

## SEWER RATE STUDY – PROP 218 DEFICIENCIES

1. Missing Actual Cost of Service - No total cost of the sewer spill disclosed - No itemized breakdown of cleanup, repairs, or response - No separation of one-time vs ongoing costs
2. Missing Reserve Accounting - No clear accounting of how reserves were depleted - CIP reserve shown as negative with no explanation - No linkage to audited financials
3. Failure to Account for Public Funding Offsets - \$1.75 million approved by Board of Supervisors - Funded through taxpayer dollars (not reserves) - No explanation of how this offsets ratepayer costs
4. Missing Spill Volume Data - No verified spill volume in the report - Public reference ~3,900 gallons - No confirmation or correction provided
5. Missing Regulatory Costs - No disclosure of state fines or penalties - No compliance or enforcement costs listed
6. Use of Estimates Instead of Actual Data / Failure to Reconcile Public Funding - Uses \$500,000 placeholder instead of actual spill cost - Public record shows \$1.75 million taxpayer funding already used - No explanation of how taxpayer funds and ratepayer funds are separated - No clarity if costs are being double recovered
7. No Historical Accounting of CIP Funds - Years of CIP collection (~\$430K/year) - No explanation of prior spending - System still failing
8. Failure to Separate Cost Categories - No clear distinction between operations, capital, spill, and reserves
9. Lack of Transparency in Rate Justification - Rate increases cover multiple categories without clear allocation

IMPORTANT CONTEXT (NOT INCLUDED IN RATE STUDY) - Public record indicates root intrusion in sewer mains - Confirms system compromise prior to rate study completion

BOTTOM LINE Ratepayers are being asked to approve increases without full financial disclosure, clear cost allocation, or reconciliation of taxpayer-funded cleanup costs.