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Yes on U: San Lorenzo Valley needs lower fixed charges and higher charges for actual water use

by [Bruce Holloway](#)

Quick Take

Measure U gives San Lorenzo Valley Water District customers a chance to roll back high, fixed water charges by hundreds of dollars per family, writes Boulder Creek resident Bruce Holloway, and would push families to be more careful about water usage. He says the current system is unfair and is a regressive tax that hurts low water users.

[Measure U](#) is a needed fix for San Lorenzo Valley residents.

Here's why: The San Lorenzo Valley Water District changed its rate structure twice since 2021, adding new charges and increasing fixed charges nearly 100% – far more than inflation for these past few years. Fixed charges per household now are close to \$800 per year, up from \$400 in 2021.

That's like a parcel tax we never got to vote on.

Measure U gives us a choice to roll back fixed charges to around \$600, which is still 50% more than in 2021 and 9% more than at the start of this year. Shouldn't that be enough?

The high, fixed charges hit every household equally, no matter what their income or how many people live there, no matter what the property value is or even how much water they consume. Opponents of Measure U call that "fair," but we see it as a regressive tax that hurts low water users and low-income customers.

Meanwhile SLVWD reduced the price of water for most customers, which promotes consumption rather than conservation. A high price of water is the most effective tool in the conservation toolkit. The state water board is "[making conservation a California way of life,](#)" but our SLV water board has moved in the opposite direction.

Opponents claim tiered rates promote conservation. But only about 15% of customers wind up in the top tier, and even their price of \$17 per unit is subsidized by high, fixed charges on low water users, since the average water revenue for all units in the past two years was \$20.

Santa Cruz used the same rate consultant and adopted a rate plan with only 10% of revenue from fixed charges. Its water department was still able to finance a huge project to replace its Loch Lomond pipeline.

At every stage of the process, the SLV water board had other choices, yet opted to increase fixed charges targeting 50% of revenue.

The focus was on “revenue stability,” not affordability or conservation. The current rate structure was designed by and for people with ornamental gardens and swimming pools.

Opponents say Measure U will reduce revenue and drive SLVWD into “bankruptcy,” but the district already gave up revenue by reducing the price of water and at last report had \$15 million in cash. They say the district won’t be able to do capital projects, but it recently reported \$4 million of “unspent proceeds” from a loan taken out five years ago, and there’s more left over from another loan three years ago.

One fixed charge SLVWD imposed is called the CZU charge. Originally the district said those funds would be “restricted” to CZU fire recovery, but the district had already borrowed \$30 million to pay for that. Once the money began rolling in, it was used instead to rebuild reserves that had been depleted by fire recovery. So the CZU charge became general revenue and was never shown separately in audited financial statements.

Another is the so-called capital charge instituted in April. This amounts to about \$750,000 per year, only a fraction of annual debt service of over \$2 million per year. (Debt service means principal and interest payments on loans for capital investment.) It’s an even smaller fraction of ongoing capital investment needs of at least \$5 million per year. Since it is being swallowed up by existing expenses, this “capital” charge will likely not be separated out in audited financial statements either.



Bruce Holloway. Credit: Kevin Painchaud / Lookout Santa Cruz

These new charges aren’t shown separately in financial statements, so why should they be shown separately on our bills?

Measure U eliminates these two charges and restores the single basic charge we had for decades before recent restructurings. It limits annual increases to the same 2% as Prop 13 to help older residents feel secure in their homes.

If SLVWD simply went back to the price of water we had before, it could make the same revenue from water sales it's now getting from fixed charges.

Opponents say if we return to the old price of water, our school district will have to pay more. But our school district is already paying more and will benefit from lower fixed charges like most customers. SLVWD's new rate plan created an "industrial" category for schools, so they currently pay more for water usage than commercial and most residential customers. We hope SLVWD will end this practice the next time it adjusts the price of water.

A yes vote would push SLVWD toward lower fixed charges and higher charges for actual water usage, to promote affordability and conservation.

Bruce Holloway is a co-proponent of Measure U, along with Debra Loewen, and has been an SLVWD customer for more than 40 years.