

April 19, 2005

Dear Los Trancos Woods Sewer Participant:

This letter is a follow-up to the meeting held on April 18, 2005 at the Portola Valley School House. At this meeting, the Statewide Community Infrastructure Program ("SCIP") was discussed, as well as a timetable for residents to commit to the sewer construction program. In this letter, I will describe this process as it moves forward.

### Background

For over seven years, members of your community have dedicated substantial amounts of their time to bringing a sewer system to Los Trancos Woods. Because public infrastructure such as sewer is funded by either new development or assessments on existing property, much time has been devoted to exploring finance mechanisms to fund the project. Also, additional property owners have been given the opportunity to participate in order to bring the cost per property down. I am very pleased and impressed with these efforts and to support this process will ask the Board of Supervisors to adopt a resolution to join the SCIP program to allow your community to participate in this Statewide bond financing program. This resolution is scheduled for the Board of Supervisors meeting of May 3, 2005.

### SCIP Program

As described in the previous letter, the Statewide Community Infrastructure Program is used primarily by developers to fund aspects of their development projects. Advantages of using the SCIP program are that the program is 100% voluntary and the program allows projects such as yours to share in the cost of bond financing with other communities in California. In the case of Los Trancos Woods, a bond measure would be issued in July of 2005, immediately providing funding for the design and ultimate construction of the sewer system. SCIP participates in up to two bond measures a year, and each requires an application from its participants to indicate their willingness to be liable for the costs of the measure, as well as for the bond itself.

It appears to me that SCIP provides both the most cost-effective way to provide this funding, as well as the quickest way to do so. If you want more information on SCIP, I encourage you to visit their website at <https://secure.cacommunities.com/cacomm/apps/scip/>. There is a useful "FAQ" on that website.

### SCIP Application

You will find enclosed in this letter an application from SCIP. Participation in this program is purely voluntary, neither the County of San Mateo, nor any other body, have the authority to compel you to participate. Signing this application demonstrates your legal commitment to the project. The costs summarized on the application assume that a minimum of 54 of the 60 eligible property owners will participate in the program. If applications are received from more than 54 the bond costs will be lower. If applications from less than 54 are received by the deadline, the application will not be processed and your community would need to participate in a subsequent funding cycle.

If you wish to participate in this program, you must send your application to the mailing address or fax number shown on the enclosed application form for receipt no later than noon on **May 6**. **Late applications will not be accepted.** Please note that the \$500 application fee specified on the application form will be paid by funds already collected by the "Sewers 4 Los Trancos Woods Group".

### Cost of Program

The total cost of the sewer design construction and financing is \$4,126,078. This cost includes moneys for potential overruns and other redesign possibilities. At this time, 60 residents have indicated their

willingness to participate in the funding of this project. If all 60 members participate, it is anticipated a per property cost of \$68,768 will be assessed to each property as a tax lien that will show up as a separate line item in your tax bill. This assessment is attached to the property only, not to the property owner.

The application provides the per parcel pre-financing cost of the project of \$66,500 and the SCIP assessment or project cost including financing of \$76,410. This figure designates a “not to exceed” amount. This provision recognizes that all potential participants in the program may not choose to do so at this time. In that event, there will be an amount of \$76,410 that cannot be exceeded in any case, which would equal \$5,240 per year for the duration of the 30-year bond. This number was determined by assuming that 10% (or 6) residents may choose not to participate. If not enough people choose to submit their application (less than 54), the bond will not be issued and only nominal costs for this process will be assessed.

Based on this methodology, your yearly tax assessment will not exceed \$5,240. If more people participate in the program, this tax assessment will lower accordingly.

These figures were not reached lightly; it was the hard work of Jeff Peterson, principal with Wilsey Ham, who has been contracted as the engineer for this project. He brings over 20 years of experience in bidding for these types of projects, and he has worked closely with West Bay Sanitary District in reaching the most realistic numbers to work with.

#### Reimbursement for sewer construction by future connectors

Because only an estimated sixty property owners are initially funding sewer construction that could ultimately serve over one hundred homes, additional property owners who wish to connect to the sewer in the future will be subject to reimbursement of their share of the sewer main construction. This process is administered by West Bay Sanitary District and would provide for reimbursement to each of the original property owners who funded sewer construction. Because the reimbursement is paid directly to the property owner through the reimbursement agreement, the property owner can choose to use the reimbursement to pay down their assessment.

#### Timeline for Construction

The following is a summary of key dates in the SCIP process.

<b>Activity</b>	<b>Date</b>
SCIP Applications Mailed	April 19, 2005
Application Information Meeting	May 2, 2005
Board of Supervisors Adopt Scip Resolution	May 3, 2005
SCIP Application Deadline	May 6, 2005, noon
Bond Issuance	July 2005
Contract Awarded	January-February 2005
Construction Commences	March 2005

As noted above, on May 2, 2005 there will be a follow-up meeting to answer any additional questions you may have about your involvement in this project and the SCIP application form. The meeting will be at 7:30 p.m. at the Portola Valley School House.

Again, I thank you for your participation. If I can be of any help, please do not hesitate to contact me.

Sincerely,

Richard Gordon