

IRISH BEACH WATER DISTRICT

FREQUENTLY ASKED QUESTIONS REGARDING THE PROPOSED PROJECTS AND ASSESSMENTS:

Some questions have recently arisen regarding the proposed Proposition 218 balloting process, projects, and assessment. Staff has prepared the following FAQs to provide additional information.

Q: What is the purpose and goal of the proposed assessment?

The purpose of the assessment (as set forth in the Engineer's Report and discussed during the District's recent meetings), is to ensure long-term water supply reliability to all properties in the District. Many of the District's facilities are 40 to 50 years old. The prior 2002 assessment helped the District upgrade many of its facilities, but that assessment was initiated nearly 20 years ago.

Groundwater is scarce in our area and the ability to develop new surface water sources on the Mendocino Coast is very limited in the present regulatory environment. The District faces potential regulatory limitations on its ability to divert water from Irish Gulch. As a result, the assessment seeks to develop certain projects including two new wells, a pipeline connecting the existing T2 Well to the District's water system, and improvements to the District's ability to divert water from Irish Gulch creek.

Storage is also a key component of the assessment with proposed improvements to the District's T2 and T4 storage tanks. The District's storage capability has proven invaluable towards maintaining a viable water supply during periods of drought. The prior assessment funded the reconstruction of Tank 1 and the new construction of Tank 3.

The District will need additional water supply sources and facilities into the future as more properties are developed and as the climate on the coast continues to change.

Q: Did the District discuss and consider funding "alternatives" to the present Proposition 218 assessment?

Yes.

The District considered raising the usage rates and/or availability charges to connected users. There was a proposal from the public to raise usage rates on connected users an additional \$65 a month. Usage rates are not subject to Proposition 218. Ultimately, the District determined that placing all costs of water development and facility improvements on only those properties presently receiving water service was not fair or appropriate.

The District also considered increasing connection fees. However, given the slow rate of development and the potential that some parcels may never develop, it was determined that it could be many years before connection fees would result in payments sufficient to fund the cost of improvements. Nevertheless, the District is continuing to examine connection fees.

The District is also exploring low interest loans and grants but this process can take some time with no guarantee of success.

Q: What if the District takes no action at this time?

The District cannot predict precisely what might happen.

The District, however, needs additional water source supply to meet the demands of full build-out. As noted, the District's Irish Gulch water supply could become very limited from a regulatory stand-point. Storage is critical to the District's ability to provide water supply now and into the future. Without sufficient water supply (no matter how it is funded), water shortages and building moratoriums are not out of the realm of possibility as discussed during the District's recent meetings.

In light of the drought, the need for additional water source supply, the aging of the facilities and need for improved storage, the District determined that failing to take any action now could be detrimental to the community. The most viable alternative would be to increase usage fees.

Q: Hasn't the District been identified as one of the water districts with sufficient water during the drought? Why does the District need new wells and updated storage facilities?

Yes. The District has been identified by the State as one of the small water districts in northern California with sufficient water supply to meet most periods

of drought. This is the result of the District's prior 2002 assessment and the construction of the T2 and T5 Wells. The issue, however, is that there are an additional 250 as yet undeveloped properties that will need water to develop.

Existing connections will need back-up source supply. As noted, the District's main supply source, Irish Gulch Creek, faces potential limitations on the amount of future diversions. In sum, the District needs to develop additional water source supply to ensure it can continue to provide water in the future and during future droughts. The issue becomes how best to fund such projects.

Q: Why have these specific projects been selected by the District? Why wasn't a comprehensive engineering study done?

These particular projects were primarily identified by District manager Charlie Acker in consultation with the Board and the engineering firm of Bartles and Wells. These projects focused on water source supply development, storage, and taking actions to prevent infrastructure failure (quakes, fires, aging facilities). Mr. Acker has worked for the District for 30 years and knows the system and its needs better than anyone. It is not by chance that the District presently has adequate water supply during this drought.

Q: Why hasn't the District spent more time on this issue?

The District has spent time looking at funding alternatives over the past few years, including consideration of connection fees. The District recently raised usage and availability fees. But those fees have fallen solely on connected users. Capital facility expenditures benefit all properties in the District and the District determined during its recent public meetings that an assessment would be the most prudent way to proceed.

Assessments take time to accumulate over a period of years. As Director Terry has said over the past several months, it can take 8 to 10 years or more to collect sufficient funds for such projects. Given the drought, the condition of certain facilities, and the need for water source supply, the District determined that failing to timely act now could put the community at risk of water supply shortages and potential building moratoriums.

Q: Did the 2017 Judgment in the case of *Moores v. IBWD* find that the District had somehow misused funds from the prior assessments unlawfully or wrongfully?

No.

With respect to fund-to-fund transfers, the trial court determined no violation of law had occurred - only that such transfers should include interest payments.

With respect to funds somehow being used improperly, the court found no violation of proposition 218 nor any “malfeasance” by the District. The court did identify some District capital expenditures that should have come out of operating funds rather than from the assessment funds. The court determined that the collection of assessments for the Mallo Pass fund was not improper, but should have terminated in 2009 when the Mallo Pass permit was revoked.

As to the Capital Replacement fund, the court determined that the methodology used to calculate the reserve ceiling should be modified based upon the court’s interpretation of the formula used to determine that ceiling and that overages be refunded. But the court again found no malfeasance or wrong doing.

A copy of the trial court’s decision is posted on the District’s website.

It is significant to note that between the District’s yearly audits, and the trial court’s review, the District’s financial processes and expenditures have been examined in great detail.

Q: Did the prior 2002 assessment treat undeveloped lots differently than developed lots in the District?

No. Developed and undeveloped lots were assessed the same in 2002 just as proposed in the present proposed assessment.

Q: I did not get a ballot; can I request a new ballot?

Yes. Please contact Judy Murray. jmurray@mcn.org

Q: Can I change my ballot if I have already returned it to the District?

Yes. Up until the time of the hearing on August 14, 2021. You will need to arrange ahead of time to get another ballot from the District. Contact Judy Murray at jmurray@mcn.org

