



RECEIVED

JAN 27 2025

CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

PROPOSITION 218 WRITTEN OBJECTION FORM

REQUIREMENTS:

- (1) EACH PART OF THIS FORM MUST BE FILLED OUT COMPLETELY.
- (2) TO EXHAUST ADMINISTRATIVE REMEDIES PURSUANT TO GOVERNMENT CODE SECTION 53759.1 ALL OBJECTIONS MUST BE TIMELY RECEIVED BY 5:00 P.M. ON MARCH 5, 2025. FAILURE TO TIMELY SUBMIT A WRITTEN OBJECTION USING THIS FORM WILL PROHIBIT YOU FROM BRINGING A JUDICIAL ACTION OR PROCEEDING ALLEGING NONCOMPLIANCE WITH ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION FOR THESE PROPOSED WATER AND WASTEWATER RATE CHANGES.
- (3) GENERALIZED OBJECTIONS ARE INSUFFICIENT. TO SATISFY THIS EXHAUSTION OF ADMINISTRATIVE REMEDIES REQUIREMENT, OBJECTING PARTIES MUST PRESENT THE EXACT ISSUE(S) THAT THEY INTEND TO PURSUE IN A JUDICIAL ACTION OR PROCEEDING.
- (4) LATE-FILED, NONCOMPLIANT, OR INCOMPLETE WRITTEN OBJECTIONS WILL NOT BE CONSIDERED AS SATISFYING THE EXHAUSTION OF ADMINISTRATIVE REMEDIES REQUIREMENT.

NAME OF PROPERTY OWNER OR CUSTOMER:

[REDACTED] TELESMANIC

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)

[REDACTED ADDRESS]

APN OF PROPERTY:

\_\_\_\_\_

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

I AM A RETIRED VETERAN WITH A  
FIXED INCOME. BARELY MAKING IT EVERY  
MONTH. NOW YOU WANT TO RAISE MY RATES?  
YOU MUST BE A TRUMP LOVER,  
\_\_\_\_\_  
\_\_\_\_\_  
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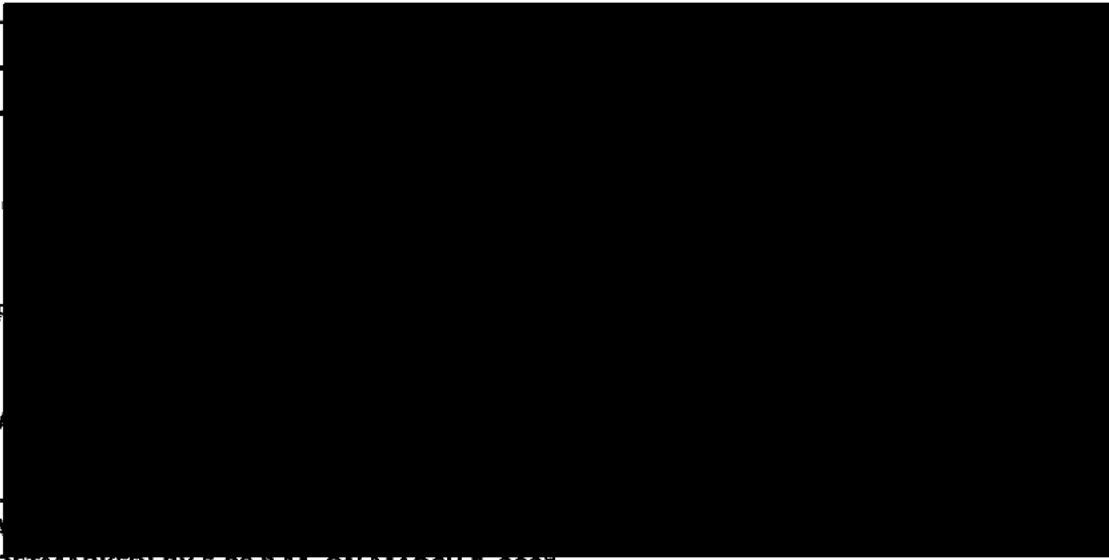
Faint, illegible text at the bottom of the page, possibly bleed-through from the reverse side.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

READ MY MESSAGE IN NUMBER ONE.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

READ MY MESSAGE IN NUMBER ONE.

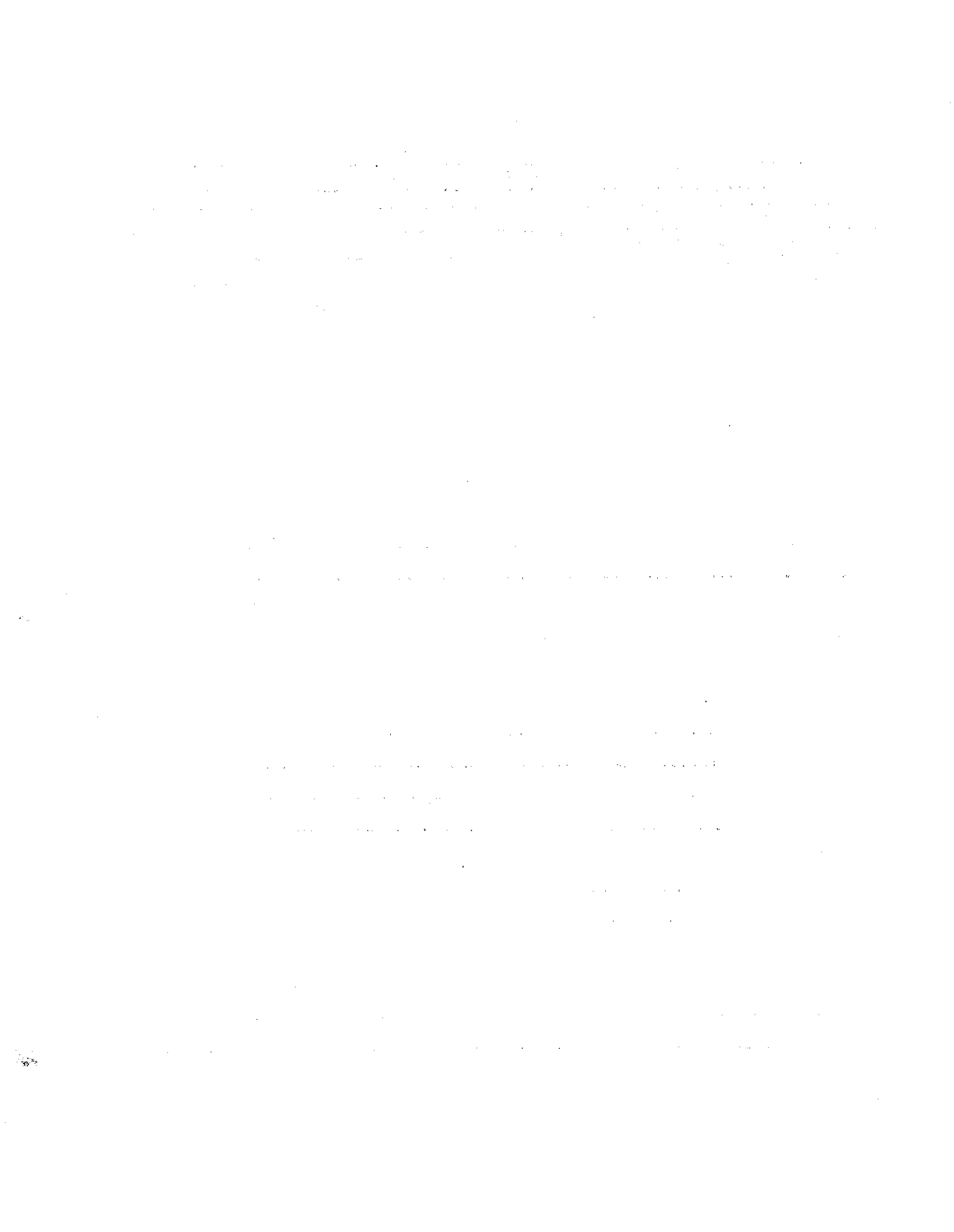


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SA

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POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

COMPLETED OBJECTION FORMS MAY ALSO BE HAND DELIVERED DURING BUSINESS HOURS AT: 100 SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404





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CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

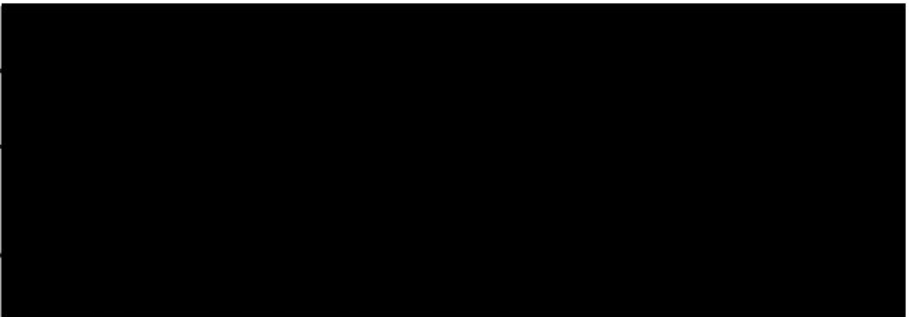
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N  Cox

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

As per Proposition 218 Code 53759.1 we intend to prove that there is adequate water supply that is not being utilized and has been cut off from public use aftermore, controlling or manipulating the water market. These allegations will include price gouging, intentional manipulation and state and Federal price fixing. False advertising and delivered

Information to customers are delivered in bad faith, against anti-trust laws.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

In reference to Santa Rosa properties in usage, United States anti-trust laws have been broken by misinformation, false advertising, mismanagement and excessive rate hikes. City sponsored studies conducted by past employees and favored companies help accelerate misconduct. This information is valid for all properties within Santa Rosa's water district including ours.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

The city of Santa Rosa water district must procure multiple non-related private consultants to determine proper management and accuracy of current water rate study reports. Currently information provided by 2024 rate study report and infrastructure determinations are incorrect and will not allow accurate proposed water rates.

SIGNATURE

PRINT NAME

DATE

PLEASE MAIL

SANTA ROSA

POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

A ROSA AVE, ROOM 10,

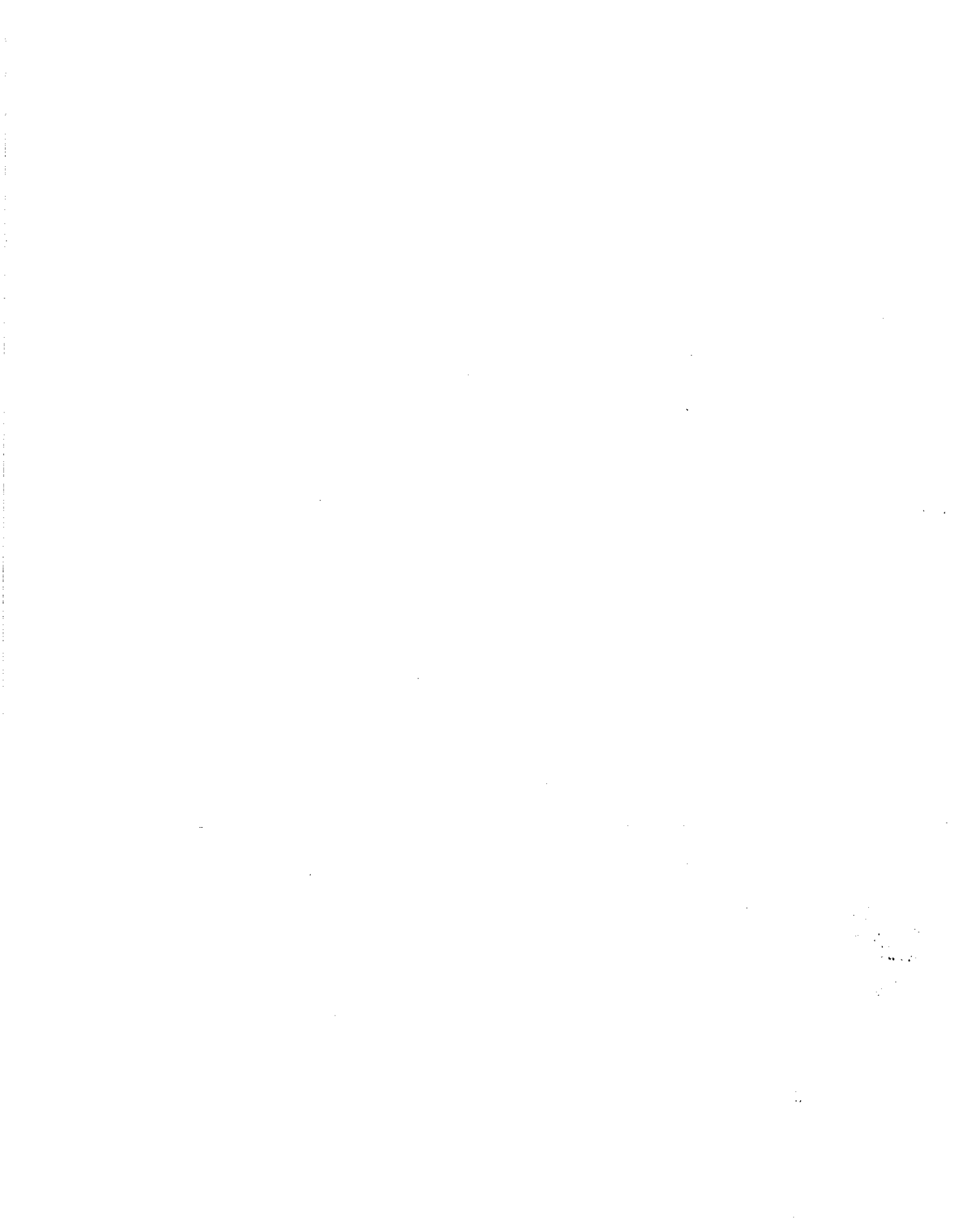
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COMPLETED OBJECTION FORMS MAY ALSO BE HAND DELIVERED DURING BUSINESS HOURS AT: 100 SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404

ADDITIONAL PAGES (OPTIONAL)  
(Please number your responses)

#3 Additional Page

Attempting to provide you with accurate proposed water rates is not possible on the current information.





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CITY OF SANTA ROSA  
CITY CLERK'S OFFICE



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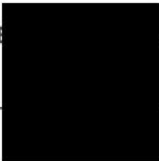
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CITY OF SANTA ROSA  
CITY MANAGER'S OFFICE

PROPOSITION 218 WRITTEN OBJECTION FORM

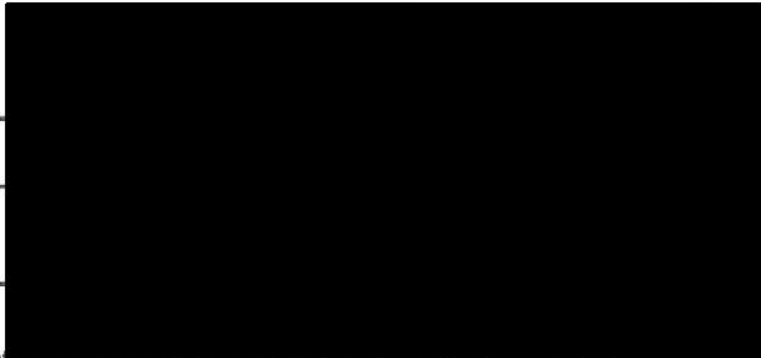
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NAME  OWNER OR CUSTOMER:

Hunter

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

Water and sewer services are a basic human right. The rates we pay in Santa Rosa are already too high, compared to other municipalities in California and other states. The Assembly Bill No. 685 Chapter 524, passed Sept. 25 2012 clearly states that "every human being has the right to safe, clean, affordable and accessible drinking water adequate for human consumption, cooking, and sanitary purposes."

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

The proposed rate increases, which cumulatively total approximately 33.36% more over the next 5 years violate the "affordability" terms of the Bill 685, chapter 524. We do not use an excessive amount of water by any means and yet already pay far too much for city water. It is not sustainable now and will put us in hardship later. We currently can see how much other districts pay and can provide many, many examples of other municipalities doing the same job for much less expenditure. We have no budget for drilling a well, plus permits pump, housing, wiring etc. Therefore our human rights are at risk.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

The City of Santa Rosa shall not raise water rates more than a maximum of 1% per year, or lesser amounts only as approved by Santa Rosa voters. Especially pertinent in this request is the city's use of the words "climate change", "aging infrastructure", "rising costs" and other highly subjective language in the FAQ on [srcity.org/Faq.aspx?QID=1055](http://srcity.org/Faq.aspx?QID=1055)

SIGNATURE \_\_\_\_\_  
PRINT NAME \_\_\_\_\_  
DATE \_\_\_\_\_



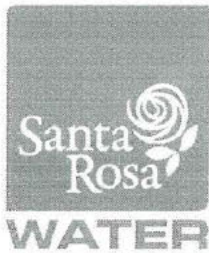
PLEASE MAIL TO: [REDACTED] WORK AT: 100 SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404. TO BE CONSIDERED TIMELY, WRITTEN OBJECTIONS MUST BE RECEIVED (NOT POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

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ADDITIONAL PAGES (OPTIONAL)  
(Please number your responses)

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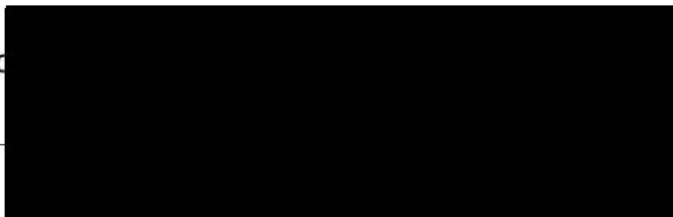
CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

PROPOSITION 218 WRITTEN OBJECTION FORM

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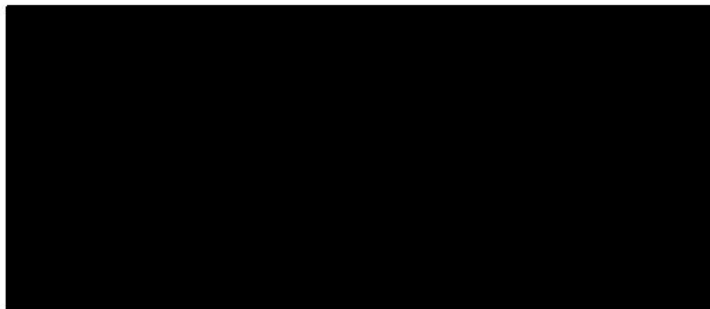
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NAME OF



Paula

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

We object to unreasonable water rate increase of 5% per year for the next 5 years 5% compounded on each previous year will approximate a 40% increase over 5 years. We do not have access to an alternative source of water, well permits will not be granted. I am in opposition to this rate proposal.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

*this will only be a violation of the law if the proposed rates are implemented if a majority of the written protests exists*

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

*Do not implement the proposed water rate increase - cut expenses*

SIGNATURE \_\_\_\_\_

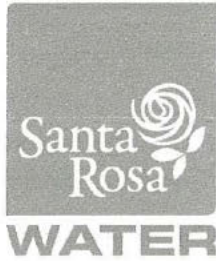
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N  
[Redacted]

Silva

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)

[Redacted]

APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

To whom it may concern, I formally object to the proposed water rate increase as it places an unnecessary burden on residents. Prop 218 (Article XIII D, Section 6) requires rates to reflect actual service costs, yet there's no clear justification for this increase. Additionally, Gov. Code 53756 mandates reasonable adjustments, but this unfairly low-income households. I urge the city to reconsider and explore cost-saving alternatives.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

La Casita Day school operates as a Spanish immersion preschool, serving young children and families in Santa Rosa. The proposed water rate increases violate prop 218 (Article XIII D, Section 6) by imposing higher costs without clear evidence they are necessary. As a preschool, our water usage is essential for sanitation, food preparation, and child care. These increases make it harder to keep tuition affordable and maintain quality services for families. Without transparent justification, they place an unfair financial burden on our school and community.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

The city of Santa Rosa can correct this issue by providing a detailed cost breakdown to justify the proposed increases and ensure compliance with prop 218 (Article XIII D, Section 6). Additionally, alternative funding options should be explored to prevent unfair financial strain on small businesses and schools. Implementing tiered rates based on actual usage or offering exemptions for essential community services, such as preschools, would help mitigate the impact.

SIGNATURE

PRINT NAME

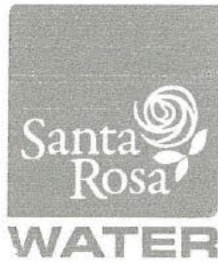
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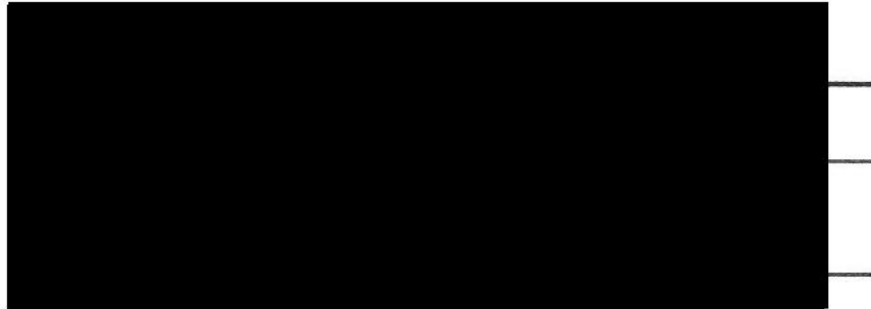
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**NAME OF PROPERTY OWNER OR CUSTOMER:**

 Silva

**OWNER OR CUSTOMER'S ADDRESS:**  
(Must be subject to proposed rates)



**APN OF PROPERTY:**

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

The proposed water increase violates prop 218 (Article XIII D Section 6), which requires rates to reflect actual service costs. There is no clear justification for this increase, placing unnecessary financial burden on households. Additionally, Gov. Code 53756 mandates reasonable rate adjustments, yet this increase disproportionately impacts residents already struggling with rising living costs.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

our household relies on water for essential daily needs, including drinking, cooking, cleaning, and sanitation. The proposed rate increases violate Prop 218 (Article XIII D, Section 6) because they impose higher costs without clear evidence that additional revenue is necessary or justified. These increases create an undue financial burden, especially for residents already managing high living expenses. Without a transparent breakdown of how these funds will be used, the rates hike appears excessive and unfair to householders like ours.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

The city can reduce the financial burden on residents by limiting the increase to a more reasonable rate, considering the already high cost of living. Adjustments should be made to ensure the rates remain proportionate to actual service costs as required by Prop 218 (Article XIII D, Section 6). Additionally, the city should explore alternative funding sources or tiered pricing that better reflects household water usage, preventing unnecessary strain on families.

SIGNATURE

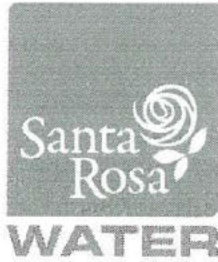
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NAME:  Paterson

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

\_\_\_\_\_

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

I object to the proposed rate increase.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

I object to the proposed rate increase

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

We object to the proposed rate increase

SIGNATURE

PRINT NAME

DATE

PLEASE PRINT NAME AND ADDRESS (ROOM 10, SANTA ROSA, CA 95404)

POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

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CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

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**FAILURE TO TIMELY**

**SUBMIT A WRITTEN OBJECTION USING THIS FORM WILL PROHIBIT YOU FROM BRINGING A JUDICIAL ACTION OR PROCEEDING ALLEGING NONCOMPLIANCE WITH ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION FOR THESE PROPOSED WATER AND WASTEWATER RATE CHANGES.**

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**NAME OF PROPERTY OWNER OR CUSTOMER:**

**[REDACTED] Fitch**

**OWNER OR CUSTOMER'S ADDRESS:**

**APN OF PROPERTY:**

**1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)**

**1. Legal Provisions Violated:**

The proposed water and wastewater rate increases violate California Constitution Article XIII D, Section 6 (Proposition 218), California Government Code Section 1090, and potentially constitute unfair business practices under California Business and Professions Code § 17200.

Specifically:

- **Article XIII D, Section 6(b)(3):** *"Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service."* The proposed rates are likely to generate revenue that exceeds the actual cost of providing service, as evidenced by excessive reserve levels, high debt coverage ratios, and the lack of an independent, unbiased rate study. *HdL Companies v. City of Hemet* clarifies that collecting revenues exceeding the cost of providing the service violates Proposition 218.
- **Article XIII D, Section 6(b)(4):** *"The amount of a fee or charge imposed upon any parcel or upon any person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel."* The "pass-through" provision, which allows automatic increases based on Sonoma Water's wholesale rates and bypasses further Council review or ratepayer approval, violates this proportionality requirement. Ratepayers are forced to absorb all wholesale increases, regardless of their justification or any relationship to the service provided to their property.

- **Article XIII D, Section 6(b)(5):** *"No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question."* The proposed rate structure, lacking a thorough and transparent consideration of usage-based alternatives, potentially violates this provision by not demonstrably linking the fee to actual use or availability.
- **Article XIII D, Section 6(a):** *"Procedures for noticing...any proposed new or increased property-related fee or charge...shall provide an opportunity for protest...The agency shall hold a public hearing...and...shall consider all protests..."* The pre-determined, five-year rate increase plan, coupled with the undisclosed conflict of interest described below, undermines the meaningful opportunity for protest required by this section.
- **Government Code Section 53759.1:** The five-year plan, without adequate annual review and opportunity for specific objection to *each year's* proposed increase, fails to exhaust administrative remedies properly.
- **Government Code Section 1090:** This code prohibits public officials from having a financial interest in contracts presented to their board. The use of Hildebrand Consulting—the same consultant employed by neighboring cities to justify their rate increases, which are then used to support Santa Rosa's increases—creates a potential conflict of interest and undermines the independence of the rate study. This relationship, and its impact on the rate study's objectivity, was *not adequately disclosed* to the City Council or the ratepayers. This lack of disclosure raises serious concerns about whether the City Council was fully informed when approving the rate study.
- **California Business and Professions Code § 17200:** The undisclosed conflict of interest and the resulting artificially inflated rates, driven by a consultant serving multiple municipalities in a self-referential cycle, could potentially constitute an "unfair, deceptive, or unlawful" business practice.



**2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above.**

As a resident and water/wastewater customer at [REDACTED]

[REDACTED] I am directly and adversely affected by the proposed rate increases. My water usage is typical for a family of four, and we have made conscious efforts to conserve water, including installing low-flow showerheads and limiting outdoor watering to two days per week. Despite these conservation efforts, I am facing a significant increase in my water bill. This represents a substantial financial burden, especially given the current economic climate and rising costs for other essential goods and services.

The proposed rate increases, particularly the pass-through provision and the lack of an independent rate study, violate the law and are fundamentally unfair, for the following reasons:

- **Disproportionate and Unjustified Cost (Article XIII D, Section 6(b)(4) & 6(b)(3)):**

The pass-through provision is particularly egregious. It ensures that any increase in Sonoma Water's wholesale rates, regardless of the cause or justification, will automatically be passed on to me without any opportunity for meaningful protest or review by the Santa Rosa City Council. I am effectively being forced to subsidize Sonoma Water's operations, which may include inefficiencies or costs unrelated to the service I receive. I am paying not only for the water I use, but also for potentially unjustified costs imposed by a third party, with absolutely no recourse or oversight. The pass-through provision will not allow me to see the contract details between Sonoma Water and Santa Rosa Water, adding to the lack of transparency. The lack of a truly independent rate study, free from the influence of a consultant (Hildebrand Consulting) simultaneously serving other cities whose rates are then used to justify our increases, further guarantees that I am paying more than the actual cost of providing the service to my property. This creates a self-serving cycle of rate increases that benefits the consultant and the utilities, at the expense of ratepayers like myself.

- **Excess Revenue (Art. XIII D, Sec. 6(b)(3) & *HdL Companies v. City of Hemet*):**  
The City's reported high reserve levels and debt coverage ratios, combined with the consultant-driven rate increases, strongly suggest that I am *already* paying more than is necessary for the reliable provision of water and wastewater services. The proposed increases will only exacerbate this over-collection, further violating the requirement that revenues not exceed the actual cost of providing the service, as clearly established in *HdL Companies v. City of Hemet*. I am being forced to contribute to excessive reserves, rather than paying a fair price for the service I receive. This is further evidenced by the Hildebrand report itself, which projects extremely high Debt Coverage Ratios and significant cash balances above target reserve levels for both the water and wastewater utilities.
- **Lack Meaningful Review and Undisclosed Conflict (Article XIII D, Section 6(a), Government Code 53759.1, & Government Code 1090):**  
The pre-determined, five-year rate plan, in conjunction with the undisclosed and significant conflict of interest stemming from Hildebrand Consulting's simultaneous work for multiple cities in the region (including those used as justification for Santa Rosa's increases), effectively denies me a meaningful opportunity to protest each annual increase. The City Council's approval of the rate study, without full and transparent disclosure of Hildebrand's interconnected relationships and the clear potential for a self-serving cycle of rate increases, is deeply concerning and potentially violates Government Code 1090. I was not provided with the information necessary to make an informed decision about these rate increases or to effectively exercise my right to protest, as guaranteed by Proposition 218.
- **Lack of Consideration of Alternative Rates (Article XIII D, Section 6(b)(5)):**  
The proposed rate increases do not appear to be directly tied to my actual water usage or the availability of service. A more equitable system, such as a budget-based rate structure, would better reflect the actual cost of providing service to my property. The failure to genuinely consider such alternatives further demonstrates a disregard for the principles of Proposition 218.

**3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)**

To address the identified violations of Proposition 218 (California Constitution Article XIII D), Government Code Section 1090, and potential violations of California Business and Professions Code § 17200, and to establish a legally compliant and equitable rate structure, the City of Santa Rosa must implement the following corrective actions. These actions are not mere suggestions, but rather essential steps to ensure that rates are based on the actual cost of service, are proportional to the burden placed on the system by each customer, and are established through a transparent and independent process.

**1. Immediate Rejection of the Current Hildebrand Rate Study and Proposed Increases:**

The City Council must reject the current rate study prepared by Hildebrand Consulting, LLC, and the associated five-year rate plan. This study is fundamentally flawed due to an undisclosed conflict of interest. Hildebrand Consulting serves multiple municipalities in the region, including those whose rates are cited during the January 7<sup>th</sup> presentation to the city council and used as justification for Santa Rosa's increases. This creates a self-perpetuating cycle of rate hikes, undermining the independent analysis required by Proposition 218. The failure to disclose this conflict to the City Council and ratepayers during the Prop 218 process is a serious breach of transparency and potentially violates Government Code 1090.

## 2. Commissioning of a Genuinely Independent and Comprehensive Rate Study:

The City must commission a new rate study from a qualified, independent consulting firm with *no* prior or existing relationships with Hildebrand Consulting, Sonoma Water, or any of the neighboring cities used as justification for the current proposed rate increases. This new study is *not* simply an update, but a complete, *de novo* review of the cost of providing water and wastewater service. This new study must, at a minimum, include the following elements:

- **Independent Cost-of-Service Analysis:**

The study must perform a rigorous, independent cost-of-service analysis (COSA) based *solely* on Santa Rosa Water's specific financial data, operational costs, infrastructure needs, and customer base. This analysis must adhere to the principles of Proposition 218, Section 6(b)(3) and 6(b)(4), ensuring that revenues do not exceed the cost of service and that rates are proportional to the cost attributable to each parcel. The methodology should follow industry best practices, such as those outlined in the American Water Works Association (AWWA) M1 Manual, but must be applied independently, without reference to rates set by other municipalities using the same consultant.

- **Transparent Functionalization of Costs:**

The study must clearly and transparently functionalize all costs, separating them into appropriate categories such as customer-related costs, capacity-related costs, collection costs (for wastewater), and treatment costs (for wastewater, further broken down by flow, BOD, TSS, and TKN). This functionalization, as demonstrated in Table 14 of the Hildebrand report, provides the foundation for allocating costs proportionally. However, the independent consultant must *verify* the accuracy and appropriateness of these allocations, rather than simply accepting them.

- **Justification of Reserve Levels:**

The study must rigorously justify the necessity and appropriateness of all reserve levels, including operating reserves, catastrophic reserves, and rate stabilization reserves. The high reserve levels reported by Santa Rosa Water, combined with the proposed rate increases, suggest potential over-collection, violating Prop 218, Section 6(b)(3), and the principles established in *HdL Companies v. City of Hemet*. The independent study must demonstrate that reserve levels are directly tied to specific, documented risks and operational needs, and are not excessive.

- **Thorough Evaluation of Alternative Rate Structures:**

The study must conduct a comprehensive and unbiased evaluation of alternative rate structures, including, but not limited to, budget-based rates and other usage-based models. This evaluation must go beyond a cursory dismissal and provide a detailed cost-benefit analysis, considering factors such as revenue stability, conservation incentives, affordability for low-volume users, and administrative feasibility. This is crucial for compliance with Prop 218, Section 6(b)(5), which requires a connection between the fee and the service used or immediately available. The current study's dismissal of alternative rate structures is insufficient.

- **Public Availability and Scrutiny:**

The complete, unredacted study, including all underlying data, methodologies, and assumptions, must be made readily available to the public well in advance of any proposed rate adjustments and public hearings. This transparency is fundamental to the Prop 218 process and allows for informed public participation and scrutiny.

### **3. Elimination of the Wholesale Water Pass-Through Provision:**

The automatic pass-through provision for wholesale water costs from Sonoma Water, as described in Section 2.2.7 of the Hildebrand report, must be eliminated. This provision violates Proposition 218, Section 6(b)(4), by allowing rate increases without proper notice, hearing, and opportunity for protest. It also removes any incentive for Santa Rosa Water to negotiate favorable wholesale rates, as any increase is automatically passed on to ratepayers. Any future adjustments to rates based on wholesale water costs must be presented as *separate* proposals, subject to the full Proposition 218 process. This ensures that ratepayers are not forced to bear a disproportionate burden and that the City Council retains its responsibility for overseeing rate adjustments.

### **4. Implementation of Annual Rate Reviews and Abandonment of the Five-Year Plan:**

The pre-determined five-year rate plan is incompatible with the principles of Prop 218 and Government Code 53759.1, which require a meaningful opportunity for annual protest. To ensure ongoing compliance and provide ratepayers with a meaningful opportunity to protest *each* proposed increase, the City must adopt a process of *annual* rate reviews. Each year, any proposed rate adjustment must be fully justified based on current financial data, operational needs, and the results of the independent rate study. This annual review must include the full Prop 218 notice and protest procedures, allowing ratepayers to challenge the proposed rates based on the most up-to-date information.

## 5. Addressing Excessive Reserves and Debt Coverage Ratios:

The Hildebrand report's *own projections* provide strong evidence that Santa Rosa Water's current reserve levels and debt coverage ratios are excessive, exceeding levels justified by reasonable operational needs and risks. This constitutes a likely violation of Proposition 218, Section 6(b)(3), and the principles established in *HdL Companies v. City of Hemet*.

Specifically:

- **Water Utility:** *Figure 5* of the Hildebrand report projects Debt Coverage Ratios (DCRs) ranging from 4.86 to 50.85 – vastly exceeding both the required 1.25 DCR and even the 1.50 DCR suggested for a "midrange financial profile." Schedule W-1 shows significant "Available Cash Above Target" in most projected years, even after accounting for target reserve levels.
- **Wastewater Utility:** *Figure 11* shows projected DCRs ranging from 4.44 to 8.25, also far exceeding typical requirements. Schedule WW-1 indicates substantial "Available Cash Above Target" in the initial years.
- **Undesignated fund balance:** The report shows the Water Utility having \$14.9 Million (*pg. 14*) and the Wastewater Utility having \$13.7 million in undesignated fund balance (*pg. 46*).
- **Turnback Rate:** The report's use of a 5% "turnback" rate, acknowledging historical underspending of the operating budget, further suggests that the revenue requirements are inflated.

The independent rate study *must* rigorously analyze these figures and determine appropriate reserve levels and DCR targets based on *demonstrable* risks and needs, *not* on a desire to pre-fund capital projects or accumulate excessive reserves. If the independent study confirms that reserves and DCRs are excessive, rates *must* be adjusted downward to reflect the actual cost of providing service, as required by law.

## 6. Investigation and Rectification of Potential Government Code 1090 Violations:

The City of Santa Rosa must conduct a thorough, transparent, and *public* investigation into the potential conflict of interest arising from Hildebrand Consulting's simultaneous representation of Santa Rosa Water and other municipalities whose rates are used to justify Santa Rosa's increases. This investigation must address the following critical questions:

- **Nature and Extent of the Conflict:** What are the specific contractual relationships between Hildebrand Consulting and Santa Rosa Water, and between Hildebrand Consulting and the other municipalities (e.g., Rohnert Park, Cotati, Healdsburg, Windsor) cited in the report and presentation to the city council? What services did Hildebrand provide to each entity, and during what time periods?
- **Disclosure to City Council:** Was the City Council fully and explicitly informed, *in writing*, about Hildebrand Consulting's simultaneous representation of these other municipalities *before* approving the contract with Hildebrand and *before* considering the proposed rate increases? If so, when and how was this disclosure made? If not, why not?
- **Disclosure to Ratepayers:** Was the potential conflict of interest disclosed to ratepayers in the Proposition 218 notice, or in any other public communication, prior to the protest hearing? If not, why not?
- **Financial Benefit to Hildebrand:** Did Hildebrand Consulting receive any financial benefit, direct or indirect, from the adoption of rate increases by Santa Rosa Water and/or the other municipalities it serves? This includes any increased fees, bonuses, or opportunities for future contracts.



- **Influence on Rate Study:** Did Hildebrand Consulting's relationships with other municipalities influence the methodology, assumptions, or recommendations of the Santa Rosa rate study in any way that resulted in higher rates than would have been justified by an independent analysis?
- **Legal Advice:** Did the city attorney review any of the contracts, and did they offer advice?

This investigation must be conducted by an entity *independent* of both Santa Rosa Water and Hildebrand Consulting, such as an outside law firm or auditor with expertise in government ethics and conflicts of interest. The findings of the investigation must be made public.

If the investigation reveals violations of Government Code 1090, or any other applicable laws or ethical standards, the City must take swift and appropriate corrective action, including but not limited to:

- **Voiding the Contract:** Declaring the contract with Hildebrand Consulting void, as permitted under Government Code 1090.
- **Seeking Restitution:** Recovering any funds paid to Hildebrand Consulting under the contract.
- **Disciplinary Action:** Taking appropriate disciplinary action against any City officials or employees who knowingly participated in or facilitated the conflict of interest.
- **Re-evaluating Rates:** Based upon independent findings, the rates will have to be re-evaluated

Failure to conduct a thorough and transparent investigation—and to take the necessary corrective actions if violations are confirmed—would further erode public trust and could expose the City to additional legal challenges.

Figure 5

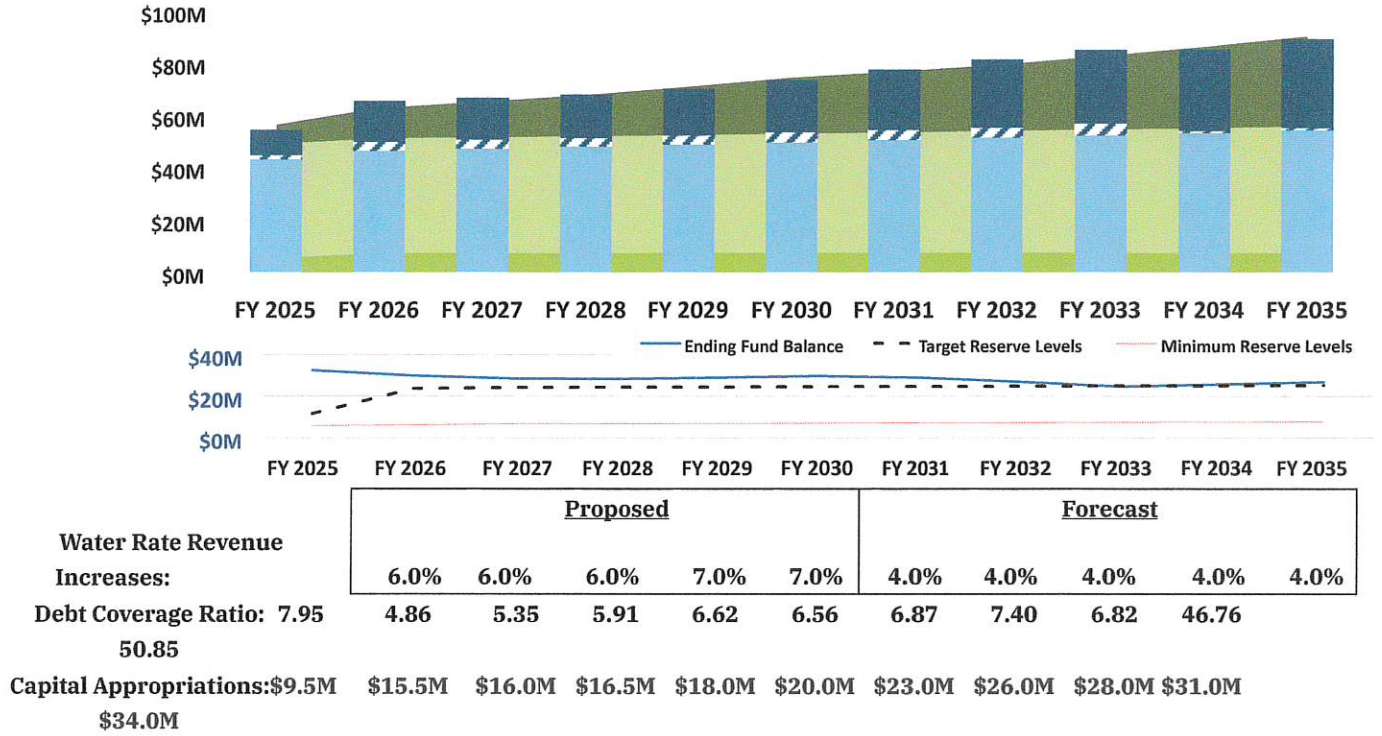


Figure 5: Water Utility Financial Projection with Recommended Rate Increases

Figure 11

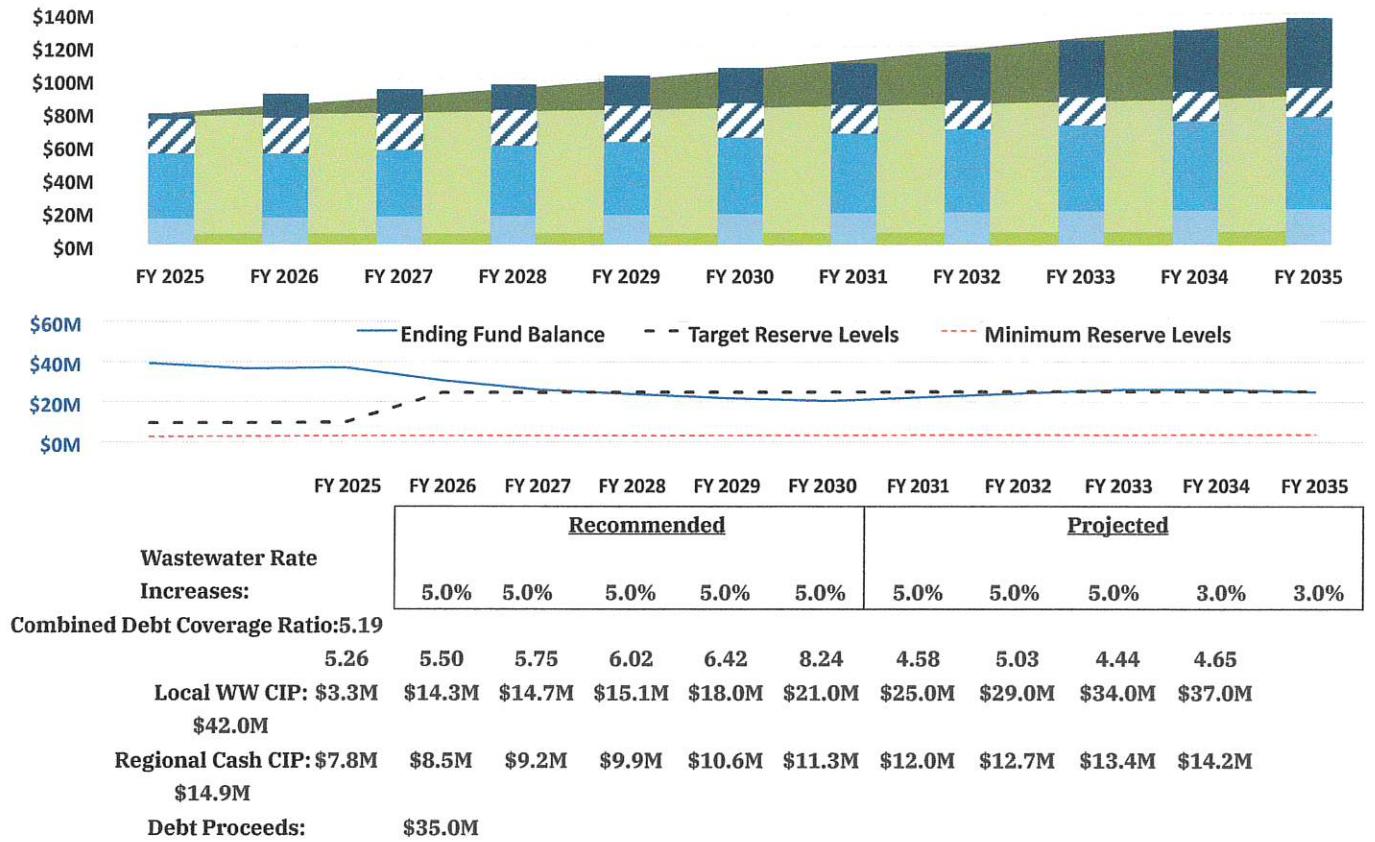
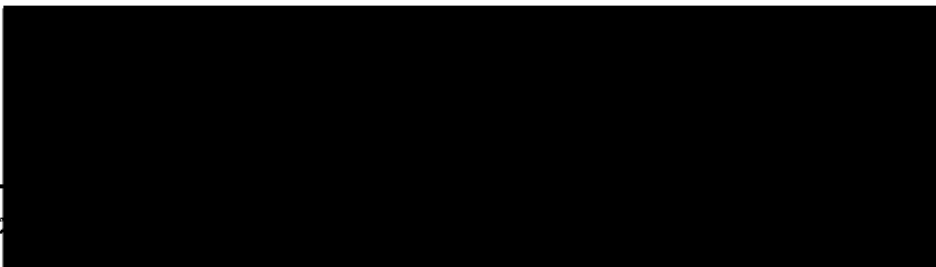


Figure 11: Wastewater Utility Financial Projection with Recommended Rate Increases

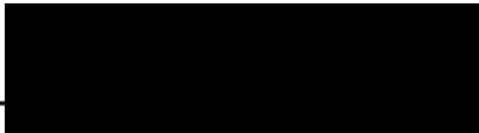
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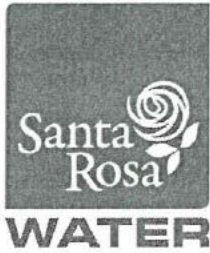
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**DATE**

February 26, 2025



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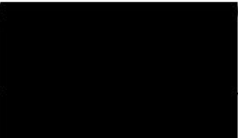
CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

PROPOSITION 218 WRITTEN OBJECTION FORM

REQUIREMENTS:

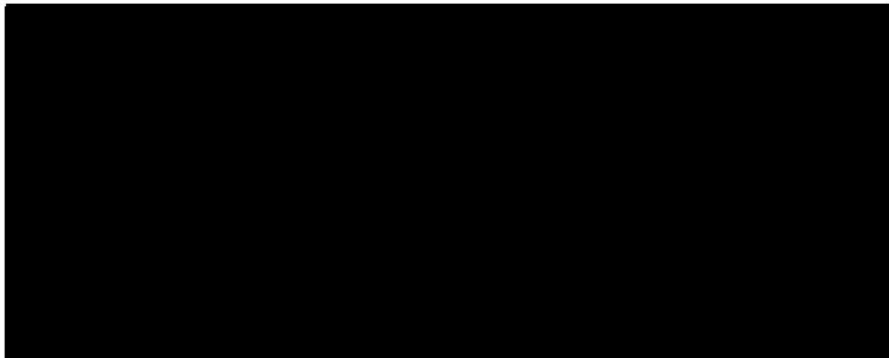
- (1) EACH PART OF THIS FORM MUST BE FILLED OUT COMPLETELY.
- (2) TO EXHAUST ADMINISTRATIVE REMEDIES PURSUANT TO GOVERNMENT CODE SECTION 53759.1 ALL OBJECTIONS MUST BE TIMELY RECEIVED BY 5:00 P.M. ON MARCH 5, 2025. FAILURE TO TIMELY SUBMIT A WRITTEN OBJECTION USING THIS FORM WILL PROHIBIT YOU FROM BRINGING A JUDICIAL ACTION OR PROCEEDING ALLEGING NONCOMPLIANCE WITH ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION FOR THESE PROPOSED WATER AND WASTEWATER RATE CHANGES.
- (3) GENERALIZED OBJECTIONS ARE INSUFFICIENT. TO SATISFY THIS EXHAUSTION OF ADMINISTRATIVE REMEDIES REQUIREMENT, OBJECTING PARTIES MUST PRESENT THE EXACT ISSUE(S) THAT THEY INTEND TO PURSUE IN A JUDICIAL ACTION OR PROCEEDING.
- (4) LATE-FILED, NONCOMPLIANT, OR INCOMPLETE WRITTEN OBJECTIONS WILL NOT BE CONSIDERED AS SATISFYING THE EXHAUSTION OF ADMINISTRATIVE REMEDIES REQUIREMENT.

NAME OF OWNER OR CUSTOMER:



Barbera

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

Throughout my research I could not find any violations of statutes, rules, constitutional provisions or regulations. However, I continue to ask myself if this rate increase over the next 5 years is fair? A proportional charge imposed may be unfair and on some levels unconstitutional.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

We minimize our use and have reduced water usage significantly. We collect rain water and do not have lawn or plants that need excessive amounts of water. All of our plants are drought tolerant. We know many people doing just the same. Shouldn't those reducing be given the acknowledgement by price reductions. Even minimally would make a difference. "Back to Fairness" - I understand "water users" should share in the repairs for infrastructure but the entirety of it?

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

Find new more sustainable ways to support our water systems that do not unfairly place the financial burden entirely on residents. At least come up with ideas to find balance between city and residents to pay equal percentage.

PLEASE MAIL THIS COMPLETED OBJECTION FORM TO THE CITY CLERK AT: 100 SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404. TO BE CONSIDERED TIMELY, MAILED OBJECTIONS MUST BE RECEIVED (NOT POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

COMPLETED OBJECTION FORMS MAY ALSO BE HAND DELIVERED DURING BUSINESS HOURS AT: 100 SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404



## *New Bills Aim to Protect Water Rates, Charges from Prop. 218 Litigation*

BROWNSTEIN CLIENT ALERT, MAY 16, 2024

### **Lawmakers introduce tools to ease pressure from SGMA and infrastructure demands on public agency revenue powers**

Adopted in 1996, Proposition 218 (and later Proposition 26 in 2010) amended the California Constitution to create limits, including voter approval requirements, around local and regional government revenue powers (taxes, assessments and fees). While the intent of these laws is clear, ensuring proper compliance is far more convoluted. The California State Legislature introduced three bills this session in an apparent effort to reduce the vulnerability of public agencies' revenue streams to legal attack.

#### **Why now?**

One major factor is the significant pending costs of infrastructure and service improvements that agencies are planning to implement to meet future water supply and reliability needs in the face of climate change and implementation of the Sustainable Groundwater Management Act (SGMA).

Along with the increased need to raise revenue, there are significant questions as to who should pay and how much. Using SGMA implementation as an example: how should costs for projects to mitigate subsidence, shrinking groundwater storage, seawater intrusion, declining groundwater levels, poor water quality and depleted interconnected surface water be allocated? Most would probably answer, "fairly." But what fair means is not always clear, even assuming there is sufficient data to determine the cause of these undesirable results. For example, how should project costs be allocated between:

- Agricultural and municipal uses?
- Pumpers with access to surface water and those without?
- Smaller pumpers and larger pumpers?
- Pumpers overlying a portion of the basin experiencing greater impacts and those in unaffected areas?
- Pumpers overlying hydrologically disconnected portions of the basin?

While these questions arise from general concepts of fairness, the answers are constrained by the constitutional limitations known as "proportionality." Proportionality, however, still leaves significant ambiguity. Moreover, the most cost-effective or politically feasible allocation methods may not necessarily satisfy conditions of proportionality. Because Prop. 218 analysis is highly fact-dependent, a proportional charge imposed in one groundwater basin may be unconstitutional in another—thus vulnerable to legal challenge. Fee litigation may potentially result in large settlements or judgments against the agency or leave the agency without funding to implement projects.

Here, we summarize [AB 2257](#), [AB 1827](#), [SB 1072](#) and what they could mean, both for local agencies and to entities subject to potential taxes, fees and assessments.

#### 1. [AB 2257 – Optional exhaustion requirement.](#)

If a public agency opts in, AB 2257 would require public agencies to provide written notice and explanation of the basis for a water/sewer rate or special benefit assessment, written responses to all public comments or protests and justification for why changes were or were not made in response to comments, in addition to existing Prop. 218 requirements. If the agency complies with the public process described by AB 2257, litigants would be required to participate in the agency's public process prior to challenging an adopted fee or assessment. AB 2257 would also limit the scope of evidence that could be introduced in litigation.

The bill would not apply to any exempted Prop. 26 fees (e.g., regulatory SGMA fees adopted pursuant to Water Code 10730).

## 2. AB 1827 – Rate structures incentivizing conservation.

To encourage water conservation, some agencies have proposed charging higher rates to less efficient water users. However, courts have interpreted Prop. 218 to prohibit such rate structures for disproportionately allocating costs among customers. (See Capistrano Taxpayers Assn., Inc. v. City of San Juan Capistrano (2015) 235 Cal.App.4th 1493.) AB 1827 would clarify that a public agency may charge incrementally higher water rates due:

- (1) higher water usage demands of parcels,
- (2) maximum potential water use,
- (3) projected peak water usage, or
- (4) any combination of the above.

While AB 1827 signals the legislature's belief that conservation-based rate structures are consistent with the constitutional proportionality requirements, it is the role of the courts—not the legislature—to interpret the state constitution. Given that the courts' interpretation of Prop. 218 will prevail over the legislature's, ultimately, AB 1827 may have limited legal effect.

It is unclear whether AB 1827 would apply to groundwater management fees as a form of property-related fees imposed for water service.

## 3. SB 1072 – Prohibiting refunds of fees charged exceeding proportional cost.

In several recent cases where rates were found to be invalid, agencies have been saddled with judgments in the tens of millions of dollars not necessarily related to the excess amounts paid by plaintiffs. For any overcharges due to constitutional violations (e.g., exceeding cost of service, disproportionate allocation, etc.), SB 1072 would require that a public agency use the overage to defray future costs of service rather than issuing refunds to ratepayers. SB 1072 would not apply to fees that have existing statutory refund provisions, such as SGMA. Landowners would remain eligible for refunds due to administrative billing errors, such as inaccurate calculation of water usage due to incorrect billing cycles or inaccurate land use designation.

Elements of these pending bills are notable. But regardless of their fate, the issues and ambiguity around governments' revenue powers particularly at this moment in time, are worthy of special attention. As water supply volatility, SGMA matters and pending infrastructure and service improvement projects are pushed up the priority list, our team is closely watching developments and have witnessed a marked increase from our clients in interest in these matters. We continue to monitor developments in future Prop. 218 legislation and case law.

**THIS DOCUMENT IS INTENDED TO PROVIDE YOU WITH GENERAL INFORMATION REGARDING THREE BILLS RELATED TO LOCAL GOVERNMENT REVENUE POWERS IN CALIFORNIA. THE CONTENTS OF THIS DOCUMENT ARE NOT INTENDED TO PROVIDE SPECIFIC LEGAL ADVICE. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS DOCUMENT OR IF YOU NEED LEGAL ADVICE AS TO AN ISSUE, PLEASE CONTACT THE ATTORNEYS LISTED OR YOUR REGULAR BROWNSTEIN HYATT FARBER SCHRECK, LLP ATTORNEY. THIS COMMUNICATION MAY BE CONSIDERED ADVERTISING IN SOME JURISDICTIONS. THE INFORMATION IN THIS ARTICLE IS ACCURATE AS OF THE PUBLICATION DATE. BECAUSE THE LAW IN THIS AREA IS CHANGING RAPIDLY, AND INSIGHTS ARE NOT AUTOMATICALLY UPDATED, CONTINUED ACCURACY CANNOT BE GUARANTEED.**

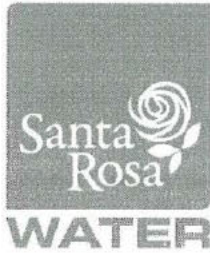
## TAGS:

- [Municipalities & Governments](#)
- [Natural Resources](#)
- [Public Agency & Administration Law](#)
- [State Government Relations](#)
- [Water](#)

## CONTRIBUTORS:

- [Jena Acos](#),  
[Shareholder](#)





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MAR 05 2025

CITY OF SANTA ROSA  
CITY CLERK'S OFFICE

PROPOSITION 218 WRITTEN OBJECTION FORM

REQUIREMENTS:

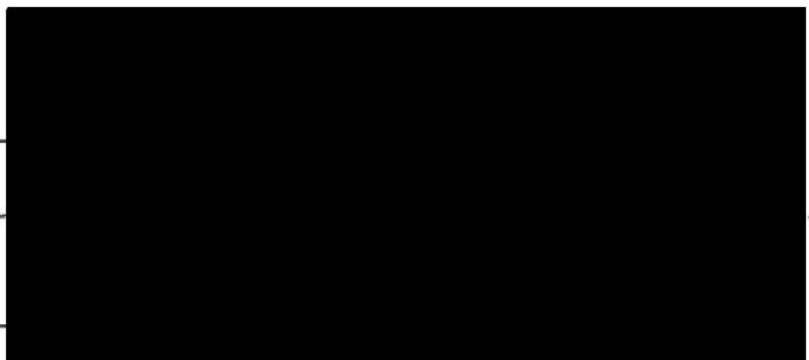
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NAME OF OWNER OR CUSTOMER:



HANKINS

OWNER OR CUSTOMER'S ADDRESS:  
(Must be subject to proposed rates)



APN OF PROPERTY:

1. Describe the provision(s) of law that form the basis of your objection, with specific reference to statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated if the proposed rates are adopted. (Attach additional pages as necessary.)

PER PROPOSITION 218 the district must show how the increase is necessary and how it will be spent. The documents that you sent show the precise fee structure but only vague outlines of where the money will be spent. This is insufficient and therefore the proposed increase must be rejected.

2. Describe, with reference to your property and usage of water or wastewater services, how the proposed rates violate the provisions of law you cited above. (Attach additional pages as necessary.)

You lack specifics on how your cost structure is impacted and how your property, your increases will be mitigated by the new rates.  
Your proposed expenses are not detailed and too vague. Pictures of dug up streets and retention ponds explain nothing.

3. Describe how the City of Santa Rosa may correct the violations of law you alleged above. Provide amendments to the proposed rates and the written basis (i.e., the 2024 Rate Study Report) for the rates. (Attach additional pages as necessary.)

Show the 1) wage increases, 2) equipment increases, taxes, that have gone up and by how much.

SIGNATURE

PRINT NAME

DATE

PLEASE MAIL TO: [REDACTED] SANTA ROSA AVE, ROOM 10, SANTA ROSA, CA 95404. TO BE CONSIDERED TIMELY, MAILED OBJECTIONS MUST BE RECEIVED (NOT POSTMARKED) BY 5:00 P.M. ON MARCH 5, 2025.

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