

August 14, 2024

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The Honorable Maria Hernandez
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

SUBJECT: OC LAFCO Required Response to the 2023-2024 Orange County Grand Jury Report, *Emerging Opportunities in South County Water/Wastewater Systems*

Dear Judge Hernandez:

In compliance with *Penal Code 933.05(a) and (b)*, the Local Agency Formation Commission of Orange County (OC LAFCO) is providing the following response to all recommendations directed to our Commission. We commend the Grand Jury for its effort in reviewing the interrelationship of water and wastewater in South Orange County and OC LAFCO's relative powers and duties. OC LAFCO appreciates the opportunity to respond and provide additional information relative to the each of the following recommendations.

RECOMMENDATIONS

R1. The OCGJ recommends that by January 1, 2025, LAFCO studies a policy of conducting post-consolidation agency review to be held within 24 months of agency reorganizations to determine their overall impact on the public. (F1, F2)

OC LAFCO RESPONSE:

The recommendation has not yet been implemented but will be implemented in the future. Over the years and in accordance with State law, the Commission has adopted local policies to facilitate legislative and procedural requirements and address varying circumstances involved in the review and consideration of complex applications, such as special district consolidation proposals. While LAFCOs are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), OC LAFCO generally supports the adoption of local policies, when warranted, to guide Commission actions in its processing of changes of organization and reorganization and efficient municipal service delivery by our local agencies.

Relative to implementation of this recommendation, OC LAFCO will convene meetings of the OC LAFCO Executive Committee to study a policy for conducting post-consolidation reviews and provide a report with recommended actions to the full Commission by February 1, 2025.

R2. The OCGJ recommends that by January 1, 2025, LAFCO forms a task force comprising representatives of affected water agencies to study the transformation of SOCWA and prepare a report on the future of water/wastewater in South Orange County. (F3, F4)

OC LAFCO RESPONSE:

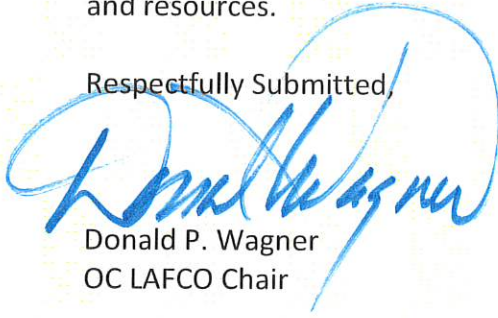
The recommendation will not be implemented because it is not warranted nor reasonable. Like other LAFCOs across the State, OC LAFCO's budget and staffing resources to carry out its statutory responsibilities are, respectively, limited and small. With a total operational budget of approximately \$1.8M and only five full-time positions, it is not reasonable for OC LAFCO to fund and undertake the significant financial and staffing resources required involving the formation and facilitation of a task force to study water and wastewater governance in South Orange County. In addition to OC LAFCO staff knowledge and expertise, an effort of this magnitude would also require external professional expertise that is also not feasible for OC LAFCO to fund.

Secondly, the South Orange County Wastewater Authority (SOCWA), as noted in the Grand Jury's report, is a joint powers authority governed by agreements established by the SOCWA member agencies. While OC LAFCO reviews the municipal services delivered through SOCWA in accordance with the Commission's legislative mandate for MSRs, OC LAFCO does not have any authority involving SOCWA's governance, including a potential transformation. During the most recent MSR involving SOCWA conducted by OC LAFCO, the Commission was informed by SOCWA staff and member agencies of ongoing discussions to address issues involving governance, facility operation, and other matters to support effective delivery of wastewater services. Because OC LAFCO has no authority involving these issues and SOCWA and its member agencies have expended significant resources towards the discussions still underway, the Commission finds that involvement of OC LAFCO in this effort is not warranted and may impair any progress involving these discussions.

Finally, it is worth noting that OC LAFCO will continue to fulfill its legislative mandate involving MSRs in accordance with the provisions of the CKH Act, which includes a review of water and wastewater services delivery in South Orange County. Additionally, if a city, special district, or otherwise affected party files an application in accordance with the requirements of the CKH Act and Commission adopted policies and fee schedule, OC LAFCO will process the application accordingly and transparently.

On behalf of OC LAFCO, I believe the information provided satisfies the Commission's required response to the OCGJ's recommendations and offers additional insight into OC LAFCO's powers and resources.

Respectfully Submitted,



Donald P. Wagner
OC LAFCO Chair