

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 16-

**PROVIDING FOR A LEVY OF AD VALOREM REAL PROPERTY TAXES
IN FISCAL YEAR 2016-17 TO MEET THE COST OF ITS
WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA**

WHEREAS, the Santa Clara Valley Water District (District) incurs an annual indebtedness to the State of California (State) pursuant to its Water Supply Contract With The State Of California dated November 20, 1961 (State Water Supply Contract), and such indebtedness was approved by the voters prior to July 1, 1978 within the meaning of Article XIII A of the California Constitution; and

WHEREAS, the District anticipates that its contractual indebtedness to the State under the State Water Supply Contract during the fiscal year beginning July 1, 2016 and ending June 30, 2017 (Fiscal Year 2016-17), will be at least \$33 million; and

WHEREAS, Section 11652 of the California Water Code requires the District Board of Directors (Board) to levy a tax sufficient to assure payment of sums due under the District's Water Supply Contract; and

WHEREAS, Section 1(b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by the voters prior to July 1, 1978, from the limitation set forth in Section 1(a) of Article XIII A; and

WHEREAS, the District's indebtedness from its Water Supply Contract falls within such exemption; and

WHEREAS, the District's Water Supply Contract is protected against impairment under the provisions of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California Constitution prohibiting the impairment of the obligation of contracts; and

WHEREAS, the Board, after reviewing and considering all the facts, information and reports provided by District staff, and information communicated to the Board during public meetings in which the District's Fiscal Year 2016-17 budget and proposed increase of rates and charges were considered, has determined that it is necessary to raise the amounts hereinafter specified as an ad valorem real property tax, and that it is not practicable to raise said sums from water rates or other sources; and

WHEREAS, said ad valorem real property tax is consistent with the District's past practice and is consistent with (Goodman v. County of Riverside (1983) 140 C.A. 3d quo), the approach of other water districts and agencies that maintain water supply contracts with the State.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District as follows:

1. That said Board has determined that the amounts necessary to be raised by taxation during the District's Fiscal Year 2016-17 to pay indebtedness approved by the voters prior to July 1, 1978, and/or for which a tax levy is required under Article I, Section 10 of the United States Constitution and Article I, Section 9 of the California Constitution is \$33 million for payments on the District's State Water Supply Contract dated November 20, 1961.
2. That consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied in Fiscal Year 2016-17 an ad valorem real property tax within the District, sufficient to raise the sum of \$33 million to meet that portion of the District's Water Supply Contract obligation which may be lawfully so raised.

Providing for a Levy of Ad Valorem Real Property Taxes in District Fiscal Year 2016-17 to Meet the Cost of Its Water Supply Contract With the State of California

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3. That the funds received by the District pursuant to the aforementioned ad valorem tax levy shall be placed in a separate fund indentified for the indebteness set forth above.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 10, 2016:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
BARBARA KEEGAN
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors