

Michele King

From: Melissa Stone on behalf of Clerk of the Board
Sent: Tuesday, January 22, 2019 8:45 AM
To: Michele King
Subject: FW: January 22, 2019 Agenda Item 5.1 State Water Project Tax Discussion

From: Katja Irvin [mailto:katja.irvin@sbcglobal.net]
Sent: Monday, January 21, 2019 8:48 PM
To: Board of Directors <board@valleywater.org>
Cc: Clerk of the Board <clerkoftheboard@valleywater.org>
Subject: January 22, 2019 Agenda Item 5.1 State Water Project Tax Discussion

Dear Chair LeZotte and Board Members,

The staff report for the State Water Project (SWP) Tax lacks the analysis needed for decision-making in several areas, as detailed below.

The analysis should show exactly who receives SWP water, who receives SFPUC water, and who receives Central Valley Project (CVP) water. What about residents in cities other than Palo Alto who receive SFPUC water? What about areas that receive water from the CVP? How much SWP water is used for groundwater augmentation vs. how much CVP water is used for this purpose?

The analysis should include non-residential property and describe any exemptions. How are commercial/industrial properties taxed? What is the *range* of taxes paid by businesses, not just the average paid? That information should also be included for residential properties. What properties are exempt from taxation?

The analysis of pros and cons should be more substantial. There are certainly many more pros and cons than the handful identified so far by staff.

Possible additional cons to using the SWP to pay for 100% of costs:

- The user pays principle. In general, water users should pay for the full cost of the water they receive. This way costs are not hidden on their property tax bill. And if they have to pay a little more for water they are more likely to conserve.
- The possibility of legal challenges by those who don't use SWP water.

There should also be more analysis of the other SWP agencies to understand better how they compare to Santa Clara Valley Water District. Some possible criteria that could be helpful in this comparison are:

- Are they primarily a wholesale or retail water supplier?
- What percentage of their total water supply comes from the SWP?
- What percentage of their customers use SWP water?
- What is the yearly tax per parcel?
- Is there a difference for residential vs. commercial properties and are there exemptions?
- Have they had any issues with how they are collecting the SWP tax?
- Are they considering changing how they use the SWP tax?

The analysis should also use a more recent annual percentage increase forecast for M&I Groundwater charges rather than the April 2018 forecast numbers.

Please ask staff to return with additional analysis and more detailed proposals for reducing reliance on the SWP tax and increasing reliance on water rates to pay for SWP obligations.

Thank you for your consideration.

Sincerely,

Katja Irvin
San Jose Resident