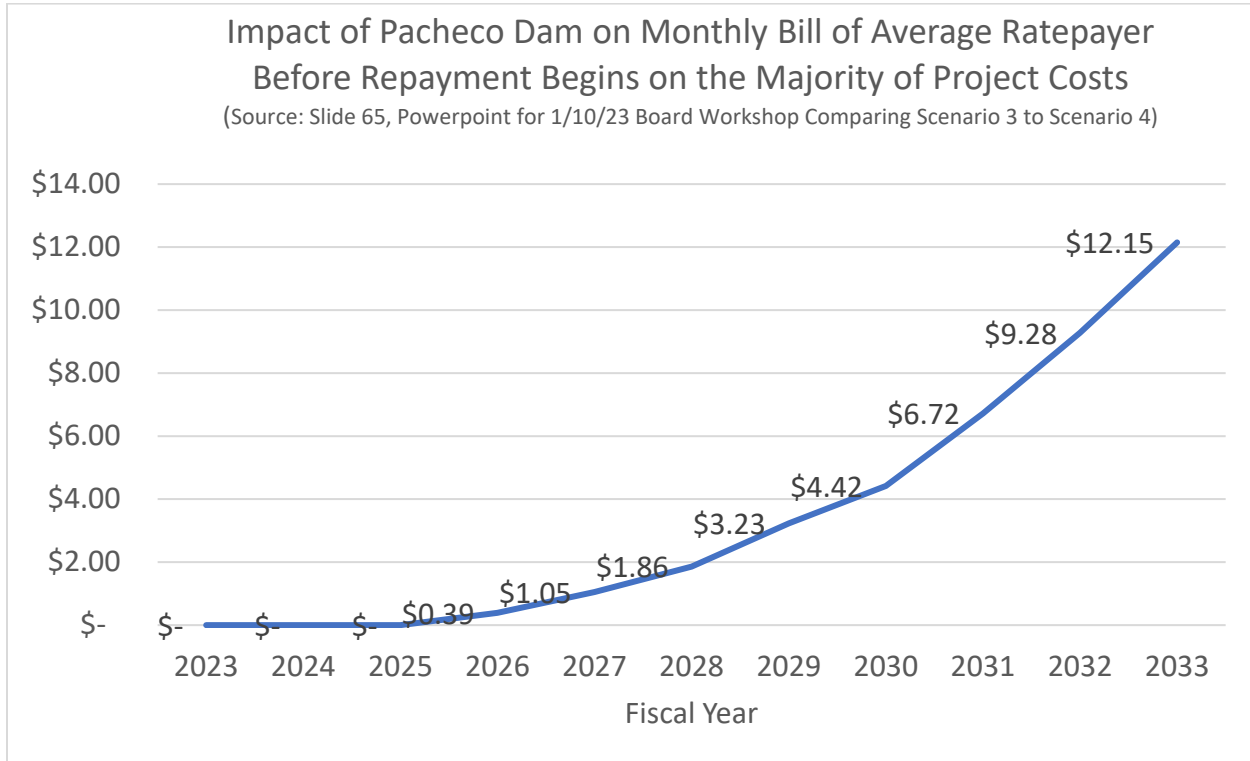


Valley Water CIP Understates and Obscures Ratepayer Impacts of Pacheco Dam

Dr. Jeffrey Michael

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Valley Water's Rate Increase Projections for Pacheco Dam in the CIP are Understated and Deceptive.ⁱ

- Valley Water staff projections show average monthly costs will increase by \$12.15 per month, \$145.80 annually by 2033, before dam construction is complete and WIFIA loan repayments start. The full impact will likely be 2-3 times higher once all project costs are being repaid.
- Truncating analysis to 2033 cuts off all of the impacts of repaying the WIFIA loans, which would finance the majority of Valley Water's Pacheco Dam costs.
 - WIFIA interest payments for Pacheco would not begin until 2033, and principal payments would not begin until 2052.
- Baseline scenario inaccurately assumes that less than half of the cost of building Pacheco dam will come from Valley Water rate increases by assuming unidentified partners to cover 35% of costs with another 20% covered by a State Proposition 1 grant.
- Cumulative rate increases obscured by only showing annual changes.
- The construction cost of the dam are about \$1,500 per capita within Valley Water's service area, before including the cost of capitalized interest and other financing costs.
- Without Pacheco Dam, Anderson Dam retrofits and other necessary CIP projects could spread ratepayer costs out more, mitigating rate increases projected over the next 10 years.

Sources: Board Agenda exhibits for December 10, 2022 and January 5, 2023 meetings.

Santa Clara County's Cost-of-Living Crisis

- Total monthly bills for Santa Clara County residents are the highest in the United States.ⁱⁱ
- Overall cost of living in San Jose is estimated to be 215% above the U.S. average.ⁱⁱⁱ
- 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.^{iv}
- 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 their master plan.^v

ⁱ SCVWD April 12, 2022 Meeting. Attachment 2

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

ⁱⁱⁱ https://www.bestplaces.net/cost_of_living/city/california/san_jose.

^{iv} <https://jointventure.org/images/stories/pdf/sv-poll-2021-report.pdf>

^v SCVWD October 22, 2021 Special Meeting, Agenda item 4.

Valley Water Staff Truncated Rate Analysis Hides Full Ratepayer Impacts of Pacheco Dam
Analysis Ends in 2033, twenty years before principal payments begin under proposed WIFIA financing.

