

Members of The Board
Carmel Area Wastewater District
3945 Rio Road
Carmel, CA 93923

February 22, 2024

Re: Assessment District #23-01
Corona Road Area Sewer System Project

Dear President White and Members of the Board:

The signers of this letter have been and continue to be supporters of this project. We believe that septic systems that serve our homes must be replaced by a sanitary sewer system for multiple reasons, including stopping the continuing threat of nitrate pollution of our Highland's soils. We believe that pollution is the direct result of drain field effluent and is a growing hazard to our health and environment.

Many of us, however, left the last community meeting with CAWD representatives confused and disappointed. We had hoped that our coming together would produce a solution to the question: **Can access to the sewer project be made more affordable for members of the Corona Road community?** Unfortunately, it appeared unlikely the Board will act to lessen the financial impact on individual participants.

This realization has caused us to look more closely at the financial aspects of the CAWD Board proposal. That scrutiny has raised new and more fundamental issues for us. We believe good faith efforts to reduce the costs and make the project more affordable for all need to take place. We need to explore alternatives with the CAWD board and staff to achieve that outcome. We have thought about this at length and propose the following:

Issue # 1. At the meeting, the CAWD Staff Engineer stated to us that the installation and participant use of a new Corona Road sewer infrastructure project paid for by us would **not benefit** CAWD. We are puzzled by his statement because our capital investment will become a CAWD asset and will generate unallocated, annual, sewer maintenance fees totaling approximately \$56,000 dollars per year and \$1,680,000 over the life of the proposed bond. How are these results **not** beneficial for CAWD?

Issue # 2. The Engineer's Report dated December 21, 2023, that we received in our ballot packet separates construction costs ("hard costs") from fees and payments for attorneys and other professional contributors to the project ("soft costs"). The soft costs are \$573,000 including bonding and interest expenses. CAWD suggests that hard and soft sewer costs be financed with a 30-year bond at a yet unknown interest rate notwithstanding that a rate of 5% has been discussed. Most of us have expressed concerns about the amount of the projected costs, and some have clearly indicated that they cannot afford this additional financial burden. The costs have gone up significantly since we first started this project. If the principal amount of financing were significantly reduced the project would be more affordable for participants. We ask CAWD to

consider alternative methods to reduce the principal amount financed including payment of “soft costs.” CAWD could recapture up-front principal reduction payment from annual maintenance fees. Those fees will not be spent in the early years of the project because the public sewer infrastructure will be brand new. CAWD could also reconsider assisting in the funding of the project to avoid the substantial bond costs. We are of course open to other suggestions from other members of the community or the CAWD staff.

Issue # 3: The most confusing feature of CAWD’s proposal is the requirement that homeowners pay CAWD to connect to a sewer system that we paid experts to design for us, we will pay to build, and which we will ultimately give to CAWD as an income producing capital asset. We question the appropriateness of the connection fee under these circumstances.

The project is causing divisions in our community that none of us anticipated or desire. It is critical we find a cost-effective project for all participants. If there are still individuals that can demonstrate financial hardships even with reduced costs, then perhaps some consideration can be made as to them individually.

There are also some who have objected because the sewer lateral is located more than 300 feet from a proposed or existing structure as defined in County policy. CAWD has taken the position that they have the authority to change this to 300 feet from the property line. This significant difference could result in substantial additional costs to concerned individuals. This position should be revisited in whole or on an individual basis.

We also recognize that there are those who say, “*my system is just fine*” and “*I get no benefit from this project.*” We ask them to consider the 2018 “Local Agency Management Program for Onsite Wastewater Treatment Solutions” that says, “*Although the Carmel Highlands area does not have a documented high rate of failures of OWTS, information on the design, age, replacement history, and septic tank pumping date indicate chronic operational difficulties, severe problems in specific areas, and a likelihood of significant upgrade, replacement needs in the foreseeable future.*” (p. 90). The Corona Road area has been identified as an area of “severe problems.” Most of us have acknowledged these environmental concerns and recognize it is a Corona Road area-wide problem.

We are willing to proceed with this project if we can work with CAWD to make participation far more affordable for all Participants.

Thank you for your consideration.
(List of signers follows)



Claudia Daniels and William Daniels
APNs 241-051-028 and 241-051-027

Richard Silver Cindy Zoller

Richard Silver and Cindy Zoller Silver
APN 241-051-005

Daniel Keig Dasha Keig

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APNs 241-073-001, 241-072-003, and 241-072-002

Anita Goldman Paul Goldman

Anita and Paul Goldman
APN 241-021-018

Ellen Weiner Daniel Weiner

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Lillian M Hull

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Misaki F Olson Feb 20, 2024

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