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SONOMA VALLEY COUNTY SANITATION DISTRICT NEWS

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Rates Go Directly to Operate and Maintain Community's Sanitation

District Facilities The Sonoma County Water Agency (Water Agency) operates eight sanitation systems in Sonoma County, including Sonoma Valley County Sanitation District. Fees from ratepayers are used to collect wastewater from homes and businesses, turn this wastewater into recycled water, and then release this water back into streams or provide it to farms, parks, schools, and others for outdoor irrigation and other beneficial uses. The recycled water produced by the various treatment plants in this process must meet numerous regulatory requirements aimed at protecting public health, water quality, and the environment. Equipment and facilities used to treat wastewater must operate reliably under harsh conditions and need to be replaced or rebuilt on a regular basis. Fees collected from ratepayers pay for such replacements and rebuilds. Rate increases, low-interest loans, and grants are used to fund infrastructure replacements and upgrades.

For example, between 1995 and 2014 more than \$140 million in capital expansion and replacement projects were funded among the eight systems. Annual rate increases have averaged below 6% for the sanitation Districts and Zones operated by the Water Agency. By comparison, sewer rate increases for municipal wastewater systems in Sonoma County over the past 10 years averaged 8% per year. This has been accomplished while keeping up with operations and maintenance and investing in capital replacement funds, which are used to pay for the depreciation of equipment and facilities and protect the investment in these community assets. The strategic goal in setting rates for the sanitation Zones and Districts is to operate, maintain and replace facilities and equipment in order to preserve the systems' assets and protect ratepayers' investments. Ratepayer funds and the wastewater collection and treatment facilities are community assets, and the Water Agency is committed to their long-term protection and safe operation.

How Your Sanitation District Budget Works

The Water Agency strives to operate and maintain these sanitation facilities in an environmentally responsible and fiscally prudent manner. As part of its financial duties, the Water Agency each year publishes proposed changes to sewer service fees in accordance with Proposition 218. The fiscal year for the Districts and Zones, begins July 1 of each year and runs through June 30 of the following year, so the information in this notice is for the period from July 1, 2016 through June 30, 2017. A five-year capital plan is prepared for the Zones based on the need for replacement of aging collection systems and other assets necessary to process the wastewater according to regulatory requirements. Budgets take into account current maintenance and operations costs, any bond or loan repayments, and the necessity to maintain sufficient financial reserves to cover unexpected damage or system failures. Budgets are developed using estimates for these items and for revenues. For some systems, the revenues generated from user fees are not sufficient to keep pace with the rate in which equipment is wearing out. For such

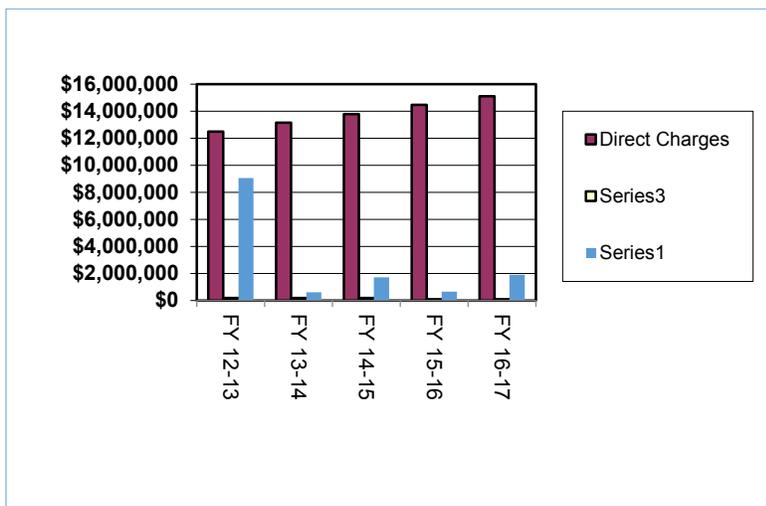
systems, fee increases are set incrementally above the rate of inflation to generate a reliable source of funding to replace worn out equipment before it fails.

Budget Approval

After the proposed budgets and rates are developed, the budgets are available for public review at libraries throughout the county and at the Water Agency office located at 404 Aviation Boulevard, Santa Rosa. Typically, this happens at the end of March. In addition, notices of the proposed rates are mailed to the owners of the properties in the Districts and Zones at that time. They are also available online. The public can protest rate increases up to the date of the rate hearings, which are typically held in mid-May at the Board of Supervisors chambers. (A protest form and rate hearing information is available on pg. 7 of this notice).

Budget Summary Revenue

The primary sources of revenues are the user fees charged to the District ratepayers and collected on property tax bills sent out by the Sonoma County Tax Collectors Office. Additional revenue sources include interest on fund balances and new connection fees. Proceeds from bonds and debt paid through property assessments may increase the funds available to spend on capital projects but are not counted as Zone revenue. Grants are also a revenue source. Below is a chart showing the Zone revenue for the last four years and the projected revenues for the next fiscal year:

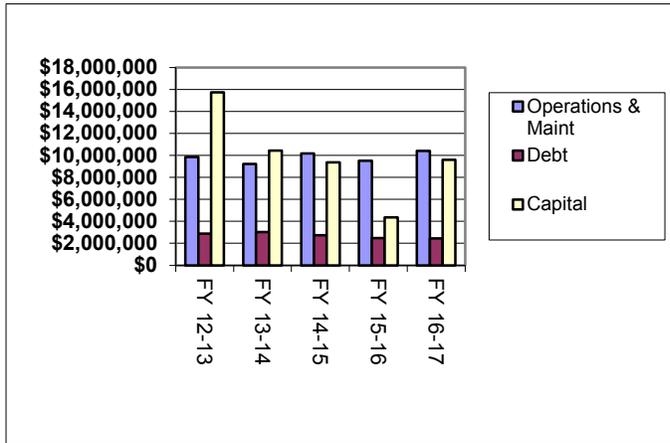


Expenditures

Your District spends money to:

- Operate the wastewater collection and treatment facilities;
- Maintain and repair District facilities;
- Repay bond, other debt and miscellaneous liabilities that may occur as a result of operation; and
- Replace aging infrastructure or make capital investments needed to comply with water quality standards.

Your District also spends money to accomplish the capital projects needed in the District. The chart below shows expenses for the past four years and next year's budget:



Rebates

CLOTHES WASHER Receive up to \$125 back on the purchase and installation of a new, qualifying high-efficiency clothes washer (HEW). Rebates are available for all Energy Star Most Efficient listed clothes washers except those containing silver ion technology. A \$75 rebate may also be available from PG&E.

TOILET Get up to \$150 back on the purchase and installation of each new, qualifying high-efficiency toilet (HET) from the List of Qualifying Models. Download rebate application forms and learn more at www.sonomacountywater.org/rebates or call (707) 547-1918.

HIGH-EFFICIENCY FIXTURE DIRECT INSTALL PROGRAM

A limited number of high-efficiency fixture retrofits, including toilet, urinal, faucet aerator and showerhead replacements, are offered at no cost to eligible properties. For more information and to register, go to: www.sonomacountywater.org/direct-install.

Public Invited on Free Tours

The Water Agency is pleased to host public tours of the Russian River water supply system and the Sonoma Valley County Sanitation District Wastewater Treatment Plant. To sign up for the tour described below, please fill out the online registration form at :www.sonomacountywater.org/tours
Additional details will follow once your registration is received.

Sonoma Valley Wastewater Treatment Plant Tour

Get an in-depth look at how wastewater is cleaned and how the water is re-used following the treatment process during the Sonoma Valley Wastewater Treatment Plant Tour. This 90-minute tour is offered **Saturday April 23, from 11 a.m. to 12:30 p.m.**

Russian River Water Supply System Tour

The Sonoma County Water Agency invites the public to attend a free half-day tour of the Russian River water supply system. Tour participants will visit facilities that divert, pump and treat the water delivered by the Water Agency to more than 600,000 residents in portions of Sonoma and Marin counties. These facilities will include the Westside Water Education Center, fish ladders, infiltration ponds and Water Collector 6 – one of the largest water collectors of its type in the world. This tour is offered in English

and Spanish. Sign up in English / Inscríbete en Español **Saturday, April 30th, 9 a.m. – Noon**. Sign up in English/ Inscríbete en Español **Saturday, October 8th, 9 a.m. – Noon**

For more information on the above tours, contact us on the Public Affairs hotline at 707.524.6430.

Sewer System Management Plan Updates

The Water Agency is in the process of updating the Sewer System Management Plans (SSMP), which are designed to ensure that sewer agencies review their maintenance and repair records in order to keep sanitary sewer overflows (SSO) to a minimum. The goal of the process is to determine the overall health of the system based on the number of SSOs that occur every year. The five-year SSMP update is expected to be considered for approval by the Water Agency Board of Directors in the spring of 2016. The SSMPs are available at our 404 Aviation Blvd. office in Santa Rosa and also at: www.sonomacountywater.org/sewer-system-management-plans/

Floating Solar Project in Design Phase

The District Treatment Plant is already home to an array of solar panels located along Eighth Street East. Now, the design process is under way to develop a system of 24,800 floating solar panels that will be installed on the surface of four of the District's recycled water storage ponds that will produce enough energy to power approximately 1,540 homes each year.

The District has entered into an agreement with a solar energy firm, Pristine Sun, to design, finance, own and maintain a system of solar panels for a 25-year period. The District will lease the property to Pristine Sun, which will sell the renewable power to Sonoma Clean Power. The District will receive approximately \$14,000 per year for leasing the pond property. By leasing the property to Pristine Sun, the SVCS D is not required to provide any capital costs, and avoid any risk from the operation of the systems. The Water Agency is also working to facilitate agreements with other entities to allow the development of additional floating solar installations on recycled water ponds at municipal and private winery locations throughout Sonoma County.

Fifth Street East Recycled Water Project Moves Ahead

Plans to construct a pipeline to bring recycled water for irrigation to Sonoma Valley High, Adele Middle and Prestwood Elementary schools are moving forward as planned. The recycled water pipeline will run from the District's treatment plant up 5th Street East and may provide irrigation for Engler Street Park and some residential and agricultural users along the route.

The project is expected to go out to bid this spring, with construction anticipated in the summer of 2016. Using recycled water will provide a financial benefit to the Sonoma Valley Unified School District in the form of lower water costs, and will provide an environmental benefit by using recycled water for irrigation instead of potable drinking water.

The \$3-million project will be funded with grants and through the District's capital improvement fund. The project has been awarded \$1.02 million in grant funding and the District will cover the remaining cost of the pipeline. In addition, the District has applied for \$340,000 in federal funding to offset the District's cost. This initial investment will be offset by selling recycled water to the schools and other users along the route. The schools will update the irrigation systems to accommodate recycled water, a

cost that will be offset by paying the lower rate for recycled water. Using recycled water to irrigate playing fields is a safe and sustainable way to save an estimated \$70,000 each year between the three schools.

Attention Well Owners!

If you get your water from a well, you may be affected by a new law that requires local management of groundwater. In Sonoma County, the new law affects the Sonoma Valley subbasin, Petaluma Valley subbasin and Santa Rosa Plain basin. The new law gives local agencies broad authority to manage groundwater, including authority to increase groundwater supply (for example, projects to increase groundwater recharge or replenishment) and to manage groundwater demand through well monitoring and, if necessary, regulating groundwater extraction. However, the law does not authorize local agencies to meter domestic groundwater wells that use less than 2 acre-feet per year (an acre-foot is equivalent to 325,851 gallons or the amount of water it takes to cover an acre with one foot of water). Local agencies also have authority to assess fees for groundwater management.

The first step in the new law is to form Groundwater Sustainability Agencies. These local agencies will decide which of the new authorities, if any, are needed to sustainably manage groundwater in each affected basin. This process is underway and your input is welcome. Please go to www.sonomacountygroundwater.org to learn more and to sign-up to receive regular updates.

PROPOSITION 218

Sonoma County Water Agency

Sonoma Valley County Sanitation District

NOTICE OF PUBLIC HEARING REGARDING PROPOSED SEWER SERVICE FEE INCREASE

Date, Time, and Place of Public Hearing

On May 17, 2016, at 2:10 p.m. or as soon thereafter as the matter may be heard, in the Board Meeting Room, 575 Administration Drive, Room 102A, Santa Rosa, California, the Board of Directors (Board) of the Sonoma County Water Agency (Agency) will conduct a public hearing to consider increasing the annual sewer service fee to be collected on account of sewage collection and treatment services provided by the sewer system of the South Park County Sanitation District (District) to property within the Zone.

Property Owner Obligation

The fee will be imposed on each parcel upon which is located one or more structures which are connected to the system and the fee will be collected on the general property tax bill administered by Sonoma County. Payment of the fee will be the responsibility of the owner of the parcel.

What the Fee is for and How the Funds Collected Will be Used

The charge is imposed for two purposes: (a) to fund the ongoing operation and maintenance costs of the system and, (b) to pay the capital replacement program costs of the system. The purpose of the capital replacement program is to provide for the long-term replacement of system facilities as they wear out.

The draft proposed budget for fiscal year 2016-17 describes the total annual expenses in detail and is available for review at the Sonoma Valley County Sanitation District, c/o the Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, California 95403, and the Sonoma County Regional Libraries in Santa Rosa (Main & Northwest), Windsor, Healdsburg, Cloverdale, Guerneville, Sebastopol, Petaluma, Rohnert Park, Rincon Valley, Sonoma, and Forestville (El Molino High School).

Two Categories of Users: A) Non-Residential Users And Residential Users With No Public Water Connection; or B) Residential Users With a Public Water Connection

A) Amount of Proposed Charge Increase For Non-Residential Users And Residential Users With No Public Water Connection

Effective July 1, 2016 the District proposes to increase the charge to \$926 per year per Equivalent Single-family Dwelling (ESD) for non-residential users and residential users with no public water connection. This represents an increase of \$36 or 4.0% versus current year. This charge has been calculated by dividing the annual costs of providing wastewater treatment and collection service by the total estimated number of ESDs in the District.

B) Residential Rate Structure For Residential Users With a Public Water Connection

Many surrounding communities (including the cities of Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and the Town of Windsor) set their sewer rates partially on an estimate of the amount of sewage generated by each household, based on water usage during winter months. A 2011 District study found that such "volume-based" rate structures better account for household sewer discharge, promote water conservation, and provide financial reliability for District services. The study also found that volume-based rates would provide District ratepayers with the opportunity to control a portion of their sewage bills. The District began implementing a "volume based" rate structure in 2012 and has found that the structure has met the above objectives.

The District's volume-based rate applies to residential users with a public water connection including multiple-family units such as apartments, condominiums, and mobile home parks. The rate includes fixed charges and charges based on water use.

- **70 Percent Fixed-Costs:** The fixed charge recovers costs that the sewage treatment and collection system incurs regardless of increased or decreased sewage flow into the system.

Effective July 1, 2016 the District proposes to increase the fixed charge to \$648 per year per Equivalent Single-family Dwelling (ESD) for residential users with a public water connection. This represents an increase of \$25 or 4.0% versus current year. All residential sewer customers with a public water connection must pay this fixed charge.

- **30 Percent Volume-Based:** The volume-based charge recovers costs to the sewage treatment and collection system that vary with the amount of sewage conveyed and treated, and gives District ratepayers the opportunity to control a portion of their sewage bill. It uses winter water use as the basis for the calculation. Winter water use generally provides the best available estimate of indoor water use and its impact to the District's treatment facilities because outdoor irrigation is usually minimal during the winter months.

Effective July 1, 2016 the District proposes to increase the volumetric charge to \$5.24 per Thousand Gallons for residential users with a public water connection. This represents an increase of \$0.21 per Thousand Gallons or 4.0% versus current year. The District will:

- Compare December 2015, and January, February, and March 2016 water bills. The months correspond to the date of the water bill.
- Select the water bill with the lowest water use and use that bill as the basis for the volumetric rate calculation. Each water bill covers a two month billing period and there are 6 billing periods annually.

For 2016 each residential user with public water and sewer connections will be charged as follows:

Fixed Charge:

\$648 per ESD x Number of ESD's

And:

Volumetric Charge using the lowest winter water bill covering two months for the billing months identified above:

Total Winter Water Usage in Thousands of Gallons x 6 billing periods annually x \$5.24 per Thousand Gallons

The highest residential water usage on a winter water bill covering two months will be capped at 40 thousand gallons per ESD based on the assumption that anything over 40 thousand gallons per ESD is likely to be irrigation water, not indoor water use. If the water usage on your lowest winter water bill exceeds 40 thousand gallons per ESD, the Volumetric Charge would be calculated as follows:

Number of ESD's x 40 Thousand Gallons x 6 billing periods annually x \$5.24 per Thousand Gallons
The 2016 sewer charges for residential customers with a public water connection are the Fixed Charge plus the Volumetric Charge:

Sewer Charge Component	Charge
Fixed Charge	\$648 per ESD
Volume Charge	\$5.24 per Thousand Gallons

To estimate your sewer charge, visit our online estimator at: www.sonomacountywater.org/SVCSD

Further Information Available Prior to the Hearing

At the hearing, the Board will consider adoption of an ordinance which will establish the increased fee. A copy of the ordinance is on file and available for review at the Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, CA 95403. In addition, the following persons may be contacted at the Agency at (707) 526-5370 for further information and/or obtaining copies of the draft proposed budget for fiscal year 2016-17:

Manuel Olvera, Engineering Technician III

Candi Bryon, Accountant III

Property Owner Protest Procedure

This notice has been mailed to you because records of the Sonoma County Assessor list you as an owner of one or more parcels within the Zone which will be subject to the fee while connected to the system. In the event you have sold property you may have owned within the Zone, please send this notice to the new owner.

Either prior to or at the public hearing, property owners may submit written protests respecting the fee. At the public hearing, the Board will consider all written protests which have been received by the prescribed deadline. In order to be considered, a written protest must be made on the attached form. Only one protest will be counted per parcel. Only protests signed by the current owner(s) will be allowed and must be received no later than the following deadlines:

- If submitted by mail, they must be received (NOT postmarked) no later than 5:00 p.m. on Monday, May 16, 2016, at the mailing address on the form.
- If hand delivered, they must be delivered no later than the close of the public hearing on May 17, 2016, to: Clerk of the Board

Board Meeting Room, as set forth in the opening paragraph

Date of this Notice: March 28, 2016

RATE PROTEST FORM

**NOTE: IN ORDER TO BE CONSIDERED, ANY PROTEST MUST BE ON THIS FORM
WRITTEN PROTEST**

I am the parcel owner of the property located at the address on the back of this form. I am submitting this form to protest the proposed sewer rate increase.

Additional

Comments: _____

Use opposite side or attach additional sheets if needed.

Signature of Property Owner Required

Print Name