

# Measure U Presentation

Prepared for Valley Women's Club Forum Oct 9, 2024

Bob Fultz and Bruce Holloway, presenters for Yes on U

Bruce Holloway and Debra Loewen, Measure Proponents

## Why Support Measure U?

- It is a fairer rate increase that aligns with the District's Mission Statement for equitable rates.
- The burden of the revenue increase will spread among all users and not just be concentrated primarily on low water users—it's a regressive tax.
- We will use the Proposition 218 process to rebalance rates in 90-120 days while construction activities are at a minimum, meaning no impediment to the District's activities, contrary to claims from the opponents
- The District has similar rate setting models created already for **meeting the same revenue goal**, meaning minimal effort to craft a new rate structure
- Restructured water rates will encourage conservation which is good for the environment
- It eases the financial burden on those who can least afford it
- It is a fairer voting process

## Introduction

- The opposition to Measure U is baffling with their focus on misinformation and attempts to instill fear. There should be no sides to equitable rates. This speaks more about them than Measure U.
- I'm here today to talk about facts—the truth—so that your reason can overcome their fear
- I'm going to show you how the current rates are not equitable, in opposition to the District's Mission Statement, and how Measure U will help restore equitable rates, which will also encourage conservation. This is both fair and environmentally sound.
- You're also going to hear why this change will not destroy the District, contrary to the opposition's irresponsible fear-mongering.
- It is not a complex adjustment. At most, it will take the District 90 – 120 days to respond after Measure U passes to restore the balance between fixed charges and variable charges that was present just last year.

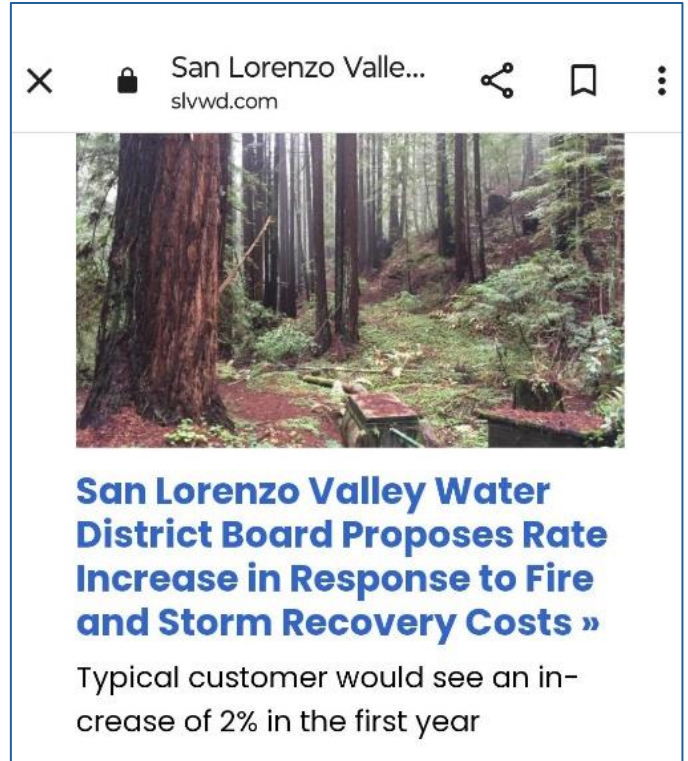
## A Little Background

SLVWD has the following characteristics:

- ~90% are residential accounts
- Relatively stable water production and usage in recent years, though about 33% below the level 10 years ago (*source: SLVWD 2023 annual report, page 59*)
- Conservation lifestyle for many in light of the droughts
- A robust watershed and though partially damaged by the CZU fire, on its way back
- With a couple of exceptions, SLVWD does not have any projects ready to go to construction before next spring
- We have the money for the projects ready for construction
- The other projects are in a design phase and that typically takes a few months (*Source: engineering report in the Board agenda packet, July 18, page 332*)

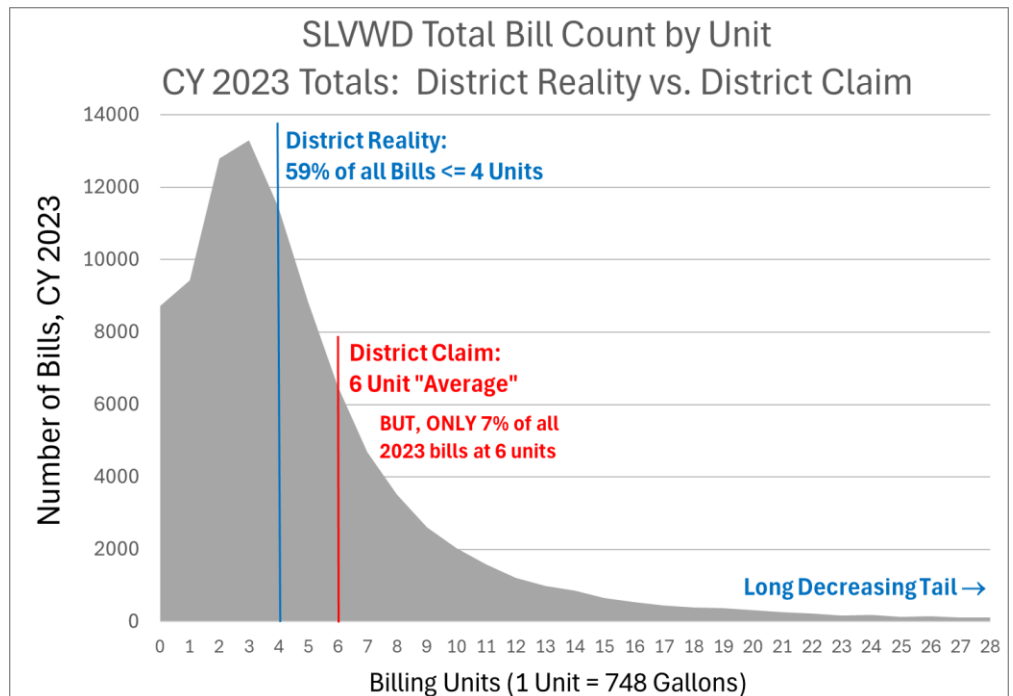
## Taking A Real Quantitative Approach to Evaluating Policy Changes

- When looking at policies impacting numbers, you have to run the numbers at a sufficient level of detail to see the big picture
- Especially as we are a monopoly—we owe it to our customers to go beyond the minimum level of effort on transparency to establish and maintain the trust of the community
- The numbers I’m going to present tonight were not presented to the Board or public during the rate increase process—shame on us.
- Unfortunately, what the District presented in the mailer and on its website promotion was a complete misrepresentation of impacts and misleading to our customers.

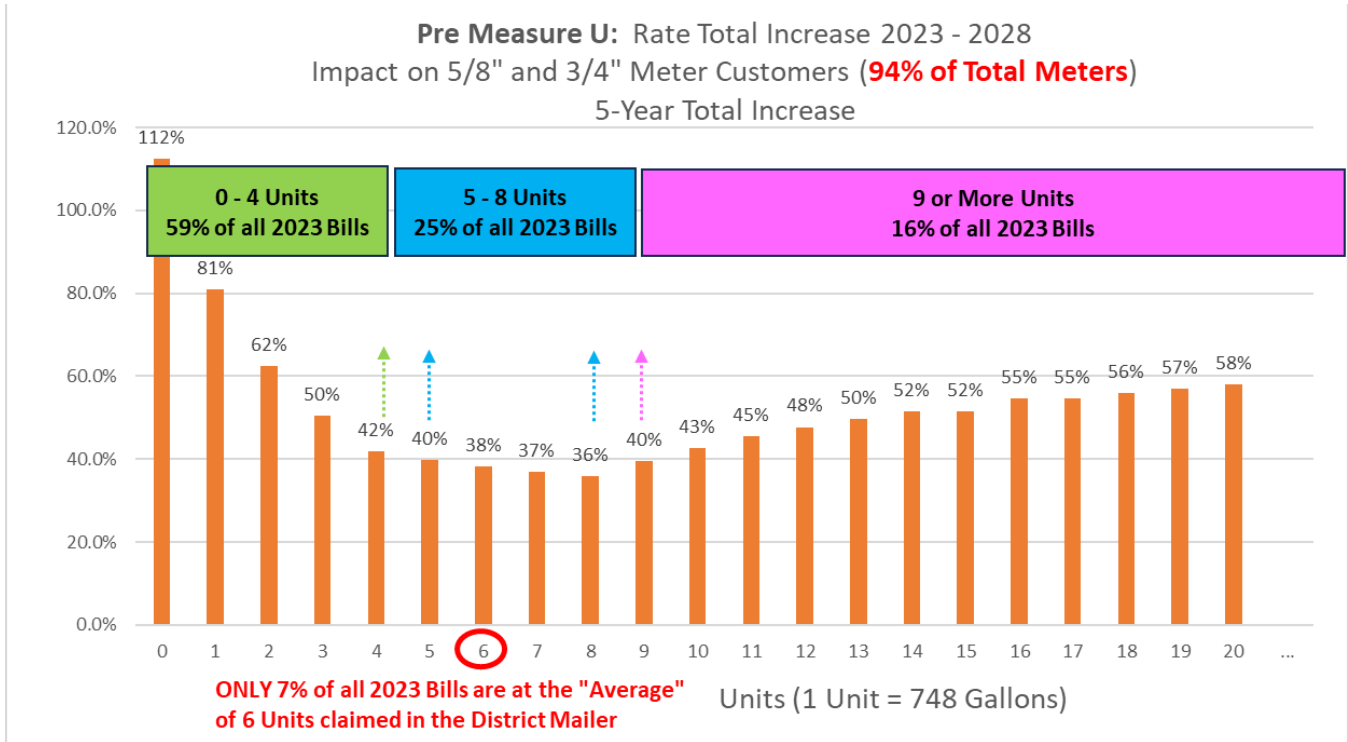


## Invoice Distribution

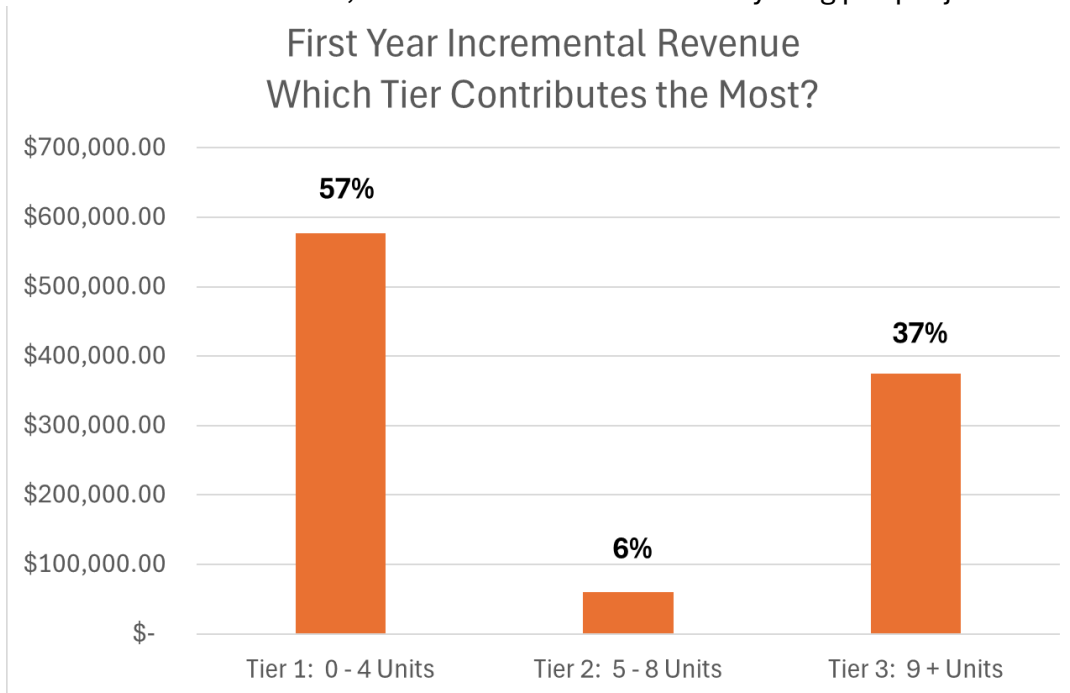
- It is critical to understand that almost 60% of the invoices sent out during 2023 were for 4 units or less.
- Real data analysis would not have used the average—which is skewed due to the long tail to the right—but the median which is just under 4 units.



Therefore, contrary to the District's mailer, this results in the people using least water getting a higher percentage increase



- It also results in those same people contributing the most in terms of incremental revenue over 5 years
- These results are massively unfair
- It punishes those who conserved, who are on fixed incomes or young people just starting out

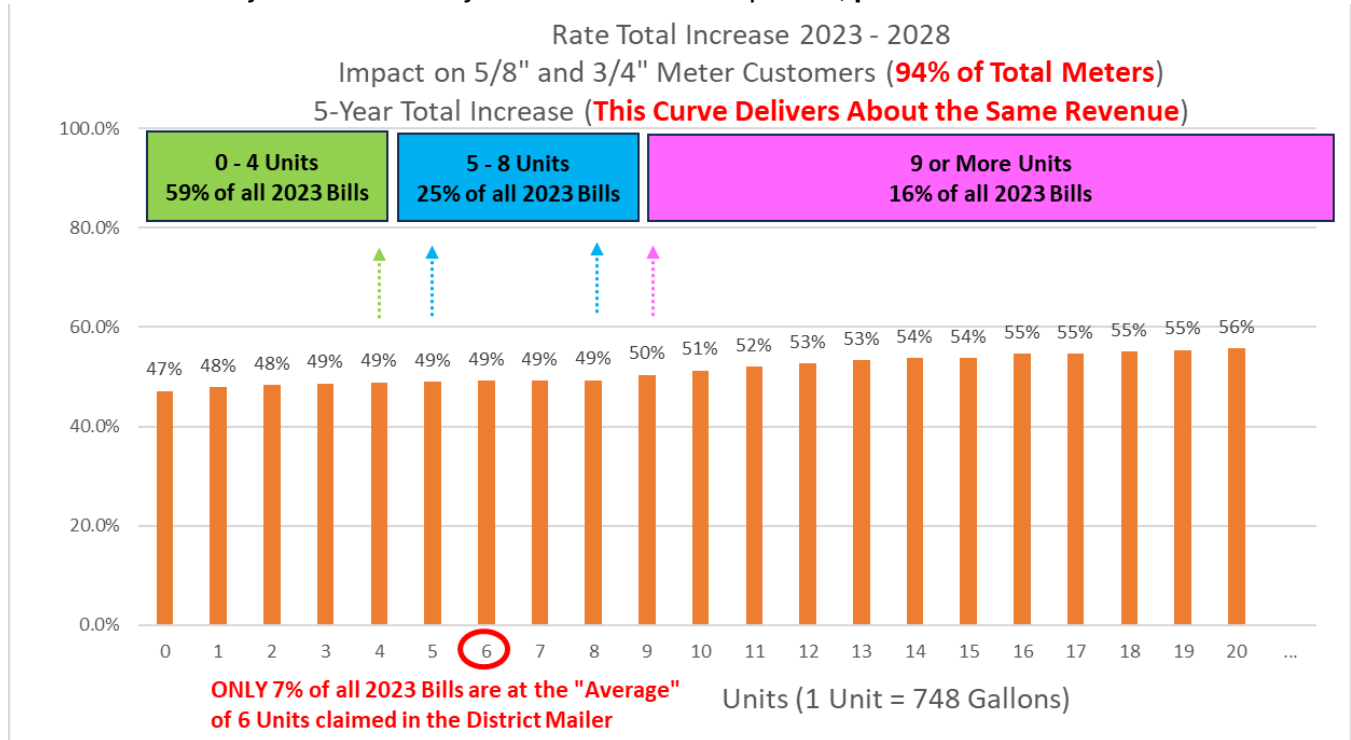


## Conclusion

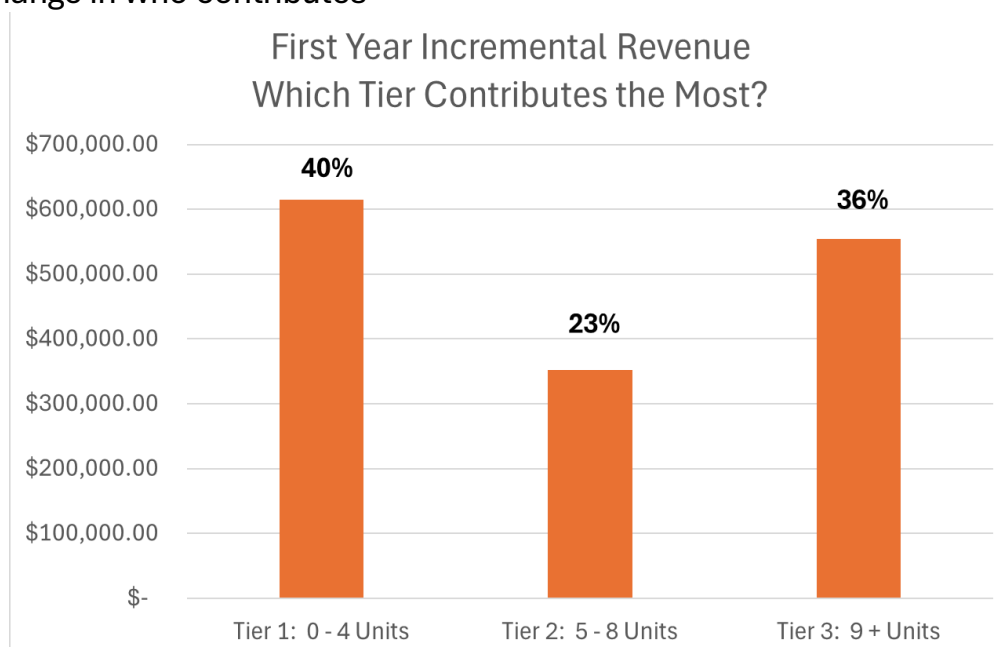
- This is what drove the grass-roots organization to invoke the initiative power of Proposition 218
- This process is in the Constitution of the state of California, passed by the voters in 1996
- And unlike the Proposition 218 protest period, with its slanted reverse voting scheme, this referendum is real democracy in action, just like all other votes we take at election time
- The District promoted a 2% increase in our water bills as typical and adequate when presenting their rates for our approval. Seven months later, they disapprove as inadequate the same 2% increase limit in fixed charges under Measure U.
- Of course we know the District needs money for infrastructure
- As everyone knows, that's my top priority—and I believe it is the top priority of our community
- Measure U passing will not damage our District's ability to either borrow money for projects or operate in a safe and reliable manner
- The Finance Director has already said that Measure U passing will not impact operations. There is plenty of money for that. *(ref: June 13 Special Meeting Item 5b Adopt Resolution.. Submitting to voters; Finance Director @ 2:18:10 talks about changing the rate structure and 2:18:15 recommend moving to a more volumetric rate)*
- In addition, I have already stated that, as a member of the Budget and Finance committee, I am ready to participate in an effort to engage in a Prop 218 process to shift the emphasis to charging for water
- A look at the our most recent finance report, July 19, shows beginning of displacement of revenue shifting from water sales to service charge, in contrast with last year.

## Here's an example of what we can create

- This more fairly allocates the rate increase pain across the various use levels
- I'm going to push for a tier for those in the 0-1 unit range to address the higher fixed charges
- Won't necessarily be the final but you can see the concept here; **post Measure U:**



With this change in who contributes



And, with the adjustment to create a tier for 0 and 1 units, the incremental contribution from the low use people will be further reduced and moved to higher use people.

## **Conclusion: the process**

- This would be a 90 – 120 day effort, ending in Feb or Mar, as follows:
- The District will engage the consultant to update the model, which should take a few days
- The result will determine the new fair rates for variable water charges
- Start a 45-day protest period for these new rates—historically no Prop 218 protests have passed and as long as the concepts presented here are followed there should be no protest.
- At the end of the 45 day protest period, pass the rates to be implemented the following month
- Remember I said earlier that most projects are in a design phase and won't be ready until spring? This 90 – 120 day process is completely compatible and does not affect that schedule.
- And then we go to the capital markets to borrow the money we need for infrastructure—when we need it for construction—rather than borrowing money months or years before we can spend it. It isn't smart to pay interest on money that is just sitting around.

## **Why is there opposition?**

### **Who would be against fair, equitable water rates?**

- The opposition has resorted to an old political ploy of fearmongering, saying that the world is going to come to an end if Measure U passes, shamelessly exploiting community trauma of past disasters rather than talk about how to fix our unfair rate structure.
- The opposition has made this a politically charged issue of power rather than yield to a power-sharing good faith commitment to the community and ratepayers about fair rates AND getting needed work done. This is not about less revenue; it is about balancing the revenue increase.
- One reason for the opposition's need to divert attention away from focusing on the controversial, unfair rate structure may be its ties to lead opponent Jim Mosher and candidate for Supervisor, Monica Martinez who both served on the District committee that decided to push this unfair rate increase on customers.
- They may be afraid that criticism and correction of this ill-advised rate increase will reflect badly on their own personal and political goals and special interests, putting those interests above what is fair and best for our community.
- Or they simply may be so focused on overall revenue that they feel justified abandoning any concept of fairness. It may not occur to authors that the large rate increase plus the unfair shift of the burden onto low water users is a double whammy to many of our community households who conserve for affordability.

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- Restructured water rates will encourage conservation which is good for the environment
- It eases the financial burden on those who can least afford it
- It is a fairer voting process