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**MUNICIPAL
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Prepared for
Aromas Water District



Water Rates and Water Capacity Charges Study

July 2014



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Prepared for
Aromas Water District
Aromas, California
July 2014

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SERVICES

2960 Valley Basin Avenue
Henderson, Nevada 89052

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List of Abbreviations

AWWA	American Water Works Association
CCF	Hundred Cubic Feet (equal to ~748.1 gallons)
CIP	Capital Improvement Program
COS	Cost of Service
District	Aromas Water District
DWR	Department of Water Resources
FY	Fiscal Year (July 1 to June 30)
gpd	gallons per day
mg	million gallons
mgd	million gallons per day
O&M	Operation and maintenance
PVWMA	Pajaro Valley Water Management Agency

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Executive Summary

The Aromas Water District (District), in conjunction with Municipal Financial Services, has analyzed the adequacy of revenues to meet projected expenditures of the water enterprise fund to determine whether revenues will be adequate to cover operating and maintenance costs as well as needed capital costs while supporting debt service obligations and meeting target reserve levels. Water fees, which generate approximately 91% of water enterprise fund revenues, were evaluated for the seven-year period Fiscal Year 2014 – 2015 (FY15) through FY21. It is recommended that the District adopt fees for a five-year period (FY15 – FY19). Capacity charges for new connections to the water system were also updated. Charges for FY15, and an index appropriate for annual escalation of the charges, are recommended.

Overview of Study Findings

The study evaluated the District's projected capital and operating expenditures, water sales and growth in accounts for the next seven years; and the basis for the current rate structure.

Capital requirements are projected to increase to nearly \$415,000 in FY21 from \$90,000 in the current budget. Operating requirements are projected to increase to nearly \$937,000 in FY21 from \$762,000 in the current budget. The cumulative impact of capital and operating requirements is approximately 50 percent above the current budget.

Water rates developed in 2007 were based on water demand of approximately 160,000 CCF per year (one CCF equals approximately 748 gallons). Water demand projections for FY15 are approximately 130,000 CCF – a decrease of approximately 19 percent. Water demand projections for FY21 are projected to decline further to approximately 121,000 CCF.

Approximately 30 new Single Family connections are expected during FY15 and FY16 as a result of annexation of the Oak Ridge / Via del Sol Water System.

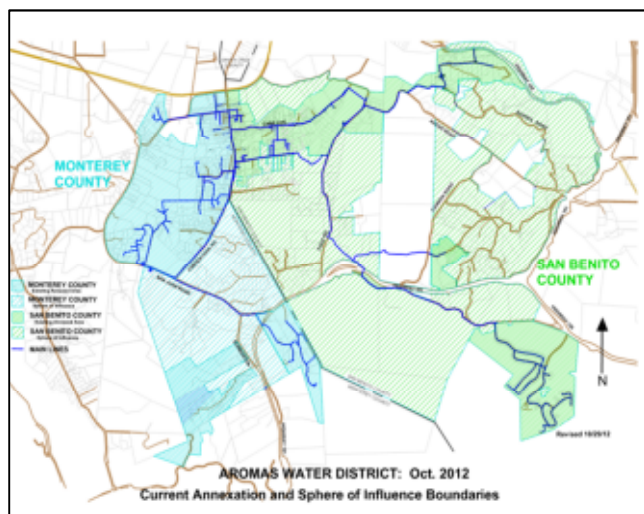
The current water use fee structure is designed for residential customers but is applied to all customers including commercial and institutional. The top tier of the current water use fee structure applies to approximately 11 percent of residential water use. The recommended water use fee structure has a single fee for all nonresidential use and a tier structure for residential use that further promotes water conservation by expanding the top tier to apply to approximately 16 percent of residential water use.

Simultaneous changes in expenditures, water demand, water fees and water use tier breaks produce changes in customer bills that are very different for each customer class and for customers within a customer class. Table ES-1 compares the percentage increase in expenditures, water demand and water fees.

Table ES-1. Percentage Increases in Expenditures, Water Demand, Fees and Monthly Bills							
Item	Annual Percent Increases						
	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Expenditures	9%	7%	6%	5%	5%	6%	6%
Water Sales	-19%	-2%	-2%	-2%	-1%	-1%	-1%
Base Rate Fees, \$/month							
5/8 x 3/4-inch	3%	7%	5%	5%	5%	6%	6%
1-inch	-1%	7%	5%	5%	5%	6%	6%
1 1/2-inch	-2%	7%	4%	5%	5%	6%	6%
2-inch	-3%	7%	5%	5%	5%	6%	6%
Water Use Fees, \$/CCF							
Commercial	na	10%	9%	8%	6%	8%	8%
Single/Multi Family							
Tier 1	40%	9%	8%	7%	6%	7%	7%
Tier 2	41%	9%	8%	7%	6%	7%	7%
Tier 3	40%	9%	8%	7%	6%	7%	7%
Average Monthly Bills							
Single Family							
<i>estimated monthly water use ></i>	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF
Without conservation	11%	8%	7%	6%	6%	7%	7%
<i>estimated monthly water use ></i>	11 CCF	11 CCF	11 CCF	10 CCF	10 CCF	10 CCF	10 CCF
With lower use in FY15 and FY18	4%	8%	7%	-2%	6%	7%	7%
Commercial							
<i>estimated monthly water use ></i>	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF	12 CCF
Without conservation	26%	9%	8%	7%	6%	7%	7%
<i>estimated monthly water use ></i>	11 CCF	11 CCF	11 CCF	10 CCF	10 CCF	10 CCF	10 CCF
With lower use in FY15 and FY18	19%	9%	7%	1%	6%	7%	7%
School (2-inch meter)							
<i>estimated off peak month water use ></i>	200 CCF	200 CCF	200 CCF	200 CCF	200 CCF	200 CCF	200 CCF
Peak Irrigation	24%	10%	8%	7%	6%	7%	7%
<i>estimated peak month water use ></i>	400 CCF	400 CCF	400 CCF	400 CCF	400 CCF	400 CCF	400 CCF
Off Peak	14%	10%	9%	8%	6%	7%	7%

Water System Description

The Aromas Water District was formed in 1959. The District's service area is approximately 20 square miles in Monterey and San Benito Counties. Water service is provided to most of the unincorporated area of Aromas (population 3,500) and a portion of the unincorporated area west of the City of San Juan Bautista. The District currently serves approximately 900 connections.



The primary assets in the District's water system are three deep-water wells, five pumps / booster stations, nine storage tanks at seven locations, a water treatment plant, approximately 29 miles of transmission and distribution lines, approximately 182 hydrants and an office building at 388 Blohm Avenue. The current replacement value of these assets, plus the meters and laterals for each connection, is estimated at \$28 million.

During 2010 - 2012 (three years), the District produced approximately 109,000,000 gallons of water per year - an average of approximately 300,000 gallons per day. During peak months, water deliveries are approximately 50 percent higher (450,000 gallons per day).

Annual average daily use by single family customers was 290 gallons per day (approximately 8,800 gallons per month). Monthly use by single family customers varies from approximately 5,800 gallons during the winter months to over 13,500 gallons at the peak of summer.

Impact of Revised Cost of Service Allocation Methodology

Cost allocation methodology refers to the allocation of costs among customer classes in relation to the level of water system use by each customer class. The District's current fee structure recovers approximately 40 percent of fee revenues from base rate fees (meter charges) and 60 percent of fee revenues from user fees (based on water use).

Currently, base rate fees for each meter size are based on a factor (an "equivalent meter factor") relative to the fee for a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter. Recommended base rate fees are developed using factors identical to the current factors.

Since 2003, the user fees have been held in a fixed ratio relative to the Tier 1 user fee. In 2003, the user fees (in \$/CCF) were \$1.50 for Tier 1 water use, \$2.50 for Tier 2 water use and \$3.50 for Tier 3 water use - yielding ratios of 1.00:1.67:2.33 for each tier water use fee relative to the Tier 1 use fee. Those same ratios exist for the current user fees (\$2.089 for Tier 1, \$3.480 for Tier 2 and \$4.873 for Tier 3). Recommended water use fees are developed using ratios very close to the current ratios.

The recommended cost allocation structure has two major differences from the current structure. First, the recommended water user fees for nonresidential customer classes (Commercial, Institutional and Irrigation) are a flat rate based on the average cost of water use for those customer classes. Tiered water use fees would apply only to Single Family and Multi Family customer classes. Second, the tier breaks for Single Family and Multi Family customer classes are changed to recover more revenue from water use in Tier 1 and Tier 3 and less revenue from water use in Tier 2.

Summary of Projected Revenues and Expenditures

The District has three main types of expenditures – operating, capital and debt service. The District has two, primary sources of revenues – charges for services, which yield approximately 92 percent of revenues, and tax receipts, which yield approximately 6 percent of revenues. The District recently adopted a Financial Reserves Policy. The policy states that the reserve funds will be funded with surplus unrestricted operating funds.

Projected expenditures between FY15 and FY 21 total approximately \$8.3 million. The majority of expenditures (\$6.0 million) are for operating expenses. The remaining \$2.3 million is for debt service, capital projects and capital reserves. In FY21, the annual amount of expenditures for debt service and capital is approximately \$444,000 compared to the FY14 budget amount of \$154,000.

The projected expenditures should enable the District to accomplish the following:

- Meet or exceed the minimum operating reserve target of 60 days of operating expenses
- Expend \$1,050,000 for capital projects between FY15 and FY21
- Pay a loan balloon payment of \$912,000 in FY22 (or refinance a portion)
- Direct an additional \$290,000 per year to capital projects or reserves beginning in FY22

FY14 budgeted revenues and expenditures and projections for FY15 – FY21 are shown in the table below.

Table ES-2. Summary of Projected Revenues and Expenditures									
Item	Budget FY14	Projected Fiscal Year							Total FY15 - FY21
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Revenues									
Operating [1]	847,700	834,500	999,300	1,056,000	1,109,900	1,165,900	1,237,100	1,312,700	7,715,400
Non-Operating	65,000	61,500	61,500	61,500	61,500	61,500	61,500	61,500	430,500
Total	912,700	896,000	1,060,800	1,117,500	1,171,400	1,227,400	1,298,600	1,374,200	8,145,900
Annual Change		(16,700)	164,800	56,700	53,900	56,000	71,200	75,600	
% Annual change		-2%	18%	5%	5%	5%	6%	6%	
Expenses									
Operating	761,800	784,700	808,200	832,500	857,400	883,200	909,600	936,900	6,012,500
Debt Service	64,000	114,200	114,200	114,200	114,200	114,200	114,200	28,500	713,700
Capital Projects Expense/Reserve	90,000	0	18,000	36,000	51,000	66,000	81,000	146,000	398,000
Capital Emergency Reserve	0	0	10,000	20,000	20,000	30,000	50,000	110,000	240,000
Debt Balloon Payment Reserve	0	95,000	110,000	120,000	135,000	140,000	150,000	160,000	910,000
Total	915,800	993,900	1,060,400	1,122,700	1,177,600	1,233,400	1,304,800	1,381,400	8,274,200
Annual Change		78,100	66,500	62,300	54,900	55,800	71,400	76,600	
% Annual change		9%	7%	6%	5%	5%	6%	6%	
% Cumulative change		9%	16%	23%	29%	35%	42%	51%	
Note:									
1 Operating revenues for FY15 reflect implementation of rate increases effective November 1, 2014 - four months into the fiscal year.									

Summary of Projected Water Deliveries

For any water utility, accurately projecting the amount of water deliveries (sales) is of paramount importance. Projections of the amount of water deliveries are used to develop water use fees, project revenues from water use fees and project customer bills.

Since implementing water use fees based on recommendations from the *2007 Water Rate & Connection Fee Study* (2007 Rate Study), the District has experienced a significant decrease in revenues from water use fees compared to the amounts projected in the 2007 Rate Study. The decrease in revenues is due to decreases in the annual amounts of water deliveries below those projected in the 2007 Rate Study.

In this study, recommended water use fees are based, in part, on average water deliveries during the three-year period 2010 - 2012. Historic water production values for the time period 2005 - 2012 are compared with projections of metered water use in the figure below. Reductions in water use are projected to be 1.7 percent per year during 2014 - 2017 and 0.9 percent per year during 2018 - 2021. Water use includes use by the new connections in the Oak Ridge/Via Del Sol Water System.

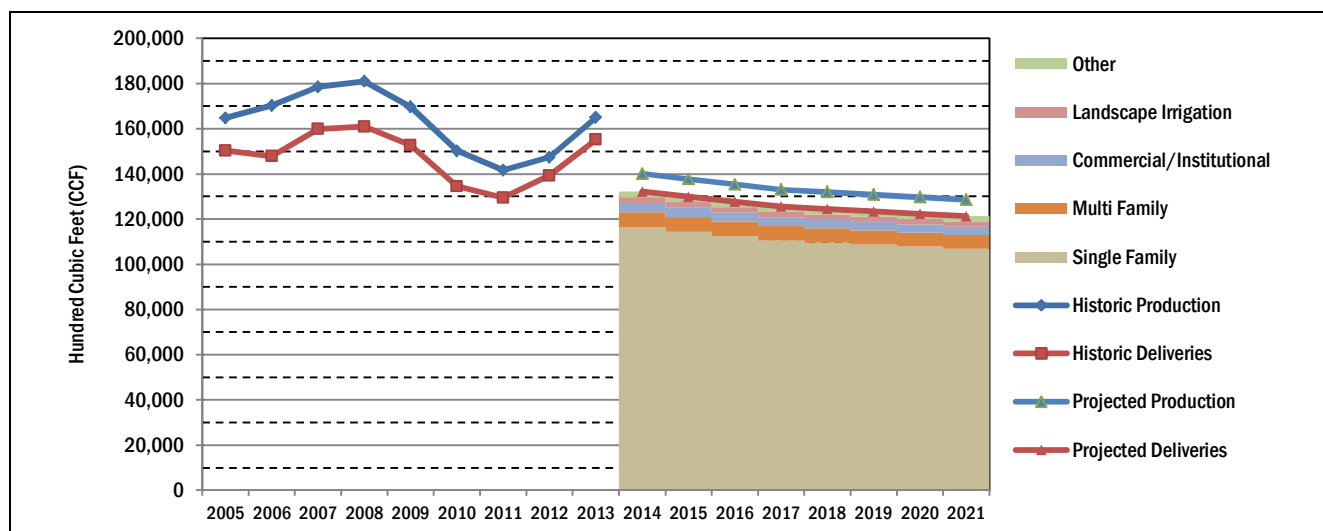


Figure ES-1. Comparison of Historic Water Production and Projected Metered Water Deliveries

Significant Assumptions

There are a number of assumptions in this study related to the projected amount of metered water deliveries and the allocation of operating expenditures and reserve contributions. A summary of the most significant assumptions made in this study are listed below.

Assumption 1. Projected water deliveries are based on average use during 2010 – 2012 (approximately 134,500 CCF) and annual conservation of 1.7 percent during FY14 – FY18 and 0.9 percent during FY19 – FY21.

Assumption 2. Since 2003, the user fees for Tier 2 and Tier 3 have been held in a fixed ratio relative to the Tier 1 user fee in ratios of 1.67 and 2.33. Recommended water use fees are developed using ratios very close to the current ratios.

Assumption 3. Assessment District revenues for the new connections in the Oak Ridge/Via Del Sol Water System are applied to capital projects and capital reserves.

Assumption 4. Annual operating expenditures (except debt service) are expected to rise at three percent per year.

Recommended Water Fees

Recommended water fees to be listed in the Proposition 218 Notice of Public Hearing are shown in the table below. Note that the Fire Protection Service Fee is discontinued. The Fire Protection Service Fee currently recovers approximately \$800 in annual revenues.

Table ES-3. Recommended Water Fees							
Fee Category		Current	Projected Fiscal Year				
		FY14	FY15	FY16	FY17	FY18	FY19
Base Rate Fees, \$/month							
Meter Size	<i>Meter Ratio</i>						
5/8 x 3/4-inch	1.0	\$31.35	\$32.30	\$34.60	\$36.30	\$38.10	\$40.00
1-inch	2.5	\$78.30	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00
1½-inch	5.0	\$156.59	\$153	\$164	\$171	\$180	\$189
2-inch	8.0	\$250.77	\$243	\$261	\$273	\$287	\$301
3-inch	17.5	\$470.19	\$529	\$567	\$594	\$624	\$655
4-inch	30.0	no fee	\$906	\$971	\$1,016	\$1,068	\$1,121
6-inch	62.5	no fee	\$1,880	\$2,020	\$2,110	\$2,220	\$2,330
Bulk Service		\$60.11	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00
Water Use Fees, \$/CCF							
Bulk Service		\$4.87	\$4.28	\$4.67	\$5.05	\$5.40	\$5.72
Commercial/Institutional/Landscape	same as Single Family		\$4.39	\$4.84	\$5.28	\$5.70	\$6.07
Single/Multi Family							
Tier 1		\$2.09	\$2.92	\$3.19	\$3.44	\$3.68	\$3.90
Tier 2		\$3.48	\$4.90	\$5.34	\$5.77	\$6.17	\$6.54
Tier 3		\$4.87	\$6.81	\$7.42	\$8.02	\$8.58	\$9.09
<i>applicable all years</i>							
Tier Ranges, CCF	<i>Meter Ratio</i>		Tier 1	Tier 2	Tier 3		
5/8 x 3/4-inch	1.0		0 - 8	9 - 30	> 30		
1-inch	2.5		0 - 20	21 - 75	> 75		
1½-inch	5.0		0 - 40	41 - 150	> 150		
2-inch	8.0		0 - 64	65 - 240	> 240		
3-inch	17.5		0 - 140	141 - 525	> 525		
4-inch	30.0		0 - 240	241 - 900	> 900		
6-inch	62.5		0 - 500	501 - 1875	> 1875		

Historical and Projected Single Family Monthly Bills

Historical and projected Single Family monthly bills are shown in the figure below. Monthly bills do not include the PVWMA surcharge.

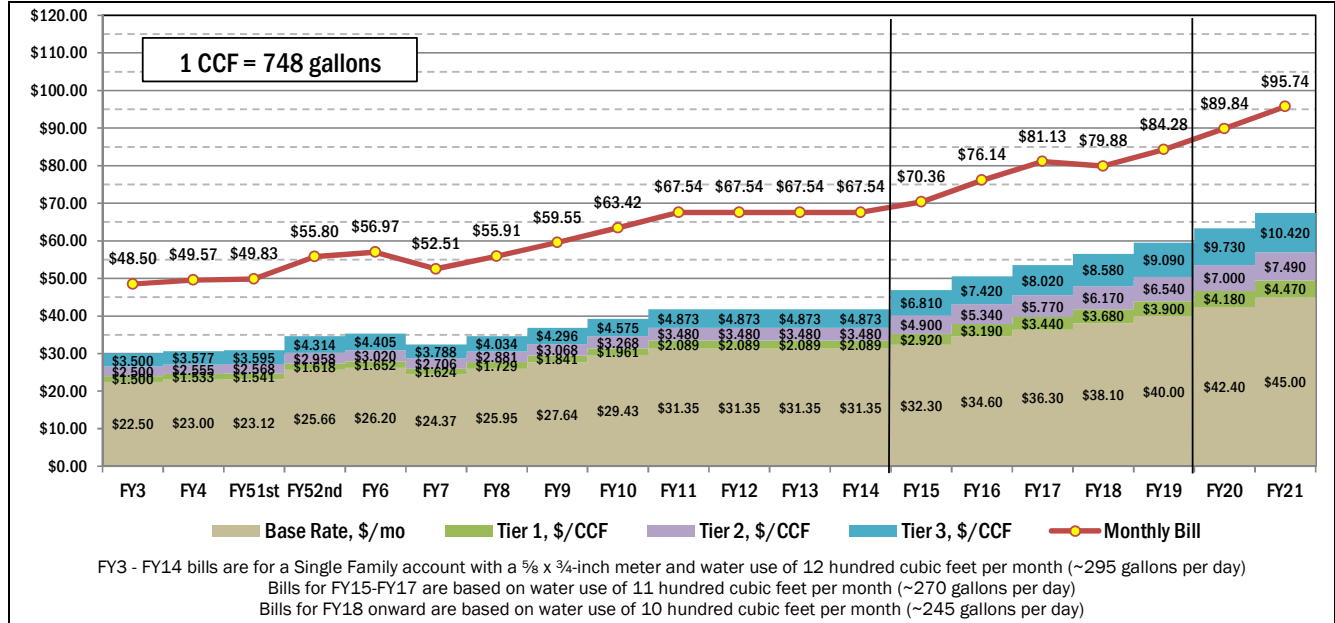


Figure ES-2. Historic and Projected Single Family Monthly Water Bills

Recommended Capacity Charges

Recommended water capacity charges for 2014 are shown in the table below. It is recommended that the District escalate capacity charges using the *Engineering News Record 20-City Construction Cost Index*.

Table ES-4. Recommended Water Capacity Charges

Meter Size	Current Charges	Recommended Charges	Increase (Decrease)	
			Dollars	Percent
5/8 x 3/4-inch	\$10,843	\$12,790	\$1,947	18%
1-inch	\$27,106	\$31,970	\$4,864	18%
1½-inch	\$54,213	\$63,940	\$9,727	18%
2-inch	\$86,740	\$102,300	\$15,560	18%
3-inch	\$162,638	\$223,800	\$61,162	38%
4-inch	\$271,064	\$383,600	\$112,536	42%
6-inch	\$542,128	\$799,300	\$257,172	47%

Public Notification and Hearing Process

The Board of Directors held noticed public meetings on March 25th, April 23rd, May 27th, June 24th and July 22nd 2014 taking public comment and discussing the Rate Study and proposed rate changes.

Presentations were made to an *ad hoc* Board committee during March and the full Board at the April, May and July Board meetings.

A Proposition 218 Notice of Public Hearing was mailed to all property owners and rate payers of the District on June 2, allowing in excess of the required 45 day notification period for the Board hearing on July 22.

During the July 22 Board meeting, the Board closed the Proposition Public Hearing and voted to adopt Resolution No. 2014-12 (a copy of the resolution is included in Appendix F). The resolution ratified the Proposition 218 process and adopted the rates and charges recommended in the Rate Study.

Section 1

Introduction

The District's water rates are intended to recover revenues sufficient to adequately fund water system operations, maintenance, and capital replacement expenditures, while keeping rates as low as possible and maintaining a prudent level of reserves. Capacity charges are a charge to pay for a prorated "buy-in" to facilities in existence at the time a charge is imposed.

1.1 Organization of the Report

This report is divided into six sections. This introduction provides an overview of the study objectives, rate setting process and the sources of data used in preparation of the report.

Section 2 discusses customer characteristics.

Section 3 describes the development of water rates.

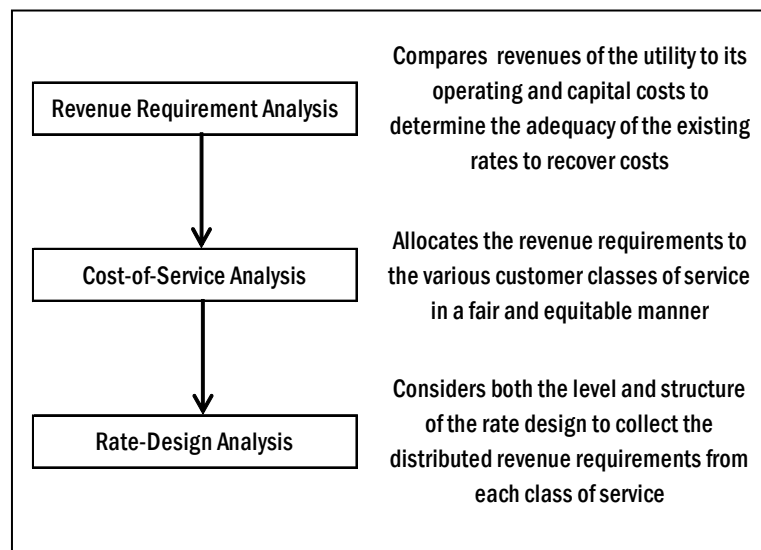
Section 4 describes the development of capacity charges.

Section 5 describes the impact of changes in rates and charges on existing and new customers.

Section 6 describes the limitations of the study document.

1.2 Overview of Rate Setting Process

Rate studies classically have three categories of technical analysis – the development of revenue to be recovered from rates, the allocation of costs among functional cost categories (cost-of-service analysis) and the design of a rate structure. An overview of the rate-setting analytical steps is shown in Figure 1-1.



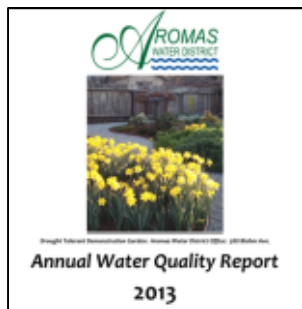
The revenue required from rates is net of non-rate revenues (for example interest earned on fund balances) and other revenues not required from rates (such as revenue from meter turn on/off services). The allocation of costs is structured so that the revenue required from charges is distributed proportionally for every level of service in a manner that allows the development of unit costs. The rate structure uses the unit costs as a basis for aggregating costs into rates that are applicable to the various customer classes.

Figure 1-1. Overview of Rate Setting Analytical Steps

Information and data for the development of water rates and capacity charges include a number of documents provided by the District. The list of documents, and the key information and data from each used in this study, are summarized below.

Aromas Water District Revised 2013-14 Annual Budget

Prior to the start of FY14, the District adopted its annual budget. At its January 2014 Board meeting, the District Board adopted a mid-year budget revision. The revised budget is used in this study as the basis for projections of expenses and non-rate revenues for subsequent fiscal years.



Aromas Water District 2013 Annual Water Quality Report

This report provides information on the Aromas Water District water quality monitoring done during the year 2013. It includes details about where your water comes from, what it contains, and how it compares to State Standards. This report shows the results of testing for the period of January 1 - December 31, 2013.

The report also includes a message from the General Manager, statistics about the source of water supply and average water use, and information about water meters and outdoor water conservation tips.

Aromas Water District Financial Statements and Supplementary Information 2013

The Financial Statements provide discussion and analysis of the District financial performance and financial activities for the year ended June 30, 2013. The District presents a balance sheet; statements of revenues, expenses and changes in net position; and statements of cash flows.

Aromas Water District Financial Reserves Policy

During January 2014, the District passed Resolution 2014-1 adopting a Financial Reserves Policy. The purpose of the policy is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a secure source of internal funds for organization priorities such as building repair and improvement, capital projects, emergencies, program opportunity, and capacity building. The policy describes three types of reserves: Operating Reserve, Capital Emergency Reserve and Capital Funding Reserve. The policy states that the reserve funds will be funded with surplus unrestricted operating funds.

Aromas Water District Depreciation Expense Report as of 2012

The largest part of the District's assets are investments in capital assets. The Depreciation Expense Report is a catalog of capital assets by account number with the "in service" date, estimated useful life, acquired value, and accumulated depreciation of each asset.

Aromas Water District Ordinance 72

Ordinance 72 sets forth Rules, Regulations and Charges for Water Service applicable to all water delivered by the District. The Ordinance may be amended by resolution of the Board of Directors after duly and legally noticed public hearings. Exhibit C of Ordinance 72 was updated in 2008 to adopt revised monthly rates for Private and Commercial Fire Protection Service.

Customer Billing Data

The District provided a data base listing monthly water use for each metered account, for the time period March 2013 through February 2014 (12 months). Each account record had descriptive information of the account's meter size and customer class.

Well Water Production and Water Delivery Records

Annual reports listing monthly well production, monthly water deliveries and the number of accounts for calendar years 2006 – 2013 were provided by the District.

Test Requirements for New, Rebuilt, and Repaired Cold-Water Meters

The American Water Works Association publishes a manual, *M6 Water Meters - Selection, Installation, Testing and Maintenance*, (2012 Fifth Edition), that lists test requirements for new, rebuilt, and repaired cold-water meters. The test requirements are expressed in terms of a maximum flow rate for meters of various sized and types (displacement meters, Class I turbine meters, propeller meters, etc.).

1.3 Rate-Making Objectives

There are numerous rate-making objectives that must be considered when developing rates and rate structures.

Revenue sufficiency. Generate sufficient revenue to fund operating and capital expenditures and maintain adequate reserves.

Revenue stability. Recover revenue from base and commodity charges that will cover all expenditures.

Administrative effort. Enable implementation and ongoing administration, including monitoring and updating.

Affordability. Be affordable while maintaining the sound financial position of the enterprise.

Customer understanding. Be as simple as possible to facilitate customer understanding and acceptance.

Fairness. Provide for each customer class to pay its proportionate share of the required revenue in compliance with legal rate-making requirements.

1.4 Current Water Rates and Capacity Charges

Ordinance 72 sets forth Rules, Regulations and Charges for Water Service applicable to all water delivered by the District. Definitions of the various rates from Ordinance 72 that are evaluated as part of this study are included in this section along with the current values for each set of rates.¹

Base Rate Fee. A “ base rate” is a fixed monthly fee that meets a portion of the estimated fixed cost to provide service to any existing meter, including but not limited to inspection, maintenance, accounting, meter reading and billing services for that water connection and for the provision of fire suppression capacity to that connection location. A base rate fee is based primarily on the number and size of meters installed.

BASE RATE FEES		
Equivalent		
Meter Size	Meter Ratio	Rate Per Month
¾ x ¾-inch	1.0	\$31.35
1-inch	2.5	\$78.30
1½-inch	5.0	\$156.59
2-inch	8.0	\$250.77
3-inch	15.0	\$470.19
4-inch	25.0	none adopted
6-inch	50.0	none adopted

Fire Protection Service Fee. A fee or charge for providing water or water pressure to a fire system for fire protection facilities in commercial and publicly owned buildings.

FIRE PROTECTION SERVICE FEES	
Meter Size	Rate Per Month
1-inch	\$3.02
1½-inch	\$6.04
2-inch	\$9.66
2½-inch	\$13.89
3-inch	\$18.12
4-inch	\$30.20
6-inch	none adopted

¹ Current rate schedules include fees for ¾-inch meters. Those fees are not shown in tables in this report as the District has no connections with those size meters.

Water Use Fee. A “water use charge” is a fee imposed to pay for water actually used by the property in question. A water use charge is a commodity charge based primarily on the amount consumed and includes any tiered rates adopted by the District for conservation purposes or to

WATER USE FEES							
Meter Size	Equivalent Meter Ratio	Tier 1		Tier 2		Tier 3	
		Rate, \$/cf	Use Range, cf	Rate, \$/cf	Use Range, cf	Rate, \$/cf	Use Range, cf
5/8 x 3/4-inch	1.0	\$0.02089	0 - 400	\$0.03480	401- 3,630	\$0.04873	> 3,630
1-inch	2.5	\$0.02089	0 - 1,000	\$0.03480	1,001- 9,075	\$0.04873	> 9,075
1½-inch	5.0	\$0.02089	0 - 2,000	\$0.03480	2,001- 18,150	\$0.04873	> 18,150
2-inch	8.0	\$0.02089	0 - 3,200	\$0.03480	3,201- 29,040	\$0.04873	> 29,040
3-inch	15.0	\$0.02089	0 - 6,000	\$0.03480	6,001- 54,450	\$0.04873	> 54,450
4-inch	25.0	\$0.02089	0 - 10,000	\$0.03480	10,001- 90,750	\$0.04873	> 90,750
6-inch	50.0	\$0.02089	0 - 20,000	\$0.03480	20,001- 181,500	\$0.04873	> 181,500

cf = cubic foot, equal to approximately 7.48 gallons

reflect actual additional costs to serve specific areas of the District. Note that the Equivalent Meter Ratio is used to expand the range of each tier to compensate for greater water use as meter size increases.

Bulk Service Fees. The term “bulk service” means water supplies obtained from an Aromas Water District-designated bulk water station, or through a hydrant meter. All other service shall be deemed a “point of service” customer where water is delivered through a permanent and stationary meter. No “point of service” delivery is deemed a “bulk service” unless approved as an exception to this provision by the Board of Directors. The current Bulk Service Fee is \$60.11 per month. The water use charge is equal to the tier 3 water use charge. The deposit for a hydrant meter rental is \$150.00.

Pajaro Valley Water Management Agency Surcharge. The term “Pajaro Valley Water Management Agency surcharge” refers to a fee or charge imposed as a separate line item and additional charge to pay, pro-rata, for fees imposed by the Pajaro Valley Water Management Agency as they relate to each water service. The current Pajaro Valley Water Management Agency surcharge is \$172 per acre foot of water production by the District – approximately \$0.00395 per cf (cubic foot). The District charges, in turn, charges \$0.00440 per cf of water use to account for water production that does not produce revenue. The surcharge amount is not evaluated as part of this study. The surcharge may appear on the notice of public hearing along with the other rates and charges evaluated as part of this study.

CAPACITY CHARGES		
Meter Size	Equivalent	
	Meter Ratio	Per Connection
5/8 x 3/4-inch	1.0	\$10,843
1-inch	2.5	\$27,106
1½-inch	5.0	\$54,213
2-inch	8.0	\$86,740
3-inch	15.0	\$162,638
4-inch	25.0	\$271,064
6-inch	50.0	\$542,128

Capacity Charge. A “capacity charge” means a charge to pay for a prorata “buy-in” for facilities in existence at the time a charge is imposed. The capacity charge is based upon the meter size of the new connection. Any additional expense incurred directly as a result of a new customer connecting to the District system (e.g., main extensions, booster systems, etc.) is the responsibility of the new customer and is in addition to the capacity charge.

Water installation fees are not evaluated as part of this study. The term “water installation fee” refers to a charge to reimburse the District for all actual and necessary costs incurred, in the sole discretion of the District, in order to install a specific connection, including but not limited to labor and material expenses required to acquire and install pipes, mains, pumps and storage facilities and rights of way intended to serve that connection or set of new connections. The “water installation fee” includes administrative, legal, and contractor and sub-contractor oversight costs, and any other costs that may be associated with extending service to a new connection.

Section 2

Customer Characteristics

The purpose of this section is to summarize the number of connections to the water system and the amount of water produced and delivered. The data used in this section comes from well production reports, the District’s billing invoices and the American Water Works Association.

2.1 Historic Production and Deliveries

Historic production from District wells and water deliveries for the nine years ending in 2013 are shown in the table below. Deliveries are broken down by customer class (except for 2005 when the detailed data was not available). Unmetered water includes water loss through leaks, illegal connections, flushing and testing, etc. Water deliveries to the “Other” customer class are metered but not billed (and do not yield any revenue) and are not included in the unmetered values.

All Values in CCF	2005	2006	2007	2008	2009	2010	2011	2012	2013
Production	164,764	170,285	178,532	180,965	169,650	150,258	141,716	147,394	165,039
Deliveries	150,348	147,895	159,931	161,014	152,689	134,541	129,458	139,376	155,278
Single Family		133,330	141,782	143,086	135,242	118,440	115,696	121,110	138,270
Multi Family		8,174	8,159	8,891	8,443	7,167	5,891	6,801	6,806
Commercial/Institutional		3,645	5,534	5,669	4,984	4,018	3,829	5,006	6,482
Landscape Irrigation		2,441	3,820	2,855	1,729	2,848	3,131	1,957	2,318
Other		306	636	513	2,291	2,068	911	4,502	1,402
Unmetered									
Unmetered	14,416	22,390	18,601	19,951	16,961	15,717	12,258	8,018	9,760
Unmetered %	9%	13%	10%	11%	10%	10%	9%	5%	6%

Source: District Filings of Department of Water Resources (DWR) Form 38

Average annual water deliveries during 2010 - 2012 (three years) were approximately 134,000 hundred cubic feet (CCF). Average annual water deliveries during 2005 - 2009 and 2013 (six years) were approximately 156,000 CCF - approximately 16 percent higher than during 2010 - 2012. The figure below shows the annual totals for water production and deliveries.

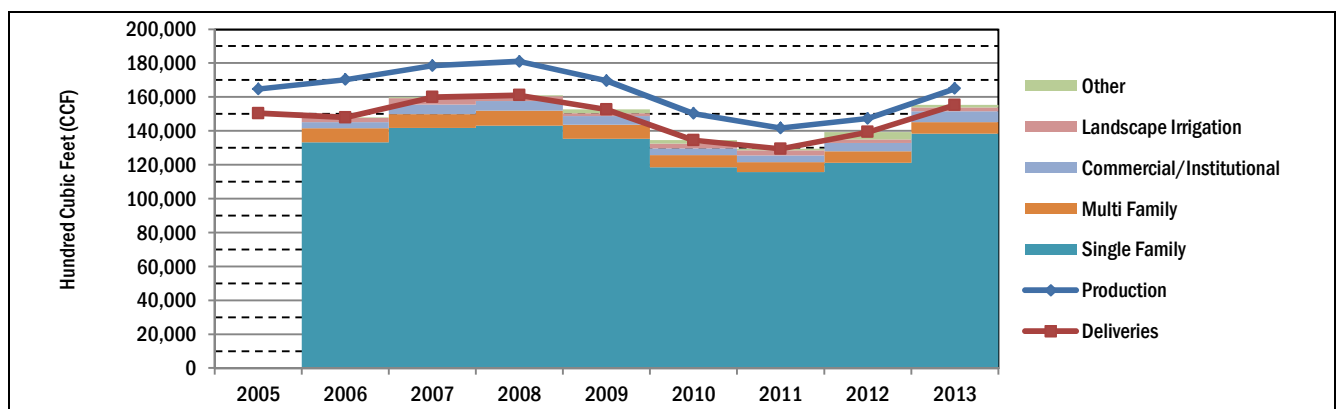


Figure 2-1. Historic Water Production and Deliveries, CCF

2.2 Accounts and Meters

The District’s water system has approximately 900 metered connections and six, unmetered fire protection service connections. Connections are identified in the following customer classes:

- Single Family
- Multi Family
- Commercial/Institutional
- Irrigation (Landscape)
- Other

Approximately 93 percent of metered connections are Single Family accounts (842). The remainder of the metered connections are Multi Family (27), Commercial/Institutional (25), Landscape Irrigation (6) or “Other” (3). Multi Family connections include Single Family dwellings with additional living units. Approximately 30 new Single Family meter connections are expected from the Oak Ridge/Via Del Sol Water System acquisition during FY15 and FY16.

Except for six connections, all meter sizes are 5/8 x 3/4-inch. The maximum flow rating for a 5/8 x 3/4-inch meter is 20 gallons per minute.

2.3 Customer Water Use

Average metered water use by customer class and month for 2010 - 2013 is shown in Figure 2-1 in units of CCF. The chart on the left hand of the figure shows usage in CCF; the chart on the right hand of the figure shows usage for each customer class as a percent of total usage in each month.

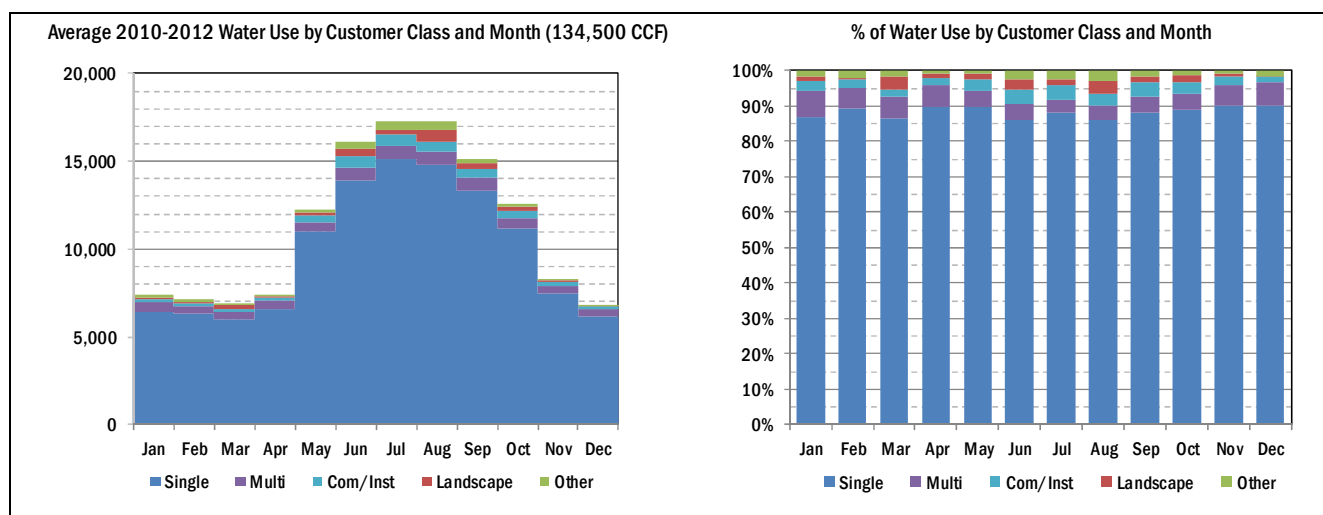


Figure 2-2. Metered Water Use by Tier and Customer Class as a Percent of Total Use

Metered water use projections for FY15 onward are required to develop water user fees, estimate revenues from user fees and estimate average customer bills. Water use projections are based upon the net impact of three variables: 1) change in use due to changes in the number of metered accounts; 2) changes in use due to economic factors; and 3) decrease in use due to conservation. Water use projections are based on a percent reduction from average water use during 2010 – 2012 (three years). Reductions are projected to be 1.7 percent per year during 2014 - 2017 and 0.9 percent per year during 2018 - 2021. Water use includes use by the new connections in the Oak Ridge/Via Del Sol Water System.

Historic and projected metered water demand, by customer class, is shown in the figure below for 2010 - 2021. Detailed calculation of projected water demand is shown in Table A-1 in Appendix A.

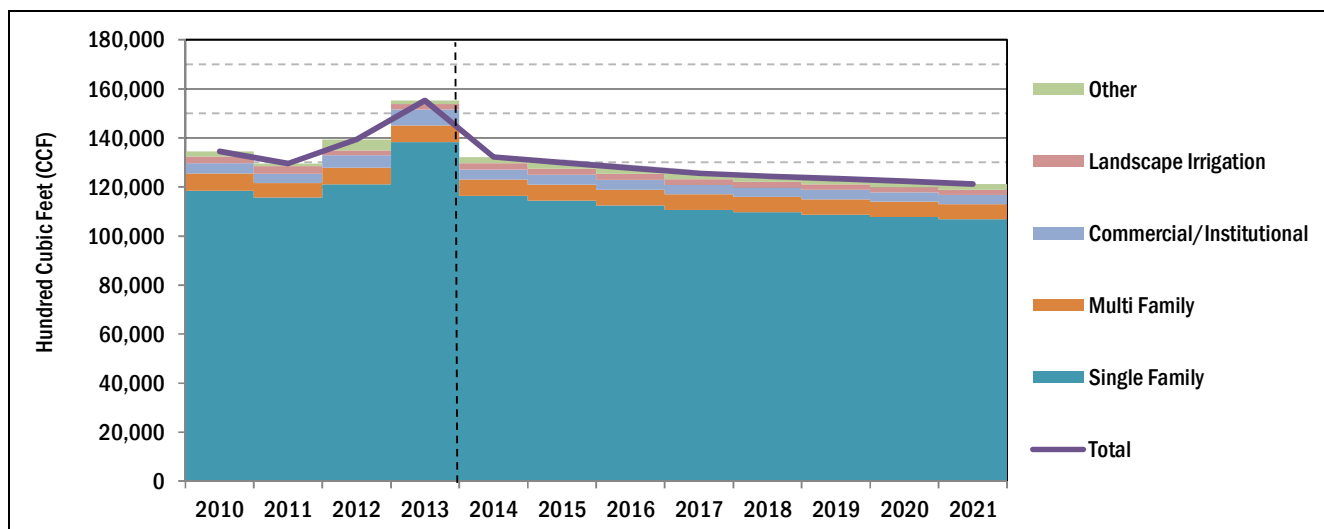


Figure 2-3. Projected Metered Water Use by Customer Class

Historic water production values for the time period 2005 - 2012 are compared with metered water use projections for use in the development of water rates in the figure below.

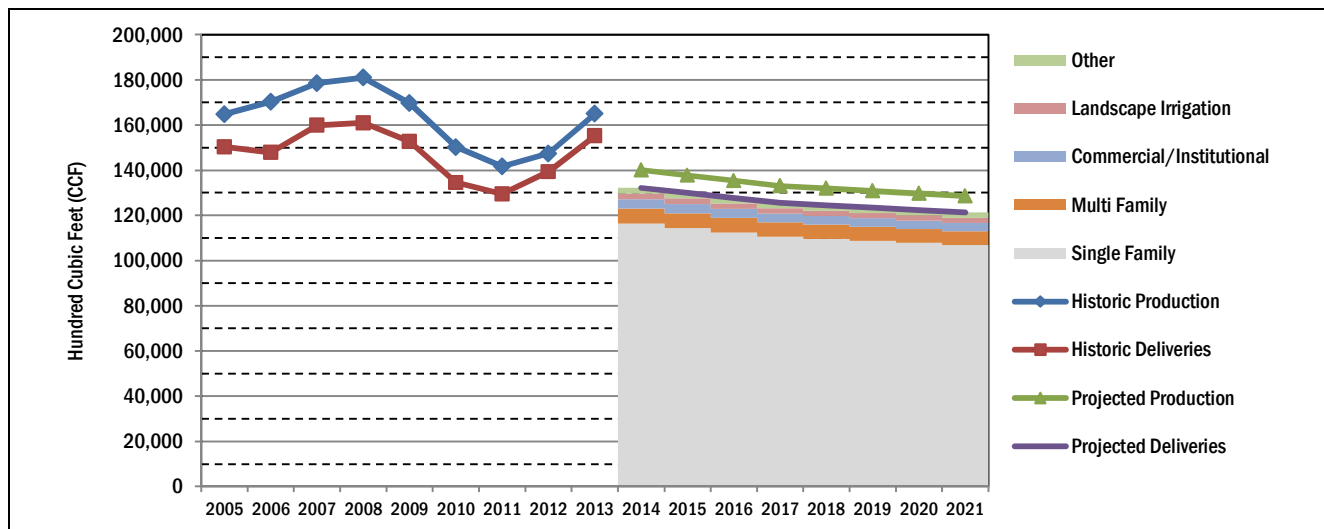


Figure 2-4. Comparison of Historic Water Production and Projected Metered Water Use

Projected metered water use shown in Figure 2-3 is the same as shown in Figure 2-2. Total deliveries (metered water use) were then escalated by approximately 6 percent to account for line losses and other (unmetered) uses. For projections, deliveries plus unmetered use equals production.

2.4 Water Meter Equivalency Factors

Base Rate fees for meter sizes greater than $\frac{5}{8}$ x $\frac{3}{4}$ -inch are based, in part, on an "equivalency factor" that relates the design maximum flow capacity of a meter (in gallons per minute, gpm) to that of a standard $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter. Flow capacities for meters in use by the City are published by the American Water Works Association (AWWA). The water meter maximum flow capacity assignments used in this study and the calculation of equivalency factors are shown in the table below.

The equivalency factors used in the development of cost of service Base Rate fees are similar to those listed in the current fee schedules for meter sizes up to 2-inch. For meter sizes 3-inch and greater, the ratios are different (and higher) than current. Currently, the District has no meter connections greater than 2-inches.

Table 2-3. Water Lateral and Meter Equivalency Factors

Meter Size	Meter Type	AWWA M6 4th Edition (1999)		AWWA M6 5th Edition (2012) *				Current Base Rate	Current Revised Base Rate	\$ Inc.	% Inc.
		AWWA Max Flow Rate	$\frac{5}{8}$ x $\frac{3}{4}$ -inch Equiv. Factor	Meter Type	AWWA Class	Max Flow Rate	$\frac{5}{8}$ x $\frac{3}{4}$ -inch Equiv. Factor				
$\frac{5}{8}$ x $\frac{3}{4}$ -inch	Displacement	20 gpm	1.0	Displacement	C700	20 gpm	1.0	\$31.35	\$31.35	\$0.00	0.0%
1.00-inch	Displacement	50 gpm	2.5	Class I Turbine	C701	50 gpm	2.5	\$78.29	\$78.00	-\$0.29	-0.4%
1.50-inch	Displacement	100 gpm	5.0	Class I Turbine	C701	100 gpm	5.0	\$156.59	\$157.00	\$0.41	0.3%
2.00-inch	Displacement	160 gpm	8.0	Class I Turbine	C701	160 gpm	8.0	\$250.54	\$251.00	\$0.46	0.2%
3.00-inch	Displacement	300 gpm	15.0	Class I Turbine	C701	350 gpm	17.5	\$470.25	\$549.00	\$78.75	16.7%
4.00-inch	Displacement	500 gpm	25.0	Class I Turbine	C701	600 gpm	30.0	none adopted	\$941.00		
6.00-inch	Displacement	1,000 gpm	50.0	Class I Turbine	C701	1,250 gpm	62.5	none adopted	\$1,959.00		

Sources: American Water Works Association, *M6 Water Meters - Selection, Installation, Testing and Maintenance*, 1999 Fourth Edition, pages 28 - 29.
 American Water Works Association, *M6 Water Meters - Selection, Installation, Testing and Maintenance*, 2012 Fifth Edition, pages 63 - 65.
 The Maximum Flow Rate for the $\frac{5}{8}$ x $\frac{3}{4}$ -inch is based on the manufacturer's Specification Sheet for the most prevalent meter installed by the District.

2.5 Evaluation of Use by Tier and Customer Class

Water use by tier and customer class for March 2013 – February 2014 are shown below in Figure 2-4. Historic water use by tier was available only for this time period.

The chart on the left side of the figure shows usage in CCF; the chart on the right side of the figure shows usage for each customer class as a percent of total usage. The percent of total system-wide usage is 24% in Tier 1, 64% in Tier 2 and 12% in Tier 3. Note that the tier ranges shown in the data labels for each figure refer to the tier ranges for connections with a 5/8 x 3/4-inch meter. Tier ranges for connections with larger meters are expanded by the equivalent 5/8 x 3/4-inch meter ratio to account for higher water use through larger meters. The data in the figures reflects water use in the expanded tiers.

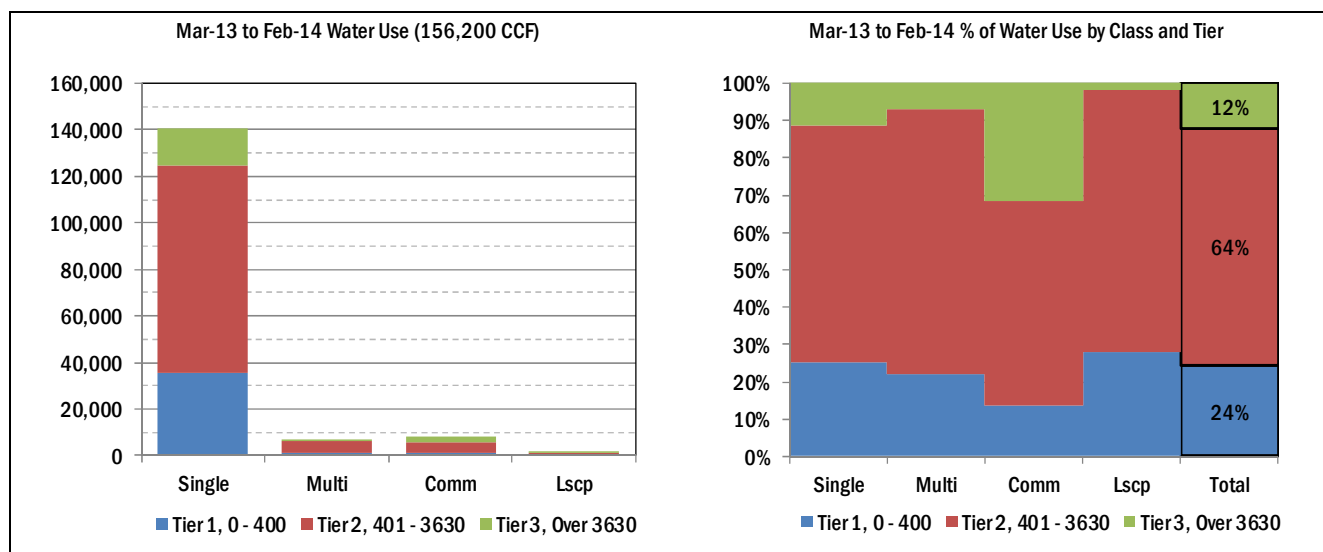


Figure 2-5. Water Use by Tier and Customer Class as a Percent of Total Use

Note the differences in Tier 3 water use between the residential (Single and Multi Family) customer classes (approximately 11 percent), the Commercial/Institutional customer class (approximately 31 percent), and the Landscape customer class (approximately 2 percent).

2.6 Average Water Use Fee for Each Customer Class

Because revenues from current water use fees for each customer class are distributed in different patterns, the average water use fee for each customer class varies. The average water use fee for each customer class varies from a high of \$0.0373 per cubic foot for the Commercial/Institutional customer class to a low of \$0.0329 per cubic foot for the Multi Family customer class. Calculations of the average water use fee for each customer class are shown in the table below. Revenues from the water use fee and metered water use values are for March 2013 – February 2014. Historic water use by tier was available only for this time period.

Table 2-4. Water Use and Water Use Revenues by Customer Class

Customer Class	Water Use Fee Revenue	Metered Use cf	Unit Cost \$/cf	System Average		Difference from Average	
				Unit Cost \$/cf		\$	%
Single Family	\$461,650	14,052,261	\$0.0329	\$0.0331	-\$0.0064	-0.6%	
Multi Family	\$21,914	670,357	\$0.0327	\$0.0331	-\$0.0113	-1.1%	
Commercial/Institutional	\$29,941	802,981	\$0.0373	\$0.0331	\$0.1278	12.8%	
Landscape Irrigation	\$2,851	91,515	\$0.0312	\$0.0331	-\$0.0579	-5.8%	
Total Water System	\$516,356	15,617,114	\$0.0331				

2.7 Current and Recommended Water Use Tier Ranges

Currently, there are three tiers of water use, each with its own fee, applicable to all customer classes. Current water use fees and tiers are shown in the table below. Note that the Equivalent Meter Ratio is used to expand the range of each tier to compensate for greater water use as meter size increases. As noted in the previous section, the current water use fee and tier range schedule results in different costs for water among the customer classes. A water use fee and tier range schedule that incorporates AWWA rate development methodology, District water conservation goals, and proportionality between the cost to supply water and the benefit of receiving water is presented in this section.

Table 2-5. Current Water Use Fees and Tiers

Meter Size	Equivalent Meter Ratio	Tier 1		Tier 2		Tier 3	
		Rate, \$/cf	Use Range, cf	Rate, \$/cf	Use Range, cf	Rate, \$/cf	Use Range, cf
5/8 x 3/4-inch	1.0	\$0.02089	0 - 400	\$0.03480	401- 3,630	\$0.04873	> 3,630
1-inch	2.5	\$0.02089	0 - 1,000	\$0.03480	1,001- 9,075	\$0.04873	> 9,075
1½-inch	5.0	\$0.02089	0 - 2,000	\$0.03480	2,001- 18,150	\$0.04873	> 18,150
2-inch	8.0	\$0.02089	0 - 3,200	\$0.03480	3,201- 29,040	\$0.04873	> 29,040
3-inch	15.0	\$0.02089	0 - 6,000	\$0.03480	6,001- 54,450	\$0.04873	> 54,450
4-inch	25.0	\$0.02089	0 - 10,000	\$0.03480	10,001- 90,750	\$0.04873	> 90,750
6-inch	50.0	\$0.02089	0 - 20,000	\$0.03480	20,001- 181,500	\$0.04873	> 181,500

cf = cubic foot, equal to approximately 7.48 gallons

2.7.1 Nonresidential Water Use Fees

The District has three nonresidential customer classes:

- Commercial/Institutional
- Irrigation (Landscape)
- Other

There are 25 Commercial/Institutional accounts and 6 Landscape Irrigation accounts. Except for six connections, all meter sizes are 5/8 x 3/4-inch. Water use by these 31 accounts is approximately 5.7 percent of total water use. Water deliveries to the “Other” customer class are metered but not billed (and do not yield any revenue).

A single fee for all levels of water use is recommended for Commercial/Institutional and Landscape Irrigation customer classes. A single fee for nonresidential customer classes is common. Nonresidential customer classes are mostly businesses or institutions with water demand that is dictated by their customers or service demands. A single fee for all levels of water use, complimented with conservation in response to the level of the fee, should result in equity with residential customers in terms of cost allocation between the two groups of customers.

2.7.2 Residential Water Use Fees

The District has two residential customer classes:

- Single Family
- Multi Family

The tier ranges have been in effect at least 12 years and may not reflect the current needs of the District in terms of allocation of costs within the residential customer class, revenue stability, and conservation goals. Recommended tier ranges for residential customers were developed to maximize each of the competing needs. Recommended tier water use fees for residential customers are developed in a later section.

Tier 1 Range. Average, off-peak water use during 2012 was used to identify a level of water use which could be used as the upper end of the Tier 1 range. Single Family water use during 2012 is very near the average of water use during 2010 – 2012 (three years). Off-peak use is the sum of use during January – April (four months) and November – December of the same calendar year. As shown in the figure below, average, off-peak water use during 2012 was approximately 6,600 CCF per month equal to approximately 8 CCF per month per Single Family connection.

The recommended Tier 1 range is 0 – 8 CCF per month for residential connections with a 5/8 x 3/4-inch meter. The current Tier 1 range is 0 – 4 CCF per month for residential connections with a 5/8 x 3/4-inch meter. In 2013, Tier 1 water use included approximately 25 percent of all water use.

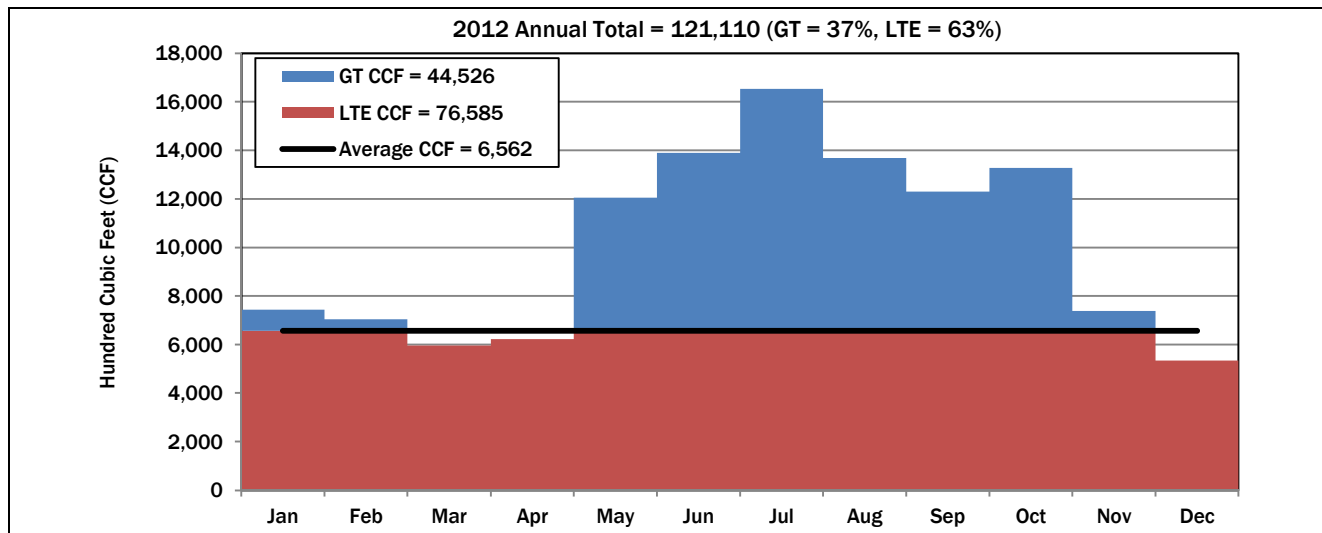


Figure 2-6. 2012 Water Use for Single Family Customers

Tier 2 Range. With a recommended Tier 1 range of 0 – 8 CCF for residential connections with a 5/8 x 3/4-inch meter, the next consideration was the top range for Tier 2. Obviously, the choice for the top range of Tier 2 would simultaneously define the range for Tier 3 (all water use above Tier 2). The current Tier 2 range is very broad (5 – 36.3 CCF) and, based on the water use data available for this study, included approximately 64 percent of all water use.

The recommended Tier 2 range was developed with a consideration of water use during the months of highest and lowest use. For the District, these months are February (lowest water use) and July (highest water use). As shown in the figure below, approximately 98 percent of all Single Family water bills for February have water use less than or equal to 30 CCF. In July, approximately 75 percent of all Single Family water bills have water use less than or equal to 30 CCF. The recommended Tier 2 range is 9 – 30 CCF.

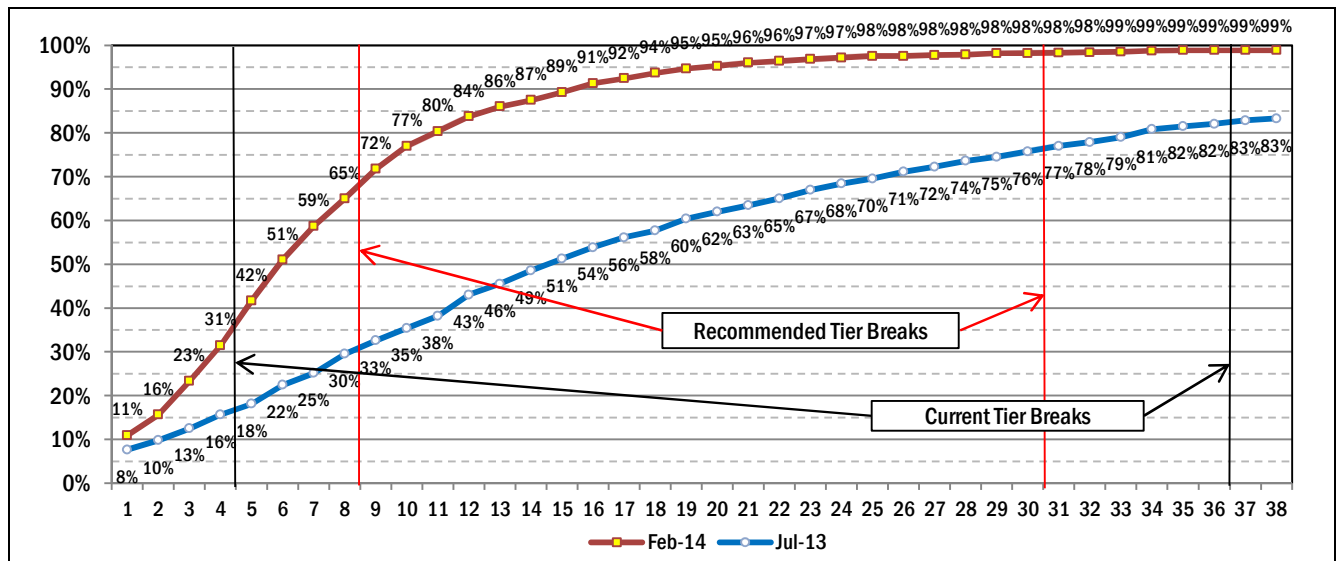


Figure 2-7. Single Family Water Use Profiles for July 2013 and February 2014

Tier 3 Range. As noted in the previous section, the choice for the top range of Tier 2 would simultaneously define the range for Tier 3 (all water use above Tier 2). The current Tier 3 range, all use above 36.3 CCF, includes very little water use – for 2013, approximately 12 percent of all water use. The recommended Tier 3 range is all use above 30 CCF.

Tier Water Use Summary. Water Use in the current and recommended tier ranges for residential customer classes is summarized in the figure below. The summary is based on 12 months of water use for the month ending February 2014 (the only time period that data was available for the analysis).

The recommended tier ranges change the allocation of costs within the residential customer class by expanding the number of customers with monthly bills with more water use in the Tier 1 range and expanding the number of customers with monthly bills with more water use in the Tier 3 range.

The recommended tier ranges should maintain stability of revenue from water use fees in the residential customer class with approximately 76 percent of revenues coming from water use in the lower two tiers. Water use projections for Tier 3 are conservative (at the low end of the spectrum) with a high probability of occurrence.

The recommended tier ranges are expected to promote water conservation. Water use within the residential customer class is expected to decrease from approximately 12 CCF per month per account to approximately 11 CCF per month per account in the first years of implementation of recommended water use fees and tier ranges. Note that, even with current water use fees, conservation of one unit of water in the Tier 2 range reduces a monthly bill by \$3.48 (about 5 percent of an average monthly bill).

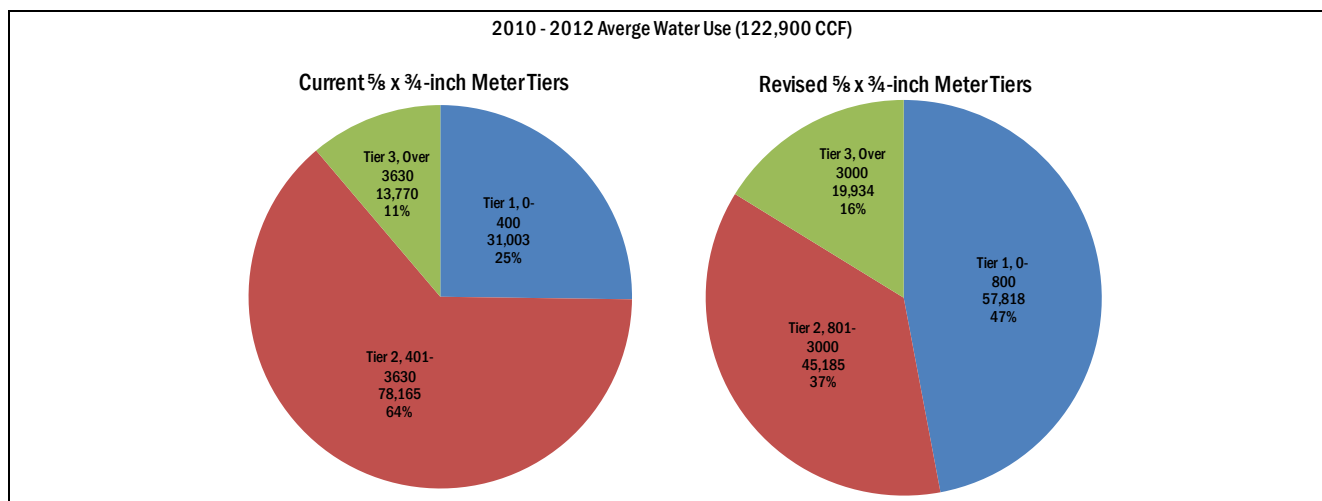


Figure 2-8. Current and Recommended Tier Ranges for Residential Customer Classes

Section 3

Development of Water Fees

Revenues, expenditures, reserve levels, debt service converge, and the development of water fees for FY15 – FY 21 is summarized in this section.

3.1 Operating Revenues and Expenditures

The District's service area is approximately 20 square miles in Monterey and San Benito Counties. Water service is provided to most of the unincorporated area of Aromas (population 3,500) and a portion of the unincorporated area west of the City of San Juan Bautista. The District currently serves approximately 900 connections.

	Updated FY14	Proforma FY14	
Beginning Balance, July 1	\$492,881	\$492,881	
Revenues			
Water Service Charges	840,000	840,000	0%
Bulk Water	8,500	8,500	0%
Connection	11,000	11,000	0%
Tax Receipts	55,000	55,000	0%
Miscellaneous	5,500	5,500	0%
Interest	1,000	1,000	0%
Grants	3,500	3,500	0%
Total Revenues	924,500	924,500	0%
Expenditures			
Administrative & General	63,900	63,900	0%
Debt Payments	64,000	64,000	0%
Communications	9,300	9,300	0%
Payroll	363,500	363,500	0%
Employee Costs	119,300	119,300	0%
Office	17,600	17,600	0%
Operations	89,200	89,200	0%
Power	97,440	99,000	2%
Total Expenditures	824,240	825,800	0%
Net Income	100,260	98,700	-2%
Depreciation Expense	(100,260)	(100,260)	0%
Ending Balance, June 30	492,881	491,321	0%

The primary assets in the District's water system are three deep-water wells, five pumps / booster stations, nine storage tanks at seven locations, a water treatment plant, approximately 29 miles of transmission and distribution lines, approximately 100 hydrants and an office building at 388 Blohm Avenue. The current replacement value of these assets, plus the meters and laterals for each connection, is estimated at \$28 million.

During 2010 – 2012 (three years), the District produced approximately 109,000,000 gallons of water per year – an average of approximately 300,000 gallons per day. During peak months, water deliveries are approximately 50 percent higher (450,000 gallons per day).

The updated annual budget adopted by the Board during January 2014 and a version with revised expenditures for Power are shown in the adjacent table. Except for revenues from water service charges, the expenditures and revenues shown in the proforma projections are used as the basis for projections made in this study.

3.2 Financial Reserves Policy

During January 2014, the District passed Resolution 2014-1 adopting a Financial Reserves Policy. The purpose of the policy is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a secure source of internal funds for organization priorities such as building repair and improvement, capital projects, emergencies, program opportunity, and capacity building. The policy describes three types of reserves: Operating Reserve, Capital Emergency Reserve and Capital Funding Reserve. The policy states that the reserve funds will be funded with surplus unrestricted operating funds.

3.3 Capital Revenues and Expenditures

The District plans to continue rehabilitation and repair of its water system. The current budget allocates \$90,000 for capital expenditures. Annual projected capital expenditures of \$150,000 are included in the amount of revenue required from water fees.

3.4 Debt Service Coverage

The District has debt payments for a note payable to Santa Barbara Bank and Trust dated September 15, 2012 in the amount of \$1,457,578. Monthly payments of interest and principal are \$9,515 for 10 years until a September 15, 2021 balloon payment of \$912,063.

3.5 Operating Fund

Revenues, expenditures, beginning and ending fund balance and target reserve levels are shown in the table below.

Table 3-1. Operating Fund Cash Flow									
Item	Budget FY14	Projected Fiscal Year							Total FY15 - FY21
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Operating Revenues									
Charges for Services									
Fire Protection Service	800	0	0	0	0	0	0	0	0
Base Rate	347,000	359,400	394,900	414,700	435,700	457,900	485,900	516,200	3,064,700
Water Use	491,400	466,600	595,900	632,800	665,700	699,500	742,700	788,000	4,591,200
Total Charges for Services	839,200	826,000	990,800	1,047,500	1,101,400	1,157,400	1,228,600	1,304,200	7,655,900
Bulk Water	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	59,500
Total Operating Revenues	847,700	834,500	999,300	1,056,000	1,109,900	1,165,900	1,237,100	1,312,700	7,715,400
Operating Expenses									
Administrative & General	63,900	65,800	67,800	69,800	71,900	74,100	76,300	78,600	504,300
Debt Payments	64,000	114,200	114,200	114,200	114,200	114,200	114,200	28,500	713,700
Communications	9,300	9,600	9,900	10,200	10,500	10,800	11,100	11,400	73,500
Payroll	363,500	374,400	385,600	397,200	409,100	421,400	434,000	447,100	2,868,800
Employee Costs	119,300	122,900	126,600	130,400	134,300	138,300	142,500	146,700	941,700
Office	17,600	18,100	18,700	19,200	19,800	20,400	21,000	21,600	138,800
Operations	89,200	91,900	94,600	97,500	100,400	103,400	106,500	109,700	704,000
Power	99,000	102,000	105,000	108,200	111,400	114,800	118,200	121,800	781,400
Total Operating Expenses	825,800	898,900	922,400	946,700	971,600	997,400	1,023,800	965,400	6,726,200
Operating Income (Loss)	21,900	(64,400)	76,900	109,300	138,300	168,500	213,300	347,300	989,200
Non-Operating Revenues (Expenses)									
Tax Receipts	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	385,000
Miscellaneous	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	38,500
Interest	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Grants	3,500	0	0	0	0	0	0	0	0
Total Non-Operating Revenues	65,000	61,500	61,500	61,500	61,500	61,500	61,500	61,500	430,500
Net Income (Loss) Before Transfers	86,900	(2,900)	138,400	170,800	199,800	230,000	274,800	408,800	1,419,700
Transfer to Reserves									
Capital Projects Expense/Reserve	90,000	0	18,000	36,000	51,000	66,000	81,000	146,000	398,000
Capital Emergency Reserve	0	0	10,000	20,000	20,000	30,000	50,000	110,000	240,000
Debt Balloon Payment Reserve	0	95,000	110,000	120,000	135,000	140,000	150,000	160,000	910,000
Total Transfers to Reserves	90,000	95,000	138,000	176,000	206,000	236,000	281,000	416,000	1,548,000
Increase (Decrease) in Net Position	(3,100)	(97,900)	400	(5,200)	(6,200)	(6,000)	(6,200)	(7,200)	(128,300)
Beginning Cash Balance, July 1	[1] 492,881	489,781	391,881	392,281	387,081	380,881	374,881	368,681	
Ending Balance, June 30	489,781	391,881	392,281	387,081	380,881	374,881	368,681	361,481	
Target Fund Balance [2]									
Minimum Target Ending Balance	135,700	147,800	151,600	155,600	159,700	164,000	168,300	158,700	
Maximum Target Ending Balance	407,200	443,300	454,900	466,900	479,100	491,900	504,900	476,100	
Amount Over (Under) Minimum Target	354,100	244,100	240,700	231,500	221,200	210,900	200,400	202,800	
Amount Over (Under) Maximum Target	82,600	(51,400)	(62,600)	(79,800)	(98,200)	(117,000)	(136,200)	(114,600)	
Debt Service Coverage									
Income	909,200	896,000	1,060,800	1,128,500	1,182,400	1,238,400	1,309,600	1,385,200	
<i>Expenses (less debt service)</i>	<i>761,800</i>	<i>784,700</i>	<i>808,200</i>	<i>832,500</i>	<i>857,400</i>	<i>883,200</i>	<i>909,600</i>	<i>936,900</i>	
Net Income	147,400	111,300	252,600	296,000	325,000	355,200	400,000	448,300	
Debt Service Principal & Interest	114,200	114,200	114,200	114,200	114,200	114,200	114,200	28,500	
Coverage Ratio	1.29	0.97	2.21	2.59	2.85	3.11	3.50	15.73	
Amount Over (Under) Coverage	(23,900)	(60,000)	81,300	124,700	153,700	183,900	228,700	405,550	
Notes:									
[1] The FY14 value is from the District Financial Statements and Supplementary Information, June 30, 2013, p. 9, cash and certificates of deposit. Values for FY15 onward are calculated.									
[2] The District's Financial Reserves Policy targets a minimum of 60 days to a maximum of 180 days of annual operation expenses.									

3.6 Capital Fund

Revenues, expenditures, beginning and ending fund balance and target reserve levels are shown in the table below.

Table 3-2. Capital Fund Cash Flow										
Item	Budget FY14	Projected Fiscal Year							Total FY15 - FY21	
		FY15	FY16	FY17	FY18	FY19	FY20	FY21		
Capital Revenues										
Capacity Charges [1]	509,000	0	0	11,000	11,000	11,000	11,000	11,000	11,000	55,000
Capital Expenses										
Annual capital projects	90,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,050,000
Debt Principal Balloon Payment										
2012 Note Balloon Payment		0	0	0	0	0	0	0	0	0
Transfer from Operating										
Capital Projects Expense/Reserve [2]	90,000	0	18,000	36,000	51,000	66,000	81,000	146,000	146,000	398,000
Capital Emergency Reserve [3]	0	0	10,000	20,000	20,000	30,000	50,000	110,000	110,000	240,000
Debt Reserve Payment [4]	0	95,000	110,000	120,000	135,000	140,000	150,000	160,000	160,000	910,000
Total Transfers from Operating	90,000	95,000	138,000	176,000	206,000	236,000	281,000	416,000	416,000	1,548,000
Increase (Decrease) in Net Position	509,000	(55,000)	(12,000)	37,000	67,000	97,000	142,000	277,000	277,000	553,000
Beginning Cash Balance, July 1 [5]	0	509,000	454,000	442,000	479,000	546,000	643,000	785,000	785,000	
Ending Balance, June 30	509,000	454,000	442,000	479,000	546,000	643,000	785,000	1,062,000	1,062,000	
Target Balance										
Capital Projects Expense/Reserve	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
Capital Emergency Reserve										
2% of Capital Assets	560,000	576,800	594,100	611,900	630,300	649,200	668,700	688,800	688,800	
Risk Based	200,000	206,000	212,200	218,600	225,200	232,000	239,000	246,200	246,200	
Total Target Balance										
2% of Capital Assets	710,000	726,800	744,100	761,900	780,300	799,200	818,700	838,800	838,800	
Risk Based	350,000	356,000	362,200	368,600	375,200	382,000	389,000	396,200	396,200	
Amount Over (Under) Target										
2% of Capital Assets	(201,000)	(272,800)	(302,100)	(282,900)	(234,300)	(156,200)	(33,700)	223,200	223,200	
Risk Based	159,000	98,000	79,800	110,400	170,800	261,000	396,000	665,800	665,800	

Notes:

[1] Capacity Charges include revenues from the one-time Assessment District charges for Oak Ridge / Via del Sol Water System.

[2] The District's Financial Reserves Policy for Capital Projects is based on planned rehabilitation of infrastructure and needed capital improvements. The estimated annual average capital expenditures for FY15 - FY21 is \$150,000 per year.

[3] The District's Financial Reserves Policy for Capital Emergency is a minimum of 2% of total assets or a risk-based amount. The estimated replacement cost of the District's capital assets is \$28,000,000 in 2014 dollars. The value for FY15 onward is escalated by 3 percent per year.

[4] The District has annual debt payments are for a note payable to Santa Barbara Bank and Trust dated September 15, 2012 in the amount of \$1,457,578. Monthly payments of interest and principal are \$9,515 for 10 years until a September 15, 2021 balloon payment of \$912,063.

[5] The FY14 value is zero to reflect the establishment of this fund.

Figures showing operating and capital fund cash flow are shown below.

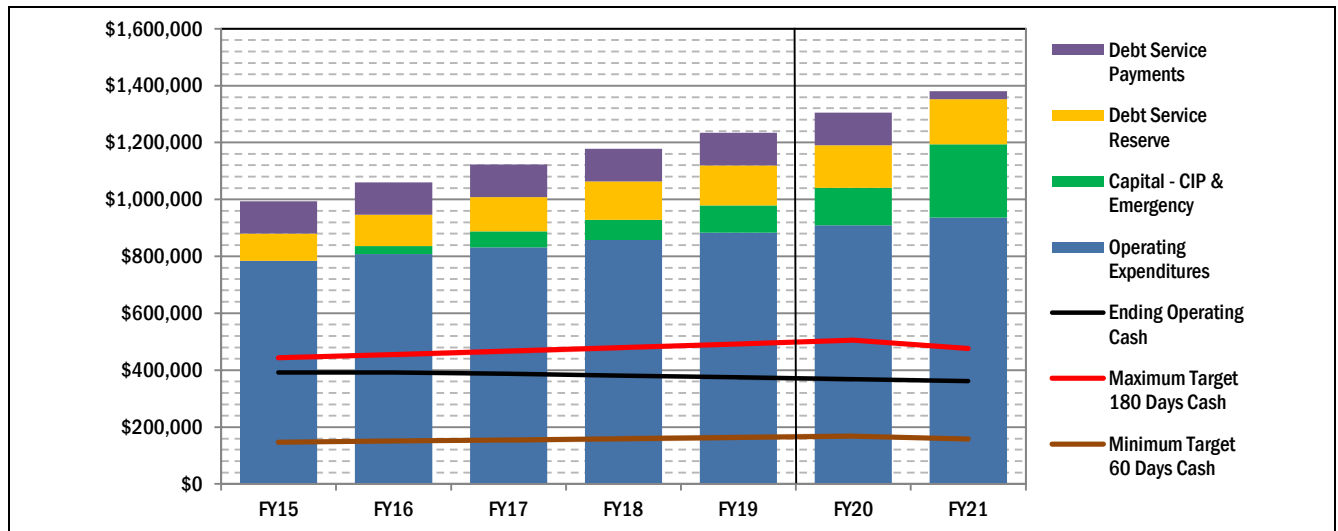


Figure 3-1. Projected Operating Fund Cash Flow

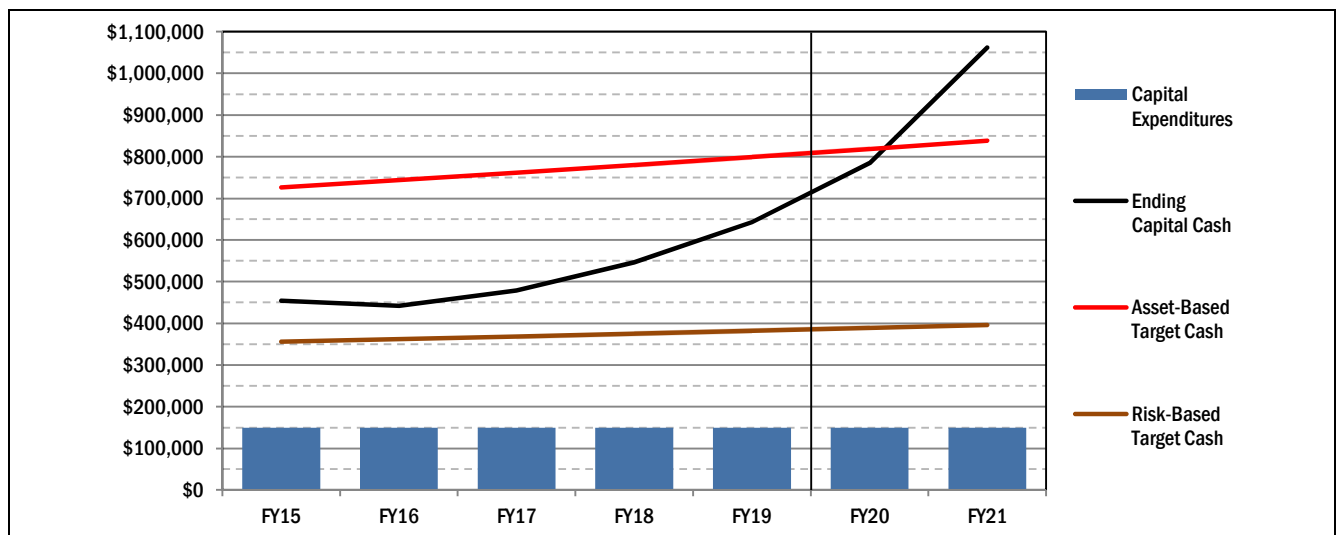


Figure 3-2. Projected Capital Fund Cash Flow

3.7 Recommended Water Fees

Recommended water fees are shown in the table below. Note that the Fire Protection Service Fee is discontinued. The Fire Protection Service Fee recovers approximately \$800 in revenues.

Table 3-3. Recommended Water Fees												
Fee Category	Current FY14	Projected Fiscal Year						Annual Percent Increases				
		FY15	FY16	FY17	FY18	FY19	FY15	FY16	FY17	FY18	FY19	
Base Rate Fees, \$/month												
Meter Size	<i>Meter Ratio</i>											
5/8 x 3/4-inch	1.0	\$31.35	\$32.30	\$34.60	\$36.30	\$38.10	\$40.00	3%	7%	5%	5%	5%
1-inch	2.5	\$78.30	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00	-1%	7%	5%	5%	5%
1½-inch	5.0	\$156.59	\$153	\$164	\$171	\$180	\$189	-2%	7%	4%	5%	5%
2-inch	8.0	\$250.77	\$243	\$261	\$273	\$287	\$301	-3%	7%	5%	5%	5%
3-inch	17.5	\$470.19	\$529	\$567	\$594	\$624	\$655	13%	7%	5%	5%	5%
4-inch	30.0	no fee	\$906	\$971	\$1,016	\$1,068	\$1,121	na	7%	5%	5%	5%
6-inch	62.5	no fee	\$1,880	\$2,020	\$2,110	\$2,220	\$2,330	na	7%	4%	5%	5%
Bulk Service		\$60.11	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00					
Water Use Fees, \$/CCF												
Bulk Service		\$4.87	\$4.28	\$4.67	\$5.05	\$5.40	\$5.72	na	9%	8%	7%	6%
Commercial/Institutional/Landscape	same as Single Family	\$4.39	\$4.84	\$5.28	\$5.70	\$6.07		na	10%	9%	8%	6%
Single/Multi Family												
Tier 1		\$2.09	\$2.92	\$3.19	\$3.44	\$3.68	\$3.90	40%	9%	8%	7%	6%
Tier 2		\$3.48	\$4.90	\$5.34	\$5.77	\$6.17	\$6.54	41%	9%	8%	7%	6%
Tier 3		\$4.87	\$6.81	\$7.42	\$8.02	\$8.58	\$9.09	40%	9%	8%	7%	6%
<i>applicable all years</i>												
Tier Ranges, CCF	<i>Meter Ratio</i>		Tier 1	Tier 2	Tier 3							
5/8 x 3/4-inch	1.0		0 - 8	9 - 30	> 30							
1-inch	2.5		0 - 20	21 - 75	> 75							
1½-inch	5.0		0 - 40	41 - 150	> 150							
2-inch	8.0		0 - 64	65 - 240	> 240							
3-inch	17.5		0 - 140	141 - 525	> 525							
4-inch	30.0		0 - 240	241 - 900	> 900							
6-inch	62.5		0 - 500	501 - 1875	> 1875							

3.10 Historic and Projected Single Family Monthly Bills

Historical and projected Single Family monthly bills are shown in the figure below. Monthly bills do not include the PVWMA surcharge.

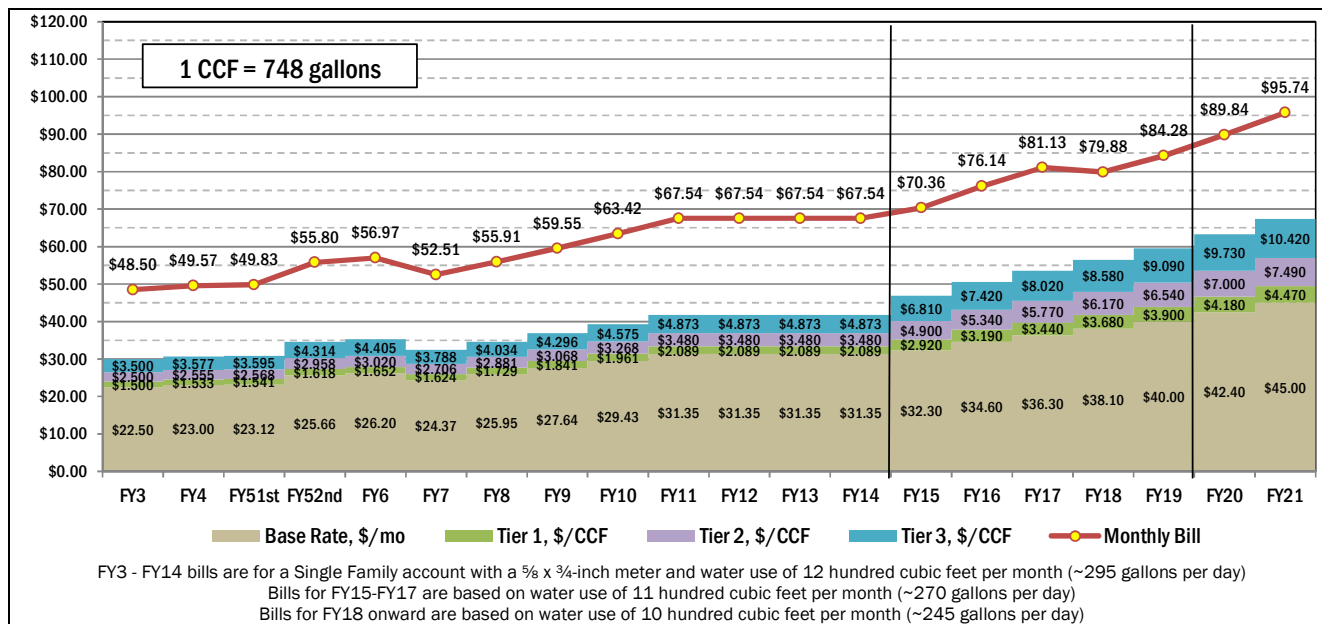


Figure 3-3. Historic and Projected Single Family Monthly Water Bills

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Section 4

Development of Water Capacity Charges

Capacity charges are intended to recover both a portion of the District's proposed Capital Improvement Program (CIP) cost, and utility rate payers' prior investment in capital facilities that support land development by providing capacity for new connections. The capacity charges that are developed in this report meet the regulatory requirements found in Government Code Section 66000 *et sequentia* regarding the establishment of capacity charges.

4.1 Regulatory Requirements

Government Code Section 66013 defines a capacity charge as “a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A ‘capacity charge’ does not include a commodity charge.”

Section 66013 also describes requirements related to use of revenue from capacity charges and providing information to the public. This study does not examine the District's practices regarding those requirements.

In developing capacity charges, we have endeavored to satisfy the rational nexus criteria generally applied to these types of charges. A rational nexus-based capacity charge must:

- Be rationally based on public policy that demonstrates a nexus between new development (connections) and the need to expand or build facilities to accommodate it.
- Not exceed the new development's proportional share of the cost of facilities needed to serve that development, after crediting it for other contributions that it has already made or will make toward that cost.
- Not be arbitrary or discriminatory in its application to individuals or customer classes.

Capacity charges help ensure that the “growth pays for growth” by allocating the cost of new facilities and the cost of unused capacity in existing facilities to new development while allocating the cost of repairing and refurbishing facilities to current customers.

4.2 Current Capacity Charges and Conceptual Approach

The capacity charges developed in this study are based on the buy-in method and valuation of assets based on their current replacement value.

The system buy-in method recovers the replacement cost of capacity in those portions of the existing

CAPACITY CHARGES		
Meter Size	Equivalent	
	Meter Ratio	Per Connection
5/8 x 3/4-inch	1.0	\$10,843
1-inch	2.5	\$27,106
1½-inch	5.0	\$54,213
2-inch	8.0	\$86,740
3-inch	15.0	\$162,638
4-inch	25.0	\$271,064
6-inch	50.0	\$542,128

system in which there is capacity available (for example, the transmission, distribution, storage and pumping components of the system). The buy-in method excludes service laterals and meters as these assets do not benefit new users connecting to the system. The value of the water system is adjusted to account for contributed capital and assets, working capital, and the amount of debt service principal outstanding.

Capacity charges may be updated periodically using the *Engineering News Record* 20-City Construction Cost Index.

The District’s current capacity charges (shown in the adjacent table) were developed in 2007 using the buy-in method and valuation of assets based on their escalated acquisition cost less depreciation.

Methodology used in the development of capacity charges as part of this study is summarized in the figure below.

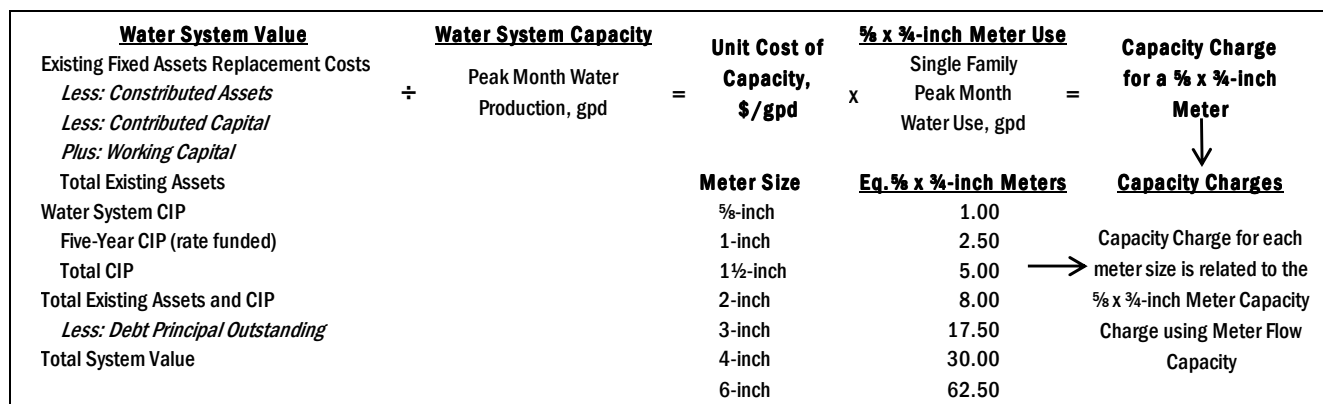


Figure 4-1. Capacity Charge Development Methodology

4.3 Water System Valuation

The system buy-in method of the capacity charge recovers the cost of capacity in those portions of the existing system in which there is capacity available (for example, the transmission, distribution, storage and pumping components of the system). The value of the existing system was developed using data for the following elements:

- Existing Fixed Assets
- Contributed Assets
- Contributed Capital
- Capital Improvement Program Expenditures
- Long Term Debt Principal Outstanding
- Working Capital

Existing Fixed Assets. The District compiled a list of its water system assets and grouped them into 11 categories. The list includes 32 items. Each item was assigned a replacement value (in current dollars). A detailed list of assets with showing the valuation for each item is included in Table E-1 in Appendix E.

Category	Total Value	Contributions	
		Percent	Dollars
Wells	\$2,000,000	0%	\$0
Treatment	\$400,000	0%	\$0
Pumps	\$850,000	0%	\$0
Storage	\$1,475,000	0%	\$0
Telemetry	\$250,000	0%	\$0
Transmission Mains	\$11,542,000	0%	\$0
Distribution Lines	\$5,999,000	82%	\$4,892,000
Hydrants	\$1,183,000	50%	\$592,000
Meters	\$675,000	100%	\$675,000
Service Laterals	\$2,250,000	100%	\$2,250,000
Buildings	\$650,000	0%	\$0
Total	\$27,274,000		\$8,409,000

Contributed Assets. In some cases, owners construct and contribute assets needed to serve their development. The value of contributed assets is subtracted from the value of the asset base for development of capacity charges. The amount of contributed assets was estimated by the District for each group of assets. The replacement value for each group, the contributed value for each group and the total system replacement value (with and without contributed assets)

are summarized in Table 4-1.

Contributed Capital. The amount of revenue collected from capacity charges was obtained from District records for FY95 – FY14. The amount of revenue collected from these charges and fees for FY59 – FY94 was estimated. Annual revenue values were adjusted upward for the time value of money. The adjusted total of contributed capital is shown in Table E-2 in Appendix E.

Capital Improvement Program. Projected expenditures and source of funds for District Water System capital projects are estimated to be \$1,050,000 for FY15 – FY21.

Long Term Debt Principal Outstanding. The District has one debt issue outstanding – a 2012 Note. Debt principal outstanding is subtracted from the value of the asset base for development of capacity charges.

Working Capital. The District maintains a small cash balance in the Water Fund. During FY15 – FY19, cash from the fund balance will be used to fund a portion of capital expenditures. The projected level of funding using cash reserves is approximately \$50,000.

The valuation of the Water System, net of adjustments, is shown in Table 4-2.

Table 4-2. Valuation of Water System		
Fixed Asset Category	Valuation	Adjusted Valuation
Wells	\$2,000,000	
Treatment	\$400,000	
Pumps	\$850,000	
Storage	\$1,475,000	
Transmission Mains	\$12,848,000	
Distribution Lines	\$6,338,000	
Hydrants	\$1,183,000	
Meters	\$675,000	
Service Laterals	\$2,250,000	
Buildings	\$650,000	
Total Fixed Asset Valuation		\$28,669,000
Adjustments		
1. Contributed Assets		
<i>Less: Value of Contributed Assets</i>		(\$8,691,000)
2. Contributed Capital		
<i>Less: Revenue from Capacity Charges</i>		(\$4,621,000)
3. Debt Principal Outstanding		
<i>Less: 2012 Debt Service Principal Outstanding</i>		(\$1,300,000)
4. Single User Assets		
<i>Less: Meters and Service Laterals</i>		(\$2,925,000)
5. Water System CIP (funded by rates)		
<i>Plus: CIP funded by rates, FY15 - FY21</i>		\$1,050,000
6. Working Capital		
<i>Plus: Use of Unrestricted Reserves, FY15 - FY19</i>		\$50,000
Net Valuation		\$12,232,000
	<i>round to \$1,000 ></i>	\$12,230,000

4.4 Water System Capacity

The capacity of the water system was estimated using recent peak month water production data. The average of peak production during the summer of 2011 and 2012 was calculated as shown in Table 4-3. The monthly production values are from Department of Water Resources Form 38 Reports.

Table 4-3. System Peak Month Production Capacity				
Calendar Year	Peak Month	Gallons	Days	Gallons
	Production			per Day
2012	July	14,127,120	31	455,714
2011	July	13,415,677	31	432,764
Average		13,771,399		444,239
		<i>round to 1,000 ></i>		440,000

4.5 Unit Cost Peak Month Capacity

The calculation of capacity charges involves developing a unit charge applicable to any new connection

System Net Valuation	Peak Month Water Production gallons per day	Unit Cost Peak Month
\$12,230,000	÷ 440,000	= \$27.80 / gpd

(or increase in size for an existing connection). The unit charge is developed by dividing the adjusted value of the water system by the peak month production capacity of the system. The calculation is shown in Table 4-4.

4.6 Single Family Peak Month Use

Single Family peak month use was estimated using recent water delivery data. Peak month water use during the summer of 2011 and 2012 was calculated as shown in Table 4-5. The monthly water use values and annual average number of accounts are from Department of Water Resources Form 38 Reports.

The projected peak month water use assigned to a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter connection for the development of capacity charges is 460 gallons per day.

Calendar Year	Peak Month Deliveries	Gallons	Days	Gallons per Day	Average Number of Accounts	Gallons per Day per Account
2012	July	12,364,597	31	398,858	840	475
2011	July	11,565,626	31	373,085	843	443
Average		11,965,111		385,971	842	459
					<i>round to 10 ></i>	460

4.7 Capacity Charge for $\frac{5}{8}$ x $\frac{3}{4}$ -inch Meter

The capacity charge for a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter is calculated using the unit cost for peak month capacity (shown in Table 4-4) multiplied by the peak month water use assigned to a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter connection shown in Table 4-5. The calculation of the capacity charge for a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter is shown in Table 4-6.

Unit Cost Peak Month Development		Peak Month Water Use gallons per day		Capacity Charge $\frac{5}{8}$ x $\frac{3}{4}$ -inch Meter
\$27.80 / gpd	x	460	=	\$12,788
			<i>round to \$1,000 ></i>	\$12,790

4.8 Schedule of Capacity Charges

The capacity charges for other meter sizes are based on an "equivalency factor" that relates the design maximum flow capacity of a meter size (in gallons per minute, gpm) to that of a standard 5/8 x 3/4-inch size meter. Design capacities for meters are based on values published by the American Water Works Association (AWWA) and are the same capacities used in the development of water fees.² The equivalency factors and calculation of capacity charges for meter sizes up to 6-inch are shown in Table 4-7.

Meter Size	Equivalency Factor	Capacity Charge
5/8 x 3/4-inch	1.0	\$12,790
1-inch	2.5	\$31,970
1½-inch	5.0	\$63,940
2-inch	8.0	\$102,300
3-inch	17.5	\$223,800
4-inch	30.0	\$383,600
6-inch	62.5	\$799,300

4.9 Comparison of Current vs. Recommended Capacity Charges

The current and recommended schedule of capacity charges are shown in Table 4-8. The recommended capacity charges are for FY15. Charges for FY16 onward may be escalated using an appropriate index such as the *Engineering News Record* 20-City Construction Cost Index.

Meter Size	Current Charges	Recommended Charges	Increase (Decrease)	
			Dollars	Percent
5/8 x 3/4-inch	\$10,843	\$12,790	\$1,947	18%
1-inch	\$27,106	\$31,970	\$4,864	18%
1½-inch	\$54,213	\$63,940	\$9,727	18%
2-inch	\$86,740	\$102,300	\$15,560	18%
3-inch	\$162,638	\$223,800	\$61,162	38%
4-inch	\$271,064	\$383,600	\$112,536	42%
6-inch	\$542,128	\$799,300	\$257,172	47%

² American Water Works Association, M6 Water Meters - Selection, Installation, Testing and Maintenance, 2012 Fifth Edition, pages 63 - 65.

4.10 Survey of Single Family Capacity Charges

The District’s current and recommended capacity charges for 2014 were compared to the capacity charges for other agencies. The comparison is made using the charge that is typical for a single family connection at each agency. Table 4-9 shows the results of the survey.

Table 4-9. Survey of Single Family Capacity Charges		
Agency	Meter Size	Basic
Watsonville	¾-inch	\$2,151
Pajaro/Sunny Mesa Community Services District	½ and ¾-inch	\$6,970
Sunnyslope Water District	½, ¾ or 1-inch	\$9,462
Aromas Water District, Current	½ x ¾-inch	\$10,843
Aromas Water District, Proposed	½ x ¾-inch	\$12,790
San Juan Bautista	½, ¾ or 1-inch	\$14,223

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Section 5

Water Rates Survey

Current and projected FY15 Single Family customer bills for the Aromas Water District were compared to those in the service areas of the Pajaro/Sunny Mesa Community Services District, the City of San Juan Bautista, the San Lorenzo Valley Water District, the Sunnyslope Water District and the City of Watsonville. Monthly bills are shown in the figure below and are for the smallest Single Family meter size and 11 CCF per month of water use.

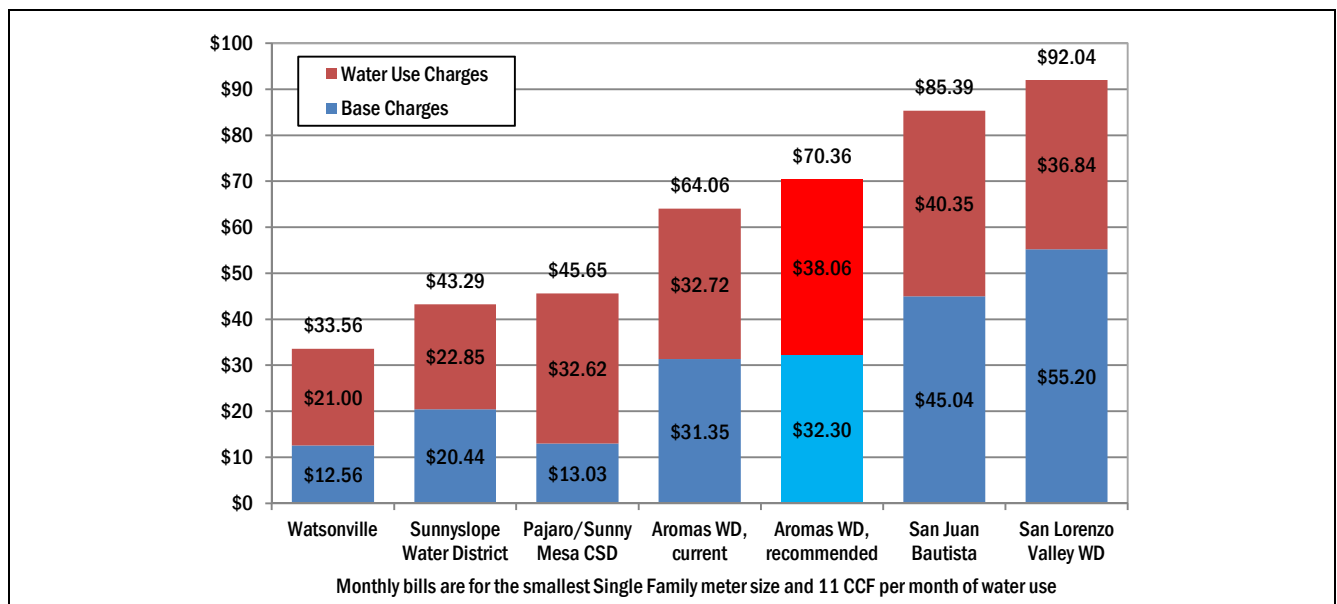


Figure 5-1. Survey of Single Family Monthly Water Bills

Rates and tier breaks for each agency are shown in the table below.

Table 5-1. Water Rates Survey								
Agency	Effective Date	Base Rate \$/month	Tier Rate \$/CCF	Tier Breaks	Monthly Water Bill			
					8 CCF	11 CCF	24 CCF	40 CCF
Aromas Water District base meter = 5/8 x 3/4-inch	1-Jul-10	\$31.35	\$2.089 \$3.480 \$4.873	0 - 4 5 - 36 >36	\$53.62	\$64.06	\$109.30	\$170.55
Aromas Water District base meter = 5/8 x 3/4-inch	1-Nov-14	\$32.30	\$2.92 \$4.90 \$6.81 \$4.28 \$4.39	0 - 8 9 - 30 >30 bulk nonres	\$55.66	\$70.36	\$134.06	\$231.56
Pajaro/Sunny Mesa CSD base meter = 5/8 x 3/4-inch Inside District rates	1-Feb-14	\$13.03	\$2.90 \$3.02 \$60.49	0 - 5 >5 bulk	\$36.59	\$45.65	\$84.91	\$133.23
San Juan Bautista base meter = not shown Inside City rates	not shown	\$45.04	\$1.88 \$4.69 \$6.25	0 - 4 5 - 11 >11	\$71.32	\$85.39	\$166.64	\$266.64
San Lorenzo Valley Water District base meter = 5/8 or 3/4-inch	1-Jan-14	\$55.20	\$3.09 \$4.04 \$4.84 \$5.36 \$3.77	0 - 8 9 - 30 31 - 100 >100 all use	\$79.92	\$92.04	\$144.56	\$217.20
Sunnyslope Water District base meter = 5/8, 3/4 or 1-inch Inside District, Zone 3 rates	21-Dec-13	\$20.44	\$1.99 \$2.95 \$4.38 \$2.65	0 - 10 11 - 20 >20 all use	\$36.36	\$43.29	\$87.36	\$157.44
Watsonville base meter = 5/8 or 3/4-inch Inside City rates	1-Jul-13	\$12.56	\$1.71 \$2.44 \$3.26 \$4.67 \$2.07	0 - 8 9 - 11 12 - 15 >15 nonres	\$26.24	\$33.56	\$88.63	\$163.35



Section 6

Limitations

This document was prepared solely for the Aromas Water District in accordance with professional standards at the time the services were performed and in accordance with the agreement between the Aromas Water District and Municipal Financial Services. This document is governed by the scope of work, dated March 2014, authorized by the Aromas Water District; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by the Aromas Water District and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information.

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Appendix A: Historical Water Use Data

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Table A-1
DWR Form 38 Water Production
CCF

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Million Gallons
2013	7,141	7,225	9,860	13,276	17,039	17,563	19,813	18,665	17,097	14,995	11,919	10,445	165,039	123
2012	9,800	7,769	7,513	7,428	13,298	17,940	18,884	18,737	15,785	14,291	9,130	6,819	147,394	110
2011	7,713	7,263	7,493	9,974	14,140	15,133	17,933	17,060	16,066	11,406	9,031	8,504	141,716	106
2010	7,799	6,804	8,477	8,121	13,069	18,889	19,187	19,617	17,759	14,087	8,848	7,601	150,258	112
2009	8,672	7,198	8,980	13,333	16,604	18,774	21,804	22,297	18,325	13,337	11,181	9,145	169,650	127
2008	7,593	7,419	11,228	15,974	19,489	21,080	21,414	21,441	19,169	17,364	10,306	8,488	180,965	135
2007	8,007	7,298	10,680	14,142	19,476	19,663	22,604	22,898	19,075	14,290	10,774	9,624	178,532	134
2006	7,806	8,181	6,817	7,138	15,452	21,842	24,155	22,203	19,757	16,682	11,242	9,009	170,285	127
Average	8,066	7,395	8,881	11,173	16,071	18,861	20,724	20,365	17,879	14,556	10,304	8,705	162,980	

Table A-2

DWR Form 38 Water Delivery, Single Family

CCF														Off-Peak
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	6,840	6,930	7,385	12,655	14,808	11,679	18,448	13,690	14,407	13,230	10,002	8,195	138,270	8,668
2012	7,432	7,033	5,956	6,226	12,051	13,893	16,528	13,686	12,293	13,286	7,383	5,343	121,110	6,562
2011	6,254	6,438	5,292	7,057	11,498	11,071	15,460	14,839	13,733	9,010	7,979	7,065	115,696	6,681
2010	5,584	5,570	6,767	6,540	9,395	16,735	13,546	15,935	14,042	11,255	7,019	6,052	118,440	6,255
2009	5,983	5,982	6,752	11,388	14,281	12,855	17,620	16,580	16,281	10,631	10,341	6,548	135,242	7,832
2008	5,921	5,703	7,860	14,269	14,098	15,364	18,263	16,610	17,361	11,565	9,488	6,584	143,086	8,304
2007	7,411	6,732	9,083	8,818	17,283	14,228	16,786	19,857	14,277	12,092	8,011	7,204	141,782	7,877
2006	5,949	6,740	5,611	5,935	11,454	19,309	16,087	17,049	15,910	13,277	9,592	6,418	133,330	6,707
Average	6,422	6,391	6,838	9,111	13,108	14,392	16,592	16,031	14,788	11,793	8,727	6,676	130,870	7,361

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Accounts
2013	6,099	6,179	6,585	11,284	13,203	10,413	16,450	12,207	12,846	11,797	8,919	7,307	10,274	839
2012	6,619	6,264	5,304	5,545	10,733	12,373	14,720	12,189	10,948	11,832	6,575	4,758	8,988	840
2011	5,550	5,713	4,696	6,263	10,204	9,825	13,720	13,169	12,187	7,996	7,081	6,270	8,556	843
2010	4,973	4,961	6,027	5,824	8,367	14,904	12,064	14,192	12,506	10,024	6,251	5,390	8,790	840
2009	5,354	5,353	6,042	10,191	12,779	11,503	15,767	14,837	14,569	9,513	9,254	5,860	10,085	836
2008	5,382	5,184	7,145	12,970	12,815	13,966	16,601	15,098	15,781	10,512	8,625	5,985	10,839	823
2007	6,836	6,210	8,379	8,134	15,943	13,124	15,484	18,317	13,170	11,154	7,390	6,645	10,899	811
2006	5,461	6,187	5,150	5,447	10,514	17,724	14,766	15,650	14,604	12,187	8,805	5,891	10,199	815
Average	5,784	5,756	6,166	8,207	11,820	12,979	14,946	14,457	13,326	10,627	7,862	6,013	9,829	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	0	3,987	6,140	3,011	9,780	5,022	5,739	4,562	1,334	0	39,576	29%
2012	870	471	0	0	5,489	7,331	9,966	7,124	5,731	6,724	821	0	44,526	37%
2011	0	0	0	376	4,817	4,390	8,779	8,158	7,052	2,329	1,298	384	37,585	32%
2010	0	0	512	285	3,140	10,480	7,291	9,680	7,787	5,000	764	0	44,936	38%
2009	0	0	0	3,556	6,449	5,023	9,788	8,748	8,449	2,799	2,509	0	47,318	35%
2008	0	0	0	5,965	5,794	7,060	9,959	8,306	9,057	3,261	1,184	0	50,585	35%
2007	0	0	1,207	942	9,407	6,352	8,910	11,981	6,401	4,216	135	0	49,547	35%
2006	0	33	0	0	4,746	12,602	9,379	10,342	9,202	6,569	2,885	0	55,758	42%
Average	0	0	0	1,750	5,748	7,031	9,231	8,670	7,427	4,432	1,366	0	45,656	35%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	6,840	6,930	7,385	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,195	98,695	71%
2012	6,562	6,562	5,956	6,226	6,562	6,562	6,562	6,562	6,562	6,562	6,562	5,343	76,585	63%
2011	6,254	6,438	5,292	6,681	6,681	6,681	6,681	6,681	6,681	6,681	6,681	6,681	78,112	68%
2010	5,584	5,570	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,052	73,504	62%
2009	5,983	5,982	6,752	7,832	7,832	7,832	7,832	7,832	7,832	7,832	7,832	6,548	87,924	65%
2008	5,921	5,703	7,860	8,304	8,304	8,304	8,304	8,304	8,304	8,304	8,304	6,584	92,501	65%
2007	7,411	6,732	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,204	92,236	65%
2006	5,949	6,707	5,611	5,935	6,707	6,707	6,707	6,707	6,707	6,707	6,707	6,418	77,572	58%
Average	6,422	6,391	6,838	7,361	7,361	7,361	7,361	7,361	7,361	7,361	7,361	6,676	85,214	65%

Table A-3
DWR Form 38 Water Delivery, Multi Family

CCF														Off-Peak
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	264	343	430	681	743	582	891	586	687	614	456	528	6,806	450
2012	626	402	376	458	576	636	847	673	596	642	474	495	6,801	472
2011	492	440	375	399	505	667	484	608	630	429	447	415	5,891	428
2010	449	438	524	487	531	891	715	833	803	568	478	450	7,167	471
2009	492	546	548	706	781	740	984	878	891	682	685	510	8,443	581
2008	474	471	541	854	813	880	1,037	1,008	989	726	554	544	8,891	573
2007	687	485	607	562	910	694	800	964	728	677	540	505	8,159	564
2006	422	437	429	496	703	958	884	838	881	772	745	609	8,174	523
Average	488	445	479	580	695	756	830	799	776	639	547	507	7,542	508

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Accounts
2013	7,311	9,513	11,925	18,866	20,579	16,126	24,693	16,248	19,042	17,015	12,635	14,637	15,716	27
2012	17,345	11,138	10,418	12,690	15,959	17,622	23,468	18,647	16,514	17,788	13,133	13,715	15,703	27
2011	14,156	12,660	10,790	11,480	14,530	19,192	13,926	17,494	18,127	12,344	12,862	11,941	14,125	26
2010	11,583	11,299	13,517	12,563	13,698	22,985	18,445	21,489	20,715	14,652	12,331	11,608	15,407	29
2009	11,502	12,764	12,811	16,505	18,258	17,300	23,004	20,526	20,830	15,944	16,014	11,923	16,448	32
2008	10,745	10,677	12,264	19,360	18,430	19,949	23,508	22,851	22,420	16,458	12,559	12,332	16,796	33
2007	15,574	10,995	13,761	12,740	20,629	15,733	18,136	21,854	16,504	15,347	12,242	11,448	15,414	33
2006	11,272	11,681	11,467	13,252	18,780	25,596	23,619	22,400	23,538	20,615	19,902	16,266	18,199	28
Average	12,436	11,341	12,119	14,682	17,608	19,313	21,100	20,189	19,711	16,271	13,960	12,984	15,976	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	0	230	292	132	441	136	237	164	6	78	1,715	25%
2012	154	0	0	0	104	164	375	201	124	170	2	23	1,319	19%
2011	64	12	0	0	77	239	56	180	202	1	19	0	850	14%
2010	0	0	53	16	60	420	244	362	332	97	7	0	1,591	22%
2009	0	0	0	125	200	159	403	297	310	101	104	0	1,698	20%
2008	0	0	0	281	240	307	464	435	416	153	0	0	2,296	26%
2007	123	0	43	0	346	130	236	400	164	113	0	0	1,552	19%
2006	0	0	0	0	180	435	361	315	358	249	222	86	2,206	27%
Average	0	0	0	73	187	248	322	291	268	131	40	0	1,559	21%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	264	343	430	450	450	450	450	450	450	450	450	450	5,092	75%
2012	472	402	376	458	472	472	472	472	472	472	472	472	5,483	81%
2011	428	428	375	399	428	428	428	428	428	428	428	415	5,041	86%
2010	449	438	471	471	471	471	471	471	471	471	471	450	5,576	78%
2009	492	546	548	581	581	581	581	581	581	581	581	510	6,745	80%
2008	474	471	541	573	573	573	573	573	573	573	554	544	6,595	74%
2007	564	485	564	562	564	564	564	564	564	564	540	505	6,607	81%
2006	422	437	429	496	523	523	523	523	523	523	523	523	5,968	73%
Average	488	445	479	508	508	508	508	508	508	508	508	507	5,982	79%

Table A-4

DWR Form 38 Water Delivery, Commercial/Institutional

Calendar Year	CCF												Off-Peak	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	126	107	341	501	638	511	1,264	830	842	646	337	340	6,482	292
2012	424	179	111	166	449	615	1,048	656	574	493	211	80	5,006	195
2011	117	189	133	167	350	619	409	599	639	315	167	125	3,829	150
2010	84	110	178	121	359	829	529	567	483	420	238	100	4,018	139
2009	105	99	162	419	519	614	880	815	620	305	268	178	4,984	205
2008	194	187	159	598	656	748	795	731	706	453	298	144	5,669	263
2007	222	164	204	421	661	593	767	757	620	565	316	244	5,534	262
2006	129	108	103	114	307	521	328	355	387	771	345	178	3,645	163
Average	175	143	174	313	492	631	752	664	609	496	272	174	4,896	209

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Accounts
2013	3,773	3,197	10,189	14,988	19,091	15,288	37,820	24,843	25,191	19,326	10,090	10,162	16,163	25
2012	12,688	5,356	3,322	4,967	13,436	18,403	31,360	19,630	17,176	14,753	6,314	2,394	12,483	25
2011	3,806	6,147	4,326	5,432	11,384	20,134	13,303	19,483	20,784	10,246	5,432	4,066	10,379	23
2010	2,856	3,741	6,053	4,115	12,208	28,190	17,988	19,281	16,424	14,282	8,093	3,400	11,386	22
2009	3,570	3,366	5,509	14,248	17,648	20,879	29,924	27,714	21,083	10,371	9,113	6,053	14,123	22
2008	6,597	6,359	5,407	20,335	22,307	25,435	27,034	24,857	24,007	15,404	10,133	4,897	16,064	22
2007	7,549	5,577	6,937	14,316	22,477	20,165	26,081	25,741	21,083	19,213	10,745	8,297	15,682	22
2006	4,603	3,847	3,669	4,047	10,919	18,560	11,667	12,636	13,797	27,477	12,280	6,341	10,820	21
Average	5,680	4,699	5,676	10,306	16,184	20,882	24,397	21,773	19,943	16,384	9,025	5,701	13,388	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	49	209	346	219	972	538	550	354	45	48	3,330	51%
2012	229	0	0	0	254	420	853	461	379	298	16	0	2,909	58%
2011	0	39	0	17	200	469	259	449	489	165	17	0	2,107	55%
2010	0	0	40	0	221	691	391	429	345	282	100	0	2,495	62%
2009	0	0	0	214	314	409	675	610	415	100	63	0	2,799	56%
2008	0	0	0	335	393	485	532	468	443	190	35	0	2,878	51%
2007	0	0	0	159	399	331	505	495	358	303	54	0	2,605	47%
2006	0	0	0	0	144	358	165	192	225	609	182	15	1,889	52%
Average	0	0	0	105	284	423	544	455	400	287	64	0	2,562	52%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	126	107	292	292	292	292	292	292	292	292	292	292	3,151	49%
2012	195	179	111	166	195	195	195	195	195	195	195	80	2,097	42%
2011	117	150	133	150	150	150	150	150	150	150	150	125	1,722	45%
2010	84	110	139	121	139	139	139	139	139	139	139	100	1,523	38%
2009	105	99	162	205	205	205	205	205	205	205	205	178	2,185	44%
2008	194	187	159	263	263	263	263	263	263	263	263	144	2,791	49%
2007	222	164	204	262	262	262	262	262	262	262	262	244	2,929	53%
2006	129	108	103	114	163	163	163	163	163	163	163	163	1,756	48%
Average	175	143	174	209	209	209	209	209	209	209	209	174	2,334	48%

Table A-5
DWR Form 38 Water Delivery, Landscape Irrigation

CCF														Off-Peak
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	0	4	140	214	219	438	299	268	320	228	107	81	2,318	91
2012	72	19	20	204	273	297	297	202	250	252	68	3	1,957	64
2011	155	114	740	43	193	574	382	436	271	163	47	13	3,131	185
2010	30	2	3	1	199	372	208	1,210	353	363	75	32	2,848	24
2009	8	5	2	44	25	93	401	389	390	202	20	150	1,729	38
2008	13	16	41	465	401	425	464	386	402	160	49	33	2,855	103
2007	26	25	176	242	438	342	325	411	301	202	922	410	3,820	300
2006	56	21	30	29	38	393	432	535	478	208	195	27	2,441	60
Average	45	26	144	155	223	367	351	480	346	222	185	94	2,637	108

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Accounts
2013	0	516	17,454	26,661	27,271	54,671	37,219	33,431	39,874	28,405	13,390	10,088	24,082	6
2012	8,977	2,369	2,494	25,435	34,039	37,031	37,031	25,186	31,171	31,420	8,478	374	20,334	6
2011	19,326	14,214	92,266	5,361	24,064	71,568	47,629	54,362	33,789	20,323	5,860	1,621	32,532	6
2010	3,741	249	374	125	24,812	46,382	25,934	#####	44,013	45,260	9,351	3,990	29,592	6
2009	997	623	249	5,486	3,117	11,596	49,998	48,502	48,627	25,186	2,494	18,703	17,965	6
2008	748	921	2,359	26,759	23,076	24,457	26,701	22,213	23,134	9,207	2,820	1,899	13,691	13
2007	1,496	1,439	10,128	13,926	25,205	19,681	18,703	23,651	17,321	11,624	53,058	23,594	18,319	13
2006	3,211	1,197	1,715	1,646	2,175	22,593	24,854	30,804	27,513	11,958	11,233	1,548	11,704	13
Average	4,812	2,691	15,880	13,175	20,470	35,997	33,509	48,627	33,180	22,923	13,335	7,727	21,027	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	49	123	128	347	207	177	229	137	16	0	1,413	61%
2012	8	0	0	140	209	233	233	138	186	188	4	0	1,336	68%
2011	0	0	555	0	8	389	197	251	86	0	0	0	1,484	47%
2010	6	0	0	0	175	348	184	1,186	329	339	51	8	2,628	92%
2009	0	0	0	6	0	55	363	351	352	164	0	112	1,402	81%
2008	0	0	0	362	298	322	361	283	299	57	0	0	1,983	69%
2007	0	0	0	0	138	42	25	111	1	0	622	110	1,048	27%
2006	0	0	0	0	0	333	372	476	419	148	136	0	1,884	77%
Average	0	0	36	47	115	259	243	372	237	114	77	0	1,500	57%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	4	91	91	91	91	91	91	91	91	91	81	904	39%
2012	64	19	20	64	64	64	64	64	64	64	64	3	621	32%
2011	155	114	185	43	185	185	185	185	185	163	47	13	1,647	53%
2010	24	2	3	1	24	24	24	24	24	24	24	24	221	8%
2009	8	5	2	38	25	38	38	38	38	38	20	38	327	19%
2008	13	16	41	103	103	103	103	103	103	103	49	33	872	31%
2007	26	25	176	242	300	300	300	300	300	202	300	300	2,772	73%
2006	56	21	30	29	38	60	60	60	60	60	60	27	557	23%
Average	45	26	108	108	108	108	108	108	108	108	108	94	1,138	43%

Table A-6
DWR Form 38 Water Delivery, Other

CCF														Off-Peak
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	11	4	101	4	59	157	319	340	154	167	69	17	1,402	34
2012	210	171	68	71	152	855	855	1,182	482	250	115	91	4,502	121
2011	64	30	176	30	22	73	183	46	15	134	20	118	911	73
2010	138	203	86	116	140	327	257	293	208	150	57	93	2,068	116
2009	116	74	67	149	323	205	376	258	329	179	125	90	2,291	104
2008	0	4	4	5	4	50	35	48	51	282	14	16	513	7
2007	0	2	16	19	11	165	62	145	53	40	70	54	636	27
2006	2	3	3	94	1	2	1	1	74	11	22	94	306	36
Average	68	61	65	61	89	229	261	289	171	152	61	72	1,579	65

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Accounts
2013	2,651	1,107	25,231	1,065	14,705	39,046	79,608	84,717	38,455	41,679	17,174	4,212	29,137	3
2012	52,367	42,642	16,957	17,705	37,904	213,209	213,209	294,751	120,195	62,342	28,677	22,692	93,554	3
2011	15,959	7,481	43,889	7,481	5,486	18,204	45,634	11,471	3,741	33,415	4,987	29,425	18,931	3
2010	25,809	37,966	16,084	21,695	26,184	61,157	48,065	54,798	38,901	28,054	10,660	17,393	32,231	4
2009	43,390	27,680	25,061	55,733	120,818	76,680	140,643	96,505	123,062	66,955	46,756	33,665	71,412	2
2008	0	997	997	1,247	997	12,468	8,728	11,970	12,718	70,321	3,491	3,990	10,660	3
2007	30	239	2,319	2,903	1,661	24,687	9,276	21,665	7,930	5,910	10,488	8,079	7,932	5
2006	281	561	524	17,487	150	393	112	262	13,802	2,020	4,115	17,506	4,768	4
Average	17,561	14,834	16,383	15,664	25,988	55,730	68,159	72,017	44,850	38,837	15,794	17,120	33,578	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	67	0	25	122	285	305	120	133	34	0	1,091	78%
2012	89	50	0	0	31	734	734	1,061	361	129	0	0	3,189	71%
2011	0	0	103	0	0	0	110	0	0	61	0	45	319	35%
2010	23	88	0	1	25	212	142	178	93	35	0	0	793	38%
2009	13	0	0	46	220	102	273	155	226	76	22	0	1,129	49%
2008	0	0	0	0	0	43	28	41	44	275	7	9	446	87%
2007	0	0	0	0	0	138	35	118	26	13	43	27	401	63%
2006	0	0	0	57	0	0	0	0	38	0	0	58	153	50%
Average	3	0	0	0	24	165	196	224	106	87	0	7	813	51%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	11	4	34	4	34	34	34	34	34	34	34	17	311	22%
2012	121	121	68	71	121	121	121	121	121	121	115	91	1,313	29%
2011	64	30	73	30	22	73	73	46	15	73	20	73	592	65%
2010	116	116	86	116	116	116	116	116	116	116	57	93	1,276	62%
2009	104	74	67	104	104	104	104	104	104	104	104	90	1,163	51%
2008	0	4	4	5	4	7	7	7	7	7	7	7	67	13%
2007	0	2	16	19	11	27	27	27	27	27	27	27	235	37%
2006	2	3	3	36	1	2	1	1	36	11	22	36	153	50%
Average	65	61	65	61	65	65	65	65	65	65	61	65	766	49%

Table A-7
DWR Form 38 Water Delivery, Total

CCF														Off-Peak
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
2013	7,230	7,384	8,296	14,051	16,407	13,210	20,902	15,375	16,256	14,718	10,903	9,144	153,876	9,501
2012	8,554	7,633	6,463	7,054	13,349	15,441	18,720	15,217	13,713	14,673	8,136	5,921	134,874	7,294
2011	7,018	7,181	6,540	7,666	12,546	12,931	16,735	16,482	15,273	9,917	8,640	7,618	128,547	7,444
2010	6,147	6,120	7,472	7,149	10,484	18,827	14,998	18,545	15,681	12,606	7,810	6,634	132,473	6,889
2009	6,588	6,632	7,464	12,557	15,606	14,302	19,885	18,662	18,182	11,820	11,314	7,386	150,398	8,657
2008	6,602	6,377	8,601	16,186	15,968	17,417	20,559	18,735	19,458	12,904	10,389	7,305	160,501	9,243
2007	8,346	7,406	10,070	10,043	19,292	15,857	18,678	21,989	15,926	13,536	9,789	8,363	159,295	9,003
2006	6,556	7,306	6,173	6,573	12,501	21,181	17,730	18,778	17,656	15,028	10,877	7,232	147,589	7,453
Average	7,130	7,005	7,635	10,160	14,519	16,146	18,526	17,973	16,518	13,150	9,732	7,450	145,944	8,185

Gallons/Account

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Accounts
2013	6,010	6,138	6,896	11,680	13,638	10,980	17,374	12,780	13,512	12,234	9,063	7,601	10,659	900
2012	7,102	6,338	5,366	5,857	11,084	12,821	15,543	12,635	11,386	12,183	6,755	4,916	9,332	901
2011	5,827	5,962	5,430	6,365	10,417	10,737	13,895	13,685	12,681	8,234	7,174	6,325	8,894	901
2010	5,104	5,081	6,204	5,936	8,705	15,632	12,453	15,398	13,020	10,467	6,485	5,508	9,166	901
2009	5,488	5,525	6,218	10,461	13,001	11,915	16,566	15,547	15,147	9,847	9,425	6,153	10,441	898
2008	5,525	5,336	7,197	13,544	13,362	14,575	17,204	15,677	16,282	10,798	8,694	6,113	11,192	894
2007	7,063	6,267	8,522	8,499	16,326	13,419	15,807	18,609	13,478	11,455	8,284	7,077	11,234	884
2006	5,567	6,204	5,242	5,581	10,615	17,986	15,055	15,945	14,993	12,761	9,236	6,141	10,444	881
Average	5,961	5,857	6,384	8,490	12,143	13,508	15,487	15,034	13,812	10,997	8,139	6,229	10,170	

CCF Above Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	0	0	0	4,550	6,906	3,709	11,401	5,874	6,755	5,217	1,402	0	45,811	30%
2012	1,261	340	0	0	6,056	8,148	11,427	7,924	6,420	7,380	843	0	49,795	37%
2011	0	0	0	222	5,102	5,487	9,291	9,038	7,829	2,473	1,196	174	40,814	32%
2010	0	0	583	260	3,595	11,938	8,109	11,656	8,792	5,717	921	0	51,574	39%
2009	0	0	0	3,900	6,949	5,645	11,228	10,005	9,525	3,163	2,657	0	53,073	35%
2008	0	0	0	6,943	6,725	8,174	11,316	9,492	10,215	3,661	1,146	0	57,669	36%
2007	0	0	1,067	1,040	10,289	6,854	9,675	12,986	6,923	4,533	786	0	54,155	34%
2006	0	0	0	0	5,048	13,728	10,277	11,325	10,204	7,575	3,424	0	61,581	42%
Average	0	0	0	1,974	6,334	7,960	10,340	9,787	8,333	4,965	1,547	0	51,241	35%

CCF At or Below Average

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Annual
2013	7,230	7,384	8,296	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,144	108,065	70%
2012	7,294	7,294	6,463	7,054	7,294	7,294	7,294	7,294	7,294	7,294	7,294	5,921	85,080	63%
2011	7,018	7,181	6,540	7,444	7,444	7,444	7,444	7,444	7,444	7,444	7,444	7,444	87,734	68%
2010	6,147	6,120	6,889	6,889	6,889	6,889	6,889	6,889	6,889	6,889	6,889	6,634	80,899	61%
2009	6,588	6,632	7,464	8,657	8,657	8,657	8,657	8,657	8,657	8,657	8,657	7,386	97,325	65%
2008	6,602	6,377	8,601	9,243	9,243	9,243	9,243	9,243	9,243	9,243	9,243	7,305	102,832	64%
2007	8,346	7,406	9,003	9,003	9,003	9,003	9,003	9,003	9,003	9,003	9,003	8,363	105,141	66%
2006	6,556	7,306	6,173	6,573	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,232	86,008	58%
Average	7,130	7,005	7,635	8,185	8,185	8,185	8,185	8,185	8,185	8,185	8,185	7,450	94,703	65%

Table A-8
Historic and Projected Water Deliveries
CCF

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Deliveries - LTE Off-Peak Average												
Single Family	73,504	78,112	76,585	98,695	75,306	74,553	73,807	73,069	72,704	72,340	71,979	71,619
Multi Family	5,576	5,041	5,483	5,092	5,313	5,260	5,207	5,155	5,103	5,052	5,002	4,952
Commercial/Institutional	1,523	1,722	2,097	3,151	1,745	1,710	1,676	1,643	1,626	1,610	1,594	1,578
Landscape Irrigation	221	1,647	621	904	813	797	781	765	757	750	742	735
Other	1,276	592	1,313	311	1,050	1,039	1,029	1,018	1,008	998	988	978
Deliveries - LTE Off-Peak Average	82,099	87,114	86,098	108,153	84,226	83,359	82,500	81,650	81,199	80,751	80,305	79,862
<i>x Other</i>	<i>80,824</i>	<i>86,522</i>	<i>84,785</i>	<i>107,842</i>	<i>83,177</i>	<i>82,320</i>	<i>81,471</i>	<i>80,632</i>	<i>80,191</i>	<i>79,753</i>	<i>79,317</i>	<i>78,884</i>
Deliveries - GT Off-Peak Average												
Single Family	44,936	37,585	44,526	39,576	41,078	39,846	38,650	37,491	36,929	36,375	35,829	35,292
Multi Family	1,591	850	1,319	1,715	1,241	1,228	1,216	1,204	1,192	1,180	1,168	1,156
Commercial/Institutional	2,495	2,107	2,909	3,330	2,428	2,356	2,285	2,216	2,183	2,150	2,118	2,086
Landscape Irrigation	2,628	1,484	1,336	1,413	1,761	1,709	1,657	1,608	1,583	1,560	1,536	1,513
Other	793	319	3,189	1,091	1,419	1,405	1,391	1,377	1,363	1,350	1,336	1,323
Deliveries - GT Off-Peak Average	52,442	42,345	53,278	47,125	47,928	46,543	45,200	43,896	43,250	42,614	41,988	41,370
<i>x Other</i>	<i>51,650</i>	<i>42,026</i>	<i>50,089</i>	<i>46,034</i>	<i>46,509</i>	<i>45,138</i>	<i>43,809</i>	<i>42,519</i>	<i>41,887</i>	<i>41,265</i>	<i>40,652</i>	<i>40,048</i>
Total Deliveries												
Single Family	118,440	115,696	121,110	138,270	116,384	114,399	112,458	110,560	109,633	108,715	107,808	106,910
Multi Family	7,167	5,891	6,801	6,806	6,553	6,488	6,423	6,359	6,295	6,232	6,170	6,108
Commercial/Institutional	4,018	3,829	5,006	6,482	4,174	4,066	3,961	3,859	3,809	3,760	3,712	3,664
Landscape Irrigation	2,848	3,131	1,957	2,318	2,574	2,505	2,438	2,373	2,341	2,310	2,279	2,248
Other	2,068	911	4,502	1,402	2,469	2,444	2,420	2,395	2,371	2,348	2,324	2,301
Total	134,541	129,458	139,376	155,278	132,154	129,902	127,700	125,546	124,449	123,365	122,293	121,232
<i>x Other</i>	<i>132,473</i>	<i>128,547</i>	<i>134,874</i>	<i>153,876</i>	<i>129,686</i>	<i>127,458</i>	<i>125,280</i>	<i>123,151</i>	<i>122,078</i>	<i>121,017</i>	<i>119,968</i>	<i>118,931</i>
Projected Deliveries Reduction (2014 is compared to 2010-2012 Average)					-1.7%	-1.7%	-1.7%	-1.7%	-0.9%	-0.9%	-0.9%	-0.9%
<i>Source: District Filings of Department of Water Resources (DWR) Form 38</i>												
Projected % Reduction in Use is applied to the average of 2011 and 2012 use.												
LTE Annual Average Projected % Reduction in Use												
Single Family					1.0%	1.0%	1.0%	1.0%	0.5%	0.5%	0.5%	0.5%
Multi Family					1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Commercial/Institutional					2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%
Landscape Irrigation					2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%
Other					1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
GT Annual Average Projected % Reduction in Use												
Single Family					3.0%	3.0%	3.0%	3.0%	1.5%	1.5%	1.5%	1.5%
Multi Family					1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Commercial/Institutional					3.0%	3.0%	3.0%	3.0%	1.5%	1.5%	1.5%	1.5%
Landscape Irrigation					3.0%	3.0%	3.0%	3.0%	1.5%	1.5%	1.5%	1.5%
Other					1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

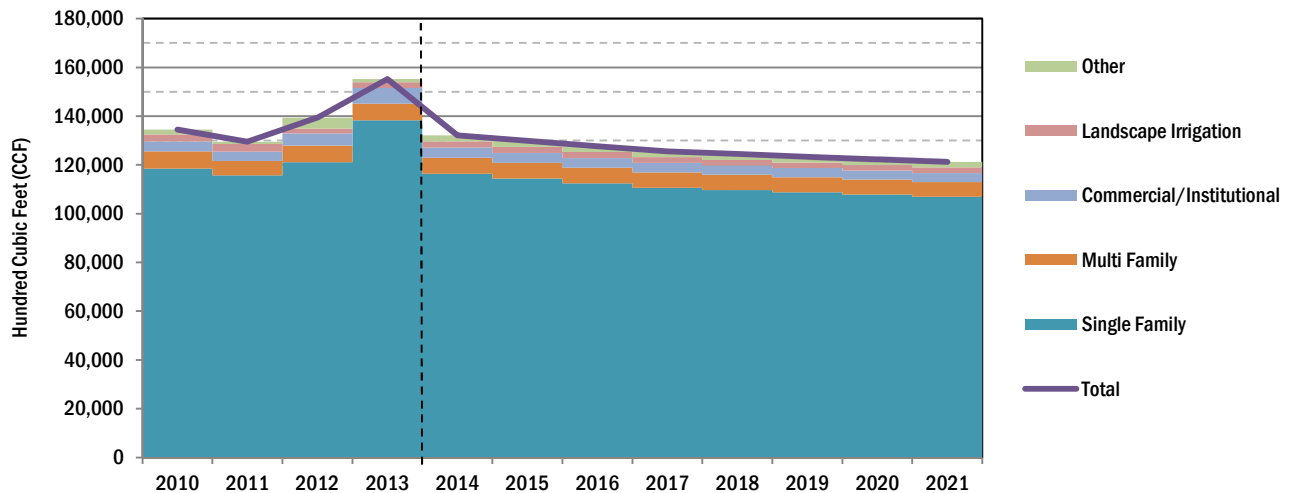


Table A-9
Average Water Use

Water Use (CCF)	2006	2007	2008	2009	2010	2011	2012	2013
Single Family	133,330	141,782	143,086	135,242	118,440	115,696	121,110	138,270
Multi Family	8,174	8,159	8,891	8,443	7,167	5,891	6,801	6,806
Commercial/Institutional	3,645	5,534	5,669	4,984	4,018	3,829	5,006	6,482
Landscape Irrigation	2,441	3,820	2,855	1,729	2,848	3,131	1,957	2,318
Other	306	636	513	2,291	2,068	911	4,502	1,402
Total	147,895	159,931	161,014	152,689	134,541	129,458	139,376	155,278

Accounts	2006	2007	2008	2009	2010	2011	2012	2013
Single Family	815	811	823	836	840	843	840	839
Multi Family	28	33	33	32	29	26	27	27
Commercial/Institutional	21	22	22	22	22	23	25	25
Landscape Irrigation	13	13	13	6	6	6	6	6
Other	4	5	3	2	4	3	3	3
Total	881	884	894	898	901	901	901	900

Average Use (CCF/month)	2006	2007	2008	2009	2010	2011	2012	2013
Single Family	13.6	14.6	14.5	13.5	11.8	11.4	12.0	13.7
Multi Family	24.3	20.6	22.5	22.0	20.6	18.9	21.0	21.0
Commercial/Institutional	14.5	21.0	21.5	18.9	15.2	13.9	16.7	21.6
Landscape Irrigation	15.6	24.5	18.3	24.0	39.6	43.5	27.2	32.2
Other	6	11	14	95	43	25	125	39
Total	14.0	15.1	15.0	14.2	12.4	12.0	12.9	14.4

Average Use (gpd)	2006	2007	2008	2009	2010	2011	2012	2013
Single Family	335	358	356	332	289	281	296	338
Multi Family	598	507	552	541	507	464	516	517
Commercial/Institutional	356	516	528	464	374	341	410	531
Landscape Irrigation	385	602	450	591	973	1,070	669	792
Other	157	261	350	2,348	1,060	622	3,076	958
Total	344	371	369	348	306	294	317	354

Average Use (gallons per month)	2006	2007	2008	2009	2010	2011	2012	2013
Single Family	10,199	10,899	10,839	10,085	8,790	8,556	8,988	10,274
Multi Family	18,199	15,414	16,796	16,448	15,407	14,125	15,703	15,716
Commercial/Institutional	10,820	15,682	16,064	14,123	11,386	10,379	12,483	16,163
Landscape Irrigation	11,704	18,319	13,691	17,965	29,592	32,532	20,334	24,082
Other	4,768	7,932	10,660	71,412	32,231	18,931	93,554	29,137
Total	10,465	11,279	11,228	10,600	9,309	8,957	9,644	10,756

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Appendix B: Customer Characteristics Data

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Table B-1
Current and Projected Meters (Billable)

Customer Class	Notes	Current	Projected Fiscal Year						
		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Single Family	[1]								
5/8 x 3/4-inch		842	857	872	873	874	875	876	877
1-inch									
1½-inch									
2-inch									
Total Single Family		842	857	872	873	874	875	876	877
Multi Family									
5/8 x 3/4-inch		26	26	26	26	26	26	26	26
1-inch									
1½-inch									
2-inch		1	1	1	1	1	1	1	1
Total Multi Family		27	27	27	27	27	27	27	27
Commercial									
5/8 x 3/4-inch		22	22	22	22	22	22	22	22
1-inch		1	1	1	1	1	1	1	1
1½-inch		1	1	1	1	1	1	1	1
2-inch		1	1	1	1	1	1	1	1
Total Commercial		25	25	25	25	25	25	25	25
Irrigation									
5/8 x 3/4-inch		4	4	4	4	4	4	4	4
1-inch		2	2	2	2	2	2	2	2
1½-inch									
2-inch									
Total Irrigation		6	6	6	6	6	6	6	6
All Billable Meters									
5/8 x 3/4-inch		894	909	924	925	926	927	928	929
1-inch		3	3	3	3	3	3	3	3
1½-inch		1	1	1	1	1	1	1	1
2-inch		2	2	2	2	2	2	2	2
Total All Billable Meters		900	915	930	931	932	933	934	935

Notes:

[1] The number of Single Family meters is increased as shown below to account for connections in the Oakridge/Via Del Sol development during FY15 and FY16 and infill connections in subsequent years.

<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
15	15	1	1	1	1	1

Table B-2
 Projected Water Use, CCF

Customer Class	Current	Recommended	Projected Fiscal Year [1]						
			FY15	FY16	FY17	FY18	FY19	FY20	FY21
Single Family	<i>T2: 5-36</i>	<i>T2: 9-30</i>							
Tier 1	25%	47%	54,736	53,803	52,890	51,997	51,561	51,129	50,703
Tier 2	64%	37%	42,777	42,047	41,334	40,636	40,295	39,958	39,624
Tier 3	11%	16%	18,871	18,549	18,235	17,927	17,777	17,628	17,481
Total Single Family			116,384	114,399	112,458	110,560	109,633	108,715	107,808
Multi Family	<i>T2: 5-36</i>	<i>T2: 9-30</i>							
Tier 1	25%	47%	3,082	3,051	3,021	2,991	2,961	2,931	2,902
Tier 2	64%	37%	2,409	2,385	2,361	2,337	2,314	2,291	2,268
Tier 3	11%	16%	1,063	1,052	1,041	1,031	1,021	1,011	1,000
Total Multi Family			6,553	6,488	6,423	6,359	6,295	6,232	6,170
Commercial									
Tier 1									
Tier 2									
Tier 3									
Total Commercial			4,174	4,066	3,961	3,859	3,809	3,760	3,712
Irrigation									
Tier 1									
Tier 2									
Tier 3									
Total Irrigation			2,574	2,505	2,438	2,373	2,341	2,310	2,279
All Billable Meters									
Tier 1			57,818	56,854	55,911	54,988	54,522	54,061	53,605
Tier 2			45,185	44,432	43,694	42,973	42,609	42,249	41,892
Tier 3			19,934	19,601	19,276	18,958	18,797	18,638	18,481
Total All Billable Meters			129,686	127,458	125,280	123,151	122,078	121,017	119,968
Annual Change									
CCF				(2,228)	(2,178)	(2,129)	(1,073)	(1,061)	(1,049)
% Annual				-2%	-2%	-2%	-1%	-1%	-1%
% Cumulative				-2%	-3%	-5%	-6%	-7%	-7%

Notes:

[1] The number of Single Family meters is increased as shown below to account for connections in the Oakridge/Via Del Sol development during FY15 and FY16 and infill connections in subsequent years.

<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
15	15	1	1	1	1	1

Appendix C: Financial Reserves Policy

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Aromas Water District Resolution 2014-1 Adopting Financial Reserves Policy

Purpose:

The purpose of the Reserves policy for *AROMAS WATER DISTRICT* is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities such as building repair and improvement, capital projects, emergencies, program opportunity, and capacity building.

The Reserves policy will be implemented in concert with the other governance and financial policies of *AROMAS WATER DISTRICT* and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals:

Types of Reserves

The **Operating Reserve** is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of *AROMAS WATER DISTRICT* for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Directors.

The target minimum Operating Reserve Fund is equal to three months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual capital expenses.

The amount of the Operating Reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports.

The District should consider the level of needed unrestricted fund balance in order to have sufficient unrestricted operation or working capital to provide cash to cover cash balance fluctuations on a month to month basis. Typically this minimum cash balance would be a minimum of 60 days to a maximum of 180 days of its annual operation expenses. For Aromas Water District that unrestricted amount would be between \$150,000 and \$300,000.

The **Capital Emergency Reserve** is intended to handle costs associated with system failures due to unplanned or catastrophic events. The District should consider if it is prudent to establish and maintain a reserve to handle such events. Methods used to

calculate could be (1) a small percent of overall assets (such as 2% of total assets) or (2) the cost of the items at most risk/most vulnerable component of the system (say a specific pumping station, key water transmission line or water storage site). An Emergency Reserve at 2% of total assets would be about \$125,000. For replacement estimates, the District should consider potential catastrophic failures to the most vulnerable parts of the system. For example, during a major earthquake, this could include storage tank replacement, well loss and multiple water line ruptures. The estimates here could easily exceed \$500,000.

The **Capital Funding Reserve** would typically have projections out to 15 to 30 years, and include a plan for ongoing funding and use of the reserve funds. This fund does not have a rule of thumb as the two reserves above; the reserve needs to be specific to the planned rehabilitation of infrastructure and needed capital improvements.

Once the reserves are determined annual resolutions should be made to designate funds in accordance with the policy and in relation to planned capital improvements as recommended in the Strategic Plan.

Funding of Reserves:

The Reserve funds will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for the Reserves. Examples could include one-time gifts or bequests, special grants, or special assessments.

Use of Reserves:

Use of the Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

The General Manager and staff will identify the need for access reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be needed and replenished.

2. Authority to use Reserves.

Authority for use of up to 20% of Reserves is delegated to the General Manager in consultation with the President of the Board of Directors. The use of Reserves will be reported to the Executive Committee/Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Reserve fund to the target minimum amount. The General Manager must receive prior approval from the Board of Directors for use of Reserves in excess of 20%

3. Reporting and monitoring.

The General Manager is responsible for assuring that the Reserve funds are maintained and used only as described in this Policy. Upon approval for the use of Reserve funds, the General Manager will maintain records of the use of funds and plan for replenishment, if required. He/she will provide regular reports to the Board of Directors of progress to restore the fund to the target minimum amount, if required.

Review of Policy:

This Policy will be reviewed every 5 years or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the General Manager and approved by the Board of Directors.

Approved:



Director K. WAYNE NORTON, PRESIDENT

I hereby certify that the foregoing Resolution was duly passed and adopted by the Board of Directors of the Aromas Water District at a legal meeting held on the 28th day of January, 2014 by the following vote:

Ayes: HOLMAN, MAHLER, DUTRA, NORTON, LEAP

Noes: NONE

Absent: NONE

In Witness Hereof, I have hereunto set my hand and affixed the official seal of the Aromas Water District.



Lisa Dobbins, District Secretary



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Appendix D: Water Fees Development Tables

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Table D-1
Expenditures, \$

Expense Category	Notes	Proj.		Projected Fiscal Year							Total FY15 - FY21
		Proforma FY14	Cost Esc.	FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Operating Expenses											
Administrative & General	[1]	63,900	3%	65,817	67,792	69,825	71,920	74,078	76,300	78,589	504,320
Debt Payments	[2]	64,000	na	114,180	114,180	114,180	114,180	114,180	114,180	28,545	713,625
Communications		9,300	3%	9,579	9,866	10,162	10,467	10,781	11,105	11,438	73,399
Payroll		363,500	3%	374,405	385,637	397,206	409,123	421,396	434,038	447,059	2,868,865
Employee Costs		119,300	3%	122,879	126,565	130,362	134,273	138,302	142,451	146,724	941,556
Office		17,600	3%	18,128	18,672	19,232	19,809	20,403	21,015	21,646	138,905
Operations		89,200	3%	91,876	94,632	97,471	100,395	103,407	106,510	109,705	703,997
Power		99,000	3%	101,970	105,029	108,180	111,425	114,768	118,211	121,758	781,341
Total Operating Expenses		825,800		898,834	922,374	946,620	971,593	997,315	1,023,809	965,463	6,726,008
Capital Expenses											
Capital Projects Expense/Reserve	[3]	90,000	na	0	18,000	36,000	51,000	66,000	81,000	146,000	398,000
Capital Emergency Reserve		0	na	0	10,000	20,000	20,000	30,000	50,000	110,000	240,000
Debt Balloon Payment Reserve		0	na	95,000	110,000	120,000	135,000	140,000	150,000	160,000	910,000
Total Capital Expenses		90,000		95,000	138,000	176,000	206,000	236,000	281,000	416,000	1,548,000
Total Operating & Capital Expenses		915,800		993,834	1,060,374	1,122,620	1,177,593	1,233,315	1,304,809	1,381,463	8,274,008
Other Impacts (Credits)											
Bulk Water		(8,500)	0%	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(59,500)
Connection	[4]	(11,000)	na	0	0	0	0	0	0	0	0
Tax Receipts		(55,000)	0%	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(385,000)
Miscellaneous		(5,500)	0%	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(38,500)
Interest		(1,000)	0%	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(7,000)
Grants	[5]	(3,500)	na	0	0	0	0	0	0	0	0
Total Other Impacts (Credits)		(84,500)		(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(490,000)
Revenue Required from Rates		831,300		923,834	990,374	1,052,620	1,107,593	1,163,315	1,234,809	1,311,463	7,784,008
Annual Change in Revenue Requirements											
Dollars				92,534	66,540	62,246	54,973	55,722	71,494	76,654	
Percent				9%	7%	6%	5%	5%	6%	6%	

Notes:

- [1] The District's budget for Administrative & General includes debt payments. Debt Payments are shown as a separate line item in this study.
- [2] Debt payments are for a note payable to Santa Barbara Bank and Trust dated September 15, 2012 in the amount of \$1,457,578. Monthly payments of interest and principal are \$9,515 for 10 years until a September 15, 2021 balloon payment of \$912,063. The current budget is for interest only. Projected values are for principal and interest.
- [3] Annual capital expenses were developed by the District.
- [4] Annual revenues from capacity charges for new connections were developed by the District and are attributed to the capital fund cash flow.
- [5] No grant revenues are expected during the projected fiscal years.

Table D-2
 "Plant in Service" Factors

Plant in Service, \$	Replacement Values [1]	Base (BASE)	Extra Capacity (CAP)	Fire Protection (FP)	Meters and Service Lat. (MTR)	Customer (CUS)	Basis of Allocation				
							(BASE)	(CAP)	(FP)	(MTR)	(CUS)
Wells	1,560,232	1,170,174	156,023	234,035			75% BASE	10% CAP	15% PFP		
Pumps	400,000	176,000	64,000	160,000			44% BASE	16% CAP	40% PFP		
Treatment	4,050,000	3,037,500	405,000	607,500			75% BASE	10% CAP	15% PFP		
Storage	900,000	396,000	144,000	360,000			44% BASE	16% CAP	40% PFP		
Transmission Mains	2,750,000	1,210,000	440,000	1,100,000			44% BASE	16% CAP	40% PFP		
Distribution Lines	14,850,000	6,534,000	2,376,000	5,940,000			44% BASE	16% CAP	40% PFP		
Hydrants	600,000			600,000					100% PFP		
Meters	675,000				675,000					100% MTR	
Service Laterals	2,340,000				2,340,000					100% MTR	
Buildings	416,848					416,848					100% CUS
Total	28,542,080	12,523,674	3,585,023	9,001,535	3,015,000	416,848					
% of Total		44%	13%	32%	11%	1%	"Plant in Service" Factors				

[1] Replacement values were developed by the District.

Table D-3
Functional Allocation of Revenue Requirements, \$

Item	Projected FY15	Base (BASE)	Extra Capacity (CAP)	Fire Protection (FP)	Meters and Service Lat. (MTR)	Customer (CUS)	Basis of Allocation [1,2]
Operating Expenses							
Administrative & General	65,817	28,879	8,267	20,757	6,952	961	"Plant in Service" Factors
Debt Payments	114,180	50,100	14,342	36,010	12,061	1,668	"Plant in Service" Factors
Communications	9,579	4,203	1,203	3,021	1,012	140	"Plant in Service" Factors
Payroll	374,405	164,281	47,027	118,079	39,550	5,468	"Plant in Service" Factors
Employee Costs	122,879	53,917	15,434	38,753	12,980	1,795	"Plant in Service" Factors
Office	18,128	0	0	0	0	18,128	100% CUS
Operations	91,876	40,313	11,540	28,976	9,705	1,342	"Plant in Service" Factors
Power	101,970	61,182	40,788	0	0	0	"Power" Factors
Total Operating Expenses	898,834	402,875	138,601	245,596	82,261	29,501	
Capital Expenses							
Construction	0	0	0	0	0	0	"Plant in Service" Factors
Debt Payment Reserve	95,000	41,684	11,932	29,961	10,035	1,387	"Plant in Service" Factors
Depreciation Reserve	0	0	0	0	0	0	"Plant in Service" Factors
Total Capital Expenses	95,000	41,684	11,932	29,961	10,035	1,387	
Other Impacts (Credits)							
Bulk Water	(8,500)	(8,500)	0	0	0	0	100% BASE
Connection	0	0	0	0	0	0	"Plant in Service" Factors
Tax Receipts	(55,000)	(24,133)	(6,908)	(17,346)	(5,810)	(803)	"Plant in Service" Factors
Miscellaneous	(5,500)	0	0	0	0	(5,500)	100% CUS
Interest	(1,000)	(439)	(126)	(315)	(106)	(15)	"Plant in Service" Factors
Grants	0	0	0	0	0	0	"Plant in Service" Factors
Total Other Impacts (Credits)	(70,000)	(33,072)	(7,034)	(17,661)	(5,915)	(6,318)	
Revenue Required from Rates	923,834	411,488	143,500	257,896	86,380	24,571	
REVENUE REQUIREMENT ALLOCATION		44.5%	15.5%	27.9%	9.4%	2.7%	

Notes:

[1] The "Plant in Service" factors are from Table D-2.

[2] The "Power" factors are based on a 60 percent allocation to Base and 40 percent allocation to Extra Capacity.

Annual revenues from capacity charges for new connections were developed by the District.

Table D-4
 Revenue Requirement Allocations, \$

Expense Category	Cost Allocation [1]	Projected Fiscal Year							Total FY15 - FY21
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Revenue Required from Rates		923,834	990,374	1,052,620	1,107,593	1,163,315	1,234,809	1,311,463	7,784,008
Base	45%	411,488	441,125	468,850	493,336	518,156	550,000	584,143	3,467,098
Extra Capacity	16%	143,500	153,835	163,504	172,043	180,698	191,804	203,710	1,209,094
Fire Protection	28%	257,896	276,471	293,847	309,193	324,749	344,707	366,105	2,172,968
Meters/Service Laterals	9%	86,380	92,602	98,422	103,562	108,772	115,457	122,624	727,820
Customer	3%	24,571	26,340	27,996	29,458	30,940	32,842	34,880	207,028

Notes:

[1] Cost allocation percentages are from Table D-3.

Table D-5
Unit Costs of Service

Expense Category	Cost Allocation [1]	Projected Fiscal Year						
		FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue Required from Rates		\$923,834	\$990,374	\$1,052,620	\$1,107,593	\$1,163,315	\$1,234,809	\$1,311,463
Base + Extra Capacity								
Revenue Allocation	60%	\$554,987	\$594,961	\$632,354	\$665,379	\$698,854	\$741,804	\$787,853
Units of Use (hundred cubic feet)		129,686	127,458	125,280	123,151	122,078	121,017	119,968
Average Commodity Rate (\$/CCF)		\$4.28	\$4.67	\$5.05	\$5.40	\$5.72	\$6.13	\$6.57
Fire Protection								
Revenue Allocation	28%	\$257,896	\$276,471	\$293,847	\$309,193	\$324,749	\$344,707	\$366,105
Units of Use (equivalent meters)		953	953	968	969	970	971	972
Fire Protection Rate (\$/eq. mtr-month)		\$22.56	\$24.19	\$25.31	\$26.60	\$27.91	\$29.60	\$31.40
Meters/Service Laterals								
Revenue Allocation	9%	\$86,380	\$92,602	\$98,422	\$103,562	\$108,772	\$115,457	\$122,624
Units of Use (equivalent meters)		953	953	968	969	970	971	972
Meter/Lateral Rate (\$/eq. mtr-month)		\$7.56	\$8.10	\$8.48	\$8.91	\$9.35	\$9.91	\$10.52
Customer								
Revenue Allocation	3%	\$24,571	\$26,340	\$27,996	\$29,458	\$30,940	\$32,842	\$34,880
Units of Use (accounts)		930	945	946	947	948	949	950
Account Rate (\$/acct-month)		\$2.20	\$2.32	\$2.47	\$2.59	\$2.72	\$2.88	\$3.06

Notes:

[1] Cost allocation percentages are from Table D-3.

Table D-6
Base Cost Allocations

Expense Category		Projected Fiscal Year						
		FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue Required from Rates		\$923,834	\$990,374	\$1,052,620	\$1,107,593	\$1,163,315	\$1,234,809	\$1,311,463
Base Allocation	45%	\$411,488	\$441,125	\$468,850	\$493,336	\$518,156	\$550,000	\$584,143
	<i>% Revenue Allocation [1]</i>							
Single Family	89.90%	\$369,913	\$396,556	\$421,480	\$443,492	\$465,803	\$494,430	\$525,123
Muli Family	4.82%	\$19,826	\$21,254	\$22,590	\$23,770	\$24,965	\$26,500	\$28,145
Commercial/Instiutional	3.35%	\$13,801	\$14,795	\$15,725	\$16,546	\$17,379	\$18,447	\$19,592
Landscape Irrigation	1.93%	\$7,948	\$8,520	\$9,056	\$9,529	\$10,008	\$10,623	\$11,283

Notes:

[1] Cost allocation percentages are based on average daily use during 2011 - 2012.

Table D-7
Extra Capacity Cost Allocations

Expense Category		Projected Fiscal Year						
		FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue Required from Rates		\$923,834	\$990,374	\$1,052,620	\$1,107,593	\$1,163,315	\$1,234,809	\$1,311,463
Extra Capacity Allocation	16%	\$143,500	\$153,835	\$163,504	\$172,043	\$180,698	\$191,804	\$203,710
	<i>% Revenue Allocation [1]</i>							
Single Family	90.74%	\$130,209	\$139,588	\$148,361	\$156,109	\$163,963	\$174,039	\$184,843
Muli Family	3.78%	\$5,418	\$5,808	\$6,173	\$6,496	\$6,822	\$7,242	\$7,691
Commercial/Instiitutional	3.56%	\$5,109	\$5,477	\$5,821	\$6,125	\$6,433	\$6,828	\$7,252
Landscape Irrigation	1.93%	\$2,764	\$2,963	\$3,149	\$3,314	\$3,480	\$3,694	\$3,924

Notes:

[1] Cost allocation percentages are based on maximum month use during 2011 and 2012.

Table D-8
Single Family and Multi Family Water Use Fees

Expense Category		Projected Fiscal Year						
		FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue Allocation								
Single Family								
Base	74%	\$369,913	\$396,556	\$421,480	\$443,492	\$465,803	\$494,430	\$525,123
Extra Capacity	26%	\$130,209	\$139,588	\$148,361	\$156,109	\$163,963	\$174,039	\$184,843
Total		\$500,122	\$536,143	\$569,840	\$599,601	\$629,766	\$668,470	\$709,967
Multi Family								
Base	79%	\$19,826	\$21,254	\$22,590	\$23,770	\$24,965	\$26,500	\$28,145
Extra Capacity	21%	\$5,418	\$5,808	\$6,173	\$6,496	\$6,822	\$7,242	\$7,691
Total		\$25,244	\$27,062	\$28,763	\$30,265	\$31,788	\$33,741	\$35,836
Single / Multi Family								
Base	74%	\$389,739	\$417,810	\$444,070	\$467,261	\$490,769	\$520,930	\$553,268
Extra Capacity	26%	\$135,627	\$145,396	\$154,534	\$162,605	\$170,785	\$181,281	\$192,535
Total Single / Multi Family		\$525,366	\$563,206	\$598,604	\$629,866	\$661,554	\$702,211	\$745,803
Water Use Fees								
Customer Class Average								
Revenue Allocation		\$525,366	\$563,206	\$598,604	\$629,866	\$661,554	\$702,211	\$745,803
Single Family		116,384	114,399	112,458	110,560	109,633	108,715	107,808
Multi Family		6,553	6,488	6,423	6,359	6,295	6,232	6,170
Units of Use (hundred cubic feet)		122,938	120,887	118,881	116,919	115,928	114,947	113,978
Average Commodity Rate (\$/ccf)		\$4.28	\$4.66	\$5.04	\$5.39	\$5.71	\$6.11	\$6.55
Three-Tiers [1]								
Tier 1 Revenue Allocation								
Single Family		54,736	53,803	52,890	51,997	51,561	51,129	50,703
Multi Family		3,082	3,051	3,021	2,991	2,961	2,931	2,902
Units of Use (hundred cubic feet)		57,818	56,854	55,911	54,988	54,522	54,061	53,605
Average Commodity Rate (\$/ccf)		\$2.92	\$3.19	\$3.44	\$3.68	\$3.90	\$4.18	\$4.47
Tier 2 Revenue Allocation								
Single Family		42,777	42,047	41,334	40,636	40,295	39,958	39,624
Multi Family		2,409	2,385	2,361	2,337	2,314	2,291	2,268
Units of Use (hundred cubic feet)		45,185	44,432	43,694	42,973	42,609	42,249	41,892
Average Commodity Rate (\$/ccf)		\$4.90	\$5.34	\$5.77	\$6.17	\$6.54	\$7.00	\$7.49
Tier 3 Revenue Allocation								
Single Family		18,871	18,549	18,235	17,927	17,777	17,628	17,481
Multi Family		1,063	1,052	1,041	1,031	1,021	1,011	1,000
Units of Use (hundred cubic feet)		19,934	19,601	19,276	18,958	18,797	18,638	18,481
Average Commodity Rate (\$/ccf)		\$6.81	\$7.42	\$8.02	\$8.58	\$9.09	\$9.73	\$10.42

Notes:

[1] The Tier 1 revenue allocation is a percentage of the Single / Multi Family Base revenue allocation that yields a Tier 2/Tier 1 rate ratio near 1.67.

Table D-9
Commercial/Institutional/Landscape Water Use Fees

Expense Category	Projected Fiscal Year						
	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Nonresidential (Commercial/Institutional/Landscape)							
Base	\$21,749	\$23,315	\$24,781	\$26,075	\$27,387	\$29,070	\$30,875
Extra Capacity	\$7,872	\$8,439	\$8,970	\$9,438	\$9,913	\$10,522	\$11,176
Total	\$29,621	\$31,755	\$33,751	\$35,513	\$37,300	\$39,592	\$42,050
Water Use Fees							
Customer Class Average							
Revenue Allocation	\$29,621	\$31,755	\$33,751	\$35,513	\$37,300	\$39,592	\$42,050
Units of Use (CCF)	6,748	6,571	6,399	6,232	6,150	6,070	5,991
Average Commodity Rate (\$/CCF)	\$4.39	\$4.84	\$5.28	\$5.70	\$6.07	\$6.53	\$7.02

Notes:

[1] Cost allocation percentages are from Table D-6 and Table D-7.

Table D-10
Base Rate Fees

Expense Category	Projected Fiscal Year							
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Unit Costs								
Fire Protection Rate (\$/eq. mtr-month)	\$22.56	\$24.19	\$25.31	\$26.60	\$27.91	\$29.60	\$31.40	
Meter/Lateral Rate (\$/eq. mtr-month)	\$7.56	\$8.10	\$8.48	\$8.91	\$9.35	\$9.91	\$10.52	
Account Rate (\$/acct-month)	\$2.20	\$2.32	\$2.47	\$2.59	\$2.72	\$2.88	\$3.06	
Base Rate Fees								
Meter Size	<i>Meter Ratio</i>							
5/8 x 3/4-inch	1.0	\$32.30	\$34.60	\$36.30	\$38.10	\$40.00	\$42.40	\$45.00
1-inch	2.5	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00	\$102.00	\$108.00
1½-inch	5.0	\$153.00	\$164.00	\$171.00	\$180.00	\$189.00	\$200.00	\$213.00
2-inch	8.0	\$243.00	\$261.00	\$273.00	\$287.00	\$301.00	\$319.00	\$338.00
3-inch	17.5	\$529.00	\$567.00	\$594.00	\$624.00	\$655.00	\$694.00	\$737.00
4-inch	30.0	\$906.00	\$971.00	\$1,016.00	\$1,068.00	\$1,121.00	\$1,188.00	\$1,261.00
6-inch	62.5	\$1,880.00	\$2,020.00	\$2,110.00	\$2,220.00	\$2,330.00	\$2,470.00	\$2,620.00

Notes:

[1] Unit costs are from Table D-5.

Appendix E: Water Capacity Charges Development Tables

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Table E-1
List of Assets and Estimated Replacement Values

Item	Category	Description	Count	Units	Unit Cost	Total Cost
1	Wells	San Juan Well/Building	1	each	\$700,000	\$700,000
2	Wells	Carpenteria	1	each	\$400,000	\$400,000
3	Wells	Pleasant Acres	1	each	\$500,000	\$500,000
4	Wells	Marshall(inactive)	1	each	\$400,000	\$400,000
5	Treatment	San Juan Treatment Plant and Tank	1	each	\$400,000	\$400,000
6	Pumps	Seely Cole 4-25 hp	1	each	\$350,000	\$350,000
7	Pumps	Seely/Rea 10 & 15 hp	1	each	\$150,000	\$150,000
8	Pumps	Leo Pump Station 4-5 hp	1	each	\$150,000	\$150,000
9	Pumps	Carr Station/Building 2-20hp	1	each	\$200,000	\$200,000
10	Telemetry	SCADA	1	each	\$250,000	\$250,000
11	Storage	Carr-214,000 gallons	1	each	\$250,000	\$250,000
12	Storage	Cole -214,000 gallons	1	each	\$250,000	\$250,000
13	Storage	RLS 240,000 gallons	1	each	\$275,000	\$275,000
14	Storage	Rea 214,000 gallons	1	each	\$250,000	\$250,000
15	Storage	Pinetree 214,000 gallons	1	each	\$250,000	\$250,000
16	Storage	Ballantree 15,000 gallons	2	each	\$50,000	\$100,000
17	Storage	School 15,000 gallons	2	each	\$50,000	\$100,000
18	Transmission Mains	4-inch diameter	3,000	lineal feet	\$100	\$300,000
19	Transmission Mains	6-inch diameter	24,100	lineal feet	\$110	\$2,651,000
20	Transmission Mains	8-inch diameter	32,500	lineal feet	\$125	\$4,063,000
21	Transmission Mains	10-inch diameter	26,550	lineal feet	\$135	\$3,584,000
22	Transmission Mains	12-inch diameter	15,000	lineal feet	\$150	\$2,250,000
23	Distribution Lines	other	350	lineal feet	\$100	\$35,000
24	Distribution Lines	4-inch diameter	6,750	lineal feet	\$100	\$675,000
25	Distribution Lines	6-inch diameter	39,950	lineal feet	\$110	\$4,395,000
26	Distribution Lines	8-inch diameter	2,000	lineal feet	\$125	\$250,000
27	Distribution Lines	10-inch diameter	7,281	lineal feet	\$135	\$983,000
28	Hydrants		182	each	\$6,500	\$1,183,000
29	Meters		900	each	\$750	\$675,000
30	Service Laterals		900	each	\$2,500	\$2,250,000
31	Buildings	388 Blohm Avenue	1	lot	\$500,000	\$500,000
32	Buildings	Marshall Operations Center	1	lot	\$150,000	\$150,000
Total						\$28,919,000

Summary

Category	Total Value	Contributions	
		Percent	Dollars
Wells	\$2,000,000	0%	\$0
Treatment	\$400,000	0%	\$0
Pumps	\$850,000	0%	\$0
Storage	\$1,475,000	0%	\$0
Telemetry	\$250,000	0%	\$0
Transmission Mains	\$12,848,000	0%	\$0
Distribution Lines	\$6,338,000	82%	\$5,174,000
Hydrants	\$1,183,000	50%	\$592,000
Meters	\$675,000	100%	\$675,000
Service Laterals	\$2,250,000	100%	\$2,250,000
Buildings	\$650,000	0%	\$0
Total	\$28,919,000		\$8,691,000

Table E-2
List of Pipes and Estimated Replacement Values

Service Area	# linear ft	12" diam	10" diam	8" diam	6" diam	4" diam	other
Anzar	3,650				3,650		
Anton	1,500				1,500		
Arlon	700					700	
Aromas Rd	3,600			3,600			
Aromas Heights	2,000			2,000			
Bardue	1,100					1,100	
Blohm Ave	5,000			5,000			
Carpenteria	12,300	12,300					
Carr Ave	8,500			8,500			
Carr Ave sides	1,700					1,700	
Cole from Anzar	1,800				1,800		
Cole Tank to Rocks Rd	20,400		20,400				
Delia	350						350
End of Rea	600				600		
Forest & School	8,500				8,500		
Garden	650				650		
Greenleaf	850				850		
Holly	1,000					1,000	
In Logan Knolls	3,450				3,450		
Karen Ct	700				700		
Knoll Ln	650				650		
Leo	800				800		
Lupine	750				750		
Marcus	650					650	
Marshall	600			600			
Moon	900					900	
Netzel	500				500		
Orchard Acres	7,281		7,281				
Pinetree	1,000			1,000			
Pleasant Acres	1,900					1,900	
Rea Ave	2,750				2,750		
Rea Ct	1,300					1,300	
RLS	25,250			10,000	15,250		
Rocks Rd	2,250		2,250				
Rose, both sides of Carp	1,500				1,500		
Robbins	500					500	
San Juan to Carp	2,700	2,700					
Seely	3,800			3,800			
Seely cross to Cole	3,900		3,900				
SJ to Marilyn/Ballantree	10,800				10,800		
to Logan Knolls	7,600				7,600		
Vega	750				750		
Viola	1,000				1,000		
Total, lineal feet	157,481	15,000	33,831	34,500	64,050	9,750	350
Total, miles	29.8	2.8	6.4	6.5	12.1	1.8	0.1

Pipeline Category	# linear ft	12" diam	10" diam	8" diam	6" diam	4" diam	other
Distribution, Contributed	45,731		7,281		34,600	3,500	350
Distribution, Rates	10,600			2,000	5,350	3,250	
Transmission	101,150	15,000	26,550	32,500	24,100	3,000	
Totals	157,481	15,000	33,831	34,500	64,050	9,750	350

Pipeline Category	Replacement Cost	12" diam	10" diam	8" diam	6" diam	4" diam	other
<i>Rate, \$ per lineal foot</i>		<i>\$150</i>	<i>\$135</i>	<i>\$125</i>	<i>\$110</i>	<i>\$100</i>	<i>\$100</i>
Distribution, Contributed	\$5,173,935	\$0	\$982,935	\$0	\$3,806,000	\$350,000	\$35,000
Distribution, Rates	\$1,163,500	\$0	\$0	\$250,000	\$588,500	\$325,000	\$0
Transmission	\$12,847,750	\$2,250,000	\$3,584,250	\$4,062,500	\$2,651,000	\$300,000	\$0
Totals	\$19,185,185	\$2,250,000	\$4,567,185	\$4,312,500	\$7,045,500	\$975,000	\$35,000

Table E-3
 Estimated Revenue from Capacity Charges

Fiscal Year	Revenue [1]	Time Value Factor [2]		Adjusted Revenue
		Annual %	Year	
FY14	\$32,529	3.0%	0	\$32,529
FY13	\$10,843	3.0%	1	\$11,168
FY12	\$0	3.0%	2	\$0
FY11	\$20,362	3.0%	3	\$22,250
FY10	\$28,678	3.0%	4	\$32,277
FY09	\$107,712	3.0%	5	\$124,868
FY08	\$32,459	3.0%	6	\$38,758
FY07	\$25,609	3.0%	7	\$31,496
FY06	\$20,980	3.0%	8	\$26,577
FY05	\$311,700	3.0%	9	\$406,698
FY04	\$15,000	3.0%	10	\$20,159
FY03	\$4,200	3.0%	11	\$5,814
FY02	\$61,230	3.0%	12	\$87,299
FY01	\$30,351	3.0%	13	\$44,571
FY00	\$727,600	3.0%	14	\$1,100,560
FY99	\$54,600	3.0%	15	\$85,065
FY98	\$21,850	3.0%	16	\$35,063
FY97	\$37,800	3.0%	17	\$62,478
FY96	\$29,400	3.0%	18	\$50,052
FY95	\$66,980	3.0%	19	\$117,450
FY94	\$20,000	3.0%	20	\$36,122
FY93	\$20,000	3.0%	21	\$37,206
FY92	\$20,000	3.0%	22	\$38,322
FY91	\$20,000	3.0%	23	\$39,472
FY90	\$20,000	3.0%	24	\$40,656
FY89	\$20,000	3.0%	25	\$41,876
FY88	\$20,000	3.0%	26	\$43,132
FY87	\$20,000	3.0%	27	\$44,426
FY86	\$20,000	3.0%	28	\$45,759
FY85	\$20,000	3.0%	29	\$47,131
FY84	\$20,000	3.0%	30	\$48,545
FY83	\$20,000	3.0%	31	\$50,002
FY82	\$20,000	3.0%	32	\$51,502
FY81	\$20,000	3.0%	33	\$53,047
FY80	\$20,000	3.0%	34	\$54,638
FY79	\$20,000	3.0%	35	\$56,277
FY78	\$20,000	3.0%	36	\$57,966
FY77	\$20,000	3.0%	37	\$59,705
FY76	\$20,000	3.0%	38	\$61,496
FY75	\$20,000	3.0%	39	\$63,341
FY74	\$20,000	3.0%	40	\$65,241
FY73	\$20,000	3.0%	41	\$67,198
FY72	\$20,000	3.0%	42	\$69,214
FY71	\$20,000	3.0%	43	\$71,290
FY70	\$20,000	3.0%	44	\$73,429
FY69	\$20,000	3.0%	45	\$75,632
FY68	\$20,000	3.0%	46	\$77,901
FY67	\$20,000	3.0%	47	\$80,238
FY66	\$20,000	3.0%	48	\$82,645
FY65	\$20,000	3.0%	49	\$85,124
FY64	\$20,000	3.0%	50	\$87,678
FY63	\$20,000	3.0%	51	\$90,308
FY62	\$20,000	3.0%	52	\$93,018
FY61	\$20,000	3.0%	53	\$95,808
FY60	\$20,000	3.0%	54	\$98,682
FY59	\$20,000	3.0%	55	\$101,643
Total	\$2,359,883			\$4,620,799

[1] Revenue for FY95 - FY14 is from the accounting system. The annual average value for years prior to FY95 were estimated by the District.

[2] The annual percent adjustment is for the time value of money.

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Appendix F: Resolution No. 2014-12

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RESOLUTION NO. 2014-12

A RESOLUTION OF THE AROMAS WATER DISTRICT, RATIFYING THE PROPOSITION 218 PROCESS ACCORDING TO THE CALIFORNIA CONSTITUTION ARTICLE XIID AND ADOPTING AMENDED EXHIBITS TO ORDINANCE #72 WHICH SETS FORTH RULES, REGULATIONS AND CHARGES FOR WATER SERVICE.

WHEREAS, on May 27, 2014, the staff of Aromas Water District presented their Report to the Board of Directors, and the Board of Directors directed staff to initiate the Proposition 218 process on the proposed water rates, as outlined in the Report; and

WHEREAS, on June 2, 2014, staff mailed the Notice of Public Hearing to all property owners served by the District, as required by Proposition 218 (Cal. Const. Art. XIID, § 6);

WHEREAS, the Notice of Public Hearing instructed property owners how to file a protest on the proposed water rates, in accordance with California Constitution Article XXIID; and

WHEREAS, the proposed water rates will be used to fund capital projects, debt obligations, reserves, and costs for operating and maintaining current service levels within the service areas; and

WHEREAS, the proposed water rates are supported by the "Water Rates and Water Capacity Charges Study ("Fee Study") which is on file at the Aromas Water District Office.

NOW, THEREFORE, BE IT RESOLVED by the Aromas Water District that based upon the information and testimony presented at the Public Hearing of July 22, 2014, Council hereby:

1. Finds that insufficient written protests were presented by the close of the public meeting to prevent the proposed water rates from being imposed; and
2. Ratifies the Proposition 218 process and adopts the water rates recommended by the staff of Aromas Water District, as set forth in the Notice of Public Hearing mailed to all property owners; and
3. Finds the water rates set forth in the Notice of Public Hearing, to take effect on November 1, 2014, July 1, 2015, July 1, 2016 and July 1, 2017, July 1, 2018 are supported by the Fee Study which is incorporated herein; and
4. Adopts the amended Exhibits for Ordinance #72 "Setting Forth Rules, Regulations and Charges for Water Service"

PASSED AND ADOPTED this **22nd** day of **July 2014**, upon motion of WAYNE HOLMAN, seconded by JIM LEAP and carried by the following vote, to wit:

AYES: NORTON, LEAP, HOLMAN, DUTRA, MAHLER

NOES: NONE

ABSENT: NONE

ATTEST:
Wayne Norton
Board President, Wayne Norton

Lisa Dobbins
District Secretary, Lisa Dobbins



**Exhibits for Ordinance #72
Setting Forth Rules, Regulations and Charges for Water Service**

		Fiscal Year					
Fee Category		FY15	FY16	FY17	FY18	FY19	
	Effective Dates	11/01/14	7/01/15	7/01/16	7/01/17	7/01/18	
EXHIBIT A: Base Rate Fees, \$/month							
	Meter Size	<i>Meter Ratio</i>					
	5/8 x 3/4-inch	1.0	\$32.30	\$34.60	\$36.30	\$38.10	\$40.00
	1-inch	2.5	\$77.50	\$83.00	\$86.90	\$91.00	\$96.00
	1½-inch	5.0	\$153	\$164	\$171	\$180	\$189
	2-inch	8.0	\$243	\$261	\$273	\$287	\$301
	3-inch	17.5	\$529	\$567	\$594	\$624	\$655
	4-inch	30.0	\$906	\$971	\$1,016	\$1,068	\$1,121
	6-inch	62.5	\$1,880	\$2,020	\$2,110	\$2,220	\$2,330
EXHIBIT B: Water Use Fees, \$/CCF							
	Pajaro Valley Water Management Agency*		\$0.044	TBD	TBD	TBD	TBD
	Commercial/Institutional/Landscape		\$4.39	\$4.84	\$5.28	\$5.70	\$6.07
	Single/Multi Family						
	Tier 1		\$2.92	\$3.19	\$3.44	\$3.68	\$3.90
	Tier 2		\$4.90	\$5.34	\$5.77	\$6.17	\$6.54
	Tier 3		\$6.81	\$7.42	\$8.02	\$8.58	\$9.09
			<i>applicable all years</i>				
	<u>Tier Ranges, CCF</u>	<i>Meter Ratio</i>	Tier 1	Tier 2	Tier 3		
	5/8 x 3/4-inch	1.0	0 - 8	9-30	> 30		
	1-inch	2.5	0 - 20	21-75	> 75		
	1½-inch	5.0	0 - 40	41-150	> 150		
	2-inch	8.0	0 - 64	65-240	> 240		
	3-inch	17.5	0 - 140	141-525	> 525		
	4-inch	30.0	0 - 240	241-900	> 900		
	6-inch	62.5	0 - 500	501-1875	> 1875		
EXHIBIT C:	Fire Service		no fee	no fee	no fee	no fee	no fee
EXHIBIT D:	Bulk Service - Base fee		\$77.50	\$83.00	\$86.90	\$91.00	\$96.00
	Bulk Service - Water Use fee \$/CCF		\$4.28	\$4.67	\$5.05	\$5.40	\$5.72

* Each account will be assessed the pro-rata portion of the actual fees imposed upon the Aromas Water District by the Pajaro Valley Water Management Agency (PVWMA) for well augmentation fees. Fees beyond 2015 will be determined by a vote of the Board of Directors at PVWMA.



Exhibits for Ordinance #72
Setting Forth Rules, Regulations and Charges for Water Service

EXHIBIT E:

Water Capacity Charge*		
Meter Size	Ratio	Effective 11/1/14
5/8 x 3/4"	1	\$12,790
1"	2.5	\$31,970
1.5"	5.0	\$63,940
2"	8.0	\$102,300
3"	15.0	\$223,800
4"	25.0	\$383,600
6"	50.0	\$799,300
		*Adjust Annually by Consumer Price Index Or Engineering News-Record Construction Cost Index.

EXHIBIT F:

Water Installation Fee

For each Installation of Water Meter - a deposit of **\$2,000.00 per meter is required**, to be applied towards all actual and necessary costs of installation of meter; customer will be billed if the fee exceeds the advance deposit.



**MUNICIPAL
FINANCIAL
SERVICES**

2960 Valley Basin Avenue
Henderson, NV 89052