

Public Hearing Draft

# Central Water District Service and Sphere of Influence Review



July 2017



Local Agency  
Formation Commission  
of Santa Cruz County  
701 Ocean Street, Room 318D  
Santa Cruz CA 95060

## PROJECT

**Project Name:** 2017 Service and Sphere Review for the Central Water District

**Prepared By:** Ralph Bracamonte  
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Central Water District  
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**Date:** July 12, 2017

## PURPOSE OF SERVICE REVIEW

The purpose of a service review, sometimes called a “municipal service review” or “MSR”, is to provide a comprehensive inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities, districts, and service areas. A service review evaluates the structure and operation of an agency and discusses possible areas for improvement and coordination. A service review is used by LAFCO when updating a sphere of influence, and can be used by the subject agencies when considering changes in their operations.

A written statement of determinations must be made in the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged communities within or contiguous to the agency's sphere of influence.
3. The present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including need or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the agency's sphere of influence.
4. The financial ability of agencies to provide services.
5. The status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

#### PURPOSE OF SPHERE OF INFLUENCE

A "sphere of influence" is defined in state law to be a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO in county where the agency is based. The sphere of influence is adopted and amended by LAFCO following a public hearing. The sphere action includes a map, determinations, and a resolution, which may contain recommendations and implementation steps specific to the agency. State law requires LAFCO to make determinations upon the following subjects:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For a city or district that provides sewers, water, or structural fire protection, the present and probable need for those services in any disadvantaged unincorporated communities within the existing sphere of influence.

State law requires that all boundary changes (annexation, detachment, consolidation, dissolution, etc.) be consistent with LAFCO's policies and the adopted sphere of influence of the subject agency.

## EXECUTIVE SUMMARY

LAFCO periodically performs municipal service reviews<sup>1</sup> and updates, as necessary, the sphere of influence of each agency subject to LAFCO's boundary regulation. A "sphere of influence" is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze the Central Water District. The main conclusions of this report are:

1. The District shares two aquifers with other groundwater users. Both the Purisima and the Aromas Reds Sands aquifers are overdrafted and are either experiencing saltwater intrusion, or are at risk of saltwater intrusion.
2. The District's customers responded to the drought of 2012 - 2016 with significant conservation efforts.
3. The District is working with regional partners to address long-term sustainability of the regional groundwater resources.
4. The District has an adequate water supply, and is addressing infrastructure repairs and upgrades through its capital improvement program.
5. No sphere of influence amendments are needed at this time.



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<sup>1</sup> Government Code Section 56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). The last service review of the Central Water District was prepared by LAFCO in 2005: <http://www.santacruzlafco.org/wp-content/uploads/2016/02/Whole-Public-Review-Draft.pdf>

## AGENCY PROFILE

### Central Water District

#### Board of Directors

Name	Title	Year of First Service on the Board	Date of Term Expiration
Frances Basich Whitney	President	2014	2018
Robert Marani	Vice Chair	2014	2018
John Bencich	Director	2012	2020
Robert Postle	Director	2002	2020
Marco Romanini	Director	2017	2018

**Regular Meetings:** The Board of Directors meetings are held on third Monday at 7:00 p.m. at the District Office, 400 Cox Road, Aptos.

**District Manager:** Ralph Bracamonte, [admin@centralwaterdistrict.us.com](mailto:admin@centralwaterdistrict.us.com)

**Address:** 400 Cox Road, Aptos, CA 95003

**Phone:** (831) 688-2767

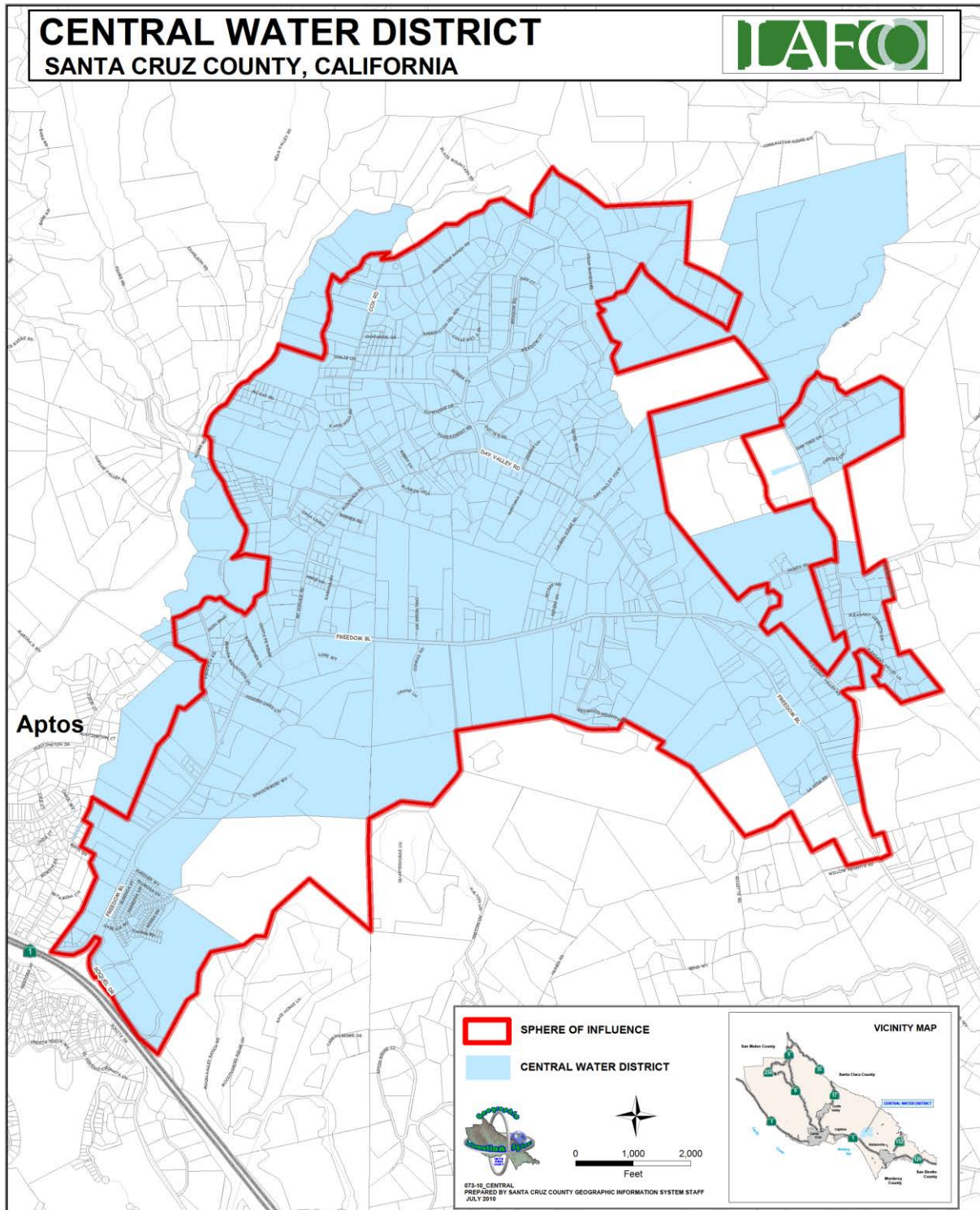
**Website:** [www.centralwaterdistrict.us.com](http://www.centralwaterdistrict.us.com)

Services provided by the Central Water District:

Central Water District 2017 Service Review Services Currently Being Provided by the Central Water District		Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled Water	Agricultural Water	Groundwater Replenishment	Water Conservation Programs
Central Water District		•		•		•		•

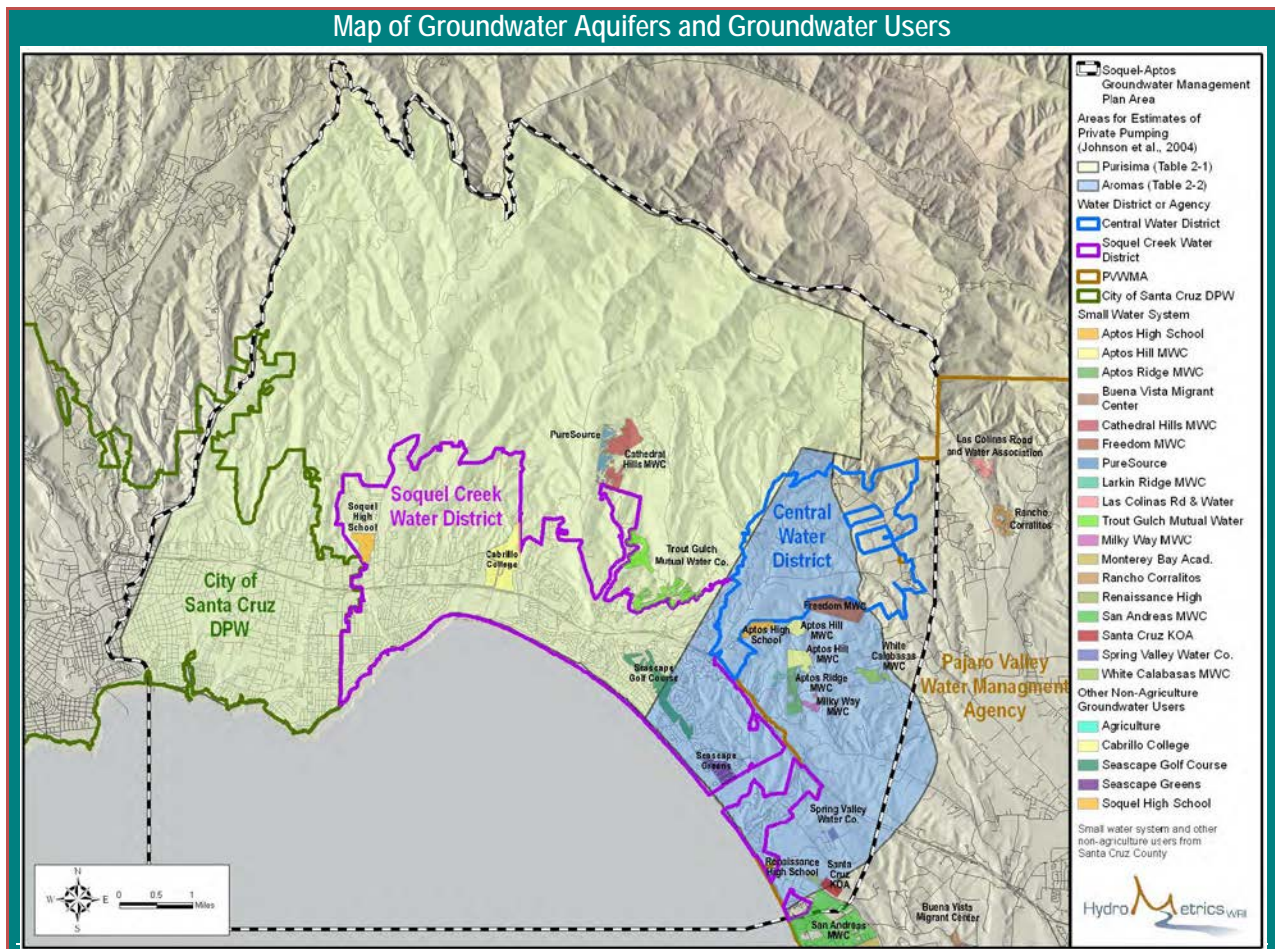


Link to [Central Water District](#) map:



The “Central County Water District” was formed in 1950 and operates pursuant to the County Water District Act, which starts at Water Code section 30000. Following a bond election, initial capital of \$140,000 was raised on July 1, 1953 with the bonds to be paid off in 1990. In 1953, the District purchased the Valencia Water Works, and the District had 80 customers. The District raised additional capital in 1978 by taking out a California Safe Drinking Water loan. In 1980, the name of the District was changed to the Central Water District.

The Central Water District serves five square miles of suburban and rural Aptos. The main roads in the District are Freedom Boulevard, Day Valley Road, Cox Road, Pleasant Valley Road, Hames Road, and Valencia Road. There are currently 815 customers. The District’s water sources come from three wells in the Aromas Red Sands and Purisima aquifers. The District has two interties with the Soquel Creek Water District and cooperates in water planning as a member of the Santa Cruz Mid-County Groundwater Management Agency. [Link to map](#) below:



Source: Soquel-Aptos Area Groundwater Management Annual Review and Report, Water Year 2014, Hydrometrics WRI



The water sources for the Central Water District come from three wells in two aquifers.

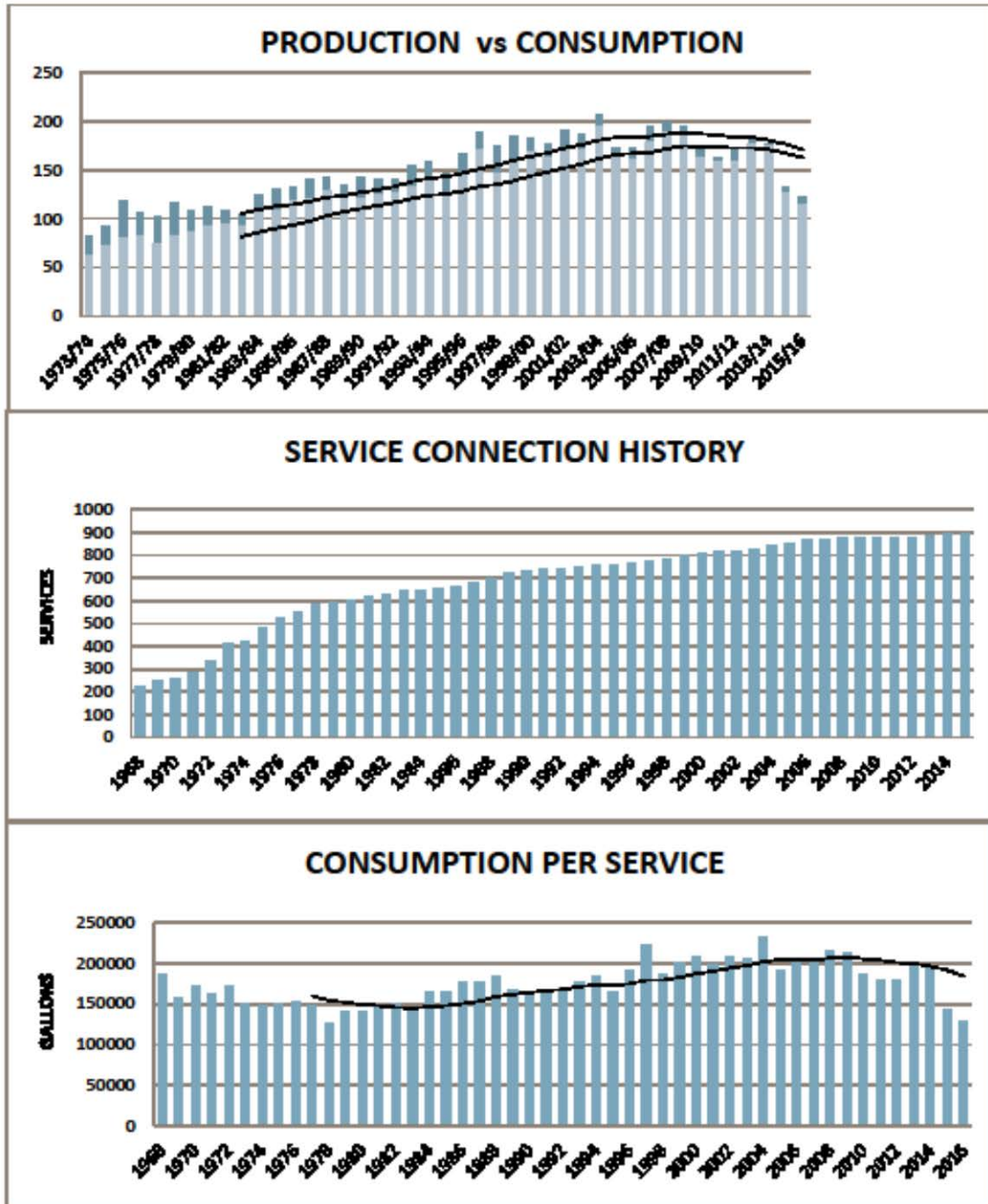
Link to [Well Production charts](#) below:

## Well Production

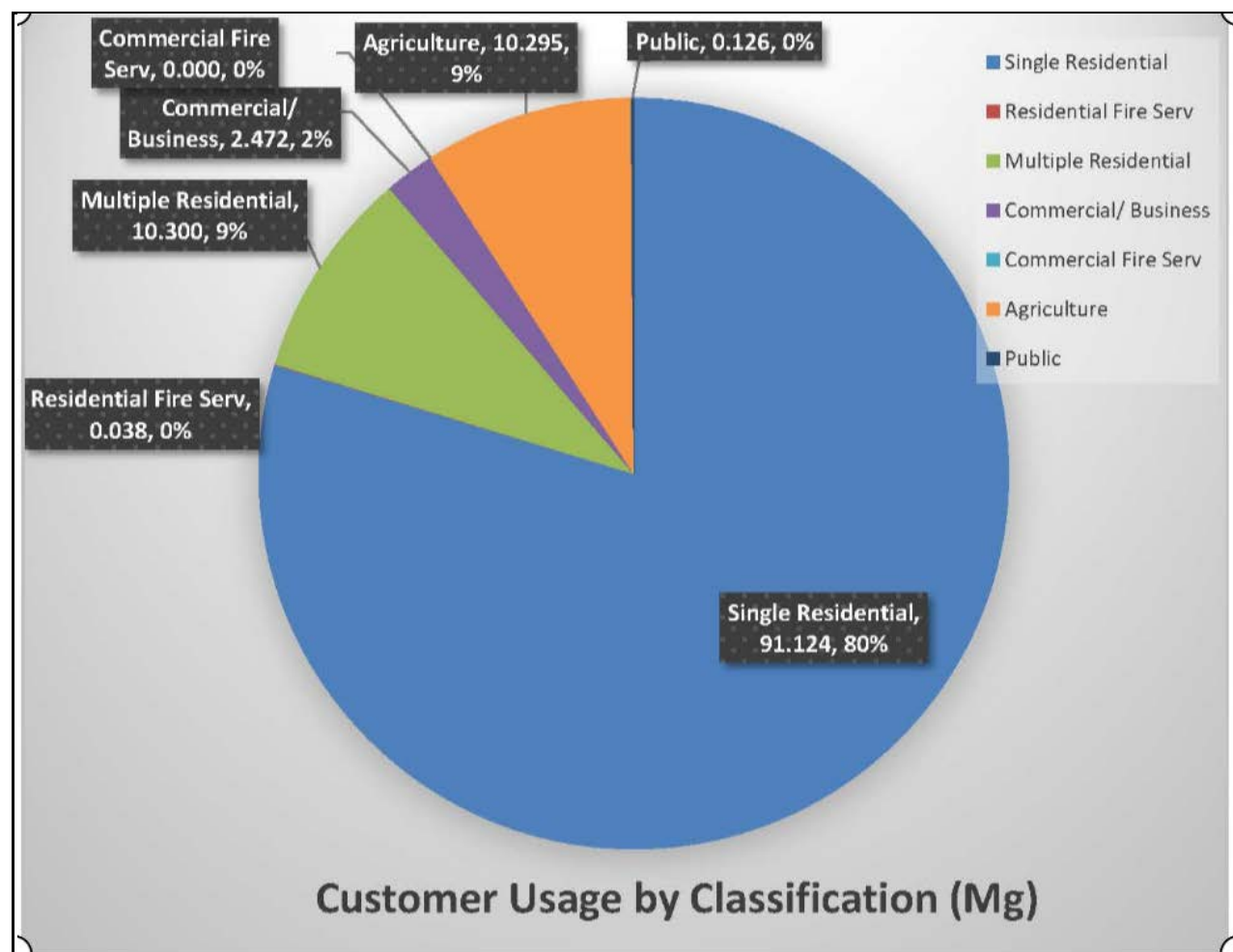




The number of connections grew rapidly from 1960 to 1980, slowly from 1980 to 2005, and very slowly since 2005. There are now 815 connections. The District's peak production occurred in 2004, and has decreased since then due mostly to the customers' conservation efforts. [Link to charts](#) below:



Most of the water is used by single-family residences. The District has agricultural customers in Pleasant Valley and along Valencia Road. [Link to chart](#) below:

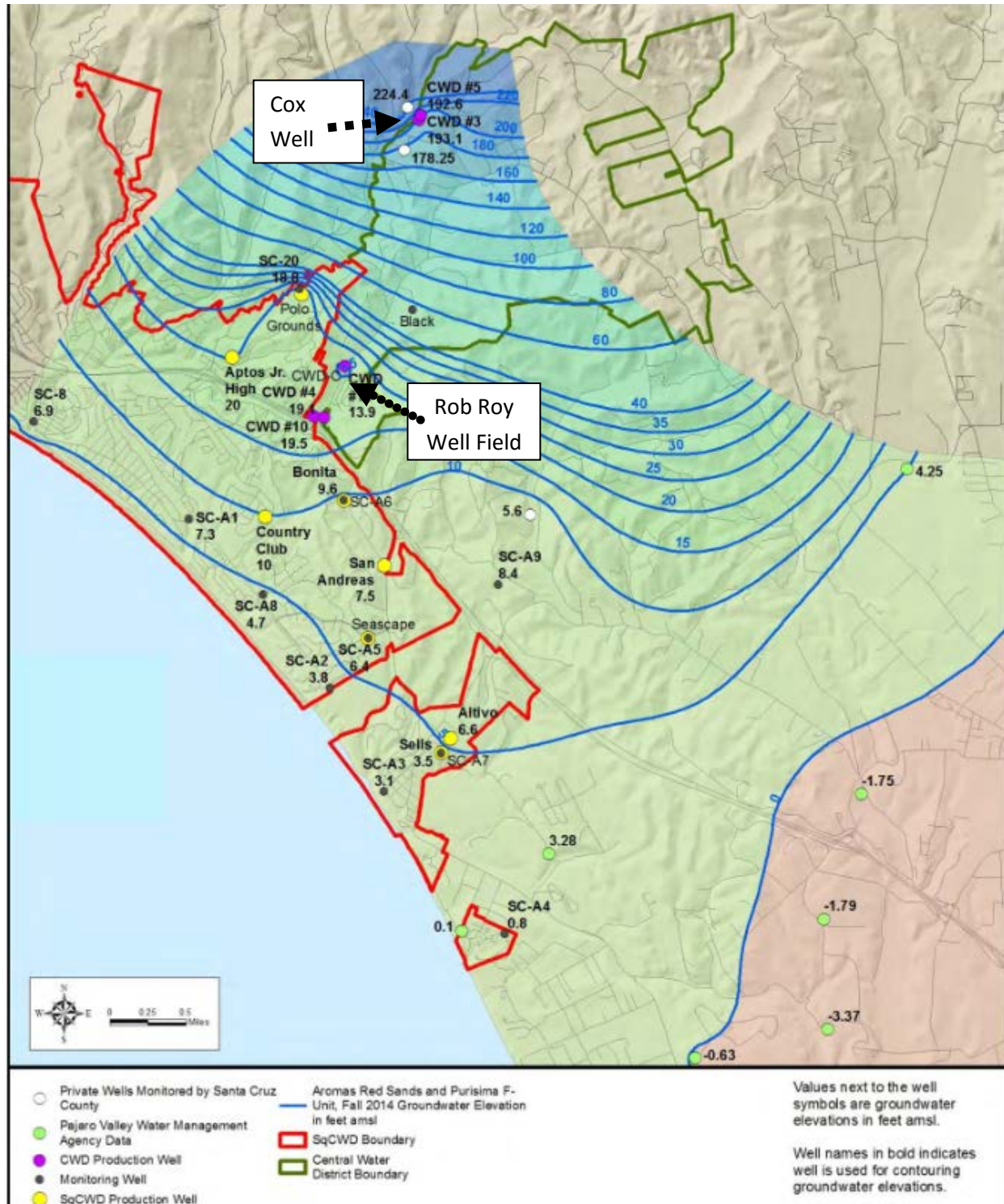


### Groundwater Monitoring

The District has been preparing AB 3030 Groundwater Reports in cooperation with the Soquel Creek Water District, and the groundwater monitoring and management effort is now being passed to the Santa Cruz Mid-County Groundwater Agency. While both aquifers regionally are overdrafted, the Central Water District is fortuitously located. The Cox well field is located high in the Aromas Red Sands, and the groundwater levels in the Rob Roy field are well above sea level. Refer to map on the next page.

## Groundwater Levels, Aromas Red Sands, Fall 2014

[Link to map](#) below:

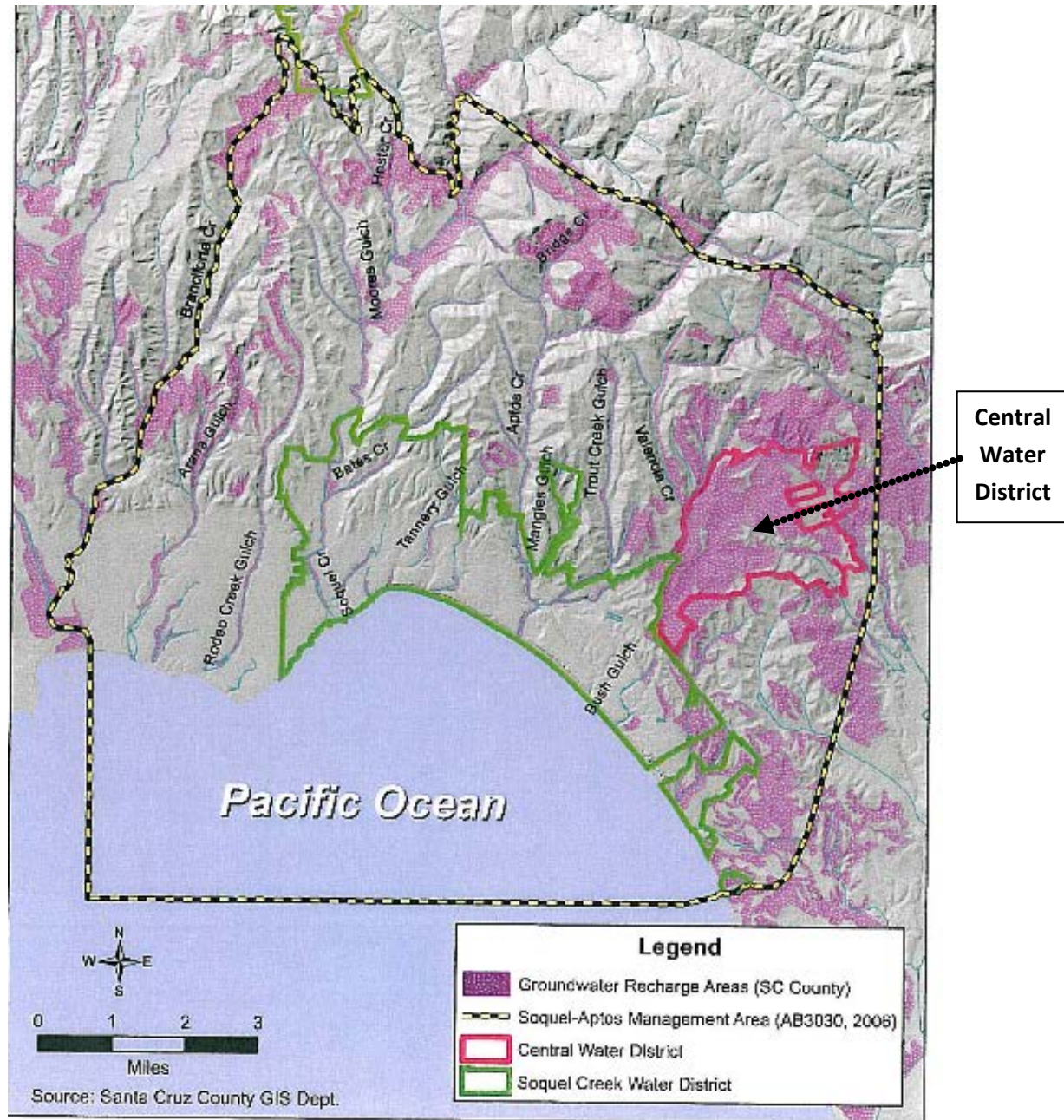


(Source: Figure 5-3, Soquel-Aptos Area Groundwater Management Annual Review and Report, Water Year 2014, Hydrometrics WRI)



At this point, no groundwater augmentation occurs in the Midcounty. The Purisima aquifer located to the west of the Central Water District, has limited opportunities for recharge projects. Preliminary studies suggest that some of the best opportunities for groundwater recharge are located in the Central Water District. [Link to map](#) below:

#### Groundwater Recharge Areas in Soquel and Aptos



Source:

[Soquel Creek Water District, Central Water District, Groundwater Management Plan - 2007, Soquel - Aptos Area](#)



## SERVICE REVIEW CHECKLIST

### SUMMARY OF POTENTIALLY SIGNIFICANT SERVICE REVIEW DETERMINATIONS

#### SUMMARY

- |   |   |
|---|---|
| <input type="checkbox"/> 1. Growth and Population                                   | <input type="checkbox"/> 5. Shared Services |
| <input type="checkbox"/> 2. Disadvantaged Unincorporated Communities                | <input type="checkbox"/> 6. Accountability  |
| <input type="checkbox"/> 3. Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> 7. Other           |
| <input type="checkbox"/> 4. Financial Ability                                       |   |

#### 1. GROWTH AND POPULATION

Growth and population projections for the affected area.

	YES	MAYBE	NO
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on your agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

#### Discussion:

The District's 2016 Annual Report expects modest population growth within the District's service area.



## 2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to your agency's sphere of influence.

	YES	MAYBE	NO
a) Does your agency provide water or sanitary sewer service? If no, skip questions b) and c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Is your agency aware of any area(s) within or adjacent to your agency's sphere of influence that is considered "disadvantaged" (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is it is feasible for your agency to extend service to the disadvantaged unincorporated community?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:** The District provides water service to low-income housing at Parkhurst Terrace on the north side of Freedom Boulevard, east of McDonald Road.



### 3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding your agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:** The District has adequate supply and is budgeting for capital repairs and improvements.

## 4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) In the last five years, has your agency failed to obtain an independent audit, or adopted its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency lacking adequate reserves to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is your agency's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:** The District has completed a 10-year Capital Improvements Plan that is funded by water rates revised in April, 2017. A summary of the District's long-term [revenues and expenditures](#) follows:

### Central Water District Revenues and Expenditures 1990 - 2016

	REVENUE					EXPENSES					NET INCOME
	OPERATING	CONNECT	NON OPERATING	SUBTOTAL	TOTAL	OPERATING	CONNECT	NON OPERATING	SUBTOTAL	TOTAL	
1990/91	282,250	10,000	112,406	394,656	404,656	332,953	43,433	376,386	18,270		
1991/92	291,619	15,000	71,471	363,090	378,090	347,351	32,326	379,677	-16,587		
1992/93**	295,900	5,000	76,118	372,018	377,018	351,446	31,543	382,989	-10,971		
1993/94	366,114	10,000	14,692	380,806	390,806	353,983	63,091	417,074	-36,268		
1994/95**	335,670	0	21,352	356,466	357,022	363,740	57,234	420,974	-64,508		
1995/96	385,478	0	18,957	404,435	404,435	336,002	63,131	399,133	5,302		
1996/97	460,570	27,859	25,634	486,205	514,063	355,822	40,667	396,489	89,716	117,575	
1997/98	441,722	52,443	69,455	511,177	560,620	359,464	39,810	399,274	111,903	161,396	
1998/99	438,104	22,032	71,837	509,941	531,973	373,149	38,545	411,694	98,247	120,279	
1999/00	476,497	40,789	85,393	561,890	602,679	382,162	31,664	413,826	148,064	188,853	
2000/01	463,177	39,513	88,266	551,443	590,956	415,812	14,518	430,330	121,113	160,626	
2001/02	454,147	5,827	70,325	524,472	530,299	484,962	30	484,992	39,510	45,337	
2002/03	465,273	23,309	69,314	534,587	557,896	462,503	0	462,503	72,084	95,393	
2003/04	495,180	23,309	71,916	567,096	590,405	510,436	0	510,436	37,783	66,918	
2004/05	437,087	5,827	35,232	472,319	478,146	608,185	0	608,185	-135,866	-130,039	
2005/06**	448,996	29,135	53,237	502,233	531,368	488,573	0	488,573	13,660	42,795	
2006/07	539,066	94,508	124,230	663,296	757,804	585,877	0	585,877	77,419	171,927	
2007/08	556,223	13,402	126,531	682,754	696,156	634,481	0	634,481	48,273	61,675	
2008/09	551,931	14,457	115,432	667,363	681,820	660,916	0	660,916	6,447	20,904	
2009/10	501,408	2803	98,899	600,307	603,110	647,804	0	647,804	-47,497	-44,694	
2010/11	474,759	5827	95,702	570,461	576,288	672,841	0	672,841	-102,380	-96,553	
2011/12	473,642	0	94,015	567,657	567,657	797,051	0	797,051	-229,394	-229,394	
2012/13	577,648	0	272,489	850,137	850,137	913,345	0	913,345	-63,208	-63,208	
2013/14	678,078	5827	110,602	788,680	794,507	715,451	0	715,451	73,229	79,056	
2014/15	550,589	12194	102,599	653,188	665,382	666,954	0	666,954	-13,766	-1,572	
2015/16	692,831	34962	111,105	803,936	838,898	714,960	0	714,960	88,976	123,938	
*Because of variations & lack of District control, connection fees have been excluded from column.											
**Rate increases: 11/23/75, 1/22/76, 3/11/77, 11/15/78, 10/10/79, 1/16/80, 2/13/80, 6/1/88, 6/1/93, 8/1/94, 1/1/06, 2/1/13											





## 5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for your agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### Discussion:

The District is cooperating in the Santa Cruz Mid-County Groundwater Agency with the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District, and the private well users within the agency boundaries. The Santa Cruz Mid-County Groundwater Agency has been recognized as an effective model for implementing the Sustainable Groundwater Management Act of 2014.<sup>2</sup>

<sup>2</sup> Pages 20 – 22, [http://waterinthewest.stanford.edu/sites/default/files/GSA-Formation-Report\\_1.pdf](http://waterinthewest.stanford.edu/sites/default/files/GSA-Formation-Report_1.pdf)



## 6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with your agency's meetings being accessible and well publicized? Are there any issues with your agency failing to comply with financial disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency's budget unavailable to the public via the internet?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to your agency's structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:** A review by the State Water Resources Control Board has recommended that the District hire an additional employee.

## 7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

YES

MAYBE

NO

a) Are there any other service delivery issues that the agency wants addressed in the service and sphere review process?

☐☐☒

### Discussion:

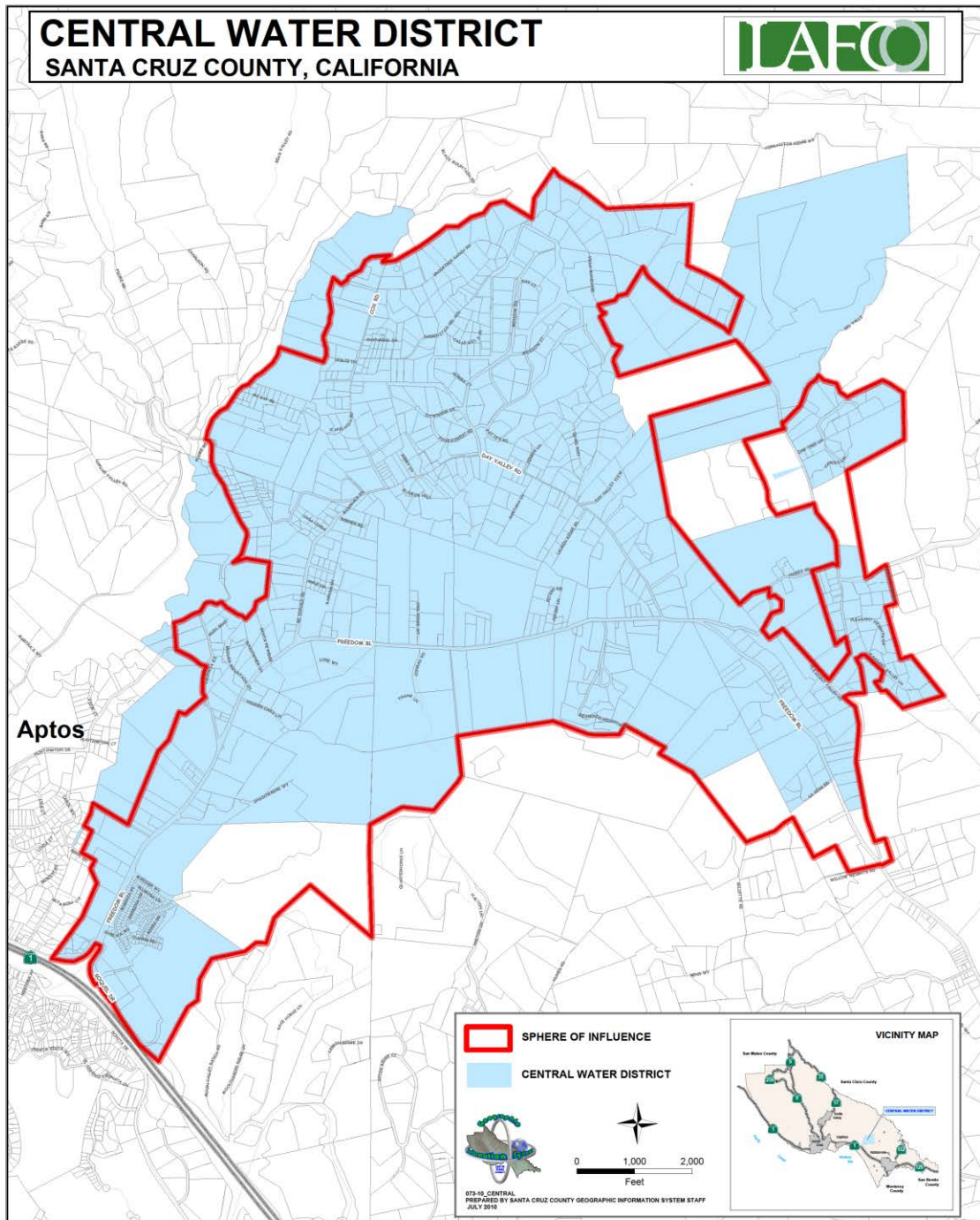
LAFCO's local policy is to ask if an agency has a mission statement and whether it has adopted a set of meeting rules. The District's mission statement is: "To supply our customers with the highest quality of drinking water and provide exceptional service." The District Board has adopted Sturgis Standard Code of Parliamentary Procedures.

END OF SERVICE REVIEW

## SPHERE OF INFLUENCE STUDY FOR CENTRAL WATER DISTRICT

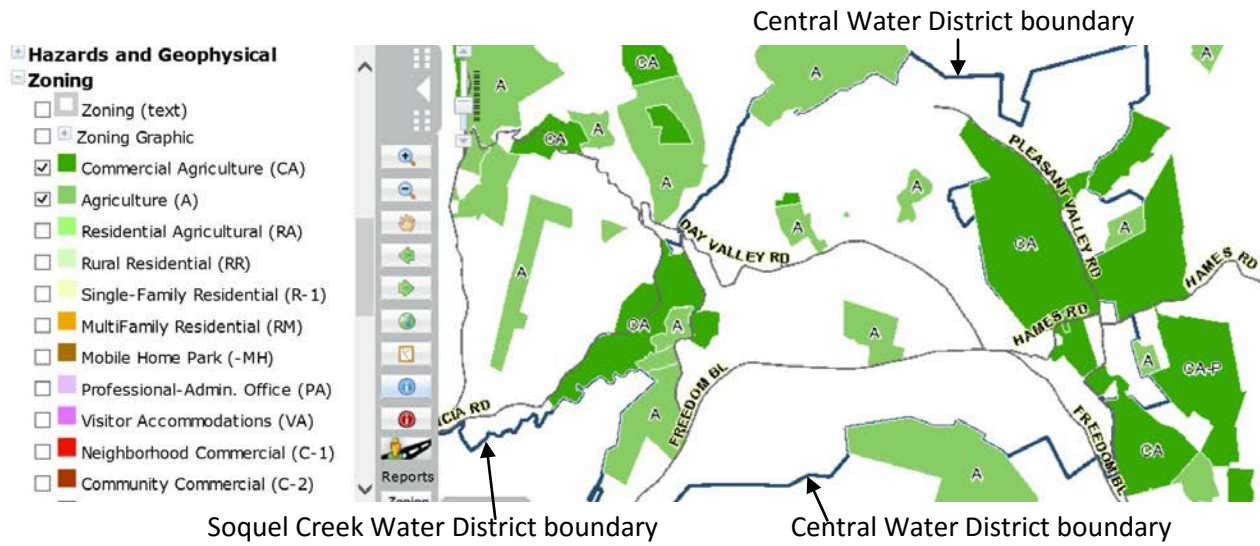
☒ Neither the District nor LAFCO staff is proposing any change in the District's adopted Sphere of Influence.

**Discussion:** The District has irregular boundaries and sphere lines in order to reflect both the District's historical boundaries and LAFCO's mandate to direct urban services and development away from agricultural lands. The following section demonstrates the location of the agricultural lands in the Pleasant Valley and Valencia Road area. [Link to map](#) below:

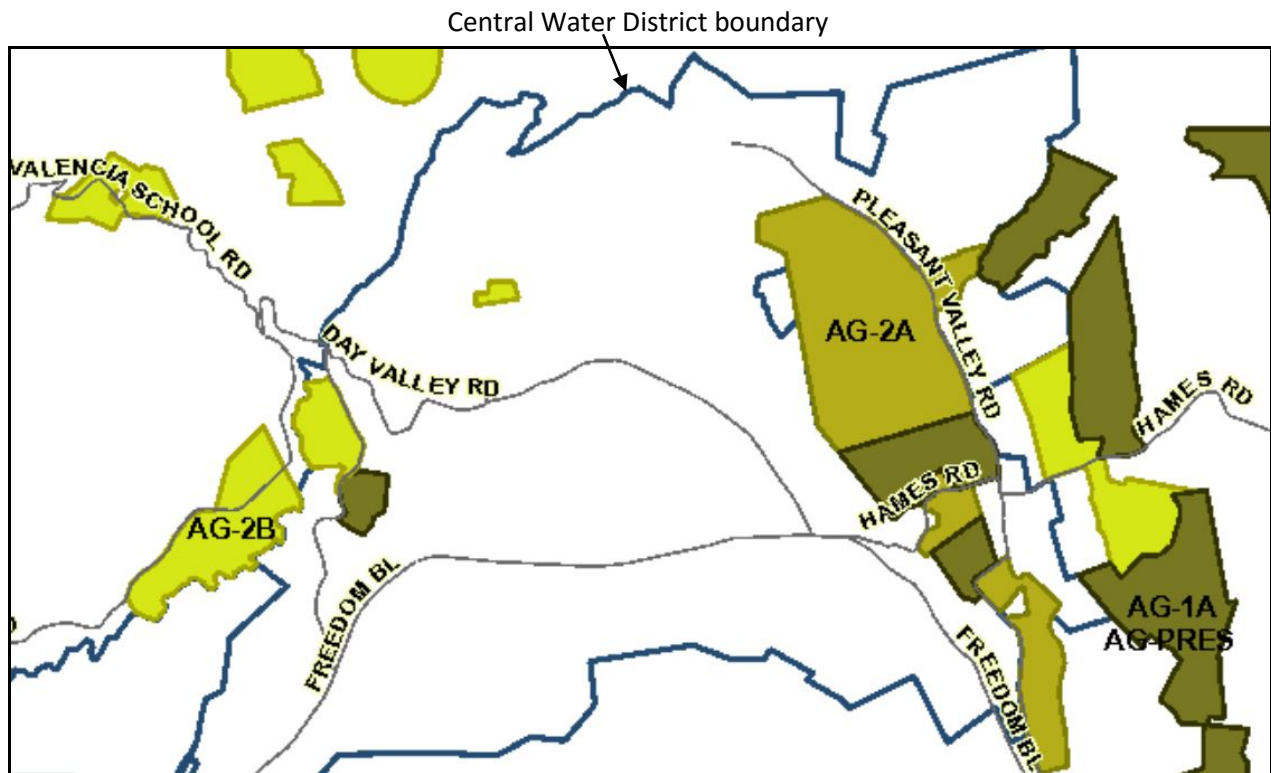




## County Agricultural Zoning



## County General Plan Designations for Agricultural Resources



In 1991 and 1993, LAFCO amended the District's Sphere of Influence to include agricultural lands in Pleasant Valley. At that time, the agricultural uses were shifting from non-irrigated apples to new vineyards. Two land owners (Christie and Lester) were interested in using Central Water District water in order to irrigate a proposed vineyard. LAFCO coordinated with the County's General Plan policies and the State LAFCO law policies by conditioning the sphere amendment on a requirement that any subsequent annexation would only be granted if the property were deed restricted for agricultural uses. In that manner, the District could serve new agricultural uses and ancillary residences without encouraging additional rural residential development. No annexation has subsequently occurred.

*END OF SPHERE REVIEW*

APPENDIX: LAFCO APPLICATIONS CONCERNING CENTRAL WATER DISTRICT 1964 - 2017			
LAFCO FILE #	TITLE	ACTION DATE	ACTION
36	Old Ranch Annexation	12/15/1964	Incomplete
88	Brooktree Ranch Annexation	8/17/1966	Approved
109	Pleasant Valley Annexation	5/24/1967	Approved
287	Pleasant Valley Annexation	8/18/1971	Approved
306	Rob Roy Annexation	1/19/1972	Approved
329	Freedom Blvd. Annexation	7/19/1972	Approved
373	Pleasant Valley Annexation	1/9/1974	Withdrawn
444	Arabian Annexation	6/2/1976	Denied
453	Pleasant Valley Annexation	3/3/1976	Approved
468	Eggleston Annexation to Central SC Co. Water District	8/4/1976	Approved
469	Freedom Blvd./Carol Way Reorganization between Central & Soquel Creek Water Districts	10/6/1976	Approved
483	Rusk Annexation to Central SC Co. Water District	1/5/1977	Approved
487	Mello Annexation to Central SC Co. Water District	4/1/1977	Withdrawn
614	Pleasant Valley/Riches Annexation	11/4/1981	Approved
696-B	Sphere Adoption for Central Water District	12/3/86	Approved
775	Christie Sphere Amendment	3/6/1991	Approved
795	Lester Sphere Amendment	11/3/1993	Approved
853	Hames Rd./Pleasant Valley Annexation	8/5/1998	Approved
2007-9	Countywide Service Review	12/5/2007	Approved
924	Storrs Extraterritorial Water Service	4/2/2008	Approved