

NORTHWEST LAKEWOOD SANITATION DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

December 31, 2016

Re: Notice of Quarterly Billing and Rate Increase

Dear Resident,

The District is continuing necessary maintenance, repairs and capital improvements to the sanitary sewer system in 2017, and will be for the foreseeable future. This year the District is initiating quarterly billing of \$75 per quarter for each single family residential equivalent connection, for an annual total of \$300. Your quarterly service charge will be due by the 5th of February, May, August, and November and will be considered late if not paid by the 10th of February, May, August, and November. A late charge of \$15 will be added for amounts not paid by the due date. You will now have the option to pay your bill online using Xpress Bill Pay, as explained in the attached announcement. Please review the following information and enclosures included with this letter, which further explain the costs of operations, maintenance, and capital replacement, and addresses some frequently asked questions.

FACILITIES CONDITION ASSESSMENT

Extensive studies as well as our ongoing video investigations and monitoring have conclusively proven that the District's original facilities are approaching the end of their expected life. The District's original sewer main lines are Vitrified Clay Pipe ("VCP") which was commonly used in sanitary sewer systems in the 1950s and 1960s, having an estimated service life of approximately 75 years. The original sewer main lines were primarily constructed between 1952 and 1960, making the age of the VCP between 56 and 64 years. The District's collection system includes approximately 53 miles of VCP which will need to be lined or replaced in an ongoing effort over the next thirty to forty years.

INFRASTRUCTURE INVESTMENT

The District's Board of Directors has determined that the District's monetary reserves should be increased to fund this major, multi-year infrastructure project. In response to this situation, in the spring of 2009 the Board convened a citizen advisory committee to evaluate the situation. The committee reviewed engineering studies, solicited public input, evaluated alternative financing options, and ultimately supported the need to raise revenue through fees on an on-going basis.

The present value estimated for the total improvement cost is \$43.8 million. This equates to a minimum infrastructure investment of \$1.38 million per year in order to address the aging infrastructure within a forty year period. When divided among the district's 5,454 single family-equivalent service connections, the cost is approximately \$238 per year per single family residential equivalent for infrastructure investment alone. This does not include operating costs.

INCREASING COSTS OF WASTEWATER TREATMENT

The District contracts with the Metro Wastewater Reclamation District (Metro) for the treatment of nearly two million gallons of wastewater each day. The District and nearly 60 other special district and municipal "connectors" take advantage of the favorable economics of large-scale, centralized wastewater treatment offered by Metro.

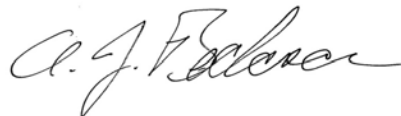
Metro's costs for wastewater treatment have increased over the years and will continue to do so, due to stringent EPA and Colorado Department of Public Health and Environment (CDPHE) water quality regulations, the need for facilities construction and renovations and rising costs for equipment, supplies and personnel. Over the next 10 years, Metro faces an unprecedented increase in capital improvement spending needs, projected to total \$1.3 billion. This is a 350% increase over the previous 10 years. The majority of these improvements are driven by federal and state water quality standards. Northwest Lakewood Sanitation District is obligated to pay its proportional share of these costs, as determined by the volume and strength of its wastewater.

IN CONCLUSION

The infrastructure replacement, operating costs, and revenue requirements of the District have been carefully analyzed by the District's Engineers and Accountants. The Board recognizes its fiduciary responsibility to act in the best interest of the District and its constituents and after exploring all viable options, finds that imposing a fee in accordance with the projections prepared by the District's Engineer and Accountant is necessary to ensure the viability of ongoing sanitary sewer service to the residents of the District.

For more information about the District please visit our website at: www.nlsd.us or contact me at 303-987-0835 or by email at abeckman@sdmsi.com.

Sincerely,



AJ Beckman
District Manager

FREQUENTLY ASKED QUESTIONS

With taxes and service charges how much do I pay per year? Sewer charges for 2017 will be \$75 per single family equivalent-connection per quarter. For most residential users this will be \$300 per year in addition to property taxes collected by the District, which vary depending on property value. A property valued at \$350,000 will pay approximately \$200 per year to the District in property taxes for a grand total of approximately \$500 for the year.

Who profits from the increase? The District is a non-profit entity with volunteer Board members who pay the fees and taxes just like all residents of the District. The District contracts for professional services such as Management, Engineering, Accounting, Legal, and Sewer Line Cleaning and Operations. Major projects are publicly bid and contracts are awarded to the lowest responsible bidder. Revenue raised from taxes and fees is used to pay ongoing operating costs and investment in infrastructure. Unlike private utility providers, the District is not required to generate a profit to pay executives or shareholders. The beneficiary of the ongoing operations and infrastructure investment is you, the resident and constituent.

Who is the Governing Body? The District is governed by an elected five-member board. Residents who are registered to vote *and* own taxable property, or are the spouse of a taxable property owner *or* have lived in the District for at least thirty days are eligible to run for a position on the board.

In 2014 a Ballot Question to raise taxes was circulated and voted down. What gives the District the right to raise fees if the taxpayers refused to authorize additional collection through taxes? The District is authorized by law to operate a "Utility Enterprise" collecting revenue through fees. The cost to the District (and ultimately its constituents) of revenue collection through property taxes is less expensive, and therefore preferable to imposing fees, which require the operation of a billing service. Because the District is unable to collect all revenues through voter-approved property taxes, it must collect sufficient fee revenue to ensure the ongoing provision of sanitary sewer service to the constituents of the District.

Who Regulates the District? Title 32 of the Colorado Revised Statutes grants special districts the power to levy and collect property taxes and fix, increase or decrease fees, rates, tolls, penalties and charges. Unlike a private utility provider the District is not regulated by the Public Utilities Commission. Governance of the District is entrusted to an elected five-member, volunteer citizen board. The District must comply with all regulations imposed by the Colorado Department of Public Health and Environment (CDPHE).

For more information about the District please visit our website at: www.nlsd.us or contact the District Manager at 303-987-0835 or by email at abeckman@sdmsi.com

ANNOUNCING...

The easiest way to pay your bill

Our new online bill pay option saves you time and gives you more flexibility in how you pay your bill.

If you have an Internet connection and an email address, you can now pay your bill online. You are also able to “opt in” to paperless billing and receive an email notification when your bill is ready to view. It’s fast, it’s easy, and you no longer have to write a check each month or find a stamp when it’s time to send in your payment.

HOW IT WORKS

We have partnered with Xpress Bill Pay, the premier provider for online bill payment.

When you sign up for online bill payment you get a unique password that you use to access your personal account at www.xpressbillpay.com. Every month we’ll send you a reminder email to let you know when your bill is online.

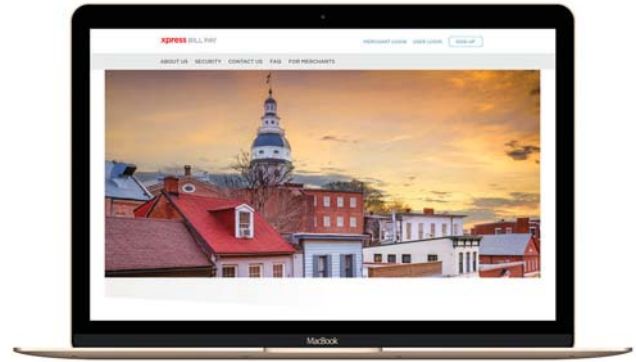
Then, just log in through your Web browser and view your bill, which will look like the paper statement you’re familiar with. Select a payment type — credit card, debit card, or electronic funds transfer — enter the information, and you’re done!

It’s that easy, and it only takes you a few minutes each month.

We’re offering this service at the request of customers like you. Sign up today and see why so many people consider this the best way to pay their bills.

ONLINE BILL PAYMENT FACTS

- It’s free to sign up for online bill payment at www.xpressbillpay.com.
- You can pay your bills with a credit or debit card, or you can transfer funds directly from your checking account.
- You can pay your bill from anywhere. Users outside the U.S. can contact our Payment Center anytime to make a payment or to set up an Auto Pay.
- No need to worry about late payments if you’re out of town when your bill is due.
- After you complete the transaction, you can receive an email receipt to confirm that the payment went through.



- You can view up to a year’s history of your account online, so you can compare your current bill to a year ago.
- If you’d like, you can select the Auto Pay option and your bill will be paid automatically each month.

WHAT TO DO NEXT

1. Visit the District website at www.nlsd.us or go to www.xpressbillpay.com.
2. Click on the “Sign Up” button on the top of the home screen. Fill in the email and password fields, then click in the “I’m not a robot” box and follow the prompts.
3. Complete the short registration form and click “Next”
4. Go to your inbox and open the verification email and click “Verify Email”. Then select “Continue” to log in.
5. Select your billing organization and follow the prompts for linking your bill.
6. Once your bill is added to your account, you can add another bill, view and pay your bill online, or setup a recurring auto payment schedule.

AND THERE’S MORE!

Along with being able to make a payment online at any time you can also call the payment assistance center to make a payment over the phone.

Call 1-800-720-6847 or 1-385-218-0338 (from outside the U.S.) to speak with an agent and make your payment today!