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August 8, 2022

The Honorable Erick L. Larsh
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92701

RE: TCWD Response to Orange County Grand Jury Report's Findings and Recommendations

Presiding Judge Larsh:

Please accept this letter as the Trabuco Canyon Water District's (TCWD) response to the 2021-2022 Orange County Grand Jury report, "*Water in Orange County Needs 'One Voice'.*" This report requested that TCWD respond to the Findings F1 through F6, and Recommendations R1 and R2.

TCWD provides drinking water, wastewater collection and treatment, recycled water, and urban runoff collection and reuse to approximately 14,000 residents in southeastern Orange County. Fully one-half of TCWD's service territory abuts wildland areas and serves as a buffer against the threat of wildfires. Some of the highest elevations in the County are served through TCWD's many water and sewer pump stations, resulting in a complex collection and distribution system unique to the topography of South Orange County. TCWD purchases untreated imported water from the Municipal Water District of Orange County (MWDOC) and produces drinking water from one of the only locally-operated surface water treatment plants in the County.

TCWD appreciates the time and effort the Grand Jury has devoted during this and previous terms to evaluating the effectiveness of Orange County's water resources management. Given the unprecedented water supply challenges currently faced, it is more important than ever that all Orange County water agencies continue to find ways to work collaboratively and in the best interests of all County residents. TCWD's responses to the 2021-2022 Grand Jury report are provided below.

TCWD's Responses

Finding F1: *A singular water authority for Orange County's wholesale water supply likely would result in further opportunities at the local, State, and federal levels in legislation, policy making and receiving subsidies and grants.*

F1 Response: TCWD wholly disagrees with this finding.

TCWD does not agree that a consolidated wholesale water supply entity for Orange County would likely fare better at influencing policy and legislation, and receive more subsidies and grants, at the local, State, and federal levels. Two wholesale entities, with separate key staff and advocates aligned on water management policy for Orange County, are more effective at influencing policy and legislation than one. The same can be said for the pursuit of grants and other outside funding. Strategically, Orange County is better served by its wholesale water agencies coordinating multiple bites of the funding apple in different areas of focus such as water use efficiency, groundwater treatment, and recycled water infrastructure. Indeed, Orange County has a long history of success in securing outside funding for potable and recycled water infrastructure, groundwater recharge and cleanup, stormwater capture, and water use efficiency through cooperative efforts at the wholesale and retail agency level.

Finding F2: *The current fragmented water system structure and operations provides challenges as it relates to development of new interconnected infrastructure as well as maintenance of existing systems.*

F2 Response: TCWD wholly disagrees with this finding.

TCWD would characterize the current water system structure in Orange County as functional, rather than fragmented. As it relates to the wholesale water agencies that are the subject of the Grand Jury report, OCWD owns, operates, and maintains water system infrastructure necessary to manage the groundwater basin, while MWDOC purchases imported water from a conveyance system owned, operated, and maintained by Metropolitan Water District of Southern California (MET). Retail agencies pump groundwater and/or purchase imported water for delivery through their own infrastructure. Borne out of the different roles each entity fulfills, this reality has not impeded the successful, innovative development over the past several decades of intra-County conveyance facilities, interconnections of local retail systems, emergency supply projects, or maintenance of existing infrastructure despite the inherent challenges of doing so. TCWD does not believe that a single water authority would serve to combine any wholesale-level infrastructure or mitigate the challenges of interconnected infrastructure.

Finding F3: *There is a great disparity between the North/Central and South Orange County water sources, management, and operations carried out by OCWD and MWDOC.*

F3 Response: TCWD agrees with this finding.

TCWD agrees that there is a significant disparity inherent in the respective water sources of the North/Central and South regions of Orange County. Groundwater produced from the Orange County Groundwater Basin on average accounts for over 75% of the water supply for water agencies in North and Central Orange County. By contrast, retail water agencies in South Orange County rely nearly 100% on imported water purchased through MWDOC and supplied through MET and local infrastructure. It follows that the water management and operations of OCWD and MWDOC are appropriately different (rather than “disparate”) given their distinct roles and responsibilities.

Finding F4: *South Orange County has many smaller retail water districts that lack a formal centralized leadership. Notwithstanding this lack of structure, South Orange County retail water districts have displayed effective collaboration when dealing with one another.*

F4 Response: TCWD agrees with this finding.

TCWD agrees that the retail water providers in South Orange County are an example of effective collaboration without the need for centralized leadership or consolidation. Much like the groundwater producers in North/Central County, South County's independent agencies work together on water policy, legislation, and infrastructure through regular and ad hoc forums, yet remain responsive to the unique needs of communities they serve.

Finding F5: *Orange County Water District is a recognized worldwide leader in groundwater resource management and reclamation. Its leadership, innovation, and expertise can be further utilized to serve all of Orange County in developing additional innovative and beneficial programs.*

F5 Response: TCWD partially disagrees with this finding.

TCWD agrees that OCWD is a recognized worldwide leader in groundwater resource management and water reuse. In fact, Groundwater Replenishment System (GWRS) is the world's largest indirect potable reuse project (and getting larger) and OCWD has shown effective leadership in quickly implementing projects to address PFAS contamination in the groundwater basin. OCWD has also closely collaborated with another large agency, Orange County Sanitation District (OC San) on multiple water reuse and groundwater replenishment achievements, from Factory 21 beginning more than 40 years ago, to GWRS today. TCWD believes that OCWD should continue to leverage its expertise and leadership within the groundwater basin, and that all Orange County water agencies should continue to develop innovative and beneficial programs, both independently and through collaboration as appropriate.

Finding F6: *Orange County currently does not have a countywide coordinated policy regarding water conservation, which results in difficulty when complying with any new State-mandated conservation regulations.*

F6 Response: TCWD wholly disagrees with this finding.

TCWD does not agree that a countywide conservation policy would facilitate compliance with State-mandated conservation regulations. Conservation policies and programs are best designed and implemented by local retail water agencies to meet local needs because compliance is enforced at the retail agency level rather than the county level. A one-size-fits-all approach to conservation policy would be inefficient and meet resistance at the local level. Retail water agencies need their water wholesaler to provide funding in the form of rebates and incentives to buy down the cost of conservation programs, and policy and technical analyses to navigate ever-changing regulations and mandates. Retail member agencies of MWDOC have been well-served by water use efficiency and conservation compliance support available through core and choice services.

Recommendation R1: *By January 2023, Orange County wholesale water agencies should formally begin analysis and collaboration towards forming a single wholesale water authority or comparable agency to operate and represent wholesale water operations and interests of all imported and ground water supplies. (F1, F2, F3, F4, F6)*

R1 Response: TCWD is not an Orange County wholesale water agency and is not in a position to implement this recommendation. However, as an Orange County retail water agency, TCWD believes that the formation of a single wholesale water agency is neither needed nor warranted at this time, and that the associated financial, political, and institutional challenges alluded to in the Grand Jury Report would far outweigh any potential benefits to Orange County ratepayers.

Should MWDOC and OCWD jointly pursue this recommendation, all retail water agencies served by both wholesale agencies including the cities of Anaheim, Fullerton, and Santa Ana (each of which has direct representation at MET), should be involved in the analysis and evaluation of alternatives. Ultimately, closer and more collaborative planning and decision-making by MWDOC and OCWD, with full participation by affected retail agencies, presents the best opportunity for building on Orange County's successes in water resources management in a drier, water-limited future.

Recommendation R2: *Any future "One Voice" consolidated Orange County wholesale water authority should have Directors that examine and vote on issues considering the unique needs of all water districts. (F1, F2, F3, F4, F6)*

R2 Response: TCWD is not an Orange County wholesale water agency and is not in a position to implement this recommendation. However, TCWD believes that any future wholesale agency governance should continue to consider the unique needs of all Orange County water agencies that it serves.

If you need further information regarding this response, please contact me at (949) 709-5721.

Sincerely,



Fernando Paludi, P.E.
General Manager

cc: TCWD Board of Directors