SERRANO WATER DISTRICT
18021 EAST LINCOLN STREET
VILLA PARK, CA 92861-6446
714-538-0079

August 23, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

Ms. Gwen P. Isarowong, Foreperson
Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 9270 I

Re: Serrano Water District Response to Orange County Grand Jury Report of June 17, 2022 Entitled "Water in Orange County Needs 'One Voice'"

Dear Presiding Judge Larsh:

Per the request of the Orange County Grand Jury ("Grand Jury") dated June 22, 2022, the Serrano Water District ("SWD") response to the Grand Jury Report entitled "Water in Orange County Needs 'One Voice'" (the "Grand Jury Report") is herein provided per the requirements of Penal Code sections 933 and 933.05. Per the directions provided in the Grand Jury Report, SWD responds below to Grand Jury Report Findings 1-6 and Recommendations 1-2.

SWD RESPONSE TO GRAND JURY REPORT FINDINGS

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.

Response—SWD lacks sufficient information to appropriately respond to this finding. SWD was not interviewed as part of the preparation of the Grand Jury Report, and the answer to the question above would depend on the structure and staffing of the hypothetical singular water authority referenced in the 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

Response—SWD lacks sufficient information to appropriately respond to this finding. SWD is uncertain of the basis for the assertion that new interconnected infrastructure and maintenance of existing systems is frustrated under the current system. SWD is fortunate that the vast majority of its water comes from local groundwater replenished by OCWD and from Santiago Creek water stored in Irvine Lake; other local agencies that are more reliant on imported water may have more relevant insight with regard to this 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.

Response—SWD lacks sufficient information to appropriately respond to this finding. It is true that North/Central Orange County have sufficiently more access to local water resources than South Orange County, but that is the result of, among other things, the historical investment of North/Central County agencies, via payment of OCWD assessments, in the capture, conservation and infiltration of Santa Ana River water and highly treated recycled water (GWRS) into the Orange County Groundwater Basin.

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.

Response—SWD lacks sufficient information to appropriately respond to this finding. SWD has limited interface with South County agencies, and is therefore not in a position to opine upon the effectiveness of the manner in which these agencies organize themselves and collaborate with each other.

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.

Response—SWD generally agrees with Finding 5. OCWD is undoubtedly a leader in groundwater resource management and reclamation, and they provide superb and innovative service to SWD, for which SWD is grateful. However, SWD would need to be better understand which of OCWD's services would be expanded to Southern Orange County, and how the innovative/beneficial programs referenced in this finding would be funded, before taking a position on this 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.

Response—SWD lacks sufficient information to appropriately respond to this finding. It is not clear to SWD what is meant by the phrase "countywide coordinated policy regarding water conservation" for Orange County so it is difficult for SWD to assess whether such a coordinated policy, if it existed, would be superior to the status quo. The main problem for SWD has been the State-mandated water conservation regulations themselves, which in the past have ignored investments in local waters supplies by retail agencies like SWD, and differences in severity of drought between different regions of the State.

SWD RESPONSE TO GRAND JURY RECOMMENDATIONS

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. (F 1, F2, F3, F4, F6)

Response—SWD lacks sufficient information to appropriately respond to this recommendation as it requires further analysis. A consolidated wholesale agency could seemingly provide advantages for small retail water agencies like SWD, but the devil will be in the details. The Orange County Local Agency Formation Commission (OC LAFCO) exists, in part, to address and evaluate recommendations like this one. The advantages or disadvantages of a consolidated wholesale water agency for all of Orange County would seem an appropriate subject for an OC LAFCO municipal service review (MSR) which can evaluate consolidation options and make recommendations regarding whether a single wholesale water authority can provide more efficient/effective services to all the County.

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. (F 1, F2, F3, F4, F6)

Response—Please see SWD response to R1.

Thank you for considering SWD's response and for the opportunity to comment upon the Grand Jury Report.

Very truly yours,

Greg Mills
President, Board of Directors
Serrano Water District

cc: SWD Board of Directors
Mr. Jerry Vilander, General Manager
Mr. Jeremy N. Jungreis, General Counsel, SWD