July 25, 2008

The Honorable Nancy Wieben Stock, Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701


Dear Judge Wieben:

The El Toro Water District (District) appreciates and shares your interest in the current and future water supply challenges facing California and Orange County. As a signatory to the California Urban Water Conservation Council (CUWCC) Best Management Practices (BMPs) Memorandum of Understanding, the District is committed to investment in conservation measures and practices that preserve our most precious resource, water. Further, it should be noted that as it pertains to water rate setting the District is currently compliant with CUWCC BMP 11 which establishes a volumetric water rate formula that is consistent with the CUWCC definition of water conservation pricing. The following represents the District’s formal response to the Grand Jury Findings and Recommendations:

GRAND JURY FINDINGS

F-1 Opportunities for further water conservation exist especially with regard to landscape watering.

Response: The District agrees with the finding.

F-2 Conservation pricing, or tiered pricing, with a fair and reasonable base allotment, followed by tiers of higher rates, can be an effective tool to motivate further conservation.

Response: The District agrees with the finding.
GRAND JURY RECOMMENDATIONS

R-1 Continue to emphasize methods and availability of tools that assist the customers in understanding weather-based irrigation practices by:
  • Providing a hotline for assisting the public with landscape irrigation information
  • Providing a countywide soil texture map on the MWDOC website
  • Developing an Orange County specific water calculator on the MWDOC website

Response: The recommendations have merit and a consistent regional solution will provide the greatest return on investment. El Toro Water District notes that the recommendations have not been implemented, but the Municipal Water District of Orange County (MWDOC) has committed to implementation of these recommendations by November 20, 2008 on behalf of itself and retail agencies in Orange County.

R-2a Develop monthly water allocations for each customer class based on both of the following:
  • A per person indoor water allotment that satisfies basic needs
  • An outdoor water allotment that applies the weather-based method over the customers’ landscaped area

R-2b Develop a tiered-pricing structure with the first tier based on individual customer water allocation priced at a commodity rate, and subsequent tiers priced significantly higher to encourage conservation. The pricing shall be structured in a manner that will preclude the necessity of price increases as a result of reduced water use.

R-2c Modify water bills to clearly explain customer monthly allotment and monthly water usage.

Response to R-2a, b and c:

While the recommendations and implementation of same appear to present opportunities to further encourage water conservation, R-2a, b & c require further independent analysis necessitating a budget allocation. The District’s adopted fiscal year 2008/2009 budget did not contemplate funding the required study. A preliminary scope of study would include but not be limited to identification of revenue requirements, cost-of-service analysis, customer class applicability assessment, creation of customer class water budgets, development of a tiered rate structure, evaluation of billing system enhancements or replacement, proposition 218 compliance determinations, development of implementation costs, and development of a public outreach/education effort.
However, the Grand Jury imposed timeline for appropriating study funding and completing the technical and political work, including seeking input from the District customers is unrealistic. To accommodate the District’s fiscal year budgeting and rate setting process and schedule, a more realistic timeline to study, evaluate and reach a conclusion as to the feasibility and applicability of Recommendations R-2a, b and c for the El Toro Water District would be December 31, 2009. The District’s fiscal year 2009/2010 budget which commences July 1, 2009, shall include funding to initiate and complete the aforementioned scope of study by December 31, 2009.

During the balance of fiscal year 2008/09, the District will undertake internal analysis in preparation of the independent study and will be collaborating with MWDOC and neighboring agencies to seek partial funding from the Department of Water Resources administered Proposition 50 Urban Drought Assistant Grant Program to evaluate water budget based tiered rate structures.

If you have any questions or require further information do not hesitate to contact the District’s General Manager, Bob Hill, at (949) 837-7050, Ext. 219.

Respectfully submitted,

EL TORO WATER DISTRICT

Ted F. Martin, President

Cc: OC Grand Jury File
    RRH
    MPG
    GJG