

SANITARY SEWER EMERGENCY

Cupertino Sanitary District

CUPERTINO SANITARY DISTRICT 47 Years of Service

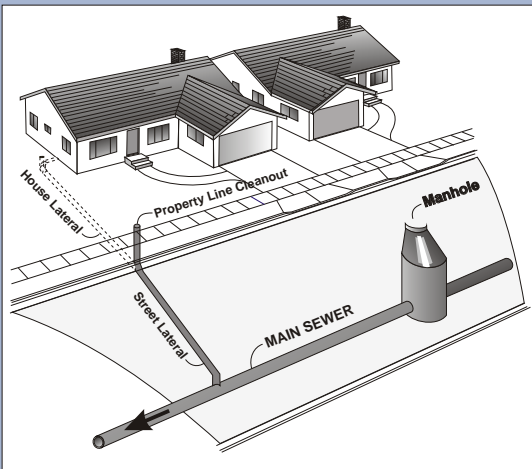
SAVE FOR EMERGENCIES

CALL US FIRST WHEN:

1. Your sewer "Backs-Up" into your house or yard.
2. You observe a manhole overflowing.
3. You observe anyone dumping into the sewer system.
4. You find raw sewage.
5. You have any questions about connection to, services available, policies or procedures of the Cupertino Sanitary District.
6. You or your organization wishes to view an eleven minute slide or video presentation.

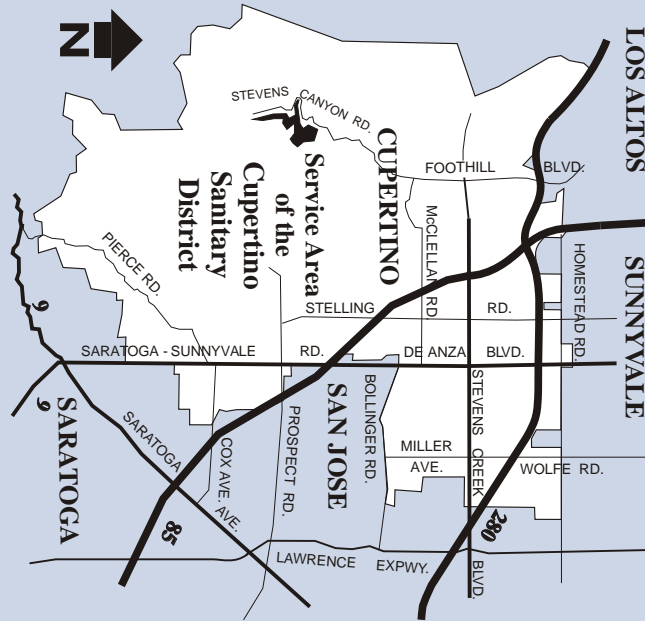
(408) 253-7071 OFFICE
(Monday - Friday 8 A.M. to 5 P.M.)

(408) 299-2507
COUNTY COMMUNICATIONS
(After hours emergencies)



PUBLIC HEARING NOTICE
 You are invited to attend Public Hearings on a potential service charge increase at our January 2002 regular Cupertino Sanitary District meetings.

Please detach and save for Emergency

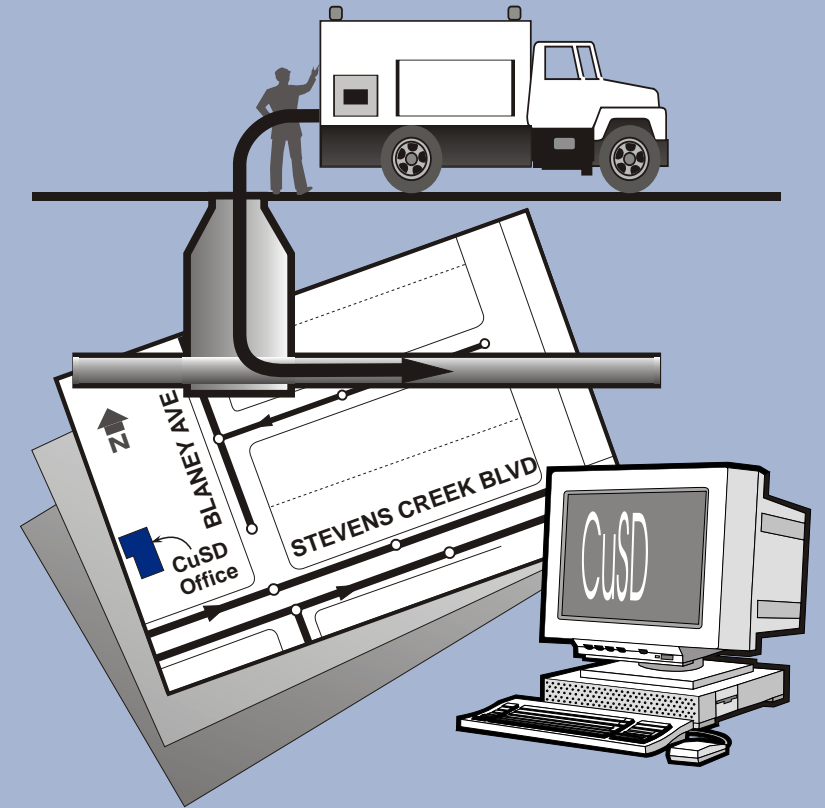


Cupertino Sanitary District
 Arbor Professional Center
 Building C
 20065 Stevens Creek Boulevard
 Cupertino, California 95014

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ERCWSS
POSTAL CUSTOMER

47 Years



2001 ANNUAL REPORT

TO: THE CITIZENS OF THE CUPERTINO SANITARY DISTRICT

2001-2002 BUDGET
\$20,187,200

BOARD OF DIRECTORS
(Elected)

November 2001

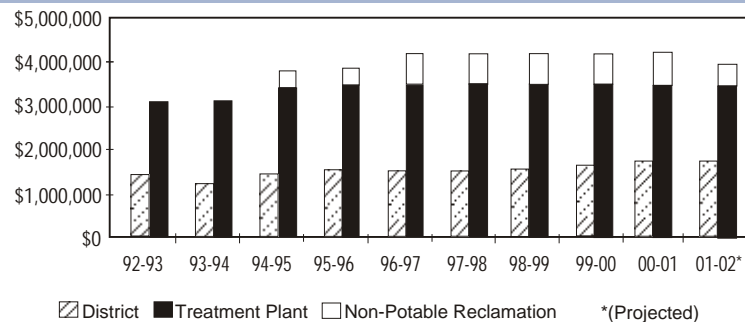
We are pleased to present the Annual Report of the Cupertino Sanitary District after 47 years of service to this community. The District serves the City of Cupertino and portions of the Cities of Saratoga and Los Altos, and un-incorporated areas within Santa Clara County. This encompasses an area of 15 square miles with 52,000 people and 22,000 homes. In addition, we service all commercial and industrial developments located within the District.

The District owns and manages over 1 million lineal feet of sewer lines and 14 pump stations, together with all the required support equipment necessary to make the system operate on a continual basis, 24 hours a day. In today's dollars the cost to replace all of the system's facilities would exceed \$150,000,000.

To comply with governmental regulatory requirements, and to protect the District's investment, the Board of Directors inaugurated an ongoing program for video inspection of all of the main sewer lines within the District. Each year we will clean and video inspect 150,000 lineal feet of lines in order to locate and record any section of lines which may become a problem in the future. The results of the inspections are recorded on a computer based Geographic Information System (GIS), which will be accessible through the Internet. With this approach, maintenance on current problem areas is being completed now, thereby preventing further deterioration of those lines. Upon completion of the project we will be able to identify the source of any problems within the District's sewer line system and make necessary repairs as well as schedule regular maintenance to other sections of lines in the future, thereby greatly extending the useful life of all of our lines.

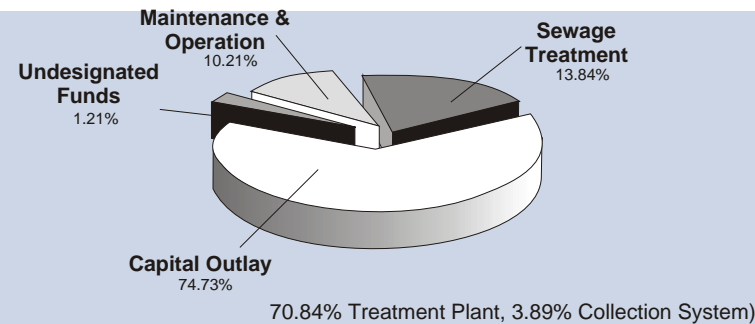
Approximately 70 percent of the District's sewer service charges are paid directly to the San Jose/Santa Clara Water Pollution Control Plant for costs associated with sewage treatment and the South Bay Water Recycling project. Although no increase in service costs is necessary this year, as the results of the video inspection are assessed, small annual step increases of up to 5% per year for the next five years may be needed to pay for repairs and replacement of old pipe and equipment and for potential increases in treatment costs. You are invited to attend Public Hearings on a potential service cost increase at our January 2002 regular Cupertino Sanitary District Board meetings.

Comparison of District & Treatment Plant Costs



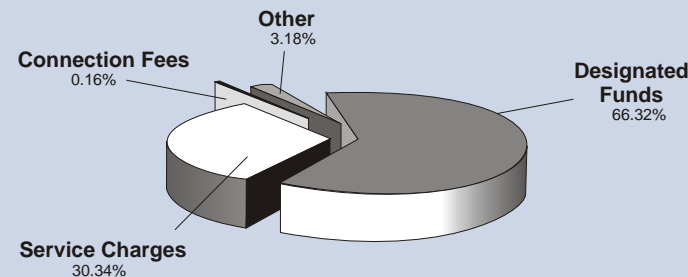
EXPENSES

Type of Classification	EXPENSES	Percentage
Sewage Treatment	\$2,794,200	13.84
Capital Outlay	\$15,086,100	74.73
Undesignated Funds	\$245,000	1.21
Maintenance & Operation	\$2,061,900	10.21
Total Expenses	\$20,187,200	100.00



REVENUE

Type of Classification	REVENUE	Percentage
Designated Funds	\$13,389,600	66.32
Service Charges	\$6,125,000	30.34
Connection Fees	\$32,500	0.16
Other	\$640,000	3.18
Total Revenue	\$20,187,200	100.00



Wendell H. Kerr, Jr. - *President*
Dr. Joseph F. Brown - *Secretary*
Curtis B. Harrison - *Director*
John M. Gatto - *Director*
William A. Bosworth - *Director*

STAFF

David E. Ross
 Manager-Engineer (*Mark Thomas & Co. Inc.*)
Harold S. Toppel
 Counsel (*Atkinson - Farasyn, LLP*)

BOARD MEETINGS

First & Third Wednesdays of each month at 8:00 PM in the District Board Room, 1st Floor, Building C, 20065 Stevens Creek Boulevard, Cupertino, California.

EMERGENCY SERVICE

The District provides all residential and commercial users with "24 Hour" Emergency Sewer Service and the District is responsible for maintaining the sewer mains as well as that portion of the street lateral within the Public Right-of-Way, as shown on the other side of this report.

Please detach and save this panel as it contains helpful information on what to do when you have or observe a Sanitary Sewer Emergency. If you have any questions about work or activity taking place in the street, day or night, please call emergency numbers which are listed on the other side of this panel. We are proud to have served you since 1953 and we are looking forward to serving you in the future.