

Department of Public Works  
Special Districts Water and Sanitation Division

Written Responses to the Written Objections

County of San Bernardino  
County Service Area 70 S3 (Lytle Creek)  
Written Response to Proposition 218 Objection

### **Purpose of This Response**

This written response is provided pursuant to California Government Code section 53759.1, which requires the County to respond in writing to timely objections alleging that proposed water or sewer service charges fail to comply with Article XIII D of the California Constitution (Proposition 218). The County has reviewed the written objection form letters received timely, and the written objection dated April 14, 2026, together with the CSA 70 S3 Lytle Creek Sewer Rate Study (March 2026) and supporting financial materials.

### **Summary of the Objection**

The written objection asserts that:

1. The proposed rate increases appear excessive and may exceed the reasonable cost of service.
2. The County has not provided sufficient financial transparency to justify the increases.
3. Multi-year rate increases impose an unreasonable burden on residents, including those on fixed incomes.
4. The rate structure lacks proportionality between cost of service and charges imposed on parcels.
5. Additional review or independent validation of the Rate Study is required before adoption.

Each of these claims is addressed below.

### **Legal Standards Under Proposition 218**

Article XIII D, section 6 of the California Constitution requires that:

- Revenues derived from sewer service charges not exceed the funds required to provide the service.
- The amount imposed on any parcel shall not exceed the proportional cost of service attributable to that parcel.
- Charges be imposed only for a property-related sewer service, not for general governmental purposes.

Proposition 218 does not prohibit uniform or fixed charges where they are supported by a cost-of-service analysis and applied consistently within a customer class.

### **Response to Specific Grounds for Objection**

#### **A. Exceed the Cost of Service**

The objection asserts that the proposed rates “appear excessive.” The CSA 70 S3 Sewer Rate Study directly addresses this concern.

Key findings of the Rate Study include:

- The sewer system’s net revenue requirements are projected to increase from approximately \$702,000 in FY 2026/27 to \$943,000 by FY 2030/31 due to rising operating costs, capital rehabilitation needs, and inflation.
- Without rate adjustments, the sewer enterprise fund is projected to enter a structural deficit beginning in FY 2029/30, impairing the County’s ability to operate and maintain the system and fund required capital improvements.
- Proposed rate increases are designed solely to recover actual and projected costs of service, including operations, maintenance, and capital rehabilitation, while maintaining prudent reserve levels.

Accordingly, the County finds that the proposed sewer service charges do not exceed the cost of providing the service and comply with Article XIII D, section 6(b).

#### B. Transparency and Disclosure of Costs

Contrary to the assertion that adequate detail has not been provided, the Rate Study contains extensive documentation, including:

- Five-year financial projections of operating expenses and revenues;
- Itemized operating and maintenance expenses;
- Detailed capital improvement program (CIP) costs and funding sources;
- Reserve fund targets and projected balances; and
- Inflation and growth assumptions used in forecasting.

The Rate Study was prepared by NBS, an independent public-finance consulting firm, and follows industry-standard methodologies for sewer rate setting. The study has been made available for public review as part of the Proposition 218 noticing process. The County therefore concludes that the proposed rates are supported by sufficient transparency and financial documentation.

#### C. Financial Burden and Ability to Pay

The objection raises concerns regarding affordability and fixed-income customers. While the County recognizes these concerns, Proposition 218 requires that sewer rates be based on cost of service, not individual ability to pay.

Courts have consistently held that Article XIII D does not prohibit necessary rate increases that are cost-based, even where those increases impose financial hardship on some customers, provided the rates remain proportional and non-excessive.

The Rate Study reflects a phased, multi-year approach to rate adjustments to avoid more severe increases in later years and to maintain system solvency. This approach minimizes risk of sudden, substantially larger increases while ensuring continued service reliability.

#### D. Proportionality and Rate Structure

CSA 70 S3 has a single customer class, and individualized flow data by customer is not available. As documented in the Rate Study:

- All customers are charged based on Equivalent Dwelling Units (EDUs) using a 100% fixed rate structure.
- The fixed charge reflects the reality that system costs are largely capacity- and availability-driven, not variable by short-term usage.
- Total system costs are divided by the total number of EDUs, resulting in a uniform, non-discriminatory charge per dwelling unit.

This methodology satisfies Proposition 218's proportionality requirement because each parcel bears an equal share of system costs attributable to providing sewer service. Proposition 218 does not require volumetric rates where flow data is unavailable or where system costs are predominantly fixed.

#### E. Need for Additional Review or Validation

The Rate Study was prepared by an independent consultant using accepted engineering and financial practices and is supported by County-provided operational and financial data. Proposition 218 does not require an additional verification or audit beyond the preparation of a professionally supported cost-of-service study. The County finds no legal basis requiring further validation before adoption of the proposed rates.

**Conclusion**

Based on the review of the written objection and the CSA 70 S3 Lytle Creek Sewer Rate Study, the County concludes that:

- The proposed sewer service charges are cost-based, non-excessive, and proportionate.
- The rate structure complies with Article XIII D, section 6 of the California Constitution.
- The objection does not demonstrate noncompliance with Proposition 218.

This response is provided for purposes of Government Code section 53759.1 to address the specific grounds raised in the written objection. The County Board of Supervisors will consider this response, along with all other timely objections, as part of the public hearing process.