Santa Margarita Water District

September 7, 2022

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

SUBJECT: Response to Grand Jury Report, "Water in Orange County Needs One Voice"

Dear Judge Larsh:

Per your request, and in accordance with Penal Code 933, please find Santa Margarita Water District's response to the subject report as approved by its Board of Directors.

If you have any questions, please contact Chip Monaco, Chief Administrative Officer, via email at ChipM@SMWD.com.

Sincerely,

DANIEL R. FERONS
General Manager, SMWD

Enclosure – Responses to Findings/Recommendations

cc: Orange County Grand Jury
Board of Directors, Santa Margarita Water District (SMWD)
Don Bunts, Deputy General Manager, SMWD
Chip Monaco, Chief Administrative Officer, SMWD
Jim Leach, Director of External Affairs, SMWD

Santa Margarita Water District
Responses to Findings and Recommendations
2021-22 Grand Jury Report

"Water in Orange County Needs One Voice"

SUMMARY RESPONSE STATEMENT:

On June 22, 2022, the Grand Jury released a report entitled, "Water in Orange County Needs One Voice." This report directed responses to the Findings and Recommendations from the Santa Margarita Water District. Responses to the required Findings and Recommendations are below:

FINDINGS AND RESPONSES:

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: ***Disagrees partially with the finding.*** Without further analysis, it is unknown how a restructured entity would effectively prioritize its efforts and actions to meaningfully represent the entire Orange County region.

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: ***Disagrees partially with the finding.*** The opportunities to address and improve existing challenges exist in the current structure. More analysis is required to determine if a new structure is the ultimate solution or if other solutions exist.

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: ***Agree with the finding.*** Agencies in South Orange County are only members of MWDOC and are not a members of OCWD.

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: ***Agree with the finding.*** While South Orange County may host a variety of large and small districts, there has been a longstanding commitment to collaboration amongst the agencies.

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: ***Agree with the finding.*** Orange County Water District's technical, managerial and financial expertise could assist with groundwater projects in South Orange County through greater collaboration.

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: ***Disagree partially with the finding.*** While Orange County may not have a "coordinated policy regarding water conservation," experience has shown that a one-size-fits-all approach, which fails to consider the unique opportunities and challenges of each independent water district, is not an effective approach at complying with state mandates. Better outcomes are often achieved if the approach to implementation is left to each independent district.

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)

Response: ***The recommendation requires further analysis.*** This recommendation requires further analysis. Also, it would require willing independent agencies to agree to pursue an approach to moving forward.

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)

Response: ***The recommendation requires further analysis.*** This recommendation requires further analysis, including a defined mechanism to ensure that any proposed structure effectively would represent the needs of all water districts. Also, it would require willing independent agencies to agree to pursue an approach to moving forward.