



CITY OF FULLERTON

City Council Office

Mayor, Fred Jung
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September 20, 2022

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

SUBJECT: Orange County Grand Jury Report – Water in Orange County Needs “One Voice” –
June 22, 2022

Dear Judge Larsh,

The City of Fullerton (Fullerton) is pleased to submit its responses to the findings and recommendations in the Orange County Grand Jury Report - Water in Orange County Needs “One Voice.” Fullerton appreciates the significant time and effort the Orange County Grand Jury invested in beginning to understand the complex nature of water issues in Orange County and acknowledging the collaborative efforts by the Orange County water agencies to address those issues.

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: Disagrees Wholly

Fullerton disagrees that having a single water authority would result in further opportunities at the local, state, and federal levels in legislation, policy making, and in receiving subsidies and grants. Fullerton, and other retail water agencies, currently partner with OCWD and MWDOC for mutually beneficial opportunities and provide support for each other’s individual agency projects. Agencies have their own leadership, expertise, and resources in developing support for and collaborating on local, state, and federal legislation and policy making. Agencies work closely with the Orange County Water District (OCWD) and Municipal Water District of Orange County (MWDOC) to achieve common goals related to water quality, system reliability, water conservation, etc. The same collaboration exists among the water agencies in Orange County in pursuing subsidies and grants which benefit their agencies, OCWD, MWDOC, and the Orange County as a whole. These partnership efforts on shared issues should be fostered and encouraged regardless of organizational structure.

THE EDUCATION COMMUNITY

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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

Fullerton agrees that having multiple agencies involved in the development of interconnected infrastructure provides challenges. Fullerton disagrees that this finding should be utilized as support for a singular water agency. The needs of individual water retail agencies differ greatly from other retail agencies and differ even more significantly from a regional agency that is developing interconnected infrastructure. There are always challenges when multiple agencies work together on projects. Those challenges, and conflict resolution through collaboration, generally lead to better projects and better ensure that all member agencies are fairly represented.

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: Disagrees Partially

OCWD oversees the groundwater basin in North Orange County, whose users are entirely in the North County, and whose users pay for 100 percent of the beneficial use and rights to the water in the basin. Fullerton agrees there is a disparity in available water sources – particularly groundwater supplies – which are available to North County Agencies vs South County Agencies. This is due to the basin itself and not based on an issue with how water sources are managed. The agencies with groundwater supplies have significant investments in their retail water systems as well as significant investments in the OCWD system. Fullerton disagrees that there is a disparity in management and operations by OCWD and MWDOC as it relates to the geographic location of customers. Similar programs are offered to Orange County water agencies – regardless of location. Urban development occurred in areas that do not have the benefit of groundwater and need to rely on import water. The import water that is provided to customers is based on the same MWD terms and rates for type of water – regardless of north/central or south location. It is believed a disparity would be created if South County users were now provided access to groundwater from the North County given the history of investment and development of the water supply in the groundwater basin by North County users.

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: No response was requested from Fullerton; not applicable

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: Disagrees Partially

Fullerton agrees that OCWD is recognized as a worldwide leader in groundwater management. Because of OCWD's vision and leadership and the investment of its members, the reliability of the Orange County groundwater basin has significantly improved and continues to do so. From the world-renowned Groundwater Replenishment System to their leadership role in PFAS Treatment for the basin, OCWD has proven its innovation and expertise. It is believed that OCWD will continue to pioneer and innovate to ensure the sustainability of the groundwater basin which simultaneously provides benefits to all of Orange County. The more local reliance the groundwater basin provides, the less demand OCWD's agencies have on the import water system helping import water availability for other agencies – such as those in South County. Fullerton disagrees that a singular agency would necessarily serve all of Orange County more beneficially than the current structure. Fullerton, and other retail water agencies, have their own leadership, innovation, and expertise in developing innovative and beneficial programs that meet the needs of their respective ratepayers and water supply challenges. These agencies work cooperatively with OCWD, MWDOC, and others in the industry, as needed, in developing programs. Should a singular agency be developed, the issues of governance and representation would be significant. Additionally, should that singular agency be OCWD - OCWD's focus would be forced to broaden to ensure water resources were provided to agencies outside of the OC groundwater basin. This could negatively impact those OCWD members that have invested for almost 100 years in building systems that protect the valuable groundwater resources that help to keep rates as low as possible for our residents – particularly in less affluent agencies where a significant number of customers reside in disadvantaged communities. Fullerton agrees that partnerships should be encouraged and fostered to enable "One Voice" without impacting OCWD's governance and its fairly singular, very successful focus on groundwater basin management and enhancement.

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: Disagrees Partially

Fullerton agrees that there is not technically a countywide coordinated policy regarding water conservation. However, through the partnership opportunities provided by MWDOC for its direct member agencies and its fellow MWD agencies, the development of a retail water agency's Water Shortage Contingency Plan followed a regional template in a goal for similarity/consistency in approach to drought response. Fullerton disagrees that the lack of a coordinated policy results in difficulty when complying with new Statemandated conservation regulations. Fullerton, and other retail water agencies, have their own expertise in implementing water conservation policies and tailor programs for their respective service areas to comply with State-mandated conservation regulations. Coordination on conservation

outreach and policy making is already being done effectively, both at the individual agency level, and through coordination across agencies when appropriate.

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)

Response: Disagrees Wholly

Fullerton disagrees that wholesale water agencies should formally begin analysis and collaboration towards forming a single wholesale water authority. Fullerton appreciates the Orange County Grand Jury and its review. It is believed that a more in depth understanding of the nuances of Orange County Water Management and individual agency needs and representation may have resulted in a different study recommendation. Another reason that Fullerton disagrees is that efforts to form a single wholesale water authority or comparable agency at this time will redirect precious staff and monetary resources from OCWD, MWDOC, MWD, and all water agencies in Orange County. This redirection of resources comes at a time when efforts should be focused on improving an agency's water system, addressing water quality issues, and responding to the current drought.

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: Disagrees

The City of Fullerton disagrees that 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. This disagreement is related to the complexity of the governance structure for a singular Orange County water agency. If groundwater management decisions now considered "all water districts" rather than only groundwater purveyors, there is the potential to have the basin used as a water source by other agencies that do not have the rights to nor have invested in the system through rate payers over many decades. This investment occurred to ensure the most reliable, lowest cost water for a retail water agency's customers. To now have a Board of Directors that is responsive to agencies outside of the groundwater basin, decisions could be made having a negative impact on groundwater purveyor customers.

Sincerely,


Fred Jung
Mayor