



# CITY OF BUENA PARK

## Office of the City Manager

August 20, 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:

Subject: "Water Budgets, Not Water Rationing"  
City of Buena Park Response

The City of Buena Park is in receipt of the Orange County Grand Jury's letter dated May 14, 2008 concerning its findings in the report titled "Water Budgets, Not Water Rationing." In accordance with the report, the City has prepared the following responses to Findings F-1 and F-2, and Recommendations R-1, R-2a, R-2b and R-2c.

### Grand Jury Findings

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

**Response: The City 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 agrees with the finding.**

### Grand Jury Recommendations

R-1: Continue to emphasize methods and availability of tools that assist 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

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**Response:** The City notes that these recommendations have not yet been implemented by the Municipal Water District of Orange County (MWDOC). The City understands that MWDOC has committed to implementation of the Grand Jury's recommendations regarding weather-based irrigation practices by November 20, 2008, on behalf of itself and its retail member 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 customer's landscape area.

**Response:** The recommendation requires further analysis. The City will review examples of water agency budget based allocation programs (e.g., IRWD, City of San Juan Capistrano, etc.) to clarify program details. Based on its review of other water agency programs, the City will work with a consultant to identify and evaluate allocation factors unique to the City's service area in developing customer class water budgets (e.g., lot size, house size, number of days in billing period, percentage of lot size devoted to landscaping, CIMIS data, etc.), and conduct a customer class applicability review. Any customer class water allocations developed by the City could be subject to future allotment changes passed down by MWDOC, OCWD, and MWD.

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 requires further analysis. Given the complexity and specialized expertise required to address tiered pricing structures, the City will retain a rate consultant to prepare a cost-of-service analysis, and test various tiered rate structure options applicable to the City's service areas. The City has significant concerns about the legality of a tiered pricing structure due to Proposition 218. This will require a comprehensive review and has the potential to rule out a tiered pricing structure. It must also be recognized that the City operates the water operation as an Enterprise Fund, and as such the water operation must be self-sustaining with adequate revenues for all current and future operational needs, including maintenance of a reserve fund for all future capital improvement needs. The reality of the water business in California is that water is a scarce resource and is becoming more expensive to import and to pump each year. This will result in continuing future increases in the cost of water to our customers in order to maintain a solvent operation.

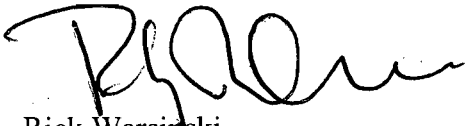
R-2c: Modify water bills to clearly explain customer monthly allotment and monthly water usage.

**Response:** The recommendation requires further analysis. The City has recently invested in a new customer billing system that appears to have the capability to provide customer monthly water usage information. The issue of monthly water allotments and tiered pricing structures will once again be subject to a determination of the legal issues associated with Proposition 218.

The City plans to participate in a MWDOC-sponsored competitive grant proposal through the California Department of Water Resources (DWR) Proposition 50 Grant Program for Urban Drought Assistance. Briefly, MWDOC's proposal is seeking partial funding to help interested water agencies to further investigate tiered budget based allocation rate structures. DWR is expected to make a final determination regarding MWDOC's proposal in September 2008.

We expect that we will be able to report back to you prior to November 22, 2008, with an update on the status of our rate study and with additional input regarding the direction we anticipate taking. The City is pleased that the Orange County Grand Jury has recognized the importance of water conservation. Please contact James Biery, Director of Public Works at 714-562-3672, should you have questions or require additional information.

Very truly yours,



Rick Warsinski  
City Manager