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**Date:** October 17, 2025

**To:**

Board of Directors and General Manager

Scotts Valley Water District

2 Civic Center Drive

Scotts Valley, CA 95066

**Subject:** Request for Review and Reconsideration — Excess Water Charges and Proposition 218 Application

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Dear Board Members and General Manager,

I am writing to formally request review and reconsideration of my recent water bill, which reflects approximately \$2,000 in charges caused by an unexpected and promptly repaired leak at my residence, 6454 Scotts Valley Drive, Scotts Valley, CA 95066, under Account No. 011919-000.

District staff have indicated that Proposition 218 prevents the District from offering any bill adjustment or credit for this event. Respectfully, I do not believe Proposition 218 (Cal. Const., art. XIII D) actually precludes a reasonable, cost-based adjustment in this situation. My intent is not to seek a “gift of public funds,” but rather to ensure that I am charged only for service actually rendered.

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## **1. Proposition 218 does not bar cost-based leak adjustments**

Article XIII D, section 6(b)(1)–(3) of the California Constitution (Proposition 218) restricts property-related fees to ensure that: (1) revenues do not exceed the cost of providing the service, and (2) each parcel is charged only the proportional cost of service attributable to it.

Water that escaped through a leak on private property does not constitute a beneficial use to the customer. Charging for such lost water as if it were normal consumption therefore exceeds the proportional cost of service and is inconsistent with section 6(b)(3).

Conversely, a corrective billing adjustment that removes or reduces charges for the non-beneficial portion of water loss ensures compliance with Proposition 218 by aligning the customer's bill with the actual cost of service received.

Numerous California water agencies—including the **Santa Clara Valley Water District, East Bay Municipal Utility District (EBMUD), San Jose Water Company, and the City of Santa Cruz Water Department**—have recognized this principle and adopted Proposition 218-compliant leak-adjustment or “leak forgiveness” programs. These programs provide cost-based relief following verified leak repairs, thereby maintaining the constitutional requirement that customers be charged only for the proportional, beneficial service delivered.

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## 2. Leak adjustments can be structured lawfully

Proposition 218 prohibits subsidies, but it does **not** forbid rate adjustments that are part of an adopted rate schedule or funded from non-rate revenues. The League of California Cities and Association of California Water Agencies have both confirmed that such programs are compliant when tied to cost-of-service principles.

Indeed, Scotts Valley Water District itself operated a “Program: Leak Adjustment” through December 31, 2022, allowing partial credits for verified leaks. That program existed well after Proposition 218’s 1996 enactment, confirming that the District’s counsel and Board previously determined it to be lawful.

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## 3. Request for confirmation and relief

Accordingly, I respectfully request that the District:

1. **Clarify in writing** whether the District’s termination of its Leak Adjustment Program was adopted by formal Board resolution, following a noticed public hearing and cost-of-service analysis as required by Proposition 218 § 6(a); and
2. **Reconsider my account** under a cost-of-service interpretation that distinguishes between water beneficially used and water lost through an unintentional leak; or, alternatively,
3. **Provide a one-time administrative adjustment or payment arrangement** recognizing that full-rate billing for unintended leakage is not consistent with the proportional-cost requirement of Proposition 218.

My request is not for forgiveness but for correction — to pay for water actually received and used, not for unintentional loss that conferred no benefit.

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- **4. Supporting Documentation**

Repair receipts, dated photographs, and any additional documentation verifying that the leak was promptly repaired can be provided upon request.

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Thank you for your consideration and for providing a written response to this request. If the District maintains that Proposition 218 prohibits any form of adjustment, I ask that you kindly provide the specific legal opinion or Board action on which that interpretation relies.

Respectfully,

**Arian Yousefi**

Account Number: 011919-000

Service Address: 6454 Scotts Valley Drive, Scotts Valley, CA 95066