



NOVATO SANITARY DISTRICT

NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON PROPOSED INCREASE IN SEWER SERVICE CHARGES

(Please Share This Information With Tenants)

August 1 at 4:30 PM. District Office, 500 Davidson Street, Novato, CA 94945

Why a Sewer Service Increase is Needed

Our community's treatment plants, some pipelines and other wastewater treatment facilities are nearing the end of their useful lives. They are unable to meet increasingly strict environmental regulations or accommodate a small increase in the amount of wastewater flows expected in the future. After serving customers economically for decades, it is now time for a major upgrade.

After keeping rates exceptionally low for decades, the needed upgrade program requires that the District phase in new rates. The rates are calculated to fairly distribute the cost of service based on the quantity and strength of

the wastewater in accordance with state and federal requirements. See inside pages for details on rate calculations.



Proposed Increase in Residential Sewer Charges

Under the current phased-in rate proposal, the annual bill for the average residence would rise from the current \$262 to \$302 for the 2005-06 tax year, with increases to \$342 in 2006-07, \$382 in 2007-08, \$422 in 2008-09, and \$462 in 2009-10. The rate proposal was developed after a thorough review of the District's finances by an outside consultant. A final decision by the District Board of Directors on the rate proposal will be made on August 1. The new rates would first appear on county property tax bills in November, 2005.

Proposed Non-Residential Charges

Non-residential customers pay a proportionate charge based on their water use and the strength of the wastewater; the percentage changes each year in order are: 15%, 14%, 12%, 10%, 9%. The minimum non-residential charge is one service unit (1 EDU).

If you have questions or comments about the proposed service charge increase described in this legal notice, or wish to protest, you may:

Attend the Public Hearing: on August 1, 4:30 PM at the District Office
500 Davidson Street, Novato, CA 94945

Phone: 415-892-1694

Fax: 415-898-2279

E-Mail: manager@novatosan.com

Write: 500 Davidson Street, Novato, CA 94945

Formal 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. If written protests against the proposed sewer service charge rates are presented by a majority of owners of parcels affected, the District will not approve the charge.

CUSTOMER BENEFITS. The sewer service charge increase will allow the District to continue to provide customers with reliable round-the clock wastewater service that protects public health and the environment.



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www.novatosan.com

BOARD OF DIRECTORS

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More Information About Rates Can be Found Throughout This Legal Notice

Best Practices Ensure Quality and Minimize Costs

Thorough Peer and Public Review

The District has carefully evaluated alternative projects to control initial construction costs and long-term operating costs, and to ensure reliable service.

The project has been fully reviewed by independent engineering, finance and environmental experts. Numerous public meetings and hearings have been held to obtain citizen input. A panel of outside design specialists was convened to provide a thorough peer review.

Seeking Lowest-Cost Funding

The District has considered a number of financing options to minimize the need for rate increases. It is applying for the limited number of grants that are available and is pursuing the lowest-cost financing available, including a possible long-term, low-interest loan from the State, and a variety of different types of bonds. The loans or bonds will be repaid both from connection fees collected from new development and from service charges.



Objectives of Improvement Program

The upgrades will increase reliability, provide for better environmental protection, improve energy-efficiency, lower greenhouse gases, and comply with stricter current and future regulations.

Among the key objectives for the system improvements are:

- Bringing the wastewater facilities into compliance with wastewater quality standards.
- Replacing aging and obsolete equipment and adding automated controls.
- Adding backup equipment for emergencies and increased reliability.
- Eliminating crowded and dangerous work areas.
- Improving energy efficiency and decreasing electrical power use.
- Eliminating sewage backups and overflows.

Rates Lower Than Inflation

The District's rates have changed at a pace lower than inflation for the past 20 years. This was possible by cutting costs, taking advantage of new technology and reducing energy use—practices that will continue as the District builds new facilities.

Even with the proposed increases, the District's rates will still be below average for the area. New connection fees will assure that new construction pays its fair share for the new facilities.

Sewer Service Charge Based on Winter Water Use

Each residential customer is charged for sewer use based on water usage during the winter months. The service charge appears on the annual property tax bill. Sewer service is measured in Equivalent Dwelling Units (EDU). Customers whose winter water use is:

- 200% or more than the average use are charged for 1.8 EDU.
- Between 26% and 199% of the average use of all customers are charged for one unit of service (1 EDU). This covers the vast majority of all customers.
- Non-metered residential customers are also charged one service unit (1 EDU)
- 25% or less than average use are charged for 0.6 unit of service (0.6 EDU)



We provide round-the-clock sewer service that is critical to protect public health. We also provide recycled water service.

Fairness Principle

Customers pay only for the actual cost of service based on their winter water use.

Non-residential rates are based on the actual impact of their sewer strength and volume on the system.