

IRONHOUSE SANITARY DISTRICT NOTICE OF PROPOSED RATE INCREASE

www.ironhousesanitarydistrict.com



Special Notice Spring 2007

*State law requires
ISD to set rates
and levy charges
sufficient to cover
operating expenses,
including
interest on debts,
and to provide funds
for replacement
or construction
of facilities.*

Notice of public hearing on proposed sewer service charge increase

The Ironhouse Sanitary District will hold a public hearing on the proposed sewer service charges on Tuesday, June 5, 2007, at 7:30 p.m. in District Board Room located at 450 Walnut Meadows Drive, in Oakley.

Notice to property owners **PUBLIC HEARING ON PROPOSED INCREASE IN SEWER SERVICE CHARGES**

Ironhouse Sanitary District provides wastewater collection and treatment services to approximately 13,000 customers located in and around the City of Oakley and Bethel Island. The District is an independent, self-supporting agency funded primarily by sewer service charges. Most customers pay their annual sewer service charges on the annual property tax bill.

In recent years, the District has been informing you that it will have to meet new, stricter wastewater permit requirements. The cost of meeting these new permit requirements will require the District to raise rates to fund new operating and capital costs. Since the District is self-supporting, sewer rates must be adequate to fund the District's operating and maintenance expenses, debt service obligations, and capital improvement needs. □

WHAT WILL IT COST?

The new estimated rate for 2007-08 will be \$465, payable on your property tax bill. These factors determine the new rate:

PLANT CONSTRUCTION

- ☛ Facility funding upgrade fee: \$40.20 per year
- ☛ Facility upgrade fee will be assessed for 5 years

OPERATING COSTS

- ☛ Estimated annual increase of 3.5%
- ☛ Estimated 2007-08 cost: \$12.80
(See table on page 3)



Major treatment plant upgrade needed to meet new, stricter state permit requirements



The District operates under a California State wastewater discharge permit that sets strict criteria for wastewater treatment and effluent disposal. In recent years the state has implemented stricter permit regulations which the District will be required to meet. In order to comply with these stricter requirements, the District must complete a

major reconstruction and upgrade of its wastewater treatment plant and effluent disposal facilities. The cost of this project is currently estimated at \$64 million. The District evaluated a wide range of capital project alternatives in order to determine the most cost-effective option for meeting the new wastewater permit requirements. □

District pursuing low-cost financing

The District anticipates financing the \$64 million treatment facility upgrade with a combination of State-subsidized loans, reserve funds, and pay-as-you-go cash financing. The District is pursuing a low-interest-rate loan from the State Water Resources Control Board to fund approximately \$45 million of project costs.

The District anticipates funding the remaining costs on a pay-as-you-go basis using cash generated from development impact fees, service charges, and other District revenue sources. Although the potential for state and federal grants is very limited, the District is also pursuing grant funding and anticipates receiving up to \$2 million in grants. □

What determines sewer service charges



The District's sewer service charges are designed to recover the cost of service based on long-term operating and capital funding requirements.

The District bills residential customers a flat annual rate per dwelling unit and collects the sewer service charge on the property tax bill.

Non-residential customers are billed based on the number of Equivalent Service Units (ESUs) assigned to each customer. An ESU represents the wastewater discharge from a typical residential dwelling unit.

The District assigns ESUs to non-residential customers based on estimated volume and strength of each customer's wastewater discharge in relation to that of a typical residence. □

New development to fully fund its infrastructure needs

Last year, the District increased its development impact fees to ensure new development pays its full share of the costs for capacity in District infrastructure, including the required

upgrades to the District's wastewater treatment facilities. The objective of these development fee increases was to ensure that growth continues to pay its own way. □

District proposes to phase in required rate adjustments

The District is proposing to gradually phase in a series of sewer service rate increases over the next five years to keep revenues aligned with long-term funding needs. The District is proposing to phase in rate adjustments to help minimize the

annual impact on customers. The District remains committed to keeping rates as low as possible, but needs to raise rates to fund necessary improvements to its wastewater treatment facilities and cover the cost of providing service. □

	Projected Annual Sewer Service Charges Effective					Proposed Maximum*
	7-1-2007	7-1-2008	7-1-2009	7-1-2010	7-1-2011	
ANNUAL SEWER SERVICE CHARGE						
Residential Customers						
Charge per Dwelling Unit	\$465	\$518	\$572	\$626	\$680	\$680
Non-Residential Customers						
Charge per ESU**	\$465	\$518	\$572	\$626	\$680	\$680

* Maximum sewer service charge proposed to be adopted for the next five years.

** An Equivalent Service Unit (ESU) represents the wastewater flow and loadings of a typical residential dwelling unit. The District assigns ESUs to non-residential customers based on the estimated volume and strength of each customer's wastewater discharge. Non-residential customers can determine the ESUs assigned to a property by dividing the current 2006/07 sewer service charge by \$412, which is the current year charge per ESU. Current year sewer service charges for Ironhouse Sanitary District are shown on the 2006/07 tax bill for the property under the heading "Special Taxes & Assessments".

Proposed sewer service charges

The District proposes to adopt a maximum sewer service charge of \$680 per residential dwelling unit or ESU, as shown in the last column of the table above. For informational purposes, the table also shows the annual rates anticipated for each of the next five years to eventually reach the maximum rate. The projected annual rate increases include operating costs, estimated at 3.5% per year, and costs associated with the required wastewater treatment facilities upgrade.

Approximately \$40 of each year's anticipated rate adjust-

ment is due to the funding needs of the facilities upgrade. The rates shown for each of the five years, and the amounts for operating costs and the facilities upgrade, may be increased or decreased to meet the District's annual operating and capital funding requirements each year.

However, the District may not exceed the proposed maximum rate without mailing a future notice, providing an opportunity for a majority protest, and holding a public hearing pursuant to the California Constitution. Additional information about the required wastewater facili-

ties improvements and data with the current and estimated costs to provide the District's sewer services, and the revenue sources the District anticipates for those services, is available from the District.

The District has implemented a number of cost-saving measures in recent years and remains committed to operating as efficiently and cost-effectively as possible. The District will review its finances each year and will only implement rate adjustments needed to meet the District's funding needs. □

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Ironhouse Sanitary District will hold a public hearing on the proposed sewer service charges Tuesday, June 5, 2007, at 7:30 p.m. in the District Board Room, 450 Walnut Meadows Drive, in Oakley.



If you would like to protest the proposed sewer service charge increase, your protest must be submitted in writing. Your written protest must be received at Ironhouse Sanitary District, 450 Walnut Meadows Drive, Oakley, CA 94561, prior to or during the public hearing on June 5. The protest must: a) identify the affected property by its Assessor's Parcel Number or other adequate description, b) identify the property owner or owners, and c) be signed by the property owner. If written protests against the proposed sewer service charge increase are presented by a majority of owners of the affected parcels, the District will not approve the proposed increase. □

For additional information on the proposed fee increase, please visit our website at www.ironhousesanitarydistrict.com or contact us at 925-625-2279.



Ironhouse Sanitary District
450 Walnut Meadows Drive
Oakley, CA 94561

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Permit No. 16

To save paper and lower costs, owners with more than one property will receive only this single notice for all parcels they own.