



EAST PALO ALTO SANITARY DISTRICT

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901 Weeks Street
East Palo Alto, CA 94303
Phone: (650) 325-9021
Fax: (650) 325-5173
www.epasd.com
Kenneth C. Jones, General Manager

Dear Property Owner or Customer,

Dated: May 18, 2015

The East Palo Alto Sanitary District (EPASD) is an independent, community-owned and operated public agency that provides wastewater service to residential and commercial customers in the City of East Palo Alto and adjacent areas of Menlo Park and San Mateo County. EPASD owns and operates a wastewater collection system consisting of approximately 30 miles of sewer pipelines. The District's sewage is conveyed to a regional wastewater treatment plant operated by the City of Palo Alto where it is treated to meet strict environmental requirements.

EPASD is financially self-sufficient and relies primarily on sewer service charges to fund its operations as well as pay the District's share of costs for the regional wastewater treatment plant. EPASD is proposing to increase its sewer service charges next year. *With the proposed rate increase, EPASD's rates will remain among the lowest in San Mateo County.*

WHY IS A RATE INCREASE NEEDED?

The proposed rate increase is needed to keep revenues in line with operating expenses, help fund high priority improvements to the District's aging infrastructure, and support safe and reliable service. The proposed rates are needed to:

- **Fund EPASD's operating and maintenance expenses**— Small gradual rate adjustments are needed to keep revenues in line with operating and maintenance expenses. In recent years, EPASD has increased preventive maintenance in order to comply with new state permit requirements.
- **Repair and replace aging sewer pipelines** – In order to keep the sewer system in good operating condition, EPASD will need to repair and replace some of its aging and deteriorating sewer pipelines and infrastructure. Many of the District's sewer pipelines are over 70 years old and will require repair, replacement, or rehabilitation in upcoming years.
- **Fund EPASD's share of costs in the regional wastewater treatment plant** –In addition to facing cost increases for treatment plant operations, EPASD will also be required to fund its share of major capital improvements at the regional wastewater treatment plant in upcoming years. These costs are outside EPASD's control and account for over 30% of EPASD's annual expenses.

NOTICE OF A PUBLIC HEARING ON PROPOSED SEWER RATE INCREASES

Notice is hereby given that the East Palo Alto Sanitary District will hold a Public Hearing on the proposed sewer rates on **July 2, 2015 beginning at 7:00 p.m.** at its headquarters at 901 Weeks Street, East Palo Alto, California, 94303. Pursuant to Article 13D of the California Constitution, the record owners of property upon which the fees are proposed to be imposed and any tenant who is directly liable for the payment of such fees and charges (i.e. a customer of record who is not a property owner) may submit a written protest against the proposed rates. Each protest must (1) be in writing; (2) identify the property for which the protest is submitted, such as by assessors parcel number or street address; and

(3) include the signature of the property owner or customer submitting the protest. Only one protest will be counted per parcel.

Written protests may be submitted by mail or in person to the East Palo Alto Sanitary District, 901 Weeks Street, East Palo Alto, California 94303. Protests submitted by e-mail, facsimile, or other electronic means will not be accepted. Protests must be received prior to the conclusion of the Public Hearing on July 2, 2015.

At the conclusion of the Public Hearing, EPASD's Board of Directors will consider adoption of the proposed sewer rates. If the District does not receive written protests against the proposed rates from a majority of affected parcels, EPASD may impose sewer rates at or below the level proposed in this notice. *EPASD remains committed to operating as efficiently as possible and will only increase rates as needed to fund its costs for providing safe and reliable sewer service.*

PROPOSED SEWER RATES

The proposed sewer rate increase is in line with the EPASD's long-term strategy of adopting small gradual rate adjustments to keep rates in line with the cost of providing service and minimize the potential for larger rate spikes. The proposed increase totals \$25 per year for a residential dwelling unit, equal to approximately \$2.09 per month. Commercial rates are projected to increase by the same percentage as residential rates.

Residential customers are billed a fixed annual sewer service charge per dwelling unit. Commercial and industrial customers are billed based on the rate for the appropriate customer class multiplied by the amount of the customer's metered water consumption from the prior year, as measured in hundred cubic feet (hcf). One hundred cubic feet equals approximately 748 gallons. Commercial and industrial rates are subject to a minimum annual charge. Commercial and industrial rates vary by customer type with higher rates charged to customers with higher strength sewage.

Proposed Sewer Rates		
	Current Rates Effective July 1, 2014	Proposed Rates Effective July 1, 2015
RESIDENTIAL		
Annual charge per residential dwelling unit ¹	\$550	\$575
COMMERCIAL/INDUSTRIAL		
<i>Rate per hundred cubic feet of metered water use from prior year</i>		
Office	\$4.1454	\$4.3338
General commercial	4.5809	4.7891
Restaurant	7.9768	8.3394
Motel/hotel	4.5797	4.7879
Church	4.1454	4.3338
Industrial	4.9109	5.1341
Schools	4.4136	4.6142
Medical	5.1075	5.3397
Recreational	4.5797	4.7879
<u>Minimum annual charge</u>	<u>\$550</u>	<u>\$575</u>
1 Applies to each dwelling unit per single family residence, duplex, triplex, apartment, multi-family, auto court, rooming house, trailer park, mobile home, cottage, flat.		
<i>Note: Service charges are typically collected on the San Mateo County property tax rolls.</i>		

EPASD'S SEWER RATES TO REMAIN LOW COMPARED TO OTHER REGIONAL AGENCIES

EPASD's sewer rates are currently significantly below the regional average and are among the lowest in San Mateo County. With the proposed rate adjustments, EPASD's rates are expected to remain in the lower range compared to other regional agencies.

FUTURE NEEDS

In future years, EPASD anticipates that it will need to continue gradually increasing rates to fund the District's share of costs for upgrading and rehabilitating the regional wastewater treatment plant operated by the City of Palo Alto. The regional treatment plant was originally built in 1972. A recent engineering study of the regional treatment plant identifies over \$300 million of infrastructure improvements to replace and upgrade aging equipment, improve sustainability, and address new regulatory requirements. These projects will be phased in over time. EPASD anticipates that it will be responsible for funding 7.64% of these costs based on the EPASD's share of capacity owned in the regional treatment plant.

For more information, please visit EPASD's website at www.epasd.com or call us at (650) 325-9021.