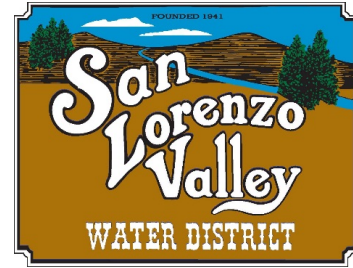


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SLV WATER DISTRICT PROPOSES RATE RESTRUCTURING AND ANNOUNCES PUBLIC MEETINGS FOR 8/3, 8/17, 9/7 AND 9/21

PROPOSAL WOULD INCREASE RATES FOR MOST CUSTOMERS, ELIMINATE EXISTING DROUGHT SURCHARGE FOR ALL, AND FUND CAPITAL PROJECTS

JULY 14, 2017 — BOULDER CREEK, CA — The San Lorenzo Valley Water District (SLVWD) today announced that at last night’s Board of Directors special meeting, the Board voted to pursue a proposed rate restructuring on a vote of 4-0 (Director Smallman was absent) in order to fund replacement and upgrades for pipeline, pumps and tanks, as well as build financial reserve funds.

“This proposal is about preparing our water system for the future that will include an ongoing need to upgrade and replace equipment, as well as respond to the impacts of climate change,” said Brian Lee, SLVWD District Manager. “Compared to more urban areas, our rural district has fewer customers to help shoulder expenses related to each mile of pipeline. We provide water to about 8,000 connections spread over 15,290 acres, served by approximately 140 miles of pipeline. Today’s water rates cover current operational costs, but not capital improvements or reserves for future unforeseen expenses.”

Key elements of the proposed rate restructuring plan:

- Rate increases for most customers over a five-year period
- Rate decrease for customers with the lowest water usage (approximately 10% of customers), followed by a gradual increase over the following four years
- Elimination of the existing drought surcharge
- Funding for capital improvement projects, such as replacement of pipelines, tanks and pumps
- Funding of a reserve fund for future emergencies and other future operational costs
- Shifting of the ratio of revenue from water fees and water use to 30% fees and 70% use, from the existing 50% fees and 50% use
- New revenue stabilization rates to offset revenue should water sales fall at least 10% below projections

Summary of proposed rates:

Water Rate Schedule		Current Rates	Proposed Rates				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Fixed Service Charge							
5/8 inch	per account	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch	per account	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1 inch	per account	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch	per account	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2 inch	per account	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3 inch	per account	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4 inch	per account	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Volumetric Charges for All Water Consumed							
Tier 1	0 - 4 CCF	\$3.81	--	--	--	--	--
Tier 2	5 - 15 CCF	\$4.97	--	--	--	--	--
Tier 3	16 - 50 CCF	\$5.96	--	--	--	--	--
Tier 4	51+ CCF	\$6.61	--	--	--	--	--
Drought Surcharge	per CCF	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	per CCF	\$4.64	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Revenue Stabilization Rates for All Water Consumed*							
10% Revenue Stabilization Rate*	per CCF	--	\$11.25	\$12.03	\$12.76	\$13.39	\$14.06
15% Revenue Stabilization Rate*	per CCF	--	\$11.91	\$12.74	\$13.51	\$14.18	\$14.89
20% Revenue Stabilization Rate*	per CCF	--	\$12.65	\$13.54	\$14.35	\$15.07	\$15.82

* Revenue Stabilization Rates would be implemented if current revenue from water sales are below the percentages indicated.

Public meetings:

To increase public understanding of the proposed rate plan and help get questions answered, the District will hold four public meetings (all locations tentative and are subject to change):

- Aug. 3, Thurs., 12:00pm, The Satellite Center, 6265 Hwy 9, Felton: brown bag lunch Q&A discussion with SLVWD staff
- Aug. 17, Thurs., 6:30pm, SLV Water District, 13057 Hwy 9, Boulder Creek: Q&A discussion with SLVWD Board of Directors
- Sept. 7, Thurs., 12:00pm, Boulder Creek Fire Station, 13230 Central Ave., Boulder Creek: brown bag lunch Q&A discussion with SLVWD staff
- Sept. 21, Thurs., 6:00pm, Highlands Park Senior Center, 8500 Hwy 9, Ben Lomond: Public Hearing (location tentative)

Proposition 218 written protests:

Property owners and customers may file written protests against the proposed rate increase. Pursuant to California law, protests must be received in writing or electronically and must 1) identify the affected property or properties, such as by address, Assessor's Parcel Number or customer account number; 2) include the name and signature of the customer or property owner submitting the protest; and 3) indicate opposition to the proposed water rate increases. The proposed rates cannot be adopted if written protests are received from a majority of affected parcels with one written protest counted per parcel. Written and signed protests can be mailed to: San Lorenzo Valley Water District, Water Rate Protest, 13060 Highway 9, CA 95006. Written and signed protests may also be emailed to hmorrison@slvwd.com. All written protests must be received prior to the close of the Public Hearing on Thursday, September 21, 2017.

Frequently Asked Questions:

Q: When was the last increase and how big was it?

A: Based on a 2013 rate study, a 10%~11% increase in rates occurred each year for three years (2014, 2015 and 2016). These increases were less than the 2014 rate study recommendations, which recommended the increase happen each year for five years, not three. Additionally, a \$1 per unit (748 gallons) drought surcharge was approved in fall of 2015. The current rate study proposes eliminating the drought surcharge.

Q: What capital improvements have been completed in recent years?

A: Since 2014 the District has completed \$11.85M of capital replacement projects including a transmission line in Quail Hollow Road (Olympia Mutual Pipelines), treatment plant computer upgrades, Sunnycroft pipeline replacement, Pasatiempo well repairs, and emergency interties 2, 3, 4 and 6. In addition, \$5M in current projects are underway, with District having made major progress on tank replacements, including Swim Tanks (currently soliciting construction bids) and Probation Tank (environmental permitting completed and construction bids expected in early 2018). To review specific project progress and costs, please visit [http://slvwd.com/admin/Capital Improvement Projects Progress 5.24.17.pdf](http://slvwd.com/admin/Capital%20Improvement%20Projects%20Progress%205.24.17.pdf).

Q: Is the District still planning to consolidate its headquarter offices by building a new "campus" facility?

A: The "campus" project that was proposed in 2013 is dead. However, the District must address space and safety issues with its current buildings. A relocation of all or some of the employees is possible if buildings are determined to be unfixable.

Q: Will any funds from the proposed rate restructuring be spent on legal fees related to the Terry Vierra case?

A: No, for two reasons: 1) the District is no longer funding legal costs in the Holloway/Vierra case: and 2) the proposed rate restructuring would support capital improvement projects and building the District's emergency reserves.

Q: Will any funds from the proposed rate restructuring be spent on compensation for District employees?

A: Current employee salaries are fully funded through current rates and would not be funded through the proposed rates. Should an additional position(s) be required to support future capital improvement projects, such a position could be funded through the new rates.

Visit www.slvwd.com for more information about the proposed rate plan, including proposed rates, a rate estimator tool, a capital improvements project update and more.

ABOUT THE SAN LORENZO VALLEY WATER DISTRICT

The San Lorenzo Valley Water District is located in the mountains of northern Santa Cruz County. The district serves more than 7,800 metered connections. Established in 1941, the district supplies water to the communities of Boulder Creek, Brookdale, Ben Lomond, Zayante, Scotts Valley, Mañana Woods, Felton and Lompico. For more information, visit www.slvwd.com or www.facebook.com/slvwaterdistrict.

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