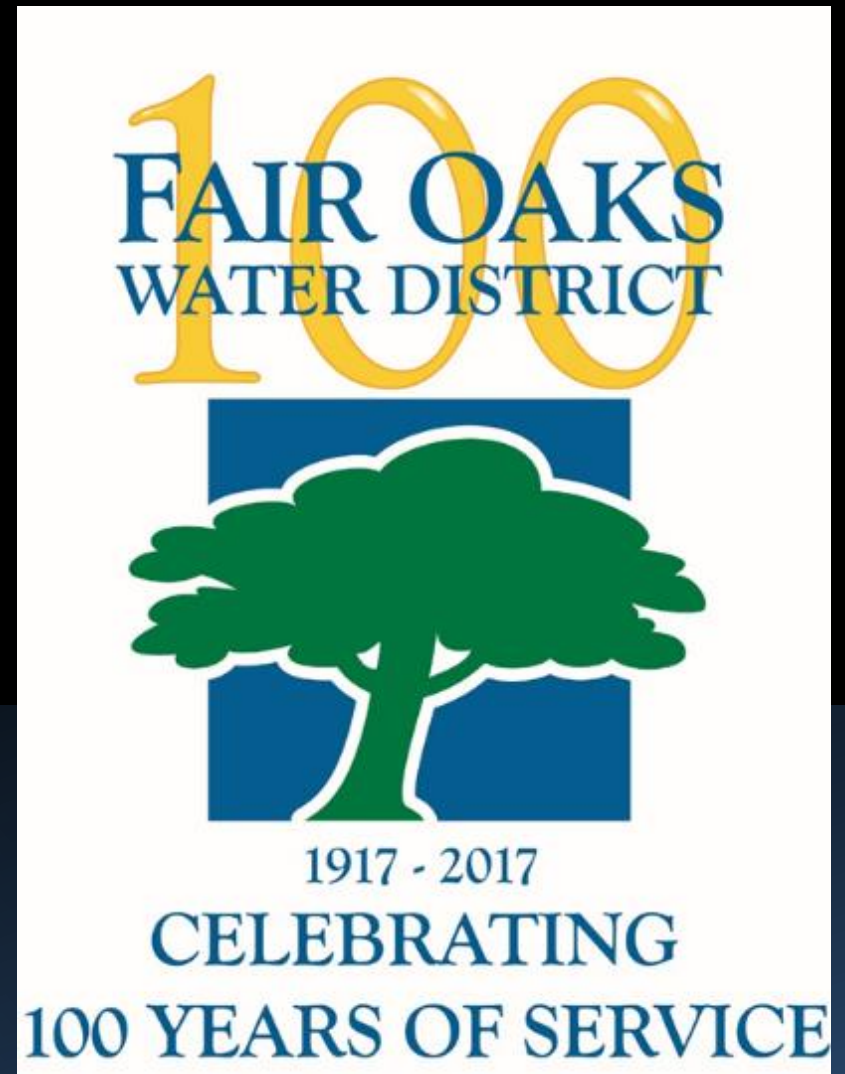


PUBLIC RATE WORKSHOP  
for 2023-2025 Rates

October 17, 2022





# Introductions

Randy Marx

Board President

Mike McRae

Vice President

Misha Sarkovich

Director

Chris Petersen

Director

Vacant

Director

Tom R. Gray

General Manager



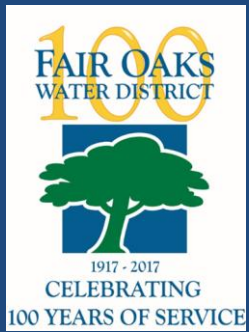
# Bottom Line

The FOWD Board and Management are recommending the following rate increases:

10% in 2023

10% in 2024

5% in 2025



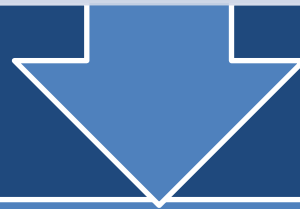
# About this Public Rate Workshop

This is an informal process

Presentation on general  
proposed rate info

Discussion on  
information & concerns

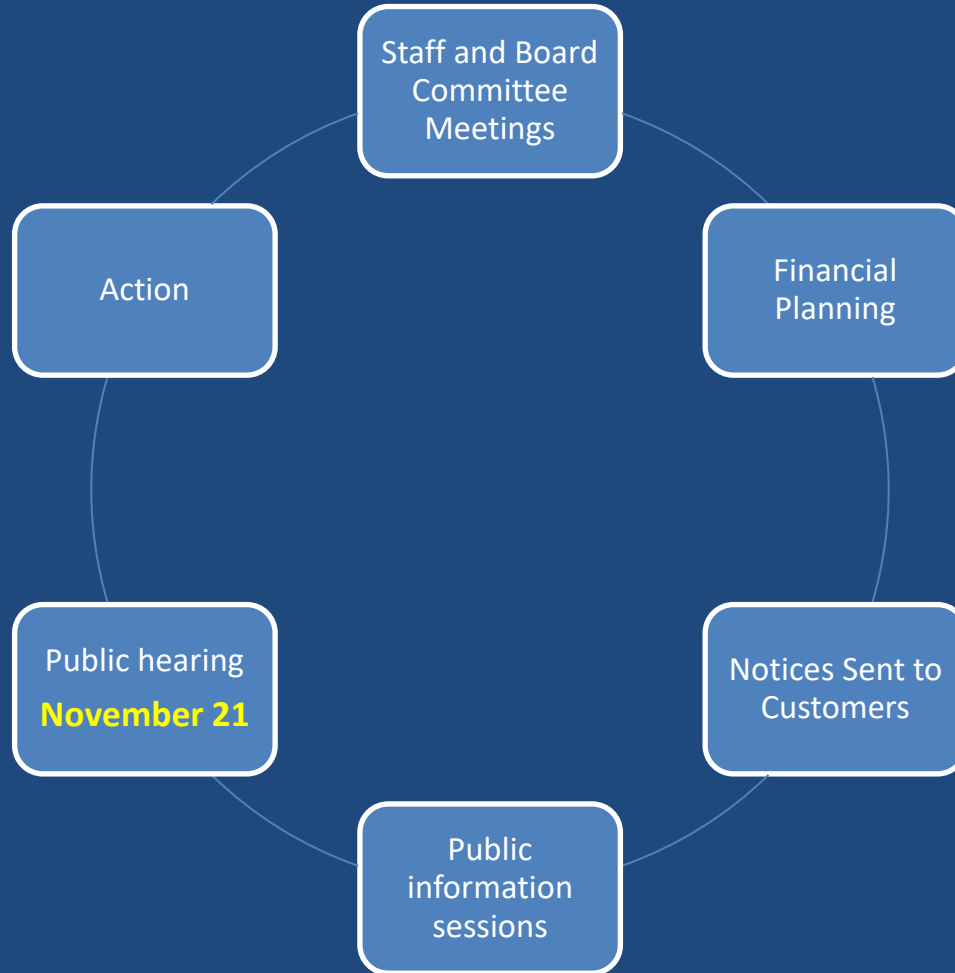
Public suggestions given  
to Board



Board **will not** be acting on proposed rates  
tonight



# The Rate Making Process





# Past FOWD Rates

## Historic FOWD Rate Adjustments At A Glance

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	10%	0%	0%	0%	0%

*“FOWD has a history of only asking customers for rate increases when we must have them.”*



# Current FOWD Rates

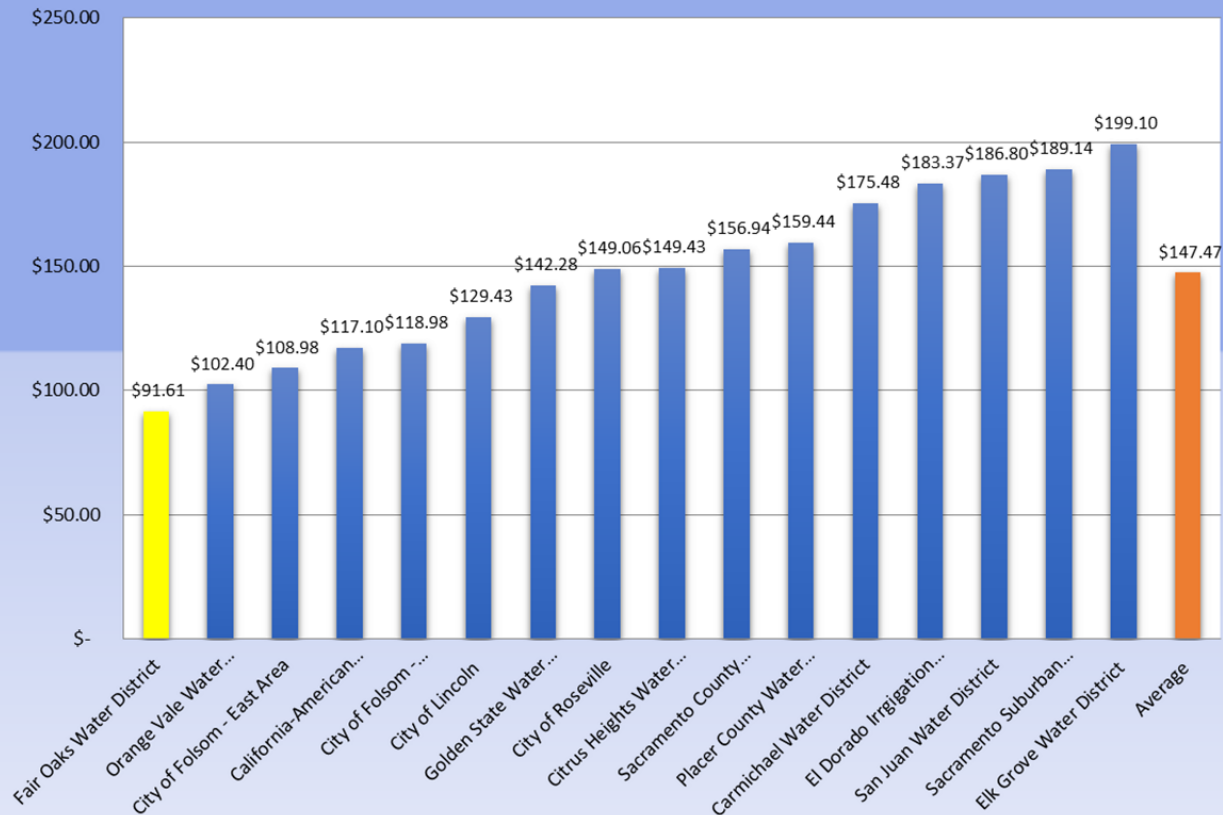
**61% Lower** than the  
Sacramento Region Average

**117% Lower** than the  
Sacramento Region High



# Current FOWD Rates

2022 Bi-monthly Metered  
Charges for 1-inch Services  
Based on 40 CCF for 2 Months Period





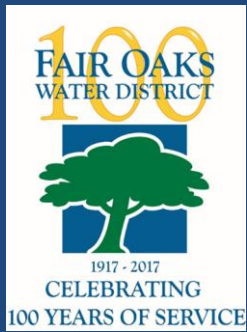


# Why are rates changing?

The FOWD **INCREASED RATES 13%** from 2006 to 2022.

Consumer Price Index **INFLATION INCREASED 49%** from 2006 to 2021.

2022 is estimated to end with another **INFLATION INCREASE of over 8%**



# Why are rates changing?

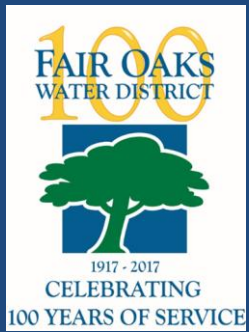
An acre foot of water purchased by the FOWD from the SJWD cost \$95.05 in 2006. An acre foot of water purchased by the FOWD from the SJWD cost \$307.08 in 2021.



# Why are rates changing?

- Cost of Surface Water Purchased from SJWD **INCREASED 323%** from 2006 to 2021.

*“Please remember that the FOWD only increased rates 13% from 2006 to 2021.”*



# FOWD Purchased Water Cost

2006 Actual  
Annual Cost  
= \$1,062,504

2021 Actual  
Annual Cost  
= \$2,041,404

2006-2021 =  
\$978,900 Annual  
Increased Cost



# FOWD Customer Revenue

2006 Actual Annual  
Operating Revenue  
from Customer  
Rates = \$7,932,226

2021 Actual Annual  
Operating Revenue  
from Customer  
Rates = \$9,118,409

2006-2021 =  
\$1,186,183 Annual  
Increase in Revenue  
from Customers



# FOWD Rate Fact

Essentially 100% of FOWD increased revenue from customer rates from 2006 to 2021 has been paid to the San Juan Water District due to increased surface water cost – FOWD has absorbed all other cost increases for fifteen years.



# FOWD Rate Fact

The FOWD has capital investment needs of approximately \$37M over the next five years – mainly due to the cost of replacing an aging transmission main used to transport water across the FOWD water system.

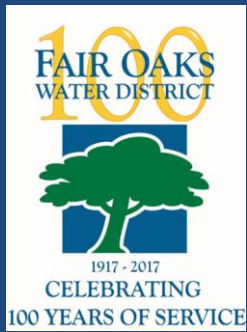


# FOWD Financial Performance

Entering 2023 the FOWD has:

- ✓ Zero Existing Debt
- ✓ Zero Debt Payment
- ✓ Cash Reserve of \$8,000,000
- ✓ 40% of Water Sales Revenue Invested Into Capital Over the Past 20 Years



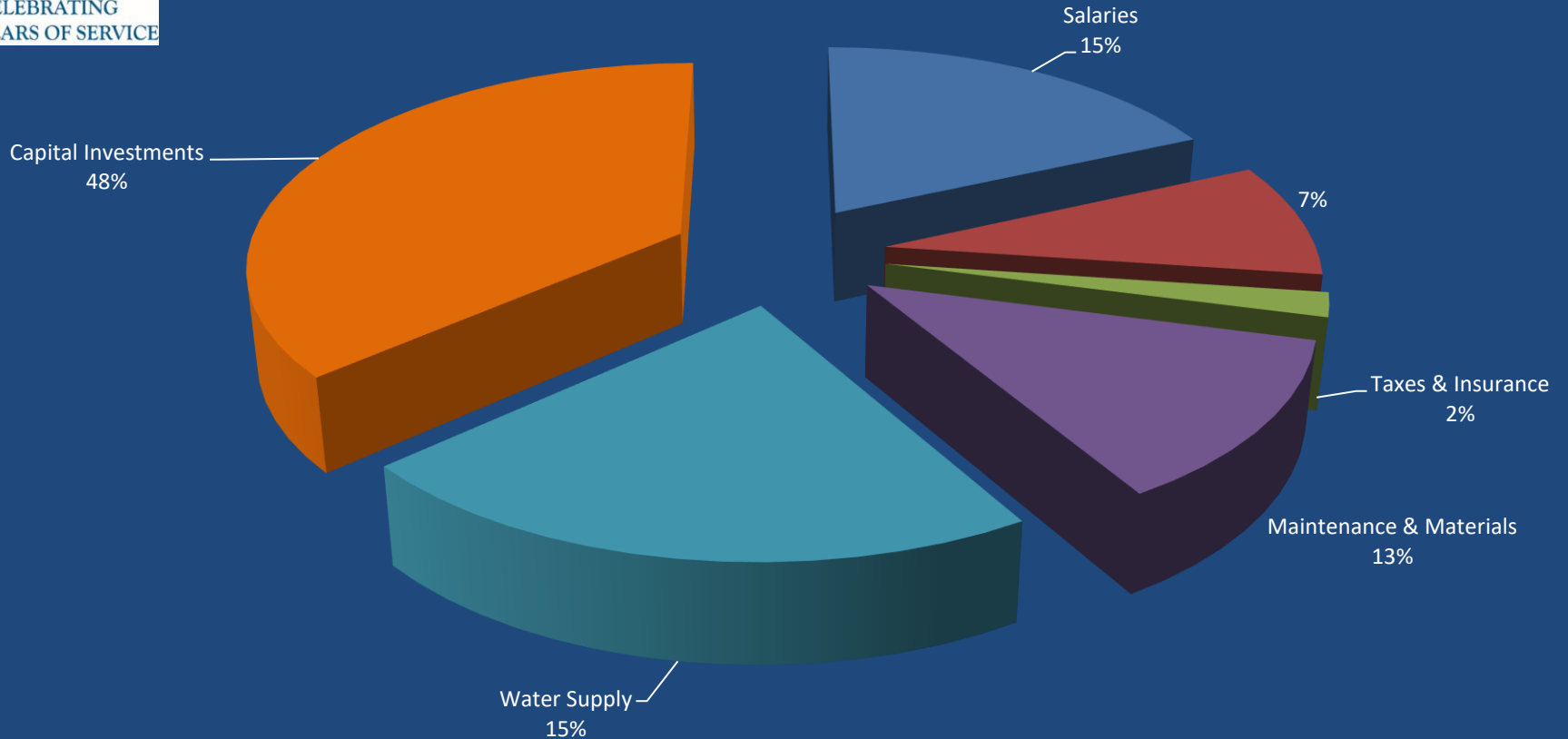


# FOWD Financial Performance

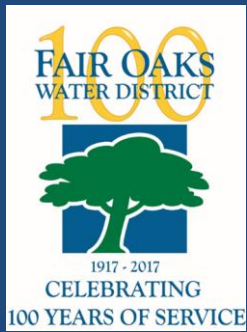
From 2006 to 2021 FOWD absorbed increased annual operational costs of over \$2.2M ... our costs to operate increased 46% while FOWD raised customer rates 13% ... *we believe we have performed well on our ratepayer's behalf ... but now must pass on costs that we have no control over.*



# Where Your Money is Spent



## 2023 Proposed Expenses



# Bottom Line for Most Customers

Under the proposed 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 \$9.16 per 60-day billing cycle, or **15.27¢ per day in 2023.**



# Current & Proposed Rates

## Fair Oaks Water District

### Metered Service Charges and Commodity Rates <sup>(1)</sup>

Bi-Monthly Fixed Service Charges				
Meter Size (Inch)	Actual 2022	10% Proposed 2023	10% Proposed 2024	5% Proposed 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
<b>Commodity Rate per CCF<sup>(2)</sup></b>	\$ 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 <sup>(3)</sup>	\$71.61 per parcel + consumption <sup>(4)</sup>	\$78.77 per parcel + consumption <sup>(4)</sup>	\$86.65 per parcel + consumption <sup>(4)</sup>	\$90.98 per parcel + consumption <sup>(4)</sup>
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate <sup>(5)</sup>	Meter service rate <sup>(5)</sup>	Meter service rate <sup>(5)</sup>	Meter service rate <sup>(5)</sup>

(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.



# Bottom Line for Most Customers

## How Much Do I Pay – Given Proposed Rates & 1” Meter & Typical Water Use

Bi-Monthly Usage		Bi-Monthly Rate			
CCF	Gallons	Current	2023	2024	2025
40	29,920	<b>\$91.61</b>	<b>\$100.77</b>	<b>\$111.05</b>	<b>\$116.58</b>
		Annual Rate			
		<b>\$549.66</b>	<b>\$604.62</b>	<b>\$666.30</b>	<b>\$699.48</b>



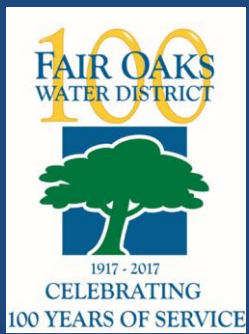
# Bottom Line

If all the proposed rate increases are approved – **In 2025, the average FOWD customer water bill will have increased \$150 per year compared to 2022.**



# Bottom Line

If all the proposed rate increases are approved – **In 2025, FOWD customers will still have the lowest water rates in the Sacramento Region.**



# Additional Information

FOWD Financial Information is available on  
[www.fowd.com](http://www.fowd.com)

Contact FOWD:

- Email: [customerservice@fowd.com](mailto:customerservice@fowd.com)
- Phone: (916) 967-5723
- Fax: (916) 967-0153





# Additional Information on SJWD Wholesale Water Rates

- SJWD Wholesale Financial Plan is available at [www.sjwd.org](http://www.sjwd.org)
- SJWD office is located at 9935 Auburn Folsom Road in Granite Bay

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



*The FOWD Board, Management, and Staff  
Thank You*