



Santa Clara Valley Water District

File No.: 22-0557

Agenda Date: 5/10/2022

Item No.: *2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Accept the Fiscal Year 2022-23 Safe, Clean Water and Natural Flood Protection Special Tax Summary Report, and Adopt a Resolution Providing for Levy of the Special Tax Rates and Authorizing a Procedure for Correcting Special Tax Amounts for Fiscal Year 2022-2023.

*PREVIOUSLY LISTED AS ITEM 2.8

RECOMMENDATION:

- A. Accept the Fiscal Year 2022-23 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 2022-2023.

SUMMARY:

Provisions of Resolution 20-64 (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 (Valley Water) subject, nevertheless, to specified limits and conditions) require Valley Water's Chief Executive Officer to prepare a written report recommending rates for the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) Special Tax, which was approved by voters on November 3, 2020. Rate limits as specified in the Safe, Clean Water ballot measure are indexed to the fiscal year (FY) 2021-22 rates plus the change in the Bay Area Consumer Price Index (CPI) or 2 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 2021 to February 2022 is 5.19 percent, staff recommends that the special tax rates for FY 2022-23 be set at their maximum level, which would reflect a 5.19 percent increase.

The senior exemption provided for in the ballot measure will continue to allow low-income parcel owners over the age of 65 to be exempt from paying the special tax consistent with Resolution 20-64. Staff has continued to enhance its outreach program to better inform the senior population of the tax

exemption program.

The contemplated activities in the proposed FY 2022-23 budget are consistent with the activities identified in the Valley Water report, "Safe, Clean Water and Natural Flood Protection, Community Preferred Program Report" (Report) that explained the voter approved program in detail and any Board approved project modifications to Key Performance Indicators (Attachment 3), per the Change Control Process identified in the Report. The rates identified in the Report reflect staff recommended increases of 5.19 percent, resulting in projected revenue of \$49.5 million in FY 2022-23. The Proposed FY 2022-23 budget reflects a 2.2 percent increase in rates with \$48.1 million in total revenue, or \$1.4 million lower than the staff recommendation. If the Board adopts the staff recommended rate increase, the final FY 2022-23 budget will be adjusted accordingly. Planned future expenditures as currently forecasted reasonably indicate that the revenue raised next year will be spent according to the Report.

ENVIRONMENTAL JUSTICE IMPACT:

The Safe, Clean Water and Natural Flood Protection Parcel Tax was approved by voters in November 2020. The tax rate is reviewed and set annually as part of the approved process, and directly impacts non-exempt parcel owners in Santa Clara County.

FINANCIAL IMPACT:

Levy of the Safe, Clean Water and Natural Flood Protection Special Tax at the recommended level for FY 2022-23 will generate an estimated total of \$49.5 million in net revenue that will fund budgeted expenditures consistent with the Report. If the Board does not approve special tax rates for FY 2022-23, Valley Water would not receive the funding necessary to accomplish voter approved outcomes.

CEQA:

The establishment of groundwater production charges and other water charges is not a project under CEQA Guidelines Section 15273(a) (CEQA does not apply to establishment or modification of charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; purchasing or leasing supplies, equipment and materials; meeting financial reserve needs/requirements; and obtaining funds for capital projects needed to maintain service within existing service areas).

ATTACHMENTS:

Attachment 1: Staff Report

Attachment 2: Resolution

Attachment 3: Summary of Key Performance Indicators

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