

# *Browns Valley Irrigation District*

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RE: Property Taxes and Water Rates

Dear BVID Water User:

BVID is proposing to raise your water rates over the next 3 years. This letter explains why, in these uncertain economic times, this increase is being proposed. With this letter, I hope to help you gain some insight as to why your water rates need to be increased.

## **Property Tax Assessment Ends Soon**

One of BVID's many sources of income is a portion of the property tax for each parcel within the District and is an assessment on the value of the land, not including improvements. This property tax assessment, which has been a part of your tax bill since the early 1960's, will come to an end in April 2013. The loss of this tax revenue will impact BVID's ability to provide water service to its landowners. BVID's share of the property tax is about \$200,000 per year and is used to offset District expenses. The \$200,000 in tax revenues represents about 10% of the District's annual budget, while the rate increase over the next three years will total 4.75% of the annual budget. As you can see, the proposed rate increases will not completely make up the loss of the tax revenues beginning in 2013. If this lost revenue is not replaced, BVID will have to consider some combination of cutting services and deferring maintenance and facilities improvements. Anticipating this upcoming loss of revenue is one of the primary reasons that BVID is proposing to begin increasing water rates now. A gradual increase in rates over several years will help to minimize the impacts on water users of potential service cuts or larger rate increases in future years.

## **No Extension of Tax Assessment**

The Board of Directors has looked at extending the current property tax assessment in order to avoid an increase in water rates, but with the changes in State law that have taken place over the years it is not possible to replace this tax with a new one on the same terms and conditions. As a result, asking water users, who actually benefit from the services provided by BVID, to pay increased water rates is the only way that the District can fill in the funding gap from the loss of the property tax assessment that will soon hit BVID.

I hope that this helps you to better understand why BVID needs to increase the water rates. Please feel free to contact me with any questions or concerns.

Sincerely,



Walter Cotter  
General Manager