FERN VALLEY WATER

October 2026

NOTICE OF PUBLIC HEARING – PROPOSED INCREASE TO WATER CHARGES

The Fern Valley Water District (District) invites the public to attend a public hearing to be held on Thursday, December 17, 2026, at 9:15 a.m., or as soon thereafter as the matter may be heard, to consider the adoption of a 5-year schedule of water rates. The public hearing will be held at the District Office located at 55790 South Circle Drive, Idyllwild, CA 92549. The purpose of the public hearing is to consider all oral testimony and written protests to, and the adoption of, the proposed rates. If adopted, the new water rates will go into effect for service provided on and after January 1, 2027, and will be adjusted each January 1, thereafter through and including, January 1, 2031.

Written protests may be submitted by any record owner of parcel upon which water charges are proposed for imposition, or any tenant directly responsible for payment of water charges (i.e. a customer of record who is not a property owner.) In order to be counted, each written protest must include: 1) a statement indicating the author opposes the proposed water rate increases; 2) the street address or Assessor's Parcel Number for the parcel; and 3) the name and original signature of the property owner or customer. Written protests must be received by the District no later than 5:00pm December 16, 2026 if delivered by mail, or delivered in person prior to the conclusion of the public comment portion of the public hearing. Only one protest per parcel will be counted and electronic protests will not be counted as valid protests.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and as outlined above are not presented by a majority of the record owners or responsible tenants of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to adopt the rate increases. If you have any questions regarding the information provided in this notice, or the rates applicable to your property, or you would like to review the information supporting the rates, please contact the District at (951) 659-2200.

Background

The Fern Valley Water District is a California Special District (specifically, a California Water District) that provides water services based on the actual cost of construction, operation, and maintenance of water facilities. Each year the District Board of Directors adopts an annual budget which goes into effect on July 1. One of the District's critical business objectives is to keep costs and therefore rates, as low as possible for all customers.

Why the Proposed Rate Changes?

This rate increase is overdue since costs of operations have increased without commensurate increases in water revenue, as water rates have not increased in nearly five years.

Operating Expenses increase annually and are projected to continue to increase. These expenses include the majority of the District's expenses, other than capital improvement expenses, and include all operations and maintenance costs, supplies, utilities, services rendered and employee salaries.

Capital Improvement Expenses are those expenses associated with infrastructure and equipment replacement. The District has over $5,000,000 of capital improvement projects scheduled over the next five years to ensure a safe and reliable system, including fire hydrant upgrade, pipeline replacement, and equipment and vehicle replacement.

Reserve Funding Expenses are expenses associated with the necessary funding of operating reserves, capital improvement reserves, rate stabilization reserves, and equipment and fleet reserve funds. These reserve funds ensure the District is capable of funding all necessary financial obligations to provide safe and reliable water to customers.

The District has analyzed the past ten years of data relating to water delivered or used and all associated expenses, in addition to projecting expenses and necessary revenue for the next five years. The District has done its best to develop a comprehensive rate increase that will ensure that the District will receive the necessary revenue to continue to produce and deliver the best water and service possible in a cost-effective manner.

The Basis for the Proposed Rates for Water Service Charges

The District bills customers bi-monthly (every two months). Each bill includes a fixed service charge, based on meter size, and a commodity charge, based on the amount of water used. Fixed service charges help recover the District's operating costs. Commodity charges are designed to recover the costs that vary with water production and delivery, contribute toward other operating costs, and provide limited funding for capital improvements and reserves. Property-tax revenue and other District income also help fund these needs. Together, these revenue sources support ongoing operations, infrastructure replacement, and reserves for emergencies and future expenses.

Bi-monthly commodity charges are divided into two tiers – Tier I and Tier II – which relate to the price of water provided at each tier. The District diverts surface water from Strawberry and Tahquitz Creeks and extracts groundwater from eight different groundwater wells. The difference in price between Tier I water and Tier II water is attributable to the cost incurred by the District in producing, treating, and storing the two distinct sources of water. The reduction in the Tier I allowance from 10 CCF to 7 CCF reflects the long-term decline in surface water availability since the last rate study.; the allocable quantity of water available under Tier II (water in excess of 7 CCF per billing period) is based on groundwater needed to meet consumer demands.

CCF = 100 Cubic Feet of Water or 748 Gallons, thus 10 CCF = 7,480 Gallons

The following charges, if adopted, shall become effective beginning January 1, 2027, and shall increase each January 1 thereafter through and including January 1, 2031, as set forth in the following charts.

Bi-Monthly Service Charges

These charges are based on meter capacity (meter size) and will vary depending on the size of meter serving the property.

The chart below depicts the proposed maximum rates for bi-monthly service charges.

Proposed Bi-Monthly Capacity Based Meter Service Charges					
	Jan. 1, 2027	Jan. 1, 2028	Jan. 1, 2029	Jan. 1, 2030	Jan. 1, 2031
3/4"	$80.00	$84.00	$88.20	$92.61	$97.24
1"	$133.60	$140.28	$147.29	$154.66	$162.39
1.5"	$266.40	$279.72	$293.70	$308.39	$323.81
2"	$426.40	$447.72	$470.10	$493.61	$518.29
3"	$800.00	$840.00	$882.00	$926.10	$972.41
4"	$1333.60	$1400.28	$1470.29	$1543.80	$1620.99
6"	$2666.40	$2799.72	$2939.71	$3086.70	$3241.04

The above charges recover a portion of the costs incurred by the District in providing water service to its customers regardless of the quantity of water used.

Bi- Monthly Commodity Charges

These charges are based on two tiers, Tier I reflects the cost of providing surface water derived from Strawberry and Tahquitz Creeks, while Tier II reflects the cost of providing ground water derived from the District's 8 active groundwater wells.

The chart below depicts the proposed maximum rates for bi-monthly commodity charges.

Proposed Bi-Monthly Commodity Charges						
		Jan. 1, 2027	Jan. 1, 2028	Jan. 1, 2029	Jan. 1, 2030	Jan. 1, 2031
Tier I	0-7 CCF	$5.10/CCF	$5.36/CCF	$5.63/CCF	$5.91/CCF	$6.21/CCF
Tier II	Over 7 CCF	$14.42/CCF	$15.14/CCF	$15.90/CCF	$16.70/CCF	$17.54/CCF

All customers will pay the above unit prices for the water used. CCF = 100 cubic feet of water or 748 gallons.

- *For Tier I*, the quantity of water per billing cycle will be reduced from 10 CCF to 7 CCF, limited by available surface water and the cost for that water will be increased from $4.86 per CCF to $5.10 per CCF.

- *For Tier II*, water used above 7CCF during each billing period will be charged at $14.42 per CCF, an increase from the current Tier II rate of 13.73 per CCF.

Average Bill Comparison

The District has determined that the average bi-monthly water usage is between 7.5 CCF and 10 CCF.

The chart below illustrates the difference between the current and proposed charges of bi-monthly bills.

Bi-Monthly Bill Comparison					
Water Quantity	Rate	Service Charge	Commodity Charge	Bill	Difference
7.5 CCF (5,610 Gallons)	Current	$72.94	$36.45	$109.39	$13.52
	Proposed	$80.00	$42.91	$122.91	
10 CCF (7,480 Gallons)	Current	$72.94	$48.60	$121.54	$37.42
	Proposed	$80.00	$78.96	$158.96	

Where Does the Revenue Go?

The District receives revenue from water sales which consists of the bi-monthly service charge and the bi-monthly commodity charge, as well as from property tax revenue which is distributed to the District through the County of Riverside. The District's expenses include operating expenses, capital improvement expenses, and reserve funding expenses.

- *Operating Expenses* include expenses associated with the day to day operation and maintenance of the District.
- *Capital Improvement Expenses* include expenses associated with infrastructure and equipment replacement.
- *Reserve Funding Expenses* include the expenses associated with developing and maintaining adequate reserves to deal with unforeseen emergencies. The Board of Directors sets reserve policies in accordance with industry standards to always ensure that adequate capital is available to the District to deal with the unforeseen.

Upcoming Projects

The District continues hydrant upgrades and installations which continue to improve the District's firefighting capabilities.

The District has plans to replace and in some cases increase the size of over 7,500 linear feet of water mains over the next five years. These projects will increase existing small diameter water mains with larger diameter water mains that will allow for the installation of larger 6" fire hydrants further enhancing firefighting capabilities.

Exhaustion of Administrative Remedies – Written Legal Objection Procedures

Pursuant to California Government Code sections 53759.1 and 53759.2, a person or entity will be prohibited from bringing a judicial action or proceeding alleging that the proposed water rates do not comply with Proposition 218 unless that person or entity has submitted a written legal objection to the proposed rates. This is known as an Exhaustion of Administrative Remedies requirement **and is separate from the Proposition 218 majority protest process described above**.

Any person or entity that wishes to challenge the proposed water rates must first file a written legal objection that specifies the grounds for alleging the District's noncompliance with the law as described below. Written legal objections must be received by the District **no later than 5:00 p.m., Thursday, December 10, 2026**.

Information related to the written basis for the proposed water rate adjustments can be found on the District's website at fernvalleywater.com . You have the right to request that the District mail the written basis for the proposed water rate adjustments directly to you. To request that the written basis be mailed, please call the Office at 951-659-2200.

Legal objections will only be considered valid if they meet the following procedural and substantive requirements:

- Legal objections **must be in writing**.
- The District Secretary must receive your written legal objections **no later than 5:00 p.m., Thursday, December 10, 2026.**
- Written legal objections must be mailed to Fern Valley Water District, PO Box 3039, Idyllwild, CA 92549 or hand delivered to the District's office at 55790 South Circle Drive, Idyllwild, CA 92549.
- Legal objections must include the following information:
    - Objector's name, parcel number and/or service address, including a return mailing or email address for District responses to your written objection, and signature.
    - A statement that your communication constitutes a legal objection.
    - A description of the grounds for alleging the District's noncompliance with the law, with sufficient specificity to allow the District to determine whether any changes to the proposed water rates are required. A statement that the proposed water rates are too high, or that the proposed water rates violate Proposition 218, without an explanation as to the basis of your claim, will be insufficient to constitute a legal objection.

A written protest will not constitute a valid legal objection unless it meets the requirements set forth above. Failure to submit a written legal objection prior to 5:00 p.m. on December 10, 2026, or to meet the requirements set forth above, will bar any right to challenge the proposed water rates through a legal proceeding.

In accordance with Government Code section 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge, commencing from the later of the effective date of the new rates or of the date of the final passage, adoption, or approval of the resolution adopting the new rates.

The Fern Valley Water District appreciates your participation and input throughout this process. We value our customers and remain committed to providing reliable, high-quality water service to our community. Thank you for your continued support as we work together to ensure the long-term sustainability of our water system.

FERN VALLEY WATER
55790 SOUTH CIRCLE DRIVE, P.O. BOX 3039, IDYLLWILD, CA 92549

FIRST CLASS MAIL
U.S. POSTAGE PAID
Permit No. 17
Idyllwild, CA 92549

PUBLIC HEARING NOTIFICATION
IMPORTANT RATE INFORMATION ENCLOSED

FERN VALLEY WATER DISTRICT

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P O BOX 3039

55790 S. CIRCLE, IDYLLWILD CA 92549

PH: (951) 659-2200 - FAX: (951) 659-0350
Email: fvwd@verizon.net
Website: www.fernvalleywater.com

It is our policy to be responsive to our customers' needs, and we are available for emergency assistance 24 hours a day. Our emergency phone number is (951) 659-2200.