

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

June 9, 2026

FROM

NOEL CASTILLO, Director of Public Works – Special Districts

SUBJECT

Public Hearing, Proposition 218 Majority Protest Proceedings, and Introduction of Ordinance Setting Water and Sanitation Rates for Services for Board-Governed County Service Areas and Zones

RECOMMENDATION(S)

Acting as the governing body of the Board Governed County Service Areas and their Zones providing water and sanitation services:

1. Receive a report from the Department of Public Works – Special Districts regarding the Water and Sanitation Rate Study Report, proposed water and sanitation service charge adjustments, Proposition 218 majority protest proceedings and the written objection procedures conducted pursuant to Government Code sections 53759, 53759.1, and 53759.2.
2. Receive and file the following documents into the administrative record in connection with the proposed water and sanitation service charge adjustments:
 - a. Resolution No. 2026-36, adopted on April 7, 2026 (Item No. 43);
 - b. The Water and Sanitation Rate Study Report;
 - c. A representative sample of the Proposition 218 Notice of Public Hearing mailed to property owners of record and customers of record subject to the proposed charges;
 - d. The proof and certificate of mailing for the Proposition 218 Notice of Public Hearing;
 - e. The proof of publication of the Notice of Public Hearing;
 - f. Documentation showing that the written basis for the proposed water and sanitation rate adjustments was made available to the public, posted on the County’s website, and mailed upon request, if any requests were received;
 - g. All timely submitted written objections to the proposed charges;
 - h. The Department of Public Works – Special Districts’ written responses to all timely submitted written objections;
 - i. All written evidence, correspondence, and materials submitted to or transmitted from the County regarding the proposed charges before the close of the public hearing;
 - j. All written protests submitted before the close of the public hearing; and
 - k. Direct the Department of Public Works – Special Districts to verify the written protests received, determine the final written protest count, and provide the Board of Supervisors with the final tabulation of written protests, and include the written protests received and the Department’s final tabulation in the official administrative record.
3. Consider all timely submitted written objections and the Department of Public Works – Special Districts’ written responses, and determine, in the Board of Supervisors legislative discretion under Government Code section 53759.1, that:
 - a. The written objections and Department of Public Works – Special Districts’ responses do not warrant a reduction to the proposed charges;

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- b. The written objections and Department of Public Works – Special Districts’ responses do not require further review before proceeding;
 - c. Any clarifications or non-substantive revisions made in response to written objections are accepted and do not increase the proposed charges beyond the amounts described in the mailed notice; and
 - d. The Board of Supervisors will proceed with the Proposition 218 public hearing and majority protest determination.
4. Conduct a public hearing pursuant to Proposition 218 to consider proposed water and sanitation service charge adjustments for Fiscal Years 2026-27 through 2030-31 for the following districts:
- a. Sanitation Districts:
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 53 (Fawnskin)
 - iii. County Service Area 64 (Spring Valley Lake)
 - iv. County Service Area 70, Zone BL (Bloomington)
 - v. County Service Area 70, Zone GH (Glen Helen)
 - vi. County Service Area 82 (Searles Valley)
 - b. Water Districts:
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 64 (Spring Valley Lake)
 - iii. County Service Area 70, Zone F (Morongo Valley)
 - iv. County Service Area 70, Zone J (Oak Hills)
 - v. County Service Area 70, Zone W-3 (Hacienda)
 - vi. County Service Area 70, Zone W-4 (Pioneertown)
5. Determine whether a majority protest exists for the proposed water and sanitation service charge adjustments for each of the following districts:
- a. Sanitation Districts:
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 53 (Fawnskin)
 - iii. County Service Area 64 (Spring Valley Lake)
 - iv. County Service Area 70, Zone BL (Bloomington)
 - v. County Service Area 70, Zone GH (Glen Helen)
 - vi. County Service Area 82 (Searles Valley)
 - b. Water Districts:
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 64 (Spring Valley Lake)
 - iii. County Service Area 70, Zone F (Morongo Valley)
 - iv. County Service Area 70, Zone J (Oak Hills)
 - v. County Service Area 70, Zone W-3 (Hacienda)
 - vi. County Service Area 70, Zone W-4 (Pioneertown)
6. For each district where the Board of Supervisors determines that no majority protest exists, consider and introduce the proposed ordinance establishing water and sanitation user rates for Fiscal Years 2026-27 through 2030-31.
7. Make alterations, if necessary, to proposed ordinance.
8. Approve introduction of proposed ordinance:
- An ordinance of San Bernardino County, State of California, acting as the governing body of Board-Governed County Service Areas and their Zones relating to setting certain fees and charges for water and sanitation services.

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9. SCHEDULE ORDINANCE FOR FINAL ADOPTION ON TUESDAY, JUNE 23, 2026, on the Consent Calendar.

(Presenter: Noel Castillo, Director, 387-7906)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES
Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). If the proposed ordinance is ultimately adopted, revenues collected from the water and sanitation service charges will be used to fund the operation, maintenance, repair, replacement, capital planning, and regulatory compliance costs associated with the water and sanitation systems serving the applicable Board-governed County Service Areas and their Zones.

The estimated revenue from the proposed water and sanitation service charge adjustments is \$15,130,073 for Fiscal Year 2026-27, which is an overall increase of \$969,522, or 6.85%, from the \$14,160,551 estimated for Fiscal Year 2025-26.

The proposed adjustments are based on the Water and Sanitation Rate Study Report. The proposed sanitation rate adjustments range from 1.74% to 7.5%, and the proposed water rate adjustments range from 3.5% to 10%. The proposed water rate adjustments include a fixed meter charge and transition to a single usage-based rate. Overall water service charges will vary depending on individual customer water use. Adjustments ranging from 1.74% to 10% are also proposed in subsequent fiscal years from 2027-28 through 2030-31.

If the ordinance is introduced on June 9, 2026, and adopted on June 23, 2026, the revised rates would become effective on August 1, 2026.

BACKGROUND INFORMATION

The Department of Public Works – Special Districts (Department) operates, manages, and administers various Board-governed County Service Areas and their Zones that provide water and sanitation services within unincorporated areas of San Bernardino County.

These systems require ongoing funding to support routine operations and maintenance, infrastructure repair and replacement, regulatory compliance, and long-term capital planning. The last adjustment to water and sanitation service charges for the applicable County Service Areas and Zones occurred on May 23, 2023 (Item No. 110), when the Board of Supervisors (Board) adopted Ordinance No. SD 23-05, which authorized annual 3.5% increases for Fiscal Years 2023-24 through 2025-26. Since that time, the cost of providing water and sanitation services has increased due to inflation, labor and material cost increases, infrastructure needs, and evolving state and federal regulatory requirements.

Under Article XIII D, section 6 of the California Constitution, commonly known as Proposition 218, property-related water and sanitation service charges may not exceed the reasonable cost of providing the service, may not be used for purposes other than the purpose for which the charge is imposed, and may not exceed the proportional cost of service attributable to the parcel or customer. To evaluate the cost of providing water and sanitation services and support the proposed adjustments, the Department, in consultation with a qualified consultant, prepared the Water and Sanitation Rate Study Report in March 2026.

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The Water and Sanitation Rate Study Report evaluates projected operating expenses, maintenance needs, capital improvement needs, regulatory compliance costs, reserves, and other costs necessary to continue providing water and sanitation services. Based on that analysis, the Department recommends updated water and sanitation service charges for Fiscal Years 2026-27 through 2030-31.

On April 7, 2026 (Item No. 43), the Board adopted Resolution No. 2026-36, which initiated proceedings under Proposition 218 and Government Code sections 53759, 53759.1, and 53759.2 to consider proposed water and sanitation service charge adjustments. Resolution No. 2026-36 authorized the Department to mail a Proposition 218 Notice of Public Hearing to property owners of record and customers of record subject to the proposed charges, established written objection procedures under Government Code section 53759.1, directed staff to make the written basis for the proposed charges available to the public, and scheduled this public hearing for June 9, 2026.

On April 8, 2026, the Department mailed the Proposition 218 Notice of Public Hearing to property owners of record and customers of record subject to the proposed water and sanitation service charges. The notice described the proposed charges, the basis upon which the charges were calculated, the reason for the charges, the date, time, and location of the public hearing, the procedures for submitting written protests, and the separate procedures for submitting written objections under Government Code section 53759.1. The notice also included the required link to the County website where the written basis for the proposed charges was available for public review.

Proposition 218 requires the Board to conduct a public hearing not less than 45 days after mailing the notice. At the hearing, the Board must consider all written protests against the proposed charges. If written protests are submitted by a majority of the affected parcels, the Board may not impose the proposed charge for the affected County Service Area, Zone, service, or charge. Written protests may be submitted until the close of the public hearing. Consistent with Government Code section 53755, one written protest per parcel filed by an owner or tenant/customer of record is counted in determining whether a majority protest exists.

Government Code section 53759.1 creates a separate written objection process for property-related water and sewer fees and charges. Written objections are different from Proposition 218 written protests. A written protest is used to determine whether a majority protest exists. A written objection is used to identify specific grounds alleging noncompliance with Proposition 218 or the related rate-setting process and to provide the County an opportunity to respond before final Board action.

The mailed notice established a deadline for written objections. Because the originally contemplated deadline of May 25, 2026, fell on Memorial Day, the Department accepted written objections through the next business day, May 26, 2026, to avoid any ambiguity and ensure the public received the full objection period. Only one objection was received for CSA 70 W-3, Hacienda. The Department reviewed all timely submitted written objections and prepared written responses before the close of the public hearing. The written objections and Department responses are included with this item and presented to the Board for consideration as part of the administrative record.

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At this hearing, the Board will consider the written objections and the Department's written responses and determine, in its legislative discretion, whether the objections and responses warrant clarification, reduction, further review, or proceeding with the Proposition 218 majority protest hearing and ordinance introduction. The Department recommends that the Board find that the objections and responses do not warrant a reduction to the proposed charges or further review before proceeding. Any clarifications made in response to written objections are non-substantive, do not increase the proposed charges beyond the amounts described in the mailed notice, and are supported by the Water and Sanitation Rate Study Report and the administrative record.

The Department will receive and tabulate all written protests submitted before the close of the public hearing. After the public hearing is closed, the Department will certify or otherwise report the final protest tabulation to the Board. If the Board determines that a majority protest exists for any proposed charge, County Service Area, Zone, or service, the Board may not impose that protested charge. If the Board determines that no majority protest exists, the Board may proceed with the introduction of the proposed ordinance establishing the water and sanitation service charges for Fiscal Years 2026-27 through 2030-31.

The proposed ordinance will repeal Ordinance No. SD 23-05 and establish updated water and sanitation rates for services for the applicable Board-governed County Service Areas and their Zones. If introduced on June 9, 2026, the ordinance is expected to return for final adoption on June 23, 2026. If adopted on June 23, 2026, the rates would become effective on August 1, 2026.

The proposed action has been reviewed for compliance with the California Environmental Quality Act. The establishment, modification, structuring, restructuring, or approval of rates and charges by a public agency is not a project under Public Resources Code section 21065 and State California Environmental Quality Act Guidelines section 15378(b)(4). Even if the action were considered a project, it is exempt under Public Resources Code section 21080(b)(8) and State California Environmental Quality Act Guidelines section 15273 because the proposed charges are for the purpose of meeting operating expenses, purchasing supplies, equipment, or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain water and sanitation services within existing service areas.

Approval of this item will complete the Proposition 218 public hearing and majority protest process, complete the Government Code sections 53759.1 and 53759.2 written objection and administrative record process, and, if no majority protest exists, allow the Board to introduce the ordinance establishing updated water and sanitation service charges.

The following schedule summarizes the completed and proposed procedural steps pursuant to Government Code sections 53759.1 and 53759 and Proposition 218:

- April 7, 2026 – Board adopted Resolution No. 2026-36 initiating Proposition 218 and Government Code sections 53759, 53759.1, and 53759.2 proceedings.
- April 8, 2026 – Department mailed the Proposition 218 Notice of Public Hearing to property owners of record and customers of record subject to the proposed charges.
- May 26, 2026 – Deadline for written objections, with the deadline accepted through the next business day because May 25, 2026, was Memorial Day.

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- Before June 9, 2026 – Department reviewed timely written objections and prepared written responses.
- June 9, 2026 – Board conducts public hearing, considers written objections and responses, receives and tabulates written protests, determines whether a majority protest exists, and, if no majority protest exists, introduces the ordinance.
- June 23, 2026 – Proposed final adoption of ordinance.
- August 1, 2026 – Proposed effective date of revised water and sanitation service charges.

The following attachments are filed with the Clerk and enclosed as part of the administrative record:

1. Water and Sanitation Rate Study Report
2. Resolution No. 2026-36
3. Proposition 218 Notice of Public Hearing
4. Certificate/Proof of Mailing
5. Proof of Publication/Posting
6. Written Objection Log, Written Objections, and Department Responses
7. Written Protest Tabulation/Certification
8. CEQA - Notice of Exemption
9. Proposed Ordinance with proposed Water and Sanitation Rate Schedules

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Aaron Gest, Deputy County Counsel, 387-5455) on May 8, 2026; and County Finance and Administration (Matthew Dalton, Administrative Analyst, 387-5005) on May 22, 2026.

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Record of Action of the Board of Supervisors
Board Governed County Service Areas

Hearing Opened

Public Comment: Andrea Tober, Daryl Barron, Billine Flynn, Kathryn Arch, Bob Hartunian, Tim
Dobbs, Zale Harris

Hearing Closed

APPROVED

Moved: Curt Hagman Seconded: Joe Baca, Jr.

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: June 9, 2026



cc: File - Final BAI

JLL 06/10/2026