

January 3, 2008

Dear Property Owners:

As most of you are aware, the District initiated proceedings for a new property related charge relative to the Bear Creek Estates Wastewater System. The specific purpose of the proposed Capital Improvement Charge is to recover the capital costs associated with construction of improvements to the system. In accordance with San Lorenzo Valley Water District Resolution No. 18 (06-07) and section 6(a) Article XIID of the California Constitution (Proposition 218), approval for the proposed Capital Improvement Charge is a two step approval process. The first step in the approval process is a protest proceeding. The second step is a ballot proceeding.

The District has completed the protest proceedings. On November 15, 2007 the District conducted a public hearing for protest proceedings on the proposed Capital Improvement Charge. At the November 15, 2007 public hearing the District received a total of seven (7) protests against the proposed charge. This did not constitute a majority protest. Therefore, the District is moving forward with ballot proceedings. Ballot proceedings are your opportunity to express your view on the proposed charge. The enclosed "Notice of Public Hearing" and "Official Ballot" contain important information regarding this matter. You can be heard. Please review the enclosed information and return your ballot in accordance with instructions.

The District invites all residents and users of the Bear Creek Estates Wastewater System to attend an informational neighborhood meeting to discuss the ballot proceedings and proposed charges.

WHEN
WEDNESDAY
FEBRUARY 6, 2008 7:00 p.m.

WHERE
DISTRICT OPERATIONS BUILDING
13057 HIGHWAY 9, BOULDER CREEK

Please note that the date of the scheduled public hearing for the ballot proceedings is Thursday, February 21, 2008, 7:30 p.m. at the San Lorenzo Valley Water District Operations Building, 13057 Highway 9, Boulder Creek, Ca 95006. Ballots must be received by the District prior to the close of the public hearing. At the conclusion of the public hearing the District will tabulate all submitted ballots. The District will not impose the Capital Improvement Charge if there is a majority ballot protest. A majority ballot protest exists if written ballot submitted in opposition to the proposed charge exceeds the written ballots received in favor of the charge.

Please read the enclosed Notice of Public Hearing and return your completed Official Ballot to the District. If you have any questions regarding the proposed Wastewater Capital Improvement Charge and/or ballot proceedings, please do not hesitate to contact me at (831) 430-4625. For additional information visit the District's Web Site www.slvwd.com.

Very truly yours,

James A. Mueller
District Manager