

PUBLIC WORKSHOP
for 2025 Proposed Budget

October 21, 2024





Introductions

Chris Petersen

Board President

Mark Dolby

Vice President

Misha Sarkovich

Director

Mike McRae

Director

Randy Marx

Director

Tom R. Gray

General Manager



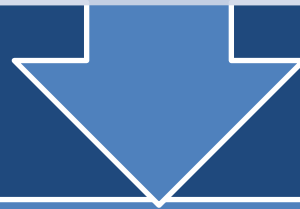
About this Public Budget Workshop

This is an informal process

Presentation on general proposed budget info

Discussion on information & concerns

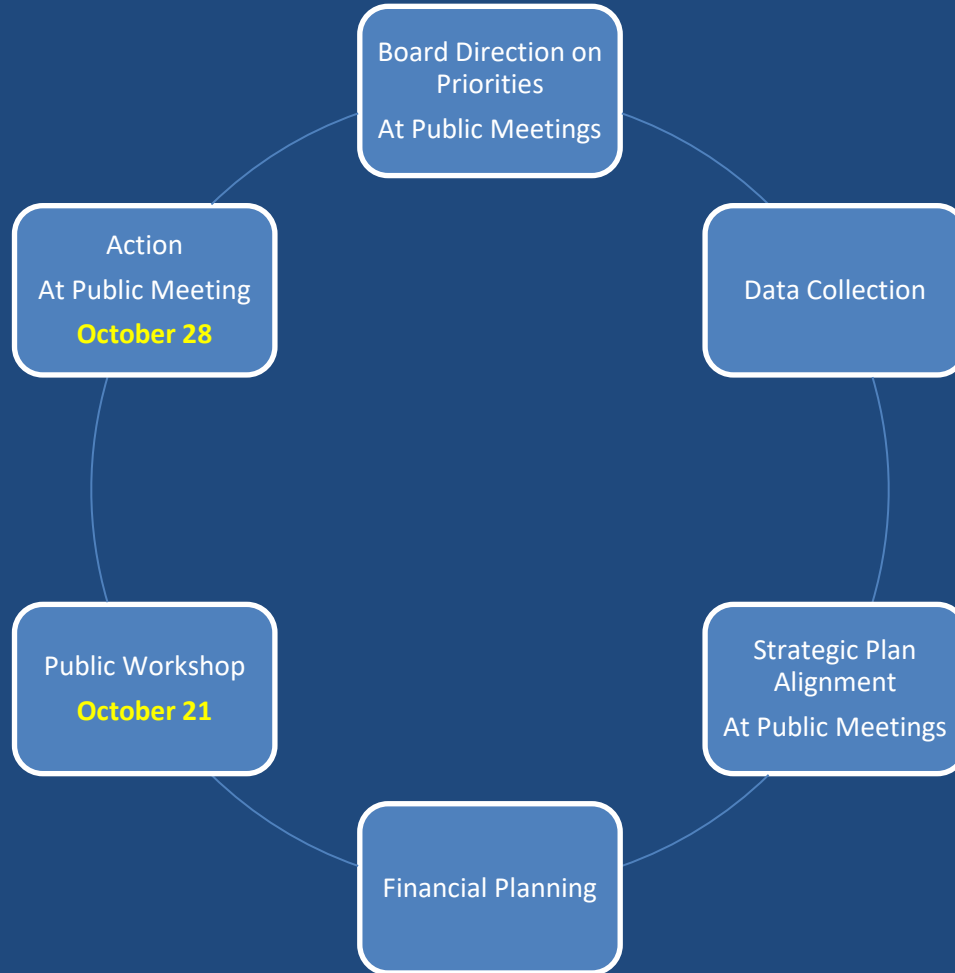
Public suggestions given to Board



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



The Budget Process





FOWD Board Direction

- ✓ Adjust rates in accordance with the Board adopted three-year rate plan.
- ✓ No new debt.
- ✓ No new capital projects besides those that the Board has approved and deemed necessary.
- ✓ Focus on completing current capital projects that are currently “work in progress.”



FOWD Board Direction

- ✓ Meet policy targets for financial reserves.
- ✓ Use a 90% surface water and 10% groundwater water supply target.
- ✓ Include a 4% COLA in calculations.
 - FOWD staff lowered the proposed COLA to 3%.
- ✓ Prepare a budget that includes the Board's commitment to developing groundwater supply.



FOWD Financial Performance

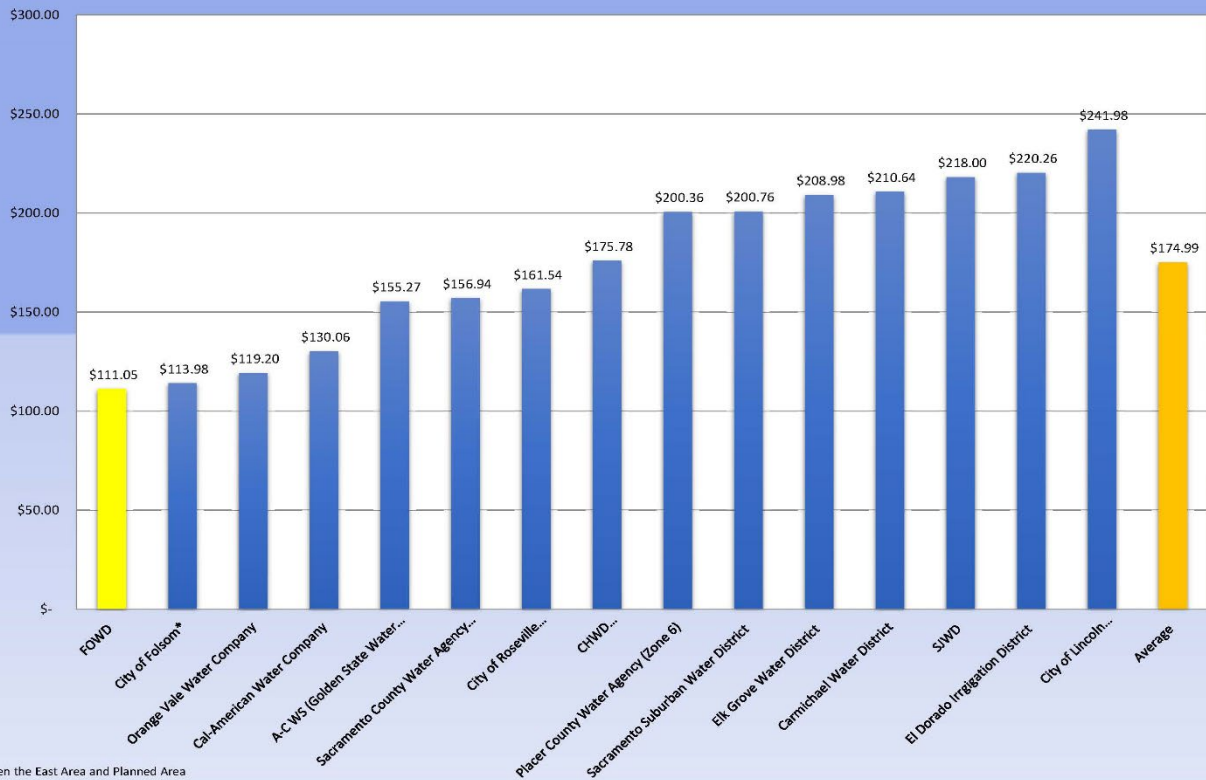
Entering 2025 the FOWD has:

- ✓ Zero Existing Debt
- ✓ Zero Debt Payment
- ✓ Cash Reserve of \$10,100,000
- ✓ 40% of Water Sales Revenue Invested Into Capital Over the Past 20 Years



Current FOWD Rates

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



*Rates are averaged between the East Area and Planned Area



Bottom Line

The Board adopted rate adjustments for 2023, 2024 and 2025 on November 21, 2022 after completing a proposition 218 public outreach process.

- ✓ After implementing Board approved rate adjustments of 10% in 2023 and 10% in 2024, FOWD water rates remain the lowest in the Sacramento Region.
- ✓ The Board adopted rate adjustment for 2025 is 5%.



Bottom Line

FOWD staff recommends a 5% rate increase in 2025 – as approved by the Board at the November 21, 2022 public meeting.



2024 Operating Budget

2024 Operating
Budget
= \$9,573,064

2024 Year End
Operating Cost
= \$8,655,600

**FOWD Will Be
10% Under
Budget**



2024 Operating Budget

- ✓ Labor & Benefits \$636,350 Below Budget
- ✓ Professional Services \$199,689 Below Budget

FOWD worked with unfilled positions and FOWD staff continued to complete many projects without consultant support.



2025 Operating Budget

2024 Year End
Operating Cost
= \$8,655,600

2025 Operating
Budget
= \$9,300,100

2025 Operating
Budget Increase
of 7.4%



2025 Operating Budget

- ✓ Net Labor & Benefits Cost Increase of \$611,500 (14.9%) Mostly Due to Filling Open positions
- ✓ SJWD Purchased Water Cost Increase of \$99,000 (4.4%)
- ✓ Other Net Cost **Decreases** of \$66,000



2025 Income

2025 Projected
Revenue
= \$14,165,600

2025 Projected
Operating Budget
= \$9,300,100

2025 Projected
Income
= \$4,865,500



2025 Water Demand

2025 Projected Year
End Water Demand
= 9,708 AF

2024 Estimated Year
End Water Demand
= 9,616 AF

2025 Projected
Water Demand
Increase of 1%



2025 Surface Water Purchase

2025 Projected Total
Surface Water
Purchase 8,737 AF

2024 Estimated Year
End Surface Water
Purchase 8,671 AF

2025 Projected
Surface Water
Increase of 0.08%



2025 Surface Water Purchase

Why has FOWD increased SW use to 90% of demand from 60% of demand?

- ✓ Purchasing 8,737 AF of water from SJWD is estimated to cost \$2,325,500.
- ✓ Purchasing zero AF of water from SJWD is estimated to cost \$1,930,165



2025 Capital Spending

Table 5 2025 Capital Projects		
Project	Estimated Cost	Notes
Field Services Center Project	\$500,000	Board Mandate
New York Well Project Phase II – Equipping	\$1,815,500	Board Mandate / Grant Funded
Northridge Well Drill & Equip. Design	\$337,000	Board Mandate / Grant Funded
Northridge Well Drill & Equip.	\$2,000,000	Board Mandate / Grant Funded
T-Main Phases I & II Design	\$197,700	Board Mandate
T-Main Phase I Construction	\$2,500,000	Staff Recommended
Gum Ranch (Kenneth) Tank Site	\$269,400	Part of Field Services Center Project
Riverfront Lane Services	\$88,900	Board Mandate
County Overlay Projects	\$356,500	Sac County Required
General Transmission & Distribution System	\$870,000	Water System Required
Meter Maintenance Program	\$632,500	FOWD Policy Required
Total	\$9,567,500	



2025 Capital Spending

FOWD Field Services Center Project Status in 2025:

- ✓ To minimize impacts to the Fair Oaks Village the FOWD Board of Directors slowed the project until the FORPD project is complete.
- ✓ The 2025 Budget includes \$500,000 to complete design and temporary operations planning.



2025 Year End Cash

Table 6 FOWD Reserve Accounts Summary	
Total Reserve Estimate as of 12-31-24	\$10,132,300
Proposed 2025 Reserve Spending (\$)	(5,087,700)
Proposed 2025 Contingency Fund (\$)	(200,000)
Projected 2025 Year-End Undesignated Reserve	\$4,844,600
Reserve Requirement for 2025	\$3,100,000



2025 Year End Cash

Since the FOWD plans on spending \$5,287,700 more than 2025 estimated revenues, is the FOWD operating at a deficit?

The key word here is planned. This is called “pay-as-you-go” – which means that you collect the money to fund a planned project rather than paying the increased cost of financing the project. In the utility industry “pay-as-you-go” is an acknowledged BEST PRACTICE.



FOWD Financial Performance

Ending 2025 it is Estimated that FOWD:

- ✓ Zero Existing Debt
- ✓ Zero Debt Payment
- ✓ Cash Reserve of \$4,844,600
- ✓ 86% of Water Sales Revenue Invested Into Capital Projects in 2025



Additional Information

FOWD Financial Information is available on
www.fowd.com

Contact FOWD:

- Email: customerservice@fowd.com
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*Just as Every Drop of Water is Valuable,
so is Every Ratepayer Dollar*



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