

## SECTION 4.0 AROMAS WATER DISTRICT WATER SERVICE

### 4.1 Overview

The Aromas Water District (AWD) is a tri-county district that serves four separate service areas within the unincorporated community of Aromas and its vicinity. The District's service areas are within western San Benito County, eastern Monterey County, and southern Santa Cruz County. The District's largest service area is the Rancho Larios subdivision that is located east of Highway 101 and south of Highway 156. The District currently provides potable water for approximately 850 customers. The District's sole source of water supply is groundwater pumped from the Pajaro groundwater basin.

On May 26, 2005, the San Benito County LAFCO adopted a resolution giving Monterey County LAFCO exclusive jurisdiction regarding boundary issues and services for the portion of AWD within Monterey County, including the District's sphere of influence (SOI) and annexations. The District's Sphere of Influence (SOI) within San Benito County is coterminous with its boundaries.

AWD's profile for water is shown in *Table 4.1*, and a map of the District's current boundary and SOI are shown in *Figure 4.1*.

**Table 4.1  
Aromas Water District**

Service Area / Financial Summary	
District Office:	387 Blohm Avenue – PO Box 388 Aromas, CA 95004 (831) 726-3155 / (831) 726-3951 fax
Service Area:	(to be provided) acres in San Benito County
Population:	2,797 (2000 US Census est. for Aromas)
Operating Budget (FY 2007-2008):	Revenues / Expenditures: \$920,200 / \$884,569
Net Assets 06/30/2006:	to be provided (from 06/30/2006 Financial Statement)
Water Service Data	
Services	Water for domestic use, fire suppression
Number of Service Connections	Approx. 850
Wells / pipelines	5 wells / 85,000 lineal feet
Capacity and Treatment	400-700 gpm / at the wellhead
Storage Capacity	8 tanks / 930,000 gallons

Figure 4.1  
Aromas Water District Boundary (San Benito County)

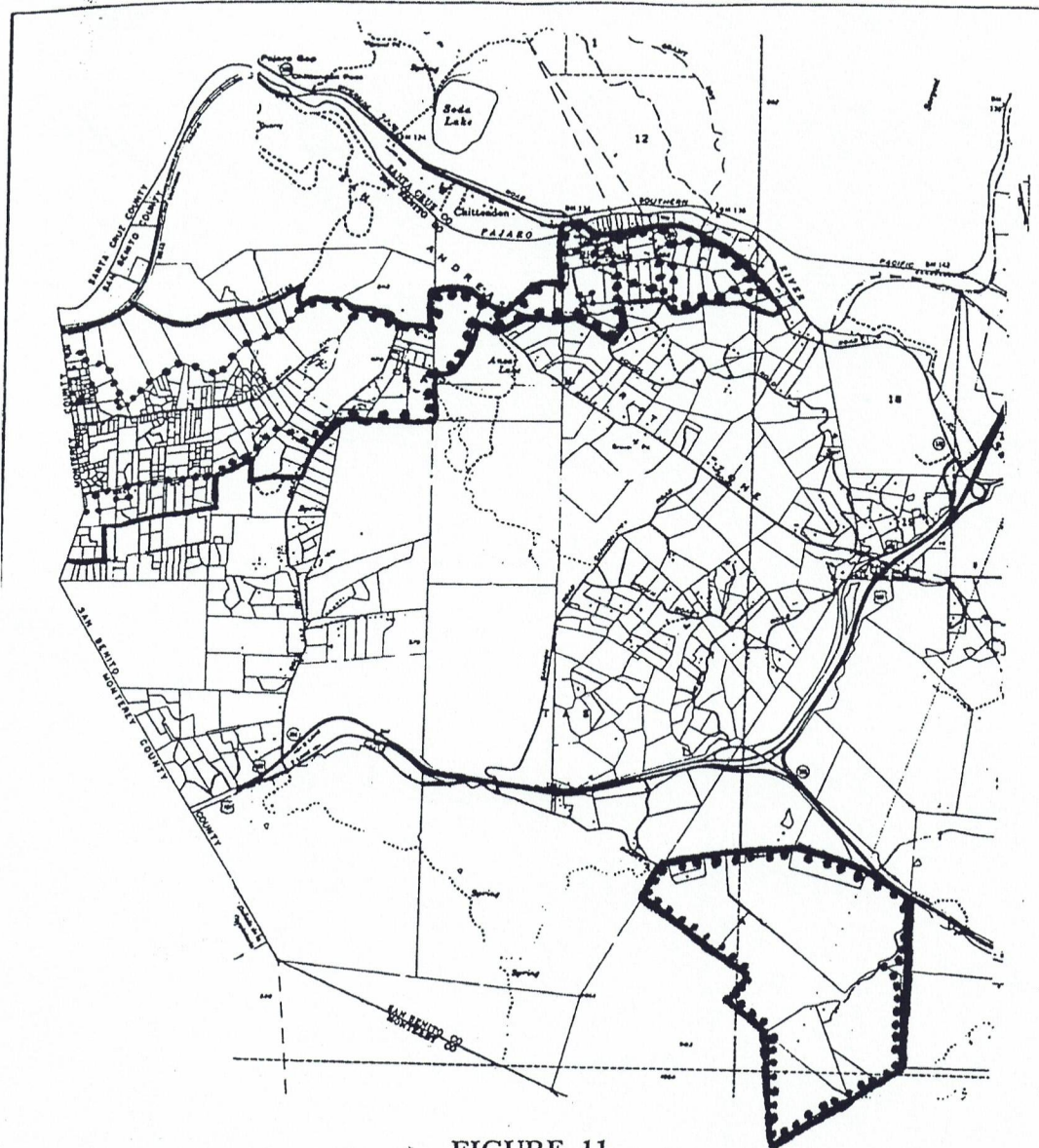


FIGURE 11

AROMAS WATER DISTRICT

- ..... Service Area
- Sphere of Influence

## **4.2 Growth and Population Projections**

The Aromas Water District (AWD) serves area within the unincorporated Aromas community and its vicinity, including the Rancho Larios subdivision southwest of the City of San Juan Bautista. The Aromas community lies within both San Benito and Monterey Counties. The primary land use in this area is agriculture, with rural residential development. In November 2006, the District annexed 11 parcels in the Orchard Acres subdivision within San Benito County, and the District is pursuing annexation of all lands within its sphere of influence (SOI) in Monterey County. The District now serves approximately 850 accounts that are predominantly residential

The Association of Monterey Bay Area Governments (AMBAG) has adopted population projections through 2030 for San Benito County. Projected growth within the unincorporated area of San Benito County is negligible, increasing from an estimated 18,099 residents in 2005 to 19,773 in 2030.<sup>1</sup> The 2000 US Census estimated population in the Aromas community at 2,797 residents.

County policies regarding growth and the preservation of agricultural lands will limit population growth within the District's service area in San Benito County. However, groundwater quality is an issue and additional areas may request annexation due to public health and water quality concerns.

## **4.3 Infrastructure Needs or Deficiencies**

### **4.3.1 Water Supply and Demand**

The District's source of water supply is groundwater extracted from the Pajaro groundwater basin, which is managed by the Pajaro Valley Water Management Agency (PVWMA). The basin is recharged through naturally occurring surface water as well as water imported through the federal Central Valley Project. Active groundwater management is critical due to historic overdraft conditions and the potential for saltwater intrusion.

Groundwater within the Aromas area is subject to water quality issues for discolored water and odor. Discolored water is due to iron and manganese, and the odor issue is due to naturally occurring hydrogen sulfate. The District disinfects groundwater at the wellhead with chlorine; however the chlorine oxidizes the manganese and causes discolored water. The District has been treating this with phosphate. To provide a long-term solution, the District is constructing a water

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<sup>1</sup> Association of Monterey Bay Area Governments, Projections adopted by the AMBAG Board of Directors April 14, 2004.

treatment plant for removal of iron and manganese. This plant is expected to be operational in 2008.

The District pumps from three wells: the Pleasant Acres Well located next to the Logan Knolls subdivision off San Juan Road; the San Juan Well located east of the Pleasant Acres Well on the south side of San Juan Road; and the Carpenteria Well located at the corner of Seeley Avenue and Carpenteria next to the Aromas Fire Station. A fourth well (Aimee Meadows) is used for groundwater monitoring, and a fifth well (Marshall) is for emergency use only. In 2002, the District completed assessments of its drinking water sources; contamination threats include residential septic systems, other animal operations, and agricultural irrigation.

In 2006, total water demand was 391 acre feet. Approximately 69 percent of demand was for outdoor use, and 31 percent was for indoor use. The District encourages conservation and participates in the conservation programs offered through the Water Resources Association of San Benito County for the service area within San Benito County.

#### **4.3.2 Water System Infrastructure**

AWD's water system serves four non-contiguous service areas; the largest area is the 702 acre Rancho Larios subdivision and golf course. The District has five wells, 8 storage tanks with 930,000 gallons of storage, and approximately 16 miles of pipeline. As described above, three of the wells are used for groundwater production, the fourth well is used for groundwater monitoring, and the fifth well is on standby and available for emergency use only. The Pleasant Acres Well has a production capacity of 400 gallons per minute (gpm); it produced 14 percent of the District's total water production in 2006. The San Juan Well has a production capacity of 700 gpm and produced 85 percent of 2006 total water production. Lastly, the Carpenteria Well has a capacity of 465 gpm and produced one percent of the District's total water production in 2006. The iron and manganese water treatment plant is located at the San Juan Well site. The District needs to replace two redwood storage tanks.

The District provides service to fire hydrants within its boundaries. Fire flow is provided at the normal operating pressure of the system.

The District's distribution system has some dead-end water mains that require periodic flushing to maintain water quality.

AWD adopts an annual capital improvement budget. Capital projects for FY 2007/2008 include the following:

- Completion of the iron and manganese water treatment plant

- Upgrades to the Supervisory Control and Data Acquisition (SCADA) system for wells and the Ballantree booster station
- Replacement of the 60,000 gallon redwood Rea tank with a steel tank
- On-site electrical generators for emergency backup power supply

The District is planning to replace the 100,000 gallon redwood Carr tank in FY 2008/2009, and plans to replace the Carpenteria well at some point in the future. The capital improvements are funded through a combination of bank loans, grant funds, and reserves.

#### **4.4 Financing Constraints and Opportunities**

AWD’s primary source of operating revenue is from water service charges; non-operating revenues include connection fees, property taxes, and interest income. The District is working on building cash reserves. *Table 4.2* summarizes the financial history of the District.

**Table 4.2  
Aromas Water District  
Financial Summary**

	FY 2004-2005 Actual	FY 2005-2006 Actual	FY 2006-2007 Projected	FY 2007-2008 Budgeted
Operating Revenues	\$646,506	\$723,388	\$686,723	\$691,600
Operating Expenses	\$761,698	\$783,646	\$827,942	\$801,359
Net Revenues / (Expenses)	(\$115,192)	(\$60,258)	(\$141,219)	(\$109,759)
Other Revenues	\$37,533	\$57,583	\$171,494	\$227,550
Change in Net Assets	(\$77,659)	(\$2,675)	\$30,275	\$117,791
Beginning Balance	\$5,132,409	\$5,054,750	\$5,052,075	\$5,082,350
Net Assets, End of Year	\$5,054,750	\$5,052,075	\$5,082,350	\$5,200,141

In 2001, the District filed for Chapter 9 bankruptcy primarily due to the legal fees sustained by the District to defend itself in the dispute with the developer of the Rancho Larios subdivision regarding financial responsibility for the infrastructure to serve the development. The District prevailed, and in 2003, the bankruptcy was dismissed. Since then the District has worked to restore reserves and move forward with other planned infrastructure improvements. At June 30, 2006 the District had cash and investments of \$418,756.

In 2007, the District was awarded a grant of \$168,000 through Proposition 50 that is being used to partially fund the water treatment plant.

At June 30, 2006, AWD had long term debt of \$15,919. This includes \$11,000 in 1972 Revenue Bonds that were issued to finance the Marshall Well water treatment facility and distribution

system upgrades. The bonds mature in 2012 and bear interest of 5 percent per year; they are to be paid with property tax assessments collected by the County of San Benito. In FY 2006/2007, AWD received a 20-year loan of \$1,020,000 at 4.8 percent interest from San Benito Bank to fund capital improvements, including the Iron and Manganese Removal Water Treatment Plant, replacement of two redwood water storage tanks with steel storage tanks, and installation of emergency back up electrical generators at key facilities. Quarterly payments for principal and interest are \$19,905.

The District is planning for capital improvements as described in *Section 4.3* above; the improvements will be financed through a combination of bank loans, grant funding, and district reserves. AWD is working to build its cash reserves and has adjusted its service charge structure to ensure adequate revenues for operational, capital, and debt service needs (see *Section 4.6* below).

#### **4.5 Cost Avoidance Opportunities**

The District controls costs by planning for infrastructure needs and avoiding deferred maintenance when feasible. The District is constructing a water treatment plant that will improve water quality and operational efficiency; the District successfully pursued grant funding to finance a portion of the cost and avoid increased interest costs. Furthermore, the District is implementing a five-year plan to replace all manual read meters with radio or automatic read meters, which will reduce employee time and liability.

#### **4.6 Opportunities for Rate and Fee Restructuring**

AWD completed a water rate and connection fee study in July 2007 to ensure that revenues would be adequate to meet the operational, capital, and debt service needs of the District. The District subsequently adopted a new rate structure that became effective October 1, 2007; the rate structure includes a 6.5 percent annual increase in water service rates over the next four years. In addition to the base charge and water use charge, the District also collects a surcharge for the groundwater management services provided by the Pajaro Valley Water Management Agency. AWD's current water rates are shown in *Table 4.3* below:

Table 4.3  
Aromas Water District  
Water Rates  
(Monthly)

Type	All Accounts
<b>Water Charge</b>	
Base Charge (5/8" meter)	\$25.95
Water Consumption Fee	0 to 400 cf - \$1.729 per ccf
	400-3,630 cf - \$2.881 per ccf
	Over 3,630 cf - \$4.034 per ccf
PVWMA Surcharge	\$0.20 per ccf

With the rate structure above, a single family residence using 20 ccf (hundred cubic feet) of water would pay \$82.96 monthly for water service. The connection fee for a 5/8 inch meter is \$8,976.

#### 4.7 Opportunities for Shared Facilities

AWD benefits from the groundwater management and recharge activities of the Pajaro Valley Water Management Agency, and participates in the conservation programs offered through the San Benito County Water Resources Association. The Proposition 50 grant funding was obtained through the Pajaro Valley Integrated Regional Water Management Plan, a cooperative effort of several agencies within the Pajaro Valley watershed.

#### 4.8 Evaluation of Management Efficiencies

The District operates under the direction of a General Manager, with oversight by the elected Board of Directors. In March 2007, AWD adopted its 2007-2017 Strategic Plan, which addresses ten objectives: growth guidelines, existing and planned capital improvements, emergency response, rate review, public outreach, district administration and business efficiency, and commitments to water quality, customer service, and staff development. The Board will review progress on the goals semi-annually. This Plan provides a framework for District decisions and policies.

#### 4.9 Government Structure Options

The Aromas Water District serves the unincorporated Aromas community that lies within San Benito and Monterey Counties. The District is pursuing the annexation of all lands within its sphere of influence in Monterey County, an area of approximately 738 acres. As part of the growth guidelines within the District's Strategic Plan, the District may consider a similar approach to annexation within San Benito County, so that ultimately, existing annexed islands are contiguous. In general, annexations are considered by LAFCO when service is needed to

address public health needs or development. Annexation proposals are required to include a Plan for Service and undergo environmental review in accordance with the California Environmental Quality Act (CEQA). The San Benito County LAFCO will consider a number of factors when considering future annexation proposals from the District, including the need for service and the District's ability to provide service to new areas while maintaining adequate service levels for existing customers.

## 4.10 Local Accountability and Governance

The Aromas Water District is governed by a five-member Board of Directors elected at large by voters within the District. The governance is summarized in *Table 4.4*.

Table 4.4  
Aromas Water District

<b>Date Formed:</b>	1959		
<b>Statutory Authorization:</b>	County Water District Law (Government Code §30000)		
<b>Board Meetings:</b>	District Office 4 <sup>th</sup> Tuesday of each month at 7 pm		
Member	Title	Term Expires	Compensation
Ernest Huggins	President	November 2008	\$180 per month
Stuart Cardott	Vice President	November 2010	
Marcus Dutra	Director	November 2010	
Chad Mesiroff	Director	November 2008	
Lee Duggs	Director	November 2010	

The District posts meeting notices at the District office and the US Post Office in advance of each meeting. The District encourages public participation by making District information and documents available at the District's office and on the District's website ([www.aromaswaterdistrict.org](http://www.aromaswaterdistrict.org)). District board meeting meetings are open and accessible to the public.

## 4.11 Determinations

### 4.11.1 Growth and Population

*Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.*

The Aromas Water District serves approximately 850 accounts within the unincorporated community of Aromas and its vicinity. The District serves lands within Monterey and San Benito Counties. Current agricultural land uses and County policies regarding preservation of



agricultural lands will limit growth within the District's San Benito County service area. However, groundwater quality is an issue and additional areas may request annexation due to public health and water quality concerns.

#### **4.11.2 Infrastructure Needs or Deficiencies**

*Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.*

The Aromas Water District provides domestic water service and water for fire suppression. The District's sole source of water supply is groundwater from the Pajaro Groundwater basin. The groundwater is primarily recharged through natural surface water flows as well as recharge activities conducted by the Pajaro Valley Water Management Agency. The groundwater quality is impacted due to odor and high levels of iron and manganese, which cause discoloration.

The District is planning for infrastructure needs, including the construction of an iron and manganese water treatment plant and the replacement of two redwood water storage tanks. The District is building reserves, and finances capital improvements through a combination of bank loans, grants, and reserves.

#### **4.11.3 Financing Constraints and Opportunities**

*Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.*

AWD's source of operating revenue is water service charges; non-operating revenues are provided from connection fees, property taxes, and interest on investments. The District is building reserves and finances capital projects through a combination of loans, grant funding, and reserves. In 2006, the District received a \$1,020,000 loan and has adjusted its service charge structure and connection fees to ensure adequate revenues for operational, capital, and debt service needs.

#### **4.11.4 Cost Avoidance Opportunities**

*Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.*

AWD controls costs by planning for infrastructure needs and avoiding deferred maintenance when feasible. The District is implementing a five-year plan to replace all manual read meters with radio or automatic read meters, which will reduce employee time and liability.

#### **4.11.5 Opportunities for Rate and Fee Restructuring**

*Purpose: To identify opportunities to impact rates positively without decreasing service levels.*

AWD completed a water rate and connection fee study in July 2007 to ensure that revenues would be adequate to meet the operational, capital, and debt service needs of the District. In addition to the base charge and tiered water use charge, the District also collects a surcharge for the services provided by the Pajaro Valley Water Management Agency. The District's water rate structure includes a 6.5 percent annual increase over the next four years.

#### **4.11.6 Opportunities for Shared Facilities**

*Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.*

AWD benefits from the groundwater management and recharge activities of the Pajaro Valley Water Management Agency, and participates in the conservation programs offered through the San Benito County Water Resources Association.

#### **4.11.7 Evaluation of Management Efficiencies**

*Purpose: To evaluate the internal organizational structure of the jurisdiction.*

AWD adopted a ten-year Strategic Plan in 2007 which guides District operations and policies.

#### **4.11.8 Government Structure Options**

*Purpose: To consider the advantages and disadvantages of various government structures to provide public services.*

AWD is a bi-county special district. On May 26, 2005, the San Benito County LAFCO adopted a resolution giving Monterey County LAFCO exclusive jurisdiction regarding boundary issues and services for the portion of AWD within Monterey County, including the sphere of influence (SOI) and annexations. AWD is pursuing annexation of all lands within its SOI in Monterey County.

**4.11.9 Local Accountability and Governance**

*Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.*

AWD makes information available to the public and encourages participation by holding meetings that are open and accessible to the public.