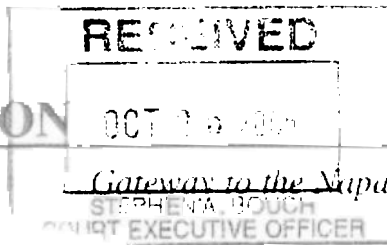


CITY OF AMERICAN CANYON

Administration



September 2, 2005

Dr. Ronald Citron, M.D.
Chair of Napa County Grand Jury
825 Brown Street
Napa, CA 94559

FILED

OCT 25 2005

Clerk of the Napa Superior Court

By: J. Deenman
Deputy

Dr. Ronald Citron

This is in response to the Water Loss section of the Napa County Grand Jury 2004/05 Final Report.

The City of American Canyon does not concur with the water loss estimate published in the report. The report states that the City of American Canyon's unaccounted water loss is currently 30%. Our most recent recapitulation of water loss shows that average over the six month period from January through June 2003 was 26.3%.

Nonetheless we are in substantial agreement with the finding that this water loss is above economical levels and needs to be closely monitored and addressed. The following is our reply to the specific recommendations:

1. Water districts and municipalities must monitor unaccounted-for water on an annual basis. Concur. We have initiated an ongoing monitoring system and have assigned overall responsibility to the Water System Manager in the Public Works Department. The automatic meter reading system that we are in the process of completing will make it easier to correlate water production with meter readings.

2. Water districts and municipalities must follow the methodology and goal for calculating unaccounted-for water according to the American Water Works Association. Substantially concur. We have purchased the American Water Works Association Benchmarking Performance Indicators for Water and Wastewater Utilities and intend use it to compare our performance against other utilities of our size and geographic location. However, based on that report, we do not concur with a benchmark of 10% for utilities of our size. The report finds that the median distribution system water loss for utilities serving a population between 10,000 and 50,000 to be 11.7%. Larger utilities tend to have less water loss.

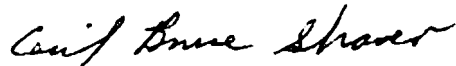
3. Water districts and municipalities must have a system in place for inspecting, testing, maintenance and replacement of meters. Concur. We have an meter replacement program and have been replacing meters as part of our automatic meter reading system implementation.

4. Water districts and municipalities should consider joining the California Urban Water Conservation Council. Concur. We are members and are making progress on implementation of the Best Management Practices.

5. The City of American Canyon... must find, explain, and fix the high, unaccounted-for water loss. Concur. We have budgeted \$80,000 in the Fiscal Year 2005/06 budget for a complete assessment of the 70-mile distribution system operated by our water utility. It will use the best available technology to detect and prioritize leaks for repair. It will also build a geographic information system for enhanced management of the system. At the same time, we are moving forward with a number of capital projects to repair our aging water distribution system. In 2005, we completed work on a \$450,000 project to replace aging water mains on Joan Drive, Patricia Drive, and Lena Drive. Our 5-year Capital Improvement Program includes a like amount each year for water main replacement. In addition, we are currently seeking bids for a project of approximately \$1,000,000 to replace the worst two sections of the 14" water transmission main in the Highway 29 right-of-way which constantly leaks and requires repair. We have already isolated and abandoned a severely corroded section of water line.

In summary, we are not surprised by the findings of the report; water loss is a problem that we have been aware of for some time. Fortunately, we have a plan to address it, and we are already implementing that plan. If you have any further questions, please contact Robert Weil, Public Works Director, at 647-4550.

Sincerely,

A handwritten signature in cursive script that reads "Cecil Shaver".

Cecil Shaver, Mayor