

NOTICE TO NON-RESIDENTIAL PROPERTY OWNERS OF PUBLIC HEARING ON POTENTIAL INCREASE IN SEWER SERVICE CHARGES

(Please share this information with tenants)



500 Davidson Street
Novato, CA 94945
Phone: 415-892-1694
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BOARD OF DIRECTORS
Mike Di Giorgio, President
James D. Fritz
William C. Long
George C. Quesada
Dennis Welsh

Manager-Engineer
Beverly B. James

NON-RESIDENTIAL NOTICE

This notice was mailed using a legally mandated list. As a result you may receive more than one copy. If you own multiple properties, please share copies with your tenants.

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THIS NOTICE PROVIDES INFORMATION ABOUT A POTENTIAL INCREASE IN THE SEWER SERVICE CHARGE AND A PUBLIC HEARING AT WHICH PUBLIC COMMENTS WILL BE CONSIDERED AND THE PROPOSED INCREASE VOTED ON BY THE DISTRICT BOARD OF DIRECTORS.

PUBLIC HEARING

Monday, July 12, 2010
at 12:00 noon

At the District Office
500 Davidson Street
Novato, CA 94945



NON-RESIDENTIAL NOTICE

NOTICE TO NON-RESIDENTIAL PROPERTY OWNERS OF PUBLIC HEARING ON POTENTIAL INCREASE IN SEWER SERVICE CHARGES

(Please share this information with tenants)

Use These Charts to Calculate Non-Residential Sewer Charges

1. Square Footage—Fixed Charge Per Square Foot

User Type	Floor Area Factor	Charge Per Square Foot		
		2009-10	Increase	2010-11
Base Charge/square foot	1.0	\$0.19	\$0.02	\$0.21
Warehouses/mini-storage	0	0	\$0.00	\$0.21
Offices	1.0	\$0.19	\$0.02	\$0.21
Retail	1.0	\$0.19	\$0.02	\$0.21
Public office buildings	1.0	\$0.19	\$0.02	\$0.21
School classrooms/admin	1.0	\$0.19	\$0.02	\$0.21
Churches	1.0	\$0.19	\$0.02	\$0.21
Meeting halls with kitchens	1.0	\$0.19	\$0.17	\$0.21
Auto service stations	1.0	\$0.19	\$0.02	\$0.21
Supermarkets	1.0	\$0.19	\$0.02	\$0.21
Auditorium theaters	1.0	\$0.19	\$0.02	\$0.21
Gymnasium w/showers	1.0	\$0.19	\$0.02	\$0.21
Mortuaries	1.0	\$0.19	\$0.02	\$0.21
Medical offices	1.3	\$0.25	\$0.02	\$0.27
Veterinary offices	1.3	\$0.25	\$0.02	\$0.27
Dental offices	1.3	\$0.25	\$0.02	\$0.27
Hospitals	1.3	\$0.25	\$0.02	\$0.27
Cafeterias/dining areas	2.0	\$0.38	\$0.03	\$0.41
Restaurant/cafes	2.0	\$0.38	\$0.03	\$0.41
Bakeries	2.0	\$0.38	\$0.03	\$0.41
Ice cream/yogurt shops	2.0	\$0.38	\$0.03	\$0.41
Delicatessens	2.0	\$0.38	\$0.03	\$0.41
Laundries and laundromats	3.0	\$0.57	\$0.05	\$0.62

1. The fixed charge per square foot of floor area for the different types of non-residential uses is given for 2009-10 and 2010-11 fiscal years. Multiply the square footage for a particular non-residential use by the rate for a given year. Note that the Flow Factor has already been integrated into the charge.

2. Water Use—Variable Water Use Charge

User Type	Strength Factor	Charge Per Hundred Cubic Feet		
		2009-10	Increase	2010-11
Base Charge/square foot	1.0	\$2.52	\$0.22	\$2.74
Warehouses/mini-storage	0	0	\$0.00	\$0.00
Offices	1.0	\$2.52	\$0.22	\$2.74
Retail	1.0	\$2.52	\$0.22	\$2.74
Public office buildings	1.0	\$2.52	\$0.22	\$2.74
School classrooms/admin	1.0	\$2.52	\$0.22	\$2.74
Churches	1.0	\$2.52	\$0.22	\$2.74
Meeting halls with kitchens	1.0	\$2.52	\$0.22	\$2.74
Auto service stations	1.0	\$2.52	\$0.22	\$2.74
Supermarkets	1.0	\$2.52	\$0.22	\$2.74
Auditorium theaters	1.0	\$2.52	\$0.22	\$2.74
Gymnasium w/showers	1.0	\$2.52	\$0.22	\$2.74
Mortuaries	1.0	\$2.52	\$0.22	\$2.74
Medical offices	1.0	\$2.52	\$0.22	\$2.74
Veterinary offices	1.4	\$3.53	\$0.31	\$3.84
Dental offices	1.4	\$3.53	\$0.31	\$3.84
Hospitals	2.2	\$5.48	\$0.47	\$5.95
Cafeterias/dining areas	2.2	\$5.48	\$0.47	\$5.95
Restaurant/cafes	2.2	\$5.48	\$0.47	\$5.95
Bakeries	2.2	\$5.48	\$0.47	\$5.95
Ice cream/yogurt shops	2.2	\$5.48	\$0.47	\$5.95
Delicatessens	2.2	\$5.48	\$0.47	\$5.95
Laundries and laundromats	2.2	\$5.48	\$0.47	\$5.95

2. The variable charge per hundred cubic feet (HCF) of water use for different non-residential users is also given for fiscal year 2009-10 and 2010-11. It is calculated on the average water use for the year based on water meter readings from December to April of the previous year. Multiply the annual water use in hundred cubic feet times the charge for a particular non-residential use. Note that the Strength Factors have already been incorporated into the charges.

3. The total annual charge would be the sum of the two calculations below. To determine the charges for mixed non-residential uses, you will need to know the floor area for each tenant, type of non-residential use and water use. The total charge for the whole building is a combination of the floor area and strength factor for each type of non-residential use and the total water consumption for the whole building. District staff can help with the math.

The formula to calculate the charge for single-use buildings is:

$$(\text{Square Footage of Building} \times \text{Square Footage Charge}) + (\text{Water Usage} \times \text{Water Use Charge}) = \text{Total Charge}$$

A public hearing has been set for July 12, 2010 at which the District Board of Directors may adopt increased sewer service charges. The maximum potential increase being considered is 8.7%.

The new charge would be effective July 1, 2010 and first appear in the fall 2010 property tax bill, if adopted.

Potential Non-Residential Rate Increase

Non-residential customers sewer service charges are based on three factors: 1) square footage of the building, which reflects its capacity to generate wastewater; 2) water use in winter as measured by the water bill, which in turn reflects the amount of wastewater generated; and 3) strength of the wastewater and cost to treat it. For example, the strength for a restaurant would be greater than for an office because of the grease and food waste generated by a restaurant. The greater the strength of wastewater, the greater the cost to treat, and thus the greater the charge. There are different strength factors for a variety of business types. Non-residential rates, therefore, vary. However, the potential increase for all residential and non-residential customers is the same, 8.7%. **See the attached Tables and Formulas for calculating the non-residential rates.** A separate notice with more details on residential rates will be sent to residential property owners. Copies of the residential notices are available on the District website and by contacting the District.

How to Protest

In accordance with Proposition 218, protests against the proposal must be submitted in writing, must identify the owner(s) of the property or properties for which the protest is entered and be signed by the property owner. E-mail protests will not be accepted. If written protests against the proposed change of sewer rates are presented by a majority of owners of parcels affected, the District cannot approve the change.

Financial Plan Developed for Either Decision by the Public

This June, voters will decide in a referendum (Measure F) between two alternatives: whether to adopt a contract with a private firm to operate the District's new treatment plant, or not to adopt the contract, in which case the treatment plant will be operated by public employees with the help of consultants. In order to be prepared, the District developed budgets and studied rates for both possible outcomes of the referendum. The District determined the cost of starting up and operating the new treatment plant to reliably meet regulatory requirements and to continue to protect water quality, the environment and public health.

- If the contract is not adopted by the referendum and the District operates the treatment plant using public employees and consultants, the rate study indicates a rate increase of 8.7% is required.
- If the contract is adopted by the referendum and the treatment plant is operated by a contract operator, the rate study indicates that no rate increase is required.

Potential Rates Developed by Independent Finance Review

Novato Sanitary District retained independent public finance advisors to conduct a review of the District's revenue and expense projections for the facilities and operations next fiscal year. The review also developed the recommended level of sewer service charges needed to adequately fund capital facilities expenses, operations and maintenance costs, and financing costs. Details of the Bartle Wells Associates Sewer Service Charge Report dated May 6, 2010, including budget information by cost category, are available on the Novato Sanitary District's website at www.novatosan.com.

The Bartle Wells Report and other consultant studies project that if the treatment plant is operated by public employees with outside consultant assistance, the estimated cost will be \$1.17 million more for 2010-2011 than if the plant is operated by the contract operator. Additional information concerning engineering cost projections for contract and non-contract operations may also be found at www.novatosan.com.

Projected expenses for all other District operations categories for 2010-2011 are estimated to be identical with either the contract or non-contract option. These categories include water recycling, administration, engineering, capital improvements, borrowing costs and collection system maintenance.

Future rate increases may be necessary to fund future capital expenditures and to cover increasing regulatory requirements.

Alternative Viewpoints

Some opponents of contract operations and Measure F dispute the cost savings projected by the District and its consultants under the contract operations approach, and may disagree with the projected need for a rate increase if the contract is not approved.

Some proponents of contract operations and Measure F believe the cost savings projected by the District and its consultants under the contract operations approach, and may agree with the projected need for a rate increase if the contract is not approved.

We encourage interested members of the public to independently evaluate the information provided by opponents, proponents and the District. Additional public information regarding the adversarial positions and differing views is contained in the District's Board minutes and other documents included on Novato Sanitary District's website, as well as in the community.

State-Mandated Procedure for Rate Changes

The procedure for increasing sewer charges is mandated by the provisions of State Proposition 218. Proposition 218 requires—among other things—that a notice of proposed rates be sent to property owners at least 45 days before the required public hearing. In addition, the County sets deadlines for preparing and submitting rates for inclusion in the property tax bills. To meet those deadlines, the District must hold its public hearing no later than July 12. This requires that the legal notice be mailed by May 28, and prior to the June 8 election that will decide whether or not the contract for managing the treatment plant operations is affirmed. This notice, therefore, presents both options: with and without a rate increase.

If you have questions or comments about the potential change in rates or wish to protest:

Address the Directors:

Attend the Public Hearing on
July 12, 2010 at 12:00 noon at
the District Office.
500 Davidson Street
Novato CA 94945

Phone:

415-892-1694

Fax:

415-898-2279

E-Mail:

manager@novatosan.com

Write:

Novato Sanitary District
500 Davidson Street
Novato, CA 94945

