



El Toro Water District

"A District of Distinction"

Serving the Public – Respecting the Environment

September 8, 2022

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

Re: El Toro Water District Responses to the Orange County Grand Jury Report "*Water in Orange County Needs 'One Voice'*"

Dear Judge Larsh,

On June 22, 2022, the Orange County Grand Jury released a report titled "*Water in Orange County Needs 'One Voice'*" (Report). This Report requested that El Toro Water District (District) respond to findings and recommendations contained in the Report. The District appreciates the opportunity to provide feedback and comments on the Orange County Grand Jury Report. The District recognizes and similarly appreciates the efforts made by the Grand Jury to evaluate the important issues of water supply in Orange County.

The El Toro Water District provides water, wastewater and recycled water service to nearly 50,000 residents in portions of the cities of Aliso Viejo, Laguna Hills, Lake Forest, Mission Viejo and all of the City of Laguna Woods. The District service area is in the southern part of the County and does not overlie the Orange County Groundwater Basin. The District imports all of its potable water from the Metropolitan Water District of Southern California through the Municipal Water District of Orange County (MWDOC). The District has been served well by MWDOC for decades. While the District has great respect for the Orange County Water District (OCWD) and the services it provides to the groundwater basin agencies in central and north Orange County, the District is not a member agency or customer of OCWD and has no professional relationship with the agency.

The District is aware of previous evaluations of similar questions, each of which has concluded that the benefits of any effort to consolidate MWDOC and OCWD were either not substantiated or were not justified by offsetting costs and the significant challenges dealing with the complexities of such a change in governance. The District has been fully engaged in multiple forums involving the vast majority of the retail agencies in Orange County. There has been no suggestion amongst the retail agencies of a need to consider a singular wholesale water authority and certainly no consensus that such a need exists or is warranted.

Per the 2021-2022 Orange County Grand Jury's request, and in accordance with Penal Code 933.05, below are the District's responses to Findings F1, F2, F3, F4, F5 and F6, and Recommendations R1 and R2.

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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.*

The District disagrees wholly with this finding.

The District has benefitted from MWDOC's advocacy relative to local, State and federal legislative and regulatory efforts. Given that the District is not an OCWD agency, it is not familiar with similar efforts by OCWD. The District does not see any practical indication that a singular wholesale water authority in Orange County would result in any further opportunities to influence legislation or policy at the local, state, and federal levels. In fact, the current ability to convey advocacy from multiple agencies may well be more impactful than a single voice from the conceived singular wholesale water authority.

MWDOC currently coordinates an extensive Member Agency Grant Assistance Program. The District sees no indication that the development of a singular wholesale water authority would result in Orange County receiving more subsidies or grants.

In addition to the evaluation of the practical implications of current legislative and funding activities, the District finds no specific nor anecdotal evidence in the Report to support the assumption or suggestion that a singular water authority would result in the further opportunities described in the Finding. There is also no specific indication in the Report of any lost funding nor any lost advocacy opportunities resulting from the current governance structure.

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.*

The District disagrees wholly with this finding.

The District disagrees with the characterization that the current system structure is fragmented. By their very nature the imported water and groundwater supplies are very different sources. MWDOC and OCWD expertly manage the two very different sources of water supply. The separation of the two is not an example of fragmentation, but rather of focus on the independent and individual unique needs of the respective groundwater and imported water agencies.

The District further disagrees that the existing water system structure and operations provides challenges as it relates to development of new interconnected infrastructure. The Report provides no specific examples, nor is the District aware, of any perceived challenges associated with the current governance structure relative to the development of new interconnected infrastructure or the maintenance of existing systems.

Each of the existing wholesale agencies has effectively facilitated regional collaborative infrastructure projects. The MWDOC Orange County Water Reliability Study identified a variety of potential regional projects, thereby facilitating the exact development of interconnected infrastructure defined in the Finding. OCWD has demonstrated similar efforts in the Groundwater Replenishment System and its efforts to facilitate solutions to the recent

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PFAS challenges. The independent pursuits of the objective defined in the Finding individually by MWDOC and OCWD have already proven extremely effective.

The determination of appropriate interconnected infrastructure as well as the maintenance of existing systems is the appropriate responsibility of Orange County's retail water agencies who are most connected to and aware of the individual needs of the residents and businesses they serve as well as the local challenges that might benefit from infrastructure improvement projects. There is already a high level of coordination and collaboration among the retail water suppliers in the County. There are multiple examples of regional collaboration. These projects and programs already involve effective coordination with MWDOC and OCWD.

The District finds no specific nor anecdotal evidence in the Report to support the alleged challenges referenced in the Finding, nor any specific indication of how a singular water authority would result in any improvement or benefit to the water system structure in the County.

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.*

The District agrees with this Finding.

This is a simple fact of geography and geology. The water agencies in central and north Orange County that overlie the Orange County Groundwater Basin are able to supply upwards of 75% of their potable water needs from groundwater while the water agencies in south Orange County rely on nearly 100% imported water purchased from MWD to meet their drinking water needs. The rights, or lack thereof, to groundwater does create a "disparity" between the water sources available to the water agencies in north/central and south Orange County. Any change in governance would not change that fact.

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.*

The District disagrees partially with this Finding.

While it may be true that the eight retail water districts and one city that provide water services in south Orange County have no "formal centralized leadership", the District wholly agrees that these agencies have demonstrated exemplary collaboration and coordination in the development and implementation of projects and programs to the mutual benefit of each agency's residents and customers.

The District does not agree with any suggestion that there is a need or benefit to the referenced "formal centralized leadership". The individual retail agencies in south Orange County work closely with MWDOC and OCWD and are better suited to the individual determination of appropriate programs, projects and approaches to water issues based on the unique needs of each agency.

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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.*

The District disagrees partially with this Finding.

The District certainly agrees that Orange County Water District is a recognized worldwide leader in groundwater resource management and reclamation.

The District disagrees that the pursuit of innovative and beneficial programs requires a singular water authority. The renowned Ground Water Replenishment System is not a candidate for replication in south Orange County due to the lack of the large geological aquifer that benefits central and north Orange County. Innovative and beneficial programs that benefit individual agencies are driven by the specific needs of each agency. Once again, the MWDOC Orange County Water Reliability Study did an excellent job identifying projects that might benefit various agencies in the County. There are many examples, especially in south Orange County, of retail agencies conceived and implemented regional water supply programs and projects.

The District can find no evidence in the Report to suggest or substantiate the notion that the current governance system inhibits the development of additional innovative and beneficial programs.

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.*

The District disagrees wholly with this finding.

MWDOC has particular expertise and has demonstrated great leadership in the area of water conservation and water use efficiency. MWDOC provides conservation and water use efficiency support, in one form or another, to the vast majority of the water agencies in Orange County. Agencies not benefitting from the services MWDOC provides are doing so at their own choice. MWDOC has provided exemplary service and leadership in evaluating and educating its member agencies regarding upcoming State mandated conservation regulations.

It should also be noted that there are unique factors within each local water agency customer base that drive approaches to water use efficiency and conservation programs. The local agencies are most suited to the development and implementation of water use efficiency programs that will be most impactful and successful within their individual jurisdictions. One-size fits all approaches have proven detrimental across the State and would be no more effective in Orange County.

The District finds no evidence or facts in the Report to support the conclusion that a singular wholesale water authority is necessary or beneficial to the successful compliance with State-mandated conservation regulations. The Report does not provide any specific indication or examples of the alleged "difficulty" in complying with State-mandated conservation regulations resulting from the current governance structure.

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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. (F1, F2, F3, F4, F6)*

The recommendation will not be implemented because it is not warranted.

The District has disagreed partially or wholly with the Findings (F1, F2, F5, F6) that would suggest the recommendation (R1) is warranted or beneficial. The District finds nothing in the Report that would justify or substantiate a need for a single wholesale water authority in the County. As previously noted, the vast difference in the nature of the groundwater or import supplies lends itself to the current structure of independent agencies managing these sources of supply. The presumed consolidation has been discussed and studied many times in the past. The District finds no compelling reasons in the Report to suggest the conclusion would be any different this time. The future of water supply in Orange County will benefit from collaboration between MWDOC and OCWD rather than a change in governance to develop a singular wholesale water authority.

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)*

The recommendation will not be implemented because it is not warranted.

The Recommendation presumes the implementation of a change in governance structure which the District does not support. MWDOC currently represents every water agency in Orange County with the exception of the three cities (Anaheim, Fullerton and Santa Ana) that are individual MWD member agencies. There is no evidence in the Report to suggest that MWDOC Directors don't examine and vote on issues considering the unique needs of all water districts.

The District, once again, appreciates the efforts of the Grand Jury and the opportunity to provide responses to the Findings and Recommendations of the Report.

Sincerely,

EL TORO WATER DISTRICT



Kathryn Freshley
President