



City of Anaheim
PUBLIC UTILITIES DEPARTMENT
Administration

September 14, 2022

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

Subject: Orange County 2021-2022 Grand Jury Report
Water in Orange County Needs "One Voice"

Dear Honorable Judge Larsh:

As the Public Utilities General Manager of the City of Anaheim (Anaheim), I am pleased to respond on behalf of Anaheim to the 2021-2022 Orange County Grand Jury Report, "Water in Orange County Needs 'One Voice'" (Report). Anaheim recognizes and appreciates the time and effort the Orange County Grand Jury invested in engaging with the various stakeholders, including Anaheim, and we value the opportunity to respond to this Report. The responses contained in this letter were approved by the Anaheim City Council during its regular meeting on September 13, 2022. Anaheim's responses address the Report's findings and recommendations relevant to Anaheim in accordance with the California Penal Code Section 933 and 933.05.

FINDINGS:

Finding 1 - *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: The City of Anaheim agrees, in part, with this finding.

Both the Orange County Water District (OCWD) and the Municipal Water District of Orange County (MWDOC) have had their respective successes at local, State and federal levels related to legislation, policy making and securing outside funding. It is likely that one agency could leverage greater influence; however, OCWD's core function of successfully managing and replenishing the groundwater basin through multiple sources differs from MWDOC's core function of successfully providing access to imported water. Both agencies rely on their respective members to pay for their services, and the Report does not address

specific issues related to impacts and costs that would be borne by water retail customers. Further, water agencies already have the ability to jointly or individually impact policies through water industry groups such as the California Municipal Utilities Association (CMUA), and the formation of a single wholesale entity could inhibit such current practices.

Finding 2 - *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: The City of Anaheim disagrees, in part, with this finding.

OCWD's utilization of the Santa Ana River and management of the Groundwater Replenishment System is not fragmented, and is widely recognized as a model system for many other jurisdictions. Any fragmentation of water system structure and operations in Orange County, is due primarily to the fact that potable water distribution infrastructure is the responsibility of the individual retail water agencies. This is a complex subject, and based on available information it is not clear how a single wholesale water authority in Orange County would necessarily improve the development of new infrastructure or the maintenance of existing systems, given that retail water agencies are governed separately and when locally elected, reflect the needs of their communities through the passing of local capital and operational budgets.

Finding 3 - *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: The City of Anaheim agrees, in part, with this finding.

Anaheim agrees that there are substantial differences in the local water sources available to North/Central and South Orange County. This is due, in large part, to geologic conditions. While access to the groundwater basin is not readily available to Orange County as a whole, imported water is equally available in all areas of the county through MWD.

Finding 5 - *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: The City of Anaheim agrees, in part, with this finding.

Anaheim agrees that OCWD is a recognized leader in groundwater management, water recycling and indirect potable reuse. However, expanding expertise to areas of South Orange County without access to the groundwater basin, may or may not result in tangible

benefits to current OCWD customers through consolidation versus a contractual relationship.

Finding 6 - *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: The City of Anaheim disagrees, in part, with this finding.

While regional or wholesale water agencies can establish regional policies, it is the individual water retailers who are responsible for the implementation of water conservation programs and/or enforcement of water regulations. Each water retailer in Orange County has the responsibility of implementing conservation and enforcement programs that are unique to their own communities, land uses, and demographics. In 2015, Anaheim successfully saved over 3 billion gallons of water, based on direct interaction, outreach, and engagement with customers.

RECOMMENDATIONS:

Recommendation 1 - *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: Recommendation 1 requires further analysis.

Anaheim supports the further analysis of the formation of a single wholesale water authority in Orange County. Anaheim anticipates that the analysis would be comprehensive in nature and consider the many legal, institutional and economic complexities involved in such a consolidation effort. Anaheim recommends that the analysis fully consider ramifications to retail water agencies such as additional costs, local representation, and community priorities for capital and operational needs.

Recommendation 2 - *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)*

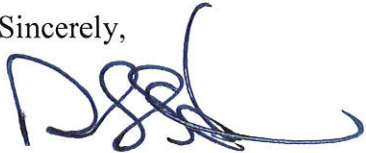
RESPONSE: Recommendation 2 requires further analysis.

Anaheim supports further analysis of the formation of a single wholesale water authority in Orange County with a governing body that provides fair representation of its member agencies and the Orange County populace. Such analysis should examine how such a consolidation will treat the Cities of Anaheim, Santa Ana, and Fullerton, all of which are

MWD member agencies as well as groundwater producers with representation on the OCWD Board. Any changes to governance and representation in the future should carefully consider the unique situations and needs of each MWD member agency and groundwater producer in Orange County.

In summary, while we appreciate the effort of the Orange County Grand Jury to consider ways to improve water policy and regulations, it is imperative that the impact to local communities and customer bills, which are highly dependent of water supply costs, be incorporated into future reviews. If you have any questions or need additional information, please contact Michael Moore, Anaheim Public Utilities Assistant General Manager – Water Services at (714) 765-4956 or via email at mrmoores@anaheim.net.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dukku Lee', with a stylized flourish extending to the right.

Dukku Lee
Public Utilities General Manager
City of Anaheim