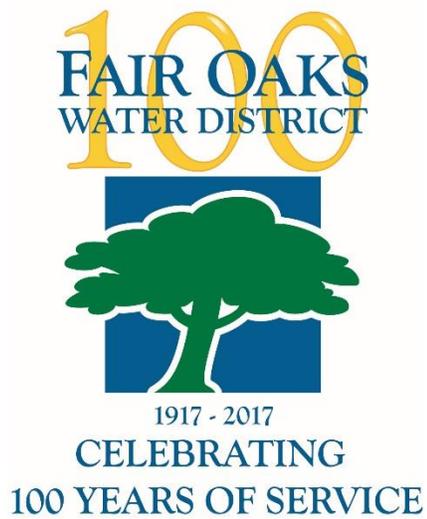


NOTICE OF PUBLIC HEARING



**NOTICE TO PROPERTY OWNERS
PUBLIC HEARING ON PROPOSED
INCREASE TO WATER RATES**

**Public Hearing Will Be Held at the
Fair Oaks Water District Office
10326 Fair Oaks Boulevard
December 18, 2017
6:30 p.m.**

The Fair Oaks Water District (FOWD) Board of Directors is announcing it will hold a hearing on December 18, 2017 at 6:30 p.m., at 10326 Fair Oaks Boulevard, Fair Oaks, CA to consider a proposed increase in rates for water service as further described below in this notice.

In preparation for the public hearing, FOWD will have a public workshop on the proposed increase in rates for water service on November 13, 2017 at 6:30 p.m., at 10326 Fair Oaks Boulevard, Fair Oaks, CA.

The cost of purchasing water, complying with laws and regulations governing drinking water safety and reliability, and responsibly replacing aging system infrastructure are increasing and cannot be paid for without increasing rates. As a result, FOWD is proposing the first water rate increase in thirteen years to ensure the financial health and sustainability of the District.

Based on the average FOWD residential customer with a 1-inch meter, using 500 gallons of water a day:

- ✓ FOWD water rates are currently 37% below the regional average
- ✓ FOWD water rates will remain 31% below the regional average if the FOWD Board approves the proposed rate adjustment for 2018

WHY AM I RECEIVING THIS NOTICE?

Our records indicate you are an account holder and/or the owner of a parcel receiving water service in the FOWD service area. This notice gives you information about proposed water rate increase the Board of Directors will consider adopting at the December 18, 2017 public hearing. It also outlines how you can participate in the rate-setting process.

WHAT IS THE PRIMARY REASON FOR THE NEW WATER RATE?

Just as you pay FOWD for your water to cover the costs of serving you, FOWD pays the San Juan Water District (SJWD) to access, treat, store and deliver surface water supplies to FOWD. For approximately thirteen years, FOWD has absorbed prior rate increases from SJWD without raising the cost of water delivered to FOWD customers. The FOWD Board of Directors has determined that it is financially impossible to continue the process of not passing the increased costs of purchasing SJWD water to FOWD customers.

CAN FOWD EXPLAIN MORE ABOUT THE FACTORS AND/OR COSTS THAT ARE DRIVING THE PROPOSED RATE ADJUSTMENT?

Though your property is within the service area of both the FOWD and the SJWD, responsibility for the actual delivery of a safe and reliable water supply to your property is the sole responsibility of the FOWD. As part of normal business operations, the FOWD purchases water from the SJWD and pays the cost on your behalf. FOWD customers do not receive a bill from the SJWD and therefore have no notice of surface water rate adjustments.

On January 11, 2017, the SJWD Board of Directors approved a Wholesale Financial Plan for 2017-2021. Implementation of the approved financial plan is estimated to increase the cost of delivering water to FOWD customers by 19% if all included costs for the five-year period were passed directly to FOWD customers – this would increase the average FOWD customer annual water bill from \$500 in 2017 to \$595 in 2021.

The SJWD Board approved Wholesale Financial Plan for 2017-2021 details SJWD current and estimated future revenue needs to provide ongoing, safe and reliable surface water service to FOWD and other SJWD wholesale customers. You can find this plan at sjwd.org or receive/review a copy of the plan at SJWD office located at 9935 Auburn Folsom Road in Granite Bay.

FOWD RATE CHANGE

The FOWD Board of Directors has decided to pass all future SJWD costs increases for delivering water supply to FOWD directly through to FOWD customers starting in 2018. Even though the projected 2017-2021 increases in the cost of water purchased from SJWD would require a 19% rate increase in FOWD customer water rates, FOWD staff understands that the projected increase in rates is based on a plan that has a five-year implementation schedule. Given the fact that both the FOWD and SJWD Boards have agreed to work together in an attempt to lower the actual projected rate increases to FOWD customers, the FOWD Board is only proposing to increase rates by 10% at this time. Additional FOWD rate adjustments from SJWD cost increases will be based on actual results from the implementation of the SJWD Financial Plan.

CURRENT AND PROPOSED FOWD WATER RATES

Fair Oaks Water District

Metered Service Charges and Commodity Rates ⁽¹⁾

Bi-Monthly Fixed Service Charges				
Meter Size (Inch)	Actual 2016	Actual 2017	Proposed 2018	
1	\$ 65.10	\$ 65.10	\$	71.61
1.5	119.31	119.31		131.24
2	184.28	184.28		202.71
3	357.56	357.56		393.32
4	552.61	552.61		607.87
6	1,093.84	1,093.84		1,203.22
8	1,744.82	1,744.82		1,919.30
10	2,718.87	2,718.87		2,990.76

	2016	2017	2018	
Commodity Rate per CCF⁽²⁾	\$ 0.45	\$ 0.45	\$	0.50

Shared Metered Services:

User Category	2016	2017	2018
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$71.61 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾	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.

HOW THIS INCREASE MAY IMPACT YOU

Under the proposed 2018 FOWD rate structure, a typical homeowner having a 1" meter, and using 500 gallons of water per day, will have a water bill increase of an estimated \$8.51 per 60-day billing cycle, or 14¢ per day.

If the Board of Directors adopts the proposed rate structure for 2018, it is estimated that the average FOWD customer will see a 10% increase in the cost of water. A customer's actual increase will vary depending upon the amount of water used. If you would like additional information about how the proposed rate changes would affect your specific water bill, please call the FOWD Customer Service Department at (916) 967-5723 and a staff member will be happy to assist you.

HOW YOU CAN PARTICIPATE

All members of the public are invited to submit comments about this proposal and/or attend the public hearing on December 18, 2017. An owner or tenant of property receiving FOWD water service may protest the proposed water rates and charges by submitting a written protest by mail or in person to the General Manager, Fair Oaks Water District, 10326 Fair Oaks Boulevard, Fair Oaks California. Written protests must be received (*not postmarked*) by the General Manager before the close of the public hearing to be held on December 18, 2017 at 6:30 p.m. Protests submitted by e-mail or other electronic means will not be accepted.

To be valid for consideration by the Board at the public hearing, a protest must be signed by the property owner or tenant, must include the assessor's parcel number, the address of the parcel served, the customer's account number for the parcel served, and a statement that the FOWD customer is protesting the Agency's proposed water rates and charges. If submitted by a tenant, the assessor's parcel number is not required. Only one written protest per identified parcel will be counted for purposes of determining if there is a majority protest. The Board Secretary, or his designee, will tabulate the protests, and any member of the public may observe the tabulation. All protest forms will be considered public records and retained for two years from the date of the hearing. Protests sent through the mail are subject to the potential failure of the U. S. Postal Service to deliver them to FOWD by the noticed deadline. Any protest that is received after the deadline will be invalid and not be counted.

A majority protest will exist if written protests are timely submitted and not withdrawn by the record owners of, or customers of record with respect to, a majority (50% plus one) of the parcels subject to the proposed rate increase. If there is a majority protest, the Board of Directors cannot approve the proposed FOWD rate increase for 2018. If there is not a majority protest, the Board of Directors will deliberate and may approve a rate increase up to a maximum equal to the amounts described in this notice.

Just as Every Drop of Water is Valuable, so is Every Ratepayer Dollar

