

PENNGROVE SANITATION ZONE NEWS

VOL. 2, ISSUE #1

BUDGET & FEES 101

PROPOSITION 218 NOTICE ENCLOSED UNDERSTANDING YOUR DISTRICT'S RATE SETTING PROCESS

The Penngrove Sanitation Zone's fiscal year begins on July 1 of each year and runs through June 30 of the following year. Therefore the following information concerns the period from July 1, 2014, through June 30, 2015. Because budgets are prepared approximately six months in advance of the time period they cover, there is ample opportunity for public input and for the required review and approval process to occur.

Public input is a continuous process and can occur at any time during the year. Specific maintenance and construction projects and priorities are regularly reviewed and revised by Sonoma County Water Agency (Water Agency) staff. Many of these projects have their own environmental and construction approval process, which also includes public input.

A five-year capital plan is prepared for the Zone by Water Agency staff based on the need for replacement of aging collection systems and other assets necessary to process the wastewater according to regulatory requirements.

Priorities for projects are assigned by taking public input, maintenance data and assessment of the current condition of the facilities into account. The funds available for capital improvements and replacement are then planned for in such a way as to level the expenditures from year-to-year and, as a result, reduce the impact that sharp increases in rates would have on you — the ratepayer.

Budgets also 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. Because of the uneven timing of the revenues paid to the Zone and because actual costs rarely turn out exactly equal to staff estimates, fund balances or retained earnings are kept at all times. These fund balances typically amount to three-to-six months of operating expenses.

BUDGET & FEES 101

BUDGET APPROVAL

After Water Agency staff has developed the proposed budgets and rates, the budgets are available for public review at libraries throughout the county and at the Water Agency, 404 Aviation Boulevard, Santa Rosa. Typically, this happens at the end of March each year. In addition, notices of the proposed rate are mailed to the owners of all the properties in the Zone 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.

BUDGET SUMMARY

REVENUE

The primary sources of revenues are the fees charged to Zone 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's revenue for the last four years and the projected revenues for the next fiscal year.

Fiscal Year	Taxes/Service Charges	Interest	Other
FY 10-11	552,847	3,000	-
FY 11-12	596,540	1705	10,000
FY 12-13	633,865	110	-
FY 13-14	681,787	1,590	350
FY 14-15	687,147	7,524	350

GLOSSARY

CAPITAL PROJECT - A PROJECT THAT REPLACES OR ADDS ASSETS VALUED AT MORE THEN \$25,000.

OPERATIONS - ACTIVITIES THAT PROVIDE DIRECT SERVICE TO SYSTEM USERS OR TO SUPPORT DIRECT SERVICE.

MAINTENANCE - ACTIVITIES THAT WORK TO KEEP CURRENT EQUIPMENT, FACILITIES AND INFRASTRUCTURE OPERATIONAL.

ESD - EQUIVALENT SINGLE FAMILY DWELLING (COMMERCIAL AND MULTI-RESIDENTIAL PROPERTIES ARE CHARGED THE FLAT RATE TIMES THE NUMBER OF ESDS).

EXPENDITURES

Your Zone spends money to:

- Operate the wastewater collection and treatment facilities;
- Maintain and repair Zone facilities; and
- Repay bond, other debt and miscellaneous liabilities that may occur as a result of operation.

Your Zone also spends money to accomplish the capital projects needed in the Zone.

The chart below shows expense level trends over the last four years and next year's budget.

Fiscal year	Operations & Maint	Debt	Capital
FY 10-11	576,500	17,300	184,000
FY 11-12	599,318	16,700	100,000
FY 12-13	630,500	17,075	50,000
FY 13-14	689,000	17,452	-
FY 14-15	683,325	16,752	-

Q: *Why do my rates seem to increase every year?*

A: Your Zone tries to manage the system to minimize rate increases while ensuring the infrastructure will be in place to handle current and future needs. The costs of operating the treatment plant and collection system as well as paying for repairs, maintenance and replacement of aging infrastructure must be paid by the users of the system.

Q: *I live alone. Why do I pay the same as my neighbor with four children?*

A: The Zone allocates the cost of operations and maintenance using a flat billing method per ESD (similar to the method used by 84% of similar entities in California). This method is very inexpensive and efficient to administer. Billing based on usage would require either data on water usage (which the Zone does not have) or meters on the sewer system, which would be a very costly expense borne by the rate payers.

YOU CAN HELP BEAT THE DROUGHT

"There's a drought on. Turn the water off." is the public awareness slogan and campaign launched January 7 by the Water Agency along with the Sonoma-Marín Saving Water Partnership.

With the Water Agency's service area facing drought conditions after experiencing two dry years and the driest year on record in 2013, the goal of the effort is to increase public awareness about the drought and provide conservation tips.

On January 17, Gov. Jerry Brown declared a statewide drought emergency that includes 20 action points. The Water Agency is coordinating with the appropriate state agencies to ensure all action items within its jurisdiction are being met. Many of these action items, including the implementation of a public awareness campaign, have already been implemented. Also, water reuse programs have been implemented in some areas.

For an update on drought and water supply conditions from the Water Agency, go to this website link: www.sonomacountywater.org. To learn about the drought campaign, go to this website link: www.wateroff.org

SANITATION WATER EFFICIENCY REBATE PROGRAM

To conserve water and save money, customers may participate in the Sanitation Water Efficiency Rebate Program. Rebates on high-efficiency clothes washers and toilets are available on a first-come, first-served basis while funding lasts. For more information, visit www.sonomacountywater.org/sanitation-rebates or contact Brian Lee, Water Use Efficiency Specialist, at (707) 547-1918 or brian.lee@scwa.ca.gov

RATEPAYERS GIVE HIGH MARKS FOR HIGH-EFFICIENCY FIXTURE DIRECT INSTALL PROGRAM

Under the Water Agency's 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 with active connections. To participate, register your property on the program wait list. Properties will be selected on a first-come, first-served basis based on funding availability. For more information, visit www.sonomacountywater.org/direct-install or contact Brian Lee, Water Use Efficiency Specialist, at (707) 547-1918 or brian.lee@scwa.ca.gov.

ECONOMICALLY EVALUATING AN AGING WASTEWATER COLLECTION SYSTEM

Together, the Water Agency and the City of Petaluma work to ensure that Zone ratepayer costs are economically feasible while their wastewater collection system operates efficiently and safely.

As an example, wastewater collection service fees charged by the Petaluma Ellis Creek Water Recycling Facility (Facility) recently changed from a flat rate based on Equivalent Single-Family Dwellings to a volumetric-based metering schedule. Savings resulted, which will now be invested into assessing the Zone's aging sewer system and making infrastructure improvements.

Approximately 65 percent

of the Zone's sewer fees cover the cost of disposing and treating its wastewater at the Facility.

Throughout the Zone, members of the public will soon see their Zone's collection system cleaning crews investigating and videotaping pipelines. They're on the lookout for roots, the conditions of pipe, including missing sections and exposed rebar, and other problems that could be harmful to the public and environment.

At the Zone, recently completed projects have included developing and installing a new retaining wall at the Zone lift station, which kept it operational during the extreme wet weather event in late

2012, and the installation of smart cover manhole alarm systems, which will send an alarm to sanitation staff when a wastewater collection pipe nears its capacity. Staff can then respond to that location to prevent a sewer overflow.

The Water Agency is pleased to host public tours of the Russian River water supply system and energy projects. To sign up for the tours described below, please fill out the online registration form at www.sonomacountywater.org/tours. Additional details will follow once your registration is received.

RUSSIAN RIVER WATER SUPPLY SYSTEM TOUR

For an up-close look at the facilities that divert, pump and treat the water delivered by the Water Agency to the more than 600,000 residents in portions of Sonoma and Marin counties, you're invited on the Russian River Water Supply System Tour. This free half-day tour, offered Saturday, May 17, will include the rubber dam, fish ladders, infiltration ponds and water collector 6 — one of the largest water collectors of its type in the world. Tours begin at 9 a.m. Tours in Spanish are offered May 10, August 2 and October 25; please register by contacting Hugo Mata directly at (877) 689-7721 hugo@c2alts.net.

ENERGY AND SUSTAINABILITY TOUR

See first-hand a subset of energy and sustainability projects the Water Agency has developed in an effort to deliver Carbon Free Water by 2015. The Energy & Sustainability Tour will include solar panels, ground source and pond loop geexchange heating and cooling systems, electric vehicle charging stations and the Hybrid and Plug in Hybrid Electrical Fleet, and the Airport Wastewater Treatment Plant. This tour is Thursday, April 10, beginning at 5:30 p.m. Tour participants will meet at 404 Aviation Blvd. in Santa Rosa.

Questions? For more information on the above tours, please contact Ryan Pedrotti, Water Education Programs Specialist, at (707) 521-6209 or ryan.pedrotti@scwa.ca.gov

SANITATION SERVICES — ABOUT YOUR ZONE

In 1995 the Water Agency assumed responsibility from the County of Sonoma for managing the county sanitation districts and zones, including your Zone.

The Zone serves 518 Equivalent Single-Family Dwellings within a 475-acre service area. The wastewater collected from the Zone is routed through its lift station to the City of Petaluma's Ellis Creek Water Recycling Facility (Facility) where it is treated to meet tertiary standards. High-quality tertiary treated recycled water is an important source of water and its use offsets potable water demands

SONOMA COUNTY WATER AGENCY

PENNGROVE SANITATION ZONE PROPOSITION 218 NOTICE OF PUBLIC HEARING REGARDING PROPOSED SEWER SERVICE FEE INCREASE

DATE, TIME, AND PLACE OF PUBLIC HEARING

On May 20, 2014, at 10:00 a.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 (Water 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 Penngrove Sanitation Zone (Zone) 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 fee is imposed for two purposes: (a) to finance 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.

AMOUNT OF PROPOSED FEE INCREASE AND METHOD OF CALCULATING THE INCREASED FEE

Effective July 1, 2014, the Zone proposes to increase the fee to \$1,306 per year per "equivalent single-family dwelling" (ESD), an increase of \$13, or 1.0% versus current year. A standard single-family home constitutes one ESD. Parcels which have other uses (for example, apartments and commercial buildings) will be assigned a number of ESDs using standard equivalency factors which estimate the probable quantity and quality of sewage effluent normally generated by such uses in comparison to a single-family home.

The increased fee has been calculated by dividing the annual costs of providing wastewater treatment and collection service by the estimated number of ESDs to arrive at the fee per ESD of \$1,306, and for parcels having more than one ESD assigned, the fee is calculated by multiplying the number of ESDs assigned to the parcel times \$1,306. The draft proposed budget for fiscal year 2014-15 describes the total annual expenses in detail and is available for review at the Penngrove Sanitation Zone, 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).

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 Water Agency at (707) 526-5370 for further information and/or obtaining copies of the draft proposed budget for fiscal year 2014-15: Manuel Olvera, Engineering Technician III , Candi Bryon, Department Analyst

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 19, 2014, 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 20, 2014, to: Clerk of the Board

Board Meeting Room, as set forth in the opening paragraph

Date of this Notice: March 28, 2014

A Rate Protest Form was mailed to each property owner receiving service within the district or zone.