

M E M O

TO: Board of Directors

FROM: District Manager

SUBJECT: PUBLIC HEARING; PROPOSED INCREASE IN BEAR CREEK ESTATES
WASTEWATER SERVICE RATE

DATE: May 9, 2008

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing relative to a proposed multi-year increase for the Bear Creek Estates Wastewater service rate. Further, at the conclusion of the public hearing, absent a majority protest, it is recommended that the Board of Directors approve the attached resolution which establishes the new Bear Creek Estates Wastewater service rate schedule effective June 1, 2008.

BACKGROUND:

At the March 20, 2008 Board of Directors Meeting, your Board directed staff to proceed with all applicable and required actions relative to a proposed multi-year increase in the Bear Creek Estates Wastewater service rate. In order to amend the existing Bear Creek Estates Wastewater service rate the District is required to comply with the requirements of Proposition 218.

The wastewater service rate for the Bear Creek Estate Wastewater System consists of a flat bi-monthly charge. The current wastewater rate is \$140.00 bi-monthly. The proposed wastewater service rate for the Bear Creek Estates Wastewater System is as follows:

<u>Proposed Rate</u>	<u>Proposed Effective Date</u>
\$246.00/bi-monthly	June 1, 2008
\$270.00/bi-monthly	July 1, 2009
\$298.00/bi-monthly	July 1, 2010

Wastewater service rates are the sole source of revenue for operations and maintenance of the Bear Creek Estates Wastewater System. The purpose of the proposed increase in wastewater rates is the recovery of capital construction costs (\$223,000.00) associated with improvements to the Bear Creek Estates Wastewater System and increased operational expenses. The last time wastewater rates were increased was July 1999.

At the February 15, 2007 Board of Directors Meeting your Board approved Resolution No. 18 (06-07) which established District procedures relative to Proposition 218. In compliance with Proposition 218, and the District's procedures, the following actions have been completed:

1. Information regarding the proposed multi-year increase to the Bear Creek Estates Wastewater service rate was mailed to every property owner receiving wastewater service. See Attachment 1. Said information was mailed to all property owners on March 28, 2008.
2. A public hearing relative to the proposed increase to the Bear Creek Estates Wastewater service rate was schedule 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 increase in the Bear Creek Estates Wastewater service rate by filing a written protest with the District Secretary. At the time of this memorandum the District Secretary has not received any 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 multi-year increase to the Bear Creek Estates Wastewater service rate:

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 multi-year increase Bear Creek Estates Wastewater service rate schedule.
3. At the public hearing, the Board shall accept all written protests against the proposed multi-year increase to the Bear Creek Estates Wastewater service rate schedule.
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 multi-year increase to the Bear Creek Estates Wastewater service rate schedule is presented by a majority of property owners, the Board shall not impose an increase to the Bear Creek Estates Wastewater service rate schedule.
7. Absent a majority protest, the Board may approve the attached resolution which establishes the District's new Bear Creek Estates Wastewater service rate schedule effective June 1, 2008.

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing relative to a proposed multi-year increase for the Bear Creek Estates Wastewater service rate. Further, at the conclusion of the public hearing, absent a majority protest, it is recommended that the Board of Directors approve the attached resolution which establishes the new Bear Creek Estates Wastewater service rate schedule effective June 1, 2008.

James A. Mueller
District Manager

JAM/bsb

March 28, 2008

Dear Property Owners:

I am writing to inform you of a Public Hearing to be held on Thursday, May 15, 2008, 7:30 p.m. relative to a proposed multi-year increase in wastewater rates for the Bear Creek Estates Wastewater System. The enclosed Notice of Public Hearing provides important information regarding the proposed multi-year increase to wastewater rates. Please review the 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. The proposed increase in wastewater rates will provide for repayment of the Water Fund loan used for construction activities.

In addition, the purpose of the proposed multi-year increase in wastewater rates is to meeting increased operational and maintenance costs. The last time wastewater rates were increased was June 1999. Since that time operational maintenance and regulatory costs have increased significantly. All revenue from wastewater rates are used solely for costs associated with providing service to the Bear Creek Estates Wastewater System.

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
April 16, 2008, 7:30 p.m.

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

Please note that the date of the schedule Public Hearing is Thursday, May 15, 2008, 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

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

NOTICE IS HEREBY GIVEN that the Board of Directors of the San Lorenzo Valley Water District will hold a public hearing pursuant to a proposed multi-year increase in wastewater rates.

The public hearing will be held as follows:

Date and Time

Thursday, May 15, 2008
7:30 p.m.

Location

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

In compliance with District Resolution No. 18 (06-07) and section 6(a), article XIII D of the California Constitution (Proposition 218), the District is hereby providing notice of a proposed multi-year increase in wastewater rates effective June 1, 2008 as follows:

- The record owners of each identified parcel upon which the adjusted wastewater rates are proposed for imposition are hereby notified by mail regarding the proposed increase in wastewater rates.
- 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 rate increase.
- At the public hearing the District will consider all protests against the proposed increase in wastewater rates.
- If written protests against the proposed increase in wastewater rates 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 rate increase.

YOU CAN BE HEARD

Proposition 218 allows affected property owners to respond to the proposed rate increase prior to the close of the public hearing. If you object to the proposed increase in wastewater rates 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 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**

PROPOSED WATER RATES

Wastewater rates for the Bear Creek Estates Wastewater System consist of a flat bi-monthly charge. The current wastewater rate is \$140.00 bi-monthly. Proposed wastewater rates for the Bear Creek Estates Wastewater System are as follows:

<u>Proposed Effective Date</u>	<u>Proposed Rate</u>
June 1, 2008	\$246.00/bi-monthly
July 1, 2009	\$270.00/bi-monthly
July 1, 2010	\$298.00/bi-monthly

EXPLANATION OF WASTEWATER RATE INCREASE

Wastewater rates are the sole source of revenue for operation and maintenance of the Bear Creek Estates Wastewater System. The purpose of the proposed increase in wastewater rates is recovery of capital construction costs (\$223,000.00) associated with improvements to the Bear Creek Estates Wastewater System, and to meet ongoing service obligations and regulatory requirements. The last time wastewater rates were increased was in July 1999. In the meantime, operational costs have increased significantly. All revenue from Bear Creek Estates Wastewater System rates are used solely for costs associated with providing wastewater service.

If you have any questions regarding the proposed water rate increase and/or public hearing process please call the District's Customer Service Department at (831) 338-2153.

Visit our Web Site for more information.

Visit www.slywd.com for more information about the District and your water service, including utility rate comparisons and public hearing process.

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. (07-08)

SUBJECT: FIXING AND ADOPTING A WASTEWATER SERVICE RATE SCHEDULE RELATIVE TO BEAR CREEK ESTATES WASTEWATER SYSTEM

WHEREAS, the Board of Directors of the San Lorenzo Valley Water District is authorized to fix and direct collection of wastewater service rates in an amount sufficient to meet the operating expenses of the Bear Creek Estates Wastewater System, to provide for repairs and depreciation of the wastewater works and facilities, and to obtain funds for capital projects needed to maintain wastewater service; and

WHEREAS, the Board of Directors has reviewed and considered the projected expenses and revenues of the Bear Creek Estates Wastewater System, and has found and determined that a multi-year increase in the Bear Creek Estates Wastewater service rate schedule is necessary; and

WHEREAS, in compliance with Proposition 218 and adopted District procedures, the Board of Directors held a public hearing to hear and consider all public testimony and written protests against the proposed multi-year increase to the Bear Creek Estates Wastewater service rate schedule; and

WHEREAS, said public hearing was held not less than forty-five (45) days after the District mailed information to property owners regarding the proposed multi-year increase to the Bear Creek Estates Wastewater service rate schedule; and

WHEREAS, the District Secretary provided the Board of Director's with a final tabulation of all written protests received against the proposed multi-year increase to the Bear Creek Estates Wastewater service rate schedule; and

WHEREAS, the final tabulation of protests against the proposed multi-year increase to the Bear Creek Estates Wastewater service rate schedule did not constitute a "majority" protest; and

WHEREAS, the Board has considered the proposed multi-year increase in Bear Creek Estates Wastewater service rate schedule as presented by the District Manager; and

WHEREAS, in accordance with Ordinance 8, wastewater rates may be established by resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District as follows:

Section 1. Ordinance 8, Article 17.1 is hereby amended to read as follows:

17.1 Wastewater Service Charges – Bear Creek Estates

The wastewater service charge for Bear Creek Estates shall be two hundred forty dollars (\$240.00) bi-monthly effective June 1, 2008. Effective July 1, 2009 the wastewater service charge for Bear Creek Estates shall be two hundred seventy dollars (\$270.00) bi-monthly. Effective July 1, 2010 the wastewater service charge for Bear Creek Estates shall be two hundred ninety-eight dollars (\$298.00) bi-monthly.

Section 2. The District Manager is directed to revise and collect wastewater service charges pursuant to this resolution in a reasonable administrative manager proportional to the effective dates contained in this resolution.

Section 3. This resolution is effective immediately and implementation of the aforementioned wastewater service rate schedule shall become effective June 1, 2008

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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 May 2008, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

Brandon Barchi, District Secretary
San Lorenzo Valley Water District