



September 30, 2020

Mr. Gary Page
President, Board of Directors
Fair Oaks Water District
10326 Fair Oaks Blvd.
Fair Oaks, CA 95826

Directors
Edward J. "Ted" Costa
Marty Hanneman
Kenneth H. Miller
Dan Rich
Pamela Tobin
General Manager
Paul Helliker

Dear President Page:

I would like to ensure that the Fair Oaks Water District (FOWD) is aware of certain facts about our activities at San Juan Water District (SJWD), in light of claims made by Mike McRae and Mitch Dion in their campaign materials for this November's election of Board of Directors positions for SJWD.

SJWD is not currently pursuing a merger with the Sacramento Suburban Water District (SSWD). That effort was suspended in 2015, and since that time, the two Districts convened a 2x2 committee which met four times in 2018 and 2019, to discuss mechanisms to collaborate. That committee put itself into dormant status in August, 2019, and since that time, SJWD has been participating in a broader collaboration/integration project with Carmichael Water District, Citrus Heights Water District, Del Paso Manor Water District, the City of Folsom, Rio Linda/Elverta Community Water District and SSWD. This project, which FOWD was invited to join, is evaluating the operations of all of the participating agencies that could be jointly conducted or integrated, to improve services and reduce costs.

SSWD had debt outstanding at the beginning of this calendar year in the amount of \$76 million. Even if SSWD and SJWD were to someday merge into one organization, this debt would continue to be the responsibility of the existing SSWD customer base, and would not be imposed on any of SJWD's retail customers or any of the Wholesale Customer Agencies (WCAs - of which FOWD is one).

With respect to projects that the SJWD Board has approved that financially affect FOWD and other WCAs, all of them are related to the treatment and transmission facilities that SJWD operates to serve all of its wholesale customers. During the past five years, these projects have included renovations of the treatment plant flocculation/sedimentation basins, the filter media and nozzles, the clarifier basins, backwash hoods, and solids handling facilities. 75% of the water that is processed at SJWD's treatment plant is distributed to the WCAs, and the price we charge for this water is the lowest in the state.

Sincerely,


Ted Costa
President

cc: Caryl Sheehan, President, Citrus Heights Water District