

Dear SCFPUD residents,

Your water board would like to invite you to a special meeting on July 30th at the Spring Creek Forest Clubhouse located at 17515 Fairway Oaks Drive starting at 7 p.m. The purpose of this meeting is to share information about the coming conversion to surface water and the changes this will bring to our community and to seek input from our residents on how to finance these required improvements.

The conversion from ground water to surface water has been increasing the overall costs associated with your water bill for a few years as construction has been taking place. You may have noticed all the new pipe being laid down Louetta towards Highway 249. The North Harris County Regional Water Authority (NHCRWA) has advised that all water systems in the initial conversion phase need to be compliant with necessary water disinfection requirements by September 2009. Currently, the water districts in our area use ground water and disinfect the water using chlorine. However, surface water **MUST** be disinfected using what is called chloramine. Surface water tends to have more organic material in the water and chloramine is the best and safest means of disinfecting the water before it is delivered into your home. All water districts located in the NHCRWA 2010 surface water conversion area, including SCFPUD, are required to be compliant with the surface water conversion disinfection requirements by September 2009 for all their water plants.

SCFPUD has two operating water plants which will need to have this conversion completed. Our engineers who have been working with other districts are estimating that our conversion will cost anywhere from \$700,000 to over \$1 million. The exact costs will not be known until we advertise for the work. The SCFPUD only has about \$100,000 left in bond funds issued in 2003. The meeting on July 30th is intended to seek input and guidance on how to raise funds and pay for these required updates to our water plants.

Currently, the SCFPUD is looking into three financing possibilities. The first way is simply to increase the monthly water rates now and start saving that money to pay for these expenses. We have put together water rate plans which would allow us to start generating operating capital for these expenses and will share those at the meeting. The second possibility is to hold a bond election in November 2008, to secure monies to pay for these expenses. The third measure is to increase the maintenance tax, currently at 15 cents per \$100 of home valuation. On a home valued at \$150,000, you are currently paying \$225 in maintenance taxes per year. Like new bonds, an increased maintenance tax would require an election to go into effect, but since an increased

An update from the Spring Creek Forest Public Utility District (SCFPUD) Board of Directors

maintenance tax does not require the issue of any bonds, it is not as complicated and costs less than issuing bonds. The original maintenance tax election for the 15 cents was voted in on April 6, 1974, over 34 years ago.

This meeting is also intended to get feedback from residents on how to continue to pay for NHCRWA bonds which are issued on our behalf to pay for the infrastructure to bring surface water to our district. The NHCRWA just gave us notice of its intent to issue another \$1.087 million dollar bond on behalf of our district for continued construction. As a result, the "Surface Water" charge on your monthly bill will soon be increased to pay these expenses. We have information from the Regional Water Authority that these expenses will be increasing every couple of years for some time. We can continue to let them issue bonds for us and pay them on a monthly basis, or we could sell our own bonds for the express purpose of this conversion project. As you know, the payback of bonds occurs through your ad valorem tax bill at the end of the year which may be tax deductible. Paying these expenses through your personal monthly water bill is not tax deductible. You should always contact your personal tax advisor on this issue for we are not advising you on your individual tax issues.

The SCFPUD has established a specific website where additional information for the meeting will be posted as it is developed. You can access this information by browsing to <http://www.scfpud.org/july2008>

We have much to discuss and we hope you can make the meeting!