



# Santa Clara Valley Water District

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**File No.:** 18-0293

**Agenda Date:** 5/8/2018  
**Item No.:** \*2.8.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Safe, Clean Water and Natural Flood Protection Special Tax Summary Report and Resolution Providing for Levy of the Special Tax Rates and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2018-2019.

### **RECOMMENDATION:**

- A. Accept the Fiscal Year 2018-19 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report; and
- B. Adopt the Resolution PROVIDING FOR LEVY OF THE SPECIAL TAX PURSUANT TO THE SAFE, CLEAN WATER AND NATURAL FLOOD PROTECTION MEASURE IN THE COMBINED FLOOD CONTROL ZONE OF THE SANTA CLARA VALLEY WATER DISTRICT AND AUTHORIZING A PROCEDURE FOR CORRECTING SPECIAL TAX AMOUNTS FOR FISCAL YEAR 2018-2019.

### **SUMMARY:**

Provisions of Resolution 12-62 (Providing for the continuation and levy of special tax to pay the cost of a Safe, Clean Water and Natural Flood Protection Program in the combined flood control zone of the Santa Clara Valley Water District subject, nevertheless, to specified limits and conditions) require the District's Chief Executive Officer to prepare a written report recommending rates for the Safe, Clean Water and Natural Flood Protection Special Tax, which was approved by voters on November 6, 2012. Rate limits as specified in the Safe, Clean Water ballot measure are indexed to the Fiscal Year (FY) 2017-18 rates plus the change in the Bay Area Consumer Price Index (CPI) or 3 percent, whichever is greater.

Based on projected costs of the Safe, Clean Water Program activities and reports released by the Bureau of Labor Statistics indicating that the change in CPI from February 2017 to February 2018 is 3.56 percent, staff recommends that the special tax rates for fiscal year 2018-19 be set at their maximum level which would reflect a 3.56 percent increase. Current projections show there will be a funding deficit at program-end that is primarily due to the increased capital costs of the program. Staff believes the recommendation is fiscally responsible when taking into account the uncertainty of receiving state funding, and the uncertainty associated with the future costs of proposed major capital projects.

The senior exemption provided for in the ballot measure will continue to allow low-income parcel

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owners over the age of 65 to be exempt from paying the special tax consistent with Resolution 12-62. Staff has continued to enhance its outreach program to better inform the senior population of the tax exemption program.

The contemplated activities and rates in the proposed FY 2018-19 budget are consistent with the activities and rates identified in the July 24, 2012 District report, "Safe, Clean Water and Natural Flood Protection," that explained the voter approved program in detail. Planned future expenditures as currently forecasted reasonably indicate that the revenue raised next year will be spent according to the 2012 District Report.

**FINANCIAL IMPACT:**

Levy of the Safe, Clean Water and Natural Flood Protection Special Tax at the recommended level for fiscal year 2018-19 will generate an estimated total of \$44 million in net revenue that will fund budgeted expenditures consistent with the Report. The District's proposed Budget for fiscal year 2018-19 reflects this projected revenue. If the special tax is not increased by 3.56 percent, then \$1.5 million less revenue would be generated for a total of \$42.5 million in fiscal year 2018-19. If the Board does not approve special tax rates for FY 2018-19, the District would not receive the funding necessary to accomplish voter approved outcomes.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

- Attachment 1: Staff Report
- Attachment 2: Resolution
- Attachment 3: Summary of Key Performance Indicators
- \*Supplemental Board Agenda Memo
- \*Supplemental Attachment 1: Resolution

**UNCLASSIFIED MANAGER:**

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