

SERRANO WATER DISTRICT

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August 19, 2009

Honorable Kim G. Dunning
Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Re: Response to Orange County Grand Jury Report "'Paper Water' - Does Orange County Have A Reliable Future?"

Dear Judge Dunning:

Pursuant to California Penal Code § § 933(c) and 933.05, the Board of Directors of the Serrano Water District ("SWD"), which is the governing body of SWD, has reviewed and has authorized me, as the General Manager of SWD, to provide these comments to the Presiding Judge of the Orange County Superior Court on the findings and recommendations in the Orange County Grand Jury's June 19, 2009 report entitled "'Paper Water' – Does Orange County Have a Reliable Future?":

Grand Jury Finding 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.

F.1(a): Water agencies have tended to avoid interfering with or participating in growth-management decisions.

F.1(b): Cities and the County have tended to not critically evaluate the limitations of the water agencies' supply protections.

Response to findings F.1, F.1(a), and F.1(b): SWD agrees with F.1(a), but partially disagrees with findings F.1 and F.1(b), at least insofar as SWD is concerned. SWD provides water service to the lands within the boundaries of the City of Villa Park and a small portion of lands within the boundaries of the City of Orange, both of which areas are fully built out. As a result, SWD has not observed any lack of coordination between those planning agencies and SWD. Similarly, because its service area is built out, SWD has not observed any need by the two cities whose territories are within its boundaries to critically evaluate SWD's water supply projections in relation to their future development plans. However, representatives of SWD and

the City of Orange meet regularly to discuss SWD's water supply, as it relates to SWD's delivery and sale of surplus water to the City of Orange.

Grand Jury Finding 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.

F.2(a): Orange County's 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.

F.2(b): Several recent, substantial water supply awareness efforts are underway (e.g. the O.C.W. Water Summit) that show promise but appear targeted to audiences that are already informed.

Response to findings F.2, F.2(a) and F.2(b): SWD agrees with findings F.2, F.2(a) and F.2(b).

Grand Jury Finding 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 of the Orange County retail water agencies, acting on their behalf with their surface water supplier Metropolitan.

F.3(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 ongoing effectiveness of these agencies in critical areas of Orange County's water supply management.

F.3(b): The current disagreement is a distraction from the greater good of the agencies working toward Orange County's water future.

F.3(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.

Response to findings F.3, F.3(a), F.3(b) and F.3(c): SWD disagrees in whole or in part with findings F.3, F.3(a), F.3(b) and F.3(c), at least insofar as SWD is concerned. Because local surface water supplies diverted and stored in Santiago Reservoir (Irvine Lake) are the principal source of SWD's water deliveries, SWD does not rely heavily upon imported water purchased from MWDOC, and has not been involved to any significant degree in any ongoing points of governance disagreement between MWDOC and any of MWDOC's other member agencies. Any such governance disagreements have not adversely affected SWD's working relationship

with MWDOC or any other water agency. SWD is unaware of the reason(s) for the stakeholders in LAFCo's study failing to meet a March 11, 2009 deadline and therefore is in no position to determine whether the resulting delay is acceptable or unacceptable.

Grand Jury Finding F.4: Orange County is uniquely fortunate to have a vast, high quality, well-managed groundwater basin serving its northern geographical area. However, in its south reaches, it has an equally large, high-growth area with virtually no available groundwater resources.

F.4(a): The difference in groundwater availability creates a "haves versus have-nots" situation that is conducive to inherent conflicts.

F.4(b): The difference in groundwater availability provides opportunities for responsible participants to develop and construct long-term solutions which will benefit the entire county.

Response to Findings F.4, F.4(a) and F.4(b): SWD agrees with findings F.4, F.4(a) and F.4(b).

Grand Jury Recommendation 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. ...

Response to Recommendation R.1: The recommendation will not be implemented by SWD because it is not warranted and is not reasonable, insofar as SWD is concerned. Because it is not a municipal planning entity, SWD has no authority to adopt a general plan. The service area of SWD, comprising the lands within the City of Villa Park and a small portion of the land within the City of Orange, are almost entirely built out. As a result, the development of a Water Element by either city to address these built out areas would be an unnecessary expense to SWD and the affected city.

Grand Jury Recommendation R.2: Each Orange County retail and wholesale water agency should reaffirm its responsibility to develop new, additional, innovative public outreach programs, beyond water conservation and rationing programs, to expose the larger issues surrounding water supply constraints facing Orange County. ...

Response to Recommendation R.2: The recommendation will not be implemented because it is not reasonable, insofar as SWD is concerned. To ensure a consistent message and avoid conflicts between agencies' messages and programs, the development and implementation of public outreach programs regarding regional water supply issues should be undertaken by

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regional water agencies, such as Metropolitan, MWDOC and Orange County Water District, and not by individual retail agencies such as SWD.

Grand Jury Recommendation R.3: Each MWDOC member agency should reaffirm to LAFCo that it will assign the resources necessary to expediently resolve regional governance issues. ...

Response to Recommendation R.3: The recommendation has not yet been implemented, but will be implemented upon request by LAFCo within the next six months.

Please feel free to contact the undersigned should you have any questions regarding the responses of the Serrano Water District to this Grand Jury report.

Very truly yours,

SERRANO WATER DISTRICT



David H. Noyes
General Manager