



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

AGENDA

**MONDAY, DECEMBER 5, 2022
4:00 P.M.**

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

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

Join Zoom Meeting

<https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVaUFNkQnA2bHA4Zz09>

MEETING ID: 820 0317 2211

AUDIO PASSCODE: 363170

Dial by your location

+1 346 248 7799 US (Houston); +1 720 707 2699 US (Denver); +1 253 215 8782 US (Tacoma);
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Find your local number: <https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVaUFNkQnA2bHA4Zz09>

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

SUBMIT COMMENTS BEFORE THE MEETING:

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

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

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

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

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

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

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

Recommendation:

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

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

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

- B. SEATING OF DIRECTORS
1. Ken Endter, Division No. 2
 2. Charley Wolk, Division No. 5
- C. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS
1. President
 2. Vice-President
- D. APPOINTMENTS TO BOARD STANDING COMMITTEES
1. Fiscal Policy & Insurance
 2. Personnel
 3. Engineering & Operations

- E. YEARS OF SERVICE
 - 1. Devin Casteel – 25 years
 - 2. Noelle Denke – 20 years
- F. NEW EMPLOYEE ANNOUNCEMENTS
 - 1. Perla Cortez, Customer Service Representative I
 - 2. Justin Cameron, Utility Worker II
- G. NEW CERTIFICATIONS
 - 1. Steve Wuerth – D4
- H. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2022
 - 1. Isabel Casteran

II. CONSENT CALENDAR------(ITEMS I–J)

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.

- I. CONSIDER APPROVAL OF MINUTES
 - 1. October 24, 2022 Regular Board Meeting
 - 2. November 16, 2022 Special Board Meeting / Public Hearing

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

- J. CONSIDER 2023 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: *The Board establish the 2023 Board of Directors' regular meeting schedule, to include combining the November and December regular Board meetings to Monday, December 4, 2023, at 4 p.m.*

III. INFORMATION------(ITEM K)

- K. RECOGNITION OF DISTRICT RECEIVING DISTRICT OF DISTINCTION ACCREDITATION

Presented by: *Jack Bebee, General Manager*

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

- L. RECOGNITION OF LT. HERNANDEZ AND OTHERS AT THE SHERIFF'S DEPARTMENT

Recommendation: That the Board adopt Resolution No. 5037 in recognition of the San Diego County Sheriff's Department.

M. CONSIDER INITIAL APPOINTMENT OF THE COMMUNITY BENEFIT PROGRAM COMMITTEE

Recommendation: That the Board approve the recommended members of the Community Benefit Committee

N. CONSIDER APPROVING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FY ENDING JUNE 30, 2022

Recommendation: The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2022.

O. CONSIDER UPDATE OF DISTRICT'S ENGINEERING SERVICE AND RELATED FEES

Recommendation: That the Board adopt Resolution No. 5038, adopting miscellaneous fees and charges and revising the District's Administrative Code and taking other actions related thereto.

P. CONSIDER AWARD OF DAILY-ROSS PIPELINE REPLACEMENT PROJECT

Recommendation: That the Board award the Daily-Ross Pipeline Replacement Project to the lowest responsible bidder, PK Mechanical, for \$170,000.

Q. CONSIDER AWARD OF HAWTHORNE LIFT STATION REPLACEMENT AND SEWER MAIN INSTALL PROJECT

Recommendation: That the Board award the Hawthorne Lift Station Replacement & Sewer Main Install Project to the lowest responsible bidder, Palm Engineering, Inc., for \$219,000.

R. CONSIDER DISTRICT FLEET AND HEAVY EQUIPMENT REPLACEMENT PROGRAM

Recommendation: Staff recommends that the Board of Directors approve this updated fleet plan and authorize staff to pursue the Power Your Drive for Fleets grant and budget accordingly in the next fiscal year.

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

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

ADJOURN TO CLOSED SESSION

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

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

One (1) Potential Case

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VII. ADJOURNMENT OF MEETING

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DECLARATION OF POSTING

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

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

November 30, 2022
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors
FROM: Paula de Sousa, General Counsel
DATE: December 5, 2022
SUBJECT: Findings to Continue Holding Remote/Teleconference Committee Meetings Pursuant to Assembly Bill 361

Purpose

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

Summary

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

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

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

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

Recommended Actions

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

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

M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 5, 2022
SUBJECT: Seating of Directors

Cynthia Paes, Registrar of Voters for the County of San Diego, will certify the official canvass of returns from the November 8, 2022 General Election. Once certified, the Registrar's Office will send the District the certification via email and by mail. The Registrar of Voters has represented the certification will be released Thursday, December 8, 2022.

The incumbents for Division 2, Ken Endter and Division 5, Charley Wolk, ran unopposed; and due to the lack of opposition, the election did not appear on the ballot.

Directors Endter and Wolk will take their Oaths of Office after the certification is released, which is after the December 5, 2022 Board Meeting. Their terms will begin on Friday, December 9, 2022 (pending receipt of the official certification by the Registrar of Voters).

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 5, 2022
SUBJECT: Election of Officers to the Board of Directors

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

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

Year	President	Vice President
2022	Dave Baxter	Charley Wolk
2021	Jennifer DeMeo	Dave Baxter
2020	Ken Endter	Jennifer DeMeo
2019	Don McDougal	Jennifer DeMeo
2018	Al Gebhart	Don McDougal

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

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 5, 2022
SUBJECT: Appointments to Board Standing Committees

Purpose

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

Summary

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

As of December 1, 2022, the appointments to the Board standing committees were as follows:

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

Recommended Action

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

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M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 5, 2022
SUBJECT: November 2022 Employee of the Quarter

Out of four nominations, Isabel Casteran was chosen as the November 2022 Employee of the Quarter for the following reasons:

“Isabel became the District's Safety & Risk Officer in August 2021. In that short time, she has worked very hard to help employees by identifying much-needed safety improvements, from updates to employees' safety gear to revisions to various safety-related policies and procedures. While Isabel puts in the necessary time in the office, she also makes it a point to engage with the employees directly to get their input and feedback on improving the District's safety operations. At the District's 100th anniversary event, Isabel took it upon herself to direct employees who had completed a task or had run out of set-up things to do before the event started. She also took similar initiative at several recent after-hours incidents. She is definitely a team player and doesn't hesitate to lend a hand wherever/whenever needed, whether out in the field or in the office. She has a commitment to keeping staff safe, a positive attitude, and a willingness to help out.”

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

|

M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 5, 2022
SUBJECT: Approval of Minutes

Recommended Action

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

1. October 24, 2022 Regular Meeting
2. November 16, 2022 Special Meeting and Public Hearing

October 24, 2022 Regular Board Meeting



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

MINUTES

**MONDAY, OCTOBER 24, 2022
4:00 P.M.**

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Baxter called the October Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. President Baxter deferred to General Counsel de Sousa to make the following statements on the record regarding the proceedings for this meeting:

General Counsel de Sousa announced, for the record that, this meeting was being conducted by web and teleconference pursuant to Government Code Section 54953(e)(1)(A), which waives certain teleconferencing requirements in certain circumstances, including the current state of emergency declared by Governor Newsom, in order to promote social distancing during the evolving COVID-19 pandemic.

General Counsel de Sousa also announced the agenda provided notice that members of the public may participate in this meeting by attending in person, and that members of the public who did not wish to attend in person were encouraged to participate in the Board meeting electronically using the call-in and weblink information included on the agenda. Additionally, the agenda provided notice to members of the public on how they may submit comments in advance of the meeting to be read at the appropriate portion of the meeting (up to a limit of 3 minutes per comment). There were no written public comments submitted in advance of the meeting, for general public comment or for any agenda items submitted prior to the submission deadline.

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

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Dave Shank, Assistant General Manager/CFO
Paula de Sousa, General Counsel
Jodi Brown, Management Analyst
Devin Casteel, System Operations Supervisor
Aaron Cook, Engineering Manager
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Joe Di Carlo, Instrumentation, Electrical and Controls Technician I
Jesse Perez, Chief Plant Operator
Carl Quiram, Operations Manager
Jeff Wolfe, Crew Leader
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Jacqueline Howells, Jennifer Pierre, and Craig Balben

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

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

Recommendation:

1. *That the FPU D Board of Directors make the following findings by majority vote:*
 - a. *The Governor-declared COVID-19 State of Emergency remains in effect and the Board of Directors has reconsidered the circumstances of the COVID-19 State of Emergency; and*
 - b. *State or local officials continue to impose or recommend measures to promote social distancing.*

2. *That the FPUD Board of Directors determine that, for the next thirty (30) days, the meetings of the Board and committees shall be held pursuant to the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.*

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

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

PLEDGE OF ALLEGIANCE

President Baxter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

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

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

PUBLIC COMMENT

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

There were no public comments for non-agenda items.

B. DELTA CONVEYANCE PROJECT UPDATE PRESENTATION

Presented by: Jennifer Pierre, General Manager, State Water Contractors

There were no public comments for agenda item B.

Jennifer Pierre, General Manager of State Water Contractors, presented a slideshow on the State Water Delta Conveyance Project.

General Manager Bebee stated the Colorado River is oversubscribed. The State Water project was a little different in that hydrology was changing. He reiterated without the Bay Delta, California's water supply would be in bad shape.

Director McDougal asked if the Sites Reservoir was part of this project. Ms. Pierre responded this was a separate storage project, however, having this combined with a conveyance facility to help move water would make both projects more valuable. The Sites Reservoir was not part of the State Water Project. Ms. Pierre emphasized how far off our current infrastructure was from the hydrology that was anticipated.

President Baxter asked when this project was posed to start. Ms. Pierre reported the final EIR was scheduled for next year, with construction hopefully starting in 2025. She noted there was a 15 year construction period.

C. NEW EMPLOYEE ANNOUNCEMENT

1. Joe Di Carlo, Instrumentation, Electrical and Controls Technician I
2. Jesse Perez, Chief Plant Operator

There were no public comments for agenda item C.

The Board welcomed Joe Di Carlo as the new Instrumentation, Electrical and Control Technician I and Jesse Perez as the new Chief Plant Operator.

D. NEW CERTIFICATIONS

1. Jeff Wolfe, CSM3

There were no public comments for agenda item D.

The Board recognized Jeff Wolfe for receiving his CSM3 certification.

II. **CONSENT CALENDAR**-----**(ITEMS E-H)**
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.

E. CONSIDER APPROVAL OF MINUTES

1. September 21, 2022 Special Meeting
2. September 26, 2022 Regular Meeting

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

- F. CONSIDER AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR PERIMETER FENCE REPLACEMENT AT FPUD WASTEWATER TREATMENT AND RO PLANT

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

- G. CONSIDER AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR WINTER HAVEN PIPELINE PROJECT

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

- H. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: *That the Board authorize and approve, in advance, Directors' attendance to the three on-demand webinars listed above, hosted by the California Special Districts Association, so the District can achieve the District of Distinction Award.*

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

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

III. INFORMATION----- (ITEM I)

- I. RATE STUDY UPDATE

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

AGM/CFO Shank provided an update on the Proposition 218 process, the rate study and the upcoming Public Hearing scheduled for November 16, 2022.

General Manager Bebee added that Public Affairs Specialist Denke also published in the Village News, an explanation of what was currently happening – to supplement the Proposition 218 notice. Director McDougal stated the

communication has been great. AGM/CFO Shank announced Customer Service has done a great job fielding questions.

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS J-K)

J. CONSIDER REQUEST FOR APPROVAL TO PURCHASE NEW COLLECTIONS CAMERA EQUIPMENT & SOFTWARE

Recommendation: That the Board approve the purchase of new CCTV camera hardware and software from Haaker Equipment Company in the amount of \$189,099.27.

There were no public comments on agenda item J.

General Manager Bebee noted this item went through the Engineering & Operations Committee. This was equipment that would help optimize our cleaning. He added this purchase was included in the capital budget, as this was an anticipated purchase.

President Baxter asked if there were supply chain issues. Crew Leader Wolfe added the company had actually been saving this equipment for us, and it would be ready for installation within a couple of weeks.

MOTION: Director McDougal moved to approve the purchase of new CCTV camera hardware and software from Haaker Equipment Company in the amount of \$189,099.27; Director DeMeo seconded. Motion carried; **VOTE:**

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

K. CONSIDER REQUEST FOR APPROVAL FOR WEED ABATEMENT CONTRACT FOR DISTRICT PROPERTIES

Recommendation: That the Board approve a 3-year contract with Specialty Mowing Services (SMS) for weed abatement at six critical District sites in the total amount of \$239,610.

There were no public comments on agenda item K.

General Manager Bebee announced this item also went through the Engineering & Operations Committee.

Director McDougal noted the Engineering & Operations Committee discussed why this was going out to contract, as well as noted there was only one bid received.

Vice President Wolk asked why there was initial cleanup for two years. General Manager Bebee responded that certain sites were able to be done next year, while others were more urgent in needing initial cleanup. Vice President Wolk also asked the mechanism for executing the contract. Operations Manager Quiram reported SMS would be responsible for maintaining the sites as well after the initial cleanup. They would ensure the maintenance was up to standard.

President Baxter asked if it would be advantageous to adjust the budget to move some of the initial cleanup that was shifted out to 2024 to be done now. General Manager Bebee explained we felt comfortable waiting on some of the cleanup until 2024, otherwise the request for additional funds would be brought forward.

MOTION: Director McDougal moved to approve a 3-year contract with Specialty Mowing Services (SMS) for weed abatement at six critical District sites in the total amount of \$239,610; Director Endter seconded. Motion carried; VOTE:

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

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

There were no public comments on oral/written reports.

1. General Counsel
 - General Counsel de Sousa provided an update on AB 2449 and SB 717.
2. SDCWA Representative Report
 - General Manager Bebee reported the SDCWA Board Meeting was Thursday, and the main item of interest was the change in the ag rate methodology, so we would not be forced to allocate Santa Margarita water to our ag customers. He also reported on fixed cost obligations as it related to SDCWA.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee announced the Community Benefit Program Committee application was open.
 - b. Federal Update
 - General Manager Bebee announced he was in Washington DC last month and met with some Congressional office staff with Jacqueline

- Howells. He also reported he was looking regionally to get some momentum on water supply projects that were interconnected with neighboring districts.
- Jacqueline Howells also provided an update on federal funding and the various meetings that took place while in Washington DC.
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - AGM/CFO Shank provided an overview of the written reports included in the packet. He also pointed out the newly-added CIP status chart.
 5. Public Affairs Specialist
 - Public Affairs Specialist Denke reviewed the work she had done related to outreach on the Community Benefit Program, including how it was included on our website. She announced this coming weekend was the plant giveaway pickup. She also reported on the various community events FPUD had attended.
 - Director Endter asked how the outreach to the Spanish-speaking community for the Community Benefit Program was coming along. Public Affairs Specialist Denke reported there was social media outreach with Spanish postings that had been asked to be shared within the Spanish-speaking community.
 6. Notice of Approval of Per Diem for Meetings Attended
 - Notification of approval for Directors' attendance to webinars through CSDA (Navigating Prop 218 Rates and Fees, Addressing Cybersecurity Risks, and Who Does What? Best Practices in Board/Staff Relations).
 - President Baxter reported on the comprehensiveness on the above listed webinars.
 7. Director Comments/Reports on Meetings Attended
 8. Miscellaneous

ADJOURN TO CLOSED SESSION

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

There were no public comments on Closed Session items.

The Board of Directors adjourned to Closed Session at 5:45 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.1-2

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

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

One (1) Potential Case

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

One (1) Potential Case

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION

There was no reportable action taken during Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the October Regular Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 6:14 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

November 16, 2022 Special Board Meeting /
Public Hearing



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

MINUTES

**WEDNESDAY, NOVEMBER 16, 2022
9:00 A.M.**

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Baxter called the November 16, 2022 Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 9:00 a.m.

Special Counsel Kharuf announced that this meeting was being conducted by web and teleconference pursuant to Government Code Section 54953(e)(1)(A), which waives certain Brown Act teleconferencing requirements in certain circumstances, including the current state of emergency declared by Governor Newsom, in order to promote social distancing during the evolving COVID-19 pandemic and allows some or all of the members of the Board of Directors to attend this meeting telephonically or via video conference. He announced, to this end, the first item on the agenda pertains to Board action to make the required findings pursuant to Government Code Section 54953(e). This item would occur prior to the Pledge of Allegiance.

Special Counsel Kharuf also announced the agenda provided notice to members of the public on how they may participate in this meeting – either by attending in person, or by using the call-in and weblink information included on the agenda. In addition, the agenda provided notice to members of the public on how they may submit comments in advance of the meeting to be read at the appropriate portion of the meeting up to a limit of three minutes per comment. Mr. Kharuf announced there were zero written public comments submitted in advance of the meeting, for general public comment or for any agenda items submitted prior to the submission deadline. Additionally, if any Director was participating from a remote location, all votes would be done by roll call. Additionally, if the findings were not made for agenda item A, any Director participating remotely would not be permitted to participate in this meeting.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Jennifer DeMeo, Member

General Counsel/District Staff

Present: Jack Bebee, General Manager
Dave Shank, Assistant General Manager/CFO
Lutfi Kharuf, Special Counsel
Jodi Brown, Management Analyst
Isabel Casteran, Safety & Risk Officer
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Veronica Tamzil, Accounting Manager
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Erik Helgeson, Alex Handlers, Kirk Dulin, Frank Frazer, Pam Eskue, Jennifer Jeffries, Kathleen Snow, Dan Cox, Eugene McComb, and others.

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

Recommendation:

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

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

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

ABSENT: Director DeMeo

PLEDGE OF ALLEGIANCE

President Baxter led the Pledge of Allegiance.

APPROVAL OF AGENDA

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

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

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.

Kathleen Snow stepped to the podium to ask who the CEO of Fallbrook Public Utility District was and if the District's Articles of Incorporation were available for viewing. General Manager Bebee responded that he was the General Manager appointed by the Board and explained FPUD's Administrative Code was available online and identified how the District was governed. He went on to explain FPUD was a Special District organized by the State and that the Public Utilities Act outlined how FPUD was required to operate. Additionally, FPUD did not report to the County of San Diego. Ms. Snow announced that FPUD was a private, for-profit corporation. General Manager Bebee announced that was incorrect, as FPUD is a public agency, and there is no money that comes in that goes to profit. General Manager Bebee offered Ms. Snow a one-on-one meeting to discuss her questions further.

Eugene McComb stepped to the podium to ask if water was more expensive due to the scarcity. President Baxter invited Dee to check out the FPUD website to learn about upcoming meetings hosted by various agencies related to the issues he brought up. Mr. McComb also inquired about a past due balance he inherited from a previous property owner. General Manager Bebee invited him to set up a one-on-one meeting to discuss his questions further.

II. PUBLIC HEARING -----(ITEM B)

B. 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.

President Baxter welcome everyone to the Fallbrook Public Utility District Public Hearing on proposed increases to the water, wastewater, and recycled water rates. He asked Special Counsel Kharuf to explain the requirements of Proposition 218, governing this Public Hearing and the proposed adoption of the water, wastewater, and recycled water rates.

Special Counsel Kharuf announced this Public Hearing was set in compliance with Proposition 218. The District mailed a notice of this Public Hearing to the record owners of property subject to the imposition of the proposed water, wastewater, and recycled water rates and to tenants directly liable for the payment of such rates – i.e., customers of record who were not property owners. The date and time of this public hearing is not less than 45 days after the District mailed the water, wastewater, and recycled water rates public hearing notices.

He went on to explain the purpose of the Public Hearing was for the Board of Directors to hear all oral testimony and consider all written protests concerning the proposed water, wastewater, and recycled water rate increases. It was also held to determine whether there was a majority protest to the proposed rates and whether to proceed with the adoption of the proposed rates. Additionally, property owners and tenants were not required to provide oral testimony at today's hearing. He reported they may simply submit a written protest directly to the Board Secretary indicating their opposition to the proposed water, wastewater, and recycled water rate increases. However, if they wished their protest to be counted, they must submit a written protest prior to the close of the Public Hearing. Written protests may be submitted during the hearing by delivering the written protest to the Board Secretary prior to the close of the public comment portion of the Public Hearing. All valid protests submitted to the District by mail and received by the District since the Notice of Public Hearing was sent out will also be counted. The Public Hearing would be closed after the Board of Directors has heard and considered all oral testimony on these items. Special Counsel Kharuf announced oral comments would not qualify as written protests and that in order to be counted, the protest must be in writing, state whether it is in opposition to the water and recycled water rate increase or wastewater rate increase, must include the location of the identified parcel (by address or assessor's parcel number), and include the name and signature of the person submitting the written protest. Any protest submitted by email or other electronic means would not be accepted as a formal written protest. He explained if written protests against any of the proposed water/recycled water rate or wastewater rate increases are presented by a majority of the owners of the identified parcels upon which the charges were to be imposed or tenants directly liable for the payment of the charges, the Board of Directors

may not impose the respective rate increases. If there was no majority protest for any of the proposed rates, the Board of Directors may impose the rate increases.

Pursuant to State law governing Proposition 218, in determining whether a majority protest exists, only one written protest per parcel may be counted.

President Baxter announced the Public Hearing would be conducted in the following manner. First, District Staff would provide a presentation explaining the proposed rate increases. After the presentation, the Board of Directors would open the Public Hearing for any person wishing to speak on this item. After all oral testimony has been heard, the Board of Directors would close the Public Hearing and, if needed, have a short recess to determine if a majority protest to either of the proposed rate increases had been received. Only those written protests submitted prior to the close of the Public Hearing would be counted. He announced that if any members of the public wished to speak on this item, they would be given a maximum of 3 minutes, so the Board asked that they keep their comments brief and to the point so that the Board could allow everyone a chance to speak. The Board Secretary would be keeping time for each speaker, and speakers would be notified when they had reached their maximum allowed time. To facilitate the discussion, any questions from the speakers would not be answered during the Public Hearing.

AGM/CFO Shank presented a slideshow outlining the proposed increases rates for water and recycled water service charges and rates for wastewater service charges.

President Baxter opened the public hearing at 9:48 a.m.

Jennifer Jeffries stepped to the podium to thank the District for their continued diligence for efforts on detaching from the San Diego County Water Authority. She went on to report her personal experience in dealing with the District and thanked the District for their due diligence used in determining the future rates. She expressed her support of the rate increases.

Frank Frazer spoke via Zoom to inquire if these rate increases were due to catching up on infrastructure that was not maintained previously. General Manager Bebee responded later in the meeting that the rate increase was in part driven by the cost of infrastructure, as well as an increase in the cost of water. He explained infrastructure was the biggest challenge in Fallbrook, noting the early infrastructure was focused on farming.

Dan Cox spoke via Zoom regarding his three inch meter charge increases compared to smaller sized meters. General Manager Bebee responded later in the meeting that the fixed fee is assigning a certain capacity to the size of the meter. He also explained the larger the meter, the more expensive it would be, reporting the District will exchange a meter for a smaller one at no cost. The speaker also inquired about a rate decrease in fixed meter charges due to the Conjunctive Use

Project. General Manager Bebee responded the Districts with the lowest water rates have their own water supply. Fortunately for Fallbrook, we have built the groundwater treatment plant and have an agreement with Camp Pendleton to send us a certain amount of water at a minimum. If there were a few years of above average water, we would be receiving less water from the SDCWA.

Hearing no additional public comments, President Baxter closed the public hearing at 9:58 a.m.

President Baxter asked Board Secretary Eckert to provide the Board with the tabulation results for all valid written protests submitted prior to the close of the Public Hearing.

Board Secretary Eckert announced that prior to the close of the Public Hearing, a total of 30 written protest letters regarding the water and recycled water rates were received. For the proposed water and recycled water rates, a majority of the owners of the identified parcels or tenants directly liable for such charges, for example, the number required to constitute a majority protest, would equal 4,660. Therefore, a majority protest did not exist for the proposed water and recycled water rates.

Board Secretary Eckert also announced that prior to the close of the Public hearing, a total of 30 written protest letters regarding the wastewater rates were received. For the proposed wastewater rates, a majority of the owners of the identified parcels or tenants directly liable for such charges, for example, the number required to constitute a majority protest, would equal 2,516. Therefore, a majority protest did not exist for the proposed wastewater rates.

President Baxter confirmed that, based on the number of valid written protests submitted prior to the close of the Public Hearing, a majority protest did not exist for the adoption of the proposed water rates, proposed wastewater rates, or proposed recycled water rates. Therefore, the Board of Directors could now proceed to consider the proposed resolution to adopt the increases to the District's water rates, wastewater rates, and recycled water rates. He reminded participants that the time for public comment had ended, and the Board of Directors would not engage directly with any individual customer or member of the public.

President Baxter asked if any members of the Board wished to speak or needed clarification with respect to the proposed water, wastewater, and recycled water rate increases.

Director McDougal clarified that when Fallbrook was originally founded, a lot of the pipeline that was installed were used pipelines from a military base. Now those pipelines are failing, and therefore we need to stay on top of that infrastructure. The money is being spent to keep the water supply running.

President Baxter thanked the members of the public who showed up and participated in the meeting. He explained the District was looking at ways to conserve and save water where they could. He touched on detachment with the San Diego County Water Authority, noting it was currently in LAFCO's hands, but will eventually come to a vote from the FPUD and RMWD ratepayers.

Director McDougal briefly addressed the issue of new property owners inheriting past due bills and reported that the District was currently working through this issue.

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

C. CONSIDER ADOPTING RESOLUTION NO. 5036 SETTING THE MAXIMUM APPROVED RATES AND CHARGES FOR CY 2023 – CY 2027 FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES AND APPROVING THE CY 2023 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. 5036 setting the maximum rates and charges and adopting calendar year 2023 rates and charges for water, recycled water and wastewater services.

MOTION: Director McDougal moved to adopt Resolution No. 5036 setting the maximum rates and charges and adopting calendar year 2023 rates and charges for water, recycled water and wastewater services; Director Wolk seconded. Motion carried; VOTE:

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

IV. ADJOURNMENT OF MEETING

There being no further business to discuss, President Baxter adjourned the November 16, 2022 special meeting of the Board of Directors of the Fallbrook Public Utility District at 10:23 a.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 5, 2022
SUBJECT: Proposed 2023 Board of Directors Regular Meeting Schedule

Purpose

To establish the 2023 Board meeting dates.

Summary

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

Additionally, it has been the Board’s practice to combine the November and December regular Board meetings into one meeting to accommodate the fall/winter holiday schedule. The proposed 2023 schedule combines the November and December regular meetings to Monday, December 4, 2023, at 4 p.m., as follows:

Month	Day	Month	Day	Month	Day	Month	Day
January	23	April	24	July	24	October	23
February	27	May	22	August	28	November	<i>Combined with December</i>
March	27	June	26	September	25	December	4

Recommendation

The Board establish the 2023 Board of Directors’ regular meeting schedule, to include combining the November and December regular Board meetings to Monday, December 4, 2023, at 4 p.m.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 5, 2022
SUBJECT: Recognition of District Receiving District of Distinction Accreditation

Purpose

To recognize the District and the Board of Directors for receiving the gold level accreditation of the Special District Leadership Foundation's District of Distinction Award.

Summary

The Special District Leadership Foundation (SDLF) is an organization supported by the California Special District Association (CSDA) and the Special District Risk Management Authority (SDRMA) formed to provide recognition and certification opportunities to promote good governance and best practices. The SDLF offers several recognition programs for special districts and their officials and employees.

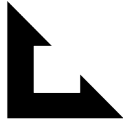
The District of Distinction is an accreditation program that enables districts to demonstrate their commitment to operate in a sound and responsible manner. The application process for designation as a District of Distinction includes submitting financial audits, policies and procedures, and proof of training received by Directors and executive staff.

There are four levels of the District of Distinction accreditation. The District is a current recipient of the gold level of accreditation, which requires that the District has received its Transparency Certificate and that the full Board complete their Certificate in Special District Governance. In order to receive their certification in Special District Governance, Directors were required to complete the Special District Leadership Academy through CSDA, as well as an additional 10 hours of continuing education. All five Directors earned their Certificate in Special District Governance in November 2022. The District received its Transparency Certificate in 2020. The District of Distinction accreditation is set for three years.

Currently only six agencies have received the gold level of accreditation, including FPUD.

Recommended Action

This item is for information only. No action is required.



November 29, 2022

Fallbrook Public Utility District
990 E Mission Rd
Fallbrook, CA 92028-2232

RE: District of Distinction

Congratulations! Fallbrook Public Utility District has successfully completed the District of Distinction accreditation through the Special District Leadership Foundation (SDLF).

On behalf of the SDLF Board of Directors, I would like to congratulate your district on achieving this important accreditation. By completing this program, Fallbrook Public Utility District has proven its dedication to being fully transparent as well as open and accessible to the public and other stakeholders.

Congratulations and thank you for your dedication to excellence in local government.

Most sincerely,

Sandy Seifert Raffelson
SDLF Board President

Special District Leadership Foundation

The Special District Leadership Foundation (SDLF) was formed to provide certification, accreditation and recognition programs to special district elected officials and staff.



All SDLF programs are dedicated to promoting excellence in special district governance and operations throughout California.

District of Distinction

GOLD

November 2022 – December 2025

The Special District Leadership Foundation is proud to present this
District of Distinction certificate to

Fallbrook Public Utility District

In recognition of the district's commitment to good governance and to ethical and
sound operating practices, the Special District Leadership Foundation presents this
District of Distinction award.



Sandy Seifert Raffelson, SDLF Board President



Neil McCormick, SDLF Chief Executive Officer

M E M O

TO: Board of Directors
FROM: Noelle Denke, Public Affairs
DATE: December 5, 2022
SUBJECT: Recognition of Lt. Hernandez and others at the Sheriff's Department

Purpose

Commendation of the San Diego Sheriff's Department for stopping costly vandalism and theft of FPUD backflow devices.

Summary

This is to recognize the work of Lieutenant Aldo Hernandez of the San Diego Sheriff's Department and his deputies, especially Deputy Dwayne Prickett, Investigator Diana Lopez-Leon and Detective Ben Garman.

Here is some background information: a rash of backflow devices were being cut and stolen for several weeks, in the middle of the night, all over town. Each theft resulted in a water leak, which meant crews had to report to work in the middle of the night to stop the leak and then make repairs. This resulted in many hours of overtime. In addition, the devices then had to be replaced, and they are expensive, wasting District ratepayers' money.

Lieutenant Hernandez and his deputies and investigative staff were extremely proactive in working with FPUD staff to find the suspect and stop the thefts. They requested a sample of a backflow device in order to familiarize deputies with what they look like. They also requested a District map indicating where the thefts occurred. They kept in touch with FPUD staff often, giving updates and requesting more information.

When an FPUD employee discovered the suspect soaking-wet at a gas station in the middle of the night, likely due to cutting the device and the resulting rush of water from the leak, the employee immediately reported this to the Sheriff's Department. The department then went to great lengths to locate the suspect, interview him and find metal parts at his home. Further, they contacted metal recycling yards and confirmed the suspect had brought the metal devices to at least one yard on several occasions.

Without their quick and proactive response, the leaks and thefts would still be taking place at a great expense to District ratepayers. We are exceedingly grateful for their diligence, commitment and thoroughness.

Recommended Action

That the Board adopt Resolution No. 5037 in recognition of the San Diego County Sheriff's Department.

RESOLUTION NO. 5037

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
IN RECOGNITION OF THE SAN DIEGO COUNTY SHERIFF'S DEPARTMENT**

* * * * *

WHEREAS, the Fallbrook Public Utility District had a rash of backflow devices being cut and stolen for several weeks; and

WHEREAS, each theft resulted in a water leak, requiring crews reporting to work in the middle of the night to stop the leaks and make repairs, resulting in many hours of overtime and additional costs for replacement devices; and

WHEREAS, Lieutenant Hernandez, his deputies, and investigative staff with the San Diego County Sheriff's Department worked with Fallbrook Public Utility District staff to familiarize deputies with backflow devices; and

WHEREAS, the San Diego County Sheriff's Department went to great lengths locating and identifying the suspect; and

WHEREAS, without the Sheriff's Department's quick and proactive response, the leaks and thefts would still be taking place at the expense of District ratepayers.

NOW, THEREFORE, BE IT RESOLVED THAT that the Board of Directors hereby acknowledges and expresses its appreciation to Lieutenant Hernandez and the San Diego County Sheriff's Department for their diligence, commitment, and thoroughness in stopping further backflow thefts.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 5th day of December, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Community Benefit Ad-hoc Committee
DATE: December 5, 2022
SUBJECT: Consider Initial Appointment of the Community Benefit Program Committee

Purpose

For the Board to appoint the seven committee members to administer the recently formed Community Benefit Program.

Summary

The Board formed a Community Benefit Ad-hoc committee to select the initial committee members. A number of highly qualified individuals applied. The selection was based on ensuring that the committee would operate independently of the organizations that would likely be seeking funding and would represent a wide range of interests across the District.

The ad-hoc committee recommends the following individuals:

Jerry Kalman
Lila McDonald
Leticia Maldonado Stamos
Anna Marchand
James Mendelson
Rosie Redmond
Elana Sterling

The Community Benefit Program Committee will be responsible for further developing the program and identifying projects for funding in accordance with the guidelines adopted by the Board in the Administrative Code with support from staff. The Board will be responsible for approving the projects recommended by the committee for funding.

Recommended Action

That the Board approve the recommended members of the Community Benefit Committee

M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance Committee
DATE: December 5, 2022
SUBJECT: Approve Annual Comprehensive Financial Report (ACFR) for FY Ending June 30, 2022

Purpose

Approve the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year ending June 30, 2022, Attachment A.

Summary

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


On November 1st and November 16th, the Fiscal Policy and Insurance Committee (the Committee) met and reviewed the Draft ACFR. At these meetings, staff and David Foreman, the engagement Partner from Clifton Larson Allen LLP (CLA), were present to review the financial statements and other draft sections of ACFR. The Committee's comments and suggestions are included in the ACFR.

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

Recommended Action

The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2022.

Attachment A



**Fallbrook Public
Utility District**



A Special District in the State of California



Celebrating 100 years of serving the Fallbrook Community

**Annual Comprehensive Financial Report
For the Fiscal Year Ending June 30, 2022**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year ending June 30, 2022

Current Board of Directors:

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

Prepared by District Management:

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

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

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



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Front Cover: The Santa Margarita Groundwater Treatment Plant began operations this fiscal year.

INTRODUCTORY SECTION



November 28, 2022

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

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

Board of Directors

Dave Baxter
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougal
Division 4

Charley Wolk
Division 5

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Lauren Eckert
*Executive Assistant/
Board Secretary*

General Counsel

Paula de Sousa
Best Best & Krieger

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Fallbrook Public Utility District (District) for the fiscal year ended June 30, 2022. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable and transparent financial information about the District.

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

CliftonLarsonAllen, LLP, Certified Public Accountants, have issued an unmodified opinion on the Fallbrook Public Utility District’s financial statements for the year ended June 30, 2022. The independent auditors’ report is located at the front of the financial section of this report.

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

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



District Profile

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

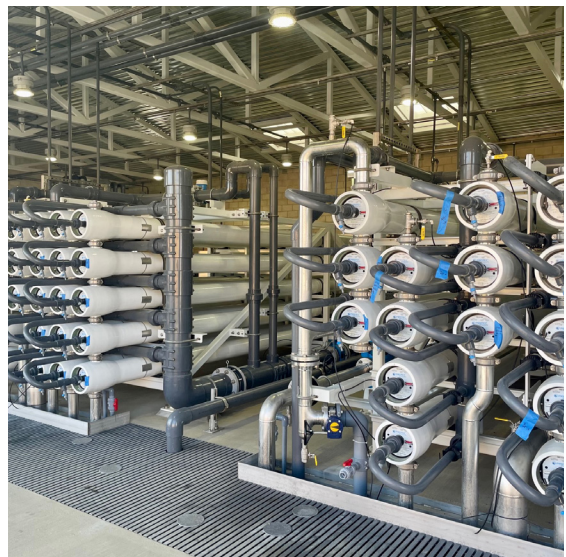
Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square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

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

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

Water System

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



Reverse Osmosis Bank

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



The District’s five-year average annual water sales is 7,977 acre-feet. Residential and commercial customers represent 68% of sales, and agricultural customers make up the remaining 32%. The District’s historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is being driven by the economics of agriculture production and the fact that high wholesale water costs make only limited crops profitable. The District’s agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 2,086 in Fiscal Year 2022 or down 70%.

Wastewater System

The District’s wastewater system is comprised of 79 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 12-mile ocean outfall line. The District’s wastewater system has 5,032 customers with an annual influent flow of 552 million gallons of wastewater. The District hauls approximately 300 dry tons of biosolids each year to various facilities for composting and land application.



Recycled Water System

The District’s recycled water system includes 10.5 miles of buried pipe. Currently the District has 29 recycled water connections, and delivers an average of 0.5 million gallons per day. The District provides recycled water for plant nurseries, sports fields, home owners’ associations, Fallbrook High School, and street medians. In 2022, the District is in the planning phase for a northern extension of the recycled water distribution system that will extend the existing system by nearly three miles, and enable dozens of sites to be switched from potable water to reclaimed water for their irrigation demands. Funding for this expansion is available and being pursued through State and Federal resources. In addition, the District will coordinate outreach to assist irrigators with planning, permitting, purchasing new equipment and receiving grant funds. Assisting growers through the entire process will help bring new recycled customers online.

The District is exploring other projects to maximize the local beneficial use of recycled water, including the development of a joint Indirect Potable Reuse (IPR) Project with Camp Pendleton Marine Corps Base (CPEN) and the feasibility of building the infrastructure necessary for Direct Potable Reuse (DPR).



Governance and Organizational Structure

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

Elected District Officials (As of 06/30/2022):

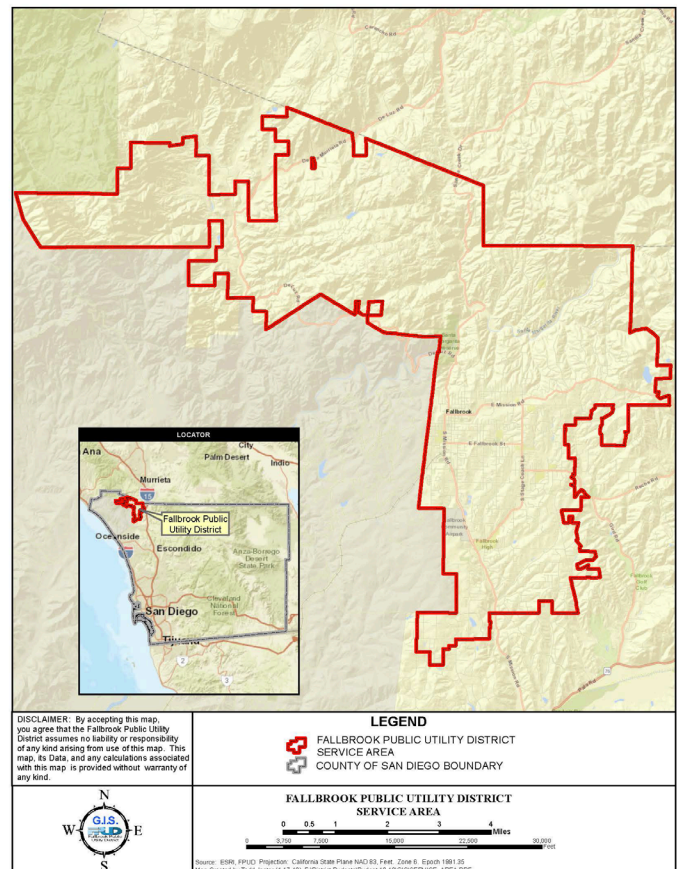
- District #1 - Dave Baxter, President**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo**
- District #4 - Don McDougal**
- District #5 - Charley Wolk, Vice-President**

Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District’s service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District’s service area a bedroom community for Camp Pendleton’s active military and civilian-service workers. The service area’s 2020 population is estimated to be 34,432 with 9,913 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$69,250, which is less than the state median of \$78,672 and slightly higher than the national average of \$64,994. Being only slightly higher than the national average is noteworthy since California is one of the most expensive states to live in.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 4.1 million residents in 2050, up from 3.3 million in 2020. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



Financial Policies

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

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

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

Long-Range Planning

The District engages in a wide range of long range planning activities. In 2022, the District began the process of updating its 2017 financial plan. As part of the financial plan update, the District is considering the economic benefits of detachment from San Diego County Water Authority (SDCWA) and annexing into Eastern Municipal Water District's (EMWD's) service area. The new financial plan also establishes maximum rates and charges for each enterprise that ensure financial sustainability, and restructures select rates and charges to better aligning level of service with cost of service.

Each year the District develops a 5-year financial projection and a 10-year Capital Improvement Plan (CIP) for water, recycled water and wastewater services' as part of the annual budget development process. Other planning activities include establishing and funding a 115 Trust to offset the District's pension and Other Post Employment Benefits (OPEB) liabilities. On June 30, 2022, the trust held \$8.1 million in assets to offset in District's OPEB and Pension liabilities.

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

1 Strategic Focus Area | Water Supply

Need: The District is focused on managing its water supply mix to provide rate payers with reliable and affordable water.

Goal: Provide a reliable, cost-effective water supply through optimization of the District's local supply and securing wholesale water at a more reasonable cost.

Strategy: Maximize local water supplies from the Santa Margarita River water rights settlement. Evaluate further expansion of recycled water system to utilize available capacity and provide a local cost-effective drought proof supply to recycled water customers. Change the District's wholesale provider to provide immediate and substantial financial relief to the District's water customers.

#2 Strategic Focus Area | Infrastructure

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

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

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

#3 Strategic Focus Area | Efficiency

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

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

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

#4 Strategic Focus Area | Community

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

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

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

#5 Strategic Focus Area | Workforce

Need: Maintain a workforce of qualified and capable staff. Recruiting is challenging for qualified replacements with the necessary knowledge of water and wastewater operations, heavy construction, finance and engineering.

Goal: Develop a well trained and educated workforce that is capable of filling key positions to maintain the organization's resilience.



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

Major Initiatives

Overcoming Challenges

This year the pandemic challenged the District’s ability to adapt to continued supply chain challenges and clusters of unplanned staffing absences related to COVID outbreaks. In spite of these challenges, staff completed numerous emergency repairs and routine maintenance, started up and operated its new groundwater treatment plant and addressed the large number of delinquent customer accounts. Once the moratorium on disconnections was lifted, staff developed and managed payment plans for customers that would not bring their bill current, managed the disconnection policy process and executed a record number of disconnections.

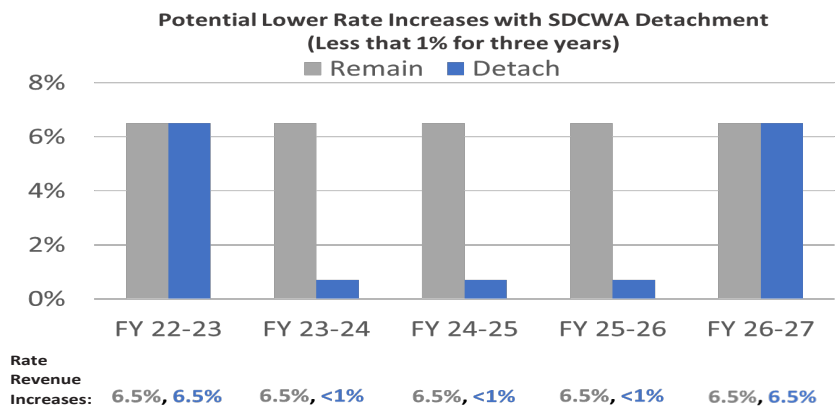
In addition to the pandemic, the State wide drought continued to worsen. While water use restrictions are still voluntary, without a reprieve this winter mandatory cuts are likely. This makes sales and local supply availability difficult to project and introduces more volatility in the District’s cost and revenue streams. As a result of the Board led enhancements to the District’s financial management, staff are better able to report and manage the financial impacts brought by the drought conditions.

Water Affordability

The District is focused on containing the wholesale cost of water and optimizing local supplies to provide the District with the lowest cost of water possible.

Over the past decade, the San Diego County Water Authority (SDCWA) has been focused on enhancing water supply reliability by securing Colorado River Water transfers and developing seawater desalination. This has driven the cost of SDCWA’s supplies to a level where local supply development is an economically viable option for many of the regional water providers. As a result, SDCWA is facing declining water demands due to local supply development and an increasing average water cost as higher cost water makes up more of its supply portfolio. To address this emerging pattern, the District has initiated the process to change its water wholesaler to Eastern Municipal Water District (EMWD). This change would reduce the District’s cost of water by approximately 30% and not impact water reliability. The significant cost savings that would result from this change would help make the District’s water more affordable for the community and help revitalize the region’s agricultural industry.

SDCWA Detachment Savings Analysis



The District is working to develop a 5-year plan for detachment or remaining with SDCWA

With the water rights litigation with Camp Pendleton Marine Corps Base settled, the District completed the Santa Margarita River Conjunctive Use Project (SMRCUP), which included the construction of the Santa Margarita Groundwater Treatment Plant (SMGTP). The SMGTP will provide as much as 60% of the District's annual water supply. To enhance the affordability of the local supply, the District has secured local supply development incentives from the Metropolitan Water District (MWD) that will offset some of the projects operating costs and making the supply cheaper on average than water purchased from SDCWA. This major achievement will provide all future District ratepayers long-term rate relief from increasing water costs at the wholesale and State levels.

Asset Management

The District has implemented an asset management program that balances the cost of infrastructure rehabilitation with the cost of emergency repairs. Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was on a replacement cycle of 400 years, which kept assets in service up to 4 times the expected life. With this replacement cycle, the frequency of asset failures was expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions, property damage claims and expensive repairs. In response, the District has proactively managed the renewal and rehabilitation program and is on a path to drive the system service life down from 400 years to 100 years. The recent decreased frequency of asset failures shows that some progress on this program has been made, but this is a long-term program to meet the future replacement needs.

Continuous Improvement

We understand that the pandemic and inflationary pressure has added an additional financial burden to our ratepayers, many of whom were already struggling with the increasing cost of water. Over the past year, the District was able to deliver over \$180,000 in direct financial assistance for its customers. These funds were applied directly to customer accounts. In addition, the Board used funds refunded by SDCWA to reduce the debt funding of the SMGTP by \$1.7 million. This provides an annual debt service savings of approximately \$75,000/year for the next thirty years. The District also used grant funding for the construction and operation of four Tesla battery power storage facilities worth \$4.6 million, which will save the District an estimated \$100,000 a year on power costs. These savings are reflected in this year's budget.

The District realizes that while small, savings like these add up and help lessen the financial burden our ratepayers face. The District is also actively looking for federal funding opportunities to secure grants for projects that benefit the District's rate payers.

The District's organizational chart is shown on page 10.



Acknowledgments

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



Jack Bebee
General Manager

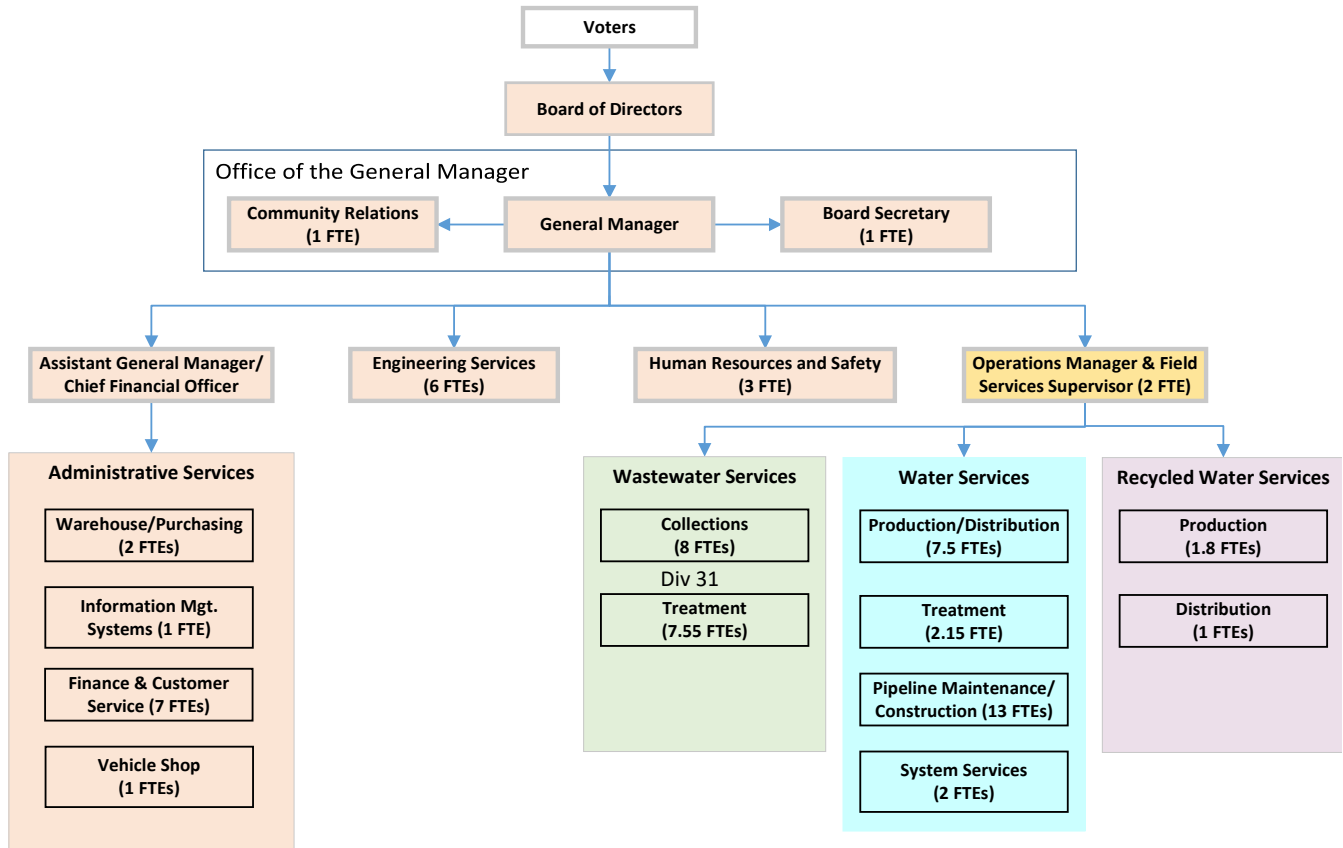


David Shank
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 69)

Fiscal Year 2021-2022 Organizational Structure
Total Requested Regular FTE=69



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Presented to

**Fallbrook Public Utility District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fallbrook Public Utility District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Fallbrook Public Utility District as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fallbrook Public Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1C to the financial statements, the District implemented GASB 87, *Leases* in the fiscal year ended June 30, 2022. This resulted in the addition of lease assets, receivables, liabilities, and deferred inflows. Our opinion is not modified with respect to that matter.

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Board of Directors
Fallbrook Public Utility District

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fallbrook Public Utility District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fallbrook Public Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fallbrook Public Utility District's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Fallbrook Public Utility District

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2021 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated November 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Fallbrook Public Utility District. The Schedule of Operating Income and Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Operating Income and Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Fallbrook Public Utility District

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and Continuing Disclosure but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Carlsbad, California
November 28, 2022

Management's Discussion and Analysis

This section of the Fallbrook Public Utility District's (District) annual financial report provides management's summary and analysis of the District's financial performance for fiscal year ending June 30, 2022. Management's Discussion and Analysis (MD&A) are broken into the following sections:

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

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

Financial Statement Overview

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

The Basic Financial Statements include the following:

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

Financial Highlights

This year the District's net financial position decreased 1.0% from the June 30, 2021 balance of \$103,822,139 to the June 30, 2022 balance of \$102,721,982. The District's total assets increased to \$218,789,520, which is a 1.6% increase from last year. The increase in District's assets is being driven by the construction of the District's Santa Margarita Groundwater Treatment Plant (SMGTP), which is part of the District's Santa Margarita River Conjunctive Use Project (SMRCUP). The SMGTP construction is being funded by a State Revolving Fund (SRF) Loan. Liabilities decreased to \$107,747,559 or 5.6% from year ending June 30, 2021 due to changes in the District's CalPERS net pension liability. The reduction is related to the risk mitigation actions taken by CalPERS due to the above average investment returns in 2021. The increase in deferred inflows of Resources is driven by pension investment returns and the implementation of GASB 87. Of the District's assets, 81.2% are related to infrastructure, which is the largest class of assets.

The District's operating loss increased from \$1,421,584 in fiscal year ending June 30, 2021 to \$5,114,560 in fiscal year ending June 30, 2022. The increase was driven by a GASB 68 pension expense increase of \$2,092,259 that was the result of changes in actuarial assumptions. Overall, the District's operating revenues increased 0.9% or from \$32,511,601 to \$32,814,986 in fiscal years ending June 30, 2021 and 2022, respectively. After net non-operating revenues and capital contributions, the District's fiscal year ending June 30, 2022 decrease in net position was \$1,100,157. During the past year, the District made contributions to the Pension and OPEB 115 Trust that when combined with investment losses bring the trust balance from \$10,076,659 fiscal year ending June 30, 2021 to \$9,197,828 fiscal year ending June 30, 2022.

Financial Analysis

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

Fiscal year 2022 compared to Fiscal Year 2021

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the new groundwater treatment plant, the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Ocean Outfall. Capital assets increased to \$177,607,838 in fiscal year ending June 30, 2022 from \$171,646,876 in fiscal year ending June 30, 2021. The increase in fiscal year ending June 30, 2022 was largely driven by the District's investment in the SMGTP.

Current assets decreased by \$1,746,904 million from fiscal year ending June 30, 2021. The decrease is primarily driven by a decrease in loan proceeds receivable, which are pending SMGTP project reimbursements from the SRF Loan program. The loan proceeds receivable is included in other receivables in the financial statements. The GASB 87 implementation in fiscal year ending June 30, 2022 mitigated the decrease in current assets and increased the District's deferred inflows by \$2,747,528. The deferred inflows increased by \$8,153,025 and \$101,000 due to the performance of the District's pension and OPEB plans. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$9,197,828, \$1,097,214 for OPEB and \$8,100,614, for pensions.

Net capital assets increased \$5,960,962 in fiscal year ending June 30, 2022. District wide depreciation in fiscal year ending June 30, 2022 was \$7,067,780. The increase in net capital assets indicates that the District's capital investments in system assets during fiscal year ending June 30, 2022 outpaced the rate of asset depreciation.

Current liabilities decreased by \$3,826,346 from fiscal year ending June 30, 2021. The driver behind the decrease in current liabilities was a corresponding decrease in accounts payable, which is related to SMGTP project construction related outflows.

The District's total net position decreased by \$1,100,157 due to the mark-to-market losses on the District's investments and a spike in GASB 68 pension costs related to changes in CalPERS actuarially assumptions.

Fiscal year 2021 compared to Fiscal Year 2020

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Ocean Outfall. Capital assets increased to \$171,646,876 in fiscal year ending June 30, 2021.

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

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

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

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

Condensed Statements of Net Position

	June 30, 2022	June 30, 2021	June 30, 2020
Assets			
Unrestricted Current Assets	\$ 28,808,086	\$ 30,554,990	\$ 37,944,043
OPEB and Restricted Assets	12,373,596	13,056,070	10,556,480
Capital Assets, net	177,607,838	171,646,876	141,112,251
Total Assets	218,789,520	215,257,936	189,612,774
Deferred Outflows of Resources	3,020,909	3,093,115	3,235,682
Liabilities			
Current liabilities	7,492,592	11,318,938	21,205,499
Noncurrent liabilities including Retention Payable	100,254,967	102,870,639	71,922,788
Total Liabilities	107,747,559	114,189,577	93,128,287
Deferred Inflows of Resources	11,340,888	339,335	1,015,415
Net Position			
Net Investment in Capital Assets	84,830,631	83,368,399	82,199,752
Restricted	9,630,952	10,340,855	10,188,202
Unrestricted	8,260,399	10,112,885	6,316,800
Total Net Position	\$102,721,982	\$ 103,822,139	\$ 98,704,754

Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
Operating Revenues			
Water	\$ 25,245,783	\$ 25,429,014	\$ 21,940,234
Recycled Water	1,232,350	1,088,163	1,059,305
Wastewater	6,336,853	5,994,424	5,931,468
Total Operating Revenues	32,814,986	32,511,601	28,931,007
Operating Expenses			
Cost of Water	13,245,830	13,955,908	12,663,006
Water Operations	10,369,275	7,366,600	7,970,479
Recycled Water Operations	626,050	441,490	497,444
Wastewater Operations	6,620,611	5,395,914	5,465,334
Operating Expenses Before Depreciation	30,861,766	27,159,912	26,596,263
Operating Income Before Depreciation	1,953,220	5,351,689	2,334,744
Depreciation	7,067,780	6,773,273	6,637,996
Total Operating Expenses Including Depreciation Operating Loss	(5,114,560)	(1,421,584)	(4,303,252)
NonOperating Revenues (Expenses)			
Property Taxes	2,397,429	2,340,185	2,205,975
Capital Improvements Charges	2,650,202	2,604,061	2,559,135
Investment Income	(1,835,245)	1,543,078	920,135
Lease Interest Income	15,437	-	-
Water Availability Charges	202,234	208,842	204,418
MWD Local Resource Program	197,884	-	-
Lease Revenue	284,819	251,047	249,092
Intergovernmental Revenue-Federal Interest Rate Subsidy	99,240	112,207	123,762
Connection Fees	193,201	149,650	107,107
SDCWA Rate Refund	839,398	909,413	-
COVID Relief Grant	184,762	-	-
Water Supply Grant Funds	213,368	-	-
Net Gain (Loss) on Disposal of Capital Assets	36,543	38,100	(31,450)
Interest Expense	(1,524,767)	(1,665,457)	(910,224)
Total Non-Operating Revenues, Net	3,954,505	6,491,127	5,427,950
Change in Net Position Before Capital Contributions	(1,160,055)	5,069,543	1,124,698
Capital Contributions	59,898	47,842	372,507
Change in Net Position	(1,100,157)	5,117,385	1,497,205
Net Position - Beginning of Year, As Originally Stated	103,822,139	98,704,754	96,068,427
Prior Period Adjustments	-	-	1,139,122
Net Position - Beginning of Year, As Restated	103,822,139	98,704,754	97,207,549
Net position - End of Year	\$ 102,721,982	\$ 103,822,139	\$ 98,704,754

Fiscal year 2022 compared to Fiscal Year 2021

Fiscal year ending June 30, 2022 water sales revenues were down 0.7% or \$183,231 from fiscal year ending June 30, 2021 due to a slight decrease in water sales. Wastewater revenues were up 5.7% from fiscal year ending June 30, 2021 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2022 net position. The District's net position decreased by \$1,100,157 during fiscal year ending June 30, 2022.

Operating revenue increased \$303,385 due to rate increases and higher billable flows. Recycled water sales were slightly up at 586 AF as compared to 557 AF in fiscal year ending June 30, 2021. Wastewater revenues increased by \$342,429 versus fiscal year ending June 30, 2021. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$3,996,361 from fiscal year ending June 30, 2021. The increase in operating expense was driven by a \$3,002,675 increase in water operations and a \$1,224,697 increase in wastewater operations from fiscal year ending June 30, 2021. The GASB 68 pension increase for water and wastewater operations was \$1,380,888 and \$606,757, respectively. The increases were driven by changes in the actuarial assumptions of the District's pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon. The District's Depreciation expense increased by \$294,507 from fiscal year ending June 30, 2021.

The District's operating loss of \$5,114,560 when netted against combined nonoperating revenues and expenses of \$3,954,505 results in a \$1,160,055 decrease in net position before capital contributions. The District's nonoperating revenues came from six primary sources, property taxes in the amount of \$2,397,429, water and wastewater capital improvement charges in the amount of \$2,650,202, grant revenue in the combined amount of \$596,014, water availability charges in the amount of \$202,234, connection fees in the amount of \$193,201 and the SDCWA rate refund in the amount of \$839,398. The majority of the grant funds and the SDCWA rate refund are non-recurring revenues.

Fiscal year 2021 compared to Fiscal Year 2020

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

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

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

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

Supplemental information for each of the three operations divisions can be found on page 74 of this report.

Capital Assets

The District’s has implemented an asset management program to improve the system reliability and reduce the number of unscheduled repairs. A critical component of the asset management program is the District’s pipeline and valve replacement program. In fiscal year ending June 30, 2022, the District replaced 5,100 feet of pipe and 64 valves. The District’s pipeline and valve replacement program’s goal is to reduce the replacement cycle of pipelines to 100 years from the previous 400 year replacement cycle. This year, the District completed and capitalized its SMGTP project. This multi-decade project provides the District with perpetual rights to Santa Margarita River water. The SMGTP will treat the District’s share of the Santa Margarita River water and delivery it to residents. This local supply will not only provide reliable water to future generations but also an affordable local water supply. Additional information on the District’s capital asset activity can be found at Note 3 of the Notes to the Basic Financial Statements.

June 30, 2022, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Gum Tree Pipeline Replacement	\$ 280,000	8/22/2022
Winter Haven Pipeline	500,000	10/15/2022
Toyon Pump Station	300,000	3/1/2024
Lang Reservoir Decommissioning	50,000	6/30/2023
Overland Trail Lift Station Rehabilitation	125,000	12/31/2022
Hawthorne Lift Station	100,000	6/30/2023
Reclamation Plant Storm Water	70,000	12/31/2022
Water Supply Reliability Project*	351,000	2/1/2023

*All FY 22/23 expenditures will be reimbursed by grant funds.

Debt Administration

At June 30, 2022, the District had \$91.5 million of long-term debt outstanding. \$2.4 million of this debt is attributable to the wastewater Qualified Energy Conservation Bonds (QECCB) solar loan, which qualifies for Federal Interest Rate Subsidy payments. The loan was originally for \$7.2 million. An additional \$3.2 million of indebtedness is attributable to the Red Mountain Disinfection Facility SRF loan, which was originally for \$6.16 million. \$18.8 million of indebtedness and \$3.3 million in unamortized premium is attributable to the District's Waste Water Revenue Refunding Bonds, which refunded the District's Wastewater Treatment Plant SRF loan, which was originally for \$29.6 million. The SRF loan for the SMGTP, was approved for \$63.9 million at the end of fiscal year ending June 30, 2022. Scheduled debt service payments (principal and interest) on this loan commence once the project is completed, which is anticipated to occur in the fiscal year 2024. During construction, the District only paid interest on the balance of loan proceeds received. During the year ending June 30, 2022 \$1.8 million of principal payments were made on the District's outstanding long-term obligations.

More detailed information about the District's debt structure is found in Note 5 to the Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,327,128	\$ 10,275,808
Investments	7,063,348	6,019,693
Receivables - Water Sales and Services	5,431,116	5,063,293
Accrued Interest Receivable	32,947	22,998
Property Taxes Receivable	42,166	58,525
Lease Receivable	2,797,435	-
Other Receivables	1,582,499	7,170,247
Inventory	1,460,165	1,861,925
Prepaid Expenses and Other Deposits	71,282	82,501
Restricted Assets:		
Cash and Cash Equivalents	8,812,335	9,494,809
Investments	3,561,261	3,561,261
Total Current Assets	\$ 41,181,682	43,611,060
NONCURRENT ASSETS		
Capital Assets:		
Capital Assets, Not Being Depreciated	19,935,557	75,045,121
Capital Assets Being Depreciated, Net	157,672,281	96,601,755
Total Capital Assets, Net	177,607,838	171,646,876
Total Noncurrent Assets	177,607,838	171,646,876
 Total Assets	 218,789,520	 215,257,936
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts From Pension	2,740,102	2,744,892
Deferred Amounts From OPEB	280,807	348,223
Total Deferred Outflows of Resources	\$ 3,020,909	\$ 3,093,115

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,325,917	\$ 8,203,459
Accrued Wages	109,004	167,285
Construction and Other Deposits	10,175	12,056
Accrued Interest Payable	646,898	582,359
Retention Payable	77,541	245,627
Compensated Absences, Current Portion	581,242	569,086
Current Portion of Other Long-Term Debt	1,819,356	1,784,693
Total Current Liabilities	7,570,133	11,564,565
NONCURRENT LIABILITIES		
Health Retirement Account Liability	378,664	351,250
Net OPEB Liability (Asset)	(19,452)	205,001
Net Pension Liability	9,197,303	14,721,348
Lease Liability	30,442	-
Compensated Absences, Net of Current Portion	871,864	853,629
Long-Term Debt - Net of Current Portion	89,718,605	86,493,784
Total Noncurrent Liabilities	100,177,426	102,625,012
Total Liabilities	107,747,559	114,189,577
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts From Pension	8,418,155	265,130
Deferred Amounts From OPEB	175,205	74,205
Deferred Amounts From Lease Receivable	2,747,528	-
Total Deferred Inflows of Resources	11,340,888	339,335
NET POSITION		
Net Investment in Capital Assets	84,830,631	83,368,399
Restricted for:		
1958 Annex Projects	1,213,780	1,213,780
Debt Service	316,558	316,687
Pension	8,100,614	8,810,388
Unrestricted	8,260,399	10,112,885
Total Net Position	\$ 102,721,982	\$ 103,822,139

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
OPERATING REVENUES		
Water	\$ 25,245,783	\$ 25,429,014
Recycled Water	1,232,350	1,088,163
Wastewater	6,336,853	5,994,424
Total Operating Revenues	32,814,986	32,511,601
OPERATING EXPENSES		
Cost of Water	13,245,830	13,955,908
Water Operations	10,369,275	7,366,600
Recycled Water Operations	626,050	441,490
Wastewater Operations	6,620,611	5,395,914
Operating Expenses Before Depreciation and Amortization	30,861,766	27,159,912
Operating Income Before Depreciation and Amortization	1,953,220	5,351,689
Depreciation and Amortization	7,067,780	6,773,273
Total Operating Expenses Including Depreciation and Amortization	(5,114,560)	(1,421,584)
Operating Loss		
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	2,397,429	2,340,185
Capital Improvements Charges	2,650,202	2,604,061
Investment Income	(1,835,245)	1,543,078
Lease Interest Income	15,437	-
Water Availability Charges	202,234	208,842
MWD Local Resource Program	197,884	-
Lease Revenue	284,819	251,047
Intergovernmental Revenue - Federal Interest Rate Subsidy	99,240	112,207
Connection Fees	193,201	149,650
SDCWA Rate Refund	839,398	909,413
COVID Relief Grant	184,762	-
Water Supply Grant Funds	213,368	-
Net Gain (Loss) on Disposal of Capital Assets	36,543	38,100
Interest Expense	(1,524,767)	(1,665,457)
Total Nonoperating Revenues (Expenses)	3,954,505	6,491,127
Changes in Net Position Before Capital Contributions	(1,160,055)	5,069,543
Capital Contributions	59,898	47,842
CHANGE IN NET POSITION	(1,100,157)	5,117,385
Net Position - Beginning of Year	103,822,139	98,704,754
NET POSITION - END OF YEAR	\$ 102,721,982	\$ 103,822,139

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 32,212,416	\$ 31,846,269
Payments for Water	(13,159,883)	(13,775,839)
Payments for Services and Supplies	(6,069,694)	(3,685,249)
Payments for Employee Wages, Benefits and Related Costs	(9,705,098)	(8,967,158)
Net Cash Provided by Operating Activities	3,277,741	5,418,023
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	2,413,788	2,291,820
Net Cash Provided by Noncapital Financing Activities	2,413,788	2,291,820
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Lease Revenues Collected	248,252	251,047
Acquisition and Construction of Capital Assets	(15,739,839)	(47,196,825)
Proceeds From Sales of Capital Assets	36,543	38,100
Proceeds of Issuance of Debt	11,250,321	63,273,926
Principal Payments on Long-Term Debt	(2,168,342)	(25,477,764)
Interest Paid	(1,460,027)	(1,341,254)
Intergovernmental Revenue - Federal Interest Rate Subsidy	99,240	112,207
Capital Improvement Charges and Connection Fees	2,843,403	2,753,711
Proceeds from SDCWA Rate Rebate	839,398	909,413
Proceeds from Covid Relief Grant	184,762	-
Proceeds from MWD Local Resource Program	197,884	-
Water Availability Charges	202,234	208,842
Net Cash Used by Capital and Related Financing Activities	(3,466,171)	(6,468,597)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,841,978)	(1,049,897)
Sales of Investments	5,988,874	2,127,109
Interest Received	(1,003,408)	1,817,791
Net Cash Provided (Used) by Investing Activities	(2,856,512)	2,895,003
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(631,154)	4,136,249
Cash and Cash Equivalents - Beginning of Year	19,770,617	15,634,368
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 19,139,463	\$ 19,770,617
Financial Statement Presentation		
Cash and Cash Equivalents	\$ 10,327,128	\$ 10,275,808
Cash and Cash Equivalents - Restricted Assets	8,812,335	9,494,809
Total Cash and Cash Equivalents	\$ 19,139,463	\$ 19,770,617

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (5,114,560)	\$ (1,421,584)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	7,067,779	6,773,273
(Increase) Decrease in:		
Receivables	(602,570)	(665,332)
Inventory	401,760	(16,170)
Prepaid Expenses And Other Deposits	11,221	(26,530)
Deferred Outflows of Resources	72,206	142,567
Increase (Decrease) in:		
Accounts Payable	(1,063,147)	141,505
Accrued Wages	(58,281)	(41,368)
HRA Liability	27,414	(546)
Net OPEB Obligation	(224,453)	95,788
Net Pension Liability	(5,524,045)	1,092,015
Compensated Absences	30,392	20,485
Deferred Inflows of Resources	8,254,025	(676,080)
Net Cash Provided by Operating Activities	\$ 3,277,741	\$ 5,418,023
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in Fair Value of Investments	\$ (809,449)	\$ (233,277)
Capital Assets Contributed	\$ 59,898	\$ 47,842

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Operations of the District

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

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

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

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

Proprietary Fund

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

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund (Continued)

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

Net Position

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

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

Net Investment in Capital Assets

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

Restricted Net Position

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position (Continued)

Unrestricted Net Position

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

Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

C. New Accounting Pronouncements

Current Year Standards

GASB 87 – In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There was no restatement of net position necessary.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deferred Outflows/Inflows of Resources

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

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred inflow related to pensions resulting from the changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow related to changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred inflow related to other postemployment benefits resulting from the difference in projected and actual earnings on investments of the other postemployment benefits plan fiduciary net position. This amount is amortized over five years.
- Deferred inflow related to lease receivables. This inflow will be recognized as revenue in a systematic and rational manner over the life of the lease.

E. Cash, Cash Equivalents and Investments**Cash and Cash Equivalents**

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

State Investment Pool

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents and Investments (Continued)

Investment Valuation

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

F. Water Sales

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

G. Accounts Receivable and Allowance for Doubtful Accounts

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

H. Inventory

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

I. Prepaid Expenses

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

j. Restricted Assets

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets and Depreciation

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

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

L. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2022, were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
\$ 1,422,715	\$ 739,547	\$ (709,156)	\$ 1,453,106	\$ 581,242

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

N. Property Taxes and Assessments

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

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

O. Use of Estimates

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

Q. Other Postemployment Benefits

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2022 are classified in the accompanying financial statements as follows:

Current Assets:	
Cash and Cash Equivalents	\$ 10,327,128
Restricted Cash and Cash Equivalents	8,812,335
Investments	7,063,348
Restricted Investments	3,561,261
Total Cash and Investments	<u>\$ 29,764,072</u>

Cash and Investments Consist of the following:

Cash on Hand	\$ 1,300
Deposits with Financial Institutions	5,892,115
Investments	23,870,657
Total Cash and Investments	<u>\$ 29,764,072</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

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

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

Investments Authorized by Debt Agreements

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2022.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund (LAIF)	\$ 3,231,769	\$ 3,231,769	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	1,820,099	1,820,099	-	-	-
Asset Backed Securities	471,861	7,071	11,643	387,945	65,202
Medium-Term Notes	2,300,060	230,057	671,574	1,398,429	-
Municipal Bonds	106,191	-	106,191	-	-
U.S. Treasury Securities	7,727,330	763,693	1,890,667	5,072,970	-
Federal Agency Collateralized Mortgage Obligations	112,733	15,093	-	97,640	-
PARS Pooled Trust - Pension Trust	8,100,614	8,100,614	-	-	-
Total	\$ 23,870,657	\$ 14,168,396	\$ 2,680,075	\$ 6,956,984	\$ 65,202

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Standard & Poor's (S&P) rating for each investment type at June 30, 2022.

Investment Type	Total	Minimum Legal Rating*	Ratings as of Year End				
			Exempt from Disclosure	AAA	AA	A	Not Rated
Local Agency Investment Fund (LAIF)	\$ 3,231,769	Exempt	\$ -	\$ -	\$ -	\$ -	\$ 3,231,769
California Asset Management Program (CAMP)	1,820,099	AAA	-	1,820,099	-	-	-
Asset Backed Securities	471,861	A	-	471,861	-	-	-
Medium-Term Notes	2,300,060	A	-	663,222	1,109,612	527,226	-
Municipal Bonds	106,191	A/A-1	-	-	106,191	-	-
U.S. Treasury Securities	7,727,330	Exempt	7,727,330	-	-	-	-
Federal Agency Collateralized Mortgage Obligations	112,733	AA	-	112,733	-	-	-
PARS Pooled Trust - Pension Trust	8,100,614	Exempt	-	-	-	-	8,100,614
Total	\$ 23,870,657		\$ 7,727,330	\$ 3,067,915	\$ 1,215,803	\$ 527,226	\$ 11,332,383

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District holds no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2022.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, \$6,691,375 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

Fair Value Measurements

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

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

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

Level 2 – Inputs to the valuation methodology include:

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

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

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	June 30, 2022
Investments by Fair Value Level				
Asset Backed Securities	\$ -	\$ 471,861	\$ -	\$ 471,861
Medium-Term Notes	-	2,300,060	-	2,300,060
Municipal Bonds	-	106,191	-	106,191
U.S. Treasury Securities	-	7,727,330	-	7,727,330
Federal Agency Collateralized Mortgage Obligations	-	112,733	-	112,733
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 10,718,175</u>	<u>\$ -</u>	<u>\$ 10,718,175</u>
Investments Measured at Cost or Net Asset Value (NAV)				
Local Agency Investment Fund (LAIF)				3,231,769
California Asset Management Program (CAMP)				1,820,099
PARS Pooled Trust - Pension Trust				<u>8,100,614</u>
Total Investments at Cost or Net Asset Value (NAV)				<u>13,152,482</u>
Total Investments				<u>\$ 23,870,657</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2022
Capital Assets, Not Being Depreciated:					
Land and Property Rights-Water	\$ 11,704,070	\$ -	\$ -	\$ -	\$ 11,704,070
Land and Property Rights-Wastewater	1,128,164	-	-	-	1,128,164
Construction In Progress	62,212,887	12,414,873	-	(67,524,437)	7,103,323
Total Capital Assets, Not Being Depreciated	<u>75,045,121</u>	<u>12,414,873</u>	<u>-</u>	<u>(67,524,437)</u>	<u>19,935,557</u>
Capital Assets, Being Depreciated:					
Water Operations:					
Impounding Dam	32,260,189	-	-	2,781,395	35,041,584
Distribution System	56,600,965	-	-	9,614,277	66,215,242
Buildings and Structures	5,725,692	-	-	54,590,127	60,315,819
Equipment	10,437,238	563,239	(217,442)	124,422	10,907,457
Right of Use Lease Asset	-	50,630	-	-	50,630
Total Water Operations	<u>105,024,084</u>	<u>613,869</u>	<u>(217,442)</u>	<u>67,110,221</u>	<u>172,530,732</u>
Wastewater Operations:					
Collection System	13,509,428	-	-	179,563	13,688,991
Treatment And Disposal Facilities	60,745,203	-	-	212,807	60,958,010
Equipment	872,684	-	-	10,234	882,918
Total Wastewater Operations	<u>75,127,315</u>	<u>-</u>	<u>-</u>	<u>402,604</u>	<u>75,529,919</u>
Recycle Operations:					
Distribution System	4,661,974	-	-	11,612	4,673,586
Total Recycle Operations	<u>4,661,974</u>	<u>-</u>	<u>-</u>	<u>11,612</u>	<u>4,673,586</u>
Total Capital Assets Being Depreciated	<u>184,813,373</u>	<u>613,869</u>	<u>(217,442)</u>	<u>67,524,437</u>	<u>252,734,237</u>
Less Accumulated Depreciation	<u>(88,211,618)</u>	<u>(7,067,780)</u>	<u>217,442</u>	<u>-</u>	<u>(95,061,956)</u>
Total Capital Assets Being Depreciated, Net	<u>96,601,755</u>	<u>(6,453,911)</u>	<u>-</u>	<u>67,524,437</u>	<u>157,672,281</u>
Total Capital Assets, Net	<u>\$ 171,646,876</u>	<u>\$ 5,960,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,607,838</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LEASES

Konica Printer

The District leases a Konica Printer under a long-term, noncancelable lease agreement. The lease expires in 2024.

An initial lease liability was recorded in the amount of \$50,630 for the use of the Konica Printer. As of 06/30/2022, the value of the lease liability is \$30,442. The District is required to make monthly fixed payments of \$1,698. The lease has an interest rate of 0.5060%. The value of the right to use asset as of 06/30/2022 of \$50,630 with accumulated amortization of \$20,572 is included with in the table found below.

Total future minimum lease payments under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 20,269	\$ 107
2024	<u>10,173</u>	<u>15</u>
Total minimum lease payments	<u>30,442</u>	<u>\$ 122</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Equipment	\$ 50,630
Less: accumulated amortization	<u>(20,572)</u>
	<u>\$ 30,058</u>

AT&T Bucknel Cell Tower

The District, acting as lessor, leases AT&T Bucknel Cell Tower, under long-term, noncancelable lease agreements. The leases expire at various dates through 2038 and provide for renewal options ranging from three months to five years.

An initial lease receivable was recorded in the amount of \$690,308 as Lessor for the use of AT&T Bucknel Cell Tower. As of 06/30/2022, the value of the lease receivable is \$663,796. The lessee is required to make monthly fixed payments of \$2,575. The lease has an interest rate of 0.5060%. The value of the deferred inflow of resources as of 06/30/2022 was \$650,673, and the District recognized lease revenue of \$39,635 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 4 LEASES (CONTINUED)

AT&T Bucknel Cell Tower (Continued)

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 30,068	\$ 3,290
2024	31,221	3,135
2025	32,411	2,974
2026	33,636	2,807
2027	34,905	2,634
2028-2032	194,932	10,340
2033 and thereafter	<u>306,623</u>	<u>5,228</u>
Total minimum lease payments	<u>\$ 663,796</u>	<u>\$ 30,408</u>

AT&T Donnill Cell Tower

The District, acting as lessor, leases AT&T Donnill Cell Tower under long-term, noncancelable lease agreements. These leases expire at various dates through 2039.

An initial lease receivable was recorded in the amount of \$646,662 as Lessor for the use of AT&T Donnill Cell Tower. As of 06/30/2022, the value of the lease receivable is \$620,692. The lessee is required to make monthly fixed payments of \$2,575. The lease has an interest rate of 0.5530%. The value of the deferred inflow of resources as of 06/30/2022 was \$610,902, and the District recognized lease revenue of \$35,760 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 29,048	\$ 3,359
2024	29,858	3,196
2025	30,695	3,029
2026	31,539	2,857
2027	32,398	2,681
2028-2032	175,653	10,582
2033 and thereafter	<u>291,501</u>	<u>5,948</u>
Total minimum lease payments	<u>\$ 620,692</u>	<u>\$ 31,652</u>

AT&T Rattlesnake Cell Tower

The District, acting as lessor, leases AT&T Rattlesnake Cell Tower under long-term, noncancelable lease agreements. These leases expire at various dates through 2031.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 4 LEASES (CONTINUED)

AT&T Rattlesnake Cell Tower (Continued)

An initial lease receivable was recorded in the amount of \$428,324 as Lessor for the use of AT&T Rattlesnake Cell Tower. As of 06/30/2022, the value of the lease receivable is \$393,781. The lessee is required to make monthly fixed payments of \$3,255. The lease has an interest rate of 0.7030%. The value of the deferred inflow of resources as of 06/30/2022 was \$385,845, and the District recognized lease revenue of \$42,478 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 38,664	\$ 2,644
2024	39,766	2,369
2025	40,888	2,086
2026	42,042	1,794
2027	43,216	1,495
2028-2032	<u>189,205</u>	<u>2,819</u>
Total minimum lease payments	<u>\$ 393,781</u>	<u>\$ 13,207</u>

Sprint Dickey Cell Tower

The District, acting as lessor, leases Sprint Dickey Cell Tower under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

An initial lease receivable was recorded in the amount of \$210,309 as Lessor for the use of Sprint Dickey Cell Tower. As of 06/30/2022, the value of the lease receivable is \$172,148. The lessee is required to make monthly fixed payments of \$3,180. The lease has an interest rate of 0.7030%. The value of the deferred inflow of resources as of 06/30/2022 was \$167,965, and the District recognized lease revenue of \$42,344 during the fiscal year.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 41,295	\$ 1,077
2024	42,441	783
2025	43,607	481
2026	<u>44,805</u>	<u>171</u>
Total minimum lease payments	<u>\$ 172,148</u>	<u>\$ 2,512</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 4 LEASES (CONTINUED)

Sprint Rattlesnake Cell Tower

The District, acting as lessor, leases Sprint Rattlesnake Cell Tower under long-term, noncancelable lease agreements. The leases expire at various dates through 2028.

An initial lease receivable was recorded in the amount of \$316,668 as Lessor for the use of Sprint Rattlesnake Cell Tower. As of 06/30/2022, the value of the lease receivable is \$275,785. The lessee is required to make monthly fixed payments of \$3,292. The lease has an interest rate of 0.5060%. The value of the deferred inflow of resources as of 06/30/2022 was \$272,482, and the District recognized lease revenue of \$44,186 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 41,867	\$ 1,299
2024	42,944	1,084
2025	44,047	865
2026	45,171	639
2027	46,312	408
2028-2029	<u>55,444</u>	<u>176</u>
Total minimum lease payments	<u>\$ 275,785</u>	<u>\$ 4,471</u>

T-Mobile Gheen Cell Tower

The District, acting as lessor, leases T-Mobile Gheen Cell Tower under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

An initial lease receivable was recorded in the amount of \$216,378 as Lessor for the use of T-Mobile Gheen Cell Tower. As of 06/30/2022, the value of the lease receivable is \$178,241. The lessee is required to make monthly fixed payments of \$3,122. The lease has an interest rate of 0.7030%. The value of the deferred inflow of resources as of 06/30/2022 was \$175,786, and the District recognized lease revenue of \$40,592 during the fiscal year.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LEASES (CONTINUED)**T-Mobile Gheen Cell Tower (Continued)**

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 39,309	\$ 1,127
2024	40,401	847
2025	41,512	560
2026	42,644	264
2027	<u>14,375</u>	<u>21</u>
Total minimum lease payments	<u>\$ 178,241</u>	<u>\$ 2,819</u>

Verizon Rattlesnake Cell Tower

The District, acting as lessor, leases Verizon Rattlesnake Cell Tower under long-term, noncancelable lease agreements. The leases expire at various dates through 2034.

An initial lease receivable was recorded in the amount of \$523,374 as Lessor for the use of Verizon Rattlesnake Cell Tower. As of 06/30/2022, the value of the lease receivable is \$492,992. The lessee is required to make monthly fixed payments of \$2,945. The lease has an interest rate of 0.5530%. The value of the deferred inflow of resources as of 06/30/2022 was \$483,875, and the recognized lease revenue of \$39,034 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 34,569	\$ 2,639
2024	35,510	2,446
2025	36,465	2,247
2026	37,441	2,043
2027	38,439	1,833
2028-2032	207,965	5,823
2033 and thereafter	<u>102,603</u>	<u>668</u>
Total minimum lease payments	<u>\$ 492,992</u>	<u>\$ 17,699</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Deletions	Non-Cash Transactions	Balance June 30, 2022	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 3,471,113	\$ -	\$ (308,589)	\$ -	\$ 3,162,524	\$ 316,573
Qualified Energy Conservation Revenue Bonds	2,795,075	-	(366,104)	-	2,428,971	387,783
State Water Resources Control Board Loan	58,489,128	5,427,826	-	-	63,916,954	-
2021 Wastewater Revenue Refunding Bonds Series A	14,845,000	-	-	-	14,845,000	-
2021 Wastewater Revenue Refunding Bonds Series B	5,035,000	-	(1,110,000)	-	3,925,000	1,115,000
Unamortized Premium on 2021 Revenue Bonds	3,643,161	-	(383,649)	-	3,259,512	-
Total Long-Term Debt	<u>\$ 88,278,477</u>	<u>\$ 5,427,826</u>	<u>\$ (2,168,342)</u>	<u>\$ -</u>	<u>\$ 91,537,961</u>	<u>\$ 1,819,356</u>

Red Mountain State Revolving Fund Loan

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 316,573	\$ 79,277	\$ 395,850
2024	324,764	71,087	395,851
2025	333,166	62,685	395,851
2026	341,786	54,065	395,851
2027	350,629	45,223	395,852
2028-2031	1,495,606	87,796	1,583,402
Total	<u>\$ 3,162,524</u>	<u>\$ 400,133</u>	<u>\$ 3,562,657</u>

Qualified Energy Conservation Bonds (QECCB) Solar Loan

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)**Qualified Energy Conservation Bonds (QECCB) Solar Loan (Continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 387,783	\$ 133,883	\$ 521,666
2024	410,387	111,302	521,689
2025	433,953	87,409	521,362
2026	458,515	62,150	520,665
2027	484,114	35,465	519,579
2028	254,219	7,296	261,515
Total	<u>\$ 2,428,971</u>	<u>\$ 437,505</u>	<u>\$ 2,866,476</u>

2021 Wastewater Revenue Refunding Bonds

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

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

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

2021 Wastewater Revenue Refunding Bonds (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,115,000	\$ 616,022	\$ 1,731,022
2024	1,120,000	610,746	1,730,746
2025	1,130,000	603,575	1,733,575
2026	1,145,000	584,934	1,729,934
2027	1,185,000	546,700	1,731,700
2028-2032	6,680,000	1,968,600	8,648,600
2033-2036	6,395,000	524,300	6,919,300
Total	<u>\$ 18,770,000</u>	<u>\$ 5,454,877</u>	<u>\$ 24,224,877</u>

State Water Resources Control Board Loan

On August 28, 2019, the District entered into a loan agreement with the State Water Resources Control Board (SWRCB) with a principal amount of \$53,334,000 and an interest of 1.9%. On January 31, 2020, the District entered into an amended loan agreement increasing the principal amount to \$63,916,954 and annual debt service payments of \$2,771,216. The proceeds from the loan are funding construction of the District’s Santa Margarita Conjunctive Use Project water treatment plant. The new treatment plant will treat locally supplied water taken from the Santa Margarita River Basin in accordance with District’s water rights. With the project under currently construction, only interest payments on the amount drawn are due to SMRCB. Debt service payments are due March 1 of each year and full debt service payments are expected to begin 2023. The loan’s term is 30-years and the final payment will be made 3/1/2052.

NOTE 6 INVENTORY

Inventory at June 30, 2022 consisted of the following:

Water Inventory	\$ 621,170
Materials Inventory	838,995
Total	<u>\$ 1,460,165</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 PENSION PLANS**A. General Information about the Pension Plan**Plan Description

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

Benefits Provided

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

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

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.5%@55	2%@62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.50%
Required Employer Contribution Rates:		
Normal Cost Rate	11.419%	7.266%
Payment of Unfunded Liability	\$ 1,106,582	\$ 6,413

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 7 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

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

Supplemental Plan Funding

In Fiscal year ended June 30, 2017, the District entered into a Section 115 Trust (Trust) agreement with the Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. The Trust funds are available to the District to pay for pension related expenditures or reduce pension liabilities. On June 30, 2021, the fair value of the funds held in the trust account was \$8,100,614. When evaluating the District’s pension funding level these funds should be taken into account.

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

As of June 30, 2022, Fallbrook Public Utility District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 9,197,303</u>

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The Districts’ proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 PENSION PLANS (CONTINUED)**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The Fallbrook Public Utility District's proportionate share of the net pension liability as of the measurement dates ended June 30, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.34901%
Proportion - June 30, 2021	0.48437%
Change - Increase (Decrease)	0.13536%

For the year ended June 30, 2022, the District recognized pension expense of \$4,342,489; of which \$2,866,044 pertains to water operations, \$60,422 pertains to recycled water operations, and \$1,259,323 pertains to wastewater and operations. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,708,723	\$ -
Differences Between Actual and Expected Experience	1,031,379	-
Change in Assumptions	-	-
Change In Employer's Proportion and Differences Between The Employer's Contributions And The Employer's Proportionate Share of Contributions	-	8,028,761 389,395
Net Differences Between Projected and Actual Earnings on Plan Investments	-	-
Total	<u>\$ 2,740,102</u>	<u>\$ 8,418,156</u>

\$1,708,723 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (1,613,875)
2024	(1,690,020)
2025	(1,864,146)
2026	(2,218,736)
2027	-
Thereafter	-
Total	<u>\$ (7,386,777)</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Postretirement Benefit Increase	(3)

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

Long-Term Expected Rate of Return

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

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 7 PENSION PLANS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

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

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

Asset Class ⁽¹⁾	New Strategic Allocation	Real Return Years 1 - 10 ^(2,4)	Real Return Years 11+ ^(3,4)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (1) In the System's Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.
- (4) Figures are based on previous ALM of 2017.

Discount Rate

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

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 7 PENSION PLANS (CONTINUED)

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

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

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

	<u>Miscellaneous Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$ 16,550,532
Current Discount Rate	7.15%
Net Pension Liability	\$ 9,197,304
1% Increase	8.15%
Net Pension Liability	\$ 3,118,496

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2022, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Employees retiring after age 50, with 10 or more years of continuous employment, will have the mandatory amount estimated by the District at the date of retirement to be necessary to pay for 50% of the employee’s monthly health insurance premium, and any additional costs for spouse and dependent(s) covered at the time of retirement. The difference between the total value of sick leave at retirement and the estimated cost benefit (medical, dental and vision) minus the estimated costs of 50% of the retiree’s medical premium is deposited into a health reimbursement account at the District to pay for retiree benefits until Medicare entitlement or the account is depleted. The District’s health reimbursement account (HRA) balance as of June 30, 2022 is \$378,664. The District will pay for half (50%) of the retired employee’s monthly premium.

During the year ended June 30, 2017, the District entered into a trust agreement with Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. Management of the OPEB Plan is vested with the General Manager of the District with oversight and governance by the District’s Finance Committee. Benefit terms are as established by the District’s board of directors and agreed upon between the District and the Fallbrook Public Utility District Employees’ Association through Memorandum of Understanding. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. On June 30, 2022, the PARS OPEB account’s fair value was \$1,097,214.

Employees Covered

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

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

Contributions

The District has historically funded the plan on a pay-as-you-go basis. Plan members are not required to contribute to the OPEB Plan. For the fiscal year ended June 30, 2022, the District made \$49,055 in payments made outside of the trust.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	July 1, 2020 to June 30, 2021
Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.00%
Projected Salary Increase	3.0% per year
Expected Long-Term Investment Rate of Return, Net of Plan Investment Expense	6.00%
Healthcare Cost Trend Rates	5.50% for 2021-2023; 5.20% for 2024-2069; and decreasing 4.00% for 2070 and later years. Medicare: 3.50% for all years.
Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from 2017 CalPERS Experience Study. Postretirement Mortality Rates for Public Agency Miscellaneous from 2017 CalPERS Experience Study.

Investment Policy

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investment Policy (Continued)

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

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

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

Asset Class	Strategic Allocation	Real Rate of Return
Cash	0 - 20%	0%
Fixed Income	40%-60%	1.5%
Equity	40%-60%	4.4%

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

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

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 1,245,488	\$ 1,040,487	\$ 205,001
Changes in the Year:			
Service Cost **	61,298	-	61,298
Interest on the Total OPEB Liability	74,434	-	74,434
Differences Between Actual and Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Contribution - Employer	-	134,400	(134,400)
Net Investment Income	-	232,074	(232,074)
Administrative Expenses	-	(6,289)	6,289
Benefit Payments	(134,400)	(134,400)	-
Net Changes	1,332	225,785	(224,453)
Balance at June 30, 2021	\$ 1,246,820	\$ 1,266,272	\$ (19,452)

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change of Assumptions

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

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

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

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

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB Liability	\$ 67,409	\$ (19,451)	\$ (99,036)

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

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

	1% Decrease ²	Trend Rates	1% Increase ³
Net OPEB Liability	\$ (129,427)	\$ (19,451)	\$ 107,154

² 4.50 percent for 2021-2023, 4.20 percent for 2024-2069, and 3.00 percent for 2070 and later years; Medicare ages: 2.50 percent for all years.

³ 6.50 percent for 2021-2023, 6.20 percent for 2024-2069, and 5.00 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$62,638. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 69,619	\$ -
Differences Between Actual and Expected Experience	155,915	-
Change in Assumptions	6,218	(58,073)
Differences Between Projected and Actual Earnings	-	(117,133)
Total	\$ 231,752	\$ (175,206)

\$69,619 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023.

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

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ (8,823)
2024	(7,234)
2025	(6,834)
2026	(15,110)
2027	13,118
Thereafter	11,810

Payable to the OPEB Plan

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RISK MANAGEMENT

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

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

At June 30, 2022, the District participated in ACWA/JPIA as follows:

Liability – General, Auto & Public Officials Errors & Omissions – ACWA/JPIA pools for the first \$5 million and purchases excess coverage up to \$55 million per occurrence, except terrorism \$5 million, PFAS \$29.5 million, subsidence \$45 million, lead \$45 million, and mold \$45 million.

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

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

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

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

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

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2022, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion Date</u>
Gum Tree Pipeline	\$ 280,000	August 2022
Winter Haven Pipeline	500,000	October 2022
Toyon Pump Station	300,000	March 2024
Lang Reservoir Decommissioning	50,000	June 2023
Overland Trail Lift Station	125,000	December 2022
Hawthorne Life Station	100,000	June 2023
Rec Plant Storm Water	70,000	December 2022
Water Supply Reliability Project	351,000	February 2023

Litigation

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 SEGMENT INFORMATION

The District reports one overall activity on its financial statements, however the District's identifiable activities include water services, recycled water services and wastewater services. On January 11, 2021 The District issued Wastewater Revenue Refunding Bonds (see note 5). The District has pledged all of the Net System Revenues derived from the operation of its wastewater systems for the debt service payment of the bond. For the purposes of reporting below the wastewater activity has been identified as a segment.

Condensed Statement of Net Position

Current Assets	\$ 4,433,122
Capital Assets	45,512,671
Other Assets and Deferred Outflows of Resources	876,063
Total Assets and Deferred Outflows of Resources	<u>50,821,856</u>
Current Liabilities	1,026,791
Long Term Debt	24,458,484
Net Pension and OPEB Liabilities	2,661,577
Deferred Inflows of Resources	2,492,075
Total Liabilities and Deferred Inflows of Resources	<u>30,638,927</u>
Net Investment in Capital Assets	21,054,187
Unrestricted	(871,258)
Net Position	<u>\$ 20,182,929</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 SEGMENT INFORMATION (CONTINUED)

Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating Revenues	
Wastewater Sales	\$ 6,336,853
Total Operating Revenues	<u>6,336,853</u>
Operating Expenses	
Operations and Maintenance	4,242,550
Administrative and General	2,378,061
Depreciation Expenses	2,858,427
Total Operating Expenses	<u>9,479,038</u>
Non operating Revenues (Expenses) and Transfers	
Property Taxes	1,094,591
Capital improvement Charges	1,179,305
Investment Income	116,333
Other Revenues	195,184
Interest Expense	(388,908)
Transfers	413,965
Total Nonoperating Revenues (Expenses) and Transfers	<u>2,610,470</u>
Changes in Net Position	(531,715)
Net Position, Beginning of Year	<u>20,714,644</u>
Net Position, End of Year	<u>\$ 20,182,929</u>
Condensed Statement of Cash Flows	
Cash Flows from Operating Activities	\$ 1,235,111
Cash Flows from Noncapital Financing Activities	1,094,591
Cash Flows from Capital and Related Financing Activities	(2,103,344)
Cash Flows from Investing Activities	<u>116,335</u>
Net Increase (decrease) in Cash and Cash Equivalents	342,693
Cash and Cash Equivalents, Beginning of Year	<u>3,238,519</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,581,212</u>

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 28, 2022, the date the financial statements were available to be issued.

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-2021. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Classic & PEPRA Miscellaneous Plan								
Plan's Proportion of the Net Pension Liability	0.48437%	0.34901%	0.13301%	0.13015%	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 9,197,304	\$ 14,721,348	\$ 13,629,333	\$ 12,541,929	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Covered Payroll	\$ 5,694,940	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842	\$ 4,683,594
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.50%	270.17%	263.15%	240.41%	241.82%	232.19%	177.52%	147.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.49%	72.50%	75.26%	75.26%	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,828,758	\$ 1,733,944	\$ 1,640,356	\$ 1,410,070	\$ 1,335,205	\$ 1,234,176	\$ 1,177,856	\$ 1,014,669

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022

There were no changes in assumptions.

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contribution Deficiency (Excess)	\$ 1,708,723	\$ 1,548,933	\$ 1,407,555	\$ 1,224,180	\$ 1,081,154	\$ 968,372	\$ 870,680	\$ 756,872
Contributions in relation to the actuarially determined contributions	<u>1,708,723</u>	<u>1,548,933</u>	<u>1,407,555</u>	<u>1,224,180</u>	<u>1,081,154</u>	<u>968,372</u>	<u>870,680</u>	<u>756,872</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842
Contributions as a Percentage of Covered Payroll	30.00%	28.71%	25.83%	23.64%	20.72%	18.37%	18.35%	15.92%

Notes to Schedule:

Valuation Date	6/30/2020	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

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

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

** - The valuations for June 30, 2012 through June 30, 2019 (applicable to fiscal years ended June 30, 2015 through June 30, 2022) included the same actuarial assumptions.

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

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

Fiscal Year-End	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:					
Service Cost	\$ 61,298	\$ 58,287	\$ 57,291	\$ 63,116	\$ 61,278
Interest on Total OPEB Liability	74,434	67,499	62,409	39,301	38,242
Difference Between Expected and Actual Experience	-	95,306	-	178,893	-
Changes of Assumptions	-	8,321	-	(122,601)	-
Benefit Payments, Including Refunds of	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Total OPEB Liability	1,332	129,626	33,001	43,140	68,124
Total OPEB Liability - Beginning of Year	1,245,488	1,115,862	1,082,861	1,039,721	971,597
Total OPEB Liability - End of Year (a)	1,246,820	1,245,488	1,115,862	1,082,861	1,039,721
Plan Fiduciary Net Position:					
Contributions - Employer	134,400	99,787	86,699	268,569	767,396
Net Investment Income	232,085	39,017	61,267	40,802	20,571
Administrative Expenses	(6,301)	(5,179)	(2,402)	(1,970)	(619)
Benefit Payments	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Plan Fiduciary Net Position	225,784	33,838	58,865	191,832	755,952
Plan Fiduciary Net Position - Beginning of Year	1,040,487	1,006,649	947,784	755,952	-
Plan Fiduciary Net Position - End of Year (b)	1,266,271	1,040,487	1,006,649	947,784	755,952
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (19,451)	\$ 205,001	\$ 109,213	\$ 135,077	\$ 283,769
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	101.56%	83.54%	90.21%	87.53%	72.71%
Covered Payroll	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,684,049
Net OPEB Liability as Percentage of Covered Payroll	-0.36%	3.76%	2.11%	2.59%	4.99%

Notes to Schedule:

Benefit Changes:

There Were No Changes in Benefits.

Changes in Assumptions:

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

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

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

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 75,659	\$ 73,456	\$ 66,239	\$ 72,529	\$ 74,065
Contributions in Relation to the Actuarially Determined Contributions	<u>(118,673)</u>	<u>(134,400)</u>	<u>(99,786)</u>	<u>(67,197)</u>	<u>(202,055)</u>
Contribution Deficiency (Excess)	<u>\$ (43,014)</u>	<u>\$ (60,944)</u>	<u>\$ (33,547)</u>	<u>\$ 5,332</u>	<u>\$ (127,990)</u>
Covered Payroll	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869
Contributions as a Percentage of Covered Payroll	1.33%	1.36%	1.22%	1.40%	1.42%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2018	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

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

Mortality	Preretirement mortality rates for Public Agency Miscellaneous from 2017 CalPERS Experience Study.
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* Fiscal year 2018 was the first year of implementation; therefore, five years are shown.

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

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

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

YEAR ENDED JUNE 30, 2022

	Water	Recycled Water	Wastewater	Total
Operating Revenues:				
Water Sales	\$ 25,245,783	\$ -	\$ -	\$ 25,245,783
Recycled Water Sales	-	1,232,350	-	1,232,350
Wastewater Sales	-	-	6,336,853	6,336,853
Total Operating Revenues	<u>25,245,783</u>	<u>1,232,350</u>	<u>6,336,853</u>	<u>32,814,986</u>
Operating Expenses:				
Cost of Water Sold	13,245,830	-	-	13,245,830
Operations and Maintenance	6,046,295	558,105	4,242,550	10,846,950
Administrative and General Expenses	4,322,980	67,945	2,378,061	6,768,986
Total Operating Expenses				
Before Depreciation and Amortization	23,615,105	626,050	6,620,611	30,861,766
Depreciation and Amortization Expense	4,148,931	60,422	2,858,427	7,067,780
Total Operating Expenses	<u>27,764,036</u>	<u>686,472</u>	<u>9,479,038</u>	<u>37,929,546</u>
Operating Income (Loss)	<u>\$ (2,518,253)</u>	<u>\$ 545,878</u>	<u>\$ (3,142,185)</u>	<u>\$ (5,114,560)</u>

YEAR ENDED JUNE 30, 2021

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

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STATISTICAL SECTION

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Table #1 - Net Positions

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2013	\$ 60,609,683	\$ 1,213,780	\$ 10,336,039	\$ 72,159,502
2014	64,203,257	2,431,978	12,479,645	79,114,880
2015	67,995,640	2,231,947	4,807,404	75,034,991
2016	70,683,956	3,455,377	5,170,519	79,309,852
2017	76,004,617	3,495,635	5,668,185	85,168,437
2018	79,333,568	4,711,487	2,038,252	86,083,307
2019	81,264,522	9,477,694	6,465,333	97,207,549
2020	82,199,752	10,188,202	6,316,800	98,704,754
2021	83,368,399	10,340,855	10,112,885	103,822,139
2022	84,830,631	9,630,952	8,260,399	102,721,982

Source: Fallbrook Public Utility District

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

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Changes in Net Position:			
Operating Revenues (See Table 4)	\$ 27,582,160	\$ 28,955,183	\$ 27,483,881
Operating Expenses (See Table 3)	(28,007,733)	(33,062,764)	(28,604,249)
Other Operating Revenues	439,560	681,876	-
Operating Income (loss)	\$ 13,987	\$ (3,425,705)	\$ (1,120,368)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,582,219	\$ 1,623,510	\$ 1,719,296
Capital Improvement Charges	1,252,501	1,981,822	2,134,025
California Solar Initiative Rebate	779,786	843,714	729,519
Investment income (Loss)	30,507	209,175	141,433
Lease Interest income	-	-	-
Water Availability Charges	201,037	200,779	200,810
MWD Local Resource Program	-	-	-
Lease Revenue	181,100	183,641	185,770
Intergovernmental Revenue - Federal Interest Subsidy	-	-	206,584
Connection Fees	247,607	118,581	208,521
SDCWA Rate Refund	-	-	-
COVID Relief Grant	-	-	-
Water Supply Grant Funds	-	-	-
Gain (Loss) on disposal of capital assets	3,550	-	(444,252)
Other Non-Operating Revenues	77,458	140,396	162,913
Other Non-Operating Expenses	(291,721)	(344,730)	(847,725)
Total Non-Operating Revenues(expenses), net	\$ 4,064,044	\$ 4,956,888	\$ 4,396,894
Net income Before Capital Contributions	\$ 4,078,031	\$ 1,531,183	\$ 3,276,526
Capital Contributions	595,205	76,746	153,790
Capital Grant - Proposition 50	-	828,598 ⁽¹⁾	224,596 ⁽¹⁾
Capital Grant - Proposition 84	-	-	-
Changes in Net Position	\$ 4,673,236	\$ 2,436,527	\$ 3,654,912
Net Position			
Beginning, as restated	\$ 72,159,502	\$ 76,678,353	\$ 79,114,880
Adjustments to restate balance	(154,385)	-	(7,734,801)
Ending, as restated	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991⁽²⁾

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

(2) Accumulative effect of change in accounting principles.

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

Source: Fallbrook Public Utility District

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

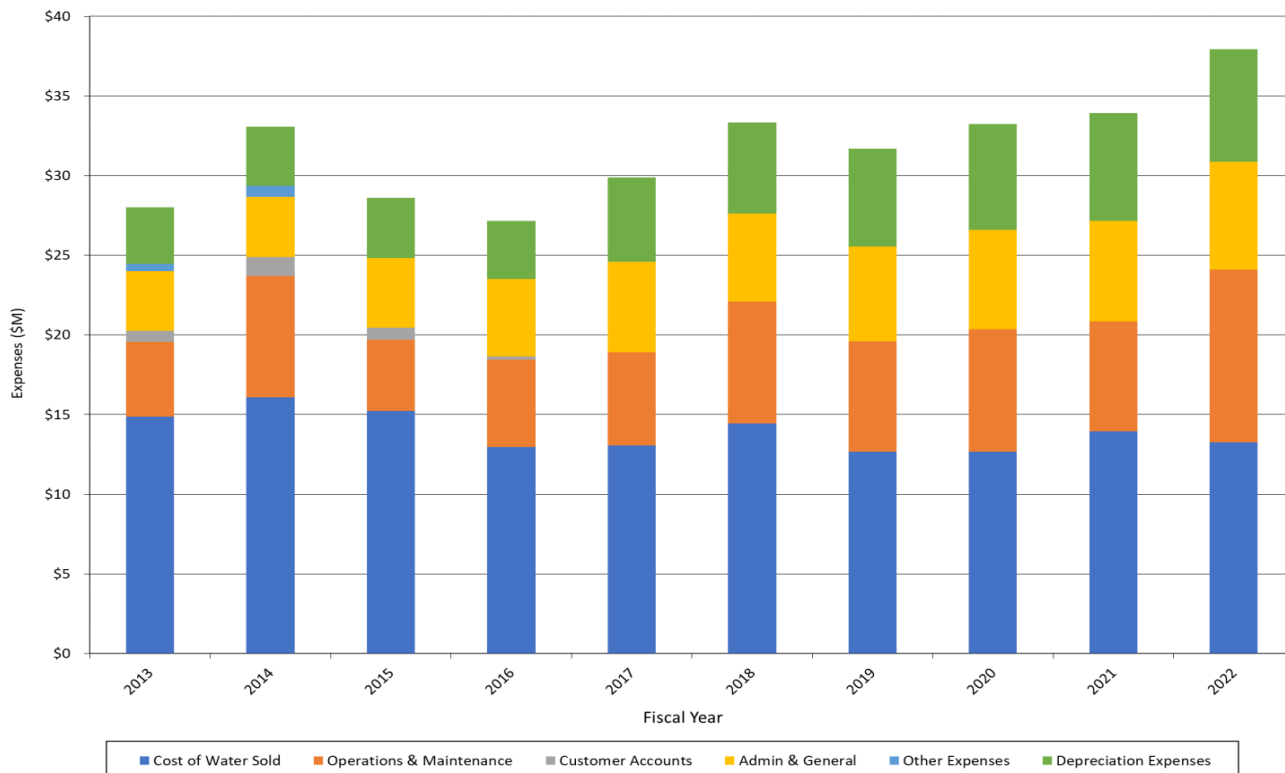
Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
\$ 25,356,017 (27,144,267)	\$ 27,256,065 (29,890,177)	\$ 29,882,022 (33,319,799)	\$ 26,944,550 (31,708,417)	\$ 28,931,007 (33,234,259)	\$ 32,511,601 (33,933,185)	\$ 32,814,986 (37,929,546)
-	-	-	-	-	-	-
\$ (1,788,250)	\$ (2,634,112)	\$ (3,437,777)	\$ (4,763,867)	\$ (4,303,252)	\$ (1,421,584)	\$ (5,114,560)
\$ 1,815,734 2,224,529 740,125 324,126 -	\$ 1,889,808 2,283,558 234,930 63,861 -	\$ 1,984,543 2,476,452 - 18,188 -	\$ 2,106,034 2,505,876 - 915,275 -	\$ 2,205,975 2,559,135 - 920,135 -	\$ 2,340,185 2,604,061 - 1,543,078 -	\$ 2,397,429 2,650,202 - (1,835,245) 15,437
200,808 -	200,730 -	229,400 -	204,359 -	204,418 -	208,842 -	202,234 197,884
185,220 185,040 131,894 -	166,012 238,765 238,124 -	178,602 145,338 411,774 -	199,433 134,924 180,966 -	249,092 123,762 107,107 -	251,047 112,207 149,650 909,413	284,819 99,240 193,201 839,398
- -	- -	- -	- -	- -	- -	184,762 213,368
(551,281) 91,361 (916,212)	- 32,729 (1,174,011)	(273,396) -	9,338,297 -	(31,450) -	38,100 -	36,543 -
\$ 4,431,344	\$ 4,174,506	\$ 4,211,886	\$ 14,675,198	\$ 5,427,950	\$ 6,491,127	\$ 3,954,505
\$ 2,643,094	\$ 1,540,394	\$ 774,109	\$ 9,911,331	\$ 1,124,698	\$ 5,069,543	\$ (1,160,055)
75,299 874,040 ⁽³⁾ 682,428	59,509 773,163 -	73,661 -	73,789 -	372,507 -	47,842 -	59,898 -
\$ 4,274,861	\$ 2,373,066	\$ 914,870	\$ 9,985,120	\$ 1,497,205	\$ 5,117,385	\$ (1,100,157)
\$ 75,034,991 -	\$ 79,309,852 3,485,519	\$ 85,168,437 -	\$ 86,083,307 1,139,122	\$ 97,207,549 -	\$ 98,704,754 -	\$ 103,822,139 -
\$ 79,309,852	\$ 85,168,437	\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982

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

Fiscal Year	Water			
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General ⁽¹⁾
2013	\$ 14,457,083	\$ 2,350,655	\$ 700,158	\$ 2,056,605
2014	15,649,781	3,810,606	1,179,998	2,006,124
2015	14,692,652	2,173,576	725,610	2,286,586
2016	12,804,470	2,788,548	203,260	2,571,803
2017	13,067,064	3,030,201	N/A	2,963,305
2018	14,453,229	3,922,528	N/A	2,868,610
2019	12,650,795	3,444,139	N/A	3,807,921
2020	12,663,006	3,984,938	N/A	3,985,541
2021	13,955,908	3,330,054	N/A	4,036,546
2022	13,245,830	6,046,295	N/A	4,322,980

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

Chart #1 - Operating Expenses by Activity



Source: Fallbrook Public Utility District

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

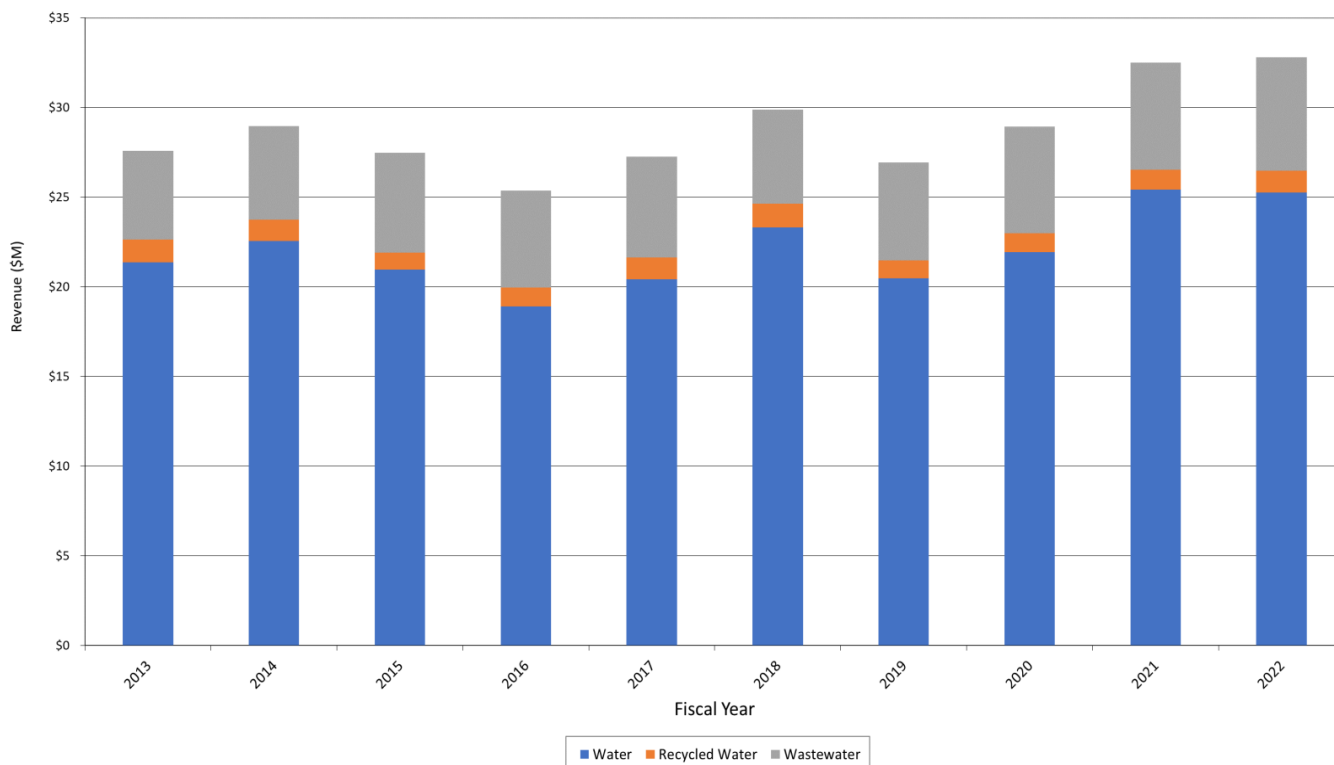
Recycled				Wastewater			Depreciation Expenses	Total Operating Expenses
Cost of Water Sold	Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses	Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses		
\$ 403,582	\$ 52,675	\$ 149,252	\$ 79,560	\$ 2,309,384	\$ 1,529,836	\$ 360,000	\$ 3,558,943	\$ 28,007,733
427,328	63,620	188,964	171,960	3,765,046	1,584,190	509,916	3,705,231	33,062,764
551,866	N/A	337,226	N/A	2,296,712	1,763,527	N/A	3,776,494	28,604,249
146,128	N/A	242,623	N/A	2,709,284	2,038,033	N/A	3,640,118	27,144,267
N/A	622,997	346,173	N/A	2,173,738	2,392,389	N/A	5,294,310	29,890,177
N/A	693,972	330,993	N/A	3,039,790	2,316,954	N/A	5,693,723	33,319,799
N/A	548,821	51,473	N/A	2,956,457	2,090,222	N/A	6,158,589	31,708,417
N/A	433,945	63,499	N/A	3,286,965	2,178,369	N/A	6,637,996	33,234,259
N/A	378,419	63,071	N/A	3,188,426	2,207,488	N/A	6,773,273	33,933,185
N/A	558,105	67,945	N/A	4,242,550	2,378,061	N/A	7,067,780	37,929,546

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

Fiscal Year	Water			Recycled			Wastewater		Total Operating Revenue
	Water Sales	Service Charges	Other Charges	Water Sales	Service Charges	Other Charges	Service Charges	Other Charges	
2013	\$15,458,783	\$4,702,564	\$1,190,568	\$777,329	\$50,316	\$445,859	\$4,950,757	\$5,984	\$27,582,160
2014	16,587,771	4,772,242	1,188,741	802,509	50,972	344,423	5,205,516	3,009	28,955,183
2015	14,722,792	4,930,254	1,295,660	662,849	53,011	244,466	5,571,362	3,487	27,483,881
2016	12,328,995	5,000,621	1,583,301	824,925	59,359	156,353	5,402,353	110	25,356,017
2017	13,233,057	5,388,463	1,783,859	1,135,841	N/A	86,620	5,627,476	749	27,256,065
2018	16,194,537	5,777,173	1,340,062	1,153,170	17,956	156,060	5,258,183	(15,119)	29,882,022
2019	12,997,586	6,291,436	1,192,767	920,376	(17,974)	96,541	5,453,590	10,230	26,944,550
2020	14,040,914	6,782,468	1,116,852	949,040	51,745	58,520	5,924,878	6,590	28,931,007
2021	17,115,866	7,237,052	1,076,096	1,029,394	53,769	5,000	5,993,042	1,382	32,511,601
2022	16,464,444	7,664,909	1,116,430	1,169,287	58,063	5,000	6,323,887	12,966	32,814,986

Source: Fallbrook Public Utility District

Chart #2 - Operating Revenues by Source



Source: Fallbrook Public Utility District

Table #5 - Water Rates (\$/Kgal*)⁽¹⁾

Fiscal Year	Domestic			Commercial		Government	Special Ag Rate	Commercial Ag Rate
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2			
2013	\$ 3.86	\$ 4.44	\$ 4.89	\$ 3.86	\$ 4.44	\$ 4.44	\$ 3.05	\$ 3.81
2014	4.03	4.64	5.11	4.03	4.64	4.64	3.14	4.06
2015	4.19	4.61	5.08	4.19	4.61	4.61	3.14	4.06
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83
2019	5.96	6.05	7.37	6.14	6.14	6.04	4.42	5.12
2020	6.44	6.53	7.96	6.63	6.63	6.52	4.77	5.53
2021	6.83	6.92	8.44	7.03	7.03	6.91	5.06	5.86
2022	7.17	7.27	8.86	7.38	7.38	7.26	5.31	6.15

*Kgal = 1,000 gal

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

Source: Fallbrook Public Utility District

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

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2013	\$ 36.09	\$ 46.96	\$ 67.01	\$ 98.07	\$ 159.98	\$ 254.37	\$ 454.61	\$ 21.51
2014	36.63	47.66	68.02	99.54	162.38	258.19	461.43	21.83
2015	38.10	49.57	70.74	103.52	168.88	268.52	479.89	22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable

* Standby rates are based on meter size

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

Source: Fallbrook Public Utility District

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

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2013	\$ 44.45	\$ 58.69	\$ 84.84	\$ 125.37	\$ 206.29	\$ 320.52	\$ 577.62	\$ 21.51
2014	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2015	44.89	59.28	85.69	126.62	208.35	323.73	583.40	22.70
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable

* Standby rates are based on meter size

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

Source: Fallbrook Public Utility District

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

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2013	\$ 4.00	\$ 5.50	\$ 8.00	\$ 12.50	\$ 21.00	\$ 33.00	\$ 60.00	\$ 2.40
2014	8.00	11.00	16.00	25.00	42.00	66.00	120.00	4.80
2015	8.59	11.81	17.18	26.84	45.10	70.87	128.85	5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	*Variable
2019	9.12	15.20	30.40	48.64	97.29	152.01	304.02	*Variable
2020	9.47	15.78	31.56	50.49	100.98	157.79	315.57	*Variable
2021	9.77	16.27	32.55	52.07	104.14	162.72	325.43	*Variable
2022	10.10	16.82	33.66	53.84	107.68	168.25	336.50	*Variable

* Standby rates are based on meter size

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

Source: Fallbrook Public Utility District

Table #9 - Sewer Rates by Customer Class (2013 - 2022)

	2013	2014	2015	2016	2017	2018 ⁽¹⁾	2019 ⁽¹⁾	2020 ⁽¹⁾	2021 ⁽¹⁾	2022 ⁽¹⁾
Fixed Rates (by meter size) (\$/month)										
3/4"	\$ 12.69	\$ 13.19	\$14.10	\$ 14.23	\$ 16.12	B Y EDU \$9.28/ EDU	B Y EDU \$9.70/ EDU	B Y EDU \$10.14/ EDU	B Y EDU \$10.60/ EDU	B Y EDU \$11.08/ EDU
1"	19.23	19.95	21.23	21.55	24.01					
1 1/2"	35.59	36.86	39.06	39.86	43.75					
2"	55.23	57.15	60.46	61.84	67.42					
3"	101.03	104.49	110.38	113.14	122.67					
4"	166.47	172.12	181.70	186.36	201.60					
6"	330.06	341.20	359.99	369.49	398.91					
Billable Flow Rates ⁽²⁾ (\$/Kgal)										
Single Family Residence, Ag Domestic, Multi - Family	\$ 7.64	\$ 7.64	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28
Low -Strength Commercial, Schools, Churches	11.54	11.54	11.54	12.35	13.27	9.37	9.79	10.25	10.72	11.20
Medium Strength Commercial	11.54	11.54	11.54	12.35	13.27	11.57	12.09	12.65	13.22	13.81
High Strength Commercial	19.35	19.35	19.35	20.63	22.28	14.44	15.09	15.77	16.48	17.22

Notes:

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

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

Source: Fallbrook Public Utility District

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Per EDU	\$ 8.00	\$ 10.00	\$ 10.44	\$ 10.70	\$ 10.84	\$ 11.16	\$ 11.53	\$ 11.62	\$ 11.63	\$ 11.68

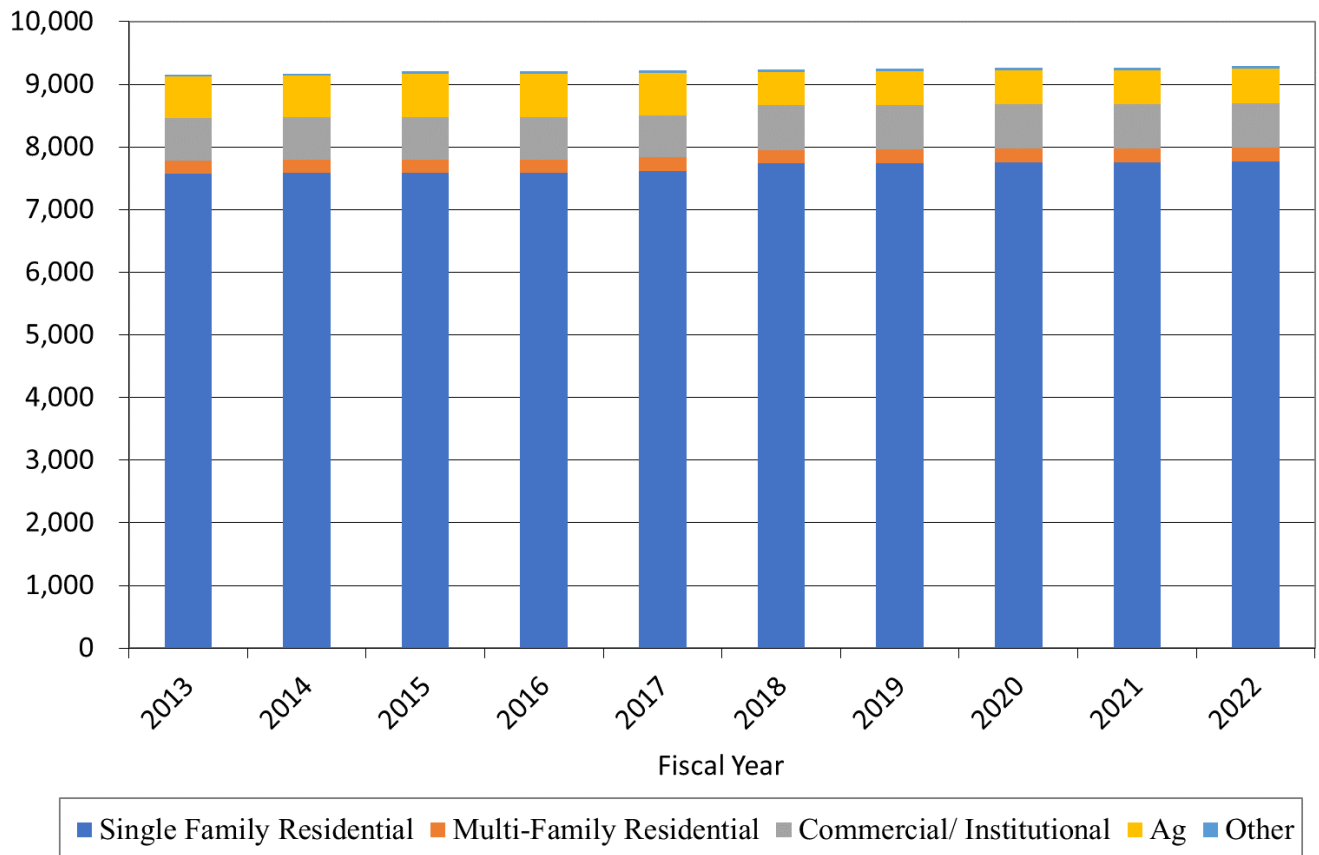
Source: Fallbrook Public Utility District

Table #11 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
2013	7,569	217	678	663	31	9,158
2014	7,582	217	680	660	32	9,171
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233
2019	7,742	218	713	533	45	9,251
2020	7,755	216	712	535	41	9,259
2021	7,757	218	711	543	41	9,270
2022	7,772	218	712	546	43	9,291

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



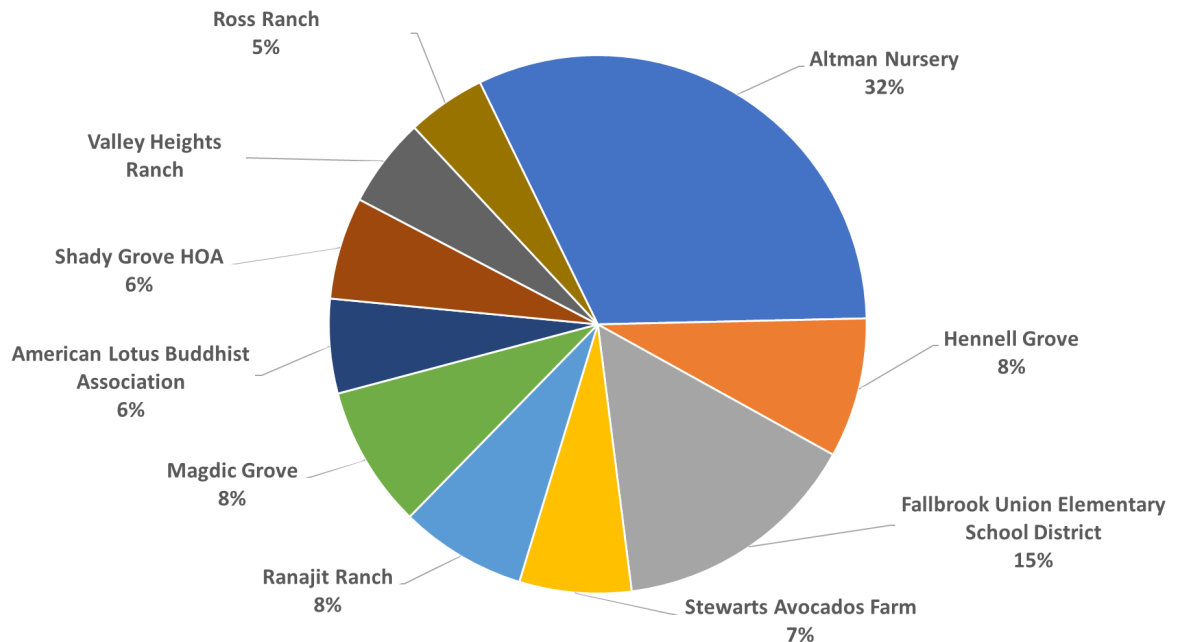
Source: Fallbrook Public Utility District

Table #12 - Top Ten Water Customers

Fiscal Year 2013			Fiscal Year 2022		
Customer	Annual Usage (Kgal)	Percent of Total	Customer	Annual Usage (Kgal)	Percent of Total
Ross Ranch	119,899	3.01%	Altman Nursery	73,876	3.00%
Chandler Ranch	79,220	1.99%	Hennell Grove	19,469	0.79%
ACW Ranch	60,482	1.52%	Fallbrook Union Elementary School District	34,625	1.41%
Sparrow Hawk Ranch	46,853	1.17%	Stewarts Avocados Farm	15,606	0.63%
Eco Farms Ranch	45,804	1.15%	Ranjit Ranch	17,651	0.72%
Lilac 124 Inc	41,898	1.05%	Magdic Grove	19,788	0.80%
Magdic Grove	32,671	0.82%	American Lotus Buddhist Association	13,149	0.53%
Brown Ranch	30,684	0.77%	Shady Grove HOA	14,237	0.58%
Serafina Holdings	28,074	0.70%	Valley Heights Ranch	12,467	0.51%
Hennel Grove	27,578	0.69%	Ross Ranch	10,952	0.44%
Total Top 10 Customers	513,163	12.87%	Total Top 10 Customers	231,820	9.41%
Total All Other Water Customers	3,474,848	87.13%	Total All Other Water Customers	2,232,241	90.59%
Total Water Consumed	3,988,011	100.00%	Total Water Consumed	2,464,061	100.00%

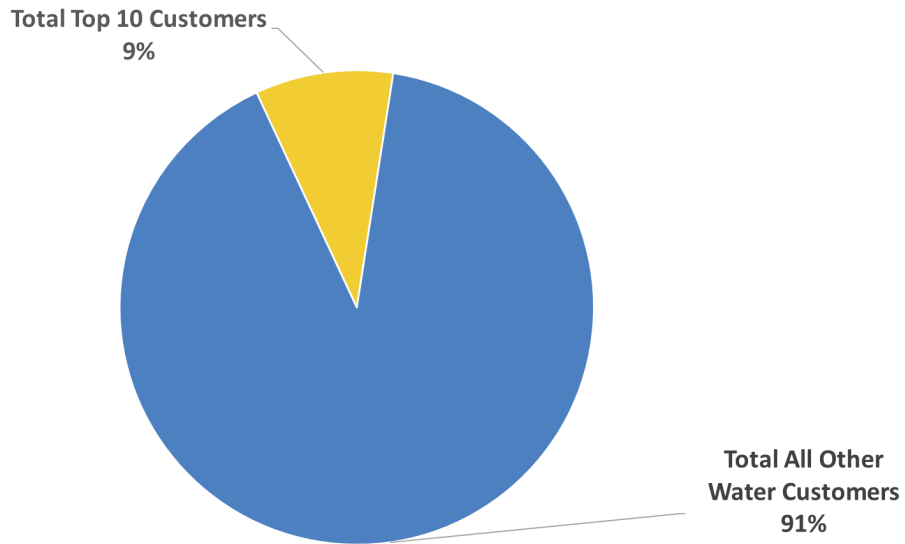
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2022



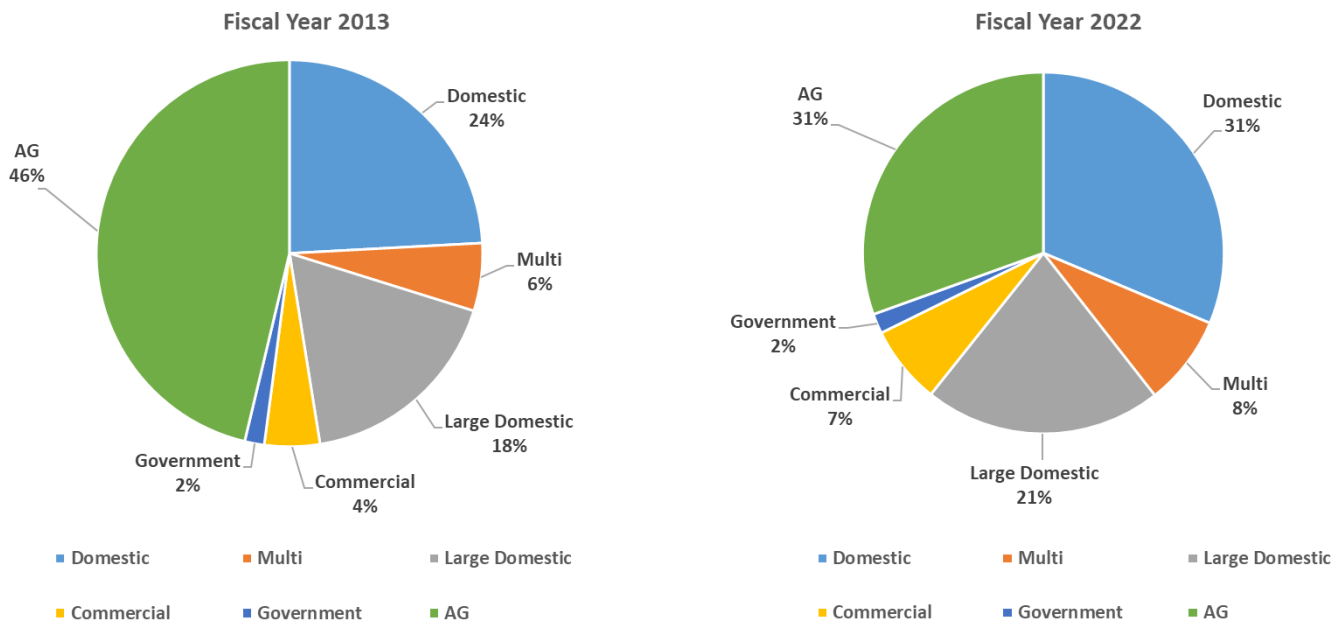
Source: Fallbrook Public Utility District

Chart #5 - Total Water Consumed Fiscal Year 2022



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2013 vs Fiscal Year 2022



Source: Fallbrook Public Utility District

Table #13 - Water System

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
2013	268.89	9,142	4,159,247,155	11,395,198
2014	268.94	9,154	4,178,179,040	11,447,066
2015	268.98	9,166	3,327,254,350	9,115,765
2016	269.11	9,197	3,235,951,180	8,865,620
2017	269.11	9,211	3,114,930,490	8,534,056
2018	269.11	9,244	3,287,934,350	9,008,039
2019	269.29	9,253	2,684,556,048	7,354,948
2020	269.36	9,262	2,602,343,841	7,129,709
2021	270.44	9,275	2,905,874,048	7,961,299
2022	271.62	9,295	2,686,152,719	7,359,323

Source: Fallbrook Public Utility District

Table #14 - Water System Total Production⁽¹⁾

Fiscal Year	Total Used/Prod. (AF)	HCF
2013	12,764.30	5,560,129.08
2014	12,822.40	5,585,437.44
2015	10,211.00	4,447,911.60
2016	9,930.80	4,325,856.48
2017	9,559.40	4,164,074.64
2018	10,090.30	4,395,334.68
2019	8,238.60	3,588,734.16
2020	7,986.30	3,478,832.28
2021	8,917.80	3,884,593.68
2022	8,243.50	3,590,868.60

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

Source: Fallbrook Public Utility District

Table #15 - Sewer System

Fiscal Year	Miles of Sewer Lines	Sewer Connections	Annual Sewerage (G)	Daily Sewerage (GD)
2013	78.62	5,008	557,909,048.16	1,528,517.94
2014	78.62	5,028	540,541,189.86	1,480,934.77
2015	78.64	5,034	562,027,804.80	1,539,802.20
2016	78.64	5,044	499,860,321.77	1,369,480.33
2017	78.64	5,049	507,140,810.66	1,389,426.88
2018	78.64	5,049	486,337,179.41	1,332,430.63
2019	78.70	5,004	556,424,471.00	1,524,450.00
2020	79.14	5,011	551,861,979.40	1,511,950.63
2021	79.14	5,029	551,882,461.86	1,512,006.74
2022	79.14	5,032	552,099,762.35	1,512,602.09

Source: Fallbrook Public Utility District

Table #16 - Sewer System Influent Flow

Fiscal Year	Total Used/Prod. (AF)
2013	1,883.86
2014	1,873.30
2015	1,997.62
2016	1,639.42
2017	1,706.45
2018	1,592.26
2019	1,707.60
2020	1,693.60
2021	1,693.70
2022	1,694.30

Source: Fallbrook Public Utility District

Table #17 - Recycled Water System

Fiscal Year	Miles of Recycled Pipes	Service Connections	Used Annual Recycled Water (AF) ⁽¹⁾	Daily Usage (MGD)
2013	8.28	28	758.70	0.7
2014	8.28	28	746.80	0.7
2015	8.28	28	598.80	0.5
2016	10.53	29	599.83	0.5
2017	10.53	30	671.34	0.6
2018	10.53	32	740.40	0.7
2019	10.53	33	562.66	0.5
2020	10.53	30	559.89	0.5
2021	10.53	30	556.54	0.5
2022	10.53	30	586.28	0.5

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

Table #18 - Recycled Water System Production

Fiscal Year	Total Prod./Disposed (AF)	Notes:
2013	1,712.16	G- Gallons
2014	1,658.86	GD - Gallons per Day
2015	1,724.80	AF - Acre Feet
2016	1,534.02	MG - Millions of Gallons
2017	1,556.36	MGD - Millions of Gallons per Day
2018	1,492.51	
2019	1,617.50	
2020	1,656.50	
2021	1,619.20	
2022	1,714.20	

Source: Fallbrook Public Utility District

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

Table #19- Annual Recycled Water Production and WRP Influent Flow

Fiscal Year	Annual Production	Daily Average Production	Total Used Production	Total Disposed	WRP Influent Flow (Acre-Ft)
2013	1,661.57	4.55	714.98	946.59	1,892.02
2014	1,756.49	4.81	690.15	1,066.34	1,888.80
2015	1,588.47	4.35	584.11	1,004.36	1,878.31
2016	1,489.03	4.08	694.37	794.66	1,600.40
2017	1,570.92	4.30	664.82	906.11	1,694.43
2018	1,492.51	4.09	740.39	752.12	1,592.26
2019	1,617.50	4.43	562.70	1,054.80	1,707.60
2020	1,656.50	4.54	559.90	1,096.60	1,693.60
2021	1,619.20	4.44	556.50	1,062.70	1,693.70
2022	1,714.20	4.70	586.30	1,127.90	1,694.30

Source: Fallbrook Public Utility District

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

Fiscal Year	Water Services	Wastewater Services	Recycled Water Services	General & Administrative	Total FTE Employees
2013	22	14	6	28.8	70.8
2014	21	13	6	27.8	67.8
2015	21	13	5	28.8	67.8
2016	20	13	5	28.8	66.8
2017	23	12	5	27.8	67.8
2018	24	15.2	2.8	25.8	67.8
2019	24	15.2	2.8	25.8	67.8
2020	25	15.2	2.8	24.8	67.8
2021	25	15.2	2.8	23.8	66.8
2022	26.4	15.8	2.8	24	69

Source: Fallbrook Public Utility District

Table #21 -Assessed Valuation of Taxable Property

Fiscal Year	Secured				Unsecured		Total Assessed Value
	Water		Sewer		Water	Sewer	
	Local Assessed	State Assessed	Local Assessed	State Assessed			
2013	\$3,005,131,868	\$ 225,000	\$ 1,773,732,093	\$ 225,000	\$ 40,228,753	\$ 35,613,386	\$ 4,855,156,100
2014	3,058,914,090	-	1,811,990,591	-	39,761,073	34,916,821	4,945,582,575
2015	3,234,556,718	-	1,928,060,834	-	40,480,476	35,184,912	5,238,282,940
2016	3,390,367,447	-	2,021,437,198	-	37,440,559	32,152,307	5,481,397,511
2017	3,518,846,961	-	2,098,501,032	-	36,135,611	31,163,876	5,684,647,480
2018	3,709,470,372	-	2,220,524,962	-	36,271,614	31,902,804	5,998,169,752
2019	3,895,955,738	-	2,337,209,037	-	41,211,234	35,075,356	6,309,451,365
2020	4,078,331,287	-	2,463,512,540	-	41,515,562	35,305,514	6,618,664,903
2021	4,268,726,975	-	2,583,369,560	-	42,961,480	37,819,020	6,932,877,035
2022	4,399,211,909	-	2,663,835,892	-	37,054,002	32,536,269	7,132,638,072

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

Table #22 -Property Tax

Fiscal Year	Current Year Levy ⁽¹⁾			Revenues Collected ⁽²⁾			Uncollected Collected			Percent Uncollected
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
2013	\$866,702	\$776,960	\$1,643,662	\$ 855,046	\$766,457	\$1,621,503	\$ 11,656	\$10,504	\$ 22,159	1.3%
2014	887,378	798,786	1,686,164	874,729	787,339	1,662,068	12,649	11,447	24,096	1.4%
2015	933,206	847,121	1,780,327	921,440	836,401	1,757,840	11,766	10,721	22,487	1.3%
2016	982,997	890,717	1,873,715	970,998	879,769	1,850,767	11,999	10,949	22,948	1.2%
2017	1,022,747	927,792	1,950,539	1,009,595	915,788	1,925,384	13,151	12,004	25,155	1.3%
2018	1,072,468	978,636	2,051,105	1,060,447	967,619	2,028,066	12,021	11,017	23,039	1.1%
2019	1,122,771	1,028,393	2,151,164	1,108,272	1,015,057	2,123,329	14,499	13,336	27,835	1.3%
2020	1,169,224	1,079,727	2,248,951	1,154,850	1,066,408	2,221,258	14,374	13,319	27,693	1.2%
2021	1,221,575	1,131,688	2,353,264	1,205,539	1,116,772	2,322,312	16,036	14,916	30,952	1.3%
2022	1,274,829	1,179,737	2,454,566	1,245,713	1,152,659	2,398,372	29,116	27,078	56,194	2.3%

Notes:

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

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

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

Table #23 -Pledged-Revenue Debt Service Coverage Ratio

Fiscal Year	Total Operating Revenues	Total Operating Expenses ⁽¹⁾	Non-Operating Revenue ⁽²⁾	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
2013	\$ 27,582,160	\$ 24,448,790	\$ 4,355,765	\$ 7,489,135	\$ 1,490,434	5.02	1.20
2014	28,955,183	29,357,533	5,301,618	4,899,268	1,414,198	3.46	1.20
2015	27,483,881	25,591,207	5,482,287	7,374,961	1,319,031	5.59	1.20
2016	25,356,017	24,281,233	5,898,837	6,973,621	1,302,876	5.35	1.20
2017	27,256,065	25,384,395	5,348,517	7,220,187	2,756,731	2.62	1.20
2018	29,882,022	27,626,075	5,170,901	7,426,848	2,758,501	2.69	1.20
2019	26,944,550	25,549,828	⁽³⁾ 6,246,867	6,731,623	2,760,019	2.44	1.20
2020	28,931,007	26,596,263	6,338,174	7,762,694	2,761,290	2.81	1.20
2021	32,511,601	27,159,912	8,156,584	11,842,816	3,101,093	3.82	1.20
2022	32,814,986	30,861,766	5,479,272	7,432,492	3,621,118	2.05	1.20

Source: Fallbrook Public Utility District

Notes:

(1) - Excludes depreciation

(2) - Excludes debt interest expenses

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

Table #24 Computation of Direct and Overlapping Debt (As of 06/30/2022)

2021-2022 Assessed Valuation: \$4,436,265,911

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt (6/30/22)	% Applicable (1)	District's Share of Debt (6/30/22)
Metropolitan Water District	\$ 20,175,000	0.130%	\$ 26,228
Palomar Community College District	655,840,155	3.171	20,796,691
Bonsall Unified School District	11,201,181	0.494	55,334
Fallbrook Union High School District	39,780,000	62.978	25,052,648
Fallbrook Union School District	12,830,689	66.726	8,561,406
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 54,492,307
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 245,340,000	0.732%	\$ 1,795,889
San Diego County Pension Obligation Bonds	340,825,000	0.732	2,494,839
San Diego County Superintendent of Schools Certificates of Participation	7,780,000	0.732	56,950
Palomar Community College District Certificates of Participation	1,440,000	3.171	45,662
Bonsall Unified School District Certificates of Participation	6,559,500	0.494	32,404
Fallbrook Union High School District General Fund Obligations	6,770,000	62.978	4,263,611
Fallbrook Public Utility District	0	100.	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 8,689,355
TOTAL DIRECT DEBT			\$ 0
TOTAL OVERLAPPING DEBT			\$ 63,181,662
COMBINED TOTAL DEBT			\$ 63,181,662 (2)

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

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

Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.23%
Total Direct Debt	0.00%
Combined Total Debt	1.42%

Source: California Municipal Statistics Inc.

Table #25 - San Diego County Principal Employers

Fiscal Year 2013			Fiscal Year 2021 ⁽¹⁾		
Employer Name	Number of Employees	% of Total County Employment	Employer Name	Number of Employees	% of Total County Employment
State of California	40,800	2.73%	Naval Base San Diego	43,003	3.02%
University of California, San Diego	27,832	1.87%	University of California, San Diego	35,807	2.51%
County of San Diego	16,011	1.07%	Sharp Healthcare	19,321	1.35%
Sharp Healthcare	15,960	1.07%	County of San Diego	17,285	1.21%
Scripps Health	14,381	0.96%	Scripps Health	14,001	0.98%
Qualcomm Inc.	13,400	0.90%	San Diego Unified School District	13,559	0.95%
City of San Diego	10,306	0.69%	City of San Diego	11,295	0.79%
Kaiser Permanente	7,800	0.52%	Qualcomm Inc.	11,200	0.79%
General Atomics (and affiliated companies)	7,668	0.51%	Kaiser Permanente	9,166	0.64%
UC San Diego Health System	6,132	0.41%	Northrop Grumman Corporation	5,652	0.40%
Total Top Ten County Employers	160,290	10.74%	Total Top Ten County Employers	180,289	12.64%
All Other County Employers	1,332,010	89.26%	All Other County Employers	1,245,911	87.36%
Total County Employment	1,492,300	100.00%	Total County Employment	1,426,200	100.00%

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

Note:
(1) Data for FY 2022 not available as of publication date. Data shown is for the most recently available version.

Table #26 -Outstanding Debt, Demographic Statistics and Per Capita Statistics

Fiscal Year	District's Outstanding Long-Term Debt ⁽¹⁾		Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Notes	Contracts		Population Estimate ^{(1) (2)}	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	Total Estimated Personal Income		
2013	\$ 77,090	\$ 13,165,083	\$13,242,173	32,366	\$ 48,984	8.2%	\$1,585,408,418	\$ 409	0.8%
2014	-	21,810,892	21,810,892	32,496	51,463	6.5%	1,672,332,671	671	1.3%
2015	-	32,389,288	32,389,288	32,626	53,984	5.3%	1,761,299,847	993	1.8%
2016	-	38,841,278	38,841,278	32,757	55,413	4.9%	1,815,183,608	1,186	2.1%
2017	-	37,101,306	37,101,306	32,889	57,423	4.2%	1,888,580,223	1,128	2.0%
2018	-	35,314,028	35,314,028	33,021	59,428	3.7%	1,962,371,988	1,069	1.8%
2019	-	33,474,377	33,474,377	33,153	62,533	3.7%	2,073,156,549	1,010	1.6%
2020	-	⁽⁵⁾ 58,912,499	58,912,499	34,432	67,830	13.5%	2,335,522,560	1,711	2.5%
2021	-	⁽⁶⁾ 88,278,477	88,278,477	34,570	72,637	7.0%	2,511,041,333	2,554	3.5%
2022	-	⁽⁷⁾ 91,537,961	91,537,961	34,708	75,542	3.2%	2,621,928,918	2,637	3.5%

Sources:

- (1) - Fallbrook Public Utility District
- (2) - <https://datasurfer.sandag.org/>
- (3) - U.S. Department of Commerce, Bureau of Economic Analysis, and Federal Reserve Bank of St. Louis (FRED)
- (4) - U.S. Bureau of labor Statistics, June 2022 unemployment rate

Notes:

- (1) - Debt secured by District's net revenues
- (2) - Historic population estimated based upon a 0.4% growth rate and the 2020 population estimate of 34,432 calculated by FPUD GIS staff.
- (3) - Per capita personal income for the San Diego County Region.
- (4) - June 2022 unemployment rate.
- (5) - Includes \$27.3 million in construction expenses/withdrawals.
- (6) - Includes \$58.5 million in construction expenses/withdrawals.
- (7) - Includes \$63.9 million in construction expenses/withdrawals.

CONTINUING DISCLOSURE



November 28, 2022

Subject: 2022 Annual Continuing Disclosure Report

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

We are pleased to present the Fallbrook Public Utility District's (District) Annual Continuing Disclosure Report (Report) for Fiscal Year ending June 30, 2022. On January 12, 2021, the District issued \$19,880,000 in 2021 Wastewater Revenue Refunding Bonds Series A and Series B (collectively 2021 Bonds). The 2021 Bonds were issued to refund the outstanding principal of a California State Water Resources Control Board loan. The 2021 Bonds are payable from and secured by a pledge of Wastewater System Net Revenues, as defined by the Official Statement dated January 12, 2021 (2021 Official Statement).

Board of Directors

Dave Baxter
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougal
Division 4

Charley Wolk
Division 5

This Report has been produced pursuant to the District's 2021 Bonds Continuing Disclosure Certificate (Certificate) covenants, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). This information is for the benefit of interested parties and includes the information specified in the Certificate. For further information and a more complete description of the District and the 2021 Bonds please refer to the 2021 Official Statement.

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Lauren Eckert
*Executive Assistant/
Board Secretary*

The information set forth herein has been furnished by the District and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein speaks only as of its date and are subject to change without notice and neither the District, nor the Trustee have any obligation to update this Report, other than as expressly provided in the Certificate. The delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein or to the information provided in any final official statement.

General Counsel

Paula de Sousa
Best Best & Krieger

Jack Bebee
General Manager

David Shank
Assistant General Manager/CFO



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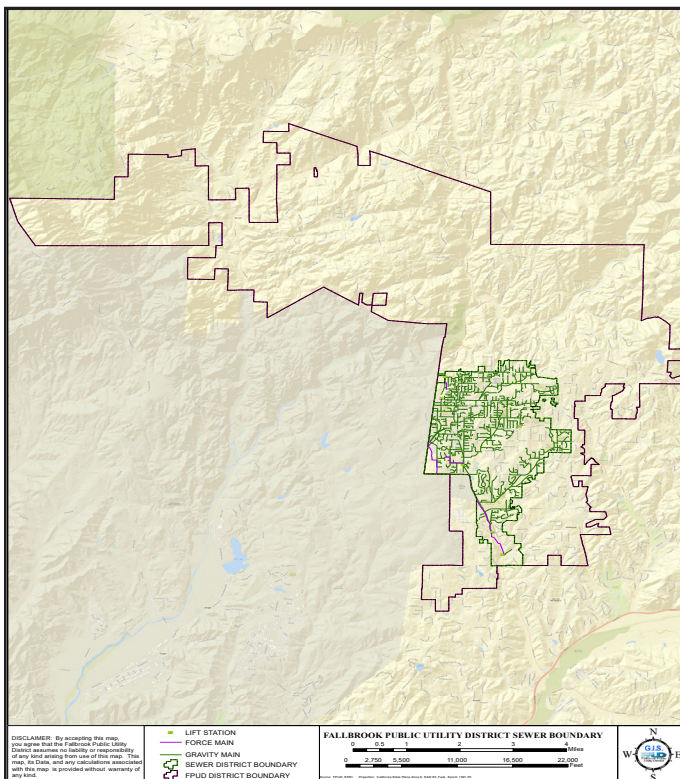
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District Sewer Boundary



I. Introduction

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

Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles).

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

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

Wastewater System

The District’s wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 12-mile ocean outfall line.

II. Bond Information

Principal Outstanding

Bond Issues	As of June 30, 2022
2021 Wastewater Revenue Refunding Bonds Series A	\$14,845,000
2021 Wastewater Revenue Refunding Bonds Series B	3,925,000

III. Financial Information

The audited financial statements for the District for the fiscal year ended June 30, 2022 have been filed separately on EMMA and are hereby incorporated by reference into this Report.

IV. Operating Information

The following table shows the number of residential and non-residential connections for the Wastewater System for the years shown.

Table #1 - Number and Type of Wastewater Connections

As of June 30,	Residential	Non-Residential	Total
2018	4,641	408	5,049
2019	4,621	383	5,004
2020	4,630	381	5,011
2021	4,654	375	5,029
2022	4,659	373	5,032

Source: Fallbrook Public Utility District

The following table shows the ten largest customers of the Wastewater System as of June 30, 2022 based on charges billed.

Table #2 - Ten Largest Wastewater Customers as of June 30, 2022

No.	Customer	Type of Business	Revenues	% of Total Revenues ⁽¹⁾
1	VALLEY VIEW MOBILE LODGE	Residential	\$ 88,378	1.19%
2	SUMMER RIDGE APARTMENTS	Residential	53,188	0.72%
3	CPI GV CRESTVIEW ESTATES OW LLC	Residential	51,603	0.70%
4	REED & BROOKE APARTMENTS	Residential	48,017	0.65%
5	FALLBROOK UNION HIGH SCHOOL DISTRICT	High School	47,698	0.64%
6	FALLBROOK HILLS APARTMENTS	Residential	47,007	0.63%
7	NORTHGATE MARKET	Commercial	45,829	0.62%
8	CORTEZ APARTMENTS	Residential	45,452	0.61%
9	TURNAGAIN ARMS APARTMENTS	Residential	44,725	0.60%
10	CRESTWOOD BEHAVIORIAL HEALTH	Residential	39,487	0.53%
	Total, Top 10 Customers		\$ 511,384	6.89%

(1) Based on total Service Charges and CIC Charges for Fiscal Year 2021-22 of \$7,422,473.

Source: Fallbrook Public Utility District

The following table sets forth the historical average daily wastewater flow to the WRP for the fiscal years shown.

Table #3 - Historical Average Daily Flow at WRP

As of June 30,	Average Daily Sewer Flow (MGD)	Average Daily Sewer Flow (AF)
2010	1.73	5.30
2011	1.74	5.35
2012	1.67	5.13
2013	1.53	4.69
2014	1.48	4.54
2015	1.54	4.73
2016	1.37	4.20
2017	1.39	4.26
2018	1.33	4.09
2019	1.52	4.68
2020	1.51	4.63
2021	1.51	4.63
2022	1.51	4.63

Source: Fallbrook Public Utility District

The following table shows the current and projected sewer services charges of the District.

Table #4 - Monthly Sewer Service Charges

	Effective Jan. 1, 2018	Effective Jan. 1, 2019	Effective Jan. 1, 2020	Effective Jan. 1, 2021	Effective Jan. 1, 2022
Monthly Fixed Charge Per EDU⁽¹⁾					
Wastewater Charge	\$ 9.28	\$ 9.70	\$ 10.14	\$ 10.60	\$ 11.08
Capital Improvement Charge (CIC) ⁽²⁾	11.16	11.53	11.62	11.63	11.68
Monthly Variable Charge Per 1,000 Gallons⁽³⁾					
Single-Family, Multi-Family & Ag. Domestic	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28
Gov't, Schools, Churches & Low-Strength Commercial	9.37	9.79	10.25	10.72	11.20
Medium-Strength Commercial	11.57	12.09	12.65	13.22	13.81
High-Strength Commercial	14.44	15.09	15.77	16.48	17.22

Notes:

(1) See Fallbrook Public Utility District Administrative Code Article 11 Section 11.7 for the Schedule of Equivalent Dwelling Units (EDUs) Methodology based on EDUs became effective January 1, 2018.

(2) Each January 1, the District is authorized to increase the Wastewater CIC in accordance with the Engineering News Record Construction Cost Index of February for Los Angeles of the preceding year ("ENR CCI"), not to exceed 10% annually.

(3) Residential variable charge based on 2-year adjusted average winter water usage. Commercial variable charge is based on adjusted monthly water usage.

Source: Fallbrook Public Utility District

The following table sets forth the historical assessed values for the fiscal years shown, for “Improvement District “S” which corresponds to the former geographic boundaries of the Fallbrook Sanitary District which was merged into the District and became the Wastewater System.

Table #5 - Historical Assessed Valuations-Improvement District “S”

Fiscal Year	Local Assessed	State Assessed	Unsecured Value	Total	% Change
2010	\$ 1,821,146,148	\$ 225,000	\$ 36,302,150	\$ 1,857,673,298	0.0%
2011	1,781,731,084	225,000	37,141,389	1,819,097,473	-2.1%
2012	1,783,734,000	225,000	33,883,225	1,817,842,225	-0.1%
2013	1,773,732,093	225,000	35,613,386	1,809,570,479	-0.5%
2014	1,811,990,591	-	34,916,821	1,846,907,412	2.1%
2015	1,928,060,834	-	35,184,912	1,963,245,746	6.3%
2016	2,021,437,198	-	32,152,307	2,053,589,505	4.6%
2017	2,098,501,032	-	31,163,876	2,129,664,908	3.7%
2018	2,220,524,962	-	31,902,804	2,252,427,766	5.8%
2019	2,337,209,037	-	35,075,356	2,372,284,393	5.3%
2020	2,463,512,540	-	35,305,514	2,498,818,054	5.3%
2021	2,583,369,560	-	37,819,020	2,621,188,580	4.9%
2022	2,663,835,892	-	32,536,269	2,696,372,161	2.9%

Source: Fallbrook Public Utility District; San Diego County Auditor-Controller

The following table sets forth the top 20 taxpayers within Improvement District “S” for Fiscal Year 2021-2022.

Table #6 - Top Taxpayers in Improvement District “S”

No.	Taxpayer	Primary Land Use	FY 2021-22 Assessed Valuation	% of Total
1	Fallbrook GR F2 LLC	Shopping Center	\$ 24,500,803	0.92%
2	Albertsons LLC	Supermarket	20,481,590	0.77%
3	Americare Health & Retirement LLC	Assisted Living Facility	19,759,706	0.74%
4	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	14,427,940	0.54%
5	Sheryl A. Hailey	Residential Properties	13,340,782	0.50%
6	Axelgaard Manufacturing Co. Ltd.	Industrial	11,671,770	0.44%
7	Fallbrook Plaza LLC	Shopping Center	10,897,294	0.41%
8	Efren R Cota Ltd.	Apartments	10,335,268	0.39%
9	Hampton Family Trust	Residential Properties	9,551,282	0.36%
10	Amber Creek Associates Ltd.	Apartments	9,529,095	0.36%
11	Fallbrook Village Apartments LLC	Apartments	8,888,759	0.33%
12	Rec Properties LLC	Apartments	8,397,055	0.32%
13	Ark Properties LLC	Public Storage	8,086,190	0.30%
14	Fallbrook Hills Apartments LLC	Apartments	8,058,281	0.30%
15	J & V Vozza No. 1 LLC	Apartments	7,725,311	0.29%
16	Sunset Views Apartments LLC	Apartments	7,655,520	0.29%
17	Fallbrook Medical Arts LLC	Medical Offices	7,500,000	0.28%
18	Felipe and Concepcion Jimenez	Apartments	7,232,252	0.27%
19	Fallbrook 230 LLC	Apartments	6,999,326	0.26%
20	Sunset Meadows Apartments LLC	Apartments	6,835,285	0.26%
	Total, Top 20 Customers		\$ 221,873,509	8.33%
	Total Assessed Value, All Taxpayers		\$ 2,663,835,892	

Source: California Municipal Statistics

The following table presents historical Wastewater Fund revenues, expenses and debt service coverage for Fiscal Years 2017-18 to 2021-22.

Table #7 - Wastewater Revenues, Expenses and Debt Service Coverage

Fiscal Year Ending June 30,	2018	2019	2020	2021	2022
Operating Revenues:					
Service Charges	\$ 5,258,183	\$ 5,453,590	\$ 5,924,878	\$ 5,993,042	\$ 6,323,887
Other Charges	(15,111)	10,230	6,590	1,382	12,966
Sub-Total	\$ 5,243,072	\$ 5,463,820	\$ 5,931,468	\$ 5,994,424	\$ 6,336,853
Operating Expenses (Excludes Depreciation):					
Operations & Maintenance	\$ 3,039,790	\$ 2,956,457	\$ 3,286,965	\$ 3,188,427	\$ 3,827,472 ⁽¹⁾
Administrative & General	2,316,954	2,090,222	2,178,369	2,207,487	2,378,061
Sub-Total	\$ 5,356,744	\$ 5,046,679	\$ 5,465,334	\$ 5,395,914	\$ 6,205,533
Net Operating Income	\$ (113,672)	\$ 417,141	\$ 466,134	\$ 598,510	\$ 131,320
Non-Operating Revenues (Expenses)					
Property Taxes	\$ 967,619	\$ 1,015,057	\$ 1,066,408	\$ 1,069,872	\$ 1,094,591
Capital Improvement Charges	1,149,667	1,162,117	1,168,350	1,171,245	1,179,305
Investment Income ⁽²⁾	95	84,296	131,547	71,912	82,914
Connection Fees	290,904	133,729	123,762	39,579	95,944
Sub-Total	\$ 2,408,285	\$ 2,395,199	\$ 2,490,067	\$ 2,352,608	\$ 2,452,754
NET REVENUES	\$ 2,294,613	\$ 2,812,340	\$ 2,956,201	\$ 2,951,118	\$ 2,584,075
Debt Service Expense:					
2010 Agreement (net of subsidy) ⁽³⁾	\$ 367,229	\$ 379,131	\$ 391,696	\$ 408,435	\$ 422,072
SRF Loan	1,845,746	1,845,746	1,845,746	1,750,772	-
2021 Refunding Bonds	-	-	-	22,271	1,729,884
Sub-Total	\$ 2,212,975	\$ 2,224,877	\$ 2,237,442	\$ 2,181,478	\$ 2,151,956
Debt Service Coverage (DSC)	1.04	1.26	1.32	1.35	1.20
QECB Loan Subsidy:					
Gross Interest Subsidy Rate (%)	70.0%	70.0%	70.0%	70.0%	70.0%
Sequestration Rate (%)	6.6%	6.2%	5.9%	5.7%	5.7%
Net Interest Subsidy Rate (%)	65.4%	65.7%	65.9%	66.0%	66.0%

(1) GASB 68 expense has been reduced by \$415,078.45 to reflect the non-cash cost of CalPERS risk mitigation and discount rate reduction.

(2) Investment Income excludes the mark-to-market investment gain and investment earnings on the District's 115 Trust.

(3) Amount shown is net of the 70% interest rate subsidy, adjusted for a sequestration rate of 5.7%.

Source: Fallbrook Public Utility District

V. Significant Events

Pursuant to the provisions of the Continuing Disclosure Certificate, the District shall provide, in a timely manner and in no event in excess of ten (10) Business Days after the occurrence of such Significant Event, notice of such Significant Event with the MSRB. No significant events were observed during the reporting period. For a list of Significant Events please refer to the 2021 Official Statement.

Attachment B



INDEPENDENT AUDITORS' REPORT

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fallbrook Public Utility District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Fallbrook Public Utility District as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fallbrook Public Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1C to the financial statements, the District implemented GASB 87, *Leases* in the fiscal year ended June 30, 2022. This resulted in the addition of lease assets, receivables, liabilities, and deferred inflows. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fallbrook Public Utility District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fallbrook Public Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fallbrook Public Utility District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2021 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated November 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Fallbrook Public Utility District. The Schedule of Operating Income and Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Operating Income and Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

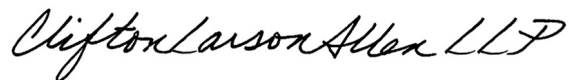
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and Continuing Disclosure but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Carlsbad, California
November 28, 2022



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

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fallbrook Public Utility District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fallbrook Public Utility District's basic financial statements, and have issued our report thereon dated November 28, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Carlsbad, California
November 28, 2022



Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited the financial statements of Fallbrook Public Utility District (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 28, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit our Engagement Letter dated June 6, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

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

Accounting estimates

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

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

Significant audit findings (continued)

Qualitative aspects of accounting practices (continued)

Accounting estimates (Continued)

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

Financial statement disclosures

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

- The disclosure of the depreciation expense reported in Note 1.k.
- The disclosure of the net pension liability reported in Note 7.
- The disclosure of the Other Post-Employment Benefits reported in Note 8.

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material and immaterial misstatements detected as a result of audit procedures were corrected by management:

- During the course of the audit it was determined that the cost of water in inventory at June 30, 2022 was underreported by approximately \$319,000. This was corrected by management.

Disagreements with management

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

Circumstances that affect the form and content of the auditors' report

An emphasis of matter paragraph was added to the Independent Auditors' Report to let the Board of Directors know that the District changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in fiscal year 2021-2022.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 28, 2022.

Management consultations with other independent accountants

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

Required supplementary information

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

Supplementary information in relation to the financial statements as a whole

With respect to the Schedule of Operating Income and Expenses accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 28, 2022.

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

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the Introductory and Statistical Sections and the Continuing Disclosure. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

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



CliftonLarsonAllen LLP

Carlsbad, California
November 28, 2022

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: December 5, 2022
SUBJECT: Update of District's Engineering Service and Related Fees

Purpose

The District provides customers with certain fee based services related to the installation, relocation, testing and administration of water and sewer services. The installation fees are for materials and labor and are not related to the capacity fees charged by the District or SDCWA. These fees have been updated over the past 5 years based upon changes in the Engineering News Record Construction Cost Index. However, it has been several years since the District has conducted a comprehensive review of these fees.

Summary

As part of the development of the 2022 Financial Plan, District staff have conducted a review of the costs associated with performing engineering services for customers. The services and basis for the fees are described below.

Water:

- Meter Installation – Time and material costs associated with connecting a meter to a service line.
- Service Line Installation – Time and material costs associated with excavating a water main, installing a service connection at the main, excavation and installation of an appropriately sized water service line (equal to meter size) from the main to the site of the meter installation.
- Meter Relocation – Time and material costs associated with excavating a water main at the site of the existing service connection, removing the existing service line and capping the existing service connection at the main, excavating the water main at the new location, installing a service connection at the main, and laying appropriately sized water service line (equal to meter size) from the main to the site of the relocated meter.
- Backflow Installed with Meter – Time and material costs associated with installing a backflow device downstream of a District installed meter (backflow installations on existing services, or retrofits, are the sole responsibility of the property owner that the existing meter serves).
- Hydrant Installation – Time and material costs associated with excavating a water main at the site of the hydrant installation, installing a connection at the main, excavation and installation of the new hydrant's service lateral (6") to the point where the hydrant will be installed, installation of a concrete pad around the hydrant.

- Paving – Time and material costs associated with repairing paving that is removed during excavation for the installation of water appurtenances.
- County Inspection – Time for a County inspector to perform a site visit and inspect the paving repairs on County maintained roads.

Sewer:

- Lateral/Cleanout Installation – Time and material costs associated with excavating an existing sewer main, trenching for the new service lateral, connection to the existing sewer main, installation of a service lateral to the point of the District cleanout, and the installation of a District cleanout.
- Paving – Time and material costs associated with repairing paving that is removed during excavation for the installation of water appurtenances.
- County Inspection – Time for a County inspector to perform a site visit and inspect the paving repairs on County maintained roads.

The schedule of proposed updated fees is included as an attachment for reference. The fees are based on the cost of materials, labor time, and equipment used to perform the work.

Recommended Action

That the Board adopt Resolution No. 5031 , adopting miscellaneous fees and charges and revising the District's Administrative Code and taking other actions related thereto.

Attachment A
Proposed Changes to Administrative Code
Articles 10, 11, 12

Article 10.

Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 10.2 Remote Meter Agreements.

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

Sec. 10.3 Temporary Service Agreements.

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

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

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

Sec. 10.4 Engineering Fees.

Sec. 10.4.1 Plan Check Fees.

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

Sec. 10.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ ~~\$106.74~~116.41 = ~~\$533.70~~582.06
 - 3" and larger 9 hours @ ~~\$116.41~~106.74 = ~~\$960.66~~1,047.71
- B) Fire Hydrant Installation 9 hours @ ~~\$116.41~~106.74 = ~~\$1,047.71~~960.66
- C) Fire Service Installation 9 hours @ ~~\$116.41~~106.74 = ~~\$1,047.71~~960.66

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to

start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 10.5 Rules for Service of Water.

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

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

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

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

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

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

Sec. 10.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article 10.8 of this Administrative Code. Reclaimed meter and service line connections shall be capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of

February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

<u>Meter Size</u>	<u>Meter and Service Line*</u>	<u>Meter Only on Existing Service Line</u>	<u>Service Line Only*</u>
3/4"	\$ <u>27954,072</u>	\$ <u>531470</u>	\$ <u>3,5412327</u>
1"	\$ <u>4,1692974</u>	\$ <u>628647</u>	\$ <u>3,5412327</u>
1-1/2"	\$ <u>5,1864033</u>	\$ <u>1,1774026</u>	\$ <u>40093007</u>
2"	\$ <u>5,6634837</u>	\$ <u>1,4394183</u>	\$ <u>4,2243655</u>
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$2,4004814. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$4,4003629. If County road inspection is required, there is an additional fee of \$1408.

Sec. 10.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line*</u>
3/4"	\$ <u>5,1113,216</u>
1"	\$ <u>5,1113,377</u>
1-1/2"	\$ <u>5,6584,057</u>
2"	\$ <u>5,8734,664</u>

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

Sec. 10.8 Connection/Capacity Fees.

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

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

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
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3/4"	1	\$5,8016,327
1"	1.6	\$9,28410,125
1-1/2"	3	\$17,40618,983
2"	5.2	\$30,17132,905
3"	9.6	\$55,69960,746
4"	16.4	\$95,150103,772
6"	30	\$174,060189,832

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

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 10.8.1 Removal of Meters.

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

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

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

Sec. 10.8.2 Meter Testing Costs.

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

<u>Meter Size</u>	<u>Fee for testing</u>
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3/4" – 1"	\$ 123 134
1 1/2" – 2"	\$ 166 181
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

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

Sec. 10.8.3 Adjustment to Fees for Meters and Connections.

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

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

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

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

Sec. 10.10 San Diego County Water Authority Connection Fees.

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

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of \$5,~~328~~700 multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$5, 328 <u>700</u>	\$ 149 <u>159</u>	\$ 5,859 <u>\$5,477</u>
1"	1.6	\$ 89,525 <u>120</u>	\$ 238 <u>254</u>	\$ 9,374 <u>\$8,763</u>
1-1/2"	3.0	\$ 1517,984 <u>100</u>	\$ 447 <u>477</u>	\$ 17,577 <u>\$16,431</u>
2"	5.2	\$ 2729,706 <u>720640</u>	\$ 775 <u>827</u>	\$ 30,49567 <u>\$28,481</u>
3"	9.6	\$ 541,149 <u>720</u>	\$1, 430 <u>526</u>	\$ 56,246 <u>\$52,579</u>
4"	16.4	\$ 8793,379 <u>480</u>	\$2, 443 <u>608</u>	\$ 96,088 <u>\$89,822</u>
6"	30.0	\$ 159171,840 <u>000</u>	\$4, 470 <u>770</u>	\$ 175,770 <u>\$164,310</u>

8"	52.0	\$ 277 <u>296,056</u> 400	\$ 78,748 <u>268</u>	\$ <u>304,668</u> \$284,804
10"	78.0	\$ 415 <u>444,584</u> 600	\$ 112,622 <u>402</u>	\$ <u>457,002</u> \$427,206
12"	132.0	\$ 703 <u>752,296</u> 400	\$ 1920,668 <u>988</u>	\$ <u>773,388</u> \$722,964

The System Capacity Charge is the cost for the conveyance and storage facilities necessary to operate the delivery system.

The Water Treatment Capacity Charge is the cost for the connection to the 50 MGD (million gallons per day) regional water treatment facility. The Water Treatment Capacity Charge is an additional charge of \$~~149~~159 for each new meter of a size less than one inch and a corresponding increase for larger meters.

The member agency shall determine the size of the water meter to serve any property within its jurisdiction. In the event an agency calculates the water demand by the equivalent dwelling unit (EDU) method, the County Water Authority's capacity charge will be collected based on the size of meter actually installed to meet flow demand.

No capacity charge shall be imposed for a water meter permanently connected to a reclaimed water system and measuring reclaimed water. If a water user converts a water meter to permanently measure only reclaimed water, the capacity charge previously collected for the meter shall be refunded upon written request from the water user and verification by the member agency in which the water user is located that the meter is permanently connected to the reclaimed water supply and is measuring reclaimed water. The refund shall be in the amount of the capacity charge actually collected.

All claims for refund permitted shall be presented within one year of the date of the event justifying the refund.

Sec. 10.11 San Diego County Water Authority Permanent Special Agricultural Water Program Administration

Sec. 10.11.1 Purpose.

The San Diego County Water Authority Permanent Special Agricultural Water Program (PSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible. This section of the District's Administrative Code establishes the rules and regulations for Administration of the SDCWA PSAWR within the Fallbrook Public Utility District (District).

Sec. 10.11.2 Qualification.

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

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

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

Sec. 10.11.3 Certification and Recertification.

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

Sec. 10.11.4 Acknowledgement.

Individuals participating in the PSAWR shall acknowledge that:

- a) Water received under the PSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and/or the SDCWA.
- b) Water use under the PSAWR supply is subject to periodic data examination and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the PSAWR.
- c) Failure to respond in a timely manner to information requests, associated data examination and field audits or recertification, or failure to provide reasonable access to properties receiving water under the PSAWR will result in automatic removal of the subject property from the PSAWR, subject to the conditions set for in subsection 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.
- d) If, as a result of data examination and/or an audit, it is determined that PSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive supplemental water rates, penalties and charges as required by the SDCWA, or the District, which the participant agrees to pay.
- e) If data examination and/or an audit determines that the subject property and/or water use on the property does not qualify for the PSAWR, then the property and associated water account will be removed from the PSAWR as provided for and

subject to the conditions in sub-section 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

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

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

Sec. 10.11.6 Implementation of Mandatory PSAWR Supply Reductions.

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

Sec. 10.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The cost of the service lines together with the pipeline extension costs will be borne by the owners.

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

Sec. 10.13 Customer Valve.

There shall be a stopcock or wheel valve in every attachment between the meter and the main next to the meter which said stopcock or wheel valve and

the meter and other devices and fittings, including the meter box supplied by the District, shall be for the exclusive use and under the control of the District.

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

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

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

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

Sec. 10.14 Water Must Pass Through Meter.

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

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

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

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

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

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

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

Sec. 10.17 Fires.

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

Sec. 10.18 Access to Meters.

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

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

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

Sec. 10.20 Allowances or Rebates.

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

Sec. 10.21 Water Served to Others.

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

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

Sec. 10.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible

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

Sec. 10.22.1 Type Of Backflow Protection Required.

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

recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

- A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).
 - B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.
 - C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.
 - D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.
 - E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.
7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.
9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.
10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
11. Property owners who appeal to the District to change classification from a classification other than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 10.22.3 & 4.

Evaluation of Hazard. The District shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The District, however, shall not be responsible for abatement of cross-

connections which may exist within a user's premises. As a minimum, the evaluation should consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

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

Sec. 10.22.2 Backflow Device Installation on New Services.

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

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

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$767477
For each 1 inch meter	\$788562
For each 1-1/2 inch meter	\$1,3581,038
For each 2 inch meter	\$1,5704,256
For each 3, 4 or 6 inch meter	Cost

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

Sec. 10.22.3 Reduced Pressure Backflow Preventer Retrofits.

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

General Design Considerations.

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

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

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

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday's only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.

- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.
- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty eight dollars (\$128) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.
- 10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 10.22.5 Well Destruction and Alteration.

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

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

California Water Code Section 13751 requires that anyone who constructs, alters, or destroys a water well, cathodic protection well, groundwater monitoring well, or

geothermal heat exchange well file with the Department of Water Resources a report of completion within sixty (60) days of the completion of the work.

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

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

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

Sec. 10.23 Booster Pumps.

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

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

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

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

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

Sec. 10.24 Fire Hydrants.

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

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

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

Model J-3700 (2-port hydrant).....	\$9,175 <u>11,482</u>	(complete assembly)
Model J-3765 (3-port hydrant).....	\$14,082 <u>9,936</u>	(complete assembly)
Fire flow testing	\$534	

If paving over 20 feet is required, there is an additional fee of ~~\$258~~281 per trench foot. If county road inspection is required, there is an additional fee of \$1,408.

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

Sec. 10.25 Automatic Sprinkler and Fire Protection Systems.

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

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

Sec. 10.26 Construction Meters.

For each use of a fire hydrant by any person not officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a ~~\$1,266~~1,381 deposit, a meter installation charge of ~~\$123~~134 will be made. There will be a relocation charge of ~~\$123~~134 to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 10.27 Water Used for Annual Crops.

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

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

Sec. 10.28 Illegal Use of Water.

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

Sec. 10.29 Water Service Outside District.

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

Sec. 10.30 Application of Water Service to Affordable Housing

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

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or

- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or
- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 10.30.1 Review of Service Policies.

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

Sec. 10.31 Administrative Fees.

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

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

ARTICLE 19 (Renumbered as Article 10 by Resolution 5006)
Sec. 19.1,19.4,19.6, 19.21, 19.23 & 19.28 – Rev. 6/93
Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
Sec. 19.8 – Rev. 4/95
Sec. 19.1 – Rev. 8/95
Sec. 19.33-19.43 – Rev. 8/95
Sec. 19.5, 19.24-19.25 – Rev. 9/96
Sec. 19.6-19.8 – Rev. 9/96
Sec. 19.23 – Rev. 10/96
Sec. 19.8 – Rev. 6/97
Sec. 19.1 – Rev. 7/97
Sec. 19.11 – Rev. 7/98
Sec. 19.9 – Deleted (all parcels paid) – Rev. 9/98
Sec. 19.21 – Rev. 6/99
Sec. 19.8 – Rev. 7/99
Sec. 19.9 – Rev. 11/99
Sec. 19.20.2 – Rev. 11/99
Sec. 19.9.2 – Rev. 7/00
Sec. 19.8 – Rev. 12/00

Sec. 19.8 – Rev. 8/01

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Sec. 19.21, 19.23 – Rev. 07/03

Sec. 19.6, 19.21 – Rev. 6/04

Sec. 19.8, Rev. 1/05

Sec. 19.5 – Rev. 7/05

Sec. 19.4 & 19.8 – Rev. 3/06

Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
6/06

New sec. 19.27 added 6/06

Sec. 19.5, 19.8 & 19.23 – Rev. 12/06

New Sec. 19.4 – Added 2//07

Sec. 19.20 – Rev. 3/07

Sec. 19.22 – Rev. 6/07

Sec. 19.6 – Rev. 6/07; 19.7 – Added
6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
6/07

New 19.11 – added 8/07

Sec. 19.1 (last para pg. 1) & 1st para. Pg.
2 – Rev. 12/07

Sec. 19.8.2 – Add 3/08

Sec. 19.1, 19.6, 19.7, 19.8, 19.8.1, 19.9,
19.14, 19.22, 19.24, 19.26, 19.27, and
19.31 – Rev. 6/08

Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22,
19.24, - Rev. 6/09

19.1, 19.5 Rev. 8/09

Sec. 19.22-19.22.5 – Rev. 10/09

Sec. 19.8.1 – Rev. 5/10

Sec. 19.5 – Rev. 10/10

Sec. 19.3 – Rev 12/10

Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
19.26 – Rev. 5/11

Sec. 19.8, 19.9 – Rev. 4/12

Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/12

Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/13

Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 6/14

Sec. 19.8.1 – Rev. 10/14

Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
19.24, 19.26 Rev. 6/15

Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3,
19.11.4, 19.11.5, 19.11.6, 19.22.1 Rev.
3/16

19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 7/16
Sec. 19.10 - Rev. 1/17

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/18

Secs. 19.12.1, 19.12.2, 19.24 – Rev.
7/19

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev.
12/19

Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6 – Rev. 12/20

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/20

Secs. 10.1, 10.2, 10.4.2, 10.5, 10.6,
10.7, 10.8, 10.8.1, 10.8.2, 10.10,
10.11.1, 10.11.5, 10.22.1, 10.22.2,
10.24, 10.26 – Rev. 12/21

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

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

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

The term “Owner,” as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District.

The term “Parcel Map,” as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term “Parcel of Land,” as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor’s office for the County of San Diego and legally subdivided by California law.

The term “pass through” means wastewater leaving the District’s sewer system in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the state or federal law, regulation, or order.

The term “Permit,” when used as a noun as used herein, shall mean permit for a sewer connection required by the District for any discharger to the District’s sewer system and includes a sewer permit, a Special Use Permit, a temporary sewer service agreement, and any other authorization to connect to and use the District’s sewer system.

The term “person,” as used herein, shall mean any individual, entity, partnership, firm, association, corporation or public agency, including the State of California and the United States of America.

The term “Project,” as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term “sewer system” or “District’s sewer system” shall mean all of the publicly owned property involved in the operation of the sewage collection, treatment, and disposal system in the District, including land, sewers and appurtenances, pumping stations, and the treatment works and equipment.

The term “Special Use Permit” shall mean a permit for a sewer connection issued by the District to certain industrial users of the District’s sewer system in accordance with Section 11.9.

The Term “SS,” as used herein, means suspended solids.

The term “Subdivision,” as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term “upset” means an incident in which there is temporary noncompliance with requirements of the District’s sewer system regulations.

The term “user” refers to any person who connects to or discharges to or authorizes, permits, facilitates, or allows the connection or discharge to the District’s sewer system.

Sec 11.2 Prohibited Connections.

It shall be unlawful for any person to connect to or to facilitate, authorize, permit, or allow connection to the District sewer system or to add or to facilitate, authorize, permit, or allow the addition of any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction in accordance with Division 20.2 of this Article. No permit to connect shall be issued except to the owner of the property or the owner’s duly authorized agent.

Sec 11.3 Prohibited Uses and Prohibited Discharges.

It is unlawful for any person to use or discharge to, or to facilitate, authorize, permit, or allow the use of or discharge to, the sewer system except in accordance with Division 20.3.

Industrial users subject to the pretreatment standards specified in Part 403 of Title 40 of the Code of Federal Regulations are prohibited from connecting to or discharging into the District’s sewer system.

Sec 11.4 Permit Required.

No person or entity shall be entitled to establish, authorize, cause, facilitate or allow a connection or discharge to the District’s sewer system without first obtaining a sewer permit in accordance with Section 11.4, a Special Use Permit in accordance with Section 11.9 or a temporary sewer service agreement in accordance with Section 11.10 and paying required fees in accordance with this Article.

No person or entity shall be entitled to discharge or to authorize, cause, facilitate, or allow a discharge to the District’s sewer system except as authorized by a sewer permit, Special Use Permit or temporary sewer service agreement. Permits are issued only for the use expressly authorized by the permit.

If a permit does not show thereon the number of equivalent dwelling units for which it is issued, the holder of the permit may seek a determination of the equivalent dwelling units authorized by the permit in accordance with this Article.

The holder of a permit who seeks to undertake any of the following actions on the property associated with the permit must submit an application for a redetermination of equivalent dwelling units as set forth in Section 11.7 and/or a redetermination of strength classification under Section 11.8 and, if required apply for a new or amended permit and pay fees in accordance with this Article:

- a) add a new or change an existing use of a property;

- b) remodel, renovate, or enlarge a structure that discharges or connects to the District's sewer system;
- c) construct any additional improvements on the parcel of property that discharges or connects to the District's sewer system;
- d) discharge a greater volume of wastewater than is authorized by an existing sewer permit;
- e) discharge wastewater with a greater concentration of BOD, SS or other constituent than is authorized by the sewer permit.

No sewer permit required by this Section is valid until the applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with this Article.

Sec 11.5 Sewer Permit Application Process.

Sec 11.5.1 Submission of Application.

Any person required to obtain a permit in accordance with Section 11.4 must submit a request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application, which may include but is not limited to the following:

- a) Environmental Review.

Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to complete this additional environmental review. All environmental review shall be at the applicant's sole cost and expense. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

- b) Plans and Specifications.

Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received

all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

c) Parcel Maps and Subdivisions.

Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California. The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement.

Sec 11.5.2 Determination of Equivalent Dwelling Unit and Strength.

Upon receiving an application for issuance of a sewer permit, the District will determine the number of equivalent dwelling units and anticipated strength classification for which the Permit shall be issued, and fees shall be calculated in accordance with this Article.

Sec 11.5.3 Payment of Fees.

Before a sewer permit may be issued, the applicant must pay the following fees or arrange for payment of the fees pursuant to Section 11.16:

- a) Capacity fees in accordance with Section 11.16.2;
- b) Plan Check fees in accordance with Section 11.16.3;
- c) Lateral fees in accordance with section 11.16.4, if applicable;
- d) Fees to inspect contractor-installed laterals in accordance with Section 11.16.5, if applicable; and
- e) Annexation fee in accordance with Section 11.16.6, if applicable.

Sec 11.6. Sewer Availability Forms and Letters.

If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, and all fees have been paid or guaranteed, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays

all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec 11.7 Equivalent Dwelling Units.

a) Equivalent Dwelling Unit Schedules.

1. The following schedule shall be used when determining the equivalent dwelling units and class of service for any connection to the District's sewer system.

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE

Equivalent Class	Description	Dwelling Units
Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.)	
	*Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel with no restaurant	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33

Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00
	Car Wash with water recovery system and public restroom	
Class 21		2.00
	Self Service Laundry	
Class 23	Restaurants	2.00
	Restaurant Under 2500 Square feet	
Class 24		3.00
	Restaurant 2501-7000 Square feet	
Class 25		4.00
	Restaurant Over 7000 Square feet	
Class 26		5.00

	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0. 24 <u>70</u>

2. Unclassified Users. Users whose use is not classified in the above table are considered “unclassified users.” District staff shall determine the number of equivalent dwelling units for which a permit shall be issued to an unclassified user, including but not limited to commercial and industrial users, based upon the estimated volume of wastewater to be discharged therefrom into the District’s sewer system. An unclassified user that is also an Industrial User may be required to obtain a Special Use Permit pursuant to Section 2.9.

b) Determination and Redetermination of Equivalent Dwelling Units.

1. Determination of Equivalent Dwelling Units.

The holder of an existing sewer permit which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on this section.

Upon completing the determination of the number of equivalent dwelling units to be assigned to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units assigned thereto and shall also make a notation of such equivalent dwelling units assigned to the existing in the appropriate District record.

2. Redetermination of Equivalent Dwelling Units.

Upon receiving an application for a redetermination, the District shall determine the number of equivalent dwelling units assigned to such permit and the number of equivalent dwelling units required by the action undertaken by the permit holder. If the permit does not accurately show the number of equivalent dwelling units for which it was issued or which will exist after the action undertaken by the permit holder, the District shall determine the number of equivalent dwelling units to be assigned to such permit in the manner above provided in this section, and whether the action undertaken by the permit holder will necessitate additional equivalent dwelling units.

If additional equivalent dwelling units are required as a result of the action undertaken by the permit holder, the applicant will be required to acquire additional equivalent dwelling units in accordance with Section 11.4, to construct any additional sewer facilities determined necessary by the District to adequately serve the property, and to pay fees required by this Article based on the fees in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

3. Reduction in Equivalent Dwelling Units.

If any determination or redetermination conducted in accordance with this Section results in a reduction in equivalent dwelling units, such reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec 11.8 Determination and Classification of Strength (BOD and SS).

The District shall use the following guidance when determining the anticipated concentrations of BOD and SS for discharges to the District's sewer system:

- a) Low strength: BOD < 200 mg/l and SS < 200 mg/l: Retail, laundry, church or community facility with no kitchen, offices, car wash, nursing home or hospital.
- b) Medium strength: BOD 200 - 700 or SS \geq 200 -700: hotel, auto service station, hotel with restaurant, light manufacturing.
- c) High strength: BOD > 700 mg/l or SS > 700 mg/l: Restaurant, mortuary, manufacturing or high strength wastes.

The allowable discharge strength classification shall be set forth in the permit.

Industrial Users required to obtain a Special Use Permit may be subject to alternative strength classification requirements and/or additional discharge requirements pursuant to Section 11.9.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease any actual discharge and obtain and implement a Special Use Permit in accordance with Section 11.9 before commencing or recommencing any such discharge.

Sec. 11.9 Special Use Permits.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease

any actual discharge and obtain and implement a Special Use Permit before commencing or recommencing any such discharge.

Applicants for Special Use Permits shall complete and file the standard application form and submit all applicable fees. Applications for a Special Use Permit shall include such additional information as may be required by the General Manager, which may include, but not be limited to, sewage constituents and characteristics (as may be determined by a laboratory approved by the District), and any other information deemed necessary by the District to evaluate the application.

The Special Use Permit shall be subject to all requirements and provisions applicable to general permits under this Article, but may also be subject to one or more of the following:

- a) Limitation of the volume discharged;
- b) Restriction of peak flow discharges;
- c) Pretreatment of wastewater prior to discharge;
- d) Discharge of certain wastewater only to specified sewers of the District;
- e) Relocation of the point of discharge;
- f) Prohibition or limitation of discharge of certain wastewater constituents;
- g) Restriction of discharge to certain hours of the day;
- h) Filing of periodic self-monitoring discharge reports or results of periodic measurements;
- i) Installation of a suitable manhole together with such necessary meters and other appurtenances to facilitate observation, sampling, and measurement of the wastes;
- j) Payment of additional charges to defray increased costs of the District created by the wastewater discharge; and
- k) Such other conditions as may be required to achieve the purpose of this section.

Sec 11.10 Temporary Sewer Service Agreement.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a user that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending a temporary private line from the sewer to the property to be served, and obtaining whatever temporary easements are required for such extension. Temporary sewer service agreements shall establish the financial obligations of the user related to the

future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

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

Sec. 11.11 Permit Modifications.

The terms and conditions of a permit may be subject to modification by the District, in accordance with any changes in the effluent standards limitations or prohibited substances by superior regulators or in response to violations of this Code. The discharger shall be informed of any proposed changes in the permit at least thirty (30) days prior to the effective date of change, except in the case of violations of a permit or other order of the District, which may be modified as needed to protect public health, safety, and welfare, the District's sewer system, or personnel. Any modifications or new conditions in the permit shall include a reasonable time schedule for compliance.

No person shall discharge sewage in excess of the quantity or quality limitations set by a permit. Anyone desiring to discharge wastes or use wastewater facilities that are not in conformance with terms of a permit must apply to the District for an amendment to the permit or for a Special Use Permit, as applicable.

Sec. 11.12 Permits Non-Transferable.

A permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A permit shall not be transferred to or used for a parcel of land which is not specifically described in the permit. Permits may be used only for the use which is specifically set forth on the permit.

Sec 11.13 Application of Sewer Service to Affordable Housing.

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

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or

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

Sec. 11.14 Sewer Use Requirements.

Sec. 11.14.1 General Conditions for Sewage Disposal.

No person shall discharge to the District's sewer system except through a connection permitted in accordance with Division 20.2 and in accordance with the sewer use requirements of this Division 20.3 and on payment of fees and charges provided in Division 20.4. Unless specifically authorized in a Special Use Permit issued by the District, no person shall discharge to the District's sewer system anything other than domestic sewage that complies with the requirements of this Article.

No person shall discharge to the District' sewer collection system in any manner that does the following:

- a) Create nuisances such as odors,
- b) Menace or endanger public health or safety or damage public or private structures, facilities or improvements,
- c) Impose unreasonable collection, treatment, or disposal costs to the District,
- d) Interfere with wastewater treatment processes,
- e) Exceed quality requirements set by regulatory government agencies,
- f) Detrimentially affect the local environment,
- g) Causes or contributes or threatens to cause or contribute to a bypass of untreated waste, pass through, or upset; or
- h) Cause or contribute to a violation of any permits applicable to the District's sewer system or treatment facilities.

Sec. 11.14.2 Discharge Prohibition.

Unless written approval has been provided by the District, no person shall discharge or cause to be discharged into the District's sewer, directly or indirectly, the following:

- a) Any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or industrial process waters.
- b) Pollutants which create a fire or explosion hazard, including but not limited to any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
- c) Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanides in excess of two (2) mg/L as CN in the wastes as discharged to the public sewer.
- d) Pollutants which will cause corrosive structural damage to the sewer system, but in no case any waters or wastes having a pH lower than 6.0 or in excess of 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the sewage works.
- e) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works such as, but not limited to, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, ashes, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.
- f) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the sewer system.
- g) Brine from on-site regenerated ion exchange water treating devices.
- h) Water softener waste or any other salt water brine wastes.
- i) Any trucked or hauled pollutants, except at discharge points designated by the District.
- j) Fats, oils and grease (FOG) from food service establishments, except in compliance with the District's FOG program.
- k) Any other substances, materials, waters, or wastes if it appears likely in the opinion of the District's General Manager that such wastes can harm either the sewers, sewage treatment process, or equipment, have an adverse effect on the receiving

stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In making a determination as to the acceptability of these wastes, the General Manager will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacity of the sewage treatment plant, degree of treatability of wastes in the sewage treatment plant, and other pertinent factors. The substances prohibited are:

- l) Heat in amounts which will inhibit biological activity in the sewer system resulting in interference, but in no case any liquid or vapor having a temperature higher than one hundred fifty (150) °F (65°C).
- m) Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of two hundred (200) mg/L or containing substances which may solidify or become viscous at temperatures between thirty two (32) and one hundred fifty (150) °F (0 and 65° C).
- n) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three fourths (3/4) horsepower (0.76 hp metric) or greater shall be subject to the review and approval of the District.
- o) Any waters or wastes containing strong acid iron picking wastes, or concentrated plating solutions whether neutralized or not.
- p) Any water or wastes containing boron, cadmium, chromium, copper, iron, lead, manganese, mercury, selenium, tin, zinc and similar objectionable or toxic substances, or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the District for such materials. And, any water or wastes containing constituents in excess of those required by the District's current permits.
- q) Any water or wastes containing phenols or other taste odor producing substances, in such concentrations exceeding limits which may be established by the District as necessary, after treatment of the composite sewage, to meet the requirements of the State, Federal, or other public agencies of jurisdiction for such discharge to the receiving waters.
- r) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the District in compliance with applicable State or Federal regulations.
- s) Materials which exert or cause:
 1. Any waters or wastes containing more than 350 parts per million by weight of suspended solids or have a 5 day B.O.D. greater than 300

parts per million by weight, or a C.O.D. greater than 600 parts per million by weight.

2. Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
 3. Unusual B.O.D. chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
 4. Unusual volume of flow or concentration of wastes constituting “slugs” as defined herein.
- t) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed, or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

Sec. 11.14.3 FOG Compliance Program.

The District has prepared and adopted a fats, oils, and grease (FOG) program on the implementation and enforcement of this Article. The District may require compliance with the FOG program as a condition of a Special Use Permit under this Article. FOG program may be updated as needed to achieve the applicable performance standards for the sewer system.

Sec. 11.15 Miscellaneous Provisions.

Sec. 11.15.1 Provide Information.

Users must provide information regarding the nature of any discharge to the system on request of the District.

Sec. 11.15.2 Users Outside the District.

The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District. The provision of sewer services to premises outside the District shall also comply with applicable law, including but not limited to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code § 56000 et seq.).

Sec. 11.15.3 Agreements.

No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the District and any discharger whereby waste

of unusual strength or character may be accepted by the District for treatment, subject to payment as agreed thereof by the discharger.

Sec. 11.16 Fees and Charges.

Sec. 11.16.1 Sewer Service Charges.

Every user of the District's sewer system must pay a sewer service charge for the use of the District's sewer system in an amount and at a frequency established by the Board.

Sec. 11.16.2 Capacity Fees.

a) Capacity Fee Amount. Prior to issuance, reissuance, or amendment of a sewer permit the following capacity fees shall be paid by an applicant for a sewer permit for each equivalent dwelling unit determined by the District in accordance with Section 11.7:

Capacity Fee	\$7,144 <u>7,791</u> per EDU
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b) Adjustments to Capacity Fees. Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

c) Financing Capacity Fees. Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff as follows:

1. Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
2. Any delinquent amounts will be transferred to the property tax bill.
3. Amounts up to \$3,000 are due immediately with no financing option.
4. Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
5. Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
6. Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
7. Liens will not be offered as a methods of postponing payment of fees.

Sec. 11.16.3 Plan Check Fees.

- a) An applicant must pay a plan check fee in accordance with the following:
1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
 2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
 3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 11.16.4 Lateral Fees.

If the District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device, the applicant shall pay the following fee upon submission of an application. The fee is to cover the cost to install a lateral from the main line and to install the clean-out box and overflow device, if a lateral is required based on the nature of the application:

Length	Depth	Crew Size	Hours	Cost
≤ 15'	≤ 8'	4	36	\$3,5148,028
≤ 15'	>8'	4	56	\$11,6275,444
>15' to 30'	≤8'	5	90	\$7,47315,420
>15' to 30'	>8'	5	115	\$9,62417,950
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of ~~\$1,4762,400~~. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of ~~\$2,4724,400~~. If county road inspection is required, there is an additional fee of \$1,408.

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

Sec 11.16.5 Fees for District to Inspect Contractor-Installed Facilities.

If a contractor will install the sewer lateral and related facilities, the applicant shall pay a sewer lateral inspection fee on a time and materials basis. Upon submission of an application, the applicant shall pay a deposit for the estimated inspection fee, calculated as follows:

Sewer Lateral Installation Estimated inspection hours @ ~~\$106.74~~ 116.41 = Estimated inspection fee

If the actual time per form inspection is less than the District's estimate, the District will refund the excess amount to the applicant. If the actual time to perform inspection exceeds

the estimated time, the applicant shall pay the remaining amount due to the District as a condition of service. If the applicant fails to pay within the time specified by the District, the District may include the remaining amount in its bill for sewer service or seek collection through any other lawful means.

Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 11.16.6 Annexation Fees.

An applicant must pay a sewer annexation fee for any connection located in an area that is required to be annexed to the sewer service area after March 23, 2012 in accordance with state law. Annexation fees are due with the other sewer permit fees when applying for a sewer permit and are calculated for each equivalent dwelling unit determined by the District in accordance with Section 11.7.

Annexation Fee (if required)	\$11,389 per EDU
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Sec. 11.16.7 Fees and Charges May Be Collected with Taxes.

Notwithstanding any other provision of this Administrative Code, the fees and charges required by this Code, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 11.17 Right of Entry and Inspection.

To the fullest extent permitted by law, the officers, employees, and agents of the District shall have the right to enter upon any premises within the District to inspect and verify compliance with the Administrative Code or any permit, order, ordinance or authorization issued by the District. The District has the right to conduct routine inspections and sampling at any location where discharges to the sewer system occur.

Sec. 11.18 Enforcement – Generally.

In addition to any remedies provided in this Code or available under any applicable law, the District may take any enforcement action or combination of enforcement actions provided in this Division against any person who violates any provision of this Article.

Sec. 11.19 Administrative Enforcement.

Sec. 11.19.1 Monitoring.

The Authorized Inspector may require any discharger who violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article to pay all costs associated with follow-up sampling, cost of analysis, and

inspections needed to return the discharger to compliance. The discharger may be required to install and maintain pre-treatment, monitoring, and sampling facilities to ensure compliance with this Code.

Sec. 11.19.2 Citations.

The Authorized Inspector may issue an administrative citation directing a user or discharger to cease any action that violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article and may require the user or discharger to take any action necessary on a reasonable timeline to return to compliance and to pay penalties and costs authorized by law or this Article.

Sec. 11.19.3 Termination of Service and Revocation of Permit.

In addition to other statutes or rules authorizing termination of service for delinquency in payment for sewer service, the District may revoke any permit issued pursuant to these regulations. The District may also terminate the sewer or water service to any property, if a violation of any provision of this Article or a permit is found to exist, or if any wastewater discharge into the District's sewer system causes or threatens to cause a condition of contamination, pollution, or nuisance.

When deemed necessary for the preservation of public health or safety, or for the protection of public or private property, the District may suspend or terminate sewer or water service to any person using the sewer system in a manner endangering the public health or safety, or public or private property. If such endangerment shall be imminent, the District may act immediately to suspend sewer service without notice or warning to said discharger. In terminating service, the District may sever all pertinent connections to the public sewer.

Sec. 11.19.4 Permit Amendment.

In the event that the user demonstrates non-compliance or potential non-compliance with the limitations set forth in this Article or in any permit, agreement, or other authorization issued in accordance with this Article, the District may require the user to obtain a Special Use Permit or may modify an existing permit.

Sec. 11.19.5 Cost Recovery.

A person violating this Code or a permit or agreement or other authorization issued in accordance with this Article, or who discharges wastewater that causes a deposit, obstruction, damage, or any other impairment to the District's sewer system shall become liable for all expense, loss, or damage sustained by the District by reason of such violation or discharge. Such expenses, losses and damages include the District's costs of investigation and of taking any enforcement action required to return the user to compliance.

In addition to such costs, the District may recover reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation by means of an appropriate lawsuit or

other remedy against the person or discharger found to have violated these regulations or any discharge permit issued.

The District may condition the provision or continued provision of service on the payment of such expenses, losses, and damages.

Sec. 11.19.6 Administrative Complaint – Pretreatment Violations.

- a) In accordance with Section 54740.5 of the Government Code, the Authorized Inspector may issue an administrative complaint to any person who violates any requirement adopted or ordered by a local agency pursuant to Section 11.9. The administrative complaint shall allege the act or failure to act that constitutes the violation of the requirements, this Section, and the proposed civil penalty.
- b) The administrative complaint shall be served by personal delivery or certified mail on the person subject to the discharge requirements, and shall inform the person served that a hearing shall be conducted within 60 days after the person has been served. The hearing shall be before a hearing officer designated by the General Manager. The person who has been issued an administrative complaint may waive the right to a hearing, in which case no hearing will be conducted. A person dissatisfied with the decision of the hearing officer may appeal to the Board within 30 days after notice of the hearing officer's decision.
- c) If after the hearing, or appeal, if any, it is found that the person has violated reporting or discharge requirements, the hearing officer or Board may assess a civil penalty against that person. In determining the amount of the civil penalty, the hearing officer or Board may take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any noncompliance, the nature and persistence of the violation, the length of time over which the violation occurs and corrective action, if any, attempted or taken by the discharger.
- d) Civil penalties may be imposed as follows:
 1. In an amount which shall not exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.
 2. In an amount which shall not exceed three thousand dollars (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule established by the Authorized Inspector.
 3. In an amount which shall not exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge limitation, permit condition, or requirement issued, reissued, or adopted by the District.

4. In an amount which does not exceed ten dollars (\$10) per gallon for discharges in violation of any suspension, cease and desist order or other orders, or prohibition issued, reissued, or adopted by the District.
 5. The amount of any civil penalties imposed under this section which has remained delinquent for a period of 60 days shall constitute a lien against the real property of the discharger from which the discharge originated resulting in the imposition of the civil penalty. The lien provided herein shall have no force and effect until recorded with the county recorder and when recorded shall have the force and effect and priority of a judgment lien and continue for 10 years from the time of recording unless sooner released, and shall be renewable in accordance with the provisions of Sections 683.110 to 683.220, inclusive, of the Code of Civil Procedure.
- e) All moneys collected under this section shall be deposited in a special account of the District and shall be made available for the monitoring, treatment, and control of discharges into the District's sewer system or for other mitigation measures.
 - f) Unless appealed, orders setting administrative civil penalties become effective and final upon issuance thereof, and payment shall be made within 30 days. Copies of these orders shall be served by personal service or by registered mail upon the party served with the administrative complaint and upon other persons who appeared at the hearing and requested a copy.
 - g) The local agency may, at its option, elect to petition the superior court to confirm any order establishing civil penalties and enter judgment in conformity therewith in accordance with the provisions of Sections 1285 to 1287.6, inclusive, of the Code of Civil Procedure.
 - h) No penalties shall be recoverable under this section for any violation for which civil liability is recovered under Section 54740 of the Government Code.

Sec. 11.20 Public Nuisance.

- a) Discharge of wastewater in any manner that is in violation of this Article or a permit, or any order issued by the District as authorized herein, is hereby declared a public nuisance and shall be corrected or abated as directed by the District. Any person creating such a public nuisance is guilty of a misdemeanor and may be referred for criminal prosecution.
- b) If any wastes or waters are discharged, or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics prohibited under this Article, and which in the judgement of the District, may have a deleterious effect upon the sewage works, processes, equipment, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the District may:
 1. Reject the wastes,

2. Require pretreatment to an acceptable condition for discharge to the public sewers,
3. Require control over the quantities and rates of discharge,
4. Require discharger to obtain and comply with an Special Use Permit under this Article,
5. Require payment to cover the added cost of handling and treating the wastes not covered by the sewer charges levied by the District, and/or
6. Take any or all enforcement actions available to the District for violations of this Article.

Sec. 11.21 Civil Enforcement.

Sec. 11.21.1 Injunction.

Whenever a discharge of wastewater or other action is found to be in violation of this Code or a permit, or otherwise causes or threatens to cause a condition of contamination, pollution, or nuisance, the District may petition the Superior Court for the issuance of a temporary restraining order, preliminary injunction, permanent injunction, or all, as may be appropriate to restrain such action or require compliant actions.

Sec. 11.21.2 Other Actions.

The District may take any other civil action available at law or in equity to enforce the provisions of this Code.

Sec. 11.21.3 Criminal Enforcement.

Violations of this Code may constitute violations of other federal, state, or local laws. The District may refer such violations to the appropriate law enforcement agency for prosecution.

Sec. 11.22 Appeal Process.

Sec. 11.22.1 Appeals of Determinations and Redeterminations of EDUs.

- a) The owner of a property subject to a determination or redetermination made in accordance with Section 11.7 may appeal that determination or redetermination to the General Manager within fifteen (15) days after the District delivers notice of the determination or redetermination in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence that is relevant to whether the determination or redetermination was made in error and whether an alternative determination or redetermination is justified,

such as evidence that discharges will be lower than the typical industry values identified in the schedule or otherwise determined by the District.

- c) The hearing officer will grant the appeal in whole or in part if it determines that the evidence submitted by the appellant justifies an alternative determination.

Sec. 11.22.2 Appeals of Special Use Permit Requirements.

- a) Any person subject to a Special Use Permit issued in accordance with Section 11.9 may appeal any term or condition included in the Special Use Permit to the General Manager within fifteen (15) days after the Special Use Permit is delivered in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence regarding (a) the discharger's ability to meet the District's effluent standards; (b) the requested variance and its impacts on the operation of any District wastewater treatment plant or improvements.
- c) The hearing officer will grant the appeal in whole or in part if the following criteria can be demonstrated: (a) that the discharger is unable to meet the District's effluent standards by means of reasonable modifications to the discharging facility; (b) that the requested variance will not directly impact the operation of any District wastewater treatment plant or improvements, cause the wastewater or sludge of such plant to violate applicable requirements, or harm facilities or personnel; and (c) that the easing of any effluent standards will not violate any State or Federal requirements applicable to the District.

Sec. 11.22.3 Appeals of Administrative Enforcement Actions.

- a) Any person subject to an administrative enforcement action appeal from the issuance thereof to the General Manager within fifteen (15) days of the date of delivery of the administrative enforcement action by the Authorized Inspector. A person subject to an order to remedy a condition which poses an immediate threat to the public health, safety or welfare shall comply with that order during the pendency of any appeal.
- b) The only issues on appeal may be whether there was a violation as alleged in the administrative enforcement action and whether the appellant is the person responsible for the violation or corrective action.
- c) The amount of any fine or penalty imposed with the administrative enforcement action must be submitted together with the written appeal. Any fine which has been deposited shall be refunded if it is determined, after a hearing, that the person subject to the administrative enforcement action was not responsible for the violation or that there was no violation as alleged in the administrative enforcement action.

Sec. 11.22.4 Hearing on Appeal.

- a) Whenever a hearing is required or held in accordance with this Article, the General Manager or hearing officer appointed by the General Manager shall endeavor to set a date for the hearing that is not less than fifteen (15) and not more than sixty (60) days after the date that the written appeal is filed.
- b) The District shall notify person requesting the hearing of the time and place set for the hearing at least ten (10) days prior to the date of the hearing.
- c) The failure of any person requesting a hearing to appear at the hearing shall constitute a forfeiture of the appeal and any fine, and shall be a bar to judicial review of the action based upon a failure to exhaust administrative remedies.
- d) The hearing officer shall only consider evidence that is relevant to the issues identified in this Section.
- e) The appellant shall be given the opportunity to testify and present witnesses and evidence concerning the administrative citation.
- f) The District's determination or redetermination, permit or agreement, or administrative enforcement action and any additional document created by the District shall constitute prima facie evidence of the respective facts contained in those documents. Formal rules of evidence shall not apply.
- g) Upon request, the person requesting a hearing shall be provided with copies of the citations, reports and other documents submitted or relied upon by the District when taking the action subject to the appeal. In addition, if the District submits any additional written reports concerning action subject to the hearing to the hearing officer for consideration at the hearing, then a copy of said documentation also shall be served by mail on the person requesting the hearing.
- h) The hearing officer may continue the hearing and request additional information from the District or the person requesting the hearing prior to issuing a written decision.
- i) After considering all of the testimony and evidence submitted at the hearing, the hearing officer may immediately issue a verbal decision or may issue a written decision within ten (10) days of the hearing. The decision shall include the reasons for the decision and such decision shall be final. If the hearing officer determines that the administrative citation should be upheld, then the fine amount on deposit with the city shall be retained by the city. If the hearing officer determines that an administrative citation should be canceled and the fine was deposited with the city, then the city shall promptly refund the amount of the deposited fine.
- j) If any action is not timely appealed as provided in this Article, the action becomes final.

Sec. 11.22.5 Appeal to Board.

The decision of a hearing officer issued in accordance with this Article may be appealed to the Board within fifteen (15) days after delivery of the notice of such decision in accordance with Section 11.23. An appeal under this Section must be submitted to the General Manager on a form or in a format specified by the District. The only issue on appeal shall be whether the decision of the hearing officer is supported by the evidence.

Sec 11.22.6 Judicial Review.

Any person subject to a decision of the Board on an appeal of a decision of a hearing officer may obtain review of the decision of the Board by filing a petition with the Superior Court of San Diego in accordance with the timelines and provisions applicable to writs of mandate under Code of Civil Procedure section 1094.5.

Sec 11.23 Delivery of Notice.

Notice of any administrative enforcement action or other action of the District required be delivered pursuant to the requirements of this Article shall be subject to the following:

- a) Notice of any administrative enforcement action shall state that the recipient has a right to appeal the matter as set forth in Section 11.22 of this Article.
- b) Notice shall be delivered by personal service to the recipient, deposit in the U.S. mail, postage prepaid for first class delivery, by facsimile service with confirmation of receipt, by posting on the property, or by any other means permitted by law, including by electronic mail on consent of the person receiving the notice.
- c) Delivery shall be deemed complete as follows:
 1. Upon personal service;
 2. As indicated on the return receipt of any notice mailed by certified mail, return receipt requested;
 3. Three (3) days after deposit in the U.S. mail, postage pre-paid for first class deliver; or
 4. Where the owner or occupant of any property cannot be located after the reasonable efforts any notice shall be deemed delivered after posting on the property for a period of five (5) business days.
- d) Where the recipient of notice is the owner of the property, the address for notice shall be the address from the most recently issued equalized assessment roll for the property or as otherwise appears in the current records of the City.

ARTICLE 20 (Renumbered as Article 11 by Resolution 5006)

Revised in its entirety – 6/93, 6/94, 6/95, 9/96

Sec. 20.7, Sec. 20.7.2 – Rev. 6/99

Sec. 20.6 – Rev. 11/99

Sec. 20.5.4 & 20.5.5 – Rev. 6/06

Sec. 20.7.1 & 20.7.2 – Rev. 6/06

Sec. 20.6.1 – Rev. 10/06

New Sec. 20.6 – Added 2//07

Sec. 20.7.5; 20.7.8; 20.8; 20.8.1; 20.8.2 – Rev. 6/07

20.8.1 – Rev. 3/08

20.7.2, 20.7.4, 20.7.5, 20.7.6, 20.8, 20.8.2 – Rev. 6/08

Sec. 20.7.2 – Rev. 8/08

Sec. 20.8.1, 20.8.2 – Rev. 6/09

Sec. 20.11 – Rev. 12/10

Sec. 20.8.2 – Rev. 5/11

Sec. 20.8.1 – Rev. 6/11

Sec. 20.8.1 – Rev. 4/12

Sec. 20.2, 20.4, 20.6.2, 20.6.3, 20.7.1, 20.7.2, 20.7.3, 20.7.4, 20.7.5, 20.7.6, 20.8.2 – Rev. 6/12

Sec. 20.7.2, 20.7.3 – Rev. 7/12

Sec. 20.8 – Rev. 6/13

Sec. 20.8.1, 20.8.2 – Rev. 6/14

Sec. 20.8.1, 20.8.2 – Rev. 6/15

Secs. 20.5.2 (add), 20.8.1, 20.8.2 – Rev. 7/16

Secs. 20.5.2, 20.8, 20.8.2 – Rev. 12/18

Sec. 20.7.2 – Rev. 7/19

Revised in its entirety – 8/20

Sec. 20.16.2, 20.16.4, 20.16.5 – 12/20

Secs. 11.16.2, 11.16.4, 11.16.5 – Rev. 12/21

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, 2023, the following rates for water deliveries to each class of service are established:

Sec. 12.1 Volumetric Water, Recycled Water and Pumping Rates.

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

Domestic (D), Large Lot Domestic (LD), Multi-Unit (M).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$8.06 per unit

Commercial (C), Government (G), Irrigation Only (I).

All usage	\$7.72 per unit
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SAWR - Ag Only (AS).

All usage	\$5.63 per unit
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SAWR - Ag & Home (AT).

1-5 units per month	\$7.17 per unit
6-17 units per month	\$6.38 per unit
Over 17 units per month	\$5.63 per unit

Commercial Ag (CA).

All usage	\$6.38 per unit
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Commercial Ag Domestic (CB).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$6.38 per unit

Water Shortage Emergency Surcharges

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 six Water Shortage Response Levels. Article 17 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$6.29 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers.

Construction Meter.

Water furnished for construction purposes will be billed at \$9.14 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$0.72 per 1,000 gallons to recover the cost of electricity.

Sec. 12.2 Monthly Fixed Charges.

Effective January 1, 2023, the following rates and charges are established and shall be collected by the District for water and recycled water service:

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

	Water Fixed Charges	Recycled Water Charges	Standby Service Charge	Private Fire Services Charge
3/4 inch meter	\$60.60	\$25.85	\$17.44	NA
1 inch meter	\$96.51	\$35.14	\$24.43	NA
1-1/2 inch meter	\$185.46	\$58.15	\$41.75	NA
2 inch meter	\$292.64	\$85.88	\$62.61	\$7.66
3 inch meter	\$578.82	\$159.91	\$118.30	\$8.90
4 inch meter	\$900.36	\$243.09	\$180.88	\$11.03
6 inch meter	\$1,793.16	\$474.06	\$354.65	\$18.70
8 inch meter	NA	NA	NA	\$31.92

NA- Not applicable

For construction meters, a service charge of ~~\$372.72~~\$438.96 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2” water meter.

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

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

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

For each 3/4 inch device	\$ 6.20 11.10
For each 1 inch device	\$ 7.30 11.22
For each 1-1/2 inch device	\$ 13.50 14.39
For each 2 inch device	\$ 16.19 15.57
For each 3 inch device	\$ 32.35 34.04
For each 4 inch device	\$ 50.56 41.06
For each 6 inch device	\$ 101.09 52.85

Sec. 12.3 SDCWA Infrastructure Access Charge (IAC).

Effective July, 2023, the following monthly charges are established and shall be collected by the District for San Diego County Water Authority's Infrastructure Access Charge (the "IAC").

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

IAC	
3/4 inch meter	\$4.24
1 inch meter	\$7.08
1-1/2 inch meter	\$14.12
2 inch meter	\$22.60
3 inch meter	\$45.24
4 inch meter	\$70.68
6 inch meter	\$141.32

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional \$11.11 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, 2023. This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the "CIC") was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

The CIC will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, plus 3% not to exceed 10%. Staff will report back to the Board of Directors no less than every five (5) years with analysis of its

necessity. The CIC will be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the CIC will not be used to fund Operating Costs.

Fallbrook Public Utility District’s Equivalent Meter Unit (EMU) is associated with meter size as listed below.

Meter Size	FPUD EMU	Water CIC
3/4 inch meter	1.0	\$11.11
1 inch meter	1.67	\$18.50
1-1/2 inch meter	3.33	\$37.03
2 inch meter	5.33	\$59.22
3 inch meter	10.67	\$118.45
4 inch meter	16.67	\$185.08
6 inch meter	33.33	\$370.15

Sec. 12.5 Billing Periods.

Billing due dates fall on the 10th, 20th, and 30th of the month depending on meter location in the District. All charges for water and sewer services during specified meter read dates are due and payable when rendered. Bills become delinquent the day after the due date. Residential accounts not paid within 30 days of the due date are sent past due statements and the meters are subject to lock-up for non-payment after being delinquent for 60 days (See District Residential Discontinuation of Service Policy available on the District website). Non-Residential accounts not paid within 30 days of the due date are subject to meter lock-up. All water accounts accrue a \$30 Delinquent Processing Fee on the 31st day of delinquency.

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

If a meter has been locked for non-payment for a period of 90 days, it may be placed on Standby Service by FPUD. Standby Service charges will accrue from that time until an application for service restoration has been received by the District.

The District must be notified in a timely manner with the name and mailing address of the new owner or tenant and the upcoming date of transfer. Notification of the transfer of property ownership, or tenancy, is the responsibility of the owner/seller. The District is not responsible for the proration of the final billing if notification is not received prior to the date of sale, or change of tenancy.

Sec. 12.5.1 Unclaimed Funds

Unclaimed funds in an amount less than \$15 or where the depositor’s name is unknown will become FPUD general funds if unclaimed for 1 year.

Unclaimed funds in an amount greater than \$15 become may become FPUD general funds once the following procedure is completed:

1. The FPUD treasurer will publish notice once a week for two (2) successive weeks in a newspaper of general circulation published within FPUD boundaries.

2. The notice will state the amount of unclaimed money, the formal name of the fund in which the money is held, and a statement that the money will become FPUD property after a specified date (“Effective Date”). The Effective Date will be no less than forty-five (45) days nor more than sixty (60) days of the date of the first publication of the notice (“Claim Period”).

3. Upon the expiration of the Claim Period, and if there are no claims filed with FPUD or verified lawsuits filed with the superior court, the funds will become FPUD property and may be transferred to FPUD’s general fund.

Any person with a claim to such money may file a claim prior to the Effective Date with the FPUD treasurer. Pursuant to Government Code Section 50052, the claim shall include the following information: claimant’s name, address, amount of claim, grounds upon which the claim is founded, and any other information that may be required by the FPUD treasurer. FPUD has the right to accept or reject a claim. If the claim is accepted, FPUD will return the money without interest. If FPUD rejects the claim, the claimant may file a verified complaint against FPUD with the superior court within thirty (30) days of receiving notice of FPUD’s rejection pursuant to Government Code Section 50052. In the event that the original customer or depositor is deceased, such person’s heir, beneficiary, or duly appointed representative may file a claim before the Effective Date as provided in Government Code Section 50052.5.

Sec. 12.6 Meter Locks and Restrictors.

If for any reason, other than District convenience, a water meter shall be locked by the District, the water may not be again turned on to serve the property through such meter until all past due charges plus the Disconnection Processing Fee of Fifty Dollars (\$50) shall have been paid to the District. A Delinquent Processing Fee of \$30 to process and deliver delinquent account notices and a fee of \$100 for broken or damaged locks may also apply. Damage to corporation or angle stop in attempt to restore services locked for non-payment will be billed at actual time and material and added to the water bill.

If flow restrictors are required for any reason in order to implement policies within this Administrative Code, the fees are as follows:

<u>Meter Size</u>	<u>Installation Fee</u>
¾” and 1” Meters	\$144
1-1/2” and larger	\$611

Sec. 12.7 Meter Not Registering.

Whenever, for any reason, a meter fails to register correctly, the consumer will be charged an amount for the previous billing period increased or decreased by the

percentage change in total billing by the District for all consumers for the two billing periods.

Sec. 12.8 Water Rates or Service Charges Lien on Property.

In addition to any other remedy provided therein or by law for the collection of any water rate, charges or account, all rates or service charges provided for in this Administrative Code shall be charged and become a charge against the property on which the water is furnished and against the owner thereof, and all charges for water so served to a property shall be and become a lien against the premises upon which the water is used or served.

Standby accounts with a delinquent balance greater than \$500 as of April 1st of each year may be sent notification of intent to place delinquent and unpaid charges on the annual tax roll. The notification will be sent by May 1st and provides the customer 60 days to bring the account current. If the amount is not brought current by July 1st, the portion of the delinquency due as of the prior April 1st may be reported to the County Treasurer for inclusion on the annual taxes levied on the property.

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 12.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

Customers who have reported water theft to the District must also notify local law enforcement agencies. The District will require proof of theft from a law enforcement agency that a theft of water occurred. Customer's asking for credit on the bill for water theft will be processed by account type. If a full price M&I customer, the District may discount the estimated amount of water stolen and charge the District's wholesale cost of water for the amount stolen. An estimate of the amount of water stolen will be made by District staff using that customer's usage history. Water sold to agricultural customers, SAWR, and Commercial Ag/Commercial Ag Domestic, is sold at District cost so no discount may be applied. If the stolen water caused the customer's allocation bank to be adversely affected, the District will restore the estimated amount stolen to the customer's allocation bank. If the water theft resulted in an overuse penalty, the District will credit the penalty to the customer for the estimated amount of water stolen.

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 12.9 Volumetric Wastewater Charges.

Wastewater service charges are established upon each property within the District that is connected to a sewer line of the District whether said premises are occupied or unoccupied. Volumetric Wastewater Charges are applied to estimated billable wastewater flows, which are based upon adjusted water deliveries. The charge per killogallon of wastewater flow is shown below:

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic (AT)	\$ 10.22
Commercial Ag. Domestic (CB)	\$ 10.22
Residential (LD, D, M))	\$ 10.22
Government (G)	\$ 11.09
Commercial – Low Strength* (C_L)	\$ 11.09
Commercial – Medium Strength* (C_M)	\$ 13.82
Commercial – High Strength* (C_H)	\$ 17.66

*Appendix A to this Article provides commercial effluent classification.

For the purpose of determining the billable wastewater flows, water deliveries must be converted to wastewater flows returned to the sewer system. To do this conversion, a Return to Sewer Factor is applied. The Return to Sewer factor adjusts the water received by the meter to the estimated flows from the residence or entity into the sewer system. The Return to Sewer Factor applied to the different customer classes are shown below:

Customer Class	Return to Sewer Factor
Residential (Multi-Family, Single Family)	80%
Non-Residential/Commercial	90%
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%
Churches	80%

Customer Class	Return to Sewer Factor
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, AT, CB), volumetric charges are calculated as follows:

1. The 2-year average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at 21.33 units.
2. 80% of this water is assumed to be returned to sewer/billable flow.
3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
4. Consumption analysis is performed annually. Appeal for consumption is available.
5. No prior history customer (new customer) will be placed at that customer class median of 6. For customers with at least one winter of use data, that data will be used for their winter average.
6. Use must be > 0 unless customer is on standby.

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.
8. 80% of this water is assumed to be returned to sewer/billable flow.
9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
10. Consumption analysis is performed annually. Appeal for consumption is available.
11. No prior history customer (new customer) will addressed on a case by case basis.

All other water customer classes (G, C, A, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.

2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY 2023 public elementary school rate is \$1.39 per student and \$2.08 per staff, per month.
4. CY 2023 public junior high school and administrative offices rate is \$2.08 per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 12.10 Monthly Fixed Wastewater Charge.

For each Residential/Domestic sewer account, which includes D, LD, M, AT, CB accounts, effective January 1, 2023, the Monthly Fixed Wastewater Charge shall be \$18.88 per month per Equivalent Dwelling Unit (EDU). For Commercial (C) and Government (G) accounts, effective January 1, 2023, the Monthly Fixed Wastewater Charge shall be \$12.14 per month per EDU. For all customer types, the EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4.

Sec. 12.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$12.66 per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, 2023. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21 (Renumbered as Article 12 by Resolution 5006)

Sec. 21.1 – Rev. 7/02
Sec. 21.2-21.8.2 – Rev. 9/96
Sec. 21.3 – Rev. 10/96
Sec. 21.4 & 21.9 – Rev. 6/97
Sec. 21.4 – Rev 7/02
Sec. 21.9 – Rev. 10/97
Sec. 21.9 – Rev. 6/04
Sec. 21.9 – Rev. 1/05
Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05
Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06
Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06
Sec. 21.9 (Flat Rate classification) – Rev. 10/06
Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06
Sec. 21.5 – Rev. 3/07
Sec. Sec. 21.1, 21.2, 21.4, 21.10, 21.10.1 – Rev. 6/07
Sec. 21.5 – Added 6/07
Sec. 21.10.2 – Deleted 6/07
Sec. 21.11 – Added 10/07
Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07
Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09
Sec. 21.4, 21.10 – Rev. 12/09
Sec. 21.6, 21.9 – Rev. 5/10
Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 – Rev. 6/10
Sec. 21.9.1 (added) – Rev. 9/10
Sec. 21.1, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 - Rev. 6/11
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12
Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/13
Sec. 12.1, 21.2, 21.4, 21.5, 21.9.1, 21.10, 21.10.1 – Rev. 6/14
Sec. 21.1, 21.2, 21.5 – Rev. 1/15
Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2, 21.5, 21.10, 21.10.1 Rev 6/15
Sec. 21, 21.1 – Rev. 11/15
Secs. 21, 21.2, 21.4, 21.5, 21.7, 21.10, 21.10.1 – Rev. 7/16
Secs. 21, 21.1 - Rev. 12/16
All Secs. – Rev. 12/17
Sec. 21.3 – Rev. 6/18
Secs. 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev. 12/18
Sec. 21.3 – Rev. 6/19

ARTICLE 21 CONTINUED
(Renumbered as Article 12 by
Resolution 5006)

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.5, 21.9, 21.10, 21.10.1 – Rev
12/19

Secs. 21.5, 21.6, 21.5.1 (added) –
Rev. 1/20

Sec 21.3 – Rev 6/20

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.9, 21.10, 21.10.1 – Rev 12/20

Sec 12.3 – Rev 6/21

Secs. 12, 12.1, 12.2, 12.3, 12.4,
12.6, 12.8, 12.9, 12.10, 12.10.1 –
Rev 12/21

Secs. 12.3 – Rev 6/22

Attachment B

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RESOLUTION NO. 5038

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE FALLBROOK PUBLIC UTILITY DISTRICT,
ADOPTING MISCELLANEOUS FEES AND CHARGES,
REVISING THE DISTRICT'S ADMINISTRATIVE CODE,
AND TAKING OTHER ACTIONS RELATED THERETO**

* * * * *

WHEREAS, the Fallbrook Public Utility District (the "District") provides the community with various public services, including temporary water service, engineering services, fees for inspection, maintenance, repair, and replacement of backflow prevention devices, and other related services, and is authorized to impose fees and charges to recover the costs for such services; and

WHEREAS, the District analyzed the costs for providing such services, and based on such analysis and related data, has determined that it is necessary to adopt certain new or increased fees (the "Fees"); and

WHEREAS, in support of the rates for the increased Fees, the District has caused to be prepared a Fee Report (the "Fee Report") which sets forth the basis for each increased Fee; and

WHEREAS, the proposed action has been properly noticed as required by Government Code Section 66018 following publication requirements set forth in Government Code Section 6062a; and

WHEREAS, the Board of Directors has further determined that it is appropriate to amend Articles 10, 11, and 12 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. Adoption of Fees

The Board of Directors hereby adopts the Fees as set forth in the Fee Report, attached hereto as Exhibit "A." The Fees shall take effect on January 1, 2023.

3. Revisions to Administrative Code:

The Board hereby adopts the revisions to the Administrative Code attached hereto as Exhibit "B."

4. Findings:

The Board of Directors finds and determines that:

(a) The Fees established by this Resolution:

(1) are imposed for a specific government service provided directly to the payor, or for reasonable regulatory costs of the District for issuing licenses and permits, performing investigations, inspections, and administrative enforcements of the District's Administrative Code or other rules or ordinances;

(2) are no more than necessary to cover the reasonable costs of the governmental activity for which the Fee is imposed; and

(3) the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity for which the Fee is imposed.

(b) The Fees are not taxes within the meaning of California Constitution article XIII C, section 1(e).

5. Inconsistency with Other Fees; Severability:

To the extent any Fees are inconsistent with any other fee or charge previously adopted by the Board of Directors; it is the explicit intention of the Board of Directors that the Fees adopted pursuant to this Resolution shall prevail. 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 provision to other persons or circumstances shall not be affected thereby. The Board of Directors 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.

6. Effective Date:

This Resolution shall become effective upon the date of 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 5th day of December, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:
ABSENT:

APPROVED:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
FEE REPORT

Review of Facility Installation Charges October 2022



Introduction

Per the administrative code, District rate payers may apply to have the District install certain facilities to connect to the existing distribution and/or collections system. These facilities generally consist of water meter connections, fire hydrants, and sewer lateral connections. The intent of the fee is to cover the District's cost for the labor and materials. The fees are established in the administrative code, with an annual adjustment based on the Engineering News Record (ENR) Construction Cost Index (CCI) for the region. The code also directs staff to report back to the Board of Directors no less than every five years with analysis comparing fees to actual costs. The purpose of this report is to present this analysis and propose updated fees.

Description of Services

Water services provided include the following:

- Meter Installation – Time and material costs associated with connecting a meter to a service line.
- Service Line Installation – Time and material costs associated with excavating a water main, installing a service connection at the main, excavation and installation of an appropriately sized water service line (equal to meter size) from the main to the site of the meter installation.
- Backflow Installation – Time and material costs associated with installing a backflow device downstream of a District installed meter. This service is only provided on new meter installations. Backflow installations on existing services, or retrofits, are the sole responsibility of the property owner that the existing meter serves.
- Backflow Device Monthly Fee – Time and material costs associated with annual inspection/test of each backflow device and typical maintenance and replacement costs.
- Meter Relocation – Time and material costs associated with relocating the meter, excavating a water main at the site of the existing service connection, removing the existing service line connection and capping the existing service connection at the main, excavating the water main at the new location, installing a new service connection at the main, and laying appropriately sized water service line (equal to meter size) from the main to the site of the relocated meter.
- Fire Hydrant Installation – Time and material costs associated with installing the hydrant, excavating a water main at the site of the hydrant installation, installing a connection at the main, excavation and installation of the new hydrant's service lateral (6") to the point where the hydrant will be installed, installation of a concrete pad around the hydrant.
- Sewer Lateral Installation
- Sewer Cleanout Installation

Sewer services provided include the following:

- Lateral/Cleanout Installation – Time and material costs associated with excavating an existing sewer main, trenching for the new service lateral, connection to the existing sewer main, installation of a service lateral to the point of the District cleanout, and the installation of a District cleanout.

Other costs that may be included depending on the site conditions for either water or sewer services include the following:

- Paving – Time and material costs associated with repairing paving that is removed during excavation for the installation of facilities. This only applies to sites with existing pavement.
- County Inspection – Cost for a County encroachment permit and for a County inspector to perform a site visit and inspect the paving repairs on County maintained roads. This only applies to sites in existing County maintained roads.

Current Fees

The current fees, which have not been revised, other than the annual CCI adjustment, in over 5 years, have fallen behind the actual cost to purchase the materials and to account for the labor and equipment time utilized to perform the installations.

Proposed Fees

The revised fees are based on updated materials costs, labor time, and equipment use.

- Materials – The materials costs are based on actual current procurement prices as of September 2022.
- Labor – The labor time is based on District experience on typical installations in the past. The labor rate is the average rate of all field services staff at the District as of September 2022. See tables below for calculation of the average hourly labor rate:

HOURLY RATE - Average All Field Services Staff	
FIELD STAFF AVERAGE HOURLY RATE	\$ 37.92
AVERAGE HOURLY BENEFIT RATE *	\$ 18.29
TOTAL HOURLY RATE	\$ 56.22

	Average Annual Benefits	Average Hourly Benefit Rate
Average Health Benefits	\$ 19,105.23	\$ 9.19
Average Other Benefits	\$ 12,712.08	\$ 6.11
Average Payroll Tax Benefits	\$ 6,231.02	\$ 3.00
TOTAL AVERAGE BENEFITS	\$ 38,048.33	\$ 18.29

- Equipment – The equipment and equipment time is based on District experience on typical installations in the past. The equipment rates are based on Caltrans Equipment Rental Rates and Labor Surcharge for April 1, 2022 through March 31, 2023, published on the Caltrans website.

The resulting proposed new fees are shown on the following pages with columns for materials costs, labor time and costs, and equipment time and costs, with the total proposed fee shown in the last column. Table 1 shows updated water fees, Table 2 shows updated backflow device monthly fees, and Table 3 shows updated sewer fees.

Table 1. Water Fees
Adjusted to 2022 Costs

Item	Materials	Labor			Equipment				Grand Total
		Man Hours	Rate	Total	Item	Hours	Rate	Total	
3/4" Meter Installation (meter only)	\$310.76	3	\$ 56.22	\$ 168.66	Service Truck	2	\$ 25.30	\$ 50.60	
					Total Equipment			\$ 50.60	\$ 531.00
3/4" Service Line Installation (no paving) ⁽¹⁾	\$ 470.03	32	\$ 56.22	\$ 1,799.04	(2) Service Trucks	16	\$ 25.30	\$ 404.80	
					Backhoe	8	\$ 47.98	\$ 383.84	
					Dump Truck	8	\$ 60.39	\$ 483.12	
					Total Equipment			\$ 1,271.76	\$ 3,541.00
3/4" Meter Relocation (no paving) ⁽¹⁾	\$ 34.38	16	\$ 56.22	\$ 899.52	(2) Service Trucks	8	\$ 25.30	\$ 202.40	
					Backhoe	4	\$ 47.98	\$ 191.92	
					Dump Truck	4	\$ 60.39	\$ 241.56	
					Total Equipment			\$ 635.88	\$ 5,111.00
3/4" Backflow Installed with Meter	\$ 352.98	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	
					Total Equipment			\$ 75.90	\$ 767.00
1" Meter Installation (meter only)	\$408.55	3	\$ 56.22	\$ 168.66	Service Truck	2	\$ 25.30	\$ 50.60	
					Total Equipment			\$ 50.60	\$ 628.00
1" Service Line Installation (no paving) ⁽¹⁾	\$ 470.03	32	\$ 56.22	\$ 1,799.04	(2) Service Trucks	16	\$ 25.30	\$ 404.80	
					Backhoe	8	\$ 47.98	\$ 383.84	
					Dump Truck	8	\$ 60.39	\$ 483.12	
					Total Equipment			\$ 1,271.76	\$ 3,541.00
1" Meter Relocation (no paving) ⁽¹⁾	\$34.38	16	\$ 56.22	\$ 899.52	(2) Service Trucks	8	\$ 25.30	\$ 202.40	
					Backhoe	4	\$ 47.98	\$ 191.92	
					Dump Truck	4	\$ 60.39	\$ 241.56	
					Total Equipment			\$ 635.88	\$ 5,111.00
1" Backflow Installed with Meter	\$ 373.86	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	
					Total Equipment			\$ 75.90	\$ 788.00
1.5" Meter Installation (meter only)	\$956.76	3	\$ 56.22	\$ 168.66	Service Truck	2	\$ 25.30	\$ 50.60	
					Total Equipment			\$ 50.60	\$ 1,177.00
1.5" Service Line Installation (no paving) ⁽¹⁾	\$ 938.08	32	\$ 56.22	\$ 1,799.04	(2) Service Trucks	16	\$ 25.30	\$ 404.80	
					Backhoe	8	\$ 47.98	\$ 383.84	
					Dump Truck	8	\$ 60.39	\$ 483.12	
					Total Equipment			\$ 1,271.76	\$ 4,009.00
1.5" Meter Relocation (no paving) ⁽¹⁾	\$112.96	16	\$ 56.22	\$ 899.52	(2) Service Trucks	8	\$ 25.30	\$ 202.40	
					Backhoe	4	\$ 47.98	\$ 191.92	
					Dump Truck	4	\$ 60.39	\$ 241.56	
					Total Equipment			\$ 635.88	\$ 5,658.00
1.5" Backflow Installed with Meter	\$ 944.31	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	
					Total Equipment			\$ 75.90	\$ 1,358.00
2" Meter Installation (meter only)	\$1,219.46	3	\$ 56.22	\$ 168.66	Service Truck	2	\$ 25.30	\$ 50.60	
					Total Equipment			\$ 50.60	\$ 1,439.00
2" Service Line Installation (no paving) ⁽¹⁾	\$ 1,152.77	32	\$ 56.22	\$ 1,799.04	(2) Service Trucks	16	\$ 25.30	\$ 404.80	
					Backhoe	8	\$ 47.98	\$ 383.84	
					Dump Truck	8	\$ 60.39	\$ 483.12	
					Total Equipment			\$ 1,271.76	\$ 4,224.00
2" Meter Relocation (no paving) ⁽¹⁾	\$112.96	16	\$ 56.22	\$ 899.52	(2) Service Trucks	8	\$ 25.30	\$ 202.40	
					Backhoe	4	\$ 47.98	\$ 191.92	
					Dump Truck	4	\$ 60.39	\$ 241.56	
					Total Equipment			\$ 635.88	\$ 5,873.00

Table 1. Water Fees
Adjusted to 2022 Costs

Item	Materials	Labor			Equipment				Grand Total
		Man Hours	Rate	Total	Item	Hours	Rate	Total	
2" Backflow Installed with Meter	\$ 1,156.33	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	
					Total Equipment			\$ 75.90	\$ 1,570.00
Paving for Service Line <15' ⁽¹⁾									\$ 2,400.00
Paving for Service Line 15' - 30' ⁽¹⁾									\$ 4,400.00
County Inspection ⁽²⁾									\$ 1,408.00
Fire Hydrant J-3700	\$ 4,572.39	72	\$ 56.22	\$ 4,047.84	(2) Service Trucks	36	\$ 25.30	\$ 910.80	
					Backhoe	18	\$ 47.98	\$ 863.64	
					Dump Truck	18	\$ 60.39	\$ 1,087.02	
					Total Equipment			\$ 2,861.46	\$ 11,482.00
Fire Hydrant J-3765	\$ 7,172.12	72	\$ 56.22	\$ 4,047.84	(2) Service Trucks	36	\$ 25.30	\$ 910.80	
					Backhoe	18	\$ 47.98	\$ 863.64	
					Dump Truck	18	\$ 60.39	\$ 1,087.02	
					Total Equipment			\$ 2,861.46	\$ 14,082.00

1. Paving is shown as a separate item because it is only required for installations located in existing paved streets.

2. County Inspection is listed as a separate item because it is only required for installations located in existing County maintained roads.

Table 2. Backflow Device Monthly Fees
Adjusted to 2022 Costs

Item - Backflow Monthly Fee	Materials	Labor			Equipment				Total Cost	Monthly Breakdown
		Man Hours	Rate	Total	Item	Hours	Rate	Total		
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 112.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 275.04	\$ 4.58
3/4" Device Replacement (Every 15 years)	\$ 352.98	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 766.20	\$ 4.26
										\$ 11.10
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 112.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 275.04	\$ 4.58
1" Device Replacement (Every 15 years)	\$ 373.86	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 787.08	\$ 4.37
										\$ 11.22
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 112.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 275.04	\$ 4.58
1.5" Device Replacement (Every 15 years)	\$ 944.31	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 1,357.53	\$ 7.54
										\$ 14.39
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 112.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 275.04	\$ 4.58
2" Device Replacement (Every 15 years)	\$ 1,156.33	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 1,569.55	\$ 8.72
										\$ 15.57
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 668.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 831.04	\$ 13.85
3" Device Replacement (Every 10 years)	\$ 1,738.00	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 2,151.22	\$ 17.93
										\$ 34.04
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 668.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 831.04	\$ 13.85
4" Device Replacement (Every 10 years)	\$ 2,580.03	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 2,993.25	\$ 24.94
										\$ 41.06
Annual Inspection	\$ -	0.333	\$ 56.22	\$ 18.72	Service Truck	0.333	\$ 25.30	\$ 8.42	\$ 27.15	\$ 2.26
Device Rebuild (Every 5 years)	\$ 668.00	2	\$ 56.22	\$ 112.44	Service Truck	2	\$ 25.30	\$ 50.60	\$ 831.04	\$ 13.85
6" Device Replacement (Every 10 years)	\$ 3,994.85	6	\$ 56.22	\$ 337.32	Service Truck	3	\$ 25.30	\$ 75.90	\$ 4,408.07	\$ 36.73
										\$ 52.85

Table 3. Sewer Fees
Adjusted to 2022 Costs

Item	Materials	Labor			Equipment				Grand Total
		Man Hours	Rate	Total	Item	Hours	Rate	Total	
Lateral/Cleanout Installation <15' length <8' deep	\$829.17	90	\$ 56.22	\$ 5,059.80	Service Truck (2)	16	\$ 25.30	\$ 404.80	
					Backhoe	16	\$ 47.98	\$ 767.68	
					Dump Truck	16	\$ 60.39	\$ 966.24	
					Total Equipment			\$ 2,138.72	\$ 8,028.00
Lateral/Cleanout Installation <15' length >8' deep	\$829.17	135	\$ 56.22	\$ 7,589.70	Service Truck (2)	24	\$ 25.30	\$ 607.20	
					Backhoe	24	\$ 47.98	\$ 1,151.52	
					Dump Truck	24	\$ 60.39	\$ 1,449.36	
					Total Equipment			\$ 3,208.08	\$ 11,627.00
Lateral/Cleanout Installation >15' length <8' deep	\$1,022.38	180	\$ 56.22	\$ 10,119.60	Service Truck (2)	32	\$ 25.30	\$ 809.60	
					Backhoe	32	\$ 47.98	\$ 1,535.36	
					Dump Truck	32	\$ 60.39	\$ 1,932.48	
					Total Equipment			\$ 4,277.44	\$ 15,420.00
Lateral/Cleanout Installation >15' length >8' deep	\$1,022.38	225	\$ 56.22	\$ 12,649.50	Service Truck (2)	32	\$ 25.30	\$ 809.60	
					Backhoe	32	\$ 47.98	\$ 1,535.36	
					Dump Truck	32	\$ 60.39	\$ 1,932.48	
					Total Equipment			\$ 4,277.44	\$ 17,950.00
Paving for Service Line <15' ⁽¹⁾								\$ 2,400.00	
Paving for Service Line 15' - 30' ⁽¹⁾								\$ 4,400.00	
County Inspection ⁽²⁾								\$ 1,408.00	

1. Paving is shown as a separate item because it is only required for lateral installations located in existing paved streets.

2. County Inspection is listed as a separate item because it is only required for lateral installations located in existing County maintained roads.

EXHIBIT B

**REVISIONS TO ARTICLES 10, 11, AND 12 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE**

Article 10.

Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 10.2 Remote Meter Agreements.

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

Sec. 10.3 Temporary Service Agreements.

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

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

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

Sec. 10.4 Engineering Fees.

 Sec. 10.4.1 Plan Check Fees.

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

 Sec. 10.4.2 Fees for District to Inspect Contractor Installed Facilities

- A) Water Meter Service Line Installation
 - ¾" to 2" 5 hours @ \$116.41= \$582.06
 - 3" and larger 9 hours @ \$116.41= \$1,047.71
- B) Fire Hydrant Installation 9 hours @ \$116.41= \$1,047.71
- C) Fire Service Installation 9 hours @ \$116.41= \$1,047.71

If the sum of the inspection fees for a project is greater than \$3,000, the inspection will be done on a time and material basis and a deposit for the estimated cost will be paid prior to

start of construction. Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 10.5 Rules for Service of Water.

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

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

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

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

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

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

Sec. 10.6 Meter and Service Line Installations.

Before any service connection with the water distribution system of the District is made, the District shall collect from the applicant who desires water service an installation charge as set forth below. A connection fee based on the demand factor shall be paid in addition to the installation charges and is described in Article 10.8 of this Administrative Code. Reclaimed meter and service line connections shall be capitalized as part of the project and not charged to the customer. Installation charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of

February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

<u>Meter Size</u>	<u>Meter and Service Line*</u>	<u>Meter Only on Existing Service Line</u>	<u>Service Line Only*</u>
3/4"	\$4,072	\$531	\$3,541
1"	\$4,169	\$628	\$3,541
1-1/2"	\$5,186	\$1,177	\$4009
2"	\$5,663	\$1,439	\$4,224
3", 4" or 6"	Cost	Cost	Cost
Recycled, any size	No charge	No charge	No charge

* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$2,400. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$4,400. If County road inspection is required, there is an additional fee of \$1408.

Sec. 10.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line*</u>
3/4"	\$5,111
1"	\$5,111
1-1/2"	\$5,658
2"	\$5,873

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

Sec. 10.8 Connection/Capacity Fees.

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

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

<u>Meter Size</u>	<u>SDCWA Demand Factor (EMU)</u>	<u>Capacity Fee</u>
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3/4"	1	\$6,327
1"	1.6	\$10,125
1-1/2"	3	\$18,983
2"	5.2	\$32,905
3"	9.6	\$60,746
4"	16.4	\$103,772
6"	30	\$189,832

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

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 10.8.1 Removal of Meters.

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

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

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

Sec. 10.8.2 Meter Testing Costs.

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

<u>Meter Size</u>	<u>Fee for testing</u>
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3/4" – 1"	\$134
1 1/2" – 2"	\$181
Over 2"	To be tested by an outside agency at a cost to be determined on actual time and materials.

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

Sec. 10.8.3 Adjustment to Fees for Meters and Connections.

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

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

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

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

Sec. 10.10 San Diego County Water Authority Connection Fees.

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

The System Capacity Charge for a meter size of one (1) inch or greater shall be the basic charge of \$5,700 multiplied by a Factor that is based upon additional meter capacity.

<u>Meter Size</u>	<u>Factor</u>	<u>System Capacity Charge</u>	<u>Water Treatment Capacity Charge</u>	<u>TOTAL</u>
Less than 1"	1.0	\$5,700	\$159	\$5,859
1"	1.6	\$9,120	\$254	\$9,374
1-1/2"	3.0	\$17,100	\$477	\$17,577
2"	5.2	\$29,640	\$827	\$30,467
3"	9.6	\$54,720	\$1,526	\$56,246
4"	16.4	\$93,480	\$2,608	\$96,088
6"	30.0	\$171,000	\$4,770	\$175,770
8"	52.0	\$296,400	\$8,268	\$304,668
10"	78.0	\$444,600	\$12,402	\$457,002
12"	132.0	\$752,400	\$20,988	\$773,388

The System Capacity Charge is the cost for the conveyance and storage facilities necessary to operate the delivery system.

The Water Treatment Capacity Charge is the cost for the connection to the 50 MGD (million gallons per day) regional water treatment facility. The Water Treatment Capacity Charge is an additional charge of \$159 for each new meter of a size less than one inch and a corresponding increase for larger meters.

The member agency shall determine the size of the water meter to serve any property within its jurisdiction. In the event an agency calculates the water demand by the equivalent dwelling unit (EDU) method, the County Water Authority's capacity charge will be collected based on the size of meter actually installed to meet flow demand.

No capacity charge shall be imposed for a water meter permanently connected to a reclaimed water system and measuring reclaimed water. If a water user converts a water meter to permanently measure only reclaimed water, the capacity charge previously collected for the meter shall be refunded upon written request from the water user and verification by the member agency in which the water user is located that the meter is permanently connected to the reclaimed water supply and is measuring reclaimed water. The refund shall be in the amount of the capacity charge actually collected.

All claims for refund permitted shall be presented within one year of the date of the event justifying the refund.

Sec. 10.11 San Diego County Water Authority Permanent Special Agricultural Water Program Administration

Sec. 10.11.1 Purpose.

The San Diego County Water Authority Permanent Special Agricultural Water Program (PSAWR) provides discounted wholesale supply and treatment pricing for qualified agricultural users within its service area on the basis that participants receive non-firm, interruptible. This section of the District's Administrative Code establishes the rules and regulations for Administration of the SDCWA PSAWR within the Fallbrook Public Utility District (District).

Sec. 10.11.2 Qualification.

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

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

1. Grow or raise – for commercial purposes – products of an agricultural, horticultural, or floricultural nature.

2. The Commercial Agricultural Operation must be included on one of the following lists (ONLY 1 REQUIRED):
 - Grower’s List
 - Active Certified Producers List
 - Organic Producers List
 - Regional Board General Agricultural Order Enrollment List

Sec. 10.11.3 Certification and Recertification.

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

Sec. 10.11.4 Acknowledgement.

Individuals participating in the PSAWR shall acknowledge that:

- a) Water received under the PSAWR is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction as is from time to time determined necessary by MWD and/or the SDCWA.
- b) Water use under the PSAWR supply is subject to periodic data examination and field audits and participants agree to respond in a timely manner to requests for information and access to properties receiving water under the PSAWR.
- c) Failure to respond in a timely manner to information requests, associated data examination and field audits or recertification, or failure to provide reasonable access to properties receiving water under the PSAWR will result in automatic removal of the subject property from the PSAWR, subject to the conditions set for in subsection 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.
- d) If, as a result of data examination and/or an audit, it is determined that PSAWR supply was used on property and/or for purposes not meeting the qualifications established by SDCWA, then said usage may be subject to assessment of retroactive supplemental water rates, penalties and charges as required by the SDCWA, or the District, which the participant agrees to pay.
- e) If data examination and/or an audit determines that the subject property and/or water use on the property does not qualify for the PSAWR, then the property and associated water account will be removed from the PSAWR as provided for and subject to the conditions in sub-section 10.11.5(c) of this Article, and subsequent water use on the property will be classified and billed as “Domestic” or “Commercial”.

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

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

Sec. 10.11.6 Implementation of Mandatory PSAWR Supply Reductions.

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

Sec. 10.12 Installation or Extension Line Costs.

In connection with the installation or extension of water distribution lines, the District may concurrently install service lines for adjoining land parcels. The cost of the service lines together with the pipeline extension costs will be borne by the owners.

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

Sec. 10.13 Customer Valve.

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

There shall be a stopcock or wheel valve in each service connection located on the consumer's side of the meter, at a point to be designated by the District, which stopcock or

wheel valve shall be for the use of the consumer and shall be referred to as the “customer valve.”

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

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

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

Sec. 10.14 Water Must Pass Through Meter.

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

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

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

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

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

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

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

Sec. 10.17 Fires.

In the event that fires should take place within the District, where

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

Sec. 10.18 Access to Meters.

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

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

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

Sec. 10.20 Allowances or Rebates.

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

Sec. 10.21 Water Served to Others.

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

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

Sec. 10.22 Backflow Prevention Devices.

In accordance with Title 17 of the California Administrative Code, backflow prevention devices to protect the District distribution system from possible contamination will be owned and maintained by the District. The device will be located at the service connections. The type of protection that shall be required to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the customer premises. The type of protective device that will be required (listed in an

increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The customer may choose a higher level of protection than required by FPUD. The minimum types of backflow protection required to protect the public water supply, at the water user's meter connection to the property with various degrees of hazard, are listed below. Situations not covered in the listed below shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by FPUD.

Sec. 10.22.1 Type Of Backflow Protection Required.

1. An (AG) is required on premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
2. An (AG) is required on premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the District.
3. An (RP) is required on premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected. Any sign of injection systems on the property, including unused systems will require an (RP).
4. Auxiliary Water Supplies--Any water supply other than that received from a public water system.
 - A) (AG) is required on premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the District.
 - B) An (RP) is required on premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system.
5. Recycled Water
 - A) An (AG) is required on premises where the public water system is used to supplement the recycled water supply.
 - B) An (RP) is required on premises where recycled water is used, and there is no interconnection with the potable water system.
 - C) An (RP) is required on residences using recycled water for landscape irrigation as part of an approved dual plumbed use area. If the District is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the recycled water and potable water systems.

6. Fire Protection Systems

- A) An (RP) is required on premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected).
 - B) An (AG) is required on premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the District.
 - C) An (RP) is required on Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used.
 - D) An (RP) is required on Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.
 - E) A (DC) is required for single family residence with fire protection system. The (DC) needs to be installed and maintained by the property owner.
- 7. An (RP) is required on premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
 - 8. An (RP) is required on premises where there is a repeated history of cross-connections being established or re-established.
 - 9. An (RP) is required where adjacent parcels under common ownership are served by more than one meter. RP devices will be required at each meter.
 - 10. An (RP) is required on all new agricultural (AS), agricultural/domestic (AT), commercial agricultural (CA), or commercial agricultural domestic (CB) services. An RP will be installed by the District only with the new meter services.
 - 11. Property owners who appeal to the District to change classification from a classification other than agricultural (AS, AT, CA, CB) will be required to install a Reduced Pressure Backflow Preventer at the property owners expense. See Section 10.22.3 & 4.

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

and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

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

Sec. 10.22.2 Backflow Device Installation on New Services.

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

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

Reduced Pressure Principle Devices (installed along with new meter)

For each ¾ inch meter	\$767
For each 1 inch meter	\$788
For each 1-1/2 inch meter	\$1,358
For each 2 inch meter	\$1,570
For each 3, 4 or 6 inch meter	Cost

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

Sec. 10.22.3 Reduced Pressure Backflow Preventer Retrofits.

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

General Design Considerations.

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

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

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

Upon notification by the District that a Reduced Pressure Backflow Device is needed, the property owner will have sixty (60) days to comply. After sixty (60) days, the District shall have the right to discontinue water service and charge a fee of fifty dollars (\$50) to lock the meter. A fee of one hundred (\$100) will be charged for broken or damaged locks. Damage to corp or angle stop in attempt to restore services will be billed at actual time and material and added to the water bill. The water service will be restored only after the fees are paid and the device is installed, passes, and meets the District standards.

Installation.

- 1) Installations of retrofit backflow devices will not be performed by District Personnel and is the sole responsibility of the property owner.
- 2) Forty-eight (48) hours prior to installation, the Backflow Department will be notified at (760) 728-1125, extension 1129. Installations and inspections will be scheduled Monday through Thursday’s only – excluding all District holidays. District personnel will shut off the angle stop before the meter. If the installer or property owner shuts off the angle stop and causes damage, the installer and property owner will be responsible for damages. The damages will be calculated at a time and materials rate.
- 3) Installation shall comply with the latest edition of the Uniform Plumbing Code and applicable District requirements.

- 4) Backflow prevention assemblies shall be installed in accordance with the District's standard drawings.
- 5) Water service and fire service shut-off valves will be secured closed during installation until an approved backflow prevention device is installed and tested in compliance with this specification.
- 6) When static pressure exceeds 175 psi, a pressure-reducing valve may be installed. Please contact the Backflow Department for determination of necessity.
- 7) After installation of the backflow device, the Backflow Department must be notified to inspect the installation to insure that the device meets the District specifications. It will then be tested by District personnel.
- 8) There will be no charge if the backflow device is installed correctly and test properly on the first inspection. If the backflow device fails the first test, it shall be the responsibility of the property owner to have any necessary repairs made. Repairs must be made according to District specifications. Any additional inspections will be charged one hundred twenty eight dollars (\$128) plus the costs of parts if needed.
- 9) Backflow / RP device charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.
- 10) Any damages or leaks after the customer shut-off valve will be the property owner's responsibility.

Sec. 10.22.5 Well Destruction and Alteration.

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

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

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

The Land and Water Quality Division regulates the design, construction, modification, and destruction of water wells throughout San Diego County to protect San Diego County's

groundwater resource. Water Wells are commonly used as the only potable water supply in the rural areas of San Diego County. For general information call the San Marcos office at (760) 471-0730.

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

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

Sec. 10.23 Booster Pumps.

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

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

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

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

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

Sec. 10.24 Fire Hydrants.

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

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

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

Model J-3700 (2-port hydrant).....	\$11,482 (complete assembly)
Model J-3765 (3-port hydrant).....	\$14,082 (complete assembly)
Fire flow testing	\$534

If paving over 20 feet is required, there is an additional fee of \$281 per trench foot. If county road inspection is required, there is an additional fee of \$1,408.

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

Sec. 10.25 Automatic Sprinkler and Fire Protection Systems.

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

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

Sec. 10.26 Construction Meters.

For each use of a fire hydrant by any person not officially associated with a fire fighting organization, by pre-arrangement and approval of the District, and upon receipt of a \$1,381 deposit, a meter installation charge of \$134 will be made. There will be a relocation charge of \$134 to cover cost of moving a construction meter. Upon notification by customer that the construction meter is no longer needed, District staff will retrieve the meter. Charges for construction meters will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs. Upon retrieval, deposits will be refunded to the customer less any accrued operations charges and water use charges. The cost to repair a damaged construction meter will be deducted from the deposit. The construction meter will be locked to the fire hydrant and moved only by District staff. If the meter is stolen, the District will bear the cost of replacement.

Sec. 10.27 Water Used for Annual Crops.

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

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

Sec. 10.28 Illegal Use of Water.

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

Sec. 10.29 Water Service Outside District.

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

Sec. 10.30 Application of Water Service to Affordable Housing

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

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- b) The District is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections; or
- c) The District does not have sufficient sewer treatment or collection capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or
- d) The District is under an order issued by the Regional Water Quality Control Board that prohibits new sewer connections; or

- e) The applicant fails to agree to reasonable terms and conditions for water service from the District which is generally applicable to other development projects seeking water service from the District including, but not limited to, payment of any fee or charge authorized by Government Code §66013.

Sec. 10.30.1 Review of Service Policies.

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

Sec. 10.31 Administrative Fees.

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

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

ARTICLE 19 (Renumbered as Article 10 by Resolution 5006)
Sec. 19.1,19.4,19.6, 19.21, 19.23 & 19.28 – Rev. 6/93
Sec. 19.5, 19.21 & 19.24 – Rev. 2/94
Sec. 19.8 – Rev. 4/95
Sec. 19.1 – Rev. 8/95
Sec. 19.33-19.43 – Rev. 8/95
Sec. 19.5, 19.24-19.25 – Rev. 9/96
Sec. 19.6-19.8 – Rev. 9/96
Sec. 19.23 – Rev. 10/96
Sec. 19.8 – Rev. 6/97
Sec. 19.1 – Rev. 7/97
Sec. 19.11 – Rev. 7/98
Sec. 19.9 – Deleted (all parcels paid) – Rev. 9/98
Sec. 19.21 – Rev. 6/99
Sec. 19.8 – Rev. 7/99
Sec. 19.9 – Rev. 11/99
Sec. 19.20.2 – Rev. 11/99
Sec. 19.9.2 – Rev. 7/00
Sec. 19.8 – Rev. 12/00
Sec. 19.8 – Rev. 8/01

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Sec. 19.21, 19.23 – Rev. 07/03
Sec. 19.6, 19.21 – Rev. 6/04
Sec. 19.8, Rev. 1/05
Sec. 19.5 – Rev. 7/05
Sec. 19.4 & 19.8 – Rev. 3/06
Sec. 19.5, 19.6, 19.19, & 19.21 – Rev.
6/06
New sec. 19.27 added 6/06
Sec. 19.5, 19.8 & 19.23 – Rev. 12/06
New Sec. 19.4 – Added 2//07
Sec. 19.20 – Rev. 3/07
Sec. 19.22 – Rev. 6/07
Sec. 19.6 – Rev. 6/07; 19.7 – Added
6/07; 19.20 – Rev. 6/07; 19.22 – Rev.
6/07
New 19.11 – added 8/07
Sec. 19.1 (last para pg. 1) & 1st para. Pg.
2 – Rev. 12/07
Sec. 19.8.2 – Add 3/08
Sec. 19.1, 19.6, 19.7, 19.8, 19.8.1, 19.9,
19.14, 19.22, 19.24, 19.26, 19.27, and
19.31 – Rev. 6/08
Sec. 19.1, 19.6, 19.8, 19.8.2, 19.10,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6, 19.22,
19.24, - Rev. 6/09
19.1, 19.5 Rev. 8/09
Sec. 19.22-19.22.5 – Rev. 10/09
Sec. 19.8.1 – Rev. 5/10
Sec. 19.5 – Rev. 10/10
Sec. 19.3 – Rev 12/10
Sec. 19.6, 19.7, 19.8.2, 19.22.2, 19.24,
19.26 – Rev. 5/11
Sec. 19.8, 19.9 – Rev. 4/12
Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/12
Sec. 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.22.2, 19.24, 19.26 – Rev. 6/13
Sec. 19.1, 19.5, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 6/14
Sec. 19.8.1 – Rev. 10/14
Sec. 19.6, 19.7, 19.8, 19.8.2, 19.22.2,
19.24, 19.26 Rev. 6/15
Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3,
19.11.4, 19.11.5, 19.11.6, 19.22.1 Rev.
3/16
19.4.2 (add), 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev. 7/16
Sec. 19.10 - Rev. 1/17

ARTICLE 19 CONTINUED
(Renumbered as Article 10 by
Resolution 5006)

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/18

Secs. 19.12.1, 19.12.2, 19.24 – Rev.
7/19

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.24, 19.26 – Rev.
12/19

Secs. 19.1, 19.5, 19.11, 19.11.1,
19.11.2, 19.11.3, 19.11.4, 19.11.5,
19.11.6 – Rev. 12/20

Secs. 19.4.2, 19.6, 19.7, 19.8, 19.8.2,
19.10, 19.22.2, 19.22.4, 19.24, 19.26 –
Rev. 12/20

Secs. 10.1, 10.2, 10.4.2, 10.5, 10.6,
10.7, 10.8, 10.8.1, 10.8.2, 10.10,
10.11.1, 10.11.5, 10.22.1, 10.22.2,
10.24, 10.26 – Rev. 12/21

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

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

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

The term “Owner,” as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District.

The term “Parcel Map,” as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term “Parcel of Land,” as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor’s office for the County of San Diego and legally subdivided by California law.

The term “pass through” means wastewater leaving the District’s sewer system in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the state or federal law, regulation, or order.

The term “Permit,” when used as a noun as used herein, shall mean permit for a sewer connection required by the District for any discharger to the District’s sewer system and includes a sewer permit, a Special Use Permit, a temporary sewer service agreement, and any other authorization to connect to and use the District’s sewer system.

The term “person,” as used herein, shall mean any individual, entity, partnership, firm, association, corporation or public agency, including the State of California and the United States of America.

The term “Project,” as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term “sewer system” or “District’s sewer system” shall mean all of the publicly owned property involved in the operation of the sewage collection, treatment, and disposal system in the District, including land, sewers and appurtenances, pumping stations, and the treatment works and equipment.

The term “Special Use Permit” shall mean a permit for a sewer connection issued by the District to certain industrial users of the District’s sewer system in accordance with Section 11.9.

The Term “SS,” as used herein, means suspended solids.

The term “Subdivision,” as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term “upset” means an incident in which there is temporary noncompliance with requirements of the District’s sewer system regulations.

The term “user” refers to any person who connects to or discharges to or authorizes, permits, facilitates, or allows the connection or discharge to the District’s sewer system.

Sec 11.2 Prohibited Connections.

It shall be unlawful for any person to connect to or to facilitate, authorize, permit, or allow connection to the District sewer system or to add or to facilitate, authorize, permit, or allow the addition of any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction in accordance with Division 20.2 of this Article. No permit to connect shall be issued except to the owner of the property or the owner’s duly authorized agent.

Sec 11.3 Prohibited Uses and Prohibited Discharges.

It is unlawful for any person to use or discharge to, or to facilitate, authorize, permit, or allow the use of or discharge to, the sewer system except in accordance with Division 20.3.

Industrial users subject to the pretreatment standards specified in Part 403 of Title 40 of the Code of Federal Regulations are prohibited from connecting to or discharging into the District’s sewer system.

Sec 11.4 Permit Required.

No person or entity shall be entitled to establish, authorize, cause, facilitate or allow a connection or discharge to the District’s sewer system without first obtaining a sewer permit in accordance with Section 11.4, a Special Use Permit in accordance with Section 11.9 or a temporary sewer service agreement in accordance with Section 11.10 and paying required fees in accordance with this Article.

No person or entity shall be entitled to discharge or to authorize, cause, facilitate, or allow a discharge to the District’s sewer system except as authorized by a sewer permit, Special Use Permit or temporary sewer service agreement. Permits are issued only for the use expressly authorized by the permit.

If a permit does not show thereon the number of equivalent dwelling units for which it is issued, the holder of the permit may seek a determination of the equivalent dwelling units authorized by the permit in accordance with this Article.

The holder of a permit who seeks to undertake any of the following actions on the property associated with the permit must submit an application for a redetermination of equivalent dwelling units as set forth in Section 11.7 and/or a redetermination of strength classification under Section 11.8 and, if required apply for a new or amended permit and pay fees in accordance with this Article:

- a) add a new or change an existing use of a property;

- b) remodel, renovate, or enlarge a structure that discharges or connects to the District's sewer system;
- c) construct any additional improvements on the parcel of property that discharges or connects to the District's sewer system;
- d) discharge a greater volume of wastewater than is authorized by an existing sewer permit;
- e) discharge wastewater with a greater concentration of BOD, SS or other constituent than is authorized by the sewer permit.

No sewer permit required by this Section is valid until the applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with this Article.

Sec 11.5 Sewer Permit Application Process.

Sec 11.5.1 Submission of Application.

Any person required to obtain a permit in accordance with Section 11.4 must submit a request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application, which may include but is not limited to the following:

- a) Environmental Review.

Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to complete this additional environmental review. All environmental review shall be at the applicant's sole cost and expense. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

- b) Plans and Specifications.

Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received

all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

c) Parcel Maps and Subdivisions.

Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California. The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement.

Sec 11.5.2 Determination of Equivalent Dwelling Unit and Strength.

Upon receiving an application for issuance of a sewer permit, the District will determine the number of equivalent dwelling units and anticipated strength classification for which the Permit shall be issued, and fees shall be calculated in accordance with this Article.

Sec 11.5.3 Payment of Fees.

Before a sewer permit may be issued, the applicant must pay the following fees or arrange for payment of the fees pursuant to Section 11.16:

- a) Capacity fees in accordance with Section 11.16.2;
- b) Plan Check fees in accordance with Section 11.16.3;
- c) Lateral fees in accordance with section 11.16.4, if applicable;
- d) Fees to inspect contractor-installed laterals in accordance with Section 11.16.5, if applicable; and
- e) Annexation fee in accordance with Section 11.16.6, if applicable.

Sec 11.6. Sewer Availability Forms and Letters.

If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, and all fees have been paid or guaranteed, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays

all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec 11.7 Equivalent Dwelling Units.

a) Equivalent Dwelling Unit Schedules.

1. The following schedule shall be used when determining the equivalent dwelling units and class of service for any connection to the District’s sewer system.

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE

Equivalent Class	Description	Dwelling Units
Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.) *Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel with no restaurant	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33

Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00
	Car Wash with water recovery system and public restroom	
Class 21		2.00
	Self Service Laundry	
Class 23	Restaurants	2.00
	Restaurant Under 2500 Square feet	
Class 24		3.00
	Restaurant 2501-7000 Square feet	
Class 25		4.00
	Restaurant Over 7000 Square feet	
Class 26		5.00

	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.70

2. Unclassified Users. Users whose use is not classified in the above table are considered “unclassified users.” District staff shall determine the number of equivalent dwelling units for which a permit shall be issued to an unclassified user, including but not limited to commercial and industrial users, based upon the estimated volume of wastewater to be discharged therefrom into the District’s sewer system. An unclassified user that is also an Industrial User may be required to obtain a Special Use Permit pursuant to Section 2.9.

b) Determination and Redetermination of Equivalent Dwelling Units.

1. Determination of Equivalent Dwelling Units.

The holder of an existing sewer permit which does not show thereon the number of equivalent dwelling units for which it is issued, may make application to the District for a determination of equivalent dwelling units based on the current use of the property to which the permit relates.

Upon receipt of an application, the District shall determine the number of equivalent dwelling units which shall be credited to the permit based on this section.

Upon completing the determination of the number of equivalent dwelling units to be assigned to an existing permit, the District shall amend the permit to show thereon the number of equivalent dwelling units assigned thereto and shall also make a notation of such equivalent dwelling units assigned to the existing in the appropriate District record.

2. Redetermination of Equivalent Dwelling Units.

Upon receiving an application for a redetermination, the District shall determine the number of equivalent dwelling units assigned to such permit and the number of equivalent dwelling units required by the action undertaken by the permit holder. If the permit does not accurately show the number of equivalent dwelling units for which it was issued or which will exist after the action undertaken by the permit holder, the District shall determine the number of equivalent dwelling units to be assigned to such permit in the manner above provided in this section, and whether the action undertaken by the permit holder will necessitate additional equivalent dwelling units.

If additional equivalent dwelling units are required as a result of the action undertaken by the permit holder, the applicant will be required to acquire additional equivalent dwelling units in accordance with Section 11.4, to construct any additional sewer facilities determined necessary by the District to adequately serve the property, and to pay fees required by this Article based on the fees in effect at the time the application is submitted for the additional number of equivalent dwelling units calculated by District staff.

3. Reduction in Equivalent Dwelling Units.

If any determination or redetermination conducted in accordance with this Section results in a reduction in equivalent dwelling units, such reduction in capacity will reduce the ongoing capital improvement charge, but will not result in any refund of capacity fees.

Sec 11.8 Determination and Classification of Strength (BOD and SS).

The District shall use the following guidance when determining the anticipated concentrations of BOD and SS for discharges to the District's sewer system:

- a) Low strength: BOD < 200 mg/l and SS < 200 mg/l: Retail, laundry, church or community facility with no kitchen, offices, car wash, nursing home or hospital.
- b) Medium strength: BOD 200 - 700 or SS 200 -700: hotel, auto service station, hotel with restaurant, light manufacturing.
- c) High strength: BOD > 700 mg/l or SS > 700 mg/l: Restaurant, mortuary, manufacturing or high strength wastes.

The allowable discharge strength classification shall be set forth in the permit.

Industrial Users required to obtain a Special Use Permit may be subject to alternative strength classification requirements and/or additional discharge requirements pursuant to Section 11.9.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease any actual discharge and obtain and implement a Special Use Permit in accordance with Section 11.9 before commencing or recommencing any such discharge.

Sec. 11.9 Special Use Permits.

Any user or applicant whose actual or proposed discharge is determined by the District to have characteristics that may adversely impact sewer system operations or the District's ability to comply with state and federal laws, regulations, or orders must immediately cease

any actual discharge and obtain and implement a Special Use Permit before commencing or recommencing any such discharge.

Applicants for Special Use Permits shall complete and file the standard application form and submit all applicable fees. Applications for a Special Use Permit shall include such additional information as may be required by the General Manager, which may include, but not be limited to, sewage constituents and characteristics (as may be determined by a laboratory approved by the District), and any other information deemed necessary by the District to evaluate the application.

The Special Use Permit shall be subject to all requirements and provisions applicable to general permits under this Article, but may also be subject to one or more of the following:

- a) Limitation of the volume discharged;
- b) Restriction of peak flow discharges;
- c) Pretreatment of wastewater prior to discharge;
- d) Discharge of certain wastewater only to specified sewers of the District;
- e) Relocation of the point of discharge;
- f) Prohibition or limitation of discharge of certain wastewater constituents;
- g) Restriction of discharge to certain hours of the day;
- h) Filing of periodic self-monitoring discharge reports or results of periodic measurements;
- i) Installation of a suitable manhole together with such necessary meters and other appurtenances to facilitate observation, sampling, and measurement of the wastes;
- j) Payment of additional charges to defray increased costs of the District created by the wastewater discharge; and
- k) Such other conditions as may be required to achieve the purpose of this section.

Sec 11.10 Temporary Sewer Service Agreement.

A Temporary Sewer Service Agreement is a recorded agreement between the District and a user that a sewer will be placed temporarily at a location remote from the property to be served, where the District intends, at some future date, to extend the District sewer system to abut the property described in the agreement, and that the consumer is responsible for extending a temporary private line from the sewer to the property to be served, and obtaining whatever temporary easements are required for such extension. Temporary sewer service agreements shall establish the financial obligations of the user related to the

future installation costs of the District's distribution system and the cost of relocation of the sewer, and shall be binding upon the signatory and all successor owners of said property.

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

Sec. 11.11 Permit Modifications.

The terms and conditions of a permit may be subject to modification by the District, in accordance with any changes in the effluent standards limitations or prohibited substances by superior regulators or in response to violations of this Code. The discharger shall be informed of any proposed changes in the permit at least thirty (30) days prior to the effective date of change, except in the case of violations of a permit or other order of the District, which may be modified as needed to protect public health, safety, and welfare, the District's sewer system, or personnel. Any modifications or new conditions in the permit shall include a reasonable time schedule for compliance.

No person shall discharge sewage in excess of the quantity or quality limitations set by a permit. Anyone desiring to discharge wastes or use wastewater facilities that are not in conformance with terms of a permit must apply to the District for an amendment to the permit or for a Special Use Permit, as applicable.

Sec. 11.12 Permits Non-Transferable.

A permit issued for a particular parcel of land is specifically limited to use for that parcel of land. A permit shall not be transferred to or used for a parcel of land which is not specifically described in the permit. Permits may be used only for the use which is specifically set forth on the permit.

Sec 11.13 Application of Sewer Service to Affordable Housing.

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

- a) The District does not have sufficient water supply as defined in paragraph (2) of subdivision (a) of Government Code Sec. 66473.7 or is operating under a water shortage emergency as defined in Water Code Sec. 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed affordable housing development as demonstrated by a written engineering analysis and report; or

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

Sec. 11.14 Sewer Use Requirements.

Sec. 11.14.1 General Conditions for Sewage Disposal.

No person shall discharge to the District's sewer system except through a connection permitted in accordance with Division 20.2 and in accordance with the sewer use requirements of this Division 20.3 and on payment of fees and charges provided in Division 20.4. Unless specifically authorized in a Special Use Permit issued by the District, no person shall discharge to the District's sewer system anything other than domestic sewage that complies with the requirements of this Article.

No person shall discharge to the District' sewer collection system in any manner that does the following:

- a) Create nuisances such as odors,
- b) Menace or endanger public health or safety or damage public or private structures, facilities or improvements,
- c) Impose unreasonable collection, treatment, or disposal costs to the District,
- d) Interfere with wastewater treatment processes,
- e) Exceed quality requirements set by regulatory government agencies,
- f) Detrimentially affect the local environment,
- g) Causes or contributes or threatens to cause or contribute to a bypass of untreated waste, pass through, or upset; or
- h) Cause or contribute to a violation of any permits applicable to the District's sewer system or treatment facilities.

Sec. 11.14.2 Discharge Prohibition.

Unless written approval has been provided by the District, no person shall discharge or cause to be discharged into the District's sewer, directly or indirectly, the following:

- a) Any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or industrial process waters.
- b) Pollutants which create a fire or explosion hazard, including but not limited to any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
- c) Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanides in excess of two (2) mg/L as CN in the wastes as discharged to the public sewer.
- d) Pollutants which will cause corrosive structural damage to the sewer system, but in no case any waters or wastes having a pH lower than 6.0 or in excess of 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the sewage works.
- e) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works such as, but not limited to, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, ashes, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.
- f) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the sewer system.
- g) Brine from on-site regenerated ion exchange water treating devices.
- h) Water softener waste or any other salt water brine wastes.
- i) Any trucked or hauled pollutants, except at discharge points designated by the District.
- j) Fats, oils and grease (FOG) from food service establishments, except in compliance with the District's FOG program.
- k) Any other substances, materials, waters, or wastes if it appears likely in the opinion of the District's General Manager that such wastes can harm either the sewers, sewage treatment process, or equipment, have an adverse effect on the receiving

stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In making a determination as to the acceptability of these wastes, the General Manager will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacity of the sewage treatment plant, degree of treatability of wastes in the sewage treatment plant, and other pertinent factors. The substances prohibited are:

- l) Heat in amounts which will inhibit biological activity in the sewer system resulting in interference, but in no case any liquid or vapor having a temperature higher than one hundred fifty (150) °F (65°C).
- m) Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of two hundred (200) mg/L or containing substances which may solidify or become viscous at temperatures between thirty two (32) and one hundred fifty (150) °F (0 and 65° C).
- n) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three fourths (3/4) horsepower (0.76 hp metric) or greater shall be subject to the review and approval of the District.
- o) Any waters or wastes containing strong acid iron picking wastes, or concentrated plating solutions whether neutralized or not.
- p) Any water or wastes containing boron, cadmium, chromium, copper, iron, lead, manganese, mercury, selenium, tin, zinc and similar objectionable or toxic substances, or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the District for such materials. And, any water or wastes containing constituents in excess of those required by the District's current permits.
- q) Any water or wastes containing phenols or other taste odor producing substances, in such concentrations exceeding limits which may be established by the District as necessary, after treatment of the composite sewage, to meet the requirements of the State, Federal, or other public agencies of jurisdiction for such discharge to the receiving waters.
- r) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the District in compliance with applicable State or Federal regulations.
- s) Materials which exert or cause:
 1. Any waters or wastes containing more than 350 parts per million by weight of suspended solids or have a 5 day B.O.D. greater than 300

parts per million by weight, or a C.O.D. greater than 600 parts per million by weight.

2. Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
 3. Unusual B.O.D. chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
 4. Unusual volume of flow or concentration of wastes constituting “slugs” as defined herein.
- t) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed, or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

Sec. 11.14.3 FOG Compliance Program.

The District has prepared and adopted a fats, oils, and grease (FOG) program on the implementation and enforcement of this Article. The District may require compliance with the FOG program as a condition of a Special Use Permit under this Article. FOG program may be updated as needed to achieve the applicable performance standards for the sewer system.

Sec. 11.15 Miscellaneous Provisions.

Sec. 11.15.1 Provide Information.

Users must provide information regarding the nature of any discharge to the system on request of the District.

Sec. 11.15.2 Users Outside the District.

The Board of Directors of the District shall have the power under Sec. 16474 of the Public Utilities Code to establish by agreement or resolution, the fees and charges and such other conditions as it deems appropriate that shall be imposed for providing sewer services to premises located outside the District. The provision of sewer services to premises outside the District shall also comply with applicable law, including but not limited to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code § 56000 et seq.).

Sec. 11.15.3 Agreements.

No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the District and any discharger whereby waste

of unusual strength or character may be accepted by the District for treatment, subject to payment as agreed thereof by the discharger.

Sec. 11.16 Fees and Charges.

Sec. 11.16.1 Sewer Service Charges.

Every user of the District's sewer system must pay a sewer service charge for the use of the District's sewer system in an amount and at a frequency established by the Board.

Sec. 11.16.2 Capacity Fees.

a) Capacity Fee Amount. Prior to issuance, reissuance, or amendment of a sewer permit the following capacity fees shall be paid by an applicant for a sewer permit for each equivalent dwelling unit determined by the District in accordance with Section 11.7:

Capacity Fee	\$7,791 per EDU
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b) Adjustments to Capacity Fees. Capacity fee charges will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February. Staff will report back to the Board of Directors no less than every five (5) years with analysis comparing fees to actual costs.

c) Financing Capacity Fees. Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff as follows:

1. Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
2. Any delinquent amounts will be transferred to the property tax bill.
3. Amounts up to \$3,000 are due immediately with no financing option.
4. Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
5. Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
6. Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
7. Liens will not be offered as a methods of postponing payment of fees.

Sec. 11.16.3 Plan Check Fees.

- a) An applicant must pay a plan check fee in accordance with the following:
1. Plan checks less than 500 lineal feet, water or sewer, \$500 each.
 2. Plan checks 500 lineal feet to 1,000 lineal feet, water or sewer, \$1,000 each.
 3. Plan checks greater than 1,000 lineal feet, \$1,000 each, plus .50 cents per lineal foot thereafter.

Sec. 11.16.4 Lateral Fees.

If the District staff will be utilized to install a lateral from the main line and to put in a clean-out box and overflow device, the applicant shall pay the following fee upon submission of an application. The fee is to cover the cost to install a lateral from the main line and to install the clean-out box and overflow device, if a lateral is required based on the nature of the application:

Length	Depth	Crew Size	Hours	Cost
≤ 15'	≤ 8'	4	36	\$8,028
≤ 15'	>8'	4	56	\$11,627
>15' to 30'	≤8'	5	90	\$15,420
>15' to 30'	>8'	5	115	\$17,950
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of \$2,400. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$4,400. If county road inspection is required, there is an additional fee of \$1,408.

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

Sec 11.16.5 Fees for District to Inspect Contractor-Installed Facilities.

If a contractor will install the sewer lateral and related facilities, the applicant shall pay a sewer lateral inspection fee on a time and materials basis. Upon submission of an application, the applicant shall pay a deposit for the estimated inspection fee, calculated as follows:

Sewer Lateral Installation Estimated inspection hours @ \$116.41 = Estimated inspection fee

If the actual time per form inspection is less than the District's estimate, the District will refund the excess amount to the applicant. If the actual time to perform inspection exceeds the estimated time, the applicant shall pay the remaining amount due to the District as a condition of service. If the applicant fails to pay within the time specified by the District,

the District may include the remaining amount in its bill for sewer service or seek collection through any other lawful means.

Inspection fees will be adjusted annually based on the Engineering News Record (ENR) Construction Cost Index (CCI) of February. Staff will report back to the Board no less than every five (5) years with analysis comparing current fees to calculated fees.

Sec. 11.16.6 Annexation Fees.

An applicant must pay a sewer annexation fee for any connection located in an area that is required to be annexed to the sewer service area after March 23, 2012 in accordance with state law. Annexation fees are due with the other sewer permit fees when applying for a sewer permit and are calculated for each equivalent dwelling unit determined by the District in accordance with Section 11.7.

Annexation Fee (if required)	\$11,389 per EDU
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Sec. 11.16.7 Fees and Charges May Be Collected with Taxes.

Notwithstanding any other provision of this Administrative Code, the fees and charges required by this Code, including the connection fee and the sewer service charges, or either of them may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 16469 of the Public Utilities Code.

Sec. 11.17 Right of Entry and Inspection.

To the fullest extent permitted by law, the officers, employees, and agents of the District shall have the right to enter upon any premises within the District to inspect and verify compliance with the Administrative Code or any permit, order, ordinance or authorization issued by the District. The District has the right to conduct routine inspections and sampling at any location where discharges to the sewer system occur.

Sec. 11.18 Enforcement – Generally.

In addition to any remedies provided in this Code or available under any applicable law, the District may take any enforcement action or combination of enforcement actions provided in this Division against any person who violates any provision of this Article.

Sec. 11.19 Administrative Enforcement.

Sec. 11.19.1 Monitoring.

The Authorized Inspector may require any discharger who violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article to pay all costs associated with follow-up sampling, cost of analysis, and inspections needed to return the discharger to compliance. The discharger may be required

to install and maintain pre-treatment, monitoring, and sampling facilities to ensure compliance with this Code.

Sec. 11.19.2 Citations.

The Authorized Inspector may issue an administrative citation directing a user or discharger to cease any action that violates any provision of this Article or any permit, agreement, or other authorization issued in accordance with this Article and may require the user or discharger to take any action necessary on a reasonable timeline to return to compliance and to pay penalties and costs authorized by law or this Article.

Sec. 11.19.3 Termination of Service and Revocation of Permit.

In addition to other statutes or rules authorizing termination of service for delinquency in payment for sewer service, the District may revoke any permit issued pursuant to these regulations. The District may also terminate the sewer or water service to any property, if a violation of any provision of this Article or a permit is found to exist, or if any wastewater discharge into the District's sewer system causes or threatens to cause a condition of contamination, pollution, or nuisance.

When deemed necessary for the preservation of public health or safety, or for the protection of public or private property, the District may suspend or terminate sewer or water service to any person using the sewer system in a manner endangering the public health or safety, or public or private property. If such endangerment shall be imminent, the District may act immediately to suspend sewer service without notice or warning to said discharger. In terminating service, the District may sever all pertinent connections to the public sewer.

Sec. 11.19.4 Permit Amendment.

In the event that the user demonstrates non-compliance or potential non-compliance with the limitations set forth in this Article or in any permit, agreement, or other authorization issued in accordance with this Article, the District may require the user to obtain a Special Use Permit or may modify an existing permit.

Sec. 11.19.5 Cost Recovery.

A person violating this Code or a permit or agreement or other authorization issued in accordance with this Article, or who discharges wastewater that causes a deposit, obstruction, damage, or any other impairment to the District's sewer system shall become liable for all expense, loss, or damage sustained by the District by reason of such violation or discharge. Such expenses, losses and damages include the District's costs of investigation and of taking any enforcement action required to return the user to compliance.

In addition to such costs, the District may recover reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation by means of an appropriate lawsuit or

other remedy against the person or discharger found to have violated these regulations or any discharge permit issued.

The District may condition the provision or continued provision of service on the payment of such expenses, losses, and damages.

Sec. 11.19.6 Administrative Complaint – Pretreatment Violations.

- a) In accordance with Section 54740.5 of the Government Code, the Authorized Inspector may issue an administrative complaint to any person who violates any requirement adopted or ordered by a local agency pursuant to Section 11.9. The administrative complaint shall allege the act or failure to act that constitutes the violation of the requirements, this Section, and the proposed civil penalty.
- b) The administrative complaint shall be served by personal delivery or certified mail on the person subject to the discharge requirements, and shall inform the person served that a hearing shall be conducted within 60 days after the person has been served. The hearing shall be before a hearing officer designated by the General Manager. The person who has been issued an administrative complaint may waive the right to a hearing, in which case no hearing will be conducted. A person dissatisfied with the decision of the hearing officer may appeal to the Board within 30 days after notice of the hearing officer's decision.
- c) If after the hearing, or appeal, if any, it is found that the person has violated reporting or discharge requirements, the hearing officer or Board may assess a civil penalty against that person. In determining the amount of the civil penalty, the hearing officer or Board may take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any noncompliance, the nature and persistence of the violation, the length of time over which the violation occurs and corrective action, if any, attempted or taken by the discharger.
- d) Civil penalties may be imposed as follows:
 1. In an amount which shall not exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.
 2. In an amount which shall not exceed three thousand dollars (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule established by the Authorized Inspector.
 3. In an amount which shall not exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge limitation, permit condition, or requirement issued, reissued, or adopted by the District.

4. In an amount which does not exceed ten dollars (\$10) per gallon for discharges in violation of any suspension, cease and desist order or other orders, or prohibition issued, reissued, or adopted by the District.
 5. The amount of any civil penalties imposed under this section which has remained delinquent for a period of 60 days shall constitute a lien against the real property of the discharger from which the discharge originated resulting in the imposition of the civil penalty. The lien provided herein shall have no force and effect until recorded with the county recorder and when recorded shall have the force and effect and priority of a judgment lien and continue for 10 years from the time of recording unless sooner released, and shall be renewable in accordance with the provisions of Sections 683.110 to 683.220, inclusive, of the Code of Civil Procedure.
- e) All moneys collected under this section shall be deposited in a special account of the District and shall be made available for the monitoring, treatment, and control of discharges into the District's sewer system or for other mitigation measures.
 - f) Unless appealed, orders setting administrative civil penalties become effective and final upon issuance thereof, and payment shall be made within 30 days. Copies of these orders shall be served by personal service or by registered mail upon the party served with the administrative complaint and upon other persons who appeared at the hearing and requested a copy.
 - g) The local agency may, at its option, elect to petition the superior court to confirm any order establishing civil penalties and enter judgment in conformity therewith in accordance with the provisions of Sections 1285 to 1287.6, inclusive, of the Code of Civil Procedure.
 - h) No penalties shall be recoverable under this section for any violation for which civil liability is recovered under Section 54740 of the Government Code.

Sec. 11.20 Public Nuisance.

- a) Discharge of wastewater in any manner that is in violation of this Article or a permit, or any order issued by the District as authorized herein, is hereby declared a public nuisance and shall be corrected or abated as directed by the District. Any person creating such a public nuisance is guilty of a misdemeanor and may be referred for criminal prosecution.
- b) If any wastes or waters are discharged, or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics prohibited under this Article, and which in the judgement of the District, may have a deleterious effect upon the sewage works, processes, equipment, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the District may:
 1. Reject the wastes,

2. Require pretreatment to an acceptable condition for discharge to the public sewers,
3. Require control over the quantities and rates of discharge,
4. Require discharger to obtain and comply with an Special Use Permit under this Article,
5. Require payment to cover the added cost of handling and treating the wastes not covered by the sewer charges levied by the District, and/or
6. Take any or all enforcement actions available to the District for violations of this Article.

Sec. 11.21 Civil Enforcement.

Sec. 11.21.1 Injunction.

Whenever a discharge of wastewater or other action is found to be in violation of this Code or a permit, or otherwise causes or threatens to cause a condition of contamination, pollution, or nuisance, the District may petition the Superior Court for the issuance of a temporary restraining order, preliminary injunction, permanent injunction, or all, as may be appropriate to restrain such action or require compliant actions.

Sec. 11.21.2 Other Actions.

The District may take any other civil action available at law or in equity to enforce the provisions of this Code.

Sec. 11.21.3 Criminal Enforcement.

Violations of this Code may constitute violations of other federal, state, or local laws. The District may refer such violations to the appropriate law enforcement agency for prosecution.

Sec. 11.22 Appeal Process.

Sec. 11.22.1 Appeals of Determinations and Redeterminations of EDUs.

- a) The owner of a property subject to a determination or redetermination made in accordance with Section 11.7 may appeal that determination or redetermination to the General Manager within fifteen (15) days after the District delivers notice of the determination or redetermination in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence that is relevant to whether the determination or redetermination was made in error and whether an alternative determination or redetermination is justified,

such as evidence that discharges will be lower than the typical industry values identified in the schedule or otherwise determined by the District.

- c) The hearing officer will grant the appeal in whole or in part if it determines that the evidence submitted by the appellant justifies an alternative determination.

Sec. 11.22.2 Appeals of Special Use Permit Requirements.

- a) Any person subject to a Special Use Permit issued in accordance with Section 11.9 may appeal any term or condition included in the Special Use Permit to the General Manager within fifteen (15) days after the Special Use Permit is delivered in accordance with Section 11.23 by submitting a written appeal and supporting documentation.
- b) The appellant may submit evidence and the hearing officer shall only consider evidence regarding (a) the discharger's ability to meet the District's effluent standards; (b) the requested variance and its impacts on the operation of any District wastewater treatment plant or improvements.
- c) The hearing officer will grant the appeal in whole or in part if the following criteria can be demonstrated: (a) that the discharger is unable to meet the District's effluent standards by means of reasonable modifications to the discharging facility; (b) that the requested variance will not directly impact the operation of any District wastewater treatment plant or improvements, cause the wastewater or sludge of such plant to violate applicable requirements, or harm facilities or personnel; and (c) that the easing of any effluent standards will not violate any State or Federal requirements applicable to the District.

Sec. 11.22.3 Appeals of Administrative Enforcement Actions.

- a) Any person subject to an administrative enforcement action appeal from the issuance thereof to the General Manager within fifteen (15) days of the date of delivery of the administrative enforcement action by the Authorized Inspector. A person subject to an order to remedy a condition which poses an immediate threat to the public health, safety or welfare shall comply with that order during the pendency of any appeal.
- b) The only issues on appeal may be whether there was a violation as alleged in the administrative enforcement action and whether the appellant is the person responsible for the violation or corrective action.
- c) The amount of any fine or penalty imposed with the administrative enforcement action must be submitted together with the written appeal. Any fine which has been deposited shall be refunded if it is determined, after a hearing, that the person subject to the administrative enforcement action was not responsible for the violation or that there was no violation as alleged in the administrative enforcement action.

Sec. 11.22.4 Hearing on Appeal.

- a) Whenever a hearing is required or held in accordance with this Article, the General Manager or hearing officer appointed by the General Manager shall endeavor to set a date for the hearing that is not less than fifteen (15) and not more than sixty (60) days after the date that the written appeal is filed.
- b) The District shall notify person requesting the hearing of the time and place set for the hearing at least ten (10) days prior to the date of the hearing.
- c) The failure of any person requesting a hearing to appear at the hearing shall constitute a forfeiture of the appeal and any fine, and shall be a bar to judicial review of the action based upon a failure to exhaust administrative remedies.
- d) The hearing officer shall only consider evidence that is relevant to the issues identified in this Section.
- e) The appellant shall be given the opportunity to testify and present witnesses and evidence concerning the administrative citation.
- f) The District's determination or redetermination, permit or agreement, or administrative enforcement action and any additional document created by the District shall constitute prima facie evidence of the respective facts contained in those documents. Formal rules of evidence shall not apply.
- g) Upon request, the person requesting a hearing shall be provided with copies of the citations, reports and other documents submitted or relied upon by the District when taking the action subject to the appeal. In addition, if the District submits any additional written reports concerning action subject to the hearing to the hearing officer for consideration at the hearing, then a copy of said documentation also shall be served by mail on the person requesting the hearing.
- h) The hearing officer may continue the hearing and request additional information from the District or the person requesting the hearing prior to issuing a written decision.
- i) After considering all of the testimony and evidence submitted at the hearing, the hearing officer may immediately issue a verbal decision or may issue a written decision within ten (10) days of the hearing. The decision shall include the reasons for the decision and such decision shall be final. If the hearing officer determines that the administrative citation should be upheld, then the fine amount on deposit with the city shall be retained by the city. If the hearing officer determines that an administrative citation should be canceled and the fine was deposited with the city, then the city shall promptly refund the amount of the deposited fine.
- j) If any action is not timely appealed as provided in this Article, the action becomes final.

Sec. 11.22.5 Appeal to Board.

The decision of a hearing officer issued in accordance with this Article may be appealed to the Board within fifteen (15) days after delivery of the notice of such decision in accordance with Section 11.23. An appeal under this Section must be submitted to the General Manager on a form or in a format specified by the District. The only issue on appeal shall be whether the decision of the hearing officer is supported by the evidence.

Sec 11.22.6 Judicial Review.

Any person subject to a decision of the Board on an appeal of a decision of a hearing officer may obtain review of the decision of the Board by filing a petition with the Superior Court of San Diego in accordance with the timelines and provisions applicable to writs of mandate under Code of Civil Procedure section 1094.5.

Sec 11.23 Delivery of Notice.

Notice of any administrative enforcement action or other action of the District required be delivered pursuant to the requirements of this Article shall be subject to the following:

- a) Notice of any administrative enforcement action shall state that the recipient has a right to appeal the matter as set forth in Section 11.22 of this Article.
- b) Notice shall be delivered by personal service to the recipient, deposit in the U.S. mail, postage prepaid for first class delivery, by facsimile service with confirmation of receipt, by posting on the property, or by any other means permitted by law, including by electronic mail on consent of the person receiving the notice.
- c) Delivery shall be deemed complete as follows:
 1. Upon personal service;
 2. As indicated on the return receipt of any notice mailed by certified mail, return receipt requested;
 3. Three (3) days after deposit in the U.S. mail, postage pre-paid for first class deliver; or
 4. Where the owner or occupant of any property cannot be located after the reasonable efforts any notice shall be deemed delivered after posting on the property for a period of five (5) business days.
- d) Where the recipient of notice is the owner of the property, the address for notice shall be the address from the most recently issued equalized assessment roll for the property or as otherwise appears in the current records of the City.

ARTICLE 20 (Renumbered as Article 11 by Resolution 5006)

Revised in its entirety – 6/93, 6/94, 6/95, 9/96
Sec. 20.7, Sec. 20.7.2 – Rev. 6/99
Sec. 20.6 – Rev. 11/99
Sec. 20.5.4 & 20.5.5 – Rev. 6/06
Sec. 20.7.1 & 20.7.2 – Rev. 6/06
Sec. 20.6.1 – Rev. 10/06
New Sec. 20.6 – Added 2//07
Sec. 20.7.5; 20.7.8; 20.8; 20.8.1; 20.8.2 – Rev. 6/07
20.8.1 – Rev. 3/08
20.7.2, 20.7.4, 20.7.5, 20.7.6, 20.8, 20.8.2 – Rev. 6/08
Sec. 20.7.2 – Rev. 8/08
Sec. 20.8.1, 20.8.2 – Rev. 6/09
Sec. 20.11 – Rev. 12/10
Sec. 20.8.2 – Rev. 5/11
Sec. 20.8.1 – Rev. 6/11
Sec. 20.8.1 – Rev. 4/12
Sec. 20.2, 20.4, 20.6.2, 20.6.3, 20.7.1, 20.7.2, 20.7.3, 20.7.4, 20.7.5, 20.7.6, 20.8.2 – Rev. 6/12
Sec. 20.7.2, 20.7.3 – Rev. 7/12
Sec. 20.8 – Rev. 6/13
Sec. 20.8.1, 20.8.2 – Rev. 6/14
Sec. 20.8.1, 20.8.2 – Rev. 6/15
Secs. 20.5.2 (add), 20.8.1, 20.8.2 – Rev. 7/16
Secs. 20.5.2, 20.8, 20.8.2 – Rev. 12/18
Sec. 20.7.2 – Rev. 7/19
Revised in its entirety – 8/20
Sec. 20.16.2, 20.16.4, 20.16.5 – 12/20
Secs. 11.16.2, 11.16.4, 11.16.5 – Rev. 12/21

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, 2023, the following rates for water deliveries to each class of service are established:

Sec. 12.1 Volumetric Water, Recycled Water and Pumping Rates.

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

Domestic (D), Large Lot Domestic (LD), Multi-Unit (M).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$8.06 per unit

Commercial (C), Government (G), Irrigation Only (I).

All usage	\$7.72 per unit
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SAWR - Ag Only (AS).

All usage	\$5.63 per unit
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SAWR - Ag & Home (AT).

1-5 units per month	\$7.17 per unit
6-17 units per month	\$6.38 per unit
Over 17 units per month	\$5.63 per unit

Commercial Ag (CA).

All usage	\$6.38 per unit
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Commercial Ag Domestic (CB).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$6.38 per unit

Water Shortage Emergency Surcharges

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 six Water Shortage Response Levels. Article 17 Water Shortage Response Program provides information on the program and the applicable water use rates.

Volumetric Recycled Water Rate.

Recycled water furnished within the District service area for any appropriate purpose will be billed at \$6.29 per 1,000 gallons. Recycled water sold outside the District service area will be sold by contract with specific customers.

Construction Meter.

Water furnished for construction purposes will be billed at \$9.14 per 1,000 gallons.

Volumetric Pumping Charges. (DSA and Toyon only)

Pumping charges for the DeLuz High Pressure Service Area and Toyon Heights shall be furnished at \$0.72 per 1,000 gallons to recover the cost of electricity.

Sec. 12.2 Monthly Fixed Charges.

Effective January 1, 2023, the following rates and charges are established and shall be collected by the District for water and recycled water service:

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

	Water Fixed Charges	Recycled Water Charges	Standby Service Charge	Private Fire Services Charge
3/4 inch meter	\$60.60	\$25.85	\$17.44	NA
1 inch meter	\$96.51	\$35.14	\$24.43	NA
1-1/2 inch meter	\$185.46	\$58.15	\$41.75	NA
2 inch meter	\$292.64	\$85.88	\$62.61	\$7.66
3 inch meter	\$578.82	\$159.91	\$118.30	\$8.90
4 inch meter	\$900.36	\$243.09	\$180.88	\$11.03
6 inch meter	\$1,793.16	\$474.06	\$354.65	\$18.70
8 inch meter	NA	NA	NA	\$31.92

NA- Not applicable

For construction meters, a service charge of \$438.96 per month or fraction thereof will be made in addition to the cost of water consumed. This rate is calculated using a factor of 1.5 times the fixed charge for a 2” water meter.

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

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

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

For each 3/4 inch device	\$11.10
For each 1 inch device	\$11.22
For each 1-1/2 inch device	\$14.39
For each 2 inch device	\$15.57
For each 3 inch device	\$34.04
For each 4 inch device	\$41.06
For each 6 inch device	\$52.85

Sec. 12.3 SDCWA Infrastructure Access Charge (IAC).

Effective July, 2023, the following monthly charges are established and shall be collected by the District for San Diego County Water Authority's Infrastructure Access Charge (the "IAC").

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

IAC	
3/4 inch meter	\$4.24
1 inch meter	\$7.08
1-1/2 inch meter	\$14.12
2 inch meter	\$22.60
3 inch meter	\$45.24
4 inch meter	\$70.68
6 inch meter	\$141.32

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional \$11.11 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, 2023. This charge is solely dedicated to funding water capital improvement projects. The Water Capital Improvement Charge (the "CIC") was implemented to provide a partial funding source for capital projects like the UV treatment facility at the Red Mountain Reservoir and to fund pipeline replacement projects.

The CIC will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, plus 3% not to exceed 10%. Staff will report back to the Board of Directors no less than every five (5) years with analysis of its

necessity. The CIC will be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the CIC will not be used to fund Operating Costs.

Fallbrook Public Utility District’s Equivalent Meter Unit (EMU) is associated with meter size as listed below.

Meter Size	FPUD EMU	Water CIC
3/4 inch meter	1.0	\$11.11
1 inch meter	1.67	\$18.50
1-1/2 inch meter	3.33	\$37.03
2 inch meter	5.33	\$59.22
3 inch meter	10.67	\$118.45
4 inch meter	16.67	\$185.08
6 inch meter	33.33	\$370.15

Sec. 12.5 Billing Periods.

Billing due dates fall on the 10th, 20th, and 30th of the month depending on meter location in the District. All charges for water and sewer services during specified meter read dates are due and payable when rendered. Bills become delinquent the day after the due date. Residential accounts not paid within 30 days of the due date are sent past due statements and the meters are subject to lock-up for non-payment after being delinquent for 60 days (See District Residential Discontinuation of Service Policy available on the District website). Non-Residential accounts not paid within 30 days of the due date are subject to meter lock-up. All water accounts accrue a \$30 Delinquent Processing Fee on the 31st day of delinquency.

Accounts not paid within 30 days after lock-up and accounts that have tampered with the meter to obtain water illegally are subject to removal of meters and permanent disconnection of water service. Standby charges will continue to accrue after the meter has been removed.

If a meter has been locked for non-payment for a period of 90 days, it may be placed on Standby Service by FPUD. Standby Service charges will accrue from that time until an application for service restoration has been received by the District.

The District must be notified in a timely manner with the name and mailing address of the new owner or tenant and the upcoming date of transfer. Notification of the transfer of property ownership, or tenancy, is the responsibility of the owner/seller. The District is not responsible for the proration of the final billing if notification is not received prior to the date of sale, or change of tenancy.

Sec. 12.5.1 Unclaimed Funds

Unclaimed funds in an amount less than \$15 or where the depositor’s name is unknown will become FPUD general funds if unclaimed for 1 year.

Unclaimed funds in an amount greater than \$15 become may become FPUD general funds once the following procedure is completed:

1. The FPUD treasurer will publish notice once a week for two (2) successive weeks in a newspaper of general circulation published within FPUD boundaries.

2. The notice will state the amount of unclaimed money, the formal name of the fund in which the money is held, and a statement that the money will become FPUD property after a specified date (“Effective Date”). The Effective Date will be no less than forty-five (45) days nor more than sixty (60) days of the date of the first publication of the notice (“Claim Period”).

3. Upon the expiration of the Claim Period, and if there are no claims filed with FPUD or verified lawsuits filed with the superior court, the funds will become FPUD property and may be transferred to FPUD’s general fund.

Any person with a claim to such money may file a claim prior to the Effective Date with the FPUD treasurer. Pursuant to Government Code Section 50052, the claim shall include the following information: claimant’s name, address, amount of claim, grounds upon which the claim is founded, and any other information that may be required by the FPUD treasurer. FPUD has the right to accept or reject a claim. If the claim is accepted, FPUD will return the money without interest. If FPUD rejects the claim, the claimant may file a verified complaint against FPUD with the superior court within thirty (30) days of receiving notice of FPUD’s rejection pursuant to Government Code Section 50052. In the event that the original customer or depositor is deceased, such person’s heir, beneficiary, or duly appointed representative may file a claim before the Effective Date as provided in Government Code Section 50052.5.

Sec. 12.6 Meter Locks and Restrictors.

If for any reason, other than District convenience, a water meter shall be locked by the District, the water may not be again turned on to serve the property through such meter until all past due charges plus the Disconnection Processing Fee of Fifty Dollars (\$50) shall have been paid to the District. A Delinquent Processing Fee of \$30 to process and deliver delinquent account notices and a fee of \$100 for broken or damaged locks may also apply. Damage to corporation or angle stop in attempt to restore services locked for non-payment will be billed at actual time and material and added to the water bill.

If flow restrictors are required for any reason in order to implement policies within this Administrative Code, the fees are as follows:

<u>Meter Size</u>	<u>Installation Fee</u>
3/4” and 1” Meters	\$144
1-1/2” and larger	\$611

Sec. 12.7 Meter Not Registering.

Whenever, for any reason, a meter fails to register correctly, the consumer will be charged an amount for the previous billing period increased or decreased by the

percentage change in total billing by the District for all consumers for the two billing periods.

Sec. 12.8 Water Rates or Service Charges Lien on Property.

In addition to any other remedy provided therein or by law for the collection of any water rate, charges or account, all rates or service charges provided for in this Administrative Code shall be charged and become a charge against the property on which the water is furnished and against the owner thereof, and all charges for water so served to a property shall be and become a lien against the premises upon which the water is used or served.

Standby accounts with a delinquent balance greater than \$500 as of April 1st of each year may be sent notification of intent to place delinquent and unpaid charges on the annual tax roll. The notification will be sent by May 1st and provides the customer 60 days to bring the account current. If the amount is not brought current by July 1st, the portion of the delinquency due as of the prior April 1st may be reported to the County Treasurer for inclusion on the annual taxes levied on the property.

If for any reason or cause the sums of money owing for such water services are not paid as required by the terms and provisions of this Administrative Code, the District shall have the right to shut off such water, and in no case shall service of water be resumed on the same property until all such delinquencies and additional turn-on charges shall have been paid in full. Delinquent bills from former owners or tenants are the responsibility of the present owner.

Sec. 12.8.1 Theft of Water.

Water is defined as stolen from the customer if the water is stolen from the customer's side of the meter. Water stolen from a mainline, hydrant, District pipeline, appurtenance, or tampering with a customer's meter is defined as water being stolen from the District.

Water Stolen from Customer.

Customers who have reported water theft to the District must also notify local law enforcement agencies. The District will require proof of theft from a law enforcement agency that a theft of water occurred. Customer's asking for credit on the bill for water theft will be processed by account type. If a full price M&I customer, the District may discount the estimated amount of water stolen and charge the District's wholesale cost of water for the amount stolen. An estimate of the amount of water stolen will be made by District staff using that customer's usage history. Water sold to agricultural customers, SAWR, and Commercial Ag/Commercial Ag Domestic, is sold at District cost so no discount may be applied. If the stolen water caused the customer's allocation bank to be adversely affected, the District will restore the estimated amount stolen to the customer's allocation bank. If the water theft resulted in an overuse penalty, the District will credit the penalty to the customer for the estimated amount of water stolen.

Water Stolen from District.

Any theft of water from the District will be reported to law enforcement agencies. If the theft is due to meter tampering, the customer will be charged a \$250 fee for tampering with the meter plus time and materials to place the meter back into proper position. If a water theft from the District due to meter tampering occurs again on the same meter, the customer will be charged a \$500 fee for tampering and an item will be brought forward to the Board of Directors to consider discontinuance of service. An estimate of the amount of water stolen will be calculated and billed to the customer's account. Collection of said fees are subject to all District regulations regarding collection of past due accounts.

Sec. 12.9 Volumetric Wastewater Charges.

Wastewater service charges are established upon each property within the District that is connected to a sewer line of the District whether said premises are occupied or unoccupied. Volumetric Wastewater Charges are applied to estimated billable wastewater flows, which are based upon adjusted water deliveries. The charge per killogallon of wastewater flow is shown below:

User Class	Volumetric Wastewater Charge (\$/kgal)
Ag. Domestic (AT)	\$ 10.22
Commercial Ag. Domestic (CB)	\$ 10.22
Residential (LD, D, M))	\$ 10.22
Government (G)	\$ 11.09
Commercial – Low Strength* (C_L)	\$ 11.09
Commercial – Medium Strength* (C_M)	\$ 13.82
Commercial – High Strength* (C_H)	\$ 17.66

*Appendix A to this Article provides commercial effluent classification.

For the purpose of determining the billable wastewater flows, water deliveries must be converted to wastewater flows returned to the sewer system. To do this conversion, a Return to Sewer Factor is applied. The Return to Sewer factor adjusts the water received by the meter to the estimated flows from the residence or entity into the sewer system. The Return to Sewer Factor applied to the different customer classes are shown below:

Customer Class	Return to Sewer Factor
Residential (Multi-Family, Single Family)	80%
Non-Residential/Commercial	90%
Low / Medium / High	90%
Government	
Low / Medium / High	90%
Schools	80%
Churches	80%

Customer Class	Return to Sewer Factor
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, AT, CB), volumetric charges are calculated as follows:

1. The 2-year average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at 21.33 units.
2. 80% of this water is assumed to be returned to sewer/billable flow.
3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
4. Consumption analysis is performed annually. Appeal for consumption is available.
5. No prior history customer (new customer) will be placed at that customer class median of 6. For customers with at least one winter of use data, that data will be used for their winter average.
6. Use must be > 0 unless customer is on standby.

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.
8. 80% of this water is assumed to be returned to sewer/billable flow.
9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
10. Consumption analysis is performed annually. Appeal for consumption is available.
11. No prior history customer (new customer) will be addressed on a case by case basis.

All other water customer classes (G, C, A, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.

2. The Return to Sewer factor applied to determine the billable flow. Appeals for irrigation and/or water usage which does not get returned to the sewer is available.
3. Customer is classified as high, medium, or low strength (based upon BOD and SS). See attached Appendix A. Appeal for strength classification is available.
4. The applicable Wastewater Volumetric Charge is applied to the billable flow.

Public elementary and public junior high schools:

1. Monthly sewer bill based on per person, per month charge.
2. The public elementary and / or public junior high school district to provide a report each October that documents the number of students and faculty at each site.
3. CY 2023 public elementary school rate is \$1.39 per student and \$2.08 per staff, per month.
4. CY 2023 public junior high school and administrative offices rate is \$2.08 per person, per month.
5. Rates to be increased by the overall percentage increase in wastewater revenues each year.

Sec. 12.10 Monthly Fixed Wastewater Charge.

For each Residential/Domestic sewer account, which includes D, LD, M, AT, CB accounts, effective January 1, 2023, the Monthly Fixed Wastewater Charge shall be \$18.88 per month per Equivalent Dwelling Unit (EDU). For Commercial (C) and Government (G) accounts, effective January 1, 2023, the Monthly Fixed Wastewater Charge shall be \$12.14 per month per EDU. For all customer types, the EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4.

Sec. 12.10.1 Wastewater Capital Improvement Charge.

For each account, an additional \$12.66 per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, 2023. This charge is dedicated to Wastewater Debt Service and Wastewater Capital Improvements. The Wastewater Capital Improvement Charge has been implemented to partially fund the debt service payments for upgrades to the Wastewater Treatment Plant. EDUs will be calculated per Administrative Code Sections 11.7.2, 11.7.3, or 11.7.4. This Capital Improvement Charge will be adjusted annually based on the ENR (Engineering News Record) Construction Cost Index (CCI) of February, not to exceed 10%. Staff will report back to the Board of Directors every five (5) years with analysis of its necessity. The Capital Improvement Charge will only be used to fund capital improvement projects or debt service for capital improvement projects. Revenue from the Capital Improvement Charge will not be used to fund Operating Costs.

ARTICLE 21 (Renumbered as Article 12 by Resolution 5006)

- Sec. 21.1 – Rev. 7/02
- Sec. 21.2-21.8.2 – Rev. 9/96
- Sec. 21.3 – Rev. 10/96
- Sec. 21.4 & 21.9 – Rev. 6/97
- Sec. 21.4 – Rev 7/02
- Sec. 21.9 – Rev. 10/97
- Sec. 21.9 – Rev. 6/04
- Sec. 21.9 – Rev. 1/05
- Sec. 21.1, 21.3, 21.4, 21.9 – Rev. 6/05
- Sec. 21.1, 21.2, 21.4, & 21.9 – Rev. 6/06
- Sec. 21.9, Flat Rate + Metered Flow – Rev. 7/06
- Sec. 21.9 (Flat Rate classification) – Rev. 10/06
- Sec. 21.4 (construction meters), Sec. 21.5 & Sec. 21.6 – Rev. 12/06
- Sec. 21.5 – Rev. 3/07
- Sec. Sec. 21.1, 21.2, 21.4 , 21.10, 21.10.1– Rev. 6/07
- Sec. 21.5 – Added 6/07
- Sec. 21.10.2 – Deleted 6/07
- Sec. 21.11 – Added 10/07
- Sec. 21.4.1 – Added 12/07; Sec. 21.7 renamed and addition of flow restrictors – Rev. 12/07
- Sec. 21.1, 21.2, 21.4, 21.5, 21.7, 21.10, and 21.11 – Rev. 6/08
- Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2 (added), 21.5, 21.7, 21.10 (new table), 21.10.1, - Rev. 6/09
- Sec. 21.4, 21.10 – Rev. 12/09
- Sec. 21.6, 21.9 – Rev. 5/10
- Sec. 21.1, 21.2, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 – Rev. 6/10
- Sec. 21.9.1 (added) – Rev. 9/10
- Sec. 21.1, 21.4, 21.4.1, 21.4.2, 21.5, 21.10, 21.10.1 - Rev. 6/11
- Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/12
- Sec. 21.1, 21.2, 21.4, 21.5, 21.10, 21.10.1 – Rev. 6/13
- Sec. 12.1, 21.2, 21.4, 21.5, 21.9.1, 21.10, 21.10.1 – Rev. 6/14
- Sec. 21.1, 21.2, 21.5 – Rev. 1/15
- Sec. 21.1, 21.2, 21.3, 21.4, 21.4.2, 21.5, 21.10, 21.10.1 Rev 6/15
- Sec. 21, 21.1 – Rev. 11/15
- Secs. 21, 21.2, 21.4, 21.5, 21.7, 21.10, 21.10.1 – Rev. 7/16
- Secs. 21, 21.1 - Rev. 12/16
- All Secs. – Rev. 12/17
- Sec. 21.3 – Rev. 6/18
- Secs. 21.1, 21.2, 21.3, 21.4, 21.9, 21.10, 21.10.1 – Rev. 12/18
- Sec. 21.3 – Rev. 6/19

ARTICLE 21 CONTINUED
(Renumbered as Article 12 by
Resolution 5006)

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.5, 21.9, 21.10, 21.10.1 – Rev
12/19

Secs. 21.5, 21.6, 21.5.1 (added) –
Rev. 1/20

Sec 21.3 – Rev 6/20

Secs. 21, 21.1, 21.2, 21.3, 21.4,
21.9, 21.10, 21.10.1 – Rev 12/20

Sec 12.3 – Rev 6/21

Secs. 12, 12.1, 12.2, 12.3, 12.4,
12.6, 12.8, 12.9, 12.10, 12.10.1 –
Rev 12/21

Secs. 12.3 – Rev 6/22

MEMO

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 5, 2022
SUBJECT: Award of Daily-Ross Pipeline Replacement Project

Description

Request for Board approval to award the Daily-Ross Pipeline Replacement Project to the lowest responsive bidder.

Purpose

This project is a part of the District’s pipeline and valve replacement program, specific to the De Luz Service area. It replaces approximately 400 linear feet of 12-inch water main within an area of Ross Road that has experienced multiple leaks. District staff prepared the design package for the project and solicited for general contractor construction bids. Bid opening was November 10, 2022. Five (5) bids were received. A summary of the bid results is below:

COMPANY	BID AMOUNT
PK Mechanical	\$170,000
Transtar	\$237,500
Palm Engineering	\$242,280
DB Pipeline	\$285,000
G&A Nelos	\$360,780

PK Mechanical was the apparent lowest responsible bidder at \$170,000

PK Mechanical has successfully performed work for the District in the past.

Budgetary Impact

The work will be completed within the Board authorized total capital budget.

Recommended Action

That the Board award the Daily-Ross Pipeline Replacement Project to the lowest responsible bidder, PK Mechanical, for \$170,000.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 5, 2022
SUBJECT: Award of Hawthorne Lift Station Replacement & Sewer Main Install Project

Description

Request for Board approval to award the Hawthorne Lift Station Replacement & Sewer Main Install Project to the lowest responsive bidder.

Purpose

As part of the District's capital improvement program, the District is improving the reliability of the sewer collections system through strategic replacement of aging infrastructure and consolidating sewer lift stations to reduce maintenance time and costs. The Hawthorne Lift Station Replacement project will eliminate a small lift station and force main by adding approximately 500 linear feet of gravity sewer main, connecting it to the Shady Lane Lift Station service area. This project will also replace 220 linear feet of aging inaccessible sewer main near Main Avenue and Elder Street. The new section of sewer will be relocated into the street enabling access for routine cleaning. District staff prepared the design package for the project and solicited for general contractor construction bids. Bid opening was November 9, 2022. Seven (7) bids were received. A summary of the bid results is below:

11/9/22 Bid Meeting Results	
COMPANY	BID AMOUNT
Palm Engineering, Inc.	\$219,000
Transtar Pipeline, Inc.	\$256,000
PK Mechanical Sys, Inc.	\$275,000
M-Rae Engineering, Inc.	\$403,000
DB Pipeline, Inc.	\$463,000
Bert W. Salas, Inc.	\$500,324

Palm Engineering, Inc. was the apparent lowest responsible bidder at \$219,000.

Palm Engineering, Inc. was previously awarded Job No. 3186, Pipeline Replacements FY23 on September 2, 2022.

Budgetary Impact

The work will be completed within the Board authorized total capital budget.

Recommended Action

That the Board award the Hawthorne Lift Station Replacement & Sewer Main Install Project to the lowest responsible bidder, Palm Engineering, Inc., for \$219,000.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 5, 2022
SUBJECT: District Fleet and Heavy Equipment Replacement Program

Purpose

To present the board an updated six-year anticipated fleet and heavy equipment replacement program expounding optimum deployment of allocated funds to maintain safe and reliable vehicles and equipment for efficient and prompt customer service. This plan also addresses compliance with present and future California Air Resources Board (CARB) requirements.

Summary

This memorandum, updated annually, shall serve as a guideline for CARB compliance, the Fleet Assessment Chart, the Fleet Replacement Plan, the (OFF-ROAD) Heavy Equipment Primary Functions, the (OFF-ROAD) heavy equipment replacement plan and the Digital Off –Road Online Reporting System (DOORS) compliance.

(OFF-ROAD) Heavy Equipment Primary Functions

The District maintains sufficient heavy equipment to provide Field Services Construction, Maintenance, Meters and Collections crews along with Operations and the WRP the tools necessary to respond to emergencies, perform daily tasks, maintain facilities all while continuing capital improvement projects without disruption. The primary function of each piece of (off-road) heavy equipment has been outlined below.

2022-23 (Off-Road) Heavy Equipment Primary Function

Number	Year	Make	Type	Primary Function
1302	2010	Case 580M EXT BACKHOE	Skip loader	Construction-Excavating large mainline repairs/valve replacements
1303	2020	John Deere 310HL	Backhoe	Meter Services-New meter installs/main line and meter leak repairs
1305	2014	Case 580N	Backhoe	Collections/Maintenance-Right of way repairs/valve replacements/sewer repairs
1308	2018	Kabota L3301 HST	Tractor/Mower	Shared-Facilities, solar field and right of way mowing
1309	2020	JCB 427	Loader	Shared-Loading dirt/rock/cold mix at the FPUD Yard
1310	2010	Case 570MXT	Skip loader	Maintenance-Right of Way and facility grading and repair
1313	2003	Komatsu	Fork Lift	Shared-Unloading and loading of pipe and materials at the maintenance yard
1315	1990	Case MDL621-ZF	Loader	Shared-Loading dirt/rock/cold mix/totes at the south end of the WRP property
1322	2004	Case 70XT	Skid Steer	Shared-Materials clean up and transferring in tight locations. Incl. broom attachment
1326	2022	Freightliner Manitex Crane	Crane	Construction/WRP-removal and installation of pumps, lg valve clusters, piping and aerators
1345	2017	Volvo	Loader	WRP-Transferring totes, transporting bio solids, rags and grit bins, cleaning drying beds
1540	2006	John Deere	Utility Vehicle	WRP-Personnel/tools and materials transportation around facility
1132	2002	Jet Away	Easement Flusher	Collections-Sewer main cleaning on small inaccessible easements
1622	2019	Vermeer	Hydro Excavator	Shared-Potholing utilities, excavating mud to diagnose leak repair requirements
1624*	2022	Pipehunter	Hydro Excavator	Shared-Potholing utilities, excavating mud to diagnose leak repair requirements

* New addition

District Off-Road Heavy Equipment Replacement Plan

In order to maintain safe and reliable heavy equipment, FPUD staff has developed a (Off-Road) Heavy Equipment Replacement Plan. This plan will be updated annually using Qtanium Connect fleet assessment software, The DOORS program and communication with department Supervisors and staff to address potential changes in equipment requirements.

2023-2029 (Off-Road) Heavy Equipment Replacement Plan

Number	Year	Make	Type	Replacement Year	Status
1302	2010	Case 580M EXT BACKHOE	Skip loader	2026	Replace
1303	2020	John Deere 310HL	Backhoe	2035	Good
1305	2014	Case 580N	Backhoe	2030	Good
1308	2018	Kabota L3301 HST	Tractor/Mower	2033	Good
1309	2020	JCB 427	Loader	2035	Good
1310	2010	Case 570MXT	Skip loader	2025	Good
1313	2003	Komatsu	Fork Lift	2018	Replace
1315	1990	Case MDL621-ZF	Loader	2005	Replace
1322	2004	Case 70XT	Skid Steer	2019	Replace
1326	2022	Freightliner Manitex Crane	Crane	2037	Good
1345	2017	Volvo	Loader	2032	Good
1540	2006	John Deere	Utility Vehicle	2018	Replace
1132	2002	Jet Away	Easement Flusher	2017	Good
1622	2019	Vermeer	Hydro Excavator	2034	Good

The intent District's Off Road Heavy Equipment Replacement Plan is to reduce maintenance costs of aging off-road fleet vehicles and maintain CARB emission compliance. The CARB requires all off-road equipment to be reported using the Diesel Off-Road Online Reporting System (DOORS). The table below is a breakdown of the Districts current registered off-road fleet as of July 2022. The Districts current fleet meets the CARB emissions target until year 2024.

On Road Fleet

In addition to the off road vehicles, the District also maintains an on road fleet of 49 vehicles ranging from Class 1 to Class 8 Vehicles. The majority of these vehicles (27) are either half-ton trucks or passenger cars.

The attached Fleet Replacement Plan (Attachment A) was developed using the Fleet Assessment Chart (Attachment B). Staff gathers information from Qtanium Connect

software, department Supervisors, the fleet Mechanic and the Field Services Manager to develop this chart. Due to the ever-changing nature of vehicle repairs, maintenance and demands, this plan is modified annually to better synchronize future purchases. Utilizing this quantitative data, FPUD staff can ensure fund allocation to best serve employee requirements for optimal customer service. Red-flagged assets are scheduled replacements for the future fiscal year, yellow-flagged assets are 3-4 years out, and green-flagged assets are 5+ years. This year's update accomplishes two things; one is the addition of a CIP escalation to give a more realistic view of future costs, and two is the introduction of Electronic Vehicles to comply with new CARB regulations.

Zero Emission Vehicle Rules

On September 23, 2020, Governor Newsom announced Executive Order N-79-20. The Executive Order sets a goal that 100 percent of in-state sales of passenger cars, trucks, and off-road equipment will be zero-emission by 2035. Medium- and heavy-duty vehicles will be zero-emission by 2045. The California Air Resources Board (CARB) is now in the process of codifying the Governor's Executive Order. At their regular meeting on August 25, 2022, the CARB Board approved the private fleet portion of the rules. It has recently proposed a new rule that would require California public fleets to purchase 100 percent zero-emission trucks by 2027. The rules will phase in the transition of new vehicle purchases with a gross vehicle weight of 8,500 lbs. or greater with a phased approach. By 2024, new fleet truck purchases would need to be 50 percent zero-emission. From 2027 onward, 100 percent of new purchases would need to be zero-emission. "Zero emission" includes both electric and hydrogen fuel cell vehicles.

There has been significant collaboration between CARB and the California Public Utilities Commission. Through the electric utilities, grant money is available to early adopters. SDG&E offers a program called Power Your Drive for Fleets. That grant will reimburse the District for 80% of the cost of the installation of fleet charging infrastructure. The only stipulations of the grant are that the District purchase at least two electric vehicles in the next 5 years and that the District maintain the chargers for at least a period of 10 years.

Plan for Compliance

Staff has evaluated our current fleet purchase plan for the next 6 years and has determined that the District could reach the intent of the CARB rules with EV replacements of several vehicles. The overall frequency of vehicle purchases has not changed. Our intent is to buy two vehicles to meet the conditions of the grant and test them to be sure they meet the District's needs before purchasing more. The matrix has been updated to comply with the CARB rules and reflect which vehicles could be replaced by EVs. Ford now offers an F-150 Lightning fully electric pickup truck. Sweetwater Authority received their first Lightning about three months ago and has already found it to be a viable alternative to the current internal combustion engine (ICE) F-150. The EV version of the F-150 fleet vehicle is approximately \$45,000. The purchase cost of an F-150 Lightning is slightly more expensive than the ICE version; electric vehicles are considerably cheaper to run and to maintain. The Lightning has a towing capacity of

10,000 lbs and a battery range of 230 miles full or 160 miles on daily charge, which is more than adequate for our daily use. FPUD currently has 27 Class 1 & 2a vehicles that functionally could be replaced by the Lightning or a comparable vehicle. Chevrolet has plans to release a comparable vehicle in the near future.

Staff has evaluated installing chargers at the Water Recycling Plant (WRP), as well as the main campus at 990 E. Mission Road. Phase 1 (first 5 years) would include the backbone infrastructure in both locations designed to meet future needs in addition to the current phase. Staff is recommending installing three Level 2 chargers at the WRP, which should service all of their future needs. At the main shop, the District would install six Level 2 Chargers and one DC Fast Charger (DCFC). That initial phase should address the District's needs for the next 7 years. In the future, it will just be a case of adding new charger legs to the existing system. Staff's rough estimate for the cost to purchase and install these chargers is around \$360,000. The grant, in that case, would be \$288,000 leaving the District cost at \$72,000. If the Board approves staff's recommendation, a more detailed estimate will be included in next year's budget.

The additional update to this fleet plan is the reflection of CPI increases each year. With delivery and supply chain issues equipment has gotten much more expensive.

Fleet Assessment Chart

The current fleet plan is shown in Attachment A. The following framework/methodology was developed in an effort to improve fleet management decisions. The goal is to combine industry standard replacement criteria (age, mileage, etc) with specific District data (reliability, repair costs, etc) in order to help make more prudent decisions for vehicle replacement. Staff reviewed other public agencies fleet programs as a model for this framework.

This tool will be used to develop and refine the Fleet Replacement Plan. There are 12 model parameters divided into 3 major categories:

Condition

- Age
- Mileage
- Hours
- Assessment

Impact on Operations

- Nature of Work
- Frequency of Use
- Reliability
- Redundancy
- Reparability

Return on Investment

- Repair Cost
- Resale Value

- MPG

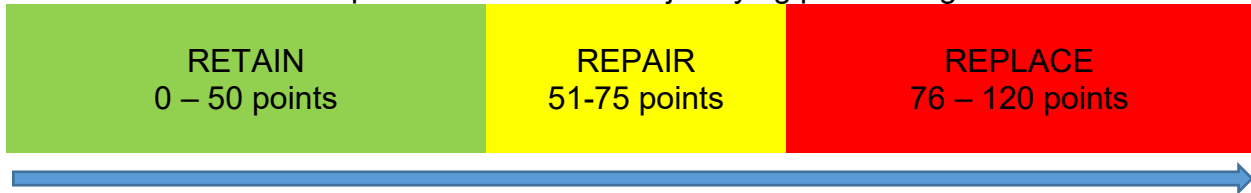
After data compilation, scores are given to each criterion, which is then tabulated on the assessment chart (Attachment B). The scores, while not conclusive, frame the discussion of which items need to be replaced over the course of the next 6 fiscal years. The total gross scores accumulated from the parameters listed above are as follows:

0-50 points – retain the asset as it will not need replacement for at least 5+ years

51-75 points – repair the asset while preparing for its replacement within the next 3 to 5 years

76-120 points – replace the asset within the next 1 to 2 years

As the vehicle changes over time due to wear, usage, age, etc, it will be given higher and higher point totals. This gradual phasing out of older, more expensive to maintain vehicles allows the District to keep a reliable fleet while justifying purchasing decisions.



CONDITION

- Age – This is one of the single most important criteria when considering replacement of a vehicle as it is easily determined and removes much of the guesswork out of what might fail. However, due to the District’s varied use of assets, two vehicles of the same age could be in drastically different stages of their life. As such, age is not the stand-alone benchmark in this category.
- Mileage – A more useful indicator of actual replacement needs of a vehicle is mileage as it indicates relative wear and tear on the power train and the overall vehicle. Mileage is not applied when judging replacement considerations for off-road assets such as backhoes and loaders. Therefore, hours are rated double when reviewing heavy equipment.
- Hours – Hours help indicate when an off-road asset may be due for retirement. In addition, hours may help determine when a light duty vehicle should be considered for replacement as its idling time may be long despite having low mileage. Frequently construction trucks idle at job sites in order to power tools.
- Assessment – A condition assessment is also necessary before a replacement can be considered. As most vehicles owned by the District are used for construction purposes and frequently operated in extreme conditions and rugged terrain.

CONDITION – 40 points maximum		
Parameters	Points	Criteria for Point Bands
Age	10	10 years +
	5	5-9 years
	0	1-4 years
Mileage	10	100,000 +
	5	40,000-99,999
	0	1-39,999
Hours	10	1,000+
	5	400-999
	0	1-399
Assessment	10	Poor condition
	5	Fair condition
	0	Good condition

IMPACT ON OPERATIONS

As on and off-road equipment is drastically different for each criterion in this category, different weights will be applied when considering each point score based on the type of asset being reviewed.

- Nature of Work – The type of work the asset performs is crucial to understanding the urgency of replacement and helps determine the amount of risk the District could face when deciding to replace it or continue to use it for another year. Is the asset engaged in critical functions, or as transportation only?
- Frequency of Use – How often is the asset used? This can often be an important question when determining replacement. If the asset is used infrequently, its life can be extended, and greater emphasis can be placed on this criterion when making a repair/replace decision.
- Reliability – Some of the District’s vehicles, despite its frequency of use, must be in proper working order and ready-to-use, as it is critical to operations. For example, the District only owns one 25-ton crane and its use is limited; if it is not reliable, this single piece of equipment could affect the field services departments’ productivity as well as operations at the WRP.
- Redundancy – Does the District have another piece of equipment that could be utilized while determining a repair/replacement decision? If there is redundancy, perhaps an asset can be run until it is no longer operational, rather than for replacement before it reaches end-of-life.
- Repairability – There are scenarios in which an asset may have low miles and be in good condition but would still need to be considered for replacement. If repairs are necessary and parts suppliers no longer supported the vehicle due to age, the District must consider retiring the asset.

IMPACT ON OPERATIONS – 50 points maximum		
Parameters	Points	Criteria for Point Bands
Nature of Work	10	Critical
	5	Fits District Needs/Not Individual Needs
	0	Useful
Frequency of Use	10	Relied upon daily
	5	Used occasionally
	0	Randomly, as need arises
Reliability	10	Down >2x per month or 10 days/month
	5	Down 3x in 3 months or 14 days in 3 months
	0	Down 1x in 3 months or <3 days in 3 months
Redundancy	10	No dependable alternative
	0	Have replacement readily available
Repairability	10	Replacement parts unavailable
	5	Parts to be discontinued in next 3-5 years
	0	Readily available parts at multiple vendors

Return-on-Investment (ROI)

- **Repair Cost** – Another valuable metric for determining replacement decisions, is to consider the repair costs for an asset. By utilizing the District’s Qanium Connect program staff can make informed decisions based on past repair costs along with current repair estimates to determine if it is more effective to replace the asset rather than repair it.
- **Auction Resale Value** – The vehicle value is important financial information. If the asset has little market value, there is less incentive to repair the assets. However, if the resale results in a sizable cash value, it can help off-set the cost of replacement.
- **Gas/Diesel Mileage** – Determining the MPG of the vehicle can be a useful metric when considering overall vehicle health – increasing MPG could indicate the engine is near life expectancy. New designs, better technology and improved standards of modern vehicles have a higher MPG so this must be factored into the investment.

RETURN ON INVESTMENT (ROI) – 20 points maximum		
Parameters	Points	Criteria for Point Bands
Repair Cost	10	Repair costs high (20% of replacement) and rising
	5	Repair costs modest (<10%) and stable
	0	Repair costs low (<5% of replacement)
	10	Turn in value >20% of new

Resale Value	5	Turn in value 5-20% of new
	0	Turn in value <5% of new
MPG	10	20% or more lower than MPG fueleconomy.gov estimates
	0	Within 20% MPG fueleconomy.gov estimates

Recommended Action

Staff recommends that the Board of Directors approve this updated fleet plan and authorize staff to pursue the Power Your Drive for Fleets grant and budget accordingly in the next fiscal year.

Attachment A – Fleet Replacement Plan
Attachment B – Fleet Assessment Chart

Attachment A - Fleet Replacement Plan 2022

Number	Year	Make	FY23	FY24	FY25	FY26	FY27	FY28	FY29
1001	2017	CHEVROLET CITYEXPRESS							
1002	2019	FORD F150							
1003	2019	FORD F150							
1004	2006	CHEVROLET COLORADO	\$ 65,340						
1005	2018	CHEVROLET SILVERADO 1500							
1006	2021	CHEVROLET EQUINOX							
1007	2021	CHEVROLET EQUINOX							
1008	2006	CHEVROLET COLORADO			\$ 54,168				
1009	2010	FORD F150				\$ 58,501			
1010	2016	FORD F150							
1011	2019	FORD F250							
1012	2003	FORD F150		\$ 50,155					
1015	1997	FORD F150	spare truck already replaced						
1021	2010	FORD RANGER						\$ 68,236	
1024	2000	CHEVROLET 1500						\$ 68,236	
1027	2004	FORD RANGER				\$ 58,501			
1031	2004	CHEVROLET 3500						\$ 222,162	
1033	2008	FORD F150						\$ 68,236	
1034	2008	FORD F150			\$ 54,168				
1035	2010	FORD RANGER					\$ 63,181		
1036	2008	FORD F150			\$ 54,168				
1037	2010	FORD RANGER		\$ 50,155					
1038	2016	FORD F150							
1039	2016	FORD F150							
1042	2016	FORD F150							
1043	2016	FORD F150							
1044	2021	CHEVROLET SILVERADO 1500							
1045	2021	CHEVROLET COLORADO							
1055	2021	CHEVROLET 3500							
1100	2008	DODGE SPRINTER					\$ 110,200		
1101	2002	CHEVROLET 2500				\$ 44,896	replace with SUV		
1102	2011	CHEVROLET 2500							
1103	2005	CHEVROLET 3500				\$ 197,271			
1104	2009	FORD F450							
1105	2016	FORD F450							
1110	2000	FORD F350		\$ 87,480					
1112	2017	FORD F550							
1114	2020	CHEVROLET SILVERADO 5500							
1116	2007	CHEVROLET 3500							
1117	2019	FORD F550							
1122	1996	CHEVROLET 3500		\$ 70,567					
1125	2008	FORD F250					\$ 88,894		
1127	2010	FREIGHTLINER M2106							
1128	2009	FREIGHTLINER M2106							
1129	2012	HINO 266A							
1141	2006	INTERNATIONAL DT570							\$ 507,600
1161	2016	Kenworth T4							
1162	2019	Ford F550 - Dept 3							
1199	2019	FREIGHTLINER 114SD							
1302	2010	Case 580M EXT BACKHOE				\$ 191,829			
1303	2020	John Deere 310HL							
1305	2014	Case 580N							
1308	2018	Kabota L3301 HST							
1309	2020	JCB 427							
1310	2010	Case 570MXT							
1313	2003	Komatsu			\$ 68,654				
1315	1990	Case MDL621-ZF		\$ 180,000	carb				
1322	2004	Case 70XT			\$ 125,971				
1326	2022	Freightliner Manitex Crane							
1345	2017	Volvo							
1540	2006	John Deere			\$ 19,980				
	2002	Jet Away							
	2019	Vermeer							
		Signs and Small Equipment	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
		Teletac Navman GPS	\$ 25,000	\$ 27,500	\$ 27,500	\$ 30,000	\$ 30,000	\$ 32,500	\$ 32,501
		Sewer Camera Replacement	\$ 140,000						
		Charging Infrastructure at Admin and WRP		\$ 420,000					
		Grant SDG&E		\$ (336,000)					
Annual Total			\$ 245,340	\$ 564,858	\$ 419,608	\$ 595,998	\$ 307,275	\$ 474,369	\$ 555,101

Class 1	2
Class 2a	25
Class 2b	3
Class 2g	1
Class 3	6
Class 4	2
Class 5	4
Class 6	2
Class 7	2
Class 8	3
Off Road	13

Legend	
	EV Replacement Currently Viable
	EV Replacement May be Viable
	Vehicle Assigned to WRP

Inflation Rate 8%

Report Date 11/18/2022

Attachment B - Fleet Assessment Chart 2022

Asset Tag	Year/Description	Age	Mileage	Hours	Assessment	Nature of Work	Frequency of Use	Reliability	Redundancy	Repairability	Repair Cost	Resale Value	Future Costs	TOTAL	Planned Replacement Year
1001	2017 CHEVROLET CITYEXPRESS - Juliana - Dept 8 - Van	5	0		0	0	0	0	0	0	0	0	0	5	
1002	2019 FORD F150 - TIM STERGER	0	0		0	0	5	0	0	0	0	0	0	5	
1003	2019 FORD F150 - AUSTIN	0	0		0	0	10	0	0	0	0	0	0	10	
1004	2006 CHEVROLET COLORADO - Christian - Dept 5 - Meters	20	10		10	5	10	10	0	0	10	10	5	90	22/23 FY
1005	2018 CHEVROLET SILVERADO 1500 - Kyle - Dept 3	0	0		0	0	10	0	0	0	0	0	0	10	
1006	2021 CHEVROLET EQUINOX - AARON COOK	0	0		0	0	10	0	0	0	0	0	0	10	
1007	2021 CHEVROLET EQUINOX - ISABEL	0	0		0	0	10	0	0	0	0	0	0	10	
1008	2006 CHEVROLET COLORADO - Misc Drivers Dept 6	20	20		5	0	10	5	0	0	5	0	5	70	25/26 FY
1009	2010 FORD F150 - Jeff Evans - Dept 5	20	20		5	0	10	0	0	0	5	0	0	60	24/25 FY
1010	2016 FORD F150 - STEVE WUERTH	5	0		0	0	10	0	0	0	0	0	0	15	
1011	2019 FORD F250 - Jorge Lopez - Dept 6	0	0		0	0	10	0	0	0	0	0	0	10	
1012	2003 FORD F150 - Mick/Soleil Dept 2	20	10		10	0	5	5	0	0	5	5	5	65	23/24 FY
1021	2010 FORD RANGER - Francisco Dept 6	20	10		5	0	5	0	0	0	5	0	0	45	27/28 FY
1024	2000 CHEVROLET 1500 - DONALD	20	10		5	0	10	0	0	5	0	0	0	50	27/28 FY
1027	2004 FORD RANGER - MATT LIAN	20	10		5	0	10	5	0	0	10	0	0	60	25/26 FY
1031	2004 CHEVROLET 3500 - HUGO	20	0		5	0	5	0	0	0	0	0	0	30	
1033	2008 FORD F150 - DEPT 5 MISC USE	20	10		5	0	5	0	0	0	0	0	0	40	
1034	2008 FORD F150 - Mechanic	20	10		5	0	10	0	0	0	5	0	0	50	
1035	2010 FORD RANGER - Owni - Dept 8	20	10		5	0	5	0	0	0	0	0	0	40	
1036	2008 FORD F150 - EDDIE R	20	10		5	0	10	0	0	0	5	0	0	50	
1037	2010 FORD RANGER - NICK I DEPT 8	20	20		5	5	10	0	0	0	0	0	5	65	23/24 FY
1038	2016 FORD F150 - Steve Stone	5	10		0	0	10	0	0	0	0	0	0	25	
1039	2016 FORD F150 - JAKE ROBINSON	5	0		0	0	10	0	0	0	0	0	0	15	
1042	2016 FORD F150 - Water Stand By	5	10		0	10	10	5	0	0	0	0	0	40	
1043	2016 FORD F150 - Mateo - Dept 6	5	10		5	0	10	0	0	0	0	0	0	30	
1100	2008 DODGE SPRINTER - TV Van - Dept 3	20	0		5	10	10	0	10	0	0	0	0	55	26/27 FY
1101	2002 CHEVROLET 2500 - Crew Truck Dept 4	20	10		10	0	0	0	0	0	0	0	0	40	
1102	2011 CHEVROLET 2500 - Dept 3 Stand By	20	10		5	10	0	0	0	0	0	0	0	45	
1103	2005 CHEVROLET 3500 - Josh H - Dept 8	20	20		10	0	0	0	0	0	0	0	0	50	25/26 FY
1104	2009 FORD F450 - Misc Use Truck Dept 5	20	10		0	10	10	0	0	0	0	0	0	50	
1105	2016 FORD F450 - Jamison	5	0		0	10	10	0	0	0	5	0	0	30	
1110	2000 FORD F350 - Matt Perez - Dept 4	20	10		5	0	5	0	0	0	0	0	0	40	23/24 FY
1112	2017 FORD F550 - Bryan Wagner	5	0		0	10	10	0	0	0	5	0	0	30	
1116	2007 CHEVROLET 3500 - Josh Couveau - Valve Truck	20	10		5	10	10	10	0	0	10	5	5	85	
1117	2019 FORD F550 - Kevin Stamper - Valve Truck	0	0		0	10	10	0	0	0	0	5	0	25	
1122	1996 CHEVROLET 3500 - Welding Truck	20	10		10	10	10	10	10	5	10	0	5	100	23/24 FY
1125	2008 FORD F250 - Jake Robinson - Dept 6	20	20		5	0	10	0	0	0	5	0	0	60	26/27 FY
1127	2010 FREIGHTLINER M2106 - Dump Truck 7 YD	20	0		5	10	10	0	0	0	0	5	0	50	
1128	2009 FREIGHTLINER M2106 - Dump Truck 5 YD	20	0		5	10	10	0	0	0	0	5	0	50	
1129	2012 HINO 266A - Dump Truck 5 YD	20	0		0	10	10	0	0	0	0	5	0	45	
1141	2006 INTERNATIONAL DT570 - Vactor	20	0		5	10	10	5	0	0	5	5	0	60	28/29 FY
1161	2016 KENWORTH T4 - Vactor	5	0		0	10	10	5	0	0	5	5	0	40	
1162	2019 FORD F550 - Dept 3	0	0		0	10	10	0	0	0	0	0	0	20	
1199	2019 FREIGHTLINER 114SD - Semi	0	0		0	0	0	0	0	0	0	5	0	5	
1302	2010 CASE 580M EXT BACKHOE	20		10	0	10	10	0	0	0	0	0	0	50	
1303	2020 JOHN DEERE 310HL - Backhoe	0		0	0	10	10	0	0	0	0	0	0	20	
1305	2014 CASE 580N - Backhoe	5			0	10	10	0	0	0	0	0	0	25	
1308	2018 KUBOTA L3301 HST - Tractor	0		0	0	0	5	0	10	0	0	0	0	15	
1309	2020 JCB 427 - Loader	0		0	0	0	5	0	0	0	0	0	0	5	
1310	2010 CASE 570MXT - Skip Loader	20		0	0	10	5	0	0	0	0	0	0	35	
1313	2003 KOMATSU 569013A - Forklift	20		10	5	10	10	0	10	0	0	5	0	70	23/24 FY
1315	1990 CASE MDL621-ZF (low use - non CARB compliant) - D8	20		10	10	0	0	0	0	5	0	0	5	50	
1322	2004 CASE 70XT - Skid Steer	20		0	10	0	0	0	0	0	0	0	0	30	
1326	2022 Manitex 22101S Crane	0		0	0	10	0	0	10	0	0	0	0	20	
1345	2017 VOLVO L45H - Dept 8 - Front Loader	5		0	0	10	5	0	0	0	0	0	0	20	
1540	2006 JOHN DEERE - Cart - Dept 8	20		10	5	0	10	0	0	0	0	0	0	45	

1. **MWD Issues**

Based on on-going drought conditions on the Colorado River System and California Bay Delta System MWD will be considering implementing allocations in accordance with its Water Supply Allocation Plan. The state is also preparing to implement retail agency specific reduction targets. The impacts of the MWD allocations and state mandated retail level restrictions to the District is unclear at this point, but it is anticipated that additional shortage response actions will be necessary.

2. **Special Agricultural Water Rates (SAWR)**

The SDCWA Board voted to recommend to change the methodology for allocation of local supplies to the SAWR program. This change would allow the District to allocate SMRCUP supplies to M&I customers instead of being required to allocate supplies to our SAWR customers. This change helps ensure we can pass through the SAWR supply costs directly to our SAWR customers. This change will take effect on January 1st.

3. **Detachment**

SDCWA provided a presentation on detachment from the former General Counsel (a copy is attached). The presentation was critical of the findings and approach taken by LAFCO. SDCWA requested that other member agencies submit written on the draft summary provided by LAFCO by the November 30th deadline. Recent SDCWA comments to LAFCO are also attached.

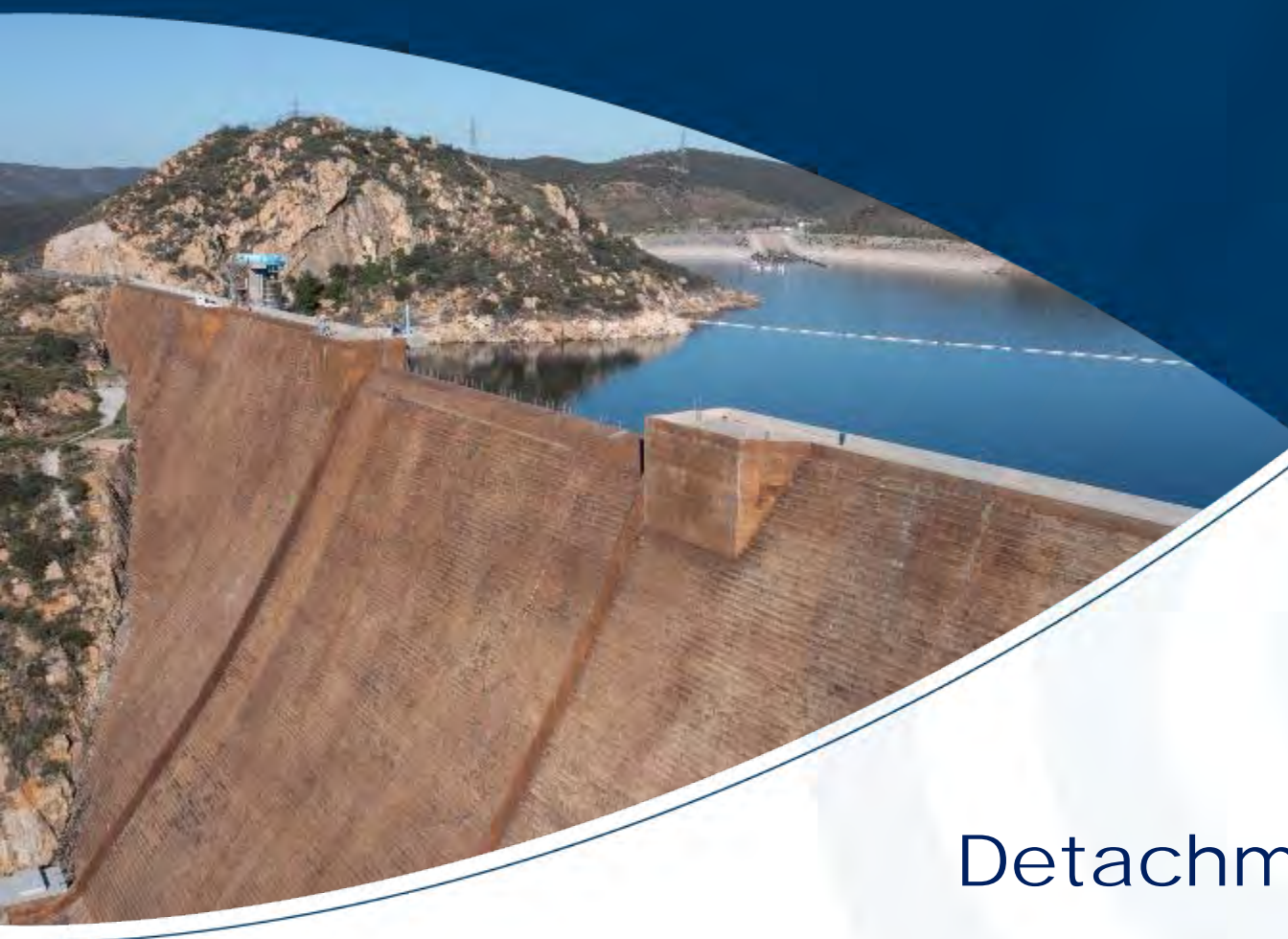
4. **Key Upcoming Issues**

Some key issues for the upcoming year include:

- Review of alternatives for potential partnerships with other agencies for SDCWA IID transfer and Desalination supplies to help offset impacts of local supply development and conservation.
- Any further actions by the state or MWD to address drought conditions.
- Fully understanding the use of consultants and lobbyist within San Diego County.
- Evaluation of development of an independent ethics mechanism within SDCWA.
- Continuing the evaluation of potential changes to the existing rate structure
- Getting an update on the next phase of the regional conveyance study that was approved by the Board and developing a plan to fund millions in additional project work if the project continues to be pursued.



San Diego County
Water Authority
And Its 24
Member Agencies



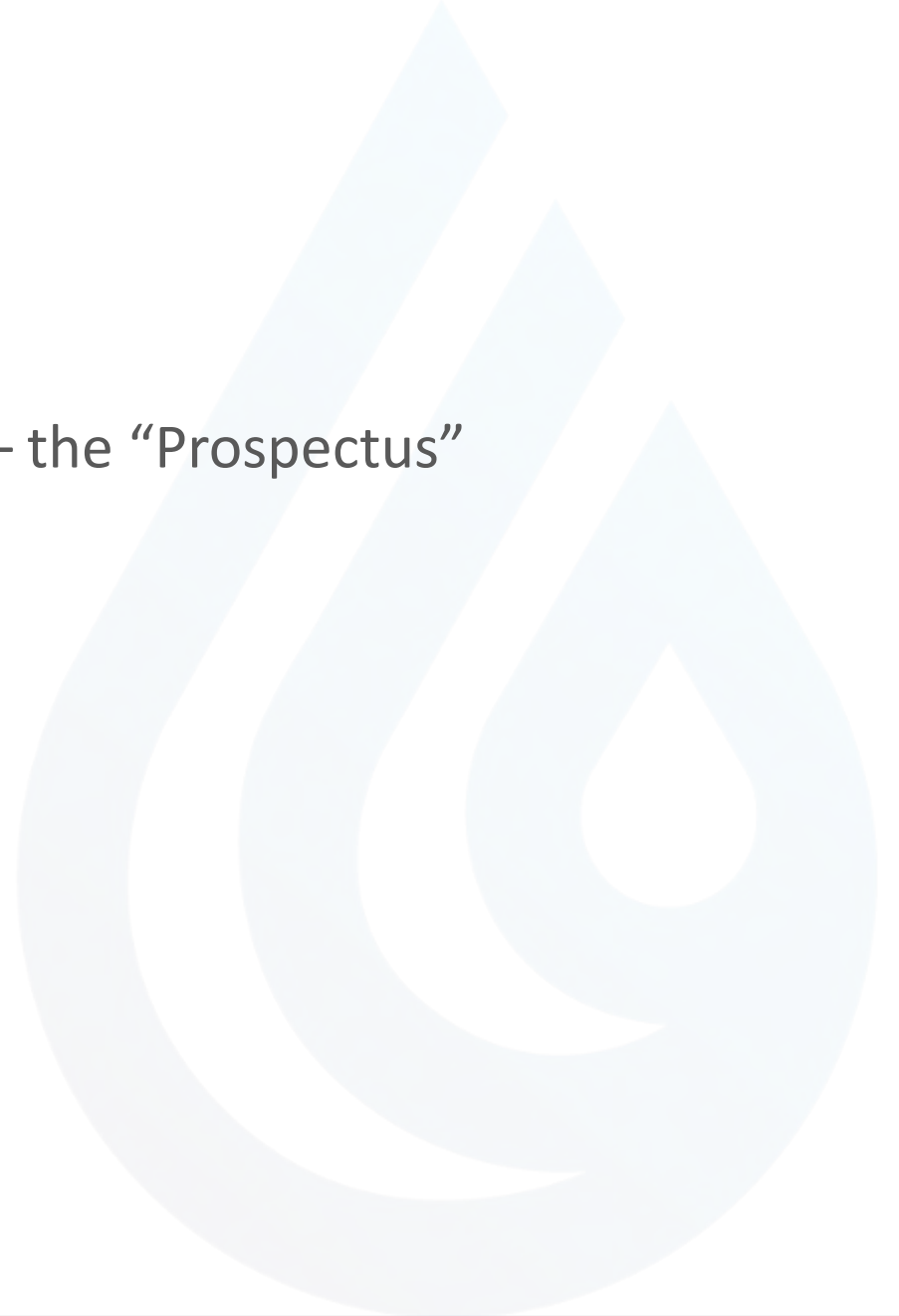
Detachment Update

November 17, 2022
Board of Directors Meeting

General Counsel David Edwards
Special Counsel Mark Hattam

Items Covered

1. Current Status Update – the “Prospectus”
2. Anticipated Schedule



Status Update

- LAFCO staff issued a draft recommendation report called a “Prospectus.” This draft recommends approving detachment with a five-year exit fee.
- The Prospectus requests comments by November 30. The Water Authority will comment by the deadline.
- The Prospectus is filled with errors and incorrect conclusions and assumptions. Among them are these contentions:

Status Update (cont'd)

- That MWD's supply is "reliable" and "adequate." The prospectus ignores MWD's current water crisis, and also Dr. Hanemann's report which says no such thing.
- That Eastern could let the Water Authority retain its voting rights for five years. Everyone has told LAFCO this is not lawful under the MWD Act.
- That a five-year exit fee of \$12.6 million per year, offset by the cost of the unbuilt ESP facility, is sufficient. This ignores a host of "inconvenient truths":

Status Update (cont'd)

- a. Loss of 7% of our revenue from Fallbrook and Rainbow will last many decades, not five years.
- b. They used a number from Hanemann that was based on a huge underestimate of 2022 water use. The actual 2022 water use is almost 50% higher than that pre-2022 estimate, meaning the \$12.6 figure would have to be trued up to about \$19 million per year.
- c. They say that other SD County ratepayers would have to pay \$2+ a month to make up for Rainbow and Fallbrook customers paying \$20+ a month. The first number is undercounted, the second is overcounted.

Status Update (cont'd)

- d. They infer that a pump station offset would be the entire cost of \$20-\$40 million, thus wiping out most of the exit fee. But we would not be paying for the station over five years, but over at least 30 years, as it would be financed. You can't take 30 years of offset, but only 5 years of losses, which is what they suggest.
- e. They say LAFCO has no ability to allow a service area vote, but we believe they do.
- f. They cite what we contend is an inapplicable CEQA exemption.

Anticipated Schedule

1. Comments on Prospectus due by November 30. All member agencies are free to comment. If interested, contact GM Kerl.
2. LAFCO staff will bring Prospectus to Ad Hoc Committee. (It already was presented to Special District and Cities Advisory Committees.)
3. It is expected LAFCO Commission will hold a hearing on the applications at their February meeting.

Questions?



November 29, 2022

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER
REPRESENTATIVE

County of San Diego

VIA EMAIL AND FEDEX

Keene Simonds, Executive Officer
Priscilla Mumpower, Analyst II
San Diego County Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

Re: LAFCO Draft October 2022 "Prospectus" on Reorganization Applications by Fallbrook and Rainbow

Dear Mr. Simonds and Ms. Mumpower:

LAFCO staff has issued a "Prospectus," presenting to the public potential recommendations in regards to the reorganization applications by Fallbrook Public Utility District ("Fallbrook") and Rainbow Municipal Water District ("Rainbow"). The Prospectus asked for comments by the end of November. The San Diego County Water Authority, which provides water service to almost the entire County of San Diego and whose membership includes all major water provider cities and districts in that service area, hereby submits its comments on the Prospectus.

Fundamentally, the Prospectus contains significant material errors and omissions, ignores a substantial record of evidence, and fails entirely to address important issues raised by the Water Authority and other water suppliers at the outset of these proceedings. Its conclusions are stated without any analyses or factual predicates, and thus are completely without a basis for those not grounded in the facts to understand how staff reached its decisions. The Prospectus wholly fails to incorporate and comply with the California Government Code sections that govern LAFCO and staff's recommendations. LAFCO staff has also failed to accurately analyze the actual effects of water supply on the applicants' customers, failed to heed its own water expert Dr. Hanemann, and has failed to analyze the potentially devastating effect of water shortages on existing agriculture in the Fallbrook and Rainbow service areas. The Prospectus also seeks to shift costs to the most vulnerable in our County, a violation of environmental justice principles.

The Prospectus advocates for reaching a conclusion that LAFCO staff appears to favor: allowing detachment with only a minimal "exit fee," and no county-wide vote. This unfortunate recommendation presents a true "lose-lose" proposition for San Diego County. It would immediately expose Fallbrook and Rainbow customers to potentially extreme water supply shortages while at the same time forcing the rest of San Diego County to bear the costs of detachment for which they will receive no additional benefit,

along with losing San Diego County voting rights at MWD. We trust the Commission, which is copied on these comments, will approach this matter with objectivity, and with the best interests of the entire County in mind.

The format of our comments are as follows: we quote the portions of the Prospectus we address, generally in the order in which those sections are found in the Prospectus (i.e., from front to back). We do not necessarily agree with the elements of the Prospectus we do not comment upon, but simply do not believe they rise to the level of needing remarks here. Also, though most comments are intended to correct errors, some are to note emphasis or clarification. A copy of the Prospectus is attached as Exhibit 1.

COMMENTS ON PROSPECTUS

Comment 1:

Prospectus Text (page 1): “The stated purpose of the proposals is to achieve cost-savings with Fallbrook and Rainbow estimating the per acre-foot wholesale charge would decrease by (25%) from \$1,608 with the County Water Authority to \$1,195 with Eastern MWD with the latter secured by a MOU.”

Response by Water Authority: While it may be correct that this is what Fallbrook and Rainbow estimate, such estimates are inaccurate and misleading because:

- Fallbrook and Rainbow have not properly described the alleged rate differential. They compare the MWD rate (+\$11 per acre-foot for Eastern’s book entry) against the full Water Authority rate. *But they don’t pay the full Water Authority rate.* Rather, they pay a melded rate due to the participation of some of their customers in the Water Authority agricultural rate discount program. In 2018, for example, the Water Authority’s full treated water rate was \$1,309 per acre-foot, but Rainbow only paid an average of \$1,171 per acre-foot for treated water, while Fallbrook paid an average of \$1,158 per acre-foot for treated water. Thus, the delta in pricing is less than claimed.
- Fallbrook and Rainbow ignore Dr. Hanemann’s conclusions that MWD is embarking on a major infrastructure cost cycle, and that any gap in rates should narrow. *See Hanemann Report, pp. 61 and 99.* They also ignore his conclusion that Fallbrook and Rainbow are making a “gamble” as to the continued existence of any price difference, and that their payments may be more than they expect. Hanemann Report, p.16. MWD itself does not disagree with the conclusion that it must invest billions of dollars for future water supply reliability.¹

¹ MWD’s Ten-Year Financial Forecast, which starts on page 217 of [MWD’s adopted fiscal years 2023 and 2024 biennial budget](#), projects capital expenditures totaling nearly \$7.1 billion over the next ten years (fiscal years 2023-2032). This forecast includes MWD’s implementation of its potential Pure Water Southern California water recycling project, which MWD reports as having construction costs of \$3.7 billion ([page A-50 of MWD’s July 20, 2022 Official Statement](#)), but excludes MWD’s potential participation in the Delta Conveyance Project. The Delta Conveyance Project’s construction costs were previously estimated at \$15.9 billion in 2020 un-discounted dollars, and if MWD funded its participation in the project at the same level it has funded its participation in the project’s planning and environment costs

- The alleged price differential ignores the fact that Rainbow admits it will need to make about \$15 million in capital improvements to be able to serve its customers in its southern service area with MWD water. Rainbow Supplemental Information, pp.5-6.

The estimates submitted by Fallbrook and Rainbow are inaccurate and should be trued-up with actual facts.

Comment 2:

Prospectus Text (page 2): Fallbrook “General Manager Tom Kennedy” and Rainbow “General Manager Jack Bebee”.

Response by Water Authority: The names need to be reversed.

Comment 3:

Prospectus Text (page 2): As to Fallbrook “6% of Customers are Ag,” and as to Rainbow “29% of Customers are Ag”.

Response by Water Authority: This shows that the majority of customers in each service area are not agricultural users. Indeed, in Fallbrook the Prospectus also states that the minority of overall water use is agricultural (“38% of Water Demand is Ag”). The Water Authority only notes these recited facts because the emphasis and stated focus by Rainbow and Fallbrook management in these proceedings has been solely on agricultural issues, yet most of the customers of these agencies are non-agricultural water users, and LAFCO has a duty to them also that must be considered.

Comment 4:

Prospectus Text (page 3): “As allowed under statute, San Diego LAFCO has approved a request from the County Water Authority to apply alternative conducting authority proceedings should the Commission approve Fallbrook PUD and/or Rainbow MWD’s proposals. This means – markedly – any proposal approval will bypass standard protest proceedings and directly proceed to a confirmation election of registered voters.”

AND RELATED TEXT AT

Prospectus Text (page 6): “The County Water Authority is on record requesting San Diego LAFCO condition any proposal approvals on expanding the “affected territory” for purposes of calling an election to include all registered voters within its member agencies’ boundaries. Commission Counsel does not believe this option is available to the Commission.”

(47.2%), then its share of the project’s construction costs would be about \$7.5 billion ([page A-23 of MWD’s July 20, 2022 Official Statement](#)). MWD’s forecast also excludes its participation in the potential implementation of the \$3.9 billion (in 2021 dollars) Sites Reservoir Project. If MWD’s participation in the project matches its presently held participation rights of 29.8%, then its share of the potential reservoir’s construction costs would be more than \$1 billion ([MWD’s Memo 7-13 dated April 12, 2022](#)). Additionally, MWD is analyzing [solutions](#) to fix its infrastructure constraints that have caused 6 million people, or one-third of the population in its service area, to be in allocation in 2022. The solutions could range in the hundreds of millions of dollars or more. All of the above will raise MWD’s rates significantly.

Response by Water Authority: The factual statement provided here is correct, but the ultimate legal conclusion stated is only partially correct. There indeed must be a vote in the Fallbrook/Rainbow service areas if there were a LAFCO approval (and there should not be such an approval), but this does not mean LAFCO cannot also require an entire service area vote.

It is true that the Water Authority submitted an application, which LAFCO approved, as to exemption from Part 4 of the LAFCO procedures. Here is what our application stated: “[For LAFCO to determine that] the Water Authority is not a district per Government Code sections 56127, 56128, and 56036.6 as to Part 4 only of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”) [and] a request by the Water Authority that if for any reason SD LAFCO were to consider approving the Proposal, that as a condition of approval SD LAFCO should require a majority vote of the Water Authority service area” (Emphasis in original.)

The Part 4 protest procedure from which we were exempted is a cumbersome statutory process that would have potentially denied a vote even in the Rainbow/Fallbrook service areas unless a large percentage of registered voters had lodged protests at LAFCO. Due to its difficult requirements, it is normally avoided when possible. However, though our exemption from Part 4 means the actual vote in the Fallbrook/Rainbow service areas will be required as stated in the County Water Authority Act, it does not mean that LAFCO is denied the ability to also require a vote in the entire Water Authority service area. Why? Because Part 3 of the LAFCO statutory scheme – which the Water Authority did not exempt from – gives LAFCO the ability to condition an approval on such a vote. Government Code § 56876, in Part 3, states:

In any order approving a proposal for an annexation to, or detachment from, a district, the commission may determine that any election called upon the question of confirming an order for the annexation or detachment shall be called, held, and conducted upon that question under either of the following conditions: (a) Only within the territory ordered to be annexed or detached [or] (b) Both within the territory ordered to be annexed or detached and within all or any part of the district which is outside of the territory. (Emphases added.)

This statute gives the Commission clear authority to condition the reorganization on the approval of the Water Authority's residents – who will all be affected by this unprecedented proposal, and who would be effectively taxed for the benefit of Rainbow and Fallbrook's detachment.

Comment 5:

Prospectus Text (page 3): “As required for all proposed jurisdictional changes, a property tax exchange analysis has been prepared for the Fallbrook PUD and Rainbow MWD proposals through the County of San Diego. This analysis concludes an existing tax exchange resolution previously adopted by the Board of Supervisors applies to the proposals and means if approved all property tax revenues (AB8 and unitary) currently allocated to the County Water Authority would transfer to Eastern MWD – which totals \$388,216 in 2022-2023. The analysis also concludes that the County Water Authority’s existing fixed charges collected on the tax roll

within Fallbrook and Rainbow – which presently totals \$723,604 – would be eliminated. The property tax exchange is considered complete, though it can be revisited if needed.”

Response by Water Authority: According to the LAFCO Executive Officer, the "completeness" of the property tax exchange has been established through various informal phone calls and emails between LAFCO and the County of San Diego. To the Water Authority's knowledge, the Revenue and Taxation Code Section 99 process, which requires an approval by the Board of Supervisors, has not been completed. Materials provided to the Water Authority over a year ago relating to the County's master property tax transfer agreement were inapplicable, and no written "analysis" has been presented to the Water Authority for its review.

Comment 6:

Prospectus Text (page 5): “LAFCO statute – and not the County Water Authority Act – governs consideration of the proposals. Among other pertinent outcomes this means LAFCO has broad authority to condition any proposal approvals using the Commission’s quasi-legislative powers.”

Response by Water Authority: This is not completely correct. *Both* the LAFCO statutes and the County Water Authority Act apply. The Water Authority spent a great deal of effort explaining the intersection of the two sets of laws, and how both apply, in its September 18, 2020, Response filed with LAFCO (the “Response”). We will not restate all that information here, but request that the LAFCO staff and Commission review pages 152 *et seq.* of the Response for full details on this issue.

Comment 7:

Prospectus Text (page 5): “Eastern MWD’s Supplies are Reliable. Although the County Water Authority’s potable supply portfolio is superior given its diversification, Eastern MWD’s own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD.”

Response by Water Authority: These statements are factually wrong. They are apparently conclusions reached unilaterally by LAFCO staff, because they are *not* the conclusions of the expert retained by LAFCO to address the core question of water supply reliability for Fallbrook and Rainbow customers with detachment. Indeed, that expert – Dr. Michael Hanemann – pointed out the major water reliability issues facing MWD, and how moving to rely only on MWD imported water was risky.

Attached as Exhibit 2 is an excerpt from the Executive Summary of Dr. Hanemann’s December 31, 2021, report which demonstrates the complexity of the issues and risk not described in the LAFCO Prospectus, and why Dr. Hanemann concluded that the agencies would be taking a “gamble” on supply reliability if they switch from the Water Authority to Eastern. Developments over the past year since Dr. Hanemann submitted his report clearly demonstrate that the risk to Fallbrook and Rainbow customers is not just paying a higher price than they expected, but also the very real risk of suffering imminent, severe and prolonged water supply cutbacks now and going forward.

Dr. Hanemann found that MWD has “supply reliability issues.” Hanemann Report, p.14. He concluded, “[i]t is not clear that MWD yet has the practical capacity to sustain more severe and prolonged drought, especially on the Colorado River.” Hanemann Report, p.16. LAFCO staff either didn’t understand or completely ignored Dr. Hanemann’s findings and warnings, and it continues to do so to this day, despite overwhelming, irrefutable evidence that Dr. Hanemann’s findings were well taken.

Indeed, the water supply situation at MWD is dire. Here is *MWD’s own assessment of the current situation, taken from its website:*²

Deliveries from the State Water Project . . . have been so dramatically reduced over the past three years that in some parts of the region, we simply don’t have enough water to meet normal demands this year.

In response, Metropolitan declared a [water shortage emergency](#) and is mandating drastic cuts in water use, restricting outdoor watering to one day per week or implementing volumetric limits in areas that depend on state project supplies. These restrictions affect more than 6 million people in portions of Los Angeles, San Bernardino and Ventura counties.

On the Colorado River, Metropolitan’s other imported water source, a shortage condition was declared for the first time ever last year. And federal officials have warned river users to prepare for deeper cuts next year and beyond.

MWD customers who reside in its “State Water Project Dependent Area” (“SWPDA”) have since June 2022 been receiving from the State Water Project (via MWD) only water supplies calculated to meet human health and safety needs. This water is being borrowed from, and must be repaid to, the State of California. These human health and safety water rations from the Department of Water Resources do not allow for or include any water for commercial, industrial, institutional or agricultural uses. At this time, it is anticipated that these severe water use restrictions in the SWPDA will continue at least through June 2023.³

Due to these conditions and MWD’s junior water rights status on the Colorado River (both noted in the Hanemann Report), coupled with severely limited State Water Project supplies, MWD informed its Board of Directors in November that they should “consider preparing their governing bodies and communities for mandatory restrictions” in 2023.⁴

Finally, Dr. Hanemann also noted in his report the uncertainty associated with the timing and cost of MWD projects that will be necessary in order to provide a reliable water supply going forward, noting specifically that a Delta fix might not come into full operation for another 10 or 15 years. The portfolio and cost of MWD projects that will be needed is only now being developed by MWD; however, in any case, the need and cost of such facilities and improvements -- and how they will increase MWD rates -- is completely ignored by LAFCO staff in its Prospectus.

² MWD’s [Drought 2022 webpage](#).

³ Slides 15-16 and 19 of MWD’s presentation, [Update on WSDM and Water Shortage Emergency Condition](#), dated November 7, 2022.

⁴ Slide 20 of MWD’s presentation, [Update on WSDM and Water Shortage Emergency Condition](#), dated November 7, 2022.

In conclusion, the water supply situation at MWD is dire, widely observed, and is the subject of extensive media reporting. It is impossible to reconcile this reality with LAFCO staff's unrealistic assessment as stated in the Prospectus that, "Eastern MWD's own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD." For LAFCO staff to ignore the clear warnings of its paid expert, and the current facts on the ground at MWD, is unfair to the Commissioners who listen to staff, to the public who rely on reasoned decisions at LAFCO, and to Fallbrook and Rainbow water users who are being led into serious risks without proper warning. The ultimate staff report to be issued at LAFCO should not repeat the error of the Prospectus, but instead fully explain the risks noted by Dr. Hanemann, and the current status of MWD water shortages.

Comment 8:

Prospectus Text (page 5): "Eastern MWD's Finances are Healthy"

Response by Water Authority: This statement, and the corresponding short section following it, are irrelevant. The Applications posit Fallbrook and Rainbow becoming Eastern members *solely to access MWD water*. Eastern has no infrastructure to reach Fallbrook and Rainbow, and those agencies will have no access to Eastern's own non-MWD supplies or storage. Eastern's financial status thus has no bearing on the pending applications.

What the Prospectus should instead mention is the harm that detachment could have on the Water Authority's financials and credit ratings. The Water Authority has repeatedly submitted to LAFCO staff comments from the rating agencies regarding the risk of downgrade associated with these sought detachments. A downgrade would significantly increase the Water Authority's future cost of borrowing and limit its ability to find future savings (by refunding nearly \$2 billion in outstanding debt obligations). This cost and risk are absent from mention in the Prospectus. If detachments like this were to be approved, the same risks would apply at MWD. Loss of member agencies via detachment would certainly be a concern to its Board of Directors, as MWD is now embarking on a major capital investment program.

Comment 9:

Prospectus Text (page 5): "Fallbrook PUD and Rainbow MWD's Ratepayers Will See Cost-Savings. LAFCO estimates the average monthly household impact for Fallbrook and Rainbow ratepayers is \$20.21 and \$26.79, respectively assuming full pass-through to ratepayers."

Response by Water Authority: This is not correct. First, as stated above, the Prospectus ignores the fact that MWD has tens of billions of dollars of infrastructure and supply costs now being planned and implemented, and that Dr. Hanemann noted this will shrink or eliminate any rate differential.

Second, as accurately stated in the Prospectus, agriculture customers comprise only a portion of the account base at Fallbrook and Rainbow, while simultaneously holding a significantly larger percentage of the demand (i.e., each Ag user uses far more water than a single-family household). For that reason, for LAFCO to present such "average household savings" without

any detailed accounting of methodology or the actual cost-of-service, presents a false picture of how water users will be truly impacted. LAFCO must perform a detailed analysis of the actual ratepayer benefits (e.g., residential, commercial, agriculture, large demands, low demands, low income, for-profit business, etc.). LAFCO staff has only provided misstated or overly generalized alleged savings devoid of any true analysis, inclusion of exit fees, or reflection of the economic impacts of lower reliability and service.

Comment 10:

Prospectus Text (page 5): “LAFCO estimates through the help of an Ad Hoc Working Group the average monthly household impact for the remaining members agencies of the County Water Authority is \$2.20 assuming full pass-through to ratepayers. The City of San Diego impact (largest CWA customer) is estimated at \$1.05 per month/per household.”

Response by Water Authority: The Ad Hoc Working Group was not qualified to calculate these impacts, and these numbers are not accurate and are misleading.

The Ad Hoc Working Group -- which at LAFCO staff direction did not include the Water Authority -- studied three specific agencies, yet only one (City of San Diego) is shared in the Prospectus, and even its numbers are discounted. Why is only one shared by the Prospectus? Because the impacts to the other two reviewed agencies (Poway and Valley Center) are even more significant.

As was presented to LAFCO staff and the Ad Hoc Working group (June 9 Water Authority letter to Adam Wilson) in response to their question, “What would the SDCWA Rate increases to (each individually) Valley Center, City of Poway, and City of San Diego be if Rainbow and Fallbrook detachment occurred using the Hanemann dollars (numbers)?” the Water Authority’s Rate & Debt manager provided the following response based on Dr. Hanemann’s numbers (which are a bit lower than those of the Water Authority’s staff):

For Valley Center, the estimated single-year impact is between \$672,362 and \$894,871 every year. Based on their estimated service population, this equates to a \$26.26 to \$34.96 annual rate impact to every resident in the Valley Center. For a typical household of 4, this is effectively an annual \$105 - \$140 rate increase for no additional benefit or service being provided.

...

For Poway, the estimated single-year impact is between \$357,201 and \$475,412 every year. Based on census data, this equates to a \$7.38 to \$9.82 annual rate impact to every resident in the City of Poway. For a household of 4, this is an annual \$30 - \$39 rate increase for no additional benefit or service being provided.

...

For the City of San Diego, the estimated single-year impact is between \$5,531,072 and \$7,361,498 every year. Based on census records, this equates to a \$4.00 to \$5.33 annual impact to every resident in the City of San Diego. For a family of 4, this signifies an annual \$16 - \$21 rate increase for no additional benefit or service being provided.

Based on materially flawed analyses by LAFCO staff and the Working Group, LAFCO staff asks the rest of the County to subsidize Fallbrook and Rainbow’s requested exit. Attached as Exhibit 3 is the table of properly calculated *annual* member agency estimated losses by the Water Authority staff submitted with our earlier Response.

Comment 11:

Prospectus Text (page 5): “It would be appropriate to condition approval to require an annual true-up – or exit fee – equal to the estimated revenue loss (water sales, property taxes, available fees) for the County Water Authority should both Fallbrook PUD and Rainbow MWD detach. The purpose of the exit fee is to provide the County Water Authority a period of adjustment. This annual amount has been estimated by Dr. Hanemann in the short run at \$12.6 million.”

AND RELATED TEXT AT

Prospectus Text (page 5): “Five years appears to be an appropriate standard to apply an annual exit fee.”

AND RELATED TEXT AT

Prospectus Text (page 5): “Offsetting the Exit Fee to Reflect Ancillary County Water Authority Savings is Reasonable The County Water Authority would save money should Fallbrook PUD and Rainbow MWD detach that would otherwise be expended on proceeding with the previously planned construction of the ESP North County Pump Station. The value of the associated savings – however – remains a topic of ongoing analysis.”

Response by Water Authority: The applications should not be granted at all, and if they are granted conditioned on an exit fee, the numbers stated here are too low and for too short a period, and any offset must not be overstated. The rest of San Diego would be paying the bill for Fallbrook and Rainbow for decades, unless there is an exit fee that matches all outstanding obligations.

First, the proposed exit fee is too low. Dr. Hanemann stated in his report: “If San Diego LAFCO were inclined to require a departure fee as a condition for approving detachment by FPUD or RMWD, it would need to decide what is the appropriate share to assign to FPUD or RMWD, of which SDCWA ongoing financial obligations, and for what length of time.” Hanemann Report, p.13. He also stated: “SDCWA is committed to making annual payments that run through 2047 (for IID Transfer water) and 2112 (for canal lining water). This year (CY 2021), the annual payments for QSA water amount to almost \$285 million. LAFCO might use that amount as a starting point for thinking about what a fair and reasonable departure fee could be.” (Emphasis added.) Hanemann Report, p.13.

What Dr. Hanemann provided was a “starting point.” He did not provide the total fee, nor did he fully calculate it. The exit fee that was his “starting point” was simply for the QSA costs – and demonstrating how LAFCO should apply the same methodology to the Water Authority’s other

fixed commitments and obligations. But instead, LAFCO staff offers a lower -- and materially incorrect -- net revenue impact for a 2022 estimate as the sole determinant.

The possible QSA only-related portion of an exit fee posited by Dr. Hanemann was a range 3% to 47% higher than the one stated by LAFCO staff in its Prospectus. The Prospectus utilized a single CY 2022 (estimated) Net Revenue Impact number (Hanemann Table 19) rather than Hanemann's Table 23 | Calculation of a Departure Fee with annual amounts ranging from \$13 million to \$18.5 million. Again, Dr. Hanemann's exemplar numbers only included QSA-related costs, not all of the other outstanding obligations incurred in order to provide a highly reliable water supply to Fallbrook and Rainbow.

The net revenue impact used in the Prospectus is also incorrect on its face. It used an underestimate of 2022 water use for the combined agencies, when the actual water use for this year will exceed that estimate. Dr. Hanemann estimated Rainbow and Fallbrook demand of 18,100 AF. This estimate was used to define the Water Authority's "Net Revenue Impact." However, in FY '22 Water Authority delivered 23,643 AF to the two agencies -- an increase of 31% above the estimate, and more reflective of the agencies' five-year average of 24,700 AF. The \$12.6 million number used by LAFCO staff thus undercalculates the net impact of detachment.

Second, LAFCO staff's recommendation for a 5-year term is too short and inconsistent with broadly applicable industry standards. The recommendation is in direct conflict with LAFCO's own expert and with the Water Authority's financial analyses and role as a regional wholesaler. Dr. Hanemann writes, "In the water industry, a period of 10 years would typically count as the short run for planning purposes." Hanemann Report, p.82. While LAFCO staff has stated without any support that five years is "standard," the data, planning documents and industry standards say otherwise. For example, looking at official water planning documents, the Water Authority's Financial Plan is a 10-year plan. Urban Water Management Plans for all water agencies are 20-year plans, and even Rainbow's Master Plan provides a 20+ year forecast. There is no California water template in which five years is a "standard," or reflective of any of the specific agencies under review.

Regardless of the selected term, the harm would continue far into the future. Dr. Hanemann correctly summarizes: "There will be a recurring annual loss of net revenue for SDCWA once the detachment occurs, lasting for as long as SDCWA has to pay for the financial commitments that it has incurred to date." Hanemann Report, p.71. Indeed, recovery for such losses is required by the County Water Authority Act, which states that in a detachment payment must be made for "the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion . . ." CWA Act, Section 45-11(a)(2). This is not just property taxes, as claimed by Fallbrook and Rainbow, and as fully explained in our Response.

In regards to an alleged offset for the portion of the Emergency & Carryover Storage Project ("ESP") yet to be built, Dr. Hanemann's comments to LAFCO are ignored: "There seems to be a degree of inconsistency in the position adopted by FPUD/RMWD – past financial commitments incurring ongoing payments and debt service appear not to be relevant when assessing FPUD/RMWD detachment, but future investments that would not be incurred are relevant to that assessment." Hanemann Report, p.70.

There is no coherent pathway to support Rainbow and Fallbrook receiving an offsetting credit for the costs of a project that has not been constructed, while simultaneously being excused from paying their share of nearly \$2 billion of past obligations that have actually been incurred to provide their customers with a reliable water supply. Not only does the approach not make sense, but the assumed credit would exceed the cumulative value those agencies have contributed into Storage (while receiving decades of service and benefit).

The ESP is a multi-decade effort of the Water Authority to increase the reliability and resiliency of the region's water system. The \$1.5+ billion project is a system of reservoirs, interconnected pipelines and pumping stations designed to make water available for the entire San Diego region in the event of an interruption in imported water deliveries. The Water Authority's existing rate design, recovery, and cost of service has always contemplated the long-term (30+ years) recovery of these costs. As the Water Authority has already incurred the majority of the ESP cost and has yet to collect all the revenue to pay off that cost, there would be a significant funding gap for the outstanding debt left by Rainbow and Fallbrook. Combining both Rainbow and Fallbrook's total revenue contribution to Storage to date is far short of their existing fair share of \$160 million. Should Rainbow and Fallbrook be allowed to detach and avoid paying their share of the costs already incurred for the ESP program, the Water Authority's remaining agencies will be forced to pay for Rainbow and Fallbrook's liabilities. Giving them any offset while not forcing them to cover their share of the extant liabilities is patently unfair.

Finally, even if one ignored the fact that Fallbrook and Rainbow have not yet paid their share of the incurred ESP expenses, as to the portion still to be built in their area the Water Authority would borrow to pay for those improvements over a 30-year period. The total costs of those improvements and mitigation have been estimated at about \$39 million. Assuming a 30-year debt issuance with a 4.5% interest rate, this would reflect an annual debt service expense of \$2.32 million. It would be completely improper for LAFCO to excuse decades of future Water Authority debt and contractual obligations with a short-term exit fee, but then on the other side credit an offset that would cover a 30-year obligation. The most that could possibly be offset is the annual payment to match the years of exit fee payment (i.e., if the agencies pay exit fees for 5, 10, or 20 years of debt, they could at best get \$2.32 million per year offset for the same exit fee period).

However, as noted above, there should be no offset at all with any limited exit fee, because Fallbrook and Rainbow would be leaving unpaid the decades of debt service of the ESP system already incurred.

Comment 12:

Prospectus Text (page 6): "Loss of Voting Rights at MET is a Valid Concern with a Possible Solution. Should Fallbrook PUD and Rainbow MWD detach from the County Water Authority and annex into Eastern MWD a proportional change in voting rights at MET would follow. The estimated value of voting rights – though relatively small – is substantive given it falls within the margin of a recent key vote at MET involving the selection of their new general manager. One possible and otherwise merited solution would involve applying a separate condition to require a MOU between Eastern MWD and County Water Authority to retain the voting apportionment associated with Fallbrook and Rainbow for at least the first five years."

Response by Water Authority: The Water Authority appreciates that LAFCO staff has now acknowledged that the loss of San Diego County's voting rights at MWD is a "valid concern." However, all parties agree that LAFCO staff's suggested solution is fatally flawed.

Voting rights at MWD are established in Section 55 of the MWD Act, which provides in pertinent part as follows:

Each member of the board shall be entitled to vote on all questions, orders, resolutions and ordinances coming before the board, and shall be entitled to cast one vote for each ten million dollars (\$10,000,000), or major fractional part thereof, of assessed valuation of property taxable for district purposes *in the member public agency represented by him* as shown by the assessment records of the county and evidenced by the certificate of the county auditor. (Emphasis added)

Contrary to LAFCO's suggestion as stated in the Prospectus, the parties have no authority whatsoever to enter into a Memorandum of Agreement to change the requirements of California law. This is one thing that the Water Authority, Fallbrook, Rainbow and MWD all agree on: the voting rights issue cannot be resolved in the manner described in the Prospectus by LAFCO staff. (MWD General Counsel Marcia Scully recently sent LAFCO staff a letter stating that its idea was unlawful.)

Key votes are currently very close at MWD. Consider the follow razor-thin votes at MWD: 1) Election of a nonofficer member of MWD's Executive Committee (Director Camacho was elected with 50.28% support, [Minute 52298](#)); 2) Hiring Mr. Adel Hagekhalil as General Manager (approved with 50.42% support, [Minute 52420](#)); and 3) not conduct a performance review of MWD's General Counsel given the results of the State's audit of MWD (approved with 50.60% support, [Minute 52839](#)).

As land values increase in Fallbrook and Rainbow, the MWD voting rights tied to such lands also increase, making it more likely votes lost to detachment may be critical going forward. For San Diego County to give away any of its voting rights at MWD to Eastern, an agency which has repeatedly sought to bar San Diego ratepayers from getting their legally due refunds from MWD,⁵ is a critical error that LAFCO must not make.

Comment 13:

Prospectus Text (page 6): "Consistent with the findings made by Fallbrook PUD and Rainbow MWD in their resolutions of application, Class 20 exemptions appropriately apply to both proposals. These exemptions appropriately apply given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions."

Response by Water Authority: This is not correct. The California Environmental Quality Act ("CEQA") applies when a public agency takes a discretionary action that affects the environment. CEQA mandates a finding of significant impact, and thus preparation of an Environmental Impact Report ("EIR"), when substantial evidence, in light of the whole record, shows that a project has a significant cumulative effect, or has "effects [that] will cause

⁵ See Response, pp.68 *et seq.*

substantial adverse effects on human beings, either directly or indirectly." (Pub. Resources Code, § 21083(b)(2), (3); Cal. Code Regs., tit. 14, § 15065(a)(3), (4).) Any claim that these detachments and annexations are exempt from CEQA pursuant to the State CEQA Guidelines Section 15320 (the "Class 20 exemption") is not in accordance with the law.

The Class 20 exemption is a categorical exemption to CEQA. (Cal. Code Regs., tit. 14, § 15320.) It applies to projects that consist of "changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised." (*Id.*)

By its own terms, the Class 20 exemption facially does not apply to the proposed detachments and annexations. By seeking detachment from the Authority and annexation by the Riverside County-based Eastern, Rainbow and Fallbrook will change the geographic areas in which the Authority, by subtraction, and Eastern, by addition, exercise their powers. (Response, p.182.) This is critically important, since the proposed detachment and annexation will cause Rainbow and Fallbrook territory to be subject to differing water sources, and policies and standards.

For example, The Water Authority has repeatedly brought to LAFCO's attention the fact that if approved, these reorganizations will shift water sales to the water-short MWD, *and increase water demand on the Bay-Delta via MWD.* Attached as Exhibit 4 is correspondence from the Bay-Delta Watermaster confirming that the Water Authority is correct, and that demand on the Bay-Delta would increase. This is because, at a minimum, and as the Water Authority has shown LAFCO staff repeatedly, there are many months when Rainbow and Fallbrook are served *solely* with our QSA water deliveries, a practice that will shift to MWD supply if reorganization is allowed. Attached as Exhibit 5 is an updated spreadsheet showing the effects of this water delivery change over just the past few years of over 15,000 acre-feet. That is a volume of water that would cover *15,000 football fields* one foot deep that would be moving onto MWD's limited supplies, including the Bay-Delta. It is frankly unconscionable that LAFCO staff continues to ignore this undisputed data.

Also, the examples in section 15320 further demonstrate that the Class 20 exemption does not apply because none of the examples involve circumstances where a district loses jurisdiction over a specific territory: "Establishment of a subsidiary district"; "Consolidation of two or more districts having identical powers"; and "Merger with a city of a district lying entirely within the boundaries of the city." These detachments and annexations do not create a subsidiary district, consolidate districts with identical powers, or provide for a merger of a district into a city which encompasses it. Instead, the Project seeks detachment of two districts from a county water authority that encompasses both of them, and their annexation into an entity located in a different county than the detaching entities. If Rainbow and Fallbrook are detached, the Authority will no longer exercise its powers within the boundaries of these two districts, and Eastern will have the new right to exercise its powers within the boundaries of these two districts.

This Project is not a mere consolidation, creation of a new subsidiary district, or a merger. The Class 20 exemption is facially inapplicable to the Project, and there is no factual evidence to support any determination that the Project is exempt from a full CEQA analysis.

In addition, a "categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances." (Cal. Code Regs., tit. 14, § 15300.2(c).) An "unusual circumstance" is some feature of the project which distinguishes it from others in the exempt class. (*Berkeley Hillside Pres. v. City of Berkeley* (2015) 60 Cal.4th 1086, 1105–06.) There are a number of unusual circumstances here, such as: (a) a change in water reliance to the environmentally sensitive Bay-Delta; (b) a mega-drought affecting MWD water deliveries; (c) the cumulative impacts of two agencies moving to different service areas; and (d) new construction at least in Rainbow.

These types of impacts, including different sources of water supply, are not part of the usual "reorganization" project covered by Class 20, and clearly constitute "unusual circumstances" under CEQA Guidelines section 15300.2(c). Because there is no precedent for analyzing the long-term environmental effects of reorganizations such as those now proposed, LAFCO should proceed with caution and conduct more environmental review, not less.

Since these circumstances of the Project are unusual, the exception prevents use of the Class 20 Exemption so long as substantial evidence exists in the record to support a "fair argument" that the "exempt" project has a "reasonable probability" of creating a significant environmental impact as a result of the unusual circumstances. (*Berkeley Hillside*, 60 Cal.4th at 1115; *Respect Life S. San Francisco v. City of S. San Francisco* (2017) 15 Cal.App.5th 449, 458). The unusual circumstances described above have a reasonable probability of creating significant environmental impacts, both direct and indirect. Substantial evidence has been shown to support a fair argument that such impacts are reasonably probable as a result of the unique circumstances of the retail agencies and the environmental impacts resulting from increased reliance on the Bay-Delta.

Therefore, the Class 20 exemption cannot apply, and LAFCO must perform a full environmental analysis of the Project in order to comply with CEQA. There has been *no review* of the *cumulative* impacts of Fallbrook and Rainbow's proposed reorganizations, and this must occur.

Finally, responsible agencies under CEQA must make an independent determination as to the applicability of a prior CEQA document for a project that comes before them, and reach its own conclusions. (CEQA Guidelines Section 15096(a)). In the Superior Court cases of *Otay Water District v. Fallbrook Public Utility District*, San Diego Superior Court Case No. 37-2020-00004572-CU-MC-CTL, and *Otay Water District v. Rainbow Municipal Water District*, San Diego Superior Court Case No. 37-2020-00001510-CU-MC-CTL, the Court ordered at Section 2 of each judgment that the "NOE may not be utilized or relied upon by the San Diego LAFCO or any other agency for the purpose of that agency's CEQA compliance in connection with any potential detachment by Respondent from the San Diego County Water Authority, or for any potential annexation by Respondent into Eastern Municipal Water District." LAFCO should not ignore Court orders that do not allow the applicants to use their Notices of Exemption to pursue these applications.

Comment 14:

Prospectus Text (page 6): "[Commission might consider] A LAFCO prescribed "roll-out" requiring Fallbrook PUD and Rainbow MWD to remain member agencies with County Water

Authority for a specified period of time before allowing the detachments to formally proceed, [OR] Requiring the completion of a municipal service review on the County Water Authority.”

Response by Water Authority: This process has already gone on for years. Any attempt by LAFCO staff to delay it further is unacceptable, and will cost all Fallbrook/Rainbow/Water Authority/Eastern ratepayers significant – and unnecessary – funds. We urge LAFCO to proceed and conclude this process.

Comment 15:

Prospectus Text (nowhere to be found): *There are many missing significant items related to these applications.*

Response by Water Authority: A number of important topics have been repeatedly raised to LAFCO staff, yet the Prospectus completely ignores them. Here are short summaries of each:

- As noted above, the Prospectus ignores the fact that the applications, if granted, would create increased water demands on the sensitive Bay-Delta, in contravention of State policy (*see* Water Code Section 85021). The Water Authority has repeatedly submitted detailed information on this issue to LAFCO staff, and staff has repeatedly acted as if the issue does not exist. It does exist. Staff cannot keep turning a “blind eye” to this serious problem that remains completely unexamined by LAFCO, in clear violation of CEQA.
- The Prospectus ignores any review of the earthquake issues the Water Authority has repeatedly called out, and the difference for Fallbrook and Rainbow customers between being able to get only water from the north (via MWD), versus from both the north and south (via the Water Authority), particularly in an earthquake.
- The Prospectus ignores the fact that Rainbow has stated it must spend about \$15 million in new construction to serve its southern region.
- The Prospectus ignores what specific Water Authority infrastructure Fallbrook and Rainbow would need access to after annexation into Eastern, and what water volumes and timing would be required, as well as the millions of dollars in related costs that must be covered.
- The Prospectus ignores how Fallbrook and Rainbow will be represented at Eastern. It appears they may be merged into an existing district and have their vote diluted. (Lack of proper representation was the main issue over which the LAFCO-proposed consolidation of Fallbrook and Rainbow collapsed years ago.) The Water Authority called out this issue to LAFCO previously, and only non-substantive answers were provided.

- The Prospectus ignores whether there are Williamson Act and California Land Conservation Act lands in Fallbrook or Rainbow's service areas. LAFCO Statutes require certain special processes for such lands. *See*, for example, Government Code Section 56426.6 and 56856.5.

END OF COMMENTS ON PROSPECTUS

The Water Authority thanks the LAFCO Commissioners and staff for their review of these important matters. If there are any questions, please contact our General Manager Sandy Kerl at skerl@sdcwa.org.

Sincerely,



Mark J. Hattam
Special Counsel

Enclosures

cc via email:

Holly Whatley, LAFCO General Counsel
Adam Wilson, Ad Hoc Committee Moderator
All LAFCO Commissioners
Sandra L. Kerl, General Manager, San Diego County Water Authority
David Edwards, General Counsel, San Diego County Water Authority
Claire Collins, Counsel, San Diego County Water Authority
Jack Bebee, General Manager, Fallbrook PUD
Paula C. P. de Sousa, Counsel, Fallbrook PUD
Nick Kanetis, Deputy General Manager, Eastern MWD
Tom Kennedy, General Manager, Rainbow MWD
Alfred Smith, Counsel, Rainbow MWD
Water Authority Board of Directors
Fallbrook Public Utility District Board of Directors
Rainbow Municipal Water District Board of Directors
Eastern Municipal Water District Board of Directors
Adel Hagekhalil, General Manager, Metropolitan Water District of Southern California

EXHIBIT 1



Proposed Reorganizations

FALLBROOK PUD +
RAINBOW MWD

PROSPECTUS

REPORT SUMMARY | October 2022



OVERVIEW

This prospectus covers San Diego LAFCO's current administrative review of two related proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD) that have been administratively combined by the Executive Officer. The combined proposal affects – directly or indirectly – a sizable portion of San Diego County residents and is expected to be presented to the Commission for formal deliberations as early as February 2023. This prospectus summarizes key policy issues underlying the proposals to date and tentative conclusions reached by LAFCO staff. The role of the prospectus is to help communicate these policy issues and facilitate early input from all interested parties – public or private – before LAFCO staff completes the administrative reviews.

PROPOSAL FILINGS: What Fallbrook PUD and Rainbow MWD are Asking to Do...

Fallbrook PUD and Rainbow MWD via separate filings in March 2020 are requesting LAFCO approval to transfer wholesale water service responsibilities within their combined 124 square mile jurisdictional boundaries from the San Diego County Water Authority to Eastern MWD in Riverside County. The requested transfer necessitates multiple jurisdictional changes and related approvals by LAFCO and headlined by concurrently (a) detaching the affected territory from the County Water Authority and (b) annexing into Eastern MWD. The stated purpose of the proposals is to achieve cost-savings with Fallbrook and Rainbow estimating the per acre-foot wholesale charge would decrease by (25%) from \$1,608 with the County Water Authority to \$1,195 with Eastern MWD with the latter secured by a MOU.

PROPOSAL FILINGS: What the County Water Authority is Asking in Response...

The County Water Authority is on record via resolution stating they will oppose the proposals unless:

- Rainbow and Fallbrook guarantee all obligations as promised to their own ratepayers are met.
- Detachments will not increase reliance on the Bay-Delta
- Detachments will not adversely affect other County Water Authority member agencies and San Diego County as a region financially or environmentally.
- Detachments will not diminish the County Water Authority's voting power at MET.

Fallbrook PUD and Rainbow MWD

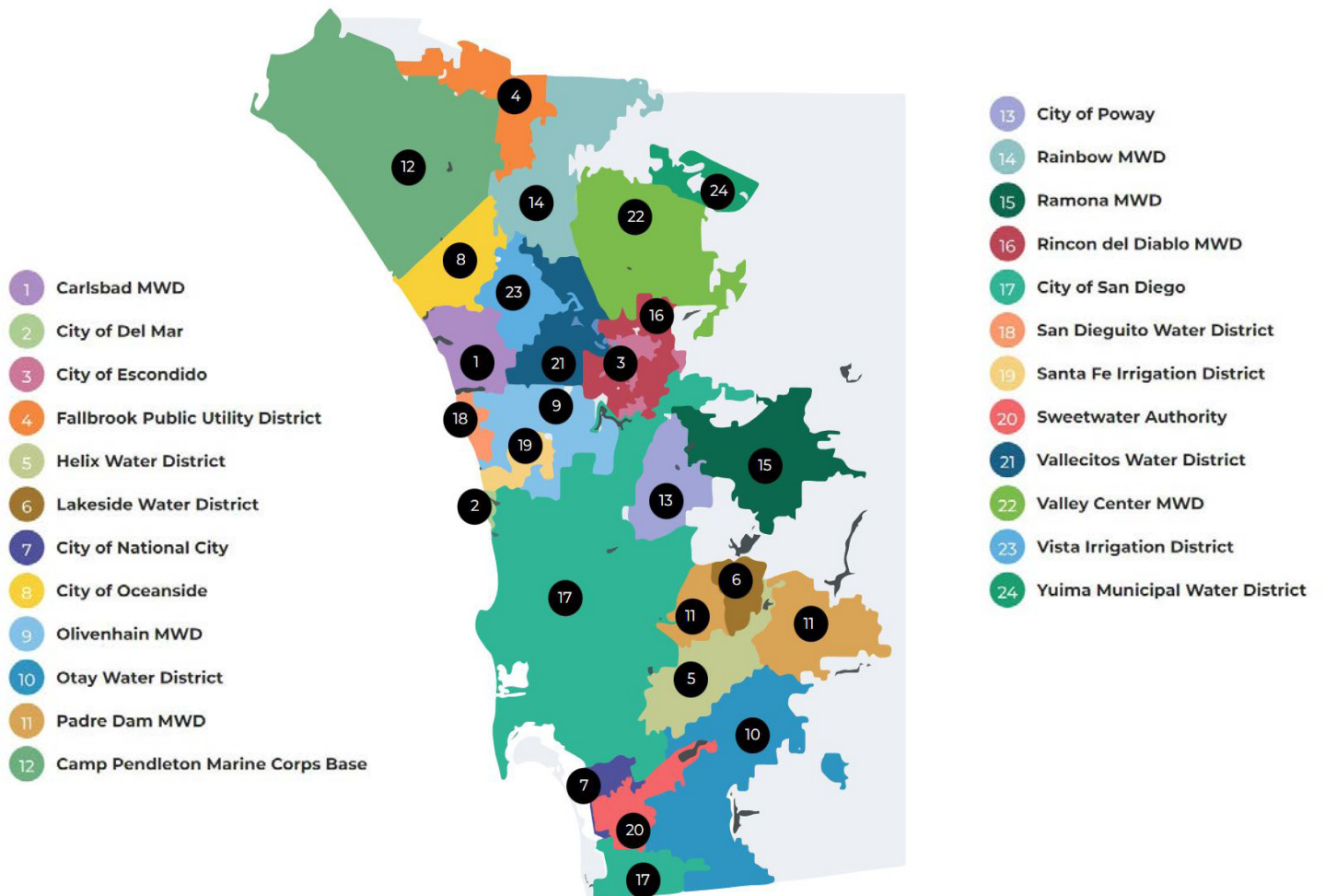
Fallbrook PUD

General Manager Tom Kennedy
 Formed in 1922
 Estimated Population is 33,986
 Avg Annual Water Demand is 9,161 AF
 6% of Customers are Ag
 38% of Water Demand is Ag



Rainbow MWD

General Manager Jack Bebee
 Formed in 1953
 Estimated Population is 22,130
 Avg Annual Water Demand is 16,976 AF
 29% of Customers are Ag
 67% of Water Demand is Ag





ADMINISTRATIVE REVIEW What's Been Done to Date...

Approval of MOU with Riverside LAFCO

In response to the proposal filings, San Diego and Riverside LAFCOs have entered into a memorandum of understanding (MOU) to establish tasks and responsibilities. The MOU designates San Diego as lead in preparing all related analysis and this includes completing a municipal service review on Eastern MWD to inform a conforming sphere of influence action to accommodate any annexation approvals. The MOU specifies San Diego shall actively consult with Riverside in processing the reorganizations and related studies. All approvals are delegated to San Diego.

Approval of Alternative Conducting Authority Proceedings

As allowed under statute, San Diego LAFCO has approved a request from the County Water Authority to apply alternative conducting authority proceedings should the Commission approve Fallbrook PUD and/or Rainbow MWD's proposals. This means – markedly – any proposal approval will bypass standard protest proceedings and directly proceed to a confirmation election of registered voters.

Establishment of an Advisory Committee & Technical Expertise from Dr. Michael Hanemann

Given the complexities and associated jurisdictional disputes underlying the proposals, San Diego LAFCO has created a 10-member Ad Hoc Committee to advise the Executive Officer through the administrative review process. The Ad Hoc includes representatives from all four subject agencies plus at-large members. The Ad Hoc has held 12 meetings to date with the majority focusing on three specific topics involving water supply reliability, ratepayer impacts, and possible true-up costs (exit fees) with technical analysis provided by Dr. Michael Hanemann with Arizona State University. The work of the Ad Hoc is expected to conclude shortly.

Property Tax Exchange Process

As required for all proposed jurisdictional changes, a property tax exchange analysis has been prepared for the Fallbrook PUD and Rainbow MWD proposals through the County of San Diego. This analysis concludes an existing tax exchange resolution previously adopted by the Board of Supervisors applies to the proposals and means if approved all property tax revenues (AB8 and unitary) currently allocated to the County Water Authority would transfer to Eastern MWD – which totals \$388,216 in 2022-2023. The analysis also concludes that the County Water Authority's existing fixed charges collected on the tax roll within Fallbrook and Rainbow – which presently totals \$723,604 – would be eliminated. The property tax exchange is considered complete, though it can be revisited if needed.



Solar panels facilitate well pumping in Fallbrook, California.



» Administrative Review

Fallbrook Region Municipal Service Review (MSR)

As a prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO has prepared and completed a municipal service review on the Fallbrook region and the local agencies operating therein subject to the Commission's oversight – including Fallbrook PUD and Rainbow MWD. The final report outlines nine central conclusions relative to LAFCO's growth management tasks and interests based on data collected and analyzed between 2016 and 2020. This includes concluding Fallbrook PUD and Rainbow MWD have experienced clear and measurable financial stresses during the report period and reflected in substantive declines in their liquidity, capital, and margin levels.

Addendum to MSR on Eastern MWD

As a separate prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO is preparing an addendum to Riverside LAFCO's most recent MSR on Eastern MWD. The addendum provides gap analysis in bringing data current with respect to Eastern MWD's potable water functions (wholesale and retail) and finances. The addendum is presently under administrative review by Riverside LAFCO and will be forwarded to the Commission in step with presenting both proposals.



TENTATIVE LAFCO STAFF CONCLUSIONS Where Staff's Analysis to Date is Going...

The following conclusions are purposefully premised as “tentative” and directly informed by analysis performed to date with the key qualifier, the administrative review remains active. Some tentative conclusions, nonetheless, are more firm than others. LAFCO staff welcomes the public’s review and comment on these tentative conclusions.

LAFCO Statute Governs

LAFCO statute – and not the County Water Authority Act – governs consideration of the proposals. Among other pertinent outcomes this means LAFCO has broad authority to condition any proposal approvals using the Commission’s quasi-legislative powers.

Eastern MWD’s Supplies are Reliable

Although the County Water Authority’s potable supply portfolio is superior given its diversification, Eastern MWD’s own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD.

Eastern MWD’s Finances are Healthy

Standard measurements used to assess the Eastern MWD’s financial standing shows it trended positively over the last five fiscal years with respect to liquidity, capital, and margin levels. The latter is highlighted by Eastern MWD finishing with positive total margins in four of the five years with an overall average of 4.5%

Fallbrook PUD and Rainbow MWD’s Ratepayers Will See Cost-Savings

LAFCO estimates the average monthly household impact for Fallbrook and Rainbow ratepayers is \$20.21 and \$26.79, respectively assuming full pass-through to ratepayers.

County Water Authority Member Agencies’ Ratepayers Will See Cost-Increases

LAFCO estimates through the help of an Ad Hoc Working Group the average monthly household impact for the remaining members agencies of the County Water Authority is \$2.20 assuming full pass-through to ratepayers. The City of San Diego impact (largest CWA customer) is estimated at \$1.05 per month/per household.

Approval of the Proposals is Reasonable if Conditioned on an Exit Fee

It would be appropriate to condition approval to require an annual true-up – or exit fee – equal to the estimated revenue loss (water sales, property taxes, available fees) for the County Water Authority should both Fallbrook PUD and Rainbow MWD detach. The purpose of the exit fee is to provide the County Water Authority a period of adjustment. This annual amount has been estimated by Dr. Hanemann in the short run at \$12.6 million.



Five Years is an Appropriate Length for an Exit Fee

As referenced, the purpose of an exit fee is to provide the County Water Authority and its remaining member agencies a level of financial protection in the short run while they adjust to the changed financial situation associated with Fallbrook PUD and Rainbow MWD detaching. Five years appears to be an appropriate standard to apply an annual exit fee.

Offsetting the Exit Fee to Reflect Ancillary County Water Authority Savings is Reasonable

The County Water Authority would save money should Fallbrook PUD and Rainbow MWD detach that would otherwise be expended on proceeding with the previously planned construction of the ESP North County Pump Station. The value of the associated savings – however – remains a topic of ongoing analysis.



» TENTATIVE LAFCO STAFF CONCLUSIONS

Loss of Voting Rights at MET is a Valid Concern with a Possible Solution

Should Fallbrook PUD and Rainbow MWD detach from the County Water Authority and annex into Eastern MWD a proportional change in voting rights at MET would follow. The estimated value of voting rights – though relatively small – is substantive given it falls within the margin of a recent key vote at MET involving the selection of their new general manager. One possible and otherwise merited solution would involve applying a separate condition to require a MOU between Eastern MWD and County Water Authority to retain the voting apportionment associated with Fallbrook and Rainbow for at least the first five years.

Class 20 CEQA Exemptions Are Appropriate

Consistent with the findings made by Fallbrook PUD and Rainbow MWD in their resolutions of application, Class 20 exemptions appropriately apply to both proposals. These exemptions appropriately apply given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions.

Other Terms and/or Measures May Also Be Appropriate Based on Commission Preferences

Possible examples:

- A LAFCO prescribed “roll-out” requiring Fallbrook PUD and Rainbow MWD to remain member agencies with County Water Authority for a specified period of time before allowing the detachments to formally proceed.
- Requiring the completion of a municipal service review on the County Water Authority.

Other Terms and/or Measures Raised by Others Appear Problematic

Example:

- The County Water Authority is on record requesting San Diego LAFCO condition any proposal approvals on expanding the “affected territory” for purposes of calling an election to include all registered voters within its member agencies’ boundaries. Commission Counsel does not believe this option is available to the Commission.



ADMINISTRATIVE REVIEW What Remains to be Done...

Complete Staff Report & Address all Statutory and Local Policy Factors

San Diego LAFCO staff is currently preparing a report on the Fallbrook PUD and Rainbow MWD proposals with recommendations that includes addressing all review factors required under State law as well as local policy. The former is headlined by considering all of the factors required under Government Code Section 56668 and ranges in scope from addressing the proposals' conformance growth and development objectives to relationship to environmental justice. The latter is marked by L-107 and consideration of options in addressing known jurisdictional disputes.

Scheduling a Public Hearing

San Diego LAFCO staff anticipates scheduling a public hearing for the Commission to begin its deliberations on the Fallbrook PUD and Rainbow MWD proposal as part of a combined item in February 2023. Notice will be provided to all subject and affected agencies and published in the UT no less than 21 days in advance.

Additional Information

Additional information on the combined proposals is available online. This includes pertinent documents, including but not limited to, applications submitted by both Fallbrook PUD and Rainbow MWD, agenda materials for all Ad-Hoc Committee meetings, as well as all correspondence received to-date.

Receive Written Comments

The public is invited to provide comments on this prospectus and the combined proposal as part of the administrative review process.

Written comments received by Wednesday, November 30, 2022, will be incorporated into preparing a draft document to be presented at a future meeting and tentatively scheduled for February 6, 2023. Comments and questions should be directed to Priscilla Mumpower, Analyst II by e-mail at priscilla.mumpower@sdcounty.ca.gov or by telephone at **619.321.3380**.

Separate public review and comment period will be noticed and ahead of presenting a final staff report to the Commission.

EXHIBIT 2

Dr. Hanemann Report -- Executive Summary, pp. 14-16 (emphases added).

NO. 5 | WATER SUPPLY RELIABILITY

EMWD has both retail and wholesale customers. While about half of EMWD's supply is local supplies, it does not share those with its wholesale customers. Under the present arrangement, if FPUD and RMWD become members of EMWD this will not bring them access to any of EMWD's local supply. Through EMWD they will receive only M-water from MWD. With the Santa Margarita Conjunctive Use Project online, about half of FPUD's total consumption is now local supply, but RMWD has almost no local supply and will be essentially as dependent on MWD as SDCWA was in 1991. In contrast, SDCWA is now largely independent of M-water: that accounted for 24% of SDCWA's supply in CY 2020, about 12% in CY 2021, and is projected to decline even further over the next decade. The bulk of SDCWA's supply portfolio is: (i) QSA water from the Colorado River which comes under a higher priority water right than most of MWD's Colorado River M-water, and (ii) water from the Carlsbad Desal facility, which is fully protected against streamflow uncertainty.

The superior reliability of SDCWA's supply has benefitted FPUD and RMWD in the past. In the drought of 2009, SDCWA faced a 13% cut-back in the delivery of M-water. However, because of its access to QSA water, SDCWA was able to reduce deliveries to its member agencies by only 8%. In the 2015-2016 drought, the supply from the Carlsbad Desalination Facility was certified as drought-resilient, which lowered FPUD and RMWD's mandated water use reduction from 36% to 28%. In May 2016, the conservation mandate was replaced with a localized "stress test" under which a wholesale water agency could document its ability to meet demands for 2017-2019 should dry conditions continue. Based on the availability of SDCWA's drought resilient supply, the conservation requirement for FPUD, RMWD and other member agencies was reduced to 0%.

Both of MWD's sources of M-water – SWP water and Colorado River water -- have supply reliability issues.

There are supply reliability issues for SWP water with regard to: (i) the amount of water available for it to take from its source, the Feather River in the Sacramento Valley, and (ii) the ability to convey that water through the Sacramento/San Joaquin Delta to SWP member agencies south of the Delta.

- With regard to the availability of Feather River water, long-standing issues are that droughts are a fact of life in California and that SWP has relatively little carryover storage. A new factor is climate change and the growing recognition that droughts will become more frequent and more severe. Before 2013, there were only two years since SWP deliveries began in 1972 when it delivered a very low supply relative to its Table A commitment; but six of the nine years since then have seen a very low SWP supply. In addition, with soils becoming drier, with climate warming, northern California

streamflow is becoming harder to predict using the standard hydrological models, rendering water supply less predictable.

- With regard to conveyance through the Delta, there are two issues: (i) environmental restrictions on releases have increased since the 2000s and (ii) there is a general recognition that the levee system used to convey SWP water is unreliable and will have to be replaced. The first proposal, launched in 2015 and known as WaterFix, involved two tunnels under the Delta, at an estimated cost of about \$17 billion in 2017 dollars. MWD planned to acquire a 64.6% share in the supply at a projected cost of \$10.8 billion. The proposal was withdrawn by Governor Newsom in 2019, and a one-tunnel project is being developed, known as the Delta Conveyance Project, with a preliminary cost estimate of \$15.9 billion (in 2020 dollars). Exactly when the project will be completed, and at what cost, is unknown. It might not come into full operation for another 10 or 15 years. Without it, the ability to convey SWP (and CVP) water to users south of the Delta remains at risk.

The Colorado River was MWD's original source of water and remained its larger source until the QSA took effect in 2003, reducing MWD's firm supply of Colorado River water. Starting in 2003, SWP made up the majority of MWD's water. The recent difficulties with SWP deliveries are causing a return to Colorado River water. However, there has been a twenty-year drought on the Colorado River, and the impacts are now beginning to be felt. Lake Mead and Lake Powell, the country's two largest reservoirs, are now at their lowest levels ever. In September, for the first time in history, a Tier 1 shortage was declared on the river. Tier 1 reduces diversions by Arizona and Nevada but not California. California loses about 5% of its diversion under Tier 2b, and about 8% under Tier 3. Current projections are that there is a 25% chance of a Tier 3 declaration in 2023, a 44% chance in 2024, and a 59% chance in 2025. In the event of a California reduction, the brunt would be borne by MWD, not SDCWA, because of the seniority of the water right to which SDCWA has access. Looking to the future, Tier 3 will not be enough to manage the Colorado River under the "new normal" conditions now being anticipated; sharper cutbacks will probably be required for all three lower basin states.

In anticipation of possible shortage, MWD has built up substantial dry-year reserves stored in groundwater banks in the San Joaquin Valley and Coachella Valley and in Lake Mead. This will enable it to withstand two or three critical shortage years in a row. However, projected climate change scenarios indicate the possibility of significantly longer droughts in the future. It is not clear that MWD yet has the practical capacity to sustain more severe and prolonged drought, especially on the Colorado River.

In switching from being wholesale customers of SDCWA to EMWD, FPUD and especially RMWD may face some challenges. Riverside County is the fastest growing county in California. While EMWD has significant local supplies, it does not share those with its wholesale customers – it provides only MWD water to them. Most of EMWD's wholesale customers themselves have substantial local supplies. The City of Perris and RMWD will be the only EMWD wholesale customers who are solely dependent on MWD water.

EMWD presented an analysis showing that it would be able in a drought to withstand a 30% reduction in MWD deliveries, sparing any wholesale customer (including FPUD and RMWD) from being short of supply. However, that analysis rests on certain assumptions which I find unrealistic.

In summary, while I believe that FPUD and RMWD are taking something of a gamble on supply reliability if they switch from SDCWA to EMWD, the gamble ultimately is not one of running out of water but, rather, paying a higher price than they had anticipated to get by in a drought.

EXHIBIT 3

Base Year Reallocation of Detachment Reduced Revenue

(Table 4.9 of the Water Authority's September Response)

	Supply Reliability Charge	Customer Service Charge	Storage Charge	IAC	Estimated Fixed Charge Annual Impact	FY 2020 Deliveries (AF)	Est. Variable Impact (AF*\$27.95)	Total Net Annual Impact* (Fixed + Variable)
Carlsbad M.W.D.	\$59,287	\$54,029	\$89,307	\$54,553	\$257,176	11,957	\$334,157	\$591,333
Del Mar, City of	\$4,240	\$4,267	\$7,052	\$3,746	\$19,304	954	\$26,661	\$45,965
Escondido, City of	\$70,865	\$74,868	\$112,199	\$53,156	\$311,089	5,791	\$161,826	\$472,915
Fallbrook P.U.D.	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Helix W.D.	\$115,659	\$108,083	\$178,656	\$97,953	\$500,351	20,711	\$578,818	\$1,079,169
Lakeside W.D.	\$11,664	\$11,580	\$19,141	\$12,313	\$54,699	2,879	\$80,453	\$135,153
Oceanside, City of	\$91,844	\$91,206	\$148,763	\$86,351	\$418,163	19,844	\$554,568	\$972,732
Olivenhain M.W.D.	\$77,840	\$76,971	\$126,606	\$42,301	\$323,718	17,189	\$480,386	\$804,104
Otay W.D.	\$122,528	\$120,382	\$198,987	\$90,342	\$532,238	28,309	\$791,138	\$1,323,376
Padre Dam M.W.D.	\$41,274	\$41,522	\$67,744	\$40,331	\$190,871	9,589	\$267,976	\$458,847
Pendleton Military Reserve	\$288	\$311	\$514	\$0	\$1,113	52	\$1,448	\$2,561
Poway, City of	\$40,590	\$39,019	\$64,242	\$25,541	\$169,392	8,714	\$243,515	\$412,907
Rainbow M.W.D.	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Ramona M.W.D.	\$18,256	\$21,618	\$29,040	\$15,368	\$84,282	3,755	\$104,929	\$189,211
Rincon Del Diablo M.W.D.	\$22,394	\$21,760	\$35,856	\$15,350	\$95,360	4,839	\$135,232	\$230,592
San Diego, City of	\$716,158	\$673,788	\$1,112,548	\$591,116	\$3,093,609	151,865	\$4,244,135	\$7,337,745
San Dieguito W.D.	\$17,209	\$14,400	\$23,802	\$22,678	\$78,090	3,128	\$87,404	\$165,494
Santa Fe I.D.	\$31,250	\$28,229	\$46,662	\$15,929	\$122,070	5,626	\$157,223	\$279,293
Sweetwater Authority	\$41,421	\$29,183	\$48,238	\$64,599	\$183,441	950	\$26,544	\$209,985
Vallecitos W.D.	\$51,168	\$49,156	\$75,939	\$40,904	\$217,167	10,860	\$303,505	\$520,672
Valley Center M.W.D.	\$31,687	\$85,836	\$51,374	\$21,972	\$190,869	16,684	\$466,259	\$657,128
Vista I.D.	\$65,536	\$63,914	\$105,287	\$53,574	\$288,312	3,361	\$93,940	\$382,252
Yuima M.W.D.	\$4,643	\$21,960	\$9,867	\$916	\$37,386	4,652	\$130,020	\$167,406
South Coast W.D.	\$531	\$445	\$0	\$0	\$976		\$0	\$976
Total	\$1,636,332	\$1,632,528	\$2,551,824	\$1,348,992	\$7,169,676	331,709	9,270,137	\$16,439,816

EXHIBIT 4

From: George.Michael@Waterboards
To: Kerl.Sandy
Cc: Pearson.Jessica@DeltaCouncil; Kammeier.Lindsay@Waterboards; Coupe.David@Waterboards
Subject: Reduced Reliance on the Delta
Date: Thursday, September 17, 2020 12:26:00 PM

Sandy,

I appreciate the San Diego County Water Authority (SDCWA) bringing to my attention the proposal currently pending before the San Diego County Local Agency Formation Commission (LAFCO) for de-annexation of two member agencies of SDCWA, namely the Fallbrook Public Utility District (Fallbrook) and Rainbow Municipal Water District (Rainbow), and for subsequent annexation of those two agencies into Eastern Municipal Water District (Eastern MWD) to receive service solely under a water supply contract.

Although I have not read the docket of the LAFCO proceedings, I understand the “reduced reliance” issue arises because Fallbrook and Rainbow seek to withdraw from SDCWA so as to shed the incremental cost associated SDCWA’s independent regional water supply portfolio. The two agencies propose to substitute a water supply contract with Eastern MWD under which they would solely receive imported water from the Metropolitan Water District of Southern California (Met), without any access to Eastern MWD’s independent supplies. Upon these facts and taking into account the apparent paucity of Fallbrook’s and Rainbow’s own local supplies, the proposed substitute water supply arrangement appears to increase reliance on the Delta by concentrating their future water supply dependence on Met which imports a variable but significant portion of its supply from the Delta through the State Water Project (SWP).

In considering the Fallbrook and Rainbow proposal, it is appropriate for all parties to take notice of California’s policy of reducing reliance on the Delta as a water supply source:

The policy of the State of California is to reduce reliance on the Delta in meeting California’s future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency. Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of local and regional water supply efforts.

Water Code §85021.

Since long before this section of the Water Code was added by the Delta Reform Act of 2009, SDCWA has been pursuing “regional self-reliance for water,” making significant investments to support that policy. Expanded regional storage, stringent consumer water conservation, a large desalination plant, system conservation projects (including canal lining and other upgrades) and ambitious recycling and storm water capture projects have all been supported by the SDCWA and its member agencies. Although this conscientious, decades-long drive toward regional self-reliance has been expensive, it has dramatically improved regional supply reliability and reduced reliance on unstable and inconsistent supplies withdrawn from the Delta.

The policy of reduced reliance on the Delta is not self-executing. Therefore, in that same Delta Reform Act, the legislature created the Delta Stewardship Council (Council) and charged the Council with developing a comprehensive plan (the Delta Plan) to accomplish the State's co-equal goals of improving water supply reliability and restoring the Delta's ecosystem, while protecting the Delta as an evolving place. [WC §85300 et seq.] The Act also created the Delta Watermaster as an independent officer of the State reporting jointly to the State Water Resources Control Board (Water Board) and the Council. Serving in that position, I exercise the Water Board's administrative authority over all water diversions in the Delta, including diversions by the SWP at the Banks Pumping Plant in the southern Delta, near Tracy. [WC §85230.]

In pursuit of the State's effort to reduce reliance on the Delta as a water supply source, the Council included in the Delta Plan a regulatory policy [WR P1: Reduce Reliance on the Delta through Improved Regional Water Self-Reliance]. In explaining the scope and purpose of the policy, the Council noted:

It is important to recognize that reliance on water from the Delta...varies throughout California, from region to region and water supplier to water supplier. Some water suppliers have greater access to alternative water supplies or have a greater ability to implement a diverse range of water efficiency and water supply projects. Others... may have a narrower range of options.... The key is that every supplier must do its part and take appropriate action to improve regional self-reliance and contribute to reduced reliance on water from the Delta watershed.

The Delta Plan, 2013, Appendix G at G-5. If my high-level understanding of Fallbrook's and Rainbow's proposals is accurate, then those proposals run directly counter to this policy, because they would inevitably reduce the diversification of supply available through membership in SDCWA and increase demand on the SWP.

The Delta Plan is the legally enforceable regulatory framework for government activity in the Delta.^[1] However, the regulatory policy of reduced reliance on the Delta as a water supply source is enforced in the Delta by requiring that projects within the Delta ("covered actions" in the legislative argot) must certify consistency with the Delta Plan. Such certifications by project proponents may be challenged before the Council. In hearing an appeal, the Council either (i) upholds the consistency determination, if it is supported by substantial evidence in the record before the project proponent or (ii) upholds the challenge, in which case the project is remanded for amendment sufficient to support consistency.

I recite the foregoing as the context in which I view the de-annexation proposal brought before LAFCO by Fallbrook and Rainbow. De-annexation, if approved by LAFCO and carried out by those local water suppliers, would not be a "covered action," because it does not involve any physical activity within the Delta. Therefore, the required consistency with WR P1 would not be triggered directly.

However, there is a recent example of how local actions outside the Delta that are inconsistent with the State's policy of reduced reliance on the Delta as a water supply source triggers the Council's WR P1 analysis. In 2018, the Department of Water Resources (DWR) certified that the SWP's WaterFix project (also known as the twin tunnels conveyance

project) was consistent with the Delta Plan. Numerous parties appealed to the Council, claiming, among other things, that WaterFix was inconsistent with WR P1. Because DWR was unable to demonstrate that all of the suppliers who received water from the SWP had taken appropriate steps to reduce their reliance on the Delta supply source, the Council's staff recommended that the appeal be upheld. Faced with a likely rejection of its consistency certification, DWR withdrew.

The SWP is currently pursuing a single tunnel alternative conveyance project within the Delta to support SWP exports. Assuming that project stays on track, DWR will again have to certify that it is consistent with the Delta Plan, including WR P1. In that context, the proposed de-annexation could be viewed as reversing Fallbrook's and Rainbow's reduced reliance as members of the diversifying SDCWA and increasing their agencies' reliance on the Delta through proposed contractual arrangements for water from SWP-dependent supplies.

From my Delta-centric point of view, it does not matter that the molecules of water delivered to Fallbrook and Rainbow under the contract with Eastern MWD might be the same molecules delivered through the same physical infrastructure as before. What does matter is that the two agencies would be increasing reliance on the Delta because they would abandon a less Delta-dependent supply mix (available through their SDWA membership) in favor of a more Delta-reliant supply mix (available under the contract with Eastern MWD).

Because the proposed de-annexation is not a covered action occurring inside the Delta and because my jurisdiction as Delta Watermaster is limited to the Delta, I will not weigh in directly with LAFCO to offer an opinion on the de-annexation proposals. Nonetheless, it appears to me that approving the pending proposals would be an unfortunate instance of backsliding from supply diversity/security, apparently in exchange for short-term relief from the costs associated with SDCWA's more resilient supply mix.

Thanks again for bringing this issue to my attention. I am encouraged that the State policy of reduced reliance on the Delta is being actively considered in the LAFCO process.

Michael

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[1] See *Delta Stewardship Council Cases*, C082944 & C086199, the Third District Court of Appeal's April 10, 2020 decision upholding the Delta Plan. On August 12, 2020, the Supreme Court denied a petition for further review, letting the Court of Appeal's affirmation of the Delta Plan stand as the final judicial order.

[1] See *Delta Stewardship Council Cases*, C082944 & C086199, the Third District Court of Appeal's April 10, 2020 decision upholding the Delta Plan. On August 12, 2020, the Supreme Court denied a petition for further review, letting the Court of Appeal's affirmation of the Delta Plan stand as the final judicial order.

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EXHIBIT 5

Estimated QSA Supplies Delivered to Fallbrook PUD and Rainbow MWD (AF)

(Treated water deliveries between January 2019 through September 2022)

Date	A	B	C=A+B	D	E	F=D+E	G	H	I=(G+H)-D, if G+H>D
	QSA Treated Deliveries from MWD	QSA Untreated Deliveries from MWD	Total	Net MWD Treated Supply	Net MWD Untreated Supply	Total	Water Authority Sales to Fallbrook	Water Authority Sales to Rainbow	Estimated Minimum QSA Supplies Delivered to Fallbrook and Rainbow
1/31/2019	217	14,570	14,787	4,533	-	4,533	341	362	-
2/28/2019	524	12,776	13,300	1,728	-	1,728	223	244	-
3/31/2019		14,487	14,487	2,726	1,718	4,445	391	424	-
4/30/2019	1,124	20,557	21,680	3,796	-	3,796	669	1,337	-
5/31/2019	431	21,249	21,680	2,584	0	2,584	302	1,074	-
6/30/2019		21,680	21,680	4,185	598	4,782	834	1,227	-
7/31/2019		21,681	21,681	4,725	5,929	10,655	962	2,189	-
8/31/2019		21,681	21,681	5,719	10,741	16,460	820	1,986	-
9/30/2019		21,681	21,681	5,712	7,937	13,648	1,063	1,538	-
10/31/2019		21,681	21,681	6,014	7,341	13,355	786	1,956	-
11/30/2019	172	21,509	21,681	4,301	-	4,301	920	852	-
12/31/2019	1,711	19,971	21,681	415	-	415	158	531	274
1/31/2020	3,593	18,923	22,517	156	-	156	414	536	795
2/29/2020	3,532	18,985	22,517	535	-	535	491	779	735
3/31/2020	2,624	19,892	22,517	253	-	253	365	416	529
4/30/2020	4,341	12,805	17,146	742	-	742	483	723	463
5/31/2020	6,491	16,026	22,517	1,372	-	1,372	587	1,479	694
6/30/2020	4,241	18,276	22,517	226	-	226	774	1,494	2,043
7/31/2020	5,675	22,213	27,888	334	-	334	1,246	2,090	3,003
8/31/2020		22,517	22,517	4,970	3,992	8,962	779	1,731	-
9/30/2020		22,517	22,517	5,033	5,326	10,360	1,074	2,441	-
10/31/2020		22,517	22,517	4,268	1,531	5,799	778	1,405	-
11/30/2020		22,517	22,517	3,785	524	4,309	614	1,158	-
12/31/2020		22,517	22,517	3,520	1,683	5,203	620	1,123	-
1/31/2021	2,558	21,000	23,558	297	-	297	488	701	891
2/28/2021	2,366	21,192	23,558	368	-	368	439	764	835
3/31/2021 ³	4,691	18,867	23,558	8	-	8	468	787	1,247
4/30/2021	-	23,558	23,558	4,093	1,493	5,587	986	1,555	-
5/31/2021	-	23,558	23,558	4,624	144	4,769	506	1,714	-
6/30/2021	-	23,558	23,558	4,762	3,713	8,475	973	1,505	-
7/31/2021	-	23,558	23,558	5,041	4,062	9,103	596	1,898	-
8/31/2021	-	23,558	23,558	5,197	2,703	7,899	976	2,048	-
9/30/2021	-	23,558	23,558	5,439	1,485	6,924	882	1,825	-
10/31/2021	-	23,558	23,558	4,921	853	5,774	621	1,302	-
11/30/2021	-	23,558	23,558	4,095	1,964	6,059	643	1,144	-
12/31/2021	2,914	20,556	23,470	2	-	2	353	683	1,034
1/31/2022	2,636	20,714	23,350	320	-	320	304	733	717
2/28/2022	3,297	20,053	23,350	287	-	287	422	1,171	1,306
3/31/2022	2,583	20,767	23,350	379	-	379	453	781	854
4/30/2022	319	23,031	23,350	3,997	-	3,997	627	1,512	-
5/31/2022	-	23,350	23,350	4,703	1,445	6,148	847	1,514	-
6/30/2022	-	23,350	23,350	4,833	2,272	7,104	613	1,696	-
7/31/2022	-	29,900	29,900	6,047	6,760	12,807	868	2,021	-
8/31/2022	-	29,340	29,340	4,866	11,059	15,925	815	2,019	-
9/30/2022	-	23,350	23,350	5,298	13,874	19,172	690	1,912	-
							Total		15,420

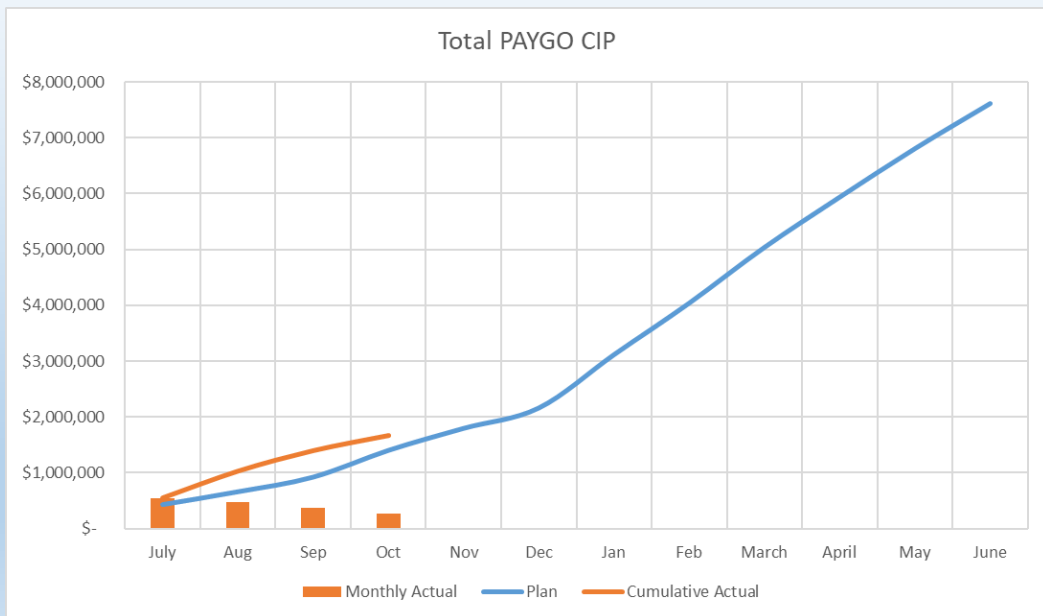


Fallbrook Public Utility District

Engineering and Operations FY23

Board Meeting Nov/Dec 2022

Total CIP FY23



Wastewater Treatment

Reclamation Plant

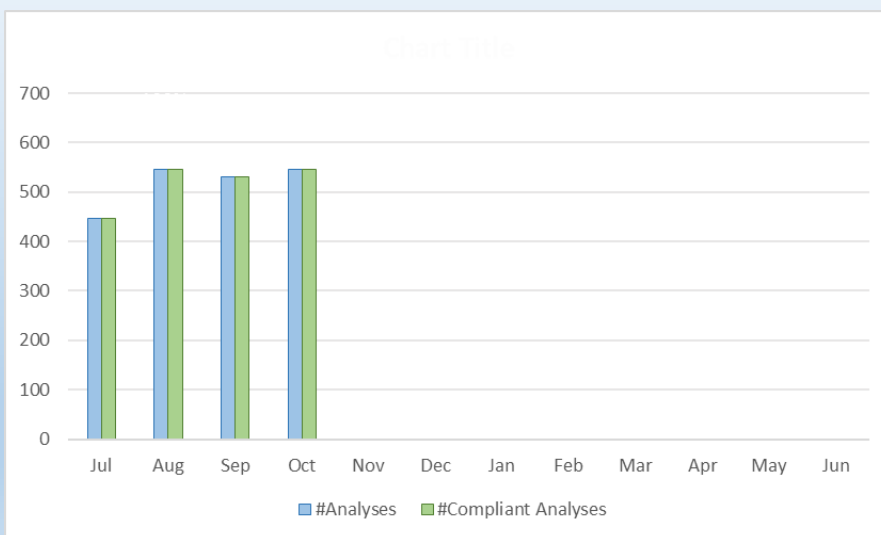
Recycled Water

- Wastewater System Violations
- Reclamation Plant PMs Completed
- Energy Cost per MG
- Recycled Water – Time Out of Service

Wastewater Treatment System Regulatory Compliance

**SRWQCB
Compliance:**
NPDES
WDR

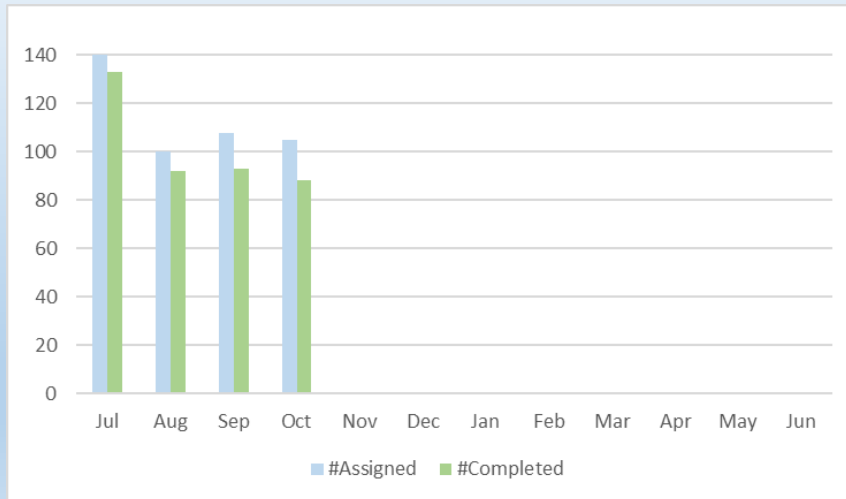
**Analyses
performed:**
Daily
Monthly
Quarterly
Semi-annually
Annually



Reclamation Plant – Preventative Maintenance Work Orders

Equipment Service/Inspection

Site Maintenance

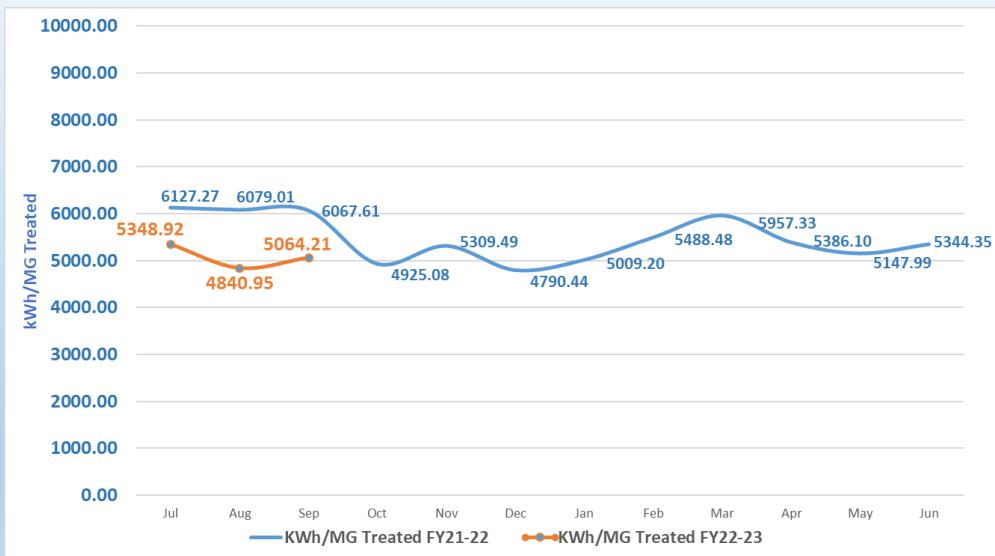


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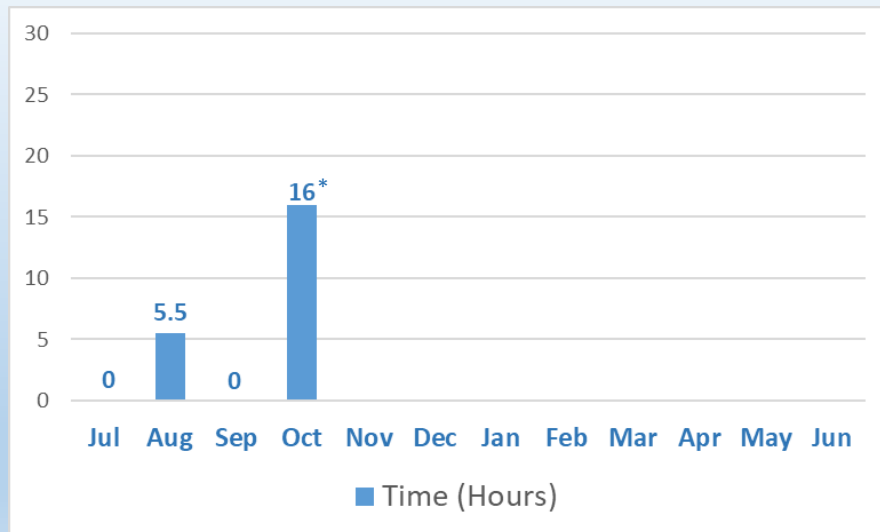
$$\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$$

Reclamation Plant – Energy Usage (KWh/MG Treated)



6

Recycled Water – Time out of Service (Hours)



*RW Users were offline for 16 hours due to recycled water line break.

7

Water Operations

Regulatory Compliance

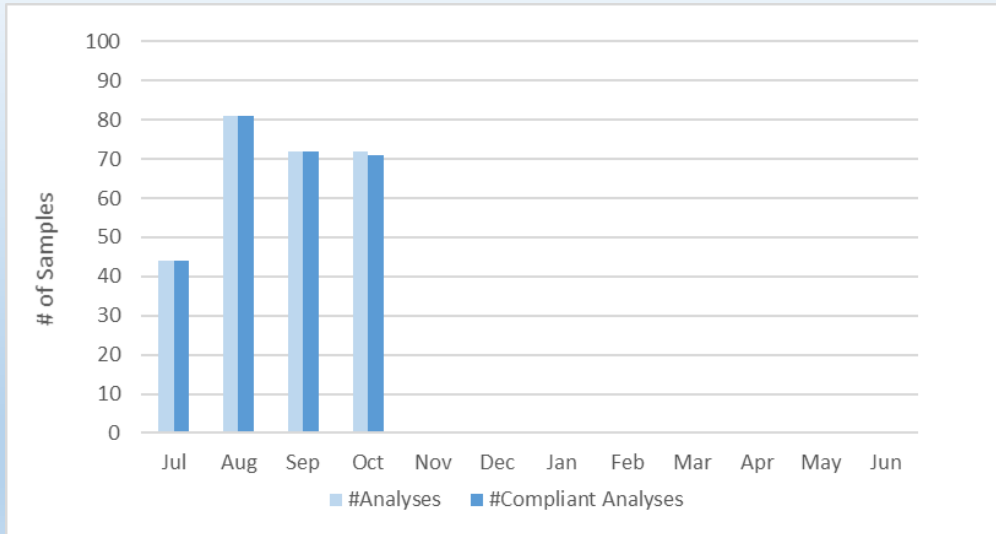
Preventative Maintenance Work Orders

CUP Deliveries

8

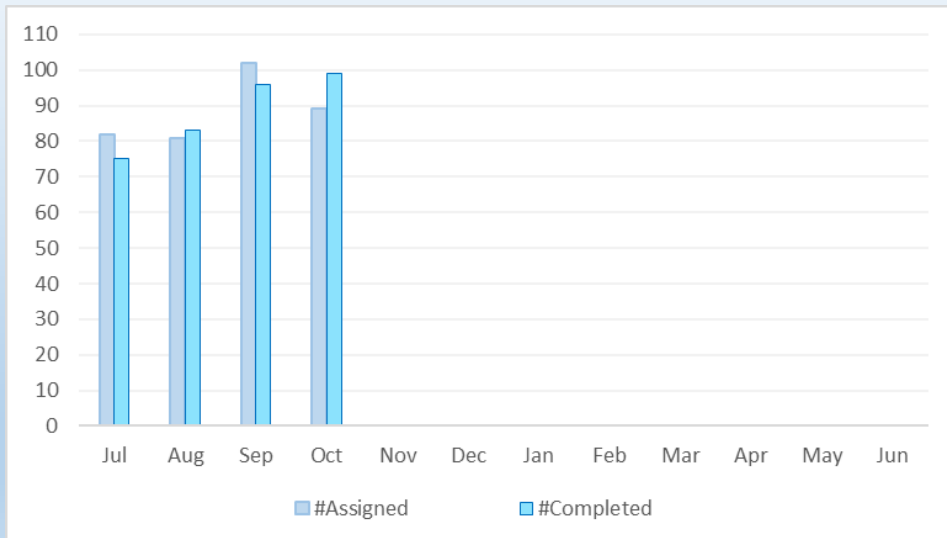
Water System Regulatory Compliance

- Facility Operation
- Routine Sampling



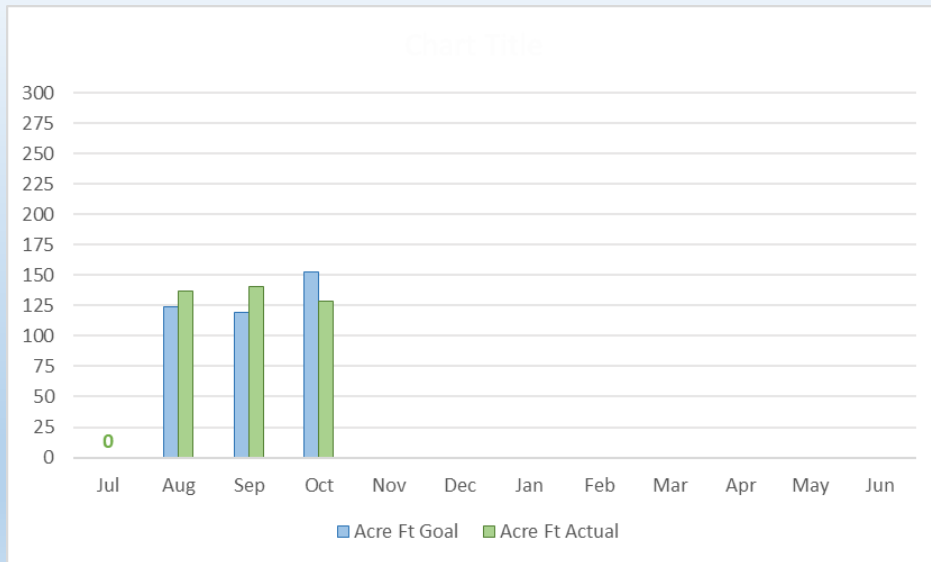
9

Water Preventative Maintenance Work Orders



10

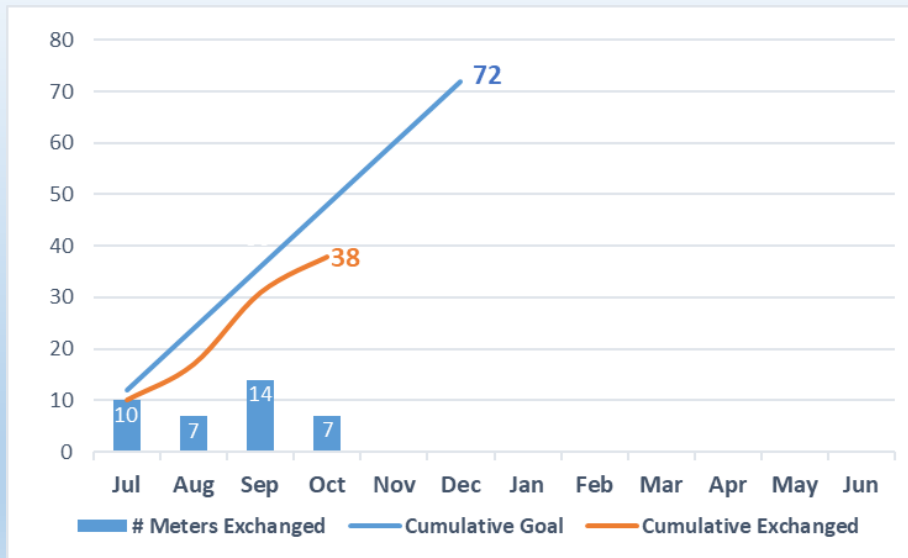
CUP Deliveries



Meter Services

Meter Exchange Program

Meter Exchange



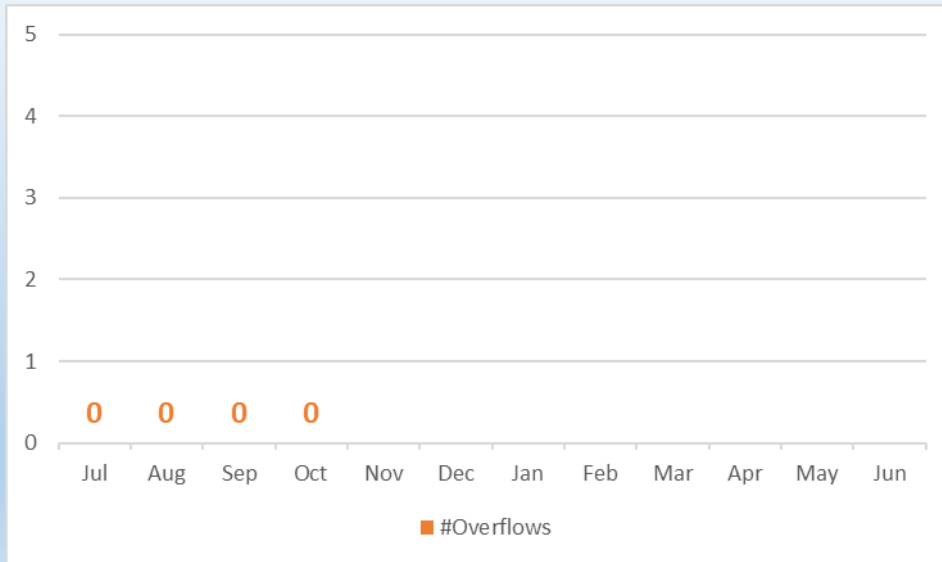
13

Wastewater Collections

Total Wastewater Spilled
Non-Recovered Wastewater Spilled
Odor Complaints

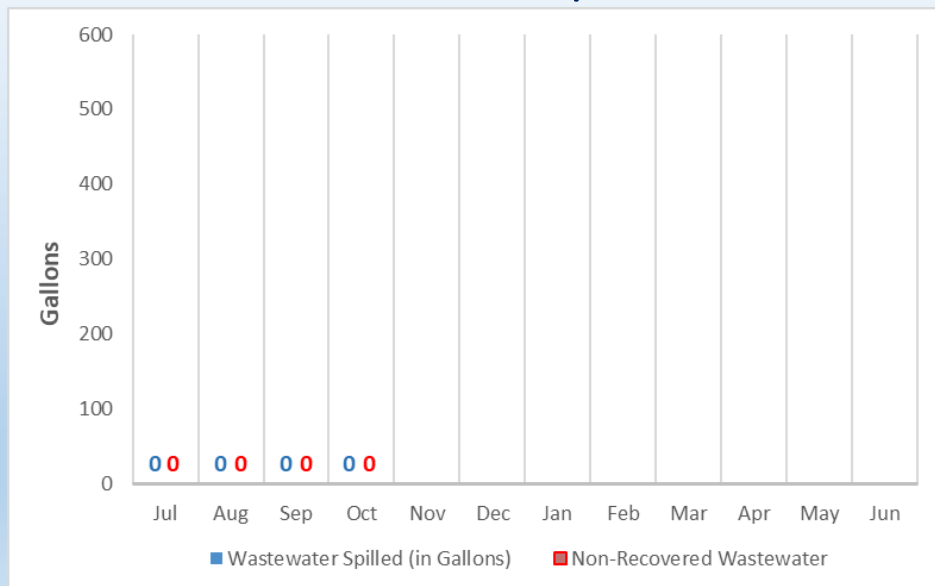
14

Wastewater Collections Sewer Overflows



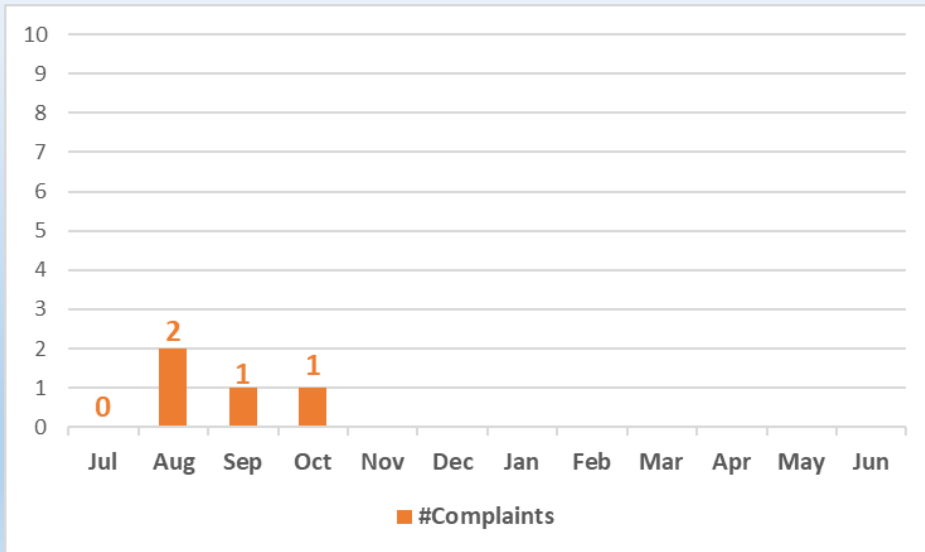
15

Wastewater Collections Wastewater Spilled



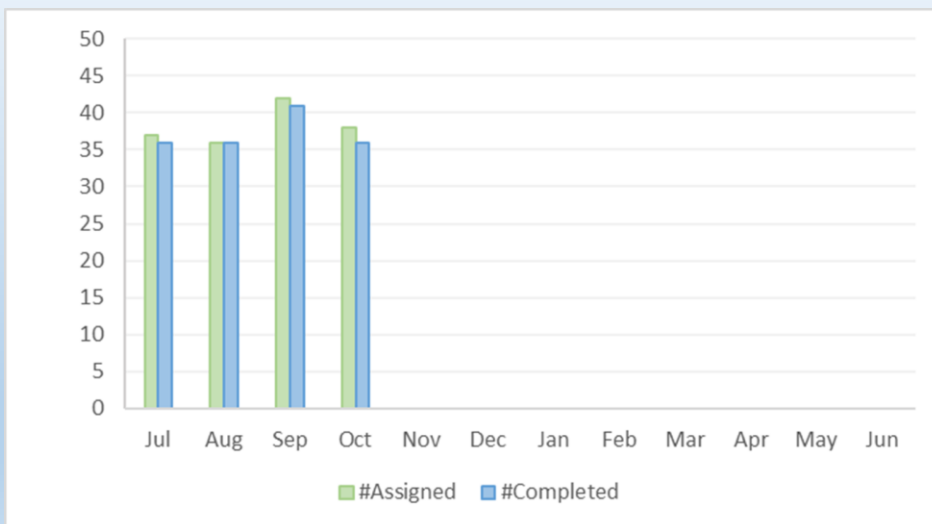
16

Reclamation Plant & Wastewater Collections Odor Complaints



17

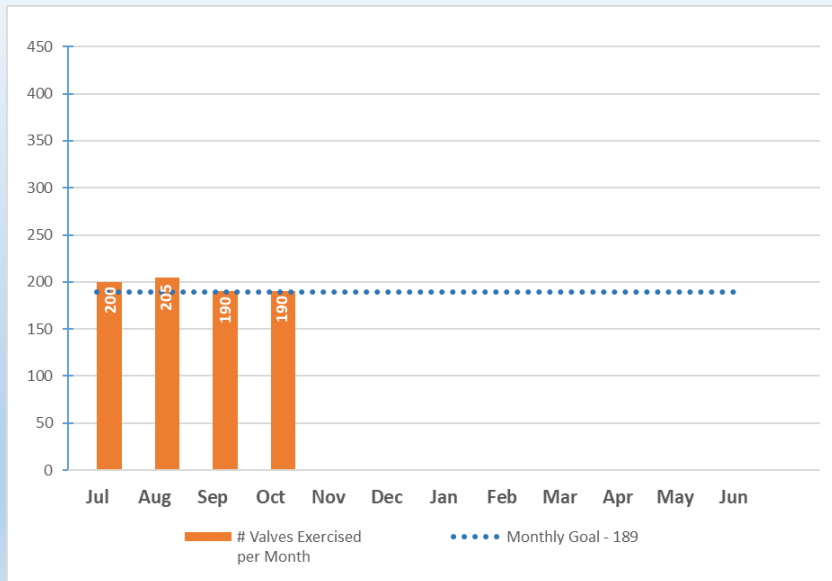
Wastewater Collections – Preventative Maintenance Work Orders



18

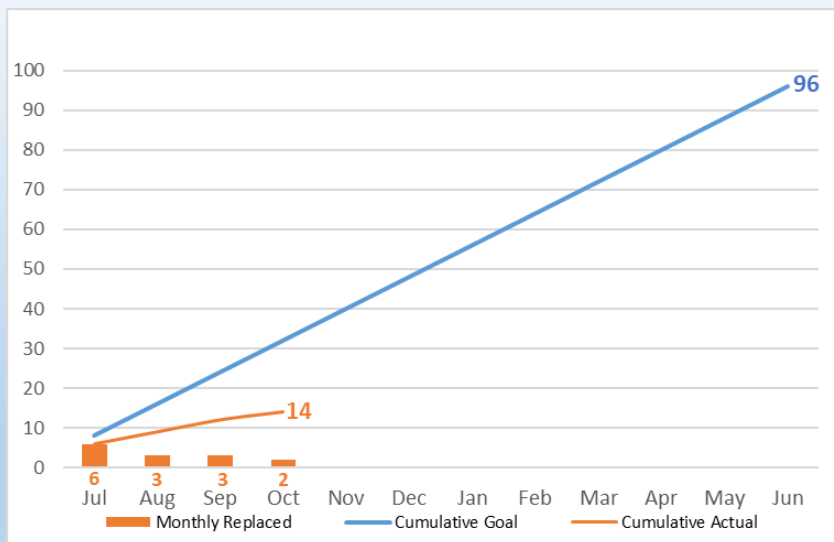
Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns



19

Main Line Valves Replaced

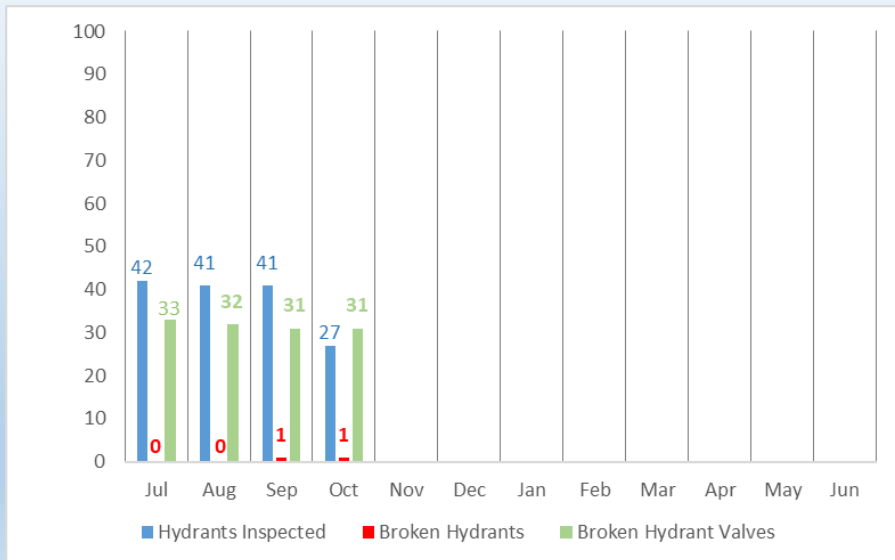


NOTE: Valve count is by number of tees on each valve

20

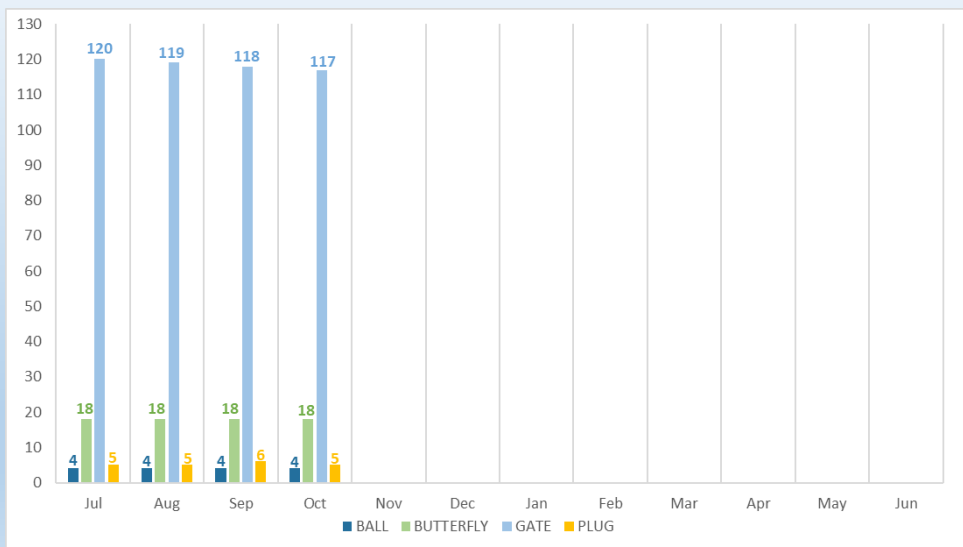
Fire Hydrants

of OCT flow tests: 0



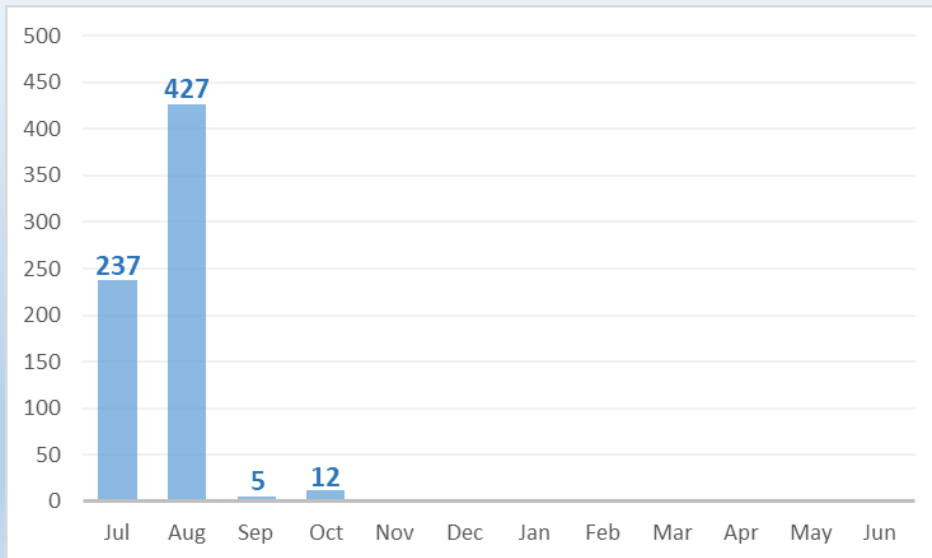
21

Rolling Total Broken Valves (4" and above)



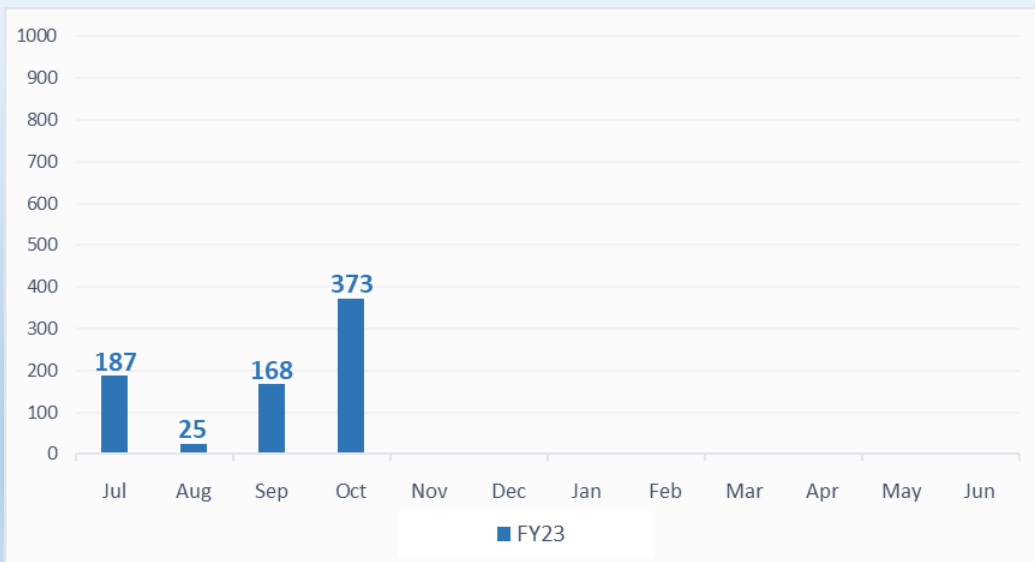
22

Planned Water Outages > 4 Hours # of Customers Affected



23

Unplanned Water Outages > 4 Hours # of Customers Affected



24

M E M O

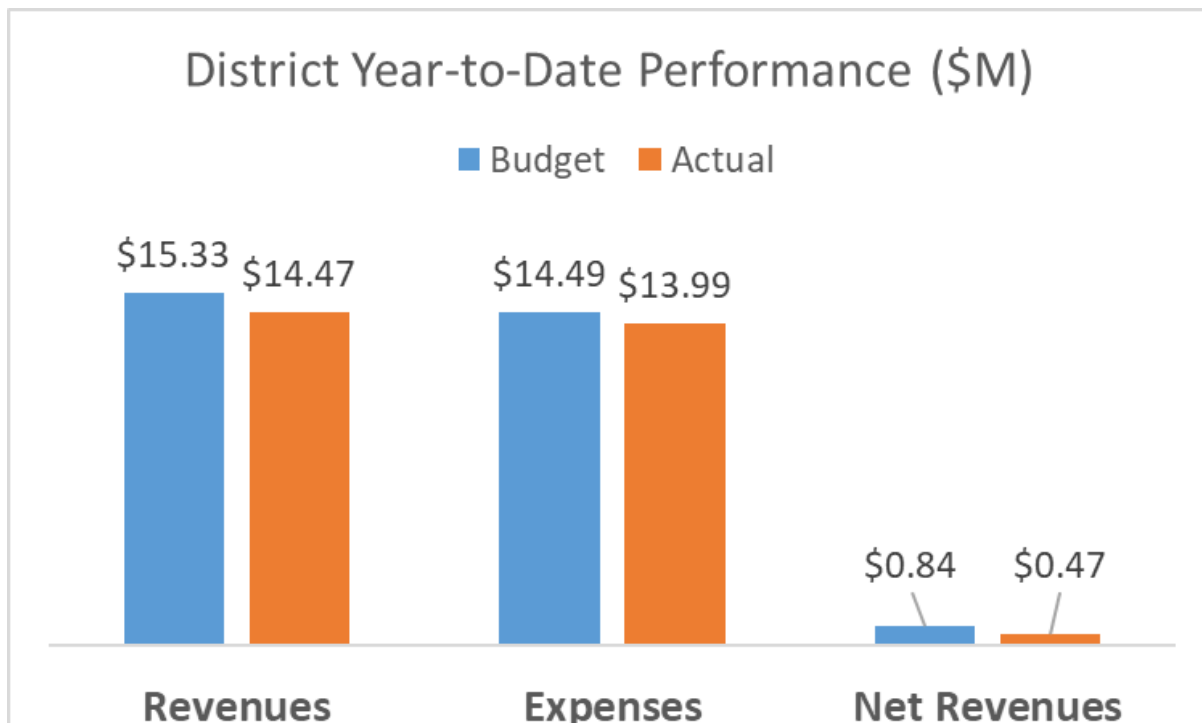
TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 5, 2022
SUBJECT: Financial Summary Report – October

Purpose

Provide an overview of changes in the District's financial position.

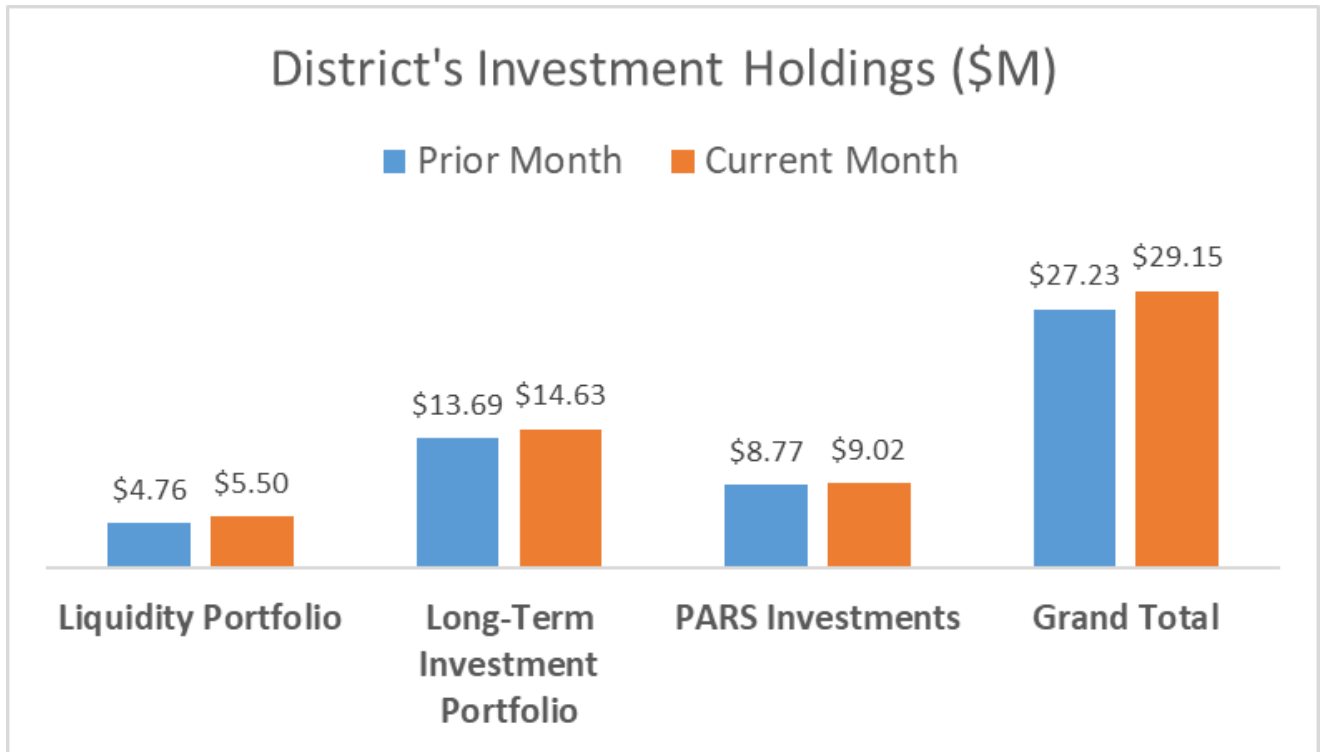
Summary

The graph below shows the District's year-to-date Revenues, Expenditures and Net revenues.



Revenues and expenditures are under Budgeted levels. The decline in revenues outpaced the decline in expenditures resulting in a net revenues level that is also under budget. The Operating Revenue shortfall is due lower than budgeted water sales. Lower Purchased Water expenditures is keeping total Operating Expenditures under budget. PayGo CIP execution is slightly under budget but is expected to trend towards budget levels as the year progresses. Water sales are expected to continue to trend under budgeted levels. Staff are carefully tracking the District's financial position to identify any budget shortfalls early.

The graph below shows the District's bank holdings reported in the Treasurer's Report at the end of the current and prior month.



Overall the District's financial holdings increased this month. The increase was driven by the receipt of the final State reimbursement for the Santa Margarita Groundwater Treatment Plant construction expenditures in the amount of \$1,159,727 and changes in the market value of investments held in the District's Long-Term Investment Portfolio. The District's PARS investments reflect recent market volatility and show a slight increase in value. Overall these investments continue to perform in line with the capital markets.

Recommended Action

This item is for discussion only. No action is required.

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 5, 2022
SUBJECT: Treasurer's Report

Purpose

Provide the October 2022 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

Overall the District's financial holdings increased this month. The increase was driven by the receipt of the final State reimbursement for the Santa Margarita Groundwater Treatment Plant construction expenditures in the amount of \$1,159,727 and changes in the market value of investments held in the District's Long-Term Investment Portfolio. The District's PARS investments reflect recent market volatility and show a slight increase in value. Overall these investments continue to perform in line with the capital markets. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

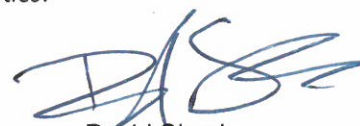
Summary

Treasurer's Report Oct 31 , 2022

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 5,002	\$ 5,050
Money Market	\$ 1,479,981	\$ 1,757,165
CAMP Account	\$ 3,279,668	\$ 3,739,726
<i>District's Liquidity Portfolio</i>	<i>\$ 4,764,651</i>	<i>\$ 5,501,941</i>
PFM Managed Long-term Investment Portfolio*	\$ 13,689,706	\$ 14,624,214
LAIF (Long-term Reserves)	\$ 851	\$ 6,594
PARS (OPEB & Pension Trust)**	\$ 8,773,212	\$ 9,019,432
<i>District Accounts Total</i>	<i>\$ 27,228,420</i>	<i>\$ 29,152,181</i>

*\$6.21M of funds are from the sale of the Santa Margarita properties.

**\$3.78M of funds are from the sale of the Santa Margarita Properties.



David Shank
December 5, 2022



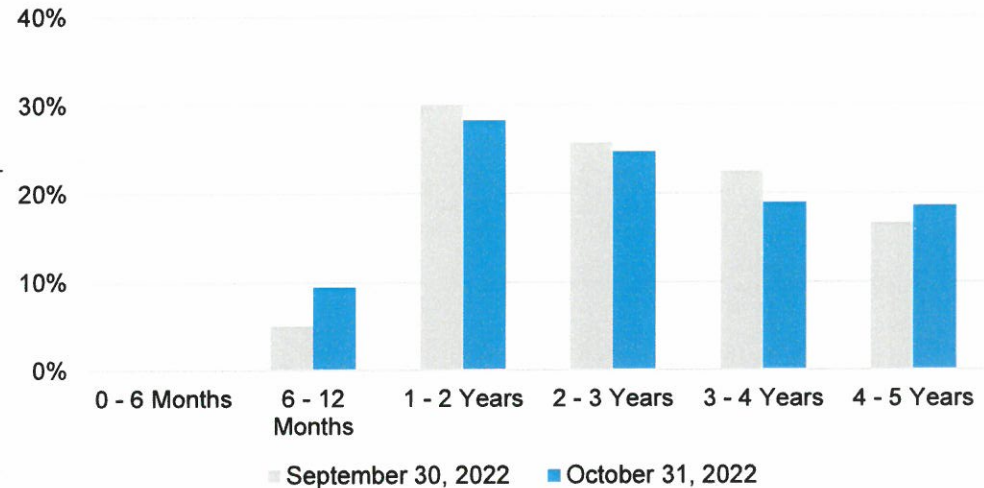
Fallbrook Public Utilities District - Holdings Summary

Security Type	September 30, 2022	October 31, 2022	Change (\$)	Change (%)
U.S. Treasury	\$10,491,638.37	\$10,961,434.47	\$469,796.10	4.5%
Municipal	\$102,336.20	\$100,965.40	(\$1,370.80)	-1.3%
Federal Agency CMO	\$192,834.07	\$191,254.23	(\$1,579.84)	-0.8%
Corporate Note	\$2,289,877.81	\$2,723,561.26	\$433,683.45	18.9%
Asset-Backed Security	\$596,309.20	\$589,494.73	(\$6,814.47)	-1.1%
Securities Total	\$13,672,995.65	\$14,566,710.09	\$893,714.44	6.5%
Money Market Fund	\$16,710.34	\$57,503.89	\$40,793.55	244.1%
Total Investments	\$13,689,705.99	\$14,624,213.98	\$934,507.99	6.8%

Summary

FY 22-23 Accrual Earnings	\$59,138.97
Yield to Maturity at Cost	2.14%
Weighted Average Maturity (Years)	2.63

Maturity Distribution



Security market values, excluding accrued interest, as on last day of month.



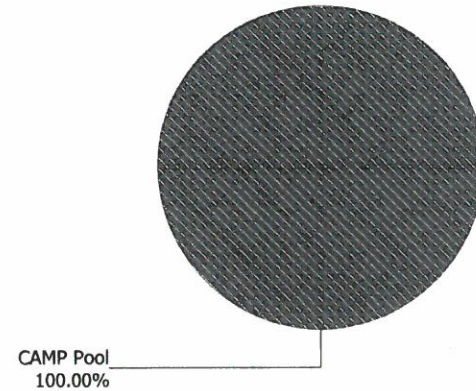
Account Statement - Transaction Summary

For the Month Ending **October 31, 2022**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	3,279,667.70
Purchases	810,058.70
Redemptions	(350,000.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$3,739,726.40
Cash Dividends and Income	10,058.70

Asset Summary		
	October 31, 2022	September 30, 2022
CAMP Pool	3,739,726.40	3,279,667.70
Total	\$3,739,726.40	\$3,279,667.70
Asset Allocation		





Account Statement

For the Month Ending **October 31, 2022**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					3,279,667.70
10/05/22	10/05/22	Purchase - Incoming Wires	1.00	800,000.00	4,079,667.70
10/14/22	10/14/22	Redemption - Outgoing Wires	1.00	(350,000.00)	3,729,667.70
10/31/22	11/01/22	Accrual Income Div Reinvestment - Distributions	1.00	10,058.70	3,739,726.40

Closing Balance 3,739,726.40

	Month of October	Fiscal YTD July-October		
Opening Balance	3,279,667.70	1,820,099.08	Closing Balance	3,739,726.40
Purchases	810,058.70	3,719,627.32	Average Monthly Balance	3,773,540.56
Redemptions (Excl. Checks)	(350,000.00)	(1,800,000.00)	Monthly Distribution Yield	3.14%
Check Disbursements	0.00	0.00		
Closing Balance	3,739,726.40	3,739,726.40		
Cash Dividends and Income	10,058.70	29,627.32		

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2022**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY											
	10/28/22	10/31/22	US TREASURY NOTES DTD 04/30/2019 2.250% 04/30/2024	9128286R6	300,000.00	(289,992.19)	0.00	(289,992.19)			
	10/28/22	10/31/22	US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	225,000.00	(207,791.02)	(2,454.06)	(210,245.08)			
	10/28/22	11/01/22	IBM CORP CORP NOTES (CALLABLE) DTD 02/09/2022 2.200% 02/09/2027	459200KM2	100,000.00	(88,925.00)	(501.11)	(89,426.11)			
	10/28/22	11/01/22	UNITEDHEALTH GROUP INC CORP NOTES (CALLA DTD 05/20/2022 3.700% 05/15/2027	91324PEG3	125,000.00	(118,822.50)	(2,068.40)	(120,890.90)			
	10/28/22	11/01/22	JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 01/10/2022 1.700% 01/11/2027	24422EWA3	125,000.00	(110,073.75)	(649.31)	(110,723.06)			
	10/28/22	11/01/22	HOME DEPOT INC CORP NOTES (CALLABLE) DTD 09/14/2017 2.800% 09/14/2027	437076BT8	140,000.00	(127,878.80)	(511.78)	(128,390.58)			
Transaction Type Sub-Total					1,015,000.00	(943,483.26)	(6,184.66)	(949,667.92)			

INTEREST											
	10/01/22	10/25/22	FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	97,880.82	0.00	249.92	249.92			
	10/01/22	10/25/22	FHMS K046 A2 DTD 06/17/2015 3.205% 03/01/2025	3137BJP64	100,000.00	0.00	267.08	267.08			
	10/03/22	10/03/22	MONEY MARKET FUND	MONEY0002	0.00	0.00	39.29	39.29			
	10/15/22	10/15/22	COMET 2021-A3 A3 DTD 11/30/2021 1.040% 11/15/2026	14041NFY2	70,000.00	0.00	60.67	60.67			
	10/15/22	10/15/22	FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	40,000.00	0.00	43.00	43.00			

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2022**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale
Trade	Settle							Cost	Amort Cost	Method
INTEREST										
10/15/22	10/15/22	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	35,000.00	0.00	23.63	23.63			
10/15/22	10/15/22	HOME DEPOT INC (CALLABLE) CORPORATE NOTE DTD 03/28/2022 2.700% 04/15/2025	437076CM2	10,000.00	0.00	147.75	147.75			
10/15/22	10/15/22	DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	70,000.00	0.00	33.83	33.83			
10/15/22	10/15/22	HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	55,000.00	0.00	101.75	101.75			
10/15/22	10/15/22	US TREASURY N/B NOTES DTD 04/15/2022 2.625% 04/15/2025	91282CEH0	250,000.00	0.00	3,281.25	3,281.25			
10/15/22	10/15/22	CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1	75,000.00	0.00	248.13	248.13			
10/15/22	10/15/22	DCENT 2022-A3 A3 DTD 08/09/2022 3.560% 07/15/2027	254683CW3	70,000.00	0.00	207.67	207.67			
10/15/22	10/15/22	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	1,696.94	0.00	3.13	3.13			
10/15/22	10/15/22	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	65,000.00	0.00	29.79	29.79			
10/16/22	10/16/22	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	3,509.75	0.00	6.38	6.38			
10/16/22	10/16/22	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	20,000.00	0.00	21.00	21.00			
10/16/22	10/16/22	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	30,000.00	0.00	17.00	17.00			
10/20/22	10/20/22	GMALT 2021-3 A4 DTD 08/18/2021 0.500% 07/21/2025	36262XAD6	25,000.00	0.00	10.42	10.42			
10/21/22	10/21/22	CITIGROUP INC (CALLABLE) CORP NOTES DTD 10/21/2016 3.200% 10/21/2026	172967KY6	125,000.00	0.00	2,000.00	2,000.00			
10/21/22	10/21/22	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	35,000.00	0.00	25.67	25.67			

Managed Account Security Transactions & Interest

For the Month Ending October 31, 2022

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											
	10/21/22	10/21/22	MORGAN STANLEY CORP NOTES (CALLABLE) DTD 10/19/2021 1.164% 10/21/2025	61747YEG6	70,000.00	0.00	407.40	407.40			
	10/23/22	10/23/22	MORGAN STANLEY CORP NOTES DTD 10/23/2014 3.700% 10/23/2024	61761JVL0	40,000.00	0.00	740.00	740.00			
	10/25/22	10/25/22	BMWOT 2022-A A3 DTD 05/18/2022 3.210% 08/25/2026	05602RAD3	30,000.00	0.00	80.25	80.25			
	10/29/22	10/29/22	MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDO6	150,000.00	0.00	2,906.25	2,906.25			
	10/31/22	10/31/22	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	400,000.00	0.00	3,250.00	3,250.00			
	10/31/22	10/31/22	US TREASURY NOTES DTD 10/31/2020 0.250% 10/31/2025	91282CAT8	225,000.00	0.00	281.25	281.25			
	10/31/22	10/31/22	US TREASURY NOTES DTD 04/30/2020 0.375% 04/30/2025	912828ZL7	650,000.00	0.00	1,218.75	1,218.75			
	10/31/22	10/31/22	US TREASURY N/B NOTES DTD 10/31/2021 0.375% 10/31/2023	91282CDD0	310,000.00	0.00	581.25	581.25			
	10/31/22	10/31/22	US TREASURY NOTES DTD 04/30/2019 2.250% 04/30/2024	9128286R6	180,000.00	0.00	2,025.00	2,025.00			
Transaction Type Sub-Total					3,233,087.51	0.00	18,307.51	18,307.51			
PAYDOWNS											
	10/01/22	10/25/22	FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	142.77	142.77	0.00	142.77	(0.19)	0.00	
	10/15/22	10/15/22	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	658.28	658.28	0.00	658.28	0.14	0.00	
	10/16/22	10/16/22	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	1,502.36	1,502.36	0.00	1,502.36	0.18	0.00	
Transaction Type Sub-Total					2,303.41	2,303.41	0.00	2,303.41	0.13	0.00	
Managed Account Sub-Total						(941,179.85)	12,122.85	(929,057.00)	0.13	0.00	

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2022**

FPUD - INVESTMENT PORTFOLIO - 28710100

Total Security Transactions	(\$941,179.85)	\$12,122.85	(\$929,057.00)	\$0.13	\$0.00
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Bolded items are forward settling trades.

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

November 04, 2022

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER
 P.O. BOX 2290
 FALLBROOK, CA 92088

[Tran Type Definitions](#)



Account Number: 85-37-001

October 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/14/2022	10/13/2022	QRD	1715759	N/A	SYSTEM	5,742.95

Account Summary

Total Deposit:	5,742.95	Beginning Balance:	850.55
Total Withdrawal:	0.00	Ending Balance:	6,593.50

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
10/1/2022 to 10/31/2022

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028

Account Summary

Source	Balance as of 10/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 10/31/2022
OPEB	\$1,046,559.02	\$0.00	\$29,858.70	\$487.05	\$0.00	\$0.00	\$1,075,930.67
PENSION	\$7,726,653.28	\$0.00	\$220,444.18	\$3,595.90	\$0.00	\$0.00	\$7,943,501.56
Totals	\$8,773,212.30	\$0.00	\$250,302.88	\$4,082.95	\$0.00	\$0.00	\$9,019,432.23

Investment Selection

Source

OPEB	Moderate HighMark PLUS
PENSION	Moderate HighMark PLUS

Investment Objective

Source

OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	2.85%	-6.18%	-15.69%	2.18%	3.34%	-	2/16/2017
PENSION	2.85%	-6.18%	-15.69%	2.17%	3.30%	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 5, 2022
SUBJECT: Budget Status Report for Fiscal Year 2022-2023

Purpose

Provide a Budget Status Report (BSR) to the Board.

Summary

The BSR shows the District's financial performance compared to the budget for the month of October, Year-to-Date and the annual budgeted amount. This is the first quarter of data for the fiscal year so, like prior years, only limited inferences can be drawn from the data.

Total revenues for the month and year-to-date are under budget. October's water sales was 13.3% under budget driving Year-to-date water sales revenues to 8.3% under budget. Water sales remain below budgeted levels likely due to weather and drought related conservation efforts. Year-to-date water sales is 9.6% below budgeted levels. Wastewater and Recycled Water revenues are also trending under budget but are expected to trend towards budget levels as the year progresses.

Non-operating revenues are slightly over budget driven by capacity charge and investment earnings. Year-end total non-operating revenues are expected to be slightly higher than budget levels.

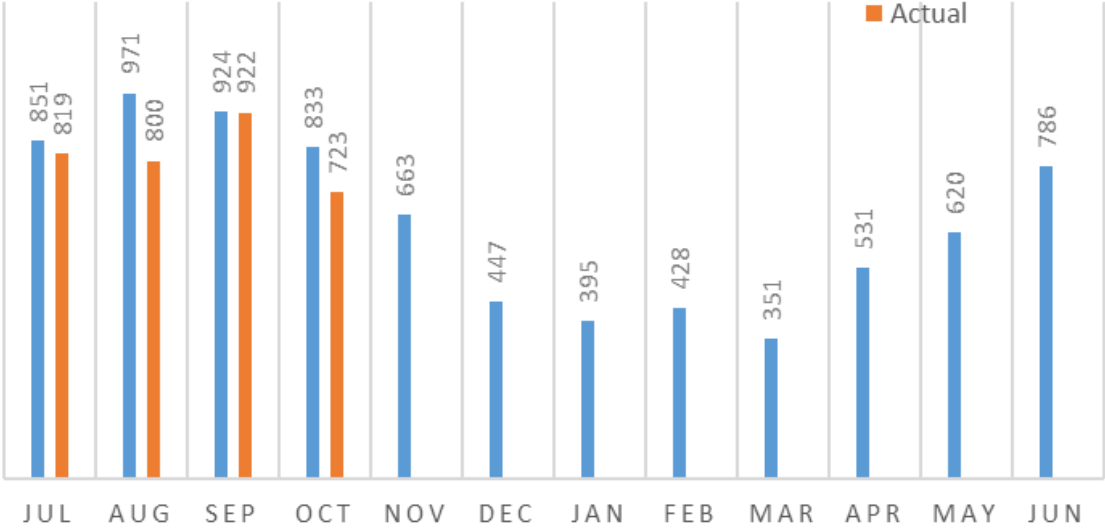
The District's monthly and year-to-date total expenditures are 3.2% under budget due to the lower than budgeted water purchases. Water operating expenses are tracking budget levels, with the Santa Margarita Plant producing water. Administrative Services is over budget due to the timing of budgeted non-labor expenditures. While staff expect expenditures to trend to budget, the District's expenditures are being monitored closely to identify any potential budget shortfalls early.

Total revenue is \$14,467,132 or 5.6% under budget and total expenditures are \$12,323,427 or 2.8% under budget. PAYGO CIP expenditures are under budget for the month and year-to-date but are expected to trend to budget levels. After adjusting for the PAYGO expenditures year-to-date net revenues are slightly under Budget level.

Recommended Action

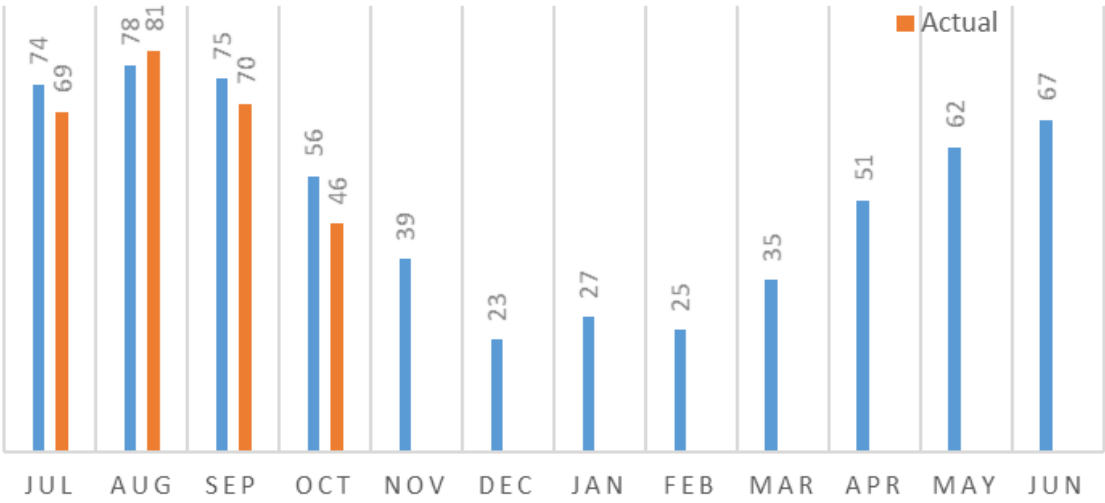
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 3,265 AF Year-to-Date Budget 3,579 AF

RECYCLED WATER (AF)



Year-to-Date Actual 266 AF Year-to-Date Budget 283 AF

Monthly Budget Report for October

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
Operating Revenues:								Year remaining	66.7%
Water Sales	1,732,896	1,964,178	7,713,956	8,413,016	(699,060)	-8.3%	19,105,552	11,391,596	59.6%
Water Meter Service Charges	675,022	674,314	2,696,021	2,697,257	(1,236)	0.0%	8,334,524	5,638,503	67.7%
Wastewater Service Charges	560,233	596,784	2,254,403	2,387,138	(132,735)	-5.6%	6,829,867	4,575,464	67.0%
Recycled Water Revenues	93,838	114,066	534,278	574,130	(39,852)	-6.9%	1,294,803	760,526	58.7%
Other Operating Revenue	-	-	-	-	-	NA	-	-	NA
Total Operating Revenue	3,061,988	3,349,343	13,198,658	14,071,541	(872,883)	-6.2%	35,564,746	22,366,088	62.9%
Non Operating Revenues:									
Water Capital Improvement Charge	124,150	124,573	496,013	498,290	(2,277)	-0.5%	1,494,870	998,857	66.8%
Wastewater Capital Improvement Charge	98,857	98,813	395,394	395,251	142	0.0%	1,185,754	790,360	66.7%
Property Taxes	37,274	70,815	89,495	137,362	(47,867)	-34.8%	2,195,381	2,105,886	95.9%
Water Standby/Availability Charge	1,522	7,521	1,522	7,525	(6,003)	-79.8%	208,842	207,320	99.3%
Water/Wastewater Capacity Charges	16,399	12,788	65,726	51,154	14,572	28.5%	153,461	87,735	57.2%
Portfolio Interest	31,721	11,738	63,421	46,952	16,469	35.1%	140,857	77,436	55.0%
Pumping Capital Improvement Charge	1,350	2,730	6,668	10,919	(4,251)	-38.9%	32,756	26,088	79.6%
Federal Interest Rate Subsidy	-	-	-	-	-	NA	84,516	84,516	100.0%
SDCWA Refund/Covid Relief Grant *	-	-	8,441	-	8,441	NA	-	(8,441)	NA
Facility Rents	19,346	21,766	90,434	87,063	3,371	3.9%	261,189	170,755	65.4%
Fire Hydrant Service Fees	-	-	-	-	-	NA	-	-	NA
Other Non-Operating Revenues	10,795	4,917	51,359	19,670	31,690	161.1%	59,009	7,650	13.0%
Total Non Operating Revenues	341,413	355,660	1,268,474	1,254,186	14,288	1.1%	5,816,635	4,548,161	78.2%
Total Revenues	3,403,401	3,705,003	14,467,132	15,325,726	(858,595)	-5.6%	41,381,381	26,914,250	65.0%
Expenditures									
Purchased Water Expense	1,131,358	1,308,917	5,183,986	5,755,256	571,271	9.9%	13,617,771	8,433,786	61.9%
Water Services	478,422	385,207	1,555,320	1,500,452	(54,867)	-3.7%	4,487,727	2,932,407	65.3%
Wastewater Services	288,692	287,975	1,104,245	1,193,038	88,792	7.4%	3,579,114	2,474,868	69.1%
Recycled Water Services	46,413	39,399	206,716	163,225	(43,491)	-26.6%	489,675	282,960	57.8%
Administrative Services	770,645	589,627	2,651,117	2,442,741	(208,376)	-8.5%	7,328,223	4,677,106	63.8%
Community Benefit Program	-	-	-	-	-	NA	546,000	546,000	100.0%
Total Operating Expenses	2,715,530	2,611,125	10,701,384	11,054,712	353,329	3.2%	30,048,510	19,347,126	64.4%
Debt Service Expenses									
SMCUP SRF	-	-	-	-	-	NA	1,081,968	1,081,968	100.0%
Red Mountain SRF	-	-	197,925	197,925	-	0.0%	395,851	197,925	50.0%
WW Rev Refunding Bonds	-	-	1,424,118	1,424,118	-	0.0%	1,731,022	306,904	17.7%
QECB Solar Debt	-	-	-	-	-	NA	521,667	521,667	100.0%
Total Debt Service	-	-	1,622,043	1,622,043	-	0.0%	3,730,508	2,108,465	56.5%
Total Expenses	2,715,530	2,611,125	12,323,427	12,676,755	353,329	2.8%	33,779,018	21,455,591	63.5%
Net Revenue/(loss) From Operations and Debt Service	687,871	1,093,878	2,143,705	2,648,971	(505,266)	-19.1%	7,602,364	5,458,658	71.8%
Capital Investment									
Capital Investment **									
Construction Expenditures-Admin	2,350	231,250	224,506	397,000	172,494	43.4%	800,000	575,494	71.9%
Construction Expenditures-Water	164,032	242,917	1,085,377	1,098,333	12,956	1.2%	6,128,350	5,042,973	82.3%
Construction Expenditures-Recycled	47,595	53,933	199,621	141,533	(58,088)	-41.0%	465,000	265,379	57.1%
Construction Expenditures-Wastewater	54,883	70,500	161,743	173,667	11,924	6.9%	731,000	569,257	77.9%
Construction Expenditures-PAYGO TOTAL	268,860	598,600	1,671,247	1,810,533	139,286	7.7%	7,773,350	6,102,103	78.5%
Net Revenue/(Loss)	419,011	495,278	472,458	838,438	(365,980)	-43.7%	(170,986)	(643,444)	376.3%

*Includes SDCWA Refund of \$8,441.37

** Detailed CIP Summary Table attached

CIP Summary Table

	Budget FY23	Current Month FY23	Actual-to- Date FY23
Water Capital Projects			
Pipelines and Valve Replacement Projects by District	\$ 570,000	\$ 79,422	\$ 156,621
Pipeline Replacement Projects by Contractors	\$ 4,543,350	\$ 5,264	\$ 781,570
Deluz ID Projects	\$ 100,000	\$ 1,793	\$ 12,189
Pump Stations	\$ 300,000	\$ 8,478	\$ 16,251
Meter Replacement	\$ 25,000	\$ 16,301	\$ 31,945
Pressure Reducing Stations	\$ 65,000	\$ 8,737	\$ 15,128
Red Mountain Reservoir Improvements	\$ 175,000	\$ 10,658	\$ 10,658
Steel Reservoir Improvements	\$ 60,000	\$ -	\$ 20,826
Treatment Plant R&R	\$ 200,000	\$ 32,583	\$ 37,602
SCADA Upgrades/ Security/Telemetry	\$ 90,000	\$ 796	\$ 2,586
Total PAYGO Water Capital Projects	\$ 6,128,350	\$ 164,032	\$ 1,085,377
Recycled Water Capital Projects			
Recycled Water Improvements	\$ 465,000	\$ 47,595	\$ 199,621
Wastewater Capital Projects			
WRP Improvements	\$ 281,000	\$ 9,119	\$ 97,053
Collection System Improvements	\$ 400,000	\$ 37,801	\$ 56,727
Outfall Improvements	\$ 50,000	\$ 7,963	\$ 7,963
Total Wastewater Capital Projects	\$ 731,000	\$ 54,883	\$ 161,743
Administrative Capital Projects			
Administrative Upgrades	\$ 105,000	\$ -	\$ 4,205
Engineering and Operations Information Systems	\$ 30,000	\$ -	\$ 31,786
Facility Improvements/Upgrades/Security	\$ 410,000	\$ 2,350	\$ 168,604
District Yard Improvements	\$ -	\$ -	\$ -
Vehicles and Heavy Equipment	\$ 255,000	\$ -	\$ 19,912
Total Administrative Capital Projects	\$ 800,000	\$ 2,350	\$ 224,506
Total PAYGO Capital Budget Projects	\$ 8,124,350	\$ 268,860	\$ 1,671,247

10/31/2022

Treasurer's Warrant No. October

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims for the amounts stated (less discounts in instances where discounts are allowed).

Payroll - 10/2022

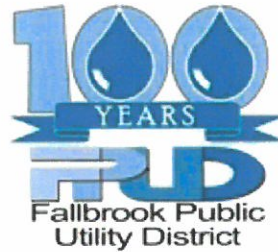
Computer Check Register

Payroll #1	\$168,939.53
Payroll #2	<u>\$167,488.26</u>
	<u>\$336,427.79</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: AnnaleceB
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Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	10/06/2022	447.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/06/2022	3,305.00
ACH	06758	UNITED STATES TREASURY	10/06/2022	64,001.27
ACH	06759	STATE OF CA - PR TAXES	10/06/2022	10,304.89
ACH	06760	STATE OF CA - SDI	10/06/2022	2,696.59
ACH	06761	LINCOLN FINANCIAL GROUP	10/06/2022	14,769.83
ACH	06763	PERS - PAYROLL	10/06/2022	43,354.87
ACH	91223	STERLING ADMINISTRATION	10/06/2022	125.00
89607	01460	AFLAC	10/06/2022	446.72
89608	91286	AMAZON CAPITAL SERVICES, INC.	10/06/2022	1,254.94
89609	91490	AMAZON WEB SERVICES, INC.	10/06/2022	1,080.39
89610	06710	AQUAGISTICS	10/06/2022	1,500.00
89611	05088	AT&T	10/06/2022	597.50
89612	91608	AT&T MOBILITY LLC	10/06/2022	3,675.04
89613	91503	BACKGROUNDS ONLINE	10/06/2022	27.40
89614	06235	JACK BEBEE	10/06/2022	1,111.03
89615	02743	BEST BEST & KRIEGER	10/06/2022	13,937.80
89616	91429	BSK ASSOCIATES	10/06/2022	15,352.50
89617	03978	CAMERON WELDING SUPPLY	10/06/2022	2,238.36
89618	06115	CDW GOVERNMENT INC.	10/06/2022	338.44
89619	91241	LISA CHAFFIN	10/06/2022	60.00
89620	03205	CITY OF OCEANSIDE	10/06/2022	162.84
89621	91595	CLIFTONLARSONALLEN LLP	10/06/2022	15,000.00
89622	05714	COUNTY OF SD DEPT PUBLIC WORKS	10/06/2022	803.63
89623	91596	CRIDER PUBLIC RELATIONS, INC.	10/06/2022	510.00
89624	91735	CROSS CONNECTION ENVIRONMENT	10/06/2022	3,399.99
89625	91611	FALLBROOK ACE HARDWARE	10/06/2022	882.24
89626	09523	FALLBROOK EQUIP RENTALS	10/06/2022	17,256.52
89627	00169	FALLBROOK OIL COMPANY	10/06/2022	7,581.10
89628	00170	FALLBROOK WASTE & RECYCLING	10/06/2022	942.42
89629	04494	FEDERAL EXPRESS CORPORATION	10/06/2022	692.53
89630	01432	FERGUSON WATERWORKS #1083	10/06/2022	17,589.33
89631	91313	FIRST BANKCARD	10/06/2022	38.55
89632	91635	FIRST BANKCARD	10/06/2022	200.00
89633	05560	FRANCHISE TAX BOARD	10/06/2022	50.00
89634	00182	GLENNIE'S OFFICE PRODUCTS, INC	10/06/2022	715.42
89635	04958	GOSCH FORD TEMECULA	10/06/2022	22.10
89636	02170	GRAINGER, INC.	10/06/2022	193.73
89637	02767	GRANGETTO FARM & GARDEN SUPPI	10/06/2022	21.69
89638	05380	HACH CO	10/06/2022	3,866.76
89639	06062	HARRINGTON INDUSTRIAL PLASTICS	10/06/2022	54.24
89640	06561	HOWELLS GOVERNMENT RELATIONS	10/06/2022	7,500.00
89641	05901	KENNETH HUBBARD	10/06/2022	61.99
89642	05255	INLAND WATER WORKS SUPPLY CO.	10/06/2022	254.48
89643	91770	KELSEY STRUCTURAL, APC	10/06/2022	3,500.00
89644	91029	MALLORY SAFETY AND SUPPLY CO	10/06/2022	1,677.71
89645	91424	MANPOWER	10/06/2022	574.26

Check No	Vendor No	Vendor Name	Check Date	Check Amount
89646	91192	MISSION LINEN SUPPLY	10/06/2022	1,023.52
89647	03944	MISSION RESOURCE CONSV DISTRIC	10/06/2022	413.00
89648	91561	MUNICIPAL SEWER TOOLS	10/06/2022	466.81
89649	91674	O'REILLY AUTO ENTERPRISES, LLC	10/06/2022	291.40
89650	01267	PACIFIC PIPELINE	10/06/2022	3,424.56
89651	06109	DONALD PARKER	10/06/2022	387.00
89652	00215	PETTY CASH	10/06/2022	115.47
89653	00216	PINE TREE LUMBER	10/06/2022	37.03
89654	91538	PUDGIL & COMPANY	10/06/2022	5,000.00
89655	05064	RAINBOW MUNICIPAL WATER	10/06/2022	2,533.00
89656	UB*00461	PHILIP & RENEE RIVERA	10/06/2022	745.30
89657	06608	ROTARY CLUB OF FALLBROOK	10/06/2022	172.00
89658	00232	SAN DIEGO GAS & ELECTRIC	10/06/2022	30,513.87
89659	91636	SOLV - BUSINESS SOLUTIONS, CONNI	10/06/2022	550.85
89660	06735	TCN, INC.	10/06/2022	27.92
89661	00724	UNDERGROUND SERVICE ALERT	10/06/2022	343.72
89662	04290	VILLAGE NEWS, INC.	10/06/2022	853.00
89663	91659	WEST COAST SAFETY SUPPLY INC.	10/06/2022	8,777.36
89664	06231	WESTERN WATER WORKS SUPPLY CC	10/06/2022	1,392.13

Total for 10/6/2022: 321,244.54

ACH	06763	PERS - PAYROLL	10/13/2022	1,150.66
ACH	91223	STERLING ADMINISTRATION	10/13/2022	125.00
89665	00231	SAN DIEGO COUNTY WATER AUTH	10/13/2022	1,290,219.80
89666	06597	AIRGAS USA, LLC	10/13/2022	399.72
89667	91286	AMAZON CAPITAL SERVICES, INC.	10/13/2022	74.01
89668	02805	ASBURY ENVIRONMENTAL SERVICES	10/13/2022	569.00
89669	91675	BANNER BANK	10/13/2022	6,000.89
89670	06374	BOOT BARN INC.	10/13/2022	891.69
89671	06115	CDW GOVERNMENT INC.	10/13/2022	524.40
89672	05953	CORODATA RECORDS MANAGEMENT	10/13/2022	785.65
89673	06675	CORODATA SHREDDING, INC	10/13/2022	67.32
89674	91689	DE NORA WATER TECHNOLOGIES, LL	10/13/2022	3,797.63
89675	06762	DENALI WATER SOLUTIONS LLC	10/13/2022	8,542.89
89676	09523	FALLBROOK EQUIP RENTALS	10/13/2022	590.00
89677	01155	FALLBROOK WASTE/RECYCLING	10/13/2022	124.00
89678	04494	FEDERAL EXPRESS CORPORATION	10/13/2022	190.32
89679	06577	INFOSEND INC	10/13/2022	1,186.49
89680	06699	INTER-LINGUA, LLC	10/13/2022	70.00
89681	02320	J.J. KELLER & ASSOCIATES INC	10/13/2022	2,200.00
89682	91304	LEARNSOFT CONSULTING INC	10/13/2022	510.00
89683	91730	MHS LOMACK HEATING AND AIR COI	10/13/2022	1,957.00
89684	90932	NAPA AUTO PARTS	10/13/2022	1,216.64
89685	03201	NATIONAL SAFETY COMPLIANCE INC	10/13/2022	707.16
89686	00370	NUTRIEN AG SOLUTIONS, INC.	10/13/2022	22.90
89687	01267	PACIFIC PIPELINE	10/13/2022	7,576.98
89688	91658	PK MECHANICAL SYSTEMS, INC	10/13/2022	114,016.93
89689	06717	RDO EQUIPMENT CO	10/13/2022	1,613.28
89690	91482	S & R TOWING	10/13/2022	612.50
89691	00232	SAN DIEGO GAS & ELECTRIC	10/13/2022	67,665.88
89692	05656	SLOAN ELECTROMECHANICAL SERV	10/13/2022	4,961.25
89693	06401	SONSRAY MACHINERY LLC	10/13/2022	314.42
89694	90929	SOUTHWEST ANSWERING SERVICE, I	10/13/2022	1,071.31
89695	05319	T.S. INDUSTRIAL SUPPLY	10/13/2022	2,843.70
89696	91768	THE ALCHEMY GROUP INC	10/13/2022	7,500.00
89697	91771	TIMECLOCK PLUS, LLC	10/13/2022	2,976.75

Check No	Vendor No	Vendor Name	Check Date	Check Amount
89698	91284	WM CORPORATE SERVICES, INC	10/13/2022	1,668.89
89699	00101	ACWA JPIA	10/13/2022	111,311.84
89700	00805	ACWA/JOINT POWERS INS.	10/13/2022	15,291.00
89701	91714	AGOSTINO CREATIVE PHOTOGRAPHY	10/13/2022	7,675.00
89702	91286	AMAZON CAPITAL SERVICES, INC.	10/13/2022	585.74
89703	04995	AMERICAN MESSAGING	10/13/2022	108.01
89704	03003	CALIFORNIA ASSOCIATION OF SANIT	10/13/2022	14,300.00
89705	03134	CALIFORNIA WATER ENVIRONMENT	10/13/2022	599.00
89706	04178	CALOLYMPIC SAFETY CO., INC.	10/13/2022	538.47
89707	01719	MICKEY M. CASE	10/13/2022	60.00
89708	91241	LISA CHAFFIN	10/13/2022	60.00
89709	00709	COUNTY OF SAN DIEGO	10/13/2022	4,245.00
89710	06299	D & H WATER SYSTEMS, INC	10/13/2022	520.00
89711	02925	DATA NET SOLUTIONS	10/13/2022	2,344.42
89712	05192	DIAMOND ENVIRONMENTAL SERVIC	10/13/2022	431.05
89713	91569	EUROFINS ENVIRONMENT TESTING S	10/13/2022	2,400.00
89714	01432	FERGUSON WATERWORKS #1083	10/13/2022	5,405.21
89715	02170	GRAINGER, INC.	10/13/2022	1,923.40
89716	05380	HACH CO	10/13/2022	3,715.27
89717	02320	J.J. KELLER & ASSOCIATES INC	10/13/2022	689.00
89718	06380	JANI-KING OF CALIFORNIA, INC - SA	10/13/2022	3,419.69
89719	00190	JCI JONES CHEMICALS INC.	10/13/2022	7,476.19
89720	06243	JIM'S SIGN SHOP	10/13/2022	478.81
89721	03299	KAMAN INDUSTRIAL TECHNOLOGIES	10/13/2022	1,194.91
89722	05194	LESLIE'S SWIMMING POOL SUPPLIES	10/13/2022	249.12
89723	91130	LINCOLN NATIONAL LIFE INSURANC	10/13/2022	3,834.38
89724	91029	MALLORY SAFETY AND SUPPLY CO	10/13/2022	388.98
89725	91730	MHS LOMACK HEATING AND AIR CO	10/13/2022	99.95
89726	91427	MITEL CLOUD SERVICES, INC	10/13/2022	1,435.34
89727	06338	MYTHOS TECHNOLOGY INC	10/13/2022	1,815.36
89728	91719	NATIONAL TIRE WHOLESale	10/13/2022	1,253.75
89729	01267	PACIFIC PIPELINE	10/13/2022	22,016.34
89730	91155	QUALITY GATE COMPANY, INC	10/13/2022	398.75
89731	UB*00437	SARAH QUINTARA	10/13/2022	212.83
89732	04075	RAYNE WATER SYSTEMS	10/13/2022	170.00
89733	91077	RED WING BUSINESS ADVANTAGE AC	10/13/2022	754.67
89734	03231	SAN DIEGO COUNTY WATER AUTH	10/13/2022	36,148.00
89735	91486	SATELLITE PHONE STORE	10/13/2022	67.08
89736	04434	SNAP ON TOOLS	10/13/2022	246.21
89737	91107	SPECTRUM BUSINESS	10/13/2022	143.10
89738	05415	STATE WATER RESOURCE CONTROL I	10/13/2022	120.00
89739	02927	TIM STERGER	10/13/2022	60.00
89740	91123	STREAMLINE	10/13/2022	550.00
89741	91752	TEMECULA VALLEY BUICK GMC	10/13/2022	1,111.72
89742	91772	TINOSI, INC	10/13/2022	1,655.00
89743	91091	ORNEEN TOMA	10/13/2022	120.00
89744	04290	VILLAGE NEWS, INC.	10/13/2022	495.00
89745	01847	WATEREUSE ASSOCIATION	10/13/2022	1,312.50
89746	06231	WESTERN WATER WORKS SUPPLY CC	10/13/2022	5,022.90
89747	91700	STEPHEN WUERTH	10/13/2022	140.00
Total for 10/13/2022:				1,799,338.05
ACH	00152	FPUD EMPL ASSOCIATION	10/19/2022	447.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/19/2022	3,305.00
ACH	06758	UNITED STATES TREASURY	10/19/2022	63,814.44
ACH	06759	STATE OF CA - PR TAXES	10/19/2022	10,399.82

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	06760	STATE OF CA - SDI	10/19/2022	2,670.24
ACH	06761	LINCOLN FINANCIAL GROUP	10/19/2022	14,769.83
ACH	06763	PERS - PAYROLL	10/19/2022	43,010.92
ACH	06758	UNITED STATES TREASURY	10/19/2022	6,660.37
ACH	06759	STATE OF CA - PR TAXES	10/19/2022	1,284.50
ACH	06760	STATE OF CA - SDI	10/19/2022	214.06
ACH	06761	LINCOLN FINANCIAL GROUP	10/19/2022	3,716.00
Total for 10/19/2022:				150,292.68
89750	00805	ACWA/JOINT POWERS INS.	10/28/2022	32,144.48
89751	01460	AFLAC	10/28/2022	446.72
89752	91286	AMAZON CAPITAL SERVICES, INC.	10/28/2022	5,367.57
89753	01813	ASSOCIATION OF CALIFORNIA WATER	10/28/2022	24,655.00
89754	91708	B2B SECURITY	10/28/2022	2,600.00
89755	91684	BARTLE WELLS ASSOCIATES	10/28/2022	34,786.33
89756	91440	BP BATTERY INC	10/28/2022	929.16
89757	04741	CALIFORNIA SPECIAL DISTRICT ASSC	10/28/2022	8,810.00
89758	03134	CALIFORNIA WATER ENVIRONMENT.	10/28/2022	100.00
89759	UB*00463	SOLUTIONS FOR CHANGE	10/28/2022	100.00
89760	91272	KEVIN COLLINS	10/28/2022	60.00
89761	91210	CORE & MAIN LP	10/28/2022	2,974.77
89762	02176	CORELOGIC SOLUTIONS, LLC	10/28/2022	200.00
89763	UB*00462	THE RANDOLPH CORPORATION	10/28/2022	214.64
89764	05714	COUNTY OF SD DEPT PUBLIC WORKS	10/28/2022	179.00
89765	06299	D & H WATER SYSTEMS, INC	10/28/2022	520.00
89766	UB*00464	ANDREW & STACIE DASINGER	10/28/2022	7.48
89767	02925	DATA NET SOLUTIONS	10/28/2022	1,922.25
89768	06048	DEPARTMENT OF THE INTERIOR	10/28/2022	9,023.70
89769	91585	LAUREN ECKERT	10/28/2022	63.44
89770	91569	EUROFINS ENVIRONMENT TESTING S	10/28/2022	1,662.50
89771	04122	EVOQUA WATER TECHNOLOGIES LLC	10/28/2022	377.13
89772	05987	FALLBROOK GARAGE & QWIK LUBE	10/28/2022	2,226.25
89773	01099	FALLBROOK IRRIGATION INC	10/28/2022	15.61
89774	00169	FALLBROOK OIL COMPANY	10/28/2022	6,020.38
89775	02411	FALLBROOK PRINTING CORP	10/28/2022	11,722.93
89776	01432	FERGUSON WATERWORKS #1083	10/28/2022	12,707.56
89777	91200	FIRST BANKCARD	10/28/2022	1,172.86
89778	91201	FIRST BANKCARD	10/28/2022	2,844.60
89779	91202	FIRST BANKCARD	10/28/2022	116.46
89780	91225	FIRST BANKCARD	10/28/2022	779.00
89781	91323	FIRST BANKCARD	10/28/2022	327.35
89782	91540	FIRST BANKCARD	10/28/2022	3,515.59
89783	91620	FIRST BANKCARD	10/28/2022	5,315.28
89784	91635	FIRST BANKCARD	10/28/2022	200.00
89785	91678	FIRST BANKCARD	10/28/2022	1,109.52
89786	91744	FIRST BANKCARD	10/28/2022	386.98
89787	02972	FISHER SCIENTIFIC COMPANY LLC	10/28/2022	57.41
89788	05560	FRANCHISE TAX BOARD	10/28/2022	50.00
89789	02974	GOLDEN BELL PRODUCTS, INC.	10/28/2022	2,943.73
89790	02170	GRAINGER, INC.	10/28/2022	286.54
89791	05970	GRISWOLD INDUSTRIES	10/28/2022	3,331.78
89792	05380	HACH CO	10/28/2022	4,600.76
89793	90897	JOSHUA HARGROVE	10/28/2022	207.25
89794	91544	HAZEN AND SAWYER, D.P.C.	10/28/2022	23,674.75
89795	06561	HOWELLS GOVERNMENT RELATIONS	10/28/2022	7,500.00
89796	06577	INFOSEND INC	10/28/2022	2,891.40

Check No	Vendor No	Vendor Name	Check Date	Check Amount
89797	91524	INSIGHT DIRECT USA, INC.	10/28/2022	942.35
89798	06479	KNOCKOUT PEST CONTROL & TERMI	10/28/2022	100.00
89799	04926	KONICA MINOLTA PREMIER FINANCE	10/28/2022	2,064.57
89800	06659	KUBE ENGINEERING	10/28/2022	38,970.30
89801	05194	LESLIE'S SWIMMING POOL SUPPLIES	10/28/2022	9,697.28
89802	90887	LLOYD PEST CONTROL	10/28/2022	150.00
89803	91751	MANAGED MOBILE INC	10/28/2022	4,095.81
89804	02618	MC MASTER-CARR	10/28/2022	659.46
89805	03944	MISSION RESOURCE CONSV DISTRIC'	10/28/2022	188.00
89806	91561	MUNICIPAL SEWER TOOLS	10/28/2022	2,798.83
89807	91719	NATIONAL TIRE WHOLESale	10/28/2022	1,134.69
89808	01267	PACIFIC PIPELINE	10/28/2022	15,923.69
89809	91535	PAYMENTUS GROUP, INC	10/28/2022	4,705.53
89810	91007	PFM ASSET MANGEMENT LLC	10/28/2022	1,196.15
89811	91603	PREMIER ACCESS CONSULTING GROU	10/28/2022	270.00
89812	05064	RAINBOW MUNICIPAL WATER	10/28/2022	6,192.33
89813	91093	RANCHO CALIFORNIA WATER DISTRI	10/28/2022	3,000.00
89814	91071	JACOB ROBINSON	10/28/2022	130.00
89815	04800	ROOTX	10/28/2022	5,745.56
89816	91665	SAFETYNET INC.	10/28/2022	5,245.00
89817	00191	SAN DIEGO COUNTY TREASURER	10/28/2022	174.16
89818	00236	SCRAPPYS	10/28/2022	797.73
89819	04434	SNAP ON TOOLS	10/28/2022	744.01
89820	91723	SPECIALTY MOWING SERVICES, INC	10/28/2022	12,566.44
89821	91269	SRK ENGINEERING INC.	10/28/2022	12,807.30
89822	00159	SUPERIOR READY MIX	10/28/2022	8,696.40
89823	02815	SWRCB ACCOUNTING OFFICE	10/28/2022	1,025.00
89824	05319	T.S. INDUSTRIAL SUPPLY	10/28/2022	493.25
89825	91385	VERONICA TAMZIL	10/28/2022	180.00
89826	91082	TELETRAC, INC	10/28/2022	2,478.64
89827	91752	TEMECULA VALLEY BUICK GMC	10/28/2022	290.99
89828	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	10/28/2022	98.51
89829	06211	UNITED IMAGING	10/28/2022	126.06
89830	06758	UNITED STATES TREASURY	10/28/2022	288.07
89831	91703	UNIVAR SOLUTIONS	10/28/2022	15,796.07
89832	00233	WAXIE SANITARY SUPPLY	10/28/2022	1,102.72
89833	06231	WESTERN WATER WORKS SUPPLY CC	10/28/2022	1,688.12
89834	06736	JEFF WOLFE	10/28/2022	425.00
89835	03358	US BANK TRUST NA	10/28/2022	262,698.88
Total for 10/28/2022:				646,835.06
Report Total (248 checks):				2,917,710.33



Jack Bebee

General Manager