



FAIR OAKS
WATER DISTRICT

2017 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
2017 Annual Budget
Adopted October 10, 2016

PRINCIPAL DISTRICT OFFICIALS

BOARD OF DIRECTORS – ELECTED OFFICIALS

Dave Underwood, President
Misha Sarkovich, Vice President
Randy Marx, Director
Michael McRae, Director

MANAGEMENT

Tom R. Gray, General Manager
Michael Nisenboym, Operations Manager
Chi Ha-Ly, Finance Manager
Shawn Huckaby, Customer Service Manager

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FAIR OAKS WATER DISTRICT
Table of Contents
2017 Annual Budget

INTRODUCTION..... 1

BUDGET OVERVIEW AND HIGHLIGHTS..... 3

District Water Rates..... 4

Revenues..... 5

Expenses..... 6

Reserves and Designations..... 7

BUDGET PRINCIPLES AND PROCESS OVERVIEW..... 8

Budget Control..... 8

Basis of Budgeting..... 8

ORGANIZATION SUMMARY

Organizational Chart..... 10

District Principles, Goals and Objectives..... 11

District Principles..... 11

District Goals and Objectives..... 12

District Financial Policies..... 13

Budget Preparation..... 13

Fixed Asset Accounting Control..... 13

District Reserve Funds and Designations..... 13

Investments of District Funds..... 14

Authorization of Expenses..... 15

FINANCIAL SUMMARIES

District Revenues..... 16

Water Sales..... 16

Other Revenues..... 17

District Expenses..... 17

Water Supply..... 18

Capital Program Expenses Overview..... 19

Operating Outlay..... 21

Reserves and Designations..... 23

FINANCIAL DETAILS

Financial Plan Summary of Revenues and Expenses..... 24
Revenue Summary.....25
Expense Summary..... 26
Debt Service.....32
Capital Program Expenses
 Information Technology Equipment and Software..... 33
 Vehicles & Maintenance Equipment.....34
 Facilities & Office Equipment..... 35
 Meter Implementation Program/Meter Maintenance Program..... 36
 Capital Improvement Program (CIP).....37
 Fair Oaks 40-Inch Pipeline (Paid to SJWD)..... 40
Reserves and Designations..... 41

RATES, FEES & CHARGES

Metered Service Charges and Commodity Rates..... 43
Schedule of Fees and Charges..... 44
Schedule of Service Rates for Dedicated Fire Service Connections..... 46

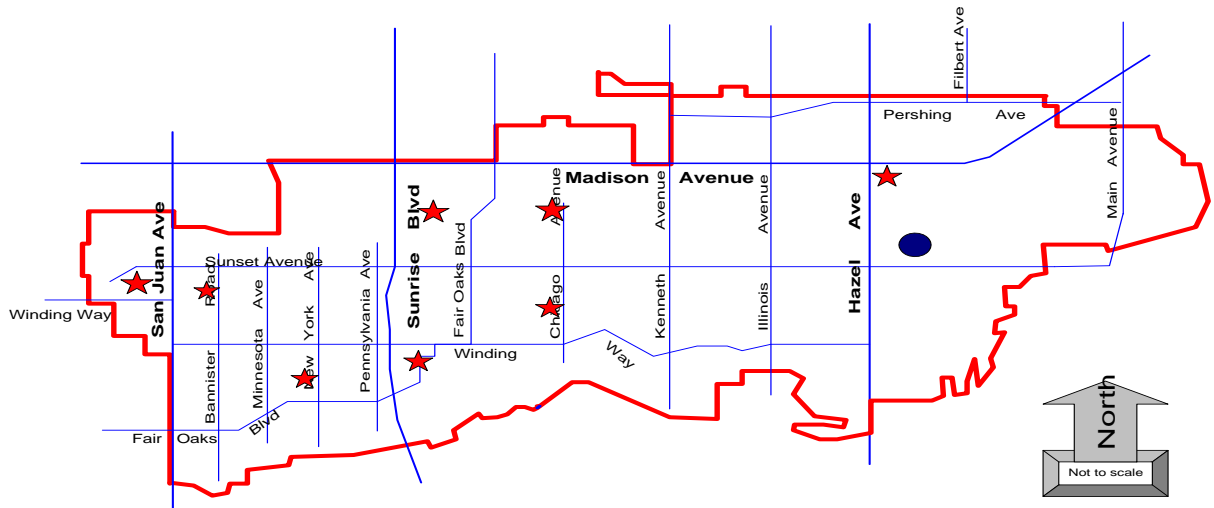
APPENDIX A – GLOSSARY OF TERMS..... 47

INTRODUCTION

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 purchases most of its water from San Juan Water District as treated water, 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

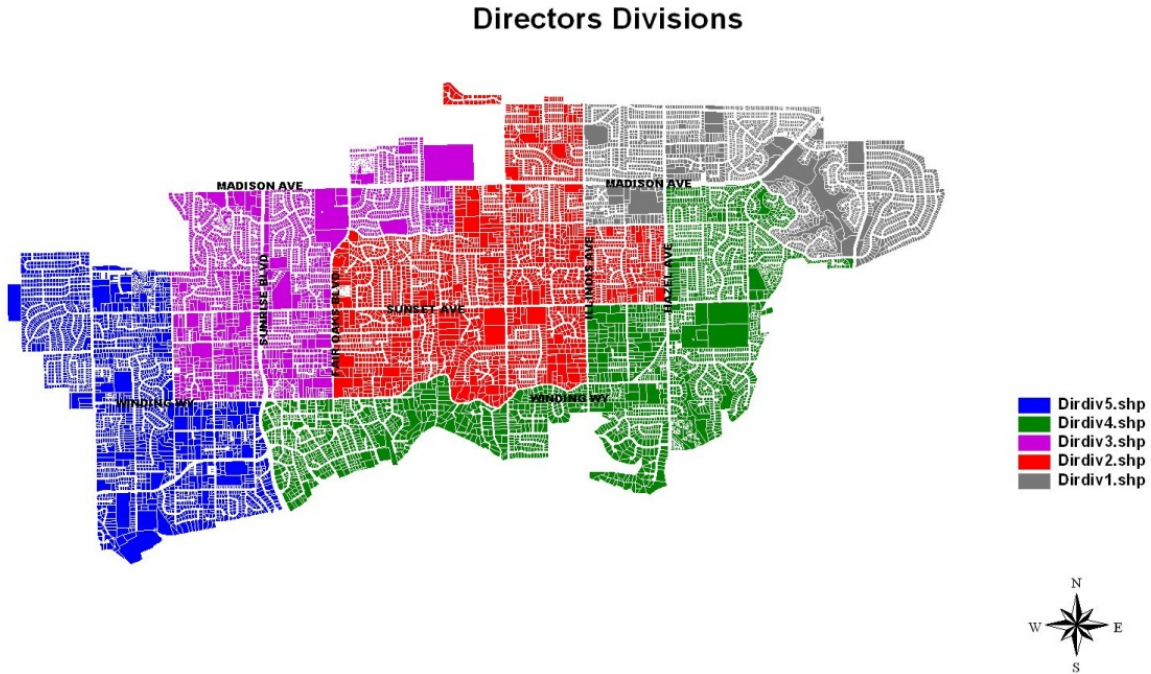
The District is governed by five board members. The board members are publicly elected to four-year staggered terms representing geographic divisions. The Board delegates day-to-day operations authority to an appointed General Manager and staff.

DIRECTORS	YEARS OF SERVICE	DIVISION
Dave Underwood, President	2.5 Years	Division 1
Misha Sarkovich, Vice President	12 Years	Division 5
Randy Marx, Director	12 Years	Division 4
Michael McRae, Director	4.5 Years	Division 2
Vacant		Division 3

Meeting Dates

The Board meets the second 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 Budget Committee met on May 31, 2016 and provided staff with guidelines on developing the 2017 Budget. The 2017 Budget was prepared by staff and presented to the Budget Committee on September 29, 2016. The 2017 Budget was presented to the full Board for approval and adoption at the public meeting on October 10, 2016. The Board elected not to make any rate adjustments in 2017.

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 2017. 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).

District Water Rates

The following are water rate schedules and structures for the past years.

Fair Oaks Water District Approved Three-Year Water Rates			
Bi-Monthly Fixed Service Charges			
Meter Size (Inch)	2015	2016	2017
1	\$ 65.10	\$ 65.10	\$ 65.10
1.5	119.31	119.31	119.31
2	184.28	184.28	184.28
3	357.56	357.56	357.56
4	552.61	552.61	552.61
6	1,093.84	1,093.84	1,093.84
8	1,744.82	1,744.82	1,744.82
10	2,718.87	2,718.87	2,718.87

	2015	2016	2017
Commodity Rate per CCF*	\$ 0.45	\$ 0.45	\$ 0.45

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

Fair Oaks Water District Schedule of Rate Increase/Adjustment for the Current and Past Years											
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%

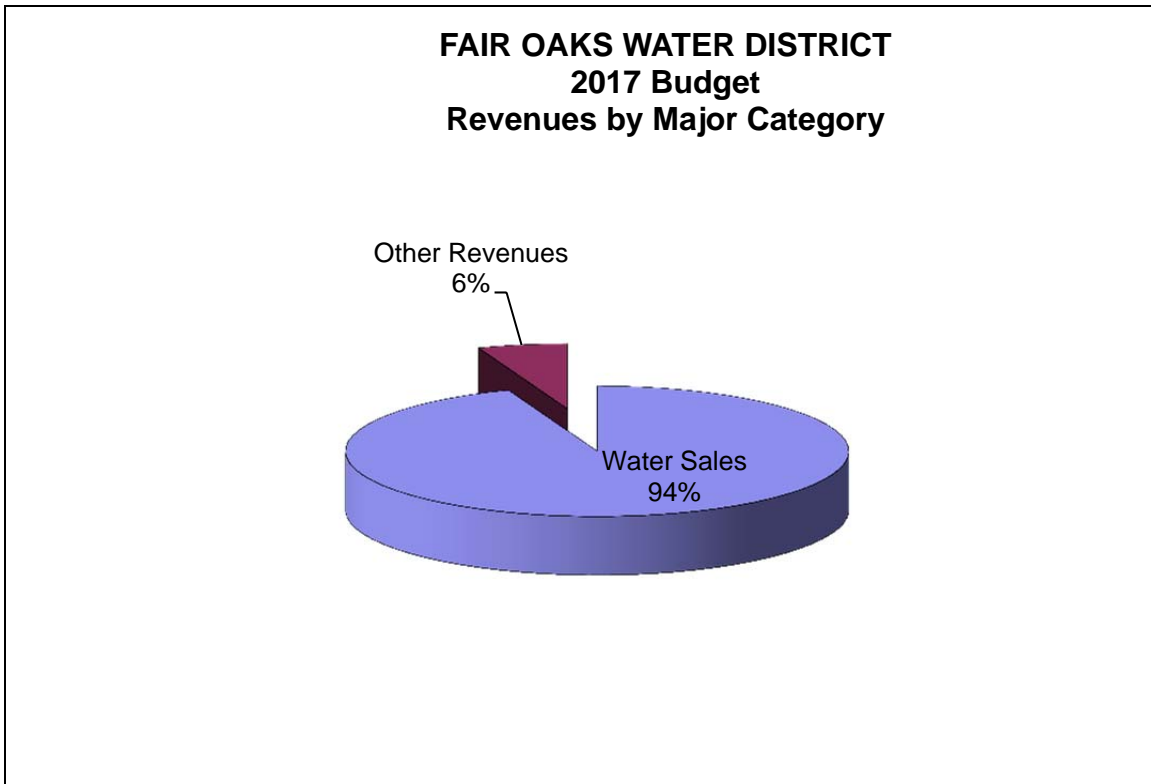
Since 2006-2017, the Board approved a total of 3% increase on total revenues.

Fair Oaks Water District 2017 Water Rate Structure				
Description	2016 Estimated		2017 Budget	
	Water Sales	%	Water Sales	%
Fixed Service Charge	\$ 6,042,700	80%	\$ 6,066,000	78%
Commodity Charge	1,543,500	20%	1,712,800	22%
Total	\$ 7,586,200		\$ 7,778,800	

Revenues

The District projects revenues of \$8,252,400 in 2017.

2017 Projected Revenues by Major Category	
Water Sales	\$ 7,778,800
Other Revenues	473,600
Total	\$ 8,252,400



The District’s 2016 end of the year projection of water sales compared to the 2016 Budget is estimated to have a 0.65% variance; as shown in the table below.

Description	2016 Budget	2016 Estimated	Difference	% Change
Total Water Sales	\$ 7,537,400	\$ 7,586,200	\$ 48,800	0.65%

The District projects a decrease of approximately 5% in total revenues for 2017 (\$8,252,400) over the estimated 2016 (\$8,680,000). The projected decrease was primarily from the anticipated grant funding for the construction of the Madison Well in 2016.

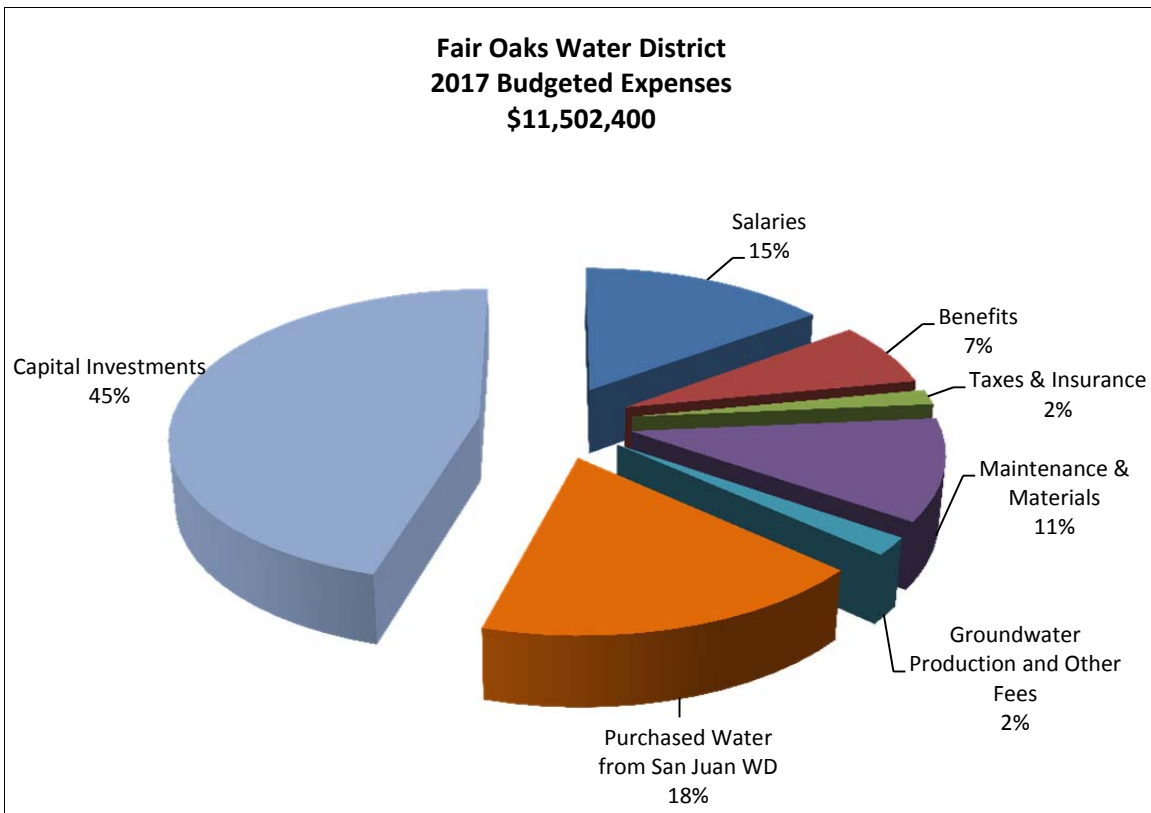
Expenses

The District's total estimated expenses for 2017 are \$11,502,400. These expenses include cost for the meter maintenance program, facility and equipment replacement, and transmission and distribution system improvements. The District projected to spend 52% of the total revenues from water sales on capital investment.

The District projects a 7.9% increase in total operating expenses for 2017 Budget (\$6,255,500) over the 2016 Budget (\$5,796,000). The increases are primarily due to uncontrollable expenses from wholesale water rate and regulatory compliance.

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

Fair Oaks Water District 2017 Budgeted Expenses	
Salaries	\$ 1,720,900
Benefits	803,400
Taxes & Insurance	189,900
Maintenance & Materials	1,272,500
Groundwater Production and Other Fees	221,600
Purchased Water from San Juan WD	2,047,200
Capital Investments	5,246,900
Total	\$ 11,502,400



Reserves and Designations

The District's reserves consist of restricted and designated funds. The District's restricted reserves include the Certificate of Participation's (COP's) and capacity system fees (connection and annexation fees).

The District's 2017 budget projects a net loss of (\$3,250,000). The District will use reserve(s)/designation(s) to offset the (\$3,250,000) projected deficit. The District's current reserve policy is to maintain a total of \$2.1M (four months of operating expenses). The District projects a year-ending total reserve balance of \$3.8M. See reserve balance summary for more detail on pages 41-42.

The 2017 ending reserve projection does not reflect the projected \$1,798,900 unfunded accrued liability (UAL) amount. The District recorded the UAL in the Comprehensive Annual Financial Report at year-end. This amount is excluded from the budget but is shown on the Financial Plan Summary of Revenues and Expenses (page 24) for reference.

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. An Ad-hoc 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 reviewed by the Board in August. Customers are notified at least 45 days in advance about any public hearing required if a 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 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.

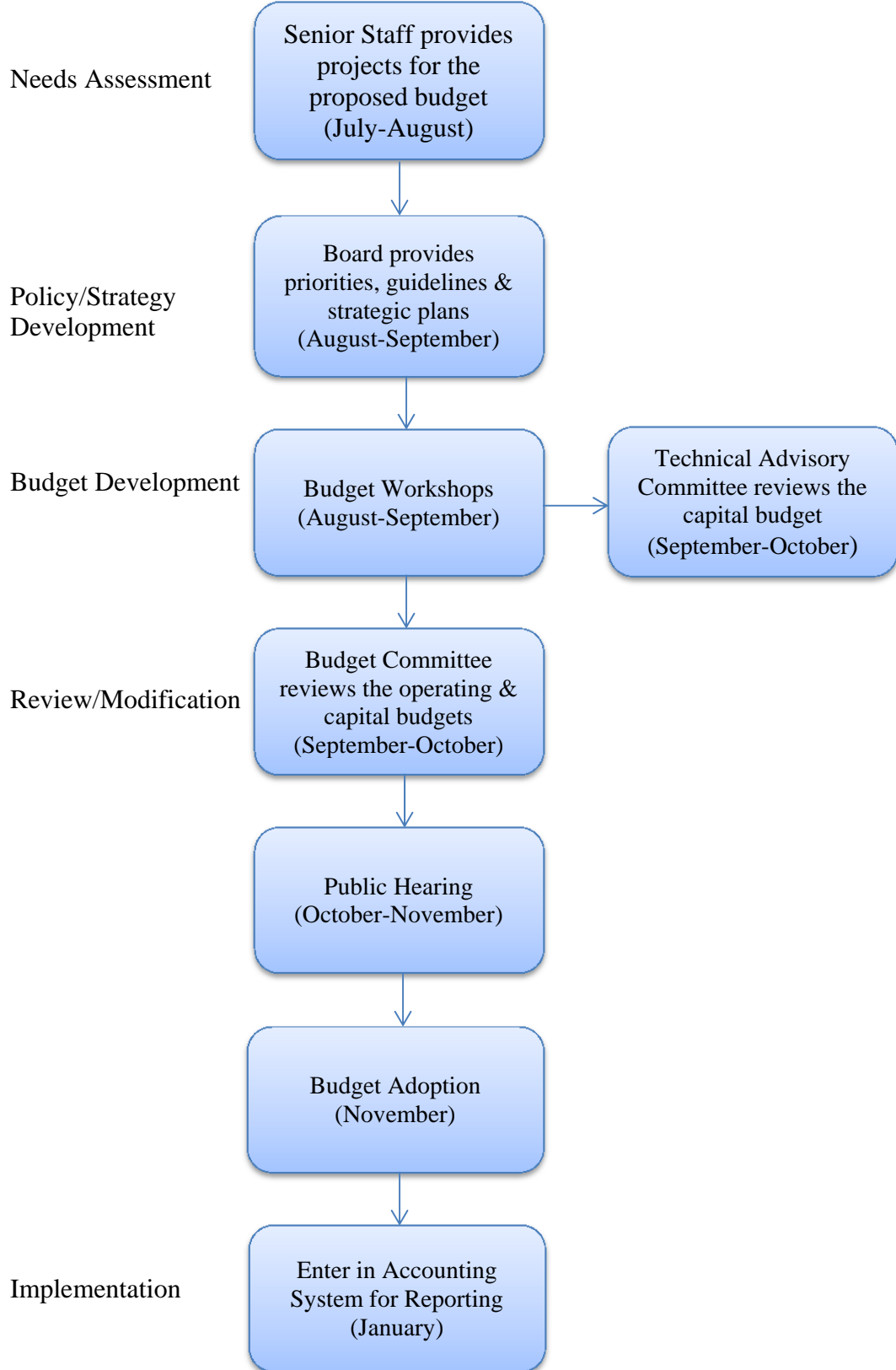
Capital projects and program budgets are adopted for specific non-operational projects or programs. These budgets often span multiple budget years. For each project or program, subsequent Board approval is sometimes required for approving bids and contracts.

Basis of Budgeting

The financial sections of the budget are prepared as follows:

- Includes expenses for capital outlay and the principal and interest portions of debt service;
- Excludes depreciation and amortization;
- Excludes pension liability;
- Generally, revenues are recognized in the accounting period in which they are earned; and
- Generally, expenses are recognized in the period in which the liability is incurred.

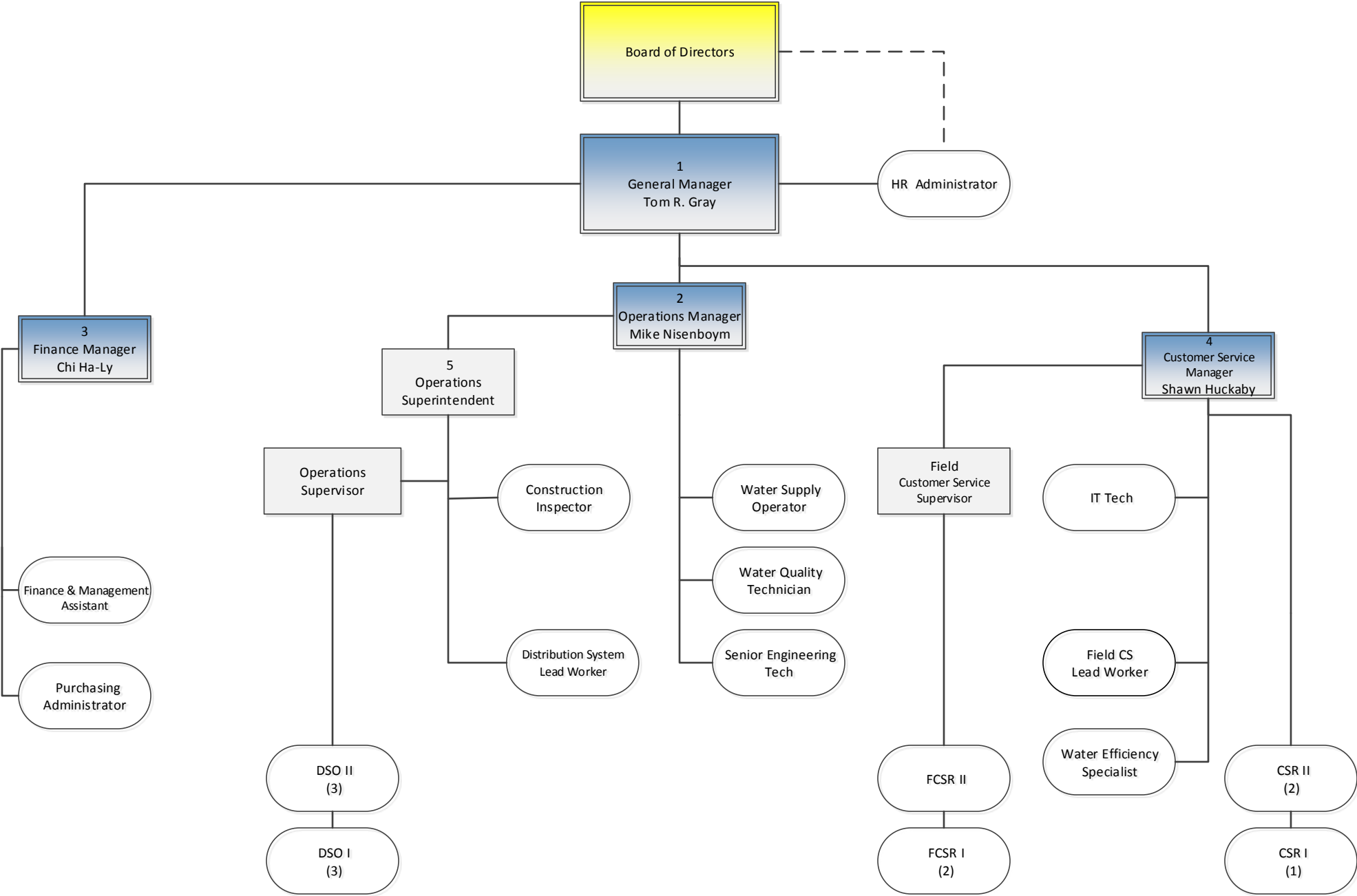
General Budget Timeline



Fair Oaks Water District Organization Chart

2017 BUDGET

30 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 for the allocation of budget resources. 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.

Team work

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 a leadership in groundwater contamination cleanup.
- ✓ Provide an updated system Master Plan every five years, incorporating the vulnerability and emergency response, meter maintenance, regional water issues, and new regulations into comprehensive update of the District's existing master plan.
- ✓ 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 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's assets \$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 will approximate four months of operating costs. Annual contributions will be designated in the budget process to maintain 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 imputed on 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 and 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 ("warrants") are brought to the Board for approval through the regular Board meeting presented under the consent calendar.

FINANCIAL SUMMARIES

District Revenues

The District has the following major sources of revenue for 2017:

- ✓ Water Sales
- ✓ Other Revenues

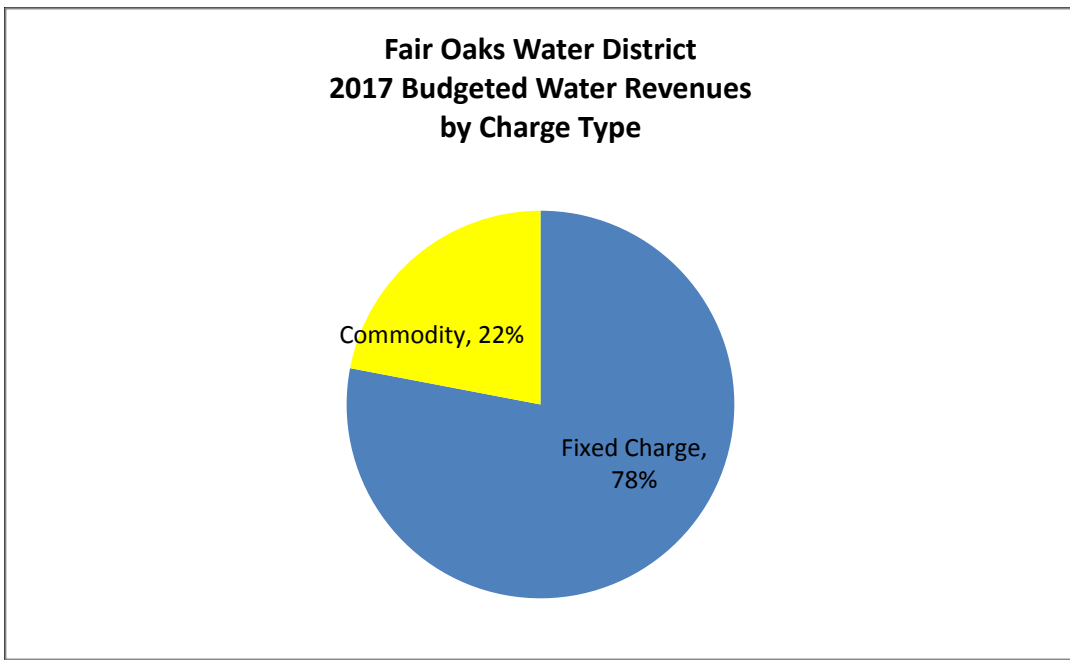
Water Sales

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 the water delivery as it relates to customer service and capacity costs (i.e. repair and maintenance crew labor costs, supplies and construction related costs). Fixed service charges represent approximately 78%.

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 will experience little growth. Most new service connections are 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 are difficult to predict due to the built out nature of the system and limited in-fill projects available.

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

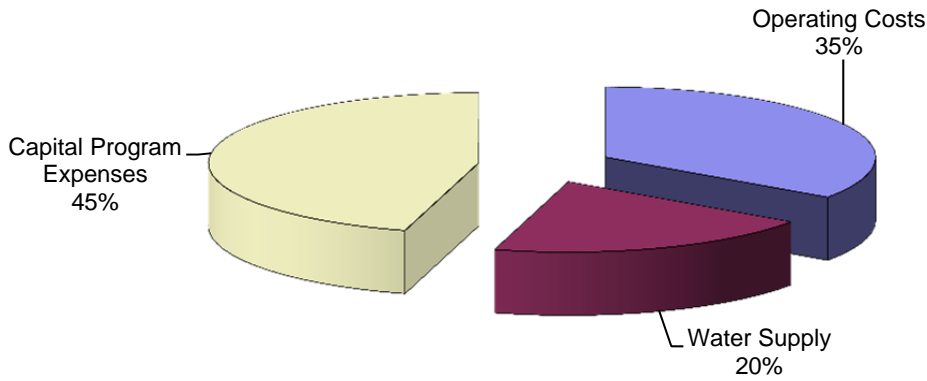
The District’s expenses can be categorized into three major groups:

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

2017 Projected Expenses by Major Category	
Operating Costs	\$ 3,986,700
Water Supply	2,268,800
Capital Program Expenses	5,246,900
Total	\$ 11,502,400

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

**FAIR OAKS WATER DISTRICT
2017 Budget
Expenses by Major Category**



Water Supply

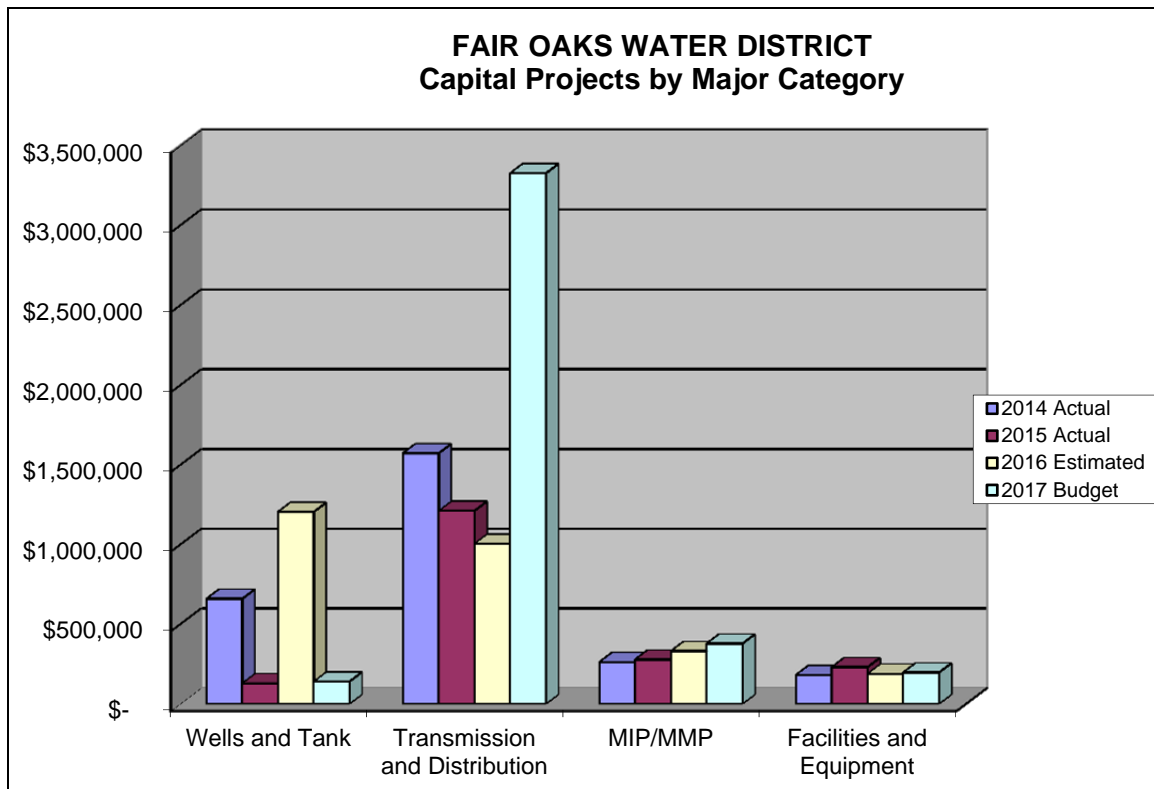
The District currently receives approximately 90% of its water supply from treated surface water through its wholesale supplier, San Juan Water District. The District has purchased on average 9,008 Acre-Feet of surface water over the past five years. The District projects purchasing approximately 8,730 AF of treated surface water from SJWD in 2017 with 970 AF produced by District’s groundwater wells.

Projected 2017 Water Supply Costs	
<i>Purchased Surface Water</i>	
Commodity Charge (\$77.85 per AF x 8,730 AF)	\$ 679,631
Service Charge	924,100
Debt Service Charge	443,500
<i>Total Purchased Surface Water</i>	\$ 2,047,200
<i>Groundwater Production & Other Fees</i>	221,600
Total Water Supply Costs	\$ 2,268,800

Capital Program Expenses Overview

The District invests, 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. Installations and improvements of infrastructures are needed to ensure safe and reliable water delivery.

Capital Program Expenses Overview				
Category	2014 Actual	2015 Actual	2016 Estimated	2017 Budget
Wells and Tank	\$ 661,266	\$ 130,670	\$ 1,206,300	\$ 141,500
Transmission and Distribution	1,574,927	1,213,455	1,006,900	3,327,000
MIP/MMP	263,964	280,294	332,700	380,000
Facilities and Equipment	183,118	232,031	190,700	198,400
Total	\$ 2,683,275	\$ 1,856,450	\$ 2,736,600	\$ 4,046,900



Metering Maintenance Program

The District continues to maintain the meters through the meter maintenance program. The District replaces meters based on manufacturer's recommended replacement schedule and District's maintenance records. A cost of \$380,000 was estimated in the 2017 budget for maintaining the District's retail meters.

Wells and Tank

The District continues to maintain the wells and tank. Dry-year and emergency water supply are critical to the District’s ability to meet customer water demand under all conditions. In our continuing effort to secure reliable back-up water supply, the District drilled the Madison Well in 2014 and started the design, equipment and site improvement in 2015. The District anticipates completing the Madison Well in 2016.

Transmission and Distribution

The District continues to repair and replace aging infrastructure throughout its system. The District scheduled the following projects for 2017:

PROJECT DESCRIPTION	ESTIMATED COSTS
County Hazel Ave. Improv. Project Phase II (12-inch DIP)	\$ 1,850,000
County Hazel Ave. Improv. Project Phase III (12-inch DIP)	\$ 15,000
Replacement of 1,450 LF of 18-inch steel main with 16-inch DIP on Gastman from Pennsylvania to Dory	\$ 295,000
Replacement of Services on Cardinal Road	\$ 75,000
Replacement of 600 LF of 12" C-900 from El Capitan to Dorian Way	\$ 242,000
Replacement of 1,200 LF of 8" C-900 from Sunset Ave./Amelia to Johnson Dr., 8" C-900	\$ 330,000
Replacement of 150 LF of 12" D.I.P at Chicago Creek Crossing	\$ 165,000

Facilities and Equipment

The amount of \$168,400 was allocated for replacement of office equipment, computer software, computer equipment, maintenance equipment and trucks and vehicles in 2017. The District budgeted \$30,000 for office building improvements in 2017.

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.

The District continues to maintain meters through the Meter Maintenance Program.

Another ongoing District activity is replacing and improving the District's aging pipelines. The District anticipates the completion of multiple water main replacement projects in 2017 (see discussion under *Capital Program Expenses*).

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.

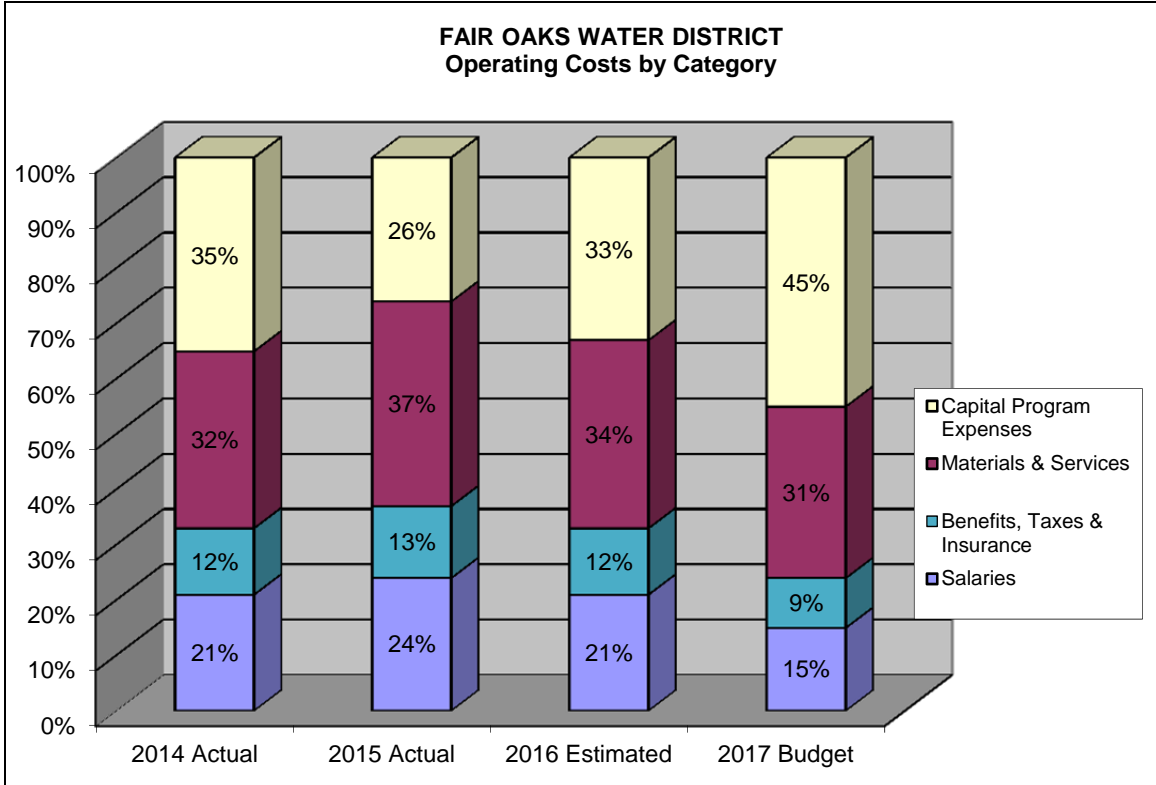
Board of Directors

The Board of Directors (Board) is responsible for developing and reviewing the policies of the District. Directors are elected at large, by geographical area (i.e. division), to four year overlapping terms. 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 actual salaries and benefits compared to other major cost categories since 2014. The salaries and benefits in the table and chart reflect the net labor being capitalized to projects.

Operating Costs by Category				
Category	2014 Actual	2015 Actual	2016 Estimated	2017 Budget
Salaries	\$ 1,670,410	\$ 1,726,029	\$ 1,828,200	\$ 1,720,900
Benefits, Taxes & Insurance	899,910	922,663	1,015,200	993,300
Materials & Services	2,475,336	2,587,556	3,002,500	3,541,300
Capital Program Expenses	2,683,275	1,856,450	2,933,300	5,246,900
Total	\$ 7,728,931	\$ 7,092,698	\$ 8,779,200	\$ 11,502,400

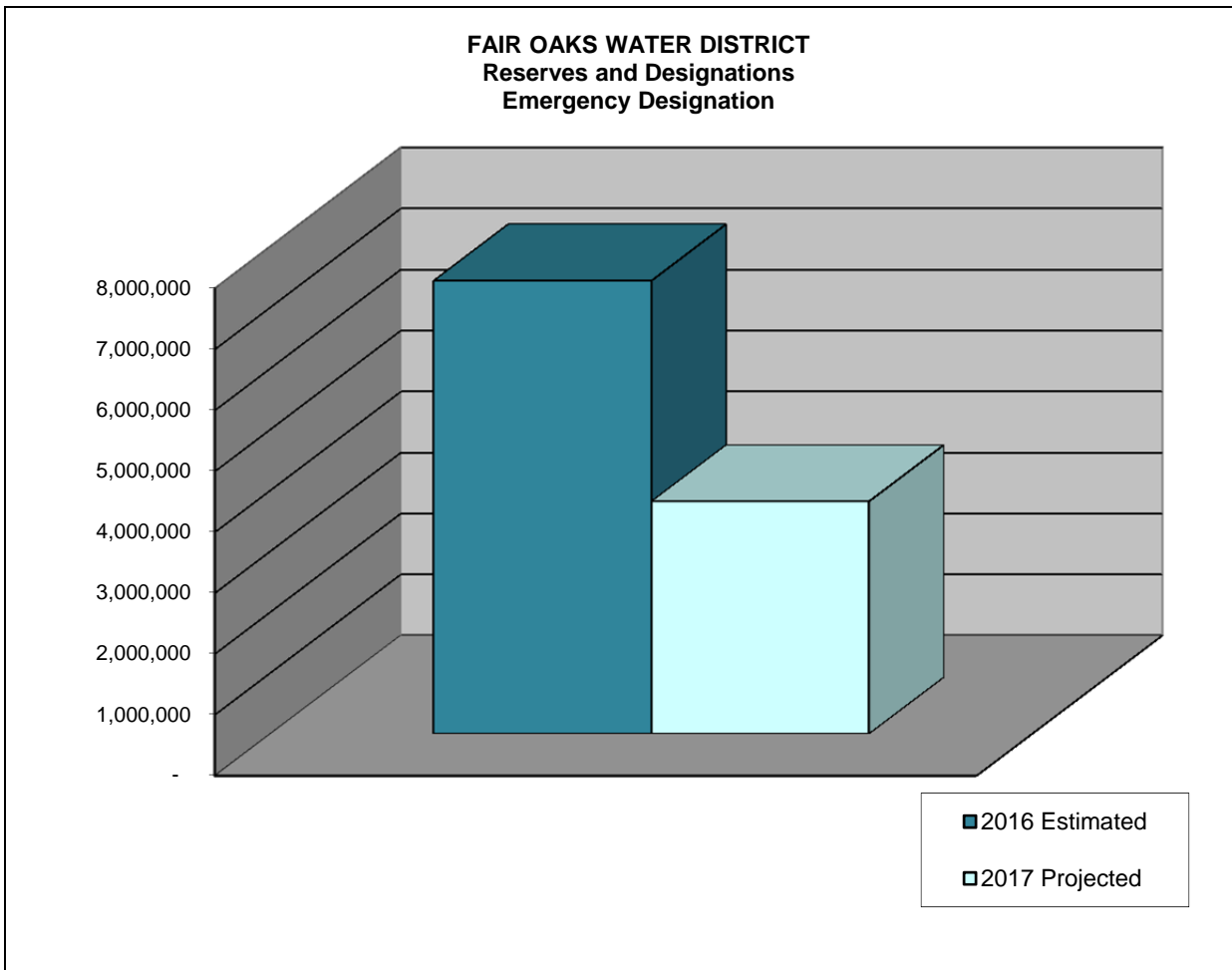


Personnel Summary Full Time Equivalent (FTE)					
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Board Approved	32	32	32	30	30

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 asset acquisitions 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 reserves and designations.

Ending Reserves/Designations		
Category	2016 Estimated	2017 Projected
Emergency Designation	7,433,200	3,818,400
Total	\$ 7,433,200	\$ 3,818,400



Fair Oaks Water District
2017 Annual Budget
Financial Plan Summary of Revenues and Expenses

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Revenues							
<i>Total Operating Revenues</i>	\$ 8,306,306	\$ 8,470,700	\$ 8,017,213	\$ 7,743,869	\$ 7,749,900	\$ 7,830,700	\$ 7,991,300
<i>Total Non-Operating Revenues</i>	690,133	283,434	235,490	456,298	896,200	849,300	261,100
Total Revenues	\$ 8,996,439	\$ 8,754,134	\$ 8,252,703	\$ 8,200,167	\$ 8,646,100	\$ 8,680,000	\$ 8,252,400
Expenses							
Operating Expenses	\$ 5,270,610	\$ 5,285,217	\$ 5,045,656	\$ 5,236,248	\$ 5,796,000	\$ 5,845,900	\$ 6,255,500
Debt Service	149,954	115,451	-	-	-	-	-
Total Expenses	\$ 5,420,564	\$ 5,400,668	\$ 5,045,656	\$ 5,236,248	\$ 5,796,000	\$ 5,845,900	\$ 6,255,500
Net Income (Loss) before Capital Program Expenses	\$ 3,575,875	\$ 3,353,466	\$ 3,207,047	\$ 2,963,919	\$ 2,850,100	\$ 2,834,100	\$ 1,996,900
Capital Program Expenses							
<i>Information Technology Equip. & Software</i>	\$ 55,626	\$ 23,424	\$ 16,954	\$ 94,936	\$ 94,500	\$ 39,900	\$ 82,000
<i>Vehicles & Maintenance Equipment</i>	52,894	198,470	152,994	131,003	65,300	104,100	76,400
<i>Facility & Office Equipment</i>	12,211	14,796	13,170	6,092	73,000	46,700	40,000
<i>MIP/MMP</i>	321,381	207,582	263,964	280,294	400,000	332,700	380,000
<i>CIP</i>	523,474	1,441,463	2,236,193	1,344,125	2,533,500	2,213,200	3,468,500
Total Capital Program Expenses	\$ 965,586	\$ 1,885,735	\$ 2,683,275	\$ 1,856,450	\$ 3,166,300	\$ 2,736,600	\$ 4,046,900
FO 40-Inch Pipeline paid to SJWD (Non-Operating Exp.)	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -	\$ 196,700	\$ 1,200,000
Total Expenses including Capital Program	\$ 8,305,304	\$ 9,031,334	\$ 7,728,931	\$ 7,092,698	\$ 8,962,300	\$ 8,779,200	\$ 11,502,400
Net Income (Loss)	\$ 691,135	\$ (277,200)	\$ 523,772	\$ 1,107,469	\$ (316,200)	\$ (99,200)	\$ (3,250,000)
<i>Contingency¹</i>					200,000	-	200,000
<i>Contingency (Labor)</i>							164,800
Ending Balance Budgetary Basis²				\$ 7,532,408	\$ 4,810,500	\$ 7,433,200	\$ 3,818,400
Year-End Cash				\$ 8,167,437		\$ 8,068,200	\$ 4,453,400
Unfunded Accrued Liability					\$ (1,644,200)	\$ (1,727,500)	\$ (1,798,900)

¹ The District used 100% of the contingency fund. The funds are being transferred to various expense line items in the Estimated 2016.

² Budgetary basis cash reflects the following: a) Money owed by FOWD but not paid in that year; b) Money owed to FOWD but not paid in that year; and c) Fixed rate charges collected in advance are not included in that year.

Fair Oaks Water District

2017 Annual Budget

Revenue Summary

Description	Acct #	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Operating Revenues:								
Water sales								
Fixed service charge	ALL CUSTOMERS	\$ 6,010,409	\$ 6,017,978	\$ 6,026,543	\$ 6,024,166	\$ 6,020,000	\$ 6,042,700	\$ 6,066,000
Commodity charge	ALL CUSTOMERS	2,098,292	2,217,919	1,735,445	1,471,620	1,517,400	1,543,500	1,712,800
<i>Total Water Sales</i>		8,108,701	8,235,897	7,761,988	7,495,786	7,537,400	7,586,200	7,778,800
Other Fees/Revenues								
Delinquencies & late fees	4050/4055/4060	162,926	161,239	148,247	143,347	140,000	140,000	140,000
Fire service fees	4038	2,040	49,352	37,522	38,918	42,500	42,500	42,500
Developer paid fees for service	4150/4130	32,639	24,212	69,456	65,818	30,000	62,000	30,000
<i>Total Operating Revenues</i>		\$ 8,306,306	\$ 8,470,700	\$ 8,017,213	\$ 7,743,869	\$ 7,749,900	\$ 7,830,700	\$ 7,991,300
Non-Operating Revenues:								
Interest revenue	4610	\$ 19,420	\$ 12,916	\$ 14,785	\$ 17,955	\$ 16,000	\$ 40,000	\$ 28,900
Connection fees	4110/4120	49,894	9,286	131,165	203,699	75,000	100,000	196,200
Grants	4320				96,505	669,000	622,500	
Revenues from reimbursement	4095/4096/4156	577,955	158,817	11,876	75,147	7,500	35,000	7,500
GW revenues reimb. from SJWD ¹					-	128,200		-
Meter downsizing	4186			750	1,400	500	800	500
Miscellaneous revenue	4015/4170/4175/4180/4185/4186/4310/4042/4330	21,585	7,619	6,419	38,848		6,000	
(Loss) gain on disposal of assets	4080/4090	21,279	94,796	70,495	22,744	-	45,000	28,000
<i>Total Non-Operating Revenues</i>		\$ 690,133	\$ 283,434	\$ 235,490	\$ 456,298	\$ 896,200	\$ 849,300	\$ 261,100
<i>Total Revenues</i>		\$ 8,996,439	\$ 8,754,134	\$ 8,252,703	\$ 8,200,167	\$ 8,646,100	\$ 8,680,000	\$ 8,252,400

¹ FOWD could potentially receive \$922,647 from SJWD; timing is unknown at this time.

Fair Oaks Water District

2017 Annual Budget

Expense Summary

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
		2012	2013	2014	2015	2016	2016	2017
Labor & Benefits⁽¹⁾								
Salaries and Wages								
Salaries		\$ 1,821,161	\$ 1,853,581	\$ 1,900,689	\$ 1,951,254	\$ 2,022,700	\$ 1,987,900	\$ 2,032,200
On-call	5011	25,822	26,370	26,464	26,282	30,000	26,200	27,300
Overtime	5011	11,766	15,824	13,154	20,369	25,000	12,000	14,600
Certificate Incentive Program	5010	7,183	4,282	3,975	14,520	15,000	12,800	10,000
Temporary labor/Part-time	5010	-	1,403	19,228	31,704	63,400	17,000	-
<i>Salaries and Wages Subtotal</i>		\$ 1,865,932	\$ 1,901,460	\$ 1,963,510	\$ 2,044,129	\$ 2,156,100	\$ 2,055,900	\$ 2,084,100
Benefits and Insurance								
Auto and mileage	5420	\$ 3,430	\$ 3,113	\$ 2,896	\$ 2,927	\$ 4,400	\$ 1,800	\$ 1,300
Dental insurance	5220	39,096	35,791	35,166	33,649	37,200	33,000	36,900
FICA	5110	113,075	115,201	117,890	124,619	133,700	127,500	129,200
Medicare	5120	27,110	27,578	28,217	29,877	31,300	29,800	30,200
Health insurance	5210	503,325	474,921	500,057	517,567	537,800	565,300	573,700
Disability insurance	5260	6,823	6,788	7,036	8,714	10,100	10,000	10,100
Life insurance	5230	4,096	4,624	4,966	5,311	6,100	6,300	5,900
Pension plan	5240	282,129	276,120	286,668	306,936	319,200	297,100	314,300
Unemployment insurance	5310	3,472	23,186	4,718	-	25,000	10,000	25,000
Vision care	5250	8,218	7,715	8,296	8,148	8,400	8,200	8,100
Workers compensation	5320	56,398	53,770	50,541	43,937	49,300	40,000	40,200
<i>Benefits and Insurance Subtotal</i>		\$ 1,047,172	\$ 1,028,807	\$ 1,046,451	\$ 1,081,685	\$ 1,162,500	\$ 1,129,000	\$ 1,174,900
Labor & Benefits Subtotal		\$ 2,913,104	\$ 2,930,267	\$ 3,009,961	\$ 3,125,814	\$ 3,318,600	\$ 3,184,900	\$ 3,259,000
In-house CIP/MIP/MMP labor & benefits capitalized		\$ (298,667)	\$ (312,099)	\$ (439,641)	\$ (477,122)	\$ (560,700)	\$ (341,500)	\$ (544,800)
Net Labor & Benefits		\$ 2,614,437	\$ 2,618,168	\$ 2,570,320	\$ 2,648,692	\$ 2,757,900	\$ 2,843,400	\$ 2,714,200

		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Materials & Services								
<i>Water Supply</i>								
Surface water supply, SJWD	6110	\$ 1,547,919	\$ 1,605,156	\$ 1,335,482	\$ 1,447,762	\$ 1,564,200	\$ 1,625,600	\$ 2,047,200
Chemicals	6160	7,413	7,159	9,630	3,958	5,500	5,100	4,500
Department of Drinking Water fees	6358	12,378	12,198	13,260	19,824	17,500	17,500	40,000
Energy cost, tank	6120	24,084	21,688	22,932	26,244	24,200	24,200	26,700
Energy cost, wells ⁽²⁾	6130	171,730	145,972	192,797	111,205	117,600	129,300	117,700
Energy cost, other ⁽²⁾	6135				1,683	2,000	2,000	2,000
Testing & sampling	6140	15,912	22,222	25,453	18,466	18,000	18,000	18,500
SCADA support & maintenance	6151	2,835	776		-	-	-	5,000
Cathodic protection ^[j]	6152	2,450	3,000	1,590	-	3,000	3,800	4,200
Hydrant testing & flushing	6155	305	791	1,302	338	2,000	2,000	3,000
<i>Water Supply Subtotal</i>		\$ 1,785,026	\$ 1,818,962	\$ 1,602,446	\$ 1,629,480	\$ 1,754,000	\$ 1,827,500	\$ 2,268,800
<i>District Facilities Maintenance and Repairs</i>								
Well and pump repairs ^[k]	6170	\$ 3,751	\$ 13,264	\$ 2,021	\$ 1,001	\$ 10,000	\$ 35,000	\$ 10,000
Annual pump efficiency testing ⁽¹⁵⁾	6171							2,600
Tank repairs and maintenance	6165	532	8,448	2,237	157	7,000	5,000	7,000
District site maintenance ⁽³⁾	6700	6,283	7,158	11,256	15,226	19,000	16,100	17,000
Janitorial services ⁽⁴⁾	6710	1,559	893	14,096	18,920	21,600	21,600	21,600
Elevator maintenance	6701	3,310	4,740	5,465	4,154	6,000	5,600	6,000
Security costs	6720	3,672	3,263	2,891	2,990	4,000	3,500	4,000
<i>District Facilities Maint. Subtotal</i>		\$ 19,107	\$ 37,766	\$ 37,966	\$ 42,448	\$ 67,600	\$ 86,800	\$ 68,200
<i>Vehicle and Equipment Maintenance</i>								
Vehicle maintenance ⁽⁵⁾	6610	\$ 14,245	\$ 13,257	\$ 14,606	\$ 19,633	\$ 22,000	\$ 21,000	\$ 22,000
Vehicle repairs ^[m]	6611	7,351	9,393	8,673	14,720	16,000	12,000	13,000
Other equipment maintenance ⁽⁶⁾	6621			10,096	15,815	17,000	19,000	23,000
Other equipment repair ⁽⁶⁾	6622			11,963	15,602	14,000	19,000	20,000
Other equipment repair & maint. ⁽⁶⁾	6620	19,299	22,074		-	-	-	-
<i>Vehicle Maintenance Subtotal</i>		\$ 40,895	\$ 44,724	\$ 45,338	\$ 65,770	\$ 69,000	\$ 71,000	\$ 78,000

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
		2012	2013	2014	2015	2016	2016	2017
Insurance								
Auto and general liab. Insurance	7310	\$ 67,144	\$ 68,257	\$ 76,666	\$ 89,841	\$ 100,000	\$ 100,000	\$ 125,000
Bonding	7330	1,000	1,000	1,084	1,540	2,000	1,600	1,700
Property insurance	7320	22,155	22,493	22,524	21,170	24,000	20,600	22,000
<i>Insurance Subtotal</i>		\$ 90,299	\$ 91,750	\$ 100,274	\$ 112,551	\$ 126,000	\$ 122,200	\$ 148,700
Printing and Postage								
Advertisement, notices & recording fees	7655	\$ 603	\$ 596	\$ 603	\$ 51	\$ 2,500	\$ 800	\$ 1,500
Customer bill printing	7660	11,073	11,460	8,846	13,584	15,000	14,000	15,000
Customer bill postage	7695	35,668	35,561	37,466	37,450	40,000	35,000	40,000
Customer collection postage	7696	6,269	5,712	5,626	6,274	7,000	6,500	7,000
General postage	7690	1,165	583	944	503	2,000	1,000	1,000
General printing	7670	2,351	637	908	614	2,000	1,500	1,000
Water Currents: print, mail, consult. ⁽⁸⁾	7680	-	-	-	-	-	-	-
Proposition 218 programs; etc. ⁽⁹⁾	7651	-	-	-	-	-	-	-
Collection expense printing	6910	560	617	588	430	1,000	500	500
<i>Printing & Postage Subtotal</i>		\$ 57,689	\$ 55,166	\$ 54,981	\$ 58,906	\$ 69,500	\$ 59,300	\$ 66,000
Office Expense								
Office equipment rental	6315	\$ 731	\$ 648	\$ 690	\$ 648	\$ 1,000	\$ 700	\$ 1,000
Office supplies	7610	22,442	24,068	24,817	23,655	25,000	24,000	25,000
Office equipment less than \$500	7615	392	2,107	995	235	2,000	2,000	2,000
Office furniture less than \$500	7616	-	148	67	-	2,000	500	2,000
Office equipment maintenance	6614	-	-	-	-	1,000	500	1,000
Office equipment maintenance agreements	6615	7,029	13,330	8,217	8,920	12,000	8,700	9,000
Contingency	7910	242	-	-	-	-	-	-
<i>Office Expense & Other Subtotal</i>		\$ 30,836	\$ 40,301	\$ 34,786	\$ 33,458	\$ 43,000	\$ 36,400	\$ 40,000
Professional Services & Other								
Coop. Trans. Pipeline O & M	6190	\$ 2,607	\$ 3,200	\$ 4,031	3,892	5,000	\$ 5,000	\$ 5,000
Coop. Trans. Pipeline O & M		33,959	-	-	-	-	-	-
Meter testing service	6626	-	-	-	-	3,500	3,500	5,000
Dues & subscriptions ^(c)	7620	21,422	23,034	24,664	23,524	28,000	28,000	31,000
Grant application	7165	-	-	10,000	-	-	-	10,000
Urban Water Management Plan (State)	7134	-	-	-	-	65,000	50,700	-
Emergency Response Plan	7131	-	-	218	11	500	100	500
Master Plan Update	7136	-	-	-	-	-	-	-

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
		2012	2013	2014	2015	2016	2016	2017
Five Year Water Management Plan (Fed.-US Bureau)	7133					25,000	25,000	
Five Year Rate Analysis & Updates	7132	-				-		-
Banking fees	7170	28,846	44,620	48,317	49,320	52,000	51,000	52,000
Financial audit fees	7120	16,775	17,150	17,525	16,700	17,000	17,000	17,200
Actuarial services for pension calculation ^{(10),(i)}	7121				850	1,800	1,300	1,300
Legal fees ^(a)	7110	74,104	36,255	27,348	9,508	25,000	40,000	40,000
Public relations	7160	-				3,000		3,000
Regional support	7640	53,556	55,360	60,431	72,011	78,000	79,600	90,000
IT consulting service	7156	8,655	9,961	3,255	1,418	5,000	5,000	5,000
Annual IT audit	7157	-	-			5,500	-	5,500
Telemetry Master Plan	7158							
Answering service	7180		2,103	2,064	2,055	2,200	2,200	2,200
Bad debts	7920		6,226	69		-	-	-
Professional consulting fees, other	7130	14,442	13,292	28,620	22,688	24,800	22,000	22,000
<i>Professional Services Subtotal</i>		\$ 254,366	\$ 211,201	\$ 226,542	\$ 201,977	\$ 341,300	\$ 330,400	\$ 289,700
System Maintenance /Repairs								
Aggregate, sand & cutback	6320	\$ 4,486	\$ 9,389	\$ 11,735	\$ 14,922	\$ 17,000	20,400	\$ 22,400
Paving	6340	13,759	20,942	15,984	19,324	30,000	30,000	60,000
Contract trucking/dumping	6330	771	5,182	2,184	2,688	5,000	5,000	5,500
Equip. and tool rental	6310	-	49	342	90	2,000	2,000	2,000
Consumables & maintenance supplies	6210	11,956	12,012	13,266	8,690	14,000	12,000	12,600
Distribution repairs	6215	27,682	28,621	16,632	28,796	25,000	25,000	25,000
T-Main repairs	6216	7,778	229	12,600	5,134	15,000	15,000	15,000
Damages	6218	3,123	15,168	1,000	2,158	6,600	6,600	6,600
Damages, reimbursable ⁽¹¹⁾	6219				30,385	10,000	10,000	10,000
Backflow testing and supplies	6180	1,261	1,430	808	1,052	2,000	2,000	2,500
Meter downsizing	6627	12,583	2,297	141	-	500	500	500
Inventory replenishment ⁽¹²⁾	1212	-	-	654	260	10,000	500	10,000
Gas and oil	6630	47,359	49,358	46,760	36,429	50,000	30,000	35,000
Equipment and tools less than \$500	6240	4,533	7,056	6,964	6,839	10,000	9,000	10,000
Safety equipment less than \$500	6250	9,956	13,665	10,196	13,228	15,000	12,800	15,000
<i>System Maintenance/Repairs</i>		\$ 145,247	\$ 165,398	\$ 139,266	\$ 169,995	\$ 212,100	\$ 180,800	\$ 232,100
Fees								
County fees & taxes	6350	\$ 671	\$ 699	\$ 1,043	\$ 535	\$ 1,000	800	\$ 1,000
Air quality	6355	4,545	5,632	4,986	5,478	7,000	5,900	8,500
NPDES permit	6359	1,943	2,003	2,062	2,062	2,500	2,100	2,500
Miscellaneous fees	6360	-	-	73	-	500	-	-
Haz-mat permit	6357	2,576	2,560	2,500	2,560	3,300	2,700	4,000
<i>Fees Subtotal</i>		\$ 9,735	\$ 10,894	\$ 10,664	\$ 10,635	\$ 14,300	\$ 11,500	\$ 16,000

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
		2012	2013	2014	2015	2016	2016	2017
Utilities								
Communication, telephone	6760	\$ 50,085	\$ 47,582	\$ 51,452	\$ 59,633	\$ 60,000	\$ 61,500	\$ 72,000
Refuse collection ⁽¹³⁾	6750	3,742	2,631		-	-	-	-
District site utilities ⁽¹³⁾	6740	32,483	33,018	34,869	32,942	36,700	38,000	38,300
<i>Utilities Subtotal</i>		\$ 86,310	\$ 83,231	\$ 86,321	\$ 92,575	\$ 96,700	\$ 99,500	\$ 110,300
Information Technology								
IT maintenance agreements ^{(14),[a]}	7150	\$ 33,178	\$ 30,567	\$ 39,944	\$ 40,326	\$ 59,000	\$ 53,800	\$ 61,000
Website maintenance	7155	2,237	1,494	3,567	2,178	10,000	5,000	5,000
Computer hardware <\$500	7151	1,706	3,077	3,352	588	5,000	4,000	4,000
Computer software <\$500	7152	84	15	621	79	1,500	200	1,000
<i>Information Technology Subtotal</i>		\$ 37,205	\$ 35,153	\$ 47,484	\$ 43,171	\$ 75,500	\$ 63,000	\$ 71,000
Water Efficiency								
Conservation Outreach	6430	\$ 17,743	\$ 13,565	\$ 15,249	\$ 23,999	\$ 25,000	\$ 15,000	\$ 25,000
Grant Application	6407	-	-	-	-	1,000	-	1,000
Cons. Landscape Irrigation Review (Materials)	6450	1,598	350		12,500	2,500	2,000	2,500
Large Landscape Irrigation Consulting	6451				-	15,000	8,000	15,000
Conservation Water Waste (Materials)	6470	905			261	1,500	500	1,500
Conservation Large Landscape (Materials)	6455	-			-	1,500	500	1,500
Conservation Subscriptions	6405	-			-	500	-	500
Conservation Toilet Rebate Program	6510	10,049	8,244	11,843	29,479	15,000	15,000	15,000
Conservation Toilet Rebate Program (Reimb.)	6515	7,029	5,686	7,724	9,615	7,500	7,500	7,500
Washing Machine Program	6516	-	5,500		5,400	6,000	6,000	6,000
Conservation Internal Review (Materials)	6460	1,987	827	141	-	2,500	2,500	2,500
<i>Water Efficiency Subtotal</i>		\$ 39,311	\$ 34,172	\$ 34,957	\$ 81,254	\$ 78,000	\$ 57,000	\$ 78,000
Training & Uniforms								
DMV/Physicals/DOT Testing	7135	\$ 1,948	\$ 4,095	\$ 2,561	\$ 3,347	\$ 4,000	\$ 2,600	\$ 3,000
Employee recognition program ⁽¹⁶⁾	7570	7,064	6,473	6,953	8,003	10,000	11,100	10,000
FOWD 100-Year Anniversary Celebration	TBD							10,000
Training and travel expenses	7510	18,580	8,597	15,410	11,099	19,000	13,000	13,000
Uniforms	6270	1,772	7,922	10,598	8,750	15,000	9,800	15,000
<i>Training Subtotal</i>		\$ 29,364	\$ 27,087	\$ 35,522	\$ 31,199	\$ 48,000	\$ 36,500	\$ 51,000
Board Expenses								
Election expense	7720	\$ 17,557	\$ -	\$ 1,818	\$ -	\$ 20,600	\$ 2,000	\$ -
Director's fees	7710	9,200	8,800	10,800	13,100	14,500	14,500	16,000
Miscellaneous Board expenses	7730	886	736	1,074	1,037	2,000	1,100	1,500
Travel and seminars	7740	3,140	1,708	5,097	-	6,000	3,000	6,000
<i>Board Expenses Subtotal</i>		\$ 30,783	\$ 11,244	\$ 18,789	\$ 14,137	\$ 43,100	\$ 20,600	\$ 23,500
Materials & services total		\$ 2,656,173	\$ 2,667,049	\$ 2,475,336	\$ 2,587,556	\$ 3,038,100	\$ 3,002,500	\$ 3,541,300
Department Grand Total		\$ 5,270,610	\$ 5,285,217	\$ 5,045,656	\$ 5,236,248	\$ 5,796,000	\$ 5,845,900	\$ 6,255,500

Expense Summary

General Notes

- ⁽¹⁾ Labor and Benefits: The Board approved 30 positions. The 2017 Budget included 28 positions. Staff placed the two vacant positions under "Contingency Labor."
- ⁽²⁾ "Energy cost, other" was budgeted under "energy costs, wells" in 2014 and prior years.
- ⁽³⁾ Starting in August 2014, the District outsourced landscaping services.
- ⁽⁴⁾ Starting in April 2014, the District outsourced janitorial services; previous years, janitorial services were performed in-house and this line item only included cleaning supplies.
- ⁽⁵⁾ The District follows manufacturer's recommended maintenance schedule for vehicles.
- ⁽⁶⁾ Starting in 2014, the "other equipment repair & maintenance" are budgeted separately.
- ⁽⁸⁾ Newsletters are generally sent out in the Spring and Fall. For the past few years, the District has been communicating through its website and other outreach program.
- ⁽⁹⁾ The District generally incur Proposition 218 expenses from rate change process.
- ⁽¹⁰⁾ GASB requires the District to record the net pension liability on its statement of net position starting in 2015. The District will use actuarial services to calculate the net pension liability. CalPERS billed for 2014-2015 and 2015-2016 actuarial reports in 2016.
- ⁽¹¹⁾ 2014 and prior reported as net; therefore, expenses are not shown.
- ⁽¹²⁾ Starting in 2015, inventory purchase will be budgeted to show the cash spending and placed in inventory until charged out to a particular project.
- ⁽¹³⁾ Starting in 2014, refuse collection will be budgeted under utilities.
- ⁽¹⁴⁾ Starting 2016, the Microsoft Volume Service License Agreement (approx. \$12,000), previously budgeted under IT Equipment and Software, will be budgeted under Information Technology Agreements under Expense Summary.
- ⁽¹⁵⁾ Starting 2017, the Annual Pump Efficiency Testing will be budgeted under expense rather than in CIP.
- ⁽¹⁶⁾ The District received a Wellness Grant of \$1,100 for the employee recognition in 2016.

Budget Transfers

- ^[a] A budget transfer of \$1,900 was transferred from Contingency to IT maintenance agreements.
- ^[c] A budget transfer of \$875 was transferred from Contingency to Dues and Subscription.
- ^[f] A budget transfer of \$800 was transferred from Contingency to Cathodic Protection.
- ^[j] A budget transfer of \$800 was transferred from Contingency to Actuarial Services.
- ^[k] A budget transfer of \$10,000 was transferred from Contingency to Wells and Pump Repairs (Northridge Well).
- ^[m] A budget transfer of \$400 was transferred from Vehicle Repair to Equipment Repair.

Fair Oaks Water District

2017 Annual Budget

Debt Service

Description	Acct #	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Debt Service								
CTP-SJWD 1993 COP's ⁽¹⁾	2555	\$ 148,377	\$ 114,237	\$ -	\$ -	\$ -	\$ -	\$ -
1999 COP'S ⁽²⁾	2515	-	-	-	-	-	-	-
<i>Debt Service Principal Total</i>		\$ 148,377	\$ 114,237	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - Interest								
CTP-SJWD 1993 COP's ⁽¹⁾	8010	\$ 1,577	\$ 1,214	\$ -	\$ -	\$ -	\$ -	\$ -
1999 COP'S ⁽²⁾	8020	-	-	-	-	-	-	-
Refunding costs (amortized)	8020	-	-	-	-	-	-	-
<i>Debt Service Interest Total</i>		\$ 1,577	\$ 1,214	\$ -	\$ -	\$ -	\$ -	\$ -
Material and Services								
Bond Trustee Fees	7175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Arbitrage Fees	7176	-	-	-	-	-	-	-
<i>Material and Services Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department Grand Total		\$ 149,954	\$ 115,451	\$ -	\$ -	\$ -	\$ -	\$ -

General Notes:

- ⁽¹⁾ Cooperative Transmission Pipeline interest range is 3.1% - 5.3%. Also includes 115% debt service coverage. Final maturities occur in 2013. Refinances 93 COPs in 2003. Interest rate is 4.23%. New principle and interest schedule obtained from SJWD on September 24, 2003 for 2004-2013. **SJWD refinanced the 1993 COP in 2012 and based on the new amortization schedule, the last payment will be in 2014. SJWD billed this debt in advance; therefore, FOWD made the last payment in 2013.
- ⁽²⁾ Refunding COP's interest rate range is 3.5% to 4.25%. Also includes 115% debt service coverage. The District paid the debt in full on July 12, 2010 based on Board action on May 10, 2010.

Fair Oaks Water District

2017 Annual Budget

Information Technology Equipment and Software

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Information Technology Equipment & Software							
IT Equipment							
Computer Hardware (Desktops/Laptops) ⁽¹⁾	\$ 2,150	\$ 7,847	\$ 4,238	\$ 5,202	\$ 6,500	\$ 6,500	\$ 7,000
Meter Reading Equipment				-	13,000.00	10,000	-
Network Upgrade ⁽²⁾				7,600	70,000	5,000	70,000
Backup Solution ^{(1),[e]}				69,311	-	17,500	-
IT Software/Licensing							
Backup Power Supply for IT Room	14,392						
Microsoft Volume License Agreement ⁽³⁾	17,924	11,118	11,118	11,941	-		
IT Software and Licensing	-	4,459	1,598	882	5,000	900	5,000
Design and implementation of a new FOWD website	21,160						
Total Computer Equipment & Software	\$ 55,626	\$ 23,424	\$ 16,954	\$ 94,936	\$ 94,500	\$ 39,900	\$ 82,000

General Notes

⁽¹⁾ The 2014 Adopted Budget included computer hardware of \$80,000. For reclassifications purposes, \$60,000 of network backup solution was reported as a separate line item for a more detailed reporting. The \$60,000 budgeted in 2014 was spent in 2015. A budget transfer was made from Walnut Avenue Phase II of \$23,874 to Network Upgrade in 2015.

⁽²⁾ The total network upgrade is being developed by outside consultant. The cost of the upgrade is to be spread over 5 years. The \$70,000 is estimated for the software and hardware in the first year of upgrade and will be adjusted based on approved proposal. Estimated in 2016 \$5,000 for the exchange server.

⁽³⁾ Starting 2016, the Microsoft Volume Service License Agreement will be budgeted under Expense Summary under IT Maintenance Agreements.

Budget Transfers

^[e] A budget transfer of \$17,500 was transferred from Contingency to Backup Solution.

Fair Oaks Water District
2017 Annual Budget
Vehicles and Maintenance Equipment

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Trucks/Vehicles/Trailers							
Replace 056 and 003 with New Dump Truck	\$ -	\$ -	\$ 106,636	\$ -	\$ -	\$ -	\$ -
New Vehicle			32,457				
Replace 032 with a new Dump Trump				107,100			
Replace 045 with a new Service Truck				-			55,000
New Water Trailer				8,226			
Replace 043 Chevy in 2016 (Light Service Truck)					35,000	35,000	
Replace 121 ^{(1),(g)}						40,000	
Pool Car		24,581					
Replace 016-2001 Dodge RAM BR2500	24,804						
Replace 017-2001 Dodge RAM BR2500	25,890						
Replace 030-2003 Ford F250 4x4		30,481					
Purchase of Small VacTron		55,118					
Replace 2000 Dodge RAM 2500		27,932					
Subtotal	\$ 50,694	\$ 138,112	\$ 139,093	\$ 115,326	\$ 35,000	\$ 75,000	\$ 55,000
Maintenance Equipment/Tools							
Power Generator (Confined Space)	\$ -	\$ 967	\$ -	\$ -	\$ -	\$ -	\$ -
Replace Wackers/Tampers		7,966			4,800	4,000	
Truck or Trailer Mounted Core Drill							7,500
Light Tower/Glo-Bug							3,500
Hydraulic Pipe Cutter							3,800
Fisher TW6 Split Locator							1,100
Torch Set w/ Regulators & Horses							500
Forklift Hyster		41,947					
Underground Locators				7,608	4,300	3,900	
Replacement of Hot Tap Machine					6,500	6,500	
Concrete Saw	914						
Fuel Tank Upgrades			10,059	-			
Air Pump		2,452					
Cut-Off Saw		961					
Hydraulic Sum Pump		1,906		3,082			
Pneumatic Jackhammer/Pole Tamper				958			
Valve Box Locator		591					
Valve Exerciser					9,700	9,700	
Other Maintenance Equipment	1,286	3,568	3,842	4,029	5,000	5,000	5,000
Subtotal	\$ 2,200	\$ 60,358	\$ 13,901	\$ 15,677	\$ 30,300	\$ 29,100	\$ 21,400
Total Vehicle & Maintenance Equipment	\$ 52,894	\$ 198,470	\$ 152,994	\$ 131,003	\$ 65,300	\$ 104,100	\$ 76,400

General Notes:

¹ Truck 121 was in an accident and FOWD received \$26,245.60 from ACWA-JPIA and \$4,200 from Autogator Salvage.

Budget Transfer

^(g) Budget transfer of \$3,000 was made from Contingency to fund the replacement of 121 truck.

Budget transfer of \$2,200 was made from Contingency to fund replacement of 121 truck.

Fair Oaks Water District

2017 Annual Budget Facility and Office Equipment

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Building							
Admin. Office Building (10326 FOB)	\$ 1,884	\$ -	\$ -	\$ -	\$ 5,000	\$ 500	\$ 5,000
Maintenance Building (10317 FOB)	4,143	-	8,933	5,250	25,000	25,000	25,000
Office Building (10340 FOB)	2,100						
Total Building	\$ 8,127	\$ -	\$ 8,933	\$ 5,250	\$ 30,000	\$ 25,500	\$ 30,000
Office Equipment							
Safety Equipment	\$ 2,048	\$ -	\$ -	\$ -	\$ 3,000	\$ 1,500	\$ 3,000
Audio Video	-	-			1,000	500	1,000
Furnishings	-	-	1,936	842	3,000	3,000	3,000
New Phone System ⁽¹⁾					30,000	-	
Plotter ⁽²⁾						16,200	-
Printer	1,054	14,796			3,000	-	3,000
Miscellaneous Office Equip.	982	-	2,301	-	3,000	-	-
Total Office Equipment	\$ 4,084	\$ 14,796	\$ 4,237	\$ 842	\$ 43,000	\$ 21,200	\$ 10,000
Tot Total Facility and Equipment	\$ 12,211	\$ 14,796	\$ 13,170	\$ 6,092	\$ 73,000	\$ 46,700	\$ 40,000

General Notes

- ⁽¹⁾ The District's current phone system no longer has support. The District plans on entering into an agreement and pays monthly rather than buying a new phone system in 2016.
- ⁽²⁾ Will use \$16,200 from the phone system to purchase the plotter. FOWD will not purchase a new phone system but will lease instead.

Fair Oaks Water District

2017 Annual Budget

Meter Maintenance Program

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Meter Implementation Program (MIP)/Meter Maintenance Program (MMP)							
New Residential Metering/AMR	\$ 22,418	\$ 3,605	\$ 246	\$ 4,197	\$ 5,000	\$ 4,500	\$ 5,000
Meter Replacement	48,389	96,339	79,982	131,053	175,000	125,000	175,000
AMR Replacement	69,317	100,503	116,377	90,892	150,000	120,000	150,000
9161 Madison Hills Apt.	46,732						
Large Meter Replacement ^[c]		7,135	67,359	54,152	70,000	83,200	50,000
The Bluffs, Meter Upgrades	4,843						
Meter Upgrades - Fairway Two	129,682						
Total MIP/MMP⁽¹⁾	\$ 321,381	\$ 207,582	\$ 263,964	\$ 280,294	\$ 400,000	\$ 332,700	\$ 380,000

General Notes

⁽¹⁾ Includes labor and benefits.

Budget Transfers

^[d] Budget transfer from Contingency to Large Meter Replacement of \$15,000 in 2016.

Fair Oaks Water District

2017 Annual Budget Capital Improvement Program

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Wells & Tank							
Annual Well Pump Check ⁽¹⁾	\$ -	\$ 1,875	\$ 1,550	\$ 2,040	\$ 2,500	\$ 2,500	\$ -
Chemical Pumps for Town and Heather Wells							1,500
Miscellaneous Bowl Replacement		-		-	25,000	-	
Minor Water Supply Facilities Upgrades		50	8,884	6,294	15,000	5,000	5,000
Northridge Well Rehab.			15,433				
Storage Tank Landscaping Project ^(b)			485	903		23,800	
Tank Site Frontage Upgrades							10,000
Madison Well - Design, equipment and site improvement ^(f)			634,914	118,933	550,000	1,100,000	
SCADA Upgrades		852			100,000	75,000	125,000
Safety Improvements at the Skyway Tank Site				2,500			
Radio Survey and Conversion	2,170	2,170					
Subtotal	\$ 2,170	\$ 4,947	\$ 661,266	\$ 130,670	\$ 692,500	\$ 1,206,300	\$ 141,500
Transmission & Distribution							
Services Upgrade	\$ 32,378	\$ 88,975	\$ 111,639	\$ 168,151	\$ 125,000	\$ 125,000	\$ 145,000
Hydrant Upgrades	17,341	36,044	63,725	99,331	100,000	100,000	100,000
Minor Main Upgrades ^(f)	26,565	25,755	34,613	27,880	50,000	60,000	60,000
Installation of ARV's and Blow-offs at Various Locations on T-Mains	2,239	-	6,573	8,553	15,000	15,000	20,000
Developer's Paid Projects-Service Installation etc. ^{(3),(f)}	24,467	21,928	20,143	26,531	15,000	15,000	15,000
Developer's Paid Main Line Projects ⁽³⁾	11,433	3,171	14,453	29,950	15,000	15,000	15,000
Replacement of 1,450 LF of 18-inch steel main with 16-inch DIP on Gastman from Pennsylvania to Dory				138,392	171,000	60,000	295,000
Replacement of Services on Cardinal Road							75,000
Replacement of 600 LF of 12" C-900 from El Capitan to Dorian Way							242,000
Replacement of 1,200 LF of 8" C-900 from Sunset Ave./Amelia to Johnson Dr., 8" C-900							330,000
Replacement of 150 LF of 12" D.I.P at Chicago Creek Crossing							165,000

Fair Oaks Water District

2017 Annual Budget Capital Improvement Program

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Replacement of 550 LF of 12-inch steel main with 12-inch PVC on Main Ave. from Buffalo to Rolling Glen (Phase 2)				176,546			
Replacement of 1,000 LF of 8-inch steel with 8-inch PVC on Johnson from W.W. to Zelinda				224,891			
Replacement of 500 LF of 4-inch steel main with 6-inch PVC Riverfront				2,458			
Services Replacement on Robin Road (40)				89,721			
Installation of 800 LF of 24-inch Transmission Main on Walnut Ave. from Twin Lakes Ave. Westerly on Blue Oak Drive			682,443				
Replacement of 8-inch Steel Main on Kentucky Lane from Sunset Ave. to the end of the Lane			55,194	27,573			
Replacement of 12-inch Steel Main on Main Ave. from South of Twin Lakes Ave. to Shumway Road			111,364	164,603			
Replacement of 6-inch Steel Main on Central Ave. from Capitola Ave. to River Look			110,228				
Gastman Way Water Main Improvement Project (Phase I); Complete topo survey, set property corners and clearing; Complete design. ^[c]			19,984				
Replacement of 12-inch Main on Fair Oaks Blvd. north of Plumeria Road to south Shangrila Drive ^[l]			291,593	22,692		34,400	
Edgevale Main Replacement (FOWD Portion)		46,723					
Relocation of 12-inch AC from Backyard to Kitty Hawk Lane	92,790						
Replacement of 10-inch Steel Main with 8-inch PVC C-900 on Goodyear Drive		104,286					
Replacement of 10-inch Main with 12-inch PVC C-900 (FOB)		173,547					
Installation of 850 LF of 24-inch T-Main (Walnut/Pershing/Twin Lakes Ave.)		612,936					
Replacement of 260 LF of 4-inch Steel Main on California Ave.		43,420					
Installation of 8" Main on Sheraton		65,066					
Main Break on Winding Oak/Long Canyon		98,644	1,075				
Installation of 1,350 LF of 12-inch PVC (C900) Main on Twin Lakes	164,948						
Installation of 650 LF of 12-inch on Twin Lakes Rd (Phase II)		114,990					
Fair Oaks Village Streetscape Main Project	107,389	851					
County Overlay	39,842		246				
Hazel Widening Project Phase I		180	44,885	3,954			
5630 Illinois Ave			6,769	2,229			
Sunset Water Main Replacement (13% MIP/87% CIP)	1,912						
County Hazel Ave. Improv. Project Phase II (12-inch DIP)					1,100,000	250,000	1,850,000
County Hazel Ave. Improv. Project Phase III (12-inch DIP)						2,500	15,000

Fair Oaks Water District

2017 Annual Budget Capital Improvement Program

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Replacement of 12-inch Steel Main on Fair Oaks Blvd. (from Orange Ave. to school property). ^{(h),(i)}					100,000	180,000	
Service Replacement on Quail Road					50,000	50,000	
Portion of 24-inch in FOB and El Capitan					100,000	100,000	
Subtotal	\$ 521,304	\$ 1,436,516	\$ 1,574,927	\$ 1,213,455	\$ 1,841,000	\$ 1,006,900	\$ 3,327,000
Total CIP⁽²⁾	\$ 523,474	\$ 1,441,463	\$ 2,236,193	\$ 1,344,125	\$ 2,533,500	\$ 2,213,200	\$ 3,468,500

General Notes

⁽¹⁾ 2017 and forward will be budgeted under expense.

⁽²⁾ Includes labor and benefits.

⁽³⁾ Developers paid projects are budgeted with fees expected to be collected in revenues.

Budget Transfers

^(b) A budget transfer in the amount of \$23,640 was transferred from reserves and Contingency fund to the Skyway Tank Project as approved by the Board at the February 8, 2016 Regular Board Meeting.

^(f) A budget transfer in the amount of \$550,000 was transferred from reserves and Contingency (\$118,933) to the Madison Well Project as approved by the Board at the June 13, 2016 Regular Board Meeting.

^(h) A budget transfer in the amount of \$15,000 was transferred from Contingency to the 12-inch steel replacement project.

⁽ⁱ⁾ A budget transfer was made from Contingency to: the 12-inch steel replacement project in the amount of \$20,455, Fair Oaks Blvd. from Plumeria to Shangrila in the amount of \$34,394; Fair Oaks at Orange Avenue in the amount of \$73,093 and Cemetery Service Abandoning in the amount of \$1,568.

Fair Oaks Water District
2017 Annual Budget
Fair Oaks 40-Inch Pipeline Paid to SJWD

Description	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	2016 Estimated	Budget 2017
Fair Oaks 40-Inch Pipeline ⁽¹⁾	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -	\$ 196,700	\$ 1,200,000
Total	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -	\$ 196,700	\$ 1,200,000

⁽¹⁾ The 2016 amounts were for the first and second quarter installments (\$98,325 x 2) paid to SJWD in advance and not based on actual cost of construction.

Fair Oaks Water District

2017 Annual Budget

Reserves and Designations

2016 Estimated	2016 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ 7,387,887	\$ 144,521		\$ 7,532,408
Add: Revenues Collected					
Water Sales	\$ 7,586,200				
Interest Income	40,000				
Revenues from Reimbursement	35,000				
Delinquencies & Late Fees	140,000				
Fire Service Fees	42,500				
Developer Paid Fees for Service	62,000				
Connection Fees	100,000				
Grants	622,500				
Meter Downsize	800				
Miscellaneous Revenue	51,000				
	8,680,000				
2016 Allocation	(8,680,000)	8,580,000	100,000		8,680,000
Subtotal Reserves and Designations		\$ 15,967,887	\$ 244,521	\$ 374,800	\$ 16,212,408
Expenses and payments					
Operating Expenses		5,845,900			5,845,900
Computer Equipment and Software		39,900			39,900
Facility & Office Equipment		46,700			46,700
Vehicles & Maintenance Equipment		104,100			104,100
CIP		2,165,400	244,521	374,800	2,409,900
Meter Maintenance Program		332,700			332,700
Total Expenses and Infrastructure		\$ 8,534,700	\$ 244,521	\$ 374,800	\$ 8,779,200
Additional proposed allocation		-		-	-
Ending Reserve and Designation Balance		\$ 7,433,200	\$ -	\$ -	\$ 7,433,200
Policy (5050) Requirement ⁽⁴⁾		\$ 2,923,000	N/A		\$ 2,923,000
Difference between Ending Reserve & Policy Requirement		154.3%			154.3%

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

2) Connection fee reserve for capacity related project. The total projected balance will be used for the Madison Well Project.

3) The Board revised the reserve policy to remove the Rate Stabilization Designation in 2016.

4) Used 2016 estimated operating expenses for Emergency Designation fund requirement.

Fair Oaks Water District

2017 Annual Budget

Reserves and Designations

2017 Projected	2017 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Total
Beginning Reserve and Designation Balance		\$ 7,433,200	\$ -	\$ 7,433,200
Add: Revenues Collected				
Water Sales	\$ 7,778,800			
Interest Income	28,900			
Revenues from Reimbursement	7,500			
Delinquencies & Late Fees	140,000			
Fire Service Fees	42,500			
Developer Paid Fees for Service	30,000			
Connection Fees	196,200			
Meter Downsize	500			
Miscellaneous Revenue	28,000			
	8,252,400			
2017 Allocation	(8,252,400)	8,056,200	196,200	8,252,400
Subtotal Reserves and Designations		\$ 15,489,400	\$ 196,200	\$ 15,685,600
Expenses and payments				
Operating Expenses		6,255,500		6,255,500
Computer Equipment and Software		82,000		82,000
Facility & Office Equipment		40,000		40,000
Vehicles & Maintenance Equipment		76,400		76,400
CIP		4,472,300	196,200	4,668,500
Meter Maintenance Program		380,000		380,000
Contingency		364,800		364,800
Total Expenses and Infrastructure		\$ 11,671,000	\$ 196,200	\$ 11,867,200
Additional proposed allocation		-		-
Ending Reserve and Designation Balance		\$ 3,818,400	\$ -	\$ 3,818,400
Policy (5050) Requirement ⁽³⁾		\$ 2,085,200	N/A	\$ 2,085,200
Difference between Ending Reserve & Policy Requirement		83.1%		83.1%

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

2) Connection fee reserve for capacity related project.

3) Used 2017 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)	2015	2016	2017
1	\$ 65.10	\$ 65.10	\$ 65.10
1.5	119.31	119.31	119.31
2	184.28	184.28	184.28
3	357.56	357.56	357.56
4	552.61	552.61	552.61
6	1,093.84	1,093.84	1,093.84
8	1,744.82	1,744.82	1,744.82
10	2,718.87	2,718.87	2,718.87

	2015	2016	2017
Commodity Rate per CCF⁽²⁾	\$ 0.45	\$ 0.45	\$ 0.45

Shared Metered Services:

User Category	2015	2016	2017
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$65.10 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.

Fair Oaks Water District

Schedule of Fees and Charges 2017

Activity	2016	2017
New Business		
Connection Fees:		
1" service	\$ 4,643	\$ 4,643
1.5" service	\$ 10,447	\$ 10,447
2" service	\$ 18,572	\$ 18,572
3" service	\$ 33,430	\$ 33,430
4" service	\$ 59,430	\$ 59,430
6" service	\$ 133,718	\$ 133,718
8" service	\$ 237,722	\$ 237,722
10" service	\$ 371,440	\$ 371,440
Tapping and Service Installation Fees:		
1" service	T&M	T&M
1.5" service	T&M	T&M
2" service	T&M	T&M
Hydrant Flow Testing Fees:		
Fire flow test	\$ 200	\$ 200
Fire flow letter	\$ 75	\$ 75
Backflow Device Testing Fee:		
Test and tag	\$ 125	\$ 125
Inspection Fee:		
Inspection per hour (1 hour minimum)	\$ 90	\$ 90
Development Fees:		
Application for water service fee	\$ 50	\$ 50
Plan checking (minimum)	\$ 300	\$ 300
Plan checking-additional (per hour)	\$ 100	\$ 100
Construction Fee:		
Construction Fee	T&M	T&M
Water for Construction Purposes:		
Construction meter deposit (with certified backflow device)	\$ 1,500	\$ 1,500
Construction meter daily charge	\$ 5	\$ 5
Cost of construction water (per CCF)	\$ 1.66	\$ 1.66
Bacteriological sampling (includes lab cost)	\$ 150	\$ 150
Additional testing (same location and time)	\$ 50	\$ 50

Fair Oaks Water District

Schedule of Fees and Charges (Continued)

2017

Activity	2016	2017
Other Fees		
Payment Processing Fee:		
Return check fee	\$ 25	\$ 25
Meter Service Fees:		
Meter re-read fee	\$ 25	\$ 25
Meter test fee	\$ 50	\$ 50
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
Late Penalty Fee:		
Late penalty fee - assessed after the payment due date	10%	10%
Lien Processing Fee:		
Lien processing fee	\$ 25	\$ 25
Disconnect Service Fees:		
Final notice service fee	\$ 19	\$ 19
Disconnect service fee	\$ 61	\$ 61
Deposit	\$ 125	\$ 125

Fair Oaks Water District

Schedule of Service Rates for Dedicated Fire Service Connections 2017

Bi-Monthly Service Charges

Service Size	2016	2017
2-inch service	\$ 15	\$ 15
3-inch service	\$ 30	\$ 30
4-inch service	\$ 45	\$ 45
6-inch service	\$ 90	\$ 90
8-inch service	\$ 145	\$ 145
10-inch service	\$ 225	\$ 225

APPENDIX A- GLOSSARY OF TERMS

Arbitrage – Taxes due to the Internal Revenue Service when the C.O.P. retirement reserves earnings rate exceeds the C.O.P. debt interest rate.

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 – An Ad-hoc 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.
- *Rate Stabilization Designation* funds are used to mitigate the cash loss from converting from a flat rate billing structure to a metered rate structure. Additionally, this reserve will be used to absorb revenue fluctuations due to sudden changes in metered water use.

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.



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