

**Frequently Asked Questions
Related to the
Proposed Da Lee / Cassidy Assessment District**

Q. My well is working fine, why am I being asked to be part of this assessment district?

A. This important question deserves a two part answer:

- 1) the Project is designed to best serve the needs of your neighbors who have petitioned CCWD for service , and
- 2) the Project replaces groundwater dependency with surface water, ensuring a reliable and safe water supply.

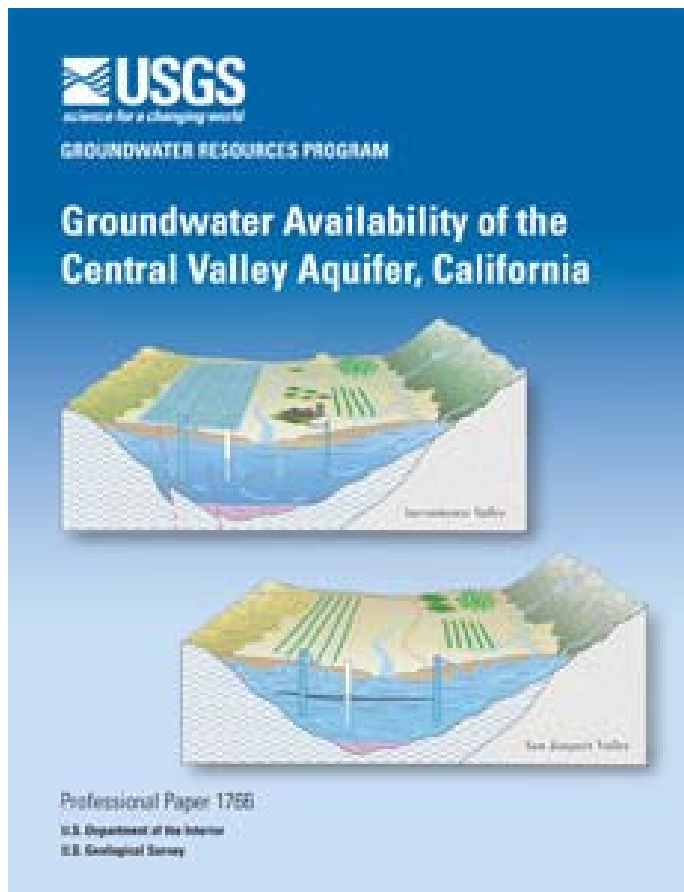
Petitioned for Service

CCWD was petitioned by your fellow neighboring owners for water service. The goal of forming an assessment district is to complete a system extension that will deliver vital fire flow and maintain water quality through effective circulation within the water distribution system in keeping with State regulations and District standards. These goals are best accomplished by connecting to the existing system and installing properly sized pipelines along the properties included in the assessment district. Owners not wanting service but having the pipeline along their parcel therefore receive the same benefit as those wanting the service. By law, all parcels receiving a benefit from the project are to be assessed.

Groundwater

The groundwater levels in the western area of Calaveras County are dropping. Those charged with overseeing California’s groundwater agree that groundwater levels are on the average dropping statewide.¹

Regionally, the Rancho Calaveras area involves the Eastern San Joaquin Groundwater Basin, which is part of the Central Valley groundwater system. The “groundwater basin” is essentially a huge underground reservoir or lake. Valley Springs is on the perimeter of the Central Valley’s already-shrinking water table, as shown by the following diagram.



*(Retrieved on May 26, 2010, from California Water Science Center (2009) <http://ca.water.usgs.gov/>)*²

Based on information so far, groundwater levels in the western part of the County associated with the Eastern San Joaquin Groundwater Basin are dropping approximately a foot- to a foot-and-a-half per year. Groundwater levels will drop further as more wells are permitted, and as the Central Valley agriculture continues.

While groundwater levels are a concern, groundwater quality is just as important. Studies show deteriorating groundwater quality as groundwater levels drop. Individual wells in the area have tested positive for high levels of arsenic and radon, above the EPA water quality levels.

CCWD has seen an increase in requests for water service due to failing wells. Costs for individual property owners to ensure water quality can be prohibitive. This assessment district is an opportunity for many landowners to spread the costs of receiving safe, high quality and reliable water from a managed public source. The combined total of water quality improvement systems built on individual parcels could cost nearly as much as this proposed assessment district project.

Q. How will the assessment affect me financially?

A. The CCWD Board understands that this project will have additional financial impacts for property owners. The project is being formulated in response to the water needs of a majority of homeowners in the affected area. CCWD is doing its best to make the financing of this project affordable. This assessment district offers the opportunity to finance not only the pipeline installation but also the opportunity to connect your parcel to the water system. Costs are spread over many years to provide the lowest possible annual cost to parcel owners. At the same time, the current economic climate provides a unique opportunity to receive the benefit of exceptionally low construction costs, making the project a good value over time. Some property owners will have costs associated with maintaining your private water systems reduced. Power and pumping costs, filtration and other components to ensure water quality are reduced if not eliminated. Homeowner insurance costs will likely be lowered, and the value of a parcel is increased through the availability of public water. Each property owner is urged to analyze the benefits their parcel might see.

Q. It has been raining a lot lately. Isn't that good for the wells?

A. Rain can cause a temporary increase in water quantity or improve water quality but one or a few years of rainfall has no real impact on long term water table depth.

Q. I like to use my well for irrigation. If I have CCWD water, can I keep my well?

A. Yes. However, California State law requires some sort of backflow prevention. The purpose of backflow prevention is to block the potential of well water entering CCWD's water system. Current CCWD policy requires that, if you have a well on your property, it must be equipped with a backflow device when your house is connected to a public water supply. The backflow device is normally connected at the meter. The homeowner must provide the backflow device; it must be inspected by a qualified contractor once a year (at a cost of about \$75); and the report must be submitted to CCWD.

Q. Will having access to a water main affect my property value?

A. Evidence from the formation of assessment districts around the state indicates access to public water will increase the value of your property. Your parcel would have access to a reliable, high quality water supply maintained by a professional staff of certified operators. CCWD water delivery has a high degree of reliability and water is treated to meet all State water quality standards. The project proposed by your neighbors would provide these benefits to every parcel within the assessment district boundaries. In contrast, a degrading well will likely reduce the value of your property.

Q. How will this project affect my homeowners' insurance?

A. Most carriers of home owner insurance charge less if your home is serviced by public water and is near fire hydrants. Typically, home owners insurance is linked to the local

fire district's ability to respond and fight a fire. The local fire district supports this project as it will improve its fire insurance rating.

Q. Can I just wait and sign up later?

A. Sorry, but no. The vote on the assessment for this project is final. The advantage of today's economic climate is that a very favorable bid was received for this project, with the construction cost coming well below the estimate. If the assessment district fails, and another different district is attempted, at a later date, most likely the construction cost will be higher.

You can sign up later for the meter connection. Remember, the assessment district is constructing the water lines in the street and everyone pays for that. If you have a permitted structure or building permit you can choose when you hook-up to water system.

Q. What does the water capacity fee pay for?

A. Capacity fees are collected from new customers to pay for the cost to increase capacity of treatment plants, construct new storage tanks, and increase the size of pipelines as growth occurs. The California Water Code requires costs to be paid by those receiving the service. Under this assessment proceeding, those property owners with permitted structures or building permits may choose to finance this capacity charge in addition to financing their share of project costs.

Q. What do the bi-monthly water rates pay for?

A. The bi-monthly rates pay for the costs of daily CCWD operations and maintenance of all facilities. The "base rate" is charged and billed from the time a meter is installed.

Q. How are the bi-monthly water charges calculated?

A. When a meter is installed, the bi-monthly charges will begin. Starting July 1, 2010, the "base rate" for a 5/8" meter, the typical residential size meter, will be \$72.00 every two months. This "base rate" includes 1,000 cubic feet (cf) of water usage, or about 7,480 gallons every two months. Water usage above 1,000 cubic feet is charged on a tiered rate basis depending upon how much is used. For a 5/8" meter the tiered rates are as follows.

TIERED RATES

	Tier 1	Tier 2	Tier 3
Water usage, cubic feet (cf)	1,001 to 6,000	6,001 to 12,000	12,001 +
Cost, per 100 cubic feet (hcf)	\$1.00	\$1.25	\$1.65

In the Rancho Calaveras area, typical water usage, for fulltime residences, ranges from 2,500 cf to 3,000 cf per billing cycle. As an example, a meter reading of 2,500 cf would be billed as \$72.00 base rate + (1,500cf/100 x \$1.00 per hcf) = \$72.00 + \$15.00 = \$87.00.

Q. What is the “construction contingency” that is shown on the cost estimate?

A. An industry standard validated by CCWD past experience, a 10% construction contingency is included in the cost estimate to account for unforeseen obstacles or other unplanned construction expenditures. Examples of items covered by this contingency would be additional quantities of materials used, finding unknown underground obstacles that require a change in the scope of work, and the like.

Q. What happens if the construction contingency, or other costs, are not expended?

A. Funds left over can be used to “buy-down” the loan or be credited toward the first year’s assessment payment. Those who paid cash for the assessment would be refunded a proportionate amount of the unspent funds.

Q. Can the leftover funds be credited towards the capacity CCWD fees?

A. No. The leftover funds resulting from the construction project will be an overall credit for all property owners, rather than a specific credit to a property that chose the CCWD water capacity fee option. Those who paid cash for their assessment will receive cash back, and that money can then be used to pay capacity fees.

Q. If the assessment district fails, can the information provided to date be used for a different assessment district?

A. Yes. The information in the report and the construction plans created for this project can be used to form another district. However, the process would need to start over with a new petition to redefine the area to be served.

Q. How long will this project take to finish?

A. If the assessment district is approved, it is anticipated that the construction will begin in early August 2010 and be completed by November 2010.

Q. Can I change my mind after submitting my ballot?

A. Yes. You may withdraw or change your ballot prior to the conclusion of the public hearing on July 14, 2010. Your decision is considered final after the public hearing, when the ballots are tallied and verified.

Q. What happens if I’m not in favor of this project?

A. Property owners not in favor of the project may vote to oppose it. As mentioned above, CCWD is being responsive to those who petitioned CCWD for water service.

However, if the ballot results approve the assessment district, those not in favor of the project and/or the assessment will also be included in the district, as required by law.

Q. What's included in "Engineering" and "Administration" costs, and why can't CCWD absorb these?

A. Under the legal requirements that govern the formation of assessment districts, certain costs associated with the project to be constructed must be included in the total cost to be funded by the assessment. Following is an explanation of items listed on Page 7 of the Engineering Report that must be included in the total project cost.

Legal

Legal fees provide the legal documentation for the formation of the assessment district and guide the formation process to ensure that all laws are followed. There are many Board actions that are legally required to occur as the assessment district is processed. CCWD engages an attorney that specializes in assessment district proceedings. The fee for counsel's work is \$39,000.

Environmental / California Environmental Quality Act (CEQA)

Construction projects in California are required by law to receive review and evaluation of the environmental impacts of the project. Specific documentation is produced to receive further review and comment by the public and state agencies. This documentation was generated by CCWD staff at a cost of \$4,000.

Engineering Design

Engineering and design includes the evaluation of the existing system to deliver water to DaLee and Cassidy, size the pipelines, produce the Assessment Engineers Report, prepare construction plans and specifications, and obtain construction bids. CCWD staff also assists legal counsel during the assessment district process in collecting and generating all required documentation. All engineering work is being done by CCWD staff, which reduces time and controls both cost and quality. The cost for these services to date is \$10,000.

Surveying

A survey is performed for all construction projects and includes physically locating surface improvements, determining the ground topography, and providing construction staking. The survey is incorporated into the construction plans to provide clear information about

the construction site for the contractor to prepare a bid. \$5,000 has been expended for design surveying services and another \$5,000 is planned during construction.

Construction Management

Construction management includes inspection of the pipeline installation during construction; compaction testing of soils in the pipe trench for proper support of the pipeline and to prevent road settlement; processing status reports and issuing any required notices to the contractor; and reviewing the contractor's invoices. These services are performed largely by CCWD staff. A geotechnical firm performs the compaction and soils testing. The cost for this work is estimated at \$6,000 for the geotechnical firm and \$14,000 for CCWD inspection time at an average of 4 hours per day for the 90 calendar day construction period.

Project Administration

Work is required prior to, during, and after project is completed to process the construction contract, ensure adequate insurance protecting CCWD and its customers; review invoices and process payments to the contractor, ensure the project is processed into CCWD system design records and various databases; and to assist with the finalization of the assessment district formation and its funding. All work is done with CCWD staff estimated at \$10,000.

County Permits and Inspection

Calaveras County and CCWD have agreed to combine inspection efforts to minimize the County's time and the overall cost to the project. Calaveras County Department of Public Works inspects all construction that will affect roadways. This work was estimated at 75 days and four hours per day. It is anticipated that the County's fees will be substantially less than the \$25,000 shown in the Engineering Report.

The costs shown above are estimates in nearly every case. The total project cost will not actually be known until construction is completed. Leftover funds that may result will become a credit for all property owners.

Q. I still have more questions, who do I call?

A. You may contact Steve Hutchings, District Engineer, at 209-754-3170.

¹An article from the NASA Jet Propulsion Laboratory, California Institute of Technology, entitled 'NASA Data Reveal Major Groundwater Loss in California' is an interesting snapshot of the recent decline of groundwater levels in California. It is available at the following link: <http://www.jpl.nasa.gov/news/news.cfm?release=2009-194>

²The USGS report below is a good read for those who desire more information regarding groundwater within the Central Valley – California. San Joaquin County Groundwater Banking Authority provides in depth information for the portion of the Eastern San Joaquin Groundwater Basin we share at the following web site: <http://www.gbawater.org/>

Q. Why can't CCWD help pay for the project, maybe reduce fees, or at least absorb some of the costs? Same with the County.

A. CCWD can't speak for the County and its fees. However, we did meet with the County and have agreed to coordinate inspection services to avoid duplication.

The \$100 per parcel required by CCWD policy to defray the cost of forming an assessment district *has* been waived. As to CCWD's other costs, state laws and district policies carefully regulate and protect monies collected from CCWD's rate payers. In a typical case, a developer is responsible for paying all CCWD fees to construct the water system for a development. The assessment district is similar to a development - in this case the property owners are the developer. Typically, a developer hires a consultant to design plans, do the environmental work, and process the plans through the County. In this instance, CCWD has provided all of those services for the actual per-hour cost of the employees who did the work, shown on page 7 of the Engineering Report.

Q. What does the Capacity Fee pay for?

A. Capacity fees provide funds to CCWD to finance all or a part of the capital improvements needed to serve (accommodate) new customers. In other words, capacity fees cover the cost of infrastructure: those parts of the system that bring water to a new area or new development and any plant expansion necessary to handle the new system segment. The pipelines within a development are paid directly by the developer, and in this case, the "developer" is the assessment district property owners. Capacity fees are calculated on the basis that each new customer pays an equitable share of the cost of the required capacity (infrastructure).