

## **Amid Cost-of-Living Crisis, Santa Clara Valley Water District Deceives the Public About Massive Rate Increases Needed to Finance Pacheco Dam**

Comments of Dr. Jeffrey Michael

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### **Santa Clara County's Cost-of-Living Crisis**

- Total monthly bills for Santa Clara County residents are the highest in the United States.<sup>i</sup>
- Overall cost of living in San Jose is estimated to be 215% above the U.S. average.<sup>ii</sup>
- A record 56% of Silicon Valley residents say they plan to leave in the next few years with 84% citing the cost of living as the main reason they plan to move.<sup>iii</sup>
- Tens of thousands of Santa Clara Valley households are delinquent on their water bills at current rates according to the State Water Resources Control Board and San Jose Water Company. The number of unpaid bills is sure to grow higher if Valley Water imposes rate increases for Pacheco dam.

Against this backdrop, lowering the cost of living should be the primary focus of every public official in Santa Clara County. Instead, Valley Water is considering committing billions of ratepayer dollars to a dam its own staff describes as the costliest and riskiest option in the district's master plan.<sup>iv</sup>

### **Valley Water's Rate Increase Projections for Pacheco Dam are Understated and Deceptive.<sup>v</sup>**

- Valley Water staff inaccurately assumes that less than half of the cost of building Pacheco dam would come from Valley Water rate increases by assuming unidentified partners cover 35% of costs with another 20% covered by a State Proposition 1 grant.
- Assuming this enormous unidentified partner share artificially reduces the estimated impact on Valley Water rates by nearly half.
- Staff assumes water sales will rebound to pre-pandemic levels, rather than continuing to decline. Santa Clara and California population declined in 2021, and future household growth is projected to be slow as per capita water use continues to decline. As a result, there will be fewer water sales to spread the costs of Pacheco dam than staff assumes, and rates will have to rise more than staff estimates.
- Debt service projections seem to assume WIFIA loan payment deferments so that the full impact of Pacheco cost increases are outside the illustrated 10-year projection.
- Interest rates are rising, even for WIFIA loans.

**In conclusion, Valley Water continues to mislead the public about the cost of Pacheco dam by making unrealistic financing assumptions and leaving off the years of the highest rate increases from its presentations.**

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<sup>i</sup> <https://www.doxo.com/insights/regional-bill-comparison/>

<sup>ii</sup> [https://www.bestplaces.net/cost\\_of\\_living/city/california/san\\_jose](https://www.bestplaces.net/cost_of_living/city/california/san_jose).

<sup>iii</sup> <https://jointventure.org/images/stories/pdf/sv-poll-2021-report.pdf>

<sup>iv</sup> SCVWD October 22, 2021 Special Meeting, Agenda item 4.

<sup>v</sup> SCVWD April 12, 2022 Meeting. Attachment 2