



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

**AGENDA**

**MONDAY, JUNE 29, 2026  
4:00 P.M.**

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

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

**TELECONFERENCE LOCATION**

In addition, Director McDougal will be teleconferencing pursuant to Government Code section 54953 from the following location: Sandy Creek Yacht Club Marina (A-28), 8714 Lime Creek Rd., Volente, TX 78641

**Join Zoom Meeting**

<https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVAUFNkQnA2bHA4Zz09>

**MEETING ID: 820 0317 2211**

**AUDIO PASSCODE: 363170**

**Dial by your location**

+1 346 248 7799 US (Houston); +1 720 707 2699 US (Denver); +1 253 215 8782 US (Tacoma);

Find your local number: <https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVAUFNkQnA2bHA4Zz09>

**Members of the public may participate in the meeting from any of the above locations.**

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

**SUBMIT COMMENTS BEFORE THE MEETING:**

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

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

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

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

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

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

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

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. YEARS OF SERVICE
  - 1. Colter Shannon – 10 years
- B. NEW CERTIFICATIONS
  - 1. Aiden Crayne, Engineer in Training

**II. CONSENT CALENDAR----- (ITEMS C–F)**

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

- C. CONSIDER APPROVAL OF MINUTES
  - 1. May 20, 2026 Regular Board Meeting / Public Hearing

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

- D. CONSIDER ADOPTION OF RESOLUTION NO. 5105 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES ON THE TAX ROLL

Recommendation: *That the Board adopt Resolution No. 5105 placing fixed charge special assessments to add delinquent and unpaid charges on the annual tax roll for 2026-27 by the San Diego County Treasurer-Tax Collector.*

- E. CONSIDER ADOPTION OF ORDINANCE NO. 362 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2026-27

Recommendation: *The Board adopt Ordinance No. 362 as prepared and authorize the Secretary of the Board of Directors to send a certified copy to the Board of*

*Supervisors of the County of San Diego and Auditor and Controller of the County of San Diego.*

- F. CONSIDER APPROVAL OF THE AMENDED SALARY SCHEDULE (EFFECTIVE JULY 1, 2026) FOR ALL DISTRICT EMPLOYEES, EXCEPT THE GENERAL MANAGER, BY ADOPTION OF RESOLUTION NO. 5106

*Recommendation: That the Board adopt Resolution No. 5106 adopting the amended salary schedule (effective July 1, 2026) for all District employees, except the General Manager.*

**III. PROPOSED FISCAL YEAR 2026–27 BUDGET ----- (ITEM G)**

- G. CONSIDER ADOPTING THE DISTRICT'S RECOMMENDED FISCAL YEAR 2026-27 OPERATING AND CAPITAL BUDGET

*Recommendation: Adopt the Budget Resolution No. 5107 – This approves the Recommended Fiscal Year 2026-27 Budget and authorizes the General Manager, subject to the limitations provided in the resolution, to execute the Budget and operate the District.*

**IV. INFORMATION ----- (ITEMS H–I)**

- H. EMPLOYEE SATISFACTION SURVEY RESULTS

*Presented by: John Marchetta, Human Resources Manager*

- I. ERP PROCESS UPDATE

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

**V. ACTION / DISCUSSION CALENDAR ----- (ITEMS J–R)**

- J. CONSIDER UPDATE OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENT

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

- K. CONSIDER CONTINUATION OF ENGAGEMENT OF FERNANDEZ, JENSEN, AND KIMMELSHUE (FJK) FOR STATE REPRESENTATION AND THE RBW GROUP (RBW) FOR FEDERAL REPRESENTATION

*Recommendation: That the Board authorize the General Manager to enter into an agreement with FJK for State representation for two years for a total of \$240,000 and RBW for a total of \$360,000 and approve updated Exhibit "B" to the*

*Mutual Services Agreement Between FPUD, RMWD and VCMWD to reimburse their share of the costs.*

- L. CONSIDER 2026 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS ELECTION, (SEAT C), SOUTHERN NETWORK

Recommendation: *That the Board select one candidate from the slate of candidates in the 2026 California Special Districts Association Board of Directors Election, (Seat C), Southern Network for the 2027-2029 term and authorize the District General Manager to cast its vote by electronic ballot.*

- M. CONSIDER EXTENDING AGREEMENT WITH VERTEXONE SOFTWARE LLC (WATERSMART PLATFORM) FOR ADDITIONAL FIVE YEARS

Recommendation: *Staff recommends that the Board authorize extending the agreement with VertexOne Software LLC for the WaterSmart platform for an additional five years, for a total \$132,779.44. This action will provide rate stability, improve budget certainty, support operational efficiency, and ensure uninterrupted service for customers.*

- N. CONSIDER CAMP PENDLETON SERVICE CONTRACT FOR HIGH EFFICIENCY BLOWERS FOR SOUTHERN REGIONAL TERTIARY TREATMENT PLANT (SRTTP) AND NORTHERN REGIONAL TERTIARY TREATMENT PLANT (NRTTP)

Recommendation: *It is recommended that the Board approve the request to enter service contracts with Nueros for both plants for service/maintenance contracts for 3 years for \$177,975 per year.*

- O. CONSIDER ENGINEERING SUPPORT SERVICES FOR CAMP PENDLETON WATER RECLAMATION PLANTS

Recommendation: *It is recommended that the Board authorize staff to execute a professional services agreement with Carollo Engineers for Engineering Support Services for the Camp Pendleton Water Reclamation Plants for a not to exceed amount of \$200,000.*

- P. CONSIDER ADMINISTRATIVE CODE CHANGES TO ARTICLE 23

Recommendation: *That the Board of Directors adopt Resolution No. 5108 and the attached proposed amendments to Article 23, Section 23.5.1(3) of the Administrative Code.*

- Q. CONSIDER REQUEST FOR ADDITIONAL HIGH SCHOOL INTERN

Recommendation: *That the Board approve a second High School Internship Program position.*

- R. CONSIDER AMENDED EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC UTILITY DISTRICT AND JACK BEBEE (2026)

*Recommendation: That the Amended Employment Agreement between Fallbrook and General Manager Jack Bebee be approved effective July 1, 2026.*

**VII. PUBLIC HEARINGS -----(ITEM S)**

*This agenda item encompasses two separate, consecutively scheduled public hearings and proposed resolutions that relate to the District's Urban Water Management Plan (UWMP) preparation and administration*

- (1). HOLD PUBLIC HEARING AND CONSIDER APPROVAL OF WATER SHORTAGE CONTINGENCY PLAN; RESOLUTION NO. 5109.

*Recommendation: Hold a public hearing and consider adoption of Resolution 5109, adopting the District's Water Shortage Contingency Plan.*

- (2). HOLD PUBLIC HEARING AND CONSIDER APPROVAL OF 2025 URBAN WATER MANAGEMENT PLAN; RESOLUTION NO. 5110

*Recommendation: Hold a public hearing and consider adoption of Resolution 5110, adopting the District's 2025 Urban Water Management Plan.*

**VIII. ORAL/WRITTEN REPORTS -----(ITEMS 1-7)**

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

**IX. ADJOURNMENT OF MEETING**

\* \* \* \* \*

**DECLARATION OF POSTING**

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

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

June 24, 2026  
Dated / Fallbrook, CA

/s/ Lauren Eckert  
Executive Assistant/Board Secretary

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MEMO

**TO:** Board of Directors  
**FROM:** Lauren Eckert, Executive Assistant/Board Secretary  
**DATE:** June 29, 2026  
**SUBJECT:** Approval of Minutes

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Recommended Action

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

1. May 20, 2026 Regular Board Meeting and Public Hearing



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

MINUTES

WEDNESDAY, MAY 20, 2026  
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 Endter called the May Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Jennifer DeMeo, Member

General Counsel/District Staff

Present: Jack Bebee, General Manager  
David Lloyd, Acting General Counsel  
Dave Shank, Assistant General Manager/CFO  
Annalece Bokma, Accounting Technician II  
Jodi Brown, Management Analyst  
Isabel Casteran, Safety and Risk Officer  
Aaron Cook, Engineering Manager  
Mick Cothran, Engineering Technician II  
Noelle Denke, Public Information Officer  
Kelly Laughlin, Human Resources Technician  
John Marchetta, Human Resources Manager  
Faye Robinson, Customer Service Specialist  
Jake Robinson, Systems Operator II  
Brandon Salgado, Crew Leader  
Hugo Santillan, Crew Leader  
Colter Shannon, Crew Leader  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: David Green, Gerald Green, Jackie Green, and Stephani Baxter,

#### PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance

#### ADDITIONS TO AGENDA PER GC § 54954.2(b)

#### APPROVAL OF AGENDA

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

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

#### PUBLIC COMMENT

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

Gerald and Jackie Green stepped to the podium to address the Board about a large bill they had received due to an increase in water usage. They did not believe they had a leak on their property.

General Manager Bebee announced that we would verify the meter reads, but it looked like there was a leak or increased usage over a period of 10 days. He stated we could add this to the June agenda to provide more information to the Board after staff tests the meter.

There were no public comments on agenda items A through C.

#### A. EMPLOYEE OF THE QUARTER FOR MAY 2026

1. Faye Robinson

The Board recognized Faye Robinson as the Employee of the Quarter for May 2026.

#### B. YEARS OF SERVICE

1. Kelly Laughlin – 10 years
2. Annalece Bokma – 10 years

3. Jake Robinson – 10 years

The Board recognized Kelly Laughlin, Annalece Bokma, and Jake Robinson for their 10 years of service to the District.

C. EMPLOYEE PROMOTIONS ANNOUNCEMENT

1. Colter Shannon, Crew Leader
2. Hugo Santillan, Crew Leader
3. Brandon Salgado, Crew Leader

The Board recognized Colter Shannon, Hugo Santillan, and Brandon Salgado for their promotion to Crew Leader.

II. **CONSENT CALENDAR**----- (ITEMS D–F)

*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.*

D. CONSIDER APPROVAL OF MINUTES

1. April 27, 2026 Regular Board Meeting

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

E. CONSIDER ADOPTION OF 2026-27 APPROPRIATION GROWTH RATE; RESOLUTION NO. 5104

*Recommendation: That the Board adopt attached Resolution No. 5104 setting the tax appropriation limit for 2026-27 at \$4,567,774, which includes the Fallbrook and DeLuz service areas and Improvement District "S".*

F. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

*Recommendation: That the Board authorize and approve, in advance, Directors' attendance at the Fallbrook Chamber of Commerce 2026 Awards and Installation Luncheon on June 24, 2026 in Fallbrook, California.*

There were no public comments on Consent Calendar items.

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

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None  
ABSENT: Director DeMeo

**III. INFORMATION -----(ITEMS G–H)**

**G. DRAFT UPDATE OF THE 2025 URBAN WATER MANAGEMENT PLAN**

Presented by: Aaron Cook, Engineering Manager

There were no public comments on agenda item G.

Staff provided an update on the draft 2025 Urban Water Management Plan. General Manager Bebee noted there will be a public hearing in June to approve the plan. He commended Engineering Technician Mick Cothran for the detailed work he did on the plan, adding that most agencies need to hire an outside consultant.

Director Wolk suggested Engineering Technician Cothran be considered for a Manager’s Award.

**H. RECOMMENDED FISCAL YEAR 2026-27 OPERATING AND CAPITAL BUDGET**

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item H.

AGM/CFO Shank presented a slideshow on the recommended Fiscal Year 2026-27 Operating and Capital Budget.

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

**I. PUBLIC HEARING FOR AB 2561 COMPLIANCE – JOB VACANCY TRACKING AND REPORTING REQUIREMENTS UNDER THE MEYERS-MILIAS-BROWN ACT**

Recommendation: That the Board complete the Public Hearing process in accordance with AB 2561

At 4:27 p.m., President Endter opened the Public Hearing to hear an update on the District’s job vacancy reporting requirements under the Meyers-Milias-Brown act and to receive public comments related to this.

Human Resources Manager Marchetta provided the Board with an update of the District’s job vacancies.

Hearing no public comments, President Endter closed the Public Hearing at 4:31 p.m.

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

**J. CONSIDER AWARD OF SEWER LATERAL RELINING PROJECT**

*Recommendation: That the Board award the Sewer Lateral Relining Project to the lowest responsible bidder, Modern Pipe Solutions, Inc. in the amount of \$123,660.*

There were no public comments on agenda item J.

General Manager Bebee provided an overview of this item, noting it went through the Engineering & Operations Committee.

**MOTION:** Director McDougal moved to award the Sewer Lateral Relining Project to the lowest responsible bidder, Modern Pipe Solutions, Inc. in the amount of \$123,660; Director Wolk seconded. Motion carried;  
**VOTE:**

**AYES:** Directors Baxter, Endter, McDougal, and Wolk

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Director DeMeo

**K. CONSIDER AWARD OF THE HIGH SCHOOL AND SANTA MARGARITA PIPELINE REPLACEMENT PROJECTS**

*Recommendation: That the Board award the High School and Santa Margarita Drive Pipeline Replacement Projects to the lowest responsible bidder, Gentry General Engineering Inc. for \$2,094,232.*

There were no public comments on agenda item K.

Engineering Manager Cook provided an overview of this item and presented maps of the project areas.

Director Wolk asked if the high school pipe will be PVC. Engineering Manager Cook responded that based on the environment it is in, due to ground water, it will need to be PVC.

**MOTION:** Director McDougal moved to award the High School and Santa Margarita Drive Pipeline Replacement Projects to the lowest responsible bidder, Gentry General Engineering, Inc. for \$2,094,232; Director Baxter seconded. Motion carried; **VOTE:**

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

L. CONSIDER UPDATE OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENT

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

There were no public comments on agenda item L.

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

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

**VI. ORAL/WRITTEN REPORTS----- (ITEMS 1—7)**

1. General Counsel
  - Acting General Counsel Lloyd reported on a bill update that may affect the Brown Act.
2. General Manager
  - a. EMWD/MWD Update
  - b. Engineering and Operations Report
  - c. Federal Funding Efforts Report
    - General Manager Bebee provided an overview of the printed EMWD report that was provided to the Board at the meeting.
    - General Manager Bebee announced in the future, the Board could schedule a tour of the Camp Pendleton plants in groups of one or two.
3. Assistant General Manager/Chief Financial Officer
  - a. Financial Summary Report
  - b. Treasurer's Report
  - c. Budget Status Report
  - d. Warrant List
    - AGM/CFO Shank reported that reports for both April and May would be included in the June agenda packet.
4. Public Information Officer
  - PIO Denke reported on the District's recent plant giveaway and increased attendance at community events.

5. Notice of Approval of Per Diem for Meetings Attended
  - Notification of approval for Directors' attendance to the Water Coalition luncheon on May 15, 2026.
    - Director Wolk reported on his attendance at the Water Coalition luncheon on May 15, 2026.
6. Director Comments/Reports on Meetings Attended
7. Miscellaneous

ADJOURN TO CLOSED SESSION

Acting General Counsel Lloyd announced the Board would be going into Closed Session to discuss items VII.1 through 4.

The Board of Directors adjourned to Closed Session at 4:56 p.m.

**VII. CLOSED SESSION -----(ITEMS 1-4)**

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

*Discuss Performance Evaluation of General Manager*

2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

*Agency Designated Representative: Board President Endter*

*Unrepresented Employee: General Manager*

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

*Discuss Performance Evaluation of General Counsel*

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

*Agency Designated Negotiators: Jack Bebee, General Manager; John Marchetta, Human Resources Manager*

*Employee Organizations: Fallbrook Public Utility District Employees' Association; Fallbrook Management Employees' Association*

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 5:20 p.m.

REPORT FROM CLOSED SESSION (*as necessary*)

There was no reportable action taken in Closed Session.

**VIII. ADJOURNMENT OF MEETING**

There being no further business to discuss, the May Regular Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 5:21 p.m.

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

ATTEST:

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

**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Resolution No. 5105 Placing Fixed Charge Special Assessments to Add Delinquent and Unpaid Charges on the Tax Roll

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**Purpose**

To authorize the San Diego County Treasurer-Tax Collector to add delinquent and unpaid charges as a Fixed Charge Special Assessment to the annual 2026-27 tax roll.

**Summary**

Article 12, Section 12.8 of the Administrative Code provides that standby accounts with a delinquent balance greater than \$500 as of April 1<sup>st</sup> of each year may be sent notification to place delinquent and unpaid charges on the annual tax roll. The notification of intent must be sent by May 1<sup>st</sup>, and it provides the property owner 60 days to bring the account current. If the amount is not brought current by July 1<sup>st</sup>, the portion of the delinquency due may be reported to the County of San Diego for inclusion on the annual taxes levied on the property. Notification has been sent to property owners, and the final list of delinquent and unpaid charges for the 2026-27 annual tax roll will be finalized after the July 1<sup>st</sup> deadline.

The District has established Fund No. 6240-08 with the County of San Diego to place delinquent and unpaid charges on property tax bills as a Fixed Charge Special Assessment. The total amount to be transferred to the tax roll is \$26,989.92.

**Recommended Action**

That the Board adopt Resolution No. 5105 placing fixed charge special assessments to add delinquent and unpaid charges on the annual tax roll for 2026-27 by the San Diego County Treasurer-Tax Collector.

**RESOLUTION NO. 5105**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK  
PUBLIC UTILITY DISTRICT PLACING FIXED CHARGE SPECIAL  
ASSESSMENTS FOR STANDBY ACCOUNTS WITH DELINQUENT  
AND UNPAID CHARGES ON THE ANNUAL TAX ROLL**

\* \* \* \* \*

**WHEREAS**, a number of parcels with accounts on standby have delinquent and unpaid charges with a balance greater than \$500, which are due and owing to the Fallbrook Public Utility District; and

**WHEREAS**, Section 12.8 of the Administrative Code provides that delinquent and unpaid charges may be reported to the County of San Diego for inclusion on annual taxes levied on property; and

**WHEREAS**, the property owners of parcels on standby with a delinquent account balance greater than \$500 as of April 1, 2025, were notified by mail at least 60 days prior to July 1, 2025, that the delinquent amount may be reported to the San Diego County Treasurer-Tax Collector; and

**WHEREAS**, Fund No. 6240-08 has been established with the County of San Diego to place delinquent and unpaid charges on property tax bills as a Fixed Charge Special Assessment (FCSA); and

**WHEREAS**, taxing agencies must submit a list of standby accounts with delinquencies to the San Diego County Treasurer-Tax Collector between July 1, 2026, and August 10, 2026.

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

1. On or before August 10, 2026, the Secretary of the Fallbrook Public Utility District shall provide to the San Diego County Treasurer-Tax Collector the following:
  - a. An electronic list of parcels with delinquent and unpaid charges as of July 1, 2026, that have remained unpaid as of the date of filing and whose property owners were notified at least 60 days prior to July 1, 2026, that the delinquent charges may be added to the property tax roll; and
  - b. A letter of certification signed by an official of the District.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Ordinance No. 362 Fixing Water Standby or Availability Charges for 2026-27

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Purpose

To adopt the annual water standby or availability charges and provide a certified copy of Ordinance No. 362 to the Board of Supervisors of the County of San Diego and Auditor and Controller of the County of San Diego.

Summary

The Board has assessed water standby or availability charges on all lands within the District for many years that goes for debt service and capital improvements. The budget has been prepared to allocate these charges.

A public hearing is not required, but is discretionary on the part of the Board. There are no proposed changes to the charges, and no changes are required for incorporation into the District's Administrative Code.

Recommended Action

The Board adopt Ordinance No. 362 as prepared and authorize the Secretary of the Board of Directors to send a certified copy to the Board of Supervisors of the County of San Diego and Auditor and Controller of the County of San Diego.

**ORDINANCE NO. 362**

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE FALLBROOK  
PUBLIC UTILITY DISTRICT, SAN DIEGO COUNTY, CALIFORNIA,  
FIXING WATER STANDBY OR AVAILABILITY CHARGES AND  
REPEALING ORDINANCE NO. 360**

\* \* \* \* \*

**BE IT ENACTED BY** the Board of Directors of the Fallbrook Public Utility District as follows:

**SECTION I.** The Fallbrook Public Utility District is a member of Eastern Municipal Water District and the Metropolitan Water District of Southern California and as a member of such agencies, Fallbrook Public Utility District is entitled to purchase water for distribution within the District. Waterlines have been constructed and are being constructed within the District, and water service is available from these lines.

In accordance with Division 7, Chapter 4, Article 3, Sec. 16475 and 16477 of the Public Utility District Act, it is hereby determined that the best interests of the District, its inhabitants, landowners, and customers require that the following water availability charges be established; hereafter, referred to as standby or availability charges.

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

**SECTION II.** Water availability charges are hereby fixed and established on all land within the District boundaries, whether the water is actually used or not, as provided herein:

1. Fallbrook Service Area

- a. Ten dollars (\$10) per acre for all parcels one acre or more prorated out to one hundredth of an acre, as set forth in the San Diego County Tax Assessor's maps, EXCEPTING lands permanently dedicated exclusively to transportation of persons or property, hereafter referred to as the transportation dedication exclusion. For purposes of this Ordinance, it is assumed that five percent of all parcels have been permanently dedicated exclusively to transportation of persons and property; therefore, the actual assessment will be \$9.50 per gross acre, as set forth in the San Diego County Tax Assessor's maps.

- b. Five dollars (\$5) for parcels of less than one acre. For purposes of this Ordinance, all parcels with gross acreage of 1.05 acres are considered to have a net acreage of less than one acre for purposes of the transportation dedication exclusion.

2. DeLuz Improvement District

- a. Acreage adjacent to or lying within 1320 feet of water distribution line .....\$10.00 per acre
- b. Acreage between 1320 and 2640 feet of a water distribution line .....\$9.00 per acre
- c. Acreage between 2640 and 3960 feet of a water distribution line .....\$8.00 per acre
- d. Acreage between 3960 and 5280 feet of a water distribution line .....\$7.00 per acre
- e. Acreage over 5280 feet from a water distribution line .....\$6.00 per acre
- f. All parcels of less than one acre .....\$5.00

3. The term "parcel" as used herein shall mean a parcel of land as shown upon the assessment rolls of the County Assessor of San Diego County; provided that where a legal final sub-division map has been approved, "parcel" shall mean each separate lot within the subdivision.

4. Exemptions:

Lands not using District water and obtaining water primarily from rainfall, springs, streams, lakes, rivers, or wells, and where the primary economic activity on the land is the commercial extraction of minerals.

**SECTION III.** On or before August 10, 2025, the Secretary of this District shall furnish in writing to the Board of Supervisors of the County of San Diego and the Auditor and Controller of the County of San Diego a description of the land within the District upon which standby or availability charges are to be levied and collected together with the amount of the charges. At the time and in the manner required by law for the levying of taxes for County purposes, the Board of Supervisors shall collect, in addition to taxes it levies, water availability charges in the amounts fixed by this Ordinance for the respective parcels of land described in Section II of this Ordinance. All County officers charged with the duty of collecting taxes will collect the charges with the regular tax payments in the same form and manner as County taxes are collected. Such availability charges are a lien on the property with respect to which they are fixed.

Collection of the charges may be enforced by the same means as provided for the enforcement of liens for State and County taxes.

**SECTION IV.** The Secretary of this District shall deliver certified copies of this Ordinance to the Board of Supervisors of the County of San Diego and to the Auditor and Controller of the County of San Diego with the list of charges described in Section II above.

**SECTION V.** The General Manager of the District is hereby authorized to correct any clerical error made in any assessment or charge pursuant to this Ordinance and to make an appropriate adjustment in any assessment or charge made in error.

**SECTION VI.** If any clause or provision of this Ordinance is found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Ordinance shall nonetheless continue in full force and effect.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

**M E M O**

**TO:** Board of Directors  
**FROM:** John Marchetta, Human Resources Manager  
**DATE:** June 29, 2026  
**SUBJECT:** Approval of the Amended Salary Schedule (effective July 1, 2026) for all District employees, except the General Manager, by adoption of Resolution No. 5106

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Purpose

To approve the amended salary table related to the Memorandums of Understanding (MOUs) previously approved at the May 23, 2022 Board meeting.

Summary

Starting July 1, 2023, through the end of the MOUs' contract term, June 30, 2027, annual COLAs shall be tied to the published Bureau of Labor Statistics, San Diego Region, Consumer Price Index (CPI) for the 12- month period ending with March. The COLA will be no less than 1% and no more than 5%. This means that no COLA over the course of this contract shall be below 1% or above 5%, regardless of CPI data. For example, if the 2024 CPI data shows a .5% annual inflation rate, the COLA for July 2024 shall be 1%. However, if the 2024 CPI data shows a 6.3% annual inflation, the COLA for July 2024 shall be capped at 5%.

The San Diego Area CPI data for the 12-month period ending with March 2026 was 3.2%.

As a result, a 3.2% cost-of-living-adjustment (COLA) for all District positions will take effect with the pay period that includes July 1, 2026, as provided in the aforementioned section taken from the current MOUs.

Pursuant to Section 570.5 and 571.1 of Title 2 of the California Code of Regulations, the District, as a public agency participating in CalPERS is required to make publicly available a pay schedule that includes:

- Position title for every employee position;
- Pay rate for each position, which may be stated as a single or multiple amounts within a range; and
- Time base (i.e., hourly, monthly, annually) of each pay rate.

The regulations also contain criteria for ensuring the pay schedule is publicly available and does not permit a reference to another document (e.g., the budget) in lieu of the required pay schedule. Further, the regulations clarify that "compensation earnable" or "pensionable compensation" will be limited to the amount listed on a pay schedule that

meets all of the established criteria. In addition, the regulations require that the pay schedule be duly approved by the Board in accordance with the requirements of applicable public meeting laws.

The amended salary schedule (effective July 1, 2026) for all District employees, except the General Manager, is attached as Exhibit "A" to Resolution No. 5106.

Budgetary Impact

The increases in staff salaries was included in the FY 26-27 budget.

Recommended Action

That the Board adopt Resolution No. 5106 adopting the amended salary schedule (effective July 1, 2026) for all District employees, except the General Manager.

**RESOLUTION NO. 5106**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT ADOPTING AN AMENDED  
SALARY SCHEDULE (EFFECTIVE JULY 1, 2026) FOR ALL DISTRICT  
EMPLOYEES EXCEPT THE GENERAL MANAGER**

\* \* \* \* \*

**WHEREAS**, the Memoranda of Understanding (MOUs) between the District and both FPUDEA and FMEA were adopted at the May 23, 2022 regular meeting of the Board of Directors; and

**WHEREAS**, the adopted MOUs included modifications to wages and benefits for a period of 5 years, beginning July 1, 2022; and

**WHEREAS**, the approval of the MOUs by the District Board of Directors requires that an amended salary schedule, to be effective July 1, 2026, be adopted to reflect the cost of living adjustment tied to the published Bureau of Labor Statistics, San Diego Region Consumer Price Index for the 12-month period ending with March, as set forth in the MOUs; and

**WHEREAS**, CalPERS regulations require that employee salaries be included on the publicly approved salary schedule and, therefore, it is necessary for the District Board of Directors to adopt the salary schedule at this publically noticed meeting; and

**WHEREAS**, the amended salary schedule is presented to the District Board of Directors for approval and/or adoption.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Board of Directors of the Fallbrook Public Utility District does hereby adopt the amended salary schedule attached to this Resolution as Exhibit "A."

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

# EXHIBIT A

## SALARY SCHEDULE Effective July 1, 2026

Classification	Positions	Salary Range
Accounting Technician I/II	2	12 / 16
Associate Engineer	1	26 / 29
Collection Supervisor	1	32
Construction/ System Services Supervisor	1	40
Crew Leader (Water and Wastewater)	5	23-25
Customer Service Representative I/II	2	7 / 11
Customer Service Specialist	1	17
Engineering Technician I/II/III	3	16-17 / 20-21 / 26-27
Environmental Compliance Technician	1	26 / 28
Equipment Mechanic	1	18
Executive Assistant/ Board Secretary	1	34
Geographical Information Systems (GIS) Coordinator	1	27
Human Resources Technician	1	16
Instrumentation, Electrical & Controls Technician I/II	4	20-21 / 25-28
Laboratory Technician I/II	1	20-21 / 24-25
Lead Plant Operator	1	27-28
Maintenance Technician I/II	5	18-20 / 21-24
Operations Specialist	1	16-17
Plant Operator OIT/I/II	8	11-12 / 17-18 / 21-22
Public Information Officer	1	25
Purchasing/Warehouse/Fleet Supervisor	1	34-35
Safety & Risk Officer	1	36-38
Senior Maintenance Technician	1	29-32
Senior Management Analyst	1	26
Systems Operator I/II/III	4	18 / 22 / 26
Utility Worker I/II/III (Water and Wastewater)	19	10-11 / 14-15 / 18-19
Warehouse/Purchasing Specialist	1	15-16
Water/Wastewater Operator I/II/III	1	12 / 19 / 26
<b><u>Management (Exempt)</u></b>		
General Manager	1	\$259,672
Assistant General Manager/CFO	1	60
Engineering Manager	1	54
Field Services Manager	1	49 & 51
Human Resources Manager	1	47
Information Technology Manager	1	36-37
Maintenance & Electrical Manager	1	43
Maintenance Supervisor	1	37
Operations Manager	1	53
Supervising Accountant	1	35-36
Systems Technician	1	29
Wastewater Operations Manager	1	41
Water Operations Manager	1	35

Board Approved. Effective July 1, 2026

Range #	FY 26-27 Hourly Salary Range									
	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J
1	\$26.11	\$26.76	\$27.43	\$28.12	\$28.82	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62
2	\$26.76	\$27.43	\$28.12	\$28.82	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44
3	\$27.43	\$28.12	\$28.82	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28
4	\$28.12	\$28.82	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14
5	\$28.82	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02
6	\$29.54	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92
7	\$30.28	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84
8	\$31.04	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79
9	\$31.82	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76
10	\$32.62	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75
11	\$33.44	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77
12	\$34.28	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81
13	\$35.14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88
14	\$36.02	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98
15	\$36.92	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10
16	\$37.84	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25
17	\$38.79	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43
18	\$39.76	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64
19	\$40.75	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88
20	\$41.77	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15
21	\$42.81	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45
22	\$43.88	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79
23	\$44.98	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16
24	\$46.10	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56
25	\$47.25	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00
26	\$48.43	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48
27	\$49.64	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99
28	\$50.88	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54
29	\$52.15	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13
30	\$53.45	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76
31	\$54.79	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43
32	\$56.16	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14
33	\$57.56	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89
34	\$59.00	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69
35	\$60.48	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53
36	\$61.99	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42
37	\$63.54	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36
38	\$65.13	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34
39	\$66.76	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37
40	\$68.43	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45
41	\$70.14	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59
42	\$71.89	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78
43	\$73.69	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02
44	\$75.53	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32
45	\$77.42	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68
46	\$79.36	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10
47	\$81.34	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58
48	\$83.37	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12
49	\$85.45	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72
50	\$87.59	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39
51	\$89.78	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12
52	\$92.02	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92
53	\$94.32	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79
54	\$96.68	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73
55	\$99.10	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75
56	\$101.58	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84
57	\$104.12	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01
58	\$106.72	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26
59	\$109.39	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59
60	\$112.12	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00
61	\$114.92	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50
62	\$117.79	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09
63	\$120.73	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77
64	\$123.75	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54
65	\$126.84	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40
66	\$130.01	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36
67	\$133.26	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42
68	\$136.59	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58
69	\$140.00	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84
70	\$143.50	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21
71	\$147.09	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21	\$183.69
72	\$150.77	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21	\$183.69	\$188.28
73	\$154.54	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21	\$183.69	\$188.28	\$192.99
74	\$158.40	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21	\$183.69	\$188.28	\$192.99	\$197.81
75	\$162.36	\$166.42	\$170.58	\$174.84	\$179.21	\$183.69	\$188.28	\$192.99	\$197.81	\$202.76

Range #	FY 26-27 Bi-Weekly Salary Range									
	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J
1	\$2,089	\$2,141	\$2,194	\$2,250	\$2,306	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610
2	\$2,141	\$2,194	\$2,250	\$2,306	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675
3	\$2,194	\$2,250	\$2,306	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742
4	\$2,250	\$2,306	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811
5	\$2,306	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882
6	\$2,363	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954
7	\$2,422	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027
8	\$2,483	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103
9	\$2,546	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181
10	\$2,610	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260
11	\$2,675	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342
12	\$2,742	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425
13	\$2,811	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510
14	\$2,882	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598
15	\$2,954	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688
16	\$3,027	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780
17	\$3,103	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874
18	\$3,181	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971
19	\$3,260	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070
20	\$3,342	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172
21	\$3,425	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276
22	\$3,510	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383
23	\$3,598	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493
24	\$3,688	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605
25	\$3,780	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720
26	\$3,874	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838
27	\$3,971	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959
28	\$4,070	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083
29	\$4,172	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210
30	\$4,276	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341
31	\$4,383	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474
32	\$4,493	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611
33	\$4,605	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751
34	\$4,720	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895
35	\$4,838	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042
36	\$4,959	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194
37	\$5,083	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349
38	\$5,210	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507
39	\$5,341	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670
40	\$5,474	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836
41	\$5,611	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007
42	\$5,751	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182
43	\$5,895	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362
44	\$6,042	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546
45	\$6,194	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734
46	\$6,349	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928
47	\$6,507	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126
48	\$6,670	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330
49	\$6,836	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538
50	\$7,007	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751
51	\$7,182	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970
52	\$7,362	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194
53	\$7,546	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423
54	\$7,734	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658
55	\$7,928	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900
56	\$8,126	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147
57	\$8,330	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401
58	\$8,538	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661
59	\$8,751	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927
60	\$8,970	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200
61	\$9,194	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480
62	\$9,423	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767
63	\$9,658	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062
64	\$9,900	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363
65	\$10,147	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672
66	\$10,401	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989
67	\$10,661	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314
68	\$10,927	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646
69	\$11,200	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987
70	\$11,480	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337
71	\$11,767	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337	\$14,695
72	\$12,062	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337	\$14,695	\$15,062
73	\$12,363	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337	\$14,695	\$15,062	\$15,439
74	\$12,672	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337	\$14,695	\$15,062	\$15,439	\$15,825
75	\$12,989	\$13,314	\$13,646	\$13,987	\$14,337	\$14,695	\$15,062	\$15,439	\$15,825	\$16,221



**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, General Manager  
David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** The Recommended Fiscal Year 2026-27 Operating and Capital Budget

---

Purpose

Approve the District's Recommended Fiscal Year 2026-27 Operating and Capital Budget (Budget) provide here as Attachment A.

Summary

The Fiscal Policy and Insurance Committee (Committee) met and reviewed the Draft Budget on April 22, 2026. During the meeting, the Committee conducted a detailed line-item review of the District's budgeted expenditures and revenues and identified cost savings opportunities. The Committee reviewed a revised draft on May 18, 2026. The Committee presented the Draft Budget to the Board for input on April 27, 2026 and the revised draft on May 20, 2026.

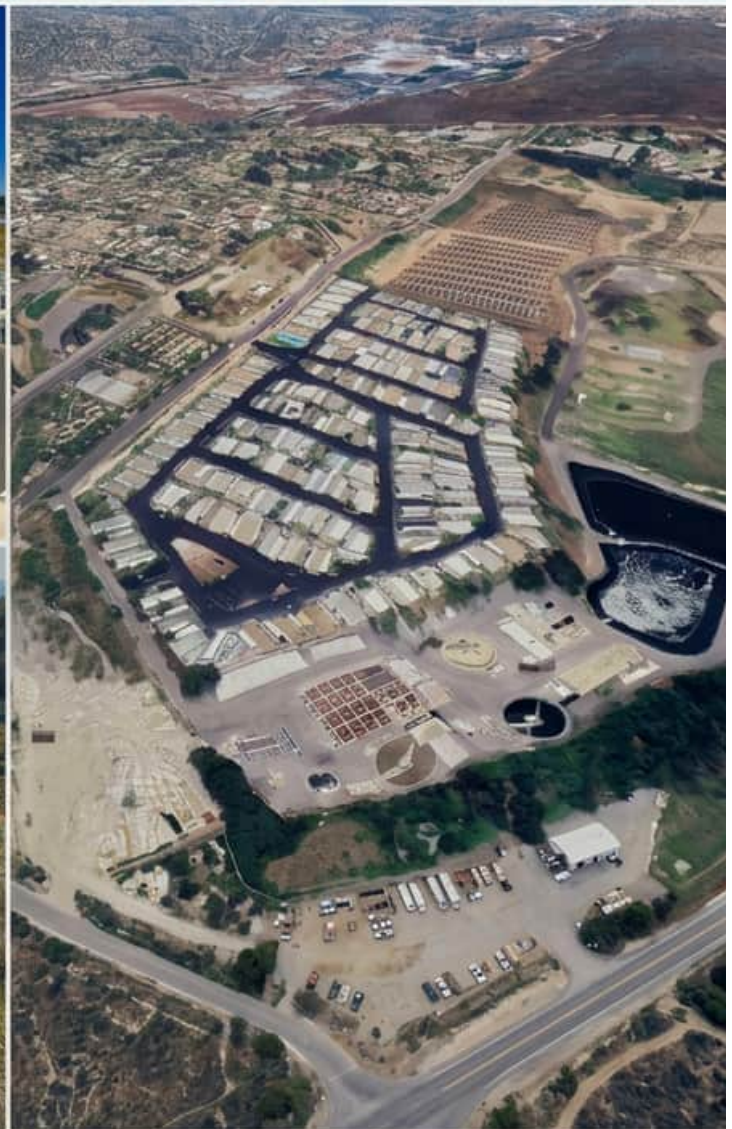
The District strives to make the Budget an understandable and transparent document in line with industry best management practices. Since Fiscal Year 2018-19, the District's reformatted Adopted Budgets have received the California Society of Municipal Finance Officers' Operating Budget Excellence Award and the Governmental Finance Officers Association's Distinguished Budget Presentation Award. The receipt of these awards illustrates the significant progress made by the District towards greater fiscal transparency and prudent financial management. The Adopted Budget will be submitted for these awards.

Recommended Action

Adopt the Budget Resolution 5107 – This approves the Recommended Budget and authorizes the General Manager subject to the limitations provided in the resolution to execute the Budget and operate the District.

# **Attachment A**

# FISCAL YEAR 2026-2027 RECOMMENDED ANNUAL BUDGET



Our Mission: Delivering exceptional water, wastewater and recycled water services and value to meet the evolving needs of the Fallbrook community.

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# Fallbrook Public Utility District

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



## Current Board of Directors:

District #1 - Dave Baxter, Vice-President

District #2 - Ken Endter, President

District #3 - Jennifer DeMeo

District #4 - Don McDougal

District #5 - Charley Wolk

## District Management:

General Manager - Jack Bebee

Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Jodi Brown, Aaron Cook, Annalece Bokma, Devin Casteel, Isabel Casteran, Kevin Collins, Mick Cothran, Noelle Denke, Lauren Eckert, Ken Hubbard, Kelly Laughlin, John Marchetta, Peter Marshall, Jim Ollerton, Donald Parker, Jesse Perez, Carl Quiram, Ian Smith, Steve Stone, Veronica Tamzil, and Steve Wuerth for their support in preparing this document.



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June 22, 2026

Board of Directors  
 Fallbrook Public Utility District  
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 Fallbrook, California 92028

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 Division 2

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 Division 3

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Charley Wolk  
 Division 5

Staff

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 General Manager

David Shank  
 Assistant General Manager/  
 Chief Financial Officer

Lauren Eckert  
 Executive Assistant/  
 Board Secretary

General Counsel

Paula de Sousa  
 Best Best & Krieger

**Budget Message**

Enclosed is the Fiscal Year 2026-27 Recommended Operating and Capital Budget (Budget) for the Fallbrook Public Utility District (District). The District is focused on executing the Board of Directors' goals and objectives through the implementation of the District's Strategic Plan, a summary of which is included at the beginning of the Budget document. These objectives help the District meet its overall objective, which is to benefit the community of Fallbrook by leveraging sound business practices to provide efficient and reliable services. The Budget presented here supports these goals and objectives.

**Operational Efficiency**

The District is focused on driving operational efficiency by leveraging its information management systems into the decision-making processes and using Key Performance Indicators (KPIs) to evaluate operational performance. KPIs provide metrics (i.e. cost of wastewater treatment per million gallons) that can be compared to peer agencies or benchmarks and tracked over time to evaluate performance. These data are then used to optimize operations ensuring the highest level of operational efficiency is attained.

The District is delivering Santa Margarita River (SMR) water from Camp Pendleton (the District's local water supply) and treated at the new Santa Margarita Groundwater Treatment Plant (SMGTP) to rate payers at a cost less than the cost of imported treated water purchased from Eastern Municipal Water District (EMWD). Achieving this benchmark requires a high degree of operational efficiency. In addition, the District's wastewater treatment cost also continues to be less than the benchmark set and the regional average cost.

Integrating the District's Information management systems provides an opportunity to enhance the District's business intelligence. Whether it is saving money by streamlining business processes, optimizing equipment life-cycle costs, or providing operating staff key real time data to optimize system operations, modern and integrated information systems are necessary today. The District continues to update and optimized its Computerized Maintenance Management System (CMMS) and Geographic Information System (GIS) and is implementing a new Enterprise Resource Planning (ERP) system. Each of these is a significant effort involving a wide range of staff across the organization. These efforts support better decisions, driving efficient operations and minimize the District's operating costs.



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Division 5

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General Manager

David Shank  
Assistant General Manager/  
Chief Financial Officer

Lauren Eckert  
Executive Assistant/  
Board Secretary

#### General Counsel

Paula de Sousa  
Best Best & Krieger

## Water and Wastewater Affordability

The District is committed to advocating for ratepayers and securing a reliable and affordable water supply. By detaching from SDCWA's service area and annexing into EMWD's service area, the District's monthly fixed charges decreased by approximately 87% and the cost of treated water by approximately 20%. These savings reset the District's cost of water at a lower level that continues to benefit the District's rate payers.

However, the District still faces wholesale water rate increases by the Metropolitan Water District (MWD), which are passed through by EMWD. In calendar year 2026, MWD increased the treated water rate by 9.5%. In calendar year 2027, MWD is changing its treatment charges to include a series of fixed treatment capacity related charges designed reduce treatment revenue volatility and ensure full cost recovery. How this will impact the District remains to be seen but MWD is reporting an overall increase of 6.2%. Compounded over the two years, these increases result in a 16.3% increase in the District's imported water cost.

Offsetting these imported water cost increases is the District's low cost SMR water supply (Local Supply). Due to the low and stable cost of the District's local supply, the District can manage the impact of imported water costs and keep water rate and charge increases in line with inflation. This Budget cycle the District expects almost half of its water supply to be from Local Supplies. The District's goal is to provide rate payers with smooth and predictable rates and charges and also keep the average residential water bill lower than other surrounding utilities.

This year the District entered into an Inter Governmental Services Agreement (IGSA) with Camp Pendleton to provide Contract Wastewater Services to the base. Providing these services requires additional staffing to operate wastewater treatment facilities on the base that is paid for by the federal government. In addition, a portion of the District's administrative costs and Wastewater Services staff costs will be paid by the federal government through the IGSA. By achieving a higher degree of economies of scale, District rate payers will see reduced administrative and overhead costs across all of the District's services and lower management and staffing cost for wastewater services. The result is a \$1.3 million savings to offset other cost escalation resulting in rate relief for ratepayers.

## Asset Management

Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was 400 years, which means a significant number of assets in operation were well beyond their expected service life. With this replacement cycle, the frequency of asset failures is expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. Over the past several years, the District has seen an increase in the frequency of emergency water pipeline repairs. In an attempt



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 Assistant General Manager/  
 Chief Financial Officer

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 Executive Assistant/  
 Board Secretary

General Counsel

Paula de Sousa  
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to mitigate this trend, The District is updating and enhancing its asset management program to better determine both the asset’s condition and consequence of failure to support better asset renewal and replacement decisions. Based on the current rate of repair and replacement over the last three years, the District is meeting a 160 year replacement rate for water mains and a 45 year replacement rate for valves. With the overall goal of driving the water system’s asset service life down from the original 400 years to 100 years, the District will continue to proactively manage the renewal and rehabilitation program targeting prioritized assets.

**Continuous Improvement**

The District is focused on leveraging its information management systems into the decision making processes. This includes not only providing field crews and engineering with a mix of information critical to effectively planning and making asset repair and replacement decisions but also providing operating staff key real time data to optimize system operations. Better decisions driving efficient operations will help ensure the District’s rates and charges are minimized.

**Looking Forward**

Inter-Agency regional cooperation and partnerships are being carefully evaluated as a way to reinforce the District’s emergency response teams and general operations, reduce training costs, and sharing other administrative services to lower the District’s cost to ratepayers. The ability to share staffing resources across agencies provides access to resources when needed but does not require the District to maintain those resources all the time. This provides the ability for all partners to achieve a higher level of efficiency than if each had to maintain the resources to meet peak/emergency demands. The benefit to ratepayers’ is stable rates and charges that are minimized.

Jack Bebee  
 General Manager

David Shank  
 Assistant General Manager/CFO

## Budget in Brief

### Fiscal Year 2025-26 Accomplishments

- The District's SMGTP was able to process 100% of local water supply available.
- The SMGTP was used to optimize water supply reliability and operating costs.
- Executed an Inter Governmental Service Agreement (IGSA) with Camp Pendleton (CPEN) for the Contract Operations of their two wastewater facilities located on the base.
- Hired 13 employees and began Contract Operations of the CPEN wastewater facilities on April 1.
- Completed key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects.
- Continued both SMGTP and Red Mountain UV facility operations and maintenance to deliver all available water supplies.
- Constructed emergency stand-by power for critical water storage and flow control facilities by adding solar and increased battery storage, to maintain communication during long-term power outages caused by PSPS events determined by SDG&E.
- Began implementation of the selected ERP system beginning with our financial system.
- Completed CMMS and GIS enhancements to better support the District's asset management program.
- Supported the Community Benefit Program's activities and facilitated the execution of selected projects.
- Produced an Annual Comprehensive Financial Report (ACFR) and an annual budget document that met the Government Financial Officers Association's (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards.
- Implemented the District's new Strategic Plan.

### Fiscal Year 2026-27 Goals

The Key Goals for the upcoming year include:

- Operate the District's SMGTP with a goal of receiving 100% of the Santa Margarita River water allocation.
- Optimize SMGTP operations to minimize the District's water costs.
- Optimize Contract Operations at CPEN and stabilize system performance through targeted renewal and replacement projects.
- Complete key pipeline replacement projects to maintain system reliability and improve the methodology for evaluating and prioritizing projects.
- Continue both SMGTP and Red Mountain UV facility operations and maintenance to deliver all available water supplies.
- Implement the selected ERP system, train staff and go live this fiscal year with the financial system.
- Complete the CMMS and GIS enhancements.
- Support the Community Benefit Program's activities and facilitate the execution of selected projects.
- Produce an Annual Comprehensive Financial Report (ACFR) and an annual budget document that meet the Government Financial Officers Association's (GFOA) Excellence in Financial Reporting and Distinguished Budget Presentation Awards.

### Sources of Funds

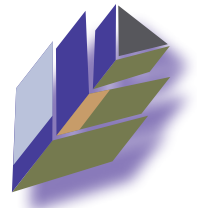
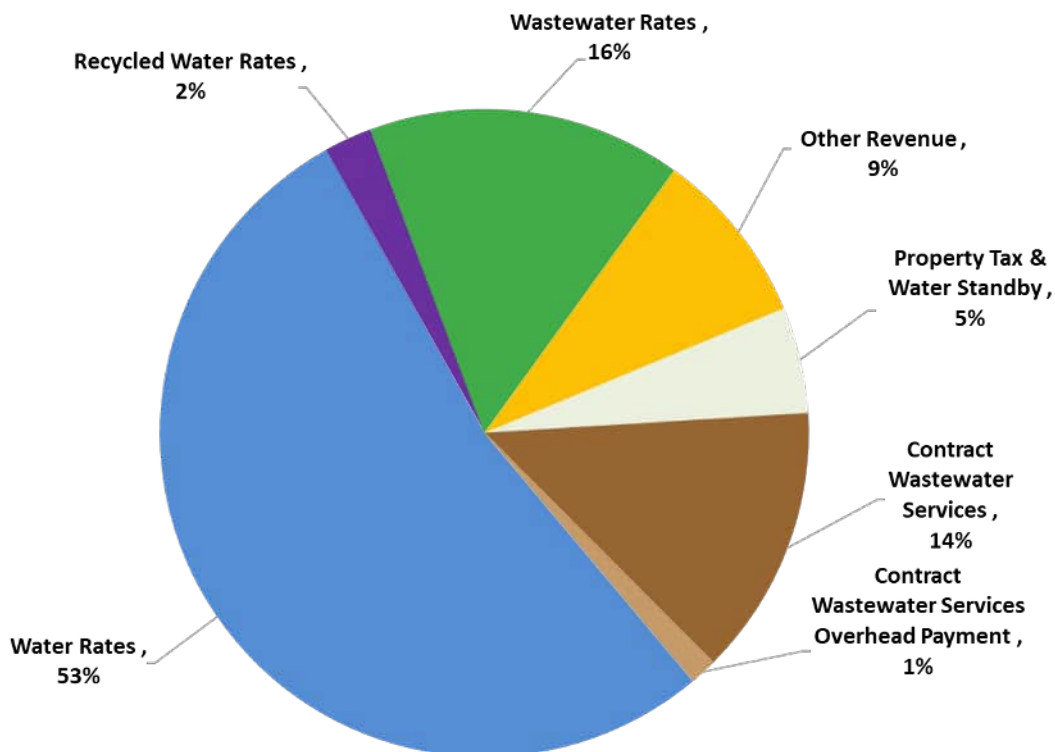
The water, recycled water and wastewater systems combined operating and non-operating revenues, debt proceeds and fund deposits are budgeted to meet the budgeted uses of funds and create a balanced budget. Water sales are projected to be at the long-term average level of 7,000 AF. Based upon the District's Financial Plan Adopted in 2022, water, recycled water and wastewater rate increases for the Budget are projected at 6%, 1%, and 2.5%, respectively, for Calendar Year 2027. The Board will take action to adopt Calendar Year 2027 rates and charges in December of 2026 after it has reviewed the District's Fiscal 2025-26 financial performance. At that time, the Board may choose alternative rate increases.

Chart 1 shows a breakdown of the District's \$57 million budgeted sources of funds. Rate and charge revenues make up 72% of the District's total budgeted sources of funds. Contract Wastewater Services and the budgeted overhead make up 15% of the District's total budgeted sources of funds. The District plans to fund the Water, Wastewater and Recycled Water Capital Improvement Program (CIP) with cash on a Pay-As-You-Go (PAYGO) basis.

### Rate Relief

Many regional water agency customers have faced 6% annual rate increases, while the District rate payers have seen an average annual increase of 2%. Prudent financial management and cost savings from detachment have kept annual rate increases lower than the rate of inflation.

Chart #1 - Sources of Revenue Fiscal Year 2026-27 Total Revenue \$57,454,665



Use of Funds

Chart 2 shows the breakdown of the District’s total use of funds. Labor and benefits represent 24% of the District’s budgeted uses of funds, and Contract Wastewater Services represent 13%. Sixty-three percent of the District’s uses of funds are for non-labor related expenditures. Non-labor costs represent the District’s single largest use of funds category. A net fund deposit to reserves is budgeted this year.

Table 1 shows regional wholesale water rates against which the District’s average cost of water production can be compared.

As a result of detachment the District’s wholesale water costs are 41% lower.

Table #1 - Regional Treated Wholesale Water Rates (\$/AF)

Wholesale Supplier	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
EMWD <sup>1</sup>	\$1,220	\$1,267	\$1,407	\$1,540	\$1,623
SDCWA <sup>2</sup>	\$2,029	\$2,237	\$2,572	\$2,798	\$3,132
<b>Savings</b>	<b>\$809</b>	<b>\$970</b>	<b>\$1,165</b>	<b>\$1,258</b>	<b>\$1,509</b>

(1) Actual and projected unit cost from EMWD.  
 (2) Estimated unit cost if FPUD was still attached to SDCWA.

Chart #2 - Uses of Funds Fiscal Year 2026-27 Total Uses of Funds \$57,454,665

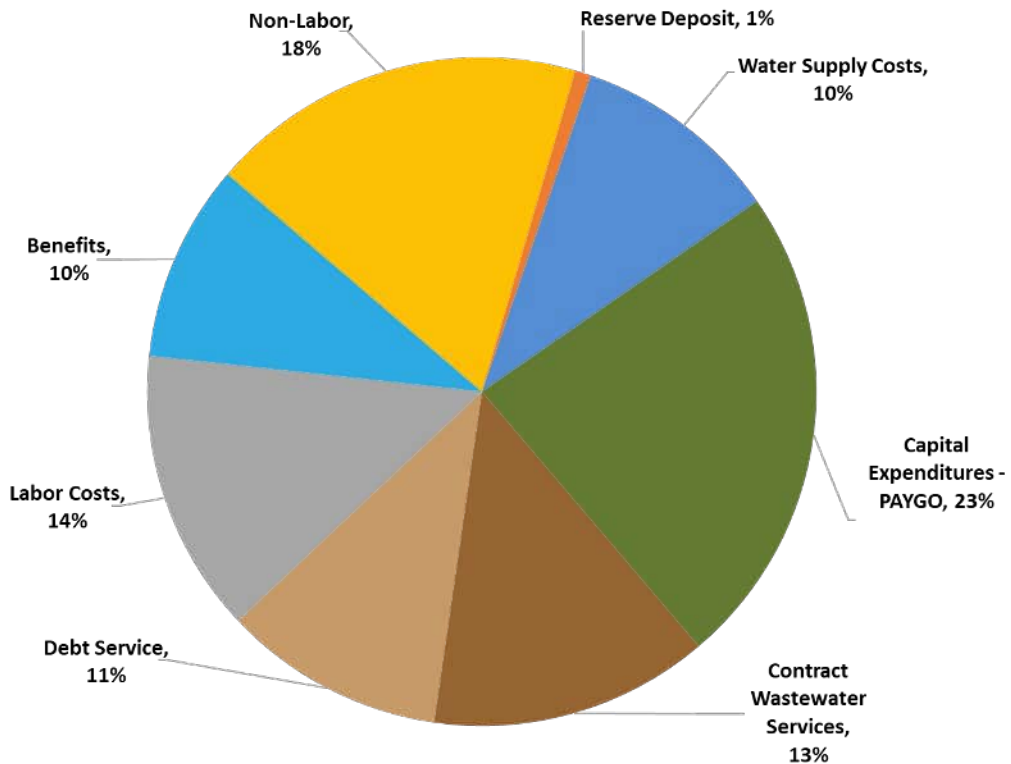


Table 2 shows a significant decrease in Water Supply Costs and the Community Benefit Program expenditures while other cost increases are more moderate. Water Supply Cost is dependent on the imported treated water purchases the District budgets to meet customer water demands. Imported water purchases fill the gap between budgeted customer water demands and the amount untreated Santa Margarita River water (Local Supply) available to the District during the budget period. The amount of Local Supply water available to the District is dependent on regional rainfall during the prior water year. During dry periods, less water is available than during wet periods. Rainfall was above average for Fiscal Years 2024-25 and Fiscal Year 2025-26 creating a large upward swing in the amount of Local Supply available to meet budgeted customer water demands. As a result, the District is budgeting for a significant decrease in the amount of imported treated water purchased from EMWD.

Overall, the 6.5% increase in the Operating Budget, illustrated in Chart 3, is being driven by the addition of Contract Wastewater Services. This increase is particularly because the budget for these services is moving from a six-month term to a full-year term.

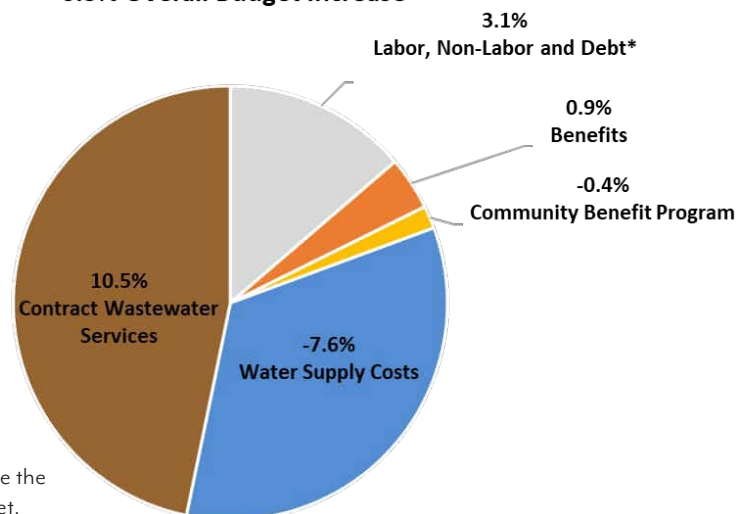
**Table #2 - Overview of Total Services' Operating Budget**

Description	FY 2024-25	FY 2025-26			FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Original Budget	Amended Budget	Projected	Budget	
Water Supply Costs	\$ 5,795,983	\$ 8,893,418	\$ 8,893,418	\$ 4,785,294	\$ 5,792,919	-34.9%
Debt Service	6,151,156	6,144,906	6,144,906	6,144,906	6,146,209	0.0%
Total Labor <sup>(1)</sup>	7,177,443	7,615,079	7,615,079	7,617,608	7,880,042	3.5%
Total Non-Labor	7,524,200	8,156,913	8,156,913	8,690,976	9,535,804	16.9%
Community Benefit Program	651,685	1,100,000	1,100,000	865,854	945,915	-14.0%
Benefits Expense	4,729,844	5,129,311	5,129,311	5,266,227	5,492,656	7.1%
Contract Wastewater Svcs Overhead	-	-	(387,217)	(387,217)	(776,256)	100.5%
<b>Total FPU D Operating</b>	<b>\$32,030,311</b>	<b>\$37,039,627</b>	<b>\$36,652,410</b>	<b>\$32,983,648</b>	<b>\$35,017,289</b>	<b>-4.5%</b>
<b>Total Contract Wastewater Svcs <sup>(2)</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,259,388</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>100.5%</b>
<b>Total Budget</b>	<b>\$32,030,311</b>	<b>\$37,039,627</b>	<b>\$40,911,797</b>	<b>\$37,243,036</b>	<b>\$43,556,107</b>	<b>6.5%</b>

<sup>(1)</sup> Total Labor does not include District's Benefits.

<sup>(2)</sup> FY 2025-26 Amended budget for Contract Wastewater Services was for a 6-month period. Payment for the services are made by the federal government.

**Chart #3 - Overall Budget Increase**  
6.5% Overall Budget Increase



\* Labor, Non-Labor and Debt include the Contract Wastewater Services offset.

The cost to deliver the SMR water to customers includes the payment to Camp Pendleton to pump the water to the SMGTP (included in Water Supply Costs) and the cost to treat the Local Supply to drinking water standards at the SMGTP, which is included in the Water Treatment Division’s budget. Table 3 shows the District’s Total Cost of Water Production which includes Water Supply Costs and the Water Treatment Division’s Operating and Maintenance (O&M) Costs and the debt service for the SMGTP Loan. The 12.9% increase in that division’s non-labor costs are being driven by an increase in power and chemical costs. The increase in labor is associated with accelerated maintenance activities at SMGTP. Because the District’s water supply mix can vary significantly year to year, Budget comparisons are complex and difficult to make. The 12.8% increase in the Total Cost of Water Production in Fiscal Year 2026-27 is due to increased costs discussed above and the ramping up of MWD’s fixed charges. Even with these cost increases, the District’s average cost of water production is \$1,585/AF compared to EMWD’s costs, including MWD’s fixed costs, of \$1,623/AF.

Table #3 - District’s Cost of Water Production

	FY 2024-25		FY 2025-26		FY 2026-27		Projected to Recommended Budget Change(%)
	Acre Feet	Actual	Acre Feet	Projected	Acre Feet	Recommended Budget	
<b>Water Supply Costs</b>	EMWD Wholesale Treated Water Costs	3,539 \$ 4,686,389	2,189 \$ 3,159,535	2,448 \$ 3,697,059	17.0%		
	MWD Readiness To Serve Charges	N/A (120,492)	N/A (335,555)	N/A (153,092)	54.4%		
	MWD Capacity Charges	N/A (95,200)	N/A 84,223	N/A 183,973	-118.4%		
	MWD Fixed Charges	N/A -	N/A -	N/A 245,351	N/A		
	Camp Pendleton SMR Untreated Water Delivery Costs	3,771 1,149,490	5,379 1,727,092	5,120 1,709,849	-1.0%		
	Red Mountain Inventory Withdrawal	166 50,595	- -	0 -	N/A		
	System Pumping	N/A 125,201	N/A 150,000	N/A 109,779	-26.8%		
	<b>Subtotal Water Supply Costs</b>	<b>\$ 5,795,983</b>	<b>\$ 4,785,294</b>	<b>\$ 5,792,919</b>	<b>21.1%</b>		
<b>O&amp;M Costs</b>	Water Treatment Division Labor & Benefits Budget*	3,771 927,610	5,379 898,582	5,120 980,291	9.1%		
	Water Treatment Division Non-Labor Budget	3,771 1,484,212	5,379 2,131,412	5,120 2,405,694	12.9%		
	SMRCUP Debt	N/A 2,814,795	N/A 2,814,795	N/A 2,814,795	0.0%		
	<b>Subtotal O&amp;M Costs</b>	<b>\$ 5,226,617</b>	<b>\$ 5,844,789</b>	<b>\$ 6,200,780</b>	<b>6.1%</b>		
<b>Total Cost of Water Production</b>	<b>\$ 11,022,600</b>	<b>\$ 10,630,084</b>	<b>\$ 11,993,698</b>	<b>12.8%</b>			
Subtotal Acre Feet Purchased	7,476	7,568	7,568	0.0%			
<b>Total Cost of Water Production (\$/AF)</b>	<b>\$ 1,474</b>	<b>\$ 1,405</b>	<b>\$ 1,585</b>	<b>12.8%</b>			

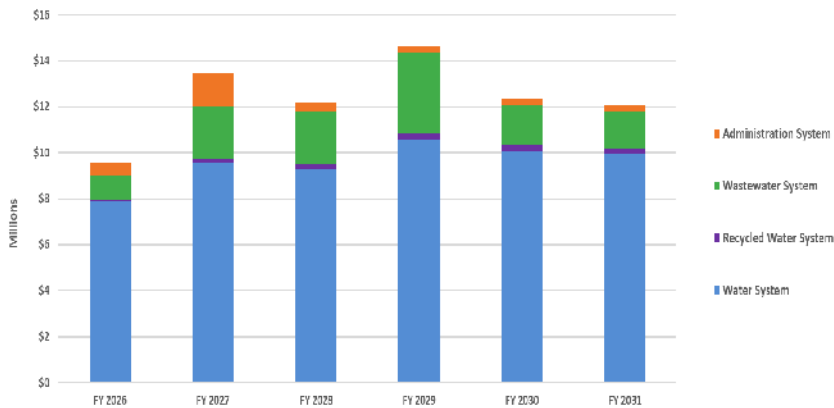
\* Treatment Division Labor & Benefits increase is due to a \$35,374 increase in benefits and a \$46,335 increase in labor for preventative maintenance.



**Capital Budget**

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The most significant on-going component of the capital program is the replacement of aging infrastructure. Chart 4 shows the annual CIP expenditures by project type. The Capital Budget for Fiscal Year 2026-27 is \$13.5 million. The CIP budget for Fiscal Year 2026-27 is higher than average due to the inclusion of a \$1.5 million project that will provide emergency power at the SMGTP. \$1.3 million of this important project is funded by a grant the District secured, saving rate payers \$1.3 million and making the District’s water services more reliable during emergencies. Another \$1.25 million of Federal Community Grant funding will be utilized for the Gumtree and Knoll Park Pipeline Projects. These grant funds enable the District to accomplish the capital program goals more quickly while reducing the cost impact on rate payers.

**Chart #4 - Fallbrook Public Utility District’s Annual Budgeted CIP Expenditures**



**Capital Improvement Program Funds**

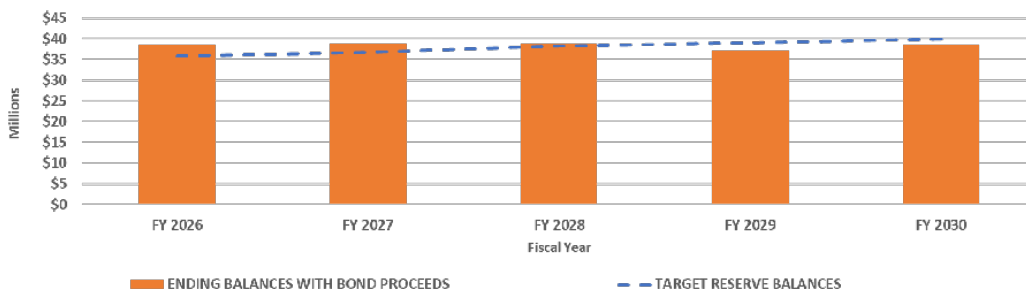
The District secured \$2.55 million in grant funding, which supports the District’s capital program goals.

**Financial Summaries**

This year, as shown in the updated financial projections for Fiscal Year 2026-27 in Table 4, the District is projecting a deposit to reserves. Looking forward, the District has made a significant reduction in the projected water sales level due to a persistent trend of lower annual water sales. The District’s detachment from SDCWA and annexation into EMWD’s service area has stabilized the District’s Cost of Water Supplies but capital funding needs will put upward pressure on future rates and charges. Balancing rate and charge increases with capital funding needs will be key to future rate and charge decisions.

Chart 5 shows the District’s reserve balances are expected to remain flat as the District’s Target Reserve Level increases. The Red Mountain Reservoir Relining Project is expected to be necessary in the next 10 years and cost the District more than \$20 million. The project funding plan includes creating a reserve to collect funds from current rate payers to provide a level of cash funding for the project. The District is projected to maintain a debt service coverage level in excess of its required 1.2x for all of its enterprises.

**Chart #5 - District’s Fund Balances and Target Balance Level**



As shown in the financial projections in Table 4, a budgeted reserve deposit of \$0.4 million is planned for Fiscal Year 2026-27 followed by a small reserve withdrawal.

**Table #4 - Fallbrook Public Utility District's Financial Summary**

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 26,925,612	\$ 28,379,241	\$ 30,117,172	\$ 32,030,324	\$ 34,067,289
Recycled Water	1,355,365	1,369,225	1,392,768	1,427,057	1,462,584
Wastewater	7,367,643	7,511,628	7,668,311	7,879,005	8,095,015
<b>Subtotal Revenue from Rates</b>	<b>\$ 35,648,620</b>	<b>\$ 37,260,094</b>	<b>\$ 39,178,251</b>	<b>\$ 41,336,386</b>	<b>\$ 43,624,888</b>
Contract Wastewater Services	\$ 4,259,388	\$ 8,538,819	\$ 8,875,767	\$ 9,226,194	\$ 9,590,638
Other Operating Revenue	462,490	457,490	457,490	457,490	457,490
<b>Other Operating Revenue Subtotal</b>	<b>\$ 4,721,878</b>	<b>\$ 8,996,309</b>	<b>\$ 9,333,257</b>	<b>\$ 9,683,684</b>	<b>\$ 10,048,128</b>
<b>Non-Operating Revenue</b>	<b>\$ 11,064,838</b>	<b>\$ 11,198,262</b>	<b>\$ 9,398,301</b>	<b>\$ 9,630,494</b>	<b>\$ 9,891,778</b>
<b>Total Revenues</b>	<b>\$ 51,435,336</b>	<b>\$ 57,454,665</b>	<b>\$ 57,909,809</b>	<b>\$ 60,650,564</b>	<b>\$ 63,564,795</b>
<b>Total Operating Expenses</b>	<b>\$ 30,232,276</b>	<b>\$ 36,463,983</b>	<b>\$ 39,697,933</b>	<b>\$ 41,593,237</b>	<b>\$ 43,771,279</b>
<b>Net Operating Revenues</b>	<b>\$ 21,203,059</b>	<b>\$ 20,990,681</b>	<b>\$ 18,211,877</b>	<b>\$ 19,057,327</b>	<b>\$ 19,793,515</b>
<b>Total Non-Operating Expenses</b>	<b>\$ 865,854</b>	<b>\$ 945,915</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Total Debt Service</b>	<b>\$ 6,144,906</b>	<b>\$ 6,146,209</b>	<b>\$ 5,886,273</b>	<b>\$ 5,622,853</b>	<b>\$ 5,624,655</b>
<b>Total Capital Expenditures</b>	<b>\$ 9,579,296</b>	<b>\$ 13,455,000</b>	<b>\$ 12,147,305</b>	<b>\$ 14,615,224</b>	<b>\$ 12,341,205</b>
<b>Total Expenditures</b>	<b>\$ 46,822,332</b>	<b>\$ 57,011,107</b>	<b>\$ 58,277,511</b>	<b>\$ 62,377,314</b>	<b>\$ 62,283,139</b>
<b>Water Revenue Bond Proceeds Spent</b>	<b>\$ 3,702,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position*</b>	<b>\$ 8,315,080</b>	<b>\$ 443,558</b>	<b>\$ (367,702)</b>	<b>\$ (1,726,751)</b>	<b>\$ 1,281,656</b>
<i>Beginning Balances</i>	<i>\$ 30,138,046</i>	<i>\$ 38,453,126</i>	<i>\$ 38,896,683</i>	<i>\$ 38,528,982</i>	<i>\$ 36,802,231</i>
<i>Ending Balances</i>	<i>\$ 38,453,126</i>	<i>\$ 38,896,683</i>	<i>\$ 38,528,982</i>	<i>\$ 36,802,231</i>	<i>\$ 38,083,887</i>

\* Change in net position is Total Revenues minus Total Expenditures plus Water Revenue Bond Proceeds Spent. The FY 2025-26 change in net position includes the 115 Pension Trust Transfer of \$500,000.

**Monitoring District Performance**

The District has added, as part of the District's efforts to optimize operations and monitor operational and financial performance, several Key Performance Metrics (KPIs) to its Performance score card. Each of the KPIs is tied to a District strategic objectives and is both meaningful and measurable. The KPIs were selected to provide a means to compare the District to peer agencies to evaluate the District's relative performance. Since these were implemented recently, there is only limited historic information available. As time progresses, the KPI data will provide valuable information to managers and stakeholders.



Table #5 - District's Key Performance Indicators

Strategic Goal	Dept.	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimated	Target Met
Safe and Reliable Water, Wastewater, and Recycled Water Services	Water	Cost/Acre Foot of SMGTP Product Water Supply	Below MWD Rates	\$1,640/AF <sup>1</sup>	\$1,062/AF	\$1,450/AF	\$711/AF <sup>2</sup>	\$1,423AF	Yes
Infrastructure and Technology Stability	Wastewater	Cost/MGD of Wastewater Influent Flows	Below \$3,500/ MGD	\$3,497/MGD	\$3,146/MGD	\$3,023/MGD	\$3,328/MGD	\$3,113/MGD	Yes
Fiscal Sustainability and Transparency	Finance	Debt Coverage	>1.20	2.05	4.19	2.64	3.21	3.45	Yes
Fiscal Sustainability and Transparency	Finance	Days Cash on hand	90 days or greater	109 days	113 days	94 days	118 days	104 days	Yes

(1) FY 2021-22 was the first year of SMGTP's operation which included additional startup costs that exceeded normal year expenditures.  
 (2) FY 2024-25 included a \$2.75 million water bank buy down which reduced the cost/acre foot.

**Budget User Guidance\***

The District's Fiscal Year 2026-27 Recommended Budget is organized and presented in a manner to better communicate the District's financial operations. Through enhanced transparency stakeholders will be better able to understand the District's costs and cost structure. The budget sections and a summary of the information provided in them is provided below:

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

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

**Financial Summaries** – This is a high level summary of the District's financial performance. Summaries for the Water, Wastewater and Recycled Services are shown in Appendix A along with the Community Benefit Program and Contract Wastewater Services.

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

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

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

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

\* Tables may not foot due to rounding.

**DISTINGUISHED BUDGET PRESENTATION AWARD**



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For the Fiscal Year Beginning

**July 01, 2025**

*Christopher P. Morill*

Executive Director

**OPERATING BUDGET EXCELLENCE AWARD**



**DISTRICT OF DISTINCTION-Special District Leadership Foundation**



## About the District

### History

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



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

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

The District became a member of the San Diego County Water Authority (SDCWA) at its formation on June 9, 1944, and thus was eligible to receive a portion of Colorado River water that would be diverted

### Service Area / STATISTICS

- 44 square-mile service area
- Population: 35,000
- 9,300 water customers
- 5,000 sewer customers
- 30 recycled water customers
- 86 employees budgeted
- \$34 million operating revenues
- \$229 million in total assets
- 7,000 acre-feet sold annually

by the Metropolitan Water District of Southern California (MWD). When Colorado River water became available in 1948, consumption within the District gradually increased to approximately 10,000 acre-feet per year by 1959. Then in 1978, MWD augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County.

After a decade of steeply rising wholesale water rates and continued increases on the horizon, the District began the process to detach from SDCWA and annex into Eastern Municipal Water District (EMWD). SDCWA's costly supply reliability investments were the driving force behind the high cost of water. However, these investments have not provided any meaningful water supply reliability benefits to SDCWA rate payers during the past two droughts.

With rate payers struggling to afford water in the District's service area and no hope or rate relief, the District took the bold step of detaching from SDCWA in an effort to lower the cost of water. On January 1, 2024, the District successfully completed the Detachment process and annexed into EMWD's service area. This change immediately reduced the District's cost of wholesale water by approximately 30%. In addition, since the District did not use any SDCWA infrastructure, the only cost to the District for detachment was a negotiated fee.

Today's and future rate payers will benefit from lower water rates and charges as a result of detachment. In Calendar Year 2026, the District's cost of treated water is half what it would be if the District remained an SDCWA customer. These savings are expected to increase over time as SDCWA struggles to control costs and rebalance its high cost water supply mix.

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

Back when the District used to produce some of its water from the Santa Margarita River, it did so using a small pump in the river, under a direct diversion license from the state of California. In 1948, additional water permits were obtained for diversion facilities and construction of a proposed 150-foot dam that would store 30,000 acre-feet of river water. The diversion works for the small pump were destroyed in 1969 by floods and was not rebuilt. Subsequently the state canceled the small-diversion license for lack of use, but the 30,000 acre-foot storage permit remained in place while the dam was being planned. The proposed dam, and associated water supply, immediately hit some hurdles. In 1951, soon after the District had obtained water permits from the state, the federal government filed suit against the District over water rights on the river, to quiet its title to the adjudicated rights accruing to the U.S. Marine Corps Base Camp Pendleton. The lawsuit, the U.S. v. Fallbrook case, is the oldest civil case filed in the County. For more than 66 years, the District has been attempting to develop a permanent local water supply on the Santa Margarita River.

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

Then in January 2018, the District's Board of Directors signed an agreement with Camp Pendleton in a landmark settlement, resolving the U.S. v. Fallbrook case and in April 2019, the federal court adopted the settlement. As part of the settlement, river water will flow to Camp Pendleton and be stored in recharge ponds that seep into an underground aquifer there. That stored water will be pumped out of the ground and piped back to the District when available. The Santa Margarita River Conjunctive Use Project (SMRCUP) provides a local supply, reducing dependence on wholesale water purchases from EMWD, and is expected to provide just over half of the District's water needs on average.

Fiscal Year 2023-24 marked the first full year water deliveries from the SMRCUP will be delivered to the District's ratepayers. To treat SMRCUP water deliveries, the District has constructed a \$65.7 million Santa Margarita Groundwater Treatment Plant (SMGTP).



Santa Margarita Groundwater Treatment Plant (SMGTP)

## Wastewater and Recycled Water History and Mergers

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

The overhaul involved upgrades to the existing Plant to improve reliability in operation and created much-needed storage space for recycled water.

In January 2026, the District entered into a contract with Camp Pendleton to provide Contract Wastewater Services for the base. The contract included the operation and maintenance of two wastewater treatment plants located on the north and south sides of the base. The Fallbrook plant on Alturas Rd is designed to treat 2.7 million gallons per day (mgd) and currently handles an average daily flow of 1.65 mgd. The North Regional Tertiary Treatment Plant (NRTTP) is designed for 4 mgd, with an average daily flow of about 1 mgd. The South Regional Tertiary Treatment Plant (SRTTP) has a design capacity of 7.5 mgd and currently processes an average of 3.6 mgd. The federal government funds these services, including a portion of the District's administrative overhead costs. Integrating these plants into FPU's operations achieves significant savings through economies of scale and increases staff capacity, providing backup support for Fallbrook staff during emergencies.

## Services

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

### Water System

In the past, the District imported 99% of its potable water with the remaining 1% coming from a local well. With the Santa Margarita Groundwater Treatment Plant (SMGTP) now operational, a significant amount of the District's water supply will be provided through its Santa Margarita River Water Rights.

This new local supply is expected to reduce the average annual amount of water purchased from EMWD by 40% or more and change the District's cost structure. The District's cost to treat and deliver the local water supply is less than the current cost of purchasing the same amount of water from EMWD. With a local supply available, the District's ratepayers are not only saving on the cost of water but also limiting the impact of future EMWD rate increases.

The District's water distribution system is comprised of 270 miles of pipeline, 7,000 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 400-million-gallon treated water reservoir, seven pump stations and a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District has nearly completed an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use. The District has three connections to the imported water system that are connected to MWD owned pipelines.

The District's five-year average annual water sales is 6,937 acre-feet. Residential and commercial customers represent 73% of sales, and agricultural customers make up the remaining 27%. The District's historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water

### SANTA MARGARITA GROUNDWATER TREATMENT PLANT and PUMPING STATION / STATISTICS

Fallbrook Public Utility District completed this project in Fiscal Year 2022 and began having its own cost-effective supply that same year.

- Minimum Plant Capacity-1.2 MGD
- Maximum Plant Capacity-7.8 MGD



Aerial View of the SMGTP

demands is being driven by the economics of agriculture production and the fact that high wholesale water costs make only limited crops profitable. The District's agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 1,800 in Fiscal Year 2025 or down 74%.

### Wastewater System

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

The District's wastewater system has 5,046 customers with an annual influent flow of 584 million gallons of wastewater. The District hauls approximately 300 dry tons of biosolids each year to various facilities for composting and land application.



### Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 30 recycled water customers, and delivers an average of 0.5 million gallons per day to them. The District provides recycled water for nurseries, sports fields, home owners' associations, Fallbrook High School, street medians, and for freeway irrigation. In 2015, the District completed a \$27 million expansion and upgrade to the water reclamation plant to improve reliability of operation and provide storage for recycled water. The project was completed ahead of schedule and under budget.

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

### Contract Wastewater Services

In January 2026 the District entered into an Inter Governmental Services Agreement (IGSA) with Camp Pendelton, providing Contract Wastewater Services for two wastewater treatment plants on the base. These services will require additional staffing, which is paid for by the federal government. The IGSA will pay a portion of the District's administrative costs and Wastewater Services staff costs.

## Governance and Organizational Structure

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

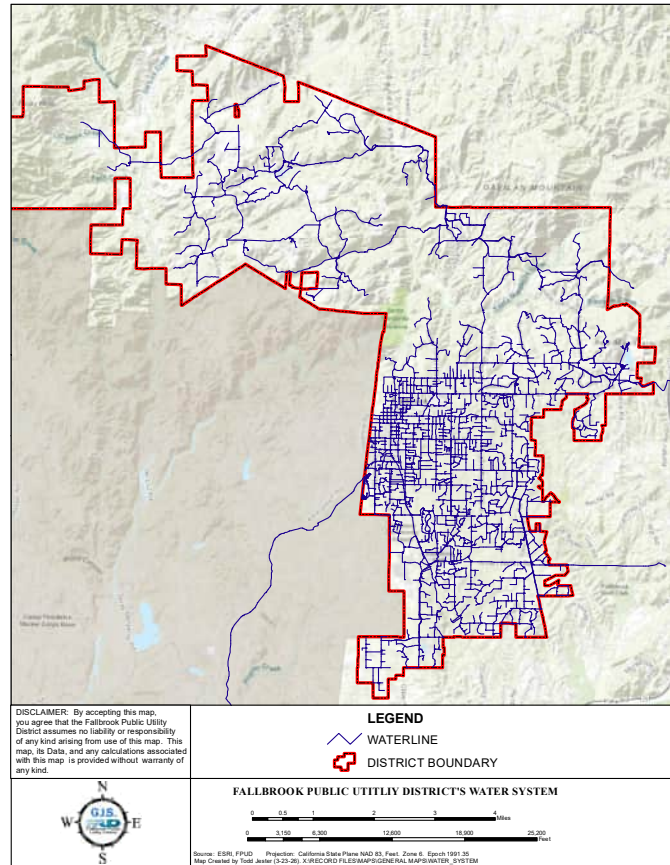
**Current Board of Directors:**

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

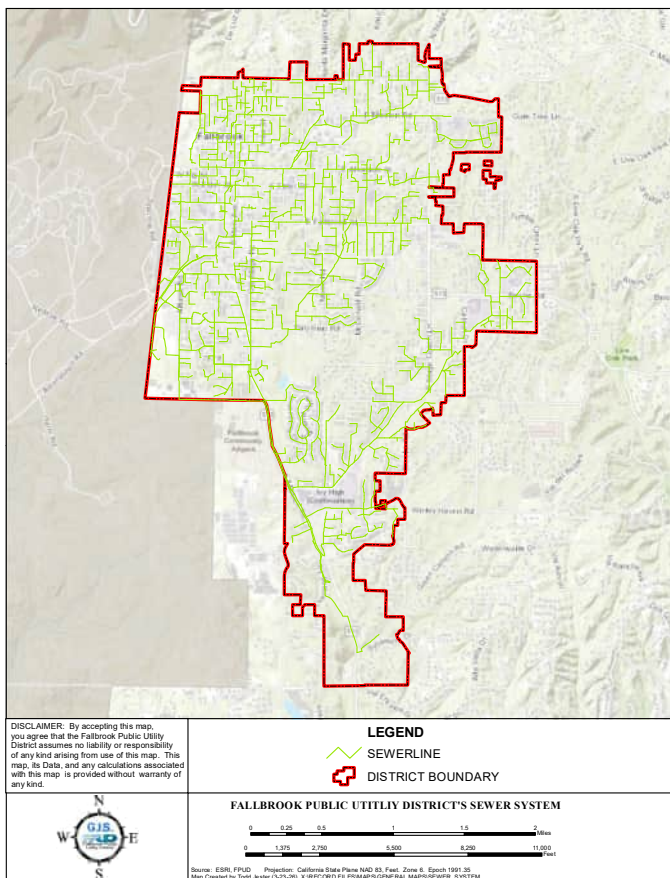
**Service Area and Local Economy**

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District’s service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District’s service area a bedroom community for Camp

**Figure #1 - District Service Area Pipelines**



**Figure #2 - District Sewer Boundary Mains**



Pendleton’s active military and civilian-service workers. The service area’s 2024 population is estimated to be 32,112 with 9,744 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$96,394, which is less than the state median of \$99,112 and slightly higher than the national average of \$83,730. As of April 2026, San Diego County’s unemployment rate was 4.1%, which is lower than the State’s 5.3%.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 3.4 million residents in 2050, up from 3.3 million in 2024. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



# Fallbrook Public Utility District

## Triennial Strategic Plan

2025-2028





*A Note from the Board of Directors*

The Fallbrook Public Utility District (FPUD) has proudly served the Fallbrook community for over a century. Founded in 1922 to serve residents, businesses, and farms, FPUD has grown into a full-service utility delivering safe and reliable water, wastewater services, and recycled water to over 35,000 people across 28,000 acres, while supporting Fallbrook’s thriving agricultural economy. Today, FPUD leads the way in developing diverse water supplies and deploying innovative technologies to better serve its customers.

Exciting milestones have ushered in a new era. In 2023, FPUD successfully transitioned from the San Diego County Water Authority to Eastern Municipal Water District, securing a more affordable, sustainable source of imported water. At the same time, FPUD bolstered local water reliability through the Santa Margarita River Conjunctive Use Project and the launch of its Groundwater Treatment Plant, now providing nearly half of the District’s potable water needs. FPUD also strengthens supply sustainability by producing 500,000 gallons of recycled water daily.

Building on this momentum, FPUD has embarked on this triennial Strategic Plan. Shaped by input from community stakeholders, employees, and the Board of Directors, the Plan charts a bold, actionable course—sharpening focus, aligning priorities, and ensuring FPUD remains resilient, responsive, and ready to meet the challenges and opportunities ahead.

**Dave Baxter**  
District 1



**Ken Endter**  
District 2



**Jennifer DeMeo**  
District 3



**Don McDougal**  
District 4

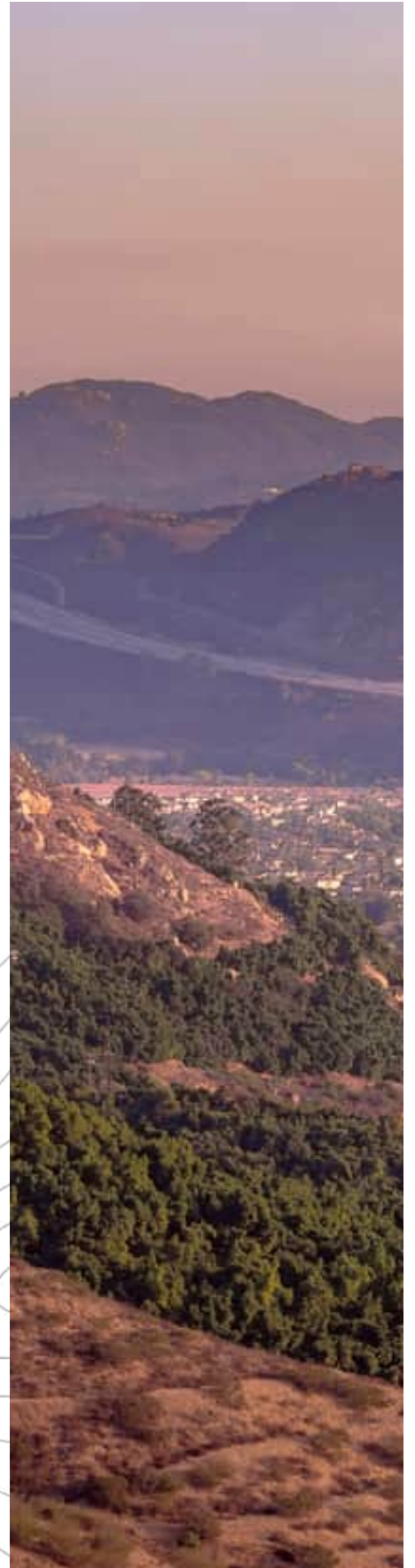


**Charley Wolk**  
District 5



# OUR MISSION

Delivering exceptional water, wastewater and recycled water services and value to meet the evolving needs of the Fallbrook community.





## OUR VISION

To continually advance innovative and sustainable solutions that provide outstanding utility service and deliver positive community outcomes.

# Our Guiding Principles

Guiding Principles are the core values that define how we lead, work, and serve. They set the standards for decision-making, shape our organizational culture, and ensure that our actions reflect a shared commitment to excellence, integrity, and service.



**Community**  
Our customers,  
our home.



**Trust**  
Integrity and  
transparency,  
everyday.



**Innovation**  
Lead, create, and  
adapt.



**Drive**  
Fueled by pride,  
empowered to  
achieve.



**Stewardship**  
Financial,  
infrastructure,  
and resource  
sustainability.



**Alliances**  
Collaborate and  
partner for better  
outcomes.



**Workplace**  
A culture of respect,  
opportunity, and  
safety for every  
employee.



# Strategic Priorities, Goals, and Objectives

## 1 Customer Service Excellence

Goal: Provide an exceptional and responsive customer service experience that exceeds community expectations.

### 1A

#### Establish a customer follow-up survey system and performance benchmarking to ensure exemplary levels of service.

- **Customer Insights** - Gather feedback, analyze areas for improvement and make adjustments as needed, to ensure timely, friendly, and comprehensive responses to customer needs.
- **Performance Benchmarking** - Develop and track industry-leading customer service performance metrics and benchmark to help focus efforts for enhancing service delivery.





**1B**

**Enhance Customer Services through quick response times, issue resolution and online access to account information.**

- **Customer Data Management and Transparency** – Keep customer account information up to date and enhance accessibility for detailed and transparent account insights.
- **Service Efficiency and Responsiveness** – Streamline service orders for faster response times to service requests and disruptions. Track customer interactions with CityWorks and the updated Enterprise Resources Planning (ERP) system to ensure service continuity. Maintain accurate customer contact data for District notifications.
- **Cross-Departmental Coordination** – Ensure seamless communication by involving the appropriate departments and public affairs in handling customer inquiries.
- **Customer Feedback** – Develop a post customer service interaction automated survey process and potential incentives to receive timely feedback from customers on FPUD’s level of service. Explore mobile phone-based solutions for customer reporting on leaks, repairs and other in-field service issues.

## 2

## Exemplary Workforce and Culture

Goal: Foster a motivated and skilled workforce that exemplifies FPU's Guiding Principles and drives organizational excellence.



## 2A

### Promote a strong employee culture with clear opportunities for training and advancement.

- **Employee Growth and Development** – Invest in mentorship, certifications, and career progression to foster continuous learning and advancement.
- **Engagement and Communication** – Strengthen employee connection through open and accessible feedback channels and regular engagement opportunities.
- **Recognition and Retention** – Cultivate a supportive culture with structured recognition programs and leadership development initiatives.

## 2B

### Implement cross-training and provide enhanced employee development opportunities.

- **Strategic Cross-Training** – Identify key roles, analyze skill gaps, and implement phased cross-training for critical areas.
- **Career-Aligned Development** – Integrate cross-training with career growth through trial periods, mentorship, and performance evaluations, and develop mechanisms to solicit employee interest in promotion and advancement.
- **Structured Job Rotations** – Facilitate exposure to different roles while minimizing disruption to district operations through incremental training.

**2C****Renew the District's focus on enhancing recruitment and retention of staff.**

- **Competitive Compensation** – Benchmark salaries and benefits to peer agencies and industry standards to ensure fair and equitable compensation.
- **Enhanced Onboarding** – Strengthen new employee integration and retention.
- **Leadership Development** – Invest in training and career growth initiatives.
- **Data-Driven Retention** – Use analytics to address turnover trends.
- **Succession Planning** – Address workforce evolution and retirements by identifying key positions and establishing individual development plans for promotion or targeted external recruitment.
- **External Partners** – Partner with universities and local trade and technical schools to establish and promote workforce development programs, internships, and career opportunities.

**2D****Implement enhanced safety initiatives to protect employees and the community without compromise.**

- **Safety Culture and Accountability** – Implement a Board, executive leadership, supervisorial and staff level commitment to creating a culture of safety without compromise.
- **Comprehensive Safety System** – Implement industry-leading safety protocols, audits, and risk assessments.
- **Proactive Risk Management** – Conduct ongoing assessments and preventive measures.
- **Ongoing Training and Emergency Preparedness** – Provide role-specific safety training and conduct emergency planning exercises for emergency preparedness.
- **Regulatory Compliance** – Align with the highest level of industry standards and collaborate with regulatory bodies.
- **Transparency and Reporting** – Establish positively reinforced anonymous reporting systems for safety concerns.
- **Community Safety Engagement** – Partner with local organizations to promote public safety and communicate the District's safety initiatives and culture.

## 3

## Operational Optimization and Partnerships

Goal: Streamline operations through innovation and collaboration with regional partners to leverage technology, maximize efficiency, enhance cost effectiveness and improve water supply reliability.

## 3A

**Leverage inter-agency relationships, shared services and functional consolidation opportunities to increase efficiency and cost effectiveness.**



- **Leadership and Mentorship Partnerships** – Develop regional leadership and mentorship program with neighboring agencies in San Diego, Orange and Riverside Counties to improve regional collaboration and increase staff efficiency.
- **Infrastructure Funding Opportunities** – Seek to identify projects and programs among neighboring water agencies in San Diego and Riverside Counties for infrastructure repair and rehabilitation and pursue joint state and federal grant funding.

## 3B

**Establish mutual aid and shared services agreements with Rainbow, Valley Center, and Yuima water districts to implement collaboration, resource sharing and reduce costs.**

- **Inter-Agency Collaboration** – Hold regularly scheduled meetings with key department heads of the agencies to identify opportunities for expanding shared services to improve efficiency.
- **Shared State and Federal Advocacy** - Initiate shared services for state and federal lobbying resources to cost effectively ensure agencies continue to have a voice in federal and state legislation and funding opportunities.
- **Resource Tracking** – Maintain jointly accessible staff training and certification information and updated equipment records to improve emergency staffing and resource access and sharing.



3C

**Develop potential operations partnerships and revenue opportunities with USMC Camp Pendleton (CPEN).**

- **Wastewater System Contract Operations -** Collaborate with CPEN staff to finalize the Intergovernmental Services Agreement (IGSA), build a trusting, long-term relationship with base staff, and improve the District’s wastewater enterprise economy of scale to help reduce the District’s wastewater rates.
- **Maintenance Support -** Continue providing support for various base needs using the shared services framework of Santa Margarita Conjunctive Use Project (SMCUP) to perform water system repairs, provide treatment plant assistance, and to address any other issues identified by CPEN.

3D

**Collaborate with regional partners to support the development of supplemental water supplies.**

- **Alternative Local Water Supplies** – Evaluate alternative water supply and storage options with regional partners to address drought impacts to Santa Margarita River supply and increase overall water supply resiliency for the community.
- **Potable Reuse Partnership** – Work with CPEN to advance the development of the Indirect Potable Reuse project on the base to increase the yield of the groundwater basin and provide the District additional local water supplies.



4

# Fiscal Sustainability and Transparency

Goal: Maintain strong financial stewardship and long-term planning to ensure the district's economic stability and adaptability to future fiscal challenges.

4A

## Maintain financial stability, strong financial metrics and high credit quality.

- **Align Costs of Service and Customer Benefits** – Continue implementing cost-of-service rate-making best practices to ensure fair and equitable rates and charges that carefully align with the benefits received by each customer class and demands they place on the system.
- **Managing Unfunded Liabilities** – Proactively fund and prudently manage unfunded liabilities through dedicated and transparent funding mechanisms.

4B

## Plan for uncertain growth outlook, slowing development, and fluctuating sales.

- **Address Water Sales Volatility and Trends** - Evaluate water sales forecasts to reflect current conditions and growth projections to mitigate rate and charge volatility.



4C

**Develop methods and strategies to provide cost containment and address inflation on top of already high rates.**

- **Focused Management Plan for Key Cost Drivers** – Develop a thorough cost management plan that emphasizes optimization and risk mitigation strategies for the District’s largest external cost drivers, including energy consumption, chemicals, and materials and supplies.



4D

**Understand and address financial and customer impacts from potential state-mandated water affordability programs.**

- **Water Affordability Requirements** – Track pending legislation requiring agencies to establish Low Income Rate Assistance (LIRA) programs and if passed, establish a program that is compliant and utilizes rate-making best practices while minimizing the District’s administrative costs.

## 5

## Infrastructure and Technology Stability

Goal: Invest in and maintain reliable infrastructure and advanced technology to improve efficiency, support sustainable operations, system longevity and security.

## 5A

### Focus on capital investments by identifying and prioritizing the most vulnerable aging infrastructure in FPUD for replacement and refurbishment.

- **Infrastructure Renewal Plan** – Establish a strategy to meet 100-year pipeline and 30-year valve replacement goals and implement an enhanced meter testing and replacement program to mitigate apparent water losses and meter under-registration.
- **Replacement and Refurbishment Funding** – Develop and implement a long-term replacement reserve funding strategy to avoid abrupt rate increases for significant future replacement and refurbishment projects such as the Red Mountain Reservoir liner.
- **Technology Integration** – Explore advanced solutions to enhance pipeline condition assessments and replacement targeting.
- **Data-Driven Decision Making** – Leverage CityWorks to automate Key Performance Indicator tracking and reporting.

## 5B

### Integrate information management systems to provide better operational insights.

- **Enhanced Data and System Integration** – Develop comprehensive dashboards to improve managerial data access, fully utilize the capabilities of district-wide information management systems and modernize the District's Enterprise Resource Planning.

## 5C

### Take preventative measures to address increasing cyber security risks and threats.

- **Data Security and Threat Protection** – Adhere to current security best practices, perform regular vulnerability assessments, and update systems as needed using industry-leading security programs.



6

# Safe and Reliable Water, Wastewater, and Recycled Water Services

Goal: Ensure the delivery of highly reliable water, wastewater, and recycled water services that meet or exceed customer needs while safeguarding public health and the environment.

6A

## Provide foremost protection of public and environmental health.

- **Meet or Exceed All Quality Standards** - Ensure FPUD’s potable water supplies, recycled water and treated effluent meet or exceed all applicable Federal and State water quality standards to ensure protection of public health and the environment.



6B

## Resolve water quality related operational challenges in the District’s potable water system (low demands, aging water, and system constraints).

- **Water Quality Enhancement** – Commission and optimize chloramine dosing stations at the 8 MG Tank to ensure consistently disinfected water throughout DeLuz and at the Sachse Tank to provide stable water quality to the central portion of the distribution system.
- **Disinfection Optimization Strategy** – Review all water supply operating scenarios and develop a comprehensive strategy to address disinfection challenges in various areas in the District’s potable water distribution system.
- **Infrastructure and Service Expansion** – Collaborate with Rancho California Water District and Rainbow MWD to construct interties to improve system reliability and resilience.
- **Improved Water Treatment** – Enhance water quality from Red Mountain Reservoir by considering taste and odor treatment at the UV Treatment Plant and optimizing reservoir management and chemical control.

6C

**Plan and prepare for state regulations (Water Use Efficiency, water quality including PFAS and other regulated contaminants, zero emissions standards).**

- **Collaboration on Emerging Contaminants** – Maintain close coordination with the State Water Resources Control Board Division of Drinking Water (DDW) and stay updated on the latest research and regulatory initiatives to address emerging contaminants.
- **Knowledge Sharing and Participation** – Engage in technical symposia and regional operator meetings focused on emerging contaminants.

6D

**Address wildfire vulnerability from Public Safety Power Shutoff (PSPS) power outages and harden infrastructure where needed.**

- **System Resilience and Backup Power** – Install a generator at the Santa Margarita Groundwater Treatment Plant and provide backup power at remote sites to maintain communication and operations during PSPS and wildfires.
- **Critical Infrastructure Rehabilitation** – Finalize the Vista del Rio Pump Station to enhance water transfer between Fallbrook and Deluz Pressure Zones
- **Power Reliability Improvements** – Replace the Uninterruptible Power Supply (UPS) at the UV Treatment Plant to ensure seamless transitions to generator power during outages and plan and install UPS systems at other key remote sites.



6E

**Optimize Recycled Water Opportunities and Benefits**

- **Maximize Beneficial Reuse** – Continue to evaluate all financial and outside funding opportunities, internal uses, and potential partnerships for recycled water beneficial uses and revenue generation.

7

# Stakeholder Understanding and Community Support

Goal: Build trust and engagement with stakeholders through proactive messaging, transparent communication, education, and proactive outreach efforts.

7A

## Work with the Agricultural community to review rates, charges and policies, jointly develop Agricultural customer sustainability initiatives, and seek grants.

- **Agricultural Stakeholder Committee** – Engage the agricultural community by developing a stakeholder group to solicit feedback and refine the grant funding approach.
- **Agricultural Grant Funding** – Identify and pursue grant opportunities that support agricultural sustainability, including at least two agriculture-focused grants. Seek additional funding for the CropSWAP program, including exploring opportunities through Farm Bill efforts.
- **Rate Structure Evaluation** – Engage the stakeholder group to develop potential rate structure modifications that would better support the agricultural business model and usage patterns while maintaining compliance with Proposition 218.



7B

## Enhance efforts to engage all sectors of ratepayers with diverse cultural backgrounds.

- **Cultural Event Participation** – Participate in culturally focused community events such as “Fallbrook a Leer” Reading/Family Literacy event, Cesar Chavez Day of Service and Learning, and Dia de los Muertos festivities to enhance community access to the District and its resources.
- **Enhanced Spanish-language Communications** – Create social media posts and other outreach in Spanish to improve engagement of Latino stakeholders and provide better access to information regarding the District’s services.

7C

## Improve outreach and communications on multiple platforms and in community forums to optimally position FPUD as the “trusted resource” for all information on water.

- **Enhanced Communications Platforms and Activities** – Implement a proactive plan to improve content and delivery of information through social media, bill inserts, and other methods, and by providing engaging and interactive activities for children and adults at community events.
- **Community Engagement and Outreach** – Attend and present up-to-date information on the District at community and nonprofit meetings to keep stakeholders informed.
- **Relationship Building** – Foster trust and collaboration by building and maintaining strong relationships with community stakeholders on FPUD matters and projects.
- **Inclusive Representation** – Engage all ratepayer sectors, ensuring representation of Fallbrook residents across diverse backgrounds and languages.
- **Enhanced Emphasis on Transparency** – Develop targeted materials and content for use on various platforms to clearly and consistently communicate the benefits of the San Diego Water Authority detachment, and the value proposition supporting why FPUD’s rates are incrementally higher when compared to other water agencies.

7D

## Enhance effectiveness of the school education program.

- **School Calendar Contest and Water Education** – Continue the school calendar contest and promote water education and the District by distributing the calendars free at grocery stores, the Chamber of Commerce, and FPUD.
- **Career Fair Participation** – Attend elementary and high school career fairs and provide targeted materials on water career opportunities and jobs at FPUD.





## Acknowledgments

This Triennial Strategic Plan was developed through collaboration among the FPU D Leadership Team, the Board of Directors, participating staff members and key community stakeholders.

### FPUD STRATEGIC PLAN LEADERSHIP TEAM

<b>Jack Bebee</b>	General Manager
<b>David Shank</b>	Assistant General Manager/CFO
<b>Noelle Denke</b>	Public Information Officer
<b>John Marchetta</b>	Human Resources Manager
<b>Aaron Cook</b>	Engineering Manager
<b>Steve Stone</b>	Field Services Manager
<b>Carl Quiram</b>	Operations Manager

### FPUD STAFF CONTRIBUTORS

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<b>Kevin Collins</b>	<b>Peter Marshall, Jr.</b>	<b>Bryan Wagner</b>
<b>Mick Cothran</b>	<b>James Ollerton</b>	<b>Brian West</b>
<b>Aaron Cox</b>	<b>Donald Parker</b>	<b>Austin Wendt</b>
<b>Lauren Eckert</b>	<b>Jesse Perez</b>	<b>Steve Wuerth</b>
<b>Jeff Evans</b>	<b>Faye Robinson</b>	

### COMMUNITY STAKEHOLDERS

<b>Aldo Alvidres</b>	Fallbrook Business Owner
<b>Commander Stephen Ramsey</b>	USM Camp Pendleton
<b>Roy Moosa</b>	Sun Realty, Fallbrook Historical Society
<b>Jeff Dickinson</b>	Dickinson Family Farms
<b>Leticia Maldonado-Stamos</b>	Community Leader / FPUD Community Benefit Program (CBP) Committee Member
<b>Lila Hargrove</b>	Fallbrook Chamber of Commerce/CBP Committee Member
<b>Daniel &amp; Paula Cox</b>	Haas Farms
<b>Gary Arant</b>	Valley Center Municipal Water District General Manager

## Budget Basis

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

The District operates as an enterprise fund, which has a set of self-balancing accounts that record the financial position of each of the District’s services. The service funds track revenues from service fees and operating expenses specific to each service. This, in turn, makes each service fund independent and self-sufficient, and also ensures service fees are set to recover only costs associated with the particular service.

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

## Budget Process

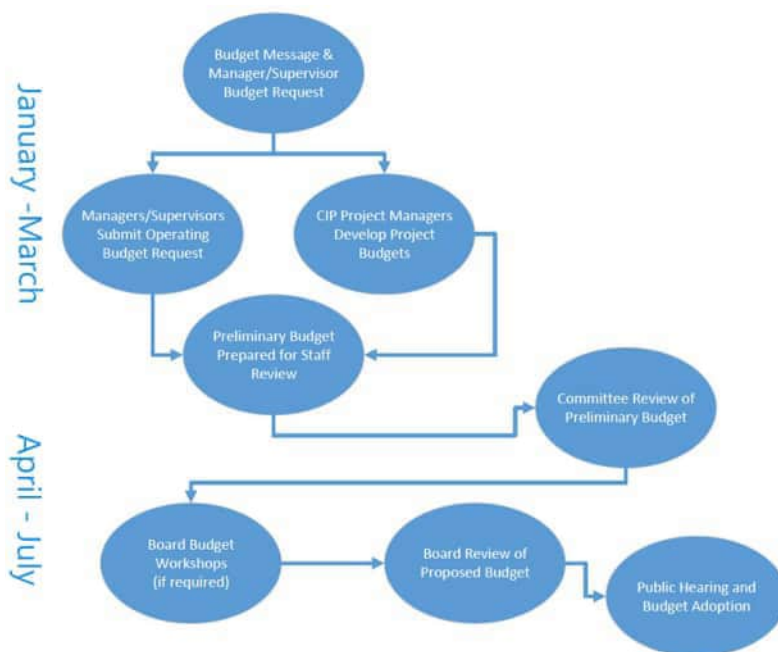
Each year, the District develops and adopts a new budget for the upcoming fiscal year. The budgeting process begins in January and starts with the budget message. The budget message establishes the priorities of the District in the next fiscal year and provides budget managers guidance on how to prioritize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

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

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

The capital and operating budget are included in the District’s preliminary budget. Once

Figure #3 - Fallbrook District’s Annual Budget Process



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



**DISTRICT ORGANIZATIONAL CHART**

The District maintains an efficient level of staffing which requires an organizational structure that is very flat, with staff working across services and filling a variety of roles. The organizational chart provided is designed to illustrate the District’s structure and staffing levels. The Proposed Budget includes 86 Full Time Equivalent (FTE). The Operating Budget Section provides a table of approved FTE counts by Service. **Appendix B provides a summary of FTE counts.**

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

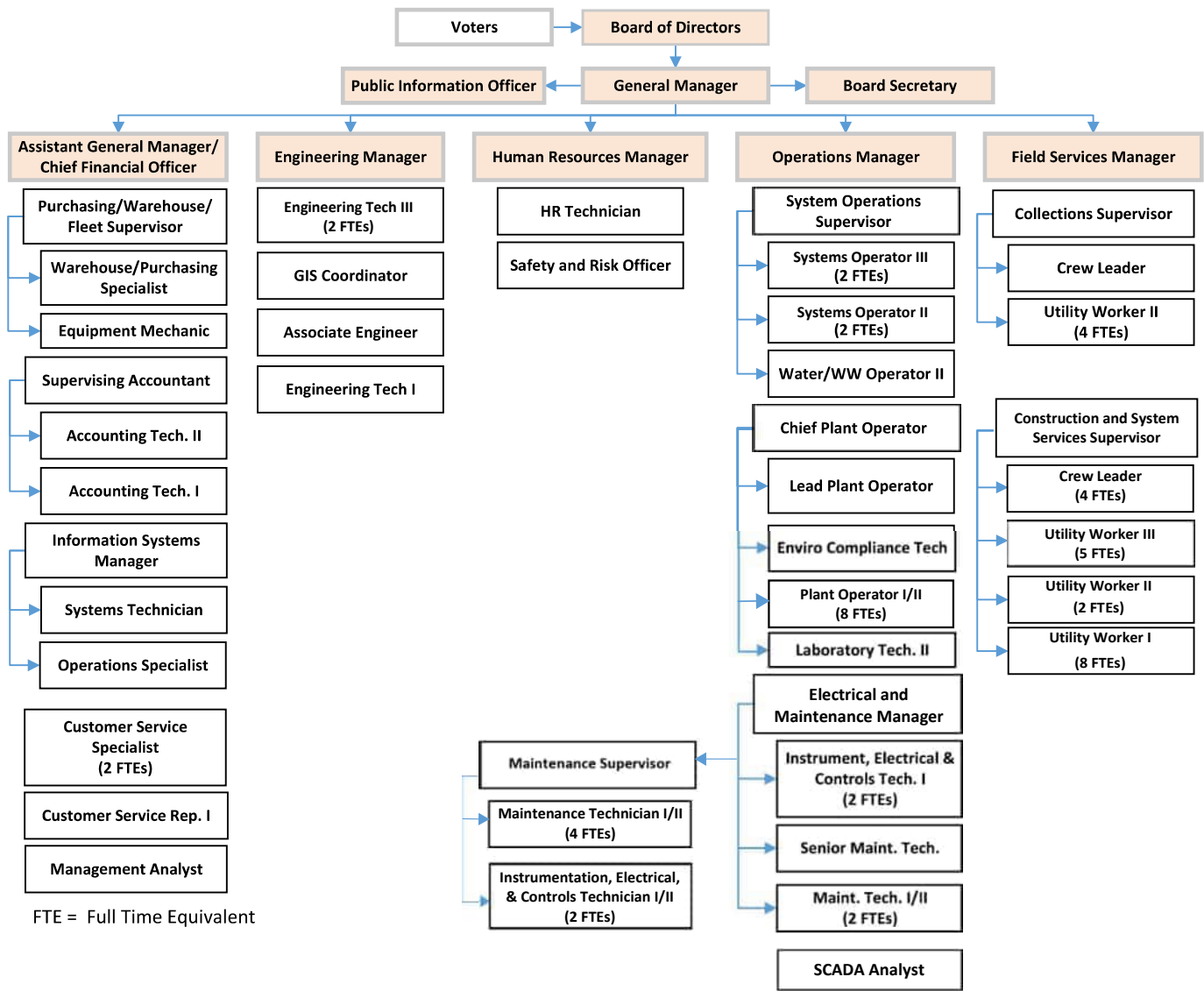
Water, Wastewater and Recycled Water Services are the District’s other services. Water services is comprised of four Divisions while the other services are broken into two Divisions. The function of each division is discussed in the Operating Budget Section.

The District introduced the Community Benefit Program (CBP) in Fiscal Year 2022-23. In Fiscal Year 2026-27 the Administrative Services department will allocate .02 FTE from existing staff hours to be directed toward this activity.

The District added 14 FTEs to the Fiscal Year 2026-27 budget, to staff operations at the Camp Pendleton treatment plants. These additional positions are fully funded by the Department of Defense (DOD).



Figure #4 - Proposed Fiscal Year 2026-27 Organizational Structure <sup>1</sup>



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

## Fund Structure

The District’s fund structure is simple and set up to support the independent financial operation of the District’s Water, Wastewater and Recycled Water Services (the Services), the Community Benefit Program (CBP) and Camp Pendleton (CPEN) Contract Services. Each of the District’s Services has an Operating Fund and a Capital Fund that track sources and uses of funds as well as cash balances. The Operating Funds receive operating and certain non-operating revenues and fund operating expenses for each of the Services. The District’s Capital Funds receive certain non-operating revenues that are restricted to capital uses (i.e. Capital Improvement Charges) and fund the District’s capital expenditures, including a portion of debt service. The recently created CBP and CPEN Contract Services Funds only have an Operating Fund. The CBP and CPEN Operating Funds track all transactions related to the CBP and CPEN financial activities.

### Overview of Fund Structure

Water Services		Recycled Water Services		Wastewater Services		Community Benefit Program	CPEN Contract Services
Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Operating Fund

The District’s reserves and target reserve amounts were restructured as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report). The District’s current fund structure and a description of each fund and the fund’s reserve target balances are provided below:

### Water Services Funds

#### Operating Fund

The primary source of funds for the Water Services Operating Fund are water sales, fixed monthly service charges and pass-through charge revenues. Expenditures that flow through the fund included water operations labor and non-labor, water purchases and a portion of the District’s Administrative Services costs.

**Operating Fund Reserves:** Established to maintain six months operating and maintenance expenses including water purchases. The Operating Fund Target for Fiscal Year 2026-27 is \$10.2 million.

#### Capital Fund

The primary source of funds are the Water Capital Improvement Charges, property tax and standby availability charge receipts, annexation fees, and capacity charges. Capital improvement expenditures and debt service expenditures flow through this fund.

**Capital Fund Reserve:** Includes a \$5 million emergency repairs or replacements fund and a \$10 million Red Mountain Reservoir Relining Project Reserve fund, which was added this year and funded over time to cash fund a portion of the project’s costs. The primary source of funds for the Capital Fund are Water Capital Improvement Charge, Water Standby Availability Charge, and Capacity Charge revenues. The Capital Fund Target for Fiscal Year 2026-27 is \$15 million. Funds related to the 1958 Annexation and the DeLuz Service Area bond proceeds are tracked separately in the fund.

**Debt Service Reserve:** This reserve was established to buffer the variability of water deliveries from the SMRCUP in dry years. In years that the SMRCUP does not produce water, the reserve will be available to fund debt service payments on the project. Therefore, the reserve target level is set equal to two years of debt service payments on the SMRCUP financing or \$5.6 million. The reserve has been prefunded with the \$6.2 million from the sale of the District's Santa Margarita Property in Fiscal Year 2018-19.

## Recycled Water Services Funds

### Operating Fund

The primary source of funds for the Recycled Water Operating Fund are sales and fixed service charge revenues. Expenditures include Recycled Operating labor and non-labor and a portion of the District's Administrative Services costs.

**Operating Fund Reserve:** Established to maintain six months operating and maintenance expenses. The Operating Fund Target for Fiscal Year 2026-27 is \$0.3 million.

### Capital Fund

The primary source of funds for the Recycled Water Services Fund are Recycled Water Operating Fund transfers followed by a portion of the property tax receipts. Expenditures include CIP project expenditures and debt service.

**Capital Fund Reserves:** Established to maintain \$0.2 million to fund emergency repairs or replacements. The primary source of funds for the Capital Fund are transfers from the Operating Fund. The Capital Fund Target for Fiscal Year 2026-27 is \$0.2 million.

## Wastewater Services Funds

### Operating Fund

The primary source of funds for the Wastewater Operating Fund are wastewater monthly and flow service charges and investment earnings. Expenditures include Wastewater Operating labor and non-labor and a portion of the District's Administrative Services costs.

**Operating Fund Reserve:** Established to maintain six months operating and maintenance expenses. The Operating Fund Target for Fiscal Year 2026-27 is \$3.5 million.

### Capital Fund

The primary source of funds are Wastewater Capital Improvement charges, connection fees, property tax receipts, and meter fees. Expenditures include CIP project expenditures and debt service.

**Capital Fund Reserve:** Established to maintain \$2 million to fund emergency repairs or replacements. The primary source of funds for the Capital Fund are Wastewater Capital Improvement Charge and Wastewater Capacity Charge revenues. The Capital Fund Target for Fiscal Year 2026-27 is \$2 million.

## Community Benefit Program Fund

The sole source of funds for the Operating Fund are a portion of the District's property tax revenues. There is no reserve target for this fund.

**Camp Pendleton Contract Services Fund**

The sole source of funds for the Operating Fund are payments made to the District by the Department of Defense. There is no reserve target for this fund.

**Fund Summary**

The Districts total water target fund balance (30.8 million) equals the water services operating fund (10.2 million), the water services capital fund (15.0 million) and the water debt services fund (5.6 million). The total recycled water target fund balance (0.5 million) equals the recycled services operating fund (0.3 million) and the recycled water services capital fund (0.2 million). The total wastewater target fund balance (5.5 million) equals the wastewater services operating fund (3.5 million) and the wastewater services capital fund (2 million). The District’s projected Fiscal Year 2026-27 year-end balances are shown in the table below.

**Table #1 - Total Fund Balances**

<b>Service</b>	<b>Target Balance (Millions)</b>	<b>Projected Fiscal Year 2026-27 Ending Balance (Millions)</b>
Water	\$ 30.8	\$ 28.1
Recycled Water	\$ 0.5	\$ 1.2
Wastewater	\$ 5.5	\$ 9.7
Community Benefit Program	N/A	\$ 0
Camp Pendleton Contract Services Fund	N/A	N/A
<b>Total</b>	<b>\$ 36.8</b>	<b>\$ 39.0</b>

**Other Funds Maintained by the District**

**Section 115 Pension and OPEB Trust Fund**

This fund was set up in Fiscal Year 2016-17 as an irrevocable trust established for the benefit of the pension and Other Post-Employment Benefits (OPEB) beneficiaries. The fund is managed by Public Agency Retirement Services (PARS) and is restricted in its use to funding pension and OPEB expenditures. The funds restricted for OPEB and pension costs are tracked in the fund. The fund balance was \$11.69 million on March 31, 2026. The District OPEB obligation is nearly fully funded and no additional contributions will be made this budget. The District has developed a strategy to use returns from the fund to help off-set on-going OPEB costs. Details on the District’s pension and OPEB obligations are provided in Appendix D.

**District’s Financial Management Policies**

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

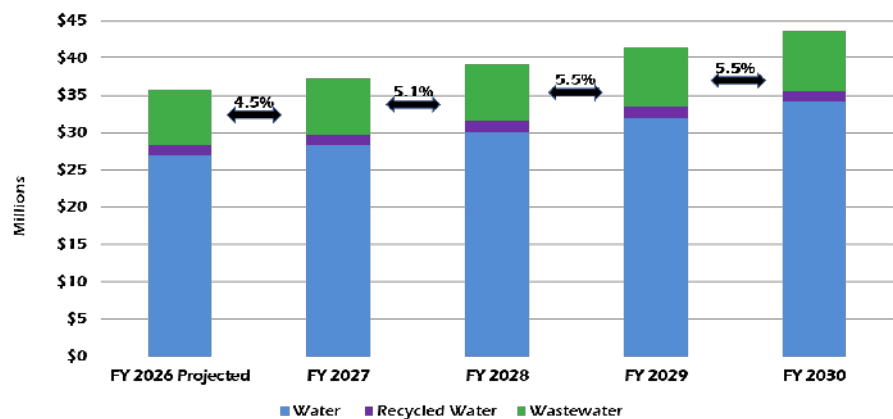
- [Debt Management Policy – Defines the District’s debt management \(available on website\)](#)
- [Investment Policy – Establishes permitted investments in compliance with State Code \(Article 18 of the District’s Administrative Code\)](#)
- [Fund Balance Policies – Sets target balances for reserves and working capital \(Article 6 of the District’s Administrative Code\)](#)
- [Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure](#)

These policies can be found on the District’s website as standalone documents or as part of the District’s Administrative Code. **Appendix C also provides a copy of the District’s Capitalization Policy and other policies for ease of reference.**

## Financial Summaries

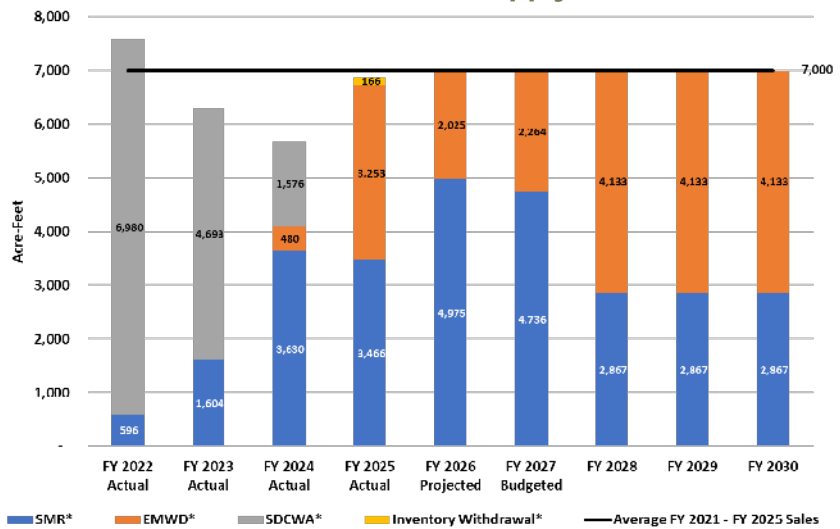
The rate and charge increases included in the Budget projections are in line with the increases approved by the Board in December 2022 as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report) and Proposition 218 process. The Report lays out the District’s Comprehensive Financial Plan (the Financial Plan) for Calendar Years 2023, 2024, 2025, 2026, and 2027. Because the rate and charge increases are effective for a calendar year, the impact of a rate increase spans two fiscal years. The projections take this into account and show revenues on a fiscal year basis with the underlying rate increases. While the Financial Plan provides guidance on the maximum permitted annual rate and charge increases, the Board adopts the rates and charges in December of each year based upon updated financial information. Since no decision on the Calendar Year 2027 rate and charge increases has been made at this time, the water, recycled water and wastewater rate increases for the Budget are projected to be 6%, 1%, and 2.5%, respectively. Chart 1 shows the projected increase in revenues due to the rate adjustments. The rather flat Fiscal Year 2026-2027 is driven by a return to average water sales levels. **Appendix A provides the detailed revenue, expense and fund balance projections for Water, Recycled Water and Wastewater operations.**

**Chart #1 - Projected Total Rate Revenues**



This section provides an overview of the District’s overall projected financial operations. Table 1 provides a detailed summary of the District’s revenues and expenditures and the projected year-end fund balances. Revenues from the District’s water, recycled water and wastewater services are projected to increase over the projection period driven by rate and charge increases. Non-operating revenues are projected to rise at rates of inflation in line with levels assumed in the Report. Wholesale water rates are projected to increase on average by 6.2% annually, in line with past averages, for the next two years and then increase at an average of 8.5% annually. The Metropolitan Water District (MWD) has adopted a 9.5% and 6.2% water rate increase for calendar years 2026 and 2027, respectively, which will be passed through to the District by EMWD. The District is projecting 7,000 AF in sales for FY 2027 through FY 2030.

**Chart #2 - Wholesale and Local Supply Mix**



\* AF shown net of losses.

As shown in Chart 2, in Fiscal Year 2026-27, the District is projecting 5,120 AF, or 4,736 AF net of losses, in SMR water deliveries from Camp Pendleton. The SMR Camp Pendleton deliveries are expected to return to the projected long-term average of 3,100 AF, or 2,867 AF net of losses, for the remainder of the projection period as shown in Chart 2. The increase in Fiscal Year 2027-28 through 2029-30

Water Supply Costs is being driven by an increase in budgeted imported water purchases from EMWD to meet customer water demands. Imported water purchases fill the gap between budgeted customer water demands and the amount Santa Margarita River (Local Supply) available to the District during the budget period. The amount of Santa Margarita River water available to the District is dependent on regional rainfall during the prior water year. During dry periods, less water is available than during wet periods. Rainfall was above average for Fiscal Year 2024-25 and Fiscal Year 2025-26 creating a large upward swing in the amount of Local Supply available to meet budgeted customer water demands, as shown in Chart 2. As a result, the District is budgeting for a slight increase in the amount of imported treated water purchased from EMWD.

**Table #1 - Fallbrook Public Utility District’s Financial Projections**

**Table #1 - Fallbrook Public Utility District’s Financial Projections, cont.**

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 26,925,612	\$ 28,379,241	\$ 30,117,172	\$ 32,030,324	\$ 34,067,289
Recycled Water	1,355,365	1,369,225	1,392,768	1,427,057	1,462,584
Wastewater	7,367,643	7,511,628	7,668,311	7,879,005	8,095,015
<b>Subtotal Revenue from Rates</b>	<b>\$ 35,648,620</b>	<b>\$ 37,260,094</b>	<b>\$ 39,178,251</b>	<b>\$ 41,336,386</b>	<b>\$ 43,624,888</b>
<b>Other Operating Revenue</b>					
Pumping Charge	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530
Backflow Charge	265,613	265,613	265,613	265,613	265,613
Sundry <sup>(1)</sup>	93,347	88,347	88,347	88,347	88,347
Contract Wastewater Services	4,259,388	8,538,819	8,875,767	9,226,194	9,590,638
<b>Other Revenue Subtotal</b>	<b>\$ 4,721,878</b>	<b>\$ 8,996,309</b>	<b>\$ 9,333,257</b>	<b>\$ 9,683,684</b>	<b>\$ 10,048,128</b>
<b>Non-Operating Revenue</b>					
Water Availability Charge <sup>(2)</sup>	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax	2,821,660	2,839,791	2,858,081	2,876,530	2,895,140
Investment Earnings	1,279,463	1,181,747	1,217,658	1,212,691	1,196,703
Water Capital Improvement Charge	2,015,814	2,082,134	2,227,884	2,383,836	2,550,704
MWD Local Resource Program	945,500	945,500	945,500	945,500	945,500
Other Revenue	244,515	249,406	254,394	259,482	264,671
PFAS Settlement	1,223,098	-	-	-	-
Power Your Drive for Fleets-SDG&E Grant	169,660	-	-	-	-
SMGTP Generator Grant (OLDCC-DCIP)	500,000	797,000	-	-	-
Federal Grant Funding-Pipeline Replacement	-	1,250,000	-	-	-
Water Capacity Fees	85,000	85,000	85,000	85,000	85,000
Wastewater Capital Improvement Charge	1,490,897	1,495,220	1,555,029	1,617,230	1,681,920
Wastewater Capacity fees	50,000	50,075	50,150	50,225	50,301
Federal Interest Rate Subsidy	39,233	22,388	4,606	-	-
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 11,064,838</b>	<b>\$ 11,198,262</b>	<b>\$ 9,398,301</b>	<b>\$ 9,630,494</b>	<b>\$ 9,869,938</b>
<b>Total Revenues</b>	<b>\$ 51,435,336</b>	<b>\$ 57,454,665</b>	<b>\$ 57,909,809</b>	<b>\$ 60,650,564</b>	<b>\$ 63,542,955</b>

(1) Sundry revenue is comprised of miscellaneous revenues that include revenues from sale of assets taken out of service which is sale of equipment and vehicles.

(2) Fee is charged on a per are or parcel basis in service area, which is not expected to change.

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Total Revenues</b>	\$ 51,435,336	\$ 57,454,665	\$ 57,909,809	\$ 60,650,564	\$ 63,542,955
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
EMWD Wholesale Treated Water Costs <sup>(1)</sup>	\$ 3,058,202	\$ 4,083,070	\$ 7,303,679	\$ 7,906,011	\$ 8,739,272
Camp Pendleton SMR Untreated Water Delivery Costs	1,727,092	1,709,849	1,076,670	1,119,737	1,164,527
<b>Subtotal Water Supply Costs</b>	<b>\$ 4,785,294</b>	<b>\$ 5,792,919</b>	<b>\$ 8,380,350</b>	<b>\$ 9,025,748</b>	<b>\$ 9,903,799</b>
Labor Costs	4,331,906	4,600,582	4,784,606	4,975,990	5,175,029
Fringe Benefits	2,995,941	3,207,972	3,336,291	3,469,743	3,608,532
Services, Materials & Supplies	5,056,770	5,462,619	5,105,404	5,311,426	5,525,779
Administrative Expenses	8,802,977	8,861,073	9,215,516	9,584,136	9,967,502
Contract Wastewater Services <sup>(2)</sup>	4,259,388	8,538,819	8,875,767	9,226,194	9,590,638
<b>Total Operating Expenses</b>	<b>\$ 30,232,276</b>	<b>\$ 36,463,983</b>	<b>\$ 39,697,933</b>	<b>\$ 41,593,237</b>	<b>\$ 43,771,279</b>
<b>Net Operating Revenues</b>	<b>\$ 21,203,059</b>	<b>\$ 20,990,681</b>	<b>\$ 18,211,877</b>	<b>\$ 19,057,327</b>	<b>\$ 19,771,675</b>
<b>Total Non-Operating Expenses</b>	<b>\$ 865,854</b>	<b>\$ 945,915</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Total Debt Service</b>	<b>\$ 6,144,906</b>	<b>\$ 6,146,209</b>	<b>\$ 5,886,273</b>	<b>\$ 5,622,853</b>	<b>\$ 5,624,655</b>
<b>Total Capital Expenditures</b>	<b>\$ 9,579,296</b>	<b>\$ 13,455,000</b>	<b>\$ 12,147,305</b>	<b>\$ 14,615,224</b>	<b>\$ 12,341,205</b>
<b>Total Expenditures</b>	<b>\$ 46,822,332</b>	<b>\$ 57,011,107</b>	<b>\$ 58,277,511</b>	<b>\$ 62,377,314</b>	<b>\$ 62,283,139</b>
<b>Water Revenue Bond Proceeds Spent</b>	<b>\$ 3,702,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position<sup>(3)</sup></b>	<b>\$ 8,315,080</b>	<b>\$ 443,558</b>	<b>\$ (367,702)</b>	<b>\$ (1,726,751)</b>	<b>\$ 1,259,816</b>
<i>Beginning Balances</i>	\$ 30,138,046	\$ 38,453,126	\$ 38,896,683	\$ 38,528,982	\$ 36,802,231
<i>Ending Balance</i>	\$ 38,453,126	\$ 38,896,683	\$ 38,528,982	\$ 36,802,231	\$ 38,062,047

(1) Detail on purchased water costs provided on page 74. Purchased water costs include MWD RTS and Capacity Charges, and Pumping Costs.

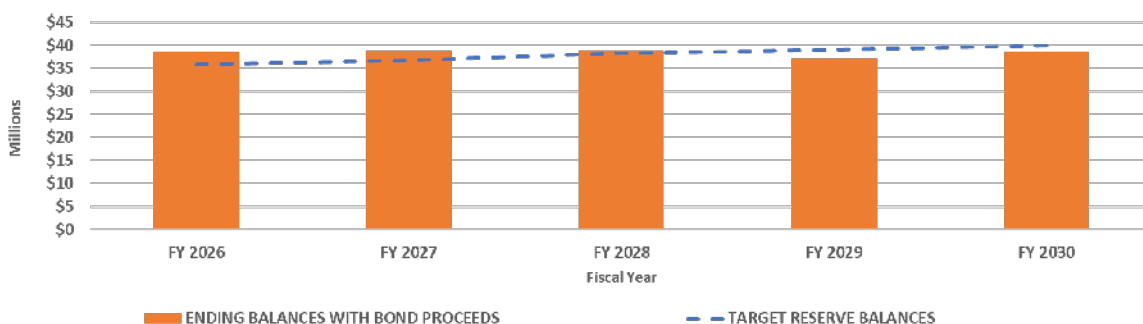
(2) Contract Wastewater Services commenced on January 1, 2026. The revenue for FY 2025-26 reflects 1/2 year of revenues with the following year representing a full year.

(3) Change in net position is Total Revenues minus Total Expenditures plus Water Revenue Bond Proceeds Spent.

Debt service and capital expenditures are deducted from the District’s Net Operating Revenues to determine the change in Net Position for the fiscal year. The Fiscal Year 2026-27 Change in Net Position shows the District is depositing into reserves in that particular fiscal year. In Fiscal Year 2026-27, the District is projecting a deposit into reserves of \$443,558.

The Beginning Balance shows the funds available at the start of the year and the Ending Balance shows the funds that are available after the year is over. The chart below shows the Target Reserve levels compared to the projected fund balances. **Appendix A provides the detailed revenue, expense and fund balance projections for Water, Recycled Water and Wastewater operations.**

**Chart #3 - District Fund Balances and Target Level**



## Water Services Sources of Funds

The primary source of funds for water operations is water sales revenues. Water sales levels determine the District’s water sales revenues. Because Fallbrook is located in a semi-arid region of the United States and is subject to significant fluctuations in the level of water demands, each year careful attention is paid to the projected level of water sales. Heading into the Fiscal Year 2026-27 budget cycle, California’s water reservoir levels have recovered due to the record setting wet weather of the past three years. Overall California water reservoirs are well above their historical averages (see Figure 1). However, as a result of changes in water use behavior, water sales are projected to be the District’s long-term average sales level of 7,000 AF. The District is projecting the water sales levels to remain at 7,000 AF going forward, as shown in the table below.

The District’s sales over the last five years including the estimate for the current fiscal year and the projected water sales for the budget period are shown in Table 1. The table shows water production and total sales; production includes system losses, and water sales are units sold to customers. The sales are also split between Municipal & Industrial (M&I) customers and Agriculture (AG) customers. AG customers are eligible for a reduced water rate in exchange for a lower level of water supply reliability or put simply, agricultural customers have to cut back more than other customers when water restrictions are in place.

Figure #1 - State Reservoir Conditions

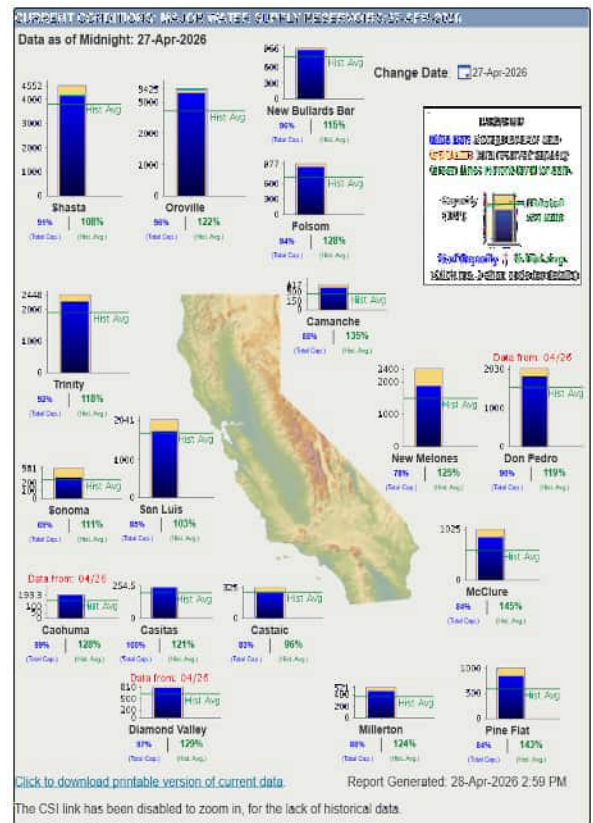
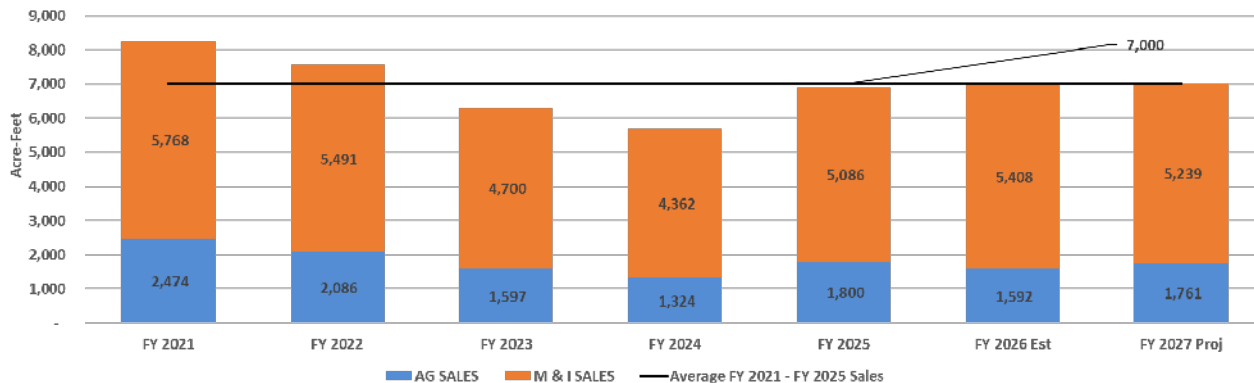


Table #1 - Five-Year Production and Sales History

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Estimated	FY 2026-27 Projected
<b>Production</b>	8,918	8,244	6,659	6,519	7,476	7,568	7,568
<b>Total Sales (adjusted for system losses)</b>	<b>8,242</b>	<b>7,576</b>	<b>6,297</b>	<b>5,685</b>	<b>6,886</b>	<b>7,000</b>	<b>7,000</b>
<b>AG Sales</b>	2,474	2,086	1,597	1,324	1,800	1,592	1,761
<b>M&amp;I Sales</b>	5,768	5,491	4,700	4,362	5,086	5,408	5,239

As Table 1 and Chart 1 show, recent years have been impacted by wet weather and underlying changes in customer water use patterns, both of which have resulted in reduced water demands. While the District’s Fiscal Years 2022-23 and 2024-25 water demands were low, Fiscal Year 2023-24 set a new all-time low for District water sales. Agriculture sales are trending down as a share of overall water sales. The persistent trend toward lower water demands shown in the table is not just impacting the District. Many regional water agencies are experiencing the same trend in water sales. The projected Fiscal Year 2026-27 water sales are at the average to reflect the trend in water sales and recent water sales levels.

Chart #1 - Water Sales Trends



The Water Services operating and non-operating revenues are shown in Table 2. Water sales revenues are those collected by the District for water usage during a billing cycle. Each of the District’s customers are charged a fee based upon their user class and for water purchased in that billing period. The monthly water fixed service charge revenues are an important revenue stream for the District because they are not subject to volatility in water demands. The revenue projection for Fiscal Year 2026-27 provided here include rate and charge increases in line with what was approved by the Board as part of the 2022 Water, Recycled Water and Wastewater Rate Study Report (the Report). The primary drivers of the 7.4% revenue increase budget to budget are a planned water rates and charge increases and budgeted grant funds for \$1.25 million which were not budgeted in the previous year. The Water Capital Improvement Charge increase is being driven by inflation adjustments to that charge, or the Engineering News-Record (ENR) rate plus 3%. The increase in MWD Local Resource Program revenue is due to an increase in local supply that the District is credited for. Fiscal Year 2025-26 revenues are projected to be above budgeted levels.

**Fiscal Year 2026-27 Water Sales**

Water sales levels are projected to return to the long term average of 7,000 AF.

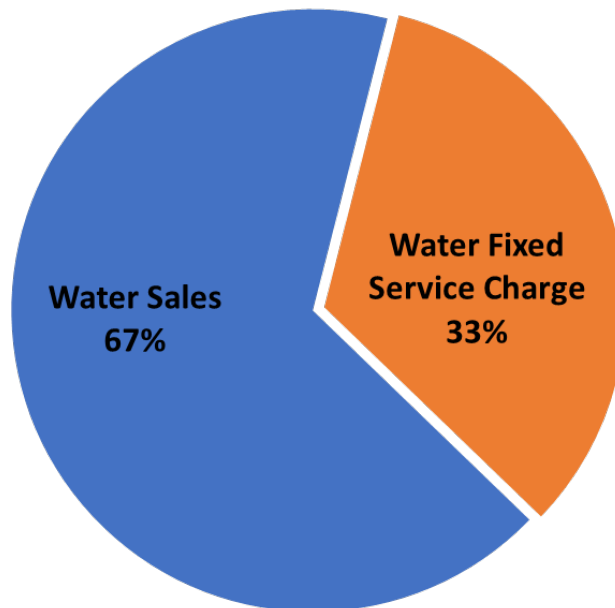
As Chart 2 shows, water sales revenues represent 67% of the District’s water operating revenues with the remaining 33% of revenues coming from other sources that are independent from water sales. This variable/fixed mix of revenue means that operating revenues are subject to volatility due to water sales levels. Managing this volatility requires good fiscal planning and the use of reserves to make up any unanticipated shortfalls. The primary sources of non-operating revenues are the water Capital Improvement Charge, which is a fixed charge restricted to fund only capital projects, and property tax and Water Availability Charge revenues. Other revenues include investment earnings and other income.

Table #2 - Water Services Sources of Revenue

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
<b>Operating Revenues:</b>					
Water Sales	\$ 16,629,348	\$ 18,069,918	\$ 18,227,832	\$ 19,193,567	6.2%
Water Fixed Service Charge	8,292,038	8,989,834	9,066,922	9,554,818	6.3%
<b>Total Operating Revenue</b>	<b>\$ 24,921,386</b>	<b>\$ 27,059,752</b>	<b>\$ 27,294,755</b>	<b>\$ 28,748,384</b>	<b>6.2%</b>
<b>Non-Operating Revenues:</b>					
Water Capital Improvement Charge	\$ 1,926,133	\$ 2,015,814	\$ 2,015,814	\$ 2,082,134	3.3%
Property Tax <sup>(1)</sup>	915,894	888,296	925,053	929,678	4.7%
Water Availability Charge	198,987	200,000	200,000	200,000	0.0%
Water Capacity Charges	210,395	85,000	85,000	85,000	0.0%
Investment Earnings	1,021,088	916,627	916,627	810,446	-11.6%
Gain/Loss on sale of assets/SDCWA Refund	749,822	-	-	-	N/A
MWD Local Resource Program	945,500	669,475	945,500	945,500	41.2%
Water Bank Payment	2,782,204	-	-	-	N/A
PFAS Settlement	-	-	1,223,098	-	N/A
Power Your Drive for Fleets-SDG&E Grant	-	240,000	169,660	-	-100.0%
SMGTP Generator Grant (OLDCC-DCIP)	-	1,297,000	500,000	797,000	-38.6%
Federal Community Grant Funding-Pipelines	-	-	-	1,250,000	N/A
Other Revenue	73,347	60,000	73,347	73,347	22.2%
Cell Lease Revenue	308,099	244,515	244,515	249,406	2.0%
<b>Total Non-Operating Revenue</b>	<b>\$ 9,131,469</b>	<b>\$ 6,616,727</b>	<b>\$ 7,298,613</b>	<b>\$ 7,422,511</b>	<b>12.2%</b>
<b>Total Revenues</b>	<b>\$ 34,052,855</b>	<b>\$ 33,676,479</b>	<b>\$ 34,593,368</b>	<b>\$ 36,170,895</b>	<b>7.4%</b>

(1) Property tax revenue reduced by \$546,000 for the Community Benefit Program.

Chart #2 - Fiscal Year 2026-27 Water Services Operating Revenues



## Wastewater Services Sources of Funds

Wastewater revenue is relatively stable since it is billed based upon indoor water used. To estimate the amount of water used indoors that is returned to the sewer, a return to sewer factor is applied to each user class. For residential users, the return to sewer factor is applied to their 3-month winter average. The winter months, which are typically wet, allow indoor use to be estimated since outdoor/landscape use is at a minimum. However, even the winter average water use is adjusted to reflect some level of residential outdoor/landscape water use, which is not returned to the sewer.

As part of the Report, the Board modified the wastewater bill methodology slightly to increase the fixed component of the wastewater bill. While there is still a use based variable component in the bill, the District is increasing the fixed component of the bill from approximately 35% of the average bill to 70% of the average bill over the next 5-years. This better reflects the cost of providing wastewater services which does not vary much from year to year. The revenue projection for Fiscal Year 2026-27 provided here includes rate and charge increases in line with what was approved by the Board and billable residential wastewater flows using the adopted phase-in of the new billing methodology. The Operating Revenues budget is based on FY 2025-26 revenue projections, which are less than the FY 2025-26 Budget. This explains why Operating Revenues are flat in spite of a 2.5% increase in Wastewater Service Charges.

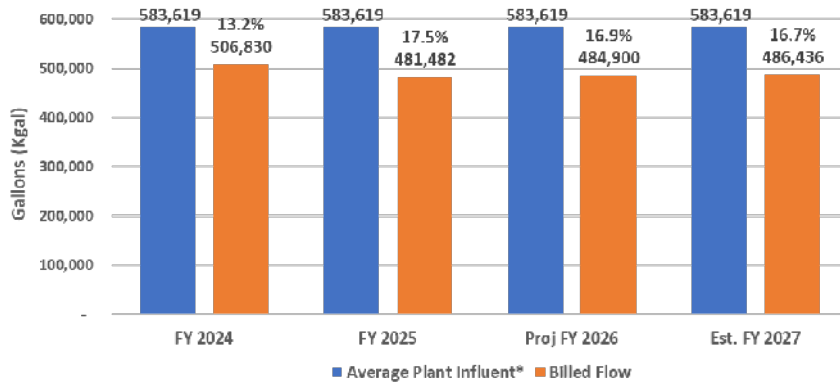
Historic averages provide a good basis from which flows and revenue projections can be evaluated. The chart on the following page shows the average annual flows at the plant (Plant Influent) and the billable wastewater flows projected for this budget period. The variance between Average Plant Influent and Billable Flows is shown in red. The projection for Fiscal Year 2026-27 shows billable flows remain flat from the Fiscal Year 2025-26 flow levels. Prior to adopting rates and charges in December 2026, the Board will review current financial information and adopt rate and charge increases for Calendar Year 2027.

Wastewater Services operating and non-operating revenues are shown in Table 3 and Chart 4. The primary source of operating revenue for Wastewater Services is the Wastewater Service Charge. The primary non-operating revenues are the Wastewater Capital Improvement charge, which, like the Water Capital Improvement Charge, is restricted to fund only capital projects and is based on the ENR rate. Other non-operating revenues include property tax revenues. Overall there is not much of a change from last year to this year.

**Table #3 - Wastewater Services Sources of Revenue**

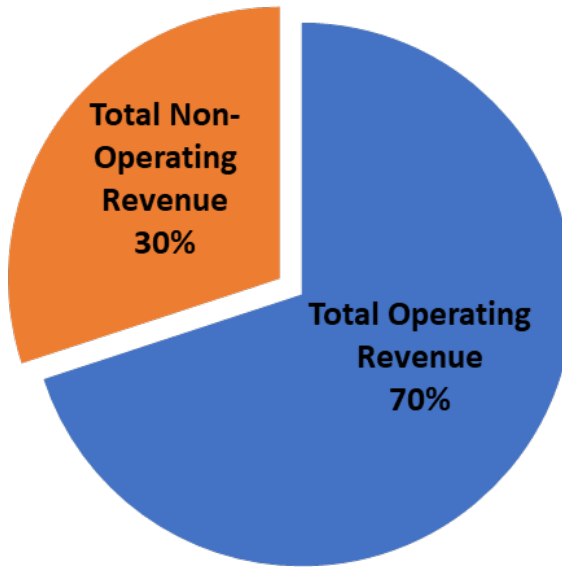
Description	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>Operating Revenue</b>					
Wastewater Service Charges	\$ 7,270,857	\$ 7,512,322	\$ 7,367,643	\$ 7,511,628	0.0%
Sundry Other Revenue	16,011	10,000	15,000	10,000	0.0%
<b>Total Operating Revenue</b>	<b>\$ 7,286,868</b>	<b>\$ 7,522,322</b>	<b>\$ 7,382,643</b>	<b>\$ 7,521,628</b>	<b>0.0%</b>
<b>Non-Operating Revenue</b>					
Wastewater Capital Improvement Charge	\$ 1,428,568	\$ 1,490,897	\$ 1,490,897	\$ 1,495,220	0.3%
Property Tax	1,282,933	1,276,815	1,295,762	1,308,720	2.5%
Wastewater Capacity Charges	866,619	50,000	50,000	50,075	0.2%
Investment Earnings	343,334	253,750	348,484	353,711	39.4%
Federal Interest Rate Subsidy	56,074	39,233	39,233	22,388	-42.9%
<b>Total Non-Operating Revenue</b>	<b>\$ 3,977,528</b>	<b>\$ 3,110,695</b>	<b>\$ 3,224,376</b>	<b>\$ 3,230,115</b>	<b>3.8%</b>
<b>Total Revenues</b>	<b>\$ 11,264,396</b>	<b>\$ 10,633,017</b>	<b>\$ 10,607,019</b>	<b>\$ 10,751,742</b>	<b>1.1%</b>

Chart #3 - Wastewater Services Annual Flows



\* Average Plant Influent is based on a 5 year average (FY 2021 - FY 2025).

Chart #4 - Fiscal Year 2026-27 Wastewater Services Operating Revenues



### Recycled Water Services Sources of Funds

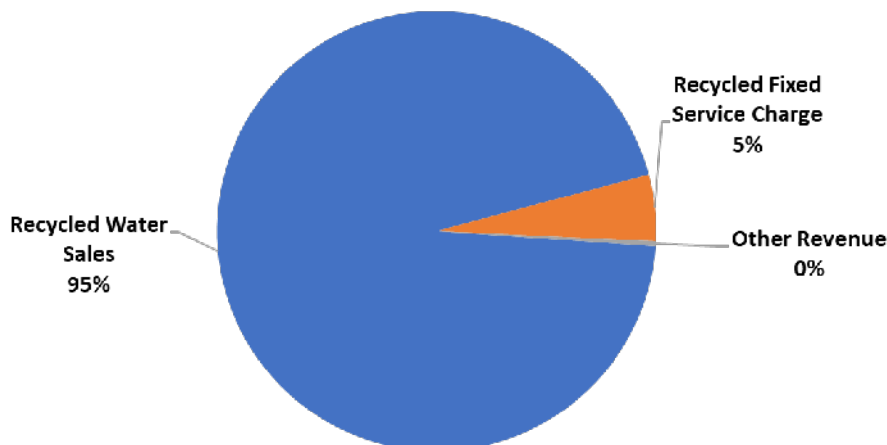
While recycled water sales are subject to weather driven water demands, these customers are not subject to use restrictions due to drought. It is for this reason that many have chosen to be a recycled water customer. While the District is expanding the distribution system, the customer base is relatively small and demands have remained static even with additional customers. Therefore, the historic average adjusted for a small level of growth provide a good basis from which revenues can be budgeted from. The projected recycled water sales for Fiscal Year 2026-27 is 610 acre-feet, which is the same as the prior year’s budget. The revenue projection for Fiscal Year 2026-27 provided here include rate and charge increases in line with what was approved by the Board. The Board will review and adopt Calendar Year 2027 rates in December 2026.

Recycled Water Services operating and non-operating revenues are shown in Table 4 and Chart 5. The primary source of operating revenue for Recycled Water Services is water sales revenue. Recycled Water Services customers pay a per unit rate for recycled water. The District is actively exploring opportunities to more fully utilize the recycled water available. This includes expanding retail sales and utilizing the recycled water as part of an indirect potable water supply. Other operating revenues include the Fixed Recycled Water Charge. Investment earnings and property tax make up the only non-operating revenues.

**Table #4 - Recycled Water Services Sources of Revenue**

	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Operating Revenues</b>					
Recycled Water Sales	\$ 1,316,798	\$ 1,298,199	\$ 1,288,983	\$ 1,302,230	0.3%
Recycled Fixed Service Charge	60,687	66,840	66,382	66,995	0.2%
Other Revenue	5,000	5,000	5,000	5,000	0.0%
<b>Total Operating Revenue</b>	<b>\$ 1,382,485</b>	<b>\$ 1,370,039</b>	<b>\$ 1,360,365</b>	<b>\$ 1,374,225</b>	<b>0.3%</b>
<b>Non-Operating Revenues</b>					
Property Tax	\$ 68,248	\$ 54,844	\$ 54,844	\$ 55,393	1.0%
Investment Earnings	9,719	10,414	14,352	17,591	68.9%
<b>Total Non-Operating Revenue</b>	<b>\$ 77,967</b>	<b>\$ 65,259</b>	<b>\$ 69,196</b>	<b>\$ 72,983</b>	<b>11.8%</b>
<b>Total Revenues</b>	<b>\$ 1,460,452</b>	<b>\$ 1,435,297</b>	<b>\$ 1,429,561</b>	<b>\$ 1,447,209</b>	<b>0.8%</b>

**Chart #5 - Fiscal Year 2026-27 Recycled Water Services Operating Revenues**



## Community Benefit Program Sources of Funds

The Community Benefit Program (CBP) maintains public spaces in the District’s service area. The primary source of revenue for the Community Benefit Program is a portion of the District’s water property tax revenues. Each year the Board will determine the amount that will be transferred into the CBP fund, and a Board appointed committee manages these funds.

**Table #5 - Community Benefit Program Sources of Revenue**

	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>Non-Operating Revenues</b>					
Property Tax	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%
<b>Total Non-Operating Revenue</b>	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%
<b>Total Revenues</b>	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	0.0%



## Contract Wastewater Services Sources of Funds

The District recently assumed responsibility for the operations of two wastewater treatment plants located on Camp Pendleton military base. This contract ensures that the District manages day-to-day operations and maintenance of the facilities. Importantly, all costs associated with running these plants are fully funded by the federal government, which ensures ratepayers are not impacted by this change. The overhead costs related to the management of these facilities will also be covered by the federal funding. The Fiscal Year 2025-26 revenue shown in Table 6 is for a 6-month term, as the contract was not in place until January 1, 2026.

**Table #6 - Contract Wastewater Services Sources of Revenue**

	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>Operating Revenues</b>					
Annual Payment	\$ -	\$ 4,259,388	\$ 4,259,388	\$ 8,538,819	100.5%
<b>Total Operating Revenue</b>	\$ -	\$ 4,259,388	\$ 4,259,388	\$ 8,538,819	100.5%
<b>Total Revenues</b>	\$ -	\$ 4,259,388	\$ 4,259,388	\$ 8,538,819	100.5%

## Operating Budget

### Overview

The District, while relatively small, provides a wide range of services to residents. This section of the budget document provides a detailed description of the District’s budgeted use of funds (operating expenses) for each division/function. To make the budget easy to follow, the District’s Operating Budget is broken out into its main cost centers. The cost center breakdown is: Administrative Services, Water Services, Wastewater Services, Recycled Water Services (collectively the Services). In addition, the Community Benefit Program (CBP), that maintains public spaces in the District’s service area, is shown as a stand-alone program to maximize financial transparency. In January 2026, the District secured a contract with Camp Pendleton to provide Contract Wastewater Services for the operations and maintenance of the two wastewater treatment plants located on the base. In addition to operating and maintenance costs, Contract Wastewater Services costs include a share of the District’s general and administrative costs. These are costs associated with payroll processing, invoice processing, information services, and human resources necessary to support contract operations. The share paid by Camp Pendleton is shown in Table 1 as contract wastewater services overhead. This reduces the costs recovered from the District’s rate payers for Administrative Services.

### RATE PAYER SAVINGS

Contract Wastewater Services is budgeted to save rate payers \$1.3 million in FY 2026-27.

This section also provides a detailed breakdown of the District’s employer-paid employee benefits and debt-service costs. Each of the District’s Services are allocated a portion of the District’s benefits costs based upon the Services’ share of total labor costs. The allocation of the benefits’ costs is detailed in the benefit cost section and each of the Districts Services’ operating budgets. It is denoted as Allocated Benefits Expenditures on each Services’ Total Operating Budget Summary Table. The Recommended FY 2026-27 Budget includes a 6.5% increase in the total Operating Budget.

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

**Appendix A provides the detailed revenue, expense and fund balance projections for District operations.**

**Table #1 - Overview of Total Services’ Operating Budget**

Description	FY 2024-25	FY 2025-26			FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Original Budget	Amended Budget <sup>(2)</sup>	Projected	Budget	(%)
Water Supply Costs	\$ 5,795,983	\$ 8,893,418	\$ 8,893,418	\$ 4,785,294	\$ 5,792,919	-34.9%
Debt Service	6,151,156	6,144,906	6,144,906	6,144,906	6,146,209	0.0%
Total Labor <sup>(1)</sup>	7,177,443	7,615,079	7,615,079	7,617,608	7,880,042	3.5%
Total Non-Labor	7,524,200	8,156,913	8,156,913	8,690,976	9,535,804	16.9%
Community Benefit Program	651,685	1,100,000	1,100,000	865,854	945,915	-14.0%
Benefits Expense	4,729,844	5,129,311	5,129,311	5,266,227	5,492,656	7.1%
Contract Wastewater Svcs Overhead	-	-	(387,217)	(387,217)	(776,256)	100.5%
<b>Total FPUD Operating</b>	<b>\$32,030,311</b>	<b>\$37,039,627</b>	<b>\$36,652,410</b>	<b>\$32,983,648</b>	<b>\$35,017,289</b>	<b>-4.5%</b>
<b>Total Contract Wastewater Svcs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,259,388</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>100.5%</b>
<b>Total Budget</b>	<b>\$32,030,311</b>	<b>\$37,039,627</b>	<b>\$40,911,797</b>	<b>\$37,243,036</b>	<b>\$43,556,107</b>	<b>6.5%</b>

<sup>(1)</sup> Total Labor does not include District’s Benefits.

<sup>(2)</sup> FY 2025-26 Amended budget for Contract Wastewater Services was for a 6-month period.

## Administrative Services

Administrative Services includes a wide range of functions that support the District's core services: water, wastewater and recycled water. The Organizational Chart on page 40 shows the broad scope of functions captured in the Administrative Services budget. Administrative Service functions are listed on the following page:

- Manages District operations and capital projects
- Implements and maintains District policies and procedures
- Directs and maintains District documents and archives
- Supports activities of the Board of Directors
- Coordinates District legal activities
- Oversees the District's financial management including debt management, budget, annual audit, treasury and other required financial reporting
- Maintains customer accounts and billing for water, wastewater and recycled water
- Oversees permit process, right of way and District Geographic Information System (GIS) data
- Manages District contracts, and service and construction services procurement
- Administers the District's water conservation and agricultural water programs
- Creates and administers public outreach activities
- Provides human resources support to the District
- Coordinates and monitors District safety and risk management programs

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



**Table #2 - Administrative Services Approved Positions**

<b>Position</b>	<b>Actual FTE* FY 2024-25</b>	<b>Actual FTE* FY 2025-26</b>	<b>Proposed FTE* FY 2026-27</b>
General Manager	1.0	0.9	0.9
Executive Assistant/ Board Secretary	0.98	0.98	0.98
Assistant General Manager/Chief Financial Officer	1.0	1.0	1.0
Human Resources Manager	1.0	1.0	1.0
Supervising Accountant	1.0	1.0	1.0
Accounting Technician I & II	2.0	2.0	2.0
Management Analyst	1.0	1.0	1.0
Safety & Risk Officer	1.0	0.8	0.8
Information Systems Technician	0.08	-	-
IT Manager	0.92	1.0	1.0
Systems Tech	0.6	0.75	0.75
Engineering Manager	1.0	1.0	1.0
Human Resources Technician	1.0	1.0	1.0
Engineering Technician I, II & III	4.0	3.0	3.0
Associate Engineer	-	1.0	1.0
GIS Coordinator	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Public Information Officer	1.0	1.0	1.0
Customer Service Specialist	2.0	1.0	1.0
Customer Service Representative I & II	1.0	2.0	2.0
Purchasing Warehouse Supervisor	1.0	1.0	0.8
Warehouse Purchasing Specialist	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0
<b>TOTAL FTE</b>	<b>25.58</b>	<b>25.43</b>	<b>25.23</b>

\* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**The Office of the General Manager**

- Oversee all District operations
- Plan, organize and conduct Board of Directors activities and meetings in addition to supporting Board policy development and execution
- Manage legal activities including public hearing and other required notices
- Serve as public liaison to the Community and other entities and manages public relations
- Manage District documents, contracts, and Board of Director meeting agendas and minutes

**Finance and Customer Services**

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

## Warehouse and Purchasing

- Issue requests for proposals, and solicitations for equipment, supplies and materials
- Maintain and manage District equipment, supplies and materials inventory
- Manage purchasing contracts for materials, supplies, equipment and services
- Maintain and manage the District's Fleet Services vehicles

## Human Resources

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

## Information Management

- Maintain, troubleshoot and upgrade the District's network servers, workstations, copiers and printers, phone system and wireless services
- Maintain the District's Enterprise Resource Planning (ERP) and Computerized Maintenance Management (CMMS) systems
- Create and maintains the District's information system's policies and procedures
- Manage the security of the District's information management systems

## Engineering Services

- Oversee implementation of the District's Capital Improvement Program
- Maintain records of District easements, as-built facility drawings and facility location drawings
- Design, develop and maintain the District GIS program
- Provide customer service for water and sewer service
- Process water and sewer requests for new service
- Support outside developer and County projects
- Participation in County subdivision map process for new development
- Assess water and sewer availability and develop requirements
- Review and plan check developer water and sewer improvement plans
- Inspect and document developer installation of District facilities

## Vehicle Services/Shop

- Service and repair small and large equipment and vehicles

## Safety and Risk

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

Overall, the Administrative Services budget is remaining flat. This is due to the reduction in operating expenditures due to the Contract Wastewater Services Overhead allocation, which is funded by the federal government as part of the District’s Contract Wastewater Services. Labor costs have also remained flat, as some key administrative staff have reallocated their time to support Contract Wastewater Services. Non-Labor is being driven by a large increase in the District’s insurance costs. The insurance increase is being driven by a combination of industry wide fee hikes and the increased frequency of claims paid.

**Table #3 - Administrative Services Total Operating Budget Summary**

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor <sup>(1)</sup>	\$ 3,133,532	\$ 3,234,541	\$ 3,285,702	\$ 3,279,460	1.4%
Total Non-Labor	3,457,792	3,739,992	3,634,206	4,073,185	8.9%
<b>Services Operating Total</b>	<b>\$ 6,591,324</b>	<b>\$ 6,974,533</b>	<b>\$ 6,919,908</b>	<b>\$ 7,352,645</b>	<b>5.4%</b>
Allocated Benefits Expenditures	2,063,954	2,177,554	2,270,286	2,284,684	4.9%
Contract Wastewater Svcs. Overhead	-	(387,217)	(387,217)	(776,256)	100.5%
<b>Total Services Budget</b>	<b>\$ 8,655,278</b>	<b>\$ 8,764,870</b>	<b>\$ 8,802,977</b>	<b>\$ 8,861,073</b>	<b>1.1%</b>

<sup>(1)</sup> Total Labor does not include District’s Benefits.

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

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Office of the General Manager</b>					
<b>Labor:</b>					
Salaries	\$ 530,750	\$ 568,746	\$ 566,544	\$ 569,330	0.1%
<b>Non-Labor:</b>					
Director Expenses	30,879	35,000	28,939	35,000	0.0%
General & Administrative	19,326	88,600	90,697	91,000	2.7%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	64,702	74,800	84,633	76,000	1.6%
Professional Services	333,524	431,000 <sup>(1)</sup>	239,328	360,000	-16.5%
Memberships/Training/Permits	113,447	103,200	103,200	103,400	0.2%
Santa Margarita Watermaster	131,384	138,020	138,020	145,000	5.1%
<b>Total Non-Labor</b>	<b>\$ 693,262</b>	<b>\$ 870,620</b>	<b>\$ 684,817</b>	<b>\$ 810,400</b>	<b>-6.9%</b>
<b>Division Operating Total</b>	<b>\$ 1,224,013</b>	<b>\$ 1,439,366</b>	<b>\$ 1,251,360</b>	<b>\$ 1,379,730</b>	<b>-4.1%</b>

<sup>(1)</sup> \$240K of “mutual services agreement”, 75% (\$180K) will be reimbursable.

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

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Finance &amp; Customer Service</b>					
<b>Labor:</b>					
Salaries	\$ 913,222	\$ 970,844	\$ 936,005	\$ 1,002,633	3.3%
<b>Non-Labor:</b>					
Contractor Services	38,206	38,500	39,921	39,300	2.1%
Equipment (Non Capital)	289	1,500	1,500	2,500	66.7%
Materials/Services/Supplies	171,919	185,200	181,799	185,200	0.0%
Professional Services	102,828	125,500	120,500	200,500	59.8%
Memberships/Training/Permits	4,240	2,700	5,159	7,000	159.3%
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 317,481</b>	<b>\$ 353,400</b>	<b>\$ 348,879</b>	<b>\$ 434,500</b>	<b>22.9%</b>
<b>Division Operating Total</b>	<b>\$ 1,230,703</b>	<b>\$ 1,324,244</b>	<b>\$ 1,284,884</b>	<b>\$ 1,437,133</b>	<b>8.5%</b>

<b>Warehouse &amp; Purchasing</b>					
<b>Labor:</b>					
Salaries	\$ 227,309	\$ 231,313	\$ 242,796	\$ 210,808	-8.9%
<b>Non-Labor:</b>					
Contractor Services	144,658	145,000	175,000	160,000	10.3%
Equipment (Non Capital)	631	1,000	912	1,000	0.0%
Materials/Services/Supplies	187,488	152,500 <sup>(1)</sup>	219,234	141,500	-7.2%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	2,682	1,000	1,531	1,500	50.0%
Utilities <sup>(2)</sup>	76,177	75,000	85,000	75,000	0.0%
<b>Total Non-Labor</b>	<b>\$411,636</b>	<b>\$ 374,500</b>	<b>\$ 481,677</b>	<b>\$ 379,000</b>	<b>1.2%</b>
<b>Division Operating Total</b>	<b>\$ 638,945</b>	<b>\$ 605,813</b>	<b>\$ 724,473</b>	<b>\$ 589,808</b>	<b>-2.6%</b>

<sup>(1)</sup> Increased budget for \$20,000 reimbursable expenses from Camp Pendleton shared services.

<sup>(2)</sup> Utility cost increase driven by actual cost levels.

<b>Human Resources</b>					
<b>Labor:</b>					
Salaries	\$ 251,491	\$ 259,808	\$ 279,856	\$ 271,178	4.4%
<b>Non-Labor:</b>					
Contractor Services	15,103	13,000	23,206	15,000	15.4%
Equipment (Non Capital)	-	350	223	350	0.0%
Materials/Services/Supplies	17,653	12,000	5,972	14,000	16.7%
Professional Services	70,058	30,000	25,000	25,000	-16.7%
Memberships/Training/Permits	86,857	92,400	105,893	100,818	9.1%
Education Funding	21,330	17,000	25,000	20,000	17.6%
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 211,001</b>	<b>\$ 164,750</b>	<b>\$ 185,294</b>	<b>\$ 175,168</b>	<b>6.3%</b>
<b>Division Operating Total</b>	<b>\$ 462,492</b>	<b>\$ 424,558</b>	<b>\$ 465,150</b>	<b>\$ 446,346</b>	<b>5.1%</b>

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

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Information Management</b>					
<b>Labor:</b>					
Salaries	\$ 372,082	\$ 329,766	\$ 325,906	\$ 334,625	1.5%
<b>Non-Labor:</b>					
Contractor Services	109,949	64,352	74,654	98,549	53.1%
Equipment (Non Capital)	42,174	30,000	30,000	30,000	0.0%
Materials/Services/Supplies	250,198	380,925	375,286	405,811	6.5%
Professional Services	35,774	50,000	83,780	50,000	0.0%
Memberships/Training/Permits	260	300	300	300	0.0%
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 438,356</b>	<b>\$ 525,577</b>	<b>\$ 564,020</b>	<b>\$ 584,660</b>	<b>11.2%</b>
<b>Division Operating Total</b>	<b>\$ 810,438</b>	<b>\$ 855,343</b>	<b>\$ 889,927</b>	<b>\$ 919,285</b>	<b>7.5%</b>
<b>Engineering Services</b>					
<b>Labor:</b>					
Salaries	\$ 526,715	\$ 513,216	\$ 573,049	\$ 536,419	4.5%
<b>Non-Labor:</b>					
Contractor Services	1,700	25,000	8,647	25,000	0.0%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	50,796	48,500	46,153	48,500	0.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	2,194	500	2,556	500	0.0%
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 54,689</b>	<b>\$ 74,000</b>	<b>\$ 57,357</b>	<b>\$ 74,000</b>	<b>0.0%</b>
<b>Division Operating Total</b>	<b>\$ 581,405</b>	<b>\$ 587,216</b>	<b>\$ 630,406</b>	<b>\$ 610,419</b>	<b>4.0%</b>
<b>Safety &amp; Risk</b>					
<b>Labor:</b>					
Salaries	\$ 210,473	\$ 253,997	\$ 254,555	\$ 245,016	-3.5%
<b>Non-Labor:</b>					
Contractor Services	53,864	57,700	57,700	62,000	7.5%
Equipment (Non Capital)	73,357	72,000	72,000	72,000	0.0%
Materials/Services/Supplies	28,264	34,300 <sup>(1)</sup>	34,300	34,300 <sup>(1)</sup>	0.0%
Professional Services	764,769	814,445	784,445	1,041,957	27.9%
Memberships/Training/Permits	998	2,700	2,700	2,700	0.0%
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 921,251</b>	<b>\$ 981,145</b>	<b>\$ 951,145</b>	<b>\$ 1,212,957</b>	<b>23.6%</b>
<b>Division Operating Total</b>	<b>\$ 1,131,724</b>	<b>\$ 1,235,142</b>	<b>\$ 1,205,700</b>	<b>\$ 1,457,973</b>	<b>18.0%</b>

<sup>(1)</sup> Includes \$24,000 budget for potential small claims.

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

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Vehicle Services &amp; Shop</b>					
<b>Labor:</b>					
Salaries	\$ 101,489	\$ 106,853	\$ 106,991	\$ 109,451	2.4%
<b>Non-Labor:</b>					
Contractor Services	34,105	40,000	30,000	30,000	-25.0%
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	376,012	356,000	325,000	365,000	2.5%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	6,018	7,500	NA
<b>Total Non-Labor</b>	<b>\$ 410,116</b>	<b>\$ 396,000</b>	<b>\$ 361,018</b>	<b>\$ 402,500</b>	<b>1.6%</b>
<b>Division Operating Total</b>	<b>\$ 511,605</b>	<b>\$ 502,853</b>	<b>\$ 468,008</b>	<b>\$ 511,951</b>	<b>1.8%</b>

**Fiscal Year 2025-26 Accomplishments**

- Audited and updated the digital employee records database
- Promoted and identified employees for leadership training opportunities
- Began implementing the District’s new Strategic Plan (ongoing)
- Recruited, hired, onboarded, and trained 13 new employees for CPEN contracted services
- Revised and updated critical safety policies identified by safety program audit
- Conducted an emergency response drill for a natural disaster and updated the emergency response procedures accordingly
- Hired and trained new associate engineer

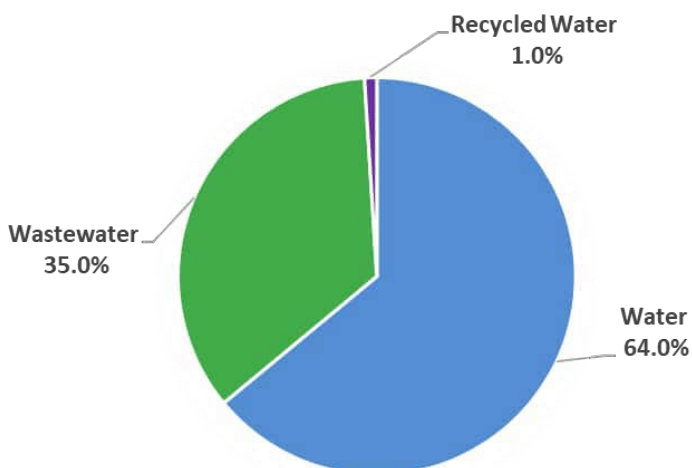
**Fiscal Year 2026-27 Goals and Objectives**

- Create additional storage area to extend warehouse, allowing all outdoor inventory items to be secured and grouped together
- Complete a new salary survey in preparation for the new MOU effective July 1, 2027
- Negotiate new terms for FPUDEA and FMEA MOUs
- Formalize an employee cross-training program
- Develop an improved onboarding program for new employees
- Increase participation rates and scores for the annual Employee Satisfaction Survey
- Continue to revise and update critical safety policies identified by safety program audit
- Ensure all FPUDEA employees have completed the required Incident Command System (ICS) coursework in preparation for emergencies
- Execute planned CIP projects
- Initiate shared services with Rainbow Municipal Water District (RMWD), Valley Center Municipal Water District (VCMWD), and Yuima Municipal Water District (YMWD)

**Cost Allocation of Administrative Services**

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

**Chart #1 - Administrative Services Cost Allocation**



Number of Accounts	
Water	9,211
Wastewater	5,046
Recycled Water	30
<b>Total Accounts</b>	<b>14,287</b>

**Total Number of Accounts: 14,287**



Table #5 - Administrative Services Key Performance Indicators

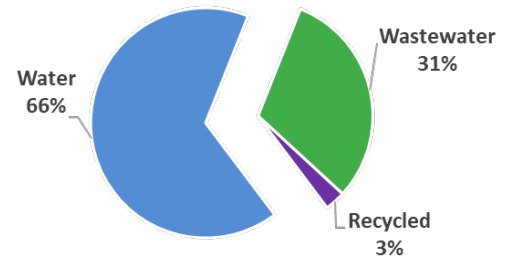
Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimate	Target Met
Exemplary Workforce and Culture	Maintain a Workers Compensation Experience Modification Rate below 1%	Below 1%	0.89%	0.86%	0.69%	0.66%	0.72%	Yes
Operational Optimization and Partnerships	Maintain an inventory shrinkage rate of less than 1%	Below 1%	0.3%	0%	0% surplus of \$443.58	0%	0%	Yes
Customer Service Excellence	Maintain an average customer service call wait time of less than 3 minutes	Below 3 minutes	0:40 seconds	0:55 seconds	0:40 seconds	0:49 seconds	0:47 seconds	Yes
Customer Service Excellence	Percentage of customers enrolled in Watersmart-AMI portal (as a % of total District customers)	60% by Fiscal Year 2026	31%	37%	39%	41%	44%	No
Exemplary Workforce and Culture	Employee engagement survey results; percentage of employees rating their overall morale as "high".	Above 25%	N/A	47%	45%	58%	55%	Yes
Fiscal Sustainability and Transparency	Debt Coverage	>1.20	2.05	4.19	2.69	3.21	3.45	Yes
Fiscal Sustainability and Transparency	Days Cash on hand	90 days or greater	109 days	113 days	94 days	118 days	104 days	Yes
Stakeholder Understanding and Community Support	Attend 10 Fallbrook community events each year	10 events/year	4 events	5 events	6 events	15 events	20 events	Yes



Water Services

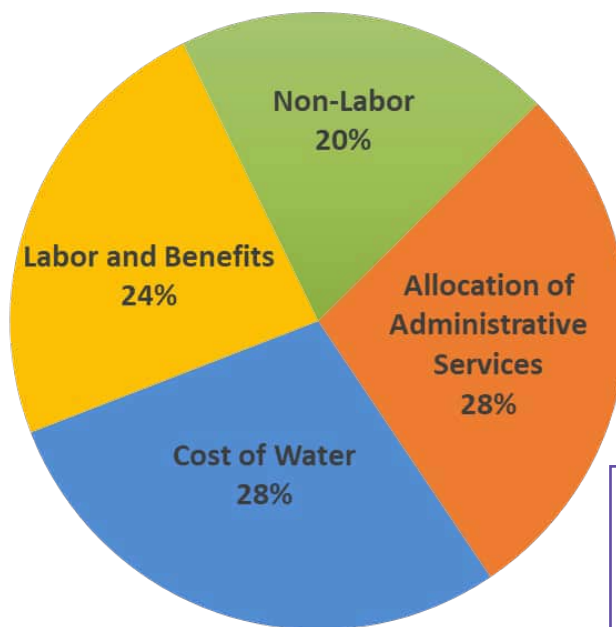
The District provides Water Services to approximately 9,300 meters within the District’s service area. The Water Services’ operating budget is comprised of the District’s water operations costs, which includes the cost to operate and maintain the District’s SMGTP. Chart 2 shows the Water System’s share of the District’s Systems’ costs. At 66% of the District’s Services costs, the Water System is the District’s largest System. The Water Supply Cost is reported separately. (Pg. 74). **Appendix A provides the detailed revenue, expense and fund balance projections for Water operations.** Water Services provide the following functions:

Chart #2 - Total Services’ Budget



- Operate and maintain an advanced membrane ground water treatment plant (SMGTP) to produce quality treated water for the District’s customers
- Manage the production of SMGTP water and the delivery of water from the District’s wholesale water supplier for delivery to the District’s customers
- Manage an asset management program that optimizes life-cycle costs and maintains, repairs and replaces system assets
- Operate water system assets including reservoirs, valves, pump stations, control facilities
- Maintain the District’s Water Service’s rights of way
- Manage the District’s water meters and Smart Meter replacement program

Chart #3 - Water Services Operating Costs \$20,278,067



**DISTRICT’S WATER SUPPLY COSTS**

The District’s Water Supply Costs are 28% of the water services budget.

Water Services is broken down into divisions that support a specific function. Some changes to labor allocations have been made to align expenditures with cost of service principles given the addition of the Treatment Division. Water Services historic and proposed staffing levels are shown in Table 6.

**Table #6 - Water Services Approved Positions**

Position	Actual FTE* FY 2024-25	Actual FTE* FY 2025-26	Proposed FTE* FY 2026-27
Field Services Manager	1.0	0.75	0.75
Crew Leader	2.8	3.8	3.8
Utility Worker I, II & III	13.8	13.8	14.5
System Services Supervisor	1.0	-	-
Construction Supervisor	1.0	-	-
Construction & System Services Supervisor	-	1.0	1.0
Operations Manager	0.5	0.3	0.3
System Operations Supervisor	1.0	1.0	1.0
Systems Operator I, II & III	4.0	4.0	4.0
Water/Wastewater Operator I, II & III	0.75	0.75	0.75
Electrical and Maintenance Manager	-	0.455	0.455
SCADA/Electrical/Maintenance Supervisor	0.65	-	-
SCADA Analyst	-	-	0.4
Systems Technician	0.4	0.15	0.15
Instrumentation, Electrical & Controls Tech I & II	1.5	1.0	1.0
Senior Maintenance Technician	0.5	0.45	0.45
Maintenance Technician I & II	0.3	0.6	0.6
<b>TOTAL FTE</b>	<b>29.2</b>	<b>28.055</b>	<b>29.155</b>

\*FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**Water Treatment**

- Operate and maintain a new groundwater treatment plant to treat water delivered by Camp Pendleton
- Maximize SMGTP production to achieve lowest Water Supply Cost mix
- Schedule and manage wholesale water deliveries to the District to optimize SMGTP operations

**Production and Distribution**

- Schedule and manage the District’s distribution facilities
- Operate water system assets and monitors system conditions including water pressure, water flows, storage facilities and water quality
- Maintain crews to operate the system and respond to customer inquiries

**Pipeline Maintenance and Construction**

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

**System Services**

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

As reflected in Table 7, overall the Water Services Budget is increasing 14.3%. This is largely due to the 45% increase in non-labor, which is due to the budgeted increase in the volume of local supply water treated at the District’s SMGTP. The costs for SMGTP operations are mostly captured in the Non-Labor category and are related to power and treatment chemical costs. The labor increase is due to an increase in labor allocation to operating and the annual cost of living adjustment set forth in the District’s most recent Memorandums of Understanding. The 14% increase in the allocation of benefit expenditures is being driven by an increase in operating labor hours, health insurance rate increases and scheduled pension payments.

**Table #7 - Water Services, Total Operating Budget Summary\***

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor <sup>(1)</sup>	\$ 2,459,714	\$ 2,565,104	\$ 2,774,031	\$ 2,825,638	10.2%
Total Non-Labor	2,803,040	2,773,020	3,732,063	4,016,994	44.9%
<b>Operating Total</b>	<b>\$ 5,262,753</b>	<b>\$ 5,338,124</b>	<b>\$ 6,506,095</b>	<b>\$ 6,842,632</b>	<b>28.2%</b>
Allocated Benefits Expenditures	1,590,375	1,729,574	1,919,512	1,971,430	14.0%
<b>Total Direct Water Costs</b>	<b>\$ 6,853,128</b>	<b>\$ 7,067,698</b>	<b>\$ 8,425,607</b>	<b>\$ 8,814,062</b>	<b>24.7%</b>
Allocation of Administrative Services <sup>(2)</sup>	5,388,501	5,609,517	5,633,905	5,671,087	1.1%
<b>Total Services Budget</b>	<b>\$ 12,241,629</b>	<b>\$ 12,677,215</b>	<b>\$ 14,059,512</b>	<b>\$ 14,485,148</b>	<b>14.3%</b>

\* Appendix A provides the detailed revenue, expense and fund balance projections for Water operations.

<sup>(1)</sup> Total Labor does not include District’s Benefits.

<sup>(2)</sup> Allocation of Administrative Services have been reduced by the Contract Wastewater Services Overhead for FY 2025-26 and FY 2026-27.

**Table #8 - Water Services, Division Budget to Budget Comparison**

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Treatment</b>					
<b>Labor:</b>					
Salaries	\$ 521,018	\$ 581,504	\$ 531,090	\$ 577,425	-0.7%
<b>Non-Labor:</b>					
Contractor Services	93,235	142,000	67,000	253,000	78.2%
Equipment (Non Capital)	4,443	8,000	8,000	8,000	0.0%
Materials/Services/Supplies	720,449	609,925	947,051	1,033,000	69.4%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	30,000	26,735	31,000	3.3%
Utilities*	666,085	448,295	1,082,626	1,080,694	141.1%
<b>Total Non-Labor</b>	<b>\$ 1,484,213</b>	<b>\$ 1,238,220</b>	<b>\$ 2,131,412</b>	<b>\$ 2,405,694</b>	<b>94.3%</b>
<b>Division Operating Total</b>	<b>\$ 2,005,231</b>	<b>\$ 1,819,724</b>	<b>\$ 2,662,502</b>	<b>\$ 2,983,119</b>	<b>63.9%</b>

\* Utility cost increase driven by actual cost levels.

Table #8 - Water Services, Division Budget to Budget Comparison, cont.

Description	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>Production &amp; Distribution</b>					
<b>Labor:</b>					
Salaries	\$ 577,575	\$ 590,996	\$ 734,906	\$ 634,306	7.3%
<b>Non-Labor:</b>					
Contractor Services	215,949	339,500	334,500	315,000	-7.2%
Equipment (Non Capital)	6,005	20,000	20,000	20,000	0.0%
Materials/Services/Supplies	198,864	353,300	322,300	349,300	-1.1%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	118,725	92,000	92,000	92,000	0.0%
Utilities <sup>(1)</sup>	137,976	170,000	226,851	230,000	35.3%
<b>Total Non-Labor</b>	<b>\$ 677,520</b>	<b>\$ 974,800</b>	<b>\$ 995,651</b>	<b>\$ 1,006,300</b>	<b>3.2%</b>
<b>Division Operating Total</b>	<b>\$ 1,255,095</b>	<b>\$ 1,565,796</b>	<b>\$ 1,730,558</b>	<b>\$ 1,640,606</b>	<b>4.8%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

<b>Pipeline Maintenance &amp; Construction</b>					
<b>Labor:</b>					
Salaries	\$ 606,593	\$ 680,272	\$ 686,158	\$ 857,093	26.0%
<b>Non-Labor:</b>					
Contractor Services	12,837	46,000	46,000	46,000	0.0%
Equipment (Non Capital)	9,470	10,000	10,000	10,000	0.0%
Materials/Services/Supplies	68,258	54,500	39,500	39,500	-27.5%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 90,565</b>	<b>\$ 110,500</b>	<b>\$ 95,500</b>	<b>\$ 95,500</b>	<b>-13.6%</b>
<b>Division Operating Total</b>	<b>\$ 697,158</b>	<b>\$ 790,772</b>	<b>\$ 781,658</b>	<b>\$ 952,593</b>	<b>20.5%</b>

<b>System Services</b>					
<b>Labor:</b>					
Salaries	\$ 754,528	\$ 712,332	\$ 821,877	\$ 756,814	6.2%
<b>Non-Labor:</b>					
Contractor Services	291,747	300,000	300,000	300,000	0.0%
Equipment (Non Capital)	7,480	7,500	7,500	7,500	0.0%
Materials/Services/Supplies	251,515	142,000	202,000	202,000	42.3%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities	-	-	-	-	NA
<b>Total Non-Labor</b>	<b>\$ 550,742</b>	<b>\$ 449,500</b>	<b>\$ 509,500</b>	<b>\$ 509,500</b>	<b>13.3%</b>
<b>Division Operating Total</b>	<b>\$ 1,305,270</b>	<b>\$ 1,161,832</b>	<b>\$ 1,331,377</b>	<b>\$ 1,266,314</b>	<b>9.0%</b>

### Fiscal Year 2025-26 Accomplishments

- Replaced 109 water main valves
- Continued meter testing program
- Continued Right of Way maintenance program
- Continued valve maintenance program
- Continued fire hydrant maintenance program
- Tested all backflows in the system every calendar year. Repaired and replaced as needed
- Completed all Backflow test within fiscal year
- Met and exceeded pipeline and valve replacement goals
- Constructed emergency standby power for critical water storage and flow control facilities by adding solar and increased battery storage to maintain communication during long-term PSPS outages determined by SDG&E
- Continued operation and maintenance of both SMGTP and Red Mountain UV facilities to deliver all available water supplies
- Replaced main 480V UPS system for UV Plant reactors. Constructed new climate-controlled building from non-combustible materials to house upgraded lithium battery system and UPS inverter equipment.
- Brought the Kauffman Flow Control Facility above ground and replaced downstream valves
- Continued to develop redundancy systems for SMGTP process equipment to ensure sustained treatment
- Minimized wildfire risk through vegetation management at major facilities
- Collaborated with Camp Pendleton (CPEN) to maximize local water supplies
- Expanded the video surveillance system to include additional cameras at plants and remote FPUD distribution facilities via the new Ethernet radio communications

### Fiscal Year 2026-27 Goals and Objectives

- Replace 120 water main valves
- Complete capital projects in accordance with approved budget
- Replace 20 Fire Hydrants
- Continue A/V & drain replacements
- Continue service line replacements
- Continue Fire Flow testing
- Continue valve maintenance program
- Continue fire hydrant maintenance & painting
- Continue meter testing program
- Continue Backflow testing every calendar year. Repair and replace as needed
- Construct emergency stand-by power for critical water storage and flow control facilities by adding solar and increased battery storage, to maintain communication during long-term power outages caused by PSPS events determined by SDG&E
- Continue both SMGTP and the Red Mountain UV facilities operation and maintenance to deliver all available water supplies
- Continue to maintain/rebuild the Districts flow/pressure facilities as determined by their service schedule
- Finish construction of the chloramination booster station at the 8.0 MG Tank, for increased reliability and emergency service, along with improved water quality
- Begin procuring equipment to construct a chloramination booster station at Sachse Tank, for increased reliability and emergency service, along with improved water quality
- Continue to develop redundancy systems for the SMGTP process equipment to ensure sustained treatment
- Continue to minimize wildfire risk with good vegetation management on major facilities
- Continue to work with CPEN to maximize our local water supplies
- Continue expansion of video surveillance system to include additional cameras at plants and remote FPUD distribution facilities over the new Ethernet radio communications network
- Complete installation of standby diesel generator, switchgear, and automatic transfer switch at the SMGTP
- Continue efforts to manage water quality in Red Mountain Reservoir

**Table #9 - Water Services Key Performance Indicators**

Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimated	Target Met
Safe and Reliable Water, Wastewater, and Recycled Water Services	Cost/Acre Foot of SMGTP Product Water Supply	Below MWD rates	\$1,640/AF <sup>(1)</sup>	\$1,062/AF	\$1,450/AF	\$711/AF <sup>(2)</sup>	\$1,423/AF	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	Sample 30 residents that meet the criteria for Lead and Copper**	30 residents <sup>(3)</sup>	72 residents	73 residents	46 residents	32 residents	Next sampling period in FY 2027	N/A
Safe and Reliable Water, Wastewater, and Recycled Water Services	Receive and treat all entitled deliveries to the SMGTP	100% of deliveries treated	N/A	105%	100%	77% <sup>(4)</sup>	116%	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	100% regulatory compliance for water quality sampling	100% Compliance	100%	100%	100%	100%	100%	Yes
Infrastructure and Technology Stability	Cost/Valve	Below \$6,500/Valve	N/A	\$6,245/Valve	\$8,577/Valve	\$7,198/Valve <sup>(5)</sup>	\$6,206/Valve	Yes
Infrastructure and Technology Stability	Maintain 4,000 feet of right of ways/year	4,000 feet	1,608 feet	6,188 feet	7,794 feet	5,665 feet	4,000 feet	Yes
Infrastructure and Technology Stability	Replace 100 water main valves/year	100 water main valves	73 water main valves	101 water main valves	101 water main valves	129 water main valves	115 water main valves	Yes
Infrastructure and Technology Stability	Exercise 235 valves per month as part of a three year valve exercise program cycle	235 valves per month	159 valves/month Hydrants not exercised until FY 2023	240 valves/month	208 valves/month	240 valves/month	235 valves/month	Yes
Infrastructure and Technology Stability	Test 1% of total meters per year	1% of meters	N/A	N/A, testing began in May 2024	51 meters	104 meters	94 meters	Yes
Infrastructure and Technology Stability	Fire flow test 5 hydrants per month	5 hydrants per month	N/A	1st year of testing, 2 tests were completed	22 hydrants total	63 hydrants total	61 hydrants total	Yes

(1) FY 2021-22 was the first year of SMGTP's operation which included additional startup costs that exceeded normal year expenditures.

(2) The cost/AF includes a water bank payment of \$2.8 million.

(3) This KPI changed from a target of 60 residents to 30 residents as of FY 2023-24.

(4) Full entitlement was not received, however the water was banked for future use.

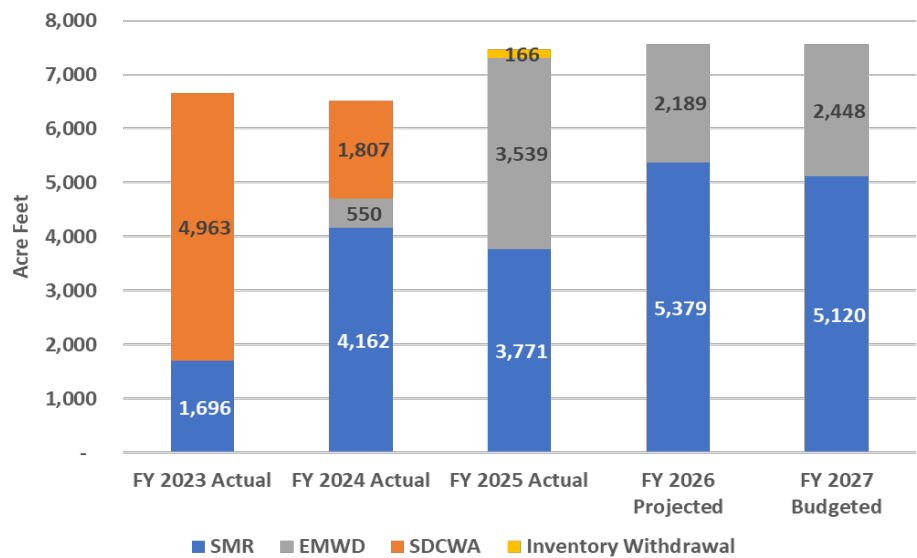
(5) Contractor paving made up 27% of costs.

## Water Supply Costs

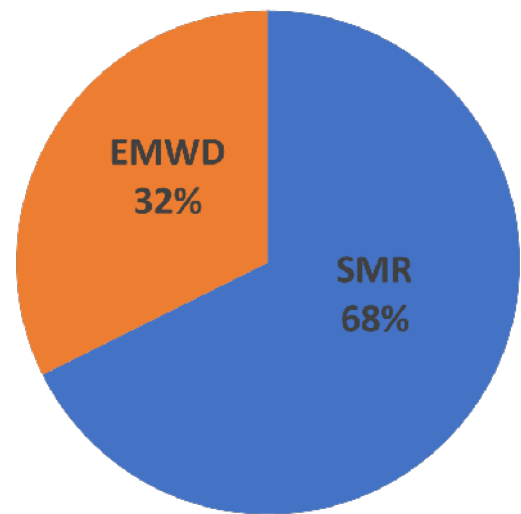
In January 2024, the District detached from the San Diego County Water Authority’s (SDCWA) service area and annexed into Eastern Municipal Water District’s (EMWD) service area. As a result of this change, the District’s Water Supply Cost structure changed dramatically. The fixed fees that the District pays for wholesale water regardless of the amount of water purchases decreased by 84% or \$2.9 million/year. This means that during a drought or a wet year, when water sales are low, the District is not faced with fixed costs that impact the District’s net revenues. In addition, the cost per AF of wholesale water decreased by 20% allowing savings to be passed on to rate payers.

The District’s budget for Purchased Water Costs is comprised of the wholesale treated water costs from EMWD, Camp Pendleton’s water delivery costs for Santa Margarita River Water and inventory withdrawals. As shown in Chart 4, Camp Pendleton will pump an estimated 5,379 AF 7 miles from the Santa Margarita River (SMR) Aquifer to the SMGTP in Fiscal Year 2025-26 and 5,120 AF in Fiscal Year 2026-27. The cost of treating the SMR water and delivering it to customers is included in the District’s Water Services Treatment Division’s costs. (Pg.67).

**Chart #4 - Wholesale and Local Supply Mix**



**Chart #5 - Fiscal Year 2026-27 Water Supply Mix**



Water Supply Costs are grouped into fixed and variable cost categories. Variable or Commodity costs vary depending on the amount of water purchased (this includes pumping costs). Fixed charges are set regardless of the water consumed during the billing period. The District’s fixed water costs are greatly decreased due to elimination of SDCWA’s fixed charges. Figure 1 shows the impact of detachment on the District’s cost of water. MWD’s fixed charges are the only fixed charges that remain and are now passed through by EMWD. With lower fixed charges, the District’s average cost of water is not as impacted by water sales volatility. The result is more stable net revenues. As shown in Table 10, the decrease in budgeted Variable Water Costs in Fiscal Year 2026-27 is due to an increase in local supply availability from SMR and a decrease in the imported treated water purchased from EMWD. The District’s variable and fixed water charges for this planning period are summarized on the following page.

**Variable Costs**

**EMWD Treated Water Variable Cost** – This is the \$/acre-foot rate the District pays for EMWD treated water.

**SMR Untreated Water Delivery Cost** – This is the \$/acre-foot rate the District pays for Camp Pendleton to deliver untreated water to the SMGTP.

**Inventory Withdrawal** – This is cost of treated water delivered to customers from the Red Mountain Reservoir.

**System Pumping** – This is the rate the District pays for water that is pumped to Red Mountain.

**Fixed Costs**

**MWD Peaking Treatment Capacity Charge** – MWD charge is based on a three-year trailing maximum annual peak day demand measured in cubic feet per second (cfs) and passed-through by the EMWD.

**MWD Used Standby Treatment Capacity Charge** – MWD charge reflects ten-year trailing annual standby use, calculated as the difference between maximum annual use and average use in AF and passed-through by the EMWD.

**MWD Remaining Treatment Capacity Charge** – MWD charge is based on a five-year trailing maximum annual treated water use in AF and passed-through by the EMWD.

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

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

**Figure #1 - Fixed vs. Variable**

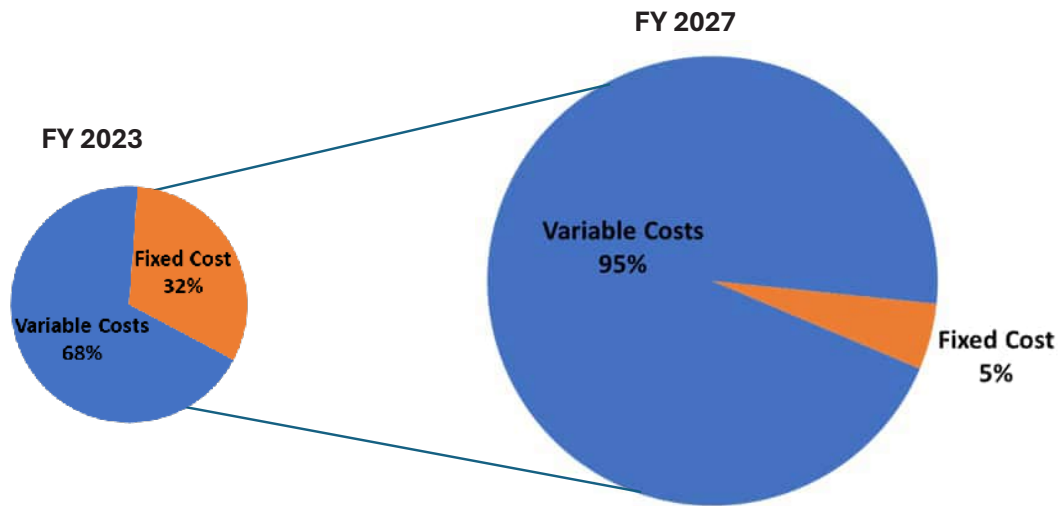
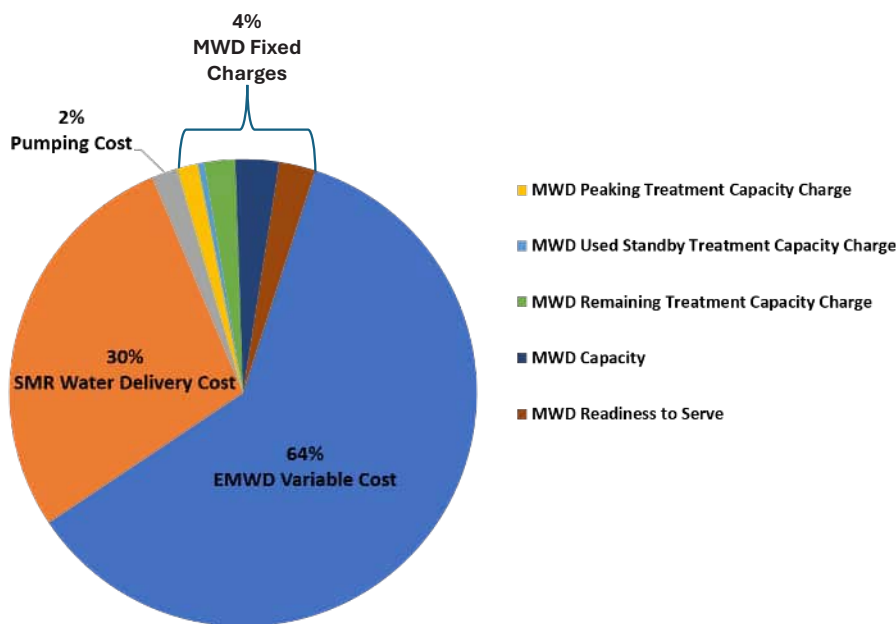


Table #10 - Variable and Fixed Charges Budget to Budget Comparison

	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>Variable Costs:</b>					
EMWD Treated Water Variable Cost	\$ 4,686,389	\$ 7,754,358	\$ 3,159,535	\$ 3,697,059	-52.3%
SMR Untreated Water Delivery Cost *	1,149,490	704,837	1,727,092	1,709,849	142.6%
Inventory Withdrawal	50,595	-	-	-	NA
System Pumping	125,201	200,000	150,000	109,779	-45.1%
<b>Subtotal Variable Costs</b>	<b>\$ 6,011,675</b>	<b>\$ 8,659,196</b>	<b>\$ 5,036,627</b>	<b>\$ 5,516,687</b>	<b>-36.3%</b>
<b>Fixed Costs:</b>					
MWD Peaking Treatment Capacity Charge	\$ -	\$ -	\$ -	\$ 87,620	NA
MWD Used Standby Treatment Capacity Charge	-	-	-	27,195	NA
MWD Remaining Treatment Capacity Charge	-	-	-	130,536	NA
MWD Capacity	(95,200)	84,223	84,223	183,973	118.4%
MWD Readiness to Serve	(120,492)	150,000	(335,555)	(153,092)	-202.1%
<b>Subtotal Fixed Costs</b>	<b>\$ (215,692)</b>	<b>\$ 234,223</b>	<b>\$ (251,333)</b>	<b>\$ 276,232</b>	<b>17.9%</b>
<b>Total Water Supply Costs</b>	<b>\$ 5,795,983</b>	<b>\$ 8,893,418</b>	<b>\$ 4,785,294</b>	<b>\$ 5,792,919</b>	<b>-34.9%</b>

\* This budget does not include the MWD Local Resource Program credit of \$305/AF @ 3,100 estimated AF; \$945,500.

Chart #6 - Water Supply Costs Breakdown



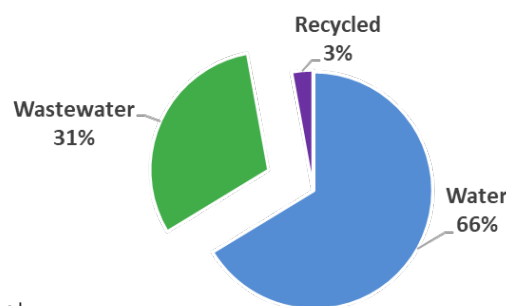
**VARIABLE WATER COSTS**

Most of the District's water costs are variable and provide net revenue stability.

**Wastewater Services**

The District provides Wastewater Services to approximately 5,000 service connections within the District’s service area. The largest component of the Wastewater Services’ operating budget is the operating costs of the District’s water reclamation plant. Appendix A provides the detailed revenue, expense and fund balance projections for Wastewater operations. Wastewater Services includes the following functions:

**Chart #7 - Total Services’ Budget**



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

Wastewater Services is broken down into divisions that support a specific function. Wastewater Services historic and proposed staffing levels are shown in Table 11.

**Table #11 - Wastewater Services Approved Positions**

Position	Actual FTE*	Actual FTE*	Proposed FTE*
	FY 2024-25	FY 2025-26	FY 2026-27
Field Services Manager	-	0.25	0.25
Collections Supervisor	1.0	1.0	1.0
Crew Leader	1.0	1.0	1.0
Utility Worker I & II	4.0	4.0	4.2
Chief Plant Operator	0.7	0.42	0.42
Lead Plant Operator	0.7	0.7	0.7
Plant Operator I & II	1.4	1.4	1.4
Water/Wastewater Operator I, II & III	0.25	0.25	0.25
Operations Manager	0.4	0.24	0.24
Environmental Compliance Technician	0.95	0.95	0.76
Laboratory Technician I & II	0.5	0.5	0.35
Senior Maintenance Technician	0.45	0.5	0.5
Systems Tech	-	0.1	0.1
Maintenance Technician I & II	1.6	1.3	1.3
SCADA/Electrical/Maintenance Supervisor	0.3	-	-
Electrical and Maintenance Manager	-	0.21	0.21
SCADA Analyst	-	-	0.1
Instrumentation, Electrical & Controls Tech	0.45	0.95	0.95
<b>TOTAL FTE</b>	<b>13.7</b>	<b>13.77</b>	<b>13.73</b>

\* FTE - Full-Time Equivalents

The divisions and their activities are summarized on the following page.

**Collections**

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

**Treatment**

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

As shown in Table 12, the Wastewater Services Budget is decreasing 2.1%. This is being driven by a decrease in labor costs due to the District’s contract with Camp Pendleton to provide Contract Wastewater Services for the base. A portion of the staff labor will be allocated to these services, which reduced the amount of labor allocations to Wastewater Services. The non-labor costs are also decreasing due to operational efficiencies at the plant which brought utility costs down significantly.

**Table #12 - Wastewater Services Operating Budget Summary\***

Description	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
Total Labor <sup>(1)</sup>	\$ 1,400,793	\$ 1,563,822	\$ 1,346,873	\$ 1,541,217	-1.4%
Total Non-Labor	1,114,783	1,430,901	1,161,040	1,252,625	-12.5%
<b>Operating Total</b>	<b>\$ 2,515,575</b>	<b>\$ 2,994,723</b>	<b>\$ 2,507,913</b>	<b>\$ 2,793,842</b>	<b>-6.7%</b>
Allocated Benefits Expenditures	935,702	1,052,794	930,635	1,073,712	2.0%
<b>Total Direct Wastewater Costs</b>	<b>\$ 3,451,277</b>	<b>\$ 4,047,517</b>	<b>\$ 3,438,548</b>	<b>\$ 3,867,554</b>	<b>-4.4%</b>
Allocation of Administrative Services <sup>(2)</sup>	3,182,234	3,067,705	3,081,042	3,101,376	1.1%
<b>Total Services Budget</b>	<b>\$ 6,633,511</b>	<b>\$ 7,115,221</b>	<b>\$ 6,519,590</b>	<b>\$ 6,968,929</b>	<b>-2.1%</b>

\* Appendix A provides the detailed revenue, expense and fund balance projections for Wastewater operations.

<sup>(1)</sup> Total Labor does not include District’s Benefits.

<sup>(2)</sup> Allocation of Administrative Services have been reduced by the Contract Wastewater Services Overhead for FY 2025-26 and FY 2026-27.

Table #13 - Wastewater Services, Division Budget to Budget Comparison

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Collections</b>					
<b>Labor:</b>					
Salaries	\$ 575,355	\$ 626,593	\$ 544,356	\$ 648,813	3.5%
<b>Non-Labor:</b>					
Contractor Services	89,398	66,800	56,800	74,800	12.0%
Equipment (Non Capital)	4,889	5,000	5,000	5,000	0.0%
Materials/Services/Supplies	197,057	232,600	214,387	237,600	2.1%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	2,000	2,000	2,000	0.0%
Utilities <sup>(1)</sup>	82,927	226,476	75,000	75,000	-66.9%
<b>Total Non-Labor</b>	<b>\$ 374,271</b>	<b>\$ 532,876</b>	<b>\$ 353,187</b>	<b>\$ 394,400</b>	<b>-26.0%</b>
<b>Division Operating Total</b>	<b>\$ 949,626</b>	<b>\$ 1,159,469</b>	<b>\$ 897,543</b>	<b>\$ 1,043,213</b>	<b>-10.0%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

<b>Treatment</b>					
<b>Labor:</b>					
Salaries	\$ 825,437	\$ 937,229	\$ 802,517	\$ 892,403	-4.8%
<b>Non-Labor Expenses:</b>					
Contractor Services	354,324	367,700	360,000	367,700	0.0%
Equipment (Non Capital)	6,086	17,000	2,700	17,000	0.0%
Materials/Services/Supplies	208,139	313,500	292,127	313,500	0.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	67,038	63,025	63,025	63,025	0.0%
Utilities <sup>(1)</sup>	104,925	136,800	90,000	97,000	-29.1%
<b>Total Non-Labor</b>	<b>\$ 740,512</b>	<b>\$ 898,025</b>	<b>\$ 807,852</b>	<b>\$ 858,225</b>	<b>-4.4%</b>
<b>Division Operating Total</b>	<b>\$ 1,565,949</b>	<b>\$ 1,835,254</b>	<b>\$ 1,610,369</b>	<b>\$ 1,750,628</b>	<b>-4.6%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

**Fiscal Year 2025-26 Accomplishments**

- Maintained energy consumption data to stay within the annual average target of 1,850,000 (kWh) or below
- Successfully operated the Water Reclamation Plant to achieve an Energy cost saving of approximately 57% from the budgeted \$206,000. Total Energy costs are projected to end up at \$90,000
- Maintained total Reclamation Plant hauling expenses at \$155,000 +/- 2%
- Accurately maintained/managed Bio solids system to reduce total operational chemical costs by 5%
- Completed cleaning 20,000 feet of regular sewer mains each month to total 254,675 feet
- CCTV'd 8,000 feet a month of sewer mains to total 107,403 feet
- Reduced 10-year average wastewater spills by 10%. - Keeps spills under 8,167 gallons
- Inspected 60 manholes

**Fiscal Year 2026-27 Goals and Objectives**

- Maintain Wastewater Treatment process to achieve a compliance rating of >99% for each category pertaining to permit regulations
- Maintain energy consumption data to stay within the annual average target of 1,850,000 (kWh) or below
- Accurately maintain/manage Bio solids system to reduce total operational costs by 5%. The current annual operational costs for Bio-solids process is \$132,000 (Chemicals-\$70,000 and Maintenance-\$62,000).
- Maintain total Reclamation Plant hauling expenses to stay within 5% +/- of new budget.
- Maintain Reclamation Plant Energy costs to stay within 5% of the New FY budget.
- Complete weekly and monthly inspections on the sewer lift stations
- Reduce 10-year average wastewater spills by 10%. - Keep spills under 7350 gallons
- Keep common sewer spills to 3 or less during the year
- Clean 20,000 feet of regular sewer mains each month to total 240,000 feet a year
- CCTV'd 8,000 feet a month of sewer mains to total 96,000 feet a year
- Inspect 150 manholes annually
- Repair 5 defects in the FPUD sewer conveyance system

**Table #14 - Wastewater Services Key Performance Indicators**

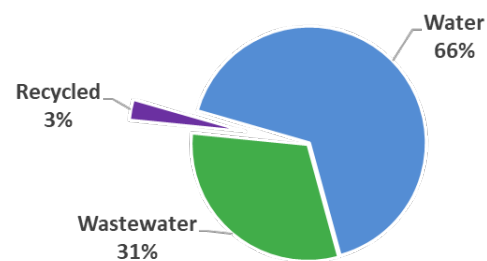
Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimated	Target Met
Infrastructure and Technology Stability	Cost/MGD of Wastewater Influent Flows	Below \$3,500/ MGD	\$3,497/MGD	\$3,146/MGD	\$3,023/MGD	\$3,167/MGD	\$3,113/MGD	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	Reduce 10-year average wastewater spills by 10% - Keep spills under 9,075 gallons	Below 9,075 gallons	N/A	3,010 gallons 10 year average	2,999 gallons 10 year average	2,699 gallons 10 year average	8,168 gallons 10 year average	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	Keep common sewer spills to 3 or less during the year	3 or less spills/year	5 spills; 2 contractor spills	1 spill	1 spill	0 spills; 2 privately owned sewer laterals	1 spill	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	Clean 20,000 feet of regular sewer mains each month to total 240,000 feet per year	240,000 feet/year	288,337 feet	272,751 feet	265,222 feet	265,226 feet	254,675 feet	Yes
Safe and Reliable Water, Wastewater, and Recycled Water Services	CCTV 8,000 feet of regular sewer mains each month to total 96,000 feet per year	96,000 feet/year	N/A	N/A	114,823 feet	108,216 feet	107,403 feet	Yes
Operational Optimization and Partnerships	Maintain energy consumption to stay within the annual average target	Below 1,932,000/ kWh	1,941,136/ kWh	1,792,487/ kWh	1,887,587/ kWh	1,870,281/ kWh	1,756,366/ kWh	Yes

**Recycled Water Services**

The District provides Recycled Water Services to 30 meters within the District’s service area. The largest component of the Recycled Water Services’ operating budget is the operating costs of the District’s water reclamation plant. Appendix A provides the detailed revenue, expense and fund balance projections for Recycled Water operations. Recycled Water Services includes the following functions:

- Operate the Water Reclamation Plant, equipment and processes necessary to produce recycled water
- Liaise with recycled water customers to schedule deliveries and inspections of service connections
- Operate and maintain the District’s distribution system, which includes 10.5 miles of pipe and 14 customers in the Fallbrook service area

**Chart #8 - Total Services’ Budget**



Recycled Water Services is broken down into Divisions that support a specific function. Recycled Water Services historic and proposed staffing levels are shown in Table 15.

**Table #15 - Recycled Water Services Approved Positions**

Position	Actual FTE* FY 2024-25	Actual FTE* FY 2025-26	Proposed FTE* FY 2026-27
Chief Plant Operator	0.3	0.18	0.18
Lead Plant Operator	0.3	0.3	0.3
Plant Operator	0.6	0.6	0.6
Operations Manager	0.1	0.06	0.06
Environmental Compliance Technician	0.05	0.05	0.04
Laboratory Technician I & II	0.5	0.5	0.35
Senior Maintenance Technician	0.05	0.05	0.05
Maintenance Technician I & II	0.1	0.1	0.1
Crew Leader	0.2	0.2	0.2
Utility Worker I, II & III	0.2	0.2	0.3
SCADA/Electrical/Maintenance Supervisor	0.05	-	-
Electrical and Maintenance Manager	-	0.035	0.035
Instrumentation, Electrical & Controls Tech	0.05	0.05	0.05
<b>Recycled Water Services Total FTEs</b>	<b>2.5</b>	<b>2.325</b>	<b>2.265</b>

\* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**Production**

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

**Distribution**

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

Table 16 shows that the Recycled Services Budget will decrease by 6%. This reduction is mainly due to a shift in labor costs, as some labor is now allocated to Contract Wastewater Services—which is fully funded by the federal government. These changes more accurately assign the District’s labor costs to the Recycled Water Service.

**Table #16 - Recycled Water Services Operating Budget Summary\***

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor <sup>(1)</sup>	\$ 183,405	\$ 251,611	\$ 211,002	\$ 233,728	-7.1%
Total Non-Labor	148,585	213,000	163,667	193,000	-9.4%
<b>Operating Total</b>	<b>\$ 331,990</b>	<b>\$ 464,611</b>	<b>\$ 374,669</b>	<b>\$ 426,728</b>	<b>-8.2%</b>
Allocated Benefits Expenditures	139,813	169,389	145,794	162,830	-3.9%
<b>Total Direct Recycled Water Costs</b>	<b>\$ 471,803</b>	<b>\$ 634,000</b>	<b>\$ 520,463</b>	<b>\$ 589,558</b>	<b>-7.0%</b>
Allocation of Administrative Services <sup>(2)</sup>	84,543	87,649	88,030	88,611	1.1%
<b>Total Services Budget</b>	<b>\$ 556,346</b>	<b>\$ 721,649</b>	<b>\$ 608,493</b>	<b>\$ 678,168</b>	<b>-6.0%</b>

\* Appendix A provides the detailed revenue, expense and fund balance projections for Recycled Water operations.

<sup>(1)</sup> Total Labor does not include District’s Benefits.

<sup>(2)</sup> Allocation of Administrative Services have been reduced by the Contract Wastewater Services Overhead for FY 2025-26 and FY 2026-27.

**Table #17 - Recycled Water Services, Division Budget to Budget Comparison**

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Production</b>					
<b>Labor:</b>					
Salaries	\$ 173,706	\$ 231,005	\$ 204,119	\$ 213,622	-7.5%
<b>Non-Labor:</b>					
Contractor Services	20,851	36,000	33,000	36,000	0.0%
Equipment (Non Capital)	2,705	4,000	3,700	4,000	0.0%
Materials/Services/Supplies	80,104	92,000	73,443	92,000	0.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities <sup>(1)</sup>	44,968	62,000	40,000	42,000	-32.3%
<b>Total Non-Labor</b>	<b>\$ 148,628</b>	<b>\$ 194,000</b>	<b>\$ 150,143</b>	<b>\$ 174,000</b>	<b>-10.3%</b>
<b>Division Operating Total</b>	<b>\$ 322,334</b>	<b>\$ 425,005</b>	<b>\$ 354,262</b>	<b>\$ 387,622</b>	<b>-8.8%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

Table #17 - Recycled Water Services, Division Budget to Budget Comparison, cont.

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
<b>Distribution</b>					
<b>Labor:</b>					
Salaries	\$ 9,699	\$ 20,606	\$ 6,883	\$ 20,105	-2.4%
<b>Non-Labor:</b>					
Contractor Services	-	-	-	-	NA
Equipment (Non Capital)	-	-	-	-	NA
Materials/Services/Supplies	-	19,000	13,500	19,000	0.0%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	-	NA
Utilities <sup>(1)</sup>	(43)	-	24	-	NA
<b>Total Non-Labor</b>	<b>\$ (43)</b>	<b>\$ 19,000</b>	<b>\$ 13,524</b>	<b>\$ 19,000</b>	<b>0.0%</b>
<b>Division Operating Total</b>	<b>\$ 9,656</b>	<b>\$ 39,606</b>	<b>\$ 20,407</b>	<b>\$ 39,105</b>	<b>-1.3%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

### Fiscal Year 2025-26 Accomplishments

- Maintain energy consumption data to stay within the annual average target of 828,000 (kWh) or below
- Maintain Reclamation Plant overall compliance rating at > 99% each month from all samples associated with the Title 22 and WDR Permit
- The projected Energy totals for the Reclamation plant will be approximately 2,509,095 kWh, meeting the 2025-2026 goal by staying below the annual average target of 2,760,000 kWh. (30% Recycled Water-753,000 kwh)
- Accurately maintained/managed chlorine disinfection system to reduce total operational costs by 5%. The current annual operational cost for Chlorine disinfection process is \$79,000 (Projections Chemicals-\$49,000 & Maintenance-\$30,000)

### Fiscal Year 2026-27 Goals and Objectives

- Maintain Reclamation Plant overall compliance rating at > 99% each month from all samples associated with the Title 22 and WDR Permit
- Reduced total overtime hours by 5% from previous Fiscal Year
- Maintain energy consumption data to stay within the annual average target of 800,000 (kWh) or below
- Accurately maintain/manage Chlorine disinfection system to stay within the total operational costs by 5% of the new budget.

Table #18 - Recycled Water Services Key Performance Indicators

Strategic Goal	Key Performance Indicator	Target	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Estimated	Target Met
Operational Optimization and Partnerships	Maintain an overall compliance of >99.9% each month from all samples associated with the Title 22 and WDR Permit	>99.9%	100%	99.9%	100%	99.7% <sup>1</sup>	100%	Yes
Operational Optimization and Partnerships	Maintain energy consumption data to stay within the annual average target	828,000/kWh or below	831,915/kWh	768,209/kWh	808,966/kWh	801,549/kWh	753,000/kWh	Yes

(1) A Recycled water pipeline break caused a spill, resulting in a non-compliant discharge event.



**Community Benefit Program**

In response to the community’s request, the District has formed the Community Benefit Program (CBP). The CBP maintains public spaces in the District’s service area. The CBP is funded by water property tax revenues. Each year the amount established by the Board will be transferred into the CBP fund and used for the benefit of community. The funds will be managed by a Board appointed committee and require minimal staff support.

**Table #19 - Community Benefit Program Approved Positions**

Position	Actual FTE*	Actual FTE*	Proposed FTE*
	FY 2024-25	FY 2025-26	FY 2026-27
Executive Assistant/ Board Secretary	0.02	0.02	0.02
<b>TOTAL FTE</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

\* FTE - Full-Time Equivalents

**Table #20 - Community Benefit Program Operating Budget Summary**

Description	FY 2024-25	FY 2025-26		FY 2026-27	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Total Labor	\$ 3,584	\$ 4,008	\$ 4,008	\$ 4,173	4.1%
Total Non-Labor	648,101	1,095,992	861,846	941,742	-14.1%
<b>Total Budget</b>	<b>\$ 651,685</b>	<b>\$ 1,100,000</b>	<b>\$ 865,854</b>	<b>\$ 945,915</b>	<b>-14.0%</b>

**Fiscal Year 2025-26 Accomplishments**

- Executed projects totaling \$865,854 that support the committee and community of Fallbrook

**Fiscal Year 2026-27 Goals and Objectives**

- To support the committee and execute selected projects for the benefit of the Fallbrook community

**Contract Wastewater Services**

**Camp Pendleton Operations**

The District provides Wastewater Operations Services to the CPEN’s service area. The focus of the Wastewater Services’ operating budget is the operating costs of the two CPEN Tertiary Treatment Plants.

Camp Pendleton Operations includes the following functions:

- Operate two water reclamation plants that provide tertiary treatment
- Manage an asset management program that optimizes lifecycle costs and maintains, repairs and replaces plant assets
- Meet the Regional Water Quality Control Board’s discharge permit requirements

**Camp Pendleton Maintenance**

The District provides Maintenance Services to CPEN’s service area.

Camp Pendleton Maintenance includes the following functions:

- Maintain two water reclamation plants that provide tertiary treatment and produce recycled water
- Manage an asset management program that optimizes lifecycle costs and maintains, repairs and replaces plant and collections system assets
- Rebuild redundancy into the treatment plant system to avoid the potential for catastrophic failures

Camp Pendleton is broken down into divisions that support a specific function. Camp Pendleton Operations and Maintenance proposed staffing levels are shown in Table 21 and Table 22.

**Table #21 - Camp Pendleton Operations Approved Positions**

Position	Actual FTE* FY 2024-25	Actual FTE* FY 2025-26	Proposed FTE* FY 2026-27
General Manager	-	0.05	0.05
Operations Manager	-	0.2	0.2
Chief Plant Operator	-	0.4	0.4
Safety & Risk Officer	-	0.2	0.2
Plant Operator I	-	3.0	3.0
Plant Operator II	-	3.0	3.0
Environmental Compliance Technician	-	-	0.2
Laboratory Technician I & II	-	-	0.3
<b>CPEN Operations Total FTEs</b>	<b>0.0</b>	<b>6.85</b>	<b>7.35</b>

\* FTE - Full-Time Equivalents

**Table #22 - Camp Pendleton Maintenance Approved Positions**

<b>Position</b>	<b>Actual FTE* FY 2024-25</b>	<b>Actual FTE* FY 2025-26</b>	<b>Proposed FTE* FY 2026-27</b>
General Manager	-	0.05	0.05
Operations Manager	-	0.2	0.2
Electrical and Maintenance Manager	-	0.3	0.3
SCADA/Electrical/Maintenance Supervisor	-	1.0	1.0
SCADA Analyst	-	0.5	0.5
Maintenance Technician I	-	1.0	2.0
Maintenance Technician II	-	2.0	2.0
Instrumentation, Electrical & Controls Tech I	-	1.0	1.0
Instrumentation, Electrical & Controls Tech II	-	1.0	1.0
Purchasing Warehouse Supervisor	-	-	0.2
<b>CPEN Maintenance Total FTEs</b>	<b>0.0</b>	<b>7.05</b>	<b>8.25</b>

\* FTE - Full-Time Equivalents

The divisions and their activities are summarized below.

**The Office of the General Manager**

- Oversee all District operations engaged in the IGSA with CPEN
- Plan, organize and conduct Board of Directors activities and meetings in addition to supporting Board policy development and execution
- Manage legal activities including public hearing and other required notices
- Serve as public liaison to the Community and other entities and manages public relations
- Manages District documents, contracts, and Board of Director meeting agendas and minutes

**Warehouse and Purchasing**

- Issue requests for proposals, and solicitations for equipment, supplies and materials
- Maintain and manage CPEN equipment, supplies and materials inventory
- Manage purchasing contracts for materials, supplies, equipment and services

**Information Management**

- Maintain the CPEN SCADA system
- Maintain the District’s Enterprise Resource Planning (ERP) and Computerized Maintenance Management (CMMS) systems
- Create and maintain the District’s information system’s policies and procedures
- Manage the security of the District’s information management systems

**Safety and Risk**

- Manage and administer the District’s safety and risk program
- Investigate claims against the District and conduct accident/incident investigations
- Maintain and update the District’s Emergency Response Plan and conduct vulnerability assessments
- Provide training to staff members specific to their job requirements

**Operations**

- Operate and maintain the tertiary treatment plant processes in the following areas: Headworks, Batch Reactors, Activated Sludge, Filtration and Solids Handling (which includes an aerobic digester and centrifuges)
- Conduct laboratory analysis and reporting to meet the Regional Water Quality Control Board’s discharge permit requirements
- Operate the plants to achieve peak efficiency

**Maintenance**

- Provide emergency repairs and routine maintenance to the treatment plants and equipment
- Maintain Electrical Systems needed for plant operations
- Gather data to maintain and run equipment to operate efficiently
- Develop a long-term maintenance program to keep the plants at peak efficiency

Table 23 shows that the Contract Wastewater Services Budget is increasing by 100.5%. This large increase is because the FY 2025-26 Amended Budget covered only six months, while the FY 2026-27 Budget covers a full year. This operation is federally funded and also reduces administrative costs for the day-to-day services required.

**Table #23 - Contract Wastewater Services Operating Budget Summary**

Description	FY 2024-25 Actual	FY 2025-26 <sup>(1)</sup>		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
Total Labor <sup>(2)</sup>	\$ -	\$ 988,193	\$ 988,193	\$ 2,032,856	105.7%
Total Non-Labor	-	1,468,273	1,468,273	2,809,770	91.4%
<b>Operating Total</b>	<b>\$ -</b>	<b>\$ 2,456,466</b>	<b>\$ 2,456,466</b>	<b>\$ 4,842,626</b>	<b>97.1%</b>
Allocated Benefits Expenditures	-	415,705	415,705	869,936	109.3%
<b>Total Direct Camp Pendleton Costs</b>	<b>\$ -</b>	<b>\$ 2,872,171</b>	<b>\$ 2,872,171</b>	<b>\$ 5,712,562</b>	<b>98.9%</b>
Contract Wastewater Svcs. Overhead	-	387,217	387,217	776,256	100.5%
<b>Total Critical Projects</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 2,050,000</b>	<b>105.0%</b>
<b>Total Direct Camp Pendleton Costs</b>	<b>\$ -</b>	<b>\$ 4,259,388</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>100.5%</b>

<sup>(1)</sup> FY 2025-26 Amended budget for Contract Wastewater Services was for a 6-month period.

<sup>(2)</sup> Total Labor does not include District’s Benefits

Table #24 - Camp Pendleton Operations Budget to Budget Comparison

Description	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>North Plant Operations</b>					
<b>Labor:</b>					
Salaries	\$ -	\$ 111,660	\$ 111,660	\$ 311,521	179.0%
<b>Non-Labor:</b>					
Contractor Services	-	72,450	72,450	144,900	100.0%
Equipment (Non Capital)	-	6,825	6,825	72,900	968.1%
Materials/Services/Supplies	-	266,129	266,129	331,433	24.5%
Professional Services	-	21,000	21,000	42,000	100.0%
Memberships/Training/Permits	-	67,980	67,980	57,450	-15.5%
Utilities <sup>(1)</sup>	-	6,140	6,140	12,279	100.0%
Fleet	-	5,041	5,041	52,319	937.8%
<b>Total Non-Labor</b>	<b>\$ -</b>	<b>\$ 445,565</b>	<b>\$ 445,565</b>	<b>\$ 713,281</b>	<b>60.1%</b>
<b>Division Operating Total</b>	<b>\$ -</b>	<b>\$ 557,225</b>	<b>\$ 557,225</b>	<b>\$ 1,024,802</b>	<b>83.9%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.

<b>South Plant Operations</b>					
<b>Labor:</b>					
Salaries	\$ -	\$ 344,082	\$ 344,082	\$ 558,583	62.3%
<b>Non-Labor:</b>					
Contractor Services	-	99,603	99,603	562,401	464.6%
Equipment (Non Capital)	-	6,825	6,825	97,150	1323.4%
Materials/Services/Supplies	-	402,839	402,839	519,008	28.8%
Professional Services	-	88,000	88,000	126,000	43.2%
Memberships/Training/Permits	-	12,600	12,600	57,450	356.0%
Utilities <sup>(1)</sup>	-	23,101	23,101	46,202	100.0%
Fleet	-	5,041	5,041	52,319	937.8%
<b>Total Non-Labor</b>	<b>\$ -</b>	<b>\$ 638,009</b>	<b>\$ 638,009</b>	<b>\$ 1,460,530</b>	<b>128.9%</b>
<b>Division Operating Total</b>	<b>\$ -</b>	<b>\$ 982,092</b>	<b>\$ 982,092</b>	<b>\$ 2,019,112</b>	<b>105.6%</b>

<sup>(1)</sup> Utility cost increase driven by actual cost levels.



Table #25 - Camp Pendleton Maintenance Budget to Budget Comparison

Description	FY 2024-25 Actual	FY 2025-26		FY 2026-27 Budget	Amended Budget to Budget Change (%)
		Amended Budget	Projected		
<b>North Plant Maintenance</b>					
<b>Labor:</b>					
Salaries	\$ -	\$ 117,242	\$ 117,242	\$ 496,558	323.5%
<b>Non-Labor:</b>					
Contractor Services	-	125,000	125,000	55,000	-56.0%
Equipment (Non Capital)	-	10,000	10,000	53,250	432.5%
Materials/Services/Supplies	-	37,500	37,500	42,096	12.3%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	36,920	36,920	21,500	-41.8%
Utilities	-	-	-	-	NA
Fleet	-	5,041	5,041	-	-100.0%
<b>Total Non-Labor</b>	<b>\$ -</b>	<b>\$ 214,461</b>	<b>\$ 214,461</b>	<b>\$ 171,846</b>	<b>-19.9%</b>
<b>Division Operating Total</b>	<b>\$ -</b>	<b>\$ 331,703</b>	<b>\$ 331,703</b>	<b>\$ 668,404</b>	<b>101.5%</b>

<b>South Plant Maintenance</b>					
<b>Labor:</b>					
Salaries	\$ -	\$ 415,209	\$ 415,209	\$ 666,194	60.4%
<b>Non-Labor:</b>					
Contractor Services	-	110,000	110,000	92,114	-16.3%
Equipment (Non Capital)	-	10,000	10,000	43,000	330.0%
Materials/Services/Supplies	-	45,196	45,196	307,500	580.4%
Professional Services	-	-	-	-	NA
Memberships/Training/Permits	-	-	-	21,500	NA
Utilities	-	-	-	-	NA
Fleet	-	5,041	5,041	-	-100.0%
<b>Total Non-Labor</b>	<b>\$ -</b>	<b>\$ 170,237</b>	<b>\$ 170,237</b>	<b>\$ 464,114</b>	<b>172.6%</b>
<b>Division Operating Total</b>	<b>\$ -</b>	<b>\$ 585,447</b>	<b>\$ 585,447</b>	<b>\$ 1,130,308</b>	<b>93.1%</b>

**Fiscal Year 2025-26 Accomplishments**

- Completed the 2026 Repair & Replacement list and began developing the 5-Year Plan
- Ordered new pumps and motors to replace aging equipment
- FPUD established a strong partnership with CPEN, ensuring a smooth operational transition
- Met all regulatory targets for the fiscal year

**Fiscal Year 2026-27 Goals and Objectives**

- Ensure 100% compliance with all permits
- Repair the recycled water pipe and pump station to divert maximum flow from the outfall, enabling drainage of the Lemon Grove Ponds
- Drain the Lemon Grove Ponds and assess the condition of the liners
- Increase redundancy across all plant systems
- Support CPEN in defining larger projects
- Help CPEN use available funding to address grit issues at the headworks
- Collaborate with base staff to design a new fiber optic loop connecting both plants
- Partner with base staff to implement a server upgrade that improves security
- Coordinate with the contractor and base staff to upgrade PLCs at both plants
- Complete an ARC Flash study to improve electrical safety

## Employee Benefits

The District updates the cost of the benefits offered to District staff as part of the annual budget. A new Memorandum of Understanding (MOU) between the District and its employee associations was negotiated in 2022 and is set to expire in June 2027. The budget was developed based upon the terms of the MOU. Table 26 shows the breakdown of the District’s costs related to employee benefits.

Chart #9 - Fiscal Year 2026-27 Benefits Breakdown

**STRATEGIC PLANNING**

The District’s proactive management of the district’s pension obligations has resulted in 86% funding of its pension obligations. This limits the potential for future rate and charge increases due to pension obligation funding needs.

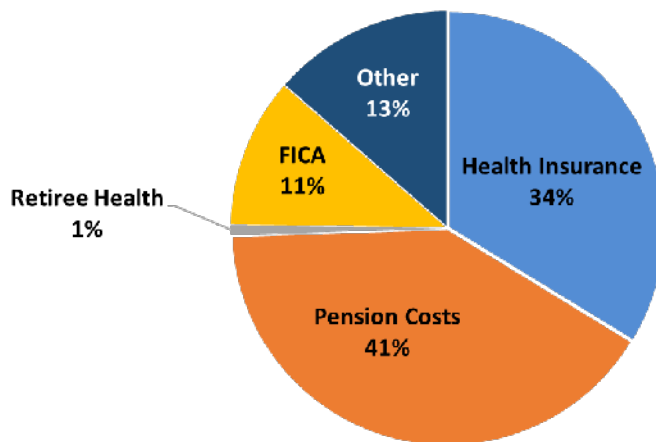


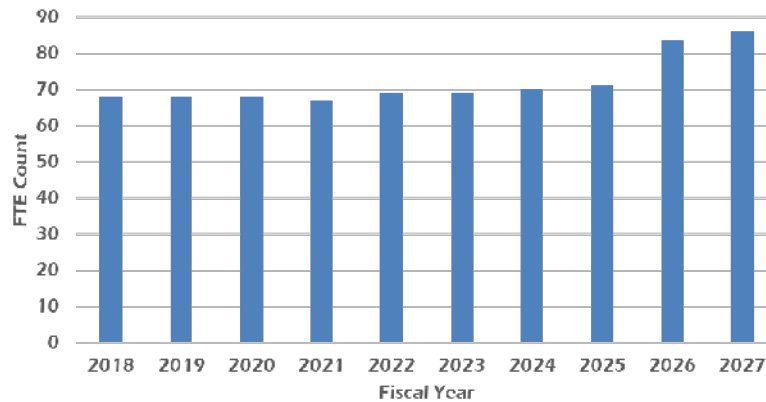
Table #26 - Breakdown of District’s Employee Benefit Costs

Description	FY 2024-25	FY 2025-26 <sup>(1)</sup>		FY 2026-27 <sup>(1)</sup>	Amended Budget to Budget Change (%)
	Actual	Amended Budget	Projected	Budget	
Auto Allowance	\$ 28,762	\$ 32,650	\$ 33,935	\$ 30,750	-5.8%
Insurance - Dental	76,995	96,585	91,423	107,447	11.2%
Insurance - Vision	13,682	16,553	15,955	17,993	8.7%
Insurance - Health	1,365,375	1,717,702	1,616,197	1,975,521	15.0%
Insurance - Life and Disability	62,229	71,210	79,505	78,802	10.7%
Insurance - Worker's Comp	107,895	150,069	135,904	166,927	11.2%
FICA - Employer's share	601,159	683,941	697,040	779,188	13.9%
CalPERS Annual Contribution	802,787	942,328	902,480	1,017,960	8.0%
CalPERS Unfunded Liability Payment	1,429,008	1,649,238	1,645,227	1,815,306	10.1%
Pension/OPEB Liability Trust Payment <sup>(2)</sup>	500,000	500,000	500,000	500,000	0.0%
Employer's share (401 & 457)	159,162	212,956	217,566	248,245	16.6%
District Share of Retiree Medical Insurance	50,025	54,724	55,720	53,129	-2.9%
Merit Increase/Performance Bonus	73,500	96,300	96,942	100,000	3.8%
Uniforms & Boots	53,704	57,559	56,435	64,474	12.0%
<b>Total</b>	<b>\$ 5,324,282</b>	<b>\$ 6,281,813</b>	<b>\$ 6,144,328</b>	<b>\$ 6,955,742</b>	<b>10.7%</b>

<sup>(1)</sup> \$415,705 and \$869,936 were budgeted for Contract Wastewater Services in FY 2025-26 and FY 2026-27 respectively.

<sup>(2)</sup> \$500,000 transferred to the District’s Section 115 Pension Trust.

**Chart #10 - Fallbrook Public Utility District's Approved Full-Time Staffing Equivalents**



The District's staffing levels shown in Chart 10 show a total of 86 FTEs. The District participates in the California Public Employees' Retirement System (CalPERS). While the calculations are complex, the District's pension costs can be split into the Annual Required Contribution (ARC) and the annual Unfunded Actuarial Accrued Liability (UAAL) Payment. The budget utilizes the latest CalPERS annual report that provides these costs. The District has maintained its contribution to the Pension/OPEB Liability 115 Trust as part of the Board's strategy to mitigate the impacts of changing pension costs. Appendix D provides the District's CalPERS annual payment schedule for the UAAL.

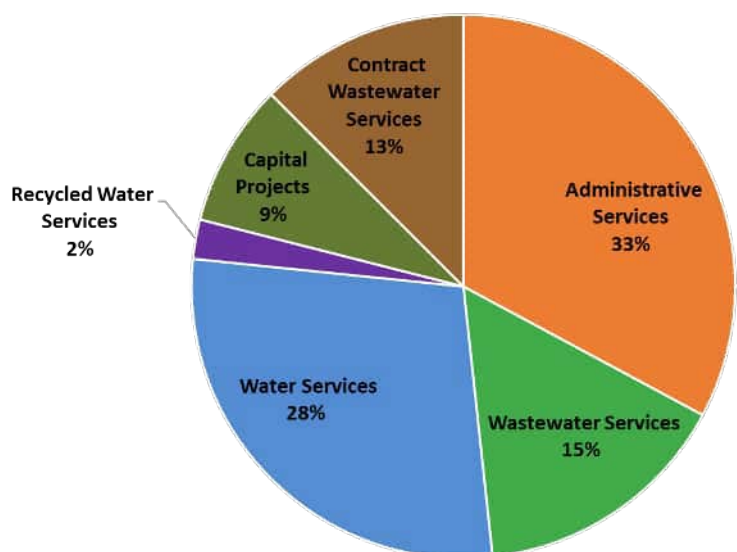
This year 74% of the District's staff fall under the Public Employees' Pensions Reform Act (PEPRA). The changes in pension benefits for PEPRA staff are expected to lower the District's future pension costs.

The District's healthcare insurance costs are up due to higher premiums, the addition of 14 FTEs for Contract Wastewater Services and the trend for new hires to elect family coverage under the District's healthcare plans. Changes to other benefits are shown on the table.

**Benefit Allocation**

**Chart #11 - Fiscal Year 2026-27 Benefits Allocation**

The District's benefit costs are allocated to each of the District's Services based upon its share of the budgeted salary and wages. This allocation methodology aligns the benefit cost allocation with salary and wages, which are the primary determinants of the benefit costs. A portion of the Benefits cost is allocated to labor associated with Capital Projects and is integrated into the projects budget. This year, 9% of the benefits are allocated to Capital Projects, a decrease from last year. The reduction is due to the addition of 14 full-time employees (FTEs) for Contract Wastewater Services, which now account for 13% of the benefit allocation.



## Debt Service

The District currently has five outstanding long-term debt obligations, the Red Mountain State Revolving Fund Loan (2011 SRF Loan), the 2021 Wastewater Refunding Revenue Bonds (2021 WWRRB), the 2024 Water Revenue Bonds (2024 WRB), the Qualified Energy Conservation Revenue Bonds (2010 QECB) and the State Revolving Fund Loans (2018 SRF Loan). The 2011 SRF Loan funded the construction of a water treatment facility serving the Red Mountain Reservoir. The 2021 Wastewater Refunding Revenue Bonds (2021 WWRRB), which refunded a SRF Loan that funded the rehabilitation and modernization of the District’s Water Reclamation Plant. The 2010 QECB loan funded the District’s 1 MW solar facility. The 2018 SRF loan funded the District’s SMGTP. With construction completed and final amounts set, the 2018 SRF loan schedule is finalized. The 2024 WRBs funded Water System pipeline replacement and other capital projects. Chart 12 shows the annual debt service payments are relatively flat through 2027, and slowly decrease thereafter.

The District’s Wastewater bond rating was raised to AA- due to the District’s prudent financial management.

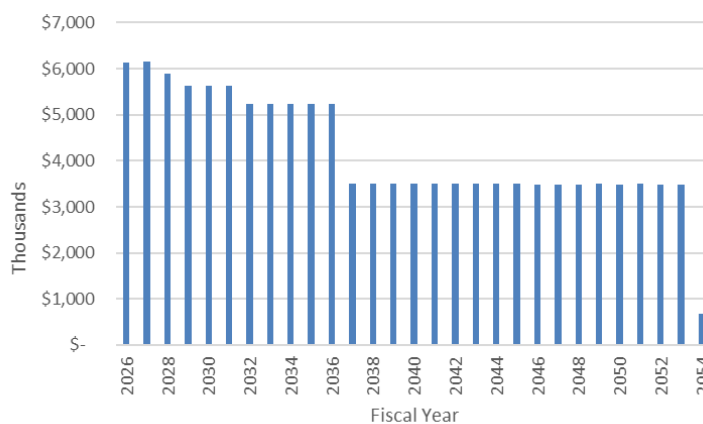
Each debt issuance is linked to the Service that it was used to fund. In some cases, the debt service can be allocated to more than one service. The table below shows the debt service payments for Fiscal Year 2026-27 and the amount allocated to each service.

**Table #27 - Debt Service Budget Summary**

Debt Issuance	Service			Total Debt Service
	Water	Wastewater	Recycled Water	
2018 SRF Loan	\$ 2,814,795	\$ -	\$ -	\$ 2,814,795
2011 SRF Loan	395,851	-	-	395,851
2021 WWRRB*	-	1,212,190	519,510	1,731,700
2024 WRB	684,284	-	-	684,284
2010 QECB	-	519,579	-	519,579
<b>Total</b>	<b>\$3,894,930</b>	<b>\$1,731,769</b>	<b>\$ 519,510</b>	<b>\$ 6,146,209</b>

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

**Chart #12 - Annual Debt Service**



The table below shows the debt service payment schedule for each debt issuance. The debt service in Fiscal Year 2026-27 is flat from Fiscal Year 2025-26 with no new debt issuance planned.

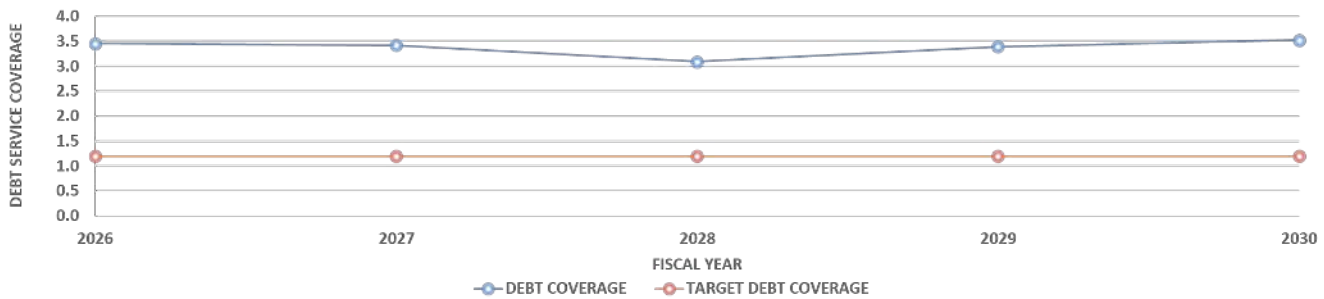
**Table #28 - Fiscal Year 2026-27 Debt Service Schedule**

Year Ending	Red Mountain State Revolving Fund Loan		Wastewater Revenue Refunding Bonds		QECCB* Loan		SMRCUP State Revolving Funds		Water Revenue Bonds		District Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
	June 30										
2026	\$ 341,786	\$ 54,065	\$ 1,145,000	\$ 584,934	\$ 458,515	\$ 62,150	\$ 1,661,765	\$ 1,153,030	\$ 180,000	\$ 503,662	\$ 6,144,906
2027	350,628	45,222	1,185,000	546,700	484,114	35,465	1,693,339	1,121,456	190,000	494,284	\$ 6,146,209
2028	359,700	36,151	1,230,000	498,400	254,219	7,296	1,725,512	1,089,283	200,000	485,713	\$ 5,886,273
2029	369,006	26,844	1,280,000	448,200	-	-	1,758,297	1,056,498	210,000	474,008	\$ 5,622,853
2030	378,553	17,297	1,335,000	395,900	-	-	1,791,704	1,023,091	220,000	463,109	\$ 5,624,655
2031	388,347	7,503	1,390,000	341,400	-	-	1,825,747	989,048	230,000	451,703	\$ 5,623,749
2032	-	-	1,445,000	284,700	-	-	1,860,436	954,359	245,000	440,852	\$ 5,230,347
2033	-	-	1,505,000	225,700	-	-	1,895,784	919,011	255,000	426,992	\$ 5,227,487
2034	-	-	1,565,000	164,300	-	-	1,931,804	882,991	270,000	413,685	\$ 5,227,781
2035	-	-	1,630,000	100,400	-	-	1,968,509	846,287	280,000	399,745	\$ 5,224,940
2036	-	-	1,695,000	33,900	-	-	2,005,910	808,885	295,000	386,206	\$ 5,224,901
2037	-	-	-	-	-	-	2,044,022	770,773	310,000	369,838	\$ 3,494,633
2038	-	-	-	-	-	-	2,082,859	731,936	330,000	353,617	\$ 3,498,412
2039	-	-	-	-	-	-	2,122,433	692,362	345,000	336,508	\$ 3,496,303
2040	-	-	-	-	-	-	2,162,759	652,036	360,000	319,488	\$ 3,494,283
2041	-	-	-	-	-	-	2,203,852	610,943	380,000	299,884	\$ 3,494,679
2042	-	-	-	-	-	-	2,245,725	569,070	400,000	280,115	\$ 3,494,910
2043	-	-	-	-	-	-	2,288,394	526,401	420,000	259,331	\$ 3,494,126
2044	-	-	-	-	-	-	2,331,873	482,922	445,000	238,027	\$ 3,497,822
2045	-	-	-	-	-	-	2,376,179	438,616	465,000	216,694	\$ 3,496,489
2046	-	-	-	-	-	-	2,421,326	393,469	480,000	197,532	\$ 3,492,327
2047	-	-	-	-	-	-	2,467,332	347,464	500,000	177,661	\$ 3,492,456
2048	-	-	-	-	-	-	2,514,211	300,584	520,000	157,380	\$ 3,492,175
2049	-	-	-	-	-	-	2,561,981	252,814	545,000	135,384	\$ 3,495,180
2050	-	-	-	-	-	-	2,610,658	204,137	565,000	112,877	\$ 3,492,672
2051	-	-	-	-	-	-	2,660,261	154,534	590,000	89,458	\$ 3,494,253
2052	-	-	-	-	-	-	2,710,806	103,989	610,000	65,270	\$ 3,490,065
2053	-	-	-	-	-	-	2,762,311	52,484	635,000	39,881	\$ 3,489,676
2054	-	-	-	-	-	-	-	-	665,000	13,522	\$ 678,522

\*Qualified Energy Conservation Revenue Bonds. Debt service is not adjusted for interest rate subsidy payments.

While there is no established legal debt limit for the District, the District has an adopted Debt Management Policy. The Debt Management Policy creates the framework for issuing debt. The District’s debt service indentures require that the debt service coverage ratio be maintained at or above 1.2x. Chart 13 shows the projected debt service coverage above the target level of 1.2x. Currently the District has no subordinate debt outstanding.

Chart #13 - Debt Service Coverage Ratio



## Project Summary for Fiscal Year 2026-27

Figure #1 - Fallbrook District Facilities

### District Capital Program

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. Figure 1 summarizes the facilities owned and operated by the District. It is



critical to develop plans to reduce the overall cost of operating these facilities by completing pro-active capital projects to replace and rehabilitate these assets as opposed to waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

The annual Capital Improvement Budget is used to implement the District’s long-range capital goals. These goals are developed using the District’s Strategic Plan, Urban Water Management Plan, Asset Management Plan and Master Plans. These plans are utilized to develop the lowest lifecycle cost to meet water and wastewater needs and maintain system reliability for the District’s customers. Projects are selected based on weighing prioritized needs verses available capital funds. Individual project costs are estimated based on current construction cost information. While some projects are well into the design phase and costs can be fairly accurately estimated, others are based on early stage planning estimates. Additionally, unforeseen changes to priorities can result from changing materials and construction costs, pipeline failures, extreme weather, etc.

For Fiscal Year 2025-26, Table 1 shows budget versus projected actual expenses for each capital project category. The anticipated CIP execution is tracking very close to budget for the water category. For the others, a handful of deferred projects will result in less CIP expenditures than budgeted. These projects include:

- WRP Creek Crossing Pipeline Replacement: This project replaces the above grade trunk line across Fallbrook Creek. It was intended to be constructed in FY26, but had to be rebid after design modifications and value engineering due to higher than budgeted bid prices. It was awarded in April 2026 and will be completed during FY27.
- WRP Headworks Refurbishment: This project refurbishes the concrete coatings and replaces the grit removal equipment. It requires the headworks to be bypassed which will be easier to implement after the creek crossing project is complete. The budget for this project has been carried over to FY27.
- WRP Centrifuge Replacement: This project was determined unnecessary after completing a less expensive rebuild of the existing centrifuge equipment.

- Recycled Applied Pump Replacement: There are two applied pumps for the recycled system. One was rebuilt during FY26, and one replacement pump ordered. The replacement pump will not be delivered until FY27 so will be installed then.
- Administrative Enterprise Resource Planning (ERP) Software: The process of replacing the ERP software began during FY26, but will be integrated over two years. The remaining budget for this effort was carried over to FY27.
- SMGTP Backup Generator Project: This project, 80% grant funded, began in FY26, but with the extremely long lead time for electrical equipment, will not be completed until well into FY27.

These projects, except for the Centrifuge Replacement, are included in the FY27 budget in addition to the planned work for the year.

### Capital Budget Project Summary for Fiscal Year 2026-27

The District has implemented a capital program to improve the overall reliability of the water, wastewater and recycled systems. The key capital projects scheduled for Fiscal Year 2026-27 are summarized on the following pages.

#### Water Capital Projects

The primary focus will continue to be on pipeline replacements. Since initiating the pipeline replacement program, the goal has been to replace 5,000 linear feet of mainline per year. On average in each of the past 3 years, more than 9,000 linear feet of pipe has been replaced. This equates to a replacement rate of just under 160 years, moving closer to the ultimate replacement goal of 100 years. The goal for FY27 is to replace 9,500 linear feet of mainline. Approximately 4,000 linear feet of pipeline replacement work has already been awarded for completion in FY27, with another 7,500 in the final stages of design.

District construction staff will continue with valve replacement projects to reduce the impacts of outages from breaks and failures. Other significant components of the Water CIP include the construction of a new pressure reducing station at Hillside Dr, water quality improvements at Red Mountain Reservoir, operational improvements at multiple steel tank reservoirs, and the completion of the backup generator install at the Santa Margarita Groundwater Treatment Plant.

#### Wastewater/ Recycled Capital Projects

As part of the long-term sewer system replacement plan, the focus will be on replacing and relining aging collection mains, laterals, and manholes, as well as pump replacements at the Green Canyon Lift Station.

At the Water Reclamation Plant (WRP), aging mechanical equipment will be replaced, the headworks and one of the secondary clarifiers will be refurbished, and a multi-year PLC/controls upgrades effort will begin.

For the recycled water system, replacements of the applied and backwash pumps for the tertiary filter system will continue to be replaced.

Table #1 - Capital Improvements Projects Summary Table

	FY 2025-26	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
	Amended Budget	Projected						
<b>Water Capital Projects</b>								
Pipelines & Valve Replacement Projects by District	\$ 760,000	\$ 862,969	\$ 1,020,000	\$ 816,893	\$ 950,672	\$ 979,193	\$ 1,008,568	\$ 1,014,319
Pipeline Replacement Projects by Contractors	3,735,000	4,360,119	5,000,000	6,471,490	6,556,362	6,235,319	7,002,015	5,246,482
DeLuz ID Projects	-	29,177	-	-	-	-	-	-
Pump Stations	815,000	133,120	270,000	212,180	185,764	168,826	173,891	280,800
Meter Replacement	60,000	57,280	60,000	63,654	65,564	67,531	69,556	72,339
Pressure Reducing Station Rehabilitation	20,000	2,837	120,000	21,218	32,782	33,765	57,964	124,800
Red Mountain Reservoir Facility Improvements	130,000	361,301	380,000	53,045	601,000	619,030	57,964	395,200
Steel Reservoir Improvements	320,000	526,568	410,000	848,720	1,256,636	1,069,233	985,383	426,400
Santa Margarita Groundwater Treatment Plant	1,607,000	448,992	1,480,000	212,180	218,545	393,928	231,855	1,539,200
SCADA and Security	150,000	100,577	150,000	159,135	163,909	168,826	173,891	156,000
Vehicles and Heavy Equipment	520,000	1,000,000	690,000	437,621	557,291	337,653	172,587	717,600
<b>Total PAYGO Water Capital Projects</b>	<b>\$ 8,117,000</b>	<b>\$ 7,882,939</b>	<b>\$ 9,580,000</b>	<b>\$ 9,296,136</b>	<b>\$ 10,588,525</b>	<b>\$ 10,073,304</b>	<b>\$ 9,933,675</b>	<b>\$ 9,973,139</b>
<b>Recycled Water Capital Projects</b>								
Recycled Water Improvements	\$ 264,000	\$ 86,164	\$ 185,000	\$ 233,398	\$ 229,473	\$ 236,357	\$ 243,448	\$ 192,400
<b>Total Recycled Water Capital Projects</b>	<b>\$ 264,000</b>	<b>\$ 86,164</b>	<b>\$ 185,000</b>	<b>\$ 233,398</b>	<b>\$ 229,473</b>	<b>\$ 236,357</b>	<b>\$ 243,448</b>	<b>\$ 192,400</b>
<b>Wastewater Capital Projects</b>								
Water Reclamation Plant Improvements	\$ 1,325,000	\$ 138,042	\$ 1,330,000	\$ 1,623,177	\$ 2,983,145	\$ 934,172	\$ 927,419	\$ 832,000
Collections System Projects	440,000	836,293	690,000	392,533	240,400	585,265	533,266	717,600
Outfall Improvements	50,000	53,871	50,000	116,699	120,200	123,806	127,520	114,400
Vehicles and Heavy Equipment	-	-	190,000	145,874	185,764	112,551	57,529	51,610
<b>Total Wastewater Capital Projects</b>	<b>\$ 1,815,000</b>	<b>\$ 1,028,206</b>	<b>\$ 2,260,000</b>	<b>\$ 2,278,283</b>	<b>\$ 3,529,508</b>	<b>\$ 1,755,794</b>	<b>\$ 1,645,734</b>	<b>\$ 1,715,610</b>
<b>Administrative Capital Projects</b>								
Administrative Upgrades	\$ 700,000	\$ 406,914	\$ 450,000	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 468,000
Engineering & Operations Information Systems	-	-	45,000	31,827	32,782	33,765	34,778	46,800
Facility Improvements/Upgrades/Security	300,000	154,271	535,000	228,094	152,982	157,571	104,335	556,400
District Yard Improvements	25,000	20,802	100,000	53,045	54,636	56,275	50,000	104,000
Vehicles and Heavy Equipment	-	-	300,000	-	-	-	-	-
<b>Total Administrative Capital Projects</b>	<b>\$ 1,025,000</b>	<b>\$ 581,987</b>	<b>\$ 1,430,000</b>	<b>\$ 339,488</b>	<b>\$ 267,718</b>	<b>\$ 275,750</b>	<b>\$ 218,095</b>	<b>\$ 1,175,200</b>
<b>Total Capital Budget Projects</b>	<b>\$ 11,221,000</b>	<b>\$ 9,579,295</b>	<b>\$ 13,455,000</b>	<b>\$ 12,147,305</b>	<b>\$ 14,615,224</b>	<b>\$ 12,341,205</b>	<b>\$ 12,040,951</b>	<b>\$ 13,056,349</b>

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## Pipeline and Valve Replacement Projects by District

### Project Description:

Projects include replacing existing valves and pipelines by District staff based on identified priority areas to reduce service interruptions. The primary focus is on valve replacements with a target of replacing 120 valves per year. The proposed purchases and costs for Fiscal Year 2026-27 also include:



- Valve Replacement Program – Goal to replace 120 valves. Well-functioning isolation valves, as well as drain and air release valves, are critical to minimize the number of customers impacted during planned or unplanned shutdowns.
- Miscellaneous Pipeline Replacements–Small segments of mainline identified as needing repaired/replaced throughout the year.
- Mainline Leak Detection Survey – Survey of selected segments of water main to identify existing small leaks to help prioritize the pipeline replacement program.
- Fire Hydrant Replacements – Replacement of fire hydrants in poor condition.
- Easement Rehabilitation – Grading work and restoration of easements, common after rain events, to maintain access to remote facilities.

Valves Replaced by Year	
Year	Quantity
FY 2017-18	112
FY 2018-19	57
FY 2019-20	89
FY 2020-21	82
FY 2021-22	73
FY 2022-23	101
FY 2023-24	101
FY 2024-25	129
FY 2025-26	115 (Estimate)
FY 2026-27	120 (Target)

### Supports Strategic Goals:

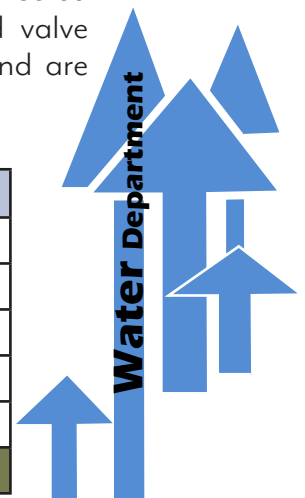
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

The valve replacement program is critical in reducing the number of accounts effected by planned shutdowns and unplanned water outages. District pipeline and valve replacement projects do not require any additional operating budget funds, and are expected to reduce emergency repair costs.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Valve Replacement Program	Continuous Replacement Program	\$ 600,000
Miscellaneous Pipeline Replacements	Continuous Replacement Program	250,000
Mainline Leak Detection	Continuous Detection Program	20,000
Fire Hydrant Replacements	Continuous Replacement Program	100,000
Easement Rehabilitation	Continuous Program	50,000
<b>Total</b>		<b>\$ 1,020,000</b>



## Pipeline Replacement Projects by Contractors

### Project Description:

Significant pipeline replacement projects installed by contractors. Projects are prioritized based on the pipeline asset risk assessment model to minimize pipeline failures and unplanned service outages. Specific projects planned for Fiscal Year 2026-27 include:

- High School Pipeline Replacement Project – 500 linear feet of 16-inch mainline within an easement across the high school campus. The existing pipe was installed in the 1960’s and has recently had multiple breaks. The project is scheduled to be awarded in May 2026 and constructed in the first part of FY27.
- Santa Margarita Dr Pipeline Replacement Project – 3,500 linear feet of 12-inch mainline between E Mission and Edgewater Lane. The existing pipe was installed in the 1960’s and has had multiple breaks in areas that are prone to damage on private properties. The project is scheduled to be awarded in May 2026 and constructed in the fall and winter of FY27.
- Gum Tree Lane Pipeline Replacement Project – 3,000 linear feet of 20-inch mainline between the Gum Tree PRV and Colina Creek Trail. The existing pipe was relined in the 1960’s, installed sometime prior to that, and is a critical conveyance line for the majority of the District’s distribution system. The project is scheduled to be awarded in August 2026 and constructed in early 2027. It will be partially grant funded through the EPA’s Community Grants Program.
- Knoll Park Lane Pipeline Replacement Project – 6,000 linear feet of 8-inch and 6-inch mainline on the north end of Knoll Park Lane and Vista del Lago Dr. The existing pipe was installed in the 1950’s and has recently had multiple breaks. The project is scheduled to be awarded in August 2026 and constructed in 2027, likely extending into FY28. It will be partially grant funded through the EPA’s Community Grants Program.



### Supports Strategic Goals:

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

### Operating Impacts:

These projects will reduce the cost of leak repair and potential property damage due to pipe failure, but do not require additional operating funds long term.

### Project Budget:

Project	Total Project Budget	FY 2026-27 Budget
High School and Santa Margarita Pipelines	\$ 2,750,000	\$ 2,750,000
Gum Tree and Knoll Park Pipelines	4,800,000	2,250,000
<b>Total</b>		<b>\$ 5,000,000</b>



## Pump Stations

### Project Description:

- The District has 7 pump stations that deliver water to higher elevation areas. In Fiscal Year 2026-27, the following Pump Station projects are planned:
- Vista Del Rio Pump Station – A new booster pump station that will work in companion with the new De Luz/Sachse Pump Station that was installed in FY24-25. This pair of pumps enables SMRCUP water to be delivered to all portions of the service area, without changes to normal operating pressures. The Vista Del Rio Pump Station will boost Sachse pressure zone water to the De Luz Aqueduct.
- Harris Pump Station – Replace pump and motor.
- SMGTP Product Water Pump Station – Replace 2 of 4 pump and motor sets.



### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage, as well as improving service cost and reliability with local water supply.

### Operating Impacts:

These projects will reduce operations and maintenance cost for the facilities by replacing the equipment that is at the end of its useful life. The projects will improve water service reliability in their respective service areas.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Harris Pump Station	\$ 120,000	\$ 120,000
SMGTP Product Water Pump Station	300,000	150,000
<b>Total</b>		<b>\$ 270,000</b>



## Meter Replacement

### Project Description:

A comprehensive meter replacement program was completed in 2024, replacing over 9,000 meters with Advanced Metering Infrastructure (AMI) meters, which are able to provide real time data collection and alerts. New meters typically have a service life of 15 to 20 years, but some regular replacements will be necessary to keep all meters in working order. Additionally, there was a time period, primarily during the 1990's, where meter service lines were installed using PVC pipe. These PVC services are more prone to breaks, often requiring emergency mainline shutoffs to repair. To address this, the District will begin a multi-year effort to strategically replace the aging PVC services with copper service lines.



### Supports Strategic Goals:

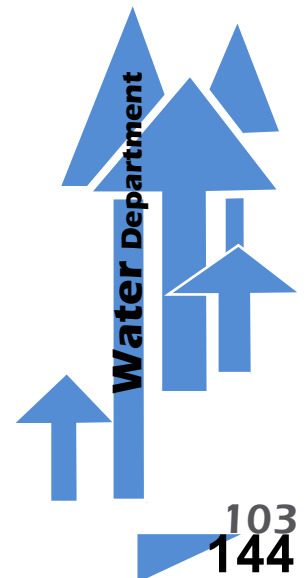
Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### Operating Impacts:

This project will reduce operations and maintenance costs for the facility by replacing the equipment that is at the end of its useful life.

### Project Budget:

Project	Total Project Budget	FY 2026-27 Budget
Service Line Replacement Program	\$ 300,000	\$ 60,000
<b>Total</b>		<b>\$ 60,000</b>



## Pressure Reducing Station Rehabilitation

### Project Description:

Routine improvements and replacements of the District’s pressure reducing stations are needed to maintain reliable service. In FY 2026-27, an additional pressure reducing station will be added at Hillside Dr to enable an additional connection point between the Modified Town and Rattlesnake pressure zones, reducing the number of customers effected by shutdowns in the area.

### Supports Strategic Goals:

Continue implementation of an asset-management program to improve system reliability in an effort to avoid service disruptions and property damage.

### Operating Impacts:

This project will enhance reliability and reduce service disruptions.



### Project Budget:

Project	Total Project Budget	FY 2026-27 Budget
Hillside Dr PRV	\$ 100,000	\$ 100,000
General PRV Equipment Replacements	20,000	20,000
<b>Total</b>		<b>\$ 120,000</b>



## Red Mountain Reservoir Facility Improvements

### Project Description:

Replacement and rehabilitation of equipment and facilities at the Red Mountain Site, including the reservoir and UV plant. Projects for Fiscal Year 2026-27 include:



- Reservoir Water Quality Improvements – Implementation of recommended water quality improvement methods. Due to the addition of the SMRCUP water to the District’s system starting in 2021, water is stored in Red Mountain Reservoir for longer periods of time, which has caused seasonal aesthetic water quality issues.
- Reservoir Liner Replacement Plan – Completion of a liner replacement feasibility study and preliminary design. Results will inform future year strategy for full implementation.

### Supports Strategic Goals:

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

### Operating Impacts:

The planned projects will improve reliability while reducing the need for operator intervention.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Reservoir Water Quality Improvements	\$ 230,000	\$ 230,000
Reservoir Liner Replacement Plan	300,000	150,000
<b>Total</b>		<b>\$ 380,000</b>



## Steel Reservoir Improvements

### Project Description:

Each existing reservoir has been recoated within the last ten years, protecting the existing reservoirs from corrosion and extending their useful life. The coatings typically last 10 to 15 years, so no recoating projects are planned for the coming year. Other projects planned in Fiscal Year 2026-27 include:



- Cathodic Protection Replacements and Dive Inspection – The steel reservoirs use sacrificial anodes to further prevent corrosion. The anodes are replaced regularly based on assessed condition at each tank. Routine dive inspections are also conducted to check the condition of the interior of the tanks and stay compliant with state regulations.
- Sandia Tank Mixer – Addition of an electric mixer will improve the water quality in the system.
- Toyon Tank Site Improvements – Pavement replacement and drainage improvements.
- Sachse Tank Chlorination System – Due to increased local supply and reduced imported supply, a chlorination booster system is needed to maintain water quality standards more efficiently in the Sachse Reservoir. A similar system was installed at the 8MG tank.

### Supports Strategic Goals:

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

### Operating Impacts:

The projects will ensure the long-term integrity of these water supply tanks. The operating costs for the chlorination system at the Sachse Tank and the mixer at the Sandia Tank are expected to be lower than costs for the current operators’ time dosing tanks and reduce the need for flushing the distribution system.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Cathodic Protection Repair & Dive Inspection	Ongoing Program	\$ 20,000
Sandia Tank Mixer	\$ 85,000	85,000
Toyon Tank Site Improvements	75,000	75,000
Sachse Tank Chlorination System	230,000	230,000
<b>Total</b>		<b>\$ 410,000</b>



## Santa Margarita Groundwater Treatment Plant

### Project Description:

Construction of the Santa Margarita Groundwater Treatment Plant (SMGTP) was brought online in December 2021. The plant treats water delivered by Camp Pendleton per the executed settlement agreement of US v. FPUD. On average, it is expected to provide 3,100 acre-feet per year of local water. Each year’s actual quantity is determined by hydrologic conditions in the river basin. This year the project is expected to yield 5,120 acre-feet.



The plant requires routine equipment replacements and improvements. Capital Budget funds have been allocated for that purpose. The largest anticipated expense in the coming year is for Granular Activated Carbon System Media Replacement, which was budgeted in each of the previous two years but ultimately not needed yet.

Also, the District received a Department of Defense grant intended for communities that support federal military installations, to install a backup generator at the SMGTP. This will ensure continued operation of the treatment facility during power outages. The grant funds up to \$1,297,000 of cost. The project was started in FY26, but will continue into FY27.

### Supports Strategic Goals:

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

### Operating Impacts:

The project is providing on average about 40% of the District’s water needs and is helping mitigate against imported water costs. The ongoing plant improvement program increases operational efficiency and ensures water quality requirements are met.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Plant Improvements (including GAC Media Replacement)	Continuous Program	\$ 480,000
Back-up Generator	\$ 1,500,000	\$ 1,000,000
<b>Total</b>		<b>\$ 1,480,000</b>

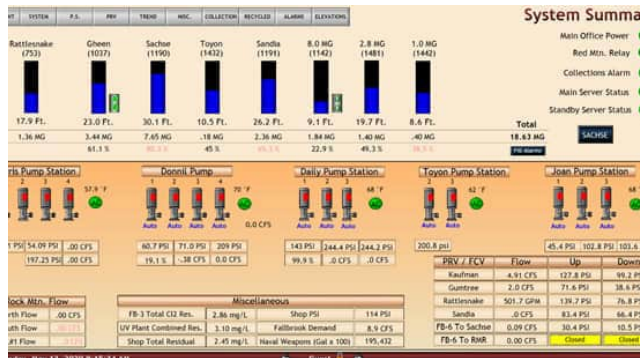


## SCADA and Security

### Project Description:

SCADA and security upgrades protect the District’s facilities and enable improved remote operations and controls. Projects for Fiscal Year 2026-27 include:

- SCADA Upgrades – Replacement of outdated equipment with newer technology increases remote capabilities. The focus will be on replacing outdated RTUs and backup power with batteries or solar at more communications sites.



### Supports Strategic Goals:

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

### Operating Impacts:

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

### Project Budget:

Project	Total Project Budget	FY 2026-27 Budget
SCADA Upgrades	Ongoing Replacement Program	\$ 150,000
<b>Total</b>		<b>\$ 150,000</b>



## Recycled Water Improvements

### Project Description:

The recycled system delivers water that has been treated to Title 22 tertiary standards for outdoor use. Projects for Fiscal Year 2026-27 include:

- Applied Pump Rebuilt – The tertiary treatment process requires two pump stations to operate the deep bed filters. Two “Applied Pumps” send secondary treated water to the deep bed filters and three “Backwash Pumps” are used to maintain the filters. The pumps have reached their useful service life and, over the next three years, the five pumps will be rebuilt or replaced. In FY26-27, one applied pump and one backwash pump will be replaced.
- Distribution SCADA Improvements – communications/controls improvements to enhance monitoring capabilities on the distribution system.



### Supports Strategic Goals:

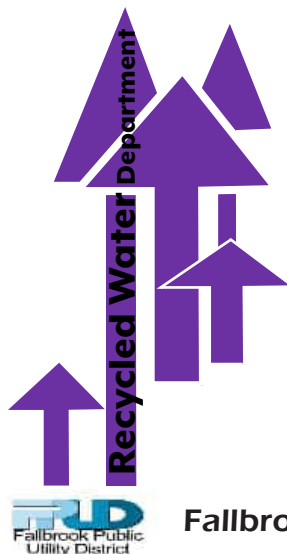
Provide a reliable, cost-effective water supply through implementation of local water supply projects.

### Operating Impacts:

There is no impact to the operating budget.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Applied and Backwash Pump Rebuild	\$ 270,000	\$ 175,000
Distribution SCADA Improvements	10,000	\$ 10,000
<b>Total</b>		<b>\$ 185,000</b>



## Water Reclamation Plant Improvements

### Project Description:

On-going repair and replacement of key components of the Water Reclamation Plant (WRP) are critical to maintaining this facility. The projects for Fiscal Year 2026-27 include:



- Capital Equipment Replacements – Routine capital equipment replacements.
- Secondary Clarifier Refurbishment – Concrete spot repairs and recoating of the equipment on the second of two clarifiers.
- Headworks Refurbishment – Recoat the headworks and replace the grit system.
- PLC Upgrades – Develop comprehensive plan to replace antiquated PLC equipment over the next three years.
- Blowers Replacement – Develop and initiate multi-year plan to replace blower equipment.
- Service Water System Improvements – Install permanent pressure regulation in the plant service water distribution system to prevent mainline breaks.

### Supports Strategic Goals:

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

### Operating Impacts:

On-going replacement of equipment will ensure long-term reliability of the facility. The projects will not have any impact on operation costs.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Capital Equipment Replacements	Continuous Replacement Program	\$ 150,000
Headworks Refurbishment	\$ 750,000	750,000
Secondary Clarifier Refurbishment	150,000	150,000
PLC Upgrades	2,100,000	100,000
Blower Replacements	700,000	100,000
Service Water System Improvements	80,000	80,000
<b>Total</b>		<b>\$ 1,330,000</b>



## Collections System Projects

### Project Description:

Projects include replacements and major repairs to existing sewer infrastructure.

The proposed projects for Fiscal Year 2026-27 include:

- Mainline Replacement and Relining – Approximately 1,500 linear feet of sewer main line will be replaced or relined to like-new condition.
- Lateral Relining – Relining of existing laterals that have required recurring maintenance.
- WRP Creek Crossing Replacement – Replace aging main trunk line across Fallbrook Creek and provide improved headworks bypass capability.
- Shady Lane Lift Station Wet Well Lining – Relining of the existing wet well at Shady Lane Lift Station.
- Green Canyon Lift Station Pump Replacements – Replace pumps and valving.
- SCADA & Controls Upgrades – General improvements to the communications and controls network for the collections system.



### Supports Strategic Goals:

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

### Operating Impacts:

The collection systems capital program is critical in reducing the number of spills and potential fines. The planned projects do not require any additional operating budget funds, and are expected to reduce emergency repair costs.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Mainline Replacement & Relining	Ongoing Replacement Program	\$ 100,000
Lateral Relining	\$ 250,000	40,000
WRP Creek Crossing Replacement	415,000	415,000
Shady Lane Lift Station Wet Well Lining	10,000	10,000
Green Canyon Lift Station Pump Replacements	105,000	105,000
SCADA & Controls Upgrades	Ongoing Program	20,000
<b>Total</b>		<b>\$ 690,000</b>



## Outfall Improvements

### Project Description:

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



### Supports Strategic Goals:

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

### Operating Impacts:

On-going replacement of the items is critical to preventing spills and back-ups in the outfall. This project will reduce the cost of emergency repairs and maintenance, but does not require additional operating funds long term.

### Project Budget:

Project	Total Project Budget	FY 2026-27 Budget
Outfall Improvements	Ongoing Improvement Program	\$ 50,000
<b>Total</b>		<b>\$ 50,000</b>



**Facility Improvements/Upgrades/Security**

**Project Description:**

The project includes capital projects for administration facilities, including staff offices, shop, and warehouse facilities to help maintain efficient operation of the District, as well as network and server improvements for the main office.



The projects include the following:

- Mechanic Garage Improvements – Replacement cabinets, insulation, and ventilation. Relocate truck lift.
- Warehouse Improvements – Add door to back of warehouse for access to fenced exterior materials storage. Pave and fence outdoor storage area.
- General Yard Improvements – Install roof cover over open storage area between storage containers.
- General Office Improvements – Remodel main office restrooms, board room flooring replacement.
- Main Office HVAC Replacement, Phase 2 – Comprehensive replacement of the HVAC system in the main office. The project will be completed in multiple phases.
- Main Office Fire Alarm System Replacement – Replacement of the fire alarm system to modernize the system to comply with insurance requirements.
- Enterprise Resource Planning Software Replacement, Phase 2 – Implementation of the enterprise system upgrade to streamline accounting, customer service, and billing software compatible with the District’s asset management software.
- Server Upgrades – improvements to server for added security and functionality.

**Supports Strategic Goals:**

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

**Operating Impacts:**

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

**Projects Budgets:**

Project	Total Project Budget	FY 2026-27 Budget
Mechanic Garage Improvements	\$ 75,000	\$ 75,000
Warehouse Improvements	150,000	150,000
General Yard Improvements	25,000	25,000
General Office Improvements	175,000	175,000
Main Office HVAC Replacement, Phase 2	300,000	125,000
Main Office Fire Alarm System	85,000	85,000
ERP Replacement, Phase 2	700,000	350,000
Server Upgrades	100,000	100,000
<b>Total</b>		<b>\$ 1,085,000</b>



## Vehicles and Heavy Equipment

### Project Description:

The fleet consists of a combination of light duty vehicles, heavy equipment, and trailers. In addition, the department maintains the District’s refueling station, generators, and various hydraulic and gas powered tools. \$190,000 of the budgeted expenses will be for wastewater vehicles. The other \$990,000 are for water and general administrative use.



### Supports Strategic Goals:

By reviewing various data points using fleet management software, staff can ensure ratepayers that funds are being spent prudently on vehicle replacements and repairs. This method of evaluation helps guarantee an extremely reliable fleet. In turn, the fleet allows field operations to respond quickly to leaks, new installations, and infrastructure operations and maintenance.

### Operating Impacts:

Detailed documentation of repairs and inspections will allow the District to make better informed decisions about true needs. Long-term, this will lead to cost reduction as it will enable staff to focus on problematic vehicles and replace them while keeping reliable vehicles for an extended period of time.

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
Fleet Vehicles	Ongoing Replacement Program	\$ 180,000
1 Ton Utility Truck	\$ 90,000	90,000
Dump Truck	175,000	175,000
Telehandler Loaders	300,000	300,000
Skip Loader	100,000	100,000
Potable High-Line Trailer	25,000	25,000
Remote Pipeline Repair Welding Vehicle	95,000	95,000
Safety Equipment	200,000	200,000
Miscellaneous Equipment	15,000	15,000
<b>Total</b>		<b>\$ 1,180,000</b>



## Engineering & Operations Information Systems

### Project Description:

These projects include updates to the tools and software utilized for asset management and operations.

The planned updates for Fiscal Year 2026-27 include:

- GIS Upgrade Implementation – Ongoing upgrades to the geographic information system that holds the district wide asset database and displays this information spatially on district mapbooks.
- GPS Survey Equipment – Replacement of antiquated survey equipment that will enable drone flight surveys, significantly reducing labor time for pipeline design survey.



### Supports Strategic Goals:

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

### Operating Impacts:

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

### Projects Budgets:

Project	Total Project Budget	FY 2026-27 Budget
GIS Upgrade Implementation	Ongoing Upgrades	\$ 5,000
GPS Survey Equipment	\$ 40,000	\$ 40,000
<b>Total</b>		<b>\$ 45,000</b>



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

**ACFR** - Annual Comprehensive Financial Report

**Acre-Foot (AF)** - A unit of measure equivalent to 325,851 gallons of water.

**AG** - Agricultural Customers

**AMI** - Advanced Meter Infrastructure

**AMR** - Automatic Meter Reading

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

**ARC** - Annual Required Contribution

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

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

**AWIA** – America’s Water Infrastructure Act of 2018.

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

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

**CalPERS** - California Public Employee Retirement System

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

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

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

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

**CBP** - Community Benefit Program

**CEQA** - California Environmental Quality Act

**CFS** - Cubic Feet per Second

**CIP** - Capital Improvement Program

**CMMS** - Computerized Maintenance Management System

**Cost of Water Production** – Comprised of Water Supply Costs and the Water Treatment Division's Operating and Maintenance Costs.

**CPEN** – Camp Pendleton

**CSMFO** – California Society of Municipal Finance Officers

**Days Cash on Hand** – Calculation using total operating expense including debt and water supply costs, less depreciation divided by 365 days of the year to give you the daily cash operating expenses. The cash equivalents will be divided by the daily cash operating expenses to give you the days cash on hand.

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

**Disbursements** - Payments made on obligations.

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

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

**DOD** - Department of Defense

**DSCR** - Debt Service Coverage Ratio

**DWR** - California Department of Water Resources

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

**EAM** - Enterprise Asset Management

**EIR/EIS** - Environmental Impact Report/Environmental Impact Statement

**EMWD** - Eastern Municipal Water District

**ENR** – Engineering News-Record

**EPA** - Environmental Protection Agency

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

**EUM** - Effective Utility Management

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

**FCF** - Flow Control Facility

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

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

**FPUD** - Fallbrook Public Utility District

**FTE** - Full Time Equivalent

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

**GFOA** - Government Financial Officers Association

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

**GPS** - Global Positioning System

**HCF** - Hundred Cubic Feet

**IAC** - Infrastructure Access Charge

**IAWP** - Interim Agricultural Water Program

**IGSA** - Inter Governmental Services Agreement

**IMSP** - Information Management System Plan

**IPR** - Indirect Potable Reuse project

**IRWM** - Integrated Regional Water Management Program

**KPI** - Key Performance Indicator

**LAFCO** - Local Agency Formation Commission

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

**LRP** - MWD's Local Resource Program

**M&I** - Municipal and Industrial

**Master Plan** - Regional Water Facilities Master Plan

**ME** - Meter Equivalent

**MG** - Million Gallon

**MGD** - Million Gallons per Day

**MOU** - Memorandum of Understanding

**MW** - Megawatt

**MWD** - Metropolitan Water District of Southern California

**NCR** - Normal Cost Rate is the percentage of payroll that is contributed to CalPERS to pay for the benefit earned by employees in the current year.

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

**NPDES** - National Pollutant Discharge Elimination System

**NRTTP** - North Regional Tertiary Treatment Plant

**O&M** - Operating and Maintenance

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

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

**OTLS** - Overland Trail Lift Station

**PARS** - Public Agency Retirement Services

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

**PEPRA** - Public Employees' Pension Reform Act.

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

**PRV**- Pressure Reducing Valve

**Purchased Water Costs**- These are the costs are comprised of the wholesale water costs from EMWD, Camp Pendleton's water delivery costs for Santa Margarita River Water and inventory withdrawals.

**QECB** - Qualified Energy Conservation Revenue Bond

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

**Report** - 2022 Water, Recycled Water and Wastewater Rate Study Report.

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

**ROW** - Right of Way

**RSF** - Rate Stabilization Fund

**RTS** - Readiness to Service charge

**S&P** - Standard and Poor's rating services

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

**SANDAG** - San Diego Association of Governments

**SAWR** - Transitional Special Agricultural Water Rate

**SCADA** - Supervisory Control and Data Acquisition

**SD** - San Diego

**SDCWA** - San Diego County Water Authority

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

**SMGTP** - Santa Margarita Groundwater Treatment Plant

**SMRCUP** - Santa Margarita River Conjunctive Use Project

**SMR** - Santa Margarita River water

**SpringBrook** - The District's ERP.

**SR** - State Route

**SRF** - State Revolving Fund

**SRTTP** - South Regional Tertiary Treatment Plant

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

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

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

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

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

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

**UV** - Ultraviolet

**UWMP** - Urban Water Management Plan

**Water Supply Costs** - Comprised of Purchased Water Costs and pumping costs.

**WRP** - Water Reclamation Plant

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

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenue from Rates</b>					
Water	\$ 26,925,612	\$ 28,379,241	\$ 30,117,172	\$ 32,030,324	\$ 34,067,289
Recycled Water	1,355,365	1,369,225	1,392,768	1,427,057	1,462,584
Wastewater	7,367,643	7,511,628	7,668,311	7,879,005	8,095,015
<b>Subtotal Revenue from Rates</b>	<b>\$ 35,648,620</b>	<b>\$ 37,260,094</b>	<b>\$ 39,178,251</b>	<b>\$ 41,336,386</b>	<b>\$ 43,624,888</b>
<b>Other Operating Revenues</b>					
Pumping Charge	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530
Backflow Charge	265,613	265,613	265,613	265,613	265,613
Sundry	93,347	88,347	88,347	88,347	88,347
Contract Wastewater Services	4,259,388	8,538,819	8,875,767	9,226,194	9,590,638
<b>Subtotal Other Operating Revenues</b>	<b>\$ 4,721,878</b>	<b>\$ 8,996,309</b>	<b>\$ 9,333,257</b>	<b>\$ 9,683,684</b>	<b>\$ 10,048,128</b>
<b>Non-Operating Revenues</b>					
Water Availability Charge	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax	2,821,660	2,839,791	2,858,081	2,876,530	2,895,140
Investment Earnings	1,279,463	1,181,747	1,217,658	1,212,691	1,196,703
Water Capital Improvement Charge	2,015,814	2,082,134	2,227,884	2,383,836	2,550,704
MWD Local Resource Program	945,500	945,500	945,500	945,500	945,500
Facility Rent/Lease Revenue	244,515	249,406	254,394	259,482	264,671
PFAS Settlement	1,223,098	-	-	-	-
Power Your Drive for Fleets-SDG&E Grant	169,660	-	-	-	-
SMGTP Generator Grant (OLDCC-DCIP)	500,000	797,000	-	-	-
Federal Grant Funding-Pipeline Replacement	-	1,250,000	-	-	-
Water Capacity Fees	85,000	85,000	85,000	85,000	85,000
Wastewater Capital Improvement Charge	1,490,897	1,495,220	1,555,029	1,617,230	1,681,920
Wastewater Capacity Fees	50,000	50,075	50,150	50,225	50,301
Federal Interest Rate Subsidy	39,233	22,388	4,606	-	-
<b>Subtotal Non-Operating Revenue</b>	<b>\$ 11,064,838</b>	<b>\$ 11,198,262</b>	<b>\$ 9,398,301</b>	<b>\$ 9,630,494</b>	<b>\$ 9,869,938</b>
<b>Total Revenues</b>	<b>\$ 51,435,336</b>	<b>\$ 57,454,665</b>	<b>\$ 57,909,809</b>	<b>\$ 60,650,564</b>	<b>\$ 63,542,955</b>
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
EMWD Wholesale Treated Water Costs	\$ 3,058,202	\$ 4,083,070	\$ 7,303,679	\$ 7,906,011	\$ 8,739,272
Camp Pendleton SMR Untreated Water Delivery Costs	1,727,092	1,709,849	1,076,670	1,119,737	1,164,527
<b>Subtotal Water Supply Costs</b>	<b>\$ 4,785,294</b>	<b>\$ 5,792,919</b>	<b>\$ 8,380,350</b>	<b>\$ 9,025,748</b>	<b>\$ 9,903,799</b>
Labor Costs	4,331,906	4,600,582	4,784,606	4,975,990	5,175,029
Fringe Benefits	2,995,941	3,207,972	3,336,291	3,469,743	3,608,532
Services, Materials & Supplies	5,056,770	5,462,619	5,105,404	5,311,426	5,525,779
Allocated Admin Expenses	8,802,977	8,861,073	9,215,516	9,584,136	9,967,502
Contract Wastewater Services	4,259,388	8,538,819	8,875,767	9,226,194	9,590,638
<b>Total Operating Expenses</b>	<b>\$ 30,232,276</b>	<b>\$ 36,463,983</b>	<b>\$ 39,697,933</b>	<b>\$ 41,593,237</b>	<b>\$ 43,771,279</b>
<b>Net Operating Revenues</b>	<b>\$ 21,203,059</b>	<b>\$ 20,990,681</b>	<b>\$ 18,211,877</b>	<b>\$ 19,057,327</b>	<b>\$ 19,771,675</b>
<b>Non-Operating Expenses</b>					
Community Benefit Program	\$ 865,854	\$ 945,915	\$ 546,000	\$ 546,000	\$ 546,000
<b>Subtotal Non-Operating Expenses</b>	<b>\$ 865,854</b>	<b>\$ 945,915</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Total Debt Service</b>	<b>\$ 6,144,906</b>	<b>\$ 6,146,209</b>	<b>\$ 5,886,273</b>	<b>\$ 5,622,853</b>	<b>\$ 5,624,655</b>
<b>Total Capital Expenditures</b>	<b>\$ 9,579,296</b>	<b>\$ 13,455,000</b>	<b>\$ 12,147,305</b>	<b>\$ 14,615,224</b>	<b>\$ 12,341,205</b>
<b>Total Expenditures</b>	<b>\$ 46,822,332</b>	<b>\$ 57,011,107</b>	<b>\$ 58,277,511</b>	<b>\$ 62,377,314</b>	<b>\$ 62,283,139</b>
<b>Water Revenue Bond Proceeds Spent</b>	<b>\$ 3,702,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position <sup>(1)</sup></b>	<b>\$ 8,315,080</b>	<b>\$ 443,558</b>	<b>\$ (367,702)</b>	<b>\$ (1,726,751)</b>	<b>\$ 1,259,816</b>
Beginning Balances	\$ 30,138,046	\$ 38,453,126	\$ 38,896,683	\$ 38,528,982	\$ 36,802,231
Ending Balances	\$ 38,453,126	\$ 38,896,683	\$ 38,528,982	\$ 36,802,231	\$ 38,062,047

(1) Change in net position is Total Revenues minus Total Expenditures plus WRB Loan Proceeds.

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

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 26,283,122	\$ 26,283,122	\$ 26,283,122	\$ 26,283,122	\$ 26,283,122
Proposed Revenue Adjustments	642,489	2,096,119	3,834,050	5,747,202	7,784,167
<b>Subtotal Operating Revenues</b>	<b>\$ 26,925,612</b>	<b>\$ 28,379,241</b>	<b>\$ 30,117,172</b>	<b>\$ 32,030,324</b>	<b>\$ 34,067,289</b>
<b>Other Operating Revenues</b>					
Pumping Charge	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530	\$ 103,530
Backflow Charge	265,613	265,613	265,613	265,613	265,613
Sundry	73,347	73,347	73,347	73,347	73,347
<b>Subtotal Other Operating Revenues</b>	<b>\$ 442,490</b>	<b>\$ 442,490</b>	<b>\$ 442,490</b>	<b>\$ 442,490</b>	<b>\$ 442,490</b>
<b>Non-Operating Revenue</b>					
Water Availability Charge	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
1% Property Tax <sup>(1)</sup>	925,053	929,678	934,327	938,998	943,693
Investment Earnings	916,627	810,446	840,083	829,505	807,661
Water Capital Improvement Charge	2,015,814	2,082,134	2,227,884	2,383,836	2,550,704
Other Revenue	244,515	249,406	254,394	259,482	264,671
MWD Local Resource Program	945,500	945,500	945,500	945,500	945,500
PFAS Settlement	1,223,098	-	-	-	-
Power Your Drive for Fleets-SDG&E Grant	169,660	-	-	-	-
SMGTP Generator Grant (OLDCC-DCIP)	500,000	797,000	-	-	-
Federal Grant Funding-Pipeline Replacement	-	1,250,000	-	-	-
Water Capacity Fees	85,000	85,000	85,000	85,000	85,000
<b>Subtotal Non-Operating Revenues</b>	<b>\$ 7,225,266</b>	<b>\$ 7,349,164</b>	<b>\$ 5,487,187</b>	<b>\$ 5,642,320</b>	<b>\$ 5,797,230</b>
<b>Total Revenues</b>	<b>\$ 34,593,368</b>	<b>\$ 36,170,895</b>	<b>\$ 36,046,849</b>	<b>\$ 38,115,134</b>	<b>\$ 40,307,009</b>
<b>Operating Expenses</b>					
<b>Water Supply Costs</b>					
EMWD Wholesale Treated Water Costs	\$ 3,058,202	\$ 4,083,070	\$ 7,303,679	\$ 7,906,011	\$ 8,739,272
Camp Pendleton SMR Untreated Water Delivery Costs	1,727,092	1,709,849	1,076,670	1,119,737	1,164,527
<b>Subtotal Water Supply Costs</b>	<b>\$ 4,785,294</b>	<b>\$ 5,792,919</b>	<b>\$ 8,380,350</b>	<b>\$ 9,025,748</b>	<b>\$ 9,903,799</b>
Labor Costs	2,774,031	2,825,638	2,938,663	3,056,210	3,178,458
Fringe Benefits	1,919,512	1,971,430	2,050,287	2,132,299	2,217,591
Services, Materials & Supplies	3,732,063	4,016,994	3,600,234	3,744,243	3,894,013
Allocated Administrative Expenses	5,633,905	5,671,087	5,897,930	6,133,847	6,379,201
<b>Total Operating Expenses</b>	<b>\$ 18,844,806</b>	<b>\$ 20,278,067</b>	<b>\$ 22,867,464</b>	<b>\$ 24,092,347</b>	<b>\$ 25,573,062</b>
<b>Net Operating Revenue</b>	<b>\$ 15,748,562</b>	<b>\$ 15,892,828</b>	<b>\$ 13,179,385</b>	<b>\$ 14,022,787</b>	<b>\$ 14,733,947</b>
<b>Total Debt Service</b>	<b>\$ 3,894,308</b>	<b>\$ 3,894,930</b>	<b>\$ 3,896,358</b>	<b>\$ 3,894,653</b>	<b>\$ 3,893,755</b>
<b>Total Capital Expenditures</b>	<b>8,464,926</b>	<b>11,010,000</b>	<b>9,635,624</b>	<b>10,856,243</b>	<b>10,349,054</b>
<b>Total Expenditures</b>	<b>\$ 31,204,040</b>	<b>\$ 35,182,997</b>	<b>\$ 36,399,446</b>	<b>\$ 38,843,244</b>	<b>\$ 39,815,870</b>
<b>Water Revenue Bond Proceeds Spent</b>	<b>\$ 3,702,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change In Net Position <sup>(2)</sup></b>	<b>\$ 7,091,404</b>	<b>\$ 987,898</b>	<b>\$ (352,597)</b>	<b>\$ (728,109)</b>	<b>\$ 491,139</b>
Beginning Balances	\$ 19,923,450	\$ 27,014,854	\$ 28,002,752	\$ 27,650,155	\$ 26,922,046
Ending Balances	\$ 27,014,854	\$ 28,002,752	\$ 27,650,155	\$ 26,922,046	\$ 27,413,184

(1) Property tax revenue reduced by \$546,000 in Fiscal Years 2023-24 through 2029-30 for Community Benefit Program.

(2) Change in net position is Total Revenues minus Total Expenditures plus WRB Loan Proceeds.

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

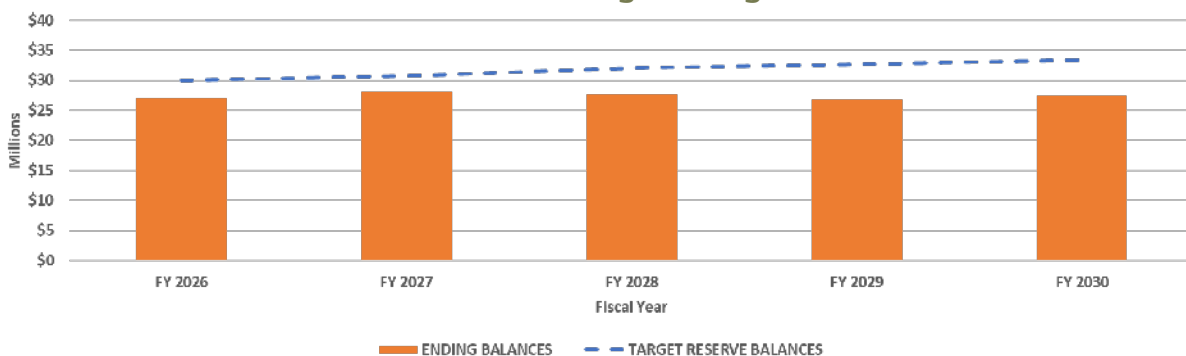


Table #3 - Fallbrook Public Utility District's Wastewater Projections

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 7,281,763	\$ 7,292,686	\$ 7,303,625	\$ 7,314,580	\$ 7,325,552
Proposed Revenue Adjustments	85,880	218,942	364,686	564,424	769,463
<b>Subtotal Operating Revenues</b>	<b>\$ 7,367,643</b>	<b>\$ 7,511,628</b>	<b>\$ 7,668,311</b>	<b>\$ 7,879,005</b>	<b>\$ 8,095,015</b>
<b>Other Operating Revenues</b>					
Sundry	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>Subtotal Other Operating Revenues</b>	<b>\$ 15,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Non-Operating Revenues</b>					
Wastewater Capital Improvement Charge	\$ 1,490,897	\$ 1,495,220	\$ 1,555,029	\$ 1,617,230	\$ 1,681,920
Wastewater Capacity Fees	50,000	50,075	50,150	50,225	50,301
1% property Tax - IDS	1,295,762	1,308,720	1,321,807	1,335,025	1,348,375
Federal Interest Rate Subsidy	39,233	22,388	4,606	-	-
Investment Earnings	348,484	353,711	359,017	364,402	369,868
<b>Subtotal Non-Operating Revenues</b>	<b>\$ 3,224,376</b>	<b>\$ 3,230,115</b>	<b>\$ 3,290,609</b>	<b>\$ 3,366,883</b>	<b>\$ 3,450,464</b>
<b>Total Revenues</b>	<b>\$ 10,607,019</b>	<b>\$ 10,751,742</b>	<b>\$ 10,968,920</b>	<b>\$ 11,255,888</b>	<b>\$ 11,555,479</b>
<b>Operating Expenses</b>					
Labor Costs	\$ 1,346,873	\$ 1,541,217	\$ 1,602,866	\$ 1,666,980	\$ 1,733,659
Fringe Benefits	930,635	1,073,712	1,116,660	1,161,327	1,207,780
Services, Materials & Supplies	1,161,040	1,252,625	1,304,450	1,358,434	1,414,668
Allocated Administrative Expenses	3,081,042	3,101,376	3,225,431	3,354,448	3,488,626
<b>Total Operating Expenses</b>	<b>\$ 6,519,590</b>	<b>\$ 6,968,929</b>	<b>\$ 7,249,407</b>	<b>\$ 7,541,189</b>	<b>\$ 7,844,733</b>
<b>Net Operating Revenues</b>	<b>\$ 4,087,429</b>	<b>\$ 3,782,813</b>	<b>\$ 3,719,513</b>	<b>\$ 3,714,699</b>	<b>\$ 3,710,747</b>
<b>Total Debt Service</b>	<b>\$ 1,731,618</b>	<b>\$ 1,731,769</b>	<b>\$ 1,471,395</b>	<b>\$ 1,209,740</b>	<b>\$ 1,211,630</b>
<b>Total Capital Expenditures</b>	<b>\$ 1,028,206</b>	<b>\$ 2,260,000</b>	<b>\$ 2,278,283</b>	<b>\$ 3,529,508</b>	<b>\$ 1,755,794</b>
<b>Total Expenditures</b>	<b>\$ 9,279,414</b>	<b>\$ 10,960,698</b>	<b>\$ 10,999,085</b>	<b>\$ 12,280,437</b>	<b>\$ 10,812,157</b>
<b>Change in Net Position <sup>(1)</sup></b>	<b>\$ 1,327,605</b>	<b>\$ (208,956)</b>	<b>\$ (30,165)</b>	<b>\$ (1,024,549)</b>	<b>\$ 743,323</b>
Beginning Balances	\$ 8,538,046	\$ 9,865,650	\$ 9,656,695	\$ 9,626,530	\$ 8,601,980
Ending Balances	\$ 9,865,650	\$ 9,656,695	\$ 9,626,530	\$ 8,601,980	\$ 9,345,303

(1) Change in net position is Total Revenues minus Total Expenditures.

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

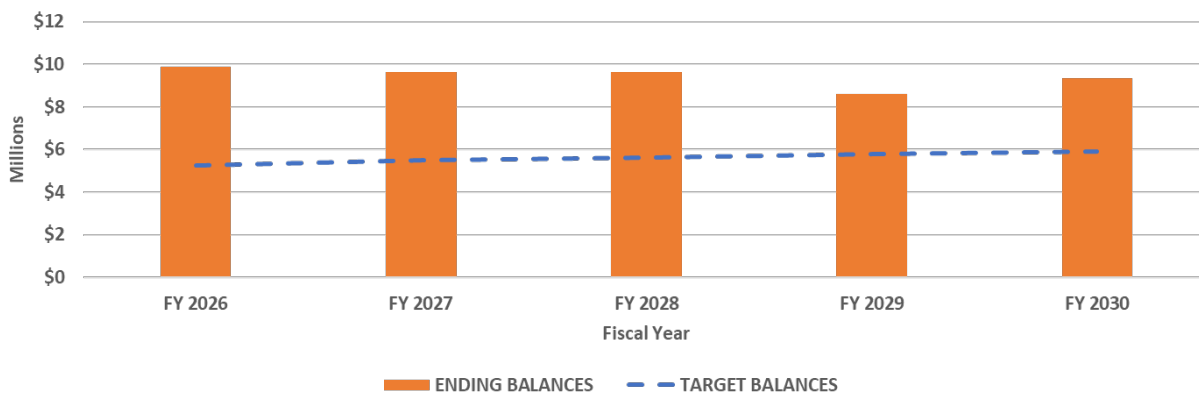


Table #4 Fallbrook Public Utility District’s Recycled Water Projections

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Revenues from Rates</b>					
Revenues from Current Rates	\$ 1,348,282	\$ 1,348,282	\$ 1,348,282	\$ 1,348,282	\$ 1,348,282
Proposed Revenue Adjustments	7,083	20,943	44,486	78,775	114,302
<b>Subtotal Operating Revenues</b>	<b>\$ 1,355,365</b>	<b>\$ 1,369,225</b>	<b>\$ 1,392,768</b>	<b>\$ 1,427,057</b>	<b>\$ 1,462,584</b>
<b>Other Operating Revenues</b>					
Sundry	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Subtotal Other Operating Revenues</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Non-Operating Revenues</b>					
1% Property Tax	\$ 54,844	\$ 55,393	\$ 55,947	\$ 56,506	\$ 57,071
Investment Earnings	14,352	17,591	18,559	18,784	19,173
<b>Subtotal Non-Operating Revenues</b>	<b>\$ 69,196</b>	<b>\$ 72,983</b>	<b>\$ 74,505</b>	<b>\$ 75,291</b>	<b>\$ 76,244</b>
<b>Total Revenues</b>	<b>\$ 1,429,561</b>	<b>\$ 1,447,209</b>	<b>\$ 1,472,274</b>	<b>\$ 1,507,348</b>	<b>\$ 1,543,828</b>
<b>Operating Expenses</b>					
Labor Costs	\$ 211,002	\$ 233,728	\$ 243,077	\$ 252,800	\$ 262,912
Fringe Benefits	145,794	162,830	169,343	176,117	183,162
Services, Materials & Supplies	163,667	193,000	200,720	208,749	217,099
Allocated Administrative Expenses	88,030	88,611	92,155	95,841	99,675
<b>Total Operating Expenses</b>	<b>\$ 608,493</b>	<b>\$ 678,168</b>	<b>\$ 705,295</b>	<b>\$ 733,507</b>	<b>\$ 762,847</b>
<b>Net Operating Revenues</b>	<b>\$ 821,068</b>	<b>\$ 769,040</b>	<b>\$ 766,979</b>	<b>\$ 773,841</b>	<b>\$ 780,981</b>
<b>Total Debt Service</b>	<b>\$ 518,980</b>	<b>\$ 519,510</b>	<b>\$ 518,520</b>	<b>\$ 518,460</b>	<b>\$ 519,270</b>
<b>Total Capital Expenditures</b>	<b>\$ 86,164</b>	<b>\$ 185,000</b>	<b>\$ 233,398</b>	<b>\$ 229,473</b>	<b>\$ 236,357</b>
<b>Total Expenditures</b>	<b>\$ 1,213,637</b>	<b>\$ 1,382,678</b>	<b>\$ 1,457,213</b>	<b>\$ 1,481,440</b>	<b>\$ 1,518,474</b>
<b>Change in Net Position <sup>(1)</sup></b>	<b>\$ 215,924</b>	<b>\$ 64,530</b>	<b>\$ 15,061</b>	<b>\$ 25,908</b>	<b>\$ 25,354</b>
Beginning Balances	\$ 956,782	\$ 1,172,706	\$ 1,237,237	\$ 1,252,297	\$ 1,278,205
Ending Balances	\$ 1,172,706	\$ 1,237,237	\$ 1,252,297	\$ 1,278,205	\$ 1,303,560

(1) Change in net position is Total Revenues minus Total Expenditures.

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

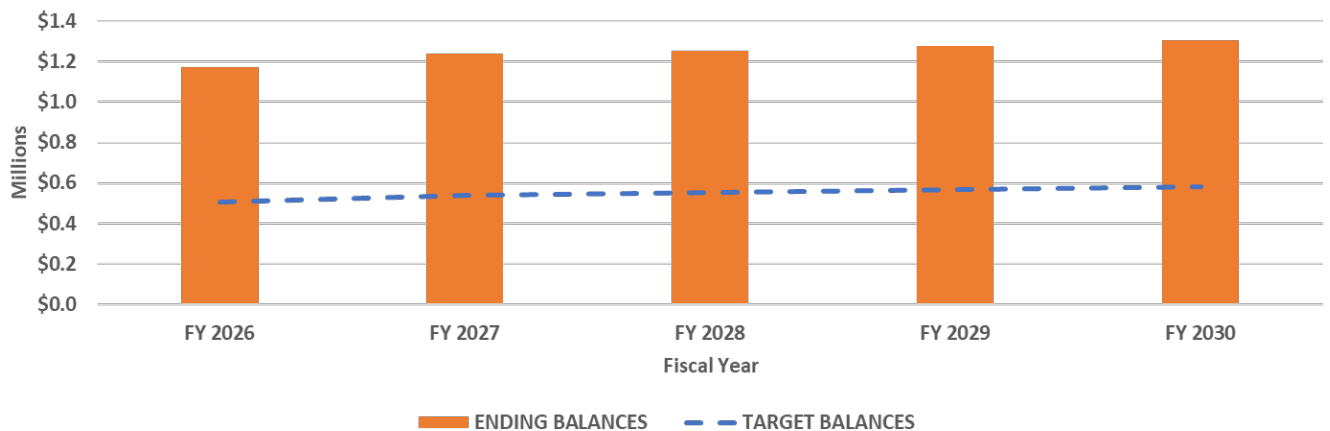


Table #5 Fallbrook Public Utility District's Community Benefit Program Projections

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Non-Operating Revenues</b>					
1% Property Tax	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000	\$ 546,000
<b>Subtotal Non-Operating Revenues</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Total Revenues</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Operating Expenses</b>					
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Operating Revenues</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Non-Operating Expenses</b>					
<b>Total Non-Operating Expenses</b>	<b>\$ 865,854</b>	<b>\$ 945,915</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>	<b>\$ 546,000</b>
<b>Change in Net Position <sup>(1)</sup></b>	<b>\$ (319,854)</b>	<b>\$ (399,915)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Beginning Balances</i>	<i>\$ 719,768</i>	<i>\$ 399,915</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>
<i>Ending Balances</i>	<i>\$ 399,915</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>

(1) Change in net position is Total Revenues minus Total Expenditures.

Table #6 Fallbrook Public Utility District's Contract Wastewater Services Projections

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>					
<b>Operating Revenue</b>					
Annual Payment	\$ 3,872,171	\$ 7,762,562	\$ 8,068,879	\$ 8,387,449	\$ 8,718,762
Contract Wastewater Services Overhead Payment	387,217	776,256	806,888	838,745	871,876
<b>Subtotal Operating Revenues</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>\$ 8,875,767</b>	<b>\$ 9,226,194</b>	<b>\$ 9,590,638</b>
<b>Total Revenues</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>\$ 8,875,767</b>	<b>\$ 9,226,194</b>	<b>\$ 9,590,638</b>
<b>Operating Expenses</b>					
Labor Costs	\$ 988,193	\$ 2,032,856	\$ 2,114,170	\$ 2,198,737	\$ 2,286,686
Fringe Benefits	415,705	869,936	904,734	940,923	978,560
Services, Materials & Supplies	1,448,108	2,705,133	2,813,339	2,925,872	3,042,907
Vehicles	20,165	104,637	104,637	104,637	104,637
Critical Projects	1,000,000	2,050,000	2,132,000	2,217,280	2,305,971
Contract Wastewater Services Overhead	387,217	776,256	806,888	838,745	871,876
<b>Total Operating Expenses</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>\$ 8,875,767</b>	<b>\$ 9,226,194</b>	<b>\$ 9,590,638</b>
<b>Net Operating Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenditures</b>	<b>\$ 4,259,388</b>	<b>\$ 8,538,819</b>	<b>\$ 8,875,767</b>	<b>\$ 9,226,194</b>	<b>\$ 9,590,638</b>
<b>Change in Net Position <sup>(1)</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Beginning Balances	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balances	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Change in net position is Total Revenues minus Total Expenditures.

Table #7 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	FY 2015-16	FY 2016-17	FY 2017-18
<b>Changes in Net Position:</b>			
Operating Revenues	\$ 25,356,017	\$ 27,256,065	\$ 29,882,022
Operating Expenses	(27,144,267)	(29,890,177)	(33,319,799)
Other Operating Revenues	-	-	-
<b>Operating Income (loss)</b>	<b>\$ (1,788,250)</b>	<b>\$ (2,634,112)</b>	<b>\$ (3,437,777)</b>
<b>Non-Operating Revenues (expenses)</b>			
Property Taxes Ad-Valorem	\$ 1,815,734	\$ 1,889,808	\$ 1,984,543
Capital Improvement Charges	2,224,529	2,283,558	2,476,452
California Solar Initiative Rebate	740,125	234,930	-
Investment income (Loss)	324,126	63,861	18,188
Lease Interest Income	-	-	-
Water Availability Charges	200,808	200,730	229,400
MWD Local Resource Program	-	-	-
Lease Revenue	185,220	166,012	178,602
Intergovernmental Revenue - Federal Interest Subsidy	185,040	238,765	145,338
Connection Fees	131,894	238,124	411,744
SDCWA Rate Refund	-	-	-
COVID Relief Grant	-	-	-
Water Supply Grant Funds	-	-	-
Gain on Impairment	(551,281)	-	(273,396)
Community Benefit Program expense	-	-	-
Water Bank Payment	-	-	-
Other Non-Operating Revenues	91,361	32,729	-
Other Non-Operating Expenses	(916,212)	(1,174,011)	(959,015)
<b>Total Non-Operating Revenues(expenses), net</b>	<b>\$ 4,431,344</b>	<b>\$ 4,174,506</b>	<b>\$ 4,211,886</b>
<b>Net income Before Capital Contributions</b>	<b>\$ 2,643,094</b>	<b>\$ 1,540,394</b>	<b>\$ 774,109</b>
Capital Contributions	75,299	59,509	73,661
Capital Grant - Proposition 50	874,040 <sup>(1)</sup>	773,163	-
Capital Grant - Proposition 84	682,428 <sup>(1)</sup>	-	67,100
Extraordinary Items	-	-	-
<b>Changes in Net Position</b>	<b>\$ 4,274,861</b>	<b>\$ 2,373,066</b>	<b>\$ 914,870</b>
<b>Net Assets</b>			
<b>Beginning, as restated</b>	<b>\$ 75,034,991</b>	<b>\$ 79,309,852</b>	<b>\$ 85,168,437</b>
Adjustments to restate balance	-	3,485,519	-
<b>Ending, as restated</b>	<b>\$ 79,309,852</b>	<b>\$ 85,168,437</b>	<b>\$ 86,083,307</b>

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

Source: FPUD Finance Department

Table #7 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years, cont.

FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
\$ 26,944,550	\$ 28,931,007	\$ 32,511,601	\$ 32,814,986	\$ 31,629,493	\$ 31,103,675	\$33,664,086
(31,708,417)	(33,234,259)	(33,933,185)	(37,929,546)	(32,965,081)	(35,279,098)	(35,201,924)
-	-	-	-	-	-	-
<b>\$ (4,763,867)</b>	<b>\$ (4,303,252)</b>	<b>\$ (1,421,584)</b>	<b>\$ (5,114,560)</b>	<b>\$ (1,335,588)</b>	<b>\$ (4,175,423)</b>	<b>\$ (1,537,838)</b>
\$ 2,106,034	\$ 2,205,975	\$ 2,340,185	\$ 2,397,429	\$ 2,617,564	\$ 2,734,325	\$ 2,813,075
2,505,876	2,559,135	2,604,061	2,650,202	2,838,696	3,087,841	3,354,701
-	-	-	-	-	-	-
915,275	920,135	1,543,078	(1,835,245)	932,974	2,006,744	2,502,631
-	-	-	15,437	16,496	27,608	31,902
204,359	204,418	208,842	202,234	200,107	199,452	198,987
-	-	-	197,884	517,280	945,500	945,500
199,433	249,092	251,047	284,819	331,006	303,595	276,197
134,924	123,762	112,207	99,240	86,153	72,101	56,074
180,966	107,107	149,650	193,201	186,946	141,453	1,104,774
-	-	909,413	839,398	8,441	-	-
-	-	-	184,762	-	-	-
-	-	-	213,368	452,253	-	-
9,338,297	(31,450)	38,100	36,543	170,307	327,395	749,822
-	-	-	-	(96)	(266,448)	(651,685)
-	-	-	-	-	-	2,754,444
-	-	-	-	-	-	-
(909,966)	(910,224)	(1,665,457)	(1,524,767)	(1,622,851)	(1,994,853)	(1,999,038)
<b>\$ 14,675,198</b>	<b>\$ 5,427,950</b>	<b>\$ 6,491,127</b>	<b>\$ 3,954,505</b>	<b>\$ 6,735,276</b>	<b>\$ 7,584,713</b>	<b>\$ 12,137,384</b>
<b>\$ 9,911,331</b>	<b>\$ 1,124,698</b>	<b>\$ 5,069,543</b>	<b>\$ (1,160,055)</b>	<b>\$ 5,399,688</b>	<b>\$ 3,409,290</b>	<b>\$ 10,599,546</b>
73,789	372,507	47,842	59,898	175,868	100,782	73,951
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(8,506,750)	-
<b>\$ 9,985,120</b>	<b>\$ 1,497,205</b>	<b>\$ 5,117,385</b>	<b>\$ (1,100,157)</b>	<b>\$ 5,575,556</b>	<b>\$ 4,996,678</b>	<b>\$ 10,673,497</b>
\$ 86,083,307	\$ 97,207,549	\$ 98,704,754	\$ 103,822,139	\$ 102,721,982	\$ 108,297,538	\$ 103,300,858
1,139,122	-	-	-	-	-	-
<b>\$ 97,207,549</b>	<b>\$ 98,704,754</b>	<b>\$ 103,822,139</b>	<b>\$ 102,721,982</b>	<b>\$ 108,297,538</b>	<b>\$ 103,300,860</b>	<b>\$ 113,974,355</b>

Chart #1 - Operating Expenses by Activity

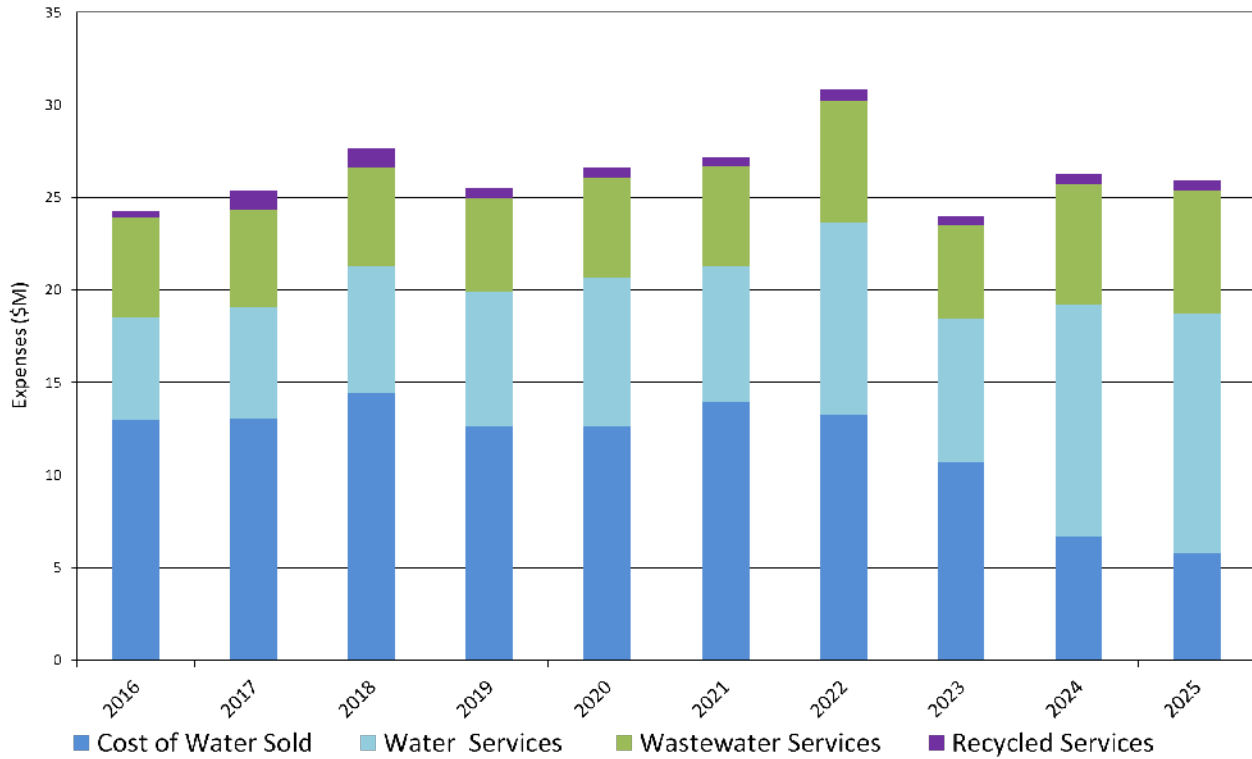


Chart #2 - Operating Revenues by Source

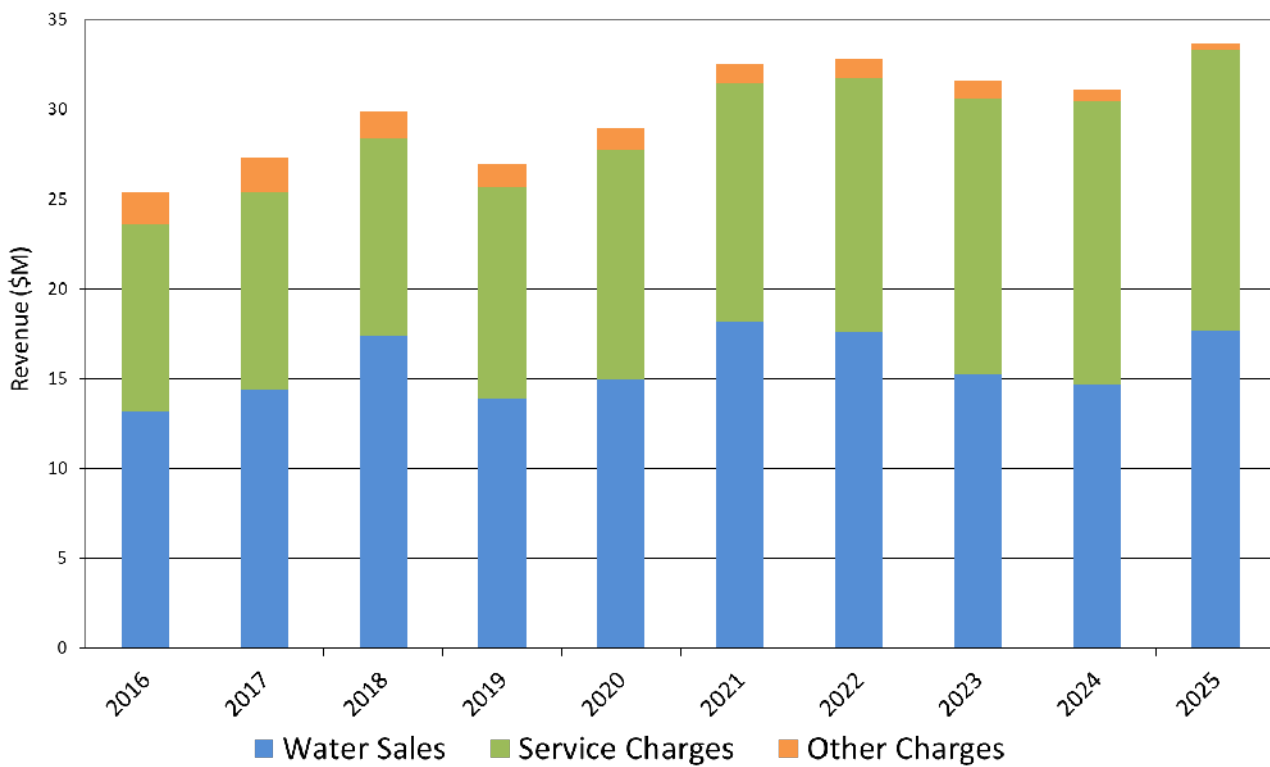
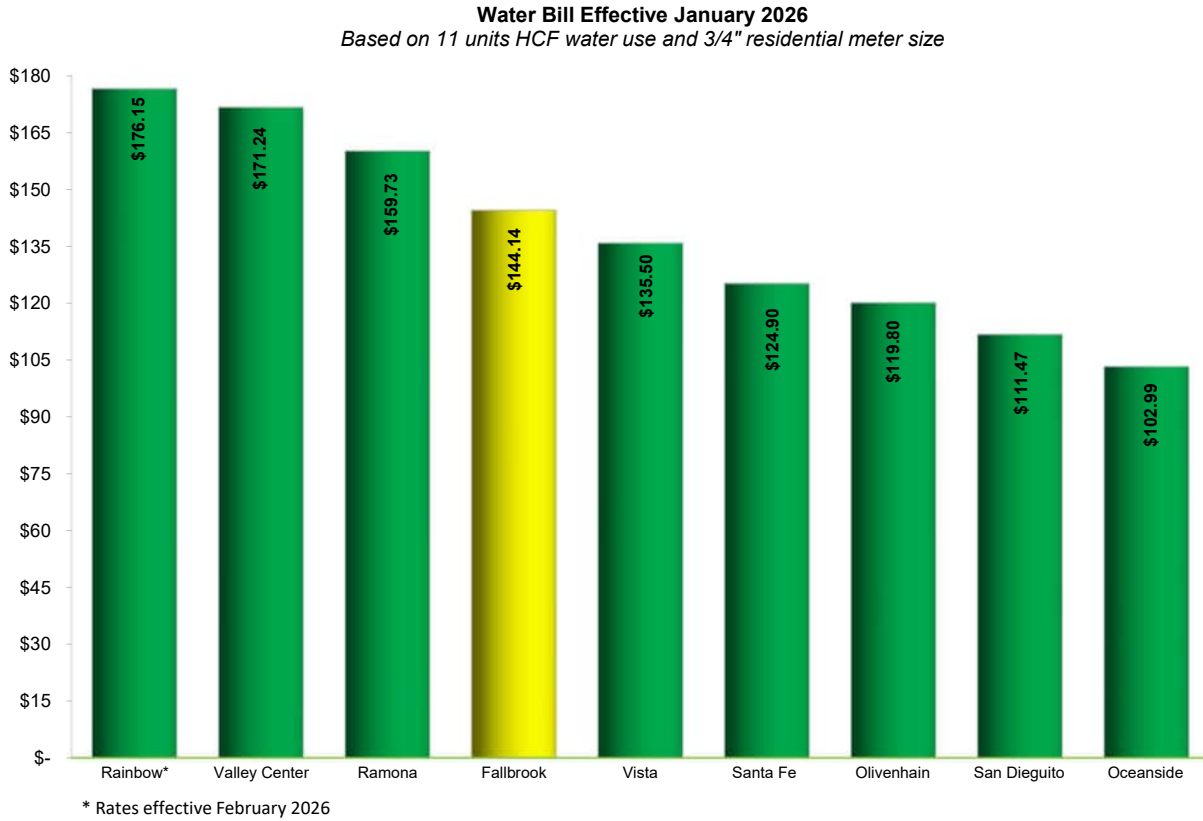


Table #8 - Summary of Services Approved Positions

Position	Actual FTE* FY 2024-25	Actual FTE* FY 2025-26	Proposed FTE* FY 2026-27
Accounting Technician I & II	2.0	2.0	2.0
Assistant General Manager/Chief Financial Officer	1.0	1.0	1.0
Associate Engineer	-	1.0	1.0
Chief Plant Operator	1.0	1.0	1.0
Collections Supervisor	1.0	1.0	1.0
Construction & System Services Supervisor	-	1.0	1.0
Construction Supervisor	1.0	-	-
Crew Leader	4.0	5.0	5.0
Customer Service Representative I & II	1.0	2.0	2.0
Customer Service Specialist	2.0	1.0	1.0
Electrical and Maintenance Manager	-	1.0	1.0
Engineering Manager	1.0	1.0	1.0
Engineering Technician I, II & III	4.0	3.0	3.0
Environmental Compliance Technician	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0
Executive Assistant/ Board Secretary	1.0	1.0	1.0
Field Services Manager	1.0	1.0	1.0
General Manager	1.0	1.0	1.0
GIS Coordinator	1.0	1.0	1.0
Human Resources Manager	1.0	1.0	1.0
Human Resources Technician	1.0	1.0	1.0
Information Systems Technician	0.08	-	-
Instrumentation, Electrical & Controls Tech I & II	2.0	4.0	4.0
IT Manager	0.92	1.0	1.0
Laboratory Technician I & II	1.0	1.0	1.0
Lead Plant Operator	1.0	1.0	1.0
Maintenance Technician I & II	2.0	5.0	6.0
Management Analyst	1.0	1.0	1.0
Operations Manager	1.0	1.0	1.0
Operations Specialist	1.0	1.0	1.0
Plant Operator I & II	2.0	8.0	8.0
Public Information Officer	1.0	1.0	1.0
Purchasing Warehouse Supervisor	1.0	1.0	1.0
Safety & Risk Officer	1.0	1.0	1.0
SCADA Analyst	-	0.5	1.0
SCADA/Electrical/Maintenance Supervisor	1.0	1.0	1.0
Senior Maintenance Technician	1.0	1.0	1.0
Supervising Accountant	1.0	1.0	1.0
System Operations Supervisor	1.0	1.0	1.0
System Services Supervisor	1.0	-	-
Systems Operator I, II & III	4.0	4.0	4.0
Systems Technician	1.0	1.0	1.0
Utility Worker I, II & III	18.0	18.0	19.0
Warehouse Purchasing Specialist	1.0	1.0	1.0
Water/Wastewater Operator I, II & III	1.0	1.0	1.0
<b>TOTAL FTE</b>	<b>71.0</b>	<b>83.5</b>	<b>86.0</b>

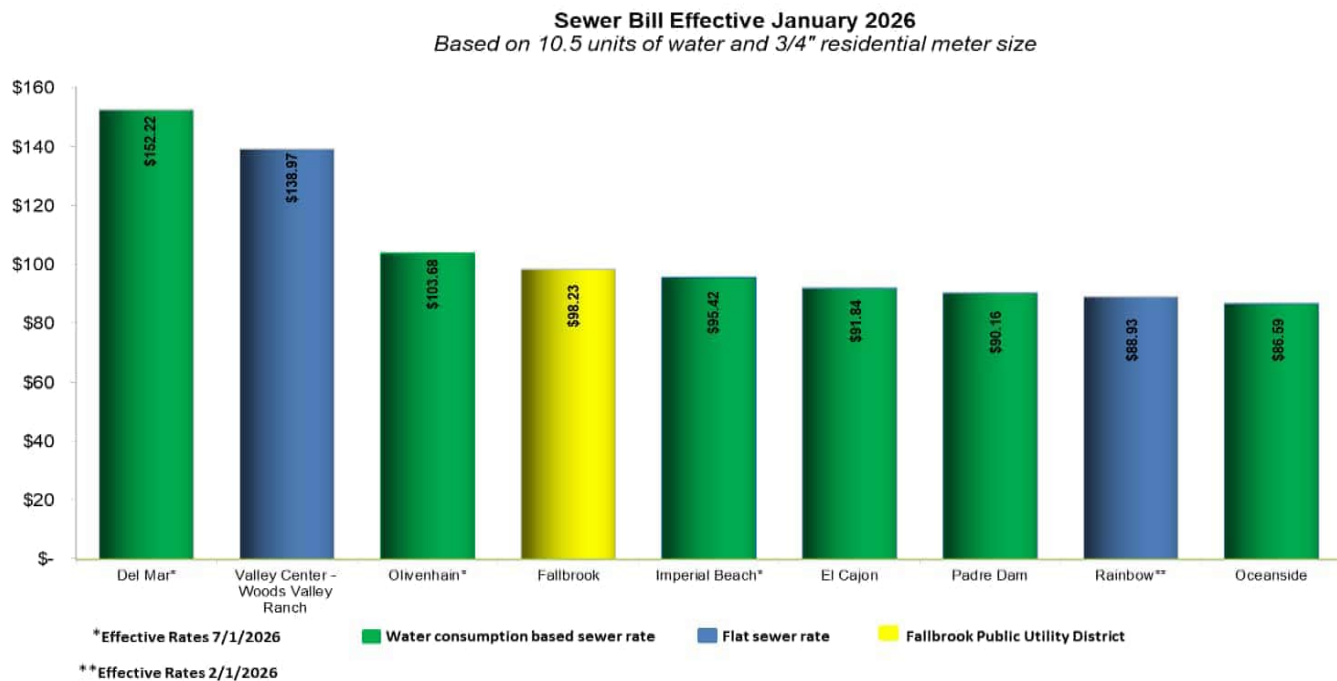
\* FTE - Full-Time Equivalents

Table #9 - Regional Water Rate Survey



Source: Prepared by FPUD

Table #10 - Regional Wastewater Rate Survey



Source: Prepared by FPUD

**Fallbrook Public Utility District 's Capitalization Policy**

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

**Purpose:**

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

**Personnel:**

Accounting and Supervisors

**Policy:**

**General Policy**

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

**Definitions**

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

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

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

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

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

**Capital Projects**

A. Construction Projects

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

**B. Plant Equipment**

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

**C. Office Equipment**

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

## Fallbrook Public Utility District 's Fund Balance Policy

### Article 6. Budget and Fund Management

#### Sec. 6.1 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 Committee/Board of Directors and public in April and a second preliminary Budget in May. The final Budget is presented in June 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.

#### 6.1.1 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. 6.2 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. 6.3 General Fund.

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

#### Sec. 6.4 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. 6.5 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. 6.6 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. 6.7 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. 6.8 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.

6.8.1 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.

6.8.2 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).

6.8.3 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. 6.9 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.

<b>ARTICLE</b>	<b>15</b>
<b>(Renumbered</b>	<b>as</b>
<b>Article 6</b>	<b>by</b>
<b>Resolution 5006)</b>	
Sec. 15.8 - Rev.74/97	
Sec. 15.4 & 15.5 – Rev. 4/03	
Sec. 15.8 added 4/03	
Sec. 15.1 & 15.9 – Rev. 6/06	
Sec. 15.9 – Rev. 8/08	
Sec. 15.6 – Rev. 9/09	
Sec. 15.8.1 – Rev. 12/09	
Secs. 15.1, 15.5, 15.8.1, 15.8.2, 15.8.4, 15.9 – Rev. 1/18	
Secs. 15.1.1, 15.8.1 – Rev. 2/19	
Sec. 15.1.1 – Rev. 4/19	
Sec. 15.1 – Rev. 7/19	

## Fallbrook Public Utility District's Investment Policy

### Article 18. Investment Policy

#### Sec. 18.1 General.

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

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

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

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

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

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

Sec. 18.2 Treasurer's Annual Statement of Investment Policy.

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

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

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

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

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

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

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

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

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

- a) Inverse Floater
- b) Range Notes
- c) Interest-only strips derived from a pool of mortgages
- d) Any security that could result in zero interest accrual, except as authorized by Government Code Section 53601.6.

Sec. 18.3 Internal Controls.

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

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

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

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

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

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

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

Development of a Wire Transfer Agreement with the Lead Bank or Third Party Custodian: This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

Sec. 18.4 Permissible Investments.

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

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

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

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

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

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

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

Minimum Credit Requirement: None.

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

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

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

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

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

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

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 25%. The District may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

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

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

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for this category shall be 30%. The District may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

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

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

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

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

Minimum Credit Requirements: None

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

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

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

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

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

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

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

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

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

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 18.4.10 and 18.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

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

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

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

Maximum Exposure of Portfolio: The maximum exposure to the portfolio for 18.4.10 and 18.4.11-California Local Agency Obligations, category shall be a combined 25% of the book value of the investment portfolio. No more than 5% of the book value of the portfolio at the time of purchase may be invested in bonds issued by any one agency.

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

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

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

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

Minimum Credit Requirement: None.

#### 18.4.13 Money Market Mutual Funds.

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

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

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

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

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

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

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

18.4.15 Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

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

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

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

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

Sec. 18.5      Maturity/Limit of Investments.

With the exception of U.S. Treasury and Federal Agency securities, the maturity of a give investment will not exceed five (5) years, without prior board approval per Section 18.2.4.

Sec. 18.6      Reporting Requirements.

The Treasurer shall prepare a quarterly investment report to the Board of Directors that provides an overview of the District’s investments and lists the investment transactions for the period. The report shall also (1) state the compliance of the portfolio with the statement of investment policy, or the manner in which the portfolio is not in compliance, and (2) the report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The Treasurer shall also provide the Board a summary report of investments on a monthly basis.

A subsidiary ledger of investments may be used in the report in accordance with accepted accounting practices.

In the event that an investment originally purchased within policy guidelines is downgraded by any one of the credit rating agencies, the Treasurer shall report it at the next regular scheduled meeting of the Board.

**ARTICLE 27 (Renumbered as Article 18 by Resolution 5006)**

Revised in its entirety: 2/94

Adopted in current form: 1/96,  
1/97, 1/98, 1/99

Sec. 27.2.4 – Rev. 1/00

Adopted in current form: 1/01

Sec. 27.4.7 – Rev. 10/01

Sec. 27.6 – Rev. 1/03

Sec. 27.2.4 – Rev. 1/07

Sec. 27.4.4 – Rev. 3/07

Secs. 27.2.3, 27.4.1(2), 27.4.2,  
27.4.3, 27.4.4, & 27.4.6 – Rev. 9/07

Sec. 27.2.1 – Rev. 1/10

Secs. 27.4.10-12 – Rev. 1/12

Secs. 27.2.4, 27.2.5, 27.4.5, 27.4.6,  
27.4.7, 27.4.10, 27.4.11, 27.4.13,  
27.4.14, 27.5 – Rev. 2/13

Secs. 27.4.6, 27.4.11 – Rev. 1/14

Secs. 27.1, 27.1.1, Attachment A –  
Rev. 3/15Secs. 27.1, 27.1.1, 27.1.2, 27.1.3,  
27.2, 27.2.3, 27.2.4, 27.3, 27.4,  
27.4.1, 27.4.2, 27.4.3, 27.4.4,  
27.4.6, 27.4.10, 27.4.11, 27.4.12,  
27.4.13, 27.4.14, 27.4.15, 27.5 –  
Rev. 2/16Secs. 27.2.4, 27.4, 27.4.3, 27.4.4,  
27.4.6, 27.4.10, 27.4.11, 27.4.14,  
27.4.15 – Rev. 3/17

Sec. 27.2.3 – Rev. 6/18

Sec. 27.6 – Rev. 7/18

Sec. 27.4.14 – Rev. 2/19

Sec. 18.2.5 – Rev. 6/21

Sec. 18.4.3 – Rev. 6/21

Sec. 18.4.4 – Rev. 6/21

**PLACEHOLDER FOR BOARD RESOLUTION**

**PLACEHOLDER FOR BOARD RESOLUTION**

## District's Pension Benefits

The District participates in CalPERS and has two benefit tiers. The Classic employees are eligible to receive 2.5% of their single highest annual salary for each year of service at the age of 55. An employee hired after January 1, 2013, and is new to CalPERS, or those that have had a break in service of more than six-months fall under the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA employees are eligible to receive 2.0% of the highest three-year average annual salary for each year of service at the age of 62. Both Classic and PEPRA employees are potentially subject to salary maximums when determining their benefit.

## CalPERS Unfunded Actuarial Accrued Liability (UAAL):

The AUL is portion of the pension liability that has been earned but has not been fully funded. The liability is estimated by an actuary based upon many different underlying assumptions. CalPERS amortizes these existing liabilities over a 30-year period. The payment schedule for the Unfunded Liability is shown below. The District's net pension liability in Fiscal Year 2023-224 was \$19.5 million. In Fiscal Year 2023-24, the latest CalPERS valuation date, the District's pension liability was 70.7% funded.

Fiscal Year Ending (6/30)	Total Annual Payment
FY 2025-26	\$ 1,876,011
FY 2026-27	1,947,158
FY 2027-28	2,125,498
FY 2028-29	2,145,268
FY 2029-30	2,159,263
FY 2030-31	2,203,054
FY 2031-32	2,187,413
FY 2032-33	2,169,626
FY 2033-34	2,126,549
FY 2034-35	2,053,261
FY 2035-36	1,319,056
FY 2036-37	1,227,480
FY 2037-38	1,130,209
FY 2038-39	1,053,462
FY 2039-40	1,002,493
FY 2040-41	866,316
FY 2041-42	733,101
FY 2042-43	1,203,934
FY 2043-44	121,580

## Current Normal Cost

The Normal Cost Rate (NCR) is the percentage of payroll that is contributed to CalPERS to pay for the benefit earned by employees in the current year. This rate is expressed as a percent of payroll. The NCR for Classic employees for Fiscal Year 2026-27 is 15.03% of payroll, which is up from the Fiscal Year 2025-26 is 15.05%. The NCR for PEPRA employees is 8.24% of payroll in Fiscal Year 2025-26 and was 8.27% in Fiscal Year 2024-25.

## District's 115 Pension Trust

As part of the District's commitment to fiscal sustainability, a Section 115 Pension Trust has been established. The trust holds assets pledged to pay for future pension related expenses. The Trust as of March 31 held \$10.3 million.

## District's Other Post-Employment Benefits (OPEB)

Effective January 7, 2022, the District provides a retiree healthcare benefit to employees who were hired before July 1, 2022, have ten years of service and are 50 or older. Under the OPEB benefit the District pays for half of the employees' health insurance premium until the beneficiary is 65-years old. The employee must contribute the other half of the insurance premium. The District has established the Section 115 Pension and OPEB Trust Fund (See Fund Structure Section) to fund the District's OPEB liabilities. In FY 2023-24, the District's OPEB liability is 89.28% funded based upon a June 30, 2023 actuarial valuation report. The District's OPEB funded status is slightly down from FY 2024-25, which was 90.86%. The District intends to maintain the OPEB funds at approximately 90% funded. Funds above this level will be used to offset PAYGO expenditures as the liability decreases over time.

**RESOLUTION NO. 5107**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT APPROVING AND  
ESTABLISHING THE DISTRICT'S FISCAL YEAR 2026-27 BUDGET  
FOR OPERATIONS, MAINTENANCE, WATER PURCHASES, CAPITAL  
IMPROVEMENTS, EQUIPMENT, AND DEBT SERVICE AND  
APPROPRIATING \$59,787,364 CONSISTENT WITH THE APPROVED  
BUDGET**

\* \* \* \* \*

**WHEREAS**, the Fiscal Policy and Insurance Committee has reviewed and considered the Recommended Fiscal Year 2026-27 Budget during publicly noticed meeting on April 22, 2026, and received a draft on May 15, 2026 for review; and

**WHEREAS**, the Board has reviewed and considered the Recommended Fiscal Year 2026-27 Budget during a publicly noticed meeting on April 27, 2026, May 20, 2026 and June 29, 2026;

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

1. The District's Fiscal Year 2026-27 Budget, as presented to the Board of Directors at the publicly noticed meeting on June 29, 2026, is hereby approved.
2. Expenditure under the District's approved Fiscal Year 2026-27 Budget is hereby appropriated as follows:

For administration, operations, and maintenance: .....	\$22,908,502
Community benefit program: .....	\$ 945,915
For water purchases: .....	\$ 5,792,919
For PAYGO capital improvements, and equipment: .....	\$13,455,000
For Revenue Bonds, State Revolving Fund, and interest and principal: .....	\$ 6,146,209
For Contract Wastewater Operations: .....	\$ 8,538,819
For Contingency Reserve: .....	\$ 2,000,000
<b>TOTAL</b>	<u><u>\$59,787,364</u></u>

1. Expenditure of appropriated funds shall be consistent with the approved Budget, no increases or decreases to the Budget shall occur except upon prior approval by the Board.
2. Notwithstanding the total appropriations set forth herein, the General Manager is authorized, subject only to the total appropriations, to exceed the expenditure amount designated in the approved Budget for water purchases to meet the District's water demands.
3. The General Manager shall notify the Board within 30 days of any Contingency Reserve expenditures. The Contingency Reserve appropriation is intended to provide the General Manager with funds necessary to quickly respond to emergencies or unanticipated expenditures.
4. The annual Liquidity Fund Level target for Fiscal Year 2026-27 is kept at the current level and no draws from the District's long-term investment portfolio is planned.
5. No deposit or withdrawal to the District's long-term investments is planned, and any unanticipated draws will go to the Board for approval.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:	Directors
NOES:	None
ABSTAIN:	None
ABSENT:	None

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

**MEMO**

**TO:** Board of Directors  
**FROM:** Personnel Committee  
**DATE:** June 29, 2026  
**SUBJECT:** Employee Satisfaction Survey Results

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**Purpose**

To inform and discuss the results of the recent employee satisfaction survey.

**Summary**

The District's annual employee satisfaction survey was sent to all employees on April 29, 2026, and was closed on May 28, 2026. Fifty-three employees completed this year's survey, which is a new record for the most responses we've received in a single year. Last year's total was 43.

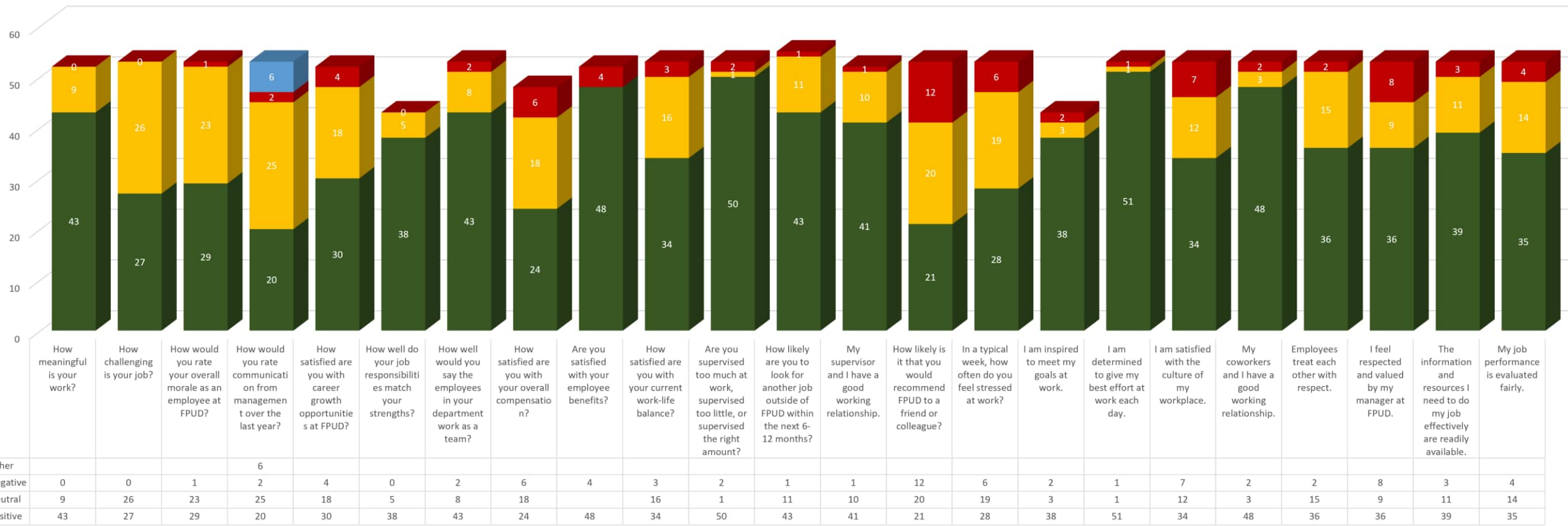
A summary of the results was shared with all employees on Wednesday, June 17, 2026.

**Budgetary Impact**

There is no budgetary impact.

**Recommended Action**

To review the results and provide any necessary feedback.



## Summary of Comments

**As a follow up to your answer to question #3, please share what you love, like, or hate about working for FPUD.**

Upper management support is fantastic compared to other water districts I have worked at. The overall morale of the company seems to be high, and people seem to enjoy working at FPUD.

I like that FPUD appreciates the work I do for the district. It fuels the craftsmanship that not all places have instilled. I believe there is a good camaraderie established among co-workers across all departments.

The work is interesting and engaging. Work flow can be a little unpredictable/inconsistent at times.

Mostly good people. Mostly relaxed environment.

Great safety culture

I enjoy the type of work that I do here. Mentally challenging and sometimes physically challenging. Good coworkers and boss make the work days more enjoyable.

I like the job diversity at FPUD.

I enjoy working with my colleagues and interacting with the public.

I love the employee appreciation (lunches, bbqs etc)

I really appreciate the support from supervisors and managers to gain more knowledge/support, and I appreciate the new employees that are hired for the willingness to learn and respect to season employees. I think we have a good group of guys in the field that have knowledge from other agencies or their past to help make employees well rounded.

I enjoy coming to work every day and doing my job. The atmosphere in the office is great, and I am lucky to work with a wonderful group of people.

FPUD cares about its employees but communication could be a lot better.

I love my job but there are certain people who put a drain on others.

I love the diversity and challenge associated with my job.

Great crew of guys who are motivated to achieve our goals.

Extra effort and dedication is recognized and rewarded.

Great benefits and I love what I do.

I Love Working At FPUD Because I Get To Help The People From My Hometown And That Means More Than Anything To Me.

## **What recommendations, if any, do you have for how management could improve communication over the next year?**

Communication can and always should improve.

Listening to the crew suggestions more

Communicate more often and in positive way.

Take input from the field employees.

A positive attitude is easier to approach

We need to have more communication when there are promotion's or when employees move to a new DEPT, and when an employee is no longer working at FPUD.

Inform staff on what is happening in the district, good or bad.

Whenever new policies are enacted or clarified, there should be clear directives, probably through email, from HR. Especially with everything new going on (ERP, CPEN), information seems to drip down rather than being shared in a forthright manner. It can impact our abilities to do our jobs efficiently at first.

We cannot trade perceived efficiency for quality of work. Good ideas in the office don't always transfer practically to the field.

I Believe Management Has Kept Communication Up To It's Highest Since I've Gotten Here.

## **If you were going to look for another job outside of FPUD, what would be your reason(s) for doing so?**

The appeal of not being spread too thin and having the manpower to ensure coverage of tasks

Upward mobility.

Compensation vs. responsibilities

Working with people that give 100% and care than just show up for a paycheck....This is hard to change with the current and upcoming work force. Needs to be a balance of accountability and fostering. Bad apples quickly spoil the bunch.

Better pay and shorter commute

Closer to home.

Location, more remote work, or a job that fits my strengths a bit more

Shorter commute, better pay

Pursue a role that is not available here

As of right now, I don't have any reason to look for a different job. I am happy with the compensation, location and my hours.

Better opportunity within a district

To follow my creative endeavors.

The Only Way I'm Leaving FPUD Is If They Push Me Out And That's Not Going To Happen.

## **What actions can FPUD take to build a better workforce?**

FPUD is a great workplace. The biggest challenge is finding/training qualified staff.

Working as a team does not mean some work while others watch. Working as a team means we all look out for each other. We try to help each other out. We pick up after ourselves and make sure we do not create more work than necessary. For some, work is a social outlet. Fix these things and the team environment comes alive and creates a better working environment for all.

Continue to proactively seek constructive feedback.

I think an all-hands meeting every other month would be beneficial. Management does a great job making employees feel important with all the wellness activities and bagels, pizza lunches, etc.

More activities to get to know other departments. Those working in the field are not always familiar with people in the office.

More communication between departments to understand what others do.

Stay comparable with other agencies salaries

Clearer communication from the top, and from my supervisor, and maybe the opportunity to work remote once in a while.

There's Always Room For Improvement I'd Say Talk More With Employees In Person Listen To What They Have To Say.

I CAN'T THINK OF ANYTHING. I DO LIKE THAT THE MANAGEMENT IS COMMUNICATING WITH STAFF THE ACTIVITIES AND ACCOMPLISHMENTS. ESPECIALLY WITH CPEN HAPPENING.

More organizations for CPEN.

Have managers take leadership trainings and make sure they apply what they learned.

**Please feel free to elaborate on any of your answers above and/or share any other comment you have:**

As a new department we are still getting a feel for how everyone will interact with each other long term, but I make it a priority of mine to support the employees under me and make them feel like they are important and appreciate what they do while here at FPUD.

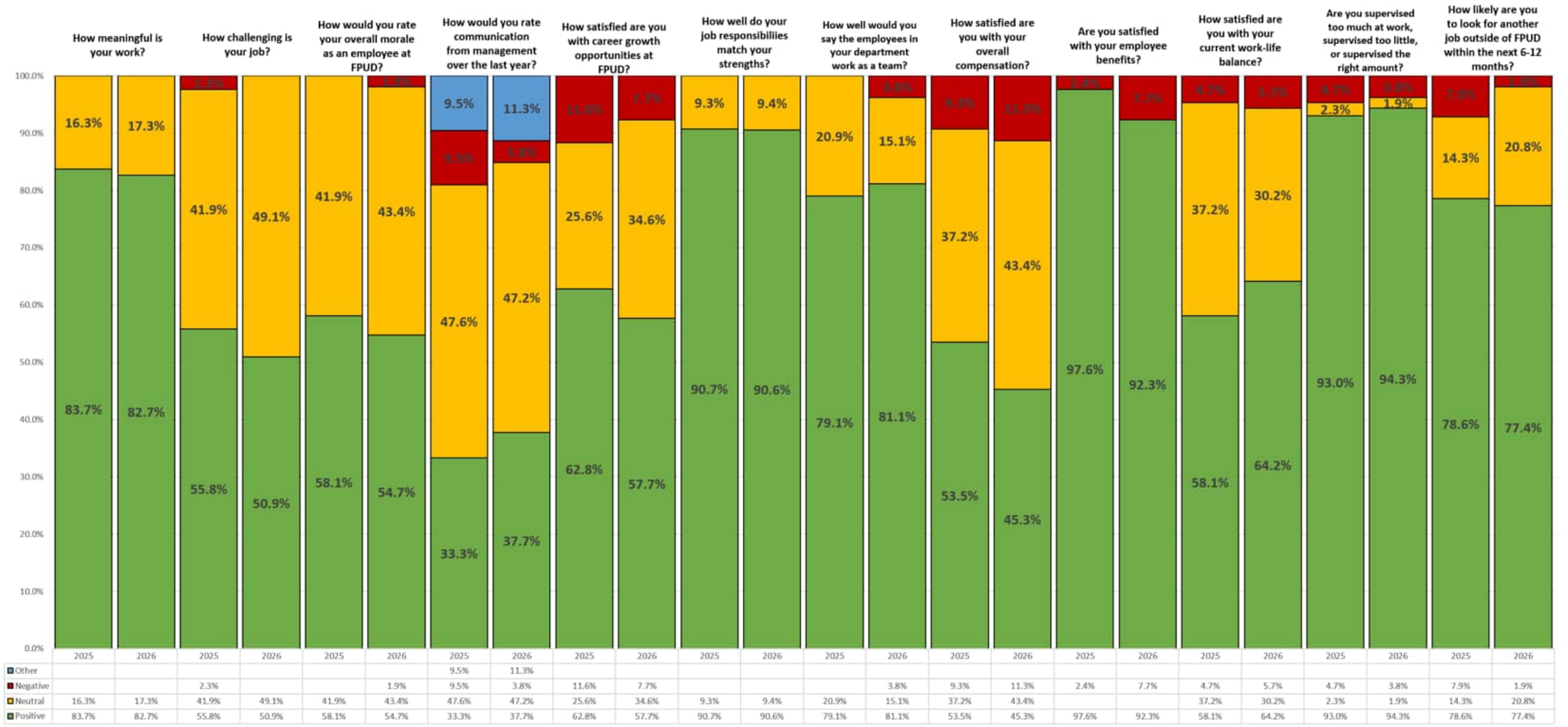
It would be nice to have a better dental insurance plan. I've heard of some agencies offering pre-paid legal services with the cost shared between the employee and the agency. That would be nice to have.

I'm Good.

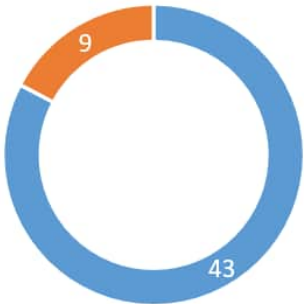
I'm truly honored and privileged to be working for such a strong district!

FPUD is a solid place to work, and some of the culture issues have really improved over the years, especially under the current office-side upper management group. And they could improve further with efforts to build better manager listening skills, collaboration, and a reevaluation of current top-down approaches to management.

I don't feel that things that are discussed at the managers' meetings are communicated well by my supervisor, and when there are important decisions made there is not communication from HR either.

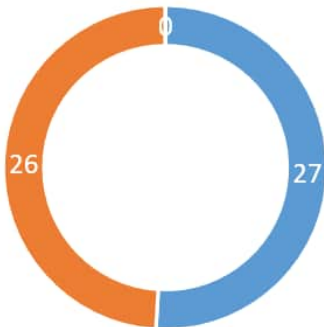


### How meaningful is your work?



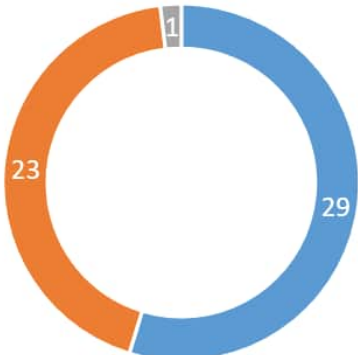
■ Very to Extremely Meaningful   ■ Slightly to Moderately Challenging

### How challenging is your job?



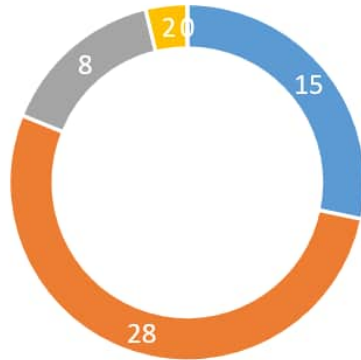
■ Very to Extremely Challenging   ■ Slightly to Moderately Challenging  
■ Not At All Challenging

### How would you rate your overall morale as an employee at FPUD?



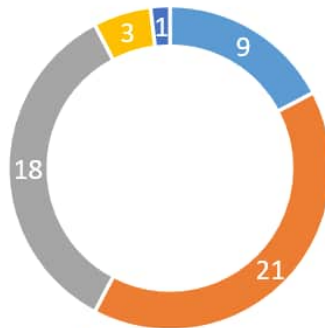
■ I Love Working at FPUD   ■ I Like Working at FPUD Just Fine   ■ I Hate Working at FPUD

How well would you say the employees in your department work as a team?



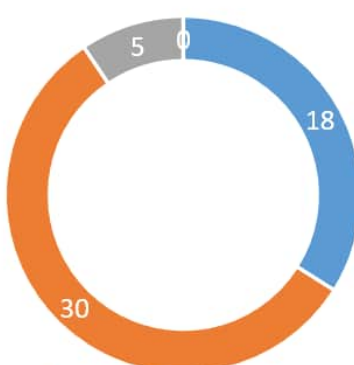
■ Extremely Well ■ Very Well ■ Somewhat Well ■ Not So Well ■ Not Well At All

How satisfied are you with career growth opportunities at FPUD?



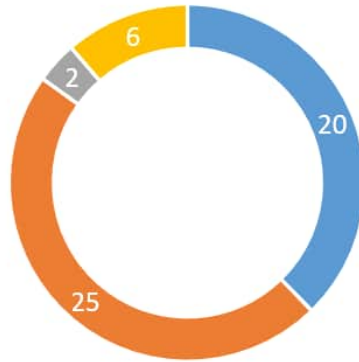
■ Extremely Satisfied ■ Very Satisfied ■ Somewhat Satisfied  
■ Not So Satisfied ■ Not At All Satisfied

How well do your job responsibilities match your strengths?



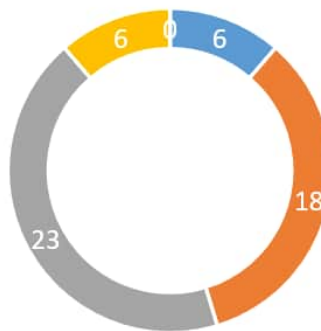
■ Extremely Well ■ Very Well ■ Somewhat Well ■ Not So Well

How would you rate communication from management over the last year?



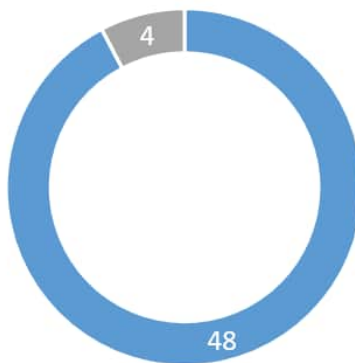
■ Communication Has Improved ■ Remained The Same ■ Has Gotten Worse ■ Other

How satisfied are you with your overall compensation?



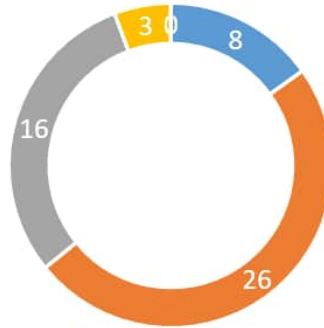
■ Extremely Satisfied ■ Very Satisfied ■ Somewhat Satisfied  
■ Not So Satisfied ■ Not At All Satisfied

Are you satisfied with your employee benefits?



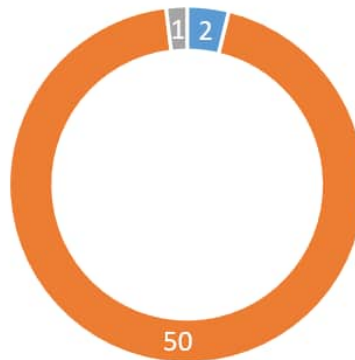
■ Yes ■ No

How satisfied are you with your current work-life balance?



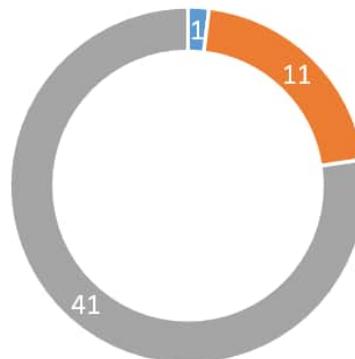
■ Extremely Satisfied ■ Very Satisfied ■ Somewhat Satisfied  
■ Not So Satisfied ■ Not At All Satisfied

Are you supervised too much at work, supervised too little, or supervised the right amount?



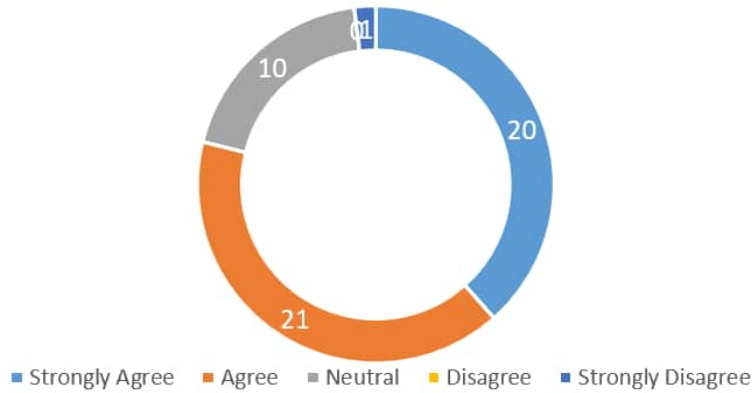
■ Too Much ■ About the Right Amount ■ Too Little

How likely are you to look for another job outside of FPUD within the next 6-12 months?

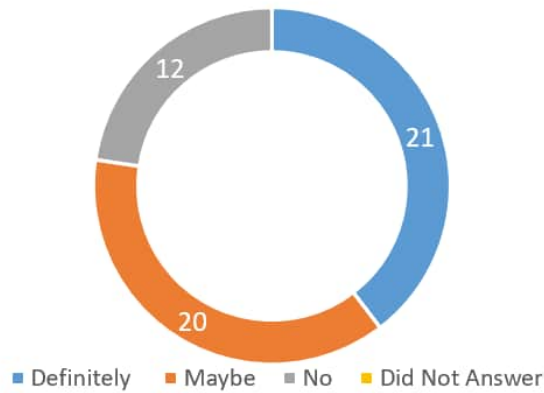


■ Very Likely ■ Likely ■ Unlikely

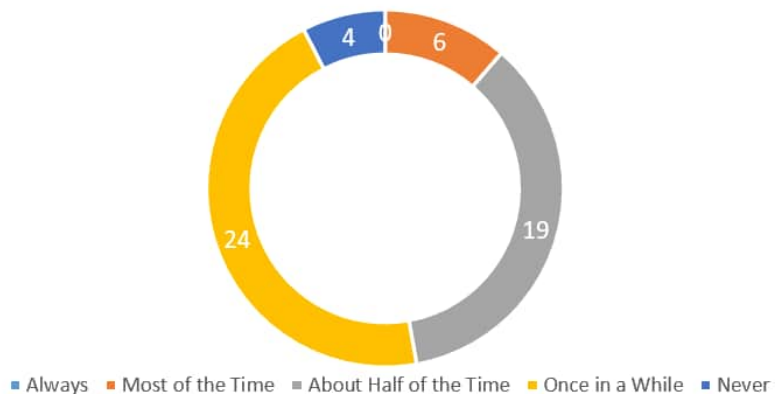
My supervisor and I have a good working relationship.



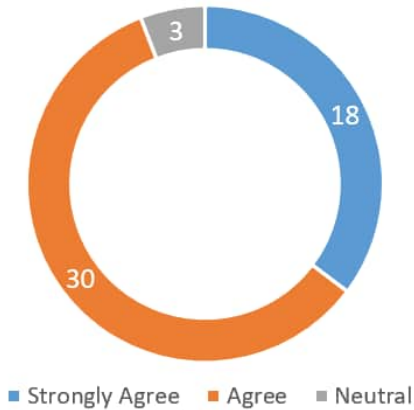
How likely is it that you would recommend FPUD to a friend or colleague?



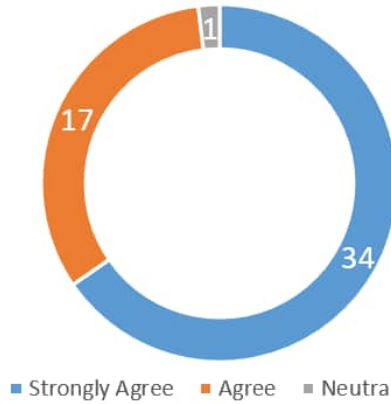
In a typical week, how often do you feel stressed at work?



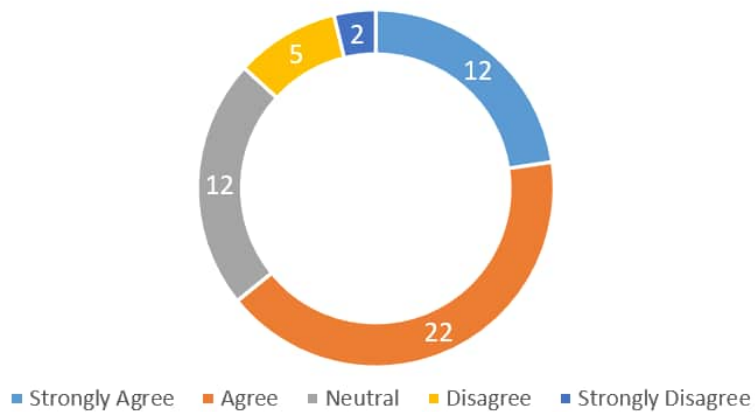
I am inspired to meet my goals at work.



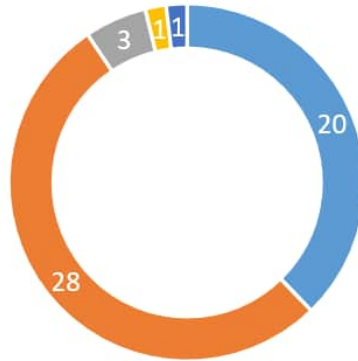
I am determined to give my best effort at work each day.



I am satisfied with the culture of my workplace.

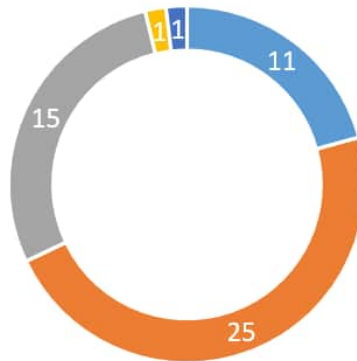


My coworkers and I have a good working relationship.



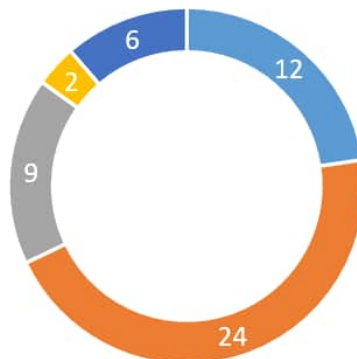
■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

Employees treat each other with respect.



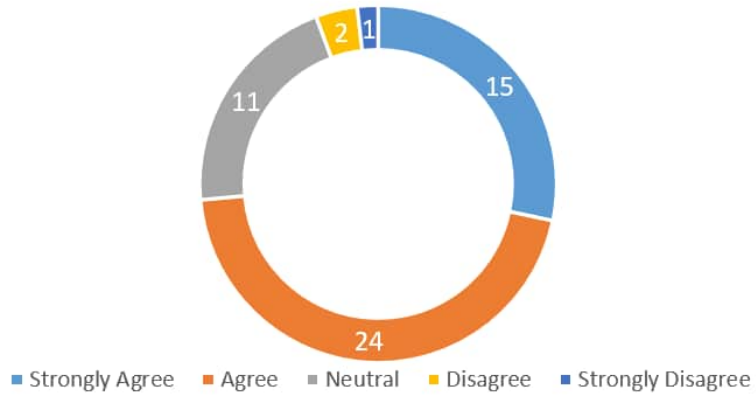
■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

I feel respected and valued by my manager at FPUD.

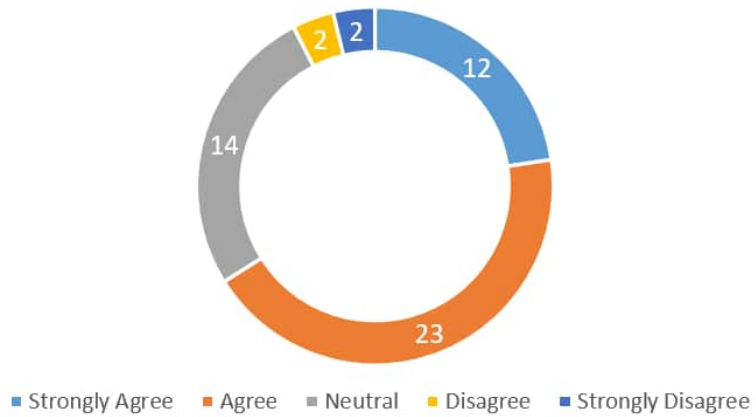


■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

The information and resources I need to do my job effectively are readily available.



My job performance is evaluated fairly.



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## M E M O

**TO:** Board of Directors  
**FROM:** Aaron Cook, Engineering Manager  
**DATE:** June 29, 2026  
**SUBJECT:** Update of Emergency Declaration for Pipe Repair

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Description

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

Purpose

Recently, the 8-inch mainline on S Stage Coach Lane between Fallbrook St and Juanita Ln has had multiple breaks. FPUD crews made minimal repairs to keep the pipe in service, but there is high risk of repeated failures. To restore reliable service, staff have engaged Filanc, one of the prequalified contractors for emergency repairs, per the on-call emergency pipeline repair services procedures. The targeted area consists of approximately 1,000 linear feet of 8-inch water main within S Stage Coach Lane.

The pipeline installation is complete and the only remaining work is final paving, but the Board must approve the continuation of the emergency until all work is completed. No additional work or funding is being authorized.

Budgetary Impact

The estimated cost of these repairs is \$800,000. The costs will be covered by the approved capital budget pipeline replacement funds.

Recommended Action

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

**M E M O**

**TO:** Board of Directors  
**FROM:** Jack Bebee, General Manager  
**DATE:** June 29, 2026  
**SUBJECT:** Continuation of Engagement of Fernandez, Jensen, and Kimmelshue (FJK) for State Representation and the RBW Group (RBW) for Federal Representation

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Purpose

For the Board to consider approval of the continuation of engagement of Fernandez, Jensen, and Kimmelshue (FJK) for State representation and the RBW Group (RBW) for Federal Representation and approve revisions to “Exhibit B – State and Federal Representation Services” to the Mutual Services Agreement (Agreement) between Fallbrook PUD (FPUD), Rainbow MWD (RMWD) and Valley Center Municipal Water District.

Summary

In February of 2025, the Board authorized the General Manager to execute the Agreement between VCMWD, FPUD, RMWD, and YMWD for developing shared services. One of the initial items identified was for shared federal and state lobbying services. In July of 2025 the Board approved the joint engagement of FJK and RBW for state and federal lobbying services for a one-year term. While no additional state or federal funding was secured last year, Congress did include a \$1.5 million appropriation for the District’s in their initial budget. It is recommended to extend the contracts for an additional 2-year term to work to secure funding and to ensure the District has engagement of proposed legislation that impacts the Districts. The proposed monthly fee for FJK and RBW would remain per the existing agreements at \$10,000 per month and \$15,000 per month, respectively. It is proposed that the District will continue to be the party to enter into an agreement with both firms and then be reimbursed by the other agencies for their share. This total will be allocated evenly among three agencies with Yuima due to current budget constraints not participating. The annual cost to the District will be \$100,000. This is an increase of \$10,000 from the previous year due to the loss of participation of YMWD.

Budgetary Impact

There is no budgetary impact. The work will be completed within the Board authorized operating budget.

Recommended Action

That the Board authorize the General Manager to enter into an agreement with FJK for State representation for two years for a total of \$240,000 and RBW for a total of \$360,000 and approve updated Exhibit "B" to the Mutual Services Agreement Between FPUD, RMWD and VCMWD to reimburse their share of the costs.

## Exhibit B – State and Federal Representation Services

Revised 6/29/2026

### Parties Involved

This service will include the following parties:

FPUD

RMWD

VCMWD

~~YMWD~~

### Scope

The scope of services include:

1. Joint engagement of outside support for state and federal representation. ~~It is anticipated that~~ Ithis will include two separate consulting agreements with separate state and federal representatives.
2. The parties will work cooperatively to develop priorities for the consultant that will include projects and issues for each of the parties.
3. ~~Each of the parties will be involved in selection of the consultant and finalizing the scope of services.~~
4. FPUD will take the lead to finalize the solicitation and be the point of contact for the contract agreement and invoicing.
5. The ~~initial~~ term of the agreement will be 24 years.

### Schedule of Charges/Payments

1. The consultant will bill FPUD and FPUD will make the payments
2. FPUD will then invoice each of the parties for reimbursement of their share in accordance with the MOU.
3. No other costs outside of the consultant invoicing is reimbursable.
4. The cost share under this service is:
  - a. FPUD: ~~33.30~~%
  - b. RMWD: ~~33.30~~%
  - c. VCMWD: ~~33.30~~%
  - d. ~~YMWD: 10~~%

### Process for Allocation of any Appropriations/Grants Awarded

1. Where joint projects are submitted by all parties the anticipated allocation of any funds

received will be in accordance with the cost share by each party unless otherwise agreed.

2. Where projects are submitted by some but not all of the parties the anticipated allocation will be proportional to their cost share unless otherwise agreed.
3. While the general intent of this agreement is for the parties to work together to submit joint project requests, nothing in this agreement prohibits the parties from working with the consultant to submit individual projects which would not be subject to an allocation among the other parties.

## M E M O

**TO:** Board of Directors  
**FROM:** Jack Bebee, General Manager  
**DATE:** June 29, 2026  
**SUBJECT:** 2026 California Special Districts Association Board of Directors Election, (Seat C), Southern Network

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Purpose

Fallbrook Public Utility District is a member of the California Special Districts Association (CSDA), and as such, is entitled to vote for candidates in the 2025 CSDA Board of Directors Election, (Seat C) Southern Network.

Summary

There are four (4) candidates seeking election to Seat C for the 2027-2029 term in the Southern Network, which includes the counties of Los Angeles, San Bernardino, Orange, Riverside, San Diego, and Imperial. Nikki Winslow of Altadena Library District currently represents the Southern Network on the CSDA Board of Directors for Seat C and is running for re-election.

The slate of candidates is as follows: Nikki Winslow of Altadena Library District, Jason Dafforn of Valley Sanitary District, John Horst of Trabuco Canyon Water District, and Melinda Sedmak of Twentynine Palms Public Cemetery District (Attachment A). Three requests for support was received from John Horst of Trabuco Canyon Water District, Nikki Winslow of Altadena Library District, and Jason Dafforn of Valley Sanity District (Attachment C).

The District General Manager has been designated by CSDA to cast the District's vote by electronic ballot (Attachment B) subject to Board direction. The due date for ballots is July 24, 2026

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board select one candidate from the slate of candidates in the 2026 California Special Districts Association Board of Directors Election, (Seat C), Southern Network for the 2027-2029 term and authorize the District General Manager to cast its vote by electronic ballot.

## **Attachment A**



## 2027-2029 TERM - CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Nikki Winslow

District/Company: Altadena Library District

Title: District Director

Elected/Appointed/Staff: Staff

Length of Service with District: 6 years

1. **Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

General Managers Summit 2020-2025; San Gabriel Chapter Formation Committee 2024; San Gabriel Chapter Board Vice-Chair 2025;

Legislative Day 2025; Annual Conference 2025; CSDA Board Southern Network Seat C Nov 2025-present

2. **What other state-wide associations have you been involved with? (such as CSAC, ACWA, League, etc.):**

California Library Association; CALPELRA; American Library Association;

Public Library Association

3. **List your local government involvement (such as LAFCo, Association of Governments, etc.):**

Altadena Town Council, LAFCo

4. **List your involvement in civic and/or non-profit organization:**

Rotary Club of Altadena; Altadena Chamber of Commerce;

Altadena Heritage; Eaton Fire Collaborative

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

## **2027-2029 CSDA Board Appointment – Seat C Southern Network**

### **Candidate Statement – Nikki Winslow**

I am honored to put myself forward as a candidate for the CSDA Board for the 2027-2029 term. Since my appointment to the seat in January 2026, I've familiarized myself further with CSDA Board operations and the incredible individuals who volunteer their time to advocate for the work that special districts accomplish. Being part of this team is inspiring, and I look forward to serving and representing my region on the Board for the 2027-2029 term. I believe deeply in the mission of special districts and the staff and leadership upholding this work. They provide libraries, parks, water, fire protection, vector control – and so many other vital services. Special districts are essential in strengthening California's communities, often serving as a critical connection and filling in gaps for services that would otherwise be unavailable. It is my goal to continue to advocate for policies that support sustainability, innovation, and equity for all districts across our state, and represent the interests of the Southern Seat C region on the Board.

For 6 years I have served as District Director of the Altadena Library District. In this role, I have been proud to guide our community through a period of both tremendous growth and significant challenges. Among my achievements, I successfully led the passage of a ballot measure that secured long-term, sustainable funding for our libraries, a feat accomplished in the first year of the 2020 pandemic. I oversaw the planning of our two major renovations and the reopening of our branch on the westside of Altadena in August 2025. In February of this year, our Main library closed and long-awaited renovation work will finally begin on this property. These projects ensure that our library spaces are welcoming, modern, and adaptable to community needs. And throughout 2025 I helped guide the District and our residents through the devastation of the Eaton Fire, leading recovery and rebuilding efforts while ensuring our library remained a place of connection and resilience during a time of crisis and uncertainty.

Prior to my work in Altadena, I served as Assistant Director of Glendale Library, Arts & Culture and, before that, spent nearly 15 years with the Las Vegas-Clark County Library District, where I gained deep experience in operations, branch management, and community partnership building. My educational background includes a Bachelor's in Political Science from UNLV, a Master's in Library and Information Science from the University of North Texas, and a Master's in Public Administration from Claremont Lincoln University. This academic foundation, paired with over

two decades of professional leadership, has shaped my approach to governance—one grounded in strategic leadership, ethical decision-making, and a commitment to inclusive community engagement.

Throughout my career, I have worked with diverse populations and developed programming that directly meets the needs of my community. I have helped launch ESL and citizenship training programs for new Americans, championed the expansion of digital resources, and created equitable access to services for patrons of all ages and backgrounds. In Altadena, I have also been intentional about mentoring and empowering the next generation of library leaders. I am very passionate about professional development, and look forward to advocating for uplifting aspiring leaders in our special districts.

I want to continue to serve on the CSDA Board and spotlight how special districts meet challenges where larger government agencies sometimes cannot— with adaptability and innovation built-in to their structure. Advocating for these institutions is critical in meeting the needs of our California communities and solving problems that sometimes seem impossible. I believe my experiences navigating ballot measures, leading through emergencies, and building strong community partnerships add value to the Board’s work. I especially believe my perspective as a library district leader—representing a sector that touches education, workforce development, equity, and civic engagement— is critical to the future of California’s social infrastructure.

My involvement with CSDA is not just within my District or on the Board, but also as leadership in my local CSDA Chapter. I currently serve as Vice-Chair of the Special District Association of San Gabriel Valley Chapter Board, and was one of its founding members. In January 2024, I was invited to participate in a meeting to explore the formation of a new CSDA chapter in the San Gabriel Valley. At the group’s follow-up meeting in May 2024, I volunteered to serve on the formation committee, which successfully launched the chapter in October 2024... I was honored to host one of our chapter meetings at the Altadena Main Library, featuring Supervisor Kathryn Barger as our invited speaker in September 2025. We recently hosted a chapter mixer to encourage our special district staff and elected officials to meet, network and learn about the vital work our districts provide to fulfill the diverse needs and priorities of residents across our region.

It would be a privilege to serve a full term alongside other committed leaders on the CSDA Board for the 2027-2029 term, advocating for the sustainability of our districts, supporting collaboration across sectors, and ensuring that all voices—large, small, urban, and rural—are represented in statewide conversations. I am ready to bring my passion, experience, and vision to this role, and I would be honored to earn your support.

Sincerely,

**Nikki Winslow**

District Director, Altadena Library District



## 2027-2029 TERM - CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Jason Dafforn

District/Company: Valley Sanitary District

Title: General Manager

Elected/Appointed/Staff: Staff

Length of Service with District: 2.75 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Attend CSDA Conferences, Leadership Academy, GM Summit, CSDA Legislative Days

2. What other state-wide associations have you been involved with? (such as CSAC, ACWA, League, etc.):

ACWA, CASA, NACWA

3. List your local government involvement (such as LAFCo, Association of Governments, etc.):

Collaborate with Riverside LAFCO, Coachella Valley Association of Governments (CVAG)

4. List your involvement in civic and/or non-profit organization:

Desert Recreation Foundation Board of Directors

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

## Candidate Statement

My name is Jason Dafforn, and I am honored to be a candidate for the CSDA Board of Directors representing the Southern Network, including Los Angeles, Orange, San Diego, San Bernardino, Riverside, and Imperial counties.

I am a Licensed Civil Engineer with more than 30 years of experience in the water and wastewater industry, including 17 years as a utility manager for California local governments and more than 10 years serving special districts. I currently serve as General Manager of Valley Sanitary District in Indio, California.

Throughout my career, I have focused on strengthening essential public infrastructure, improving organizational performance, and leading teams to deliver practical, long-term solutions. I have a deep appreciation for the diversity of special districts and the critical services they provide, including water, wastewater, parks and recreation, fire protection, libraries, healthcare, and community services.

Additionally, I have actively represented special district interests through legislative advocacy, participating in multiple policy and legislative trips to Sacramento and Washington, D.C. over the past several years. These efforts have focused on engaging directly with state and federal policymakers to advance the needs and priorities of special districts across California.

I also serve on the Board of Directors of the Desert Recreation Foundation, a nonprofit organization supporting the Desert Recreation District, where we help expand access to quality recreational programs and facilities throughout the Coachella Valley. The Foundation was recently awarded the 2026 California Nonprofit of the Year for Senate District 18.

If elected, I will bring a strategic, pragmatic perspective to the CSDA Board of Directors and work collaboratively to ensure CSDA remains a strong, effective advocate and resource for its members. Together, we can continue to strengthen special districts and the communities they serve.

Thank you for your support.

Jason Dafforn, PE  
General Manager, Valley Sanitary District



**2027-2029 TERM - CSDA BOARD CANDIDATE INFORMATION SHEET**

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: John Horst

District/Company: TCWD

Title: Director

Elected/Appointed/Staff: \_\_\_\_\_

Length of Service with District: 1 1/2 yrs

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Not at this time. I am assigned as a board representative but have not been given permission to attend yet.

2. What other state-wide associations have you been involved with? (such as CSAC, ACWA, League, etc.):

ACWA

3. List your local government involvement (such as LAFCo, Association of Governments, etc.):

None at this time

4. List your involvement in civic and/or non-profit organization:

SCRA, TCWD

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

## **Candidate Statement – John Horst**

My name is John Horst, and I'm running as a candidate for the California Special Districts Association in the Southern Network.

I am proud to stand as a candidate committed to strengthening the vital role special districts play in serving our communities. Special districts are the backbone of local government—providing essential services like water, fire protection, sanitation, and infrastructure that directly impact our daily lives. Across California, these districts are trusted, community-driven, and accountable to the people they serve.

As a current Director of the Trabuco Canyon Water District, I have focused on protecting taxpayer dollars, improving transparency, and ensuring reliable, high-quality water services. I serve on the Finance and Audit Committee, helping maintain fiscal discipline, and I chair the Outreach Committee to improve communication, so residents stay informed and engaged.

My background in business and operations shapes how I approach public service. I've built my career solving problems, improving efficiency, reducing costs, and strengthening organizations from within. I understand how to manage budgets, support teams, and make decisions that lead to long-term stability and success.

I'm not a career politician—I bring entrepreneurial experience, a strong work ethic, and a commitment to results. I ask tough questions, seek practical solutions, and stay focused on what matters most: serving our community responsibly.

I respectfully ask for your vote.



**2027-2029 TERM - CSDA BOARD CANDIDATE INFORMATION SHEET**

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Melinda Sedmak  
 District/Company: 29 Palms Public Cemetery District  
 Title: Trustee  
 Elected/Appointed/Staff: Appointed  
 Length of Service with District: 1 year

**1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

I am actively engaged with CSDA through participation in member discussions, governance resources, and ongoing professional development focused on special district operations and best practices. My current and planned involvement includes:

- Participation in CSDA member forums addressing small and rural district challenges, including records management and operational efficiency
- Continued use of CSDA governance resources and training materials to support board effectiveness
- Planned attendance at the Special District Leadership Academy, San Diego, May 11–14, 2026
- Commitment to complete all four modules, and 10 continuing education hours to earn the Certificate in Special District Governance

**2. What other state-wide associations have you been involved with? (such as CSAC, ACWA, League, etc.):**

- California Notary Public
- California Teachers Association (CTA)
- National Association of Legal Assistants (NALA)
- Phi Theta Kappa (PTK) - Southwest Regional Vice President of Nevada/California Region of Phi

**3. List your local government involvement (such as LAFCo, Association of Governments, etc.):**

I currently serve as a Trustee for the Twentynine Palms Public Cemetery District, where I participate in governance, policy oversight, and the responsible stewardship of public resources. My role includes supporting compliance with applicable laws, contributing to long-term planning, and ensuring operational sustainability within a small, rural district. I also actively engage in local government and community leadership efforts within San Bernardino County, with a focus on transparency, collaboration, and effective service delivery.

**4. List your involvement in civic and/or non-profit organization:**

My civic and community involvement reflects a commitment to public service, election integrity, and community outreach:

- Poll Worker Supervisor, Twentynine Palms, (3 years)
- Deputy Registrar, State of Arizona (6 years)
- Notary Public, California (3 years)
- Notary Public, Arizona (6 years)
- Precinct Captain for Political Committeemen, Arizona Legislative District 23 (4 years)
- “Hope Responder,” Hope Response, Inc. (Non-Profit-501c3) supporting outreach to immigrant communities & disaster response efforts across California/Arizona (10 years)
- Member, Business Network International (BNI), Hi-Desert, focused on professional collaboration & local business development (3 years)
- Volunteer, Inspiration’s Edge and Theatre 29, Twentynine Palms, supporting community events & engagement (2026)

## **Candidate Statement for Melinda Sedmak**

Special districts serve as the foundation of local governance, providing essential services that directly impact the daily lives of the communities they serve. As a Trustee for the Twentynine Palms Public Cemetery District, I have developed a strong commitment to responsible governance, transparency, and the stewardship of public resources, particularly within a small, rural district that faces unique operational and financial challenges.

Cemetery districts represent a distinct and often underrepresented sector within special districts. These districts carry a profound public trust, preserving history, honoring families, and maintaining spaces of lasting community significance. At the same time, rural districts in the High Desert and Inland Empire regions frequently operate with limited resources and minimal representation at the statewide level. I am committed to ensuring that these voices are included in broader discussions affecting special districts across California.

My professional background as a managing paralegal in estate planning, trusts, and probate has provided me with a strong foundation in legal compliance, fiduciary responsibility, and long-term planning. Combined with my experience in civic leadership and election oversight, I bring a perspective grounded in accountability, structure, and public service.

I am actively engaged with CSDA resources and intend to attend the Special District Leadership Academy in San Diego in May 2026 to complete all four governance modules and work toward earning the Certificate in Special District Governance. I am prepared to commit the time and effort required to fulfill the responsibilities of serving on the CSDA Board of Directors, including participation in meetings, committees, and statewide initiatives.

I respectfully seek the opportunity to represent the Southern Network and to contribute a thoughtful, balanced perspective that supports all special districts, particularly those in rural and underserved regions.

## **Attachment B**



CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS TERM 2027-2029 SEAT C

**CSDA Board of Directors Election Ballot - Term 2027 - 2029; Seat C - Southern Network**

**Please vote for your choice**

Choose **one** of the following candidates:

- Nikki Winslow, District Director, Altadena Library District (Incumbent)
- Jason Dafforn, General Manager, Valley Sanitary District
- John Horst, Director, Trabuco Canyon Water District
- Melinda Sedmak, Trustee, Twentynine Palms Public Cemetery District

**Nikki Winslow, District Director, Altadena Library District (Incumbent)**

[Please click here for the candidate information sheet.](#)

[Please click here for the candidate statement.](#)

**Jason Dafforn, General Manager, Valley Sanitary District**

[Please click here for the candidate information sheet.](#)

[Please click here for the candidate statement.](#)

**John Horst, Director, Trabuco Canyon Water District**

[Please click here for the candidate information sheet.](#)

[Please click here for the candidate statement.](#)

**Melinda Sedmak, Trustee, Twentynine Palms Public Cemetery District**

[Please click here for the candidate information sheet.](#)

[Please click here for the candidate statement.](#)

Cancel

Continue

## **Attachment C**

# John Horst

## for CSDA Board of Directors - Southern Network



Dear Fellow Special District Board Members and Community Leaders,

I am writing to respectfully ask for your support and vote for my candidacy to the California Special Districts Association Board of Directors.

Special districts are the backbone of local service in California that serve our communities through libraries, cemeteries, water systems, parks, fire protection, healthcare, or other essential public services.

Special districts—large and small--play a critical role in maintaining the quality of life for our residents. Yet too often, the voices of smaller districts can be overshadowed by larger agencies with greater staffing and resources. In my career, I have continuously stood up to the “big guy” and have found ways to make the small voice roar. I believe smaller districts deserve strong, effective representation that ensures they are heard and respected in statewide discussions and decision-making.

As a representative on the CSDA Board, I will advocate for:

- Strong representation for small and rural districts
- Fair access to funding, training, and legislative support
- Practical solutions that recognize the operational realities of smaller agencies
- Increased collaboration among districts serving diverse local needs
- Protection of local control and accountability

I want to work toward expanding access to State project funding for small districts based on the merit and community value of their projects — not simply on their size, staffing, or ability to navigate complex grant requirements.

I understand the challenges that small districts face — limited budgets, increasing regulatory demands, infrastructure needs, and the responsibility to do more with fewer resources. These challenges require leadership that listens, communicates, and works collaboratively on behalf of all districts, regardless of size.

Together, we can strengthen the future of special districts and continue delivering vital services to the communities that depend on us every day.

Thank you for your consideration and for your continued service to the public.

John Horst  
Director, Trabuco Canyon Water District



[jhorst@tcwd.ca.gov](mailto:jhorst@tcwd.ca.gov)





# Altadena Libraries

## BOARD OF TRUSTEES

Katie Clark  
Boon Lim  
Justin Mahramas  
Ray Ruffin  
Kameelah Wilkerson

## MISSION

The Altadena Library District brings PEOPLE and IDEAS together.

## VISION

An Altadena where all are learning, growing, and thriving together.

## MAIN LIBRARY

600 E. Mariposa Street  
Altadena, CA 91001

## BOB LUCAS BRANCH

2659 Lincoln Avenue  
Altadena, CA 91001

June 7, 2026

RE: Support for Nikki Winslow for the 2026-2028 CSDA Seat C Southern Network

To my fellow CSDA Southern Network members,

It is my pleasure to endorse election of Nikki Winslow to the CSDA Seat C Southern Network. Since becoming Director of the Altadena Library District in 2019, Nikki has demonstrated exceptional leadership, vision, and dedication to both our district and the broader special district community. She has represented the Southern Network with distinction on the CSDA Board, and our Board, staff, and community have the utmost confidence in her leadership. The Altadena Library District Board respectfully asks for your support and vote for Nikki Winslow before the July 24, 2026 election deadline so she may continue representing the interests of special districts throughout the Southern Network.

District Director Winslow’s leadership has proven invaluable as our library district recovers from the devastating Eaton Fire. As both of our properties survived the fire, she led the safe and timely reopening of library services, collaborated with the Los Angeles County Parks and Recreation Department to staff interim camps for children displaced from their schools, joined community leaders and non-profits in spearheading Altadena recovery through the Eaton Fire Collaborative, and worked to secure the district's financial stability during recovery, building strong relationships with local and state elected officials to ensure our future budgetary needs would be preserved and backfilled.

At the same time, Nikki has continued to lead the district's major capital improvement efforts. She successfully organized and led the 2020 bond measure campaign that secured funding for the renovation and reopening of the Bob Lucas Memorial Library and the current renovation of our Main Library. The ballot measure funds were also invaluable in securing the long-term financial future and stability of the Altadena Library District, ensuring it will be a presence in the community for many years to come, and ready to serve returning and new Altadena residents.

Nikki Winslow has led under immense pressure and understands when to pivot to meet the needs of her staff, the district, and the community we serve, and this steady, strong leadership continues to carry our District forward. I am continuously impressed by her ability to balance the challenges our district faces while also maintaining active membership in our local CSDA chapter and CSDA board activities, heading professional development programs across library systems, and being active in the Altadena community beyond library district needs and truly connecting with our community and partners. She is truly committed to special districts and the work they accomplish in providing essential services to our communities. We have full confidence in backing Nikki Winslow, and believe she would be an essential asset to the CSDA Board if elected to continue serving.

Best Regards,

Trustee Kameelah Waheed Wilkerson, Board President



**VO****TE!** **Nikki Winslow**  
 Altadena Library District Director  
**for CSDA Board of Directors – Southern Network**

My name is Nikki Winslow, and I am honored to be a candidate for the CSDA Board of Directors, representing the Southern Network.

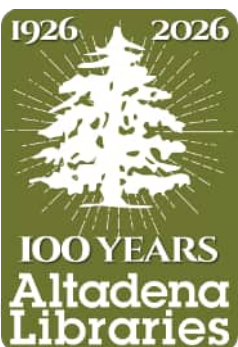
Since my appointment in November 2025, I've had the pleasure to serve with our other incredible board members who volunteer their time advocating for Special Districts. I believe deeply our Districts are essential to strengthening California communities, and my priority is to continue to advocate for policies that support sustainability, innovation, and equity for all Districts across our state.

As Director of the Altadena Library District for the past six years, I led efforts to secure sustainable funding, oversee major facility renovations, and expand access to modern, community-centered library services. I also helped guide the District and residents through the challenges of the Eaton Fire, supporting recovery efforts while ensuring the library remained a source of connection and resilience. With more than 20 years of leadership experience and advanced degrees in library science and public administration, I bring a governance approach rooted in strategic leadership, ethical decision-making, and inclusive community engagement.

Throughout my career, I've developed programs and services that expand opportunity, including ESL and citizenship training, digital resource initiatives, equitable access for diverse communities, and mentoring programs for the next generation of library leaders. As a member of the Board, I will continue to advocate for Special Districts as innovative, adaptable institutions that effectively address community needs. My experience leading ballot measures, navigating emergencies, building strong partnerships, and representing the unique perspective of library districts positions me to contribute meaningfully to the work being accomplished on the CSDA Board.

My involvement with CSDA includes leadership at the local level. As a founding member and current Vice-Chair of the Special District Association of San Gabriel Valley Chapter, I helped launch the chapter in 2024 after serving on its formation committee. I was honored to host a chapter meeting at the Altadena Main Library featuring L.A. County Supervisor Kathryn Barger and continue to build meaningful connections among Special District staff and elected officials throughout the region.

It would be a privilege to serve a full term on the CSDA Board for 2026-2028, fostering collaboration and ensuring that the perspectives of Special Districts of all sizes and communities are represented. I will bring my experience, passion, and vision to this role, and I would be honored to earn your support.

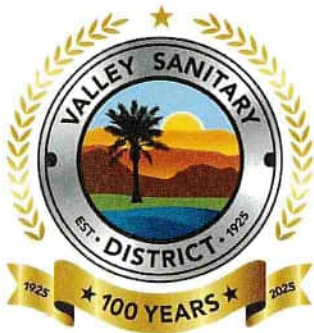


Sincerely,



Nikki Winslow  
 Altadena Library District Director





45500 Van Buren Street  
Indio, CA 92201

760.238.5400

[www.valley-sanitary.org](http://www.valley-sanitary.org)

June 9, 2026

Attn: California Special District Association Members

RE: Vote for Jason Dafforn, Valley Sanitary District General Manager for California Special Districts Association (CSDA) Board of Directors, Southern Network, Seat C

Dear Fellow Special District Leaders,

As President of the Board of Directors for Valley Sanitary District, I am proud to support Jason Dafforn, in his candidacy for the California Special Districts Association (CSDA) Board of Directors, Southern Network, Seat C.

Over the past three years, I have had the opportunity to work closely with Jason and witness firsthand the passion and dedication he brings not only to Valley Sanitary District, but also representing special districts throughout California. I have traveled with Jason to Sacramento and Washington, D.C. and seen his commitment to advocating for special districts like Valley Sanitary District. I have watched him build relationships with legislators and policy makers to ensure local agencies have a representation at both the state and federal levels.

Jason is collaborative leader, and he understands the operational, financial, and infrastructure challenges districts are facing today. He cares deeply about serving the public and about making sure special districts of all sizes receive the support they need.

I sincerely believe Jason would be a great representative for the Southern Network and a strong voice for special districts across California.

CSDA electronic ballots will be sent out via email beginning June 9, with voting remaining open through July 24. I respectfully ask for your support and vote for Jason Dafforn for CSDA Southern Network, Seat C.

Thank you for your consideration and continued service to your communities.

Sincerely,

A handwritten signature in cursive script that reads "Debra Canero".

**Debra Canero**

President, Valley Sanitary District Board of Directors

**Board of Directors**

**Debra A. Canero**  
President

**Edgar Santana**  
Vice President

**Gerardo R. Jimenez**  
Secretary/Treasurer

**Mike L. Duran**  
Director

**Ruben Vasquez**  
Director

**Executive Management**  
Jason Dafforn, PE



# JASON DAFFORN

**General Manager, Valley Sanitary District**

## **Vote Jason Dafforn for CSDA Board of Directors - Southern Network**

Dear CSDA Southern Network Members,

**My name is Jason Dafforn**, and I am excited to announce my candidacy for the CSDA Board of Directors representing the Southern Network.

Over the past several years, I have had the privilege of serving as General Manager of Valley Sanitary District in Indio, California, while also becoming deeply engaged in advocacy efforts on behalf of special districts both in Sacramento and Washington, D.C. Through this advocacy work, I have seen firsthand how important strong representation, collaboration, and relationship building are to the future of local agencies across California.



In addition to my role at Valley Sanitary District, I currently serve as President of the Special Districts Association of Riverside County (SDARC) the local affiliate of CSDA representing all types of special districts in Riverside County, I am also a member of the Desert Recreation Foundation Board of Directors, providing financial assistance to the largest recreation district in California. This commitment to local engagement has further strengthened the results of my public service and regional collaboration.

As a licensed Civil Engineer with more than 30 years of experience in the water and wastewater industry, including nearly two decades in executive leadership roles for local government agencies and special districts, I understand the operational, financial, regulatory, and workforce challenges districts are facing today. Rising costs, aging infrastructure, increasing mandates, and public expectations continue to place pressure on districts of every size and service type.

These challenges require leaders who are not only experienced in operations, but who are willing to actively advocate for special districts at the state and federal level.

Over the last few years, I have worked to build strong relationships with legislators, agency leaders, and policy makers in Sacramento and Washington, D.C. Those relationships have already produced meaningful results for Valley Sanitary District and our region. One example is the District's Recycled Water Project, which received approximately \$1.9 million in federal support through the advocacy and assistance of Senator Adam Schiff's office. That funding helps move forward a critical infrastructure project that will strengthen water sustainability and long-term resiliency for our community.

In addition to securing critical funding opportunities, I helped guide the District through a successful five-year wastewater rate adjustment process that included an extensive public outreach effort far beyond the minimum legal requirements, including community meetings, presentations, open houses, and direct engagement with residents



and stakeholders throughout our service area. Despite serving more than 90,000 residents, the Proposition 218 process concluded with only three written protests submitted, reflecting the importance of proactive communication, accountability, and building trust with the communities we serve.

I believe these types of relationships and advocacy efforts are essential for all special districts as we compete for limited funding opportunities, navigate increasing regulatory requirements, and work to deliver reliable services to the communities we serve.

My goal on the CSDA Board is simple: to be a strong and active voice for special districts throughout the Southern Network and across California. I want to help ensure districts have the representation, resources, advocacy, and support necessary to succeed in an increasingly complex environment.

I also believe Southern California districts deserve stronger representation within CSDA leadership. Our agencies face unique challenges tied to rapid growth, infrastructure demands, workforce recruitment, water reliability, affordability, and regional development. I would be proud to bring that perspective to the Board while also representing the broader interests of all special districts, regardless of size or service type.

Throughout my career, I have believed deeply in public service and the essential role special districts play in everyday life. Whether it is water, wastewater, fire protection, parks and recreation, healthcare, cemetery, irrigation, community services, or vector control districts, our agencies provide critical services that communities rely on every single day.

I am passionate about helping special districts remain strong, resilient, and supported for the future. I would be honored to earn your support and the opportunity to serve on the CSDA Board of Directors.

Thank you for your consideration.

**Jason Dafforn, PE**  
General Manager  
Valley Sanitary District  
Indio, California

MEMO

**TO:** Board of Directors  
**FROM:** Engineering & Operations Committee  
**DATE:** June 29, 2026  
**SUBJECT:** Extending Agreement with VertexOne Software LLC (WaterSmart platform) for Additional Five Years

---

Purpose

To recommend extending the contract with VertexOne Software LLC for an additional five year term, for continued use of the WaterSmart customer leak notification platform.

Summary

Staff recommends extending the agreement with VertexOne Software LLC, for an additional five years, to maintain the WaterSmart platform. A multi-year extension would lock in current pricing, and improve budget predictability.

Background

The District currently uses the WaterSmart platform to support customer account management, leak notifications and meter data operations. The existing agreement includes annual fees for VX.smart for Water SaaS and the VertexOne Digital Base.

The annual cost per year is shown in Table 1 below:

<b>Year</b>	<b>Annual Cost (\$)</b>
1	\$25,009.60
2	\$25,759.89
3	\$26,532.73
4	\$27,328.68
5	\$28,148.54
<b>Total</b>	<b>\$132,779.44</b>

The agreement is structured as a 12-month term with annual prepayment, with the recommended option to extend the contract to a five-year term.

A fixed rate over five years allows for more accurate long-term budgeting and financial planning.

Recommended Action

Staff recommends that the Board authorize extending the agreement with VertexOne Software LLC for the WaterSmart platform for an additional five years, for a total \$132,779.44. This action will provide rate stability, improve budget certainty, support operational efficiency, and ensure uninterrupted service for customers.

## M E M O

**TO:** Board of Directors  
**FROM:** Engineering & Operations Committee  
**DATE:** June 29, 2026  
**SUBJECT:** Camp Pendleton Service Contract for High Efficiency Blowers for Southern Regional Tertiary Treatment Plant (SRTTP) And Northern Regional Tertiary Treatment Plant (NRTTP)

---

Description

Like the Fallbrook WRP, CPEN uses high efficiency blowers manufactured by Nueros to provide the air needed for treatment and air scouring.

Purpose

High Efficiency blowers are one of the most complicated and expensive pieces of machinery at the treatment plants. The blowers can only use proprietary parts and the warrantee gets voided if anyone else works on them.

The District has similar blowers and has a service contract with the manufacturer (Nueros) to maintain the equipment. Staff recommends entering into a similar contract for the blowers at the CPEN treatment plants. The fee for the service contract for SRTTP (based on a 3 yr contract) is \$89,850 per year. For NRTTP the cost for the same 3 yr period is \$88,125 per year for a total of \$177,975 per year. The cost of this work will be paid through the federal funded Intergovernmental Government Services Agreement (IGSA) money.

Budgetary Impact

There is no budget impact. The contract will be funded within the approved IGSA with Camp Pendleton.

Recommended Action

It is recommended that the Board approve the request to enter service contracts with Nueros for both plants for service/maintenance contracts for 3 years for \$177,975 per year.

## M E M O

**TO:** Board of Directors  
**FROM:** Engineering & Operations Committee  
**DATE:** June 29, 2026  
**SUBJECT:** Engineering Support Services for Camp Pendleton Water Reclamation Plants

---

Description

As part of the Intergovernmental Government Services Agreement (IGSA) with Camp Pendleton there is a need for additional specialized engineering support services.

Purpose

As part of the operation and maintenance of the Camp Pendleton Water Reclamation Plants there are some more complex engineering projects that require outside expertise. Staff prepared a Request for Proposals and sent it to three firms with local staff with this expertise. The District received three proposals and determined that Carollo was the most qualified for this work. Staff recommends awarding the Engineering Support Services Contract to Carollo for a not-to-exceed amount of \$200,000.

Budgetary Impact

There is no budget impact. The contract will be funded within the approved IGSA with Camp Pendleton.

Recommended Action

It is recommended that the Board authorize staff to execute a professional services agreement with Carollo Engineers for Engineering Support Services for the Camp Pendleton Water Reclamation Plants for a not to exceed amount of \$200,000.

## M E M O

**TO:** Board of Directors  
**FROM:** Regional and Community Coordination Committee  
**DATE:** June 29, 2026  
**SUBJECT:** Administrative Code Changes to Article 23

---

Purpose

To consider an amendment to Article 23 of the District Administrative Code to establish a formal process for the review and recommendation of Community Benefit Program Committee applicants and mid-term vacancies.

Summary

Article 23 of the District Administrative Code establishes the Community Benefit Program Committee and provides that Committee Members are appointed by the District Board of Directors. However, the Administrative Code does not currently identify a process for reviewing applications or recommending candidates for appointment when vacancies occur during a Committee Member's term.

The proposed amendment would authorize the Regional and Community Coordination Committee to review applications and vacancies occurring during a Committee Member's term and recommend qualified applicants to the Board of Directors for appointment. The amendment would also clarify that the Board may appoint an individual to fill a vacancy for the remainder of the unexpired term.

Budgetary Impact

There is no budgetary impact of this action.

Recommended Action

That the Board of Directors adopt Resolution No. 5108 and the attached proposed amendments to Article 23, Section 23.5.1(3) of the Administrative Code.

Attachment A  
Proposed Revisions to  
Administrative Code Article 23

## Article 23

## Community Benefit Program

### Sec. 23.1 Purpose.

The purpose of this Section is to define the rules and regulations that govern the District's functions of parks and recreation, street lighting and roads and streets, as activated by the San Diego Local Agency Formation Commission in 2022 as defined in Section 1.2 below. Administration of these functions are combined under the District's Community Benefit Program. The goal of this program is to promote, coordinate and oversee community projects in the District's service area that benefit the District's residents.

### Sec. 23.2 Definition of Services Provided

The District may provide services of parks and recreation, street lighting and roads and streets as defined in more detail below:

#### Parks and Recreation Function:

Public parks, public playgrounds, public recreation buildings, buildings to be used for public purposes (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

#### Street Lighting Function:

Street lighting systems (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

#### Roads and Streets Function:

Works to provide for the drainage of roads, streets, and public places, including, but not limited to, curbs, gutters, sidewalks, and pavement of streets (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

### Sec. 23.3 Source of Funds

The District shall allocate \$546,000 of unrestricted property tax revenue each fiscal year, as part of the District's budget adoption process, to the Community Benefit Program.

### Sec 23.4 Procurement of Services

All services and projects procured under the Community Benefit Program must comply with the District's procurement procedures set forth in Article 5 of the District's Administrative Code. Any use of funds to provide services and projects must

meet the limitations of Section 1.2 above, and benefit public spaces. Any District Community Benefit Program funds shall be used to benefit public spaces and shall not be used to benefit any specific organization(s).

Sec 23.5 Program Administration

The Community Benefit Program will be administered by the Community Benefit Program Committee (Committee). The members of the Committee shall be appointed by the District Board of Directors. Committee meetings will be noticed pursuant to the Ralph M. Brown Act, Government Code section 54950 et seq., as it may be amended from time to time. Meetings of the Committee shall be conducted similar to meetings of Board Standing Committees.

Sec 23.5.1 Committee Member Selection Criteria:

1. All Committee Members shall serve in a voluntary capacity and shall receive no compensation.
2. Committee Members shall be solicited by posting an application to be a Committee member on the District website and advertised in the local newspaper. The Committee Members will be selected by the District's Board of Directors.
3. ~~Applications and any Vacancies occurring during a Committee Member's term shall be reviewed by the Regional and Community Coordination Committee, which may recommend qualified applicants to the District Board of Directors for appointment. Committee Members shall be appointed by the District Board of Directors. The Board of Directors may appoint an individual to fill a vacancy for the remainder of the unexpired term.~~
34. Committee Members must either reside within the FPUD service area, or be a FPUD ratepayer, in order to be eligible to serve on the Committee.
45. The Committee shall consist of seven (7) members and will include representatives from nonprofits, residents and business owners.
56. Committee Members shall serve staggered three (3) year terms with staggered terms to start the process. There shall be a three term limit (total of nine years), with a one-year break after serving three consecutive terms. The one-year break may be waived by majority vote of the FPUD Board.

Sec 23.5.2 Committee Guidelines:

1. The Committee shall meet no less than once a quarter on a set date and time as established by the District.
2. The Committee Chair shall be elected by the Committee Members for a one-year term and shall conduct the meetings. A Vice Chair and Secretary shall be elected for one-year terms. The Vice Chair shall act in the absence of the Chair. The Secretary shall take minutes for the Committee.
3. If a Committee Member serves on the Board of Directors of an organization whose project is under consideration, the Committee member must recuse themselves and leave the room during discussion of the project.

4. Committee Members shall be required to Statements of Economic Interests (FPPC Form 700) and otherwise comply with applicable provisions of the Districts Conflict of Interest Code and applicable provisions of the Political Reform Act.
5. If services or projects under consideration by the Committee involves an organization on which a Committee Member serves on the Board of Directors, the Committee member must recuse themselves from participating in any way in the making of the decision regarding the services or projects and must leave the room during discussion of the services or projects.
6. The Committee will recommend which community projects should be funded for approval by the District Board of Directors.

Sec 23.5.3     Project Selection Process for Services and Projects Funded by the Community Benefit Program

1. The intent of the Community Benefit Program is that the Committee will be responsible for determining the criteria for the selection of services and projects, making recommendations for services and projects to the Board for approval, and overseeing and administering the selected projects/services with limited support from the District staff.
2. The Committee shall provide regular reports to the Board on the progress of the selected/awarded services and projects and on the expenditure of allocated funds.
3. The Committee shall develop criteria and process for requesting or soliciting, and for selecting and awarding services and projects for presentation to the Board for the Board's approval.
4. Priorities on allocation of funding should include determining the broadest community benefit as determined by the Committee. It is the intent that 50% of the funds allocated to the Community Benefit Program be allocated for maintenance and 50% for capital projects. Funds for larger capital projects can be accumulated over fiscal years. The Committee may determine to fully fund or partially fund services and projects it recommends selecting/awarding.

<b>ARTICLE 23</b>
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Adopted in its Entirety – 8/22
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Attachment B  
Draft Resolution No. 5108

**RESOLUTION NO. 5108**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK  
PUBLIC UTILITY DISTRICT AMENDING ADMINISTRATIVE CODE  
ARTICLE 23, COMMUNITY BENEFIT PROGRAM**

\* \* \* \* \*

**WHEREAS**, Article 23 of the District Administrative Code establishes the Community Benefit Program Committee and the process for appointing Committee Members; and

**WHEREAS**, the Administrative Code does not currently establish a process for reviewing applicants or recommending appointments when vacancies occur during a Committee Member's term; and

**WHEREAS**, the Board of Directors desires to establish a process whereby the Regional and Community Coordination Committee may review applicants and recommend qualified candidates to the Board of Directors for appointment to the Community Benefit Program Committee while preserving the Board's appointment authority.

**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 revision to Section 23.5.1(3) of Article 23 of the Administrative Code as set forth in Exhibit A and incorporated herein.
2. The remaining provisions of Article 23 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 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

**EXHIBIT A**  
**Administrative Code Article 23**

## Article 23

## Community Benefit Program

### Sec. 23.1 Purpose.

The purpose of this Section is to define the rules and regulations that govern the District's functions of parks and recreation, street lighting and roads and streets, as activated by the San Diego Local Agency Formation Commission in 2022 as defined in Section 1.2 below. Administration of these functions are combined under the District's Community Benefit Program. The goal of this program is to promote, coordinate and oversee community projects in the District's service area that benefit the District's residents.

### Sec. 23.2 Definition of Services Provided

The District may provide services of parks and recreation, street lighting and roads and streets as defined in more detail below:

#### Parks and Recreation Function:

Public parks, public playgrounds, public recreation buildings, buildings to be used for public purposes (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

#### Street Lighting Function:

Street lighting systems (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

#### Roads and Streets Function:

Works to provide for the drainage of roads, streets, and public places, including, but not limited to, curbs, gutters, sidewalks, and pavement of streets (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).

### Sec. 23.3 Source of Funds

The District shall allocate \$546,000 of unrestricted property tax revenue each fiscal year, as part of the District's budget adoption process, to the Community Benefit Program.

### Sec 23.4 Procurement of Services

All services and projects procured under the Community Benefit Program must comply with the District's procurement procedures set forth in Article 5 of the District's Administrative Code. Any use of funds to provide services and projects must

meet the limitations of Section 1.2 above, and benefit public spaces. Any District Community Benefit Program funds shall be used to benefit public spaces and shall not be used to benefit any specific organization(s).

Sec 23.5 Program Administration

The Community Benefit Program will be administered by the Community Benefit Program Committee (Committee). The members of the Committee shall be appointed by the District Board of Directors. Committee meetings will be noticed pursuant to the Ralph M. Brown Act, Government Code section 54950 et seq., as it may be amended from time to time. Meetings of the Committee shall be conducted similar to meetings of Board Standing Committees.

Sec 23.5.1 Committee Member Selection Criteria:

1. All Committee Members shall serve in a voluntary capacity and shall receive no compensation.
2. Committee Members shall be solicited by posting an application to be a Committee member on the District website and advertised in the local newspaper. The Committee Members will be selected by the District's Board of Directors.
3. Vacancies occurring during a Committee Member's term shall be reviewed by the Regional and Community Coordination Committee, which may recommend qualified applicants to the District Board of Directors for appointment. The Board of Directors may appoint an individual to fill a vacancy for the remainder of the unexpired term.
4. Committee Members must either reside within the FPUD service area, or be a FPUD ratepayer, in order to be eligible to serve on the Committee.
5. The Committee shall consist of seven (7) members and will include representatives from nonprofits, residents and business owners.
6. Committee Members shall serve staggered three (3) year terms with staggered terms to start the process. There shall be a three term limit (total of nine years), with a one-year break after serving three consecutive terms. The one-year break may be waived by majority vote of the FPUD Board.

Sec 23.5.2 Committee Guidelines:

1. The Committee shall meet no less than once a quarter on a set date and time as established by the District.
2. The Committee Chair shall be elected by the Committee Members for a one-year term and shall conduct the meetings. A Vice Chair and Secretary shall be elected for one-year terms. The Vice Chair shall act in the absence of the Chair. The Secretary shall take minutes for the Committee.
3. If a Committee Member serves on the Board of Directors of an organization whose project is under consideration, the Committee member must recuse themselves and leave the room during discussion of the project.

4. Committee Members shall be required to Statements of Economic Interests (FPPC Form 700) and otherwise comply with applicable provisions of the Districts Conflict of Interest Code and applicable provisions of the Political Reform Act.
5. If services or projects under consideration by the Committee involves an organization on which a Committee Member serves on the Board of Directors, the Committee member must recuse themselves from participating in any way in the making of the decision regarding the services or projects and must leave the room during discussion of the services or projects.
6. The Committee will recommend which community projects should be funded for approval by the District Board of Directors.

Sec 23.5.3     Project Selection Process for Services and Projects Funded by the Community Benefit Program

1. The intent of the Community Benefit Program is that the Committee will be responsible for determining the criteria for the selection of services and projects, making recommendations for services and projects to the Board for approval, and overseeing and administering the selected projects/services with limited support from the District staff.
2. The Committee shall provide regular reports to the Board on the progress of the selected/awarded services and projects and on the expenditure of allocated funds.
3. The Committee shall develop criteria and process for requesting or soliciting, and for selecting and awarding services and projects for presentation to the Board for the Board's approval.
4. Priorities on allocation of funding should include determining the broadest community benefit as determined by the Committee. It is the intent that 50% of the funds allocated to the Community Benefit Program be allocated for maintenance and 50% for capital projects. Funds for larger capital projects can be accumulated over fiscal years. The Committee may determine to fully fund or partially fund services and projects it recommends selecting/awarding.

<b>ARTICLE 23</b>
Adopted in its Entirety – 8/22

## M E M O

**TO:** Board of Directors  
**FROM:** John Marchetta, Human Resources Manager  
**DATE:** June 29, 2026  
**SUBJECT:** Request for Additional High School Intern

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Purpose

To seek approval for an additional High School Summer Intern.

Summary

Historically, the District has hired a single High School Summer Intern. However, after recently updating our High School Internship program and posting the position, we received a record 26 applications for the role.

Due to the high interest in the program and the exceptional quality of this year's applicants, the District would like to extend an offer for two High School Internship positions.

These interns will work with the District for approximately eight weeks, supporting multiple departments. A presentation will be made to the Board of Directors and selected staff by each intern during the final week of their term at the August 24 board meeting.

Budgetary Impact

High School Interns will be compensated at a rate of \$18.00 per hour, for hours worked on a bi-weekly basis to follow the normal payroll cycle of the District. One position was previously approved; we are seeking approval for a second intern at the same rate.

Recommended Action

That the Board approve a second High School Internship Program position.

**M E M O**

**TO:** Board of Directors  
**FROM:** Paula de Sousa, General Counsel  
**DATE:** June 29, 2026  
**SUBJECT:** Amended Employment Agreement Between Fallbrook Public Utility District and Jack Bebee (2026)

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Purpose

Consider approval of Amended Employment Agreement between Fallbrook and General Manager Jack Bebee (“Amended Employment Agreement”).

Summary

At its regular meetings of April 27 and May 20, 2026, the Board of Directors conducted its annual performance evaluation and compensation review of the District’s General Manager based upon his work in Fiscal Year 2025-26. The General Manager’s annual performance evaluation has been completed.

Based upon the performance evaluation, his successful accomplishment or advancement of Strategic Plan Objectives for Fiscal Year 2025-26, and the completion of successful negotiations regarding the General Manager’s Employment Agreement, an Amended Employment Agreement has been drafted reflecting the negotiated proposed changes. The proposed Amended Employment Agreement would have the effect of modifying the current terms of the General Manager’s employment as follows:

- Increase the General Manager’s annual compensation by 5%, from \$300,887 to \$315,931, effective July 1, 2026;
- Provide a one-time performance incentive compensation in the amount of \$10,000.00 for completion of the General Manager’s work plan goals for Fiscal year 2025-26, which the parties agree shall not be considered regular or special compensation, and therefore shall not be reportable to CalPERS and will not be a part of the calculation of the General Manager’s retirement allowance.

Recommended Action

That the Amended Employment Agreement between Fallbrook and General Manager Jack Bebee be approved effective July 1, 2026.

Attachments

1. Redline of Proposed Substantive Revisions to Amended Employment Agreement
2. Amended Employment Agreement Between FPUD and Jack Bebee (2026)

**AMENDED EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC  
UTILITY DISTRICT AND JACK BEBEE (202~~65~~)**

This Amended Employment Agreement (“Agreement”) is made the \_\_\_\_ of \_\_\_\_\_, 202~~65~~, between Fallbrook Public Utility District (hereinafter referred to as “DISTRICT” and Jack Bebee (hereinafter referred to as “EMPLOYEE”).

**RECITALS**

- A. DISTRICT is a governmental agency existing pursuant to the California Public Utility District Act, Division 7 of the Public Utility Code.
- B. DISTRICT and EMPLOYEE entered into an Employment Agreement (“Original Employment Agreement”) on August 27, 2018, which was amended on July 22, 2019 and September 24, 2019.
- C. DISTRICT and EMPLOYEE thereafter entered into an amended and restated Employment Agreement on September 8, 2020 (“Amended and Restated Agreement”), which was amended on August 23, 2021, subsequently modified on July 25, 2022, ~~again modified on~~ July 24, 2023, and ~~most recently modified on~~ July 1, 2024, and most recently modified on July 1, 2025 (“202~~54~~ Amended Employment Agreement”).
- D. DISTRICT and EMPLOYEE now desire to modify the 202~~54~~ Amended Employment Agreement as set forth in this Agreement.

**AGREEMENT**

**NOW THEREFORE**, in consideration of the mutual promises set forth herein, DISTRICT and EMPLOYEE agree as follows:

**1. EMPLOYMENT.**

DISTRICT hereby continues to employ EMPLOYEE (who accepted employment to serve beginning on August 27, 2018) and EMPLOYEE agrees to continue to serve as its General Manager, under the terms and conditions stated in this Agreement beginning on the date of execution by both DISTRICT and EMPLOYEE.

**2. ANNUAL COMPENSATION.**

- a. EMPLOYEE shall be paid an annual salary of ~~\$300,887~~315,931 effective on July 1, 202~~65~~, payable in biweekly installments at the same time as salary is paid to other DISTRICT employees. This compensation may not be reduced during the term of this Agreement except that if the Board finds it necessary to reduce salaries of all executive management employees, in which case EMPLOYEE’S salary may be reduced by no more than the average salary reduction of executive management.

(1) EMPLOYEE shall receive a one-time performance incentive compensation in a lump sum in the amount of \$10,000 for completion

AMENDED EMPLOYMENT AGREEMENT BETWEEN  
FALLBROOK PUBLIC UTILITY DISTRICT AND JACK BEBEE (202~~65~~)

of the EMPLOYEE's work plan goals for Fiscal Year 2025-26, which the parties agree shall not be considered regular or special compensation, and therefore shall not be reportable to CalPERS and will not be a part of the calculation of the EMPLOYEE's retirement allowance.

- b. DISTRICT agrees to annually evaluate EMPLOYEE'S compensation, taking into consideration changes in the cost of living, the EMPLOYEE'S performance, and other economic and responsibility matters relevant to a fair and proper rate of compensation, and to make reasonable adjustments in accordance with such annual evaluation, if any. See Paragraph 6 below. DISTRICT will meet with EMPLOYEE in regard to such evaluation. Unless otherwise agreed by DISTRICT and EMPLOYEE, any adjustments would be effective on July 1 of each year.

### **3. BENEFITS.**

EMPLOYEE shall be entitled to receive the following fringe benefits, which shall be administered consistent with DISTRICT policies unless otherwise provided herein. In the event any of the following fringe benefits is eliminated by DISTRICT for other DISTRICT employees, EMPLOYEE shall no longer receive the benefit:

- a. PERS: EMPLOYEE'S contributions to the Classic CalPERS retirement plan (2.5% at 55 with survivor benefit) shall be 8% (the contribution applicable to Classic CalPERS retirement plan members), or such percentage as may otherwise be required by the then applicable law.
- b. Deferred Compensation Plan Contribution (401(a) Plan Contribution): DISTRICT will match up to 7% of EMPLOYEE'S salary to a DISTRICT 401(a) plan as long as EMPLOYEE is contributing at least that percentage to EMPLOYEE'S individual deferred compensation 457(b) plan.
- c. Social Security: DISTRICT and EMPLOYEE share the Federal Social Security Tax equally.
- d. Health, Vision, Dental, Life and Long Term Disability Insurance:
  - i. Health Insurance: EMPLOYEE shall have the choice of medical plans provided by DISTRICT for DISTRICT employees.

DISTRICT will pay 100% of the cost Kaiser plus Chiropractic plan (or lowest cost DISTRICT provided medical plan) for employee, employee +1, or employee + family. The amount paid for each of those coverages shall be known as the "threshold amounts." If EMPLOYEE chooses a health plan with a cost that exceeds the threshold amounts, EMPLOYEE shall pay the difference between the threshold amount and the plan chosen. In such a case, the monthly cost difference will be multiplied by 12 (months) and

divided by the number of paydays in that calendar year, which amount shall be reimbursed to DISTRICT through payroll deduction.

- ii. Vision Insurance: DISTRICT shall pay 100% of the vision insurance premium for EMPLOYEE and EMPLOYEE'S dependents.
  - iii. Dental Insurance: DISTRICT shall pay 100% of the dental insurance premium for EMPLOYEE and EMPLOYEE'S dependents.
  - iv. Life Insurance and AD&D Insurance: DISTRICT shall pay for an Accidental Death & Dismemberment Insurance policy and for a Life Insurance policy up to a total maximum benefit of \$300,000.
  - v. LONG TERM DISABILITY INSURANCE: EMPLOYEE shall be covered by a Long Term Disability Insurance plan offered to other DISTRICT employees as follows: the plan provides 66.67% (or \$10,000 per month, whichever is less), of EMPLOYEE'S monthly salary to Social Security Normal Retirement Age in the event of a disabling accident or illness. Payment commences six (6) months after date of disability or illness.
- e. Sick, Vacation, Holiday Leave, Bereavement Leave and Executive Leave:
- i. Sick Leave: EMPLOYEE'S sick leave shall accrue at a rate of 3.69 hours per pay period.
  - ii. Vacation Leave: EMPLOYEE'S vacation leave shall accrue at a rate of 7.69 hours per pay period. Beginning on August 28, 2022, EMPLOYEE'S vacation leave shall accrue at 8.00 hours per pay period, the rate applicable to employees with 20+ years of service with the DISTRICT. The vacation rate accrual ceases when EMPLOYEE has a balance of over 270 hours on December 31st of each year. EMPLOYEE'S unused vacation may not be sold back to DISTRICT.
  - iii. Holiday Leave: EMPLOYEE is granted DISTRICT observed holidays, as established by DISTRICT from time to time, without reduction in their regular pay. Holiday compensation will be paid at the rate of pay at which EMPLOYEE was being paid on the last working day before the holiday.
  - iv. Bereavement Leave: EMPLOYEE will be allowed 3 days paid leave in event of a death in the immediate blood or married family (spouse, mother, father, brother, sister, son, daughter, step-mother, stepfather, step-son, step-daughter, grandchild, grandparent, mother or father-in-law, domestic partner, or other person in custody where EMPLOYEE has or had guardianship or other person who had guardianship of EMPLOYEE.)
  - v. Executive Leave:

- (1) EMPLOYEE shall accrue 1.54 hours of executive leave per pay period, up to a maximum of 120 hours.
- (2) Once EMPLOYEE reaches the maximum accrual of 120 hours, EMPLOYEE will stop accruing executive leave until EMPLOYEE’S balance is below 120 hours.

vi. Health Reimbursement Account (HRA):

The following provisions apply if EMPLOYEE retires after age 50, with 10 or more years of continuous employment. For purposes of this paragraph 3.e.vi., the term “retiree” and “EMPLOYEE” are used interchangeably, and any references to “EMPLOYEE” is meant to refer to EMPLOYEE once retired.

In the event EMPLOYEE retires after age 50 with 10 or more years of continuous employment, EMPLOYEE has the option of continuing on DISTRICT’S medical, dental and/or vision insurance plans using an HRA account that is funded with conversion of EMPLOYEE’S sick leave hours as follows:

- (1) Using the current benefit plan year’s premium rates and a 5% projection for possible cost increases in subsequent years, DISTRICT estimates the projected cost for EMPLOYEE to pay 50% of the employee-only monthly premium for dental and/or vision coverage and 50% of the employee-only monthly medical premium/s, with DISTRICT paying the remaining 50% of the employee-only dental and/or vision and employee-only monthly medical premium/s.

Following is an example of how the medical premium costs are shared between the retiree and DISTRICT:

	TOTAL MONTHLY PREMIUM FOR KAISER MEDICAL	RETIREE PAYS MONTHLY	DISTRICT PAYS MONTHLY
RETIREE Only Coverage	\$ 623.16	\$ 311.58	\$ 311.58
RETIREE + One	\$ 1,236.43	\$ 924.85	\$ 311.58
RETIREE + Family	\$ 1,745.45	\$ 1,433.87	\$ 311.58

- (2) The full amount as calculated in Paragraph 3.e.vi.1., above is the

amount that will be transferred from EMPLOYEE’S final sick leave balance to EMPLOYEE’S HRA account, which will be used to make the monthly premium payments until the HRA account balance is depleted or the retiree or their covered spouse, if applicable, reaches Medicare eligibility.

The following is an HRA example for an employee that retires in 2019 at age 60 with 1500 hours of sick leave on the books and typical Medicare eligibility at age 65:

1. Value of Total 1500 Sick Leave Hours at Retirement	\$67,500	1500 Hours x \$45.00 (Employee’s Hourly Wage)
2. Premium Cost of Retiree + Spouse Coverage for Medical, Dental & Vision		NOTE: Premium costs provided for example only, they do not represent actual rates
2019 benefit year	\$10,000	
+5% in 2020	\$10,500	
+5% in 2021	\$11,025	
+5% in 2022	\$11,567.25	
+5%in 2023	\$12,155.06	
3. Amount Deposited to HRA	\$55,256.31	Estimated total cost for coverage to Medicare eligibility in 2023
4. Amount of Sick Leave Remaining After Amount Deposited to HRA	\$12,243.69	Calculation: \$67,500-\$55,256.31
5. Hours Equivalent of Remaining Sick Leave	272.08 Hours	Calculation: \$12,243.69/\$45.00. *Eligible to cash out or convert to CalPERS service credit full remaining balance since less than 600 hours max. in effect for 7/1/19-6/30/20
6. Cash out value or amount to be converted to CalPERS service credit	\$12,243.60	Calculation: 272.08*\$45.00

- (3) EMPLOYEE’S HRA account balance is depleted before EMPLOYEE becomes eligible for Medicare, EMPLOYEE can instead begin paying EMPLOYEE’S share of the monthly premiums directly to DISTRICT in order to continue coverage under DISTRICT’S medical, vision and/or dental insurance plans until EMPLOYEE, or their spouse, if applicable, is eligible for Medicare.
- (4) Once EMPLOYEE and/or EMPLOYEE’S covered spouse becomes eligible for Medicare, which makes them ineligible to continue on DISTRICT’S medical coverage, they are also no longer eligible to continue on DISTRICT’S dental and/or vision coverage. Instead,

they will receive information on continuing their coverage/s using COBRA.

- (5) Actual premium rates to be deducted from EMPLOYEE'S HRA, will be updated as the actual rates are provided for each new plan year (January 1 – December 31).
  - (6) If applicable, any balance in the account when EMPLOYEE becomes eligible for Medicare or if EMPLOYEE should die prior to becoming eligible for Medicare, will be available for the same use to EMPLOYEE'S covered eligible dependent(s) until they become eligible for Medicare or COBRA rights are exhausted, whichever comes first. If there is no covered eligible dependent(s), any unused balance shall be forfeited.
  - (7) If EMPLOYEE has sick leave hours remaining after the mandatory contribution to the HRA account as described above, OR if EMPLOYEE chooses to not participate in the HRA, EMPLOYEE has the choice of:
    - (a) Cashing out half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined below, or all of their remaining balance, whichever is less; or
      - 600 hours max. – Effective July 1, 2019 - June 30, 2020
      - 500 hours max. – Effective July 1, 2020 – June 30, 2021
      - 400 hours max. – Effective July 1, 2021 – June 30, 2022
    - (b) Converting half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined above, to CalPERS service credit.
- f. Vehicle Allowance: EMPLOYEE shall receive a car allowance in the amount of \$750.00 per month effective on July 1, 2022, in lieu of receiving mileage reimbursement. EMPLOYEE shall possess and maintain a valid an appropriate California Driver license, shall maintain automobile insurance at least at the minimum levels required by state law, and shall immediately provide written notice to the Board of any actions taken against EMPLOYEE'S driving privilege, such as a suspension or a revocation due to a DUI or vehicular accident, or a failure to provide proof of financial responsibility.
- g. Cellphone Reimbursement: EMPLOYEE shall receive a cell phone reimbursement payment in the amount of \$75 per month.

- h. Other Business Expense Reimbursement/ Professional Development and Business Expenses: Consistent with DISTRICT policies, all of the EMPLOYEE'S actual expenses (including travel related expenses) reasonably incurred in connection with the duties and responsibilities of EMPLOYEE'S position pursuant to this Agreement shall be paid for by DISTRICT upon presentation of the appropriate receipts or vouchers covering such expenses, including, but not limited to licenses and certifications, (and costs of continuing education to maintain such licenses and certification) listed in Exhibit "A" to this Agreement. Additionally, as is necessary to support the EMPLOYEE's performance goals pursuant to Paragraph 4 or Paragraph 6 of this Agreement, DISTRICT will budget and pay for professional dues and subscriptions of EMPLOYEE necessary for EMPLOYEE'S continuation and full participation in national, regional, state and local associations and organizations, and payment for university curriculum, short courses, institutes, seminars, and materials that are necessary or desirable for EMPLOYEE'S continued professional development, participation, growth and advancement for the good of DISTRICT. Additionally, the EMPLOYEE shall be eligible for tuition reimbursement for job related courses and university curricula, including graduate-level courses and curricula, subject to the prior approval of the Board president.

**4. DUTIES.**

EMPLOYEE shall perform the duties of General Manager as established from time to time by the Board of Directors of DISTRICT. A job description showing the duties established as of the date of this Agreement is attached as Exhibit "B" and as contained in any of DISTRICT'S standard personnel regulations. EMPLOYEE is responsible directly to the Board of Directors. EMPLOYEE shall give full time to the duties of the office. EMPLOYEE shall also attend or participate in university curriculum, short courses, institutes, seminars, and review materials that are necessary for EMPLOYEE'S professional development and for the good of DISTRICT as established in the EMPLOYEE's performance goals.

- a. EMPLOYEE may serve as DISTRICT representative to the San Diego County Water Authority (CWA), which includes service on two standing CWA committees. In no event shall EMPLOYEE serve on any additional CWA committees (or serve on any committees or boards of other agencies or entities related to the business of DISTRICT) without prior approval of DISTRICT Board.

**5. TERM.**

This contract shall continue in full force and effect until it is terminated as provided in Paragraph 7 hereof.

**6. ANNUAL PERFORMANCE REVIEW.**

Annually, and no later than 60 days prior to the end of each fiscal year, EMPLOYEE shall develop a draft strategic plan as part of the annual budget process. After a strategic plan has been approved by the Board, it will be used to ensure board objectives are being

addressed in the upcoming fiscal year. The strategic plan objectives will be used to establish the EMPLOYEE'S performance goals for the upcoming fiscal year.

The Board shall endeavor to commence in April of each year, the review and evaluation of EMPLOYEE'S performance, which review and evaluation shall be completed by June 30 of each year. The reviews and evaluations shall be conducted in accordance with the strategic plan as approved by the Board and EMPLOYEE, which may be added to, or deleted from, as the Board may from time to time determine in consultation with the General Manager.

7. **TERMINATION.**

a. **By EMPLOYEE.**

EMPLOYEE may terminate this Agreement upon giving three (3) months' written notice of termination to DISTRICT, or sooner by mutual agreement. In the event that EMPLOYEE exercises his right to terminate upon giving three (3) months' notice, or sooner by mutual agreement under this Paragraph 7.a., he shall not be entitled to the severance benefits set forth under Paragraph 8 or to any other similar termination benefits under law or DISTRICT rules and regulations, provided however, that EMPLOYEE shall be entitled to payment for any unused leave balances as set forth in this Agreement or as required by law.

b. **By DISTRICT.**

DISTRICT may terminate this Agreement at any time, either with or without cause, by a majority vote of the Governing Board. Termination shall be under one of the following paragraphs.

i. **At-will.**

DISTRICT may terminate this Agreement without cause, and with or without notice. In the event that this Agreement is terminated by DISTRICT pursuant to this Paragraph 7.b.i., EMPLOYEE shall be entitled to severance benefits under this Agreement, consistent with the requirements specified in this Paragraph and Paragraph 8. EMPLOYEE has no right to a hearing or other review of his termination without cause.

ii. **For Cause.**

DISTRICT may terminate this Agreement for cause. EMPLOYEE will not be entitled to severance if his employment is terminated by DISTRICT at any time for cause. Cause for termination shall be defined for purposes of this Agreement as: (1) malfeasance, (2) gross negligence, (3) fraud, (4) serious misconduct which would constitute a violation of DISTRICT policy, or state or federal law, (5) material misrepresentation to the Board, (6) moral turpitude, (7) conviction of a felony on the part of EMPLOYEE,

or (8) notice of unsatisfactory performance and failure to correct performance within three months. Conviction for purposes of this Agreement includes a judgment entered after a trial, plea of guilty or plea of nolo contendere. EMPLOYEE has no right to a hearing or other review of the reason for his termination by DISTRICT and expressly waives any and all such rights as may be otherwise provided by law or which may be applicable to other DISTRICT employees.

iii. By Retirement.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the retirement of EMPLOYEE and upon EMPLOYEE giving ninety (90) days written notice of such retirement to DISTRICT.

iv. By Death or Disability.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the death of EMPLOYEE or upon the separation of his employment because of disability, which prevents EMPLOYEE from performing the essential functions of his job even with reasonable accommodations. As used herein, disability shall be defined as inability to perform essential job functions for a period of over six months. Neither EMPLOYEE nor his heirs, administrators, or assigns shall have any right under this Agreement to salary after such death or disability, but they shall have such rights and benefits as may be provided by law, including, as provided by law, rights to any accrued vacation to which EMPLOYEE was entitled at the time of termination, and shall have such rights to any accrued sick leave accrued by EMPLOYEE at the time of termination, up to the cap established in this Agreement.

**8. SEVERANCE PAY.**

DISTRICT shall have the right to terminate EMPLOYEE'S employment at any time during the term of this Agreement, with or without cause. In the event that EMPLOYEE'S employment is terminated by DISTRICT, under Paragraph 7.b.i. without cause, EMPLOYEE shall be entitled to the severance benefits stated below upon execution of an agreement with a general waiver of claims, as follows:

a. Computation: Items Included.

Severance benefits under this Paragraph 8 shall be computed based upon EMPLOYEE'S monthly base salary in effect at the time of termination.

b. Amount of Severance.

The amount of severance benefits shall be (1) a lump sum equal to three (3) months' base salary at the time of termination unless otherwise negotiated by the Parties and

(2) continued payment by DISTRICT of health and dental benefits for EMPLOYEE and his eligible dependents for the same number of months as are paid for salary severance benefits, or until EMPLOYEE is re-employed, whichever is sooner.

c. Separately Negotiated: Waiver.

The parties expressly acknowledge and agree that these severance pay provisions have been independently negotiated. Acceptance at the time of termination by EMPLOYEE of the severance pay benefits provided by this Paragraph 8 shall operate as a full and complete waiver and release of any and all rights, claims, and/or causes of action which EMPLOYEE may have, or have had, at any time, in the past or in the future, arising out of EMPLOYEE'S employment by DISTRICT including but not limited to claims for wrongful termination. If EMPLOYEE wishes to retain any such rights, EMPLOYEE must decline to accept the severance benefits provided by this Paragraph 8. To receive severance benefits, EMPLOYEE must execute a Severance Agreement and General Release satisfactory to DISTRICT. In the event EMPLOYEE elects not to sign the Severance Agreement and General Release, EMPLOYEE will not be entitled to severance benefits.

Acceptance of the severance benefits under this Paragraph 8 will operate as a general release on the part of EMPLOYEE as to all claims, known or unknown, and EMPLOYEE specifically waives the provisions of California Civil Code Section 1542 which provides:

*“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”*

d. Legal Limitations on Severance.

This Paragraph 8.d. is intended to comply with the provisions of Government Code Section 53260, et seq., and in no event shall EMPLOYEE be entitled to severance benefits greater than provided for therein. This Agreement in no way affects EMPLOYEE'S rights to continue health insurance coverage as required under COBRA for EMPLOYEE and EMPLOYEE'S eligible dependents.

**9. STATUTORY OBLIGATIONS: ABUSE OF OFFICE OR POSITION.**

Pursuant to Government Code Section 53243, et seq. which became effective on January 1, 2012, if EMPLOYEE is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if EMPLOYEE is provided with administrative leave pay pending an investigation, EMPLOYEE shall be required to fully reimburse such amounts paid; (2) if DISTRICT pays for the criminal legal defense of EMPLOYEE (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense),

EMPLOYEE shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that EMPLOYEE may receive from DISTRICT shall be fully reimbursed to DISTRICT. For this Paragraph 9, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with Section 92 of the Penal Code.

**10. MISCELLANEOUS.**

a. Governing Law.

This Agreement shall be interpreted and enforced in conformance with California law.

b. Entire Agreement.

This Agreement together with the exhibits represents the entire agreement between the parties and supersedes any prior agreements, written or oral, any and representations, written or oral, not expressly included herein.

c. Venue.

The venue for any litigation to interpret or enforce this Agreement shall be San Diego County Superior Court.

d. Integration Clause.

If any part, provision, paragraph or subparagraph of this Agreement shall be held to be void or unenforceable by a final judgment of a court of competent jurisdiction, then unless that provision is found in such proceeding to be material to this Agreement, said void or unenforceable provision shall be severed from this Agreement and the balance of this Agreement shall remain in full force and effect. In the event that the void or unenforceable provision is found to be material to this Agreement then the entire Agreement shall be voided.

e. Independent Review: Interpretation.

EMPLOYEE and DISTRICT affirm in signing this Agreement that they have each had an opportunity to review and consider this Agreement, and to have it reviewed and to receive advice from independent advisors of their own choosing, including attorneys, and that each knowingly and voluntarily enters into this Agreement. EMPLOYEE and DISTRICT further affirm that this Agreement was the mutual product of their negotiations, including give and take, and that neither party shall

be considered the drafter of this Agreement such that the Agreement is interpreted against that party.

f. Public Record.

EMPLOYEE acknowledges that this Agreement, upon final execution, will become a public record under California law available for public inspection and copying.

g. Counterparts.

This Agreement may be signed in counterparts.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the day and year first above written.

**DATED:**

\_\_\_\_\_  
Jack Bebee

**FALLBROOK PUBLIC UTILITY DISTRICT**

**DATED:**

\_\_\_\_\_  
~~Don McDougal~~ Ken Endter, President  
Fallbrook Public Utility District

## EXHIBIT "A"

### List of Pre-Approved Licenses and Certifications

1. California Professional Engineering License
2. California Water Treatment Operator Certification
3. California Water Distribution Operator Certification
4. California Wastewater Treatment Operator Certification

**EXHIBIT “B”**

**General Manager Job Description**

**AMENDED EMPLOYMENT AGREEMENT BETWEEN FALLBROOK PUBLIC  
UTILITY DISTRICT AND JACK BEBEE (2026)**

This Amended Employment Agreement (“Agreement”) is made the \_\_\_\_ of \_\_\_\_\_, 2026, between Fallbrook Public Utility District (hereinafter referred to as “DISTRICT” and Jack Bebee (hereinafter referred to as “EMPLOYEE”).

**RECITALS**

- A. DISTRICT is a governmental agency existing pursuant to the California Public Utility District Act, Division 7 of the Public Utility Code.
- B. DISTRICT and EMPLOYEE entered into an Employment Agreement (“Original Employment Agreement”) on August 27, 2018, which was amended on July 22, 2019 and September 24, 2019.
- C. DISTRICT and EMPLOYEE thereafter entered into an amended and restated Employment Agreement on September 8, 2020 (“Amended and Restated Agreement”), which was amended on August 23, 2021, subsequently modified on July 25, 2022, July 24, 2023, and July 1, 2024, and most recently modified on July 1, 2025 (“2025 Amended Employment Agreement”).
- D. DISTRICT and EMPLOYEE now desire to modify the 2025 Amended Employment Agreement as set forth in this Agreement.

**AGREEMENT**

**NOW THEREFORE**, in consideration of the mutual promises set forth herein, DISTRICT and EMPLOYEE agree as follows:

**1. EMPLOYMENT.**

DISTRICT hereby continues to employ EMPLOYEE (who accepted employment to serve beginning on August 27, 2018) and EMPLOYEE agrees to continue to serve as its General Manager, under the terms and conditions stated in this Agreement beginning on the date of execution by both DISTRICT and EMPLOYEE.

**2. ANNUAL COMPENSATION.**

- a. EMPLOYEE shall be paid an annual salary of \$315,931 effective on July 1, 2026, payable in biweekly installments at the same time as salary is paid to other DISTRICT employees. This compensation may not be reduced during the term of this Agreement except that if the Board finds it necessary to reduce salaries of all executive management employees, in which case EMPLOYEE’S salary may be reduced by no more than the average salary reduction of executive management.

(1) EMPLOYEE shall receive a one-time performance incentive compensation in a lump sum in the amount of \$10,000 for completion

AMENDED EMPLOYMENT AGREEMENT BETWEEN  
FALLBROOK PUBLIC UTILITY DISTRICT AND JACK BEBEE (2026)

of the EMPLOYEE's work plan goals for Fiscal Year 2025-26, which the parties agree shall not be considered regular or special compensation, and therefore shall not be reportable to CalPERS and will not be a part of the calculation of the EMPLOYEE's retirement allowance.

- b. DISTRICT agrees to annually evaluate EMPLOYEE'S compensation, taking into consideration changes in the cost of living, the EMPLOYEE'S performance, and other economic and responsibility matters relevant to a fair and proper rate of compensation, and to make reasonable adjustments in accordance with such annual evaluation, if any. See Paragraph 6 below. DISTRICT will meet with EMPLOYEE in regard to such evaluation. Unless otherwise agreed by DISTRICT and EMPLOYEE, any adjustments would be effective on July 1 of each year.

### **3. BENEFITS.**

EMPLOYEE shall be entitled to receive the following fringe benefits, which shall be administered consistent with DISTRICT policies unless otherwise provided herein. In the event any of the following fringe benefits is eliminated by DISTRICT for other DISTRICT employees, EMPLOYEE shall no longer receive the benefit:

- a. PERS: EMPLOYEE'S contributions to the Classic CalPERS retirement plan (2.5% at 55 with survivor benefit) shall be 8% (the contribution applicable to Classic CalPERS retirement plan members), or such percentage as may otherwise be required by the then applicable law.
- b. Deferred Compensation Plan Contribution (401(a) Plan Contribution): DISTRICT will match up to 7% of EMPLOYEE'S salary to a DISTRICT 401(a) plan as long as EMPLOYEE is contributing at least that percentage to EMPLOYEE'S individual deferred compensation 457(b) plan.
- c. Social Security: DISTRICT and EMPLOYEE share the Federal Social Security Tax equally.
- d. Health, Vision, Dental, Life and Long Term Disability Insurance:
  - i. Health Insurance: EMPLOYEE shall have the choice of medical plans provided by DISTRICT for DISTRICT employees.

DISTRICT will pay 100% of the cost Kaiser plus Chiropractic plan (or lowest cost DISTRICT provided medical plan) for employee, employee +1, or employee + family. The amount paid for each of those coverages shall be known as the "threshold amounts." If EMPLOYEE chooses a health plan with a cost that exceeds the threshold amounts, EMPLOYEE shall pay the difference between the threshold amount and the plan chosen. In such a case, the monthly cost difference will be multiplied by 12 (months) and

divided by the number of paydays in that calendar year, which amount shall be reimbursed to DISTRICT through payroll deduction.

- ii. Vision Insurance: DISTRICT shall pay 100% of the vision insurance premium for EMPLOYEE and EMPLOYEE'S dependents.
  - iii. Dental Insurance: DISTRICT shall pay 100% of the dental insurance premium for EMPLOYEE and EMPLOYEE'S dependents.
  - iv. Life Insurance and AD&D Insurance: DISTRICT shall pay for an Accidental Death & Dismemberment Insurance policy and for a Life Insurance policy up to a total maximum benefit of \$300,000.
  - v. LONG TERM DISABILITY INSURANCE: EMPLOYEE shall be covered by a Long Term Disability Insurance plan offered to other DISTRICT employees as follows: the plan provides 66.67% (or \$10,000 per month, whichever is less), of EMPLOYEE'S monthly salary to Social Security Normal Retirement Age in the event of a disabling accident or illness. Payment commences six (6) months after date of disability or illness.
- e. Sick, Vacation, Holiday Leave,-Bereavement Leave and Executive Leave:
- i. Sick Leave: EMPLOYEE'S sick leave shall accrue at a rate of 3.69 hours per pay period.
  - ii. Vacation Leave: EMPLOYEE'S vacation leave shall accrue at a rate of 7.69 hours per pay period. Beginning on August 28, 2022, EMPLOYEE'S vacation leave shall accrue at 8.00 hours per pay period, the rate applicable to employees with 20+ years of service with the DISTRICT. The vacation rate accrual ceases when EMPLOYEE has a balance of over 270 hours on December 31st of each year. EMPLOYEE'S unused vacation may not be sold back to DISTRICT.
  - iii. Holiday Leave: EMPLOYEE is granted DISTRICT observed holidays, as established by DISTRICT from time to time, without reduction in their regular pay. Holiday compensation will be paid at the rate of pay at which EMPLOYEE was being paid on the last working day before the holiday.
  - iv. Bereavement Leave: EMPLOYEE will be allowed 3 days paid leave in event of a death in the immediate blood or married family (spouse, mother, father, brother, sister, son, daughter, step-mother, stepfather, step-son, step-daughter, grandchild, grandparent, mother or father-in-law, domestic partner, or other person in custody where EMPLOYEE has or had guardianship or other person who had guardianship of EMPLOYEE.)
  - v. Executive Leave:

- (1) EMPLOYEE shall accrue 1.54 hours of executive leave per pay period, up to a maximum of 120 hours.
- (2) Once EMPLOYEE reaches the maximum accrual of 120 hours, EMPLOYEE will stop accruing executive leave until EMPLOYEE’S balance is below 120 hours.

vi. Health Reimbursement Account (HRA):

The following provisions apply if EMPLOYEE retires after age 50, with 10 or more years of continuous employment. For purposes of this paragraph 3.e.vi., the term “retiree” and “EMPLOYEE” are used interchangeably, and any references to “EMPLOYEE” is meant to refer to EMPLOYEE once retired.

In the event EMPLOYEE retires after age 50 with 10 or more years of continuous employment, EMPLOYEE has the option of continuing on DISTRICT’S medical, dental and/or vision insurance plans using an HRA account that is funded with conversion of EMPLOYEE’S sick leave hours as follows:

- (1) Using the current benefit plan year’s premium rates and a 5% projection for possible cost increases in subsequent years, DISTRICT estimates the projected cost for EMPLOYEE to pay 50% of the employee-only monthly premium for dental and/or vision coverage and 50% of the employee-only monthly medical premium/s, with DISTRICT paying the remaining 50% of the employee-only dental and/or vision and employee-only monthly medical premium/s.

Following is an example of how the medical premium costs are shared between the retiree and DISTRICT:

	TOTAL MONTHLY PREMIUM FOR KAISER MEDICAL	RETIREE PAYS MONTHLY	DISTRICT PAYS MONTHLY
RETIREE Only Coverage	\$ 623.16	\$ 311.58	\$ 311.58
RETIREE + One	\$ 1,236.43	\$ 924.85	\$ 311.58
RETIREE + Family	\$ 1,745.45	\$ 1,433.87	\$ 311.58

- (2) The full amount as calculated in Paragraph 3.e.vi.1., above is the

amount that will be transferred from EMPLOYEE’S final sick leave balance to EMPLOYEE’S HRA account, which will be used to make the monthly premium payments until the HRA account balance is depleted or the retiree or their covered spouse, if applicable, reaches Medicare eligibility.

The following is an HRA example for an employee that retires in 2019 at age 60 with 1500 hours of sick leave on the books and typical Medicare eligibility at age 65:

1. Value of Total 1500 Sick Leave Hours at Retirement	\$67,500	1500 Hours x \$45.00 (Employee’s Hourly Wage)
2. Premium Cost of Retiree + Spouse Coverage for Medical, Dental & Vision		NOTE: Premium costs provided for example only, they do not represent actual rates
2019 benefit year	\$10,000	
+5% in 2020	\$10,500	
+5% in 2021	\$11,025	
+5% in 2022	\$11,567.25	
+5%in 2023	\$12,155.06	
3. Amount Deposited to HRA	\$55,256.31	Estimated total cost for coverage to Medicare eligibility in 2023
4. Amount of Sick Leave Remaining After Amount Deposited to HRA	\$12,243.69	Calculation: \$67,500-\$55,256.31
5. Hours Equivalent of Remaining Sick Leave	272.08 Hours	Calculation: \$12,243.69/\$45.00. *Eligible to cash out or convert to CalPERS service credit full remaining balance since less than 600 hours max. in effect for 7/1/19-6/30/20
6. Cash out value or amount to be converted to CalPERS service credit	\$12,243.60	Calculation: 272.08*\$45.00

- (3) EMPLOYEE’S HRA account balance is depleted before EMPLOYEE becomes eligible for Medicare, EMPLOYEE can instead begin paying EMPLOYEE’S share of the monthly premiums directly to DISTRICT in order to continue coverage under DISTRICT’S medical, vision and/or dental insurance plans until EMPLOYEE, or their spouse, if applicable, is eligible for Medicare.
- (4) Once EMPLOYEE and/or EMPLOYEE’S covered spouse becomes eligible for Medicare, which makes them ineligible to continue on DISTRICT’S medical coverage, they are also no longer eligible to continue on DISTRICT’S dental and/or vision coverage. Instead,

they will receive information on continuing their coverage/s using COBRA.

- (5) Actual premium rates to be deducted from EMPLOYEE'S HRA, will be updated as the actual rates are provided for each new plan year (January 1 – December 31).
  - (6) If applicable, any balance in the account when EMPLOYEE becomes eligible for Medicare or if EMPLOYEE should die prior to becoming eligible for Medicare, will be available for the same use to EMPLOYEE'S covered eligible dependent(s) until they become eligible for Medicare or COBRA rights are exhausted, whichever comes first. If there is no covered eligible dependent(s), any unused balance shall be forfeited.
  - (7) If EMPLOYEE has sick leave hours remaining after the mandatory contribution to the HRA account as described above, OR if EMPLOYEE chooses to not participate in the HRA, EMPLOYEE has the choice of:
    - (a) Cashing out half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined below, or all of their remaining balance, whichever is less; or
      - 600 hours max. – Effective July 1, 2019 - June 30, 2020
      - 500 hours max. – Effective July 1, 2020 – June 30, 2021
      - 400 hours max. – Effective July 1, 2021 – June 30, 2022
    - (b) Converting half of EMPLOYEE'S remaining sick leave hours balance, up to the maximum as outlined above, to CalPERS service credit.
- f. Vehicle Allowance: EMPLOYEE shall receive a car allowance in the amount of \$750.00 per month effective on July 1, 2022, in lieu of receiving mileage reimbursement. EMPLOYEE shall possess and maintain a valid an appropriate California Driver license, shall maintain automobile insurance at least at the minimum levels required by state law, and shall immediately provide written notice to the Board of any actions taken against EMPLOYEE'S driving privilege, such as a suspension or a revocation due to a DUI or vehicular accident, or a failure to provide proof of financial responsibility.
- g. Cellphone Reimbursement: EMPLOYEE shall receive a cell phone reimbursement payment in the amount of \$75 per month.

- h. Other Business Expense Reimbursement/ Professional Development and Business Expenses: Consistent with DISTRICT policies, all of the EMPLOYEE'S actual expenses (including travel related expenses) reasonably incurred in connection with the duties and responsibilities of EMPLOYEE'S position pursuant to this Agreement shall be paid for by DISTRICT upon presentation of the appropriate receipts or vouchers covering such expenses, including, but not limited to licenses and certifications, (and costs of continuing education to maintain such licenses and certification) listed in Exhibit "A" to this Agreement. Additionally, as is necessary to support the EMPLOYEE's performance goals pursuant to Paragraph 4 or Paragraph 6 of this Agreement, DISTRICT will budget and pay for professional dues and subscriptions of EMPLOYEE necessary for EMPLOYEE'S continuation and full participation in national, regional, state and local associations and organizations, and payment for university curriculum, short courses, institutes, seminars, and materials that are necessary or desirable for EMPLOYEE'S continued professional development, participation, growth and advancement for the good of DISTRICT. Additionally, the EMPLOYEE shall be eligible for tuition reimbursement for job related courses and university curricula, including graduate-level courses and curricula, subject to the prior approval of the Board president.

**4. DUTIES.**

EMPLOYEE shall perform the duties of General Manager as established from time to time by the Board of Directors of DISTRICT. A job description showing the duties established as of the date of this Agreement is attached as Exhibit "B" and as contained in any of DISTRICT'S standard personnel regulations. EMPLOYEE is responsible directly to the Board of Directors. EMPLOYEE shall give full time to the duties of the office. EMPLOYEE shall also attend or participate in university curriculum, short courses, institutes, seminars, and review materials that are necessary for EMPLOYEE'S professional development and for the good of DISTRICT as established in the EMPLOYEE's performance goals.

- a. EMPLOYEE may serve as DISTRICT representative to the San Diego County Water Authority (CWA), which includes service on two standing CWA committees. In no event shall EMPLOYEE serve on any additional CWA committees (or serve on any committees or boards of other agencies or entities related to the business of DISTRICT) without prior approval of DISTRICT Board.

**5. TERM.**

This contract shall continue in full force and effect until it is terminated as provided in Paragraph 7 hereof.

**6. ANNUAL PERFORMANCE REVIEW.**

Annually, and no later than 60 days prior to the end of each fiscal year, EMPLOYEE shall develop a draft strategic plan as part of the annual budget process. After a strategic plan has been approved by the Board, it will be used to ensure board objectives are being

addressed in the upcoming fiscal year. The strategic plan objectives will be used to establish the EMPLOYEE'S performance goals for the upcoming fiscal year.

The Board shall endeavor to commence in April of each year, the review and evaluation of EMPLOYEE'S performance, which review and evaluation shall be completed by June 30 of each year. The reviews and evaluations shall be conducted in accordance with the strategic plan as approved by the Board and EMPLOYEE, which may be added to, or deleted from, as the Board may from time to time determine in consultation with the General Manager.

7. **TERMINATION.**

a. **By EMPLOYEE.**

EMPLOYEE may terminate this Agreement upon giving three (3) months' written notice of termination to DISTRICT, or sooner by mutual agreement. In the event that EMPLOYEE exercises his right to terminate upon giving three (3) months' notice, or sooner by mutual agreement under this Paragraph 7.a., he shall not be entitled to the severance benefits set forth under Paragraph 8 or to any other similar termination benefits under law or DISTRICT rules and regulations, provided however, that EMPLOYEE shall be entitled to payment for any unused leave balances as set forth in this Agreement or as required by law.

b. **By DISTRICT.**

DISTRICT may terminate this Agreement at any time, either with or without cause, by a majority vote of the Governing Board. Termination shall be under one of the following paragraphs.

i. **At-will.**

DISTRICT may terminate this Agreement without cause, and with or without notice. In the event that this Agreement is terminated by DISTRICT pursuant to this Paragraph 7.b.i., EMPLOYEE shall be entitled to severance benefits under this Agreement, consistent with the requirements specified in this Paragraph and Paragraph 8. EMPLOYEE has no right to a hearing or other review of his termination without cause.

ii. **For Cause.**

DISTRICT may terminate this Agreement for cause. EMPLOYEE will not be entitled to severance if his employment is terminated by DISTRICT at any time for cause. Cause for termination shall be defined for purposes of this Agreement as: (1) malfeasance, (2) gross negligence, (3) fraud, (4) serious misconduct which would constitute a violation of DISTRICT policy, or state or federal law, (5) material misrepresentation to the Board, (6) moral turpitude, (7) conviction of a felony on the part of EMPLOYEE,

or (8) notice of unsatisfactory performance and failure to correct performance within three months. Conviction for purposes of this Agreement includes a judgment entered after a trial, plea of guilty or plea of nolo contendere. EMPLOYEE has no right to a hearing or other review of the reason for his termination by DISTRICT and expressly waives any and all such rights as may be otherwise provided by law or which may be applicable to other DISTRICT employees.

iii. By Retirement.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the retirement of EMPLOYEE and upon EMPLOYEE giving ninety (90) days written notice of such retirement to DISTRICT.

iv. By Death or Disability.

The employment of EMPLOYEE, and this Agreement, shall automatically terminate upon the death of EMPLOYEE or upon the separation of his employment because of disability, which prevents EMPLOYEE from performing the essential functions of his job even with reasonable accommodations. As used herein, disability shall be defined as inability to perform essential job functions for a period of over six months. Neither EMPLOYEE nor his heirs, administrators, or assigns shall have any right under this Agreement to salary after such death or disability, but they shall have such rights and benefits as may be provided by law, including, as provided by law, rights to any accrued vacation to which EMPLOYEE was entitled at the time of termination, and shall have such rights to any accrued sick leave accrued by EMPLOYEE at the time of termination, up to the cap established in this Agreement.

**8. SEVERANCE PAY.**

DISTRICT shall have the right to terminate EMPLOYEE'S employment at any time during the term of this Agreement, with or without cause. In the event that EMPLOYEE'S employment is terminated by DISTRICT, under Paragraph 7.b.i. without cause, EMPLOYEE shall be entitled to the severance benefits stated below upon execution of an agreement with a general waiver of claims, as follows:

a. Computation: Items Included.

Severance benefits under this Paragraph 8 shall be computed based upon EMPLOYEE'S monthly base salary in effect at the time of termination.

b. Amount of Severance.

The amount of severance benefits shall be (1) a lump sum equal to three (3) months' base salary at the time of termination unless otherwise negotiated by the Parties and

(2) continued payment by DISTRICT of health and dental benefits for EMPLOYEE and his eligible dependents for the same number of months as are paid for salary severance benefits, or until EMPLOYEE is re-employed, whichever is sooner.

c. Separately Negotiated: Waiver.

The parties expressly acknowledge and agree that these severance pay provisions have been independently negotiated. Acceptance at the time of termination by EMPLOYEE of the severance pay benefits provided by this Paragraph 8 shall operate as a full and complete waiver and release of any and all rights, claims, and/or causes of action which EMPLOYEE may have, or have had, at any time, in the past or in the future, arising out of EMPLOYEE'S employment by DISTRICT including but not limited to claims for wrongful termination. If EMPLOYEE wishes to retain any such rights, EMPLOYEE must decline to accept the severance benefits provided by this Paragraph 8. To receive severance benefits, EMPLOYEE must execute a Severance Agreement and General Release satisfactory to DISTRICT. In the event EMPLOYEE elects not to sign the Severance Agreement and General Release, EMPLOYEE will not be entitled to severance benefits.

Acceptance of the severance benefits under this Paragraph 8 will operate as a general release on the part of EMPLOYEE as to all claims, known or unknown, and EMPLOYEE specifically waives the provisions of California Civil Code Section 1542 which provides:

*“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”*

d. Legal Limitations on Severance.

This Paragraph 8.d. is intended to comply with the provisions of Government Code Section 53260, et seq., and in no event shall EMPLOYEE be entitled to severance benefits greater than provided for therein. This Agreement in no way affects EMPLOYEE'S rights to continue health insurance coverage as required under COBRA for EMPLOYEE and EMPLOYEE'S eligible dependents.

**9. STATUTORY OBLIGATIONS: ABUSE OF OFFICE OR POSITION.**

Pursuant to Government Code Section 53243, et seq. which became effective on January 1, 2012, if EMPLOYEE is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if EMPLOYEE is provided with administrative leave pay pending an investigation, EMPLOYEE shall be required to fully reimburse such amounts paid; (2) if DISTRICT pays for the criminal legal defense of EMPLOYEE (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense),

EMPLOYEE shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that EMPLOYEE may receive from DISTRICT shall be fully reimbursed to DISTRICT. For this Paragraph 9, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with Section 92 of the Penal Code.

**10. MISCELLANEOUS.**

a. Governing Law.

This Agreement shall be interpreted and enforced in conformance with California law.

b. Entire Agreement.

This Agreement together with the exhibits represents the entire agreement between the parties and supersedes any prior agreements, written or oral, any and representations, written or oral, not expressly included herein.

c. Venue.

The venue for any litigation to interpret or enforce this Agreement shall be San Diego County Superior Court.

d. Integration Clause.

If any part, provision, paragraph or subparagraph of this Agreement shall be held to be void or unenforceable by a final judgment of a court of competent jurisdiction, then unless that provision is found in such proceeding to be material to this Agreement, said void or unenforceable provision shall be severed from this Agreement and the balance of this Agreement shall remain in full force and effect. In the event that the void or unenforceable provision is found to be material to this Agreement then the entire Agreement shall be voided.

e. Independent Review: Interpretation.

EMPLOYEE and DISTRICT affirm in signing this Agreement that they have each had an opportunity to review and consider this Agreement, and to have it reviewed and to receive advice from independent advisors of their own choosing, including attorneys, and that each knowingly and voluntarily enters into this Agreement. EMPLOYEE and DISTRICT further affirm that this Agreement was the mutual product of their negotiations, including give and take, and that neither party shall

be considered the drafter of this Agreement such that the Agreement is interpreted against that party.

f. Public Record.

EMPLOYEE acknowledges that this Agreement, upon final execution, will become a public record under California law available for public inspection and copying.

g. Counterparts.

This Agreement may be signed in counterparts.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the day and year first above written.

**DATED:**

\_\_\_\_\_  
Jack Bebee

**FALLBROOK PUBLIC UTILITY DISTRICT**

**DATED:**

\_\_\_\_\_  
Ken Endter, President  
Fallbrook Public Utility District

## **EXHIBIT “A”**

### **List of Pre-Approved Licenses and Certifications**

1. California Professional Engineering License
2. California Water Treatment Operator Certification
3. California Water Distribution Operator Certification
4. California Wastewater Treatment Operator Certification

**EXHIBIT “B”**

**General Manager Job Description**



## Fallbrook Public Utility District General Manager

**CLASS CODE** GM

**BARGAINING UNIT** FALLBROOK MANAGEMENT  
EMPLOYEES ASSOCIATION

**ESTABLISHED DATE** February 01, 2015

**REVISION DATE** December 15, 2016

### **Class Concept**

Under policy direction of the Board of Directors, to serve as chief executive officer of the District; to manage, plan, organize and control public utility water and wastewater programs, services and resources in accordance with short- and long-term goals, policy statements and directives; to interpret and administer policies of the Board; and to perform related work as required.

### **Class Characteristics:**

The class of General Manager is at the chief executive management level. The General Manager reports to and serves at the pleasure of the Board of Directors.

### **Example of Duties**

- Serves as executive officer to the Board of Directors(1);
- Plans, organizes and controls District programs, services and resources in accordance with short- and long-term goals, policy statements and directives(3);
- Administers and carries out policies established by the Board(1);
- Develops administrative procedures(3);
- Supervises, develops and evaluates the performance of subordinate managers, supervisors and staff(2);
- Administers financial, engineering, construction and maintenance functions through subordinate supervisors(3);
- Presents for the Board's consideration major goals and policy alternatives and recommendations for the District;
- Develops the District's master plan(3);
- Recommends construction contracts, leases and other legal agreements to the Board for approval(3);
- Coordinates legal matters concerning the District, and engages counsel and professional consultants for assistance(3);
- Conducts negotiations for water storage, supply and distribution(3);
- Analyzes monthly financial statements, engineering reports, labor distribution reports, water sales reports and other operating reports(3);
- Develops water and sewer rate and fee schedules for Board considerations(3);
- Reviews agreements negotiated by staff;

- Performs highly significant and specialized responsibilities in connection with interjurisdictional, legal, engineering and other administrative problems(3);
- Arranges, conducts and participates in meetings and conferences with other administrators, public officials and citizen and professional groups;
- Gives oral presentations to community groups;
- Represents the District and the Board before other public bodies, including State and Federal legislatures, industry associations such as ACWA, ACWA/JPIA, SDCWA, MWD, CASA and regulatory agencies(1);
- Supervises preparation of the agenda of the Board of Directors and staff reports to the Board(1);
- Attends meetings of the Board of Directors and advises the Board on important District administrative and operating activities and problems(1);
- Monitors and oversees District human resources programs related to employment, classification and compensation, employer-employee relations, employee benefits, safety, recognition, performance evaluation and discipline;
- Monitors and oversees community and media relations programs and services(3);
- Monitors and oversees District engineering and field construction programs and Services;
- Monitors and oversees financial and data processing programs and services;
- Operates vehicles(2); and
- Performs related work as required.

*(1)-The performance of this function is the reason the job exists.*

*(2)-There are limited employees among whom the performance of this function can be distributed.*

*(3)-This function is highly specialized. Employees are hired for the skill/ability to perform this.*

## **Minimum Qualifications**

### **Knowledge of:**

- Basic knowledge of engineering and construction principles applicable to the planning design and construction of District facilities;
- Laws, rules, ordinances, and legislative processes controlling irrigation and wastewater district functions, programs and operations;
- Organization, operations and problems of special research and evaluation methodologies;Cost estimating and contract administration;
- Principles of budget development and expenditure control, including capital improvement budgets;
- Public personnel and employer-employee relations practices and legislation;
- Public and press relations;
- Principles of supervision, management and general administration;
- English grammar, composition, word usage, punctuation and spelling at an advanced level;
- Intermediate mathematics and statistics;
- The use of CRT/microcomputer and applicable software.

### **Ability to:**

- Plan, organize, direct, coordinate and supervise functions and activities of an organization to achieve efficient operations and meet service goals;
- Exercise leadership, authority, and management tactfully and effectively;
- Prepare and administer a District budgeting and fiscal control process;
- Collect and analyze data on a variety of topics;

- Direct effective public and media relations;
- Coordinate the preparation of Board agendas;
- Direct effective personnel and employer-employee relations programs;
- Oversee the development and improvement of District facilities and services;
- Provide advice and consultation to the Board of Directors on the development of ordinances, regulations, policies and programs;
- Insure prompt and proper response to public concerns and complaints;
- Prepare comprehensive technical reports and recommendations;
- Represent the District policies, programs and services effectively with employees, contractors, representatives of other agencies, and the public;
- Operate CRT/microcomputer to access varied data bases;
- Operate a vehicle observing legal and defensive driving practices;
- Understand and carry out oral and written instructions;
- Establish and maintain effective relationships with those contacted in the course of work.

### **Supplemental Information**

#### **Licenses and Certification:**

- Possession of a valid and appropriate California driver's license.

#### **Training and Experience:**

Any combination of training, education and experience which demonstrates possession of the knowledge and abilities stated above and the ability to perform the duties of the position.

A typical qualifying entrance background is a minimum of five years of responsible, executive-level experience in water utility or public works management in a municipal or special district setting;

*and*

Achievement of a baccalaureate-level degree in management science, business administration, civil engineering or a closely related field;

*or*

Experience at or equivalent to the level of Assistant General Manager in the Fallbrook Public Utility District from which the incumbent has acquired the knowledge and abilities listed above.

### **Other Requirements**

#### **Physical Demands:**

- Sitting: Occupies seated position during majority of workday.
- Talking: Expresses ideas and shares information by means of spoken word in person and by telephone.
- Walking: Moves about office, warehouse and equipment facilities, and visits outlying District facilities and field crews at work sites.
- Hearing: Hears well enough to receive communication in person and by telephone.
- Hands/Arms: Operates computer and vehicle.
- Vision: Reads written or video messages; operates vehicle.

***Reasonable accommodations will be considered.***

## M E M O

**TO:** Board of Directors  
**FROM:** Engineering Department  
**DATE:** June 29, 2026  
**SUBJECT:** Updates of the District's Water Shortage Contingency Plan, 2025 Urban Water Management Plan and Finding that the Action is Exempt from CEQA

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Purpose

To present final updates to the District's Water Shortage Contingency Plan (WSCP) and 2025 Urban Water Management Plan (2025 UWMP), and finding that the preparation and adoption of the WSCP and the 2025 UWMP are statutorily exempt from the California Environmental Quality Act (CEQA). The draft for the WSCP and UWMP can be found here:

[https://www.fpud.com/files/2466e1940/FPUD+2025+UWMP\\_Final+Draft.pdf](https://www.fpud.com/files/2466e1940/FPUD+2025+UWMP_Final+Draft.pdf)

Overview

The California Water Code (CWC) requires all urban water suppliers within the state to prepare UWMPs and update them every five years. Updates related to this process include the revising and updating the District's (1) WSCP (a requirement under the CWC and a required element of the 2025 UWMP) and (2) 2025 UWMP (which supports the District's long-term water resources planning to ensure that adequate water supplies are available to meet existing and future needs).

UWMPs compile an extensive body of information and analysis about urban water suppliers and their supplies, including descriptions of the communities they serve, lay descriptions of infrastructure and operations, water supplies and demands, water supply reliability, water shortage contingency planning, and water conservation programs and practices. The 2025 UWMP and WSCP must be adopted and submitted to the California Department of Water Resources (DWR) by July 1, 2026.

Recommendation

Hold two separate public hearings to consider (1) Resolution 5109 and (2) Resolution 5110. Consider adopting the District's Water Shortage Contingency Plan (Resolution 5109) and 2025 Urban Water Management Plan (Resolution 5110). Consider filing a CEQA Notice of Exemption for the WSCP and 2025 UWMP.

**RESOLUTION 5109**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
FALLBROOK PUBLIC UTILITY DISTRICT ADOPTING A  
WATER SHORTAGE CONTINGENCY PLAN (WSCP)**

\* \* \* \* \*

**WHEREAS**, The California Urban Water Management Planning Act, (Wat. Code §10610, et seq.) (the Act), mandates that every urban supplier of water providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare and adopt, in accordance with prescribed requirements, a Water Shortage Contingency Plan (WSCP) as part of its 2025 Urban Water Management Plan (2025 Plan); and

**WHEREAS**, the Act specifies the requirements and procedures for adopting such WSCPs; and

**WHEREAS**, urban water suppliers are required to adopt and electronically submit their WSCPs to the California Department of Water Resources (DWR) by July 1, 2026; and

**WHEREAS**, pursuant to the Act, “urban water supplier” means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually; and

**WHEREAS**, Fallbrook Public Utility District (FPUD) meets the definition of an urban water supplier for purposes of the Act and is required to prepare and adopt and WSCP as part of its 2025 Plan; and

**WHEREAS**, FPUD has prepared a WSCP in accordance with the Act, and in accordance with applicable legal requirements, has undertaken certain coordination, notice, public involvement, public comment, and other procedures in relation to its WSCP; and

**WHEREAS**, in accordance with the Act, FPUD has prepared its WSCP with its own staff, with the assistance of consulting professionals, and in cooperation with other governmental agencies, and has utilized and relied upon industry standards and the expertise of industry professionals in preparing its WSCP, and has also utilized DWR’s Urban Water Management Plan Guidebook 2025, including its related appendices, in preparing its WSCP; and

**WHEREAS**, in accordance with applicable law, including Water Code section 10621(b), a Notice of Plan Preparation was sent to the county and cities within which FPUD provides water supplies at least 60 days before the required public hearing on its WSCP, on June 11<sup>th</sup>, and June 18<sup>th</sup>; and

**WHEREAS**, in accordance with applicable law including Water Code section 1064 and Government Code sections 6066 and 729 et seq., a Notice of a Public Hearing regarding FPUD's WSCP was published within the jurisdiction of FPUD on June 11<sup>th</sup> and June 18<sup>th</sup>; and

**WHEREAS**, in accordance with applicable law, including but not limited to Water Code section 10642, a public hearing was held by Webconference/Teleconference (via Zoom) on June 28<sup>th</sup> 2026 at 4 PM, or soon thereafter, in order to provide members of the public and other interested entities with the opportunity to be heard in connection with proposed adoption of the WSCP and issues related thereto; and

**WHEREAS**, pursuant to said public hearing on FPUD's WSCP, and in accordance with Water Code Section 10642, FPUD, among other things, encouraged the active involvement of diverse social, cultural, and economic members of the community within FPUD's service area with regard to the WSCP, and encouraged community input regarding FPUD's WSCP; and

**WHEREAS**, the FPUD Board of Directors has reviewed and considered the purposes and requirements of the Act, the contents of the WSCP, and the documentation contained in the administrative record in support of the WSCP, and has determined that the factual analyses and conclusions set forth in the WSCP are legally sufficient; and

**WHEREAS**, the FPUD Board of Directors desires to adopt the WSCP and to incorporate it as part of its 2025 Plan prior to July 1, 2026 in order to comply with the Act.

**WHEREAS**, Section 10652 of the California Water Code provides that the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) (CEQA) does not apply to the preparation and adoption of its WSCP..

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

1. All of the above recitals are true.
2. The FPUD Water Shortage Contingency Plan (WSCP), attached hereto as Exhibit "A," is hereby adopted as amended by changes incorporated by the FPUD Board of Directors as a result of input received (if any) at the public hearing and ordered filed with the Secretary of the FPUD Board of Directors and shall be incorporated into FPUD's 2025 Plan.
3. The General Manager is hereby authorized and directed to include a copy of this Resolution in FPUD's WSCP and/or in FPUD's 2025 Plan.

4. The General Manager is hereby authorized and directed, in accordance with Water Code sections 10621(d) and 10644(a)2), to electronically submit a copy of the WSCP, as part of its 2025 Plan, to DWR no later than July 1, 2026.
5. The General Manager is hereby authorized and directed, in accordance with Water Code section 10644(a)(1), to submit a copy of the WSCP, as part of its 2025 Plan, to the California State Library, and to any city or county within which FPUD provides water supplies no later than thirty (30) days after this adoption date.
6. The General Manager is hereby authorized and directed, in accordance with Water Code sections 10632(c) and 10645(b), to make the WSCP available to FPUD's customers and the county and cities within which FPUD provides water supplies no later than thirty (30) days after adoption, and further to make the WSCP for public review at FPUD's offices during normal business hours and on its website at [www.fpud.com](http://www.fpud.com) no later than thirty (30) days after filing a copy of the WSCP, as part of its 2020 Plan, with DWR.
7. The General Manager is hereby authorized and directed to implement the WSCP in accordance with the Act and to provide recommendations to the FPUD Board of Directors regarding the necessary budgets, procedures, rules, regulations, or further actions to carry out the effective and equitable implementation of the WSCP.
8. The FPUD Board of Directors finds and determines that this resolution is not subject to CEQA pursuant to Water Code Section 10652 because CEQA does not apply to the preparation and adoption of a WSCP or to the implementation of the actions taken pursuant to a WSCP. Because this resolution comprises the FPUD Board of Directors' adoption of FPUD's WSCP and involves its implementation, no CEQA review is required.
9. Pursuant to CEQA, the FPUD Board of Directors directs staff to file a Notice of Exemption with the County Clerk's office within five (5) working days of adoption of this resolution.
10. The document and materials that constitute the record of proceedings on which this resolution and the above findings have been based are located at 990 East Mission Rd, Fallbrook CA 92028. The custodian for these records is the Secretary, Board of Directors, Lauren Eckert.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

**RESOLUTION 5110**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE**  
**FALLBROOK PUBLIC UTILITY DISTRICT ADOPTING**  
**THE 2025 URBAN WATER MANAGEMENT PLAN**

\* \* \* \* \*

**WHEREAS**, The California Urban Water Management Planning Act, (Wat. Code § 10610, et seq.) (the Act), mandates that every urban supplier of water providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare, and adopt an Urban Water Management Plan (Plan); and

**WHEREAS**, the Act generally requires that said Plan be updated and adopted at least once every five years on or before July 1, in years ending in six and one; and

**WHEREAS**, pursuant to recent amendments to the Act, urban water suppliers are required to update and electronically submit their 2025 Plans to the California Department of Water Resources (DWR) by July 1, 2026; and

**WHEREAS**, pursuant to Water Conservation Act of 2009, also referred to as SB X7-7 (Wat. Code § 10608 et seq.), an “urban retail water supplier” is defined as a water supplier that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre feet of potable water annually at retail for municipal purposes, and an “urban wholesale water supplier” is defined as a water supplier that provides more than 3,000 acre feet of water annually at wholesale for potable municipal purposes; and

**WHEREAS**, Fallbrook Public Utility District (FPUD) meets the definition of an urban retail water supplier for purposes of the Act and SB X7-7 because it directly provides potable municipal water to more than 3,000 end users; and

**WHEREAS**, FPUD has prepared a 2025 Urban Water Management Plan (2025 Plan) in accordance with the Act and SB X7-7;

**WHEREAS**, FPUD, in accordance with applicable legal requirements, has undertaken certain coordination, notice, public involvement, public comment, and other procedures in relation to its 2025 Plan; and

**WHEREAS**, in accordance with the Act and SB X7-7, FPUD has prepared its 2025 Plan with its own staff, with the assistance of consulting professionals, and in cooperation with other governmental agencies, and has utilized and relied upon industry standards and the expertise of industry professionals in preparing its 2025 Plan, and has also utilized DWR’s Urban Water Management Plan Guidebook 2025, including its related appendices, in preparing its 2025 Plan; and

**WHEREAS**, in accordance with applicable law, including Water Code section 10621(b), a Notice of Plan Preparation was sent to the county and cities within which

FPUD provides water supplies at least 60 days before the required public hearing on its 2025 Plan on June 29th 2026; and

**WHEREAS**, in accordance with applicable law, including Water Code sections 10642, and Government Code sections 6066 and 7290 et seq., a Notice of a Public Hearing regarding FPUD's 2025 Plan was published within the jurisdiction of FPUD on June 11<sup>th</sup> and June 18; and

**WHEREAS**, in accordance with applicable law, including but not limited to Water Code section 10608.26, a public hearing was held in person and by Webconference/Teleconference (via Zoom), on June 29<sup>th</sup> 2026 at 4 PM, or soon thereafter, in order to provide members of the public and other interested entities with the opportunity to be heard in connection with proposed adoption of the 2025 Plan and issues related thereto; and

**WHEREAS**, pursuant to said public hearing on FPUD's 2025 Plan, and in accordance with Water Code Section 10642, FPUD, among other things, encouraged the active involvement of diverse social, cultural, and economic members of the community within FPUD's service area with regard to the 2025 Plan and encouraged community input regarding FPUD's 2025 Plan; and

**WHEREAS**, the FPUD Board of Directors desires to adopt the 2025 Plan prior to July 1, 2026 in order to comply with the Act and SB X7-7; and

**WHEREAS**, Section 10652 of the California Water Code provides that the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) (CEQA) does not apply to the preparation and adoption of the 2025 Plan pursuant to this part.

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

1. All of the above recitals are true.
2. The FPUD 2025 Urban Water Management Plan (2025 Plan), attached hereto as Exhibit "A," is hereby adopted as amended by changes incorporated by the FPUD as a result of input received (if any) at the public hearing and ordered filed with the Secretary of the FPUD Board of Directors.
3. The General Manager is hereby authorized and directed to include a copy of this Resolution in FPUD's 2025 Plan.
4. The General Manager is hereby authorized and directed, in accordance with Water Code sections 10621(d) and 10644(a)(2), to

electronically submit a copy of the 2025 Plan to the DWR no later than July 1, 2026.

5. The General Manager is hereby authorized and directed, in accordance with Water Code section 10644(a)(1), to submit a copy of the 2025 Plan to the California State Library, and any city or county within which FPUD provides water supplies no later than thirty (30) days after this adoption date.
6. The General Manager is hereby authorized and directed, in accordance with Water Code section 10645(a), to make the 2025 Plan available for public review at the FPUD's offices during normal business hours or on the FPUD's website at [www.fpud.com](http://www.fpud.com) no later than thirty (30) days after filing a copy of the Plan with DWR.
7. The General Manager is hereby authorized and directed, in accordance with Water Code Section 10635(c), to provide that portion of the 2025 Plan prepared pursuant to Water Code Section 10635(a)-(b) to any city or county within which FPUD provides water supplies no later than sixty (60) days after submitting a copy of the Plan with DWR.
8. The General Manager is hereby authorized and directed to implement the 2025 Plan in accordance with the Act and SB X7-7 and to provide recommendations to the FPUD Board of Directors regarding the necessary budgets, procedures, rules, regulations, or further actions to carry out the effective and equitable implementation of the 2025 Plan.
9. The FPUD Board of Directors finds and determines that this resolution is not subject to CEQA pursuant to Water Code Section 10652 because CEQA does not apply to the preparation and adoption, including addenda thereto, of an urban water management plan. Because this resolution comprises the Board of Director's adoption of FPUD's 2025 Plan, no CEQA review is required.
10. Pursuant to CEQA, the FPUD Board of Directors directs staff to file a Notice of Exemption with the County Clerk's office within five (5) working days of adoption of this resolution.
11. The document and materials that constitute the record of proceedings on which this resolution and the above findings have been based are located at 990 East Mission Rd, Fallbrook CA 92028. The custodian for these records is the Acting Secretary, Board of Directors, Lauren Eckert.

**PASSED AND ADOPTED** by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 29<sup>th</sup> day of June, 2026, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

## Metropolitan Water District Board Meeting Report

The Metropolitan Water District of Southern California (Metropolitan) held its monthly Board and committee meetings on June 8-9, 2026. At these meetings, the Metropolitan Board:

- Presented 5-year Service Pin to Director Brenda Dennstedt, Western Municipal Water District.
- Approved a number of committee assignments, including Director Phil Paule as Alternate on the Delta Conveyance Design and Construction Authority and Delta Conveyance Finance Authority.
- Heard a presentation from Dr. Kurt Schwabe from the University of California, Riverside, on affordability of water services study in Metropolitan’s service area. The presentation was well received; board members were active and engaged. The takeaways include budget based rates, combined water/wastewater systems, and more populated districts all tend to have better affordability.
- Heard a presentation on the Proposed CAMP4W Community Engagement Standards that will be used to guide engagement for projects, programs and initiatives considered under CAMP. Metropolitan intends to facilitate high-quality, accessible engagement that creates meaningful opportunities for community to learn about and participate in Metropolitan’s CAMP4W efforts. Director Paule encouraged very clear communication with communities, and shared that the community around Diamond Valley Lake was left with a very different expectation from Metropolitan about “promised” recreation, and amenities.
- Heard an update on Metropolitan’s Community Partnering Program. This is the program where Metropolitan funds events and programs in local communities that promote water conservation.
- Discussed department head performance evaluations and compensation. Approved cost of wage increase of 3.4 percent for the department heads. Approved a cost of wage increase of 3.4 percent for each of the department heads - the General Manager (annual base pay is \$495,040), General Counsel (annual base pay is \$427,627.20), General Auditor (annual base pay is \$346,569.60), and Ethics Officer (annual base pay is \$335,691.60), with an effective date of June 21, 2026, for competent or better review. The final increased pay rate for these positions would be reflected on the salary schedules, which would be submitted for Board approval at the August 2026 meeting.
- Awarded a \$698,352.64 contract to Tintometer Inc. to furnish 128 turbidity meters for the Robert A. Skinner and Robert B. Diemer Water Treatment Plants, which is required to maintain operations and compliance at Diemer and Skinner.

- Awarded a \$4,542,000 construction contract to J.F. Shea Construction Inc. for upgrades to the Hollywood Tunnel North Portal Pressure Control Structure; amended Metropolitan's Project Labor Agreement to include the subject project; and authorized the General Manager to acquire a temporary construction easement for an amount not to exceed \$60,000. This rehabilitation project will increase reliability for the downstream member agencies of this facility. The current facility cannot be rehabilitated and must be replaced because parts for the facility are no longer manufactured.
- Approved the resolution adopting the Hazard Mitigation Plan.
- Approved up to \$2.65 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program for fiscal year 2026/27.
- Approved Metropolitan's Statement of Investment Policy for fiscal year 2026/27, delegated authority to the Treasurer to invest Metropolitan's funds for fiscal year 2026/27. Metropolitan, like EMWD, does an annual review of its Investment Policy as required by the Government Code and make any appropriate updates. Metropolitan made a handful of minor changes, the most significant is increasing the maximum maturity for commercial paper similar to changes EMWD has made. Metropolitan has an investment portfolio of \$1.7 billion, and commercial paper represents about 5 percent of the portfolio.
- Approved amendments to the Metropolitan Water District Administrative Code Section 6451 regarding the Audit Department Charter. The Audit Charter is reviewed annually, but this update is to conform to the Global Internal Audit Standards (Audit Standards) set by the Institute of Internal Auditors (IIA) that was recently updated. To conform with the new Audit Standards and IIA recommendations, the amendments will update the Audit Department's charter (Section 6451).
- Approved the General Auditor's (GA) Internal Audit Plan for Fiscal Year 2026/27. The General Auditor prepares an Annual Audit plan each Fiscal Year. This is a standard item in June that sets the workplan for the Internal Audit Function for Metropolitan for the fiscal year. Per the report, the fiscal year 2026/27 Internal Audit plan is comprised of 13 planned audits, including four (4) new audits, and 9 carried forward audits from prior fiscal years. Additionally, the audit plan includes eleven advisory projects. The GA's report is well done and provides details on the proposed audits.
  - Of the 13 Planned Audits, there are 3 of potential interest:
    - 1) Local Resources Program (LRP),
    - 2) Conservation (Board Request), and
    - 3) Real Estate (Board Request)

- The report shows the Org Chart on page 13 and shows that 3 positions are vacant for a workgroup of 14 (22 percent), this could impact the audit plan.
  - The Audit Plan has 800 hours assisting the external auditor on the annual external audit. From experience, internal audits functions may monitor or be included but assisting and allocating 800 hours is unusual. That time allocation is comparable to what the external auditor would probably spend.
- 
- Awarded a \$789,356 contract to Ortiz & Son Inc. to rehabilitate the toe of the slope supporting Basin No. 8 at the Robert B. Diemer Water Treatment Plant. This is a compliance related project to maintain Division of Safety of Dams. If the project is not completed, then the facility will be issued corrective notices after its next inspection.
  - Approved the Metropolitan Water District of Southern California's salary schedules pursuant to CalPERS regulations.
  - Authorized an increase under contract with Van Ness Feldman, LLP in the amount of \$500,000 for a total amount not to exceed \$1,000,000 and with Milbank, LLP in the amount of \$1,000,000 for a total amount not to exceed \$1,250,000 for legal advice on Colorado River matters.
  - Capital Investment Plan (CIP) Quarterly Report for period ending March 2026. The CIP Quarterly Report is standard. The 2 Year CIP budget is currently \$666 million and through the third quarter CIP expenditures are approximately \$517 million or 77 percent.
  - Heard an update on Metropolitan's SB 707 Implementation, which outlined Metropolitan's compliance with SB 707, a new law that requires public outreach to promote public meetings in a manner that better reaches constituents, in all relevant languages.
  - Heard an overview of the Equal Employment Opportunity (EEO)-related activities for the month of May 2026. The EEO Office participated on nine interview panels to ensure consistency across the hiring and selection process and help reduce the perception of bias. The office reports the following compliance rates 91.9 percent for supervisors/managers for required sexual harassment training, 95.8 percent for Non-Managers, and 100 percent for the Board of Directors. Staff completed a number of outreach activities to continue to raise awareness of the EEO process and foster an environment free from discrimination, harassment or retaliation and completed several trainings throughout the month to support their professional development.

- Heard an overview of proposed updates to the criteria, policies, and procedures for the naming of District facilities. Met is introducing new safeguards by establishing a list of ineligible facilities, as well as a one-year minimum separation from the board, and naming is prohibited if person is actively seeking political office. Nominations are on hold while the updates are completed and implemented.

**Attachment(s):**

*Exhibit A - Hydrology Report*



# The Metropolitan Water District of Southern California

## Water Supply Conditions Report - <https://www.mwdh2o.com/WSCR>

Questions? Reach out via the form: <https://forms.office.com/g/Cj3aReAuCm>

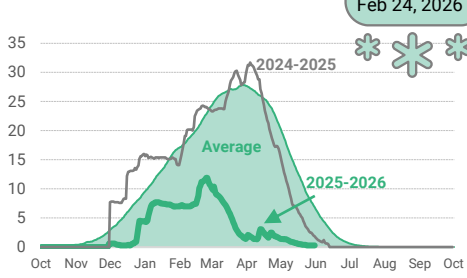
Water Year 2025-2026

As of: 05/31/2026

### State Water Project

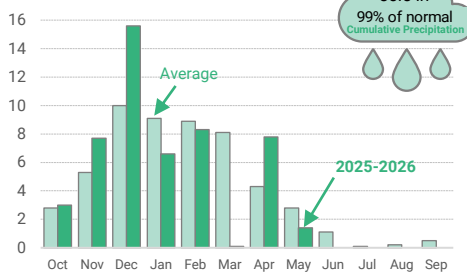
#### Northern Sierra Snow

Water Content values in inches



#### Northern Sierra 8 Station Rain

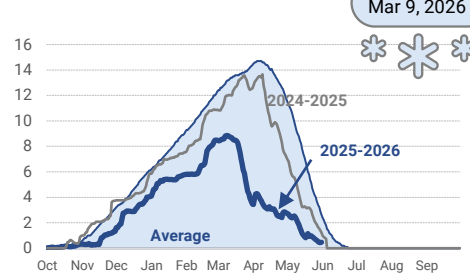
Values in inches



### Colorado River

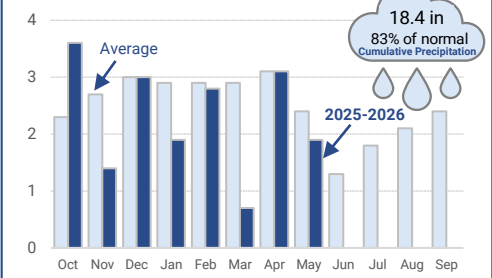
#### Colorado River Basin Snow

Water Content values in inches



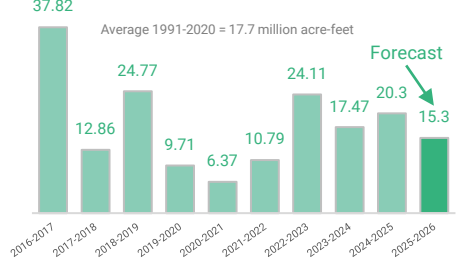
#### Colorado River Basin Rain

Values in inches

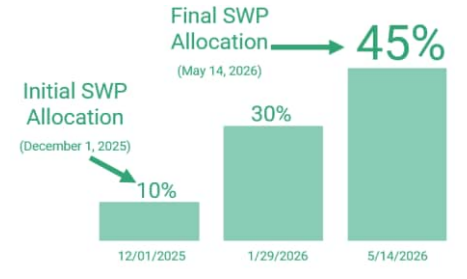


#### Sacramento River Runoff

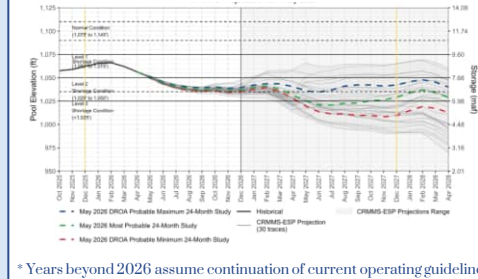
Values in million acre-feet



#### 2026 State Water Project Allocation

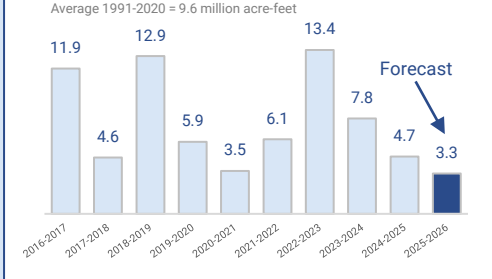


#### Lake Mead Elevation Projections



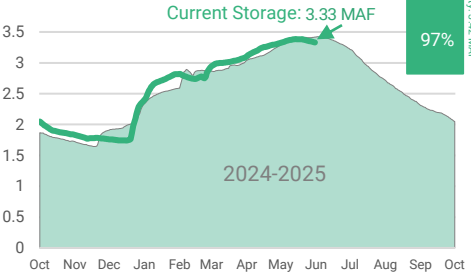
#### Unregulated Inflow into Lake Powell

Values in million acre-feet



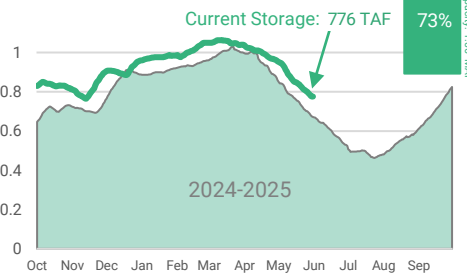
#### Oroville Reservoir Storage

Values in million acre-feet



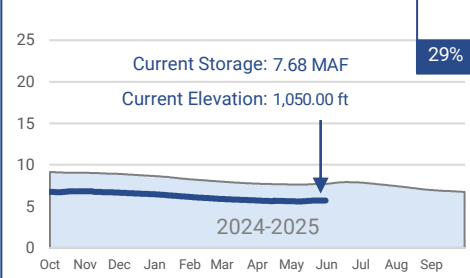
#### San Luis Reservoir SWP Storage

Values in million acre-feet



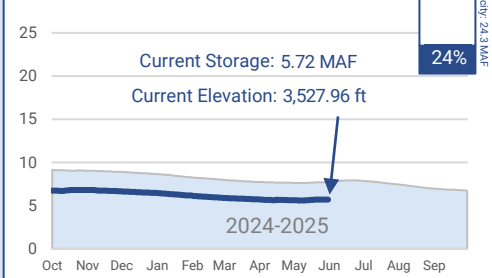
#### Lake Mead Storage

Values in million acre-feet



#### Lake Powell Storage

Values in million acre-feet





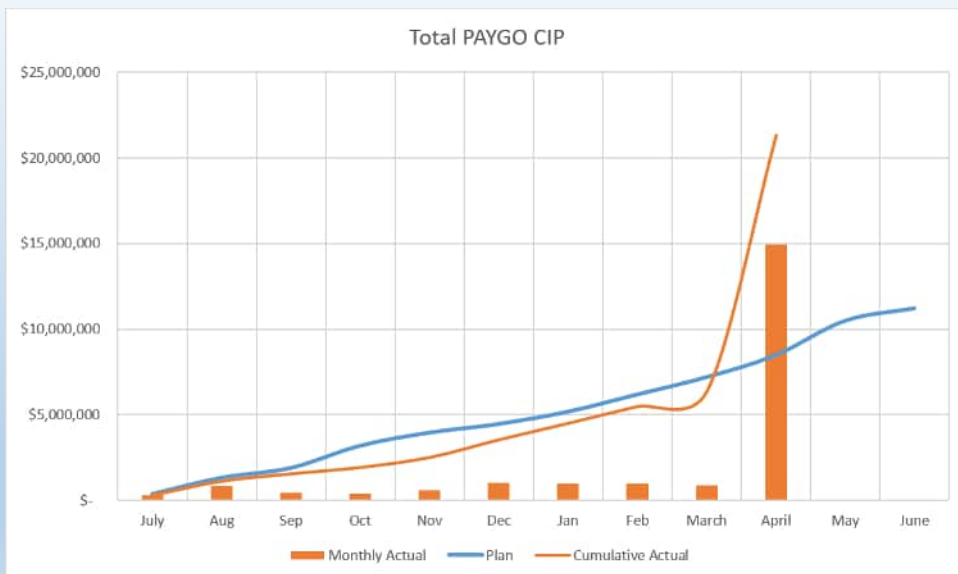
# Fallbrook Public Utility District

## Engineering and Operations

Board Meeting JUN 2026

1

### Total CIP FY26



2

2

# Wastewater Treatment

Reclamation Plant

Recycled Water

- Wastewater System Violations
- Reclamation Plant PMs Completed
- Energy Cost per MG
- Cost per Unit of Water Treated
- Recycled Water – Time Out of Service

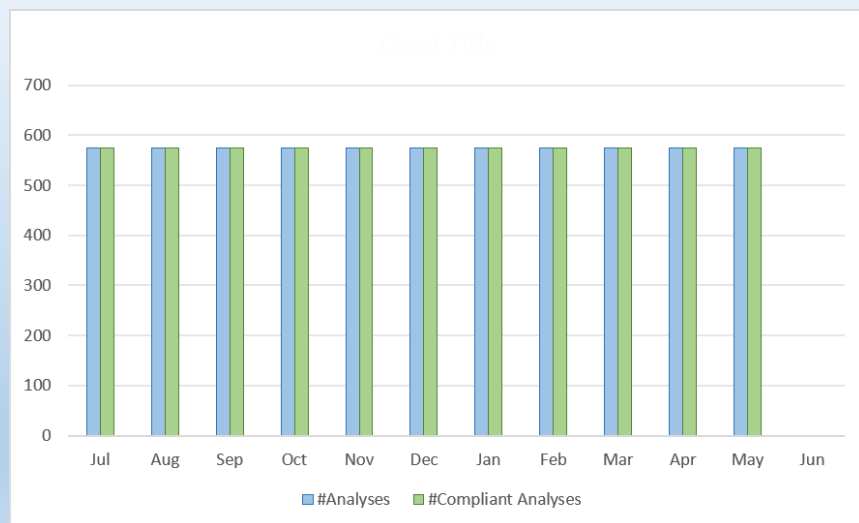
3

3

## Wastewater Treatment System Regulatory Compliance

**SRWQCB  
Compliance:**  
NPDES  
WDR

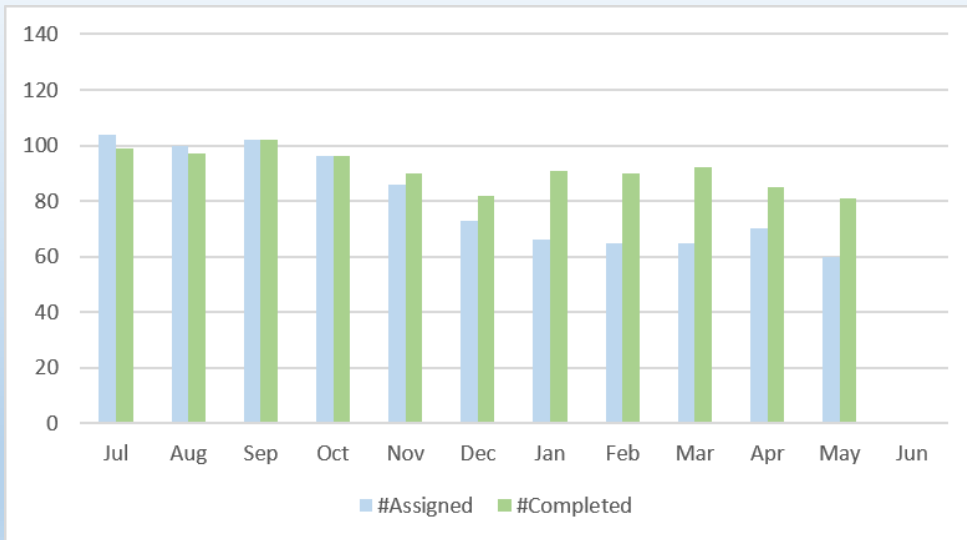
**Analyses  
performed:**  
Daily  
Monthly  
Quarterly  
Semi-annually  
Annually



4

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## Reclamation Plant – Wastewater PMs

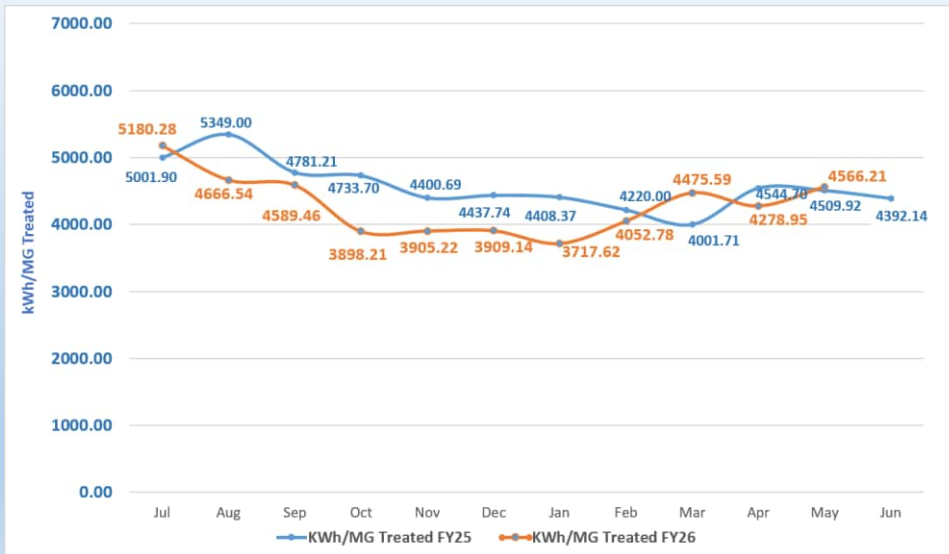


5

5

Formula =  
 $\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$

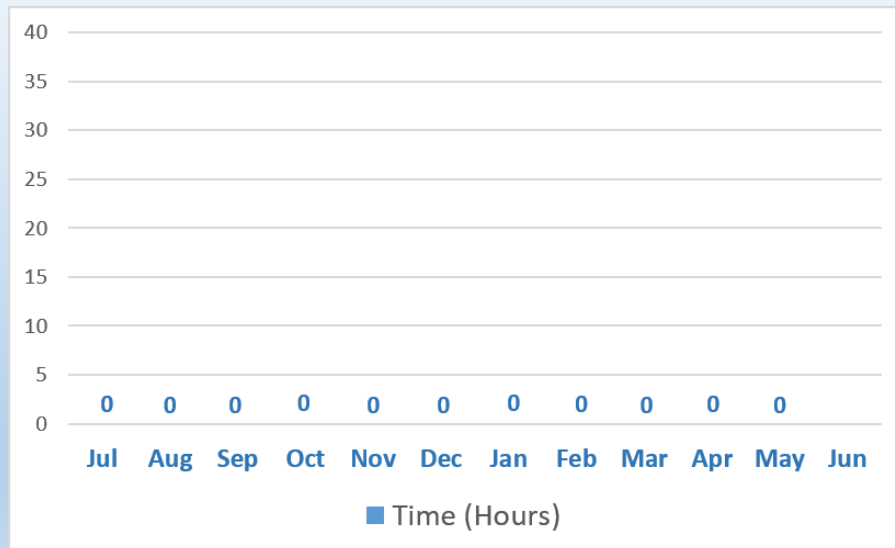
## Reclamation Plant – Energy Usage (KWh/MG Treated)



6

6

## Recycled Water – Time Out of Service (Hours)



7

7

# Water Operations

Regulatory Compliance

Preventative Maintenance Work Orders

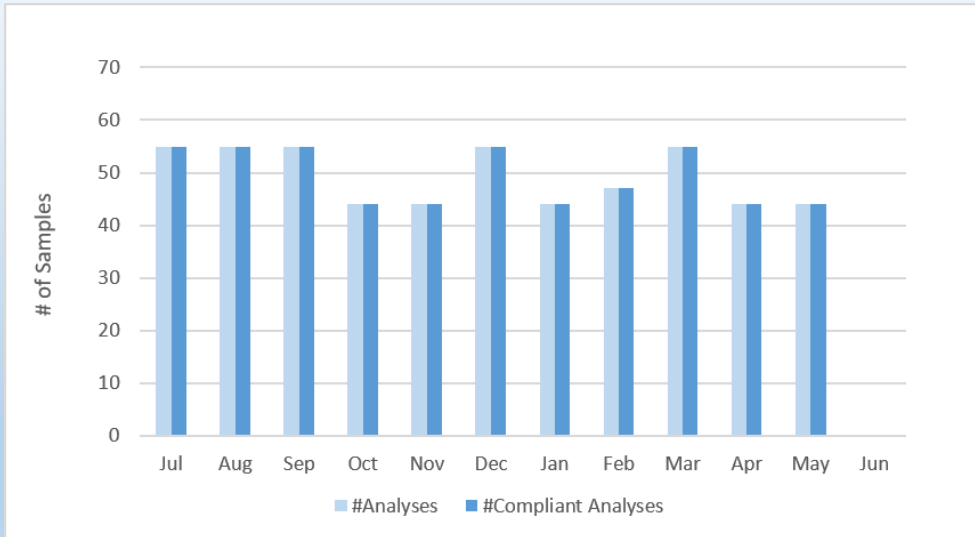
CUP Deliveries/SMGTP Flows

Unit Water Supply Costs

8

8

## Water System Regulatory Compliance

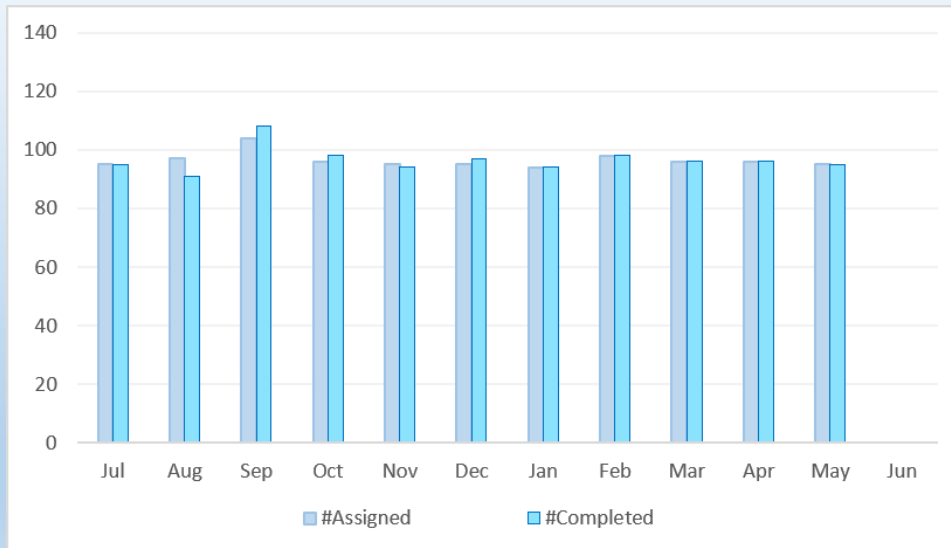


Routine Bacteriological Sampling

9

9

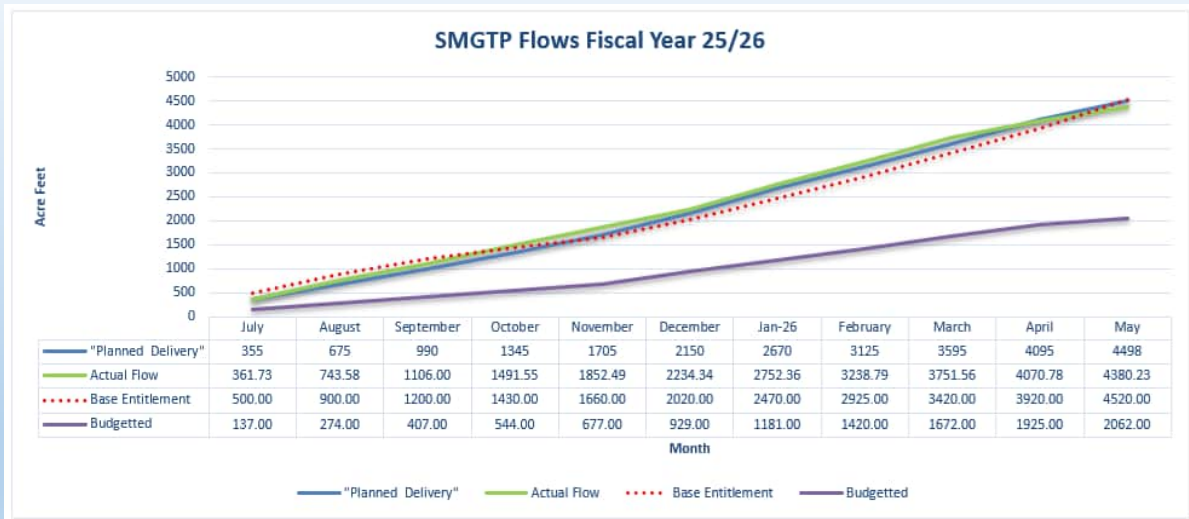
## Water System PMs



10

10

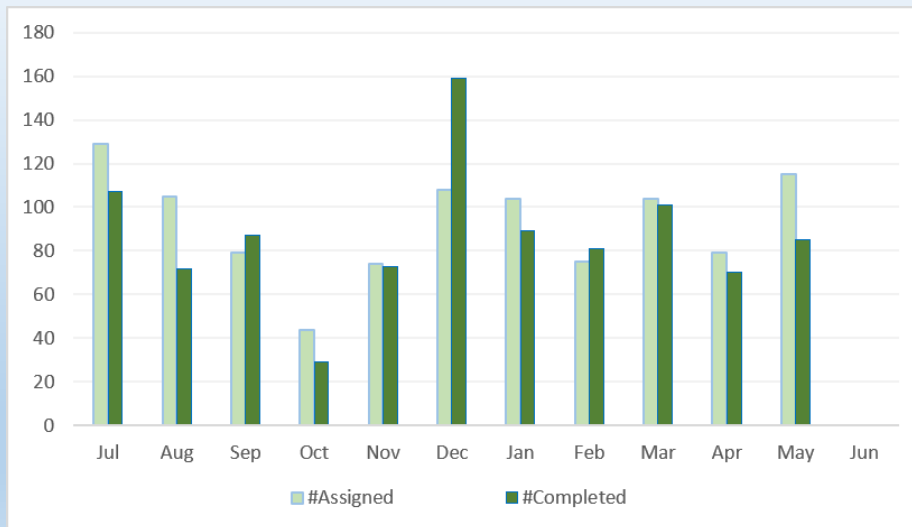
# SMGTP Flows



11

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# PLANT MAINT / SCADA Work Orders (PM and non-PM)



12

12

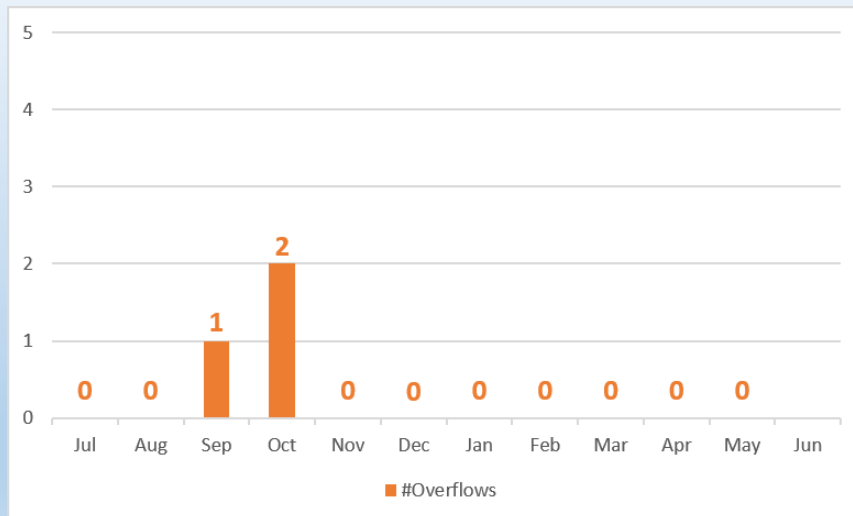
# Wastewater Collections

**Total Wastewater Spilled**  
**Non-Recovered Wastewater Spilled**  
**Odor Complaints**

13

13

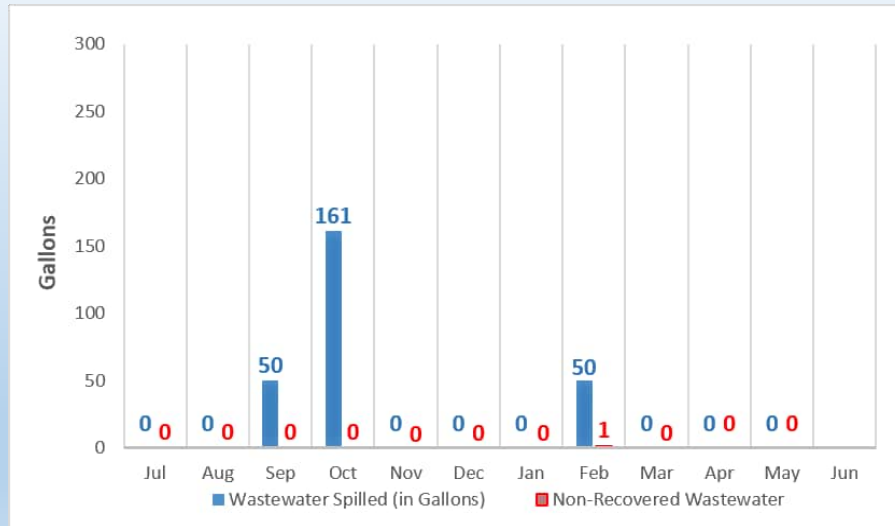
## Wastewater Collections - Sewer Overflows



14

14

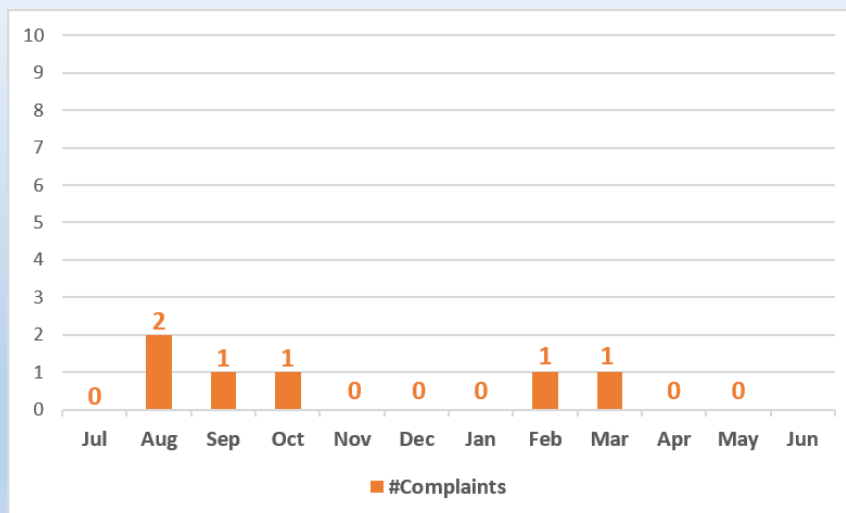
## Wastewater Collections - Wastewater Spilled



15

15

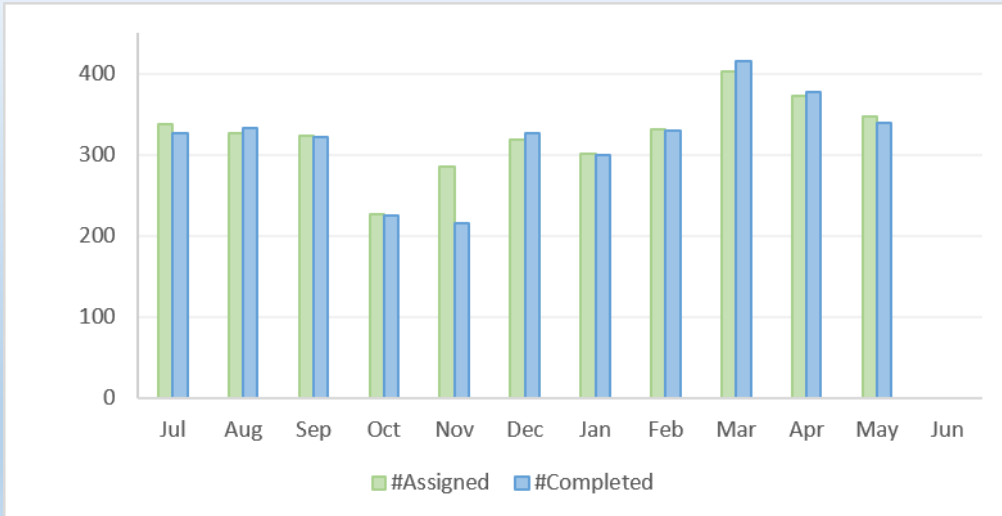
## Reclamation Plant & Wastewater Collections: Odor Complaints



16

16

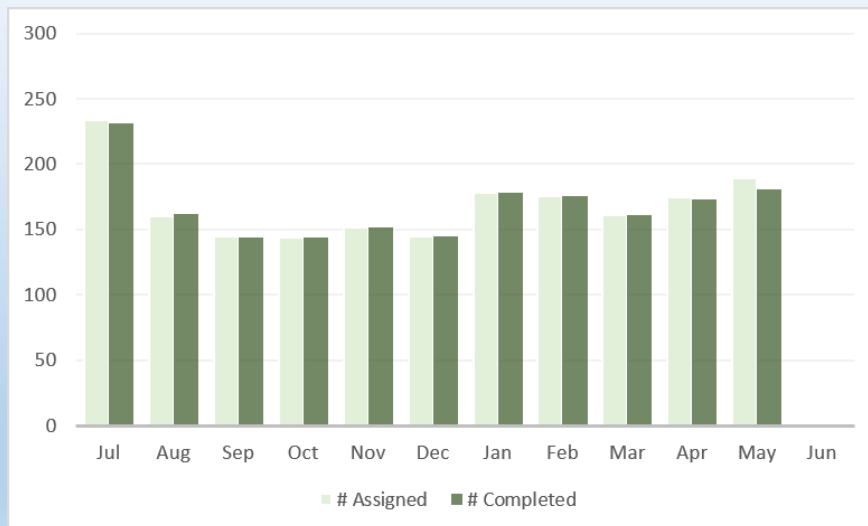
## Wastewater - Collections WOs (PMs, TV Inspections, High-Frequency Cleanings)



17

17

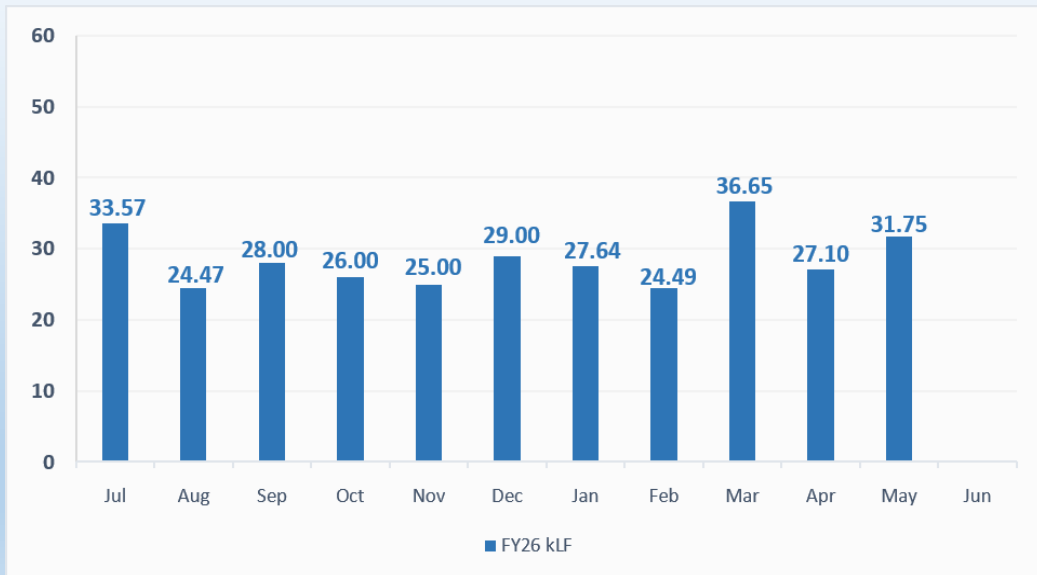
## Wastewater - Collections Service Requests



18

18

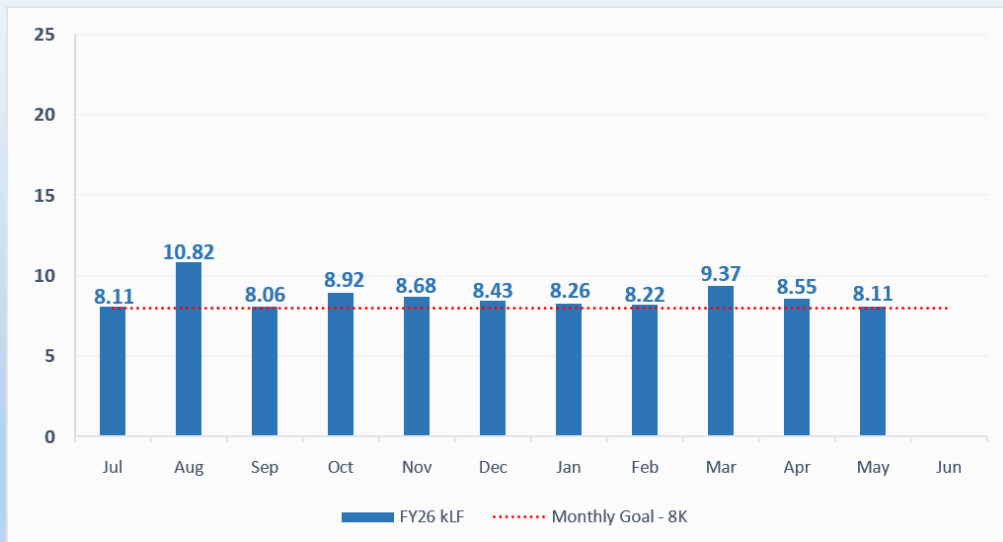
## Wastewater - Collections Flushing 1,000 LF



19

19

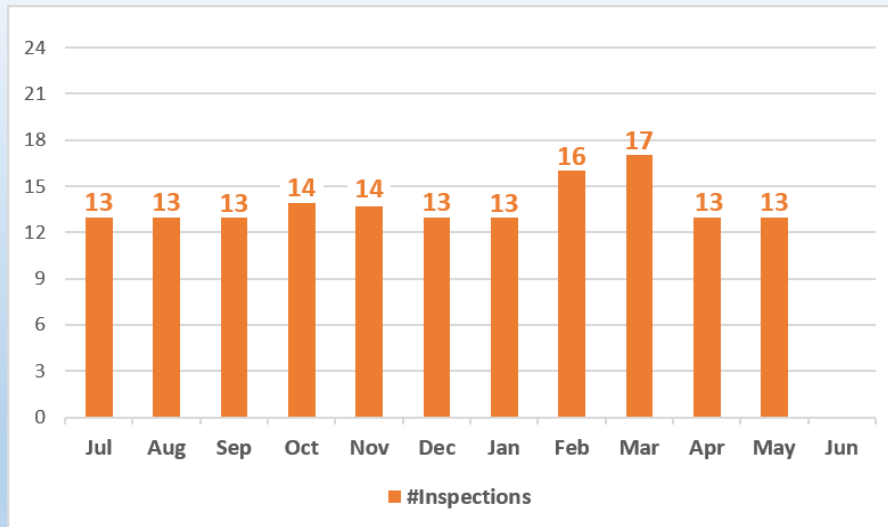
## Wastewater - Collections CCTV 1,000 LF



20

20

## Wastewater - Collections Manhole Inspections



21

21

## Meter Services

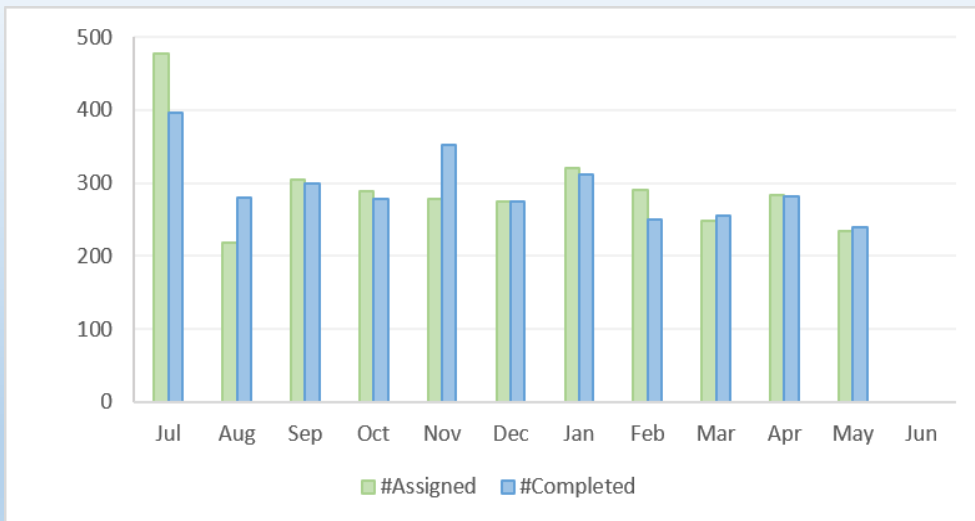
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**Meter Testing**  
**Valve Exercising**

22

22

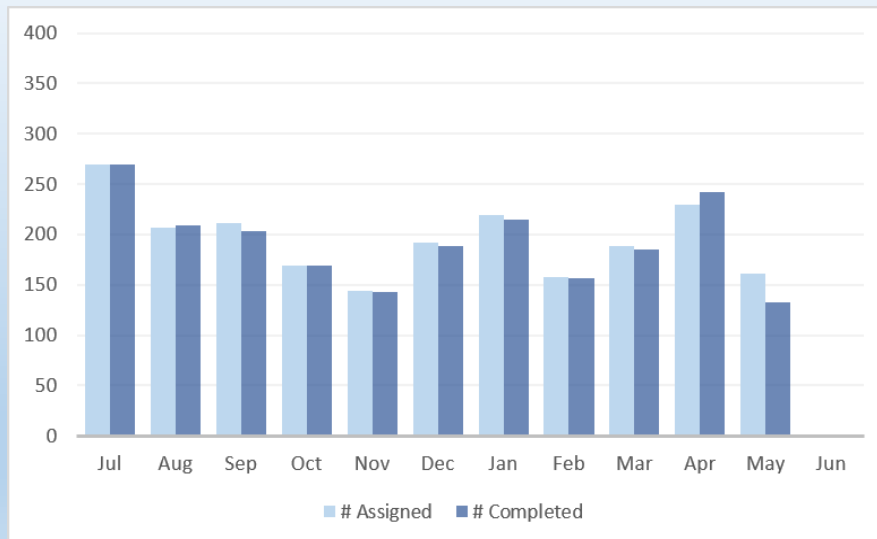
## System Services Work Orders



23

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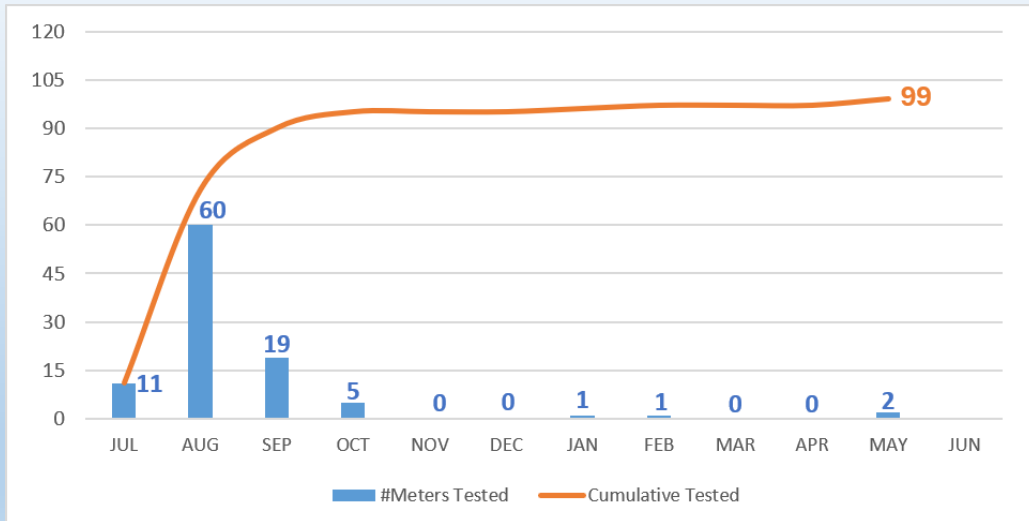
## Service Requests by Month – Water & Recycled (Markout Requests, Broken Hydrants etc.)



24

24

## Meter Testing by Month



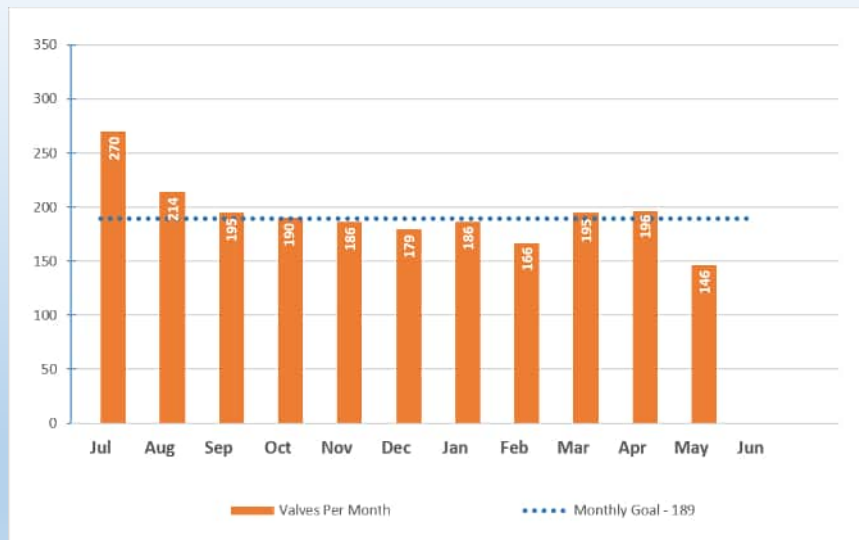
Goal for the year: 95

25

25

## Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns
- **Total valves exercised FY25: 2,327**



26

26

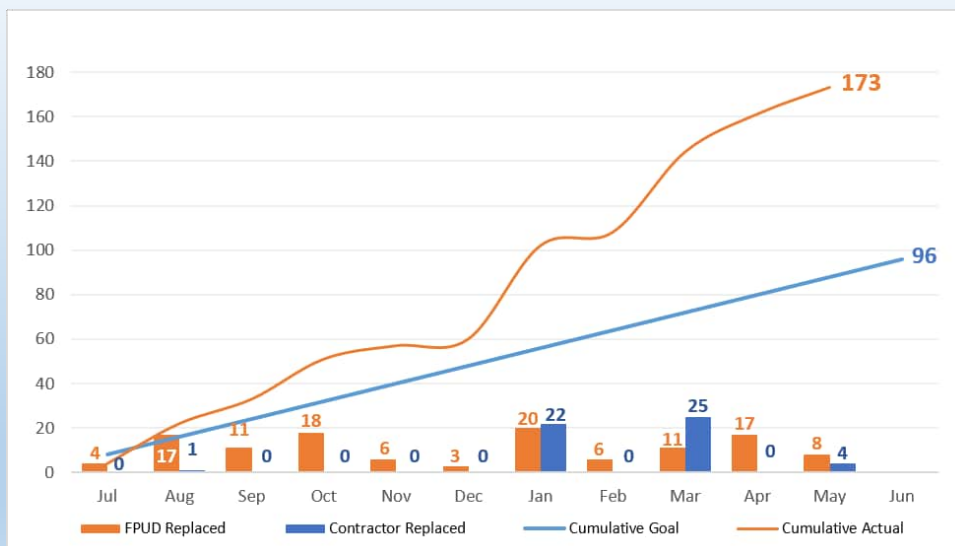
# Construction/Maintenance

- Efforts continue in replacing valves with the greatest impact on water loss and customer outages during large main breaks.
- With new valves, crews will be capable of shutting down smaller controlled areas faster, impacting fewer customers while losing less water and completing repairs sooner.
- Our goal is to replace 100 valves per year. Through December, FPUD crews have replaced 60 and contractors have replaced 1. We currently have 6,804 valves in the system with 488 known to be broken or not fully functioning.
- We have a goal to perform maintenance on 3,000 linear feet of easement roads. Through December, 1,840 linear feet of maintenance has been completed.

27

27

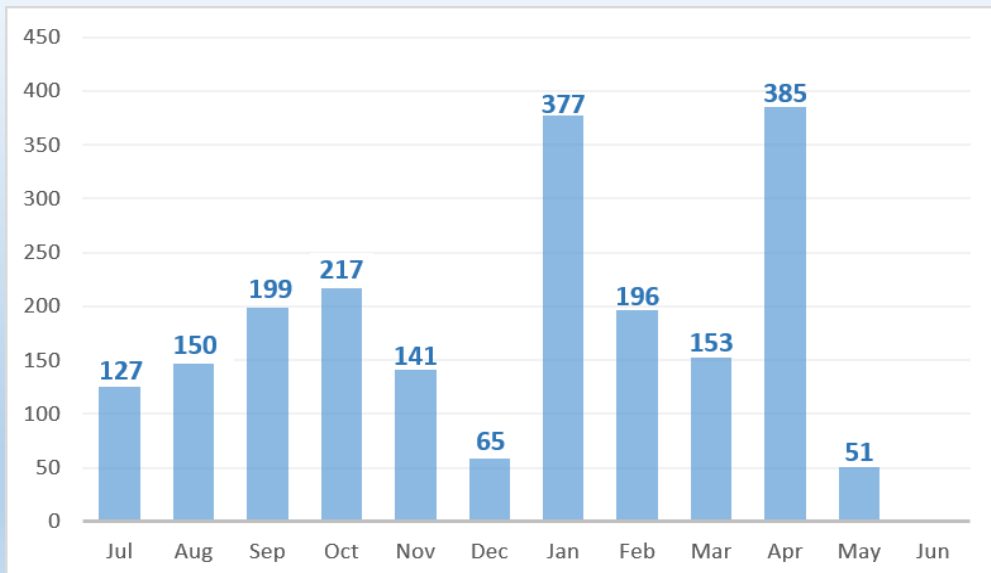
## Main Line Valves Replaced



28

28

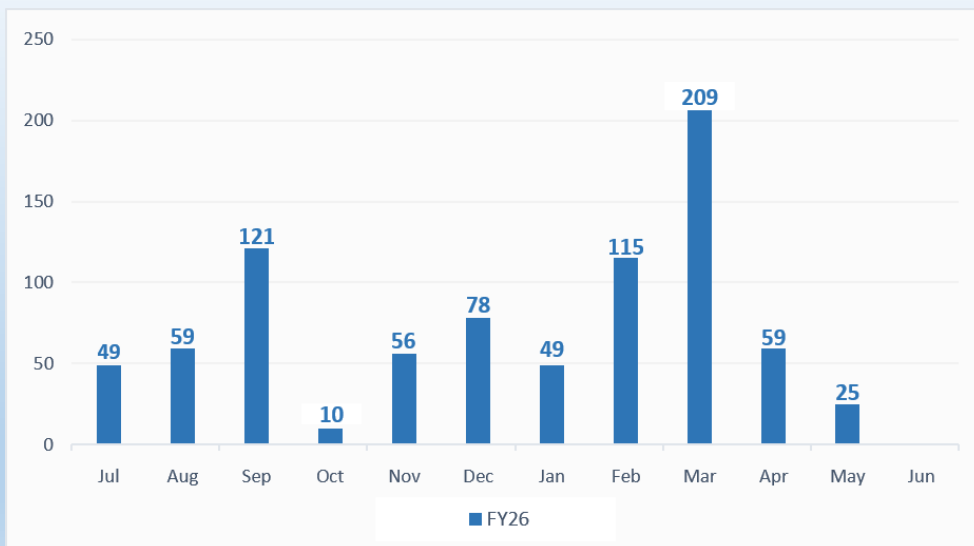
## Planned Outages > 4 Hours: Customers Affected by Month



29

29

## Emergency Outages > 4 Hours: Customers Affected by Month



30

30

**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Financial Summary Report – April

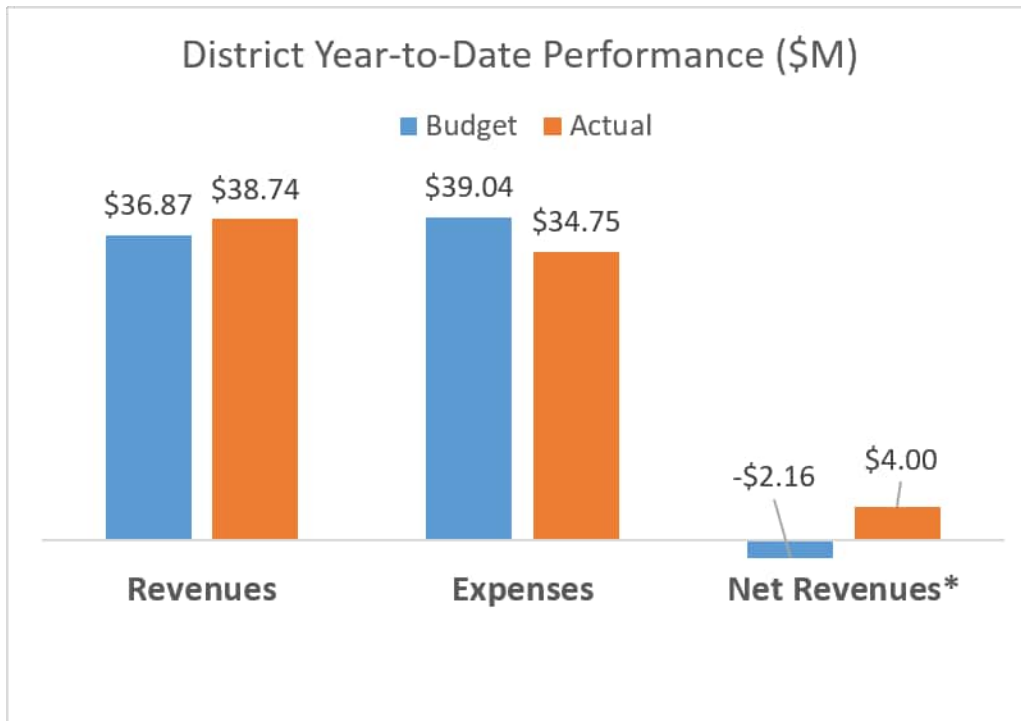
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Purpose

Provide an overview of changes in the District’s financial position.

Summary

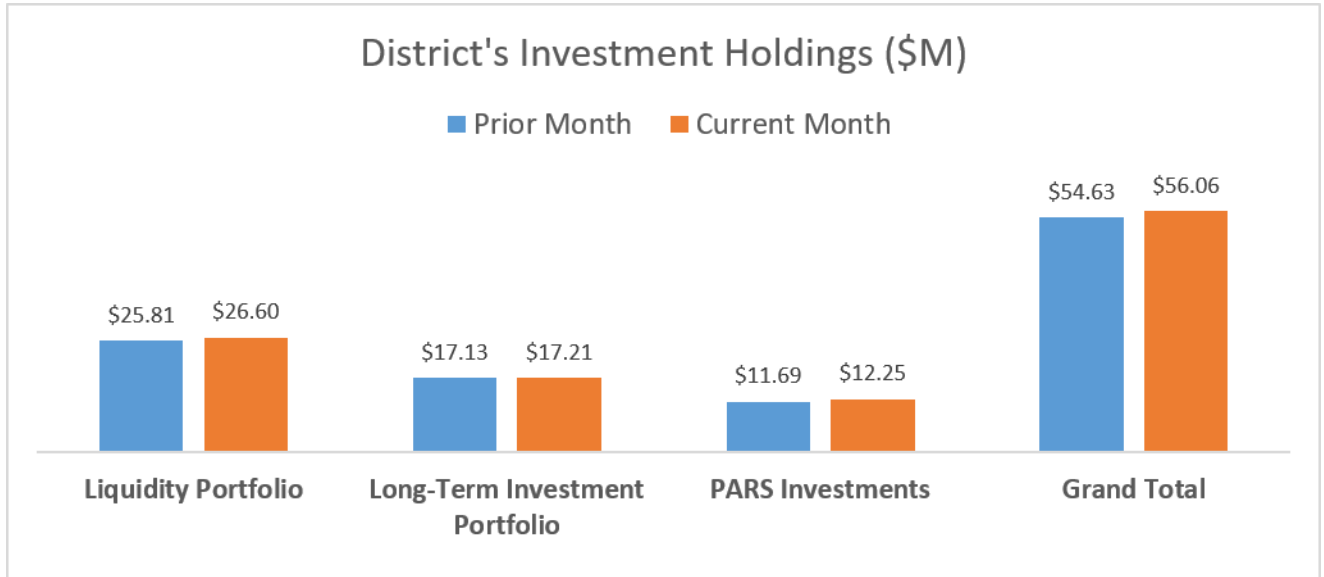
The graph below shows the District’s year-to-date Revenues, Expenditures and Net revenues.



\* Does not include bond proceeds

Revenues are in line with the Budget for the current fiscal year due to one-time nonoperating revenues. Operating expenses are under budget due to lower than budgeted imported water purchases. With the water supply mix favoring the lower cost local supply (Santa Margarita River Water), purchased water expense are 41.2% under budget. However, operating expenses tend to trend higher as the year progresses. Net revenues are higher than budget due to the higher level of revenues and lower expenses.

The graph below shows the District's bank holdings reported in the Treasurer's Report at the end of the current and prior month.



Overall, the District's financial holdings increased this month. The increase was driven by a PFAS payment and significant property tax receipts. The Long-term Investment Portfolio and PARS investments continue to perform in line with the capital markets. The District made contributions to the PARS Pension Trust this month. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Recommended Action

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

# MEMO

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Financial Summary Report – May

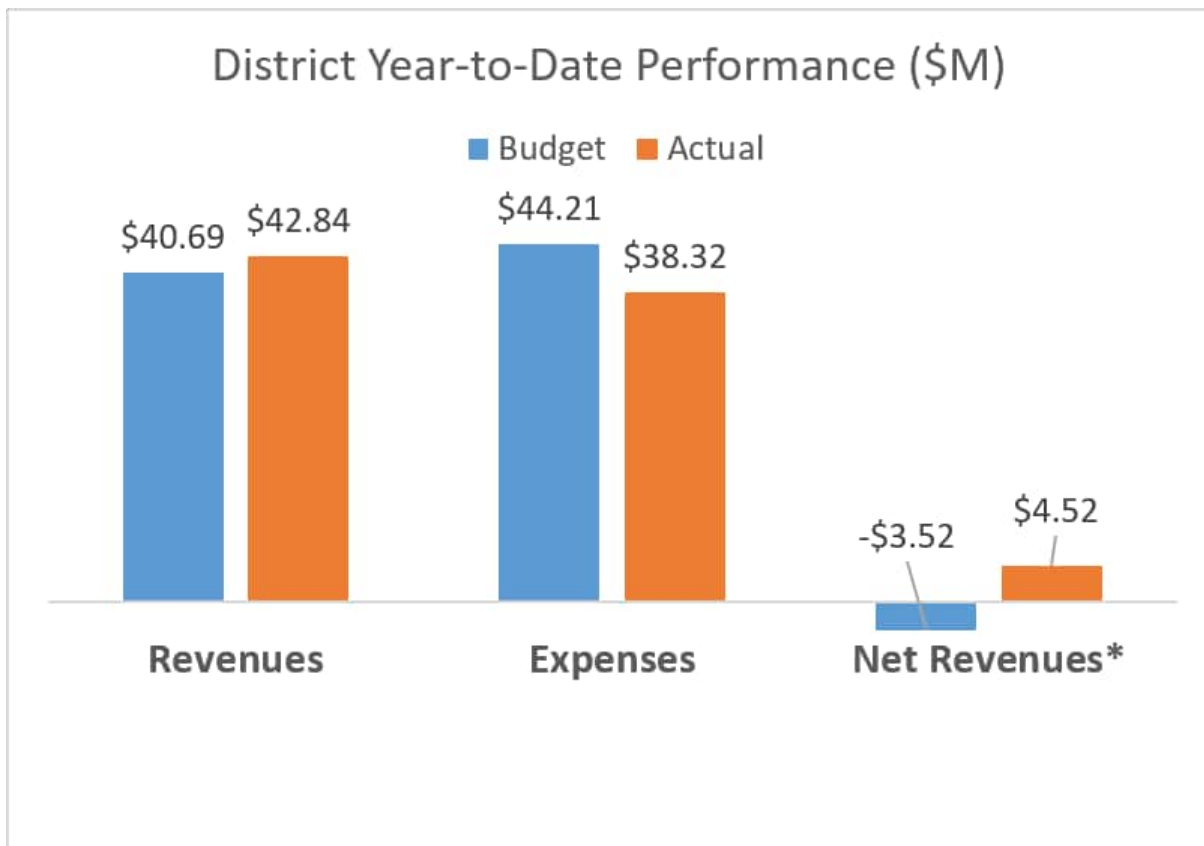
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## Purpose

Provide an overview of changes in the District's financial position.

## Summary

The graph below shows the District's year-to-date Revenues, Expenditures and Net revenues.

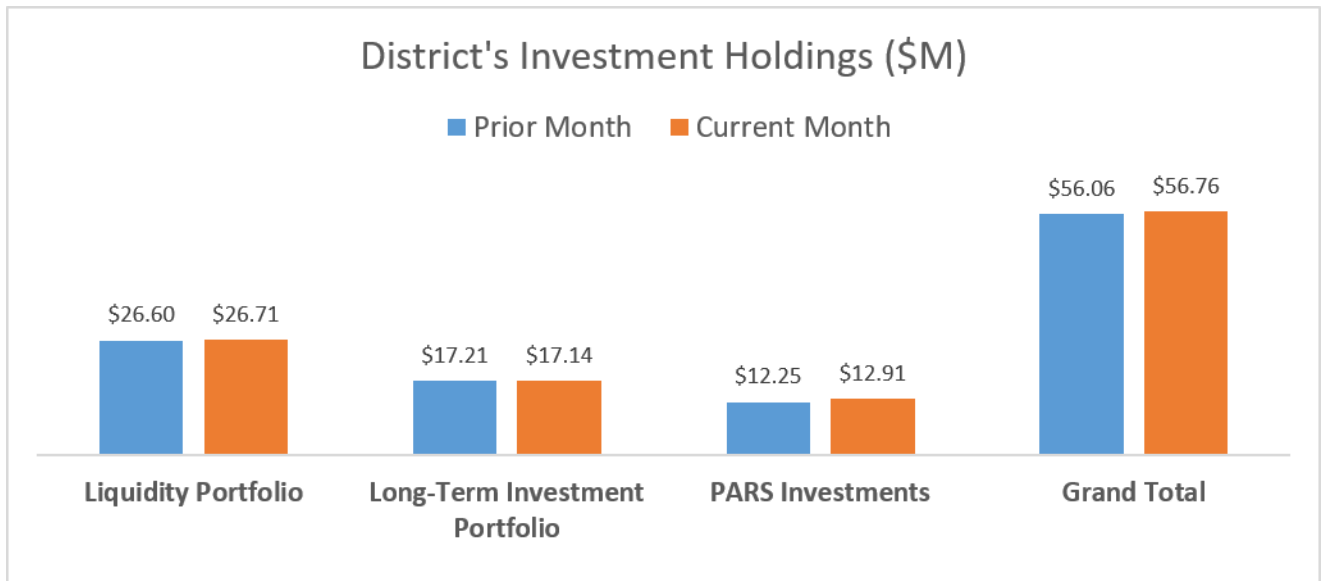


\* Does not include bond proceeds

Revenues are in line with the Budget for the current fiscal year due to one-time nonoperating revenues. Operating expenses are under budget due to lower than budgeted imported water purchases. With the water supply mix favoring the lower cost local supply (Santa Margarita River Water), purchased water expense are 39.8% under

budget. However, operating expenses tend to trend higher as the year progresses. Net revenues are higher than budget due to the higher level of revenues and lower expenses. Staff are carefully tracking the District's financial position to identify any budget shortfalls early.

The graph below shows the District's bank holdings reported in the Treasurer's Report at the end of the current and prior month.



Overall, the District's financial holdings slightly increased this month. The Long-term Investment Portfolio and PARS investments continue to perform in line with the capital markets. The District transferred \$375,000 to the pension trust this month. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Recommended Action

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

**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Treasurer's Report

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Purpose

Provide the April 2026 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

Overall, the District's financial holdings increased this month. The increase was driven by a PFAS payment and significant property tax receipts. The Long-term Investment Portfolio and PARS investments continue to perform in line with the capital markets. The District made contributions to the PARS Pension Trust this month. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Summary

**Treasurer's Report April' 2026**

<b>Account</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>
Operating Fund	\$ 5,035	\$ 9,373
Money Market	\$ 1,095,013	\$ 551,633
CAMP Account	\$ 24,712,410	\$ 26,039,646
<b><i>District's Liquidity Portfolio*</i></b>	<b>\$ 25,812,458</b>	<b>\$ 26,600,652</b>
PFM Managed Long-term Investment Portfolio**	\$ 17,125,548	\$ 17,207,425
LAI (Long-term Reserves)	\$ 7,483	\$ 7,556
PARS (OPEB & Pension Trust)***	\$ 11,689,368	\$ 12,246,208
<b><i>District Accounts Total</i></b>	<b>\$ 54,634,857</b>	<b>\$ 56,061,841</b>

\* Includes \$8,132,209 Camp Pendleton payment

\*\*\$6.21M of funds are from the sale of the Santa Margarita properties.

\*\*\*\$3.78M of funds are from the sale of the Santa Margarita Properties.

David Shank  
June 29, 2026

Fallbrook Public Utilities District - Holdings Summary

Security Type	March 31, 2026	April 30, 2026	Change (\$)	Change (%)
U.S. Treasury	\$7,063,313.15	\$7,178,782.09	\$115,468.94	1.6%
Agency CMBS	\$2,746,905.62	\$2,894,318.82	\$147,413.20	5.4%
Municipal	\$141,306.27	\$186,413.21	\$45,106.94	31.9%
Corporate	\$4,801,641.32	\$4,534,491.71	(\$267,149.61)	-5.6%
ABS	\$2,355,225.95	\$2,313,931.32	(\$41,294.63)	-1.8%
<b>Securities Total</b>	<b>\$17,108,392.31</b>	<b>\$17,107,937.15</b>	<b>(\$455.16)</b>	<b>0.0%</b>
Money Market Fund	\$17,156.03	\$99,487.69	\$82,331.66	479.9%
<b>Total Investments</b>	<b>\$17,125,548.34</b>	<b>\$17,207,424.84</b>	<b>\$81,876.50</b>	<b>0.5%</b>

Summary

FY 25-26 Accrual Earnings	\$629,529.37
Yield to Maturity at Cost	4.20%
Weighted Average Maturity (Years)	3.11



Security market values, excluding accrued interest, as on last day of month.



**Account Statement - Transaction Summary**

For the Month Ending **April 30, 2026**

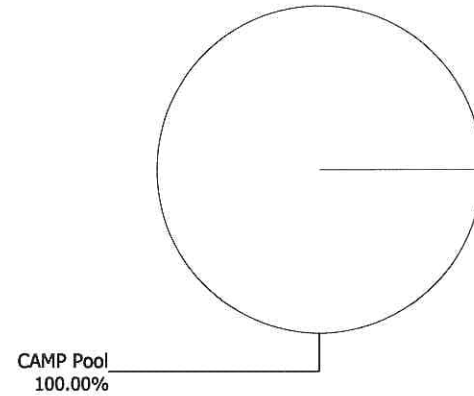
Fallbrook Public Utility District - Liquidity - 6050-004

<b>CAMP Pool</b>	
Opening Market Value	24,712,410.05
Purchases	1,327,235.62
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$26,039,645.67</b>
Cash Dividends and Income	77,235.62

<b>Asset Summary</b>		
	<b>April 30, 2026</b>	<b>March 31, 2026</b>
<b>CAMP Pool</b>	26,039,645.67	24,712,410.05
<b>Total</b>	<b>\$26,039,645.67</b>	<b>\$24,712,410.05</b>

<b>Asset Allocation</b>	
CAMP Pool	100.00%





**Account Statement**

For the Month Ending **April 30, 2026**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>24,712,410.05</b>
04/28/26	04/28/26	Purchase - Incoming Wires	1.00	1,250,000.00	25,962,410.05
04/30/26	05/01/26	Accrual Income Div Reinvestment - Distributions	1.00	77,235.62	26,039,645.67
<b>Closing Balance</b>					<b>26,039,645.67</b>

	Month of April	Fiscal YTD July-April		
Opening Balance	24,712,410.05	8,986,544.67	Closing Balance	26,039,645.67
Purchases	1,327,235.62	23,113,101.00	Average Monthly Balance	24,839,984.57
Redemptions (Excl. Checks)	0.00	(6,060,000.00)	Monthly Distribution Yield	3.78%
Check Disbursements	0.00	0.00		
<b>Closing Balance</b>	<b>26,039,645.67</b>	<b>26,039,645.67</b>		
Cash Dividends and Income	77,235.62	563,101.00		

Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>BUY</b>											
	04/01/26	04/07/26	FHMS K088 A2 DTD 03/01/2019 3.690% 01/01/2029	3137FKZZ2	170,000.00	(167,961.33)	(104.55)	(168,065.88)			
	04/08/26	04/09/26	US TREASURY N/B DTD 02/29/2024 4.250% 02/28/2031	91282CKC4	50,000.00	(50,791.02)	(230.98)	(51,022.00)			
	04/10/26	04/13/26	US TREASURY N/B DTD 03/16/2026 3.500% 03/15/2029	91282CQE4	95,000.00	(94,209.57)	(262.02)	(94,471.59)			
	04/14/26	04/15/26	US TREASURY N/B DTD 04/01/2024 4.125% 03/31/2031	91282CKF7	85,000.00	(85,753.71)	(143.70)	(85,897.41)			
	04/15/26	04/16/26	US TREASURY N/B DTD 04/01/2024 4.125% 03/31/2031	91282CKF7	75,000.00	(75,761.72)	(135.25)	(75,896.97)			
	04/15/26	04/17/26	MORGAN STANLEY (CALLABLE) DTD 04/17/2026 4.555% 04/10/2030	61748UAV4	125,000.00	(125,000.00)	0.00	(125,000.00)			
	04/16/26	04/30/26	HAWAII ST-TXBL-GP (CALLABLE) DTD 04/30/2026 4.212% 04/01/2031	419792S23	45,000.00	(45,000.00)	0.00	(45,000.00)			
	04/27/26	05/04/26	AMERICAN EXPRESS CO (CALLABLE) DTD 05/04/2026 4.444% 05/03/2030	025816ET2	50,000.00	(50,000.00)	0.00	(50,000.00)			
<b>Transaction Type Sub-Total</b>					<b>695,000.00</b>	<b>(694,477.35)</b>	<b>(876.50)</b>	<b>(695,353.85)</b>			

<b>INTEREST</b>											
	04/01/26	04/01/26	MONEY MARKET FUND DTD 01/01/2010 0.000% --	MONEY0002		0.00	755.41	755.41			
	04/01/26	04/25/26	FHMS K551 A2 DTD 12/01/2025 4.165% 11/01/2030	3137HNWV6		0.00	381.79	381.79			
	04/01/26	04/25/26	FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7		0.00	344.25	344.25			
	04/01/26	04/25/26	FHMS K075 A2 DTD 04/01/2018 3.650% 02/01/2028	3137F4X72		0.00	524.51	524.51			
	04/01/26	04/25/26	FHMS K124 A1 DTD 02/01/2021 0.964% 08/01/2030	3137F9CR0		0.00	135.13	135.13			
	04/01/26	04/25/26	FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4		0.00	232.33	232.33			

**Managed Account Security Transactions & Interest**

For the Month Ending April 30, 2026

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	04/01/26	04/25/26	FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3		0.00	424.07	424.07			
	04/01/26	04/25/26	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45		0.00	464.97	464.97			
	04/01/26	04/25/26	FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2		0.00	602.38	602.38			
	04/01/26	04/25/26	FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2		0.00	600.00	600.00			
	04/01/26	04/25/26	FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74		0.00	592.50	592.50			
	04/01/26	04/25/26	FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4		0.00	647.70	647.70			
	04/01/26	04/25/26	FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6		0.00	581.25	581.25			
	04/01/26	04/25/26	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69		0.00	457.35	457.35			
	04/01/26	04/25/26	FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4		0.00	464.79	464.79			
	04/01/26	04/25/26	FNA 2024-M6 A2 DTD 11/01/2024 2.999% 07/01/2027	3136BTGM9		0.00	411.33	411.33			
	04/01/26	04/25/26	FHMS K528 A2 DTD 09/01/2024 4.508% 07/01/2029	3137HFNZ4		0.00	601.07	601.07			
	04/01/26	04/25/26	FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6		0.00	480.02	480.02			
	04/01/26	04/25/26	FNA 2018-M2 A2 DTD 02/01/2018 3.026% 01/01/2028	3136B0YM2		0.00	366.07	366.07			
	04/01/26	04/25/26	FHMS K743 A2 DTD 06/01/2021 1.770% 05/01/2028	3137H14B9		0.00	250.75	250.75			
	04/01/26	04/25/26	FHMS K529 A2 DTD 10/01/2024 4.791% 09/01/2029	3137HH6C0		0.00	379.29	379.29			
	04/01/26	04/25/26	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3		0.00	182.51	182.51			
	04/15/26	04/15/26	BACCT 2025-A1 A DTD 06/12/2025 4.310% 05/15/2030	05522RDK1		0.00	287.33	287.33			



Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	04/15/26	04/15/26	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4		0.00	82.47	82.47			
	04/15/26	04/15/26	HOME DEPOT INC (CALLABLE) DTD 12/04/2023 4.900% 04/15/2029	437076CW0		0.00	3,062.50	3,062.50			
	04/15/26	04/15/26	COPAR 2025-1 A3 DTD 11/05/2025 3.850% 07/15/2030	14043YAD7		0.00	128.33	128.33			
	04/15/26	04/15/26	AMXCA 2025-4 A DTD 07/22/2025 4.300% 07/15/2030	02582JKV1		0.00	358.33	358.33			
	04/15/26	04/15/26	TAOT 2025-B A3 DTD 04/30/2025 4.340% 11/15/2029	89231HAD8		0.00	235.08	235.08			
	04/15/26	04/15/26	WFCIT 2025-A1 A DTD 06/10/2025 4.340% 05/15/2030	92970QAJ4		0.00	542.50	542.50			
	04/15/26	04/15/26	COMET 2025-A1 A DTD 09/16/2025 3.820% 09/15/2030	14041NGF2		0.00	334.25	334.25			
	04/15/26	04/15/26	MBART 2025-1 A3 DTD 01/23/2025 4.780% 12/17/2029	58773DAD6		0.00	657.25	657.25			
	04/15/26	04/15/26	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2		0.00	158.66	158.66			
	04/15/26	04/15/26	WFCIT 2024-A2 A DTD 10/24/2024 4.290% 10/15/2029	92970QAE5		0.00	250.25	250.25			
	04/15/26	04/15/26	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9		0.00	86.78	86.78			
	04/15/26	04/15/26	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5		0.00	60.45	60.45			
	04/15/26	04/15/26	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8		0.00	39.20	39.20			
	04/15/26	04/15/26	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3		0.00	220.25	220.25			
	04/15/26	04/15/26	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0		0.00	293.67	293.67			
	04/15/26	04/15/26	HAROT 2025-2 A3 DTD 05/08/2025 4.150% 10/15/2029	437921AD1		0.00	121.04	121.04			
	04/15/26	04/15/26	AMXCA 2025-2 A DTD 05/13/2025 4.280% 04/15/2030	02582JKP4		0.00	410.17	410.17			

Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	04/15/26	04/15/26	NAROT 2025-A A3 DTD 05/27/2025 4.490% 12/17/2029	65481GAD7		0.00	449.00	449.00			
	04/15/26	04/15/26	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2		0.00	76.64	76.64			
	04/15/26	04/15/26	HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4		0.00	127.66	127.66			
	04/15/26	04/15/26	FORDO 2025-A A3 DTD 03/25/2025 4.450% 10/15/2029	34535KAD0		0.00	463.54	463.54			
	04/15/26	04/15/26	FORDO 2026-A A3 DTD 03/24/2026 4.050% 10/15/2030	34532WAD7		0.00	141.75	141.75			
	04/15/26	04/15/26	CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4		0.00	516.00	516.00			
	04/15/26	04/15/26	ALLYA 2025-1 A3 DTD 10/16/2025 3.960% 03/15/2030	02008KAC7		0.00	115.50	115.50			
	04/16/26	04/16/26	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9		0.00	95.20	95.20			
	04/16/26	04/16/26	GMCAR 2025-2 A3 DTD 05/14/2025 4.280% 04/16/2030	362549AD9		0.00	89.17	89.17			
	04/16/26	04/16/26	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2		0.00	145.19	145.19			
	04/20/26	04/20/26	VZMT 2025-3 A1A DTD 03/31/2025 4.510% 03/20/2030	92348KDY6		0.00	469.79	469.79			
	04/20/26	04/20/26	VALET 2025-1 A3 DTD 03/25/2025 4.500% 08/20/2029	92868MAD1		0.00	393.75	393.75			
	04/20/26	04/20/26	VWALT 2026-A A4 DTD 03/24/2026 4.210% 11/20/2030	92868CAE1		0.00	243.24	243.24			
	04/21/26	04/21/26	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5		0.00	65.41	65.41			
	04/23/26	04/23/26	TRUIST BANK (CALLABLE) DTD 10/23/2025 4.136% 10/23/2029	89788JAH2		0.00	1,757.80	1,757.80			
	04/25/26	04/25/26	BANK OF NY MELLON CORP (CALLABLE) DTD 10/25/2023 6.317% 10/25/2029	06406RBT3		0.00	7,264.55	7,264.55			



Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	04/25/26	04/25/26	BMWLT 2025-1 A4 DTD 06/10/2025 4.490% 10/25/2028	096912AE0		0.00	205.79	205.79			
	04/25/26	04/25/26	BMWLT 2025-2 A4 DTD 10/15/2025 4.030% 05/25/2029	05594HAE3		0.00	285.46	285.46			
	04/25/26	04/25/26	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2		0.00	52.71	52.71			
	04/25/26	04/25/26	AMERICAN EXPRESS CO (CALLABLE) DTD 04/25/2025 4.731% 04/25/2029	025816ED7		0.00	1,655.85	1,655.85			
	04/27/26	04/27/26	BANK OF AMERICA CORP (CALLABLE) DTD 04/27/2022 4.376% 04/27/2028	06051GKP3		0.00	1,750.40	1,750.40			
	04/30/26	04/30/26	US TREASURY N/B DTD 10/31/2024 4.125% 10/31/2029	91282CLR0		0.00	2,681.25	2,681.25			
	04/30/26	04/30/26	US TREASURY N/B DTD 11/02/2020 0.500% 10/31/2027	91282CAU5		0.00	500.00	500.00			
	04/30/26	04/30/26	BLACKROCK INC (CALLABLE) DTD 01/27/2020 2.400% 04/30/2030	09247XAO4		0.00	1,680.00	1,680.00			
	04/30/26	04/30/26	US TREASURY N/B DTD 05/01/2023 3.500% 04/30/2030	91282CGZ8		0.00	875.00	875.00			
	04/30/26	04/30/26	US TREASURY N/B DTD 10/31/2022 4.000% 10/31/2029	91282CFT3		0.00	5,500.00	5,500.00			
	04/30/26	04/30/26	US TREASURY N/B DTD 10/31/2025 3.625% 10/31/2030	91282CPD7		0.00	3,625.00	3,625.00			
<b>Transaction Type Sub-Total</b>						<b>0.00</b>	<b>48,433.63</b>	<b>48,433.63</b>			

<b>PAYDOWNS</b>											
	04/01/26	04/25/26	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69	8,874.41	8,874.41	0.00	8,874.41	0.07	0.03	
	04/01/26	04/25/26	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	138.60	138.60	0.00	138.60	0.00	0.00	
	04/01/26	04/25/26	FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6	10.19	10.19	0.00	10.19	0.17	0.08	
	04/01/26	04/25/26	FNA 2018-M2 A2 DTD 02/01/2018 3.026% 01/01/2028	3136B0YM2	187.83	187.83	0.00	187.83	5.33	3.54	

Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>PAYDOWNS</b>											
	04/01/26	04/25/26	FHMS K124 A1 DTD 02/01/2021 0.964% 08/01/2030	3137F9CR0	2,900.83	2,900.83	0.00	2,900.83	193.31	182.78	
	04/01/26	04/25/26	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	191.86	191.86	0.00	191.86	0.00	0.00	
	04/01/26	04/25/26	FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3	250.42	250.42	0.00	250.42	7.15	3.21	
	04/01/26	04/25/26	FHMS K075 A2 DTD 04/01/2018 3.650% 02/01/2028	3137F4X72	957.11	957.11	0.00	957.11	10.80	7.29	
	04/01/26	04/25/26	FNA 2024-M6 A2 DTD 11/01/2024 2.999% 07/01/2027	3136BTGM9	4,384.88	4,384.88	0.00	4,384.88	153.47	80.21	
	04/15/26	04/15/26	HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	2,567.43	2,567.43	0.00	2,567.43	0.34	0.18	
	04/15/26	04/15/26	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0	5,557.67	5,557.67	0.00	5,557.67	1.01	0.49	
	04/15/26	04/15/26	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4	2,245.55	2,245.55	0.00	2,245.55	0.03	0.01	
	04/15/26	04/15/26	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2	3,768.66	3,768.66	0.00	3,768.66	0.64	0.28	
	04/15/26	04/15/26	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3	5,273.83	5,273.83	0.00	5,273.83	0.33	0.15	
	04/15/26	04/15/26	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8	3,177.84	3,177.84	0.00	3,177.84	0.63	0.18	
	04/15/26	04/15/26	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2	4,502.71	4,502.71	0.00	4,502.71	0.07	0.02	
	04/15/26	04/15/26	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5	1,837.49	1,837.49	0.00	1,837.49	0.37	0.17	
	04/15/26	04/15/26	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9	2,399.03	2,399.03	0.00	2,399.03	0.10	0.04	
	04/16/26	04/16/26	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9	2,340.25	2,340.25	0.00	2,340.25	0.09	0.04	
	04/16/26	04/16/26	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2	2,873.42	2,873.42	0.00	2,873.42	0.59	0.30	
	04/21/26	04/21/26	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5	1,258.98	1,258.98	0.00	1,258.98	0.22	0.11	



Managed Account Security Transactions & Interest

For the Month Ending April 30, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>PAYDOWNS</b>											
	04/25/26	04/25/26	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2	1,703.98	1,703.98	0.00	1,703.98	0.30	0.12	
<b>Transaction Type Sub-Total</b>					<b>57,402.97</b>	<b>57,402.97</b>	<b>0.00</b>	<b>57,402.97</b>	<b>375.02</b>	<b>279.23</b>	
<b>SELL</b>											
	04/01/26	04/02/26	US TREASURY N/B DTD 03/31/2020 0.625% 03/31/2027	912828ZE3	185,000.00	179,435.55	6.32	179,441.87	9,408.99	276.12	FIFO
	04/08/26	04/09/26	INTUIT INC (CALLABLE) DTD 06/29/2020 1.650% 07/15/2030	46124HAD8	55,000.00	49,298.15	211.75	49,509.90	(82.50)	(245.08)	FIFO
	04/10/26	04/13/26	MERCK & CO INC (CALLABLE) DTD 03/07/2019 3.400% 03/07/2029	58933YAX3	95,000.00	93,341.30	323.00	93,664.30	(4.75)	(188.19)	FIFO
	04/14/26	04/15/26	SHELL FINANCE US INC (CALLABLE) DTD 11/06/2025 4.125% 11/06/2030	822905AN5	55,000.00	54,727.75	1,002.03	55,729.78	(61.05)	(78.17)	FIFO
	04/14/26	04/15/26	SHELL FINANCE US INC (CALLABLE) DTD 11/06/2025 4.125% 11/06/2030	822905AN5	30,000.00	29,851.50	546.56	30,398.06	(60.00)	(67.12)	FIFO
	04/15/26	04/16/26	ELI LILLY & CO (CALLABLE) DTD 02/12/2025 4.750% 02/12/2030	532457CV8	75,000.00	76,692.75	633.33	77,326.08	1,735.50	1,726.19	FIFO
	04/15/26	04/17/26	MORGAN STANLEY (CALLABLE) DTD 01/20/2026 4.238% 01/09/2030	61748UAR3	65,000.00	64,551.50	665.72	65,217.22	(448.50)	(448.50)	FIFO
	04/27/26	04/28/26	AMERICAN EXPRESS CO (CALLABLE) DTD 04/25/2025 4.731% 04/25/2029	025816ED7	70,000.00	70,534.10	27.60	70,561.70	534.10	534.10	FIFO
<b>Transaction Type Sub-Total</b>					<b>630,000.00</b>	<b>618,432.60</b>	<b>3,416.31</b>	<b>621,848.91</b>	<b>11,021.79</b>	<b>1,509.35</b>	
<b>Managed Account Sub-Total</b>						<b>(18,641.78)</b>	<b>50,973.44</b>	<b>32,331.66</b>	<b>11,396.81</b>	<b>1,788.58</b>	
<b>Total Security Transactions</b>						<b>(\$18,641.78)</b>	<b>\$50,973.44</b>	<b>\$32,331.66</b>	<b>\$11,396.81</b>	<b>\$1,788.58</b>	

Bolded items are forward settling trades.



Local Agency Investment  
Fund

P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

May 01, 2026

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[PMIA Average Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER  
990 E MISSION ROAD  
FALLBROOK, CA 92028

[Tran Type Definitions](#)

Account Number: 85-37-001

April 2026 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
4/15/2026	4/14/2026	QRD	1797912	N/A	SYSTEM	73.33

**Account Summary**

Total Deposit:	73.33	Beginning Balance:	7,482.81
Total Withdrawal:	0.00	Ending Balance:	7,556.14

FALLBROOK PUBLIC UTILITY DISTRICT  
PARS Post-Employment Benefits Trust

Account Report for the Period  
4/1/2026 to 4/30/2026

David Shank  
Assistant General Manager/CFO  
Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, CA 92028

### Account Summary

Source	Balance as of 4/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 4/30/2026
OPEB	\$1,351,088.89	\$0.00	\$64,959.72	\$598.74	\$0.00	\$0.00	\$1,415,449.87
PENSION	\$10,338,279.54	\$0.00	\$497,059.66	\$4,581.47	\$0.00	\$0.00	\$10,830,757.73
Totals	\$11,689,368.43	\$0.00	\$562,019.38	\$5,180.21	\$0.00	\$0.00	\$12,246,207.60

### Investment Selection

Source	
OPEB	Moderate - Strategic Blend
PENSION	Moderate - Strategic Blend

### 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	4.81%	2.36%	16.72%	11.70%	5.39%	-	2/16/2017
PENSION	4.81%	2.36%	16.70%	11.71%	5.40%	-	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:** June 29, 2026  
**SUBJECT:** Treasurer's Report

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Purpose

Provide the May 2026 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

Overall, the District's financial holdings slightly increased this month. The Long-term Investment Portfolio and PARS investments continue to perform in line with the capital markets. The District transferred \$375,000 to the pension trust this month. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Summary

**Treasurer's Report May' 2026**

<b>Account</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>
Operating Fund	\$ 9,373	\$ 5,035
Money Market	\$ 551,633	\$ 1,129,360
CAMP Account	\$ 26,039,646	\$ 25,572,438
<b><i>District's Liquidity Portfolio*</i></b>	<b>\$ 26,600,652</b>	<b>\$ 26,706,833</b>
PFM Managed Long-term Investment Portfolio**	\$ 17,207,425	\$ 17,135,713
LAIF (Long-term Reserves)	\$ 7,556	\$ 7,556
PARS (OPEB & Pension Trust)***	\$ 12,246,208	\$ 12,907,311
<b><i>District Accounts Total</i></b>	<b>\$ 56,061,841</b>	<b>\$ 56,757,413</b>

\* Includes \$8,132,209 Camp Pendleton payment

\*\*\$6.21M of funds are from the sale of the Santa Margarita properties.

\*\*\*\$3.78M of funds are from the sale of the Santa Margarita Properties.

David Shank  
June 29, 2026

Fallbrook Public Utilities District - Holdings Summary

Security Type	April 30, 2026	May 31, 2026	Change (\$)	Change (%)
U.S. Treasury	\$7,178,782.09	\$7,074,263.42	(\$104,518.67)	-1.5%
Agency CMBS	\$2,894,318.82	\$2,873,772.44	(\$20,546.38)	-0.7%
Municipal	\$186,413.21	\$185,609.67	(\$803.54)	-0.4%
Corporate	\$4,534,491.71	\$4,533,647.12	(\$844.59)	0.0%
ABS	\$2,313,931.32	\$2,384,629.64	\$70,698.32	3.1%
<b>Securities Total</b>	<b>\$17,107,937.15</b>	<b>\$17,051,922.29</b>	<b>(\$56,014.86)</b>	<b>-0.3%</b>
Money Market Fund	\$99,487.69	\$83,790.90	(\$15,696.79)	-15.8%
<b>Total Investments</b>	<b>\$17,207,424.84</b>	<b>\$17,135,713.19</b>	<b>(\$71,711.65)</b>	<b>-0.4%</b>

Summary

FY 25-26 Accrual Earnings	\$691,833.86
Yield to Maturity at Cost	4.19%
Weighted Average Maturity (Years)	3.07



Security market values, excluding accrued interest, as on last day of month.



Local Agency Investment

Fund

P.O. Box 942809

Sacramento, CA 94209-0001

(916) 653-3001

June 01, 2026

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FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER

990 E MISSION ROAD

FALLBROOK, CA 92028

[Tran Type Definitions](#)

**Account Number:** 85-37-001

May 2026 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	7,556.14
Total Withdrawal:	0.00	Ending Balance:	7,556.14

FALLBROOK PUBLIC UTILITY DISTRICT  
PARS Post-Employment Benefits Trust

Account Report for the Period  
5/1/2026 to 5/31/2026

David Shank  
Assistant General Manager/CFO  
Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, CA 92028

### Account Summary

Source	Balance as of 5/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 5/31/2026
OPEB	\$1,415,449.87	\$0.00	\$33,203.44	\$599.34	\$0.00	\$0.00	\$1,448,053.97
PENSION	\$10,830,757.73	\$375,000.00	\$258,085.28	\$4,586.06	\$0.00	\$0.00	\$11,459,256.95
Totals	\$12,246,207.60	\$375,000.00	\$291,288.72	\$5,185.40	\$0.00	\$0.00	\$12,907,310.92

### Investment Selection

Source	
OPEB	Moderate - Strategic Blend
PENSION	Moderate - Strategic Blend

### Investment Objective

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

### Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	2.35%	3.01%	16.65%	12.86%	5.73%	-	2/16/2017
PENSION	2.34%	3.00%	16.63%	12.87%	5.73%	-	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 either than one year multiplied or divided to give a comparable one-year return.  
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>BUY</b>											
	04/27/26	05/04/26	AMERICAN EXPRESS CO (CALLABLE) DTD 05/04/2026 4.444% 05/03/2030	025816ET2	50,000.00	(50,000.00)	0.00	(50,000.00)			
	05/05/26	05/13/26	HAROT 2026-2 A3 DTD 05/13/2026 4.300% 11/15/2030	43814YAD3	110,000.00	(109,996.82)	0.00	(109,996.82)			
	05/06/26	05/20/26	ELI LILLY & CO (CALLABLE) DTD 05/20/2026 4.375% 05/20/2031	532457DL9	75,000.00	(74,919.75)	0.00	(74,919.75)			
	05/07/26	05/08/26	US TREASURY N/B DTD 02/17/2026 3.500% 02/15/2029	91282CQA2	75,000.00	(74,279.30)	(594.61)	(74,873.91)			
	05/08/26	05/11/26	GOLDMAN SACHS GROUP INC (CALLABLE) DTD 04/20/2026 4.594% 04/20/2030	38141GE83	60,000.00	(59,952.60)	(160.79)	(60,113.39)			
	05/08/26	05/11/26	JPMORGAN CHASE & CO (CALLABLE) DTD 05/06/2019 3.702% 05/06/2030	46647PBD7	60,000.00	(58,672.20)	(30.85)	(58,703.05)			
	05/11/26	05/15/26	CATERPILLAR FINL SERVICE DTD 05/15/2026 4.500% 05/15/2031	14913V2D9	70,000.00	(69,904.10)	0.00	(69,904.10)			
	05/12/26	05/15/26	SERVICENOW INC DTD 05/15/2026 4.250% 05/15/2028	81762PAF9	20,000.00	(19,927.60)	0.00	(19,927.60)			
	05/13/26	05/15/26	SERVICENOW INC DTD 05/15/2026 4.250% 05/15/2028	81762PAF9	75,000.00	(74,839.50)	0.00	(74,839.50)			
<b>Transaction Type Sub-Total</b>					<b>595,000.00</b>	<b>(592,491.87)</b>	<b>(786.25)</b>	<b>(593,278.12)</b>			

<b>INTEREST</b>											
	05/01/26	05/01/26	CINTAS CORPORATION NO. 2 (CALLABLE) DTD 05/02/2025 4.200% 05/01/2028	17252MAR1		0.00	1,050.00	1,050.00			
	05/01/26	05/01/26	CA ST UNIV TRUSTEES - DTD 08/09/2023 4.594% 11/01/2027	13077DTD4		0.00	1,493.05	1,493.05			
	05/01/26	05/01/26	MONEY MARKET FUND DTD 01/01/2010 0.000% --	MONEY0002		0.00	190.45	190.45			
	05/01/26	05/25/26	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69		0.00	330.11	330.11			
	05/01/26	05/25/26	FNA 2023-M6 A2 DTD 07/01/2023 4.172% 07/01/2028	3136BQDE6		0.00	477.92	477.92			



Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	05/01/26	05/25/26	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3		0.00	181.67	181.67			
	05/01/26	05/25/26	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45		0.00	464.42	464.42			
	05/01/26	05/25/26	FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3		0.00	423.42	423.42			
	05/01/26	05/25/26	FNA 2018-M2 A2 DTD 02/01/2018 2.928% 01/01/2028	3136B0YM2		0.00	353.81	353.81			
	05/01/26	05/25/26	FHMS K528 A2 DTD 09/01/2024 4.508% 07/01/2029	3137HFNZ4		0.00	601.07	601.07			
	05/01/26	05/25/26	FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4		0.00	232.33	232.33			
	05/01/26	05/25/26	FNA 2024-M6 A2 DTD 11/01/2024 2.900% 07/01/2027	3136BTGM9		0.00	387.14	387.14			
	05/01/26	05/25/26	FHMS K743 A2 DTD 06/01/2021 1.770% 05/01/2028	3137H14B9		0.00	250.75	250.75			
	05/01/26	05/25/26	FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2		0.00	602.37	602.37			
	05/01/26	05/25/26	FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7		0.00	344.25	344.25			
	05/01/26	05/25/26	FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6		0.00	581.25	581.25			
	05/01/26	05/25/26	FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4		0.00	464.79	464.79			
	05/01/26	05/25/26	FHMS K551 A2 DTD 12/01/2025 4.165% 11/01/2030	3137HNWV6		0.00	381.79	381.79			
	05/01/26	05/25/26	FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2		0.00	600.00	600.00			
	05/01/26	05/25/26	FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4		0.00	647.70	647.70			
	05/01/26	05/25/26	FHMS K075 A2 DTD 04/01/2018 3.650% 02/01/2028	3137F4X72		0.00	514.17	514.17			
	05/01/26	05/25/26	FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74		0.00	592.50	592.50			

Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	05/01/26	05/25/26	FHMS K124 A1 DTD 02/01/2021 0.964% 08/01/2030	3137F9CR0		0.00	132.80	132.80			
	05/01/26	05/25/26	FHMS K529 A2 DTD 10/01/2024 4.791% 09/01/2029	3137HH6C0		0.00	379.29	379.29			
	05/01/26	05/25/26	FHMS K088 A2 DTD 03/01/2019 3.690% 01/01/2029	3137FKZZ2		0.00	522.75	522.75			
	05/03/26	05/03/26	NORTHERN TRUST CORP (CALLABLE) DTD 05/03/2019 3.150% 05/03/2029	665859AU8		0.00	2,047.50	2,047.50			
	05/05/26	05/05/26	NOVARTIS CAPITAL CORP (CALLABLE) DTD 11/05/2025 4.100% 11/05/2030	66989HAY4		0.00	3,075.00	3,075.00			
	05/06/26	05/06/26	SHELL FINANCE US INC (CALLABLE) DTD 11/06/2025 4.125% 11/06/2030	822905AN5		0.00	1,753.13	1,753.13			
	05/09/26	05/09/26	BANK OF AMERICA CORP (CALLABLE) DTD 05/09/2025 4.623% 05/09/2029	06051GMT3		0.00	1,849.20	1,849.20			
	05/15/26	05/15/26	WFCIT 2025-A1 A DTD 06/10/2025 4.340% 05/15/2030	92970QAJ4		0.00	542.50	542.50			
	05/15/26	05/15/26	COPAR 2025-1 A3 DTD 11/05/2025 3.850% 07/15/2030	14043YAD7		0.00	128.33	128.33			
	05/15/26	05/15/26	CONNECTICUT ST-A-TXBL DTD 06/22/2023 4.506% 05/15/2028	20772KTK5		0.00	788.55	788.55			
	05/15/26	05/15/26	US TREASURY N/B DTD 11/15/2017 2.250% 11/15/2027	9128283F5		0.00	1,462.50	1,462.50			
	05/15/26	05/15/26	US TREASURY N/B DTD 11/17/2025 3.500% 11/15/2028	91282CPK1		0.00	2,975.00	2,975.00			
	05/15/26	05/15/26	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5		0.00	51.37	51.37			
	05/15/26	05/15/26	NAROT 2025-A A3 DTD 05/27/2025 4.490% 12/17/2029	65481GAD7		0.00	449.00	449.00			
	05/15/26	05/15/26	FORDO 2025-A A3 DTD 03/25/2025 4.450% 10/15/2029	34535KAD0		0.00	463.54	463.54			
	05/15/26	05/15/26	FORDO 2026-A A3 DTD 03/24/2026 4.050% 10/15/2030	34532WAD7		0.00	202.50	202.50			
	05/15/26	05/15/26	MBART 2025-1 A3 DTD 01/23/2025 4.780% 12/17/2029	58773DAD6		0.00	657.25	657.25			



Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	05/15/26	05/15/26	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8		0.00	25.40	25.40			
	05/15/26	05/15/26	WFCIT 2024-A2 A DTD 10/24/2024 4.290% 10/15/2029	92970OAE5		0.00	250.25	250.25			
	05/15/26	05/15/26	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0		0.00	266.71	266.71			
	05/15/26	05/15/26	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3		0.00	195.95	195.95			
	05/15/26	05/15/26	HAROT 2025-2 A3 DTD 05/08/2025 4.150% 10/15/2029	437921AD1		0.00	121.04	121.04			
	05/15/26	05/15/26	AMXCA 2025-2 A DTD 05/13/2025 4.280% 04/15/2030	02582JKP4		0.00	410.17	410.17			
	05/15/26	05/15/26	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4		0.00	72.68	72.68			
	05/15/26	05/15/26	AMXCA 2025-4 A DTD 07/22/2025 4.300% 07/15/2030	02582JKV1		0.00	358.33	358.33			
	05/15/26	05/15/26	ALLYA 2025-1 A3 DTD 10/16/2025 3.960% 03/15/2030	02008KAC7		0.00	115.50	115.50			
	05/15/26	05/15/26	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2		0.00	141.51	141.51			
	05/15/26	05/15/26	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9		0.00	75.82	75.82			
	05/15/26	05/15/26	HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4		0.00	115.80	115.80			
	05/15/26	05/15/26	CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4		0.00	516.00	516.00			
	05/15/26	05/15/26	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2		0.00	54.50	54.50			
	05/15/26	05/15/26	META PLATFORMS INC (CALLABLE) DTD 11/03/2025 4.200% 11/15/2030	30303MAB8		0.00	1,904.00	1,904.00			
	05/15/26	05/15/26	TAOT 2025-B A3 DTD 04/30/2025 4.340% 11/15/2029	89231HAD8		0.00	235.08	235.08			
	05/15/26	05/15/26	BACCT 2025-A1 A DTD 06/12/2025 4.310% 05/15/2030	05522RDK1		0.00	287.33	287.33			

Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	05/15/26	05/15/26	COMET 2025-A1 A DTD 09/16/2025 3.820% 09/15/2030	14041NGF2		0.00	334.25	334.25			
	05/16/26	05/16/26	GMCAR 2025-2 A3 DTD 05/14/2025 4.280% 04/16/2030	362549AD9		0.00	89.17	89.17			
	05/16/26	05/16/26	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2		0.00	131.35	131.35			
	05/16/26	05/16/26	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9		0.00	84.57	84.57			
	05/20/26	05/20/26	VZMT 2025-3 A1A DTD 03/31/2025 4.510% 03/20/2030	92348KDY6		0.00	469.79	469.79			
	05/20/26	05/20/26	VWALT 2026-A A4 DTD 03/24/2026 4.210% 11/20/2030	92868CAE1		0.00	280.67	280.67			
	05/20/26	05/20/26	VALET 2025-1 A3 DTD 03/25/2025 4.500% 08/20/2029	92868MAD1		0.00	393.75	393.75			
	05/21/26	05/21/26	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5		0.00	59.46	59.46			
	05/25/26	05/25/26	BMWLT 2025-1 A4 DTD 06/10/2025 4.490% 10/25/2028	096912AE0		0.00	205.79	205.79			
	05/25/26	05/25/26	BMWLT 2025-2 A4 DTD 10/15/2025 4.030% 05/25/2029	05594HAE3		0.00	285.46	285.46			
	05/25/26	05/25/26	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2		0.00	44.94	44.94			
	05/29/26	05/29/26	CITIBANK NA (CALLABLE) DTD 05/29/2025 4.914% 05/29/2030	17325FBP2		0.00	6,142.50	6,142.50			
	05/31/26	05/31/26	US TREASURY N/B DTD 06/02/2025 4.000% 05/31/2030	91282CNG2		0.00	1,200.00	1,200.00			
	05/31/26	05/31/26	US TREASURY N/B DTD 11/30/2022 3.875% 11/30/2029	91282CFY2		0.00	3,487.50	3,487.50			
	05/31/26	05/31/26	US TREASURY N/B DTD 12/02/2024 4.125% 11/30/2029	91282CMA6		0.00	2,475.00	2,475.00			
	05/31/26	05/31/26	US TREASURY N/B DTD 06/01/2021 1.250% 05/31/2028	91282CCE9		0.00	843.75	843.75			
<b>Transaction Type Sub-Total</b>						<b>0.00</b>	<b>50,319.19</b>	<b>50,319.19</b>			



Managed Account Security Transactions & Interest

For the Month Ending May 31, 2026

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									
<b>PAYDOWNS</b>										
05/01/26	05/25/26	FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3	269.07	269.07	0.00	269.07	7.68	3.23	
05/01/26	05/25/26	FNA 2018-M2 A2 DTD 02/01/2018 2.928% 01/01/2028	3136B0YM2	200.16	200.16	0.00	200.16	5.68	3.61	
05/01/26	05/25/26	FHMS K075 A2 DTD 04/01/2018 3.650% 02/01/2028	3137F4X72	264.95	264.95	0.00	264.95	2.99	1.93	
05/01/26	05/25/26	FHMS K124 A1 DTD 02/01/2021 0.964% 08/01/2030	3137F9CR0	3,042.37	3,042.37	0.00	3,042.37	202.75	188.27	
05/01/26	05/25/26	FNA 2023-M6 A2 DTD 07/01/2023 4.172% 07/01/2028	3136BQDE6	12.09	12.09	0.00	12.09	0.20	0.09	
05/01/26	05/25/26	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69	441.52	441.52	0.00	441.52	0.00	0.00	
05/01/26	05/25/26	FNA 2024-M6 A2 DTD 11/01/2024 2.900% 07/01/2027	3136BTGM9	10,311.86	10,311.86	0.00	10,311.86	360.92	177.14	
05/01/26	05/25/26	FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	239.55	239.55	0.00	239.55	0.00	0.00	
05/01/26	05/25/26	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	167.45	167.45	0.00	167.45	0.00	0.00	
05/15/26	05/15/26	NAROT 2023-B A3 DTD 10/25/2023 5.930% 03/15/2028	65480MAD5	1,523.56	1,523.56	0.00	1,523.56	0.31	0.14	
05/15/26	05/15/26	MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8	2,788.91	2,788.91	0.00	2,788.91	0.55	0.15	
05/15/26	05/15/26	FITAT 2023-1 A3 DTD 08/23/2023 5.530% 08/15/2028	31680EAD3	4,573.36	4,573.36	0.00	4,573.36	0.28	0.13	
05/15/26	05/15/26	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2	3,530.55	3,530.55	0.00	3,530.55	0.60	0.25	
05/15/26	05/15/26	COPAR 2023-2 A3 DTD 10/11/2023 5.820% 06/15/2028	14044EAD0	5,216.36	5,216.36	0.00	5,216.36	0.95	0.45	
05/15/26	05/15/26	HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	2,363.04	2,363.04	0.00	2,363.04	0.31	0.16	
05/15/26	05/15/26	DTRT 2023-1 A3 DTD 09/27/2023 5.900% 03/15/2027	233868AC2	4,511.71	4,511.71	0.00	4,511.71	0.07	0.01	
05/15/26	05/15/26	FORDO 2023-B A3 DTD 06/26/2023 5.230% 05/15/2028	344930AD4	2,023.57	2,023.57	0.00	2,023.57	0.03	0.01	

Managed Account Security Transactions & Interest

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FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>PAYDOWNS</b>											
	05/15/26	05/15/26	HART 2023-B A3 DTD 07/19/2023 5.480% 04/17/2028	44933XAD9	2,259.53	2,259.53	0.00	2,259.53	0.10	0.04	
	05/16/26	05/16/26	GMCAR 2023-3 A3 DTD 07/19/2023 5.450% 06/16/2028	36267KAD9	2,131.91	2,131.91	0.00	2,131.91	0.09	0.04	
	05/16/26	05/16/26	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2	2,636.96	2,636.96	0.00	2,636.96	0.54	0.26	
	05/21/26	05/21/26	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5	1,184.23	1,184.23	0.00	1,184.23	0.21	0.10	
	05/25/26	05/25/26	BMWOT 2023-A A3 DTD 07/18/2023 5.470% 02/25/2028	05592XAD2	1,535.24	1,535.24	0.00	1,535.24	0.27	0.10	
<b>Transaction Type Sub-Total</b>					<b>51,227.95</b>	<b>51,227.95</b>	<b>0.00</b>	<b>51,227.95</b>	<b>584.53</b>	<b>376.11</b>	
<b>SELL</b>											
	05/06/26	05/07/26	BLACKROCK INC (CALLABLE) DTD 01/27/2020 2.400% 04/30/2030	09247XAQ4	75,000.00	69,860.25	35.00	69,895.25	1,016.25	12.54	FIFO
	05/07/26	05/08/26	NORTHERN TRUST CORP (CALLABLE) DTD 05/03/2019 3.150% 05/03/2029	665859AU8	130,000.00	126,618.70	56.88	126,675.58	28.60	(331.59)	FIFO
	05/08/26	05/11/26	AMERICAN HONDA FINANCE DTD 07/07/2023 5.125% 07/07/2028	02665WEM9	55,000.00	55,674.85	970.90	56,645.75	699.05	685.28	FIFO
	05/08/26	05/11/26	AMERICAN HONDA FINANCE DTD 11/15/2023 5.650% 11/15/2028	02665WEV9	60,000.00	61,570.80	1,657.33	63,228.13	1,581.00	1,576.21	FIFO
	05/12/26	05/13/26	US TREASURY N/B DTD 08/15/2024 3.750% 08/15/2027	91282CLG4	50,000.00	49,890.63	450.62	50,341.25	207.04	70.87	FIFO
	05/12/26	05/13/26	US TREASURY N/B DTD 05/15/2024 4.500% 05/15/2027	91282CKR1	20,000.00	20,124.22	445.03	20,569.25	(132.03)	20.66	FIFO
	05/13/26	05/14/26	US TREASURY N/B DTD 08/31/2020 0.500% 08/31/2027	91282CAH4	40,000.00	38,285.94	40.76	38,326.70	1,990.63	(0.12)	FIFO
	05/13/26	05/14/26	US TREASURY N/B DTD 08/15/2024 3.750% 08/15/2027	91282CLG4	50,000.00	49,896.48	455.80	50,352.28	212.89	76.34	FIFO
	05/29/26	06/01/26	PACCAR FINANCIAL CORP DTD 02/05/2026 3.900% 02/05/2029	69371RU38	40,000.00	39,761.20	502.67	40,263.87	(222.00)	(223.79)	FIFO
<b>Transaction Type Sub-Total</b>					<b>520,000.00</b>	<b>511,683.07</b>	<b>4,614.99</b>	<b>516,298.06</b>	<b>5,381.43</b>	<b>1,886.40</b>	



**Managed Account Security Transactions & Interest**

For the Month Ending **May 31, 2026**

**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									
<b>Managed Account Sub-Total</b>					<b>(29,580.85)</b>	<b>54,147.93</b>	<b>24,567.08</b>	<b>5,965.96</b>	<b>2,262.51</b>	
<b>Total Security Transactions</b>					<b>(\$29,580.85)</b>	<b>\$54,147.93</b>	<b>\$24,567.08</b>	<b>\$5,965.96</b>	<b>\$2,262.51</b>	

Bolded items are forward settling trades.



**Account Statement - Transaction Summary**

For the Month Ending **May 31, 2026**

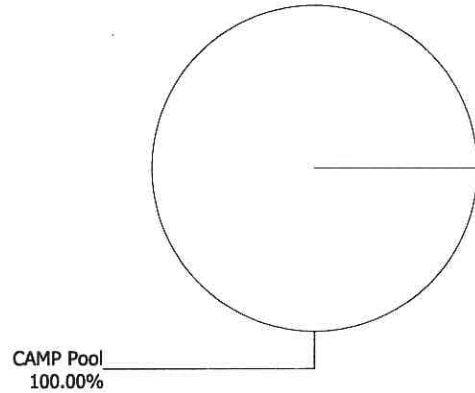
**Fallbrook Public Utility District - Liquidity - 6050-004**

<b>CAMP Pool</b>	
Opening Market Value	26,039,645.67
Purchases	82,792.05
Redemptions	(550,000.00)
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$25,572,437.72</b>
Cash Dividends and Income	82,792.05

<b>Asset Summary</b>		
	<b>May 31, 2026</b>	<b>April 30, 2026</b>
<b>CAMP Pool</b>	25,572,437.72	26,039,645.67
<b>Total</b>	<b>\$25,572,437.72</b>	<b>\$26,039,645.67</b>

<b>Asset Allocation</b>	
CAMP Pool	100.00%





**Account Statement**

For the Month Ending **May 31, 2026**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>26,039,645.67</b>
05/27/26	05/27/26	Redemption - Outgoing Wires	1.00	(550,000.00)	25,489,645.67
05/29/26	06/01/26	Accrual Income Div Reinvestment - Distributions	1.00	82,792.05	25,572,437.72
<b>Closing Balance</b>					<b>25,572,437.72</b>

	Month of May	Fiscal YTD July-May		
Opening Balance	26,039,645.67	8,986,544.67	Closing Balance	25,572,437.72
Purchases	82,792.05	23,195,893.05	Average Monthly Balance	25,958,948.13
Redemptions (Excl. Checks)	(550,000.00)	(6,610,000.00)	Monthly Distribution Yield	3.76%
Check Disbursements	0.00	0.00		
<b>Closing Balance</b>	<b>25,572,437.72</b>	<b>25,572,437.72</b>		
Cash Dividends and Income	82,792.05	645,893.05		

## M E M O

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Budget Status Report for Fiscal Year 2025-2026

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### Purpose

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

### Summary

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

Total revenues are just over budget driven by the PFOAS payments received. Water sales continued their upward trend this month and are now just 3.7% under budget. Lower year to date water sales drove total Operating Revenues 3.6% under budget. Non-Operating Revenues were 38.8% over budget due largely to PFAS settlement funds received, MWD Local Resources Program revenues, which are higher due to more Camp Pendleton water deliveries than budgeted, and the sale of surplus land.

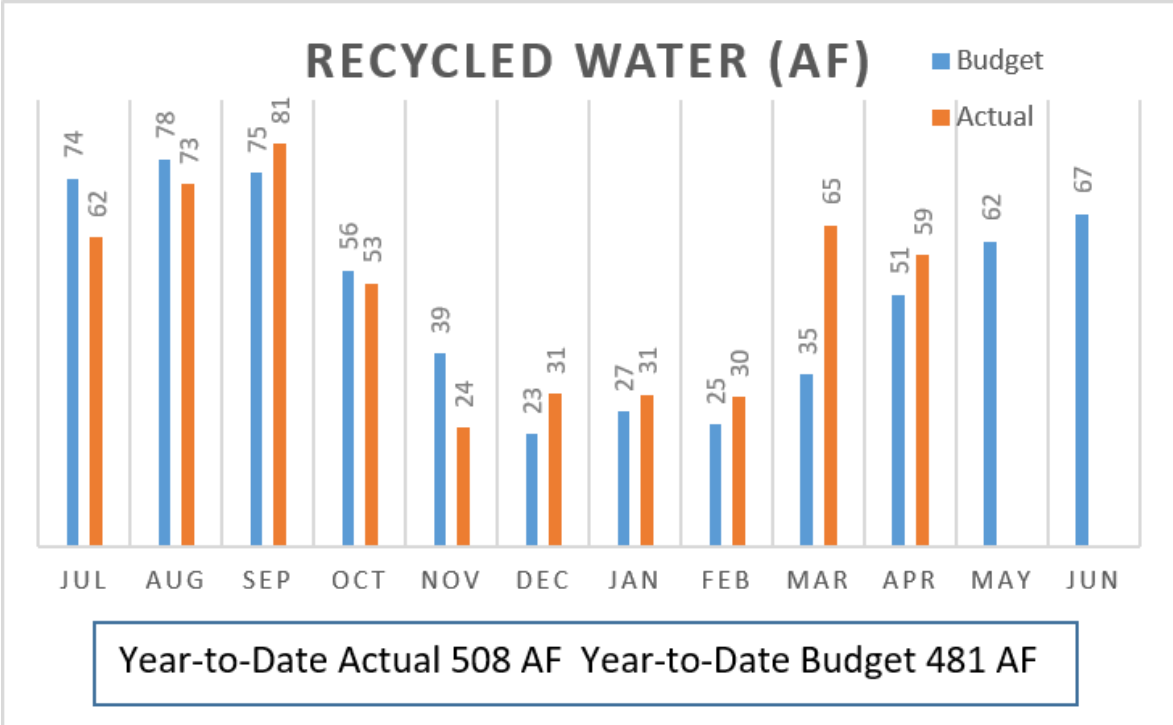
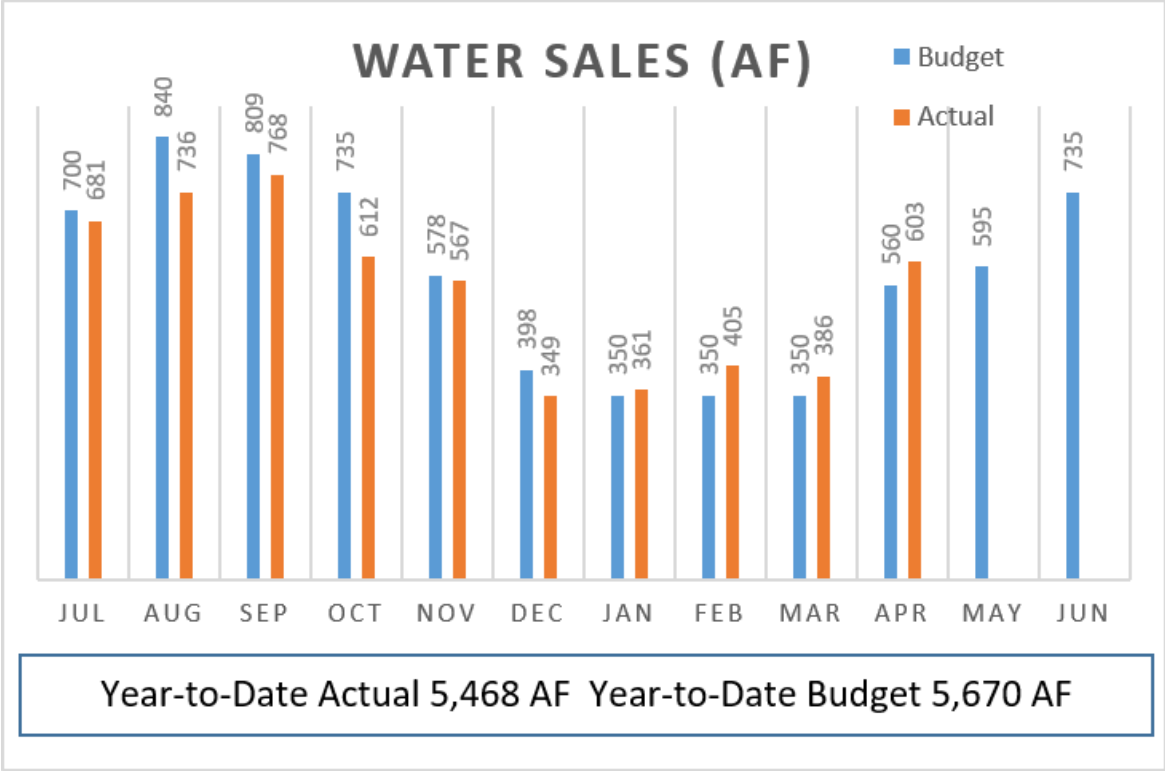
The District's year-to-date total expenditures are 14.0% under budget. Purchased Water Expense is under budget due to the water supply mix favoring Camp Pendleton water purchases vs. EMWD water purchases. The District's operating budgets are under budget. This trend is expected to continue as Contract Wastewater Services related efforts intensify and operating costs are allocated to that service. Water Service is over budget due to the higher than budget levels of water production at the Santa Margarita Groundwater Treatment Plant.

Total revenue is \$38,744,288 or 5.1% over budget and total expenditures are \$26,931,375 or 11.4% under the budget. PAYGO CIP expenditures are under budget for the year-to-date. After adjusting for the PAYGO expenditures year-to-date net revenues are higher than budget.

The Camp Pendleton Contract Wastewater Services cost and revenues are shown on the last page of this report. The initial deposit of \$8,518,776 was received in January for the calendar year. The first half of the year is included in this year's budget. Total CPEN expenditures are \$815,429 or 68.4% under budget. Expenditures are expected to trend to budget as staff try to stabilize and improve the condition of the treatment plants.

### Recommended Action

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



# Monthly Budget Report for April

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
<b>Operating Revenues:</b>								Year remaining	16.7%
Water Sales	1,542,833	1,480,367	13,544,598	14,554,046	(1,009,448)	-6.9%	18,069,918	4,525,320	25.0%
Water Meter Service Charges	761,090	762,611	7,404,706	7,464,612	(59,907)	-0.8%	8,989,834	1,585,128	17.6%
Wastewater Service Charges	652,668	642,383	6,198,190	6,227,556	(29,366)	-0.5%	7,512,322	1,314,132	17.5%
Recycled Water Revenues	129,413	115,238	1,116,911	1,075,918	40,993	3.8%	1,365,039	248,128	18.2%
Other Operating Revenue	-	-	-	-	-	NA	-	-	NA
<b>Total Operating Revenue</b>	<b>3,086,004</b>	<b>3,000,599</b>	<b>28,264,405</b>	<b>29,322,132</b>	<b>(1,057,728)</b>	<b>-3.6%</b>	<b>35,937,113</b>	<b>7,672,709</b>	<b>21.4%</b>
<b>Non Operating Revenues:</b>									
Water Capital Improvement Charge	176,566	172,512	1,710,730	1,670,790	39,940	2.4%	2,015,814	305,084	15.1%
Wastewater Capital Improvement Charge	127,923	124,241	1,252,609	1,242,414	10,195	0.8%	1,490,897	238,288	16.0%
Property Taxes	999,213	835,092	2,775,521	2,503,249	272,272	10.9%	2,765,956	(9,565)	-0.3%
Water Standby/Availability Charge	54,769	42,511	179,020	165,264	13,755	8.3%	200,000	20,980	10.5%
Water/Wastewater Capacity Charges	11,976	11,250	143,728	112,500	31,228	27.8%	135,000	(8,728)	-6.5%
Portfolio Interest	145,050	98,399	1,284,883	983,993	300,891	30.6%	1,180,791	(104,092)	-8.8%
Federal Interest Rate Subsidy	-	-	-	20,009	(20,009)	-100.0%	39,233	39,233	100.0%
MWD Local Resource Program	-	77,165	945,500	587,125	358,375	61.0%	669,475	(276,025)	-41.2%
Grant Funds	-	-	169,660	-	169,660	NA	1,537,000	1,367,341	89.0%
Gain/(Loss) on Sale of Asset	(334)	-	207,674	-	207,674	NA	-	(207,674)	NA
Facility Rents	20,627	20,376	204,975	203,763	1,212	0.6%	244,515	39,540	16.2%
Fire Hydrant Service Fees	13,583	-	27,166	-	27,166	NA	-	(27,166)	NA
Other Non-Operating Revenues <sup>(1)</sup>	243,036	6,250	1,578,419	62,500	1,515,919	2425.5%	75,000	(1,503,419)	-2004.6%
<b>Total Non Operating Revenues</b>	<b>1,792,408</b>	<b>1,387,797</b>	<b>10,479,884</b>	<b>7,551,606</b>	<b>2,928,278</b>	<b>38.8%</b>	<b>10,353,681</b>	<b>(126,203)</b>	<b>-1.2%</b>
<b>Total Revenues</b>	<b>4,878,412</b>	<b>4,388,396</b>	<b>38,744,288</b>	<b>36,873,738</b>	<b>1,870,551</b>	<b>5.1%</b>	<b>46,290,794</b>	<b>7,546,506</b>	<b>16.3%</b>
<b>Expenditures</b>									
Purchased Water Expense	267,595	668,603	4,080,826	6,940,417	2,859,590	41.2%	8,893,418	4,812,592	54.1%
Water Services	656,633	589,429	6,309,099	5,774,415	(534,684)	-9.3%	7,067,698	758,600	10.7%
Wastewater Services	187,637	337,553	2,598,992	3,306,881	707,889	21.4%	4,047,517	1,448,525	35.8%
Recycled Water Services	37,926	52,874	386,297	517,988	131,691	25.4%	634,000	247,703	39.1%
Administrative Services	541,410	763,262	7,053,345	7,477,391	424,046	5.7%	9,152,087	2,098,742	22.9%
Community Benefit Program	234,812	183,333	864,882	733,333	(131,549)	-17.9%	1,100,000	235,118	21.4%
<b>Total Operating Expenses</b>	<b>1,926,013</b>	<b>2,595,054</b>	<b>21,293,441</b>	<b>24,750,424</b>	<b>3,456,984</b>	<b>14.0%</b>	<b>30,894,721</b>	<b>9,601,280</b>	<b>31.1%</b>
<b>Debt Service &amp; Extraordinary Expenses</b>									
SMRCUP SRF	-	-	2,814,795	2,814,795	-	0.0%	2,814,795	-	0.0%
Red Mountain SRF	-	-	395,851	395,851	-	0.0%	395,851	-	0.0%
W Rev Bonds	-	-	434,802	434,802	-	0.0%	683,662	248,860	36.4%
WW Rev Refunding Bonds	-	-	1,729,934	1,729,934	-	0.0%	1,729,934	-	0.0%
QECB Solar Debt	-	-	262,553	262,553	-	0.0%	520,665	258,112	49.6%
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>5,637,934</b>	<b>5,637,934</b>	<b>-</b>	<b>0.0%</b>	<b>6,144,906</b>	<b>506,972</b>	<b>8.3%</b>
<b>Total Expenses</b>	<b>1,926,013</b>	<b>2,595,054</b>	<b>26,931,375</b>	<b>30,388,359</b>	<b>3,456,984</b>	<b>11.4%</b>	<b>37,039,627</b>	<b>10,108,252</b>	<b>27.3%</b>
<b>Net Revenue/(loss) From Operations and Debt Service</b>	<b>2,952,399</b>	<b>1,793,342</b>	<b>11,812,914</b>	<b>6,485,379</b>	<b>5,327,534</b>	<b>82.1%</b>	<b>9,251,167</b>	<b>(2,561,746)</b>	<b>-27.7%</b>
<b>Capital Investment</b>									
<b>Capital Investment <sup>(2)</sup></b>									
Construction Expenditures-Admin	35,419	102,083	328,665	820,833	492,168	60.0%	1,025,000	696,335	67.9%
Construction Expenditures-Water	1,373,601	798,750	6,376,199	6,162,500	(213,699)	-3.5%	8,117,000	1,740,801	21.4%
Construction Expenditures-Recycled	-	76,333	87,083	187,667	100,584	53.6%	264,000	176,917	67.0%
Construction Expenditures-Wastewater	37,625	318,333	1,022,820	1,478,333	455,513	30.8%	1,815,000	792,180	43.6%
<b>Construction Expenditures-PAYGO TOTAL</b>	<b>1,446,645</b>	<b>1,295,500</b>	<b>7,814,767</b>	<b>8,649,333</b>	<b>834,566</b>	<b>9.6%</b>	<b>11,221,000</b>	<b>3,406,233</b>	<b>30.4%</b>
<b>Capital Expenditures Funded by Water Bond Proceeds</b>	<b>-</b>	<b>-</b>	<b>(3,702,076)</b>	<b>(3,701,665)</b>	<b>411</b>	<b>0.0%</b>	<b>(3,701,665)</b>	<b>411</b>	<b>0.0%</b>
<b>Net Revenue/(Loss)</b>	<b>1,505,754</b>	<b>497,842</b>	<b>7,700,223</b>	<b>1,537,711</b>	<b>6,162,512</b>	<b>400.8%</b>	<b>1,731,833</b>	<b>5,968,390</b>	<b>-344.6%</b>

(1) Includes five installment payments of PFAS settlement for \$1,483,399.69.

(2) Detailed CIP Summary Table attached

## Monthly Budget Report for April

	Current Month		Favorable Variance Shown as a positive number				Annual Budget		
	Actual	Budget	Year-To-Date				Budget	Remaining Balance	%
			Actual	Budget	Variance	%			
<b>Operating Revenues:</b>									
CPEN IGSA Revenue <sup>(1)</sup>	586,880	709,898	896,972	2,839,592	(1,942,620)	-68.4%	4,259,388	3,362,416	78.9%
Total CPEN IGSA Operating Revenue	586,880	709,898	896,972	2,839,592	(1,942,620)	-68.4%	4,259,388	3,362,416	78.9%
<b>Expenditures</b>									
CPEN-IGSA Expenses <sup>(2)</sup>	483,575	478,695	765,477	1,914,781	1,149,304	60.0%	2,872,171	2,106,694	73.3%
CPEN-IGSA Critical Projects	49,952	166,667	49,952	666,667	616,714	92.5%	1,000,000	950,048	95.0%
CPEN-IGSA Administrative Overhead	53,353	64,536	81,543	258,145	176,602	68.4%	387,217	305,674	78.9%
Total CPEN-IGSA Expenses	533,527	645,362	815,429	2,581,447	1,766,018	68.4%	3,872,171	3,056,742	78.9%

(1) Does not include \$4,259,388 revenue for Contract Wastewater Services for the first half of FY 2026-2027.

(2) FPUD staff and equipment expenses of \$308,230 funded by CPEN

## CIP Summary Table

### FY26 PAYGO CIP Summary Table

<b>Water Capital Projects</b>	<b>Annual Budget</b>	<b>April Expenditures</b>	<b>Year-to-Date</b>
Pipelines and Valve Replacement Projects by District	\$ 760,000	\$ 84,422	\$ 848,141
Pipeline Replacement Projects by Contractors	\$ 3,735,000	\$ 1,136,030	\$ 4,035,753
Deluz ID Projects	\$ -	\$ -	\$ 29,177
Pump Stations	\$ 815,000	\$ -	\$ 70,099
Meter Replacement	\$ 60,000	\$ 11,033	\$ 60,551
Pressure Reducing Stations	\$ 20,000	\$ -	\$ 3,481
Red Mountain Reservoir Improvements	\$ 130,000	\$ 90,703	\$ 240,168
Steel Reservoir Improvements	\$ 320,000	\$ 11,446	\$ 529,969
Treatment Plant R&R	\$ 1,607,000	\$ 28,696	\$ 406,507
SCADA Upgrades/ Security/Telemetry	\$ 150,000	\$ 10,546	\$ 102,774
Vehicles and Heavy Equipment	\$ 520,000	\$ 725	\$ 49,580
Total Water Capital Projects	\$ 8,117,000	\$ 1,373,601	\$ 6,376,199

#### **Recycled Water Capital Projects**

Recycled Water Improvements	\$ 264,000	\$ -	\$ 87,083
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#### **Wastewater Capital Projects**

WRP Improvements	\$ 1,325,000	\$ 10,623	\$ 88,791
Collection System Improvements	\$ 440,000	\$ 27,002	\$ 880,101
Outfall Improvements	\$ 50,000	\$ -	\$ 53,927
Vehicles and Heavy Equipment	\$ -	\$ -	\$ -
Total Wastewater Capital Projects	\$ 1,815,000	\$ 37,625	\$ 1,022,820

#### **Administrative Capital Projects**

Administrative Upgrades	\$ 700,000	\$ 35,419	\$ 183,593
Engineering and Operations Information Systems	\$ -	\$ -	\$ -
Facility Improvements/Upgrades/Security	\$ 300,000	\$ -	\$ 134,271
District Yard Improvements	\$ 25,000	\$ -	\$ 10,802
Total Administrative Capital Projects	\$ 1,025,000	\$ 35,419	\$ 328,665

<b>Capital Projects Total</b>	\$ 11,221,000	\$ 1,446,645	\$ 7,814,767
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## M E M O

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** June 29, 2026  
**SUBJECT:** Budget Status Report for Fiscal Year 2025-2026

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### Purpose

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

### Summary

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

Total revenues are just over budget driven by the PFOAS payments received. Water sales dipped below budgeted levels this month and are now 4.04% under budget. Lower year to date water sales drove total Operating Revenues 3.7% under budget. Non-Operating Revenues were 40.6% over budget due largely to PFAS settlement funds received, MWD Local Resources Program revenues, which are higher due to more Camp Pendleton water deliveries than budgeted, and the sale of surplus land.

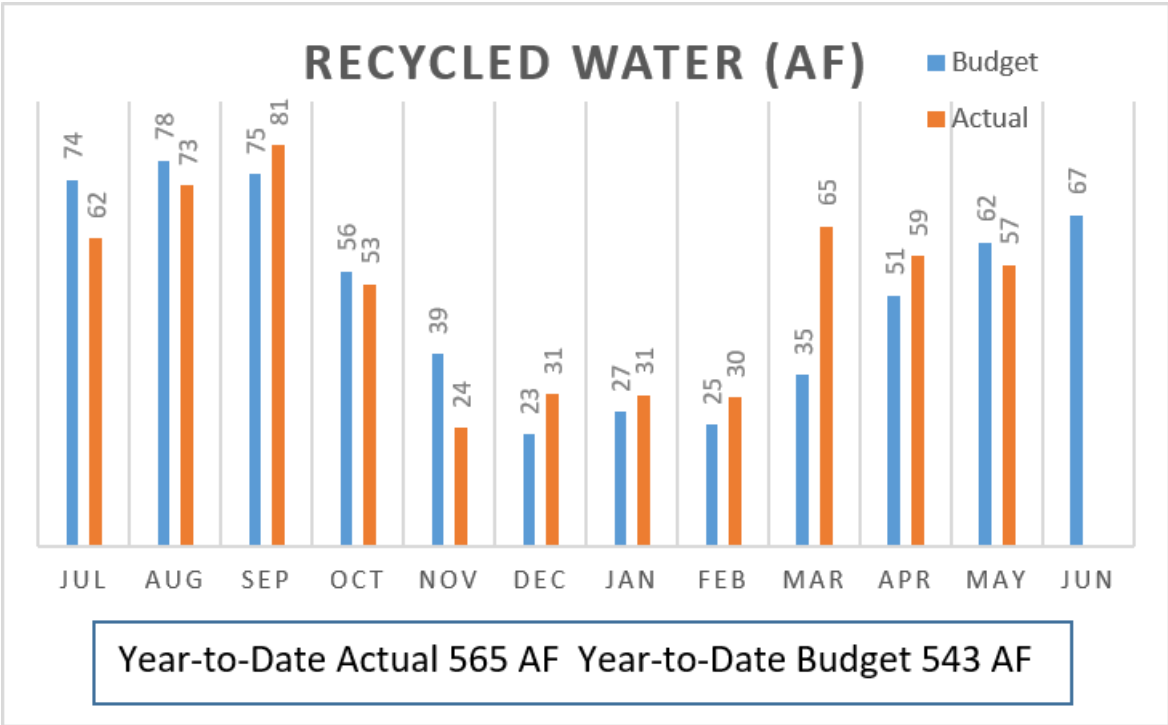
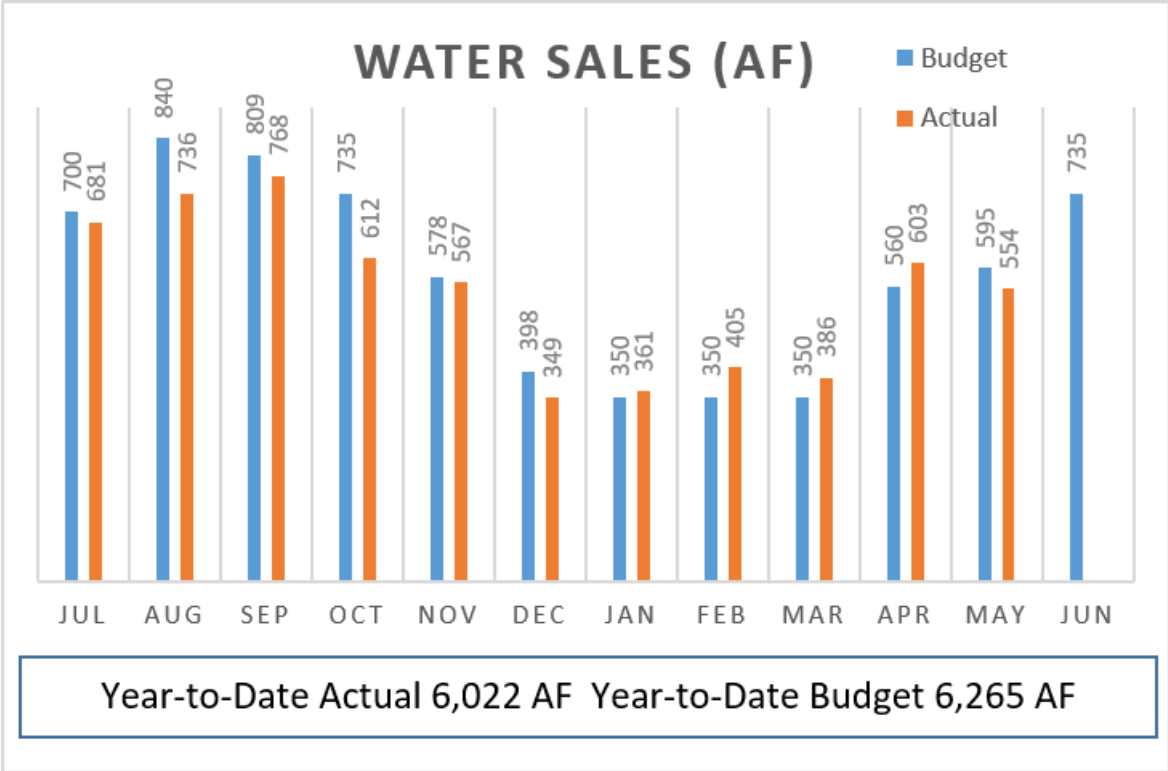
The District's year-to-date total expenditures are 12.2% under budget. Purchased Water Expense is under budget due to the water supply mix favoring Camp Pendleton water purchases vs. EMWD water purchases. The District's operating budgets are under budget. This trend is expected to continue as but expected to trend towards budget levels as the year progresses. Water Service is over budget due to the higher than budget levels of water production at the Santa Margarita Groundwater Treatment Plant.

Total revenue is \$42,837,581 or 5.3% over budget and total expenditures are \$29,547,803 or 12.2% under the budget. PAYGO CIP expenditures are under budget for the year-to-date. After adjusting for the PAYGO expenditures year-to-date net revenues are higher than budget.

The Camp Pendleton Contract Wastewater Services cost and revenues are shown on the last page of this report. The initial deposit of \$8,518,776 was received in January for the calendar year. The first half of the year is included in this year's budget. Expenditures for March highlight the District's costs to prepare for assuming operations of the plants in April. Total CPEN expenditures are \$1,209,540 or 62.5% under budget. Expenditures are expected to trend to budget as staff try to stabilize and improve the condition of the treatment plants.

### Recommended Action

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



# Monthly Budget Report for May

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
<b>Operating Revenues:</b>								Year remaining	8.3%
Water Sales	1,427,398	1,572,890	14,971,996	16,126,936	(1,154,940)	-7.2%	18,069,918	3,097,922	17.1%
Water Meter Service Charges	764,395	762,611	8,169,100	8,227,223	(58,123)	-0.7%	8,989,834	820,733	9.1%
Wastewater Service Charges	655,143	642,383	6,853,333	6,869,939	(16,606)	-0.2%	7,512,322	658,989	8.8%
Recycled Water Revenues	123,649	138,619	1,240,560	1,214,537	26,023	2.1%	1,365,039	124,479	9.1%
Other Operating Revenue	-	-	-	-	-	NA	-	-	NA
<b>Total Operating Revenue</b>	<b>2,970,585</b>	<b>3,116,503</b>	<b>31,234,989</b>	<b>32,438,635</b>	<b>(1,203,646)</b>	<b>-3.7%</b>	<b>35,937,113</b>	<b>4,702,124</b>	<b>13.1%</b>
<b>Non Operating Revenues:</b>									
Water Capital Improvement Charge	176,949	172,512	1,887,679	1,843,302	44,377	2.4%	2,015,814	128,135	6.4%
Wastewater Capital Improvement Charge	127,920	124,241	1,380,529	1,366,655	13,873	1.0%	1,490,897	110,368	7.4%
Property Taxes	93,158	183,974	2,868,679	2,687,222	181,456	6.8%	2,765,956	(102,723)	-3.7%
Water Standby/Availability Charge	4,339	21,084	183,359	186,348	(2,990)	-1.6%	200,000	16,641	8.3%
Water/Wastewater Capacity Charges	502,144	11,250	645,872	123,750	522,122	421.9%	135,000	(510,872)	-378.4%
Portfolio Interest	134,772	98,399	1,419,656	1,082,392	337,264	31.2%	1,180,791	(238,865)	-20.2%
Federal Interest Rate Subsidy	-	19,224	-	39,233	(39,233)	-100.0%	39,233	39,233	100.0%
MWD Local Resource Program	-	41,785	945,500	628,910	316,590	50.3%	669,475	(276,025)	-41.2%
Grant Funds	-	-	169,660	-	169,660	NA	1,537,000	1,367,341	89.0%
Gain/(Loss) on Sale of Asset	-	-	207,674	-	207,674	NA	-	(207,674)	NA
Facility Rents	20,627	20,376	225,602	224,139	1,463	0.7%	244,515	18,914	7.7%
Fire Hydrant Service Fees	27,166	-	54,332	-	54,332	NA	-	(54,332)	NA
Other Non-Operating Revenues <sup>(1)</sup>	35,633	6,250	1,614,052	68,750	1,545,302	2247.7%	75,000	(1,539,052)	-2052.1%
<b>Total Non Operating Revenues</b>	<b>1,122,708</b>	<b>699,096</b>	<b>11,602,592</b>	<b>8,250,702</b>	<b>3,351,890</b>	<b>40.6%</b>	<b>10,353,681</b>	<b>(1,248,911)</b>	<b>-12.1%</b>
<b>Total Revenues</b>	<b>4,093,293</b>	<b>3,815,599</b>	<b>42,837,581</b>	<b>40,689,337</b>	<b>2,148,244</b>	<b>5.3%</b>	<b>46,290,794</b>	<b>3,453,213</b>	<b>7.5%</b>
<b>Expenditures</b>									
Purchased Water Expense	615,078	857,698	4,695,905	7,798,115	3,102,210	39.8%	8,893,418	4,197,514	47.2%
Water Services	682,734	659,949	6,991,833	6,434,364	(557,469)	-8.7%	7,067,698	75,866	1.1%
Wastewater Services	303,520	377,939	2,902,512	3,684,820	782,308	21.2%	4,047,517	1,145,005	28.3%
Recycled Water Services	49,275	59,200	435,572	577,188	141,615	24.5%	634,000	198,428	31.3%
Administrative Services	707,508	854,580	7,760,853	8,331,971	571,118	6.9%	9,152,087	1,391,234	15.2%
Community Benefit Program	201	183,333	865,082	916,667	51,584	5.6%	1,100,000	234,918	21.4%
<b>Total Operating Expenses</b>	<b>2,358,316</b>	<b>2,992,699</b>	<b>23,651,757</b>	<b>27,743,123</b>	<b>4,091,367</b>	<b>14.7%</b>	<b>30,894,721</b>	<b>7,242,964</b>	<b>23.4%</b>
<b>Debt Service &amp; Extraordinary Expenses</b>									
SMRCUP SRF	-	-	2,814,795	2,814,795	-	0.0%	2,814,795	-	0.0%
Red Mountain SRF	-	-	395,851	395,851	-	0.0%	395,851	-	0.0%
W Rev Bonds	-	-	434,802	434,802	-	0.0%	683,662	248,860	36.4%
WW Rev Refunding Bonds	-	-	1,729,934	1,729,934	-	0.0%	1,729,934	-	0.0%
QECB Solar Debt	258,112	258,112	520,665	520,665	-	0.0%	520,665	-	0.0%
<b>Total Debt Service</b>	<b>258,112</b>	<b>258,112</b>	<b>5,896,046</b>	<b>5,896,046</b>	<b>-</b>	<b>0.0%</b>	<b>6,144,906</b>	<b>248,860</b>	<b>4.0%</b>
<b>Total Expenses</b>	<b>2,616,428</b>	<b>3,250,811</b>	<b>29,547,803</b>	<b>33,639,170</b>	<b>4,091,367</b>	<b>12.2%</b>	<b>37,039,627</b>	<b>7,491,824</b>	<b>20.2%</b>
<b>Net Revenue/(loss) From Operations and Debt Service</b>	<b>1,476,864</b>	<b>564,788</b>	<b>13,289,778</b>	<b>7,050,167</b>	<b>6,239,611</b>	<b>88.5%</b>	<b>9,251,167</b>	<b>(4,038,611)</b>	<b>-43.7%</b>
<b>Capital Investment</b>									
<b>Capital Investment <sup>(2)</sup></b>									
Construction Expenditures-Admin	30,879	102,083	359,544	922,917	563,373	61.0%	1,025,000	665,456	64.9%
Construction Expenditures-Water	920,811	1,428,750	7,297,010	7,591,250	294,240	3.9%	8,117,000	819,990	10.1%
Construction Expenditures-Recycled	-	76,333	87,083	264,000	176,917	67.0%	264,000	176,917	67.0%
Construction Expenditures-Wastewater	1,829	318,333	1,024,649	1,796,667	772,018	43.0%	1,815,000	790,351	43.5%
<b>Construction Expenditures-PAYGO TOTAL</b>	<b>953,519</b>	<b>1,925,500</b>	<b>8,768,286</b>	<b>10,574,833</b>	<b>1,806,548</b>	<b>17.1%</b>	<b>11,221,000</b>	<b>2,452,714</b>	<b>21.9%</b>
<b>Capital Expenditures Funded by Water Bond Proceeds</b>	<b>-</b>	<b>-</b>	<b>(3,702,076)</b>	<b>(3,701,665)</b>	<b>411</b>	<b>0.0%</b>	<b>(3,701,665)</b>	<b>411</b>	<b>0.0%</b>
<b>Net Revenue/(Loss)</b>	<b>523,345</b>	<b>(1,360,712)</b>	<b>8,223,568</b>	<b>176,999</b>	<b>8,046,569</b>	<b>4546.1%</b>	<b>1,731,833</b>	<b>6,491,736</b>	<b>-374.8%</b>

(1) Includes five installment payments of PFAS settlement for \$1,483,399.69.

(2) Detailed CIP Summary Table attached

## Monthly Budget Report for May

	Current Month		Favorable Variance Shown as a positive number				Annual Budget		
	Actual	Budget	Year-To-Date				Budget	Remaining Balance	%
			Actual	Budget	Variance	%			
<b>Operating Revenues:</b>									
CPEN IGSA Revenue <sup>(1)</sup>	429,468	709,898	1,326,440	3,549,490	(2,223,050)	-62.6%	4,259,388	2,932,948	68.9%
Total CPEN IGSA Operating Revenue	429,468	709,898	1,326,440	3,549,490	(2,223,050)	-62.6%	4,259,388	2,932,948	68.9%
<b>Expenditures</b>									
CPEN-IGSA Expenses <sup>(2)</sup>	353,578	478,695	1,119,055	2,393,476	1,274,421	53.2%	2,872,171	1,753,116	61.0%
CPEN-IGSA Critical Projects	40,532	166,667	90,484	833,333	742,849	89.1%	1,000,000	909,516	91.0%
CPEN-IGSA Administrative Overhead	35,358	64,536	116,901	322,681	205,780	63.8%	387,217	270,316	69.8%
Total CPEN-IGSA Expenses	394,110	645,362	1,209,540	3,226,809	2,017,270	62.5%	3,872,171	2,662,631	68.8%

(1) Does not include \$4,259,388 revenue for Contract Wastewater Services for the first half of FY 2026-2027.

(2) FPUD staff and equipment expenses of \$308,230 funded by CPEN

## CIP Summary Table

### FY26 PAYGO CIP Summary Table

<b>Water Capital Projects</b>	<b>Annual Budget</b>	<b>May Expenditures</b>	<b>Year-to-Date</b>
Pipelines and Valve Replacement Projects by District	\$ 760,000	\$ 34,612	\$ 882,753
Pipeline Replacement Projects by Contractors	\$ 3,735,000	\$ 438,003	\$ 4,473,756
Deluz ID Projects	\$ -	\$ -	\$ 29,177
Pump Stations	\$ 815,000	\$ 14,037	\$ 84,136
Meter Replacement	\$ 60,000	\$ 2,791	\$ 63,342
Pressure Reducing Stations	\$ 20,000	\$ -	\$ 3,481
Red Mountain Reservoir Improvements	\$ 130,000	\$ 50,356	\$ 290,525
Steel Reservoir Improvements	\$ 320,000	\$ 6,425	\$ 536,393
Treatment Plant R&R	\$ 1,607,000	\$ 163,061	\$ 569,568
SCADA Upgrades/ Security/Telemetry	\$ 150,000	\$ 14,725	\$ 117,500
Vehicles and Heavy Equipment	\$ 520,000	\$ 196,800	\$ 246,380
Total Water Capital Projects	\$ 8,117,000	\$ 920,811	\$ 7,297,010

#### **Recycled Water Capital Projects**

Recycled Water Improvements	\$ 264,000	\$ -	\$ 87,083
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#### **Wastewater Capital Projects**

WRP Improvements	\$ 1,325,000	\$ -	\$ 88,791
Collection System Improvements	\$ 440,000	\$ 1,829	\$ 881,930
Outfall Improvements	\$ 50,000	\$ -	\$ 53,927
Vehicles and Heavy Equipment	\$ -	\$ -	\$ -
Total Wastewater Capital Projects	\$ 1,815,000	\$ 1,829	\$ 1,024,649

#### **Administrative Capital Projects**

Administrative Upgrades	\$ 700,000	\$ 30,005	\$ 213,598
Engineering and Operations Information Systems	\$ -	\$ -	\$ -
Facility Improvements/Upgrades/Security	\$ 300,000	\$ 566	\$ 134,837
District Yard Improvements	\$ 25,000	\$ 308	\$ 11,110
Total Administrative Capital Projects	\$ 1,025,000	\$ 30,879	\$ 359,544

<b>Capital Projects Total</b>	\$ 11,221,000	\$ 953,519	\$ 8,768,286
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05/31/2026

Treasurer Warrant No. May

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 – 05/2026**

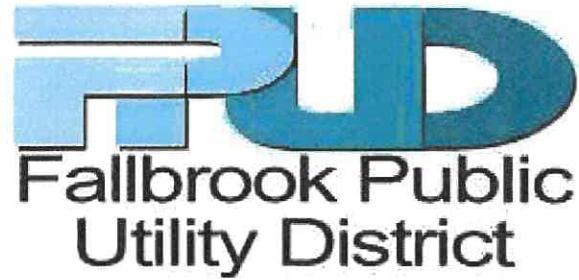
**Computer Check Register**

Payroll #1	\$241,089.63
Payroll #2	<u>\$226,092.23</u>
	<u>\$467,181.86</u>

# Accounts Payable

## Checks by Date - Summary by Check Date

User: annaleceb  
 Printed: 6/4/2026 1:36 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	92087	OPENLANE TECHNOLOGY CORPORA	05/07/2026	740.37
ACH	03358	US BANK TRUST NA	05/07/2026	258,112.05
ACH	00152	FPUD EMPL ASSOCIATION	05/07/2026	15.25
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	05/07/2026	1,211.50
ACH	06758	UNITED STATES TREASURY	05/07/2026	275.38
ACH	06760	STATE OF CA - SDI	05/07/2026	21.74
ACH	06763	PERS - PAYROLL	05/07/2026	276.30
ACH	06758	UNITED STATES TREASURY	05/07/2026	11,146.64
ACH	06759	STATE OF CA - PR TAXES	05/07/2026	2,552.60
ACH	06760	STATE OF CA - SDI	05/07/2026	321.74
99724	01460	AFLAC	05/07/2026	2,565.57
99725	91256	AFP	05/07/2026	1,175.00
99726	91969	AIR QUALITY CONTROL HEATING AN	05/07/2026	686.00
99727	91286	AMAZON CAPITAL SERVICES, INC.	05/07/2026	7,818.12
99728	91490	AMAZON WEB SERVICES, INC.	05/07/2026	113.35
99729	91724	ASPHALT & CONCRETE ENTERPRISES	05/07/2026	30,798.50
99730	05088	AT&T	05/07/2026	625.79
99731	91608	AT&T MOBILITY LLC	05/07/2026	4,486.85
99732	92052	AUTOZONE INVESTMENT CORPORAT	05/07/2026	35.01
99733	06578	AZTEC TECHNOLOGY CORPORATION	05/07/2026	9,239.56
99734	91503	BACKGROUNDS ONLINE	05/07/2026	1,612.88
99735	06374	BOOT BARN INC.	05/07/2026	1,379.88
99736	05615	BOOT WORLD INC.	05/07/2026	321.46
99737	03978	CAMERON WELDING SUPPLY	05/07/2026	954.70
99738	91594	CONCENTRA MEDICAL CENTERS	05/07/2026	300.00
99739	02176	CORELOGIC SOLUTIONS, LLC	05/07/2026	218.55
99740	05180	NOELLE DENKE	05/07/2026	61.27
99741	05853	DUKE'S ROOT CONTROL INC	05/07/2026	1,320.76
99742	06144	DUPERON CORPORATION	05/07/2026	10,622.86
99743	91305	DXP ENTERPRISES, INC.	05/07/2026	28,075.22
99744	04122	EVOQUA WATER TECHNOLOGIES LLC	05/07/2026	425.62
99745	06303	EXECUTIVE LANDSCAPE INC.	05/07/2026	9,503.57
99746	91611	FALLBROOK ACE HARDWARE	05/07/2026	1,465.70
99747	09523	FALLBROOK EQUIP RENTALS	05/07/2026	365.00
99748	01099	FALLBROOK IRRIGATION INC	05/07/2026	2,048.94
99749	00169	FALLBROOK OIL COMPANY	05/07/2026	22,259.58
99750	06497	FASTENAL COMPANY	05/07/2026	1,150.35
99751	04494	FEDERAL EXPRESS CORPORATION	05/07/2026	89.90
99752	02972	FISHER SCIENTIFIC COMPANY LLC	05/07/2026	3,910.91
99753	91160	FORTE	05/07/2026	930.00
99754	91837	GEOTAB USA, INC.	05/07/2026	1,566.25
99755	02170	GRAINGER, INC.	05/07/2026	1,907.10
99756	05380	HACH CO	05/07/2026	2,183.67
99757	06329	HILL BROTHERS CHEMICAL COMPAN	05/07/2026	1,965.45
99758	03276	HOME DEPOT CREDIT SERVICES	05/07/2026	333.81
99759	06577	INFOSEND INC	05/07/2026	2,749.86
99760	91815	MAIN ELECTRIC SUPPLY COMPANY L	05/07/2026	3,233.02

Check No	Vendor No	Vendor Name	Check Date	Check Amount
99761	91751	MANAGED MOBILE INC	05/07/2026	2,503.02
99762	02618	MC MASTER-CARR	05/07/2026	218.58
99763	05655	DON MCDUGAL	05/07/2026	12.83
99764	03201	NATIONAL SAFETY COMPLIANCE INC	05/07/2026	40.15
99765	06298	ONESOURCE DISTRIBUTORS, LLC	05/07/2026	1,123.58
99766	91674	O'REILLY AUTO ENTERPRISES, LLC	05/07/2026	354.09
99767	01267	PACIFIC PIPELINE	05/07/2026	5,771.72
99768	91155	QUALITY GATE, INC	05/07/2026	870.00
99769	91093	RANCHO CALIFORNIA WATER DISTRI	05/07/2026	11,618.76
99770	04075	RUSTY WALLIS, INC	05/07/2026	215.00
99771	06666	SAGINAW CONTROL & ENGINEERING	05/07/2026	788.64
99772	00232	SAN DIEGO GAS & ELECTRIC	05/07/2026	67,372.72
99773	90925	SHERWIN-WILLIAMS	05/07/2026	1,428.33
99774	05656	SLOAN ELECTROMECHANICAL SERV	05/07/2026	19,231.50
99775	91723	SPECIALTY MOWING SERVICES, INC	05/07/2026	15,010.00
99776	91799	SUNBELT RENTALS, INC	05/07/2026	9,339.67
99777	06735	TCN, INC.	05/07/2026	74.06
99778	05731	TEMECULA VALLEY POWDER COATIN	05/07/2026	1,211.00
99779	90912	TRUPIANO'S ITALIAN BISTRO	05/07/2026	347.17
99780	00724	UNDERGROUND SERVICE ALERT	05/07/2026	530.76
99781	06211	UNITED IMAGING	05/07/2026	158.27
99782	91703	UNIVAR SOLUTIONS	05/07/2026	9,148.08
99783	03358	US BANK TRUST NA	05/07/2026	3,000.00
99784	91284	WM CORPORATE SERVICES, INC	05/07/2026	3,375.00
99785	91888	ALTERTECH SOLUTIONS, LLC	05/07/2026	4,850.00
99786	91286	AMAZON CAPITAL SERVICES, INC.	05/07/2026	817.87
99787	04995	AMERICAN MESSAGING	05/07/2026	305.58
99788	91486	CONNECTA SATELLITE SOLUTIONS L	05/07/2026	78.28
99789	06303	EXECUTIVE LANDSCAPE INC.	05/07/2026	1,260.00
99790	91848	FERNANDEZ GOVERNMENT SOLUTIC	05/07/2026	10,000.00
99791	02767	GRANGETTO FARM & GARDEN SUPPI	05/07/2026	103.54
99792	06380	JANI-KING OF CALIFORNIA, INC - SA	05/07/2026	3,451.05
99793	05936	SAN DIEGO COUNTY RECORDER	05/07/2026	50.00
99794	91491	SILVERTHORN RANCH LLC	05/07/2026	12,500.00
99795	06605	SOUTHLAND PIPE CORP.	05/07/2026	7,921.35
99796	92024	THE BERNHARDT GROUP, LLC	05/07/2026	15,000.00
99797	91703	UNIVAR SOLUTIONS	05/07/2026	21,685.04
99798	00233	WAXIE SANITARY SUPPLY	05/07/2026	386.92
Total for 5/7/2026:				665,326.19
ACH	06758	UNITED STATES TREASURY	05/11/2026	732.90
ACH	06759	STATE OF CA - PR TAXES	05/11/2026	79.20
ACH	06760	STATE OF CA - SDI	05/11/2026	51.15
ACH	06763	PERS - PAYROLL	05/11/2026	649.99
ACH	06758	UNITED STATES TREASURY	05/11/2026	104.02
ACH	06760	STATE OF CA - SDI	05/11/2026	8.75
ACH	06763	PERS - PAYROLL	05/11/2026	111.18
ACH	06758	UNITED STATES TREASURY	05/11/2026	51.48
ACH	06760	STATE OF CA - SDI	05/11/2026	4.37
Total for 5/11/2026:				1,793.04
ACH	00152	FPUD EMPL ASSOCIATION	05/14/2026	795.25
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	05/14/2026	27,670.22
ACH	06758	UNITED STATES TREASURY	05/14/2026	89,671.07
ACH	06759	STATE OF CA - PR TAXES	05/14/2026	14,313.05

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	06760	STATE OF CA - SDI	05/14/2026	4,699.90
ACH	06763	PERS - PAYROLL	05/14/2026	62,529.99
ACH	02582	EMPLOYMENT DEVELOPMENT DEPT	05/14/2026	350.00
99801	06020	BABCOCK LABORATORIES, INC	05/14/2026	14,983.09
99802	05953	CORODATA RECORDS MANAGEMENT	05/14/2026	985.66
99803	02925	DATA NET SOLUTIONS	05/14/2026	7,434.35
99804	91689	DE NORA WATER TECHNOLOGIES, LL	05/14/2026	355.43
99805	02972	FISHER SCIENTIFIC COMPANY LLC	05/14/2026	2,515.04
99806	05380	HACH CO	05/14/2026	12,659.96
99807	92076	ORKIN SERVICES OF CALIFORNIA INC	05/14/2026	312.00
99808	91887	POLYDYNE, INC.	05/14/2026	31,052.49
99809	91077	RED WING BUSINESS ADVANTAGE AC	05/14/2026	350.00
99810	00232	SAN DIEGO GAS & ELECTRIC	05/14/2026	42,880.26
99811	92089	STAPLES INC	05/14/2026	419.12
99812	91968	SYNAGRO TECHNOLOGIES, INC	05/14/2026	13,979.88
99813	91574	TRUSSELL TECHNOLOGIES, INC.	05/14/2026	33,317.50
99814	92081	UES PROFESSIONAL SOLUTIONS INC	05/14/2026	10,125.00
99815	92054	YSI INC	05/14/2026	2,209.98
99816	91286	AMAZON CAPITAL SERVICES, INC.	05/14/2026	162.14
99817	91994	BAY CITY INDUSTRIAL SUPPLY	05/14/2026	4,788.41
99818	91939	BERT W SALAS INC	05/14/2026	1,273.14
99819	91840	BLUE - WHITE INDUSTRIES	05/14/2026	391.85
99820	06299	D & H WATER SYSTEMS, INC	05/14/2026	19,940.90
99821	04122	EVOQUA WATER TECHNOLOGIES LLC	05/14/2026	10,981.51
99822	09523	FALLBROOK EQUIP RENTALS	05/14/2026	945.74
99823	91833	FAMILY SUPPORT REGISTRY	05/14/2026	100.15
99824	06497	FASTENAL COMPANY	05/14/2026	9,251.40
99825	01432	FERGUSON WATERWORKS #1083	05/14/2026	1,150.77
99826	92070	GANAHL LUMBER CO	05/14/2026	529.32
99827	02170	GRAINGER, INC.	05/14/2026	69.16
99828	02767	GRANGETTO FARM & GARDEN SUPPI	05/14/2026	144.79
99829	92099	GRANITE CONSTRUCTION COMPANY	05/14/2026	1,381.00
99830	92098	HAZARD CONSTRUCTION ENGR, LLC	05/14/2026	1,440.29
99831	92069	KURITA AMERICA INC	05/14/2026	11,556.19
99832	91130	LINCOLN NATIONAL LIFE INSURANC	05/14/2026	5,840.44
99833	91815	MAIN ELECTRIC SUPPLY COMPANY L	05/14/2026	2,039.87
99834	01267	PACIFIC PIPELINE	05/14/2026	10,783.20
99835	92019	PAVEMENT COATINGS CO	05/14/2026	1,268.58
99836	91826	RS AMERICAS, INC.	05/14/2026	1,121.67
99837	05656	SLOAN ELECTROMECHANICAL SERV	05/14/2026	12,058.60
99838	91860	SPECTRUM ENTERPRISE	05/14/2026	90.00
99839	05415	STATE WATER RESOURCE CONTROL I	05/14/2026	70.00
99840	90943	TRI-GROUP CONSTRUCTION AND DE'	05/14/2026	1,494.79
99841	91703	UNIVAR SOLUTIONS	05/14/2026	3,997.47
99842	06231	WESTERN WATER WORKS SUPPLY CC	05/14/2026	8,118.75
Total for 5/14/2026:				484,599.37
ACH	91223	STERLING ADMINISTRATION	05/21/2026	135.00
99843	92052	AUTOZONE INVESTMENT CORPORAT	05/21/2026	743.53
99844	91675	BANNER BANK	05/21/2026	23,467.65
99845	91465	BRAX COMPANY, INC.	05/21/2026	54,639.26
99846	06675	CORODATA SHREDDING, INC	05/21/2026	78.11
99847	91882	EASTERN MUNICIPAL WATER DISTRI	05/21/2026	411,929.09
99848	90953	JR FILANC CONSTRUCTION CO., INC.	05/21/2026	280,645.01
99849	90932	NAPA AUTO PARTS	05/21/2026	395.44
99850	91535	PAYMENTUS CORPORATION	05/21/2026	5,544.40

Check No	Vendor No	Vendor Name	Check Date	Check Amount
99851	91658	PK MECHANICAL SYSTEMS, INC	05/21/2026	445,885.45
99852	91093	RANCHO CALIFORNIA WATER DISTRI	05/21/2026	2,591.52
99853	91956	RISING PHOENIX TRAINING LLC	05/21/2026	3,100.00
99854	06619	SAN DIEGO REFRIGERATION	05/21/2026	345.78
99855	91752	TEMECULA VALLEY BUICK GMC	05/21/2026	323.86
99856	92040	TYLER TECHNOLOGIES, INC.	05/21/2026	3,348.00
99857	90981	WATERSMART SOFTWARE	05/21/2026	289.14
99858	91254	WESTERN PUMP, INC.	05/21/2026	8,052.57
99859	00101	ACWA JPIA	05/21/2026	159,554.30
99860	91286	AMAZON CAPITAL SERVICES, INC.	05/21/2026	2,180.33
99861	92052	AUTOZONE INVESTMENT CORPORAT	05/21/2026	348.15
99862	91708	B2B SECURITY	05/21/2026	3,000.00
99863	91487	BADGER METER, INC.	05/21/2026	1,296.76
99864	UB*00662	ROBERTO BARRERA	05/21/2026	4.58
99865	03134	CALIFORNIA WATER ENVIRONMENT.	05/21/2026	114.00
99866	04178	CALOLYMPIC SAFETY CO., INC.	05/21/2026	243.70
99867	91827	JUSTIN CAMERON	05/21/2026	214.25
99868	92093	CONSOLIDATED ELECTRICAL DISTRI	05/21/2026	2,155.84
99869	05180	NOELLE DENKE	05/21/2026	296.65
99870	05192	DIAMOND ENVIRONMENTAL SERVIC	05/21/2026	981.35
99871	92100	EL ORO MANAGEMENT INC	05/21/2026	783.04
99872	09523	FALLBROOK EQUIP RENTALS	05/21/2026	3,188.00
99873	06497	FASTENAL COMPANY	05/21/2026	5,423.54
99874	01432	FERGUSON WATERWORKS #1083	05/21/2026	6,332.51
99875	91323	FIRST BANKCARD	05/21/2026	189.17
99876	91744	FIRST BANKCARD	05/21/2026	11.90
99877	91847	FIRST BANKCARD	05/21/2026	4,628.53
99878	91895	FIRST BANKCARD	05/21/2026	1,942.00
99879	91971	FIRST BANKCARD	05/21/2026	1,904.98
99880	02972	FISHER SCIENTIFIC COMPANY LLC	05/21/2026	44.77
99881	02170	GRAINGER, INC.	05/21/2026	897.88
99882	05380	HACH CO	05/21/2026	1,114.56
99883	UB*00660	JOHN HAMPTON	05/21/2026	169.93
99884	06577	INFOSEND INC	05/21/2026	3,293.27
99885	06479	KNOCKOUT PEST CONTROL & TERMI	05/21/2026	100.00
99886	04926	KONICA MINOLTA PREMIER FINANCE	05/21/2026	2,162.26
99887	90902	MATTHEW LIAN	05/21/2026	240.00
99888	90887	LLOYD PEST CONTROL	05/21/2026	432.00
99889	91815	MAIN ELECTRIC SUPPLY COMPANY L	05/21/2026	344.96
99890	91751	MANAGED MOBILE INC	05/21/2026	2,755.58
99891	02618	MC MASTER-CARR	05/21/2026	3,368.15
99892	91997	MKN & ASSOCIATES	05/21/2026	2,244.00
99893	UB*00661	RICK OWNBEY	05/21/2026	95.68
99894	92080	PACE SUPPLY CORP	05/21/2026	1,444.93
99895	01267	PACIFIC PIPELINE	05/21/2026	249.24
99896	92041	PERRAULT CORPORATION	05/21/2026	1,566.75
99897	91155	QUALITY GATE, INC	05/21/2026	818.13
99898	05442	QUEXION, LLC	05/21/2026	35.75
99899	06717	RDO EQUIPMENT CO	05/21/2026	147,944.34
99900	91665	SAFETYNET INC.	05/21/2026	2,294.00
99901	UB*00663	JAN SCOTT	05/21/2026	200.00
99902	90929	SOUTHWEST ANSWERING SERVICE, I	05/21/2026	1,054.00
99903	00159	SUPERIOR READY MIX	05/21/2026	1,260.68
99904	91752	TEMECULA VALLEY BUICK GMC	05/21/2026	223.31
99905	91793	TRAFFIC SUPPLY, INC	05/21/2026	332.95
99906	92040	TYLER TECHNOLOGIES, INC.	05/21/2026	4,588.00
99907	91284	WM CORPORATE SERVICES, INC	05/21/2026	3,820.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
			Total for 5/21/2026:	1,619,402.51
ACH	00152	FPUD EMPL ASSOCIATION	05/28/2026	795.25
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	05/28/2026	27,670.22
ACH	06758	UNITED STATES TREASURY	05/28/2026	89,382.08
ACH	06759	STATE OF CA - PR TAXES	05/28/2026	14,173.22
ACH	06760	STATE OF CA - SDI	05/28/2026	4,680.40
ACH	06763	PERS - PAYROLL	05/28/2026	62,724.37
99910	91286	AMAZON CAPITAL SERVICES, INC.	05/28/2026	675.99
99911	06536	ARCADIS U.S., INC	05/28/2026	63,010.45
99912	91994	BAY CITY INDUSTRIAL SUPPLY	05/28/2026	1,500.10
99913	02743	BEST BEST & KRIEGER	05/28/2026	17,489.15
99914	91069	BRENNTAG NORTH AMERICA LLC	05/28/2026	6,599.41
99915	03205	CITY OF OCEANSIDE	05/28/2026	2,710.50
99916	91008	MICHAEL COTHRAN	05/28/2026	7,763.00
99917	91585	LAUREN ECKERT	05/28/2026	331.95
99918	00161	FALLBROOK CHAMBER OF COMMER	05/28/2026	35.00
99919	01099	FALLBROOK IRRIGATION INC	05/28/2026	335.45
99920	00169	FALLBROOK OIL COMPANY	05/28/2026	5,240.23
99921	91833	FAMILY SUPPORT REGISTRY	05/28/2026	100.15
99922	04494	FEDERAL EXPRESS CORPORATION	05/28/2026	26.43
99923	91200	FIRST BANKCARD	05/28/2026	2,746.47
99924	91202	FIRST BANKCARD	05/28/2026	971.29
99925	91225	FIRST BANKCARD	05/28/2026	911.40
99926	91313	FIRST BANKCARD	05/28/2026	2,082.70
99927	91540	FIRST BANKCARD	05/28/2026	275.00
99928	91678	FIRST BANKCARD	05/28/2026	1,311.32
99929	91989	FIRST BANKCARD	05/28/2026	1,458.54
99930	92095	FIRST BANKCARD	05/28/2026	946.81
99931	92096	FIRST BANKCARD	05/28/2026	4,478.05
99932	02170	GRAINGER, INC.	05/28/2026	223.97
99933	00190	JCI JONES CHEMICALS INC.	05/28/2026	24,541.37
99934	92076	ORKIN SERVICES OF CALIFORNIA INC	05/28/2026	312.00
99935	01267	PACIFIC PIPELINE	05/28/2026	6,712.51
99936	91007	PFM ASSET MANGEMENT LLC	05/28/2026	1,417.29
99937	91601	QUADIENT LEASING USA, INC	05/28/2026	686.14
99938	91955	SOFTRESOURCES LLC	05/28/2026	1,000.00
99939	05415	STATE WATER RESOURCE CONTROL I	05/28/2026	55.00
99940	91799	SUNBELT RENTALS, INC	05/28/2026	8,994.29
99941	91771	TIMECLOCK PLUS, LLC	05/28/2026	280.00
99942	UB*00664	LEE TROUTMAN	05/28/2026	55.11
99943	91703	UNIVAR SOLUTIONS	05/28/2026	9,322.84
			Total for 5/28/2026:	374,025.45
			Report Total (249 checks):	3,145,146.56

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

Jack Bebee

General Manager