



**FALLBROOK PUBLIC UTILITY DISTRICT
MEETING OF THE ENGINEERING & OPERATIONS COMMITTEE**

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 TELECONFERENCE USING THE BELOW INFORMATION, AND THERE WILL BE NO PHYSICAL LOCATION FROM WHICH MEMBERS OF THE PUBLIC MAY PARTICIPATE.

INSTEAD MEMBERS OF THE PUBLIC ARE ENCOURAGED TO PARTICIPATE IN THE COMMITTEE MEETING VIA TELECONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION

MEMBERS OF THE PUBLIC MAY ALSO SUBMIT PUBLIC COMMENTS AND COMMENTS ON AGENDA ITEMS IN ADVANCE IN ONE OF THE FOLLOWING WAYS:

- **BY EMAILING TO OUR BOARD SECRETARY AT LECKERT@FPUD.COM**
- **BY MAILING TO THE DISTRICT OFFICES AT 990 E. MISSION RD., FALLBROOK, CA 92028**
- **BY DEPOSITING THEM IN THE DISTRICT’S PAYMENT DROP BOX LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028**

ALL COMMENTS SUBMITTED BY WHAT EVER MEANS MUST BE RECEIVED AT LEAST ONE 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. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT’S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

**AUDIO CALL-IN +1 (408) 418-9388
ACCESS CODE 625 038 989
AUDIO PASSWORD 37727862**

<https://fallbrookpublicutilitydistrict.my.webex.com/fallbrookpublicutilitydistrict.my/j.php?MTID=m2369ffa337a4946f9e97bc6c960c98d5>

**THURSDAY, MAY 21, 2020
10:00 A.M.**

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

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

II. ACTION / DISCUSSION------(ITEMS A – C)

- A. PIPELINE AND VALVE REPLACEMENT PROGRAM
- B. MORRO ROAD SEWER EXTENSION REPAYMENT AGREEMENT
- C. STATUS OF WATER CIP BUDGET

III. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

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

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

May 18, 2020
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

MEMO

TO: Engineering and Operations Committee
FROM: Aaron Cook, Senior Engineer
DATE: May 21, 2020
SUBJECT: Pipeline and Valve Replacement Program

Description

This memo provides an update to the Pipeline and Valve Replacement Program.

Purpose

Valves:

There are 6,872 total valves in the existing distribution system. Well-functioning isolation valves are critical to minimize the number of customers impacted during planned or unplanned shutdowns. The key performance indicators related to valves tracked by staff include number of valves exercised, number of valves replaced, and the rolling total of broken valves. The number of known broken valves regularly fluctuates, increasing as broken valves are discovered through the exercise program or when they do not shut-off properly during a shutdown, and decreasing as valves are replaced.

Currently the goal is to replace 100 valves per year. The number of valves replaced over the last three years are shown in the table below, as well as the amount expended to replace those valves.

| <i>Year</i> | <i>Quantity Replaced</i> | <i>Total Annual Cost</i> |
|-------------------|-------------------------------|--------------------------|
| <i>FY 2016/17</i> | 82 | \$397,587 |
| <i>FY 2017/18</i> | 112 | \$609,051 |
| <i>FY 2018/19</i> | 57 | \$476,746 |
| <i>FY 2019/20</i> | 100 (Goal) 76 as of 5/1/20 | |

The current replacement rate of 100 per year results in a 70-year replacement cycle. Typically the service life of an isolation valve is between 20 and 30 years. Doubling the current replacement rate would put the program closer to manageable expectations. Additionally, the current replacement value of all the valves in the system is approximately \$42.7 Million. The current number of known broken valves is 310.

As shown by these numbers, it would be ideal to increase both the budget allocated to valve replacement, and the valve replacement goal. To achieve a replacement cycle of 35 years, 200 valves would need to be replaced each year. The majority of the valve

replacement work is performed by internal field staff. Approximately 20% of the valves are replaced by outside contractors as part of the pipeline replacement program. The valve replacement program budget would need to be increased to \$975,000 annually; nearly double the current budget. The District has allocated \$675,000 annually to the meter replacement program which is almost complete. Once the meter replacement program is completed the resources can be allocated to the valve replacement program which would get the District closer to reaching a sustainable valve replacement resource allocation and expenditure level.

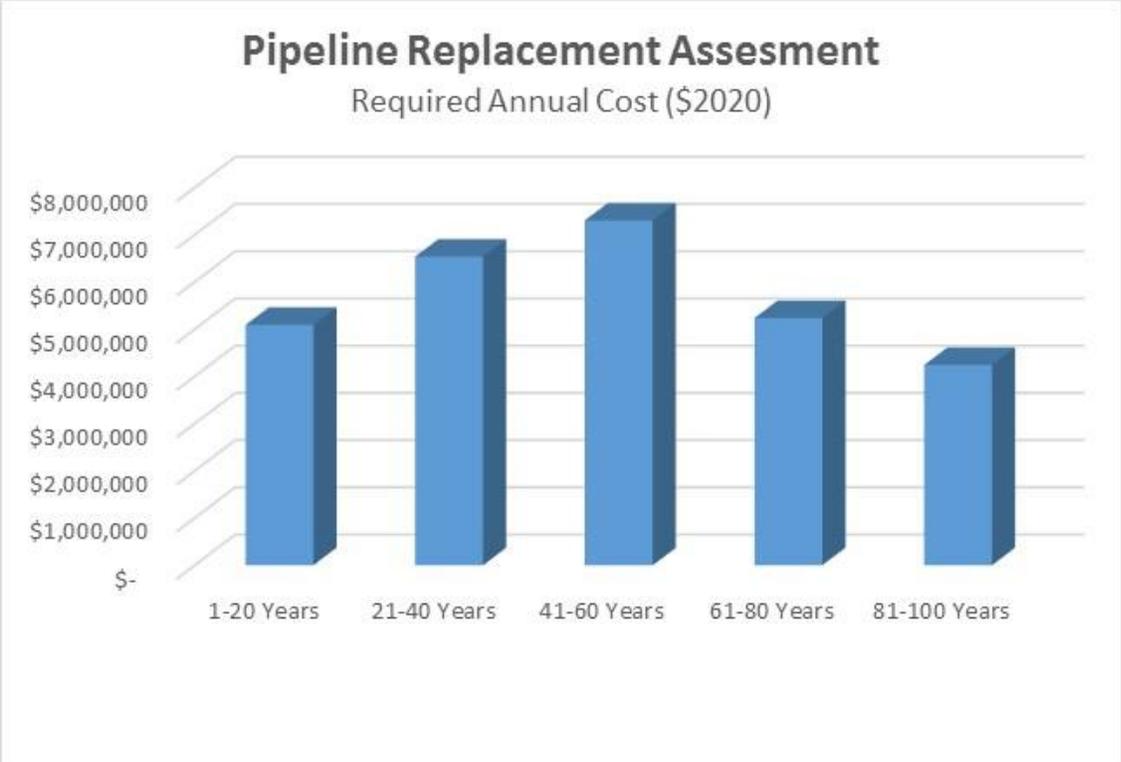
Water Mains:

District Staff has completed an update to the pipeline asset risk assessment model used to guide decisions on pipeline replacement. This model assigns a replacement value and risk factor to each segment of pipe in the system. The update accounted for completed replacement projects over the last four years, and current replacement costs, which have increased by more than double since 2017.

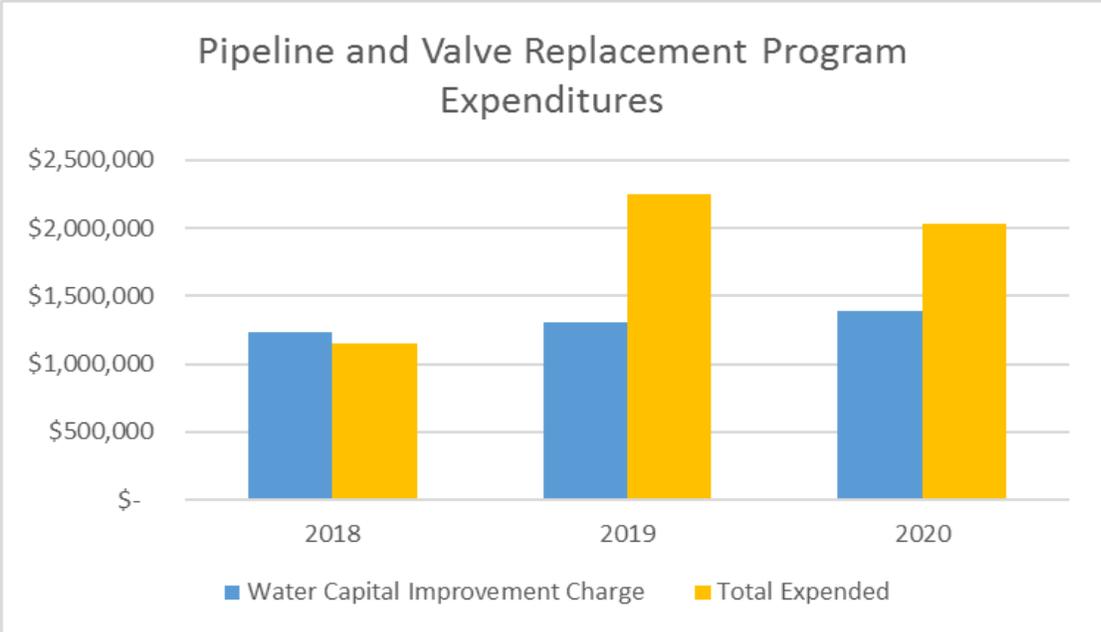
There are 268 miles (1,415,040 feet) of water main in the existing distribution system. Based on current budget allocations of approximately \$1.7 Million, close to 5,000 linear feet of pipe are being replaced annually.

| <i>Year</i> | <i>Linear Feet Replaced</i> |
|-------------------|-----------------------------|
| <i>FY 2016/17</i> | 1,178 |
| <i>FY 2017/18</i> | 5,386 |
| <i>FY 2018/19</i> | 4,885 |
| <i>FY 2019/20</i> | 4,600 (Goal) |

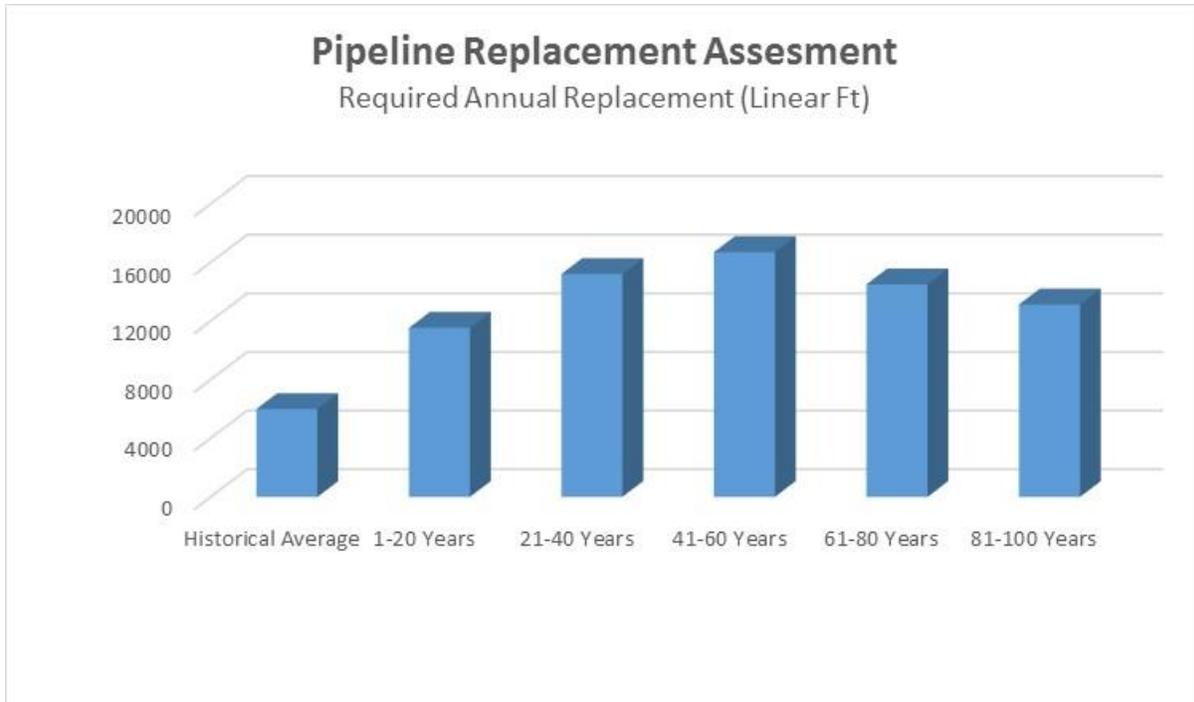
The \$1.7 Million annual budget is based on asset analysis performed in 2017. The Board also adopted a capital improvement charge and an escalation value to the charge to help make incremental progress towards reaching a 100 year replacement target. Industry standards for steel pipe generally recommend a 75 to 80 year replacement cycle. However, due to soil conditions in the District’s service area, the majority of steel waterlines can function up to 100 years. All new pipe is installed with a design approach based on reaching a 100 year life-cycle. The asset management plan divides the pipeline replacement priorities into five 20-year increments in order to achieve a 100-year replacement cycle and maximize the functional life of existing pipelines. The table on the following page shows the annual investment needed in 2020 dollars during each of the 20-year periods based on the updated analysis.



For comparison, the following table shows the pipeline and valve replacement expenditures over the last three years, as well as the amount collected through the Water Capital Improvement Charge. The capital improvement charge only currently funds a portion of the cost and it was set to escalate annually by 3% plus the Engineering and News Record (ENR) construction cost escalation to addressing the increasing need for funding.



The last table shows how much pipe, in terms of linear footage, needs to be replaced in each of these 20 year increments to achieve full replacement in a 100 year cycle. The first bar shows the average length of pipe replaced annually with current budgets.



In summary, to achieve the 100 year replacement goal, based on current cost data twice as much pipe needs to be replaced annually in the near term and the budget to achieve that would need to increase nearly threefold. Since the District does not have the budget or resources to make an immediate budget increase a continued increase in annual amount of pipeline replaced and funding should be implemented. An additional adjustment to increase the Capital Improvement Charge revenue may also be necessary. The District could also explore other opportunities to try and increase the service life of the existing pipelines and evaluate alternative replacement techniques to decrease the replacement costs and required annual expenditure.

Budgetary Impact

There is no immediate budgetary impact. Long term, a strategy needs to be developed to increase annual pipeline and valve replacement budgets to maintain the existing infrastructure.

Recommended Action

For discussion only.

M E M O

TO: Engineering and Operations Committee
FROM: Aaron Cook, Senior Engineer
DATE: May 21, 2020
SUBJECT: Morro Road Sewer Extension Repayment Agreement

Description

Per Administrative Code Section 23.3, sewer or water improvements provided by others which benefit owners fronting upon but not contributing toward the cost at the time of construction may be subject to a privately financed extension agreement for the collection and refunding of part of the cost.

Purpose

GRK Developers has installed 2,498 linear feet of 8-inch sewer main to serve a new 4-lot subdivision on Joseph Street. The new sewer main ties into the nearest existing downstream manhole on South Morro Road, and the alignment front 12 existing parcels not currently adjacent to a sewer main. If any of the land owners adjacent to the new sewer main connect to the sewer within 10 years of construction, the Repayment Agreement will enable the District to refund the financing owners the proportionate contribution funds that are collected. A draft copy of the repayment agreement is included as Exhibit A and is pending legal review. The agreement is based on the actual cost to construct the sewer main, and requires approval by the Board of Directors for execution. Final cost data was provided by the owner on May 8, 2020, and totaled \$410,206.29.

The effected parcels are listed in the table on the following page. The District is obligated to fund the infrastructure improvements to the first two parcels based on existing Remote Service Agreements that were pre-paid by the customers. Accordingly, the District's share for these two parcels is \$98,364. The third parcel listed (106-152-41) is required to connect to the new sewer main at the customer's cost based on an existing Temporary Service Agreement (Doc 2005-0333132). In this case, the customer is not able to pay the \$27,588 share up front, and has requested to enter into a payment plan (draft payment plan included as Exhibit B). The other parcels are eligible to be included in the Repayment Agreement at the listed percent of total project cost. Per the project owner's request, Parcels 106-140-41 and 106-140-37 will not be included in the repayment agreement because the owners of those parcels have already contributed to the project cost directly. As a result, the maximum reimbursement amount in the agreement is \$148,613.

| Parcel | Portion of Alignment Required to Serve Parcel | | | Notes |
|-------------------------------|---|---------|----------------------|---|
| | Linear Feet | Percent | Reimbursement Amount | |
| 106-152-53 | 237 | 9.5% | \$38,919 | FPUD Funded |
| 106-152-54 | 362 | 14.5% | \$59,445 | FPUD Funded |
| 106-152-41 | 168 | 6.7% | \$27,588 | Existing Agreement Requires Connection at Owner's Expense |
| 106-152-43 | 192 | 7.7% | \$31,529 | |
| 106-152-42 | 134 | 5.4% | \$22,005 | |
| 106-152-01 | 112 | 4.5% | \$18,392 | |
| 106-140-41 | 178 | 7.1% | \$29,230 | Project Partner |
| 106-140-37 | 285 | 11.4% | \$46,801 | Project Partner |
| 106-140-38 | 150 | 6.0% | \$24,632 | |
| 106-140-36 | 150 | 6.0% | \$24,632 | |
| 106-140-35 | 87 | 3.5% | \$14,287 | |
| 106-140-34 | 80 | 3.2% | \$13,137 | |
| Maximum Reimbursement Amount: | | | \$148,613 | |

Budgetary Impact

The District will pay \$125,952 for the first three parcels from the sewer capital budget. \$27,588 of that will be recovered over ten years per the payment plan for Parcel 106-152-41. These costs were not budgeted for, but can be paid for within the allocated FY2019-20 Wastewater Capital Budget, as shown in the projected year end project costs:

| | <i>FY 19-20 Budget</i> | <i>Projected Actual</i> |
|--|------------------------|-------------------------|
| <i>Overland Trail Lift Station</i> | \$ 1,500,000 | \$ 1,110,874 |
| <i>Collections SCADA Improvements</i> | \$ 20,000 | \$ 5,572 |
| <i>Outfall Air-Vac/Drain Replacements</i> | \$ 80,000 | \$ 890 |
| <i>Manhole Rehab</i> | \$ 145,000 | \$ 78,715 |
| <i>Bio Solids Barn Replacement</i> | \$ 75,000 | \$ 118,009 |
| <i>Reclamation Plant Equipment Replacement</i> | \$ 140,000 | \$ 99,832 |
| <i>Ranchwood Road Culvert Replacement</i> | \$ 75,000 | \$ 82,534 |
| <i>Headworks Condition Assessment</i> | \$ 25,000 | \$ - |
| <i>S Morro Sewer Extension</i> | | \$ 125,952 |
| <i>Wastewater CIP Total</i> | \$ 2,060,000 | \$ 1,629,244 |

The other potential reimbursements will not impact the budget since there is no upfront cost and any payments that occur over the next ten years will be passed on to the project owner.

Recommended Action

The recommendation is that the Engineering and Operations Committee propose to the Board of Directors approval of the final Repayment Agreement for GRK Developers and the Payment Plan for the customers at Parcel 106-152-41 after final legal review is complete.

Exhibit A

WATER FACILITIES REIMBURSEMENT AGREEMENT

for

South Morro Road Sewer Extension

This Sewer Facilities Reimbursement Agreement for the South Morro Road Sewer Extension (this “Agreement”) is made and entered into on _____, 20__ by and between FALLBROOK PUBLIC UTILITY DISTRICT, a municipal water district organized and operating pursuant to California Water Code section 71000 et seq. (the “District”) and _____, a California _____ (the “Owner”). The District and Owner may sometimes be individually referred to as “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, District policies concerning the extension of sewer facilities within the District require each property owner or developer to construct or cause to be constructed at its sole expense all facilities needed to serve its property in accordance with the requirements, standards and specifications of District; and

WHEREAS, Owner has constructed or caused to be constructed an extension to District’s existing sewer facilities (the “Facilities”) to serve Owner’s property located within the District and further described as follows: APN(s): 106-140-38, 106-140-25 _____, Map: 4293 _____ (the “Property”), and the Facilities are described as 2,498 linear feet of 8-inch sewer main and 13 manholes, and shown in Exhibit “A” attached to this Agreement, incorporated herein by this reference; and

WHEREAS, pursuant to District policies, if a property owner or developer has constructed extended facilities that will serve or otherwise benefit other properties, the District is permitted to enter into an agreement governed by District Rules and Regulations, as amended from time to time, to partially reimburse the property owner or developer for the costs thereof from reimbursement fees collected from persons connecting to or benefiting from said facilities; and

WHEREAS, the Facilities may also serve or otherwise benefit properties other than the Property; and

WHEREAS, Owner has incurred Four Hundred and Ten Thousand Two Hundred and Six Dollars (\$410,206.29) in costs to install the Facilities, including but not limited to costs of engineering, construction, financing and insuring the work; and

WHEREAS, the Parties desire to set forth in writing a procedure for the reimbursement to Owner for a portion of the net cost of constructing the Facilities in the event that other persons and/or property connects to or benefits from the Facilities,

NOW, THEREFORE, the District and the Owner agree as follows:

AGREEMENT

1. Term. This Agreement shall be for a term of ten (10) years from the date that the Facilities are accepted by the District as part of the District's water supply system pursuant to any required procedures, including Board approval if necessary (the "Term"), unless the Term is extended as provided for herein. The date on or about which the Facilities were accepted by the District is May 8, 2020. If requested by Owner before the expiration of the original ten-year Term, this Agreement may be extended by the District, at maximum five (5) year intervals, if the District's Board, in its sole discretion, determines such an extension is in the best interest of the Parties.

2. Collection of Reimbursement Fees. The District agrees to collect a pro rata amount for the reimbursement of Owner's costs to construct the Facilities from each owner of any property connecting to the Facilities (the "Reimbursement Fee"). The Reimbursement Fee to be paid by each owner of property connecting to the Facilities in addition to the District's capacity or connection fees and shall be determined by the District on the basis of:

A front footage charge assessed per linear foot for each parcel adjacent and connecting to the Facilities to cover each property owner's proportionate share of the Facilities.

Notwithstanding the above, the Parties may agree in writing to waive the collection of the Reimbursement Fee, or any portion thereof, from any owner of property connecting to the Facilities for specific parcels, or for specific time periods.

3. Connection to Owner's Facilities: The District will not permit any person to directly connect to, or benefit from, the Facilities without first paying the Reimbursement Fee. Payment of the Reimbursement Fee by property owners or other persons seeking to connect to or otherwise benefit from the Facilities shall be a condition of District water service.

4. Payment to Owner:

(a) District shall pay Owner all Reimbursement Fees collected pursuant to Section 2 of this Agreement. District shall pay Owner each Reimbursement Fee until either: (a) Owner has received total proportionate reimbursement for the cost of the Facilities, not to exceed the sum of One Hundred Forty Eight Thousand Six Hundred and Thirteen Dollars (\$148,613) (the "Reimbursement Amount") plus interest calculated according to Subsection (d) of this Section; or (b) until ten (10) years has elapsed from the date of acceptance of the Facilities by the District, which ever shall occur first. Upon termination of this Agreement, the District shall pay Owner any remaining Reimbursement Fees collected in accordance with this Agreement, and the obligation of District to Owner shall thereupon cease and terminate and no further sums shall be payable or paid to Owner under this Agreement.

(b) Reimbursement Fees shall be deposited in a separate account and payments made to Owner in accordance with District Rules and Regulations. Reimbursement to Owner shall be made only from Reimbursement Fees collected by the District pursuant to this Agreement.

(c) District shall have no duty to make any reimbursement or other payment to Owner except as specified in this Agreement and said payment shall be made only from the Reimbursement Fees collected by the District. Further Owner, shall only be entitled to receive

Reimbursement Fees from future owners whose land is benefited by the Facilities only if and when each such other owner secures permission from the District to connect to the Facilities. Owner understands that there are no guarantees whatsoever that District will secure any additional connections to any of the Facilities. District has no responsibility to secure future connections to all or any part of the Facilities.

(d) The Reimbursement Amount due to Owner pursuant to this Agreement shall be increased annually, on the anniversary date of the date of acceptance of the Facilities set forth in Section 1 of this Agreement, by five percent (2%) or such other higher annual legal interest rate as may be unilaterally established by the District. Notwithstanding any of the foregoing, in no case shall the Total Reimbursement Amount be increased by any percentage after five (5) years from the date of acceptance of the Facilities as stated above. The interest shall be calculated annually on the unpaid balance of the Reimbursement Amount.

5. Abandonment/Replacement of Facilities: If any portion of the Facilities for which a Reimbursement Fee is established by this Agreement must be abandoned or replaced during the Term of this Agreement, including any extension thereof pursuant to Section 1 of this Agreement, due to insufficient capacity or to physical or chemical deterioration or decomposition, the District may reduce the remaining Reimbursement Amount due Owner pursuant to Section 4 by a percentage calculated by the District according to the ratio of the total cost of the Facilities required to be abandoned or replaced to the entire cost of the Facilities.

6. Other Fees by Owner: This Agreement shall not exempt or relieve Owner from the payment of such other fees and charges as may be established by District, in accordance with its rules and regulations, for water and/or sewer service to the Property, including the standard capacity fees of District. At such time as Owner requests water and/or sewer service to the Property or any other properties owned by Owner, Owner shall pay to District such capacity fees and charges as may be then fixed by District in accordance with its rules and regulations. Notwithstanding any of the foregoing, if any of Owner's properties, including the Property, connects to the Facilities, Owner shall be exempt from the payment of the Reimbursement Fee collected pursuant to Section 2 of this Agreement.

7. Notice: Unless notified in writing of a change of address, all notices, payments or correspondence relating to this Agreement may be given by either: (i) hand delivery; or (ii) first class mail postage pre-paid, to the following addresses:

District:

General Manager
Fallbrook Public Utility District
990 E Mission Road
Fallbrook, CA 92028

Owner:

District shall not be responsible for locating Owner, beyond providing written notices to the address supplied District by Owner. Therefore, notice shall be deemed given if provided in either manner listed above to the address supplied by the Party to whom notice is addressed.

8. Miscellaneous Provisions:

(a) No Third-Party Benefit. Nothing in this Agreement shall confer any rights upon any person or entity not party to this Agreement.

(b) Venue/ Attorneys Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of California, and any action to enforce this agreement must be brought in the County of San Diego, State of California. In the event of any dispute between the Parties, the prevailing Party shall be entitled to recover all reasonable costs incurred in resolving the dispute, including reasonable attorneys' and experts' fees.

(c) Assignment. This Agreement shall not be assigned by either Party without first obtaining the prior written consent of the other Party.

(d) Authority. As a condition precedent to this Agreement, the Parties will obtain any and all resolutions, approvals, and/or other actions necessary for the adoption and approval of the provisions of this Agreement and shall provide the other Party with copies of such resolutions, approvals and/or actions prior to the execution of this Agreement.

(e) Severability. In the event any one of the provisions of this Agreement is for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision(s) shall be replaced by a valid, legal, enforceable, and mutually acceptable provision(s) that comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision(s).

(f) Integration. This Agreement represents the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understandings, promises or representation with respect to those matters covered in it. This Agreement may not be modified or altered except in writing signed by both Parties.

(g) No Waiver. No covenant, term or condition of this Agreement shall be deemed to be waived by either Party unless such waiver is in writing and executed by the Party making the waiver. No waiver of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition contained herein.

(h) Construction. The terms and conditions contained herein shall not be construed in favor of or against either Party, but shall be construed as if both Parties prepared the Agreement.

(i) Execution. This Agreement shall not be deemed to have been accepted and shall not be binding upon either Party until duly authorized officers of both Parties have executed it.

IN WITNESS WHEREOF, the District and the Owner have executed this Agreement as of the date first written above.

FALLBROOK PUBLIC UTILITY DISTRICT

By: _____
Its: General Manager

OWNER

By: _____
Its: _____

Attest: _____
District Secretary

DRAFT

Exhibit B

RECORDING REQUESTED BY and AFTER
RECORDING MAIL TO:

Fallbrook Public Utility District
990 E Mission Road
Fallbrook, CA 92028
ATTN: General Manager

Recording without fee requested pursuant to Gov. Code § 27383

(Space above this line for County Recorders Use Only)

APN:106-152-41-00

**AGREEMENT FOR PAYMENT OF INSTALLMENTS
TO FINANCE SEWER INFRASTRUCTURE**

THIS AGREEMENT FOR PAYMENT OF INSTALLMENTS TO FINANCE PRIVATE SEWER LATERALS, SEWER INFRASTRUCTURE (“Agreement”) is entered into as of _____, 2020, between **Juan Romero and Rocio Romero** (“Participants”) and the **Fallbrook Public Utility District**, a public utility district organized pursuant to California Public Utilities Code sections 15501 *et seq.* (“District”) (collectively referred to as “Parties”).

RECITALS

- A.** The District is authorized to provide wastewater collection and treatment services to properties located within the jurisdictional boundaries of the District.
- B.** In order to receive wastewater collection and treatment services from the District, property owners within the District must extend the main sewer line as needed to connect with the sewer lateral that serves the property, construct new sewer laterals, and abandon any existing septic tank, any improvement necessary to receive wastewater and treatment services is the sole responsibility of the property owner.
- C.** Property owners are responsible for paying a proportionate share of the cost of infrastructure constructed by others, when such infrastructure will serve their property (the “Improvements”). The cost of Improvements are the responsibility of each property owner requesting service from the District.
- D.** The costs for the Improvements may be significant, and the District has determined to provide financial assistance to property owners, upon request, in the form of amortizing the cost of the Improvements over a period of **10 years** (the “Installments”).
- E.** The District is authorized to enter into voluntary agreements for contractual assessments with property owners for the Improvements pursuant to California Health and Safety Code section 5464 *et seq.* (the “Law”), pursuant to which authority the District may perform the necessary work to complete the Improvements, and collect such costs from the property owner in Installments. The Law further authorizes the District to impose a lien on the property for which

the Improvements are provided in order to secure payment of the Installments. The Installments are further authorized to be collected on the property tax roll, pursuant to Health and Safety Code section 5470 *et seq.*

F. Property-based fees, charges, and assessments, when imposed by a local agency, are subject to the requirements of article XIII D of the California Constitution. Assessments may only be imposed in accordance with notice, protest, and ballot procedures required under article XIII D, section 4, and property-related fees and charges may only be imposed in accordance with the notice and protest procedures of article XIII D, section 6. Article XIII D also creates substantive requirements applicable to imposition of assessments, and property-related fees and charges (collectively, these requirements are referred to herein as “Article XIII D Requirements”). The Article XIII D requirements are inapplicable to amounts charged as a result of voluntary, arms’ length negotiations, or amounts charged as a part of a voluntary arrangement with the agency, such as the Installments proposed to be charged for financing the costs of the Improvements.

G. Participants are the owners of certain real property within the District requiring the Improvements, as more particularly described in Exhibit “A” hereto. Participants and District previously executed and recorded a Temporary Sewer Connection Agreement, where the District granted Participants a temporary, emergency connection to the District’s sewer system as a result of Participants failed septic system. Pursuant to the Temporary Sewer Connection Agreement, Participants agreed that, when a permanent sewer line becomes available, Participants would abandon the septic system in accordance with County of San Diego Health Department Regulations and to pay for a new sewer main line where it crosses Participants’ property, as well as connection fees, and that Participants will be responsible for a lateral from the structure on the subject real property to connect to the District’s main line.

H. Participants have requested assistance with financing the costs of the Improvements through entering into this Agreement for payment of Installments, and the District has agreed to provide such assistance.

I. In order to allow Participants to finance the Improvements, the District will be required to pay the up-front costs of the Improvements, to be repaid by the Installments. In consideration for providing such assistance to Participants, Participants wish to acknowledge and agree that this Agreement is voluntary in nature, and the Installments are not “imposed” for purposes of the Article XIII D Requirements, and therefore, the Article XIII D Requirements do not apply. Participants further wish to enter into this Agreement for establishing the terms for the Installments, including term, interest rate, enforcement mechanisms, and other matters set forth herein.

NOW, THEREFORE, the District and the Participants agree as follows:

1. **Recitals.** The foregoing Recitals are true and correct.
2. **Participants’ Obligations.**
 - a. **Advances to the District for Agreement Expenses.** Participants shall, immediately upon execution of this Agreement, advance the negotiated sum of

\$ _____ (the “Advance”) to the District to be used for reimbursing the District for the costs associated with preparing and entering into this Agreement, for the costs of implementing this Agreement and the Installments, including any costs associated with enforcement of this Agreement, and placement of the Installments on the property tax roll. If monies in addition to the Advance are necessary for such purposes, the District shall as necessary and from time to time make written demand upon Participants and Participants shall immediately thereafter, within five (5) working days, deposit said monies with the District to pay for such additional expenses. If any such additional monies are not timely received, all actions taken for the implementation of this Agreement shall, at the option of the District and after providing written notice of such suspension to Participants, be suspended until such monies are received or canceled.

b. Payment of Installments. Participants further agree to pay the Installments required under this agreement, subject to the terms set forth herein.

(1) **Term.** Participants agree to pay the Installments for a term of 10 years.

(2) **Interest Rate.** Participants agree to pay interest on the outstanding amount due for the Improvements at the rate of 1.5 % per annum.

(3) **Total Cost of Improvements.** The total cost of the Improvements is \$ 27,588.00 , which is broken down as follows:

The total amount of interest to be paid is \$ 2,326.82 .

(4) **Payment Schedule.** The Improvements shall be paid in 10 annual Installments, as set forth in Exhibit “B” hereto, which amounts shall include both the principal and interest component for each Installment. Each Installment shall be due on the dates set forth on Exhibit “B” hereto, and shall be the responsibility of Participants. District may provide advance notice that annual payment is due, depending on the method of collection.

(5) **Collection on Property Tax Roll.** The District may take action in any year, subject to approval by the District’s Board of Directors, to provide for collection of the Installments on the property tax roll in the same manner and at the same time as property taxes, pursuant to the authority granted in Health and Safety Code section 5465, and 5470 *et seq.*. Should the District’s Board of Directors determine to place the Installments on the property tax roll, Participants agree not to submit a written protest or otherwise take any action to prevent the District from placing the Installments on the property tax roll.

(6) **Abandon Septic System.** Upon completion of Improvements, Participants agree to disconnect the septic tank from the District’s sewer system and abandon the septic system in accordance with the County of San Diego Health Department Regulations.

3. **District's Obligations.**

- a. **Implementation of Agreement.** The District shall take all actions necessary to collect the Installments as set in Exhibit "B" hereto, following (i) execution of this Agreement by the Parties, and (ii) payment by Participants of the Advance to the District.
- b. **Use and Administration of the Participants Advances.** The District shall use the Advance solely for the payment of expenses relating to implementation and enforcement of this Agreement and the Installments. The District agrees to keep records consistent with its regular accounting practices of the amount of monies advanced by the Participants and the expenditure of such monies. Additionally, the District shall enter into and maintain contracts with all consultants and contractors providing services related to construction of the Improvements, implementation of this Agreement and the Installments that shall specify the scope of services and compensation to be paid to all such consultants. Such records and contracts shall be available for copying by the Participants at Participants' expense, and review during normal business hours upon reasonable notice to the District. If the proceedings to construct the Improvements are not completed and are abandoned by either Party hereto for any reason at any time prior to the completion thereof, there will be no obligation on the part of the District to reimburse Participants for any monies previously advanced pursuant to this Agreement; provided, however, the District does agree to return to Participants any monies previously advanced which remain on deposit with the District and which the District determines are in excess of the amount necessary to pay for any outstanding expenses previously incurred by the District for the purposes of implementing and/or enforcement this Agreement or constructing the Improvements.
- c. **Termination of Temporary Sewer Connection Agreement.** District shall assist Participants in terminating the Temporary Sewer Connection Agreement and removing such agreement from title to Participants' property; provided, however, that any costs for terminating such agreement shall be the responsibility of the Participants and not the District.

4. **Participants' Representations.**

- a. Participants understand and acknowledge that:
 - (1) California Constitution, article XIII D, section 4 ("Article XIII D") establishes certain procedural and substantive requirements which apply

when any local agency, such as the District, imposes a new or increases an existing property-related assessment.

(2) The procedural requirements of Article XIII D include, among other things, the following:

A. The local agency shall identify the parcels upon which the assessment shall be imposed and provide written notice by mail of the proposed assessment to the record owner of each identified parcel.

B. The notice shall identify (i) the amount of the assessment; (ii) the basis upon which the amount was calculated; (iii) the reason for the assessment; and the (iv) date, time, and location of a public hearing on the proposed assessment.

C. The local agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the public hearing and the proposed assessment, accompanied by an assessment ballot whereby the owner of property proposed to be assessed may express such owner's support for or opposition to such assessment. After the public hearing has been closed, the public agency shall tabulate all assessment ballots received prior to the closure of the public hearing. The agency shall not impose the assessment, if there is a majority protest. A majority protest exists if the assessment ballots submitted in opposition to the levy of assessments outweighs the assessment ballots submitted in support to the levy of the assessments. Each assessment ballot is weighted according to the amount of the assessment proposed to be levied on the parcel for which such assessment ballot has been submitted.

(3) The substantive requirements of Article XIII D include, among other things, the following:

A. Revenues derived from any assessment shall not exceed the special benefit provided to the property and improvements.

B. Revenues derived from the assessment shall not be used for any purpose other than that for which the assessment was imposed.

C. The amount of the assessment levied on a parcel shall not exceed the special benefit received by such parcel from the improvements being financed by such assessment.

(4) California Constitution article XIII D, section 6 also sets forth certain procedural and substantive requirements any time a local agency imposes a new or increases an existing property-related fee or charge. Procedural requirements include holding a public hearing, with notice provided at

least 45 days in advance, at which public hearing a majority of affected property owners or customers of record may protest the property-related fee or charge. Additional substantive requirements apply, including requirements that the property-related fee or charge not exceed the proportional cost of service, and be used only for the services for which the fee or charge is imposed.

- (5) The description of the procedural and substantive requirements established by and contained in Article XIII D set forth above are intended only to summarize certain of such procedural and substantive requirements, and were previously defined as the Article XIII D Requirements.
 - (6) Participants had a reasonable opportunity to thoroughly read and review the Article XIII D Requirements in their entirety and has further had a reasonable opportunity to consult with Participants' attorney regarding the Article XIII D Requirements.
- b. Participants and District acknowledge, understand, and agree that this Agreement is entered into for the benefit of Participants, in order to accommodate Participants' request to finance the Improvements. Participants and District further acknowledge, understand and agree that the Installments represents the reasonable estimate of the cost of the Improvements, plus interest as authorized by law. Participants further acknowledge, understand and agree that District is entering into this Agreement with Participants in reliance on Participants' acceptance of and agreement with the amount calculated for the Installments, and that District would not have entered into this Agreement had Participants not agreed to such amounts. Participants further acknowledge, understand, and agree that this Agreement is voluntary in nature, and is the result of an arms' length negotiation in which Participants had the opportunity to consult with independent counsel. As such, the Installments are not "imposed" for purposes of article XIII C or article XIII D of the California Constitution, and the Article XIII D Requirements do not apply and are otherwise waived. Such understanding, acknowledgement, and waiver are granted knowingly and in consideration for the District's willingness to finance Participants' Improvements through the Installments, and in order that the District may be assured of its ability to be repaid for the Improvements with the Installments.
- c. Participants and District acknowledge, understand, and agree that this Agreement is entered into for the benefit of Participants, in order to accommodate Participants' request to finance the Improvements. Participants and District further acknowledge, understand and agree that the Installments represents the reasonable estimate of the cost of the Improvements, plus interest as authorized by law. Participants further acknowledge, understand and agree that District is entering into this Agreement with Participants in reliance on Participants' acceptance of and agreement with the amount calculated for the Installments, and that District would not have entered into this Agreement had Participants not agreed to such amounts. Participants further acknowledge, understand, and agree that this Agreement is voluntary in nature, and is the result of an arms' length

negotiation in which Participants had the opportunity to consult with independent counsel. As such, the Installments are not “imposed” for purposes of article XIII C or article XIII D of the California Constitution, and the Article XIII D Requirements do not apply and are otherwise waived. Such understanding, acknowledgement, and waiver are granted knowingly and in consideration for the District’s willingness to finance Participants’ Improvements through the Installments, and in order that the District may be assured of its ability to be repaid for the Improvements with the Installments.

- d. Participants further acknowledge, that nothing contained in this agreement shall grant any property right in infrastructure provided by the District, or other persons that serve the Participants property.
 - e. Participant further waives the procedural requirements under California Health and Safety Code section 5474 *et seq.* with respect to collecting the Installments on the property tax roll. Participant consents to the District placing collection of the Installments on the property tax roll.
5. **Effect of Agreement.** Nothing contained herein shall be construed as releasing Participants from any condition of or requirement imposed by the District, including payment of any other fee, charge, tax, or assessment of District, or any other agreement with the District or by any law rule, or regulation of the District, the County of San Diego, the State of California, or the federal government respecting the Property.
6. **Lien; Recordation.** Upon execution of this Agreement by the parties hereto, District shall cause this Agreement to be recorded in the office of the County Recorder of the County of San Diego, along with any other document required to create a lien on the Property. The Parties hereby acknowledge and agree that this Agreement, and the obligation of Participants to pay the Installments, shall constitute a lien on the Property. Such lien is created pursuant to this Agreement and the authority granted to the District under California Health and Safety Code sections 5464, 5465, and 5474 *et seq.*, and such lien shall constitute a lien against Participants’ property.
7. **Events of Default.** The following events shall each constitute an Event of Default hereunder:
- (a) Failure to make any Installment due hereunder, provided the District shall provide a grace period of five (5) business days from the due date of each Installment in the event the Installments are not collected on the property tax roll.
 - (b) Failure to comply with any other provision hereunder.
 - (c) In the event the District’s Board of Directors determines to place the Installments on the property tax roll, submission by Participants of a protest against placement of the Installments on the property tax roll.
8. **Remedies.** If an Event of Default occurs, Participants agree and acknowledge that such a default shall be treated in the same way as a violation of any of the District’s ordinances,

rules, or regulations, as they exist on the date of such Event of Default, and all remedies existing thereunder shall be available to the District in the enforcement of this Agreement. In addition, upon occurrence of an Event of Default, the District shall have any of the following additional remedies:

- (a) The District may terminate this Agreement and declare all amounts remaining of the Installments immediately due and payable on the date thereof.
- (b) If Participants fail to pay the Installments, the District may initiate proceedings for termination of sewer service in accordance with the District's ordinances, rules, or regulations, or whatever policy for termination of sewer service exists at such time. Sewer service shall not be resumed until all delinquent charges, including the Installments due hereunder, as well as costs of disconnection and reconnection, have been paid in full to the District.
- (c) The District may exercise any and all other remedies available to the District under law. To the extent the Installments are collected by the County of San Diego on the property tax roll, the Installments shall be subject to the same remedies and enforcement mechanisms applicable to property taxes.

9. **Indemnification.** To the fullest extent permitted by law, Participants shall defend (with counsel of the District's choosing), indemnify and hold the District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, in any manner arising out of, pertaining to, or incident to the construction or installation of the Improvements, or the subject matter of this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Participants' obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Participants, the District, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

10. **Miscellaneous Provisions.**

- (a) **Applicable Law.** This Agreement and any disputes relating to this Agreement shall be construed under the laws of the State of California.
- (b) **Venue.** In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie in San Diego County.
- (c) **Modification.** This Agreement may not be altered in whole or in part except by a modification, in writing, signed by the parties hereto.

- (d) **Entire Agreement.** This Agreement, together with all the exhibits attached hereto and thereto, contains all the representations and the entire understanding between the parties. The parties mutually declare that there have not been any oral promises or agreements not contained in this Agreement. Participants further expressly agree that Participants have not relied upon any oral promises or oral agreements of anyone connected with the District in executing this Agreement.
- (e) **Binding Effect.** This Agreement shall inure to the benefit of a binding upon the parties and their respective purchasers, successors, heirs, and assigns.
- (f) **Unenforceable Provisions.** The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- (g) **Representation of Capacity to Contract.** The party signing this Agreement on behalf of Participants hereby expressly warrants and represents that he/she has the authority to execute this Agreement on behalf of the Participants.
- (h) **Opportunity to be Represented by Independent Counsel.** Participants warrant and represent that he/she has been advised to consult independent legal counsel of Participants' own choosing and has had a reasonable opportunity to do so prior to executing this Agreement. Participants further warrant and represent that he/she has carefully read all of this Agreement and has executed this Agreement voluntarily and with full understanding of all terms and conditions herein.
- (i) **Notices.** All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or sent certified mail, return receipt requested, to the following addresses:

To Participants:

Juan and Rocio Romero
1925 Pomegranate Lane
Fallbrook, CA 92028-4412

To District:

Fallbrook Public Utility District
ATTN: General Manager

990 E Mission Road
Fallbrook, CA 92028

- (j) **Attorney's Fees.** In the event any action or proceeding is filed by anyone to challenge, invalidate, interpret or enforce this Agreement, the prevailing party between the District and Participants shall be entitled to recover all attorney's fees and litigation expenses in addition to all other relief afforded by applicable law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**FALLBROOK PUBLIC UTILITY
DISTRICT**

PARTICIPANTS

By:

Jack Bebee
General Manager

By:

Juan Romero

ATTEST:

By:

Rocio Romero

By:

Board Secretary

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

ON _____, before me,
_____, Notary Public,
personally appeared _____,
_____ who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s) or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

ON _____, before me,
_____, Notary Public,
personally appeared _____,
_____ who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s) or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (SEAL)

ATTACHMENT A

DESCRIPTION OF PROPERTY

THIS AGREEMENT AFFECTS TITLE TO REAL PROPERTY commonly known as 1925 Pomegranate Lane, Fallbrook, CA 92028, and more particularly described as:

PARCEL 1:

THAT PORTION OF LOT 9 OF THE SUBDIVISION OF TRACT "D" OF THE PARTITION OF THE RANCHO MONSERATE, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 821, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 25, 1896, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID LOT 9, DISTANT NORTH 0°12'30" WEST, 871.20 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 9, SAID POINT BEING THE NORTHWEST CORNER OF THE LAND DESCRIBED IN THE DEED TO RALPH BRIERY, ET UX, RECORDED MARCH 7, 1950 IN BOOK 3258, PAGE 466 OF OFFICIAL RECORDS; THENCE ALONG THE NORTH LINE OF SAID BRIERY'S LAND, SOUTH 89°51'10" EAST, 95 FEET TO AN INTERSECTION WITH THE WEST LINE OF THE LAND DESCRIBED IN THE DEED TO PAUL A. FOERSTER, ET UX, DATED FEBRUARY 1, 1937, IN BOOK 624, PAGE 178 OF OFFICIAL RECORDS; THENCE ALONG SAID WEST LINE AND PARALLEL WITH THE WEST LINE OF SAID LOT 9, NORTH 0°12'30" WEST, 318.75 FEET TO THE NORTHWEST CORNER OF SAID FOERSTER'S LAND, BEING A POINT ON THE SOUTH LINE OF A PORTION OF SAID LOT 9, DESCRIBED IN DEED TO ARTHUR E. CHENOWETH, ET UX, DATED FEBRUARY 28, 1933 AND RECORDED APRIL 22, 1933 IN BOOK 209, PAGE 215 OF OFFICIAL RECORDS; THENCE NORTH 89° 51'10" WEST, ALONG SAID SOUTH LINE OF SAID LAND OF CHENOWETH, 95 FEET TO THE SOUTHWEST CORNER THEREOF, BEING A POINT ON SAID WEST LINE OF LOT 9; THENCE SOUTH 0°12'30" EAST ALONG SAID WEST LINE, 318.93 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE SOUTHERLY 128 FEET THEREOF BEING PARALLEL TO THE SOUTHERNLY LINE OF SAID LAND.

ATTACHMENT B

INSTALLMENTS

\$27,588.00 Cost of Improvements
1.5% Interest Rate
Number of Annual
10 Payments

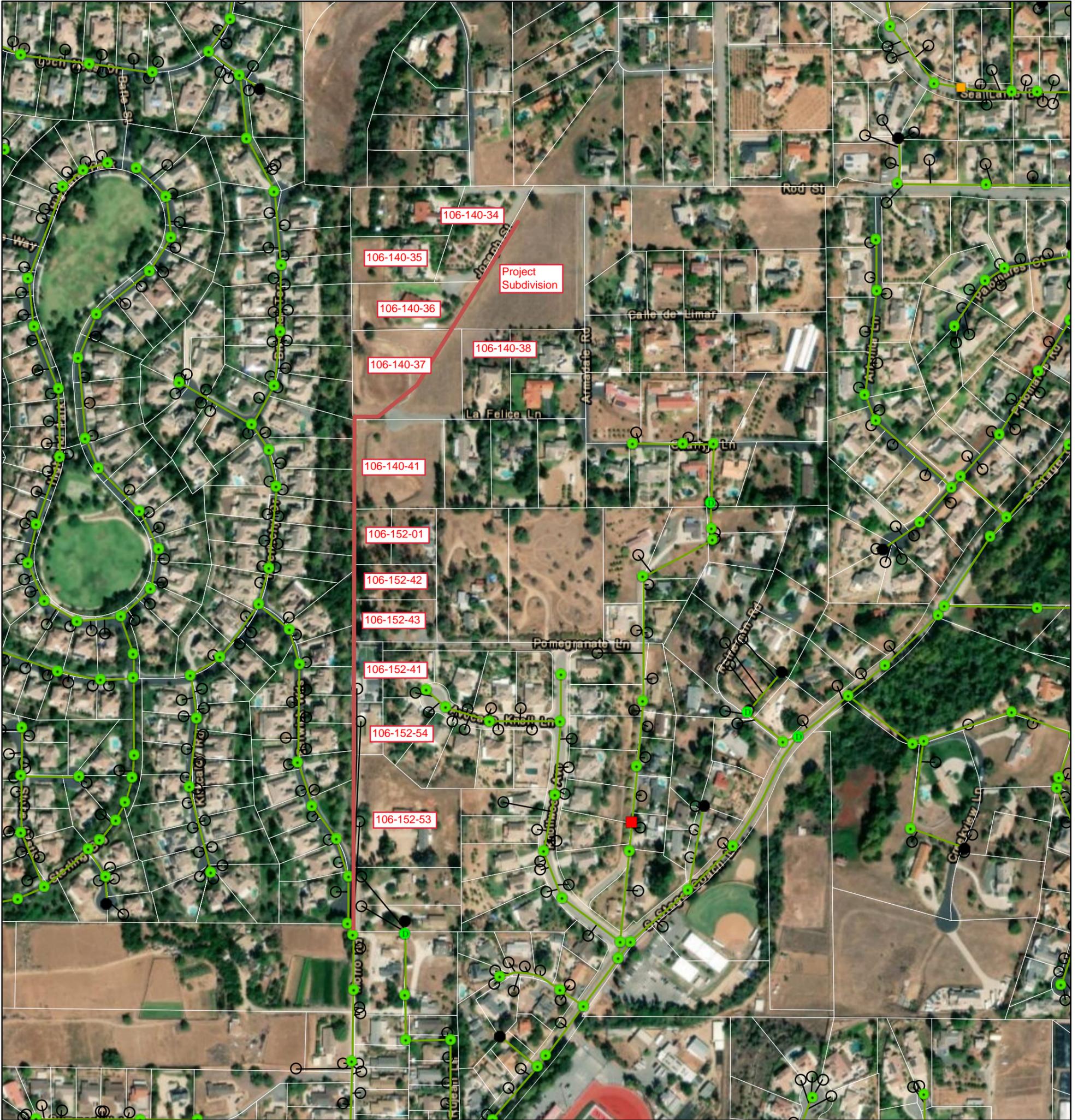
| | |
|---------|------------|
| Year 1 | \$2,991.48 |
| Year 2 | \$2,991.48 |
| Year 3 | \$2,991.48 |
| Year 4 | \$2,991.48 |
| Year 5 | \$2,991.48 |
| Year 6 | \$2,991.48 |
| Year 7 | \$2,991.48 |
| Year 8 | \$2,991.48 |
| Year 9 | \$2,991.48 |
| Year 10 | \$2,991.48 |

Total Cost \$29,914.82

Cost of
Interest \$2,326.82

Exhibit C

S Morro Sewer Extension



1/15/2020 11:55:06 AM

1:4,514

SEWER_TROUBLE_SPOTS

■ 3 MONTH

■ 6 MONTH

MANHOLE

Ⓧ DISTRICT CO AND DROP

● DROP

● DIST CO

● MH

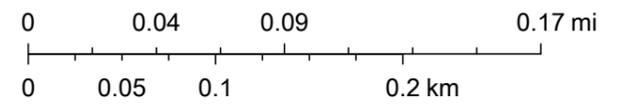
SEWER MAIN

— GRAVITY

○ CUSTOMER CLEANOUT

— SEWER LATERAL

PARCELS



Esri, HERE, Garmin, (c) OpenStreetMap contributors, Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community, Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and

M E M O

TO: Engineering and Operations Committee
FROM: Aaron Cook, Senior Engineer
DATE: May 21, 2020
SUBJECT: Status of Water CIP Budget

Description

The Water Capital expenditures for FY2019-20 are tracking very close to budget. Depending on how ongoing projects go over the remaining five weeks of the fiscal year, additional funds may need to be authorized to keep the work moving.

Purpose

The portion of the approved FY2019-20 Capital Budget planned for water PAYGO projects was \$3,068,933. As of May 1, 2020, \$2,322,330 has been expended on planned projects. Large projects currently ongoing include the Winter Haven Pipeline Replacement Project, the Valve Replacement Program, and the Meter Replacement Program. As a conservative projection, as much as \$450,000 per month is anticipated to be spent on these three projects in the last two months of the fiscal year. A breakdown of water projects is shown in the following table:

| Water CIP PAYGO | Budget | Actual to Date May 1, 2020 | Projected Year End |
|-----------------------------------|--------------------|-------------------------------|-----------------------|
| Valve Replacements | \$ 400,000 | \$ 448,079 | \$ 518,079 |
| Water Meter Replacements | \$ 675,000 | \$ 465,688 | \$ 578,188 |
| De Luz Road Pipeline Replacement | \$ 564,653 | \$ 808,128 | \$ 808,128 |
| Winterhaven Pipeline Replacement | \$ 839,280 | \$ 20,179 | \$ 720,179 |
| Lynda Lane PRS | \$ 20,000 | \$ - | \$ - |
| Ross Lake PRS | \$ 60,000 | \$ 300 | \$ 300 |
| Yarnell PRV | \$ 65,000 | \$ 47,898 | \$ 52,898 |
| Sachse PRV | \$ 25,000 | \$ 253 | \$ 253 |
| UV Facility UPS Batteries | \$ 60,000 | \$ 53,644 | \$ 53,644 |
| UV Facility Equipment Replacement | \$ 10,000 | \$ 18,371 | \$ 18,371 |
| Water System Security | \$ 30,000 | \$ 18,697 | \$ 18,697 |
| Water SCADA Improvements | \$ 100,000 | \$ 42,486 | \$ 52,486 |
| Mainline Leak Detection | \$ 20,000 | \$ - | \$ - |
| Sandia Tank Recoating | \$ 150,000 | \$ 235,415 | \$ 235,415 |
| Hydraulic Model Update | \$ 30,000 | \$ 40,030 | \$ 40,030 |
| North Stage Coach Culvert | \$ 20,000 | \$ 75,866 | \$ 75,866 |
| De Luz Creek Restoration | | \$ 47,296 | \$ 47,296 |
| Water CIP PAYGO Total | \$3,068,933 | \$ 2,322,330 | \$ 3,219,830 |

As shown, there is a potential to exceed the budgeted amount for water PAYGO CIP by approximately \$151,000 if all ongoing projects execute as planned.

The other CIP categories are projected to be at or under budget at year end as shown on the following table:

| | Budget | Actual to Date May 1, 2020 | Projected Year End |
|--------------------------|---------------------|-------------------------------|-----------------------|
| Water CIP PAYGO Total | \$ 3,068,933 | \$ 2,322,330 | \$ 3,219,830 |
| Wastewater CIP Total | \$ 2,060,000 | \$ 413,292 | \$ 1,629,244 |
| Recycled Water CIP Total | \$ 406,000 | \$ 15,096 | \$ 265,096 |
| Admin CIP Total | \$ 995,000 | \$ 733,787 | \$ 995,064 |
| Total PAYGO CIP | \$ 6,529,933 | \$ 3,484,504 | \$ 6,109,233 |

Budgetary Impact

Because the capital budget is authorized annually as part of the budget process by the Board as one combined amount at \$6,529,933, there is no impact to the capital budget as a whole and no requirement for additional Board authorization. Additionally, the water services operating budget is currently projected to finish the fiscal year approximately \$250,000 under budget (see table below from budget document). This is partially due to more field staff time spent on capital improvements as opposed to general maintenance and operations, which is a positive trend. Combining the projected overages on water capital expenditures with the projected water services operating expenditures shows that the overall water services is expected to finish the year within budget.

Table #6 - Water Services Total Operating Budget Summary

| Description | FY 2018-19 | FY 2019-20 | | FY 2020-21 | Budget to Budget Change (%) |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------------|
| | Actual | Budget | Projected | Budget | |
| Total Labor * | \$ 1,455,940 | \$ 1,422,713 | \$ 1,513,659 | \$ 1,449,807 | 1.9% |
| Total Non-Labor | 986,932 | 949,500 | 599,584 | 758,000 | -20.2% |
| Operating Total | \$ 2,442,872 | \$ 2,372,213 | \$ 2,113,243 | \$ 2,207,807 | -6.9% |
| Allocated Benefits Expenditures | 825,996 | 915,201 | 915,201 | 988,521 | 8.0% |
| Total Direct Water Costs | \$ 3,268,868 | \$ 3,287,415 | \$ 3,028,444 | \$ 3,196,328 | -2.8% |
| Allocation of Administrative Services | 3,170,832 | 4,100,807 | 4,100,807 | 4,137,834 | 0.9% |
| Total Services Budget | \$ 6,439,700 | \$ 7,388,221 | \$ 7,129,251 | \$ 7,334,162 | -0.7% |

* Total Labor does not include District's Benefits.

Recommended Action

For information only, no action recommended.