



FALLBROOK PUBLIC UTILITY DISTRICT
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE

WEDNESDAY, SEPTEMBER 15, 2021
9:00 A.M.

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

AGENDA

PURSUANT TO WAIVERS TO CERTAIN BROWN ACT PROVISIONS UNDER EXECUTIVE ORDERS ISSUED BY GOVERNOR NEWSOM RELATED TO THE COVID-19 STATE OF EMERGENCY THIS MEETING WILL BE CONDUCTED VIA WEB AND TELECONFERENCE USING THE BELOW INFORMATION. HOWEVER, MEMBERS OF THE PUBLIC MAY ALSO PARTICIPATE IN THIS MEETING BY ATTENDING IN PERSON AT THE DISTRICT OFFICE LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028. MEMBERS OF THE PUBLIC WHO DO NOT WISH TO ATTEND IN PERSON ARE ENCOURAGED TO PARTICIPATE IN THE BOARD MEETING VIA WEB CONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION.

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

SUBMIT COMMENTS BEFORE THE MEETING:

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

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

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

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

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

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

II. ACTION / DISCUSSION ----- (ITEMS A-D)

A. REVIEW OF DISTRICT'S DISCONNECTION POLICY AND PROCESS

B. FINANCIAL PLAN UPDATE KICK-OFF DISCUSSION

C. AUDIT UPDATE

D. DISTRICT PROGRAM FOR PRIVATE SEWER LATERALS

III. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

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

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

9/9/21
Dated / Fallbrook, CA

/s/Mavis Canpinar
Acting Executive Assistant/Board Secretary

M E M O

TO: Fiscal Policy and Insurance (FP&I) Committee
FROM: David Shank, Assistant General Manager/CFO
DATE: September 15, 2021
SUBJECT: Review of District's Disconnection Policy and Process

Purpose

With the State's moratorium on residential disconnections set to end on September 30, 2021, staff are preparing to institute the District's residential disconnections policy. Before the District returns normal operations, staff wanted to brief the Committee on the disconnection policy, actions taken by staff and get input from the Committee.

Summary

On January 27, 2020, the District's residential disconnection policy was updated and adopted by the Board. The policy changes were driven by Senate Bill (SB) 998, which required the implementation of certain policies and procedures governing the shut off of residential water services. SB 998 requires, among other things, that a residential customer be given 60 days in delinquent status before the discontinuation of water services. In addition, there are timing and form of notification requirements that must be met. Attachment A provides the District's current Residential Discontinuation of Service Policy.

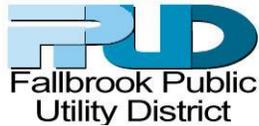
While the District's is trying to secure any funds available for delinquent accounts, at the end of August there were more than 150 accounts that are more than 120 days past due. The District has been sending out reminders to these accounts and has posted information on available assistance programs on the website and in mail correspondences. The week of August 23, the District sent out a letter notifying account holders of the end on the shutoff moratorium. The letter also again identified financial assistance available to customers. As of early September, the County had provided just over \$21,000 in assistance to District customers. The District is also pursuing funds that may be available for delinquent accounts through a State Water Resources Control Board program.

While the aging report shows more accounts are returning to current status, the return to normal operations will mean many customers will have to address their past due balances. The Customer Service staff are preparing to manage payment plans as more customers are expected to use this option to help offset the financial impact of paying their past due balances. In addition, a new past due notice will be sent to accounts as part of the disconnection process, which will eliminate the expensive FedEx mailings for shutoff notices.

Recommended Action

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

Attachment A



Policy on Discontinuation of Residential Water Service

Public Utilities Code Section 16481 *et seq.*

Health & Safety Code Section 116900 *et seq.*

Purpose:

This policy enumerates Fallbrook Public Utility District's administrative actions for the collection of delinquent residential accounts, including notifications, fees and discontinuation of service. This policy will be made available to the public on the District's website and as required by law. The District can be contacted by telephone at (760) 728-1125 to discuss options for averting discontinuation of water service for nonpayment under the terms of this policy.

Policy:

Fallbrook Public Utility District may disconnect residential water service for customers who fail to make payment in accordance with the terms of the District's Administrative Code and this Discontinuation of Residential Water Service policy.

Delinquent Account:

Delinquent accounts are hereafter identified as any account that remains unpaid (and without having made payment arrangements or established an alternative payment schedule) the day after the bill due date. The following rules apply to the collection of delinquent accounts:

1. Small Balance Accounts:

Any balance on a bill of \$50 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.

2. Late Fee:

If payment for a bill is not received after 30 days of bill due date, a Delinquent Notice Processing fee of \$30.00 will be assessed on day 31. The District will make a reasonable, good faith effort to notify the customer via telephone of an impending late fee 2 days before 30 days past due. The District assumes no responsibility for telephone information that has not been kept up-to-date by the customer.

3. Waiver of Late Fee:

At the request of the customer, the District will waive a late fee once within a 12 month period.

4. Previously Locked Meters:

Water meters that are already locked off will not have delinquent notices delivered to property and no additional fees will be added.

5. Alternative Payment Arrangements:

Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. The District will consider all circumstances surrounding the request and make a determination as to whether the payment arrangement is warranted. A payment arrangement may include an extension of the payment due date or an amortization plan. Failure to comply with the terms of a payment arrangement granted under this section or to pay subsequent charges will result in the issuance of a written disconnection notice. The disconnection notice will be in the form of a door hanger delivered to the premises no less than 5 business days in advance of discontinuance of service.

6. Medical and Financial Hardship Payment Arrangements:

For customers who meet all three (3) conditions below and provide required documentation, the District will offer the customer a payment arrangement to avoid discontinuation of service. The terms and conditions of the payment arrangement will be selected by the District in its discretion.

a. Medical Certification by Primary Care Provider

The customer must submit a certification by a Primary Care Provider (Internist, General Practitioner, Obstetrician-Gynecologist, Pediatrician, Family Practice Physician, Licensed Physician’s Assistant, Primary Care Clinic, Hospital, or Outpatient Clinic) stating that the termination of service will be life threatening or pose a serious threat to health and safety of any resident of the premises where water service is provided.

b. Financial Hardship

The customer must demonstrate that he or she is financially unable to pay for residential service within the District’s normal billing cycle. This can be shown by either: (i) declaring under penalty of perjury that household income is less than 200% of the federal poverty level; or (ii) submitting evidence that a member of the household is a current recipient of:

- CalWorks
- CalFresh
- general assistance
- Medi-Cal
- Supplemental Security Income/State Supplementary Payment Program
- California Special Supplemental Nutrition Program for Women, Infants, and Children

c. Payment Arrangement

The customer must be willing to enter into a payment arrangement selected by the District. Payment arrangements that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer. An amortization plan will amortize the unpaid balance over a period defined by the District, not to exceed 12 months from the original due date of the bill. The customer must

comply with the terms of the amortization plan and remain current as charges accrue in each subsequent billing period. The customer may not request a payment arrangement for any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan.

Failure to comply with the terms of a payment arrangement granted under this section or to pay subsequent charges for a period of 60 days will result in the issuance of a written disconnection notice. The disconnection notice will be in the form of a door hanger delivered to the premises no less than 5 business days in advance of discontinuance of service.

7. Written Disconnection Notices:

The District shall not discontinue water service for non-payment until payment by the customer has been delinquent for at least 60 days. The District will provide a mailed notice to the customer of record at least 15 days before disconnection of water service. The written disconnection notice will be mailed to the mailing address designated on the account. If the mailing address and the address of the property to which water service is provided are different, a second notice will be mailed to the service address. The written disconnection notice will include:

- Customer's name and address
- Amount that is past due
- Date by which payment or payment arrangements are required to avoid discontinuation of service
- Description of the process to apply for a payment arrangement
- Description of the process to dispute or appeal a bill
- District telephone number and a web link to the District's written collection policy

a. Notice to Residential Tenants/Occupants in an Individually Metered Residence

The District will make a reasonable, good faith effort to inform the occupants, by mean of written notice, when the water service account is in arrears and subject to disconnection at least 10 days before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the District and be required to pay the amount due on the delinquent account.

b. Notice of Tenants/Occupants in a Multi-Unit Complex served through a Master Meter

The District will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears and subject to disconnection at least 15 days before water service is shut off. If it is not reasonable or practicable to post the notice on the door of each residence, the District will post two copies of the notice in each accessible common area and at each point of access to the structure or structures. The written notice will advise the tenant/occupant that they have the right to become customers of the District and be required to pay the amount due on the delinquent account.

8. Forty-eight (48) Hour Pre-lock Notice; Final Telephone Notice; Processing Fee:

The District will make a reasonable, good faith effort to notify the customer 48 hours in advance via telephone when the customer is approaching 30 day delinquency and subject to late fee. The District will also make a reasonable good faith effort via telephone to notify the customer or an adult person living with the customer at least 7 days in advance of scheduled disconnection of service. If the District is unable to make contact by telephone, a good faith effort will be made to visit the residence and leave notice of termination of service and a copy of this policy.

9. Disconnection Deadline:

All delinquent water service charges and associated fees must be received by the District by 4:30 p.m. on the day specified in the written disconnection notice.

10. Disconnection of Water Service for Non-Payment:

The District will disconnect water service by locking off the meter. The customer will be charged a Disconnection Processing fee of \$50.00 in the billing system regardless of whether the meter has physically been turned off.

11. Re-establishment of Service:

In order to resume or continue service that has been disconnected for non-payment, the customer must pay all charges and fees due on the account. The District will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment of full account balance. Water service that is turned on by any person other than District personnel or without District authorization may be subject to fines or additional charges or fees. Any damage that occurs as a result of unauthorized restoration of service are the responsibility of the customer.

12. Notification of Disposition of Returned Check:

Upon receipt of returned check taken as payment of water service or other charges, the District will process as no payment made. The District will make a reasonable, good faith effort to notify the customer by telephone. A 5-business day notice of termination of service due to returned check will be delivered to property. Water service will be disconnected if the amount of the returned check and the returned check charge are not paid on or before the date specified in the notice of termination, along with a lock fee applied. All amounts paid to redeem a returned check and to pay the returned check must be in cash, credit card or certified funds.

13. Disputed Bills:

A customer may initiate a complaint or request an investigation regarding the amount of a bill within 5 days of receiving a bill. For purposes of this section only, a bill is deemed received by a customer 5 days after mailing and immediately upon e-mailing, if applicable. A timely complaint or request for investigation will be reviewed by a manager of the District, who will provide a written determination to the customer. The review will include consideration of

whether the customer may receive a payment arrangement under Section 5 of this policy. The District may, in its discretion, review untimely complaints or requests for investigation; however, such complaints or requests are not subject to appeal.

Any customer whose timely complaint or request for an investigation has resulted in an adverse determination by District staff may appeal the determination to the Board of Directors by filing a written notice of appeal with the District Secretary within 10 business days of the District's staff mailing of its determination. Upon receiving the notice of appeal, the District Secretary will set the matter to be heard at an upcoming Board meeting and mail the customer written notice of the time and place of the hearing at least ten (10) days before the meeting. The decision of the Board is final.

If a customer submits a timely dispute or appeal, the District will not disconnect water service while the dispute or appeal is pending.

14. Procedures for Occupants or Tenants to Become Customers of the District.

This section applies only when a property owner, landlord, manager, or operator of a residential service address is listed as the customer of record and has been issued a notice of intent to discontinue water service due to nonpayment.

The District will make service available to the actual residential occupants if each occupant agrees to the terms and conditions of service and meets the requirements of the District's rules and regulations. Notwithstanding, if one or more of the occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the District, or if there is a physical means, legally available to the District, of selectively discontinuing service to those occupants who have not met the requirements of the District's rules and regulations, the District will make service available to the occupants who have met those requirements.

To be eligible to become a customer without paying the amount due on the delinquent account, the occupant must verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification may include, but is not limited to, a lease or rental agreement, rent receipts, a government document indicating that the occupant is renting the property, or information disclosed pursuant to Section 1962 of the Civil Code, at the discretion of the District.

If prior service for a period of time is a condition for establishing credit with the District, residence and proof of prompt payment of rent for that period of time is a satisfactory equivalent.

M E M O

TO: Fiscal Policy and Insurance (FP&I) Committee
FROM: David Shank, Assistant General Manager/CFO
DATE: September 15, 2021
SUBJECT: Financial Plan Update Kick-off Discussion

Purpose

The 2017 Financial Plan's adopted rates and charges go through calendar year 2022. Therefore, a new plan and adopted rates and charges will need to be in place before January 1, 2023. Initiating the process now will ensure the District is able to meet this timeline.

Summary

The process for developing a financial plan that includes adopted rates and charges is involved and long. It is envisioned that this process will take between 6 and 8 months to complete once a rate consultant is selected. To ensure the timeline accommodates a transparent and open process, staff are preparing to issue an RFP for consulting services this fall. The consultant will provide the necessary support to develop an updated 5-year financial plan for the District. The attached RFP provides a draft scope of services that lays out the financial plan development process as envisioned by staff. The scope includes all aspects of developing a financial plan, which includes things like supporting public outreach, developing rate and charge scenarios for both detachment from the San Diego County Water Authority and for the status quo, facilitating workshops, conducting Prop 218 hearings and reviewing the current rate and charge structure/methodology for water, wastewater and recycled water.

Recommended Action

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



Request for Proposals

To Provide

Consulting Services to the Fallbrook Public Utility District
for Water, Wastewater, and Recycled Water Rate Study

Fallbrook Public Utility District

990 E. Mission Road

Fallbrook, CA 92088

(760) 728-1125

I. Introduction

On June 5, 1922, Fallbrook Public Utility District (FPUD) was incorporated to serve water from local area wells along the San Luis Rey River. Since that time, FPUD has continued to grow, and today constructs, operates and maintains facilities to supply water and sewer services to the town of Fallbrook and water and reclaimed water to the surrounding residential and agricultural areas. The District delivers potable water to some 35,000 people over a 28,000 square acre service area. Major assets include:

- Red Mountain Reservoir, a 435 MG treated water open reservoir
- Red Mountain UV Treatment Plant
- A 2.7 MGD conventional activated wastewater treatment plant
- 5 potable pump stations
- 1 recycled pump station
- 6 sewer lift stations
- 9 potable water tanks
- 25 pressure reducing/flow control facilities
- 280 miles of pipeline
- A groundwater treatment plant with a maximum capacity of 8.0 MGD

To provide more information about the District and its operations, the District's annual budgets and financial reports are available on the District's website. It should be noted that the District is in the process of activating latent powers to provide certain service to the Fallbrook community. These activities will be funded by an annual transfer of water service area property tax revenues in the amount of \$500,000.

In addition, the District is pursuing detachment from the San Diego County Water Authority (SDCWA) and annexation into Easter Municipal Water District's (EMWD) service area as a cost savings measure. The cost differential between SDCWA and EMWD offers significant savings while water reliability remains relatively constant. While the detachment process is underway, the outcome is not certain. Therefore, the District is looking to develop two rate and charge scenarios. Scenario 1 for detachment and scenario 2 for the status quo.

II. Scope of Required Services

The proposed scope of services for the Project includes:

Task 1: Project Initiation, Kick-Off Workshop, and Project Management.

The purpose of this meeting is to provide a forum to discuss goals, objectives, policy, and methodologies, as well as finalize the work schedule. The kick-off workshop will cover:

- Key financial challenges confronting the District;
- Primary goals and objectives of the Study;
- Develop the status quo and detachment scenarios that includes water rates and charges;
- Proposition 218 and the legal environment of rate setting;
- Financial policies and associated reserve levels; and
- Rate setting policies such as usage tier justifications, agriculture rates, and revenue stability, etc.

Consultant will develop a project initiation package that contains the meeting agenda and presentation materials to guide the discussion. Consultant will work closely with District staff to identify the policy options to be presented at the Policy Framework Workshop with District Board (Task 2).

Prior to the kick-off workshop, consultant will prepare a detailed data request list that will identify the information needed to complete the various analyses. Information that is typically required to perform a water rate study includes recent Annual Financial Reports (AFR); recent and current budgets; current and historical water production and customer individual billing data; and a long-term capital improvement program.

This task also includes ongoing project management. Management responsibilities include general administrative duties such as client correspondence, billing, project documentation, and administration of the study control plan.

Task 2: Based on the discussion with District staff during the Kick-Off Meeting, consultant will conduct the Policy Framework Workshop with the Fiscal Policy and Insurance Committee and then the District Board. The workshop will begin with a review of the current rate structures and the benefits and challenges associated with each of these structures. The District wants to strongly consider implementing a new methodology for its WW system rates and charges. Consultant will discuss with the District Board the rate setting framework to be used for the Study, and solicit Board input on items such as reviewing the current reserve policy and discuss potential modifications and water setting framework and principles.

Task 3: This task will include the projection of budget items, such as annual costs related to: source of water supply, labor, power, materials, capital expenditures, plant investment, operating and maintenance (O&M) expenses, reserve contributions, and debt service using assumptions based on different economic factors and growth trends.

Consultant will develop a forecast of water, WW, and RW revenue requirements over the planning horizon. This will include an estimate of revenues based on current rates, usage characteristics, and other non-operating revenues. Revenue requirements will be projected based on historical results, the current budget, capital improvement plans (CIP), existing debt service, other obligations and current economic trends as well as the expected impact the new groundwater supply and associated treatment facilities. Projecting revenue adjustments over a

longer planning horizon can illustrate future rate impacts and potential challenges to the District's financial situation and allow the District to make adjustments to expenses, reserve balances or capital projects scheduling to smooth rate impacts and to maintain financial stability.

For each enterprise, consultant will develop a multi-year cash flow analysis to determine revenue adjustments needed to meet projected revenue requirements for the planning period, while minimizing sharp rate fluctuations and debt coverage requirements. Revenue requirements will be calculated for each year in the forecast period and adjusted to provide a smooth forecast of revenue adjustments. Consultant will also review reserves policies to recommend appropriate reserves balances (operating, capital, rate stabilization, etc.) consistent with industry standards and the District's priorities. The analysis will need to include water costs with both the SDCWA water purchases and EMWD water purchases option.

Consultant will update the District's existing Financial Plan Model (FPM) to meet District's specific needs and rising challenges and issues. The financial plans will be presented in an easy-to-understand format on an interactive 'Dashboard' which shows the impacts of various assumptions so that decisions regarding revenue adjustments, capital financing through pay-go or debt, and reserve balances can all be made quickly and efficiently.

Upon the completion of the FPM, consultant will hold two web-based workshops with District staff to review the model and the assumptions for appropriateness, and finalize the financial plans for the Water, WW, and RW Enterprises to be used for the rate design model.

Task 4: Following the development of the financial plan, consultant will begin to conduct cost of service (COS) analyses for the District's water (both scenarios), WW, and RW services. The cost of service is a compliance measure for regulations such as Proposition 218 and Proposition 26. In another perspective, the COS provides the District with the defensibility needed for Proposition 218 compliance.

The COS analysis will be conducted according to the following process:

Step 1 – Review Customer Class Usage Patterns and Determine Customer Classifications

Consultant will review and analyze historical consumption, revenue records, and billing summaries to determine water usage and peaking characteristics by customer class or subclass.

Step 2 – Allocate Costs to Functional Cost Categories

Consultant will functionalize the costs into main functions such as supply, transmission & distribution, storage, etc. These costs will then be allocated to cost components such as commodity, maximum hour, maximum day, customer accounting, meter capacity, etc. to determine the unit cost for each cost component.

Step 3 – Allocate Cost Components to Customer Classes

Next, the costs associated with the cost components are allocated to the various customer classifications on the basis of the relative responsibility of each class.

Similar to water, consultant will also conduct a cost of service analysis for the District’s recycled water and wastewater services to ensure equitable and fair cost recovery for operational and capital expenditures of the recycled water and wastewater systems.

Throughout the cost allocation process, consultant will comply with the District’s policy considerations, procedures, and guidelines applicable to charges for water, WW, and RW services to ensure that proposed rates are in compliance with Proposition 218, Proposition 26, and other regulations.

Task 5: Consultant will develop a Water Rate Model with the flexibility to revise the tier widths based on customer class. The Rate Model will have the following features:

- A. Usage Analysis Module. The Module will have the ability to revise and redefine current inclining tiers.
- B. Customer Impact Analysis. To help facilitate informed decision making, the Model will also include a summary of financial impacts on customers resulting from the proposed rate structure.

Consultant will similarly calculate the appropriate recycled water and wastewater rates to equitably recover the required costs of service determined in Task 4.

Task 6: Following the completion of the Rate Model, consultant will hold up to two webinars with District staff to develop different rate scenarios. The goal of these conference calls is to identify the rates that will be presented at the rate workshop with the District Board. Consultant will conduct a half-day Rate Workshop with District Staff/Management. Consultant will present the interim proposed rates and discuss the benefits and challenges associated with each proposed rate alternative, as demonstrated in the Rate Model. Changes and suggestions from District staff will be incorporated into the analyses prior to presenting the results to the Board.

Upon incorporating District staff comments from the workshop, consultant will present the results of the Study during one working session with the District Fiscal Policy and Insurance Committee and then the District Board. The presentation will discuss the recommended reserve and fund levels, proposed ten-year financial plan, the proposed rate structure and rates, and the resulting customer impact analysis. If necessary, consultant will use the models to address any concerns raised regarding the results. Any changes, comments, and feedback will then be incorporated into the final models.

Task 7: The process for developing the proposed rates will be described in a draft report. This draft report will include an executive summary highlighting the major issues and decisions and

an overview of operations, CIP, the financial plan and the final rates resulting from the Study. Also included in the report will be a survey of comparable utilities average bills for each service and an analysis of the affordability of the District's services based upon service area demographics. The discussion on rate structure selection from the report developed in Phase 1 will be presented as a comprehensive section on the rate design assumptions and methodologies used to develop the user-rate calculations and financial planning. Comments from District staff will be incorporated into the Final Report as appropriate, and the Model will be refined to reflect appropriate issues or concerns raised by stakeholders. The Final Report will be submitted to the District and will include appropriate supporting data from the Model to address the requirements of Proposition 218. It is anticipated that the Proposition 218 report will include an analysis of water costs with water purchases from SDCWA and EMWD.

Task 8: Consultant will assist the District in the preparation of the Proposition 218 notice for the District to mail within the required 45-day noticing period prior to holding the Public Hearing. The notice will outline the proposed rate changes and explain the right to challenge the rates and will meet and comply with all noticing requirements of Proposition 218. Consultant will be present at the Public Hearing to adopt the recommended rates and will be available to answer any questions.

Task 9: Consultant will work closely with District staff to review the District's budget documents for format enhancements to enhance communication with stakeholders.

Task 10 (Optional): At the request of the District, consultant will conduct additional public meetings to discuss the Study. The presentation will be in Microsoft PowerPoint format and include the relevant information from the Study associated with the meeting intention or targeted audience.

All current FPUD financial reports can be found online at - <https://www.fpud.com/financial-reports>.

III. Facility Location

The location for all consulting work will be 990 East Mission Road in Fallbrook, California, 92028, at FPUD's main offices.

IV. Proposal Requirements

Proposals are to include the resume of the proposed firm and a list of references. A cost proposal shall be included in a separate envelope. The proposal shall not exceed 7 pages. Responders will be evaluated based on the information submitted in accordance with Section IV. Proposals submitted in response to this RFP shall include:

1. Resume and Experience
2. References

- a. Provide three references including contact information for similar projects conducted by firm.
- 3. Rate Schedule and Cost Proposal
 - a. Include an hourly rate schedule including all service fees and anticipated travel costs. This is an hourly rate, not-to-exceed contract.

A mandatory pre-bid meeting will be held on _____ at FPUD’s main offices.

V. Evaluation Criteria

FPUD’s consultant evaluation and selection process is based on Qualifications Based Selection (QBS) for professional services. An evaluation committee appointed by the Project Manager will review the proposals and make a recommendation based on previous experience with similar projects, references, overall cost, and interview. The criteria and weight for evaluating the proposals submitted will be as follows:

- 1. 25% - Experience with similar projects.
- 2. 35% - Oral interview.
- 3. 25% - References.
- 4. 15% - Overall cost effectiveness of proposed approach.

V. Schedule for Selection and Award

The District anticipates that the process for selection of firm and awarding of the contract will be according to the following tentative schedule:

- 1. Issue RFP.....
- 2. Mandatory Pre-Bid Meeting.....
- 3. Q&A cutoff.....
- 4. Proposal due date.....
- 5. Interview.....
- 6. Board Approval.....
- 7. Final selection and notification

VI. Submittal Requirements

- 1. One (1) executed original, clearly marked on the cover and two (2) additional copies of the proposal shall be submitted. An individual authorized to execute legal documents on behalf of the project team shall sign the proposal.
- 2. One (1) sealed cost proposal.
- 3. This RFP shall be received no later than _____, at the District’s Administrative offices:

Fallbrook Public Utility District
Attn: Kevin Collins, Purchasing/Warehouse Supervisor
990 East Mission Road
Fallbrook, CA 92088-2290

Failure to comply with the requirements of this RFP may result in disqualification.

All questions regarding this RFP shall be directed to David Shank, Assistant GM/CFO, at dshank@fpud.com.

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M E M O

TO: Fiscal Policy & Insurance Committee
FROM: Jack Bebee, General Manager
DATE: September 15, 2021
SUBJECT: District Program for Private Sewer Laterals

Purpose

Present to the committee information about private laterals and options for implementation of programs to assist ratepayers with maintenance and repair.

Background

Sewer laterals from the main sewer line to the home or business are owned by the customers. Any repairs to the laterals are responsibility of the customers. Spills from laterals are also private spills and do not subject the District to fines or enforcement by the Regional Water Quality Control Board (RWQCB).

The District will clean and inspect the lateral from the sewer cleanout, which is typical at the edge of the property and the mainline. The District provides this service to customers upon request of the customer. The District does not inspect the laterals from the clean-out to the home. The District also does not repair or replace the lateral and the customers would need to contract with a private contractor for any repairs to their lateral.

Per the District's settlement agreement with California River Watch relative to sewer overflows, the District agreed to present the Board with a proposal to establish a low-income loan or grant program to assist residents with inspection or repair of private laterals.

While the District does assist all customers with inspection of private laterals from the cleanout to the main line, it does not have any program for grants or loans for replacement. Staff reached out to other nearby agencies and only one had such a program (Luecacia Wastewater District). A copy of their program is included in Appendix A and it is a lateral repair grant program for all customers that are eligible regardless of income.

There are a number of options for the committee to consider recommending to the Board:

1. Maintain current practices
2. Recommend potential adjustments to current District practices relative to private laterals but do not direct staff to further develop a loan/grant program.

3. Direct staff to further develop a grant or loan program modeled after the Leucadia Program for future Board consideration.

Budgetary Impact

The current practices are part of the adopted budget. A new low-income grant or loan program would require additional funding. The extent of funding needed is uncertain at this point but would potential be in the \$40,000 - \$50,000 per year range.

Recommended Action

Staff supports the committee's direction.

Appendix A

RESOLUTION NO. 2323

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE LEUCADIA WASTEWATER DISTRICT
ADOPTING THE UPDATED SEWER SERVICE LATERAL REPAIR
AUTHORIZATION AND REIMBURSEMENT POLICY**

WHEREAS, The Leucadia Wastewater District (LWD) Board of Directors adopted a Private Lateral Repair Authorization and Reimbursement Policy on July 9, 2008; and,

WHEREAS, LWD owns and operates public sewer facilities for the benefit of its customers and general public; and

WHEREAS, LWD is required to implement regulations, programs and other activities to prevent sewer spill overflows; and

WHEREAS, privately owned sewer service laterals that are not properly maintained create risk of sewer spill overflows and harm to public sewer facilities; and

WHEREAS, the Board of Directors of LWD (Board) previously appropriated funding to partially reimburse property owners for the cost of repairing private sewer service laterals (Reimbursement Funds); and

WHEREAS, the attached Sewer Service Lateral Repair Authorization and Reimbursement Policy updates and clarifies the rules necessary to implement a reimbursement program,

NOW, THEREFORE, it is hereby resolved as follows:

1. The LWD Board of Directors adopts the revised Sewer Service Lateral Repair Authorization and Reimbursement Policy and authorizes the General Manager to take all actions necessary to carry out its provisions; and
2. The Board of Directors' authorization is limited to expenditure of Reimbursement Funds it has approved and appropriated; and,
3. This Resolution supersedes Resolution No. 2194.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Leucadia Wastewater District held February 12, 2020 by the following vote:

AYES: Omsted, Hanson, Sullivan, and Kulchin

NOES: None.

ABSENT: Juliusen

ABSTAIN: None.


Allan Juliussen, President

ATTEST:



Paul J. Bushee, Secretary/Manager

(SEAL)

LEUCADIA WASTEWATER DISTRICT
SEWER SERVICE LATERAL REPAIR AUTHORIZATION
AND REIMBURSEMENT POLICY

Ref: 20-6917

1. Purpose

This policy sets forth the rules governing the Leucadia Wastewater District's (District) reimbursement program for qualified sewer service lateral (Sewer Lateral) repairs.

2. Overview

- a. Public Health and Environmental regulations specifically prohibit sanitary sewer overflows (SSO's) and require agencies that own and operate Public Sewer Systems to proactively implement programs and other activities that prevent SSO's.
- b. A Sewer Lateral is the sewer pipeline that extends from the plumbing of a building to the Public Sewer System, including portions that extend across other properties and/or public rights-of-way and the saddle, wye, or other physical connection to the Public Sewer System. It is the responsibility of the property and/or building owner to maintain the Sewer Lateral in a free flowing, obstruction free, and water-tight condition.
- c. Sewer Laterals that convey sewage to the Public Sewer System represent a significant percentage of a community's overall sewer infrastructure. In order to achieve the District's goal of preventing SSO's, it is important to ensure Sewer Laterals are properly maintained.
- d. Infiltration and Inflow from Sewer Laterals, especially those constructed from vitrified clay pipe segments, often account for more than half of the total stormwater and groundwater conveyed by the Public Sewer System. This excess water, which takes up capacity in both the Public Sewer System and at the wastewater treatment plant, has the potential to cause SSO's. Additionally, obstructions (such as plant roots which may grow into the Public Sewer System from a lateral) can damage and obstruct the sewer collection system, potentially causing a SSO.
- e. This policy is intended to increase both Public Sewer System reliability and public awareness for the proper maintenance and repair of Sewer Laterals by providing funds to help ensure that defective or broken Sewer Laterals are repaired in a timely manner by licensed plumbers or contractors.

3. Qualified Sewer Lateral Repairs

- a. Reimbursement is authorized for the following Sewer Lateral work:
 - i. Repair or replacement of a Sewer Lateral.
 - ii. Installation of a Sewer Lateral liner and/or top hat.
 - iii. Installation or replacement of an authorized backwater valve.
- b. Reimbursement is not authorized for the following work:

- i. Any work on the portion of the Sewer Lateral that is located within, or underneath, the building.
- ii. Installation of a new Sewer Lateral for a remodel, new construction or first-time connection to the Public Sewer System.
- iii. General maintenance, such as cleaning or inspections, not being done as part of an authorized repair.

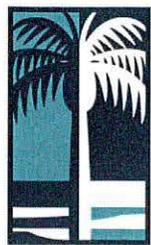
4. Assistance Coverage and Limits

- a. District will provide reimbursement for up to ½ the cost of the qualified Sewer Lateral repairs, up to a maximum of \$3,000. Reasonable expenses shall include labor and materials.
- b. Reimbursements are on a first come, first serve, basis and approvals are solely at the discretion of the District's General Manager who shall consider the spirit and intent of this policy. The General Manager's determination of eligibility is final and binding.
- c. Reimbursement for qualified Sewer Lateral repairs shall only be made when/if appropriated funds from an approved District budget are available and pending final approval within 60 days of the Request.
- d. Reimbursement Requests that are not pre-authorized are presumptively not qualified for reimbursement but may be approved if the General Manager finds that the failure to obtain pre-authorization was reasonable given the facts and circumstances of the particular repair work.

5. Program Application Procedure

- a. The applicant must complete the following items in order to receive the reserved funds:
 - i. Pre-Authorization. Provide the District a completed Reimbursement Request (Attachment A - application) and a cost estimate from a licensed plumber or contractor before any work is performed. The District recommends to solicit for three (3) estimates to ensure costs are reasonable. The General Manager or his/her designee shall ensure application is complete, the work is eligible under the program and appropriated funds are available prior to pre-authorization.
 - ii. Once pre-authorized, the property owner may proceed with work and agrees to provide District staff 48 hours-notice so the site inspection may be scheduled. This step satisfies the requirement of the *Visual Verification by District Staff* (page 4 of application). For any dig and replace work, District staff is required to take photos of the repair prior to the backfill of the excavation(s).
 - iii. Once Sewer Lateral repair work is completed, the applicant provides the District:
 1. A completed *Certification from Licensed Plumber or Contractor* (page 4 of application).
 2. A final paid in full invoice.
 3. If applicable, a post repair video inspection for any liner or top hat work.
- b. Once necessary items are collected above, the District shall prepare the *Approval Form* (Page 5 of application) and the appropriate reimbursement in accordance with the limits defined above. The reimbursement may be adjusted as necessary to reflect actual eligible costs after all work is completed. A property owner is typically reimbursed 2 weeks after final approval.

Attachment A



LEUCADIA
WASTEWATER
DISTRICT

LEADERS IN
ENVIRONMENTAL
PROTECTION

SEWER SERVICE LATERAL REPAIR REIMBURSEMENT REQUEST

Page 1 of 5

APPLICANT INFORMATION

Property Owner

Tenant

Property Manager/Agent/Other

Phone: () _____ Alternate Phone: () _____

Home Cell Office

Name: _____

Address: _____

PROPERTY OWNER INFORMATION

***Please Note: Only complete this section if property owner is different from the applicant listed above.*

Phone: () _____ Alternate Phone: () _____

Home Cell Office

Name: _____

Address: _____

SEWER LATERAL REPAIR INFORMATION

Address of Repair: _____

Accessor's Parcel Number: _____

Repair Details: _____

Will a Backflow Device be installed? Yes: No:

(Backflow devices can protect the home from sewage coming back into their homes from the mainline, but generally require more frequent routine service)

Estimate of Total Cost for Repair: \$ _____

Estimate of Total Reimbursement Amount Requested (Maximum of \$3,000): \$ _____

LEUCADIA WASTEWATER DISTRICT

SEWER SERVICE LATERAL REPAIR REIMBURSEMENT REQUEST

Page 2 of 5

Property Owner/Tenant/Agent Initials: _____

Property Owner/Tenant/Agent acknowledge and agree to the following:

1. The sewer service lateral (Sewer Lateral) is that part of the sewer pipeline that extends from the plumbing of a building to the Leucadia Wastewater District (District) Public Sewer System, which is generally located in a public street or public sewer easement. The Sewer Lateral includes the physical connection (saddle, wye, etc.) to the Public Sewer System. The applicant is responsible for the construction and maintenance, at the applicant's expense, of the building sewer and the Sewer Lateral.
2. The District is providing a public service to assist in the prevention of sewer spill overflows by participating in the Sewer Service Lateral Repair Reimbursement Program (Program) to allow reimbursement to private parties for Sewer Lateral repairs completed by a licensed plumber or contractor. This Program will enhance the performance of the entire Public Sewer System and prevent environmental damage, while assisting District customers to meet their sewer obligations. **District will provide reimbursement for up to ½ of the repair costs, up to a maximum of \$3,000.**
3. To qualify for reimbursement, the work must be performed by a licensed plumber or contractor and verified by District staff using page 4 of this request within 60 days of submittal. An on-site verification must be scheduled by Applicant with District Staff to occur while work is in progress. The District is not inspecting the design or quality of the work and is not liable for defects. The District makes no guarantees regarding the quality of the work of the plumber, contractor or property owner.
4. Applicant will obtain any necessary Federal, State or local permits including any building or right of way permits, and will comply with all Federal, State or local laws.
5. Applicant will maintain Sewer Lateral and building sewer lines in proper working order at all times. Applicant will notify the District if any emergency occurs during Sewer Lateral repair work.
6. Applicant shall bear the entire repair costs of any and all public or public utility property damaged or destroyed by reason of any Sewer Lateral repair work done.
7. Reimbursement of funds is available on a first come, first serve basis, and Applicant will only receive reimbursement if funds are available, regardless of whether the work qualifies for such reimbursement.
8. Disbursement of the funds, to the extent that they are available, is solely at the discretion of the General Manager, who shall consider the spirit and intent of the Program as expressed by the District Board. The General Manager shall determine whether the Sewer Lateral repair work qualifies for reimbursement under the Program, and that determination is final and binding.
9. Applicant agrees to be solely responsible for the Sewer Lateral repair work for which funding is requested and to indemnify and hold the District harmless from any damages or claims arising from the work.

**LEUCADIA WASTEWATER DISTRICT
SEWER SERVICE LATERAL REPAIR REIMBURSEMENT REQUEST**

PROPERTY OWNER/TENANT/AGENT CERTIFICATION

I certify that the information on this request is true and correct and that I have read and agreed to all of the above statements. If signed by tenant/agent, tenant/agent certifies that the property owner provided authority to sign on behalf of the property owner:

Signature of Property Owner/Tenant/Agent: _____

Date of Request: _____

PRE-AUTHORIZATION

The Application for Reimbursement set forth above is pre-approved. The District has reserved funds sufficient to pay for this request, pending completion of the Sewer Lateral repair work and submittal of all other items required by the District and completion of the Certification and Verification within 60 days of the date entered below. Please note that the final approval of the reimbursement request cannot be completed, and the funds cannot be released, until applicable items are submitted to the District.

District Employee: _____

Date: _____

**LEUCADIA WASTEWATER DISTRICT
SEWER SERVICE LATERAL REPAIR REIMBURSEMENT REQUEST**

Page 4 of 5

CERTIFICATION AND VERIFICATION

Applicant Name: _____

Development Project Address: _____

Development Project APN: _____

Total Repair Costs as indicated on attached estimate: \$ _____

Total Amount of Reimbursement Requested: \$ _____

VISUAL VERIFICATION BY DISTRICT STAFF

I have viewed the Sewer Lateral repair work to confirm that the work was done and that the work qualifies for reimbursement under the District's Sewer Service Lateral Repair Reimbursement Program.

District Employee: _____

Date: _____

CERTIFICATION FROM LICENSED PLUMBER OR CONTRACTOR

I certify that I have completed the Sewer Lateral repair work at the following address:
_____. I also certify that I am a licensed plumber or contractor, that I am familiar with the standard specifications of Leucadia Wastewater District, and that all work met the specifications of the District.

Date work completed: _____

Invoice Number: _____

Total Cost of Repair: _____

Signature of Plumber/Contractor: _____ Date: _____

Plumber's/Contractor's License Number: _____

**LEUCADIA WASTEWATER DISTRICT
SEWER SERVICE LATERAL REPAIR REIMBURSEMENT REQUEST**

Page 5 of 5

APPROVAL

| | Initials | Date |
|--|-------------------------|-------|
| Reimbursement Request Received | _____ | _____ |
| Cert. from Plumber/Contractor Received | _____ | _____ |
| Final PAID Invoice Received | _____ | _____ |
| Post Liner Inspection Received (if applicable) | _____ | _____ |
| District Verification that Work Qualifies under Program | _____ | _____ |
| Applicant Name: _____ | | |
| Amount Approved for Reimbursement: \$ _____ | | |
| Check Issued on: _____ | | |
| By: <u>District General Manager</u> | Signature: _____ | |
| | Date: _____ | |

REIMBURSEMENT ACCEPTANCE:

I certify that I have received the check listed above, as reimbursement under the Leucadia Wastewater District Sewer Service Lateral Repair Reimbursement Program. If signed by Agent, Agent also certifies authority to sign on behalf of the property owner:

Signature of Property Owner/Tenant/Agent: _____

Date: _____