



COACHELLA VALLEY WATER DISTRICT

Established in 1918 as a public agency

GENERAL MANAGER
Jim Barrett

ASSISTANT GENERAL MANAGER
Robert Cheng

CLERK OF THE BOARD
Sylvia Bermudez

ASSISTANT GENERAL MANAGER
Dan Charlton

September 3, 2024

The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, California 95814

RE: **SB 1072 - SUPPORT**

Dear Governor Newsom:

The Coachella Valley Water District (CVWD) serves approximately 300,000 residents in its 1,000 square-mile service area. We urge you to sign Senate Bill 1072 by Senator Steve Padilla. This bill would protect ratepayers whose rates would otherwise need to be increased to pay retroactive refunds due to costly litigation against public agencies resulting from legal challenges to their water, sewer, and refuse collection service fee structures.

Proposition 218 was approved by voters in 1996 and requires water, sewer, and refuse collection rates to be reasonably proportional to the costs of providing these critical services to a given property. However, no part of Proposition 218 provides for a refund. New class-action lawsuits have sought multi-million-dollar refunds that, if ordered by a court, force public agencies who merely recover annual costs and receive no profit to raise rates on future ratepayers to pay refunds to past users.

SB 1072 seeks to clarify the types of remedies that will be available to customers who challenge water, sewer, and refuse collection rates. Unless a refund is explicitly provided for by statute, SB 1072 will allow agencies to credit the amount of the fee or charge attributable to the violation against the amount of revenues required to provide the property-related service. This remedy will help agencies maintain predictable rates and ensure that low water users are not paying refunds to high water users.

As a public agency, CVWD is prohibited from making a profit from its services and can only maintain prudent reserves to cover unexpected costs. Repaying excess fees through reduced future fees ensures public agencies remain accountable to ratepayers and provides a financially manageable method for reimbursing the public. Ratepayers also benefit from the fiscal stability of public agencies, which provide them access to critical services.

Hon. Gavin Newsom
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September 3, 2024
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For these reasons, CVWD strongly supports, and urges you to sign, SB 1072.

Sincerely,

A handwritten signature in black ink, appearing to read "J. M. Barrett". The signature is stylized and written in a cursive-like font.

J. M. Barrett
General Manager
Coachella Valley Water District

cc: Hon. Steve Padilla