

EXHIBIT E

NSD SERVICE AREA

A-3 SUMMARY REPORT OF FINDINGS - JANUARY 2018

The Holt Group Inc., completed the record review and windshield survey of the Niland Sanitary District service area. This summary report represents initial findings. The Niland Sanitary District charges each parcel by existing use as well as undeveloped parcels by parcel size. The Holt Group reviewed the Niland Sanitary District's existing classifications, RCAC's updated classifications (May 2017), County Assessor Data, LAFCo maps, engineering records and field conditions (without an on-site inspection).

The tables provided in this report summarize our findings. The information herein identifies missing parcels (not currently assessed), parcels with multiple uses (one or more use not previously accounted for), parcels that identified inaccurate use, parcels that had an incorrect number of EDU's (with second or third units on site) and parcels that are being underbilled or overbilled as a result of new development or removal of previously existing structures. Also included is a listing of undeveloped parcels that are not being billed for the correct parcel size.

Summary of Preliminary Findings:

1. **Missing Parcels**-After mapping District Boundaries it was noted that six parcels had been previously omitted from assessment. Most omitted parcels are undeveloped, making assessment loss minimal, it does appear that the Clinicas De Salud has not been paying for sewer collection services. The clinic offices are discharging wastewater into the system but are outside of the District boundary which may have contributed to the omission when the fees began to be collected through tax assessment. The parcels not contributing to the sewer fund are noted below:

Parcel	Owner	Use	Parcel Size
021-030-015	SoPacific Company	Undeveloped (no rail)	XL
021-030-019	Bo&Go	Motels/1-10	NA ¹
021-030-020	Swink, George	Undeveloped	XL
021-040-025	Cedano, Andres	Undeveloped (60 acres)	XL
021-040-033	Clinicas De Salud	Office (Clinic) Outside	NA
021-160-019	SoPacific Company	SoPacific Railroad (abandoned offices & active rail)	XL
021-240-001	Niland Sanitary District	District Office	1 EDU
021-240-006	Niland Sanitary District	WWTP Ponds	XL

¹The parcel was omitted and these 10 units were added to the other parcel owned by Bo & Go so the actual revenue loss was only that of a large parcel assessment.

Recommendation- 1) it is recommended that the aforementioned parcels be properly assessed immediately. 2) It is recommended that the County/NSD provide directive on how to treat inactive rail properties that have vacant office facilities. 3) It is recommended that the County investigate how much money in arrears is owed by the Clinicas de Salud and that the NSD invoice them for the retroactive cost prior to any dissolution. Retroactive billing is customary in other jurisdictions. Generally, some negotiation takes place depending on the amount owed

determination. Specifically, the following parcel uses were verified and modified in an updated Excel Sheet for consideration:

Parcel	Prior Reported Use	Actual Use	Revenue Difference
021-040-021	Vacant Restaurant (1 EDU)	Undeveloped (Large Parcel)	-12 EDU
021-040-022	Laundromat (2.80 EDU)	Undeveloped (Large Parcel)	-33.60 EDU
021-040-034	Office (1 EDU)	Shopping Center Per SF (4.38)	40.56 EDU
021-093-002	Mobile Home Unit	Automobile Repair Shop	TBD EDU
021-111-023	Single Family Dwelling	Campesinos Unidos Headstart	0 EDU

Recommendation: 1) The aforementioned parcel 021-040-034 has multiple lease space. The EPA user classification indicates shopping centers are charged by 100 SF. For reasons previously mentioned a policy decision will need to be made on whether to charge vacant structures. It is common and reasonable to charge vacant structures. Neither the NSD, nor any Successor Agency, have control of when tenants move in, or move out of a structure nor on the changes in use. This is why the EPA table proposes shopping centers be charged per square feet. Note photographs below:

Bo & Go LLC Commercial Center



Recommendation: 1) It is recommended that the Niland Sanitary District or Successor Agency send certified notices to these property owners of the proposed change in number of uses and thus charges, to be effective after 30 calendar days. The property owner should be afforded an opportunity to demonstrate that the additional units are not connected by scheduling an on-site inspection for verification. **2)** Again, all connected units that are vacant are generally assessed a fee because neither the NSD, nor any Successor Agency, have control of when tenants move in, or move out of a structure.

5. **Under-Assessment for Previously Undeveloped Parcel-** There were several parcels that are currently being billed as undeveloped (and proposed as undeveloped under RCAC Rate Study) but that actually have units on site. The difference in value would also be substantial in annual revenue (over \$20,000 at \$69/EDU) particular since the annual charge for undeveloped lots is nominal. Specifically, the following parcels were documented as having on-site structures:

Parcel	Name	Parcel Size Billed in Rate Study	Field Review Units	Annual EDU Difference
021-083-020	Lopez	Small	1	12 EDU
021-084-005	Pierce	Small	1	12 EDU
021-091-002	Bates	Large	1	12 EDU
021-093-008	Gerlach	Small	1	12 EDU
021-093-018	First Street Property	Small	1	12 EDU
021-093-039	Dominguez	Small	1	12 EDU
021-093-040	Billing	Small	1	12 EDU
021-093-041	Contreras	Small	1	12 EDU
021-095-003	Bendell	Small	1	12 EDU
021-101-003	Hernandez	Small	2	24 EDU
021-101-016	Corona	Small	1	12 EDU
021-103-003	Valdez	Medium	1	12 EDU
021-103-020	Clemente	Small	1	12 EDU
021-104-011	Miranda	Large	1	12 EDU
021-111-019	Cornelison	Small	1	12 EDU
021-112-002	Niland Union Church	Small	1	12 EDU
021-112-004	Singh	Small	1	12 EDU
021-112-007	Sones	Small	1	12 EDU
021-115-005	Cadiz	Small	1	12 EDU
021-116-025	Deutsch Bank	Small	2	24 EDU
021-142-001	Davis/Ballesteros	Small	1	12 EDU
021-144-018	Hueso	Small	1	12 EDU
021-145-006	Mendoza	Small	1	12 EDU
021-145-033	Mendoza	Medium	1	12 EDU
021-151-001	Goodrum	Small	1	12 EDU
021-151-004	Fowler	Medium	1	12 EDU
021-151-008	Vista	Large	1	12 EDU
021-151-013	Steffler	Medium	1	12 EDU

Parcel	Rate Study Reported Size	Size Per County Assessor	Current Annual Revenue Difference
021-052-010	Medium	Large	\$28,80
021-062-009	Large	Medium	-\$28.80
021-073-021	Small	Medium	\$14.40
021-082-017	Small	Medium	\$14.40
021-083-015	Small	Medium	\$14.40
021-091-014	Small	Large	\$43.20
021-091-024	Small	Medium	\$14.40
021-092-006	Large	Medium	-\$28.80
021-092-007	Small	Medium	\$14.40
021-092-013	Small	Medium	\$14.40
021-093-021	Small	Medium	\$14.40
021-094-011	Small	Medium	\$14.40
021-095-001	Medium	Small	-\$14.40
021-111-007	Small	Medium	\$14.40
021-111-013	Small	Large	\$43.20
021-111-015	Small	Large	\$43.20
021-112-016	Small	Medium	\$14.40
021-115-001	Small	Medium	\$14.40
021-115-016	Small	Large	\$43.20
021-116-012	Small	Medium	\$14.40
021-116-013	Small	Medium	\$14.40
021-116-034	Medium	Small	-\$14.40
021-132-002	Small	Medium	\$14.40
021-133-003	Small	Medium	\$14.40
021-133-004	Small	Medium	\$14.40
021-133-005	Small	Medium	\$14.40
021-134-007	Small	Extra Large	TBD
021-144-003	Small	Medium	\$14.40
021-151-010	Small	Medium	\$14.40
021-151-017	Small	Medium	\$14.40
021-152-017	Small	Medium	\$14.40
			\$540.00

Recommendation: 1) It is recommended that the proper billing assignments for undeveloped parcels be made immediately. Additionally, there are numerous parcels that measure over 15,000 SF which enables them to be subdivided. It is recommended that a fourth category (x-large parcels) be considered and established for parcels 15,001 SF and over. At least thirty (30) parcels would fall under this X-large bracket. Although this proposed change will not significantly affect revenue, it may somewhat address the “fairness” concerns that the residents have been voicing.

9. **Other observations:** Restaurants should be assessed by realistic capacity which is generally calculated by the Fire Chief and posted on-site. The two Niland restaurants did not contain such postings and their seating capacity and assessment under the Rate Study differed significantly:

Parcel	Name	Rate Study Seating Capacity/EDU	Annual Cost at Rate Study Rate	Actual Per Fire Chief
021-051-011	Hernandez, Ruben & Virginia	75 Seats (6.6 EDU)	\$5,464.80	TBD
021-081-001	Galindo Aurelio & Santana Maria	28 Seats (2.46 EDU)	\$2,036.88	TBD

Recommendation: 1) It is recommended that the Fire Chief assign a realistic capacity for each food establishment facility so a proper assessment can be calculated.

Based on the data and field surveys available and after applying the EPA EDU's it was noted that a total of 548 EDU's could be assessed (after eliminating the 44 capped connections at Oasis Mobile Home Park). This number is substantially higher than the EDU's used in the RCAC Rate Study of 485 EDU's. The difference in value (at \$69/EDU) is an estimated \$45,000.