

January 5, 2005

Dear Property Owner:

**Re: Los Trancos Woods Sewer Main Extension (Annexation to West Bay Sanitary District)**

The San Mateo Local Agency Formation Commission (LAFCo) in May of 2002, approved annexation of 53 homes in Los Trancos Woods to the West Bay Sanitary District. The West Bay Sanitary District (WBSD) is the sewer service provider for this area and annexation was requested by property owners who are concerned with their failing septic systems and the inability to repair or replace these systems. The annexation was conditioned upon formation of an assessment district to fund construction of an estimated \$2.1 million sewer system to serve these 53 homes. Since that time, a more detailed construction design was developed which has an estimated cost of \$4 million. More recently, an additional six properties have applied to annex bringing the total to fifty-nine properties requesting to participate in the annexation and assessment district.

This letter is now being sent to all property owners to determine if other eligible homeowners wish to participate in the assessment district in order to fund sewer construction to replace their septic systems, and to reduce the per property cost of financing the sewer collection system.

Eligible properties include developed, residential properties located in the study area shown on Figure 2 attached. The benefit of participating at this time is that property owners annexing now would have the option of paying their assessments “up front,” or allowing the assessments to be financed with bond funds. The bonds would then be paid off over an estimated 20-year period with the payments collected with the annual property taxes. Benefiting properties would also be eligible for reimbursement of a proportionate share of the sewer construction by properties that connect in the future. The future connectors could not take advantage of the bond financing.

Property owners will also be responsible for septic tank and leach field abandonment and construction of sewer laterals on private property in addition to the sewer collection system construction costs. The total costs of sewer construction and septic tank and leach field abandonment are estimated as follows:

**One-time, Non-Assessment District Costs Associated with Removing Existing Septic System and Connecting to the Proposed Sewer System**

Estimated Cost to Property Owner to construct lateral and other required property specific improvements	\$2,500 to \$7,000
Septic Tank Abandonment Cost*	\$1,500 to \$2,500
Environmental Health Fees including inspection and permit for abandonment*	\$628
WBSD Connection Charge (Current Per parcel)	\$2,955
WBSD Sewer Residential Lateral Inspection	\$100
Total Estimated One-time Non assessment costs	\$7,683 to \$13,183

**Estimated Construction and Assessment District Costs Per Parcel**

Deposit for Assessment District Formation (Due upon submittal of Assessment District petition-Non Refundable if Assessment District Fails)	\$2,000
Estimated <i>Average</i> Assessment District Costs Per Parcel (Assuming 75 parcels with project total of \$4,068,511 and all property owners participating in bond financing)	\$55,156 (Please see estimated annual cost below)
Note: Bond Costs applicable only to those property owners that choose not to pay for assessment in cash during cash payment period.	Assessment district costs per property owner will vary based on several factors including: engineer’s report on benefit to property, number of property owners that choose to pay assessment “in cash” during cash payment period. Costs are spread over 20 years and include interest on the bonds plus cost to prepare and sell bonds. Historically, interest approximately doubles payments made on assessments.
West Bay Sanitary District - Class 3 – Permit (One time fee for entire sewer main construction \$5,200)	Included in assessment

**Estimated Annual Costs**

West Bay Sanitary District Annual Sewer Service Charge (May increase over time)	\$278
Estimated Annual Assessment on Property Tax Bill. Assuming 20-year bond and 5% interest. This assumes 75 properties included in bond financing. As noted above, assessment district costs per property owner will vary based on several factors including: engineer’s report on benefit, number of property owners that choose to pay assessment “in cash” during cash payment period.	\$4,650

\*Savings may be realized by grouping work of neighboring properties.

In summary, based on the table above, the estimated cost for improvements on private property including abandonment of septic system and construction of sewer lateral ranges from 7,683 to \$13,183. This will depend on topography and conditions specific to each individual property. Estimated sewer main and assessment costs per property would average approximately \$55,156 which would be assessed over time with estimated average annual assessment of \$4,650. Annual sewer service charges are currently \$278 and may change over time.

### Reimbursement Agreements

Property owners annexing and hooking up to the sewer after the assessment district is formed would be subject to a reimbursement fee for their proportionate share of sewer main construction paid by the original connectors and, would also be responsible for the cost of abandoning their septic system and constructing any improvements on private property to hook the home up to the sewer main. Future annexation of vacant parcels is subject to separate environmental review, and if annexed would be subject to reimbursement fees and applicable costs for on-site work.

### **FREQUENTLY ASKED QUESTIONS:**

#### ***1. Which properties are eligible for annexation and sewer hook up?***

Properties eligible for sewer hook up are properties with homes constructed on them shown on the attached map of the Los Trancos woods area and marked “study area.” Undeveloped parcels are not eligible for annexation at this time.

#### ***2. Why is there an assessment?***

An assessment district is a method used to proportionately share the cost of improvements that benefit a specific group of properties. In this case, the assessments would be levied on the properties that join the assessment district in order to finance the construction of a sewer system to serve those properties that will connect to sewer. However, assessments under applicable state law can only finance public facilities. Therefore improvements such as the lateral line connecting the home to the sewer main or any pump systems required on private property due to topography would not be included in the assessment district proceedings and would have to be paid directly by the individual property owner.

#### ***3. How much will the assessment be, if approved?***

The total estimated amount of the proposed assessments to the entire assessment district would be approximately \$4,068, 511 for a 20-year period. Each individual estimated assessment averaging \$4,650 per year will be assessed on the property tax bill for a 20-year period. As noted above, this is an estimate and may vary based on interest rate and number of property owners participating in bond. Any property owners connecting in the future would be subject to reimbursement fees for a proportionate share of the sewer construction cost.

***4. How long would the payments on the assessment chargeable to my parcel continue?***

You have the option of paying for the assessment “in cash” by privately financing your share of the sewer construction, or allowing the assessment to “go to bond,” and be included with your property taxes. We are estimating that the payment period will be 20 years but that will depend on the bond market. No additional assessments would be levied unless approved by the property owners pursuant to applicable statutes.

***5. What if I have more than one property or parcel in the proposed assessment district?***

The assessments are levied on a per sewer connection basis.

***6. What if I sell my property?***

The yearly charge can continue to be collected on the annual property tax bill, similar to sewer service charges that are also collected together with the property tax. However, lending institutions may require that the assessments be paid off at the close of escrow.

***7. What is the process to annex to WBSD and join the assessment district?***

**This is basically a two-step process, which includes:**

***Step 1***

- Pay non-refundable annexation fees and complete application for Annexation to the West Bay Sanitary District
- LAFCo holds hearing on annexation application, and if approved, property is included in the district subject to the assessment district being formed.

***Step 2***

- Property owners pay \$2,000 non-refundable assessment district application fee. Assessment district proceedings are begun which includes a public hearing and mail ballot process to determine if a majority of property owners are willing to be assessed and a public hearing.
- If the assessment district passes with a simple majority of those submitting ballots voting in favor of the assessment, the assessment district is formed, property owners are noticed that assessments can be paid in cash, bonds are sold to finance the assessments that are not paid in cash, and sewer construction commences.

If you would like to annex to the West Bay Sanitary District at this time and join the assessment district, please mail the attached form and your annexation deposit by January 27, 2005, to Martha Poyatos, San Mateo LAFCo, 455 County Center, Redwood City, CA 94063. You will

then be contacted regarding the application process. There will be an informational meeting for interested property owners on January 27, 2005 at 7:00 p.m. at the Historical School House, 765 Portola Road, Portola Valley. We encourage all eligible property owners to attend including those already included in the annexation group. In the meantime, if you have questions related to your septic system please contact the San Mateo County Environmental Health Division at 363-4305. If you have questions regarding the annexation and benefit assessment process or would like to attend the informational meeting on January 27 please call me at 363-4224.

Sincerely,

Martha Poyatos  
Executive Officer

C: Supervisor Rich Gordon  
Tim Clayton, West Bay Sanitary District  
Commissioners, San Mateo LAFCo

Enclosures: Map of Study Area  
Form: Request to Annex