No	Vendor Name	Check Date	Check Amount
76617	00216	PINE TREE LUMBER	11/08/2017	3.54
76618	91155	QUALITY GATE COMPANY	11/08/2017	625.00
76619	90944	ROBERT H JAMES	11/08/2017	950.00
76620	UB*00107	MAGGIE ROGAN	11/08/2017	269.85
76621	06666	SAGINAW CONTROL & ENGINEERING	11/08/2017	787.14
76622	00231	SAN DIEGO COUNTY WATER AUTH	11/08/2017	1,409,835.40
76623	05403	SAN DIEGO UNION-TRIBUNE CO.	11/08/2017	283.00
76624	00236	SCRAPPYS	11/08/2017	205.74
76625	06064	SOLENIS LLC	11/08/2017	7,219.74
76626	04092	STATE WATER RESOURCES CONT BRI	11/08/2017	210.00
76627	06005	UNIFIRST CORP.	11/08/2017	429.33
76628	03358	US BANK TRUST NA	11/08/2017	259,827.01
76629	04290	VILLAGE NEWS, INC.	11/08/2017	495.00
76630	00233	WAXIE SANITARY SUPPLY	11/08/2017	1,690.54
76631	06231	WESTERN WATER WORKS SUPPLY CC	11/08/2017	1,301.53
76632	02570	CHERYL WILLIAMS	11/08/2017	405.00
Total for 11/8/2017:				2,144,095.29
76633	06740	ACCELA, INC	11/15/2017	29,946.60
76634	00101	ACWA JPIA	11/15/2017	78,790.78
76635	06323	ADVANCED COMMUNICATION SYSTE	11/15/2017	455.10
76636	00160	WILLIAM AHREND	11/15/2017	134.68
76637	05088	AT&T	11/15/2017	878.14
76638	00898	BP BATTERY	11/15/2017	827.32
76639	06424	CAEATFA FUND	11/15/2017	2,168.10
76640	03978	CAMERON WELDING SUPPLY	11/15/2017	915.04
76641	06336	CAPITAL ONE COMMERCIAL	11/15/2017	990.93
76642	03205	CITY OF OCEANSIDE	11/15/2017	1,004.93
76643	91208	COLE OFFICE PRODUCTS	11/15/2017	6,891.15
76644	UB*00110	HAZARD CONSTRUCTION COMPANY	11/15/2017	1,168.13
76645	91210	CORE & MAIN LP	11/15/2017	3,534.20
76646	05953	CORODATA RECORDS MANAGEMENT	11/15/2017	605.42
76647	06675	CORODATA SHREDDING, INC	11/15/2017	54.50
76648	05179	AARON COX	11/15/2017	150.00
76649	09705	CSDA SAN DIEGO CHAPTER	11/15/2017	60.00
76650	02925	DATA NET SOLUTIONS	11/15/2017	1,607.00
76651	05180	NOELLE DENKE	11/15/2017	58.46
76652	06775	DEPARTMENT OF MOTOR VEHICLES	11/15/2017	440.00
76653	06551	DEPT OF FORESTRY & FIRE PROTECT	11/15/2017	2,169.80
76654	05192	DIAMOND ENVIRONMENTAL SERVIC	11/15/2017	188.29
76655	02582	EMPLOYMENT DEVELOPMENT DEPT	11/15/2017	1,386.00
76656	09523	FALLBROOK EQUIP RENTALS	11/15/2017	199.34
76657	00169	FALLBROOK OIL COMPANY	11/15/2017	2,476.25
76658	01155	FALLBROOK REFUSE	11/15/2017	555.69
76659	00170	FALLBROOK WASTE & RECYCLING	11/15/2017	593.00
76660	01432	FERGUSON WATERWORKS #1083	11/15/2017	768.52
76661	06286	GARDA CL WEST, INC.	11/15/2017	233.82
76662	02170	GRAINGER, INC.	11/15/2017	1,455.34
76663	06062	HARRINGTON INDUSTRIAL PLASTICS	11/15/2017	924.90
76664	02773	HDS WHITE CAP CONST SUPPLY	11/15/2017	1,157.57
76665	UB*00111	ICON BUILDING SUPPLIES INC	11/15/2017	1,068.41
76666	05255	INLAND WATER WORKS SUPPLY CO.	11/15/2017	4,657.11
76667	06380	JANI-KING OF CALIFORNIA, INC - SAI	11/15/2017	2,117.39
76668	06479	KNOCKOUT PEST CONTROL & TERMI	11/15/2017	750.00
76669	04926	KONICA MINOLTA PREMIER FINANCE	11/15/2017	3,336.15
76670	90887	LLOYD PEST CONTROL	11/15/2017	169.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76671	91219	METAL & CABLE, INC.	11/15/2017	26,991.38
76672	90932	NAPA AUTO PARTS	11/15/2017	868.62
76673	06707	NATIONAL METER & AUTOMATION	11/15/2017	10,718.29
76674	00718	NATIONWIDE RETIREMENT SOLUTIO	11/15/2017	2,768.07
76675	04581	NEIMAN'S COLLISION CENTER, INC.	11/15/2017	299.20
76676	06298	ONESOURCE DISTRIBUTORS, LLC	11/15/2017	543.22
76677	04900	PARADISE CHEVROLET CADILLAC	11/15/2017	88.01
76678	UB*00112	LILLIAN & RIGO PEREZ	11/15/2017	465.00
76679	03137	GARY PITTS	11/15/2017	530.55
76680	04662	QUALITY FENCE COMPANY, INC.	11/15/2017	11,316.00
76681	03930	ROYAL WHOLESALE ELECTRIC	11/15/2017	13.00
76682	02854	STEVE RUCKER	11/15/2017	1,237.64
76683	91136	DUANE RULE	11/15/2017	180.00
76684	06666	SAGINAW CONTROL & ENGINEERING	11/15/2017	1,994.11
76685	06563	SCHNEIDER ELECTRIC USA INC	11/15/2017	1,634.03
76686	91107	SPECTRUM BUSINESS	11/15/2017	105.58
76687	04092	STATE WATER RESOURCES CONT BRI	11/15/2017	120.00
76688	91223	STERLING HEALTH SERVICES INC.	11/15/2017	16,130.00
76689	00159	SUPERIOR READY MIX	11/15/2017	1,830.60
76690	06735	TCN, INC.	11/15/2017	91.47
76691	05883	TESTAMERICA LABORATORIES, INC.	11/15/2017	1,210.69
76692	00250	TRY ENTERPRISES	11/15/2017	1,170.00
76693	00724	UNDERGROUND SERVICE ALERT	11/15/2017	399.40
76694	06005	UNIFIRST CORP.	11/15/2017	436.95
76695	06211	UNITED IMAGING	11/15/2017	830.80
76696	03027	UPS STORE	11/15/2017	22.70
76697	00458	VERIZON WIRELESS	11/15/2017	916.07
76698	04290	VILLAGE NEWS, INC.	11/15/2017	200.00
76699	05909	WAGNER & BONSIGNORE, CONSULTI	11/15/2017	940.00
76700	06231	WESTERN WATER WORKS SUPPLY CC	11/15/2017	3,340.66
76701	02570	CHERYL WILLIAMS	11/15/2017	328.50
76702	06736	JEFF WOLFE	11/15/2017	165.00
Total for 11/15/2017:				242,772.60
ACH	00152	FPUD EMPL ASSOCIATION	11/22/2017	894.24
ACH	06758	US TREASURY - PAYROLL TAXES	11/22/2017	58,102.45
ACH	06759	STATE OF CA - PR TAXES	11/22/2017	8,539.44
ACH	06760	STATE OF CA - SDI	11/22/2017	1,694.92
ACH	06763	PERS - PAYROLL	11/22/2017	35,947.24
ACH	06761	LINCOLN FINANCIAL GROUP	11/22/2017	6,178.84
76710	90979	ABABA BOLT	11/22/2017	453.70
76711	04995	AMERICAN MESSAGING	11/22/2017	102.66
76712	91164	ARTERY	11/22/2017	75.00
76713	00898	BP BATTERY	11/22/2017	238.33
76714	06012	CALIFORNIA DEPT OF CSS	11/22/2017	231.00
76715	03978	CAMERON WELDING SUPPLY	11/22/2017	100.22
76716	06336	CAPITAL ONE COMMERCIAL	11/22/2017	308.33
76717	04408	DEVIN CASTEEL	11/22/2017	200.00
76718	06572	CCL CONSTRUCTION INC	11/22/2017	622,468.79
76719	06115	CDW GOVERNMENT INC.	11/22/2017	2,047.66
76720	91210	CORE & MAIN LP	11/22/2017	7,739.09
76721	02176	CORELOGIC SOLUTIONS, LLC	11/22/2017	225.00
76722	00709	COUNTY OF SAN DIEGO	11/22/2017	1,071.00
76723	90930	CRANWORKS SOUTHWEST, INC.	11/22/2017	2,214.15
76724	06169	CS-ASSOCIATED MUNICIPAL SALES C	11/22/2017	8,857.19
76725	02925	DATA NET SOLUTIONS	11/22/2017	2,635.58

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76726	05180	NOELLE DENKE	11/22/2017	287.61
76727	05192	DIAMOND ENVIRONMENTAL SERVIC	11/22/2017	333.74
76728	03391	ELECTRICAL SALES INC	11/22/2017	5,438.84
76729	06303	EXECUTIVE LANDSCAPE INC.	11/22/2017	417.50
76730	02647	FALLBROOK AWARDS	11/22/2017	47.68
76731	09523	FALLBROOK EQUIP RENTALS	11/22/2017	3,059.25
76732	01099	FALLBROOK IRRIGATION INC	11/22/2017	10.81
76733	05560	FRANCHISE TAX BOARD	11/22/2017	250.00
76734	05995	GOVERNMENT FINANCE OFFICERS A	11/22/2017	925.00
76735	02170	GRAINGER, INC.	11/22/2017	1,263.20
76736	06577	INFOSEND INC	11/22/2017	4,289.60
76737	06267	J2 GLOBAL IRELAND LIMITED	11/22/2017	59.91
76738	05505	TODD JESTER	11/22/2017	166.50
76739	06243	JIM'S SIGN SHOP	11/22/2017	362.04
76740	90953	JR FILANC CONSTRUCTION CO., INC.	11/22/2017	39,643.61
76741	90924	LAW OFFICES OF STEPHEN V. LOPARI	11/22/2017	116.00
76742	03765	LENNIHAN LAW	11/22/2017	2,962.17
76743	03322	LIGHTHOUSE AUTOMOTIVE	11/22/2017	1,116.57
76744	06633	MAINTENANCE CONNECTION INC	11/22/2017	756.20
76745	91029	MALLORY SAFETY AND SUPPLY CO	11/22/2017	8,788.88
76746	06338	MYTHOS TECHNOLOGY INC	11/22/2017	2,585.94
76747	06707	NATIONAL METER & AUTOMATION	11/22/2017	28.25
76748	03201	NATIONAL SAFETY COMPLIANCE INC	11/22/2017	57.50
76749	01267	PACIFIC PIPELINE	11/22/2017	6,991.77
76750	91007	PFM ASSET MANGEMENT LLC	11/22/2017	1,230.87
76751	06199	PLUMBERS DEPOT INC	11/22/2017	113.06
76752	04075	RAYNE WATER SYSTEMS	11/22/2017	125.00
76753	06608	ROTARY CLUB OF FALLBROOK	11/22/2017	105.50
76754	05938	SAN DIEGO COUNTY RECORDER	11/22/2017	50.00
76755	91094	SCADA INTEGRATIONS	11/22/2017	11,556.00
76756	90929	SOUTHWEST ANSWERING SERVICE, I	11/22/2017	530.75
76757	04092	STATE WATER RESOURCES CONT BRI	11/22/2017	120.00
76758	00159	SUPERIOR READY MIX	11/22/2017	3,202.35
76759	06228	TECHNOLOGY UNLIMITED INC.	11/22/2017	3,600.00
76760	91082	TELETRAC, INC	11/22/2017	1,105.48
76761	06005	UNIFIRST CORP.	11/22/2017	430.90
76762	00458	VERIZON WIRELESS	11/22/2017	666.17
76763	05909	WAGNER & BONSIGNORE, CONSULTI	11/22/2017	881.25
76764	06256	MARYLOU WEST	11/22/2017	33.17
76765	02570	CHERYL WILLIAMS	11/22/2017	427.50
76766	91197	YOUNG ENGINEERING & MANUFACT	11/22/2017	700.38
Total for 11/22/2017:				865,161.78
76767	01460	AFLAC	11/29/2017	1,515.49
76768	91163	AM Diesel INC.	11/29/2017	1,038.45
76769	91215	ASCO POWER SERVICES, INC.	11/29/2017	2,274.60
76770	06235	JACK BEBEE	11/29/2017	60.00
76771	02743	BEST BEST & KRIEGER	11/29/2017	12,377.17
76772	90921	BOB MURRAY & ASSOCIATES	11/29/2017	4,493.62
76773	04741	CALIFORNIA SPECIAL DISTRICT ASSC	11/29/2017	6,842.00
76774	03134	CALIFORNIA WATER ENVIRONMENT	11/29/2017	445.00
76775	02925	DATA NET SOLUTIONS	11/29/2017	6,653.34
76776	03391	ELECTRICAL SALES INC	11/29/2017	225.69
76777	01099	FALLBROOK IRRIGATION INC	11/29/2017	34.98
76778	00169	FALLBROOK OIL COMPANY	11/29/2017	7,973.54
76779	02411	FALLBROOK PRINTING CORP	11/29/2017	111.98

Check No	Vendor No	Vendor Name	Check Date	Check Amount
76780	01155	FALLBROOK REFUSE	11/29/2017	66.04
76781	04494	FEDERAL EXPRESS CORPORATION	11/29/2017	58.87
76782	01432	FERGUSON WATERWORKS #1083	11/29/2017	7,913.16
76783	91198	FIRST BANKCARD	11/29/2017	1,104.02
76784	91199	FIRST BANKCARD	11/29/2017	657.60
76785	91200	FIRST BANKCARD	11/29/2017	375.00
76786	91202	FIRST BANKCARD	11/29/2017	94.62
76787	91212	FIRST BANKCARD	11/29/2017	1,870.56
76788	91225	FIRST BANKCARD	11/29/2017	1,085.43
76789	09517	GENCO	11/29/2017	96.98
76790	04958	GOSCH FORD TEMECULA	11/29/2017	83.00
76791	05995	GOVERNMENT FINANCE OFFICERS A	11/29/2017	310.00
76792	02170	GRAINGER, INC.	11/29/2017	667.12
76793	02773	HDS WHITE CAP CONST SUPPLY	11/29/2017	1,009.75
76794	06689	I/O SELECT INC	11/29/2017	7,022.53
76795	06577	INFOSEND INC	11/29/2017	2,728.00
76796	06463	IOTUM INC.	11/29/2017	10.68
76797	00190	JCI JONES CHEMICALS INC.	11/29/2017	3,098.31
76798	90953	JR FILANC CONSTRUCTION CO., INC.	11/29/2017	16,900.75
76799	03322	LIGHTHOUSE AUTOMOTIVE	11/29/2017	700.70
76800	91130	LINCOLN NATIONAL LIFE INSURANC	11/29/2017	3,236.57
76801	06123	MACIAS GINI & O'CONNELL	11/29/2017	29,500.00
76802	06614	MITEL LEASING	11/29/2017	815.15
76803	06707	NATIONAL METER & AUTOMATION	11/29/2017	15,758.44
76804	03201	NATIONAL SAFETY COMPLIANCE INC	11/29/2017	60.00
76805	90955	NEWest CONSTRUCTION	11/29/2017	92,292.50
76806	01267	PACIFIC PIPELINE	11/29/2017	976.93
76807	04900	PARADISE CHEVROLET CADILLAC	11/29/2017	256.36
76808	02662	QUALITY CHEVROLET	11/29/2017	25,658.74
76809	91155	QUALITY GATE COMPANY	11/29/2017	400.00
76810	91227	KENNETH QUIGLEY	11/29/2017	2,000.00
76811	91104	RAFTELIS FINANCIAL CONSULTANTS	11/29/2017	4,545.00
76812	00232	SAN DIEGO GAS & ELECTRIC	11/29/2017	3,569.67
76813	02926	EDDIE TAYLOR	11/29/2017	300.00
76814	05883	TESTAMERICA LABORATORIES, INC.	11/29/2017	55.12
76815	02570	CHERYL WILLIAMS	11/29/2017	337.50

Total for 11/29/2017: 269,660.96

Report Total (299 checks): 3,739,336.97



Jack Bebee

Acting General Manager

FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: AB 1825 Sexual Harassment Prevention for Supervisors

Date(s) of Attendance: October 25, 2017

Purpose of Function: Mandatory Harassment Prevention Training

Sponsoring Organization: TargetSolutions

Summary of Conference or Meeting:

Program is eye opening. It is scary that they have to cover the points in the program. What happened to morals and common sense.

Director Signature: 

Date: 11/15/17

*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.*



# Sexual Harassment Prevention for Supervisors (California AB 1825)

**CERTIFICATE OF COMPLETION**  
This is to acknowledge that

**Charley Wolk**

has completed the online training and passed the examination for the 2-hour California Sexual Harassment Prevention for Supervisors training course. [Record ID #75265597]  
Fallbrook Public Utility District

  
Ted Cudal, CSP, CHMM, CHCM, EMS-LA

October 25, 2017  
Date of Training

Certificate issued by TargetSolutions

**TARGETSOLUTIONS**  
Occupational & Environmental Courseware  
San Diego, CA

FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: San Diego Chapter CSDA Quarterly

Dinner Meeting

Date(s) of Attendance: November 16, 2017

Purpose of Function: Industry Educational Event

Sponsoring Organization: San Diego Chapter of CSDA

Summary of Conference or Meeting:

The meeting was well attended. Elections were held for board openings for our local chapter. Megan Hemming CSDA recognized districts for ~~area~~ District of Distraction and other CSDA Milestones. Keene Simonds from LAFCO gave a detailed update.

Director Signature: Jennifer DeMeo Date: 11/16/2017

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FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS

RECEIVED  
DEC - 1 2017

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: ACWA 2017 Fall Conference  
Anaheim CA Marriott

Date(s) of Attendance: Tues, Nov 28 - Friday Dec 1 2017

Purpose of Function: Education/Information

Sponsoring Organization: ACWA

Summary of Conference or Meeting:

NOV 28 Tuesday - attended <sup>10AM</sup> local Government Committee for ACWA. Main agenda discussion focused on the need to be involved ~~in~~ AB with Sacramento regarding proposed tax to benefit disadvantaged communities, to ensure water districts are not being taken advantage of.  
12PM ACWA 101 Luncheon

Nov 29 Wed - attended Statewide Issue Forum on Water Fix things are moving forward despite Westlands "no" vote but far from a plan. Had dinner in Downtown Disney w/ BB+K

Nov 30 Thurs Attended Town Hall Discussion on Que State Water Boards Plan for a low income

Dec 1st Breakfast Water Rate Assistance Plan.

Director Signature: [Signature] Date: 12/1/2017

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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**LOG OF BOARD REQUESTS**  
**December 11, 2017 Combined November/December Regular Board Meeting**

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
6	AGM Target Activities	<u>Board:</u> SMR CUP Maintain current schedule for finalizing MOU and EIS with USMC and necessary work with California SWRCB.	<u>Status:</u> On-going. (a) EIR to Board for certification by September 2016. Complete. (b) Final Settlement Agreement to Board by May 2017. (Delayed to December 2017; still in approval process by U.S.) (c) Prepare reports to Board. Next report December 2017.	
10	GM Target Activities	<u>Board:</u> General Manager to actively participate in SDCWA board policy discussion.	<u>Status:</u> On-going.	
13	GM Target Activities	<u>Board:</u> Metropolitan (new fixed charge on treated water)	<u>Status:</u> Complete/monitor on-going. Board briefed on 1/23/17. On-going analysis and development of rate alternatives w/SDCWA general managers group. Next report progress to Board in September 2017.	
14	GM Target Activities	<u>Board:</u> SD&GE General Rate Case re: Solar Contracts	<u>Status:</u> Water district consortium coordinating with BB&K special counsel. CPUC hearings originally scheduled for 10/17-10/21/2016. Opening briefs now set for 1/20/17 and reply briefs for 2/10/17. Proposed decision scheduled for February 27, 2017 unlikely. Updated Board in May 2017. Next update January 2018.	
22	GM Target Activities	<u>Board:</u> Explore functional consolidation opportunities with neighboring water districts (Valley Center, Yuima, Rainbow) in areas of information services, engineering, technical assistance, equipment sharing.	<u>Status:</u> General Managers are meeting in January 2017 to establish scope. At request of VCMWD and RMWD general managers, meeting postponed past March 2017. Meeting now scheduled for January 2018.	
24	GM Target Activities	<u>Board:</u> Update FPU board room audio-visual equipment in conjunction with North County Fire.	<u>Status:</u> Upgrade to projection equipment complete. Audio equipment vendor proposal executed; to be completed by November 15, 2017.	11/15/17
32	GM Target Activities	<u>Board:</u> Establish a 5-year strategic plan with 6 month updates. Complete by first quarter 2017.	<u>Status:</u> Need Board input.	

**LOG OF BOARD REQUESTS**  
**December 11, 2017 Combined November/December Regular Board Meeting**

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
42	6/26/17	Board: Contact fire agencies to develop a Fire Management Plan outline.	Jack Bebee: Contact North County Fire Protection District and Cal Fire, and reported to Board in August. Fire agencies requested meeting after fire season.	
44	7/18/17	FP&I Committee: Improving year end closing and audit process.	Brian J. Brady/Jack Bebee: <u>August</u> 1. Capital projects process and potential improvements. 2. Provide update on unbilled receivables with input from auditor and other Districts, if needed. 3. Provide update on timing of invoices based on feedback from auditor. 4. Determine timing of GASB 68 report from PERS and from auditor.  <u>September</u> 1. Meeting with Auditor and FP&I Committee 2. Provide updates from September tasks above. 3. Have audit draft for review  <u>October</u> 1. Provide final update on improvements to expedite closing CIP at year end. 2. Provide final update on improvements to expedite reconciliation of sick/vacation and comp time balances. 3. Have audit ready for Board approval.	11/15/17
46	10/8/17	Complete process to secure easement off North Stagecoach.	Jack Bebee: In process per Board of Directors to be reported out when resolved.	
47	10/4/17	Request adding language to prohibit operating drones on SMR property.	Jack Bebee: Added to October Board meeting agenda.	
48	10/11/17	FP&I Committee: 1. Audit 2. Staff Laptops 3. Pension Liability 4. District Credit Card Policy	Jack Bebee: 1. Review by FP&I Committee 11/13/17 and to full Board 11/15/17. 2. Staff will utilize existing loaner laptops. 3. Staff to review, evaluate potential increase in liability, and determine if budget adjustment is needed. 4. Staff to review, develop policies, review with FP&I Committee, and return to Board in January.	



**LOG OF BOARD REQUESTS**  
**December 11, 2017 Combined November/December Regular Board Meeting**

Item No.	Date Requested	Requestor and Request	Action by Staff/Schedule	Date Completed
49	11/13/17	5. Bill Format Revisions 6. Budget Status Report  <u>FP&amp;I Committee:</u>	5. Remove "Sewer Flow," move "Charges Levied by Others", and include sewer formula/methodology in Message Center. 6. Mid-year status report in January with review of final format.  <u>Jack Bebee:</u> 1. Provide information on building remodel. 2. Provide flow chart for deposit/handling cash. 3. Update Administrative Code to designate capital improvement charge is dedicated to capital.	

*Note: Number sequencing is not in order as those tasks completed are removed from this list. New tasks are assigned a new number.*