



Notice of Public Hearing & Proposed Storm Drainage Assessment

Why did you receive this ballot?

You are a record property owner to be served by the Scotia Community Services District (SCSD) and are being asked to vote on a proposed funding measure to establish and maintain storm drainage services for the community of Scotia. The enclosed ballot is your opportunity to participate in deciding whether local funding will be approved for establishing storm drainage services by the SCSD. Your vote is important because only returned ballots will be counted.

Who is the Scotia Community Services District?

Scotia was built in the 1880s and has been maintained since then as a true company town located in the heart of California redwood country. Today Scotia is owned and operated by the Town of Scotia Company, LLC (TOS) which owns and leases out all residences and most businesses. However, the Town of Scotia is in the process of subdividing the properties and selling them into private ownership. To facilitate this transition to private ownership, the SCSD was formed to provide the town with essential services, including storm drainage.

Why is a funding measure needed?

Storm drainage services in the community of Scotia have been privately funded by TOS and are in the process of being transferred to the SCSD, to be funded by the community. Therefore, the SCSD is proposing to establish a long-term community-based revenue source (benefit assessment) for the express purpose of funding the ongoing operation and maintenance of the storm drainage system for the community. In absence of the assessments, improvements and maintenance of the storm drainage system will not be able to occur.

What would this measure provide?

The proposed assessment will provide a stable revenue source to fund the ongoing operation, maintenance, and potential debt service of the SCSD storm drainage facilities that provide special benefits to properties within the SCSD. Any funds collected from the benefit assessment shall be expended only for storm drainage services provided by the SCSD. Any unexpended funds remaining at the end of the fiscal year shall be carried over for the same use in the next fiscal year.

A more detailed description of the assessment can be found in the District's Engineer's Report, which is available for public inspection on the Scotia CSD website: www.scotiacsd.com or upon request at infoscotiacsd@gmail.com. According to Community Services District law, assessments may only be levied to recover the actual cost of providing services. The District will conduct annual financial audits to ensure that revenues are expended as authorized.

What are the benefits to the community?

The District's proposed assessments will fund improvements, projects, and expenditures for the storm drainage system that specially benefit properties within the District, which may include:

- Operation and Maintenance of storm drainage system improvements, which may include but is not limited to, inspection, repair and servicing of drainage basins, inlets, catch basins, manholes, outlets, drywells, pumps, filters, swales, ponds, storm drain pipes, and related drainage facilities in connection with the properties of the District, as well as any offsite improvements and facilities directly associated with the aforementioned infrastructure that is deemed necessary to service or protect the properties.
- Acquisition of land or facilities for storm drainage purposes.
- Resource Development including the construction, installation and/or expansion of various drainage facilities, inlets, outlets, culverts, catch basins, drainage ditches and ways, underground piping, junction boxes and manholes and related drainage facilities within the District.
- Facility Enhancements/Rehabilitation including periodic repairs and renovations of drainage facilities including but not limited to underground piping and culverts, inlets, outlets, drainage related basins, junction boxes and manholes, ditches, gutters, and related equipment and amenities.

- Capital Improvements including major repairs of storm drainage facilities that may include repair or replacement, replacement of permanent fixtures, structural repairs, as well as the construction and installation of new facilities.

How much is the proposed assessment?

The proposed assessment amount to be levied against your parcel is printed in the accompanying Official Assessment Ballot. Proposed storm drainage assessments were calculated on the following basis:

\$22.32 per Equivalent Benefit Unit (EBU) per year (\$1.86 per month) x Apportioned EBU's = Total Annual Cost

The proposed assessment uses a weighted method of apportionment, known as an Equivalent Benefit Unit (EBU) methodology, which uses a single-family home as the basic unit of assessment. The average structural area for residential properties in the District is represented by one EBU, which is calculated as 1,500 square feet (ft²). The EBU methodology for assigning proportionality of benefit assessments was chosen because a majority of structures located within the District are of similar wood frame construction and all installed within a similar time period. Other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific characteristics associated with density factors to compare the proportional benefit of each property as compared to a single-family home. Further details may be found in the Engineer's Report.

The total amount of storm drainage assessments proposed to be collected from identified parcels within the SCSD for fiscal year 2016-2017 is \$26,290. If approved, the proposed assessments will be levied for fiscal year 2016-17 and continued every year thereafter. The first annual assessment will be prorated monthly and billed directly to each customer by the SCSD. This means the customer will only be charged for the months left in the fiscal year that service was received for the approved benefit assessment. In future years, the assessment may be billed directly to each customer by the SCSD, as above, **OR** the assessment may appear on your 2016/2017 property tax bills if billed through the Humboldt County. The billing method will be determined by the SCSD Board of Directors.

Will this assessment increase in the future?

The District's proposed assessments are established with an annual 1.5% escalation factor to account for cost of living increases for an initial five-year period. The proposed assessments may also be increased to an amount not to exceed 3% based on the consumer price index (CPI) if approved by the SCSD. This will allow the SCSD to budget for inflation.

Additionally, proposed changes to assessments may also occur based on "pass through" costs, which include the purchase of uncontrolled, mandatory services (such as, utility costs). Further details and explanations may be found in the District's Engineer's Report. Any new or increased storm drainage assessments above the allowed CPI increase would require another Proposition 218 proceeding and property owner approval.

If I have questions, concerns, or want to return my ballot in person, where can I go?

On **Thursday, February 16, 2017, at 5:30 p.m.**, the Board of Directors of the SCSD will hold a **public hearing** on the proposed assessment at the SCSD Office, located at 122 Main Street in Scotia.

At the hearing, the Board will consider all oral and written testimony (and written objections and protests) regarding the proposed assessments. The enclosed assessment ballot for storm drainage services may be returned to the SCSD at the public hearing prior to the end of public comment period, or may be mailed to the SCSD prior to the public hearing.

In tabulating the ballots, the ballots will be weighted according to the proportional financial obligation of the affected property (i.e. the total amount of the assessment, as shown under "parcel information" on the ballot). Properties not served by storm drainage facilities have been given an EBU of zero (0), and therefore will not be assessed. Upon the conclusion of the public hearing, the Board will not impose the assessment if ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment (majority protest).

If you have questions about this notice or the proposed assessment, please contact the SCSD Board Clerk at Planwest Partners at **(707) 825-8260** Monday through Friday from 9:00 a.m. to 5:00 p.m. or at **infoscotiacsd@gmail.com**. Completed Assessment Ballots, as well as written comments and protests for the Board's consideration at the hearing, can be hand delivered at the meeting on **Thursday, February 16, 2017, at 5:30 p.m.** or mailed prior to the hearing to P.O. Box 104, Scotia, CA 95565.