



“Frequently Asked Questions” **for Proposed Assessment District No. 09-1** **(Sanitary Sewer Project Areas #5, #6E, and #6J)**

Q1: *Why is Sewer Assessment District No. 09-1 (Sanitary Sewer Projects Areas #5, #6E, and #6J) being proposed?*

A1: To comply with the Regional Water Quality Control Board requirements and State Law, the City has been working to provide the opportunity for residents to decide if they favor a sewer system to serve their properties in La Cañada Flintridge. Sewer Assessment District No. 09-1 (the “Assessment District”) is proposed to fund the cost of constructing a low pressure sewer system in certain areas of the City currently using individual septic systems.

Q2: *Where is the proposed Assessment District located?*

A2: The Assessment District is comprised of 680 properties and three Sanitary Sewer Project Areas (“SPA”). SPA #5 is generally located between Berkshire Avenue to the north and the City limits to the south. Both SPA #6E and SPA #6J are located west of the Glendale Freeway with SPA #6E situated immediately south of Foothill Boulevard and SPA #6J located just south of the Foothill Freeway. Location maps for SPAs #5, #6E, and #6J are available on the City’s website.

Q3: *What is involved in the construction and operation of a low pressure sewer system?*

A3: The proposed Low Pressure Sewer (“LPS”) system would include approximately 89,000 linear feet of collection lines in roadways, 55,000 linear feet of lateral lines located on private property, and 680 grinder pumps with appurtenant electrical panels upgrades (if necessary) to serve each of the properties in the Assessment District. In addition, the Assessment District would include the demolition and filling of existing septic tanks and cesspools and the restoration of areas disturbed during installation of the LPS system. Final design would take approximately one year and construction would be staged over three years.

Q4: *What is involved in the operation of a low pressure sewer system?*

A4: The unique requirements for an LPS system require a specialized program to ensure ongoing inspection and maintenance of the individual grinder pumps and odor control stations in order to ensure a safe and reliable system. In addition to a property owner’s annual assessment, there would be a sewer service and maintenance charge currently estimated to be in the range of \$300 to \$500 per residential structure per year. This charge would be collected either through monthly/semi-monthly direct billing or added to the property tax bill as a separate sewer service charge.

Q5: *What would my assessment pay for?*

A5: The proposed assessment would finance the construction of the LPS system including:

1. Improvements within construction and maintenance easements on private property (on-site systems);
2. Improvements within City right-of-way (off-site systems);

3. One-time connection fees required by either the Crescenta Valley Water District and the City of Los Angeles or the Los Angeles County Sanitation District, depending on the location of the property;
4. The acquisition of land and easement necessary for the construction of two odor control facilities; and
5. The payment of incidental expenses related to the foregoing.

Q6: *Would the cost of the assessment include the hook-up to my house?*

A6: Yes, the proposed assessment would include the hook-up to each house. The proposed Assessment District would finance the LPS improvements required on your property including the installation of a grinder pump, the demolition and filling of existing septic tanks and cesspools, and restoring the areas disturbed during the installation of the new system.

Q7: *Why does the City need public easements and how would this affect my assessment?*

A7: Easements would be required in order to construct the improvements and to provide maintenance and repair for the lateral lines and individual grinder pumps on private property. The easements will be discussed with each property owner during the design process.

Q8: *How would my property benefit from the improvements within the Assessment District?*

A8: The proportional assessment to each parcel within the proposed Assessment District is based on a calculation of special benefit received from the proposed improvements as compared to other properties in the Assessment District. Special benefit is a particular and distinct benefit over and above general benefits conferred to the public at large.

The proposed improvements would provide special benefits to the properties identified in the Assessment Diagram and would not provide special benefits to properties outside the Assessment District.

Q9: *What happens if the majority of the ballots cast by the property owners do not approve the proposed assessment?*

A9: If the proposed assessment is not approved, the LPS system will not be constructed and property owners will continue to use their individual septic systems. However, if a centralized sewer system is not constructed in the relatively near future, the Los Angeles Regional Water Quality Control Board would be obligated to either issue a waiver allowing the continued use of the existing septic tanks and seepage pits or to issue orders that Waste Discharge Requirements ("WDR") are needed for each individual septic system. If WDRs are required, homeowners could be required to pay an estimated \$55,000 to \$100,000 per home to comply with permitting and construction of new septic systems, plus a minimum of \$1,500 per year in annual operation and maintenance costs.

Q10: *If the Assessment District moves forward, how do I know that the assessments that I pay will be used for Assessment District improvements and not for other City services?*

A10: By law, a special assessment cannot be used for general government services; it can only be used for the specific proposed improvements and financing costs within the Assessment District and is subject to independent annual audits.

Q11: How is my proposed assessment determined?

A11: The method of assessment was determined by an analysis of the special benefits that each property receives from the proposed LPS system's installation. Two components were used to apportion construction costs to the individual properties within the Assessment District: lot size and front footage.

All properties contained within the proposed Assessment District are zoned single family residential and vary in lot size. The cost of constructing the LPS system, both the off-site and on-site components, generally varies with the size of a lot. Larger parcels will typically require more on-site trenching, additional low pressure lines and additional areas of restoration due to the installation of the LPS system. Also, larger properties derive a greater special benefit upon sewer installation in that larger properties can accommodate larger residential structures which may generate more sewage. The properties contained within the proposed Assessment District were classified into categories based on the following lot size criteria:

**Table 1
Lot Size Categories**

<i>Category</i>	<i>Lot Size⁽¹⁾</i>
Category 1	Less than or equal to 10,000 sq. ft.
Category 2	10,001 sq. ft. to 20,000 sq. ft.
Category 3	20,001 sq. ft. to 40,000 sq. ft.
Category 4	Greater than 40,000 sq. ft.

(1) If a property owner owns more than one assessor parcel adjacent to a lot on which a residence is constructed, and which is determined to be unbuildable based on current zoning requirements and/or street access, the square footage of the vacant lot(s) was added to the residential lot to determine total lot size.

The second component of allocating the construction costs to each lot within each category is based on the "average" length of a lot's linear front footage on the street fronting the sewer main system. This is calculated by determining the average size lot for each category and then average front footage of the foregoing calculation.

Each property connected to the LPS system would be required to connect to either the Los Angeles County Sanitation District (for properties located in SPA #5 or SPA #6E) or the Crescenta Valley Water District and the City of Los Angeles (for properties located in SPA #6J) and pay a one-time connection fee. These one-time connection fees are included in the proposed assessment and are estimated at \$3,495 per unit for properties located in SPAs #5 and #6E, and \$5,008 for properties located in SPA #6J. The incidental costs (including design and construction phase engineering, land and easements, administrative and legal, bond reserve and closing costs) are allocated evenly to each property within the proposed Assessment District. The following tables show the proposed assessment amount for each of the four lot size categories and the estimated annual assessment amount for each of the four lot size categories:

Table 2
Proposed Total Assessment Lien Per Residential Lot

Category⁽¹⁾	<i>Proposed Total Assessment Lien Per Residential Lot Located in SPA #5 & SPA #6E⁽²⁾</i>	<i>Proposed Total Assessment Lien Per Residential Lot Located in SPA #6J⁽²⁾</i>
Category 1	\$40,145.39	\$41,658.39
Category 2	\$47,484.68	\$48,997.68
Category 3	\$54,950.47	\$56,463.47
Category 4	\$71,410.63	\$72,923.63

⁽¹⁾ Please see Table 1, Lot Size Categories.

⁽²⁾ Includes a connection fee of \$3,495 per residential lot located in SPA #5 or SPA #6E and \$5,008 per residential lot located in SPA #6J.

Table 3
Estimated Annual Assessment Per Residential Lot

Category⁽¹⁾	<i>Estimated Annual Assessment Per Residential Lot Located in SPA #5 and SPA #6E⁽²⁾</i>	<i>Estimated Annual Assessment Per Residential Lot Located in SPA #6J⁽²⁾</i>
Category 1	\$2,983.97 to \$3,598.49	\$3,095.30 to \$3,732.98
Category 2	\$3,524.01 to \$4,250.87	\$3,635.34 to \$4,385.36
Category 3	\$4,073.35 to \$4,914.50	\$4,184.68 to \$5,048.99
Category 4	\$5,284.52 to \$6,377.63	\$5,395.85 to \$6,512.12

⁽¹⁾ Please see Table 1, Lot Size Categories.

⁽²⁾ Assumes either State Loan Program financing at 4% interest rate for 20 years or a bond financing at 8% interest rate for 30 years, or some combination thereof.

An Engineer's Report, which is on file and available for inspection in the City Clerk's office, includes more details on the allocation of costs to each property.

Q12: Are there other costs that property owners would have to pay not included in the assessment?

A12: Yes, there are annual treatment and connection fees that would be required by the sewer agencies receiving the sewer outflow and a maintenance fee in order to maintain the LPS system. The following are estimated annual treatment, connection, and maintenance fees:

Table 4
Estimated Annual Treatment, Connection, and Maintenance Fees

Sewer Project Area	Estimated Annual Treatment and Connection Fee	Estimated Annual Maintenance Fee⁽³⁾	Estimated Annual Total
SPA #5	\$100 ⁽¹⁾	\$200 to \$300	\$300 to \$400
SPA #6E	\$100 ⁽¹⁾	\$200 to \$300	\$300 to \$400
SPA #6J	\$100 to \$200 ⁽²⁾	\$200 to \$300	\$400 to \$500

⁽¹⁾ For structures within SPAs #5 and #6E, the Los Angeles County Sanitation District will treat the sewage and will charge \$100 per residential structure per year to treat the outflow. Fees will be finalized prior to the completion of the LPS system through agreement entered into between the City and the Los Angeles County Sanitation District.

⁽²⁾ For structures within SPA #6J, the Crescenta Valley Water District and the City of Los Angeles will treat the sewage and will charge \$100 to \$200 total per residential structure per year to treat the outflow. Fees will be finalized prior to the completion of the LPS system through agreement entered into among the City, the Crescenta Valley Water District and the City of Los Angeles.

⁽³⁾ Fees will be finalized prior to the completion of the LPS system. Maintenance will include 24/7 response, maintaining a stock of spare units and parts, maintaining a factory-authorized repair center, maintaining a fleet of portable generators to provide “door-to-door” pump down services during power outages, replacement of pumps and equipment to repair cut or broken pressure mains, and equipment to maintain or repair the odor control facilities (both chemical feed systems and carbon filters).

Q13: *Why are some assessments made up of multiple assessor parcels? Does this affect the assessment category applicable to such parcels?*

A13: In some cases, more than one assessor’s parcel was required to be combined to create a legal, buildable lot. Although such a buildable lot may be made up of more than one assessor’s parcel, only one home may be built on such a lot. In these cases, the assessment methodology dictates that these assessor’s parcels be combined into a single lot to come up with the effective lot area.

Q14: *How many years would the proposed assessment be in place?*

A14: The proposed improvements would be funded via a State Revolving Fund program loan and/or publicly sold tax-exempt municipal bonds. The State Revolving Fund loan is expected to have a term of approximately 20 years. Therefore, unless the homeowner prepays the assessment, the assessment will be in place for 20 years.

If bonds are issued, assessments would be payable until the bonds secured by such assessments are paid off. The final decision regarding the term of the bonds shall be made by the City Council. It is anticipated that the term of any tax-exempt municipal bonds would be between 20 to 30 years.

Q15: *What would happen if I prepay my assessment during the Cash Collection Period?*

A15: If property owners and the City Council approve the formation of the Assessment District and the levy of assessments, a 30-day “Cash Collection Period” would immediately follow. During the Cash Collection Period, property owners within the Assessment District would be given the opportunity to prepay all or any portion of the assessment levied against their property. The City would mail notices to property owners notifying them of the amount of the assessment levied against their property and the procedure by which they may prepay all or any portion of their assessment.

If a property owner elected to prepay all or any portion of their assessment during the Cash Collection Period, the property owner would receive a credit which would be applied against the assessment because the City would not incur financing costs associated with the State Revolving Fund program loan and/or publicly sold tax-exempt municipal bonds.

Q16: *Would I need to prepay my entire assessment during the Cash Collection Period in order to receive the discount?*

A16: No. A homeowner could receive the discount on any portion of their assessment that is prepaid.

Q17: *Can I only prepay during the Cash Collection Period?*

A17: No. A homeowner can prepay their assessment at anytime. However, the discounted amount would only be available during the Cash Collection Period. Thereafter, a homeowner would be charged for their share of bond issuance costs as well as a prepayment penalty, if bonds are issued. If the State Revolving Fund loan is used there would not be a prepayment penalty on the State Revolving Fund loan but a share of loan costs would be incurred.

Q18: *What would be the interest rate on the loan/bonds?*

A18: The interest rate would be determined at the time of the signing of a State Revolving Fund loan agreement or the sale of the tax-exempt bonds. The interest rate on the State Revolving Fund loan would be based on an interest rate equal to one-half of the most recent State of California General Obligation bond rate. The interest rate on the tax-exempt municipal bonds would be based on market conditions at the time of the sale. For estimation purposes, the annual assessment amount that the City has assumed is an 8% interest rate on the bonds and a 4% interest rate on the State Revolving Fund loan.

Q19: *How would the annual assessment be collected?*

A19: The annual assessments would be placed on the homeowner’s property tax bill. The assessment would show up as a separate line item on each homeowner’s bill and would be included in the first installment amount due no later than December 10 of each fiscal year and the second installment amount due no later than April 10 of each fiscal year.

Q20: *When would the assessment first appear on the tax roll?*

A20: The first assessment would appear on the homeowner’s fiscal year 2010/11 tax bill (i.e. the tax bill due no later than December 10, 2010).

Q21: *Would the assessment included on my property tax bill be tax deductible?*

A21: This is an issue that each property owner would need to discuss with their accountant or tax consultant.

Q22: *Why is there a finance charge?*

A22: If the homeowner elects not to prepay, the City would be (1) borrowing funds through the State Water Resources Control Board Clean Water State Revolving Fund program, which charges interest as discussed above, or (2) selling bonds to investors on behalf of the Assessment District to finance the improvements. In effect, these bond owners/investors would be lending money to those property owners in the Assessment District that elect to finance their assessments. Because the bond owners/investors would want a return on their investment, a finance charge is necessary.

Q23: *Does each person have to sign the ballot if there is more than one owner of the property (e.g., a husband and wife)?*

A23: Only one signature is required on the Property Owner Ballot for it to be counted during the tabulation process. (Q/A23 included – 8/26/09)

Q24: *What is the process for tabulating the ballots for the Assessment District?*

A24: The “Yes” and “No” ballots received prior to the close of the public hearing will be tabulated by the weighted dollar amount of the assessment proposed to be levied on those properties for which ballots were received. Tabulation of ballots will be based on the weighted dollar amount methodology as required by State law. By way of example only, if the assessment proposed to be levied on Property A is \$5,000 and the assessment proposed to be levied on Property B is \$10,000, the ballot submitted for Property B will be weighted twice as much as the ballot submitted for Property A. The assessment will not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment with the ballots weighted as described above.

Additionally, the ballots will be tabulated by an independent Tabulation Official who is not permanently employed by the City nor is otherwise involved in the formation proceedings of the Assessment District. (Q/A24 included – 8/26/09)

For technical questions not answered in the *“Frequently Asked Questions”* please contact the Public Works Department at (818) 790-8882. For questions regarding the proposed Assessment District balloting process, please contact the Administration Department at (818) 790-8880. Assessment District boundary maps are available at www.lacanadaflintridge.com.