

Cathy Preis, *President*
Robert Sherwood, *Secretary*
Phil Gamick, *Director*
Taylor Dolph, *Director*
Sara Schrichte, *Director*

Notice of Public Hearing
Tuesday, December 6, 2011, 6PM
At the Donner Summit Public Utility District
53823 Sherritt Lane, Soda Springs, CA

NOTICE IS GIVEN that on Tuesday, December 6, 2011, at 6PM, the Board of Directors of the Donner Summit Public Utility District (DSPUD) will conduct a public hearing to consider the adoption of a proposed ordinance to increase the District's sewer rates.

The purpose of the rate increase is twofold; for ratepayers **inside** the DSPUD Community Facilities District (CFD) No. 1, the increase reflects increased operating costs once the DSPUD Wastewater Facilities Upgrade and Expansion Project (the PROJECT) is completed, and a system rehabilitation fund. For ratepayers **outside** of (CFD) No. 1 the rate increase includes their share of the PROJECT, increased operating costs, and a system rehabilitation fund. See below for a clarification of **inside** and **outside** CFD No. 1.

The Reason for the Proposed Rate Increase

In 2009, the State of California issued a new waste discharge permit to the District with more stringent requirements which required significant plant upgrades. The State mandated that the District come into compliance by April, 2014.

For the past two and a half years, the District has worked diligently with its engineers on a PROJECT that will assure that the wastewater treatment plant meets the 2014 compliance deadline. During this same time period, the District conducted numerous public meetings to keep all ratepayers informed of the PROJECT progress.

Rates Inside and Outside of the CFD

Earlier this year the District established Community Facilities District (CFD) No. 1 in order to fund its State mandated Wastewater Treatment Plant Upgrade and Expansion Project. Three Improvement Areas were created inside CFD No. 1. Property owners, rate payers and registered voters were asked to vote on the CFD. Ballots were mailed and on September 20, 2011 at a publicly noticed meeting the ballots were opened and tallied. Voters inside **Areas #1 and 3 voted in favor of the CFD**, (a 2/3 yes vote of ballots returned is necessary for approval) and will have their share of the PROJECT collected

on their property tax bills, which makes the special tax eligible for a tax write-off. They are considered **inside** CFD No.1. However, voters inside **Improvement Area #2** **voted against the CFD** and will have to pay for their share of the Project through sewer rates. (see enclosed map which illustrates the boundaries of Improvement Area #2). They are considered **outside** CFD No. 1. Therefore, the proposed rate structure identifies rates **inside CFD No. 1 and outside CFD No. 1.**

The enclosed Table 1 explains and illustrates the Calculated Wastewater Rates and Connection Fees through June 30, 2016 for users inside and outside CFD No. 1.

How to Protest the Rate Increase, Per the Rules of Proposition 218

Option 1

If you **do not** oppose these rate increases, you do not need to do anything further.

Option 2

If you **do** oppose the proposed rate increases, your protest must be submitted in writing to be considered, even if you attend the public hearing. Post-mark dates of December 6, do not qualify. Your written protest must be **received** by the Donner Summit Public Utility District prior to the close of the public hearing on December 6, 2011 at 6:00 p.m. Oral, telephone, and e-mail protests will not be accepted. The protest must include:

- 1) your name
- 2) your service street address or assessor's parcel number(s)
- 3) a statement of protest ("I/We protest)
- 4) signature of the property owner

Mail written protests to: Donner Summit Public Utility District, P.O. Box 610, Soda Springs, CA 95728 or deliver written protests to: Donner Summit Public Utility District, 53823 Sherritt Lane, Soda Springs, CA 95728

For detailed rate and cost of service information, go to the District's website at www.dspud.com. If you have any questions, please contact the District at 530-426-3456.

DATED: October 19, 2011

1.4 SUMMARY OF CALCULATED RATES, CHARGES, AND SPECIAL TAXES

Calculated wastewater rates through 2016 are shown below in **Table 1**. Wastewater rates are calculated on a per EDU basis for Inside CFD No. 1 customers and Outside CFD No. 1 customers. Existing customers pay full rates because they currently send wastewater flow to the WWTP. Future customers include customers that have purchased an EDU but do not yet send wastewater flow to the WWTP; as such, this category includes both Future EDUs and Expansion EDUs as defined above. Future customers pay reduced rates to cover their share of debt service and a portion of operations and maintenance expenses.

Wastewater rates for Inside CFD No. 1 customers increase primarily due to the inclusion of rehabilitation costs for the WWTP upon completion of the Project, and also small increases in operations and maintenance costs for the entire wastewater system. Project costs (the debt service for a CWSRF loan) for Inside CFD No. 1 customers are paid for through special tax payments.

Wastewater rates for Outside CFD No. 1 customers also increase due to the inclusion of rehabilitation costs for the WWTP upon completion of the Project, and small increases in operations and maintenance costs for the entire wastewater system; however their rates are primarily driven by servicing their share of the CWSRF loan repayments.

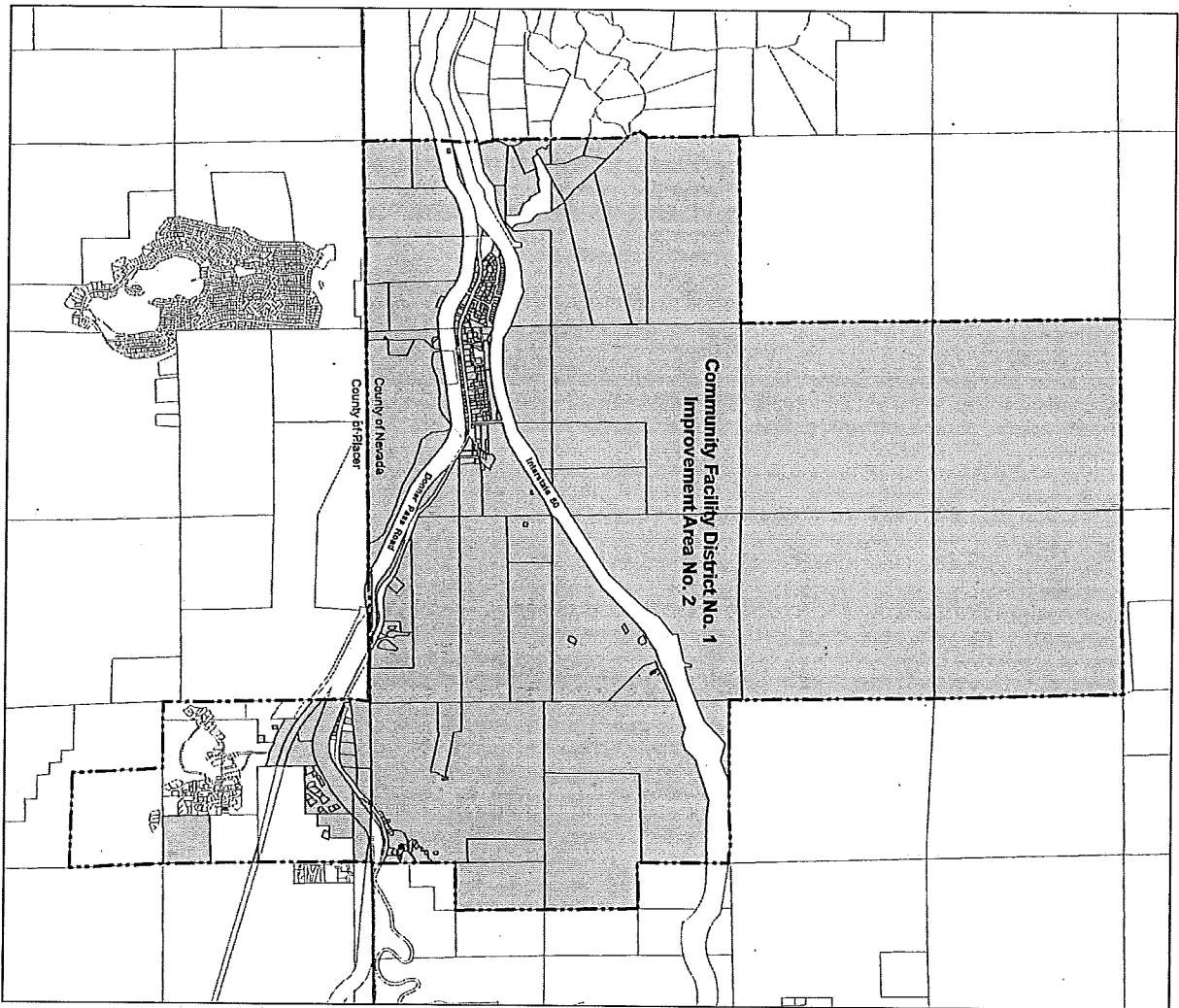
The calculated connection fee for Outside CFD No. 1 customers is also provided in **Table 1**.

Table 1
Calculated Wastewater Rates and Connection Fees through 2016

Rates by Customer	Current	Calculated Rates				
		2012	2013	2014	2015	2016
	<i>Effective Date</i>	<i>1/1/2012</i>	<i>7/1/2012</i>	<i>7/1/2013</i>	<i>7/1/2014</i>	<i>7/1/2015</i>
Existing Customers						
			<i>Charge per EDU per Month</i>			
Inside CFD No. 1	\$110.32	\$110.32	\$110.32	\$114.83	\$116.24	\$117.58
Outside CFD No. 1	\$110.32	\$127.03	\$143.06	\$164.28	\$165.69	\$167.02
Future Customers						
Inside CFD No. 1	\$45.72	\$45.72	\$46.12	\$47.99	\$48.58	\$49.13
Outside CFD No. 1 [1]	\$45.72	\$62.43	\$78.86	\$97.44	\$98.02	\$98.58

"sum in out"

[1] Connection Fee:	\$1,070	prior to April 1, 2012
Outside CFD No. 1 Only	\$1,772	Apr 2012 - Jun 2012
	\$2,362	Jul 2012 - Jun 2013
	\$3,542	Jul 2013 - Jun 2014
	\$5,312	Jul 2014 - Jun 2015
	\$7,672	Jul 2015 - Jun 2016



**PROPOSED BOUNDARIES OF
DONNER SUMMIT PUBLIC UTILITY DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
IMPROVEMENT AREA NO. 2
COUNTY OF NEVADA, STATE OF CALIFORNIA**

SHEET 2 OF 3

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF DIRECTORS OF THE
DONNER SUMMIT PUBLIC UTILITY DISTRICT, 71MS 29th DN OF APRIL, 2011

CLERK OF THE BOARD OF DIRECTORS
DONNER SUMMIT PUBLIC UTILITY DISTRICT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES
OF THE DONNER SUMMIT PUBLIC UTILITY DISTRICT, COMMUNITY FACILITIES
DISTRICT NO. 1, IMPROVEMENT AREA NO. 2, COUNTY OF NEVADA, STATE OF
CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS AT A REGULAR
MEETING THEREFORE, HELD ON THE 15th DAY OF APRIL, 2011, BY ITS
RESOLUTION NO. _____

CLERK OF THE BOARD OF DIRECTORS
DONNER SUMMIT PUBLIC UTILITIES DISTRICT

FILED THIS _____ DAY OF _____, 2011 AT THE HOUR
OF _____ O'CLOCK
OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____
IN THE COUNTY OF NEVADA, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF NEVADA

