

## MEMO

TO: Board of Directors  
FROM: District Manager  
SUBJECT: FELTON HEIGHTS MUTUAL WATER  
DATE: April 13, 2012

### **RECOMMENDATION:**

It is recommended that the Board of Directors review this memo and by Motion of the Board approve a proposed project to assimilate Felton Heights Mutual Water as individual customers of the District, and direct staff to undertake all appropriate necessary actions.

### **BACKGROUND:**

Felton Heights Mutual Road and Water Association (Mutual) was established to administer a small mutual water system and private roadways in an area of Felton. The Mutual provides water service to twenty-one (21) single family residential connections generally located along Lost Acre Drive and Valhalla Way, Felton. Source water for the Mutual is provided by the District through a single master meter. The Mutual redistributes the District's water, provides storage and metered water service to each connection.

Since acquisition of the Felton Water System, District staff has been working with representatives of the Mutual to develop a proposed project to assimilate the Mutual's customers as direct individual customers of the District. District staff has developed a proposal which would replace the Mutual's existing water storage facilities. See Attachment 1. The proposed project would replace the Mutual's existing storage facility with a new 60,000 gallon bolted steel tank. The estimated total project cost is \$162,500.00

The Facilities and Planning Committee discussed this matter at their March 2<sup>nd</sup> and 29<sup>th</sup>, 2012 meetings. The committee is recommending that the project cost be shared as follows:

Felton Heights Mutual Water = 40%  
San Lorenzo Valley Water District = 60%

The proposed project cost share would result in a per connection charge for each Mutual customer of approximately \$3,095.00. The Committee is recommending that the per connection charge be collected through a Proposition 218 Property Related Charge. The proposed Property Related Charge ("Surcharge") would be subject to the procedural requirements of Proposition 218 and require a majority vote approval of the Mutual's twenty-one (21) customers. The proposed

“surcharge” would be collected with the property owner’s water bills for a period of ten (10) years, and would accrue interest at the rate of three percent (3%) per annum. This would result in a bi-monthly surcharge on each of the property owner’s water bill of approximately \$60.00 during the ten (10) year period. This surcharge would be in addition to basic and consumptive water fees.

It is recommended that the Board of Directors review this memo and by Motion of the Board approve a proposed project to assimilate Felton Heights Mutual Water as individual customers of the District, and direct staff to undertake all appropriate necessary actions.



James A. Mueller  
District Manager

JAM/bsb

## FELTON HEIGHTS MUTUAL WATER

Attachment 1

### WATER STORAGE TANK REPLACEMENT PROJECT

Replacement of existing Felton Heights Mutual Water storage tanks with a new 60,000 gallon bolted steel tank, including new foundation and appurtenances thereto.

### SUMMARY OF ESTIMATED COSTS

| <i>Description</i>                                    | <i>\$</i>           |
|---|---------------------|
| Soils and Geotechnical Engineering                    | \$10,000.00         |
| Temporary facilities, relocation and removal existing | \$15,000.00         |
| 60,000 Tank & appurtenances                           | \$65,000.00         |
| Foundation  | \$40,000.00         |
| Piping  | \$7,500.00          |
| Fencing   | \$5,000.00          |
| SCADA controls  | \$20,000.00         |
|   |                     |
| <b>Grand Total</b>                                    | <b>\$162,500.00</b> |

### Estimated Proposed Shares Water Storage Tank Replacement Project:

|   |                     |
|---|---------------------|
| Felton Heights Mutual Water @ 40%       | \$65,000.00         |
| San Lorenzo Valley Water District @ 60% | \$97,500.00         |
| <b>Grand Total</b>                      | <b>\$162,500.00</b> |

### Estimated Felton Heights Mutual Water per connection charge:

Note: Assumes 21 service connections.

|             |                    |            |
|-------------|--------------------|------------|
| Grand Total | $\$65,000.00/21 =$ | \$3,095.24 |
|-------------|--------------------|------------|