SPANISH FLAT WATER DISTRICT
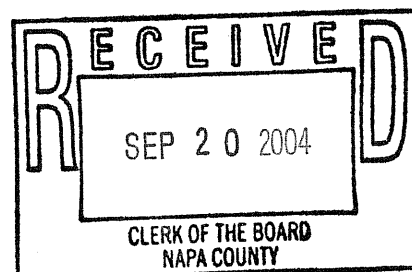
September 17, 2004

Mr. Mark Luce
Chair of the Napa County Board of Supervisors
1195 Third Street
Napa, CA 94559-3082

And

Pamela Miller
Clerk of the Baord of Supervisors
1195 Third Street
Napa, CA 94559-3082

RE: Request to Permit Elections

Honorable Supervisor Mark Luce:

The Spanish Flat Water District, a California Water District respectfully requests that the Board of Supervisors permit the Napa County Elections Official to prepare the election materials required to develop the registered voters lists for two new Improvement Districts. These two new improvement districts will partially fund the replacement of the existing water treatment plants. We also request that the approval to the elections officials allow for a mail ballot election on the issue of ratification of the loan contracts as authorized by Elections Code section 10002.

Background

For several years, the State of California has notified the Spanish Flat Water District that our two water treatment plants (Berryessa Pines and Spanish Flat) no longer meet the minimum standards for treatment of water. The State recently offered a grant for each location that would avoid future penalties for non-compliance of the State Regulations.

During the design effort it was determined that the $400,000 Grant for Berryessa Pines would not be sufficient to fund the entire estimated construction cost and a loan for the balance would be required. The State has offered to provide a low interest cost loan for approximately $96,000 to bridge the gap between the grant and the estimated construction cost.

The Spanish Flat water treatment plant was provided with an 80% grant with the Water District funding 20% of the costs, which are estimated at $900,000. The Spanish Flat water treatment plant would need an estimated $180,000 in a loan to bridge the costs between the grant and the estimated construction cost.

Under Water Codes 36421, 36426 and 36402.2 the Water District Board of Directors is allowed to enter into an agreement with the State of California after receiving approval for the loans from the registered voters within each of the proposed improvement districts at a special election.

CEQA filings, Public Meetings describing the work plan for both districts are complete and a resolution by the Water Board for each of the improvement districts has been passed. Our next step is to have an election seeking approval of the loans by the registered voters in each of the improvement district boundaries.

Improvement Districts

The loans that the State of California will provide have an amortization period of 20 years with a 2 ½% interest rate. Repayment of the loans will be handled by the County of Napa as an additional assessment on the property tax rolls. This method of collection was preferred by the State of California as a means of protecting its investment. The Water District would prefer this method of repayment to the State as well. The cost impact for the Berryessa Pines property owners is estimated at $75.00 per annum and the Spanish Flat estimate is $145.00 per annum.

Copies of the two Resolutions passed by the Water District Board are enclosed for your information.

Elections

A copy of the two exterior boundaries of water service along with a listing of its connections with parcel numbers will be provided to the office of Napa County Assessor-Clerk Recorder this following week.

We estimate that the elections will take place in early 2005. Bidding and construction start of the projects if approved by the voters would also occur in 2005.

If you or any member of the Board of Supervisors has any questions, please do not hesitate calling me at my home (707) 966-1122.

Sincerely,

A. M. Colon
Managing Director

cc: John Tuteur, Napa County Assessor Clerk-Recorder (with attachments)
    Margaret Woodbury, Esq., Deputy Chief Counsel for the Board of Supervisors (with attachments)