

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
APPLICATION FOR CONSOLIDATION OR REORGANIZATION OF SPECIAL DISTRICTS
INTO A SINGLE LOCAL AGENCY

The following information must be submitted when filing an APPLICATION FOR CONSOLIDATION OR REORGANIZATION OF SPECIAL DISTRICTS INTO A SINGLE LOCAL AGENCY with the San Diego Local Agency Formation Commission (LAFCO); additional information may be requested during review of the proposal.

- 1. Completed application for Consolidation or Reorganization of Special Districts into a single local agency.**
Completed LAFCO Application is attached as Attachment A.
- 2. A Certified Resolution of Application from one or more of the subject districts.**
Fallbrook Public Utility District Certified Resolution of Application, as adopted on April 28, 2014, is attached as Attachment B.
- 3. One copy of a metes-and-bounds legal (geographic) description of the perimeter of the consolidated/reorganized special districts.**
Metes-and-bounds legal description is attached as Attachment C.
- 4. Environmental documentation to comply with the California Environmental Quality Act (CEQA).**
Notice of Exemption for Fallbrook Public Utility District is attached as Exhibit 2 in Attachment B.
- 5. One copy of each subject districts' adopted budget and staffing schedules for the current and previous fiscal year, most recent audits, capital improvement programs/plans, master service plans, and one copy of a five-year proposed budget and staffing schedule for the consolidated/reorganized agency detailing expenditures, anticipated revenues, and reserves.**
Draft financial schedules and supplemental materials are included in Attachment D.
- 6. JURISDICTIONAL CONFLICTS: If the response to the question on page 7 of this application is "Yes" regarding jurisdictional conflicts, then complete and sign the Policy L-107 form available at: http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf.**
Policy L-107 form is attached as Attachment E.
- 7. Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM AND EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES (included with LAFCO application and also available from LAFCO's website at: <http://www.sdlafco.org/forms/Disclosure%20of%20political%20expenditures.pdf>**
Completed forms are attached as Attachment F.
- 8. Completed SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM (page 8 of application) from each subject agency.**
Subject Agency Supplemental Information Form is attached as Attachment G.
- 9. LAFCO processing fees. The San Diego LAFCO FEE SCHEDULE is available at <http://www.sdlafco.org/document/feeschedule.pdf>, or contact LAFCO staff.**
A deposit check of \$25,000 for LAFCO processing fees was previously transmitted to LAFCO as part of Fallbrook PUD's initial submittal.

ATTACHMENT A

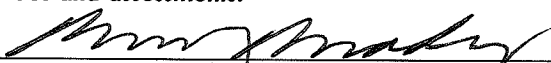
APPLICATION FOR CONSOLIDATION OR REORGANIZATION OF SPECIAL DISTRICTS INTO A SINGLE LOCAL AGENCY

The information in this application is used by LAFCO staff to evaluate proposals. Please respond to **all** items in this form, indicating "NA" when an item does **not** apply.

SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Reorganization involving dissolution and annexation, sphere amendment, etc.)
1. Rainbow Municipal Water District	1. Dissolution
2. Fallbrook Public Utility District	2. Annexation
3. Fallbrook Public Utility District	3. Expansion of Latent Sewer Powers Covering Territory (Formerly) in Rainbow Municipal Water District

As part of this application, the Fallbrook Public Utility District, (the applicant), agree to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications.

I acknowledge that the Fallbrook Public Utility District may result in the imposition of taxes, fees and assessments **existing within the (city or district)** on the effective date of annexation. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those **existing taxes, fees and assessments**.

Signature:  Date: 4/28/14

Print/Type Name: Brian J. Brady, P.E., General Manager, Fallbrook Public Utility District

Address: 990 E Mission Road, Fallbrook, CA 92028

Telephone: (760) 728-1125

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.

Name: N/A

Address: _____

Telephone: () _____

SAN DIEGO LAFCO

DESCRIPTION / JUSTIFICATION

1. Explain why this proposal for consolidation or reorganization of special districts into a single local agency is being initiated.

The boards of directors of the Rainbow Municipal Water District and Fallbrook Public Utility District conducted a joint district consolidation study dated October 22, 2012, which found that combining the two districts' operations into one reorganized district would further the goals of orderly development and efficient and affordable service delivery to the unified service area by:

1. Capturing economies of scale and reducing administrative overhead (joint communication system, customer billing, insurance, director costs, information technology, internal trainings, general counsel costs, audit costs, reduction in operational costs of one office location with potential for rental income, potential to reduce costly outsourcing and leverage future outsourcing needs);
2. Sharing equipment and reducing vehicle fleet including heavy/ specialty equipment;
3. Improving emergency response;
4. Enhancing coverage for service zones and pressure zones at district boundaries;
5. Integrating both districts' management and staff, and thereby capturing potential labor cost savings;
6. Improving water resource management through use of recycled water within reorganization territory;
7. Improving the ability of the combined district to fully utilize local water supplies; and
8. Strengthening financial capacity.

As stated in the cover letter accompanying these application documents, on April 5, 2013, the two districts formed the North County Joint Powers Authority (NCJPA) for the purpose of managing the combined resources of the two districts. Since April 5, 2013, the districts have realized a combined net savings of just over \$1 million. See further discussion in the answer to Question 5 in the Public Services Section of this application. In spite of the demonstrated savings achieved in 2013, the Rainbow Municipal Water District Board voted to withdraw from the NCJPA effective April 5, 2014.

2. List each district proposed for consolidation or reorganization and include the formation date, associated principal act, and the service(s) that were originally / currently authorized.

The Rainbow Municipal Water District is a water district organized under the Municipal Water District Law of 1911 (Water Code, § 71000 *et seq.*), and the Fallbrook Public Utility District is a Public Utility District organized under the Public Utility District Act (Pub. Util. Code, § 15500 *et seq.*). For services, see answer to Public Services No. 1.

3. **Identify the associated principal act the successor district will operate under. Specify in your response whether the successor district will be a new or existing agency.**

The Fallbrook Public Utility District (an existing district) shall be the successor district after reorganization and shall continue to conduct itself under the Public Utility District Act (Pub. Util. Code, § 15500 *et seq.*).

PUBLIC SERVICES

1. **What service(s) is/are currently provided by the districts?**

The Fallbrook Public Utility District provides imported water and sewer services to 35,000 residents living in Fallbrook. The district also produces about one and one-half million gallons of recycled water daily (1.5 MGD) that is used to irrigate nurseries, playing fields, landscaped freeway medians and common areas. Refer to answer to Question 2 in the Land Use Section for a map of the Fallbrook Public Utility District's water and wastewater service areas.

The Rainbow Municipal Water District provides imported water for distribution to the district's 18,000 residents. In the areas served by the district's public sewer, the district is responsible for the facilities necessary to collect and transmit sewage from the district to a treatment plant located in Oceanside. The district owns, through contract, capacity to treat one million gallons of sewage per day at the Oceanside plant. Refer to answer to Question 2 in the Land Use Section for a map of the Rainbow Municipal Water District's water and wastewater service areas.

2. **How many acres or square miles are included within each of the districts respective service areas**

The Fallbrook Public Utility District serves 44 square miles and the Rainbow Municipal Water District serves 79 square miles. The combined service area would be 123 square miles.

3. **What is the current and projected population within each of the district's respective service areas?**

The current and projected population of the individual and combined service area is summarized in the table below:

Projected Service Area Population¹

Year	2010	2015	2020	2025	2030	2035
FPUD	34,894	33,822	35,917	38,999	41,839	43,726
RMWD	19,495	19,944	20,696	22,520	24,904	27,238
Combined	54,389	53,766	56,613	61,519	66,743	70,964

¹ From FPUD and RMWD 2010 Urban Water Management Plan. Based on values from SANDAG.

4. **List any additional service(s) that the consolidated/reorganized district is planning to provide. If the proposed additional service(s) is/are currently being provided to the area, please indicate by what entity.**

No additional services are being considered.

5. **Discuss how consolidation/reorganization will affect opportunities for furthering efficiencies, such as usage of joint powers agreements, joint powers authorities, regional planning opportunities, etc. List current shared activities with other service providers, including shared facilities and staff and the consolidated/reorganized district is planning to provide. Discuss how consolidation/reorganization will further these efforts.**

On April 5, 2013, FPUD and RMWD formed the North County Joint Powers Authority (NCJPA) for the following express purposes:

(1) Create the North County Joint Powers Authority ("Authority"); (2) Provide for the administration of the Member Agencies by managing the combined resources of the Member Agencies, including staffing and physical plant/infrastructure, to obtain cost-effective means of providing service to the ratepayers, pursuant to the terms of the Employee Leasing Agreement by and between Fallbrook Public Utilities District and Rainbow Municipal Water District.

Under the JPA Agreement, throughout 2013, comprehensive functional work group analyses were conducted and employee integration programs implemented. Change management workshops, inter-district cross-training and employee recognition programs played an important role in the integration process. In addition, FPUD expanded its community outreach and school programs to include RMWD's service territory.

Primarily through attrition, the combined staffing levels were reduced (from a high of 124 in 2011) to approximately 114 at year-end 2013.

2013 net combined savings for the two districts was slightly over \$1 million, significantly exceeding original expectations. The savings breakdown by district was approximately 80 percent accruing to RMWD, with the remainder to FPUD.

A reorganization of the districts would provide for significant additional cost reductions over the Joint Powers Authority (JPA) by fully integrating districts' management and staff. It is estimated that over a three-year period, a reduction in staff of up to 20 full-time equivalents could be accomplished while maintaining the existing level of service. This full reorganization of the districts would provide an annual savings of up to \$2.5 million per year.

Additional benefits were projected, beyond labor savings, by combining the organizations and integrating equipment and operations. These above factors could provide up to \$300,000 additional annual savings.

In spite of the demonstrated savings achieved in 2013, the Rainbow Municipal Water District Board voted to withdraw from the NCJPA effective April 5, 2014.

- 6. Per requirements in Government Code Section 56653, submit with this application a plan for providing services within the affected territory. At a minimum the plan for services must include: (1) An enumeration and description of the services to be provided; (2) The level and range of services to be provided; (3) An indication of when services can be feasibly extended to the reorganization territory; (4) An indication of any improvements or upgrades of facilities that the reorganized agency will make or require; and (5) Information with respect to how services will be financed.**

The Fallbrook Public Utility District provides imported water and sewer services to 35,000 residents living in Fallbrook. The District also produces about one and one-half million gallons of recycled water daily (1.5 MGD) that is used to irrigate nurseries, playing fields, landscaped freeway medians and common areas.

The Rainbow Municipal Water District provides imported water for distribution to the District's 18,000 residents. In the areas served by the District's public sewer, the District is responsible for the facilities necessary to collect and transmit sewage from the District to a treatment plant located in Oceanside. The District owns, through contract, capacity to treat one million gallons of sewage per day at the Oceanside plant.

Both FPUD and RMWD are long-standing water and wastewater utilities serving San Diego North County since 1922 and 1953 respectively.

The current and ongoing integration of the districts' work groups (i.e., customer service, engineering, and so forth) have demonstrated ability to provide greater customer value. Therefore, the level and range of services to be provided by a combined agency are expected to be equal to or superior to the current service levels of either district alone.

From a customer perspective, the FPUD reorganization should prove to be a largely seamless process. Service levels will be uninterrupted.

Upgrades to the combined infrastructure of the two districts is ongoing as part of the JPA management structure. These upgrades focus on consolidating administrative offices, linking technologies (computers, SCADA, telephones, internet) and aligning software systems. The majority of these upgrades are budgeted and planned within the current calendar year.

The primary source of funding for operations will continue to be provided through charges and fees to water and wastewater customers of the reorganized district. Capital projects will be funded through charges and fees to customers and connection fees for new development. The reorganized district may secure long-term borrowing for large construction projects when necessary.

The reorganized district shall maintain divisional accounting procedures which would allow the predecessor districts to continue their individual rate structures, taxing authorities, and capital reserve balances.

GOVERNANCE

- 1. Describe how each of the districts is governed. Include in your response the number of directors, if they are elected or appointed, what body makes the appointment, whether directors are elected at-large or by division, and specify the length of term of office.**

The Fallbrook Public Utility District is a Public Utility District organized and existing under the Public Utility District Act (Pub. Util. Code. § 15500 et seq.), and the Rainbow Municipal Water District is a California Water District organized and existing under the Municipal Water District Law of 1911 (Water Code § 71000 et seq.).

Rainbow Directors (5) are elected by division for staggered terms of four years each.

Fallbrook Directors (5) are elected by seat for staggered terms of four years each; however, all district voters can vote for each seat.

- 2. Explain how the successor district will be governed after consolidation/reorganization. Include in your response the number and names of the directors, if they will be elected or appointed, what body makes the appointment, whether the directors will be elected at-large or by division, and specify the proposed length of term of office. If fewer directors will govern the successor district, compared to the number of directors in the predecessor districts, provide the names and terms of the directors for the successor district and include terms and conditions for LAFCO to impose regarding this matter pursuant to Government Code Section 56886(k).**

The board of directors of the successor district, Fallbrook Public Utility District, shall be expanded to a seven-member board, composed of four directors from the Fallbrook

Public Utility District board (selected by the FPUD board), and three directors from the Rainbow Municipal Water District board (selected by the RMWD board). It is proposed that three of the directors of the FPUD successor board will be elected at-large and four directors by division.

3. Describe how consolidation/reorganization will affect public participation, local accountability, and governance.

Outreach, in the form of open meetings, newsletters, and public workshops will continue as has been the practice for many years.

4. List how many registered voters reside within each subject district.

As of November 1, 2013, the Rainbow Municipal Water District is comprised of 12,683 registered voters, and the Fallbrook Public Utility District has 15,019 registered voters.¹

¹Based on information provided by San Diego County Registrar of Voters on November 26, 2013.

LAND USE

1. How many acres or square miles are included within each of the districts respective service areas?

The Fallbrook Public Utility District serves 44 square miles, and the Rainbow Municipal Water District serves 79 square miles. The combined service area will be 123 square miles.

2. Describe the geographic location of the districts in relation to existing cities, communities, freeways/highways, or major landmarks.

The Fallbrook Public Utility District encompasses the majority of the unincorporated community of Fallbrook in northern San Diego County, and the Rainbow Municipal Water District encompasses the unincorporated communities of Bonsall and Rainbow and a portion of the unincorporated communities of Fallbrook and Oceanside. See figure below:

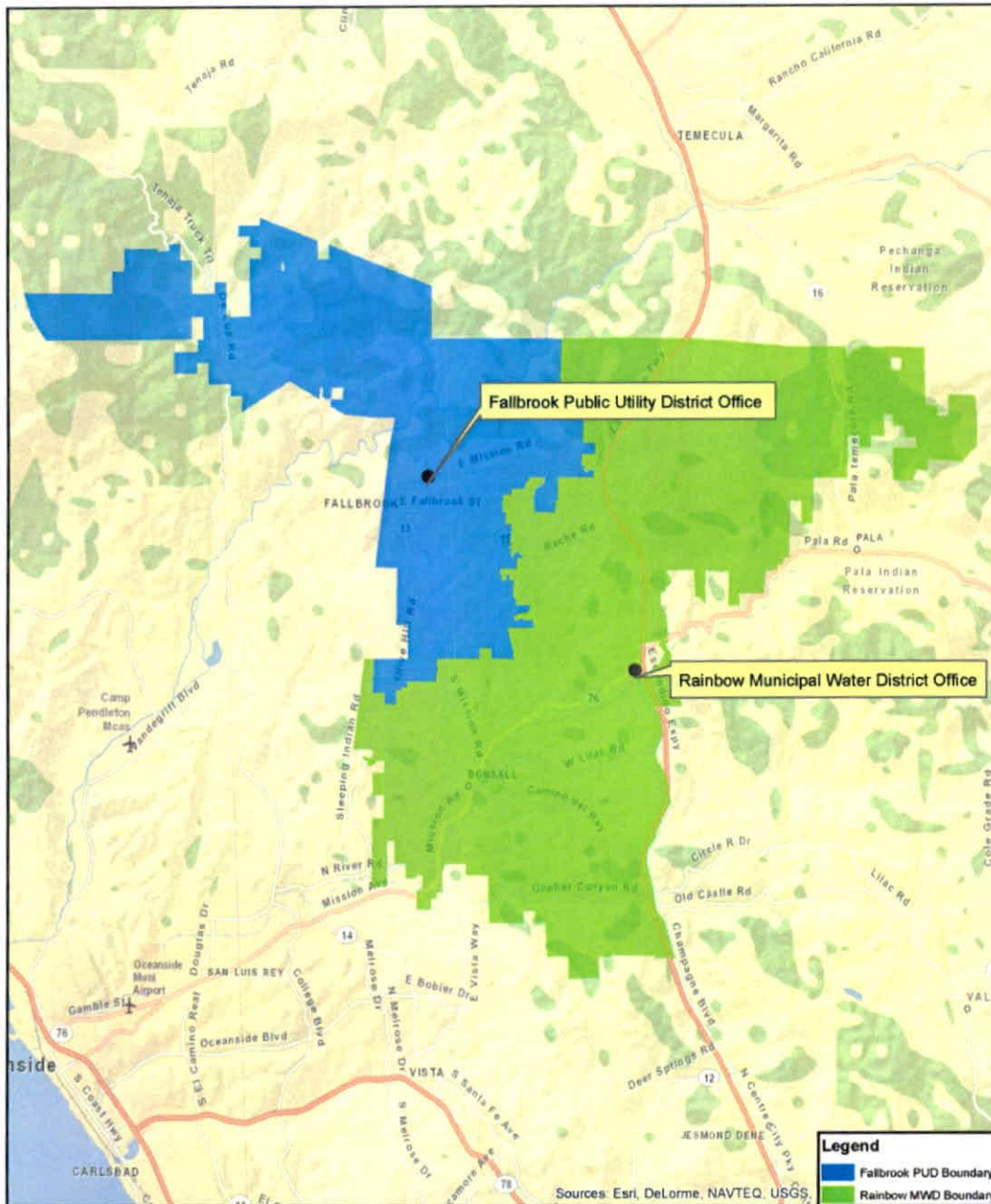


Figure 1: Fallbrook PUD and Rainbow MWD District Boundaries

3. **Describe the current prevalent land uses in each district and adjacent areas, and list the applicable General Plan(s) with the predominant General Plan designations. Is any change in land use anticipated as a result of this proposal? What other land uses or new developments are anticipated?**

The Fallbrook Public Utility District and Rainbow Municipal Water District are primarily zoned as rural residential and rural with some limited areas of commercial development. The primary land uses are residential and agricultural with limited areas of commercial use. The zoning is based on the County of San Diego General Plan. There is no change in land uses anticipated based on the proposed reorganization.

Rainbow Municipal Water District is currently considering the annexation of the Campus Park West development near I-15 and SR-76 and Warner Ranch development on SR-76 near the Pala Indian Reservation. The Campus Park West development consists of 538 EDUs. The Warner Ranch development consists of 780 EDUs. No change in these developments and proposed annexation is anticipated as a result of the proposed reorganization.

SPHERE OF INFLUENCE INFORMATION

1. **Prior to reorganization, will spheres need to be amended?** **YES**
Please explain: Rainbow Municipal Water District's sphere needs to be amended to a zero sphere, and Fallbrook Public Utility District's sphere needs to be amended to include territory formerly in Rainbow Municipal Water District's sphere.
2. **Will the successor agency require adoption of a sphere of Influence or a sphere amendment to include only the territory in the former districts?** **YES**
3. **Does the successor agency have the ability to provide service to all territory in the sphere(s) of the former districts?** **YES***

*The successor agency, Fallbrook PUD, is statutorily authorized to provide service to all territory in the sphere of the proposed former Rainbow MWD. This reorganization proposal requests that LAFCO expands Fallbrook PUD's latent sewer powers to cover all territory of proposed former Rainbow MWD.

4. **How many acres or square miles are included within the proposed sphere for the consolidated District?**

Fallbrook Public Utility District sphere was determined by LAFCO to be coterminous with the District boundary at 44 square miles, and Rainbow

Municipal Water District was determined by LAFCO to be smaller than the District boundary of 79 square miles.

FISCAL AND GENERAL INFORMATION

For the questions in this section, please submit answers on additional pages, indicate who provided the information, and attach the pages to this form.

- 1. Provide a copy of each district's: adopted budgets and staffing schedules for the current and previous fiscal-year and the most recent audits, Capital Improvement Programs, Master Service Plans, and a copy of a five-year proposed budget and staffing schedule for the consolidated/reorganized agency detailing expenditures, anticipated revenues, and reserves.**

See Attachment D.

- 2. Explain how operations for each district have been financed and include a narrative summary of all sources of revenues and expenditures. Cite the fiscal year for the data and indicate how the sources of revenue and associated expenditures will change with consolidation/reorganization. If new opportunities for additional revenue will result from the proposal (e.g., joint agency grant applications, etc.) please elaborate.**

RAINBOW MUNICIPAL WATER DISTRICT

Exhibit D-2, Attachment D displays the breakdown of revenues for Rainbow MWD for the 2012-13 budget year. Nearly 100 percent of all water and sewer operations is supported by Rainbow MWD customers. Property tax revenues collected through San Diego County Assessor's Office comprises 2 percent of funding. It is anticipated that the sources of revenue will not change with the reorganization of the two districts.

FALLBROOK PUBLIC UTILITY DISTRICT

Exhibit D-3, Attachment D displays the breakdown of revenues for Fallbrook PUD for the 2013-14 budget year. Nearly 100 percent of all water and wastewater operations is supported by Fallbrook PUD customers. Property tax revenues collected through San Diego County Assessor's Office comprises 5 percent of funding. It is anticipated that the sources of revenue will not change with the reorganization of the two districts.

The reorganized district shall maintain divisional accounting procedures which shall allow the divisions to continue their individual cost accounting and rate structures.

3. **Describe any voter-approved charges or taxes that each district currently levies, and indicate if the consolidated/successor district would continue to levy them after this change of organization.**

RAINBOW MUNICIPAL WATER DISTRICT

A Water Standby/Availability Charge of \$10.54 per acre or portion thereof on all land within District boundaries, whether water is actually utilized or not, is currently levied on property owners. The funds are used for water capital expenditures. Collection is provided by way of the San Diego County Assessor's Office. The reorganized district would succeed to the right to continue collecting these assessments and account for them separately within the divisional accounting framework.

FALLBROOK PUBLIC UTILITY DISTRICT

A Standby/Availability Charge of \$9.50 per acre or portion thereof on all land within district boundaries, whether water is actually utilized or not, is currently levied on property owners. Collection is provided by way of the San Diego County Assessor's Office. The funds are used for water and wastewater capital projects and debt retirement. The reorganized district would succeed to the right to continue collecting these assessments and account for them separately within the divisional accounting framework.

4. **Discuss the opportunities for improved service delivery associated with proposed changes in government organization through merging staff, staff reduction/attrition, phasing out of positions, etc.**

Refer to answer to Question 5 in the Public Services Section above.

5. **Discuss whether consolidation/reorganization will result in rate increases, rate decreases, or rate stabilization.**

The reorganization, with its projected annual savings of \$2.5 million in wages and benefits and \$300,000 in operating costs, will provide rate stabilization to the combined service territories.

6. **What will be the major source(s) of funding for the consolidated/successor district?**

The primary source of funding for operations will continue to be provided through charges and fees to water and wastewater customers of the reorganized district. Capital projects will be funded through charges and fees to customers and connection fees for new development. The reorganized district may secure long-term borrowing for large construction projects when necessary.

The reorganized district shall maintain divisional accounting procedures which would allow the predecessor districts to continue their individual rate structures, taxing authorities, and capital reserve balances.

7. **Indicate if the consolidated/successor district plans to establish improvement districts as a mechanism to continue the collection of fees and taxes in each former district's territory. If the proposed improvement district has different boundaries than the former district, provide a map and legal description. If improvement districts or tax zones are proposed to be formed, explain the rationale used to determine the boundaries and associated benefit fees, taxes, or assessments.**

Each predecessor district has existing Improvement Districts for the purpose of levying taxes and other related fees. The reorganized district would succeed to the right to continue the existing Improvement Districts. It is anticipated that no new Improvement Districts would be created within the consolidated district.

8. **If the consolidated/successor district proposes to levy additional fees or taxes as a result of this proposal, indicate how those costs will be levied, and what the cost will be for each resident/service user.**

No additional fees or taxes are proposed as a result of the reorganization process.

9. **Discuss any opportunities for cost-savings or cost-avoidance. Include in the response any proposed actions to decrease or stabilize rates; whether employee salaries and benefits will be increased or decreased; effects on elected official compensation, equipment purchases, facility planning, shared facility usage, insurance costs, overall service costs, etc. Note that any associated cost-savings/increases needs to be reflected in the proposed budgets submitted with the LAFCO application.**

See Attachment D.

10. **Discuss any prohibitions that would affect the proposed consolidation/reorganization, including prohibitions in the Principal Acts, pending litigation, court judgments, restricted assets, or other legal and financial issues/constraints.**

None.

11. **List any terms and conditions that you are requesting LAFCO to impose on this proposal.**

Please refer to the terms contained within Fallbrook PUD's certified Resolution of Application, as adopted on April 28, 2014, which is attached as Attachment B.

- 12. Please list all agencies, groups and individuals contacted regarding this proposal.**

Rainbow Municipal Water District Public Forum, September 11, 2012, Bonsall Community Center; Fallbrook Republican Women's Group; Fallbrook Tea Party; Village Rotary Club; San Diego County Water Authority; Council of Water Utilities; Association of California Water Agencies; Fallbrook Community Forum.

- 13. Are there any jurisdictional issues/conflicts associated with the proposed special district consolidation/reorganization? (If yes, please complete the LAFCO Policy L-107 form)**

There are jurisdictional issues/conflicts. LAFCO Policy L-107 form is attached to this application as Attachment E.

ATTACHMENT B

RESOLUTION NO. 4815

**AMENDED RESOLUTION OF APPLICATION
BY THE FALLBROOK PUBLIC UTILITY DISTRICT
REQUESTING THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION TO
TAKE PROCEEDINGS FOR A REORGANIZATION WITH THE RAINBOW MUNICIPAL
WATER DISTRICT AND MAKING CERTAIN FINDINGS UNDER THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT**

* * * * *

WHEREAS, the Fallbrook Public Utility District ("Fallbrook") is a Public Utility District organized under the Public Utility District Act, (Pub. Util. Code, § 15500 *et seq.*); and

WHEREAS, the Board of Directors of the Fallbrook Public Utility District desires to adopt an amended Resolution of Application to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code, for the Reorganization of the Fallbrook Public Utility District and Rainbow Municipal Water District (the "Reorganization"); and

WHEREAS, this proposal is made pursuant to Sections 56654 and 56824.12 of the California Government Code for a resolution of application for a Reorganization; and

WHEREAS, the proposed Reorganization is not consistent with the spheres of influence of the Fallbrook Public Utility District or the Rainbow Municipal Water District; and

WHEREAS, the proposed Reorganization includes the following jurisdictional changes and sphere of influence actions:

1. Dissolution of the Rainbow Municipal Water District, a Water District organized under the Municipal Water District Law of 1911 (Water Code, § 71000 *et seq.*).
2. Annexation of territory (formerly) in Rainbow Municipal Water District to Fallbrook Public Utility District.
3. Expansion of Fallbrook Public Utility District's latent sewer powers to include territory formerly in Rainbow Municipal Water District.
4. The Fallbrook Public Utility District's sphere of influence would include the sphere of the Rainbow Municipal Water District and Rainbow Municipal Water District's sphere would be designated as a transitional (zero) sphere.
5. The Fallbrook Public Utility District shall continue to conduct itself under the Public Utility District Act (Pub. Util. Code, § 15500 *et seq.*) after the reorganization.

WHEREAS, a map of the external boundary of the territory subject to the proposed Reorganization is set forth in Exhibit "1", attached hereto and by this reference incorporated herein; and

WHEREAS, on March 10, 2014, the Fallbrook Board of Directors considered Resolution No. 4813 initiating proceedings for the Reorganization, and adopted said Resolution by unanimous vote of those Board Members present; and

WHEREAS, because the Reorganization includes a request to expand Fallbrook's latent sewer powers to include territory formerly in Rainbow Municipal Water District, a public hearing is required to be noticed pursuant to the provisions of Section 56824.12 of the California Government Code; and

WHEREAS, Fallbrook has provided notice of a public hearing to be held on April 28, 2014 as statutorily required, and said notice of public hearing was published in accordance with applicable statutory requirements; and

WHEREAS, a copy of this amended Resolution of Application was made available for public inspection prior to the public hearing; and

WHEREAS, the Fallbrook Board of Directors conducted a public hearing on April 28, 2014, at the date and time set for the public hearing, at which it provided an opportunity for any affected local agency, affected county, or any interested person wishing to appear at the public hearing to provide oral or written testimony on this amended Resolution of Application, including the expansion of Fallbrook's latent sewer powers; and

WHEREAS, the reasons for the proposed Reorganization, and for the designation of the Fallbrook Public Utility District as the successor district after Reorganization, include:

1. The Boards of Directors of the Fallbrook Public Utility District and Rainbow Municipal Water District conducted a joint district consolidation study, which found that combining the two districts' operations into one reorganized district would optimize service and minimize cost to the unified service area by:
 - a. Capturing economies of scale and reducing administrative overhead;
 - b. Sharing equipment and reducing vehicle fleet including heavy/specialty equipment;
 - c. Improving emergency response;
 - d. Enhancing coverage for service zones and pressure zones at district boundaries;
 - e. Integrating and consolidating both districts' management and staff;
 - f. Improving water resources management through use of recycled water within reorganization territory;

- g. Improving the ability of the combined district to fully utilize local water supplies; and
 - h. Strengthening financial capacity.
2. The joint consolidation study concluded a reorganization will save up to \$2.5 million per year.
 3. Reorganization furthers the goals of Government Code section 56001 by streamlining governmental structure.
 4. This Board of Directors of the Fallbrook Public Utility District has determined that the proposed changes in organization are feasible and in the best interest of the constituencies of the district. The two districts have similar infrastructure, employee contracts and water supplies, and contiguous service areas and similar operating environments.

WHEREAS, the territory subject to the proposed reorganization is inhabited as defined in Government Code section 56046; and includes: (a) 35,000 residents over 44 square miles in Fallbrook currently served by the Fallbrook Public Utility District; and (b) 18,000 residents over 79 square miles in portions of Fallbrook, Pala, Bonsall, Rainbow, and unincorporated Oceanside currently served by the Rainbow Municipal Water District.

WHEREAS, the Fallbrook Public Utility District, as the lead agency under the California Environmental Quality Act (CEQA), has prepared a Notice of Exemption for the proposed Reorganization to evaluate potential environmental impacts; and

WHEREAS, the Board of Directors received and carefully reviewed the Notice of Exemption; and

WHEREAS, the Board of Directors has considered all comments received at the public hearing on April 28, 2014, prior to the adoption of this amended Resolution of Application; and

WHEREAS, the Notice of Exemption reflects the Board of Director's independent judgment and analysis; and

WHEREAS, all other legal prerequisites to the adoption of this amended Resolution of Application have been met; and

WHEREAS, the Fallbrook Public Utility District hereby requests the proposed Reorganization be subject to the following terms and conditions:

1. The Rainbow Municipal Water District shall be dissolved and all of its corporate powers shall cease.
2. All territory (formerly) in Rainbow Municipal Water District shall be annexed to the Fallbrook Public Utility District.
3. Fallbrook Public Utility District shall be the successor to the Rainbow Municipal Water District for the purpose of succeeding to all of the rights,

duties and obligation of the dissolved Rainbow Municipal Water District, with respect to enforcement, performance or payment of any outstanding bonds or other contracts, obligations, including the provisions of and other liabilities of the dissolved Rainbow Municipal Water District, including but not limited to:

- i. As of its 2013 audit, the Rainbow Municipal Water District has \$11,223,207 in total liabilities. \$6,702,680 is long-term debt under the Safe Drinking Water State Revolving Fund/American Recovery and Reinvestment Act, with State subsidy for fifty percent (50%) of the principal of the debt. The Rainbow Municipal Water District also received an \$18.2 million State Revolving Fund loan for the Morro reservoir project and the Pala Mesa Tank project, with loan proceeds received after June 20, 2013 and therefore not reflected in the audit.
 - ii. The Rainbow Municipal Water District has an agreement with the City of Oceanside for wastewater treatment and outfall capacity. Under Government Code section 57500, the successor district will succeed to all of the powers, rights, duties, and obligations of this water service contract, and any other contracts of the Rainbow Municipal Water District.
 - iii. Rainbow Municipal Water District's Employee Association Memorandum of Understanding ("MOU").
4. Fallbrook Public Utility District's latent sewer powers shall be expanded to include territory formerly in Rainbow Municipal Water District.
5. The Fallbrook Public Utility District upon the effective date of the Reorganization shall continue to exist and operate pursuant to the provisions of the Public Utility District Act (Pub. Util. Code, § 15500 *et seq.*), and shall provide the services previously provided within the boundaries of both Fallbrook Public Utility District and Rainbow Municipal Water District.
6. All property, whether real or personal, including all monies (including cash on hand and monies due to uncollected) of the Rainbow Municipal Water District shall be transferred to and vested in Fallbrook Public Utility District, including but not limited to:
 - i. As of its 2013 audit, the Rainbow Municipal Water District has \$104,316,335 in total assets. Key capital assets include 7 pump stations, 12 holding tanks, 4 reservoirs, 318 miles of water pipeline, 6 sewage lift stations, and 55 miles of gravity/force main sewer pipeline.
7. The Fallbrook Public Utility District will use divisional accounting to keep discrete records for two divisions of the district, demarcated by the boundaries of Rainbow Municipal Water District and Fallbrook Utility District that existed before the Reorganization. Under this system, an

accounting system will be maintained for each division that, at the point of reorganization, gives credit for the assets and liabilities of each district that existed before the Reorganization. This will allow Fallbrook Public Utility District, after the Reorganization, the ability to establish accurate divisional budgets and rates and charges based solely on the cost to provide services within each division's service area, so rates in each service area will not be affected by the Reorganization of the other. Fallbrook Utility District will generate a consolidated financial report.

8. Upon the effective date of the Reorganization, Fallbrook Public Utility District shall be authorized and entitled to extend and/or continue to levy, impose, or fix and collect any previously authorized charge, fee, assessment or tax approved, imposed and/or levied by Rainbow Municipal Water District and Fallbrook Public Utility District, including but not limited any rates and charges for the provision of water, sewer and other services and including previously approved and adopted Water Standby/Availability Charges of both the dissolved Rainbow Municipal Water District and Fallbrook Public Utility District.
9. The employees of the Rainbow Municipal Water District will all become employees of the Fallbrook Public Utility District.
10. The Fallbrook Public Utility District and Rainbow Municipal Water District each have an Employee Association Memorandum of Understanding ("MOU"). These MOUs will remain in place for employees until the third quarter 2014, at which time the districts will develop a combined MOU to become effective upon the date of the Reorganization.
11. The Boards of Directors of the Fallbrook Public Utility District and Rainbow Municipal Water District each have contracts with the Board of Administration of the California Public Employees' Retirement System ("PERS") under the PERS "classic" 2.5% at 55 formula. The Fallbrook Public Utility District and PERS will develop a combined contract that shall be deemed a continuation of both districts' PERS contracts pursuant to Government Code section 20508. The Fallbrook Public Utility District's contract shall preserve the classic formula for continuing employee members of PERS. Accumulated contributions, assets and liability for service under the former districts' contracts are vested rights of continuing employee members of PERS, and shall be merged into the contract of the successor district upon reorganization pursuant to Government Code section 20508.
12. The Reorganization shall be subject to the prohibitions set out in Government Code section 56885.5 (a)(4):

"(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.
(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission."

13. The Board of Directors of the Fallbrook Public Utility District shall be a seven-member board, composed of three directors from the Rainbow Municipal Water District board (selected by the Rainbow Municipal Water District board), and four directors from the Fallbrook Public Utility District board (selected by the Fallbrook Public Utility District board). It is proposed that three of the directors of the FPUD successor board will be elected at-large and four directors by division.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the FALLBROOK PUBLIC UTILITY DISTRICT as follows:

1. The above recitals are true and correct.
2. As the decision-making body for the Fallbrook Public Utility District, the Board of Directors has considered the oral and/ or written testimony made by any affected local agency, affected county, or any interested person appearing at the public hearing on the amended Resolution of Application, including the expansion of Fallbrook's latent sewer powers.
3. As the decision-making body for the Fallbrook Public Utility District, the Board of Directors has reviewed and considered the information contained in the Notice of Exemption set forth in Exhibit "2" and the administrative record.
4. The Notice of Exemption prepared for the Project has been completed in accordance with CEQA and the Guidelines for the Implementation of the CEQA ("Guidelines"), Title 14 of the California Code of Regulations, sections 15000-15387, with appendices.
5. The Board of Directors finds that the Notice of Exemption prepared for the Reorganization has identified and evaluated all potentially significant environmental effects of the proposed Reorganization.
6. The Board of Directors finds that the Notice of Exemption contains a complete and accurate reporting of the environmental impacts associated with the proposed Reorganization and reflects the independent judgment of the Board of Directors.
7. The Board of Directors hereby approves the Notice of Exemption determining that the geographic area in which previously existing powers are exercised under the collective powers of the jurisdictions of Fallbrook Public Utility District and Rainbow Municipal Water District will not change as a result of the Reorganization, thus exempting the proposed Reorganization from environmental review pursuant to the categorical exemption in Section 15320 of the Guidelines.
8. The Board of Directors hereby approves the Notice of Exemption determining that the Reorganization is an organizational or administrative activity that will not result in any direct or indirect physical changes in the environment, thus exempting the proposed Reorganization from environmental review pursuant to Section 15378(b)(5) of the Guidelines.

9. The Board of Directors hereby approves the Notice of Exemption determining that the Reorganization does not have the potential for causing a significant effect on the environment, thus exempting the Reorganization from environmental review pursuant to Section 15061(b)(3) of the Guidelines.
10. The Board of Directors hereby directs that all documents and other materials constituting the record of proceedings for the Reorganization be maintained by the General Manager of the Fallbrook Public Utility District, or his designee, on file at the Fallbrook Public Utility District 990 East Mission Road, Fallbrook, CA 92028.
11. The Board of Directors directs Staff to file a Notice of Exemption with the County Clerk for the County of San Diego.
12. The Board of Directors directs staff to resubmit an amended application to the Local Agency Formation Commission of San Diego County initiating the Reorganization as set forth in this amended Resolution of Application, which includes the related Sphere of Influence modifications, and activation of latent sewer powers, pursuant to the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
13. The General Manager, or his designee, is hereby authorized and directed to prepare and amend the necessary LAFCO Application documents, conduct investigations, refile such application, as applicable, and is authorized and directed to file the Notice of Exemption set forth in Exhibit "2" in accordance with applicable law.
14. The purpose of this amended Resolution of Application is to supplement Resolution No. 4813.

Passed and adopted by the Board of Directors of the Fallbrook Public Utility District at a regular meeting thereof held on April 28, 2014, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President of the Board of Directors
Fallbrook Public Utility District

ATTEST:

Secretary of the Board of Directors
Fallbrook Public Utility District

EXHIBIT 1

Territory

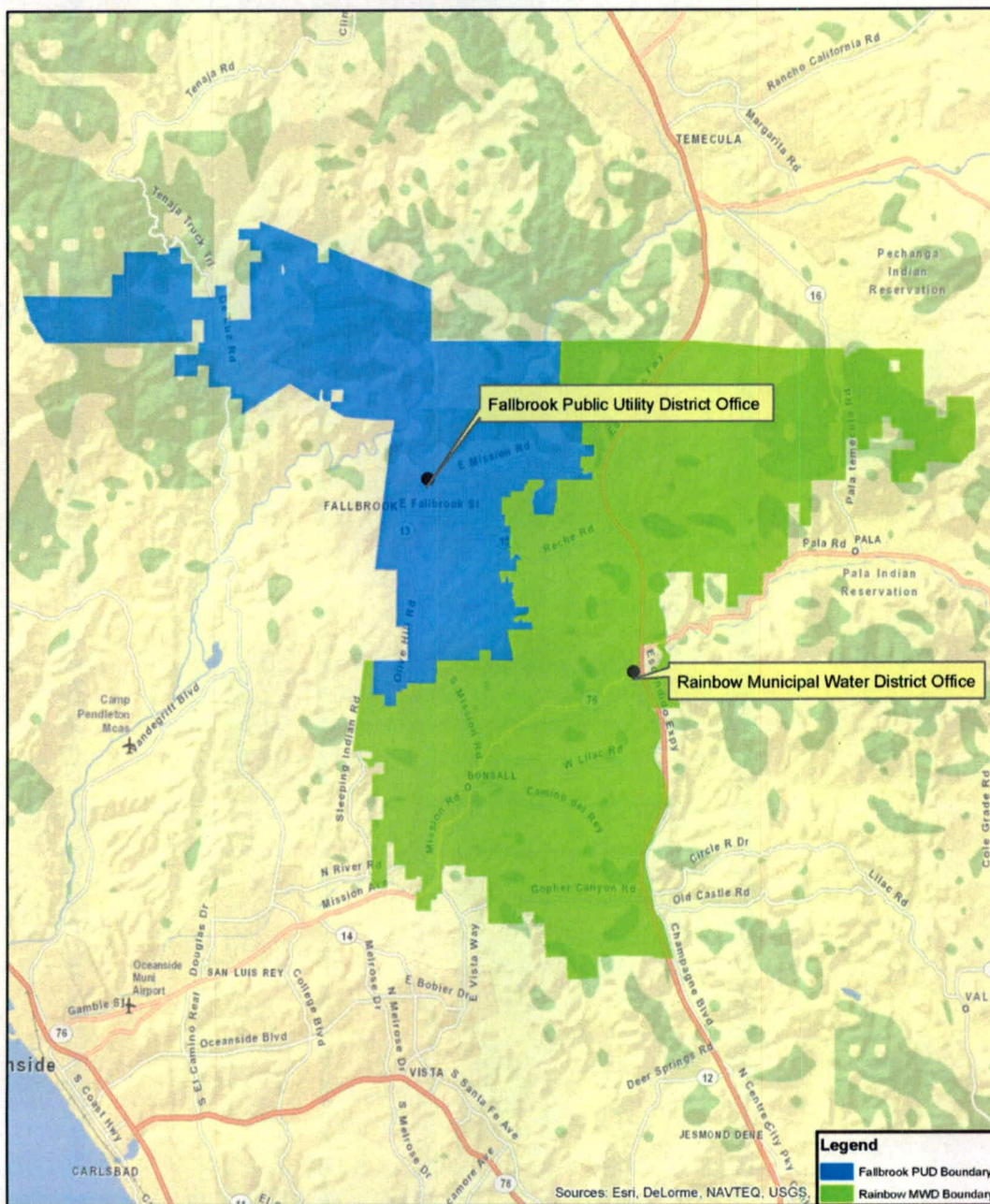


EXHIBIT 2

NOTICE OF EXEMPTION

<p>TO:</p> <p><input type="checkbox"/> Clerk of the Board of Supervisors or <input checked="" type="checkbox"/> County Clerk County of: San Diego</p> <p style="text-align: center;">RECORDER/COUNTY CLERK'S OFFICE 1600 Pacific Highway, Suite 260 P.O. Box 121750 * San Diego, CA 92112-1750 Tel. (619)237-0502 * Fax (619)557-4155</p>	<p>FROM:</p> <p style="text-align: center;">Fallbrook Public Utility District PO Box 2290 Fallbrook, California 92088</p>
1. Project Title:	Fallbrook Public Utility District Reorganization
2. Project Applicant:	Fallbrook Public Utility District
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	A map and description of the external boundary of the territory subject to the proposed Reorganization is set forth in Exhibit "1" attached hereto.
4. (a) Project Location – City:	
(b) Project Location – County:	San Diego
5. Description of nature, purpose, and beneficiaries of Project:	On April 28, 2014, the Fallbrook Public Utility District ("Fallbrook") adopted an amended Resolution of Application requesting that the San Diego County Local Agency Formation Commission take proceedings for a Reorganization with the Rainbow Municipal Water District ("Rainbow"). The Reorganization consists of the dissolution of Rainbow, annexation of territory (formerly) in Rainbow to Fallbrook, expansion of Fallbrook's latent sewer powers to include territory formerly in Rainbow, and a change in Fallbrook's sphere of influence to include the sphere of Rainbow.
6. Name of Public Agency approving project:	Fallbrook Public Utility District
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part	Fallbrook Public Utility District

of the activity:		
8.	Exempt status: (check one)	
(a)	<input type="checkbox"/>	Ministerial project.
(b)	<input checked="" type="checkbox"/>	Not a project. State CEQA Guidelines, § 15378(b)(5) (organizational activities)
(c)	<input type="checkbox"/>	Emergency Project.
(d)	<input checked="" type="checkbox"/>	Categorical Exemption. State type and class number: State CEQA Guidelines, § 15320 (Class 20)
(e)	<input type="checkbox"/>	Declared Emergency.
(f)	<input type="checkbox"/>	Statutory Exemption. State Code section number:
(g)	<input checked="" type="checkbox"/>	Other. Explanation: State CEQA Guidelines, § 15061(b)(3) (no potential for causing significant effect)
9.	Reason why project was exempt:	<p>The Reorganization is exempt under State CEQA Guidelines section 15320 because the geographic area in which previously existing powers are exercised under the collective powers of the jurisdictions of Fallbrook and Rainbow will not change as a result of the Reorganization.</p> <p>The Reorganization is also exempt under State CEQA Guidelines section 15378(b)(5) as an organizational or administrative activity that will not result in any direct or indirect physical changes in the environment.</p> <p>The Reorganization is further exempt under State CEQA Guidelines section 15061(b)(3) because it does not have the potential for causing a significant effect on the environment.</p>
10.	Lead Agency Contact Person:	Brian J. Brady, P.E.
	Telephone:	(760) 728-1125
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12.	Has a Notice of Exemption been filed by the public agency approving the project? N/A	
13.	Was a public meeting held by the lead agency to consider the exemption? Yes	
	If yes, the date of the public meeting was: April 28, 2014	

Signature: _____

Date: _____

Title: _____

Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21100, Public Resources Code.

Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

SECRETARY'S CERTIFICATE

I, Mary Lou Boultinghouse, Secretary of the Board of Directors of the Fallbrook Public Utility District, County of San Diego, California, does hereby certify as follows:

The attached is a full, true and correct copy of a resolution adopted at a regular meeting of the Board of Directors of the District duly held on April 28, 2014, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 990 East Mission Road, Fallbrook, California, at a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: April 28, 2014

Secretary of the Board of Directors
of the Fallbrook Public Utility District

ATTACHMENT C

The Perimeter of the Reorganized Special District

All that certain real property situated in the County of San Diego, State of California, the boundaries more particularly described as follows:

1. Beginning at the common Northerly corner of Section's 3 and 4, T9S, R3W, SBB&M, thence Easterly, along the North line of Section's 3, 2 and 1, T9S, R3W, SBB&M, to the Northeast corner of said Section 1;
2. Thence Southerly, along the East line of said Section 1, to the East-West centerline of Section 6, T9S, R2W, SBB&M;
3. Thence Easterly along the said East-West centerline of said Section 6, to the East line thereof;
4. Thence Southerly along the East line of Section's 6, 7, 18 and 19, T9S, R2W, SBB&M, to the Southeast corner of said Section 19;
5. Thence Westerly along the South line of said Section 19, to the Southwest corner thereof;
6. Thence along the range line between Range 2 West and Range 3 West, SBB&M, to the Southeast corner of Section 24, T9S, R3W, SBB&M;
7. Thence Westerly along the South line of said Section 24, to the Southwest corner thereof;
8. Thence Southerly along the West line of Section 25, T9S, R3W, SBB&M, to the East-West centerline of said Section 25;
9. Thence Easterly along said East-West centerline of Section 25 to the center thereof;
10. Thence Southerly along the North-South centerline of said Section 25 to the South line thereof;
11. Thence Westerly, along said South line of Section 25, to the Southwest corner thereof;
12. Thence Northerly, along the West line of said Section 25 to the intersection with the centerline of right of way for "Private Road from Station 432+70 State Hwy. X1-SD-77-G Northwesterly to S.W. Cor. Sec. 25, T.9 S., R.3 W. in Tract "A" Rancho Monserate Map 827", as shown on Map of Road Survey No. 1170 on file in the County Surveyor's office of San Diego County and on file in the office of the County Recorder of San Diego County as File No. 114998, in Book 3, Page 260 of Miscellaneous Maps;
13. Thence Southwesterly, along the centerline of said right-of-way for said private road as shown on said map of said Road Survey No. 1170, to the intersection with the center line of right-of-way for U.S. Highway 395, as located by the State of California, Department of Public Works Survey of Road X1-SD-77-G, as shown on State Highway Map No. 24, consisting of sheets 1-30, inclusive, on file in the office of the County Recorder of San Diego County as file No. 141886, in Book 4, page 24 of Highway Maps, said centerline of said right-of-way for U.S. Highway 395 being the survey line lying within the exterior boundaries for right-

of-way for U.S. Highway 395, as so located by said State of California, Department of Public Works Survey of Road X1-SD-77-G, as shown on said State Highway Map No. 24, said survey line being identified upon said Highway Map No. 24 by the designation thereon in numerical sequence of engineer's stations 33 + 00-G to 753, inclusive, and continuing southerly along the centerline of said right-of-way for said U.S. Highway 395 as located by State of California, Department of Public Works Survey of Road X1-SD-77-F, as shown on State Highway Map No. 23, consisting of sheets 1-23, inclusive, on file in the office of the County Recorder of San Diego County as File No. 137991, in Book 4, Page 23 of Highway Maps, said centerline of said right-of-way for U.S. Highway 395 being the survey line lying within the exterior boundaries of the right-of-way for said U.S. Highway 395 as so located by said State of California, Department of Public Works Survey of Road X1-SD-77-F as shown on said State Highway Map No. 23, said survey line being identified upon said Highway Map No. 23 by the designation thereon in numerical sequence of engineers' stations 128 to 633 + 00-F, inclusive, to the intersection with a line that is parallel and 270.02 feet southerly with the East-West centerline of Section 12, T11S, R2W, SBB&M;

14. Thence Westerly and parallel with said East-West centerline of said Section 12, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 12;
15. Thence Northerly, along the said North-South centerline of said Southwest $\frac{1}{4}$ of said Section 12, a distance of 270.02 feet to said East-West centerline of said Section 12;
16. Thence Westerly, along the East-West centerline of said Section 12 and Section 11, T11S, R3W, SBB&M, to the East line of Section 10, T11S, R3W, SBB&M;
17. Thence Southerly, along the said East line of said Section 10, to the Southeast corner thereof;
18. Thence Westerly, along the South line of said Section 10, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 10;
19. Thence Northerly, along the said North-South centerline of the Southwest $\frac{1}{4}$ of said Section 10, to the East-West centerline of said Section 10;
20. Thence Westerly, along the said East-West centerline of said Section 10, and continuing along the East-West centerline of Section 9, T11S, R3W, SBB&M to the North-South centerline of the Northeast $\frac{1}{4}$ of said Section 9;
21. Thence Northerly, along said North-South centerline of said Northeast $\frac{1}{4}$ of Section 9, and continuing along the North-South centerline of the Southeast $\frac{1}{4}$ of Section 4, T11S, R3W, SBB&M, to the East-West centerline of said Southeast $\frac{1}{4}$ of Section 4;
22. Thence Westerly, along said East-West centerline of said Southeast $\frac{1}{4}$ of Section 4, to the North-South centerline of said Section 4;
23. Thence Northerly, along said North-South centerline of Section 4, to the center thereof;
24. Thence Westerly, along the East-West centerline of said Section 4, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 4;
25. Thence Southerly, along the said North-South centerline of said Southwest $\frac{1}{4}$ of Section 4, to the East-West centerline of said Southwest $\frac{1}{4}$ of Section 4;

26. Thence Westerly, along said East-West centerline of said Southwest $\frac{1}{4}$ of Section 4, and continuing along the East-West centerline of the Southeast $\frac{1}{4}$ of Section 5, T11S, R3W, SBB&M, to the North-South centerline of said Section 5;
27. Thence Northerly, along said North-South centerline of said Section 5, to the North line thereof;
28. Thence along the township line between Township 10 South and Township 11 South, SBB&M, to the North-South centerline of Section 32, T10S, R3W, SBB&M;
29. Thence Northerly, along the said North-South centerline of said Section 32, to the East-West centerline of the Southwest $\frac{1}{4}$ of said Section 32;
30. Thence Westerly, along said East-West centerline of said Southwest $\frac{1}{4}$ of Section 32, to the West line of said Section 32;
31. Thence Northerly, along said West line of Section 32, to the East-West centerline of the Northeast $\frac{1}{4}$ of Section 31, T10S, R3W, SBB&M;
32. Thence Westerly, along the said East-West centerline of said Northeast $\frac{1}{4}$ of Section 31, to the North-South centerline of said Northeast $\frac{1}{4}$ of Section 31;
33. Thence Northerly, along said North-South centerline of the said Northeast $\frac{1}{4}$ of Section 31, to the South line of Section 30, T10S, R3W, SBB&M;
34. Thence Westerly, along the said South line of said Section 30, to the Southwest corner thereof;
35. Thence Northerly, along the West line of said Section 30, to the East-West centerline of Section 25, T10S, R4W, SBB&M;
36. Thence Westerly, along said East-West centerline of said Section 25, to the center thereof;
37. Thence Northerly, along the North-South centerline of said Section 25, to the East-West centerline of the Northwest $\frac{1}{4}$ of said Section 25;
38. Thence Westerly, along said East-West centerline of said Northwest $\frac{1}{4}$ of said Section 25, to the North-South centerline of said Northwest $\frac{1}{4}$ of said Section 25;
39. Thence Southerly, along said North-South centerline of said Northwest $\frac{1}{4}$ of said Section 25, to the East-West centerline of said Section 25;
40. Thence Westerly, along the said East-West centerline of said Section 25, and continuing Westerly along the East-West centerline of Section 26, T10S, R4W, SBB&M, to the West line of said Section 26;
41. Thence Northerly, along said West line of said Section 26, to the Northwest corner thereof;
42. Thence Westerly, along the South line of Section 22, T10S, R4W, SBB&M, to the Easterly line of the Rancho Santa Margarita y Las Flores, as delineated on Map in Book 7, Page 39, of Patents, Records of San Diego County;
43. Thence Northeasterly, along said Easterly line of said Rancho Santa Margarita y Las Flores, to its intersection with the South line of Section 14, T10S, R4W, SBB&M;
44. Thence Northerly along said Easterly line of said Rancho Santa Margarita y Las Flores, to the South line of Section 2, T10S, R4W, SBB&M;
45. Thence Easterly, along said South line of Section 2, to the Southeast corner

- thereof;
46. Thence East along the North line of Section 12, T10S, R4W, SBB&M, to the West line of the East half of the East half of Section 1, T10S, R4W, SBB&M;
 47. Thence North along said West line to the East-West centerline of the Northeast $\frac{1}{4}$ of said Section 1;
 48. Thence Westerly along said East and West center line to the West line of the Northeast $\frac{1}{4}$ of said Section 1;
 49. Thence Northerly along said West line to the North line of Section 1; and the South $\frac{1}{4}$ corner of Section 36, T 9 S, R 4 W, SBB&M
 50. Thence Northerly along the North and South centerline of said Section 36 to the North $\frac{1}{4}$ corner of said Section 36, and the South line of Section 25, T 9 S, R 4 W, SBB&M;
 51. Thence Westerly along said South line and its Westerly prolongation to the "Fence Line" as shown on Record of Survey Maps, No.831, on file in the Office of the County Recorder of San Diego County;
 52. Thence Northerly along said "Fence Line" as shown on said Map 831, to the Westerly prolongation of the North line of Fractional Section 13, T 9 S, R 4 W;
 53. Thence South $89^{\circ}02'13.5''$ East 91.28 feet along said Westerly Prolongation, to the Easterly line of Rancho Santa Margarita y Las Floras as shown on said Map 831;
 54. Thence Northerly along said Easterly line of said Rancho to the most Northeasterly corner thereof;
 55. Thence Westerly and Northwesterly along said boundary to the West line of Section 11, T 9 S, R3 W;
 56. Thence Northerly along the West line of said Section 11 to the Northeast corner of the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 10, T 9 S, R4 W;
 57. Thence North $87^{\circ}55'19''$ West 484.81 feet;
 58. Thence North $50^{\circ}33'10''$ West 65.75 feet to the beginning of a tangent 300.00 foot radius curve concave Southwesterly;
 59. Thence Northwesterly along said curve 83.43 feet; to a tangent line;
 60. Thence North $66^{\circ}29'10''$ West 88.08 feet to the beginning of a tangent 150 foot radius curve concave Northeasterly;
 61. Thence Northwesterly along said curve 76.67 feet to a tangent line;
 62. Thence North $39^{\circ}29'40''$ West 80.91 feet to the beginning of a tangent 200 foot radius curve concave Southwesterly;
 63. Thence Northwesterly along said curve 176.22 feet to a tangent line;
 64. Thence North $89^{\circ}59'40''$ West 31.31 feet;
 65. Thence North $5^{\circ}21'10''$, East 1114.78 feet to the North line of the East Half of the Northeast Quarter of Section 10, T9S, R4W, SBB&M;
 66. Thence along said North line South $87^{\circ}55'19''$ West 316 feet to the Northeast corner of the West Half of the Northeast Quarter of Section 10;
 67. Thence Southerly along the East line of the West Half of the Northeast Quarter (Lot 2) of said Section 10 to an intersection with the boundary of the Rancho Santa Margarita y Las Flores as shown on Map 831;
 68. Thence Northwesterly and Southwesterly along said boundary to an intersection with the West line of Section 9, T 9 S, R 4 W, S.B.B. &M;

69. Thence Northerly along the West line of said Section 9 to the South lane of the Northeast Quarter of the Northeast Quarter of Section 8, T 9 S; R 4 W, S.B.B. &M;
70. Thence Westerly along said Southerly line to the West line of the Northeast Quarter of the Northeast Quarter of said Section 8;
71. Thence Northerly along said West line to the South line of Section 5, T 9 S, R 4 W, S.B.B.&M;
72. Thence Westerly along said South line to the East line of the Southwest Quarter of the Southwest Quarter of Section 5, T 9 S, R 4 W, S.B.B. &M.;
73. Thence Northerly along said East line of the Southwest Quarter of the Southwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 5 to the North line of the Northwest Quarter of the Southwest Quarter;
74. Thence Westerly along said North line to the East line of Section 6, T9 S, R 4 W, S.B.B.&M;
75. Thence Southerly along said East line to the South line of the Northeast Quarter of the Southeast Quarter of said Section 6;
76. Thence Westerly along the South line of the Northeast Quarter of the Southeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 6 to the West line of the Southwest Quarter of Said Section 6;
77. Thence Northerly along said West line of the Southwest Quarter and the West line of the Northeast Quarter of Section 6 to the North line of the South Half of the Northeast Quarter of Section 6;
78. Thence Easterly along said North line to the East line of Section 6;
79. Thence Northerly along said East line to the South line of Section 31, T 8 S, R 4 W, S.B.B.&M.;
80. Thence Easterly along the South line to the East line of said Section 31;
81. Thence Northerly along said East line to the North line the Southeast Quarter of Section 31;
82. Thence Westerly along the North line of the Southeast Quarter to the East line of the West Half of the Southeast Quarter of Section 31;
83. Thence Southerly along said East line to the South Line of said Section 31;
84. Thence Westerly along the South line of said Section 31 and the South line of Sections 36, 35 and 34, T 8 S, R 5 W, .S.B.B.&M., to the Southwest corner of partial Section 34;
85. Thence Northwesterly and Northerly along the West boundary of partial section 34 to the Northwest corner of said Section 34;
86. Thence along the North line of said Section 34 and 35 to the Southwest corner of Section 25, T 8 S, R 5 W, S.B.B.&M.;
87. Thence Northerly along the West line of said Section 25 to the South line of the Northwest Quarter of Section 25;
88. Thence Easterly along said South line of the Northwest Quartet to the East line of the West half of the Northwest Quarter of said Section 25;
89. Thence Northerly along said East line of the West Half of the Northwest Quarter of Section 25 to the North line of said Section 25;
90. Thence Easterly along said North line to the Range line between R4W, and R5W, S.B.B.&M;

91. Thence Southerly along said Range line between R4W and R 5W, S.B.B.&M to the North line of Section 30, T8S, R4W, S.B.B.&M;
92. Thence Easterly along the North line of Section 30 to the East line of the Southwest Quarter of the Southwest Quarter of Section 19, T8S, R4W, S.B.B.&M;
93. Thence Northerly along the East line of the Southwest Quarter of the Southwest Quarter of Section 19 to the North line of the South Half of the Southeast Quarter of the Southwest Quarter of Section 19;
94. Thence Easterly along said South line to the East line of the Southwest Quarter of Section 19;
95. Thence Southerly along the East line of the Southwest Quarter of Section 19 and the East line of the Northwest Quarter of Section 30, to the North line of the Southwest Quarter of the Northeast Quarter of Section 30, T 8 S, R 4 W, S.B B.&M.;
96. Thence Easterly along said North line to the West line of the East Half of the Northeast Quarter of Section 30;
97. Thence Southerly along the West line of said East Half of the Northeast Quarter and the Southeast Quarter of Section 30 to the South line of Section 30;
98. Thence Easterly along the South line of Sections 30 and 29, T 8 S, R 4 W, S.B.B. &M. to the West line of the Southeast Quarter of the Southwest Quarter of Section 29;
99. Thence Northerly along the West line of said Southeast Quarter of the Southwest Quarter of Section 29 to the North line of the Southeast Quarter of the Southwest Quarter of Section 29;
100. Thence Easterly along the North line to the East line of the Southwest Quarter of Section 29;
101. Thence Southerly along the East line of the Southwest Quarter of Section 29 and continuing along the West line of the Northeast Quarter of Section 32, T 8 S, R 4 W, to the South line thereof;
102. Thence Easterly along said South line to the West line of Section 33, T 8 S, R 4 W, S.B B.&M.;
103. Thence Northerly along the West line of Section 33 and continuing along the West line of Section 28, T 8 S, R 4 W, S.B B.&M., to the South line of the Northwest Quarter of the Northwest Quarter of Section 28;
104. Thence Easterly along said South line to the East line of the Northwest Quarter of the Northwest Quarter of Section 28;
105. Thence Northerly along the East line of said Northwest Quarter of the Northwest Quarter of Section 28 to the North Line of Section 28;
106. Thence Westerly along the North line of Section 28 to the East line of Section 20, T 8 S, R 4 W, S.B B.&M.;
107. Thence Northerly along said East line to the North line of the Southeast Quarter of the Southeast Quarter of Section 20;
108. Thence Westerly along said North line to the West line of the Northeast Quarter of the Southeast Quarter of Section 20;
109. Thence Northerly along said West line to the North line of the Southeast Quarter

- of Section 20;
110. Thence Easterly along said North line of the Southeast Quarter of Section 20 and the North line of the Southwest Quarter of Section 21 to the East line of Lot 5 (Southwest Quarter of the Northwest Quarter) of fractional Section 21, T 8 S, R 4 W, S.B.B.&M.;
 111. Thence Northerly along said East line of Lot 5 (Southwest Quarter of the Northwest Quarter) of fractional section 21 to its intersection with the Riverside/San Diego County boundary line;
 112. Thence Southeasterly along said San Diego - Riverside County boundary line to the West line of Lot 2 (Southwest Quarter of the Southeast Quarter) of Section 22, T 8 S, R 4 W, S.B.B. &M.;
 113. Thence Southerly along the West line of Lot 2 (Southwest Quarter of the Southeast Quarter) Section 22 and the West line of the Northwest Quarter of the Northeast Quarter of Section 27, T 8 S, R 4 W, S.B.B.&M. to the South line of the Northwest Quarter of the Northeast Quarter of Section 27;
 114. Thence Easterly along the South line of said Northwest Quarter of the Northeast Quarter of Section 27 to the East line of said Lot 2.
 115. Thence Northerly along said East line of Lot 2 to its intersection with the San Diego - Riverside County boundary line;
 116. Thence Southeasterly along the San Diego - Riverside County boundary line to the intersection of the East line of fractional Section 25, T 9 S, R.4 W, S.B.B.&M.;
 117. Thence, Southerly along said East line and the East line of Section 36, T 9 S, R 4 W, S.B.B. &M. to the North line of Section 6, T 9 S, R 3 W, S.B.B. &M.;
 118. Thence Easterly along the North line of Section 6, 5 and 4, T 9 S, R 3 W, S.B.B.&M. to the common Northerly corner of Section 3 and 4, T 9 S, R 3 W, S.B.B. &M, and the TRUE POINT OF EGINNING.

EXCEPTING and excluding from the foregoing territory the following described territory.

The Northwest Quarter of the Northwest Quarter of Section 11, T 9 S, R 4.W, S.B.B.&M.,

EXCEPTING the Easterly 330.00 feet of the 'Southwest Quarter of the Northeast Quarter of Section 28, T 8 S, R 4 W, S.B.B.&M., in the County of San Diego, State of California, according to United States Government Survey approved April 28, 1885.

EXCEPTING there from the Northerly 330.00 feet.

Also excepting there from that portion lying Easterly and Northerly of the following described boundary lines:

Commencing at the Northwest Corner of the Southwest Quarter of the Northeast Quarter of said Section 28; thence along the Easterly line of said Southwest Quarter of the Northeast Quarter, South 01°30'24" West 330.07 feet to the Southeast corner of the Northerly 330.00 feet of said Southwest Quarter of the Northeast Quarter; thence along the Southerly line of said Northerly 330.00 feet; North 87°20'12" West 174.28 feet to the

most Westerly corner of land described in deed to Bernard H. Fry, Jr., et ux, recorded August 24, 1966, as File No. 138233 and the TRUE POINT OF BEGINNING. Thence along the Easterly and Southerly boundary lines of said Fry's land as follows South 17°01'55 " East 121.40 feet to an angle point therein: South 00°44'38" West 58.03 feet; and South 02°29'13" West 35.00 feet; and South 87° 30'41" East 55.49 feet to the Southeast corner of said Fry's land, being a point on the Westerly line of the Easterly 80.00 feet of said Southwest Quarter of the Northeast Quarter, and being also the Northwest corner of land described in deed to Lawrence T. Southern, et ux, recorded August 24, 1966 as File No. 138232; thence along the Northerly and Westerly boundary line of said Southern's land as follows: South 87°30'41" East 10.47 feet; South 02°29'19" West 222.10 feet; and South 87°29'28" East 73.33 feet to the Easterly line of said Southwest Quarter of the Northeast Quarter of Section 28.

ATTACHMENT D

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Rainbow MWD
 5-Year Proforma Budget
 Assumes FY 2015 as first consolidated year

	Adopted Budget 2013/14	Projected 2014/15	Projected 2015/16	Projected 2016/17	Projected 2017/18	Projected 2018/19
REVENUE						
Water Services Operating Revenue	35,139,480	37,599,244	40,231,191	43,662,374	46,718,740	50,604,052
Sewer Services Operating Revenue	2,569,569	2,620,960	2,673,380	2,780,315	2,780,315	2,891,527
Recycled Operating Services Revenue						
Total Operating Revenue	37,709,049	40,220,204	42,904,570	46,442,689	49,499,055	53,495,579
EXPENSE						
Water Purchases	24,219,011	25,914,342	27,728,346	30,034,330	32,136,733	34,751,304
Wages & Benefits	6,845,972	6,743,414	6,699,487	6,967,466	7,246,165	7,536,011
Other Operating Expense	5,495,195	5,605,099	5,717,201	5,831,545	5,948,176	6,067,139
Recycled Operating Expense						
Depreciation	2,391,608	2,439,440	2,488,229	2,537,994	2,588,753	2,640,528
Total Expense	38,951,786	40,702,295	42,633,262	45,371,334	47,919,827	50,994,983
Net Operating Gain (Loss)	(1,242,737)	(482,091)	271,308	1,071,354	1,579,228	2,500,596
NonOperating Revenue (expenses)						
Property Taxes	967,864	987,221	1,006,966	1,047,244	1,089,134	1,132,699
Other NonOperating Revenue	406,425	414,554	422,845	431,301	439,927	448,726
NonOperating Expense (includes debt service)	(157,403)	(362,076)	(346,124)	(329,837)	(329,837)	(329,837)
Capital Asset Contribution						
Total Nonoperating Revenue (Expense)	1,216,886	1,039,699	1,083,686	1,148,709	1,199,225	1,251,589
Increase (Decrease) in Net Assets	(25,851)	557,608	1,354,994	2,220,063	2,778,453	3,752,184

Fallbrook PUD
5-Year Proforma Budget
Assumes FY 2015 as first consolidated year

	Adopted Budget					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
REVENUE						
Water Services Operating Revenue	20,708,554	22,158,153	23,709,223	25,368,869	27,144,690	29,044,818
Sewer Services Operating Revenue	5,086,486	5,188,216	5,291,980	5,397,820	5,505,776	5,615,892
Recycled Services Operating Revenue	1,036,757	1,057,492	1,078,642	1,100,215	1,122,219	1,144,664
Total Operating Revenue	26,831,797	28,403,861	30,079,845	31,866,904	33,772,685	35,805,373
EXPENSE						
Water Purchases	14,436,295	15,446,836	16,528,114	17,685,082	18,923,038	20,247,651
Wages & Benefits	7,764,810	7,699,006	7,693,302	8,001,034	8,321,075	8,653,918
Other Operating Expense	2,862,544	2,919,795	2,978,191	3,037,755	3,098,510	3,160,480
Recycled Operating Expenses	1,062,406	1,083,654	1,105,327	1,127,434	1,149,982	1,172,982
Depreciation	3,504,000	3,574,080	3,645,562	3,718,473	3,792,842	3,868,699
Total Expense	29,630,055	30,723,370	31,950,496	33,569,777	35,285,448	37,103,730
Net Operating Gain (Loss)	(2,798,258)	(2,319,510)	(1,870,650)	(1,702,874)	(1,512,762)	(1,298,357)
NonOperating Revenue						
Property Taxes & Availability Chgs	1,835,000	1,871,700	1,909,134	1,947,317	1,986,263	2,025,988
Capital Improvement Charges (Water & WW)	2,014,000	2,054,280	2,095,366	2,137,273	2,180,018	2,223,619
CSI Rebate	760,400	756,602	752,819			
Other Nonoperating Revenues	1,140,269	1,067,087	992,350	1,012,197	1,032,441	1,053,090
NonOperating Expense	(484,180)	(691,053)	(789,530)	(857,681)	(851,456)	(844,840)
Capital Asset Contributions	200,000	200,000	200,000	200,000	200,000	200,000
Total Nonoperating Revenue (Expense)	5,465,489	5,258,616	5,160,139	4,439,106	4,547,267	4,657,857
Increase (Decrease) in Net Assets	2,667,231	2,939,106	3,289,489	2,736,232	3,034,505	3,359,501

CONSOLIDATED PROFORMA BUDGET
Fallbrook Public Utility District and Rainbow Municipal Water District
Fiscal Years Ending 2015, 2016, 2017, 2018 & 2019

	Adopted Budgets					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
REVENUE						
Water Services Operating Revenue	55,848,034	59,757,396	63,940,414	69,031,243	73,863,430	79,648,870
Sewer Services Operating Revenue	7,656,055	7,809,176	7,965,360	8,178,134	8,286,091	8,507,419
Recycled Services Operating Revenue	1,036,757	1,057,492	1,078,642	1,100,215	1,122,219	1,144,664
Total Operating Revenue	64,540,846	68,624,065	72,984,416	78,309,592	83,271,740	89,300,953
EXPENSE						
Water Purchases	38,655,306	41,361,177	44,256,460	47,719,412	51,059,771	54,998,955
Wages & Benefits	14,610,782	14,442,420	14,392,788	14,968,500	15,567,240	16,189,930
Other Operating Expense	8,357,739	8,524,894	8,695,392	8,869,299	9,046,685	9,227,619
Recycled Operating Expenses	1,062,406	1,083,654	1,105,327	1,127,434	1,149,982	1,172,982
Depreciation	5,895,608	6,013,520	6,133,791	6,256,466	6,381,596	6,509,228
Total Expense	68,581,841	71,425,665	74,583,758	78,941,112	83,205,274	88,098,713
Net Operating Gain (Loss)	(4,040,995)	(2,801,601)	(1,599,342)	(631,519)	66,466	1,202,239
NonOperating Revenue						
Property Taxes & Availability Chgs	2,802,864	2,858,921	2,916,100	2,994,561	3,075,397	3,158,688
Capital Improvement Charges (Water & WW)	2,014,000	2,054,280	2,095,366	2,137,273	2,180,018	2,223,619
CSI Rebate	760,400	756,602	752,819	-	-	-
Other Nonoperating Revenues	1,546,694	1,481,641	1,415,195	1,443,499	1,472,369	1,501,816
NonOperating Expense	(641,583)	(1,053,129)	(1,135,654)	(1,187,518)	(1,181,293)	(1,174,677)
Capital Asset Contributions	200,000	200,000	200,000	200,000	200,000	200,000
Total Nonoperating Revenue (Expense)	6,682,375	6,298,315	6,243,826	5,587,814	5,746,492	5,909,446
Increase (Decrease) in Net Assets	2,641,380	3,496,714	4,644,484	4,956,295	5,812,957	7,111,685

EXHIBIT D-1

RAINBOW & FALLBROOK COMBINED FTE COUNT Years 2014, 2015 and 2016 Projected

YEAR	RMWD FTE's	FPUD FTE's	TOTAL FTE's
2011	54.0	70.0	124.0
2012	51.0	67.0	118.0
2013	50.5	63.5	114.0
2014	47.5	60.5	108.0
2015	45.5	58.5	104.0
2016	45.5	57.5	103.0

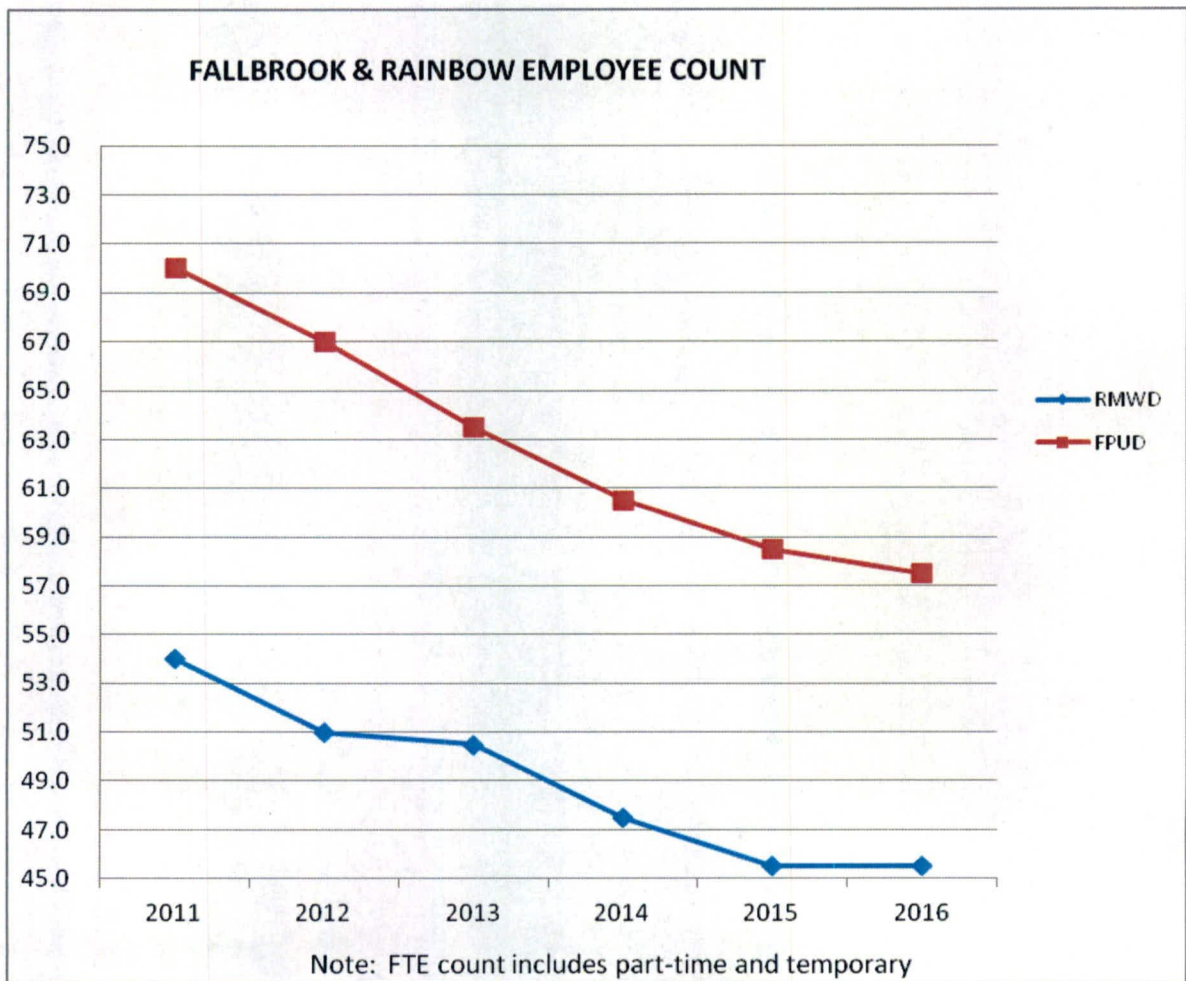
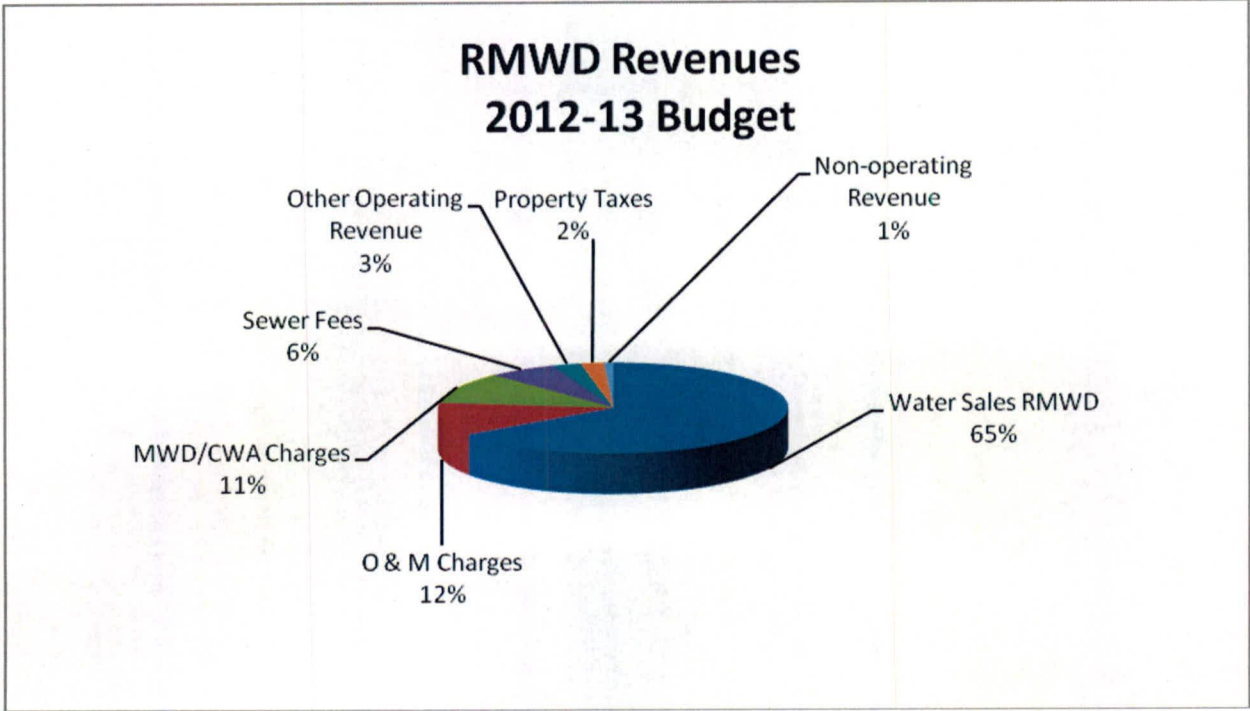


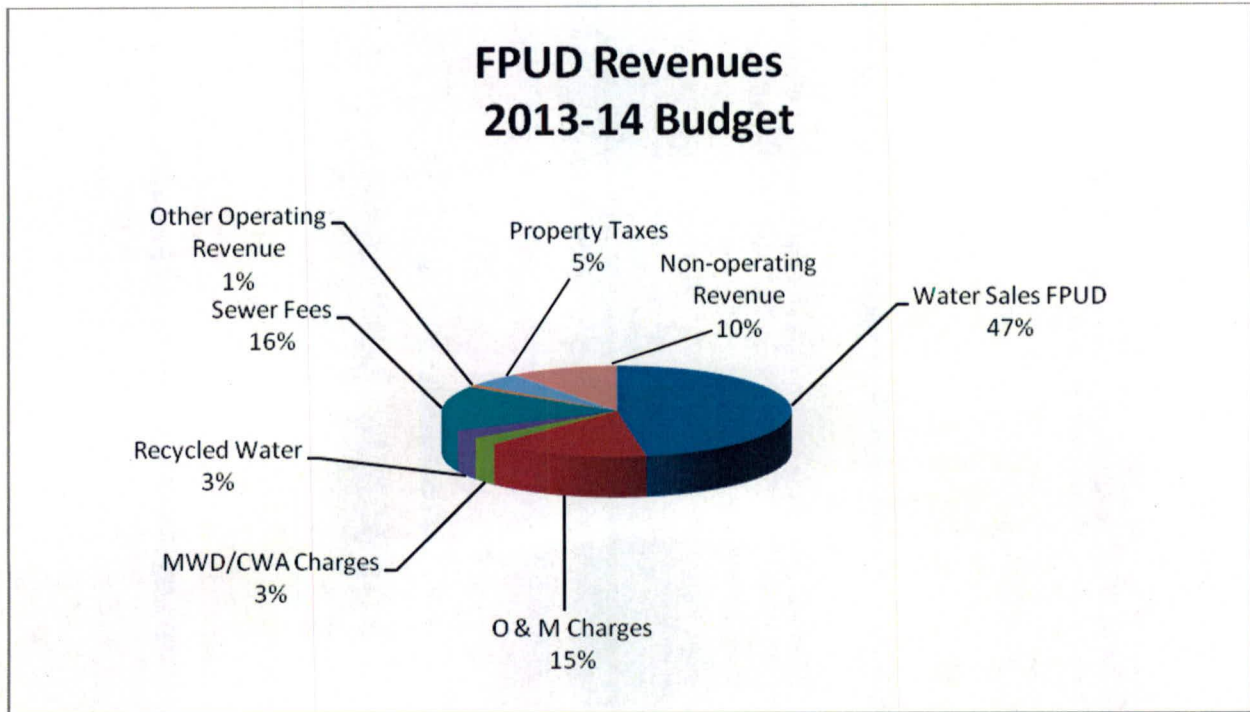
EXHIBIT D-2



All Sources of Revenue

Water Sales RMWD	\$ 25,708,154	65.34%
O & M Charges	\$ 4,578,246	11.64%
MWD/CWA Charges	\$ 4,345,353	11.04%
Sewer Fees	\$ 2,518,381	6.40%
Other Operating Revenue	\$ 1,018,453	2.59%
Property Taxes	\$ 846,252	2.15%
Non-operating Revenue	\$ 331,900	0.84%
Total Revenue	\$ 39,346,739	100.00%

EXHIBIT D-3



All Sources of Revenue

Water Sales FPUD	\$14,962,655	47.32%
O & M Charges	\$ 4,734,160	14.97%
MWD/CWA Charges	\$ 811,739	2.57%
Recycled Water	\$ 1,036,757	3.28%
Sewer Fees	\$ 5,086,486	16.09%
Other Operating Revenue	\$ 200,000	0.63%
Property Taxes	\$ 1,632,000	5.16%
Non-operating Revenue	\$ 3,158,028	9.99%
Total Revenue	\$31,621,825	100.00%

TABLE D-4

CAPITAL SUMMARY
Budget Year and Out Years

Projects	Budget 2012-13	Projected 2013-14	Budget 2013-14	OutYear 2014-15	OutYear 2015-16	OutYear 2016-17	OutYear 2017-18	OutYear 2018-19	OutYear 2019-20	OutYear 2020-21	OutYear 2021-22	OutYear 2022-23	OutYear 2023-24
Water	2,581,815	2,593,417	3,785,927	3,803,226	2,505,869	2,824,810	2,032,723	2,490,986	1,784,203	1,782,694	1,759,044	1,846,805	1,876,382
Wastewater	7,672,800	443,659	8,854,100	9,148,593	584,728	1,088,070	878,178	831,724	685,376	488,137	583,011	609,001	625,471
Recycled	4,635,000	1,586,036	5,586,400	5,528,400	24,000	24,000	24,000	24,000	-	-	-	-	-
Administration	76,180	29,200	110,000	61,000	60,000	50,000	50,000	50,000	51,500	53,045	54,636	56,275	57,954
TOTALS	14,965,795	4,651,212	18,346,427	18,239,208	3,154,637	3,966,879	2,784,802	3,396,290	2,501,079	2,304,876	2,396,692	2,514,082	2,569,817
REVENUE PROGRAM													
Pumping Charge	-	-	66,000	67,980	70,019	72,120	74,284	76,512	78,807	81,172	83,607	86,115	88,688
Standby/Availability Charges	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000
Connection Fees	42,136	65,000	-	-	4,000	4,000	4,000	4,000	-	-	-	-	-
Sewer Permit Fees	24,824	190,607	24,824	25,116	25,819	26,854	27,187	27,731	27,731	28,285	28,851	29,428	30,017
Property Taxes	1,236,809	1,236,509	488,609	515,002	485,486	503,093	521,072	539,412	558,118	577,198	596,660	616,511	636,769
CSISDG&E offset	416,038	416,038	415,996	415,897	415,738	45,553	45,280	44,885	44,453	43,928	43,317	42,615	41,815
Interest	164,200	93,912	115,000	115,000	115,000	118,150	119,635	123,224	128,920	130,728	134,650	138,689	142,850
Developer Funds & Rents	198,183	193,502	243,000	339,893	348,525	352,228	262,873	299,028	302,957	306,966	311,055	325,226	329,481
Capital Improvement Charge	505,000	1,249,012	2,014,000	2,084,700	1,418,335	1,480,240	1,545,059	1,612,936	1,684,020	1,758,466	1,838,439	1,918,112	2,003,686
Transfer from Operations	15,000	103,200	150,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Reserves used for Admin/Recyc	4,696,180	1,566,036	35,000	(14,000)	5,000	(5,000)	(5,000)	(5,000)	(23,500)	(21,955)	(20,364)	(16,725)	(17,036)
Other	7,498,970	5,336,916	3,735,229	3,827,590	3,165,701	2,872,516	2,871,637	3,000,192	3,077,505	3,162,788	3,292,215	3,415,972	3,534,249
Required Reserves	7,466,825	(685,703)	14,811,198	14,411,819	(11,164)	1,094,364	(86,736)	336,098	(576,427)	(877,912)	(695,524)	(901,890)	(974,432)
TOTALS	14,865,795	4,651,212	18,346,427	18,239,208	3,154,637	3,966,879	2,784,802	3,396,290	2,501,079	2,304,876	2,396,692	2,514,082	2,569,817
Fund Balance Beginning of Year	5,604,310	5,604,310	8,643,213	6,878,669	5,346,551	5,357,715	4,263,351	4,350,086	3,953,989	4,630,415	5,408,327	6,303,851	7,205,740
Less: District CIP	-	1,030,846	(1,030,846)	-	-	-	-	-	-	-	-	-	-
Plus: Net SRF Loan Proceeds	-	1,322,354	13,875,500	12,881,500	-	-	-	-	-	-	-	-	-
Change During Year	(6,866,825)	3,036,903	(1,766,544)	(1,530,119)	11,164	(1,094,364)	66,736	(396,098)	576,427	877,912	885,524	901,890	974,432
Fund Balance End of Year	(1,062,515)	8,643,213	6,878,669	5,346,551	5,357,715	4,263,351	4,350,086	3,953,989	4,530,415	5,408,327	6,303,851	7,205,740	8,180,172
FB Minimum per Admin Code	25,301,835	25,301,835	15,722,345	9,983,416	6,603,781	5,575,349	5,771,869	4,701,410	4,583,886	4,799,882	4,959,660	5,020,671	4,395,200
Over (Under Target)	(26,364,350)	(16,658,622)	(6,845,676)	(1,616,865)	(1,246,066)	(1,311,998)	(1,421,782)	(747,421)	(63,471)	608,465	1,344,191	2,185,069	3,784,972

WATER DEPARTMENT
Capital Budget Summary

PROJECTS	Budget 2012-13	Projected 2012-13	Budget 2013-14	Outyear 2014-15	Outyear 2015-16	Outyear 2016-17	Outyear 2017-18	Outyear 2018-19
Field Equipment	181,000	182,800	263,550	501,150	251,989	160,750	181,000	148,125
Reservoirs	633,878	7,000	1,042,740	552,078	414,853	1,045,543	449,697	774,068
Seismic Retrofit	50,000	12,700	30,000	15,000	15,000	15,000	15,000	0
Pipelines	674,801	889,900	986,387	1,057,907	1,115,627	979,177	1,011,686	943,033
Yard/SCADA/Facility	155,000	20,000	186,000	105,000	80,000	15,000	15,000	15,000
DLSA Improvements	-	-	0	0	0	0	0	0
Pressure Stations	35,000	10,000	15,750	15,750	0	50,000	0	0
Santa Margarita Conj. Use	325,000	282,600	270,000	365,000	190,000	190,000	80,000	80,000
Santa Margarita Water Rights	256,500	192,800	144,300	152,140	132,140	132,140	117,140	117,140
Pump Stations	-	1,000	365,000	570,000	150,000	75,000	50,000	200,000
Water Supply Facilities	95,000	835,815	370,000	72,000	73,000	74,000	50,000	150,000
Meter Service Replacement	50,000	-	60,000	40,000	40,000	40,000	40,000	40,000
Meter Installations	42,136	-	0	0	0	0	0	0
Facility Upgrades & Security	83,500	158,802	62,200	57,200	43,200	48,200	23,200	23,200
TOTALS	2,581,815	2,593,417	3,795,927	3,503,225	2,505,809	2,824,810	2,032,723	2,490,566

Reduce Budget by __%

REVENUE PROGRAM

Pumping Charge	-	-	66,000	67,980	70,019	72,120	74,284	76,512
Standby/Availability Charges	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000
Connection Fees	42,136	65,000	-	-	-	-	-	-
Property Taxes	468,609	468,609	468,609	515,002	485,466	503,093	521,072	539,412
Interest	164,200	93,912	115,000	115,000	115,000	116,150	119,635	123,224
Developer Funds	10,000	17,320	15,000	15,000	20,000	20,000	20,000	52,500
Capital Improvement Charge	505,000	499,680	1,014,000	1,064,700	1,117,935	1,173,832	1,232,523	1,294,150
Facilities Rent Revenue/Tenants	176,183	176,182	178,000	181,560	185,191	188,895	192,673	196,526
Transfer from Water Ops/60	-	75,000	75,000	0	0	0	0	0
Other	-	-	-	-	-	-	-	-
Revenue Subtotal	1,569,128	1,598,703	2,134,609	2,162,242	2,196,611	2,277,089	2,363,187	2,485,323
Required Reserves	1,012,687	994,714	1,661,318	1,340,982	309,198	547,720	(330,464)	5,243
TOTALS	2,581,815	2,593,417	3,795,927	3,503,225	2,505,809	2,824,810	2,032,723	2,490,566

Fund Balance Beginning of Year	4,145,421	4,145,421	4,068,899	1,489,388	148,406	(160,792)	(708,512)	(378,048)
Less: District CIP		918,192	(918,192)					
Plus: Net SRF Loan Proceeds								
Change During Year	(1,012,687)	(76,522)	(2,579,510)	(1,340,982)	(309,198)	(547,720)	330,464	(5,243)
Fund Balance End of Year	3,132,734	4,068,899	1,489,388	148,406	(160,792)	(708,512)	(378,048)	(383,291)
FB Minimum per Admin Code	7,299,152	7,299,152	6,009,034	5,330,619	4,857,533	4,065,446	4,254,769	3,526,897
Fund Balance Over (Under Target)	(4,166,418)	(3,230,253)	(4,519,645)	(5,182,213)	(5,018,325)	(4,773,958)	(4,632,818)	(3,910,189)

WASTEWATER DEPARTMENT
Capital Budget Summary

Projects	Budget 2012-13	Projected 2012-13	Budget 2013-14	Outyear 2014-15	Outyear 2015-16	Outyear 2016-17	Outyear 2017-18	Outyear 2018-19
Collection System	652,800	335,725	515,000	518,150	121,395	624,736	428,178	631,724
Treatment Works	6,960,000	107,834	8,289,100	8,287,100	100,000	100,000	100,000	100,000
Solar Project (see Debt Svc)	-	-	-	-	-	-	-	-
Outfall	50,000	-	-	200,000	200,000	200,000	100,000	50,000
Minor System Improvements	-	-	-	-	-	-	-	-
Developer	10,000	-	50,000	143,333	143,333	143,333	50,000	50,000
TOTALS	7,672,800	443,559	8,854,100	9,148,583	564,728	1,068,070	678,178	831,724
Reduce Budget by 20%								
Revenue Program								
Sewer Permit Fees	24,624	190,607	24,624	25,116	25,619	26,131	26,654	27,187
1% Property Taxes	768,000	768,000	-	-	-	-	-	-
PBI/SDG&E offset(net debt savings)	416,038	416,038	415,996	415,897	415,738	45,553	45,260	44,895
Interest	-	-	-	-	-	-	-	-
Capital Improvement Charge	800,000	749,332	1,000,000	1,020,000	300,400	306,408	312,536	318,787
Developer	10,000	-	50,000	143,333	143,333	143,333	50,000	50,000
Revenue Subtotal	2,018,662	2,123,977	1,490,620	1,604,347	885,090	521,426	434,450	440,869
Required Reserves	5,654,138	(1,680,418)	7,363,480	7,544,236	(320,362)	546,644	243,728	390,855
TOTALS	7,672,800	443,559	8,854,100	9,148,583	564,728	1,068,070	678,178	831,724
Fund Balance Beginning of Year	1,458,889	1,458,889	4,574,314	5,387,281	5,198,145	5,518,507	4,971,863	4,728,135
Less: District CIP	-	112,654	(112,654)	-	-	-	-	-
Plus: Net SRF Loan Proceeds	-	1,322,354	8,289,100	7,355,100	-	-	-	-
Change During Year	(5,654,138)	3,115,425	812,967	(189,136)	320,362	(546,644)	(243,728)	(390,855)
Fund Balance End of Year	(4,195,249)	4,574,314	5,387,281	5,198,145	5,518,507	4,971,863	4,728,135	4,337,280
FB Minimum per Admin Code	18,002,683	18,002,683	9,713,311	1,632,798	1,746,248	1,509,902	1,517,099	1,174,512
Over (Under Target)	(22,187,932)	(13,428,369)	(4,326,030)	3,565,347	3,772,259	3,461,961	3,211,036	3,162,768

RECYCLED WATER DEPARTMENT
Capital Budget Summary

Projects	Budget 2012-13	Projected 2012-13	Budget 2013-14	Outyear 2014-15	Outyear 2015-16	Outyear 2016-17	Outyear 2017-18	Outyear 2018-19
New Services	-	-	-	-	4,000	4,000	4,000	4,000
Improvements/Extensions	-	-	-	-	-	-	-	-
Out of District Connections	-	-	-	-	-	-	-	-
Tertiary Treatment Rehab:	4,635,000	1,586,036	5,586,400	5,526,400	20,000	20,000	20,000	20,000
TOTALS	4,635,000	1,586,036	5,586,400	5,526,400	24,000	24,000	24,000	24,000
Revenue Program								
Connection Fees	-	-	-	-	4,000	4,000	4,000	4,000
Transfer from Reserves	-	1,586,036	-	-	20,000	20,000	20,000	20,000
SRF Loan Proceeds	4,635,000	-	5,586,400	5,526,400	-	-	-	-
TOTALS	4,635,000	1,586,036	5,586,400	5,526,400	24,000	24,000	24,000	24,000

See Treatment Works-all costs contained there

ADMINISTRATION DEPARTMENT
Capital Budget Summary

Projects	Budget 2012-13	Projected 2012-13	Budget 2013-14	Outyear 2014-15	Outyear 2015-16	Outyear 2016-17	Outyear 2017-18	Outyear 2018-19
System & Server Upgrades	26,180	10,000	10,000	11,000	20,000	10,000	10,000	10,000
CADD/GIS/GPS	25,000	18,200	25,000	25,000	25,000	25,000	25,000	25,000
Fac Improve/Upgrades/Security	25,000	-	75,000	25,000	15,000	15,000	15,000	15,000
	-	-	-	-	-	-	-	-
TOTALS	76,180	28,200	110,000	61,000	60,000	50,000	50,000	50,000
Revenue Program								
Transfer from Operating	15,000	28,200	75,000	61,000	60,000	50,000	50,000	50,000
Reserves	61,180	-	35,000	-	-	-	-	-
TOTALS	76,180	28,200	110,000	61,000	60,000	50,000	50,000	50,000

TABLE D-5

Rainbow MWD									
Projected CIP Cash Flow									
Monthly Update of 2013-14 CIP Budget									
1/31/2014									
A	B	C	D	E	F	H	I	J	
CIP EXPENDITURES:									
Job #	Water/Job Name	Funds Budgeted	Funds Expended in Prior Years	Funds Expended 2013-14	Remaining Budget FY 13/14	Budget FY 14/15	Budget FY 15/16	Budget FY 16/17	
1									
2	201263	Morro Chloramine Disinfection CDPH	\$712,000	\$1,070,209	\$3,476	\$0	\$0	\$0	\$0
3	200748	Highway 76 Realignment-Water Lines	\$1,020,000	\$384,491	\$574	\$634,935	\$0	\$0	\$0
4	201258	Highway 76 Water Lines Phase 2	\$0	\$47,083	\$175	\$0	\$0	\$0	\$0
5	201259	Hwy 76 Water Lines - Inside Bridge	\$0	\$1,515,928	\$1,417	\$0	\$0	\$0	\$0
6	200940	Pala Mesa Tank Site	\$10,000,000	\$8,113,171	\$945	\$83,000	\$0	\$0	\$0
7	200663	Beck Reservoir Rehab	\$12,000,000	\$462,832	\$7,535	\$2,000,000	\$5,000,000	\$5,000,000	\$0
8		Gird to Monserate Hill Water Line	\$950,000	\$0	\$0	\$0	\$0	\$950,000	\$0
9		Wrightwood to Cotontail Water Line	\$200,000	\$0	\$0	\$0	\$0	\$200,000	\$0
10		Tarek Terrace Water Line	\$150,000	\$0	\$0	\$0	\$150,000	\$0	\$0
11		Regional Recycled Water Study	\$150,000	\$0	\$0	\$150,000	\$0	\$0	\$0
12	201446	San Luis Rey Groundwater Study	\$500,000	\$94,491	\$16,224	\$389,286	\$0	\$0	\$0
13	201360	Morro Tank Structural Repair	\$50,000	\$0	\$29,213	\$20,787	\$0	\$0	\$0
14	201359	Ranchos Amigos Pressure Stations	\$25,000	\$2,135	\$0	\$25,000	\$0	\$0	\$0
15									
16		Other Infrastructure Replacements				\$3,414,927	\$3,850,000	\$2,850,000	\$4,000,000
17		Total Expenditure (Water):	\$25,757,000	\$11,690,340	\$59,558	\$6,717,935	\$9,000,000	\$9,000,000	\$4,000,000
Wastewater Job Name									
18									
19	201266	Sewer Outfall Line RMWD Replacement	\$13,000,000	\$92,277	\$38,637	\$61,363	\$4,300,000	\$4,300,000	\$4,207,723
20	201040	Lift Station #1 Replacement	\$2,400,000	\$80,747	\$920	\$99,080	\$1,500,000	\$719,253	\$0
21	200768	Highway 76 Realignment-Sewer lines	\$100,000	\$11,985	\$0	\$88,015	\$0	\$0	\$0
22	201261	Hwy 76 Realignment - CalTrans East Seg	\$13,920,000	\$253,634	\$910	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
23	201280	Hwy 76 Upsize to Gird Rd		\$213,776	\$96,422				
24		Land Outfall - City of Oceanside	\$0	\$582,498	\$0				
25									
26									
27		Total Expenditure (Wastewater):	\$29,420,000	\$1,234,917	\$136,889	\$1,648,459	\$7,200,000	\$6,419,253	\$5,607,723
CASH FLOW SUMMARY:									
Water Capital Funding									
28		Beginning Cash Balance			\$-1,026,694	\$1,979,022	\$10,095,899	4,473,499	3,437,899
29		Capacity Fees			\$119,886	\$830,000	\$1,100,000	\$3,200,000	\$3,700,000
30		Interest Income			\$8,167	\$50,133	\$50,000	\$75,000	\$75,000
31		Transfers from Water Operations			\$1,000,000	\$2,291,900	\$2,227,600	\$4,689,400	\$5,557,300
32		Total Water Expenditures			-\$59,558	-\$6,717,935	-\$9,000,000	-\$9,000,000	-\$4,000,000
33		Interfund Transfer from Wastewater			\$0	\$0	\$0	\$0	\$0
34		Interfund Transfer to Wastewater			\$0	\$0	\$0	\$0	\$0
35					\$0	\$0	\$0	\$0	\$0
36		Loan Proceeds- SRF			\$4,285,998	\$13,704,002	\$0	\$0	\$0
37		Repayments to Wastewater			-\$2,358,777	-\$2,041,223	\$0	\$0	\$0
38					\$0	\$0	\$0	\$0	\$0
39		Ending Cash Balance Water			\$ 1,979,022	\$ 10,095,899	\$ 4,473,499	\$ 3,437,899	\$ 8,770,199
Wastewater Capital Funding									
40		Beginning Cash Balance			\$ 8,574,553	\$10,952,900	\$11,573,431	\$4,628,431	\$1,989,178
41		Capacity Fees			\$ 132,575	\$0	\$0	\$3,600,000	\$6,500,000
42		Impact Fees (Proposed)				\$0	\$0	\$0	\$0
43		Interest Income			\$23,883	\$227,767	\$120,000	\$45,000	\$33,000
44		Transfers from Sewer Operations				\$0	\$135,000	\$135,000	\$422,000
45		Interfund Transfer to Water							
46		Interfund Transfer from Water							
47		Transfer Repayments from Water			\$2,358,777	\$2,041,223	\$0	\$0	\$0
48		Total Sewer Expenditures			-\$136,888.66	-\$1,648,459	-\$7,200,000	-\$6,419,253	-\$5,607,723
49		Ending Cash Balance Wastewater			\$10,952,900	\$11,573,431	\$4,628,431	\$1,989,178	\$3,336,456

ATTACHMENT E

SAN DIEGO LAFCO JURISDICTIONAL CONSULTATION Policy L-107 Form

Completion of this Jurisdictional Consultation Form is necessary if there are jurisdictional issues associated with a pending or future LAFCO application. The purpose of the jurisdictional consultation procedure is to encourage the early identification and resolution of jurisdictional issues and concerns. To assist LAFCO staff in the review of your LAFCO application and to determine whether adequate measures have been taken to identify and resolve issues, please respond to the following questions.

1. What jurisdictional issues pertain to the LAFCO proposal or pending LAFCO action?
 - a. Differing development standards between existing and proposed service providers or jurisdictions;
 - b. Existing and/or planned land uses and zoning, including densities, community character, and appropriate jurisdictional transition areas;
 - c. Existing and/or planned provision of governmental services, including any potential impacts to service levels or financial ability to sustain service levels;

2. What parties (local agencies or organizations) are opposed to the proposed LAFCO action? Rainbow Municipal Water District

3. Are there any other local community or governmental concerns associated with the LAFCO proposal or pending LAFCO action: Yes No

Please specify: _____

4. Respond to the following for efforts that have been taken to resolve jurisdictional issues:
 - a. List the dates of any meetings/discussions held to resolve jurisdictional issues: 3/6,3/20,4/3,4/17,5/1,6/5,7/10,8/7,9/4,10/2,11/6,12/4,12/18/13;1/8,2/5,4/28/14

 - b. List the jurisdictions and organizations that participated in the meetings/discussions: Fallbrook Public Utility District and Rainbow Municipal Water District working through the Joint Powers Authority created by the two districts.

 - c. What was the outcome of the meetings/discussions: Impasse on issues of governance.

5. If the jurisdictional issues were not resolved, discuss whether additional consultation is needed and a preferred outcome: Additional consultation unlikely to produce agreement.

As of March 5, 2014, RMWD gave notice to FPUd of withdrawal from the Joint Powers Authority.

6. If the parties resolved the issues associated with the pending or future LAFCO action, then sign the statement (below) and return this form and any applicable agreements that have been reached.

As a representative/proponent of the proposed LAFCO action (e.g., annexation, detachment, sphere change, etc.), I believe the jurisdictional issues associated with this LAFCO proposal:

- have been resolved
 have not been resolved

Attached is a copy of the related agreement or other document demonstrating that jurisdictional issues have been satisfactorily resolved.


Signature of proponent

Brian J. Brady

Print name

(760) 728-1125

April 28, 2014

Telephone

Date

**San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123
(858) 614-7755**

ATTACHMENT F

CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

LAFCOs are subject to the campaign disclosure provisions detailed in Government Code Section 84308, and the Regulations of the Fair Political Practices Commission (FPPC), Section 18438.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to San Diego LAFCO with your application.

1. No LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party¹ or agent² while a change of organization proceeding is pending, and for three months subsequent to the date a final decision is rendered by LAFCO. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.

2. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 made to any commissioner by the party, or agent, during the preceding 12 months. No party to a LAFCO proceeding, or agent, shall make a contribution to a commissioner during the proceeding and for three months following the date a final decision is rendered by LAFCO.

3. Prior to rendering a decision on a LAFCO proceeding, any commissioner who received contribution of more than \$250 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any commissioner receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of knowing about the contribution and the relevant proceeding, that commissioner shall be permitted to participate in the proceeding.

¹ "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

² "Agent" is defined as a person who represents a party in connection with a proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than \$250 has been made by you or your agent to a commissioner within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current LAFCO commissioners are available at <http://www.sdlafco.org/document/comroster.pdf>. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact San Diego LAFCO at 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755.

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: _____

RMWD: Dissolution _____

FPUD: Annexation/Expansion of Latent Power _____

(b) Name and address of any party, or agent, who has contributed more than \$250 to any commissioner within the preceding 12 months:

1. None _____

2. _____

(c) Date and amount of contribution:

Date _____ Amount \$ _____

Date _____ Amount \$ _____

(d) Name of commissioner to whom contribution was made:

1. _____

2. _____

(e) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature _____

Date _____ Phone _____

To be completed by LAFCO:

Proposal: _____

Ref. No. _____

DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCO, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expend \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of San Diego LAFCO.
- A roster of current San Diego LAFCO commissioners is available from the LAFCO office: 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755, or from <http://www.sdlafco.org/meeting/comroster.html>

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at <http://www.fppc.ca.gov>.

1. Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

Yes

No

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

2. Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

Yes

No

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

3. If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with San Diego LAFCO?

Yes

No

ATTACHMENT G

[To be completed after additional discussions with LAFCO staff]

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: A copy of this form must be completed and signed by **each** local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.


Signature of agency representative

Brian J. Brady, P.E.
Print name

General Manager, Fallbrook Public Utility District
Title

(760) 728-1125 April 28, 2014
Telephone Date

A. JURISDICTIONAL INFORMATION:

Name of agency:

Fallbrook Public Utility District

1. Is the proposal territory within the agency's sphere of influence? Yes No
2. Upon consolidation, or reorganization (e.g., annexation and dissolution), will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes No
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes No
4. Will the proposal territory assume any existing bonded indebtedness? Yes No *
If yes, indicate any taxpayer cost: \$ _____
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes No
If yes, please provide details of all costs: Refer to the answer to Question No. 3 in the Fiscal and General Information section of the application.
6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes No **
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes No
8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes No
N/A

* The proposal territory has outstanding CA State Revolving Fund loans of \$18.2 million.

** Property tax revenues from the proposal territory will continue and go to FPUD for the benefit of the proposal territory ratepayers.