

Irish Beach Water District
Post Office Box 67
15401 Forest View Road Manchester, California 95459

June 12, 2021

Dear Neighbors,

In my recent correspondence, I introduced your Water District Board of Director's plan to address our long-term funding requirements, a Proposition 218 property tax assessment. This funding vehicle has in the past provided the financial reserves necessary to meet the capital replacement needs of our aging water collection and delivery system as well as developing new groundwater sources. As mentioned in my letter, the prior assessment expired in 2016.

The first part to the Proposition 218 assessment would cover the cost of necessary capital projects. The engineering study being conducted to determine the scope of current and future capital replacement and sourcing needs will be finalized and presented to the Board for approval at a special Board meeting on June 26th, to be held in person at the Rex Dunning firehouse on Forest View Road and via Zoom teleconferencing. If the Board decides to adopt the Engineer's Report at this special meeting, the next step in the process is for the community to vote whether to approve the assessment as I also mentioned in my prior letter.

The preliminary finding of the engineering study has identified 10 critical capital projects including storage tank repairs and replacements and certain pipe replacements to be completed and funded over a 15-year period. The estimated cost of these 10 items is \$752K. There are 459 parcels in the district, therefore, the tax consequence of these specific items per parcel per year is estimated to be \$109.22 for 15 years.

The second part to the Proposition 218 assessment would create a replacement reserve funding source to address emergencies, unexpected cost overruns and inflation. The annual assessment for this replacement reserve is \$130.53 and is intended to be collected over a 20-year period. This reserve calculation is based on recovering 50% of the value of district fixed assets with an estimated life of greater than 40 years. However, there will be a cap of \$240,000 on this reserve. Once the reserve reaches this cap, collection of the assessment will stop until the reserve drops below this cap due to funding of appropriate needs.

Thus, the total estimated annual assessment per parcel, per year for the first 15 years is \$239.72, and then \$130.53 for another 5 years.

Another suggested approach to meet our funding needs would be to assess only the 205 parcels that have been developed and are currently connected to the system. The simple math to pay for \$752K in estimated capital projects and to create a reserve fund using this approach, over a 15-year period, would result in a monthly availability charge increase to us of approximately \$52.85, or \$634 per year.

Despite the uncertainties created by recurring droughts and lack of source supply on the Mendocino Coast, the District is presently able to meet demand and future growth. This is due in part to the prior assessments which allowed the District to build additional storage and repair leaks in the system. The purpose of the proposed new assessment is to continue the District's ability to ensure water supply into the future for both developed and undeveloped parcels.

In summation, the tax assessment per parcel approach achieves 3 objectives: First, and most importantly, it ensures the long-term replacement, repair and needed improvements of our water collection, storage and delivery system. Second, it spreads the cost of those needs equitably to all parcel owners over a 20-year period. Third, it stabilizes our funding resources so that future boards and the community at large will not be faced with recurring usage and availability rate reassessments.

To attend the special Board of Director's meeting on June 26th at 10:00 AM, please attend in person at the Rex Dunning firehouse on Forest View or to attend via Zoom contact either Connie Sackman at: czsackman18@gmail.com or Judy Murray at: jmurray@mcn.org for the Zoom login.

For those attending in person, current State and County Covid 19 safety protocols will be observed.

Sincerely,

Ken Terry

Ken Terry
President, IBWD Board of Directors