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September 20, 2022

Via E-mail and U.S. Mail

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

Dear Judge Larsh,

The City of Santa Ana hereby submits its requested response to the findings and recommendations in the Orange County Grand Jury report, **“Water in Orange County Needs ‘One Voice.’”**

The City of Santa Ana (City) thanks the Orange County Grand Jury for the significant time and effort that was invested to thoroughly understand water supply management in the County, including engagement with the numerous water agencies about the complex water issues we face. We appreciate the Grand Jury’s recommendations of possible solutions for increasing efficiency and we look forward to being part of the solution.

The City of Santa Ana is the sole water purveyor for all of its 320,000-plus residents and the businesses it serves. The City is unique in that it is one of the three Orange County founding member agencies of Metropolitan Water District (MWD), a member of Orange County Water District (OCWD), and contracts with Municipal Water District of Orange County (MWDOC) for various conservation programs and regional services. Given our level of involvement with all three of these agencies, we are committed to doing what it takes to protect the reliability of our water supply and delivery system for the future.

FINDINGS

F1 - A singular water authority for Orange County’s wholesale water supply would likely result in further opportunities at the local, state and federal levels in legislation, policy making, and receiving subsidies and grants.

RESPONSE: Differ partially with this finding

It is true that a single water authority representing the entire County of Orange would likely have greater influence in local, state, and federal legislative and policy making, which could result in more

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line-item budget “earmarks” and favorable policies for our water agencies. However, it is difficult to ascertain the level of increased effectiveness a single authority would have versus the current makeup and how that would ultimately serve the needs of the individual water agencies. As it relates to subsidies and grants, due to their competitive award processes, it is unclear if a consolidation of wholesalers would have any discernable effect on results.

F2 – The current fragmented water system structure and operations provide challenges as they relate to development of new interconnected infrastructure, as well as maintenance of existing systems.

RESPONSE: Concur with this Finding

While there are challenges to interconnection, it is not impossible. For the City of Santa Ana, the current system continues to work, even if it is not perfect.

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: Concur with this Finding

There are significant differences in the way water is managed in North/Central and South Orange County, which is largely due to the natural water resources available in each of these areas. As a result, the regions have invested in and developed their unique water resources, management, and operations in diverse, yet effective ways.

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: Concur with this Finding

OCWD has a proven track record of managing and protecting the Orange County groundwater basin, which has been instrumental in reducing our dependence on more expensive and less reliable imported water. Additionally, OCWD is at the forefront of PFAS treatment technology and has fully funded cleanup facilities. OCWD pays for critical infrastructure and has brokered water storage and stewardship 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.

RESPONSE: Concur with this Finding

It is the purview of each water agency to develop water conservation policies that meet the needs of their communities and comply with state-mandated regulations. Santa Ana has learned from past

SANTA ANA CITY COUNCIL

drought emergencies that a cooperative, coordinated, and uniform regional approach to conservation reduces confusion amongst the public and results in the best outcome.

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: The recommendation has been implemented

Orange County Water District and Municipal Water District of Orange County have formed an ad-hoc committee comprised of three board members from each agency to collaborate on options to be more effective and comprehensive in their individual agency efforts. The City has no direct involvement in these efforts, but we encourage productive and positive dialogue and outcomes.

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

The City agrees in principle that if a consolidated Orange County wholesale water authority were to exist, the voting body would have to be made up of members who vote on issues for the benefit of all water agencies in the County and take their unique needs into consideration. It would be necessary to recognize the investments that those communities have made to manage their water supplies, and act to protect those investments. Creating this proposed authority would require a transparent, collaborative process to ensure the community’s resources are adequately protected and its needs are fairly represented.

The City of Santa Ana thanks you for the opportunity to weigh in on this important matter. We believe it is a practice of good governance to periodically review, reflect on, and evaluate how we conduct business and best serve our community. As such, we welcome additional studies that evaluate the details of a proposed consolidation. We would like to see information and analysis on how such a shift would affect representation on both the MWD and OCWD Boards. As it is now, Santa Ana has one seat at the MWD Board and one seat on the OCWD Board. Additional clarity is needed on the local and regional impacts, including policy making capabilities, of a single county wholesaler. A One Water philosophy is always ideal, particularly with more frequent and severe droughts, conservation mandates, and environmental limitations, but we wonder, how will these challenges be addressed?

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The City of Santa Ana looks forward to continued collaboration on this issue and discovering answers that will be satisfactory to all.

Sincerely,



Kristine Ridge
City Manager

Attachments: Staff report dated September 20, 2022 and related exhibits

SANTA ANA CITY COUNCIL



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
September 20, 2022

TOPIC: Orange County Grand Jury's Investigative Report, Findings and Recommendations Regarding "Water in Orange County Needs One Voice"

AGENDA TITLE

Orange County Grand Jury's Investigative Report, Findings and Recommendations Regarding "Water in Orange County Needs One Voice"

RECOMMENDED ACTION

Receive and file the Orange County Grand Jury's report, findings and recommendations regarding wholesale water policy and operations in Orange County needing "One Voice" and authorize the City Manager to deliver the City's response to the findings and recommendations to the Presiding Judge of the Superior Court.

DISCUSSION

On June 22, 2022, the Orange County Grand Jury (OCGJ) issued a report with findings and recommendations regarding the establishment of a singular wholesale water supply agency in Orange County. The OCGJ report aims to, among other things, address the merits related to the formation of "One Voice" in the Orange County wholesale water structure.

Most of Orange County relies heavily on imported water for its ongoing supply, as well as some of its groundwater storage replenishment needs. Metropolitan Water District of Southern California (MET) supplies imported water to Southern California. While the cities of Santa Ana, Anaheim and Fullerton purchase imported water directly from MET, other water suppliers in Orange County purchase imported water from Municipal Water District of Orange County (MWDOC), who buys it from MET. Orange County Water District (OCWD) supplies groundwater to the retail water agencies and cities geographically situated in the Orange County Groundwater Basin, which includes the City of Santa Ana.

Exhibit 1 is the OCGJ's complete report. As a result of the investigation, OCGJ issued six findings and two recommendations. The OCGJ is requesting that the City of Santa Ana respond to five findings and both of the recommendations. Exhibit 2 outlines the OCGJ findings, recommendations and the City's responses. Upon authorization by the City Council, the responses in Exhibit 2 will be submitted to the Presiding Judge of the Superior Court.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with the action.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT(S)

1. County of Orange Grand Jury Report, *Water in Orange County Needs "One Voice"*
2. City's Response to County of Orange Grand Jury Report, *Water in Orange County Needs "One Voice"*

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager

Water in Orange County Needs “One Voice”



Water in Orange County Needs “One Voice”

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Water in Orange County Needs “One Voice”

SUMMARY

The future of a reliable water supply for California, as well as Orange County (OC), is at risk. The intense dry spell in the West, the worst in 1,200 years, is being labeled a “Mega Drought.”¹ Multiple years of drought and inconsistent availability of imported surface water from Northern California and the Colorado River should inspire OC leaders responsible for a reliable water supply to consider new ways to offset the likely depletion of aquifers and reservoirs.

Ronald Reagan once said: “No government ever voluntarily reduced itself in size.” However, it is important that Orange County water providers consolidate their resources and establish a unified voice to lead the County more efficiently in its water policies and planning. Multiple water experts agree it is time to coordinate strategies in water conservation, development of new supply and infrastructure, and preparation for the possibility of continued drought, disaster, and State-mandated water cutbacks.

Providing water to Orange County residents is a complicated process and requires the work of water wholesalers and retailers. Retail water agencies (districts and cities) are the direct link to residential and commercial customers. It is they who set the retail price for the water that is delivered. Providers of drinkable water to these retail entities are the wholesalers (suppliers) of imported and local groundwater from the aquifer.

The current structure of wholesale water supply and operations in Orange County, although fragmented between Orange County Water District (OCWD), Metropolitan Water District of Southern California (MET), and Municipal Water District of Orange County (MWDOC), has been successful in providing reliable, high-quality drinking water. While differences in geology and geography dictate different water supplies, no single governmental body is solely responsible for wholesale water policy and operations in Orange County, even though providing future reliable water supply is becoming more challenging.

While the processes of supplying wholesale groundwater and imported water are arguably dramatically different, complex, and should remain separated in OC, the Orange County Grand Jury (OCGJ) has determined that all sources of water are interconnected and would be best administered by one governmental entity. All the water flowing to OC taps looks the same, whether imported or groundwater, so why do we need two wholesale agencies?

This single leadership structure, whether through consolidation of existing dual entities (OCWD and MWDOC) or creation of a new water authority, is achievable through a combination of governance and local and State legislative changes that authorizes the single organization to lead all aspects of Orange County wholesale water. Although any consolidation or formation of a new water agency would pose political, administrative, and operational challenges, the OCGJ concluded that, at long last, it is time for Orange County to operate with “one water voice.”

¹ February 14, 2022, Peer reviewed study published in the journal *Nature Climate Change*
<https://doi.org/10.1038/s41558-022-01290-z>

Water in Orange County Needs “One Voice”

BACKGROUND

Multiple prior Grand Jury Reports have addressed water issues, including water challenges and opportunities jointly being faced by all of Orange County. One report pointed out disparities between the North/Central and South County’s water sources, the fragmented governance, and the significant differences in topography.² Another report informed the public about sustainability of the local water supply and future needs, along with evaluating the efforts of the two major wholesale water agencies in the County.³

Orange County relies heavily on imported water for its ongoing supply, as well as some of its groundwater storage replenishment needs. Metropolitan Water District of Southern California (MET) supplies imported water to Southern California. Municipal Water District of Orange County (MWDOC) buys imported water from MET and sells it to Orange County’s retail water agencies (cities and special districts). Orange County Water District (OCWD) supplies ground water to the retail water agencies and cities geographically served by the aquifer and wells.

REASON FOR THE STUDY

The consolidation of OCWD and MWDOC has been explored in the past, debated by wholesale and retail water agencies, but ultimately never accomplished. The formation of a new Joint Powers Authority is one option. But no matter how a consolidation would be accomplished, the OCGJ concluded that now is the time to have a single wholesale water supply agency in Orange County. Based on statements made during numerous OCGJ interviews, multiple water professionals support moving from two to one wholesale entity for Orange County.

The OCGJ is concerned that opportunities to operate, innovate, lobby, capitalize and coordinate communication are not being optimized with Orange County’s current wholesale water structure, which is split between two key, but very different, agencies. This report will, among other things, address the merits related to the formation of “One Voice” in the Orange County wholesale water structure. It will highlight ways in which Orange County can better address water supply, operations, and infrastructure. The report will not recommend specifically how a single structure comes to fruition legislatively.

METHOD OF STUDY

The Grand Jury evaluated the efforts of the existing primary water entities in Orange County—MWDOC and OCWD—to determine what is working well, and the challenges and opportunities currently existing. In its investigation, the OCGJ used the following sources.

² 2009-2009 Grand Jury report titled *Paper Water*

³ 2012-2013 Grand Jury report titled *Orange County Water Sustainability: Who Cares?*

Water in Orange County Needs “One Voice”

- In-person and virtual interviews. Specifically, interviews of current and former Water District Managers, City and Regional Water Managers and other involved State entities and individuals.
- Water District website meeting minutes and document review.
- Independent research (articles, websites, reports, minutes, documents, etc.).
- Research of applicable State and local water-related statutes and ordinances.
- Site tours of water and sanitation districts’ operations.
- Past Grand Jury reports.
- 2021 Orange County Water Summit.

The interviews included personnel from water agencies that represented a cross section of regional and local wholesalers and retailers to obtain a diversity of perspectives based on geography, demographics, and practices. The investigation took into consideration the variety of characteristics that exist in the County, including:

- North compared to South County sources of water supply (reliance on imported water).
- Variety of projects to provide water supplies during normal and emergency times.
- Diversity of projects and plans to increase reliable sources of water supply including categories related to conservation, recycling for irrigation and potable use, storage, desalination options, etc.
- Multi-agency collaboration.

INVESTIGATION AND ANALYSIS

Overall, California water sources come from imported supplies (State Water Project in Northern California and the Colorado River), groundwater, stormwater, water transfers, desalination, and water recycling. Orange County, like the rest of California, relies on a variety of sources, with the exception of desalination which is currently in the planning stage.

Status Quo

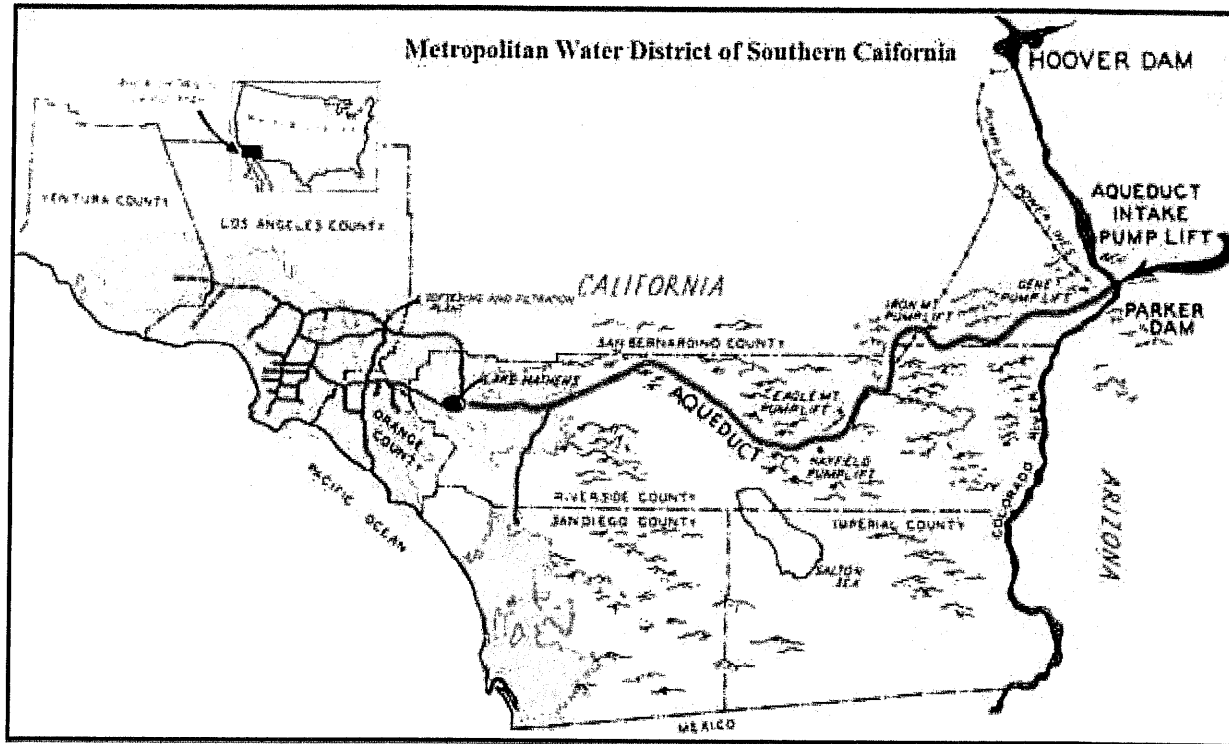
To best understand the background of wholesale water in California, and specifically Orange County; one must examine the three major governmental agencies involved: Metropolitan Water District of Southern California (MET), Municipal Water District of Orange County (MWDOC), and Orange County Water District (OCWD). These agencies have similar names but very different responsibilities. The role of retail water districts will also be explained.

Metropolitan Water District of Southern California

MET provides water from the Colorado River and the State Water Project from Northern California to Southern California. It wholesales this imported water to its Orange County member agencies, MWDOC and the independent cities of Anaheim, Fullerton, and Santa Ana.

Water in Orange County Needs “One Voice”

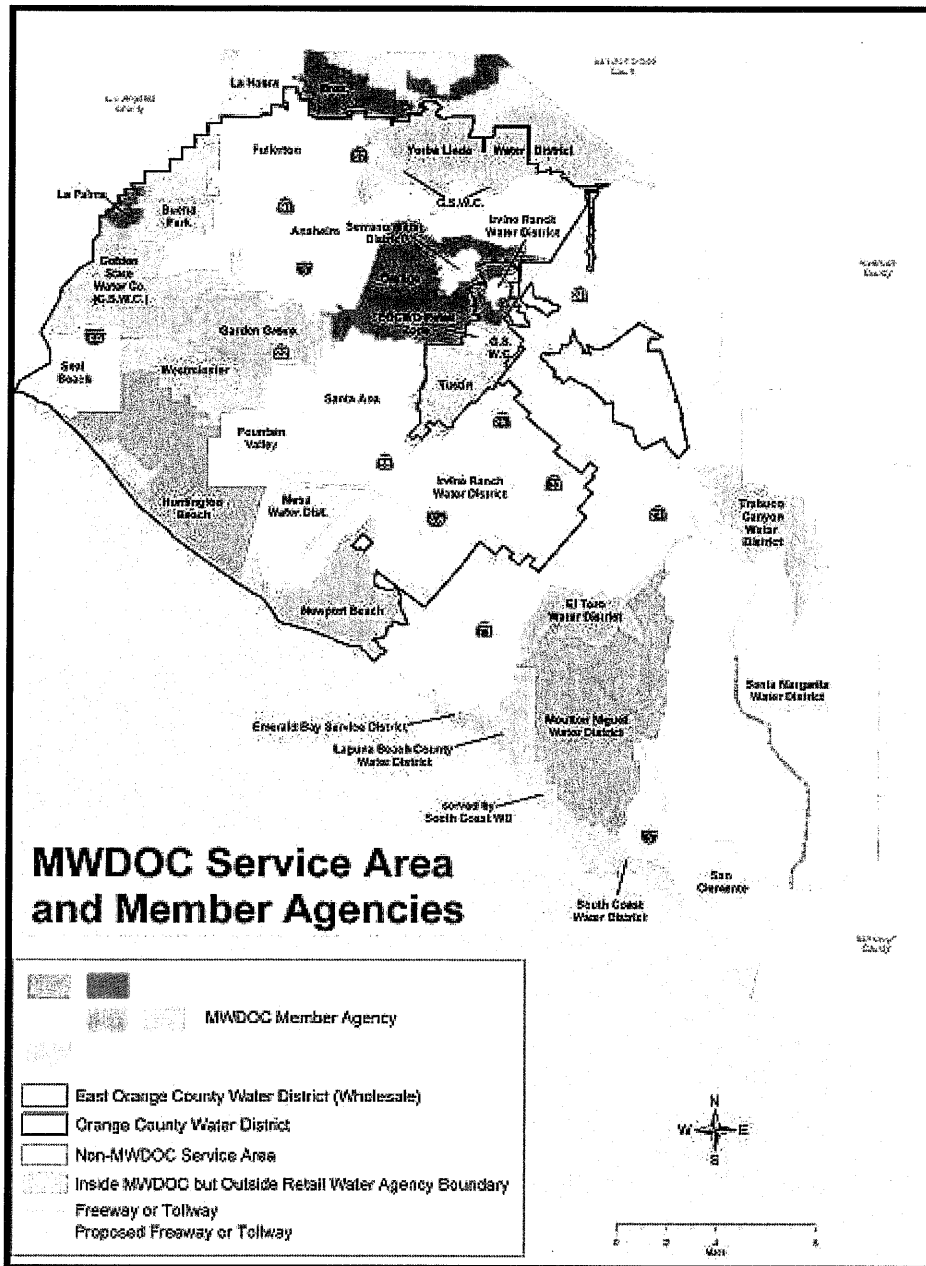
MET provides most of the water imported into Orange County. MET currently delivers an average of 1.7 billion gallons of water per day to a 5,200 square mile service area. MET is a group of 26 cities and water districts providing drinking water to over 19 million people in Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura counties.



Municipal Water District of Orange County

MWDOC acts as a pass-through agency for MET’s imported water. This imported water is sold to MWDOC’s 27 member agencies which, except for Fullerton, Anaheim and Santa Ana, covers the entire County. MWDOC also sell untreated water to OCWD for ground water discharge. MWDOC does not own or operate any water infrastructure.

Water in Orange County Needs “One Voice”

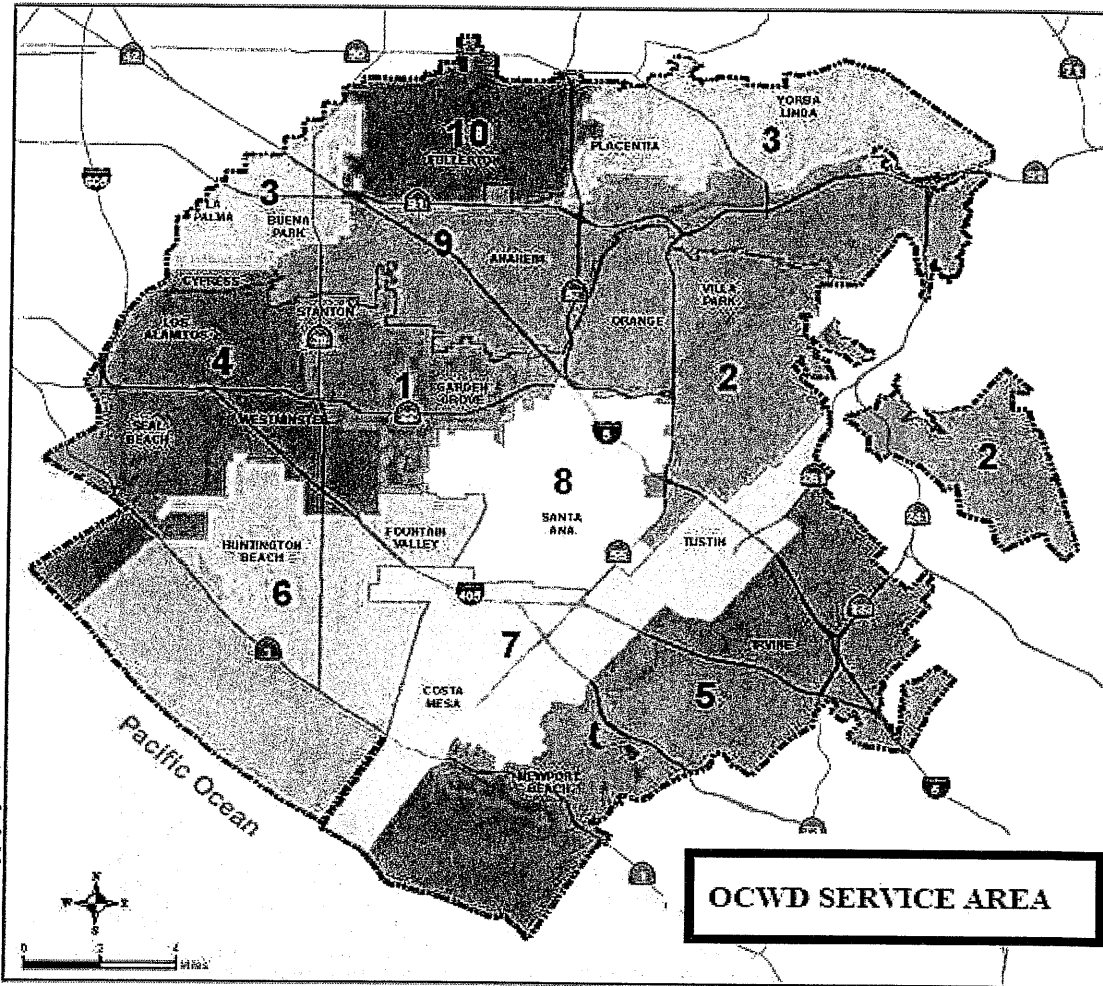


Orange County Water District

OCWD manages the groundwater basin in the north and central part of the County. OCWD does not directly provide water to any residents or businesses, except treated wastewater for irrigation in the Green Acres Project. The Green Acres Project is a water reuse effort that provides recycled water for landscape irrigation at parks, schools and golf courses and some industrial

Water in Orange County Needs “One Voice”

uses.⁴ OCWD’s primary role is to manage the basin and provide local water retailers with a reliable, adequate, and high-quality supply of water.⁵ In addition, OCWD operates the Groundwater Replenishment System (GWRS) in partnership with the Orange County Sanitation District (OCSAN). This state-of-the-art water purification project can produce over 100 million gallons of high-quality potable water per day for aquifer recharge. OCWD provides groundwater to 19 municipal and special water districts and supplies approximately 77 percent of the water



supply for North and Central Orange County. OCWD is the only wholesale groundwater agency for Orange County and is a customer of MWDOD for imported needs to supplement the aquifer recharge serving North/Central County. OCWD currently has \$1.5 billion in capital infrastructure assets.

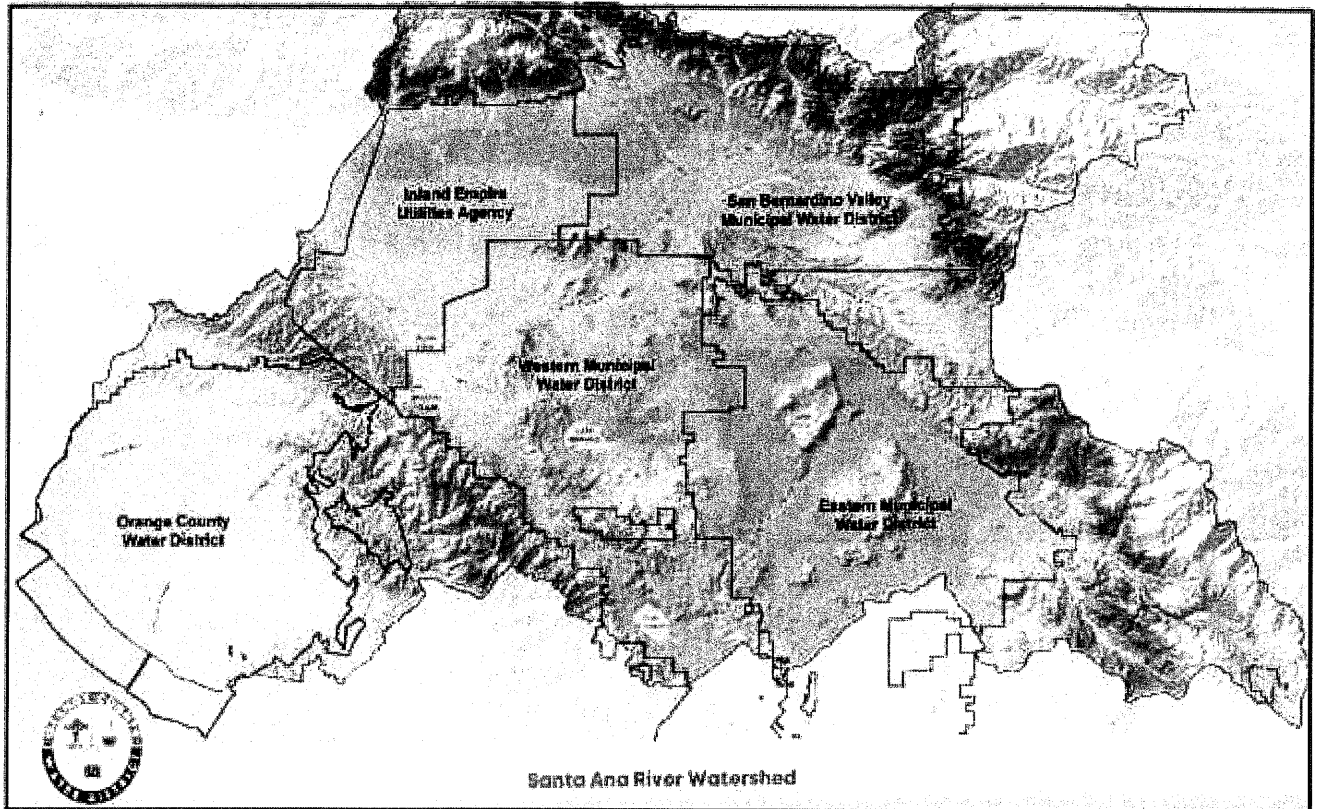
⁴ www.ocwd.com/about/

⁵ *Ibid.*

Water in Orange County Needs “One Voice”

Additional Supply for OCWD

The Santa Ana River is the largest coastal stream in Southern California. Flowing west from the San Bernardino Mountains, the river winds through San Bernardino and Riverside Counties before reaching Orange County at Prado Dam, then traveling through the OCWD aquifer to supplement recharge, before terminating at the Pacific Ocean. The river is joined by Santiago Creek and flows to the ocean between Huntington Beach and Newport Beach.⁶

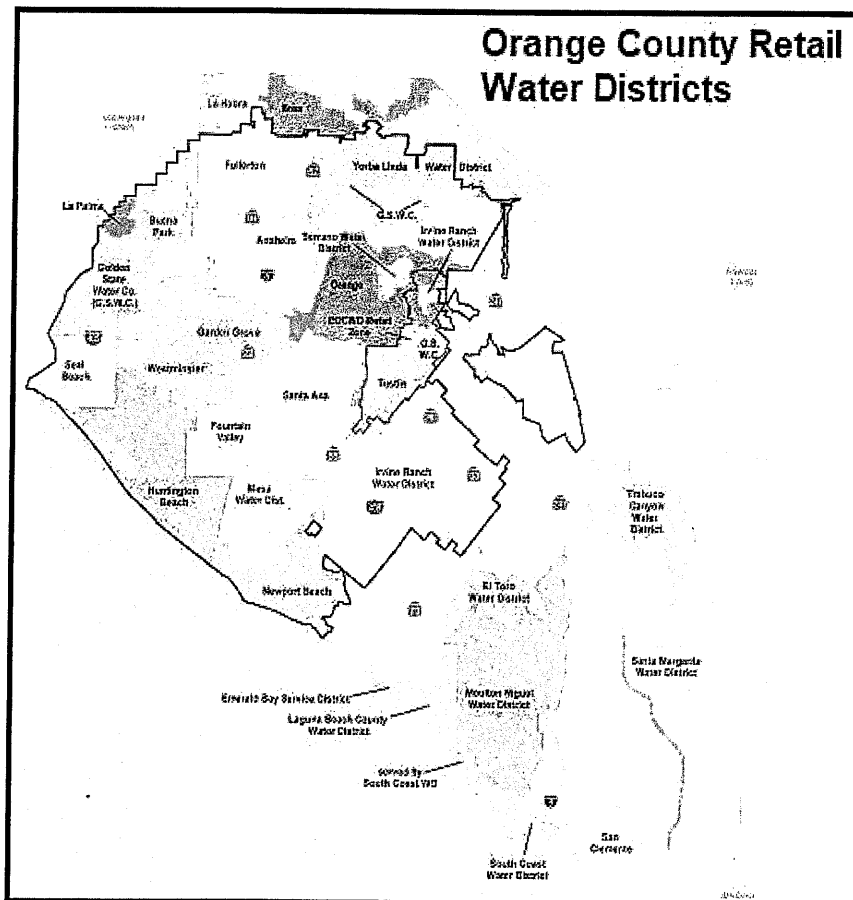


Retail Water Districts

Retail water organizations are the direct connection of supplying water to residential and commercial consumers. There are 29 retail water providers throughout Orange County. These water providers include cities, special water districts/agencies and one private water company.

⁶ www.ocwd.com/what-we-do/

Water in Orange County Needs “One Voice”



Differences in Supply Sources

South Orange County’s approximate 600,000 residents rely primarily on imported water (70-100 percent of needed supply depending on location) from hundreds of miles away. The imported water is purchased through the Municipal Water District of Orange County (MWDOC).⁷

North and Central County’s roughly 2.8 million residents rely primarily (19-99 percent depending on location) on groundwater supplied OCWD, which refills the Orange County Groundwater Basin with many different water supplies: water from the Santa Ana River; local rainfall; treated and purified wastewater through the Groundwater Replenishment System (GWRs); and imported water from the Colorado River and Northern California.⁸

⁷ www.ocwd.com/about & www.mwdoc.com/wp-content/uploads/2017/05/Water-Supply.pdf

⁸ www.mwdoc.com/wp-content/uploads/2017/05/Water-Supply.pdf

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History, Governance and Authorizing Legislation

MET

In 1928, the Metropolitan Water District Act was established by the California Legislature. The original purpose was to construct and operate the 242-mile Colorado River Aqueduct, which runs from an intake at Lake Havasu on the California-Arizona border to an endpoint at Lake Mathews reservoir in Riverside County. MET has a 38-member board of directors representing the district’s 26 agencies. Orange County is represented on the MET Board by seven Board members. MET has imported water from the Colorado River since 1941 and from Northern California since the early 1970s.⁹

MWDOC

MWDOC is a wholesale water supplier and resource planning agency that was established in 1951. Governed by a seven-member Board of Directors,¹⁰ MWDOC is MET’s third largest member agency and appoints four representatives to advocate the interests of Orange County on the Metropolitan Water District Board.¹¹

OCWD

The Orange County Water District was formed in 1933 by a special act of the California Legislature to protect Orange County’s rights to water in the Santa Ana River. OCWD is governed by a 10-member Board of Directors, seven of whom are elected, and three are appointed by the city councils of Anaheim, Fullerton, and Santa Ana.¹²

Retail Water Districts

Each retail water district was established throughout Orange County’s history and provides water directly to consumers. They are each governed by an elected board of directors, respective city councils, or private investors.

Local Agency Formation Commission (LAFCO)

As part of California’s water governance, LAFCO oversees geographic boundaries, evaluates cost-effective and efficient public service delivery, and explores potential alternatives to meet the service demands of the existing and future County population. Orange County LAFCO was founded in 1963 and strives to ensure the delivery of effective and efficient public services, including water, by local governments to the County’s residents.¹³ Orange County water

⁹ www.mwdoc.com/about-mwdoc; www.mwdh2o.com/who-we-are/our-story/

¹⁰ www.mwdoc.com/about-us/about-mwdoc

¹¹ www.mwdoc.com/wp-content/uploads/2017/06/So-Cal-Water-Wholesale-Retailers.pdf

¹² www.ocwd.com/about/

¹³ www.oclafco.org/about-us/agency/

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professionals believe the process of creating one wholesale water agency would first go through LAFCO formation before moving on to State legislation and approval.

Services Provided by Wholesalers & Retailers

The following water services are currently in operation for Orange County.

MET

- Delivering wholesale water supplies from the Colorado River and State Water Project.
- Managing water resources including water storage programs (groundwater banking and reservoir), transfers and exchanges, groundwater recovery, recycling, stormwater capture, and potential seawater desalination.
- Operating water system including treatment, quality monitoring, conveyance, distribution, and support.
- Engineering, safety, and regulatory services such as infrastructure protection, maintenance, and improvement programs.
- Managing energy operations.
- Planning for emergency water supply interruption due to earthquake, fire, power failure, public health, and other unexpected crises.
- Planning for capital investment.

MWDOC

- Purchases wholesale water from MET, approximately 70.2 billion gallons of water annually, and delivers to its 27 member agencies.
- Provides studies, analysis and programs related to water supply development, including desalination, and system reliability and use efficiency.
- Offers planning assistance and local resource development in areas of water recycling, groundwater recharge, and conservation.
- Offers residential and commercial rebate programs.
- Offers leak detection services to its members.
- Develops and administrates disaster preparedness, response, and recovery strategies through the Water Emergency Response Organization of Orange County (WEROC). This organization involves both water and wastewater agencies.
- Provides public education and community outreach.

OCWD

- Manages Orange County’s wholesale groundwater supplies: the basin consisting of a large underground aquifer to ensure a reliable supply, the Santa Ana River watershed, and the Groundwater Replenishment System (GWRS).

Water in Orange County Needs “One Voice”

- Replaces groundwater that is pumped out of the basin every year with Santa Ana River watershed, recycled, imported, storm and natural incidental water recharge.
- Ensures groundwater supply safety and quality through monitoring and testing.
- Recycles water primarily through the GWRS which takes treated wastewater that otherwise would be sent to the Pacific Ocean and purifies it for aquifer recharge.
- Participates in legislative and community engagement and education.
- Develops additional innovative programs such as Forecast Informed Reservoir Operations (FIRO) at Prado Dam, capturing and recharging stormwater in the Santa Ana River, and anticipating and optimizing stormwater runoff.
- Coordinates contaminant treatment, financial resource needs, and policy such as for Per- and polyfluoroalkyl substances (PFAS) which enter the aquifer and wells primarily through the Santa Ana River flows. Additionally, organizes litigation and accountability for the contaminant sources.

Retail Water Districts

In addition to being the direct link to consumers, retail agencies provide several additional services beyond those provided by wholesalers. Those services include maintaining water quality and testing throughout their distribution systems, repair and replacement of critical infrastructure, regulatory compliance, customer service, water use conservation, recycled water for irrigation or other non-potable uses, and public outreach and health-related services.

Where Do We Go from Here?

Assessment of Current State

Reliable sources shared opinions with the OCGJ that the current OC wholesale structure is “dysfunctional”, “prevents speaking with one voice for all of Orange County water interests” involving the aquifer and imported water sources, and “currently provides redundant services with redundant costs.” Also, multiple member agencies of MWDOC have expressed dissatisfaction with MWDOC’s operating effectiveness related to MET board and legislative representation, member charges for provided services, and the scope of emergency preparedness.¹⁴

In addition, this dual structure of MWDOC and OCWD has resulted in missed opportunities for the County in the form of more extensive multiple agency collaboration, increased operating efficiency, decreased reliance on imported water, and the creation of a more reliable water

¹⁴ Information based on multiple interviews, past agreements between MWDOC and MWDOC member agencies, and LAFCO Municipal Service Reviews.

Water in Orange County Needs “One Voice”

supply.¹⁵ Currently, many projects are undertaken by individual or small groups of retail agencies that could be more expansive if guided by a single wholesale water supplier providing diverse water sources.

Another missed opportunity is a lack of coordinated County analysis about the benefits and drawbacks related to potential desalination projects. Even though desalination projects potentially impact the water supply for all of Orange County, OCWD and MWDOC independently consider these desalination projects and their impact.

Furthermore, many water experts believe that this fragmentation results in less than optimum legislative lobbying effectiveness. This affects programs such as water conservation, related water consumption standards such as State storage projects to capture more water supply during wet years, contamination treatment standards, and the Delta Conveyance System, which is a proposed more efficient and effective system to move water from Northern California to the central and southern part of the State.

Benefits of a Single County Agency - “One Voice”

The Orange County Grand Jury found that creation of a single County wholesale water agency to serve as a conduit for both imported and groundwater would be most effective in coordinating water supply diversification, major infrastructure investments, and developing forward-thinking policies and practices. This single agency would also help facilitate fiscal and environmental responsibility.

Orange County water agencies have earned a tremendous reputation for innovative projects and strategies related to increasing a reliable water supply, even in drought conditions. How do we leverage what already is exemplary and collaborative in Orange County water operations?

- Groundwater Replenishment System (GWRS)
- Santa Ana River Conservation and Conjunctive Use program (SARCCUP)¹⁶
- Inter-county perspective with neighboring jurisdictions of the Inland Empire, San Diego, and Los Angeles Counties.
- Purple water recycling for irrigation coming from treated waste and stormwater capture.
- Burris Basin conversion to Anaheim Coves Trail (OCWD / City partnership).¹⁷

Water experts believe “One Voice” would result in increased influence on the MET Board. The OCJG concluded that having all types (groundwater and imported water) of wholesale water

¹⁵ Information based on multiple water professional interviews.

¹⁶ www.ieua.org/read-our-reports/santa-ana-river-conservation-and-conjunctive-use-program/

¹⁷ http://www.santa-ana-river-trail.com/trail/burris_basin.asp

Water in Orange County Needs “One Voice”

providers occupy “seats at the table” would be beneficial to Orange County as a whole and for MET. Additional benefits of a one wholesale water entity include:

- Increased coordination of financial support and capital resources from local, State, and federal sources. An example is in the funding for well contamination remediation utilizing an ionization process.
- More influence at the local, State, and federal levels. Examples include the Delta Conveyance¹⁸ system, additional storage capacity, and preservation of imported supplies from the State Water Project.
- Increased collaboration leading to additional infrastructure shared by wholesale and retail, both for emergency and longer-term everyday use, to move water around as needed.
- Centralized planning for emergency water supply interruptions rather than independent efforts of wholesale and retail water organizations.
- Increased coordination between North and South County for matters such as water banking in Central County for use in South County.
- Cost savings by eliminating duplication of administrative, professional, consultant, lobbying and other expenses currently existing at OCWD and MWDOC.
- Singular County leadership in forming conservation strategies, public outreach, and education.

Concerns related to creating “One Voice”

The Orange County Grand Jury recognizes that with any governance or business model change obstacles will exist to forming a consolidated or new wholesale water agency. Overall, proponents of this change are concerned that there is a lack of political will and that “protecting my own turf” philosophies will get in the way of doing the right thing for reliable water supply in the future. Some additional hesitation exists from some Orange County water board and management professionals that believe:

- Imported versus groundwater requires specialized knowledge and a unique operational approach and should not be combined.
- Staff reductions will occur.
- Merging of retirement pension and benefit liabilities will be complicated and expensive.
- Development of a new Board of Directors structure may cause a loss of representation of the unique water needs of different parts of the County.

¹⁸ www.mwdoc.com/wp-content/uploads/2020/06/Delta-Conveyance-Project-and-EcoRestore.pdf

Water in Orange County Needs “One Voice”

- Consolidation of the existing two wholesale water districts, OCWD and MWDOC, or the forming of a new agency would be complicated. The process would likely begin through Orange County LAFCO before moving to State legislative level, both of which would be divisive and risk political influence and interference when revising local and State water acts.

Despite these complications and challenges, the OCGJ concluded that the County will be better served by creating a “one voice” agency to lead and represent all aspects of wholesale water operations in Orange County.

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.
- 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.
- 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.
- 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.
- 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.
- 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.

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)

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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)

COMMENDATIONS

- Orange County Water District (OCWD) commitment to sound planning and state-of-the-art technology to provide water to the people of Orange County. Highly recognized, OCWD, along with Orange County Sanitation District, has the world’s largest Groundwater Replenishment System (GWRS).
- Municipal Water District of Orange County (MWDOC) for many provided services related to emergency planning, public education, water reliability and delivery reports, leak detection service, rebate and conservation programs and many other “choice” services.
- All the current wholesale and retail water districts in Orange County for their efforts to collaborate and strategize to better serve Orange County Citizens despite the lack of a centralized administration.

RESPONSES

The following excerpts from the California Penal Code provide the requirements for public agencies to respond to the Findings and Recommendations of this Grand Jury report:

California Penal Code Section 933 requires the governing body of any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the governing body. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court). Additionally, in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such elected County official shall comment on the findings and recommendations pertaining to the matters under that elected official’s control *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05 specifies the manner in which such comment(s) are to be made as follows:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

- (1) The respondent agrees with the finding.

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(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.
- (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary /or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Responses Required

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933.05 are required from:

| | | | | | | |
|--------------------------|----|----|----|----|----|----|
| 90 Day Response Required | F1 | F2 | F3 | F4 | F5 | F6 |
| OCWD Board of Directors | X | X | X | | X | X |

| | | |
|--------------------------|----|----|
| 90 Day Response Required | R1 | R2 |
| OCWD Board of Directors | X | X |

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| 90 Day Response Required | F1 | F2 | F3 | F4 | F5 | F6 |
|--------------------------|----|----|----|----|----|----|
| MWDOC Board of Directors | X | X | X | X | X | X |

| 90 Day Response Required | R1 | R2 |
|--------------------------|----|----|
| MWDOC Board of Directors | X | X |

Responses Requested

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|-----------------------------------|----|----|----|----|----|----|
| East Orange County Water District | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|-----------------------------------|----|----|
| East Orange County Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|---------------------------|----|----|----|----|----|----|
| El Toro Water District | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|---------------------------|----|----|
| El Toro Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|------------------------------|----|----|----|----|----|----|
| Emerald Bay Service District | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|------------------------------|----|----|
| Emerald Bay Service District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|---------------------------|----|----|----|----|----|----|
| Golden State Water Co | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|---------------------------|----|----|
| Golden State Water Co | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|-----------------------------|----|----|----|----|----|----|
| Irvine Ranch Water District | X | X | X | X | X | X |

| 90 Day Response Requested | R1 | R2 |
|-----------------------------|----|----|
| Irvine Ranch Water District | X | X |

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| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|------------------------------------|----|----|----|----|----|----|
| Laguna Beach County Water District | X | X | X | X | X | X |

| 90 Day Response Requested | R1 | R2 |
|------------------------------------|----|----|
| Laguna Beach County Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|---------------------------|----|----|----|----|----|----|
| Mesa Water District | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|---------------------------|----|----|
| Mesa Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|-------------------------------|----|----|----|----|----|----|
| Moulton Niguel Water District | X | X | X | X | X | X |

| 90 Day Response Requested | R1 | R2 |
|-------------------------------|----|----|
| Moulton Niguel Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|--------------------------------|----|----|----|----|----|----|
| Santa Margarita Water District | X | X | X | X | X | X |

| 90 Day Response Requested | R1 | R2 |
|--------------------------------|----|----|
| Santa Margarita Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|---------------------------|----|----|----|----|----|----|
| Serrano Water District | X | X | X | X | X | X |

| 90 Day Response Requested | R1 | R2 |
|---------------------------|----|----|
| Serrano Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|----------------------------|----|----|----|----|----|----|
| South Coast Water District | X | X | X | | X | X |

| 90 Day Response Requested | R1 | R2 |
|----------------------------|----|----|
| South Coast Water District | X | X |

| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
|-------------------------------|----|----|----|----|----|----|
| Trabuco Canyon Water District | X | X | X | X | X | X |

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| | | |
|-------------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| Trabuco Canyon Water District | X | X |

| | | | | | | |
|----------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| Yorba Linda Water District | X | X | X | | X | X |

| | | |
|----------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| Yorba Linda Water District | X | X |

| | | | | | | |
|---------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| City of Anaheim | X | X | X | | X | X |

| | | |
|---------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| City of Anaheim | X | X |

| | | | | | | |
|---------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| City of Fullerton | X | X | X | | X | X |

| | | |
|---------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| City of Fullerton | X | X |

| | | | | | | |
|---------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| City of Santa Ana | X | X | X | | X | X |

| | | |
|---------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| City of Santa Ana | X | X |

| | | | | | | |
|---------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| City of Brea | X | X | X | | X | X |

| | | |
|---------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| City of Brea | X | X |

| | | | | | | |
|-----------------------------|----|----|----|----|----|----|
| 90 Day Response Requested | F1 | F2 | F3 | F4 | F5 | F6 |
| Metropolitan Water District | X | X | | | | X |

| | | |
|-----------------------------|----|----|
| 90 Day Response Requested | R1 | R2 |
| Metropolitan Water District | X | X |

Water in Orange County Needs “One Voice”

GLOSSARY

| | |
|-------------------------|--|
| AQUEDUCT | A structure for transporting water from one place to another by means of a pipeline, canal, conduit, tunnel, or a combination of these things. |
| AQUIFER | A geologic formation of sand, rock and gravel through which water can pass and which can store, transmit and yield significant quantities of water to wells and springs. |
| DELTA CONVEYANCE SYSTEM | Refers to State Water Project (SWP) infrastructure in the vast network of waterways comprising the Sacramento-San Joaquin Delta (Delta) that collects and moves fresh, clean, and affordable water to homes, farms, and businesses throughout major regions of the State from the Bay Area to Southern California. |
| FIRO | Forecast Informed Reservoir Operations is a flexible water management approach that uses data from watershed monitoring and improved weather forecasting to help water managers selectively retain or release water from reservoirs for increased resilience to droughts and floods. |
| GWRS | Groundwater Replenishment System. A process where water is replaced in the aquifer. |
| GREEN ACRES PROJECT | OCWD's Green Acres Project (GAP) is a water reuse effort that provides recycled water for landscape irrigation at parks, schools, and golf courses; industrial uses, such as carpet dying; toilet flushing; and power generation cooling. |
| GROUNDWATER BANKING | A process of diverting surface water into an aquifer where it can be stored until needed |
| JPA | Joint Power Authority. two or more public agencies to join together, under a joint powers authority (JPA); to provide more effective or efficient government services or to solve a service delivery problem. |

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|-------------------|--|
| LAFCO | Local Agency Formation Commission. Governed by State law, the Commission oversees proposed changes to local agency and county unincorporated boundaries and prepares special studies to encourage the orderly and efficient delivery of public services to Orange County residential and business communities. |
| MET | Metropolitan Water District, provides water from the Colorado River and the State Water Project from northern California to Southern California. |
| MWDOC | Municipal Water District of Orange County represents all of Orange County, excluding the three independent city members of MET, and acts as a pass-through agency for MET water sold to its constituent members and sells additional untreated water to OCWD for groundwater recharge. |
| OCSAN | Orange County Sanitation District treats and recycles sewer and grey water. |
| OCWD | Orange County Water District manages the groundwater basin of the north and central part of the County. |
| ONE VOICE | Orange County needs to have a central entity to speak for water and legislative matters. |
| PAPER WATER | Transfer water via paper, not physically. |
| PFAS | Per and polyfluoroalkyl substances chemical by product of past aerospace manufacturing in Orange County. |
| PURPLE WATER | Recycled water that has been treated for reuse in landscaping, agriculture, and commerce. |
| SAR | Santa Ana River. |
| SARCCUP | Santa Ana River Conservation and Conjunctive Use program. Guides the use and conservation of the Santa Ana River basin. |
| SPECIAL DISTRICTS | Special districts are public agencies created to provide one or more specific services to a community, such as water service, sewer service, and parks. |

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WATER TRANSFERS A water transfer is a voluntary sale of water proposed and initiated by willing sellers who have legal rights to a supply of water to an interested buyer.

WEROC Water Emergency Response Organization of Orange County, administered through MWDOC, develops disaster preparedness, response, and recovery strategies.