



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

AGENDA

MONDAY, APRIL 22, 2019
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) 999-2704 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. MANAGER'S AWARD RECIPIENTS

- 1. Aaron Cook, Senior Engineer
- 2. Jeff Marchand, Engineering Supervisor
- 3. Steve Stone, Field Services Manager

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

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

B. APPROVAL OF MINUTES

1. February 25, 2019 Regular Board Meeting/Public Hearing
2. March 25, 2019 Regular Board Meeting

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

C. CONSIDER NOTICE OF COMPLETION – SANTA MARGARITA PIPELINE REPLACEMENT PROJECT, JOB NO. 3063

Recommendation: That the Board authorize staff to record the Notice of Completion, as described in Attachment A to the staff memo, with the San Diego County Recorder.

D. CONSIDER LETTER OF SUPPORT ON ACA 1 (AGUIAR-CURRY) AND LETTER OF OPPOSITION ON AB 1486 (TING)

Recommendation: That the Board authorize the Board President to sign (1) a letter of support for ACA 1 (Aguiar-Curry)—55% Vote for Local Affordable Housing and Public Infrastructure and (2) a letter of opposition to AB 1486 (Ting)—Local Agencies; Surplus Land.

E. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: That the Board authorize and approve in advance Directors' attendance to the San Diego County Farm Bureau "Graze at the Fields" event, April 25, 5-8 p.m., at the Carlsbad Flower Fields.

F. CONSIDER REVISING THE 2019 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: That the Board approve the revised 2019 Board of Directors Regular Meeting Schedule to change the June regular board meeting date from Monday, June 24, 2019, to Monday, June 17, 2019.

G. CONSIDER RESOLUTION NO. 4964 ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

Recommendation: That the Board adopt Resolution No. 4964 adopting the Amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

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

H. PRESENTATION OF CHECK BY THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA JPIA)

Presented by: David Drake, ACWA JPIA Executive Committee

I. REVIEW OF DRAFT STRATEGIC PLAN FOR FISCAL YEAR 2019-20

Presented by: Jack Bebee, General Manager

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS J–N)

J. CONSIDER PENSION AND OTHER POST EMPLOYMENT BENEFIT OBLIGATION LONG-TERM COST REDUCTION STRATEGY

Recommendation: The Fiscal Policy & Insurance Committee recommends using an approach to fund PARS and maintain a 90% funded status for both OPEB and Pension Obligations. Payments from PARS returns would be used once the fund has met the 90% funded target. The District has developed a policy, as described in Attachment A to the staff memo, that memorializes the OPEB and Pension funding strategies.

K. CONSIDER POLICY FOR INTER FUND TRANSFERS

Recommendation: The Fiscal Policy & Insurance Committee recommends the Board approve the Inter Fund Transfer Policy in the form attached to the staff memo.

L. CONSIDER RESOLUTION NO. 4965 AMENDING ARTICLE 15.1.1 OF ADMINISTRATIVE CODE

Recommendation: The Fiscal Policy & Insurance Committee recommends adopting Resolution No. 4965 amending Article 15.1.1 of the District's Administrative Code and approving the District's Liquidity Fund Policy.

M. CONSIDER ACQUISITION, IMPLEMENTATION, AND SUPPORT FOR CITYWORKS ENTERPRISE ASSET MANAGEMENT SOFTWARE

Recommendation: That the Board approve the award of professional services to Black and Veatch for the amount of \$104,915 to implement a robust Enterprise Asset Management system to improve the efficiency of the District operations.

N. UPDATE ON OVERALL DEVELOPMENT OF PIPELINE AND VALVE REPLACEMENT PROGRAM

Recommendation: That the Board discuss with staff the preferred approach to update the assessment.

V. ORAL/Written Reports----- (ITEMS 1–8)

1. General Counsel
2. SDCWA Representative Report

3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. 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 LEGAL COUNSEL – ANTICIPATED LITIGATION
SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

One (1) Potential Case

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

Discuss Performance Evaluation of General Manager

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

Discuss Performance Evaluation of General Counsel

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VII. ADJOURNMENT OF MEETING

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DECLARATION OF POSTING

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

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

April 17, 2019 _____
Dated / Fallbrook, CA



Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager, JAB
DATE: April 22, 2019
SUBJECT: Manager's Award Recipients

Description

To recognize Manager's Award recipients.

Purpose

Aaron Cook, Jeff Marchand, and Steve Stone were presented with Manager's Awards for providing exemplary customer service to District ratepayers during construction of the Santa Margarita Drive Pipeline Replacement Project ("Project").

The Project impacted a significant portion of privately-maintained road north of Quail Creek Drive. Consequently, the people who own the road expressed concern that construction had negatively-impacted the condition of their road. Aaron, Jeff, and Steve worked closely with these owners by walking the site and personally addressing each owner's concerns. The Edgewater Estates Homeowners Association wrote the Board President to commend Aaron, Jeff, and Steve for their outstanding customer service and to convey their sincere appreciation to all District staff.

Aaron, Jeff, and Steve received a letter from the General Manager and each will be presented with a certificate and a \$25 check.

Budgetary Impact

Seventy-five dollars (\$75) will be expensed under the Human Resources Staff Development budget for the 2018-19 fiscal year.

Recommended Action

This item is for information only; no action is required by the Board.

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *MW*
DATE: April 22, 2019
SUBJECT: Consider Approval of Minutes

Description/Purpose

To request Board-approval of the minutes of the following meetings of the Board of Directors:

1. February 25, 2019 Regular Board Meeting/Public Hearing
2. March 25, 2019 Regular Board Meeting

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board approve the minutes of the February 25, 2019 Regular Board Meeting/Public Hearing and the March 25, 2019 Regular Board Meeting.

Minutes of the
February 25, 2019 Regular Board Meeting / Public
Hearing

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

MINUTES

MONDAY, FEBRUARY 25, 2019
4:00 P.M.

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President McDougal called the Regular Meeting/Public Hearing of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. A quorum was established, and attendance was as follows:

Board of Directors

Present: Ken Endter, Member
Al Gebhart, Member
Don McDougal, Member/President
Charley Wolk, Member

Absent: Jennifer DeMeo, Member/Vice-President

General Counsel/District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/CFO
Mavis Canpinar, Customer Service Specialist
Devin Casteel, System Operations Supervisor
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Kyle Drake, Collection Supervisor
Noelle Denke, Public Affairs Specialist
Joshua Hargrove, Utility Worker
Todd Lange, System Service/Shop Supervisor
Faye Robinson, Customer Service Specialist
Steve Stone, Construction/Maintenance Supervisor
Owni Toma, Chief Plant Operator
Mary Lou West, Secretary

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

PLEDGE OF ALLEGIANCE

President McDougal 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 Endter seconded. Motion passed; VOTE:

AYES: Directors Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

PUBLIC COMMENT

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

There were no public comments.

A. EMPLOYEE OF THE QUARTER FEBRUARY 2019

1. Joshua Hargrove

Joshua Hargrove was commended for being selected the February 2019 Employee of the Quarter.

II. **CONSENT CALENDAR**-----**(ITEM B)**

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

B. APPROVAL OF MINUTES

1. December 13, 2018 Special Board Meeting
2. February 4, 2019 Special Board Meeting

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

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

AYES: Directors Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

III. INFORMATION----- (ITEMS C – F)

C. CUSTOMER SERVICE ENHANCEMENTS

Customer Service Specialists Mavis Canpinar and Faye Robinson presented a slide show of recent changes that have enhanced payment options, access to WaterSmart software, and customer communication.

D. ENGINEERING AND OPERATIONS KEY PERFORMANCE INDICATORS

Staff presented a slide show of the fiscal mid-year summary for the engineering, system operations, collection, construction/maintenance, and system service departments.

E. GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) DISTRICT BUDGET AWARDS

Assistant General Manager/CFO Shank announced the District was awarded the Government Finance Officers Association Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers Excellence Award for fiscal year 2018-19.

F. FISCAL YEAR 2019-2020 BUDGET PREPARATION SCHEDULE

Assistant General Manager/CFO Shank provided an overview of the budget development schedule for fiscal year 2019-20.

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

G. CONSIDER GRANT FUNDING FOR WATER CONSERVATION PROGRAMS

Recommendation: That the Board approve the MOU established between FPUD and CWA to fund FPUD's "Drought Tolerant Plant Voucher Pilot Program" and the "FPUD Water Conservation and Sustainability Garden." If approved, staff will provide an update on the programs prior to implementation after funding is secured.

MOTION: Director Endter moved to approve the MOU established between FPUD and CWA to fund FPUD's "Drought Tolerant Plant Voucher Pilot Program" and the "FPUD Water Conservation and Sustainability Garden," and staff to provide an update on the programs prior to implementation after funding is secured; Director Wolk seconded. Motion passed; VOTE:

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

H. CONSIDER SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT (SMRCUP) FACILITIES CONTRACTOR PREQUALIFICATION AND BID SOLICITATION

Recommendation: That the Board authorize staff to solicit bids from the pre-qualified Contractors for the Santa Margarita River Conjunctive Use Project Facilities. Also, that the board authorize the bid and construction phases of the IEC contract in order to continue progress towards construction of the SMRCUP project and develop our own local water supply.

MOTION: Director Gebhart moved to authorize staff to solicit bids from the pre-qualified Contractors for the Santa Margarita River Conjunctive Use Project Facilities and authorize the bid and construction phases of the IEC contract; Director Endter seconded. Motion passed; VOTE:

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

I. CONSIDER AWARD OF DE LUZ ROAD PIPELINE REPLACEMENT PROJECT

Recommendation: That the Board reject the bid submitted by Direct Project, Inc. as non-responsive and authorize award of the De Luz Road Pipeline Replacement Project to the apparent lowest responsive and responsible bidder, EJ Meyer Company at an amount of \$888,888, if they are able to meet all District requirements.

MOTION: Director Endter moved to reject the bid submitted by Direct Project, Inc. as non-responsive and authorize award of the De Luz Road Pipeline Replacement Project to the apparent lowest responsive and responsible bidder, EJ Meyer Company, at an amount of \$888,888 if they are able to meet all District requirements. Approval is subject to staff identifying the budget adjustment for the \$480,888 difference between the amount

budgeted and the award amount or alternatively request the Board allocate those funds; Director Gebhart seconded. Motion passed; VOTE:

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

J. CONSIDER COMPLETION OF PLANNED FUND TRANSFERS; RESOLUTION NO. 4960

Recommendation: That the Board authorize staff to make the transfers and adopt Resolution No. 4960.

Discussion ensued relative to the wording of the motion. For clarification, General Counsel de Sousa Mills read aloud the motion as follows:

- (1) Add Item 5 to the list of budget categories to read:
 - “5. Established Liquidity Fund level.”
- (2) Add the following sentence to be the last sentence of Section 15.1.1:
 - “As part of the annual budget process, the Board will review and approve the District’s liquidity requirements.”

There were no objections to the motion as read.

MOTION: Director Gebhart moved to adopt Resolution No. 4960 amending Article 15 of the Administrative Code with the proposed revisions and to add Item 5 to the list of budget categories, “5. Established Liquidity Fund Level,” and a last sentence to Section 15.1.1, “As part of the annual budget process, the Board will review and approve the District’s liquidity requirements”; Director Endter seconded. Motion passed; VOTE:

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

K. CONSIDER AMENDING ARTICLE 27, INVESTMENT POLICY, OF THE ADMINISTRATIVE CODE; RESOLUTION NO. 4957

Recommendation: That the Board adopt Resolution No. 4957 approving the proposed changes to Article 27 of the Administrative Code.

Assistant General Manager/CFO Shank reported that each year the state reviews permitted investments for public agencies and updates the code accordingly. PFM reviewed the recent changes made by the state and recommended they be incorporated into Article 27 of the Administrative Code.

MOTION: Director Wolk moved to adopt Resolution No. 4957 amending Article 27 of the Administrative Code with the proposed changes; Director Gebhart seconded. Motion passed; VOTE:

AYES: Directors Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

L. CONCURRENCE IN NOMINATION TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY; RESOLUTION NO. 4958 AND RESOLUTION NO. 4961

Recommendation: The Board adopt Resolution No. 4958 concurring in nomination of Paul E. Dorey of Vista Irrigation District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority. The Board also adopt Resolution No. 4961 concurring in nomination of Brent Hastey of Yuba Water Agency to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

MOTION: Director Gebhart moved to adopt Resolution No. 4958 concurring in nomination of Paul E. Dorey of Vista Irrigation District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority and Resolution No. 4961 concurring in nomination of Brent Hastey of Yuba Water Agency to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority; Director Endter seconded. Motion passed; VOTE:

AYES: Directors Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

M. CONSIDER CONCURRENCE IN NOMINATION TO CALIFORNIA WATER INSURANCE FUND BOARD OF THE ASSOCIATION OF CALIFORNIA WATER

AGENCIES JOINT POWERS INSURANCE AUTHORITY; RESOLUTION NO. 4959

Recommendation: The Board adopt Resolution No. 4959 concurring in the nomination of Andrew Morris of the Santa Rosa Regional Resources Authority to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority.

MOTION: Director Gebhart moved to adopt Resolution No. 4959 concurring in the nomination of Andrew Morris of the Santa Rosa Regional Resources Authority to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority; Director Wolk seconded. Motion passed; VOTE:

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

V. PUBLIC HEARING -----(ITEM N)

At 6:09 p.m., President McDougal opened the Public Hearing to receive public comments. Hearing none, President McDougal closed the Public Hearing at 6:10 p.m.

N. POTENTIAL INCREASE IN COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS (ADMINISTRATIVE CODE SECTION 2.12); ORDINANCE NO. 343

Recommendation: Hold the public hearing and consider adoption of Ordinance No. 343, to increase Board compensation from \$100 to \$105 for each day's service to the District and to update Section 2.12 of the District's Administrative Code to reflect the updated amount.

MOTION: Director Gebhart moved to adopt Ordinance No. 343 to increase Board compensation from \$100 to \$105 for each day's service to the District and to update Section 2.12 of the District's Administrative Code to reflect the updated amount; Director Endter seconded. Motion passed; ROLL CALL VOTE:

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

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

1. General Counsel
 - General Counsel de Sousa Mills provided an update on legislation affecting special districts.
2. SDCWA Representative Report
 - Maureen Stapleton, the general manager of the SDCWA, has announced her retirement.
 - It is not anticipated that the MWD litigation will be settled in the near future.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee provided an overview of recent storm damage and response by District crews.
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - Assistant General Manager/CFO Shank pointed out a footnote was added to the Budget Status Table to identify funds from the sale of the Santa Margarita property.
 - 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

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 6:33 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Minutes of the
March 25, 2019 Regular Board Meeting

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

MINUTES

MONDAY, MARCH 25, 2019
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

President McDougal 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 aloud into the record by President McDougal:

"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 Director Gebhart is participating by teleconference from 20489 Wildwood West Drive, Penn Valley, CA 95946.

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

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

Board of Directors

Present: Jennifer DeMeo, Member/Vice-President
Ken Endter, Member
Al Gebhart, Member (*via teleconference*)
Don McDougal, Member/President
Charley Wolk, Member

Absent: None

General Counsel/District Staff

Present: Paula de Sousa Mills, General Counsel (*arrived at 4:02 p.m.*)
Jack Bebee, General Manager
David Shank, Assistant General Manager/CFO
Devin Casteel, System Operations Supervisor
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Mary Lou West, Secretary

Also present were others, including, but not limited to: Lance Andersen, Mission Resource Conservation District; Carol Johnson; Barry Willis, Alpine Fire Protection District.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

President McDougal announced that Item F was removed from the agenda because the ACWA JPIA representative was unable to attend the meeting.

MOTION: Director Endter moved to approve the agenda as revised removing Item F; Director Wolk seconded. Motion passed; **ROLL CALL VOTE:**

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

PUBLIC COMMENT

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

There were no public comments.

President McDougal announced that Item D would be considered next.

D. CONSIDER CLAIM BY CAROL JOHNSON FOR MATERIAL EXPENSE

Recommendation: *The Board deny the Claim for material expense in the amount of \$397.46 by Carol Johnson and forward the Claim to ACWA JPIA for resolution.*

Carol Johnson stepped to the podium and reported that due to recent heavy rains, she and her husband diverted water away from two sewer manholes by digging a drainage ditch and lining it with rocks to avoid flooding in their yard. The Johnsons paid for labor and materials and are requesting reimbursement for material expenses in the amount of \$397.46.

MOTION: Director Wolk moved to deny the Claim for material expense in the amount of \$397.46 by Carol Johnson and forward the Claim to ACWA JPIA for resolution; Director Endter seconded.

Discussion ensued, and Vice-President DeMeo stated she felt the District should pay the Claim filed by Mrs. Johnson. President McDougal opined that because the Johnsons diverted water away from the sewer manholes and have requested reimbursement of material expenses only, the District should pay the Claim.

AMENDED

MOTION: Director Wolk amended his motion to approve the Claim for material expense in the amount of \$397.46 by Carol Johnson with the understanding that the District is not responsible for maintenance of the swale constructed by the Johnsons and did not cause the drainage problems on the Johnson's property; Director Endter seconded. Motion passed; ROLL CALL VOTE:

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

President McDougal announced that Item J would be considered next.

J. CONSIDER SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS BALLOT FOR REGULAR AND ALTERNATE MEMBERS

Recommendation: *The Board consider the candidates for one regular and two alternate special districts members to serve on the San Diego Local Agency Formation Commission and authorize the Board President to cast the District's vote.*

After distributing copies of his resume, Baron T. Willis, a member of the Alpine Fire Protection District Board of Directors, stepped to the podium and stated he was a

candidate for the Regular LAFCO Special District Member seat in the 2018 Special Districts Election. Mr. Willis requested the Board cast its vote for him.

Director Wolk noted there is only one vote for an alternate, not two. Discussion ensued concerning the slate of candidates and the recommendations made by the Nominating Committee.

MOTION: Vice-President DeMeo moved that the Board cast its vote for (1) Edmund K. Sprague of Olivenhain Municipal Water District as Regular LAFCO Special District Member and (2) Erin Lump of Rincon del Diablo Municipal Water District as Alternate LAFCO Special District Member; Director Endter seconded. Motion passed; ROLL CALL VOTE:

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

- A. YEARS OF SERVICE
 - 1. David Stagg – 30 Years
 - 2. Steve Stone – 25 Years

David Stagg and Steve Stone were recognized for their years of service to the District.

II. CONSENT CALENDAR----- (ITEMS B – E)
All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

- B. APPROVAL OF MINUTES
 - 1. January 28, 2019 Regular Board Meeting
 - 2. February 13, 2019 Special Board Meeting
 - 3. March 18, 2019 Special Board Meeting

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

C. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: That the Board authorize and approve in advance Directors' attendance to the California Special Districts Association's 2019 Special District Leadership Academy Conference, April 7–April 10, 2019, in San Diego, California.

E. CONSIDER LETTER OF SUPPORT FOR SB 669 (CABALLERO)—SAFE DRINKING WATER TRUST

Recommendation: The Board authorize a letter of supporting SB 669 (Caballero)—Safe Drinking Water Trust and direct staff to distribute the letter of support to the District's legislators, the Senate Environmental Quality Committee Members, the Committee's Chief Consultant, and the author of the Bill.

President McDougal noted that Item D was considered separately earlier in the meeting, and Items B, C, and E remained on the Consent Calendar.

MOTION: Director Endter moved to approve the Consent Calendar as revised including exclusion of Item D; Vice-President DeMeo seconded. Motion passed; ROLL CALL VOTE:

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

III. **INFORMATION**-----**(ITEMS F – I)**

F. PRESENTATION OF CHECK BY THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA JPIA)

Presented by: David Drake, ACWA JPIA Executive Committee

President McDougal announced that Mr. Drake was unable to attend today's meeting. This item was postponed until the April 22, 2019 regular board meeting.

G. REGIONAL CONSERVATION PROGRAMS

Presented by: Lance Andersen, Mission Resource Conservation District

Lance Andersen stepped to the podium and provided an overview of the Regional Conservation Partnership Program (RCPP), which is a partnership of 10 agencies that includes the Fallbrook Public Utility District.

H. FISCAL YEAR 2018-19 CAPITAL BUDGET UPDATE

Presented by: Aaron Cook, Senior Engineer

General Manager Bebee provided a brief update on the FY 2018-19 Capital Budget. Mr. Bebee stated staff will be working with the Engineering & Operations Committee on best practices for scheduling and prioritizing capital projects and projecting capital expenses for the next fiscal year.

I. NAVAL WEAPONS STATIONS DELIVERIES

Presented by: David Shank, Assistant General Manager/CFO

Assistant General Manager/CFO Shank provided an overview the Naval Weapons Station water deliveries and related billing by the San Diego County Water Authority.

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

Item J was considered earlier in the meeting.

K. CONSIDER CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS CALL FOR NOMINATIONS SEAT B; Draft Resolution No. 4964

Recommendation: Staff supports the Board's direction.

The Board did not nominate a candidate in response to the California Special Districts Association Board of Directors Call for Nominations (Seat B) for the 2020-2022 term.

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

1. General Counsel
 - General Counsel de Sousa Mills provided an update on legislation affecting special districts.
 - AB 1486 (Ting) would require public agencies to go through a surplus property process, which would be applicable to leased property, and would require a first refusal to schools, parks, and housing developers.
2. SDCWA Representative Report
 - On Friday, general managers will discuss a proposed study for alternative conveyance to build a pipeline from the Colorado River to San Diego County.
 - The SDCWA is developing an outreach campaign on the importance of agriculture to the San Diego County region.
3. General Manager
 - a. Engineering and Operations Report
 - The State Water Resources Control Board (SWRCB) has represented it will take three to four weeks to process the District's funding application for the Santa Margarita Conjunctive Use Project. However, the SWRCB has implemented a new accounting system resulting in significant payment delays.
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - c. Warrant List

- There will be some changes to the Treasurer's Report next month because of approved fund transfers to address liquidity concerns and to move the pension offset fund to PARS.
 - The Budget Status Report was revised to include recent journal entries and was distributed under separate cover.
5. Public Affairs Specialist
 - Public Affairs Specialist Denke provided an update on recent outreach efforts to the community.
 6. Notice of Approval of Per Diem for Meetings Attended
 7. Director Comments/Reports on Meetings Attended
 - Director Endter reported he attended the San Diego County Water Authority Citizens Water Academy and the monthly Council of Water Utilities meeting.
 - Director Wolk provided an update on the activities of the Engineering & Operations Committee, including the potential implementation of an enterprise asset management platform and improvements to the capital budget tracking and planning process.
 - Vice-President DeMeo reported she attended the monthly Council of Water Utilities meeting and Toastmasters.
 8. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 5:27 p.m. following an oral announcement by President McDougal of Closed Session Item VI. 1.

VI. CLOSED SESSION

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

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:21 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

President McDougal appointed an ad hoc committee, the members of which are President McDougal and Director Wolk, to further evaluate issues related to the Closed Session item on anticipated litigation as set out in the agenda.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 6:25 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer 
DATE: April 22, 2019
SUBJECT: Notice of Completion – Santa Margarita Pipeline Replacement, Job #3063

Purpose

To request that the Board of Directors authorize recordation of a Notice of Completion (Attachment A) for the Santa Margarita Pipeline Replacement Project with the San Diego County Recorder.

Summary

The contract for the Santa Margarita Pipeline Replacement Project, Job Number 3063, was completed on March 29, 2019. The contract was awarded to Southland Paving, Inc. The final total contract amount was \$1,056,766.26. The original contract amount was \$1,052,790.00. The higher total cost was due to a change order requiring excavation under three electrical conduits and three communications conduits not shown in the contract drawings.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

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

Attachment A

RECORDING REQUESTED BY:
Fallbrook Public Utility District

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

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

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

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

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

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

7. The work of improvement on the property hereinafter described was completed on **March 29, 2019**.
8. The name of the original contractor, if any, for the work of improvement was: **Southland Paving, Inc.**
The kind of work done or material furnished was for the **Santa Margarita Pipeline Replacement**.
9. The property on which the work of improvement was completed is in the unincorporated area of Fallbrook, county of San Diego, state of California, and is described as follows: **SANTA MARGARITA DR FROM HILBERT DR TO POINT N OF MASONIC CEMETERY/ FALLBROOK.**
10. The street address of the said property is: **Santa Margarita Drive, Fallbrook CA**

DATED: April 9, 2019

Aaron Cook, Senior Engineer
Fallbrook Public Utility District

VERIFICATION

I, the undersigned, say:

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

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

Executed on April 9, 2019, at Fallbrook, California.

Signature

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: April 22, 2019
SUBJECT: Consider California Special Districts Association's Call to Action on Letter of Support for ACA 1 (Aguiar-Curry) and Letter of Opposition to AB 1486 (Ting)

Purpose

To request Board authorization for a letter of support for ACA 1 (Aguiar-Curry) and a letter of opposition to AB 1486 (Ting).

Summary

The California Special Districts Association (CSDA) issued a Call to Action requesting the District submit (1) a letter of support on ACA 1 (Aguiar-Curry)—55% Vote for Local Affordable Housing and Public Infrastructure and (2) a letter of opposition to AB 1486 (Ting)—Local Agencies; Surplus Land.

ACA 1 would lower the necessary voter threshold from a two-thirds vote to 55 percent to approve local general obligation bonds and special taxes for affordable housing and public infrastructure projects for cities, counties, and special districts.

AB 1486 would require special districts and other public agencies to offer a right of first refusal to affordable housing developers, schools, and park agencies before leasing, selling, or otherwise conveying any of the agency's land.

For each bill the Call to Action from CSDA and draft letter for the Board President's signature is attached for the Board's information.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

The Board authorize the Board President to sign (1) a letter of support for ACA 1 (Aguiar-Curry)—55% Vote for Local Affordable Housing and Public Infrastructure and (2) a letter of opposition to AB 1486 (Ting)—Local Agencies; Surplus Land.

ACA 1 – 55% Vote for Local Affordable Housing and
Public Infrastructure

Mary Lou West

From: Dawn Washburn <dwashburn@rainbowmwd.com>
Sent: Tuesday, April 2, 2019 7:29 AM
Subject: CALL TO ACTION - ACA 1 (Aguiar-Curry)
Attachments: ACA 1 Fact Sheet.pdf; ACA_1_Sample_Letter_CSDA_Final.docx

Good afternoon San Diego CSDA Chapter Members:

CSDA has issued a formal “Call to Action” on [ACA 1 \(Aguiar-Curry\)](#). Attached you will find a draft letter of support for this bill that can be printed on your agency’s letterhead and signed by the appropriate member of your staff or board. Please submit your letter via email to CSDA’s Legislative Representative, Anthony Tannehill, anthonyt@csda.net and cc advocacy@csda.net. Please use the subject line “ACA 1 Letter of Support”.

ACA 1 will lower the constitutional vote threshold to 55 percent for both GO bonds and special taxes, when proposed specifically for the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for those purposes. The bill will also specify requirements for voter protection, public notice, and financial accountability.

In practice, local officials propose a local bond or special tax, and then the voters in that community decide whether they support the idea or not. The voters would still need to overwhelmingly (with 55 percent of the vote) support a bond or special tax in order for it to be approved. ACA 1 will level the playing field and create parity between school districts and cities, counties, and special districts, so that all local governments have a viable financing tool to address community needs. ACA 1 defines “public infrastructure” to include:

- Projects to provide water or protect water quality, sanitary sewer, treat wastewater or reduce pollution from storm water runoff;
- Protect property from impacts of sea level rise;
- Public buildings, including fire and police facilities;
- Parks, open space and recreation facilities;
- Improvements to transit and streets and highways;
- Flood control;
- Broadband expansion in underserved areas; and,
- Local hospital construction.

This bill proposes an amendment to the California Constitution, which means that if passed by the Legislature, the proposal would then go to the ballot for voter approval during the next statewide election.

Take Action

Please help CSDA in getting this bill signed into law by sending in a [letter of support](#). Should you have any questions about the bill, please contact CSDA Legislative Representative Anthony Tannehill at anthonyt@csda.net or 1-877-924-2732.

Best,

Chris Palmer

Public Affairs Field Coordinator

Celebrating 50 Years of Service: 1969-2019



990 East Mission Road
Fallbrook, California
92028-2232
www.fpud.com

(760) 728-1125

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Don McDougal
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Charley Wolk
Division 5

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Mary Lou West
Secretary

General Counsel

Paula de Sousa Mills
Best Best & Krieger

April 22, 2019

The Honorable Marie Waldron
California State Assembly
State Capitol
Sacramento, CA 95814

The Honorable Brian W. Jones
California State Senate
State Capitol
Sacramento, CA 95814

Subject: ACA 1 (Aguiar-Curry) – Local Government Financing
SUPPORT

Dear Assembly Members Waldron and Jones:

The Fallbrook Public Utility District provides water, wastewater, and water reclamation services in North San Diego County. On behalf of the Fallbrook Public Utility District, I am writing to support ACA 1 (Aguiar-Curry), which will create a new voter approved mechanism with a vote threshold of 55% to approve local general obligation (G.O.) bonds and special taxes for certain affordable housing and public infrastructure projects. Our District covers 28,000 acres in San Diego County and was formed almost 100 years ago and has many needs due to aging infrastructure.

ACA 1 targets the urgent needs of local communities. This measure gives local governments a more realistic financing option to fund an increase in the supply of affordable housing, and to address the numerous local public infrastructure challenges cities, counties, and special districts are facing. The California Constitution currently requires a two-thirds vote at the local level for both G.O. bonds and special taxes, regardless of the purpose a city, county, or special district is seeking those funds.

ACA 1 will provide mechanisms for cities, counties, and special districts to have a viable financing tool to help address important community needs for affordable housing and public infrastructure. Local voters would still need to overwhelmingly support a bond or special tax (with 55%) in order for it to be approved, thus protecting voters' control over how their tax dollars are spent. The bill also provides specific requirements for voter protection, public notice, and financial accountability.

The Honorable Marie Waldron
The Honorable Brian W. Jones
Page 2
April 22, 2019

As a special district that provides critical services to its ratepayers, the Fallbrook Public Utility District would benefit from this Constitutional amendment that would allow special districts to levy ad valorem taxes to service bonded indebtedness, specifically for construction, reconstruction, rehabilitation, or replacement of public infrastructure through a 55% voter-approval threshold.

If approved by the Legislature, ACA 1 would then have to achieve voter approval during a statewide election. This would further solidify the fact that voters support this change. Californians want to have an impact on their communities, because they know best what their families and neighbors need.

For these reasons, Fallbrook Public Utility District is pleased to support Assembly Constitutional Amendment 1. Please feel free to contact me if you have any questions.

Sincerely,

FALLBROOK PUBLIC UTILITY DISTRICT

Don McDougal, President
Board of Directors

C: Anthony Tannehill, Legislative Representative, California Special Districts
Association [advocacy@cda.net]

AB 1486 – Local Agencies; Surplus Land

Mary Lou West

From: Dawn Washburn <dwashburn@rainbowmwd.com>
Sent: Monday, March 25, 2019 11:02 AM
Subject: CALL TO ACTION - AB 1486 (Ting)
Attachments: AB 1486 OUA Letter (Individual District).docx

Good morning San Diego County CSDA Chapter Members,

CSDA has issued a formal "Call to Action" on AB 1486 (Ting). Attached you will find a draft letter of opposition for this bill that can be printed on your agency's letterhead and signed by the appropriate member of your staff or board. Please submit your letter via email to CSDA's Legislative Representative, Rylan Gervase, rylang@csda.net and cc advocacy@csda.net. Please use the subject line "AB 1486 Letter of Opposition".

Assembly Member Phil Ting (D-San Francisco) has reintroduced a bill that would require special districts and other public agencies to offer a right of first refusal to affordable housing developers, schools, and park agencies before leasing, selling, or otherwise "conveying" any of the agency's land. **The new mandate in [Assembly Bill 1486](#) would prevent prudent efforts to lease or otherwise protect land for important community purposes, such as buffer land surrounding a water or wastewater treatment facility, energy generation plant, or airport, as well as the long-term lease of district property that will be needed for future infrastructure, such as hospitals, parks, harbors, and cemeteries.**

The new requirements under AB 1486 would take effect regardless of the appropriateness of reserving the land for housing, schools, or parks, and regardless of the local agency's desire to protect or preserve the land for future use. AB 1486 mandates special districts to offer their land to these preferred purposes even before entering informal negotiations for the disposal of their property.

AB 1486 is substantially similar to [AB 2065 \(Ting, 2018\)](#), which CSDA members strongly opposed last year. Facing strong opposition from special districts and other public agencies, AB 2065 died on the suspense file in the Assembly Appropriations Committee.

Take Action

CSDA has taken an oppose unless amended position on AB 1486 and is working to narrow the bill only to the sale of surplus property. Please submit your [opposition](#) to AB 1486 as soon as possible. The bill will likely be heard in the Assembly Local Government Committee in April. If you have any questions about the bill, please contact CSDA Legislative Representative Rylan Gervase at rylang@csda.net or 1-877-924-2732.

Best,

Chris Palmer

Public Affairs Field Coordinator

Celebrating 50 Years of Service: 1969-2019

California Special Districts Association
714.743.7404 cell
877.924.2732 CSDA
www.csda.net

A Proud California Special Districts Alliance Partner.



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*Assistant General Manager/
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Mary Lou West
Secretary

General Counsel

Paula de Sousa Mills
Best Best & Krieger

April 22, 2019

The Honorable Phil Ting
California State Assembly
State Capitol
Sacramento, CA 95814

Subject: Assembly Bill 1486 (Ting) – Oppose Unless Amended
[As Introduced February 2, 2019]

Dear Assembly Member Ting:

The Fallbrook Public Utility District provides water, wastewater, and water reclamation services in North San Diego County and is respectfully opposed to Assembly Bill 1486 unless it is amended to address our concerns. AB 1486 requires public agencies to offer their land for development before leasing their property. Our District covers 28,000 acres in rural San Diego County, and the District leases parcels to local agricultural operations.

AB 1486 requires special districts and other local agencies to offer the right of first refusal to affordable housing developers, schools, and parks before selling, leasing, or otherwise conveying their land. The new mandate in Assembly Bill 1486 would prevent prudent efforts to lease or otherwise protect land for important community purposes, such as buffer land surrounding a water or wastewater treatment facility, energy generation plant, or airport, as well as the long-term lease of district property that will be needed for future infrastructure, such as hospitals, parks, harbors, and cemeteries.

Under AB 1486, attempting to lease land in support of an agency's governmental function would trigger the requirements for the disposal of surplus land. As written, AB 1486 would require agencies to offer up property which may be incompatible for use for housing, schools, or parks. AB 1486 would also make it more difficult to protect an agency's land for a future governmental use.

The proposed legislation would negatively-impact the Fallbrook Public Utility District by potentially eliminating sources of revenue that benefit ratepayers of the District. Currently, the District benefits from agricultural leases, produces solar energy on District-owned land adjacent to its water reclamation plant offsetting costs for electricity, and leases space at facilities for communication towers. These activities provide considerable income and savings to the District, which positively-impacts our ratepayers.

The Honorable Phil Ting

Page 2

April 22, 2019

We respectfully request AB 1486 be amended to limit the scope of the bill to the sale of surplus land and not include property for lease. Our opposition is not a challenge to the need for affordable housing, but a validation of the need for local flexibility when it comes to proper governmental land use management.

For these reasons, Fallbrook Public Utility District respectfully opposes AB 1486 unless it is amended.

Sincerely,

FALLBROOK PUBLIC UTILITY DISTRICT

Don McDougal, President
Board of Directors

C: Tara Gamboa-Eastman, Office of Assembly Member Phil Ting [Tara.Gamboa-Eastman@asm.ca.gov]
Assembly Member Marie Waldron
Senator Brian W. Jones
Rylan Gervase, Legislative Representative, California Special Districts Association [advocacy@cdda.net]

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *MW*
DATE: April 22, 2019
SUBJECT: Consider Advance Approval to Attend Meetings

Purpose

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

Summary

Article 2 of the Administrative Code prescribes that compensation for attendance and reimbursement for expenses at occasions, events, or meetings related to District business, other than those listed in section 2.12, shall be determined by the Board of Directors, in advance, on a case-by-case basis.

The request is for advance approval to the following event:

1. San Diego County Farm Bureau *Graze at the Fields*, April 25, 5-8 p.m., Carlsbad Flower Fields.

Budgetary Impact

Forty-five dollars (\$45) will be expensed under the Board of Directors budget for the 2018-19 fiscal year.

Recommended Action

That the Board authorize and approve in advance Directors' attendance to the San Diego County Farm Bureau *Graze at the Fields* event, April 25, 5-8 p.m. at the Carlsbad Flower Fields.

THE SAN DIEGO COUNTY FARM BUREAU

GRAZE AT THE FIELDS



GENERAL INFORMATION

Date & Time: Thursday, April 25, 5-8PM

Location: Carlsbad Flower Fields, *Special Event Location*

Tickets: \$55 (\$45 for Friends of Farming and Farm Bureau Members)

On Thursday evening, **April 25th**, SDCFB will be hosting the first annual one of a kind tasting and education event at the world renowned Carlsbad Flower Fields. This is a unique opportunity for 300 people from our community to taste our local bounty and view the variety of San Diego Agriculture, while interacting with the growers and made it. Here is a taste of what guests can expect:

- Several tasting stations each offering a unique small plate creatively prepared by some of San Diego's finest chefs.
- Plates will be expertly paired with one of San Diego's local beverages.
- The growers of the ingredients used in each small plate and the purveyors of the paired beverages will be available to talk shop with the public.
- Guests will receive conversation starters, speak with an array of partners involved in agriculture, and view static displays to learn more about San Diego County.

Tickets / Sponsorships

Quantity	Ticket
<input type="text" value="0"/>	GRAZE ticket

Quantity	Ticket
0	GRAZE ticket (Farm Bureau or Friends of Farming Member)
0	GRAZE Select sponsor
0	GRAZE Choice sponsor
0	GRAZE Prime sponsor (comes with 2 tickets)
0	GRAZE Top Grazer sponsor (comes with 4 tickets)

Refund Policy

Due to limited space, we request that you cancel at least 48 hours before a scheduled event. This gives us the opportunity to fill the space with calling (760) 745-3023. However, if you do not cancel before the 48 hours, you will lose the payment for the event. Cancellations made several days before the event will receive a 100% refund.

Merchandise refund: within seven days of purchase with a receipt for the new unused item, return shipping at consumers expense, unless de

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *MLW*
DATE: April 22, 2019
SUBJECT: Consider Revising the 2019 Board of Directors Regular Meeting Schedule

Purpose

To revise the 2019 Board of Directors Regular Meeting Schedule.

Summary

On January 28, 2019, the Board of Directors approved the below revised 2019 Regular Meeting Schedule:

Month	Day	Month	Day	Month	Day	Month	Day
January	28	April	22	July	22	October	28
February	25	May	20	August	26	November	<i>Combined with December</i>
March	25	June	24 ¹⁷	September	23	December	9

The California Special Districts Association General Manager Leadership Summit will be held on June 23-25, 2019. General Manager Bebee is registered for the Summit and will be absent from the June 24, 2019 Regular Board Meeting if it is not rescheduled. In order to accommodate the General Manager's schedule, staff is requesting that the June 24, 2019 Regular Board Meeting is rescheduled to Monday, June 17, 2019.

Budgetary Impact

There is no budgetary impact of this action.

Recommendation

That the Board approve the revised 2019 Board of Directors Regular Meeting Schedule to change the June Regular Board Meeting date from Monday, June 24, 2019, to Monday, June 17, 2019.

MEMO

TO: Board of Directors
FROM: Mary Lou West, Secretary *mlw*
DATE: April 22, 2019
SUBJECT: Consider Resolution No. 4964 Adopting an Amended Conflict of Interest Code Pursuant to the Political Reform Act of 1974

Purpose

It is recommended that the District adopt Resolution No. 4964 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

Summary

The Political Reform Act of 1974, Government Code section 81000 et seq. (the "Act"), requires all public agencies to adopt and maintain a conflict of interest code establishing the rules for disclosure of personal assets and the disqualification from making or participating in the making of any decisions that may affect any personal assets designating positions and establishing disclosure categories.

Pursuant to Section 87306 of the Act, the District must amend its Code when necessitated by changed circumstances including the creation of new positions which must be designated.

Attached is a redlined version of the proposed amended Code (Attachment A) showing that the proposed revisions are based on the establishment and recognition of a new position that must be designated.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board adopt Resolution No. 4964 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

Attachment A

LEGISLATIVE VERSION
(SHOWS CHANGES MADE)

**CONFLICT OF INTEREST CODE
OF
FALLBROOK PUBLIC UTILITY DISTRICT**

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted 2 Cal. Code of Regulations, Section 18730 which can be incorporated by reference in an agency's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of Title 2 California Code of Regulations section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Fallbrook Public Utility District (the District). This Code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Fallbrook Public Utility District.

3. Filing of Statements of Economic Interests

All officials and designated positions required to submit a statement of economic interests shall file their statements with the Secretary of the Board of Directors as the District's Filing Officer. The Secretary of the Board of Directors shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of these statements to the Clerk of the San Diego County Board of Supervisors. The Secretary of the Board of Directors shall retain the originals of the statements of all other designated positions.

APPENDIX
CONFLICT OF INTEREST CODE
OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
PART “A”

(Amended ~~August 27, 2018~~ April 22, 2019)

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the District’s Code but must file disclosure statements under Government Code section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are District Officials who manage public investments¹. These positions are listed here for informational purposes only.

Board of Directors
General Manager
Assistant General Manager/Chief Financial Officer
Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED POSITIONS'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
Construction/Maintenance Supervisor	5
Engineering Supervisor	2, 3, 5
<u>Field Services Manager</u>	<u>5</u>
General Counsel	1, 2
Human Resources Manager	5
Laboratory Technician II	5
Operations Manager	2, 3, 5
Purchasing/Warehouse Supervisor	4
Safety & Risk Officer	6
Senior Engineer	2, 3, 5
System Operations Supervisor	5
System Service/Shop Supervisor	5
Warehouse/Purchasing Specialist	4

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Regs 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §§ 82019; FPPC Regs 18219 and 18734.) The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code § 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that do business or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the boundaries of the District.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, if such entities or sources have filed claims against the District in the past 2 years, or have a claim pending before the District.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Regs 18730.1)

RESOLUTION NO. 4964

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT TO AMEND
THE CONFLICT OF INTEREST CODE PURSUANT TO
THE POLITICAL REFORM ACT OF 1974**

* * * * *

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code section 81000 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Fallbrook Public Utility District (the "District") and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the Board of Directors adopted a Conflict of Interest Code (the "Code") which was amended August 27, 2018; and

WHEREAS, subsequent changed circumstances within the District have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the District's Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Code was provided to each affected designated employee and publicly posted for review; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors on April 22, 2019, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District that the Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto, and shall be on file with the Secretary of the Board and available to the public for inspection and copying during regular business hours;

BE IT FURTHER RESOLVED that the said amended Code shall be submitted to the County of San Diego Board of Supervisors for approval and said Code shall become effective immediately upon approval of the proposed amended Code.

APPROVED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 22nd day of April, 2019, by the following vote.

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Proposed Amended Conflict of Interest Code

CONFLICT OF INTEREST CODE OF FALLBROOK PUBLIC UTILITY DISTRICT

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted 2 Cal. Code of Regulations, Section 18730 which can be incorporated by reference in an agency's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of Title 2 California Code of Regulations section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Fallbrook Public Utility District (the District). This Code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Fallbrook Public Utility District.

3. Filing of Statements of Economic Interests

All officials and designated positions required to submit a statement of economic interests shall file their statements with the Secretary of the Board of Directors as the District's Filing Officer. The Secretary of the Board of Directors shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of these statements to the Clerk of the San Diego County Board of Supervisors. The Secretary of the Board of Directors shall retain the originals of the statements of all other designated positions.

APPENDIX
CONFLICT OF INTEREST CODE
OF THE
FALLBROOK PUBLIC UTILITY DISTRICT
PART "A"
(Amended April 22, 2019)

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the District's Code but must file disclosure statements under Government Code section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are District Officials who manage public investments¹. These positions are listed here for informational purposes only.

Board of Directors

General Manager

Assistant General Manager/Chief Financial Officer

Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED POSITIONS'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
Construction/Maintenance Supervisor	5
Engineering Supervisor	2, 3, 5
Field Services Manager	5
General Counsel	1, 2
Human Resources Manager	5
Laboratory Technician II	5
Operations Manager	2, 3, 5
Purchasing/Warehouse Supervisor	4
Safety & Risk Officer	6
Senior Engineer	2, 3, 5
System Operations Supervisor	5
System Service/Shop Supervisor	5
Warehouse/Purchasing Specialist	4

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Regs 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §§ 82019; FPPC Regs 18219 and 18734.) The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code § 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that do business or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the boundaries of the District.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, if such entities or sources have filed claims against the District in the past 2 years, or have a claim pending before the District.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Regs 18730.1)

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MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: April, 22, 2019
SUBJECT: Review of Draft Strategic Plan for Fiscal Year 2019-20

Purpose

To discuss the draft strategic plan for the upcoming Fiscal Year

Summary

As part of the annual budget preparation, the District Strategic Plan is updated to help identify upcoming District Goals and Budget priorities. A draft of the updated strategic plan is attached for Board review and input. The strategic plan is also used to establish the General Manager goals. The final strategic plan will also be included with the annual budget.

Budget Impact

The final strategic plan will be used to help set budget priorities for the upcoming Fiscal Year.

Recommended Action

No formal Board action is required this item is for Board review and input.

District Strategic Plan for FY 2019/2020

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

#1 Strategic Focus Area | Water Supply

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

Fiscal Year 2019-20 District Objectives:

1. Award and initiate construction of the SMRCUP in order to begin delivery of local water by 2022.
2. Continue to evaluate funding alternatives including additional grants to continue to expand recycled water service to increase utilization of existing supplies.
3. Implement grant funded Indirect Potable Reuse (IPR) pilot project with Camp Pendleton to lay the groundwork to increase the reliability and availability of local water supplies.

#2 Strategic Focus Area | Infrastructure

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

Fiscal Year 2019-20 District Objectives:

1. Complete capital projects in accordance with approved budget and asset-management plan. Maintain utilization of District construction crews with proactive replacements versus reactive repairs.
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

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

Fiscal Year 2019-20 District 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. Improve the efficiency of operations through mobile implementation of work order and service order processes through implementation of a new Enterprise Asset Management (EAM) System.
3. Build off recently implemented regional collaboration programs to further evaluate reducing operating costs through sharing resources without reducing the level of service.

#4 Strategic Focus Area | Community

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

Fiscal Year 2019-20 District Objectives:

1. Continue to focus communications with customers using a customer perspective. Provide additional on-going training to staff on customer service.
2. Promote the District role in helping benefit the community. Lead overall Santa Margarita Watershed group meetings to support coordination among preservation activities. Look to expand high-school internship program. Evaluate opportunities to further expand services to support the community.
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. Continue to improve customer engagement through social media and quarterly newsletters.
5. Further improve the District budget to identify clearly to the public how costs are allocated and how resources are being managed. Continue to produce a CAFR and achieve a GFOA and California Society of Municipal Finance Officers (CSMFO) budget awards for the Fiscal Year 2019-20 Budget. Achieve District Transparency Certificate of Excellence from the California Special District’s Association.

#5 Strategic Focus Area | Workforce

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

Fiscal Year 2019-20 District Objectives:

1. 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.
2. Continue to expand cross-training and external training program for staff, and provide new opportunities and challenges for motivated employees. Reconstitute programs and events to recognize employees and improve employee recognition program.
3. Participate in regional efforts to improve local education, training and internship programs to bring more qualified applications into the industry.
4. 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.

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: April 22, 2019
SUBJECT: Pension and Other Post Employment Benefit Obligation Long-Term Cost Reduction Strategy

Purpose

To update the District's strategy for offsetting costs associated with existing pension and other post-employment benefit (OPEB) obligations to help manage long-term cost of these benefits and the associated impacts on rates.

Summary

The District carries long-term obligations due to their existing pension and OPEB benefits. The OPEB benefit is associated with the retiree healthcare program. The District pension program is administered through the Public Employee Retirement System (PERS). PERS requires annual payments from the District to fund its pension obligation to employees. The PERS annual payment is made up of two parts 1) the cost of pension benefits earned by the active employees called the Annual Required Contribution (ARC); 2) a payment for benefits already earned but not fully funded by the District called the Unfunded Accrued Liability (UAL). In the past, PERS over-estimated expected returns on investments and didn't collect sufficient payment from participants for the benefits earned. This created a significant unfunded liability for participants. Due to pension reform and new pension reporting requirements, the District is making annual payments to fully fund its UAL in 30 years. The state also recognized the need to help reduce long-term pension costs and passed the Public Employee Pension Reform Act (PEPRA) in 2013. PEPRA reduced benefits for new employees that were not previously in PERS. 40% of District employees are now in PEPRA.

Due to concerns over the impact of these obligations on the District's expenses and fiscal sustainability, the District's Board of Directors has taken a progressive approach to evaluate alternatives to reduce these costs. The District evaluated the following options:

1. Transition out of PERS into a defined benefit program
2. Pay down the existing pension obligations to PERS
3. Set aside money in a trust to help off-set pension costs

In order to transition out of the PERS program, the District would have to fund all accrued current and future pension costs (\$46 million as of 6/30/17) and create or pay for a pension administrator to manage the investments and payments to retirees vested in PERS. This was determined to not be financially viable at this time. The District determined that setting aside funds to help off-set the pension and OPEB obligations was the best path forward.

Instead of just putting these funds into PERS, who has underperformed on returns in the past, the funds would be placed into a third party trust held for the District's pension and OPEB costs. The District selected the Public Agency Retirement Services (PARS) to administer the trust. By utilizing PARS, the District can invest funds to achieve a higher rate of return to help off-set pension and OPEB costs. The District also elected to set aside some funds from the sale of the Santa Margarita property to help off-set the pension obligations.

A summary of the District's current UAL and OPEB and funds held to off-set these obligations is shown in Table 1:

Table 1 – Summary of Districts UAL and OPEB Liability and Offset Funds

Obligation	Pension (UAL component)	OPEB
Liability*	\$12,649,005	\$1,039,721
Funds Held**	\$5,150,144	\$935,700
*As of 6/30/17 – date of last PERS and OPEB valuation		
**As of 12/31/18 – Includes funds held by PARS (\$1.4M) and set aside in Pension Obligation Off-set Fund (\$3.8M).		

As shown in Table 1, the District is almost fully funded for OPEB obligations, but has a smaller percentage of funds set aside for pension obligations. The funds held for pension costs can be used to help off-set UAL costs or other pension costs. The UAL is driving an increase in annual pension costs for the District. There is an option for a 30-year, 15-year, and 10-year schedule to pay down the UAL. The District has been paying down the UAL on a 30-year schedule.

The District has also been contributing an additional amount into PARS to help off-set future obligations. A payment of \$500,000 into PARS for pension obligations and \$150,000 in PARS for OPEB is scheduled this Fiscal Year. A long-term additional pension payment of \$650,000 annually was included in the rate setting process.

Pension and OPEB Alternatives

A number of long-term strategies are available to help reduce long-term pension costs for the District. There are two ends of the spectrum on approaches to help stabilize long-term pension costs. At one end, the District could reduce the amortization schedule and make larger payments to PERS and utilize funds from PARS to fund PERS. At the other end, the District could make minimum payments to PERS and maximize payments and returns in PARS to diversify holding to off-set future payments.

Based on evaluation of numerous options with the Fiscal Policy & Insurance Committee, it was determined that an approach to limit funds held by PERS and maintain control of funds under PARS was the preferred approach and utilize returns from PARS to help off-set long-term costs. The District would continue on the 30-year schedule for PERS, which reduces the annual PERS payment, and continue funding PARS and growing returns in PARS. Once the PARS account and market value of PERS assets cover 90% of the

pension obligation, the PARS returns would then be used to off-set the annual pension costs. This approach leverages the PARS investment returns to hold down long-term pension costs; and over time, the returns could largely fund the pension obligation. This also keeps the money under the District control in PARS versus having it under control of the state in PERS. Since the District is already over 90% funded for PARS for OPEB, the District would fund the \$650,000 budgeted for this year into PARS for pension obligations and the District would continue to fund PARS at \$500,000 annually for the next six years and then would let returns grow until the pension obligation is 90% funded. Once this target is met, returns would be used to offset costs while maintaining a 90% funded target. Table 2 shows an example of what the payments would look like based on assumptions for future cost escalation and market returns.

Year	Total Annual Required PERS Payment ¹	PERS UAL Balance	Payment to PARS	PARS Balance ²	% Funded ³	Payment From PARS to PERS	Total Annual District Pension Payment
2019	\$ 1,465,254	\$ 12,668,951	\$ 650,000	\$ 5,150,144	76%	\$ -	\$ 2,115,254
2020	\$ 1,590,270	\$ 12,678,676	\$ 500,000	\$ 6,073,901	78%	\$ -	\$ 2,090,270
2021	\$ 1,728,495	\$ 12,590,766	\$ 500,000	\$ 6,890,096	80%	\$ -	\$ 2,228,495
2022	\$ 1,786,143	\$ 12,400,892	\$ 500,000	\$ 7,747,101	81%	\$ -	\$ 2,286,143
2023	\$ 1,818,562	\$ 12,142,793	\$ 500,000	\$ 8,646,956	83%	\$ -	\$ 2,318,562
2024	\$ 1,853,695	\$ 11,835,097	\$ 500,000	\$ 9,591,804	85%	\$ -	\$ 2,353,695
2025	\$ 1,889,299	\$ 11,470,938	\$ 500,000	\$10,583,894	86%	\$ -	\$ 2,389,299
2026	\$ 1,925,376	\$ 11,045,238	\$ -	\$11,625,589	88%	\$ -	\$ 1,925,376
2027	\$ 1,961,918	\$ 10,552,526	\$ -	\$12,206,868	89%	\$ -	\$ 1,961,918
2028	\$ 1,998,921	\$ 9,986,906	\$ -	\$ 12,817,212	90%	\$ 750,000	\$ 1,248,921
2029	\$ 2,036,381	\$ 9,342,020	\$ -	\$12,708,072	90%	\$ 700,000	\$ 1,336,381

1. Includes ARC and UAL. Assumes 3% annual payroll escalation and PERS Projections from 8/2017 Valuation Report
2. Based on 5% rate of return
3. % Total PERS+PARS ASSETTS to PERS Liability. Assume 4% Growth in Liability and 5% in Assets

Table 2 – Projected Pension Payments and Utilization of PARS

The same approach would be utilized for the District's OPEB Liability. The District is currently over 90% funded for OPEB so in the next budget year, the District would make a payment from PARS to pay District OPEB costs. An example of a schedule for future OPEB payments is shown in Table 3.

Year	Total Annual Required OPEB Payment ¹	OPEB Liability ²	Payment to PARS for OPEB	PARS Balance ²	% Funded PARS to OPEB Liability	Payment From PARS for OPEB	Total Annual District Retiree Healthcare Payment
2019	\$ 40,000	\$ 1,039,721	\$ -	\$ 935,700	90%	\$ -	\$ 40,000
2020	\$ 41,200	\$ 1,070,913	\$ -	\$ 982,485	92%	\$ 41,200	\$ -
2021	\$ 42,436	\$ 1,103,040	\$ -	\$ 990,409	90%	\$ 20,000	\$ 22,436
2022	\$ 43,709	\$ 1,136,131	\$ -	\$ 1,019,930	90%	\$ 20,000	\$ 23,709
2023	\$ 45,020	\$ 1,170,215	\$ -	\$ 1,050,926	90%	\$ 18,391	\$ 26,629
2024	\$ 46,371	\$ 1,205,322	\$ -	\$ 1,085,081	90%	\$ 18,989	\$ 27,382
2025	\$ 47,762	\$ 1,241,481	\$ -	\$ 1,120,346	90%	\$ 19,606	\$ 28,156
2026	\$ 49,195	\$ 1,278,726	\$ -	\$ 1,156,758	90%	\$ 23,135	\$ 26,060
2027	\$ 50,671	\$ 1,317,087	\$ -	\$ 1,191,460	90%	\$ 23,829	\$ 26,842
2028	\$ 52,191	\$ 1,356,600	\$ -	\$ 1,227,204	90%	\$ 24,544	\$ 27,647
2029	\$ 53,757	\$ 1,397,298	\$ -	\$ 1,264,020	90%	\$ 25,280	\$ 28,476

1. District share of retiree health. Assumes 3% annual escalation
2. From FY 2018 Audit. Assumes 3% annual escalation
2. Based on 5% rate of return

Table 3 – Projected OPEB Payments and Utilization of PARS

Budget Impact

The projected payments into PARS and PERS were included in the adopted budget and the 5-year rate setting process. The payments from the OPEB account to off-set the retiree healthcare projected in 2021 and retiree pensions in 2028 will reduce the long-term costs of the existing obligations for these programs. The long-term reduction in existing obligations coupled with lower costs for new employee programs will help reduce long-term District operating costs.

Recommended Action

The Fiscal Policy & Insurance Committee recommends using an approach to fund PARS and maintain a 90% funded status for both OPEB and Pension Obligations. Payments from PARS returns would be used once the fund has met the 90% funded target. The District has developed the attached policy (Attachment A) that memorializes the OPEB and Pension funding strategies.

Attachment A

FALLBROOK PUBLIC UTILITY DISTRICT	Standard Policy		
	Drafted by:	CFO/General Manager	
	Original Date:		
	Revision Date:		
Management of the District's Other Post-Employment Benefits and Pension Trusts	Review by department:	1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____	
	Approved by:	General Manager	
Purpose: <i>Establish the following guidelines related to the management of the District's Other Post-Employment Benefits (OPEB) Trust:</i> <ul style="list-style-type: none"> • Set a funding target level for the District's OPEB liability as determined by actuarial reports. • Establish guidelines for how the PARS OPEB Trust can be used to pay for District OPEB expenses. <i>Establish the following guidelines related to the management of the District's Pension Trust:</i> <ul style="list-style-type: none"> • Set a minimum funding target level for the District's pension liability as determined by actuarial reports. • Establish guidelines for how the PARS Pension Trust can be used to pay for District pension expenses. 			
Personnel: <i>Accounting and Supervisors</i>			
Policy: <u>General Policy</u> <u>OPEB Trust:</u> <i>The District has set a target OPEB funding level of 90%. The funding level is determined by dividing the assets held in the District's 115 OPEB Trust by the District's gross OPEB liability as determined by an actuary. If at the end of the fiscal year, the District's funding level is below 90%, a deposit may be made by the District in the following fiscal year. If at the end of the fiscal year the funding level is over 90%, the funding level will be brought to the 90% level by budgeting a withdrawal from the OPEB Trust to fund retiree healthcare expenses in the following fiscal year.</i> <u>Pension Trust:</u> <i>The District has set a target pension funding level of 90%. The pension funding level is determined by dividing the assets held in the District's 115 Pension Trust and the District's assets held by CalPERS by the District's gross pension liability as determined by an actuary. If at the end of the fiscal year the District's funding level is below 90%, a deposit may be made by the District in the following fiscal year. If at the end of the fiscal year the funding level is over 90%, the funding level will be brought to the 90% level by budgeting a withdrawal from the Pension Trust to fund permitted pension expenses in the following fiscal year.</i> <u>Definitions</u> CalPERS: <i>CalPERS is the California Public Employees' Retirement System. The District has contracted CalPERS to administer its defined benefit retirement plan.</i> OPEB Trust: <i>The 115 Trust established by the District with PARS to fund the District's OPEB liability.</i> Pension Trust: <i>The 115 Trust established by the District with PARS to help the District fund and manage its CalPERS pension liability.</i> District's Retiree Healthcare Cost: <i>The District's share of a retiree's healthcare costs. This is limited to the payment of 50% of the retiree's healthcare costs and excludes any spouse or dependent healthcare costs.</i>			

M E M O

TO: Board of Directors
FROM: Fiscal Policy & Insurance Committee
DATE: April 22, 2019
SUBJECT: Policy for Inter Fund Transfers

Purpose

Discuss the draft policy governing the transfer of funds from one enterprise to another.

Summary

Cost of service principles require that each enterprise (i.e. Water) be managed separately and that rates and charges recover only the costs of that enterprise. Transferring funds from one enterprise to another for any reason other than for cost of service would violate this construct. Therefore the District's policy is to not allow these kinds of transfers to occur unless they are structured like an inter fund loan. Under these conditions the Board would approve the loan amount and repayment terms.

Recommended Action

The Committee recommends the Board approve the attached Inter Fund Transfer Policy.

FALLBROOK PUBLIC UTILITY DISTRICT	Standard Policy			
	Drafted by:	CFO/General Manager		
	Original Date:			
	Revision Date:			
Inter Fund Transfer Policy	Review by	1	2	3
	department:	4	5	6
	Approved by:	General Manager		
Purpose: Establish the restriction on the transfer of funds from one enterprise to another. <ul style="list-style-type: none"> Ensures that cost of service principles are met by eliminating any cross subsidization of costs by another Enterprise. 				
Personnel: Accounting and Supervisors				
Policy: <u>General Policy</u> The goal of this policy is to conform to cost of service principles and restrict the use of Inter Fund Transfers, which are transfers from one Enterprise to another. Inter Fund Transfers related to cost of service, as defined below, are permitted. Cost of Service Transfers ensure each Enterprise pays its full cost of service. Non-Cost of Service Transfers are only permitted with Board review and approval. Any Non-Cost of Service Transfer would be structured as a loan from one Enterprise to another. At the time of the loan, the Board would approve the loan amount, interest rate, term and payment schedule ensuring that the full cost of the loan is paid by the Enterprise needing the loan to the Enterprise making the loan. <u>Definitions</u> Enterprise: This refers to the District's distinct services and includes Water, Recycled Water and Wastewater. Cost of Service Transfers: Cost of service transfers are related to expenses incurred by one Enterprise but are shared by another Enterprise that receives some benefit related to the expense. For example, debt service on the water reclamation plant rehabilitation loan is paid out of the Wastewater Fund but the Recycled Water Fund transfers funds to the Wastewater Fund to pay a portion of the debt service. The Recycled Water Fund's payment to the Wastewater Fund is tied to the cost of service study and reflects the fact that recycled water customers are benefiting from a portion of the reclamation plant improvements costs. This cost of service based transfer is permitted and is shown in the District's Annual Budget. Non-Cost of Service Transfers: Non-cost of service transfers would include any transfer from one fund to another that is not based upon cost of service principles. This would include the transfer from the Water Fund to Wastewater Fund to pay for water related expenses. Inter Fund Transfer: This refers to the transfer from one Enterprise to another Enterprise. For example a transfer of funds from Water to Wastewater.				

M E M O

TO: Board of Directors
FROM: Fiscal Policy and Insurance Committee
DATE: April 22, 2019
SUBJECT: Article 15.1.1 of Administrative Code

Purpose

Discuss the revised language to Article 15.1.1 of the Administrative Code regarding the Annual Budget Resolution.

Summary

At the February Regular Board Meeting, the Board approved revised language to the Administrative Code relative to the annual budget resolution process and annual allocation of an annual Liquidity Fund level. After the meeting, there was some further concerns expressed about the lack of clear language relative to the prohibition of use of any funds established as long-term investments without Board approval. While the language does specify Board approval for the use of reserves, it does not specifically state a Board action is required for the withdrawal of funds from the District’s long-term investments.

In response to this concern, the Committee added language to the Administrative Code to specifically require Board approval for any withdrawal of funds from long-term investments. Attachment A provides the specific changes to the Administrative Code and inserts the following statement: “Any withdrawal of funds from long-term investments, as shown in the District’s Treasurer’s Report, shall require prior board approval.”

The section also discusses the establishment of a liquidity fund level annually. Staff developed a District policy (Attachment B) to describe the basis for establishing the amount of funds to hold in this fund.

Recommended Action

The Committee recommends approving the recommended changes to the District’s Administrative Code and approving the District’s Liquidity Fund Policy.

Attachment A

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.

15.1.1 Annual Budget Resolution.

The Board shall approve an annual budget resolution that establishes the total appropriation for the fiscal year based on the following budget categories:

1. Administration, operations, and maintenance
2. Water purchases and contingencies
3. Capital improvements and equipment
4. Revenue Bonds, State Revolving Fund, interest, and principal
5. Established annual Liquidity Fund level

In addition, the budget resolution shall identify any anticipated net withdrawal of District reserves for the Fiscal Year. Any unanticipated net withdrawal of District reserves shall be a separate board action. Any withdrawal of funds from long-term investments, as shown in the District's Treasurer's Report, shall require prior Board approval.

Any spending above the established appropriations or additional withdrawal of reserves shall require Board approval. As part of the annual budget process, the Board will review and approve the District's liquidity fund level.

Sec. 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).

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. 7/97
Sec. 15.4 & 15.5 –
Rev. 4/03
Sec. 15.8 added 4/03
Sec. 15.1 & 15.9 –
Rev. 6/06
Sec. 15.9 – Rev. 8/08
Sec. 15.6 – Rev. 9/09
Sec. 15.8.1 – Rev.
12/09
Secs. 15.1, 15.5,
15.8.1, 15.8.2, 15.8.4,
15.9 – Rev. 1/18
Secs. 15.1.1, 15.8.1 –
Rev. 2/19
Sec. 15.1.1 – Rev. 4/19

Attachment B

FALLBROOK PUBLIC UTILITY DISTRICT	Standard Policy		
	Drafted by:	CFO/General Manager	
	Original Date:		
	Revision Date:		
Management of the District's Liquidity Fund Balance	Review by department:	1 _____ 2 _____ 3 _____	4 _____ 5 _____ 6 _____
	Approved by:	General Manager	
Purpose: <i>Establish the following guidelines related to the management and utilization of the District's Liquidity Fund:</i> <ul style="list-style-type: none"> • <i>Annually reset the balance of the fund to a level calculated using the sum of the following amounts:</i> <ol style="list-style-type: none"> 1. <i>The amount equivalent of one month of operating expenses.</i> 2. <i>The net capital funding requirement for the fiscal year.</i> • <i>Require Board approval for the transfer of any additional funds to the Liquidity Fund.</i> 			
Personnel: <i>Accounting and Supervisors</i>			
Policy: <u>General Policy</u> <i>To enable the District to maximize the yield of its investment portfolio, the District has separated its long-term investments from its short-term investments. The short-term investments are maintained to provide working capital/Liquidity to the District. In accordance with Article 15 of the Administrative Code, each fiscal year the beginning balance of the Liquidity Fund shall be set equal to the sum of 1) one month of operating expenses and 2) the projected net capital funding needs. One month of operating expenses shall be determined by taking the budgeted operating expenses including the cost of water and dividing by 12. The net capital funding requirement for the fiscal year will be calculated by subtracting projected capital restricted revenues (i.e. Capital Improvement Charges) from the budgeted capital expenditures. The sum of these two amounts equals the Liquidity Fund fiscal year beginning balance.</i> <u>Definitions</u> Liquidity Fund: <i>The funds held in the District's Liquidity Account in the CAMP investment pool.</i> Net Capital Funding Need: <i>The net capital funding need is the difference between the annual budgeted capital expenditures and the projected capital restricted revenues. Capital restricted revenues include property tax, water standby availability charges, and Capital Improvements Charges.</i>			

RESOLUTION NO. 4965

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK
PUBLIC UTILITY DISTRICT AMENDING ADMINISTRATIVE CODE
ARTICLE 15, BUDGET AND FUND MANAGEMENT**

* * * * *

WHEREAS, at its February 25, 2019 regular meeting, the Board of Directors revised the language to Article 15.1.1 of the Administrative Code relative to the annual budget resolution process and annual allocation of an annual Liquidity Fund level; and

WHEREAS, following the meeting there were concerns about the lack of clear language for the prohibition of use of any funds established for long-term investments without Board approval; and

WHEREAS, on April 4, 2019, the Fiscal Policy & Insurance Committee met to review the language in Article 15.1.1 relative to funds established for long-term investments and recommended that Article 15.1.1 be amended with the proposed revisions as set forth in Exhibit A.

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

1. That the Board approves the proposed revisions to Article 15.1.1 as set forth in Exhibit A and incorporated herein.
2. The remaining provisions of Article 15 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 22nd day of April, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit A

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.

15.1.1 Annual Budget Resolution.

The Board shall approve an annual budget resolution that establishes the total appropriation for the fiscal year based on the following budget categories:

1. Administration, operations, and maintenance
2. Water purchases and contingencies
3. Capital improvements and equipment
4. Revenue Bonds, State Revolving Fund, interest, and principal
5. Established annual Liquidity Fund level

In addition, the budget resolution shall identify any anticipated net withdrawal of District reserves for the Fiscal Year. Any unanticipated net withdrawal of District reserves shall be a separate board action. Any withdrawal of funds from long-term investments, as shown in the District's Treasurer's Report, shall require prior Board approval.

Any spending above the established appropriations or additional withdrawal of reserves shall require Board approval. As part of the annual budget process, the Board will review and approve the District's liquidity fund level.

Sec. 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) Santa Margarita Debt Payment Fund. To prevent “spikes” and mid-year changes in rates because of net revenue shortfalls due to weather conditions, state or federal legislation or other future uncertainties. The target level is set equal to 2-years of debt service payments on the Santa Margarita Conjunctive Use Project financing.

2. Wastewater.

- a) Working Capital. To be established and maintained at a level of three months operating and maintenance expenses.
- b) Rate Stabilization Fund. To promote smooth and predictable rates and charges a Rate Stabilization Fund is established with a target of level equal to 10% of annual revenues.

3. Recycled Water.

- a) Working Capital. To be established at three months operating and maintenance expenses.

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.

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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. 7/4/97
Sec. 15.4 & 15.5 – Rev. 4/03
Sec. 15.8 added 4/03
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Sec. 15.9 – Rev. 8/08
Sec. 15.6 – Rev. 9/09
Sec. 15.8.1 – Rev. 12/09
Secs. 15.1, 15.5, 15.8.1, 15.8.2, 15.8.4, 15.9 – Rev. 1/18
Secs. 15.1.1, 15.8.1 – Rev. 2/19
Sec. 15.1.1 – Rev. 4/19

M E M O

TO: Board of Directors
FROM: Engineering and Operations Committee
DATE: April 22, 2019
SUBJECT: Acquisition, Implementation, and Support for Cityworks Enterprise Asset Management Software

Purpose

To present to the Board for consideration the implementation of Cityworks Enterprise Asset Management Software.

To present to the Board for approval of award to Black and Veatch for professional services for support for the initial implementation and integration of the Cityworks Enterprise Asset Management Software for \$104,915.

Summary

The core function of EAM software is to help manage assets, schedule maintenance, and track and monitor service requests and work orders. This results in a reduction of maintenance costs, improved equipment performance, extended life of cycle of critical assets, and more efficient customer service response. EAM is a critical tool commonly used by utilities to track costs and resources to help improve overall efficiency. Other potential uses for EAM include:

1. Scheduling and planning
2. Asset history recording
3. Provide data for analysis
4. Support Key Performance Indicators (KPIs)
5. Inventory/warehouse management
6. Labor tracking
7. Budgeting

The District currently utilizes Maintenance Connection as its primary preventative maintenance system. Although Maintenance Connection has adequately served its purpose over the last five years, the software is not up to date, has limited functionality, and is mostly paper based. With the recent rehabilitation of the Fallbrook Water Reclamation Plant, and the addition of the Santa Margarita Treatment Plant (SMTP) schedule for 2020, staff has determined that our current processes for maintenance management are labor intensive and inefficient. Additionally, the existing software package does not offer expanded functionality, limiting its use to simple maintenance activities. To more effectively perform, monitor, and track maintenance activities, and to improve our current service request process the District requires a more robust EAM system.

Throughout 2018 District staff has been assessing the need to upgrade to a more powerful and efficient system. As part of the District's evaluation process, staff has worked closely with Valley Center Municipal Water District (VCMWD) to assess our customer service response and asset management needs. VCMWD's maintenance management process is currently paper based, requiring labor intensive documentation and reporting. Because VCMWD and the District are of similar size, and largely operate using similar process and computer applications (GIS, Springbrook, etc.), our EAM and integration needs are very similar. Since November of 2018 both agencies have looked at how EAM is used at other agencies, including Vallecitos MWD, Rainbow MWD, East Valley MWD, and the City of Escondido. Staff also had discussions with agencies that use both Springbrook and Cityworks and the system can be integrated when necessary, but it would require custom programming to facilitate the integration. A summary of the limitations of the current system compared to the benefits of completing an upgrade to the EAM system is shown in Table 1.

Current Maintenance System	Modern EAM System
Assets stored in a computer database, but work orders are 100% paper based. Requires hand written entry by field crews, and manual entry into database.	Fully computer based. All functions are paperless. Greatly increases work order processing time.
Complex and limited computer interface with no mobile application. Requires significant staff time to update and maintain.	More user friendly interface. Provide overall efficiency improvements once implemented. Reduce staff time associated with managing and updating system.
No integration with other system such as GIS and Springbrook.	Integration with GIS and other software systems. Reduce duplication of data entry.
Maintains records of planned maintenance and documents that maintenance has been performed, but very limited reporting options. Does not provide significant efficiency improvements.	Ability to reduce manual process and improve efficiency of overall operation. Reduce time in receiving, distributing and schedule work orders. Provides detailed reports of maintenance activity and identifies deficiencies.
Low initial cost.	Higher initial cost to implement. Ongoing costs offset by increased efficiency.

Table 1 – Comparison Current Maintenance System Cityworks EAM system.

Staff had previously evaluated support from a consultant to help make the EAM product selection. In lieu of this approach staff has worked jointly with VCMWD to make the initial product selection and to evaluate the necessary elements for implementation and support. Through this process both agencies have determined that Cityworks offers the best combination of functionality, user friendliness, and cost. As a result of our mutual effort, both VCMWD and the District have been offered discounted pricing for year one and two.

To ensure a timely transition from Maintenance Connection to Cityworks, it is critical that implementation is thorough, efficient, and follows industry best management practices. To do this staff recommends that we use an outside consultant with specialization in this area. An RFP was issued for this service and a selection panel consisting of Todd Jester, GIS Specialist, and Jason Cavender, Operations Manager interviewed three firms. Two firms were determined to be qualified and after a comprehensive qualifications based review of the proposals and interview, the selection committee members recommended award to Black and Veatch (B&V).

Black and Veatch has proposed a six month window for initial implementation, in three phases, as outlined in table 2. An additional Contingency Phase, which would take place after implementation is complete, has been identified as an option.

Phase	Summary
Discover	Identify the underlying architecture, data, and work flow process that EAM will support. Conduct on-site workshops and data collection meetings to gather technical data, asset data, workflow details, and reporting needs.
Design	Configure data and develop design using out-of-box templates. Conduct a series of workshops and meetings to identify specific service request and work order needs. Develop service request and work order forms using Cityworks templates.
Deploy	Install software and migrate existing data from GIS and Maintenance Connection. Conduct testing to verify that the configuration is correct. Provide up to five days of on-site training to staff. Black and Veatch initial implementation complete.
Contingency	If needed, identify potential areas of support and development. Assist staff in developing additional functionality (backflow, KPIs, etc.).

Table 2 – Black and Veatch Implementation Phases

The District will focus on developing and implementing several key aspects of Cityworks, with an overall emphasis on streamlining processes and improving efficiency. Focusing on key activities will allow for the quick replacement of the current CMMS software, and will add additional functionality that will cover a large part of the field work activities. As full integration with Springbrook would require costly custom programming, these areas have also been selected because they do not require integration with Springbrook. Staff does not plan to integrate the Springbrook and CityWorks software. A summary of prioritized activities are listed in table 3.

Priority	Activity	FY	Timeframe
1	Black & Veatch Discover Phase	18/19	2 - 3 mo.
2	Black & Veatch Design & Deployment Phases, rollout mobile devices, implement Preventative Maintenance Work Order and External Service	19/20	2 - 4 mo.

	Request elements. Black and Veatch initial implementation complete.		
3	FPUD to implement Service Request for internal work tasks.	19/20	2 – 4 mo.
4	FPUD to generate reports to track Key Performance Indicators.	19/20	2 – 4 mo.

Table 3 – Implementation Schedule by Priority

A cost summary for software acquisition and Black and Veatch implementation is shown in table 4.

Cityworks EAM Software	
Annual Cost	Yr. 1 - \$15,000 (discounted) ¹ Yr. 2 - \$18,000 (discounted) ² Yr. 3 - \$20,000 (standard / ongoing) ³
Black & Veatch Implementation and Support	
Discover	\$18,185 ¹
Design	\$36,160 ²
Deploy	\$25,570 ²
Contingency/As-needed (optional task)	\$25,000 ²
Implementation Total	\$104,915
Additional Hardware	
Mobile Devices (6)	\$3,000 ²
GIS Server Upgrade	\$2,500 ¹
Hardware Total	\$5,500
¹ Task to be completed in FY 18/19	
² Task to be completed in FY 19/20	
³ Task to be completed in FY 20/21	

Table 4 – Cost summary

Budgetary Impact

The budgetary impact on the Capital Budget is shown in Table 5.

Administrative Capital			
F/Y	Activity	Total Cost	Budget
18/19	1. Purchase Software 2. B&V Discover Phase 3. GIS Server Upgrade	\$35,685	\$150,000
19/20	1. B&V Design & Deploy Phases 2. Purchase Mobile Devices 3. Software Renewal	\$82,730	\$150,000
20/21+	4. Annual Software Fee	\$20,000	See Note 2

Table 5 – Capital budget cost breakdown by F/Y

Note 1: Included as part of overall Approved Administrative Capital Budget of \$275,000.

Note 2: In FY 20/21 forward ongoing software renewal cost will be included in the O&M budget and will replace existing CMMS annual software cost of \$10,000.

Recommended Action

That the board approve the award of professional services to Black and Veatch for the amount of \$104,915 to implement a robust Enterprise Asset Management system to improve the efficiency of the District operations.

M E M O

TO: Board of Directors
FROM: Engineering and Operations Committee
DATE: April 22, 2019
SUBJECT: Overall Development of Pipeline and Valve Replacement Program

Purpose

To provide an update to the Committee on the Valve and Pipeline Replacement Program and to provide an overview of alternatives to improve the projections used for the program.

Summary

The District has developed a comprehensive pipeline and valve replacement program. The program was initiated to evaluate the needs to replace pipelines prior to failure to avoid costly property damage and reduce unscheduled outages. The District completed a process using available data to assess long-term funding needs for pipeline replacement. This approach used higher level analysis of pipe age, size and leaks and an overall target of 100 years for replacement to develop an estimate of replacement needs. A summary of the results including the estimated annual capital pipeline and valve investments needs for the next 100 years is shown in Table 1 below.

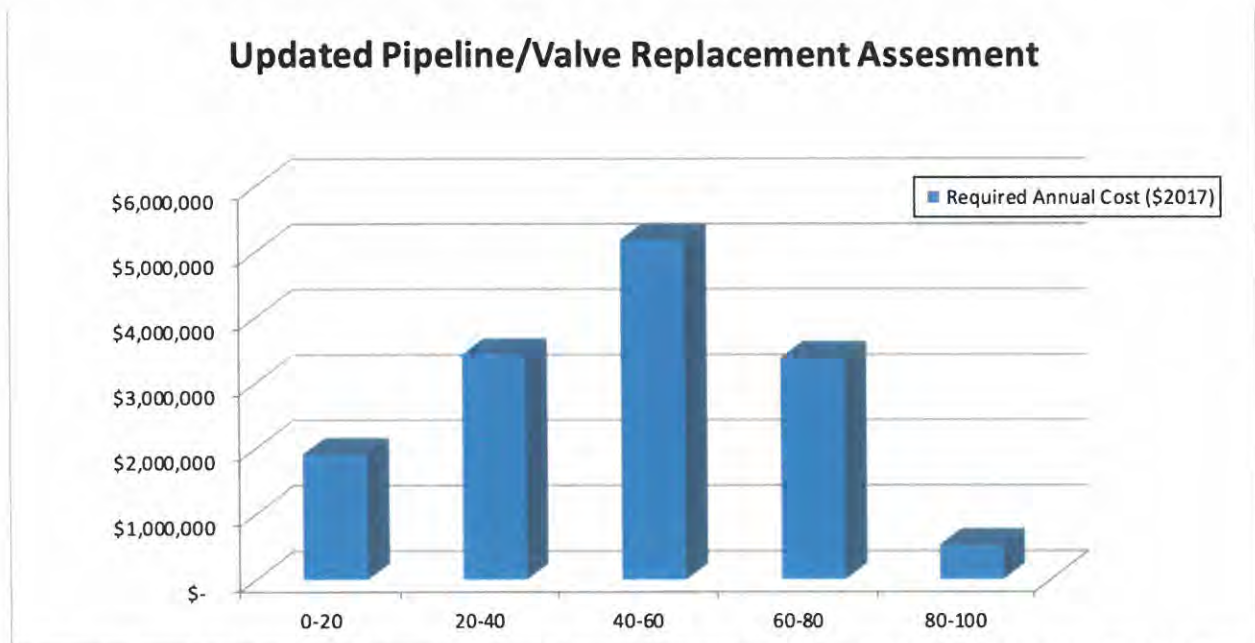


Figure 1 – Estimated Annual Investment Needs Over next 100 years in 20 year increments

The District was able to achieve the target replacement amount for the last Fiscal Year as shown in Table 2. The District replaced \$1,965,109 in buried pipeline and valve infrastructure in the last fiscal year which was right at the target developed from the assessment of \$1.94 million a year. A summary of the past performance compared to the target replacement needs is shown in Table 2.

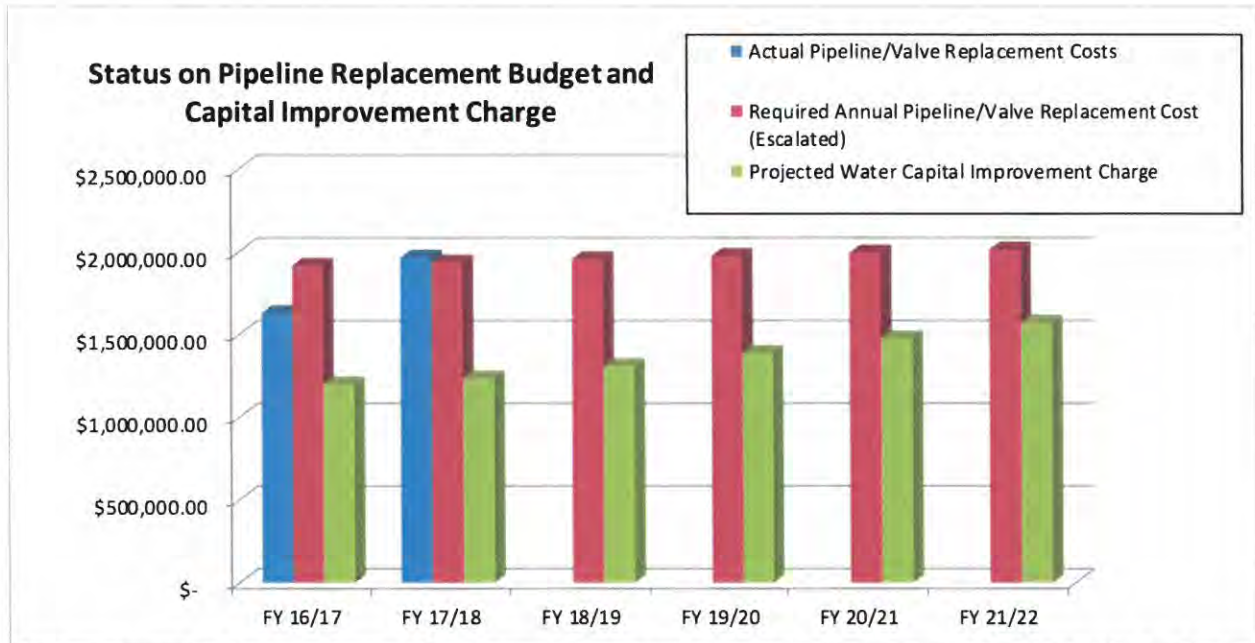


Figure 2 – Estimated required replacement investment compared to the capital improvement charge and actual completed replacements.

The table also shows that a portion of this work is covered by the water capital improvement charge, which is escalated to meet the increasing long-term replacement needs. There are a number of assumptions on pipe age and failures that were used to develop the funding needs and staff has determined that some additional detailed analysis to verify and update the funding needs would be beneficial.

As part of the Board adopted District Strategic Plan under Strategic focus are #2, infrastructure, The District shall 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.

In addition Per Section 21.4 and 21.10.1, staff is required to report back to the Board of Directors on the necessity of the Capital Improvement Charge every five years.

The District has two alternatives to update the projections:

1. Update the projection internally and make some improvements in the projections based on additional cost information.

2. Develop a more detailed projection on replacement needs and impact on the level of service using field data and outside consulting services.

The District can use some additional data to update the projection internally, but does not have the data and models necessary to do a more robust analysis based on specific pipe types and field data on existing pipe materials. The District can also use recent cost data to improve the estimated annual replacement needs.

In order to more robust replacement needs projections, which would provide a statistical analysis on the impact of different spending levels on the expected overall level of service, the District would require the services of outside consultants who specialize in this area and have prepared these estimates for numerous similar utilities to help advance our pipeline replacement needs projection through additional evaluation and testing that will provide a better useful life determination for our pipelines based on actual field data. The goal is to lay a foundation for data-driven assessment that is transparent, sustainable, and cost-effective. In order to complete this goal, an engineering consultant is required to determine the factors (material, pipe wall thickness, pipe type and vintage, pressure, soils, etc.) that drive likelihood of pipe failure and deterioration. With this assessment, the District will be able to better estimate useful life of pipe, prioritize renewal investments, assess possible failure mitigation strategies such as more robust inspection versus replacement, and optimize replacement specifications. The outcome of this approach to help optimize the District Pipeline and Valve replacement programs to help ensure the proper annual investment needed in pipeline and valve replacement.

The effort to complete this effort internally would also not be economical as staff would be re-creating replacement models that have been developed by others.

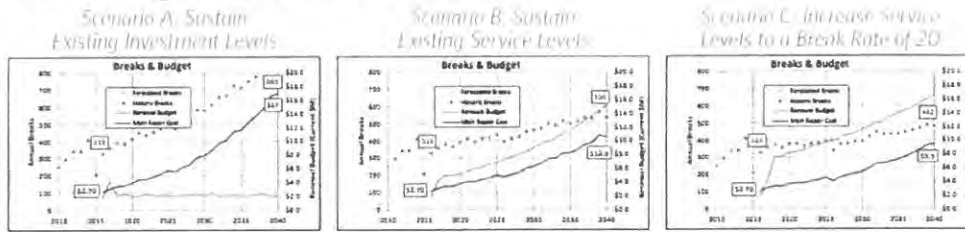
An RFP was issued for this request on 7/31/2018 to 6 firms and posted on the District's website; two proposals were received. After a comprehensive qualifications based review of both proposals, selection committee members recommended HDR, Inc. for a total of \$151,175.

The tasks proposed for this project include:

1. Assessment and Data Clean-up: Review existing program and approach and review data. Utilize established industry approved methodologies to assess the District's current approach.
2. Measure System Deterioration: Use existing District data and data consultant has developed from other agencies to evaluate the current status of the system.
3. Risk Model and Decision Guidelines: Develop an updated risk model based on District data and leverage models and results from past studies by consultant.
4. Benchmarking and Sustainable Budget Scenarios for Inspection and Renewal: Help District review and update proposed renewal, replacement and inspection investment levels and benchmark versus local, state and national benchmarks.

An example of the forecasting scenarios and approach used to establish investment levels is shown in Figure 3 below.

Resulting Forecast Scenarios



Scenario A is not recommended because service levels are not sustained with this level of investment.

Scenario B is a viable alternative in terms of sustaining current service levels. However, this scenario results in system replacement rates greater than the length

weighted useful life of the overall system (based on Weibull Modeling of asset useful life).

Scenario C is recommended because it is the most cost effective option to sustain service levels (in terms of break rate) and sustain overall system with a replacement

cycle that aligns with the overall system's useful life (based on Weibull useful life modeling). Scenario C is also only modestly more expensive in terms of total annual costs (i.e. total of renewal investments and main break repair costs) than Scenario B in 2040.

SCENARIO	FUNDING IN 2018	FUNDING INCREASE (ANNUAL)	2040 RENEWAL FUNDING	2040 BREAK RATE	2040 BREAK COUNT	2040 REPLACEMENT CYCLE (YEARS)	2040 MAIN REPAIR COSTS	2040 TOTAL ANNUAL COSTS
A: Sustain Existing Investment Levels	\$2.1M	0%	\$2.1M	36	870	1,271 years	\$17M	\$19M
B: Sustain Existing Service Levels	\$4.9M	5.50%	\$15.2M	22	540	169 years	\$11M	\$26M
C: Break Rate = 20	\$7.3M	3.75%	\$16.6M	20	480	155 years	\$9.5M	\$26M

Figure 3 – Example of Replacement Investment Scenarios Analysis

The District budgeted \$150,000 for this assessment in the approved Fiscal Year 2018-19 budget.

Recommended Action

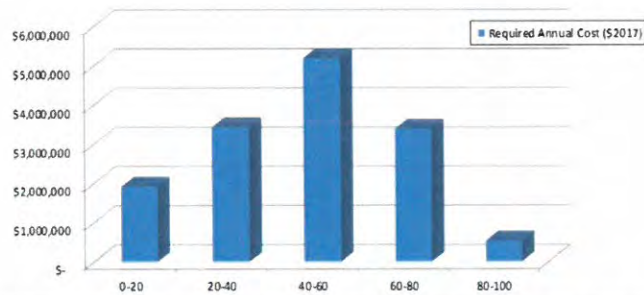
That the Board discuss with staff the preferred approach to update the assessment.



Fallbrook Public Utility District Pipeline and Valve Replacement Program Update April 2019

Pipeline and Valve Replacement Needs

Updated Pipeline/Valve Replacement Assessment



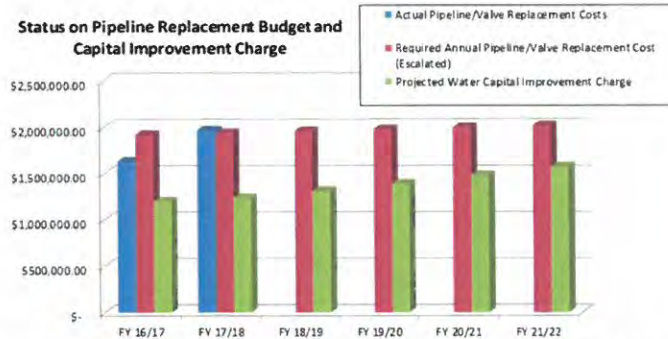
Estimated Annual Investment Needs Over next 100 years in 20 year increments

Pipeline and Valve Replacement Program

Approach Used to develop current approach

- ▶ **Develop risk based scoring system based on criteria:**
Establishes priority based on likelihood and impacts of failure
- ▶ **Assumes 100 year lifespan of existing assets:** Groups all pipe types and uses overall average of 100 years
- ▶ **Divide up pipeline projects based on grouping of risk scores into different groups: Establish groupings based on risk scores, age is not the only determination. Some pipelines must last much longer than average age of 100 years.**
- ▶ **Establish Budget needs for each grouping based on unit costs from other projects:** Sets a total annual target amount for replacement. Target is cost based not based on amount of pipeline replaced. Valve costs grouped in with pipeline cost.

Pipeline and Valve Replacement Performance



Estimated required replacement investment compared to the capital improvement charge and actual completed replacements.

Limitations of Current Pipeline and Valve Replacement Program Approach

Approach Used to develop current approach

- ▶ **Develop risk based scoring system based on criteria:**
Not based on actual field data and details of pipe construction.
- ▶ **Assumes 100 year lifespan of existing assets:**
Replacement not based on actual type of construction.
- ▶ **Divide up pipeline projects based on grouping of risk scores into different groups:** **Some pipelines may be planned for replacement at ages not likely feasible.**
- ▶ **Establish Budget needs for each grouping based on unit costs from other projects:** Actual annual need may be higher or lower than necessary based on level of service goals.

Options

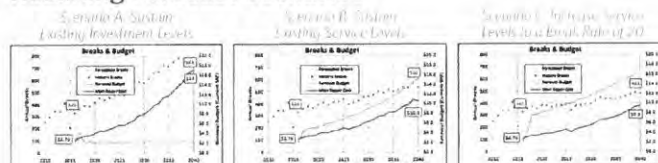
- ▶ Update current approach using additional criteria and update
- ▶ Develop more robust approach using field data and modeling of pipe failure

Field data and pipe failure modeling approach tasks

- ▶ **Assessment and Data Clean-up:** Review existing program and approach and review data. Utilize established industry approved methodologies to assess the District's current approach.
- ▶ **Measure System Deterioration:** Use existing District data and data consultant has developed from other agencies to evaluate the current status of the system.
- ▶ **Risk Model and Decision Guidelines:** Develop an updated risk model based on District data and leverage models and results from past studies by consultant.
- ▶ **Benchmarking and Sustainable Budget Scenarios for Inspection and Renewal:** Help District review and update proposed renewal, replacement and inspection investment levels and benchmark versus local, state and national benchmarks.

Example of Study Outcomes

Resulting Forecast Scenarios



Scenario A is not recommended because service levels are not sustained with this level of investment.

Scenario B is a viable alternative in terms of sustaining current service levels. However, this scenario results in system replacement rates greater than the length

weighted useful life of the overall system (based on Weibull Modeling of asset useful life).

Scenario C is recommended because it is the most cost effective option to sustain service levels (in terms of break rate) and sustain overall system with a replacement

cycle that aligns with the overall system's useful life (based on Weibull useful life modeling). Scenario C is also only modestly more expensive in terms of total annual costs (i.e. total of renewal investments and main break repair costs) than Scenario B in 2040.

SCENARIO	FUNDING IN 2010	FUNDING INCREASE (ANNUAL)	2040 RENEWAL FUNDING	2040 BREAK RATE	2040 BREAK COUNT	2040 REPLACEMENT CYCLE (YEARS)	2040 MAIN REPAIR COSTS	2040 TOTAL ANNUAL COSTS
A: Sustain Existing Investment Levels	\$2.1M	0%	\$2.1M	36	870	1,271 years	\$7M	\$19M
B: Sustain Existing Service Levels	\$4.9M	5.50%	\$15.2M	22	540	169 years	\$10M	\$26M
C: Break Rate = 20	\$7.3M	3.75%	\$16.6M	20	480	155 years	\$9.5M	\$26M

Why do we need a consultant for pipe failure modeling approach – Why can't we do this ourselves?

- ▶ Consultant has specialized experience in developing industry guidance and best practices for pipeline replacement planning
- ▶ Consultant has existing tools, models and data to help perform assessment.
- ▶ District has limited data in some areas and it is necessary to leverage data from other agencies.

QUESTIONS?

1. **MWD Issues**

Settlement talks continue between MWD and SDCWA. One of the more pressing issues is the resolution of the Local Resources Program (LRP) agreement language. MWD adopted revised language to address concerns raised by SDCWA. SDCWA voted against the revised language at MWD. This is important to us because we must have a signed LRP agreement before we start construction of the Santa Margarita Conjunctive Use Project.

SDCWA is also still focused on trying to get the ability to store supplies in Lake Mead and is looking to get MWD support for them to obtain an account that would allow independent storage of SDCWA supplies in Lake Mead. SDCWA is also looking to build an independent pipeline to the Colorado River and will be including \$4 Million in the budget to study this. The project was estimated to cost \$2.4 billion in 2017.

2. **Key Upcoming Issues**

On the Jan Board agenda some key issues discussed include:

- Finalizing contract changes with Poseidon to operate without the power plant and paying the additional cost.
- Proposed Rates and charges for the upcoming year which look to be about a 5% increase.
- Discussion on the SDCWA 2 year budget.
- Updates on the San Vicente Pumped Storage Project.

Detailed updates on any of these items will be provided by the General Manager at the request of any Board members.

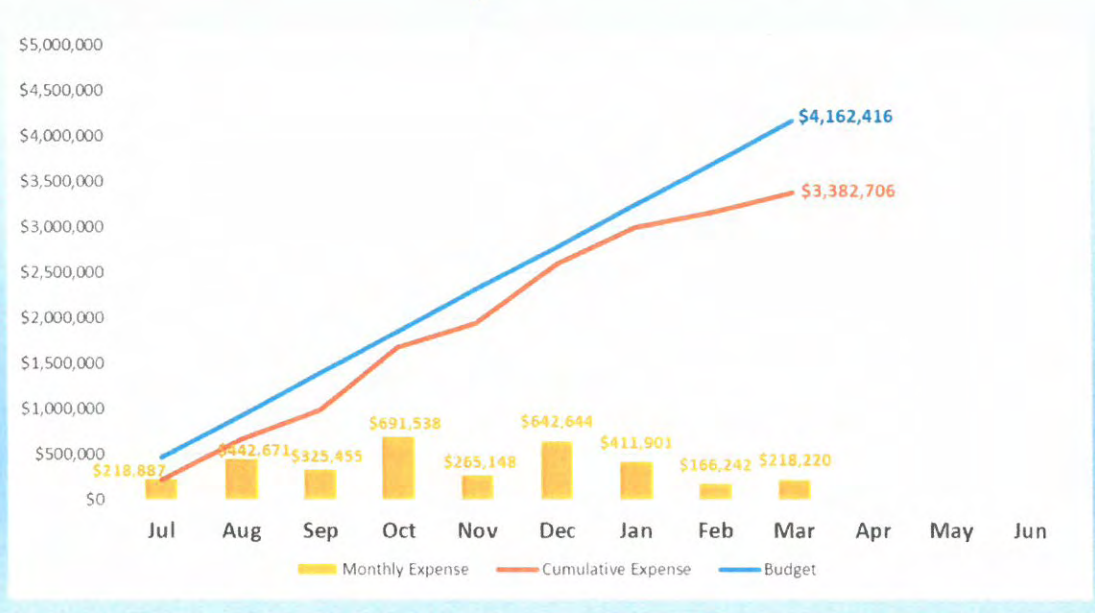


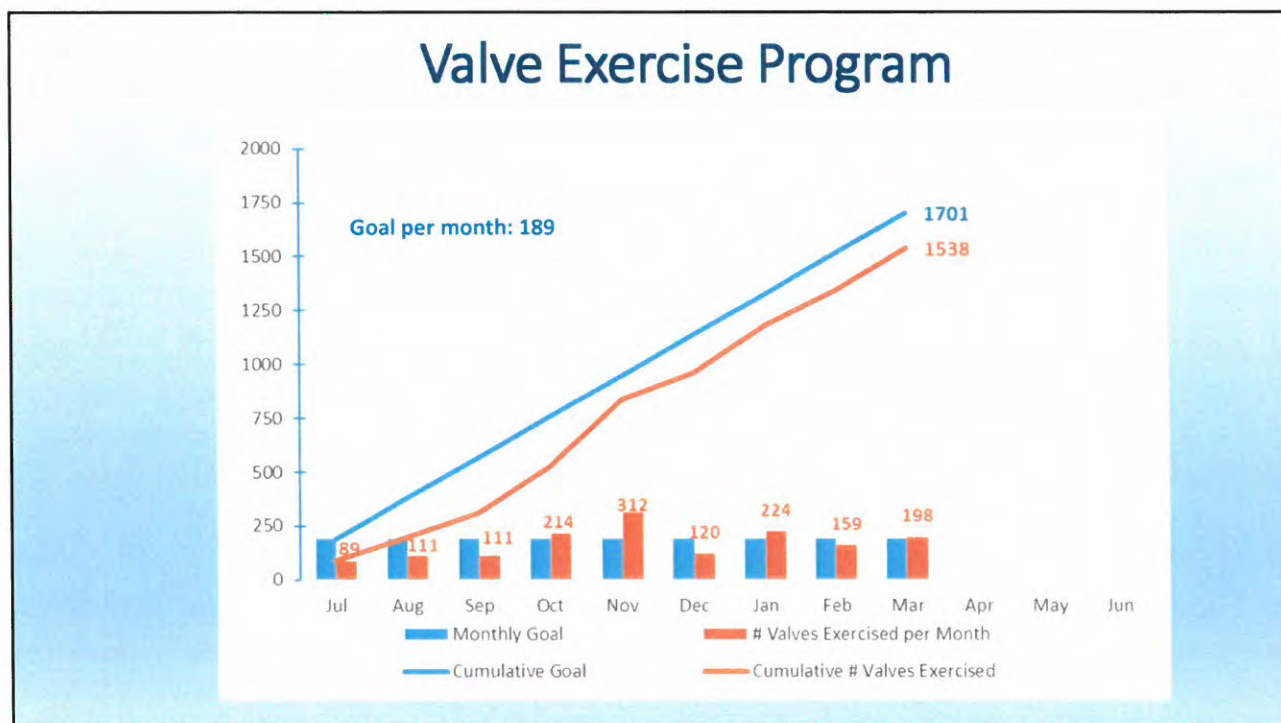
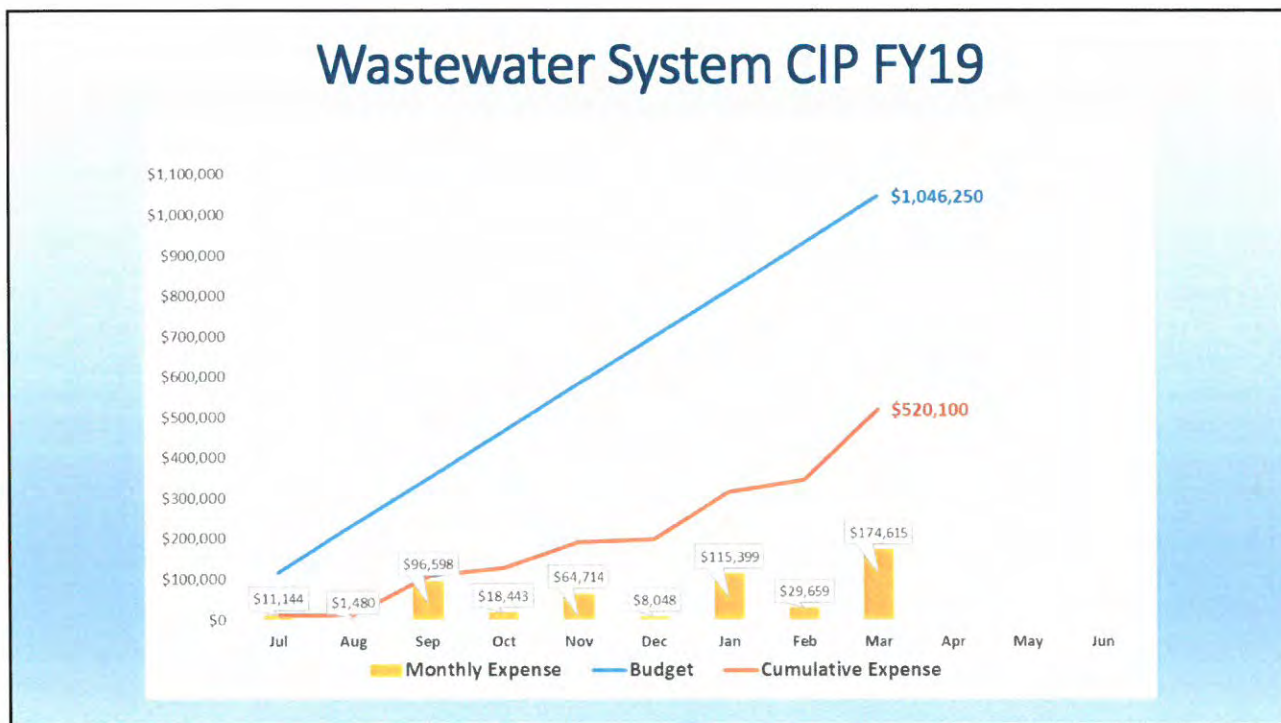
Fallbrook Public Utility District

Engineering and Operations FY19

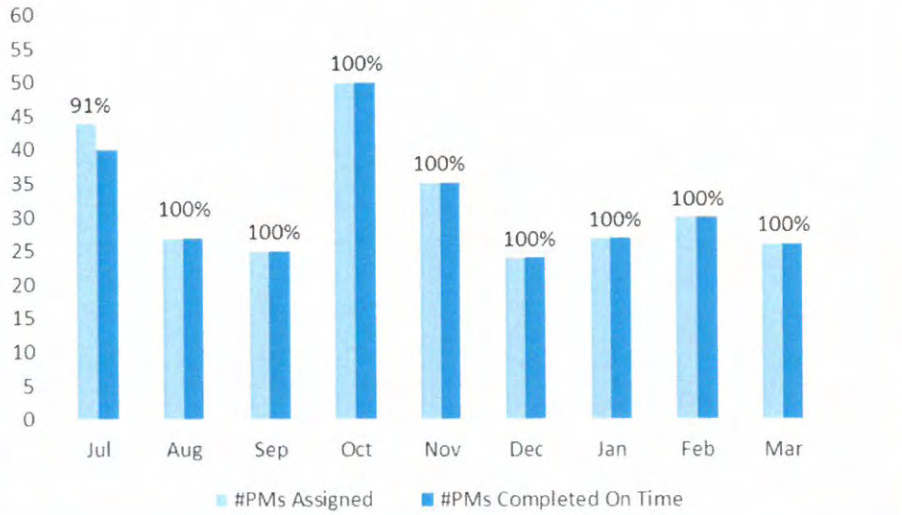
Board Meeting April 2019

Water System CIP FY19

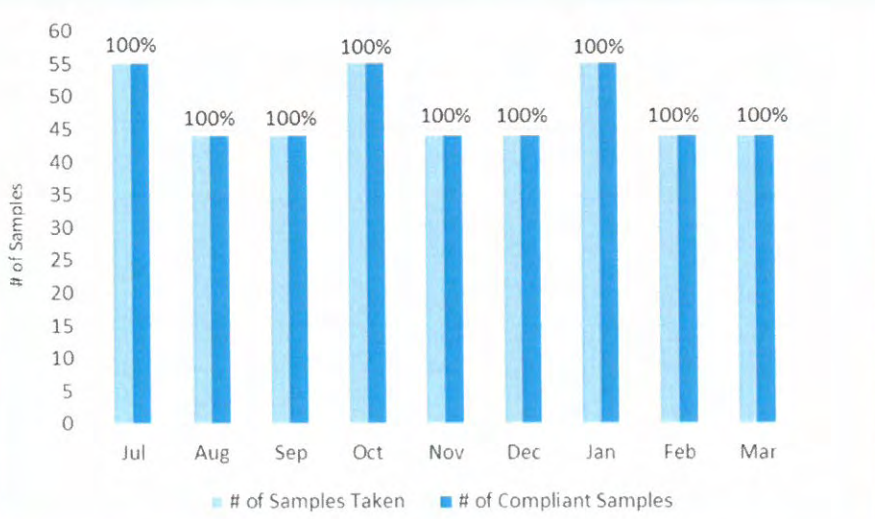




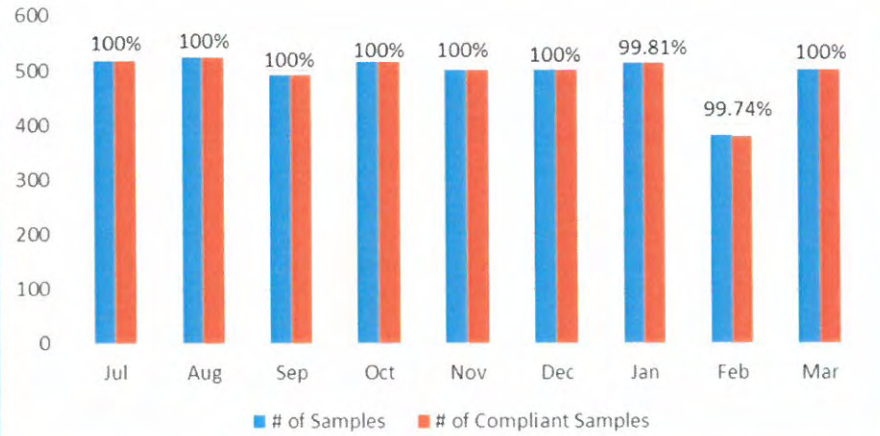
Water System Preventative Maintenance Work Orders



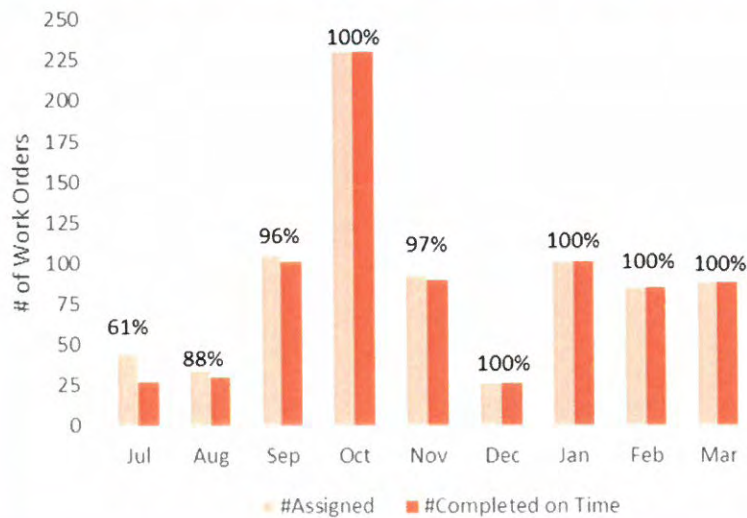
Water System Regulatory Compliance

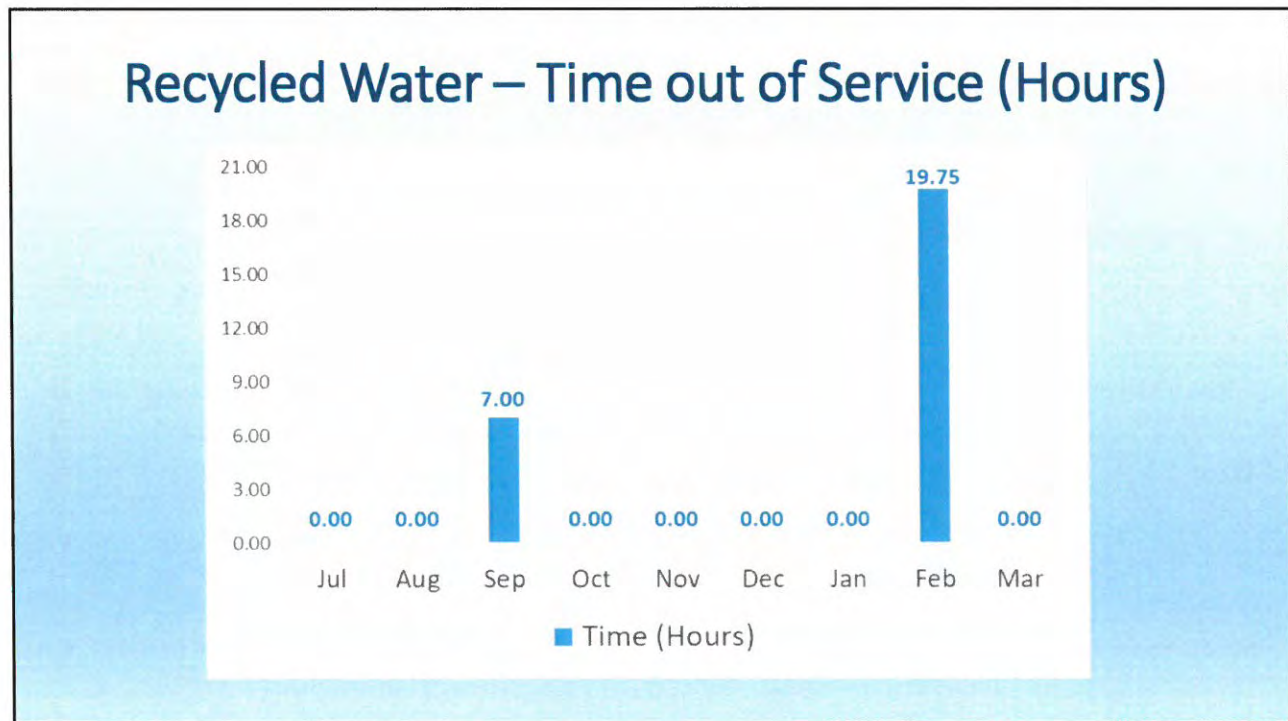
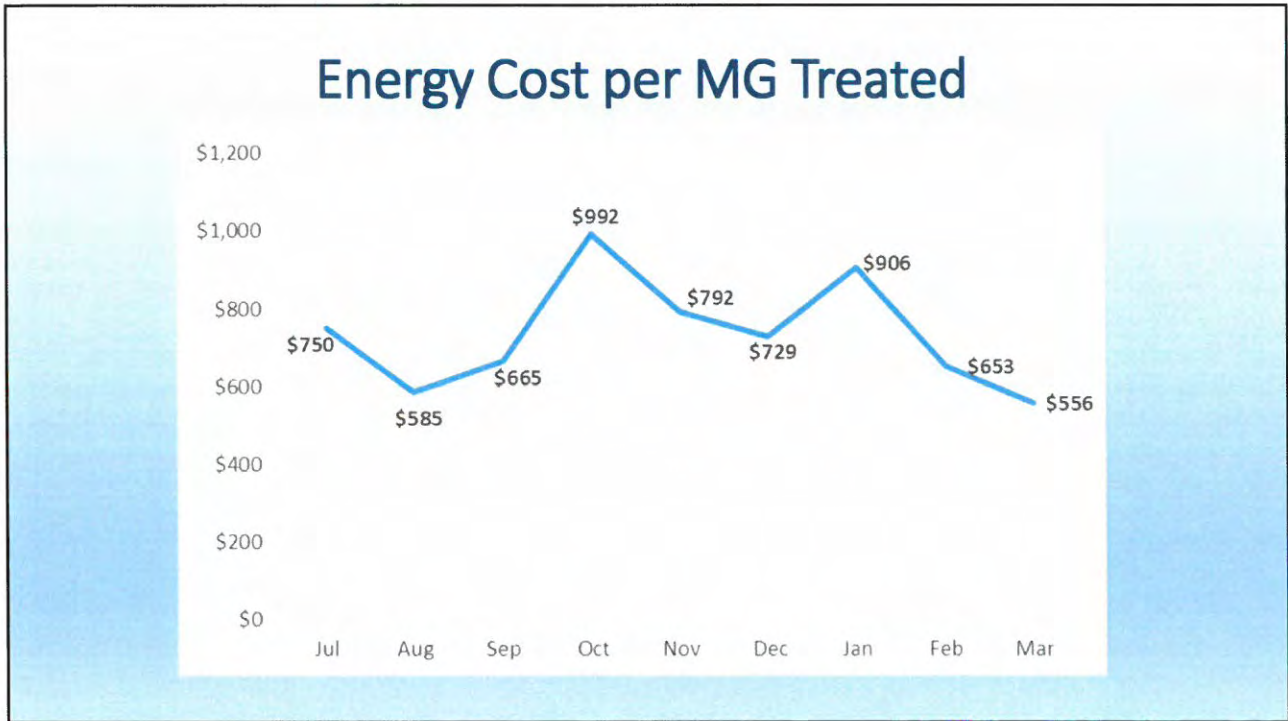


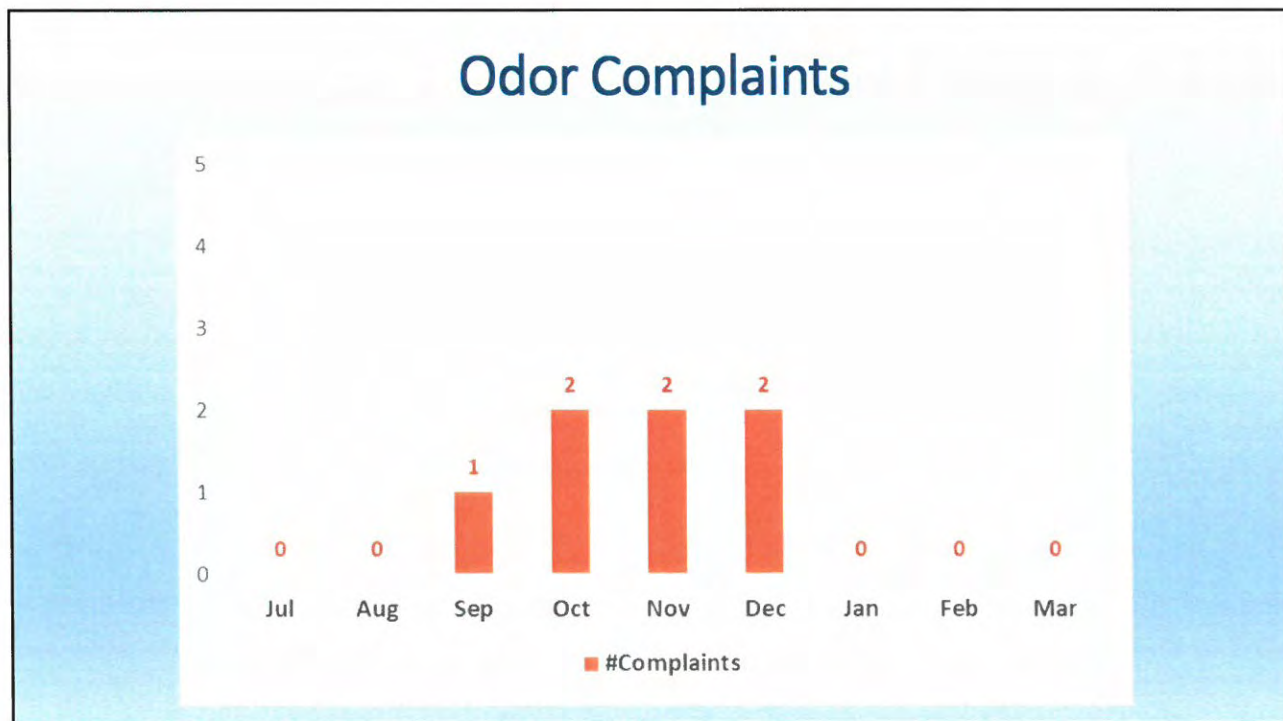
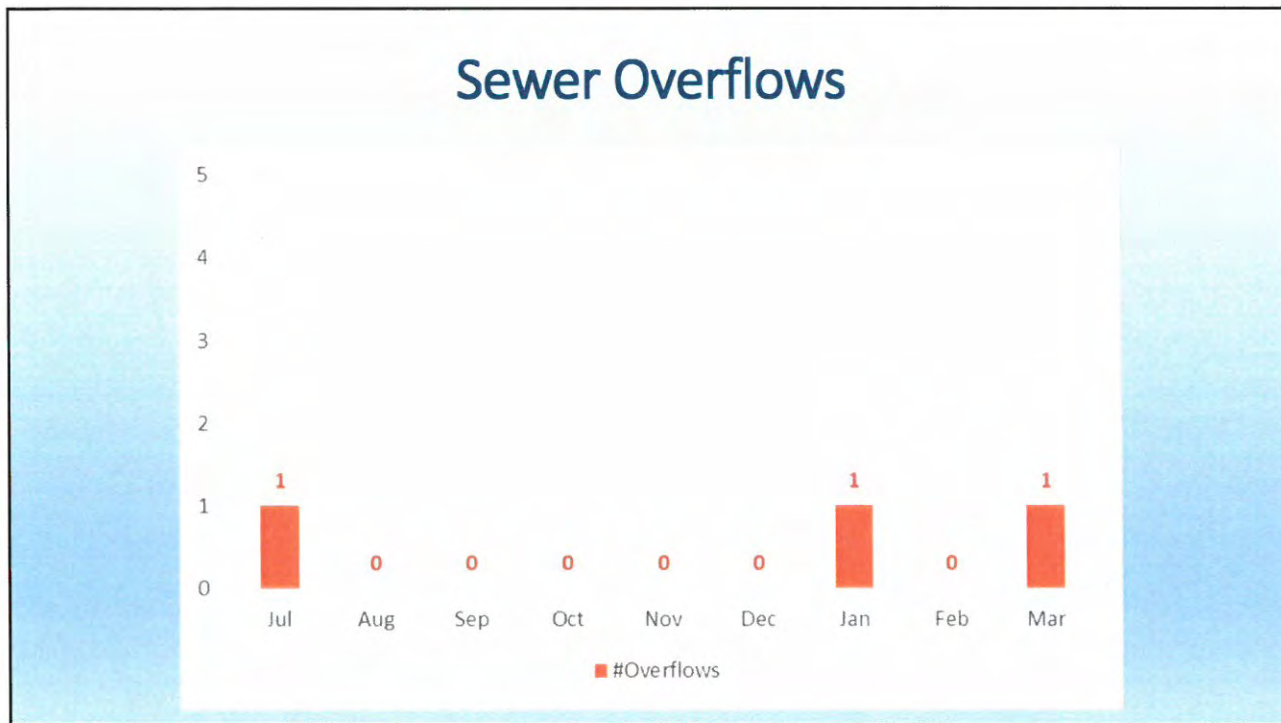
Wastewater System Regulatory Compliance

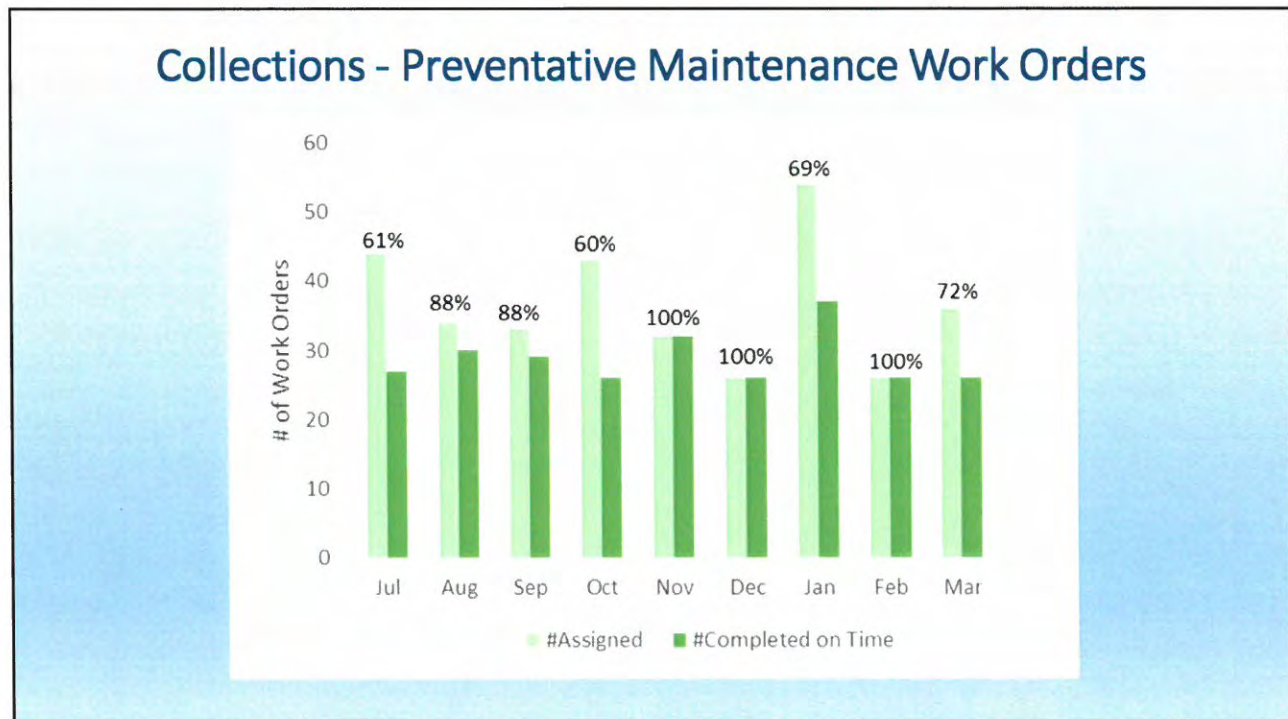
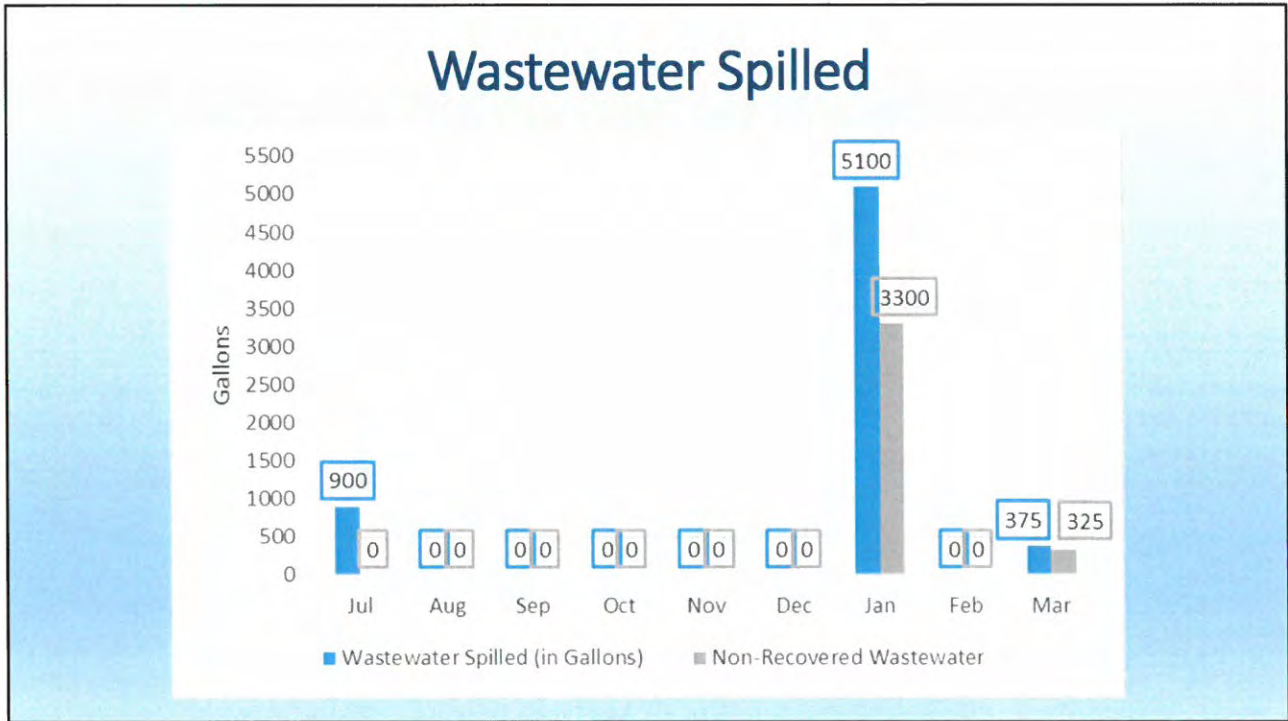


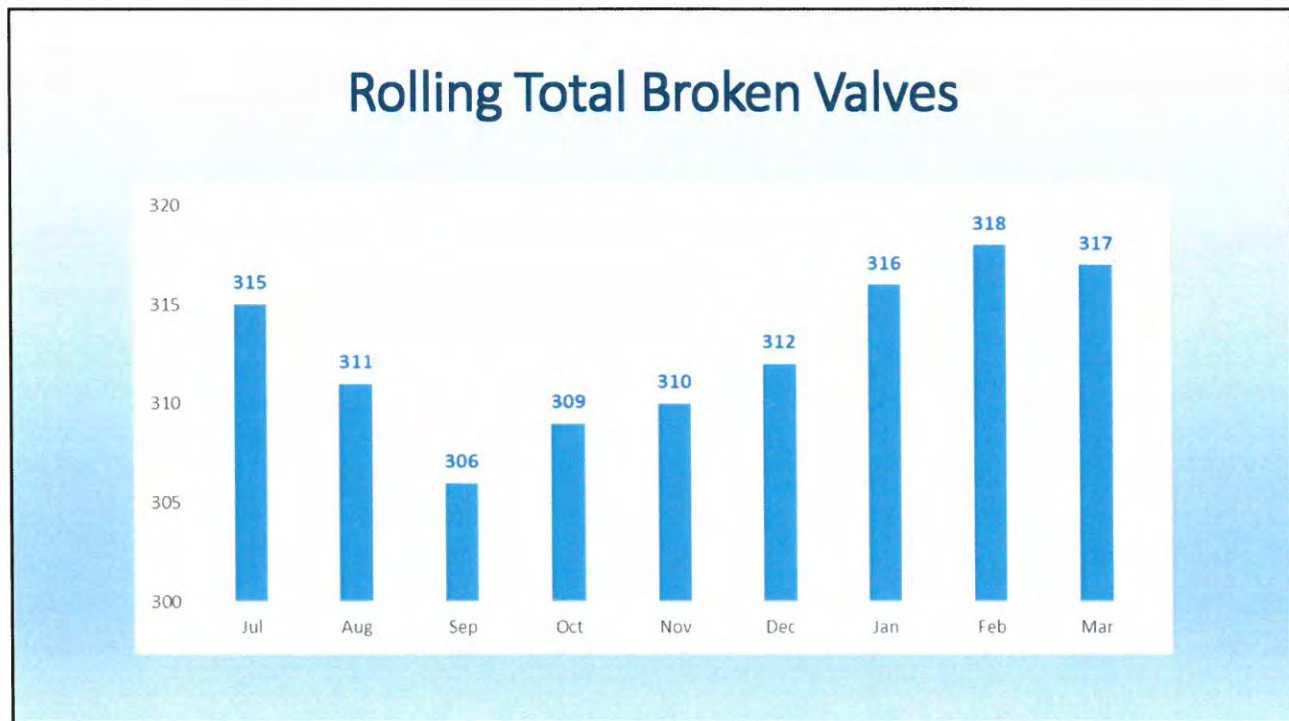
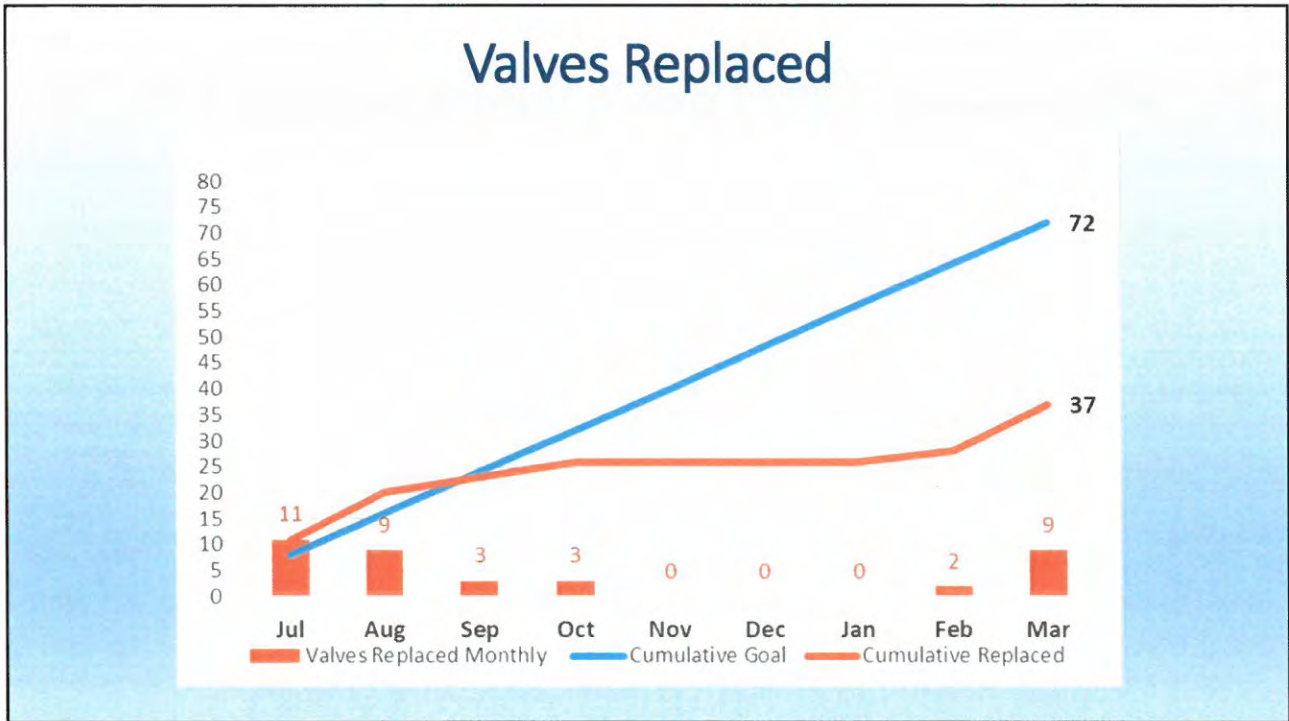
Reclamation Plant – Preventative Maintenance Work Orders

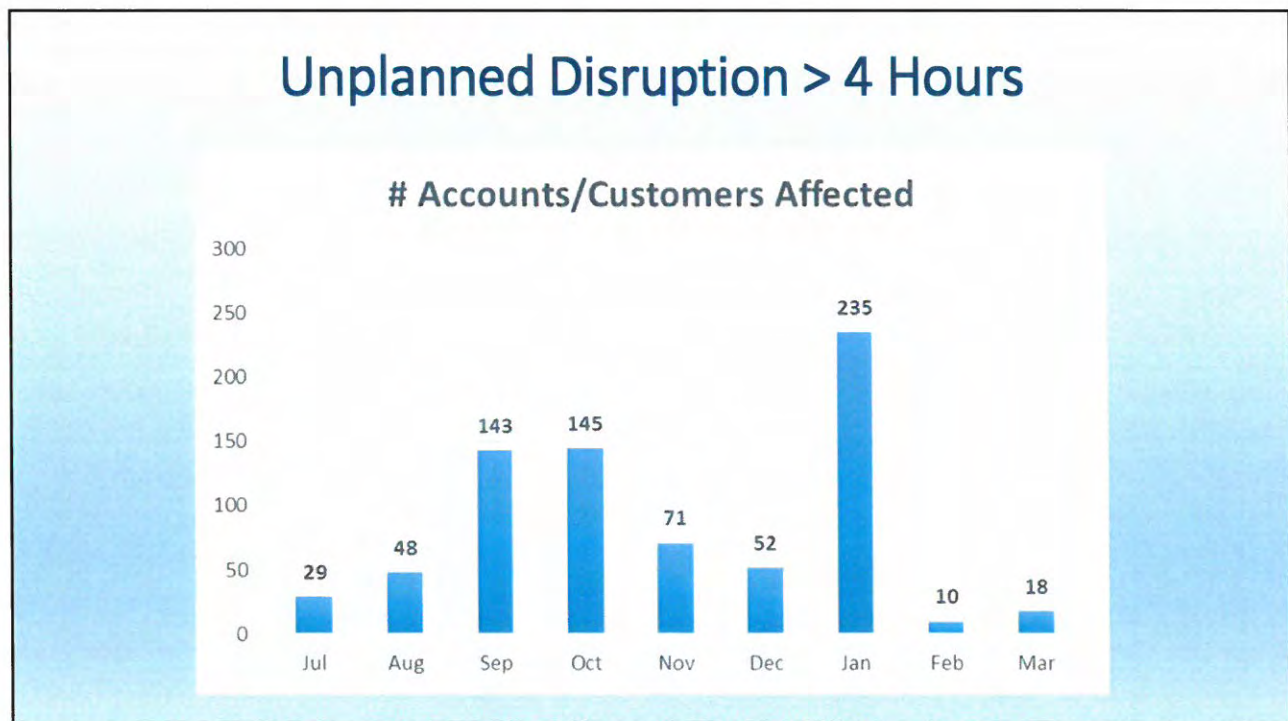
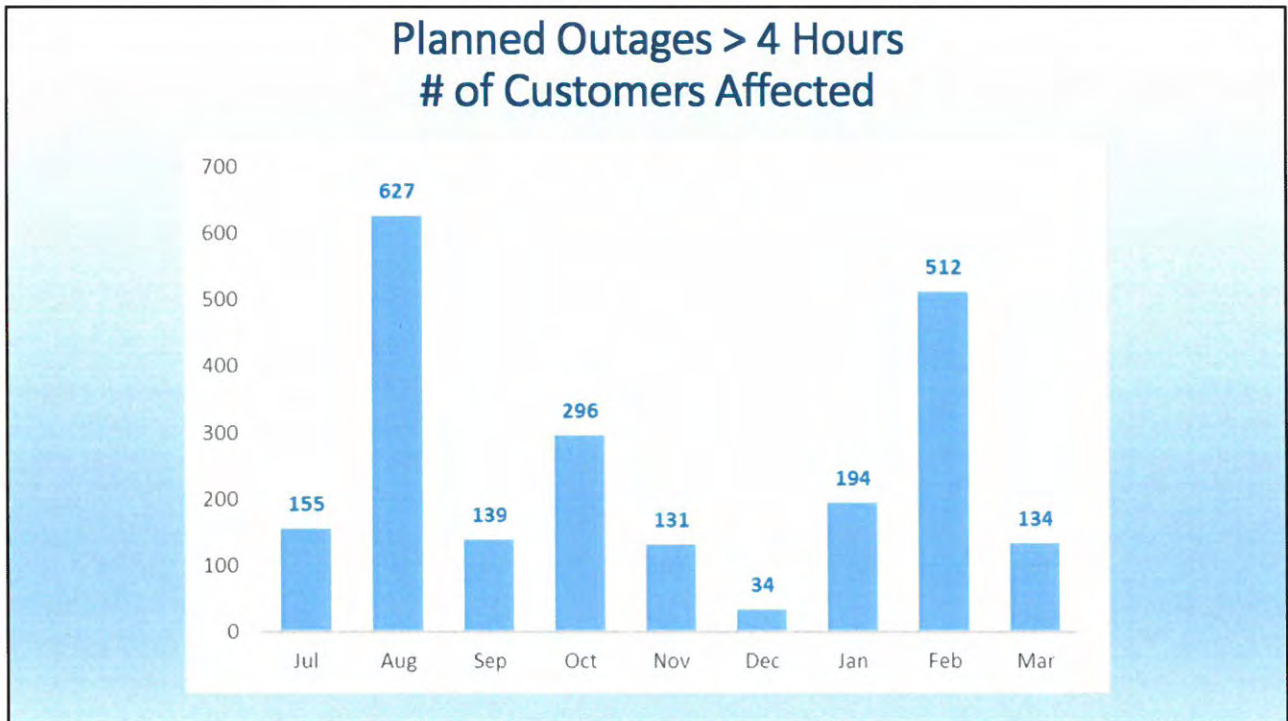


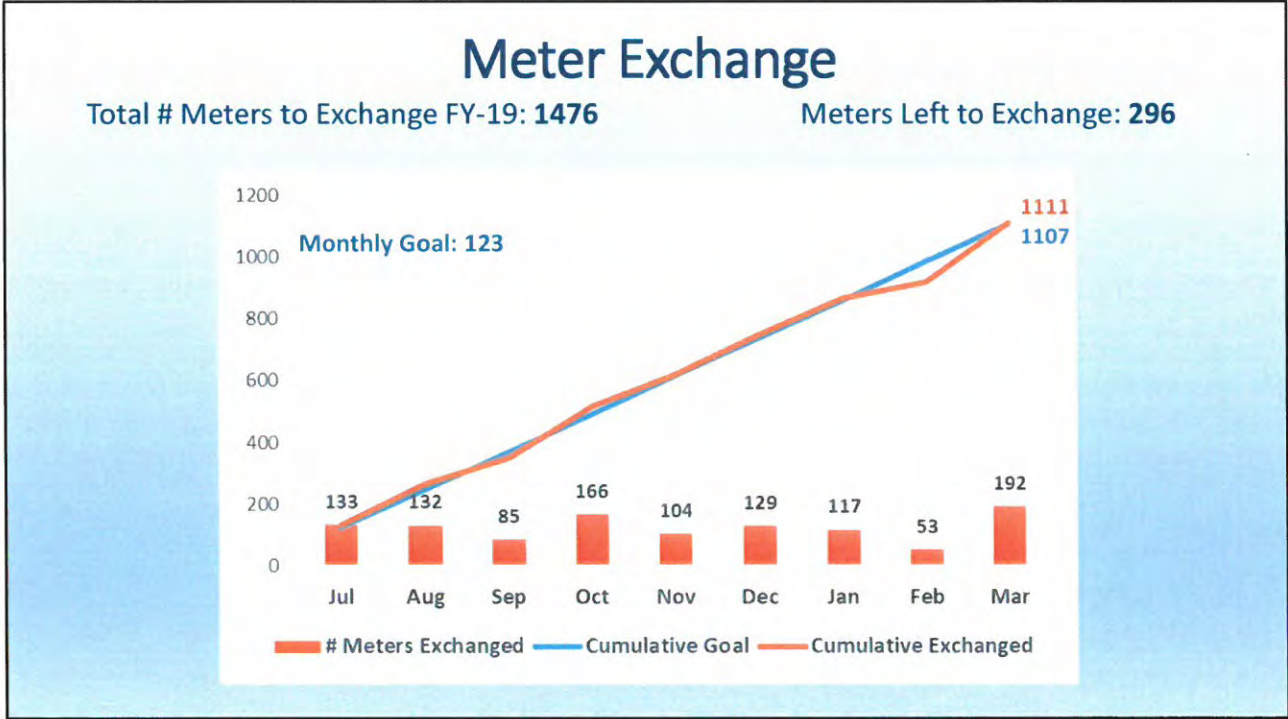













M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: April 22, 2019
SUBJECT: Treasurer's Report

Purpose

Provide the March 31, 2019 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Summary

Treasurer's Report March 31 , 2019

Operations Summary

Disbursements	\$ 1,938,462
Receipts	\$ 1,937,663
Net change	\$ (800)

District Reserves**

Liquidity	\$ 5,038,572
PFM Portfolio	\$ 16,467,285
Total	\$ 21,505,856
Net change	\$ (52,876)

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals)/ Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 19,675	\$ 18,875	NA	\$ (800)	0.4%	0.1%
Money Market	\$ 1,471,527	\$ 1,419,450	NA	\$ (52,077)	0.4%	6.2%
LAIF	\$ 230,217	\$ 230,217	NA	\$ -	2.4%	1.0%
County Pool	\$ 15,002	\$ 15,002	NA	\$ -	1.8%	0.1%
PFM Managed Portfolio (Liquidity)*	\$ -	\$ 3,355,028	\$ 5,028	\$ 3,350,000	2.6%	14.7%
District's Liquidity Portfolio	\$ 1,736,421	\$ 5,038,572	\$ 5,028	\$ 3,297,124	2.0%	22.1%
PFM Managed Long-term Investment Portfolio*	\$ 11,907,795	\$ 14,508,946	\$ 66,577	\$ 2,531,574	2.1%	63.7%
CAMP Santa Margarita Loan Payment Fund	\$ 6,231,574	\$ 7,526	\$ 7,526	\$ (6,231,574)	2.6%	0.0%
CAMP Pension Obligation Off-Set Fund	\$ 3,795,182	\$ 1,950,812	\$ 5,631	\$ (1,850,000)	2.6%	8.6%
PARS (OPEB & Pension Trust)**	\$ 2,380,392	\$ 4,622,499	\$ 42,107	\$ 2,200,000	4.3%	20.3%
District Accounts Total	\$ 26,051,363	\$ 22,773,328	\$ 121,841	\$ (52,876)	2.5%	100.0%

*PFM Managed Portfolio is split between liquidity and long-term investments.

**Funds are held in a trust and excluded from District Reserves.


 David Shank
 April 22, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	February 28, 2019	March 31, 2019	Change (\$)	Change (%)
U.S. Treasury	\$3,977,702.41	\$4,008,014.46	\$30,312.05	0.8%
Supranational	\$137,948.58	\$138,489.12	\$540.54	0.4%
Municipal	\$170,484.50	\$171,535.10	\$1,050.60	0.6%
Federal Agency CMO	\$111,251.48	\$112,029.28	\$777.80	0.7%
Federal Agency	\$250,387.82	\$251,187.24	\$799.42	0.3%
Corporate Note	\$3,771,127.57	\$3,788,491.82	\$17,364.25	0.5%
Negotiable CD	\$2,023,595.49	\$2,025,438.64	\$1,843.15	0.1%
Asset-Backed Security	\$937,398.00	\$918,953.84	(\$18,444.16)	-2.0%
Securities Total	\$11,379,895.85	\$11,414,139.50	\$34,243.65	0.3%
Money Market Fund	\$527,899.17	\$3,094,806.85	\$2,566,907.68	486.2%
Total Investments	\$11,907,795.02	\$14,508,946.35	\$2,601,151.33	21.8%

Summary

FY18-19 Accrual Earnings	\$179,779.21
Yield to Maturity at Cost	2.11%
Weighted Average Maturity	1.63 Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending March 31, 2019

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	03/01/19	03/01/19	MONEY MARKET FUND	MONEY0002	0.00	0.00	875.65	875.65			
	03/01/19	03/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	432.69	0.00	0.64	0.64			
	03/01/19	03/25/19	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	03/04/19	03/04/19	INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	140,000.00	0.00	1,137.50	1,137.50			
	03/04/19	03/04/19	CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	100,000.00	0.00	925.00	925.00			
	03/15/19	03/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	8,301.07	0.00	8.65	8.65			
	03/15/19	03/15/19	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	03/15/19	03/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	75,019.94	0.00	104.40	104.40			
	03/15/19	03/15/19	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			
	03/15/19	03/15/19	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
	03/15/19	03/15/19	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	03/15/19	03/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	18,742.72	0.00	20.30	20.30			
	03/15/19	03/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	49,140.32	0.00	52.83	52.83			
	03/15/19	03/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	14,404.41	0.00	13.68	13.68			
	03/15/19	03/15/19	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	03/15/19	03/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	21,584.47	0.00	32.02	32.02			
	03/15/19	03/15/19	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2019**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	03/15/19	03/15/19	NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	60,000.00	0.00	870.00	870.00			
	03/15/19	03/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	03/20/19	03/20/19	CCCT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	140,000.00	0.00	1,260.00	1,260.00			
	03/28/19	03/28/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	245,000.00	0.00	1,684.38	1,684.38			
	03/28/19	03/28/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	10,000.00	0.00	68.75	68.75			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	175,000.00	0.00	1,531.25	1,531.25			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	270,000.00	0.00	2,362.50	2,362.50			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	250,000.00	0.00	2,187.50	2,187.50			
	03/31/19	03/31/19	US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	110,000.00	0.00	1,031.25	1,031.25			
Transaction Type Sub-Total					2,412,625.62	0.00	15,576.01	15,576.01			
PAYDOWNS											
	03/01/19	03/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	0.76	0.76	0.00	0.76	(0.01)	0.00	
	03/15/19	03/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	2,017.04	2,017.04	0.00	2,017.04	0.05	0.00	
	03/15/19	03/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	1,573.56	1,573.56	0.00	1,573.56	0.22	0.00	
	03/15/19	03/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,541.87	1,541.87	0.00	1,541.87	0.12	0.00	
	03/15/19	03/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	5,600.25	5,600.25	0.00	5,600.25	0.02	0.00	
	03/15/19	03/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	4,535.10	4,535.10	0.00	4,535.10	0.23	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2019**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
03/15/19	03/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,489.09	4,489.09	0.00	4,489.09	0.60	0.00	
Transaction Type Sub-Total				19,757.67	19,757.67	0.00	19,757.67	1.23	0.00	
Managed Account Sub-Total					19,757.67	15,576.01	35,333.68	1.23	0.00	
Total Security Transactions					\$19,757.67	\$15,576.01	\$35,333.68	\$1.23	\$0.00	



Account Statement

For the Month Ending **March 31, 2019**

Fallbrook Public Utility District - Pension Obligation Off-Set Fund - 6050-002

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					3,795,181.53
Opening Balance					
03/11/19	03/11/19	Redemption - Outgoing Wires	1.00	(1,850,000.00)	1,945,181.53
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,630.74	1,950,812.27
Closing Balance					1,950,812.27

	Month of March	Fiscal YTD July-March
Opening Balance	3,795,181.53	0.00
Purchases	5,630.74	3,800,812.27
Redemptions (Excl. Checks)	(1,850,000.00)	(1,850,000.00)
Check Disbursements	0.00	0.00
Closing Balance	1,950,812.27	1,950,812.27
Cash Dividends and Income	5,630.74	24,860.27

Closing Balance	1,950,812.27
Average Monthly Balance	2,542,500.63
Monthly Distribution Yield	2.61%



Account Statement

For the Month Ending **March 31, 2019**

Fallbrook Public Utility District - Water Rate Stabilization Fund - 6050-003

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					6,231,574.31
03/11/19	03/11/19	Transfer to 6050-004	1.00	(3,700,000.00)	2,531,574.31
03/28/19	03/28/19	Redemption - Outgoing Wires	1.00	(2,531,574.00)	0.31
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	7,525.65	7,525.96
Closing Balance					7,525.96

	Month of March	Fiscal YTD July-March
Opening Balance	6,231,574.31	0.00
Purchases	7,525.65	6,239,099.96
Redemptions (Excl. Checks)	(6,231,574.00)	(6,231,574.00)
Check Disbursements	0.00	0.00
Closing Balance	7,525.96	7,525.96
Cash Dividends and Income	7,525.65	39,099.96

Closing Balance	7,525.96
Average Monthly Balance	3,399,196.28
Monthly Distribution Yield	2.61%



Account Statement

For the Month Ending **March 31, 2019**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					0.00
Opening Balance					
03/11/19	03/11/19	Redemption - Outgoing Wires	1.00	(350,000.00)	(350,000.00)
03/11/19	03/11/19	Transfer from 6050-003	1.00	3,700,000.00	3,350,000.00
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,027.64	3,355,027.64
Closing Balance					3,355,027.64

	Month of March	Fiscal YTD July-March
Opening Balance	0.00	0.00
Purchases	3,705,027.64	3,705,027.64
Redemptions (Excl. Checks)	(350,000.00)	(350,000.00)
Check Disbursements	0.00	0.00
Closing Balance	3,355,027.64	3,355,027.64
Cash Dividends and Income	5,027.64	5,027.64

Closing Balance	3,355,027.64
Average Monthly Balance	2,269,841.38
Monthly Distribution Yield	2.61%

**FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust**

**Account Report for the Period
3/1/2019 to 3/31/2019**

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 3/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 3/31/2019
OPEB	\$965,575.48	\$0.00	\$10,970.71	\$201.16	\$0.00	\$0.00	\$976,345.03
PENSION	\$1,414,816.48	\$2,200,000.00	\$31,632.25	\$294.75	\$0.00	\$0.00	\$3,646,153.98
Totals	\$2,380,391.96	\$2,200,000.00	\$42,602.96	\$495.91	\$0.00	\$0.00	\$4,622,499.01

Investment Selection

Source

OPEB **Moderate HighMark PLUS**
PENSION **Moderate HighMark PLUS**

Investment Objective

Source

OPEB The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

PENSION The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.


Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	1.14%	4.41%	4.35%	-	-	-	2/16/2017
PENSION	1.10%	4.36%	4.29%	-	-	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: April 22, 2019
SUBJECT: Budget Status Report

Purpose

Provide a Budget Status Report (BSR) to the Board.

Summary

The BSR shows the District's financial performance compared to the budget for the month of September, Year-to-Date and the annual budgeted amount.

Total revenues are under budget expectations due to water and wastewater sales levels. Wastewater Service Charges revenues continue to lag budget expectations and will continue to do so until the billable flow levels reset to normal winter weather conditions. Water Sales are 13% below budget due to extreme wet weather and are expected to trend towards projections later in the spring. Sundry has been lumped into the Other Non-operating revenues until staff is able to split these revenues out better.

Non-operating revenue shows the higher than expected capacity charge revenues. Property tax receipts are lagging budget projections but are expected to still be at the budgeted levels. Other Non-Operating revenues are over the budgeted levels even after adjusting for the temporary inclusion of Sundry Other Revenues.

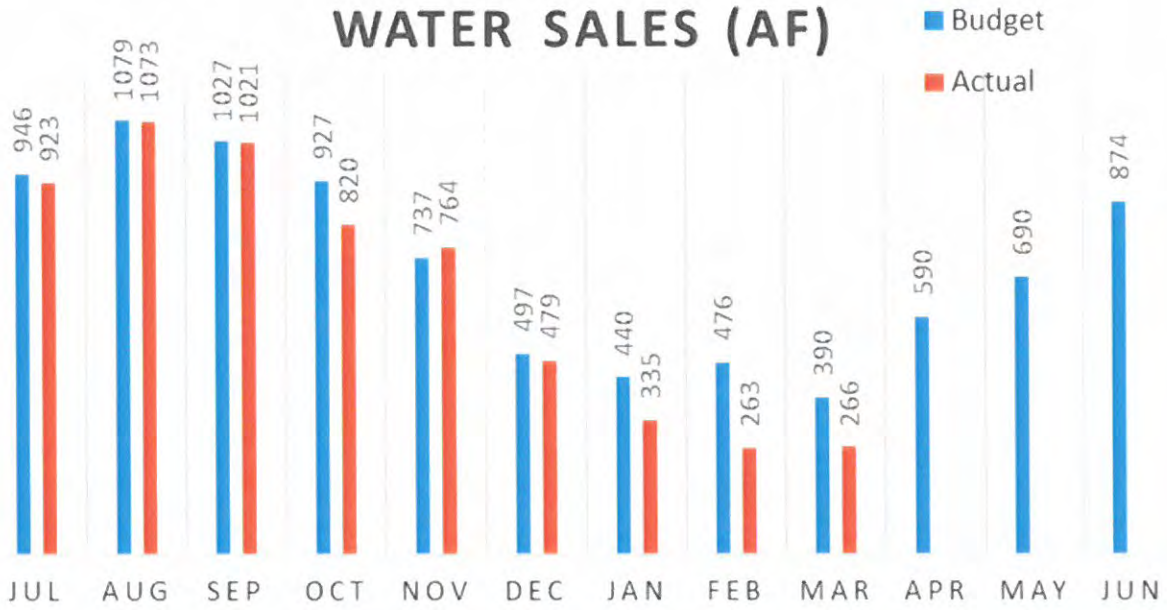
The District's expenditures are under budget due to the lower than budgeted purchased water expense, which is a result of lower sales, and the District's operations and maintenance expenses.

Total revenue is \$24,380,639 or 10.9% under budget and expenditures are \$19,080,094 or 9.7% under budget. Capital spending is currently 32.1% under budget but expected to trend towards budget. As a result, the District financial position is better than budget expectations.

Recommended Action

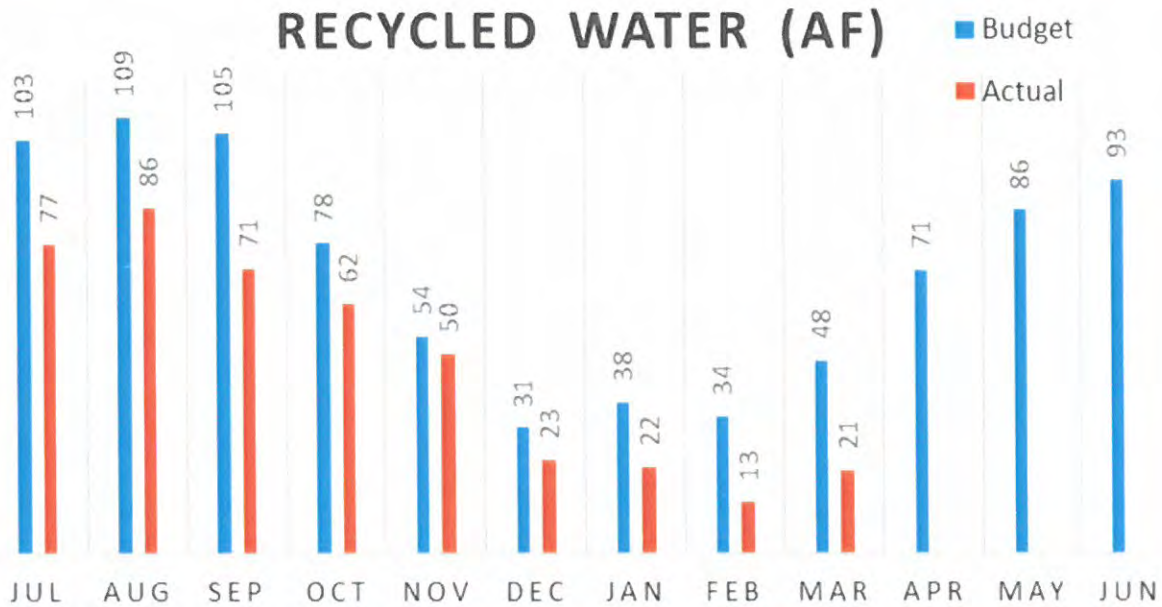
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 5,945 AF Year-to-Date Budget 6,520 AF

RECYCLED WATER (AF)



Year-to-Date Actual 426 AF Year-to-Date Budget 600 AF

Monthly Budget Report for March

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	25.0%
Water Sales	404,593	769,080	10,393,865	11,906,439	(1,512,574)	-12.7%	16,148,015	5,754,150	35.6%
MWD Readiness to Serve	28,168	28,366	246,964	255,293	(8,328)	-3.3%	340,390	93,426	27.4%
CWA Infrastructure Access Charge	36,031	35,608	318,088	329,844	(11,756)	-3.6%	436,668	118,580	27.2%
Water Meter Service Charges	541,728	579,563	4,668,896	4,958,484	(289,588)	-5.8%	6,697,173	2,028,277	30.3%
Wastewater Service Charges	464,931	501,384	3,876,965	4,512,460	(635,495)	-14.1%	6,016,613	2,139,648	35.6%
Recycled Water Revenues	38,065	81,041	659,251	925,129	(265,878)	-28.7%	1,333,360	674,109	50.6%
Overuse Penalties	-	-	-	-	-	NA	-	-	NA
Sundry Other Revenue	-	25,509	-	229,577	(229,577)	-100.0%	306,102	306,102	100.0%
CWA Rebates	4,000	12,627	64,760	113,644	(48,884)	-43.0%	151,525	86,765	57.3%
Total Operating Revenue	1,517,517	2,033,178	20,228,789	23,230,868	(3,002,079)	-12.9%	31,429,846	11,201,057	35.6%
Non Operating Revenues:									
Water Capital Improvement Charge	111,881	109,119	959,608	982,068	(22,460)	-2.3%	1,309,424	349,816	26.7%
Wastewater Capital Improvement Charge	96,940	95,175	850,540	856,576	(6,036)	-0.7%	1,142,101	291,561	25.5%
Property Taxes	-	434,552	1,224,096	1,670,965	(446,869)	-26.7%	1,908,753	684,657	35.9%
Water Standby/Availability Charge	-	15,145	118,766	139,062	(20,296)	-14.6%	203,000	84,234	41.5%
Water/Wastewater Capacity Charges	13,220	11,186	141,495	100,676	40,819	40.5%	134,234	(7,261)	-5.4%
Portfolio Interest	33,805	18,370	272,465	165,333	107,132	64.8%	220,444	(52,021)	-23.6%
Pumping Capital Improvement Charge	213	3,256	21,026	29,305	(8,278)	-28.2%	39,073	18,047	46.2%
Federal Interest Rate Subsidy	-	-	68,853	68,339	514	0.8%	133,917	65,064	48.6%
SRF Loan Proceeds	-	-	-	-	-	NA	-	-	NA
CSI Rebate	-	-	-	-	-	NA	-	-	NA
Facility Rents & Other Non-Operating Revenues	42,801	14,710	495,000	132,387	362,613	273.9%	176,516	(318,484)	-180.4%
Total Non Operating Revenues	298,859	701,514	4,151,850	4,144,710	7,140	0.2%	5,267,458	1,115,608	21.2%
Total Revenues	1,816,375	2,734,691	24,380,639	27,375,578	(2,994,939)	-10.9%	36,697,304	12,316,665	33.6%
Expenditures									
Purchased Water Expense	835,172	723,095	9,060,995	10,350,283	1,289,287	12.5%	13,743,805	4,682,810	34.1%
MWD Readiness to Serve	28,366	28,366	255,293	255,293	-	0.0%	340,390	85,097	25.0%
CWA Infrastructure Access Charge	35,608	35,608	329,844	329,844	-	0.0%	436,668	106,824	24.5%
Water Services	228,398	245,972	2,285,279	2,585,702	300,424	11.6%	3,197,635	912,356	28.5%
Wastewater Services	234,343	200,896	2,099,943	2,117,765	17,821	0.8%	2,611,649	511,706	19.6%
Recycled Water Services	49,754	45,273	407,560	475,638	68,078	14.3%	588,552	180,992	30.8%
Administrative Services	496,664	476,234	4,641,179	5,014,312	373,132	7.4%	6,191,048	1,549,869	25.0%
Total Operating Expenses	1,908,305	1,755,444	19,080,094	21,128,836	2,048,743	9.7%	27,619,407	8,539,313	30.9%
Debt Service Expenses									
Red Mountain SRF	-	-	395,850	395,850	-	0.0%	395,850	-	0.0%
WWTP SRF	1,845,746	1,845,746	1,845,746	1,845,746	-	0.0%	1,845,746	-	0.0%
QECB Solar Debt (Net of Subsidy)	-	-	260,695	260,695	-	0.0%	518,423	257,728	49.7%
Total Debt Service	1,845,746	1,845,746	2,502,291	2,502,291	-	0.0%	2,760,019	257,728	9.3%
Total Expenses	3,754,051	3,601,190	21,582,385	23,631,127	2,048,742	8.7%	30,379,426	8,797,041	29.0%
Net Revenue/(loss) From Operations and Debt Service	(1,937,675)	(866,499)	2,798,254	3,744,451	(946,197)	-25.3%	6,317,878	3,519,624	55.7%
Capital Investment									
Capital Investment									
Construction Expenditures**	401,819	649,991	3,970,292	5,849,916	1,879,624	32.1%	19,894,888	15,924,596	80.0%
SRF Loan Proceeds Draw (Capital Project Funds)	-	-	-	-	-	-	(12,095,000)	-	-
Net Revenue/(Loss)	(2,339,494)	(1,516,490)	(1,172,038)	(2,105,465)	933,427	-44.3%	(1,482,010)	(309,972)	20.9%

* Excludes the proceeds from the sale of the Santa Margarita River of \$9.3M

**Adjusted to exclude CIP expenditures related to the SMCUP

3/31/2019

Treasurer's Warrant No. March

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims for the amounts stated (less discounts in instances where discounts are allowed).

Payroll -3/19

Computer Check Register

Payroll #1 \$133,562.49

Payroll #2 \$134,705.82

\$268,268.31

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
Printed: 4/3/2019 2:04 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
80344	91184	4IMPRINT INC	03/06/2019	203.12
80345	06560	ALL AMERICAN GASKET	03/06/2019	898.81
80346	91286	AMAZON CAPITAL SERVICES, INC.	03/06/2019	406.50
80347	91406	ATLAS PUMPING SERVICE	03/06/2019	3,500.00
80348	03134	CALIFORNIA WATER ENVIRONMENT	03/06/2019	87.00
80349	01719	MICKEY M. CASE	03/06/2019	60.00
80350	03205	CITY OF OCEANSIDE	03/06/2019	1,218.61
80351	01657	CLAIREMONT EQUIPMENT CO	03/06/2019	68.40
80352	06675	CORODATA SHREDDING, INC	03/06/2019	58.37
80353	06169	CS-ASSOCIATED MUNICIPAL SALES C	03/06/2019	1,064.85
80354	05670	CULVER COMPANY INC	03/06/2019	122.23
80355	06035	CYBER SECURITY SOURCE	03/06/2019	3,664.89
80356	05192	DIAMOND ENVIRONMENTAL SERVIC	03/06/2019	443.30
80357	91401	KENNETH ENDTER	03/06/2019	40.60
80358	05588	ESCONDIDO METAL SUPPLY	03/06/2019	81.11
80359	06303	EXECUTIVE LANDSCAPE INC.	03/06/2019	700.00
80360	91339	FALLBROOK VILLAGE TOASTMASTE	03/06/2019	57.00
80361	09517	GENCO	03/06/2019	30.17
80362	06577	INFOSEND INC	03/06/2019	1,431.09
80363	06463	IOTUM INC.	03/06/2019	12.84
80364	04027	JOES HARDWARE	03/06/2019	1,766.69
80365	90937	KIRK PAVING INC	03/06/2019	15,020.75
80366	04926	KONICA MINOLTA PREMIER FINANCE	03/06/2019	2,989.66
80367	91424	MANPOWER	03/06/2019	583.37
80368	91192	MISSION LINEN SUPPLY	03/06/2019	1,115.71
80369	91077	MULTI SERVICE TECHNOLOGY SOLU	03/06/2019	1,296.77
80370	00216	PINE TREE LUMBER	03/06/2019	362.53
80371	91155	QUALITY GATE COMPANY	03/06/2019	525.00
80372	91425	MONIKA RICO	03/06/2019	1,620.00
80373	05936	SAN DIEGO COUNTY RECORDER	03/06/2019	50.00
80374	00231	SAN DIEGO COUNTY WATER AUTH	03/06/2019	672,092.24
80375	00232	SAN DIEGO GAS & ELECTRIC	03/06/2019	63,696.87
80376	00232	SAN DIEGO GAS & ELECTRIC	03/06/2019	86.87
80377	05403	SAN DIEGO UNION-TRIBUNE CO.	03/06/2019	229.16
80378	91094	SCADA INTEGRATIONS	03/06/2019	21,729.25
80379	06064	SOLENIS LLC	03/06/2019	8,907.35
80380	91107	SPECTRUM BUSINESS	03/06/2019	115.64
80381	91423	SUPER FRAME & ART	03/06/2019	618.66
80382	00159	SUPERIOR READY MIX	03/06/2019	775.67
80383	91385	VERONICA TAMZIL	03/06/2019	117.30
80384	02972	THERMO ENVIRONMENTAL INSTRUM	03/06/2019	133.87
80385	91262	TOWN & COUNTRY PLUMBING REPAI	03/06/2019	460.00
80386	00250	TRY ENTERPRISES	03/06/2019	2,340.00
80387	05971	UNISORB CORPORATION	03/06/2019	3,958.74
80388	91310	VOLT WORKFORCE SOLUTIONS	03/06/2019	380.88

Total for 3/6/2019:

815,121.87

Check No	Vendor No	Vendor Name	Check Date	Check Amount
80393	91184	4IMPRINT INC	03/13/2019	817.72
80394	91256	AFP	03/13/2019	425.00
80395	91286	AMAZON CAPITAL SERVICES, INC.	03/13/2019	127.20
80396	04995	AMERICAN MESSAGING	03/13/2019	102.77
80397	05088	AT&T	03/13/2019	778.27
80398	91428	ATKINSON, ANDELSON, LOYA, RUUD	03/13/2019	1,050.00
80399	06020	BABCOCK LABORATORIES, INC	03/13/2019	995.00
80400	05615	BOOT WORLD INC.	03/13/2019	174.84
80401	04987	CAL-MESA STEEL SUPPLY, INC	03/13/2019	628.18
80402	03978	CAMERON WELDING SUPPLY	03/13/2019	372.56
80403	91241	LISA CHAFFIN	03/13/2019	60.00
80404	91210	CORE & MAIN LP	03/13/2019	1,366.31
80405	02176	CORELOGIC SOLUTIONS, LLC	03/13/2019	225.00
80406	05953	CORODATA RECORDS MANAGEMENT	03/13/2019	854.81
80407	06299	D & H WATER SYSTEMS, INC	03/13/2019	478.00
80408	02925	DATA NET SOLUTIONS	03/13/2019	240.00
80409	05180	NOELLE DENKE	03/13/2019	196.33
80410	UB*00245	BETTE DEZIEL	03/13/2019	109.05
80411	05192	DIAMOND ENVIRONMENTAL SERVIC	03/13/2019	330.89
80412	UB*00200	JEFFERY DILLOW	03/13/2019	387.76
80413	03391	ELECTRICAL SALES INC	03/13/2019	3,386.45
80414	06303	EXECUTIVE LANDSCAPE INC.	03/13/2019	700.00
80415	09523	FALLBROOK EQUIP RENTALS	03/13/2019	4,763.25
80416	05987	FALLBROOK GARAGE & QWIK LUBE	03/13/2019	429.53
80417	00169	FALLBROOK OIL COMPANY	03/13/2019	2,436.38
80418	01155	FALLBROOK REFUSE	03/13/2019	86.40
80419	00170	FALLBROOK WASTE & RECYCLING	03/13/2019	693.40
80420	01432	FERGUSON WATERWORKS #1083	03/13/2019	851.32
80421	06286	GARDA CL WEST, INC.	03/13/2019	267.08
80422	00182	GLENNIE'S OFFICE PRODUCTS, INC	03/13/2019	215.57
80423	05140	GMC ELECTRICAL, INC.	03/13/2019	2,600.00
80424	04958	GOSCH FORD TEMECULA	03/13/2019	132.99
80425	02170	GRAINGER, INC.	03/13/2019	891.51
80426	05380	HACH CO	03/13/2019	3,801.00
80427	06062	HARRINGTON INDUSTRIAL PLASTICS	03/13/2019	1,208.53
80428	06577	INFOSEND INC	03/13/2019	4,285.29
80429	06359	INFRASTRUCTURE ENGINEERING CO	03/13/2019	3,124.00
80430	06380	JANI-KING OF CALIFORNIA, INC - SAI	03/13/2019	2,777.45
80431	00190	JCI JONES CHEMICALS INC.	03/13/2019	2,722.15
80432	06243	JIM'S SIGN SHOP	03/13/2019	1,716.45
80433	03765	LENNIHAN LAW	03/13/2019	2,552.41
80434	91424	MANPOWER	03/13/2019	583.37
80435	02618	MC MASTER-CARR	03/13/2019	1,062.64
80436	91077	MULTI SERVICE TECHNOLOGY SOLU'	03/13/2019	212.59
80437	06338	MYTHOS TECHNOLOGY INC	03/13/2019	2,490.07
80438	90932	NAPA AUTO PARTS	03/13/2019	909.41
80439	06707	NATIONAL METER & AUTOMATION	03/13/2019	44,802.45
80440	03201	NATIONAL SAFETY COMPLIANCE INC	03/13/2019	55.00
80441	00718	NATIONWIDE RETIREMENT Solutio	03/13/2019	3,195.00
80442	00370	NUTRIEN AG SOLUTIONS, INC.	03/13/2019	517.84
80443	01267	PACIFIC PIPELINE	03/13/2019	3,038.55
80444	04489	PARKHOUSE TIRE INC	03/13/2019	543.01
80445	91426	PRINTING SOLUTIONS	03/13/2019	865.21
80446	05636	SAM'S CLUB	03/13/2019	1,202.48
80447	00232	SAN DIEGO GAS & ELECTRIC	03/13/2019	5,622.38
80448	91094	SCADA INTEGRATIONS	03/13/2019	18,388.75

Check No	Vendor No	Vendor Name	Check Date	Check Amount
80449	04434	SNAP ON TOOLS	03/13/2019	747.62
80450	91296	SOUTHLAND PAVING, INC.	03/13/2019	59,778.27
80451	90929	SOUTHWEST ANSWERING SERVICE, I	03/13/2019	1,261.19
80452	02310	DAVID STAGG	03/13/2019	300.00
80453	05415	STATE WATER RESOURCE CONTROL	03/13/2019	90.00
80454	02927	TIM STERGER	03/13/2019	60.00
80455	02797	STEVE STONE	03/13/2019	250.00
80456	00159	SUPERIOR READY MIX	03/13/2019	525.18
80457	06735	TCN, INC.	03/13/2019	124.29
80458	05883	TESTAMERICA LABORATORIES, INC.	03/13/2019	2,069.36
80459	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	03/13/2019	162.62
80460	00724	UNDERGROUND SERVICE ALERT	03/13/2019	442.99
80461	00458	VERIZON WIRELESS	03/13/2019	666.17
80462	91310	VOLT WORKFORCE SOLUTIONS	03/13/2019	380.88
80463	01359	WATERMASTER	03/13/2019	28,276.18
80464	06231	WESTERN WATER WORKS SUPPLY CC	03/13/2019	3,260.52
80465	91276	WOLFE DOOR INDUSTRIES, INC.	03/13/2019	681.86
80466	06100	XYLEM DEWATERING SOLUTIONS IN	03/13/2019	2,228.55
Total for 3/13/2019:				234,155.28
ACH	00152	FPUD EMPL ASSOCIATION	03/14/2019	516.00
ACH	06758	US TREASURY - PAYROLL TAXES	03/14/2019	51,773.58
ACH	06759	STATE OF CA - PR TAXES	03/14/2019	7,436.44
ACH	06760	STATE OF CA - SDI	03/14/2019	2,050.42
ACH	06761	LINCOLN FINANCIAL GROUP	03/14/2019	5,438.75
ACH	06763	PERS - PAYROLL	03/14/2019	34,737.66
Total for 3/14/2019:				101,952.85
80467	00101	ACWA JPIA	03/20/2019	91,028.31
80468	91286	AMAZON CAPITAL SERVICES, INC.	03/20/2019	825.50
80469	UB*00246	NICOLE BECKER	03/20/2019	199.54
80470	06374	BOOT BARN INC.	03/20/2019	151.70
80471	91271	COUNCIL OF WATER UTILITIES C/O S'	03/20/2019	90.00
80472	91272	KEVIN COLLINS	03/20/2019	60.00
80473	06675	CORODATA SHREDDING, INC	03/20/2019	58.37
80474	05714	COUNTY OF SD DEPT PUBLIC WORKS	03/20/2019	1,115.00
80475	01155	FALLBROOK REFUSE	03/20/2019	49.00
80476	00182	GLENNIE'S OFFICE PRODUCTS, INC	03/20/2019	119.86
80477	02170	GRAINGER, INC.	03/20/2019	46.26
80478	03276	HOME DEPOT CREDIT SERVICES	03/20/2019	951.79
80479	06267	J2 GLOBAL IRELAND LIMITED	03/20/2019	59.91
80480	03299	KAMAN INDUSTRIAL TECHNOLOGIE	03/20/2019	1,423.39
80481	06633	MAINTENANCE CONNECTION INC	03/20/2019	756.20
80482	91424	MANPOWER	03/20/2019	592.46
80483	91427	MITEL CLOUD SERVICES, INC	03/20/2019	1,624.36
80484	91236	PLATINUM CONSULTING GROUP LLC	03/20/2019	3,145.00
80485	06237	LARRY RAGSDALE	03/20/2019	237.10
80486	04075	RAYNE WATER SYSTEMS	03/20/2019	130.00
80487	06485	FABRIENNE ROBINSON	03/20/2019	69.60
80488	91071	JACOB ROBINSON	03/20/2019	146.87
80489	91223	STERLING HEALTH SERVICES INC.	03/20/2019	125.00
80490	05608	STEVEN ENTERPRISES INC	03/20/2019	395.12
80491	00458	VERIZON WIRELESS	03/20/2019	1,084.13
80492	91310	VOLT WORKFORCE SOLUTIONS	03/20/2019	380.88
80493	05909	WAGNER & BONSIGNORE, CONSULTI	03/20/2019	250.35

Check No	Vendor No	Vendor Name	Check Date	Check Amount
80494	00865	WATER EDUCATION FOUNDATION	03/20/2019	1,000.00
Total for 3/20/2019:				106,115.70
80499	06501	24 HOUR FIRE PROTECTION, INC	03/27/2019	917.27
80500	90979	ABABA BOLT	03/27/2019	810.53
80501	01460	AFLAC	03/27/2019	1,018.76
80502	91286	AMAZON CAPITAL SERVICES, INC.	03/27/2019	708.93
80503	91229	AMP United, LLC	03/27/2019	51,698.24
80504	91428	ATKINSON, ANDELSON, LOYA, RUUD	03/27/2019	6,750.00
80505	02743	BEST BEST & KRIEGER	03/27/2019	9,513.86
80506	91330	AARON COOK	03/27/2019	216.44
80507	91210	CORE & MAIN LP	03/27/2019	5,805.57
80508	06299	D & H WATER SYSTEMS, INC	03/27/2019	1,230.04
80509	02925	DATA NET SOLUTIONS	03/27/2019	594.00
80510	91129	JENNIFER DEMEO	03/27/2019	46.28
80511	05192	DIAMOND ENVIRONMENTAL SERVIC	03/27/2019	202.11
80512	91123	DIGITAL DEVELOPMENT, INC.	03/27/2019	550.00
80513	04425	DOMINICK'S SANDWICHES	03/27/2019	97.10
80514	03391	ELECTRICAL SALES INC	03/27/2019	279.07
80515	91401	KENNETH ENDTER	03/27/2019	120.06
80516	05987	FALLBROOK GARAGE & QWIK LUBE	03/27/2019	1,528.12
80517	01099	FALLBROOK IRRIGATION INC	03/27/2019	162.60
80518	00169	FALLBROOK OIL COMPANY	03/27/2019	5,455.10
80519	02411	FALLBROOK PRINTING CORP	03/27/2019	143.31
80520	04494	FEDERAL EXPRESS CORPORATION	03/27/2019	85.72
80521	91198	FIRST BANKCARD	03/27/2019	188.00
80522	91200	FIRST BANKCARD	03/27/2019	5,732.94
80523	91203	FIRST BANKCARD	03/27/2019	493.63
80524	91225	FIRST BANKCARD	03/27/2019	1,041.02
80525	91235	FIRST BANKCARD	03/27/2019	927.32
80526	91313	FIRST BANKCARD	03/27/2019	344.44
80527	91323	FIRST BANKCARD	03/27/2019	985.00
80528	03174	HAAKER EQUIPMENT COMPANY	03/27/2019	2,152.00
80529	05380	HACH CO	03/27/2019	12,354.55
80530	06577	INFOSEND INC	03/27/2019	2,723.33
80531	91306	INSITUFORM TECHNOLOGIES, LLC	03/27/2019	160,700.45
80532	05505	TODD JESTER	03/27/2019	60.00
80533	06243	JIM'S SIGN SHOP	03/27/2019	16.16
80534	04926	KONICA MINOLTA PREMIER FINANCE	03/27/2019	1,994.63
80535	90916	KELLY LAUGHLIN	03/27/2019	65.18
80536	06555	LIEBERT CASSIDY WHITMORE	03/27/2019	1,830.60
80537	91130	LINCOLN NATIONAL LIFE INSURANC	03/27/2019	3,263.24
80538	06602	MORAES/PHAM & ASSOCIATES	03/27/2019	580.00
80539	00718	NATIONWIDE RETIREMENT SOLUTIO	03/27/2019	3,195.00
80540	06298	ONESOURCE DISTRIBUTORS, LLC	03/27/2019	4,927.67
80541	91207	PARRISH & SON SPECIALTIES	03/27/2019	199.34
80542	91293	PARTNERS IN CONTROL, INC.	03/27/2019	5,808.11
80543	91007	PFM ASSET MANGEMENT LLC	03/27/2019	926.09
80544	91185	RIGHT STOP RESTORATION	03/27/2019	4,693.92
80545	02958	RSIS INC	03/27/2019	1,424.00
80546	06130	S & J SUPPLY COMPANY, INC.	03/27/2019	3,463.09
80547	06401	SONSRAY MACHINERY LLC	03/27/2019	669.65
80548	02797	STEVE STONE	03/27/2019	250.00
80549	06554	VOLVO CONSTRUCTION EQUIPMENT	03/27/2019	164.40
80550	06736	JEFF WOLFE	03/27/2019	76.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
			Total for 3/27/2019:	309,182.87
ACH	00152	FPUD EMPL ASSOCIATION	03/28/2019	516.00
ACH	06758	US TREASURY - PAYROLL TAXES	03/28/2019	52,390.82
ACH	06759	STATE OF CA - PR TAXES	03/28/2019	7,634.50
ACH	06760	STATE OF CA - SDI	03/28/2019	2,065.74
ACH	06761	LINCOLN FINANCIAL GROUP	03/28/2019	5,438.75
ACH	06763	PERS - PAYROLL	03/28/2019	34,819.93
			Total for 3/28/2019:	102,865.74
			Report Total (211 checks):	1,669,394.31

A handwritten signature in blue ink, appearing to read "Jack Bebee", is written over a solid black horizontal line.

Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer De Meo

Name & Location of Function: Stone Brewery, Escandido

Date(s) of Attendance: 3/28/2019

Purpose of Function: EDUCATION

Sponsoring Organization: Citizens Water Academy, SDCWA
Alumni Event

Summary of Conference or Meeting:

CWA Alumni Event was a tour of
the waterworks at Stone Brewery
in Escandido. A Tour was conducted
to highlight the wastewater treatment
system and the RO Filters. Very
interesting! 3 water sources Colorado
River, the Desalination Plant in Carlsbad
and Water Project. They must adjust daily
to keep the water consistent to brew.

Director Signature: J De Meo

Date: 3/29/2019

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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.

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: JENNIFER DEMEO

Name & Location of Function: FALLBROOK VILLAGE TOASTMASTERS
FALLBROOK HISTORICAL SOCIETY

Date(s) of Attendance: 4/15/2019

Purpose of Function: EDUCATION

Sponsoring Organization: TOASTMASTERS

Summary of Conference or Meeting:

Attended weekly meeting of Toastmasters Club.

Director Signature: 

Date: 4/16/2019

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Eudter

Name & Location of Function: Session #3 (CWA)

Start @ SDCWA in Escondido and Then Tour and graduation

Date(s) of Attendance: 3-23-19

Purpose of Function: Tour of facilities

Sponsoring Organization: SDCWA / CWA

Summary of Conference or Meeting:

Tour of Olivenhain Dam with history and specifics of "Roller-Concrete Construction. Dam is 318 feet tall and 2500 feet across. Tour of Carlsbad, Olivenhain Desalination Plant showing special filters, how they were developed, and the process of re-mineralizing the water after the di-sal process.

Director Signature: Date: 3-26-19

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Special Districts Leadership Academy Conference
Embassy Suites Hilton, 601 Pacific Hwy, San Diego, CA

Date(s) of Attendance: April 8th, 9th and 10th, 2019

Purpose of Function: Special Districts Training

Sponsoring Organization: S.D.L. Association

Summary of Conference or Meeting:

Training in the fundamentals of Good Governance. The process that starts with the community, their needs and expectations. This continues with the "Mission Statement," the Boards' overseeing and the Staff accomplishing the Task. "Unity" was the key message throughout as we discussed and learned skills in: Charting the Course, Defining Board and Staff Roles, Interactive Relationships, Best Practices in Communication and Outreach, and Finances.

Director Signature: 

Date: 4-10-19

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Colorado River Tour

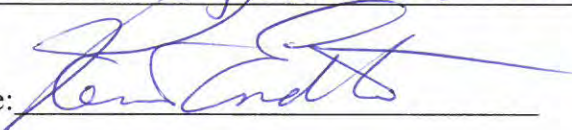
Date(s) of Attendance: 4-12-19 thru 4-13-19

Purpose of Function: Inspection of Colorado river aquaduct and dams

Sponsoring Organization: Metropolitan Water District

Summary of Conference or Meeting:

We visited the San Vicente Dam, including its' need, and history. It's significance as part of the County's Emergency Storage project. We then inspected the Diamond Valley Lake and it's part in the six month emergency storage plan. We toured the Whitsett Pump Station at Lake Havasu, the beginning end of the Colorado River Aquaduct. The next day we took a boat tour of the Copper Canyon Reservoir and had a guided bus tour of Coachella Valley Water District.

Director Signature:  Date: 4-14-19

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