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COUNTY OF MENDOCINO
BOARD OF SUPERVISORS
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Date: June 5, 2022

From: Mendocino County Supervisor Dan Gjerde

To: Mendocino County Board of Supervisors

RE: **Discussion of sales taxes for November 2022 and future elections and
Agenda Item 4D of the June 8, 2022 Board of Supervisors Meeting**

At our meetings on May 17 and on June 8, with just weeks remaining to finalize any ballot measures to be included in the November 2022 election in Mendocino County, the full Board of Supervisors has recently embarked on a public discussion of new ideas for voter-approved sales taxes. The discussions were initiated at the full board level after staff learned three supervisors were contemplating ways to spend money if voters were to approve new sales taxes. During the May 17 meeting, Supervisor Haschak and I expressed concerns with the idea of the Board adding new sales tax measures onto the November ballot. Among our reasons: supporters of our County libraries, who understand they are acting with support from County Supervisors, were already placing a separate sales tax through the initiative process onto the same ballot. (For more on this, please refer to the June 3 memo sent by the Citizen's Committee for the Library Initiative.)

Since the May 17 meeting, I have not seen any evidence that it would be wise for the Board to move ahead and place a competing sales tax on the same ballot. In fact, my research shows it would be a grave mistake. Please consider:

1. **It is too late.** Board members have not consulted with essential stakeholders, and now there is not enough time to back-track with these key stakeholders to reach consensus on the amount of a sales tax and the distribution of sales tax proceeds. Here is one example: my recent conversations with city council members in the Cities of Fort Bragg and Willits revealed that none of these ten elected representatives had been included in sales tax discussions, even though roughly one-third of county-wide sales taxes are collected within those two cities. A successful ballot measure would include key stakeholders such as these from the beginning of any discussions.
2. **It is the wrong moment.** Consumers are experiencing the highest inflation they have seen in four decades, and their economic future is uncertain. The nation's federal reserve banking system has pledged to raise interest rates and tighten money supply to the point that it brings inflation under control. But we will simply need to wait and see if the Fed will succeed at slowing inflation without causing a recession. Meanwhile, the public is understandably anxious. This is not a time to place multiple taxes on an election ballot.

3. **It is the wrong pathway to the ballot.** A tax should not be casually placed onto a ballot by three or more supervisors if the intent is to optimize the likelihood of voter approval. Supporters of our County libraries are taking the best pathway to the ballot. They are going to the ballot with demonstrated support from the public. They have written a citizen's ballot measure, and local voters are signing petitions to place the measure on the ballot. In doing so they have explained the purpose and value of the tax to a sizeable share of the local electorate, likely assuring the measure will win voter approval in the election.
4. **It is going to hurt the causes the taxes are intended to help.** A countywide water sales tax, for example, is going to bring intense scrutiny to the intended beneficiaries of the water tax. Voters throughout Mendocino County will question why they are being asked to pay a water tax, when the agricultural interests served by the Potter Valley Irrigation District pay virtually nothing for their irrigation water. For starters: The typical residents of the Cities of Ukiah, Fort Bragg and Willits pay between \$270 and \$321 for every \$1 paid by agricultural interests served by the Potter Valley Irrigation District for the same amount of water. (See details below.) Voters will rightfully question why Potter Valley's agricultural interests, and others, are failing to step up and pay to resolve their own water rights, when they have significant untapped capacity to help themselves.
5. **It is going to divide our communities.** To be clear, the Board of Supervisors politically and financially supports the efforts by the Potter Valley Irrigation District, the Inland Water and Power Commission and others who are attempting to retain reasonable water diversion rights from the Eel River to Potter Valley and Lake Mendocino. But support has its limits. Ultimately, the debate over a flawed and unwelcome water tax will trigger devastating political division within Mendocino County, while setting back the very cause the water tax was intended to help.

In conclusion, I hope the full board will see the wisdom of taking the time to work with stakeholders throughout Mendocino County when discussing ideas for a future sales tax, for a ballot sometime after November 2022. Engaging with residents in every corner of the County will result in a sound proposal, and the option for community members to directly place the matter onto the ballot. Not only will this inclusive process ensure the best proposal is placed onto a ballot, but the citizen-to-citizen engagement inherent in the petition process will also ensure the highest likelihood of success in a future election.

\$21.50 – Potter Valley Irrigation District – A Potter Valley Irrigation District customer pays \$21.50 for each one-acre feet of water. (PVIRD website)

\$6,599 – Ukiah – A typical Ukiah residential customer would pay \$6,599 in today's dollars for one-acre feet of water. (3/4" water meter monthly fee of \$45.66 + \$14.88 for 400 cubic feet of water purchased per month, taking nine years and one month to consume one-acre feet of water.) That's a customer price 307 times higher than the customer price at Potter Valley Irrigation District. (PVIRD & Ukiah websites)

\$5,800 – Fort Bragg – A typical Fort Bragg residential customer would pay \$5,800 in today's dollars for one-acre feet of water. (3/4" water meter monthly fee of \$38.61 + \$14.6 for 400 cubic feet of water purchased per month, taking nine years and one month to consume one-acre feet of water.) That's a customer price 270 times higher than the customer price at Potter Valley Irrigation District. (Fort Bragg & PVIRD websites)

\$6,894 – Willits – A typical Willits customer would pay \$6,894 in today's dollars for one-acre feet of water. (3/4" water meter monthly fee of \$38.13 + \$25.12 for 400 cubic feet of water purchased per month, taking nine years and one month to consume one-acre feet of water.) That's a customer price 321 times higher than the customer price at Potter Valley Irrigation District. (Willits & PVIRD websites)