

# **21. WEST SAN MARTIN WATER WORKS**

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## **TYPE AND EXTENT OF SERVICES**

West San Martin Water Works, Inc. is an investor-owned company providing water services in the unincorporated San Martin area west of Monterey Road. The San Martin County Water District lies to the east. The Company serves 297 connections. Water service is provided to parcels within its service area that have been approved by the California Public Utilities Commission (CPUC). The Company is regulated by CPUC.

The Company has been in operation for a number of years, owned and operated by the same family the entire time. The source of water supply is groundwater. As a private entity, West San Martin Water Works, Inc. is not subject to LAFCO purview and no determinations have been included. The Company is included in the report to ensure a comprehensive review of water service in Santa Clara County. West San Martin Water Works was last reviewed in 2005.

## **ACCOUNTABILITY AND GOVERNANCE**

West San Martin Water Works, Inc. is a private entity operated under the direction of a Board of Directors consisting of three family members. Directors are elected or appointed at the Company's annual meeting. The Company provides service-related information to its customers when it is deemed necessary.

## **MANAGEMENT AND STAFFING**

West San Martin Water Works is a family-owned business. Specific staffing information was not provided; however, it was noted that family members involved in the business handle all the tasks, including system operations, billing and collections.

## **POPULATION AND PROJECTED GROWTH**

West San Martin Water Works currently provides service to 253 residential connections (85 percent), 41 commercial/manufacturing/industrial connections (14 percent) and three governmental connections (one percent).

The Company is expecting a two percent to five percent annual increase in population, accompanied by a related increase in water demand. The Company usually adds a few new connections each year. Steady growth is projected.

## FINANCING

West San Martin Water Works declined to provide proprietary financial information for this review.

The Company pays a groundwater production service charge to SCVWD to cover the costs associated with SCVWD's groundwater recharge program. SCVWD rates have increased 96 percent since 2002 (from \$140/AF in FY 02 to \$275/AF in FY 12), and SCVWD's rapidly increasing groundwater service charge is an ongoing issue for the Company, as it is not able to pass the full incremental cost increase onto customers.

Most retailers of SCVWD, as reported by the Company, are expecting the pump tax rate to continue to increase significantly over time, which will result in rate increases for the end users.

The Company did not provide specific information regarding its rate structure; however the Company is subject to CPUC oversight and the Commission must approve all rate changes. The Company reported that average monthly bills varied from \$20 per month in older parts of the service area to \$600 for large estates in peak use months.

## WATER SUPPLY

West San Martin Water Works relies on groundwater extracted from the Llagas sub-basin, one of three sub-basins of the Santa Clara Valley Groundwater Basin. The Company has no interconnections to other systems. Groundwater recharge is performed by SCVWD, and the Company pays a pump tax to cover its share of those costs. The total amount of groundwater pumped from the wells in 2010 was 303.03 AF.

West San Martin Water Works overlies the Llagas sub-basin, as do the other water purveyors in the South County. Groundwater quality is of critical concern, particularly with the continuing use of septic systems in the San Martin area and previous manufacturing land use in the South County region. Septic systems and agriculture are known to increase nitrate levels in groundwater. Perchlorate contamination in the groundwater extracted through the Company's wells, which resulted from the previous manufacturing operations, has been an issue for West San Marin. Water treatment facilities have been provided by Olin.

Recycled water is not available within the Company's service area.

## WATER DEMAND

According to data provided by the Company, West San Martin Water Works extracted 303.03 acre feet in 2010. Existing average annual demand is 0.30 mgd.

The Company primarily serves residential accounts; it does not have a water conservation program. The largest demand is from the Corde Valle Golf Course for

domestic use and fire protection. This property encompasses nearly half of the Company's service area.

## **WATER INFRASTRUCTURE AND FACILITIES**

West San Martin Water Works provides groundwater treatment and water distribution within its service area. The water system is comprised of 17 miles of pipelines, four storage tanks, two pump stations, three wells, and three pressure zones. The total well pumping capacity is approximately 1,000 gallons per minute.

Two of the company's wells have perchlorate treatment facilities provided by the Olin Corporation. However, since 2008, water from only one well is being treated for the perchlorate. Olin has been identified as the manufacturing operation that originally created the perchlorate contamination.

West San Martin Water Works faces the same issues as other public water agencies in South County, including rising costs and groundwater quality. It is treating contaminated water through a system provided by the Olin Corporation.

Two of the wells had new pumps installed in 2004. Ninety percent of the Company's customers are located in Pressure Zone 1.

The Company has four storage facilities (three 50-gallon tanks and one 400-gallon tank) with a total capacity of 0.55 million gallons. The tanks were reported to be in good condition. They were each cleaned and inspected in 2010. With this storage capacity, the company is able to store a supply equal to 1.8 days of average day demand.

### Shared facilities

As a private entity, West San Martin Water Works has limited opportunities to share facilities. The company did not participate in the Perchlorate Working Group, due to the fact that it settled with the Olin Corporation in exchange for treatment facilities.