



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

REGULAR BOARD MEETING

AGENDA

TUESDAY, MAY 29, 2018
4:00 P.M.

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

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

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

A. EMPLOYEE OF THE QUARTER

- 1. Antonio Campos

B. MANAGER'S AWARD

- 1. Debra Potter

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

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

approve the items. Such items shall be considered separately for action by the Board.

C. CONSIDER APPROVAL OF MINUTES

1. Regular Board Meeting of April 23, 2018

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

D. CONSIDER 2018-19 APPROPRIATION GROWTH RATE AND ADOPT RESOLUTION NO. 4932

Recommendation: That the Board adopt Resolution No. 4932 setting the tax appropriation limit for 2018-19 at \$3,048,685, which includes the Fallbrook and De Luz service areas and Improvement District "S".

E. CONSIDER CLAIM FOR PROPERTY DAMAGE FILED BY DAVID ENLOW

Recommendation: That the Board deny the Claim for property damage and forward the Claim to ACWA/JPIA for resolution.

F. CONSIDER CLAIM FOR PROPERTY DAMAGE FILED BY SANDRA KINSLER

Recommendation: That the Board deny the Claim for property damage and forward the Claim to ACWA/JPIA for resolution.

G. CONSIDER SAFETY AND RISK ADMINISTRATOR TITLE AND JOB DESCRIPTION REVISIONS AND ADOPT RESOLUTION NO. 4928

Recommendation: That the Board approve the Safety and Risk Administrator job title change to Safety and Risk Officer and the proposed changes to the job description and adopt Resolution No. 4928.

H. CONSIDER CREATION OF SENIOR ENGINEER POSITION AND ADOPT RESOLUTION NO. 4933

Recommendation: That the Board approve the Senior Engineer job description and the salary range established for the position and adopt Resolution No. 4933.

III. **INFORMATION**------(ITEMS I-J)

I. KEVIN COLLINS, PURCHASING/WAREHOUSE SUPERVISOR

Introduction by: Jack Bebee, Acting General Manager

J. PRESENTATION OF DRAFT ANNUAL DISTRICT BUDGET

Presented by: David Shank, Assistant General Manager/Chief Financial Officer

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

- K. CONSIDER FUNDING NEEDS FOR PUBLIC PROGRAMS IN THE COMMUNITY OF FALLBROOK (ITEM REQUESTED BY FALLBROOK CHAMBER OF COMMERCE AND OTHER LOCAL COMMUNITY GROUPS)

Presented by: Lila MacDonald, Executive Director of Fallbrook Chamber of Commerce

- L. CONSIDER APPROVING CHANGE ORDER NO. 4 FOR THE FPUD 8 MG RESERVOIR PAINTING PROJECT

Recommendation: That the Board approve Change Order No. 4 for the 8 MG Reservoir Painting Project in the amount of \$19,843.88 to install a new cathodic protection system and increase the total contract amount for AMP United for this project to \$863,765.88.

- M. CONSIDER SECURITY FENCING AT THE DISTRICT OFFICE

Recommendation: That the Board approve Option 1 to ensure the office and yard facilities are properly secured. Pending input from the Board the additional fencing under Option 2 could be included in a later phase of fencing in the following Fiscal Year (Fiscal Year 2019/2020).

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

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

ADJOURN TO CLOSED SESSION

VI. CLOSED SESSION ----- (ITEMS 1–3)

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

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

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

2. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (D)(1)

Name Of Case: Paula Clark v. Fallbrook Public Utility District et al. (Case No. 37-2018-00024322-CU-0E-CM)

3. CONFERENCE WITH LABOR NEGOTIATORS PER GOVERNMENT CODE SECTION 54957.6:

Agency Designated Negotiators: Board Of Directors

Unrepresented Employee: Acting General Manager

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (As Necessary)

VII. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

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

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

May 24, 2018
Dated / Fallbrook, CA


Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Jack Bebee, Acting General Manager, JRB
DATE: May 29, 2018
SUBJECT: Employee of the Quarter for May 2018

Antonio Campos was chosen by Matthew Lian, who was the Employee of the Quarter for February 2018, as the Employee of the Quarter for May 2018 because of the following:

"He [Antonio] always has a positive attitude and is very easy to work with. In addition to performing maintenance at the wastewater plant, he also keeps up with the required maintenance on our pump stations throughout the district. He is always willing to lend a hand and help out."

Antonio received a Certificate of Appreciation and chose a gift valued at \$100. In addition, Antonio will have lunch with the Acting General Manager, a member of the Board of Directors, and the previous Employee of the Quarter.

M E M O

TO: Board of Directors
FROM: Jack Bebee, Acting General Manager, *JAB*
DATE: May 29, 2018
SUBJECT: Manager's Award

Debra Potter began employment at the District on March 13, 1995. Since that time, she has played a key role in making sure we have the materials and equipment to keep the District running. Her dedication and hard work has been pivotal to the success of the warehouse operation, and Debra has stepped up to keep everything running smoothly as we recently transitioned the District procurement department into a larger role to centralize all District procurements. Without Debra's effort and support during this period, this key transition and expansion of the department's role in the District would not have been possible. Debra's continued efforts have been essential to this high priority reorganization of the District.

Debra received a letter from the General Manager and will be presented with a certificate and a check for \$25 at the board meeting.

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *mw*
DATE: May 29, 2018
SUBJECT: Consider Approval of Minutes

Recommendation

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

1. Regular Board Meeting of April 23, 2018

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

MINUTES

**MONDAY, APRIL 23, 2018
4:00 P.M.**

**FALLBROOK PUBLIC UTILITY DISTRICT
990 EAST MISSION ROAD FALLBROOK, CA 92028
PHONE: (760) 728-1125**

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Gebhart called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. The following statement was read into the record by President Gebhart:

"Prior to roll call, I would like to make clear for the record of this meeting, and it should be reflected in the minutes, that at least a portion of this meeting of the Fallbrook Public Utility District is being conducted pursuant to California Government Code Section 54953, in that Vice-President McDougal is participating by teleconference from 10790 Tangerine Terrace, Mohave, AZ 86440. Vice-President McDougal is participating by speaker phone. In accordance with the Ralph M. Brown Act, the teleconference location was identified in the notice and agenda for this meeting."

ROLL CALL / ESTABLISH A QUORUM

President Gebhart conducted attendance by roll call. Directors DeMeo and Wolk were present at the meeting, and Vice-President McDougal was present by speakerphone at the teleconference location identified on the notice and agenda. President Gebhart noted that Director Davies was absent from the meeting.

The members of the Board of Directors who were present acknowledged they were able to hear Vice-President McDougal clearly, and no member expressed doubt that Vice-President McDougal was the party participating by teleconference.

Board of Directors

Present: Jennifer DeMeo, Member
Al Gebhart, Member
Don McDougal, Member (*via teleconference*)
Charley Wolk, Member

Absent: Milt Davies, Member

District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, Acting General Manager
Lisa Chaffin, Human Resources Manager
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Mary Lou West, Secretary

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

PLEDGE OF ALLEGIANCE

President Gebhart led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Director Wolk moved to approve the agenda as presented; Director DeMeo seconded. Motion carried; ROLL CALL VOTE:

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

PUBLIC COMMENT

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

There were no members of the public who wished to speak during Public Comment concerning items not listed on the agenda.

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

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

A. CONSIDER APPROVAL OF MINUTES

1. Regular Board Meeting and Public Hearing of March 26, 2018

2. Special Board Meeting of April 17, 2018

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

B. CONSIDER DISTRICT AGRICULTURAL WATER PROGRAMS

Recommendation: That the Board acknowledge the changes made to the forms to address previous concerns raised.

C. CONSIDER LABORATORY TECHNICIAN I/II JOB DESCRIPTION REVISIONS
RESOLUTION NO. 4926

Recommendation: Staff recommends approving the proposed changes to the Laboratory Technician I/II job description to more accurately reflect the current duties and responsibilities of the position and adopt Resolution No. 4926.

MOTION: Director DeMeo moved to approve the Consent Calendar as presented and adopt Resolution No. 4926; Director Wolk seconded. Motion carried; ROLL CALL VOTE:

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

III. **ACTION / DISCUSSION CALENDAR** ----- (ITEMS D–G)

D. CONSIDER HIGH SCHOOL INTERN PROGRAM

Recommendation: That the Board approve the program and authorize public affairs and human resources to begin outreach to promote it and hire a Fallbrook Union High School District intern.

Mr. Bebee stated the goal of the program is to expose students to careers in the industry and provide an opportunity for the District to give back to the local community. Staff investigated the pay of the internship program through the San Diego County Water Authority, and other agencies' similar programs, and noted that \$10-to-\$12 per hour was competitive when compared to other programs.

Director Wolk talked about potential options for compensation of student interns. Vice-President McDougal noted that current minimum wage is \$11 per hour and suggested \$11 per hour was a reasonable rate of pay perhaps attracting students to careers in the industry.

MOTION: Vice-President McDougal moved to approve the High School Intern program and authorize public affairs and human resources to begin outreach to promote the program and hire a Fallbrook Union High School District student intern at \$12 per hour for four hours per week; Director DeMeo seconded. Motion carried; ROLL CALL VOTE:

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

President Gebhart suggested that staff provide the Board with the outcome of the program. Mr. Bebee explained that at the conclusion of the program, the student will give a presentation to the Board of their experience and the knowledge gained from their time spent at the District.

E. CONSIDER ADOPTING RESOLUTION NO. 4929 CONCURRING IN NOMINATION OF JO MACKENZIE TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS

Recommendation: That the Board adopt Resolution No. 4929 concurring in nomination of Jo MacKenzie to represent the Southern Network, Seat A, on the California Special Districts Association Board of Directors.

Mr. Bebee explained that Jo MacKenzie of Vista Irrigation District has requested the District adopt a resolution concurring in her nomination to the Southern Network, Seat A, on the California Special Districts Association Board of Directors.

MOTION: Vice-President McDougal moved to adopt Resolution No. 4929 concurring in nomination of Jo MacKenzie to represent the Southern Network, Seat A, on the California Special Districts Association Board of Directors; Director DeMeo seconded. Motion carried; ROLL CALL VOTE:

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

F. CONSIDER SAN DIEGO COUNTY CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD ELECTION

Recommendation: That the Board authorize the Board President, or the duly-appointed alternate board member, to cast the "2018 Special Districts Regular and Alternate Member Election Ballot and Vote Certification for the Redevelopment Oversight Board" on behalf of the Fallbrook Public Utility District.

Mrs. de Sousa Mills provided a background of redevelopment districts and oversight boards in the county and noted that although LAFCO is required to conduct the election, the oversight board is not affiliated with LAFCO.

MOTION: Vice-President McDougal moved to authorize the Board President to cast a vote on behalf of the Fallbrook Public Utility District for Edmund K. Sprague of Olivenhain Municipal Water District in the 2018 Special Districts Regular and Alternate Member Election Ballot and Vote Certification for the Redevelopment Oversight Board; Director Wolk seconded. Motion carried; ROLL CALL VOTE:

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

G. CONSIDER REQUEST FOR TWO TEMPORARY SEWER SERVICE AGREEMENTS
RESOLUTION NO. 4930 AND RESOLUTION NO. 4931

Recommendation: That the Board authorize two Temporary Sewer Service Agreements between the Fallbrook Public Utility District and Theodore A. Shiran III Living Trust and adopt Resolution No. 4930 and Resolution No. 4931.

Mr. Bebee stated adoption of Resolution Nos. 4930 and 4931 would clean up documentation for temporary sewer service that has been provided, but has never been formalized by agreement, for two parcels.

MOTION: Director Wolk moved to adopt Resolution No. 4930 (APN 105-560-52-00) and Resolution No. 4931 (APN 105-560-53-00) authorizing Temporary Sewer Service Agreements between the Fallbrook Public Utility District and the Theodore A. Shiran III Living Trust; Director DeMeo seconded. Motion carried; ROLL CALL VOTE:

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

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

1. General Legal Counsel

- Mrs. de Sousa Mills provided an update of legislation affecting water districts.

2. SDCWA Representative

- Mr. Bebee reported that on Thursday, the SDCWA would be conducting an all-day workshop concerning Metropolitan Water District of Southern California (MWD) issues.
- Mr. Bebee noted that a main topic of discussion at the last SDCWA board meeting was the Delta Fix and the allocation of those costs.
- Mr. Bebee will provide a summary of SDCWA activities and MWD issues.

3. Acting General Manager / Assistant General Manager/District Engineer

a. Engineering and Operations

- Mr. Bebee provided a brief overview of the revised monthly reports for the engineering and operations departments and stated an overall performance summary review would be generated at mid-year and year-end.

4. Assistant General Manager/Chief Financial Officer

a. Treasurer's Report

- Mr. Shank reported that work on the budget has been moving forward, and the District is on track for fulfilling the requirements for the GFOA and CSMFO awards.
- Mr. Shank pointed out the revised format of the Treasurer's Report, which was done in collaboration with the Fiscal Policy & Insurance Committee, now reflects all of the District's financial resources.

b. Budget Status Report

- Mr. Shank provided an overview of the Budget Report for March.
- Director Wolk requested that items on the Monthly Budget report with an asterisk be clarified, and President Gebhart requested updated items be highlighted.

c. Warrant List

- Director Wolk asked about various vendors on the Warrant List, and Mr. Bebee provided responses to Director Wolk's questions.

5. Public Affairs Specialist

- Mrs. Denke provided an overview of current and future projects she is working on.

6. Notice of Approval of Per Diem for Meetings Attended

a. Tour of Whitewater Preserve by The Wildlands Conservancy

- President Gebhart announced Director attendance was authorized for a tour of the Whitewater Preserve by The Wildlands Conservancy, which opportunity arose between board meetings.

7. Director Comments / Reports on Meetings Attended

- Vice-President McDougal reported he went on the tour of the Whitewater Preserve and highly recommended that others visit the Preserve.
- Director DeMeo reported she went on the tour of the Whitewater Preserve and highlighted features of the Preserve.
- Director Wolk requested that clean copies be provided with redline copies of proposed revisions to documents in board packets.
- President Gebhart provided an overview of recent activities at the Santa Margarita River trails and pointed out that 16,000 people have visited the trails since March 1, 2018.

8. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 4:57 p.m. following an oral announcement of Closed Session Items V.1. and V.2. by General Counsel de Sousa Mills.

V. CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6:

AGENCY DESIGNATED NEGOTIATORS: BOARD OF DIRECTORS

UNREPRESENTED EMPLOYEE: ACTING GENERAL MANAGER

2. PUBLIC EMPLOYEE APPOINTMENT PER GOVERNMENT CODE SECTION 54957:

TITLE: GENERAL MANAGER

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:53 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VI. ADJOURNMENT OF MEETING


Upon motion by Vice-President McDougal, seconded by Director Wolk, the Board adjourned at 6:54 p.m. by a unanimous roll call vote.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: May 29, 2018
SUBJECT: 2018-19 Appropriation Growth Rate
Resolution No. 4932

Purpose

To set the tax appropriation limitation for 2018-19.

Summary

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

The California Revenue and Taxation Code section 2227 mandates the Department of Finance transmit an estimate of the percentage change in population to local governments. Each jurisdiction uses their change in population factor for January 1, 2018, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for FY 18-19.

A certified copy of the attached Resolution must be sent to the State Controller's office by June 1, 2018.

Recommended Action

That the Board adopt attached Resolution No. 4932 setting the tax appropriation limit for 2018-19 at \$3,048,685, which includes the Fallbrook and DeLuz service areas and Improvement District "S".

RESOLUTION NO. 4932

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT ESTABLISHING THE LIMIT
FOR APPROPRIATION OF PROCEED OF TAX SUBJECT TO
LIMITATION FOR FISCAL YEAR 2018-19 IN COMPLIANCE WITH
ARTICLE XIII B OF THE CONSTITUTION OF THE STATE OF
CALIFORNIA**

* * * * *

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

THEREFORE, BE IT RESOLVED THAT the calculated maximum limit applicable to the 2018-19 appropriations of proceeds of tax subject to limitation established in compliance with Article XIII B of the Constitution of the State of California, including Fallbrook and DeLuz services areas and Improvement District "S". The calculated maximum limit is as follows:

➤ **TOTAL MAXIMUM LIMIT APPLICABLE TO 2018-19: \$3,048,685**

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit "A"
FALLBROOK PUBLIC UTILITY DISTRICT

DETERMINATION OF PERMITTED GROWTH RATE IN APPROPRIATION

2018-19

Determination of Permitted Growth Rate Appropriations 2018-19

Given by Department of Finance:

Per Capita Income Change 3.67

Population Change 0.95

Per Capita Income Change Converted to a Factor: 1.0367

Population Change Converted to a Factor: 1.0095

2018-19 Growth Factor:

$$\boxed{1.0367} \quad X \quad \boxed{1.0095} \quad = \quad \boxed{1.0465}$$

Appropriation Limit Adjustment Factor 2018-19 1.0465

2017-18 Appropriations for Proceeds to Tax Subject to Limitation
per Resolution No. 4498 - FPUD: \$1,616,349

2017-18 Appropriations for Proceeds to Tax Subject to Limitation
per Resolution No. 89-14 - DLHMWD:

Parent	\$101,479
I.D. # 1&2	\$350,453


2017-18 Appropriation For Proceeds to Tax Subject to Limitation
per Resolution No. 4400 - I.D. "S" \$844,945

2017-18 Total Appropriation Limit for Proceeds of Tax Subject to
Limitation - All Districts \$2,913,220

2018-19 Total Appropriation Limit for Proceeds of Tax Subject to
Limitation - Combined Districts

\$2,913,220	X		1.0465		\$3,048,685
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M E M O

TO: Board of Directors
FROM: Larry Ragsdale, Safety and Risk Administrator 
DATE: May 29, 2018
SUBJ: Claim for Property Damage

Purpose

To review the property claim for damage and loss filed by David Enlow.

Summary

On May 4, 2018, Mr. David Enlow filed a claim alleging damages to PVC pipe, pressure regulator, and water cost at [REDACTED] Fallbrook, California 92028. Mr. Enlow attributed the damages to an assumed spike on the main on or about April 19, 2018.

Upon review, District staff determined the break occurred on the customer's side of the meter. Staff also reviewed the pressure zone for that area (modified town zone), and the average pressure for this zone at his location is at or about 130 psi. The SCADA data indicates that within this zone there was not an unusual increase or spike in pressure from April 12 thru April 20.

Recommended Action

Staff recommends denial of the Claim and forwarding to ACWA/JPIA for resolution.

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT: Fallbrook water	
1	<p>Claimant name, address (mailing address if different), phone number, social security number, e-mail address, and date of birth.</p> <p><i>Effective January 1, 2010, the Medicare Secondary Payer Act (Federal Law) requires the District/Agency to report all claims involving payments for bodily injury and/or medical treatments to Medicare. As such, if you are seeking medical damages, we MUST have both your Social Security Number and your date of birth.</i></p> <p>Name: David Enlow Phone Number: [REDACTED]</p> <p>Address(es): [REDACTED] Social Security: [REDACTED]</p> <p style="text-align: right;">Date of Birth: [REDACTED]</p> <p style="text-align: right;">E-mail: [REDACTED]</p>
2	<p>List name, address, and phone number of any witnesses.</p> <p>Name: Liz Enlow</p> <p>Address: same address</p> <p>Phone Number: ()</p>
3	<p>List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.</p> <p>Date: 4/19/2018 Time: 8am Place: [REDACTED] Fallbrook, CA 92028</p> <p>Tell What Happened (give complete information): Excessive water spike on the main system (assumed)</p> <p style="margin-left: 40px;">The 1 1/2 main 6 feet after the water meter broke and must have been running for a few days,</p> <p style="margin-left: 40px;">I assumed this after seeing my water pressure go down.</p> <p style="margin-left: 40px;">The water was spraying up in the air and a river running down the service road in the back acreage.</p> <p style="margin-left: 40px;">I turned off the water main and dug up the 1 1/2 water main and repaired it. After repairing the water main</p> <p style="margin-left: 40px;">I checked the water pressure and it was at 105 PSI my pressure regulator was blown, one month prior the pressure was around 50psi. The pressure regulator was damage. I replaced it.</p> <p style="text-align: center; margin-left: 40px;"><i>NOTE: Attach any photographs you may have regarding this claim.</i></p>
4	<p>Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.</p> <p style="margin-left: 40px;">Total cost of repairs for the water line and regulator to the house was \$606.</p> <p style="margin-left: 40px;">Total cost overage for water usage was \$610 from prior month.</p> <p style="margin-left: 40px;">Total cost of repairs and water usage requested \$1216</p>
5	<p>Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.</p> <p style="margin-left: 40px;"> </p> <p style="margin-left: 40px;"> </p>
6	<p>The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.</p> <p style="margin-left: 40px;"> </p> <p style="margin-left: 40px;"> </p>
<p>Date: 5/4/18 Time: 5pm Signature: <i>David Enlow</i></p> <p style="text-align: center;">ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!</p>	

LEAK ADJUSTMENT REQUEST FORM



Owners Name: David Enlow

Site Address: [REDACTED] Fallbrook, CA 92028

Fallbrook Public Utility District
990 E. Mission Rd
Fallbrook CA, 92028
(760) 728-1125

Phone: [REDACTED] Cell: [REDACTED]

Account No. [REDACTED] Meter No. [REDACTED]

Email: [REDACTED]

Please provide, to the best of your ability, ample evidence of a leak (photos, receipts, other, as available) and a leak timeline for the District to review. Please provide your comments and reasoning below. Things to consider are: when, why, how, who repaired your leak, pipe size broken, duration of leak. In order to determine the leak amount, the District must also be able to determine the amount of "normal" water use for the customer. Leak adjustments will be credited to the customer's account for the water quantity leaked, up to the wholesale cost of the water.

- Check here if the leak occurred during the winter months and may affect sewer flow calculations.
- Check here for commercial accounts, if leak affects sewer billing and flow charges and water did not go down the drain.
- Check here if you only want to have the sewer flow reviewed – with no leak adjustment/ credit.

Comments: Our water pressure had decreased and the sprinklers were not fully spraying.

This was going on for a couple days and thought the pressure was down because of major usage up the street. When the next time the spinklers came on it did it again.

I tested the water pressure and found it to be way down.

I went down to the water meter in the back acre access road and found that the 1 1/2 water main was broke. There was a river running down the access road. I turned off the water main.

A repaired the water main and found out later that my regulator on the house was also blown out.

Water pressure after the pipe repair was at 105 psi before putting on new regulator.

The date I noticed the water leaking 4/19/2018

I can only assume it was over 3 days it was running from the broken pipe.

Water bill excess of prior month. Cost over run = \$610 request refund

Date of repair 4/19/2018

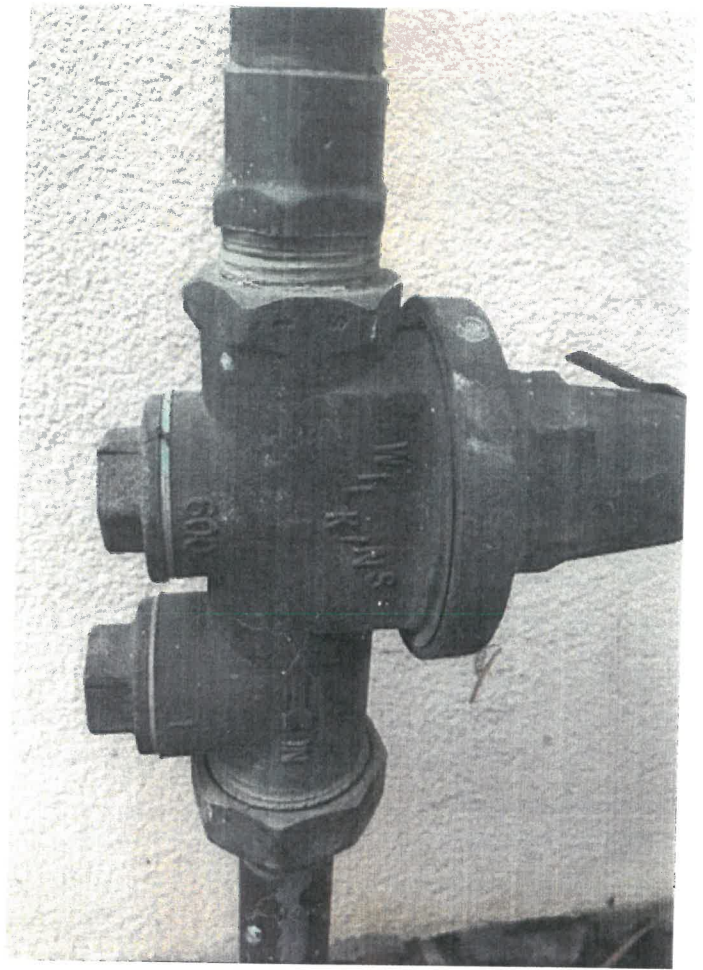
See other attachments of pictures and cost.

SIGNATURE: David Enlow DATE: 5/4/18

FPUD REVIEWER: _____ DATE: _____

COMMENTS: _____

Customer notified by: phone email letter



Account # 013222-000

Meter # 10401522

Water main and hous regulator repair and replace/ water usage refund

Date of incident 4/19/2018

Repaired 1 1/2 main parts	\$50	
Replaced water regulator	\$156	
Labor on main repair	\$320	\$40 x 8hrs
Labor on regulator repair	\$80	\$40x 2hrs
<u>Total cost of repairs</u>	<u>\$606</u>	

Repairs done by Daves Home Repair Service

Request for refund on water usage **\$610**

David Enlow






GENERAL INCIDENT INFORMATION

Property Incident Other

Event ID: 18-302 Name of Party: David Enlow
DOI: 4/19/2018 Contact # [REDACTED]
Event Type: Water Damage Parties Address: [REDACTED] Fallbrook, CA 92028
Company: Private Property Timeliness of Claim: 0 Year(s) 0 Month(s) 18 Days

Type of Incident: Water Damage		Nature of Incident: Pressure fluctuation/spike	
Incident Description: Claimant indicated that he believes the pressure cause damage to pressure regulator and PVC piping thru an (assumed) spike.			
Location of Incident: [REDACTED]			
Date Claim Received: 5/7/2018		Date Closed:	
Settlement:			
Release Signed:		Incident Reported to JPIA:	
REMARKS:	Amount claimed: regulator/piping \$606.00 & water usage \$610.00 Total: \$1216.00		
	Damage occurred on customer side of the meter and in accordance with the District Admin		
	Code the claim can be denied and sent to JPIA. Admin Code 19.13, 19.16. see attached		

CLAIM ACCEPT/DENY FORM

Date: 5/8/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:	Assistant General Manager / CFO	
Date: 5/8/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:	Assistant General Manager / District Engineer	
Date: 5/8/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:	General Manager	
BOARD ACTION If applicable <input type="checkbox"/> Accept <input type="checkbox"/> Deny		

Admin Code:

Sec. 19.13 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. 19.16 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.

Larry Ragsdale

From: Jason Jared
Sent: Monday, May 07, 2018 12:14 PM
To: Larry Ragsdale
Subject: FW: FPUD Account: 013222-000
Attachments: SC454e-Acct17091912210.pdf; Eng-FRM-12, Leak Adjustment Request Form.pdf

Date/Time Claim Form was emails

Best Regards,

Jason Jared
Fallbrook Public Utility District
Customer Service Representative
Wk: (760) 728-1125 [REDACTED]
Fx: (760) 731-6082
Email: [REDACTED]



From: Jason Jared
Sent: Friday, May 4, 2018 3:13 PM
To: [REDACTED]
Subject: RE: FPUD Account [REDACTED]

Good Afternoon,

Here are the documents you requested per our telephone conversation.

Best Regards,

Jason Jared
Fallbrook Public Utility District
Customer Service Representative
Wk: (760) 728-1125 [REDACTED]
Fx: (760) 731-6082
Email: [REDACTED]



From: C454e-Acct@fpud.com <C454e-Acct@fpud.com>
Sent: Tuesday, September 19, 2017 12:21 PM

Utility Billing
Service Request Form

todd

Request Number: 000481-04-2018

Account Number: [REDACTED]

Last Updated By: JasonJ
On: 5/1/2018

Account Status: Active

Name: DAVID ENLOW

Billing Address: [REDACTED]
FALLBROOK, CA 920288284

Home Phone: [REDACTED]

Business Phone: 0000000000

Cell Phone: [REDACTED]

Service Address: [REDACTED] PL

Request Date: 4/25/2018

Request Description: D5-Reread/High! Check C-Leak

BILLING

RADIO SENT READ OF 2714=117kGAL

Service Date: 4/30/2018

Service Description: READ=2725

LEAK INDICATOR NOT MOVING, RAN WATER +
RECVD MOVEMENT

> Dept 5

ALOT OF MOISTURE & SIGNS OF LEAK ON CUST SIDE NOT A LONG TIME AGO >

Water/Gas Meters	Route-Seq Read Dt	Serial No Cons	Register ID No Of Digits	MXU ID	Manufacturer	Model No	Reading
ing Water	58-400000	10401522		69642297	Hersey	3/4-4-1	2714
	4/23/2018	117	4				

Location: 007301 - ON ARROYO 183' S OF NEPC

Comments:

Follow up needed? yes no Serviced By: _____ Date: _____ Time: _____

MESSAGE CENTER

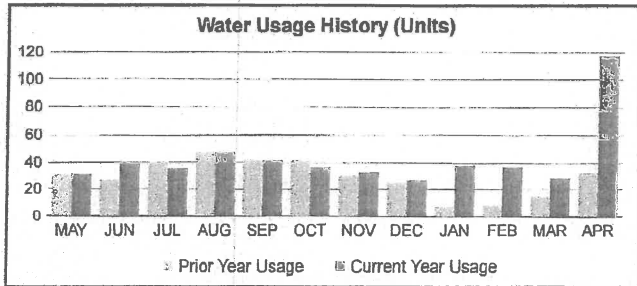
Name:	
DAVID ENLOW	
Service Address:	
[REDACTED]	
Due Date:	Amount Due:
5/20/2018	\$832.48

SEE REVERSE FOR IMPORTANT BILLING INFORMATION

CURRENT CHARGES DETAIL

Account Number	Class	Meter Serial #	Meter Readings		Total Units
			Current	Previous	
[REDACTED]	LD	[REDACTED]	2714	2597	117

Service Period	4/4/2018 - 5/3/2018
Meter Read Dates	Prev: 3/21/2018 - Curr: 4/23/2018
PREVIOUS BALANCE	\$222.12
PAYMENTS/CR -THANK YOU	\$222.12
BALANCE FORWARD	\$0.00
WATER USAGE = 117 Units	
5 Units @ Tier 1	\$28.10
25 Units @ Tier 2	\$142.75
87 Units @ Tier 3	\$604.65
TOTAL WATER USAGE CHARGE	\$775.50
WATER CAPITAL IMPROVE CHR	\$8.58
WATER MONTHLY FIXED CHARGE	\$44.10
CHRGs LEVIED BY OTHERS	
MWD RTS CHARGE	\$1.37
CWA CHARGE	\$2.93
TOTAL CURRENT CHARGE	\$832.48
TOTAL DUE	\$832.48



Current Usage this month (Unit = 1000 gallons): 117
Usage last month (Unit = 1000 gallons): 29

✂ MAKE CHECKS PAYABLE TO:



990 E MISSION RD. FALLBROOK, CA 92028-2232
PHONE: (760) 728-1125 (24 Hrs)
FAX: (760) 728-6029 Website: www.fpud.com

Check here for change of address or phone number. Enter the changes on the reverse side.

NAME:

FBS0503A AUTO SCH 5-DIGIT 92028
7000001634 00.0005.0249 1593/1



DAVID ENLOW
[REDACTED]
FALLBROOK CA 92028-8284

Please detach and return bottom portion with your payment.

Due Date:	Amount Due:
5/20/2018	\$832.48
Account Number	Service Period
[REDACTED]	4/4/2018 - 5/3/2018
Meter Serial Number	Enter Amount Enclosed:
[REDACTED]	

REMIT TO:



FALLBROOK PUBLIC UTILITY DISTRICT
990 E MISSION RD
FALLBROOK, CA 92028-2232

0132220000008324800083248

Larry Ragsdale


From: Jason Cavender
Sent: Monday, May 07, 2018 3:31 PM
To: Larry Ragsdale
Subject: [REDACTED]

I looked on GIS and street pressure is around 130 psi at that location. Typically regulators are rated to handle up to 300 psi, which is far above our street pressure. I checked the pressure on SCADA and I don't see any unusual increase in pressure on the 19th, and our shutdown calendar shows that we had no planned shutdowns in that area.

Thanks,

Jason Cavender
System Operations Manager
Fallbrook Public Utility District
990 East Mission Rd. | Fallbrook, CA 92088
Office: 760.728.1125 ext. 1128 | Mobile: [REDACTED]

M E M O

TO: Board of Directors
FROM: Larry Ragsdale, Safety and Risk Administrator 
DATE: May 29, 2018
SUBJECT: Claim for Property Damage

Purpose

To review the property claim for damage and loss filed by Sandra Kinsler.

Summary

On June 21, 2017, Mrs. Sandra Kinsler filed a claim alleging water intrusion damage to the rear area of the home, landscaping, fencing and asphalt drainage swale.

After the initial assessment of cost and the level of damage, AWCA/JPIA was promptly brought in so that they could minimize cost in conjunction with risk assumption. Claimant now has requested additional monies. AWCA/JPIA will be denying the additional request and requires that the claim be officially denied.

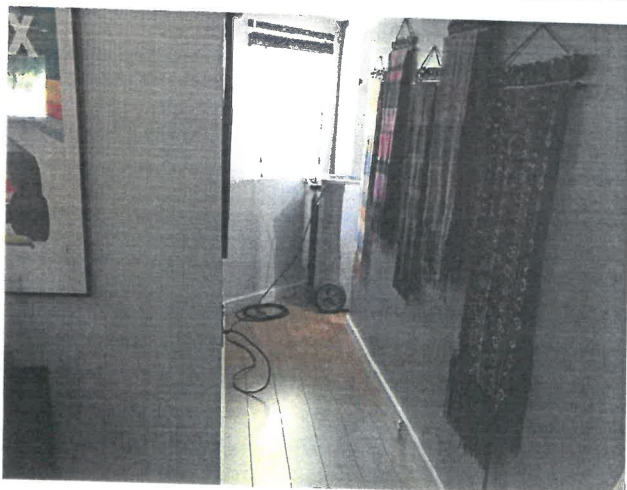
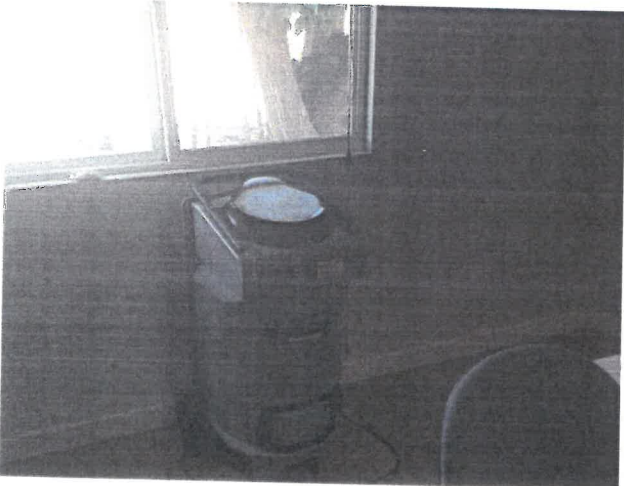
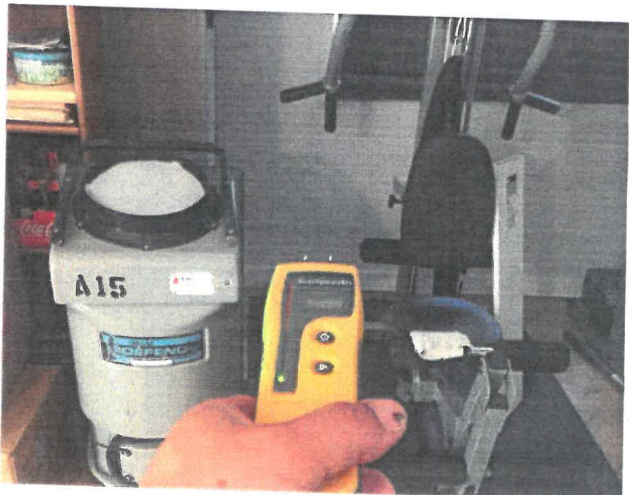
Recommended Action

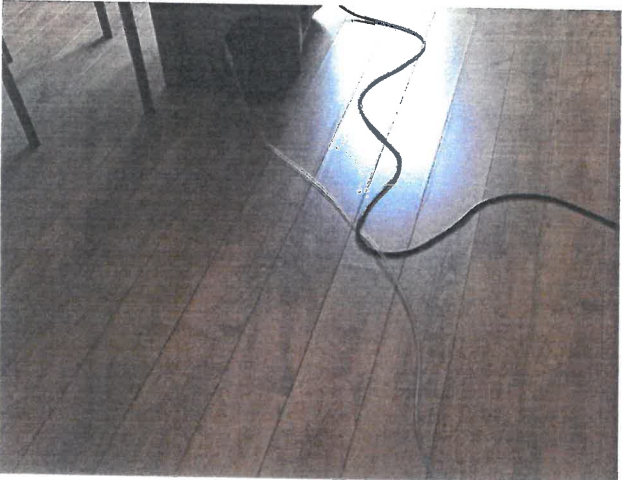
Staff recommends denial of the Claim and forwarding to ACWA/JPIA for resolution.

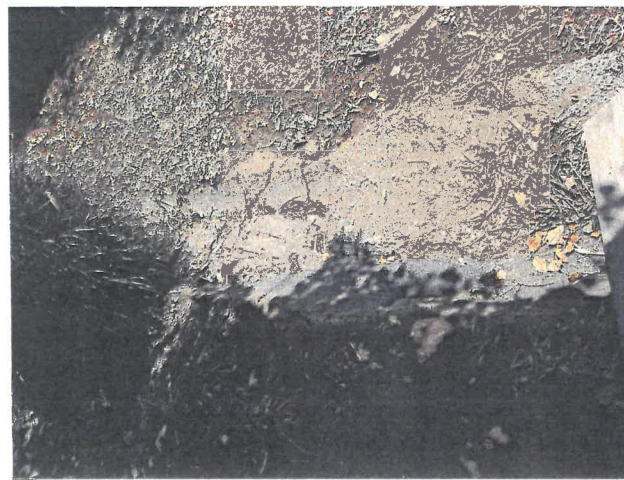
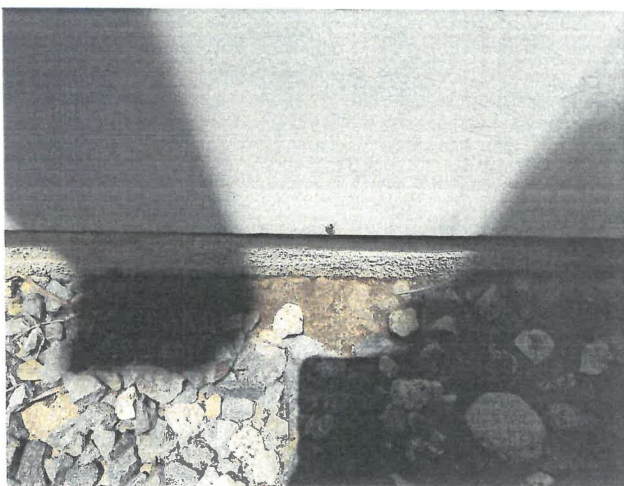
Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

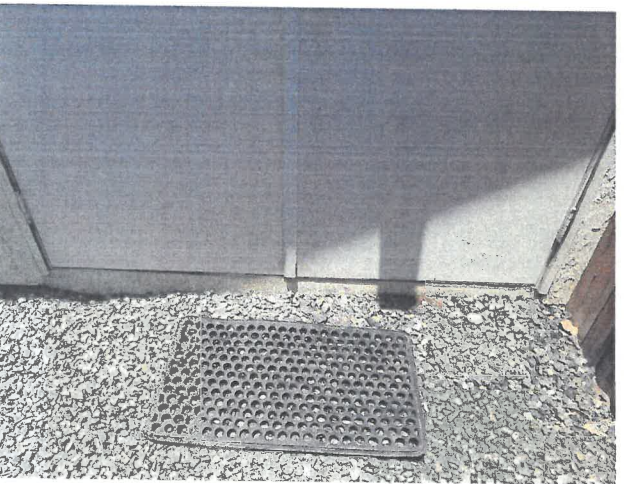
NAME OF DISTRICT: Photos attached. More information to follow.	
1	Claimant name, address (mailing address if different), phone number, social security number, and date of birth. Name: <u>SANDRA KINSKER</u> Phone Number: [REDACTED] Address(es): [REDACTED] <u>FAULBROOK, CA 92028</u> Social Security Number: _____ Date of Birth: _____
2	List name, address, and phone number of any witnesses. Name: <u>BRIAN LESHON</u> Address: [REDACTED] <u>FAULBROOK, CA 92028</u> Phone Number: [REDACTED]
3	List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted. Date: <u>6/21/2017</u> Time: <u>9:30 am.</u> Place: [REDACTED] Tell What Happened (give complete information): <u>Called Jay Johnson (FPUD x1125) to report a torrent of water coming down our gully. This is the day and time we were notified by mail (and perhaps robo call) that there would be no or low water. Water back up reached house foundation and soaked the floor of the addition of the house (~400 sq ft), 2 rugs, 2 (or perhaps 9) book cases, 2 file cabinets, a console, some books, cds, guitar case and a few other items (to be determined). The fence in the lower yard has</u> NOTE: Attach any photographs you may have regarding this claim.
4	Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim. <u>been damaged. 3 of the footings are eroded. There may be some erosion behind the fence that we can see. The gullies themselves and the pipes have been undermined. There is debris in both the upper and lower yards.</u>
5	Give the name or names of the public employee or employees causing the injury, damage, or loss, if known. <u>unknown</u> <u>Damaged by maintenance work done on or about, June 21, 2017 at Mission / Macadamia / Banyan Streets</u>
6	The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case. <u>here not priced repairs</u> 1. Inspection - 3rd party 2. Pull flooring to determine damage 3. Further drying and furniture removal 4. Structural work 5. Flooring, baseboard 6. Fence repair 7. Gully repair 8. Property cleanup 9. and so on...
Date: <u>6/26/2017</u> Time: <u>12 p.m.</u> Signature: <u>[Signature]</u>	
ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!	







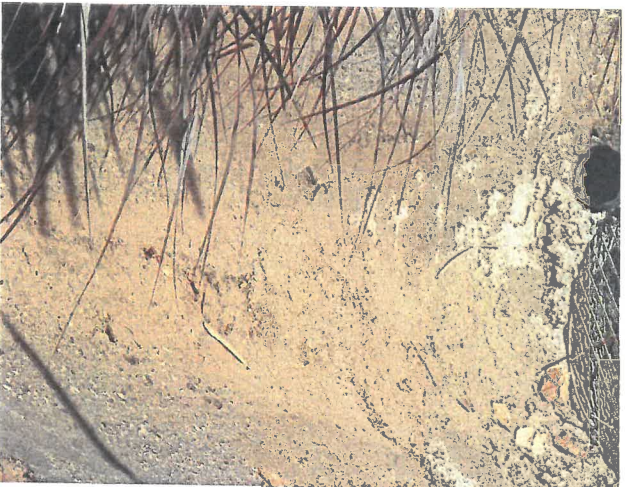




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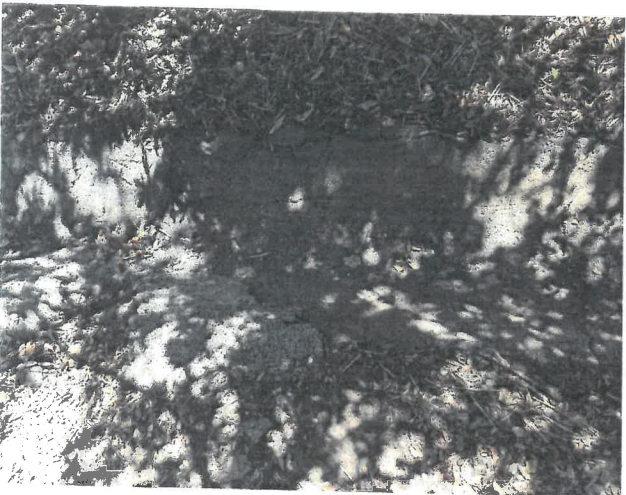














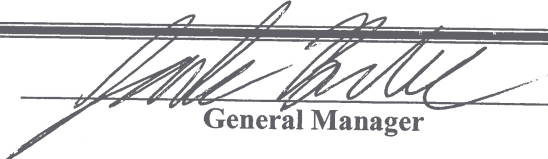
GENERAL INCIDENT INFORMATION

Property Incident Other

Event ID: 17-306 Name of Party: Sandra Kinsler
DOI: 6/21/2017 Contact # [REDACTED]
Event Type: Water Damage Parties Address: [REDACTED] Fallbrook, CA. 92028
Company: Private Property Timeliness of Claim: 0 Year(s) 0 Month(s) 5 Days

Type of Incident: Water Damage		Nature of Incident: Main Line Work	
Incident Description: Water intrusion caused floor curling/buckling which resulted from 20" valve replacement. Drainage was directed toward the storm drain however the segment adjacent to the home was an open conduit type in which the drainage superseded the capacity and over.			
Location of Incident: [REDACTED]			
Date Claim Received:	6/26/2017	Date Closed:	
Settlement:			
Release Signed:		Incident Reported to JPIA:	07/10/2017
REMARKS:			

CLAIM ACCEPT/DENY FORM

Date: 5/14/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:		
Date: 5/14/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:		
Date: 5/14/18		Claim Request: <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny
Remarks:		
BOARD ACTION If applicable <input type="checkbox"/> Accept <input type="checkbox"/> Deny		

GENERAL INCIDENT INFORMATION

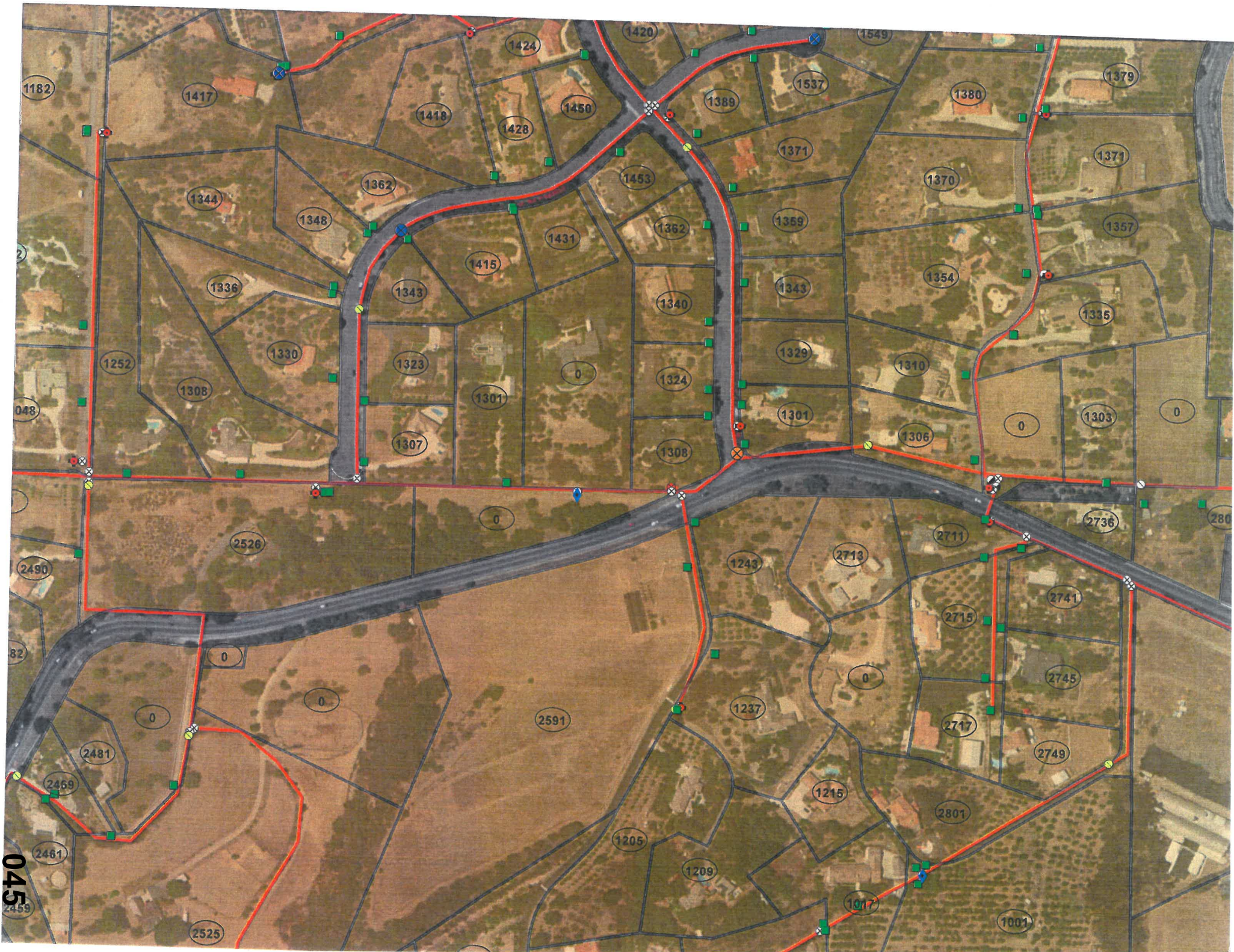
Property Incident Other

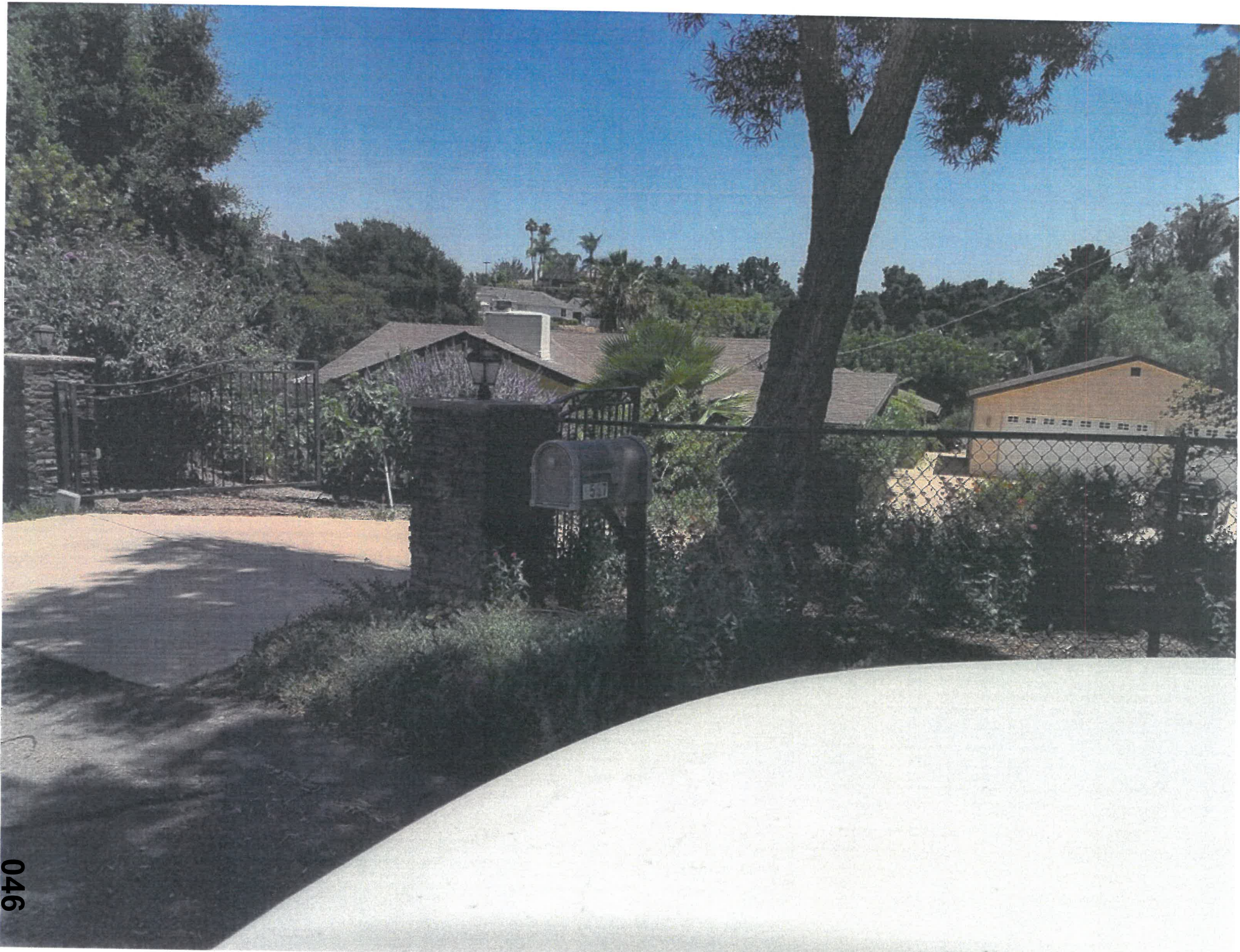
Event ID: 17-306
 DOI: 6/21/2017
 Event Type: Water Damage
 Company: Personal property

Name of Party: Sandra Kinsler
 Contact # [REDACTED]
 Parties Address: [REDACTED] Fallbrook, CA. 92028
Timeliness of Claim: 0 Year(s) 0 Month(s) 5 Days

Type of Incident: Water Damage		Nature of Incident: Main Line Work
Incident Description: Water intrusion caused floor curling/buckling which resulted from 20" valve replacement. Drainage was directed toward the storm drain however the segment adjacent to the home was an open conduit type in which the drainage superseded the capacity and over		
Location of Incident: [REDACTED]		
Date Claim Received	6/26/2017	
Status of Claim	Open	
Incident Reported to JPIA	YES	
Date Closed		
Settlement		
Release Signed		

DATE	ISSUE/REMARKS	COMMENTS
		ADDITIONAL POC Brandon - 805-746-8990
		Claim called in however Sandra L/M on Jay's phone - did not know of incident until 5 days - Jay was POC for the shutdown - So customer called for direct - on Friday - Jay's schedule day off. On Monday Jay forwarded voice mail to Safat.
6/29/17	RESTORATION TSC RESTORATION 24 HOUR SERVICE	Set appointment for Restoration of flooded room - flooding wall buckling. Leak drywall - Matt set for Saturday from July 1st This went into Sandra this drying process





046

To whom it may concern,

Larry Ragsdale informed me on 7-3-17 that we had a claim for water damage at [REDACTED] Dr. and asked if I would attend a meeting with the home owners. The home owners showed us the storm drain they were claiming was damaged by FPUD draining water from our main lines during a scheduled valve replacement a few weeks prior. Upon inspection I found tree roots pushing through the asphalt drainage ditch, along with aged attempts of repair with store bought asphalt sealer. In my professional opinion and 23 years of experience, I determine the damaged areas to be several years old. The cracks in the asphalt were not caused by FPUD draining water into a storm drain that is designed to contain storm water runoff.

Steve Stone,
Construction/ Maintenance Supervisor

Larry Ragsdale

From: Joshua Couveau
Sent: Monday, July 17, 2017 8:10 AM
To: Larry Ragsdale
Subject: Planned Shutdown Draining point on Banyan Dr. and Macadamia Dr.

On the morning of Wednesday June 21, 2017 a planned shutdown was in effect. Draining the line at intersection of Banyan Dr. and Macadamia Dr. took place from approximately 8:00 AM to 11:00 AM. Flow was Approximately 500 gallons per minute using a Diffuser attached to a fire hydrant on the corner of the property address of [REDACTED] Dr. Fallbrook , CA 92028.

Non-Auto Only Incident Report Form (For Member Agency Use Only)

MEMBER AGENCY: Fallbrook Public Utility District		MAIL TO: ACWA/JPIA	
P.O. Box 2290, 990 E. Mission Rd		P.O. Box 619082	
Fallbrook, CA 92028-2290		Roseville, CA 95661-9082	
Phone No.: (760) 728 1125		Previously Reported Yes _____ No <u>X</u>	
Date & Time of Accident Mo. <u>June</u> Day <u>21</u> Year <u>2017</u> Time <u>UNK</u> AM/PM		Reported By: <u>Larry Ragsdale</u>	
Location of Loss (Including City & State) <u>[REDACTED]</u> Fallbrook, CA. 92028		Phone Number: <u>[REDACTED]</u>	
Authority Contacted & Report No.			
Description of Loss <u>Water intrusion into home causing the damage: Flooring curling/buckling as well as the dry walls and base boards, landscaping, fencing and the asphalt drainage swale.</u>			
Property Owner's Name Sandra Kinsler	Address <u>[REDACTED]</u>	City Fallbrook	Zip Code 92028
Home Phone <u>[REDACTED]</u>	Business Phone <u>[REDACTED]</u>	Estimate of Damages UNK	
Describe Damaged Property <u>The rear area of the home: The room layout is an open area stage as an office area, workout section, bathroom and hallway flooring etc. and dry wall were wet.</u>			
Property Owner's Name	Address	City	Zip Code
Home Phone	Business Phone	Estimate of Damages	
Describe Damaged Property			
INJURED			
Name & Address None		Phone No.	Age
Extent of Injury			
WITNESSES			
Name & Address None		Phone No.	
Name & Address		Phone No.	
This report prepared by: <u>Larry Ragsdale</u> Date: <u>7/10/17</u> Time: <u>9:30 am</u>			

PLEASE KEEP A PHOTO COPY OF THIS FORM FOR YOUR FILES

CLM-IRF-100102

M E M O

TO: Board of Directors
FROM: Personnel Committee
DATE: May 29, 2018
SUBJECT: Safety and Risk Administrator Title and Job Description Revisions

Purpose

To obtain approval for the proposed revisions to the title and job description for the District's Safety and Risk Administrator job classification.

Summary

The proposed title change from Safety and Risk Administrator to Safety and Risk Officer and the proposed changes to the job description more adequately describe the current and projected scope of duties of the position.

The Safety and Risk Officer title will allow this position to be recognized by Occupational Safety and Health Administration (OSHA) thereby allowing the incumbent to work directly with OSHA compliance officers on inspections and appeal processes.

Additionally, pursuant to California Code of Regulations (CCR) Section 3203, the District must identify the individual with authority and responsibility for its risk and safety programs. The updates to the job description will provide this authority.

No change in compensation is being proposed.

Recommended Action

Staff recommends approving the Safety and Risk Administrator job title change to Safety and Risk Officer and the proposed changes to the job description.

SAFETY AND RISK OFFICER

Definition

Under general supervision by the Chief Financial Officer/Assistant General Manager, to administer and process the District's risk and safety programs, including workers' compensation and property and liability claims; to perform project work analysis, defining methods and safety procedures for District operations while maintaining safety and security requirements; to plan and schedule work and safety training in accordance with established priorities, arrange for appropriate staffing and material; to maintain records and reports; and to perform related work as required.

Class Characteristics

Positions in this class perform specialized safety, risk, security (including vulnerability assessments), and field-related special analysis, reporting, planning and scheduling. Incumbents are expected to be familiar with practices of all District systems and functions, regulatory compliance, such as OSHA, CalOSHA, workers' compensation, and Department of Health requirements; and should be able to use a computer as a word processor and analyzer of information. Incumbents report as assigned and receive general direction in the broadest terms of desired work product requirements.

Examples of Duties

Administers employee safety, workers' compensation, risk, security and loss control program;
Implements Injury and Illness Prevention Program (IIPP);
Works directly with OSHA compliance officers on inspections and the appeal process;
Inspects District-wide work areas and work in progress for safe work practices;
Schedules and attends employee safety meetings;
Coordinates with warehouse personnel on the purchase of equipment to ensure that attention has been given to the safety of new equipment;
Serves as the certified Respiratory Program Administrator;
Participates on the Safety Committee as technical resource;
Participates in vehicle and safety inspections;
Coordinates disaster preparedness internally and with other agencies;
Receives input from employees about ideas to improve District safety, responding to such input, and takes appropriate action under the direction of the Chief Financial Officer/Assistant General Manager;
Operates a personal computer in the analysis of work methods and workloads to maximize the use of District resources;
Maintains computer records;
Prepares written reports, brochures, programs, signage, training materials and schedules;
Performs routine clerical functions such as keyboarding, filing, taking messages, and preparing letters;
Operates District vehicles;
Coordinates annual health fair;
Maintains DMV pull notices, DOT records and regulations, and defensive driving training requirements;
Serves as liaison with contracted DOT and Non-DOT testing provider;
Schedules annual physicals as required;
Processes property and liability claims; and
Performs related work as required.

Qualifications Knowledge of:

Safety regulations, laws, ordinances, etc. applicable to water/wastewater agency;
District functional operations;
Workers' compensation rules and regulations;
Property and liability programs;
Crisis management and communication;
Vulnerability assessments for security issues;
Emergency response procedures and protocols;
Principles of work measurement;
Basic mathematics;
English usage, spelling, grammar, punctuation, record keeping and filing;
Report keeping methods;
Construction, maintenance, and operations terminology, methods, materials and equipment;
Word, Excel, Access, PowerPoint, Outlook, internet access and desktop publishing.

Ability to:

Read, understand, and apply moderately difficult materials;
Maintain detailed and accurate records on a personal computer;
Research, interpret and articulate laws, regulations and ordinances to District employees and to the public;
Make mathematical calculations with speed and accuracy;
Work in the field in varying weather conditions;
Prepare oral and written reports;
Develop safety, risk management, security and operating procedure manuals, programs, brochures, signage, and training schedules;
Develop and conduct training sessions;
Use audio/visual equipment;
Write legibly;
Operate a vehicle observing legal and defensive driving practices;
Understand and carry out oral and written instructions;
Establish and maintain effective relationships with those contacted in the course of work.

License and Certification

Valid and appropriate California driver's license.
Certified Occupational Safety Specialist (COSS) certification.
Water Distribution Operator, Grade I (D1) certification is highly desirable.
Water Treatment Operator, Grade I (T1) certification and Collection System Maintenance Operator, Grade I (CSM I) certification are preferred.

Training and Experience Minimum Qualifications

Any combination of training, education, and experience which demonstrates an ability to perform the duties of the position.

A typical qualifying entrance background is three years of experience as a safety administrator/officer, trainer or coordinator, and completion of safety training such as confined space, respirator (SCBA), defensive driving, hazardous materials management, ergonomics, lockout/tagout, workers' compensation, risk management, security and DOT drug/alcohol regulations; and completion of an AA Degree in Water or Wastewater Technology. A Bachelor's Degree in industrial hygiene, public or business administration, is highly desirable.

Physical Demands

Walking: Moves about on foot often through uneven terrain.
Hands/Arms: Operates computer for up to 9 hours a day.
Sitting: Sits in chair and District vehicles.
Talking: Expresses ideas and shares information by means of spoken word in person and by telephone and radio.
Hearing: Hears well enough to receive communication.
Vision: Reads written or video messages for up to 9 hours per day; operates District vehicle.

This position may include periodic to frequent disagreeable working conditions including dirt, fumes, vibrations, heat, cold, dampness, sewage, wastewater solids and hazardous chemicals.

Protective Devices Required

Hard hat, gloves, safety shoes, hearing protection, safety glasses, vest and seat belt.

Reasonable accommodations will be considered.

SALARY RANGE: 37 COSS certification
38 COSS certification and D1 (Target)
39 COSS certification, D1 and either T1 or CSM1

Board Approved
Effective Date
9/00
Board Approved
Revision Date
7/01
403
5/09 EFF. 9/09

RESOLUTION NO. 4928

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING ADMINISTRATIVE CODE ARTICLE 11, PERSONNEL
REGULATIONS

* * * * *

WHEREAS, the Safety and Risk Administrator job title and job description do not adequately describe the current and projected scope of duties of the position; and

WHEREAS, it is proposed the job title and job description be revised to Safety and Risk Officer to more adequately describe the current and projected scope of duties of the position; and

WHEREAS, the proposed revisions to the job title and job description will allow this position to be recognized by the Occupational Safety and Health Administration (OSHA) thereby allowing the incumbent to work directly with OSHA compliance officers on inspections and appeal processes; and

WHEREAS, the proposed revisions will identify the individual with the authority and responsibility to administer the District's risk and safety programs as required by California Code of Regulations section 3203.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District that:

1. Article 11, Personal Regulations, as they apply to the Safety and Risk Administrator job title and job description, shall be amended with the proposed revisions as shown in Attachment "A" attached hereto and incorporated herein.
2. The remaining provisions of Article 11 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2018, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Attachment “A”

SAFETY AND RISK ADMINISTRATOR SAFETY AND RISK OFFICER

Definition

Under general supervision by the ~~Administrative Services Manager/Treasurer~~ Chief Financial Officer/Assistant General Manager, to administer and process the District's risk and safety programs, including workers' compensation and property and liability claims; to perform project work analysis, defining methods and safety procedures for District operations while maintaining safety and security requirements; to plan and schedule work and safety training in accordance with established priorities, arrange for appropriate staffing and material; to maintain records and reports; ~~administer workers' compensation program and processes property and liability claims~~; and to perform related work as required.

Class Characteristics

Positions in this class perform specialized safety, risk, security (including vulnerability assessments), and field-related special analysis, reporting, planning and scheduling. Incumbents are expected to be familiar with practices of all District systems and functions, regulatory compliance, such as OSHA, CalOSHA, workers' compensation, and Department of Health requirements; and should be able to use a computer as a word processor and analyzer of information. Incumbents report as assigned and receive general direction in the broadest terms of desired work product requirements. ~~They carry responsibility for independent communication with employees, management, contractors, and citizens. Incumbents have a staff relationship as assigned and serve no line authority over other employees.~~

Examples of Duties

Administers employee safety, workers' compensation, risk, security and loss control program;
Implements Injury and Illness Prevention Program (IIPP);
Works directly with OSHA compliance officers on inspections and the appeal process;
Inspects District-wide work areas and work in progress for safe work practices;
Schedules and attends employee safety meetings;
Coordinates with warehouse personnel on the purchase of equipment to ensure that attention has been given to the safety of new equipment;
Serves as the cCertified Respiratory Program Administrator;
~~Permanently assigned to~~ Participates on the Safety Committee as technical resource;
Participates in vehicle and safety inspections;
Coordinates disaster preparedness internally and with other agencies;
Receives input from employees about ideas to improve District safety, responding to such input, and takes appropriate action under the direction of the ~~Administrative Services Manager/Treasurer~~ Chief Financial Officer/Assistant General Manager;
Operates a ~~computer terminal and~~ personal computer in the analysis of work methods and workloads to maximize the use of District resources;
Maintains computer records;
Prepares written reports, brochures, programs, signage, training materials and schedules;
Performs routine clerical functions such as keyboarding, filing, taking messages, and preparing letters;
Operates District vehicles;
Coordinates annual health fair;
Maintains DMV pull notices, DOT records and regulations, and defensive driving training requirements;
Serves as ~~is the~~ liaison with contracted DOT and Non-DOT testing provider;
Schedules annual physicals as required;
Processes property and liability claims; and
Performs related work as required.

Qualifications Knowledge of:

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Safety regulations, laws, ordinances, etc. applicable to water/wastewater agency; District functional operations; Workers' compensation rules and regulations; Property and liability programs; Crisis management and communication; Vulnerability assessments for security issues; Emergency response procedures and protocols; Principles of work measurement; Basic mathematics; English usage, spelling, grammar, punctuation, record keeping and filing; Report keeping methods; Construction, maintenance, and operations terminology, methods, materials and equipment; Word, Excel, Access, PowerPoint, Outlook, internet access and desktop publishing.

Ability to:

Read, understand, and apply moderately difficult materials; Maintain detailed and accurate records on a personal computer; Research, interpret and articulate laws, regulations and ordinances to District employees and to the public; Make mathematical calculations with speed and accuracy; Work in the field in varying weather conditions; Prepare oral and written reports; Develop safety, risk management, security and operating procedure manuals, programs, brochures, signage, and training schedules; Develop and conduct training sessions; Use audio/visual equipment; Write legibly; Operate a vehicle observing legal and defensive driving practices; Understand and carry out oral and written instructions; Establish and maintain effective relationships with those contacted in the course of work.

License and Certification

Valid and appropriate California driver's license.
Certified Occupational Safety Specialist (COSS) ~~higher certification or degree may be substituted;~~
Water Distribution Operator, Grade I (D1) certification is highly desirable.
~~and either~~ Water Treatment Operator, Grade I (T1) certification and Collection System Maintenance Operator, Grade I (CSM 1) certification is preferred.

Training and Experience Minimum Qualifications

Any combination of training, education, and experience which demonstrates an ability to perform the duties of the position.

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A typical qualifying entrance background is three years of experience as a safety

administrator/officer, trainer or coordinator, ~~operation of a computer terminal~~ and completion of safety training ~~specific to water/wastewater agencies~~ such as confined space, respirator (SCBA) administrator, defensive driving, hazardous materials management, ergonomics, lockout/tagout, workers' compensation, risk management, security and DOT drug/alcohol regulations; ~~Or~~ and completion of an AA Degree in Water or Wastewater Technology. A Bachelor's Degree in industrial hygiene, public or business administration is highly desirable.

Physical Demands

- Walking: Moves about on foot often through uneven terrain.
- Hands/Arms: Operates computer for up to 89 hours a day.
- Sitting: Sits in chair and District vehicles.
- Talking: Expresses ideas and shares information by means of spoken word in person and by telephone and radio.
- Hearing: Hears well enough to receive communication.
- Vision: Reads written or video messages for up to 9 hours per day; operates District vehicle.

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This position may include periodic to frequent disagreeable working conditions including dirt, fumes, vibrations, heat, cold, dampness, sewage, wastewater solids and hazardous chemicals.

Protective Devices Required

Hard hat, gloves, safety shoes, hearing protection, safety glasses, vest and seat belt.

Reasonable accommodations will be considered.

- SALARY RANGE: 37 COSS certification
- 38 COSS certification and D1 (Target)
- 39 COSS certification, D1 and either T1 or CSM1

Board Approved Effective Date 9/00
Board Approved Revision Date 7/01 403 5/09 EFF. 9/09

M E M O

TO: Board of Directors
FROM: Personnel Committee
DATE: May 29, 2018
SUBJECT: Creation of Senior Engineer Position

Purpose

To approve the new Senior Engineer job description and an associated salary range for the position.

Summary

Given the engineering department's existing and projected workload and the anticipated retirement, possibly within the next year, of the current Engineering Supervisor, staff has identified the need to create a Senior Engineer position to provide professional engineering design and project management services to the District.

The annual salary range of \$116,256-\$145,200 for Senior Engineer was arrived at based on a review and analysis of market data for comparable positions and ultimately determined given the District's established classification/position salary ranges for FY 17-18.

The fiscal impact of this new position will be off-set by not filling one currently vacant Engineering Technician position and the anticipated Engineering Supervisor vacancy.

Recommended Action

It is recommended that the Board approve the new Senior Engineer job description and the salary range established for the position.

Senior Engineer Salary Data - May 2018 Reorganization

<u>Agency</u>	<u>Position Title</u>	<u>Min.</u>	<u>Max</u>
Padre Dam	Engineering Mgr (CIP)	\$ 105,186	\$ 163,717
Rancho California Water	Engineering Mgr (CIP & development)	\$ 120,105	\$ 158,540
City of Santee	Engineer (limited term)	\$ 70,013	\$ 144,019
Otay Water	Senior Civil Engineer	\$ 114,737	\$ 143,420
Elsinore Valley	Senior Civil Engineer	\$ 108,077	\$ 141,794
City of Oceanside	Senior Civil Engineer	\$ 95,844	\$ 122,268
City of Chula Vista	Senior Civil Engineer (wastewater)	\$ 96,637	\$ 117,464
Mean (Arithmetic Average)		\$ 101,514	\$ 141,603
Median (Middle of Data Set)		\$ 105,186	\$ 143,420

RESOLUTION NO. 4933

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING THE ADMINISTRATIVE CODE - ARTICLE 11,
PERSONNEL REGULATIONS**

* * * * *

WHEREAS, the need to create a Senior Engineer position, job description, and associated salary range has been identified; and

WHEREAS, the Senior Engineer position would provide professional engineering design and project management services to the District; and

WHEREAS, Administrative Code - Article 11, Personnel Regulations requires amending to add the Senior Engineer position.

NOW, THEREFORE, BE IT RESOLVED that Administrative Code - Article 11, Personnel Regulations shall be amended as follows:

1. Article 11, Personal Regulations, as it relates to creating the Senior Engineer position, job description, and associated salary range, shall be amended with the proposed revisions as shown in Attachment "A" attached hereto and incorporated herein.
2. The remaining provisions of Article 11 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29th day of May, 2018, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Attachment “A”

SENIOR ENGINEER

Definition

Under general direction of the General Manager, organizes and supervises assigned staff and performs various advanced professional engineering functions. Conducts technical analysis, research, planning, design, and construction management for a variety of capital improvement, major maintenance and/or other District projects. Oversees and participates in planning, design, construction management, and overall project management of routine and complex water, wastewater, and recycled water projects; and performs related duties as assigned.

Class Characteristics

This single incumbent supervisory class is responsible for overall management of the engineering department.

Duties and Responsibilities

Duties and responsibilities include, but are not limited to, the following:

- Assists in the development of District programs including CIP and engineering department priorities;
- Develops, implements, and monitors project plans to achieve CIP goals and objectives;
- Monitors performance against the project plan and CIP schedule/budget;
- Serves as a project manager on District projects, directing the work of assigned project staff and consultants in the planning, design, and construction of District facilities;
- Manages and participates in the development and administration of the department's annual budget;
- Leads development of District Master Plans;
- Oversees water use reporting and compliance with the State Water Resources Control Board;
- Supports customer service and customer request for new services
- Monitors and approves expenditures;
- Prepares cost estimates;
- Establishes the scope, schedule and task level budgets and prepares variance analysis reports for design and construction projects;
- Plans, schedules, and monitors progress on projects to assure completion on schedule and within budget; recommends changes to meet goals;
- Prepares professional service RFPs and evaluates and selects consultants;
- Represents the District in negotiations with developers, contractors, and consultants on fees and charges associated with design and construction of new facilities;
- Administers consultant selection process and reviews, evaluates, and reports on work prepared by consultants;
- Administers consultant contracts;
- Actively participates in District facility planning and the Capital Improvements Program, including determination of projects, budgets and scheduling;
- Designs and conducts investigations, studies and tests and uses computer modeling to evaluate District facilities and operations;
- Prepares reports and analyses, develops recommendations and projects requirements related to District and area expansion in response to projected service demands;
- Interprets policies and procedures established by regulatory agencies and researches new materials and methods for inclusion in District construction standards;
- Interprets data from tests made on materials in field and laboratory for conformance to construction documents;
- Provides technical guidance to District staff;

Senior Engineer

- Serves as liaison between District staff and professional engineers;
- Represents the District in administrative hearings, public meetings, related investigations and inter-agency coordinated efforts;
- Prepares and finalizes reimbursement and financing agreement with developers;
- Reviews drawings and specifications for compliance with District standards;
- Interprets specifications and District policies and initiates or reviews change orders;
- Ensures compliance with project regulatory requirements;
- Responds to requests for information and seals final design plans and documents;
- Manages project standards, work processes, systems and procedures to achieve goals and objectives;
- Plans, assigns, supervises, reviews, and evaluates the work of assigned staff;
- Prepares correspondence on technical engineering and community issues;
- Coordinates project engineering design, planning and construction activities;
- Proposes revisions to design and construction standards;
- Makes interpretations of applicable laws, regulations, policies and design standards;
- Participates in the preparation of CIP and operating budget recommendations;
- Authorizes the purchase of materials and monitors work activities and expenditures to control costs, quality, and safety;
- Analyzes and responds to requests for information from member agencies, other public entities and the public;
- Drafts and finalizes proposals and contract documents for bidding of contractor services; and
- Administers and evaluates proposals and bids and prepares Board staff reports recommending action.

Qualifications

Knowledge of:

- Relevant Federal, State, and local laws, codes, and regulations including regulatory codes related to development and construction of water facilities;
- Advanced principles, practices, methods, and materials of civil engineering as applied to the planning, design, and construction of water, wastewater utility, and other related public works systems;
- Principles of water and wastewater treatment
- Principles and practices of project management techniques;
- Theories, principles, techniques, and practices of supervision;
- Modern developments, current literature, and sources of engineering and/or planning information;
- Hydraulic and hydrology principles;
- Principles and methods of business correspondence, report writing, recordkeeping and filing;
- Correct English usage, including spelling, grammar, and punctuation;
- Modern office equipment, software programs, and computerized recordkeeping and filing methods;
- General business mathematics and calculations; and
- Budget preparation, accounting practices and procedures.

Ability to:

- Understand, interpret, explain and apply Federal, State, local and District codes, rules, regulations, policies and procedures; exercise independent judgment and initiative within established guidelines;
- Collect relevant data and information, analyze, interpret, and make sound recommendations on related issues;
- Prepare or coordinate preparation of accurate engineering drawings, specifications, and cost estimates;
- Make complex engineering computations;
- Check, review and develop plans and specifications for a wide variety of water facilities;
- Identify project resources and assignments;

Senior Engineer

- Perform concise technical writing and documentation;
- Exercise independent judgment in identifying and resolving issues;
- Train, coach, review, and evaluate the work of others;
- Perform work in accordance with established safety regulations, guidelines, and practices;
- Operate a variety of assigned equipment, modern computers and technical software;
- Perform mathematical calculations as needed;
- Prepare and maintain clear, comprehensive, and accurate reports, correspondence, and records.
- Read and interpret complex technical information and manuals including environmental documents;
- Allocate resources in a cost-effective manner to control department budget;
- Prepare cost estimates and analyze financial records;
- Exercise appropriate judgment in answering questions and releasing information;
- Use a personal computer for project management, spreadsheet, hydraulic modeling, and word processing applications; and
- Communicate clearly and concisely, orally and in writing.

Licenses and Certifications

A valid certificate of registration as a Professional Engineer issued by the State of California.

A valid California driver's license.

Education, Training and Experience

The qualification guidelines generally describe the knowledge and ability required to enter the job in order to successfully perform the assigned duties. Any combination of experience and training that would provide the required knowledge, skills and abilities will be considered.

Graduation from a four-year college or university with a degree in civil engineering or a closely related field and five (5) years of professional engineering experience, preferably performing design and project management for water, wastewater, and reclaimed water facility projects and operations.

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M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance (FP&I) Committee
DATE: May 29, 2018
SUBJECT: Draft District Fiscal Year 2018-19 Recommended Annual Budget

Purpose

Provide the Draft District Fiscal Year 2018-19 Recommended Annual Budget (Budget) to the Board for review and comment.

Summary

The District's Budget format has been completely re-configured to align it with industry best management practices. The new format strives to provide the District's budget in an understandable and transparent manner. The District's sources and uses of funds are broken down in detail and the governing financial policies clearly applied. In addition, the District's detailed projected financial performance is provided to support enhanced financial planning. Staff's goal is to receive the Governmental Finance Officers Association (GFOA) award for budgeting excellence this year.

The schedule for adopting the District's Budget is summarized below:

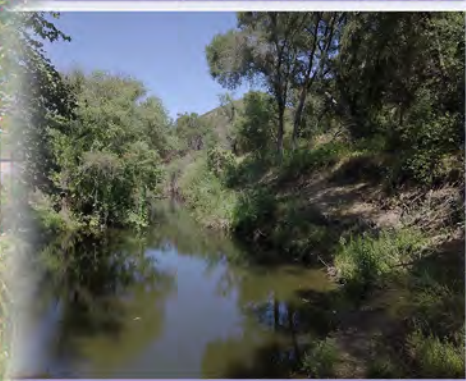
- **May Board meeting** – Staff will provide an overview of the Budget document to acquaint the Board with the new format as well as provide a high level financial summary of the Budget
- **June 8th** – The Board's questions and comments on the Draft Budget are due to the Board Secretary
- **June Board (June 19th)** – Board comments will be incorporated into the Recommended Budget that will be included in the June Board package. If the Board has significant comments or wants additional discussion, the Recommended Budget can be brought forward at the July Board meeting instead. In June, Staff will provide a more detailed presentation of the Budget and address the Board's questions. The following Resolutions will also be voted on when the Budget is considered:
 - Resolution Establishing the Fiscal Year 2018-19 Budget
 - Resolution Amending the Administrative Code to adjust the Metropolitan Water District's Readiness to Service Charge

Recommended Action

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



▶▶▶▶▶▶▶▶▶▶  moving FORWARD



Fallbrook Public Utility District

990 East Mission Road
Fallbrook, CA 92028
760-728-1125
www.fpud.com



Current Board of Directors:

- District #1 - Al Gebhart, President
- District #2 - Milt Davies
- District #3 - Jennifer DeMeo
- District #4 - Don McDougal, Vice-President
- District #5 - Charley Wolk

District Management:

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

Acknowledgement: District Management would like to thank Kelly Laughlin, Mick Cothran, Jeff Marchand, Noelle Denke, Todd Lange, Steve Rucker, David Deem, Debra Potter, Mickey Case, Jason Cavender, Larry Ragsdale, Kyle Drake, Paula Clark, Annalece Bokma, Caroline Wilson and Lisa Chaffin for their support in preparing this document.

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990 East Mission Road
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Board of Directors

Milt Davies
Jennifer DeMeo
Al Gebhart
Don McDougal
Charley Wolk

Staff

Jack Bebee
Acting General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Paula de Sousa Mills
General Counsel

Mary Lou West
Secretary

May xx, 2018

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

Budget Message

Enclosed is the Fiscal Year 2018-19 Recommended Operating and Capital Budget (Budget) for the Fallbrook Public Utility District (District). The District is focused on executing the Board of Directors' goals and objectives through the implementation of the District Strategic Plan, which is included at the beginning of the budget document. These objectives help the District meet its overall objective, which is to benefit the community of Fallbrook by providing efficient and reliable services. The Budget supports these goals and objectives.

Water Affordability

The District has been faced in the past with escalating wholesale water costs driven by major investments by the San Diego County Water Authority (SDCWA) in supply reliability. While the result of these investments is improved water supply reliability, it has also resulted in a corresponding increase in the District's water costs. The cost of the water we purchase is 50% of our total operating costs for our water enterprise. In addition to the regional investments in San Diego County supplies, there is a significant proposed statewide water project to fix the Bay-Delta State Water Project, also known as the WaterFix, which delivers our key water supplies from Northern California. While the impact on the price of water the WaterFix will have on our ratepayers is not known, the cost is expected to be \$11.8 billion, and since this cost is to be recovered on regional water rates, the project will cause an ongoing increase to wholesale water costs. With the additional increases in water costs due to WaterFix on the horizon, local water supply development, which will reduce our dependence on costly imported water, is one way to mitigate continued wholesale water rate increases.

The District recently settled over 66 years of water rights litigation with Camp Pendleton Marine Corps Base, which has been a hurdle to the District in achieving our own local water supply. This settlement allows the District to finally move forward on the Santa Margarita River Conjunctive Use Project (SMRCUP) which will make local supply for the District a reality and will provide District ratepayers long-term rate relief from increasing wholesale water costs. This project will begin construction during this fiscal year and it will be one of the major capital investments by the District for the





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Fallbrook, California
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Board of Directors

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Staff

Jack Bebee
Acting General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Paula de Sousa Mills
General Counsel

Mary Lou West
Secretary

next decade. The District is applying to receive local supply development incentives from the Metropolitan Water District that could help offset some of the projects costs and make the supply even more cost effective.

Asset Management

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

Continuous Improvement

This has been a year of transition for the District. With new leadership in the organization, significant changes to business processes and procedures and implementation of an Enterprise Resource Planning (ERP) system, the District is set on a course to adopt many industry-wide best management practices. The District is focused on improving the level of service to its customers in the most cost-effective manner and to continuously evaluate and modify operational practices to achieve this goal. This Budget document is an example of the District’s commitment to continuous improvement and improved financial management and transparency.

Looking Forward

Long-term increases in water costs and infrastructure replacement needs will continue to be the two main challenges for the District. The District is focused on taking the final step to a level of water independence this year by starting construction of the SMRCUP project. This project will provide a level of control on the cost of water the ratepayers are faced with. The District is also focused on continuing its replacement program, and in the short term, these replacement needs result in the District continuing to utilize reserve funds to fix critical infrastructure.

Jack Bebee
Acting General Manager

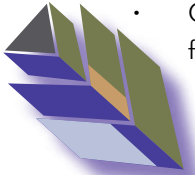
David Shank
Assistant General Manager/CFO



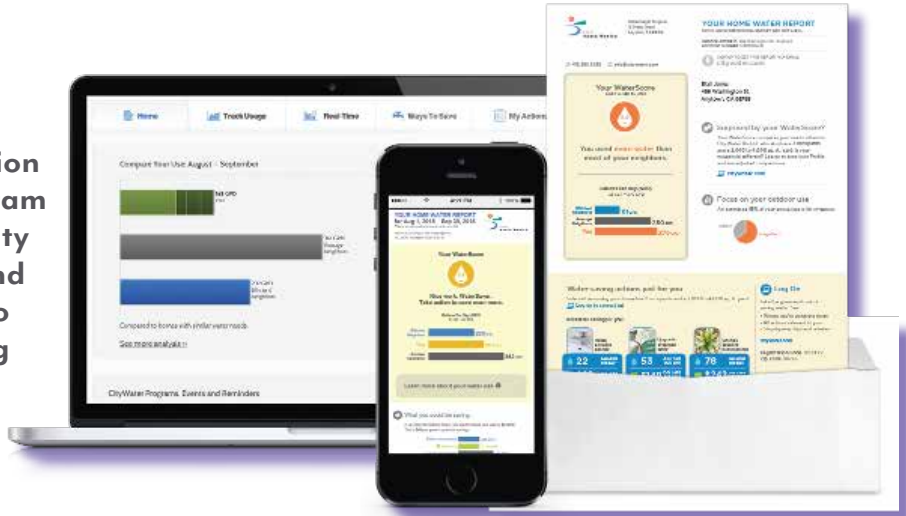
Budget in Brief

Fiscal Year 2017-18 Accomplishments

- Completion of permitting, design, and settlement agreement for the SMRCUP Project.
- Completion of the cost of service study and development of a long-term financial plan for the District to ensure long-term financial viability.



Continued implementation of the smart meter program to both improve the ability for customers to track and monitor water use and to reduce District operating costs.

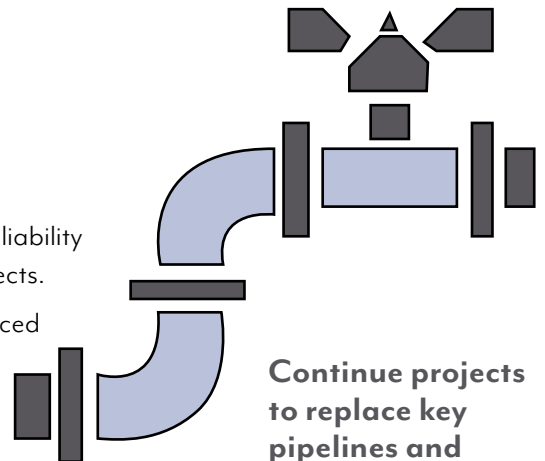


- Completing key pipeline and valve replacement projects to improve system reliability.
- Implementation of an Enterprise Resource Planning (ERP) system.

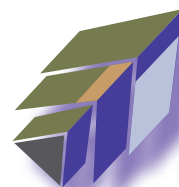
Fiscal Year 2018-19 Goals

The Key Goals for the upcoming year include:

- Initiate construction of the SMRCUP Project with a goal of beginning deliveries of approximately 30% of our supply by 2022.
- Complete key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects.
- Continue progress on replacing meters with smart meters (Advanced Metering Infrastructure (AMI) meters) and continue outreach to customers on how these meters can help them better monitor and reduce water use and water costs.
- Complete a series of enhancements to the financial accounting system operations and structure to streamline operations and enhance controls.
- Produce a Comprehensive Annual Financial Report (CAFR) and an annual budget document that meet the Government Financial Officers Association's (GFOA) standards for excellence.



Continue projects to replace key pipelines and valves to reduce water outages and blowouts.

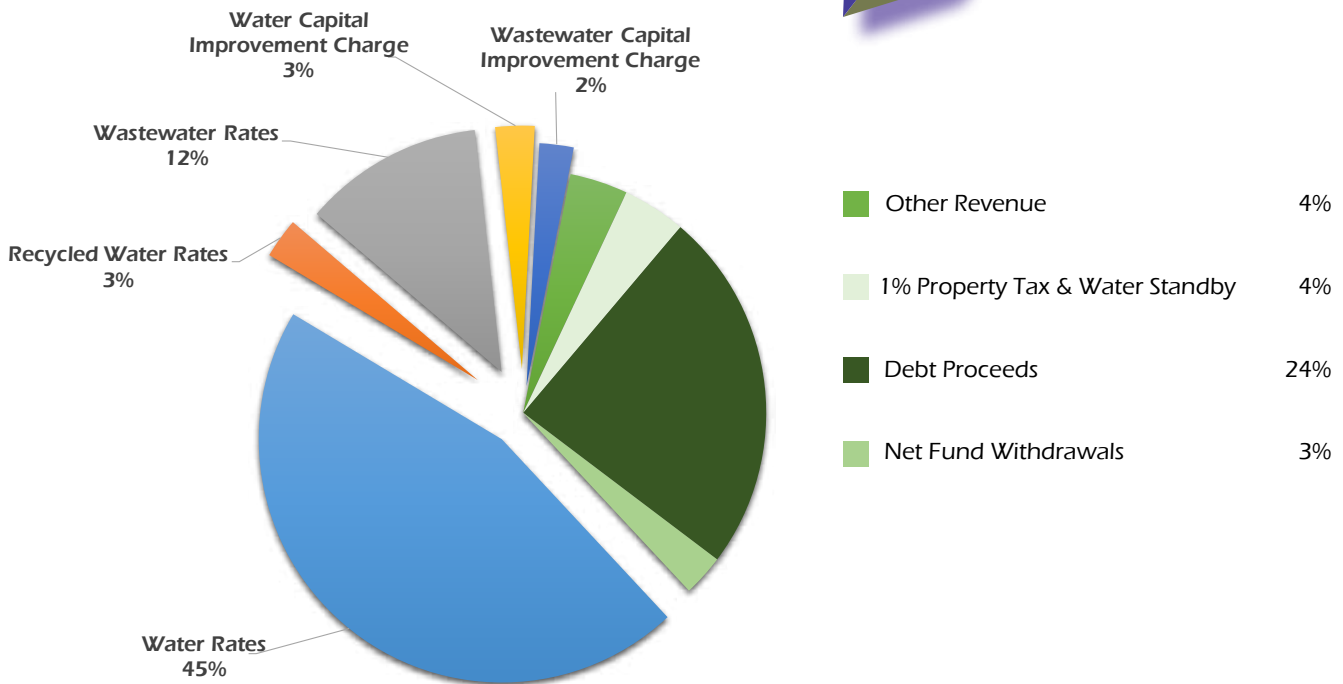
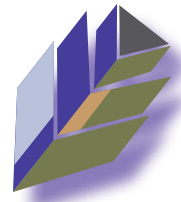


Sources of Funds

The water, recycled water and wastewater systems combined operating and non-operating revenues and net fund withdrawals are budgeted to be sufficient to fund the budgeted uses of funds. The budgeted 8.1% increase in total revenues is driven by increases in rates and charges. The water, recycled water and wastewater rate increases for the Budget are 8%, 8%, and 4.5%, respectively, for Calendar Year 2019 and were approved during the Proposition 218 process. While these increases are in-line with the financial plan adopted by the Board, the Board will take action to adopt Calendar Year 2019 rates and charges in December of 2019. Appendix B shows the districts average water and wastewater bill compared to other local agencies

Chart 1 shows a breakdown of the District’s \$50.2 million budgeted sources of funds. Rate and charge revenues makes up 65% of the District’s total budgeted sources of funds. In addition, the District is going to be drawing down its State Revolving Funds (SRF) loan and using the proceeds to pay for the SMRCUP. Net fund withdrawals are budgeted to fund renewal and replacement Capital Improvement Program (CIP) projects that are funded with cash on a Pay-As-You-Go (PAYGO) basis.

Chart #1 - Sources of Revenue Fiscal Year 2018-19
Total Revenue \$50,156,073



Use of Funds

The Recommended Operating Budget includes a 1.7% increase in the salaries and a 1.6% increase in non-labor expenses. The salary increase is due to performance based salary increases and does not include any cost of living adjustments. The District’s successful cost control and judicious planning for pension and Other Post Retirement Benefits (OPEB) has effectively mitigated sharp increases in both pension and healthcare costs as shown by the slight decrease in the District’s budgeted benefits expenses of -0.9%. The overall increase in the salaries, non-labor and benefit budget is 1.0%, which is well below the rate of inflation.

Chart 2 shows the breakdown of the District’s total use of funds. Labor related uses of fund represent 17% of the District’s budgeted uses of funds. Eighty-three percent of the District’s uses of funds are for non-labor related expenditures. Water supply costs are the District’s single largest ongoing use of funds. Ninety percent of the CIP expenditures are due to SMRCUP and funded with a SRF loan.

Table #1 - Operating Budget Comparison, Salaries, Non-Labor and Benefits

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Salaries	\$ 5,353,915	\$ 5,275,973	\$ 5,275,973	\$ 5,366,812	1.7%
Non-Labor (excludes cost of water)	3,176,760	4,213,848	4,273,848	4,281,685	1.6%
Total Labor and Non-Labor Expenses	\$ 8,530,675	\$ 9,489,821	\$ 9,549,821	\$ 9,648,497	1.7%
Benefits	2,939,973	3,299,987	3,299,987	3,270,046	-0.9%
Total Expense	\$ 11,470,648	\$ 12,789,808	\$ 12,849,808	\$ 12,918,543	1.0%

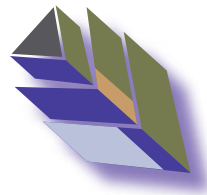
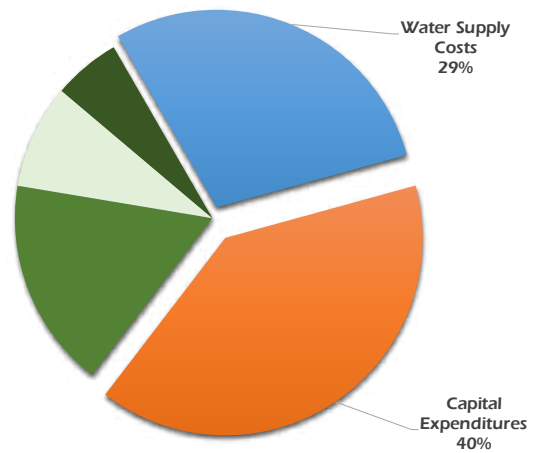
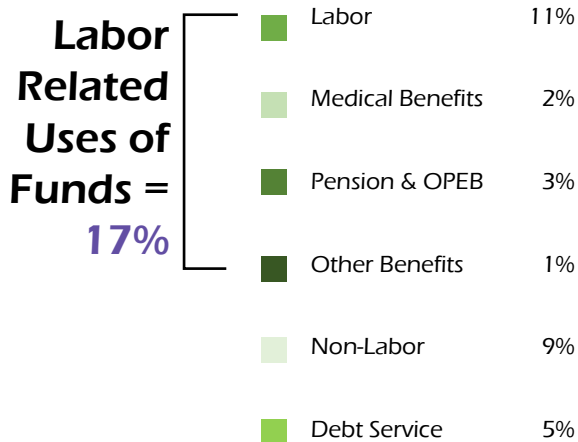


Chart #2 - Uses of Funds Fiscal Year 2018-19
Total Uses of Funds \$50,156,073



Capital Budget

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is the replacement of aging infrastructure. In addition to rehabilitation, the construction of the \$48.74 million SMRCUP in Fiscal years 2018-19 and 2019-20 will be the most significant single project for the next 15-20 years and will provide a long-term cost effective local water supply. The SMRCUP is funded with an SRF loan. Chart 3 shows the annual CIP expenditures by project type. Other projects are shown. The Capital Budget for Fiscal Year 2018-19 is \$19.9 million, with \$12.1 million funded with a SRF Loan.



Recycled water program



Pipeline relining program

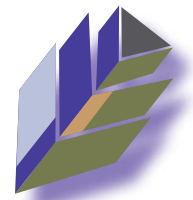
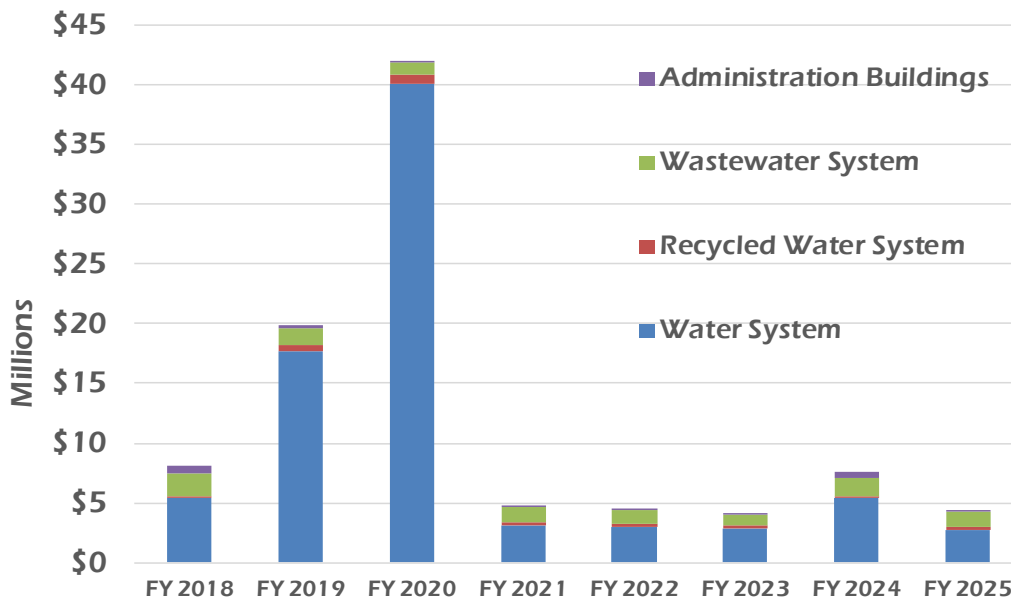


Chart #3 - Fallbrook Public Utility District's Annual Budgeted CIP Expenditures



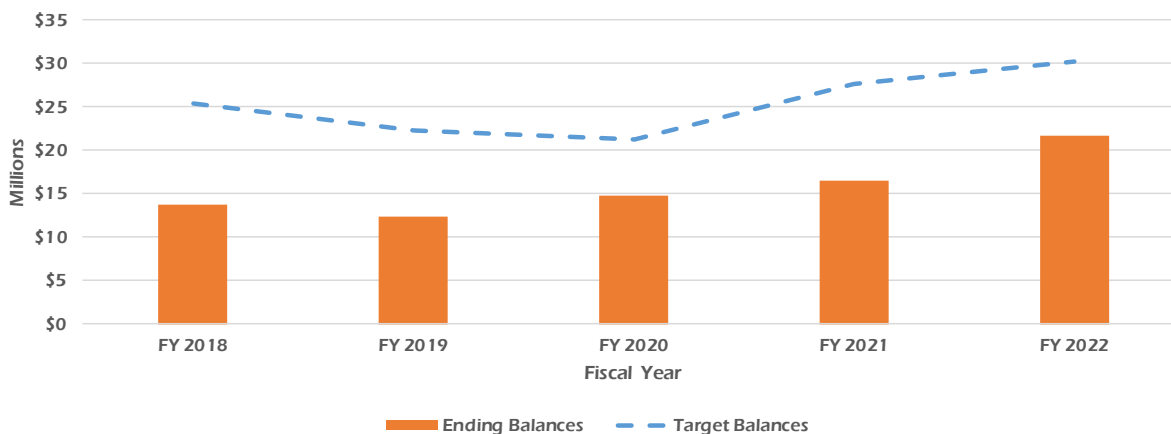
Financial Summaries

The District's is projecting a short-term deficit in revenues that is funded by net fund withdrawals from reserves. This is being driven by the funding needs for PAYGO CIP projects. As the District advances its Renewal and Replacement Program, the initial funding requirements are significant. As shown in Table 2, a budgeted reserve withdrawal of \$1.4 million is planned. This reserve utilization is part of the District's long-term financial plan. Chart 4 shows the District's reserve balances are expected to remain stable but below the target fund levels. The District is projected to maintain a debt service coverage level in excess of its required 1.2x.

Table #2 - Fallbrook Public Utility District's Financial Summary

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenue from Rates					
Water	\$ 21,363,739	\$ 22,845,188	\$ 25,036,842	\$ 27,287,575	\$ 29,748,576
Recycled Water	1,230,458	1,333,360	1,443,157	1,392,120	1,503,489
Wastewater	5,027,098	6,016,613	6,287,860	6,571,337	6,867,593
Subtotal Revenue from Rates	\$ 27,621,295	\$ 30,195,161	\$ 32,767,860	\$ 35,251,031	\$ 38,119,658
Other Operating Revenue Subtotal	\$ 1,240,951	\$ 1,234,685	\$ 1,101,900	\$ 1,142,374	\$ 1,183,877
Non-Operating Revenue	\$ 5,146,858	\$ 5,268,477	\$ 5,368,915	\$ 5,526,845	\$ 5,711,628
Total Revenues	\$ 34,009,104	\$ 36,698,323	\$ 39,238,674	\$ 41,920,250	\$ 45,015,163
Total Operating Expenses	\$ 27,357,950	\$ 27,501,165	\$ 28,577,035	\$ 29,849,833	\$ 29,691,973
Net Operating Revenues	\$ 6,651,154	\$ 9,197,158	\$ 10,661,639	\$ 12,070,417	\$15,323,190
Total Debt Service	\$ 2,536,578	\$ 2,760,020	\$ 2,761,270	\$ 5,689,553	\$ 5,690,223
Total Capital Expenditures	\$ 8,035,283	\$ 19,894,888	\$ 42,044,543	\$ 4,686,620	\$ 4,450,669
SRF Loan Proceeds	-	\$ 12,095,000	\$ 36,647,850	-	-
Change in Net Position	\$ (3,920,706)	\$ (1,362,750)	\$ 2,503,676	\$ 1,694,244	\$ 5,182,298
Beginning Balances	\$ 17,629,024	\$ 13,708,318	\$ 12,345,568	\$ 14,849,244	\$ 16,543,488
Ending Balances	\$ 13,708,318	\$ 12,345,568	\$ 14,849,244	\$ 16,543,488	\$ 21,725,786

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



Budget User Guidance

The District's Fiscal Year 2018-19 Recommended Budget is organized and presented in a manner to better communicate the District's financial operations. Through enhanced transparency stakeholders will be better able to understand the District's costs and cost structure. The budget sections and a summary of the information provided in them is provided below:

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

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

Financial Summaries – This is a high level summary of the District's financial performance.

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

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

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

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



About the District

History

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



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

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

Service Area / STATISTICS

- 44 square-mile service area
- Population: 35,000
- 9,100 water customers
- 5,000 sewer customers
- 16 recycled water customers
- 68 employees budgeted
- \$27 million operating revenues
- \$132 million in total assets
- 10,600 acre-feet sold annually

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

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

Back when the District used to produce some of its water from the Santa Margarita River, it did so using a small pump in the river, under a direct diversion license from the state of California. In 1948, additional water permits were obtained for diversion facilities and construction of a proposed 150-foot dam that would store 30,000 acre-feet of river water. The diversion works for the small pump were destroyed in 1969 by floods and was not rebuilt. Subsequently the state canceled the small-diversion license for lack of use, but the 30,000 acre-foot storage permit remained in place while the dam was being planned.

The proposed dam, and associated water supply, immediately hit some hurdles. In 1951, soon after the District had obtained water permits from the state, the federal government filed suit against the District over water rights on the river, to quiet its title to the adjudicated rights accruing to the U.S. Marine Corps Base Camp Pendleton. The lawsuit, the *U.S. v. Fallbrook* case, is the oldest civil case in the county. For more than 66 years, the District has been attempting to develop a permanent local water supply on the Santa Margarita River.

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

Then in January 2018, the District's Board of Directors signed an agreement with Camp Pendleton in a landmark settlement, resolving the *U.S. v. Fallbrook* case. As part of the settlement, river water will flow to Camp Pendleton and be stored in recharge ponds that seep into an underground aquifer there. Then some of that water will be pumped out of the ground and piped back to the District when needed. Called the SMRCUP, it will provide a local supply, reducing dependence on expensive wholesale purchases from the SDCWA, and is expected to provide about 30% of the District's water needs.

Wastewater and Recycled Water History and Mergers

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



Services

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

Water System

The District imports 99% of its water from the SDCWA with the remaining 1% coming from a local well. The District has four connections to the SDCWA’s system. 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 is in the middle of an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use.

The District also recently signed an agreement with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River, of the SMRCUP. The river is expected to provide 30% of the District’s total water needs, reducing reliance on the SDCWA. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2018.

The District’s five-year average annual water sales is 10,596 acre-feet. Residential and commercial customers represent 58% of sales, and agricultural customers make up the remaining 42%. 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 due to drought restrictions and the increases in water costs over the last decade driven by a sharp rise in the cost of the water we purchase. The District’s agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 3,200 in Fiscal Year 2017.

Construction / BI-DIRECTIONAL PIPELINE and GROUNDWATER TREATMENT PLANT

Fallbrook Public Utility District anticipates having this project completed by 2020 and to begin having its own cost-effective supply that same year.



Rendering of the Fallbrook Groundwater Treatment Plant

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 23-mile ocean outfall line.

In an effort to go green, and to save money by reducing hauling and disposal costs of sewage sludge, the District began recycling its sewage sludge in 2008. A state-of-the-art thermal dryer heats the sludge to extremely high temperatures, killing all harmful pathogens. The end product is a sterile fertilizer that can be safely returned to the soil and is classified as a Class A soil amendment. Instead of paying to haul sewage sludge to a landfill, the fertilizer is sold to commercial growers.

Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 18 recycled water customers, and delivers an average of 0.6 million gallons per day to them. The District provides recycled water for nurseries, sports fields, home owners' associations, Fallbrook High School, street medians, and for freeway irrigation. In 2015, the District completed a \$27 million expansion and upgrade to the water reclamation plant to improve reliability of operation and provide storage for recycled water. The project was completed ahead of schedule and under budget.

To help new users tap into the expanding recycled water system, the District secured funding from the Department of Water Resources through the Prop. 84 grant program. In 2014, the District held a workshop to assist growers with planning, getting permits, purchasing new equipment, and receiving grant funds. Assisting growers through the entire process has helped bring new recycled customers online. The project included expanding the recycled water distribution system in order to add new large water users.

Governance and Organizational Structure

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

Current Board of Directors:

District #1 - Al Gebhart, President

District #2 - Milt Davies

District #3 - Jennifer DeMeo

District #4 - Don McDougal, Vice-President

District #5 - Charley Wolk

Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District's service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District's service area a bedroom community for Camp Pendleton's active military and civilian-service workers. The service area's 2017 population is estimated to be 34,602 with 11,418 households.

Figure #1 - District Service Area

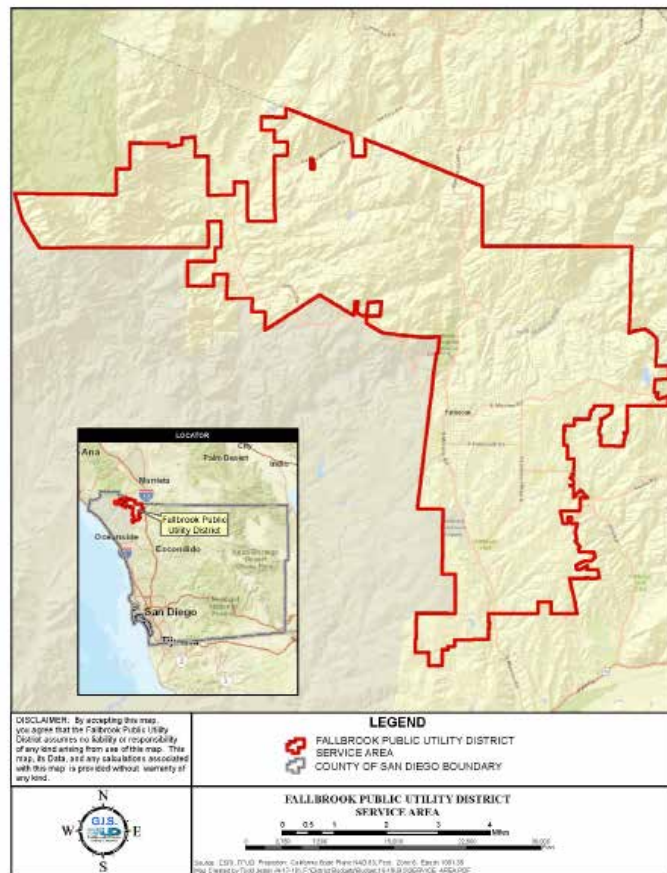
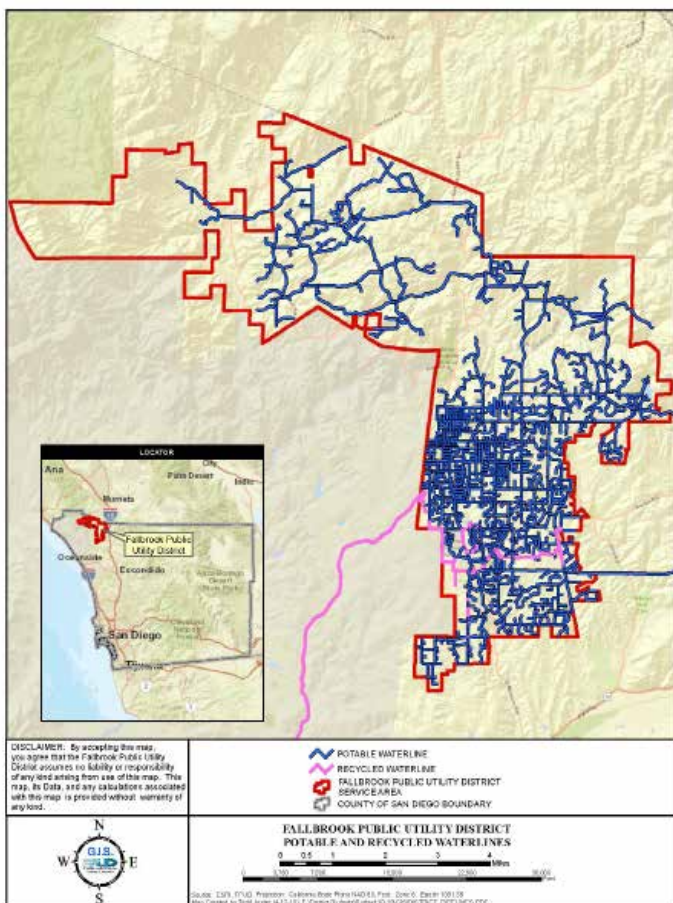


Figure #2 - District Pipelines



The median household income in Fallbrook was \$60,546, which is less than the state median of \$67,739 and slightly higher than the national average of \$59,039. Fallbrook's unemployment rate is 5%, which is lower than the State's 6%. Fallbrook's population has remained relatively unchanged over the past several years.

The San Diego Association of Governments (SANDAG) projects that the County's population will approach 4.4 million residents in 2050, up from 3.3 million in 2016. The District's 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.

District's Mission Statement

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

#1 Strategic Focus Area | Water Supply

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

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

Strategy: Maximize available local water resources through development of our Santa Margarita River water rights settlement, which will provide low-cost water from the Santa Margarita River and resolve over 66 years of water rights litigation between the United States Government and the District. Evaluate further expansion of recycled water supplies, which provide a local, cost-effective drought-proof supply.

Fiscal Year 2018-19 Objectives:

1. Secure water rights and funding for construction of the SMRCUP, which will provide an average of 3,100 acre-feet per year of local water.
2. Award and initiate construction of the SMRCUP in order to begin delivery of local water by 2022.
3. Evaluate funding alternatives including additional grants to continue to expand recycled water service to increase utilization of existing supplies.

#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.

Fiscal Year 2018-19 Objectives:

1. Complete capital projects in accordance with approved budget and asset-management plan. Maintain utilization of District construction crews with proactive replacements versus reactive repairs.
2. Complete an update to the asset-management plan to help prioritize projects. This will help ensure lower cost alternatives are evaluated before full replacement of buried infrastructure.

#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.

Fiscal Year 2018-19 Objectives:

1. Continue implementation and reporting of Key Performance Measures (KPIs) for engineering and operations. Develop KPIs for administration, finance and public outreach. Tie measures to nationally recognized Effective Utility Management (EUM) goals and measure against applicable national bench-marks.
2. Complete efficiency improvements in payroll, budget status and meter reading processes. Develop a plan to improve the work order tracking and field data collection and management through implementation of a new Computerized Maintenance Management System (CMMS) with mobile applications.
3. Explore regional collaboration opportunities to evaluate reducing operating costs through sharing resources without reducing the level of service.

#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.

Fiscal Year 2018-19 Objectives:

1. Adjust overall approach on communications with customers and structure the communication from a customer perspective. Provide additional training to staff on customer service.
2. Promote District programs that help benefit the community such as the operation of the Santa Margarita Property and local purchase-preference program. Implement a high-school internship program.
3. Hold additional workshops to promote the AMI "smart meter" implementation, and provide training for customers to learn how to use this service to help reduce water costs.

4. Develop a strategy to acquire meaningful feedback from customers and evaluate engaging in social media to help provide additional information to customers on District operations.
5. Develop a transparent budget that identifies how costs are allocated and how resources are being managed. Produce a CAFR and achieve a GFOA budget award for the Fiscal Year 2018-19 Budget.

#5 Strategic Focus Area | Workforce

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

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

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

Fiscal Year 2018-19 Objectives:

1. Develop an improved organizational structure to ensure that loss of a single position does not have a significant impact on the level of service the District provides.
2. Develop the framework for a formal program to identify future leaders in the organization and provide them training and a clearer sense of future opportunities. Look to leverage capabilities of existing staff and expand their responsibility when they show potential.
3. Continue to expand cross-training and external training program for staff, and provide new opportunities and challenges for motivated employees. Reconstitute programs and events to recognize employees and improve employee recognition program.
4. Participate in regional efforts to improve local education, training and internship programs to bring more qualified applications into the industry.
5. Participate in key local and national organizations in the water/wastewater industry, including participating in presentations on District and trainings to improve recognition of the District as an effectively managed and forward-looking utility.

Budget Basis

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

The District operates as an enterprise fund, which has a set of self-balancing accounts that record the financial position of each of the District's services. The service funds track revenues from service fees and operating expenses specific to each service. This, in turn, makes each service fund independent and

self-sufficient, and also ensures service fees are set to recover only costs associated with the particular service.

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

Budget Process

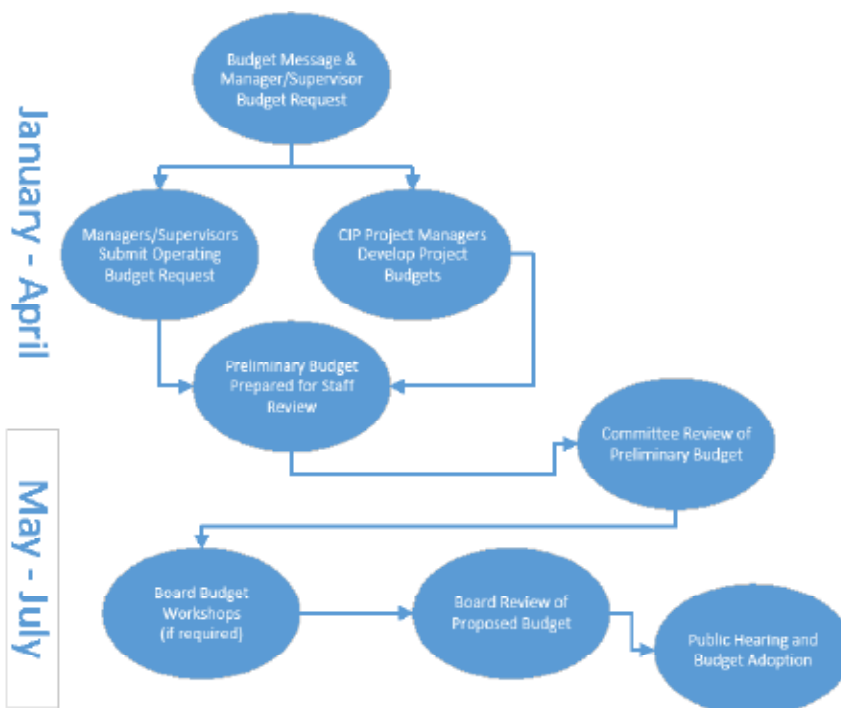
Each year, the District develops and adopts a new budget for the upcoming fiscal year. The budgeting process begins in January and starts with the budget message. The budget message establishes the priorities of the District in the next fiscal year and provides budget managers guidance on how to prioritize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

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

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

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

Figure #3 - Fallbrook District’s Annual Budget Process



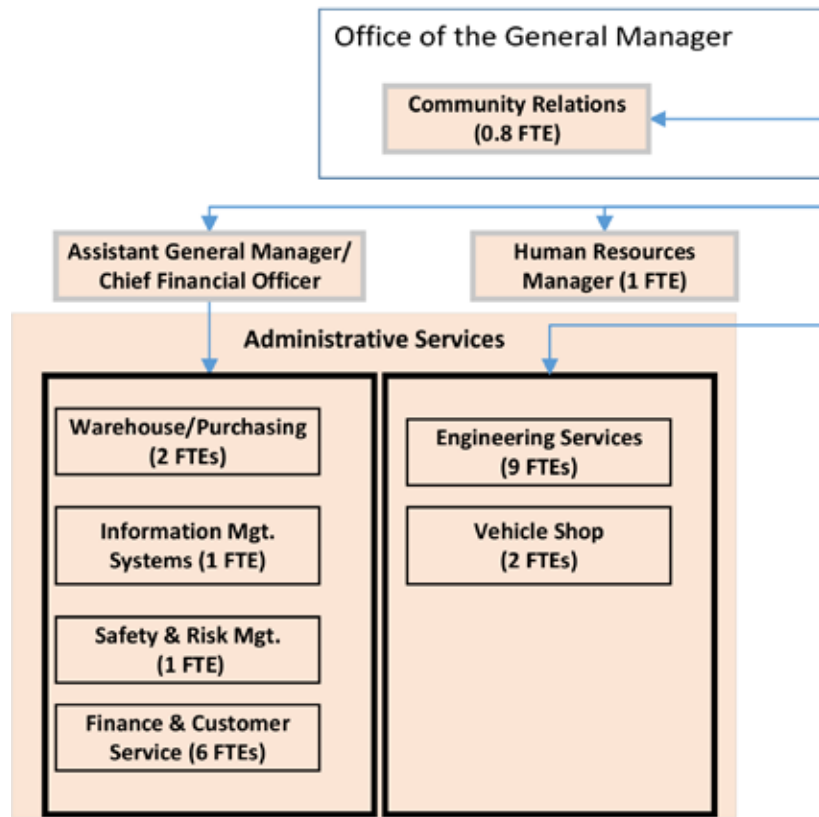
DISTRICT ORGANIZATIONAL CHART

The District maintains an efficient level of staffing which requires an organizational structure that is very flat, with staff working across services and filling a variety of roles. The organizational chart provided is designed to illustrate the District’s structure and staffing levels. The Proposed Budget includes 67.8 Full Time Equivalent (FTE), which was the FTE count in Fiscal Year 2018. The boxes under Administrative, Water, Wastewater and Recycled Water Services represent functional groups called Divisions. However, in some cases (Human Resources) a division is a single position. In these cases, the object is colored to illustrate that it is part of Administrative Services.

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

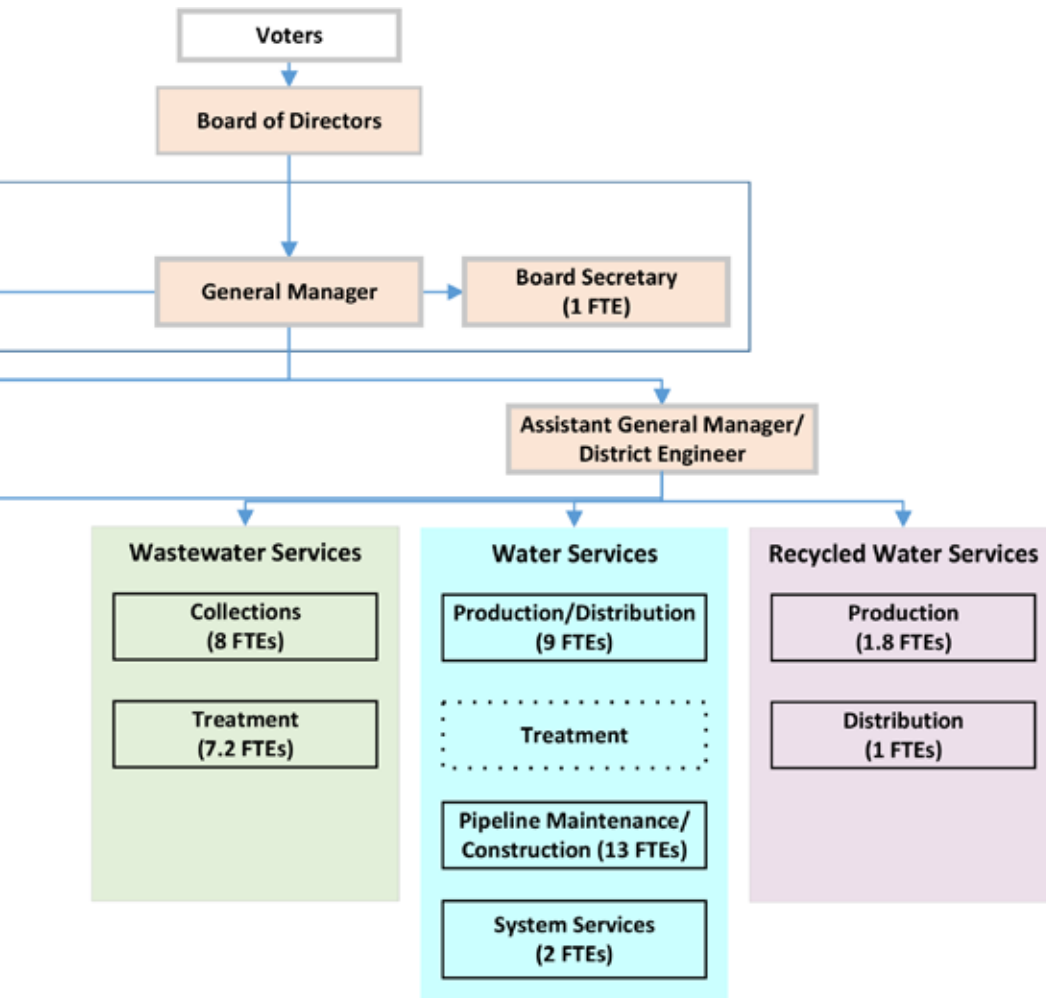
Water, Wastewater and Recycled Water Services are the District’s other services. The Divisions within each of these services are shown on the organizational chart. Water services is comprised of three Divisions while the other services are broken into two Divisions. While the SMRCUP is not expected to be operating during this Budget, a place holder under Water Services for treatment has been inserted. The function of each division is discussed in the Operating Budget Section.

Figure #4 - Proposed Fiscal Year 2018-19 Organizational Chart



1. An FTE is the hours worked by one employee on a full-time basis for one year. This is equal to 2,080 hours.
 * Total Requested Regular FTE=67.8

Organizational Structure 1*



Future Division excluded from FTE count

FTE = Full-Time Equivalent

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Fund Structure

The District's fund structure is set up to support water, wastewater and recycled water operations, and capital funding needs. Each fund is structured to receive certain revenues and fund certain expenditures. The District's working capital or operating funds receive operating and certain non-operating revenues and fund operating expenses for each of the services. The District's capital funds receive certain non-operating revenues that are restricted to capital uses and funds the District's capital expenditures, including a portion of debt service.

In 2017, the District completed the 2017 Water, Recycled Water and Wastewater Rate Study Report (Report). As part of the Report, the District's fund structure and target fund balances were re-evaluated and modified to meet future funding needs. The District's current working capital/operating structure, and a description of each fund and the fund's target balance is provided below:

Water Services Funds

Working Capital/Operating Fund: To be established and maintained at a level of three months operating and maintenance expenses including water purchases. The primary source of funds for the Operating Fund are water sales, fixed service charge and pass-through charge revenues. The Operating Fund Target for Fiscal Year 2018-19 is \$5.5 million.

Rate Stabilization Fund: To prevent "spikes" and mid-year changes in rates because of net revenue shortfalls due to weather conditions, state or federal legislation or other future uncertainties. This fund was primarily established to buffer variability of water deliveries from the SMRCUP in dry years. The target level is set equal to two years of debt service payments on the SMRCUP financing. Transfers from the Operating Fund are the source of funds for the Rate Stabilization Fund (RSF). The RSF target and balance are \$0 until the SMRCUP is operational.

Wastewater Services Funds

Working Capital/Operating Fund: To be established and maintained at a level of three months operating and maintenance expenses. The primary source of funds for the Operating Fund are wastewater service charges and investment earnings. The Operating Fund Target for Fiscal Year 2018-19 is \$1.2 million.

Rate Stabilization Fund: To promote smooth and predictable rates and charges, a Rate Stabilization Fund is established with a target level equal to 10% of annual revenues. Transfers from the Operating Fund are the source of funds for the Rate Stabilization Fund. The Rate Stabilization Fund Target for Fiscal Year 2018-19 is \$0.8 million.

Recycled Water Services Fund

Working Capital/Operating Fund: To be established at three months operating and maintenance expenses. The primary source of funds for the Operating Fund are water sales and fixed service charge revenues. The Operating Fund Target for Fiscal Year 2018-19 is \$0.2 million.

The District’s capital fund structure and their target balances are provided below:

Water Services Capital Fund

The primary source of funds are the Water and Pumping Capital Improvement charges, property tax and standby availability charge receipts, annexation fees, connection fees and meter fees. Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). The Fiscal Year 2018-19 target balance for the Water Capital Fund is \$9.8 million.

Funds related to the 1958 Annexation and the DeLuz Service Area bond proceeds are tracked separately in the fund.

Wastewater Services Capital Fund

The primary source of funds are Wastewater Capital Improvement charges, connection fees, property tax receipts, and meter fees. Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). The Fiscal Year 2018-19 target balance for the Wastewater Capital Fund is \$3.7 million.

Recycled Water Services Capital Fund

Target fund balance is set to the equivalent of three-year average expenditures on recurring capital projects (i.e. pipeline renewal/replacement). Recycled Operating Fund transfers are the primary source of funds followed by a portion of the property tax receipts. The Fiscal Year 2018-19 target balance for the Water Capital Fund is \$1.1 million.

Fund Summary

The Districts total target fund balance for water, recycled water and wastewater and their projected Fiscal Year 2018-19 year-end balances are shown in the table below.

Table #1 - Total Fund Balances

Service	Target Balance (Millions)	Projected Fiscal Year 2018-19 Ending Balance (Millions)
Water	\$ 15.3	\$ 8.5
Recycled Water	\$ 1.3	\$ 0.4
Wastewater	\$ 5.7	\$ 3.4
Total	\$ 22.3	\$ 12.3

Other Funds Maintained by the District

Section 115 Pension and OPEB Trust Fund

This fund was set up in Fiscal Year 2016-17 as an irrevocable trust established for the benefit of the pension and Other Post-Employment Benefits (OPEB) beneficiaries. The fund is managed by Public Agency Retirement Services (PARS) and is restricted in its use to funding pension and OPEB expenditures. The funds restricted for OPEB and pension costs are tracked in the fund. The fund balance was \$1.4 million on March 31, 2018.

District's Financial Management 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 Policies – Sets 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. Appendix C also provides a copy of the District's Capitalization Policy, which is not available on the website, and other policies for ease of reference.

In addition to the policies listed above, the Board has from time to time adopted specific cost recovery policies related to use of reserves. In 2014, the District paid off a California Public Agency Retirement Services (CalPERS) liability related to the District pension plan being included into the small agency pool. The payment of \$3.1 million was made from the District's reserves and the Board established a five-year plan to replenish the reserves from operations. To achieve this, each year the District included in rates and charges the recovery of \$585,000. This amount was split between water, recycled water and wastewater. This year marks the end of the five-year cost recovery plan and the complete planned repayment of reserves.

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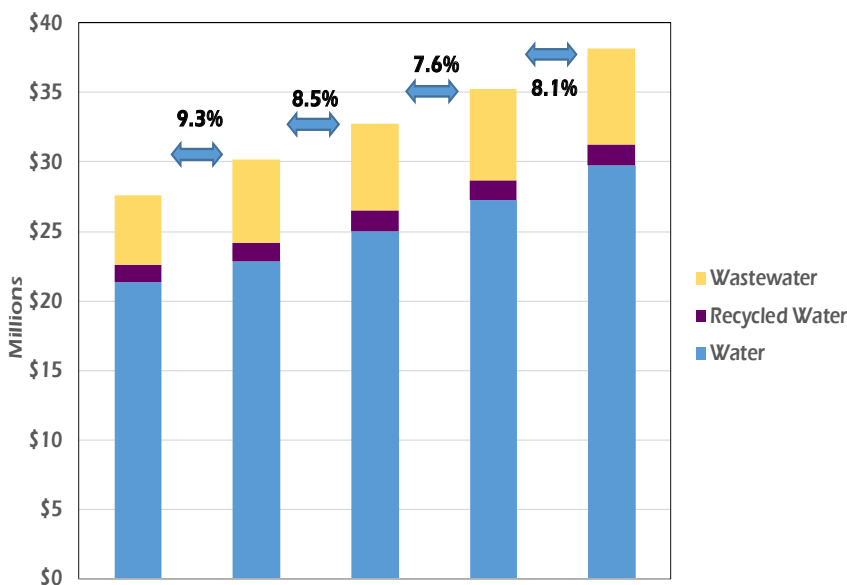
Financial Summaries

The rate and charge increases included in the projections are in line with the increases approved by the Board in December 2017 as part of the 2017 Water, Recycled Water and Wastewater Rate Study Report and Proposition 218 process. Table 1 shows the approved increases through 2022. Because the rate and charge increases are effective for a calendar year, the impact of a rate increase spans two fiscal years. The projections take this into account and show revenues on a fiscal year basis with the approved rate increases. The Board will set the Calendar Year 2019 rates and charges in December 2018. Since no decision on the rate and charge increases has been made at this time, the Budget use the approved rate and charge increases to project revenues.

Table #1 - Prop 218 Board Approved Maximum Rate Increases

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Water Rate increase					
Approved Increase	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%
Wastewater Rate increase					
Approved Increase	(up to) 4.5%	(up to) 4.5%	(up to) 4.5%	(up to) 4.5%	(up to) 4.5%
Recycled Water Rate increase					
Approved Increase	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%	(up to) 8.0%

Chart #1 - Projected Total Rate Revenues *



* Total Rate Revenue increases shown

This section provides an overview of the Districts projected financial operations. Table 2 provides a detailed summary of the District’s revenues and expenditures and the projected year-end fund balances. Revenues from the District’s water, recycled water and wastewater services are projected to increase over the projection period driven by rate and charge increases. Non-operating revenues are projected to remain relatively stable. Projected costs are assumed to rise at rates of inflation in line with levels assumed in the 2017 Water, Recycled Water and Wastewater Rate Study Report. The cost of water is expected to increase by 2.85 next year based upon preliminary published wholesale water rate increases. In

the following years, wholesale water rates are projected to increase annually at 10% driven by State and regional water supply reliability related costs. In Fiscal Year 2021-22 the District is projecting deliveries from the SMRCUP and the related costs. The SMRCUP deliveries reduce the cost of purchased water as shown in Table 2 and in Fiscal Year 2021-22 reduce projected water costs by approximately \$1 million. For labor and non-labor, the result of the escalation is an average annual increase of 4.9%. This includes projected increase in the District’s pension and other benefits costs.

Table #2 - Fallbrook Public Utility District's Financial Projections

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenue from Rates					
Water	\$ 21,363,739	\$ 22,845,188	\$ 25,036,842	\$ 27,287,575	\$ 29,748,576
Recycled Water	1,230,458	1,333,360	1,443,157	1,392,120	1,503,489
Wastewater	5,027,098	6,016,613	6,287,860	6,571,337	6,867,593
Subtotal Revenue from Rates	\$ 27,621,295	\$ 30,195,161	\$ 32,767,860	\$ 35,251,031	\$ 38,119,658
Other Operating Revenue					
Pass-through Charges					
MWD RTS Charge	\$ 357,204	\$ 340,390	\$ 357,811	\$ 375,540	\$ 393,875
SDCWA IAC Charge	425,736	436,668	437,986	460,730	483,898
AG Penalties	-	-	-	-	-
Sundry*	306,000	306,000	306,000	306,000	306,000
SDCWA Incentive	151,910	151,525	-	-	-
Class A Bio-solids Sales	101	102	103	104	105
Other Revenue Subtotal	\$ 1,240,951	\$ 1,234,685	\$ 1,101,900	\$ 1,142,374	\$ 1,183,877
Non-Operating Revenue					
Water Availability Charge**	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000
1% Property Tax	1,899,256	1,908,753	1,918,296	1,927,888	1,937,527
Investment Earnings	\$207,356	\$221,458	\$203,961	\$235,445	\$287,020
Water CIP Charge	1,235,150	1,309,424	1,388,998	1,476,578	1,570,413
Pumping CIP Charge	39,073	39,073	39,073	39,073	39,073
Facility Rent	173,055	176,516	180,047	183,647	187,320
Water Capacity Fees	102,779	103,807	104,845	105,893	106,952
Wastewater CIP Charge	1,108,537	1,142,101	1,176,682	1,212,310	1,249,016
Wastewater Capacity fees	34,135	30,427	31,365	32,332	33,329
Federal Interest Rate Subsidy	144,517	133,917	122,647	110,677	97,977
Subtotal Non-Operating Revenue	\$ 5,146,858	\$ 5,268,477	\$ 5,368,915	\$ 5,526,845	\$ 5,711,628
Total Revenues	\$ 34,009,104	\$ 36,698,323	\$ 39,238,674	\$ 41,920,250	\$ 45,015,163
Operating Expenses					
Water Supply Costs					
Purchased Water Costs	\$ 14,328,142	\$ 14,402,621	\$ 14,990,841	\$ 14,181,297	\$ 9,824,105
Pumping Costs	180,000	180,000	192,476	204,033	216,328
SMRCUP Treatment	-	-	-	1,574,587	4,854,576
Labor Costs	2,737,846	2,748,912	2,817,635	2,888,076	2,960,278
Fringe Benefits	1,712,454	1,674,937	1,783,808	1,899,755	1,966,247
Services, Materials & Supplies	2,170,680	2,051,680	2,113,230	2,176,627	2,241,926
Administrative Expenses	6,228,828	6,443,015	6,679,045	6,925,457	7,128,515
CalPERS Pre-Funding	-	-	-	-	500,000
Total Operating Expenses	\$ 27,357,950	\$ 27,501,165	\$ 28,577,035	\$ 29,849,833	\$ 29,691,973
Net Operating Revenues	\$ 6,651,154	\$ 9,197,158	\$ 10,661,639	\$ 12,070,417	\$ 15,323,190

* Sundry revenues is comprised of miscellaneous revenues and includes revenues from sale of assets taken out of service, which includes sale of equipment and vehicles.

** Fee is charge on a per acre or parcel basis in service area, which is not expected to change.

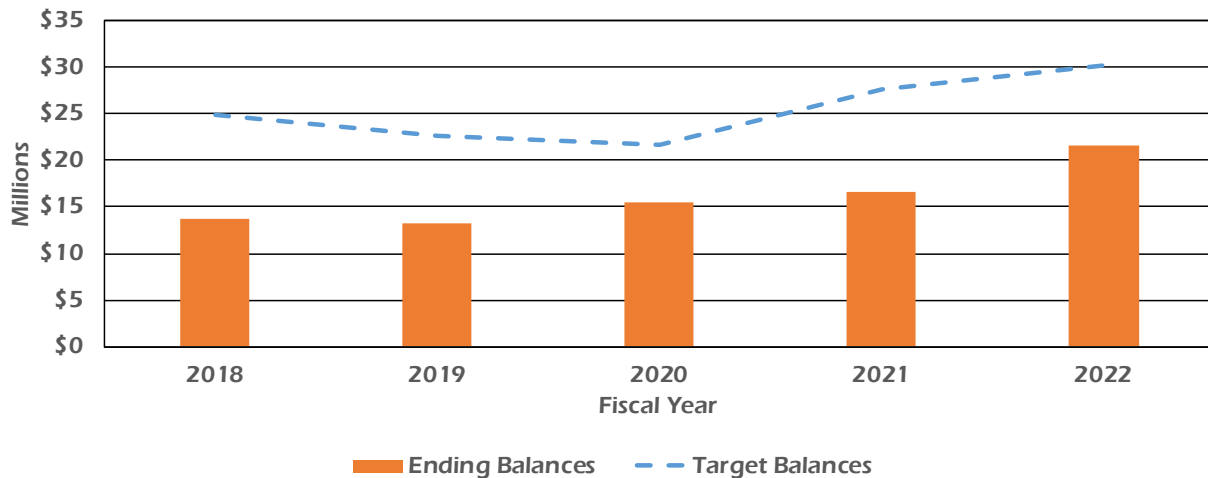
Table #2 - Fallbrook Public Utility District’s Financial Projections, con’t

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Net Operating Revenues	\$ 6,651,154	\$ 9,197,158	\$ 10,661,639	\$ 12,070,417	\$ 15,323,190
Total Debt Service	\$ 2,536,578	\$ 2,760,020	\$ 2,761,270	\$ 5,689,553	\$ 5,690,223
Total Capital Expenditures	\$ 8,035,283	\$ 19,894,888	\$ 42,044,543	\$ 4,686,620	\$ 4,450,669
SRF Loan Proceeds	-	\$ 12,095,000	\$ 36,647,850	-	-
Change in Net Position	\$ (3,920,706)	\$ (1,362,750)	\$ 2,503,676	\$ 1,694,244	\$ 5,182,298
<i>Beginning Balances</i>	\$ 17,629,024	\$ 13,708,318	\$ 12,345,568	\$ 14,849,244	\$ 16,543,488
<i>Ending Balance</i>	\$ 13,708,318	\$ 12,345,568	\$ 14,849,244	\$ 16,543,488	\$ 21,725,786

Debt service and capital expenditures are deducted from the District’s Net Operating Revenues to determine the change in Net Position for the fiscal year. It is important to note that funds from the SRF Loan offset the use of the District’s financial resources as shown in the table above. The Change in Net Position shows if the District is utilizing reserves to pay for expenses in that particular fiscal year. In Fiscal Year 2018-19 the District is projecting the use of \$1,362,750 in reserves.

The Beginning Balance shows the funds available at the start of the year and the Ending Balance shows the funds that are available after the year is over. The chart below shows the Target Reserve levels compared to the projected fund balances.

Chart #2 - District Fund Balances and Target Level



Appendix A provides the detailed projections for water, recycled water, and wastewater operations.

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Water Services Sources of Funds

The primary source of funds for water operations is water sales and monthly service fee revenues. Because Fallbrook is located in a semi-arid region of the United States and is subject to significant fluctuations in the level of water demands, each year careful attention is paid to the projected level of water sales. Heading into the Fiscal Year 2018-19 budget cycle, water supply conditions are such that it looks like California may be headed into another drought cycle. Unlike wet weather, drought only suppresses water demands if there are restrictions on water use levels. At this point in time, storage levels are such that no restrictions are expected to be in place this summer. This outlook is tempered by an average sales level forecast.

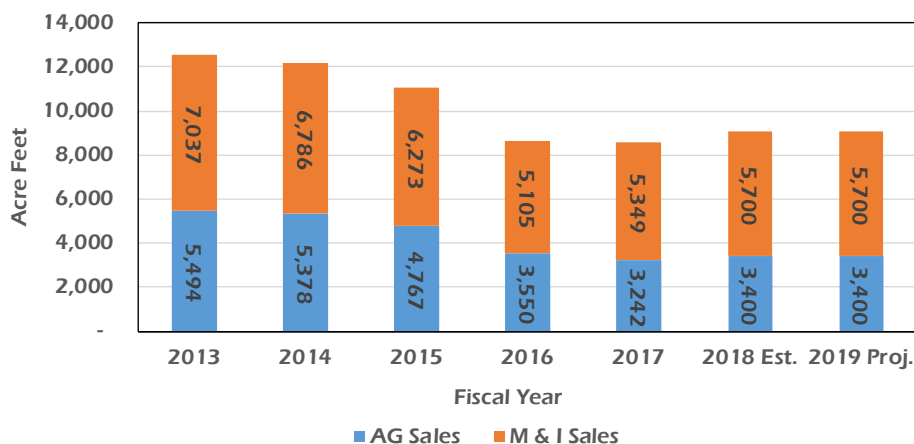
The District's sales over the last five years including the estimate for the current fiscal year and the projected water sales for the budget period. The table shows water production and total sales; production includes system losses, and water sales are units sold to customers. The sales are also split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

Table #1 - Five-Year Production and Sales History

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 Estimated	FY 2018-19 Projected
Production	13,385	12,999	11,849	9,573	9,193	9,800	9,800
Total Sales (adjusted for system losses)	12,531	12,164	11,040	8,656	8,592	9,100	9,100
AG Sales	5,494	5,378	4,767	3,550	3,242	3,400	3,400
M&I Sales	7,037	6,786	6,273	5,105	5,349	5,700	5,700

As the table and chart shows, recent years have been impacted by both restrictions in use levels as well as wet weather, both of which suppress water demands. With dry conditions present, water demands are expected to increase slightly but not rebound to the levels seen five years ago as shown in the Fiscal Year 2017-18 estimated and Projected Fiscal Year 2018-19 water sales.

Chart#1 - Water Sales Trends



* Drought rates in effect July 2015-May 2016. Both M&I and AG sales decreased in this period.

The Water Services operating and non-operating revenues are shown in Table 2. Water sales revenues are those collected by the District for water usage during a billing cycle. Each of the District's customers are charged a fee based upon their user class and water purchased in that billing period. The monthly water fixed service charge revenues are an important revenue stream for the District because they are not subject to volatility in water demands. The District also passes through certain fixed charges from the MWD and the SDCWA. The revenue projection for Fiscal Year 2018-19 provided here include rate and charge increases in line what was approved by the Board.

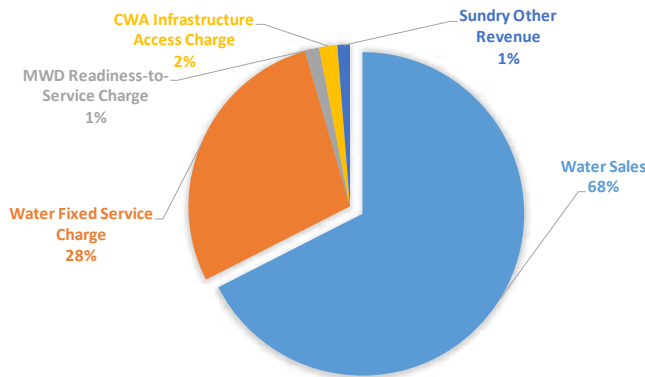
Table #2 - Water Services Sources of Revenue

Description	FY 2016-17 Actual	FY 2017-18		FY 2018-19 Budget	Budget to Budget Change (%)
		Budget	Projected		
Operating Revenues:					
Water Sales	\$ 13,193,236	\$ 14,842,821	\$ 15,241,879	\$ 16,148,015	8.8%
Water Fixed Service Charge	5,388,463	5,268,977	6,121,860	6,697,173	27.1%
MWD Readiness-to-Service Charge	506,753	405,267	357,204	340,398	-16.0%
SDCWA Infrastructure Access Charge	397,183	411,331	425,736	436,668	6.2%
Sundry	803,928	306,100	306,100	300,000	-2.0%
Total Operating Revenue	\$ 20,289,563	\$ 21,234,496	\$ 22,452,779	\$ 23,922,246	12.7%
Non-Operating Revenues:					
Water Capital Improvement Charge	\$ 1,192,354	\$ 1,272,836	\$ 1,235,150	\$ 1,309,424	2.9%
Property Tax	990,936	1,005,488	995,890	950,826	-5.4%
Water Availability Charge	200,730	203,000	203,000	203,000	0.0%
Water Capacity Charges	132,772	102,779	102,779	103,807	1.0%
Investment Earnings	251,349	103,678	103,678	153,484	48.0%
Pumping Charge	-	39,073	39,073	39,073	0.0%
Other Revenue	193,287	173,055	173,055	176,516	2.0%
Total Non-Operating Revenue	\$ 2,961,428	\$ 2,899,909	\$ 2,852,626	\$ 2,936,130	1.2%
Total Revenues	\$ 23,250,991	\$ 24,134,405	\$ 25,305,405	\$ 26,858,377	11.3%

Water sales revenues represent 68% of the District's operating revenues with the remaining 32% of revenues coming from other sources that are independent from water sales. This variable/fixed mix of revenue means that operating revenues are subject to volatility due to water sales levels. Managing this volatility requires good fiscal planning and the use of the Rate Stabilization Fund to make up shortfalls. The primary sources of non-operating revenues are the water Capital Improvement Charge, which is a fixed charge restricted to fund only capital projects, and property tax and Water Availability Charge revenues. Other revenues include pumping charge, investment earnings and other income.

The SMRCUP is being funded with a SRF loan. While not shown here as a source of funds, the expected \$48.74 million loan will provide funding for the project's costs. The project costs are expected to be \$12.1 million and \$36.64 million in Fiscal Years 2018-19 and 2019-20, respectively.

Chart #2 - Fiscal Year 2018-19 Water Services Operating Revenues

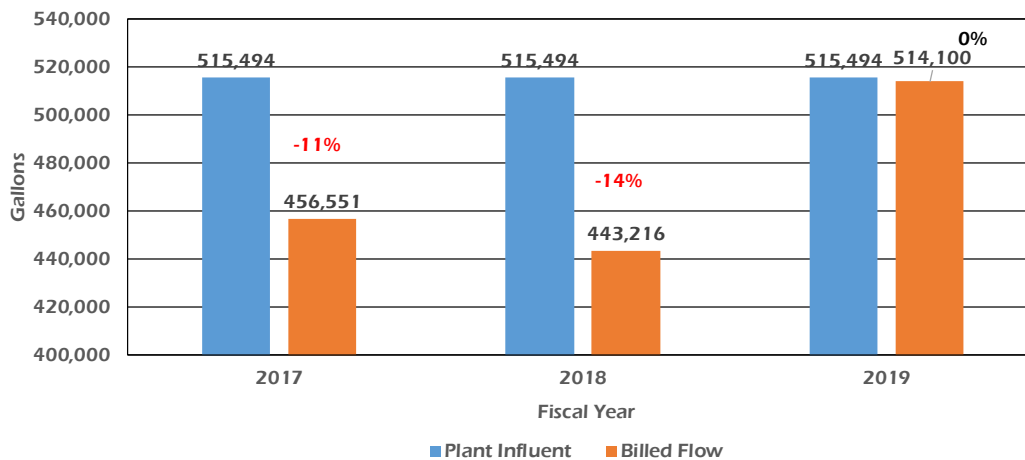


Wastewater Services Sources of Funds

Wastewater revenue is relatively stable since it is billed upon return flow to the sewer system. To estimate the amount of water used that is returned to the sewer, a return to sewer factor is applied to each user class. For residential users, the return to sewer factor is applied to their winter average (December, January, and February). The winter months, which are typically wet, allow indoor use to be estimated since outdoor/landscape use is at a minimum. However, even the winter average use is adjusted to reflect some level of residential outdoor/landscape, which is not returned to the sewer. This methodology limits the impact weather has on billable sewer flows. Typically this makes the revenue stream for this service relatively stable. However, the Winter of 2017 broke rainfall records and the District is seeing a significant reduction in residential billable sewer flows due to exceptionally low levels of winter water use. This is expected to reverse in Calendar Year 2019 when the Winter average for 2018 is used. The revenue projection for Fiscal Year 2018-19 provided here includes rate and charge increases in line with what was approved by the Board. The return to sewer percentage is adjusted for residential to make sure residential billed flow matches measured flow at the Water Reclamation Plant.

Historic averages provide a good basis from which revenues can be estimated. The chart below shows the average annual flows at the plant and the adjusted billable wastewater flows projected for this budget period. The projection for Fiscal Year 2018-19 includes the current year's under performance and a return to normal for Calendar Year 2019.

Chart #3 - Wastewater Services Average Annual Flows

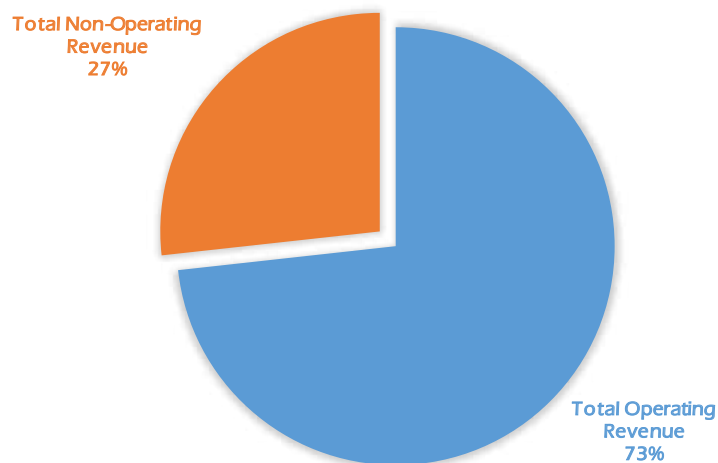


Wastewater Services operating and non-operating revenues are shown in Table 3. The primary source of operating revenue for Wastewater Services is the Wastewater Service Charge. The primary non-operating revenues are the Wastewater Capital Improvement charge, which, like the Water Capital Improvement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

Table #3 - Wastewater Services Sources of Revenue

Description	FY 2016-17 Actual	FY 2017-18		FY 2018-19 Budget	Budget to Budget Change (%)
		Budget	Projected		
Operating Revenue					
Wastewater Service Charges	\$ 5,627,476	\$ 5,787,904	\$ 5,027,098	\$ 6,016,613	4.0%
Sundry & Bio-Solids	4,098	1,100	1,101	1,102	0.2%
Total Operating Revenue	\$ 5,631,574	\$ 5,789,004	\$ 5,028,199	\$ 6,017,715	4.0%
Non-Operating Revenue					
Wastewater Capital Improvement Charge	\$ 1,091,204	\$ 1,123,364	\$ 1,108,537	1,142,101	1.7%
Property Tax	898,879	911,450	903,366	907,883	-0.4%
Water Capacity Charges	158,897	34,135	34,135	30,427	-10.9%
Investment Earnings	234,930	91,237	91,237	58,140	-36.3%
Federal Interest Rate Subsidy	238,765	144,517	144,517	133,917	-7.3%
Total Non-Operating Revenue	\$ 2,622,675	\$ 2,304,703	\$ 2,281,792	\$ 2,272,469	-1.4%
Total Revenues	\$ 8,254,249	\$ 8,093,707	\$ 7,309,991	\$ 8,290,184	2.4%

Chart #4 - Fiscal Year 2018-19 Wastewater Services Operating Revenues



Recycled Water Services Sources of Funds

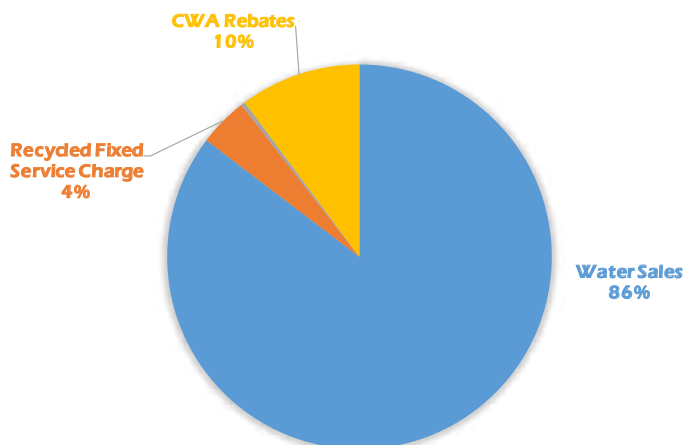
While recycled water sales are subject to weather driven water demands, these customers are not subject to use restrictions due to drought. It is for this reason that many have chosen to be a recycled water customer. While the District is expanding the distribution system, the customer base is relatively small and demands have remained static even with additional customers. Therefore, the historic average adjusted for a small level of growth provide a good basis from which revenues can be budgeted from. The accompanying chart shows the average annual recycled water sales and the sales projected for this budget period. The revenue projection for Fiscal Year 2018-19 provided here include rate and charge increases in line what was approved by the Board.

Recycled Water Services operating and non-operating revenues are shown in Table 4. The primary source of operating revenue for Recycled Water Services is water sales revenue. Recycled Water Services customers pay a per unit rate for recycled water. In addition, the District receives some financial support by the SDCWA to help mitigate the cost of processing the water since it offsets potable water usage and helps increase regional water supply reliability. This assistance will end this year. Other operating revenues include the Fixed Recycled Water Charge. Investment earnings makes up the only non-operating revenues.

Table #4 - Recycled Water Services Sources of Revenue

	FY 2016-17	FY 2017-18		FY 2018-19	Budget to
	Actual	Budget	Projected	Budget	Increase (%)
Operating Revenues					
Water Sales	\$ 968,690	\$ 1,281,487	\$ 1,157,833	\$ 1,271,796	-0.8%
Recycled Fixed Service Charge	38,391	79,442	72,625	61,564	-22.5%
Sundry	86,620	5,000	5,000	5,000	0.0%
SDCWA Rebates	128,760	162,448	162,448	151,525	-6.7%
Total Operating Revenue	\$ 1,222,461	\$ 1,528,377	\$ 1,397,906	\$ 1,489,884	-2.5%
Non-Operating Revenues					
Property Tax	-	-	-	50,043	n/a
Investment Earnings	-	12,441	12,441	9,834	-21.0%
Total Non-Operating Revenue	\$ -	\$ 12,441	\$ 12,441	\$ 59,878	381.3%
Total Revenues	\$ 1,222,461	\$ 1,540,818	\$ 1,410,347	\$ 1,549,762	0.6%

Chart #5 - Fiscal Year 2018-19 Recycled Water Services Operating Revenues



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Operating Budget

Overview

The District, while relatively small, provides a wide range of services to residents. This section of the budget document provides a detailed description of the District’s budgeted use of funds (operating expenses) for each division/function. To make the budget easy to follow, the District’s Operating Budget is broken out into its main cost centers. The cost center breakdown is: Administrative Services, Water Services, Wastewater Services and Recycled Water Services (collectively the Services).

This section provides a detailed breakdown of the District’s employer-paid employee benefits and debt-service costs. Each of the District’s Services are allocated a portion of the District’s benefits costs based upon the Services’ share of total labor costs. The allocation of the benefits’ costs is detailed in the benefit cost section and each of the Services’ operating budgets show the allocated benefits costs.

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

Table #1 - Overview of Total Services Operating Budget

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to
	Actual	Budget	Projected	Budget	Budget Change (%)
Total Labor *	\$ 5,353,915	\$ 5,275,973	\$ 5,275,973	\$ 5,366,812	1.7%
Total Non-Labor	3,176,760	4,213,848	4,273,848	4,281,685	1.6%
Operating Total	\$ 8,530,675	\$ 9,489,821	\$ 9,549,821	\$ 9,648,497	1.7%
Benefits Expenses	2,939,973	3,299,987	3,299,987	3,270,046	-0.9%
Total Services Operating Budget	\$11,470,648	\$ 12,789,808	\$ 12,849,808	\$ 12,918,543	1.0%

* Total Labor does not include District’s Benefits.

Administrative Services

Administrative Services includes a wide range of functions that support the District’s core services: water, wastewater and recycled water. The Organizational Chart on page 18 and 19 shows the broad scope of functions captured in the Administrative Services budget. Administrative Service functions include:

- Manages District operations and capital projects
- Implements and maintains District policies and procedures
- Directs and maintains District documents and archives
- Supports activities of the Board of Directors
- Coordinates District legal activities
- Oversees the District’s financial management including debt management, budget, annual audit, treasury and other required financial reporting
- Maintains customer accounts and billing for water, wastewater and recycled water
- Oversees permit process, right of way and District Geographic Information System (GIS) data

- Manages District contracts, and service and construction services procurement
- Administers the District’s water conservation and agricultural water programs
- Creates and administers public outreach activities
- Provides human resources support to the District
- Coordinates and monitors District safety and risk management programs

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

Table #2 - Administrative Services Approved Positions

Position	Actual FTE*	Actual FTE	Proposed FTE
	FY 2016-17	FY 2017-18	FY 2018-19
General Manager	1.0	1.0	1.0
Board Secretary	1.0	1.0	1.0
Assistant General Manager/ Chief Engineer	1.0	1.0	1.0
Assistant General Manager/Chief Financial Officer	-	1.0	1.0
Administrative Services Manager	1.0	-	-
Human Resources Manager	1.0	1.0	1.0
Accounting Supervisor	1.0	1.0	1.0
Safety & Risk Administrator	1.0	1.0	1.0
Engineering Supervisor	1.0	1.0	1.0
Information System Tech	1.0	1.0	1.0
Warehouse Purchasing Specialist	1.0	1.0	1.0
Administrative Office Specialist	1.0	1.0	1.0
Engineering Technician	3.0	3.0	4.0
Drought Management Coordinator	1.0	1.0	-
GIS Specialist	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Public Affairs Specialist	0.8	0.8	0.8
Accounting/Customer Service Assistant	2.0	2.0	2.0
Customer Service Specialist	1.0	1.0	2.0
Customer Service Representative	2.0	2.0	1.0
Purchasing Warehouse Supervisor	-	-	1.0
Warehouse Supervisor	1.0	1.0	-
Equipment Tech	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0
TOTAL FTE	25.8	25.8	25.8

*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

The Office of the General Manager

- Oversees all District operations
- Plans, organizes and conducts Board of Directors activities and meetings in addition to supporting Board policy development and execution

- Manages legal activities including public hearing and other required notices
- Serves as public liaison to the Community and other entities (i.e. San Diego County Board member) and manages public relations
- Manages District documents, contracts, and Board of Director meeting agendas and minutes

Finance and Customer Services

- Manage and maintain the District's financial and customer information
- Develop and monitor the District's annual budget
- Manage the annual financial audit and develop financial reports
- Maintain and execute the District's financial policies and procedures
- Process payroll
- Manage the District's payroll process, and treasury and debt-management functions
- Establish and monitors the District's internal controls
- Maintain customer service counter and phone line for questions and payment
- Manage meter reading, meter repair, and locking and unlocking delinquent accounts
- Generate and monitor customer bills

Warehouse and Purchasing

- Issue Requests for Proposals, and solicitations for equipment, supplies and materials
- Maintain and manage District equipment, supplies and materials inventory
- Manage purchasing contracts for materials, supplies, equipment and services

Human Resources

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

Information Management

- Maintain, troubleshoot and upgrade the District's network servers, workstations, copiers and printers, phone system and wireless services
- Create and maintains the District's information system's policies and procedures
- Manage the security of the District's information management systems

Engineering Services

- Oversee implementation of the District's Capital Improvement Program
- Maintain records of District easements, as-built facility drawings and facility location drawings

- Design, develop and maintain the District GIS program
- Provide customer service for water and sewer service
- Process water and sewer requests for new service
- Support outside developer and County projects
- Participation in County subdivision map process for new development
- Assess water and sewer availability and develop requirements
- Review and plan check developer water and sewer improvement plans
- Inspect and document developer installation of District facilities

Vehicle Services/Shop

- Service and repair small and large equipment and vehicles

Safety and Risk

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

Table #3 - Administrative Services Total Operating Budget Summary

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor*	\$ 2,561,018	\$ 2,538,126	\$ 2,538,126	\$ 2,617,900	3.1%
Total Non-Labor	\$ 1,413,644	\$ 2,043,168	\$ 2,103,168	\$ 2,230,005	9.1%
Services Operating Total	\$ 3,974,662	\$ 4,581,294	\$ 4,641,294	\$ 4,847,905	5.8%
Allocated Benefits Expenditures	1,406,543	1,587,534	1,587,534	1,595,110	0.5%
Total Services Budget	\$ 5,381,205	\$ 6,168,828	\$ 6,228,828	\$ 6,443,015	4.4%

* Total Labor does not include District’s Benefits

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

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Office of the General Manager					
Labor:					
Salaries	\$ 521,159	\$ 475,699	\$ 475,699	\$ 458,983	-3.5%
Non-Labor:					
Director Expenses		52,000	52,000	52,000	0.0%
General & Administrative		85,500	85,500	81,335	-4.9%
Legal Services		151,000	151,000	151,000	0.0%
Professional Services		22,000	22,000	24,000	9.1%
Public Outreach		80,170	80,170	84,200	5.0%
Santa Margarita Watermaster		89,000	89,000	91,670	3.0%
Total Non-Labor	\$ 262,477	\$ 479,670	\$ 479,670	\$ 484,205	0.9%
Division Operating Total	\$ 783,636	\$ 955,369	\$ 955,369	\$ 943,188	-1.3%

Finance & Customer Service					
Labor:					
Salaries	\$ 722,205	\$ 646,512	\$ 646,512	\$ 675,656	4.5%
Non-Labor:					
Auditor		46,000	46,000	42,000	-8.7%
Bank Fees		28,800	28,800	29,500	2.4%
Copying Service		40,800	40,800	45,500	11.5%
General & Administrative		49,850	49,850	51,050	2.4%
Professional Services		139,420	139,420	141,020	1.1%
Power		13,300	13,300	13,300	0.0%
Total Non-Labor	\$ 451,996	\$ 318,170	\$ 318,170	\$ 322,370	1.3%
Division Operating Total	\$ 1,174,201	\$ 964,682	\$ 964,682	\$ 998,026	3.5%

Warehouse & Purchasing					
Labor:					
Salaries	\$ 208,197	\$ 164,961	\$ 164,961	\$ 166,563	1.0%
Non-Labor:					
Equipment-Non Capital		7,000	7,000	8,100	15.7%
Materials/Supplies/Services		235,500	235,500	268,200	13.9%
Power		45,000	45,000	45,000	0.0%
Total Non-Labor	\$ 101,044	\$ 287,500	\$ 287,500	\$ 321,300	11.8%
Division Operating Total	\$ 309,242	\$ 452,461	\$ 452,461	\$ 487,863	7.8%

* Detailed line item expenditure not available for Fiscal Year 2016-17.

Table #4 - Administrative Services, Division Budget to Budget Comparison, con't

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Human Resources					
Labor:					
Salaries	\$ 187,599	\$ 221,537	\$ 221,537	\$ 212,081	-4.3%
Non-Labor:					
Materials/Supplies/Services		31,977	31,977	36,677	14.7%
Professional Services		10,700	10,700	13,234	23.7%
Training		90,982	90,982	82,300	-9.5%
Total Non-Labor	\$ 52,338	\$ 133,659	\$ 133,659	\$ 132,211	-1.1%
Division Operating Total	\$ 239,937	\$ 355,196	\$ 355,196	\$ 344,292	-3.1%
Information Management					
Labor:					
Salaries	\$ 83,726	\$ 77,283	\$ 77,283	\$ 81,880	5.9%
Non-Labor:					
Materials/Supplies/Services		51,500	51,500	53,450	3.8%
Professional Services		2,000	62,000	80,000	100.0%
SpringBrook		35,000	35,000	35,000	0.0%
Telephones		80,100	80,100	97,200	21.3%
Total Non-Labor	\$ 151,144	\$168,600	\$228,600	\$ 265,650	57.6%
Division Operating Total	\$ 234,870	\$ 245,883	\$305,883	\$ 347,530	41.3%
Engineering Services					
Labor:					
Salaries	\$ 573,429	\$ 607,876	\$ 607,876	\$ 670,293	10.3%
Non-Labor:					
Non - Capital Equipment		-	-	\$ 15,000	100%
Materials/Supplies/Services		45,100	45,100	53,800	19.3%
Total Non-Labor	\$ 33,017	\$ 45,100	\$ 45,100	\$ 68,800	52.5%
Division Operating Total	\$ 606,447	\$ 652,976	\$ 652,976	\$ 739,093	13.2%
Safety & Risk					
Labor:					
Salaries	\$ 165,903	\$ 192,192	\$ 192,192	\$ 186,300	-3.1%
Non-Labor:					
Insurance		270,000	270,000	265,000	-1.9%
Professional Services		75,969	75,969	75,969	0.0%
Total Non-Labor	\$ 94,690	\$ 345,969	\$ 345,969	\$ 340,969	-1.4%
Division Operating Total	\$ 260,593	\$ 538,161	\$ 538,161	\$ 527,269	-2.0%

* Detailed line item expenditure not available for Fiscal Year 2016-17.

Table #4 - Administrative Services, Division Budget to Budget Comparison, con't

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Vehicle Services & Shop					
Labor:					
Salaries	\$ 98,798	\$ 152,068	\$ 152,068	\$ 166,143	9.3%
Non-Labor:					
Vehicle Maintenance & Operations		264,500	264,500	294,500	11.3%
Total Non-Labor	\$ 266,937	\$ 264,500	\$ 264,500	\$ 294,500	11.3%
Division Operating Total	\$ 365,736	\$ 416,568	\$ 416,568	\$ 460,643	10.6%

*Detailed line item expenditure not available for Fiscal Year 2016-17.

Fiscal Year 2017-18 Accomplishments

- Managed completion of capital projects in line with approved capital plan
- Conducted extensive public outreach on various topics including rate and charge adjustments
- Completed a cost-of-service and rate study for all of the District’s services
- Finished the implantation of an Enterprise Resource Planning (ERP) system
- Updated confined space permit and respiratory protection programs
- On track to prepare and process approximately 500 purchase orders

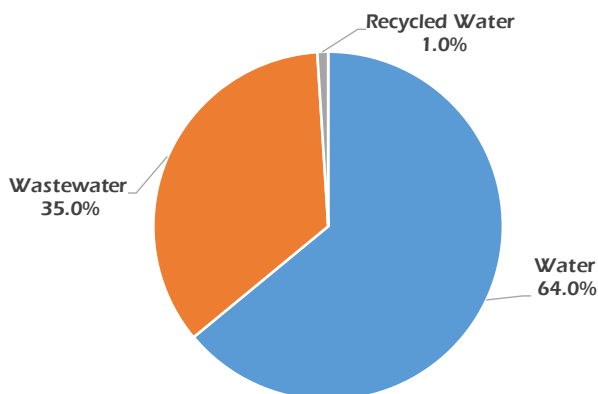
Fiscal Year 2018-19 Goals and Objectives

- Enhance budget controls and financial system operations
- Conduct a review of organizational structure
- Review and update of the District’s Emergency Response Plan
- Develop and implement centralized procurement to standardize all contracts across the District
- Complete financing for the SMRCUP

Cost Allocation of Administrative Services

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

Chart #1 - Administrative Cost Allocations



Total Number of Accounts: 14,298

Water Services

The District provides Water Services to 9,200 meters within the District’s service area. The largest component of the Water Services’ operating budget is the cost of water. The District buys 99% of its water from the SDCWA, which is the region’s wholesale water provider. Water Services provide the following functions:

- Manage the delivery of water from the District’s water supplier and the delivery of water to the District’s customers
- Manage an asset management program that optimizes life-cycle costs and maintains, repairs and replaces system assets
- Operate water system assets including reservoirs, valves, pump stations, control facilities
- Maintain the District’s Water Service’s rights of way
- Manage the District’s water meters and Smart Meter replacement program

Water Services is broken down into divisions that support a specific function. Water Services historic and proposed staffing levels are shown in Table 5.

Table #5 - Water Services Approved Positions

Position	Actual FTE FY 2016-17	Actual FTE FY 2017-18	Proposed FTE FY 2018-19
Construction Supervisor	1.0	1.0	1.0
Utility Technician	4.75	4.75	4.75
Utility Worker I & II	9.5	9.5	9.5
System Service Supervisor	1.0	1.0	1.0
System Operations Manager	1.0	1.0	1.0
Lead Systems Operator	1.0	1.0	1.0
Systems Operator I/II	3.0	3.0	3.0
Instrumentation & Controls Specialist	1.0	1.0	1.0
Maintenance Electrician	1.0	1.0	1.0
Backflow/ Cross Connection Tech	0.75	0.75	0.75
TOTAL FTE	24.0	24.0	24.0

*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Production and Distribution

- Schedule and manages water deliveries to the District to meet customer demands
- Operate water system assets and monitors system conditions including water pressure and water quality
- Maintain crews to operate the system and respond to customer inquires

Pipeline Maintenance and Construction

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

System Services

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

Table #6 - Water Services Total Operating Budget Summary

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 1,486,420	\$ 1,523,700	\$ 1,523,700	\$ 1,404,962	-7.8%
Total Non-Labor	710,139	1,056,580	1,010,200	1,062,600	0.6%
Operating Total	\$ 2,196,559	\$ 2,580,280	\$ 2,533,900	\$ 2,467,562	-4.4%
Allocated Benefits Expenditures	656,829	953,036	953,036	856,056	-10.2%
Allocation of Administrative Services	2,852,039	3,238,990	3,238,990	4,123,530	27.3%
Total Services Budget	\$5,705,427	\$6,772,307	\$ 6,725,927	\$ 7,447,148	10.0%

* Total Labor does not include District’s Benefits.

Table #7 - Water Services, Division Budget to Budget Comparison

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual *	Budget	Projected	Budget	
Production & Distribution					
Labor:					
Salaries	\$ 947,831	\$ 899,720	\$ 899,720	\$ 811,431	-9.8%
Non-Labor:					
Equipment - Non Capital		60,500	60,500	60,500	0.0%
Materials/Supplies/Services		306,150	306,150	332,550	8.6%
Power		282,380	236,000	236,000	-16.4%
Total Non-Labor	\$ 327,420	\$ 649,030	\$ 602,650	\$ 629,050	-3.1%
Division Operating Total	\$ 1,275,251	\$ 1,548,750	\$ 1,502,370	\$ 1,440,481	-7.0%

* Detailed line item expenditure not available for Fiscal Year 2016-17.

Table #7 - Water Services, Division Budget to Budget Comparison, con't

Description	FY 2016-17 Actual *	FY 2017-18		FY 2018-19 Budget	Budget to Budget Change (%)
		Budget	Projected		
Pipeline Maintenance & Construction					
Labor:					
Salaries	\$ 248,130	\$ 369,191	\$ 369,191	\$ 283,428	-23.2%
Non-Labor:					
Materials/Supplies/Services		174,000	174,000	192,000	10.3%
Total Non-Labor	\$ 219,578	\$ 174,000	\$ 174,000	\$ 192,000	10.3%
Division Operating Total	\$ 467,707	\$ 543,191	\$ 543,191	\$ 475,428	-12.5%
System Services					
Labor:					
Salaries	\$ 290,459	\$ 254,790	\$ 254,790	\$ 310,103	21.7%
Non-Labor:					
Materials/Supplies/Services		233,550	233,550	241,550	3.4%
Total Non-Labor	\$ 163,141	\$ 233,550	\$ 233,550	\$ 241,550	3.4%
Division Operating Total	\$ 453,600	\$ 488,340	\$ 488,340	\$ 551,653	13.0%

* Detailed line item expenditure not available for Fiscal Year 2016-17.

Fiscal Year 2017-18 Accomplishments

- Had no water quality violations during the year
- Installed solar mixer at Red Mountain Reservoir to improve water quality
- Automated/remote monitor flow and pressure controls in the distribution system
- Maintained schedule to exercise all valves on a three-year cycle
- Replaced 77 water main valves and 907 feet of water mains
- Met the meter replacement schedule

Fiscal Year 2018-19 Goals and Objectives

- Upgrade Supervisory Control and Data Acquisition (SCADA) to improve communications between critical sites

Cost of Water

The District’s cost of water is broken down into fixed and variable costs. Variable or Commodity costs vary depending on the amount of water purchased. Fixed charges are set regardless of the water consumed during the billing period. The fixed water costs are comprised of the SDCWA’s charges and MWD fixed charges that are pass through by SDCWA. The District’s variable and fixed water charges are summarized below:

Table #8 - Variable and Fixed Charges Budget to Budget Comparison

	FY 2016-17 Actual	FY 2017-18		FY 2018-19 Budget	Budget to Budget Change (%)
		Budget	Projected		
Variable Costs:					
Volumetric Cost	\$ 9,620,975	\$ 9,586,785	\$ 10,946,794	\$ 11,198,586	16.8%
Fixed Costs:					
Supply Reliability	\$ 480,588			\$ 519,150	
Storage	1,166,214	3,641,801	2,598,408	1,133,928	-30.1%
Customer service	678,480			618,534	
MWD Capacity	326,222			273,605	
MWD Readiness to Serve	398,232	405,267	357,204	340,392	-16.0%
SDCWA IAC	396,354	411,331	411,331	318,426	-22.6%
Total Cost of Water	\$ 13,067,064	\$ 14,045,184	\$ 14,313,737	\$ 14,402,621	2.5%

Fixed Costs

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

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

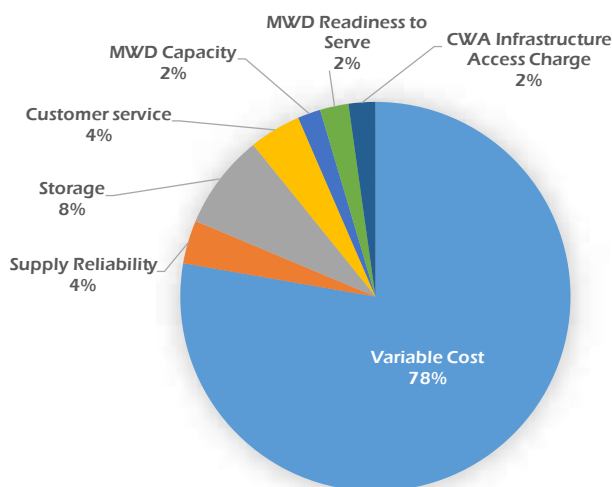
Customer Service Charge – SDCWA charge designed to recover costs associated with SDCWA’s customer service and functions.

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

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

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

Chart #2 - Cost of Water Breakdown



Fixed Costs are 22% of the Total Cost of Water Purchased from SDCWA


Variable Costs

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

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

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

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



Variable Costs are 78% of the Total Cost of Water Purchased from SDCWA

Wastewater Services

The District provides Wastewater Services to 4,200 meters within the District’s service area. The largest component of the Wastewater Services’ operating budget is the operating costs of the District’s water reclamation plant. Wastewater Services includes the following functions:

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

Wastewater Services is broken down into divisions that support a specific functions. Wastewater Services historic and proposed staffing levels are shown in Table 9.

Table #9 - Wastewater Services Approved Positions

Position	Actual FTE	Actual FTE	Proposed FTE
	FY 2016-17	FY 2017-18	FY 2018-19
Collections Supervisor	1.0	1.0	1.0
Utility Technician	2.0	2.0	2.0
Utility Worker I & II	5.0	5.0	5.0
Chief Plant Operator	0.7	0.7	0.85
Lead Operator	1.5	1.5	1.7
Operator	1.4	1.4	1.7
Environmental Compliance Technician	0.5	0.5	0.5
Laboratory Technician	0.7	0.7	0.85
Mechanical Technician	0.6	0.6	0.8
Plant Maintenance Worker	0.6	0.6	0.8
TOTAL FTE	14.0	14.0	15.2

*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Collections

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

Treatment

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

Table #10 - Wastewater Services Operating Budget Summary

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 1,024,881	\$ 924,699	\$ 924,699	\$ 1,124,410	21.6%
Total Non-Labor	822,640	1,065,530	1,065,530	910,930	-14.5%
Operating Total	\$ 1,847,521	\$ 1,990,229	\$ 1,990,229	\$ 2,035,340	2.3%
Allocated Benefits Expenditures	722,393	578,376	578,376	685,113	18.5%
Allocation of Administrative Services	2,260,106	2,616,108	2,616,108	2,255,055	-13.8%
Total Services Budget	\$ 4,830,020	\$ 5,184,712	\$ 5,184,712	\$ 4,975,508	-4.0%

* Total Labor does not include District’s Benefits.

Table # 11 - Wastewater Services, Division Budget to Budget Comparison

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual *	Budget	Projected	Budget	
Collections					
Labor:					
Salaries	\$ 407,992	\$ 333,989	\$ 333,989	\$ 410,267	22.8%
Non-Labor:					
Materials/Supplies/Services		180,430	180,430	184,130	2.1%
Power		95,000	95,000	95,000	0.0%
Total Non-Labor	\$ 275,116	\$ 275,430	\$ 275,430	\$ 279,130	1.3%
Division Operating Total	\$ 683,108	\$ 609,419	\$ 609,419	\$ 689,397	13.1%
Treatment					
Labor:					
Salaries	\$ 616,889	\$ 590,710	\$ 590,710	\$ 714,143	20.9%
Non-Labor Expenses:					
Contractor Services		187,300	187,300	192,500	2.8%
Materials/Supplies/Services		278,300	278,300	270,800	-2.7%
Non-Capital Equipment		23,500	23,500	20,000	-14.9%
Power & Gas		301,000	301,000	148,500	-50.7%
Total Non-Labor	\$ 547,524	\$ 790,100	\$ 790,100	\$ 631,800	-20.0%
Division Operating Total	\$ 1,164,413	\$ 1,380,810	\$ 1,380,810	\$ 1,345,943	-2.5%

*Detailed line item expenditure not available for Fiscal Year 2016-17.

Fiscal Year 2017-18 Accomplishments

- Operating the Water Reclamation Plant processes from the headwork’s to secondary treatment including solids handling, while staying in compliance with the applicable permits: National Pollutant Discharge Elimination System (NPDES) and Environmental Protection Agency (EPA) Bio-Solids Regulations.
- Maintaining the Water Reclamation Plant equipment from the headwork’s to secondary treatment including solids handling equipment in order to sustain mechanical integrity and processes.

Fiscal Year 2018-19 Goals and Objectives

- Operates Water Reclamation Plant processes effectively from the headwork’s to secondary treatment including solids handling to stay in compliance while optimizing operation. This includes minimizing power use, chemical use and overtime.
- Maintain Water Reclamation Plant equipment from the headwork’s to secondary, including solids handling equipment using preventative and predictive measures.

Recycled Water Services

The District provides Recycled Water Services to 26 meters within the District’s service area. The largest component of the Recycled Water Services’ operating budget is the operating costs of the District’s water reclamation plant. Recycled Water Services includes the following functions:

- Operate the Water Reclamation Plant, equipment and processes necessary to produce recycled water
- Liaise with recycled water customers to schedule deliveries and inspections of service connections
- Operate and maintain the District’s distribution system, which includes 10.5 miles of pipe and 17 customers in the Fallbrook service area and 3 services off the District’s ocean outfall pipe in the City of Oceanside. The 3 services on the outfall provide irrigation water for Caltrans landscape along Highway 76 and I-5

Recycled Water Services is broken down into Divisions that support a specific function. Recycled Water Services historic and proposed staffing levels are shown in Table 12.

Table #12 - Recycled Water Services Approved Positions

Position	Actual FTE	Actual FTE	Proposed FTE
	FY 2016-17	FY 2017-18	FY 2018-19
Chief Plant Operator	0.3	0.3	0.15
Lead Operator	0.5	0.5	0.3
Operator	0.6	0.6	0.3
Environmental Compliance Technician	0.5	0.5	0.5
Laboratory Technician	0.3	0.3	0.15
Mechanical Technician	0.4	0.4	0.2
Plant Maintenance Worker	0.4	0.4	0.2
Utility Technician	0.25	0.25	0.25
Utility Worker I	0.5	0.5	0.5
Backflow/ Cross Connection Tech	0.25	0.25	0.25
TOTAL FTE	4.0	4.0	2.8

*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

Production

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

Distribution

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

Table #13 - Recycled Water Services Operating Budget Summary

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual	Budget	Projected	Budget	
Total Labor *	\$ 281,596	\$ 289,447	\$ 289,447	\$ 219,540	-24.2%
Total Non-Labor	230,337	274,950	274,950	258,150	-6.1%
Operating Total	\$ 511,933	\$ 564,397	\$ 564,397	\$ 477,690	-15.4%
Allocated Benefits Expenditures	154,207	181,042	181,042	133,768	-26.1%
Allocation of Administrative Services	269,060	373,730	373,730	64,430	-82.8%
Total Services Budget	\$ 935,201	\$ 1,119,169	\$ 1,119,169	\$ 675,885	-39.6%

* Total Labor does not include District's Benefits

Table #14 - Recycled Water Services, Division Budget to Budget Comparison

Description	FY 2016-17	FY 2017-18		FY 2018-19	Budget to Budget Change (%)
	Actual *	Budget	Projected	Budget	
Production					
Labor:					
Salaries	\$ 259,385	\$ 249,555	\$ 249,555	\$ 177,936	-28.7%
Non-Labor:					
Contractor Services		28,750	28,750	29,850	3.8%
Materials/Supplies/Service		117,500	117,500	118,600	0.9%
Power		88,000	88,000	60,000	-31.8%
Total Non-Labor	\$ 190,720	\$ 234,250	\$ 234,250	\$ 208,450	-11.0%
Division Operating Total	\$ 450,105	\$ 483,805	\$ 483,805	\$ 386,386	-20.1%

Distribution					
Labor:					
Salaries	\$ 22,211	\$ 39,892	\$ 39,892	\$ 41,604	4.3%
Non-Labor:					
Materials/Supplies/Service		40,200	40,200	49,200	22.4%
Power		500	500	500	0.0%
Total Non-Labor	\$ 39,617	\$ 40,700	\$ 40,700	\$ 49,700	22.1%
Division Operating Total	\$ 61,828	\$ 80,592	\$ 80,592	\$ 91,304	13.3%

* Detailed line item expenditure not available for Fiscal Year 2016-17.

Fiscal Year 2017-18 Accomplishments

- Operating the Water Reclamation Plant recycled water facility while staying in compliance with the applicable recycled water permits: Title 22, State Recycled Water Policy and the State Recycled Water General Permit
- Maintaining the Water Reclamation Plant recycled water equipment in order to sustain mechanical integrity and processes throughout the recycled water process

Fiscal Year 2018-19 Goals and Objectives

- Operate Water Reclamation Plant recycled water facility effectively to stay in compliance while reducing treatment costs -includes optimizing power and chemical use and reducing staff overtime
- Provide reliable recycled water production with no interruptions by maintaining equipment using preventative and predictive measures

Employee Benefits

The District updates the cost of the benefits offered to District staff as part of the annual budget. While the current Memorandum of Understanding (MOU) between the District and its employee association is set to expire in July 2018 and the new MOU may result in cost changes, since there is no new MOU at this time, the budget was developed based upon the terms of the current MOU. Table 15 shows the breakdown of the District’s costs related to employee benefits. These cost estimates include expected increases in costs.

Chart #3 - Fiscal Year 2018-19 Benefits Breakdown

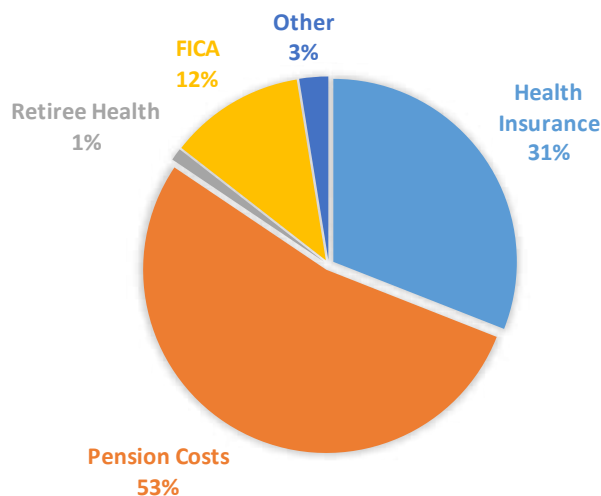
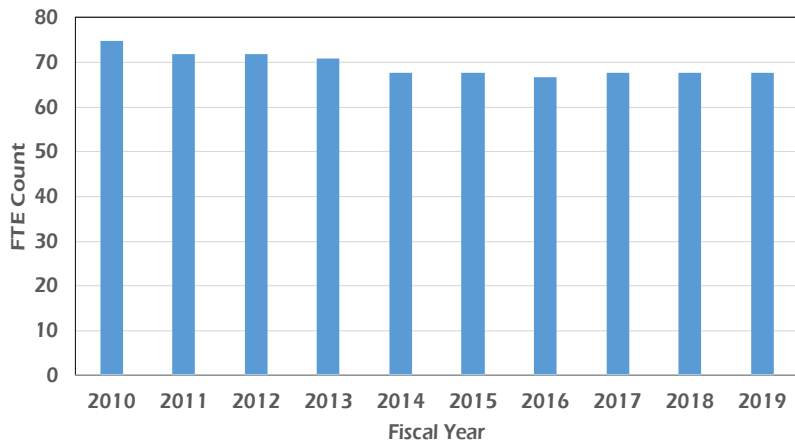


Table #15 - Breakdown of District’s Employee Benefit Costs

Description	FY 2016-17 Actual	FY 2017-18		FY 2018-19 Budget	Budget to Budget Change (%)
		Budget	Projected		
Auto Allowance	\$ 15,058	\$ 14,500	\$ 14,500	\$ 14,500	0.0%
Insurance - Dental	66,567	73,341	73,341	74,535	1.6%
Insurance - Vision	14,061	14,416	14,416	15,125	4.9%
Insurance - Health	784,133	821,026	821,026	863,479	5.2%
Insurance - Life and Disability	38,457	35,780	43,000	47,070	31.6%
Insurance - Worker’s Comp	116,329	127,023	130,000	136,749	7.7%
Longevity Bonus	6,433	25,753	25,753	21,438	-16.8%
FICA - Employer’s share	415,695	426,320	426,320	437,751	2.7%
CalPERS Annual Contribution	519,326	539,651	539,651	581,681	7.8%
CalPERS Unfunded Liability Payment	459,468	572,652	572,652	730,682	27.6%
Pension/OPEB Liability Trust Payment	1,336,000	900,000	900,000	650,000	-27.8%
Employer’s share (401 & 457)	15,693	19,119	19,119	19,285	0.9%
District Share of Retiree Medical Insurance	28,787	n/a	35,000	40,000	n/a
Uniforms & Boots	50,640	38,317	38,317	38,401	0.2%
Total	\$ 3,866,645	\$ 3,607,898	\$3,653,095	\$ 3,670,695	1.7%

The District’s staffing levels remain unchanged as shown in Chart 4.

Chart #4 - Fallbrook Public Utility District’s Approved Full-Time Staffing Equivalent



The District participates in the California Public Employees’ Retirement System (CalPERS). Recent changes to CalPERS accounting practices have caused pension costs for participating agencies to increase. The District’s pension cost budget incorporates the costs determined by CalPERS for the next fiscal year. The recent change to the discount rate used to calculate the current cost of the pension benefits already earned by staff are driving

up the Unfunded Liability Payment as seen by the 27.6% increase in this cost. The current annual contribution rate is also increasing by 7.8%. Together these costs are increasing 18% and represent 36% of the benefits costs. Appendix D provides the District’s CalPERS annual payment schedule for the Unfunded Actuarial Accrued Liability (UAAL).

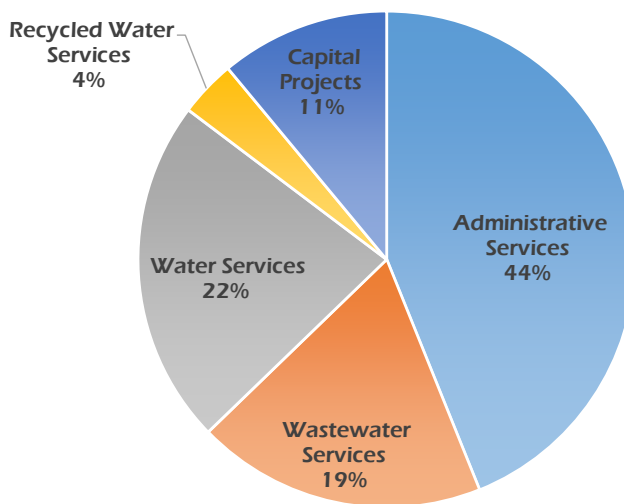
The District’s health insurance costs are budgeted to increase by 6.1% driven by a 5.2% increase in the District’s cost of medical insurance. Changes to the budgeting methodology resulted in the increases in Worker’s Compensation, Life and Disability Insurance and retiree healthcare costs.

Other benefits show a slight decrease due to the reduction in planned longevity bonuses.

Benefit Allocation

The District’s benefit costs are allocated to each of the District’s Services based upon its share of the budgeted salary and wages. This allocation methodology aligns the benefit cost allocation with salary and wages, which are the primary determinants of the benefit costs. A portion of the Benefits cost is allocated to labor associated with Capital Projects and is integrated into the projects budget.

Chart#5 - Fiscal Year 2018-19 Benefits Allocation



Debt Service

The District currently has three outstanding long-term debt obligations, the Red Mountain State Revolving Fund Loan (2011 SRF Loan), the Wastewater Reclamation Plant State Revolving Fund Loan (2016 SRF Loan) and the Qualified Energy Conservation Revenue Bonds (2010 QECCB).

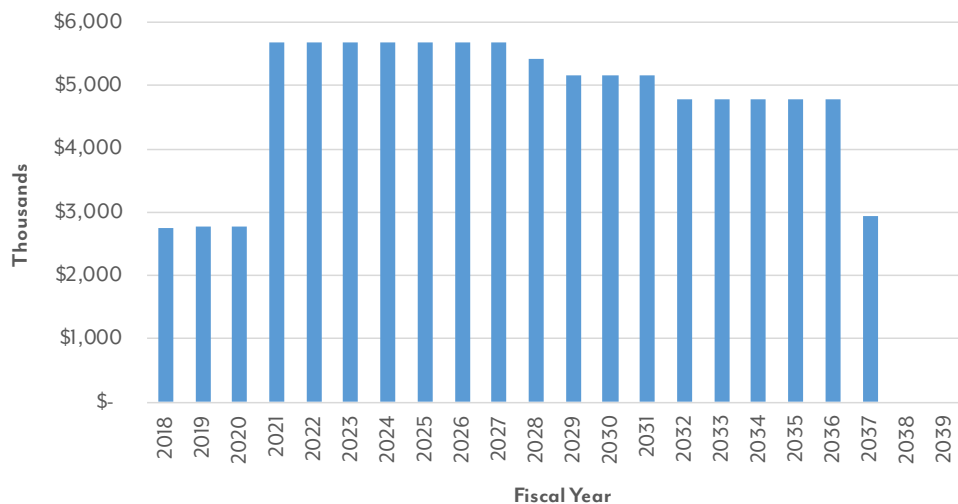
In addition, the District expects to issue approximately \$50 million in additional debt to finance the District’s SMRCUP with State Revolving Fund Loans. While the agreement has been approved, the final amount and payment schedule have not yet been determined. The table below shows the debt service payment schedule for each debt issuance. The debt service in Fiscal Year 2020-21 increases significantly because debt service payments for the SMRCUP loan begin.

Table #16 - Debt Service Budget Summary

Debt Issuance	Service			Total Debt Service
	Water	Wastewater	Recycled Water	
2011 SRF Loan	\$ 395,851	\$ -	\$ -	\$ 395,851
2016 SRF Loan*	-	1,292,022	553,724	1,845,746
2010 QECCB	-	518,423	-	518,423
Total	\$ 395,851	\$ 1,810,445	\$ 553,724	\$ 2,760,019

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

Chart #6 - Annual Debt Service



Each debt issuance is linked to the Service that it was used to fund. In some cases, the debt service can be allocated to more than one service. The table below shows the debt service payments for Fiscal Year 2018-19 and the amount allocated to each service.

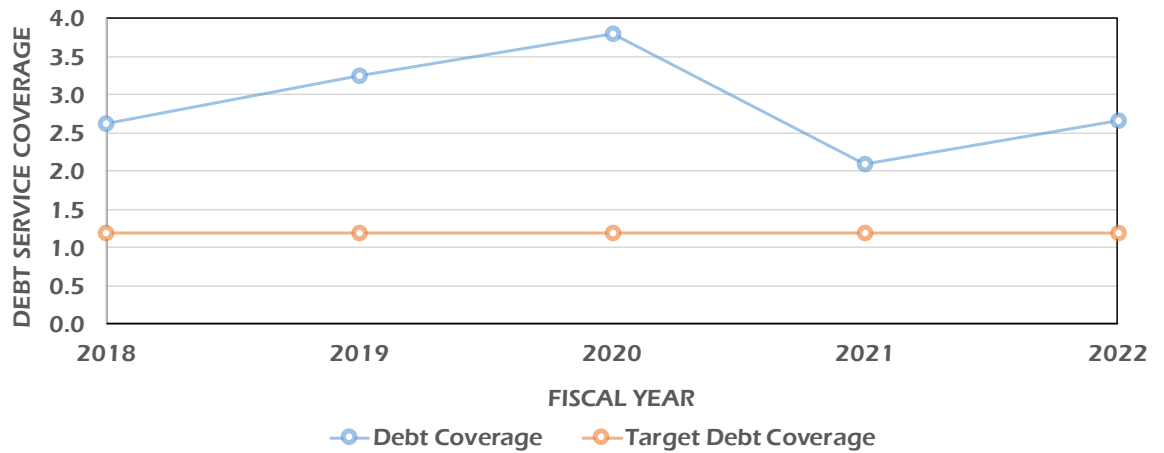
Table #17 - Fiscal Year 2018-19 Debt Service Schedule

Year Ending June 30	Red Mountain State Revolving Fund Loan		Water Reclamation Plant State Revolving loan		QECB Loan		SMRCUP State Revolving Fund	District Annual Debt Service
	Principle	Interest	Principle	Interest	Principle	Interest		
	2013	\$ 245,212	\$ 150,639	\$ -	\$ -	\$ 575,745		
2014	251,556	144,295	-	-	593,502	345,519	-	1,334,872
2015	258,064	137,786	-	-	611,992	311,188	-	1,319,031
2016	264,741	131,110	-	-	631,240	275,785	-	1,302,876
2017	271,590	124,260	1,197,952	647,793	270,430	244,706	-	2,756,731
2018	278,617	117,234	1,220,688	625,057	287,973	228,932	-	2,758,501
2019	285,826	110,025	1,247,544	598,202	306,282	212,141	-	2,760,019
2020	293,220	102,630	1,274,990	570,756	325,386	194,288	-	2,761,270
2021	300,807	95,044	1,303,039	542,706	345,316	175,326	2,927,315	5,689,553
2022	308,589	87,261	1,331,706	514,039	366,104	155,208	2,927,315	5,690,223
2023	316,573	79,277	1,361,004	484,742	387,783	133,884	2,927,315	5,690,578
2024	324,764	71,087	1,390,946	454,800	410,388	111,302	2,927,315	5,690,601
2025	333,166	62,685	1,421,547	424,199	433,953	87,409	2,927,315	5,690,273
2026	341,786	54,065	1,452,821	392,925	458,515	62,150	2,927,315	5,689,576
2027	350,628	45,222	1,484,783	360,963	484,114	35,465	2,927,315	5,688,490
2028	359,700	36,151	1,517,448	328,298	254,219	7,296	2,927,315	5,430,426
2029	369,006	26,844	1,550,832	294,914	-	-	2,927,315	5,168,911
2030	378,553	17,297	1,584,950	260,796	-	-	2,927,315	5,168,911
2031	388,347	7,503	1,619,819	225,927	-	-	2,927,315	5,168,911
2032	-	-	1,655,455	190,291	-	-	2,927,315	4,773,061
2033	-	-	1,691,875	153,871	-	-	2,927,315	4,773,061
2034	-	-	1,729,096	116,649	-	-	2,927,315	4,773,061
2035	-	-	1,767,136	78,609	-	-	2,927,315	4,773,061
2036	-	-	1,806,014	39,732	-	-	2,927,315	4,773,061
2037	-	-	-	-	-	-	2,927,315	2,927,315
2038	-	-	-	-	-	-	-	-

The District does not expect any debt service related to the SMRCUP during this budget period. Debt service for the State Revolving Fund loan is expected to begin in Fiscal Year 2019-20 and is shown in the summary table. The financial projections in this document include this debt service starting in Fiscal Year 2020-21.

While there is no established legal debt limit for the District, the District has an adopted Debt Management Policy. The Debt Management Policy creates the framework for issuing debt. The District's debt service indentures require that the debt service coverage ratio be maintained at or above 1.2x. Chart 7 shows the projected debt service coverage above the target level of 1.2x. Currently the District has no subordinate debt outstanding.

Chart #7 - Debt Service Coverage Ratio



Project Summary for Fiscal Year 2018-19

District Capital Program

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. Figure 1 summarizes the facilities owned and operated by the District. It is critical to develop plans to reduce the overall cost of operating these facilities by completing pro-active capital projects to replace and rehabilitate these assets versus waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

The annual Capital Improvement Budget is used to implement the District’s long-range capital goals. These goals are developed using the District’s Strategic Plan, Urban Water Management Plan, Asset Management Plan and Master Plans. These plans are utilized to develop the lowest lifecycle cost to meet water and wastewater needs and maintain system reliability for the Districts customers.

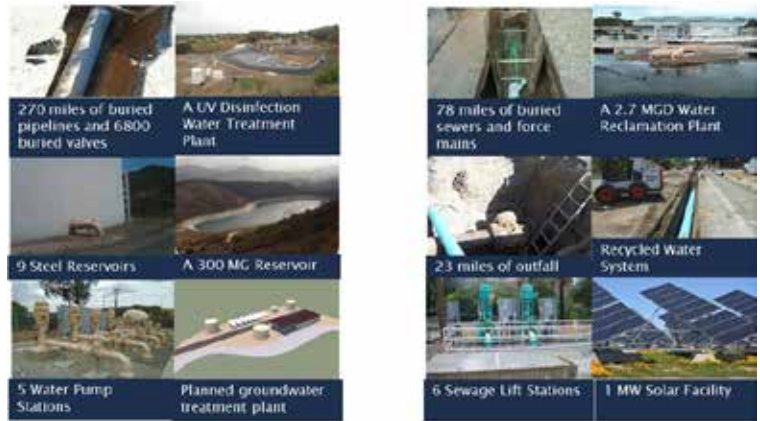


Figure #1 - Fallbrook District facilities.

Capital Project Summary for Fiscal Year 2018-19

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is replacement of aging infrastructure. In addition to rehabilitation, the construction of the \$48.74 million SMRCUP in Fiscal years 2018-19 and 2019-20 will be the most significant single project for the next 15-20 years and will provide a long-term cost effective local water supply. A summary of key capital projects in Fiscal Year 2018-19 are summarized on the following pages.

Water Capital Projects

The District will continue the reservoir coating projects to ensure reliable water storage facilities and will complete coating of the Sandia Reservoir in northern section of the District. District construction staff will continue with valve replacement projects to reduce outage impacts of breaks and failures. The District implemented an escalating capital improvement charge to ensure the District is meeting pipeline infrastructure replacement needs. The two new major pipeline projects for Fiscal Year 2018-19 include replacing 3,400 linear feet of deteriorated 12” piping along Santa Margarita Drive and replacing 2,116 feet of 8” waterline pipeline in DeLuz Road on the north end of town. Two projects awarded in Fiscal Year 2017-2018 will also be completed in Old Stage and Old Highway 395.

Water Capital Projects

With the completion of the water rights permitting, and the settlement agreement with Camp Pendleton, advertising for construction are anticipated to be completed for the SMRCUP in Fiscal Year 2018-19. Funding for construction will be secured in Fiscal Year 2017-18 as construction of the SMRCUP is planned to begin in Fiscal Year 2018-19.

The Toyon Pump Station has reached the end of its useful life and will be replaced.

In accordance with the Meter Replacement Program Budget, the District will complete the fourth year of a five year program to replace existing Automatic Meter Reading (AMR) meters with Advanced Metering Infrastructure (AMI) meters to provide for real time data collection and alerts.

Wastewater/ Recycled Capital Projects

As part of the long-term sewer system replacement plan, lining sections of sewer main and manholes, replacement of a number of sewer sections at creek and culvert crossings, and the lining of the wet well at the Green Canyon Lift Station.

At the Water Reclamation Plant (WRP), older equipment and facilities that were not included in the plant rehabilitation project will be repaired or replaced. Design of rehabilitation of the Overland Trail Lift Station will be completed, and construction started with completion scheduled for Fiscal Year 2019-20.

An expansion of the recycled distribution system will be initiated to add additional customers in the southern end of the district.

Table #1 - Capital Improvements Projects Summary Table

	FY 2017-18
Water Capital Projects	
Pipelines & Valve Replacement Projects by District	\$ 681,936
Pipeline Replacement Projects by Contractors	1,237,650
Deluz ID Projects	90,000
Pump Stations	500,000
Meter Replacement	425,500
Pressure Reducing Stations	70,000
Red Mountain Reservoir Improvements	105,000
Steel Reservoir Improvements	1,264,697
Santa Margarita River Conjunctive Use Project	100,000
Vehicles & Heavy Equipment	698,500
District Yard Improvements	99,000
SCADA Upgrades/ Security/Telemetry	144,000
Total Water Capital Projects	\$ 5,416,283
Recycled Water Capital Projects	
Recycled Water Improvements	\$ 65,000
Total Recycled Water Capital Projects	\$ 65,000
Wastewater Capital Projects	
WRP Improvements	\$ 200,000
Collection System Improvements	1,725,000
Outfall Improvements	\$80,000
Total Wastewater Capital Projects	\$ 2,005,000
Administrative Capital Projects	
Administrative Upgrades	\$ 354,000
Engineering & Operations Information Systems	115,000
Facility Improvements/Upgrades/Security	80,000
Total Administrative Capital Projects	\$ 549,000
Total Capital Budget Projects	\$ 8,035,283

Capital Budget Section

Fiscal Year 2018-19 Recommended Annual Budget

FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
\$ 755,000	\$ 655,000	\$ 655,000	\$ 655,000	\$ 655,000	\$ 755,000	\$ 655,000
1,683,888	690,598	625,602	631,858	947,158	3,562,083	424,183
100,000	100,000	100,000	100,000	100,000	100,000	100,000
515,000	50,000	50,000	50,000	50,000	50,000	50,000
700,000	675,000	675,000	600,000	50,000	20,000	20,000
70,000	-	-	-	-	-	-
70,000	80,000	40,000	40,000	350,000	50,000	90,000
786,000	531,000	8,000	68,000	10,000	10,000	450,000
12,095,000	36,285,000	220,000	200,000	200,000	200,000	200,000
616,000	533,500	546,000	428,500	303,500	368,500	468,500
110,000	-	-	50,000	-	50,000	50,000
144,000	130,000	130,000	95,000	90,000	85,000	105,000
\$ 17,644,888	\$ 40,120,493	\$ 3,098,324	\$ 2,987,641	\$ 2,829,090	\$ 5,336,714	\$ 2,747,320
\$ 580,000	\$ 660,000	\$ 214,000	\$ 214,000	\$ 214,000	\$ 214,000	\$ 214,000
\$ 580,000	\$ 660,000	\$ 214,000	\$ 214,000	\$ 214,000	\$ 214,000	\$ 214,000
\$ 200,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 950,000	\$ 750,000
1,115,000	790,000	1,035,000	856,000	\$612,000	\$388,000	\$390,000
80,000	80,000	80,000	80,000	\$50,000	\$50,000	\$50,000
\$ 1,395,000	\$ 1,020,000	\$ 1,265,000	\$ 1,136,000	\$ 862,000	\$ 1,388,000	\$ 1,190,000
\$ 30,000	\$ 20,000	\$ 23,000	\$ 15,000	\$ 25,000	\$ 425,000	\$ 25,000
155,000	155,000	30,000	30,000	30,000	30,000	30,000
90,000	50,000	25,000	25,000	85,000	25,000	25,000
\$ 275,000	\$ 225,000	\$ 78,000	\$ 70,000	\$ 140,000	\$ 480,000	\$ 80,000
\$ 19,894,888	\$ 42,044,543	\$ 4,686,620	\$ 4,450,669	\$ 4,094,465	\$ 7,524,917	\$ 4,322,616

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Pipeline and Valve Replacement Projects by District

Project Description:

Projects include replacing existing valves and pipelines by District staff based on highest priority section to reduce service interruptions. Primary focus is on valve replacements with a target of replacing 100 valves a year.

The proposed purchases and costs for Fiscal Year 2018-19 also include:

- Replacing fire detector checks and smaller pressure control stations throughout the District as-needed
- Design of pipeline replacement projects by District staff
- Rehabilitation of District easements that require significant rebuilding of the existing access roads
- Surveying of sections of the district for existing small leaks

Supports Strategic Goals:

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

Operating Impacts:

The valve replacement program is critical in reducing the number of accounts effected by unplanned water outages.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$755,000
Total Capital:	\$755,000



Old Hwy 395 24" Pipeline Relocation

Project Description:

This project was started in Fiscal Year 2017-18 and will relocate 1,600 feet of 24" steel water line from where it is now the bottom of a drainage and install the new pipeline into the road bed of Old Hwy 395.

Supports Strategic Goals:

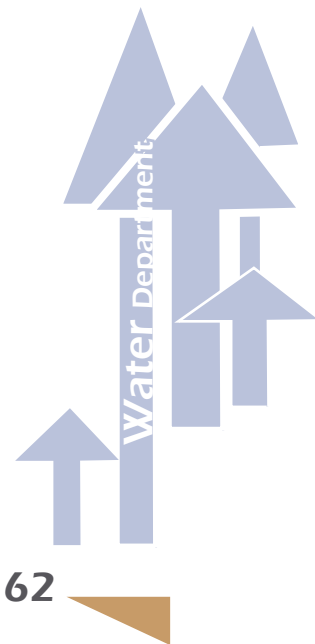
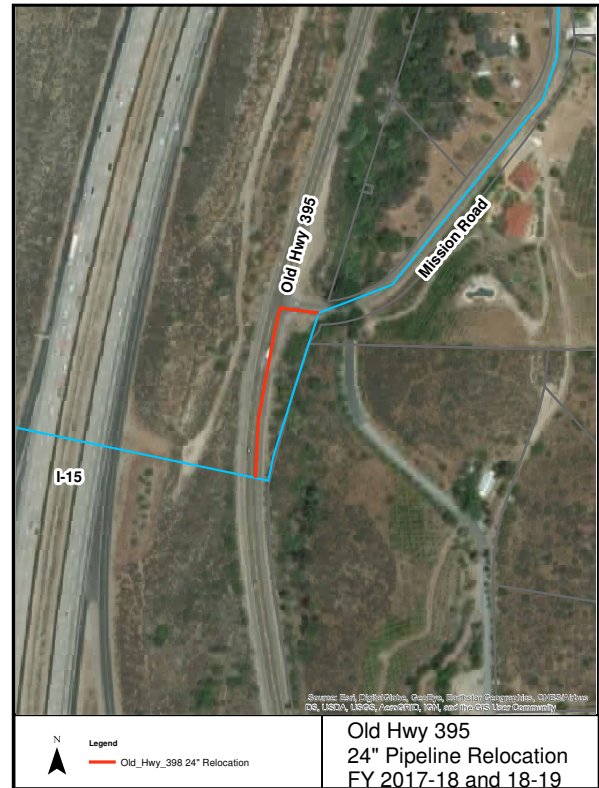
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

This project will reduce the cost of leak repair and potential property damage due to pipe failure.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$200,000
Total Capital:	\$460,727



Old Stage Road 6” Pipeline Replacement

Project Description:

This project was started in Fiscal Year 2017-18 and will replace 1,000 feet old steel water line. The pipe is failing and has been the location of numerous leaks.

Supports Strategic Goals:

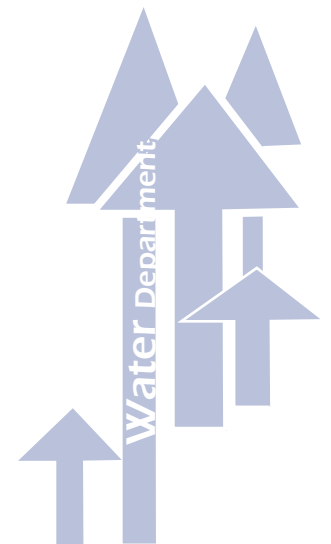
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

This project will improve water system reliability by replacing a structurally deficient section of a primary water supply line.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$260,000
Total Capital:	\$523,420



DeLuz Road 8” Pipeline Replacement

Project Description:

This project will replace 2,116 feet old 8” steel water line. The pipe is failing and has been the location of numerous leaks.

Supports Strategic Goals:

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

Operating Impacts:

This project will reduce the cost of leak repair and potential property damage due to pipe failure.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$408,000
Total Capital:	\$408,000



Santa Margarita Drive 12” Pipeline Replacement

Project Description:

This project will replace 3,400 feet of old steel water line that was concrete lined in the 1965. The pipe is failing and has been the location of numerous leaks.

Supports Strategic Goals:

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

Operating Impacts:

This project will reduce the cost of leak repair and potential property damage due to pipe failure.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$816,000
Total Capital:	\$816,000



DeLuz Pipeline Projects

Project Description:

Capital Projects in the DeLuz Improvement District using Deluz Improvement District Funds. Projects include pipeline extension to specified parcels when water service is extended to specified parcels per adopted policy and rehabilitation of existing infrastructure. Projects for Fiscal Year 2018-19 include demolition of the abandoned Rock Mountain Chlorine Station and the installation of a new Pressure Reducing Station.

Supports Strategic Goals:

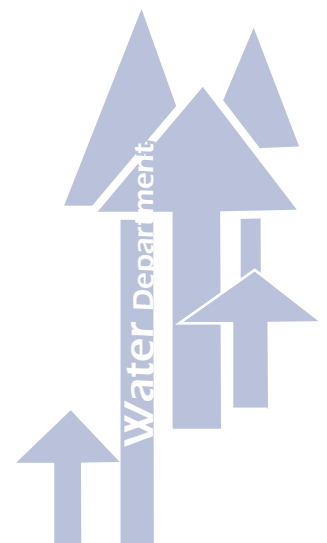
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

Demolition of the existing chlorine station will reduce maintenance at this location. The new pressure reducing station will help improve water quality and simplify operation in the DeLuz service area.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$100,000
Total Capital:	\$100,000



Toyon Pump Station Replacement

Project Description:

Toyon Pump Station is the smallest of the District’s pump stations and services 63 accounts in the Toyon Service, area above Red Mountain Reservoir. The pump station was built in 1982 and is in poor condition and at the end of its useful life. The current pump station is housed in a wood building that is also in poor condition. In order to ensure reliability of water service to the area replacement of the pump station is needed prior to a major mechanical failure.



Supports Strategic Goals:

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

Operating Impacts:

This project will reduce operations and maintenance cost for the facility by replacing the equipment that is at the end of its useful life. There will be additional SCADA controls added to help with remote operation and troubleshooting. The project will improve water service reliability in the Toyon service area.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$195,000
Total Capital:	\$195,000



SDCWA North County Emergency Storage Project Pump Station Project

Project Description:

The North County ESP Pump Station Project is the final phase of the SDCWA's Emergency Storage Program. The project is comprised of the East Mission Road Pump Station (EMRPS) and Red Mountain Pump Station (RMPS), facilities that will be designed to extend ESP services to the northernmost portions of San Diego County that are currently beyond reach of existing ESP facilities. The RMPS is designed to deliver up to 15.4 cfs to the northwestern portions of the District's water distribution system, including FPUD's De Luz service area. The Project is funded by SDCWA and when is complete the RMPS will be owned an operated by the District.

Supports Strategic Goals:

This project will improve system reliability by providing the ability to pump water from Red Mountain Reservoir to the portion of the service area above the Red Mountain zone during aqueduct shutdowns as well as during ESP events.

Operating Impacts:

This project will eliminate the need for the District to rent pumps during SDCWA aqueduct shutdowns. The cost for the District's is the unfunded staff costs for the SDCWA Project.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$20,000
Total Capital:	\$20,000



Harris Pump Station Electrical Improvements

Project Description:

Replace the motor control center, add variable frequency drives for the pump motors and other miscellaneous site improvements. This project was awarded and construction started in Fiscal Year 2017-18 and will be completed in Fiscal Year 2018-19.

Supports Strategic Goals:

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

Operating Impacts:

This project will reduce operations and maintenance cost for the facility by replacing the equipment that is at the end of its useful life. The addition of variable frequency drives will reduce energy cost for operation of the facility.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$300,000
Total Capital:	\$500,000



Meter Replacement Program

Project Description:

In accordance with the Meter Replacement Program Budget, the District will complete the third of a five-year program to replace existing Automatic Meter Reading (AMR) meters with Advanced Metering Infrastructure (AMI) meters to provide for real time data collection and alerts.

Supports Strategic Goals:

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

Operating Impacts:

This project ensures accurate billing of water use and reduces labor for reading meter by providing remote radio readings.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$700,000
Total Capital:	\$2,380,000



Pressure Reducing Station Rehabilitation

Project Description:

Replace the two 12-inch pressure reducing valves at Yarnell Pressure Reducing Station and add telemetry to monitor flow and pressure. Make minor improvements to improve operation of Sachse Pressure Reducing Station.

Supports Strategic Goals:

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

Operating Impacts:

This project will reduce operations and maintenance cost for the facility by replacing the equipment that is at the end of its useful life. There will be additional SCADA controls added for monitoring flow and pressure to optimize operation and reduce staffing needs for operating this facility.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$70,000
Total Capital:	\$70,000



Red Mountain Reservoir Facility Improvements

Project Description:

Replace the existing UV reactor panels and upgrade programming. Add flow meters to measure flow from Capra well, the recovery pump and from the Fallbrook 6 Flow Control Facility.

Supports Strategic Goals:

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

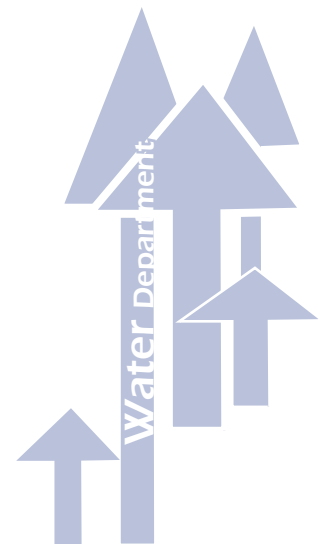
Operating Impacts:

This project will replace control equipment that is obsolete and improve the operation of the UV facility through improved programming. The additional flow meters will ensure better tracking of water use within the District and allow additional optimization of overall operations.



Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$70,000
Total Capital:	\$70,000



Sandia Reservoir Painting

Project Description:

Project includes recoating of Sandia Reservoir to protect reservoir from further corrosion and extend the useful life. Project includes production of bid documents by staff and an outside specialty coating inspector.

Supports Strategic Goals:

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

Operating Impacts:

This project will ensure the long-term integrity of a critical water supply tank.



Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$728,000
Total Capital:	\$728,000



Bucknell Reservoir Decommissioning and Cathodic Protection Repairs

Project Description:

Project includes removal of Bucknell Reservoir from service and Cathodic Protection System repairs at other reservoirs.

Supports Strategic Goals:

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

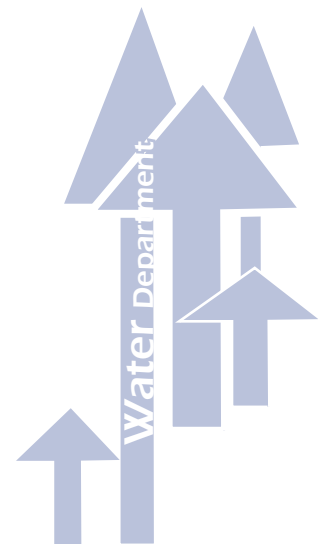
Operating Impacts:

The District completed an operational evaluation of the Deluz Water System and determined the Bucknell Reservoir should be removed from service as it will improve operations given the small size and condition of this reservoir. The reservoir was also deemed seismically unsafe due to its height relative to its base. The project also includes improvements to the corrosion protection systems at other tanks to help extend the life and time between re-coatings.



Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$58,000
Total Capital:	\$58,000



Santa Margarita River Conjunctive Use Project

Project Description:

Development of a new groundwater treatment plant to treat water delivered by Camp Pendleton per the executed settlement agreement of *US vs FPUD*. Projected to provide on average 3,100 acre-feet per year of local water. The project construction is expected to take 24 months. It is anticipated construction would start in January 2019 and be completed in January 2021.

Supports Strategic Goals:

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

Operating Impacts:

The project will provide on average 30% of the District water needs and will help mitigate against future imported water cost increases. Without the project, the District would continue to rely on SDCWA for 99% of District potable water needs.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$12,095,000
Total Capital:	\$48,380,000



Fleet and Heavy Equipment

Project Description:

Having reliable heavy equipment is key to both maintaining reliable service and also replacing and maintaining critical infrastructure. The District has adopted a fleet replacement plan to minimize overall fleet and heavy equipment operating costs by reducing owner equipment to just critical higher use assets, replace vehicles when the cost of repairs for continued ownership is no longer economical and replace older engines to meet California Air Quality requirements. Since November 2016, the overall fleet and heavy equipment inventory has been reduced by eight transportation vehicles, one backhoe and one trencher.



The proposed purchases and costs for Fiscal Year 2018-19 include:

- Replacement of two fleet vehicles based on criteria established in the Fleet Replacement Plan
- Replacement of a heavy construction truck with crane to support heavy construction needs
- Purchase of a valve/vacuum truck to help reduce construction impacts by using hydraulic excavation on smaller projects and reduce overall costs of repairs
- Replace two trailers that are in poor condition including one from 1945
- Upgrades to the fuel pumps to better monitor and track fuel usage
- Replacement of fifth wheel tractor approved by the Board in Fiscal Year 2017-18 that will be delivered in Fiscal Year 2018-19

Supports Strategic Goals:

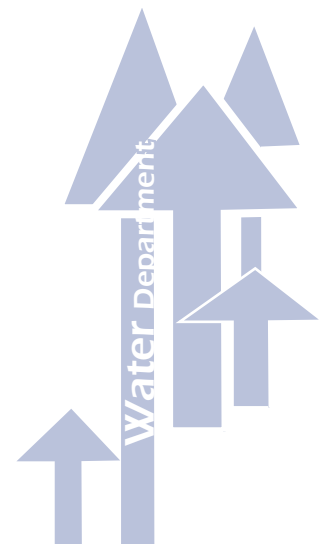
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

Maintaining a reliable fleet and heavy equipment helps reduce overall operating costs and improves overall reliability of the District operation.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$616,000
Total Capital:	\$616,000



District Yard Facilities

Project Description:

Projects consist of on-going improvements at the District Yard to maintain the facility. Projects include removal of eucalyptus trees that are a fire and safety hazard, landscaping of the parking lot, replacement of cracked curbs and sidewalks and replacement of fencing along the exterior to better secure the site.



Supports Strategic Goals:

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

Operating Impacts:

Reduces long-term costs of maintaining the facility by addressing maintenance needs as they are necessary.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$110,000
Total Capital:	\$110,000



SCADA and Security

Project Description:

Projects includes improvements to SCADA network to improve remote monitoring and control of District facilities, additional remote security improvements to improve monitoring of remote sites and additional water quality monitoring in the distribution system.

Supports Strategic Goals:

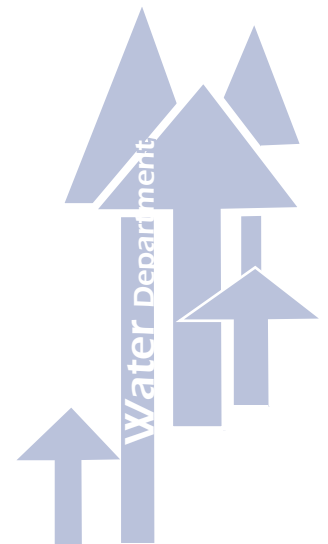
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

Operating Impacts:

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

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$144,000
Total Capital:	\$144,000



Recycled System Rehabilitation

Project Description:

The project includes replacement of components related to the tertiary operation at the Water Reclamation Plant (WRP). This project also includes funds to connect new customers to the recycled water system to expand recycled use in the District. A project is planned during Fiscal Year 2018-19 to expand recycled service to the southern end of the District and the project will be completed in Fiscal Year 2019-20.



Supports Strategic Goals:

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

Operating Impacts:

On-going replacement of the tertiary systems is critical to ensure reliable operation of the WRP. The extension of the recycled system will help increase sales revenue and help provide long-term benefits to reduce recycled water costs.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$580,000
Total Capital:	\$1,080,000



Water Reclamation Plant

Project Description:

The project includes on-going repair and replacement of key components of the Water Reclamation Plant (WRP). These are replacement or additional of facilities as needed to maintain reliable operation. The projects for Fiscal Year 2018-19 include:

- Includes replacement of maintenance work truck with crane and equipment to properly remove and maintain heavy equipment at WRP and other sites
- Replacement of composite sampler to maintain compliance

Supports Strategic Goals:

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

Operating Impacts:

On-going replacement of equipment will ensure long-term reliability of the facility.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$200,000
Total Capital:	\$200,000



Collections System Projects

Project Description:

Projects include replacements and major repairs to existing sewer infrastructure.

The proposed purchases and costs for Fiscal Year 2018-19 include:

- Updates to the Asset Management Plan to verify long-term replacement needs
- Lining of the wet well at Green Canyon to prevent further corrosion
- Replacement of sewer section at creek and culvert crossing by District staff to prevent spills into waterbodies
- Relining of both sewer sections and manholes to extend the life of these facilities
- Additional telemetry for operation of the lift stations and collections system



Supports Strategic Goals:

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

Operating Impacts:

The collection systems capital program is critical in reducing the number of spills and potential fines.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$485,000
Total Capital:	\$485,000



Overland Trail Lift Station Rehabilitation

Project Description:

The Overland Trail Lift Station is in need of mechanical, electrical and structural improvements due to its age and condition. The project includes replacement of the pumps, recoating of the wet well and replacement of electrical gear. The project may also include the elimination of Anthony’s Corner Lift Station and diversion of flows to Overland Trail Lift Station.



Supports Strategic Goals:

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

Operating Impacts:

Rehabilitation of the lift station will improve reliability which is critical in reducing the number of spills and potential fines.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$630,000
Total Capital:	\$1,220,000



Outfall Rehabilitation

Project Description:

The project includes replacement and air-vacs and drain valves and connecting piping on the outfall. Replacement of these items is critical to preventing overflows and spills.

Supports Strategic Goals:

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

Operating Impacts:

On-going replacement of the items is critical to preventing spills and back-ups in the outfall.



Projects Cost:

Fiscal Year 218-19 Expenditures:	\$80,000
Total Capital:	\$80,000



Administration Capital Projects

Project Description:

The project includes capital projects for administration facilities to help maintain efficient operation of the administration facility and departments.

The projects include the following:

- Replacement and addition of new hardware and software to support the business systems, including system to provide remote back-up of District electronic files
- Upgrades to the Geographic Information System (GIS) software and hardware to improve tracking and monitoring on District assets
- Implementation of a new Computerized Maintenance Management System (CMMS) to better track work orders and resources and provide for more efficient deployment of District staff
- Additional improvements to the administration building including additional security cameras, purchase of a new office cubicle for the Public Relations Specialist to relocate to improve coordination of District messaging, replacement of deteriorated office furniture for construction office. Evaluation of District roof and repair of roof leaks

Strategic Goal:

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

Operating Impacts:

On-going investments in administrative facilities and systems is critical to maintain overall reliable and efficient operation.

Projects Cost:

Fiscal Year 2018-19 Expenditures:	\$275,000
Total Capital:	\$275,000



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Accrual Basis of Accounting - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

Acre-Foot (AF) - A unit of measure equivalent to 325,900 gallons of water.

AG - Agricultural Customers

AMI – Advanced Meter Infrastructure

Appropriation - An amount of money in the budget authorized by the Board of Directors for expenditure or obligation within organizational units for specific purposes.

Assessed Valuation - An official government value placed upon real estate or other property as a basis for levying taxes.

Assets - Resources owned or held which have monetary and economic value.

Bay/Delta - Refers to an environmentally sensitive area of Sacramento/San Joaquin Rivers Delta through which State Water Project water must flow to reach Southern California and other areas.

Budget - A balanced financial plan for a given period of time, which includes expenditures and revenues funded through various funds. The budget serves as a financial plan as well as a policy guide, an operations guide, and a communications medium.

CAFR - Comprehensive Annual Financial Report

CalPERS - California Public Employee Retirement System

Capital Equipment - Fixed assets such as vehicles, computers, furniture, and technical instruments which have a life expectancy of more than three years and a value over five thousand dollars.

Capital Improvement Program (CIP) - A long-range plan for the construction, rehabilitation and modernization of the District-owned and operated infrastructure and assets.

Capital Outlay - Expenditures which result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery, and equipment. Most equipment or machinery is included in the Capital Budget. Capital improvements such as acquisition of land, construction, and engineering expenses are included in the Capital Budget.

Cash Management - A conscious effort to manage cash so that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without sacrifice of safety.

CEQA - California Environmental Quality Act

CFS - Cubic Feet per Second

CMMS - Computerized Maintenance Management System

Debt Service - The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

Disbursements - Payments made on obligations.

District Services - The District's main cost centers are broken into Services, which include Administrative, Water, Recycled Water, and Wastewater.

Division - Part of the District's organizational structure that performs a specific service or function.

DSCR - Debt Service Coverage Ratio

DWR - California Department of Water Resources

Each Parcel of Land - Shall mean each parcel of land assigned a parcel number by the San Diego County Assessor.

EIR/EIS - Environmental Impact Report/Environmental Impact Statement

EMU - Effective Utility Management

EPA - Environmental Protection Agency

ERP - An Enterprise Resource Planning information management system integrate areas such as planning, purchasing, inventory, billing, customer accounts and human resources.

Expenditure - An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service, and capital improvements.

FCF - Flow Control Facility

Fiscal Year (FY) - The timeframe in which the budget applies. This is the period from July 1 through June 30.

Fixed Assets - Long-term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment, and improvements other than buildings and land.

FTE - Full Time Equivalent

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

GFOA - Government Financial Officers Association

GIS - Geographic Information System. An organized collection of computer hardware, software, and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

GPS - Global Positioning System

IAC - Infrastructure Access Charge

IAWP - Interim Agricultural Water Program

IRWM - Integrated Regional Water Management Program

KPI - Key Performance Indicator

Leases and Rentals - This includes costs to rent equipment, copy machines, temporary easements and other items.

LRP - MWD's Local Resource Program

LWSD - SDCWA's Local Water Supply Development, which provides funds to support local supply development.

M&I - Municipal and Industrial

Master Plan - Regional Water Facilities Master Plan

ME - Meter Equivalent

MWD - Metropolitan Water District of Southern California

MG - Million Gallon

MGD - Million Gallons per Day

MOU - Memorandum of Understanding

MW - Megawatt

Non-Labor Expenditures - This includes professional services, services and other operating expenditure like materials, supplies and equipment but excludes the cost of water.

NPDES - National Pollutant Discharge Elimination System

OPEB - Other Post-Employment Benefits, which includes the District's retiree health care obligation.

Operating Budget - The normal, ongoing operating costs incurred to operate the District.

PAYGO - Pay-as-you-go capital funding uses cash and reserves to fund Capital Outlays.

Professional Services - The normal, ongoing operating costs incurred to operate the District that are procured from companies outside of the District. Examples include legal, auditing, appraisals, engineering, drafting, and design.

QECCB - Qualified Energy Conservation Revenue Bond

PARS - Public Agency Retirement Services

Reliability - Consistently providing a water supply that adequately supports the regional economy.

Revenue - Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

ROW - Right of Way

RSF - Rate Stabilization Fund

RTS - Readiness to Service charge

Salary – This is the cost of labor for 2,080 hours a year and does not include any employee benefits.

SANDAG - San Diego Association of Governments

SAWR - Transitional Special Agricultural Water Rate

SCADA - Supervisory Control and Data Acquisition

SD - San Diego

SDCWA - San Diego County Water Authority

Services - The normal, ongoing operating costs incurred to operate the District that are procured from companies outside of the District. Examples include repair, maintenance, custodial, and security.

SMRCUP - Santa Margarita River Conjunctive Use Project

SpringBrook - The District's ERP.

SR - State Route

SRF - State Revolving Fund

Sundry/Other Revenues – This includes disposal of assets and other miscellaneous revenues.

Total Capital Budget - The total budget requests for construction projects and associated expenses and equipment.

Total District Budget - The sum of the total Operating Budget, Debt Service, Cost of water and Capital Budget.

Treated Water - Water delivered to member agencies which has been treated by coagulation, sedimentation, filtration, and chlorination.

Unfunded Actuarial Accrued Liability - The unfunded actuarial accrued liability (UAAL) is the difference between the value of benefits earned by employees and the value of assets held in the pension plan.

UWMP - Urban Water Management Plan

Utilities - This includes gas, electricity, water, and sewer.

Cost of Water - The cost of purchasing water from SDCWA.

WRP – Water Reclamation Plant

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Table #1 - Fallbrook Public Utility District's Enterprise Projections

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenue from Rates					
Water	\$ 21,363,739	\$ 22,845,188	\$ 25,036,842	\$ 27,287,575	\$ 29,748,576
Recycled Water	1,230,458	1,333,360	1,443,157	1,392,120	1,503,489
Wastewater	5,027,098	6,016,613	6,287,860	6,571,337	6,867,593
Subtotal Revenue from Rates	\$ 27,621,295	\$ 30,195,161	\$ 32,767,860	\$ 35,251,031	\$ 38,119,658
Other Operating Revenue					
Pass-through Charges					
MWD RTS Charge	\$ 357,204	\$ 340,390	\$ 357,811	\$ 375,540	\$ 393,875
SDCWA IAC Charge	425,736	436,668	437,986	460,730	483,898
Sundry	306,000	306,000	306,000	306,000	306,000
SDCWA Incentive	151,910	151,525	-	-	-
Class A Bio-Solids Sales	101	102	103	104	105
Other Revenue Subtotal	\$ 1,240,951	\$ 1,234,685	\$ 1,101,900	\$ 1,142,374	\$ 1,183,877
Non-Operating Revenue					
Water Availability Charge	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000
1% Property Tax	1,899,256	1,908,753	1,918,296	1,927,888	1,937,527
Investment Earnings	\$207,356	\$221,458	\$203,961	\$235,445	\$287,020
Water CIP Charge	1,235,150	1,309,424	1,388,998	1,476,578	1,570,413
Pumping Charge (Cap. Impr part)	39,073	39,073	39,073	39,073	39,073
Facility Rent	173,055	176,516	180,047	183,647	187,320
Water Capacity Fees	102,779	103,807	104,845	105,893	106,952
Wastewater CIP Charge	1,108,537	1,142,101	1,176,682	1,212,310	1,249,016
Wastewater Capacity Fees	34,135	30,427	31,365	32,332	33,329
Federal Interest Rate Subsidy	144,517	133,917	122,647	110,677	97,977
Subtotal Non-Operating Revenue	\$5,146,858	\$5,268,477	\$5,368,915	\$5,526,845	\$5,711,628
Total Revenues	\$34,009,104	\$36,698,323	\$39,238,674	\$41,920,250	\$45,015,163
Operating Expenses					
Water Supply Costs					
Purchased Water Costs	\$ 14,328,142	\$ 14,402,621	\$ 14,990,841	\$ 14,181,297	\$ 9,824,105
Pumping Costs	180,000	180,000	192,476	204,033	216,328
SMRCUP Treatment	-	-	-	1,574,587	4,854,576
Labor Costs	2,737,846	2,748,912	2,817,635	2,888,076	2,960,278
Fringe Benefits	1,712,454	1,674,937	1,783,808	1,899,755	1,966,247
Services, Materials & Supplies	2,170,680	2,051,680	2,113,230	2,176,627	2,241,926
Allocated Admin Expenses	6,228,828	6,443,015	6,679,045	6,925,457	7,128,515
CalPERS Pre-Funding	-	-	-	-	500,000
Total Operating Expenses	\$ 27,357,950	\$ 27,501,165	\$ 28,577,035	\$ 29,849,833	\$ 29,691,973
Net Operating Revenues	\$6,651,154	\$9,197,158	\$10,661,639	\$12,070,417	\$15,323,190
Debt Service					
Total Debt Service	\$ 2,536,578	\$ 2,760,019	\$ 2,761,270	\$ 5,689,553	\$ 5,690,223
Capital Expenditures					
Total Capital Expenditures	\$8,035,283	\$19,894,888	\$42,044,543	\$4,686,620	\$4,450,669
SRF Loan Proceeds	-	\$ 12,095,000	\$ 36,647,850	-	-
Change in Net Position	\$ (3,920,706)	\$ (1,362,750)	\$2,503,676	\$1,694,244	\$5,182,298
Beginning Balances	\$17,629,024	\$13,708,318	\$12,345,568	\$14,849,244	\$16,543,488
Ending Balances	\$13,708,318	\$12,345,568	\$14,849,244	\$16,543,488	\$21,725,786

Table #2 - Fallbrook Public Utility District's Water Projections

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 21,363,739	\$ 21,966,527	\$ 22,290,636	\$ 22,494,901	\$ 22,707,095
Proposed Revenue Adjustments	--	878,661	2,746,206	4,792,674	7,041,481
Subtotal Operating Revenues	\$ 21,363,739	\$ 22,845,188	\$ 25,036,842	\$ 27,287,575	\$ 29,748,576
Other Operating Revenues					
Pass-through Charges					
MWD RTS Charge	\$357,204	\$340,390	\$357,811	\$375,540	\$393,875
SDCWD IAC Charge	\$425,736	\$436,668	\$437,986	\$460,730	\$483,898
Sundry	300,000	300,000	300,000	300,000	300,000
Subtotal Other Operating Revenues	\$ 1,082,940	\$ 1,077,058	\$ 1,095,797	\$ 1,136,270	\$ 1,177,772
Non-Operating Revenue					
Water Availability Charge	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000	\$ 203,000
1% Property Tax	995,890	950,826	955,580	960,358	965,160
Investment Earnings	\$103,678	\$153,484	\$145,659	\$173,951	\$218,895
Water Capital Improvement Charge	1,235,150	1,309,424	1,388,998	1,476,578	1,570,413
Pumping Charge (Cap. Impr part)	39,073	39,073	39,073	39,073	39,073
Facility Rent	173,055	176,516	180,047	183,647	187,320
Water Capacity Fees	102,779	103,807	104,845	105,893	106,952
Subtotal Non-Operating Rev	\$2,852,626	\$2,936,130	\$3,017,202	\$3,142,501	\$3,290,814
Total Revenues	\$25,299,305	\$26,858,377	\$29,149,841	\$31,566,346	\$34,217,162
Operating Expenses					
Water Supply Costs					
Purchased Water Costs	\$ 14,328,142	\$ 14,402,621	\$ 14,990,841	\$ 14,181,297	\$ 9,824,105
Pumping Costs	180,000	180,000	192,476	204,033	216,328
SMRCUP Treatment	-	-	-	1,574,587	4,854,576
Labor Costs	1,523,700	1,404,962	1,440,086	1,476,088	1,512,990
Fringe Benefits	953,036	856,056	911,700	970,960	1,004,944
Services, Materials & Supplies	830,200	882,600	909,078	936,350	964,441
Allocated Administrative Expenses	3,238,991	4,123,530	4,274,589	4,432,293	4,562,249
CalPERS Pension Pre-Funding	-	-	-	-	264,478
Total Operating Expenses	\$ 21,054,068	\$ 21,849,769	\$ 22,718,770	\$23,775,609	\$ 23,204,111
Net Operating Revenue	\$4,245,236	\$5,008,608	\$6,431,071	\$7,790,737	\$11,013,051
Debt Service					
Total Debt Service	\$ 395,851	\$ 395,851	\$ 395,851	\$ 3,323,166	\$ 3,323,166
Capital Expenditures					
Total Capital Expenditures	\$5,701,763	\$17,787,888	\$40,238,663	\$3,139,699	\$3,025,144
SRF Loan Proceeds	\$ -	\$ 12,095,000	\$ 36,647,850	\$ -	\$ -
Change In Net Position	\$ (1,852,378)	\$ (1,080,131)	\$2,444,408	\$1,327,872	\$4,664,741
<i>Beginning Balances</i>	<i>\$11,420,890</i>	<i>\$9,568,512</i>	<i>\$8,488,382</i>	<i>\$10,932,789</i>	<i>\$12,260,661</i>
<i>Ending Balances</i>	<i>\$9,568,512</i>	<i>\$8,488,382</i>	<i>\$10,932,789</i>	<i>\$12,260,661</i>	<i>\$16,925,402</i>

Chart #1 - Water Fund Balances and Change in Target Level

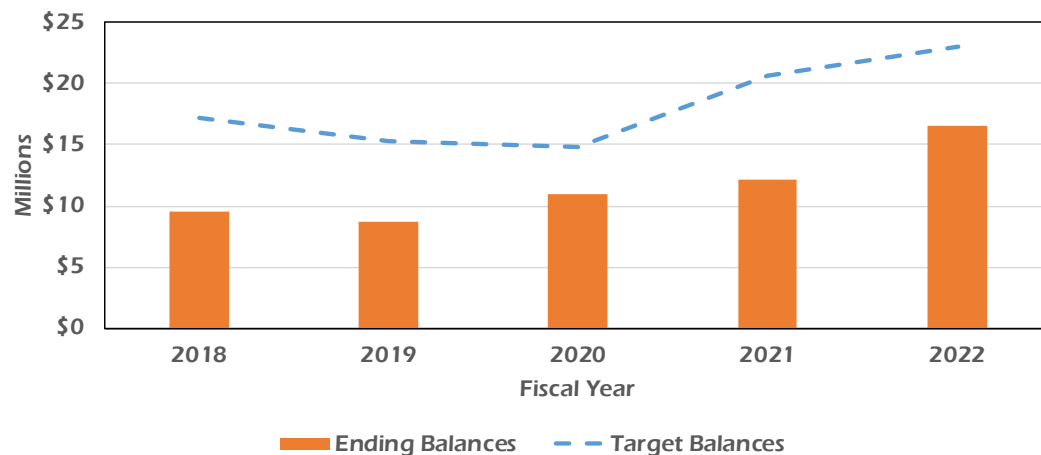


Table #3 - Fallbrook Public Utility District's Wastewater Projections

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 5,027,098	\$ 5,884,218	\$ 5,884,686	\$ 5,885,154	\$ 5,885,622
Proposed Revenue Adjustments	-	132,395	403,175	686,183	981,971
Subtotal Operating Revenues	\$ 5,027,098	\$ 6,016,613	\$ 6,287,860	\$ 6,571,337	\$ 6,867,593
Other Operating Revenues					
Class A Bio-solids Sales	\$ 101	\$ 102	\$ 103	\$ 104	\$ 105
Sundry	1,000	1,000	1,000	1,000	1,000
Subtotal Other Operating Revenues	\$ 1,101	\$ 1,102	\$ 1,103	\$ 1,104	\$ 1,105
Non-Operating Revenue					
Wastewater Capital Improvement Charge	\$ 1,108,537	\$ 1,142,101	\$ 1,176,682	\$ 1,212,310	\$ 1,249,016
Wastewater Capacity Fees	34,135	30,427	31,365	32,332	33,329
1% property Tax - IDS	903,366	907,883	912,422	916,985	921,569
Federal Interest Rate Subsidy	144,517	133,917	122,647	110,677	97,977
Investment Earnings	91,237	58,140	54,940	61,787	68,859
Subtotal Non-Operating Revenues	\$ 2,281,792	\$ 2,272,469	\$ 2,298,057	\$ 2,334,090	\$ 2,370,751
Total Revenues	\$ 7,309,991	\$ 8,290,184	\$ 8,587,020	\$ 8,906,531	\$ 9,239,450
Operating Expenses					
Labor Costs	\$ 924,699	\$ 1,124,410	\$ 1,152,520	\$ 1,181,333	\$ 1,210,867
Fringe Benefits	578,376	685,113	729,645	777,072	804,270
Services, Materials & Supplies	1,065,530	910,930	938,258	966,406	995,398
Allocated Administrative Expenses	2,616,108	2,255,055	2,337,666	2,423,910	2,494,980
CalPERS Pre-Funding	-	-	-	-	198,197
Total Operating Expenses	\$ 5,184,713	\$ 4,975,508	\$ 5,158,089	\$ 5,348,721	\$ 5,703,711
Net Operating Revenue	\$ 2,125,278	\$ 3,314,676	\$ 3,428,931	\$ 3,557,810	\$ 3,535,739
Debt Service					
Total Debt Service	\$ 1,610,365	\$ 1,810,445	\$ 1,811,696	\$ 1,812,664	\$ 1,813,334
Capital Expenditures					
Total Capital Expenditures	\$ 804,335	\$ 2,235,580	\$ 1,510,500	\$ 1,125,645	\$ 1,323,845
Change in Net Position	\$ 492,788	\$ (1,720,667)	\$ (6,269)	\$ 491,590	\$ 421,301
Beginning Balances	\$ 5,143,826	\$ 3,423,159	\$ 3,416,890	\$ 3,908,480	\$ 4,329,782
Ending Balances	\$ 3,423,159	\$ 3,416,890	\$ 3,908,480	\$ 4,329,782	\$ 4,851,473

Chart #2 - Wastewater Fund Balances and Change in Target Level

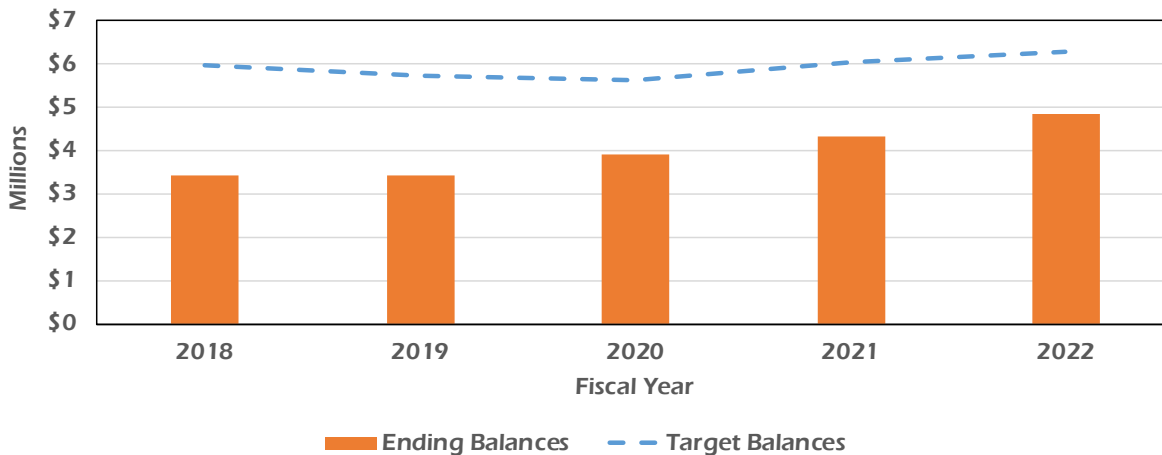
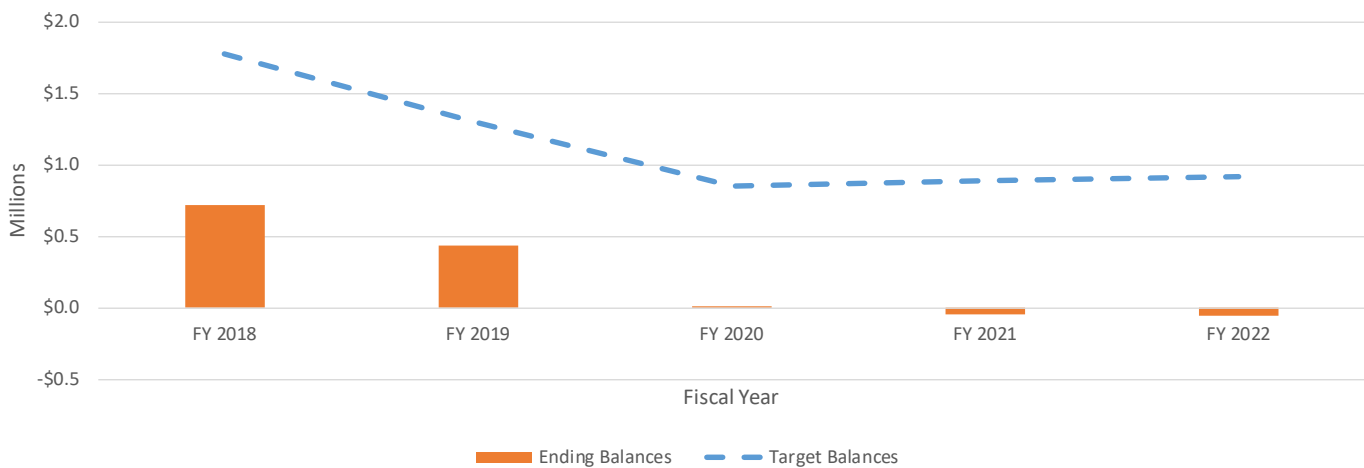


Table #4 Fallbrook Public Utility District's Recycled Water Projections

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenues					
Revenues from Rates					
Revenues from Current Rates	\$ 1,230,458	\$ 1,282,076	\$ 1,284,862	\$ 1,147,614	\$ 1,147,614
Proposed Revenue Adjustments	-	\$51,283	\$158,295	\$244,506	\$355,876
Other Operating Revenues					
SDCWA Incentive	\$ 151,910	\$ 151,525	\$ -	\$ -	\$ -
Sundry	5,000	5,000	5,000	5,000	5,000
Subtotal Other Operating Revenues	\$ 156,910	\$ 156,525	\$ 5,000	\$ 5,000	\$ 5,000
Non-Operating Revenue					
1% Property Tax	\$ -	\$ 50,043	\$ 50,294	\$ 50,545	\$ 50,798
Investment eEarnings	12,441	9,834	3,362	(292)	(735)
Subtotal Non-Operating Revenue	\$12,441	\$59,878	\$53,656	\$50,253	\$50,063
Total Revenue	\$1,399,809	\$1,549,762	\$1,501,813	\$1,447,373	\$1,558,552
Operating Expenses					
Labor Costs	\$ 289,447	\$ 219,540	\$ 225,029	\$ 230,654	\$ 236,421
Fringe Benefits	181,042	133,768	142,463	151,723	157,033
Services, Materials & Supplies	274,950	258,150	265,895	273,871	282,087
Allocated Administrative Expenses	373,730	64,430	66,790	69,255	71,285
CalPERS Pre-Funding	-	-	-	-	37,325
Total Operating Expenses	\$ 1,119,169	\$ 675,888	\$ 700,176	\$ 725,503	\$ 784,152
Net Operating Revenue	\$280,640	\$873,874	\$801,637	\$721,869	\$774,400
Debt Service					
Total Debt Service	\$ 530,362	\$ 553,724	\$ 553,724	\$ 553,724	\$ 553,724
Capital Expenditures					
Total Capital Expenditures	\$97,940	\$596,500	\$680,235	\$223,075	\$224,812
Change in Net Position	\$ (347,662)	\$ (276,350)	\$ (432,322)	\$ (54,930)	\$ (4,135)
<i>Beginning Balances</i>	\$1,064,309	\$716,647	\$440,297	\$7,975	\$ (46,955)
<i>Ending Balances</i>	\$716,647	\$440,297	\$7,975	\$ (46,955)	\$ (51,090)

Chart #3 - Recycled Water Fund Balances and Change in Target Level



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Table #1 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	FY 2007-08	FY 2008-09	FY 2009-10
Changes in Net Position:			
Operating Revenues	\$ 20,053,607	\$ 21,252,330	\$ 21,795,259
Operating Expenses	(24,292,138)	(22,452,094)	(24,347,069)
Other Operating Revenues	-	-	142,229
Operating Income (loss)	\$ (4,238,531)	\$ (1,199,764)	\$ (2,409,581)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,845,509	\$ 1,753,229	\$ 1,602,551
Capital Improvement Charges	-	-	-
California Solar Initiative Rebate	-	-	-
Investment income	543,963	515,239	490,664
Water Availability Charges	201,438	200,748	201,397
Lease Revenue	157,496	188,810	215,154
Intergovernmental Revenue - Federal Interest Subsidy	-	-	-
Connection Fees	554,859	154,798	108,631
Federal Grants	-	14,097	-
Gain on Impairment	725,679	-	-
Other Non-Operating Revenues	567,480	762,228	748,834
Other Non-Operating Expenses	(556,268)	(358,671)	(276,937)
Total Non-Operating Revenues(expenses), net	\$ 4,040,156	\$ 3,230,478	\$ 3,090,294
Net income Before Capital Contributions	\$ (198,375)	\$ 2,030,714	\$ 680,713
Capital Contributions	550,017	508,887	211,782
Capital Grant - Proposition 50	-	-	-
Capital Grant - Proposition 84	-	-	-
Extraordinary Items	(1,157,848) ⁽¹⁾	-	-
Changes in Net Position	\$ (806,206)	\$ 2,539,601	\$ 892,495
Net Assets			
Beginning, as restated	\$ 65,416,075	\$ 64,609,869	\$ 67,149,470
Adjustments to restate balance	-	-	-
Ending, as restated	\$ 64,609,869	\$ 67,149,470	\$ 68,041,965

(1) Extraordinary loss was due to a one-time loss on disposal of assets resulting from the quitclaim of sewer laterals back to homeowners.

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

(3) Accumulative effect of change in accounting principals.

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

Source: FPUD Finance Department

FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
\$ 21,255,448	\$ 23,661,715	\$ 27,582,160	\$ 28,955,183	\$ 27,483,881	\$ 25,356,017	\$ 27,256,065
(24,175,989)	(26,140,572)	(28,007,733)	(33,062,764)	(29,367,701)	(27,921,351)	(30,678,705)
363,564	279,560	439,560	681,876	-		
\$(2,556,977)	\$(2,199,297)	\$ 13,987	\$(3,425,705)	\$(1,883,820)	\$(2,565,334)	\$(3,422,640)
\$ 1,549,625	\$ 1,552,911	\$ 1,582,219	\$ 1,694,090	\$ 1,719,296	\$ 1,815,734	\$ 1,889,808
404,175	414,910	1,252,501	1,981,822	2,134,025	2,224,529	2,283,558
-	534,835	779,786	843,714	729,519	740,125	234,930
147,486	87,217	30,507	209,175	141,433	324,126	63,861
200,944	200,906	201,037	200,779	200,810	200,808	200,730
184,983	177,095	181,100	183,641	185,770	185,220	166,012
-	-	-	-	-	185,040	238,765
112,499	190,932	247,607	118,581	208,521	131,894	238,124
-	-	-	-	-	-	-
-	-	-	-	-	-	-
102,704	109,261	81,008	69,816	162,913	91,361	32,729
(508,849)	(294,462)	(291,721)	(344,730)	(321,941)	(690,409)	(385,483)
\$ 2,193,567	\$ 2,973,605	\$ 4,064,044	\$ 4,956,888	\$ 5,160,346	\$ 5,208,428	\$ 4,963,034
\$(363,410)	\$ 774,308	\$ 4,078,031	\$ 1,531,183	\$ 3,276,526	\$ 2,643,094	\$ 1,540,394
3,094,483	273,825	595,205	76,746	153,790	75,299	59,509
-	338,331	-	828,598 ⁽²⁾	224,596 ⁽²⁾	874,040 ⁽⁴⁾	773,163
-	-	-	-	-	682,428	-
-	-	-	-	-	-	-
\$ 2,731,073	\$ 1,386,464	\$ 4,673,236	\$ 2,436,527	\$ 3,654,912	\$ 4,274,861	\$ 2,373,066
\$ 68,041,965	\$70,773,038	\$ 72,159,502	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991	\$ 79,309,852
-	-	(154,385)	-	(7,734,801) ⁽³⁾	-	-
\$70,773,038	\$72,159,502	\$76,678,353	\$79,114,880	\$75,034,991	\$79,309,852	\$ 81,682,918

Chart #1 - Operating Expenses by Activity

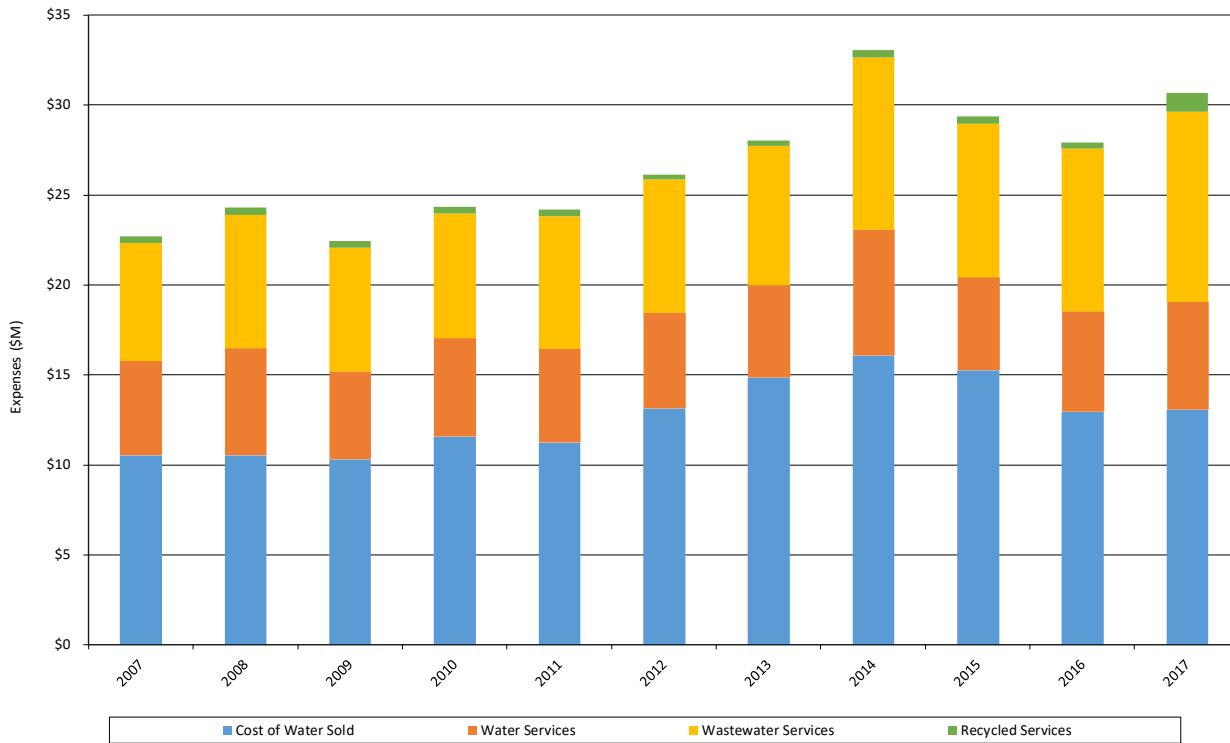


Chart #2 - Operating Revenues by Source

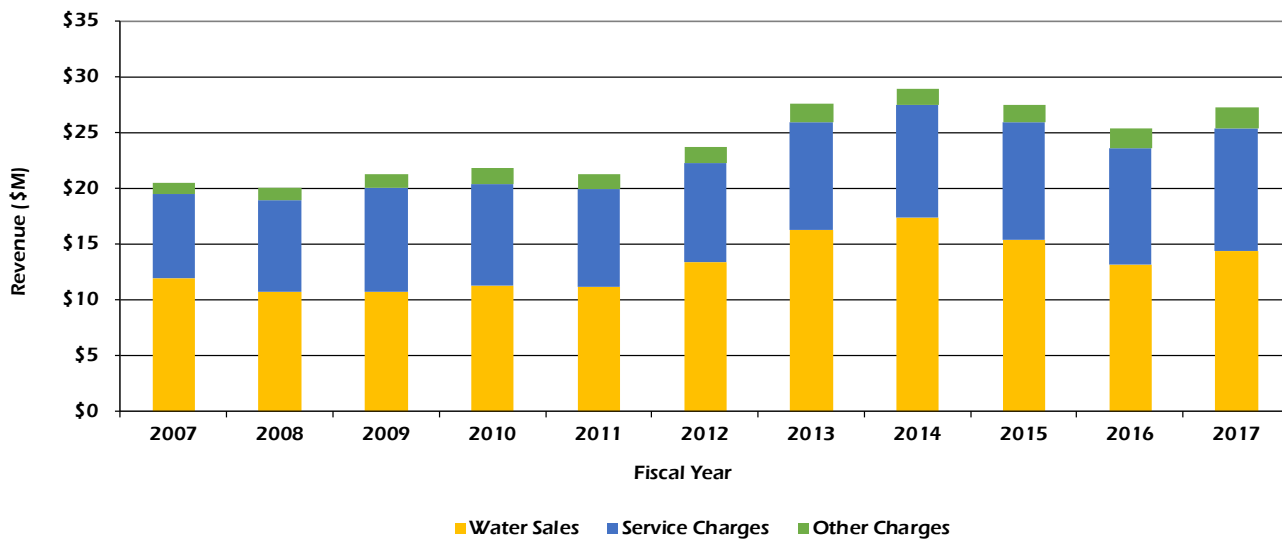


Chart #3 - Projected Water Bill for Fiscal Year 2018-19, Based on 11 Kgal Water Use Residential Monthly Average With a ¾" Meter *

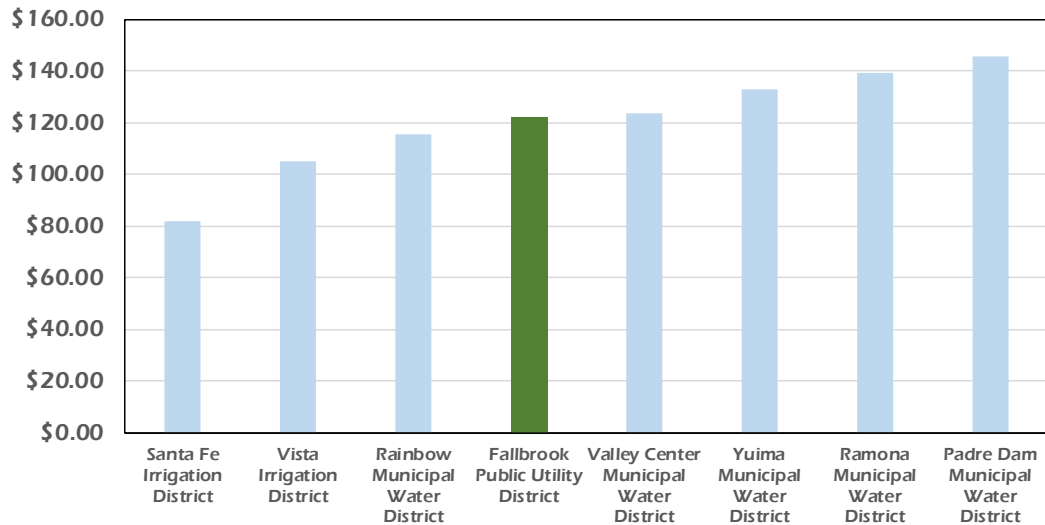
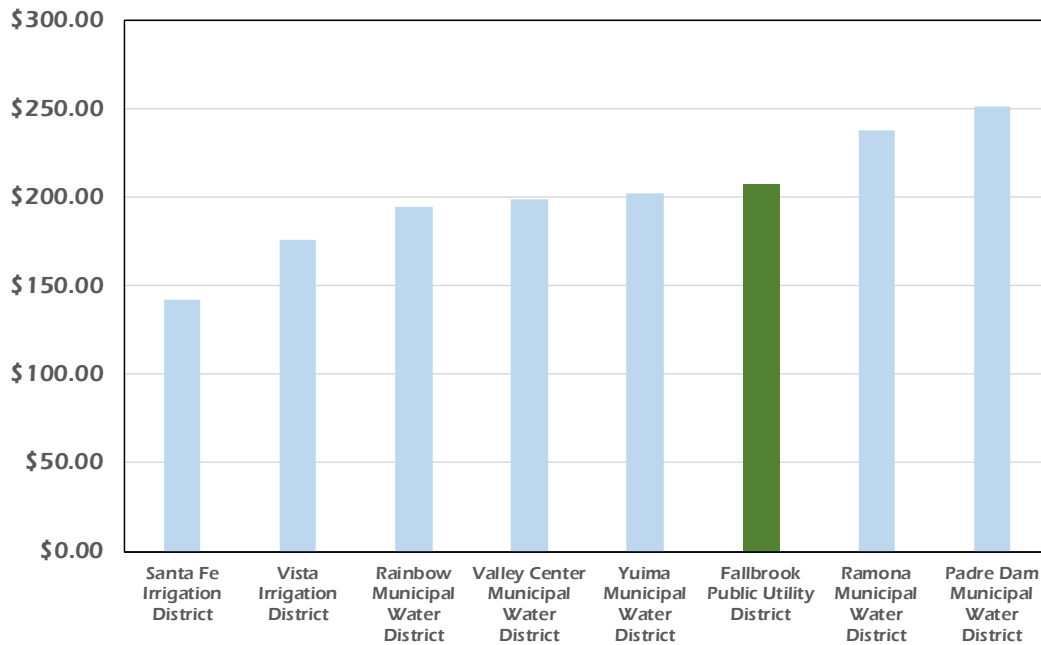


Chart #4 - Projected Water Bill for Fiscal Year 2018-19 Based on 20 Kgal Water Use (FPUD Large Domestic Monthly Average) With a 1" Meter *



* Figures based on data available for proposed Calendar Year 2018 rates. Final rates are subject to change.

Chart #5 - Projected Water Bill for Fiscal Year 2018-19, Based on 156 Kgal water use TSAWR (Ag) Monthly Average With a 1 1/2" Meter *

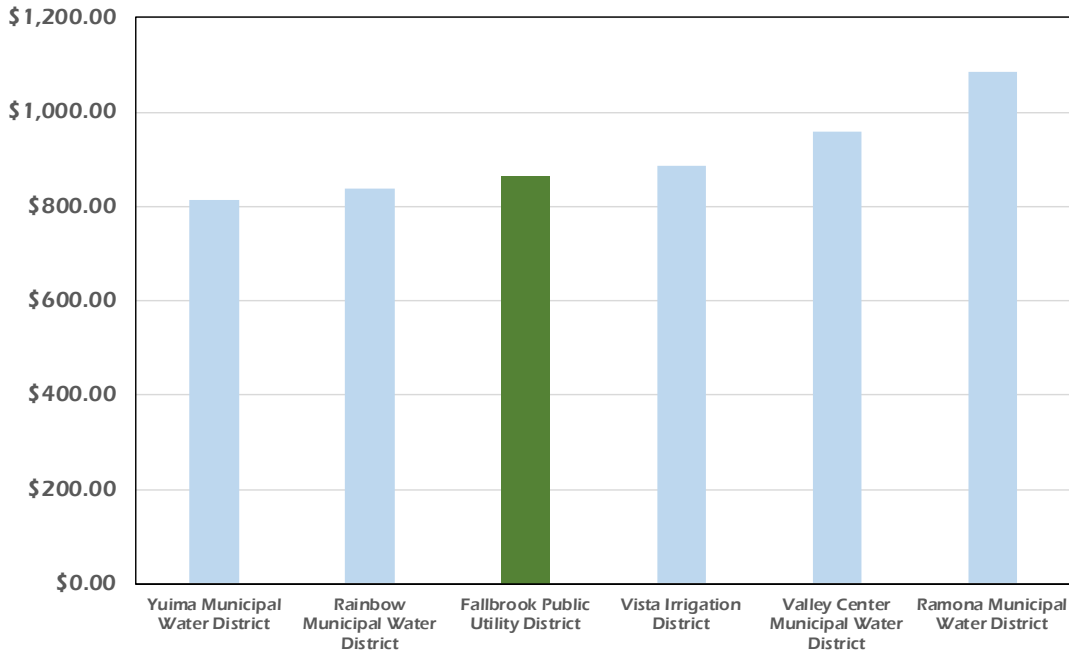
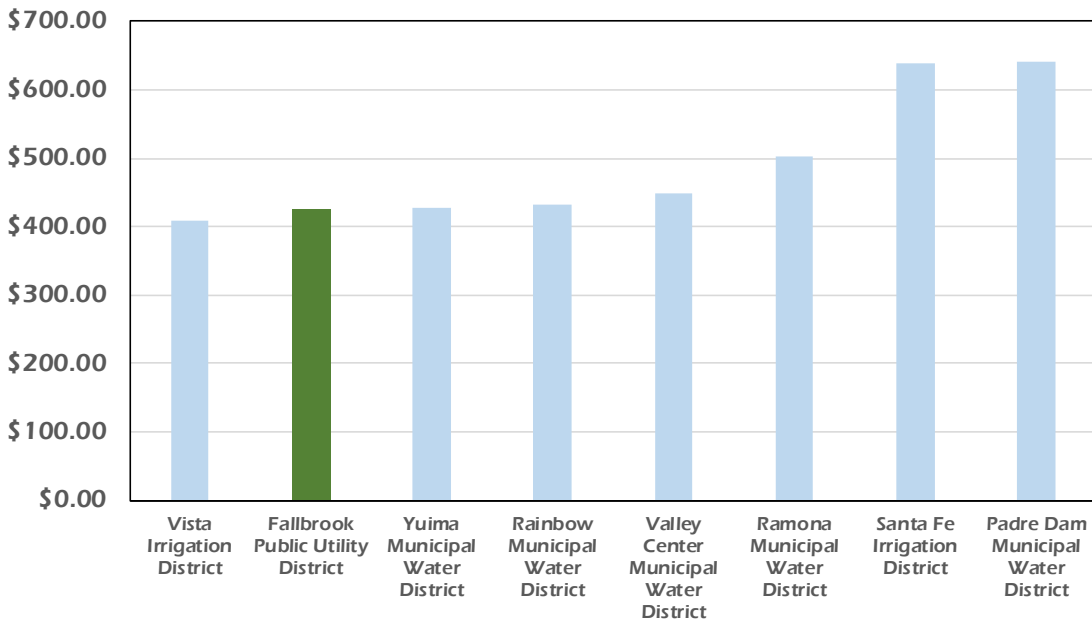


Chart #6 - Projected Water Bill for Fiscal Year 2018-19 Based on 50 Kgal Water Use (FPUD Commercial Ag Monthly Average) and 1 1/2" Meter



* Figures based on data available for proposed Calendar Year 2018 rates. Final rates are subject to change.

Fallbrook Public Utility District 's Capitalization Policy

FALLBROOK PUBLIC UTILITY DISTRICT	Standard Policy		
	Drafted by:	CFO/General Manager	
	Original Date:	4-10-2018	
	Revision Date:		
Capital Policy	Review by department:	1 _____ 2 _____ 3 _____	4 _____ 5 _____ 6 _____
	Approved by:	General Manager	

Purpose:

To identify standard process for establishing capital versus operating expenses and placing items in the operating and capital improvement budgets

Personnel:

Accounting and Supervisors

Policy:

General Policy

The capital policy is established to distinguish capital and operating expenses and placement of projects and items in the Operating or Capital Improvement Budget. Capital expenses are recorded as capital assets and a depreciation schedule is established for these assets. Capital expenses will generally be identified in the Capital Budget as part of the Capital Program (CIP), which identifies the District's capital projects. This budget includes large multi-year construction projects as well as acquisitions of capital equipment and materials. The operational budgets may also include some items that are capitalized based on the criteria identified below:

Definitions

Capital Budget: part of the annual budget adopted by the Board of Directors that identified all Capital Projects for a division including construction projects and acquisition of capital equipment.

Operating Budget: Part of the annual budget adopted by the Board of Directors that identifies all on-going annual operating costs for a division.

Construction Projects: Includes actual physical projects completed to build new facilities or rehabilitate existing facilities.

Plant Equipment: Includes actual physical equipment that may or may not be a part of a larger facility. May include mobile equipment utilized by that division.

Useful Life: The period of time it is anticipated that the piece of equipment would normally last before having to be replaced. The useful life of the equipment can be extended due to a significant rehabilitation project on the equipment.

Capital Projects

A. Construction Projects

All construction projects for construction of new facilities will be capitalized and included in the Capital Improvements Program. The costs to be capitalized include the costs of associated studies, design, construction, equipment, construction management, legal and administrative expenses. Construction projects related to rehabilitation of existing facilities will be capitalized if the project extends the useful life of the asset for three or more years and the cost of the project related to the asset exceeds \$5,000. Repairs to existing pipelines, valves, meters, etc. that maintain the existing service and repair a leak or failure and do not extend the life of the asset by three or more years and do not exceed \$5,000 are not capitalized. For example, repairing a leak with a leak repair coupling does not change the asset's service life and will be expensed even if the project costs exceed \$5,000. If a valve is replaced or a full section of pipe is replaced and the value exceeds \$5,000 the project will be capitalized and the service life adjusted.

B. Plant Equipment

All Plant Equipment purchased with a value of \$5,000 or greater and a useful life of greater than three years will be capitalized. In general, these items will be included under the capital Improvement budget either as part of a larger capital improvement project or as an acquisition of capital equipment. Routine part replacement costs, such as air filters for the high efficiency blowers, are considered operating expense. Improvements to existing fixed assets may be capitalized and appear in the Capital Budget if they extend the useful life of the asset by three or more years and the cost of the improvement exceeds the \$5,000 threshold.

C. Office Equipment

Office equipment will be capitalized with a value of \$5,000 or greater and a useful life of greater than three years. Office equipment includes: Office furniture, cabinets, copiers, computer systems and other information technology system. This includes larger software system integrations including initial software costs and implementation costs. In general, these items will be included as a project in the Capital Improvement Program.

Fallbrook Public Utility District 's Fund Balance Policy

Article 15. Budget and Fund Management

Sec. 15.1 District's Annual Budget.

Preparation of the District Budget is directed by the Assistant General Manager/CFO. Working with the Fiscal Policy and Insurance Committee the General Managers develops annual financial goals and objectives for the budget in February. A first preliminary Budget is presented to the Board of Directors and public in May and a second preliminary Budget in June. The final Budget is presented in July for adoption, along with a resolution adopting a tax rate for Bonded Indebtedness.

The budgeting process is intended to create a transparent process that enables the Board of Directors to estimate the Districts revenues and expenses including employee compensation arising from negotiations and changes in other costs of operations.

Sec. 15.2 Treasurer's Fund.

The Treasurer's Fund is established primarily to account for all District cash and investments and also to record detailed accounting for fringe benefits. Revenues are obtained from a budgeted mark-up on District labor. Revenue and Expense accounts in this fund are closed to the Utility fund annually.

Sec. 15.3 General Fund.

The General Fund shall consist of accounts for property tax revenues and appropriations to other funds as determined by the Board.

Sec. 15.4 Utility Funds.

The Utility Funds consists of three separate funds reflecting the operating departments of Water, Wastewater and Recycled Water. The funds reflect the revenues from water sales, monthly service charges and other recurring fees and all expenses, including Operating and Maintenance (O&M) and General & Administrative (G&A).

Sec. 15.5 Capital Funds.

The Capital Funds consists of all Property, Plant and Equipment and the expenditures as well as revenues from Capital Improvement Charges that are dedicated/restricted to capital expenditures. All use of revenues in the Capital Funds is restricted to capital investments, which includes capital assets as defined by the District's accounting policy and debt service. Sources of funding and expenditures for capital assets are maintained in three separate funds:

Water – all capital assets associated with the water treatment and distribution system; all administrative buildings and equipment; and all construction equipment and vehicles.

Wastewater – all capital assets associated with treatment facilities and the wastewater collection system.

Recycled Water – all capital assets associated with the recycled water facilities and the recycled water distribution system.

Sec. 15.6 Equipment Fund.

The Equipment Fund consists of all expenses for field equipment operations, maintenance, repair and replacement. Revenues are obtained from a budgeted mark-up on District labor. Revenue and expenses are closed to the Utility fund annually.

Sec. 15.7 Debt Service Funds.

Debt Service funds shall be established to account for General Obligation Bonds, Certificates of Participation, or other indebtedness which the District may incur for construction, completion, or acquisition of works, for the treatment, storage and distribution of water and water rights, including dams, reservoirs, storage tanks, treatment facilities, pipes, pumping equipment, and all necessary equipment and property therefor. The funds shall record annual transactions showing source of revenue, and both interest and principal payments.

Sec. 15.8 Appropriated Fund Balances.

Appropriated Fund Balances shall be established to provide adequate funding to meet the District's short term and long term plans and commitments; to minimize adverse annual and multi-year budgetary impacts from unanticipated expenditures; and to preserve the financial stability of the District against present and future uncertainties in an ever-changing environment. The following Appropriated Fund Balances will be established and maintained.

15.8.1 Utility Funds Appropriated Fund Balances.

1. Water.
 - a) Working Capital. To be established and maintained at a level of three months operating and maintenance expenses including water purchases.
 - b) Rate Stabilization Fund. To prevent "spikes" and mid-year changes in rates because of net revenue shortfalls due to weather conditions, state or federal legislation or other future uncertainties. The target level is set equal to 2-years of debt service payments on the Santa Margarita Conjunctive Use Project financing.
2. Wastewater.
 - a) Working Capital. To be established and maintained at a level of three months operating and maintenance expenses.
 - b) Rate Stabilization Fund. To promote smooth and predictable rates and charges a Rate Stabilization Fund is established with a target of level equal to 10% of annual revenues.
3. Recycled Water.
 - a) Working Capital. To be established at three months operating and maintenance expenses.

15.8.2 Utility Capital Funds Appropriated Fund Balances.

1. Water Capital Fund.

The primary source of funds are the Water and Pumping Capital Improvement charges, annexation fees, connection fees and meter fees. Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

a) Funds related to the 1958 Annexation and the DeLuz Service Area bond proceeds are tracked separately in the fund.

2. Wastewater Capital Fund.

The primary source of funds are Wastewater Capital Improvement Charges, connection fees and meter fees. Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

3. Recycled Water Capital Fund.

Target fund balance is set to the equivalent of 3-year average expenditures on recurring capital projects (*i.e.* pipeline renewal/replacement).

15.8.3 Debt Service Funds.

Each borrowing activity is maintained within a separate Debt Service fund. Some indentures require the establishment of a reserve fund and the District must comply with any creditor imposed requirements. Since sources of funding to repay each debt instrument varies, the possibility of that inflow being interrupted is likely/possible with different issues in differing circumstances. Because of the possibility of this interruption, each Debt Service Fund should establish an Appropriated Fund Balance equal to the next year's total debt service (principal and interest).

Sec. 15.9 Petty Cash.

The responsibility for and the accountability for the petty cash fund is assigned to the Assistant General Manager/CFO and/or the Accountant. The fund at all times will total \$400.00 in cash and disbursement receipts. When an employee requires reimbursement, not-to-exceed \$50.00, for an out-of-pocket District expense, a petty cash voucher is filled out and the receipts for purchases attached.

Reimbursement will not be made from the petty cash fund without the immediate supervisor's approval on the petty cash voucher and receipts attached thereto.

During the planned absence of either the Assistant General Manager/CFO or Accountant, the Supervising Accounting Assistant will be authorized to make petty cash reimbursements. Prior to assumption of these duties, cash in the fund will be counted and verified by both the Assistant General Manager/CFO and Accountant.

Periodic audits will be performed as required by District management or the Auditor. Checks drawn to replace the disbursement will be processed in the same manner as any other invoice paid by the District.

ARTICLE 15

Sec. 15.8 - Rev.74/97

Sec. 15.4 & 15.5 –
Rev. 4/03

Sec. 15.8 added 4/03

Sec. 15.1 & 15.9 –
Rev. 6/06

Sec. 15.9 – Rev. 8/08

Sec. 15.6 – Rev. 9/09

Sec. 15.8.1 – Rev.
12/09

Secs. 15.1, 15.5,
15.8.1, 15.8.2, 15.8.4,
15.9 – Rev. 1/18

Fallbrook Public Utility District 's Investment Policy

Article 27. Investment Policy

Sec. 27.1 General.

The District's Investment Policy and practices of the District Treasurer are based on prudent money management principles and California Government Code, specifically Sections 53600 and 53630 et. seq.

27.1.1 Delegation of Authority. The Board of Directors delegates the investment authority of the District to the Treasurer under the supervision of the General Manager. The Treasurer shall deposit money under the Treasurer's supervision and control in such institutions and upon such terms as the laws of the State of California and the Board of Directors may permit.

The Treasurer may delegate day-to-day investment decision making and execution authority to an investment advisor. Eligible investment advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The advisor will follow the Policy and such other written instructions as are provided by the District.

27.1.2 Investment Objectives. The practices of this District will always comply with the legal authority and limitations placed on it by the governing legislative bodies. The implementation of these laws, allowing for the dynamics of the money markets, will be the focus of this Investment Policy. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the objectives of this District shall be:

1. The primary objective shall be to safeguard the principal of the funds under the Treasurer's control.
2. The secondary objective shall be to meet the liquidity needs of the District.
3. The third objective shall be to achieve a return on the funds under control of the Treasurer within the parameters of prudent risk management.

27.1.3 Prudent Investor Standard. The Board of Directors, General Manager, and Treasurer adhere to the guidance provided by the "prudent investor standard," California Government Code (Section 53600.3), which obligates a fiduciary to insure that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual

investments as part of an overall strategy, investments may be acquired as authorized by law.”

Sec. 27.2 Treasurer’s Annual Statement of Investment Policy.

The following is the District’s annual statement of investment policy rendered pursuant to Section 53646 (a) of the Government Code:

27.2.1 Security of Principal Policy. The policy issues directed to protecting the District are:

- a) Limiting exposure to each type of security.
- b) Limiting exposure to each issue and issuer of debt.
- c) Determining the minimum credit requirement for each type of security at the time of purchase.

27.2.2 Liquidity Policy. The policy issues directed to provide necessary liquidity are:

- a) Limiting the length of maturity for securities in the portfolio.
- b) Limiting exposure to illiquid securities.

27.2.3 Return Policy. The policy issues directed to achieving a return are:

- a) Attaining a market rate of return taking into account the investment risk constraints and liquidity needs.
- b) Return is of least importance compared to the safety and liquidity policies described above.
- c) Majority of the investments shall be limited to low risk securities in anticipation of earning a fair return relative to the risk being taken.
- d) The performance of the portfolio shall be compared to an industry benchmark established by the Fiscal Policy and Insurance Committee and shall be reported quarterly. The Fiscal Policy and Insurance Committee shall review the performance benchmark on an annual basis to ensure that it remains appropriate for the District’s investment objectives. The Fiscal Policy and Insurance Committee will bring any recommended changes to the industry benchmark to the Board for approval.

27.2.4 Maturity Policy. The maximum maturity allowed by the California Government Code is five (5) years with shorter limitations specified for specific types of securities. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year maturity limit. Such approval must be issued no less than three (3) months prior to the purchase of any security exceeding the five-year maturity limit.

27.2.5 Prohibited Securities. The California Government Code does not authorize a local agency to invest in any of the following derivative notes:

- a) Inverse Floater
- b) Range Notes
- c) Interest-only strips derived from a pool of mortgages
- d) Any security that could result in zero interest accrual

Sec. 27.3 Internal Controls.

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed benefits likely to be derived; and, 2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Treasurer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

Control of Collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

Separation of Transaction Authority from Accounting and Record Keeping: By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.

Custodial Safekeeping: Securities purchased from any bank or dealer including appropriate collateral (as defined by Government Code) shall be placed with an independent third party for custodial safekeeping.

Avoidance of Physical Delivery Securities: Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

Clear Delegation of Authority to Subordinate Staff Members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

Written Confirmation of Telephone Transactions for Investments and/or Wire Transfers: Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.

Development of a Wire Transfer Agreement with the Lead Bank or Third Party

Custodian: This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

Sec. 27.4 Permissible Investments.

Where this Policy specifies a percentage limitation for a particular security type, that percentage is applicable only on the date of purchase. Credit criteria listed in this Policy refers to the credit rating at the time the security is purchased. If an investment advisor is used and an investment's credit rating falls below the minimum rating required at the time of purchase, the investment advisor will immediately notify the Treasurer. The securities shall be reviewed and a plan of action shall be recommended by the Treasurer or investment advisor. The course of action to be followed will be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further drop, and market price of the security. The Fiscal Policy and Insurance Committee will be advised of the situation and intended course of action by e-mail or fax.

The District will limit investments in any one non-government issuer, except investment pools and money market funds, to no more than 5% regardless of security type.

Government Code 53601 addresses permissible investments. These investment categories are:

27.4.1 Government Obligations. Two categories of Government Obligations, U.S. Treasury and Agency obligations may be invested. Both are issued at the federal level. U.S. Treasury obligations are United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. Agency obligations are federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises..

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is unlimited.

- 1) Treasury: Unlimited.
- 2) Agencies: Unlimited. No more than 75% of the portfolio value shall be invested in any single issuer.

Minimum Credit Requirement: None.

27.4.2 Banker's Acceptance. This is a draft or bill of exchange, accepted by a bank or trust company and brokered to investors in a secondary market. The purpose of the banker's acceptance (BA) is to facilitate trade and provide liquidity to the import-export markets. Acceptances are collateralized by the pledge of documents such as invoices, trust receipts, and other documents evidencing ownership and insurance of the goods financed.

Maximum Maturity: The maximum maturity of an issue shall be 180 days.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%.

Minimum Credit Requirement: "A-1" or equivalent by a nationally recognized statistical rating organization (NRSRO)

27.4.3 Commercial Paper. These are short-term, unsecured, promissory notes issued by firms in the open market. Commercial paper (CP) is generally backed by a bank credit facility, guarantee/bond of indemnity, or some other support agreement. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:

- a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A", the equivalent or higher by a NRSRO.
- b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Maximum Maturity: The maximum maturity of an issue shall be 270 days.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.

Minimum Credit Requirements: "A-1", the equivalent or higher by a NRSRO.

27.4.4 Medium-Term Notes. Corporate and depository institution debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the U.S. (or any state) and operating within the U.S.

Maximum Maturity: The maximum maturity of an issue shall be 5 years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 30%.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher by a NRSRO

27.4.5 Repurchase Agreements. A repurchase agreement (RP) consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the District), the other is the commitment by the seller (i.e., a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Maximum Maturity: The maximum maturity of repurchase agreements shall be up to one year.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 10%.

Minimum Credit Requirements: None

27.4.6 Negotiable Certificates of Deposit. Certificates of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.

Maximum Maturity: The maximum maturity of an issue shall be five (5) years.

Maximum Exposure to Portfolio: The maximum exposure to the portfolio for this category shall be 30%.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for CDs issued with a long-term rating and “A-1” or higher for CDs issued with a short-term rating or their equivalents by a NRSRO.

27.4.7 State Local Agency Investment Fund (LAIF). There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the State Local Agency Investment Fund.

27.4.8 San Diego County Treasurer’s Fund. There is no limit by law on the amount of funds that can be placed in this account. Interest is paid directly into the account by the County Treasurer.

27.4.9 Passbook and Money Market Savings Accounts. Savings accounts and/or money market accounts shall be maintained for monies that are needed on a day-to-day basis.

27.4.10 State Obligations / State of California and Other States. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 27.4.10 and 27.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO .

27.4.11 California Local Agency Obligations. Bonds, notes warrants or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 27.4.10 and 27.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

Minimum Credit Requirements: Rated in a rating category of “A”, the equivalent or higher for obligations issued with a long-term rating and “A-1” for obligations issued with a short-term rating or their equivalents by a NRSRO.

27.4.12 Joint Powers Authority Pool. The investment with a Joint Powers Authority Pool is mandated by that pool. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with

the Securities and Exchange Commission; (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive; and (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is unlimited.

Minimum Credit Requirement: None.

27.4.13 Money Market Mutual Funds.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.

A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.

27.4.14 Mortgage Pass-Through Securities and Asset-Backed Securities. A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 20%.

Minimum Credit Requirements: Rated in a rating category of "AA", the equivalent or higher by a NRSRO. Issuer must have at least be rated in a rating category of "A", the equivalent or higher for the issuer's debt as provided by a NRSRO.

27.4.15 Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International

Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

Maximum Maturity: The maximum maturity of an issue shall be the current 5 year issue or an issue which at the time of the investment has a term remaining to maturity not in excess of five (5) years.

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category is 30%.

Minimum Credit Requirements: Rated in a rating category of “AA”, the equivalent or higher by a NRSRO.

Approval: Investments in supranational securities may only be made with prior approval of the Fiscal Policy and Insurance Committee.

Sec. 27.5 Maturity/Limit of Investments.

With the exception of U.S. Treasury and Federal Agency securities, the maturity of a give investment will not exceed five (5) years, without prior board approval per Section 27.2.4.

Sec. 27.6 Reporting Requirements.

The Treasurer shall prepare an investment report monthly and provide it to the Board of Directors. The report will include language incorporated from AB 564 (Johnston-Stockton), adopted by the Legislature, which requires that a local agency’s Treasurer report to their governing body on a monthly or quarterly basis and provide specified information on their investment activities, including type of investment, issuer, date of maturity, par and dollar amount invested, current market value and the source of such valuation and rate of interest.

The report shall additionally include a description of contracted parties (including the lending programs), if any. The report shall also state its compliance of the portfolio with the statement of investment policy, or the manner in which the portfolio is not in compliance.

A subsidiary ledger of investments may be used in the report in accordance with accepted accounting practices.

In the event that an investment originally purchased within policy guidelines is downgraded by any one of the credit rating agencies, the Treasurer shall report it at the next regular scheduled meeting of the Board.

ARTICLE 27

Revised in its entirety: 2/94
 Adopted in current form: 1/96,
 1/97, 1/98, 1/99
 Sec. 27.2.4 – Rev. 1/00
 Adopted in current form: 1/01
 Sec. 27.4.7 – Rev. 10/01
 Sec. 27.6 – Rev. 1/03
 Sec. 27.2.4 – Rev. 1/07
 Sec. 27.4.4 – Rev. 3/07
 Secs. 27.2.3, 27.4.1(2), 27.4.2,
 27.4.3, 27.4.4, & 27.4.6 – Rev.
 9/07
 Sec. 27.2.1 – Rev. 1/10
 Secs. 27.4.10-12 – Rev. 1/12
 Secs. 27.2.4, 27.2.5, 27.4.5, 27.4.6,
 27.4.7, 27.4.10, 27.4.11, 27.4.13,
 27.4.14, 27.5 – Rev. 2/13
 Secs. 27.4.6, 27.4.11 – Rev. 1/14
 Secs. 27.1, 27.1.1, Attachment A –
 Rev. 3/15
 Secs. 27.1, 27.1.1, 27.1.2, 27.1.3,
 27.2, 27.2.3, 27.2.4, 27.3, 27.4,
 27.4.1, 27.4.2, 27.4.3, 27.4.4,
 27.4.6, 27.4.10, 27.4.11, 27.4.12,
 27.4.13, 27.4.14, 27.4.15, 27.5 –
 Rev. 2/16
 Secs. 27.2.4, 27.4, 27.4.3, 27.4.4,
 27.4.6, 27.4.10, 27.4.11, 27.4.14,
 27.4.15 – Rev. 3/17

District's Pension Benefits

The District participates in CalPERS and has two benefit tiers. The Classic employees are eligible to receive 2.5% of their single highest annual salary for each year of service at the age of 55. An employee hired after January 1, 2013, and is new to CalPERS, or those that have had a break in service of more than six-months fall under the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA employees are eligible to receive 2.0% of the highest three-year average annual salary for each year of service at the age of 62. Both Classic and PEPRA employees are potentially subject to salary maximums when determining their benefit.

CalPERS Unfunded Actuarial Accrued Liability (UAAL):

The AUL is portion of the pension liability that has been earned but has not been fully funded. The liability is estimated by an actuary based upon many different underlying assumptions. CalPERS amortizes these existing liabilities over a 30-year period. The payment schedule for the Unfunded Liability is shown below for both Classic and PEPRA. The District's net pension liability in Fiscal Year 2016-17 was \$11 million. In Fiscal Year 2015-16, the latest CalPERS valuation date, the District's pension liability was 72% funded for Classic employees and 91% funded for PEPRA employees.

	Classic	PEPRA	Total
FY 2018-19	\$730,148	\$534	\$730,682
FY 2019-20	888,000	1,300	889,300
FY 2020-21	1,013,000	2,800	1,015,800
FY 2021-22	1,159,000	4,300	1,163,300
FY 2022-23	1,269,000	5,900	1,274,900
FY 2023-24	1,361,000	7,100	1,368,100
FY 2024-25	\$1,439,000	\$8,000	\$1,447,000

Current Normal Cost

The Normal Cost Rate (NCR) is the percentage of payroll that is contributed to CalPERS to pay for the benefit earned by employees in the current year. This rate is expressed as a percent of payroll. The NCR for Classic employees for Fiscal Year 2018-19 is 11.419% of payroll, which is up from the Fiscal Year 2017-18 rate of 10.848%. The NCR for PEPRA employees is 7.266% of payroll in Fiscal Year 2018-19 and was 6.908% in Fiscal Year 2017-18.

Description of CalPERS Side Fund Liability

As of Fiscal Year 2005-06 all small agencies were pooled into one large group and Employer Contribution Rates were affected. A side fund was created for each agency that had been pooled. The side fund was created to account for the differential between the funded status of the pool vs. the funded status for each agency included in the pool. Some agencies were super funded and owed nothing as a result of the pooling but the District was required to contribute additional funds, which resulted in the side fund. Beginning Fiscal Year 2005-06, CalPERS began collecting a portion of the owed side fund and it was reflected in the Employer Contribution Rate.

In June 2014, the District paid the \$3.1 million liability associated with the side fund. In addition, the Board authorized the recovery of the reserves over the following five years. To recover the reserves, each year the District set rates and charges to recover \$585,000. The planned recovery of the \$3.1 million will be completed this fiscal year.

District's Other Post-Employment Benefits (OPEB)

The District provides a retiree healthcare benefit to employees who have ten years of service and are 50 or older. Under the OPEB benefit the District pays for half of the employees' health insurance premium until the beneficiary is 65-years old. The employee must contribute the other half of the insurance premium. The District has established the Section 115 Pension and OPEB Trust Fund (See Fund Structure Section) to fund the District's OPEB liabilities. The District's OPEB liability is 73% funded based upon an actuarial valuation report as of June 30, 2017. Based upon planned contributions to the OPEB Trust Fund, the District expects to fully fund the OPEB liability over the next 3 years.

May 29, 2018

Dear FPUD Directors:

I am Leila MacDonald, Executive Director of the Fallbrook Chamber of Commerce. I am here this afternoon representing a group of community organizations that are concerned about the need for a permanent funding source to develop and maintain public programs in our community. These organizations and some of their programs are:

Fallbrook Chamber of Commerce – Gateways, Wayfinding and Signage
Fallbrook Village Association – Library Plaza, Heyneman Park, Pico Promenade, Railroad Heritage Park
Fallbrook Beautification Alliance – South Mission Medians, Anti-Graffiti Removal, Downtown Flowerpots
Fallbrook Land Conservancy – Los Jilgueros and Monserate Mountain preserves
Save our Forests – Community tree planting and maintenance
Fallbrook Live Oak Coalition – Live Oak Park and Dog Park
Fallbrook Trails Committee – Santa Margarita trails and preserve
Fallbrook Sports Park Association – Ingold Sports Park
Community Service District 81 (CSA-81) Community parks and facilities (over County support)
Fallbrook Historical Society – Fallbrook Historical Museum

For many years the community of Fallbrook has been supported by the County of San Diego for capital improvement projects but neglected in funding to maintain new and existing facilities and programs causing local non-profits to raise funds for these programs and furnish volunteer labor.

The above mentioned organizations request support from FPUD to assist in developing a method to create a permanent funding mechanism to maintain our community projects and programs in a manner that attracts visitors, maintains and increases property values and in general makes our community a better place to live.

Your support is appreciated.

M E M O

TO: Board of Directors
FROM: Jack Bebee, Acting General Manager *JRB*
DATE: May 29, 2018
SUBJECT: Approval of Change Order No. 4 for the FPUD 8 MG Reservoir Painting Project

Purpose

To request Board approval of Change Order #4 for \$19,843.88 for the FPUD 8 MG Reservoir Painting Project to ensure the long-term reliability of the water storage tank.

Summary

The District has a program in place to ensure the long-term integrity of steel water storage tanks that are critical components of the drinking water system. The 8 MG reservoir was a tank identified with immediate needs, as it has not been recoated since installation in 1980. The Board awarded the project to AMP United on August 28, 2017 for \$804,060.

Additional work has been required on this project due to the overall condition of the tank. Change Order #1 was approved by the General Manager for \$3,325 to complete minor repairs to the exterior structure. Change Order #2 was approved by the Acting General Manager for \$22,279 to install a larger vent to prevent roof corrosion and to replace some corroded internal structural components. Change Order #3 was approved by the Acting General Manager for \$14,258 to replace corroded bolts and grind corroded rafters prior to coating. Additional work was required in order to replace the cathodic protection system. This work was originally planned to be done outside the contract, but to expedite the work it was added into the overall contract. A summary of this work is attached in Change Order #4. The total cost of this work is \$19,843.88.

Recommended Action

That the Board approve Change Order #4 for the FPUD 8 MG Reservoir Painting Project in the amount of \$19,843.88 to install a new cathodic protection system and increase the total contract amount for AMP United for this project to \$863,765.88.

CHANGE ORDER NUMBER 004

NAME OF PROJECT: 8MG Reservoir Painting & Repair
CONTRACTOR: AMP United.
1450 W. 228TH St Unit #33
Torrance, CA 90501

Original CONTRACT AMOUNT\$804,060.00
Previous CHANGE ORDERS\$39,862.00
Current CONTRACT PRICE\$843,922.00
Amount of this CHANGE ORDER\$19,843.88
New CONTRACT PRICE\$863,765.88
Original COMPLETION Date..... March 18, 2018
Time ADDED due to Previous CHANGE ORDERS..... 23 CALENDAR DAYS
Time ADDED due to this CHANGE ORDER 0 CALENDAR DAYS
New FINAL COMPLETION Date..... April 10, 2018

This Change Order constitutes full and final payment for all direct, indirect, and consequential costs, including but not limited to, all labor, design, equipment, material, mark-ups, and time associated with performing the work described herein. This document will become a supplement to the Contract and all Contract provisions will apply hereto. The Change Order will become effective when approved by the Fallbrook Public Utility District. By accepting this Change Order, the Contractor waives the right to make any additional claim for any item related to these changes.

The following changes are hereby made to the CONTRACT DOCUMENTS:

Item 1 – Installation of new Cathodic Protection System

The Contractor shall pay for installation of new Cathodic Protection system. The District will schedule and manage GMC Electric’s installation of the new CP system.

CHANGE TO CONTRACT AMOUNT\$19,843.88
TIME EXTENSION 0 calendar days

Perform all work in accordance with the Contract Documents.

CONTRACTOR:

By: _____

Date: _____

Name: Dale Kulczyk

Title: Amp United

RECOMMENDATION AND CONCURRENCE

FALLBROOK PUBLIC UTILITY DISTRICT:

By: _____


Date: _____

Name: JACK BEBEE

Title: Acting General Manager

M E M O

TO: Board of Directors
FROM: Jason Cavender, System Operations Manager
DATE: May 29, 2018
SUBJECT: Security Fencing at the District Office



Purpose

Present to the Board two options for replacing inadequate security fencing at the District Office.

Summary

As part of the District's capital program to upgrade the main yard facilities, staff has evaluated the condition and effectiveness of the existing security fencing. Overall, the majority of fencing, which includes chain link, wood plank, and ornamental steel, is in fair to poor condition. Most of the chain link and wood plank is in poor condition and provides inadequate security. Two options are outlined below and shown on the attached:

1. Replace most of the existing chain link with 8 ft. chain link. Chain link bordering residential properties would include privacy slats. Chain link bordering public or commercial properties would include three strands of barbed wire. The estimated cost is \$75,000
2. Add additional fencing along the newly acquired property along Santa Margarita Drive, and install a gate to prevent access to the main parking lot after hours. This would cost an additional \$48,000.

Staff has budgeted for the completion of Option 1 in the Administrative Capital Budget for FY 2018/2019.

Recommended Action

That the Board approve Option 1 to ensure the office and yard facilities are properly secured. Pending input from the Board the additional fencing under Option 2 could be included in a later phase of fencing in the following Fiscal Year (Fiscal Year 2019/2020).



EXISTING FENCE

- - - 4 ft. – 5 ft. Chain Link
- - - 5 ft. Wood
- - - 6 ft. Chain Link
- - - 8 ft. Chain Link
- - - 8 ft. Chain Link, 3 Strand Barb.
- - - 6 ft. Chain Link, 3 Strand Barb.
- - - Ornamental Steel







PHASE 1

- - - - 4 ft. – 5 ft. Chain Link
- - - - 5 ft. Wood
- - - - 6 ft. Chain Link
- - - - 8 ft. Chain Link
- - - - 8 ft. Chain Link, 3 Strand Barb.
- - - - 6 ft. Chain Link, 3 Strand Barb.
- - - - Ornamental Steel

1. Replace chain link fence, bordering on customers property, with 8 ft. chain link
2. Replace wood fence, bordering on customers property, with 8 ft. chain link with privacy slats
3. Replace chain link, bordering the street or businesses, with 8 ft. chain link with three strands of barbed wire



PHASE 2

-  Phase 1 Complete
-  8 ft. Chain Link, 3 Strand Barb.
-  Ornamental Steel
-  Gate

1. Install 8 ft. chain link with 3 strand barbed wire around expanded parking lot
2. Install ornamental steel fence on the North Corner
3. Install three gates, two in the expanded parking lot and one to the main parking lot

1. MWD Issues

On April 22nd SDCWA held a special workshop to discuss the on-going relationship with MWD. The workshop included both open session discussion on policy and closed session discussion on the litigation. From the open session discussions some of the key outcomes were:

- Efforts to improve the relationship between MWD and SDCWA have largely failed and the recent efforts to change the dialogue have not been successful.
- MWD and SDCWA still have significant disagreements on allocation of costs and there has been no progress on finding a middle ground.
- The most optimistic solution would be if MWD was open to renegotiating the wheeling agreement for water SDCWA buys from Imperial Irrigation District and wheels through MWD. The allocation of MWD costs to this water is what drives the on-going conflicts.
- SDCWA still is concerned about the impact of the proposed 11.8 billion Bay Delta project on water costs specifically how it will be allocated to this wheeled water. MWD voted to fully fund the entire project in April. Both SDCWA and the City of Los Angeles delegations voted against it.
- Based on current updated demand and local supply projects, SDCWA share of water from MWD will decrease significantly over the next 5-10 years.

2. Legislation

SDCWA is leading efforts in opposition of the water tax. SDCWA held a news conference in opposition to the water tax on May 23rd and has prepared the attached flyer for agencies use. The Board has taken a formal oppose position.

3. Rates

SDCWA has developed proposed rates for CY 2019 and the proposed increases in variable and fixed charges is lower than previous years. MWD costs are increasing around 3-4%, but due to MWD blend of supplies and use of reserves the rate increase by SDCWA is proposed to be lower. The public hearing to adopt rates is scheduled for June 28th.

4. Water Supply Conditions

The storage levels in State reservoirs was reported by Department of Water Resources as above average except for Lake Oroville due to spillway repairs. Los Angeles Department of Water and Power sources are well below average with this year tracking to be one of the driest on record for the Eastern Sierras. MWD's reservoirs are at 89% of average. The Colorado river basin precipitation has been around 70% of average and the storage in Lake Mead and Powell is 50% of capacity.

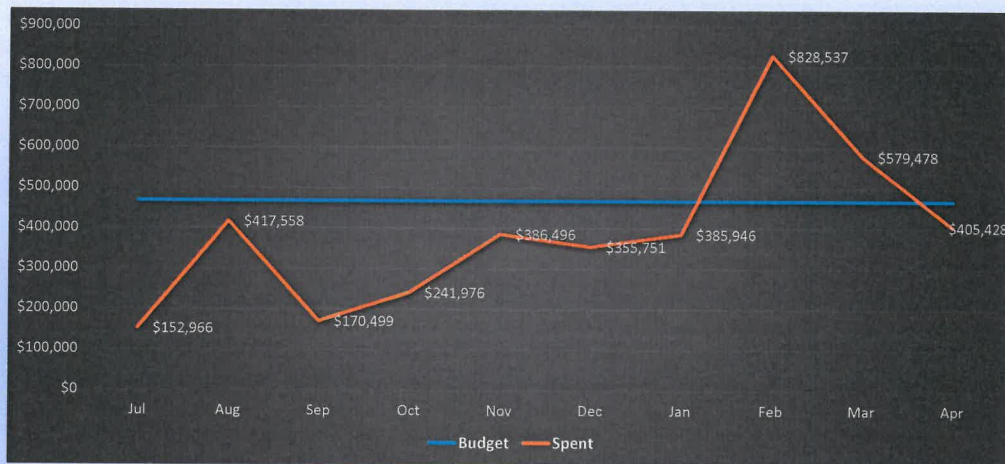


Fallbrook Public Utility District

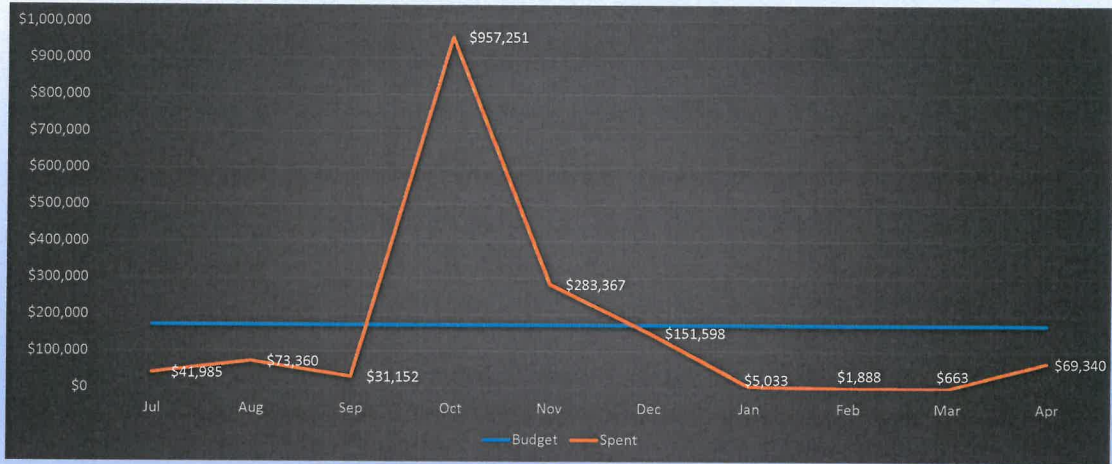
Engineering and Operations

Board Meeting May 2018

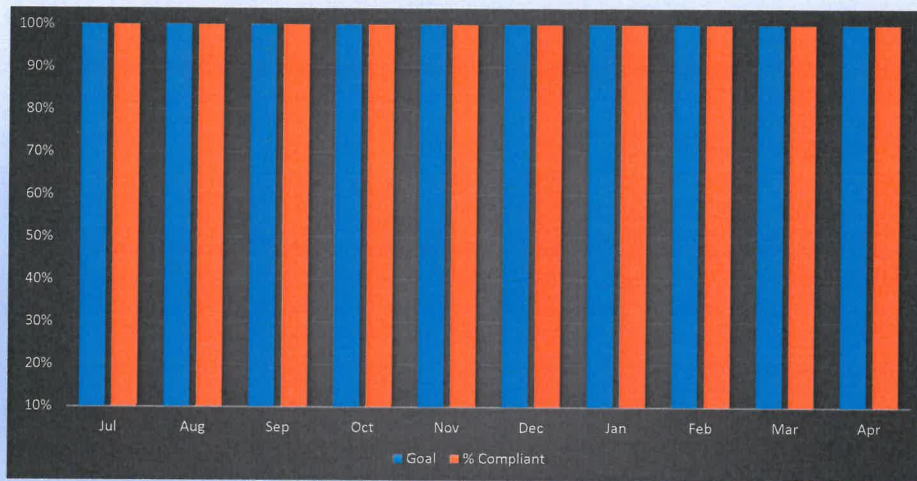
Water System CIP YTD



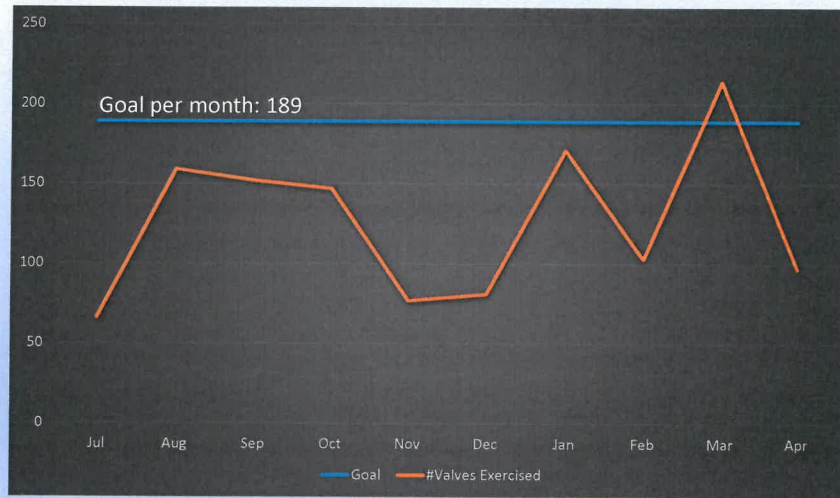
Wastewater System CIP YTD



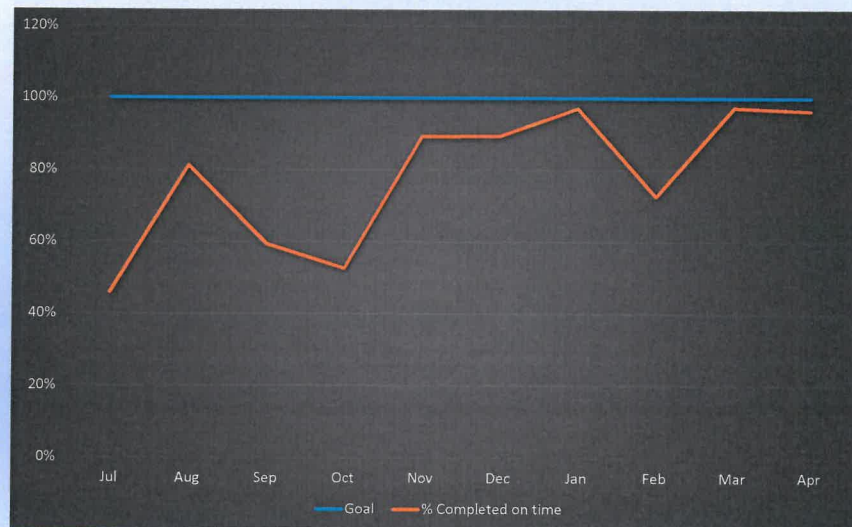
Water System Regulatory Compliance(%)



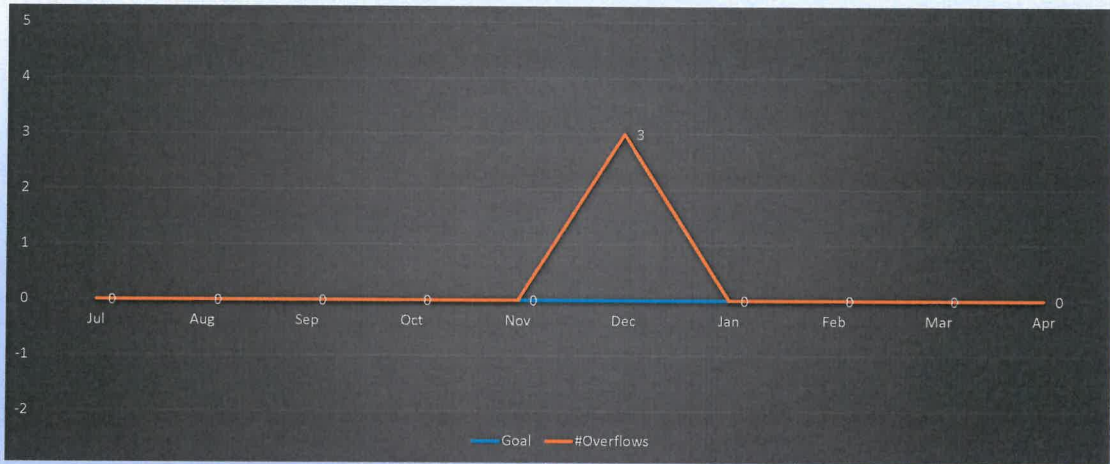
Valve Exercise Program



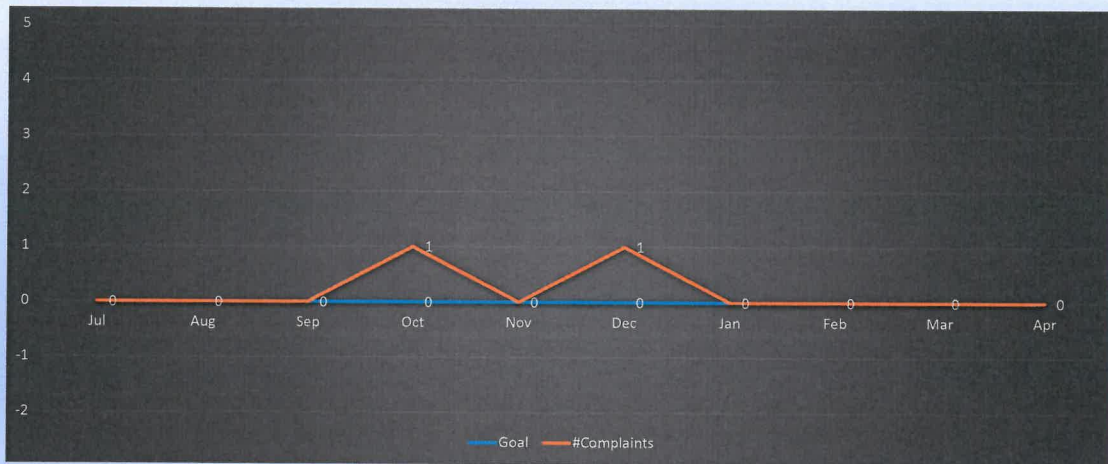
Water System Preventative Maintenance Work Orders



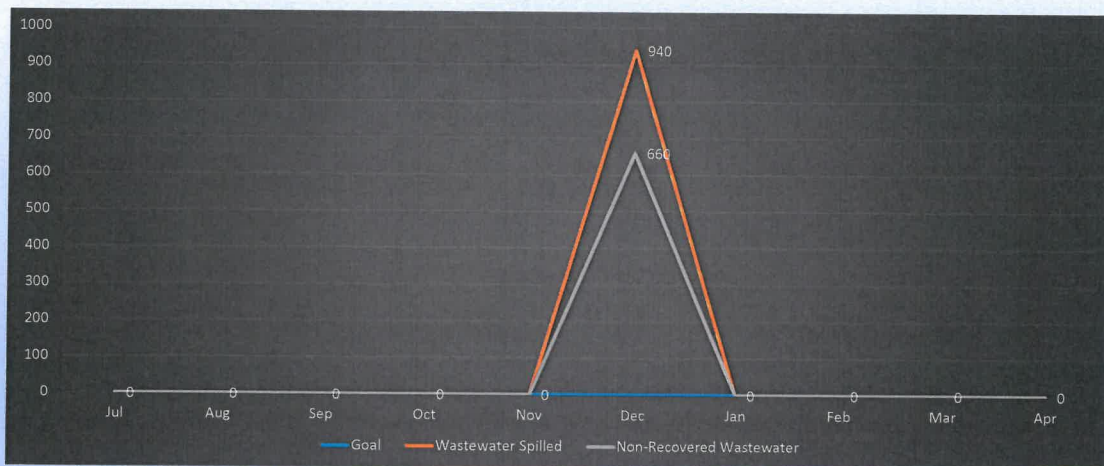
Sewer Overflows



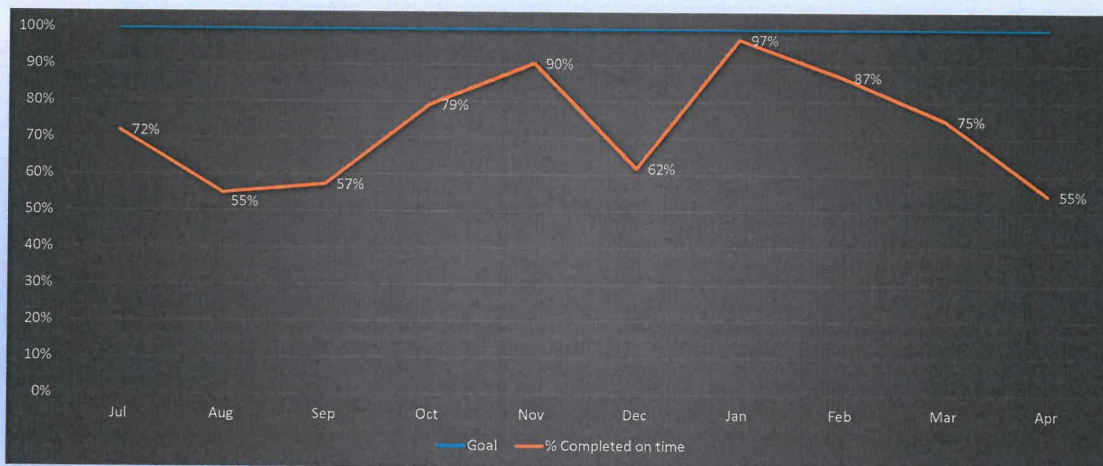
Odor Complaints



Wastewater Spilled



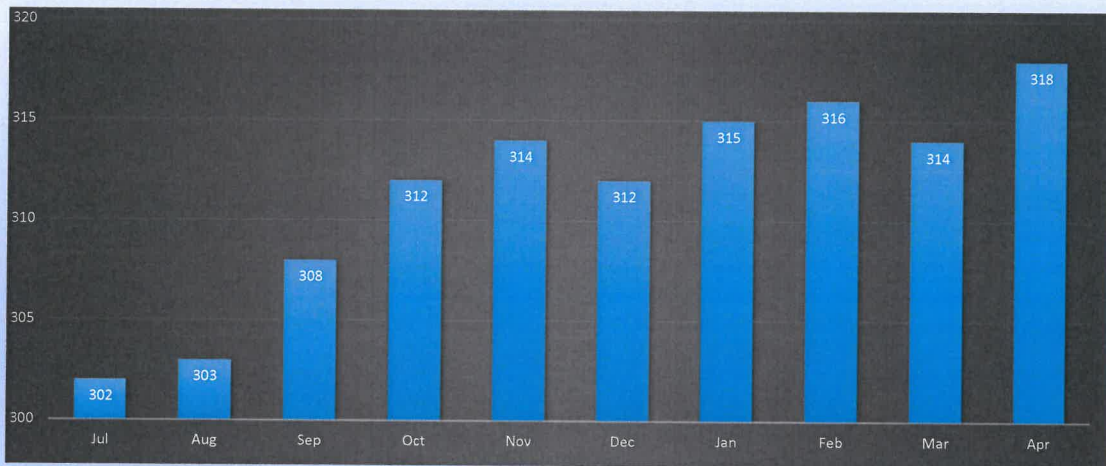
Collections - Preventative Maintenance Work Orders



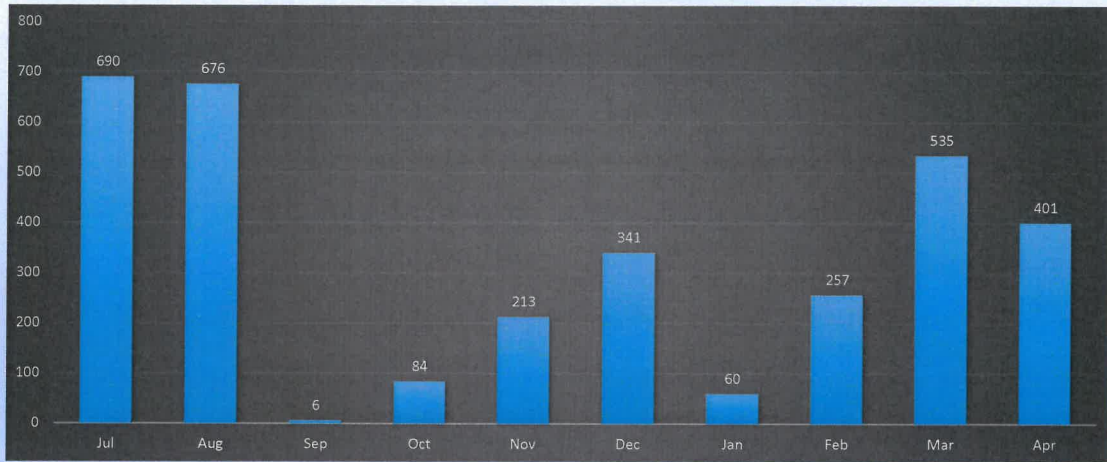
Valves Replaced



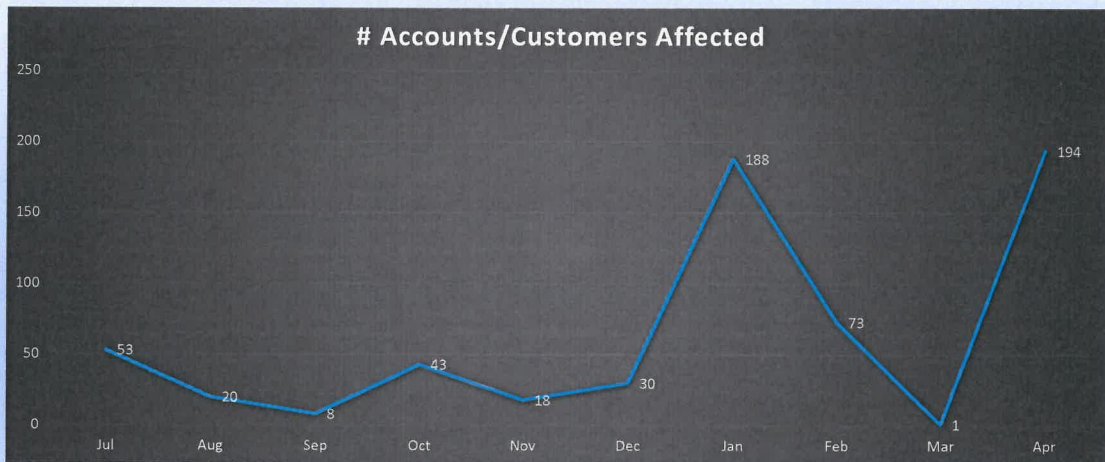
Rolling Total Broken Valves



Planned Outages > 4 Hours # of Customers Affected



Unplanned Disruption > 4 Hours

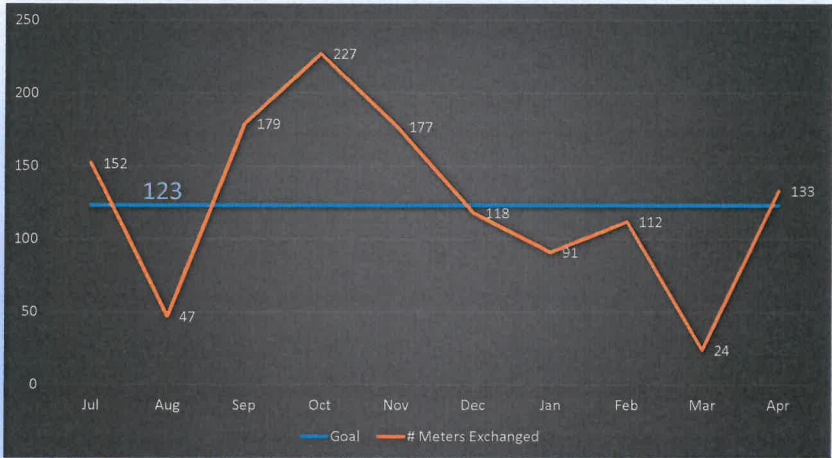


Meter Exchange


Total # Meters to Exchange: 1772

Total # Meters Exchanged: 1307

Meters Left to Exchange: 365



M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: May 29, 2018
SUBJECT: Treasurer's Report

Purpose

Provide the April 30, 2018 Treasurer's Report.

Summary

Treasurer's Report April 30, 2018

Operations Summary

Disbursements	\$ 2,305,424
Receipts	\$ 2,308,547
Net change	\$ 3,122

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals) /Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 49,783	\$ 51,436	\$ 1,652		0.4%	0.3%
Money Market	\$ 603,749	\$ 1,539,858	\$ 936,109	\$ 600,000	0.4%	9.3%
LAIF	\$ 224,695	\$ 226,523	\$ 1,828		1.6%	1.4%
County Pool	\$ 14,758	\$ 14,795	\$ 38		1.5%	0.1%
Managed Portfolio	\$ 13,947,475	\$13,364,502	\$ (582,974)	\$ (600,000)	2.7%	80.4%
PARS (OPEB & Pension Trust)	\$ 1,432,697	\$ 1,421,700	\$ (10,998)		6.5%	8.6%
Accounts Total	\$ 16,273,156	\$16,618,813	\$ 345,656	\$ -	2.8%	100.0%

*Funds are restricted.

All investments have been made in accordance with the District's Annual Statement of Investment Policy.

David Shank
May 21, 2018



Fallbrook Public Utilities District - Holdings Summary

Security Type	March 31, 2018	April 30, 2018	Change (\$)	Change (%)
U.S. Treasury	\$4,596,923.04	\$4,036,603.24	(\$560,319.80)	-12.2%
Supranational	\$137,149.04	\$136,654.56	(\$494.48)	-0.4%
Municipal	\$0.00	\$169,818.10	\$169,818.10	NA
Federal Agency CMO	\$27,386.13	\$134,238.16	\$106,852.03	390.2%
Federal Agency	\$248,747.91	\$247,616.22	(\$1,131.69)	-0.5%
Corporate Note	\$4,240,600.04	\$4,234,053.12	(\$6,546.92)	-0.2%
Negotiable CD	\$3,049,226.54	\$2,772,904.74	(\$276,321.80)	-9.1%
Asset-Backed Security	\$1,332,042.92	\$1,301,602.25	(\$30,440.67)	-2.3%
Securities Total	\$13,632,075.62	\$13,033,490.39	(\$598,585.23)	-4.4%
Money Market Fund	\$53,445.33	\$43,819.04	(\$9,626.29)	-18.0%
Total Investments*	\$13,685,520.95	\$13,077,309.43	(\$608,211.52)	-4.4%

Summary

FY17-18 Accrual Earnings to Date	\$159,634.65
Yield to Maturity at Cost	2.01%
Weighted Average Maturity	2.80 Years

Maturity Distribution



*Portfolio market values excluding accrued interest.

\$600,000 was withdrawn from the portfolio on 4/11/18.



pfm

PFM Asset Management LLC

213 Market Street • Harrisburg, PA 17101-2141

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Reports - Transaction Query Results

TRANSACTION DETAILS FOR:
DATE RANGE: 4/1/2018 - 4/30/2018
TRANSACTION TYPE: All Types

28710100 - FPU - INVESTMENT PORTFOLIO

Transaction Type	Trade Date	Settle Date	Security Description	CUSIP	Principal Proceeds	Accrued Interest	Total Amount
INTEREST	4/1/2018	4/25/2018	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	\$0.00	\$43.56	\$43.56
PAYDOWNS	4/1/2018	4/25/2018	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	\$3,304.58	\$0.00	\$3,304.58
INTEREST	4/1/2018	4/1/2018	BURLINGTON NRTH CORP	12189TBC7	\$0.00	\$4,700.00	\$4,700.00
INTEREST	4/1/2018	4/1/2018	BB&T CORP (CALLABLE) NOTES	05531FAX1	\$0.00	\$4,125.00	\$4,125.00
INTEREST	4/1/2018	4/1/2018	UNITED PARCEL SERVICE CORPORATE BOND	911312BP0	\$0.00	\$858.15	\$858.15
INTEREST	4/1/2018	4/1/2018	BANK OF AMERICA CORP (CALLABLE)	06051GGS2	\$0.00	\$1,123.26	\$1,123.26
INTEREST	4/2/2018	4/2/2018	MONEY MARKET FUND	MONEY0002	\$0.00	\$146.67	\$146.67
BUY	4/4/2018	4/9/2018	FHLMC MULTIFAMILY STRUCTURED P POOL	3137BM6P6	\$110,936.72	\$75.53	\$111,012.25
SELL	4/4/2018	4/9/2018	US TREASURY N/B	912828WY2	\$114,159.96	\$486.05	\$114,646.01
INTEREST	4/5/2018	4/5/2018	BANK OF NOVA SCOTIA HOUSTON LT CD	06417GUE6	\$0.00	\$2,703.71	\$2,703.71
SELL	4/10/2018	4/11/2018	US TREASURY NOTES	912828WN6	\$54,202.93	\$398.90	\$54,601.83
SELL	4/10/2018	4/11/2018	US TREASURY NOTES	912828P4	\$4,855.86	\$18.13	\$4,873.99
SELL	4/10/2018	4/11/2018	US TREASURY NOTES	912828P4	\$189,378.52	\$707.01	\$190,085.53
SELL	4/10/2018	4/11/2018	CANADIAN IMPERIAL BANK NY CD	13606A5Z7	\$278,398.40	\$1,793.24	\$280,191.64
WITHDRAW	4/11/2018	4/11/2018	CASH		\$600,000.00	\$0.00	\$600,000.00
INTEREST	4/15/2018	4/15/2018	CNH 2017-A A2	12636WAB2	\$0.00	\$127.22	\$127.22
INTEREST	4/15/2018	4/15/2018	ALLY ABS 2017-4 A3	02007FAC9	\$0.00	\$145.83	\$145.83
INTEREST	4/15/2018	4/15/2018	TOYOTA ABS 2016-B A3	89231UAD9	\$0.00	\$91.97	\$91.97
INTEREST	4/15/2018	4/15/2018	FORDO 2017-C A3	34532AAD5	\$0.00	\$234.50	\$234.50
INTEREST	4/15/2018	4/15/2018	CARMAX ABS 2016-3 A2	14314EAB7	\$0.00	\$12.63	\$12.63
INTEREST	4/15/2018	4/15/2018	JOHN DEERE ABS 2016-B A3	47788NAC2	\$0.00	\$35.75	\$35.75
INTEREST	4/15/2018	4/15/2018	JOHN DEERE ABS 2017-B A3	47788BAD6	\$0.00	\$45.50	\$45.50
INTEREST	4/15/2018	4/15/2018	NAROT 2018-A A3	65478DAD9	\$0.00	\$165.63	\$165.63
INTEREST	4/15/2018	4/15/2018	FORD ABS 2017-A A3	34531EAD8	\$0.00	\$132.21	\$132.21
INTEREST	4/15/2018	4/15/2018	TOYOTA ABS 2016-C A3	89237WAD9	\$0.00	\$41.21	\$41.21
INTEREST	4/15/2018	4/15/2018	HAROT 2018-1 A3	43814UAC3	\$0.00	\$275.00	\$275.00
INTEREST	4/15/2018	4/15/2018	ALLYA 2017-5 A3	02007YAC8	\$0.00	\$182.42	\$182.42
INTEREST	4/15/2018	4/15/2018	JOHN DEERE ABS 2017-A A3	47787XAC1	\$0.00	\$44.50	\$44.50
INTEREST	4/15/2018	4/15/2018	HYUNDAI ABS 2016-B A3	44891EAC3	\$0.00	\$80.63	\$80.63
PAYDOWNS	4/15/2018	4/15/2018	TOYOTA ABS 2016-C A3	89237WAD9	\$3,275.43	\$0.00	\$3,275.43
PAYDOWNS	4/15/2018	4/15/2018	TOYOTA ABS 2016-B A3	89231UAD9	\$7,494.69	\$0.00	\$7,494.69
PAYDOWNS	4/15/2018	4/15/2018	CNH 2017-A A2	12636WAB2	\$6,925.80	\$0.00	\$6,925.80
PAYDOWNS	4/15/2018	4/15/2018	CARMAX ABS 2016-3 A2	14314EAB7	\$9,062.65	\$0.00	\$9,062.65
PAYDOWNS	4/15/2018	4/15/2018	JOHN DEERE ABS 2016-B A3	47788NAC2	\$2,692.17	\$0.00	\$2,692.17
INTEREST	4/16/2018	4/16/2018	JDOT 2018-A A3	47788CAC6	\$0.00	\$116.38	\$116.38
SELL	4/18/2018	4/25/2018	US TREASURY NOTES	912828WN6	\$108,092.19	\$882.42	\$108,974.61
SELL	4/18/2018	4/25/2018	US TREASURY NOTES	912828A42	\$59,200.78	\$481.32	\$59,682.10
BUY	4/18/2018	4/25/2018	CA ST TXBL GO BONDS	13063DGA0	\$170,006.80	\$0.00	\$170,006.80
INTEREST	4/21/2018	4/21/2018	MORGAN STANLEY CORP NOTES	61746BEA0	\$0.00	\$3,250.00	\$3,250.00
INTEREST	4/25/2018	4/25/2018	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	38141GVU5	\$0.00	\$3,806.25	\$3,806.25
INTEREST	4/30/2018	4/30/2018	US TREASURY NOTES	912828T67	\$0.00	\$1,562.50	\$1,562.50
INTEREST	4/30/2018	4/30/2018	US TREASURY NOTES	912828T67	\$0.00	\$1,531.25	\$1,531.25
BUY	5/1/2018	5/2/2018	US TREASURY NOTES	912828Q78	\$38,525.00	\$2.99	\$38,527.99
INTEREST	5/1/2018	5/1/2018	MONEY MARKET FUND	MONEY0002	\$0.00	\$48.88	\$48.88

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: May 29, 2018
SUBJECT: Budget Status Report

Purpose

Provide a Budget Status Report of the District's budget to the Board.

Summary

While monthly water sales levels have moderated, year to date sales are still outperforming budget assumptions largely due to the lack of winter rainfall. The water and recycled water sales levels are shown in the charts below. Higher sales levels have resulted in higher than expected water sales revenues and expenditures this month and year-to-date. Wastewater service charge revenues continue to underperform and are expected to do so through the rest of the year.

Non-operating revenue shows the higher than expected pumping charge and capacity charge revenues. The pumping charge revenues is due to higher than expected sales and capacity charge revenues is due to the sale of more meters than projected.

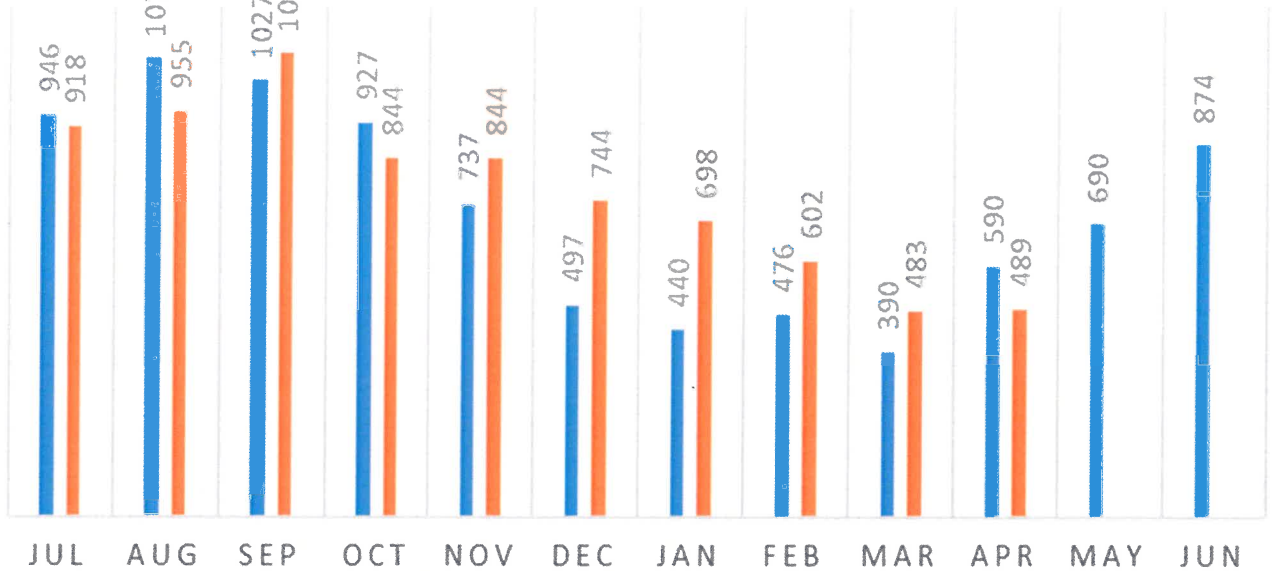
The District's expenditures are slightly over budget due to the higher than budgeted purchased water expense. This, as discussed above, is due to higher than expected water sales. The District's consolidated operating department expenses are over budget contributing to operating expenses being 4.1% over budget.

Total revenue is \$775,123 or 2.8% over budget and total expenditures are \$915,797 or 3.6% over budget. Capital spending is trending towards the budget after a large capital project expense earlier this year. As a result, the District financial position is in-line with budget expectations.

Recommended Action

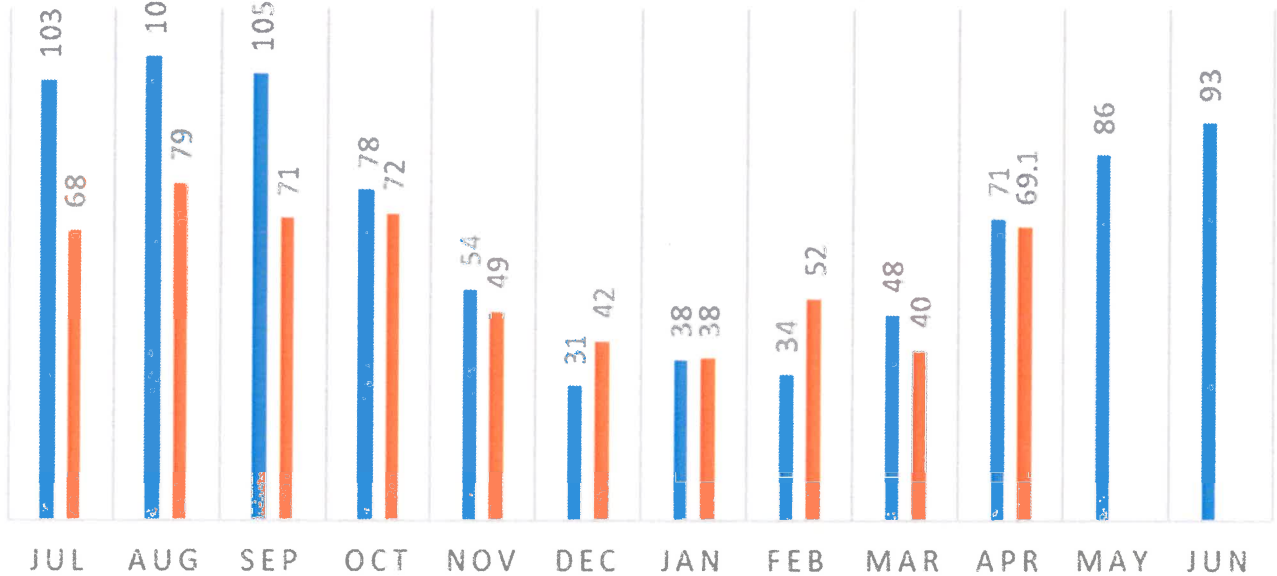
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 7,667 AF Year-to-Date Budget 7,110AF

RECYCLED WATER (AF)



Year-to-Date Actual 580 Year-to-Date Budget 671

Monthly Budget Report for April

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	16.7%
Water Sales*	960,191	1,156,161	13,287,152	12,338,434	948,718	7.7%	15,388,356	2,101,204	13.7%
MWD Readiness to Serve*	17,345	17,463	347,655	272,484	75,171	27.6%	357,204	9,549	2.7%
CWA Infrastructure Access Charge	35,196	34,278	337,709	342,776	(5,066)	-1.5%	411,331	73,622	17.9%
Meter Service Charges	515,991	445,702	4,717,757	4,457,016	260,742	5.9%	5,348,419	630,662	11.8%
Wastewater Service Charges	410,372	482,325	4,370,633	4,823,253	(452,620)	-9.4%	5,787,904	1,417,271	24.5%
Sundry Other Revenue	20,265	25,508	290,356	255,083	35,272	13.8%	306,100	15,744	5.1%
CWA Rebates	8,080	13,537	111,280	135,373	(24,093)	-17.8%	162,448	51,168	31.5%
Total Operating Revenue	1,967,440	2,174,974	23,462,543	22,624,420	838,123	3.7%	27,761,762	4,299,219	15.5%
Non Operating Revenues:									
Capital Improvement Charge	199,319	199,683	1,937,636	1,996,833	(59,197)	-3.0%	2,396,200	458,564	19.1%
Property Taxes	430,967	188,098	1,706,756	1,866,228	(159,472)	-8.5%	1,916,938	210,182	11.0%
Water Standby/Availability Charge	9,935	49,785	133,735	188,851	(55,116)	-29.2%	203,000	69,265	34.1%
Water/Wastewater Capacity Charges	19,198	11,410	130,317	114,095	16,222	14.2%	136,914	6,597	4.8%
Portfolio Interest	18,892	17,280	163,729	172,797	(9,068)	-5.2%	207,356	43,627	21.0%
Pumping Charge	18,905	10,987	157,323	109,867	47,456	43.2%	131,840	(25,483)	-19.3%
Prop 84 & 50 Funds	-	-	67,100	-	67,100	NA	-	(67,100)	NA
SRF Loan Proceeds	-	-	-	-	-	NA	-	-	NA
CSI Rebate	-	-	-	-	-	NA	-	-	NA
Facility Rents & Other Non-Operating Revenues	39,264	14,421	233,287	144,213	89,075	61.8%	173,055	(60,232)	-34.8%
Total Non Operating Revenues	736,480	491,663	4,529,883	4,592,884	(63,000)	-1.4%	5,165,303	635,420	12.3%
Total Revenues	2,703,920	2,666,637	27,992,427	27,217,303	775,123	2.8%	32,927,065	4,934,638	15.0%
Expenditures									
Purchased Water Expense	1,064,465	965,200	11,605,006	10,869,535	(735,472)	-6.8%	13,228,586	1,623,580	12.3%
MWD Readiness to Serve*	29,767	29,767	297,664	297,670	7	0.0%	357,204	59,541	16.7%
CWA Infrastructure Access Charge*	37,170	37,170	351,396	351,396	-	0.0%	425,736	74,340	17.5%
Production-Water Quality & Treatment	79,948	106,783	927,361	1,174,610	247,249	21.0%	1,388,176	460,815	33.2%
Distribution & Pumping	198,702	145,852	1,658,690	1,604,368	(54,322)	-3.4%	1,896,071	237,381	12.5%
Customer Service	155,426	109,317	1,248,651	1,202,485	(46,166)	-3.8%	1,421,119	172,468	12.1%
General Administration	348,957	391,861	4,419,391	4,310,472	(108,919)	-2.5%	5,094,194	674,803	13.2%
Collection, Treatment & Disposal	246,877	210,120	2,529,301	2,311,320	(217,981)	-9.4%	2,731,560	202,259	7.4%
Total Operating Expenses	2,161,312	1,996,069	23,037,460	22,121,856	(915,604)	-4.1%	26,574,812	3,537,352	13.3%
Debt Service Expenses									
CalPERS UAL	-	-	572,652	572,652	-	0.0%	572,652	-	0.0%
Red Mountain SRF	-	-	395,637	395,424	(213)	-0.1%	395,424	(213)	-0.1%
WWTP SRF	-	-	1,845,746	1,845,746	-	0.0%	1,845,746	-	0.0%
QECB Solar Debt (Net of Subsidy)	-	-	186,270	186,290	20	0.0%	372,854	186,584	50.0%
Total Debt Service	-	-	3,000,305	3,000,112	(193)	0.0%	2,614,024	(386,281)	-14.8%
Total Expenses	2,161,312	1,996,069	26,037,765	25,121,968	(915,797)	-3.6%	29,188,835	3,151,071	10.8%
Net Revenue/(loss) From Operations and Debt Service	542,608	670,568	1,954,662	2,095,336	(140,674)	-6.7%	3,738,230	1,783,568	47.7%
Capital Investment									
Construction Expenditures*	513,554	504,269	5,689,571	5,042,686	(646,885)	-12.8%	6,051,223	361,652	6.0%
Net Revenue/(Loss)	29,054	166,300	(3,734,909)	(2,947,350)	(787,559)	26.7%	(2,312,993)	1,421,916	-61.5%

* Annual and monthly budgeted amounts were updated for mid-term budget report.

04/30/2018

Treasurer's Warrant No. April

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims in the amounts stated (less discounts in instances where discounts are allowed).

Payroll -04/18

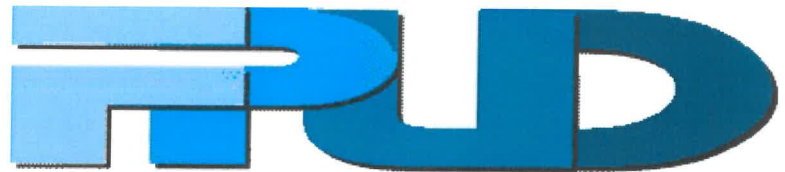
Computer Check Register

Payroll #1	134,793.26
Payroll #2	<u>133,113.22</u>
	<u>267,906.48</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: AnnaleceB
 Printed: 4/26/2018 3:42 PM



Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491
 Main Office Phone: (760) 728-1125, Fax: (760) 728-6029


Check No	Vendor No	Vendor Name	Check Date	Check Amount
77716	00805	ACWA/JOINT POWERS INS.	04/04/2018	41,714.00
77717	06403	APPLEONE EMPLOYMENT SERVICES	04/04/2018	880.64
77718	06696	AT & T MOBILTIY	04/04/2018	55.32
77719	02743	BEST BEST & KRIEGER	04/04/2018	17,664.04
77720	90921	BOB MURRAY & ASSOCIATES	04/04/2018	5,450.17
77721	00898	BP BATTERY	04/04/2018	282.01
77722	00370	CROP PRODUCTION SERVICES, INC.	04/04/2018	13.08
77723	02925	DATA NET SOLUTIONS	04/04/2018	16,498.96
77724	06551	DEPT OF FORESTRY & FIRE PROTECT	04/04/2018	456.80
77725	05192	DIAMOND ENVIRONMENTAL SERVIC	04/04/2018	196.83
77726	91123	DIGITAL DEPLOYMENT, INC.	04/04/2018	550.00
77727	03391	ELECTRICAL SALES INC	04/04/2018	741.04
77728	09523	FALLBROOK EQUIP RENTALS	04/04/2018	1,520.75
77729	05987	FALLBROOK GARAGE & QWIK LUBE	04/04/2018	1,083.80
77730	01099	FALLBROOK IRRIGATION INC	04/04/2018	75.64
77731	01155	FALLBROOK REFUSE	04/04/2018	48.00
77732	09517	GENCO	04/04/2018	75.43
77733	00182	GLENNIE'S OFFICE PRODUCTS, INC	04/04/2018	37.07
77734	04958	GOSCH FORD TEMECULA	04/04/2018	2,647.91
77735	02767	GRANGETTO FARM & GARDEN SUPPI	04/04/2018	150.18
77736	05380	HACH CO	04/04/2018	21,647.09
77737	05925	HD SUPPLY WATERWORKS	04/04/2018	949.28
77738	06429	HEALTHPOINTE MEDICAL GROUP,INC	04/04/2018	210.00
77739	91252	HYDRO FLOW PRODUCTS, INC.	04/04/2018	2,893.00
77740	06577	INFOSEND INC	04/04/2018	5,504.47
77741	06261	LAWTON GROUP	04/04/2018	439.56
77742	03322	LIGHTHOUSE AUTOMOTIVE	04/04/2018	178.81
77743	02618	MC MASTER-CARR	04/04/2018	377.23
77744	06596	MCS INSPECTION GROUP	04/04/2018	7,580.00
77745	06338	MYTHOS TECHNOLOGY INC	04/04/2018	481.76
77746	00718	NATIONWIDE RETIREMENT SOLUTIO	04/04/2018	2,595.00
77747	91253	NIKON INSTRUMENTS INC.	04/04/2018	367.54
77748	06298	ONESOURCE DISTRIBUTORS, LLC	04/04/2018	3,615.22
77749	00216	PINE TREE LUMBER	04/04/2018	208.09
77750	91104	RAFTELIS FINANCIAL CONSULTANTS	04/04/2018	5,312.50
77751	91136	DUANE RULE	04/04/2018	587.72
77752	06401	SONSRAY MACHINERY LLC	04/04/2018	403.64
77753	91107	SPECTRUM BUSINESS	04/04/2018	105.58
77754	04092	STATE WATER RESOURCES CONT BRI	04/04/2018	110.00
77755	04296	TRENCH PLATE RENTAL CO	04/04/2018	413.60
77756	00250	TRY ENTERPRISES	04/04/2018	1,970.00
Total for 4/4/2018:				146,091.76
ACH	00152	FPUD EMPL ASSOCIATION	04/11/2018	901.78
ACH	06758	US TREASURY - PAYROLL TAXES	04/11/2018	54,435.84
ACH	06759	STATE OF CA - PR TAXES	04/11/2018	8,326.82

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	06760	STATE OF CA - SDI	04/11/2018	2,103.83
ACH	06761	LINCOLN FINANCIAL GROUP	04/11/2018	5,251.47
ACH	06763	PERS - PAYROLL	04/11/2018	33,618.93
77763	00805	ACWA/JOINT POWERS INS.	04/11/2018	35,837.55
77764	01460	AFLAC	04/11/2018	1,163.42
77765	02013	ALVAREZ FAMILY TRUST	04/11/2018	242.33
77766	91229	AMP United, LLC	04/11/2018	73,840.46
77767	06403	APPLEONE EMPLOYMENT SERVICES	04/11/2018	1,466.46
77768	05778	AQUATIC BIOASSAY AND CONSULTIN	04/11/2018	3,000.00
77769	06374	BOOT BARN INC.	04/11/2018	161.48
77770	00898	BP BATTERY	04/11/2018	873.33
77771	06012	CALIFORNIA DEPT OF CSS	04/11/2018	231.00
77772	03978	CAMERON WELDING SUPPLY	04/11/2018	239.88
77773	01719	MICKEY M. CASE	04/11/2018	60.00
77774	06115	CDW GOVERNMENT INC.	04/11/2018	3,151.90
77775	91241	LISA CHAFFIN	04/11/2018	60.00
77776	UB*00147	JAMIE CHISHOLM	04/11/2018	784.81
77777	00370	CROP PRODUCTION SERVICES, INC.	04/11/2018	3,036.70
77778	91239	CUMMINS PACIFIC, LLC	04/11/2018	4,358.78
77779	UB*00148	JAMES DAVIS	04/11/2018	128.46
77780	05180	NOELLE DENKE	04/11/2018	114.63
77781	03391	ELECTRICAL SALES INC	04/11/2018	1,138.87
77782	02647	FALLBROOK AWARDS	04/11/2018	32.33
77783	09523	FALLBROOK EQUIP RENTALS	04/11/2018	2,616.96
77784	01099	FALLBROOK IRRIGATION INC	04/11/2018	14.92
77785	00169	FALLBROOK OIL COMPANY	04/11/2018	2,716.55
77786	05560	FRANCHISE TAX BOARD	04/11/2018	250.00
77787	00182	GLENNIE'S OFFICE PRODUCTS, INC	04/11/2018	83.25
77788	06746	GUY L. WARDEN AND SONS	04/11/2018	1,282.38
77789	05380	HACH CO	04/11/2018	402.36
77790	02773	HDS WHITE CAP CONST SUPPLY	04/11/2018	208.19
77791	03276	HOME DEPOT CREDIT SERVICES	04/11/2018	794.86
77792	UB*00144	ANTON'S SERVICE INC	04/11/2018	747.91
77793	06577	INFOSEND INC	04/11/2018	1,285.93
77794	90913	INNOVYZE	04/11/2018	1,500.00
77795	04027	JOES HARDWARE	04/11/2018	3,337.13
77796	04926	KONICA MINOLTA PREMIER FINANCE	04/11/2018	3,614.68
77797	06261	LAWTON GROUP	04/11/2018	439.56
77798	06555	LIEBERT CASSIDY WHITMORE	04/11/2018	2,135.50
77799	91130	LINCOLN NATIONAL LIFE INSURANC	04/11/2018	6,456.72
77800	06596	MCS INSPECTION GROUP	04/11/2018	8,145.00
77801	UB*00145	BRIAN MEYER	04/11/2018	1,478.06
77802	91192	MISSION LINEN SUPPLY	04/11/2018	671.85
77803	90932	NAPA AUTO PARTS	04/11/2018	371.60
77804	00718	NATIONWIDE RETIREMENT SOLUTIO	04/11/2018	2,795.00
77805	04236	PALOMAR INVESTIGATIVE GROUP, IN	04/11/2018	55.00
77806	00231	SAN DIEGO COUNTY WATER AUTH	04/11/2018	1,016,607.57
77807	03231	SAN DIEGO COUNTY WATER AUTH	04/11/2018	27,248.00
77808	00236	SCRAPPYS	04/11/2018	40.00
77809	UB*00146	ENRIQUE SERRANO	04/11/2018	76.56
77810	06735	TCN, INC.	04/11/2018	134.25
77811	05883	TESTAMERICA LABORATORIES, INC.	04/11/2018	313.94
77812	02972	THERMO ENVIRONMENTAL INSTRUM	04/11/2018	1,162.72
77813	00724	UNDERGROUND SERVICE ALERT	04/11/2018	486.85
77814	02329	VALLECITOS WATER DISTRICT	04/11/2018	2,033.64
77815	00458	VERIZON WIRELESS	04/11/2018	1,236.75
77816	04290	VILLAGE NEWS, INC.	04/11/2018	495.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
77817	06554	VOLVO CONSTRUCTION EQUIPMENT	04/11/2018	2,130.20
Total for 4/11/2018:				1,327,929.95
77818	91163	AM Diesel INC.	04/18/2018	140.00
77819	04995	AMERICAN MESSAGING	04/18/2018	256.96
77820	06403	APPLEONE EMPLOYMENT SERVICES	04/18/2018	1,666.68
77821	05088	AT&T	04/18/2018	879.66
77822	06020	BABCOCK & SONS, INC.	04/18/2018	1,350.00
77823	05615	BOOT WORLD INC.	04/18/2018	320.30
77824	06141	CENTRISYS CORPORATION	04/18/2018	41,991.51
77825	05935	CITRIX SYSTEMS INC	04/18/2018	700.00
77826	02176	CORELOGIC SOLUTIONS, LLC	04/18/2018	225.00
77827	05953	CORODATA RECORDS MANAGEMENT	04/18/2018	589.66
77828	06675	CORODATA SHREDDING, INC	04/18/2018	54.50
77829	05896	CORTECH ENGINEERING LLC	04/18/2018	9,640.00
77830	91008	MICHAEL COTHRAN	04/18/2018	360.00
77831	02925	DATA NET SOLUTIONS	04/18/2018	183.00
77832	05192	DIAMOND ENVIRONMENTAL SERVIC	04/18/2018	322.31
77833	UB*00152	SHAWNA & DYLAN ENDERLE	04/18/2018	425.04
77834	06303	EXECUTIVE LANDSCAPE INC.	04/18/2018	2,100.00
77835	09523	FALLBROOK EQUIP RENTALS	04/18/2018	2,856.00
77836	00170	FALLBROOK WASTE & RECYCLING	04/18/2018	1,699.95
77837	04494	FEDERAL EXPRESS CORPORATION	04/18/2018	134.84
77838	UB*00149	ERIC GANGNATH	04/18/2018	63.76
77839	06286	GARDA CL WEST, INC.	04/18/2018	233.82
77840	91262	GARY R. TANNER	04/18/2018	590.00
77841	90906	BRETT GRAHAM	04/18/2018	235.00
77842	02767	GRANGETTO FARM & GARDEN SUPPI	04/18/2018	241.04
77843	05380	HACH CO	04/18/2018	25,759.13
77844	06722	CHRIS HAMILTON	04/18/2018	90.00
77845	06429	HEALTHPOINTE MEDICAL GROUP,INC	04/18/2018	75.00
77846	06577	INFOSEND INC	04/18/2018	1,785.60
77847	06359	INFRASTRUCTURE ENGINEERING CO	04/18/2018	19,083.26
77848	05255	INLAND WATER WORKS SUPPLY CO.	04/18/2018	20,693.39
77849	06267	J2 GLOBAL IRELAND LIMITED	04/18/2018	59.91
77850	06380	JANI-KING OF CALIFORNIA, INC - SAI	04/18/2018	2,722.99
77851	06479	KNOCKOUT PEST CONTROL & TERMI	04/18/2018	75.00
77852	06261	LAWTON GROUP	04/18/2018	293.04
77853	03765	LENNIHAN LAW	04/18/2018	1,682.22
77854	06633	MAINTENANCE CONNECTION INC	04/18/2018	756.20
77855	91265	JOSEPH MASAVEG	04/18/2018	8,768.00
77856	06596	MCS INSPECTION GROUP	04/18/2018	1,895.00
77857	91077	MULTI SERVICE TECHNOLOGY SOLU'	04/18/2018	2,112.04
77858	06338	MYTHOS TECHNOLOGY INC	04/18/2018	2,585.94
77859	03201	NATIONAL SAFETY COMPLIANCE INC	04/18/2018	55.00
77860	06298	ONESOURCE DISTRIBUTORS, LLC	04/18/2018	618.48
77861	01267	PACIFIC PIPELINE	04/18/2018	12,505.01
77862	04900	PARADISE CHEVROLET CADILLAC	04/18/2018	626.90
77863	91236	PLATINUM CONSULTING GROUP LLC	04/18/2018	15,913.75
77864	04075	RAYNE WATER SYSTEMS	04/18/2018	125.00
77865	00232	SAN DIEGO GAS & ELECTRIC	04/18/2018	48,167.75
77866	06563	SCHNEIDER ELECTRIC USA INC	04/18/2018	12,218.85
77867	00236	SCRAPPYS	04/18/2018	235.00
77868	06105	SHAMROCK SUPPLY CO., INC.	04/18/2018	1,183.10
77869	UB*00151	KEN & JENNIFER SNYDER	04/18/2018	9.64
77870	90929	SOUTHWEST ANSWERING SERVICE, I	04/18/2018	559.14

Check No	Vendor No	Vendor Name	Check Date	Check Amount
77871	05415	STATE WATER RESOURCE CONTROL	04/18/2018	110.00
77872	91223	STERLING HEALTH SERVICES INC.	04/18/2018	75.00
77873	05883	TESTAMERICA LABORATORIES, INC.	04/18/2018	127.58
77874	04296	TRENCH PLATE RENTAL CO	04/18/2018	3,059.00
77875	00458	VERIZON WIRELESS	04/18/2018	666.17
77876	06554	VOLVO CONSTRUCTION EQUIPMENT	04/18/2018	1,141.67
77877	UB*00150	MORLEY & CAROLINE WILLIAMS	04/18/2018	487.00
77878	90933	CAROLINE WILSON	04/18/2018	84.97
Total for 4/18/2018:				253,664.76
ACH	00152	FPUD EMPL ASSOCIATION	04/25/2018	886.24
ACH	06758	US TREASURY - PAYROLL TAXES	04/25/2018	53,659.06
ACH	06759	STATE OF CA - PR TAXES	04/25/2018	8,149.58
ACH	06760	STATE OF CA - SDI	04/25/2018	2,071.43
ACH	06761	LINCOLN FINANCIAL GROUP	04/25/2018	5,201.47
ACH	06763	PERS - PAYROLL	04/25/2018	34,332.65
77885	91184	4IMPRINT INC	04/25/2018	661.86
77886	00101	ACWA JPIA	04/25/2018	83,983.52
77887	01460	AFLAC	04/25/2018	668.78
77888	06403	APPLEONE EMPLOYMENT SERVICES	04/25/2018	2,140.06
77889	06012	CALIFORNIA DEPT OF CSS	04/25/2018	231.00
77890	03978	CAMERON WELDING SUPPLY	04/25/2018	970.13
77891	06115	CDW GOVERNMENT INC.	04/25/2018	118.47
77892	02925	DATA NET SOLUTIONS	04/25/2018	9,244.53
77893	05192	DIAMOND ENVIRONMENTAL SERVIC	04/25/2018	422.80
77894	04425	DOMINICK'S SANDWICHES	04/25/2018	35.83
77895	01099	FALLBROOK IRRIGATION INC	04/25/2018	114.34
77896	01582	FALLBROOK MUFFLER	04/25/2018	186.52
77897	00169	FALLBROOK OIL COMPANY	04/25/2018	6,857.93
77898	01155	FALLBROOK REFUSE	04/25/2018	48.00
77899	05560	FRANCHISE TAX BOARD	04/25/2018	250.00
77900	06451	HIGHLAND FLOOR COVERING INC	04/25/2018	7,407.73
77901	06577	INFOSEND INC	04/25/2018	2,370.79
77902	05401	JOE'S PAVING	04/25/2018	33,740.00
77903	03299	KAMAN INDUSTRIAL TECHNOLOGIE	04/25/2018	4,735.25
77904	90902	MATTHEW LIAN	04/25/2018	100.00
77905	91130	LINCOLN NATIONAL LIFE INSURANC	04/25/2018	3,228.36
77906	06156	LOMACK SERVICE CORPORATION	04/25/2018	1,090.00
77907	02618	MC MASTER-CARR	04/25/2018	970.66
77908	06596	MCS INSPECTION GROUP	04/25/2018	7,240.00
77909	UB*00153	ANDREA MEDINA	04/25/2018	2.32
77910	06614	MITEL LEASING	04/25/2018	815.15
77911	06602	MORAES/PHAM & ASSOCIATES	04/25/2018	1,377.50
77912	91151	OCEAN DATA SYSTEMS INC	04/25/2018	873.00
77913	01267	PACIFIC PIPELINE	04/25/2018	2,719.39
77914	04236	PALOMAR INVESTIGATIVE GROUP, IN	04/25/2018	145.00
77915	06110	SKY PETERSON	04/25/2018	2,272.90
77916	00215	PETTY CASH	04/25/2018	191.51
77917	91007	PFM ASSET MANGEMENT LLC	04/25/2018	1,219.65
77918	06199	PLUMBERS DEPOT INC	04/25/2018	16,916.75
77919	91077	MULTI SERVICE TECHNOLOGY SOLU'	04/25/2018	1,409.28
77920	UB*00155	KENNETH SEALS	04/25/2018	140.92
77921	91152	SOLARWINDS, INC	04/25/2018	1,050.00
77922	00159	SUPERIOR READY MIX	04/25/2018	782.37
77923	02815	SWRCB ACCOUNTING OFFICE	04/25/2018	1,400.00
77924	91082	TELETRAC, INC	04/25/2018	1,105.48

Check No	Vendor No	Vendor Name	Check Date	Check Amount
77925	05883	TESTAMERICA LABORATORIES, INC.	04/25/2018	624.75
77926	06541	TIFCO INDUSTRIES, INC	04/25/2018	831.88
77927	05909	WAGNER & BONSIGNORE, CONSULTI	04/25/2018	3,304.25
77928	00233	WAXIE SANITARY SUPPLY	04/25/2018	271.36
77929	UB*00154	HEALING TREE WELLNESS CENTER I	04/25/2018	3.06
77930	06231	WESTERN WATER WORKS SUPPLY CC	04/25/2018	675.10
77931	UB*00150	MORLEY & CAROLINE WILLIAMS	04/25/2018	582.78
Total for 4/25/2018:				309,831.39
Report Total (216 checks):				2,037,517.86



Jack Bebee

Acting General Manager



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Hotel Karlan COWU - SD
San Diego

Date(s) of Attendance: Tues, May 15 2018

Purpose of Function: Education

Sponsoring Organization: Sweetwater Authority COWU

Summary of Conference or Meeting:

Presentation by Teresa Penunori SOCWA
on Our CITIZENS WATER AUTHORITY
ACADEMY
to provide water education
to members of Our public and
local issues to water professionals.
I hope to take Our course in July 2018

Director Signature: [Signature]

Date: 5/15/18

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: SD Chapter Quarterly Dinner Meeting, The Butcher

Shop Steakhouse, 5255 Kearny Villa Road, San Diego, CA

Date(s) of Attendance: 5/17/18

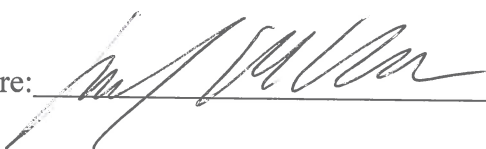
Purpose of Function: Local water industry issues

Sponsoring Organization: California Special Districts Association

Summary of Conference or Meeting:

Summer Stephan, of the San Diego County District Attorney's office, provided a presentation on the key public safety challenges that face San Diego County and the ethical responsibilities of public agencies.

Following the presentation, the High School Video Contest Awards ceremony took place.

Director Signature: 

Date: 5/18/2018

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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.