



## **2010 Proposed Sewer Rate Increase Frequently Asked Questions**

### **What is the Sacramento Regional County Sanitation District (SRCSD)?**

SRCSD provides regional wastewater conveyance and treatment services to residential, industrial and commercial customers throughout Sacramento County and West Sacramento. The wastewater travels through 120 miles of interceptor pipes to the Sacramento Regional Wastewater Treatment Plant near Elk Grove, where approximately 150 million gallons of wastewater are treated each day and safely discharged to the Sacramento River.

### **Why is SRCSD proposing to raise sewer rates?**

Most of SRCSD's funding is generated from two sources – monthly customer rates and sewer impact fees paid by growth (new users to the system). For many years, the average between these two funding sources has been 63% from monthly rates and 22% from sewer impact fees. The remaining 15% of funding is derived from interest and other sources.

During the last two years, growth in the region took a substantial downward turn. While revenue from monthly customer service rates has remained fairly constant, revenue from new sewer impact fees has dropped dramatically. Sewer impact fees collected from 2003 to 2007 varied between \$40 million and \$58 million. In 2008, those revenues dropped to \$19.5 million, and in 2009 dropped to about \$13 million.

This is a problem because SRCSD uses bond financing (debt) to fund major infrastructure improvement projects that benefit existing customers. To remain in compliance with our existing bond requirements (known as "bond covenants"), and to secure future bond financing, SRCSD is required to meet a minimum level of revenue (income) in relation to its debt (expenses). As previously explained, SRCSD collected a significantly reduced amount of revenue from sewer impact fees from new users. This means SRCSD's revenue is lower than projected.

To reduce expenses, SRCSD is making a number of significant adjustments to its overall financial plan to meet legally required bond conditions. These adjustments include significantly reducing expenses by eliminating or delaying projects and programs; paying off some existing bonds early to eliminate \$5 million in annual debt payments over the next five years; and using cash reserves prudently. However, a rate increase is still necessary.

### **What is a Bond Covenant, and why is it important for SRCSD?**

Think of a home mortgage – a lender requires the borrower to meet a minimum monthly "income" or revenue stream in order to approve their loan. Bonds are similar. Bond issuers require that agencies they lend to guarantee their revenues will meet minimum levels. If an agency does not meet the minimum levels, they violate their bond "covenants" or legal conditions. This can have serious negative impacts, including downgraded bond ratings or increased financing costs. SRCSD could also be forced by lenders to raise rates.

**What is the proposed rate increase, and when would the rate increase be effective?**

SRCS D is proposing a 50¢ per month increase per single family household or equivalent. If approved, the sewer rate increase would become effective on July 1, 2010.

<b>Current Monthly SRCS D Rate</b>	<b>Proposed SRCS D Rate Increase (effective July 2010)</b>	<b>Proposed 2010 Monthly SRCS D Rate Total</b>
\$19.75	50¢	\$20.25

**How was the proposed rate increases calculated?**

The basis of this proposed sewer rate increase is the need to generate \$3.5 million in additional monthly revenue. A cost of service analysis has been done to allocate the required additional revenue among residential, commercial, and industrial customers.

**How can I protest the proposed sewer rate increase?**

The SRCS D Board of Directors will consider the proposed rate increase at a public hearing on Wednesday, March 24, 2010 at 9:30 a.m. at the Sacramento County Administration Center Board Chambers, 700 H Street, Sacramento, CA 95814.

Under Proposition 218, if you are the owner of record of a parcel or parcels subject to the proposed rate increase, you may file a written protest before the public hearing. If written protests are filed by a majority of the affected parcel owners, the rate increase will not be imposed. **Written protests must be received prior to the March 24, 2010 public hearing. E-mail protests are not acceptable.** Protests must contain a description of the legal property, such as address or parcel number. The protest should also indicate the rate being protested (regional sewer service). If you were not the owner of the property as of the last tax roll, include written confirmation that you presently own the property. Written protests can be sent to:

**Sacramento Regional County Sanitation District  
P.O. Box 269128  
Sacramento, CA 95827-9128**

**Do you have a program to assist low income customers?**

Low or fixed-income customers may be eligible for up to \$100 per year in rebates through SRCS D’s Sewer Lifeline Rate Assistance Program. For more information and to find out if you qualify, call (916) 875-5500 or visit [www.sewerlifeline.com](http://www.sewerlifeline.com).

**Where can I get more information?**

For more information about your SRCS D service, visit [www.srcsd.com](http://www.srcsd.com). You may also direct billing questions to Consolidated Utilities Billing and Service at (916) 875-6668. If you would like to host a presentation about this proposed increase for your neighborhood group or organization, please contact SRCS D’s Communications & Media Office at (916) 876-6120.