



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

REVISED AGENDA

MONDAY, DECEMBER 4, 2023
4:00 P.M.

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

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

Join Zoom Meeting

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

MEETING ID: 820 0317 2211

AUDIO PASSCODE: 363170

Dial by your location

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

SUBMIT COMMENTS BEFORE THE MEETING:

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

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

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

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

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

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

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

A. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President
2. Vice-President

B. APPOINTMENTS TO BOARD STANDING COMMITTEES

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

C. YEARS OF SERVICE

1. Veronica Tamzil – 5 years

D. NEW CERTIFICATIONS

1. Kayla Ochoa – Environmental Compliance Inspector, Grade I

E. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2023

1. Jodi Brown

F. NEW EMPLOYEE ANNOUNCEMENT

1. Gregory McAnally, Utility Worker 1

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

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

G. CONSIDER APPROVAL OF MINUTES

1. October 23, 2023 Regular Board Meeting
2. November 15, 2023 Special Board Meeting

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

H. CONSIDER 2024 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: The Board establish the 2024 Board of Directors' regular meeting schedule, to include combining the November and December regular Board meetings to Monday, December 2, 2024, at 4 p.m.

I. CONSIDER NOTICE OF COMPLETION FOR FENCING AT 2.8 MG TANK

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

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

J. CROPSWAP PRESENTATION

Presented by: Justin Haessly, Water Use Efficiency & Grants Manager,
Rancho California Water District

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

K. CONSIDER UPDATE OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENTS

Recommendation: The recommended action is for the Board to continue the emergency action to replace the failed pipelines.

L. CONSIDER APPROVING DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR 2022-23

Recommendation: The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2023.

M. CONSIDER ELECTRIC VEHICLE SUPPLY EQUIPMENT GRANT FROM SDG&E AGREEMENT

Recommendation: That the Board accept the SDG&E Power Your Drive for Fleets Grant agreement so that the design can be finalized and put out to bid.

N. CONSIDER APPROVAL FOR SCADA SUPPORT SERVICES TO ARCADIS

Recommendation: That the Board approve a contract with Arcadis in the not-to-exceed amount of \$125,000 year one, and \$100,000 years two and three.

- O. CONSIDER ADOPTING RESOLUTION NO. 5064 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS

Recommendation: That the Board adopt Resolution No. 5064 adopting calendar year 2024 rates and charges for water, recycled water and wastewater services.

- P. CONSIDER AWARD OF VIA ARROYO PIPELINE REPLACEMENT

Recommendation: That the Board award of the Via Arroyo Pipeline Replacement Project to the lowest responsible bidder, CCL Contracting, Inc. for \$2,635,000.

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

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

ADJOURN TO CLOSED SESSION

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

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

NAME OF CASE: *San Diego County Water Authority v. San Diego Local Agency Formation Commission, Fallbrook Public Utility District, et al. (37-2023-000036018-CU-TT-CTL)*

2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(4):

One (1) potential case

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VII. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

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

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 29, 2023
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: December 4, 2023
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
2023	Charley Wolk	Jennifer DeMeo
2022	Dave Baxter	Charley Wolk
2021	Jennifer DeMeo	Dave Baxter
2020	Ken Endter	Jennifer DeMeo
2019	Don McDougal	Jennifer DeMeo

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 4, 2023
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, 2023, 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 4, 2023
SUBJECT: November 2023 Employee of the Quarter

Out of three nominations, Jodi Brown was chosen as the November 2023 Employee of the Quarter for the following reasons:

“Jodi was instrumental in getting the blanket purchase order project completed so quickly. She is always helpful to supervisors and managers who need her help. She often assists in other areas (customer service, accounting) when needed.”

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

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M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 4, 2023
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 23, 2023 Regular Meeting
2. November 15, 2023 Special Meeting

Minutes from October 23, 2023
Regular Board Meeting



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, OCTOBER 23, 2023
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 Wolk called the October Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Don McDougal, Member

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Jodi Brown, Management Analyst
Mickey Case, Information Systems Technician
Aaron Cook, Engineering Manager
Mick Cothran, Engineering Technician
Noelle Denke, Public Information Officer
Jose Lucca, Utility Worker I
John Marchetta, Human Resources Manager
Steve Stone, Field Services Manager
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Luther Ballou, Mark Mervich, Kurt Bantle, and Jacqueline Howell

PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

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

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

PUBLIC COMMENT

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

Mr. Luther Ballou stepped to the podium to comment on the itemization of the water service fee on his property tax bill. He also commented that he had seen a lot of negative chatter in regards to Measure A. He inquired about the representation of the District on Eastern Municipal Water District's Board.

General Manager Bebee reported he would be happy to provide a summary of what will happen with the property tax bill. He also responded with information in regards to rates and EMWD representation. General Manager Bebee offered to schedule a meeting with Mr. Ballou to further discuss his concerns.

A. NEW EMPLOYEE ANNOUNCEMENT

1. John Marchetta, HR Manager
2. Jose Lucca, Utility Worker I

There were no public comments on agenda item A.

The Board welcomed John Marchetta as the new Human Resources Manager and Jose Lucca as the new Utility Worker I.

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

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

- B. CONSIDER APPROVAL OF MINUTES
1. September 25, 2023 Regular Meeting

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

- C. CONSIDER NOTICE OF COMPLETION FOR DAILY ROAD PIPELINE REPLACEMENT PROJECT

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

There were no public comments on Consent Calendar items.

MOTION: Director Endter moved to approve the Consent Calendar, as presented; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

III. INFORMATION -----(ITEMS D–E)

- D. CONSIDER RECYCLED SYSTEM MASTER PLAN UPDATE

Presented by: Aaron Cook, Engineering Manager

There were no public comments on agenda item D.

Engineering Manager Cook and Engineering Technician Cothran presented a slideshow to update the Board on the recycled system master plan. This update included identifying areas where the existing recycled distribution system could be expanded to serve additional customers. This was because it was determined the costs associated with treating and conveying recycled water to a potable level were too high to justify indirect potable reuse at this time.

General Manager Bebee commented on the future feasibility of direct potable reuse of recycled water, noting there are not currently facilities in California right now but that draft regulations are out for public review. He stated the way they are being written, it would likely not be economical for a small scale facility like the District's.

Director Baxter asked if our recycled water was available to Rainbow customers, if they had a need for it. General Manager Bebee reported we were still in the beginning steps of determining this and that there would likely be a need for

grant funding to make it economically feasible. Director Baxter acknowledged this was a regional effort and much bigger than FPUD and RMWD.

E. CALENDAR YEAR 2024 RATES AND CHARGES

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item E.

AGM/CFO Shank presented a slideshow to kick off discussions related to the calendar year 2024 rates and charges. This slideshow included several scenarios based on detaching from the San Diego County Water Authority (including how exit fees would be paid) and not detaching. AGM/CFO Shank also compared the fixed costs associated with SDCWA versus EMWD.

Director Baxter noted a decrease of 5.4%, with detachment, does not take into consideration the 6.5% increase if we were to not detach, making that really a difference of 11%.

AGM/CFO Shank detailed the average agricultural customer's bill with detachment compared to their current monthly bill, noting that everyone would go to the SAWR rate, and those customers would also see a reduction in fixed costs.

Additionally, AGM/CFO Shank provided an overview of proposed rates for Wastewater and Recycled enterprises.

Director Endter inquired about the wastewater rates and why the cost was higher. General Manager Bebee responded that over time, we are transitioning to more fixed and less variable costs.

AGM/CFO Shank outlined the timeline moving forward, reporting the FP&I Committee will meet again in November and that the Board will adopt rates for calendar year 2024 at the December 4, 2023 meeting.

General Counsel de Sousa announced the election will be held on November 7th and briefly explained the process that happens after the election. She recommended the District should proceed anticipating it would be going through its normal rate setting process.

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

F. CONSIDER UPDATE OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENTS

Recommendation: *That the Board continue the emergency action to replace the failed pipelines.*

There were no public comments on agenda item F.

MOTION: Director Endter moved to continue the emergency action to replace the failed pipelines; Director DeMeo seconded. Motion carried;
VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

G. CONSIDER ONE-TIME PAVING SERVICES AT 26 SITES

Recommendation: *That the Board approve a contract with Peter's Paving in the amount of \$82,800.00 for one-time paving services at 26 sites.*

There were no public comments on agenda item G.

General Manager Bebee reported we have had a lot of leaks, and this paving project was related to those leaks.

President Wolk asked if the District had an inspection process. General Manager Bebee responded that we did.

MOTION: Director Baxter moved to approve a contract with Peter's Paving in the amount of \$82,800 for one-time paving services at 26 sites; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

H. CONSIDER COMMUNICATIONS SITE LICENSE AGREEMENT AND LEASE

Recommendation: *That the Board authorize staff to execute the Communications Site License Agreement with Dish Wireless for the Rattlesnake Tank site.*

There were no public comments on agenda item H.

General Counsel de Sousa made clear for the record this is a license agreement and not a lease, which gives the District more latitude in regards to certain items compared to a lease. She noted if the Board were to approve this, it would also be approving revising the agreement to replace one instance of the word “lease” on page 3 with “license.”

Mark Mervich stepped to the podium to clarify that Dish Wireless still had to go through the Planning Group before installation. General Manager Bebee thought this will go through the Planning Group when they get permits from the County. General Counsel de Sousa also announced there were still requirements the licensee would have to go through before installation.

Director Endter asked what the District’s involvement was in this and where the revenue was reported. General Manager Bebee responded that we have no involvement in the Planning Group’s approval of this. AGM/CFO Shank reported the revenue was reported under “facilities rents” within the water enterprise.

Director Baxter clarified the District had no involvement in the installation or maintenance of any equipment.

MOTION: Director DeMeo moved to authorize staff to execute the Communications Site License Agreement with Dish Wireless for the Rattlesnake Tank site, with modification made to the License Agreement to replace the word “lease” in the first paragraph of page three with “license,” Director Endter seconded. Motion carried;
VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

I. CONSIDER SANTA MARGARITA CONJUNCTIVE USE PROJECT IN KIND SERVICES

Recommendation: That the Board authorize the General Manager as the designee to approve in kind services for the SMRCUP when requested by Camp Pendleton.

There were no public comments on agenda item I.

General Manager Bebee announced this went through the Engineering and Operations Committee. He then provided an overview of this project, including that within the settlement agreement with Camp Pendleton, some of the money we pay them goes into an account they are allowed to use for in kind services. General

Manager Bebee explained this project was related to one of the levees for one their ponds, which does present a risk for them not being able to capture all the water they can sell to us.

Director Endter clarified this was Camp Pendleton's money. General Manager Bebee confirmed it was their money and that they could take the money out whenever they wanted or they could use it to ask us to help get a project done.

Director Baxter asked if we have the resources to help with this. General Manager Bebee responded that we did, and it was already out to bid. Director Baxter confirmed we would not be sacrificing any FPUD-related projects by assisting with this. General Manager Bebee also noted we would be documenting our time spent on this as well.

MOTION: Director Endter moved to authorize the General Manager as the designee to approve in kind services for the Santa Margarita Conjunctive Use Project, when requested by Camp Pendleton; Director Baxter seconded. Motion carried; **VOTE:**

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

J. CONSIDER SYSTEMS TECHNICIAN POSITION

Recommendation: That the Board approve the new position and the updated salary table.

There were no public comments on agenda item J.

Director Baxter announced this item went through the Personnel Committee. He provided a brief background on the proposed position, including that we were roughly 17% under market for the salary range. He announced the recommendation was to increase the salary range to attract candidates. General Manager Bebee announced we had a Crew Leader vacancy. He reported we looked at various options on how to move forward with replacement versus reclassification, and there was a gap identified in Operations. Because of this reclassification, a change in salary was warranted.

General Counsel de Sousa noted PERS requires an updated salary table any time a position is added or a salary range changes.

MOTION: Director DeMeo moved to approve the creation of the Systems Technician position, with a reclassification from salary range 25 to

range 29 on the salary table and the resulting updated organizational chart; Director Baxter seconded. Motion carried; VOTE:

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

K. CONSIDER APPROVING A RESOLUTION DECLARING THE INTENT TO REIMBURSE QUALIFIED EXPENSE FROM DEBT PROCEEDS.

Recommendation: That the Board adopt Resolution No. 5063 establishing the District's intent to reimburse itself to certain capital expenditures.

Mr. Luther Ballou stepped to the podium to provide his interpretation of the agenda item K.

President Wolk commented doing it this way, current ratepayers don't have to pay for the benefit of future ratepayers. Everyone is paying for the value they are receiving. He thought that was important to note.

MOTION: Director Endter moved to adopt Resolution No. 5063 establishing the District's intent to reimburse itself to certain capital expenditures; Director DeMeo seconded. Motion carried; VOTE:

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

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

1. General Counsel
 - General Counsel de Sousa provided a legislation update, including a change in the Levine Act as part of the Political Reform Act.
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee reported we have experienced a lot of leaks.
 - b. Federal Funding Update
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 reported we would be doing a mid-year update in January.
- 5. Public Information Officer
 - PIO Denke reported on community events in which the District has participated and announced she has started preparing for the calendar contest.
- 6. Notice of Approval of Per Diem for Meetings Attended
- 7. Director Comments/Reports on Meetings Attended
 - Director Endter reported on his attendance at the October CoWU meeting.
- 8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session to discuss items VI.1 and 2. She announced members of the public participating via Zoom would only hear silence and see a blank screen while the Board was in Closed Session. She also announced there would be a report heard on the Zoom line once the Board came out of Closed Session and reconvened to Open Session.

The Board adjourned to Closed Session at 6:07 p.m.

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

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(4):

One (1) potential case

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

NAME OF CASE: *San Diego County Water Authority v. San Diego Local Agency Formation Commission, Fallbrook Public Utility District, et al. (37-2023-000036018-CU-TT-CTL)*

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 7:02 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Wolk adjourned the October regular meeting of the Board of Directors of the Fallbrook Public Utility District at 7:03 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Minutes from November 15, 2023
Special Board Meeting



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
SPECIAL BOARD MEETING

MINUTES

WEDNESDAY, NOVEMBER 15, 2023
2:00 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 Wolk called the November 15, 2023 Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 2:06 p.m.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Ken Endter, Member

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Andre Monette, Special Counsel
Lauren Eckert, Executive Assistant/Board Secretary

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

PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance.

APPROVAL OF AGENDA

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

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

PUBLIC COMMENT

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

There were no public comments on non-agenda items.

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session to discuss items II.1 and 2. She announced members of the public participating via Zoom would only hear silence and see a blank screen while the Board was in Closed Session. She also announced there would be a report heard on the Zoom line once the Board came out of Closed Session and reconvened to Open Session.

The Board adjourned to Closed Session at 2:08 p.m.

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

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(4):

Three (3) potential cases

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

NAME OF CASE: *San Diego County Water Authority v. San Diego Local Agency Formation Commission, Fallbrook Public Utility District, et al. (37-2023-000036018-CU-TT-CTL)*

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 2:50 p.m.

REPORT FROM CLOSED SESSION (As Necessary)

For two of the three potential cases listed for Item II.1, on motion of Director McDougal, seconded by Vice President DeMeo, the Board, on a vote of 4-0 (with Director Endter absent), authorized opting into the PFAS class action settlements for all compensation available in the following actions:

City of Camden, et al., v. 3M Company, No. 2:23-cv-XXXX-RMG, MDL No. 2:18-mn-2873-RMG; and

In Re: Aqueous Film-Forming Foams Product Liability Litigation, MDL No. 2:18-mn-2873.

There was no reportable action on other Closed Session items.

III. **ADJOURNMENT OF MEETING**

There being no further business to discuss, President Wolk adjourned the November 15, 2023 special meeting of the Board of Directors of the Fallbrook Public Utility District at 2:53 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: December 4, 2023
SUBJECT: Proposed 2024 Board of Directors Regular Meeting Schedule

Purpose

To establish the 2024 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.

For 2024, the Memorial Day holiday falls on Monday, May 27, which is the fourth Monday of the month, and conflicts with the regular Board meeting schedule. Accordingly, the proposal is to postpone the May regular board meeting date by two days to Wednesday, May 29, 2024, at 4 p.m.

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 2024 schedule combines the November and December regular meetings to Monday, December 2, 2024, at 4 p.m., as follows:

Table with 8 columns: Month, Day, Month, Day, Month, Day, Month, Day. Rows include January (22), February (26), March (25), April (22), May (27), June (24), July (22), August (26), September (23), October (28), November (Combined with December), and December (2).

Recommendation

The Board establish the 2024 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 29, 2024, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 2, 2024, at 4 p.m.

|

M E M O

TO: Board of Directors
FROM: Kevin Collins, Purchasing/Warehouse/Fleet Supervisor
DATE: December 4, 2023
SUBJECT: Notice of Completion – Fencing at 2.8 MG Tank

Description

To file a Notice of Completion for new fencing installation at the 2.8 MG tank with the San Diego County Recorder.

Purpose

The completion date for fencing at the 2.8 MG tank, Job Number 3214, is 11/27/2023. Red Hawk Services, Inc. completed the contract. This job was inspected, and District staff is satisfied with the work performed. The final total contract amount was \$57,091.62, which is the same as the original award amount. The original contract award date was October 17, 2023.

Budgetary Impact

There is no budgetary impact to record the Notice of Completion.

Recommended Action

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

RECORDING REQUESTED BY:
Fallbrook Public Utility District

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

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

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

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

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

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

7. The work of improvement on the property hereinafter described was completed on **November 27, 2023**
8. The name of the original contractor, if any, for the work of improvement was: **Red Hawk Fencing**
The kind of work done or material furnished was for the **Fencing at the 2.8 MG tank.**
9. The property on which the work of improvement was completed is in the unincorporated area of Fallbrook, county of San Diego, state of California, and is described as follows: **990 E Mission Rd, Fallbrook CA 92028**
10. The street address of the said property is: **990 E Mission Rd, Fallbrook CA 92028**

DATED: November 28, 2023

Kevin Collins, Warehouse Supervisor
Fallbrook Public Utility District

VERIFICATION

I, the undersigned, say:

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

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

Executed on November 28, 2023, at Fallbrook, California.

Signature

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M E M O

TO: Board of Directors
FROM: Aaron Cook, Engineering Manager
DATE: December 4, 2023
SUBJECT: Update of Emergency Declaration for Pipeline Replacements

Description

California Public Contract Code Section 22050 authorizes special contracting procedures in case of an emergency; the General Manager may take immediate action required by the emergency to procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids. However, the GM must report to the Board of Directors with an update at each regularly scheduled meeting to determine that there is a need to continue the action. When the Board reviews the emergency action, it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts. In the March 2023 meeting of the Board, three prequalified contractors were approved for on-call emergency pipeline repair services.

Purpose

Multiple recent leaks have occurred on sections of existing water main on North Main Ave and Acacia Lane, resulting in repeated emergency shutdowns in these areas. To restore reliable service, staff have engaged Filanc Construction, one of the prequalified contractors for emergency repairs, per the on-call emergency pipeline repair services procedures. The targeted area consists of approximately 300 linear feet of 6-inch water main on North Main and 1,000 linear feet of 6-inch water main on Acacia Lane. Work on Acacia Lane is nearing completion. The North Main pipeline work began in October and is expected to be completed in early December.

Budgetary Impact

The estimated cost of these repairs is \$600,000. The costs will be covered by the approved capital budget pipeline replacement funds.

Recommended Action

The recommended action is for the Board to continue the emergency action to replace the failed pipelines.

M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance (FP&I) Committee
DATE: December 4, 2023
SUBJECT: Approve District's Fiscal Year 2022-23 Annual Comprehensive Financial Report

Purpose

Approve the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year ending June 30, 2023, 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 five annual financial reports. The receipt of this award is the result the District's focus on adopting industry best management practices and enhancing its fiscal transparency.

On October 16th and November 9th, the Fiscal Policy and Insurance Committee (the Committee) met and reviewed the Draft ACFR. At these meetings, staff and Daphnie Munoz, 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. In addition, on November 9th, the Draft ACFR was sent out to the full Board for review. All comments have been incorporated into the final draft.

Daphnie Munoz 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, she will be reviewing the correspondences from the Auditor to the Board, which are provided as Attachment B.

Information Item

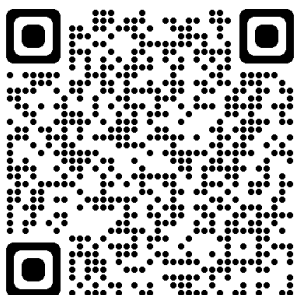
The Committee recommends that the Board approve the ACFR for Fiscal Year Ending June 30, 2023.

Attachment A



A Special District in the State of California

Annual Comprehensive Financial Report For the Fiscal Year Ending June 30, 2023



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A Special District within the State of California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year ending June 30, 2023

Current Board of Directors:

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

Prepared by District Management:

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

Acknowledgment: District Management would like to thank Jodi Brown, Jason Jared, Aaron Cook, Jesse Perez, Mick Cothran, Joye Johnson, Annalece Bokma, Veronica Tamzil, Christi Ray, 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 last fiscal year.

INTRODUCTORY SECTION



November 15, 2023

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

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

To the Board of Directors and Citizens of Fallbrook:

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, 2023. 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, 2023. 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.



Santa Margarita Groundwater Treatment Plant

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 directly 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 7,383 acre-feet. Residential and commercial customers represent 71% of sales, and agricultural customers make up the remaining 29%. The District’s historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is being driven by the economics of agriculture production and the fact that high wholesale water costs make only limited number of crops profitable. The District’s agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 1,597 in Fiscal Year 2023 or down 77%.

Wastewater System

The District’s wastewater system is comprised of 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 5,039 customers with an annual influent flow of 599 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 30 recycled water connections, and delivers an average of 0.4 million gallons per day. The District provides recycled water for plant nurseries, sports fields, home owners’ associations, Fallbrook High School, and street medians. In 2023, the District completed an updated Recycled System Master Plan in which potential system expansions were identified and analyzed for targeted implementation. Over 600 acre feet per year of potable demand could be served with recycled water if all extensions were implemented. Funding for the most feasible expansions is 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 06/30/2023):

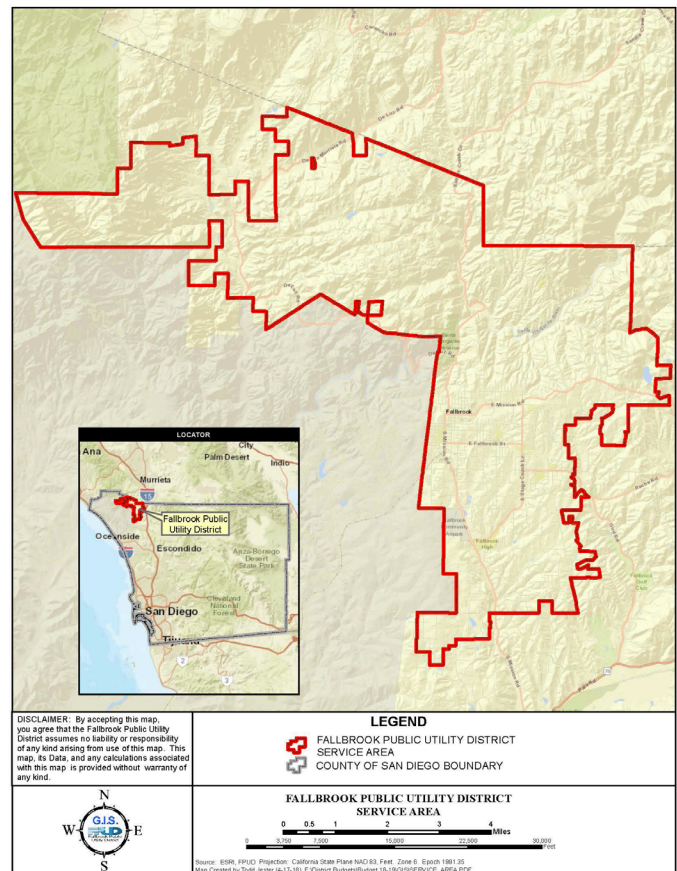
- District #1 - Dave Baxter**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo, Vice-President**
- District #4 - Don McDougal**
- District #5 - Charley Wolk, President**

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 2021 population is estimated to be 34,738 with 10,134 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$73,165, which is less than the state median of \$84,097 and slightly higher than the national average of \$69,021. 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 3.7 million residents in 2050, up from 3.3 million in 2021. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



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 completed the process of updating its 2017 financial plan. As part of the financial plan update, the District considered the economic benefits of detachment from San Diego County Water Authority (SDCWA) and annexing into Eastern Municipal Water District's (EMWD's) service area, established a rate and charge plan for each enterprise that ensured financial sustainability, and restructured rates and charges to better align level of service with cost of service. Each year a 10-year Capital Improvement Plan (CIP) is developed for water, recycled water and wastewater services' as part of the annual budget 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, 2023, the trust held \$9.2 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

Implementing Change

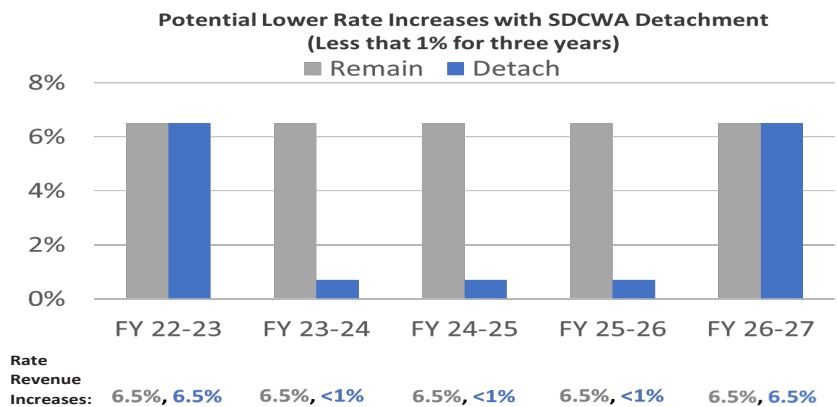
With the Santa Margarita Groundwater Treatment Plant (SMGTP) delivering treated Santa Margarita River water to ratepayers, the District has focused on optimizing operations to maximize the benefit of the SMGTP to rate payers. The seamless integrating of the SMGTP, an advanced water treatment facility, into system operations highlights the District’s extensive preparation and the outstanding work performance of District staff. Looking forward this local supply will be a cornerstone of the District’s water supply portfolio and provide future District ratepayers long-term rate relief from increasing water costs at the wholesale and State levels.

The addition of a water treatment plant to District operations resulted in a significant change to the District’s cost of service structure. To ensure the changes in cost structure were equitably integrated into rates and charges, the District completed a comprehensive cost of service study. After several public workshops were conducted and Board and stakeholder input reviewed, the cost of service study and a comprehensive financial plan was developed in 2022. The financial plan provides a detailed road map going forward that maintains the District’s fiscal sustainability for future generations.

Water Affordability

The District has faced a decade of escalating wholesale water costs driven by costly infrastructure investments by the San Diego County Water Authority (SDCWA) in supply reliability. This year SDCWA increased its treated water supply cost by 13%. With the City of San Diego (the City) driving SDCWA’s double digit increases, the cost of treated water has increased by more than 20% over the past two years. While the City’s local supplies will dramatically reduce its water purchases from SDCWA, the City continues to drive decisions to add of staff and invest in large scale capital projects that will continue to drive up SDCWA’s costs up for decades.

SDCWA Detachment Savings Analysis



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

This year’s 13% increase highlights the operational challenges SDCWA is facing from both declining water demands and increasing operating and capital costs. With SDCWA’s fiscal sustainability in question, the District has initiated a process to change its water wholesaler to Eastern Municipal Water District (EMWD). This change would not only reduce the District’s cost of water by approximately 30% but also maintain a comparable level of water supply 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 and local economy.

This year the District achieved the significant milestone of securing the Local Agency Formation Commission's (LAFCO) approval for detachment. The final step in the detachment process is a vote in November of 2023 of the District's service area for approval of the action. While the District faces stiff opposition from both SDCWA and the City, LAFCO saw the value to rate payers of detachment and the importance of the District to be choose its water supplier.

Asset Management

The District has implemented an asset management program that considers condition and consequence of failure when making asset renewal and replacement decisions. Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was on a replacement cycle of 400 years. With this replacement cycle, the frequency of asset failures was expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. In response, the District is proactively managing the renewal and rehabilitation program targeting prioritized assets and is on a path to drive the system service life down from 400 years to 100 years.

Continuous Improvement

This year the District added a series of Key Performance Indicators (KPIs) to its budget to facilitate operational improvements. Focused on core operational activities, the KPIs allow benchmarking against peer organizations and trending over time. Over time, the KPIs are expected to enable management to optimize operations and identify areas of potential improvement.

The District began an overhaul of its deferred compensation plans including the formation of a Fiduciary Committee to oversee the plans and a competitive solicitation of third party plan administrator. Establishing best in class deferred compensation plans is critical to the retirement planning of PEPPRA participants as these plans play a more significant role in retirement income planning. Through this process, the District was able to engage staff and reduce the administrative fees paid to the plan administrator by approximately 80%.

Looking Forward

The District is committed to advocating for its ratepayers and securing a reliable and affordable water supply. To this end, the District is focused on lowering its wholesale water costs by changing the District's wholesale water provider. While this effort will be politically challenging, it has the potential to provide our customers with immediate and substantial rate relief.

The District's organizational chart is shown on the 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

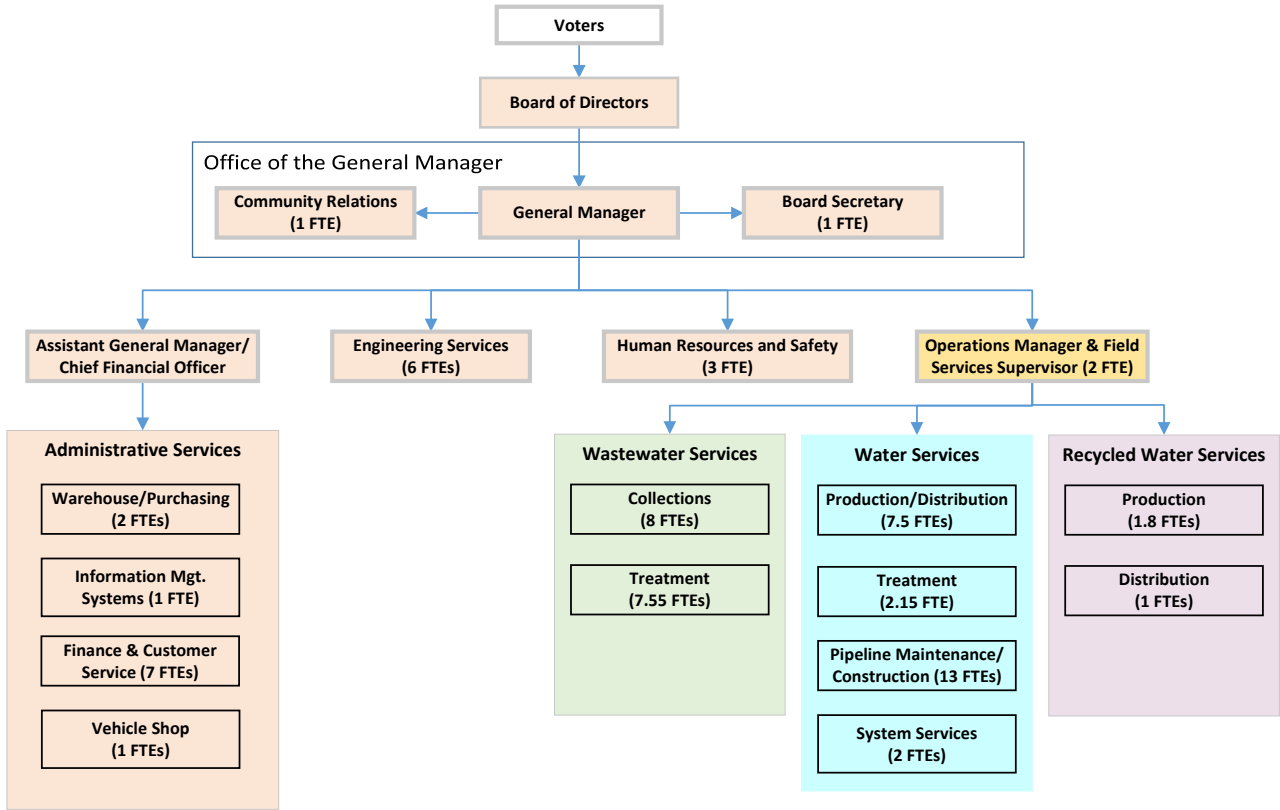


David Shank
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 69)

**Fiscal Year 2022-2023 Organizational Structure
Total Requested Regular FTE=69**



FTE = Full-Time Equivalent



Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Fallbrook Public Utility District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAAconnect.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, 2023, 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, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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.

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Board of Directors
Fallbrook Public Utility District

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.

Board of Directors
Fallbrook Public Utility District

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2022 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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.

Board of Directors
Fallbrook Public Utility District

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 15, 2023, 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

Irvine, California
November 15, 2023

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, 2023. Management's Discussion and Analysis (MD&A) are broken into the following sections:

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

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

Financial Statement Overview

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

The Basic Financial Statements include the following:

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

Financial Highlights

This year the District's net financial position increased 5.4% from the June 30, 2022 balance of \$102,721,982 to the June 30, 2023 balance of \$108,297,538. The District's total assets decreased to \$216,752,080, which is a 0.9% decrease from last year. The decrease in District's assets is being driven by the depreciation of the District's fixed assets, which outweighed the District's addition of fixed assets. Liabilities increased to \$112,045,007 or 4.0% from year ending June 30, 2022 due to changes in the District's CalPERS net pension liability. The increase is related to the risk mitigation actions taken by CalPERS due to the above average investment returns in 2022. The increase in deferred outflows of Resources is driven by changes in the calculation of the pension liability. Of the District's assets, 80.5% are related to infrastructure, which is the largest class of assets.

The District's operating loss decreased from \$5,114,560 in fiscal year ending June 30, 2022 to \$1,335,588 in fiscal year ending June 30, 2023. The decrease was driven by a GASB 68 pension expense decrease of \$5,726,010 that was the result of changes in actuarial assumptions. Overall, the District's

operating revenues decreased 3.6% or from \$32,814,986 to \$31,629,493 in fiscal years ending June 30, 2022 and 2023, respectively. After net non-operating revenues and capital contributions, the District's fiscal year ending June 30, 2023 increase in net position was \$5,575,556. 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 \$9,197,828 fiscal year ending June 30, 2022 to \$10,349,994 fiscal year ending June 30, 2023.

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 2023 compared to Fiscal Year 2022

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 and disinfection facility at the Red Mountain reservoir, an advanced reverse osmosis water treatment plant and other equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant and equipment. Capital assets decreased to \$174,509,824 in fiscal year ending June 30, 2023.

Current assets and liabilities remained flat from fiscal year ending June 30, 2022. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$10,349,994, \$1,173,333 for OPEB and \$9,176,661 for pensions. The District implemented GASB 96 fiscal year ending June 30, 2023. The value of the District's subscription liability on June 30, 2023 was \$37,290.

Net capital assets decreased \$3,098,014 in fiscal year ending June 30, 2023. District wide depreciation in fiscal year ending June 30, 2023 was \$8,997,162. The decrease in net capital assets indicates that the District's capital investments in system assets during fiscal year ending June 30, 2023 were slightly outpaced by the rate of asset depreciation. This was due to a lower than expected level of capital project execution.

The District's total net position increased by \$5,575,556 primarily attributable to the \$8,358,223 in nonoperating revenue, which is predominantly made up of property taxes and capital improvement charges, and investment income. These along with offsetting nonoperating expenses of \$1,622,947, compensated for the operating loss of \$1,335,588.

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.

Condensed Statements of Net Position

	June 30, 2023	June 30, 2022	June 30, 2021
Assets			
Unrestricted Current Assets	\$ 26,256,133	\$ 26,273,471	\$ 30,554,990
OPEB and Restricted Assets	13,794,060	12,373,596	13,056,070
Capital Assets, net	174,509,824	177,607,838	171,646,876
Lease Receivable, Net of Current Portion	2,192,063	2,534,615	-
Total Assets	216,752,080	218,789,520	215,257,936
Deferred Outflows of Resources	7,638,677	3,020,909	3,093,115
Liabilities			
Current liabilities	7,445,302	7,512,861	11,318,938
Noncurrent liabilities including Retention Payable	104,599,705	100,234,698	102,870,639
Total Liabilities	112,045,007	107,747,559	114,189,577
Deferred Inflows of Resources	4,048,212	11,340,888	339,335
Net Position			
Net Investment in Capital Assets	84,709,855	84,830,631	83,368,399
Restricted	10,707,799	9,631,081	10,340,855
Unrestricted	12,879,884	8,260,270	10,112,885
Total Net Position	\$ 108,297,538	\$ 102,721,982	\$ 103,822,139

Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021
Operating Revenues			
Water	\$ 23,467,210	\$ 25,245,783	\$ 25,429,014
Recycled Water	1,102,493	1,232,350	1,088,163
Wastewater	7,059,790	6,336,853	5,994,424
Total Operating Revenues	31,629,493	32,814,986	32,511,601
Operating Expenses			
Cost of Water	10,716,859	13,245,830	13,955,908
Water Operations	7,769,158	10,369,275	7,366,600
Recycled Water Operations	446,834	626,050	441,490
Wastewater Operations	5,035,068	6,620,611	5,395,914
Operating Expenses Before Depreciation	23,967,919	30,861,766	27,159,912
Operating Income Before Depreciation	7,661,574	1,953,220	5,351,689
Depreciation	8,997,162	7,067,780	6,773,273
Total Operating Expenses Including Depreciation Operating Loss	(1,335,588)	(5,114,560)	(1,421,584)
NonOperating Revenues (Expenses)			
Property Taxes	2,617,564	2,397,429	2,340,185
Capital Improvements Charges	2,838,696	2,650,202	2,604,061
Investment Income	932,974	(1,835,245)	1,543,078
Lease Interest Income	16,496	15,437	-
Water Availability Charges	200,107	202,234	208,842
MWD Local Resource Program	517,280	197,884	-
Lease Revenue	331,006	284,819	251,047
Intergovernmental Revenue-Federal Interest Rate Subsidy	86,153	99,240	112,207
Connection Fees	186,946	193,201	149,650
SDCWA Rate Refund	8,441	839,398	909,413
COVID Relief Grant	-	184,762	-
Water Supply Grant Funds	452,253	213,368	-
Net Gain (Loss) on Disposal of Capital Assets	170,307	36,543	38,100
Community Benefit Program Expense	(96)	-	-
Interest Expense	(1,622,851)	(1,524,767)	(1,665,457)
Total Non-Operating Revenues, Net	6,735,276	3,954,505	6,491,127
Change in Net Position Before Capital Contributions	5,399,688	(1,160,055)	5,069,543
Capital Contributions	175,868	59,898	47,842
Change in Net Position	5,575,556	(1,100,157)	5,117,385

Statements of Revenues, Expenses and Changes in Net Position, Cont.

Net Position - Beginning of Year, As Originally Stated	102,721,982	103,822,139	98,704,754
Prior Period Adjustments	-	-	-
Net Position - Beginning of Year, As Restated	102,721,982	103,822,139	98,704,754
Net position - End of Year	\$ 108,297,538	\$ 102,721,982	\$ 103,822,139

Fiscal year 2023 compared to Fiscal Year 2022

Fiscal year ending June 30, 2023 water revenues were down 7.0% or \$1,778,573 from fiscal year ending June 30, 2022 due to weather related reductions in water sales levels. Wastewater revenues were up 11.4% from fiscal year ending June 30, 2022 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, 2023 net position. The District’s net position increased by \$5,575,556 during fiscal year ending June 30, 2023.

Operating revenue decreased \$1,185,493 primarily due to water sales of 6,297 AF in fiscal year ending June 30, 2023 compared to 7,576 AF during fiscal year ending June 30, 2022. Recycled water sales trended with water sales and decreased to 494 AF as compared to 586 AF in fiscal year ending June 30, 2022. Wastewater revenues increased by \$722,937 from fiscal year ending June 30, 2022. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses decreased by \$4,964,465 from fiscal year ending June 30, 2022. The decrease in operating expense was driven by a \$2,528,971 decrease in the cost of water from fiscal year ending June 30, 2022, due to less water being purchased from SDCWA. Depreciation expense increased by \$1,929,382 from fiscal year ending June 30, 2022 while other operating costs decreased by \$4,364,876. The District’s GASB 68 Pension Expense was a \$1,383,517 operating expense credit this year due to changes in the actuarial assumptions of the District’s pension obligation.

The District’s operating loss of \$1,335,588 when netted against combined nonoperating revenues and expenses of \$6,735,276 results in a \$5,399,688 increase in net position before capital contributions. The District’s nonoperating revenues come from six primary sources, property taxes in the amount of \$2,617,564, water and wastewater capital improvement charges in the amount of \$2,838,696, investment income in the amount of \$932,974, water availability charges in the amount of \$200,107, connection fees in the amount of \$186,946 and the Federal Interest Rates Subsidy Payments of \$86,153.

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.

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, 2023, the District replaced 4,300 feet of pipe and 109 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. 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, 2023, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Emergency Pipeline Replacement	\$ 600,000	12/31/2023
Lang Reservoir Decommissioning	50,000	8/31/2023
Overland Trail Lift Station Rehabilitation	50,000	12/31/2023
Main Street Sewer Main Replacement	95,000	3/1/2024
Hawthorne Lift Station/Gravity Main	20,000	3/1/2024
Reclamation Plant Storm Water	30,000	8/1/2023
Pipeline Replacement	2,700,000	3/1/2024

Debt Administration

At June 30, 2023, the District had \$89.3 million of long-term debt outstanding. \$2.0 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 \$2.8 million of indebtedness is attributable to the Red Mountain Disinfection Facility SRF loan, which was originally for \$6.16 million. \$17.7 million of indebtedness and \$2.9 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 the year ending June 30, 2023 \$1.0 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 7 to the Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,625,839	\$ 10,327,128
Investments	10,956,276	7,063,348
Receivables - Water Sales and Services	4,442,273	5,431,116
Accrued Interest Receivable	61,144	32,947
Property Taxes Receivable	45,418	42,166
Lease Receivable, Current Portion	219,700	262,820
Other Receivables	399,671	1,582,499
Inventory	1,405,107	1,460,165
Prepaid Expenses and Other Deposits	100,705	71,282
Restricted Assets:		
Cash and Cash Equivalents	9,816,557	8,812,335
Investments	3,977,503	3,561,261
Total Current Assets	40,050,193	38,647,067
NONCURRENT ASSETS		
Capital Assets:		
Capital Assets, Not Being Depreciated	18,329,634	19,935,557
Capital Assets Being Depreciated, Net	156,180,190	157,672,281
Total Capital Assets, Net	174,509,824	177,607,838
Lease Receivable, Net of Current Portion	2,192,063	2,534,615
Total Noncurrent Assets	176,701,887	180,142,453
 Total Assets	 216,752,080	 218,789,520
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts From Pension	7,217,689	2,740,102
Deferred Amounts From OPEB	420,988	280,807
Total Deferred Outflows of Resources	7,638,677	3,020,909

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	2023	2022
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,489,410	\$ 4,325,917
Accrued Wages	147,964	109,004
Construction and Other Deposits	11,203	10,175
Accrued Interest Payable	645,606	646,898
Retention Payable	64,035	77,541
Lease Liability, Current Portion	10,173	20,269
Subscription Liability, Current Portion	37,290	-
Compensated Absences, Current Portion	648,132	581,242
Current Portion of Other Long-Term Debt	3,455,524	1,819,356
Total Current Liabilities	7,509,337	7,590,402
NONCURRENT LIABILITIES		
Health Retirement Account Liability	307,468	378,664
Net OPEB Liability (Asset)	247,383	(19,452)
Net Pension Liability	17,127,503	9,197,303
Lease Liability, Net of Current Portion	-	10,173
Compensated Absences, Net of Current Portion	972,198	871,864
Long-Term Debt - Net of Current Portion	85,881,118	89,718,605
Total Noncurrent Liabilities	104,535,670	100,157,157
Total Liabilities	112,045,007	107,747,559
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts From Pension	1,668,860	8,418,155
Deferred Amounts From OPEB	41,941	175,205
Deferred Amounts From Lease Receivable	2,337,411	2,747,528
Total Deferred Inflows of Resources	4,048,212	11,340,888
NET POSITION		
Net Investment in Capital Assets	84,709,855	84,830,631
Restricted for:		
1958 Annex Projects	1,213,780	1,213,780
Debt Service	317,358	316,687
Pension	9,176,661	8,100,614
Unrestricted	12,879,884	8,260,270
Total Net Position	\$ 108,297,538	\$ 102,721,982

See accompanying Notes to Basic Financial Statements.

FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Water	\$ 23,467,210	\$ 25,245,783
Recycled Water	1,102,493	1,232,350
Wastewater	<u>7,059,790</u>	<u>6,336,853</u>
Total Operating Revenues	<u>31,629,493</u>	<u>32,814,986</u>
OPERATING EXPENSES		
Cost of Water	10,716,859	13,245,830
Water Operations	7,769,158	10,369,275
Recycled Water Operations	446,834	626,050
Wastewater Operations	<u>5,035,068</u>	<u>6,620,611</u>
Operating Expenses Before Depreciation and Amortization	<u>23,967,919</u>	<u>30,861,766</u>
Operating Income Before Depreciation and Amortization	7,661,574	1,953,220
Depreciation and Amortization	<u>8,997,162</u>	<u>7,067,780</u>
Total Operating Expenses Including Depreciation and Amortization	<u>(1,335,588)</u>	<u>(5,114,560)</u>
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	2,617,564	2,397,429
Capital Improvements Charges	2,838,696	2,650,202
Investment Income	932,974	(1,835,245)
Lease Interest Income	16,496	15,437
Water Availability Charges	200,107	202,234
MWD Local Resource Program	517,280	197,884
Lease Revenue	331,006	284,819
Intergovernmental Revenue - Federal Interest Rate Subsidy	86,153	99,240
Connection Fees	186,946	193,201
SDCWA Rate Refund	8,441	839,398
COVID Relief Grant	-	184,762
Water Supply Grant Funds	452,253	213,368
Gain on Disposal of Capital Assets	170,307	36,543
Community Benefit Program Expense	(96)	-
Interest Expense	<u>(1,622,851)</u>	<u>(1,524,767)</u>
Total Nonoperating Revenues (Expenses)	<u>6,735,276</u>	<u>3,954,505</u>
Changes in Net Position Before Capital Contributions	5,399,688	(1,160,055)
Capital Contributions	<u>175,868</u>	<u>59,898</u>
CHANGE IN NET POSITION	5,575,556	(1,100,157)
Net Position - Beginning of Year	<u>102,721,982</u>	<u>103,822,139</u>
NET POSITION - END OF YEAR	<u>\$ 108,297,538</u>	<u>\$ 102,721,982</u>

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 33,801,164	\$ 32,212,416
Payments for Water	(11,890,421)	(13,159,883)
Payments for Services and Supplies	(5,091,766)	(6,069,694)
Payments for Employee Wages, Benefits and Related Costs	(10,791,442)	(9,705,098)
Net Cash Provided by Operating Activities	<u>6,027,535</u>	<u>3,277,741</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	<u>2,614,312</u>	<u>2,413,788</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,614,312</u>	<u>2,413,788</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Lease Revenues Collected	2,482,128	248,252
Acquisition and Construction of Capital Assets	(6,389,114)	(15,739,839)
Proceeds From Sales of Capital Assets	182,896	36,543
Proceeds of Issuance of Debt	-	11,250,321
Principal Payments on Long-Term Debt	(1,882,878)	(2,168,342)
Interest Paid	(2,006,105)	(1,460,027)
Intergovernmental Revenue - Federal Interest Rate Subsidy	86,153	99,240
Capital Improvement Charges and Connection Fees	3,025,642	2,843,403
Proceeds from SDCWA Rate Rebate	8,441	839,398
Proceeds from Covid Relief Grant	-	184,762
Proceeds from MWD Local Resource Program	517,280	197,884
Water Availability Charges	<u>200,107</u>	<u>202,234</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,775,450)</u>	<u>(3,466,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchases) of Investments, net	(4,309,170)	(1,853,104)
Interest Received	<u>937,769</u>	<u>(1,003,408)</u>
Net Cash Used by Investing Activities	<u>(3,371,401)</u>	<u>(2,856,512)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,494,996	(631,154)
Cash and Cash Equivalents - Beginning of Year	<u>19,139,463</u>	<u>19,770,617</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,634,459</u>	<u>\$ 19,139,463</u>
FINANCIAL STATEMENT PRESENTATION		
Cash and Cash Equivalents	\$ 8,625,839	\$ 10,327,128
Cash and Cash Equivalents - Restricted Assets	<u>9,816,557</u>	<u>8,812,335</u>
Total Cash and Cash Equivalents	<u>\$ 18,442,396</u>	<u>\$ 19,139,463</u>

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,335,588)	\$ (5,114,560)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	8,997,162	7,067,779
Community Benefit Program Expenses	(96)	-
(Increase) Decrease in:		
Receivables	2,171,671	(602,570)
Inventory	55,058	401,760
Prepaid Expenses And Other Deposits	(29,423)	11,221
Deferred Outflows of Resources	(4,617,768)	72,206
Increase (Decrease) in:		
Accounts Payable	(662,945)	(1,063,147)
Accrued Wages	38,960	(58,281)
HRA Liability	(71,196)	27,414
Net OPEB Obligation	266,835	(224,453)
Net Pension Liability	7,930,200	(5,524,045)
Compensated Absences	167,224	30,392
Deferred Inflows of Resources	(6,882,559)	8,254,025
Net Cash Provided by Operating Activities	\$ 6,027,535	\$ 3,277,741
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in Fair Value of Investments	\$ -	\$ (809,449)
Acquisition and Construction of Capital Assets in Accounts Payable	\$ 351,829	\$ 1,161,705
Capital Assets Contributed	\$ 59,898	\$ 59,898

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023**

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 amortization 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, 2023**

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.” As of June 30, 2023, \$545,901 of unrestricted net position is designated for Community Benefit Program.

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, 2022, from which the summarized information was derived.

C. New Accounting Pronouncements

Current Year Standards

GASB 96 – In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Entity adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 inflow related to pensions for differences between expected and actual experiences. These amounts are 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 net other postemployment benefit liability 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 net other postemployment benefit liability through the Plan.
- Deferred inflow related to pensions resulting from changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are 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 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, 2023**

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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	20 to 50 Years
Buildings and Structures	45 Years
Equipment	3 to 10 Years

Right-to-use leased assets and subscription assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

L. Lease Receivable

The District measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

M. 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, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
\$ 1,453,106	\$ 983,857	\$ (816,633)	\$ 1,620,330	\$ 648,132

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Lease Payable

Lease payable represents the District’s obligation to make lease payments arising from the lease. Lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

O. 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.

P. 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

Q. 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, 2023**

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

S. 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, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 8,625,839
Restricted Cash and Cash Equivalents	9,816,557
Investments	10,956,276
Restricted Investments	3,977,503
Total Cash and Investments	<u>\$ 33,376,175</u>

Cash and Investments Consist of the following:

Cash on Hand	\$ 1,300
Deposits with Financial Institutions	1,318,751
Investments	32,056,124
Total Cash and Investments	<u>\$ 33,376,175</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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
Passbook and Money Market Savings 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.

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.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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, 2023.

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 6,567	\$ 6,567	\$ -	\$ -
California Asset Management Program (CAMP)	7,939,117	7,939,117	-	-
Asset Backed Securities	1,169,555	-	-	1,169,555
Medium-Term Notes	3,134,251	141,841	605,460	2,386,950
Municipal Bonds	139,653	-	-	139,653
U.S. Agency Securities	94,485	94,485	-	-
U.S. Treasury Securities	9,730,710	194,094	3,414,340	6,122,276
Federal Agency Collateralized Mortgage Obligations	665,125	-	190,455	474,670
PARS Pooled Trust - Pension Trust	9,176,661	9,176,661	-	-
Total	\$ 32,056,124	\$ 17,552,765	\$ 4,210,255	\$ 10,293,104

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, 2023.

Investment Type	Total	Minimum Legal Rating*	Ratings as of Year End					
			Exempt from Disclosure	AAA	AA/AA-/AA+	A/A-/A+	BBB+	Not Rated
Local Agency Investment Fund (LAIF)	\$ 6,567	Exempt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,567
California Asset Management Program (CAMP)	7,939,117	AAA	-	7,939,117	-	-	-	-
Asset Backed Securities	1,169,555	A	-	1,135,905	-	-	-	33,650
Medium-Term Notes	3,134,251	A	-	-	359,381	2,357,234	417,636	-
Municipal Bonds	139,653	A/A-1	-	-	139,653	-	-	-
U.S. Agency Securities	94,485	N/A	-	-	94,485	-	-	-
U.S. Treasury Securities	9,730,710	Exempt	9,730,710	-	-	-	-	-
Federal Agency Collateralized Mortgage Obligations	665,125	AA	-	-	665,125	-	-	-
PARS Pooled Trust - Pension Trust	9,176,661	Exempt	9,176,661	-	-	-	-	-
Total	\$ 32,056,124		\$ 18,907,371	\$ 9,075,022	\$ 1,258,644	\$ 2,357,234	\$ 417,636	\$ 40,217

* 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, 2023**

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, 2023.

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, 2023, the District's deposits with financial institutions (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California law.

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, 2023**

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, 2023
Investments by Fair Value Level:				
Asset Backed Securities	\$ -	\$ 1,169,555	\$ -	\$ 1,169,555
Medium-Term Notes	-	3,134,251	-	3,134,251
Municipal Bonds	-	139,653	-	139,653
U.S. Agency Securities	-	94,485	-	94,485
U.S. Treasury Securities	-	9,730,710	-	9,730,710
Federal Agency Collateralized Mortgage Obligations	-	665,125	-	665,125
	<u>-</u>	<u>14,933,779</u>	<u>-</u>	<u>14,933,779</u>
Total Investments by Fair Value Level				
	<u>\$ -</u>	<u>\$ 14,933,779</u>	<u>\$ -</u>	<u>\$ 14,933,779</u>
Investments Measured at Cost or Net Asset Value (NAV):				
Local Agency Investment Fund (LAIF)				6,567
California Asset Management Program (CAMP)				7,939,117
PARS Pooled Trust - Pension Trust				9,176,661
Total Investments at Cost or Net Asset Value (NAV)				<u>17,122,345</u>
Total Investments				<u>\$ 32,056,124</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Capital Assets, Not Being Depreciated:					
Land and Property Rights-Water	\$ 11,704,070	\$ -	\$ (10,027)	\$ -	\$ 11,694,043
Land and Property Rights-Wastewater	1,128,164	-	-	-	1,128,164
Construction In Progress	7,103,323	5,445,539	-	(7,041,435)	5,507,427
Total Capital Assets, Not Being Depreciated	<u>19,935,557</u>	<u>5,445,539</u>	<u>(10,027)</u>	<u>(7,041,435)</u>	<u>18,329,634</u>
Capital Assets, Being Depreciated:					
Water Operations:					
Impounding Dam	35,041,584	-	-	37,939	35,079,523
Distribution System	66,215,242	-	-	5,370,729	71,585,971
Buildings and Structures	60,315,819	-	(6,936)	490,999	60,799,882
Equipment	10,907,457	196,557	(34,192)	20,792	11,090,614
Subscription Asset	80,542	-	-	-	80,542
Right of Use Lease Asset - Equipment	50,630	-	-	-	50,630
Total Water Operations	<u>172,611,274</u>	<u>196,557</u>	<u>(41,128)</u>	<u>5,920,459</u>	<u>178,687,162</u>
Wastewater Operations:					
Collection System	13,688,991	-	-	367,545	14,056,536
Treatment And Disposal Facilities	60,958,010	-	-	326,481	61,284,491
Equipment	882,918	189,099	-	97,307	1,169,324
Total Wastewater Operations	<u>75,529,919</u>	<u>189,099</u>	<u>-</u>	<u>791,333</u>	<u>76,510,351</u>
Recycle Operations:					
Distribution System	4,673,586	-	(2,371)	329,643	5,000,858
Total Recycle Operations	<u>4,673,586</u>	<u>-</u>	<u>(2,371)</u>	<u>329,643</u>	<u>5,000,858</u>
Total Capital Assets Being Depreciated	252,814,779	385,656	(43,499)	7,041,435	260,198,371
Less Accumulated Depreciation for:					
Impounding Dam	(18,643,718)	(1,431,903)	-	-	(20,075,621)
Systems and facilities	(65,540,963)	(4,828,764)	-	-	(70,369,727)
Building and Structures	(3,879,567)	(1,910,537)	6,745	-	(5,783,359)
Equipment	(6,977,136)	(759,106)	34,192	-	(7,702,050)
Less Accumulated Amortization for:					
Subscription Asset	-	(46,280)	-	-	(46,280)
Right of Use Lease Asset - Equipment	(20,572)	(20,572)	-	-	(41,144)
Total Accumulated Depreciation and Amortization	<u>(95,061,956)</u>	<u>(8,997,162)</u>	<u>40,937</u>	<u>-</u>	<u>(104,018,181)</u>
Total Capital Assets Being Depreciated, Net	<u>157,752,823</u>	<u>(8,611,506)</u>	<u>(2,562)</u>	<u>7,041,435</u>	<u>156,180,190</u>
Total Capital Assets, Net	<u>\$ 177,688,380</u>	<u>\$ (3,165,967)</u>	<u>\$ (12,589)</u>	<u>\$ -</u>	<u>\$ 174,509,824</u>

NOTE 4 LEASE RECEIVABLE

The District, acting as lessor, leases several real properties for cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2043 and provide various renewal options ranging from three months to five years. During the year ended June 30, 2023, the City recognized \$331,006 and \$16,496 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 LEASE RECEIVABLE (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 219,700	\$ 13,077	\$ 232,777
2025	226,019	11,760	237,779
2026	232,472	10,405	237,779
2027	209,645	9,072	242,877
2028	200,865	7,930	208,795
2029-2033	748,606	25,231	773,837
2034-2038	504,515	8,239	512,754
2039-2043	69,941	183	70,124
Total	<u>\$ 2,411,763</u>	<u>\$ 85,897</u>	<u>\$ 2,516,722</u>

NOTE 5 LEASE LIABILITY

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 06/30/2023, the value of the lease liability is \$10,173. The District is required to make monthly fixed payments of \$1,698. The lease has an interest rate of 0.5060. Total lease payment of \$10,185 under lease agreements is due in fiscal year 2024.

NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District The Entity has entered into subscription based-information technology arrangements (SBITAs) for use of several information technology. The SBITA arrangements expire at various dates through 2024 and provide for renewal options. As of 06/30/2023, the value of the subscription liability is \$37,290. Total subscription payment of \$37,411 under SBITA agreements is due in fiscal year 2024.

NOTE 7 LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 3,162,524	-	\$ (316,574)	\$ 2,845,950	\$ 324,764
Qualified Energy Conservation Revenue Bonds	2,428,971	-	(387,783)	2,041,188	410,387
State Water Resources Control Board Loan	63,916,954	-	-	63,916,954	1,600,373
2021 Wastewater Revenue Refunding Bonds Series A	14,845,000	-	-	14,845,000	-
2021 Wastewater Revenue Refunding Bonds Series B	3,925,000	-	(1,115,000)	2,810,000	1,120,000
Unamortized Premium on 2021 Revenue Bonds	3,259,512	-	(381,962)	2,877,550	-
Total Long-Term Debt	<u>\$ 91,537,961</u>	<u>\$ -</u>	<u>\$ (2,201,319)</u>	<u>\$ 89,336,642</u>	<u>\$ 3,455,524</u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

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 loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	359,700	36,151	395,851
2029-2031	1,135,905	51,645	1,187,550
Total	<u>\$ 2,845,950</u>	<u>\$ 320,856</u>	<u>\$ 3,166,806</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.

Future debt service requirements for the loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,041,188</u>	<u>\$ 303,622</u>	<u>\$ 2,344,810</u>

State Water Resources Control Board Loan

On August 28, 2019, the District entered into an agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund Loan to finance the construction of the Santa Margarita Conjunctive Use Project water treatment plant. The maximum loan amount was \$53,334,000 with interest at 1.9%. On January 31, 2020, the SWRCB increased the original loan approval to \$63,916,954. The District's annual repayment, including principal and interest, is \$2,763,723. The repayment term is 30 years, maturing on March 1, 2053. Total proceeds from the loan were \$62,757,217.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

State Water Resources Control Board Loan (Continued)

Future debt service requirements for the loan payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,600,373	\$ 1,214,422	\$ 2,814,795
2025	1,630,780	1,184,015	2,814,795
2026	1,661,765	1,153,030	2,814,795
2027	1,693,339	1,121,456	2,814,795
2028	1,725,512	1,089,283	2,814,795
2029-2033	9,131,969	4,942,007	14,073,976
2034-2038	10,033,104	4,040,871	14,073,975
2039-2043	11,023,163	3,050,812	14,073,975
2044-2048	12,110,921	1,963,055	14,073,976
2049-2053	13,306,028	767,958	14,073,986
Total	<u>\$ 63,916,954</u>	<u>\$ 20,526,909</u>	<u>\$ 84,443,863</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.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

2021 Wastewater Revenue Refunding Bonds (Continued)

Future debt service requirements for loan payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,120,000	\$ 610,746	\$ 1,730,746
2025	1,130,000	603,575	1,730,746
2026	1,145,000	584,934	1,733,575
2027	1,185,000	546,700	1,729,934
2028	1,230,000	498,400	1,728,400
2029-2032	5,450,000	1,470,200	6,920,200
2033-2036	6,395,000	524,300	6,919,300
Total	<u>\$ 17,655,000</u>	<u>\$ 4,838,855</u>	<u>\$ 22,492,901</u>

NOTE 8 INVENTORY

Inventory at June 30, 2023 consisted of the following:

Water Inventory	\$ 395,742
Materials Inventory	1,009,365
Total	<u>\$ 1,405,107</u>

NOTE 9 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.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLANS (CONTINUED)

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, 2022 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	13.020%	7.760%
Payment of Unfunded Liability	\$ 1,234,631	\$ 8,587

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 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, 202, the fair value of the funds held in the trust account was \$9,176,661. When evaluating the District’s pension funding level these funds should be taken into account.

As of June 30, 2023, 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	\$ 17,127,503

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, 2022, 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, 2023**

NOTE 9 PENSION PLANS (CONTINUED)**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

The Fallbrook Public Utility District's proportionate share of the net pension liability as of the measurement dates ended June 30, 2021 and 2022 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	0.48437%
Proportion - June 30, 2022	0.36603%
Change - Increase (Decrease)	-0.11834%

For the year ended June 30, 2023, the District recognized pension expense of \$1,383,517; of which \$913,121 pertains to water operations, \$69,176 pertains to recycled water operations, and \$401,220 pertains to wastewater and operations. At June 30, 2023, 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	\$ 1,913,165	\$ -
Differences Between Actual and Expected Experience	343,954	(230,365)
Change in Assumptions	1,755,071	-
Change In Employer's Proportion and Differences Between The Employer's Contributions And The Employer's Proportionate Share of Contributions	68,195	(1,438,495)
Net Differences Between Projected and Actual Earnings on Plan Investments	3,137,304	-
Total	<u>\$ 7,217,689</u>	<u>\$ (1,668,860)</u>

\$1,913,165 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, 2024. 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>
2024	\$ 749,350
2025	627,469
2026	339,963
2027	1,918,883
2028	-
Thereafter	-
Total	<u>\$ 3,635,665</u>

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 9 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, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
- (3) Contract COLA up to 2.30% 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 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)

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

Asset Class ⁽¹⁾	New Strategic Allocation	Real Return Real Return (a) (b)	Real Return Years 11+ ^(3,4)
Global Equity	30.00 %	4.54%	5.98%
Global Equity - Non-Cap-Weighted	12.00	3.84%	2.62%
Private Equity	13.00	7.28%	1.81%
Treasury	5.00	0.27%	7.23%
Mortgage-Backed Securities	5.00	0.50%	4.93%
Investment Grade Corporates	10.00	1.56%	-0.92%
High Yield	5.00	2.27%	
Emerging Market Debt	5.00	2.48%	
Private Debt	5.00	3.57%	
Real Assets	15.00	3.21%	
Leverage	(5.00)	-0.59%	
Total	100.00 %		

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

Changes in Assumptions

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30% from the measurement date June 30, 2021 to June 30, 2022.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 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	5.90%
Net Pension Liability	\$ 25,177,884
Current Discount Rate	6.90%
Net Pension Liability	\$ 17,127,505
1% Increase	7.90%
Net Pension Liability	\$ 10,504,041

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, 2023, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 10 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, 2023**

NOTE 10 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, 2023 is \$304,238. 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, 2023, the PARS OPEB account’s fair value was \$1,173,333.

Employees Covered

As of the June 30, 2022 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	13
Participating Active Employees	59
Total	72

Contributions

Benefit provisions and contribution requirements of plan members and the District are established and may be amended by the District. The plan does not require employee contributions. Administrative costs of this plan are financed through investment earnings. For the fiscal year ended June 30, 2023, total contributions of 124,924 consists of \$48,590 in premium payments made by the District outside of the trust and implicit subsidy of \$76,334.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2022, 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, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
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	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.
Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study. Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 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, 2023**

NOTE 10 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
Fixed Income	50%	1.8%
Equity	50%	4.4%

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.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2021, (Measurement Date)	\$ 1,246,820	\$ 1,266,272	\$ (19,452)
Changes in the Year:			
Service Cost **	64,523	-	64,523
Interest on the Total OPEB Liability	75,172	-	75,172
Differences Between Actual and Actual Experience	9,047	-	9,047
Changes in Assumptions	67,709	-	67,709
Contribution - Employer	-	118,674	(118,674)
Net Investment Income	-	(162,270)	162,270
Administrative Expenses	-	(6,788)	6,788
Benefit Payments	(118,674)	(118,674)	-
Net Changes	97,777	(169,058)	266,835
Balance at June 30, 2022 (Measurement Date),	\$ 1,344,597	\$ 1,097,214	\$ 247,383

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

Change of Assumptions

Healthcare trend rate assumptions increased 1% (from 5.5% to 6.5%).

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.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**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	\$ 337,908	\$ 247,383	\$ 163,034

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 (5.50% decreasing to 3.00%) or 1 percentage point higher (7.50% decreasing to 5.00%), than the current healthcare cost trend rates:

	1% Decrease ²	Trend Rates	1% Increase ³
Net OPEB Liability	\$ 134,513	\$ 247,383	\$ 378,205

² Trend rate for each future year reduced by 1.00%.

³ Trend rate for each future year reduced by 1.00%.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$118,314. At June 30, 2023, 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	\$ 124,924	\$ -
Differences Between Actual and Expected Experience	128,324	-
Change in Assumptions	65,088	(41,941)
Differences Between Projected and Actual Earnings	102,652	-
Total	<u>\$ 420,988</u>	<u>\$ (41,941)</u>

\$124,924 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, 2024.

FALLBROOK PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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>
2024	\$ 49,198
2025	49,598
2026	41,328
2027	69,549
2028	20,631
Thereafter	23,819

Payable to the OPEB Plan

At June 30, 2023, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE 11 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, 2023, 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.

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 RISK MANAGEMENT (CONTINUED)

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.

Workers’ Compensation and Employer’s Liability Program – Workers’ 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.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2023, 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>
Emergency Pipeline Replacement	\$ 600,000	December 2023
Lang Reservoir Decommissioning	50,000	August 2023
Overland Trail Lift Station	50,000	December 2023
Main Street Sewer Main Replacement	95,000	March 2024
Hawthorne Life Station	20,000	March 2024
Rec Plant Storm Water	30,000	August 2023
Pipeline Replacement	2,700,000	March 2024

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, 2023**

NOTE 13 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 information for the wastewater activity segment as of and for the period ended June 30, 2023 are as follows:

Condensed Statement of Net Position

Current Assets	\$ 5,294,884
Capital Assets	43,616,584
Other Assets and Deferred Outflows of Resources	<u>2,215,215</u>
Total Assets and Deferred Outflows of Resources	<u>51,126,683</u>
Current Liabilities	926,051
Long Term Debt	22,573,738
Net Pension and OPEB Liabilities	5,038,717
Deferred Inflows of Resources	<u>496,132</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,034,638</u>
Net Investment in Capital Assets	21,042,846
Unrestricted	<u>1,049,199</u>
Net Position	<u><u>\$ 22,092,045</u></u>

**FALLBROOK PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 SEGMENT INFORMATION (CONTINUED)**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

Operation Revenues	
Wastewater	\$ 7,059,790
Total Operating Revenues	<u>7,059,790</u>
Operating Expenses	
Operations and Maintenance	2,484,939
Administrative and General	2,550,129
Depreciation Expenses	2,904,667
Total Operating Expenses	<u>7,939,735</u>
Nonoperating Revenues (Expenses) and Transfers	
Property Taxes	1,199,210
Capital Improvements Charges	1,241,192
Investment Income	137,514
Other Revenues	162,183
Interest Expense	(365,345)
Transfers	414,307
Total Nonoperating Revenues (Expenses)	<u>2,789,061</u>
Changes in Net Position	1,909,116
Net Position - Beginning of Year	20,182,929
Net Position - End of Year	<u>\$ 22,092,045</u>
Condensed Statement of Cash Flows	
Cash Flows from Operating Activities	\$ 1,501,042
Cash Flows from Noncapital Financing Activities	1,199,210
Cash Flows from Capital and Related Financing Activities	(2,022,245)
Cash Flows from Investing Activities	<u>47,824</u>
Net Increase in Cash and Cash Equivalents	725,831
Cash and Cash Equivalents, Beginning of the Year	3,581,212
Cash and Cash Equivalents, End of the Year	<u>\$ 4,307,043</u>

NOTE 14 SUBSEQUENT EVENT

In 2019, the District began the process to detach from the San Diego County Water Authority and annex into the service area of Easter Municipal Water District (EMWD). The detachment process was managed by the Local Agency Formation Commission (LAFCO) of San Diego County and on July 10, 2023 LAFCO approved the detachment pending a vote of the District's rate payers. On November 7, 2023, the District's rate payers approved. The District is in the process of executing a Memorandum of Understanding to annex into EMWD's service area that was approved on August 7, 2019. These administrative actions are expected to be completed next fiscal year.

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

Fiscal Year-End	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Classic & PEPRM Miscellaneous Plan				
Plan's Proportion of the Net Pension Liability	0.48437%	0.48437%	0.34901%	0.13301%
Plan's Proportionate Share of the Net Pension Liability	\$ 17,217,505	\$ 9,197,304	\$ 14,721,348	\$ 13,629,333
Covered Payroll	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	302.33%	170.49%	270.17%	263.15%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.49%	83.49%	72.50%	75.26%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,708,723	\$ 1,828,758	\$ 1,733,944	\$ 1,640,356

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.

From fiscal year June 30, 2022 to June 30, 2023

The discount rate was reduced from 7.15% to 6.90%

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

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

Fiscal Year-End	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Classic & PEPR Miscellaneous Plan					
Plan's Proportion of the Net Pension Liability	0.13015%	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,541,929	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Covered Payroll	\$ 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	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	75.26%	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 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.

From fiscal year June 30, 2022 to June 30, 2023

The discount rate was reduced from 7.15% to 6.90%

* 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***

	2023	2022	2021	2020
Contribution Deficiency (Excess)	\$ 1,913,165	\$ 1,708,723	\$ 1,548,933	\$ 1,407,555
Contributions in Relation to the Actuarially Determined Contributions	<u>1,913,165</u>	<u>1,708,723</u>	<u>1,548,933</u>	<u>1,407,555</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,204,036	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979
Contributions as a Percentage of Covered Payroll	30.84%	30.00%	28.71%	25.83%

Notes to Schedule:

Valuation Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.500%	2.500%	2.625%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-67 and PEPPRA: 52-67
- (5) 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 nine years are shown.

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

	2019	2018	2017	2016	2015
Contribution Deficiency (Excess)	\$ 1,224,180	\$ 1,081,154	\$ 968,372	\$ 870,680	\$ 756,872
Contributions in Relation to the Actuarially Determined Contributions	<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>
Covered Payroll	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842
Contributions as a Percentage of Covered Payroll	23.64%	20.72%	18.37%	18.35%	15.92%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-67 and PEPRA: 52-67
- (5) 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 nine years are shown.

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

Fiscal Year-End	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:						
Service Cost	\$ 64,523	\$ 61,298	\$ 58,287	\$ 57,291	\$ 63,116	\$ 61,278
Interest on Total OPEB Liability	75,172	74,434	67,499	62,409	39,301	38,242
Difference Between Expected and Actual Experience	9,047	-	95,306	-	178,893	-
Changes of Assumptions	67,709	-	8,321	-	(122,601)	-
Benefit Payments, Including Refunds of	(118,674)	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Total OPEB Liability	97,777	1,332	129,626	33,001	43,140	68,124
Total OPEB Liability - Beginning of Year	1,246,820	1,245,488	1,115,862	1,082,861	1,039,721	971,597
Total OPEB Liability - End of Year (a)	1,344,597	1,246,820	1,245,488	1,115,862	1,082,861	1,039,721
Plan Fiduciary Net Position:						
Contributions - Employer	118,674	134,400	99,787	86,699	268,569	767,396
Net Investment Income	(162,270)	232,085	39,017	61,267	40,802	20,571
Administrative Expenses	(6,787)	(6,301)	(5,179)	(2,402)	(1,970)	(619)
Benefit Payments	(118,674)	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Plan Fiduciary Net Position	(169,057)	225,784	33,838	58,865	191,832	755,952
Plan Fiduciary Net Position - Beginning of Year	1,266,271	1,040,487	1,006,649	947,784	755,952	-
Plan Fiduciary Net Position - End of Year (b)	1,097,214	1,266,271	1,040,487	1,006,649	947,784	755,952
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ 247,383	\$ (19,451)	\$ 205,001	\$ 109,213	\$ 135,077	\$ 283,769
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	81.60%	101.56%	83.54%	90.21%	87.53%	72.71%
Covered Payroll	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869	\$ 5,684,049
Net OPEB Liability as Percentage of Covered Payroll	4.34%	-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***

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 99,437	\$ 75,659	\$ 73,456	\$ 66,239	\$ 72,529	\$ 74,065
Contributions in Relation to the Actuarially Determined Contributions	(124,924)	(118,673)	(134,400)	(99,786)	(67,197)	(202,055)
Contribution Deficiency (Excess)	<u>\$ (25,487)</u>	<u>\$ (43,014)</u>	<u>\$ (60,944)</u>	<u>\$ (33,547)</u>	<u>\$ 5,332</u>	<u>\$ (127,990)</u>
Covered Payroll	\$ 6,204,036	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869
Contributions as a Percentage of Covered Payroll	1.60%	1.33%	1.36%	1.22%	1.40%	1.42%

Notes to Schedule:

Valuation Date	6/30/2022	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	6.00%
Healthcare Cost Trend Rate	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2059-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.
Mortality	Preretirement mortality rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.

* 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, 2023

	Water	Recycled Water	Wastewater	Total
Operating Revenues:				
Water Sales	\$ 23,467,210	\$ -	\$ -	\$ 23,467,210
Recycled Water Sales	-	1,102,493	-	1,102,493
Wastewater Sales	-	-	7,059,790	7,059,790
Total Operating Revenues	<u>23,467,210</u>	<u>1,102,493</u>	<u>7,059,790</u>	<u>31,629,493</u>
Operating Expenses:				
Cost of Water Sold	10,716,859	-	-	10,716,859
Operations and Maintenance	3,126,441	373,973	2,484,939	5,985,353
Administrative and General Expenses	4,642,717	72,861	2,550,129	7,265,707
Total Operating Expenses Before Depreciation and Amortization	<u>18,486,017</u>	<u>446,834</u>	<u>5,035,068</u>	<u>23,967,919</u>
Depreciation and Amortization Expense	6,023,850	68,645	2,904,667	8,997,162
Total Operating Expenses	<u>24,509,867</u>	<u>515,479</u>	<u>7,939,735</u>	<u>32,965,081</u>
Operating Income (Loss)	<u>\$ (1,042,657)</u>	<u>\$ 587,014</u>	<u>\$ (879,945)</u>	<u>\$ (1,335,588)</u>

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
Other Expenses	4,322,980	67,945	2,378,061	6,768,986
Total Operating Expenses Before Depreciation	<u>23,615,105</u>	<u>626,050</u>	<u>6,620,611</u>	<u>30,861,766</u>
Depreciation 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>

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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
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	9,631,081	8,260,270	102,721,982
2023	84,709,855	10,707,799	12,879,884	108,297,538

Source: Fallbrook Public Utility District

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

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Changes in Net Position:			
Operating Revenues (See Table 4)	\$ 28,955,183	\$ 27,483,881	\$ 25,356,017
Operating Expenses (See Table 3)	(33,062,764)	(28,604,249)	(27,144,267)
Other Operating Revenues	681,876	-	-
Operating Income (loss)	\$ (3,425,705)	\$ (1,120,368)	\$ (1,788,250)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,623,510	\$ 1,719,296	\$ 1,815,734
Capital Improvement Charges	1,981,822	2,134,025	2,224,529
California Solar Initiative Rebate	843,714	729,519	740,125
Investment income (Loss)	209,175	141,433	324,126
Lease Interest income	-	-	-
Water Availability Charges	200,779	200,810	200,808
MWD Local Resource Program	-	-	-
Lease Revenue	183,641	185,770	185,220
Intergovernmental Revenue - Federal Interest Subsidy	-	206,584	185,040
Connection Fees	118,581	208,521	131,894
SDCWA Rate Refund	-	-	-
COVID Relief Grant	-	-	-
Water Supply Grant Funds	-	-	-
Gain (Loss) on disposal of capital assets	-	(444,252)	(551,281)
Community Benefit Program Expense	-	-	-
Other Non-Operating Revenues	140,396	162,913	91,361
Other Non-Operating Expenses	(344,730)	(847,725)	(916,212)
Total Non-Operating Revenues(expenses), net	\$ 4,956,888	\$ 4,396,894	\$ 4,431,344
Net income Before Capital Contributions	\$ 1,531,183	\$ 3,276,526	\$ 2,643,094
Capital Contributions	76,746	153,790	75,299
Capital Grant - Proposition 50	828,598 ⁽¹⁾	224,596 ⁽¹⁾	874,040 ⁽³⁾
Capital Grant - Proposition 84	-	-	682,428 ⁽³⁾
Changes in Net Position	\$ 2,436,527	\$ 3,654,912	\$ 4,274,861
Net Position			
Beginning, as restated	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991
Adjustments to restate balance	-	(7,734,801) ⁽²⁾	-
Ending, as restated	\$ 79,114,880	\$ 75,034,991	\$ 79,309,852

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

(2) Accumulative effect of change in accounting principles.

(3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$682,428 was received.

Source: Fallbrook Public Utility District

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

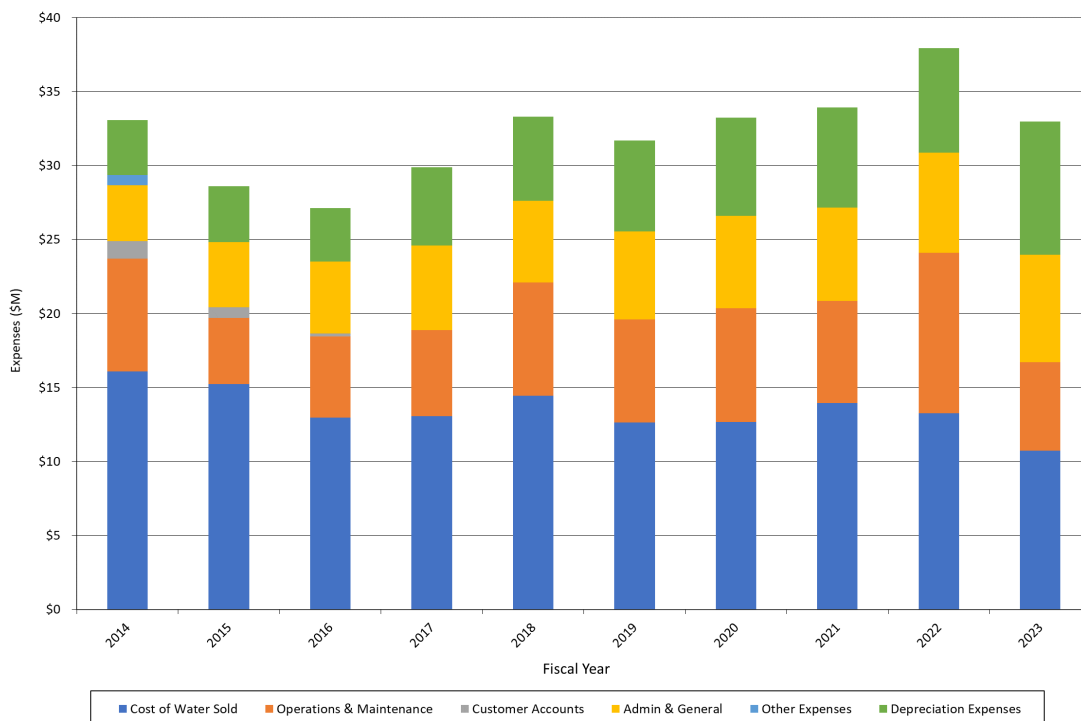
Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
\$ 27,256,065 (29,890,177)	\$ 29,882,022 (33,319,799)	\$ 26,944,550 (31,708,417)	\$ 28,931,007 (33,234,259)	\$ 32,511,601 (33,933,185)	\$ 32,814,986 (37,929,546)	\$ 31,629,493 (32,965,081)
-	-	-	-	-	-	-
\$ (2,634,112)	\$ (3,437,777)	\$ (4,763,867)	\$ (4,303,252)	\$ (1,421,584)	\$ (5,114,560)	\$ (1,335,588)
\$ 1,889,808 2,283,558 234,930 63,861	\$ 1,984,543 2,476,452	\$ 2,106,034 2,505,876	\$ 2,205,975 2,559,135	\$ 2,340,185 2,604,061	\$ 2,397,429 2,650,202	\$ 2,617,564 2,838,696
-	-	-	-	-	-	-
-	18,188	915,275	920,135	1,543,078	(1,835,245)	932,974
-	-	-	-	-	15,437	16,496
200,730	229,400	204,359	204,418	208,842	202,234	200,107
-	-	-	-	-	197,884	517,280
166,012	178,602	199,433	249,092	251,047	284,819	331,006
238,765	145,338	134,924	123,762	112,207	99,240	86,153
238,124	411,774	180,966	107,107	149,650	193,201	186,946
-	-	-	-	909,413	839,398	8,441
-	-	-	-	-	184,762	-
-	-	-	-	-	213,368	452,253
-	(273,396)	9,338,297	(31,450)	38,100	36,543	170,307
-	-	-	-	-	-	(96)
32,729	-	-	-	-	-	-
(1,174,011)	(959,015)	(909,966)	(910,224)	(1,665,457)	(1,524,767)	(1,622,851)
\$ 4,174,506	\$ 4,211,886	\$ 14,675,198	\$ 5,427,950	\$ 6,491,127	\$ 3,954,505	\$ 6,735,276
\$ 1,540,394	\$ 774,109	\$ 9,911,331	\$ 1,124,698	\$ 5,069,543	\$ (1,160,055)	\$ 5,399,688
59,509	73,661	73,789	372,507	47,842	59,898	175,868
773,163	-	-	-	-	-	-
-	67,100	-	-	-	-	-
\$ 2,373,066	\$ 914,870	\$ 9,985,120	\$ 1,497,205	\$ 5,117,385	\$ (1,100,157)	\$ 5,575,556
\$ 79,309,852 3,485,519	\$ 85,168,437	\$ 86,083,307 1,139,122	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982
\$ 85,168,437	\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982	\$ 108,297,538

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

Fiscal Year	Water				Recycled			
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General ⁽¹⁾	Cost of Water Sold	Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses
2014	\$15,649,781	\$3,810,606	\$1,179,998	\$2,006,124	\$427,328	\$63,620	\$188,964	\$171,960
2015	14,692,652	2,173,576	725,610	2,286,586	551,866	N/A	337,226	N/A
2016	12,804,470	2,788,548	203,260	2,571,803	146,128	N/A	242,623	N/A
2017	13,067,064	3,030,201	N/A	2,963,305	N/A	622,997	346,173	N/A
2018	14,453,229	3,922,528	N/A	2,868,610	N/A	693,972	330,993	N/A
2019	12,650,795	3,444,139	N/A	3,807,921	N/A	548,821	51,473	N/A
2020	12,663,006	3,984,938	N/A	3,985,541	N/A	433,945	63,499	N/A
2021	13,955,908	3,330,054	N/A	4,036,546	N/A	378,419	63,071	N/A
2022	13,245,830	6,046,295	N/A	4,322,980	N/A	558,105	67,945	N/A
2023	10,716,859	3,126,441	N/A	4,642,717	N/A	373,973	72,861	N/A

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

Chart #1 - Operating Expenses by Activity



Source: Fallbrook Public Utility District

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

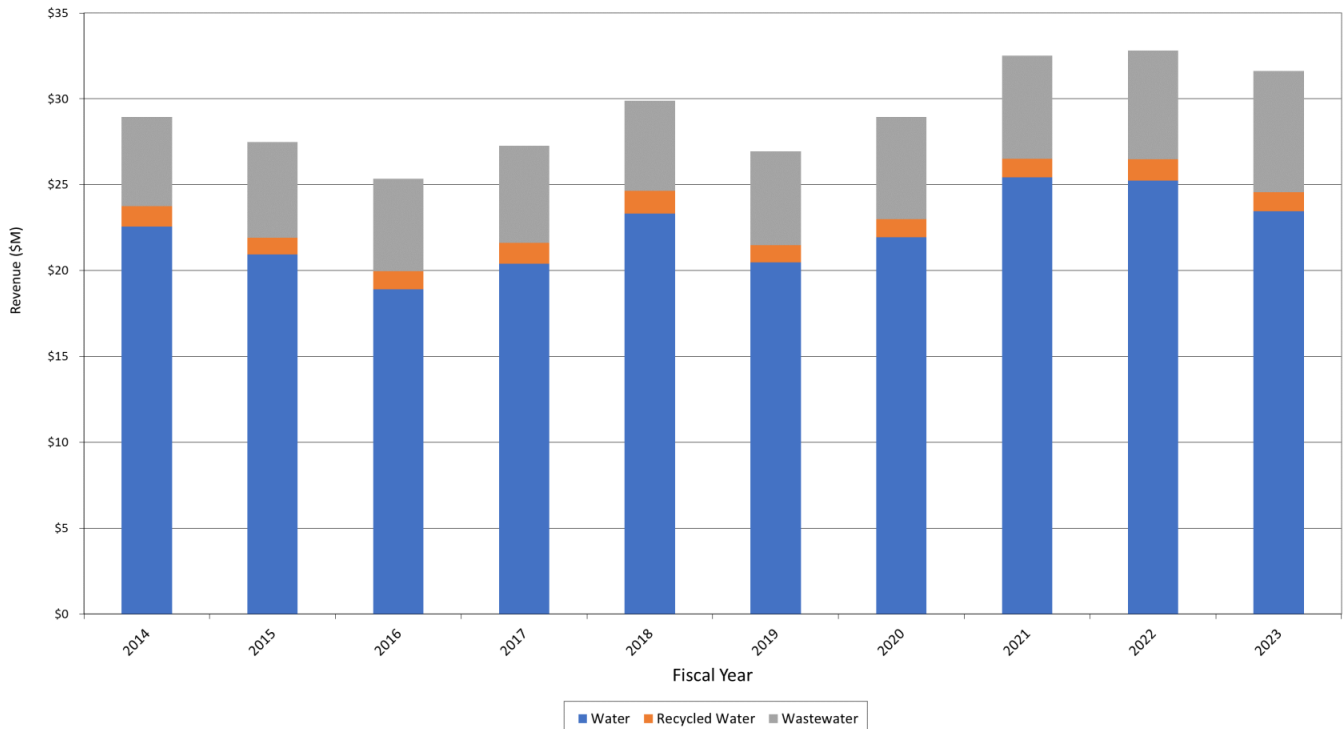
Wastewater			Depreciation Expenses	Total Operating Expenses
Operations & Maintenance	Admin & General ⁽¹⁾	Other Expenses		
\$ 3,765,046	\$ 1,584,190	\$ 509,916	\$ 3,705,231	\$ 33,062,764
2,296,712	1,763,527	N/A	3,776,494	28,604,249
2,709,284	2,038,033	N/A	3,640,118	27,144,267
2,173,738	2,392,389	N/A	5,294,310	29,890,177
3,039,790	2,316,954	N/A	5,693,723	33,319,799
2,956,457	2,090,222	N/A	6,158,589	31,708,417
3,286,965	2,178,369	N/A	6,637,996	33,234,259
3,188,426	2,207,488	N/A	6,773,273	33,933,185
4,242,550	2,378,061	N/A	7,067,780	37,929,546
2,484,939	2,550,129	N/A	8,997,162	32,965,081

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	
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
2023	14,194,199	8,259,546	1,013,465	1,037,210	60,283	5,000	7,048,717	11,073	31,629,493

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 ⁽²⁾	Tier 1	Tier 2			
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
2023	7.31	8.06	N/A	7.72	7.72	7.72	5.63	6.38

*Kgal = 1,000 gal

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

Note: (2) - The District removed the Tier 3 domestic rate as of January 1, 2023.

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
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
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*Variable

* Standby rates are based on meter size

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

Source: Fallbrook Public Utility District

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

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
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
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*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
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
2023	11.11	18.50	37.03	59.22	118.45	185.08	370.15	*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 (2014 - 2023)

	2014	2015	2016	2017	2018 ⁽¹⁾	2019 ⁽¹⁾	2020 ⁽¹⁾	2021 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾⁽²⁾	
Fixed Rates (by meter size) (\$/month)					Fixed Rates by EDU						
3/4"	\$13.19	\$14.10	\$ 14.23	\$ 16.12	B Y	B Y	B Y	B Y	B Y	Residential/ Domestic \$18.88/EDU	
1"	19.95	21.23	21.55	24.01							
1 1/2"	36.86	39.06	39.86	43.75							
2"	57.15	60.46	61.84	67.42	EDU	EDU	EDU	EDU	EDU		
3"	104.49	110.38	113.14	122.67	\$9.28/ EDU	\$9.70/ EDU	\$10.14/ EDU	\$10.60/ EDU	\$11.08/ EDU		Commercial/ Government \$12.14/EDU
4"	172.12	181.70	186.36	201.60							
6"	341.20	359.99	369.49	398.91							
Billable Flow Rates ⁽³⁾ (\$/Kgal)											
Single Family Residence, Ag Domestic, Multi - Family	\$ 7.64	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28	\$ 10.22	
Low -Strength Commercial, Schools, Churches	11.54	11.54	12.35	13.27	9.37	9.79	10.25	10.72	11.20	11.09	
Medium Strength Commercial	11.54	11.54	12.35	13.27	11.57	12.09	12.65	13.22	13.81	13.82	
High Strength Commercial	19.35	19.35	20.63	22.28	14.44	15.09	15.77	16.48	17.22	17.66	

Notes:

- (1) - Rates switched from fiscal year to calendar year January 1, 2018.
- (2) - The 2022 rate study changed the monthly fixed charge methodology effective January 1, 2023.
- (3) - 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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Per EDU	\$ 10.00	\$ 10.44	\$ 10.70	\$ 10.84	\$ 11.16	\$ 11.53	\$ 11.62	\$ 11.63	\$ 11.68	\$ 12.66

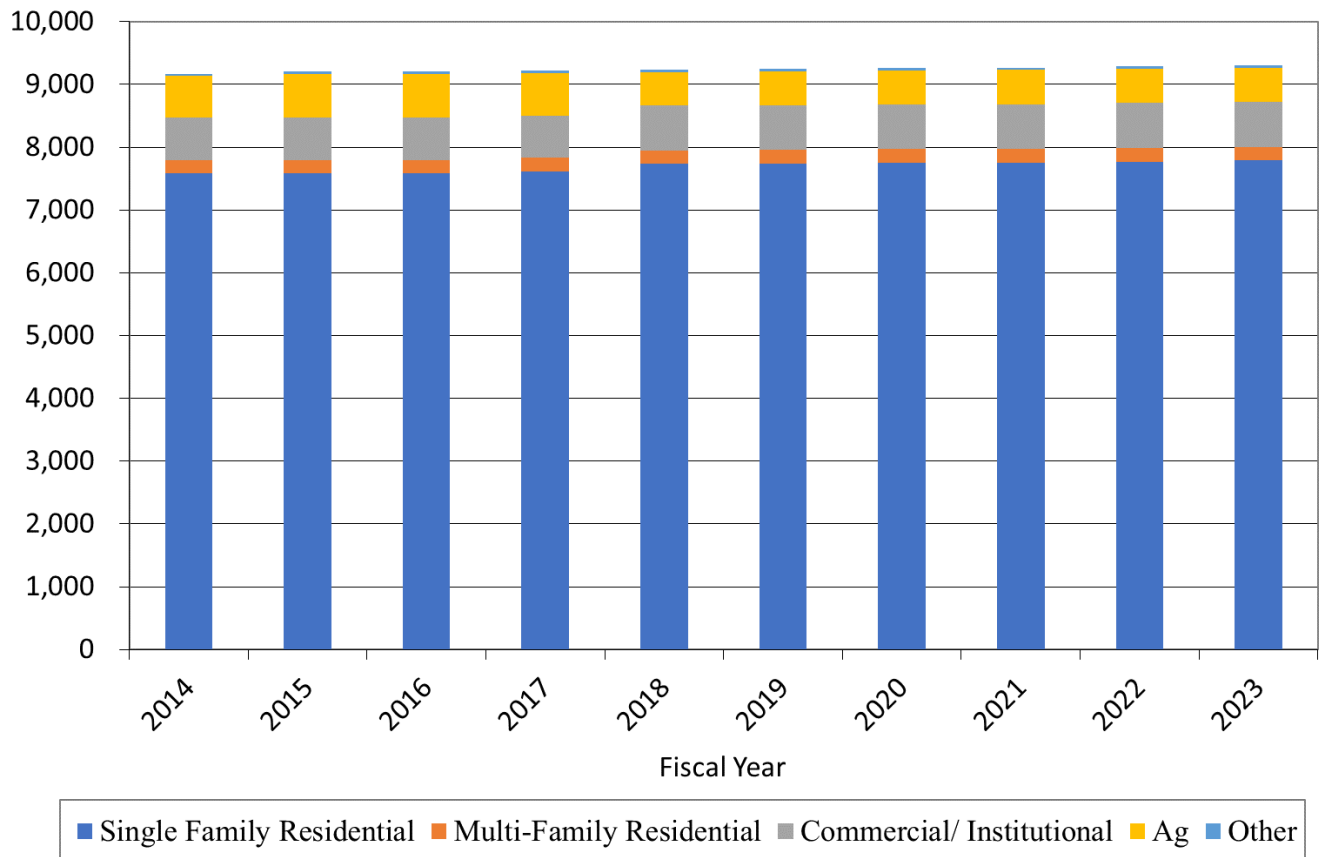
Source: Fallbrook Public Utility District

Table #11 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
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
2023	7,787	217	712	551	43	9,310

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



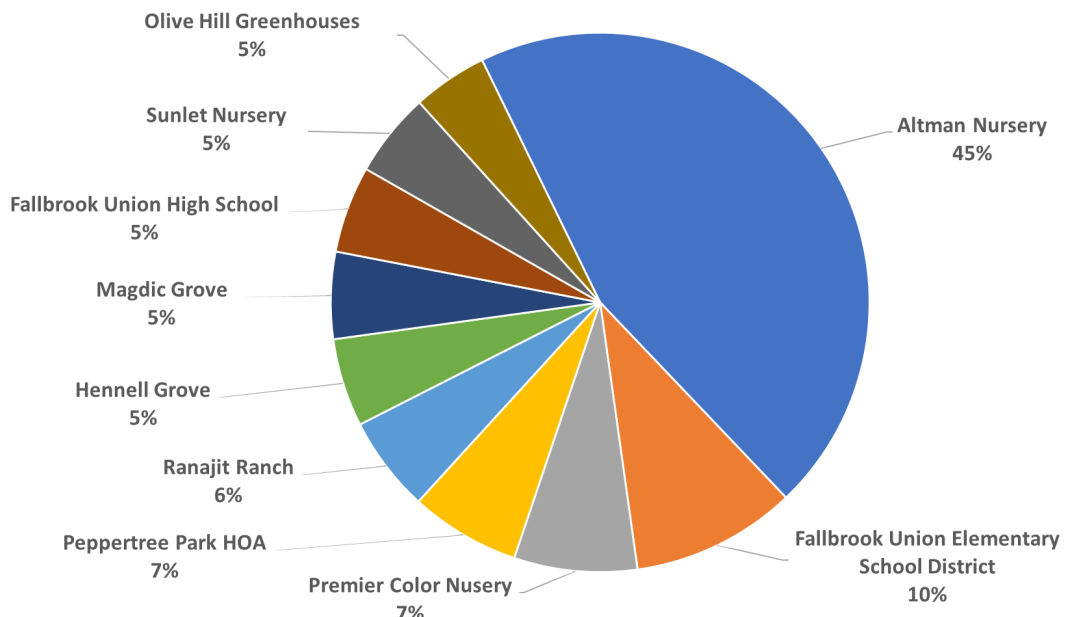
Source: Fallbrook Public Utility District

Table #12 - Top Ten Water Customers

Fiscal Year 2014			Fiscal Year 2023		
Customer	Annual Usage (Kgal)	Percent of Total	Customer	Annual Usage (Kgal)	Percent of Total
Ross Ranch	104,772	2.55%	Altman Nursery	132,741	5.98%
Chandler Ranch	85,451	2.08%	Fallbrook Union Elementary School District	29,140	1.31%
ACW Ranch	69,751	1.70%	Premier Color Nusery	21,746	0.98%
Sparrow Hawk Ranch	58,529	1.43%	Peppertree Park HOA	19,484	0.88%
Eco Farms Ranch	56,961	1.39%	Ranajit Ranch	16,881	0.76%
Color Spot Nursery	39,758	0.97%	Hennell Grove	15,571	0.70%
Lilac 124 Inc	39,283	0.96%	Magdic Grove	15,346	0.69%
Brown Ranch	38,856	0.95%	Fallbrook Union High School	15,326	0.69%
Magdic Grove	33,526	0.82%	Sunlet Nursery	14,882	0.67%
Hennel Grove	29,322	0.71%	Olive Hill Greenhouses	13,204	0.60%
Total Top 10 Customers	556,209	13.54%	Total Top 10 Customers	294,321	13.26%
Total All Other Water Customers	3,550,651	86.46%	Total All Other Water Customers	1,924,725	86.74%
Total Water Consumed	4,106,860	100.00%	Total Water Consumed	2,219,046	100.00%

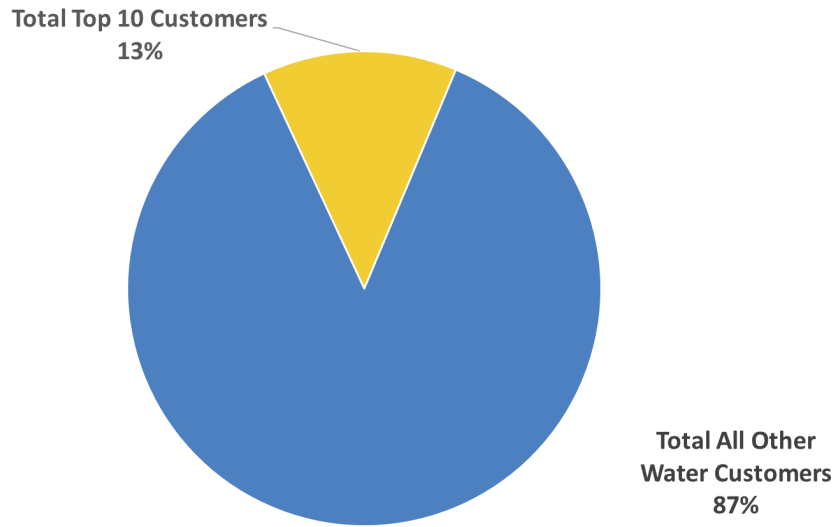
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2023



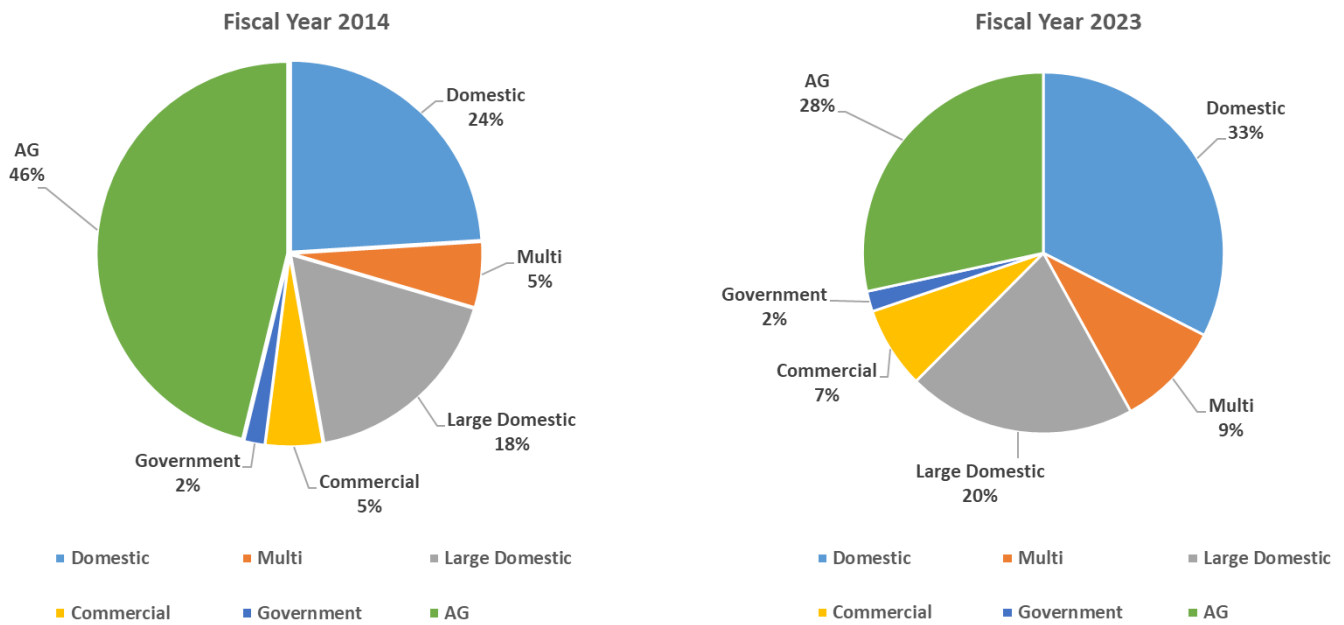
Source: Fallbrook Public Utility District

Chart #5 - Total Water Consumed Fiscal Year 2023



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2014 vs Fiscal Year 2023



Source: Fallbrook Public Utility District

Table #13 - Water System

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
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
2023	271.62	9,315	2,169,744,054	5,944,504

Source: Fallbrook Public Utility District

Table #14 - Water System Total Production⁽¹⁾

Fiscal Year	Total Used/Prod. (AF)	HCF
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
2023	6,658.70	2,900,529.72

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)
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
2023	79.14	5,039	598,986,532.11	1,641,058.99

Source: Fallbrook Public Utility District

Table #16 - Sewer System Influent Flow

Fiscal Year	Total Used/Prod. (AF)
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
2023	1,838.22

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)
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
2023	10.53	30	493.83	0.4

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:
2014	1,658.86	G- Gallons
2015	1,724.80	GD - Gallons per Day
2016	1,534.02	AF - Acre Feet
2017	1,556.36	MG - Millions of Gallons
2018	1,492.51	MGD - Millions of Gallons per Day
2019	1,617.50	
2020	1,656.50	
2021	1,619.20	
2022	1,714.20	
2023	1,904.19	

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)
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
2023	1,904.19	5.22	493.83	1,410.36	1,838.22

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	Community Benefit Program	Total FTE Employees
2014	21	13	6	27.8	0	67.8
2015	21	13	5	28.8	0	67.8
2016	20	13	5	28.8	0	66.8
2017	23	12	5	27.8	0	67.8
2018	24	15.2	2.8	25.8	0	67.8
2019	24	15.2	2.8	25.8	0	67.8
2020	25	15.2	2.8	24.8	0	67.8
2021	25	15.2	2.8	23.8	0	66.8
2022	26.4	15.8	2.8	24	0	69
2023	26.4	15.8	2.8	24	0.05	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			
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
2023	4,739,631,751	-	2,878,119,724	-	46,156,838	41,126,926	7,705,035,239

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	
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%
2023	1,388,768	1,293,644	2,682,412	1,359,100	1,265,875	2,624,974	29,668	27,769	57,438	2.1%

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 -Key Performance Indicators (KPIs) Fiscal Year 2023

Strategic Goal	Department	Key Performance Indicator	Target	FY 2022-23 Actual	Target Met
Efficiency	Safety	Maintain a Workers Compensation Experience Modification Rate below 1%	Below 1%	0.86%	Yes
Efficiency	Inventory/ Purchasing	Maintain an inventory shrinkage rate of less than 1%	Below 1%	0.37% surplus*	Yes
Efficiency	Recycled	Maintain an overall compliance of >99.9% each month from all samples associated with the Title 22 and WDR Permit	>99.9%	99.9%	Yes
Efficiency	Recycled	Maintain energy consumption data to stay within the annual average target	Below 2,760,000 kWh	2,560,696/kWh	Yes
Efficiency	Wastewater	Reduce 10-year average wastewater spills by 10% - Keep spills under 9,075 gallons	Below 9,075 gallons	3,010 gallons 10 year average	Yes
Efficiency	Wastewater	Keep common sewer spills to 3 or less during the year	3 or less spills/year	1 spill	Yes
Efficiency	Wastewater	Clean 20,000 feet of regular sewer mains each month to total 240,000 feet per year	240,000 feet/year	272,751 feet	Yes
Efficiency	Wastewater	Maintain energy consumption to stay within the annual average target	Below 2,760,000 kWh	2,560,696/kWh	Yes
Community	Customer Service	Maintain an average customer service call wait time of less than 3 minutes	Below 3 minutes	0:55 seconds	Yes
Community	Customer Service	Percentage of customers enrolled in Watersmart-AMI portal (as a % of total District customers)	60% by Fiscal Year 2026	37%	Yes
Fiscal Management	Finance	Debt Coverage	>1.20	4.19	Yes
Fiscal Management	Finance	Days Cash on hand	90 days or greater	113 days	Yes
Water Supply	Water	Cost/Acre Foot of SMGTP Product Water Supply	Below \$1,500/AF	\$1,062/AF	Yes
Infrastructure	Water	Cost/Valve Installed (Labor & Materials)	Below \$6,500/Valve	\$6,245/Valve	Yes
Infrastructure	Wastewater	Cost/MG of Wastewater Influent Flows	Below \$3,500/MG	\$3,146/MG	Yes
Workforce	Human Resources	Employee engagement survey results; percentage of employees rating their overall morale as "high"	Above 25%	47%	Yes

Source: Fallbrook Public Utility District

* We had a surplus this year instead of a shrinkage.

Table #24 -Pledged-Revenue Debt Service Coverage Ratio

Fiscal Year	Total Operating Revenues	Total Operating Expenses ⁽¹⁾	Non-Operating Revenue ⁽²⁾	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
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
2023	31,629,493	23,967,919	8,358,127	16,019,701	3,822,936	4.19	1.20

Source: Fallbrook Public Utility District

Notes:

- (1) - Excludes depreciation
- (2) - Excludes debt interest expenses
- (3) - Excludes one-term gain of \$9,338,297 on the sale of assets.

Table #25 Computation of Direct and Overlapping Debt (As of 06/30/2023)

2022-2023 Assessed Valuation: \$4,785,788,589

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt (6/30/23)	% Applicable ⁽¹⁾	District's Share of Debt (6/30/23)
Metropolitan Water District	\$ 19,215,000	0.131%	\$ 25,172
Palomar Community College District	641,965,146	3.174	20,375,974
Bonsall Unified School District	10,433,071	0.477	49,766
Fallbrook Union High School District	38,380,000	62.789	24,098,418
Fallbrook Union School District	10,832,411	66.479	7,201,279
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 51,750,609
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 229,680,000	0.729%	\$ 1,674,367
San Diego County Pension Obligation Bonds	277,990,000	0.729	2,026,547
San Diego County Superintendent of Schools Certificates of Participation	6,935,000	0.729	50,556
Palomar Community College District Certificates of Participation	1,310,000	3.174	41,579
Bonsall Unified School District Certificates of Participation	6,283,900	0.477	29,974
Fallbrook Union High School District General Fund Obligations	6,550,130	62.789	4,112,761
Fallbrook Public Utility District	0	100.	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 7,935,784
TOTAL DIRECT DEBT			\$ 0
TOTAL OVERLAPPING DEBT			\$ 59,686,393
COMBINED TOTAL DEBT			\$ 59,686,393 ⁽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 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.08%
Total Direct Debt	0.00%
Combined Total Debt	1.25%

Source: California Municipal Statistics Inc.

Table #26 - San Diego County Principal Employers

Fiscal Year 2014			Fiscal Year 2023		
Employer Name	Number of Employees	% of Total County Employment	Employer Name	Number of Employees	% of Total County Employment
State of California	40,100	2.69%	Naval Base San Diego ⁽¹⁾	43,003	2.81%
University of California, San Diego	28,341	1.90%	University of California, San Diego ⁽²⁾	35,802	2.34%
County of San Diego	16,627	1.11%	County of San Diego	20,387	1.33%
Sharp Healthcare	16,477	1.10%	Sharp Healthcare ⁽³⁾	19,000	1.24%
Scripps Health	13,717	0.92%	San Diego Unified School District	13,559	0.89%
Qualcomm Inc.	13,700	0.92%	Scripps Health	13,445	0.88%
City of San Diego	10,584	0.71%	City of San Diego	12,777	0.84%
UC San Diego Health System	7,726	0.52%	Qualcomm Inc.	12,500	0.82%
Kaiser Permanente	7,549	0.51%	Kaiser Permanente ⁽¹⁾	9,166	0.60%
General Atomics (and affiliated companies)	6,714	0.45%	San Diego State University	7,104	0.46%
Total Top Ten County Employers	161,535	10.83%	Total Top Ten County Employers	186,743	12.22%
All Other County Employers	1,330,065	89.17%	All Other County Employers	1,341,496	87.78%
Total County Employment	1,491,600	100.00%	Total County Employment	1,528,239	100.00%

Sources:

U.S. Bureau of Labor Statistics; University of California; San Diego County; San Diego Unified; Sharp Healthcare; San Diego Unified School District; Scripps Health; City of San Diego; Qualcomm; San Diego State University

Note:

- (1) Data for FY 2023 not available as of publication date. Data shown is for FY 2021.
- (2) Number of employees excludes non-academic student staff.
- (3) Number of employees is an approximate number.

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

Fiscal Year	District's Outstanding Long-Term Debt ⁽¹⁾		Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Notes	Contracts		Population Estimate ⁽¹⁾⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	Total Estimated Personal Income		
2014	-	\$21,810,892	\$21,810,892	32,496	\$ 50,915	6.5%	\$ 1,654,524,959	\$ 671	1.3%
2015	-	32,389,288	32,389,288	32,626	53,357	5.3%	1,740,843,138	993	1.9%
2016	-	38,841,278	38,841,278	32,757	55,074	4.9%	1,804,078,863	1,186	2.2%
2017	-	37,101,306	37,101,306	32,889	56,969	4.2%	1,873,648,656	1,128	2.0%
2018	-	35,314,028	35,314,028	33,021	59,014	3.7%	1,948,701,294	1,069	1.8%
2019	-	33,474,377	33,474,377	33,153	62,034	3.7%	2,056,613,202	1,010	1.6%
2020	-	⁽⁵⁾ 58,912,499	58,912,499	34,432	67,536	13.5%	2,325,399,552	1,711	2.5%
2021	-	⁽⁶⁾ 88,278,477	88,278,477	34,570	73,350	7.0%	2,535,689,549	2,554	3.5%
2022	-	⁽⁷⁾ 91,537,961	91,537,961	34,708	74,326	3.4%	2,579,707,322	2,637	3.5%
2023	-	⁽⁷⁾ 89,336,642	89,336,642	34,847	77,299	4.0%	2,693,627,197	2,564	3.3%

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 2023 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 2023 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 XX, 2023

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

Subject: 2023 Annual Continuing Disclosure Report

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 present the Fallbrook Public Utility District's (District's) Annual Continuing Disclosure Report (Report) for Fiscal Year ending June 30, 2023. 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).

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.

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.

Jack Bebee
General Manager

David Shank
Assistant General Manager/CFO

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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).

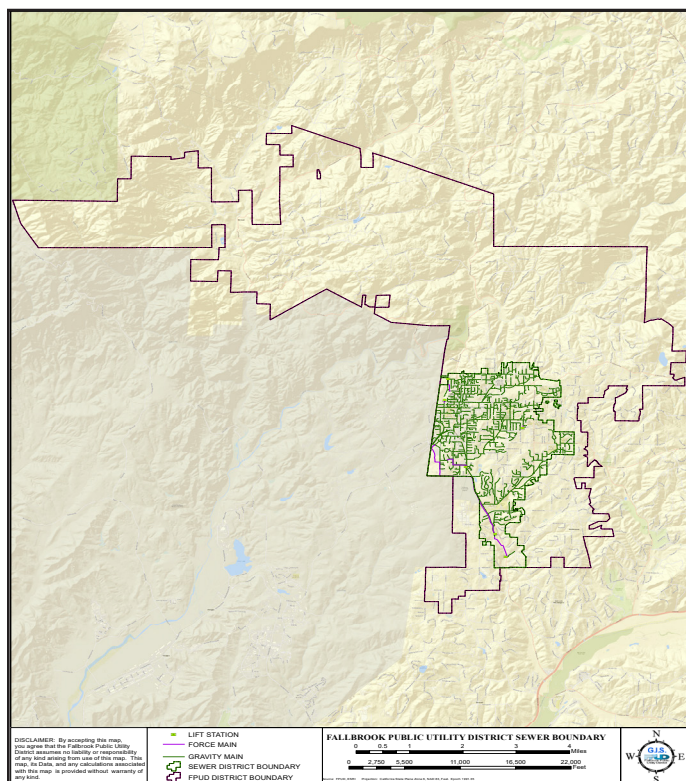
The District's scope of operations grew in 1994 when the Fallbrook Sanitary District merged with the District. It had provided parts of Fallbrook with recycled water and wastewater service within a 4,200 acre area of downtown (as shown in the figure to the left). The District took over those services, 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.

District Sewer Boundary



II. Bond Information

Principal Outstanding

	Bond Issues	As of June 30, 2023
	2021 Wastewater Revenue Refunding Bonds Series A	\$14,845,000
	2021 Wastewater Revenue Refunding Bonds Series B	2,810,000

III. Financial Information

The audited financial statements for the District for the fiscal year ended June 30, 2023 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
2023	4,662	377	5,039

Source: Fallbrook Public Utility District

The following table shows the ten largest customers of the Wastewater System as of June 30, 2023 based on charges billed.

Table #2 - Ten Largest Wastewater Customers as of June 30, 2023

No.	Customer	Type of Business	Revenues	% of Total Revenues ⁽¹⁾
1	VALLEY VIEW MOBILE LODGE	Residential	\$ 93,598	1.15%
2	CPI GV CRESTVIEW ESTATES OW LLC	Residential	58,446	0.72%
3	FALLBROOK HILLS APARTMENTS	Residential	57,338	0.70%
4	SUMMER RIDGE APARTMENTS	Residential	54,339	0.67%
5	CORTEZ APARTMENTS	Residential	51,659	0.63%
6	PINEVIEW PRESERVATION LP	Residential	48,894	0.60%
7	REED & BROOKE APARTMENTS	Residential	46,966	0.58%
8	TURNAGAIN ARMS APARTMENTS	Residential	46,200	0.57%
9	FALLBROOK UNION HIGH SCHOOL DISTRICT	High School	45,034	0.55%
10	SUNSHINE PARK ESTATES	Residential	41,797	0.51%
	Total, Top 10 Customers		\$ 544,271	6.68%

(1) Based on total Service Charges and CIC Charges for Fiscal Year 2022-23 of \$8,152,656.

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
2023	1.64	5.03

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	Effective Jan. 1, 2023
Monthly Fixed Charge Per EDU⁽¹⁾						
Wastewater Charge-Combined ⁽²⁾	\$ 9.28	\$ 9.70	\$ 10.14	\$ 10.60	\$ 11.08	N/A
Residential/Domestic	N/A	N/A	N/A	N/A	N/A	\$ 18.88
Commercial/Government	N/A	N/A	N/A	N/A	N/A	12.14
Capital Improvement Charge (CIC) ⁽³⁾	11.16	11.53	11.62	11.63	11.68	12.66
Monthly Variable Charge Per 1,000 Gallons⁽⁴⁾						
Single-Family, Multi-Family & Ag. Domestic	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28	\$ 10.22
Gov't, Schools, Churches & Low-Strength Commercial	9.37	9.79	10.25	10.72	11.20	11.09
Medium-Strength Commercial	11.57	12.09	12.65	13.22	13.81	13.82
High-Strength Commercial	14.44	15.09	15.77	16.48	17.22	17.66

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) The 2022 rate study changed the monthly fixed charge methodology effective January 1, 2023.

(3) 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.

(4) 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%
2023	2,878,119,724	-	41,126,926	2,919,246,650	8.3%

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 2022-2023.

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

No.	Taxpayer	Primary Land Use	FY 2022-23 Assessed Valuation	% of Total
1	Contour PropCo 1735 S Mission LLC	Assisted Living Facility	\$ 31,612,488	1.10%
2	Vista Fortuna LLC	Shopping Center	24,482,500	0.85%
3	Albertsons LLC	Supermarket	20,891,221	0.73%
4	Americare Health & Retirement LLC	Assisted Living Facility	18,383,121	0.64%
5	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	14,716,498	0.51%
6	Sheryl A. Hailey	Residential Properties	13,904,918	0.48%
7	Axelgaard Manufacturing Co. Ltd.	Industrial	13,512,501	0.47%
8	Hampton Family Trust	Residential Properties	9,955,426	0.35%
9	Amber Creek Associates Ltd.	Apartments	9,723,018	0.34%
10	BRCC Investments LLC	Shopping Center	9,649,817	0.34%
11	Fallbrook Village Apartments LLC	Apartments	9,066,531	0.32%
12	Fallbrook Plaza LLC	Shopping Center	8,668,496	0.30%
13	Rec Properties LLC	Apartments	8,583,304	0.30%
14	Fallbrook Medical Arts LLC	Medical Offices	8,500,000	0.30%
15	Ark Properties LLC	Public Storage	8,247,913	0.29%
16	Fallbrook Hills Apartments LLC	Apartments	8,219,446	0.29%
17	J & V Vozza No. 1 LLC	Apartments	7,885,043	0.27%
18	Sunset Views Apartments LLC	Apartments	7,808,629	0.27%
19	Old Vine Apartments LLC	Apartments	7,516,040	0.26%
20	Felipe and Concepcion Jimenez	Apartments	7,376,882	0.26%
	Total, Top 20 Customers		\$ 248,703,792	8.64%
	Total Assessed Value, All Taxpayers		\$ 2,878,119,724	

Source: California Municipal Statistics

The following table presents historical Wastewater Fund revenues, expenses and debt service coverage for Fiscal Years 2018-19 to 2022-23.

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

Fiscal Year Ending June 30,	2019	2020	2021	2022	2023
Operating Revenues:					
Service Charges	\$ 5,453,590	\$ 5,924,878	\$ 5,993,042	\$ 6,323,887	\$ 7,048,717
Other Charges	10,230	6,590	1,382	12,966	11,073
Sub-Total	\$ 5,463,820	\$ 5,931,468	\$ 5,994,424	\$ 6,336,853	\$ 7,059,790
Operating Expenses (Excludes Depreciation):					
Operations & Maintenance	\$ 2,956,457	\$ 3,286,965	\$ 3,188,427	\$ 3,827,472 ⁽¹⁾	\$ 2,484,939 ⁽²⁾
Administrative & General	2,090,222	2,178,369	2,207,487	2,378,061	2,550,129
Sub-Total	\$ 5,046,679	\$ 5,465,334	\$ 5,395,914	\$ 6,205,533	\$ 5,035,068
Net Operating Income	\$ 417,141	\$ 466,134	\$ 598,510	\$ 131,320	\$ 2,042,722
Non-Operating Revenues (Expenses)					
Property Taxes	\$ 1,015,057	\$ 1,066,408	\$ 1,069,872	\$ 1,094,591	\$ 1,199,210
Capital Improvement Charges	1,162,117	1,168,350	1,171,245	1,179,305	1,241,192
Investment Income ⁽³⁾	84,296	131,547	71,912	82,914	137,514
Connection Fees	133,729	123,762	39,579	95,944	74,087
Sub-Total	\$ 2,395,199	\$ 2,490,067	\$ 2,352,608	\$ 2,452,754	\$ 2,652,003
NET REVENUES	\$ 2,812,340	\$ 2,956,201	\$ 2,951,118	\$ 2,584,075	\$ 4,676,725
Debt Service Expense:					
2010 Agreement (net of subsidy) ⁽⁴⁾	\$ 379,131	\$ 391,696	\$ 408,435	\$ 422,072	\$ 436,062
SRF Loan	1,845,746	1,845,746	1,750,772	-	-
2021 Refunding Bonds	-	-	22,271	1,729,884	1,731,022
Sub-Total	\$ 2,224,877	\$ 2,237,442	\$ 2,181,478	\$ 2,151,956	\$ 2,167,084
Debt Service Coverage (DSC)	1.26	1.32	1.35	1.20	2.16
QECCB Loan Subsidy:					
Gross Interest Subsidy Rate (%)	70.0%	70.0%	70.0%	70.0%	70.0%
Sequestration Rate (%)	6.2%	5.9%	5.7%	5.7%	5.7%
Net Interest Subsidy Rate (%)	65.7%	65.9%	66.0%	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) GASB 68 credit of \$401,220.00 is included to reflect the extraordinary impact of the CalPERS risk mitigation and discount rate reduction.

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

(4) 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



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, 2023, and have issued our report thereon dated November 15, 2023. 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 May 1, 2023. 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.

The District changed accounting policies by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. This standard had no effect on the District's financial statements for the year ended June 30, 2023.

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:

- 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.
- 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.

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

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 7 for District's pension plans and Note 8 for the District's other post-employment benefits.

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 misstatements detected as a result of audit procedures were corrected by management:

- During the course of the audit it was determined that the allowance for fair market value of investments overstated by approximately \$436,000. 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.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2023.

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 15, 2023.

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

CliftonLarsonAllen LLP

Irvine, California
November 15, 2023



**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, 2023, 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 15, 2023.

Report on 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.

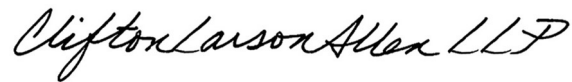
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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

Irvine, California
November 15, 2023

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 4, 2023
SUBJECT: Electrical Vehicle Supply Equipment (EVSE) Grant from SDG&E Agreement

Purpose

To accept a grant from San Diego Gas & Electric (SDG&E) to reimburse the District for 80% of the cost to install the first phase of electric vehicle supply equipment (EVSE).

Background

In September of 2022, the Board accepted staff recommendation a plan to move the FPUD Fleet toward compliance with Governor Newsom's Executive Order N-79-20 (which has since been codified into CARB rules). As part of that plan, the District applied for the SDG&E Power Your Drive for Fleets (PYDFF) program in October 2022, for assistance with the District's need to provide charging infrastructure for our fleet to allow for electric vehicles to be charged. The next step for FPUD is to sign off on the 30% Design Drawings and sign the Grant Agreement, which will cover 80% of the project. The project will consist of (6) – Level 2 charging spots and (2) – high-speed Level 3 chargers for fleet use. The funding for this project is included in the current FY24 appropriation.

Recommended Action

That the Board accept the SDG&E Power Your Drive for Fleets Grant agreement so that the design can be finalized and put out to bid.

Attachment: SDG&E Agreement

SDG&E Power Your Drive for Fleets Make-Ready Infrastructure Program Participation Agreement

This PROGRAM PARTICIPATION AGREEMENT (“Agreement”) is by and between SAN DIEGO GAS & ELECTRIC COMPANY, a California corporation (“SDG&E”) and **Fallbrook Public Utility District** (“Program Participant”). SDG&E and Program Participant are referred to collectively as the “Parties.”

RECITALS

1. In support of California’s goal to reach 1.5 million zero-emission vehicles by 2025 and at least 5 million zero-emission vehicles by 2030, SDG&E will own, install, operate, and maintain Electric Vehicle Charging Make-Ready (“Make-Ready”) Infrastructure at qualifying and selected locations operating qualified Medium-Duty/Heavy-Duty Electric Vehicles (“MD/HD EV”), as part of SDG&E’s Power Your Drive for Fleets Make-Ready Infrastructure Program (“Program”), as approved by the California Public Utilities Commission (“CPUC”); full definitions of terms located after signature page. Companies who wish to participate in the Program must agree to the terms and conditions as provided for in this Agreement.
2. In general, the Program provides no-cost design, installation, and operation of the Utility-Side Make-Ready (“Utility-Side Make-Ready”) Infrastructure and either:
 - No-cost design, installation, and operation of the Customer-Side Make-Ready (“Customer-Side Make-Ready”) Infrastructure; **OR**
 - Program Participant may choose to design, install, and operate (“Self-Install”) the Customer-Side Make-Ready Infrastructure.
 - Program Participants that select the Self-Install option may be eligible for a rebate of up to 80% of the cost to design and install the Customer-Side Make-Ready Infrastructure.
 - Electric Vehicle Supply Equipment (EVSE) Rebate: Program Participant may qualify for an EVSE Rebate of up to 50% of the costs to purchase qualified EVSE.
 - Electric Vehicle Energy Rate
 - SDG&E’s new optional Electric Vehicle-High Power Charging rate (EV-HP) is available to Program Participants. The new EV-HP rate replaces demand charges with a new subscription pricing plan.
3. Program Participant and SDG&E are entering into this Agreement for participation in the Program; and for installation of the Infrastructure at:

990 E. Mission Rd, Fallbrook, CA 92028

1.0 GENERAL PROGRAM REQUIREMENTS AND REBATE:

To participate in the Program, Program Participant shall comply with the following requirements: Customer-Side Make-Ready options:

Program Participant shall designate an Infrastructure Make-Ready option below:

Program Participant elects SDG&E to design, install, and operate the Customer-Side Make-Ready Infrastructure.

Program Participant elects to Self-Install the Customer-Side Make-Ready Infrastructure Option. **Addendum 1: Self-Installed Customer-Side Infrastructure Addendum sets forth the details and additional terms and conditions that apply to this option. Program Participants who elect this option shall sign and return Addendum 1 along with this Agreement.*

Submit Owner Authorized Agent (OAA) Form. OAA approves SDG&E to act as Program Participant’s agent as it relates to obtaining any required permits for the installation of the EV infrastructure (**Exhibit A**) and;

Vehicle Acquisition Plan:

The Vehicle Acquisition Plan is a commitment that the stated number of unique vehicles will use the infrastructure within the estimated delivery date. These vehicles may be owned/leased by the Program Participant or owned/leased by others using the site.

Program Participant shall provide Proof of Purchase or other evidence for the purchase of no fewer than two (2) Class 2 through Class 8 MD/HD EVs; or retrofit a minimum of two (2) existing diesel fueled MD/HD vehicles to electric. Program Participant shall provide such evidence prior to SDG&E initiating pre-construction activities.

Prior to signing this Agreement, Program Participant shall complete the table below, detailing Electric Vehicle Acquisition Plan for the period encompassing the Term of this Agreement.

Vehicle Acquisition Plan

Est Delivery Date	Vehicle Year/Make/Model	Vehicle Count
11/2023	2023 Ford F-150 Lightning	2
11/2024	2024 Ford F-150 Lightning	1
11/2025	2025 Ford F-150 Lightning	1

Electric Vehicle Service Provider (“EVSP”): Program Participant shall contract with a qualified EVSP listed on the EPRI Product List ([EPRI Home](#)) to procure, install, operate, and maintain at a minimum, a quantity of one (1) EVSE in good working order for the Term of this Agreement and provide usage data for a period of five (5) years.

Program Participant shall work with selected EVSP to develop and submit to SDG&E any load management tactics that it will implement at its Medium-Duty/Heavy-Duty EV Charging Facility. Program Participant shall submit the final load management plan to SDG&E prior to the completion of construction activities.

Prior to signing this Agreement, Program Participant shall complete the table below, detailing EVSE to be purchased and installed under the scope of the Program.

EVSP/EVSE Info

Est Delivery Date	Network Provider	EVSE Mfr/Model	Qty
03/2024	AT&T First Net	ChargePoint CT-4021 Dual Port Level 2*	3
03/2024	AT&T First Net	Chargepoint CE-250 C Fast Chargers*	2
*Chargepoint is assumed but final chargers will be determined in bid			

Operations & Maintenance: The Program Participant is required to operate and maintain the Charging Station(s) for the Term of this Agreement. Program Participant shall pay all O&M costs and make best effort to maintain availability at the direction of SDG&E. Program Participant shall maintain the common area improvements immediately surrounding the Charging Station(s) to ensure there is enough space for vehicles to reach Charging Stations and to ensure Charging Station(s) are in good condition, ordinary wear and tear excluded. Program Participant shall promptly notify SDG&E of any problems it is aware of related to the Make-Ready Infrastructure.

Data Collection & Use: Program Participant shall support the data collection requirements of the Program. Data collection requirements will conform with the requirements of the California Public Utilities Commission and Data Reporting template.

Program Participant hereby expressly consents to the use and disclosure, by SDG&E, its agents and representatives, of data gathered as part of the Program for use in regulatory reporting, industry forums, case studies or other similar activities.

Easement:

Tenant Language:

Program Participant represents that the landowner (“Grantor”) has been consulted and has agreed to grant SDG&E the Easement required for the Infrastructure. Additionally, Program Participant represents and warrants herein that such Grantor understands and is agreeable to the Easement terms, and further, that this Agreement may be incorporated in its entirety or parts thereof into said Easement at SDG&E’s discretion, that said Easement remains with the property title upon transfer and may only be quitclaimed by SDG&E in accordance with this Agreement and the Easement.

Property Owner Language:

Program Participant agrees to grant SDG&E the Easement required for the Infrastructure. Additionally, Program Participant represents and warrants herein that it understands and agrees to the terms contained in the Easement, and further, that this Agreement may be incorporated in its entirety or parts thereof into said Easement at SDG&E’s discretion, that said Easement remains with the property title upon transfer and may only be quitclaimed by SDG&E in accordance with this Agreement and the Easement.

EVSE Rebate: Program Participant may qualify for an EVSE Rebate of up to 50% of the costs to purchase qualified EVSE.

Power Output	Max Rebate
0 kW to 19.2 kW	Up to 50% of the cost of EVSE, max \$3,000 per EVSE
19.3 kW to 50 kW	Up to 50% of the cost of EVSE, max \$15,000 per EVSE
50.1 kW to 150 kW	Up to 50% of the cost of EVSE, max \$45,000 per EVSE
150.1 kW +	Up to 50% of the cost of EVSE, max \$75,000 per EVSE

Rebate eligibility requirements include:

- EVSE is listed on the APL - [EPRI Home](#);
- Program Participant is a Transit or School District;
- or is located in a Disadvantaged Community (“DAC”);
- and is not a Fortune 1000 Company

EVSE Rebates will be paid after all of the following conditions are met:

- Program Participant submits Rebate Application;
- Program Participant provides Proof of Purchase of EVSE;
- SDG&E inspects the installation of the EVSE and if applicable, Program Participant Owned Infrastructure; and
- EVSEs are operational.

2.0 RIGHT TO ACCESS

Program Participant shall provide SDG&E, its representatives, contractors and designees access to the project location for purposes of design and installation of the Infrastructure. SDG&E, its contractors and designees shall make reasonable accommodations to minimize all impacts to Program Participant operations.

3.0 INSTALLATION OF EQUIPMENT

SDG&E, its contractors, representatives, and designees will design and construct the Infrastructure in compliance with this Agreement, as well as all applicable local, state and federal laws and regulatory requirements.

4.0 AMERICANS WITH DISABILITES ACT (ADA) REQUIREMENTS

Program Participant acknowledges that electric vehicle charging facilities are required to comply with the Americans with Disabilities Act (ADA), if applicable, and California Building Standards, which may impact parking layouts and design.

5.0 RELOCATIONS

Removal: At any time during the Term of this Agreement, whichever is longer, should Program Participant require removal of the Infrastructure or parts thereof, Program Participant shall bear full cost and expense of such removal of all Infrastructure installed pursuant to this Agreement, including, the full cost and sole expense of such removal of all Infrastructure installed pursuant to this Agreement and the depreciated value of Infrastructure and removal costs.

Program Participant requesting removals shall be responsible for costs as identified in the Removal Cost Schedule:

Removal Cost Schedule	
Year	Program Participant Percentage Responsibility
1	90%
2	80%
3	70%
4	60%
5	50%
6	40%
7	30%
8	20%
9	10%
10	0%

Relocations: At any time during this Agreement or the duration of the Easement, whichever is longer, should Program Participant require relocation of infrastructure installed pursuant to this Agreement, such relocation shall be by mutual agreement of the Parties. Should SDG&E approve relocation of such facilities, such relocation shall be at sole expense of Program Participant, regardless of whether Utility-Owned or Customer-Owned, and in accordance with any Program requirements, laws, regulations, or other applicable jurisdictional requirements in effect at the time of relocation. Additionally, at SDG&E's discretion, upon a relocation, Program Participant shall either amend the Easement to include the legal description of the new location or enter into a new

Easement with SDG&E.

6.0 DUTY TO NOTIFY

Program Participant shall notify SDG&E immediately regarding any unsafe, inoperable or damaged Infrastructure. In addition, Program Participant shall immediately report all claims and/or incidents involving the Infrastructure to SDG&E or its designated representative(s), and promptly thereafter confirm in writing, the occurrence of any injury, loss, or damage incurred by Program Participant.

If Program Participant has received or receives any other incentives or rebates for any Infrastructure or equipment covered under the scope of this Program, Program Participant shall notify SDG&E of any such incentives or rebates as soon as reasonably practicable. In the event that any such incentives or rebates, when combined with the EVSE Rebate or Customer-Owned Infrastructure Rebate provided by SDG&E, would reimburse Program Participant for more than 100 percent of the cost, SDG&E shall decrease the applicable rebate amount if not yet paid, or if already paid, submit a reimbursement request to the Program Participant for the amount of the rebate payment exceeding 100 percent of the cost incurred by Program Participant.

7.0 OPERATIONAL CONDITIONS AND PROGRAM PARTICIPANT CONTACTS

Program Participant shall perform certain operational functions such as report conditions and issues related to the Infrastructure.

For these purposes and other related reasons, Program Participant shall have two designated contacts with current and available contact information at all times.

Designated Contact Person for Operations

(Name, Email, Phone #)

Kevin Collins, kcollins@fpud.com, 760-999-2734

Designated Backup Contact Person for Operations

(Name, Email, Phone #)

Carl Quiram, cquiram@fpud.com, 760-999-2727

8.0 COMPENSATION

Except as otherwise provided in this Agreement, under no conditions shall Program Participant receive compensation of any kind, either by cash, in-kind services, or otherwise, for any duties or requirements provided for in this Agreement or for participation in any way as part of the Program, including but not limited to:

- Easement;
- Use of data for lawful purposes;
- Loss of business activity during construction or maintenance activities, or

- Any other inconvenience or loss, without limitation, related to participation.

9.0 CONFIDENTIALITY

During the Term of this Agreement, Program Participant may be provided with information of a confidential nature (“Confidential Information”) by SDG&E or its representatives.

Throughout and after the duration of this Agreement, Program Participant shall hold all Confidential Information in strict confidence. Without SDG&E’s prior written approval, Program Participant shall not use, disclose, reproduce, distribute, or otherwise misappropriate any Confidential Information, nor shall Program Participant take any action that may cause, or fail to take any action necessary to prevent causing, any Confidential Information to lose its character as Confidential Information. If applicable, SDG&E acknowledges that Program Participant is subject to the California Public Records Act (CPRA). Nothing in this agreement prohibits Program Participant from releasing documents that are not exempt from disclosure under the CPRA or applicable law.

10.0 INTELLECTUAL PROPERTY

Nothing in this Agreement or the Parties’ performance of it is intended or shall be deemed to convey any intellectual property rights to Program Participant. All intellectual property rights relating to the Program are expressly reserved to SDG&E, its contractors or other designated representatives and their respective licensors.

11.0 WAIVER

No provision of this Agreement may be waived unless agreed to by SDG&E, its contractors or other designated representatives and Program Participant in writing. The failure of SDG&E, its contractors or other designated representatives or Program Participant to insist upon strict performance of any provision of the Agreement, or to exercise any right based upon a breach thereof, or the acceptance of any performance during such a breach, shall not constitute a waiver of any right under this Agreement.

12.0 DISPUTE RESOLUTION

In the event of a dispute relating to this Agreement, Program Participant and SDG&E, its contractors or other designated representatives shall make a good faith effort to resolve the dispute by negotiation between representatives with decision-making authority, who, to the extent possible, shall not have had substantive involvement in the matters of the dispute.

13.0 GOVERNING LAW

This Agreement shall be governed by the laws of the State of California, excluding its conflict of laws rules. The exclusive venue for any litigation arising from or relating to this Agreement shall be in San Diego County, California.

14.0 PROGRAM PARTICIPANT REPRESENTATIONS

Program Participant is an independent entity from SDG&E, its affiliates, contractors, vendors, representatives, or designees and nothing herein shall be construed as creating any agency, partnership, or other form of joint enterprise between the Program Participant and SDG&E, its affiliates, contractors, vendors, representatives or designees nor create any obligations or responsibilities on their behalf except as otherwise provide herein, nor make any representations of any kind to this effect.

15.0 SEVERABILITY

If any provision under this Agreement or its application to any person or circumstance is held invalid by any court of lawful jurisdiction, such invalidity shall not affect other provisions of the Agreement which can be given effect without the invalid provision.

16.0 FALSIFICATION AND MISREPRESENTATION

Program Participant shall not falsify or misrepresent invoices or other documentation to SDG&E, its contractors or other designated representatives.

17.0 MARKETING & BRANDING

Disclaimer: All marketing, advertising or promotional materials which reference SDG&E, its contractors or other designated representatives or the Program itself, shall include a disclaimer which shall state that Program Participant is not an agent or affiliate of any and all of SDG&E, its contractors or other designated representatives.

Logos/ Trademarks: Program Participant shall not use the logos, trademarks or service marks of the Program, SDG&E, its contractors, or other designated representatives in any of Program Participant's marketing, advertising, or promotional materials without express written approval from SDG&E, its contractors or other designated representatives as appropriate. SDG&E shall not use the logos, trademarks or services marks of Program Participant without express written approval from Program Participant.

Marketing Materials: Program Participant must use up-to-date Program marketing materials. All marketing and advertising materials shall comply with the California Business and Professions Code.

Endorsements: Program Participant shall not state or imply endorsement of its products or services on the part of SDG&E, its contractors or other designated representatives or the Program.

Right to Review Materials: SDG&E, its contractors or other designated representatives reserves the right to review and approve any and all advertising, marketing, or promotional copy or materials developed or used by the Program Participant which references the Program Participant's participation in this Agreement or the Program, financing and other SDG&E programs or those of the contractors or other designated representatives. At its sole discretion, SDG&E, its contractors

or other designated representatives may require the Program Participant to submit such copy and materials for pre-approval. Approval shall be granted, unless SDG&E, its contractors or other designated representatives, in its sole discretion, determines that the copy or materials are misleading, in error, or fail to meet the requirements of this Agreement. The Program Participant agrees to remove from circulation or otherwise discontinue the use of any such materials.

18.0 CHANGES

SDG&E, its contractors or other designated representatives may initiate changes to the Program as circumstances dictate. SDG&E, its contractors or other designated representatives will make every effort to provide at least 30 calendar days written notice of changes that affect Program activities. However, SDG&E, its contractors or other designated representatives reserve the right to make immediate changes, without notice, as deemed necessary or in the best interest of SDG&E and its Customers. In the event SDG&E, its contractors or other designated representatives materially change the Program to the detriment of Program Participant, Program Participant may terminate this Agreement upon 30 days written notice to SDG&E.

Design Changes: A preliminary layout of proposed facilities will be provided via the 30% Design Acceptance document. Program Participant shall provide signed acceptance of the 30% Design Acceptance document certifying that the location of the facilities to be owned and operated by SDG&E are acceptable and not in conflict with the Participants planned improvements and further authorizes SDG&E to proceed with the preparation of final design(s), drawing(s), and cost(s). Program Participant acknowledges and agrees that any Infrastructure installed by SDG&E may vary from the design, if, in SDG&E's sole discretion, actual site conditions or municipal requirements dictate such changes. Program Participant may be responsible for incremental costs if: 1) There are changes to the system caused by the Participant or Participant's authorized representative, 2) There is a deviation from the electric load information specified within the approved Desktop Review/Load Study which will necessitate design and/or construction changes, 3) the project is cancelled after this Agreement is executed.

19.0 FRAUD AND DISHONESTY; COMPLIANCE WITH LAWS

Program Participant expressly warrants and represents that it shall conduct its business activities without perpetrating any fraud or dishonesty through the Program. Program Participant shall use best efforts to avoid doing any harm to SDG&E, their Contractors or other designated representatives' including the brands or goodwill of same. Program Participant shall comply with all applicable federal, state, and local statutes, rules, regulations, laws, orders and decisions that relate to or govern its participation in the Program.

20.0 BREACH OF AGREEMENT

Without limitation, and to the greatest extent allowed by law, SDG&E and Program Participant reserve the right to seek damages and recovery for losses incurred due to any breach of this Agreement on the part of Program Participant or SDG&E as applicable, whether intentional or

unintentional.

21.0 TERMINATION AND TRANSFER

Term (“Term”): This Agreement shall be in effect from the Effective Date (“Effective Date”) through a period of ten (10) years from the In-Service Date (“In-Service Date”), unless the parties agree in writing to cancel or extend the Term, subject to this Agreement.

SDG&E Right to Terminate: SDG&E, its Contractors or their designated representatives may terminate, or for any duration suspend, this Agreement and Program Participant’s participation in the Program, or operation of the Infrastructure, with or without cause, at any time, and for any reason. Such reasons may include but are not limited to:

At Program Participant’s cost and expense, including the depreciated value of the Infrastructure and removal costs, if removal requested by SDG&E for Program Participant’s:

- Failure to provide or comply with terms of the Easement
- Breach of Agreement in whole or in part

At SDG&E’s removal cost of Utility-Owned Infrastructure, if:

- Permitting issues
- Exceptional installation costs
- Environmental concerns
- Program no longer authorized by the CPUC
- Any other reason(s) not in Program or ratepayers’ best interest

Termination: Program Participant may terminate this Agreement upon thirty (30) days notice should SDG&E materially breach any material term of this Agreement or fail to perform any material obligations hereunder, after notice and a reasonable opportunity to cure. Should a sale of property or other circumstance result in Program Participant losing its ability to perform its obligations per this Agreement, Program Participant shall immediately notify SDG&E in writing and without delay within ten (10) days of Program Participant knowledge of such a possibility and notwithstanding anything to the contrary contained herein, this Agreement shall terminate and Program Participant shall pay all costs and expenses, including the value of the depreciated Infrastructure. Should Program Participant request removal or termination, for any reason, of Electric Vehicle Supply Equipment (“EVSE”) or parts thereof prior to expiration of the Term, Program Participant shall bear the full cost and sole expense of such removal as well as the depreciated value of the Infrastructure. If after signing this Agreement, Program Participant withdraws from the Program prior to the site being activated, then SDG&E reserves the right to recover all fees and costs incurred by it and its subcontractors after the execution of the Agreement including, but not limited to, design cost, site walk costs, etc.

Transfer of Agreement: Under no circumstance may this Agreement or parts thereof be assigned, transferred or otherwise conveyed without prior written consent of SDG&E and/or its designated representative. Such consent will not be unreasonably withheld. The assignee in any such permitted assignment shall assume all rights and obligations for the remaining Term.

Used and Useful: Program Participant shall demonstrate to SDG&E's reasonable satisfaction that the Infrastructure will be operated by the Program Participant within three months of the Infrastructure In-Service Date. Thereafter, at SDG&E's discretion, it may request evidence that Program Participant is operating these vehicles and associated charging in accordance with its Electric Vehicle Acquisition Plan. If Program Participant is not operating vehicles consistently with such plan, at SDG&E's discretion Program Participant may be responsible for SDG&E costs associated with installing the excess Infrastructure. This includes costs, as circumstances may dictate, for losses incurred by SDG&E on behalf of ratepayers, such as costs of equipment, site design and installation.

End of Term: At the end of the Term, unless the parties agree otherwise, SDG&E shall remove at its cost or abandon in-place Utility-Owned Infrastructure at SDG&E's discretion; Program Participant is responsible for Self-Installed Customer-Owned Infrastructure and EVSE at Program Participant's own cost.

Quitclaim: Upon the expiration or earlier termination of this Agreement and removal of all above grade infrastructure, SDG&E shall quitclaim all of its interest in the Easement.

22.0 NOTICES

Any notice provided under this Agreement shall be sent via first-class U.S. Mail. Notice is deemed effective on the third day after it is deposited in the U.S. Mail. Alternatively, notice may be given by fax or email, which is effective upon confirmation of successful transmission to the recipient. Notice pursuant to this Agreement shall be sent to:

PROGRAM PARTICIPANT:
(Name, Address, Email)

Jack Bebee, General Manager – Fallbrook Public Utilities District
990 E. Mission Rd, Fallbrook CA 92028
JackB@fpud.com

SAN DIEGO GAS & ELECTRIC COMPANY:

Name: Chris Faretta, Clean Transportation Programs Manager
Address: 8690 Balboa Ave., CPA2-03, San Diego, CA 92123
Email: cfaretta@sdge.com

Name: Anthony Aguirre
Address: 8690 Balboa Ave., CPA2-03, San Diego, CA 92123
Email: aaguirre@sdge.com

23.0 MISCELLANEOUS

This Agreement, including the Exhibits attached hereto and all items incorporated herein by reference and any written modification shall represent the entire and integrated agreement between the Parties hereto regarding the subject matter of this Agreement and shall constitute the exclusive statement of the terms and conditions of the Parties' agreement, and shall supersede any and all prior negotiations, representations or agreements, written or oral, express or implied, that relate in any way to the subject matter of this Agreement or written modification. If any provision of this Agreement is in any way deemed unenforceable, then the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those to which it is held unenforceable, shall not be affected, and each term and provision shall be enforceable to the fullest extent permitted by law.

Program Participant represents and warrants that it has the requisite power, legal authority and capacity to enter into this Agreement and to perform each and every obligation required of Program Participant under this Agreement and that the undersigned is authorized to execute this Agreement on behalf of Program Participant. For federal government Program Participants, you must be a Contracting Officer authorized to enter into this Agreement.

PROGRAM PARTICIPANT

**SAN DIEGO GAS & ELECTRIC
COMPANY**

By: _____
Signature

By: _____
Signature

Date: _____
Jack Bebee, General Manager

Date: _____

Printed Name and Title

Printed Name and Title

Fallbrook Public Utilities District

DEFINITIONS

- [Approved Product List \(APL\)](#): The list of EVSE qualified by SDG&E and meeting SDG&E's technical requirements. Rebate eligible Program Participants must select EVSE from the APL in order to receive an EVSE Rebate (if available).
- California Public Utilities Commission (CPUC): The California state regulatory agency that is responsible for regulating privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies.
- [CPUC's Transportation Electrification Safety Requirements Checklist](#): The Safety Requirements Checklist applies to CPUC-Approved Transportation Electrification Programs.
- Customer-Owned Infrastructure: This includes the EVSE purchased and installed by the Program Participant pursuant to this Agreement; and the Customer-Side Make-Ready, if the Program Participant elects the Self-Install Customer-Side Make-Ready option.
- Customer-Side Make-Ready: The Customer-Side Make-Ready Infrastructure includes all Infrastructure from the utility meter up to the first point of interconnection with the EVSE. Make-Ready, as defined herein, does NOT include purchase or installation of the EVSE.
- Disadvantaged Community (DAC): Census tracts in California with a top 25% quartile score according to California Environmental Protection Agency's CalEnviroScreen 3.0 tool.
- Easement: A real property instrument substantially in the form of Exhibit A attached hereto to grant right of way for SDG&E to construct, maintain, operate, and repair any Utility-Owned Infrastructure.
- Effective Date: The date that this Agreement is dually signed and executed.
- Electric Vehicle Service Provider (EVSP): The entity from which the EVSE and Network Services is purchased.
- Electric Vehicle Supply Equipment (EVSE): An individual charging station unit that may contain one or more charging ports for the purpose of connecting the electric vehicle to a grid-connected power source capable of recharging the vehicle's battery pack. The individual connectors of the EVSE are referred to as ports. Each EVSE can charge one or more vehicles depending on the number of ports the unit is equipped with. Qualifying EVSE that meets the technical specifications set forth by SDG&E are listed in the APL.

- **EVSE Rebate:** Financial reimbursement paid to an eligible Program Participant, or its designee, pursuant to the terms and conditions of the Program, to offset a portion of the purchase of approved EVSE.
- **In-Service Date:** The date the Infrastructure installed under this Agreement becomes available for use by the Program Participant.
- **Infrastructure:** The equipment and materials to be installed by either party pursuant to this Agreement on both the Utility-Side and Customer-Side of the electric meter.
- **Make-Ready Infrastructure:** All infrastructure necessary to operate EVSE; this includes all trenching, conduit, wire, hardscape work, signage, protective measures, and site restoration, installed so the EVSE can be mounted and any communications equipment installed. Make-Ready, as defined herein, does NOT include (1) purchase or installation of the EVSE.
- **Medium-Duty/Heavy-Duty Electric Vehicles:** Includes forklifts, truck stop electrification, transport refrigeration units, port cargo trucks, transit buses, school buses, airport ground support equipment, medium-duty vehicles, heavy-duty vehicles, and Class 2 through Class 8 on-road vehicles; [as defined by U.S. Department of Energy](#).
- **Program:** Also referred to as the Power Your Drive for Fleets Make-Ready Infrastructure Program. The Program is designed to help Program Participants install EV charging Infrastructure needed to electrify their medium- and heavy-duty fleets and off-road vehicles.
- **Program Participant:** The SDG&E Customer that enters into this Agreement.
- **Term:** This Agreement shall be in effect from the Effective Date through a period of ten (10) years from the In-Service date.
- **Utility-Owned Infrastructure:** This includes all Infrastructure installed by SDG&E.
- **Utility-Side Make-Ready:** The Utility-Side Make-Ready Infrastructure includes all Infrastructure work from SDG&E's distribution system to a new circuit panel that will be installed to support EVSE. SDG&E will ALWAYS be responsible for designing, procuring, installing, and maintaining the necessary Infrastructure on the Utility-Side of the meter.
- **Vehicle Acquisition Plan:** Program Participant's written plan detailing the number, type, and charging levels of electric vehicles that will be used at the Program Participant's premises over time to justify the requested Infrastructure.

EXHIBIT A: Owner Authorized Agent Form

Date: _____ Site ID#: _____ Site Name: _____

Owner Authorized Agent Form

I, Jack Bebee, hereby authorize San Diego Gas & Electric to act as my agent in all documents / forms as it relates to obtaining Agency permits for the installation of Power Your Drive for Fleets EV charging infrastructure at the property listed below.

SITE HOST TO COMPLETE

Property Address:

Fallbrook Public Utilities District, 990 E Mission Rd, Fallbrook CA 92028

Agent Name, Address & Telephone Number:

Anthony Aguirre, SDG&E Project Manager

8690 Balboa Ave., CPA2-03, San Diego, CA 92123

aaguirre@sdge.com (619) 416-2311

Property Owner Name, Address, & Telephone Number:

Jack Bebee, General Manager

Fallbrook Public Utilities District
990 E Mission Rd, Fallbrook CA 92028

Signature: _____ Date: _____

ADDENDUM 1: CUSTOMER-OWNED INFRASTRUCTURE ADDENDUM

This Customer-Owned Infrastructure Installation Addendum (“Addendum”) sets forth the additional terms and conditions that apply to Program Participants that elect the “Self-Install” option for the Customer-Side Make-Ready Infrastructure. All the terms and conditions of this Agreement also apply, and any capitalized terms used in this Addendum, and otherwise not defined, shall have the meaning given to such terms in the Agreement.

CUSTOMER-SIDE MAKE-READY INFRASTRUCTURE WORK

The Program Participant has elected to Self-Install the Customer-Side Make-Ready Infrastructure and, subject to meeting all of the applicable terms and conditions set forth in this Addendum, will qualify to receive the Customer-Owned Infrastructure Rebate, which will be the lesser of:

- (a) 80 percent of the Program Participant’s actual documented installation cost; **OR**
- (b) 80 percent of the average utility estimated direct cost, which shall be \$70,668, for installing Customer-Side Make-Ready Infrastructure for the relevant sector.

ADDITIONAL TERMS AND CONDITIONS FOR THE SELF-INSTALL CUSTOMER-SIDE MAKE-READY OPTION:

1. The Program Participant shall:
 - a. Complete Customer-Side Make-Ready Infrastructure design and provide a copy to SDG&E for review and approval.
 - b. Create a Base Map and a Site Plan, for location of the Customer-Side Make-Ready Infrastructure and EVSE and provide copy to SDG&E.
 - c. Provide to SDG&E a copy of the estimated construction costs broken out by design and engineering costs, permitting costs, and construction costs in advance of performing any related work.
 - d. Provide signed approval of SDG&E’s Utility-Side Make-Ready Infrastructure design.
 - e. Obtain all required approvals and permits for the Customer-Side Make-Ready Infrastructure work.
 - f. Schedule and attend a preconstruction meeting with SDG&E and provide a detailed construction schedule.
 - g. Manage and coordinate all Customer-Side Make-Ready Infrastructure work.

- h. Ensure installation contractor is state-licensed.
 - i. Comply with all applicable items included in the [Safety Requirements Checklist](#) for CPUC-Approved Transportation Electrification Programs.
 - j. Post installation, ensure final inspection process is complete.
 - k. Take any corrective actions, if SDG&E identifies any upon inspection, in SDG&E's sole judgment, to ensure that the Customer-Side Make-Ready Infrastructure complies with all of SDG&E's rules, regulations and safety requirements.
 - l. Own and maintain the Customer-Side Make-Ready Infrastructure in working order for the Term of this Agreement, at Program Participant's own expense and at no cost to SDG&E.
2. SDG&E Representations:
- a. SDG&E will process the Make-Ready Rebate payment after SDG&E has verified installation of the Customer-Side Make-Ready and EVSE, consistent with this Agreement, subject to Program Participant meeting all Program requirements and submitting the required documentation and after calculating the final rebate amount that will apply.
3. Indemnification and Limitation of Liability. The Program Participant agrees to the following provisions that apply to the Customer-Side Make-Ready Infrastructure:
- a. Program Participant understands that by electing the Self-Install Customer-Side Make-Ready option, Program Participant is responsible for the safe design, construction, installation, and operation of the Customer-Side Make-Ready Infrastructure.
 - b. Notwithstanding any inspection or approval of the Customer-Side Make-Ready Infrastructure, SDG&E makes no representations or warranties regarding manufacturers, dealers, contractors, materials or workmanship of the Customer-Side Make-Ready Infrastructure. Further, SDG&E makes no warranty whether express or implied, including without limitation the implied warranties of merchantability and fitness for any particular purpose, use, or application of the Customer-Side Make-Ready Infrastructure. Program Participant agrees that SDG&E has no liability whatsoever concerning (1) the quality, safety or installation of the Customer-Side Make-Ready Infrastructure, including its fitness for any purpose, (2) the workmanship of any third parties, (3) the installation or use of the Customer-Side Make-Ready Infrastructure. Customer hereby waives any and all claims against SDG&E, its parent companies, directors, officers, employees, or agents, arising out of activities conducted by or on behalf of SDG&E with respect to the Customer-Side Make-Ready Infrastructure.

- c. Indemnification of SDG&E. To the fullest extent permitted by law, Program Participant shall indemnify, defend, and hold harmless SDG&E, and its parent company, subsidiaries, affiliates, and their respective shareholders, officers, directors, employees, agents, representatives, successors, and assigns (collectively, the “Indemnified Parties”), from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs, or expenses, including without limitation reasonable attorneys’ fees (a “Claim”), arising out of or resulting from Program Participant’s design, construction, installation, or use of the Customer-Side Make-Ready Infrastructure, including, but not limited to, any action or failure to meet its obligations under this Addendum, except to the extent that such Claim is based on the sole and gross negligence or intentional wrongdoing by SDG&E.
- d. Program Participant shall be responsible for any damage to its EVSE and to any other facility or equipment, to Utility-Owned Infrastructure, and to any other SDG&E facility or equipment that is incurred by SDG&E due to the interconnection of the Customer-Side Make-Ready Infrastructure, whether or not incurred through the fault or negligence of Program Participant, except in the case of sole and gross negligence or intentional wrongdoing by SDG&E.

AGREEMENT BY PROGRAM PARTICIPANT

By signing in the space below, you represent that the information provided in this Agreement is true, accurate and complete, and that you will comply with the terms and conditions outlined in this Agreement. You also represent and warrant that you are a duly authorized representative of Program Participant with the requisite authority to enter into this Agreement. For federal government Program Participants, you must be a Contracting Officer authorized to enter into this Agreement.

PROGRAM PARTICIPANT:

SAN DIEGO GAS & ELECTRIC COMPANY:

Signature & Date:

Signature & Date:

X

X

Chris Faretta
Clean Transportation Programs Manager

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 4, 2023
SUBJECT: Approval for SCADA Support Services to Arcadis

Description

Recommendation to approve a new contract with Arcadis to assist with instrumentation, controls, and SCADA support. This contract will be three years with a not-to-exceed amount of \$125,000 year one, and \$100,000 years two and three.

Purpose

The District utilizes a significant amount of remote monitoring and control of water and wastewater facilities in order to optimize operation of the system and reduce operational labor requirements. Some specialized troubleshooting and programming support is necessary to develop and maintain these systems.

Our previous contract with SCADA Integrations has expired and we currently have no multi-year contracts in place with any SCADA support consultants. To rectify this situation, FPUD Purchasing staff issued an RFP on 10/25/23 to three pre-selected companies – Technical Systems Inc (TSI), Arcadis, and Enterprise Automation. All three have responded and staff has determined that Arcadis will best fit the needs of the District.

Arcadis has a proven track record of supporting critical control systems for many Districts. Their ability to provide rapid assistance is a direct result of their familiarity with intricate plant processes and control schemes. Because Arcadis can be credited with the integration of most of these systems, they don't need to spend hours, or even days, dissecting our complex process control logic and process flow diagrams in order to gain understanding, and they are able to offer immediate support as a result. Essentially, Arcadis can function as an extension of staff, with secure remote access to our systems, and help bridge the gap with respect to internal technical resources.

The District has selected a new platform to replace the antiquated Kingfisher RTU hardware for remote facilities, including tanks, PRVs, pump stations, and sewage lift stations. Arcadis has extensive experience working with the selected hardware/software, and we feel that they would be the most efficient at integrating this new platform into the District's SCADA system.

Budgetary Impact

The work will be completed within the Board authorized budget.

Recommended Action

The Board approve a contract with Arcadis in the not-to-exceed amount of \$125,000 year one, and \$100,000 years two and three.

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: December 4, 2023
SUBJECT: Consider Adopting Resolution No. 5064 Approving the Increased Rates for Water and Recycled Water Service Charges, and Rates for Wastewater Service Charges and Taking Other Related Actions

Purpose

Provide the Board with the Fiscal Policy & Insurance Committee's (the Committee) recommended Calendar Year (CY) 2024 rates and charges for water, recycled water and wastewater services.

Summary

Calendar Year 2024 is the second year of the 2022 adopted Five Year Financial Plan (the Plan). The Plan adopted by the Board in 2022 had a maximum increase of 6.5% each year for water, a maximum increase of 2.5% each year for recycled water and a 5.0% annual increase for wastewater. At the time the plan was adopted, the Board committed conducting an annual review of the District's financial position to determine the actual annual increase. Accordingly, each year the District's current financial data, sales projections, and water cost data are taken into account by the Board when setting the annual rate increase. This allows the Board to balance the need to ensure the future fiscal sustainability of the District with the desire to provide rate relief to current rate payers.

With the District's Detachment from the San Diego County Water Authority (SDCWA) approved by voters and an agreement with SDCWA finalized, the District expects to complete detachment by the end of December 2023. Once detachment is finalized, the District will be annexed into Eastern Municipal Water District (EMWD) and begin to pay EMWD's wholesale rate. With the detachment process coinciding with the end of the calendar year, the Committee is recommending that January 1, 2024 rates and charges take into account detachment.

Once wholesale water is purchased from EMWD, the District's wholesale water cost and cost structure will change drastically. Central to this change is the elimination of all SDCWA fixed charges. The SDCWA fixed charges includes both the Customer Service Charge and the Infrastructure Access Charge (IAC). The District passes the IAC through, so this charge will be eliminated effective January 1, 2024. The District's monthly Fixed Water Charge will be reduced to reflect the elimination of the Customer Service Charge and the District's other water rates, excluding the Water Capital Improvement Charge, will be held at the current amount. Because of detachment, the average residential water bill, excluding the Capital Improvement Charge (CIC), is 11.1% lower in calendar year 2024 than it would otherwise be.

The Committee is recommending the Recycled Water and Wastewater System rates and charges be increased in-line with the Plan. The Committee decided that a 2.5% and 5% increase in Recycled and Wastewater rates and charges, respectively, were necessary to keep the District on track with the Plan's fiscal objectives.

In addition, construction service fees, Capital Improvement Charges and system buy-in capacity charges are being adjusted for inflation based upon the Engineering News-Record Los Angeles Construction Cost Index per the District's Administrative Code. With the exception of the Water Capital Improvement Charge, the adjustments are based upon the change in the index from February 2022 to February 2023, which was 5.47%. The Water Capital Improvement Charge is increased by inflation plus three percent or 8.47%. The Wastewater Capital Improvement Charge is increased by the 5.47%. Changes to the Administrative Code also reflect the elimination of SDCWA's Permanent Special Agricultural Water Program, which is being replaced by the District's agricultural water rates. These changes are shown in Articles 10, 11, 12 & 17 which are Attachments A, B, C and D.

The Committee's recommended rates and charges keep the District on track to stabilize its financial position, continue its investment in infrastructure and maintain reserve levels. Attachment C shows the recommended rate and charge adjustments to Article 12 of the Administrative Code. The resolution adopting the calendar year 2024 rates and charges is Attachment E. Exhibit A of Attachment E shows the adopted calendar year 2023 rates and charges along with the calendar year 2024 recommended rates and charges.

Recommended Action

That the Board adopt Resolution No. 5064 adopting calendar year 2024 rates and charges for water, recycled water and wastewater services.

Attachment A

Article 10.

Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

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

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

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

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

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

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

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

The term "Agricultural purposes", as used herein, shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption. Water used for agricultural purposes may be eligible for ~~either the Commercial Agricultural Water Rate or Permanent Agricultural Water Rate (PSAWR) if they it meets 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 an ~~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 (ATAD) 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~~ 122.77 = ~~\$582.06~~ 613.85
 - 3" and larger 9 hours @ ~~\$116.41~~ 122.77 = ~~\$1,047.71~~ 1,104.93
- B) Fire Hydrant Installation 9 hours @ ~~\$116.41~~ 122.77 = ~~\$1,047.71~~ 1,104.93
- C) Fire Service Installation 9 hours @ ~~\$116.41~~ 122.77 = ~~\$1,047.71~~ 1,104.93

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 (CAAG); Agricultural-Domestic ~~with PSAWR Discount (ATAD)~~; ~~Agricultural Commercial Domestic (CB)~~; Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section ~~19.110.1~~.

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 <u>4,295</u>	\$531 <u>560</u>	\$3,541 <u>3,735</u>
1"	\$4,169 <u>4,397</u>	\$628 <u>662</u>	\$3,541 <u>3,735</u>
1-1/2"	\$5,186 <u>5,470-69</u>	\$1,177 <u>1,241</u>	\$4,009 <u>4,228</u>
2"	\$5,663 <u>5,973</u>	\$1,439 <u>1,518</u>	\$4,224 <u>4,455</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 ~~\$2,400~~ 2,531. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of ~~\$4,400~~ 4,641. If County road inspection is required, there is an additional fee of ~~\$1408~~ 1,485.

Sec. 10.7 Meter Relocation Fees.

<u>Meter Size</u>	<u>Relocation and Service Line*</u>
3/4"	\$5,111 <u>5,391</u>
1"	\$5,111 <u>5,391</u>
1-1/2"	\$5,658 <u>5,967</u>
2"	\$5,873 <u>6,194</u>

* If paving is required up to 30 feet, there is an additional fee of ~~\$4765~~ 5,026. If County road inspection is required, there is an additional fee of ~~\$1408~~ 1,485.

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~~ [A1]. 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, 20214, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

Meter Size SDCWA [A2] Capacity Demand Factor (EMU) Capacity Fee

3/4"	1	\$6,327 6,673
1"	1.6	\$10,125 10,679
1-1/2"	3	\$18,983 20,021
2"	5.2	\$32,905 34,705
3"	9.6	\$60,746 64,069
4"	16.4	\$103,772 109,448
6"	30	\$189,832 200,216

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

8".....factor	52.0
10".....factor	78.0
12".....factor	132.0

Sec. 10.8.1 Removal of Meters.

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

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

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

Sec. 10.8.2 Meter Testing Costs.

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

<u>Meter Size</u>	<u>Fee for testing</u>
3/4" – 1"	\$ 134 <u>141</u>
1 1/2" – 2"	\$ 181 <u>191</u>
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~~ Sec. 10.10 _____ San Diego County Water Authority Connection Fees-Place Holder for Future Changes.

~~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 6,012 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 <u>6,012</u>	\$159 <u>168</u>	\$5,859 <u>6,180</u>
1"	1.6	\$9,120 <u>9,619</u>	\$254 <u>268</u>	\$9,374 <u>9,887</u>
1-1/2"	3.0	\$17,100 <u>18,035</u>	\$477 <u>503</u>	\$17,577 <u>18,538</u>
2"	5.2	\$29,640 <u>31,261</u>	\$827 <u>872</u>	\$30,467 <u>32,133</u>
3"	9.6	\$54,720 <u>57,713</u>	\$1,526 <u>1,609</u>	\$56,246 <u>59,322</u>

4"	16.4	93,480 <u>98,593</u>	2,608 <u>2,751</u>	96,088 <u>101,344</u>
6"	30.0	171,000 <u>180,354</u>	4,770 <u>5,031</u>	175,770 <u>185,385</u>
8"	52.0	296,400 <u>312,613</u>	8,268 <u>8,720</u>	304,668 <u>321,333</u>
10"	78.0	444,600 <u>468,920</u>	12,402 <u>13,080</u>	457,002 <u>482,000</u>
12"	132.0	752,400 <u>793,556</u>	20,988 <u>22,136</u>	773,388 <u>815,692</u>

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~~ ~~Sec. 10.11~~ ~~San Diego County Water Authority Permanent Special Agricultural Water Program Administration~~ Place Holder for Future Changes.

~~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 limitations 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.~~

~~1. _____ 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:~~

~~) _____ 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. _____~~

~~) _____ 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.~~

~~) _____ 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".~~

~~) _____ 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.~~

~~a) — 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.~~

~~) — 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.~~

~~) — 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.~~

~~) — 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

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~~ Agricultural (ASAG), and agricultural ~~agricultural/-domestic-Domestic (ATAD)~~, ~~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, CBAG, AD~~) 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	\$767 809
For each 1 inch meter	\$788 831
For each 1-1/2 inch meter	\$1,358 1,432
For each 2 inch meter	\$1,570 1,656
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.

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 <u>12,110</u>	(complete assembly)
Model J-3765 (3-port hydrant).....	\$14,082 <u>14,852</u>	(complete assembly)
Fire flow testing	\$534 <u>563</u>	

If paving over 20 feet is required, there is an additional fee of ~~\$281~~ 296 per trench foot. If county road inspection is required, there is an additional fee of ~~\$1,408~~ 1,485.

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~~ 1,457 deposit, a meter installation charge of ~~\$134~~ 141 will be made. There will be a relocation charge of ~~\$134~~ 141 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. 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

Secs. 10.4.2, 10.6, 10.7, 10.8, 10.8.2, 10.10, 10.22.2, 10.24, 10.25, 10.26 – Rev. 12/22

Attachment B

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

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

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

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 <u>8,217</u> per EDU
--------------	--

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

c) Financing Capacity Fees. Finance options are available for customers who owe additional fees to the District due to property expansions that did not purchase additional capacity and/or visual audits conducted by District staff as follows:

1. Any amounts financed by the District require a signed agreement and Promissory Note. Any amount greater than \$10,000 will also require a Trust Deed.
2. Any delinquent amounts will be transferred to the property tax bill.
3. Amounts up to \$3,000 are due immediately with no financing option.
4. Amounts between \$3,001 and \$5,000 may have terms of up to one year at the Local Agency Investment Fund (LAIF) rate + 2%.
5. Amounts between \$5,001 and \$10,000 may have terms of up to two years at the LAIF rate + 3%; interest to be re-calculated at the one year anniversary.
6. Amounts greater than \$10,001 may have terms up to three years at the LAIF rate + 4%; interest to be re-calculated at the one year and two year anniversaries.
7. Liens will not be offered as a methods of postponing payment of fees.

Sec. 11.16.3 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 8,467
≤ 15'	>8'	4	56	\$11,627 12,263
>15' to 30'	≤8'	5	90	\$15,420 16,263
>15' to 30'	>8'	5	115	\$17,950 18,932
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of ~~\$2,400~~ 2,531.28. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of ~~\$4,400~~ 4,641. If county road inspection is required, there is an additional fee of ~~\$1,408~~ 1,485.

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~~ 122.77 = Estimated inspection fee

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
Secs. 11.7, 11.16.2, 11.16.4, 11.16.5 – Rev. 12/22

Attachment C

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, ~~2023~~2024, 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)~~Agricultural (AG).

All usage	\$5.63 per unit
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~~SAWR—Ag & Home (AT).~~

1-5 units per month	\$7.31 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~~Agriculture-al-Domestic (CBAD).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$6.38 <u>5.63</u> 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~~ 45 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~~ 2024, 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 <u>57.16</u>	\$25.85 <u>26.50</u>	\$17.44	NA
1 inch meter	\$96.51 <u>90.77</u>	\$35.14 <u>36.02</u>	\$24.43	NA
1-1/2 inch meter	\$185.46 <u>174.00</u>	\$58.15 <u>59.60</u>	\$41.75	NA
2 inch meter	\$292.64 <u>274.30</u>	\$85.88 <u>88.03</u>	\$62.61	\$7.66
3 inch meter	\$578.82 <u>542.12</u>	\$159.91 <u>163.91</u>	\$118.30	\$8.90
4 inch meter	\$900.36 <u>843.02</u>	\$243.09 <u>249.17</u>	\$180.88	\$11.03
6 inch meter	\$1,793.16 <u>1,678.50</u>	\$474.06 <u>485.91</u>	\$354.65	\$18.70
8 inch meter	NA	NA	NA	\$31.92

NA- Not applicable

For construction meters, a service charge of ~~\$438.96~~ 11.45 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)-Place Holder for Future Changes

~~Effective January 1 July, 20232024, 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 41
1 inch meter	\$7.08 36
1 1/2 inch meter	\$14.12 69
2 inch meter	\$2223.60 51
3 inch meter	\$4547.24 05
4 inch meter	\$7073.68 51
6 inch meter	\$141146.32 99

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional ~~\$11.44~~12.05 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, ~~2023~~2024. 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 <u>12.05</u>
1 inch meter	1.67	\$18.50 <u>20.07</u>
1-1/2 inch meter	3.33	\$37.03 <u>40.17</u>
2 inch meter	5.33	\$59.22 <u>64.24</u>
3 inch meter	10.67	\$118.45 <u>128.48</u>
4 inch meter	16.67	\$185.08 <u>200.76</u>
6 inch meter	33.33	\$370.15 <u>401.50</u>

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.

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~~ Agricultural customers, ~~SAWR~~, and ~~Commercial Ag/Commercial Agricultural~~ 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-riculture al-Domestic (ATAD)	\$ 10.229.16
Commercial Ag. Domestic (CB)	\$ 10.229.16
Residential (LD, D, M))	\$ 10.229.16
Government (G)	\$ 11.0964
Commercial – Low Strength* (C_L)	\$ 11.0964
Commercial – Medium Strength* (C_M)	\$ 13.8214.51
Commercial – High Strength* (C_H)	\$ 17.6618.54

*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, CBAD~~), 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 20 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, CAAG~~), 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 ~~2023-2024~~ public elementary school rate is \$~~1.39-46~~ per student and \$~~2.08-18~~ per staff, per month.
4. CY ~~2023-2024~~ public junior high school and administrative offices rate is \$~~2.08-18~~ 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, CBAD~~ accounts, effective January 1, ~~2023~~2024, the Monthly Fixed Wastewater Charge shall be \$~~18.88~~~~26.68~~ per month per Equivalent Dwelling Unit (EDU). For Commercial (C) and Government (G) accounts, effective January 1, ~~2023~~2024, the Monthly Fixed Wastewater Charge shall be \$~~12.14-75~~ 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~~~~13.35~~ per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, ~~2023~~2024. 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

Secs. 12.1, 12.2, 12.3, 12.4, 12.5,
12.9, 12.10, 12.10.1 – Rev 11/22

Sec. 12.2 – Rev 12/22

Sec. 12.9 – Rev 4/23

Attachment D

Article 17. **Water Shortage Response Program.**

Sec. 17.1 Declaration of Policy.

California Water Code Section 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity. The Board of Directors hereby establishes a comprehensive water conservation program pursuant to California Water Code Section 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage. Additionally, the California Water Code mandates that water agencies adopt a water shortage contingency plan (WSCP) as part of their Urban Water Management Plan (UWMP). The District’s WSCP is a detailed plan for how an urban water supplier, like the District, intends to act in the case of any actual water shortage condition. This Article 17 is consistent with the District’s WSCP and is how the District implements its WSCP, and can be amended, as needed, outside of updating the District’s UWMP.

Sec. 17.1.1 PSAWR Reduction Program.Place Holder for Future Changes.

~~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 supply up to the maximum allowed per the SDCWA Program. During periods of water shortages imposed by the Metropolitan Water District (MWD), the SDCWA, or due to emergency situations, those customers who are participating in the PSAWR shall abide by the conditions set forth by SDCWA. Administration of the PSAWR Program is incorporated by reference in Article 10 of this Administrative Code.~~

Sec. 17.1.2 PSAWR Reduction Compliance.Place Holder for Future Changes.

~~When SDCWA imposes a mandatory use reduction, PSAWR customers must be prepared to reduce consumption by complying with a water allocation, or water use target. Water consumed during each billing period will be compared to the assigned target. Any use below the target will be accumulated and carried forward. The customer’s cumulative use will be compared with the cumulative target, and any total usage above the target will be billed at the “above average” rates. This cumulative comparison will continue for the duration of the fiscal year. Below target usage “credits” will be carried forward until the cumulative target is exceeded, at which time, all cumulative “over target” use will be billed at the “above target” rates. The cumulative comparison process will start over in the next fiscal year.~~

~~Upon written request, customers shall reserve the right to “group” accounts and adjust, or “smooth”, allocations to facilitate compliance.~~

Sec. 17.2 Findings.

The Board of Directors finds and determines that a water shortage could exist as a result of a general regional water supply shortage due to increased demand or limited supplies.

The Board of Directors also finds and determines that the conditions prevailing within and in the vicinity of the District’s service area require that the water resources available be put to maximum beneficial use to the extent to which they are capable, and that the waste or

During a Level 3 Water Shortage Alert condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to thirty percent (30%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice and Level 2 Water Shortage Watch water conservation practices during a Level 3 Water Shortage Alert, as identified in Sec. 17.8.0, 17.8.1 and 17.8.2, and shall also comply with the following additional conservation measures:

1. During the months of June through October, limit residential and commercial landscape irrigation to no more than two (2) days per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During the months of November through May, landscape irrigation is limited to no more than once per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During extreme Santa Ana conditions (temperature > 80 and easterly winds > 20 mph), one additional day per week of watering is allowed. This section shall not apply to commercial growers or nurseries. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.
2. Limit lawn watering and landscape irrigation using sprinklers to no more than ten (10) minutes per watering station per assigned day. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.
3. Water landscaped areas, including trees and shrubs located on residential and commercial properties, and not irrigated by a landscape irrigation system governed by Section 17.8.3 (1), on the same schedule set forth in Section 17.8.3 (1) by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation.
4. Repair all leaks within seventy-two (72) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

For Levels 3 and above, the District may establish a water allocation for property served by the Fallbrook Public Utility District using a method that does not penalize persons for the implementation of conservation methods or the installation of water saving devices and allows for the banking and subsequent use of unused allocations.

If the District establishes a water allocation it shall provide notice of the allocation within (14) days of its establishment by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. The following customer classes are subject to allocations: ~~Commercial—Agriculture—Agricultural~~ (CAAG),

~~Commercial Agriculture~~-~~Agricultural~~-Domestic (~~CBAD~~), Commercial (C), Government (G), and Irrigation (I). Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount of 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this Article.

Sec. 17.8.4 WATER SHORTAGE RESPONSE LEVEL 4 – WATER SHORTAGE WARNING CONDITION.

During a Level 4 Water Shortage Warning condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to forty percent (40%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch and Level 3 Water Shortage Alert water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2 and 17.8.3 during a Level 4 Water Shortage Warning condition and shall also comply with the following additional mandatory conservation measures:

1. Water landscaped areas, including trees and shrubs located on residential and commercial properties, in accordance with Section 17.8.3.
2. Stop filling or re-filling ornamental lakes or ponds, except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a drought response level under this Article.
3. Stop washing vehicles except at commercial carwashes that recirculate water, or by high pressure/low volume wash systems.
4. Repair all leaks within forty-eight (48) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

Sec. 17.8.5 WATER SHORTAGE RESPONSE LEVEL 5 – WATER SHORTAGE CRITICAL CONDITION.

During a Level 5 Water Shortage Critical condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to fifty percent (50%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch, Level 3 Water Shortage Alert and Level 4 Water Shortage Warning water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2, 17.8.3 and 17.8.4 during a Level 5 Water Shortage Critical Condition, and shall also comply with the following additional mandatory conservation measures:

1. Stop all automated landscape irrigation, except crops and landscape products of commercial growers and nurseries. This restriction shall not apply to the following categories of use unless the Fallbrook Public Utility District has determined that recycled water is available and may be lawfully applied to the use.
 - A. Maintenance of trees and shrubs that are watered on the same schedule set forth in Section 17.8.3 by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation;
 - B. Maintenance of existing landscaping necessary for fire protection as specified by the Fire Marshal of the local fire protection Fallbrook Public Utility District having jurisdiction over the property to be irrigated;
 - C. Maintenance of existing landscaping for erosion control;
 - D. Maintenance of plant materials identified to be rare or essential to the wellbeing of rare animals;
 - E. Maintenance of landscaping within active public parks and playing fields, day care centers, school grounds, cemeteries, and golf course greens, provided that such irrigation does not exceed two (2) days per week according to the schedule established under Section 17.8.3;
 - F. Watering of livestock; and
 - G. Public works projects and actively irrigated environmental mitigation projects.

2. Repair all water leaks within twenty-four (24) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

The District may establish a water allocation for property served by the District. If the District establishes a water allocation it shall provide notice of the allocation by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this Article.

- ~~3. (PSAWR) customers participating in the San Diego County Water Authority (SDCWA) PSAWR Program must abide by any PSAWR restrictions that may be in place.~~

Water consumed during each billing period will be compared to the assigned target. Any use below the target will be accumulated and carried forward. The customer’s cumulative use will be compared with the cumulative target, and any total usage above the target will be billed at the “above target” rates. This cumulative comparison will continue for the duration of the fiscal year. Below target usage “credits” will be carried forward until the cumulative target is exceeded, at which time, all cumulative “over target” use will be billed at the “above target” rates and the cumulative comparison process will start over in the next fiscal year.

Sec. 17.8.6 WATER SHORTAGE RESPONSE LEVEL 6 – EMERGENCY CONDITION.

During a Level 6 Emergency Condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of greater than fifty percent (>50%).

All person using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch, Level 3 Water Shortage Alert, Level 4 Water Shortage Warning, and Level 5 Water Shortage Critical water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2, 17.8.3, 17.8.4 and 17.8.5, and shall also comply with the following additional mandatory conservation measures:

The General Manager is authorized to require submission of water use curtailment plans from those users having the largest effect on overall District consumption in order to protect the minimum supplies necessary to provide for public health, sanitation, and fire protection. Failure to provide curtailment plans in a timely manner or plans that do not meet the required cutbacks shall authorize the District to install flow restrictors at the meter or termination of service.

Sec. 17.8.7 Water Shortage Emergency Surcharges

Water Shortage Emergency Surcharges may be implemented during declaration of Levels 1, 2, 3, 4, 5 and 6 described above. Water Shortage Emergency Surcharges would only be in effect during declared drought Levels 1-6. The escalation factors that would be used to calculate “Water Shortage Emergency Surcharges” relative to a given year’s normal rates are set forth in the tables below:

Water Shortage Emergency Surcharges by Level (\$/kgal)						
	Level 1 Up to 10% Reduction	Level 2 Up to 20% Reduction	Level 3 Up to 30% Reduction	Level 4 Up to 40% Reduction	Level 5 Up to 50% Reduction	Level 6 > 50% Reduction
Water Shortage Emergency Surcharges (actual class and tier surcharges will be calculated and adjusted based upon normal rates in effect)	5% of Normal Rates	12% of Normal Rates	20% of Normal Rates	32% of Normal Rates	49% of Normal Rates	74% of Normal Rates

~~*TSAWR customers are not subject to these Water Shortage Emergency Surcharges, though they must implement cuts to water use as implemented during specific drought restrictions or face penalties as discussed above in Section 17.1.2.~~

Section 17.9 Water Shortage Emergencies Pursuant to Water Code Section 350 et seq.

In addition to the declaration by the Board of a water shortage condition under this Article 17, the restrictions in this subsection shall apply if the Board of Directors adopts finding supporting a Water Shortage Emergency and does declare a Water Shortage Emergency in the manner and on the grounds provided in Water Code Section 350 et seq. “Water Shortage Emergency” means a condition existing within the District in which the ordinary water demands and requirements of the persons within the District cannot be satisfied without depleting the District’s water supply to the extent that there would be insufficient water for human consumption, sanitation and fire protection. A water shortage emergency includes a threatened water shortage, in which the District determines that its supply cannot meet an increased future demand.

The District may determine no new potable water service will be provided, no new temporary meters will be provided and those in use will be terminated and collected, no permanent meters will be installed, no additional capacity will be sold, and no statements of immediate ability to serve or provide potable water service (such as, will serve letters, certificates, or letters of availability) will be issued, as authorized by Water Code Sections 350 and 356. Exceptions to these restrictions may be allowed under the following circumstances:

1. A valid, unexpired building permit has been issued for the project, all grading has been completed, and the construction of structures has begun; or
2. The project is necessary to protect the public’s health, safety, and welfare; or
3. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset to the satisfaction of the District.

This provision shall not be construed to preclude the resetting or turn-on of meters to provide continuation of water service or to restore service that has been interrupted for a period of one year or less.

Sec. 17.10 Variances.

If, due to unique circumstances, a specific requirement of this Article of the Administrative Code would result in undue hardship to a person using District water or to property upon which the District water is used, that is disproportionate to the impacts to the District water users generally or to similar property or classes of water uses, then the person may apply for a variance to the requirements as provided in this section.

The variance may be granted or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a person using District water or to

ARTICLE 26 (Renumbered as Article 17
by Resolution 5006)

Sec. 26.6 – Rev. 7/97

Sec. 26.4, Sec. 26.5, Sec. 26.8.2 –
Rev. 10/07

Article 26 revised in its entirety –
6/08

Sec. 26.8.3, 26.9, 26.10 , 26.10.1,
26.10.2, 26.10.3, 26.10.4, 26.10.5,
and addition of Domestic Class and
Multi-Unit Class rates– Rev. 6/09

Sec. 26.8.3 –Rev. 10/09

Sec. 26.8.3 – Rev. 5/11

Sec. 26.8.3 – Rev. 8/14

Sec. 26.11 – Rev 6/15

Secs. 26.1.1, 26.1.2, 26.4, 26.5,
26.8.3, 26.8.5, 26.10, 26.10.1,
26.10.4, 26.10.5, 26.11 – Rev. 3/16

Secs. 26.8.1, 26.8.3 – Rev. 6/16

Secs. 26.8.2, 26.8.3, 26.8.6 – Rev.
12/17

Secs. 26.1.1, 26.1.2, 26.8.5 – Rev.
12/20

Secs. 17.1, 17.1.1, 17.1.2, 17.2,
17.4, 17.4.0, 17.4.1, 17.5, 17.8.0,
17.8.1, 17.8.2, 17.8.3, 17.8.4,
17.8.5, 17.8.6, 17.8.7, 17.9, 17.10.3
– Rev.06/21

Secs. 17.4.1, 17.8.7 – Rev. 11/22

Attachment 9

RESOLUTION NO. 5064

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT, ADJUSTING RATES FOR WATER, RECYCLED WATER, AND WASTEWATER SERVICE CHARGES IN ACCORDANCE WITH A PREVIOUSLY ADOPTED SCHEDULE OF ADJUSTMENTS, ADOPTING INCREASES IN THE RATES FOR OTHER CHARGES IMPOSED BY THE DISTRICT, REVISING PORTIONS OF THE DISTRICT'S ADMINISTRATIVE CODE ACCORDINGLY, AND OTHER RELATED ACTIONS

* * * * *

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

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

WHEREAS, on November 16, 2022, the District held a public hearing and protest proceeding in accordance with article XIII D, section 6 of the California Constitution ("Article XIII D"), on the question of whether to adopt new or increased rates for the District's water, recycled water, and wastewater service charges (the "Charges"); and

WHEREAS, notice of such public hearing was provided to all property owners and customers of record as required by Article XIII D, and such notice included authority for the District to adjust the rates for the Charges annually in accordance with a formula for calculating inflation, or a schedule of adjustments, all as described more fully in the notice; and

WHEREAS, at the public hearing, the District did not receive written protests from a majority of the separate parcels subject to the Charges, and pursuant to Resolution No. 5036, adopted the Charges and the schedule of adjustments and inflationary increases; and

WHEREAS, in accordance with such schedule of adjustments and inflationary increases, the District now wishes to increase the rates for the Charges to a rate equal to or less than the maximum rate authorized pursuant to Resolution No. 5036 commencing January 1, 2024; and

WHEREAS, the Charges, as adjusted, shall not exceed the proportional cost of providing the service for which the Charges were imposed; and the Charges, as adjusted, shall continue to comply with the substantive provisions of Article XIII D; and

WHEREAS, the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 5036, and, in accordance with Government Code sections 53750(h)(2) and 53756, the adjustments to the Charges as contemplated herein shall not constitute an "increase" for purposes of Article XIII D; and

WHEREAS, the District further wishes to adjust certain other fees and charges, including without limitation the District's water and wastewater connection fees, capacity fees, inspection fees, and other related fees and charges, in accordance with pre-approved formulae for inflation in order to ensure such fees and charges (the "Other Charges") reflect the cost of providing the service or regulatory activity for which such Other Charges are imposed; and

WHEREAS, the Other Charges, as adjusted, shall not exceed the reasonable estimated cost of providing the service or regulatory activity for which such Other Charges are imposed, and are adjusted in accordance with a pre-approved formula for accounting for inflation; and

WHEREAS, the District's agricultural rates are being consolidated. The District's Agriculture only (AS) and Commercial Agriculture (CA) customers are being consolidated into Agriculture (AG) and Agriculture & Home (AT) and Commercial Agriculture Domestic (CB) are being consolidated into Agriculture Domestic (AD); and

WHEREAS, the schedule of Charges and Other Charges, as adjusted by this Resolution, is attached hereto as Exhibit "A" and incorporated by this reference; and

WHEREAS, the District has further determined that it is appropriate to adopt revisions to Article 12 (attached as Exhibit "B"), Article 10 (attached as Exhibit "C"), and Article 11 (attached as Exhibit "D") and Article 17 (attached as Exhibit "E") to reflect the adjustment to the Charges and the Other Charges, and to incorporate additional changes;

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

1. Incorporation of Recitals:

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

2. Inconsistency with other Fees:

To the extent any Charges or Other Charges established by this Resolution and the revisions to the Administrative Code approved hereby are inconsistent with the Charges, Other Charges, or any other fee or charge previously adopted by the Board of Directors; it is the explicit intention of the Board of Directors that the Charges and Other Charges adjusted pursuant to this Resolution and included in the revised Articles attached hereto shall prevail. The purpose of this Resolution is to set the rates for the Charges and the Other Charges within maximum rates and according to inflationary increases previously approved and adopted by the District. Nothing contained herein shall be deemed to be a re-adoption of any Charge, Other Charge, or any other fee or charge of the District, nor shall it be deemed an "increase" within the meaning of Government Code section 53750.

3. Charges:

In accordance with the authority granted pursuant to Resolution No. 5036, the Board of Directors hereby sets the rates for the Charges in the amounts set forth in Exhibit "A" and the revisions to Article 12, attached hereto as Exhibit "D" and incorporated herein by this reference. The Board of Directors finds that the Charges, as adjusted and set pursuant to this Resolution, do not exceed the proportional cost of providing the property-related service for which they are imposed, and otherwise meet the requirements set forth in Article XIII D. The Board further finds that the Charges, as adjusted, shall be equal to or less than the maximum rates approved by the Board of Directors in Resolution No. 5036, and therefore this action does not constitute an "increase" for purposes of Article XIII D. The Charges, as adjusted, shall be effective for the respective property-related service commencing January 1, 2024.

4. Other Charges:

The Board of Directors hereby sets the rates for the Other Charges in the amounts set forth in Articles 12, 10, and 11, as revised and attached as Exhibits "B," "C," and "D" hereto, in accordance with pre-approved authorization for inflationary adjustments. The Board of Directors further finds that no Other Charge adjusted pursuant to this Resolution shall exceed the reasonable estimated cost of providing the service or product for which it is imposed, or the reasonable regulatory costs of issuing licenses, permits, and conducting inspections and investigations associated therewith. The Other Charges, as adjusted, shall be effective January 1, 2024.

5. Authorization:

The General Manager is hereby authorized and directed to take all actions necessary to implement and collect the Charges and the Other Charges, and to revise Articles 10, 11, and 12 in substantially the forms attached hereto, to reflect the new or increased rates for the Charges and Other Charges.

6. CEQA Compliance:

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

7. Severability:

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

8. Effective Date of Resolution:

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 4th day of December, 2023, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
SCHEDULE OF CHARGES AND OTHER CHARGES

WATER RATES

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Meters are read in three cycles each month for billing periods ending on the 10th, 20th, and 30th. An account is placed in a cycle according to the location of the meter within the District. All customers are billed on a monthly basis. Payment is due and payable upon receipt and delinquent after the due date shown on the bill. In the event delinquent accounts are not paid a disconnection processing fee will be charged and services may be interrupted without further notice.

MONTHLY CHARGES

METER SIZE	WATER FIXED SERV. CHARGE	WATER CIC CHARGE	STANDBY FIXED SERV. CHARGE	RECYCLED FIXED SERV. CHARGE	BACKFLOW DEVICE	CWA IAC All Classes Except R & SS
3/4"	\$60.6057.16	\$41.4412.05	\$17.44	\$25.8526.50	\$11.10	\$4.24
1"	\$96.5190.77	\$18.5020.07	\$24.43	\$35.4436.02	\$11.22	\$7.08
1 1/2"	\$185.46174.00	\$37.0340.17	\$41.75	\$58.1559.60	\$14.39	\$14.12
2"	\$292.64274.30	\$59.2264.24	\$62.61	\$85.8888.03	\$15.57	\$22.60
3"	\$578.82542.12	\$118.45128.48	\$118.30	\$159.91163.91	\$34.04	\$45.24
4"	\$900.36843.02	\$185.08200.76	\$180.88	\$243.09249.17	\$41.06	\$70.68
6"	\$1793.161678.50	\$370.15401.50	\$354.65	\$474.06485.91	\$52.85	\$141.32

FIRE SERVICE SIZE	MONTHLY CHARGE
1"	NA
1 1/2"	NA
2"	\$7.66
3"	\$8.90
4"	\$11.03
6"	\$18.70
8"	\$31.92

C = Commercial; M = Multi Unit; D = Domestic; LD = Large Lot Domestic; G = Government; SS = Standby; R=Recycled; CA-AG = Commercial AgAgricultural; CB-AD = Commercial Ag-Agricultural-Domestic; AS = Ag (SAWR); AT = Ag Domestic (SAWR); I = Irrigation Only; CIC = Capital Improvement Charge; F = Fire Service

Temporary Construction Meter: \$1,381,457 deposit plus \$134,141 installation; \$134,141 relocation; operations charge \$438,96411.45 per month

Initiate Standby Service: \$50
Delinquent Processing Fee: \$30
Disconnection Processing Fee: \$50

Fire Flow Test: \$534563
Broken / Tampered Lock Fee: \$100
Meter Testing Fee (3/4" & 1" meters): \$134141
Meter Testing Fee (1 1/2" & 2" meters): \$181191

Residential: Domestic (D), Large Lot Domestic (LD), and Multi Unit (M) 1 - 5 units per month..... \$7.31 Over 5 units per month..... \$8.06 Government (G): All usage..... \$7.72 Commercial (C): All usage..... \$7.72	Recycled Water (R): All usage \$6.2945 Construction Water (C): All usage \$9.14 Pumping Charges (DSA & Toyon only) \$0.72 Irrigation Only (I): All usage..... \$7.72	SAWRAGRICULTURE Agricultural (ASAG): All usage.. Ag-Ag-Domestic (ATAD): 1 - 5 units 6-17 Over 5 units per month \$6.385.63 Over 17 units per month..... \$5.63 Com Ag (CA): All usage..... \$6.38 Com Ag Dom (CB): 1 - 5 units..... \$7.31 Over 5 units per month..... \$6.38
ALL PRICES ARE PER UNIT (1 unit = 1,000 gal.)		

If you have any questions about these rates or how they will affect your account, please contact FPUD at (760) 728-1125

WASTEWATER R A T E S

FALLBROOK PUBLIC UTILITY DISTRICT / CUSTOMER BILLING INFORMATION

Wastewater service charges are established upon each property within the District that is connected to a wastewater line of the District whether said premises are occupied or unoccupied.

USER CLASS	COMMODITY RATE 1,000 GAL OF WASTEWATER *
Single Family Residence, Ag Domestic, Multi-Family (<i>Average BOD & SS = 0 -200</i>)	\$ 10.22 <u>9.16</u> /Unit
Government, Schools, Churches, and Low-Strength Commercial	\$ 11.09 <u>6.4</u> /Unit
Medium Strength Commercial (<i>Average BOD & SS = 201 – 600</i>)	\$ 13.82 <u>14.51</u> /Unit
High Strength Commercial (<i>Average BOD & SS = ≥ 601</i>)	\$ 17.66 <u>18.54</u> /Unit

*Residential sewer billable flow is calculated based upon a 2 year winter average water use, adjusted by the RTS (Return to Sewer). Residential RTS is 80%

**Commercial sewer billable flow is calculated based upon monthly water usage, adjusted by the RTS (Return to Sewer). Commercial RTS is 90%

FIXED CHARGES

Monthly Fixed Wastewater Charge Residential / Domestic	\$ 18.88 <u>26.68</u> /Equivalent Dwelling Unit (EDU)
Monthly Fixed Wastewater Charge Commercial <u>Commercial</u> / Government	\$ 12.14 <u>7.75</u> /Equivalent Dwelling Unit (EDU)
Wastewater Capital Improvement Charge (per month)	\$ 12.66 <u>13.35</u> /EDU

WATER INSTALLATION

FALLBROOK PUBLIC UTILITY DISTRICT / METER AND SERVICE INSTALLATION CHARGES

Meter Size	3/4"	1"	1½"	2"	3"	4"	6"
Acreage Served	0 - 1	1 - 3 ½	3 ½ - 8	8 - 15	15 - 35	35 - 80	80+
Maximum Rate of Flow - GPM	16 - 24	40	80	145	277	460	878
Meter Installation	<u>\$531,560</u>	<u>\$628,662</u>	<u>\$1,177,1,241</u>	<u>\$1,439,1,518</u>	Cost	Cost	Cost
FPUD Connection Fee	<u>\$6,327,673</u>	<u>\$10,125,10,679</u>	<u>\$18,983,20,021</u>	<u>\$32,905,34,705</u>	<u>\$60,746,64,069</u>	<u>\$103,772,109,448</u>	<u>\$189,832,200,216</u>
SDCWA Connection Fee	<u>\$5,859</u>	<u>\$9,374</u>	<u>\$17,577</u>	<u>\$30,467</u>	<u>\$56,246</u>	<u>\$96,088</u>	<u>\$175,770</u>
Service Line Installation (No Paving)	<u>\$3,541,735</u>	<u>\$3,541,735</u>	<u>\$4,009,4,228</u>	<u>\$4,224,4,455</u>	Cost	Cost	Cost
Paving for Service Line ≤15' (Add)	<u>\$2,400,2,531</u>	<u>\$2,400,2,531</u>	<u>\$2,400,2,531</u>	<u>\$2,400,2,531</u>	Cost	Cost	Cost
Paving for Service Line >15' <30' (Add)	<u>\$4,400,4,641</u>	<u>\$4,400,4,641</u>	<u>\$4,400,4,641</u>	<u>\$4,400,4,641</u>	Cost	Cost	Cost
County Inspection on Public Roadway (Add)	<u>\$1,408,1,485</u>	<u>\$1,408,1,485</u>	<u>\$1,408,1,485</u>	<u>\$1,408,1,485</u>	Cost	Cost	Cost
Meter Relocation (No Paving)	<u>\$5,115,391</u>	<u>\$5,115,391</u>	<u>\$5,658,5,967</u>	<u>\$5,873,6,194</u>	Cost	Cost	Cost
Meter Relocation with Paving Up to 30' (Add)	<u>\$4,765,5,026</u>	<u>\$4,765,5,026</u>	<u>\$4,765,5,026</u>	<u>\$4,765,5,026</u>	Cost	Cost	Cost
RP Backflow Device Installed with Meter*	<u>\$76,780</u>	<u>\$78,831</u>	<u>\$1,358,1,432</u>	<u>\$1,570,1,656</u>	Cost	Cost	Cost
RP Backflow Device Retrofit**	<i>Installation is the responsibility of the property owner; First inspection is free; additional inspection \$128 plus costs (each).</i>						
RP Backflow Device on Reclaimed Water Meters	<i>Installed at no cost.</i>						

FIRE HYDRANT, including installation: Model J-3700.....\$11,482,12,110 Inspection Fee's: 3/4" to 2".....5 hrs @ \$116.41,122.77
 = \$582.06,613.85

Model J-3765.....\$14,082-14,852 3" and Larger.....9 hrs @ \$116.41,122.77 =
\$1,047.71,1,104.93

Trench > 20'.....\$281,296/trench foot Fire Hydrant Install.....9 hrs @ \$116.41,122.77
 = \$1,047.71,1,104.93 County Inspection:.....\$1,408,1,485 if required Fire Service
 Install.....9 hrs @ \$116.41,122.77 = \$1,047.71,1,104.93

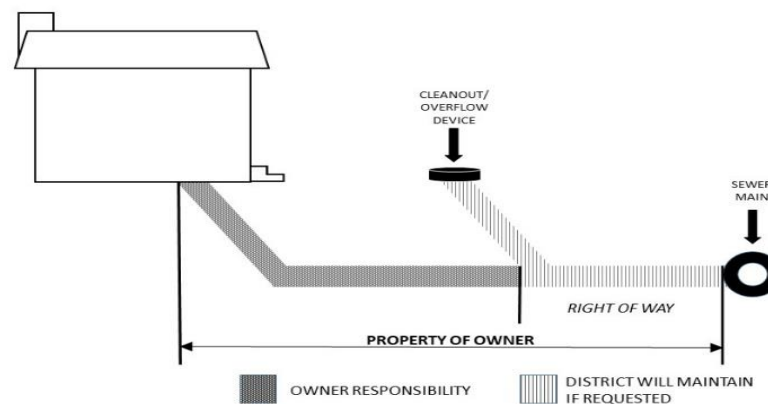
* The District shall install Reduced Pressure Backflow Preventers on new potable water meter services when applicable pursuant to Article 10 of the FPUD Administrative Code.

** The property owner shall be responsible for the Reduced Pressure Backflow Device Retrofit pursuant to Article 10 of the FPUD Administrative Code. Once the device is installed, passes the backflow test, and meets the District's standards, the device will become the property of the District. The device will be charged the standard monthly service charges and will be tested annually.

WASTEWATER INSTALLATION

SEWER PERMIT FEES: Capacity Fees. The following capacity fees shall be paid by the applicant for each equivalent dwelling unit determined by the District:

	<u>Amount per Equivalent Dwelling Unit</u>
Standard Capacity Fee	\$ <u>7,7918,217</u>
Annexation Fee	\$ 11,389
<u>Lateral Installation Fee:</u>	
≤ 15' Length, ≤ 8' Depth	\$ <u>8,0288,467</u>
≤ 15' Length, > 8' Depth	\$ <u>11,62712,263</u>
> 15'- 30' Length, ≤ 8' Depth	\$ <u>15,42016,263</u>
> 15'- 30' Length, > 8' Depth	\$ <u>17,95018,932</u>
> 30' Length, Any Depth	\$ Cost
County Road Inspection	\$ <u>1,4081,485</u>
Paving ≤ 15'	\$ <u>2,4002,531</u>
Paving 16'-30'	\$ <u>4,4004,641</u>



Owners Responsible for Cleanout/Overflow Devices

Your sewer cleanout is your first line of defense in preventing a potential sewer overflow problem and can save you from unnecessary messy clean ups and prevent a larger emergency such as a sewer main stoppage. The cleanout device is a pipe that rises to the ground surface from the lateral line that carries sewage from your home to a main sewer line. The device, housed in a concrete box or green plastic circular container and equipped with an easily removable floating lid, normally can be found within five feet of a property line. If you have trouble locating the device, please call the District at 760-728-1125 and we will be happy to help you locate it.

The device is used to clean the sewer lateral. To protect the property if a main sewer line is blocked, sewage backing up into your line will “overflow” through the device rather than back up into your home. To ensure proper functioning of the cleanout you should make sure the device doesn’t become covered by dirt, paving material, structures, or any other covering.

The homeowner is responsible for the sewer line between the home and the sewer main in the street.

If at any time you experience a problem that causes a backup in your lateral, it is best to contact the District first. District personnel will be dispatched to your property to assist you. If the problem is located between the District main and the property line clean out, the District will assist with mechanical or chemical root control only. All repairs will be the sole responsibility of the owner. If it is determined that the problem is located between the cleanout and the house, you will be responsible for all repairs including the expense of calling a plumber.

EXHIBIT B

**REVISIONS TO ARTICLE 10 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2024**

[COMMENCING ON NEXT PAGE]

Article 10.

Water Service Connections & Rules for Delivery of Water

Sec. 10.1 Definitions.

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

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

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

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

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

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

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

The term "Agricultural purposes", as used herein, shall mean the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption. Water used for agricultural purposes may be eligible for the Agricultural Water Rate. The term "Agricultural", as used herein, shall mean the use of water through a single service connection 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 an 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. Parcels using water for Agricultural purposes are eligible for the Agricultural-Domestic (AD).

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 "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 @ \$ 122.77= \$ 613.85
 - 3" and larger 9 hours @ \$ 122.77= \$ 1,104.93
- B) Fire Hydrant Installation 9 hours @ \$ 122.77= \$ 1,104.93
- C) Fire Service Installation 9 hours @ \$ 122.77= \$ 1,104.93

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 (AG); Agricultural-Domestic (AD); Domestic (D); Commercial (C), Government (G); or Multi-Unit (M) in accordance with the definitions provided in Section 10.1.

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"	\$4,295	\$ 560	\$ 3,735
1"	\$ 4,397	\$ 662	\$ 3,735
1-1/2"	\$ 5,469	\$ 1,241	\$ 4,228
2"	\$ 5,973	\$ 1,518	\$ 4,455
3", 4" or 6"	Cost	Cost	Cost

Recycled, any size	No charge	No charge	No charge
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* If paving for a service line is less than or equal to 15 feet, there is an additional charge of \$ 2,531. If paving for a service line is greater than 15 feet and less than 30 feet, there is an additional charge of \$4,641. If County road inspection is required, there is an additional fee of \$ 1,485.

Sec. 10.7 Meter Relocation Fees.

Meter Size	Relocation and Service Line*
3/4"	\$ 5,391
1"	\$ 5,391
1-1/2"	\$ 5,967
2"	\$ 6,194

* If paving is required up to 30 feet, there is an additional fee of \$ 5,026. If County road inspection is required, there is an additional fee of \$ 1,485.

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). 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, 2024, the schedule of capacity fees based on the demand factor of each meter size shall be as follows:

<u>Meter Size</u>	<u>Capacity Demand Factor (EMU)</u>	<u>Capacity Fee</u>
3/4"	1	\$ 6,673
1"	1.6	\$ 10,679
1-1/2"	3	\$ 20,021
2"	5.2	\$ 34,705
3"	9.6	\$ 64,069
4"	16.4	\$ 109,448
6"	30	\$ 200,216

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>
¾" – 1"	\$ 141
1 ½" – 2"	\$ 191
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 Place Holder for Future Changes.

Sec. 10.11 Place Holder for Future Changes.

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 (AG) and Agricultural-Domestic (AD) 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 (AG, AD) 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	\$ 809
For each 1 inch meter	\$ 831
For each 1-1/2 inch meter	\$ 1,432
For each 2 inch meter	\$ 1,656
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).....	\$ 12,110 (complete assembly)
Model J-3765 (3-port hydrant).....	\$ 14,852 (complete assembly)
Fire flow testing	\$ 563

If paving over 20 feet is required, there is an additional fee of \$ 296 per trench foot. If county road inspection is required, there is an additional fee of \$ 1,485.

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 \$ 1,457 deposit, a meter installation charge of \$ 141 will be made. There will be a relocation charge of \$ 141 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
Secs. 10.4.2, 10.6, 10.7, 10.8, 10.8.2,
10.10, 10.22.2, 10.24, 10.25, 10.26 –
Rev 12/22

EXHIBIT C

**REVISIONS TO ARTICLE 11 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2024**

[COMMENCING ON NEXT PAGE]

Article 11. Sewer Service Requirements and Fees

Sec 11.1 Definitions.

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

The word “applicant,” as used herein, shall mean a person making application to the District for a permit for a sewer connection, Special Use Permit, determination or redetermination.

The term “application,” as used herein, shall mean the application form approved by the District for applicants to submit a request for sewer service to the District or for a Special Use Permit, or determination or redetermination of equivalent dwelling units.

The term “Authorized Inspector,” as used herein, shall mean the person designated by the General Manager to conduct inspections and take enforcement actions for the purpose of ensuring compliance with this chapter.

The term “Board,” as used herein, shall mean the governing board of the Fallbrook Public Utility District or any successor-in-interest.

The term “BOD,” as used herein, means biochemical oxygen demand.

The term “bypass” means the diversion of waste streams from any portion of the sewer system.

The term “discharge” means the addition of any material to the District’s sewer system.

The term “District,” as used herein, shall mean the Fallbrook Public Utility District or any successor-in-interest or any person authorized by the Board or General Manager to act as a representative of the District.

The term “Domestic Sewage” shall mean the liquid and water-borne wastes derived from humans in dwelling units and non-industrial commercial structures or uses, said wastes being of such character as to permit satisfactory disposal into a public sewer or private disposal system without special treatment.

The term “Equivalent Dwelling Unit” or “EDU,” as used herein, shall mean an increment of wastewater flow attributable to a single-family residence and as further discussed in Section 11.7.

The term “Industrial User” refers to a person whose discharges or processes have a different characteristic than domestic sewage or domestic activities and which may require special review or a Special Use Permit in accordance with this Article.

The term “Owner,” as used herein, shall mean the holder of record title to a parcel or parcels of real property located within the District.

The term “Parcel Map,” as used herein, shall mean the division of a parcel of land into four (4) or fewer lots in compliance with the Subdivision Map Act.

The term “Parcel of Land,” as used herein, shall mean a separate parcel of land recognized as a separate unit by the Assessor’s office for the County of San Diego and legally subdivided by California law.

The term “pass through” means wastewater leaving the District’s sewer system in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the state or federal law, regulation, or order.

The term “Permit,” when used as a noun as used herein, shall mean permit for a sewer connection required by the District for any discharger to the District’s sewer system and includes a sewer permit, a Special Use Permit, a temporary sewer service agreement, and any other authorization to connect to and use the District’s sewer system.

The term “person,” as used herein, shall mean any individual, entity, partnership, firm, association, corporation or public agency, including the State of California and the United States of America.

The term “Project,” as used herein, shall mean the development, use, building or structure for which the owner is seeking sewer service and all developments, uses, buildings, and structures which have not previously secured a sewer permit from the District.

The term “sewer system” or “District’s sewer system” shall mean all of the publicly owned property involved in the operation of the sewage collection, treatment, and disposal system in the District, including land, sewers and appurtenances, pumping stations, and the treatment works and equipment.

The term “Special Use Permit” shall mean a permit for a sewer connection issued by the District to certain industrial users of the District’s sewer system in accordance with Section 11.9.

The Term “SS,” as used herein, means suspended solids.

The term “Subdivision,” as used herein, shall mean any improved or unimproved real property, or a portion thereof, shown on the latest equalized County Assessment Tax Roll as a unit or as contiguous units which is divided into five (5) or more parcels for the purpose of sale, lease or financing.

The term “upset” means an incident in which there is temporary noncompliance with requirements of the District’s sewer system regulations.

The term “user” refers to any person who connects to or discharges to or authorizes, permits, facilitates, or allows the connection or discharge to the District’s sewer system.

Sec 11.2 Prohibited Connections.

It shall be unlawful for any person to connect to or to facilitate, authorize, permit, or allow connection to the District sewer system or to add or to facilitate, authorize, permit, or allow the addition of any building, apartment, trailer, or other unit to an existing sewer connection or commence construction of any sewer line within the District without having first obtained a written permit from the District authorizing such connection or construction in accordance with Division 20.2 of this Article. No permit to connect shall be issued except to the owner of the property or the owner’s duly authorized agent.

Sec 11.3 Prohibited Uses and Prohibited Discharges.

It is unlawful for any person to use or discharge to, or to facilitate, authorize, permit, or allow the use of or discharge to, the sewer system except in accordance with Division 20.3.

Industrial users subject to the pretreatment standards specified in Part 403 of Title 40 of the Code of Federal Regulations are prohibited from connecting to or discharging into the District’s sewer system.

Sec 11.4 Permit Required.

No person or entity shall be entitled to establish, authorize, cause, facilitate or allow a connection or discharge to the District’s sewer system without first obtaining a sewer permit in accordance with Section 11.4, a Special Use Permit in accordance with Section 11.9 or a temporary sewer service agreement in accordance with Section 11.10 and paying required fees in accordance with this Article.

No person or entity shall be entitled to discharge or to authorize, cause, facilitate, or allow a discharge to the District’s sewer system except as authorized by a sewer permit, Special Use Permit or temporary sewer service agreement. Permits are issued only for the use expressly authorized by the permit.

If a permit does not show thereon the number of equivalent dwelling units for which it is issued, the holder of the permit may seek a determination of the equivalent dwelling units authorized by the permit in accordance with this Article.

The holder of a permit who seeks to undertake any of the following actions on the property associated with the permit must submit an application for a redetermination of equivalent dwelling units as set forth in Section 11.7 and/or a redetermination of strength classification under Section 11.8 and, if required apply for a new or amended permit and pay fees in accordance with this Article:

- a) add a new or change an existing use of a property;

- b) remodel, renovate, or enlarge a structure that discharges or connects to the District's sewer system;
- c) construct any additional improvements on the parcel of property that discharges or connects to the District's sewer system;
- d) discharge a greater volume of wastewater than is authorized by an existing sewer permit;
- e) discharge wastewater with a greater concentration of BOD, SS or other constituent than is authorized by the sewer permit.

No sewer permit required by this Section is valid until the applicant has paid all fees and charges of the District and complied with all requirements of this Administrative Code. An applicant does not have any right to sewer service until the permit is issued. Upon issuance of the permit, monthly service charges will commence in accordance with this Article.

Sec 11.5 Sewer Permit Application Process.

Sec 11.5.1 Submission of Application.

Any person required to obtain a permit in accordance with Section 11.4 must submit a request for sewer service from the District on the application form approved by the District. The application shall be made in the name of the Owner and be signed by the Owner or Owner's authorized representative. No application shall be deemed complete for the purposes of processing until the District has obtained all information requested by District staff to process the application, which may include but is not limited to the following:

- a) Environmental Review.

Upon request, the applicant shall provide the District with all documents evidencing any environmental review of the project for which the applicant seeks sewer service. If the District determines that additional environmental review is necessary, the applicant shall be required to complete this additional environmental review. All environmental review shall be at the applicant's sole cost and expense. The District may elect to utilize the applicant's environmental expert or may elect to retain its own environmental consultant at the applicant's sole cost and expense. Where District staff determines that the environmental review is insufficient, the District may require a deposit for additional environmental review as determined necessary by District staff. All costs for such additional environmental review shall be paid by the applicant.

- b) Plans and Specifications.

Except where waived by District staff, all applications for a sewer permit shall be accompanied by a complete set of all plans and specifications for the proposed development prepared by an architect or engineer licensed in the State of California. The District shall have no obligation to process any application until District staff has received

all plans and specifications determined necessary by District staff to consider the impacts of the proposed project on the District's sewer system.

c) Parcel Maps and Subdivisions.

Applications for sewer service to parcel maps and subdivisions will not be processed until the applicant submits an executed application form and the District has been provided with a copy of the parcel map or subdivision map prepared by a licensed civil engineer in the State of California. The parcel map or subdivision map shall show all proposed sewer facilities. Where the parcel map or subdivision will require a pipeline extension, the applicant will be required to execute a pipeline extension agreement.

Sec 11.5.2 Determination of Equivalent Dwelling Unit and Strength.

Upon receiving an application for issuance of a sewer permit, the District will determine the number of equivalent dwelling units and anticipated strength classification for which the Permit shall be issued, and fees shall be calculated in accordance with this Article.

Sec 11.5.3 Payment of Fees.

Before a sewer permit may be issued, the applicant must pay the following fees or arrange for payment of the fees pursuant to Section 11.16:

- a) Capacity fees in accordance with Section 11.16.2;
- b) Plan Check fees in accordance with Section 11.16.3;
- c) Lateral fees in accordance with section 11.16.4, if applicable;
- d) Fees to inspect contractor-installed laterals in accordance with Section 11.16.5, if applicable; and
- e) Annexation fee in accordance with Section 11.16.6, if applicable.

Sec 11.6. Sewer Availability Forms and Letters.

If an applicant has submitted a completed application, all environmental review has been completed to the satisfaction of the District, and the District has reviewed and approved the applicant's plans for sewer service, and all fees have been paid or guaranteed, the District may issue a sewer availability letter or execute the Sewer Project Facility Availability form provided by the County of San Diego.

Execution of the sewer availability letter or form is not a commitment that the District will provide sewer service to any project nor is it a guarantee that sewer service will be available to serve the project at the time a sewer commitment is actually made. Execution of the sewer availability letters or forms merely indicates that sewer service is available at the time the District executes the sewer availability letter or form. The District is not committed to provide sewer service until the District issues the permit, the applicant pays

all deposits and fees required by the District, and all sewer facilities required to serve the project by the District have been completed and accepted by the District.

Sec 11.7 Equivalent Dwelling Units.

a) Equivalent Dwelling Unit Schedules.

1. The following schedule shall be used when determining the equivalent dwelling units and class of service for any connection to the District’s sewer system.

(SEE SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE ON THE FOLLOWING PAGES)

SCHEDULE OF EQUIVALENT DWELLING UNITS AND CLASS OF SERVICE

Equivalent Class	Description	Dwelling Units
Class 1	Single Family Residence	
	Single family residence	1.00
	Mobile home on individual parcel	1.00
Class 2	Apartment/Condominium/Attached Cottage-Mobile Home	
	Per detached cottage with bathroom and kitchen on a parcel with a single family residence	0.80
	Per mobile home on a parcel with a single family residence	0.80
	Per apartment unit	0.80
	Per condominium/duplex unit	0.80
	Accessory Dwelling Unit* (As defined by State Government Code.)	
	*Capacity Fees do not apply to Accessory Dwelling Units (ADUs) that are exempt from such fees under State Law. Sewer Service Fees still apply, and they are determined by the applicable EDU factor.	0.40
Class 3	Mobile Home Park	
	Per separate mobile home space	0.80
	Motel/Hotel with no restaurant	
Class 4	Per motel/hotel with kitchen unit	0.80
Class 41	Per motel/hotel without kitchen unit	0.50
	A Separate Business, Retail Shop With Office, Or Packing House Equipped With Restroom Facilities, Or Not So Equipped But Located In A Building Or Complex With Common Restroom	
Class 5	First 3500 square feet (exterior building area) facilities	1.33

Class 55	Per additional 1000 square feet (exterior building area)	0.38
	Automotive Service Station	
Class 6	4 pumps or less	2.00
Class 61	More than 4 pumps	3.00
Class 62	Per recreational vehicle holding tank disposal station	1.00
	Church, Fraternal Lodge Or Similar Auditorium	
Class 7	Per 200 seating capacity	1.00
	Bakery	
Class 8	Per 3500 square feet (exterior building area)	1.00
	Theater	
Class 9	Per 150 seating capacity	1.33
	Hospital	
Class 10	Per bed	0.65
	Convalescent or Boarding Home	
Class 11	Per bed	0.30
	Elementary School / Daycare	
Class 13	Per 60 Students	1.00
	Junior High School	
	Per 40 Students	1.00
	High School	
Class 17	Per 30 Students	1.00
	Mortuary	
Class 14		1.00
	Car Wash with water recovery system and public restroom	
Class 21		2.00
	Self Service Laundry	
Class 23	Restaurants	2.00
	Restaurant Under 2500 Square feet	
Class 24		3.00
	Restaurant 2501-7000 Square feet	
Class 25		4.00
	Restaurant Over 7000 Square feet	
Class 26		5.00

	Grocery Stores	
Class 32	Grocery Stores Under 2500 feet	3.00
Class 33	Grocery Stores 2501-7000 Square feet	4.00
Class 34	Grocery Stores Over 7000 Square feet	5.00
Class 88	Standby	0.70

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	\$ 8,217 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	\$ 8,467
≤ 15'	>8'	4	56	\$ 12,263
>15' to 30'	≤8'	5	90	\$ 16,263
>15' to 30'	>8'	5	115	\$ 18,932
>30'	Any	5	Actual	Actual

If paving less than or equal to 15 feet is required, there is an additional fee of \$ 2,531. If paving is greater than 15 feet up to 30 feet is required, there is an additional fee of \$4,641. If county road inspection is required, there is an additional fee of \$ 1,485.

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 @ \$ 122.77 = 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
Secs. 11.7, 11.16.2, 11.16.4, 11.16.5 – Rev. 12/22

EXHIBIT D

**REVISIONS TO ARTICLE 12 OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2024**

[COMMENCING ON NEXT PAGE]

Article 12. Water and Sewer Rates and Service Charges.

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

Effective January 1, 2024, 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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Agricultural (AG).

All usage	\$5.63 per unit
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Agricultural-Domestic (AD).

1-5 units per month	\$7.31 per unit
Over 5 units per month	\$5.63 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 \$6.45 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, 2024, 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	\$57.16	\$26.50	\$17.44	NA
1 inch meter	\$90.77	\$36.02	\$24.43	NA
1-1/2 inch meter	\$174.00	\$59.60	\$41.75	NA
2 inch meter	\$274.30	\$88.03	\$62.61	\$7.66
3 inch meter	\$542.12	\$163.91	\$118.30	\$8.90
4 inch meter	\$843.02	\$249.17	\$180.88	\$11.03
6 inch meter	\$1,678.50	\$485.91	\$354.65	\$18.70
8 inch meter	NA	NA	NA	\$31.92

NA- Not applicable

For construction meters, a service charge of \$411.45 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 Place Holder for Future Changes

Sec. 12.4 Water Capital Improvement Charge.

For each water account, an additional \$12.05 per month per Equivalent Meter Unit (EMU) shall be added as a Capital Improvement Charge effective January 1, 2024. 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	\$12.05
1 inch meter	1.67	\$20.07
1-1/2 inch meter	3.33	\$40.17
2 inch meter	5.33	\$64.24
3 inch meter	10.67	\$128.48
4 inch meter	16.67	\$200.76
6 inch meter	33.33	\$401.50

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 and Agricultural-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)
Agricultural-Domestic (AD)	\$ 9.16
Residential (LD, D, M))	\$ 9.16
Government (G)	\$ 11.64
Commercial – Low Strength* (C_L)	\$ 11.64

User Class	Volumetric Wastewater Charge (\$/kgal)
Commercial – Medium Strength* (C_M)	\$ 14.51
Commercial – High Strength* (C_H)	\$ 18.54

*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%
Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

Non-residential customers with higher outdoor are evaluated on a case by case basis.

For those Single Family Residences (D, LD, AD), 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 20 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), 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 2024 public elementary school rate is \$1.46 per student and \$2.18 per staff, per month.
4. CY 2024 public junior high school and administrative offices rate is \$2.18 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, AD accounts, effective January 1, 2024, the Monthly Fixed Wastewater Charge shall be \$26.68 per month per Equivalent Dwelling Unit (EDU). For Comercial (C) and Government (G) accounts, effective January 1, 2024, the Monthly Fixed Wastewater Charge shall be \$12.75 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 \$13.35 per month per Equivalent Dwelling Unit (EDU) shall be added as a Wastewater Capital Improvement Charge Effective January 1, 2024. 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

Secs. 12.1, 12.2, 12.3, 12.4, 12.5,
12.9, 12.10, 12.10.1 – Rev 11/22

Sec. 12.2 – Rev 12/22

Sec. 12.9 – Rev 4/23

EXHIBIT E

**REVISIONS TO ARTICLE 1+ OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
ADMINISTRATIVE CODE
EFFECTIVE JANUARY 1, 2024**

[COMMENCING ON NEXT PAGE]

Article 17. **Water Shortage Response Program.**

Sec. 17.1 Declaration of Policy.

California Water Code Section 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity. The Board of Directors hereby establishes a comprehensive water conservation program pursuant to California Water Code Section 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage. Additionally, the California Water Code mandates that water agencies adopt a water shortage contingency plan (WSCP) as part of their Urban Water Management Plan (UWMP). The District's WSCP is a detailed plan for how an urban water supplier, like the District, intends to act in the case of any actual water shortage condition. This Article 17 is consistent with the District's WSCP and is how the District implements its WSCP, and can be amended, as needed, outside of updating the District's UWMP.

Sec. 17.1.1 Place Holder for Future Changes.

Sec. 17.1.2 Place Holder for Future Changes.

Sec. 17.2 Findings.

The Board of Directors finds and determines that a water shortage could exist as a result of a general regional water supply shortage due to increased demand or limited supplies.

The Board of Directors also finds and determines that the conditions prevailing within and in the vicinity of the District's service area require that the water resources available be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such water encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people of the Fallbrook Public Utility District and for the public welfare.

Sec. 17.3 Application.

The provisions of this Administrative Code shall apply to all water served to persons, customers, and property by the Fallbrook Public Utility District.

Sec. 17.4 Determination and Declaration of Water Supply Conditions.

Sec. 17.4.0 NORMAL CONDITIONS. The District's service area is in a semi-arid climate. Good water management practices dictate that water be used wisely and not wasted at any time. Customers are required to follow the guidelines presented in Sec. 17.8.0 for Normal Conditions at all times. The District will provide public education and outreach efforts to emphasize public awareness of the need to always use water wisely and practice water conservation measures.

Sec. 17.4.1 The General Manager shall monitor the projected supply and demand for water by its customers on a daily basis. The General Manager shall determine the extent of the conservation required through the implementation and/or termination of particular conservation stages in order for the District to prudently plan for and supply water to its customers, and shall recommend to the Board of Directors that the appropriate level of water conservation/water shortage condition be implemented or terminated in accordance with the applicable provision of this Administrative Code. Based on the recommendation of the General Manager, and based upon all available data, the Board of Directors shall from time to time determine and declare whether the District's water supply is in one of the following "water shortage" conditions:

1. WATER SHORTAGE RESPONSE LEVEL 1 – WATER SHORTAGE NOTICE CONDITION. This level applies when local supply conditions, and/or the District's wholesale water agency notifies the District that due to water shortage or other supply reductions, there is a reasonable probability there will be supply shortages and that a consumer demand reduction of up to ten percent (10%) is required in order to ensure that sufficient supplies will be available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 1 condition. In such an event, the Board of Directors shall take action to implement and increase enforcement of the conservation practices identified in Sec. 17.8.1 and may implement Water Shortage Emergency Surcharges as specified in 17.8.7.
2. WATER SHORTAGE RESPONSE LEVEL 2 – WATER SHORTAGE WATCH CONDITION. This level applies when local supply conditions, and/or the District's wholesale water agency notifies the District that due to water shortage or other supply reductions, there is a reasonable probability there will be supply shortages and that a consumer demand reduction of up to twenty percent (20%) is required in order to ensure that sufficient supplies will be available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 2 condition. In such an event, the Board of Directors shall take action to implement the Level 2 conservation practices identified in Sec. 17.8.2. During a Level 2 Water Shortage Watch Condition, the District may implement Water Shortage Emergency Surcharges as specified in 17.8.7, and may suspend consideration of annexations to its service area, and any service outside District boundaries.
3. WATER SHORTAGE RESPONSE LEVEL 3 – WATER SHORTAGE ALERT CONDITION. This level applies when local supply conditions, and/or the District's wholesale water agency notifies the District that due to cutbacks caused by water shortages or other reduction in supplies, a consumer demand reduction of up to thirty percent (30%) is required in order to have sufficient supplies available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 3 condition. In such an event, the Board of Directors shall implement the mandatory Level 3 conservation measures identified in Sec. 17.8.3. During a Level 3 Water Shortage Alert Condition the District may implement Water Shortage Emergency Surcharges as specified in 17.8.7, and may suspend consideration of annexations to its service area, and any service outside District boundaries.
4. WATER SHORTAGE RESPONSE LEVEL 4 – WATER SHORTAGE WARNING CONDITION. This level applies when local supply conditions, and/or the District's wholesale water agency notifies the District that due to increasing

cutbacks caused by water shortages or other reduction of supplies, a consumer demand reduction of up to forty (40%) percent is required in order to have sufficient supplies available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 4 condition. In such an event, the Board of Directors shall implement the Level 4 conservation measures identified in Sec. 17.8.4. During a Level 4 Water Shortage Warning Condition the District may implement Water Shortage Emergency Surcharges as specified in 17.8.7, and may suspend consideration of annexations to its service area, and any service outside District boundaries.

5. WATER SHORTAGE RESPONSE LEVEL 5 – CRITICAL CONDITION. This level applies when local supply conditions, and/or the District’s wholesale water agency notifies the District that due to increasing cutbacks caused by water shortages or other reduction of supplies, a consumer demand reduction of up to fifty percent (50%) is required in order to have sufficient supplies available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 5 condition. In such an event, the Board of Directors shall implement the Level 5 conservation measures identified in Sec. 17.8.5. During a Level 5 Critical Condition, the District may implement Water Shortage Emergency Surcharges as specified in 17.8.7 and may suspend consideration of annexations to its service area, and any service outside District boundaries.
6. WATER SHORTAGE RESPONSE LEVEL 6 – EMERGENCY CONDITION. This level applies when local supply conditions, and/or the District’s wholesale water agency declares a water shortage emergency pursuant to California Water Code Section 350. A Level 6 Emergency Condition requires a demand reduction of greater than fifty percent (>50%) in order for the District to have maximum supplies available to meet anticipated demands. The Board of Directors may declare the existence of a Water Shortage Response Level 6 condition. In such an event, the Board of Directors shall implement the Level 6 conservation measures identified in 17.8.6. During a Level 6 Emergency Condition the District may implement Water Shortage Emergency Surcharges as specified in 17.8.7, and may suspend consideration of annexations to its service area, and any service outside District boundaries.

The General Manager is authorized to require submission of water use curtailment plans from those users having the largest effect on overall District consumption in order to protect the minimum supplies necessary to provide for public health, sanitation, and fire protection. Failure to provide curtailment plans in a timely manner or plans that do not meet the required cutbacks shall authorize the District to install flow restrictors at the meter or termination of service.

Sec. 17.5 Implementation of Water Shortage Condition Declarations.

California Water Code Sections 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving the water supplies of such public entity.

The declaration of any level beyond Normal Conditions shall be made by the Board of Directors, and public announcement shall be made to the District’s rate payers through direct communication (mail and/or phone notification), physical posting in the District lobby, on the District website and by publication in a newspaper of general circulation and shall become effective immediately upon announcement. Upon adoption of a water

shortage condition, the District shall provide notice to customers within (14) days of the Board's declaration.

The declaration shall be reported by the Board of Directors. The Board of Directors shall rescind the declaration, and may adopt such additional rules and regulations to limit water use during the emergency as it deems appropriate.

Sec. 17.6 Duration of Declaration.

As soon as a particular condition is declared to exist, the water conservation measures provided for herein for that condition shall apply to all District water service until a different condition is declared.

Sec. 17.7 Mandatory and Discretionary Use of Recycled Water.

Nothing in this Administrative Code shall prohibit or limit the use of recycled water for any purposes listed herein. No customer of the District shall make, cause, use or permit the use of potable water supplied by the District for construction grading on major subdivisions, paved surface cleaning, or greenbelt uses, including, but not limited to, cemeteries, playing fields, parks, and highway landscaped areas, when, following notice and a hearing, the District finds that recycled water is available under the following conditions:

1. The recycled water is of adequate quality and is available for use.
2. The recycled water may be furnished to such areas at a reasonable cost, equal to or less than the cost of supplying potable domestic water.
3. The State Department of Health Services has determined that such use would not be detrimental to public health.
4. The use of recycled water will not adversely affect downstream water rights, and will not degrade water quality.

Sec. 17.8 Water Conservation Stages.

Sec. 17.8.0 NORMAL CONDITIONS.

During a Normal Condition, customers are required to use water wisely and to practice water conservation measures so that water is not wasted. All water withdrawn from District facilities shall be put to reasonable beneficial use. District water users shall comply with the following water use prohibitions and conservation measures at all times:

1. Do not wash down paved surfaces, including but not limited to sidewalks, driveways, parking lots, tennis courts, or patios, except when it is necessary to alleviate safety or sanitation hazards.
2. Eliminate water waste resulting from inefficient landscape irrigation, such as runoff, low head drainage, or overspray, etc. Similarly, stop water flows onto non-targeted areas, such as adjacent property, non-irrigated areas, hardscapes, roadways, or structures.

3. Irrigate residential and commercial landscape before 10 a.m. and after 6 p.m. only, unless using drip irrigation.
4. Use a hand-held hose equipped with a positive shut-off nozzle or bucket to water landscaped areas, including trees and shrubs located on residential and commercial properties that are not irrigated by a landscape irrigation system.
5. Irrigate nursery and commercial grower's products before 10 a.m. and after 6 p.m. only. Watering is permitted at any time with a hand-held hose equipped with a positive shut-off nozzle, a bucket, or when a drip/micro-irrigation system/equipment is used. Irrigation of nursery propagation beds is permitted at any time. Watering of livestock is permitted at any time.
6. Use re-circulated water to operate ornamental fountains.
7. Wash vehicles using a bucket and a hand-held hose with positive shut-off nozzle, mobile high pressure/low volume wash system, or at a commercial site that re-circulates (reclaims) water on-site. Avoid washing during hot conditions when additional water is required due to evaporation.
8. The irrigation with potable water of ornamental turf on public street medians is prohibited.
9. The application of potable water to outdoor landscapes during or within 48 hours of measurable rainfall is prohibited
10. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the County of San Diego's Landscape Ordinance.
11. Serve and refill water in restaurants and other food service establishments only upon request.
12. Offer guests in hotels, motels, and other commercial lodging establishments the option of not laundering towels and linens daily.
13. Repair all water leaks within five (5) days of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.
14. Use recycled or non-potable water for construction purposes when available.

During a Water Shortage Response Levels 1-6 condition, the water conservation measures and water use restrictions established by this Article 17 are mandatory and violations are subject to criminal, civil, and administrative penalties and remedies as specified in this Article.

Sec. 17.8.1 WATER SHORTAGE RESPONSE LEVEL 1 – WATER SHORTAGE NOTICE CONDITION.

During a Level 1 Water Shortage Notice condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and increase enforcement of prohibitions of end use to promote a consumer demand reduction of up to ten percent (10%).

All persons using District water shall comply with Normal Conditions water conservation practices during a Level 1 Water Shortage Watch, as identified in Sec. 17.8.0.

Sec. 17.8.2 WATER SHORTAGE RESPONSE LEVEL 2 – WATER SHORTAGE WATCH CONDITION.

During a Level 2 Water Shortage Watch condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to twenty percent (20%).

All persons using District water shall comply with Normal Conditions and Level 1 Water Shortage Notice water conservation practices during a Level 2 Water Shortage Watch, as identified in Sec. 17.8.0 and 17.8.1. Additionally, upon declaration of a Level 2 Water Shortage Watch condition, the District will suspend consideration of annexations to its service area except under the following circumstances:

1. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of Fallbrook Public Utility District.

Sec. 17.8.3 WATER SHORTAGE RESPONSE LEVEL 3 – WATER SHORTAGE ALERT CONDITION.

During a Level 3 Water Shortage Alert condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to thirty percent (30%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice and Level 2 Water Shortage Watch water conservation practices during a Level 3 Water Shortage Alert, as identified in Sec. 17.8.0, 17.8.1 and 17.8.2, and shall also comply with the following additional conservation measures:

1. During the months of June through October, limit residential and commercial landscape irrigation to no more than two (2) days per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During the months of November through May, landscape irrigation is limited to no more than once per week on a schedule established by the General Manager and posted by the Fallbrook Public Utility District. During extreme Santa Ana conditions (temperature > 80 and easterly winds > 20 mph), one additional day per week of watering is allowed. This section shall not apply to commercial

growers or nurseries. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.

2. Limit lawn watering and landscape irrigation using sprinklers to no more than ten (10) minutes per watering station per assigned day. This provision does not apply to landscape irrigation systems using water efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotor sprinklers.
3. Water landscaped areas, including trees and shrubs located on residential and commercial properties, and not irrigated by a landscape irrigation system governed by Section 17.8.3 (1), on the same schedule set forth in Section 17.8.3 (1) by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation.
4. Repair all leaks within seventy-two (72) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

For Levels 3 and above, the District may establish a water allocation for property served by the Fallbrook Public Utility District using a method that does not penalize persons for the implementation of conservation methods or the installation of water saving devices and allows for the banking and subsequent use of unused allocations.

If the District establishes a water allocation it shall provide notice of the allocation within (14) days of its establishment by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. The following customer classes are subject to allocations: Agricultural (AG), Agricultural-Domestic (AD), Commercial (C), Government (G), and Irrigation (I). Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount of 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this Article.

Sec. 17.8.4 WATER SHORTAGE RESPONSE LEVEL 4 – WATER SHORTAGE WARNING CONDITION.

During a Level 4 Water Shortage Warning condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to forty percent (40%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch and Level 3 Water Shortage Alert water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2 and 17.8.3 during a

Level 4 Water Shortage Warning condition and shall also comply with the following additional mandatory conservation measures:

1. Water landscaped areas, including trees and shrubs located on residential and commercial properties, in accordance with Section 17.8.3.
2. Stop filling or re-filling ornamental lakes or ponds, except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a drought response level under this Article.
3. Stop washing vehicles except at commercial carwashes that recirculate water, or by high pressure/low volume wash systems.
4. Repair all leaks within forty-eight (48) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

Sec. 17.8.5 WATER SHORTAGE RESPONSE LEVEL 5 – WATER SHORTAGE CRITICAL CONDITION.

During a Level 5 Water Shortage Critical condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to fifty percent (50%).

All persons using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch, Level 3 Water Shortage Alert and Level 4 Water Shortage Warning water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2, 17.8.3 and 17.8.4 during a Level 5 Water Shortage Critical Condition, and shall also comply with the following additional mandatory conservation measures:

1. Stop all automated landscape irrigation, except crops and landscape products of commercial growers and nurseries. This restriction shall not apply to the following categories of use unless the Fallbrook Public Utility District has determined that recycled water is available and may be lawfully applied to the use.
 - A. Maintenance of trees and shrubs that are watered on the same schedule set forth in Section 17.8.3 by using a bucket, hand-held hose with a positive shut-off nozzle, or low-volume non-spray irrigation;
 - B. Maintenance of existing landscaping necessary for fire protection as specified by the Fire Marshal of the local fire protection Fallbrook Public Utility District having jurisdiction over the property to be irrigated;
 - C. Maintenance of existing landscaping for erosion control;
 - D. Maintenance of plant materials identified to be rare or essential to the wellbeing of rare animals;

- E. Maintenance of landscaping within active public parks and playing fields, day care centers, school grounds, cemeteries, and golf course greens, provided that such irrigation does not exceed two (2) days per week according to the schedule established under Section 17.8.3;
 - F. Watering of livestock; and
 - G. Public works projects and actively irrigated environmental mitigation projects.
2. Repair all water leaks within twenty-four (24) hours of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.

The District may establish a water allocation for property served by the District. If the District establishes a water allocation it shall provide notice of the allocation by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for ongoing water service. Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount 1.5 times the Base Rate, for each unit of usage greater than the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this Article.

Water consumed during each billing period will be compared to the assigned target. Any use below the target will be accumulated and carried forward. The customer's cumulative use will be compared with the cumulative target, and any total usage above the target will be billed at the "above target" rates. This cumulative comparison will continue for the duration of the fiscal year. Below target usage "credits" will be carried forward until the cumulative target is exceeded, at which time, all cumulative "over target" use will be billed at the "above target" rates and the cumulative comparison process will start over in the next fiscal year.

Sec. 17.8.6 WATER SHORTAGE RESPONSE LEVEL 6 – EMERGENCY CONDITION.

During a Level 6 Emergency Condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of greater than fifty percent (>50%).

All person using District water shall comply with Normal Conditions, Level 1 Water Shortage Notice, Level 2 Water Shortage Watch, Level 3 Water Shortage Alert, Level 4 Water Shortage Warning, and Level 5 Water Shortage Critical water conservation practices as identified in Sections 17.8.0, 17.8.1, 17.8.2, 17.8.3, 17.8.4 and 17.8.5, and shall also comply with the following additional mandatory conservation measures:

The General Manager is authorized to require submission of water use curtailment plans from those users having the largest effect on overall District consumption in order to protect the minimum supplies necessary to provide for public health, sanitation, and fire protection. Failure to provide curtailment plans in a timely manner or plans that do not meet the required cutbacks shall authorize the District to install flow restrictors at the meter or termination of service.

Sec. 17.8.7 Water Shortage Emergency Surcharges

Water Shortage Emergency Surcharges may be implemented during declaration of Levels 1, 2, 3, 4, 5 and 6 described above. Water Shortage Emergency Surcharges would only be in effect during declared drought Levels 1-6. The escalation factors that would be used to calculate “Water Shortage Emergency Surcharges” relative to a given year’s normal rates are set forth in the tables below:

Water Shortage Emergency Surcharges by Level (\$/kgal)						
	Level 1 Up to 10% Reduction	Level 2 Up to 20% Reduction	Level 3 Up to 30% Reduction	Level 4 Up to 40% Reduction	Level 5 Up to 50% Reduction	Level 6 > 50% Reduction
Water Shortage Emergency Surcharges (actual class and tier surcharges will be calculated and adjusted based upon normal rates in effect)	5% of Normal Rates	12% of Normal Rates	20% of Normal Rates	32% of Normal Rates	49% of Normal Rates	74% of Normal Rates

Section 17.9 Water Shortage Emergencies Pursuant to Water Code Section 350 et seq.

In addition to the declaration by the Board of a water shortage condition under this Article 17, the restrictions in this subsection shall apply if the Board of Directors adopts finding supporting a Water Shortage Emergency and does declare a Water Shortage Emergency in the manner and on the grounds provided in Water Code Section 350 et seq. “Water Shortage Emergency” means a condition existing within the District in which the ordinary water demands and requirements of the persons within the District cannot be satisfied without depleting the District’s water supply to the extent that there would be insufficient water for human consumption, sanitation and fire protection. A water shortage emergency includes a threatened water shortage, in which the District determines that its supply cannot meet an increased future demand.

The District may determine no new potable water service will be provided, no new temporary meters will be provided and those in use will be terminated and collected, no permanent meters will be installed, no additional capacity will be sold, and no statements of immediate ability to serve or provide potable water service (such as, will serve letters, certificates, or letters of availability) will be issued, as authorized by Water Code Sections

350 and 356. Exceptions to these restrictions may be allowed under the following circumstances:

1. A valid, unexpired building permit has been issued for the project, all grading has been completed, and the construction of structures has begun; or
2. The project is necessary to protect the public's health, safety, and welfare; or
3. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset to the satisfaction of the District.

This provision shall not be construed to preclude the resetting or turn-on of meters to provide continuation of water service or to restore service that has been interrupted for a period of one year or less.

Sec. 17.10 Variances.

If, due to unique circumstances, a specific requirement of this Article of the Administrative Code would result in undue hardship to a person using District water or to property upon which the District water is used, that is disproportionate to the impacts to the District water users generally or to similar property or classes of water uses, then the person may apply for a variance to the requirements as provided in this section.

The variance may be granted or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a person using District water or to property upon with the District water is used, that is disproportionate to the impacts to the District water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property.

A completed appeal shall describe the specific reason(s) the allocation is causing undue hardship, including the following:

1. Commercial buildings that were empty or partially occupied during base period but are now occupied to a greater degree and require more water.
2. A grove with new trees planted a year before the base period began that, in the third year of growth, would need additional water.
3. Agricultural land used for annual crops that had abnormally low irrigation application during the base year.
4. An unexpected emergency line break, or equipment malfunction that has since been fixed.
5. Loss or reduction of an alternative water source, such as a well or pond.
6. Other, with a detailed description.

Sec. 17.10.1 Application.

Application for a variance shall be a form prescribed by Fallbrook Public Utility District.

Sec. 17.10.2 Supporting Documentation.

The application shall be accompanied by photographs, maps, drawings, and other information, including a written statement of the applicant.

Sec. 17.10.3 Required Findings for Variance.

An application for a variance shall be denied unless the approving authority finds, based on the information provided in the application, supporting documents, or such additional information as may be requested, and on water use information for the property as shown by the records of the Fallbrook Public Utility District, all of the following:

- A. That the variance does not constitute a grant of special privilege inconsistent with the limitations upon other Fallbrook Public Utility District customers.
- B. That because of special circumstances applicable to the property or its use, the strict application of this Article would have a disproportionate impact on the property or use that exceeds the impacts to customers generally.
- C. That the authorizing of such variance will not be of substantial detriment to adjacent properties, and will not materially affect the ability of the Fallbrook Public Utility District to effectuate the purpose of this chapter and will not be detrimental to the public interest.
- D. That the condition or situation of the subject property or the intended use of the property for which the variance is sought is not common, recurrent or general in nature.

Sec. 17.10.4. Approval Authority.

The General Manager or his/her designee shall exercise approval authority and act upon any completed application no later than 20 days after submittal and may approve, conditionally approve, or deny the variance. The applicant requesting the variance shall be promptly notified in writing of any action taken. Unless specified otherwise at the time a variance is approved, the variance applies to the subject property during the term of the mandatory drought response.

Sec. 17.10.5 Appeals to Fallbrook Public Utility District Board of Directors.

An applicant may appeal a decision or condition of the General Manager on a variance application to the Fallbrook Public Utility District Board of Directors within 10 days of the written decision upon written request for a hearing. The

request shall state the grounds for the appeal. Any determination not appealed within ten (10) days is final. At a public meeting, the Fallbrook Public Utility District Board of Directors shall act as the approval authority and review the appeal de novo by following the regular variance procedure. The decision of the Fallbrook Public Utility District Board of Directors is final.

ARTICLE 26 (Renumbered as Article 17
by Resolution 5006)

Sec. 26.6 – Rev. 7/97

Sec. 26.4, Sec. 26.5, Sec. 26.8.2 –
Rev. 10/07

Article 26 revised in its entirety –
6/08

Sec. 26.8.3, 26.9, 26.10 , 26.10.1,
26.10.2, 26.10.3, 26.10.4, 26.10.5,
and addition of Domestic Class and
Multi-Unit Class rates– Rev. 6/09

Sec. 26.8.3 –Rev. 10/09

Sec. 26.8.3 – Rev. 5/11

Sec. 26.8.3 – Rev. 8/14

Sec. 26.11 – Rev 6/15

Secs. 26.1.1, 26.1.2, 26.4, 26.5,
26.8.3, 26.8.5, 26.10, 26.10.1,
26.10.4, 26.10.5, 26.11 – Rev. 3/16

Secs. 26.8.1, 26.8.3 – Rev. 6/16

Secs. 26.8.2, 26.8.3, 26.8.6 – Rev.
12/17

Secs. 26.1.1, 26.1.2, 26.8.5 – Rev.
12/20

Secs. 17.1, 17.1.1, 17.1.2, 17.2,
17.4, 17.4.0, 17.4.1, 17.5, 17.8.0,
17.8.1, 17.8.2, 17.8.3, 17.8.4,
17.8.5, 17.8.6, 17.8.7, 17.9, 17.10.3
– Rev.06/21

Secs. 17.4.1, 17.8.7 – Rev. 11/22

MEMO

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: December 4, 2023
SUBJECT: Award of Via Arroyo Pipeline Replacement Project (Job 3203)

Description

Request for Board approval to award the Via Arroyo Pipeline Replacement Project to the lowest responsive bidder.

Purpose

As part of the District's pipeline and valve replacement program, a priority list of replacement projects were identified based on high rates of past failures and age of the facilities. The Via Arroyo Pipeline was selected as a priority due to leaks, age, and condition, including multiple mainline breaks over the past year. District staff prepared the design package for the project and solicited for general contractor construction bids. The project consists of approximately 4,000 linear feet of 12-inch and 1,000 linear feet of 8-inch cement mortar lined and coated steel pipe and associated appurtenances on Via Arroyo and Winterwarm Road. Bid opening was November 16, 2023. Five bids were received. A summary of the bid results is below:

Company Name	Bid Amount
CCL Contracting Inc.	\$2,635,000
TK Construction	\$2,930,000
JR Filanc Construction Co.	\$3,317,550
Kay Construction Inc.	\$3,508,310
Mike Bubalo Construction Co.	\$3,565,000

CCL Contracting, Inc. was the apparent lowest responsible bidder at \$2,635,000. CCL Contracting, Inc. has successfully performed work for the District in the past, and has been in business for over 20 years with a long reputation for quality work.

Budgetary Impact

The work will be completed within the Board authorized total capital budget.

Recommended Action

That the Board award of the Via Arroyo Pipeline Replacement Project to the lowest responsible bidder, CCL Contracting, Inc. for \$2,635,000.

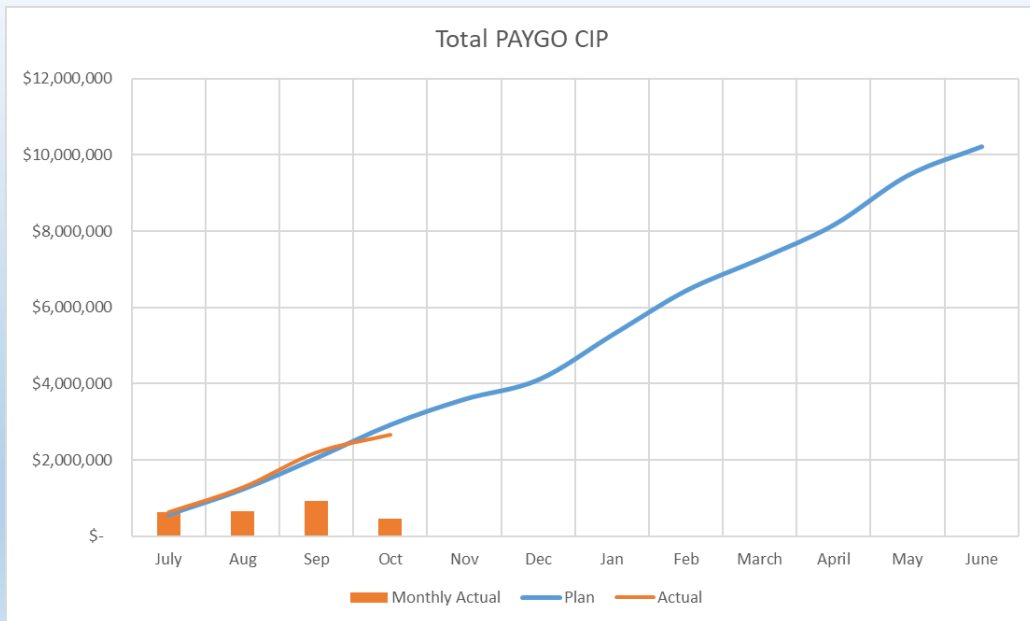


Fallbrook Public Utility District

Engineering and Operations

Board Meeting NOV/DEC 2023

Total CIP FY24



Wastewater Treatment

Reclamation Plant

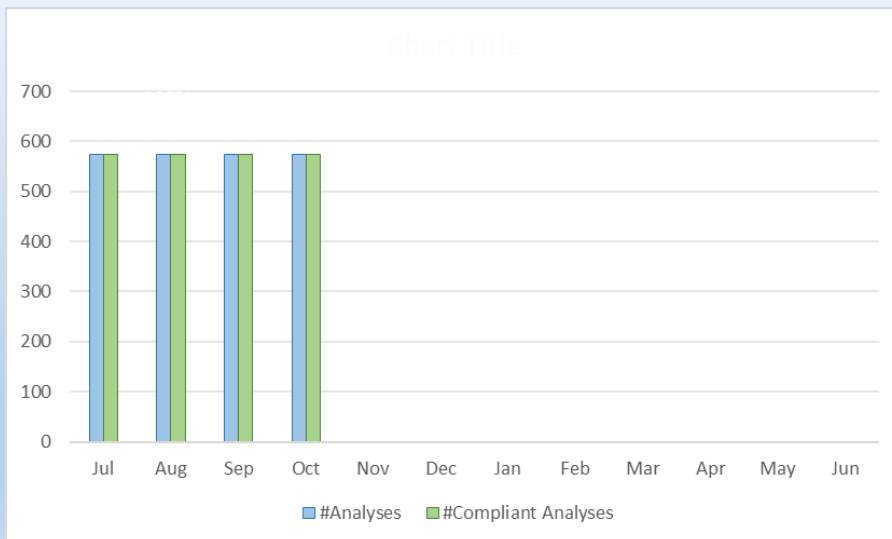
Recycled Water

- Wastewater System Violations
- Reclamation Plant PMs Completed
- Energy Cost per MG
- Recycled Water – Time Out of Service

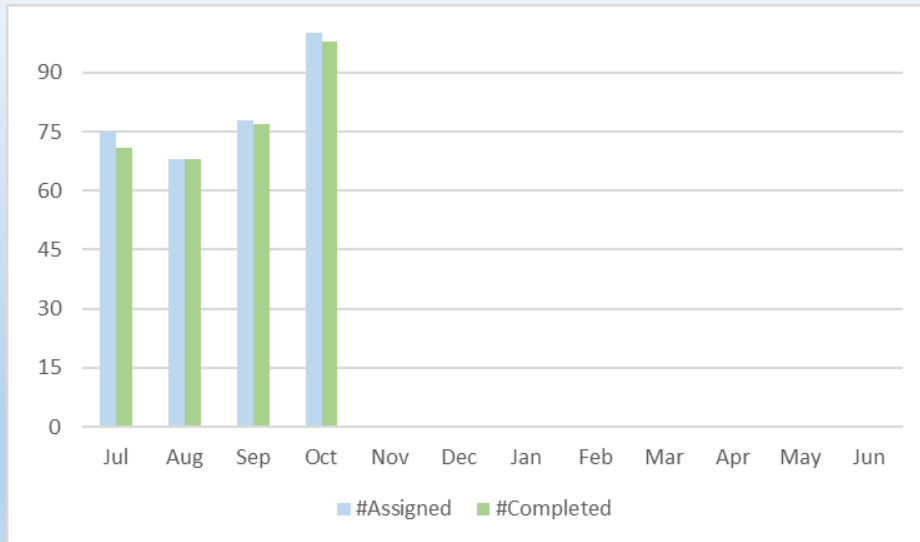
Wastewater Treatment System Regulatory Compliance

**SRWQCB
Compliance:**
NPDES
WDR

**Analyses
performed:**
Daily
Monthly
Quarterly
Semi-annually
Annually



Reclamation Plant – Wastewater PMs

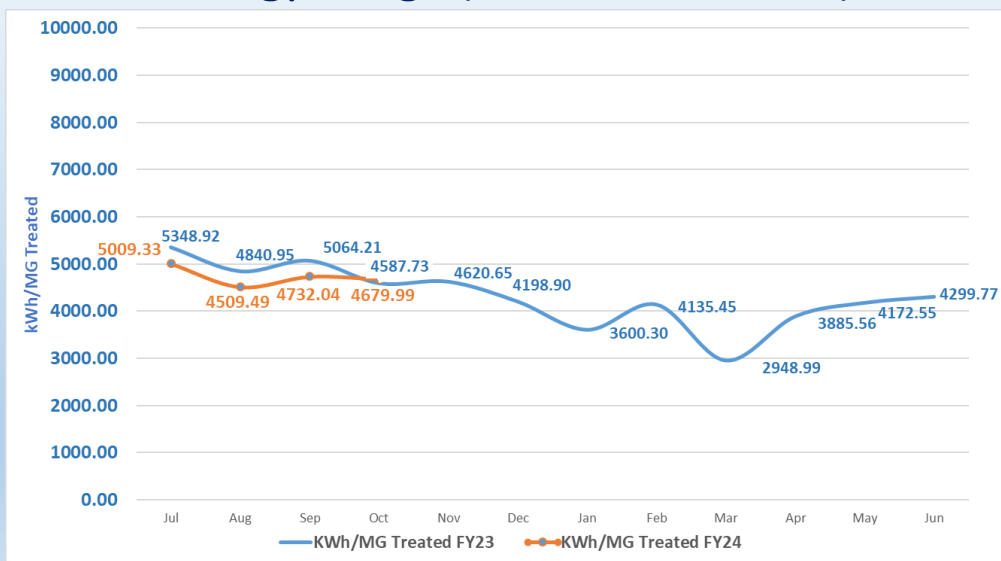


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Formula =

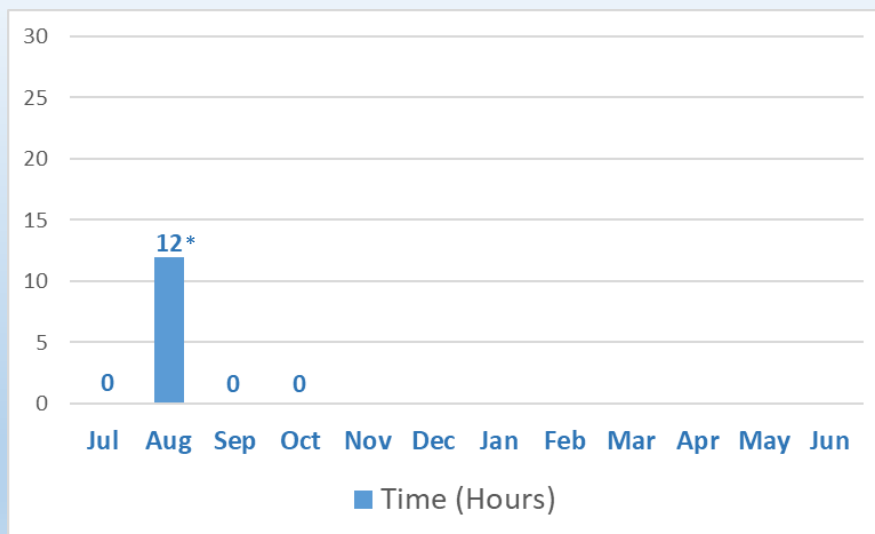
$$\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$$

Reclamation Plant – Energy Usage (KWh/MG Treated)



6

Recycled Water – Time out of Service (Hours)



*planned meter replacement work for two locations at Altman Nursey

7

Water Operations

Regulatory Compliance

Preventative Maintenance Work Orders

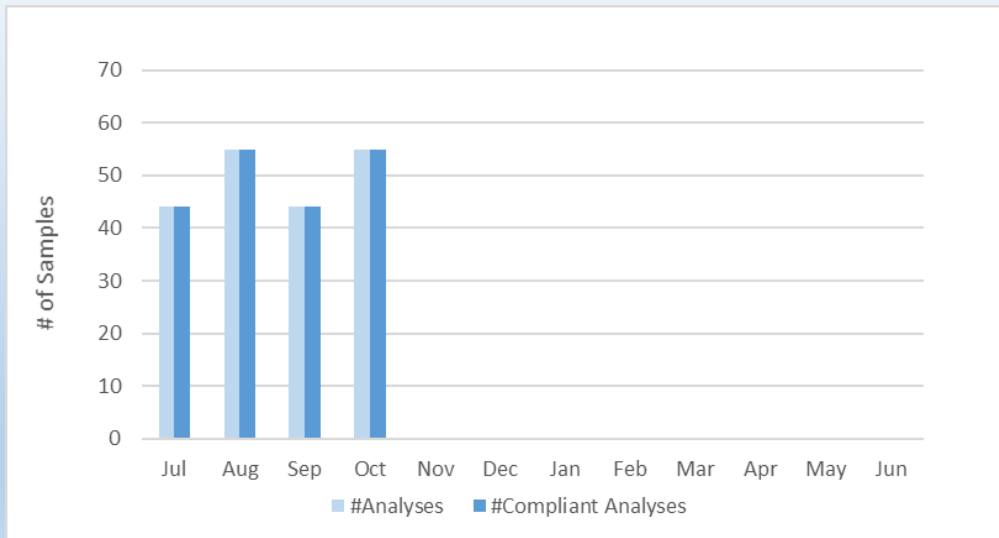
CUP Deliveries

SMGTP Flows

8

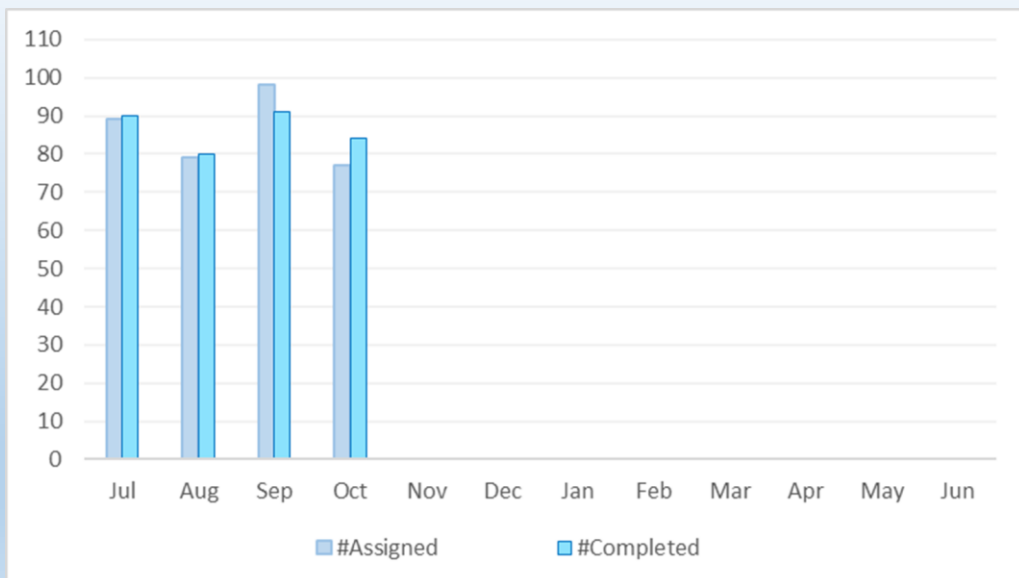
Water System Regulatory Compliance

- Facility Operation
- Routine Sampling



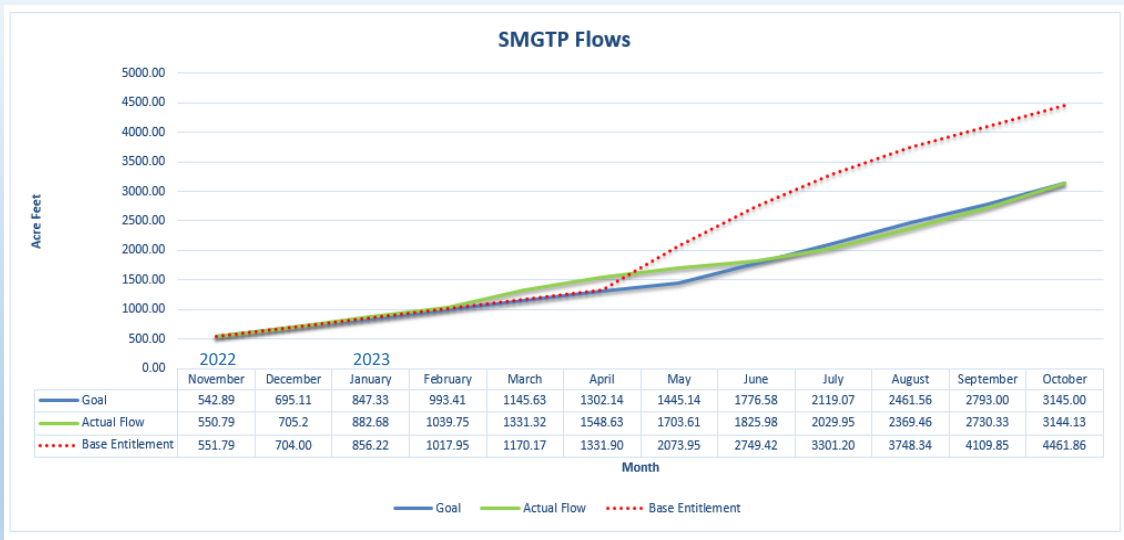
9

Water System PMs



10

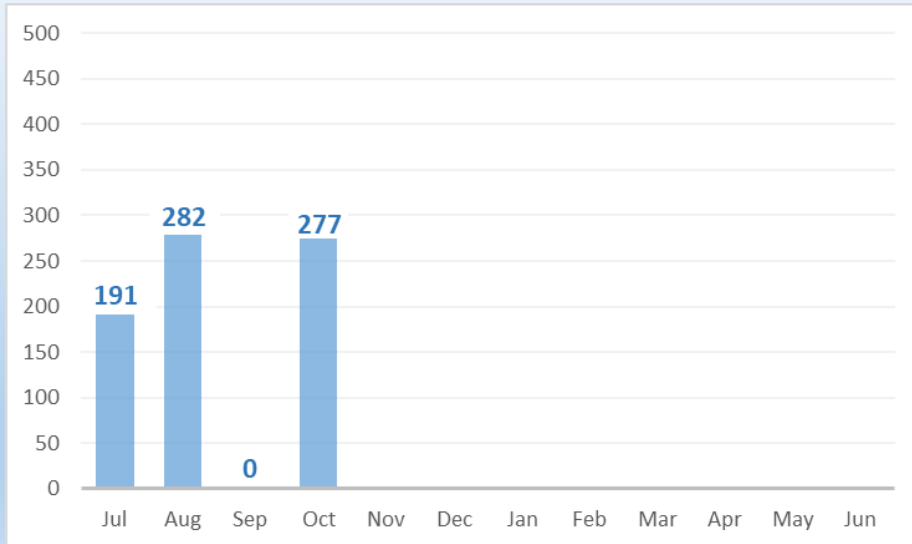
SMGTP Flows



Meter Services

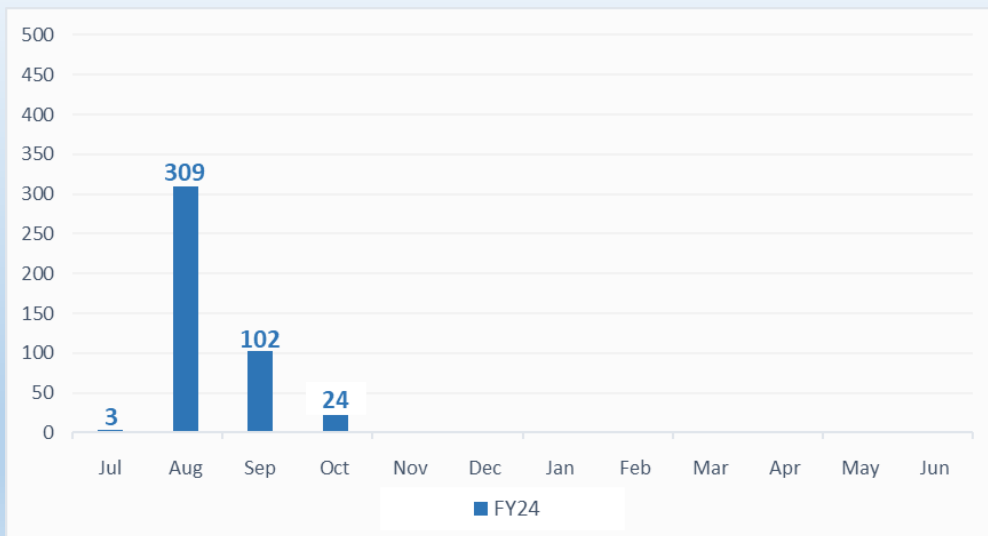
Meter Testing

Planned Water Outages > 4 Hours # of Customers Affected



13

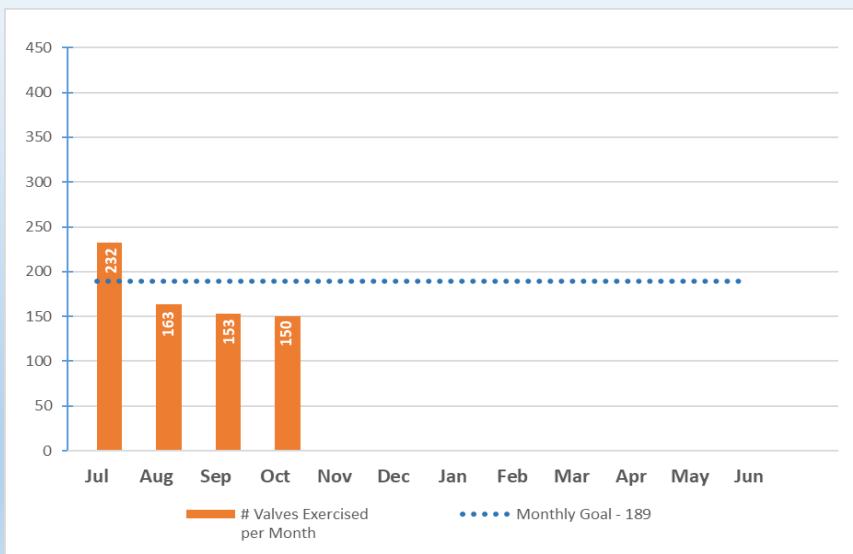
Unplanned Water Outages > 4 Hours # of Customers Affected



14

Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns
- **Total valves exercised FY23: 2,554**



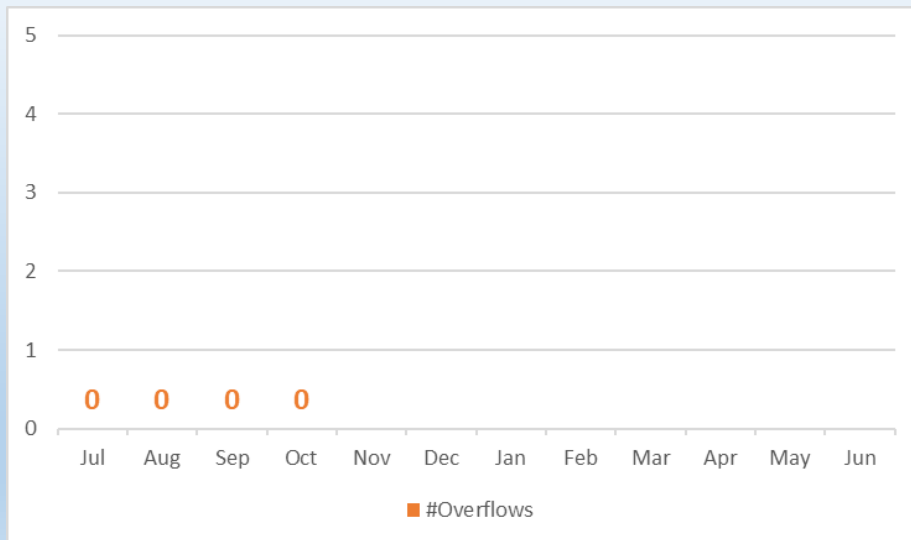
15

Wastewater Collections

Total Wastewater Spilled
Non-Recovered Wastewater Spilled
Odor Complaints

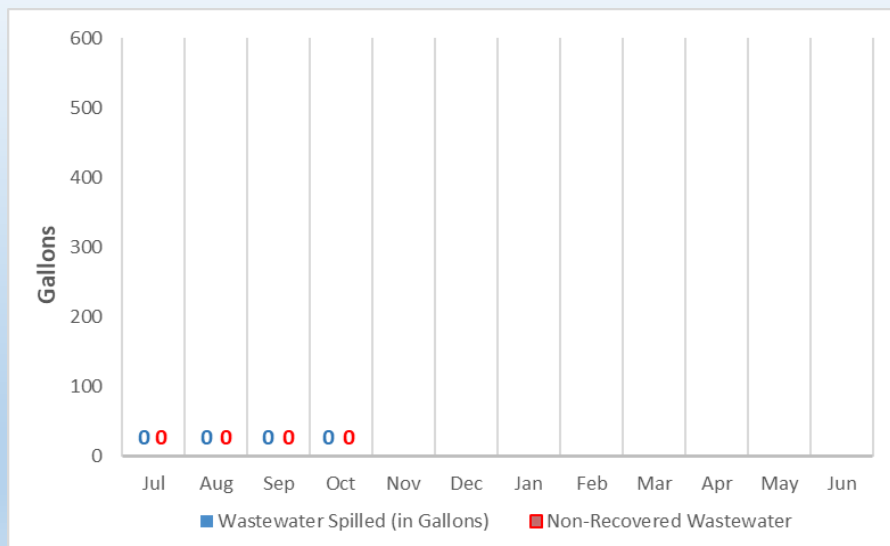
16

Wastewater Collections - Sewer Overflows



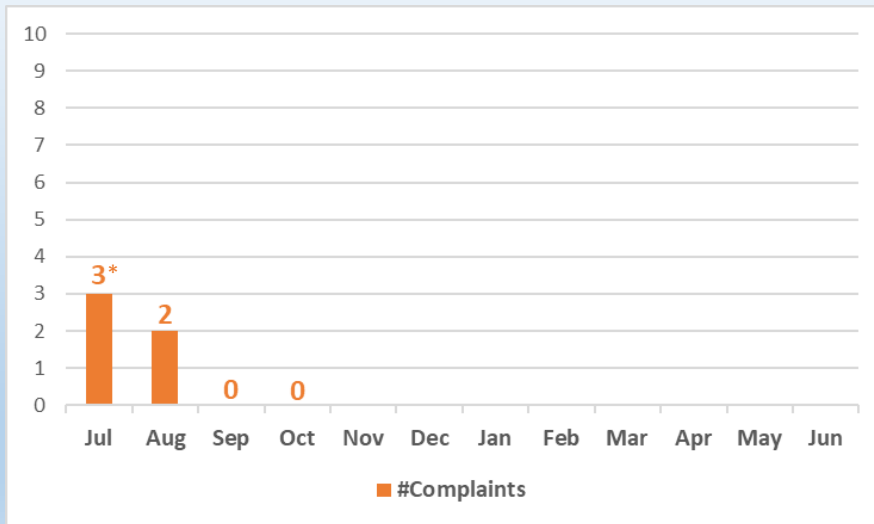
17

Wastewater Collections - Wastewater Spilled



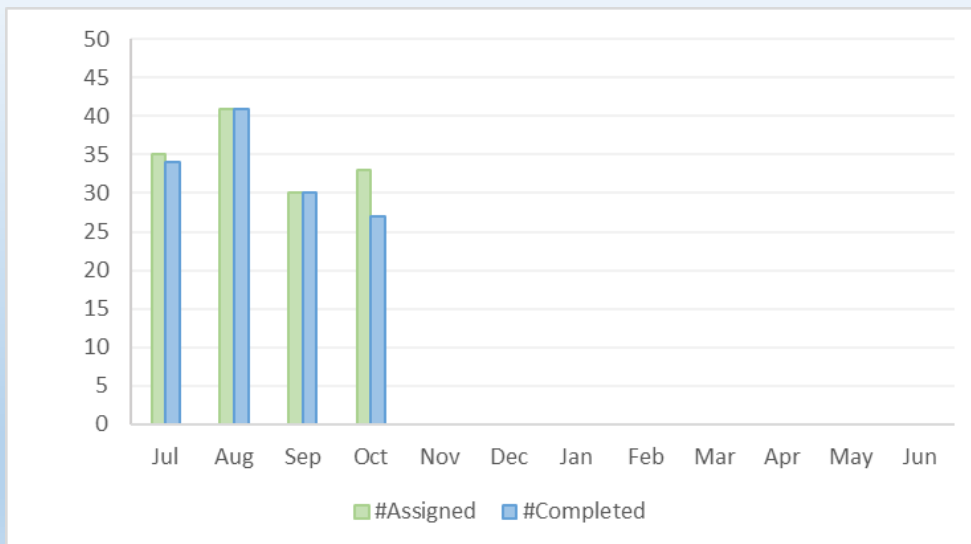
18

Reclamation Plant & Wastewater Collections Odor Complaints



* Determined to be on customer side

Wastewater - Collections PMs

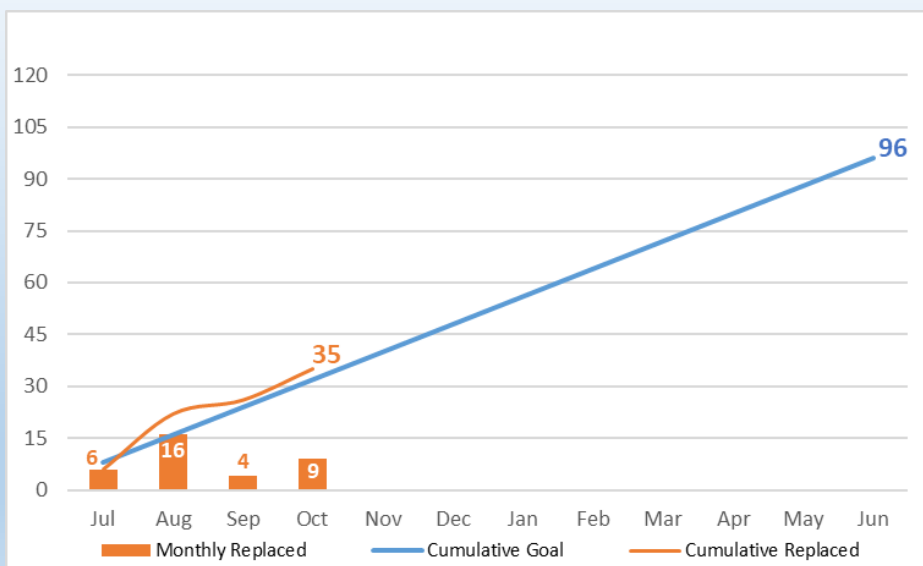


Construction/Maintenance

- Efforts continue in replacing valves with the greatest impact on water loss and customer outages during large main breaks.
- With new valves, crews will be capable of shutting down smaller controlled areas faster, impacting fewer customers while losing less water and completing repairs sooner.
- Our goal is to replace 100 valves per year. FY23, 109 valves were replaced. We currently have 6821 valves in the system with 377 known to be broken.
- We have a goal to perform maintenance on 3,000 linear feet of easement roads.

21

Main Line Valves Replaced

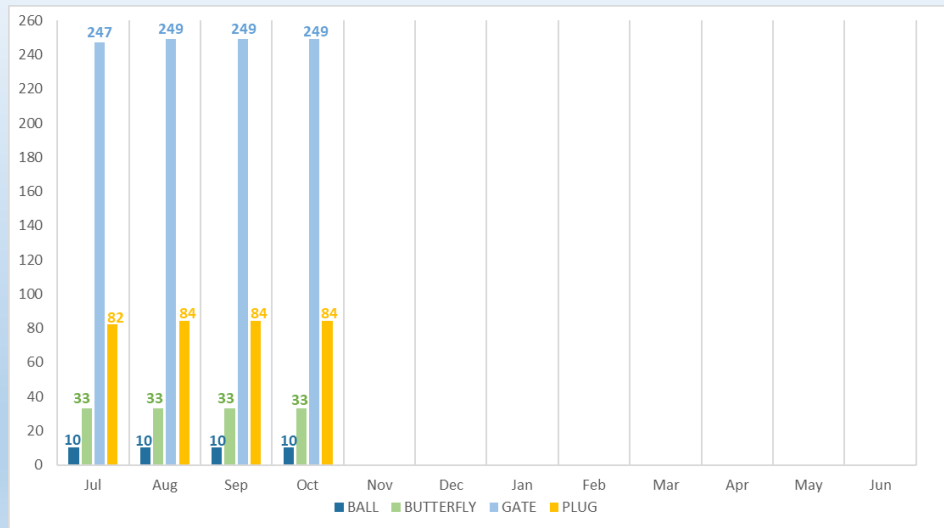


22

Rolling Total Broken Valves (all general problems)

86 valves under 4"

290 valves 4" and larger



M E M O

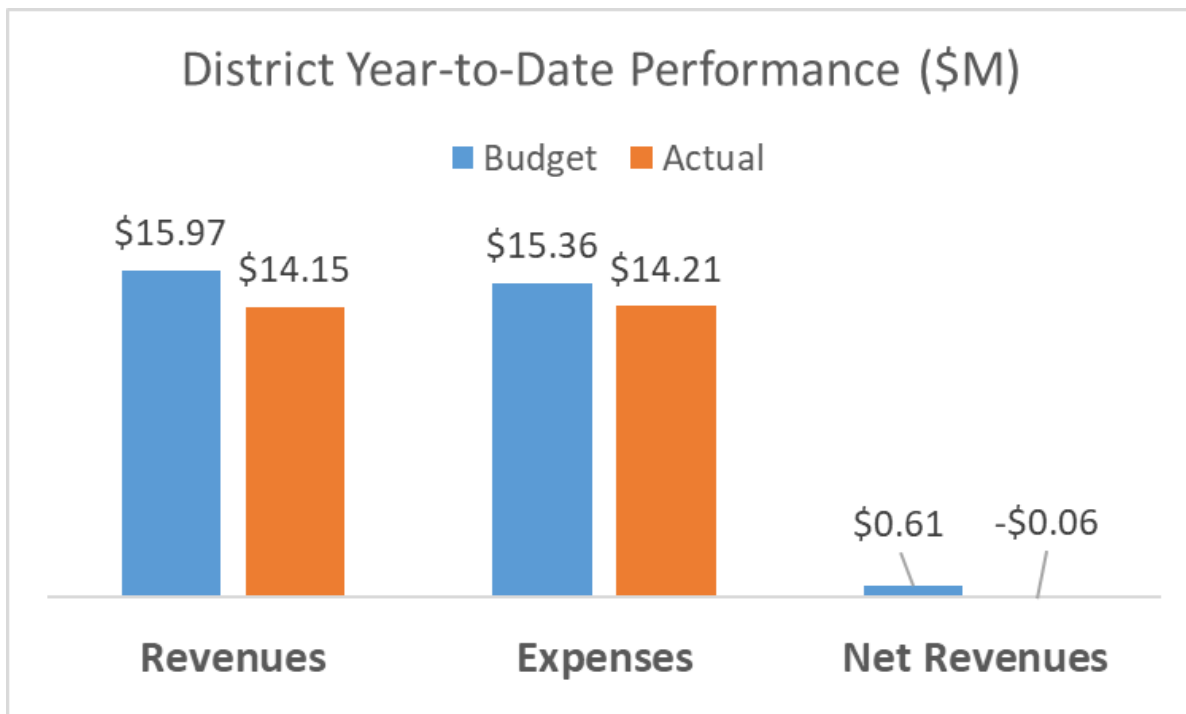
TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 4, 2023
SUBJECT: Financial Summary Report – October

Purpose

Provide an overview of changes in the District’s financial position.

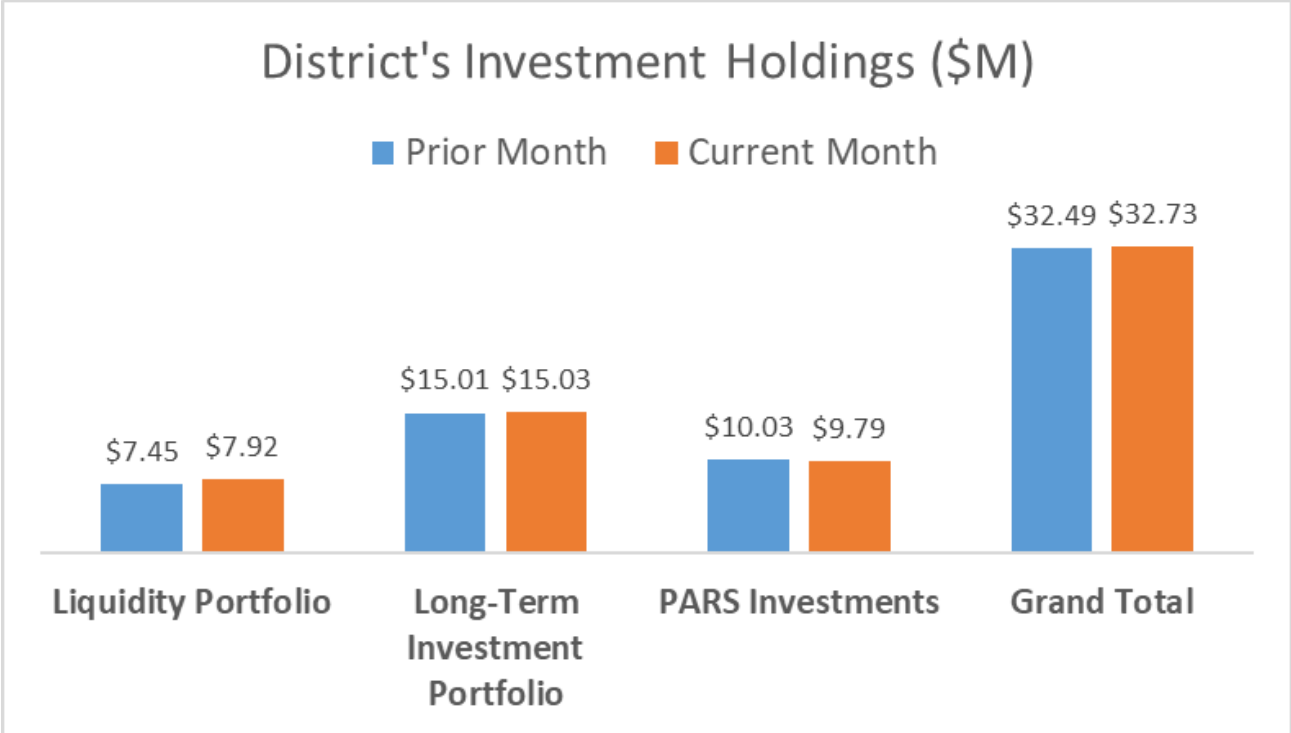
Summary

The graph below shows the District’s year-to-date Revenues, Expenditures and Net revenues.



Revenues and expenditures are under budget levels. The Operating Revenue shortfall is due to persistent low water sales levels. Operating expenditures are under budget largely due to lower than budgeted water purchase and operating expenditures. Staff are carefully tracking the District’s financial position to identify any budget shortfalls early.

The graph below shows the District’s bank holdings reported in the Treasurer’s Report at the end of the current and prior month.



Overall the District's financial holdings increased slightly this month. Overall the Long-term Portfolio and PARS investments continue to perform in line with the capital markets.

Recommended Action

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

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: December 4, 2023
SUBJECT: Treasurer's Report

Purpose

Provide the October 2023 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

Overall the District's financial holdings increased slightly this month. Overall the Long-term Portfolio and PARS 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 October, 2023

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 5,000	\$ 5,259
Money Market	\$ 1,161,049	\$ 1,004,007
CAMP Account	\$ 6,279,575	\$ 6,910,347
<i>District's Liquidity Portfolio</i>	\$ 7,445,624	\$ 7,919,613
PFM Managed Long-term Investment Portfolio*	\$ 15,005,175	\$ 15,020,202
LAIF (Long-term Reserves)	\$ 6,721	\$ 6,781
PARS (OPEB & Pension Trust)**	\$ 10,030,862	\$ 9,788,168
<i>District Accounts Total</i>	\$ 32,488,382	\$ 32,734,764

*\$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 4, 2023



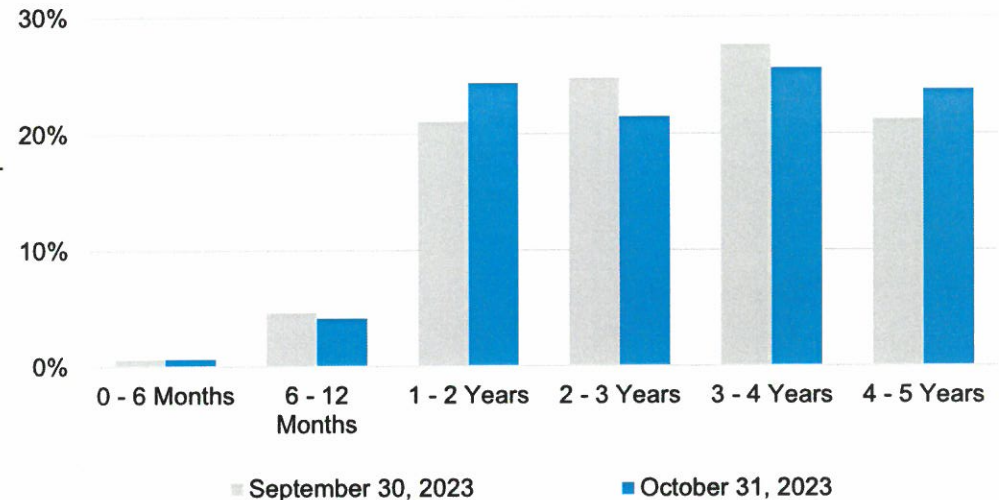
Fallbrook Public Utilities District - Holdings Summary

Security Type	September 30, 2023	October 31, 2023	Change (\$)	Change (%)
U.S. Treasury	\$6,992,666.41	\$6,279,675.79	(\$712,990.62)	-10.2%
Municipal	\$202,122.85	\$201,876.95	(\$245.90)	-0.1%
Federal Agency CMO	\$2,035,795.95	\$2,271,123.06	\$235,327.11	11.6%
Corporate Note	\$3,859,049.46	\$4,183,555.44	\$324,505.98	8.4%
Negotiable CD	\$99,678.00	\$99,186.00	(\$492.00)	-0.5%
Asset-Backed Security	\$1,771,213.95	\$1,951,033.52	\$179,819.57	10.2%
Securities Total	\$14,960,526.62	\$14,986,450.76	\$25,924.14	0.2%
Money Market Fund	\$44,648.08	\$33,751.14	(\$10,896.94)	-24.4%
Total Investments	\$15,005,174.70	\$15,020,201.90	\$15,027.20	0.1%

Summary

FY 23-24 Accrual Earnings	\$79.43
Yield to Maturity at Cost	3.32%
Weighted Average Maturity (Years)	2.90

Maturity Distribution



Security market values, excluding accrued interest, as on last day of month.

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2023**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
09/28/23	10/02/23	BLACKROCK INC CORP NOTES DTD 03/28/2017 3.200% 03/15/2027	09247XAN1	120,000.00	(112,040.40)	(181.33)	(112,221.73)			
10/03/23	10/05/23	MASTERCARD INC CORP NOTES (CALLABLE) DTD 03/26/2020 3.300% 03/26/2027	57636OAR5	65,000.00	(60,756.15)	(53.63)	(60,809.78)			
10/03/23	10/11/23	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2	55,000.00	(54,988.70)	0.00	(54,988.70)			
10/04/23	10/11/23	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0	110,000.00	(109,979.90)	0.00	(109,979.90)			
10/05/23	10/10/23	BANK OF AMERICA CORP NOTES DTD 04/19/2016 3.500% 04/19/2026	06051GFX2	160,000.00	(150,657.60)	(2,660.00)	(153,317.60)			
10/05/23	10/10/23	MORGAN STANLEY DTD 01/20/2017 3.625% 01/20/2027	61746BEF9	50,000.00	(46,534.00)	(402.78)	(46,936.78)			
10/10/23	10/12/23	UNILEVER CAPITAL CORP NOTES (CALLABLE) DTD 05/05/2017 2.900% 05/05/2027	904764AY3	120,000.00	(110,700.00)	(1,517.67)	(112,217.67)			
10/11/23	10/19/23	FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74	150,000.00	(146,709.60)	(355.50)	(147,065.10)			
10/18/23	10/25/23	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5	30,000.00	(29,993.91)	0.00	(29,993.91)			
10/20/23	10/25/23	MERCK & CO INC CORP NOTES (CALLABLE) DTD 12/10/2021 1.700% 06/10/2027	58933YBC8	50,000.00	(43,950.00)	(318.75)	(44,268.75)			
10/20/23	10/25/23	VISA INC CORP NOTES (CALLABLE) DTD 04/02/2020 1.900% 04/15/2027	92826CAL6	130,000.00	(115,330.80)	(68.61)	(115,399.41)			
10/20/23	10/25/23	NOVARTIS CAPITAL CORP (CALLABLE) DTD 02/14/2020 2.000% 02/14/2027	66989HAQ1	60,000.00	(53,841.60)	(236.67)	(54,078.27)			
10/25/23	10/27/23	VISA INC CORP NOTES (CALLABLE) DTD 04/02/2020 1.900% 04/15/2027	92826CAL6	50,000.00	(44,449.00)	(31.67)	(44,480.67)			
10/25/23	10/31/23	FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4	115,000.00	(111,333.46)	(464.79)	(111,798.25)			

Managed Account Security Transactions & Interest

For the Month Ending October 31, 2023

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											
10/30/23	11/02/23		ANALOG DEVICES INC (CALLABLE) CORPORATE DTD 10/05/2021 1.700% 10/01/2028	032654AU9	90,000.00	(75,511.80)	(131.75)	(75,643.55)			
10/30/23	11/02/23		NATIONAL RURAL COOP CORPORATE NOTES (CAL DTD 11/02/2023 5.600% 11/13/2026	63743HFK3	10,000.00	(9,996.50)	0.00	(9,996.50)			
10/30/23	11/02/23		BANK OF AMERICA CORP NOTES (CALLABLE) DTD 04/27/2022 4.376% 04/27/2028	06051GKP3	80,000.00	(74,745.60)	(48.62)	(74,794.22)			
10/31/23	11/03/23		GENERAL DYNAMICS CORP NOTES (CALLABLE) DTD 05/10/2021 1.150% 06/01/2026	369550BN7	65,000.00	(58,332.95)	(315.61)	(58,648.56)			
Transaction Type Sub-Total					1,510,000.00	(1,409,851.97)	(6,787.38)	(1,416,639.35)			
INTEREST											
10/01/23	10/01/23		COMCAST CORP NOTES (CALLABLE) DTD 03/27/2020 3.300% 04/01/2027	20030NDK4	200,000.00	0.00	3,300.00	3,300.00			
10/01/23	10/01/23		JP MORGAN CORP (CALLABLE) NOTES DTD 03/23/2016 3.300% 04/01/2026	46625HOW3	115,000.00	0.00	1,897.50	1,897.50			
10/01/23	10/25/23		FHMS K058 A2 DTD 11/09/2016 2.653% 08/01/2026	3137BSP72	100,000.00	0.00	221.08	221.08			
10/01/23	10/25/23		FHMS K733 A2 DTD 11/09/2018 3.750% 08/01/2025	3137FJXO7	154,229.60	0.00	481.97	481.97			
10/01/23	10/25/23		FHLMC MULTIFAMILY STRUCTURED P DTD 07/01/2017 3.243% 04/01/2027	3137F1G44	155,000.00	0.00	418.89	418.89			
10/01/23	10/25/23		FHMS K061 A2 DTD 01/30/2017 3.347% 11/01/2026	3137BTUM1	100,000.00	0.00	278.92	278.92			
10/01/23	10/25/23		FHMS K063 A2 DTD 03/01/2017 3.430% 01/01/2027	3137BVZ82	145,000.00	0.00	414.46	414.46			

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											
	10/01/23	10/25/23	FHMS K734 A2 DTD 04/18/2019 3.208% 02/01/2026	3137FLN34	150,000.00	0.00	401.00	401.00			
	10/01/23	10/25/23	FHMS K064 A2 DTD 05/15/2017 3.224% 03/01/2027	3137BXOY1	160,000.00	0.00	429.87	429.87			
	10/01/23	10/25/23	FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2	150,000.00	0.00	602.38	602.38			
	10/01/23	10/25/23	FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6	150,000.00	0.00	523.75	523.75			
	10/01/23	10/25/23	FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	96,183.57	0.00	245.59	245.59			
	10/01/23	10/25/23	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	119,883.98	0.00	477.24	477.24			
	10/01/23	10/25/23	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	85,000.00	0.00	373.43	373.43			
	10/01/23	10/25/23	FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6	150,000.00	0.00	581.25	581.25			
	10/01/23	10/25/23	FHMS K046 A2 DTD 06/17/2015 3.205% 03/01/2025	3137BJP64	100,000.00	0.00	267.08	267.08			
	10/01/23	10/25/23	FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2	150,000.00	0.00	600.00	600.00			
	10/01/23	10/25/23	FHMS K743 A2 DTD 06/30/2021 1.770% 05/01/2028	3137H14B9	170,000.00	0.00	250.75	250.75			
	10/02/23	10/02/23	MONEY MARKET FUND	MONEY0002	0.00	0.00	370.59	370.59			
	10/15/23	10/15/23	BACCT 2023-A1 A1 DTD 06/16/2023 4.790% 05/15/2028	05522RDG0	50,000.00	0.00	199.58	199.58			
	10/15/23	10/15/23	COMET 2023-A1 A DTD 05/24/2023 4.420% 05/15/2028	14041NGD7	145,000.00	0.00	534.08	534.08			
	10/15/23	10/15/23	BACCT 2022-A2 A2 DTD 11/23/2022 5.000% 04/15/2028	05522RDF2	145,000.00	0.00	604.17	604.17			
	10/15/23	10/15/23	CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4	120,000.00	0.00	516.00	516.00			
	10/15/23	10/15/23	DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	70,000.00	0.00	33.83	33.83			

Managed Account Security Transactions & Interest

For the Month Ending October 31, 2023

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/15/23	10/15/23	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8	105,000.00	0.00	455.88	455.88			
	10/15/23	10/15/23	DCENT 2022-A3 A3 DTD 08/09/2022 3.560% 07/15/2027	254683CW3	70,000.00	0.00	207.67	207.67			
	10/15/23	10/15/23	WALMART INC CORPORATE NOTES (CALLABLE) DTD 04/18/2023 3.900% 04/15/2028	931142FB4	75,000.00	0.00	1,438.13	1,438.13			
	10/15/23	10/15/23	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	29,583.30	0.00	19.97	19.97			
	10/15/23	10/15/23	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9	50,000.00	0.00	228.33	228.33			
	10/15/23	10/15/23	DCENT 2023-A2 A DTD 06/28/2023 4.930% 06/15/2028	254683CZ6	100,000.00	0.00	410.83	410.83			
	10/15/23	10/15/23	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	45,740.33	0.00	20.96	20.96			
	10/15/23	10/15/23	HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	55,000.00	0.00	101.75	101.75			
	10/15/23	10/15/23	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4	45,000.00	0.00	196.13	196.13			
	10/15/23	10/15/23	FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	36,300.10	0.00	39.02	39.02			
	10/15/23	10/15/23	CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1	75,000.00	0.00	248.13	248.13			
	10/15/23	10/15/23	US TREASURY NOTES DTD 04/15/2022 2.625% 04/15/2025	91282CEH0	100,000.00	0.00	1,312.50	1,312.50			
	10/15/23	10/15/23	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3	105,000.00	0.00	483.88	483.88			
	10/15/23	10/15/23	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2	85,000.00	0.00	250.75	250.75			
	10/15/23	10/15/23	COMET 2021-A3 A3 DTD 11/30/2021 1.040% 11/15/2026	14041NFY2	70,000.00	0.00	60.67	60.67			
	10/15/23	10/15/23	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2	85,000.00	0.00	386.75	386.75			

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2023**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/16/23	10/16/23	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	19,817.23	0.00	20.81	20.81			
	10/16/23	10/16/23	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9	50,000.00	0.00	227.08	227.08			
	10/16/23	10/16/23	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	25,867.65	0.00	14.66	14.66			
	10/18/23	10/18/23	HAROT 2023-3 A3 DTD 08/22/2023 5.410% 02/18/2028	43815QAC1	95,000.00	0.00	428.29	428.29			
	10/19/23	10/19/23	BANK OF AMERICA CORP NOTES DTD 04/19/2016 3.500% 04/19/2026	06051GFX2	160,000.00	0.00	2,800.00	2,800.00			
	10/20/23	10/20/23	GMALT 2021-3 A4 DTD 08/18/2021 0.500% 07/21/2025	36262XAD6	25,000.00	0.00	10.42	10.42			
	10/21/23	10/21/23	MORGAN STANLEY CORP NOTES (CALLABLE) DTD 10/19/2021 1.164% 10/21/2025	61747YEG6	70,000.00	0.00	407.40	407.40			
	10/21/23	10/21/23	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	29,999.87	0.00	22.00	22.00			
	10/23/23	10/23/23	WELLS FARGO & COMPANY CORPORATE NOTES DTD 10/25/2016 3.000% 10/23/2026	949746SH5	125,000.00	0.00	1,875.00	1,875.00			
	10/25/23	10/25/23	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2	40,000.00	0.00	182.33	182.33			
	10/25/23	10/25/23	BMWOT 2022-A A3 DTD 05/18/2022 3.210% 08/25/2026	05602RAD3	30,000.00	0.00	80.25	80.25			
	10/31/23	10/31/23	US TREASURY NOTES DTD 04/30/2020 0.375% 04/30/2025	912828ZL7	650,000.00	0.00	1,218.75	1,218.75			
	10/31/23	10/31/23	US TREASURY NOTES DTD 10/31/2020 0.500% 10/31/2027	91282CAU5	25,000.00	0.00	62.50	62.50			
	10/31/23	10/31/23	US TREASURY NOTES DTD 10/31/2020 0.250% 10/31/2025	91282CAT8	225,000.00	0.00	281.25	281.25			
Transaction Type Sub-Total					5,682,605.63	0.00	27,515.50	27,515.50			
PAYDOWNS											

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2023**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
10/01/23	10/25/23	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	71.51	71.51	0.00	71.51	0.00	0.00	
10/01/23	10/25/23	FHMS K733 A2 DTD 11/09/2018 3.750% 08/01/2025	3137FJX07	82.92	82.92	0.00	82.92	2.30	0.00	
10/01/23	10/25/23	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	115.40	115.40	0.00	115.40	0.00	0.00	
10/01/23	10/25/23	FHLMC MULTIFAMILY STRUCTURED POOL DTD 11/01/2017 3.064% 08/01/2024	3137FBTA4	11,057.47	11,057.47	0.00	11,057.47	(14.69)	0.00	
10/15/23	10/15/23	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	1,768.38	1,768.38	0.00	1,768.38	0.24	0.00	
10/15/23	10/15/23	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	2,702.51	2,702.51	0.00	2,702.51	0.44	0.00	
10/15/23	10/15/23	FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	2,134.20	2,134.20	0.00	2,134.20	0.25	0.00	
10/16/23	10/16/23	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	1,084.67	1,084.67	0.00	1,084.67	0.09	0.00	
10/16/23	10/16/23	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	1,483.80	1,483.80	0.00	1,483.80	0.04	0.00	
10/21/23	10/21/23	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	1,921.24	1,921.24	0.00	1,921.24	0.40	0.00	
Transaction Type Sub-Total				22,422.10	22,422.10	0.00	22,422.10	(10.93)	0.00	
SELL										
09/28/23	10/02/23	US TREASURY NOTES DTD 07/31/2022 2.750% 07/31/2027	91282CFB2	50,000.00	46,458.98	235.39	46,694.37	(986.33)	(1,399.86)	FIFO
09/28/23	10/02/23	US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	75,000.00	69,082.03	220.11	69,302.14	(4,385.74)	(4,777.36)	FIFO
10/03/23	10/05/23	AMAZON.COM INC CORPORATE NOTES DTD 12/01/2022 4.600% 12/01/2025	023135CN4	100,000.00	98,491.00	1,584.44	100,075.44	(1,503.00)	(1,504.69)	FIFO
10/04/23	10/10/23	US TREASURY NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	120,000.00	108,168.75	398.64	108,567.39	(1,439.06)	(3,181.91)	FIFO
10/05/23	10/10/23	MORGAN STANLEY CORP NOTES DTD 10/23/2014 3.700% 10/23/2024	61761JVL0	40,000.00	39,066.40	686.56	39,752.96	(4,655.60)	(2,133.12)	FIFO

Managed Account Security Transactions & Interest

For the Month Ending October 31, 2023

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
SELL											
	10/05/23	10/10/23	US TREASURY NOTES DTD 06/30/2021 0.875% 06/30/2026	91282CCJ8	125,000.00	112,563.48	303.16	112,866.64	(1,850.58)	(4,952.58)	FIFO
	10/05/23	10/10/23	US TREASURY NOTES DTD 06/30/2021 0.875% 06/30/2026	91282CCJ8	45,000.00	40,522.85	109.14	40,631.99	(1,313.09)	(2,444.13)	FIFO
	10/10/23	10/12/23	US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	50,000.00	46,263.67	177.31	46,440.98	(2,714.85)	(2,982.10)	FIFO
	10/10/23	10/12/23	HONEYWELL INTERNATIONAL (CALLABLE) CORP DTD 08/16/2021 1.100% 03/01/2027	438516CE4	70,000.00	61,527.20	87.69	61,614.89	(5,202.40)	(6,256.67)	FIFO
	10/11/23	10/16/23	US TREASURY NOTES DTD 12/31/2020 0.625% 12/31/2027	91282CBB6	180,000.00	152,627.34	330.16	152,957.50	(5,301.57)	(7,299.72)	FIFO
	10/20/23	10/25/23	US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	50,000.00	45,976.56	217.05	46,193.61	(3,001.96)	(3,277.23)	FIFO
	10/20/23	10/25/23	ABBOTT LABORATORIES CORP NOTES (CALLABLE DTD 11/22/2016 3.750% 11/30/2026	002824BF6	115,000.00	109,882.50	1,736.98	111,619.48	(612.95)	(846.85)	FIFO
	10/20/23	10/25/23	MERCK & CO INC CORP NOTES CALLABLE DTD 05/17/2023 4.050% 05/17/2028	58933YBH7	45,000.00	42,723.00	799.88	43,522.88	(2,240.55)	(2,243.76)	FIFO
	10/25/23	10/27/23	US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	50,000.00	45,949.22	223.17	46,172.39	(3,029.29)	(3,305.80)	FIFO
	10/25/23	10/31/23	US TREASURY NOTES DTD 08/31/2020 0.500% 08/31/2027	91282CAH4	130,000.00	110,200.39	108.93	110,309.32	(1,553.91)	(5,017.21)	FIFO
	10/30/23	11/02/23	BANK OF AMERICA CORP CORP NOTES (CALLABL DTD 04/22/2021 1.734% 07/22/2027	06051GJS9	80,000.00	70,626.40	385.33	71,011.73	(772.80)	(1,623.18)	FIFO
	10/30/23	11/02/23	INTEL CORP NOTES (CALLABLE) DTD 08/05/2022 3.750% 08/05/2027	458140BY5	85,000.00	79,797.15	770.31	80,567.46	(5,305.70)	(5,279.99)	FIFO
	10/31/23	11/03/23	US TREASURY NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	65,000.00	62,750.39	73.52	62,823.91	(2,076.95)	(2,209.44)	FIFO
Transaction Type Sub-Total					1,475,000.00	1,342,677.31	8,447.77	1,351,125.08	(47,946.33)	(60,735.60)	

Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2023**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
Managed Account Sub-Total					(44,752.56)	29,175.89	(15,576.67)	(47,957.26)	(60,735.60)	
Total Security Transactions					(\$44,752.56)	\$29,175.89	(\$15,576.67)	(\$47,957.26)	(\$60,735.60)	

Bolded items are forward settling trades.



Account Statement - Transaction Summary

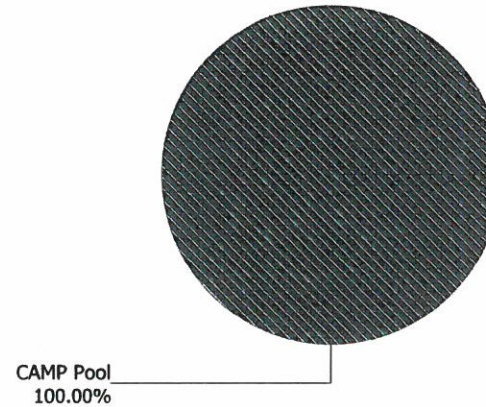
For the Month Ending October 31, 2023

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	6,279,575.28
Purchases	780,771.48
Redemptions	(150,000.00)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$6,910,346.76
Cash Dividends and Income	30,771.48

Asset Summary		
	October 31, 2023	September 30, 2023
CAMP Pool	6,910,346.76	6,279,575.28
Total	\$6,910,346.76	\$6,279,575.28

Asset Allocation	
CAMP Pool	100.00%





Account Statement

For the Month Ending **October 31, 2023**

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					6,279,575.28
10/12/23	10/12/23	Purchase - Incoming Wires	1.00	350,000.00	6,629,575.28
10/19/23	10/19/23	Redemption - Outgoing Wires	1.00	(150,000.00)	6,479,575.28
10/26/23	10/26/23	Purchase - Incoming Wires	1.00	400,000.00	6,879,575.28
10/31/23	11/01/23	Accrual Income Div Reinvestment - Distributions	1.00	30,771.48	6,910,346.76
Closing Balance					6,910,346.76

	Month of October	Fiscal YTD July-October		
Opening Balance	6,279,575.28	7,939,116.69	Closing Balance	6,910,346.76
Purchases	780,771.48	1,381,299.51	Average Monthly Balance	6,520,890.49
Redemptions (Excl. Checks)	(150,000.00)	(2,410,069.44)	Monthly Distribution Yield	5.56%
Check Disbursements	0.00	0.00		
Closing Balance	6,910,346.76	6,910,346.76		
Cash Dividends and Income	30,771.48	131,299.51		

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

November 01, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER
 990 E MISSION ROAD
 FALLBROOK, CA 92028

[Tran Type Definitions](#)



Account Number: 85-37-001

October 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/13/2023	10/12/2023	QRD	1740856	N/A	SYSTEM	60.60

Account Summary

Total Deposit:	60.60	Beginning Balance:	6,720.73
Total Withdrawal:	0.00	Ending Balance:	6,781.33

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
10/1/2023 to 10/31/2023

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028

Account Summary

Source	Balance as of 10/1/2023	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 10/31/2023
OPEB	\$1,137,152.05	\$0.00	-\$26,994.87	\$518.24	\$0.00	\$0.00	\$1,109,638.94
PENSION	\$8,893,710.42	\$0.00	-\$211,127.91	\$4,053.14	\$0.00	\$0.00	\$8,678,529.37
Totals	\$10,030,862.47	\$0.00	-\$238,122.78	\$4,571.38	\$0.00	\$0.00	\$9,788,168.31

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	-2.37%	-7.19%	3.69%	1.57%	4.09%	-	2/16/2017
PENSION	-2.37%	-7.19%	3.69%	1.57%	4.05%	-	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 4, 2023
SUBJECT: Budget Status Report for Fiscal Year 2023-2024

Purpose

Provide a Budget Status Report (BSR) to the Board.

Summary

The BSR shows the District's financial performance compared to the amended budget for the month of October, Year-to-Date and the annual budgeted amount.

Total revenues are 11.4% under budget largely due to lower water sales driven by wet/cool weather. Year-to-date water sales are 33.6% under the budget water sales level. With sales well under budgeted levels, it is no surprise that water sales revenues are 21.0% below budget levels. Wastewater revenues are at the budgeted levels. Recycled water sales are 7.5% under budget, likely due to wet weather.

Non-operating revenues are slightly under budget due to timing of property tax and standby charge receipt from the County. As the year progresses, non-operating revenues are expected to trend to budget.

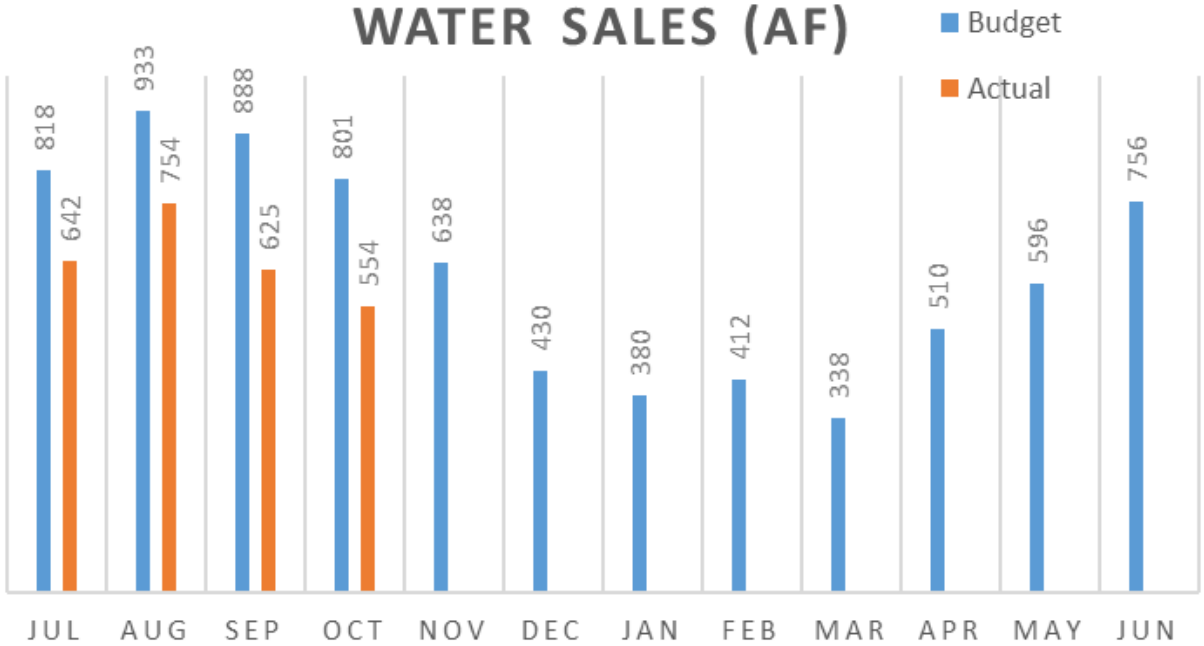
The District's monthly and year-to-date total expenditures are 8.2% under budget due to the lower than budgeted water purchases. The overall the District's operating costs, excluding cost of water and the Community Benefit Program, are slightly over budget but expected to trend to budget as the year progresses. Administrative Services is over budget due to expenditures related to detachment.

Total revenue is \$14,148,491 or 11.4% under budget and total expenditures are \$11,548,245 or 7.1% under budget. PAYGO CIP expenditures are over budget for the month and year-to-date. After adjusting for the PAYGO expenditures year-to-date net revenues are lower than Budgeted.

Recommended Action

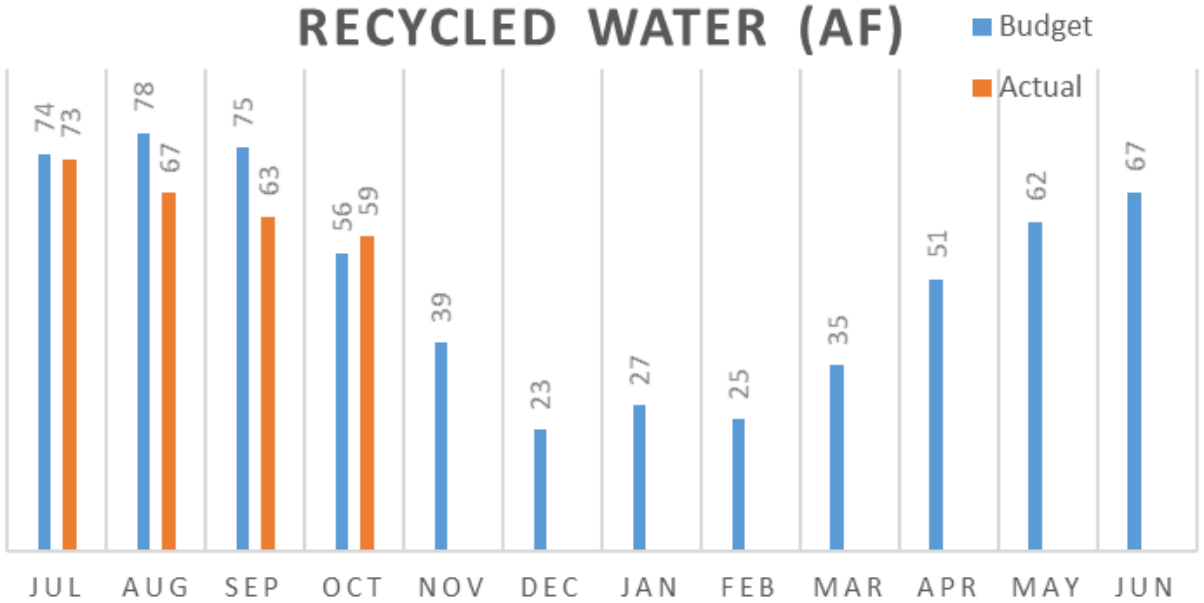
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 2,575 AF Year-to-Date Budget 3,441 AF

RECYCLED WATER (AF)



Year-to-Date Actual 261 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⁾	1,484,887	1,984,720	6,724,357	8,507,591	(1,783,234)	-21.0%	19,297,736	12,573,379	65.2%
Water Meter Service Charges	741,457	743,641	2,964,473	2,974,564	(10,091)	-0.3%	9,213,712	6,249,239	67.8%
Wastewater Service Charges	612,424	613,806	2,477,930	2,455,225	22,705	0.9%	6,971,339	4,493,408	64.5%
Recycled Water Revenues	122,944	116,555	543,305	587,492	(44,186)	-7.5%	1,299,770	756,465	58.2%
Other Operating Revenue	-	-	-	-	-	NA	-	-	NA
Total Operating Revenue	2,961,713	3,458,722	12,710,066	14,524,871	(1,814,806)	-12.5%	36,782,557	24,072,491	65.4%
Non Operating Revenues:									
Water Capital Improvement Charge	139,943	145,001	559,887	580,004	(20,117)	-3.5%	1,740,011	1,180,124	67.8%
Wastewater Capital Improvement Charge	107,353	110,683	429,401	442,733	(13,332)	-3.0%	1,328,198	898,797	67.7%
Property Taxes	33,453	57,671	91,766	112,796	(21,029)	-18.6%	2,700,000	2,608,234	96.6%
Water Standby/Availability Charge	-	2,953	-	2,956	(2,956)	-100.0%	200,000	200,000	100.0%
Water/Wastewater Capacity Charges	6,327	10,833	49,593	43,333	6,260	14.4%	130,000	80,407	61.9%
Portfolio Interest	22,015	33,410	127,380	133,641	(6,262)	-4.7%	400,923	273,544	68.2%
Federal Interest Rate Subsidy	-	-	-	-	-	NA	70,261	70,261	100.0%
SDCWA Refund/Covid Relief Grant	-	-	-	-	-	NA	-	-	NA
Facility Rents	29,980	26,032	104,283	104,129	154	0.1%	312,386	208,104	66.6%
Fire Hydrant Service Fees	-	-	11,482	-	11,482	NA	-	(11,482)	NA
Other Non-Operating Revenues	7,518	6,250	64,574	25,000	39,574	158.3%	75,000	10,426	13.9%
Total Non Operating Revenues	346,589	392,834	1,438,365	1,444,591	(6,225)	-0.4%	6,956,779	5,518,414	79.3%
Total Revenues	3,308,302	3,851,556	14,148,431	15,969,462	(1,821,031)	-11.4%	43,739,336	29,590,905	67.7%
Expenditures									
Purchased Water Expense	747,256	927,263	3,750,776	4,542,312	791,535	17.4%	9,558,078	5,807,302	60.8%
Water Services	516,061	503,296	2,029,442	1,949,327	(80,115)	-4.1%	5,857,063	3,827,621	65.4%
Wastewater Services	335,436	331,575	1,119,213	1,284,229	165,016	12.8%	3,858,671	2,739,457	71.0%
Recycled Water Services	39,665	55,341	156,571	214,341	57,770	27.0%	644,021	487,451	75.7%
Administrative Services	756,509	681,773	2,867,413	2,640,590	(226,823)	-8.6%	7,934,072	5,066,659	63.9%
Community Benefit Program	-	46,918	-	181,718	181,718	100.0%	546,000	546,000	100.0%
Total Operating Expenses	2,394,928	2,546,165	9,923,415	10,812,516	889,101	8.2%	28,397,906	18,474,491	65.1%
Debt Service Expenses									
SMCUP SRF	-	-	-	-	-	NA	2,814,795	2,814,795	100.0%
Red Mountain SRF	-	-	197,925	197,925	-	0.0%	395,851	197,925	50.0%
WW Rev Refunding Bonds	-	-	1,426,904	1,426,904	-	0.0%	1,730,746	303,841	17.6%
QECB Solar Debt	-	-	-	-	-	NA	521,690	521,690	100.0%
Total Debt Service	-	-	1,624,830	1,624,830	-	0.0%	5,463,081	3,838,251	70.3%
Total Expenses	2,394,928	2,546,165	11,548,245	12,437,346	889,101	7.1%	33,860,987	22,312,742	65.9%
Net Revenue/(loss) From Operations and Debt Service	913,374	1,305,392	2,600,186	3,532,116	(931,930)	-26.4%	9,878,349	7,278,163	73.7%
Capital Investment									
Capital Investment ⁽²⁾									
Construction Expenditures-Admin	23,168	9,167	50,840	36,667	(14,173)	-38.7%	966,000	915,160	94.7%
Construction Expenditures-Water	347,566	653,042	2,385,384	2,409,167	23,782	1.0%	7,379,500	4,994,116	67.7%
Construction Expenditures-Recycled	44,931	27,250	60,818	57,000	(3,818)	-6.7%	119,000	58,182	48.9%
Construction Expenditures-Wastewater	50,580	183,000	165,524	416,167	250,643	60.2%	1,765,000	1,599,476	90.6%
Construction Expenditures-PAYGO TOTAL	466,246	872,458	2,662,566	2,919,000	256,434	8.8%	10,229,500	7,566,934	74.0%
Net Revenue/(Loss)	447,128	432,933	(62,380)	613,116	(675,496)	-110.2%	(351,151)	(288,771)	82.2%

(1) Includes Local Resource Credit of \$403,271.00

(1) Detailed CIP Summary Table attached

CIP Summary Table

FY24 PAYGO CIP Summary Table

Water Capital Projects	Annual Budget	October Expenditures	Year-to-Date
Pipelines and Valve Replacement Projects by District	\$ 680,000	\$ 72,084	\$ 393,568
Pipeline Replacement Projects by Contractors	\$ 5,760,000	\$ 230,850	\$ 1,779,582
Deluz ID Projects	\$ 100,000	\$ -	\$ 32,740
Pump Stations	\$ 100,000	\$ -	\$ -
Meter Replacement	\$ 20,000	\$ -	\$ 16,198
Pressure Reducing Stations	\$ 40,000	\$ -	\$ -
Red Mountain Reservoir Improvements	\$ 24,000	\$ -	\$ -
Steel Reservoir Improvements	\$ 162,000	\$ 8,490	\$ 22,102
Treatment Plant R&R	\$ 200,000	\$ 9,792	\$ 57,468
SCADA Upgrades/ Security/Telemetry	\$ 150,000	\$ 26,352	\$ 47,502
Vehicles and Heavy Equipment	\$ 143,500	\$ -	\$ 31,437
Total Water Capital Projects	\$ 7,379,500	\$ 347,566	\$ 2,380,595

Recycled Water Capital Projects

Recycled Water Improvements	\$ 119,000	\$ 44,931	\$ 60,818
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Wastewater Capital Projects

WRP Improvements	\$ 855,000	\$ 21,587	\$ 104,464
Collection System Improvements	\$ 390,000	\$ 20,845	\$ 52,912
Outfall Improvements	\$ 25,000	\$ 8,149	\$ 8,149
Vehicles and Heavy Equipment	\$ 495,000	\$ -	\$ -
Total Wastewater Capital Projects	\$ 1,765,000	\$ 50,580	\$ 165,524

Administrative Capital Projects

Administrative Upgrades	\$ 50,000	\$ 1,705	\$ 2,560
Engineering and Operations Information Systems	\$ -	\$ -	\$ -
Facility Improvements/Upgrades/Security	\$ 496,000	\$ 18,783	\$ 43,359
District Yard Improvements	\$ 420,000	\$ 2,680	\$ 2,680
Total Administrative Capital Projects	\$ 966,000	\$ 23,168	\$ 48,599

Capital Projects Total	\$ 10,229,500	\$ 466,246	\$ 2,655,536
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10/31/2023

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 - 10/2023

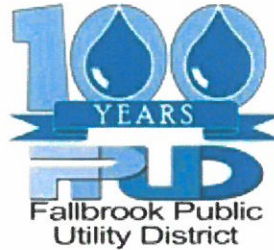
Computer Check Register

Payroll #1	\$190,919.73
Payroll #2	<u>\$188,702.21</u>
	<u>\$379,621.94</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
 Printed: 11/27/2023 2:33 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	10/05/2023	465.00
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/05/2023	4,025.00
ACH	06758	UNITED STATES TREASURY	10/05/2023	71,600.58
ACH	06759	STATE OF CA - PR TAXES	10/05/2023	12,039.82
ACH	06760	STATE OF CA - SDI	10/05/2023	2,388.04
ACH	06761	LINCOLN FINANCIAL GROUP	10/05/2023	14,811.72
ACH	06763	PERS - PAYROLL	10/05/2023	49,831.54
92665	01460	AFLAC	10/05/2023	446.72
92666	91286	AMAZON CAPITAL SERVICES, INC.	10/05/2023	446.17
92667	91841	AMERICAN LABOR POOL, INC.	10/05/2023	1,073.00
92668	02805	ASBURY ENVIRONMENTAL SERVICES	10/05/2023	329.65
92669	91708	B2B SECURITY	10/05/2023	3,000.00
92670	06374	BOOT BARN INC.	10/05/2023	360.15
92671	04178	CALOLYMPIC SAFETY CO., INC.	10/05/2023	2,163.83
92672	91241	LISA CHAFFIN	10/05/2023	60.00
92673	91330	AARON COOK	10/05/2023	180.00
92674	91305	DXP ENTERPRISES, INC.	10/05/2023	9,199.49
92675	01099	FALLBROOK IRRIGATION INC	10/05/2023	29.09
92676	91833	FAMILY SUPPORT REGISTRY	10/05/2023	100.15
92677	04494	FEDERAL EXPRESS CORPORATION	10/05/2023	61.69
92678	01432	FERGUSON WATERWORKS #1083	10/05/2023	15,171.20
92679	05560	FRANCHISE TAX BOARD	10/05/2023	50.00
92680	02767	GRANGETTO FARM & GARDEN SUPPI	10/05/2023	195.06
92681	05380	HACH CO	10/05/2023	1,615.72
92682	06329	HILL BROTHERS CHEMICAL COMPAN	10/05/2023	1,815.18
92683	91336	JACOB HYINK	10/05/2023	916.00
92684	06577	INFOSEND INC	10/05/2023	3,162.80
92685	91751	MANAGED MOBILE INC	10/05/2023	1,028.16
92686	91718	MYRON L COMPANY	10/05/2023	81.69
92687	91719	NATIONAL TIRE WHOLESale	10/05/2023	870.88
92688	06688	ANDO PILVE	10/05/2023	750.00
92689	06643	SAN DIEGO LAFCO	10/05/2023	51,039.88
92690	04434	SNAP ON TOOLS	10/05/2023	108.83
92691	91799	SUNBELT RENTALS, INC	10/05/2023	8,462.86
92692	00159	SUPERIOR READY MIX	10/05/2023	1,076.86
92693	91868	MARY TANT	10/05/2023	1,635.00
92694	00724	UNDERGROUND SERVICE ALERT	10/05/2023	392.43
92695	91498	WEST COAST TRUCK & AUTO	10/05/2023	2,605.81
Total for 10/5/2023:				263,590.00
92696	91804	ABATIX CORP	10/12/2023	1,473.51
92697	91286	AMAZON CAPITAL SERVICES, INC.	10/12/2023	3,060.52
92698	91490	AMAZON WEB SERVICES, INC.	10/12/2023	1,081.21
92699	05088	AT&T	10/12/2023	585.78
92700	06020	BABCOCK LABORATORIES, INC	10/12/2023	7,871.12
92701	91503	BACKGROUNDS ONLINE	10/12/2023	306.70

Check No	Vendor No	Vendor Name	Check Date	Check Amount
92702	05958	BAMM! PROMOTIONAL PRODUCTS, I	10/12/2023	2,720.25
92703	91069	BRENNTAG PACIFIC INC.	10/12/2023	1,882.73
92704	03978	CAMERON WELDING SUPPLY	10/12/2023	746.30
92705	91819	COMPLETE OFFICE OF CALIFORNIA,	10/12/2023	680.01
92706	91594	CONCENTRA MEDICAL CENTERS	10/12/2023	130.00
92707	05953	CORODATA RECORDS MANAGEMENT	10/12/2023	870.56
92708	00709	COUNTY OF SAN DIEGO	10/12/2023	564.00
92709	05714	COUNTY OF SD DEPT PUBLIC WORKS	10/12/2023	264.50
92710	06299	D & H WATER SYSTEMS, INC	10/12/2023	650.00
92711	02925	DATA NET SOLUTIONS	10/12/2023	2,898.00
92712	91689	DE NORA WATER TECHNOLOGIES, LL	10/12/2023	727.33
92713	91305	DXP ENTERPRISES, INC.	10/12/2023	655.96
92714	04122	EVOQUA WATER TECHNOLOGIES LLC	10/12/2023	377.13
92715	91611	FALLBROOK ACE HARDWARE	10/12/2023	1,648.88
92716	09523	FALLBROOK EQUIP RENTALS	10/12/2023	838.40
92717	01099	FALLBROOK IRRIGATION INC	10/12/2023	186.25
92718	00169	FALLBROOK OIL COMPANY	10/12/2023	11,750.69
92719	00170	FALLBROOK WASTE & RECYCLING	10/12/2023	1,003.14
92720	01432	FERGUSON WATERWORKS #1083	10/12/2023	8,915.23
92721	02972	FISHER SCIENTIFIC COMPANY LLC	10/12/2023	56.38
92722	91837	GEOTAB USA, INC.	10/12/2023	19.25
92723	91110	GOVERNMENTJOBS.COM, INC.	10/12/2023	6,000.57
92724	02170	GRAINGER, INC.	10/12/2023	1,745.89
92725	02767	GRANGETTO FARM & GARDEN SUPPI	10/12/2023	107.62
92726	05970	GRISWOLD INDUSTRIES	10/12/2023	7,679.89
92727	05380	HACH CO	10/12/2023	3,312.52
92728	04793	HERCULES INDUSTRIES, INC.	10/12/2023	54.94
92729	03276	HOME DEPOT CREDIT SERVICES	10/12/2023	139.00
92730	91083	NIKOLAY ILIEV	10/12/2023	903.66
92731	06577	INFOSEND INC	10/12/2023	2,520.49
92732	00190	JCI JONES CHEMICALS INC.	10/12/2023	18,821.63
92733	90953	JR FILANC CONSTRUCTION CO., INC.	10/12/2023	185,080.04
92734	91648	KING LEE CHEMICAL COMPANY	10/12/2023	3,153.37
92735	06479	KNOCKOUT PEST CONTROL & TERMI	10/12/2023	600.00
92736	91304	LEARNSOFT ENTERPRISE TRAINING I	10/12/2023	510.00
92737	90887	LLOYD PEST CONTROL	10/12/2023	163.00
92738	91730	MHS LOMACK HEATING AND AIR COI	10/12/2023	1,686.95
92739	91192	MISSION LINEN SUPPLY	10/12/2023	940.82
92740	90932	NAPA AUTO PARTS	10/12/2023	1,699.69
92741	03201	NATIONAL SAFETY COMPLIANCE INC	10/12/2023	58.40
92742	91167	NORTH COUNTY FORD	10/12/2023	98.78
92743	00370	NUTRIEN AG SOLUTIONS, INC.	10/12/2023	117.50
92744	91674	O'REILLY AUTO ENTERPRISES, LLC	10/12/2023	204.64
92745	01267	PACIFIC PIPELINE	10/12/2023	1,480.49
92746	91857	PENN VALLEY PUMP CO, INC	10/12/2023	20,830.72
92747	91658	PK MECHANICAL SYSTEMS, INC	10/12/2023	7,600.00
92748	91538	PUDGIL & COMPANY	10/12/2023	5,095.00
92749	91779	RINGCENTRAL, INC.	10/12/2023	1,099.77
92750	91665	SAFETYNET INC.	10/12/2023	9,350.00
92751	06666	SAGINAW CONTROL & ENGINEERING	10/12/2023	1,272.95
92752	00231	SAN DIEGO COUNTY WATER AUTH	10/12/2023	716,569.00
92753	00232	SAN DIEGO GAS & ELECTRIC	10/12/2023	159,892.95
92754	91486	SATELLITE PHONE STORE	10/12/2023	78.28
92755	00236	SCRAPPYS	10/12/2023	318.05
92756	00159	SUPERIOR READY MIX	10/12/2023	1,553.60
92757	06735	TCN, INC.	10/12/2023	35.89
92758	91768	THE ALCHEMY GROUP INC	10/12/2023	7,500.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
92759	91530	TRANSENE COMPANY, INC.	10/12/2023	997.47
92760	06512	ULINE SHIPPING SUPPLIES	10/12/2023	783.07
92761	91703	UNIVAR SOLUTIONS	10/12/2023	14,004.90
92762	00865	WATER EDUCATION FOUNDATION	10/12/2023	1,650.00
92763	01359	WATERMASTER	10/12/2023	31,176.00
92764	91659	WEST COAST SAFETY SUPPLY INC.	10/12/2023	796.50
92765	91554	WESTECH ENGINEERING, INC.	10/12/2023	3,935.40
92766	91841	AMERICAN LABOR POOL, INC.	10/12/2023	1,831.50
92767	04995	AMERICAN MESSAGING	10/12/2023	215.02
92768	03205	CITY OF OCEANSIDE	10/12/2023	257.35
92769	91869	CROWN PACIFIC CONSTRUCTION INC	10/12/2023	1,290.63
92770	91848	FERNANDEZ GOVERNMENT SOLUTIC	10/12/2023	8,000.00
92771	91730	MHS LOMACK HEATING AND AIR COI	10/12/2023	525.00
92772	05064	RAINBOW MUNICIPAL WATER	10/12/2023	2,612.12
92773	03231	SAN DIEGO COUNTY WATER AUTH	10/12/2023	30,631.00
Total for 10/12/2023:				1,318,945.89
ACH	00152	FPUD EMPL ASSOCIATION	10/19/2023	465.00
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	10/19/2023	4,025.00
ACH	06758	UNITED STATES TREASURY	10/19/2023	69,867.48
ACH	06759	STATE OF CA - PR TAXES	10/19/2023	11,645.70
ACH	06760	STATE OF CA - SDI	10/19/2023	2,352.02
ACH	06761	LINCOLN FINANCIAL GROUP	10/19/2023	13,836.82
ACH	06763	PERS - PAYROLL	10/19/2023	50,630.99
ACH	91223	STERLING ADMINISTRATION	10/19/2023	125.00
92775	00805	ACWA/JOINT POWERS INS.	10/19/2023	26,315.15
92776	91841	AMERICAN LABOR POOL, INC.	10/19/2023	592.00
92777	02805	ASBURY ENVIRONMENTAL SERVICES	10/19/2023	329.65
92778	01813	ASSOCIATION OF CALIFORNIA WATEI	10/19/2023	26,490.00
92779	06235	JACK BEBEE	10/19/2023	92.00
92780	01719	MICKEY M. CASE	10/19/2023	60.00
92781	91272	KEVIN COLLINS	10/19/2023	60.00
92782	06675	CORODATA SHREDDING, INC	10/19/2023	67.32
92783	06299	D & H WATER SYSTEMS, INC	10/19/2023	947.04
92784	05192	DIAMOND ENVIRONMENTAL SERVIC	10/19/2023	553.91
92785	06303	EXECUTIVE LANDSCAPE INC.	10/19/2023	1,020.00
92786	09523	FALLBROOK EQUIP RENTALS	10/19/2023	872.60
92787	01099	FALLBROOK IRRIGATION INC	10/19/2023	269.38
92788	91833	FAMILY SUPPORT REGISTRY	10/19/2023	100.15
92789	04494	FEDERAL EXPRESS CORPORATION	10/19/2023	54.60
92790	01432	FERGUSON WATERWORKS #1083	10/19/2023	2,328.21
92791	05560	FRANCHISE TAX BOARD	10/19/2023	50.00
92792	06479	KNOCKOUT PEST CONTROL & TERMI	10/19/2023	100.00
92793	91304	LEARNSOFT ENTERPRISE TRAINING I	10/19/2023	1,530.00
92794	91815	MAIN ELECTRIC SUPPLY COMPANY L	10/19/2023	4,431.89
92795	02618	MC MASTER-CARR	10/19/2023	1,900.11
92796	01267	PACIFIC PIPELINE	10/19/2023	2,192.76
92797	91767	PALM ENGINEERING CONSTRUCTION	10/19/2023	479,121.25
92798	00215	PETTY CASH	10/19/2023	94.72
92799	91007	PFM ASSET MANGEMENT LLC	10/19/2023	1,293.37
92800	91697	R&B AUTOMATION, INC.	10/19/2023	780.00
92801	04075	RAYNE WATER SYSTEMS	10/19/2023	180.00
92802	06608	ROTARY CLUB OF FALLBROOK	10/19/2023	182.00
92803	06666	SAGINAW CONTROL & ENGINEERING	10/19/2023	29.56
92804	04434	SNAP ON TOOLS	10/19/2023	315.82
92805	90929	SOUTHWEST ANSWERING SERVICE, I	10/19/2023	802.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
92806	91107	SPECTRUM BUSINESS	10/19/2023	141.02
92807	02927	TIM STERGER	10/19/2023	60.00
92808	00159	SUPERIOR READY MIX	10/19/2023	1,017.44
92809	03358	US BANK TRUST NA	10/19/2023	262,832.28
92810	06231	WESTERN WATER WORKS SUPPLY CC	10/19/2023	700.80
92811	91700	STEPHEN WUERTH	10/19/2023	126.18
Total for 10/19/2023:				970,981.22
92812	90979	ABABA BOLT	10/26/2023	1,616.25
92813	91804	ABATIX CORP	10/26/2023	4,480.23
92814	00805	ACWA/JOINT POWERS INS.	10/26/2023	16,820.00
92815	91286	AMAZON CAPITAL SERVICES, INC.	10/26/2023	2,239.20
92816	91724	ASPHALT & CONCRETE ENTERPRISES	10/26/2023	15,908.00
92817	91708	B2B SECURITY	10/26/2023	3,000.00
92818	91440	BP BATTERY INC	10/26/2023	235.61
92819	91705	CALIFORNIA SURVEYING AND DRAFTER	10/26/2023	210.77
92820	06115	CDW GOVERNMENT INC.	10/26/2023	743.11
92821	91872	CHRIS KHAN CONSULTING	10/26/2023	25,000.00
92822	91797	COFFMAN ENGINEERS, INC.	10/26/2023	2,680.00
92823	91819	COMPLETE OFFICE OF CALIFORNIA, INC.	10/26/2023	259.00
92824	02176	CORELOGIC SOLUTIONS, LLC	10/26/2023	206.00
92825	06299	D & H WATER SYSTEMS, INC	10/26/2023	8,092.50
92826	02925	DATA NET SOLUTIONS	10/26/2023	2,310.00
92827	06762	DENALI WATER SOLUTIONS LLC	10/26/2023	14,853.13
92828	00161	FALLBROOK CHAMBER OF COMMERCE	10/26/2023	25.00
92829	09523	FALLBROOK EQUIP RENTALS	10/26/2023	3,773.89
92830	01099	FALLBROOK IRRIGATION INC	10/26/2023	49.76
92831	00169	FALLBROOK OIL COMPANY	10/26/2023	5,382.53
92832	01155	FALLBROOK WASTE/RECYCLING	10/26/2023	80.00
92833	06497	FASTENAL COMPANY	10/26/2023	3,737.43
92834	06329	HILL BROTHERS CHEMICAL COMPANY	10/26/2023	2,141.48
92835	06561	HOWELLS GOVERNMENT RELATIONS	10/26/2023	7,500.00
92836	91798	HYAS GROUP, LLC	10/26/2023	5,000.00
92837	06426	INDUSTRIAL SAFETY PROFESSIONAL	10/26/2023	660.00
92838	06577	INFOSEND INC	10/26/2023	3,036.14
92839	06380	JANI-KING OF CALIFORNIA, INC - SAN	10/26/2023	3,433.71
92840	06479	KNOCKOUT PEST CONTROL & TERMINATION	10/26/2023	300.00
92841	04926	KONICA MINOLTA PREMIER FINANCE	10/26/2023	2,152.75
92842	91130	LINCOLN NATIONAL LIFE INSURANCE	10/26/2023	4,062.92
92843	91029	MALLORY SAFETY AND SUPPLY CO	10/26/2023	116.37
92844	91751	MANAGED MOBILE INC	10/26/2023	3,960.03
92845	06601	MBC AQUATIC SCIENCES	10/26/2023	5,194.84
92846	01267	PACIFIC PIPELINE	10/26/2023	3,618.68
92847	91535	PAYMENTUS CORPORATION	10/26/2023	5,612.25
92848	06688	ANDO PILVE	10/26/2023	1,800.00
92849	91865	PIPELINE PRODUCTS, INC.	10/26/2023	3,716.66
92850	91077	RED WING BUSINESS ADVANTAGE ACCOUNT	10/26/2023	425.20
92851	91826	RS AMERICAS, INC.	10/26/2023	901.01
92852	05403	SAN DIEGO UNION-TRIBUNE CO.	10/26/2023	380.94
92853	00236	SCRAPPYS	10/26/2023	967.57
92854	91860	SPECTRUM ENTERPRISE	10/26/2023	431.44
92855	91799	SUNBELT RENTALS, INC	10/26/2023	1,831.40
92856	91082	TELETRAC, INC	10/26/2023	2,233.44
92857	00724	UNDERGROUND SERVICE ALERT	10/26/2023	324.18
92858	91703	UNIVAR SOLUTIONS	10/26/2023	11,343.14
92859	03358	US BANK TRUST NA	10/26/2023	2,896.20

Check No	Vendor No	Vendor Name	Check Date	Check Amount
92860	01847	WATEREUSE ASSOCIATION	10/26/2023	1,587.00
Total for 10/26/2023:				187,329.76
Report Total (210 checks):				2,740,846.87



Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: CSDA Dinner Meeting
San Diego, CA

Date(s) of Attendance: 11-16-23

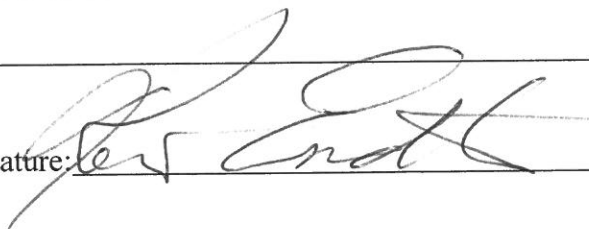
Purpose of Function: Business Mtg. and Lecture Series

Sponsoring Organization: CSDA

Summary of Conference or Meeting:

Angela Schaefer-Payne from the San Diego Airport
gave a presentation about the Terminal 2 expansion.
New routes to London & Munich. Will help accommodate
the 26.5 million passengers each year. Parking Garage
will have 2500 stalls with 250 bike stalls

Legislative update by Adrian = 330 CSDA
Measures of which the Governor vetoed 15%

Director Signature:  Date: 11-16-23

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.