

AGENDA **SPECIAL BOARD MEETING**

FAIR OAKS WATER DISTRICT OFFICE

10326 FAIR OAKS BLVD, FAIR OAKS

October 28, 2024

5:30 PM

The Board of Directors of the Fair Oaks Water District holds its Regular Board Meetings on the third Monday of each month at 6:30 p.m. The meetings are held at the District Offices located at 10326 Fair Oaks Blvd., Fair Oaks, CA 95628. The Board may discuss any item on the agenda and may take action on any of those items.

The Board of Directors welcomes public participation in its meetings. Public comments relating to matters within jurisdiction of the District, and not included on the posted agenda, may be addressed under "public comment," both at the beginning and at the end of the meeting, subject to reasonable time limitations for each speaker. Please note that State law prevents the Board from discussing or taking action on items not listed on the agenda. Public comments relating to matters listed on the agenda may be provided at the time when that agenda item is heard.

Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order. Items appearing on the Consent Calendar are considered routine and may be acted upon by the Board by one motion, without discussion; however, any item may be considered separately at the request of any Board member or any member of the public.

In compliance with the American with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Human Resource Administrator at (916) 967-5723. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

I. CALL TO ORDER

II. PUBLIC COMMENT

III. DISCUSSION AND POSSIBLE ACTION ON PROPOSED 2025 FOWD ANNUAL BUDGET

IV. PUBLIC COMMENT

V. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54954 AND 54956

1. Conference with legal counsel on existing litigation; Government Code Sections 54954.5 and 54956.9; Citrus Heights Water District & Fair Oaks Water District v. San Juan Water District

2. Conference on Anticipated Litigation; Government Code Section 54956.9(d) – two cases

VI. REPORT FROM CLOSED SESSION

VII. PUBLIC COMMENT

VIII. ADJOURNMENT

I, Tom R. Gray, Secretary of the Fair Oaks Water District, do hereby certify that this agenda has been posted at 10326 Fair Oaks Blvd., Fair Oaks, California 24 hours prior to the special meeting of the Board of Directors in accordance with Government Code Section 54950.5, the Ralph M. Brown Act.



Tom R. Gray / Secretary
General Manager

10-21-2024

Date



October 28, 2024

Staff Report Briefing Materials

AGENDA ITEM III

Discussion and possible action on Proposed 2025 FOWD Annual Budget





2025 ANNUAL BUDGET

***JUST AS EVERY WATER DROP IS VALUABLE,
SO IS EVERY
RATEPAYER DOLLAR***

FAIR OAKS WATER DISTRICT — Fair Oaks, California



FAIR OAKS WATER DISTRICT

2025 Proposed Annual Budget

PRINCIPAL DISTRICT OFFICIALS

BOARD OF DIRECTORS – ELECTED OFFICIALS

Chris Petersen, President
Mark Dolby, Vice President
Michael McRae, Director
Randy Marx, Director
Misha Sarkovich, Director

MANAGEMENT

Tom R. Gray, General Manager
Shawn Huckaby, Operations Manager
Chi Ha-Ly, Finance Manager
Paul Siebensohn, Technical Services Manager

10326 Fair Oaks Blvd.
Fair Oaks, CA 95628
Phone: (916) 967-5723
Fax: (916) 844-3539
www.fowd.com

FAIR OAKS WATER DISTRICT
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RATES, FEES & CHARGES

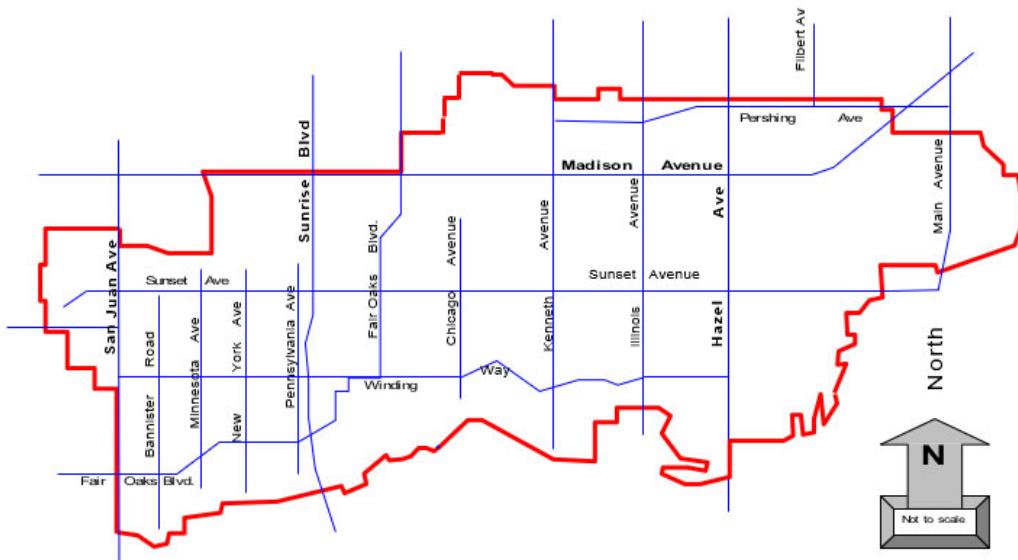
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INTRODUCTION

The Fair Oaks Water District was originally formed as Fair Oaks Irrigation District in 1917. By 1979 residential development in the community had replaced all significant agricultural land; therefore, the Board of Directors passed a resolution declaring “irrigation district” no longer described the District’s actual functions and changed the name to Fair Oaks Water District (District). Even with the name change the District is legally structured as an irrigation district operating under the California Code, Division 11.

The District is a retail water agency supplying water to a population of approximately 40,000 people on 6,160 acres in Fair Oaks and a small portion of Orangevale. The District has reliable access to both surface water and groundwater, and delivers it through approximately 14,000 residential and commercial service connections.

District Service Area





"The mission of Fair Oaks Water District is to provide our community with an adequate and reliable supply of water, exceeding all drinking water standards, at the lowest reasonable cost."

Governance

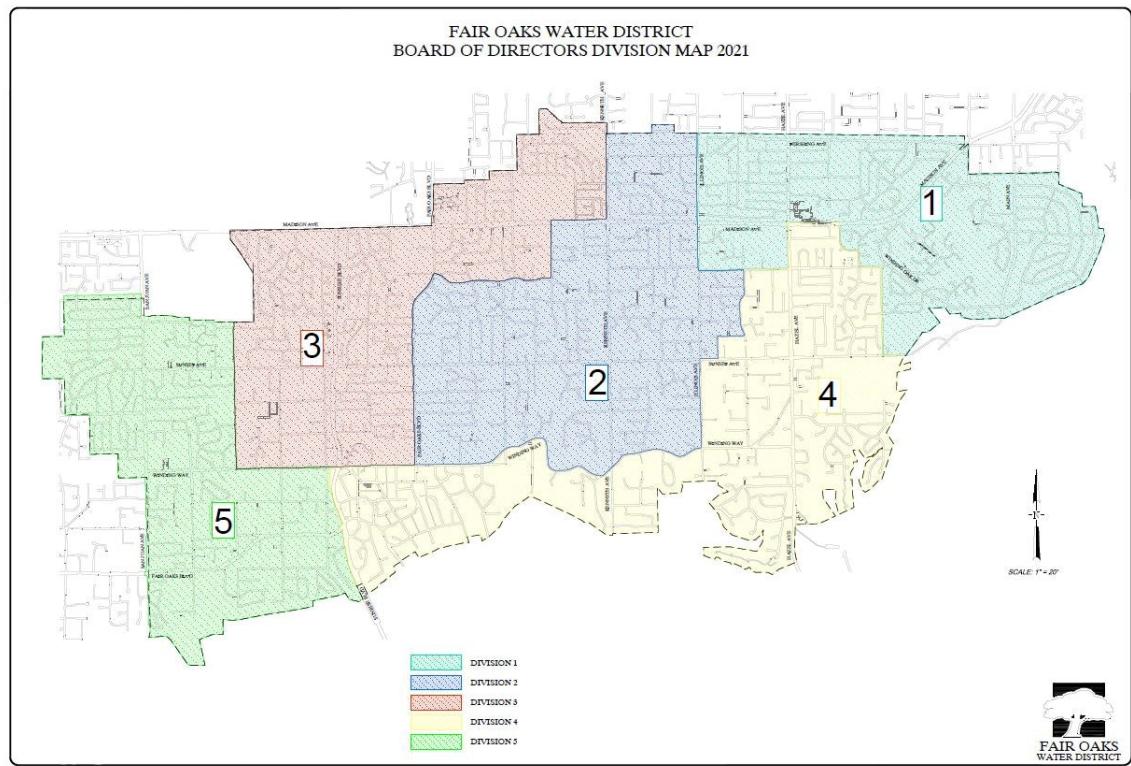
The District is governed by five board members. The board members are publicly elected to four-year staggered terms representing geographic divisions. The Board delegates day-to-day operations authority to an appointed General Manager.

DIRECTORS	YEARS OF SERVICE	DIVISION
Chris Petersen, President	3 Years	Division 1
Michael McRae, Director	12.5 Years	Division 2
Mark Dolby, Vice President	2 Years	Division 3
Randy Marx, Director	20 Years	Division 4
Misha Sarkovich, Director	20 Years	Division 5

Meeting Dates

The Board meets the third Monday of each month at 6:30 p.m. in the Board Room, located at 10326 Fair Oaks Blvd., Fair Oaks, CA 95628. For more information, please visit www.fowd.com for meeting times and agendas.

Board of Directors Division Map:



BUDGET OVERVIEW AND HIGHLIGHTS

The Board provided staff with general guidelines on developing the 2025 Proposed Budget at the August 19, 2024 Regular Board Meeting. The 2025 Proposed Budget was prepared by staff and presented at a public workshop held on October 21, 2024. The 2025 Proposed Budget will be presented to the full Board for approval and adoption at the Special Board meeting scheduled on October 28, 2024. The 2025 Proposed Budget includes a 5% water rate increase from 2024 rates that was previously adopted by the Board in 2022.

The primary purpose of the budget is to provide the Board of Directors and the District's customers with an accurate picture of total available resources and planned spending for 2025. The budget includes setting program priorities and cash flow projections. The District maintains its financial records in accordance with the generally accepted accounting principles (GAAP) for annual reporting purposes set by the Government Accounting Standard Board (GASB).

Water Rate Hearing Process

District staff developed a five-year financial plan and presented it to the District Budget Committee for review on August 30, 2022 and September 19, 2022. The Board proposed

increasing water rates for 2023 (10%), 2024 (10%) and 2025 (5%). At the September 19, 2022 Regular Board Meeting, the Board directed staff to place the recommended rate structure on the public hearing notice. The public hearing notice was sent out to FOWD customers on October 5, 2022. Public hearing and workshop on the rate increases for the District were held on November 21, 2022 and October 17, 2022.

At the November 21, 2022 Regular Board Meeting and Public Hearing, the Board adopted the Resolution No. 22-02, “A Resolution Establishing 2023-2025 Water Rates” to approve the 2023-2025 water rates. Below is the chart with the three-year approved water rates.

Fair Oaks Water District Approved Three-Year Water Rates			
Bi-Monthly Fixed Service Charges			
Meter Size (Inch)	10% 2023	10% 2024	5% 2025
1	\$ 78.77	\$ 86.65	\$ 90.98
1.5	144.36	158.80	166.74
2	222.98	245.28	257.54
3	432.65	475.92	499.72
4	668.66	735.53	772.31
6	1,323.54	1,455.89	1,528.68
8	2,111.23	2,322.35	2,438.47
10	3,289.84	3,618.82	3,799.76
Commodity Rate per CCF⁽²⁾		2023	2024
		\$ 0.55	\$ 0.61
			\$ 0.64

*Rate adjustments will require Board action.
**One CCF is equal to 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.

District Water Rates

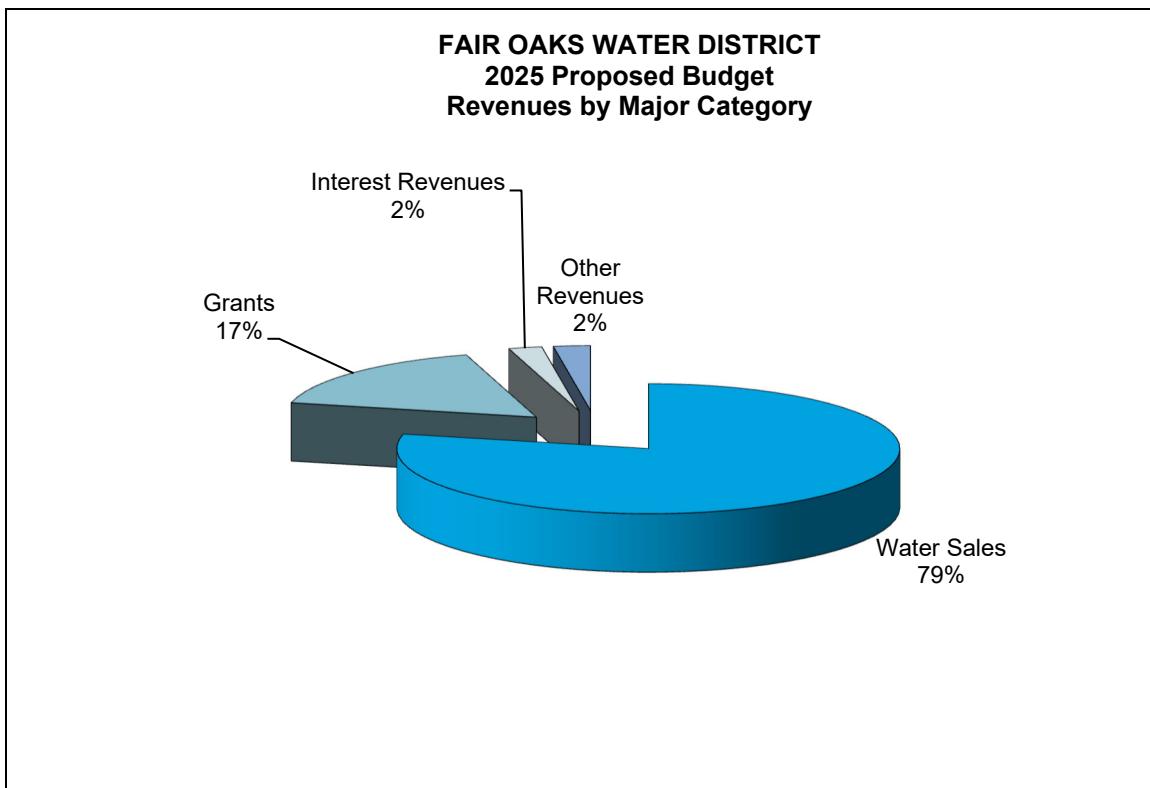
The following are water rate structures for 2024 and 2025.

Fair Oaks Water District 2025 Water Rate Structure				
Description	2024 Estimated		2025 Budget	
	Water Sales	%	Water Sales	%
Fixed Service Charge	\$ 8,273,200	78%	\$ 8,695,100	78%
Commodity Charge	2,299,700	22%	2,435,400	22%
Total	\$ 10,572,900		\$ 11,130,500	

Revenues

The District projects total revenues of \$14,165,600 in 2025.

2025 Projected Revenues by Major Category	
Water Sales	\$ 11,130,500
Grants	2,397,600
Interest Revenues	301,900
Other Revenues	335,600
Total	\$ 14,165,600



Water Sales revenue comes from a fixed service charge and a commodity charge. The projected grants of \$2,397,600 are from water well projects. The District's 2025 Other Revenues are primarily water service and connection fees.

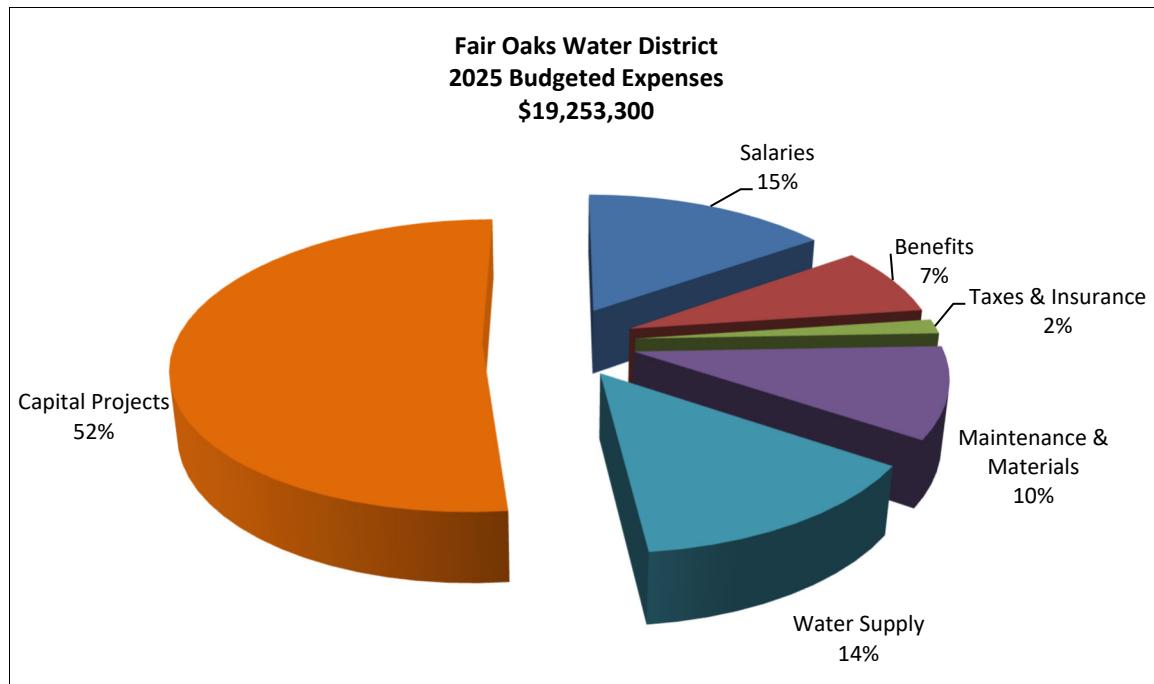
Expenses

The District's total estimated expenses for 2025 are \$19,253,300. These expenses include cost for the meter maintenance program, facility and equipment replacement, and transmission and distribution system improvements. It is projected that 89% of total revenue from water sales will be spent on capital investment in 2025.

The District projects a 2.9% decrease in total operating expenses for 2025 Proposed Budget (\$9,300,100) over the 2024 Adjusted Budget (\$9,573,064). The decrease is primarily due to net decrease in system maintenance and repairs, water supply costs, Board expenses, and utilities.

The breakdown of expenses by major expense categories is presented in the table below.

Fair Oaks Water District 2025 Budgeted Expenses	
Salaries	\$ 2,941,600
Benefits	1,460,900
Taxes & Insurance	309,900
Maintenance & Materials	1,925,900
Water Supply	2,661,800
Capital Projects	9,953,200
Total	\$ 19,253,300



Reserves and Designations

The District's reserves consist of restricted and designated funds. The District's restricted reserves include capacity system fees.

The District's 2025 Proposed Budget projects a net loss of (\$5,087,700). The District will use reserve(s)/designation(s) to offset the (\$5,087,700) projected deficit. The District's current reserve policy is to maintain a total of \$3.1M (four months of operating expenses). The District projects a year-end total cash reserve balance of \$4.8M. See reserve balance summary for more detail on pages 40-41.

BUDGET PRINCIPLES AND PROCESS OVERVIEW

Budget planning begins annually at mid-calendar year, following completion of the audit for the fiscal year ending December 31, and a review of the first six month's of actual revenues and expenses for the current fiscal year. In July, the District's senior staff provides updated information for the timing and costs of scheduled activities over the next year. The impact on operations of capital projects, legislation and economic factors are reviewed and communicated to the General Manager.

The budget is developed through several processes. The Board of Directors provides certain priorities and guidelines to the General Manager. The General Manager communicates these criteria to staff. The District's annual budget is then developed consistent with District's mission, goals, policies and water demands.

The financial model is updated to determine whether adequate funds exist to meet requirements; while maintaining Board approved reserves over the budget period. All unfunded needs will be documented, if any. The budget and forecast will be prepared by the staff and General Manager to ensure consistency with District policies. A Budget Committee, comprised of two Board of Directors and staff, will then review the draft document and assist in preparing the final document for the public information sessions, public hearing, and Board adoption.

A discussion draft of the budget document will typically be reviewed by the Board in August. Customers are notified at least 45 days in advance about a public hearing if a new rate increase is proposed. One or more public meetings usually occur in October, to allow extended discussion on major issues. The budget process culminates in its adoption at a public meeting normally scheduled in November.

Any budget amendments required during the year will be submitted to the Board of Directors at a board meeting for public discussion and possible Board action.

Budget Control

The approved budget is entered in the District's accounting system, which will provide up to date financial information throughout the year.

The Board of Directors, on the recommendation of the General Manager, establishes overall budgets and policy programs. The approved budget is then monitored by the respective department managers.

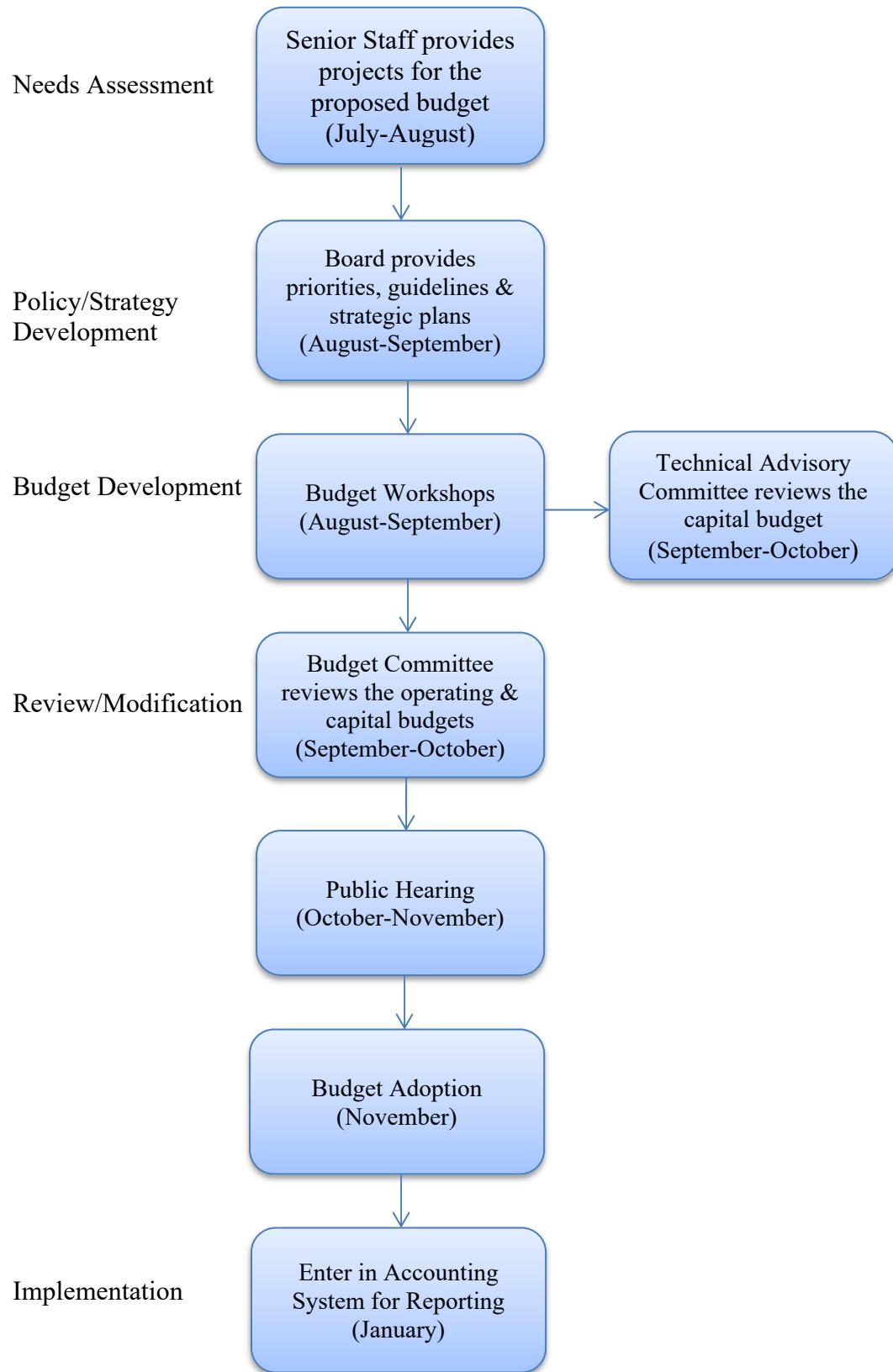
The General Manager controls the budget at the operating level. While line-item expenses are in some cases shown in the budget worksheets, the intent of this information is to provide internal budget monitoring controls for staff, and are not intended to be explicit appropriations by the Board of Directors. Upon request from staff, and approved by the Board of Directors, reserve funds may be transferred or added to throughout the fiscal year. This bottom-line approach to budget management is intended to prioritize overall District spending, while making senior staff accountable for internal operations and expenses.

Capital projects and program budgets are adopted for specific non-operational needs of the District. These budgets often span multiple budget years. For each project or program, subsequent Board approval is sometimes required for approving bids and contracts.

Basis of Budgeting

The statistical sections of the budget are prepared on a cash basis and include expenditures for capital outlay and the principal and interest portions of debt service, while non-cash expenditures such as depreciation and bad debt write-off are excluded.

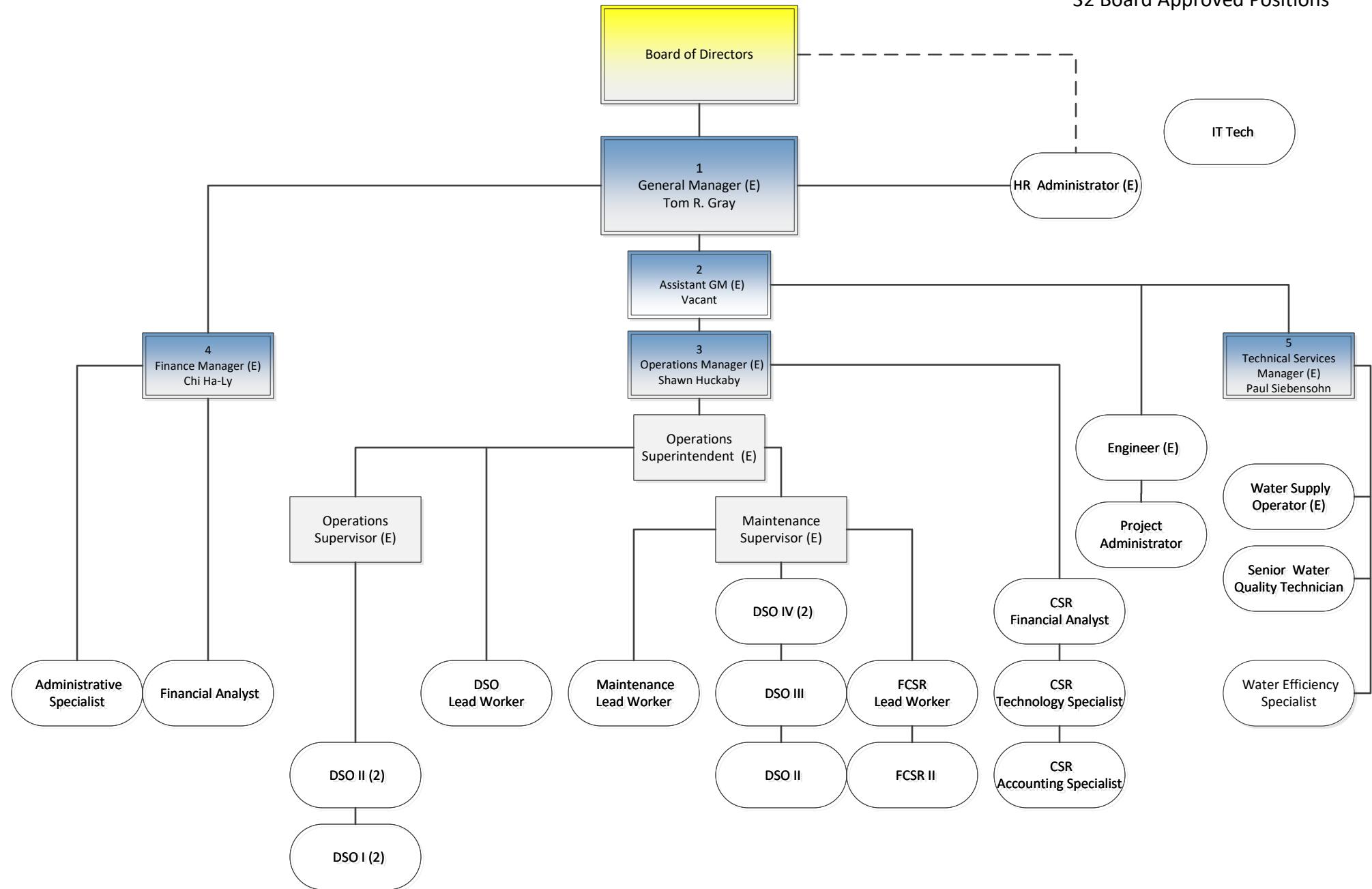
General Budget Timeline



Fair Oaks Water District Organization Chart

2025 BUDGET

32 Board Approved Positions



District Principles, Goals and Objectives

The purpose of the District's financial planning is to demonstrate fiscal solvency and a balanced budget over the long-term, to provide early warning signs of adverse trends, and to serve as a resource for financial planning and policy making. The annual budget utilizes detailed assumptions, such as population, new connections, infrastructure age, parcel area, and historical and projected operating trends while maintaining consistency with District-wide goals and objectives as well as Board approved fiscal and operational policies.

Growth projections are prepared based on past experience and are reviewed for consistency with the Sacramento County General Plan and economic development forecasts. A financial model (discussed later) then generates revenue forecasts and inflates or deflates future year operating and project costs on a consistent basis for all operating activities. Budget projections may or may not occur as predicted, depending upon changes in the economy, future service level changes, and mandates from other government agencies. In order to keep the District Board and management up to date, District staff compares the approved budget with actual expenses monthly.

District Principles

Customer and Community Service

The District is dedicated to excellence in customer service, to representing the community's interest and to serving as a role model for integrity, dependability, enthusiasm and professionalism. These objectives are translated into functional level objectives for the District's staff. To fulfill these goals, the District continually develops problem solving policies and procedures that benefit the District's customers and community.

Planning and Preparedness

The District believes that proper programmatic and fiscal planning allows the organization to provide the utmost service benefit to its customers. Strategically planning District activities results in a structured and supportable allocation of resources and reduces cost, down time, and customer inconvenience.

Quality

The District is dedicated to providing quality service and long-term value to the community and its customers. Long-term value is not always synonymous with cost. Our customers deserve quality, and expect to pay fairly for it. We want to build a utility that generates community pride, yet provides a value to the ratepayer.

Teamwork

Delivering high quality water and reliable service and maintaining excellence in customer service requires a diverse set of knowledge and disciplines. The District believes teams of people can accomplish more than similar numbers of people acting alone. Through

collaborative efforts, the District is stronger, more competent, more sensitive, more considerate, and provides more consistent service.

Setting Priorities

The District believes in putting first things first. In matters of priority, the District's customers, both internal and external, will always come first. We believe we must take care of our customers. In prioritizing our activities, we will place matters of safety and public health protection first, matters of system and property value retention second, and matters of aesthetics third.

Continuous Improvement

The District believes in continuous improvement. We believe in life-long learning and will create an environment where the status quo will be challenged. We will ask questions, execute, and learn. In the process of improving, we will take reasonable risks and make mistakes. We will always be honest about risk and own our mistakes.

District Goals and Objectives

While the District operates by a fundamental set of overriding principles, the fiscal and operational functions of the organization are guided by the District's long-term goals and objectives.

Enhance Reliability of Water Supply and Delivery

As its core mission, the District is dedicated to providing a high quality, reliable source of water supply to the community. As part of this goal, the District has outlined the following specific objectives:

- ✓ Continue to provide leadership in regional conjunctive use, and drought planning opportunities.
- ✓ Continue in an active role in groundwater contamination cleanup.
- ✓ Provide an updated system Master Plan every five years.
- ✓ Continue with best management practices for water quality and conservation.
- ✓ Continue promoting and educating customers about water issues.

Support Employee Development and Professionalism

The District believes that the power of the organization and its ability to meet its goals and objectives lies in its human resources. As such, the District is keenly aware of the necessity of supporting its employees in their professional development. To that end, the District has defined the following specific objectives:

- ✓ Continue to promote education, formal, and informal training in matters of communication and public relations, finance, management, leadership, and computer science.
- ✓ Continue the requirement that all water system operators be State Certified.

- ✓ Continue to provide all employees with a respectful workplace, providing fair and reasonable compensation.

Promote Multi-District Resource Sharing Opportunities

Given the constant economic pressures and the mission to provide the most cost-effective service to the community, the District is committed to identifying and promoting resource sharing opportunities. In so doing, the District strives to balance cost savings, efficiency and customer benefit with minimal service disruption. As part of this goal, the District has defined the following specific objectives:

- ✓ Continue to participate in RWA's collaborative water conservation activities.
- ✓ Continue to work with the San Juan Family of Water Agencies on mutually compatible activities and services, including grant applications.
- ✓ Continue to work with the local community in areas that provide customer benefit.

District Financial Policies

The District Board of Directors has established a number of financial policies to guide the organization in its budgeting and operating activities. The significant financial policies are summarized (discussed) below.

Budget Preparation

An annual budget on a calendar year basis shall be prepared by the General Manager and approved by the Board of Directors. This budget shall be reviewed by a finance committee, then reviewed at a special meeting by the full Board. The amended proposed budget will then be reviewed and discussed at a public meeting scheduled for November.

Fixed Asset Accounting Control

An accounting and inventory of all fixed assets shall be maintained to ensure proper accounting control resulting in accurate financial reports of fixed assets. District assets of \$500 and greater in value will be recorded as a fixed asset for financial recording purposes.

District Reserve Funds and Designations:

The District has established reserve funds to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated District expenses. The adequacy of the target reserve year-end balance ranges and/or annual contributions will be reviewed annually during the budgeting and rate setting process and may be revised as necessary. The following District reserve and fund categories are established:

- Emergency Designation

The emergency designation was established to fund District fixed asset, operating and maintenance expenses not currently budgeted. The designated fund balance has been set at a minimum of four months of operating costs. Annual contributions will be designated in the budget process to maintain a minimum of four months of operating costs.

- Connection Fee Reserve

The Connection Fee Reserve was established to segregate fees charged to new development and direct the money collected to capacity enhancement projects in compliance with AB1600. AB1600 does not designate a target reserve balance. Annual contributions will depend upon new construction within the District. Additionally, interest earnings will be added to this balance on a monthly basis, using the District's earnings rate on investments.

- Certificate of Participation (COP) Reserve

The Certificate of Participation (COP) Reserve was established to segregate certificate of participation (COP) reserves according to governing documents. The proceeds of a COP issue establish the maximum COP reserve available for use. COP reserve balances are created upon issuance of debt. These balances are used according to the COP's installment purchase agreement. Use of the COP reserves will be accounted for on a monthly basis, according to the COP's installment purchase agreement. Contributions will occur upon issuance of COP's. Additionally, interest earnings will be added to the balance on a monthly basis, using the District's earnings rate on investments.

Investment of District Funds:

The District established the investment policy to provide a clear understanding of the objectives, policies and guidelines for the investment of District's idle or surplus funds. This policy is used to effectively manage the District's available cash and investment portfolio in conformity with the provisions of California Government Code Section 53600.

- The General Manager or other persons designated by the Board shall invest idle funds not immediately needed by the District within the limitations of the California Government Code.
- The primary goals, in priority order, of investment activities shall be safety, diversification, liquidity, and rate of return.
- This policy shall be reviewed and updated annually by the Board of Directors.

Authorization of Expenses:

The authorization of expenses policy was established to monitor spending of District's funds in accordance with the approved budget. Expense authority is generally delegated to the General Manager by the Board of Directors through the adopted annual operating budget and through board policy. Expenses requiring Board approval are brought to the Board for approval through the regular Board meeting process.

FINANCIAL SUMMARIES

District Revenues

The District has the following major sources of revenue for 2025:

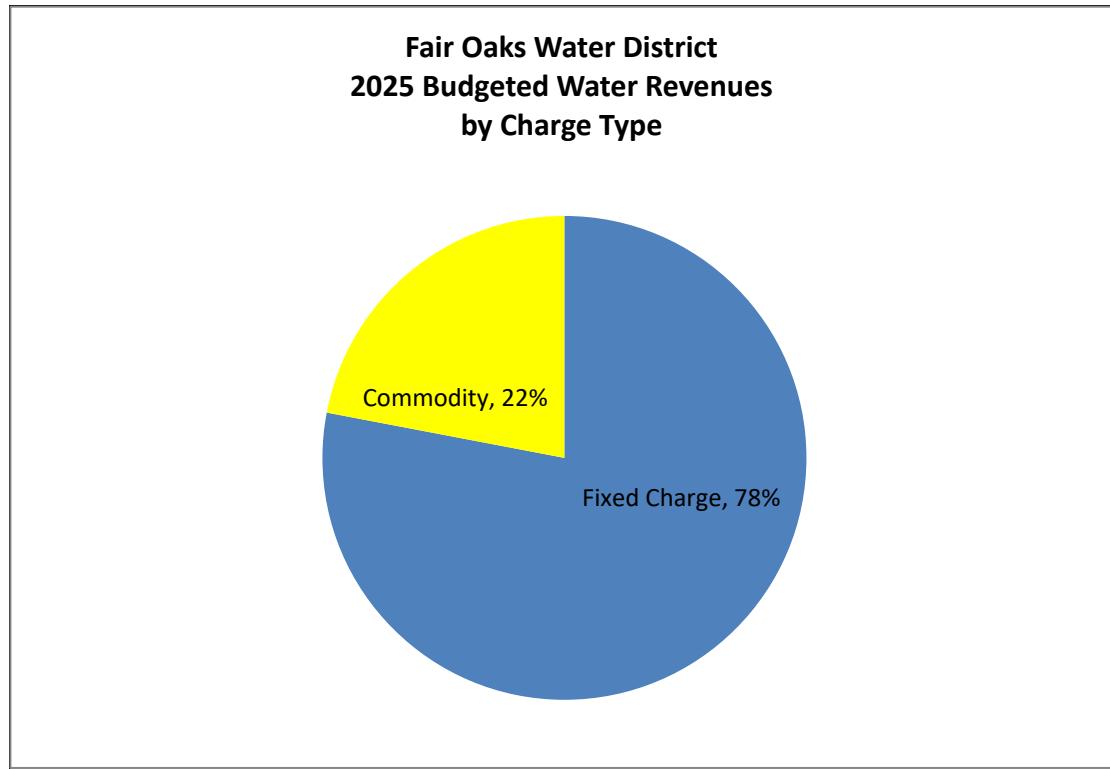
- ✓ Water Sales
- ✓ Other Revenues

Water Sales

Metered Rate Revenues

All District customers are billed on metered rates. The metered rates are based upon two components: commodity rate based on actual water usage and a fixed service charge.

The fixed service charge is based upon meter size and is designed to cover the fixed costs of water delivery. Fixed service charges represent approximately 78% of a customer's total water bill.



The commodity charge covers the variable costs of water service, which fluctuates according to actual water use. The commodity charge represents approximately 22% of the total water bill and is designed to cover the costs of water purchases, pumping, treatment and conservation costs.

Other Revenues

Connection Fees

Connection fees represent the cost to connect to Fair Oaks Water District distribution system for new customers; the funds collected are restricted by AB1600 to capacity enhancement projects. The District service area projected to experience little growth in 2025. Most new service connections will be derived from in-fill developer projects. Connection fees are a small portion of the District's revenues and are projected to be a small amount relative to other revenues. Future connection fee revenues will be minimum due to the built-out nature of the FOWD service area and limited land available for in-fill projects.

Interest Revenue

The District invests its funds in accordance with the California Government Code, Section 53600, Chapter 4 – Financial Affairs and the District's investment policy 5070; with a majority invested in LAIF (Local Agency Investment Fund). Interest earnings on District's reserves remain within the invested funds. Interest earnings fluctuate based on rates and cash balances.

District Expenses

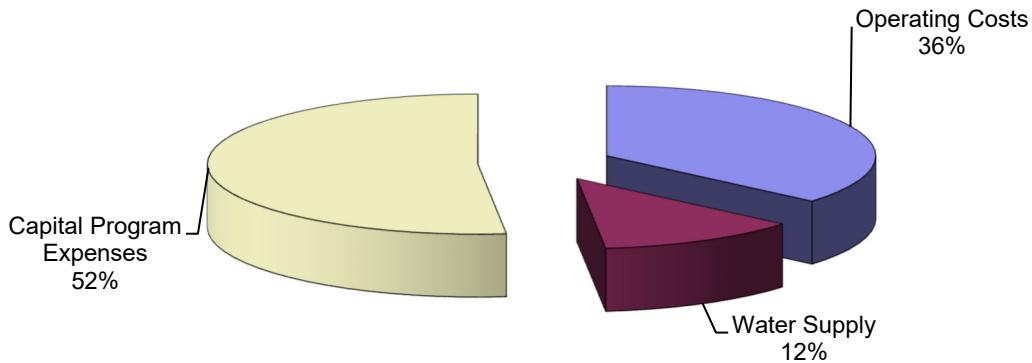
The District's expenses can be categorized into three major groups:

- ✓ Water Supply
- ✓ Capital Projects
- ✓ Operating Costs

2025 Projected Expenses by Major Category	
Operating Costs	\$ 6,974,600
Water Supply	2,325,500
Capital Program Expenses	9,953,200
Total	\$ 19,253,300

The following pie chart illustrates the percentage of the total District expenses allocated to each of these categories.

**FAIR OAKS WATER DISTRICT
2025 Proposed Budget
Expenses by Major Category**



Water Supply

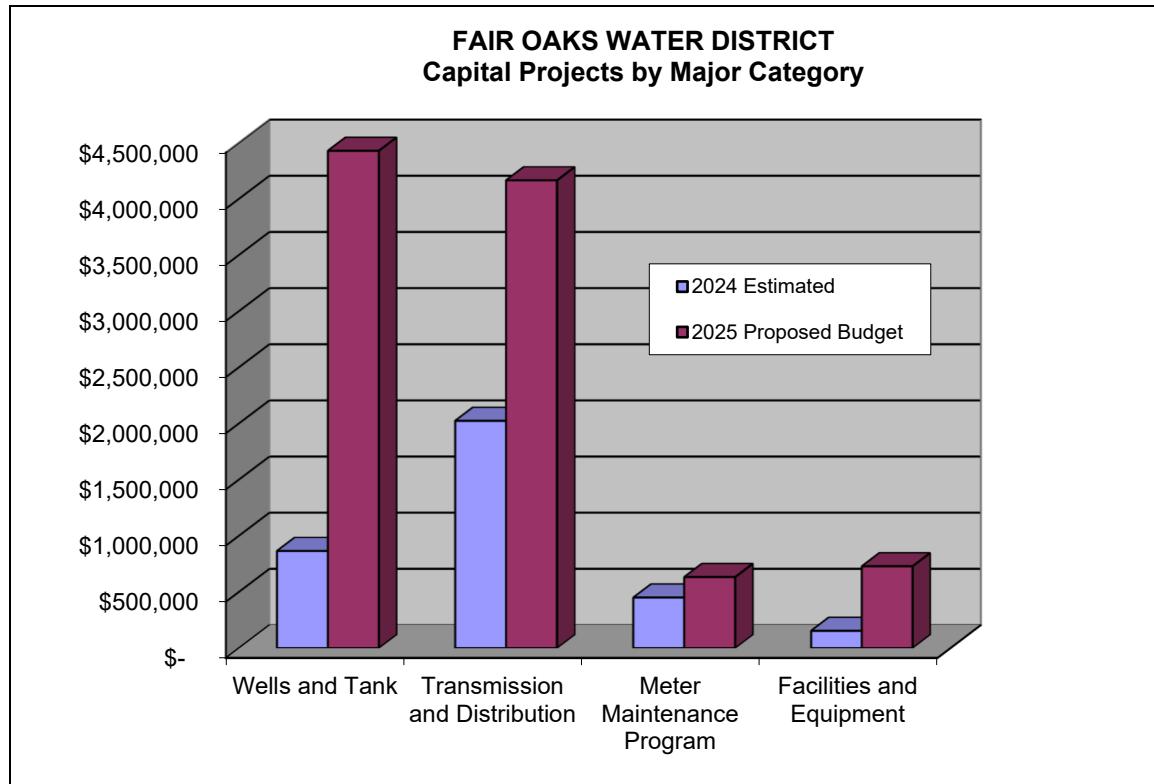
The District currently receives approximately 90% of its water supply from treated surface water through its wholesale supplier, San Juan Water District. The District has purchased on average 6,792 AC-FT of surface water over the past five years. The District projects purchasing approximately 8,737 AC-FT of treated surface water from SJWD in 2025 with 971 AC-FT produced by District's groundwater wells.

Projected 2025 Water Supply Costs	
<i>Purchased Surface Water</i>	
Commodity Charge (\$55.61 per AC-FT x 8,737 AC-FT)	\$ 485,900
Service Charge	1,839,600
<i>Total Purchased Surface Water</i>	2,325,500
<i>Groundwater Production & Other Fees</i>	336,300
Total Water Supply Costs	\$ 2,661,800

Capital Program Expenses Overview

The District has invested, on average, approximately 40% of its rate payers' money into the infrastructure including wells and tanks, transmission and distribution, metering program, and facilities and equipment over the past 10 years. Replacement and updating of infrastructure are needed to ensure safe and reliable water delivery.

Capital Program Expenses Overview		
Category	2024 Estimated	2025 Proposed Budget
Wells and Tank	\$ 864,400	\$ 4,427,900
Transmission and Distribution	2,023,300	4,164,800
Meter Maintenance Program	449,800	632,500
Facilities and Equipment	153,400	728,000
Total	\$ 3,490,900	\$ 9,953,200



Metering Maintenance Program

The District continues to maintain meter through the Meter Maintenance Program. The District replaces meters based on manufacturer's recommended replacement schedule and District's maintenance records. A cost of \$632,000 was projected in the 2025 Proposed Budget for maintaining the District's meters.

Wells and Tank

The District continues to maintain water production facilities. Dry-year and emergency water supply are critical to the District's ability to meet customer water demand under all conditions. The District scheduled the following for wells and tank projects for 2025:

PROJECT DESCRIPTION	ESTIMATED COSTS
New York Well Project Phase II - Equipping	\$ 1,815,500
Northridge Well Drilling & Equipping - Design	\$ 337,000
Northridge Well Drilling & Equipping	\$ 2,000,000
Gum Ranch (Kenneth) Tank Site Improvements	\$ 269,400

Transmission and Distribution

The District continues to repair and replace aging infrastructure throughout its system. The District scheduled the following water main projects for 2025:

PROJECT DESCRIPTION	ESTIMATED COSTS
T-Main Phases I & II Design	\$ 197,700
T-Main Phase I Construction	\$ 2,500,000
Riverfront Lane Services Upgrade	\$ 88,900
County Overlay Projects	\$ 356,500
General Transmission & Distribution System	\$ 870,000
Meter Maintenance Program	\$ 632,500

Facilities and Equipment

The amount of \$228,000 was allocated for replacement of office equipment, computer software, computer equipment, maintenance equipment and trucks and vehicles in 2025. The District budgeted \$500,000 for office building improvements in 2025.

Operating Outlay

The District's operating outlay falls into three functional areas:

- ✓ Operations & Maintenance
- ✓ Customer Service & Administration
- ✓ Board of Directors

Operations & Maintenance

Operations and maintenance is the largest functional department of Fair Oaks Water District. It is responsible for the purchase and delivery of water to the District's customers as well as operating and maintaining the District's pipelines and facilities. This department includes the functions of water quality, system maintenance, planning, operations, inspection and safety.

Customer Service & Administration

The Customer Service & Administration department is responsible for District management, regional water issues, conservation, customer service, billing, collections, metering reading, information systems, public relations, accounting, payroll, accounts payable, human resources, finance and record keeping.

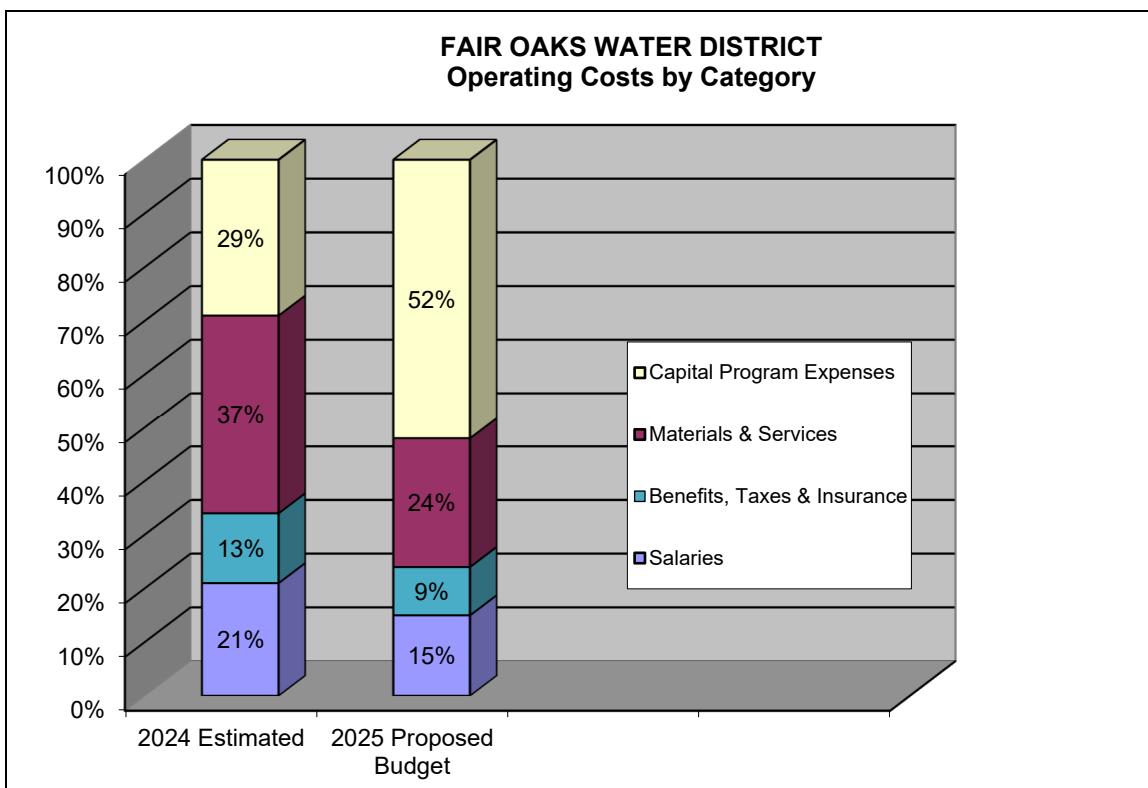
Board of Directors

The Board of Directors (Board) is responsible for developing and reviewing the policies of the District. The Board's regular business meetings are held the second Monday of the month. The Board maintains an active involvement in regional water organizations representing the Districts interest locally and regionally.

District Salaries and Benefits

As with most organizations, salary and benefit costs are a significant component of the District's annual budget. The following table and chart reflect the District's salaries and benefits compared to other major cost categories. The salaries and benefits in the table and chart reflect the net labor being capitalized to projects.

Operating Costs by Category		
Category	2024 Estimated	2025 Proposed Budget
Salaries	\$ 2,570,200	\$ 2,941,600
Benefits, Taxes & Insurance	1,530,700	1,770,800
Materials & Services	4,554,700	4,587,700
Capital Program Expenses	3,490,900	9,953,200
Total	\$ 12,146,500	\$ 19,253,300

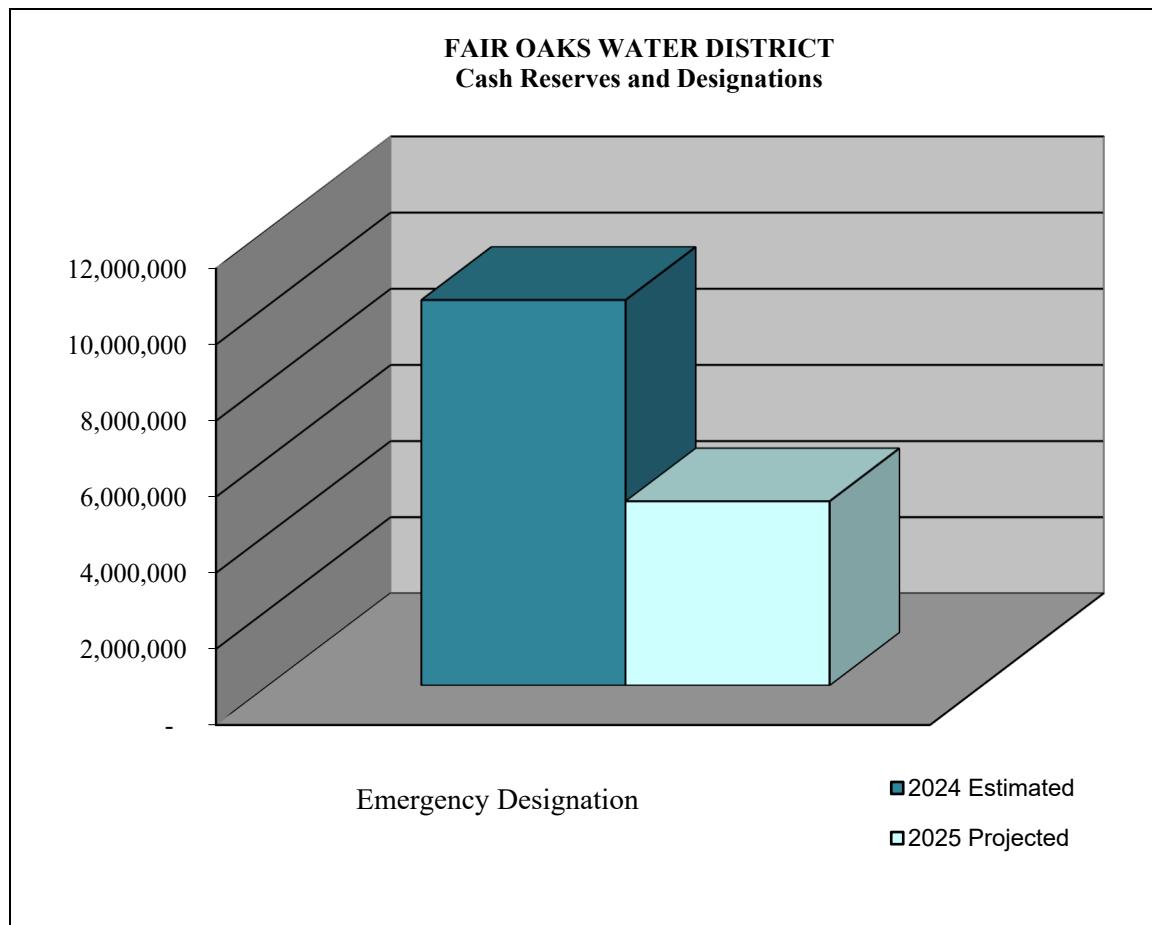


Personnel Summary Full Time Equivalent (FTE)					
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Board Approved	31	31	31	32	32

Reserves and Designations

Reserves and designations are established to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated District expenses. The District's long-term goal is to finance major capital improvements on a "pay as you go" plan, as opposed to issuing new debt. The reserves and designation are designed to assist in this goal. See pages 13-14 for specific definitions on each reserve. The following chart and graph illustrate the District's ending cash reserves and designations.

Ending Cash Reserves/Designations		
Category	2024 Estimated	2025 Projected
Emergency Designation	\$ 10,132,300	\$ 4,844,600
Total	\$ 10,132,300	\$ 4,844,600



Fair Oaks Water District

2025 Proposed Annual Budget

Financial Plan Summary of Revenues and Expenses

Description	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
	2024	& Transfers	Budget	2024	2025
Beginning Cash				\$ 10,068,564	\$ 10,132,300
Revenues					
Total Operating Revenues	\$ 10,946,300	\$ -	\$ 10,946,300	\$ 11,127,600	\$ 11,449,900
Total Non-Operating Revenues	188,900	-	188,900	457,800	301,900
Total Capital Contributions	1,872,600	-	1,872,600	624,800	2,413,800
Total Revenues	\$ 13,007,800	\$ -	\$ 13,007,800	\$ 12,210,200	\$ 14,165,600
Expenses					
Operating Expenses	\$ 9,149,700	\$ 423,364	\$ 9,573,064	\$ 8,655,600	\$ 9,300,100
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 9,149,700	\$ 423,364	\$ 9,573,064	\$ 8,655,600	\$ 9,300,100
Net Income (Loss) before Capital Program Expenses	\$ 3,858,100	\$ (423,364)	\$ 3,434,736	\$ 3,554,600	\$ 4,865,500
Capital Program Expenses					
Information Technology Equipment & Software	\$ 31,000	\$ -	\$ -	\$ 23,400	\$ 21,000
Vehicles & Maintenance Equipment	15,000	2,000	17,000	17,000	171,500
Facility & Office Equipment	215,000	-	215,000	113,000	535,500
Meter Maintenance Program	420,000	68,609	488,609	449,800	632,500
Capital Improvement Program	8,649,200	539,439	9,188,639	2,887,700	8,592,700
Total Capital Program Expenses	\$ 9,330,200	\$ 610,047	\$ 9,909,247	\$ 3,490,900	\$ 9,953,200
FO 40-Inch Pipeline paid to SJWD (Non-Operating Exp.)	\$ -				\$ -
Total Expenses including Capital Program	\$ 18,479,900	\$ 1,033,412	\$ 19,482,312	\$ 12,146,500	\$ 19,253,300
Net Income (Loss)	\$ (5,472,100)	\$ (1,033,412)	\$ (6,474,512)	\$ 63,700	\$ (5,087,700)
Contingency⁽¹⁾	200,000				200,000
Year-End Cash				\$ 10,132,300	\$ 4,844,600

⁽¹⁾ The contingency fund used amounts are being transferred to various expense line items.

Fair Oaks Water District

2025 Proposed Annual Budget

Revenue Summary

Description	Acct #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
		2024	& Transfers	Budget	2024	2025
Operating Revenues:						
Water sales						
Fixed Service Charge	ALL CUSTOMERS	\$ 8,304,500	\$ -	\$ 8,304,500	\$ 8,273,200	\$ 8,695,100
Commodity Charge	ALL CUSTOMERS	2,364,500	-	2,364,500	2,299,700	2,435,400
Total Water Sales		10,669,000	-	10,669,000	10,572,900	11,130,500
Water Transfer	4016	-	-	-	-	-
San Juan Family Groundwater Supply	4014	-	-	-	-	-
Water Services & Other Revenues						
Delinquencies & Late Fees	4050/4055/4060	100,000	-	100,000	165,400	150,000
Fire Service Fees	4038	66,700	-	66,700	67,700	71,300
Meter Downsizing	4186	600	-	600	500	600
Revenues from Reimbursement	4095/4096/4156	25,000	-	25,000	3,400	7,500
Change of Ownership Processing Fee	4190	30,000	-	30,000	34,000	30,000
Miscellaneous Revenue	4015/4170/4175/4186/4189/4 310/4042/4315/4330	20,000	-	20,000	236,500	20,000
Developer Paid Fees for Service ⁽¹⁾	4130	35,000	-	35,000	47,200	40,000
Total Water Services & Other Revenues		277,300	-	277,300	554,700	319,400
Total Operating Revenues	4014	\$ 10,946,300	\$ -	\$ 10,946,300	\$ 11,127,600	\$ 11,449,900
Non-Operating Revenues:						
Interest Revenue	4610	\$ 188,900	\$ -	\$ 188,900	\$ 439,600	\$ 301,900
Gain on Disposal of Assets	4080/4090	-	-	-	18,200	-
Total Non-Operating Revenues		\$ 188,900	\$ -	\$ 188,900	\$ 457,800	\$ 301,900
Capital Contributions:						
Connection Fees	4110/4120	\$ 25,000	\$ -	\$ 25,000	\$ 95,300	\$ 16,200
Grants	4320	1,847,600	-	1,847,600	473,000	2,397,600
Other Capital Revenues ⁽¹⁾	4150	-	-	-	56,500	-
Total Capital Contributions		\$ 1,872,600	\$ -	\$ 1,872,600	\$ 624,800	\$ 2,413,800
Total Revenues		\$ 13,007,800	\$ -	\$ 13,007,800	\$ 12,210,200	\$ 14,165,600

⁽¹⁾ Budget for "Other Capital Revenues" is included in the Developer Paid Fees for Service.

Fair Oaks Water District

2025 Proposed Annual Budget Expense Summary

			Budget	C/F Funding	Adj. 2024	Estimated	Proposed
	Project #	GL #	2024	& Transfers	Budget	2024	2025
Labor & Benefits⁽¹⁾							
<i>Salaries and Wages</i>							
Salaries		VARIOUS	5010	\$ 3,255,700	\$ -	\$ 3,255,700	\$ 2,831,100
On-call ⁽²⁾		VARIOUS	5011	30,400	-	30,400	30,400
Overtime ⁽²⁾		VARIOUS	5011	15,000	-	15,000	15,000
<i>Salaries and Wages Subtotal</i>			\$ 3,301,100	\$ -	\$ 3,301,100	\$ 2,876,500	\$ 3,442,900
<i>Benefits and Insurance</i>							
Auto and Mileage		E25BIINS	5420	\$ 3,600	\$ -	\$ 3,600	\$ 3,600
Dental Insurance		E25BIINS	5220	44,900	-	44,900	34,900
FICA		E25BIINS	5110	204,700	-	204,700	178,300
Medicare		E25BIINS	5120	47,900	-	47,900	41,700
Health Insurance		E25BIINS	5210	829,500	-	829,500	753,600
Disability Insurance		E25BIINS	5260	13,200	-	13,200	11,100
Life Insurance		E25BIINS	5230	8,500	-	8,500	8,800
Pension Plan ⁽³⁾		E25BIINS	5240	620,900	-	620,900	565,900
Deferred Compensation ^{(4)[a]}		E25BIINS	5280	41,400	4,250	45,650	45,700
Unemployment Insurance		E25BIINS	5310	15,000	-	15,000	1,000
Vision Care		E25BIINS	5250	9,400	-	9,400	8,400
Workers Compensation		E25BIINS	5320	83,000	-	83,000	61,500
<i>Benefits and Insurance Subtotal</i>			\$ 1,922,000	\$ 4,250	\$ 1,926,250	\$ 1,714,500	\$ 2,071,500
Labor & Benefits Subtotal			\$ 5,223,100	\$ 4,250	\$ 5,227,350	\$ 4,591,000	\$ 5,514,400
In-house CIP/MMP Labor & Benefits Capitalized			\$ (803,200)	\$ -	\$ (803,200)	\$ (396,100)	\$ (790,400)
In-house Labor & Benefits Charged to Operating Expenses			(11,600)	-	(11,600)	(94,000)	(11,600)
Net Labor & Benefits			\$ 4,408,300	\$ 4,250	\$ 4,412,550	\$ 4,100,900	\$ 4,712,400
Materials & Services							
<i>Water Supply</i>							
Surface Water Supply, SJWD ⁽⁵⁾		E25WSWAT	6110	\$ 2,217,600	\$ -	\$ 2,217,600	\$ 2,226,500
Chemicals		E25WSCH	6160	32,600	-	32,600	12,500

	Project #	GL #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
			2024	& Transfers	Budget	2024	2025
Division of Drinking Water Annual Permit ^[b]	E25WSDOH	6358	64,000	500	64,500	64,500	76,500
	E25WSECT	6120	-	-	-	-	-
	E25WSECW	6130	424,300	-	424,300	178,000	189,000
	E25WSECO	6135	3,100	-	3,100	3,100	3,300
	E25WSTS	6140	31,000	-	31,000	31,000	32,500
	E25WSSCADA	6151	10,000	-	10,000	8,500	10,500
	E25WSCP	6152	4,000	-	4,000	3,700	4,000
	E25WSHTF	6155	3,000	-	3,000	500	3,000
	<i>Water Supply Subtotal</i>		\$ 2,789,600	\$ 500	\$ 2,790,100	\$ 2,528,300	\$ 2,661,800
District Facilities Maintenance and Repairs							
Well and Pump Repairs ^[b]	E25DFWPRM	6170	\$ 24,000	\$ -	\$ 24,000	\$ 16,000	\$ 24,000
Skyway Tank Inspection	E25DFSTI	6166	5,000	-	5,000	-	-
Skyway Booster Inspection and Repair	E25DFSBIR	6167	5,000	-	5,000	-	5,000
Annual Pump Efficiency Testing	E25DFAPET	6171	5,000	-	5,000	5,000	5,500
Tank Repairs and Maintenance	E25DFMTRM	6165	15,000	-	15,000	12,000	15,500
District Site Maintenance	E25DFSM	6700	20,000	-	20,000	20,000	25,000
Janitorial Services	E25DFJAN	6710	23,000	-	23,000	23,000	23,000
Elevator Maintenance ^[c]	E25DFEM	6701	9,500	625	10,125	8,100	7,800
Security Costs	E25DFSEC	6720	4,200	-	4,200	4,100	4,600
<i>District Facilities Maint. Subtotal</i>			\$ 110,700	\$ 625	\$ 111,325	\$ 88,200	\$ 110,400
Vehicle and Equipment Maintenance							
Vehicle Maintenance ^[7]	E25VMVM	6610	\$ 16,500	\$ -	\$ 16,500	\$ 16,500	\$ 42,500
Vehicle Repairs ^{[7][d]}	E25VMVR	6611	15,000	1,000	16,000	16,000	-
Other Equipment Maintenance ^[e]	E25EMEM	6621	15,500	2,000	17,500	16,500	37,500
Other Equipment Repair ^[f]	E25EMER	6622	15,000	5,000	20,000	19,000	-
<i>Vehicle Maintenance Subtotal</i>			\$ 62,000	\$ 8,000	\$ 70,000	\$ 68,000	\$ 80,000
Insurance							
Auto and General Liab. Insurance	E25INAUT	7310	\$ 115,000	\$ -	\$ 115,000	\$ 109,300	\$ 114,500
Bonding	E25INBON	7330	1,600	-	1,600	1,500	1,600
Property Insurance ^[g]	E25INPRO	7320	45,000	7,800	52,800	52,800	55,000
<i>Insurance Subtotal</i>			\$ 161,600	\$ 7,800	\$ 169,400	\$ 163,600	\$ 171,100
Printing/Postage/Billing and Payment Processing							
Advertisement, Notices & Recording Fees	E25PPADV	7655	\$ 5,000	\$ -	\$ 5,000	\$ 2,000	\$ 5,000
Online Bill Pay/Payment Processing	E25PPOBP	7697	28,000	-	28,000	28,000	30,000
Customer Bill Printing	E25PPINV	7660	17,500	-	17,500	10,500	17,500

	Project #	GL #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
			2024	& Transfers	Budget	2024	2025
Customer Bill postage	E25PPINVP	7695	43,000	-	43,000	42,500	44,000
Customer Collection Postage	E25PPCCP	7696	7,000	-	7,000	7,000	7,000
General Postage	E25PPPPOS	7690	1,000	-	1,000	1,000	1,000
General Printing	E25PPPRI	7670	1,800	-	1,800	1,100	1,800
Proposition 218 Programs; etc. ⁽⁸⁾	E22PPP218	7651	-	-	-	-	-
Collection Expense Printing	E25PPCE	6910	900	-	900	600	900
<i>Printing & Postage Subtotal</i>			\$ 104,200	\$ -	\$ 104,200	\$ 92,700	\$ 107,200
Office Expense							
Office Equipment Rental	E25OEER	6315	\$ 700	\$ -	\$ 700	\$ 700	\$ 700
Office Supplies	E25OESUP	7610	17,000	-	17,000	15,000	17,000
Office Equipment less than \$500	E250EEQUIP	7615	3,000	-	3,000	2,500	3,000
Office Furniture less than \$500	E25OEOF	7616	2,000	-	2,000	2,000	2,000
Office Equipment Maintenance	E25OEEM	6614	500	-	500	100	500
Office Equipment Maintenance Agreements	E250EOEMA	6615	18,100	-	18,100	15,900	13,400
<i>Office Expense Subtotal</i>			\$ 41,300	\$ -	\$ 41,300	\$ 36,200	\$ 36,600
Professional Services & Other							
Coop. Trans. Pipeline O & M	E25PSCTP	6190	\$ 7,000	\$ -	\$ 7,000	\$ 3,900	\$ 7,000
Meter Testing Service ^[h]	E25PSMTS	6626	5,000	1,800	6,800	6,700	5,000
Dues & Subscriptions	E25PSDS	7620	52,000	-	52,000	47,400	52,400
RWA Regional Water Bank Phase 3	E25PSRWB	7645	-	-	-	-	40,100
Grant Application	E25PSGRT	7165	5,000	-	5,000	-	5,000
Urban Water Management Plan (State)	E25PSUWMP	7134	15,000	-	15,000	-	60,000
Hydraulic Model Update ⁽⁹⁾	E24PSHMU	7138	11,000	-	11,000	-	-
Emergency Response Plan	E25PSER	7131	500	-	500	-	500
Banking Fees	E25PSBNK	7170/71	36,000	-	36,000	30,500	32,000
Financial Audit Fees	E25PSAUD	7120	22,000	-	22,000	21,000	22,000
Actuarial Services for Pension Calculation ⁽¹⁰⁾	E25PSAS	7121	800	-	800	700	800
Legal Fees	E25PSLEG	7110	150,000	-	150,000	125,000	100,000
Regional Support	E25PSRS	7640	108,000	-	108,000	103,000	105,000
IT Consulting Service	E25PSCC	7156	123,500	-	123,500	112,600	102,000
Website Design and Public Outreach	E25PSWDPO	7160	5,000	-	5,000	5,000	5,000
Annual IT Audit	E25PSITAUD	7157	5,600	-	5,600	5,600	5,600
Answering Service	E25PSANS	7180	2,500	-	2,500	2,200	2,500
Professional Consulting Fees, Other ^[i]	E25PSPROF	7130	150,000	19,589	169,589	57,000	114,000
<i>Professional Services & Other Subtotal</i>			\$ 698,900	\$ 21,389	\$ 720,289	\$ 520,600	\$ 658,900

	Project #	GL #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
			2024	& Transfers	Budget	2024	2025
System Maintenance/Repairs							
Aggregate, Sand & Cutback ^[l]	E25SMSA	6320	\$ 25,000	\$ 7,500	\$ 32,500	\$ 30,000	\$ 26,000
Paving (Includes Non-Capital County Overlay)	E25SMPAV	6340	75,000	-	75,000	49,000	80,000
Equip. and Tool Rental ^[k]	E25SMREN	6310	1,500	1,000	2,500	2,500	2,000
Consumables & Maintenance Supplies	E25SMCMS	6210	15,000	-	15,000	14,200	16,000
Distribution Repairs ^[l]	E25SMDR	6215	25,000	7,500	32,500	32,500	40,000
Distribution System Maintenance Programs	E25SMSMP	6214	7,000	-	7,000	7,000	10,000
T-Main Repairs	E25SMTMR	6216	25,000	-	25,000	20,000	25,000
Damages ^{(11)/[m]}	E25SMDAM	6219	25,000	364,800	389,800	389,800	25,000
Backflow Testing and Supplies	E25SMBF	6180	4,800	-	4,800	4,800	6,500
Meter Downsizing	E25SMMD	6627	600	-	600	-	600
Inventory Replenishment ⁽¹²⁾	E25SMIR	6230	10,000	-	10,000	-	10,000
Gas and Oil	E25SMGAS	6630	56,000	-	56,000	54,000	55,000
Equipment and Tools less than \$500	E25SMSMT	6240	12,000	-	12,000	12,000	12,000
Safety Equipment less than \$500	E25SMSAF	6250	13,000	-	13,000	13,000	13,500
<i>System Maintenance/Repairs</i>			\$ 294,900	\$ 380,800	\$ 675,700	\$ 628,800	\$ 321,600
Fees							
County Rees & Taxes	E25FECF	6350	\$ 1,300	\$ -	\$ 1,300	\$ 1,300	\$ 1,300
Air Quality	E25FEAQ	6355	10,900	-	10,900	11,000	11,700
NPDES Permit	E25FENPD	6359	4,000	-	4,000	4,000	4,000
Haz-mat Disposal	E25FEHAZD	6354	2,000	-	2,000	2,000	5,000
Haz-mat Permit	E25FEHAZ	6357	6,900	-	6,900	4,700	7,500
<i>Fees Subtotal</i>			\$ 25,100	\$ -	\$ 25,100	\$ 23,000	\$ 29,500
Utilities							
Communication, Telephone	E25UTTEL	6760	\$ 101,900	\$ -	\$ 101,900	\$ 98,000	\$ 71,000
District Site Utilities	E25UTDU326..31 7..340	6740	36,500	-	36,500	35,500	40,600
<i>Utilities Subtotal</i>			\$ 138,400	\$ -	\$ 138,400	\$ 133,500	\$ 111,600
Information Technology							
IT Maintenance Agreements	E25ITCS	7150	\$ 140,500	\$ -	\$ 140,500	\$ 130,700	\$ 161,700
Computer Hardware <\$500	E25ITCH	7151	5,000	-	5,000	5,000	6,000
Computer Software <\$500	E25ITCSFT	7152	1,000	-	1,000	200	1,000
<i>Information Technology Subtotal</i>			\$ 146,500	\$ -	\$ 146,500	\$ 135,900	\$ 168,700
Water Efficiency							
Conservation Outreach	E25COOUT	6430	\$ 22,000	\$ -	\$ 22,000	\$ 14,000	\$ 20,000
Cons. Landscape Irrigation Review (Materials)	E25COLIR	6450	2,000	-	2,000	-	1,500
Conservation Water Waste (Materials)	E25COWW	6470	500	-	500	500	500
Conservation Large Landscape (Materials)	E25COLL	6455	2,000	-	2,000	1,500	3,500
Conservation Toilet Rebate Program	E25COTR	6510	10,000	-	10,000	6,000	7,500
Conservation Toilet Rebate Program (Reimb.)	E25COTRR	6515	7,500	-	7,500	5,500	6,500

		Budget	C/F Funding	Adj. 2024	Estimated	Proposed		
		Project #	GL #	2024	& Transfers	Budget	2024	2025
	Washing Machine Program	E25COWMR/R	6516	500	-	500	500	500
	Conservation Irrigation Efficiency Rebate	E25COER	6519	-	-	-	-	7,500
	Conservation Internal Review (Materials)	E25COIR	6460	1,000	-	1,000	1,000	1,000
	<i>Water Efficiency Subtotal</i>			\$ 45,500	\$ -	\$ 45,500	\$ 29,000	\$ 48,500
	Training & Uniforms							
	DMV/Physicals/DOT Testing	E25TUPHY	7135	\$ 8,500	\$ -	\$ 8,500	\$ 5,000	\$ 8,500
	Employee Recognition Program	E25TUERP	7570	11,000	-	11,000	11,000	11,000
	Training and Travel Expenses	E25TUTTE	7510	20,000	-	20,000	20,000	20,000
	Uniforms	E25TUUNI	6270	12,800	-	12,800	10,500	17,200
	<i>Training Subtotal</i>			\$ 52,300	\$ -	\$ 52,300	\$ 46,500	\$ 56,700
	Board Expenses							
	Election Expense	E25BEEE	7720	\$ 45,400	\$ -	\$ 45,400	\$ 45,400	\$ -
	Director's Fees	E25BEDF	7710	12,500	-	12,500	11,000	12,500
	Miscellaneous Board Expenses	E25BEMSC	7730	2,500	-	2,500	2,500	2,600
	Travel and Seminars	E25BETS	7740	10,000	-	10,000	1,500	10,000
	<i>Board Expenses Subtotal</i>			\$ 70,400	\$ -	\$ 70,400	\$ 60,400	\$ 25,100
	Materials & services total			\$ 4,741,400	\$ 419,114	\$ 5,160,514	\$ 4,554,700	\$ 4,587,700
	Department Grand Total			\$ 9,149,700	\$ 423,364	\$ 9,573,064	\$ 8,655,600	\$ 9,300,100

Expense Summary

General Notes

- (1) Labor and Benefits: The Board approved 32 positions. [Page 26]
- (2) Oncall will only include standby pay. All calls taken/worked will be budgeted under overtime. [Page 26]
- (3) Pension plan includes the required portion of unfunded accrued liability for the year and actual pension expense. [Page 26]
- (4) The Board approved the Deferred Compensation Matching Contribution in 2022 - FOWD cash payment is made in January of the following year. [Page 26]
- (5) The District assumes 10% groundwater pumping and 90% surface water for 2025. [Page 26]
- (6) Starting in 2024, the Energy for Tank will be combined with the Wells. [Page 27]
- (7) The District follows manufacturer's recommended maintenance schedule for vehicles. Vehicle Repairs will be budgeted starting 2025 under Vehicle Maintenance. [Page 27]
- (8) The District generally incur Proposition 218 expenses from rate change process. [Page 28]
- (9) Starting 2025, the Hydraulic Model Update will be budgeted under IT Maintenance Agreements. [Page 28]
- (10) GASB requires the District to record the net pension liability on its statement of net position. The District will use actuarial services to calculate the net pension liability. [Page 28]
- (11) Reimbursements for the damages are shown in the revenues summary under "Revenues from Reimbursements and Miscellaneous Revenue." [Page 29]
- (12) Inventory purchase will be budgeted to show the cash spending and placed in inventory until charged out to a particular project. [Page 29]

Budget Transfers/Funds carried forward from prior year(s)

- [a] The Board approved to transfer from Contingency Fund \$3,000 to cover Deferred Compensation on January 16, 2024. [Page 26]
- [b] The Board approved to transfer from Contingency Fund \$500 to cover Division of Drinking Water (DDW) Permit Fees on January 16, 2024. [Page 27]
- [c] The Board approved to carry forward \$625 from 2023 to 2024 for the Elevator Maintenance on January 16, 2024. [Page 27]
- [d] The Board approved to carry forward \$1,000 from 2023 to 2024 for the Vehicle Repairs on January 16, 2024. [Page 27]
- [e] The Board approved to transfer from Contingency Fund \$2,000 to cover Other Equipment Maintenance on September 16, 2024. [Page 27]
- [f] The Board approved to transfer from Contingency Fund \$5,000 to cover Equipment Repairs on September 16, 2024. [Page 27]
- [g] The Board approved to transfer from Contingency Fund \$7,800 to cover Property Insurance on August 19, 2024. [Page 27]
- [h] The Board approved to carry forward \$3,000 from 2023 to 2024 for the Meter Testing Service on January 16, 2024. [Page 28]
- [i] The Board approved to carry forward \$19,589.38 from 2023 to 2024 for the Professional Services on January 16, 2024. [Page 28]
- [j] The Board approved to transfer from Contingency Fund \$2,500 and \$5,000 to cover Aggregate, Sand & Gravel on August 19, 2024 and September 16, 2024, respectively. [Page 29]
- [k] The Board approved to transfer from Contingency Fund \$1,000 to cover Equip. and Tool Rental on August 19, 2024. [Page 29]
- [l] The Board approved to transfer from Contingency Fund \$7,500 to cover Distribution Repairs on August 19, 2024. [Page 29]
- [m] The Board approved to transfer from reserves \$325,000 to Damages for the T-Main repair on May 20, 2024.

FOWD received reimbursement in September 2024 of \$216,339.85 for the T-Main Repair.

\$39,799.85 will be used for damages and the \$176,540 will be put back to reserves. [Page 29]

Fair Oaks Water District

2025 Proposed Annual Budget

Debt Service

Description	Acct #	Budget 2024	C/F Funding & Transfers	Adj. 2024 Budget	Estimated 2024	Proposed 2025
Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Debt Service Principal Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - Interest		\$ -	\$ -	\$ -	\$ -	\$ -
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Debt Service Interest Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -
Material and Services		\$ -	\$ -	\$ -	\$ -	\$ -
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Material and Services Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -
Department Grand Total		\$ -	\$ -	\$ -	\$ -	\$ -

Fair Oaks Water District

2025 Proposed Annual Budget

Information Technology Equipment and Software

Description	Project #	Budget 2024	C/F Funding & Transfers	Adj. 2024	Estimated Budget 2024	Proposed 2025
Information Technology Equipment & Software						
IT Equipment						
Computer Hardware (Desktops/Laptops)	A24CCCE	\$ 15,000	\$ -	\$ -	\$ 12,000	\$ 15,000
Meter Reading Equipment	A24CCMR	1,000	-	-	900	1,000
Modular Battery Replacement	A24CCMBR	10,000	-	-	10,000	-
IT Software/Licensing						
IT Software and Licensing	A24CCCS	5,000	-	-	500	5,000
Total Information Technology Equipment & Software		\$ 31,000	\$ -	\$ -	\$ 23,400	\$ 21,000

Fair Oaks Water District

2025 Proposed Annual Budget Vehicles and Maintenance Equipment

Description	Project #	Budget 2024	C/F Funding & Transfers	Adj. 2024 Budget	Estimated 2024	Proposed 2025
Replace 122 2012 Ford F250 ST in 2025	A24FENV1	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Replace 081 Dodge Pickup in 2025 (Light Service Truck)	A24FENV2	-	-	-	-	60,000
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ 120,000
Maintenance Equipment/Tools						
Replace Wackers/Tampers	A22MEWT	\$ -	\$ -	\$ -	\$ -	\$ -
Underground Locators	A25MEUL	-	-	-	-	5,000
Well Sounder	A25MEWS	-	-	-	-	1,000
Valve Exercise Machine	A25MEVE	-	-	-	-	7,000
Metal Locator	A25MEML	-	-	-	-	2,500
Tapping Machine	A25METM	-	-	-	-	5,000
AC Pipe Cutters	A25MEACPC	-	-	-	-	5,000
Large Meter Tester	A25MELMT	-	-	-	-	12,000
Trench Shoring	A25METS	10,000	-	10,000	10,000	-
Hydrant Backflow Meter Assembly (Construction Meter)	A25MEHBM	-	-	-	-	9,000
Other Maintenance Equipment ^[a]	A25MEOM	5,000	2,000	7,000	7,000	5,000
Subtotal		\$ 15,000	\$ 2,000	\$ 17,000	\$ 17,000	\$ 51,500
Total Vehicles & Maintenance Equipment		\$ 15,000	\$ 2,000	\$ 17,000	\$ 17,000	\$ 171,500

Budget Transfers/Funds carried forward from prior year(s)

^[a] The Board approved to transfer from Contingency Fund \$2,000 to cover Other Maintenance Equipment on September 16, 2024.

Fair Oaks Water District

2025 Proposed Annual Budget

Facilities and Office Equipment

Description	Project #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
		2024	& Transfers	Budget	2024	
Building						
Admin. Office Building (10326 FOB)	A25BUNB	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
FOWD Field Center Service Project	A25BUMQDC	200,000	-	200,000	105,000	500,000
Total Building		\$ 205,000	\$ -	\$ 205,000	\$ 105,000	\$ 505,000
Office Equipment						
Safety Equipment	A25OESAF	\$ 3,000	\$ -	\$ 3,000	\$ 3,000	\$ 3,000
Audio Video	A25OEAV	1,000	-	1,000	500	1,000
Furnishings	A25OEFUR	3,000	-	3,000	3,000	3,000
Folder Inserter	A25OEFI	-	-	-	-	17,000
Postage Machine	A25OEPM	-	-	-	-	3,500
Office Equipment	A25OEEO	3,000	-	3,000	1,500	3,000
Total Office Equipment		\$ 10,000	\$ -	\$ 10,000	\$ 8,000	\$ 30,500
Total Facilities and Office Equipment		\$ 215,000	\$ -	\$ 215,000	\$ 113,000	\$ 535,500

Fair Oaks Water District

2025 Proposed Annual Budget Meter Maintenance Program

Description	Project#	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
		2024	& Transfers	Budget	2024	2025
Meter Maintenance Program (MMP)						
New Residential Metering	M25MMMRES	\$ 5,000	\$ -	\$ 5,000	\$ 6,300	\$ 10,000
Meter Replacement ^[a]	M25MMMR	140,000	28,959	168,959	153,500	282,000
AMR/Registers Replacement ^[b]	M25MMAMMR	250,000	39,650	289,650	280,000	280,000
Large Meter Install	M25MMLMI	-	-	-	-	40,000
Large Meter Replacement	M25MMLMR	25,000	-	25,000	10,000	20,500
Total MMP⁽¹⁾		\$ 420,000	\$ 68,609	\$ 488,609	\$ 449,800	\$ 632,500

General Notes

⁽¹⁾ Includes labor and benefits.

Budget Transfers/Funds carried forward from prior year(s)

^[a] The Board approved to carry forward \$28,958.70 from 2023 to 2024 for the Meter Replacement on January 16, 2024.

^[b] The Board approved to carry forward \$39,649.86 from 2023 to 2024 for the Meter Replacement on January 16, 2024.

Fair Oaks Water District

2025 Proposed Annual Budget Capital Improvement Program

Description	PROJECT #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
		2024	& Transfers	Budget	2024	2025
Wells & Tank						
Miscellaneous Bowl Replacement ⁽¹⁾		\$ -	\$ -	\$ -	\$ -	\$ -
Minor Water Supply Facilities Upgrades ⁽¹⁾		-	-	-	-	-
New York Well Design ^{(5)[a]}	C24WTNYWD	-	23,404	23,404	23,400	-
New York Well Drilling and Equipping ⁽⁶⁾	C24WTNYWDE	2,940,000	-	2,940,000	350,000	1,815,500
Skyway Well Drilling and Equipping ^{(5)[b]}	C24WTSDE	-	341,966	341,966	340,000	-
Skyway Site Improvements	C25WTSI	-	-	-	-	6,000
Northridge Well Replacement - Design	C24WTNWRD	450,000	-	450,000	150,000	337,000
Northridge Well Replacement - Equipping	C24WTNWRE	1,450,000	-	1,450,000	-	2,000,000
Gum Ranch (Kenneth) Tank Site ^{(6)[c]}	C24WTGRTS	214,000	56,335	270,335	1,000	269,400
Subtotal		\$ 5,054,000	\$ 421,705	\$ 5,475,705	\$ 864,400	\$ 4,427,900
Transmission & Distribution						
Services Upgrade	C24TDSU	\$ 538,200	\$ -	\$ 538,200	\$ 375,000	\$ 425,000
Hydrant Upgrades ^[d]	C24TDHU	250,000	3,200	253,200	170,000	225,000
Minor Main Upgrades	C24TDMU	75,000	-	75,000	40,000	75,000
ARV and Blow-off Upgrades	C24TDARV	50,000	-	50,000	26,000	50,000
New Hydrants	C24TDNH	80,000	-	80,000	50,000	75,000
Sampling Station Upgrades	C24TDSS	20,000	-	20,000	20,000	20,000
Developer's Paid Projects-Service & Main Line Installation etc. ^{(2)[e]}	VARIOUS	-	-	-	-	131,700
Developer's Paid Projects-Service Installation etc. ^{(2)[e]}	VARIOUS	44,100	70,589	114,689	23,000	
Developer's Paid Main Line Projects ^{(2)[e]}	VARIOUS	15,000	41,969	56,969	7,200	
Greenvale Improvements	C24TDGI	55,000	-	55,000	55,000	20,000
Replace 12-inch Steel Water Main on New York Ave. South of New York Well ⁽⁶⁾	C24TDNYASW	2,132,000	-	2,132,000	1,150,000	-

Fair Oaks Water District

2025 Proposed Annual Budget Capital Improvement Program

Description	PROJECT #	Budget	C/F Funding	Adj. 2024	Estimated	Proposed
		2024	& Transfers	Budget	2024	2025
Riverfront Lane Services Upgrade	C24TDRFL	90,900	-	90,900	2,000	88,900
T- Main Replacement Phases I & II - Design (Blue Oak to Winding Oak) ⁽⁴⁾	C25TD SH/C25TD T1D	145,000	-	145,000	105,100	197,700
T- Main Replacement Phases I & II - Construction	C25TDT1C	-	-	-	-	2,500,000
County Overlay Project - Hidden Valley Circle	C25TDCOHV	-	-	-	-	68,500
County Overlay Project - Madison (Hazel to Blue Oak)	C25TDCOM	-	-	-	-	91,000
County Overlay Project - Sunrise (American River Bridge to Winding Way)	C25TDCOS	-	-	-	-	70,000
County Overlay Project - Madison (Fair Oaks to San Juan)	C25TDCOMFS	-	-	-	-	70,000
County Overlay Project - Sunrise (Winding Way to Sunset)	C25TDCOSWS	-	-	-	-	57,000
County Overlay Project - Madison, Kenneth to McKay	C24TDHAKM	100,000	-	100,000	-	-
County Hazel Ave. Improv. Project Phase III (12-inch DIP) from Sunset Avenue to Madison Avenue ^[f]	C24TD255	-	1,976	1,976	-	-
Subtotal		\$ 3,595,200	\$ 117,734	\$ 3,712,934	\$ 2,023,300	\$ 4,164,800
Total CIP⁽³⁾		\$ 8,649,200	\$ 539,439	\$ 9,188,639	\$ 2,887,700	\$ 8,592,700

General Notes

- (1) To be funded from contingency fund.
- (2) Developers paid projects are budgeted with fees expected to be collected in revenues. All developers paid fees for incomplete projects will be carried forward to the next year. Starting in 2025, developer projects for services and main installation will be combined into one budget line item.
- (3) Includes labor and benefits.
- (4) 2024 Budget for T-Main Phase I was from Skyway Dr. to Hazel
- ^(b) Carryforward any unused fund from 2024 Adjusted Budget.
- ^(b) Carryforward any unused fund of the 2024 Estimated.

Budget Transfers/Funds carried forward from prior year(s)

- [a] The Board approved to carry forward \$23,404 from 2023 to 2024 for the New York Well Design on January 16, 2024.
- [b] The Board approved to carry forward \$341,966.37 from 2023 to 2024 for the Skyway Drilling and Equipping on January 16, 2024.
- [c] The Board approved to carry forward \$56,334.77 from 2023 to 2024 for the Gum Ranch Tank Sie on January 16, 2024.
- [d] The Board approved to carry forward \$40,972.98 and \$71,585 from prior years to 2024 for the New Development Projects on January 16, 2024 and March 18, 2024, respectively.
- [e] The Board approved to carry forward \$3,200 from 2023 to 2024 for the Hydrant Upgrades on January 16, 2024.
- [f] The Board approved to carry forward \$1,975.95 from 2023 to 2024 for the Hazel Ave. Widening Project Phase III on January 16, 2024.

Fair Oaks Water District

2025 Proposed Annual Budget

Fair Oaks 40-Inch Pipeline Paid to SJWD

Description	Project #	Budget 2024	C/F Funding & Transfers	Adj. 2024	Estimated Budget 2024	Proposed 2025
Fair Oaks 40-Inch Pipeline	C20TDO40	\$ -	\$ -	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -	\$ -	\$ -

Fair Oaks Water District

2025 Proposed Annual Budget Reserves and Designations

2024 Estimated	2024 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Total
Beginning Cash Reserve and Designation Balance		\$ 10,068,564	\$ -	\$ 10,068,564
Add: Revenues Collected				
Water Sales	\$ 10,572,900			
Interest Income	439,600			
Revenues from Reimbursement	3,400			
Change of Ownership Fees	34,000			
Delinquencies & Late Fees	165,400			
Fire Service Fees	67,700			
Developer Paid Fees for Service	47,200			
Connection Fees	95,300			
Meter Downsize	500			
Gain/Loss on Disposal of Assets	18,200			
Other Capital Revenues	56,500			
Grants	473,000			
Miscellaneous Revenue	<u>236,500</u>			
	12,210,200			
2024 Allocation	(12,210,200)	12,114,900	95,300	12,210,200
Subtotal Cash Reserves and Designations		\$ 22,183,464	\$ 95,300	\$ 22,278,764
Expenses and payments				
Operating Expenses		8,655,600		8,655,600
Information Technology Equipment and Software		23,400		23,400
Vehicles & Maintenance Equipment		17,000		17,000
Facility & Office Equipment		113,000		113,000
Meter Maintenance Program		449,800	-	449,800
Capital Improvement Program		<u>2,792,400</u>	95,300	2,887,700
Total Expenses and Infrastructure		\$ 12,051,200	\$ 95,300	\$ 12,146,500
Ending Cash Reserve and Designation Balance		\$ 10,132,300	\$ -	\$ 10,132,300
Policy (5050) Requirement ⁽³⁾		2,885,200	N/A	\$ 2,885,200
Difference between Ending Cash Reserve & Policy Requirement		251.2%		251.2%

- 1) Emergency Designation target balance is four months of operating costs.
- 2) Connection fee reserve for capacity related project.
- 3) Used 2024 estimated operating expenses for Emergency Designation fund requirement.

Fair Oaks Water District

2025 Proposed Annual Budget

Reserves and Designations

2025 Projected	2025 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Total
Beginning Cash Reserve and Designation Balance		\$ 10,132,300	\$ -	\$ 10,132,300
Add: Revenues Collected				
Water Sales	\$ 11,130,500			
Interest Income	301,900			
Revenues from Reimbursement	7,500			
Change of Ownership Fees	30,000			
Delinquencies & Late Fees	150,000			
Fire Service Fees	71,300			
Developer Paid Fees for Service	40,000			
Connection Fees	16,200			
Meter Downsize	600			
Grants	2,397,600			
Miscellaneous Revenue	20,000			
	14,165,600			
2025 Allocation	(14,165,600)	14,149,400	16,200	14,165,600
Subtotal Cash Reserves and Designations		\$ 24,281,700	\$ 16,200	\$ 24,297,900
Expenses and Payments				
Operating Expenses		9,300,100		9,300,100
Information Technology Equipment and Software		21,000		21,000
Vehicles & Maintenance Equipment		171,500		171,500
Facility & Office Equipment		535,500		535,500
Meter Maintenance Program		632,500	-	632,500
Capital Improvement Program		8,576,500	16,200	8,592,700
Total Expenses and Infrastructure		\$ 19,237,100	\$ 16,200	\$ 19,253,300
Contingency		200,000		200,000
Ending Cash Reserve and Designation Balance		\$ 4,844,600	\$ -	\$ 4,844,600
Policy (5050) Requirement ⁽³⁾		3,100,000	N/A	\$ 3,100,000
Difference between Ending Cash Reserve & Policy Requirement		56.3%		56.3%

1) Emergency Designation target balance is four months of operating costs.

2) Connection fee reserve for capacity related project.

3) Used 2025 projected operating expenses for Emergency Designation fund requirement.

Fair Oaks Water District

Metered Service Charges and Commodity Rates ⁽¹⁾

Bi-Monthly Fixed Service Charges					
Meter Size (Inch)	Actual 2022	10% Adopted 2023	10% Adopted 2024	5% Adopted 2025	
1	\$ 71.61	\$ 78.77	\$ 86.65	\$ 90.98	
1.5	131.24	144.36	158.80	166.74	
2	202.71	222.98	245.28	257.54	
3	393.32	432.65	475.92	499.72	
4	607.87	668.66	735.53	772.31	
6	1,203.22	1,323.54	1,455.89	1,528.68	
8	1,919.30	2,111.23	2,322.35	2,438.47	
10	2,990.76	3,289.84	3,618.82	3,799.76	

	2022	2023	2024	2025
Commodity Rate per CCF ⁽²⁾	\$ 0.50	\$ 0.55	\$ 0.61	\$ 0.64

Shared Metered Services:

User Category	2022	2023	2024	2025
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$71.61 per parcel + consumption ⁽⁴⁾	\$78.77 per parcel + consumption ⁽⁴⁾	\$86.65 per parcel + consumption ⁽⁴⁾	\$90.98 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate ⁽⁵⁾			

(1) Customers outside the District's service area will pay an additional 50% of the above water rates or as otherwise determined by Fair Oaks Water District.

(2) One CCF stands for 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.

(3) Requires separation of common area and irrigation water systems with each irrigation water service billed based on meter size plus consumption.

(4) Consumption measured by a master meter with one responsible party in billing for the master meter.

(5) Each connection will be billed a fixed service charge based on meter size plus consumption with one responsible party in billing for the account.

Fair Oaks Water District

Schedule of Fees and Charges

2025

Activity	2024	2025
New Business		
Connection Fees:		
1-inch service	\$ 8,108	\$ 8,108
1.5-inch service	\$ 18,244	\$ 18,244
2-inch service	\$ 32,433	\$ 32,433
3-inch service	\$ 54,731	\$ 54,731
4-inch service	\$ 97,299	\$ 97,299
6-inch service	\$ 218,922	\$ 218,922
8-inch service	\$ 389,195	\$ 389,195
10-inch service	\$ 608,117	\$ 608,117
Service Installation Fees:		
1-inch service	T&M	T&M
1.5-inch service	T&M	T&M
2-inch service	T&M	T&M
Hydrant Flow Testing Fees:		
Pressure testing (field test)	\$ 110	\$ 110
Fire flow test	\$ 425	\$ 425
Fire flow letter	\$ 100	\$ 100
Backflow Device Testing Fee:		
Test and tag	\$ 125	\$ 125
Inspection Fee:		
Inspection per hour (2 hour minimum)	\$ 100	\$ 100
Inspection per hour (2 hour minimum) (after normal working hours)	\$ 150	\$ 150
Development Fees:		
Application for water service fee	\$ 100	\$ 100
Plan checking (minimum)	\$ 1,000	\$ 1,000
Plan checking-additional (per hour)	\$ 110	\$ 110
Construction Fee:		
Construction Fee	T&M	T&M
Water for Construction Purposes:		
Construction meter deposit (with certified backflow device)	\$ 4,000	\$ 4,000
Construction meter minimum charge	\$ 275	\$ 275
Construction meter daily charge	\$ 5	\$ 5
Cost of construction water (per CCF)	\$ 1.66	\$ 1.66
Bacteriological sampling (includes lab cost)	\$ 170	\$ 170
Additional testing (same location and time)	\$ 55	\$ 55

Fair Oaks Water District

Schedule of Fees and Charges (Continued) 2025

Activity	2024	2025
Other Fees		
Payment Processing Fee:		
Return payment fee (1 st insufficient funds)	\$ 25	\$ 25
Return payment fee (subsequent insufficient funds)	\$ 35	\$ 35
Card Convenience Fees:		
Card convenience fees	Up to 3%	Up to 3%
Meter Service Fees:		
Meter re-read fee	\$ 35	\$ 35
Meter test fee	\$ 50	\$ 50
Meter lock replacement	\$ 130	\$ 130
Meter box cleaning fee	\$ 180	\$ 180
Meter box replacement	T&M	T&M
Reduce service size (1.5-inch to 1-inch)	\$ 250	\$ 250
Reduce service size (2-inch to 1-inch)	\$ 250	\$ 250
Reduce service size (2-inch to 1.5-inch)	\$ 300	\$ 300
Denial of access fee	\$ 200	\$ 200
Tampering Fees:		
Unauthorized hydrant use or tampering	\$1,200 plus T&M	\$1,200 plus T&M
Meter & Service tampering (minimum charge plus Time and Materials)	\$500 plus T&M	\$500 plus T&M
Late Penalty Fee:		
Late penalty fee - assessed after the payment due date	10%	10%
Lien Processing Fee:		
Lien processing fee	\$ 250	\$ 250
Change of Ownership Processing Fee:		
Change of ownership processing fee	\$ 75	\$ 75
Disconnect Service Fees:		
Final notice service fee	\$ 25	\$ 25
Disconnect service fee	\$ 70	\$ 70
Disconnect service fee (after normal working hours/non-emergency)	\$ 101	\$ 101
Reconnect service fee (after normal working hours)	\$ 101	\$ 101
Deposit	\$ 125	\$ 125
Copying Charges		
Copying Fee (8-1/2" x 11" black and white) per page	\$ 0.30	\$ 0.30
Copying Fee (8-1/2" x 17" black and white) per page	\$ 0.50	\$ 0.50

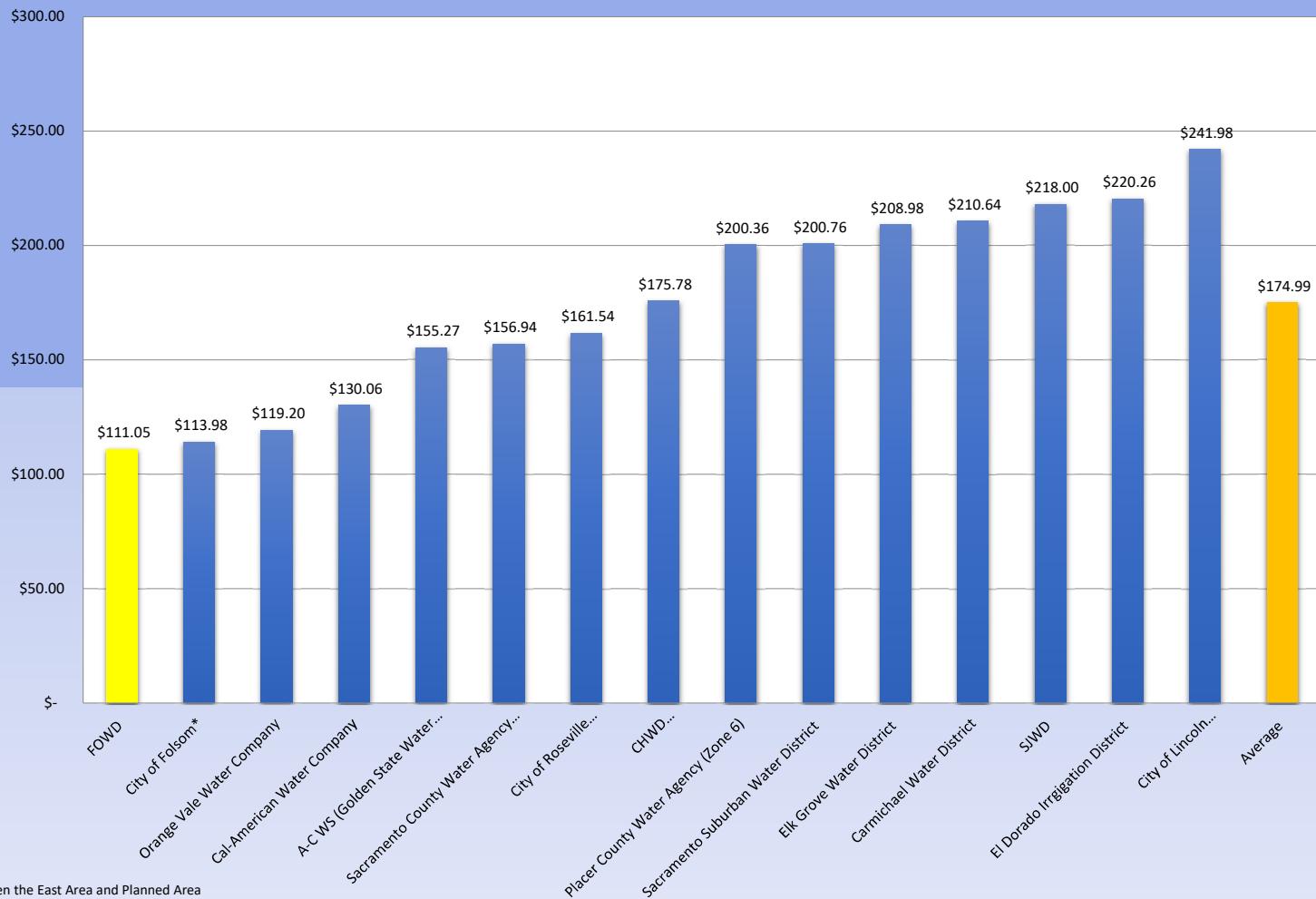
Fair Oaks Water District

Schedule of Service Rates for Dedicated Fire Service Connections

2025

Service Size	Bi-Monthly Service Charges			
	Actual 2022	10% Adopted 2023	10% Adopted 2024	5% Adopted 2025
2-inch service	\$ 16.50	\$ 18.15	\$ 19.97	\$ 20.97
3-inch service	\$ 33.00	\$ 36.30	\$ 39.93	\$ 41.93
4-inch service	\$ 49.50	\$ 54.45	\$ 59.90	\$ 62.90
6-inch service	\$ 99.00	\$ 108.90	\$ 119.79	\$ 125.78
8-inch service	\$ 159.50	\$ 175.45	\$ 193.00	\$ 202.65
10-inch service	\$ 247.50	\$ 272.25	\$ 299.48	\$ 314.45

**2024 Bi-monthly Metered
Charges for 1-inch Services
Based on 40 CCF for 2 Months Period**



*Rates are averaged between the East Area and Planned Area

APPENDIX B – GLOSSARY OF TERMS

Assets – Assets can include cash, investments, inventory, property, pipelines, long-term agreements, or accounts receivables.

Budget – The primary purpose of the Budget is to provide the Board and public with an estimate of the total available resources of the District, to set spending and program priorities, and to account for and allocate cash flows. A budget is viewed as a planning tool that can and often does change over the fiscal cycle.

Budget Committee – A Committee appointed by the Board president to develop and review the budget and proposed rates prior to presenting to the full Board.

Capacity Costs – A component of the metered rate, which includes fixed water costs, which vary in relation to the capacity of the water system. The sizing of the water system is based on the potential demand each customer could place on the water system. Capacity costs are allocated to customers based on the size (hydraulic capacity) of the water meter (or service connection). A customer with a larger water meter will bear a larger allocation of fixed capacity-related costs than one with a smaller water meter. Capacity costs include debt service, maintenance costs, capital outlay, meters, public fire hydrants, etc. and are included as a component of the fixed metered service charge.

Capital Program – Equipment replacement, meter installations, well improvements, pipeline improvements and service line upgrades are components of the capital program.

CCF – One CCF stands for one hundred cubic feet. One hundred cubic feet equals 748 gallons. Metered water use is measured in cubic or one hundred cubic feet.

Commodity Costs – Variable costs of water delivery that vary with the amount of actual water use. Water purchase, pumping, treatment, and conservation costs are some examples of commodity costs.

Connection Fees – Represent the cost to ‘buy into’ the FOWD water system and are restricted for capacity enhancement projects by AB1600.

CPI – Consumer Price Index is a general measure of inflation of consumer products, but does not account for inflation in several building related products regularly used by the District.

COP – Certificates of Participation proceeds from the sale of debt. Repayment of principal and interest is scheduled annually, usually over 20 years.

Customer Costs – Fixed costs of water delivery that tend to vary as a function of the number of customers being serviced. Examples of customer service costs include meter reading, billing, and customer service.

Debt Service – Payments of principal and interest on indebtedness incurred to finance the construction of a capital project.

Designated Funds – A separate set of accounts used to record receipts and use of money designated or restricted by the Board for specific purposes. The District's finances are distributed into separate funds required by state or federal government, or by prudent finance practices. Designated fund types include the following:

- *Certificate of Participation (C.O.P.) Reserve* is funds received from COP proceeds earmarked for a specific purpose. Financing agreements typically restricts these funds.
- *C.O.P. Retirement Reserve* funds are used to repay the principal and interest on indebtedness, as well as any fees associated with debt issuance.
- *Connection Fee Reserve* funds are connection and related fees segregated according to AB1600. These funds can be used for expanding water system capacity.
- *Emergency Designation* funds are set funds designated by the Board to be used for emergencies as defined by the Board.

Expense – A term used to describe the operating costs of the District.

Expenditure – A term used to describe any type of authorized District costs, either operational or capital in nature.

Fiscal Year – The 12 month accounting period used by some governmental agencies, usually from July 1, through the following June 30. The District accounting period is from January 1 through December 31, and coincides with the calendar year.

Fixed Assets – The assets of the District representing pipeline, wells, tanks, meters, equipment, furniture, and property.

Fixed Service Charge – A component of metered rates that includes customer costs and capacity costs. These charges vary based upon the meter size since meter size affects capacity costs.

Fund Balance – The excess of the total assets of a fund over its total liabilities. The fund balance does not equal designated cash reserves.

Indebtedness – Amount of principal due on outstanding COPS, loans, accounts payable and accrued liabilities.

Interest Income – Income earned on the investment of available cash balances.

Liabilities – Amount of funds obligated by the District, such as accounts payable, deferred revenues, debt service payments or amounts due other funds.

Operational Costs – Costs for labor, contractual services, repairs and maintenance, electricity, water purchases, internal services, supplies and other expenses. These expenses are generally predictable and consistent with the service demands of the District.

Other Income – Includes property sales and income from developments that are not assignable to distinct activities or funds.

Projects – Long-term investments in public facilities and infrastructure; also known as capital improvements. Amounts spent may widely vary from year to year.

Revenue – Money received from fees for water service, licenses, permits, interest, bonds, taxes, or from other governments by the District during the fiscal year.

Total Budget – Beginning reserves, plus total revenues, less total expenditures (including projects), equals ending available reserve balances.



10326 Fair Oaks Boulevard
Fair Oaks, CA 95628
Tel: (916) 967-5723
Fax: (916) 844-3539
www.fowd.com