



Water Views

April 2010
Special Newsletter

"A District of Distinction"
Serving the Public - Respecting the Environment

Transition to Tiered Conservation Rate Structure

A Letter from the General Manager

As we've highlighted many times before, Southern California is experiencing a drought that is different than any we have experienced in the past, caused by a confluence of issues that cannot be solved by rainfall alone. To address this dire situation, our water supplier, Metropolitan Water District of Southern California (MET), reduced our water allocation last year. This cutback forced El Toro Water District to mandate water conservation and to implement a Water Allocation Program.



Drought impact to reservoir storage.

The Water Allocation Plan was the first step in creating a system to assist our customers in tracking water consumption; it was a temporary, one-year measure. Since MET will continue the reduction to our water allocation in 2011, the District is proposing a Water Budget-Based Tiered Conservation Rate Structure that encourages water-use efficiency. The proposed Tiered Conservation Rate Structure would go into effect on July 1, 2010.

Tiered Conservation Rate Structures reward customers who use water efficiently and discourages water waste. It is a fair and highly efficient system used by many of the neighboring water districts. Similar to the Water Allocation Program, the Tiered Conservation Rate Structure acknowledges that not all water uses are equal in their benefits to the community. The first priority for water use is for health, safety and sanitary purposes.

The purpose of this newsletter is to provide you with an overview of the new Tiered Conservation Rate Structure. We've tried to anticipate your questions and recognize this topic may be complex. If you would like to talk to a Customer Service representative, please call 949.837.0660 or contact district@etwd.com. Information will soon be available on our website at www.etwd.com.

Sincerely,
Bob Hill
General Manager

IN THIS ISSUE

Transition to Tiered Conservation Rate Structure	1
What is Water Based Budgeting	2
How are Water Budgets Determined?	2-3
What's Next	4

What is Water Based Budgeting?

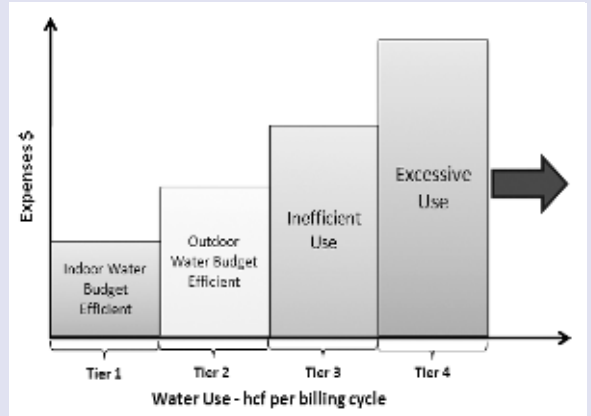
Water is a precious natural resource that must be used efficiently to ensure that ample supply continues to exist. Despite the rain we've had this past Winter and Spring, southern Orange County has almost no groundwater and must import nearly 100% of its supply.

In addition, state regulations require a reduction in urban water usage by 10 percent by 2015 and 20 percent by 2020. Water budgets serve as a guide to assist customers in efficiently managing their usage.

Tiered Conservation Rate Structures use property-specific water budgets and tiered pricing to provide customers with an economic incentive to use water efficiently. Such tiered conservation rates are fair and equitable to El Toro Water District customers. They pass on the higher costs associated with conservation programs and development of supplemental water sources to those who use water inefficiently or in a wasteful manner.

Each water budget, in our proposed Tiered Conservation Rate Structure, is customized to meet the individual needs of each customer. Your water budget is the sum of the indoor and outdoor water budget allocations. (See "How are Budgets Determined" below.)

We believe that customers who use water efficiently will find that their water budget will meet their needs and will allow them to purchase water at the lowest rates in our tiered structure. Customers who use water inefficiently or are wasteful will pay the higher tiered rates.



How are Water Budgets Determined?

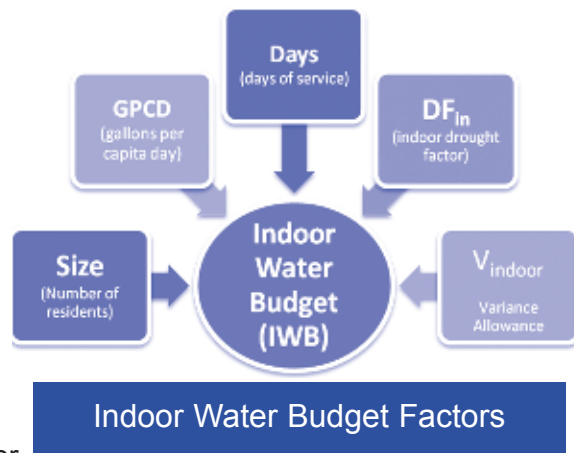
El Toro Water District's Water Budget-Based Tiered Conservation Rate Structure is comprised of four tiers of water use.

TIER 1: INDOOR USE (EFFICIENT)

This tier covers indoor water use and is based on the number of residents in the household (each allowed 60 gallons of water per day), days in the billing cycle and the indoor drought factor. The indoor drought factor is set by the Board of Directors based on the drought stage. It is currently set at 1. The number of people per household will be calculated as follows:

- Attached home – unrestricted (i.e. condominium or townhouse): 3 people
- Attached home – restricted (i.e. condominium or townhouse with age restrictions): 2 people
- Apartment: 2 people
- Detached home (single family home): 4 people

The indoor water budget, as outlined above, will be billed at Tier 1 – indoor efficient rates.



TIER 2: OUTDOOR USE (EFFICIENT)

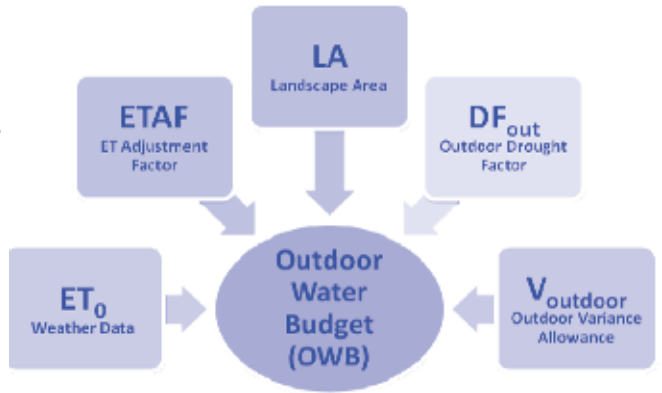
Outdoor water budgets will be based on landscape area. The calculation will also recognize a variety of factors, including weather data, outdoor drought factor and EvapoTranspiration (ET) Adjustment Factor (AF).

Multi-family customers, including apartments, condominiums and mobile homes will be provided a patio landscape allowance per dwelling unit. The landscape area for single-family detached homes is calculated by taking the building area and dividing it by the number of floors and subtracting that from the parcel area. The result is then multiplied by 70 percent to obtain the landscape area.

The outdoor drought factor is currently set at 1. ET is the amount of water that is lost by plants through evaporation and transpiration, and needs to be replaced for plants to remain healthy.

ETAF is a coefficient that adjusts the ET value based on the type of plants and irrigation efficiency. As developed by the California Department of Water Resources, landscape installed prior to January 2010 has an ETAF of 0.8 and new landscape has an ETAF of 0.7.

The outdoor water budget allocation will be billed at Tier II Efficient rates.



TIER 3: INEFFICIENT USE

Water use in excess of Tier I and II water budget allocations would be deemed inefficient and/or excessive. Tier III water use applies when usage is between 100% and 130% of the Tier I and II water budgets.

TIER 4: EXCESSIVE USE

Tier 4 usage will apply when consumption is over 130% of total water budget.

The District recognizes that some of the above determining factors may need adjusting, therefore variances are available to adjust the number of people in a household, the irrigated area, or for a special circumstance such as medical needs or a home-based daycare facility. The variance request form will soon be available at the District office, 24251 Los Alisos Blvd. or online at www.etwd.com.



What's Next?

When will I learn what my water budget will be?

In May or June, the District will transition to a new water bill format. The new billing will reflect current usage in a tiered format. All tiers will be at the current rate. This will allow you to see how your budget was developed and how your current use compares with the new proposed allocation. The new proposed Tier 1 and 2 rates would go into effect after July 2010 with Tiers 3 and 4 phased in during the fall and winter.



ETWD's Customer Service Office

Public Hearing

The Governing Board of the El Toro Water District will consider approval of the proposed Water Budget Based Tiered Conservation Rate Structure and increases to rates and charges for the fiscal year 2010/11 at a Public Hearing scheduled for June 24, 2010 at 4:00 p.m. Additional details related to proposed increases to rates and charges will be distributed to each customer by way of formal notice 45-days prior to the Public Hearing. The Public Hearing will be conducted at the District's Administrative Office located at 24251 Los Alisos Blvd. in the City of Lake Forest. The District's Board of Directors welcomes input from customers prior to and at the Public Hearing.

For more information, please call Customer Service at 949.837.0660.

The El Toro Water District is a California Water District governed by an elected Board of Directors.



EL TORO WATER DISTRICT

24251 Los Alisos Blvd. • Lake Forest, CA 92630
(949) 837-0660 • www.etwd.com

BOARD OF DIRECTORS

President

Ted F. Martin

Vice President

M. Scott Goldman

Director/Treasurer

John S. Dudley

Director

William H. Kahn

Director

Jerard B. Werner

General Manager

Robert R. Hill

Water Views Editor

Sherri Seitz

The Mission of the El Toro Water District is to plan and invest appropriately to provide its customers a safe, adequate and reliable supply of water, wastewater and recycled water service in an environmentally and economically responsible way.

Water Views is published quarterly to keep water users in the El Toro Water District informed about water and wastewater related issues and events and is prepared by District staff.

Your comments and suggestions are welcome.

Please call Customer Service at (949) 837-0660 or visit our website at www.etwd.com.

Printed on recycled paper.