



FINAL

## Water Rates and Water Capacity Charges Study

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Prepared for  
Aromas Water District  
Aromas, California  
May 2024

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## List of Abbreviations

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AWWA	American Water Works Association
cf	cubic foot (equal to ~7.48 gallons)
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)
FY25	July 1, 2024 to June 30, 2025
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 Pavletic Consulting LLC, 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. It is recommended that the District adopt fee increases for the five-year period (FY25 – FY29). Capacity charges for new connections to the water system were also evaluated and an index appropriate for annual escalation of the charges is recommended.

## Projected Cash Flow and Revenue Required from Water Rates

Revenue required for each projected fiscal year is arrived at by increasing annual revenue from water rates so that total annual income plus the beginning cash balance covers total annual expenditures and leaves an ending balance that exceeds target values for operations, capital asset, and debt service reserves. Net revenues must also satisfy the covenant regarding net revenues found in the loan agreement with Truist Bank.

Income, expenditures, and fund balances are summarized for FY25 – FY29 in Table ES-1 (all values are rounded) with comments added to provide important information. A more detailed summary is shown in Table ES-2.

Table ES-1. Cash Flow Summary FY25 – FY29						
	FY25 - FY29	FY25	FY26	FY27	FY28	FY29
<b>Income</b>	<i>% rate increases &gt;</i>	14%	12%	9%	9%	13%
Water Revenue	\$10,256,000	\$2,729,000 < additional revenue from rate increases; net of water conservation impact				
Capacity Charges and Fees	0	Conservative assumption using no new connections				
Tax Receipts	380,000	Conservative assumption using no increase in receipts from FY24 value				
Miscellaneous	13,000	Includes \$1,000 per year in grants				
Interest	70,000	Interest earned on fund cash balance				
<b>Total Income</b>	<b>\$10,719,000</b>					
		<u>Payroll</u>	<u>Operations</u>	<u>Personnel</u>	<u>Power</u>	<u>All Other</u>
<b>Expenditures</b>		32%	24%	19%	17%	8% < % increase over 5 years
Operating Expenditures	\$7,975,000	\$6,891,000 < FY24 exp over the next 5 years with no increases				
Capital Expenditures	5,557,000	partially funded by \$5,759,000 loan proceeds added to the fund balance in May 2022				
Loan Payments	2,175,000	Annual payments to City National Bank (\$110,237) and Truist Bank (\$324,784)				
<b>Total Expenditures</b>	<b>\$15,707,000</b>					
<b>Income less Expenditures</b>						
Total Income	\$10,719,000	from above				
Total Expenditures	15,707,000	from above				
<b>Income less Expenditures</b>	<b>(\$4,988,000)</b>	amount of fund balance depleted from FY25 - FY29				
<b>Change in Fund Balance</b>						
Beginning FY25 Balance	\$7,602,000	based on cash flow				
Ending FY29 Balance	2,614,000	based on cash flow				
<b>Five-Year Change</b>	<b>(\$4,988,000)</b>	amount of fund balance depleted from FY25 - FY29				
<b>Reserve Status end of FY29</b>						
Operating	\$860,453	180 days of annual operating expenses				
Capital Emergency	<i>determined</i>	\$1,750,000 < available for capital emergency reserve or emergency funding reserve in FY29				
Capital Funding	<i>by Board</i>					

The recommended increases in water rates for FY25 – FY29 increases revenue from those charges from approximately \$7,527,000 to \$10,256,000 – an increase of approximately \$2,729,000.

The target balance for all projected fiscal years (FY25 – FY29) includes only the Operating reserve component – the Capital Emergency reserve and the Capital Funding reserve components are pending because those reserve amounts are to be determined by the Board in a resolution according to the District's *Financial Reserve Policy*. At the end of FY29, projected reserves available for the Capital Emergency reserve component plus the Capital Funding reserve component is approximately \$1,750,000.

Projected revenue required from water rates – approximately \$10,256,000 – is achieved with annual increases in rates of 14% for FY25, 12% for FY26, 9% for FY27, 9% for FY28, and 13% for FY29.

A detailed summary of cash flow is shown in the table below.

Table ES-2. Cash Flow Details FY24 – FY29								
Item	2020 Study		Projected					FY25 - FY 29 Total
	Projected FY24	Budget FY24	FY25	FY26	FY27	FY28	FY29	
<b>Revenues</b>	<i>annual increase in Water Revenue &gt;</i>		<i>14.0%</i>	<i>12.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>13.0%</i>	
Water Revenue	1,500,900	1,499,841	1,631,288	1,884,052	2,038,377	2,198,652	2,464,512	10,216,882
Bulk Water	2,900	5,660	6,069	7,227	7,878	8,587	9,703	39,464
Connection	12,000	85,700	0	0	0	0	0	0
Tax Receipts	66,000	76,000	76,000	76,000	76,000	76,000	76,000	380,000
Miscellaneous	2,000	1,500	1,500	1,500	1,500	1,500	1,500	7,500
Interest	17,000	150,000	50,000	5,000	5,000	5,000	5,000	70,000
Grants	0	1,000	1,000	1,000	1,000	1,000	1,000	5,000
<b>Total Revenues</b>	<b>1,600,800</b>	<b>1,819,701</b>	<b>1,765,857</b>	<b>1,974,780</b>	<b>2,129,755</b>	<b>2,290,739</b>	<b>2,557,715</b>	<b>10,718,846</b>
<b>Operating Expenditures</b>								
Operations	123,500	223,500	239,145	255,885	273,797	292,963	313,470	1,375,260
Power	82,600	88,845	106,614	115,143	124,355	134,303	145,047	625,462
Payroll	509,100	550,746	572,776	595,687	619,514	644,295	670,067	3,102,339
Employee Costs	198,100	332,922	346,239	360,088	374,492	389,472	405,051	1,875,341
Communications	17,200	31,500	32,445	33,418	34,421	35,454	36,517	172,255
Office	25,500	23,640	24,349	25,080	25,832	26,607	27,405	129,273
Administrative & General	88,200	127,020	130,831	134,756	138,798	142,962	147,251	694,597
<b>Total Operating Expenses</b>	<b>1,044,200</b>	<b>1,378,173</b>	<b>1,452,399</b>	<b>1,520,057</b>	<b>1,591,209</b>	<b>1,666,055</b>	<b>1,744,808</b>	<b>7,974,528</b>
<b>Capital Expenses</b>	<b>75,000</b>	<b>150,000</b>	<b>3,507,000</b>	<b>2,000,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>5,557,000</b>
<b>Loan Payments</b>								
City National Note Payable	110,400	110,237	110,237	110,237	110,237	110,237	110,237	551,187
Truist Bank Note Payable		324,784	324,784	324,784	324,784	324,784	324,784	1,623,920
<b>Total Loan Payments</b>	<b>110,400</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>2,175,107</b>
<b>Total Expenditures</b>	<b>1,229,600</b>	<b>1,963,194</b>	<b>5,394,420</b>	<b>3,955,078</b>	<b>2,026,230</b>	<b>2,151,076</b>	<b>2,179,829</b>	<b>15,706,635</b>
<b>Fund Balances</b>								
Beginning Cash Balance, July 1	1,168,516	7,745,000	7,601,507	3,972,944	1,992,645	2,096,170	2,235,832	
Ending Cash Balance, June 30	1,539,716	7,601,507	3,972,944	1,992,645	2,096,170	2,235,832	2,613,718	
<b>Reserves Target</b>								
Operating	569,400	679,647	716,251	749,617	784,706	821,616	860,453	
Capital Emergency		0	0	0	0	0	0	
Capital Funding		0	0	0	0	0	0	
Fund Balance Available for Capital Reserves		6,920,000	3,260,000	1,240,000	1,310,000	1,410,000	1,750,000	



## Projected Capital Improvement Program Expenditures

Between FY25 and FY29 (five fiscal years), total projected CIP expenditures are \$5,557,000 million. Forecast CIP expenditures for the following three years, FY 30, FY31, and FY32, total \$2,306,000 million. CIP expenditures are projected to be funded with the 2022 loan from Truist Bank, cash from water rates, and use of capital reserves. Projected CIP expenditures for FY24 through FY32 are summarized in the table below.

Capital Project	Priority	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY25-FY29	FY30-FY32
Project G-1	9							60,000			0	60,000
Project G-2	9							80,000			0	80,000
Project G-3	9							50,000			0	50,000
Project G-4	2		500,000								500,000	0
Project G-5	3							120,000			0	120,000
Project G-6	3		15,000								15,000	0
Project S-1	2		2,992,000	2,000,000							4,992,000	0
Project S-2	4							483,000			0	483,000
Project ST-1	4										0	0
Project ST-2	1	150,000									0	0
Project ST-3	5					50,000					50,000	0
Project P-1	5									656,000	0	656,000
Project P-2	6							100,000			0	100,000
Project P-3	6										0	0
Project P-4	8								256,000		0	256,000
Project D-1	1							30,000			0	30,000
Project D-2	6							85,000	85,000	85,000	0	255,000
Project D-3	7										0	0
Project D-4	6										0	0
Project D-5	7										0	0
Project D-6	8										0	0
Project D-7	9										0	0
Project D-8	3									216,000	0	216,000
Total		150,000	3,507,000	2,000,000	0	50,000	0	1,008,000	341,000	957,000	5,557,000	2,306,000
Cumulative FY25-FY32			3,507,000	5,507,000	5,507,000	5,557,000	5,557,000	6,565,000	6,906,000	7,863,000		

## Current Debt Service

**Limited Obligation Improvement Bonds.** The District has two outstanding Limited Obligation Improvement Bonds – Orchard Acres Assessment District 2008 Series A and Assessment District No. 2013-1 Series 2014. The bonds are a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the Assessment Districts. The bonds are not paid with revenue from water rates.

**City National Note Payable.** In 2006, the District entered into a loan agreement with Santa Barbara Bank & Trust, N.A. and borrowed \$854,318. The proceeds of the loan financed the improvement to the District's water treatment and distribution system. In 2011, the District refinanced its loan obtained in 2006, and borrowed additional funds to total \$1,457,578. The proceeds of the loan financed the improvement to the District's water treatment and distribution system extended to consist of the replacement of, and improvement to, the site of the Carpenteria well and improvements to the booster station. In 2015, the District refinanced its loan obtained in 2011, with the Municipal Finance Corporation to refinance \$1,323,721 on a tax-exempt basis and borrowed \$201,966 on a taxable basis. The proceeds of the additional funds were used to acquire and install a solar energy project at the Carpenteria well site. The interest rates on the tax-exempt note and the taxable note are stated at 3.00% and 2.75%, respectively, and mature in 2030 and 2021, respectively. The terms of the notes call for semi-annual debt service payment of principal and interest payable on May 1st and November 1st of each year. The notes are secured by a pledge of and lien on the net revenues of the District's water system. In 2021, the District paid the taxable note in full.

**Truist Bank Note Payable.** On May 2022, the District entered into a loan agreement with Truist Bank and borrowed \$5,759,500 which is secured by a pledge of and lien on the net revenues of the District's water revenues. The proceeds from the loan will finance the acquisition and installation of certain improvements to the District's water system, including a new well and a solar energy project. Terms of the loan call for semi-annual payments of principal and interest payable on February 1st and August 1st of each year. The interest on the loan is stated at 3.08% and matures in 2042.

## Recommended Water Rates

Current rates for FY24, effective July 1, 2023, recommended rates to be effective October 1, 2024 for FY25, and recommended rates for FY26 – FY29 to be effective July 1 of each fiscal year, are shown in the table below. The rates for FY 24 were developed in 2019 as part of the water rates adopted for fiscal years FY20 through FY24.

Annual bill increases for Single Family accounts during the 2019 five-year rate plan (for FY20 – FY24) averaged approximately 5.5% per year when factoring in a 9.1% reduction in average monthly water use from 271 gallons per day (gpd) to 246 gpd. Annual bill increases for Single Family accounts for the recommended five-year rate plan (FY25 – FY29) average 9.7% per year when factoring in a 10% reduction in average monthly water use from 246 gpd to 221 gpd.

**Table ES-4. Current FY24 and Recommended FY25 – FY29 Water Rates**

	Current FY24	Recommended					
		FY25	FY26	FY27	FY28	FY29	
<i>Effective date &gt;</i>	1-Jul-2023	1-Oct-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027	1-Jul-2028	
<i>Annual Rate Increases, Percent &gt;</i>		14.0%	12.0%	9.0%	9.0%	13.0%	
<b>Water Use Fees</b>							
Single and Multiple Family (MF)	<i>Use Range, cf</i>						
Tier 1	0 - 6	\$0.0537	\$0.0612	\$0.0686	\$0.0747	\$0.0815	\$0.0921
Tier 2	7- 20	\$0.0906	\$0.1033	\$0.1157	\$0.1261	\$0.1374	\$0.1553
Tier 3	> 20	\$0.1231	\$0.1403	\$0.1572	\$0.1713	\$0.1867	\$0.2110
All Other Classes	<i>all use</i>	\$0.0822	\$0.0937	\$0.1050	\$0.1144	\$0.1247	\$0.1409
Bulk Meters	<i>all use</i>	\$0.0822	\$0.0937	\$0.1050	\$0.1144	\$0.1247	\$0.1409
<i>* Use ranges for MF accounts adjusted for number of units</i>							
	<i>Equivalent Meter Ratio</i>						
<b>Base Rate Fees</b>							
¾ x ¾-inch	1.0	\$50.00	\$57.00	\$64.00	\$70.00	\$76.00	\$86.00
1-inch	2.5	\$118.00	\$140.00	\$160.00	\$180.00	\$190.00	\$220.00
1½-inch	5.0	\$231.00	\$290.00	\$320.00	\$350.00	\$380.00	\$430.00
2-inch	8.0	\$366.00	\$460.00	\$510.00	\$560.00	\$610.00	\$690.00
3-inch	17.5	\$795.00	\$1,000.00	\$1,120.00	\$1,230.00	\$1,330.00	\$1,510.00
4-inch	30.0	\$1,360.00	\$1,710.00	\$1,920.00	\$2,100.00	\$2,280.00	\$2,580.00
6-inch	62.5	\$2,830.00	\$3,560.00	\$4,000.00	\$4,380.00	\$4,750.00	\$5,380.00

## Recommended Capacity Charges

Capacity Charges were reviewed using the same methodology as used in the 2014 and 2019 studies. Based on the current review, it is recommended that the current charges remain unchanged. Charges for FY25 and onward may be escalated using an appropriate index such as the *Engineering News Record* 20-City Construction Cost Index.

## Section 1

# Introduction

This section describes the organization of the report, rate-making objectives, the rate-setting process, and a general description of the water system.

## 1.1 Organization of the Report

This report is divided into five 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 impact of changes in rates and charges on single family customers.

Section 5 describes the limitations of the study document.

## 1.2 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 costs, capital costs, loan payments and obligations, and adequate reserves.

**Revenue stability.** Recover revenue from rates that will cover fixed and variable costs.

**Meet Fiscal Management Goals.** Meet financial goals and metrics that will support the best credit rating and reduced risk of default.

**Administrative ease and cost of implementation.** Enable easy and cost-efficient implementation and ongoing administration, including monitoring and updating.

**Affordability.** Be as affordable as possible while maintaining a sound financial position and credit rating.

**Customer acceptance.** 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.

### 1.3 Customer and Financial Data

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 2023-24 Expense Budget***

The District provided its *Expense Budget for July 2023 through June 2024*.

***Aromas Water District 2022 Annual Water Quality Report***

This report provides information on the Aromas Water District water quality monitoring done during the year 2022. It includes details about where the District’s 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, 2022. 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 for 2023 and 2022***

The District provided its *Annual Financial Report For the Fiscal Years Ended June 30, 2023 and 2022* which includes basis financial statements and supplementary information.

***Aromas Water District Financial Reserves Policy***

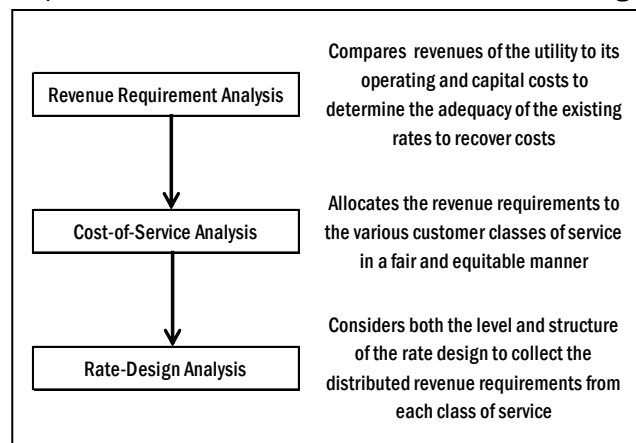
During January 2014, the District passed Resolution 2014-1 adopting a Financial Reserves Policy. The purpose of the policy is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a secure source of internal funds for organization priorities 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.

***Customer Billing Data***

The District provided a data base listing monthly water use for each metered account for the time period January through December 2023 (12 months). Each account record had descriptive information of the customer class.

### 1.4 Overview of Utility Rate Setting Process

Rate studies classically have three categories of technical analysis – the development of revenue required from rates, the allocation of costs among billable parameters (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.



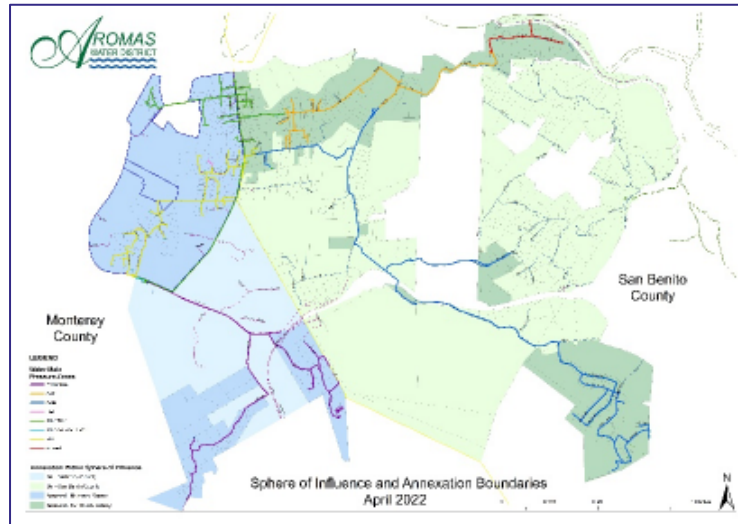
The District previously completed a *Water Rates and Water Capacity Charges Study* in 2019 (2019 Study). The study included a revenue analysis, cost-of-service analysis, and rate-design analysis.

The current rate study includes an updated revenue requirement analysis. Rate-design changes and cost-of-service allocation adjustments recommended in the 2019 Study are now fully incorporated into the current and recommended rate structure.

**Figure 1-1. Overview of Rate Setting Analytical Steps**

## 1.5 District Service Area and Water System

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 3,000) and a portion of the unincorporated area west of the City of San Juan Bautista. The District currently serves approximately 980 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 32 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 \$34 million.

During 2023, customers used approximately 86,800,000 gallons of water – an average of approximately 237,000 gallons per day. During the peak

months of July and August, average water deliveries of approximately 353,000 gallons per day are approximately 50 percent higher than the annual average.

Annual average daily use by single family customers in 2023 was approximately 223 gallons per day (approximately 6,900 gallons per month). Average monthly use by single family customers varied from approximately 4,400 gallons during the winter months to 10,900 gallons at the peak of summer.

## 1.6 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.

**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.

**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. 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.

**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 projected FY24 Pajaro Valley Water Management Agency surcharge is \$302 per acre foot of water production by the District – approximately \$0.00693 per cf (cubic foot). The District, in turn, charges \$0.00023 per cf of water use to account for water production that does not produce revenue. The total surcharge on District customer bills is \$0.0067 per cf. 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 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 User Characteristics

The purpose of this section is to summarize the number of connections to the water system and the amount of customer water use. The data used in this section comes from the District’s billing invoices.

### 2.1 Customer Water Meters

The District’s customer base is largely residential with a meter size of 5/8 x 3/4-inch. Residential (single and multiple family) accounts make up 96 percent of all accounts. 5/8 x 3/4-inch meters make up 99 percent of all meters. The table below summarizes meters by size and customer class.

	Current	Projected					% of Total FY24
	FY24	FY25	FY26	FY27	FY28	FY29	
<b>Meters by Size</b>							
5/8 x 3/4-inch	970	970	970	970	970	970	99%
1-inch	2	2	2	2	2	2	0.2%
1½-inch	1	1	1	1	1	1	0.1%
2-inch	3	3	3	3	3	3	0.3%
<b>Total Meters by Size</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>100%</b>
<b>Meters by Customer Class</b>							
Single Family	921	921	921	921	921	921	94%
Multi Family	21	21	21	21	21	21	2%
Commercial	26	26	26	26	26	26	3%
Irrigation	8	8	8	8	8	8	1%
<b>Total Meters by Customer Class</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>976</b>	<b>100%</b>

### 2.2 Customer Water Use

Average metered water use by customer class and month for 2023 in units of CCF is shown in the figures below. The figure on the left side shows usage in CCF; the figure on the right shows usage for each customer class as a percent of total usage in each month. Data for preparation of the figures is included in Table A-1 of Appendix A.

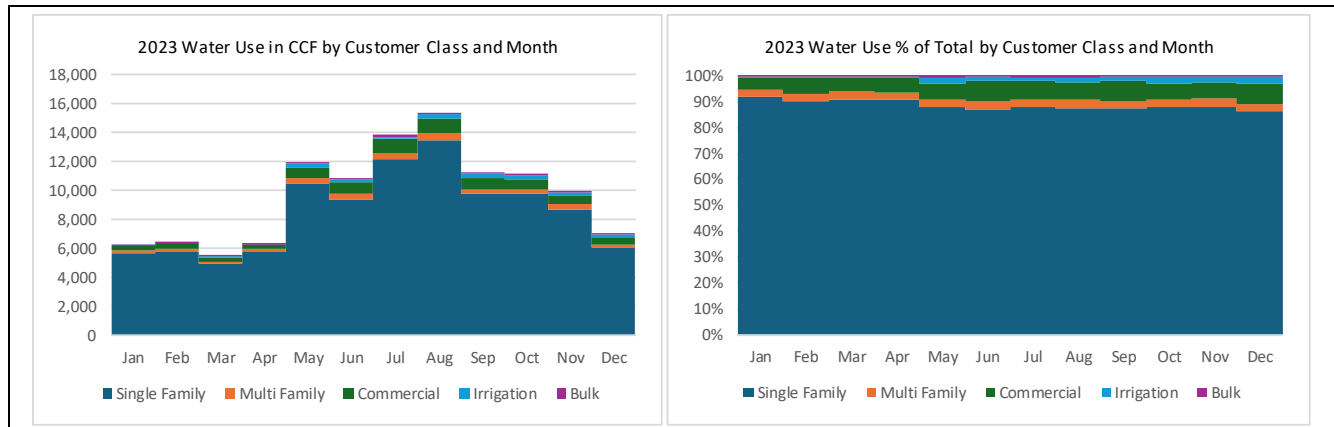


Figure 2-1. Water Use by Customer Class and Month

## 2.3 Water Use Tier Ranges

There are three tiers of water use, each with its own usage rate, applicable to the Single Family and Multiple Family customer classes. Tier ranges for Multiple Family accounts are adjusted for the number of dwelling units. All other customer classes pay a uniform rate for all levels of water use. Current water use fees and tiers are shown in the table below.

Customer Class	Rate, \$/cf	Use Range, cf
Single and Multiple Family		
Tier 1	\$0.0537	0 - 6
Tier 2	\$0.0906	7 - 20
Tier 3	\$0.1231	> 20
All Other Classes	\$0.0822	all use
Bulk Meters	\$0.0822	all use
cf = cubic foot, equal to approximately 7.48 gallons		

### Nonresidential Water Use Fees

The District has three nonresidential customer classes:

- Commercial (and Institutional)
- Irrigation (Landscape)
- Bulk (hydrant meters)

There are 26 Commercial/Institutional accounts and eight Landscape Irrigation accounts. Except for six connections, all meter sizes are  $\frac{5}{8}$  x  $\frac{3}{4}$ -inch. Water use by these accounts is approximately nine percent of total water use. A single rate for all levels of water use is assigned for Commercial/Institutional, Landscape Irrigation and Bulk customer classes. A single rate 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.

### Residential Water Use Fees

The District has two residential customer classes:

- Single Family
- Multiple Family

The current tier ranges were developed in 2019, Tier ranges for residential customers were developed to accommodate seasonal water use fluctuations for indoor and outdoor water use.



### Residential Tier Water Use Summary

Water Use in the tier ranges for residential customer classes is summarized in the figures below. The summary is based on 12 months of water use for 2023. Data used for preparation of the figures is included in Table A-2 of Appendix A (Single Family figure) and Table A-3 of Appendix A (Multiple Family figure). Water use within the Single Family customer class has decreased from approximately 10 CCF per month per account to approximately 9 CCF per month per account over the preceding five-year period. Note that with current water use fees, conservation of one unit of water (1 CCF = 748 gallons = 25 gallons per day) in the Tier 2 range reduces a monthly bill by \$9.06 (about eight percent of an average monthly bill).

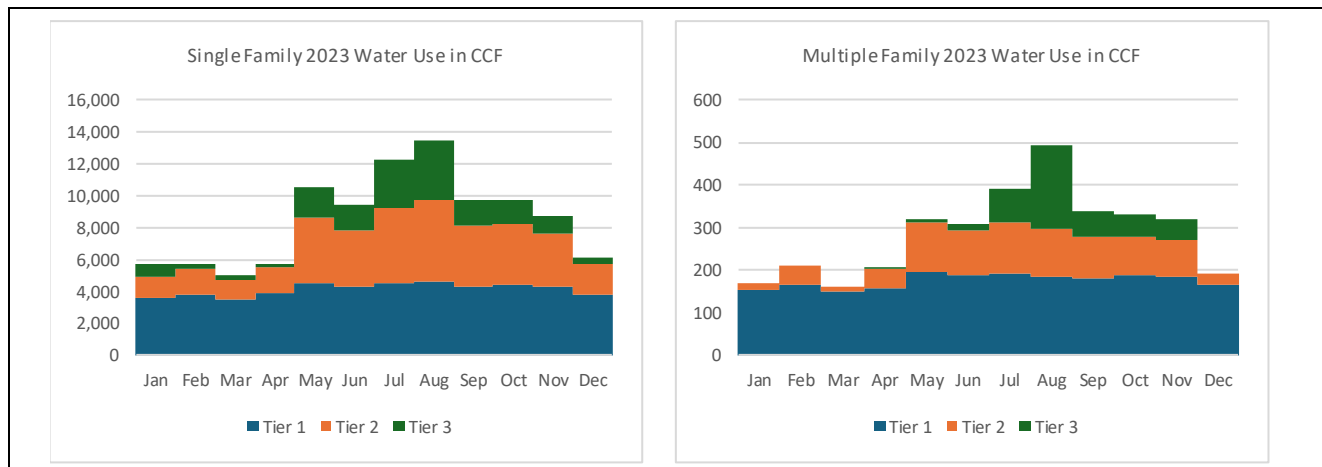


Figure 2-2. Residential Water Use by Tier

## 2.4 Projected Water Use

Projected water use for each customer class incorporates varying levels of conservation. For the two residential customer classes, conservation levels are zero for Tier 1, two percent for Tier 2, and three percent for Tier 3. Conservation levels vary from zero to two percent per year for Commercial, Irrigation, and Bulk customer classes. Projected water use is summarized in the table below. Detailed data is included in Table A-4 of Appendix A.

Table 2-3. Projected Water Use							
All Values in CCF	Current	Projected					% of Total
	FY24	FY25	FY26	FY27	FY28	FY29	FY24
<b>Water Use by Rate Category</b>							
Tier 1	51,526	51,505	51,484	51,463	51,443	51,423	45%
Tier 2	37,065	36,332	35,614	34,910	34,221	33,545	32%
Tier 3	16,871	16,375	15,892	15,425	14,971	14,531	15%
Uniform Rate	10,284	10,168	10,054	9,941	9,830	9,720	8.9%
<b>Total Water Use by Rate Category</b>	<b>115,746</b>	<b>114,380</b>	<b>113,044</b>	<b>111,740</b>	<b>110,465</b>	<b>109,218</b>	<b>100%</b>
<b>Water Use by Customer Class</b>							
Single Family	102,025	100,809	99,622	98,464	97,333	96,230	88%
Multi Family	3,437	3,402	3,368	3,335	3,301	3,268	3%
Commercial	7,615	7,539	7,464	7,389	7,315	7,242	6.6%
Irrigation	1,980	1,940	1,902	1,863	1,826	1,790	1.7%
Bulk	689	689	689	689	689	689	0.6%
<b>Total Water Use by Customer Class</b>	<b>115,746</b>	<b>114,380</b>	<b>113,044</b>	<b>111,740</b>	<b>110,465</b>	<b>109,218</b>	<b>100%</b>
<b>Total All Water Use, Gallons (rounded)</b>	<b>86,600,000</b>	<b>85,600,000</b>	<b>84,600,000</b>	<b>83,600,000</b>	<b>82,600,000</b>	<b>81,700,000</b>	
<b>Annual Change All Water Use, Gallons</b>		<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(900,000)</b>	

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## Section 3

# Financial Plan and Cash Flow

Revenue from rates must be sufficient to meet the following financial planning criteria:

1. Provide funds for operating, capital and debt service expenditures;
2. Maintain annual fund balances that meet annual target fund balances;
3. Meet debt service coverage requirements;
4. Satisfy Financial Management Plan goals; and
5. Meet legal requirements.

### 3.1 Operation and Maintenance Expenditures

O&M expenditures include the cost of labor, operating, indirect costs, and transfers. Actual FY23 and projected O&M expenditures for FY24 – FY29 are summarized in the table below. Note that annual percent increases for Power are increased in FY25 compared to the following fiscal years.

Table 3-1. Operating and Maintenance Expenditures FY23 – FY29								
Operating Expenses	Budget	Projected					FY25 - FY 29	% of
	FY24	FY25	FY26	FY27	FY28	FY29	Total	Total
Operations	<i>annual percent increase &gt;</i>	7.0%	7.0%	7.0%	7.0%	7.0%		
	223,500	239,145	255,885	273,797	292,963	313,470	1,375,260	17%
Power	<i>annual percent increase &gt;</i>	20.0%	8.0%	8.0%	8.0%	8.0%		
	88,845	106,614	115,143	124,355	134,303	145,047	625,462	8%
Payroll	<i>annual percent increase &gt;</i>	4.0%	4.0%	4.0%	4.0%	4.0%		
	550,746	572,776	595,687	619,514	644,295	670,067	3,102,339	39%
Employee Costs	<i>annual percent increase &gt;</i>	4.0%	4.0%	4.0%	4.0%	4.0%		
	332,922	346,239	360,088	374,492	389,472	405,051	1,875,341	24%
Communications	<i>annual percent increase &gt;</i>	3.0%	3.0%	3.0%	3.0%	3.0%		
	31,500	32,445	33,418	34,421	35,454	36,517	172,255	2%
Office	<i>annual percent increase &gt;</i>	3.0%	3.0%	3.0%	3.0%	3.0%		
	23,640	24,349	25,080	25,832	26,607	27,405	129,273	2%
Administrative & General	<i>annual percent increase &gt;</i>	3.0%	3.0%	3.0%	3.0%	3.0%		
	127,020	130,831	134,756	138,798	142,962	147,251	694,597	9%
<b>Total Operating Expenses</b>	<b>1,378,173</b>	<b>1,452,399</b>	<b>1,520,057</b>	<b>1,591,209</b>	<b>1,666,055</b>	<b>1,744,808</b>	<b>7,974,528</b>	
Annual \$ Increase		74,226	67,659	71,152	74,846	78,753		
Annual % Increase		5%	5%	5%	5%	5%		

## 3.2 Capital Improvement Program Expenditures

Between FY25 and FY29 (five fiscal years), total projected CIP expenditures are approximately \$5,557,000 million. CIP expenditures are projected to be funded with cash from the 2022 loan from Truist Bank, cash from water rates, and use of fund balance. Projected CIP expenditures for FY24 through FY32 are summarized in the table below.

Capital Project	Priority	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY25-FY29	FY30-FY32
Project G-1	9							60,000			0	60,000
Project G-2	9							80,000			0	80,000
Project G-3	9							50,000			0	50,000
Project G-4	2		500,000								500,000	0
Project G-5	3							120,000			0	120,000
Project G-6	3		15,000								15,000	0
Project S-1	2		2,992,000	2,000,000							4,992,000	0
Project S-2	4							483,000			0	483,000
Project ST-1	4										0	0
Project ST-2	1	150,000									0	0
Project ST-3	5					50,000					50,000	0
Project P-1	5									656,000	0	656,000
Project P-2	6							100,000			0	100,000
Project P-3	6										0	0
Project P-4	8								256,000		0	256,000
Project D-1	1							30,000			0	30,000
Project D-2	6							85,000	85,000	85,000	0	255,000
Project D-3	7										0	0
Project D-4	6										0	0
Project D-5	7										0	0
Project D-6	8										0	0
Project D-7	9										0	0
Project D-8	3									216,000	0	216,000
Total		150,000	3,507,000	2,000,000	0	50,000	0	1,008,000	341,000	957,000	5,557,000	2,306,000
Cumulative FY25-FY32			3,507,000	5,507,000	5,507,000	5,557,000	5,557,000	6,565,000	6,906,000	7,863,000		

## 3.3 Current Debt Service and Covenant Regarding Net Revenues

The District has four long-term debt obligations:<sup>1</sup>

- Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A
- Assessment District No. 2013-1, Limited Obligation Improvement Bond, Series 2014
- City National Note Payable, Tax-Exempt Portion Maturing in 2030
- Truist Bank Note Payable, Maturing in 2042

The two assessment district long-term debt obligations are payable solely from the proceeds of unpaid assessments levied on the particular residences that benefit from the proceeds of those bonds. Revenue from water rates is not used to pay the assessment district bond obligations. Revenue from water rates are used to pay the City National Note Payable and Truist Bank Note Payable.

**City National Note Payable.** In 2006, the District entered into a loan agreement with Santa Barbara Bank & Trust, N.A. and borrowed \$854,318. The proceeds of the loan financed the improvement to the District's water treatment and distribution system. In 2011, the District refinanced its loan obtained in 2006, and borrowed additional funds to total \$1,457,578. The proceeds of the loan financed the improvement to the District's water treatment and distribution system extended to consist of the replacement of, and improvement to, the site of the Carpenteria well and improvements to the booster station. In 2015, the District refinanced its loan obtained in 2011, with the Municipal Finance

<sup>1</sup> Information in this section is taken from the *Aromas Water District Annual Financial Report for the Years Ended June 30, 2023 and 2022*, Note 5, pages 21-24.

Corporation to refinance \$1,323,721 on a tax-exempt basis and borrowed \$201,966 on a taxable basis. The proceeds of the additional funds were used to acquire and install a solar energy project at the Carpenteria well site. The interest rates on the tax-exempt note and the taxable note are stated at 3.00% and 2.75%, respectively, and mature in 2030 and 2021, respectively. The terms of the notes call for semi-annual debt service payment of principal and interest payable on May 1st and November 1st of each year. The notes are secured by a pledge of and lien on the net revenues of the District's water system. In 2021, the District paid the taxable note in full.

**Truist Bank Note Payable.** On May 2022, the District entered into a loan agreement with Truist Bank and borrowed \$5,759,500 which is secured by a pledge of and lien on the net revenues of the District's water revenues. The proceeds from the loan will finance the acquisition and installation of certain improvements to the District's water system, including a new well and a solar energy project. Terms of the loan call for semi-annual payments of principal and interest payable on February 1st and August 1st of each year. The interest on the loan is stated at 3.08% and matures in 2042.

The loan agreement includes a "Covenant Regarding Net Revenues" which states "...the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which (together with existing unencumbered fund balances which are maintained in the form of cash or cash equivalents, and which are on hand as of the beginning of the Fiscal Year and are lawfully available to the District for payment of any of the following amounts during such Fiscal Year) sufficient to yield Net Revenues which are at least equal to 115% of the Loan Repayments and principal of and interest on any Parity Obligations which are payable from the Net Revenues, when and as the same come due and payable during such Fiscal Year."

Loan payments and evaluation of the covenant regarding net revenues are summarized in the table below.

Table 3-3. Current Debt Service and Covenant Regarding Net Revenues							
Covenant Regarding Net Revenues	Budget	Projected					FY25 - FY 29
	FY24	FY25	FY26	FY27	FY28	FY29	Total
<b>Loan Payments</b>							
City National Note Payable	110,237	110,237	110,237	110,237	110,237	110,237	551,187
Truist Bank Note Payable	<u>324,784</u>	<u>324,784</u>	<u>324,784</u>	<u>324,784</u>	<u>324,784</u>	<u>324,784</u>	<u>1,623,920</u>
Total Loan Payments	435,021	435,021	435,021	435,021	435,021	435,021	2,175,107
<b>Net Revenues</b>							
Revenues	1,819,701	1,765,857	1,974,780	2,129,755	2,290,739	2,557,715	
Net Item: Operating Expenditures	<u>(1,378,173)</u>	<u>(1,452,399)</u>	<u>(1,520,057)</u>	<u>(1,591,209)</u>	<u>(1,666,055)</u>	<u>(1,744,808)</u>	
Net Revenues	441,528	313,458	454,722	538,546	624,684	812,907	
<b>Unencumbered Fund Balances</b>							
As of June 30, 2023	1,606,919	1,606,919	1,606,919	1,606,919	1,606,919	1,606,919	
<b>Net Revenues + Unencumbered Fund Balances</b>							
Net Revenues	441,528	313,458	454,722	538,546	624,684	812,907	
Unencumbered Fund Balances	<u>1,606,919</u>	<u>1,606,919</u>	<u>1,606,919</u>	<u>1,606,919</u>	<u>1,606,919</u>	<u>1,606,919</u>	
Net Revenues + Unencumbered Fund Balances	2,048,447	1,920,377	2,061,641	2,145,465	2,231,603	2,419,826	
Total Loan Payments	435,021	435,021	435,021	435,021	435,021	435,021	
Net Revenues + Unencumbered Fund Balances as a % of Loan Payments	471%	441%	474%	493%	513%	556%	
Covenant Regarding Net Revenues	115%	115%	115%	115%	115%	115%	

### 3.4 Cash Flow and Revenue Required from Water Rates

Revenue required from water rates for each projected fiscal year is arrived at by increasing annual revenue from water rates so that total annual income plus the cash beginning balance and loan disbursements covers total annual expenditures and leaves an ending balance that exceeds target values for operations, capital emergency, capital funding, and debt service reserves. Net revenues must also satisfy the covenant regarding net revenues found in the loan agreement with Truist Bank.

Income, expenditures, and fund balances are summarized for FY24 – FY29 in the table below. Note that reserves for capital emergency and capital funding are depleted during FY24 – FY29. The District's Financial Reserves policy (see Section 3.6) states that the reserve funds will be funded with surplus unrestricted operating funds.

**Table 3-4. Projected Cash Flow FY24 – FY29**

Item	2020 Study		Projected					FY25 - FY 29 Total
	Projected FY24	Budget FY24	FY25	FY26	FY27	FY28	FY29	
Revenues	<i>annual increase in Water Revenue &gt;</i>		<i>14.0%</i>	<i>12.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>13.0%</i>	
Water Revenue	1,500,900	1,499,841	1,631,288	1,884,052	2,038,377	2,198,652	2,464,512	10,216,882
Bulk Water	2,900	5,660	6,069	7,227	7,878	8,587	9,703	39,464
Connection	12,000	85,700	0	0	0	0	0	0
Tax Receipts	66,000	76,000	76,000	76,000	76,000	76,000	76,000	380,000
Miscellaneous	2,000	1,500	1,500	1,500	1,500	1,500	1,500	7,500
Interest	17,000	150,000	50,000	5,000	5,000	5,000	5,000	70,000
Grants	0	1,000	1,000	1,000	1,000	1,000	1,000	5,000
<b>Total Revenues</b>	<b>1,600,800</b>	<b>1,819,701</b>	<b>1,765,857</b>	<b>1,974,780</b>	<b>2,129,755</b>	<b>2,290,739</b>	<b>2,557,715</b>	<b>10,718,846</b>
Operating Expenditures								
Operations	123,500	223,500	239,145	255,885	273,797	292,963	313,470	1,375,260
Power	82,600	88,845	106,614	115,143	124,355	134,303	145,047	625,462
Payroll	509,100	550,746	572,776	595,687	619,514	644,295	670,067	3,102,339
Employee Costs	198,100	332,922	346,239	360,088	374,492	389,472	405,051	1,875,341
Communications	17,200	31,500	32,445	33,418	34,421	35,454	36,517	172,255
Office	25,500	23,640	24,349	25,080	25,832	26,607	27,405	129,273
Administrative & General	88,200	127,020	130,831	134,756	138,798	142,962	147,251	694,597
<b>Total Operating Expenses</b>	<b>1,044,200</b>	<b>1,378,173</b>	<b>1,452,399</b>	<b>1,520,057</b>	<b>1,591,209</b>	<b>1,666,055</b>	<b>1,744,808</b>	<b>7,974,528</b>
<b>Capital Expenses</b>	<b>75,000</b>	<b>150,000</b>	<b>3,507,000</b>	<b>2,000,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>5,557,000</b>
Loan Payments								
City National Note Payable	110,400	110,237	110,237	110,237	110,237	110,237	110,237	551,187
Truist Bank Note Payable		324,784	324,784	324,784	324,784	324,784	324,784	1,623,920
<b>Total Loan Payments</b>	<b>110,400</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>435,021</b>	<b>2,175,107</b>
<b>Total Expenditures</b>	<b>1,229,600</b>	<b>1,963,194</b>	<b>5,394,420</b>	<b>3,955,078</b>	<b>2,026,230</b>	<b>2,151,076</b>	<b>2,179,829</b>	<b>15,706,635</b>
<b>Fund Balances</b>								
Beginning Cash Balance, July 1	1,168,516	7,745,000	7,601,507	3,972,944	1,992,645	2,096,170	2,235,832	
Ending Cash Balance, June 30	1,539,716	7,601,507	3,972,944	1,992,645	2,096,170	2,235,832	2,613,718	
<b>Reserves Target</b>								
Operating	569,400	679,647	716,251	749,617	784,706	821,616	860,453	
Capital Emergency		0	0	0	0	0	0	
Capital Funding		0	0	0	0	0	0	
Fund Balance Available for Capital Reserves		6,920,000	3,260,000	1,240,000	1,310,000	1,410,000	1,750,000	

### 3.5 Recommended Water Rates

Revenue required from water rates shown in the previous table are based on the recommended rates listed in the table below. Revenue from rates by rate type (water use fees and base rate fees) for each customer class is shown in detail in Table B-1 in Appendix B.

Table 3-5. Current FY24 and Recommended FY25 – FY29 Water Rates							
		Current	Recommended				
		FY24	FY25	FY26	FY27	FY28	FY29
<i>Effective date &gt;</i>		1-Jul-2023	1-Oct-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027	1-Jul-2028
<i>Annual Rate Increases, Percent &gt;</i>			14.0%	12.0%	9.0%	9.0%	13.0%
<b>Water Use Fees</b>							
Single and Multiple Family (MF)	<i>Use Range, cf</i>						
Tier 1	0 - 6	\$0.0537	\$0.0612	\$0.0686	\$0.0747	\$0.0815	\$0.0921
Tier 2	7 - 20	\$0.0906	\$0.1033	\$0.1157	\$0.1261	\$0.1374	\$0.1553
Tier 3	> 20	\$0.1231	\$0.1403	\$0.1572	\$0.1713	\$0.1867	\$0.2110
All Other Classes	<i>all use</i>	\$0.0822	\$0.0937	\$0.1050	\$0.1144	\$0.1247	\$0.1409
Bulk Meters	<i>all use</i>	\$0.0822	\$0.0937	\$0.1050	\$0.1144	\$0.1247	\$0.1409
<i>* Use ranges for MF accounts adjusted for number of units</i>							
		<i>Equivalent</i>					
<b>Base Rate Fees</b>							
		<i>Meter Ratio</i>					
½ x ¾-inch	1.0	\$50.00	\$57.00	\$64.00	\$70.00	\$76.00	\$86.00
1-inch	2.5	\$118.00	\$140.00	\$160.00	\$180.00	\$190.00	\$220.00
1½-inch	5.0	\$231.00	\$290.00	\$320.00	\$350.00	\$380.00	\$430.00
2-inch	8.0	\$366.00	\$460.00	\$510.00	\$560.00	\$610.00	\$690.00
3-inch	17.5	\$795.00	\$1,000.00	\$1,120.00	\$1,230.00	\$1,330.00	\$1,510.00
4-inch	30.0	\$1,360.00	\$1,710.00	\$1,920.00	\$2,100.00	\$2,280.00	\$2,580.00
6-inch	62.5	\$2,830.00	\$3,560.00	\$4,000.00	\$4,380.00	\$4,750.00	\$5,380.00

### 3.6 Financial Reserve Policy and Target Reserve Levels

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 District 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.

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## Section 4

# Impact of Rate Changes on Customer Bills

Single Family accounts make up 94% of all customer accounts. The impact on customers is summarized in terms of changes in the monthly bill for a typical Single Family account.

### 4.1 Single Family Monthly Bills Survey

Current and projected FY25 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 Soquel Creek 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 10 CCF per month of water use.

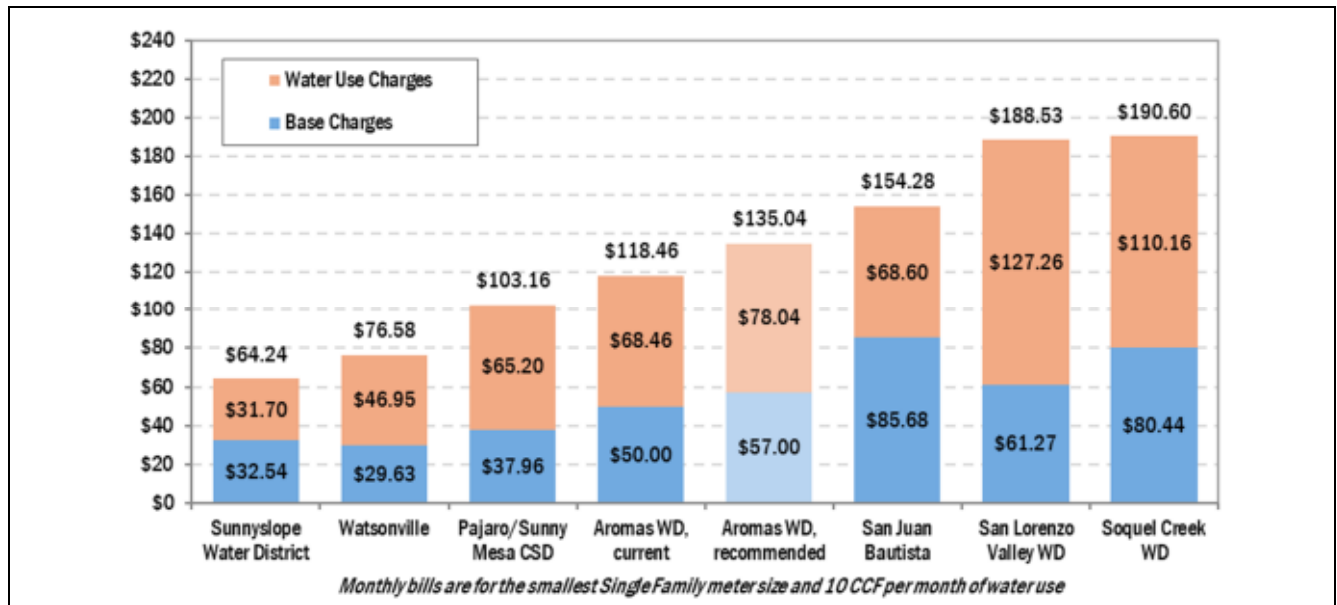


Figure 4-1. Single Family Monthly Bills Survey

## 4.2 Single Family Bills FY3 – FY29

Monthly water bills for Single Family users for FY3 – FY24 (22 years) were compared with bills recommended for the next five years (FY25 – FY29). Results of the comparison are shown in the figure below. The comparison is for a user with a 3/4 x 3/4-inch meter using the average amount of water. The average amount of water for each time period is listed in the legend below the figure.

For the past 22 years, the average annual increase in bills has been approximately 4.3 percent. Rate increases recommended for the next five years (FY25 – FY29) average 9.7 percent per year. For the entire 27 years, the average annual increase in bills will be approximately 5.3 percent.

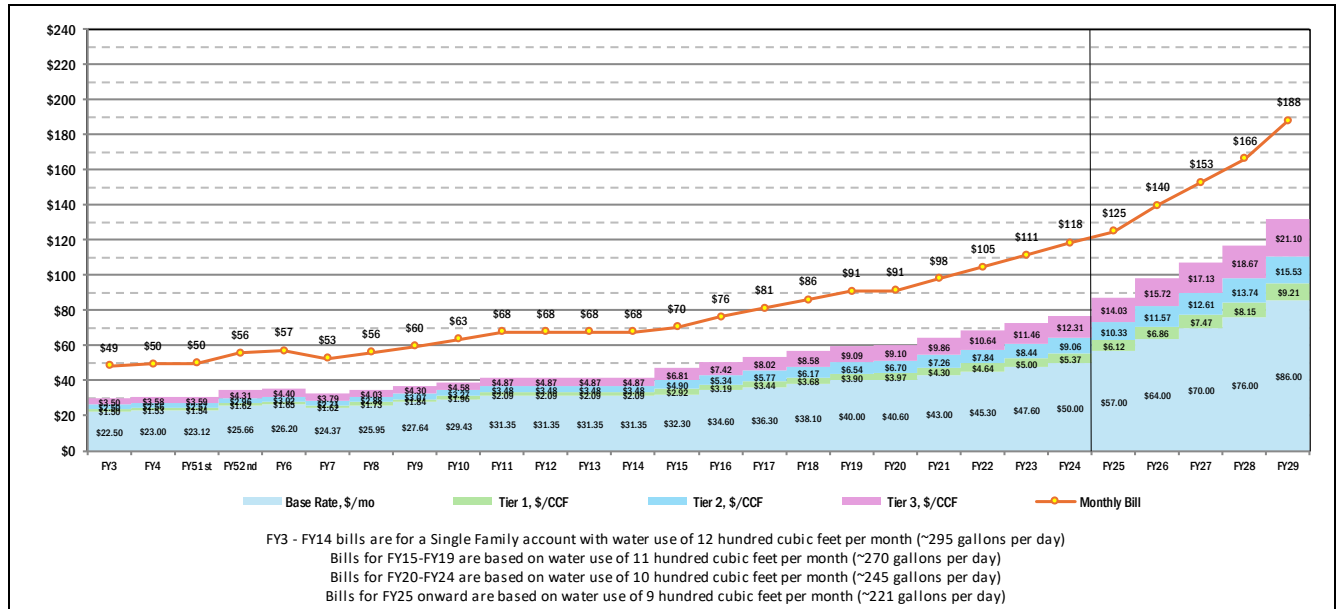


Figure 4-2. Single Family Bills FY3 – FY29



## Section 5

# Limitations

This document was prepared solely for Aromas Water District in accordance with professional standards at the time the services were performed and in accordance with the contract between Aromas Water District and Pavletic Consulting LLC. This document is governed by the specific scope of work authorized by Aromas Water District; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by 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: Customer Water Use Data

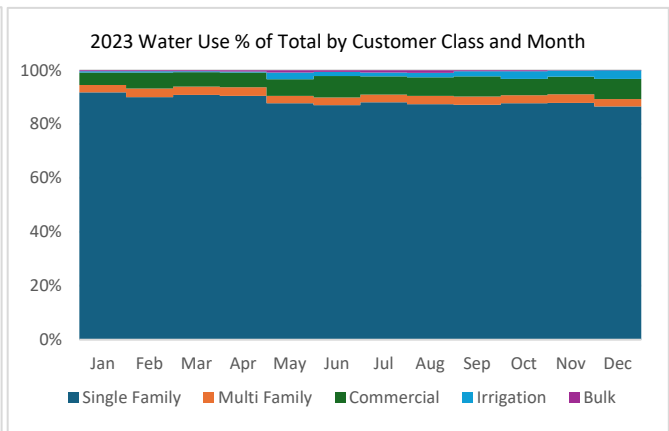
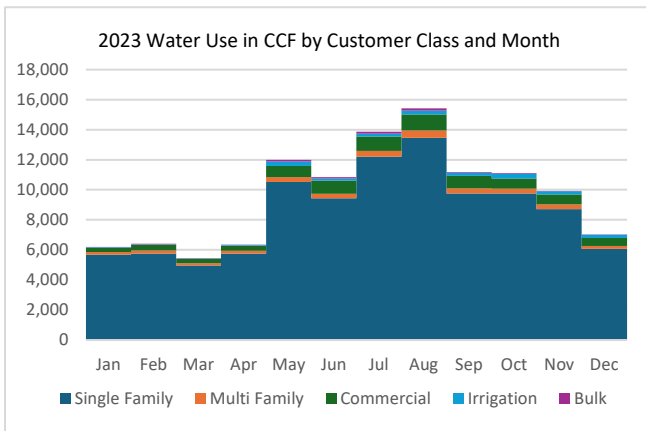
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Table A-1  
CY2023 Water Use

Customer Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Single Family	5,681	5,755	4,955	5,744	10,517	9,424	12,205	13,467	9,746	9,744	8,717	6,069	102,025
Multi Family	169	210	162	203	320	309	390	492	340	332	319	191	3,437
Commercial	289	381	293	343	749	867	951	1,054	840	676	649	523	7,615
Irrigation	29	29	24	27	287	164	185	259	209	326	216	225	1,980
Bulk	28	25	21	31	113	69	129	154	50	40	21	9	689
<b>Total CCF</b>	<b>6,195</b>	<b>6,400</b>	<b>5,454</b>	<b>6,348</b>	<b>11,986</b>	<b>10,833</b>	<b>13,859</b>	<b>15,427</b>	<b>11,186</b>	<b>11,118</b>	<b>9,922</b>	<b>7,017</b>	<b>115,746</b>
Total Gallons	4,634,741	4,788,154	4,080,467	4,748,916	8,966,906	8,104,519	10,367,910	11,540,684	8,367,955	8,317,114	7,422,529	5,249,597	86,589,493
gallons per day	149,508	171,006	131,628	158,297	289,255	270,151	334,449	372,280	278,932	268,294	247,418	169,342	2,793,209

Customer Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Single Family	92%	90%	91%	90%	88%	87%	88%	87%	87%	88%	88%	86%	88%
Multi Family	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Commercial	5%	6%	5%	5%	6%	8%	7%	7%	8%	6%	7%	7%	6.6%
Irrigation	0.5%	0.5%	0.4%	0.4%	2.4%	1.5%	1.3%	1.7%	1.9%	2.9%	2.2%	3.2%	1.7%
Bulk	0.4%	0.4%	0.4%	0.5%	0.9%	0.6%	0.9%	1.0%	0.5%	0.4%	0.2%	0.1%	0.6%
% of Total CCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



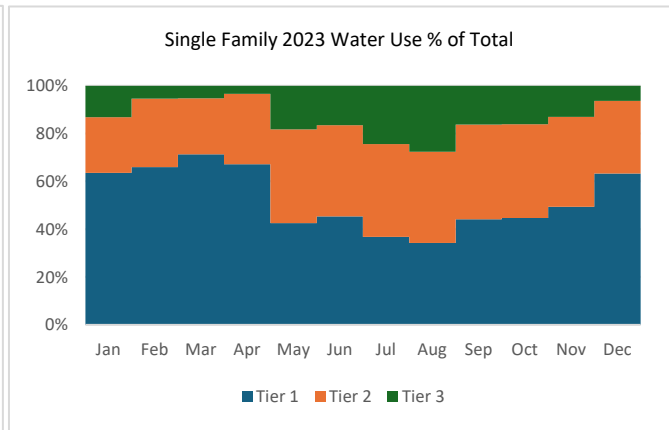
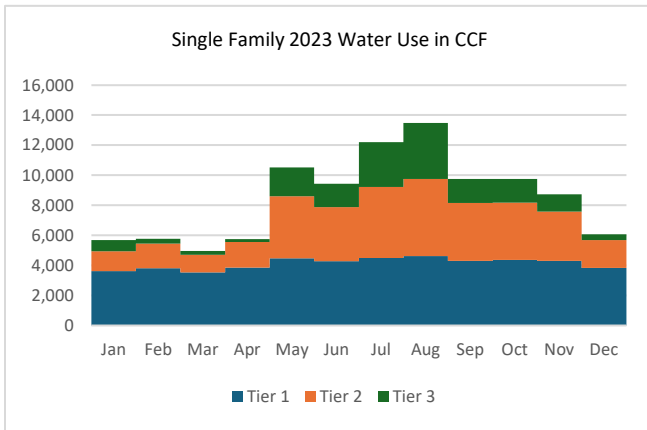
Source: "AromasWater\_METER\_2023(v2) (1).xlsx" provided by R. Johnson on 3/18/2024

Table A-2  
Single Family CY2023 Water Use, CCF

Single Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	3,611	3,796	3,533	3,855	4,470	4,270	4,486	4,607	4,305	4,350	4,300	3,837	49,421
Tier 2	1,316	1,643	1,157	1,691	4,125	3,597	4,734	5,137	3,851	3,824	3,272	1,847	36,196
Tier 3	754	317	265	197	1,922	1,558	2,985	3,722	1,590	1,570	1,145	385	16,409
Total CCF	5,681	5,755	4,955	5,744	10,517	9,424	12,205	13,467	9,746	9,744	8,717	6,069	102,025

Average Use	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Monthly Use	5,681	5,755	4,955	5,744	10,517	9,424	12,205	13,467	9,746	9,744	8,717	6,069	102,025
No. of Units	921	921	921	921	921	921	921	921	921	921	921	921	921
Avg. CCF	6.2	6.2	5.4	6.2	11.4	10.2	13.3	14.6	10.6	10.6	9.5	6.6	9.2
Avg. gallons	4,614	4,675	4,025	4,666	8,543	7,655	9,914	10,939	7,917	7,915	7,081	4,930	6,906
Avg. gpd	149	167	130	156	276	255	320	353	264	255	236	159	223

Single Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	64%	66%	71%	67%	43%	45%	37%	34%	44%	45%	49%	63%	48%
Tier 2	23%	29%	23%	29%	39%	38%	39%	38%	40%	39%	38%	30%	35%
Tier 3	13%	6%	5%	3%	18%	17%	24%	28%	16%	16%	13%	6%	16%
% of Total CCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Source: "AromasWater\_METER\_2023(v2) (1).xlsx" provided by R. Johnson on 3/18/2024



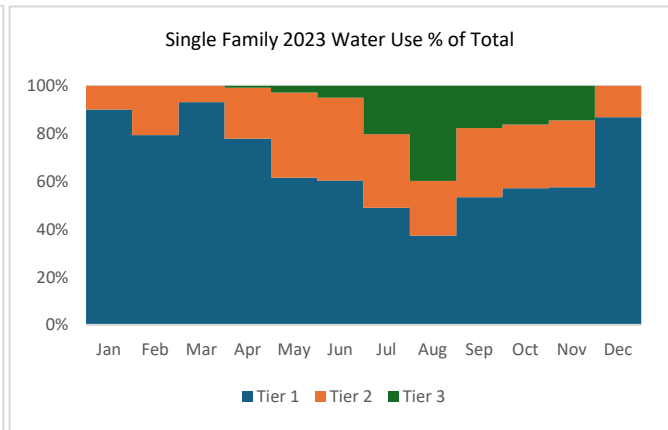
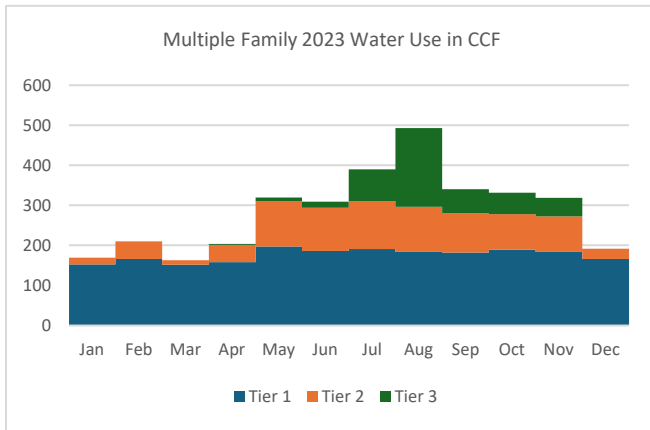
Table A-3  
Multiple Family CY2023 Water Use, CCF

Multiple Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	152	166	151	158	197	186	191	183	182	189	183	166	2,105
Tier 2	17	43	11	43	114	107	120	113	98	88	89	25	869
Tier 3	0	0	0	2	9	15	79	196	60	54	46	0	462
<b>Total CCF</b>	<b>169</b>	<b>210</b>	<b>162</b>	<b>203</b>	<b>320</b>	<b>309</b>	<b>390</b>	<b>492</b>	<b>340</b>	<b>332</b>	<b>319</b>	<b>191</b>	<b>3,437</b>

Average Use

Monthly Use	169	210	162	203	320	309	390	492	340	332	319	191	3,437
No. of Units	44	44	44	44	44	44	44	44	44	44	44	44	44
Avg, CCF	3.8	4.8	3.7	4.6	7.3	7.0	8.9	11.2	7.7	7.5	7.2	4.3	6.5
Avg, gallons	2,873	3,563	2,760	3,458	5,434	5,256	6,629	8,372	5,783	5,636	5,417	3,254	4,869
Avg, gpd	93	127	89	115	175	175	214	270	193	182	181	105	157

Multiple Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	90%	79%	93%	78%	62%	60%	49%	37%	53%	57%	58%	87%	61%
Tier 2	10%	21%	7%	21%	36%	35%	31%	23%	29%	27%	28%	13%	25%
Tier 3	0%	0%	0%	1%	3%	5%	20%	40%	18%	16%	15%	0%	13%
% of Total CCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Source: "AromasWater\_METER\_2023(v2) (1).xlsx" provided by R. Johnson on 3/18/2024

Table A-4  
Current and Projected Water Use, CCF

Customer Class	Estimated	Projected						
	FY24	FY25	FY26	FY27	FY28	FY29		
<b>Water Conservation, Percent</b>								
Single Family								
Tier 1		0.0%	0.0%	0.0%	0.0%	0.0%		
Tier 2		2.0%	2.0%	2.0%	2.0%	2.0%		
Tier 3		3.0%	3.0%	3.0%	3.0%	3.0%		
Multi Family		1.0%	1.0%	1.0%	1.0%	1.0%		
Commercial		1.0%	1.0%	1.0%	1.0%	1.0%		
Irrigation		2.0%	2.0%	2.0%	2.0%	2.0%		
Bulk		0.0%	0.0%	0.0%	0.0%	0.0%		
<b>Total Conservation</b>		<b>1.18%</b>	<b>1.17%</b>	<b>1.15%</b>	<b>1.14%</b>	<b>1.13%</b>		
<b>Water Use, CCF</b>	9.2 CCF/mo	9.1 CCF/mo	9.0 CCF/mo	8.9 CCF/mo	8.8 CCF/mo	8.7 CCF/mo		
<b>Single Family</b>	226 gpd	224 gpd	222 gpd	219 gpd	217 gpd	214 gpd		
Tier 1	from Table A-2	49,421	49,421	49,421	49,421	49,421		
Tier 2	from Table A-2	36,196	35,472	34,762	34,067	33,386		
Tier 3	from Table A-2	16,409	15,917	15,439	14,976	14,091		
<b>Total Single Family</b>	from Table A-2	<b>102,025</b>	<b>100,809</b>	<b>99,622</b>	<b>98,464</b>	<b>97,333</b>		
<b>Multi Family</b>								
Tier 1	from Table A-3	2,105	2,084	2,063	2,043	2,022		
Tier 2	from Table A-3	869	860	852	843	835		
Tier 3	from Table A-3	462	458	453	449	444		
<b>Total Multi Family</b>		<b>3,437</b>	<b>3,402</b>	<b>3,368</b>	<b>3,335</b>	<b>3,301</b>		
<b>Commercial</b>								
Tier 1								
Tier 2								
Tier 3								
<b>Total Commercial</b>	from Table A-1	<b>7,615</b>	<b>7,539</b>	<b>7,464</b>	<b>7,389</b>	<b>7,315</b>		
<b>Irrigation</b>								
Tier 1								
Tier 2								
Tier 3								
<b>Total Irrigation</b>	from Table A-1	<b>1,980</b>	<b>1,940</b>	<b>1,902</b>	<b>1,863</b>	<b>1,826</b>		
<b>Bulk Water</b>								
Tier 1								
Tier 2								
Tier 3								
<b>Total Bulk Water</b>	from Table A-1	<b>689</b>	<b>689</b>	<b>689</b>	<b>689</b>	<b>689</b>		
<b>All Water Use</b>								
Tier 1		51,526	51,505	51,484	51,463	51,443		
Tier 2		37,065	36,332	35,614	34,910	34,221		
Tier 3		16,871	16,375	15,892	15,425	14,971		
Uniform Rate		10,284	10,168	10,054	9,941	9,830		
<b>Total All Water Use</b>		<b>115,746</b>	<b>114,380</b>	<b>113,044</b>	<b>111,740</b>	<b>110,465</b>		
<b>Summary by Customer Class</b>								
Single Family		102,025	100,809	99,622	98,464	97,333	96,230	88%
Multi Family		3,437	3,402	3,368	3,335	3,301	3,268	3%
Commercial		7,615	7,539	7,464	7,389	7,315	7,242	7%
Irrigation		1,980	1,940	1,902	1,863	1,826	1,790	2%
Bulk		689	689	689	689	689	689	1%
<b>Total All Water Use</b>		<b>115,746</b>	<b>114,380</b>	<b>113,044</b>	<b>111,740</b>	<b>110,465</b>	<b>109,218</b>	<b>100%</b>
<b>Total All Water Use, Gallons (rounded)</b>		<b>86,600,000</b>	<b>85,600,000</b>	<b>84,600,000</b>	<b>83,600,000</b>	<b>82,600,000</b>	<b>81,700,000</b>	
<b>Annual Change All Water Use, Gallons</b>			<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(900,000)</b>	

## **Appendix B: Revenue from Rates by Customer Class and Fee Type**

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Table B-1  
Revenues from Rates

	Estimated		Projected				FY25 - FY 29
	FY24	FY25	FY26	FY27	FY28	FY29	Total
<b>Revenue</b>							
Water Use							
Single Family	\$795,316	\$854,236	\$983,636	\$1,055,462	\$1,132,700	\$1,260,385	\$5,286,419
Multi Family	\$24,872	\$26,845	\$31,125	\$33,587	\$36,244	\$40,546	\$168,347
Commercial/Instiutional	\$62,597	\$67,406	\$78,334	\$84,530	\$91,216	\$102,044	\$423,530
Landscape Irrigation	\$16,275	\$17,446	\$19,957	\$21,318	\$22,772	\$25,218	\$106,710
Bulk	\$5,660	\$6,069	\$7,227	\$7,878	\$8,587	\$9,703	\$39,464
Total	\$904,721	\$972,002	\$1,120,280	\$1,202,775	\$1,291,519	\$1,437,895	\$6,024,471
Base Fee							
Single Family	\$552,600	\$610,623	\$707,328	\$773,640	\$839,952	\$950,472	\$3,882,015
Multi Family	\$12,600	\$13,923	\$16,128	\$17,640	\$19,152	\$21,672	\$88,515
Commercial/Instiutional	\$26,172	\$29,979	\$34,896	\$38,280	\$41,544	\$47,064	\$191,763
Landscape Irrigation	\$9,408	\$10,830	\$12,648	\$13,920	\$15,072	\$17,112	\$69,582
Bulk	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$600,780	\$665,355	\$771,000	\$843,480	\$915,720	\$1,036,320	\$4,231,875
<b>Summary</b>							
Water Use	\$904,721	\$972,002	\$1,120,280	\$1,202,775	\$1,291,519	\$1,437,895	\$6,024,471
Base Fee	\$600,780	\$665,355	\$771,000	\$843,480	\$915,720	\$1,036,320	\$4,231,875
Total	\$1,505,501	\$1,637,357	\$1,891,280	\$2,046,255	\$2,207,239	\$2,474,215	\$10,256,346
<b>Percent of Total</b>							
Water Use	60%	59%	59%	59%	59%	58%	
Base Fee	40%	41%	41%	41%	41%	42%	
Total	100%	100%	100%	100%	100%	100%	
<b>Summary</b>							
Single Family	\$1,347,916	\$1,464,859	\$1,690,964	\$1,829,102	\$1,972,652	\$2,210,857	\$9,168,434
Multi Family	\$37,472	\$40,768	\$47,253	\$51,227	\$55,396	\$62,218	\$256,862
Commercial/Instiutional	\$88,769	\$97,385	\$113,230	\$122,810	\$132,760	\$149,108	\$615,293
Landscape Irrigation	\$25,683	\$28,276	\$32,605	\$35,238	\$37,844	\$42,330	\$176,292
Bulk	\$5,660	\$6,069	\$7,227	\$7,878	\$8,587	\$9,703	\$39,464
Total	\$1,505,501	\$1,637,357	\$1,891,280	\$2,046,255	\$2,207,239	\$2,474,215	\$10,256,346
<b>Percent of Total</b>							
Single Family	90%	89%	89%	89%	89%	89%	
Multi Family	2%	2%	2%	3%	3%	3%	
Commercial/Instiutional	6%	6%	6%	6%	6%	6%	
Landscape Irrigation	2%	2%	2%	2%	2%	2%	
Bulk	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Total	100%	100%	100%	100%	100%	100%	
<b>Annual Increase in Revenue</b>							
FY25		\$131,856	\$131,856	\$131,856	\$131,856	\$131,856	\$659,280
FY26			\$253,923	\$253,923	\$253,923	\$253,923	\$1,015,690
FY27				\$154,976	\$154,976	\$154,976	\$464,927
FY28					\$160,984	\$160,984	\$321,967
FY29						\$266,977	\$266,977
Total		\$131,856	\$385,778	\$540,754	\$701,738	\$968,714	\$2,728,840

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