

Explanation of Lake Holiday Sanitary District Tax

The Lake Holiday Sanitary District

On the 29th of October, 2009 in response to a petition filed by landowners within the Lake Holiday community, the Circuit Court of Frederick County created the Lake Holiday Sanitary District (LHSD). The boundaries of the Sanitary District (SD) encompass the Lake Holiday development. The Code of Virginia provides for the creation of a SD to accommodate a variety of purposes including the financing of infrastructure. In the case of the LHSD, the creation of a SD enabled access to funding mechanisms which were unavailable to the LHCC Property Owners Association. Through the use of a SD the required spillway improvements to the Lake Holiday dam can be financed and paid for by a tax on property within the LHSD.

Need for the Spillway Improvements

The Lake Holiday dam is regulated by the Virginia Department of Conservation and Recreation, (DCR) Dam Safety Division. As currently configured, the dam's spillway is not capable of passing the volume of water required under recently modified regulations. As a result DCR issued LHCC a 2-year Conditional Use Certificate which expires September 10, 2011 (rather than a 6-year Regular Use Certificate). The certificate was issued based on an understanding that the required spillway improvements would be made. In order to comply with the regulations, LHCC's engineer designed a means of satisfying the new spillway requirements.

Financing the Required Improvements

A referendum on borrowing for the spillway was held in conjunction with the November, 2010 election. The referendum was overwhelmingly approved by Lake Holiday voters by a 633 to 58 margin. Through the work of the LHCC representatives and County staff, arrangements have been made for the spillway project to be paid for through the sale of bonds. The bonds will be issued by the Virginia Resources Authority on behalf of the LHSD. Repayment of the bond financing will be accomplished through the collection of a LHSD tax.

As the governing body of the SD, the Board of Supervisors has set the amount of the LHSD tax at a level adequate to repay the annual debt on the spillway financing. The same tiered assessment approach used by the LHCC for property owner dues is being used by the LHSD to repay the spillway debt. (Lots without access to utilities are assessed at 3/8 of the full assessment charged to buildable lots.)