



9501 MORTON DAVIS DRIVE  
PATTERSON, CA 95363

October 28, 2010

Dear Residents,

A **Proposed Wastewater Rate Increase** was mailed on October 8, 2010 to all Diablo Grande property owners who currently receive wastewater services from Western Hills Water District (Public Hearing Date: November 23, 2010). During the past two months, the District has been meeting with two Volunteer Committees made up of DG Residents to examine water and wastewater issues. The District would like to clarify some points of the proposed wastewater increase as it relates to negotiations with the Resident Volunteer Committees.

1. City of Patterson. Members of the DG Resident Volunteer Committee have met with representatives of the City of Patterson to discuss the possibility of reducing wastewater rates for DG residents.

The City of Patterson and WHWD have a Memorandum of Understanding (MOU) dated December 17, 2002 that allows up to 750,000 gallons of sewage to be treated per day at the City's sewage treatment facilities. [Current WHWD daily flow is estimated to be 34,600 gallons per day, or 12.6 million gallons per year (FY09/10)]. Under the MOU, WHWD customers are charged 1.5 times the sewage rate of the average residence in Patterson.

Members of the DG Resident Volunteers have proposed lowering the District's monthly sewage rate to \$28.47 per month, equaling the rate currently paid by Patterson residents.

The City of Patterson has also shown interest in leasing or buying excess sewage capacity from WHWD. The District has recognized that these talks can take a few months and that decisions from the City of Patterson are not expected until after the November 2, 2010 election. Both Resident Volunteer Committees have requested that the District join the talks with the City of Patterson to address both the rate decrease and the possibility of leasing/buying excess sewage capacity.

The WHWD will participate in future wastewater-related discussions between the City of Patterson and representatives of the Community in furtherance of receiving the discounts and fee reductions noted above.

2. Board Action in Response to Request of DG Resident Volunteer Committee. Following the tabling of the initial Proposed Water and Sewer Rate Increases at the September 17, 2010 WHWD BOD meeting, the Board moved and approved two Motions:

- (1). subject to the City of Patterson lowering the monthly sewage charges to the District, the District will only charge the Residents what the City of Patterson charges the District as a direct pass-through; and
- (2). subject to the District's ability to lease or sell excess sewage capacity to the City of Patterson, funds generated from this agreement will be placed into reserve accounts used only for sewer-related expenses.

Since the two sewer-related Motions were approved on September 17, 2010 the Prop. 218 Volunteer Committee has proposed that if the City of Patterson does agree to lease/buy excess sewer capacity from the District, any funds generated from this agreement be used and applied as follows:

- (1). pay the applicable percentage of Resident's Overhead and Administrative costs as it relates to wastewater, and as verified by an independent audit; and
- (2). after paying for item 4(1), split the remaining funds equally and apply to a **Sewer Equipment Replacement Fund** and an **Unforeseen Sewers Expense Fund** (both of which do not currently exist).


If WHWD reaches an agreement with the City of Patterson to lease/sell excess sewage capacity, the funds will be distributed in the above mentioned manner.

3. Community Representation of the WHWD Board. The WHWD Board of Directors and the Resident Volunteer Committee both agree that having at least one member of the community on the WHWD would help promote communication and confidence in the actions taken by the Board. There is currently one opening that can be filled by the Board in the next 45 days. By this notice, community members who are interested in serving are encouraged to submit the following by November 18<sup>th</sup>: (1) brief statement of interest; (2) resume setting forth background and qualifications, and if they so choose, a list of members from the community who support their candidacy including full name, phone number and email address.
4. Location of Future Board Meetings. In order to encourage and facilitate attendance and participation by the community, the monthly BOD meetings are to be held at the Diablo Grande Clubhouse, 9521 Morton Davis Dr., Patterson, CA. Notices will be posted at the offices, website and guard house and can be emailed to all those that want to be included on the WHWD mailing list. Those interested should contact Ruby Beltran, the District Secretary at (209) 895-9493.
5. Treated Water Costs. The District is currently discussing and addressing detailed cost questions with the Resident Volunteer Groups as it relates to raw water costs, water transmission costs, and water treatment costs. Discussions, evaluations and independent audits are expected to continue for several months.
6. Storm Drain Fees. The District is evaluating all costs related to Storm Drain services for the Community, currently billed at \$5.00 per month

In light of the previous six points, the DG Resident Volunteer Committees have recommended that Residents approve the District's current Proposed Wastewater Rate

Increase from \$25.00 per month to \$42.71 (the actual cost currently billed by the City of Patterson to WHWD). Future increases, or decreases, will be directly passed-through to the Residents (and Commercial Accounts) according to what the City of Patterson charges the District. If no rate reductions can be negotiated with the City of Patterson, it is estimated that the wastewater rate could increase approx. 3% per year.

Respectfully,



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Guillermo Marrero  
President WHWD Board