COMMENT LETTER 108 - SONOMA COUNTY TAXPAYERS' ASSOCIATION, STEVE KLAUSNER (OCTOBER 6, 1996), RECEIVED OCTOBER 7, 1996

Response to Comment 108-1

Comment Summary: The comment states that the Sonoma County Taxpayers' Association is satisfied that there was significant public involvement in the identification, screening, and selection of project alternatives and alternative components analyzed in the Draft EIR/EIS.

The EIR/EIS authors acknowledge and agree with the comment.

Response to Comment 108-2

Comment Summary: The comment states that the analysis of five alternatives in the Draft EIR/EIS meets NEPA/CEQA requirements.

The EIR/EIS authors concur with this comment.

Response to Comment 108-3

Comment Summary: The comment asks what is the magnitude of the negative economic impact to communities served by the Project resulting from the significant increase in service charges and hookup fees. The comment also states that this needs to be explained in terms of millions of dollars and asks if the agricultural benefits may be entirely offset by the costs associated with the project.

Table 4.18-18 of the Draft EIR/EIS (page 4.18-50) identifies the economic costs, in thousands of dollars, for the Project alternatives. As noted in the table, the cost for Alternatives 2, 3, 4, and 5 reflect the decrease in expenditures due to offset the increased service charges. These costs range from less than $500,000 for Alternative 5B to over $44 million for Alternative 4. The capital costs of the Project will be paid for by the increases in service charges and hookup fees, and as stated in Section 4.18 of the Draft EIR/EIS (page 4.18-51) the economic costs and benefits do not accrue to the same groups. The benefits, which are mostly due to increased agricultural value, will accrue primarily to the users of reclaimed water, while the costs will impact rate payers of the Subregional System.

Response to Comment 108-4

Comment Summary: The comment asserts that the EIR/EIS does not provide sufficient information about the negative economic impact due to hookup and service fees. Specifically, the comment states that the impact should include the loss of economic growth, and the reduction of spending in the local economy due to the increased service charges. The comment also states that the loss in property values, while stated in dollars per square foot, is not converted in millions of dollars of loss to the property owners or the resulting loss of tax revenue.

The Draft EIR/EIS considered the impacts of the increased service charges on the area economy through the use of an input-output economic model. The model, as described in Section 4.18 of the Draft EIR/EIS (pages 4.18-28 through 4.18-30), projects the impacts on income and employment of the increased service charges. The model thus accounts for both loss of economic growth and reduction of spending. With respect to the loss in land values, the total loss in value will be equal to the total amount of hookup fees imposed. These hookup, or demand fees, will range from $244 million to $319 million over 20 years. The EIR/EIS authors do not believe that there will be any significant loss in tax revenues associated with the lower land values due to increased demand fees. The price or value of new development is established by the market, and land value is only one component. Thus, if the market will support a housing price of, for example, $250,000 in a certain location, the price or value of the property and therefore the property taxes, will be based upon the $250,000 market value, regardless of the proportion of the price or total property value which is accounted for by the land.

Response to Comment 108-5

Comment Summary: The comment asks what are the details of the economic benefits for the alternatives shown in Figure [sic] 4.18-18, and specifically what is the real job content of the new income versus landowner or other beneficiaries. The comment goes on to state that these benefits derive from new agricultural production and suggests that this will be driven by market forces and will not be guaranteed. The comment also indicates that the projected income divided by the direct jobs provides results of about $69,000 per job which seems high for an agricultural position. Finally, the comment indicates that the Draft EIR/EIS states that the economic benefits do not accrue to the ratepayers but to the agricultural land owners.

The methodology for the input/output model used in the economic analysis of the benefits of the alternatives is described in detail as to the specific inputs and outputs in Section 4.18 of the Draft EIR/EIS (page 4.18-28 and 4.18-29). As stated in the comment, the Draft EIR/EIS indicates that the income will accrue to the landowners, while the costs will accrue to the ratepayers. The projected income given in Table 4.18-18 on page 4.18-49 is for all income, direct and indirect, generated by the Project, and not just for the new direct employment created, and therefore it is incorrect to equate the number of new direct jobs with total projected income. As stated in Section 4.18 (page 4.18-29), the jobs

created are in construction and other sectors of the economy and not in agriculture. These jobs are created by Project expenditure, and not by the increase in agricultural production.

Response to Comment 108-6

Comment Summary: The comment asks what is the cost of providing reclaimed water per acre-foot, indicating that measuring water and its cost by acre-foot is a common practice. The comment cites examples of costs of $90 per acre foot to provide water for agricultural irrigation in part of the Central Valley Water Project; charges of $250 to $350 per acre foot by the Sonoma County Water Agency to provide drinking water; and $75 per acre foot as the average cost of pumping from wells for agricultural irrigation in Sonoma County.

Based upon the costs of pipelines, reservoirs and pumping stations over a 20-year period, (including capital and operational costs), the cost range per acre-foot of providing reclaimed water for the South County alternatives is between $1,600 and $1,800 per acre-foot. For the West County alternatives, the cost range is between $1,100 and $1,300 per acre-foot. However, it should be noted that the examples cited in the comment are significantly different than the proposed Project. The purpose of the Project is to dispose of reclaimed water, and even for Alternatives 2 and 3 which emphasize agricultural irrigation, use of reclaimed water for irrigation is only a part of the Project. Project facilities are designed for other purposes, including transmission of reclaimed water from the storage facilities to discharge points at times of high river flow, rather than to just provide for the amount to be used for irrigation. For this reason a comparison with the examples cited in the comment is not directly relevant to the Project.

Response to Comment 108-7

Comment Summary: This comment inquires about the lower protein content in local oat hay versus alfalfa and how a potential protein deficiency (for milk cows) would be made up, should more oat hay be grown with reclaimed water and less alfalfa imported.

Oat hay typically has a protein content of 4 or 5 percent, depending on quality, while alfalfa hay can run 10 to 12 percent or higher. Oat silage typically has a protein content of only 1 or 2 percent.

In addition to growing oat hay using reclaimed water, some dairies may choose to plant permanent improved pasture, or grow field corn or sudan grass, for fresh green chop, or to be used as silage. Most of these replacements to imported alfalfa have lower protein contents than alfalfa, and dairies will need to import some supplemental protein source, such as the fish meal or krill mentioned in the comment, to provide the necessary nutrition for lactating animals.

Even at the 1% discharge alternative, the reclaimed water available will likely not irrigate enough local feed and forage crop land to totally replace the current amount of alfalfa imported from the Central Valley. Some importation of feed will still be needed,

depending on how much of the reclaimed water is used for feed crops versus other crops. The point of the economic analysis is that high imported feed costs account for a significant portion of dairies' total production costs, and costs can be reduced significantly with a reclaimed water irrigation Project used for forage or pasture production.