

## REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

TUESDAY, June 25, 2024, 7:00 PM

*The Aromas Water District Board of Directors meeting will be held at the District office.  
Staff and the public may attend the meeting remotely or in person. Public participation is  
encouraged – remote participation instructions are on the following page.*

President- Vicki Morris Vice President- Wayne Holman Director- Wayne Norton Director- Timothy Powers Director- Seth Capron General Manager- Robert Johnson
---

- I. **CALL TO ORDER**
- II. **ROLL CALL OF DIRECTORS:** President Vicki Morris and Vice President Wayne Holman, Directors Wayne Norton, Timothy Powers, and Seth Capron.
- III. **PLEDGE OF ALLEGIANCE**
- IV. **STATEMENTS OF DISQUALIFICATION**
- V. **ADDITIONS AND DELETIONS**
- VI. **REPORT OUT FROM CLOSED SESSION ON MAY 21, 2024**
- VII. **MINUTES:** Review the Minutes of the May 21 2024, Regular Board Meeting for Board approval. p. 3-5
- VIII. **ORAL COMMUNICATION:** *Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so. Please limit your comment to three (3) minutes. The public may comment on listed Action and Public Hearing items at the time they are considered by the Board.*
- IX. **REPORTS**
  - A. DIRECTORS' REPORTS
  - B. ATTORNEY'S REPORT
  - C. MANAGER'S REPORT p. 6-9
  - D. CORRESPONDENCE p. 10
- X. **ACTION ITEMS:**
  - A. **Consider receiving the DRAFT Water Rates and Capacity Charges Study, and providing direction to staff** p. 11-49

Mr. Thomas Pavletic (Pavletic Consulting LLC) and staff will present the DRAFT Water Rates and Capacity Charges Study report for discussion and Board direction.
  - B. **Consider adopting the Proposed Expense Budget of \$1,985,320 for Fiscal Year 2024-2025** p. 50-53

Staff will present the Proposed Expense Budget of \$1,985,320 for discussion and Board action.
  - C. **Consider adopting the Proposed Capital Budget of \$3,982,100 for Fiscal Year 2024-2025** p. 54-55

Staff will present the Proposed Capital Budget of \$3,982,100 for discussion and Board action.
  - D. **Financial Reports for the Month of May 2024** p. 56-61

Including both Assessment Districts, the financial reports for May show a Total revenue of \$186,442.51; Total expenditures were \$116,992.40 between May 14, and June 16, 2024. These financials and monthly expenditures will be presented for discussion and Board approval.
- XI. **FUTURE MEETINGS & AGENDA ITEMS** – Next meeting – July 23, 2024
- XII. **ADJOURN TO CLOSED SESSION**

Pursuant to California Government Code section 54956.8,

  - a) Concerning real property located at 0 Quarry Road, owned by Driscoll's Business Affiliates.

Provide Robert Johnson, District Negotiator, with directions on price, terms and possible next steps.
- XIII. **RETURN TO OPEN SESSION**
- XIV. **ADJOURNMENT**

## **Meeting Attendance Instructions**

The public may participate in the District's Board meeting either in person, or by teleconference / web conference via the instructions provided below. In person attendees will be subject to current mask and distancing protocols.

The meeting materials will be available for download from the District's website at:

[www.aromaswaterdistrict.org](http://www.aromaswaterdistrict.org)

For those who choose to attend this meeting via Zoom will be muted by default. To join the meeting from a computer, tablet, or smartphone via the Zoom app (free at <http://www.zoom.us>), click the link on the meeting date and time: <https://us02web.zoom.us/j/88992451498>

If you do not have speakers or a microphone on your computer, you can dial in for audio.

Call **(669) 900.9128** and enter the Webinar ID: 88992451498

If you would like to speak during the public comment portion of the meeting, you have the following options:

1. **Online** – raise your hand or use the Q&A panel to submit written comments.
2. **Phone** – press \*9 to raise your hand, \*6 to send a request to be unmuted to submit verbal comments.

**The meeting officially will start at 7:00pm, though remote access will be open 15 minutes before the start of the meeting.**

Public engagement is important to the District.

# **Minutes of the Regular Meeting of the Aromas Water District Board of Directors May 21, 2024**

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Morris on Tuesday, May 21, 2024, at 7:00 p.m. in a hybrid setting; attendees were present in the Board Room, and online via Zoom.
- II. ROLL CALL.** President Morris, Vice-President Holman, Directors Powers, Norton, and Capron were present in the Board Room along with General Manager Johnson. Counsel Bosso attended via Zoom.
- III. PLEDGE OF ALLEGIANCE.** President Morris led the pledge of allegiance.
- IV. STATEMENTS OF DISQUALIFICATION.** There were no statements of disqualification.
- V. ADDITIONS AND DELETIONS.** There were no additions or deletions.
- VI. REPORT OUT FROM CLOSED SESSION ON APRIL 23, 2024.** GM Johnson was given direction.
- VII. MINUTES.** The minutes of the April 23, 2024, Board Meeting was presented for review and approval. Director Powers moved for approval of the minutes; Director Capron seconded. Minutes were unanimously approved.
- VIII. ORAL COMMUNICATION.** No public comment. Management Analyst Girõn was in attendance.

## **IX. PRESENTATIONS & REPORTS**

- A. Director’s Report.** Director Norton reported that he attended the San Benito Business Council meeting where there was discussion about restricting future commercial units, as well as the possibility of a second high school in Hollister. Director Capron reported on attending a San Benito LAFCo workshop.  
  
Also, later in the meeting, Director Capron mentioned the Monterey County General Plan Housing Element was out for public comment. There are four parcels in Aromas identified for possible placement of multi-unit housing.
- B. Attorney's Report.** Counsel Bosso reported that there was not anything to report on that affected our District. He mentioned the Legislative Session was coming to a close, so a number of bills were being presented for the Governor’s review.

### **C. Manager’s Report:**

#### ***OPERATIONS & MAINTENANCE***

##### ***Production & Well Levels***

Total production in April 2024 was 5,377,825 gallons; roughly 5% higher than March’s production (roughly 266,269 gallons), and 28% lower than April’s average production. The average daily production was 179,261 gallons.

The District has 976 total connected meters – no new connections this month.

San Juan well was operated the entire month, Carpenteria well was operated 29 days of the month, and Pleasant Acres well was operated one day. All water testing reports were filed on time.

**Operational well levels:** Carpenteria well was four feet lower than the previous month, and San Juan well was down six feet. **Observational wells:** The Marshall well level showed a decrease of three feet from the previous month, and the Aimee Meadows well reading showed a decrease of four feet from the last reading.

##### ***INCIDENTS***

No incidents for the month; though the day of the meeting, it was discovered that a meter box on Carr Avenue had been asphalted over when the road was resurfaced. Staff gained access to the meter box.

## ***ADMINISTRATIVE***

### ***Staff & Board Recognition***

GM Johnson reported on the following staff activities: 1) Management Analyst (MA) Girõn and the Operations staff provided the necessary materials for the newly-added customers for the Lead and Copper water sampling effort. All the samples have now been sent to the lab, and the staff is awaiting results; 2) MA Girõn and the Operations staff continue to work on the Lead and Copper Service Line Inventory (LCSLI) requirements from the State. Staff should be completed by the end of May; 3) GM Johnson has been working closely with the Rate Study consultant and the related Rate Study Ad-Hoc Committee; and 4) GM Johnson attended (as did Director Capron) a San Benito LAFCo workshop.

### ***Conservation & Rainfall***

The beginning of the new rainfall year was on October 1, 2023. Since then, 21.08 inches of precipitation has been recorded by the rain gauge at Chittenden Pass.

## ***PROJECTS***

### ***Cole and Rocks Road Annexation***

No new installations were performed this month.

### ***New Water Source***

This matter was discussed in the April Closed Session, and the General Manager was given direction.

### ***Progress on the District's Capital Improvement Plan***

On April 22, 2024, a public workshop was held to discuss the projects contained within the Plan as well as project timing and necessity. The following night, at the Board meeting, the Plan discussion continued, and the Board was at an impasse, based on the rates that would result from the listed projects. A Rate Study Ad-Hoc Committee (Committee) was established to look at projects and rates. The outcome for the Plan will be determined from the Committee.

### ***Follow-up on the Kang Annexation effort***

The Kang Annexation, approved by the District Board in November 2022, and the PVWMA Board of Directors approved the annexation at their April 2023 meeting. The annexation application to San Benito County LAFCo was turned in, by both email and hard copy. Staff met with the LAFCo Executive Officer at a workshop and discuss the matters that need to be finalized for the annexation effort to be completed.

## **D. Correspondence:**

GM Johnson went through the monthly correspondence list and provided information on specific items, specifically the lack of progress on the District-Driscoll agreement, and the upcoming election.

(continued on next page)

**X. CONSENT CALENDAR**

The Consent Calendar items, both of which were tax-levying resolutions (Resolutions #2024-01 and #2024-02) were adopted by Director Capron making the motion to adopt the resolutions, then Vice-President Holman seconding that motion, and a unanimous roll call vote.

**XI. ACTION ITEMS**

**A. Consider adopting Resolution #2024-03, ordering an election for two seats on the Aromas Water District Board of Directors, and providing direction to staff**

Staff presented a report regarding the need for an election since two Director seats will be vacant at the end of the year. Two different scenarios were discussed; one if only two people declare to run (which means no election or related costs), or more than two people declare for the two seats, and an election needs to occur. Staff and Counsel fielded questions from the public. Vice-President Holman made the motion, and Director Norton seconded it. Motion was unanimously approved via a roll call vote.

**B. Consider receiving a progress report about the current Rate Study analysis, and providing direction to staff**

Staff and the District’s Rate Study consultant presented information that was a result of the previous Board meeting’s discussion, as well as input from the recently formed Ad-Hoc Committee. The findings of the Committee were agreed upon by the Board as necessary, and staff was given direction to bring the Rate Study report and the proposed rate increases for the next five years back to Board at the June meeting. If those findings are accepted by the Board, the Proposition 218 process can be initiated, setting up a public hearing at the August meeting.

**C. Financial Reports for the Month of April 2024**

Total Assets / Liabilities & Equity are \$16,263,986.40. In the P&L Report, Revenue for April was \$226,329.18. Total Expenditures were \$191,212.43 between April 16, 2024, and May 13, 2024.

President Morris moved to adopt the Financial Reports which was seconded by Vice-President Holman. The Financial reports were unanimously approved.

**XI. FUTURE MEETINGS & AGENDA ITEMS**

The next regular Board meeting date will be Tuesday, June 25, 2024, at the District office. At that meeting, there may be a Closed Session related to real property negotiations.

**XII. ADJOURNMENT OF REGULAR MEETING TO CLOSED SESSION**

The regular meeting was adjourned at 8:25pm.

**XIII. RETURN TO OPEN SESSION**

Closed Session adjourned at 8:37pm with direction given to the General Manager.

**XIV. ADJOURNMENT**

President Morris adjourned this meeting at 8:38pm.

Read and approved by: \_\_\_\_\_  
President, Vicki Morris

Attest: \_\_\_\_\_  
Board Secretary, Robert Johnson

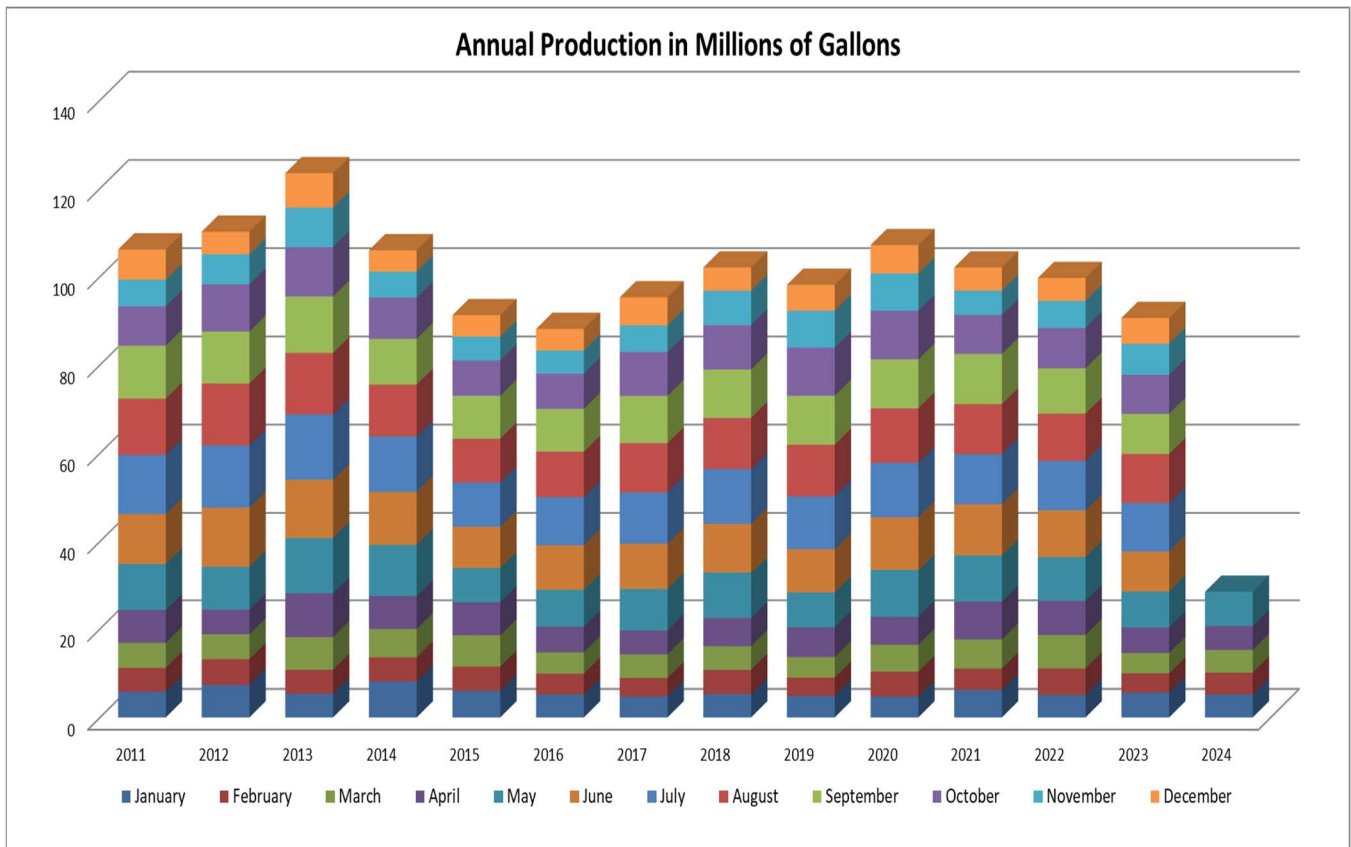
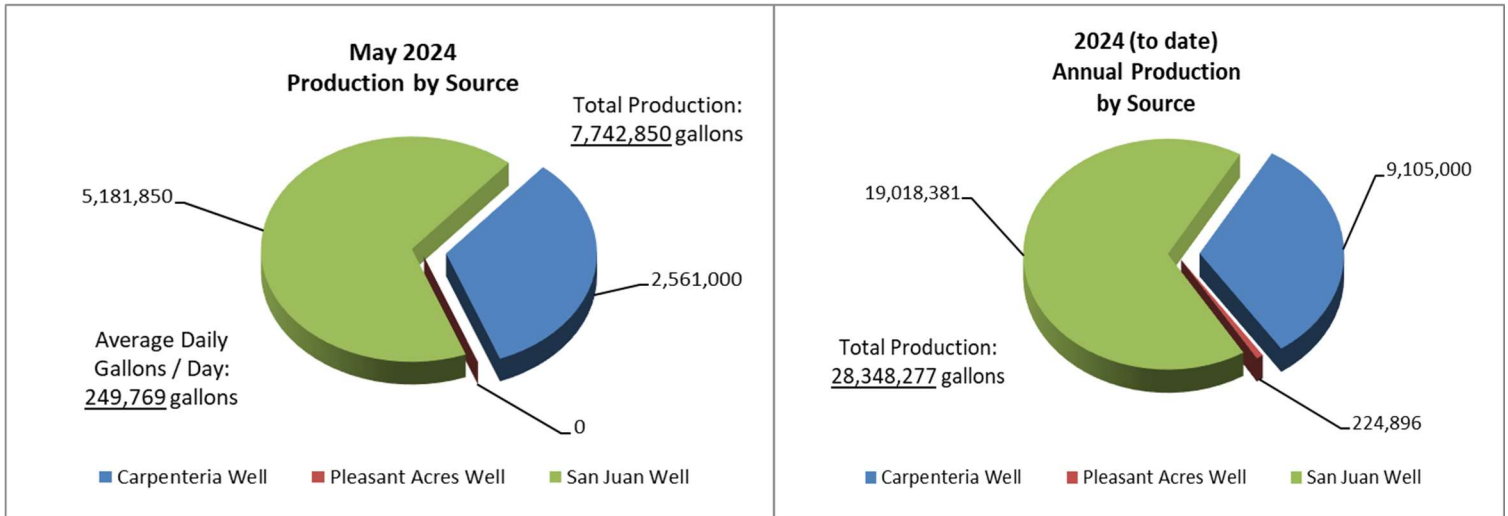
Date: \_\_\_\_\_

Date: \_\_\_\_\_

# General Manager's Report May 2024



## PRODUCTION REPORT



Totals	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Million Gal</b>	123.42	105.97	91.27	88.152	95.304	102.07	98.141	107.1	102.07	99.69	90.62	<b>28.35</b>
<b>Acre Ft</b>	<b>378.7</b>	<b>325.16</b>	<b>280.05</b>	<b>270.49</b>	<b>292.43</b>	<b>313.18</b>	<b>301.13</b>	<b>328.8</b>	<b>313.19</b>	<b>305.89</b>	<b>278.06</b>	<b>86.99</b>

# OPERATIONS AND MAINTENANCE REPORT

## OPERATIONS:

- There are 976 meters installed.
- San Juan and Carpentaria wells were operated the entire month, while Pleasant Acres well was not operated this month.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples were negative.
- All monthly DWR reports on Coliform, and Fe / Mn were filed on time.
- WTP filters are backwashed when necessary.
- Monthly Generator in-house 15-minute testing under load.
- Monthly well-level monitoring (see chart following this report in Board Packet).

## MAINTENANCE:

- Preventative maintenance and flushing were performed, as needed.
- Chlorine chemical pump maintenance and analyzer maintenance at all wells was performed.
- Additional maintenance tasks are being performed as time allows.

## INCIDENTS:

- None at the time of this writing.

## ADMINISTRATIVE REPORT

### STAFF & BOARD RECOGNITION:

- Management Analyst (MA) Girõn completed the Consumer Confidence Report (CCR), and it is on the District web site for public viewing and download.
- MA Girõn and the Operations staff completed the Lead and Copper Sampling effort and sent the information to the state. The District doubled the number of homes included in the effort, and need to perform the analyses every six months instead of every three years, until we have below exceedance values results. This first round of sampling came back below the exceedance values.
- MA Girõn and the Operations staff continue to work on the Lead and Copper Service Line Inventory (LCSLI) requirements from the State. The State has approved the District's workplan of a statistical sampling of service lines.
- GM Johnson attended a California Financing Coordinating Committee Funding Workshop.
- GM Johnson attended the San Benito County Drought Resilience Plan Task Force meeting.

### CONSERVATION UPDATE:

May's 2024 water usage figures indicated an increase in water use when compared to April's water use: an increase of 2,365,025 gallons, or roughly 44%.

October 1, 2023, marked the start of a new water year. As of the date of this report (June 18), the rain gauge at Chittenden Pass has recorded 21.08 inches of precipitation for this water year, with no rainfall this month. As a reminder, last year's precipitation total (October 2022 to September 2023) was 38.52 inches.

## PROJECTS:

### 1. **Finding a New Water Source Project**

Staff was given additional direction at the April Closed Session meeting and is moving forward.

### 2. **Progress on the District's Capital Improvement Plan (Plan)**

A public workshop was held on April 22, 2024, to discuss the projects contained within the Plan as well as timing and project necessity. The following night, at the Board meeting, the Plan discussion continued, and the Board was at an impasse on what to do next, based on the rates that would result from the listed projects. A Rate Study Ad-Hoc Committee (Committee) was established to look at projects and rates. The Committee has utilized the Plan's information to develop information for the Rate Study analysis. The next steps for the Plan are to be determined.

### 3. **Follow-up on the Kang Annexation effort**

The Kang Annexation, approved by the District Board in November 2022, and the PVWMA Board of Directors approved the annexation at their April 2023 meeting. The annexation application to San Benito County LAFCo was turned in, by both email and hard copy. Staff met with the LAFCo Executive Officer at a workshop and discuss the matters that need to be finalized for the annexation effort to be completed.

### 4. **Rate Study 2025**

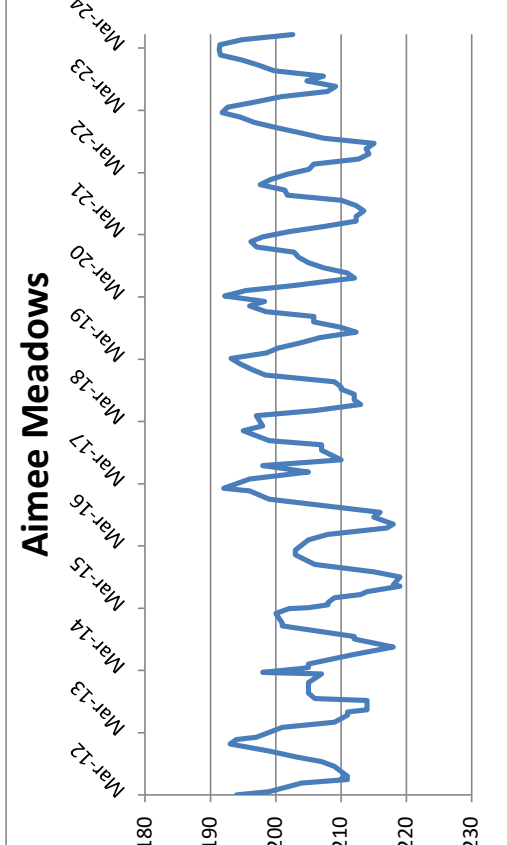
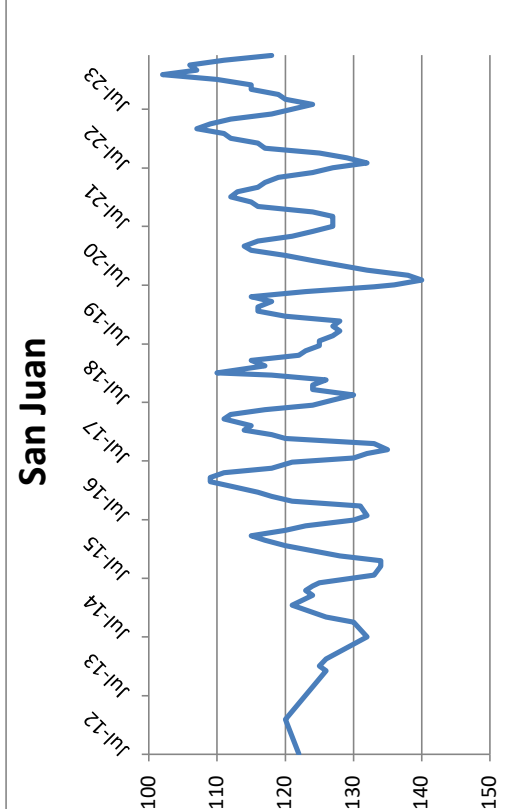
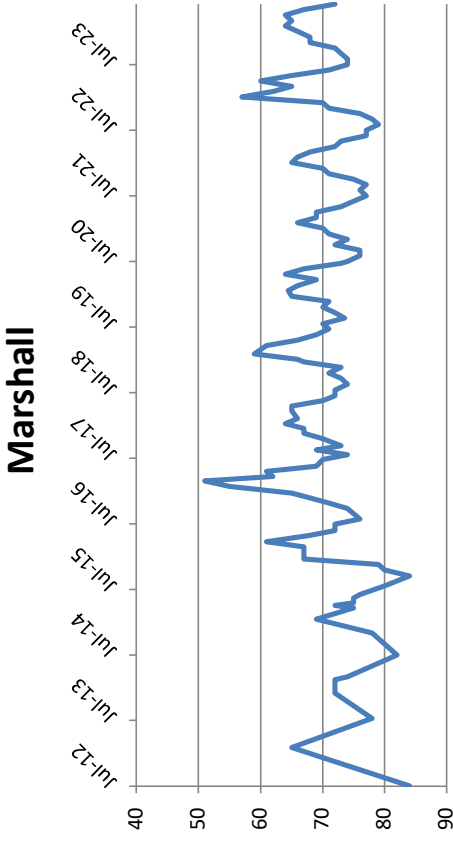
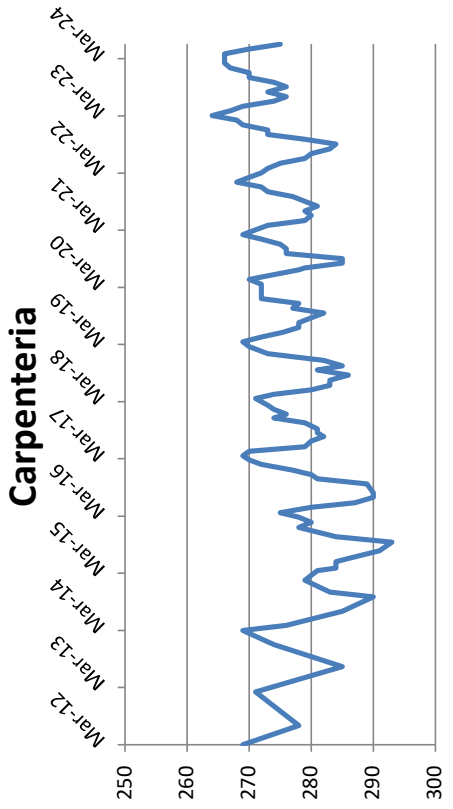
Staff has been working with Pavletic Consulting LLC to evaluate the current water rates and develop a new water rate structure for the next five years. This effort ties into the Capital Improvement Plan development process and timing. The Rate Study will include two public meetings, one to present the new rates, and then another two months or so later to identify if the public is in favor of the proposed rate changes. The first of these meetings is tonight – if the Rate Study analysis is adopted by the Board, the second meeting will be August 27, 2024.

Robert Johnson  
General Manager  
June 18, 2024



# Well Water Level Monitoring Depth to Water Measurements

Date: June 13, 2024



## CORRESPONDENCE LIST: 05/16/2024 – 06/19/2024

DATE	TYPE	TO	FROM	SUBJECT
05/21/24	E	N. Cendejas, Bray Sales, Inc.	R. Johnson, AWD	Quote for 6" PRV (and delivery timing)
05/22/24	E	S. Kler, SWRCB DDW	R. Johnson, AWD	Progress on Cross Connection item from Sanitary Survey
05/22/24	E	R. Johnson, AWD	SWRCB DDW	Progress on Cross Connection item from Sanitary Survey (automated reply)
06/04/24	E	M. Harrington, Horan Legal	B. Bosso, AWD	Driscoll-Aromas
06/05/24	E	R. Johnson. AWD	C. Silva, TRC	Cole Road Rehabilitation Project
06/05/24	E	C. Silva, TRC	R. Johnson. AWD	Cole Road Rehabilitation Project
06/05/24	L	R. Johnson. AWD	W. Tucker, SDRMA	2024-25 Worker's Compensation Renewal Invoice
06/10/24	E	SWRCB DDW	E. Girõn, AWD	CA3510004-2024-June-TCR
06/10/24	E	SWRCB DDW	E. Girõn, AWD	CA3510004-2024-May-WTP
06/14/24	E	B. Wood, Caltrans	AWD	SB101 Pavement Rehabilitation Project
06/19/24	E	SWRCB DDW	E. Girõn, AWD	Chloramines or Chloride Q2 report

# Staff Report



To: Board of Directors

Re: Item IX.A – Consider receiving the DRAFT Water Rates and Capacity Charges Study, and providing direction to staff

Date: June 18, 2024

## Summary / Discussion

The Aromas Water District (District) last performed a Water Rates and Capacity Charges Study (Rate Study) in 2019. The results of that effort provided an annual increase in District rates of roughly five-or-six percent per year, for the five-year period. The financial review (audit) of the last fiscal year indicated that the District is still in a negative “net position”, meaning existing revenues are not adequate to meet capital reserve requirements as well as fund necessary capital improvement projects identified in the 2018 Strategic Plan.

The Board of Directors (BOD) hired Pavletic Consulting, LLC (PC) to perform a Rate Study applicable to the upcoming five years. PC (under the name of Municipal Financial Services) performed the previous two five-year Rate Studies for the District, so their staff are familiar with the District and District finances, which has added efficiency to the effort.

At this meeting, Mr. Tom Pavletic from PC will present the findings from his Water Rates and Water Capacity Charges report. Since the last Board meeting, Mr. Pavletic has been working to complete his report based on information provided by the Board and the Ad-Hoc Committee. The rates being proposed are based on expected inflation percentages, and a reduced capital improvement effort for the next five years.

Staff is looking for authorization to develop and send out a Proposition 218 notification, requiring 45 days before a public hearing, tentatively scheduled for August 27, 2024, with the location to be determined at this time.

## Staff Recommendation

Staff recommends the BOD: 1) Receive the report and 2) provide direction on moving forward with the Rate Setting process.

## Submitted by:

Robert Johnson  
General Manager



FINAL  
Water Rates and Water Capacity Charges Study

---

Prepared for  
Aromas Water District  
Aromas, California  
May 2024

This Page Intentionally Blank.

# Table of Contents

List of Figures .....	ii
List of Tables .....	ii
List of Abbreviations .....	iii
Executive Summary .....	1
Projected Cash Flow and Revenue Required from Water Rates .....	1
Projected Capital Improvement Program Expenditures .....	3
Current Debt Service .....	3
Recommended Water Rates .....	4
Recommended Capacity Charges .....	4
1. Introduction .....	1-1
1.1 Organization of the Report .....	1-1
1.2 Rate-Making Objectives .....	1-1
1.3 Customer and Financial Data .....	1-2
1.4 Overview of Utility Rate Setting Process .....	1-2
1.5 District Service Area and Water System .....	1-3
1.6 Current Water Rates and Capacity Charges .....	1-4
2. Customer User Characteristics .....	2-1
2.1 Customer Water Meters .....	2-1
2.2 Customer Water Use .....	2-1
2.3 Water Use Tier Ranges .....	2-2
2.4 Projected Water Use .....	2-3
3. Financial Plan and Cash Flow .....	3-1
3.1 Operation and Maintenance Expenditures .....	3-1
3.2 Capital Improvement Program Expenditures .....	3-2
3.3 Current Debt Service and Covenant Regarding Net Revenues .....	3-2
3.4 Cash Flow and Revenue Required from Water Rates .....	3-4
3.5 Recommended Water Rates .....	3-5
3.6 Financial Reserve Policy and Target Reserve Levels .....	3-5
4. Impact of Rate Changes on Customer Bills .....	4-1
4.1 Single Family Monthly Bills Survey .....	4-1
4.2 Single Family Bills FY3 – FY29 .....	4-2
5. Limitations .....	5-1
Appendix A: Customer Water Use Data .....	A
Appendix B: Revenue from Rates by Customer Class and Fee Type .....	B

## List of Figures

---

Figure 1-1. Overview of Rate Setting Analytical Steps.....	1-2
Figure 2-1. Water Use by Customer Class and Month.....	2-1
Figure 2-2. Residential Water Use by Tier .....	2-3
Figure 4-1. Single Family Monthly Bills Survey.....	4-1
Figure 4-2. Single Family Bills FY3 – FY29 .....	4-2

## List of Tables

---

Table ES-1. Cash Flow Summary FY25 – FY29 .....	1
Table ES-2. Cash Flow Details FY24 – FY29 .....	2
Table ES-3. Projected CIP Expenditures FY24 – FY32.....	3
Table ES-4. Current FY24 and Recommended FY25 – FY29 Water Rates .....	4
Table 2-1. Water Meters by Size and Customer Class .....	2-1
Table 2-2. Current Water Use Fees and Tiers .....	2-2
Table 2-3. Projected Water Use .....	2-3
Table 3-1. Operating and Maintenance Expenditures FY23 – FY29 .....	3-1
Table 3-2. Projected CIP Expenditures FY24 – FY32.....	3-2
Table 3-3. Current Debt Service and Covenant Regarding Net Revenues.....	3-3
Table 3-4. Projected Cash Flow FY24 – FY29 .....	3-4
Table 3-5. Current FY24 and Recommended FY25 – FY29 Water Rates .....	3-5

## List of Abbreviations

---

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



This Page Intentionally Blank.

# 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					\$1,084,000	< Op Exp 5 yr inc
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**

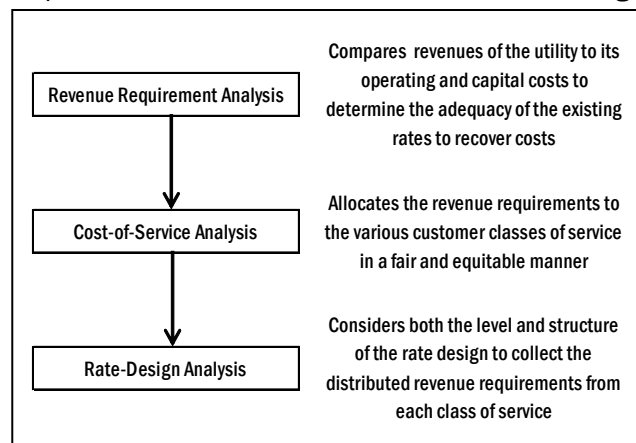
During January 2014, the District passed Resolution 2014-1 adopting a Financial Reserves Policy. The purpose of the policy is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a secure source of internal funds for organization priorities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



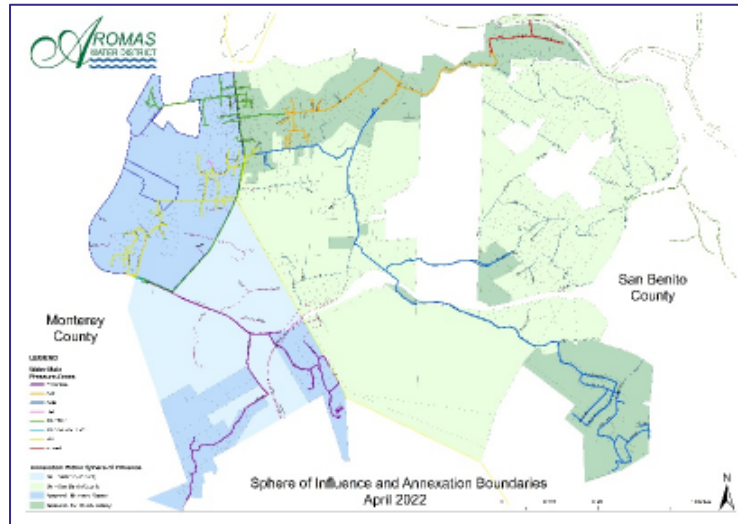
The District previously completed a *Water Rates and Water Capacity Charges Study* in 2019 (2019 Study). The study included a revenue analysis, cost-of-service analysis, and rate-design analysis.

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.

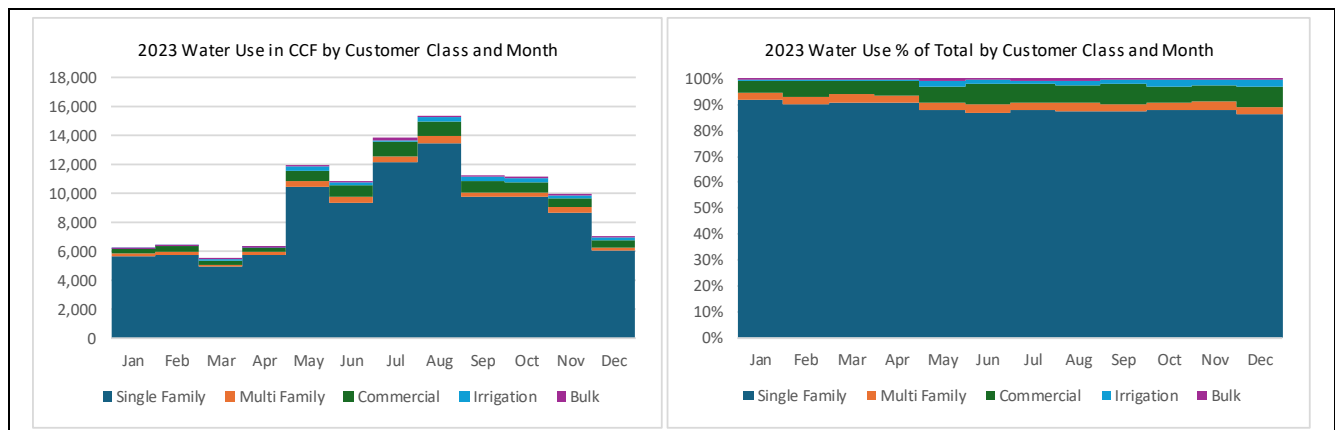


Figure 2-1. Water Use by Customer Class and Month

## 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).

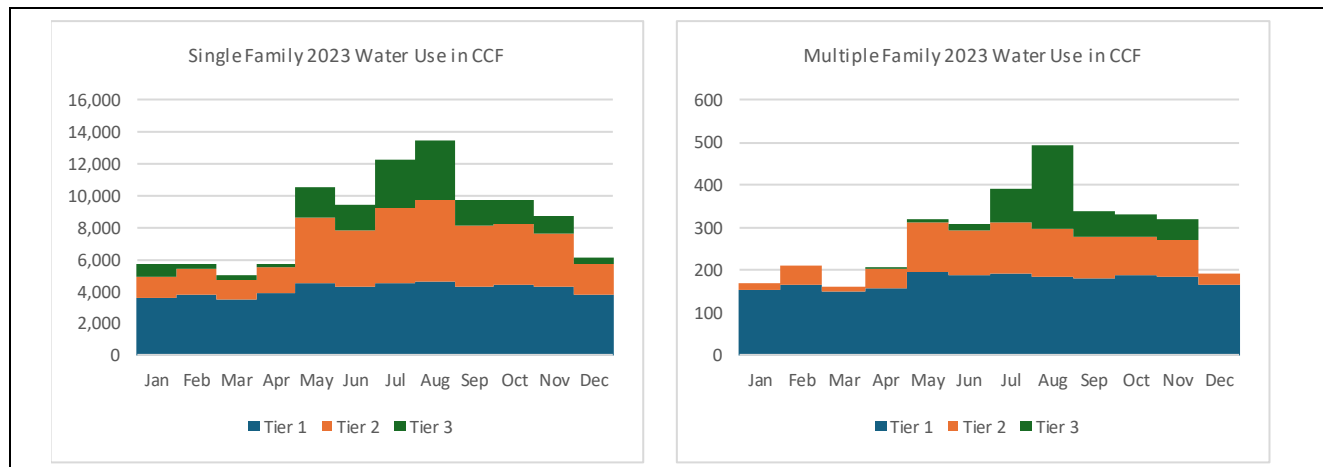


Figure 2-2. Residential Water Use by Tier

## 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>	

This Page Intentionally Blank.

## 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 Total	% of Total
	FY24	FY25	FY26	FY27	FY28	FY29		
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>
<b>Total Loan Payments</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>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>	
<b>Net Revenues</b>	<b>441,528</b>	<b>313,458</b>	<b>454,722</b>	<b>538,546</b>	<b>624,684</b>	<b>812,907</b>	
<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>	
<b>Net Revenues + Unencumbered Fund Balances</b>	<b>2,048,447</b>	<b>1,920,377</b>	<b>2,061,641</b>	<b>2,145,465</b>	<b>2,231,603</b>	<b>2,419,826</b>	
<b>Total Loan Payments</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>Net Revenues + Unencumbered Fund Balances as a % of Loan Payments</b>	<b>471%</b>	<b>441%</b>	<b>474%</b>	<b>493%</b>	<b>513%</b>	<b>556%</b>	
<b>Covenant Regarding Net Revenues</b>	<b>115%</b>	<b>115%</b>	<b>115%</b>	<b>115%</b>	<b>115%</b>	<b>115%</b>	



### 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 Meter Ratio</i>						
<b>Base Rate Fees</b>							
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.

This Page Intentionally Blank.

## 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.

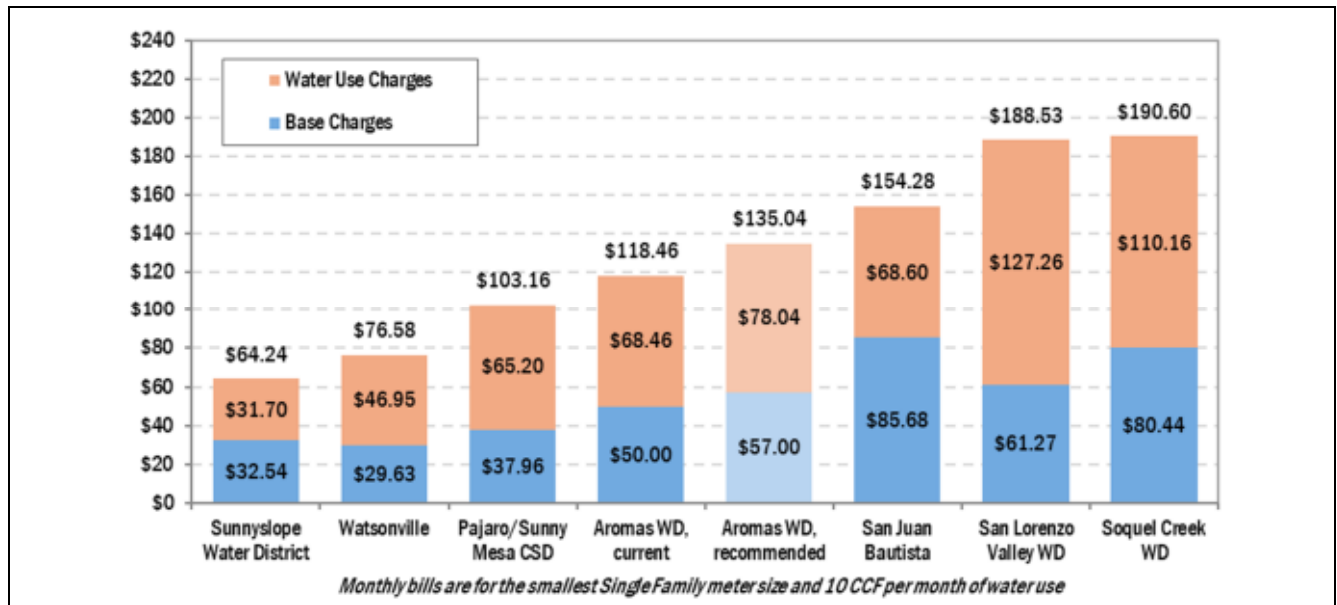


Figure 4-1. Single Family Monthly Bills Survey

## 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 5/8 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.

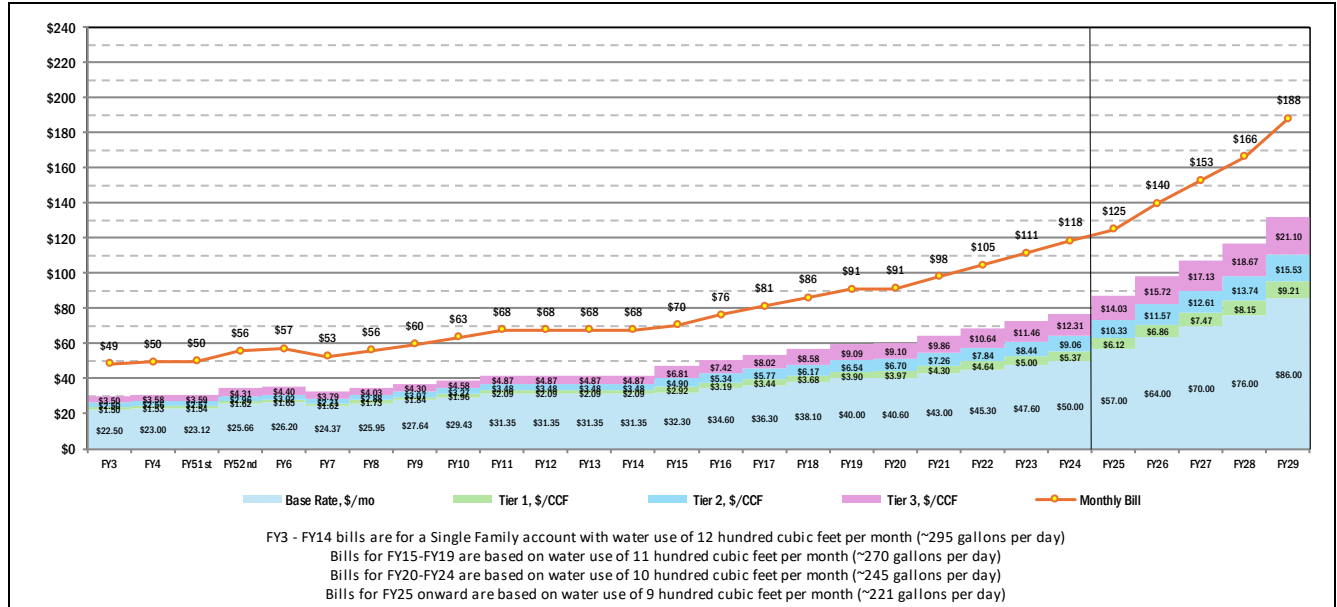


Figure 4-2. Single Family Bills FY3 – FY29



## 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.

This Page Intentionally Blank.

## Appendix A: Customer Water Use Data

---

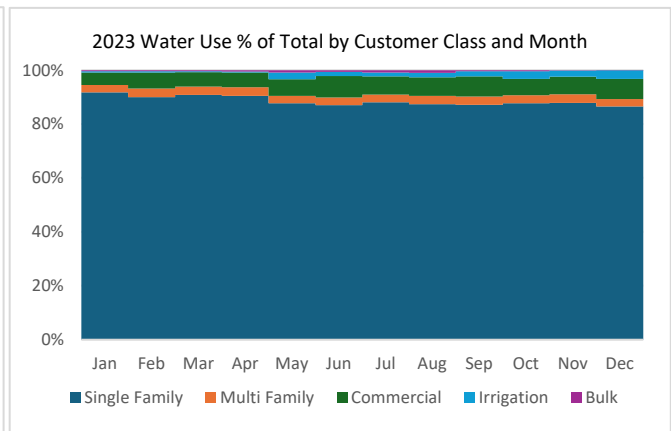
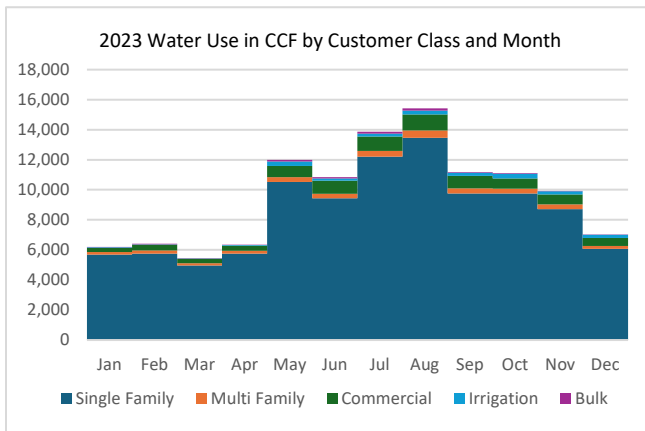


This Page Intentionally Blank.

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%
<b>% of Total CCF</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



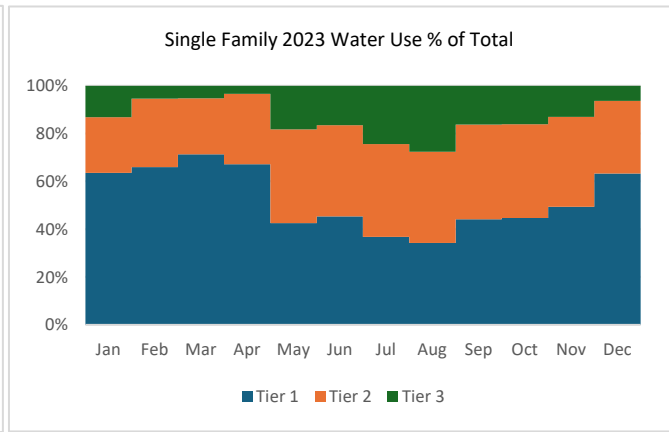
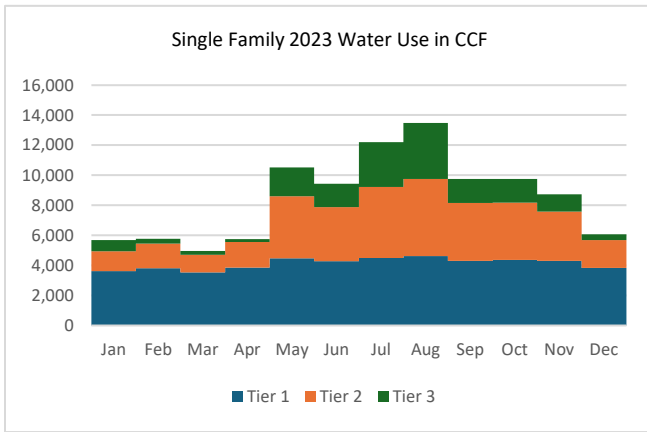
Source: "AromasWater\_METER\_2023(v2) (1).xlsx" provided by R. Johnson on 3/18/2024

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

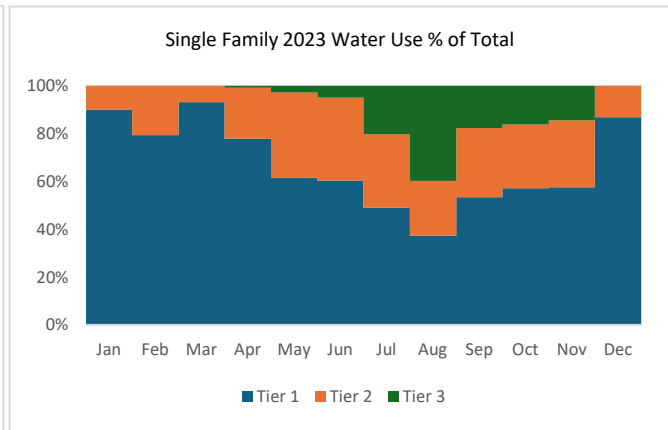
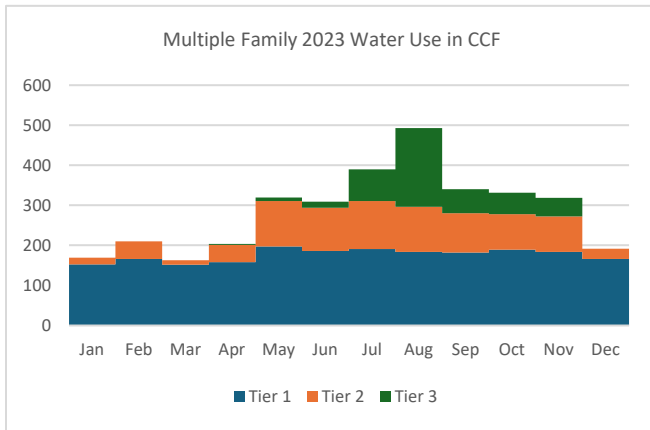
Single Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	64%	66%	71%	67%	43%	45%	37%	34%	44%	45%	49%	63%	48%
Tier 2	23%	29%	23%	29%	39%	38%	39%	38%	40%	39%	38%	30%	35%
Tier 3	13%	6%	5%	3%	18%	17%	24%	28%	16%	16%	13%	6%	16%
% of Total CCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	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>
<b>Average Use</b>													
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>		86,600,000	85,600,000	84,600,000	83,600,000	82,600,000	81,700,000	
<b>Annual Change All Water Use, Gallons</b>			(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(900,000)	

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

---

This Page Intentionally Blank.

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



This Page Intentionally Blank.

# Staff Report



To: Board of Directors

Re: Item X.B – Consider adopting the Proposed Expense Budget of \$1,985,320 for Fiscal Year 2024-2025

Date: June 18, 2024

## Summary / Discussion

This document outlines the Proposed Expense Budget for Fiscal Year (FY) 2024-25, which will be presented to the Board of Directors (BOD) for adoption. Additionally, a proposal for the Capital Budget will be presented during tonight's meeting.

The attached Proposed Expense Budget worksheet provides a comprehensive overview of the District's financial forecast for the upcoming fiscal year. This overview includes:

- Actual audited expenditures and revenues for FY 2022-23
- Current budgeted expenditures and revenues for FY 2023-24 through March 31, 2024
- Approved budgeted revenues and expenditures for FY 2023-24
- Projected revenues and expenditures for FY 2024-25

The total projected revenue for FY 2024-25 is estimated at \$1,985,320. Key revenue sources include water revenue, three anticipated connection charges, property taxes, and interest income.

While water production is projected to remain comparable to the current fiscal year (approximately 13% below expected based on water sales revenue), the water revenue portion of the budget has been increased by 1% over last year. This adjustment reflects the proposed 14% increase in water costs, as detailed in the Rate Study analysis presented separately to the BOD.

Staff salaries are proposed to increase by 2.4%, aligning with the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward region (February-to-February calculation). Also, the General Manager's salary remains frozen, without a CPI adjustment.

## Staff Recommendation

Adopt the Proposed Expense Budget of \$1,985,320 for Fiscal Year 2024-2025.

## Submitted by:

Robert Johnson  
General Manager

Aromas Water District  
Expense Budget  
FY 2024-2025  
PROPOSED

AROMAS WATER DISTRICT EXPENSE BUDGETS	2022 - 2023 Expenditures	FY 2023-24 THROUGH 03.31.2024	APPROVED 2023 - 2024 BUDGET	2024 - 2025 BUDGET Worksheet	Comparison 2024 to 2025
	ACTUAL	Actual	REVISION	PROPOSED	
<b>REVENUE</b>		75% of budget			
303 · Water Revenue	1,374,644	1,113,922	1,584,700	1,600,000	* 1.0%
307 · Bulk Water	23,438	10,632	9,600	12,000	* 20.0%
302 · Connection	93,940	80,280	85,700	51,420	* 3 connections -66.7%
301 · Taxes Received	91,620	54,440	76,000	76,000	* 2023-24 0.0%
Oakridge/OAWA	120,349	86,385	178,400	178,400	* Connection 0.0%
304 · Other Office Income	15,839	1,006	1,500	1,500	* Fee 0.0%
306 · Interest	148,729	201,555	150,000	65,000	* \$17,140 -130.8%
312 · Grant Revenue	1,200	1,000	1,000	1,000	* 0.0%
<b>Total Revenue</b>	<b>\$ 1,869,759</b>	<b>\$ 1,549,220</b>	<b>\$ 2,086,900</b>	<b>\$ 1,985,320</b>	* Connection -5.1%
<b>EXPENSES</b>					
<b>Administrative &amp; General</b>					Fee will stay the same in 2024-25
4593 - Bond Issue Cost		-			
4592 - Professional Fees		-			
4591 - Bond Admin Fee	5,183	3,081	5,200	5,200	* 0.0%
4590 - Bond Interest Asses.	115,399	115,908	121,000	121,000	* 0.0%
Int Pymnts/Loans - CapProj		-			
467 - Depreciation/Reserve	564,199	318,009	399,048	309,528	* -28.9%
405 · Election	400	-	500	2,000	* 75.0%
406 · Liability Ins	25,008	23,110	30,000	30,000	* 0.0%
417 · Capital Interest Payment	197,639	177,605	187,310	187,310	* 0.0%
420 · Legal Fees	17,654	12,600	17,000	27,000	* 37.0%
423 · Litigation Contingency	-	-	35,000	35,000	* 0.0%
422 · Bank Charges	1,629	1,241	2,000	2,000	* 0.0%
425 · Audit	13,180	12,370	14,520	15,246	* 4.8%
471 · Bad Debts	534	3,785	500	1,000	* 50.0%
473 · Memberships	25,429	28,277	27,500	30,000	* 8.3%
<b>Total Administrative &amp; General</b>	<b>966,254</b>	<b>695,986</b>	<b>839,578</b>	<b>765,284</b>	* -9.7%
<b>Communications</b>					
455 · Phone, Off	6,503	5,292	7,000	7,700	* 9.1%
456 · Telemetry	9,472	5,623	20,000	21,000	* 4.8%
457 · Answ Serv/Cell Phone	4,027	2,468	4,200	5,000	* 16.0%
<b>Total Communications</b>	<b>20,002</b>	<b>13,383</b>	<b>31,200</b>	<b>33,700</b>	* 7.4%
<b>Payroll</b>					
Payroll Expenses	1,771	234			
Gross	456,762	368,266	509,575	513,822	* 0.8%
Comp FICA	28,421	22,141	31,594	31,857	* 0.8%
Comp MCARE	6,932	5,343	7,389	7,450	* 0.8%
Comp SUI & SDI	911	914	2,188	2,188	* 0.0%
<b>Total Payroll</b>	<b>494,797</b>	<b>396,898</b>	<b>550,746</b>	<b>555,318</b>	* 0.8%
<b>Employee Costs</b>					
407 · Outside Services	10,334	6,522	45,000	45,000	* 0.0%
408 · Uniform Allowance	2,249	1,215	4,000	4,000	* 0.0%
409 · Workers Comp	5,036	8,094	15,831	15,831	* 0.0%
410 · Health Ins	80,170	78,644	90,360	90,360	* 0.0%
474 · Education	3,023	750	8,000	8,000	* 0.0%
477 · Retirement Contrib	(44,921)	96,125	170,000	119,162	* -42.7%
<b>Total Employee Costs</b>	<b>55,891</b>	<b>191,350</b>	<b>333,191</b>	<b>282,353</b>	* -18.0%

Aromas Water District  
Expense Budget  
FY 2024-2025  
PROPOSED

	2022 - 2023	FY 2023-24	APPROVED	2023 - 2024		
	BUDGET	THROUGH	2023 - 2024	BUDGET Revision		
Office	Expenditures	03.31.2024	BUDGET			
	ACTUAL	Actual	REVISION	PROPOSED		
440 · Misc Exp	3,213	1,164	4,840	5,000	*	3.2%
444 · Postage	4,462	2,965	4,400	5,000	*	12.0%
445 · Office Supplies	3,769	2,518	4,400	5,000	*	12.0%
446 · Office Eqpmt Maint	9,608	6,166	10,000	12,000	*	16.7%
<b>Total Office</b>	<b>21,052</b>	<b>12,813</b>	<b>23,640</b>	<b>27,000</b>	*	12.4%
<b>Operations</b>						
403 · Fuel	22,764	17,088	24,000	24,000	*	0.0%
404 · Truck Maint	19,785	8,855	8,000	10,000	*	20.0%
431 · System Repair & Maint	107,326	86,453	125,000	125,000	*	0.0%
463 · Water Analysis	5,645	4,282	7,500	7,500	*	0.0%
464 · Water Treatment	27,492	20,150	27,000	27,000	*	0.0%
468 · Tools	5,296	5,239	3,200	7,000	*	54.3%
470 · PI / Annex / Conserv	6,649	6,929	25,000	25,000	*	0.0%
<b>Total Operations</b>	<b>194,957</b>	<b>148,996</b>	<b>219,700</b>	<b>225,500</b>	*	2.6%
<b>Power</b>						
449.75 388 Blohm #C	482	1,073	850	1,500	*	43.3%
449.5-388 Blohm A & B	1,035	752	950	1,100	*	13.6%
447 · Leo Ln Booster	676	624	660	800	*	17.5%
448 · Aimee Mdws Well	(2)	14	75	75	*	0.0%
451 · Marshall Corp Yard	939	1,780	2,100	2,500	*	16.0%
452 · Rea Booster @ Seely	917	603	750	810	*	7.4%
454 · Carr Booster	7,835	5,627	7,500	7,500	*	0.0%
458 · Pleasant Acres Well	1,159	900	1,200	1,200	*	0.0%
459 · Seely Pump & Carpenteria	4,001	5,350	7,000	7,200	*	2.8%
460 · San Juan Well	67,964	56,984	65,890	71,000	*	7.2%
461.5 RLS Tank	(1)	52	75	120	*	37.5%
461 · Cole Tank	58	85	75	120	*	37.5%
462 · Rea Tank	60	92	75	120	*	37.5%
465 · Lwr Oakridge Bstr	1,175	1,089	1,105	1,400	*	21.1%
465.5 · Upr Oakridge Bstr	600	450	440	600	*	26.7%
466 · Pine Tree Tank	48	80	100	120	*	16.7%
<b>Total Power</b>	<b>86,946</b>	<b>75,555</b>	<b>88,845</b>	<b>96,165</b>	*	7.6%
<b>TOTAL EXP</b>	<b>1,839,899</b>	<b>1,534,981</b>	<b>2,086,900</b>	<b>1,985,320</b>	*	-5.1%
<b>NET INCOME</b>	<b>(0)</b>		<b>(0)</b>	<b>(0)</b>		
Add back in Depreciation/Reserve						
Net incl. Depreciation						

Aromas Water District  
 PROPOSED Expense Budget  
 FY 2024 - 2025  
 Payroll Portion

JobTitle	Yrs w/ AWD	Hrs p/yr	Hourly 2023- 2024	Annual 2023-2024	% of increase	Hourly 2023-2024	PROPOSED 2024-2025	FICA 6.20%	MCare 1.45%	SDI 1.0% SUI 2.9% <\$7000	Health	CalPERS	Workers Comp
General Mgr - R Johnson	7	2080	Values	\$ 165,360	0.0%	\$ 79.50	\$ 165,360	10,252	2,398	273	25,313	20,703	3,258
Management Analyst	8	1664	\$ 36.05	\$ 59,987	2.4%	\$ 36.92	\$ 61,427	3,808	891	273	0	4,834	350
Accounting Clerk	0	1248	\$ 26.00	\$ 32,448	2.4%	\$ 26.62	\$ 33,227	2,060	482	273	0	2,615	189
CSR	6	1248	\$ 24.72	\$ 30,851	2.4%	\$ 25.31	\$ 31,591	1,959	458	273	0	2,486	180
Chief Operator	17	2080	\$ 56.65	\$ 117,832	2.4%	\$ 58.01	\$ 120,660	7,481	1,750	273	33,364	15,107	6,817
o/call & OT		220	\$ 56.65	\$ 12,463	2.4%	\$ 58.01	\$ 12,762	791	185			1,598	721
Operator I	4	2080	\$ 30.90	\$ 64,272	2.4%	\$ 31.64	\$ 65,815	4,081	954	273	12,710	5,180	3,719
o/call & OT		220	\$ 30.90	\$ 6,798	2.4%	\$ 31.64	\$ 6,961	432	101			548	393
Directors (5)	42	72	\$ 262.00	\$ 15,720	\$5.00	\$ 267.00	\$ 16,020	993	232	550	0	0	104
+CalPERS addl unfunded liab						\$						\$69,176	0
Interns	42			\$ 505,731			\$ 513,822	\$31,857	\$7,450	\$2,188	\$90,360	\$119,162	\$15,831
							ee contrib	4.20%	1.45%	1.20%	20% co-py	7.00%	

# Staff Report



To: Board of Directors

Re: Item X.C – Consider adopting the Proposed Capital Budget of \$3,982,100 for Fiscal Year 2024-2025

Date: June 18, 2024

## Summary / Discussion

This document outlines the Proposed Capital Budget for Fiscal Year (FY) 2024-25, which will be presented to the Board of Directors (BOD) for approval. The Capital Budget serves as a financial roadmap for the District's capital expenses, detailing capital projects and equipment purchases planned for the upcoming year.

The Proposed FY 2024-25 Capital Budget utilizes a new format for enhanced clarity. This year's proposed capital expenditures include:

- **Loan Principal Payments (\$435,100):** This covers principal repayments for two existing loans – the 2015 Loan and the 2022 Loan.
- **Radio-Read Water Meter Purchase (\$40,000):** Acquire radio-read water meters, as part of a District-wide replacement effort, targeting the streamlining of meter reading processes.
- **Construction of Operations Shop (\$500,000):** This project aims to construct a dedicated Operations Shop to improve efficiency and centralize operational resources. Funds for this project are secured through a loan obtained at the end of FY 2021-22.
- **Cyber Security Program Development (\$15,000):** Funds are allocated to initiate and implement a comprehensive District Cyber Security Program to safeguard critical systems.
- **New Production Well Development (\$2,992,000):** This project encompasses drilling a test well, drilling a new production well, and designing related infrastructure. Funds for this project are secured through a loan obtained at the end of FY 2021-22. (The entire project is expected to cost an additional \$2,000,000, with completion in FY2025-26).
- **School Road Tanks Replacement Project (Continuation - \$150,000):** This project was unable to be completed in FY 2023-24. Therefore, it is carried forward into the FY 2024-25 Capital Budget, with funding already allocated from the previous fiscal year. **Please note:** the project cost is not included in the overall FY 2024-25 Capital Budget total.

## Staff Recommendation

Adopt the Proposed Capital Budget of \$3,982,100 for Fiscal Year 2024-2025.

## Submitted by:

Robert Johnson  
General Manager

# Capital Budget Fiscal Year 2024-2025 Proposal



## Summary

The Proposed Capital Budget expenditures for Fiscal Year (FY) 2024-2025 are listed below. The proposed expenditures are related to capital projects are necessary for the District to maintain effectiveness and efficiency of operations and water delivery to our customers.

The proposed FY 2024-25 Capital Projects Budget expenditures are as follows:

- Principal payments of the two District loans - \$435,100
- Purchase of replacement radio-read water meters - \$40,000
- Build the Operations Shop - \$500,000
- Initiate and Implement a District Cyber Security Program - \$15,000
- Drill Test well, drill new Production well, and design related appurtenances – \$2,992,000
- Initiate and complete the School Road Tanks Replacement Project (from FY 2023-24) - \$150,000

The proposed FY 2024-25 Capital Projects Budget total is: \$3,982,100 –

Project / Expenditure	Estimated Cost (\$)
District Loans – Principal repayment	435,100
Radio-read ultrasonic water meters purchase	40,000
Operations Shop	< 500,000
Cyber Security implementation	15,000
First phase of Production Well installation	2,992,000
<b>FY 2024-25 Total:</b>	<b>3,982,100</b>
School Tank Replacement (from FY 2023-24):	< 150,000

Aromas Water District  
Balance Sheet Prev Year Comparison

As of May 31, 2024

	May 31, 24	May 31, 23
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
US Checking 1715	58,873.52	77,885.28
US BANK Money Market 1842	371,679.12	575,550.94
LAIF-State of Ca xx-05	6,920,232.69	6,653,152.58
Petty Cash	100.00	100.00
Assessment District Banks		
OAWA US Bank 102 Reserve	36,946.34	36,657.31
OAWA US Bank 101 Redemption	4,483.14	2,688.44
OAWA US Bank Checking 0664	42,927.96	34,883.49
Oakridge US BANK Checking 0701	437,852.32	437,893.23
Total Assessment District Banks	522,209.76	512,122.47
Total Checking/Savings	7,873,095.09	7,818,811.27
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	28,296.34	1,088.76
Total Accounts Receivable	28,296.34	1,088.76
Other Current Assets		
1292 · Accounts Rec - USDA Loan	1,944,486.01	1,988,523.73
1291 · Accounts Rec - Orchard Acres	281,922.45	296,431.41
Prepaid Insurance	8,664.83	15,352.74
128 · Inventory	83,410.55	77,997.68
1200.1 · Accounts Receivable--UBMax	142,047.19	149,132.49
1201.9 · Less Allowance for doubtful ...	-500.00	-500.00
Total Other Current Assets	2,460,031.03	2,526,938.05
Total Current Assets	10,361,422.46	10,346,838.08
Fixed Assets		
1900 · Water System	12,390,047.12	12,307,942.91
1910 · Construction in Progress	312,357.36	285,872.86
1915 · Office Building & Improvements	440,291.33	440,291.33
1970 · Office Equipment & Fixtures	93,467.05	93,467.05
1980 · District Vehicles	246,989.85	117,577.39
1990 · Land and Easements	331,195.78	331,195.78
1995 · Idle Assets	43,400.00	43,400.00
1998 · Less Accum Depr Idle Assets	-42,400.00	-42,400.00
1999 · Less Accumuated Depreciation	-8,237,796.75	-7,821,297.75
Total Fixed Assets	5,577,551.74	5,756,049.57
Other Assets		
Deferred Outflow of Resources	315,213.00	136,914.00
Total Other Assets	315,213.00	136,914.00
<b>TOTAL ASSETS</b>	<b>16,254,187.20</b>	<b>16,239,801.65</b>



Aromas Water District  
Balance Sheet Prev Year Comparison

As of May 31, 2024

	May 31, 24	May 31, 23
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	22,017.37	19,327.45
Total Accounts Payable	22,017.37	19,327.45
Credit Cards		
First Bankcard - S Smith #0239	323.52	1,509.50
First Bankcard - E Giron #1086	364.00	131.41
First Bankcard -R.Johnson #8178	963.69	-561.72
First Bankcard - D DeAlba #2486	938.65	56.05
Total Credit Cards	2,589.86	1,135.24
Other Current Liabilities		
Accrued Sick Payable	5,242.81	5,016.44
Accrued Vacation Payable	45,207.75	44,338.03
Current Portion City National	0.00	1,934.36
2100 · Payroll Liabilities	136.06	155.01
Deferred Inflows- Actuarial	66,849.00	335,224.00
CUSTOMER DEPOSITS		
Connection Deposits Payable	10,000.00	29,000.00
Hydrant Meter Deposit	10,800.00	12,800.00
Total CUSTOMER DEPOSITS	20,800.00	41,800.00
Interest Payable	114,119.86	0.00
PVWMA Payable	15,653.98	14,640.71
Total Other Current Liabilities	268,009.46	443,108.55
Total Current Liabilities	292,616.69	463,571.24
Long Term Liabilities		
Truist Bank	5,400,840.00	5,558,389.00
2392 · Long-term Debt - USDA (Oakr...	2,356,489.90	2,396,489.90
2391 · Long-term Debt - Orchard Acres	350,000.00	365,000.00
GASB 68 Pension Liability	680,082.00	384,014.00
City National Bank	604,903.75	693,136.71
Total Long Term Liabilities	9,392,315.65	9,397,029.61
Total Liabilities	9,684,932.34	9,860,600.85
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,648,396.15	2,618,538.53
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	138,426.77	-21,769.67
Total Equity	6,569,254.86	6,379,200.80
TOTAL LIABILITIES & EQUITY	16,254,187.20	16,239,801.65

Aromas Water District  
Profit & Loss Budget Performance

May 2024

	May 24	Budget	Jul '23 - May 24	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
303 · Water Revenue	121,140.16	143,000.00	1,341,231.29	1,358,500.00	1,584,700.00
307 · Bulk Water	826.70	800.00	12,250.25	8,800.00	9,600.00
302 · Connection	0.00	9,540.00	80,280.00	85,700.00	85,700.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assess...	17,981.80	14,200.00	179,844.52	178,400.00	178,400.00
301 · Taxes Rcvd - AWD - Other	21,395.23	20,500.00	93,319.19	76,000.00	76,000.00
<b>Total 301 · Taxes Rcvd - AWD</b>	<b>39,377.03</b>	<b>34,700.00</b>	<b>273,163.71</b>	<b>254,400.00</b>	<b>254,400.00</b>
304 · Other Office Income & Reimbu...	0.00	125.00	1,006.00	1,375.00	1,500.00
306 · Interest	25,098.62	12,500.00	253,667.42	137,500.00	150,000.00
312 · Grant Revenue	0.00	0.00	1,000.00	1,000.00	1,000.00
<b>Total Income</b>	<b>186,442.51</b>	<b>200,665.00</b>	<b>1,962,598.67</b>	<b>1,847,275.00</b>	<b>2,086,900.00</b>
<b>Gross Profit</b>	<b>186,442.51</b>	<b>200,665.00</b>	<b>1,962,598.67</b>	<b>1,847,275.00</b>	<b>2,086,900.00</b>
<b>Expense</b>					
<b>Operations</b>					
403 · Fuel	2,020.90	2,000.00	21,028.00	22,200.00	24,000.00
404 · Truck Maint	399.21	250.00	9,325.13	7,800.00	8,000.00
431 · System Repair & Maint	6,879.61	10,000.00	95,381.42	115,000.00	125,000.00
463 · Water Analysis	538.00	625.00	6,118.00	6,875.00	7,500.00
464 · Water Treatment	1,406.92	1,000.00	23,947.56	24,200.00	27,000.00
468 · Tools	240.34	560.00	5,479.00	6,440.00	7,000.00
470 · Public Outreach / Annexation	609.76	2,100.00	25,383.70	22,900.00	25,000.00
<b>Total Operations</b>	<b>12,094.74</b>	<b>16,535.00</b>	<b>186,662.81</b>	<b>205,415.00</b>	<b>223,500.00</b>
<b>Power</b>					
449.75 · 388 Blohm, # C	261.09	97.00	1,449.44	749.00	850.00
449.5 · 388 Blohm, A & B Office	59.83	79.00	786.34	869.00	950.00
461.5 · RLS Tank Booster	10.18	7.00	16.47	68.00	75.00
447 · Leo Ln Booster	85.54	55.00	736.19	605.00	660.00
448 · Aimee Mdws Well	9.53	7.00	-21.51	67.00	75.00
451 · Marshall Corp Yard	240.29	229.00	2,211.67	1,871.00	2,100.00
452 · Rea Booster @ Seely	74.32	62.50	705.94	687.50	750.00
454 · Carr Booster	691.08	525.00	6,778.17	6,875.00	7,500.00
458 · Pleasant Acres Well	89.91	100.00	1,122.36	1,100.00	1,200.00
459 · Seely Booster @ Carpenteria	23.82	30.00	5,398.78	3,540.00	7,000.00
460 · San Juan Well	6,216.43	4,500.00	69,060.52	60,700.00	65,890.00
461 · Cole Tank	14.32	7.00	58.91	68.00	75.00
462 · Rea Tank	15.11	7.00	67.47	68.00	75.00
465 · Lwr Oakridge Boost	122.40	90.00	1,268.71	1,015.00	1,105.00
465.5 · Upper Oakridge Booster	0.00	0.00	450.00	440.00	440.00
466 · Pine Tree Tank	13.95	8.00	54.52	90.00	100.00
<b>Total Power</b>	<b>7,927.80</b>	<b>5,803.50</b>	<b>90,143.98</b>	<b>78,812.50</b>	<b>88,845.00</b>
<b>Payroll</b>					
Gross	58,662.51	58,288.00	466,527.02	470,275.00	509,575.00
Comp FICA	3,637.05	2,633.00	28,233.37	28,963.00	31,594.00
Comp MCARE	850.61	615.00	6,768.04	6,775.00	7,389.00
Comp SUI	21.35	184.00	957.62	2,004.00	2,188.00
Payroll Expenses	0.00	0.00	234.00	0.00	0.00
<b>Total Payroll</b>	<b>63,171.52</b>	<b>61,720.00</b>	<b>502,720.05</b>	<b>508,017.00</b>	<b>550,746.00</b>
<b>Employee / Labor Costs</b>					
407 · Outside Services	343.59	2,000.00	7,208.79	22,000.00	45,000.00
408 · Uniform Allowance	725.77	334.00	1,940.46	3,664.00	4,000.00
409 · Workers Comp	718.09	1,295.00	9,529.76	14,265.00	15,562.00
410 · Health Ins	8,367.91	7,530.00	95,380.08	82,830.00	90,360.00
474 · Education	0.00	665.00	1,150.00	7,335.00	8,000.00
477 · Retirement	5,812.24	4,960.00	105,821.00	114,250.00	170,000.00
<b>Total Employee / Labor Costs</b>	<b>15,967.60</b>	<b>16,784.00</b>	<b>221,030.09</b>	<b>244,344.00</b>	<b>332,922.00</b>

Aromas Water District  
Profit & Loss Budget Performance

May 2024

	May 24	Budget	Jul '23 - May 24	YTD Budget	Annual Budget
Office					
440 · Misc Exp	0.00	402.00	2,834.99	4,440.00	4,840.00
444 · Postage	953.99	360.00	4,243.38	4,038.00	4,400.00
445 · Office Supplies	298.64	320.00	3,213.99	4,095.00	4,400.00
446 · Office Eqpmt and Maint	280.44	500.00	6,956.77	7,100.00	10,000.00
Total Office	1,533.07	1,582.00	17,249.13	19,673.00	23,640.00
Communications					
455 · Phone, Off	838.76	600.00	6,488.28	6,400.00	7,000.00
456 · Telemetry	94.71	720.00	23,350.17	6,230.00	20,300.00
457 · Answ Serv/Cellular Phone	283.04	350.00	3,134.16	3,850.00	4,200.00
Total Communications	1,216.51	1,670.00	32,972.61	16,480.00	31,500.00
Administrative & General					
4591 · Admin Fee (Bond Admin N...	0.00	0.00	4,387.70	4,200.00	5,200.00
4590 · Bond Interest Exp - Assess...	0.00	0.00	115,907.88	121,000.00	121,000.00
417 · Capital Loan Interest	9,699.40	9,700.00	187,304.76	187,310.00	187,310.00
467 · Depreciation Reserve	25,737.00	25,737.00	369,483.00	369,483.00	395,217.00
405 · Election	0.00	0.00	0.00	500.00	500.00
406 · Liability Ins	2,686.99	2,680.00	28,484.20	27,320.00	30,000.00
420 · Legal Fees	1,400.00	1,415.00	15,400.00	15,585.00	17,000.00
422 · Bank Charges	164.35	150.00	1,567.70	1,859.00	2,000.00
423 · Litigation Contingency	0.00	2,915.00	0.00	32,085.00	35,000.00
425 · Audit	5,176.00	550.00	17,546.00	14,210.00	14,520.00
471 · Bad Debts	0.00	40.00	3,785.37	460.00	500.00
473 · Memberships	0.00	0.00	29,526.62	27,500.00	27,500.00
Total Administrative & General	44,863.74	43,187.00	773,393.23	801,512.00	835,747.00
Total Expense	146,774.98	147,281.50	1,824,171.90	1,874,253.50	2,086,900.00
Net Ordinary Income	39,667.53	53,383.50	138,426.77	-26,978.50	0.00
Net Income	39,667.53	53,383.50	138,426.77	-26,978.50	0.00

06/20/24

Aromas Water District  
**Monthly Expenditures**  
 May 16 through June 18, 2024

Date	Num	Name	Amount
US Checking 1715			
05/16/2024	EFT	QuickBooks Payroll Service	-6,941.03
05/17/2024	DD2096	Bowman (P), Naomi	0.00
05/17/2024	19814	DeAlba (P), David	-3,559.75
05/17/2024	DD2097	Giron (P), Ester	0.00
05/17/2024	DD2098	Hurst (P), Cooky	0.00
05/17/2024	DD2099	Johnson (P), Robert L	0.00
05/17/2024	19815	Smith (P), Shaun	-2,013.94
05/17/2024	E-pay	Employment Development Dept	-844.19
05/17/2024	E-pay	United States Treasury (EFTPS)	-4,469.38
05/17/2024	EFT	CalPERS	-1,151.85
05/17/2024	EFT	CalPERS	-3,233.76
05/17/2024	19816	ACWA JPIA, Emp. Ben. Prog.	-8,367.91
05/17/2024	19817	Aromas Water District (Petty Cash)	-39.76
05/17/2024	19818	C & N Tractors	-316.58
05/17/2024	19819	Monterey Bay Analytical Services Inc	-364.00
05/17/2024	19820	Shaun Smith	-53.60
05/17/2024	19821	Streamline	-126.00
05/17/2024	19822	USA BlueBook	-658.14
05/17/2024	19823	USPO	-320.00
05/17/2024	19824	Xerox Corp	-7.25
05/17/2024	EFT	Google	-21.60
05/17/2024	EFT	Intuit	-96.99
05/17/2024	Pd online	Charter Communications - Spectrum	-114.99
05/24/2024	Pd online	P G & E	-226.26
05/30/2024	EFT	QuickBooks Payroll Service	-6,980.18
05/31/2024	DD2100	Bowman (P), Naomi	0.00
05/31/2024	19825	DeAlba (P), David	-3,587.08
05/31/2024	DD2101	Giron (P), Ester	0.00
05/31/2024	DD2102	Hurst (P), Cooky	0.00
05/31/2024	DD2103	Johnson (P), Robert L	0.00
05/31/2024	19827	Smith (P), Shaun	-1,938.43
05/31/2024	E-pay	Employment Development Dept	-835.95
05/31/2024	E-pay	United States Treasury (EFTPS)	-4,445.62
05/31/2024	EFT	CalPERS	-1,150.24
05/31/2024	EFT	CalPERS	-3,332.49
05/31/2024	E-pay	United States Treasury (EFTPS)	-5.00
05/31/2024	E-pay	Employment Development Dept	-1.95
05/31/2024	19826	Smith (P), Shaun	0.00
05/31/2024	Pd online	First Bankcard	-2,610.83
05/31/2024	Pd online	ADT Security Services, Inc.	-224.19
05/31/2024	Pd online	ADT Security Services, Inc.	-192.87
05/31/2024	19828	Aromas Water District (Petty Cash)	-570.00
05/31/2024	19829	CALNET3	-94.71
05/31/2024	19830	CSSC	-133.00
05/31/2024	19831	Mid Valley Supply	-1,406.92
05/31/2024	19832	Monterey Bay Analytical Services Inc	-174.00
05/31/2024	19833	Monterey Bay Solutions, LLC	-225.00
05/31/2024	19834	Pelmar Engineering Ltd.	-1,228.95

06/20/24

Aromas Water District  
**Monthly Expenditures**  
 May 16 through June 18, 2024

Date	Num	Name	Amount
05/31/2024	19835	Rob Johnson	-50.00
05/31/2024	19836	USA BlueBook	-509.53
05/31/2024	VOID	XIO, INC.	0.00
05/31/2024	Pd online	Verizon Wireless	-94.06
05/31/2024	EFT	Bank Service Fees	-164.35
06/03/2024	Pd online	P G & E	-7,643.38
06/05/2024	19838	USPO	-68.00
06/05/2024	19839	USPO	-269.99
06/05/2024	19840	ACWA JPIA, Emp. Ben. Prog.	-8,367.91
06/05/2024	19841	C & N Tractors	-258.59
06/05/2024	19842	CALNET3	-723.77
06/05/2024	19843	Monterey Bay Analytical Services Inc	-676.00
06/05/2024	19844	Pavletic Consulting, LLC	-845.00
06/05/2024	19845	Recology San Benito County	-63.59
06/12/2024	19851	C.J. Brown & Company CPAs	-5,176.00
06/12/2024	19852	gWorks	-860.00
06/12/2024	19853	Monterey Bay Analytical Services Inc	-1,028.00
06/12/2024	19854	Old Firehouse Market	-1,493.60
06/12/2024	19855	Robert E. Bosso	-1,400.00
06/12/2024	19856	Streamline	-126.00
06/12/2024	Pd online	Google	-21.60
06/12/2024	Pd online	Charter Communications - Spectrum	-114.99
06/13/2024	EFT	QuickBooks Payroll Service	-7,925.21
06/14/2024	19846	DeAlba (P), David	-3,520.05
06/14/2024	DD2105	Giron (P), Ester	0.00
06/14/2024	DD2106	Hurst (P), Cooky	0.00
06/14/2024	DD2107	Johnson (P), Robert L	0.00
06/14/2024	19847	Smith (P), Shaun	-1,970.32
06/14/2024	DD2104	Bowman (P), Naomi	0.00
06/14/2024	DD2108	Capron (P), Seth	0.00
06/14/2024	19848	Holman (P), Wayne R	-243.65
06/14/2024	DD2109	Morris (C), Vicki	0.00
06/14/2024	DD2110	Norton (P), K W	0.00
06/14/2024	DD2111	Powers (P), Timothy W	0.00
06/14/2024	EFT	CalPERS	-3,240.52
06/14/2024	EFT	CalPERS	-1,176.73
06/14/2024	E-pay	Employment Development Dept	-846.73
06/14/2024	E-pay	United States Treasury (EFTPS)	-4,638.44
06/14/2024	19849	Hurst (P), Cooky	-297.35
06/14/2024	19850	Hurst (P), Cooky	-747.19
06/14/2024	E-pay	Employment Development Dept	-26.18
06/14/2024	E-pay	United States Treasury (EFTPS)	-341.28
Total US Checking 1715			-116,992.40
<b>TOTAL</b>			<b>-116,992.40</b>