

Michele King

From: Dhruv Khanna [dhruvkhanna2002@yahoo.com]
Sent: Tuesday, August 23, 2016 2:34 PM
To: Board of Directors
Cc: Erin Gil; Jess Brown; Jan Garrod; Tim Chiala; Sherrie Kennedy; Pete Aiello
Subject: Open Space Credit and Ecosystem Benefits

Dear Honorable Directors of the Santa Clara Valley Water District:

I apologize that back-spasms keep me from attending this evening's meeting. However, I'm pleased to offer the following comments concerning the Open Space Credit provided to, and the mirroring Ecosystem Benefits provided by, South County farmers who pump groundwater using their own wells and related infrastructure. These Ecosystem Benefits include decreasing run-off, increasing water retention and percolation, bio-filtration, flood control and other identified public benefits of farming and agricultural land stewardship.

First, the Open Space Credit (about \$7.5M per year) is more than offset by the low-end calculation of the Ecosystem Benefits. See page 17 of "The Economic Contribution of Agriculture to the County of Santa Clara 2014" prepared by the economists of ERA Economics for the Santa Clara County Agricultural Commissioner's Office. The low-end calculation of \$610 per acre for 15,000 acres of irrigated farmland yields Ecosystem Benefits of \$9.15 Million. Even when the amount of the Open Space Credit goes to \$14M per year, this amount will be dwarfed by the Ecosystem Benefits if the high-end calculation of \$1,280 per acre is used to yield over \$19M per year in Ecosystem Benefits. See page 17 again.

Second, I am grateful that Staff met with us on Friday and educated us concerning the CIP (Capital Improvement Program) and assured us that CIP expenditures benefiting the north part of the County will be recovered from the water users who benefit from those expenditures. Staff has also agreed to provide us with a breakdown the CIP expenditures directed at benefiting South County farmers to correspond with the 4-6% per year rate increases we expect to see for our groundwater production charges.

Third, I'm delighted that Staff is receptive to increasing farmers' actions to replenish groundwater supplies. This will allow us to use our continued existence and enhance our existing efforts at recharging the aquifer in a way that directly relates to replenishing the aquifer under our farms and serving our wells.

The retention of our residual farming efforts is critically important to Santa Clara County because **we can supplement the SCVWD's own aquifer recharge efforts**. It is vital therefore that we continue to work together constructively as we have in the many years past.

I can personally attest that the number of visitors to our South County wineries is increasing and not falling off. We continue to muster every effort on the revenue side of our business as we reasonably can to offset ever-increasing costs -- particularly farm labor costs. I openly invite any one to come pick grapes at Kirigin Cellars over the next few weeks for not less than \$15 per hour because it is hard work, and sporadic -- not reliable -- work. The labor environment has made staying in business for farmers acutely difficult and we appreciate very much your assistance in keeping and continuing to keep our groundwater production charges affordable, and the Open Space Credit is a vital component of those efforts.

Thank you,

Dhruv Khanna for Kirigin Cellars