

# LAGUNA BEACH COUNTY WATER DISTRICT

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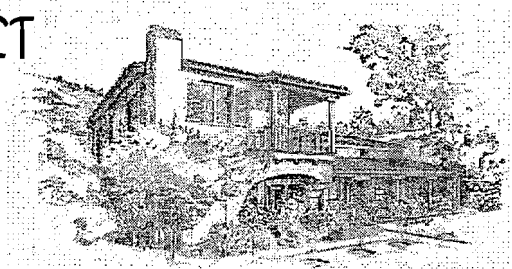
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INCORPORATED 1925

September 16, 2009

Honorable Kim Dunning  
Presiding Judge of the Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

Dear Judge Dunning:

In accordance with the California Penal Code sections 933 and 933.05, the following represents the Laguna Beach County Water District's (District) response to the Grand Jury's Findings and Recommendations regarding "Paper Water – Does Orange County have a Reliable Future?"

**Response to findings:**

- F-1 There is inadequate coordination between local land-use planning agencies and local water supply agencies, resulting in a process that fails to fully engage the issues.
- (a) Water agencies have tended to avoid interfering with or participating in growth-management decisions.
  - (b) Cities and the County have tended to not critically evaluate the limitations of the water agencies' supply projections.

**District Response:** The District disagrees with this finding. The Laguna Beach City Council serves as the Board of Directors for the District. The District completes an Urban Water Management Plan (UWMP), which is updated every 5 years as mandated by law. The District develops its water use projections for the UWMP based on the City's approved General Plan, ensuring adequate coordination. In addition, Laguna Beach is almost completely built out, so the issue of water supplies for future growth is not a significant issue in our service area.

- F-2 California's looming water supply crisis receives very little, if any, expressed concern from the public in comparison to the numerous other environmental issues presented during development project reviews.
- (a) Orange County citizens and interest groups do not appear to grasp the seriousness of the water supply situation or the complexity and urgency of the necessary solutions.
  - (b) Several recent, substantial water supply awareness efforts are underway (e.g. the O.C. Water Summit) that show promise, but appear targeted to audiences that are already informed.

**District Response:** The District agrees with these findings. Although there are ongoing outreach and communication efforts by the water community, until customers are faced with water not flowing from the taps, the severity of the water crisis will not be realized. Many customers believe that the water crisis is simply an opportunity for water agencies to raise their water rates.

- F-3 LAFCO is the agency charged with facilitating constructive changes in governmental structure to promote efficient delivery of services. To this end, LAFCO is conducting a governance study of MWDOC, which is the designated representative for nearly all the Orange county retail water agencies, acting on their behalf with their surface water supplier Metropolitan.
- (a) There are a number of points of governance disagreement between MWDOC and several of its member agencies. This is creating an impediment to the on-going effectiveness of these agencies in critical areas of Orange County's water supply management.
  - (b) The current disagreement is a distraction from the greater good of the agencies working toward Orange County's water future.
  - (c) The stakeholders in LAFCO's study failed to meet their March 11, 2009 deadline for LAFCO's public hearing on this matter. Continued delays are unacceptable.

**District Response:** The District agrees with these findings. This issue needs to be resolved.

- F-4 Orange County is uniquely fortunate to have a vast, high-quality, well-managed groundwater basin serving its north geographical area. However, in its south reaches, it has an equally large, high-growth area with virtually no available groundwater resources.
- (a) The difference in groundwater availability creates a "haves versus have-nots" situation that is conducive to inherent conflicts.
  - (b) The difference in groundwater availability provides opportunities for responsible participants to develop and construct long-term solutions, which will benefit the entire County.

**District Response:** The District agrees with these findings.

#### **Response to recommendations:**

- R-1 Each Orange County municipal planning agency, in cooperation with its respective water supply agency, should prepare for adoption by its city council, a dedicated Water Element to its General Plan in conjunction with a future update, not to exceed June 30, 2010. This document should include detailed implementation measures based on objective-based policies that match realistic projections of the County's future water supplies. These objectives, policies, and implementation measures should address imported supply constraints, including catastrophic outages and incorporate the realistic availability and timing of "new" water sources such as desalination, contaminated groundwater reclamation and surface recycling.

**District Response:** As indicated above in F-1, there is very little additional growth planned in the District's service area. The City's General Plan reflects all of the mandated elements as required by the State. While the concept of a water element may be important to growing communities in Orange County, we do not believe it is essential or necessary in Laguna Beach given the close cooperation between the District and the City. The District prepares an Urban Water Management Plan every 5 years, which documents new water supplies being developed. The unknown factor is

the imported water delivered by Metropolitan Water District, which can vary year-to-year. Our Agency, which is 100 percent dependent on imported water, is at the mercy of Metropolitan Water District for our water supply.

- R-2 Each Orange County retail and wholesale water agency should affirm its responsibility to develop new, innovative public outreach programs, beyond water conservation and rationing programs, to expose the larger issues surrounding water supply constraints facing Orange County. The objective should be to connect the public with the problem. The outreach effort should entail a water emergency exercise that stimulates a complete, sudden break in imported water deliveries. The exercise should be aimed directly at the public and enlist widespread public participation on a recurring basis beginning June 30, 2010. This recommendation may be satisfied by a multi-agency exercise but the inability to coordinate such an event should not preclude the individual agency's responsibility.

**District Response:** This recommendation has already been implemented. The District has a public outreach program in place that provides sufficient opportunities for our customers to stay informed, including a web site and bi-monthly newsletters that inform our customers of statewide water issues. We utilize door hangers, reverse 911, public speakers, educational booths at local events and participate in community events. We are always looking at innovative types of communications to reach our customers.

With regards to the water emergency exercise, the District was one of 20 agencies that participated in the statewide "Golden Guardian" exercise in 2008 that simulated a sudden break in imported water supplies. As a member of WEROC (Water Emergency Response Organization of Orange County) the District practices emergency procedures and communications systems in preparation of any disaster.

- R-3 Each MWDOC member agency should reaffirm to LAFCO that it will assign the resources necessary to expediently resolve regional governance issues. While the subject study is being facilitated by LAFCO, the options are with the agencies to decide what is best for all. Once conclusions are reached, the parties need to agree quickly and hopefully unanimously to adopt a course of action.

**District Response:** The recommendation has been implemented. The District has participated in the LAFCO process to actively resolve regional governance issues. Our agency's first priority is act in the best interest of our ratepayers.

- R-4 Each Orange County retail and wholesale water agency should affirm its commitment to a fair-share financial responsibility in completing the emergency water supply network for the entire County. The entire County should be prepared together for any conditions of drought, natural or human-caused disaster, or any other catastrophic disruption. WEROC should commence meetings of all parties, to facilitate consensus on an equitable funding/financing agreement.

**District Response:** The recommendation has been implemented. The Water Emergency Response Organization of Orange County (WEROC) has been established to conduct emergency planning and preparedness at the regional level and response to disaster type events that impact the water and wastewater agencies within the County. WEROC participates with regional and statewide forums as well. Our agency also has emergency plans and conducts tabletop activities to be

prepared for emergencies. WEROC's focus is emergency planning to improve system reliability and meet demands when portions of the water system have outages. This is different from "supply" reliability, which entails "adequate supplies" being available to deliver through the system.

Our agency works cooperatively with other Orange County agencies for delivery of emergency water in the event of disruption due to natural or human-caused disaster. We have a network of emergency interties that allow water to be sent back and forth during emergency situations.

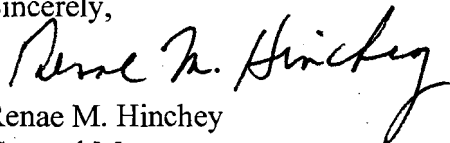
Our District produces an Urban Water Management Plan every five years that provides water supply analysis for normal, dry, and multiple dry years. The Plan includes drought response measures up to a 50 percent level of shortage. This Plan addresses many of the issues raised by the Grand Jury.

The supply reliability issue for a long-term supply in Southern California is a problem that the Governor, the Legislature, the Department of Water Resources, and Federal Regulatory agencies need to work together to resolve. There has been an impasse among competing interests to solve the water supply problem. This inability to find compromise for a long-term resolution to fix the Bay Delta, and the pumping limitations imposed by court decisions relating to the Endangered Species Act, have led to a broken Bay-Delta. Without a Bay-Delta fix, water shortages will continue. This impasse among stakeholders has continued since the early 1980's, with no end in sight.

Because our District is in Southern Orange County, we are one of five participating agencies involved in a potential ocean desalination project in Dana Point. Due to the regulatory and permitting process, it will more than likely take 8 to 10 years to get this desalination plant in operation. We need to find ways to shorten this regulatory process or water shortages will worsen.

If you have questions or need further information on any of the District's responses, please do not hesitate to call me at 949-494-1041.

Sincerely,



Renae M. Hinchey  
General Manager