August 12, 2008

The Honorable Nancy Wieben Stock  
Presiding Judge of the Superior Court  
700 Civic Center Drive West  
Santa Ana CA  92701


Dear Judge Wieben Stock:

This letter is submitted in response to the recent Orange County Grand Jury report “Water Budgets, Not Water Rationing”. The City acknowledges the opportunity to respond to the findings and recommendations made in the subject report.

The City’s responses to each finding and recommendation, indicating agreement or disagreement, either partially or in whole, are noted below.

**GRAND JURY FINDINGS**

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

**RESPONSE**
The City of Seal Beach 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 City of Seal Beach 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 City of Seal Beach notes that the recommendation has not yet been implemented, but MWDOC has committed to implementation of these recommendations by November 20, 2008 on behalf of itself and its member agencies.

*R-2a* Develop monthly water allocations for each customer 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

**RESPONSE**

The recommendation will not be implemented because it is not warranted and is not reasonable.

The City has seven people dedicated to operating the water system. These are field personnel engaged in day-to-day operations. Billing is handled by a single billing clerk. Management of the Water Division is provided by the Maintenance Service Manger and the Director of Public Works who count this among their many other duties.

Design, implementation and upkeep of a system which provides a per person indoor water allotment and an outdoor water allotment based on weather is overly complex and expensive to implement and monitor. The City does not have staff available to manage such a system. There is no way to tell if the proposed system will result in water saving significantly better than the current system.

Additionally, Seal Beach is home to Leisure World which has a population of 9,000 residents (about 37% of the City population) and 6,608 housing units. Leisure World is served by two master water meters for the complex. Leisure World uses about 27% of the 4,200 acre feet of water the City produces annually. The City does not have access to consumption data by housing unit.

The City of Seal Beach is also home to the Seal Beach Naval Weapons Station along with 186 units of military housing at the Seal Beach Naval Weapons
Station. These facilities use about 7.3% of the water produced. These too are master metered and the City does not have access to consumption by housing unit.

The master meters at these two facilities serve a significant segment of our population. A water budget based fee system will have little effect in this situation.

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.

RESPONSE
The recommendation will not be implemented because it is not warranted and is not reasonable.

The City of Seal Beach has a three tier rate for its water customers. The following table illustrates the rate structure:

<table>
<thead>
<tr>
<th>Meter sizes 5/8&quot; through 1 1/2&quot; (rates are per 100 cubic feet of water or HCF)</th>
<th>% over previous rate</th>
<th>% over base rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0 to 12.0 HCF</td>
<td>$ 1.36</td>
<td></td>
</tr>
<tr>
<td>&gt;12.0 to 22.5 HCF</td>
<td>$ 1.98</td>
<td>45.59%</td>
</tr>
<tr>
<td>&gt;22.5 to 27.5 HCF</td>
<td>$ 2.28</td>
<td>15.15%</td>
</tr>
<tr>
<td>&gt;27.5 HCF</td>
<td>$ 2.75</td>
<td>20.61%</td>
</tr>
</tbody>
</table>

Of our 5133 meters, 4896 or 95.4% are in this category.

<table>
<thead>
<tr>
<th>Meter Sizes 2&quot; through 12&quot; (rates are water usage as percentage of immediate prior year's usage)</th>
<th>% over previous rate</th>
<th>% over base rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;90% of prior year</td>
<td>$ 2.51</td>
<td></td>
</tr>
<tr>
<td>90% to 110%</td>
<td>$ 2.75</td>
<td>9.56%</td>
</tr>
<tr>
<td>&gt;110% of prior year</td>
<td>$ 2.87</td>
<td>4.36%</td>
</tr>
</tbody>
</table>

Of our 5133 meters, 237 or 4.6% are in this category.

This rate structure imposes severe penalties for water use over the base amount. For large meters, the rate structure encourages conservation by reducing the rate for using 10% less water than the previous year.

The City has seven people dedicated to operating the water system. These are field personnel engaged in day-to-day operations. Billing is handled by a single billing clerk. Management of the Water Division is provided by the Maintenance Service Manager and the Director of Public Works who count this among their many other duties.

The City does not believe water budget rate structure will result in a significant savings of water over the current tiered system. Further, the City water system is a small water system and does not have the manpower to administer such a
complex system. The cost to develop a water budget based system will be proportionately higher for a small system such as ours versus larger agencies.

The City is expected to conduct a water rate study in the near future to determine rates for fiscal year 09/10 and beyond. A part of the study will include consideration of a water budget based rate system. Should the result indicate a significant water conservation advantage for such a system, it will be duly considered by the City.

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

**RESPONSE**
The recommendation has not yet been implemented, but will be implemented by June 30, 2009.

Since the City will not be implementing the water budget based system, we will not be providing information on the monthly allotment. We will provide information on the tiered fee schedule and we will provide consumption history for the prior year plus one billing period.

If you have any questions regarding the City of Seal Beach's responses to the above matters please contact our Director of Public Works, Vince Mastrosimone, at either (562) 431-2527, ext 1318 or vmastrosimone@ci.seal-beach.ca.us.

Sincerely,

[Signature]
Charles Antos, Mayor
City of Seal Beach

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**CC:** David Carmany City Manager

Ann Avery Andres, Foreman
Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA  92701