

M E M O

TO: Board of Directors

FROM: District Manager

SUBJECT: PUBLIC HEARING; PROPOSED PROPERTY RELATED CHARGE FOR
BEAR CREEK ESTATES WASTEWATER SYSTEM

DATE: November 9, 2007

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing on the protest proceedings relative to a proposed property related charge for users of the Bear Creek Estates Wastewater system.

Further, at the conclusion of the public hearing, absent a majority protest, it is recommended that the Board of Directors by Motion of the Board, direct staff to conduct ballot proceedings relative to the proposed wastewater charge.

BACKGROUND:

In 1995, the Santa Cruz County Board of Supervisors adopted the San Lorenzo Wastewater Management Plan (WMP). This study evaluated the overall impact of nitrogen released from onsite sewage disposal systems on water quality in the San Lorenzo River Watershed. The study concluded that elevated nitrogen levels in ground and surface water stimulated excessive instream algal and microorganism growth, which results in degradation of water quality. In response to the findings of the WMP, the California Regional Water Quality Control Board implemented a performance standard requiring all permitted wastewater discharges in the San Lorenzo Valley to reduce effluent nitrogen levels by a minimum of 50%. San Lorenzo Valley Water District is a permitted wastewater discharger.

On July 14, 2000, the California Regional Water Quality Control Board issued Discharge Order No. 00-043 to the San Lorenzo Valley Water District. Said Discharge Order required San Lorenzo Valley Water District to complete modifications to the existing Bear Creek Estates Wastewater System by July 1, 2003 which provide extended treatment and reduce effluent nitrogen levels by a minimum of 50% prior to disposal.

In April 2002 the District engaged the services of Fall Creek Engineering Inc. to evaluate alternatives and complete a design of wastewater treatment plant improvements which would modify and enhance the existing treatment facilities in order to reduce effluent nitrogen levels by the required minimum of 50%. In June 2003, on behalf of the District, Fall Creek Engineering Inc. submitted a design and engineering report for the Bear Creek Estates Wastewater System Improvement Project to the California Regional Water Quality Control Board relative to required wastewater system improvements. Proposed improvements included the installation of high-rate, two-stage trickling filters, including all related appurtenances, equipment, and control and monitoring mechanisms thereto. The Engineer's estimate for the cost of the proposed project was \$225,000.00.

In June 2004 the District started construction activities to complete the project. Construction activities performed by force account utilizing District staff. The District substantially completed construction activities in July 2005. Final actual cost for construction of the Bear Creek Estates Wastewater System Improvement Project was \$223,300.00.

The Bear Creek Estates Wastewater System operates as a separate "Enterprise Fund". The cost of providing wastewater services is financed and/or recovered solely through wastewater user charges. The District financed the Bear Creek Estates Wastewater System Improvement Project through an inter-fund loan. The District's Water Fund loaned the Bear Creek Estates Wastewater Fund the \$223,300.00 necessary to complete the project.

The District held three (3) neighborhood meetings with the users of the Bear Creek Estates Wastewater system to discuss the financial impacts of the project. During these neighborhood meetings consensus was developed to recover the capital costs associated with the project over a period of ten (10) years on each user's bi-monthly wastewater bill. The inter-fund loan would be for a term of ten (10) years, with an interest rate commensurate to the yield return for a ten (10) year U.S. Treasury Note.

On February 15, 2007 your Board adopted Resolution No. 18 (06-07). See Attachment 1. Resolution No. 18 (06-07) adopted District procedures for Proposition 218 Property Related Fees and Charges proceedings. In accordance with District Resolution No. 18 (06-07) and section 6(a), Article XIII D of the California Constitution (Proposition 218), on October 1, 2007 the District provided written notice of tonight's public hearing to all fifty-five (55) property owners which utilize the Bear Creek Estate Wastewater System. See Attachment 2.

The October 1, 2007 notice provided information on the reason for the proposed charge, amount of the proposed charge, and date, time and location of the public hearing on the proposed charge. Further, the notice provided information on procedural requirements for the filing of a protest relative to the proposed charge. Two (2) payment options were noticed for the proposed charge:

- 1) Payment option one is a one-time charge in the sum of \$4,060.00 due and payable within forty-five (45) calendar days from the date of approval by the Board of Directors of the proposed charge. There are no interest charges associated with payment option one.
- 2) Payment option two is a separate bi-month charge in the sum of \$84.55 for a period of ten (10) years. The bi-monthly charge of \$84.55 includes interest at the rate of 4.6% per annum on the capital cost for construction improvements.

On October 17, 2007 the District held an additional neighborhood meeting to discuss the proposed wastewater charge. See Attachment 3. During the October 17, 2007 meeting the District received a consensus request from the homeowners to include administrative flexibility into the proposed wastewater charge as follows:

- 1) Under payment option two (bi-monthly charge in the sum of \$84.55 for a period of ten (10) years), provides for prepayment of any outstanding balance due with no associated interest charge.
- 2) In the event the District receives any grant funding for the project, said funds will accrue solely to the Bear Creek Estates Wastewater Fund.

The two (2) requested administrative items in and of themselves do not impact the present protest proceedings, and/or potential ballot proceedings.

Tonight's public hearing is the first step in a two (2) step process which must be undertaken prior to the adoption of a new property related charge. The first step is the public hearing on the protest proceedings. Absent a majority protest, the District may undertake step two. Step two is a public hearing on the ballot proceedings. Ballot proceedings shall be conducted not less than forty-five (45) calendar days after completion of the public hearing on the protest proceedings. The District shall not impose the proposed wastewater charge if, upon conclusion of the public hearing on the ballot proceedings, written ballots submitted in opposition to the proposed wastewater charge exceed the written ballots submitted in favor of the proposed wastewater charge.

In compliance with Proposition 218, and the District's procedures, the following actions have been completed relative to the public hearing on the protest proceedings:

1. Information regarding the proposed wastewater charge was mailed to every wastewater service property owner in Bear Creek Estates. See Attachment 2. Said information was mailed to all property owners on October 1, 2007.
2. A public hearing relative to the proposed wastewater charge was scheduled not less than forty-five (45) days after the mailing of the information.
3. All property owners were notified that they may object to the proposed wastewater charge by filing a written protest with the District Secretary. At the time of this memorandum the District Secretary has received five (5) written protests.

The Board of Directors is required to conduct a public hearing and apply the following procedures relative to said hearing and the proposed wastewater charge:

1. The President of the Board shall open the public hearing.
2. At the public hearing, the Board shall hear and consider all public testimony regarding the proposed wastewater charge.
3. At the public hearing, the Board shall accept all written protests against the proposed wastewater charge.
4. At the conclusion of the public testimony portion of the public hearing, the President of the Board shall close the public hearing.
5. The District Secretary shall tabulate all written protests received, including those received during the public hearing. The District Secretary shall provide the Board with a final tabulation of written protests.
6. Upon final tabulation of written protests, if written protests against the proposed wastewater charge are presented by a majority of property owners, the Board may not impose the proposed wastewater charge.
7. Absent a majority protest, the Board may direct staff to implement ballot proceedings relative to the proposed wastewater charge.

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing and protest proceedings relative to a proposed property related charge for users of the Bear Creek Estates Wastewater system.

Further, at the conclusion of the public hearing, absent a majority protest it is recommended that by motion of the Board of Directors staff be directed to conduct ballot proceedings relative to the proposed charge.

James A. Mueller
District Manager

JAM/bsb

RESOLUTION NO. 18 (06-07)

SUBJECT: ADOPTION OF PROCEDURES FOR PROPOSITION 218 PROPERTY RELATED FEES AND CHARGES PROCEEDINGS.

WHEREAS, Pursuant to California Water Code sections 31007, 31024 and 31025 San Lorenzo Valley Water District (hereinafter "District") is authorized to establish fees and charges; and

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIC and XIID to the California Constitution; and

WHEREAS, Articles XIIC and XIID of the California Constitution impose certain procedural and substantive requirements relating to property related fees and charges (as defined); and

WHEREAS, the Board of Directors of the San Lorenzo Valley Water District (hereinafter "Board") believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions of Proposition 218 relative to procedures for property related fees and charges proceedings and, to provide the community with a guide to those decisions and how they were reached.

NOW, THEREFORE, Be it resolved by the Board of Directors of the San Lorenzo Valley Water District as follows:

SECTION 1. Statement of Legislative Intent. In adopting this resolution, it is the Board's intent to adopt procedures for property related fees and charges proceedings which are consistent and in compliance with Articles XIIC and XIID of the California Constitution and, with the Proposition 218 Omnibus Implementation Act (Government Code sections 53750 through 53754). It is not the intent of the Board to vary in any way from the requirements of Articles XIIC and XIID or the Proposition 218 Omnibus Implementation Act.

SECTION 2. Definition of Property Related Fees and Charges. Proposition 218 defines "property related fees and charges" as "any levy other than an ad valorem tax, a special tax, or an assessment imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service."

SECTION 3. Procedures for New or Increased Property Related Fees and Charges. The District shall apply the following procedures for the establishment of new or increased property related fees or charges. Said procedures follow the requirements of Article XIID, section 6 of the California Constitution:

- A. The District shall identify each parcel upon which new or increased property related fees or charges are proposed for imposition.
- B. The District shall calculate the amount of any proposed property related fees or charges.
- C. The District shall provide written notice by mail of any proposed property related fees or charges to the record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition, the amount of the proposed property related fees or charges to be imposed upon each parcel, the basis upon which the amount of the proposed property related fees or charges were calculated, the reason for the proposed property

related fees or charges, together with the date, time, and location for a public hearing on the proposed property related fees or charges.

SECTION 4. Notice of Proposed Property Related Fees or Charges. The District shall apply the following procedures to provide property owner(s) with a notice of proposed property related fees or charges.

- A. The record owner(s) of each parcel upon which new or increased property related fees or charges are proposed shall be determined from the last equalized secured property tax assessment roll. If the property tax roll indicates more than one owner, each owner shall receive notice. Only property owners shall receive notice.
- B. Said notice shall be mailed at least forty-five (45) calendar days prior to the date set for a public hearing on the proposed property related fees or charges. The mailing address of recorder owner(s) shall be determined from the last secured property tax assessment roll.
- C. The notice provided by this section and in accordance with Article XIID, section 6 of the California Constitution shall supersede and be in lieu of any other statute requiring notice relative to the imposition or increase of any property related fees or charges, including but not limited to the notices required by California Government Code sections 53753(d) and 54954.6.
- D. Failure of any person to receive notice shall not invalidate the proceedings.
- E. The cost of providing notice may be included as a cost of the property related fees or charges.

SECTION 5. Public Hearing. The District shall apply the following procedures pursuant to a public hearing for proposed property related fees or charges:

- A. The Board shall conduct a public hearing relative to any new or increased of property related fees or charges.
- B. Said public hearing shall be conducted not less than forty-five (45) calendar days after mailing the notice of proposed property related fees or charges to the record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition.
- C. At the public hearing, the Board shall hear and consider all public testimony regarding the proposed property related fees or charges and, shall accept written protests against the proposed property related fees or charges from the record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition until close of the public testimony portion of the public hearing.
- D. The Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- E. The District Secretary is hereby designated as the impartial person to tabulate written protests.
- F. At the conclusion of the public testimony portion of the public hearing, the District Secretary shall begin tabulation of the written protests received, including those received during the public hearing.
- G. If it is not possible to tabulate the written protests on the day of the public hearing, or if additional time is necessary for public testimony, the Board may continue the public hearing to a later date to receive additional testimony, or to finish tabulating the written protests.

- H. The District Secretary shall provide the Board with a final tabulation of written protests.
- I. Upon final tabulation of written protests, if written protests against the proposed property related fees or charges are presented by a majority of property owners of the identified parcels, the Board shall not impose the property related fees or charges.

SECTION 6. Protest Proceedings. The District shall apply the following procedures to protest pursuant to property related fees or charges:

- A. All protest must be in writing and returned by mail to the District at the address indicated on the Notice of Proposed Property Related Fees or Charges, or hand delivered to the District Secretary at the public hearing. Protest must be received by the District not later than close of the public testimony portion of the public hearing on the proposed property related fees or charges.
- B. All written protests must be dated, contain a description of the property such as, physical address and/or Assessors Parcel Number, and be signed by the owner of record.
- C. A tenant of real property shall not, solely by virtue of such tenancy, have the power or authority to submit a protest.
- D. Only one (1) written protest shall be counted for each individual parcel.
- E. All written protest are a “public record” as that phrase is defined by the California Public Record Act (Government Code, §6252) and shall be open to public inspection after final tabulation of the written protest.

SECTION 7. Ballot Proceedings. Pursuant to Article XIID, section 6(c), of the California Constitution, whenever proposed property related fees or charges are required to be submitted and approved by ballot proceedings, the District shall apply the following procedures:

- A. The District shall conduct a ballot proceeding when required by Article XIID, section 6(c), of the California Constitution.
- B. Ballot proceedings required by Article XIID, section 6(c) shall be conducted not less than forty-five (45) calendar days after completion of the public hearing conducted pursuant to Section 5 of this resolution.
- C. Ballots shall be mailed to all property owners of record of each identified parcel upon which property related fees or charges are proposed for imposition at least forty-five (45) calendar days prior to the date for a public hearing on the ballot proceedings. The ballot shall comply with California Government Code Section 53753 (c). The mailing address of record owner(s) shall be determined from the last equalized secured property tax assessment roll.
- D. The Board shall conduct a public hearing on the ballot proceedings. The public hearing shall be conducted not less than forty-five (45) calendar days after mailing the ballots to record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition. At the public hearing, the District shall consider public testimony and tabulate the written ballots.
- E. The District shall not impose property related fees or charges if there is a majority protest. A majority protest exists if, upon the conclusion of the public hearing, written ballots submitted, and not withdrawn, in opposition to the property related fees or charges exceeds the written ballots submitted, and not withdrawn, in favor of the property fees or charges.
- F. All ballots must be returned by mail to the District at the address indicated on the ballot, or hand delivered to the District Secretary at the ballot proceedings public

hearing. Ballots must be received by the District not later than close of the public testimony portion of the public hearing on the ballot proceedings. Ballots must be sealed in the envelope provided by the District.

- G. Each ballot must be signed by the owner of record under penalty of perjury.
- H. A tenant of real property shall not, solely by virtue of such tenancy, have the power or authority to submit a ballot.
- I. If a parcel has multiple owners, any owner may request a proportional ballot. If the ownership interest of the owner is not shown on the last secured property tax assessment roll, such request must include evidence satisfactory to the District, of the owner's proportional rights in the parcel. The District will provide the proportional ballot to the owner at the address shown on the last equalized secured property tax assessment roll. Any request for a ballot to be mailed to another location must be made in writing and, must include evidence satisfactory to the District, of the identity of the person requesting the ballot. Each proportional ballot will be marked to show the date on which the ballot was issued, to identify it as a proportional ballot, and to indicate the owner's proportional rights in the parcel. The District will keep a record of each proportional ballot provided to an owner.
- J. The District will accept only official ballots with original signatures. Photocopies will not be accepted.
- K. Upon receipt of a written request, signed by the owner and delivered to the District Secretary, the District may issue a duplicate ballot to any property owner whose original ballot was lost, withdrawn, destroyed or never received. The duplicate ballot will be marked to show the date on which it was issued, and to identify it as a duplicate ballot or a duplicate proportional ballot. The above procedure also applies to duplicate ballots or duplicate proportional ballots that are lost, withdrawn, destroyed or never received.
- L. A ballot proceeding relative to property related fees or charges is not an election.
- M. All ballots are a "public record" as that phrase is defined by the California Public Records Act (Government Code, § 6252) and shall be open to public inspection after final tabulation of the ballots.
- N. To complete a ballot, a person must:
 - a. Mark the appropriate box supporting or opposing the proposed property related fees or charges; and,
 - b. Sign, under penalty of perjury, the statement on the ballot that the person completing the ballot is the owner of the parcel or the owner's authorized representative.

Only one box may be stamped or marked on each ballot. All incomplete or improperly marked ballots shall be disqualified from balloting. The District Secretary shall retain all disqualified ballots.
- O. After submitting a ballot to the District the person who signed the ballot may withdraw the ballot by submitting a written statement to the District Secretary directing the District Secretary to withdraw the ballot. Such statement must be received by the District Secretary prior to close of the public testimony portion at the ballot proceedings public hearing. When ballots for the proposed property related fees or charges are tabulated, the District Secretary shall segregate withdrawn ballots from all other submitted ballots. The District Secretary shall retain all withdrawn ballots and shall indicate on the face of such withdrawn ballots that they have been withdrawn.

- P. In order to change the contents of a ballot that has been submitted, the person who signed the ballot must:
- a. Request that such ballot be withdrawn; and,
 - b. Request that a duplicate ballot be issued and return the duplicate ballot fully completed.

Each of these steps must be completed according to the procedures set forth herein.

SECTION 8. Tabulating Ballots. Pursuant to Article XIID, section 6(c), of the California Constitution, whenever proposed property related fees or charges are required to be submitted and approved by ballot proceedings, the District shall apply the following procedures:

- A. The District Secretary is hereby designated as the impartial person to tabulate ballots. The District Secretary shall determine the validity of all ballots. All ballots submitted, and not withdrawn, shall be accepted as valid except those in the following categories:
1. A photocopy of a ballot;
 2. A ballot that does not contain an original signature;
 3. A letter or other form of a ballot that is not an official ballot provided by the District;
 4. An unsigned ballot, or ballot signed by an unauthorized individual;
 5. A ballot that lacks an identifiable mark in the box of a "yes" or "no" vote or, with more than one box marked;
 6. A ballot not sealed in the envelope provided by the District.
 7. A ballot received after the close of the balloting time period;
 8. A ballot that appears tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances.

The decision of the District Secretary, after consultation with legal counsel, that a ballot is invalid shall be final and may not be appealed to the Board.

- B. In the event of a dispute regarding whether the signer of a ballot is the owner of the parcel to which the ballot applies the District Secretary will make such determination from the last equalized secured property tax assessment roll and any evidence of ownership submitted to the District prior to close of the public testimony portion of the ballot proceeding public hearing. The District Secretary will be under no duty to obtain or consider any other evidence as to ownership of property. Determination of ownership by the District Secretary will be final and conclusive.
- C. In the event of a dispute regarding whether the signer of a ballot is an authorized representative of the owner of the parcel, the District Secretary may rely on the statement on the ballot signed under penalty of perjury that the person completing the ballot is the owner's authorized representative and on any evidence submitted to the District prior to close of the public testimony portion of the ballot proceedings public hearing. The District Secretary will be under no duty to obtain or consider any other evidence as to whether the signer of the ballot is an authorized representative of the owner(s). Determination of an authorized representation by the District Secretary will be final and conclusive.

- D. For properties with more than one owner of record, ballots will be accepted from each owner of record. In the event that more than one of the record owners of a parcel submits a ballot, each ballot shall be tabulated in proportion to the respective record of ownership, established to the satisfaction of the District, by documentation provided by those record owners. If only one owner of record votes, that vote shall be tabulated on behalf of the entire parcel.
- E. A property owner's failure to receive a ballot shall not invalidate the ballot proceedings conducted pursuant to this resolution and Article XIID, section 6(c) of the California Constitution.

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 15th day of February 2007, by the following vote of the members thereof:

AYES: Nelson, Rapoza, Vierra, Prather
NOES: None
ABESENT: McPherson

Brandon Barchi
District Secretary
San Lorenzo Valley Water District

Attachment 2

October 1, 2007

**NOTICE OF PUBLIC HEARING
BEAR CREEK ESTATES WASTEWATER SYSTEM
SAN LORENZO VALLEY WATER DISTRICT**

The purpose of this notice is to provide you with information about proceedings being conducted by the San Lorenzo Valley Water District relative to proposed new charges for the Bear Creek Estates Wastewater System. This notice is being sent to you in accordance with San Lorenzo Valley Water District Resolution No. 18 (06-07) and section 6(a), Article XIII D of the California Constitution (Proposition 218).

Proceedings will be conducted to consider adoption of a proposed property related charge, hereinafter referred to as “Wastewater Capital Improvement Charge.” The specific purpose of the proposed Wastewater Capital Improvement Charge is to recover the capital construction costs associated with improvements to the Bear Creek Estates Wastewater System. On July 14, 2000, the California Regional Water Quality Control Board issued requirements to the District for improvements to the Bear Creek Estates Wastewater Treatment Plant. The Regional Board required improvements and modification to the existing treatment plant to reduce effluent nitrogen levels by a minimum of 50% prior to disposal in the leech fields. The District moved forward and completed the required improvements in July 2005 at a cost of \$223,300.00.

Pursuant to prior neighborhood meetings and discussion with residents of Bear Creek Estates, consensus was developed to recover the improvement project cost through two (2) payment options.

- The first payment option would be a separate one-time charge in the sum of \$4,060.00. This amount represents each affected parcels pro-rata share of the total project cost ($\$223,300.00 / 55 \text{ Parcels} = \$4,060.00 \text{ per Parcel}$). There are no interest charges associated with payment option one.
- The second payment option would be a separate line item charge on your bi-monthly wastewater bill. If you do not wish to pay the one-time charge, the District will establish a separate charge of \$84.55 per bimonthly billing period for a period of ten (10) years. The \$84.55 bi-monthly charge would supersede the one-time property related charge of \$4,060.00. The bi-monthly charge of \$84.55 includes interest at the rate of 4.6% per annum on the capital cost for construction improvements.

If the proposed Wastewater Capital Improvement Charge is approved by the Board of Directors, the Wastewater Capital Improvement Charge would be imposed as a separate charge upon your property. The one-time Wastewater Capital Improvement Charge would be due and payable within forty-five (45) calendar days from the date of approval by the Board of Directors. The one-time Wastewater Capital Improvement Charge would be payable at the office of the San Lorenzo Valley Water District, 13060 Highway 9, Boulder Creek, CA, 95006 prior to expiration

of the time period. Should you not wish to pay the one-time Wastewater Capital Improvement Charge, the District will establish separate charges in the sum of \$84.55 per bimonthly billing period for a period of ten (10) years. The \$84.55 bi-monthly charge would supersede the one-time property related charge of \$4,060.00.

NOTICE IS HEREBY GIVEN that the Board of Directors of the San Lorenzo Valley Water District will hold a public hearing pursuant to the proposed Wastewater Capital Improvement Charge as follows:

Date and Time

Thursday, November 15, 2007
7:30 p.m.

Location

San Lorenzo Valley Water District
Operations Building
13057 Highway 9
Boulder Creek, CA 95006

In compliance with San Lorenzo Valley Water District Resolution No. 18 (06-07) and Proposition 218, the District is hereby providing notice of the property related charge proceedings and proposed Wastewater Capital Improvement Charge as follows:

- The record owners of each identified affected parcel are hereby notified by mail of the proposed Wastewater Capital Improvement Charge. This notice outlines the public protest procedures (see below) and publicizes the public hearing.
- The date and time of the public hearing is set not less than forty-five (45) days after the mailing of this notice regarding the proposed Wastewater Capital Improvement Charge.
- At the public hearing the District will consider all protests against the proposed Wastewater Capital Improvement Charge.
- If written protests against the proposed Wastewater Capital Improvement Charge are presented by a majority of the affected property owners prior to the close of the public hearing, the District will not impose the proposed Wastewater Capital Improvement Charge.
- In the absence of a majority protest, and prior to approval of the proposed Wastewater Capital Improvement Charge, the District shall also conduct ballot proceedings relative to the proposed charge. Ballot proceedings shall be conducted not less than forty-five (45) days after the public hearing noticed herein.

YOU CAN BE HEARD

Proposition 218 and District Resolution No. 18 (06-07) allow affected property owners to respond to the proposed Wastewater Capital Improvement Charge prior to the close of the public hearing. If you object to the proposed Wastewater Capital Improvement Charge described in this notice, you may file a written protest with the District Secretary. All protests must be in writing and received by the District prior to the close of the public hearing to be considered. A valid written protest must be dated, contain a description of the property (address

and/or Assessor Parcel Number) that is sufficient to identify the property and be signed by the property owner.

Protests can be mailed or personally delivered to:

**District Secretary
San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006**

**DO NOT SEND A PROTEST BY E-MAIL
E-MAIL PROTESTS WILL NOT BE ACCEPTED**

SUMMARY OF PROPOSED CHARGE

The Bear Creek Estates Wastewater System operates as a separate “Enterprise Fund”. This means the cost of providing all wastewater service and capital improvements are financed and/or recovered solely from the users of the Bear Creek Estates Wastewater System. The Water Fund loaned the Wastewater Fund the \$223,300.00 necessary to complete the required wastewater plant improvements. The proposed Wastewater Capital Improvement Charge will be utilized solely and exclusively to repay the Water Fund loan which funded the project improvements.

Two payment options are available for the proposed Wastewater Capital Improvement Charge.

- Payment option one is a one-time charge in the sum of \$4,060.00.
- Payment option two is a separate bi-monthly in the sum of \$84.55 for a period of ten (10) years.

If you have any questions regarding the proposed Wastewater Capital Improvement Charge and/or the public hearing process, please do not hesitate to call the District at (831) 430-4625.

Visit our Web Site for more information.

Visit www.slvwd.com for more information about the District, your wastewater system and the public hearing process.

Attachment 3
October 1, 2007

Dear Property Owners:

I am writing to inform you of a Public Hearing to be held on Thursday, November 15, 2007, 7:30 p.m. for the Bear Creek Estates Wastewater System. The enclosed Notice of Public

Hearing provides important information regarding proposed new charges for the Bear Creek Estates Wastewater. Please review the important information contained in the Notice of Public Hearing.

As most of you are aware, the Californian Regional Water Quality Control Board directed the District to make improvements to the Bear Creek Estates Wastewater Treatment Plant. Improvements were required to reduce effluent nitrogen levels by a minimum of 50% prior to disposal to the leach fields. The District completed the required improvements in July 2005 at a cost of \$223,300.00. The Water Fund provided a loan to the Wastewater Fund to complete the project.

Based upon feedback from prior neighborhood meetings, the District has structured a proposed property related charge to recover the capital costs associated with the improvement project. The proposed charge has two payment alternatives. The first option is a one-time Wastewater Improvement Charge in the sum of \$4,060.00. Once approved by the Districts Board of Directors, the one-time charge would be due and payable within forty-five (45) calendar days. If you do not wish to pay the one-time charge, there is a second payment option. The District will incorporate a separate charge of \$84.55 per bi-monthly billing period on your sewer bill for a term of ten (10) years. The bi-monthly charge of \$84.55 includes interests on the capital costs at the rate of 4.6% per annum.

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

WHEN

WEDNESDAY
OCTOBER 17, 2007 7:00 p.m.

WHERE

BEAR CREEK COUNTRY CLUB
15685 FOREST HILL DRIVE

Please note that the date of the scheduled Public Hearing is Thursday, November 15, 2007, 7:30 p.m. at the San Lorenzo Valley Water District Operations Building, 13057 Highway 9, Boulder Creek, Ca 95006.

Please read the enclosed Notice of Public Hearing. If you have any questions regarding the proposed Wastewater Capital Improvement Charge and/or public hearing process, 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