

4. ALDERCROFT HEIGHTS COUNTY WATER DISTRICT

AGENCY OVERVIEW

The Aldercroft Heights County Water District (AHCWD) was formed in 1958 as an independent special district. It provides retail water services to residents of a rural unincorporated area within the Santa Cruz Mountains. A water service review for the District was last conducted in 2005.

The principal act that governs the District is the County Water District Law.⁴⁴ The principal act empowers the District to “store water for the benefit of the district, conserve water for future use, and appropriate, acquire, and conserve water and water rights for any useful purpose.”⁴⁵ Districts must apply and obtain LAFCO approval to exercise latent powers or, in other words, those services authorized by the principal act but not provided by the district at the end of 2000.⁴⁶

Type and Extent of Services

Services Provided

AHCWD provides retail water services to its residents. The District’s service area is entirely residential, although some property owners have micro-vineyards and other large landscape areas on their properties. The District does not have a water conservation program, as customers reportedly minimize water use, due to the relatively high water rates.

The District relies on local surface water for its supply. It pumps water directly from Los Gatos Creek under an agreement to purchase water from the San Jose Water Company (SJWC), which holds pre-1914 water rights to the creek.

Service Area

The District serves the entirety of the area within its bounds with the exception of five lots with private wells and two undeveloped lots.

⁴⁴ California Water Code §30000-33901.

⁴⁵ California Water Code §31021.

⁴⁶ Government Code §56824.10.

The District reports that it is serving one connection outside of its bounds located at 20900 Panorama Heights Road. Following the Loma Prieta earthquake, the District needed additional land to replace a storage tank that had been destroyed. The District reported that the owner of this property at the time traded the District land for the tank in exchange for a residential connection to the District's system. The connection was added sometime in 1991, prior to 1994, when State law first required LAFCO approval to extend services outside of bounds. The property was later sold and the lot lines adjusted. The property receiving water, as redrawn, is adjacent to but just outside the District's boundaries. Water service to the property continued with the agreement that the property owner would annex into the District at some point. The property has not yet been annexed into the District. The District is not presently receiving property tax revenue from this parcel.

Services to Other Agencies

The District does not provide services to other agencies by contract.

Contracts for Water Services

The District does not receive any water services from other agencies via contract; however, three contract employees manage the operation and administration of AHCWD.

Collaboration

AHCWD participates in the Santa Clara County Fire Safe Council. The District's role is to assist with the chipping program.

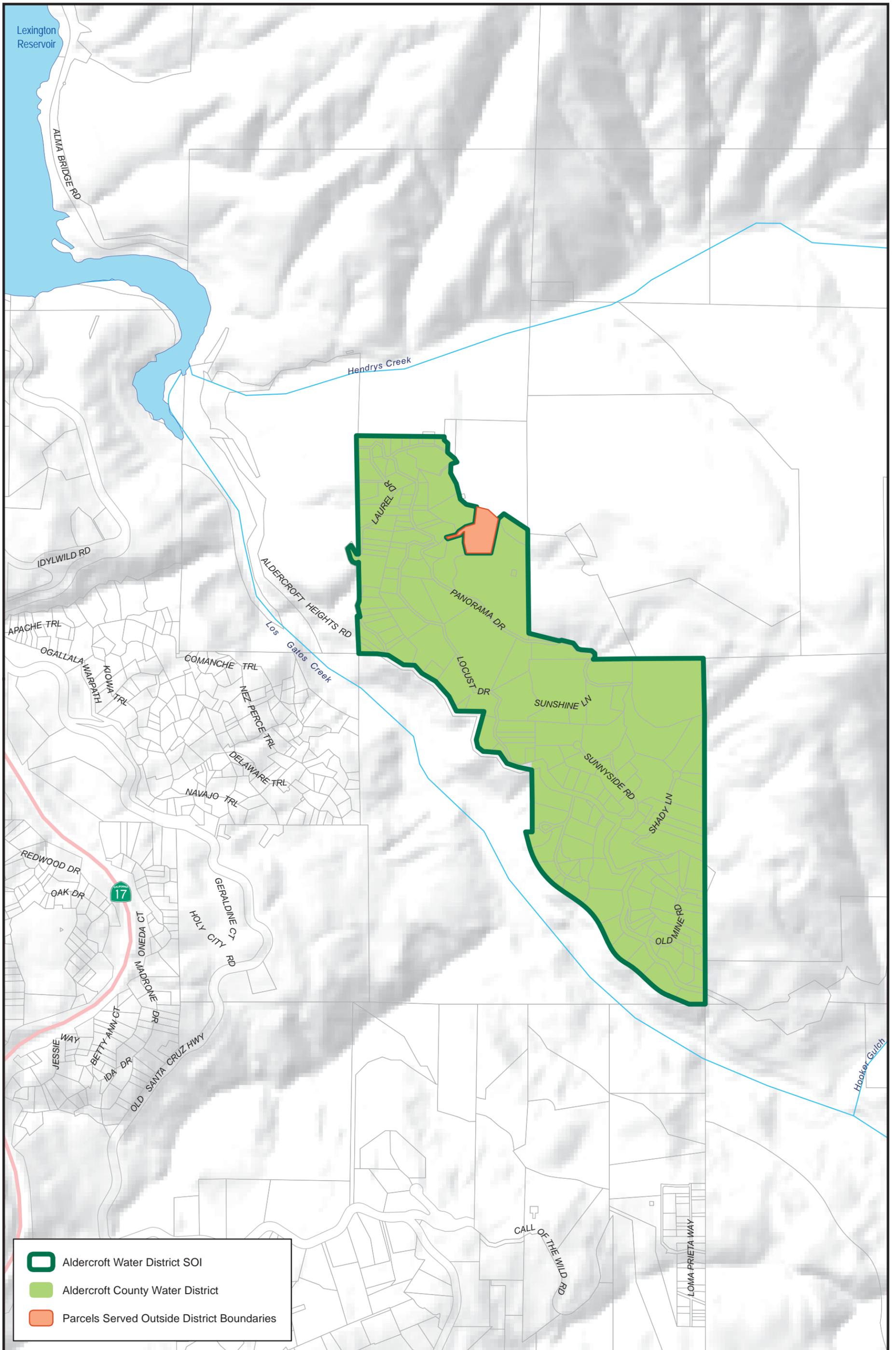
Boundaries

The District's boundary is entirely within Santa Clara County. The present bounds encompass approximately 2.5 square miles on the western edge of Santa Clara County in the vicinity of the Lexington Reservoir. This area is within the Guadalupe Watershed Area as defined by SCVWD.

Sphere of Influence

The District's SOI is coterminous with its boundaries and was last updated in 2007.

Figure 4-1



ACCOUNTABILITY AND GOVERNANCE

AHCWD is governed by a five-member Board of Directors. The board members serve four- or two-year terms. There are currently five board members, all of which were elected. The board members do not receive any compensation. There have been no contested elections in recent years. Current board member names, positions, and term expiration dates are shown in Figure 4-2.

The Board meets on the first Thursday of every month at Lexington School at 6:30 in the evening. Agendas are posted on the bulletin board at the storage tank and on a telephone pole within the District's boundaries. Minutes are available upon request and are emailed to a distribution list.

Figure 4-2: AHCWD Governing Body

Aldercroft Heights County Water District				
<i>District Contact Information</i>				
Contact:	Kim Gardner, Business Manager			
Address:	20895 Panorama Drive, Los Gatos, CA 95033			
Telephone:	408-353-4395			
Email/website:	aldercroft_hcwd@yahoo.com			
<i>Board of Directors</i>				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Deirdre Daur	President	December-11	Elected	4 years
Victoria Pearce	Director	December-11	Elected	4 years
Melissa Zender	Director	December-11	Elected	4 years
Celia Francis	Director	December-13	Elected	4 years
Tracy Avent	Director	December-13	Elected	4 years
<i>Meetings</i>				
Date:	First Thursday of every month at 6:30pm.			
Location:	Lexinton School at 19700 Old Santa Cruz, Los Gatos, CA 95033			
Agenda Distribution:	Posted on bulletin board at the tank and on telephone pole.			
Minutes Distribution:	Available upon request and emailed to the distribution list.			

In addition to the legally required agendas and minutes, the District periodically provides information to its constituents in monthly bills. Through its participation in the Fire Safe Council, AHCWD promotes the chipping program by placing promotional signs around the community. When changing connections and pipes in certain sections, the District informs all constituents who are directly impacted by these activities. The District does not maintain a website where information is made available to the public.

If a customer is dissatisfied with the District's services, that customer may write a letter to the Board of Directors, raise the issue at a board meeting, call the office, or email the business manager. The business manager is responsible for addressing complaints; they are also discussed at board meetings. The District reported that there were no complaints filed in calendar year 2010.

AHCWD demonstrated accountability and transparency in its disclosure of information and cooperation with Santa Clara LAFCO. The District responded to the questionnaires and cooperated with the document requests.

MANAGEMENT AND STAFFING

Daily operations of the District are managed by the business manager. In addition, there are two other employees—a water operator and legal counsel. All three employees are contractors. The District has a total of one full-time equivalent (FTE) staff, of which half of an FTE is dedicated to water treatment and distribution services.

The District does not perform formal evaluations of its employees. Contractors are usually informed during the budget process that they may submit any requests for changes in their contracts at that time. The agency tracks the employees' workload through work logs. The water operator keeps an activity log; and the business manager keeps mail and phone logs. The District reported that keeping these logs and monitoring staff activities help the District address issues promptly when they arise.

The District's operations and productivity are evaluated informally during the annual budget review process and following the annual audit. Any necessary changes are made and financial audit recommendations are implemented at that time.

To improve the District's operational efficiency, a water main replacement program was implemented. Prior to this program, AHCWD had a water loss rate of 30 to 40 percent, which is significantly higher than industry standards. The District replaced mains over a year and a half period, installed additional meters and replaced about 80 percent of the existing ones. The water main replacement program resulted in a decrease of water loss to about 10 to 20 percent.

The District's financial planning efforts include an annually adopted budget. Financial statements are typically audited on an annual basis; however, recently the audits have been bi-annual, as the District is in the process of transitioning to another auditor. The District does not adopt other planning documents, such as a capital improvement or master plan.

County water districts are required to complete annual audits per the district enabling act.⁴⁷ Additionally, all special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.⁴⁸ In the case of AHCWD, the District must submit audits annually. The District has failed to submit its audit to the County for FY 09-10 within the required 12 month period.

⁴⁷ California Water Code §30540.

⁴⁸ Government Code §26909.

POPULATION AND PROJECTED GROWTH

The District has a system that serves 117 connections. Based on an average household size throughout the County of 2.98 people,⁴⁹ the estimated population of AHCWD is 349.

The District reported that it had observed little change in the level of service demand in the last few years. In fact, due to mild weather, demand has slightly decreased in recent years.

The population within the service area is stable and the District anticipates little or no growth in population and similarly in service demand within the District's bounds in the next few years; however, no formal population projections have been made by the District. Additionally, SJWC, on which the District is dependent for its water supply, does not request projections from AHCWD. The District reported that it does not anticipate any constraints in water supply to serve existing and near-term demand, as the only limit to the water available to the District is the capacity constraints of the system itself.

There are currently only two undeveloped lots left within the District's boundary. Another previously vacant lot has recently been developed with a private well. The topography of the District is almost entirely hillsides; and the steepness naturally limits the number of parcels that are developable.

Geographically, the only potential to expand the District's services outside of its boundary is to start serving the Lupin Naturalist Club. It is located in the District's vicinity, but is not adjacent to the District's bounds. Currently the Club, that was originally formed as a campground, but now has some full-time residents, provides its own water. However, water is presently being trucked into the area as the wells, their only on-site source of water, are essentially producing no water at this time. The only potable water supply is trucked water by the certified hauler Bay Area Water. With the recent rains and irrigation usage stopped, their storage is slowly rebounding. AHCWD reports that it is not looking to expand at the moment.

⁴⁹ U.S. Census Bureau, American Community Survey, 2009.

FINANCING

Financial Adequacy

The District reported that the current financing level is generally sufficient to provide an adequate level of service. Rates are evaluated annually and increased as needed by the Board. The District reported an increase in late payments and 10-day turn off notices, as a result of the recession; however, revenue has remained relatively stable. Also as a result of the recent recession, a private company was renting property from the District, but has returned it, resulting in a slight decrease in revenue sources. Although the District has experienced relatively little impact from the recession, the District has made efforts to minimize costs and maximize efficiency by lowering energy costs, through time-of-use meters and maximizing use of the water system during non-peak hours, and switching to a risk pool to reduce insurance costs.

Revenue Sources

The District maintains three accounts to track revenues and expenditures. Two of the accounts are for operating expenses and the third account is a capital reserve savings account.

In FY 09-10, the District received a total of \$179,274 in revenue. The AHCWD's primary source of revenue is water sales (\$170,220 in FY 09-10); it also receives a small portion of revenue from interest on investments (\$190 in FY 09-10). Additionally, the District receives a small portion of its revenue from property tax. The District generally elects to leave this revenue with the County until the balance is high enough to warrant transferring it into a money market fund. In FY 09-10, the District received \$8,865 in revenue from property taxes (less the eight percent that was borrowed by the State).

The District charges rates for water services provided. Rates were last updated in 2007 and are evaluated annually. Rates are structured to cover all anticipated operating and capital costs. Currently, the District charges \$100 per month for the first 400 cubic feet of water. Seniors are charged \$80 per month for the first 400 cubic feet of water. For every 100 cubic feet in excess of the first 400 cubic feet, customers are charged \$14 per 100 cubic feet.

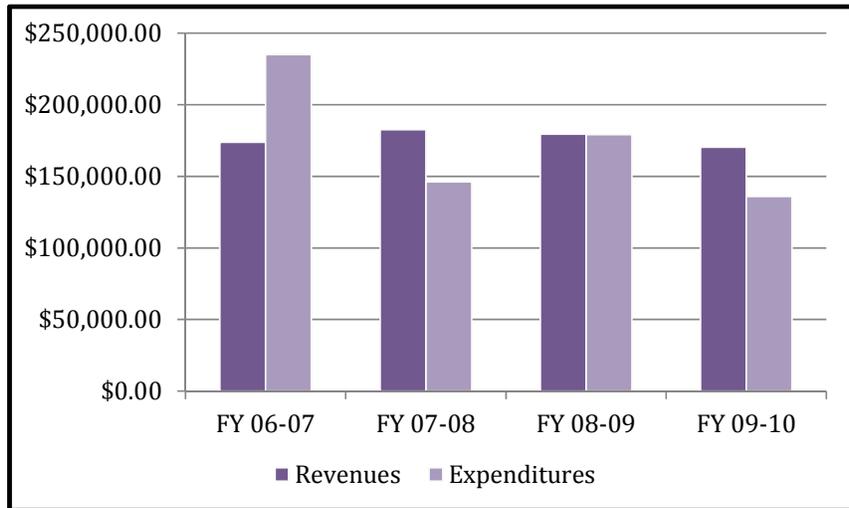
Expenditures

In FY 09-10, the District spent a total of \$135,882. Primary expenses in FY 09-10 were contract payments to the operator (21 percent), billing (19 percent), debt repayment (17 percent), purchased water (13 percent), and capital expenditures (eight percent).

The District purchases water from the San Jose Water Company. AHCWD is currently paying a rate of \$2.3933 per 100 cubic feet (CCF) plus a \$180.52 monthly meter charge.

Figure 4-3: Expenditures and Revenues (FYs 07-10)

District expenditures and revenues over the last four fiscal years are shown in Figure 4-3. Revenues peaked in FY 07-08, and have slightly declined since then. With the exception of FY 06-07, revenues have exceeded district expenditures.

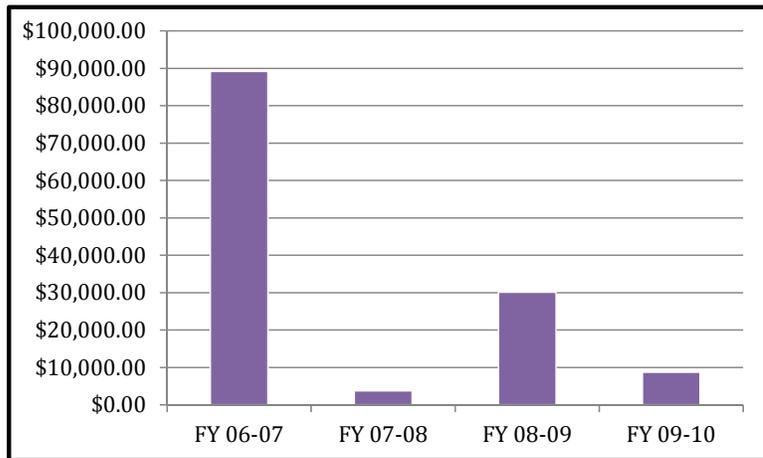


Capital Outlays

The District does not plan for capital improvement needs through a formal multi-year capital improvement plan, but plans annually during the budget process. The District uses a “pay as you go” approach, financing the majority of infrastructure projects out of reserves. The District has also taken out a loan to finance previous capital improvement projects.

Figure 4-4: Capital Outlays and Depreciation (FYs 07-10)

The District does not estimate annual depreciation. Once an audited financial statement is completed by the District, a comparison of the District’s capital expenditures to the depreciation on the District’s assets can be evaluated. In lieu of depreciation, only the District’s capital expenditures over the last four fiscal years are shown in Figure 4-4. The District appears to invest in its water system as needs and funding are identified.



Long-term Debt

The District currently has long-term debt in the form of a loan that was used to finance a new tank. The District’s annual payments are \$28,571. The loan is anticipated to be paid off by 2021.

Reserves

The District maintains three separate reserve accounts—one for capital needs and two as emergency and operating reserves. AHCWD has an informal practice of putting aside \$10 per account per month for capital improvement purposes. At the end of FY 09-10, the District had a balance of \$114,657 in its capital improvement reserve account. Operating and emergency reserves totaled \$66,727, at the end of FY 09-10, which equates to approximately six months of operating expenditures.

WATER SUPPLY

AHCWD relies on local surface water supplies obtained from Los Gatos Creek through an agreement with the San Jose Water Company, who holds the pre-1914 water rights to this supply. The District’s purchased water supplies are shown in Figure 4-5. Raw water supplies purchased from San Jose Water Company are not fixed in agreement, but the purchased quantities have been consistent from year to year. The maximum water supply available to AHCWD in any given year is determined by the maximum flow of the two meter connections at the creek, which have a combined capacity of 320 gallons per minute (gpm) or 460,800 gallons per day(gpd).⁵⁰

Figure 4-5: AHCWD Water Supplies

Supply Source	Total Water Supplies (AF)
Surface Water from Los Gatos Creek	516

The District also has two springs (County Road Spring and Road 2A Spring) that act as standby water sources. The springs are considered groundwater under the influence of surface water. There has never been analysis to determine the firm yield of the springs; however, the District reported that as the flow from the springs is minimal, and they are most likely not practicably useable as a regular water source. The Board has chosen to maintain the springs as a backup water supply for emergency situations.

Emergency Preparedness

Water Supply Hazards

The District experienced substantial infrastructure issues following the 1989 Loma Prieta earthquake. The District is making efforts to ensure that the water system is seismically sound, by replacing water storage tanks as necessary.

⁵⁰ Correspondence with Tom Victorine, SJWC Director of Operations, August 1, 2011.

Emergency Water Supply

Emergency backup supply is provided by above-ground water storage tanks. The District's current storage capacity is equal to more than 14 days of maximum day demand, which is considered more than adequate.

Interties and Back-up Supply

The District does not have an intertie with other water systems. The District does have two springs which are on standby and could be used as a back-up water supply; although there is presently no connection to the springs and the flow from the springs is minimal.

WATER DEMAND

The District's current and projected annual water demands to buildout are not expected to change. The District purchases quantities that meet their annual demands. Seasonal variability, however, is high with average day demand of 14,000 gpd throughout the year and max day demand of 25,000 gpd in the summer. With 117 residential connections serving approximately 349 residents as of 2011, the water demands of the District are modest and are not expected to increase in the future.

WATER INFRASTRUCTURE AND FACILITIES

The District owns and operates one treatment facility, five storage tanks, and 3.6 miles of distribution system. Water is pumped from the Los Gatos Creek up to the treatment facility, and then stored at one of the five storage tanks. The system is primarily gravity fed. Pump stations are located on the Los Gatos Creek and Aldercroft Heights Road to pump raw water into two storage tanks and the treated water into three storage tanks.

Since 2005, the District has completed significant infrastructure improvements to the system, including replacement of the largest storage tank, installation of additional pipeline to complete a "fire ring" and refurbishment of the water treatment facility.

Water Treatment Facilities

The treatment facility was built in 1992 and is located on Panorama Heights Drive in Los Gatos. The treatment plant consists of a clarifier and a sand and anthrocyte charcoal filter. During DPH's most recent inspection of the system in 2008, the inside walls of the treatment system were found to be extremely rusted and the inside and outside of the neighboring tank was corroded. The District subsequently completed a refurbishment of the facility in 2009, which included replacing the control boards of the computer system, replacing the media material for the clarifier and filter, and recoating the storage tank adjacent to the facility. The treatment facility was identified by the District as being in excellent condition.

The treatment facility has a permitted capacity of 50,000 gpd. Based on the District's average daily demand of 14,000 gpd, approximately 28 percent of the facility's capacity is in use. During periods of maximum day demand (25,000 gpd), the District uses 50 percent of the facility's capacity.

Water Storage Facilities

The District has five storage tanks with a combined capacity of 362,000 gallons. The Pollard tank was constructed in 2006 and has a capacity of 212,000 gallons. The tank is considered to be in excellent condition. The 100,000-gallon Rothchild tank was constructed in the late 1990s and is reportedly in good condition. The Y tank is approximately 60 years old, but was refurbished in 2005. It is a 30,000-gallon in-ground tank with a liner and a roof, and is reportedly in good condition. There are two 10,000-gallon County Road tanks, which were both acquired in 1992 and are considered to be in good condition. The County Road tanks store raw water, while the other tanks store treated water.

Conveyance and Distribution Facilities

The total distribution system is composed of 3.6 miles of PVC pipelines. There are two pump stations and three pressure zones. All connections are metered.

Approximately, 85 percent of the pipelines were replaced following the 1989 earthquake. The District has also undertaken capital improvement projects in the past few years to improve system pressure and reliability for fire flow. The District's engineer recommended completing a "fire ring", so that all pipes in the system could be connected together to provide sufficient pressure for fire flow. The District completed the fire ring as recommended by the engineer in 2007 by installing additional pipeline. The system is now considered to be in good condition. As the system is relatively new, the District has not implemented a routine replacement schedule.

The distribution system's integrity is indicated by the District's rate of distribution loss and number of breaks and leaks in 2010. The District estimates that there is between 10 and 20 percent unaccounted for distribution loss from the point of treatment to the delivery point to each of the connections. There were no main breaks or leaks in 2010.

Infrastructure Needs

The District reported that it had made significant improvements to the water system over the last five years, and therefore, there are no further infrastructure needs or deficiencies that need to be addressed in the short-term. The District does anticipate that the Rothchild tank will eventually need to be replaced as it is aging and may be more susceptible to earthquakes than the other tanks. The tank is still operational, and replacement is not presently a priority.

Additionally, the most recent DPH inspection from 2008 found that the intake pump casings were in poor condition, and that the Y Tank hypalon liners were detaching from the tank walls. The casings are rusted and chipped, exposing the raw water supply to possible sanitary hazards. The screens on the pump house are missing or torn. There was also evidence of animal visits within the pump house and next to the casings. DPH stated that the screens must be replaced immediately to prevent sanitary hazards from reaching the raw water supply.

The location and long-term viability of the Y tank is a concern to DPH. The Y tank is partially buried and located within a depression along-side the road. During a heavy storm event, sanitary hazards from the nearby road can potentially flow down toward the tank and pond around the tank sides. The only protective barrier between the contaminant and the finished water supply is the concrete wall and hypalon liners. The hypalon liners are detaching from the tank walls, and may fall off completely. DPH ordered that immediate action be taken to secure the liners to the tank walls to prevent contaminants from reaching the water supply. AHCWD was also required to apply weather stripping or other protective barriers to the tank hatches to prevent the entrance of insects, bugs and debris. AHCWD reportedly completed these projects.

Capital Improvement Plans

The District is in the midst of completing 200 feet of pipeline, which is to be completed by the fall of 2011. This project is anticipated to cost approximately \$16,000 upon completion.

The District reported that there were no planned but unfunded capital improvement projects in the near future. AHCWD has sufficient storage and fire flow, and the plant was recently refurbished.

Shared Facilities

The AHCWD is geographically isolated from other water agencies and opportunities to share facilities are limited.

The District previously leased property to Matrix Cable Vision, but the property was returned to the District. The District makes use of the elementary school for its board meetings and SJWC facilities control the flow of the creek.

The District does not see further opportunities for facility sharing. However, in order to minimize costs, the District's general approach has been to rent equipment when necessary, as it is rarely needed.

WATER QUALITY

Source Water

The Los Gatos Creek is considered to be a relatively pristine raw water source that still requires treatment. The creek is reportedly not subject to industrial pollution or particular contaminants.

According to DPH's Drinking Water Source Assessment, which evaluates the vulnerability of water sources to contamination, the District's surface source waters are susceptible to potential contamination from septic tanks and transportation corridors.

Treated Water

Quality of treated water can be evaluated according to several measures. For the purposes of this report, the following indicators are used: the number of violations as reported by the EPA since 2000, the number of days in full compliance with Primary Drinking Water Regulations in 2010, and any deficiencies identified by DPH as prioritized health concerns.

According to the EPA Safe Drinking Water Information System, AHCWD has had no health or monitoring violations within the last 10 years with regard to its water treatment system.

AHCWD was not out of compliance with Primary Drinking Water Regulations throughout 2010.

Overall, in 2008, DPH found that the system was generally in good condition and operated by conscientious staff. In addition to the infrastructure deficiencies outlined under the Infrastructure section of this chapter, DPH identified several operational concerns regarding the District's system and operating plans. The District reported that it had completed or initiated these changes required by DPH. DPH made the following requirements:

- ❖ As the District's annual test for TTHM and HAA5 was overdue, the District was required to collect and analyze a TTHM and HAA5 sample by September 30, 2008.
- ❖ AHCWD must measure the flow rates through the raw and finished water turbidimeters, at a minimum of once per quarter and report the flow rates to the Department.
- ❖ AHCWD must document all turbidity validation test dates and results within a log
- ❖ AHCWD must immediately work with the manufacturer on determining the appropriate backwash flow rate and duration that will ensure optimal removal of

particles from the filter media but at the same time not agitate the media bed so much that the media itself will be removed along with the backwash water.

- ❖ AHCWD needs to incorporate into its Operations Plan, a filter surveillance program.
- ❖ The District must initiate a cross connection control program.
- ❖ AHCWD must develop and submit to the Department a water main flushing and valve maintenance plan.
- ❖ AHCWD must accurately record all activities related to the operation of the Trimate WTP and AHCWD distribution system. The records should provide the operators as well as others a running account of operations.

ALDERCROFT HEIGHTS COUNTY WATER DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- ❖ The estimated population of AHCWD is 349.
- ❖ No or minimal future growth is anticipated within the District, as there are only two vacant developable lots left within the District's boundary. The topography of the District is almost entirely hillsides; and the steepness naturally limits the number of parcels that are developable. Additionally, there is little potential for growth through expansion of the District.
- ❖ Similar to other providers, the District has experienced a slight decrease in water use due to mild weather.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ The District appears to have more than adequate water supply to serve existing and near-term demand, as the limit to the water available to the District is the capacity constraints of the system infrastructure itself.
- ❖ The District has sufficient system capacity. On average, approximately 28 percent of the District's treatment capacity is in use and 50 percent during maximum day demand.
- ❖ The District has significant water storage to weather a short-term water outage, but no feasible back up water supply or interties with other purveyors for extended water interruption.
- ❖ The primary infrastructure need related to the AHCWD is the replacement of a storage tank to enhance seismic safety. As this tank is still functional, the District identified this as a long term replacement goal.
- ❖ California Department of Public Health identified several infrastructure deficiencies and operational issues during its most recent inspection. The District has addressed these concerns.
- ❖ AHCWD provides high quality water based on district compliance with drinking water regulations, a lack of health and monitoring violations since 2000, and timely thorough district response to California Department of Public Health infrastructure and operational concerns.

- ❖ District management methods appear to generally meet accepted best management practices, although there are areas where improvements could be made. The District prepares a budget before the beginning of the fiscal year, regularly evaluates rates and fees, tracks employee and district workload, and has an established process to address complaints. District audits have been sporadic. The District could improve upon completing regular audits in a timely fashion. District financial records are not comprehensive. The District could enhance transparency, by ensuring that all revenue sources are shown on statements.
- ❖ The District has failed to submit its annual audit to the County for FY 09-10 within the required 12 month period. AHCWD could improve upon transparency and accountability by submitting annual audits within the legally required time frame.

Financial Ability of Agency to Provide Services

- ❖ AHCWD has experienced a slight decline in revenues over the last few years as a result of late payments and loss of property rental income; however, current financing levels are generally considered adequate to provide services. Rates are evaluated annually and increased as needed to cover operating and capital expenditures. The District maintains sufficient reserves to cover contingencies.
- ❖ The District appears to invest in its water system as needs and funding are identified. The District does not produce or adopt a capital improvement plan, which may be used to identify timing and funding for the projects. It is recommended that all water agencies have a multi-year capital improvement program.
- ❖ Although the District has experienced relatively little impact from the recession, the District has made efforts to minimize costs and maximize efficiency by lowering energy costs, through time-of-use meters and maximizing use of the water system during non-peak hours, and switching to a risk pool to reduce insurance costs.

Status and Opportunities for Shared Facilities

- ❖ The Aldercroft Heights County Water District is geographically isolated from other water agencies and opportunities to share facilities are limited. Present facility sharing practices consist of using the elementary school for board meetings and SJWC facilities that deliver water to the District.
- ❖ The District does not see further opportunities for facility sharing.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ Accountability is best ensured when contested elections are held for governing body seats, constituent outreach is conducted to promote accountability and ensure that constituents are informed and not disenfranchised, and public agency operations and management are transparent to the public. AHCWD appears to generally be accountable to the public based on these indicators; however there have been no recent contested elections indicating a lack of constituent interest in district activities.
- ❖ It is recommended that AHCWD, as a public agency, maintain a website where information can be made available to the public.
- ❖ A governance structure option is for AHCWD to annex the parcel that it is presently serving outside of its boundaries, which would promote logical boundaries.

ALDERCROFT HEIGHTS COUNTY WATER DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

The District's SOI is coterminous with its boundaries. The SOI was last updated in 2007.

Recommended Sphere of Influence Boundary

AHCWD is presently providing services to a single residential connection outside of its boundaries located at 20900 Panorama Heights Road (APN 558-22-019). The connection was added in 1991 under the agreement that the property would eventually annex into the District. The District is not presently receiving property tax revenue from this parcel.

It is recommended that the District's Sphere of Influence be expanded to include this single parcel. This Sphere of Influence would promote logical boundaries. There are no other areas where the District plans or intends to provide services outside of its bounds.

Proposed Sphere of Influence Determinations

Present and planned land uses in the area, including agricultural and open-space lands

The District's service area is entirely residential, located in a rural, unincorporated area within the Santa Cruz Mountains. No land use changes are anticipated.

There are currently only two undeveloped lots left within the District's boundary. Another previously vacant lot has recently been developed with a private well. The topography of the District is almost entirely hillsides; and the steepness naturally limits the number of parcels that are developable.

Present and probable need for public facilities and services in the area

There is a clear and present need for AHCWD domestic water services within the existing service area, as shown by demand for water services. The District serves a developed area, and water services are needed to serve the existing 117 residential connections. The District serves the entirety of the area within its bounds with the exception of five lots with private wells and two undeveloped lots. The present need for water service in the community is currently being met solely by the District.

There is a probable need for continued AHCWD domestic water services within the existing bounds at a level similar to existing demand. No or minimal population growth is anticipated within the District's bounds over the long-term, as the community is largely built out. There is little potential for growth through expansion of the District as well, as topography limits developable lots.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The District appears to have more than adequate water supply from San Jose Water Company to serve existing and near-term demand, as the limit to the water available to the District is the capacity constraints of the system infrastructure itself. The District has sufficient system capacity, as only 50 percent of the treatment capacity is in use during maximum day demand. The District has sufficient water storage to supply 14 days of water during maximum usage periods, which is considered more than adequate.

Water facilities and services appear to be adequate based on State inspection reports, recent regulatory compliance, and management methods. The primary infrastructure need related to the AHCWD water system is the replacement of the Rothchild Tank to enhance seismic safety and emergency preparedness. It is recommended that the District initiate formal capital planning and enhance transparency by making available comprehensive financial information and regular timely audits.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

The residents and landowners within the Aldercroft Heights community have an economic interest in the services provided by the District as the District is funded through a portion of the one-percent property tax and water rates. The SOL update will not affect the existence of any social or economic communities of interest in the area that are relevant to the District.

The nature, location, extent, functions, and classes of services provided

The present AHCWD bounds encompass approximately 2.5 square miles on the western edge of Santa Clara County in the vicinity of the Lexington Reservoir. AHCWD provides retail water services to its residents. The District's service area is entirely residential, although some property owners have micro-vineyards and other large landscape areas on their properties. The District does not have a water conservation program, as customers reportedly minimize water use, due to the relatively high water rates.