



NOVATO SANITARY DISTRICT

Rate Change Decision Expected in July

A final decision by the District Board of Directors on the rate change proposal is expected in July 2005 and would be effective the following month. The new rates (listed below) would first appear on residents' property tax bills in November 2005.

Independent Financial Review

District staff worked closely with an independent financial expert to review all aspects of District finances to develop the proposed rate plan.

Multiple Revenue Sources Explored

The District is applying for the limited grant funds available and a possible long term low-interest loan from the state and federal government. The remainder of the project will be financed with either long term revenue bonds, general obligation bonds, or certificates of participation.

Rate for Small Users

For some customers who use very little water, such as a person living in a small house that makes less of an impact on the sewer system, rate relief will be offered through a lower-use rate, currently 40% below the regular rate.

The District is exploring other options to make sure the rates are fair and as easy to pay as possible, including bills and lifeline rates. The District is also exploring offering help in lowering water use, which in turn lowers sewer bills.

History of Moderate Rates

District rates have been lower than inflation for the past 20 years. The District has cut costs, taken advantage of new technology and reduced energy use.

Proposed New Rates

Under the current rate proposal, the annual bill would rise from the current \$262 to \$300 for the first year, with increases to \$338 in the second year, \$376 in the third year, \$424 in the fourth year, and \$462 in the fifth year.

Even with an increase, our rates, currently in the lower half of comparable rates in the region, will still be competitive with neighboring agencies.

Join Us at a Community Forum On Proposed Rate Changes and System Improvements

Wednesday, June 1, 2005, 6:30 PM
District Office, 500 Davidson Street
Call: 415-892-1694

E-mail: manager@novatosan.com
Click to: www.novatosan.com

Best Practices Minimize Project Costs

- Future operating costs reduced through energy saving design.
- New connections pay their fair share.
- Lowest cost methods of financing will be used.
- Special low-use rate available.

SEE INSIDE PAGE FOR DETAILS ON RATE CHANGE.



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Our community's wastewater collection and treatment system works for us every day and every night, year-in and year-out. We depend on it to protect public health and the environment. The system works so reliably that most customers have no reason to give it a second thought.

However, major improvements are now needed to comply with stricter state and federal regulations, and to ensure the continued reliability and safety of our wastewater service.



Novato Sanitary District uses advanced technology to provide quality service: pipelines are video-inspected, and computer mapping systems and mathematical modeling are used to design and maintain facilities most efficiently.

Rate Increase Needed

Careful Planning Minimizes Costs

To make vital improvements to its aging wastewater facilities, Novato Sanitary District is embarking on a major system renovation and replacement program. The District has stretched the service from these facilities as far as possible, gaining every benefit from them.

Regulations Becoming More Stringent

To protect the environment, tighter and tighter regulations have been imposed that are increasingly hard to meet with the existing facilities.

Community Forum on Rates Scheduled for June 1, 2005

The treatment plant upgrade program and the related proposed rate adjustments will be presented at a Community Forum on Wednesday, June 1, 2005, 6:30 PM at the District office, 500 Davidson Street. Please join us to learn more about the program and to provide your input.

See inside page for details on rate change.

THOROUGH PLANNING ENSURES QUALITY, COST EFFECTIVE UPGRADE PROGRAM

Independent Engineering Review

An independent engineering design firm, along with District engineers and state-certified treatment plant operators, have reviewed every aspect of the District's wastewater collection, treatment and discharge facilities and operations. Their years-long investigations resulted in a detailed plan to make system improvements that will provide many additional years of reliable service.

Full Environmental Review

A formal Environmental Impact Report prepared by a consultant reviewed environmental issues, categorized them by importance, and described ways to mitigate impacts. In addition, the District investigated and is adopting options for lowering greenhouse gasses, capturing energy from the treatment process, utilizing solar energy, and more.

Public Review Process.

During the long and thorough planning process, the District held numerous public hearings and meetings, providing details to the general public and inviting community leaders and involved citizens to tour the plant, review draft plans, and provide input.

Cost And Energy-Efficient Solutions

Among the measures built into the plans are use of state-of-the-art computers and automated technologies to reduce maintenance and labor costs, increase energy efficiency and decrease greenhouse emissions and odors.



List of Key Improvements

The most important improvements required for the treatment facilities are:

- Meet increasingly strict regulations.
- Replace aging and obsolete equipment, add automated controls.
- Add backup equipment for emergencies and to increase reliability.
- Eliminate crowded, dangerous work areas.
- Improve efficiency and decrease electrical power use.
- Add limited capacity to allow for future conversion of septic tanks to sewer and to accommodate the community buildout described in city and county general plans.



Best Alternative for Treatment Upgrade

The best alternative that emerged after the thorough engineering, environmental, financial and public review involves a \$75 million plan to: consolidate treatment facilities in a new and larger Novato treatment plant; convert the Ignacio plant into a pump station; and divert flows entering the Ignacio pump station through a new 24-inch pressurized pipeline to the Novato plant that would generally run along Rowland Road.

Other System Improvements

Besides upgrading treatment facilities, the District is proposing an ongoing \$2 million-a-year program to upgrade and maintain the District's 200 miles of sewer pipelines, 40 pump stations, recycling systems and other facilities. These facilities are also aging and susceptible to leaks and breaks, and cannot meet strict new regulations.

Panel of Outside Experts Gives Thumbs Up

To ensure that the \$75 million treatment plant upgrade plans are technically solid and practical in terms of being implemented, the District convened a panel of outside design specialists to review the plans in detail. Their recommendations are being incorporated.

Later in the program, a similar panel of contractors will be convened to review the plans for constructability before they go out to bid.

These careful steps are designed to ensure that the final plan is cost-effective and reliable, and will serve our customers well.

Win/Win Cooperative and Environmental Projects



Novato Sanitary District maintains an innovative and low-cost system of treatment ponds and pasture lands to receive its treated wastewater, providing benefits to people and the environment.

Cooperative Recycled Water Project Advances

To gain the economic and operational benefits of coordinated planning and cooperation, Novato Sanitary District regularly joins with other agencies in the region. One such cooperative venture is the North Bay Water Reuse Authority which is pursuing a variety of water recycling and water supply improvement projects.

Legislation pending in Congress would allow the Bureau of Reclamation to join with the local agencies in the planning, design and construction of water recycling and reuse projects.