

**RESPONSE OF THE
TRABUCO CANYON WATER DISTRICT
TO
REPORT OF THE ORANGE COUNTY GRAND JURY
("Water Budgets, Not Water Rationing")**

August 13, 2008

Submitted to:

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

**RESPONSE OF THE TRABUCO CANYON WATER DISTRICT
TO ORANGE COUNTY GRAND JURY REPORT**

Introduction:

The Trabuco Canyon Water District ("TCWD" or "District") is a County water district organized and operating pursuant to the provisions of Water Code Sections 30000 and following, and is located wholly within the boundaries of the County of Orange ("County"), State of California. A diagram of TCWD's service boundaries is attached to this response as Appendix "1" and incorporated herein by this reference. TCWD currently services approximately 4,000 customer accounts, including various types of residential uses, commercial, government and irrigation water usages within its service boundaries. TCWD also provides non-potable (reclaimed and recycled) water service to various customers located within its service boundaries. TCWD also provides wastewater collection, transportation, treatment and disposal services to various customers located within its service boundaries. Information relating to TCWD's facilities can be found at TCWD's website located at www.tcwd.ca.gov.

On or about May 22, 2008, the Orange County Grand Jury ("Grand Jury") released a report entitled "Water Budgets, Not Water Rationing" ("Grand Jury Report").

TCWD received the Grand Jury Report on or about June 1, 2008. Pursuant to the provisions of Penal Code Section 933.05, TCWD has prepared the required responses to the Grand Jury Report as further set forth herein ("TCWD Response(s)"). The responses to the Grand Jury Report have been authorized for release by action of the Board of Directors of Trabuco Canyon Water District ("District Board"). Pursuant to the provisions of Penal Code Section 933(c), this response furnished on behalf of the District ("District Response") is furnished to the Presiding Judge of the Orange County Superior Court. A copy of the District Response is also being furnished to the Grand Jury. The District may also post the text and appendices of the TCWD Response on the District's website for a period of time to be designated by the District.

In addition to the legal responses set forth in this document, TCWD also wishes to bring to the attention of the Presiding Judge, the Grand Jury and other interested persons and parties various factual, legal and policy issues which TCWD believes are appropriate for consideration by the Presiding Judge and by members of the public who read the Grand Jury Report and this TCWD Response, and by members of the Grand Jury in the event that they undertake further review or consideration of the matters set forth in the Grand Jury Report and this TCWD Response at some point in the future.

In reviewing TCWD's responses, it should be kept in mind that TCWD provides potable and non-potable water service to a variety of different customers and classes of customers. Also, TCWD provides service at a number of different elevations. Differences in elevation result in corresponding changes in rates inasmuch as electrical costs and operation and maintenance costs are affected by the need to provide water at higher elevations both due to pumping costs and additional pressure gradients which affect maintenance and service life on various District facilities.

Response to Findings and Recommendations:

The Grand Jury Report included various findings and recommendations. These findings and recommendations are set forth below:

The District Responses to the findings and recommendations are pursuant to Penal Code Section 933.05(a)(1), 933.05(b)(2), Penal Code Section 933.05(b)(1) and (4) The responses of the District to the findings and recommendations provided in the Grand Jury Report are set forth below:

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

TCWD Response to Finding F-1¹:

TCWD agrees with the Grand Jury Finding F-1. TCWD would note that water conservation efforts for irrigation and non irrigation purposes may include water reuse, water use efficiency appliances and apparatus, and other water management tools and methodologies may also provide for the overall goal of insuring current and future supplies of potable and non-potable water within TCWD.

Grand Jury 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.

TCWD Response to Finding F-2:

TCWD agrees with the Grand Jury finding. TCWD would note that TCWD has implemented tiered pricing known as the Conservation Encouragement Rate Program. This rate structure is formula driven based on warm season and cool season criteria. TCWD is of the view that customers who are already engaged in, or utilize, water efficient methods on their properties or for meeting their water demand needs, and who already engage in water conservation should not be penalized by broad-based potentially punitive demands to cut back further. Please also see TCWD's Response to Recommendation R-2b. TCWD is also of the view that using water rate pricing that offers incentives for water use efficiency and conservation can also be effective tools to motivate customers to make wise water decisions.

Grand Jury Recommendation - 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

¹ TCWD is aware that the Municipal Water District of Orange County ("MWDOC") is also preparing responses to Grand Jury Finding F-1 and Grand Jury Recommendation R-1. At such time as those responses to the referenced finding and recommendation are released, TCWD will review and consider such response(s) and may consider how such responses may be implemented as part of TCWD's overall approach to water use efficiency and conservation efforts.

- Providing a countywide soil texture map on the MWDOC website
- Developing an Orange County specific water calculator on the MWDOC website

TCWD Response to Recommendation R-1:

TCWD notes that the recommendation appears to be directed to the Municipal Water District of Orange County (“MWDOC”), and that implementation of such recommendations lies within the purview of MWDOC. TCWD notes that it also provides telephone advice, web site advice, and in-person meetings to review landscape, irrigation, water efficiencies and conservation methods with customers within TCWD.

Grand Jury Recommendation - 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

TCWD Response to Recommendation R-2a:

TCWD agrees in part with Recommendation R-2a and disagrees in part with Recommendation R-2a.

TCWD respectfully disagrees with the portion of the recommendation of the Grand Jury Report that water usage and landscaping analysis can, or should, be performed for “each customer” within the boundaries of a water service provider. TCWD does not believe that it is either practical, or, at the current time, economical, to have on staff personnel to allocate the time and resources to doing a specific conservation analysis for each and every customer. In numerous cases, such an effort is not necessary inasmuch as the customer has already undertaken to review and implement individual conservation efforts in response to conservation awareness messages, economic pressures and other reasons and factors.

TCWD is of the view that targeted measures, such as tiered water pricing (which may include both incentives and disincentives) within the boundaries of legal limitations, provision of information, customer awareness and other conservation efforts can be effective when applied on a narrow-focus basis to those customers who have not implemented, or are not aware of, water efficient methodologies that may be used on residential, commercial or industrial properties.

Grand Jury Recommendation - 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.

TCWD Response to Recommendation R-2b:

As noted in TCWD’s response to Finding F-2, TCWD has implemented a tiered pricing known as the Conservation Encouragement Rate Program. This rate structure is formula driven based on warm season and cool season criteria.

Grand Jury Recommendation - R-2c:

Modify water bills to clearly explain customer monthly allotment and monthly water usage.

TCWD Response to Recommendation R-2c:

TCWD has modified its monthly statement to the maximum extent the billing system software will allow water usage and corresponding water tiered consumption data to be provided. A grant application has been submitted by the District for funding to allow upgrades of billing system to allow more robust water use information to be provided to the customer through monthly water bills.

The monthly billing statements are accompanied with billing inserts that promote ongoing water conservation. Additionally, the monthly water bills reference appropriate water conservation information on the District's website.

TCWD notes that the foregoing responses to findings and recommendations are provided pursuant to the provisions of the applicable California Penal Code sections. Additionally, TCWD wishes to present to the presiding judge of the Orange County Superior Court, the Grand Jury and to members of the public the following comments which TCWD believes are relevant to a consideration of the matters raised within the Grand Jury Reports and TCWD's responses to the findings and recommendations. The additional comments are set forth below.

Additional Comments:

Involvement of MET

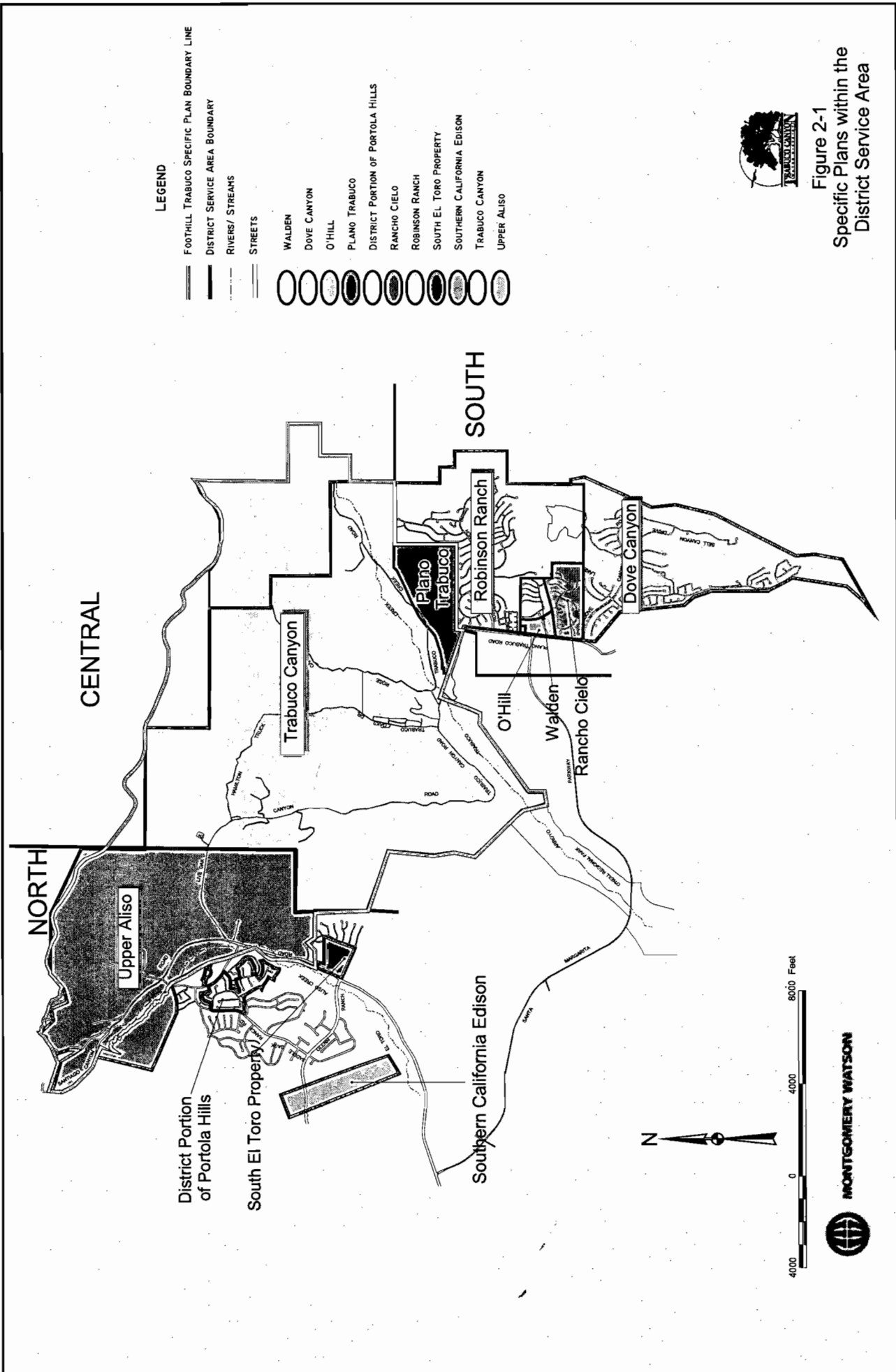
TWCD is a sub agency of the Metropolitan Water District of Southern California ("MET"). TCWD believes that active involvement by MET in terms of wide-scale and broad-based public messages concerning water use efficiency and water conservation are an important component of conveying the message to all water users within MET's service area (and not just Orange County) are integral to achieving the goals set forth in the Grand Jury Report in terms of water conservation.

Control of Developmental Approvals

TCWD notes that in many instances water usage on particular parcels of property (whether residential, commercial or industrial) are a function of the design and developmental approval of the property concerned. Factors including size of a relevant parcel, structure design, land usage, density of development and the water use infrastructure on a particular property or property usage are frequently not within the control of the relevant water provider. In most cases such developmental approvals are within the purview of the city or county in which the property is located. California law allocates to cities and counties the principle zoning, building and construction requirements. As such, many of the relevant decisions are not within the jurisdiction or authority of the public agency which provides water service to such parcel(s). Broad-based efforts at water use efficiency and conservation methods should also include cities and counties that do not necessarily provide water service to properties within their boundaries as part of an overall effort to utilize water sources and supplies in an efficient and effective manner and to conserve those existing supplies and sources to maximize usage.

APPENDIX "1"

MAP OF TRABUCO CANYON WATER DISTRICT'S SERVICE BOUNDARIES



LEGEND

- FOOTHILL TRABUCO SPECIFIC PLAN BOUNDARY LINE
- DISTRICT SERVICE AREA BOUNDARY
- RIVERS/ STREAMS
- STREETS
- WALDEN
- DOVE CANYON
- O'HILL
- PLANO TRABUCO
- DISTRICT PORTION OF PORTOLA HILLS
- RANCHO CIELO
- ROBINSON RANCH
- SOUTH EL TORO PROPERTY
- SOUTHERN CALIFORNIA EDISON
- TRABUCO CANYON
- UPPER ALISO

Figure 2-1
 Specific Plans within the
 District Service Area

