

# **EXHIBIT 6**



April 23, 2019

**VIA E-MAIL ONLY**

Phyllis Stanin  
Vice President, Principal Geologist  
Todd Groundwater  
2490 Mariner Square Loop, Suite 215  
Alameda, CA 94501-1080

Re: Financial Analysis Study for Replacement Water Assessment – Item 8.E. on  
Watermaster’s April 24, 2019 Agenda

Dear Ms. Stanin:

This office serves as legal counsel to Phelan Piñon Hills Community Services District (“Phelan”) in connection with the Antelope Valley Groundwater Adjudication. We have reviewed the Financial Analysis Study for the 2019 replacement water assessment rates (“Financial Analysis”). This item is on the Watermaster’s April 24, 2019 agenda as Item 8.E.

The Financial Analysis is based on the presumption that it is appropriate to factor 100% of the contribution to capital costs of the State Water Project, inflated to 2017 or 2018 values, made by the members of the AVSWCA, since the inception of the State Water Project, into replacement water assessment rates. This assumption is not justified in any way by the Financial Analysis or by any other report distributed in connection with the April 24, 2019 agenda.

The Financial Analysis does not indicate that any consideration has been given to whether any of these capital costs have been recouped from other sources, such as property taxes, water rates or charges, contracts with parties who receive direct water deliveries, state, federal or other grants, or other sources. The failure to consider whether and to what extent these costs have already been recouped potentially results in the members of the AVSWCA recovering more than their costs and turning these replacement water assessments into a profit center, which may also be an unlawful tax when paid by private parties. This is inconsistent with Propositions 13, 26 and 218.

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Moreover, the standard Brown Act notice of the meeting does not give persons who may have to pay these rates a reasonable amount of time to understand this report and investigate whether costs have been recouped from other sources.

Further, the inflation of the costs based on the average CPI is not justified. No explanation is provided as to why the CPI is the appropriate inflation factor or whether other factors were considered. In addition, our office has attempted to replicate the process by which the capital costs were inflated to 2017 or 2018 dollars and have been unable to confirm the accuracy of the calculation contained in the Financial Analysis.

This Financial Analysis does not provide substantial evidence to support the establishment of the replacement water assessments for 2019. In the absence of such evidence, the Watermaster should not make a decision on this matter.

Very truly yours,

ALESHIRE & WYNDER, LLP



June S. Ailin  
Partner

JSA

cc: Craig Parton, General Counsel