



September 6, 2017

RC
10/23/17

The Honorable Ricardo Cordova, Presiding Judge
Superior Court of California, County of Stanislaus
P.O. Box 3488
Modesto, CA 95353-3488

Re: Response to the Stanislaus County Civil Grand Jury Report
City of Oakdale Residents Property Tax Bill

Dear Honorable Ricardo Cordova:

This will serve as the Oakdale Irrigation District Board of Directors' (OID-BOD) written response to the Stanislaus County Civil Grand Jury's Report. Each finding and recommendation will be addressed on behalf of the Board of Directors of the Oakdale Irrigation District.

FINDINGS

- F1. The SCCGJ found no information was readily available to the City of Oakdale taxpayers explaining where the assessed 1% tax went and what if any services OID provided.

Response: The OID-BOD would agree with this finding and would like to add further information on that finding.

Statement: What the SCCGJ is pointing out is consistent with all the 13 agencies, inclusive of OID, who are receiving a portion of their operating revenues from taxes paid by Oakdale residents. These tax dollars go to these 13 agencies to fund their budgets. For an individual to know where their tax money goes at each of these 13 agencies a review of these agency budgets, generally available on-line is the best starting point.

A copy of the April 2017 General Manager's Monthly Report is attached hereto as Attachment "A." This Report outlines what services OID provides to the City and reminds everyone that "taxes" have no bearing on services received. That is not the purpose of the "tax". Taxes provide the funding for the availability of services of which you may or may not receive, such as the taxes paid to the County Fire Service or to the Community College District. You may never have a fire at your house or a child attend the local Community College, but you pay a tax for that available service.

F2. Oakdale City residents pay over \$1 million annually in property taxes to the OID.

Response: The OID-BOD agrees with this finding.

F3. The 1% tax that the Oakdale City residents pay is based on their TRA (Tax Rate Authority) and assessed value of their property.

Response: The OID-BOD agrees with this finding.

F4. OID and the City of Oakdale are aware of the possible disparities between property taxes paid and services provided to property owners. Both OID and City of Oakdale are engaged in a dialogue regarding this issue.

Response: The OID-BOD agrees partially with this finding. California law does not require that \$1 of taxes paid gets you a \$1 of services. That applies to "fees," not "taxes." "California State Law prescribes that all real estate owners pay property tax to support local public services such as school, law enforcement, fire protection and general government administration." By law, there can be no disparity between taxes paid and services received as you suggest.

OID acknowledges that there can be a better balancing of services rendered to ag-constituents that can be consistently applied to non-ag constituents. For instance, if OID offers a generic water conservation funding program to its ag-constituents, it should also offer a similar program geared to its non-ag constituents.

Statement: The OID and City of Oakdale continue to be involved in a dialogue regarding how to better balance the services offered to ag-constituents with the services offered to its non-ag constituents.

RECOMMENDATIONS

R1. The SCCGJ recommends that the SCAC office create a way to explain the 1% ad valorem tax that is on property owners tax bills, or add an insert to their property tax bill explaining what this tax covers.

Response by the OID-BOD: As stated earlier, under State Law these property taxes go to support local public services such as school, law enforcement, fire protection and general government administration.

R2. The SCCGJ recommends that SCAC office explore ways of providing a link on its website that is user friendly and explains the breakdown of this tax.

Response by the OID-BOD: The OID-BOD questions the statement of the SCCGJ with respect to, "...explains the breakdown of this tax."

- R3. The SCCGJ recommends that OID commence dialog with the City of Oakdale residents regarding services provided by OID in regards to this 1% tax.

Response by the OID-BOD: The dialog continues and is moving forward. The General Manager's April 2017 Monthly Report that was sent out to all constituents in OID does an excellent job detailing, answering and clarifying many of the concerns expressed by the SCCGJ.

- R4. The SCCGJ recommends that OID and the City of Oakdale continue to work collaboratively on their cooperative Action Plan and their Mutual Aid Agreement

Response by the OID-BOD: This recommendation continues to move forward.

Sincerely,

OAKDALE IRRIGATION DISTRICT



Steve Knell, P.E.
General Manager

SK;lfp

Enclosure

cc: Timothy Warnock, Foreperson, Stanislaus County Civil Grand Jury

ATTACHMENT "A"

ANSWERING THE CITY OF OAKDALE / OID TAX QUESTION: Prior to answering this question let's build a foundation on the purpose of taxes. From the County's webpage, "California State Law prescribes that all real estate owners pay property tax to support local public services such as schools, law enforcement, fire protection and general government administration." The amount of assessment is then voted on by the affected public; that again is the law-no tax can be assessed without a vote. So the perception that there are "hidden taxes" being assessed is baseless. The "Table" in this report identifies the 13 "local service" providers that receive taxes generated from within the city limits of Oakdale. This Table was provided by Todd Filgas, Property Tax Division Manager from the Stanislaus County Auditor Controller's office. It was provided back in April 2016 in answer to a similar public inquiry and is representative of the 2015/2016 tax year.

As one can see, OID is one of 13 local agencies that receives a percentage of City generated tax dollars. The percentage of tax dollars each service provider receives is shown in the right hand column. You may or may not receive all of these services. Again, under the law, that is not the purpose of a tax. There does not have to be a correlation between the taxes you pay to the actual service you personally receive. The taxes we pay are for the good of all Oakdale residents whether that resident actually receives a direct benefit from that agency. Think about it; if your house didn't catch fire last year you're not entitled to get a rebate from the fire district. If you got a mosquito bite in 2016, that doesn't mean the Abatement district has to give you money back in 2017. If you don't have any kids in school or you don't use the local Community College...same response. These services are there if and when you decide to use them.

Oakdale Irrigation District received 5.48% (Table) of those tax dollars generated within City limits during the 2015/2016 tax year. That totaled \$1.067 million. There are currently three principle services OID makes available to the City;

1. Stormwater drainage for portions of the City, mostly the area around the hospital and catch basins around 5th and C Streets. If not for OID providing a drainage outlet for the City's stormwater needs in those areas they could not have developed until the city bonded, built and assessed residents for the construction of a stormwater collection system.
2. Industrial waste water removal from City businesses under a State discharge permit. The City was discussing added fees to some large industrial dischargers to the City's waste water treatment plant. Trying to keep a business friendly environment for our City, OID worked with the dischargers and the State's Regional Water Quality Control Board to secure an industrial discharge permit into OID's canal, 24/7/365.
3. Water availability to 10,000 acre feet (and growing) of Stanislaus River water. OID operates and maintains a \$20 million dollar a year facility for the delivery and availability of water to all lands in its service area. That's why OID exists. The City of Oakdale occupies 3,500 acres of OID's 82,000 acre service area. Until and unless the City agrees to detach/de-annex from OID, OID has to forever keep enough water "available" to meet the land demand of that 3,500 acres. At 3 acre feet per acre, that's roughly 10,000 acre feet today. As the City grows the availability to water for the City also grows. The City of Oakdale will always have the availability to water as long as it is in the service area of OID. In today's world of water, that availability and security is now priceless.

Every acre or parcel in the OID service area pays \$27.81 dollars per acre (minimum charge of \$55.62) base rate charge. City lots pay this charge through their "property tax" as opposed to annual billing from OID. There's about 7,000 lots in town, most lots are less than two acres in size, thereby accounting for \$390,000 of the \$1.067 million in property taxes received by OID from the City. If after reading this you say, "I'm not getting my tax dollars' worth from OID, so if the City detached/de-annexed from OID, how much would I personally benefit?" Two options says the County;

Option 1: The City could detach or de-annex from OID, severing that relationship. The City could then build its own stormwater pipeline to the Stanislaus River for the hospital area and the "C" Street systems and collect and treat all industrial waste water at its water treatment plant, if capacity permitted, and give up any access to OID surface water to meet its future needs. If the City did all that they could get the \$1.067 million OID currently receives. Under this option though, there would be no change to City resident's annual tax bill. The City would simply provide the services currently being provided by OID except for the access to water, that availability would be gone.

Option 2: If the City detached or de-annexed from OID and the City decided not to invest any money in providing stormwater collection and drainage to the areas previously identified (let the streets flood) and told industrial dischargers in the City to provide their own wastewater disposal and treatment at their own cost, and abandoned any right to a future/alternative water supply from OID, the \$1.067 million OID currently receives would be put back into the general



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tax pool and be redistributed. With OID taken off the Table, its current 5.48% allocation would be reallocated to the other agencies on a pro-rata share. In the case of the City, its current 8.04% would increase to 8.51% of the total property taxes collected. Doing the math, the City would gain approximately \$90,800 from OID ceasing delivery of all current services. Again, this alternative would not result in a change to each resident's property tax bill but would increase the flow of money to the City by \$90,800. If the City were to send each resident a rebate check for their overall benefit (which is unlikely) it would amount to about \$12.97 after dividing it amongst the 7,000 lots in town.

At this point, rather than discuss the pros or cons of \$13 dollars a year I'd like to offer you an Option 3. Option 3 is to take a deep breath and relax. Both the City and OID have agreed to look at this very issue over the coming months. We will also be looking to develop Mutual Aid Agreements on common cross-over services to reduce operating costs for both agencies. Collectively working together we see reclamation projects that can generate positive cash flow to both our agencies and that indirectly will benefit you, but we need a little time. Frankly, working cooperatively on our futures is much better than working apart. Divided camps and entrenchments may be common elements in D.C. but it's not the Oakdale way. Give us, the City and OID, time to get this done and we will give you back answers. We think you'll like them. Thank you.

Property Tax Distribution to Oakdale Irrigation District from within City of Oakdale Boundaries

Tax Code	Description	Gross Total	ERAF Tax Shift	Net Total	Allocation Percentage
00010	COUNTY-GENERAL FUND	3,540,877.35	(1,944,659.04)	1,596,218.31	8.19%
00100	CO SUPT OF SCHOOLS	70,219.34	-	70,219.34	0.36%
00500	COUNTY FIRE SERVICE	100,447.14	(7,261.59)	93,185.55	0.48%
06324	CITY OF OAKDALE	2,276,817.15	(709,279.87)	1,567,537.28	8.04%
13450	OAKDALE FIRE	24,171.35	(6,471.39)	17,699.96	0.09%
15950	EASTSIDE MOSQUITO ABATEMENT	144,641.61	(13,561.61)	131,080.00	0.67%
16300	OAKDALE IRRIGATION DISTRICT	1,067,038.15	-	1,067,038.15	5.48%
19400	OAKDALE UNIFIED SCHOOL DISTRICT-GEN	7,381,275.46	-	7,381,275.46	37.88%
19700	YOSEMITE COMMUNITY COLLEGE DISTRICT-GEN	1,255,254.19	-	1,255,254.19	6.44%
19750	COUNTY SCHOOL SERVICE FUND	493,280.23	-	493,280.23	2.53%
19800	SCHOOLS-EQUALIZATION AID	301,419.71	-	301,419.71	1.55%
19850	SCHOOLS-TUITION	171,595.56	-	171,595.56	0.88%
30400	OAKDALE REDEVELOPMENT AGENCY	2,659,581.03	-	2,659,581.03	13.65%
	ERAF	-	2,681,233.50	2,681,233.50	13.76%
	Grand Total	19,486,618.26	-	19,486,618.26	100.00%