



Notice of Public Hearing

A Special Legal Notice in Conformance with Proposition 218

ON NOVEMBER 6, 2007, AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS AT 225 PARK STREET, LAKEPORT, CA. THE LAKEPORT MUNICIPAL SEWER DISTRICT WILL HOLD A PUBLIC HEARING ON A SEWER RATE INCREASE.

Introduction

The City of Lakeport Municipal Sewer District (CLMSD) is proposing to increase sewer rates to repair and upgrade the district's sewer system. The rate increase, proposed to be phased in over the next six years is depicted below for your reference. This proposal responds to current system deficiencies that are jeopardizing the community's public and economic health, which are cited in a state regulatory order mandating improvements.

Recognizing this circumstance, the District hired an independent municipal finance consulting firm, Parsons and Associates, to examine the entire system to include: operational efficiency, capital reserves funding for long term maintenance, annual operating costs versus revenues, and the costs of meeting the immediate improvement requirements of the Regional Water Quality Control Board. This analysis revealed that for the past several years, annual revenues have not kept up with operational costs. Subsequently, this annual deficit has been absorbed by reserve funds needed for essential maintenance for a now aging system. This, coupled with the Regional Water Quality Control Board mandated improvements necessitates a rate increase in order to restore solvency and pay for the capital bond to complete required improvements.

Background

The CLMSD system is over 100 years old. This system consists of approximately 60 miles of wastewater pipelines, eight pump stations, and a treatment and disposal facility. These components are experiencing failures due to aging infrastructure. In April of 2006, the City's sewer plant was overcome by flood waters from a series of storms and high lake levels which caused the facility to discharge treated waste water into the stream and lake system. This circumstance resulted in a "Notice of Violation" and "Cease and Desist Order" from the California Regional Water Quality Control Board.

Regional Water Quality Control Board enforcement action requires the District to address current system deficiencies in a timely manner. Without significant financial investment in improvements for the collection, treatment and disposal components of the system, fines and additional regulatory actions are likely.

Funds generated by this proposed increase will be used for systematic rehabilitation of the wastewater facilities. This work will include upgrading the disposal process to accommodate current wastewater flows, install a magnetic flow meter before the head-works facility for incoming raw wastewater measurements at the plant, and upgrade the treated irrigation wastewater pump station and pipeline to increase hydraulic capacity to the disposal fields. Implementing these improvements will bring the system into regulatory compliance with the Regional Water Quality Control Board. These improvements are expected to be completed in the next year at a cost of approximately 2.5 million dollars.

There have been five rate increases in the past approximate fifteen years. During this time, few additional dollars have been available for making needed improvements to the wastewater facilities. In 2006, the California Regional Water Quality Control Board placed the wastewater system under a Cease and Desist Order for permit violations. That Order mandates improvements be made to the facilities.

Proposal

To address a portion of the necessary rehabilitation to the wastewater system and the continually increasing costs of operation and maintenance, the District is proposing to increase rates as depicted below.

Customer Class	Existing Monthly Rate	07-08 Monthly Rate	08-09 Monthly Rate	09-10 Monthly Rate	10-11 Monthly Rate	11-12 Monthly Rate	12-13 Monthly Rate
Single Family Residence	\$31.61	\$39.57	\$41.77	\$42.93	\$44.25	\$45.52	\$46.79
Apartments	\$23.72	\$30.50	\$32.18	\$33.08	\$34.09	\$35.07	\$36.05
Commercial	\$31.61	\$39.57	\$41.77	\$42.93	\$44.25	\$45.52	\$46.79
Plus Volume Charge	\$3.18	\$4.52	\$4.79	4.92	\$5.07	\$5.22	\$5.36
Legacy School	\$15.81	\$16.92	\$17.80	\$18.30	\$18.86	\$19.40	\$19.95
County (Annual)	\$104,235	\$107,214	\$113,443	\$116,598	\$120,201	\$123,652	\$127,085

Action

In compliance with Proposition 218, the City of Lakeport is hereby notifying all affected property owners of the proposed sewer rate increase effective November 6, 2007, as follows:

- ✓ Affected property owners are notified by mail about the proposed rate increase. This notice outlines the public protest process (see below) and publishes the public hearing date and time.
- ✓ If written protests are presented by a majority of affected property owners prior to the close of the public hearing, the proposed rate increase will be rejected.
- ✓ This notice provides information relating to the proposed rate increase.

Process

If you wish to oppose the proposed sewer rate increase, your protest must be submitted in writing to be considered, even if you plan to attend the public hearing. If written protests are submitted by a majority of affected property owners, the proposed sewer rate increase will not be imposed. Written protest can be submitted to the City Council prior to the close of the public hearing. Written protests must contain a description of the property, such as parcel number. The parcel number is included on the mailing label of this notice. Please indicate that it is the sewer rate that you are protesting and send your written protest to: City Clerk, City of Lakeport, 225 Park Street, Lakeport, CA 95453.

More information concerning sewer operations and rates is available at www.cityoflakeport.com. Please note that the City of Lakeport requires that rate increase protests be submitted in writing, and that **email protests will not be accepted.**

Summary

Essentially, the City of Lakeport Municipal Sewer District is faced with enacting this increase or responding to further sanctions. Additionally, the District must immediately begin restoration of operational finances to ensure that ongoing regulatory compliance and system improvements are in place both now and into the future.

If you have any questions about this notice, please call Mark Brannigan, Utilities Director, City of Lakeport at 707-263-3578, ext. 14.

Jerry Gillham
City Manager