

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

RESOLUTION NO. 17-

**DETERMINING GROUNDWATER PRODUCTION CHARGES
FOR FISCAL YEAR 2017-2018**

WHEREAS, the Board of Directors of the Santa Clara Valley Water District (District) does find and declare as follows:

1. That pursuant to Section 26.5 of the Santa Clara Valley Water District Act ("District Act"), a written report detailing the District's activities in the protection and augmentation of the water supplies of the District, has been prepared including: a financial analysis of the District's water utility system, information as to the present and future water requirements of the District, the water supply available to the District, and future capital improvements and maintenance and operating requirements, a method of financing such requirements, a recommendation as to whether or not the groundwater production charge should continue to be levied in any zone or zones of the District during the ensuing fiscal year and, a proposal of a rate per acre-foot for agricultural water and a rate per acre-foot for all water other than agricultural water for Zones W2 and W5;
2. That on the 24th day of February 2017, said report was duly delivered to the Clerk of the District Board;
3. That the Clerk, pursuant to Section 26.6 of the District Act, gave due notice of the receipt of the report and of a public hearing to be held commencing on the 11th day of April 2017, at the Santa Clara Valley Water District at the address and at the time stated;
4. That on February 24, 2017, written notice was mailed to all owners and operators of water-producing facilities within the District's boundaries, advising of the proposed groundwater production charge rates to be levied, and of the opportunities to be heard concerning such charges, including the right to file a written protest objecting to any applicable proposed increase;
5. That pursuant to Section 26.6 of the District Act, on the 11th day of April 2017, at 1 p.m. in the Santa Clara Valley Water District Boardroom located at 5700 Almaden Expressway, San Jose, a public hearing upon said report was duly commenced and was continued for further hearing to the evening of April 13, 2017 (in Morgan Hill) and again to the evening of April 25, 2017 (in San Jose), whereupon the hearing was concluded, more than 45 days after notice of the hearing was given;
6. That during said public hearing, additional information and evidence was provided that was considered by the Board in making its decision on groundwater production charges, and the public and all persons subject to groundwater production charges were invited to speak or present written comments at each session of the hearing;
7. The record owners of water producing facilities were given the opportunity to file a written protest objecting to the proposed groundwater production charge increase;
8. That the charges established by this resolution are for the purpose of paying the cost of constructing, maintaining and operating facilities to import water into the District, paying

the cost of purchasing imported water, paying the cost of constructing, maintaining and operating facilities for groundwater recharge, surface distribution, and the purification and treatment of water, and paying the principal and interest of any bonded indebtedness or other financial obligations of the District incurred for those purposes;

9. That this Board considered all protests objecting to the proposed groundwater production charge increases for Zones W-2 and W-5, respectively, and after the close of the hearing determined that written protests were not received from more than 50 percent of the record owners of groundwater production facilities in either Zone W-2 or Zone W-5;
10. That this Board, based on the whole record before it, finds that the revenues derived from the groundwater production charges will not exceed the funds required to provide services to Zones W-2 and W-5, as authorized under the District Act, and that the amount levied does not and will not exceed the proportional cost of service; and
11. That CEQA does not apply to approval of these charges pursuant to the statutory exemption set forth in California Code of Regulations Title 14, Chapter 3, Section 15273 because, as identified in the District's annual report on the protection and augmentation of the water supplies of the District, the charges are expressly made for the purpose of:
 - a. Meeting operating expenses, including employee wage rates and fringe benefits,
 - b. Purchasing or leasing supplies, equipment or materials,
 - c. Meeting financial reserve needs, and
 - d. Obtaining funds for capital projects necessary to maintain service within existing service areas.

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

FIRST: District activities in the geographic area identified as Zone W-2 provide services to the users of water in said zone who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone; and District activities in the geographic area of the District identified as Zone W-5 provide services to users of water in said zone who rely directly or indirectly upon the groundwater supplies of such zone and water imported into such zone. Revenues derived from groundwater production charges shall be used only for such activities as authorized under the District Act.

SECOND: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2016-2017 groundwater production charges per acre-foot for agricultural water and water other than agricultural water should be extended and increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-2 of the District for fiscal year 2017-2018 (July 1, 2017–June 30, 2018) at the following rates:

Water Other Than Agricultural	Agricultural Water
\$1,175.00	\$25.09

THIRD: Based upon the findings and determinations from said hearing, the entire record presented to the Board and results of protests received, the Board hereby determines that fiscal year 2016-2017 groundwater production charges per acre-foot for agricultural water and water other than agricultural water should be extended and increased. Accordingly, such charges shall be, and are hereby set as follows on all persons operating groundwater-producing facilities in Zone W-5 of the District for fiscal year 2017-2018 (July 1, 2017–June 30, 2018) at the following amounts:

Water Other Than Agricultural	Agricultural Water
\$418.00	\$25.09

FOURTH: Notice of the setting of groundwater production charges in the identified amounts shall be given as provided in Section 26.8 of the District Act.

FIFTH: The groundwater production charges set forth in this resolution shall be in effect until subsequent action of this Board modifying them.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 9, 2017.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
JOHN L. VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

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