

SCSD NEWS

June 2004 Issue

Wastewater System Ready to Build!

The Next Step

All state and federal approvals are in hand at last. The next step is assessment district formation to help finance construction along with grant funding. Last week, the SCSD Board unanimously passed Resolution 2004-5 approving the engineer's report and calling for a public hearing on district formation. The resolution also directs the CSD secretary to mail ballots and notices of the hearing to Spalding property owners. You may already have received the envelope by the time you get this newsletter. Should you not receive it soon, please notify us at 530/825-3258. The ballot must be filled out and returned to the District office no later than the conclusion of the public hearing. The hearing is scheduled for Tuesday, July 20, 2004, at 7 p.m. at the ELCA Building on Mahogany Way. Ballots will be counted at the close of the hearing. The Board encourages everyone to attend.

Project Financing

The estimated total cost to complete the project is \$10.3 million. This cost will be covered in part by grants from USDA Rural Development (RD) and the State Water Resources Control Board (SWRCB) that are expected to total between \$1.5 and \$2.5 million. The balance will be covered

with a loan from RD to be repaid with property owner assessments. The federal government loan will have very favorable terms compared to a commercial loan. The assessment amount of \$7300 per EDU (described below) to be presented to voters presumes receipt of the lesser \$1.5 million grant amount. Should more grant money be awarded, we will reduce the assessment accordingly. Assessments ultimately levied will also be adjusted to reflect actual construction costs, which will not be known until bids are obtained from qualified contractors. Our engineer estimated the project cost very conservatively, so we are fairly confident that bids will come in under budget.

Given present assumptions, annual installments for a single-family residence would be \$396 for property owners who choose not to pay the assessment up front. In that case, the assessment becomes a lien to be paid off in installments along with the County property tax levy starting fiscal year 2005/2006. A monthly operation and maintenance fee of about \$26 will also be charged following hookup to the system.

Importance of Upcoming Vote

The upcoming vote is solely on the formation of an assessment district to generate funds needed to help finance the wastewater system project. It is not an initiative or referendum. The project has already been approved by all responsible regulatory and trustee agencies. So what happens if it does not pass and the system is not built?

(1) Health risks to homeowners and their families will continue. Our sewage continues to contaminate our wells. As more homes are built, the risk of diseases being transmitted through our drinking water will increase. Our health, as well as that of our families, will be threatened until a system is in place.

(2) State cease and desist orders will remain in effect. The orders were issued to all owners and they prohibit sewage discharge through conventional leachfields. This means that flushing our toilets into septic tanks and leachfields as we now do is not legal. The state has suspended enforcement action pending the outcome of our effort to finance and build a system. If it is not built and discharge continues, the state will be obligated to seek ways to enforce the discharge prohibition against all property owners operating leachfields.

(3) Property values will continue to be negatively affected. The moratorium will remain in place and owners of all buildable sites without county permits will not be allowed to build homes using leachfield systems. Operation of existing systems will continue only under impending state enforcement action and a cloud of potential drinking water contamination.

(4) Owner assistance grants will be lost. The \$750,000 in state CDBG homeowner assistance grants committed to Spalding must be spent in accordance with a very tight schedule. If we do not move forward now, the State Department of Housing and Community Development will reallocate the funds to other communities. The County assigned two years of its CDBG grant allotments to Spalding's project. If the \$750,000 is lost, they will be understandably loath to risk assigning its allotment to Spalding again.

(5) Construction grants will be lost. 2004 SWRCB and RD grant funds, for which Spalding qualifies, will be allocated to other communities. Both agencies' grant programs have been in decline for the past several years. Money still remains in their 2004 programs. While none of these funds are as yet committed to Spalding, they assure us we have every reason to expect they will be. With myriad project approvals in place and given the severity of the water quality problem we face, we are very well positioned compared with other competing community projects in the state. If the funding decline continues, we may see no grant money available for projects such as ours for many years to come. All the while construction costs can be expected to rise.

(6) Lake degradation will worsen. Our sewage is entering Spalding's groundwater and in turn migrate into the lake. Although Eagle Lake is a large body of water and can assimilate some pollution, as growth continues, it will show increasing signs of contamination. The proposed wastewater system will reverse the degradation already occurring and help ensure that the resource we come here to enjoy is respected and preserved for generations to come.

Voting Explained

In accordance with Proposition 218 (Article XIII c Section 4, of the California Constitution), only property owners are allowed to vote on the assessment, and each owner's vote must be weighted by the amount of the assessment on the owner's property. The amount assessed to any parcel is proportional to its expected demand on the wastewater system and is measured in equivalent dwelling units (EDUs). One EDU represents the amount of demand (or average volume of effluent) from one single-family residence. The flow from commercial and other non-residential uses is estimated in terms of EDUs. Because votes are weighted by the amount of the assessment in effect, property owners will have one vote per EDU. It is important to note that voting will be by ownership, not by individual. Hence, no matter how many individuals own a particular building site, the ownership gets only one vote per EDU. Owners do not need to be registered voters. Ballots are not secret and everyone's votes become public record. All aspects of the district formation process

including voting, are being carefully structured by the district's attorney, who specializes in assessment district formations.

Property Owner Assistance

We have been awarded approximately \$750,000 from the State Community Development Block Grant program (by the California Department of Housing and Community Development, bless their hearts) to pay the assessments and onsite improvement costs for property owners that qualify on the basis of their residency and household income. Given the results of the residency and income survey conducted in 2002, we are expecting about 70 households to qualify for assistance. To be a "resident", you must live in Spalding six months or more during the year. Do keep this in mind when you fill in the form. So far, County staff has signed up about 45 households to have their assessments and onsite improvement costs paid in full with grant money. Property owners wishing to check their eligibility for assistance should contact Cynthia Celaya with the Lassen County Community Development Department at 530/251-8308. Household income limits for 2004 are listed below.

| Income | Persons |
|---------------|----------------|
| \$27,650 | 1 |
| \$31,600 | 2 |
| \$35,550 | 3 |
| \$39,500 | 4 |
| \$42,700 | 5 |
| \$45,850 | 6 |

Grant Funding a Team Effort

The SCSD is continuing to do everything possible to ensure that all available grants are secured. Spalding has the good fortune of having County Supervisor Bob Pyle's crucial and untiring support in both identifying and positioning our community for such funding. Other key support has come from Assemblyman Rick Keene, Senator Rico Oller and Congressman John Doolittle. County staff has also been there for us at every important turn. It has been and will continue to be a true team effort.

An Unwelcome Disturbance at SP13

The District recently began work on marina improvements. Although it may have appeared so, removal of material from SP13 did not constitute initiation of the wastewater treatment system project. To be economical, the District

chose to use material from SP13, the proposed wastewater pond site, as fill for the new marina parking lot. This activity was authorized under the Special Use Permit issued to the District by Lassen National Forest. However, we neglected to consult LNF as to the status of a nearby bald eagle nest as required by permit conditions. The bald eagle nest, which had been previously destroyed in a winter storm, has been reestablished just south of SP13. Upon learning this, the District promptly put a stop to all excavation work and sought out an alternate source for dirt. Fortunately, according to the LNF biologist, the eagles appear to be well, in spite of our unwelcome disturbance. Construction of the marina improvements is back on track and we expect the project will be complete by this fall.

New Protocol

We have adopted protocol to assure that environmental requirements are not overlooked again. In the future, the SCSD's environmental consultant, ENPLAN, will be notified in advance of all planned construction activity so compliance with environmental requirements can be monitored and verified. ENPLAN will do so in accordance with the California Environmental Quality Act (CEQA) and in consultation with the respective responsible state, federal and local regulatory agencies (8 at last count!). Feel free to contact Justin Moffett or Randall Hauser at ENPLAN regarding environmental matters or concerns at 800-250-3161.

A Rich Heritage

Surveys conducted by ENPLAN and Lassen National Forest (LNF) confirm Spalding's rich heritage of prehistoric Native American presence. Resources found were evaluated in accordance with the National Historic Preservation Act, and in consultation with local Native Americans and the California State Historic Preservation Officer. Under the mitigation plan, potentially significant cultural resources will be avoided and protected during project construction and system operation.

News of Our Trusty VFD!

Fire Snuffed

Many thanks to our highly competent VFD for successfully extinguishing a \$200,000+ structure fire in Spalding on Easter morning. Our VFD has approximately 15 volunteers who must undergo training much the same as paid fire department personnel. And it certainly shows!

Benefit Fund

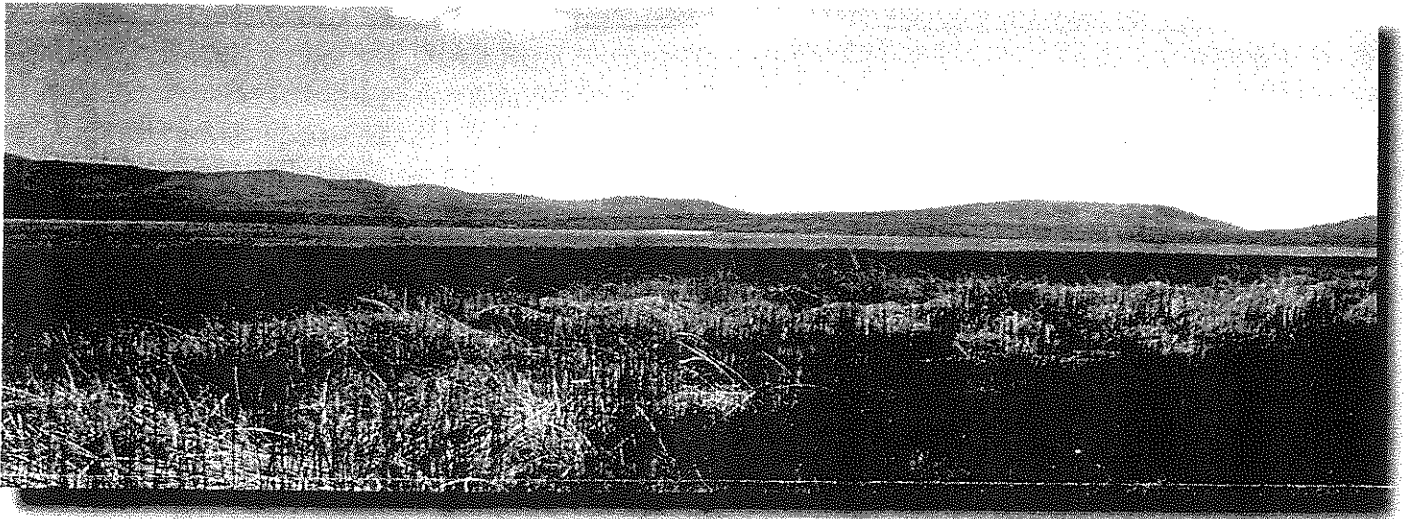
The Spalding VFD benefit fund is going well. The fund will be used to purchase replacement equipment. We are trying to obtain grant money to pay for some of the larger pieces of equipment we need. However, these programs require sizable cash matches from 10 to 30%. We will need continued help reaching our short-term goal of \$20,000 for a cash match.

Barbeque and Breakfast Events

Supporting the Spalding VFD can be both fun and a gourmet delight. Our firefighters will cook, serve, clean up, and even clown during the upcoming barbecue and breakfast events:

- June 5
- July 5
- August 7
- September 6
- October 9

Look for the signs.



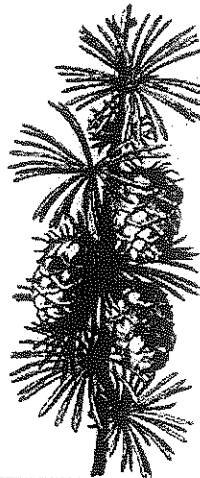
WHAT IS THE SCSD?

The Spalding Community Services District (SCSD) is our community's form of local government. Our Board of Directors is elected by Spalding registered voters. Directors must be property owners and are elected to four-year terms. The Spalding CSD is not associated with the Eagle Lake Community Association.

The SCSD is active in several areas of community development and service delivery.

- Fire suppression and medical emergency response (VFD)
- Marina development and operation
- Wastewater system development and operation

See the Spalding CSD website at <http://www.spaldingcsd.org>.



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