moulton niguel water district

August 21, 2023

The Honorable Maria Hernandez
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 2701

Subject: Response to the 2022-2023 Orange County Grand Jury Report, *Historic Rain, Yet Drought Remains*

Dear Judge Hernandez,

This letter contains Moulton Niguel Water District's responses to the Orange County Grand Jury Report titled, *Historic Rain, Yet Drought Remains*. The responses address Findings F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, and F12, and Recommendations R2 and R4 as required by the Orange County Grand Jury.

Sincerely,

Joone Lopez
General Manager

c: Board of Directors, Moulton Niguel Water District
Matt Collings, Assistant General Manager

Attachment: Response

RESPONSES TO GRAND JURY FINDINGS

1. Future water supplies are impacted by climate change and current supplies will not meet future demands.

   Response: Moulton Niguel Water District partially agrees with this finding.

   Explanation: The District has developed a Long-Range Water Reliability Plan (LRWRP) to assess potential changes in water demands and supplies over the next 30 years. The plan aims to address risks to the water supply and identify ways to enhance water resiliency for customers. It serves as a high-level document for decision-makers, highlighting the benefits of investing in water resources to combat climate variability and other threats to water reliability. In the LRWRP, water demand was compared against supplies and system capacity in various scenarios, including hydrologic and emergency outages. Identified gaps in supply and capacity led to the evaluation of future water supply approaches for the District. The analysis showed that while historically imported water supplies were mostly reliable and are expected to generally remain so, without future investments by the District, there could be water supply gaps during system outages and specific hydrologic variability conditions. To ensure enhanced reliability and resiliency through 2050, the District is evaluating the addition of new water supplies to meet future demands.

2. Climatologists predict future extended periods of low moisture with occasional wet years.

   Response: Moulton Niguel Water District agrees with this finding.

   Comment: The District's LRWRP recognizes climate variability as a crucial factor in meeting current and future water demands for the community. Considering the potential impacts of climate variability on local water demands is essential in developing a long-term reliability plan. The LRWRP highlights that climate variability poses a challenge to water supply reliability in Southern California due to the possibility of long-term changes in local temperature and precipitation.

3. Climate change is inevitable and is exacerbated by human behavior.

   Response: Moulton Niguel Water District partially agrees with this finding.

   Explanation: As mentioned above, the District's LRWRP recognizes climate variability as a crucial factor in meeting current and future water demands for the community.

4. South Orange County relies primarily on the importation of water.

   Response: Moulton Niguel Water District partially agrees with this finding.

   Comment: The District's potable water supply is mainly obtained from the Metropolitan Water District of Southern California (MWD). The primary sources are MWD's imported water from Northern California and the Colorado River. Additionally, the District produces and utilizes locally developed recycled water to meet up to 25 percent of demands. The District has been a leader in water recycling and reuse, implementing its reuse program in 1968.

5. Local water suppliers recognize that enhanced stormwater capture and storage, wastewater recycling, and infrastructure improvements will not be sufficient to address the long-term forecast of drought and its effects on supply.

Response: Moulton Niguel Water District partially disagrees with this finding.

Explanation: To achieve water reliability in Orange County, a combination of solutions is essential. The District is exploring various approaches to enhancing water supplies and reliability, including stormwater and urban runoff capture, expanding recycling, direct potable reuse, ocean desalination, groundwater banking, and promoting water efficiency programs. Additionally, the District continuously assesses how State, regional, and local water supply projects can contribute to its long-term water reliability goals. A multifaceted approach is necessary to ensure a resilient water community. A combination of these types of projects can also have substantial benefits to our local watershed health and water quality in our local creeks and beaches. The District has initiated planning efforts to implement a significant direct potable reuse project combined with potential urban runoff and stormwater capture that will enhance water resiliency, reduce ocean discharges of treated wastewater, and improve the Aliso Creek watershed. We refer to this as our OASIS Water Resource Center, which is described in more detail below.

6. There is significant water infrastructure planning, but inadequate implementation.

Response: Moulton Niguel Water District partially agrees with this finding.

Explanation: Water management and infrastructure development face challenges in California due to the gap between planning and implementation, largely caused by project delays associated with the California Environmental Quality Act (CEQA) and regulatory permitting. To overcome these obstacles, CEQA reform and streamlined permitting are essential for timely implementation while maintaining environmental protections and community engagement. Governor Newsom's proposed CEQA reform is a step in the right direction, but broader discussions on streamlining are needed, especially for watershed projects with positive environmental impacts. To address some of these hurdles, the District collaborates with various government agencies to enhance project implementation efficiency, vital for achieving benefits such as increased water availability, improved watershed quality, and enhanced resilience to droughts and climate change, contributing to community well-being and sustainability. Despite these challenges, the District has been able to significantly improve local water reliability with enhanced recycled water projects, water use efficiency programs, and various other reliability projects completed in partnership with our neighboring agencies, such as the OCWD Emergency Services Program, Upper Chiquita Reservoir, and the Baker Water Treatment Plant.

7. The review and approval process for major water capital projects is cumbersome and overly restrictive.

Response: Moulton Niguel Water District partially agrees with this finding.

Comment: Efficiently addressing the challenges of reviewing and approving major water capital projects is crucial. Cumbersome processes can cause delays, increase costs, and hinder meeting pressing infrastructure needs. For example, lengthy review and approval times by jurisdictional and regulatory agencies, often with minimal feedback, can cause unnecessary

project delays. The District streamlines processes by engaging stakeholders early, fostering collaboration, and utilizing data-driven approaches and technology for better decision-making and project delivery.

8. Failing to find solutions to water shortages will have a significant impact on the Orange County economy.

Response: Moulton Niguel Water District partially disagrees with this finding.

Explanation: The District's Water Shortage Contingency Plan (WSCP) addresses community water shortages without reducing water usage for local businesses. Instead, commercial businesses are required to stay within their water budgets. During shortages, the WSCP prioritizes reducing inefficient outdoor water use. This approach may impact local businesses' economic implications differently compared to other agencies' methods, as various tools are used to manage water shortages among different customers. As a result, the District's WSCP is not anticipated to significantly affect local businesses' financial outcomes. Additionally, the District must consider the impact of water supply investments on customer water rates, especially for lower income households. The economic aspects of future water supply projects will be crucial in determining their implementation.

9. Continued development in Orange County creates additional water supply needs.

Response: Moulton Niguel Water District agrees with this finding.

Comment: New development within the District's service area cities is primarily infill and multi-family development. These projects adhere to current water efficiency standards for indoor and outdoor use, helping to conserve water. The District's Urban Water Management Plan accounts for these developments over a 20-year horizon. Larger development projects require a Water Supply Assessment to ensure sufficient supplies, and developers must pay for new supplies if needed. New customers also pay water demand offset fees to support water reliability and efficiency projects, offsetting additional potable outdoor demand. Despite California's overall drought conditions, the District's service area has reliable water supplies to serve existing and approved new developments. We encourage all residents to use water efficiently within their water budgets.

10. Conservation and efficient use of water is essential.

Response: Moulton Niguel Water District agrees with this finding.

Comment: Water conservation and demand management are an integral part of the District's water management strategy. Since 2011, the District significantly expanded demand management programs, aiming to reduce reliance on imported water. This expansion involved transforming the rate structure to a water budget-based system, incentivizing efficient use through a conservation price signal. Revenue generated from higher out-of-budget water use prices funds a robust rebate, outreach, and education program. The District also collaborates with local and regional agencies to offer various water education and saving programs to customers. The continued integration of demand management into water supply planning is crucial for maintaining water reliability.

11. Increased outreach and public education are necessary.

Response: Moulton Niguel Water District agrees with this finding.

Comment: The District's demand management programs focus on public education and outreach, promoting water use efficiency, bill reduction, and leak resolution. The District's comprehensive strategy includes direct communication, community presence, regional messaging, educational programs, water-saving initiatives, events, and workshops. Using a data-driven, multichannel approach, the District adapts outreach based on customer feedback, campaign testing, and various data sources, utilizing bill communications, direct mail, website, social media, digital ads, emails, video, customer portal, and online tools.

12. Desalination has proven to be technologically and environmentally feasible and is slowly being embraced as a drought-resistant source of water.

Response: Moulton Niguel Water District partially agrees with this finding.

Explanation: To achieve water reliability in Orange County, a combination of solutions is crucial. The District is monitoring desalination developments and assessing opportunities to participate in desalination projects that align with the District's needs and are fiscally responsible.

RESPONSES TO GRAND JURY RECOMMENDATIONS

1. Orange County water agencies should expedite the planning, development, and construction of desalination plants over the next five years to insure a sustainable and reliable drought-resistant source of water. F1, F2, F3, F4, F5, F6, F7, F8, F9, F11, F12.

Response: Moulton Niguel Water District partially disagrees with this finding.

Explanation: A mix of water supply solutions is vital. The District examines desalination projects and other options like expanding emergency supplies, increasing recycling, direct potable reuse, and stormwater capture. Brief descriptions of the District's ongoing efforts to enhance local water supplies and improve water resiliency are outlined below.

OASIS Water Resources Center. Moulton Niguel is exploring new drinking and recycled water sources by maximizing wastewater reuse and capturing urban runoff and stormwater. The OASIS ("Optimized, Adaptive, Sustainable, Integrated Supply") Water Resources Center aims to provide a local, drought-resistant water supply, enhance operational flexibility, and reduce reliance on imported water while decreasing treated wastewater and urban runoff discharges to Aliso Creek and the ocean. This multi-benefit project includes the development of a direct potable reuse facility at the Regional Treatment Plant, runoff diversion with a nature-based treatment system from Sulphur and Aliso Creeks, as well as a watershed education facility for community outreach and education. Planning studies will commence this year, with the goal of implementing a pilot program in the next 3-5 years.

OCWD/ Santa Ana/Moulton Niguel Emergency Interconnection Project. In South Orange County (SOC), including the District, reliance on imported water from Metropolitan Water District

(MWD) necessitates finding alternative emergency supply sources. In January 2019, the District partnered with Orange County Water District (OCWD) to study additional emergency interconnections to convey groundwater from the OCWD basin to south Orange County using the East Orange County Feeder #2 (EOCF#2) during emergencies and system outages. The study identified five potential projects, with the Santa Ana East Station project as the most cost-effective option. The District, OCWD, and the City of Santa Ana are currently working on the preliminary design and environmental documentation for the East Station project, set to be completed in 2024. This project would greatly enhance water system reliability during outages of the imported water system.

Recycled Water Optimization Projects. The District's Recycled Water Optimization Study (RWOS) identified potable irrigation customers suitable for conversion to recycled water while minimizing capital improvement costs. It identified near-term and long-term projects for expanding recycled water systems. The District is actively converting customers in accordance with the RWOS recommendations.

2. Orange County water agencies should update their public communication strategies, by calendar year end 2023, to inform the public of lifestyle changes if additional water sources are not developed. F10, F11, F12.

Response: Moulton Niguel Water District partially disagrees with this finding.

Explanation: The District has a comprehensive Customer Experience division, integrating customer communications, community engagement, public outreach, and education programs. The Communications Department achieved record interactions with the public through expanded outreach, community programs, and data-driven multichannel approaches. Based on customer and member city feedback, the community appreciates the increased engagement, particularly with the transition from virtual to in-person events. The customer experience program is continually evolving to meet community needs and provide timely information.