

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and  
the Board of Directors thereof



**AGENDA**  
**EL TORO WATER DISTRICT**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**

**November 26, 2024**

**7:30 a.m.**

**BOARDROOM, DISTRICT OFFICE**  
**24251 LOS ALISOS BLVD., LAKE FOREST, CA**  
**92630**

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This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:  
<https://us02web.zoom.us/j/81005031191> (Meeting ID: 810 0503 1191).

Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

**CALL MEETING TO ORDER – President Monin**

**PLEDGE OF ALLEGIANCE – Director Freshley**

**ROLL CALL (Determination of a Quorum)**

## ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda, until said item is discussed by the Board. Comments on other items will be heard at the time set aside for “COMMENTS REGARDING NON-AGENDA ITEMS.” The public may identify themselves when called on and limit their comments to three minutes.

## ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

1. **Consider Board Member’s Request for Remote Participation (AB 2449)**

2. **Consent Calendar**

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the October 24, 2024 Board meeting
- b. Consider authorizing the District Board members to attend the CASA 2025 Winter Conference January 29 - 31

**Recommended Action:** The Board will consider approving the above Consent Calendar.

3. **Director Reports for Meetings Attended** (Oral Report)

## GENERAL MANAGER ACTION ITEMS

4. **Resolution No. 24-11-1 Board and Committee Meetings Schedule for the 2025 Calendar Year** (Reference Material included)

Staff will review and comment on Resolution No. 24-11-1 which adopts the District’s schedule of Board and Committee Meetings for the 2025 calendar year.

**Recommended Action:** The Board of Directors will consider adopting Resolution No. 24-11-1, which adopts the District’s schedule of Board and Committee Meetings for the 2025 calendar year.

RESOLUTION NO. 24-11-1

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ESTABLISHING DATE, TIME, AND PLACE OF  
REGULAR BOARD MEETINGS,  
BOARD ENGINEERING AND FINANCE & INSURANCE COMMITTEE  
MEETINGS AND STANDING ADVISORY COMMITTEE MEETINGS  
OF THE BOARD OF DIRECTORS  
FOR CALENDAR YEAR 2025

5. **Resolution No. 24-11-2 El Toro Water District Administrative Code**  
(Reference Materials Included)

Staff will review and comment on the proposed addition of a Flexible Spending Account plan and amendment of the Administrative Code to incorporate the associated revisions to the Employee Handbook.

**Recommended Action:** The Board of Directors will consider adopting Resolution No. 24-11-2 which adopts the amended El Toro Water District Administrative Code.

RESOLUTION NO. 24-11-2

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE

6. **Resolution No. 24-11-3 El Toro Water District Administrative Code**  
(Reference Materials Included)

Staff will review and comment on proposed revisions to the District Administrative Code.

**Recommended Action:** The Board of Directors will consider adopting Resolution No. 24-11-3 which adopts the amended El Toro Water District Administrative Code.

RESOLUTION NO. 24-11-3

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE

## GENERAL MANAGER INFORMATION ITEMS

7. **Strategic Plan Status Report** (Reference Material Included)

Staff will review and comment on the Strategic Plan Status Report.

8. **General Manager's Monthly Report** (Reference Material Included)

Staff will review and comment on the General Manager's Monthly Report.

9. **Local Agency Formation Commission - Feasibility Analysis of the Potential Consolidation of Orange County Water District and Municipal Water District of Orange County** (Reference Material Included)

Staff will lead a discussion regarding the LAFCO Feasibility Analysis of the Potential Consolidation of Orange County Water District and Municipal Water District of Orange County.

10. **Legislative Reports** (Reference Material Included)

Staff and General Counsel will review and comment on the Legislative reports.

11. **Public Education and Outreach Report** (Reference Material Included)

Staff will review and comment on the Public Education and Outreach report.

12. **Water Use Efficiency Report** (Reference Material Included)

Staff will review and comment on the Water Use Efficiency Report.

13. **SOCWA Report** (Reference Material Included)

- a. SOCWA Board Meeting – November 7, 2024
- b. SOCWA Executive Committee Meeting – November 12, 2024 - Cancelled
- c. SOCWA Engineering Committee Meeting – November 14, 2024
- d. SOCWA Finance Committee Meeting – November 19, 2024

14. **Municipal Water District of Orange County (MWDOC) Report**  
(Reference Material Included)

- a. MWDOC Planning/Operations Meeting – November 4, 2024
- b. MWDOC/MET Directors Workshop – November 6, 2024
- c. MWDOC Admin/Finance Meeting – November 13, 2024
- d. MWDOC Board Meeting – November 20, 2024
- e. MWDOC Executive Committee Meeting – November 21, 2024

15. **Local Agency Formation Commission Report** (Reference Material Included)  
Report on the November 3, 2024 LAFCO meeting
16. **ISDOC Meetings Report** (Reference Material Included)  
Report on the November 5, 2024 ISDOC Executive Committee meeting
17. **WACO Meetings Report** (Reference Material Included)
  - a. Report on the November 1, 2024 WACO meeting
  - b. Report on the November 19, 2024 WACO Planning meeting

#### **COMMITTEE AND GENERAL INFORMATION**

18. **Dates to Remember for November/December** (Reference Material Included)

#### **COMMENTS REGARDING NON-AGENDA ITEMS**

#### **ATTORNEY REPORT**

#### **CLOSED SESSION**

At this time the Board will go into Closed Session as follows:

1. Pursuant to Government Code Section 54957(b)(1) to conduct the General Manager's annual performance evaluation.

#### **REGULAR SESSION**

#### **REPORT ON CLOSED SESSION** (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

19. **General Manager Compensation**

**Board Action:** The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

## ADJOURNMENT

*The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.*

### *Request for Disability-Related Modifications or Accommodations*

*If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Marisol Melendez at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Marisol Melendez.*

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
OF THE  
EL TORO WATER DISTRICT  
October 24, 2024

President Monin called the meeting of the Board of Directors of the EL TORO WATER DISTRICT to order at 7:31 a.m.

Director Havens led the Pledge of Allegiance to the flag.

Directors KAY HAVENS, MIKE GASKINS, MARK MONIN, FRED ADJARIAN, and KATHRYN FRESHLEY participated.

Also present were DENNIS P. CAFFERTY, General Manager, GILBERT J. GRANITO, General Counsel, HANNAH FORD, Director of Engineering (Zoom), VISHAV SHARMA, CFO, SCOTT HOPKINS, Operations Superintendent, MIKE MIAZGA, IT Manager (Zoom), VU CHU, Water Use Efficiency Analyst, VICKI TANIOUS, Senior Accountant (Zoom), CAROL MOORE, Laguna Woods City Council Member (Zoom), WYATT MCCLEAN, City of Lake Forest community member, CHRIS PALMER, California Special Districts Association, DUANE CAVE, Moulton Niguel Water District Board President, and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Five Board members were present for the meeting, therefore a quorum was determined.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Monin asked if there were any items received too late to be agendized.

Mr. Cafferty replied no.

California Special District Association

Mr. Palmer of the California Special Districts Association recognized the District's Board and Staff for achieving the District of Distinction Accreditation, Platinum Level.

Mr. Palmer also recognized Mr. Cafferty for achieving the Certified Special Districts Manager designation.

Mr. Palmer left the meeting at approximately 7:42 a.m.

Resolution No. 24-10-1 Recognizing Director Adjarian

Mr. Cave, the Board, and staff expressed their respects and gratitude to Director Adjarian for his service in the water industry.

President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Havens to approve Resolution No. 24-10-1 Recognizing Director Adjarian.

Roll Call Vote:

Director Adjarian	aye
Director Freshley	aye
Director Havens	aye
Vice President Gaskins	aye
President Monin	aye

Mr. Cave left the meeting at approximately 7:58 a.m.



Consent Calendar

President Monin asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Director Havens to approve the Consent Calendar.

Roll Call Vote:

Director Adjarian	aye
Director Freshley	aye
Director Havens	aye
Vice President Gaskins	aye
President Monin	aye

Directors Reports for Meetings Attended

Director Havens stated that she attended the MWDOC Met Directors Workshop, the WACO meeting, the South OC Coalition Legislative Meet and Greet, the WaterReuse Symposium, the MWDOC A&F meeting, the HR Committee meeting, the MWDOC P&O meeting, the Aliso Creek Collaborative Workshop, the OCWA meeting, the two ETWD Board meetings, and will be attending the Chamber of Commerce Law and Order event next week.

Director Freshley stated that she attended the MWDOC P&O Committee meeting, the MWDOC Workshop, ETWD’s Engineering and Finance meeting, ETWD’s regular Board meeting, the SOCWA Board meeting, the RRC meeting, the WACO meeting, the LAFCO meeting, the CALAFCO Annual Conference, the Laguna Woods City Council meeting, will be attending the Lake Forest Chamber Luncheon, and the ISDOC Luncheon next week.

Vice President Gaskins stated that he attended the ISDOC Executive meeting, the RRC meeting, the MWDOC Board Workshop, the OCWA meeting, the WACO meeting, the MWDOC Admin & Finance meeting, the President/VP/GM meeting, the MWDOC P&O meeting, the Agenda Review meeting, the MWDOC Board meeting, the SOCWA Board meeting, the MWDOC/OCWD meeting, the ETWD Engineering and Finance meeting, the ETWD regular Board meeting, the HR Committee Meeting, and will be attending Director Adjarian's lunch.

President Monin stated that he attended the ISDOC Executive Committee meeting, the MWDOC Board Workshop, the Chamber of Five meeting, the SOCWA Board meeting, the WACO meeting, the President/VP/GM meeting, the Agenda Review meeting, the WACO Planning meeting, ETWD's Engineering and Finance meeting, ETWD's regular Board meeting, ACWA's Region 10 event, the OCWA meeting, will be attending Director Adjarian's lunch, the ISDOC Quarterly Luncheon, and the Lake Forest Chamber Law and Order event.

Director Adjarian stated that he attended the MWDOC Board Workshop, the WACO meeting, the MWDOC P&O meeting, ETWD's two Board meetings, will be attending today's lunch meeting, the ISDOC Quarterly meeting next week, and will be doing the TV-6 emergency preparedness presentation next week.

#### General Manager Action Items

#### Resolution No. 24-10-2 El Toro Water District Administrative Code

Mr. Cafferty explained that the current proposal moves the District's Rules and Regulations for Recycled Water into the Administrative Code. Included in the transition are non-substance changes, reference updates, and alignments with current practices.

President Monin asked for a Motion.

Motion: Director Havens made a Motion, seconded by Director Adjarian to adopt Resolution No. 24-10-2 which adopts the amended El Toro Water District Administrative Code.

Roll Call Vote

Director Adjarian	aye
Director Freshley	aye
Director Havens	aye
Vice President Gaskins	aye
President Monin	aye

ETWD Board Vacancy

Mr. Cafferty outlined the two timeline options as required by Government Code 1780 for filling the Board vacancy created by Director Adjarian's resignation.

After further discussion the Board decided to proceed with option one of the Board vacancy appointment process as laid out in the Board package.

President Monin asked for a Motion.

Motion: President Monin made a Motion, seconded by Director Freshley, that the District's Board of Directors (1) fill the vacancy by appointment and (2) authorize and direct the District's Secretary to comply with all legally required timelines, notices and posting for said appointment process.

Roll Call Vote

Director Adjarian	aye
Director Freshley	aye
Director Havens	aye
Vice President Gaskins	aye
President Monin	aye

Proposed Updates/Revisions to CSDA Bylaws

Mr. Cafferty stated CSDA has updated their Bylaws and their Board is recommending the approval of these changes.

President Monin asked for a Motion.

Motion: President Monin made a Motion, seconded by Director Freshley for the Board Secretary to cast a ballot in favor of the proposed Bylaw updates/revisions as recommended by CSDA.

Roll Call Vote

Director Adjarian	aye
Director Freshley	aye
Director Havens	aye
Vice President Gaskins	aye
President Monin	aye

General Manager Information Items

General Manager's Monthly Report

Mr. Cafferty stated that he attended a meeting at Santa Margarita Water District with representatives from Congresswoman Young Kim's office where he had the opportunity to provide feedback. He also reported that staff met with Kurt Wiemann (VMS) to discuss the non-functional turf requirements and provided information on the District's current understanding of the regulations. Mr. Cafferty lastly reported that he presented at the Lake Forest Leadership Academy which the District has supported for the last few years.

Legislative Reports

There were no comments.

### Public Education and Outreach Report

Mr. Cafferty reported that staff is well into the process of the website redesign. He also noted that the Adopt a Channel site vegetation has been cleared and staff will be arranging a photo opportunity with the Board.

### Water Use Efficiency Report

Mr. Chu reported that the total consumption continues to trend up in the month of September with a 21% increase compared to the same month last year. He also stated that staff participated at the H2O for HOA's event which was a well participated and successful event.

Mr. Cafferty noted the ongoing concerns regarding the potential turf removal and recycled water availability from the Laguna Woods Village community. He further stated the District is actively analyzing the long-term plans of recycled water infrastructure investments while regulations continue to evolve.

### SOCWA Reports

Director Freshley stated there were discussions regarding the employee transfers from SOCWA to Moulton Niguel Water District.

### MWDOC

There were no comments.

### South Orange County Agencies Group Meeting

Director Gaskins reported that the SOCAG meeting was well attended and Ms. Compton's legislative update was informative as usual.

## LAFCO

Director Freshley reported that the new employment contract for the CEO was approved. She also stated she attended the CALAFCO Annual Conference and learned about the history and creation of the LAFCO's.

## ISDOC

President Monin noted there is an upcoming associate member event.

## WACO

President Monin reported that the County of Orange Action Plan was discussed.

## COMMITTEE AND GENERAL INFORMATION

### Dates to Remember for September/October

There were no comments.

### Comments Regarding Non-Agenda Items

Director Havens stated she participated in the WaterReuse Symposium and Katie Evans a Senior Communications Strategist discussed storytelling in the water industry and the importance of motivating upcoming generations to be involved.

### Attorney Report

Mr. Granito reported that there would likely be a California Supreme Court Decision to consider the Otay case prior to the next Board meeting.

Mr. Granito reported that there is no need for a Closed Session today. As such, the Regular Session continued.

### Adjournment

There being no further business to come before the Board, the meeting was adjourned at approximately 9:04 a.m.

Respectfully submitted,

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MARISOL MELENDEZ  
Recording Secretary

APPROVED:

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MARK MONIN, President of  
the El Toro Water District and the  
Board of Directors thereof

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DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and  
the Board of Directors thereof

**Winter Conference 2025**  
**The Times They Are A-Changin'**  
**Preliminary Program (10/23/24)**  
**Subject to Change**

**Tuesday, January 28**

4:00 p.m. – 6:00 p.m.      CSRMA Executive Board Meeting

**Wednesday, January 29**

7:00 a.m. – 12:00 p.m.      CSRMA Training Seminar (Separate Registration Required) (Horizon)

9:00 a.m. – 5:00 p.m.      Registration

9:00 a.m. – 10:00 a.m.      CASA Education Foundation Board Meeting (Tapestry)

10:00 a.m. – 11:00 a.m.      CASA Board of Directors Meeting (Tapestry)

11:00 a.m. – 12:00 p.m.      Women's Networking Meeting (Plaza A)

12:00 p.m. – 1:30 p.m.      Associates Committee Meeting (Palm Canyon AB)

12:00 p.m. – 1:30 p.m.      Lunch on Your Own

12:30 p.m. – 4:00 p.m.      East Valley Sterling Natural Resource Center Tour (Offsite)

1:00 p.m. – 2:00 p.m.      CSRMA Board of Directors Meeting (Horizon)

1:30 p.m. – 4:00 p.m.      Concurrent Sessions

Plaza B	Plaza C	Plaza D
ACE Hot Topics and Primers	Communications Panel	Nutrient Panel
Asset Management	Advanced Tech	RWG Working Session

1:30 p.m. – 2:30 p.m.      Track 1A, 2A, 3A

2:30 p.m. – 3:00 p.m.      Break

3:00 p.m. – 4:00 p.m.      Track 1B, 2B, 3B

4:00 p.m. – 5:00 p.m.      Federal Legislative Meeting (Palm Canyon AB)

4:00 p.m. – 5:00 p.m.      LEAD Mentor/Mentee Meeting (Tapestry)

5:30 p.m. – 7:00 p.m.      Welcome Reception and Greg Kester Celebration (Poolside)

**Thursday, January 30**

8:00 a.m. – 9:30 a.m.      Breakfast

7:30 a.m. – 4:30 p.m.      Registration



- 8:00 a.m. – 9:00 a.m. Statewide Biosolids Meeting (Palm Canyon AB)
- 9:15 a.m. – 11:45 a.m. **Morning Sessions (Horizon Ballroom)**
- 9:15 a.m. – 9:30 a.m. Welcome Address
- 9:30 a.m. – 11:30 a.m. HAL and You: A Morning of Artificial Intelligence at Clean Water Agencies
- 11:30 a.m. – 12:00 p.m. Networking Break
- 12:00 p.m. – 1:30 p.m. **Luncheon**  
Honoring Greg Kester  
Recognizing Bill Teague  
CEF Presentation  
Jessica and Eric/Sarah Fed and State Updates
- 1:30 p.m. – 1:45 p.m. Networking Break
- 1:45 p.m. – 3:45 p.m. **Afternoon Sessions (Horizon Ballroom)**
- 1:45 p.m. – 2:30 p.m. **Renewable Energy Generation Panel**
- 2:30 p.m. – 3:45 p.m. **Cutting Edge Research Panel**
- 4:00 p.m. – 5:00 p.m. **Engineering and Research Group Meeting (Palm Canyon AB)**
- 4:00 p.m. – 5:00 p.m. **Communications Committee Meeting (Tapestry)**
- 5:30 p.m. – 7:00 p.m. **Joint Reception** with NACWA (Westin Rancho Mirage)

**Friday, January 31**

- 8:00 a.m. – 11:00 a.m. **Registration**
- 8:00 a.m. – 9:30 a.m. Breakfast
- 8:00 a.m. – 9:15 a.m. State Legislative Committee Meeting (Palm Canyon AB)
- 9:15 a.m. – 10:45 a.m. Closing Session (Horizon Ballroom)
- 9:15 – 9:45 a.m. Closing Speaker:
- 9:45 – 10:30 a.m. Closing Speaker:
- 10:30 – 10:45 a.m. Vice President's Closing Remarks
- 11:00 a.m. – 1:00 p.m. General Managers Meeting (Tapestry)



## STAFF REPORT

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**To: Board of Directors** **Meeting Date: November 26, 2024**  
**From: Dennis Cafferty, General Manager**  
**Subject: Resolution 24-11-1 Board and Committee Meetings Schedule for the 2025 Calendar Year**

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Resolution 24-11-1 defines and adopts the schedules for the District's Board and Committee Meetings for the 2025 calendar year.

### **Recommended Action:**

The Board of Directors will consider adopting Resolution No. 24-11-1, which adopts the District's schedule of Board and Committee Meetings for the 2025 calendar year.

### RESOLUTION 24-11-1

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE ELTORO WATER DISTRICT  
ESTABLISHING DATE, TIME, AND PLACE OF  
REGULAR BOARD MEETINGS,  
BOARD ENGINEERING AND FINANCE & INSURANCE COMMITTEE  
MEETINGS AND STANDING ADVISORY COMMITTEE MEETINGS  
OF THE BOARD OF DIRECTORS  
FOR CALENDAR YEAR 2025

**RESOLUTION NO. 24-11-1**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE ELTORO WATER DISTRICT  
ESTABLISHING DATE, TIME, AND PLACE OF  
REGULAR BOARD MEETINGS,  
BOARD ENGINEERING AND FINANCE & INSURANCE COMMITTEE  
MEETINGS AND STANDING ADVISORY COMMITTEE MEETINGS  
OF THE BOARD OF DIRECTORS  
FOR CALENDAR YEAR 2025**

**RESOLVED**, that the Regular 2025 Board meetings and Board Engineering & Finance & Insurance Committee meetings of the Board of Directors of the El Toro Water District shall be held at the Administrative Offices of the El Toro Water District located at 24251 Los Alisos Boulevard, Lake Forest, California on the dates and at the times as set forth in Exhibit "A" to this Resolution unless otherwise changed by this Board by appropriate Resolution.

**RESOLVED FURTHER**, that in 2025, the Standing Advisory Committees of the Board of Directors of the El Toro Water District shall be held at the Administrative Offices of the El Toro Water District located at 24251 Los Alisos Boulevard, Lake Forest, California on the dates and at the times described in Exhibit "B" to this Resolution, unless otherwise changed from time to time by the Chairman of the Committee.

**ADOPTED, SIGNED AND APPROVED**, this 26<sup>th</sup> day of November 2024.

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MARK MONIN, President  
El Toro Water District and of the  
Board of Directors thereof

ATTEST:

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DENNIS P. CAFFERTY, Secretary  
El Toro Water District and of  
the Board of Directors thereof

**Exhibit "A" to Resolution No. 24-11-1**

**ETWD SCHEDULED MEETINGS 2025**  
**EFFECTIVE JANUARY 1, 2025**

**REGULAR BOARD MEETINGS**

**Board Engineering and Finance &  
Insurance Committee Meetings**

**Regular Board Meetings**

1.	January 20, Monday	7:30 a.m.	January 23, Thursday	7:30 a.m.
2.	February 24, Monday	7:30 a.m.	February 27, Thursday	7:30 a.m.
3.	March 24, Monday	7:30 a.m.	March 27, Thursday	7:30 a.m.
4.	April 21, Monday	7:30 a.m.	April 24, Thursday	7:30 a.m.
5.	May 19, Monday	7:30 a.m.	May 22, Thursday	7:30 a.m.
6.	June 23, Monday	7:30 a.m.	June 26, Thursday	7:30 a.m.
7.	July 21, Monday	7:30 a.m.	July 24, Thursday	7:30 a.m.
8.	August 25, Monday	7:30 a.m.	August 28, Thursday	7:30 a.m.
9.	September 22, Monday	7:30 a.m.	September 25, Thursday	7:30 a.m.
10.	October 20, Monday	7:30 a.m.	October 23, Thursday	7:30 a.m.
11.	November 24, Monday	7:30 a.m.	November 25, <b>Tuesday*</b>	7:30 a.m.
12.	<b>December 15, Monday**</b>	7:30 a.m.	<b>December 18, Thursday**</b>	7:30 a.m.

\* Meeting date change due to Thanksgiving Holiday

\*\* Meeting date change due to Christmas holiday.

**Exhibit "B" to Resolution No. 24-11-1**

**STANDING ADVISORY COMMITTEES**

**AGENDA REVIEW MEETINGS** (10:00 a.m.)

1. January 13, Monday
2. February 18, Tuesday\*
3. March 17, Monday
4. April 14, Monday
5. May 12, Monday
6. June 16, Monday
7. July 14, Monday
8. August 18, Monday
9. September 15, Monday
10. October 13, Monday
11. November 17, Monday
12. December 8, Monday

**REGIONAL RECLAMATION  
COMMITTEE MEETINGS** (10:00 a.m.\*\*)

1. February 4, Tuesday
2. March 4, Tuesday
3. April 1, Tuesday
4. April 29, Tuesday
5. June 3, Tuesday
6. July 8, Tuesday
7. August 5, Tuesday
8. September 2, Tuesday
9. September 30, Tuesday
10. November 4, Tuesday
11. December 9, Tuesday

**COMMUNITY ADVISORY GROUP  
MEETINGS** (11:30 a.m.)

1. February 6, Thursday
2. May 8, Thursday
3. August 14, Thursday
4. November 13, Thursday

\*Meeting moved to Tuesday due to Presidents Day Holiday.

\*\*Meeting dates subject to change depending on SOCWA's Board meeting dates or at the Direction of the Committee Chair.



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: November 26, 2024**

**From: Dennis Cafferty, General Manager**

**Subject: Flexible Spending Account**

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### Introduction

A Flexible Spending Account (FSA) is an employer-sponsored savings account that lets employees set aside pretax funds for qualified expenses. The clear benefit to employees is the pretax concept, allowing them to save an amount equal to the taxes they would have otherwise paid on the money they contribute to the fund.

There are three types of Flexible Spending Accounts

1. Healthcare FSA
2. Dependent Care FSA
3. Limited Purpose FSA

### Healthcare FSA

The Healthcare FSA allows participants to set aside pretax funds for qualified medical, vision and dental expenses. Qualified medical expenses include things such as deductibles, copayments, coinsurance, certain drugs, medical equipment like crutches, supplies like bandages, diagnostic devices like blood sugar test kits and many other expenses. Participating employees will be issued debit cards to use for these expenses.

FSA funds cannot be used for insurance premiums. It should also be noted that an employee cannot participate in both an FSA and a Health Savings Account (HSA).

The Internal Revenue Service (IRS) limits contributions to FSA accounts. The 2025 IRS contribution limit is \$3,300. This limit tends to change each year.

The employee determines the amount of their annual contribution to the FSA at the beginning of each plan (calendar) year. The FSA contributions are then funded by payroll deductions from an employee's salary throughout the year. As an example, if the employee chooses to contribute \$2,600 for the year, \$100 will be withheld by the District

from each of the 26 bi-weekly paychecks. However, the full amount of the annual election is available for use by the employee at the beginning of the year. The District will be required to prefund 20% of the annual liability for an employee and recover the funds through the payroll deductions. The District will be invoiced as necessary to maintain the 20% funding. By the end of the year, any District payments will have been fully recovered through the payroll deductions. At the end of the year, the District's 20% funding of the FSA is refunded to the District.

Generally speaking, the employee is required to use their FSA contribution within the plan year. The IRS does not allow refunding any contributed funds to the employee. However, the District can specify one of the following three options for any funds that are not used for a qualified expense within the plan year.

1. The excess funds are forfeited and kept by the District
2. The District provides a "grace period" which allows unlimited funds to be carried over to be spent in the first 2 1/2 months (75 days) of the next plan year. At the end of the 2 1/2 month period, all unspent carried-over funds are forfeited and retained by the District.
3. The District allows the employee to "roll over" up to the annual IRS limit (\$660 in 2025) to use in the following plan year.

The District plan proposes to employ Option #3 and allow employees to roll over any excess funds up to the IRS limit.

The FSA can also include a "runout" period in which employees can claim eligible expenses incurred in the previous plan year. The runout period can be any of 30, 60 or 90 days. The District plan proposes to include a 90-day runout period.

If an employee terminates, the District may choose to allow the employee to use contributed funds for a period of either 30, 60 or 90 days. While this might leave a very slight exposure to the District for an employee that terminates early in the year, before payroll deductions have covered their FSA expenses, staff consider this a minor risk and recommend allowing a 30-day period for separated employees to use their FSA funds.

## **Dependent Care FSA**

The Dependent Care flexible spending account allows employees to use pre-tax funds to pay for childcare expenses they incur while at work. The Dependent Care FSA can be used to pay child-care expenses for children aged 12 and under and also can be used to pay for the care of qualifying adults, including a spouse, who can't care for themselves and meet specific IRS guidelines.

The Dependent Care FSA can also cover preschool tuition and summer camps, although the account cannot be used to pay for kindergarten or school tuition for a child ages five and older.

Parents and guardians can save a significant amount of money when they use an FSA to pay for Dependent Care expenses rather than after-tax dollars. Similar to the Healthcare FSA, employees can save an amount equal to the taxes they would have otherwise paid on the money they contribute to the fund.

A Dependent Care FSA is designed to cover daycare expenses that employees incur because they are working, so a taxpayer must have earned income in order to have a Dependent Care FSA. If the taxpayer is married, the spouse must have an earned income, be actively looking for work, or be enrolled as a full-time student.

A Dependent Care FSA has different maximum contribution rules than a Healthcare FSA. The Dependent Care FSA annual contribution limit is \$5,000. This limit has not been increased by the IRS in the last nine years.

The employee determines the amount of their annual contribution to the FSA at the beginning of each calendar year. The FSA contributions are then funded by payroll deductions from an employee's salary throughout the year similar to the Healthcare FSA. However, unlike the Healthcare FSA, the Dependent Care FSA is not available on the first day of the plan year. It functions as a true reimbursement account and can only be used as the employee payroll deductions fund the plan. The District is not required to pre-fund any portion of the Dependent Care FSA.

While an employee cannot have both an HSA and a Healthcare FSA, there is no such restriction for the Dependent Care FSA.

Similar to the Healthcare FSA, Dependent Care FSA funds must be expended in the plan year. There is no carryover option, but the plan can include a grace period of up to 75 days, similar to the Healthcare FSA. The District plan proposes to include the 75-day grace period.

As the plan is fully funded by employee payroll deductions, staff recommends the plan allow terminated employees up to 90 days to expend any remaining funds following separation from the District.

### **Limited Purpose FSA**

The Limited Purpose FSA restricts eligible expenses to dental and vision expenses exclusively. The Limited Purpose FSA can be coupled with a Health Savings Account. Staff do not recommend the Limited Purpose FSA as the covered expenses are also covered by the HSA.

### **Conclusion**

The FSA program does require the employees to be responsible for accurately projecting their expenses. As noted above, if they commit to more than they can spend, or carry over, they run the risk of forfeiting a portion of their contributions.



The FSA program provides significant benefit to the District's employees at a minimal cost to the District. The District would incur a one-time setup fee of \$250 and an on-going monthly cost of \$3.85 per participant. The proposed FSA plan has been incorporated into the Employee Handbook. The adoption of the recommended resolution will approve the amendment to the Administrative Code which updates the Employee Handbook to incorporate the FSA Plan.

The modified section of the Handbook is attached for reference.

**Recommended Action:**

The Board of Directors will consider adopting Resolution No. 24-11-2 which amends the District's Employee Handbook.

RESOLUTION NO. 24-11-2

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
AMENDING THE EL TORO WATER DISTRICT  
EMPLOYEE HANDBOOK  
(SECTION 8000 OF THE ADMINISTRATIVE CODE)

**RESOLUTION NO. 24-11-2**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
AMENDING THE EL TORO WATER DISTRICT  
EMPLOYEE HANDBOOK**

**WHEREAS**, THE El Toro Water District Employee Handbook is included in the District Administrative Code; and

**WHEREAS**, THE El Toro Water District maintains personnel policies regarding wages and benefits to ensure the ability to recruit and retain employees necessary to preserve the reliability of the services provided by the District; and

**WHEREAS**, the Board of Directors of the El Toro Water District has reviewed the modifications to the Employee Handbook as set forth in Exhibit "A" which is attached hereto and incorporated by this reference.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the El Toro Water District hereby adopts modifications to the El Toro Water District Employee Handbook, as set forth in Exhibit "A", which is attached hereto effective November 26, 2024;

**BE IT FURHTER RESOLVED**, that the Board of Directors of the El Toro Water District does hereby adopt the Amended El Toro Water District Administrative Code incorporating the changes to the Employee Handbook effective November 26, 2024.

**ADOPTED, SIGNED AND APPROVED** this 26th day of November 2024.

---

MARK MONIN, President  
El Toro Water District and of the  
Board of Directors thereof

ATTEST

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DENNIS P. CAFFERTY, Secretary  
El Toro Water District and of the  
Board of Directors thereof

**EXHIBIT A**  
**EL TORO WATER DISTRICT**  
**EMPLOYEE HANDBOOK MODIFICATIONS**

## **FLEXIBLE SPENDING ACCOUNTS (FSAs)**

The District provides a Healthcare Flexible Spending Account (FSA) and a Dependent Care FSA to all eligible regular full-time and regular part-time employees working thirty (30) hours or more per week. The employee must be enrolled in an eligible health plan to participate.

### **Healthcare Flexible Spending Account**

A Healthcare FSA is a tax advantaged account used to pay for eligible out-of-pocket healthcare expenses. If elected, the employee's FSA account will be funded with pre-tax dollars using convenient payroll deductions from the employee's salary throughout the year. The employee determines the amount of their annual contribution to the FSA at the beginning of each plan year. The District prefunds a portion of the employee's FSA account allowing the entire benefit election to be available to spend on the first day of the plan year.

The Healthcare FSA allows participants to set aside pre-tax funds for qualified medical, vision and dental expenses. Qualified health expenses include such things as:

- Copays, deductibles, and coinsurance
- Hearing Aids
- Pharmacy
- Over-the-counter medications
- Medical equipment
- Mental health services

Each year the IRS sets a maximum contribution limit. Employees may defer up to the maximum IRS limit for the current plan year January 1 through December 31.

Because FSAs can be a significant tax advantage, they must be administered according to specific IRS rules. Participating employees normally must incur eligible expenses by the end of the plan year, December 31, or forfeit any unspent amounts.

The Healthcare FSA includes a runout period of up to 90 days in which employees can claim eligible expenses incurred in the previous plan year.

The Healthcare FSA also includes a carryover option, which allows an employee to carryover, up to the IRS annual limit, unused funds to the following plan year.

Any unspent funds above the IRS carryover limit not claimed during the runout period will be forfeited . The IRS does not allow refunds of FSA contributions to the employee.

Participating employees will be issued debit cards to use for qualified Healthcare FSA expenses.

An employee cannot participate in both an HSA and a Healthcare FSA at the same time. FSA funds cannot be used for insurance premiums.

At the time of termination, an employee will have thirty (30) days to claim expenses that have been incurred on or before the termination date.

## **Dependent Care Flexible Spending Account**

The Dependent Care FSA is a tax-advantaged account that allows employees to set aside pre-tax earnings to pay for eligible dependent care expenses. The Dependent Care FSA can be used to pay child-care expenses for children age 12 and under and also can be used to pay for the care of qualifying adults, including a spouse, who can't care for themselves and meet specific IRS guidelines.

If elected, the employee's FSA account will be funded with pre-tax dollars using convenient payroll deductions from the employee's salary throughout the year. The employee determines the amount of their annual contribution to the FSA at the beginning of each plan year.

This Dependent Care FSA can be used to pay for eligible expenses the employee incurs for childcare, or for the care of a disabled dependent. Eligible expenses include:

- Licensed nursery schools
- Qualified childcare centers
- After school programs
- Summer camps
- Preschool
- Adult daycare facilities

A Dependent Care FSA is designed to cover daycare expenses that employees incur because they are working, so a taxpayer must have earned income in order to have a Dependent Care FSA. If the taxpayer is married, the spouse must have an earned income, be actively looking for work, or be enrolled as a full-time student.

Each year the IRS sets a maximum contribution limit. Employees may defer up to the maximum IRS plan limit for the current plan year, January 1 through December 31.

Because FSAs can be a significant tax advantage, they must be administered according to specific IRS rules. Participating employees normally must incur eligible expenses by the end of the plan year, December 31, or forfeit any unspent amounts.

The District Dependent Care FSA includes a grace period of seventy-five (75) days allowing participating employees to continue to spend funds from the previous plan year. At the end of the 75-day grace period any remaining unspent funds will be forfeited. The IRS does not allow refunds of FSA contributions to the employee.

Unlike the Healthcare FSA, the Dependent Care FSA is not available on the first day of the plan year. It is a true reimbursement account and can only be used as the employee payroll deductions fund the plan. In addition, the employee may elect the Dependent Care FSA even if the employee is enrolled in an HSA.

At the time of termination, an employee will have ninety (90) days to claim expenses incurred on or before the termination date.



**RESOLUTION NO. 24-11-3**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE**

**WHEREAS**, the Board of Directors of the El Toro Water District adopted an Administrative Code defining the policies the El Toro Water District in November, 2023; and

**WHEREAS**, it is in the best interest of the District that the District's Administrative Code be amended in its entirety to incorporate updates to, and additional policies in, the existing Administrative Code; and

**WHEREAS**, the Board of Directors of the El Toro Water District has reviewed the Administrative Code which is incorporated herein by this reference.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors of the El Toro Water District does hereby adopt the Amended El Toro Water District Administrative Code effective November 26, 2024.

**ADOPTED, SIGNED AND APPROVED** this 26th day of November 2024.

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MARK MONIN, President  
El Toro Water District and of the  
Board of Directors thereof

ATTEST:

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DENNIS P. CAFFERTY, Secretary  
El Toro Water District and of the  
Board of Directors there of

# ***EL TORO WATER DISTRICT***



## ***ADMINISTRATIVE CODE***

**Adopted**

**~~October 24~~ November 26, 2024**



## **DISTRICT**

1000 Principal Office  
1010 Seal

## **BOARD OF DIRECTORS**

2000 General Authority  
2010 Membership  
2020 Terms of Office  
2030 Elections  
2040 Meetings  
2050 Quorum: Votes Necessary  
2060 Compensation  
2070 Board Staff Relationship  
2080 Guidelines for Board Conduct  
2090 Committees of the Board

## **BOARD OFFICERS AND EMPLOYEES**

3000 Officers Other Than Directors  
3010 Elimination  
3020 President (Term of Office)  
3030 Succession to Presidency  
3040 Vice President (Election – Term of Office – Succession to Presidency)  
3050 Secretary  
3060 Treasurer  
3070 Duties and Powers of President  
3080 Duties and Powers of Vice President  
3090 Employees  
3100 District Legal Counsel  
3110 District Auditors

## **ETWD DIRECTORS**

4000 Directors' Compensation  
4010 Directors' Benefits  
4020 Directors' Travel & Expense Reimbursement

## **ETHICS**

5000 Ethics Training

## **FINANCIAL MATTERS**

- 6000 District Claim Procedures
- 6010 Board Authorization of Fund Transfers With the District Capital Budget
- 6020 Budget Policy
- 6030 Designated Staff Credit Card Issuance / Usage Policy
- 6040 Cash Reserve Policy
- 6050 Debt Management Policy
- 6060 Capitalization Policy for Capital Assets
- 6070 Disposal of Surplus Property
- 6080 Investment Policy
- 6090 Electronic Funds Transfer Policy
- 6100 Purchasing Policy

## **SERVICE AND RATES**

- 7000 Statement of Service Outside of District Boundaries
- 7010 Statement of Construction of Water and Sewer
- 7020 Rate Schedules Preliminary Statement
- 7030 General Metered Potable Water Service
- 7040 General Sewer Service
- 7050 Commercial, Industrial, Public Authority and Homeowner Association  
Recreational Facility Sewer Service
- 7060 Recycled Water Sales and Service
- 7070 Private Fire Protection Service
- 7080 Water Capital Facilities Fee
- ~~7080~~ Water Meter and Meter Installation Charges
- 7090
- ~~7090~~ Wholesale Water Service
- 7100
- ~~7100~~ Metered Construction Service
- 7110
- ~~7110~~ Development Procedures
- 7120
- ~~7120~~ Establishment of Accounts
- 7130
- ~~7130~~ Miscellaneous Charges
- 7140
- ~~7140~~ Restablishment of Accounts for Bankruptcy Cases
- 7150

## **PERSONNEL MATTERS**

- 8000 Employee Handbook (Incorporated by Reference)

## **ORGANIZATION, FUNCTIONS & GENERAL PROVISIONS**

- 9000 Fraud in the Workplace
- 9010 District Meeting Rooms Use Policy
- 9020 Identity Theft Prevention Program
- 9030 Legislative Advocacy Policy
- 9040 IT Acceptable Use Policy
- 9050 Public Records Act Response Policy

## **RULES & REGULATIONS FOR RECYCLED WATER**

10000	Table of Contents
10100	Introduction & Purpose
10200	Definitions
10300	General Requirements
10400	Permitting Process
10500	Technical Requirements
10600	Construction Specifications
10700	Operational Requirements
10800	Violations and Enforcement
10900	Appendices

**WATER CAPITAL FACILITIES FEE**

**Residential and Non-residential Customers**

**1. APPLICABILITY**

Applicable to Residential and Non-residential customers desiring new and/or increased capacity in the El Toro Water District water system.

**2. WATER CAPITAL FACILITIES FEE**

A. The Water Capital Facilities Fee for each new residential and/or non-residential customer shall consist of two components.

1. The Water Capital Facilities Fee – Meter Component, based on capacity in the water distribution system, shall be an amount based on the meter size as follows:

Meter Size	Water Capital Facilities Fee Meter Charge
5/8"	\$2,145
3/4"	\$2,145
1"	\$3,582
1-1/2"	\$8,708
2"	\$21,856

2. The Water Capital Facilities Fee – Water Supply Charge Component (WSC), designed to offset the cost of supply to serve the project, shall be an amount based on the estimated new demand in acre-feet per year (afy) at a rate of \$8,900/afy as follows:

$$\text{WSC (\$)} = \text{Project Demand (afy)} \times \$8,900/\text{afy}$$

The volume of acre-feet per year will be calculated using characteristic sewage generation factors established by the City of Los Angeles/Los Angeles County Sanitation Districts for various user classifications (Reference Exhibit A). The calculation will assume 95% of domestic water use is returned to the sewer. The Project Demand (afy) will be determined by dividing the calculated volume of sewage generation by 95%.

- B. When customers change their usage and/or when redevelopment occurs, the property will be provided credit for the existing capacity

applied to the property. There will not be a charge or credit for downsizing capacity to serve the property. Further, no refunds will be provided when service to the property is terminated and/or removed.

- C. Unless otherwise mutually agreed upon between the District and the customer, the Capital Facilities Fee shall be paid prior to service being provided to the property.

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R 12-8-1 08/23/2012; R 17-10-1 10/24/17; R 24-11-2 11/26/24



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: November 26, 2024**

**From: Dennis Cafferty, General Manager**

**Subject: Strategic Plan Status Report**

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The District Strategic Plan was adopted by the Board of Directors at the November 2020 Board meeting. The Strategic Plan consists of 6 major goals intended to be accomplished through 19 strategies and 80 identified objectives. The Strategic Plan also identifies 25 Key Performance Indicators to help gauge the implementation of the Plan.

The Strategic Plan Status Report represents the biannual update of the status of the implementation of the Strategic Plan. As has been the practice in previous reports, the most current updates are noted in red text while the updates from previous reports are maintained, for continuity, in blue text.

## GOAL A

# Water, Sewer, and Recycled Water Reliability

Provide the physical facilities and supply to meet the needs of the community.

ETWD will plan for and build the necessary facilities to meet the water, wastewater and recycled water needs of the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

### Strategy A.1 Conduct planning to ensure long-term water infrastructure/demands are met.

Objective A.1.1 Evaluate level and adequacy of emergency water supply reliability  
**Completed. Staff will evaluate additional opportunities as they arise.**

Objective A.1.2 Evaluate opportunities to maintain or improve water system operations  
**Staff continue to evaluate opportunities as they are identified. Current system improvements that have recently been completed within the Operations Department include:**

- Switched the WRP Operations plan from seven days per week of manned operation to five days per week.
- The R-3 Mixer System Improvement has improved chlorine residuals in the R-3 Reservoir.
- Replacement of the aging R-6 Inlet Meter was completed during the outage of the R-6 Reservoir.
- Pressure Sensors have been installed in four locations in the distribution system providing live pressure data to the maintenance management system.

**Staff have updated the software to allow operators to monitor the current pressure transmitters remotely on mobile devices.**

**Staff are exploring options that would allow a direct connection from distribution system pressure sensors to the SCADA system rather than the maintenance management system.**

- System Sampling and Flushing Schedule Efficiency Improvements have been implemented to avoid holiday impacts to the sampling schedule as well as reduce distribution system flushing and the associated impacts on staff resources and water loss.
- The construction of the JTM Pump Station Project is complete and the new pump station is currently in operation with a beneficial impact on supply reliability and water quality in the northwest portion of the distribution system.
- Replaced the Boom Truck.

- Replaced the 18” magnetic meter on the R-6 Reservoir inlet pipeline.
- The replacement of the mixer at the R-4 Reservoir has significantly improved the efficiency and effectiveness of the maintenance of water quality in the R-4 Reservoir.
- Added month-end mileage readings, flooding meter readings and asphalt repair logs to the Geoviewer maintenance management system to further reduce paper-based recordkeeping.
- Replaced most metal potable water Air-Vac enclosures with composite material. The old metal enclosures without access doors required two people to lift them, whereas the composite enclosures do not rust and can be easily lifted by one person.
- Switched from metal air & vacuum valves in the recycled water system to a new plastic design which takes less maintenance and will have a longer life span.
- Built a concrete berm around the backfill material and spoils bins. Previously, staff used straw wattles to prevent runoff, which needed to be replaced every few months, became very heavy when wet, and had to be moved each time a vehicle needed to enter the area. Staff received a quote to complete the concrete berm for \$24,820, but instead did the work themselves for only \$600 in materials cost.
- Completed construction of the new warehouse facility that will allow for storage of generators and other equipment for protection from the elements.
- The Pump Stations group installed a retaining wall at the Main PR site to keep dirt from washing down from the slope during rain events. Estimated cost for a contractor to perform similar work exceeded \$20k.
- Replaced R-5 Reservoir PLC with current technology.

Objective A.1.3

Complete the 2020 Urban Water Management Plan

**Completed.**

Objective A.1.4

Continue Moulton Niguel collaboration regarding South County Pipeline turnout to facilitate supply for Baker Water Treatment Plant

**MNWD is proposing to locate the facility near the existing ETWD/MNWD interconnection from which ETWD currently receives its Baker water supply.**

**MNWD made an offer on the parcel of interest on Los Alisos Blvd near OC-79. The Property Owners Association that owns the parcel has been working through administrative requirements that had to be cleared before they can approve the transaction. MNWD anticipates an answer by the end of this calendar year. Once the property transaction is complete ETWD and MNWD will negotiate a cost sharing agreement. MNWD will then solicit for the CEQA and final design efforts.**



**MNWD has also been tracking grant opportunities for this Project. Further developing the design will improve the Project's potential of receiving a grant.**

Objective A.1.5 Evaluate merits of a well in the Sespe formation

**Completed. The Board and staff concurred there does not appear to be merits in pursuing the Sespe formation.**

Objective A.1.6 Provide periodic Board reports on water consumption and water use efficiency

**Reports on water consumption and water use efficiency are provided to the Board monthly in standing Board meeting agenda items.**

## **Strategy A.2 Expand use of recycled water as appropriate**

Objective A.2.1 Evaluate potential recycled water projects to determine cost effective options for a Phase 3 recycled water expansion project

**An alternatives analysis of Phase III Recycled Water project options was presented to the Board at the November 2021 Engineering Committee meeting.**

**Staff have budgeted and are seeking grant opportunities for an evaluation of potential Direct Potable Reuse options to determine the most appropriate beneficial use of the District's remaining effluent.**

**As a first step in exploring whether Direct Potable Reuse is appropriate for the District, staff would like to develop a planning/feasibility study. To fund this study, staff submitted a grant application to the Integrated Climate Adaptation Resiliency Program Adaptation Planning Grant Program. Unfortunately, the State cancelled the grant program due to insufficient funding. District staff are now pursuing alternative grant opportunities, such as the United States Bureau of Reclamation Title XVI and FEMA Building Resilient Infrastructure and Communities (BRIC) programs.**

Objective A.2.2 Evaluate recycled water supply options to facilitate recycled water distribution system expansion

**The Ocean Outfall Pump Station Backflow Prevention Project was completed in August 2023. The new check valve on the Ocean Outfall Pump Station discharge to the Effluent Transmission Main ensures the District can use 100% of the wastewater effluent as supply to the Tertiary Plant. Staff have implemented additional control system and operational changes and procedures to further mitigate the use of potable water in the recycled water system.**

**Despite record breaking recycled water summer demands, there has been no potable water supplement to the recycled water system since October of 2023. Staff recently issued a purchase order to purchase additional tertiary filter disks to maximize the capacity of the existing filtration system. The installation of these disks will further minimize the potential for potable water supplement of the recycled water system.**

The Tertiary Plant optimization study defined opportunities to maximize efficiency of the disinfection operation as well as potentially increase the amount of operational storage in the Recycled Water Storage Tank that would serve to further reduce the need for any potable supplement. Staff completed the required disinfection tracer study and submitted results to the Division of Drinking Water (DDW). DDW approved the tracer study results in May 2024, at which point the District revised and resubmitted the report documenting compliance with an alternative disinfection methodology. **DDW returned comments on the revised report. District staff responded to DDW's comments and now waits for DDW's final review, which will likely be complete by the end of 2024.**

Objective A.2.3 Pursue grant funding and other appropriate funding mechanisms for recycled water projects

Staff work with MWDOC and through the South Orange County Watershed Management Area to monitor for any grant opportunities that would help fund future recycled water projects.

As noted above, staff are pursuing grant opportunities to fund the proposed Regional Potable Reuse Implementation Plan.

### **Strategy A.3 Advance demand management and achieve State mandated water use efficiency targets**

Objective A.3.1 Continue to promote drought tolerant and water efficient landscapes in the community

ETWD promotes water use efficient landscapes utilizing multiple outlets including the quarterly newsletter, website, bill messages, bill inserts, water wise tips flyer, ETWD's Permanent Water Conservation Requirements flyer, outdoor landscape rebate program, social media, Laguna Woods Village e-blast, Laguna Woods Globe and Laguna Woods Television.

The development of a new website page dedicated to water efficient landscapes will be included with the update and redesign of the ETWD website.

Objective A.3.2 Maintain water use efficiency programs

Staff provides a monthly report to the Board regarding the on-going Water Use Efficiency (WUE) program.

ETWD participates in the MWDOC Water Use Efficiency Choice Program that offers the MET/MWDOC regional indoor/outdoor device rebate program, turf removal rebates, landscape design assistance program and MET's online landscape courses. In addition to the regional rebate program, ETWD adds supplemental funding to specific rebates including toilets, clothes washers, turf removal, rain barrels and weather-based irrigation timers.

A strategic goal for ETWD's Water Use Efficiency (WUE) program is to enhance the customer database and expand analytical tools following the implementation of the new customer billing system. Utilizing this database alongside Geographic Information System (GIS) technology will enable staff to develop more targeted WUE programs, improve customer engagement and outreach, and meet

the urban water use efficiency standards, objectives, and performance measures outlined in the "Making Conservation a California Way of Life" regulatory framework. Furthermore, this initiative will streamline recordkeeping, ensuring compliance with reporting requirements from the State Water Resources Control Board and the Department of Water Resources.

**With the completion of the implementation of the billing system, staff are developing analytics and reporting features from the new Springbrook software to develop the WUE Customer Database.**

Objective A.3.3

Phase implementation of Automated Meter Infrastructure to better manage demands as resources permit

**Consideration of investment in AMI is currently paused as the District focuses financial resources on critical water, wastewater, and recycled water capital infrastructure improvements.**

#### **Strategy A.4 Implement the Capital Improvement Program to maintain water, sewer, and recycled water service**

Objective A.4.1

Complete updated Water and Sewer Master Plan with an asset management component to better inform future capital planning

**The Master Plan update is complete.**

**Carollo's evaluation of the water quality issues in the northwest portion of the District's distribution system confirms the water quality benefits of the construction of the JTM Pump Station.**

**District staff also included the following projects in the 10-Year capital plan budget as a result of the Master Plan effort:**

- **Four water pipe replacement or installation projects to provide adequate fire flow**
- **Rehabilitation of three water pump stations and one sewer lift stations to improve energy efficiency**

**Last fiscal year, District staff installed new pumps for the P-4 Pump Station to improve energy efficiency in accordance with the Master Plan.**

**This fiscal year, District staff ordered new pumps for the Cherry Pump Station to improve energy efficiency in accordance with the Master Plan.**

Objective A.4.2

Maintain and reinvest in the wastewater treatment and collection system to ensure reliable service

**The continuous and on-going maintenance strategies including hydro cleaning, video inspection, root removal and mitigation and enforcement of the District's Fats Oils and Grease control program continue to successfully mitigate the potential for sewer overflows.**

**Since the adoption of the Strategic Plan the District has invested in a significant number of capital projects, as noted below, to ensure reliable service of the Water Recycling Plant and the sewer collection system. The total cost, including complete projects and those in progress, amounts to approximately \$25 million.**

<b>Project</b>	<b>Status</b>
Oso Lift Station Improvement Project	Complete
Aliso Creek Lift Station Skid Pump	Complete
WRP Main Electrical Power Breaker Upgrade	Complete
WRP Aeration Basin No. 1 Diffusers	Complete
OOPS Emergency Generator Replacement	Complete
WRP Forklift	Complete
Grit Chamber Rehab/Re-Coating	The design of the Grit Chamber Rehabilitation Project is complete. The construction project was awarded in March 2024, and its completion is expected by December 2024.
Effluent Pump Station Improvement Project	Complete
DAF Unit #2 Rehabilitation Project	Complete
Aliso Creek Lift Station Rehabilitation Project	The Alternatives Analysis is complete. District staff awarded the final design and environmental contracts in mid-2024. These efforts will wrap up in early 2025 in parallel with staff's pursuit of potential FEMA Hazard Mitigation Grant Program (HMGP) funding. Staff will pursue construction mid-2026.
WRP Headworks Wash Press	Complete
Sewer Lift Station PLC Upgrades	Construction in Progress (All WRP PLCs have been upgraded and lift stations are being replaced at a rate of 1 per year)
Sewer Station HMI Replacements	In progress at a rate of 1 lift station per year
Headworks and Secondary Clarifier No. 1 Rehabilitation	Final design is on track for completion by the end of 2024. Bidding and construction will take place in 2025.
WRP Optimization Study	Complete
4920 Lift Station Siphon Stabilization	Complete
Freeway Lift Station Electrical Equipment Replacement	Purchase order issued, and installation planned in mid-2025.
Northline Lift Station Coating Improvement Project	Complete
Mathis Lift Station Inlet Drop Piping Repair	Complete
Secondary Clarifier No. 3 Drive Replacement	Purchase order issued, and installation planned by end of 2025.
Standby Blower Replacement	Purchase order issued, and installation planned early 2025.
OOPS MCC and Valve Rehabilitation Project	Purchase order issued, and installation planned in mid-2025.
Westline Main Switchboard Replacement	Purchase order issued, and installation planned in mid-2025.
WRP Generator Radiator Replacement	Complete

Objective A.4.3

Develop strategy for replacing R-6 Reservoir cover and/or liner

**Construction is complete. The R-6 Reservoir is in full service.**

## KEY PERFORMANCE INDICATORS

1. Annual major Capital Improvement Program actual expenditures against planned

**The District budgets for the Capital Improvement Program on an annual basis. These projects, however, are often not tied to nor completed in a single fiscal year. Many of these types of investment in the infrastructure require multiple steps to plan, design and ultimately implement or construct a project. The District uses a “carryover” category to account for project budgets over multiple fiscal years.**

**The annual capital budget, constrained by annual capital revenue, had been \$2.4 million for many years. Following adoption of the 2023-24 fiscal year budget the District implemented a plan to increase the capital revenue available to fund the Capital Improvement Plan to approximately \$5 million per year over a four-year period.**

**In the 2022-23 fiscal year the District invested in a variety of capital improvement projects funded by the annual capital budget as well as previous fiscal year funding carried over into the 2022-23 fiscal year. The total capital investment in the 2022-23 fiscal year amounted to approximately \$2.8 million.**

**In the 2023-24 fiscal year, the District executed \$11.43 million in capital investment through a combination of capital revenue (\$0.66 million), SOCWA Reserves (\$0.3 million), Carryover Capital Reserves (\$0.96 million), Recycled Reserves (\$0.27 million), Accumulated Capital Reserves (\$0.3 million) and Bond Funds (\$8.93 million).**

**In the 2024-25 fiscal year, the District plans to execute \$7.67 million in capital investment through a combination of capital revenue (\$2.53 million), Accumulated Capital Reserves (\$1.25 million), Carryover Capital Reserves (\$0.98 million), Recycled Reserves (\$0.22 million), Bond Funds (\$2.24 million), and grant funding (\$0.45 million).**

2. Progress to develop and implement an Asset Management Program

**The on-going development of a formal Asset Management Program is underway**

**After the District prepared an inventory of all the assets in the Pump Stations Department, the District’s consultant, Hazen and Sawyer (Hazen), prepared condition assessments of each facility and assigned a condition score representing the likelihood of failure to each asset. Hazen then conducted interviews with District staff to determine the criticality of failure. The combined likelihood and criticality of failure generates a risk score for each asset.**

**District staff used the analysis to prioritize projects that address the identified poor condition, high risk assets in the District’s Capital Improvement Plan. Hazen is projecting 50-year needs to develop an average annual investment in Pump Stations assets for long-term budgeting purposes.**

**The Pump Stations Asset Management plan is complete and has been used to inform the ten-year Capital Improvement Plan.**

**The WRP Asset Management Plan is complete and has been used to inform the ten-year Capital Improvement Plan.**

**Staff are preparing for similar asset management planning efforts for the sewer collection system in FY 2026/2027 and the water distribution system in FY 2025/2026.**

3. Sewer overflows and violations

- **There have been no regulatory violations associated with the operation and maintenance of the sewer collection system.**
- **In Calendar Year 2020 there were no sewer overflows in the ETWD maintained collection system.**
- **In Calendar Year 2021 there were two sewer overflows in the ETWD maintained collection system. One was caused by an obstruction in the sewer pipeline resulting from a private lateral lining project with an estimated spill volume of 200 gallons. The second overflow was caused by apparent construction debris in the sewer line resulting in an estimated spill volume of 60 gallons.**
- **In Calendar Year 2022 there was only one unauthorized sewer discharge in the ETWD maintained collection system resulting from the failure of the Northline Lift Station force main.**
- **In Calendar Year 2023, there were no sewer overflows in the ETWD maintained collection system.**

**There was one unauthorized discharge at the WRP that occurred when a section of Techite pipe failed during construction of the Effluent Transmission Main Backflow Prevention Project. The estimated spill volume was 132,800 gallons of which 72,800 gallons were contained on-site.**

- **In Calendar Year 2024 to date, there have been no sewer overflows in the ETWD maintained collection system.**

## GOAL B

# Water Quality and Environmental Compliance

Ensure ETWD meets or surpasses all water quality and environmental requirements.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

### Strategy B.1 Achieve 100% compliance with all environmental regulations and standards

Objective B.1.1 Meet all applicable water quality and environmental regulations

**The District typically meets all applicable water quality and environmental regulations.**

**The District received a single regulatory violation in the form of a Consent Order, executed in August of 2023, issued by the County of Orange Certified Unified Program Agency (OC CUPA) Hazardous Materials Surveillance Section (HMSS). The HMSS conducted an inspection of the underground fuel storage tank at the WRP in February of 2022. During the inspection it was identified that certain leak detection equipment on the tank was not located in the proper position. Upon identification of the problem, District staff immediately restored the sensor to its proper position. It wasn't until the 2023 annual inspection that the County noted the previous deficiency in a written inspection report. The Consent Order notes that the District has fully complied with the requirements to restore the leak detection equipment. The District was assessed a penalty of \$2,500 of which \$1,250 was waived due to the District's compliance with the requirements.**

**In an effort to comply with the Lead and Copper Rule Revision, the District recently completed a lead service line verification investigation where 1,434 utility service lines were inspected on either or both the District owned or customer owned portion of the pipe. No lead or galvanized service lines requiring replacement were identified. The District submitted the required Non-Lead statement to the Division of Drinking Water in October 2024.**

Objective B.1.2 Maintain licensing

**The District is current on all applicable licenses.**

Objective B.1.3 Track regulatory and statutory changes at both the federal and State levels pertaining to the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act and other applicable requirements

**District compliance staff continues to track regulatory and statutory changes for any applicable compliance requirements.**

Objective B.1.4 Operate the laboratory to provide reliable and timely information to support operations

**The District Laboratory has met completed all requirements for the full ELAP certification and has restarted testing of BOD at the District lab.**

## KEY PERFORMANCE INDICATORS

1. Completion of required Division of Drinking Water monitoring, sampling and analyses

**The District potable water quality compliance program consists of thousands of annual samples and tests with frequencies that vary from weekly to quarterly to ensure compliance with all water quality requirements. The District continues to maintain full compliance with the Division of Drinking Water requirements.**

2. Maintain compliance with Safe Drinking Water Act

**The District performs thousands of annual tests to verify compliance with the Safe Drinking Water Act water quality compliance requirements. The District water quality maintenance program has successfully avoided any compliance violations.**

3. Complete annual Consumer Confidence Report

- **The 2020 Consumer Confidence Report was distributed in June 2020 and is currently maintained on the District website.**
- **The 2021 Consumer Confidence Report was distributed in July 2021 and is currently maintained on the District website.**
- **The 2022 Consumer Confidence Report was distributed in June 2022 and is currently maintained on the District website.**
- **The 2023 Consumer Confidence Report was distributed in June 2023 and is currently maintained on the District website.**
- **The 2024 Consumer Confidence Report was distributed in June 2024 and is currently maintained on the District website.**

4. Measure and report budget vs. expenditures

**Staff provide an update of budget and expenditures on a monthly basis at the Finance Committee meeting.**

5. Provide quarterly review of compliance activities and licensing status

**The District annually prepares and submits several dozen different reports documenting compliance status for the water, wastewater and recycled water systems. These reports range in frequency from as often as monthly to triennial and as needed reports. The reports are submitted to various agencies including the Division of Drinking Water, State Water Resources Control Board, Regional Water Quality Control Board, Division of Safety of Dams, Department of Water Resources amongst others.**

**Staff have developed a log to provide a quarterly review of these compliance activities to the Board during regularly scheduled Board meetings. This log is included in the monthly Operations Report.**



## GOAL C

### Finance

Prudently and transparently manage for long-term stability and affordability.

Provision of ETWD services is capital intensive. Managing the financial resources entrusted to ETWD in a prudent manner ultimately reduces the cost of service to the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy C.1 Improve financial risk management.

Objective C.1.1 Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures

**Staff continue to evaluate the relationship between fixed costs and fixed revenues and present a description of that relationship during the annual budget process.**

**The relationship between fixed costs and fixed revenues in the 2024-25 fiscal year budget is defined as follows:**

	Revenue	Expense
Fixed	52.4%	53.3%
Variable	47.6%	46.7%

Objective C.1.2 Continue to monitor 401(k) investments

**Monitoring of the District's 401(k) investments is an on-going effort.**

#### Strategy C.2 Ensure that adequate financial capacity exists to maintain District assets.

Objective C.2.1 Evaluate reserve policy

**The District adopted the most recent update to the Cash Reserve Policy in December 2023 and transferred the Cash Reserve Policy to the Administrative Code.**

**The categories defined in the revised Cash Reserve Policy provide for a more detailed presentation of reserves status to the Board in the monthly financial report.**

**During the 2024-25 budget process staff identified the long-term plan to restore reserves to the minimum amounts defined in the Cash Reserve Policy. Staff further noted during the budget discussions that the minimum reserve amounts will need to be further evaluated as inflation continues to impact the relative value of the reserves compared to increasing operational and capital expenses.**

- Objective C.2.2      Develop and operate within an annual budget  
**The District develops an annual budget for each fiscal year and reports performance relative to budget to the Board on a monthly basis throughout the year.**
- Objective C.2.3      Evaluate implementation of a 2-year budget and or rate cycle  
**The current environment of inflation presents significant challenges for a 2-year budget cycle. Staff recommend the District maintain its current annual budget approach.**  
**As part of the 2023-24 Fiscal Year budget process, the District issued a 3-year Proposition 218 Notice defining rate setting through the 2025-26 fiscal year.**  
**Purchased water costs for the 2024-25 fiscal year budget increased greater than anticipated in the 2023 Proposition 218 Notice due to increasing O&M costs at the Baker Water Treatment Plant and an 11% increase in the Treated Water rated from MWD. The District issued a new 218 Notice for the potable water and recycled water commodity rates and proposes to implement the increases in the O&M and capital rates per the 2023 218 Notice.**  
**At a minimum, a new 218 Notice will be required for the potable water and recycled water commodity rates for the 2025-26 fiscal year. During the 2025-26 fiscal year budget preparation process staff will evaluate and advise the Board of the adequacy of the O&M rate increase methodology defined in the 2023 218 Notice.**  
**During the 2025-26 fiscal year budget process staff will further evaluate options for longer term rate setting, including pass-through options for services provided by other government agencies such as purchased water and wastewater treatment.**
- Objective C.2.4      Fund OPEB to reduce liability  
**During the 2023-24 Fiscal Year budget development process the Board concurred with Staff's recommendation to defer further discussion of an OPEB trust during the current environment of inflationary impacts on rates and charges.**

### **Strategy C.3    Maintain transparency of financial activities**

- Objective C.3.1      Publish and disseminate financial documents  
**The Annual Comprehensive Financial Report, Annual Budgets, Cost of Service Studies, and Proposition 218 Notices are all available on the District's website.**

# KEY PERFORMANCE INDICATORS

1. Meet reserve fund targets

**Reserve fund targets are defined in the District's Cash Reserve Policy most recently updated in December of 2023. Reserves status is reported to the Board of Directors on a monthly basis at the Finance Committee meeting.**

**Certain reserves are currently underfunded as discussed during the 2024-25 budget process. The long-term financial forecast presented during the Board Budget Workshop includes a plan to replenish the reserves.**

2. Actual costs compared to year to date budget

**Staff provide an update of budget and actual expenditures on a monthly basis at the Finance Committee meeting.**

3. Return on investments

**Staff provide a monthly report to the Board documenting the performance of the investment portfolio of the District's reserve funds. In addition, the District's investment advisor, PFM, provides a semi-annual report to the Board.**

4. Continue to receive an unqualified audit outcome each year

**Since the adoption of the Strategic Plan, the District received an unqualified audit outcome each year. The audit report for the 2023-24 fiscal year, inclusive of the auditor's "unmodified opinion" identifying a clean audit, will be presented to the Board at the November Finance Committee meeting.**

## GOAL D

# Organizational Effectiveness

Maintain a high-quality workforce and systems to foster excellence.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

### Strategy D.1 Implement training programs.

Objective D.1.1 Review training programs (evaluate cross-training program, evaluate training approach for future supervisors, seminars, mentorship, supervisor and management training)

**The District rotates employees for cross training in preparation to be on call. This Cross-training program will help ensure that the Operations Department is not solely reliant on certain individuals to perform specific tasks. If someone is out sick, on vacation or takes maternity leave, there will be someone ready to fill their role without interrupting productivity. Providing employees with opportunities to learn new skills will highlight the investment in their professional development which can make team members feel more valued, self-confident and enthusiastic at work. This can also keep them engaged and focused, which can increase motivation. This will help develop new skills for employees while also preparing the District in the event of an emergency or natural disaster. The cross-training program is important to management as well as the staff themselves. Staff also attend a variety of additional seminars to further education and cross training.**

**Staff also employs the cross-training program to identify and prepare existing staff for opportunities for internal position transfers when an employee retires or terminates.**

**On-going training efforts are described in the monthly Operations Report.**

Objective D.1.2 Assess key succession vulnerabilities and develop/implement actions to improve staff transitions

**The evaluation of succession opportunities and challenges is an on-going continuous process.**

**The District has recently successfully replaced the following two high level positions:**

**Chief Financial Officer**

**Chief Plant Operator**

**In addition, the District's Compliance Program Coordinator recently left the District and was successfully replaced by the transfer to that role of an existing ETWD employee.**

**Staff are actively preparing for the impending retirement of a long-term staff member at the WRP.**

Objective D.1.3 Review financial incentives for certifications and/or licenses

**The Board approved changes to the Employee Handbook at the September 2024 Board meeting in which the District's incentive program for certifications and education was modified from a one-time lump sum bonus, at the time an employee achieves a certification exceeding their minimum job requirement, to a recurring annual award.**

**Strategy D.2 Improve administrative systems.**

Objective D.2.1 Assess and implement opportunities, as appropriate, to streamline procurement system

**Staff is evaluating potential options for a Purchasing software that could improve efficiency in the District procurement system. Staff anticipates implementing the new Purchasing software in the 2025 calendar year.**

Objective D.2.2 Develop Standard Operating Procedures for key District procedures

**Staff intend to develop SOPs for key administrative and financial procedures after the Springbrook financial system implementation is complete.**

Objective D.2.3 Work with staff to review and improve performance evaluation process

**Complete.**

**Strategy D3 Implement integrated technology and applications across the organization.**

Objective D.3.1 Develop an Information Technology Master Plan to improve technology and data risk management processes

**The IT Master Plan effort is currently underway. The project will develop and articulate a vision for the effective use of technology to support the work of ETWD. Client First is tasked with creating a well-documented plan to guide the IT team and ETWD's operational departments over the next five years in planning, procuring, implementing, and managing current and future technology investments, as well as resources related to operational technology and information technology service delivery.**

**Client First requested, received, and is reviewing a large amount of documentation regarding the District's hardware, software, network configurations, security and staffing of the current IT posture. They have also held 4 hours of detailed discussions with IT staff to go through best practices and review the current network and system configurations.**

**Client First is continuing to review the data they have received and have completed assessment meetings individually with each department. They have also completed an all-encompassing departmental initiative review with all department heads and have sent the draft report to staff review. Staff have requested an updated schedule for completion.**

- Objective D.3.2 Continue to analyze and evaluate network vulnerabilities  
**In an effort to minimize cybersecurity vulnerabilities, the District has enacted an on-going continuous Cybersecurity defense strategy.**
- Objective D.3.3 Evaluate appropriateness (considering security and efficiencies) associated with providing remote Supervisory Control and Data Acquisition access for on-call responders  
**The ability for on-call responders to remotely access the SCADA system to observe system data is complete for the water/wastewater systems maintained by the Pump Stations Department as well as for the Water Recycling Plant. The remote access system provides a secure client portal that enables operators to view SCADA data and system status remotely.**
- Objective D.3.4 Maintain computer replacement program and management of technology through an asset management approach  
**The current computer replacement program is conducted on an as needed basis. The 2023-24 fiscal year budget includes \$30,000 for the replacement of aged desktop computers, laptops, tablets, computer monitors and printers.**  
**Staff are working to develop an asset management approach to facilitate the development of a more detailed plan for future budget years.**  
**An asset inventory has been developed that defines unique identifiers, purchase dates and assigned users for phones, iPads, laptop computers and desktop computers. Staff are working to add expected useful life and replacement values to complete the budget planning tool.**
- Objective D.3.5 Evaluate implementing a Laboratory Information Management System  
**The implementation of the Hach Water Information Management System (WIMS) at the Water Recycling Plant is complete. The Hach WIMS system functions as a Laboratory Information Management System that will help the Laboratory staff efficiently manage water and wastewater data.**  
**Staff are working on final updates and new forms which will be integrated with the lab and will facilitate the full use of the reporting features of the system.**  
**Staff are evaluating the addition of certain field devices to the HACH-WIMMS and SCADA systems to enhance automation and control of WRP.**
- Objective D.3.6 Evaluate options to update Supervisory Control and Data Acquisition infrastructure and communications  
**Historically, the SCADA telemetry (communication) system transmitted data through AT&T digital phone lines. The telemetry system had become increasingly unreliable, and AT&T notified the District they would no longer support the phone telemetry system after June 2023. District staff completed the installation of cellular transmitters at each remote site as well as independent water and wastewater receivers at the District Field Office. The transition to**

**the cellular telemetry for the entire water/wastewater SCADA system is complete. Staff are preparing to investigate options for long-term SCADA communications.**

**The SCADA software for the remote water distribution system and wastewater collection system was updated to the new version 15 including updated updated security software.**

**The Win911 Alarm system was also updated to the new version 14.**

**Strategy D.4 Promote an open and professional work environment.**

Objective D.4.1 Continue to provide employees with “bottom-up” communication through all employee meetings (All Employees meetings, etc.)

**The General Manager conducts “All Employee” meetings on a monthly basis.**

Objective D.4.2 Evaluate and implement an appropriate innovation program to encourage, capture, and deploy new ideas/suggestions

**The Director of Human Resources completed the process of conducting a phased Focus Group program to solicit feedback from employees. The program included meetings with groups of 5-7 employees from different departments. The focus groups included all employees who wanted to participate. The objectives of the program included:**

- **Identify and evaluate proactive workplace policies and practices that help attract and retain talented and skilled employees**
- **Serve as a tool to gather feedback and to check the pulse of the workforce**
- **Involve and engage employees in the solutions**
- **Address any immediate concerns, i.e., safety issues, workplace issues, lack of proper tools to complete jobs etc.**

**The General Manager and Executive Management team continue to evaluate the issues identified in the process to assess areas of concern, suggestions, what is working and what is not and any appropriate improvements. Several changes have been made to benefit the District and the employees addressing issues including:**

- **On Call Stipend**
- **Vacation Accrual**
- **Boot Allowance**
- **Dental Insurance**
- **Certification Awards**
- **Uniform and Rain Gear Quality**
- **Boom Truck Replacement**
- **Retirement Plan Education**
- **Employee Tours of Major Facilities**
- **Timecard System**
- **Team Building Activities**
- **Cross Training Programs**
- **Leadership Training**

**Staff will present a proposal to add a Flexible Spending Account (FSA) program to the District's benefits package. The FSA would have tangible benefits for the employees at minimal cost to the District.**

**The District maintains "suggestion boxes" in multiple locations that employees are encouraged to use to provide ideas and suggestions.**

**The District maintains an "Open Door Policy" that is intended to foster an environment where employees are comfortable providing feedback, suggestions or airing any concerns they might have.**

**Staff are evaluating an Employee Suggestion / Recognition Program that would recognize and reward employees for cost saving, morale enhancing and innovative, ideas, actions, and suggestions.**

**Strategy D.5 Maintain a safe and secure work environment.**

Objective D.5.1 Continue to provide all required and recommended safety training

**On-going.**

Objective D.5.2 Continue to emphasize safety through weekly tailgate and safety meetings

**On-going.**

Objective D.5.3 Continue to conduct live confined space entry and rescue drills

**The District conducts Confined Space Training annually. Training was last conducted in October 2023. The next training is scheduled to be conducted in December 2024.**

Objective D.5.4 Evaluate current chemical spill response training

**The District maintains a spill prevention program for all chemicals utilized in District operations. The District staff participate in annual training regarding hazardous chemicals and materials. The last training was conducted in September 2024. The next training will be scheduled for September 2025.**

Objective D.5.5 Develop protocol for dealing with phone and in-person threats

**The District Chief Financial Officer and Customer Service Supervisor have developed and implemented a form for the District's Customer Service Representatives to report and document any unacceptable customer behavior incidents.**

**Strategy D.6 Ensure the District operations are efficient and effective.**

Objective D.6.1 Continue to manage overtime use

**Certain overtime expense results from customer calls or system alarms and is out of staff's control. Staff continue to work to efficiently manage scheduled overtime as a tool for the cost-effective operation of the water, wastewater and recycled water systems.**

**Staff recently contracted with ADP for its Payroll system which will allow staff to evaluate overtime use in a far more detailed fashion. Overtime utilization will be monitored following every payroll period going forward.**



- Objective D.6.2                    Manage staffing to optimize performance
- The District supervisory staff continues to work to optimize performance through cross training programs, utilization of interns and on-going efficiency analyses.**
- During the 2024-25 fiscal year budget process, staff identified opportunities to reduce the District staffing headcount by three positions to maximize cost efficiency.**
- Objective D.6.3                    Continue to review manual processes for automation opportunities
- The District relies on multiple automated systems through extensive use of on-site Programmable Logic Controllers that provide automatic operation of pumps, disinfection, and other processes throughout the water, sewer collection and WRP systems.**
- The WRP staff have completed the implementation of the Hach WIMS database management system. The Hach WIMS system automatically stores WRP process data in a central database for easy monitoring, analysis, reporting, and predictive modeling. The HACH WIMS system retrieves process data and populates it automatically into multiple compliance forms and spreadsheets. The system has over 100 industry-specific formulas and verification engines to perform complex calculations quickly and accurately with a button click. Such built-in equations help provide consistent results based on EPA requirements. The Hach WIMS system will significantly improve efficiency at the WRP.**
- The implementation of the Springbrook financial system will bring a great deal of automation of current manual processes to the Finance and Accounting Department.**
- The addition of remote monitoring capability of the SCADA systems has positioned the District to evaluate the potential to expand the system to allow remote adjustments to system setpoints and controls.**
- Objective D.6.4                    Continue to proactively budget and manage expenses to maintain efficient operations
- On-going.**
- Objective D.6.5                    Pursue and document awards and recognition
- Staff continue to pursue awards and recognition where opportunities are available. Staff report awards and recognition to the Board as they are received.**
- The District, in late 2022, was awarded the Award of Excellence from the Orange County Public Relations Society of America (PRSA) in the Collateral Materials External Audiences Category for the District's Water Views Newsletter.**
- Following receipt of the local PRSA award, staff entered the national PRSA Bronze Anvil Tactical Award competition in the Newsletter category. In June 2023 ETWD was honored to receive the PRSA Bronze Anvil Award.**
- The District subsequently applied for the 2023 CAPIO EPIC Awards program in the Newsletter or Magazine category. The District did not receive an award in this extremely competitive category.**

**The District received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the District's 2021-22 Annual Comprehensive Financial Report.**

**On May 30<sup>th</sup>, the District will receive the 2023 Outstanding Roadway & Highway Project Award from American Society of Civil Engineers, Orange County Branch (ASCE OC) for its R-6 Reservoir Perimeter Road Repair Project.**

**The District received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the District's 2022-23 Annual Comprehensive Financial Report. This is the eighth year in a row that the District has earned this award.**

**On August 14 the District received the District Transparency Certificate of Excellence Award from the California Special Districts Association Special District Leadership Foundation.**

**In August 2024 the District achieved the platinum level of the California Special Districts Association Special District Leadership Foundation District of Distinction accreditation.**

**In August 2024 General Manager Dennis Cafferty achieved certification as a Certified Special District Manager through the California Special Districts Association Special District Leadership Foundation.**

**Strategy D.7 Implement the Strategic Plan.**

Objective D.7.1

Track and report progress to the Board

**Staff provide bi-annual updates regarding the implementation of the Strategic Plan.**

# KEY PERFORMANCE INDICATORS

1. Number and types of certified and licensed staff

**The following table identifies the number and types of certifications and degrees that have been achieved by ETWD staff.**

<b>Certifications / Degrees</b>	<b># Staff</b>
D-2 Water Distribution Certification	12
D-3 Water Distribution Certification	6
D-4 Water Distribution Certification	6
D-5 Water Distribution Certification	4
T-2 Water Distribution Certification	25
AWWA Cross Connections Specialist Certification	1
Orange County Certified Backflow Tester	2
Grade III Wastewater Treatment Plant Operator	4
Grade V Wastewater Treatment Plant Operator	1
Grade II Collections System Maintenance Certificate	1
Grade IV Collections System Maintenance Certificate	4
Grade II Laboratory Technician	1
SCC Water Distribution Certificate	3
SCC Wastewater Operator Certificate	2
Professional Engineer License	3
UCI Human Resources Management Certificate	1
Certified Public Accountant	1
Associates Degree	6
Bachelors Degree	13
Masters Degree	4

2. On-time completion of annual performance evaluations

**The District has completed 100% of the scheduled employee performance evaluations on time for each of the past five years.**

3. El Toro Water District staff use of education reimbursement program (\$/employee)

**In calendar years 2020 through 2024 (to date) eleven District staff have benefitted from the District education reimbursement program. The total reimbursements amount to approximately \$49,259.**

4. Measure staff turnover (% annual turnover)

**The following data defines staff turnover for the last three calendar years.**

	<b>Separated Employees</b>	<b>Retirements</b>	<b>Total</b>	<b>%</b>
<b>2020</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>8.5%</b>
<b>2021</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3.4%</b>
<b>2022</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>6.8%</b>
<b>2023</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>8.3%</b>
<b>2024 (To Date)</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>6.9%</b>

5. Track staff training hours (annual hours/employee)

**District operators spend between 40 and 100 hours per year training on a variety of required and recommended safety and operations training.**

**A log of quarterly training activities has been added to the new monthly Operations Report in the Engineering Committee Board Package.**

**In 2023 a total of 1,358 manhours of training was provided to the Operations Department.**

**In 2024, to date, a total of 1,021 manhours of training has been provided to the Operations Department.**

**Staff maintain a log to track training hours per employee to quantify total training hours.**

## GOAL E

### Relationships

Communicate and collaborate with customers, stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community.

This goal establishes a commitment on the part of ETWD to align with the values of the customers and the community in fulfilling the organization’s mission. ETWD will collaborate with our stakeholders, neighbors and peer agencies. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy E.1 Provide “best in class” customer service.

Objective E.1.1 Standardize customer service procedures across ETWD

**On-going**

Objective E.1.2 Consider phased implementation of Automated Meter Infrastructure

**As noted in Objective A.3.3 consideration of an AMI project is currently paused while the District evaluates appropriate allocation of capital resources and capital project priorities.**

#### Strategy E.2 Proactively communicate with and engage the community on water, sewer and recycled waters matters of importance to the region positioning ETWD as a leading resource and reliable authority on water issues.

Objective E.2.1 Increase public understanding of water issues (e.g. water quality, emergency preparedness, value of water, regulatory challenges, etc.)

**Staff is working to re-develop the ETWD website and develop new pages and content dedicated to water use efficiency, emergency preparedness and water education – value of water & regulatory challenges.**

**Staff issued a Request for Proposals to solicit professional services for the website redesign. Staff interviewed eight Website Redesign Consultants and ultimately awarded a contract to Big Wig Monster Media. The website redesign effort is underway with an expected completion by mid-2024.**

**Staff have developed a list of topics for a variety of informative videos to use on social media, the website, CAG, etc. Staff are working on costs and schedule to develop, produce and publish the videos. Staff plans to coordinate the development of the videos with the redesign of the website.**

**The District continues to host quarterly Community Advisory Group meetings to further the District’s customers’ understanding of issues and challenges successfully managed by ETWD.**

**District staff are, once again, collaborating with Laguna Woods Television to coordinate monthly appearances by ETWD Board Members on the This Day television program to provide important information on current water and wastewater issues.**

**Similar to the event in 2023, Staff coordinated with MWDOC to make a presentation and provide a tour of the R-6 Reservoir to the Orange County Grand Jury as well as MWDOC staff, MET staff and MET Directors.**

**Staff coordinated with MWDOC to provide a tour of the Water Recycling Plant for both the Girl Scouts and Boy Scouts Programs.**

**Staff are coordinating a Scout Tour for January 2025 at the Water Recycling Plant.**

Objective E.2.2

Develop engagement tools to receive feedback from stakeholders (e.g., Customer Service Survey)

**Staff have discussed survey options, procedures and costs with two companies that provide customer engagement surveys. Each proposes a bi-annual survey in which the District develops questions or topics about which it would like input from customers and the survey vendor then conducts the customer engagement through email, text or phone. The costs range from \$10,000 to \$28,000 with an anticipated response from 200 – 400 customers. The Board did not believe the value was commensurate with the expected cost. Staff are currently evaluating alternative lower cost approaches to soliciting feedback from the District’s customers.**

**As part of the website redesign effort Staff developed a survey through the District’s existing website to solicit input regarding website content and navigability.**

**Staff distributed a consultant developed survey for the Multi-jurisdictional Hazard Mitigation Plan through the District’s website and social media platforms. The online survey collected information and comments from community members about issues of importance to the MJHMP. The survey included questions about community members' experience and familiarity with emergency conditions, level of preparedness for future emergencies, and preferred actions for MWDOC and ETWD to take to increase community resilience.**

**Staff also distributed a consultant developed survey for the Multi-jurisdictional Hazard Mitigation Plan through the District’s website and social media platforms and the recent CAG meeting to solicit comments on the draft plan.**

Objective E.2.3

Continue to participate in community events

**The District’s Public Affairs Manager coordinates the District’s participation in a significant variety of community events throughout the year. The District’s participation includes some combination of attendance, staffing a booth, providing the ETWD water trailer, tours and speaking engagements.**

The following is a detailed list of the events staff participated in during the 2023 calendar year.

Date	Event	Speaker
01/23/2023	SOCEC Panel Discussion	Dennis Cafferty
03/07/2023	Concerned Citizens of Laguna Woods	Mike Gaskins
03/20/2023	Children's Water Education Festival	Booth
03/22/2023	Lake Forest Chamber / City of Lake Forest Meet the Mayor / State of the City Event	Sponsor
04/15/2023	City of Lake Forest Southwest LF Improvement Project	Booth
04/20/2023	Concerned Citizens of Laguna Woods Earth Day	Dennis Cafferty
04/22/2023	City of Mission Viejo Earth Day / Arbor Day	Booth
04/27/2023	Third Mutual Water Conservation Committee	Kay Havens
07/12/2023	Prop 218 Notice Community Meeting	Dennis Cafferty
07/19/2023	Prop 218 Notice Community Meeting	Dennis Cafferty
08/01/2023	Mission Viejo National Night Out	Booth
08/22/2023	Golden Rain Foundation Landscape Committee	Dennis Cafferty
08/29/2023	Orange County Grand Jury Water Supply/Infrastructure Inspection Trip	Dennis Cafferty
09/20/2023	Laguna Woods Village College Club	Sherri Seitz Vu Chu
09/26/2023	Gate 11 Fall Meeting - LWV Third Mutual	Booth
10/18/2023	City of Lake Forest Leadership Academy	Dennis Cafferty
10/21/2023	South Orange County Disaster Preparedness Expo	Booth
10/26/2023	H2O for HOAs	Booth
11/04/2023	MWDOC / ETWD Girl Scout Patch Clinic and Tour	Tour
11/09/2023	Lake Forest Chamber – Legislative Luncheon	Sponsor
11/12/2023	City of Mission Viejo Teen Wellness Fair	Sherri Seitz Vu Chu
11/18/2023	Elf Yourself 5K - City of LF/LF Chamber of Commerce	Booth
12/9/2023	MWDOC/ETWD Boy Scout Merit Badge and Tour	Tour

The following is a detailed list of the events staff participated in during the 2024 calendar year.

Date	Event	Speaker
01/25/2024	LWV Third Mutual Water Committee Meeting	Dennis Cafferty
03/21/2024	Lake Forest Chamber / City of Lake Forest Meet the Mayor / State of the City Event	Sponsor
03/27/2024	Children's Water Education Festival	Booth
03/28/2024	Children's Water Education Festival	Booth
03/22/2023	Laguna Woods Village Concerned Citizens Earth Day	Booth
04/20/2024	City of Mission Viejo Earth Day / Arbor Day	Booth
08/26/2024	Orange County Grand Jury Water Supply/Infrastructure Inspection Trip	Tour
09/09/2024	City of Laguna Woods 60 <sup>th</sup> Anniversary Event	Booth
09/24/2024	Gate 11 Fall Meeting	Booth
10/17/2024	H2O for HOA's	Booth
10/19/2024	City of Mission Viejo Disaster Preparedness Expo	Booth/Water Trailer

<b>10/23/2024</b>	<b>City of Lake Forest Leadership Academy</b>	<b>Dennis Cafferty</b>
<b>10/29/2024</b>	<b>Lake Forest Chamber/City of Lake Forest Law and Order Event</b>	<b>Sponsor</b>
<b>11/23/2024</b>	<b>Lake Forest Chamber Elf Yourself 5K</b>	<b>Centerpieces Booth/Water Trailer</b>

Objective E.2.4 Maintain conservation programs (e.g., public and school educational programs, participation at public events, ETWD web site, newsletter, social media, and self-guided demonstration garden tour, etc.)

**A detailed description of the program is included in Objective A.3.2.**

Objective E.2.5 Continue engagement in South Orange County Wastewater Authority (SOCWA) matters

**The District maintains active participation in SOCWA matters. Director Freshley is the District’s primary representative on the SOCWA Board. Director Gaskins and Dennis Cafferty, as alternate Board members, also regularly attend the SOCWA Board meetings. District staff meet with the District’s SOCWA Board members each month to review the upcoming SOCWA Board agenda.**

**Dennis Cafferty is the District’s representative on the SOCWA Finance Committee while Hannah Ford represents the District on the SOCWA Engineering Committee.**

**The District has maintained a high level of engagement with SOCWA and the Member Agencies as the Member Agencies have evaluated the reorganization of SOCWA. The first step in that process, the transfer of the ownership and operation of the Regional Treatment Plant, from SOCWA to Moulton Niguel Water District is expected to be completed in early December.**

**Staff will continue to participate in the discussions regarding the next steps in the evolution of SOCWA.**

Objective E.2.6 Educate customers to protect source sewer water quality

**Currently ETWD educates its customers regarding protecting source sewer water quality by avoiding flushing wipes and keeping FOG out of the sewer pipes through the website, newsletter, CAG meetings, social media and community events.**

Objective E.2.7 Refresh the website (including featuring Key Performance Indicators & awards)

**Staff is working to re-develop the ETWD website and develop new pages and content dedicated to water use efficiency, emergency preparedness and water education – value of water & regulatory challenges.**

**Staff issued a Request for Proposals to solicit professional services for the website redesign. Staff interviewed eight Website Redesign Consultants and ultimately awarded a contract to Big Wig Monster Media. The website redesign effort is underway with an expected completion by mid-2024.**



Objective E.2.8 Engage in Local Agency Formation Commission (LAFCO) proceedings as required

**Staff actively participates in the LAFCO Municipal Service Review (MSR) process. The District is included in MSRs for two separate LAFCO regions.**

**Staff engaged extensively with LAFCO and the LAFCO consultant in the production of the MSR for the Southwest Region. The Southwest Region MSR was approved by LAFCO in August and is posted on the LAFCO website.**

**The Southeast Region MSR is scheduled to be performed in the 2023-24 fiscal year. The MSR process for the Southeast Region has not yet commenced.**

Objective E.2.9 Continue to engage customers through the quarterly Community Advisory Group meetings

**The District continues to schedule and conduct CAG meetings on a quarterly basis.**

**Strategy E.3 Work with local, regional, State and federal agencies, industry associations, and organizations to influence water policy for the benefit of our service area customers.**

Objective E.3.1 Engage in local, state and federal activities to further the interests of ETWD and its customers

**With the hiring of the District's Water Use Efficiency Analyst, Sherri Seitz, as the District's Public Affairs Manager, will devote additional time to evaluating and updating the General Manager and Board regarding local, state and federal activities and potential legislation.**

**The Board adopted a Legislative Advocacy Policy in May 2024 to help guide the District's engagement on local, state and federal legislative, regulatory and policy issues.**

Objective E.3.2 Maintain strong working relationships with local agencies (water agencies, special districts, city, and local governments)

**The District continues to maintain strong working relationships with neighboring agencies, the cities served by the District as well as key customers within the District service area. These relationships include the District Board Members, the General Manager as well as staff at all levels as the District works to collaborate with a variety of other entities to maximize the service provided to the District's customers.**

Objective E.3.3 Continue coordination with local, state, and federal elected officials and their staffs on legislative and policy issues

**With the hiring of the District's Water Use Efficiency Analyst, Sherri Seitz, as the District's Public Affairs Manager, will devote additional time to evaluating and updating the General Manager and Board regarding local, state, and federal activities and potential legislation.**

**In May 2023 the General Manager participated in a roundtable of Special Districts at the office of Assemblywoman Diane Dixon.**

**In October 2024 the General Manager participated in a discussion at Santa Margarita Water District with representatives from the office of Congresswoman Young Kim.**

**The District has engaged on several legislative and policy issues with individual position letters or joint agency coalition letters. These letters have addressed the following issues:**

**Making Water Conservation a California Way of Life**

**ACWA Coalition Letter to State Water Resources Control Board  
March 30, 2023**

**October 17, 2023**

**November 17, 2023**

**March 27, 2024**

**ETWD Letter to the State Water Resources Control Board  
March 26, 2024**

**Senate Bill 34 / Senate Bill 229 - Surplus Lands Act**

**CSDA Coalition Letters to the California State Senate and  
Senate Committee on Governance and Finance  
Oppose Unless Amended  
April 13, 2023**

**CSDA Coalition Letters to Senate Committee on Appropriations  
Oppose Unless Amended  
April 25, 2023**

**CSDA Coalition Letters – California State Assembly Committee  
on Local Government  
Oppose Unless Amended  
June 6, 2023**

**CSDA Coalition Letters to Assembly Local Government  
Committee and Assembly Housing and Community  
Development Committee  
Oppose Unless Amended  
June 22, 2023**

**CSDA Coalition Letters to Assembly Appropriations Committee  
Oppose Unless Amended  
July 31, 2023**

**It should be noted that CSDA removed the opposition to both  
Senate Bills in August after both bills were amended to eliminate  
the impact on local agency cellular site leases.**

**Proposed Advanced Clean Fleets Rule**

**ACWA – General Managers Comment Coalition Letter to the  
California Air Resources Board  
April 20, 2023**

**Assembly Bill 557 (Hart) - Emergency Remote Meeting Procedures  
under the Ralph M. Brown Act  
El Toro Water District Support Letter to the California State  
Assembly  
September 6, 2023**

**Senate Bill 1218 (Newman) – Emergency Water Supplies  
Coalition Support Letter  
March 13, 2024  
April 9, 2024  
Senate Floor Alert  
May 20, 2024**

**MWDOC Water Conservation Field Services USBR Grant  
Application  
ETWD Letter of Support to the Bureau of Reclamation  
May 21, 2024**

**2024 Climate Resilience Bond  
Joined the ACWA-led Coalition  
May 23, 2024**

**AB 2257 (Wilson)  
Joined the ACWA-led Coalition  
May 23, 2024**

**ETWD Letter to U.S. House of Representatives,  
Representative Katie Porter, in Support of the Water Systems PFAS  
Liability Protection Act (H.R. 7944)  
June 27, 2024**

**ETWD Letter to U.S. House of Representatives,  
Representative Young Kim, in Support of the Water Systems PFAS  
Liability Protection Act (H.R. 7944)  
June 27, 2024**

**ETWD Letter to the U.S Bureau of Reclamation in support of the  
City of San Clemente Recycled Water Quality Improvement  
Construction Project  
October 8, 2024**

**ETWD Letter to the Bureau of Reclamation in Support of Santa  
Margarita Water District's Drought Resiliency Funding Application  
October 31, 2024**

# KEY PERFORMANCE INDICATORS

1. Complaint log statistics

A log of all Customer Service activity is provided to the Board on a monthly basis. Incorporated into this customer service activity report are several categories that could be considered complaints, including water quality, sewer odor, water pressure checks, and high water use readings. Staff modified the customer service activity report to specifically reflect complaints. The following data describes the low level of complaints that have been logged by the District since the effort to explicitly track complaints began in November 2022.

	2022	2023	2024 (To date)
Non-Bill Related Complaints	1	3	0
Billing Disputes	0	2	1

2. Number of ETWD scheduled and unscheduled emergency shut-offs

Shutoffs of water service to customers typically results from the need to isolate the water distribution system during water main line repairs, service leak repairs, water valve replacements or meter replacements. The District strives to ensure these repairs and the associated service interruptions are scheduled with a minimum 48-hour notice to customers whenever possible. The following data describes the number of scheduled and unscheduled shutoffs for the last three calendar years.

	2020	2021	2022	2023	2024 (To date)
Scheduled	43	50	41	52	34
Unscheduled	1	2	1	2	1

3. Public awareness and opinion of ETWD

Staff are considering options for a customer survey regarding public awareness and opinion of ETWD as described in Objective E.2.2.

4. Number of Community Advisory Group participants

Live CAG meetings, suspended during the pandemic, resumed in December 2021. Eight CAG meetings have been held since that time with the following numbers of registrations.

December 9, 2021	24 Public Registrations
June 2, 2022	26 Public Registrations
August 31, 2022	26 Public Registrations
November 10, 2022	20 Public Registrations
February 9, 2023	30 Public Registrations
May 17, 2023	25 Public Registrations
August 10, 2023	29 Public Registrations
November 16, 2023	26 Public Registrations
February 8, 2023	24 Public Registrations
May 16, 2024	21 Public Registrations
August 8, 2024	25 Public Registrations
November 14, 2024	28 Public Registrations

## GOAL F

### Operations

Provide safe, cost-effective, and reliable operations while protecting the environment.

ETWD will provide reliable service while conducting operations with a focus on safety and cost-effectiveness. The District's operations will be sensitive to the environment and in compliance with environmental requirements. The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy F.1 Implement improved planning tools.

- Objective F.1.1 Develop and implement an ETWD-wide asset management program with end user/operations level asset management tools to enhance performance
- The Asset Management Plan for the water and wastewater pump stations is complete.**
- The Asset Management Plan for the WRP is complete.**
- Subsequent asset management studies are planned for the water distribution system and the sewer collection system in FY 2025/2026 and FY 2026/2027, respectively.**
- The District is evaluating CMMS solutions to integrate the asset management inventory with real-time work order completion. Staff have shortlisted four vendors and continue to evaluate the capabilities of the software.**
- Objective F.1.2 Assess current maintenance intervals on infrastructure and implement industry best practice as appropriate
- Staff have been in the process of performing a detailed analysis of the preventive pump and motor maintenance program service intervals based on manufacturer's recommendations. Staff implemented changes to the service frequencies to find the balance between appropriate preventive maintenance and the cost of the program. Staff continue to evaluate the program and will continue to make updates and revisions as pumps are replaced.**
- Staff anticipate that the on-going asset management plan will further assist in the assessment of appropriate maintenance intervals on infrastructure and equipment.**
- Objective F.1.3 Continue to maintain as-built drawings
- On-going.**

**Strategy F.2 Operate and maintain facilities.**

Objective F.2.1 Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality

**On-going.**

Objective F.2.2 Periodically exercise / replace water system valves as appropriate

**The District operates an annual valve exercising program to maintain 5,607 valves in the potable water distribution system. The objective of the valve maintenance program is to operate the 627 valves in arterial streets annually while operating the remaining distribution system valves bi-annually. The total valve exercise program objective is 3,117 valves on an annual basis. The following reflects valve exercising production over the last five calendar years:**

<b>2020</b>	<b>871 valves exercised</b>
<b>2021</b>	<b>1,609 valves exercised</b>
<b>2022</b>	<b>1,568 valves exercised</b>
<b>2023</b>	<b>2,368 valves exercised</b>
<b>2024 (To Date)</b>	<b>2,785 valves exercised</b>

**In addition, the Operations Department repairs and replaces valves as necessary. The following reflects the repairs and replacement of potable water valves over the last four calendar years:**

	<b>Valves Repaired</b>	<b>Valves Replaced</b>
<b>2021</b>	<b>9</b>	<b>12</b>
<b>2022</b>	<b>15</b>	<b>23</b>
<b>2023</b>	<b>14</b>	<b>15</b>
<b>2024 (To Date)</b>	<b>9</b>	<b>14</b>

Objective F.2.3 Continue to operate within the parameters of the Sewer System Management Plan

**Staff continue to maintain the sewer collection system in compliance with the District's Sewer System Management Plan (SSMP).**

**Staff issued a contract to Fisher Compliance to provide and update the SSMP to comply with new regulatory requirements issued by the Regional Water Quality Control Board. Upon completion of the update, expected by mid-2025, training on the new Plan will be provided to appropriate District staff.**

Objective F.2.4 Conduct an evaluation of system security

**The installation of the security system at the R-6 Reservoir is complete.**

**The installation of security cameras at the Main Office/Field Office campus is complete.**

**Staff is in the process of adding the security elements to the new Warehouse facility.**

Objective F.2.5

Manage system to minimize water losses

**Service line leaks present a primary challenge in the effort to minimize water losses in the water distribution system. The District Operations Department swiftly responds to service leaks as they are identified.**

**The District also operates a proactive on-going Leak Detection Program.**

**Acoustic leak detection has been completed for each single-family residential service connection in the ETWD system to identify leaks that may not have otherwise been obvious. District staff have conducted leak detection surveys on 6,600 service lines since May of 2020. Only seven leaks were identified with six of those on the customer side of the meter. The customers were notified of the potential leaks and the District staff repaired the one leak on the ETWD side of the meter.**

**District staff also worked with MWDOC, who received grant funding to assist with leak detection. MWDOC conducted a survey of approximately 2,150 services in the northwest portion of the ETWD service area. The MWDOC survey identified ten potential leaks. Two of the leaks were on the ETWD side of the meter and were repaired. Three of the locations were determined to not be a leak. The customers were notified of the remaining potential leaks on their side of the meter. The District understands at least three were subsequently repaired.**

**At the beginning of 2024, District staff re-started the leak detection effort and are on track to survey the entire service area within 3 years. On-going progress of the leak detection program is reported to the Board in the monthly Operations Report.**

Objective F.2.6

Complete the annual Water Loss Audit

**The annual Water Loss Audit is due by January 1 of each year.**

**The analysis, preparation and validation step for the annual Water Loss Audit for calendar year 2022 is complete. The District submitted the 2022 Water Loss Audit to the State on November 15, 2023.**

**Starting in 2023, the District was also required to complete new water loss questionnaires administered by the State Water Resources Control Board every three years. These questionnaires include the following:**

- 1. Data Quality Questionnaire: This system-level questionnaire asks for information on flow testing of production meters, electronic calibration, and flow testing of customer meters. Staff completed and submitted this questionnaire on 11/30/23.**
- 2. Pressure Management Questionnaire: This system-level questionnaire asks for information on pressure control devices and high leakage zones. Staff completed and submitted this questionnaire on 11/30/23.**

**3. Asset Management Questionnaire: This system-level questionnaire asks for information on distribution infrastructure leak records maintenance and replacement prioritization. Staff completed and submitted this questionnaire on 5/21/24.**

**The District's Water Use Efficiency Analyst is now certified as an AWWA Water Loss Audit Validator. This certification allowed the District to complete the analysis and preparation of the Annual Water Loss Audit for the calendar year 2023 in-house saving on the cost of utilizing a consultant for this effort as has been done previously.**

**Staff will continue to utilize MWDOC staff for the validation step and will submit the Water Loss Audit report to the Department of Water Resources by the end of December 2024.**

Objective F.2.7

Assess use of automatic system flushing devices

**The commencement of operations of the JTM Pump Station has had a positive impact on water quality in the northwest portion of the District's potable water distribution system. Scheduled flushing has been eliminated, reducing flushing requirements from once or more per week to less than once per month. In addition, flushing durations, when necessary, have been reduced from several hours to approximately 30 minutes. The improvement in water quality was sustained through the more challenging summer period. Staff have therefore determined that automatic flushing devices are not necessary at this time.**

Objective F.2.8

Evaluate building maintenance program and contract

**Currently the District manages building maintenance needs through an efficient combination of outsourced support and in-house maintenance.**

Objective F.2.9

Evaluate opportunity to repurpose the filtration plant site

**The demolition of the Filter Plant is complete.**

**The construction of the warehouse/storage facility is complete. Staff are working with SCE to complete the energization of the electrical panel. Staff are working with the security vendor to install fire, access control, and intrusion detection systems. Upon security system installation and energization of the electrical panel, staff will begin storing equipment in the new Warehouse.**

Objective F.2.10

Implement preventative maintenance program on the recycled water system

**All of the 277 recycled water valves were exercised in the 2019-20 fiscal year and again in the 2021-22 fiscal year. The valves were scheduled to be exercised again in 2024.**

**The effort to operate/exercise all of the recycled water system valves in 2024 is complete.**

Objective F.2.11

Evaluate alternative solutions for root intrusion and fats, oil, and grease control

**On-going.**



Objective F.2.12 Consider efficient and sustainable wastewater solids handling options

**A previous alternatives analysis concluded that the current trucking alternative remained the most cost-effective solids handling option based on a 20-year life cycle cost analysis.**

**Following completion of the Aeration Basin Diffuser Project staff implemented operational changes at the WRP that were intended to reduce solids production with a corresponding reduction in truck loads and solids costs at SOCWA. On July 26 staff placed Aeration Basin No. 1 in service. The simultaneous operation of all three aeration basins has increased the solids retention time by 32% (5.1 to 7.5 days) and reduced the amount of solids exported to SOCWA by 11% dry solids and 23% wet solids and truck trips.**

**During the Headworks and Secondary Clarifier No. 1 Rehabilitation Project, the District evaluated adding polymer to thicken sludge correspondingly reduce truck trips truck trips to the SOCWA Joint Regional Plant. Following full scale testing of polymer addition to the waste activate sludge, the District determined that adding polymer to minimize truck trips was not cost effective. The concentration of polymer required was too high for marginal reduction in truck trips.**

**Strategy F.3 Plan and prepare for emergencies.**

Objective F.3.1 Update the Emergency Response Plan

**The District’s current Emergency Response Plan was updated in 2021. In order to comply with the America’s Water Infrastructure Act of 2018, the next update must be completed by June 2026.**

**ETWD is participating in WEROC’s regional contract to facilitate participating agency updates to the MJHMP/LHMP(ETWD Annex) plans, AWIA and Emergency Operation Plans with the following anticipated completion dates:**

<b>MJHMP/LHMP</b>	<b>December 1, 2024</b>
<b>AWIA</b>	<b>December 31, 2025</b>
<b>ERP</b>	<b>June 30, 2026</b>

Objective F.3.2 Evaluate materials needs for emergency response

**Staff recently replaced the emergency supplies storage bin at the Main Office campus as well as certain of the District’s emergency response supplies.**

Objective F.3.3 Coordinate emergency response planning efforts with the regional water agencies, county, and cities

**On-going.**

Objective F.3.4 Conduct periodic emergency preparedness planning and training for all staff

**The District conducted an extensive table-top emergency exercise, focused on a District-wide power interruption in October of 2022.**

**The District Public Affairs Manager, Chief Financial Officer and Accounting Supervisor attended the WEROC Recovery Training**

**Series (Part I) which focused on the financial impacts, reporting and recovery from potential emergency scenarios.**

**The District, in coordination with Vicki Osborn with WEROC, conducted an ETWD employee Tabletop Exercise on October 30, 2024. The exercise focused on the District's two dams, Rossmoor No.1 (Effluent Holding Pond) and R-6 Reservoir. 43 employees were in attendance.**

**On November 12, 2024, the District's Public Affairs Manager and Operations Superintendent participated in the WEROC Orange County Regional Water Distribution Plan exercise that brought together water districts and cities to create a comprehensive Emergency Water Distribution Plan that can be tailored to their particular agency.**

**An evacuation drill with all employees will be conducted in the Spring 2025.**

**Each year, all new employees are required to take and complete the NIMS/SEMS 100 and 700 courses. Currently, there is no guidance on what NIMS/SEMS/FEMA training specific to each water and wastewater position is required to take. In order to qualify for emergency funding/grants, this component is required by all agencies. WEROC is developing a National Qualification System (NQS) Guidance task book for water and wastewater positions. This guidance will provide agencies with the additional NIMS/SEMS/FEMA courses that are required for water and wastewater positions. The guidance is expected to be complete early in 2025. ETWD will then be able to customize the document based on our needs.**

Objective F.3.5 Continue to implement the network, cybersecurity, and threat response plan

**On-going.**

Objective F.3.6 Evaluate need for additional diesel tank(s) and portable generator(s)

**The District's 10 Year Capital Improvement Program includes rehabilitation and/or replacement of several aging generators, a new 275 kW portable generator, and a new stationary generator at the P-3 Pump Station. The new portable generator would enable the District to maintain service during an outage if an existing stationary or portable generator fails. The P-3 Pump Station generator would enhance firefighting capabilities during an outage in a high fire hazard zone.**

**The 1,500-gallon Warehouse storage tank and 10,000-gallon WRP storage tank have adequate diesel to refill the generators necessary to support all ETWD facilities for 3.5 days. After 3.5 days, the WRP stationary generator runs out of fuel and requires 9,800 gallons for refuel. By the 4th day, the other facilities have consumed the diesel in the storage tanks and a refuel will be necessary of the Warehouse and WRP storage tanks. The District is considering whether an additional diesel storage facility is a worthwhile investment to extend the duration of time its facilities can remain online without an external fuel source.**

**Strategy F.4 Actively manage natural resource use consistent with environmental, social and governance (ESG) criteria.**

- Objective F.4.1 Conduct energy assessment to identify opportunities to reduce energy use
- Staff have engaged with SoCalRen and Terre Verde to evaluate energy efficiency opportunities. Several projects have been started or included in the ten-year capital budget to improve energy efficiency.**
- Staff issued a contract to Terre Verde to perform a third-party review of the efficacy of the WRP Battery System and to evaluate potential energy efficiency projects at the WRP and P-1 Pump Station.**
- Staff worked with SoCalRen to submit a grant application that could result in a rebate of over \$300,000 for the Headworks and Secondary Clarifier No. 1 Rehabilitation Project due to its reduction of aeration demand for the Waste Activated Cell.**
- In addition, Staff have signed a letter of support for InPipe Energy that could result in a hydro turbine energy efficiency system at the Main Pressure Reducing (MPR) Station with minimal capital investment.**
- Objective F.4.2 Optimize facility operations to most efficiently use power, supplies, chemicals, and labor
- Staff continue to pursue multiple efforts to optimize the efficiency of ETWD operations. Staff recently modified the work schedule at the WRP which allows more efficient staffing and a reduction in the headcount. Staff are further pursuing energy efficiency opportunities as noted above. The implementation of the Tertiary Treatment Optimization Project has the potential to reduce the amount of Sodium Hypochlorite required for recycled water disinfection.**
- Objective F.4.3 Evaluate opportunities for use of solar energy and other renewable energy sources
- An evaluation of opportunities for the use of solar energy was completed as a component of the previous energy efficiency evaluation. Terre Verde's analysis of the District's solar opportunities indicated there is not sufficient energy production potential to justify the expected cost.**
- Since the last evaluation of solar options conditions have continued to evolve. Costs of electricity have risen but solar cost effectiveness has been negatively impacted with the change in the Net Energy Metering standard.**
- Staff authorized Terre Verde to perform an analysis of potential energy efficiency projects, including potential solar and battery options, at the WRP and the P-1 Pump Station.**
- Staff worked with InPipe Energy and evaluated the potential for installing turbines at certain locations in the water or recycled water**

systems. InPipe determined the only viable site was the District's Main Pressure Reducing station.

**Staff signed a letter of support for InPipe Energy that could result in a hydro turbine energy efficiency system at the Main Pressure Reducing (MPR) Station with minimal capital investment.**

Objective F.4.4

Assess opportunities for electric fleet vehicles

The California Air Resources Board (CARB) has enacted new regulations that would phase in requirements to purchase zero emission vehicles rather than the traditional gasoline or diesel fueled vehicles as vehicles are replaced.

In March 2024 the District purchased an electric vehicle to replace an obsolete Administration Office pool vehicle. This purchase will help the District comply with the Advanced Clean Fleets (ACF) Rule regarding acquisition of new vehicles.

**District staff set up a TRUCRS account to comply with CARB (California Air Resources Board) requirements for smog testing and reporting for diesel vehicles over 14,000 lbs.**

**Staff plan to purchase one electric Ford F-150 lightning in the 2024-25 fiscal year.**

Staff continue to evaluate the ACF Rule requirements and assess the District's vehicle replacement needs for both large and small equipment.

## KEY PERFORMANCE INDICATORS

### 1. Compliance with applicable regulations

The District continues to comply with all applicable regulations. The occurrence of any regulatory violations is extremely rare for the District.

The District received a single regulatory violation in the form of a Consent Order, executed in August of 2023, issued by the County of Orange Certified Unified Program Agency (OC CUPA) Hazardous Materials Surveillance Section (HMSS). The HMSS conducted an inspection of the underground fuel storage tank at the WRP in February of 2022. During the inspection it was identified that certain leak detection equipment on the tank was not located in the proper position. Upon identification of the problem, District staff immediately restored the sensor to its proper position. It wasn't until the 2023 annual inspection that the County noted the previous deficiency in a written inspection report. The Consent Order notes that the District has fully complied with the requirements to restore the leak detection equipment. The District was assessed a penalty of \$2,500 of which \$1,250 was waived due to the District's compliance with the requirements.

2. Compliance with state requirements to improve urban water use efficiency

**The State Water Resources Control Board adopted the final “Making Conservation a California Way of Life” regulation on July 3, 2024. The regulation implements Assembly Bill 1668 and Senate Bill 606, which were signed into law in 2018, to develop a regulatory framework to achieve long-term water use efficiency with the purpose of adapting to climate change and more intense and frequent droughts in California. Staff have been actively involved in the rulemaking process and provided public comments to the State Water Resources Control Board that highlighted how the regulations would impact the District and its customers.**

**The State Water Resources Control Board requirements include an annual reporting of the District’s compliance with the Urban Water Use Objective (UWUO) defined in the Making Conservation a California Way of Life regulation. Staff submitted the initial report in December 2023 by the January 1, 2024 due date. Staff are currently working on the 2024 UWUO report that will be submitted before January 1, 2025.**

**Staff continue to focus on water use efficiency and will make adjustments to align these efforts with the specific urban water use efficiency standards, objectives, and performance measures specified in the regulations.**

**The AB 1572 Legislation was signed on October 13, 2023. The legislation prohibits the use of potable (drinking) water for irrigation of nonfunctional turf on commercial, industrial, institutional (CII) properties and HOA common areas throughout the State of California.**

**The SWRCB is currently in the process of converting the AB 1572 legislation into enforceable regulations. The regulations are expected to be completed prior to the first enforceable compliance timeline (January 1, 2027). ETWD staff have actively engaged with its customers to provide updates on the regulations, potential impacts and compliance timelines. ETWD received appreciation and praise from several other agencies for staff’s efforts to develop and distribute an informational flier and fact sheet regarding the AB 1572 requirements.**

3. Monthly monitoring of production and consumption compared to historic months

**On-going.**

4. Water losses as defined in the annual Water Loss Audit

**The standard, set by the State, for the District’s annual water loss audit is 24.3 gallons per connection per day.**

**The 2022 calendar year water loss audit analysis identified the District’s water loss as 24.1 gallons per connection per day, which complies with the standard.**

**The 2023 calendar year water loss audit analysis identifies the District’s water loss as 23.1 gallons per connection per day, which complies with the standard.**

# GENERAL MANAGER'S REPORT

## November 2024

### I. OFFICE OF THE GENERAL MANAGER

- MWDOC Board Meeting
- MWDOC P&O Committee Meeting
- MWDOC A&F Committee Meeting
- MWDOC / MET Directors Workshop
- MWDOC Managers Meeting
- South Orange County Watershed Management Area Management Committee Meeting
- South Orange County Watershed Management Area Executive Committee Meeting
- Capital Project Construction and Design Meetings
- Joint Regional Water Supply System Quarterly Meeting
- WACO Agency Spotlight Presentation
- Lake Forest Chamber of Commerce Luncheon
- SOCWA Board Meeting
- SOCWA Finance Committee Meeting
- Meeting with MNWD Regarding SOCWA Reorganization Agreements
- Meeting with SOCWA Managers Regarding SOCWA Reorganization Agreements
- Meeting with OC Public Works Regarding Proposed USBR Basin Study
- Meeting with Terre Verde
- Meeting with SoCalRen
- Meeting with ATS Communications Regarding Site Leases
- Meeting with Shivaji Deshmukh – Inland Empire Utility Agency General Manager
- Meeting with City of Laguna Woods City Manager & Attorney Regarding Proposed Fire Station Project
- CSDA Special District Leadership Foundation Financial Management Webinar
- ETWD Emergency Exercise
- ETWD IT Master Plan Review Meeting
- Community Advisory Group Meeting
- ETWD President / Vice President / GM Meeting
- ETWD RRC Meeting
- ETWD Agenda Review Meeting
- ETWD Special Board Meeting
- ETWD Regular Engineering & Finance Committee Meetings
- ETWD Regular Board Meeting

## II. **DOMESTIC AND RECYCLED WATER SALES**

Actual domestic sales for the year-to-date as of October 31, 2024 are 2,663.64 acre-feet. This compares to year-to-date budgeted domestic sales of 2,839.00 acre-feet. The year-to-date variation in actual to budgeted sales reflects a decrease of 175.36 acre-feet. Actual sales are 258.98 acre-feet higher than last year-to-date actual sales for the same period.

Actual recycled sales for the year-to-date as of October 31, 2024 are 916.63 acre-feet. This compares to year-to-date budgeted recycled sales of 785.00 acre-feet. The year-to-date variation in actual to budgeted sales reflects an increase of 131.63 acre-feet. Actual sales are 265.47 acre-feet higher than last year-to-date actual sales for the same period.

## Special District Leadership Foundation

In 1999, the Special District Leadership Foundation was formed to provide educational programs to special district elected officials and employees. These programs are dedicated to promoting excellence in special district governance and operations throughout California.



### Essential Leadership Skills Certificate

The Essential Leadership Skills Certificate was designed to honor individuals who complete training in critical skills needed to competently lead special districts.



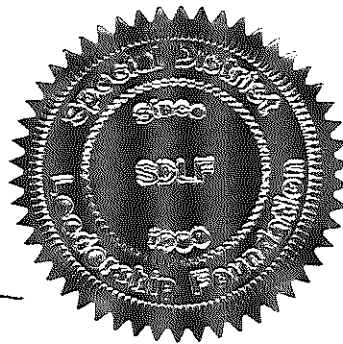
# Essential Leadership Skills Certificate

In recognition of completion of the required education, the Special District Leadership Foundation presents the Essential Leadership Skills Certificate

to

## Dennis Cafferty

This 7th day of November 2024



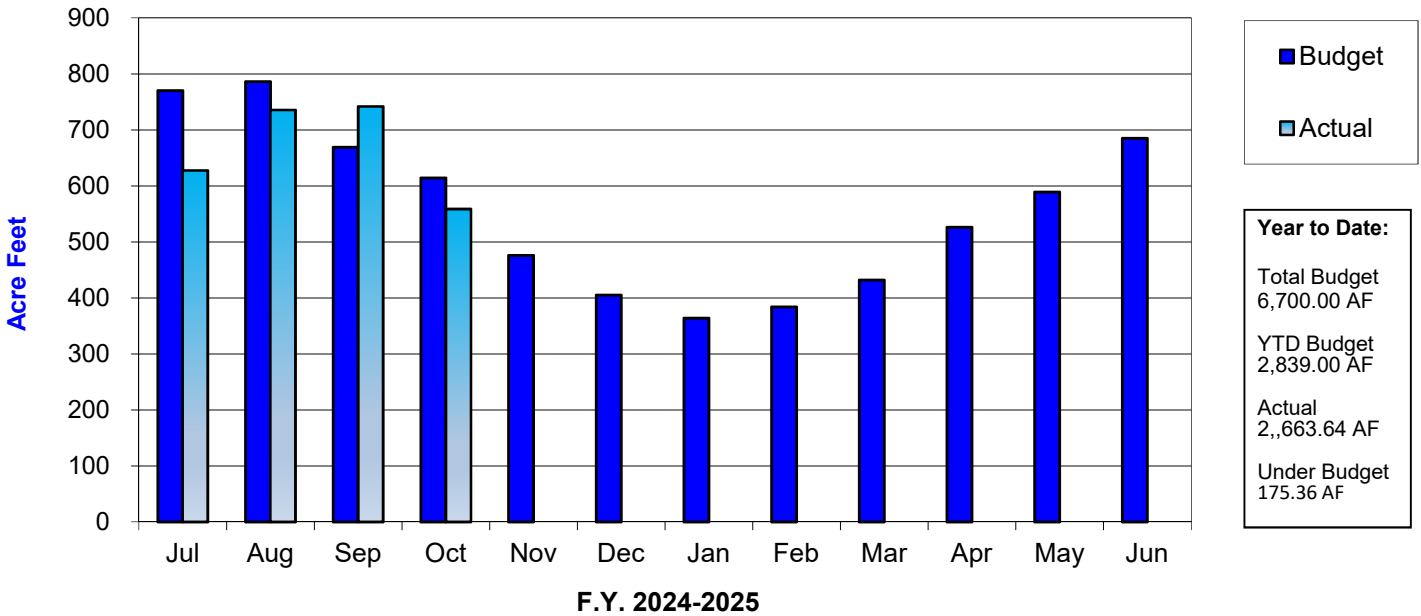
*Sandy Seifert Raffelson*

Sandy Seifert Raffelson, SDLF Board President

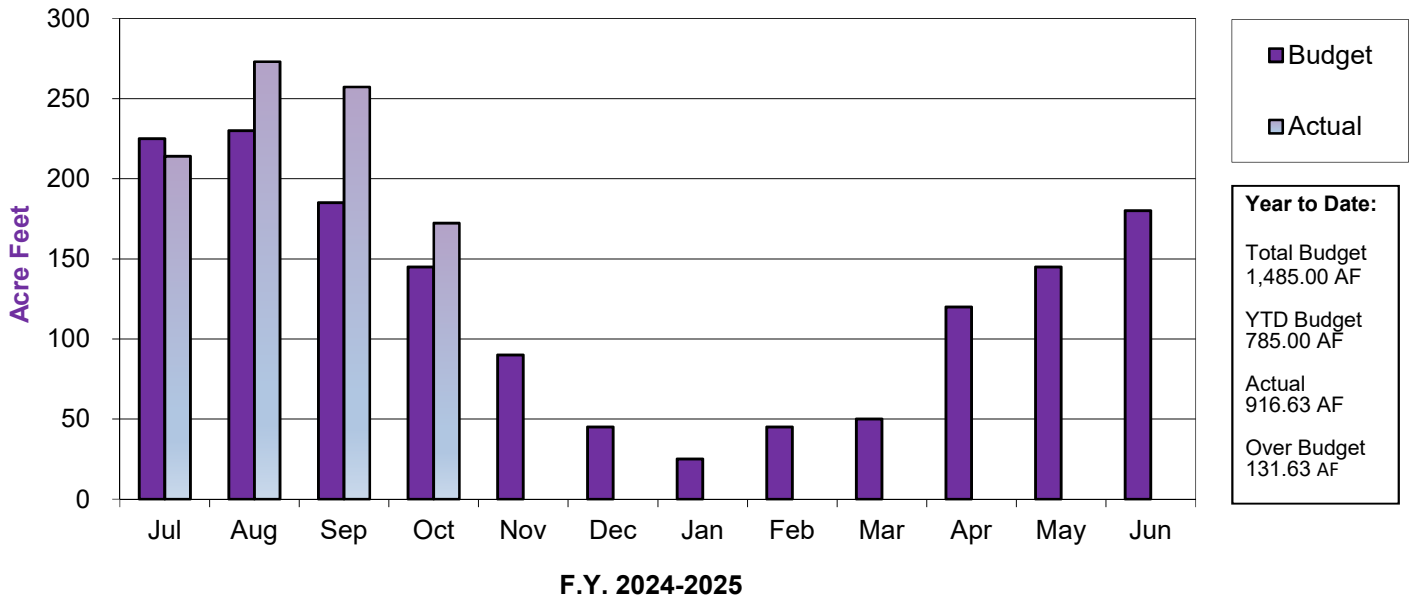
*Neil C. McCormick*

Neil McCormick, SDLF Chief Executive Officer

## POTABLE WATER SALES



## RECYCLED WATER SALES



**Customer Service Activity Report**

Regular Service Calls	OCT 2024	OCT 2023	Telephone Calls	OCT 2024	OCT 2023
Serviceman Dispatched to Read, Connect/Disconnect Service	75	52	Change of Service: Connections and Disconnections	62	55
<b>Field Investigations:</b>			Billing / Payments & Graph Inquires	433	229
Check for leaks - calls to CS Office:(irrigation,meter,street leaks)			Assistance with online payments and ETWD's portal (cc, e-checks, other.)	25	29
Customer Responsible	11	5	Variance / Adjustment Inquiries	26	11
District Responsible	5	1	Variance / Adjustment Requests		
None found/other	12	8	Processed	7	3
High Reads Checked - High Consumption (Billing Dept.)			Ordinance Infraction / Water Waste Complaints	0	0
Cust Leaks: 19 No Leaks: 25	44	26			
Check Stopped Slowed Meters-Low Consumption (Billing)	12	15	Outside Utility Districts	48	58
Re-Check Read	4	10	Phone calls Transfer to other Departments within ETWD	53	41
Ordinance Infraction	0	0	Phone calls for the Board of Directors	1	1
Recycled Water	0	1	Recycled Water	0	0
Water Quality: Taste / Odor / Color	5	4	Water Quality Taste - Odor - Color	1	5
Phone response: 4 Field response: 1			Leaks / Breaks	15	13
Construction (Hydrant) Meters issued	2	0	Construction Meter calls (Hydrant)	4	0
Sewer - Odor/Stoppage/ Manhole Covers	0	2	Sewer Problems (odor / spills)	3	1
Meter Box: 0 Lids: 9 / Covers Replaced: 14	23	7			
Meter Box Clean, Digout	5	0	Backflow / Cross Connection (questions or yearly testing forms)	0	0
Raised Meter Box	0	0	ETWD facilities inquiries: Boxes/Covers/Lids/Hydrants/Pump Stations/Graffiti/ "Gen. Maint"	0	5
Trim Bushes / Meter Obstruction	5	18			
General Maintenance Response	3	3	Tyco (ADT) Calls (Alarms to ETWD facilities)	1	1
Fire Hydrants: Hit / Leaks / Caps	0	0	ATT Calls (access to tower sites)	0	0
Pressure(psi) Checks / Reads	3	0	SCE Calls (access to tower sites)	0	3
CSSOV (Angle Meter/Ball Valve/Gate Valve/Globe Valve) chk,repair,replaced	18	7	Pager Calls specifically for Pump Stations - SCADA	0	0
AMS angle-meter-stop replace/repair	0	1			
Bees Removed	3	3			
Backflow / Cross Connection	1	0	Payment Extensions	9	17
Fogged Registers	49	11	Delinquent Payment Calls to Customer 's prior to shut off per billing calendar (automatic courtesy dialer)	0	32
OMCOP: Old Meter Change - Out Program	2	4	Return Calls from customers left on our voice mail system. Ext 500	4	16
Other: (uncommon non-maintenance calls)	2	5	Email Correspondence:	106	28
On-Call After Hrs. CS Response	8	16	Maintenance Service Order Requests (bees, psi, fogged-dirty registers)	10	12
# Posting Notice & 24 Hr. Door Hangers Hung	0	59	Misc. (other: employment, deliveries, sales calls)	16	19
#Shut Offs/Disconnect for Non-Payment (DNP)	0	11	Payment Processing Fee Complaints	0	0
Removed Meter	2	0	Customers Complaints non bill related.	0	0
New Meter	3	5	Billing Disputes	0	0
Unread Meters	3	0			
<b>Total Field Investigations</b>	<b>300</b>	<b>274</b>	<b>Total Telephone Calls</b>	<b>817</b>	<b>579</b>

Uncollectible Accounts:			Credit Card Payments		
	OCT 2024	OCT 2023		OCT 2024	OCT 2023
Budget YTD	\$ 6,500.00	\$ 5,666.68	REGULAR	1,932	\$453,887.77
Actual YTD	\$ (247.00)	\$ (301.00)		1,429	\$288,725.89

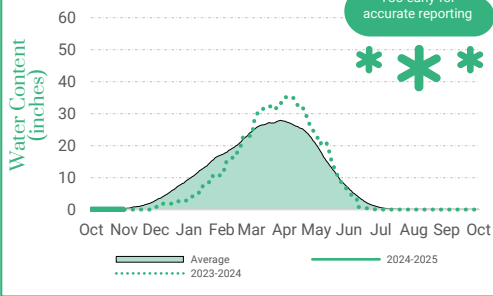


# The Metropolitan Water District of Southern California's Water Supply Conditions Report (WSCR)

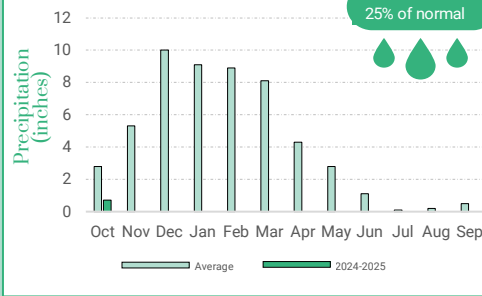
Water Year 2024-2025  
As of: 10/31/2024

State Water Project

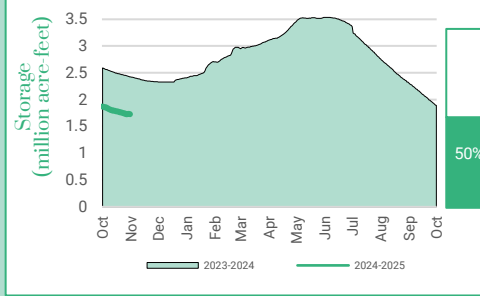
## Northern Sierra Snow



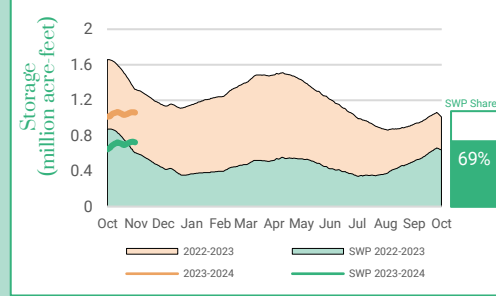
## 8 Station Index Rain



## Lake Oroville

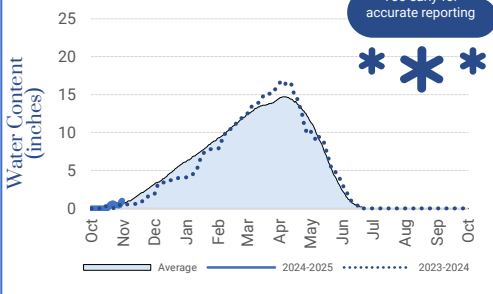


## San Luis Reservoir

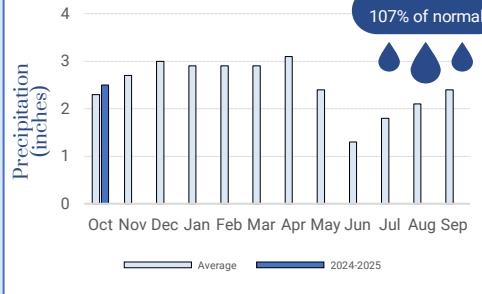


Colorado River

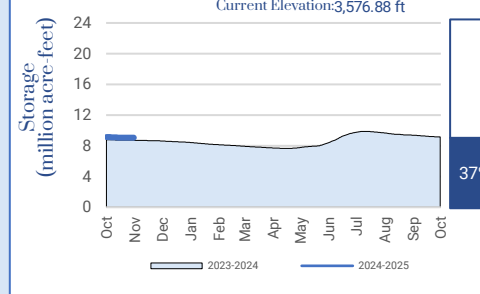
## Colorado River Basin Snow



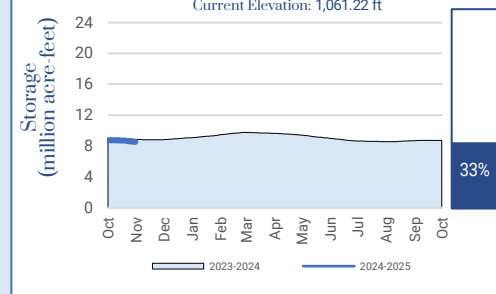
## Colorado River Basin Rain



## Lake Powell

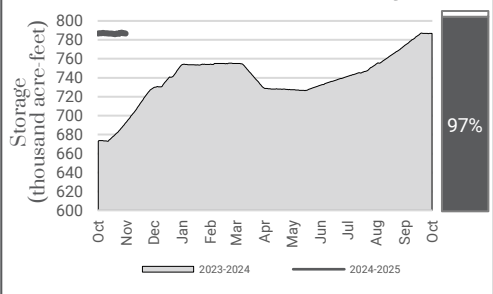


## Lake Mead

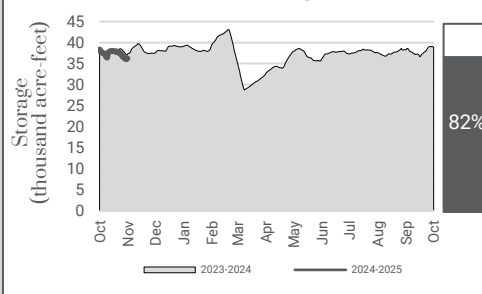


Metropolitan

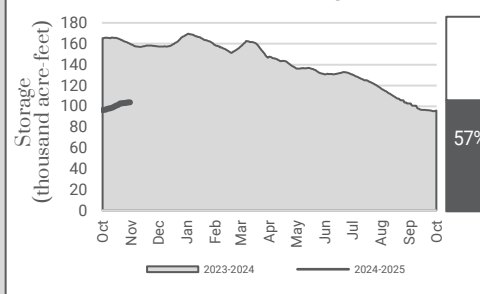
## Diamond Valley Lake



## Lake Skinner



## Lake Mathews



Enjoy a water tour  
(click on the circles)



This report is produced by the Imported Supply Unit staff and contains information from various federal, state, and local agencies. The Metropolitan Water District of Southern California cannot guarantee the accuracy or completeness of this information. Readers should refer to the relevant state, federal, and local agencies for additional or for the most up to date water supply information.

<https://www.mwdh2o.com/WSCR>



## STAFF REPORT

---

**To:** Board of Directors **Meeting Date:** November 26, 2024

**From:** Dennis Cafferty, General Manager

**Subject:** Local Agency Formation Commission - Feasibility Analysis of the Potential Consolidation of Orange County Water District and Municipal Water District of Orange County

---

On November 15, 2024 LAFCO released the Public Review Draft of the *Municipal Service Review and Sphere of Influence Update for the Orange County Water District Including a Feasibility Analysis of the Potential Consolidation of Orange County Water District and Municipal Water District of Orange County*.

LAFCO has invited affected agencies to review the report and submit any written comments during the review period of November 15, 2024 through December 30, 2024.

The attached report describes the full Orange County Water District Municipal Service Review. The Feasibility Analysis of the potential consolidation is documented in Chapter Five, beginning on page 108, of the MSR document.

Staff will lead a discussion regarding the report and seek direction from the Board regarding the opportunity to submit comments to LAFCO.



# MUNICIPAL SERVICE REVIEW

Orange County Water District

Public Review Draft

MSR | SOI  
23-06 | 23-06

**PUBLIC REVIEW DRAFT**

**Municipal Service Review and Sphere of Influence  
Update for the Orange County Water District  
Including a Feasibility Analysis of the Potential  
Consolidation of Orange County Water District and  
Municipal Water District of Orange County**

Prepared for

**LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY**

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Santa Ana, CA 92705

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Prepared by

**ALBERT A. WEBB ASSOCIATES &  
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P.O. Box 7775

Laguna Niguel, CA 92607

November 15, 2024

## Acknowledgement

Orange County LAFCO and the consultants acknowledge the time and effort of the staff of Orange County Water District and Municipal Water District of Orange County in the preparation of this report.

*Photo Cover:  
From left to right, Anaheim Lake,  
Microfiltration Facility, and Prado Wetlands  
from Orange County Water District*



## Table of Contents

<b>ACRONYMS AND ABBREVIATIONS</b> .....	<b>5</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>7</b>
<b>Municipal Service Review &amp; Sphere of Influence Update</b> .....	<b>7</b>
<b>Consolidation Feasibility Study</b> .....	<b>11</b>
<b>CHAPTER ONE   INTRODUCTION</b> .....	<b>12</b>
<b>1.0 History and Mission of Local Agency Formation Commissions</b> .....	<b>12</b>
<b>1.1 Authority and Powers</b> .....	<b>12</b>
Regulatory Authority .....	13
Planning Authority .....	14
<b>1.2 Local Agency Formation Commission of Orange County</b> .....	<b>15</b>
Commission Composition .....	16
Commission Meeting and Contact Information .....	17
<b>CHAPTER TWO   AGENCY OVERVIEW</b> .....	<b>18</b>
<b>2.0 Purpose of Municipal Service Review</b> .....	<b>18</b>
<b>2.1 Agency Overview</b> .....	<b>19</b>
<b>CHAPTER THREE   OCWD MUNICIPAL SERVICE REVIEW</b> .....	<b>26</b>
<b>3.0 MSR History for OCWD</b> .....	<b>26</b>
<b>3.1 Growth and Population Projections</b> .....	<b>28</b>
<b>3.2 Disadvantaged Unincorporated Communities (DUC)</b> .....	<b>36</b>
<b>3.3 Capacity and Adequacy of Public Facilities and Services</b> .....	<b>40</b>
Infrastructure Needs or Deficiencies in any DUCs .....	53
<b>3.4 Financial Ability to Provide Services</b> .....	<b>54</b>
Debt Administration .....	58
Reserves and Fund Balances .....	59
<b>3.5 Status of, and Opportunities for, Shared Facilities</b> .....	<b>62</b>
Opportunities for Shared Facilities .....	66
<b>3.6 Accountability for Community Service Needs</b> .....	<b>68</b>
Governmental Structure .....	68
Accessibility, Accountability, and Transparency .....	71
<b>3.7 Other Matters Related to Efficient Service Delivery</b> .....	<b>73</b>
<b>MSR STATEMENT OF DETERMINATIONS</b> .....	<b>74</b>

<b>CHAPTER FOUR   OCWD SPHERE OF INFLUENCE REVIEW</b> .....	<b>83</b>
<b>4.0 Sphere of Influence History</b> .....	<b>83</b>
<b>4.1 Present and Planned Land Uses</b> .....	<b>84</b>
<b>4.2 Present and Probable Need for Facilities and Services</b> .....	<b>92</b>
<b>4.3 Present Capacity and Adequacy of Facilities and Services</b> .....	<b>96</b>
Water Rights and Entitlements.....	96
Present Capacity.....	97
Adequacy of Facilities and Services.....	97
<b>4.4 Social or Economic Communities of Interest</b> .....	<b>98</b>
Unincorporated County.....	98
DUCs.....	98
Mutual Water Companies.....	98
<b>4.5 Present and Probable Need for Services to DUCs</b> .....	<b>100</b>
<b>SOI STATEMENT OF DETERMINATIONS</b> .....	<b>102</b>
<b>CHAPTER FIVE   CONSOLIDATION FEASIBILITY STUDY</b> .....	<b>108</b>
<b>5.1 Background</b> .....	<b>108</b>
<b>5.2 Scope of Work</b> .....	<b>111</b>
<b>5.3 Fiscal Sustainability of Consolidation</b> .....	<b>112</b>
Budget Comparison and Analysis.....	112
Opportunities for Cost-Savings Upon Consolidation.....	116
Retirement Plans.....	124
Other Post-Employment Benefits.....	127
Revenues.....	127
Infrastructure.....	129
Programs, Contracts, and Agreements.....	129
Statement of Net Position.....	130
Impacts to Water Supply Reliability.....	134
<b>5.4 Other Opportunities of Consolidation</b> .....	<b>135</b>
<b>5.5 Statutory and Relevant Case Authority Evaluation Involving Potential Consolidation</b> .....	<b>137</b>
<b>5.6 Plan For Service</b> .....	<b>144</b>
<b>5.7 Findings</b> .....	<b>145</b>
<b>REFERENCES</b> .....	<b>148</b>

**APPENDIX A.....151**  
**APPENDIX B.....152**  
**APPENDIX C.....153**

**Appendix**

- A MWDOC and OCWD Budget Line Item Explanations
- B Successor Agency Budget Explanation of Line Item Savings
- C Existing Projects, Programs, and Contracts of MWDOC and OCWD

**Tables**

Table 1: Orange County LAFCO Commission Roster (as of November 2024)..... 16  
 Table 2: Agency Profile .....24  
 Table 3: County and District Growth Projections, 2019-2050 .....29  
 Table 4: Groundwater Pumping, 2013-2025 .....30  
 Table 5: OCWD Assets and Capacity .....44  
 Table 6: OCWD 4-Year Reserve Fund Balances .....60  
 Table 7: Description and Status of OCWD Agreements.....63  
 Table 8: Land Use Authorities in OCWD Sphere of Influence.....84  
 Table 9: Land Use Types within OCWD Sphere of Influence but Outside of Service Area .....86  
 Table 10: Land Use Types within OCWD Service Area .....88  
 Table 11: Mapped Farmland Categories in OCWD Sphere of Influence.....89  
 Table 12: Mutual Water Companies in OCWD Sphere of Influence.....99  
 Table 13: Three-Year Average of Adopted Budget Expenses for OCWD and MWDOC.....112  
 Table 14: Summary of Potentially Redundant Employee Positions.....117  
 Table 15: Estimated Results of Consolidation Excluding Retirement Expenses.....119  
 Table 16: Employee Benefits for Successor Agency Budget Comparison and Proforma with Defined Benefit Plan (CalPERS).....125  
 Table 17: CalPERS Termination Liability Summary .....126  
 Table 18: Employee Benefits for Successor Agency Budget Comparison and Proforma with Defined Contribution Plan (401(k)) .....127  
 Table 19: Projected Average Annual Revenues of Successor Agency – Estimated from Three Year Average Revenues .....128  
 Table 20: Projected Statement of Net Position based on FY 2022-2023 Final Audited Financials.....130

## Figures

Figure 1 – Orange County Groundwater Basin.....	20
Figure 2 – OCWD Service Area .....	22
Figure 3 – OCWD Directorial Divisions .....	25
Figure 4– Disadvantaged Unincorporated Communities .....	38
Figure 5– Areas of Seawater Intrusion .....	41
Figure 6– Areas Showing Land Movement Potential.....	43
Figure 7– Farmland in OCWD Sphere of Influence.....	91
Figure 8 – MWDOC Sphere of Influence .....	109
Figure 9 – MWDOC and OCWD Sphere of Influence .....	110

## Exhibits

Exhibit 1 .....	75
Exhibit 2 .....	103

## Charts

Chart 1 – OCWD Imported Water Purchases, 1949-2023 (acre-feet).....	31
Chart 2 – OCWD Assigned and Actual Basin Pumping Percentage, WY 2001-2023 .....	34
Chart 3– OCWD Water Demands and Projections, WY 2001-2050.....	35
Chart 4 – OCWD Basin Overdraft, WY 1980-2023 .....	47
Chart 5 – Groundwater Pumping and Replenishment Assessment Since 1989 .....	49
Chart 6 – OCWD Projected Water Budget for WY 22-23 .....	52
Chart 7 – OCWD Actual Water Budget for WY 22-23 .....	52
Chart 8 – OCWD 5-year Budget Totals (\$ millions) .....	55
Chart 9 – OCWD Revenue Sources FY 2023-2024 .....	56
Chart 10 – OCWD Expenditures FY 2023-24 .....	57
Chart 11 – Construction Cost Index, Jan. 2014 – Jan. 2024 .....	93

## Acronyms and Abbreviations

### Acronyms

AB	Assembly Bill
ACWA	Association of California Water Agencies
AF	acre-feet
AFY	acre-feet per year
BEA	Basin Equity Assessment
BPP	Basin Production Percentage
CCR	Consumer Confidence Reports
CDR	Center for Demographic Research at California State University, Fullerton
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSDA	California Special Districts Association
CWP	California Water Plan
CY	Calendar Year
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
EPA	U.S. Environmental Protection Agency
FIRO	Forecast-Informed Reservoir Operations
FY	Fiscal Year
GAP	Green Acres Project
Gov. Code	Government Code
GMP	Groundwater Management Plan
Groundwater Basin	Orange County (OC) Groundwater Basin
GSA	Groundwater Sustainability Agency
GWRS	Groundwater Replenishment System
IRWD	Irvine Ranch Water District
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
MCL	maximum contaminant level
MGD	million gallons per day
MSR	Municipal Service Review
MWD	The Metropolitan Water District of Southern California
MWDOC	Municipal Water District of Orange County
O&M	Operation and maintenance
OCBC	Orange County Business Council
OC LAFCO	Local Agency Formation Commission of Orange County
OC San	Orange County Sanitation District
OCWA	Orange County Water Association
OCWD Act	Orange County Water District Act
OCWD	Orange County Water District

**Acronyms**

OPEB	Other Post-Employment Benefits
PFAS	Per- and Polyfluoroalkyl Substances
PFOA	Perfluorooctanoic Acid
PFOS	Perfluorooctanesulfonic Acid
ppt	parts per trillion
RA	Replenishment Assessment
RWQCB	Regional Water Quality Control Board – Santa Ana Region
SAR	Santa Ana River
SAWPA	Santa Ana Watershed Project Authority
SB	Senate Bill
SGMA	Sustainable Groundwater Management Act of 2014
SOI	Sphere of Influence
SWP	State Water Project
USACE	U.S. Army Corps of Engineers
UWMP	Urban Water Management Plan
WACO	Water Advisory Committee of Orange County
WEBB MF	Webb Municipal Finance
WEROC	Water Emergency Response Organization of Orange County
WRD	Water Replenishment District of Southern California
WY	Water Year

## Executive Summary

### **Municipal Service Review & Sphere of Influence Update**

On October 4, 2022, Orange County Water District (OCWD or “District”) submitted an application with the Local Agency Formation Commission of Orange County (OC LAFCO) to prepare a Comprehensive Municipal Service Review (MSR) and Sphere of Influence (SOI) update. The MSR is located in Chapter 3 and the SOI is located in Chapter 4, herein. The application from OCWD included a request for a feasibility analysis of the potential consolidation of OCWD and the Municipal Water District of Orange County (MWDOC). The Consolidation Feasibility Study is located in Chapter 5.

OCWD was created by a special act of the state legislature in 1933 (the “OCWD Act”) to manage the Orange County (OC) Groundwater Basin (“Basin”). OCWD is governed by a 10-member Board of Directors representing the District’s 10 Divisions. The District’s boundary is limited by the Basin and includes the Orange County portion of the Santa Ana River Watershed. The OCWD Act limits the District from providing water outside of the Basin unless it is for the purpose of managing the Basin (OCWD Act, Section 2). The Basin is not adjudicated so there is no court judgment that stipulates how water rights are allocated and how management should occur. The OCWD Act gives legal authority to the District’s Board of Directors to fulfill its charge by working cooperatively with groundwater producers (pumpers), conducting extensive groundwater elevation and water quality monitoring, constructing and expanding recharge facilities, procuring recharge water supplies, and setting the annual percentage of total water demands that each groundwater producer can extract without triggering an additional assessment (“Basin Equity Assessment ,” or BEA ), among other efforts. OCWD manages the Basin and does not supply water directly to retail customers. OCWD manages the Basin like a reservoir that holds approximately 500,000 acre-feet (AF) of water; however, it keeps the Basin less than 100 percent full in order to maintain storage space for flood events, minimize water loss to the Los Angeles County side of the basin, and to calculate the fee that each groundwater producer pays for each AF pumped (“Replenishment Assessment”).

The District’s sphere of influence (SOI) totals 569 square miles, of which 52 square miles extends into the Pacific Ocean and 125 square miles include unincorporated Orange County. OCWD’s Service Area encompasses 430 square miles of the SOI and includes retail water suppliers consisting of 13 cities and five water districts and one investor owned utility, which distribute water directly to their customers (collectively referred to as the “19 Groundwater Producers”), and small private well owners and mutual water companies within the Service Area. The boundaries of OCWD’s SOI and Service Area are not coterminous. A total of 18 incorporated Orange County cities are fully located

within the OCWD SOI and Service Area. These cities are Anaheim, Buena Park, Costa Mesa, Cypress, Fountain Valley, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Placentia, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster and Yorba Linda. Portions of the Cities of Irvine and Newport Beach are within both OCWD's SOI and Service Area. The Cities of Orange and Fullerton are fully within the SOI; however, a small area of Orange and Fullerton are not fully within the OCWD Service Area. Five incorporated Orange County cities are totally or partially within the SOI but outside of the OCWD Service Area: Aliso Viejo, Brea, Laguna Hills, Laguna Woods, and Lake Forest. The District has no facilities nor provides services outside of the District's Service Area.

Approximately 125 square miles of the SOI is unincorporated county (35 square miles of which is in the OCWD Service Area). A total of 11 disadvantaged unincorporated communities (DUCs) were identified within the OCWD SOI, specifically within Division 1. DUCs are census blocks with a median household income that is 80 percent or less than the statewide value that are also located in unincorporated county areas. Water service to customers within these areas is provided by the local retail water suppliers who obtain groundwater from OCWD. Four of the 11 DUCs are also within the City of Anaheim's SOI and collectively identified as the Southwest Anaheim DUC; two DUCs are in the City of Stanton's SOI and individually identified as Mac/Syracuse DUC and Dale/Augusta DUC; and five DUCs are in the City of Westminster's SOI that include the three in the Bolsa/Midway DUC, one in Bolsa/Pacific DUC, and one in Bolsa/McFadden DUC. The water suppliers include four mutual water companies, the Cities of Anaheim and Westminster, and Golden State Water Company.

This study identified nine mutual water companies within the SOI; four of which serve portions of the 11 DUCs located in Division 1. The other five mutual water companies are located elsewhere in the SOI including Knott's Berry Farm in Buena Park, the Los Alamitos Racetrack, Anaheim, Huntington Beach, and Fullerton. Mutual water companies are private not-for-profit organizations that are organized under California Corporations Code 14300, and regulated under the federal Safe Drinking Water Act, the California Water Code and Health and Safety Code, and the California Department of Public Health. They also report their boundaries to OC LAFCO. Although included in OCWD's Well Monitoring Program, mutual water companies are not often equipped to address water quality constraints and/or upgrade their infrastructure as quickly as larger, more well-funded water suppliers. Therefore, this study recommends OCWD offer technical assistance to mutual water companies upon their request for things like funding opportunities for system improvements, well monitoring or water testing.

OCWD conducts annual, independent financial audits and maintains AAA credit ratings with Fitch Ratings and Standard & Poors. The OCWD Fiscal Year 2023-2024 Budget was



adopted by the Board of Directors on April 19, 2023 with a total budget of \$279.2 million, which represents a decrease of 10.5 percent from the previous year. The majority of revenue (62 percent of revenues) comes from the Replenishment Assessment and the largest expenditure (36 percent of expenses) is attributed to 19 Capital Projects which are debt and PAYGO funded. OCWD has a defined contribution retirement plan, and the District's medical retirement plan is fully funded as of June 30, 2023. OCWD continues to meet the requirements of its reserve policy and total reserves are approximately \$308 million on June 30, 2023. The District has approximately \$870 million in outstanding debt as of July 1, 2023. Debt repayment is budgeted annually at approximately \$45 million. The District is able to meet all its budgeted expenses and obligations and maintain an AAA credit rating with Fitch and Standard and Poors. Replenishment Assessments can and do increase annually when necessary to help ensure revenues meet expense requirements. This flexibility along with its other revenue sources, budgeted reserves, and great credit ratings put OCWD in a stable financial position to continue providing current groundwater management services to its customers.

According to the 2020 Census, the OCWD Service Area contains approximately 2.44 million residents. The Center for Demographic Research's "Orange County Progress Report 2023" estimates the Service Area population to increase 4.5 percent over 25 years to approximately 2.55 million residents by 2045. Therefore, significant population growth is not expected in the Service Area. Between Water Years (WY) 2012-2013 and 2022-2023 groundwater pumping has decreased on average 1.5 percent each year.<sup>1</sup> This is likely the result of several influences including a prolonged drought from 2012-2016<sup>2</sup> that triggered significant conservation of groundwater and imported water, and new state guidelines established in 2019 and 2020 for certain PFAS contaminants resulting in decreased groundwater pumping. Total water demands within OCWD were at their lowest in 50 years at the end of WY 2022-2023, which is likely the result of reduced outdoor irrigation because of the above-average rainfall. However, groundwater pumping for WY 2023-2024 is projected to increase 14.2 percent over the one-year period from WY 2022-2023 and projected to increase gradually for the next 25 years, but still less than total water demands recorded in the early 2000s. To bolster its water supply for the Basin, OCWD has recently completed projects that will allow for additional capture of Santa Ana River water, and recently expanded the treatment capacity of its

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<sup>1</sup> WY (Water Year) is defined as the 12-month period beginning October 1 through September 30 of the following year (e.g., WY 2023-2024 would be October 1, 2023 – September 30, 2024).

<sup>2</sup> According to the California Department of Water Resources' *Report to the Legislature on the 2012-2016 Drought* (March 13, 2021), "It unfolded in a context of record statewide temperatures, which exacerbated the impacts of water shortage, setting new markers for extreme conditions. The Sierra Nevada snowpack in 2015, for example, was the lowest on record. Based on statewide precipitation, 2012–2015 were the four driest consecutive years on record."

advanced recycled water treatment facility. Records indicate that recharge efforts by OCWD have been effective in replenishing the Basin water supply.

Water demands within the OCWD Service Area are expected to be met over the planning horizon of this MSR analysis including the future increase in population, given the following factors: (1) the District's collaboration with the Center for Demographic Research to proactively monitor demographic changes in the Service Area and in particular, population growth; (2) District projections accounting for future growth in each Groundwater Producer's service area; and (3) the District's demonstrated ability to meet greater water demands in the past as compared to current water demands.

The capacity of OCWD's infrastructure to manage the basin sufficiently was demonstrated in WY 2022-2023 when rainfall exceeded 158 percent of the long-term average. By the end of June 2022, more water was recharged than anticipated resulting in filling the Basin with an additional 69,000 AF, despite some losses to the ocean. Therefore, OCWD's capacity is commensurate with the population it currently serves. The District's planning efforts are demonstrated in the annual Comprehensive Financial Report, Annual Budget, and CIP by identifying the resources required to repair, replace, and expand facilities in order to meet its stated mission. In terms of supply capacity, the District has many water rights and entitlements to water supplies. OCWD will need to continue to budget for maintenance and expansions of capacity as infrastructure ages, regulations change, and collaboration opportunities arise.

The primary constraint on the ability of OCWD to provide its services is water quality. Specifically, per- and polyfluoroalkyl substances (PFAS), groundwater contamination plumes, and seawater intrusion causes wells to be turned off until additional actions are taken. In the meantime, alternative sources of water supply, primarily imported water are utilized. These constraints, however, do not diminish the District's ability or capacity to replenish the Basin adequately.

The District partners with many different entities on projects that benefit and further the goals of the OCWD Act. OCWD is also the largest buyer of imported water supplies from the local imported water wholesaler agency, MWDOC. The status of shared projects and facilities is well-documented to support the services provided by OCWD and referenced in this report. Partnership opportunities are expected for the future, which may include but are not limited to, a second emergency connection to South Orange County water agencies, addressing seawater intrusion at the "Sunset Gap" and/or "Bolsa Gap," securing funding for the 19 Groundwater Producers to construct water treatment systems to address PFAS contamination in wells, and paying one-half of all PFAS treatment system operation and maintenance (O&M) costs. The opportunities for shared

facilities continue to evolve at a sufficient pace for the purpose of supporting the services provided by OCWD.

During the course of our review, three gaps were noted in the OCWD Service Area that are located within the City of Newport Beach (Figure 2). The total area not included in the Service Area is 31 acres and likely an inadvertent mapping error. The three gaps in the District's Service Area boundary are within the water service area of the City of Newport Beach. These gaps are fully within the SOI of OCWD, and the District has indicated no reason to not annex these gaps into their Service Area; however the District indicated that further research would need to be done prior to submitting an annexation application to OC LAFCO.

In conclusion, OCWD has always been able to meet the water demands of its Groundwater Producers, and it is expected the District would continue to do so in the future, accounting for population projections.

### **Consolidation Feasibility Study**

In the October 4, 2022 application from OCWD to OC LAFCO for an updated MSR/SOI, OCWD requested preparation of a "Focused MSR" in response to the criticisms of the Grand Jury report to "dive deep" into the different issues that would need to be considered in consolidating the two agencies, OCWD and MWDOC. The consolidation feasibility study uses the adopted budgets of Fiscal Years 2021/2022, 2022/2023, and 2023/2024 from OCWD and MWDOC on which to estimate fiscal efficiencies upon consolidation. A Successor Agency is unknown, and pursuant to the CKH Act, the analysis assumed the Successor Agency would continue providing all services currently provided by each agency. In order to make a finding on fiscal sustainability of the Successor Agency, the study estimates the cost-savings of changes in staffing, board members, and two retirement plan options (defined benefit and defined contribution plans) for the Successor Agency, as well as a combined Statement of Net Position. In accordance with Gov. Code Section 56881(b)(1), LAFCO must make the determination that public service costs of a proposal are likely to be less than or substantially similar to costs under alternative means of providing services.

## CHAPTER ONE | INTRODUCTION

### 1.0 History and Mission of Local Agency Formation Commissions

To improve regional planning and growth management as California’s population grew after the end of World War II, the California Legislature adopted in 1963 the Knox-Nisbet Act, which established a Local Agency Formation Commission (LAFCO) in each county. Subsequently in 1971, the Legislature expanded the responsibilities of each LAFCO to include the establishment of spheres of influence (SOI) – areas of planned growth – for all cities and special districts. Furthermore, in 2001 the Legislature enacted the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) that has improved the effectiveness of LAFCOs to fulfill their legislative mission. The CKH Act requires SOIs to be reviewed every five years and updated as conditions warrant and prepare Municipal Service Reviews (MSRs) to evaluate the adequacy of service relative to current and future community needs.

### 1.1 Authority and Powers

The California Legislature has bestowed its authority to regulate local government boundaries, including the power to create and dissolve local agencies and change their boundaries, to LAFCOs. No local government can unilaterally change its own boundary, nor can voters use an initiative or referendum to modify a boundary to bypass LAFCO consideration.

#### Local Agency Formation Commission of Orange County

*OC LAFCO serves Orange County cities, special districts, and the county to ensure effective and efficient delivery of municipal services.*

The CKH Act directs LAFCOs to achieve three primary goals:

1. Discourage urban sprawl.
2. Encourage orderly governmental boundaries.
3. Preserve open space<sup>3</sup> and prime agricultural lands.<sup>4</sup>

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<sup>3</sup> “Open space” is defined in Gov. Code Sections 56059 and 56060, and Gov. Code Section 65560.

<sup>4</sup> “Prime agricultural land” is defined in Gov. Code Section 56064.

Reviewing and approving (or denying) proposals to change boundaries is the method by which each LAFCO can regulate boundary changes. Adopting and revising SOIs is the method by which each LAFCO plans for the future.

### Regulatory Authority

LAFCOs' regulatory authority resides in reviewing and approving or denying proposals to change the jurisdictional boundaries of cities and special districts.<sup>5</sup> Specifically, these types of boundary changes are commonly referred to as "changes of organization" include:

- Annexations;
- Detachments;
- City incorporations and disincorporations;
- Special district formations and dissolutions;
- Mergers;
- Consolidations;<sup>6</sup>
- Creation of subsidiary districts;
- Reorganizations, which combine two or more of these changes of organization in one proposal; and
- Exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district. (CKH Act, Sec. 56021)

Every change of organization (or reorganization) requires five, sometimes six, steps:

1. Initiation of proceedings;
2. LAFCO review and approval;
3. LAFCO conducts hearings and 30-day reconsideration period;
4. Protest proceedings;
5. City or county conducts election, if needed; and
6. Completion of proceedings and filing with the State.

Additionally, LAFCOs' regulatory authority includes overseeing the process for a city or special district to provide new or extended services by contract or agreement outside its jurisdictional boundaries only if the city or district first requests and receives written approval from the local LAFCO. In addition to the law under which they are governed,

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<sup>5</sup> LAFCOs do not regulate boundaries for counties and some local government agencies, including school districts, community facilities districts (Mello-Roos), and community college districts.

<sup>6</sup> "Consolidation" is defined in Gov. Code Section 56030 as: the uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district.

many LAFCOs have established local policies and procedures to support the efficient and effective processing of these changes of organization.

### Planning Authority

LAFCOs' planning authority is carried out through the establishment and updating of SOIs as well as the preparation of comprehensive MSRs that analyze service or services within a designated geographic area.

### ***Spheres of Influence***

SOIs are established to identify the probable physical boundaries and service area of a local agency. Any person or local government may request an amendment or change to a SOI. State law requires that all changes of organization be consistent with the SOI independently established by the Commission for each city and special district. The statute further requires SOIs to be reviewed every five years and updated as conditions warrant.

With each SOI that is established, amended, or updated, LAFCOs are required to consider and prepare a written statement of its determinations with respect to the following factors codified in Government Code Section 56425:

- (1) Present and planned land uses in the area, including agricultural and open-space lands.
- (2) Present and probable need for public facilities and services in the area.
- (3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (5) If a city or special district provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

### ***Municipal Service Reviews***

MSRs involve comprehensive reviews and regional studies on future growth and how local agencies are planning for their municipal services and infrastructure systems. These studies are prepared before or in conjunction with the establishment, review, or update of an SOI and are generally intended to inform in the areas of efficiency and

affordability of infrastructure and municipal service delivery and assist LAFCOs in the review and initiation of changes of organization.

In accordance with Gov. Code Section 56430, with each MSR that is prepared, LAFCOs are required to prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the affected sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the affected sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

## **1.2 Local Agency Formation Commission of Orange County**

The Local Agency Formation Commission of Orange County (OC LAFCO) is authorized by the California Legislature to maintain orderly boundaries for the County's 34 cities and 34 independent and dependent special districts through SOIs and MSRs. Since its creation, the Commission has formed more than nine cities, approved several changes of organization and reorganization involving cities and special districts and encouraged orderly development through the establishment of agency SOIs and preparation of numerous studies. OC LAFCO has also provided proactive leadership on efficient government through its implementation of the CKH Act and its web-based resources. In addition to State law, the Commission's authority is guided through adopted local policies and procedures that assist in the implementation of the provisions of the CKH Act and consideration of the local conditions and circumstances of Orange County.

Commission Composition

OC LAFCO is comprised of 11 commission members, with seven serving as regular members and four serving as alternate members. LAFCO members, called *commissioners*, are a composite of three county supervisors appointed annually by the Board of Supervisors, three city council members appointed by the City Selection Committee (made up of the 34 city mayors), three independent special district members appointed by the Special District Selection Committee (made up of the Board Presidents of the 27 independent special districts), and two representatives of the general public appointed by the Commission. The OC LAFCO commissioners as of **November 2024** are shown in Table 1.

**Table 1: Orange County LAFCO Commission Roster (as of November 2024)**

<b>Commissioner</b>	<b>Appointing Authority</b>	<b>Current Term</b>
Donald P. Wagner, Chair <i>County Member</i>	Board of Supervisors	2022-2026
Wendy Bucknum, Vice Chair <i>City Member</i>	City Selection Committee	2024-2028
Douglass Davert, Immediate Past Chair <i>Special District Member</i>	Independent Special District Selection Committee	2022-2026
James Fisler <i>Special District Member</i>	Independent Special District Selection Committee	2024-2028
Derek J. McGregor <i>Public Member</i>	Commission	2022-2026
Bruce Whitaker <i>City Member</i>	City Selection Committee	2023-2026
<b>Vacant</b> <b><i>County Member</i></b>	Board of Supervisors	
<b>Alternate Members</b>		
Kathryn Freshley <i>Alternate Special District Member</i>	Independent Special District Selection Committee	2022-2026
Carol Moore <i>Alternate City Member</i>	City Selection Committee	2024-2028
Lou Penrose <i>Alternate Public Member</i>	Commission	2021-2025



Commissioner	Appointing Authority	Current Term
<b>Vacant</b> <i>Alternate County Member</i>	Board of Supervisors	
<b>OC LAFCO Staff</b> Carolyn Emery, <i>Executive Officer</i> Scott Smith, <i>Legal Counsel</i>		

In accordance with the CKH Act, while serving on the Commission, all commission members shall exercise their independent judgement on behalf of the interests of residents, property owners, and the public as a whole. All members serve four-year terms and there are no term limits.

Commission Meeting and Contact Information

The regular meetings of the Commission are held on the second Wednesday of the month at 8:15 a.m. The meetings are conducted in the Hall of Administration – Planning Commission Hearing Room located at County Administration North (CAN) First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, 92701.

The OC LAFCO administrative offices are located at 2677 North Main Street, Suite 1050, in the City of Santa Ana, 92705. Commission staff may be reached by telephone at (714) 640-5100. The agency’s agendas, reports, and other resources are available online at [www.oclafco.org](http://www.oclafco.org).

## CHAPTER TWO | AGENCY OVERVIEW

### 2.0 Purpose of Municipal Service Review

Pursuant to the CKH Act, OC LAFCO will conduct service reviews in conjunction with SOI updates on or before January 1, 2008, and every five years thereafter. OC LAFCO has completed three cycles of MSRs; the first round completed between 2005 and 2008, the second round completed between 2008 and 2013, and the third round completed between 2013 and 2018. The fourth cycle is currently ongoing and expected to be completed near 2025. An MSR for OCWD was last conducted in 2013. This MSR and SOI update is being conducted as part of the fourth cycle of updates.

On October 4, 2022, the District filed an application with OC LAFCO to prepare a study focused on the potential consolidation of OCWD and Municipal Water District Orange County (MWDOC). OCWD's application was submitted following a report prepared by the 2021-2022 Orange County Grand Jury entitled, *Water in Orange County Needs 'One Voice'* (June 22, 2022).

In light of OCWD's application, this MSR process includes a comprehensive review of OCWD in accordance with the state mandate and a feasibility analysis of the potential consolidation of OCWD and MWDOC. Notably, the most recent five-year cycle MSR for MWDOC was conducted and approved by the Commission in 2020. That MSR did not, however, include a discussion of potential consolidation of the agencies.

Therefore, this MSR report includes a comprehensive MSR update, an SOI update, and a feasibility study of consolidation of OCWD and MWDOC. Adoption of this MSR by the Commission does not trigger an action of governmental reorganization by OC LAFCO, OCWD, or MWDOC.

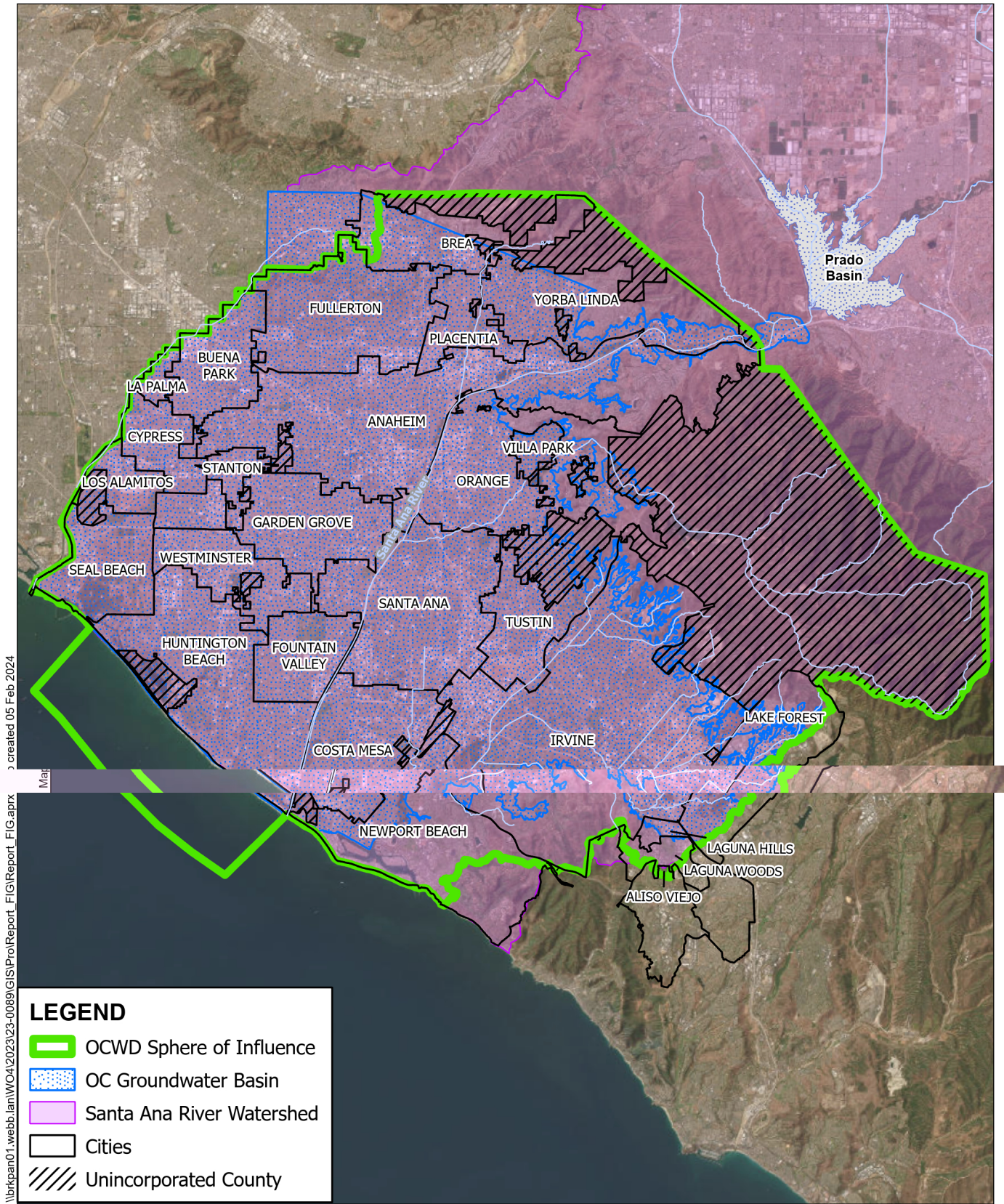
## 2.1 Agency Overview



OCWD was created in 1933 by a special act of the California Legislature (“OCWD Act”) that granted broad powers to protect the water supply of the Coastal Plain of Orange County Groundwater Basin (“OC Groundwater Basin” or “Basin”) (**Figure 1 – Orange County Groundwater Basin**). The California Department of Water Resources (DWR) identifies it as Basin No. 8-001. OCWD is charged with managing the Basin in order for the 19 retail water suppliers (“Groundwater Producers”) that have wells in the basin to serve approximately 2.44 million northern and central Orange County residents with a reliable and sustainable water supply. As of 2023, 85 percent of the annual water demand of the Groundwater Producers is supplied with water from the Basin.

The Basin is not adjudicated. Adjudicating a groundwater basin is a lengthy and expensive endeavor to have a court define each pumper’s water rights. The groundwater basins in the upper Santa Ana River Watershed along the river in San Bernardino and Riverside Counties were all adjudicated by 1970. However, the early leaders of OCWD (“Committee of Twelve”) collectively agreed in the 1950s, during a housing boom with wells drying up, that approaching the water rights as a group, instead of individuals would make it possible to manage and replenish the basin so that all had more water. In addition, these leaders concluded that “equitable financing for importing water to replenish the groundwater basin was the most practical solution to having adequate water for landholders and inhabitants alike” (OCWD 2014, pp. 24-25).

This common pool approach without adjudication continues today. Water surplus in wet years is shared the same as shortage in dry years. Every pumper has an equal right to pump as much water as can be beneficially used, but that each has the obligation to pay the costs of replacing what was extracted (OCWD 2014, p. 25).



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Map  
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Source: OCWD, CDWR, GIS 2019; SAWPA, 2009.

**Figure 1 – Orange County Groundwater Basin**

OCWD Municipal Service Review



The Cities of Anaheim, Fullerton, and Santa Ana are pumpers in the Basin as well as independent member agencies of The Metropolitan Water District of Southern California (MWD), which provides imported water from the State Water Project

(Sacramento/San Joaquin Delta) and the Colorado River Aqueduct. The Cities of Anaheim and Santa Ana joined MWD when it formed in 1927 and Fullerton joined in 1931. By 1951, other cities desired to join MWD to access imported water. Because MWD had a policy that cities could join as geographic groups, the cities formed MWDOC. MWDOC acts as a water wholesaler and pass-through agency representing 27 of Orange County's water suppliers (except Anaheim, Santa Ana, and Fullerton) so that they have the ability to purchase MWD imported water and have representation on the MWD Board of Directors. OCWD is the largest purchaser of imported water from MWDOC.

OCWD is governed by the OCWD Act (Stats. 1933 c. 924, p. 2400). "Managing the basin" as mandated by the OCWD Act generally consists of groundwater monitoring, wastewater reclamation, monitoring surface flows of the Santa Ana River at and below Prado Dam, groundwater recharge projects and seawater barrier systems as well as supporting the 19 Groundwater Producers with funding for groundwater treatment systems, laboratory facilities for water testing, and advocacy at state and federal venues.

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### *VALUES STATEMENT*

*OCWD's Board of Directors and staff are committed to serving the people of Orange County. Solid science and state-of-the-art technologies guide their decisions. OCWD is committed to sound planning and investment, high standards for water reliability, exceptional water quality, environmental stewardship, sound financial management, and transparency.*

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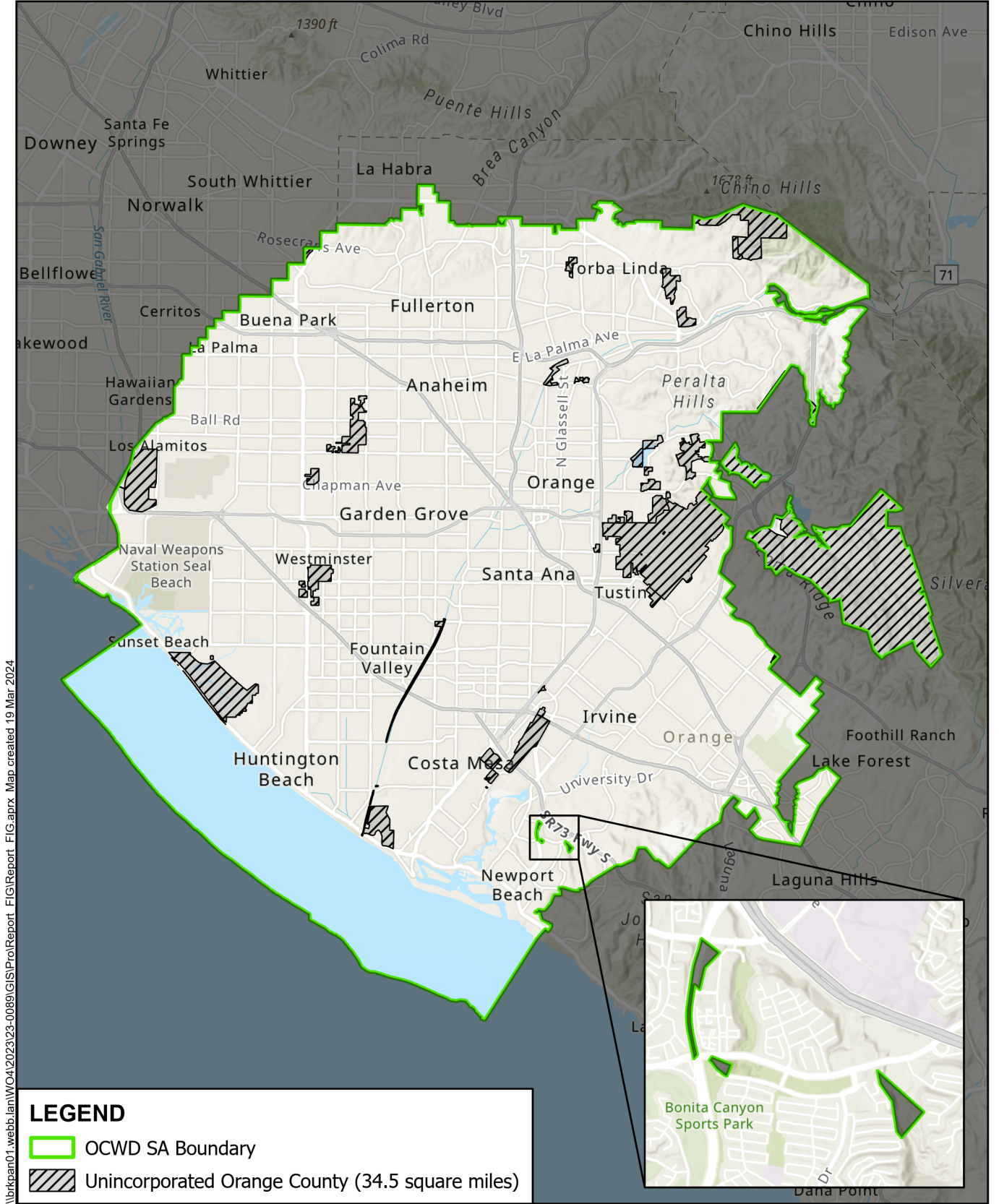
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### *MISSION STATEMENT*

*OCWD's mission is to provide a reliable, high-quality water supply in a cost-effective and environmentally responsible manner.*

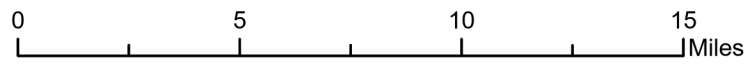
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As of 2023, the OCWD sphere of influence (SOI) totals 569 square miles, or approximately 71 percent of the entire county. The District's Service Area is 430 square miles and includes 52 square miles of ocean, as shown on **Figure 2 – OCWD Service Area**.



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**Figure 2 - OCWD Service Area**  
OCWD Municipal Service Review



As shown on Figure 2, three small gaps or holes in the Service Area that are located within the water service area of the City of Newport Beach have been identified. These are likely inadvertent mapping errors but further research would be needed. The northerly Service Area gap is partly street right-of-way and partly owned by The Irvine Company; the middle gap does not have an assigned parcel number; and the southerly gap touches on six different parcels, three of which are owned by City of Irvine, and three are owned by a property management group. OCWD has indicated that they have no reason not to include these areas into their official Service Area and recognizes further research would need to be done prior to submitting an annexation application to OC LAFCO.

The OCWD Act established that the District boundary may not extend beyond the limits of the Santa Ana River Watershed and all areas within the OCWD must also be included within the service area of MWD.<sup>7</sup> Governance is provided by a 10-member Board of Directors that represent the 10 Divisions of the District. The Cities of Anaheim, Fullerton, and Santa Ana each appoint one City Councilmember to the OCWD Board and the other seven Divisions are represented by elected individuals (**Figure 3 – OCWD Directorial Divisions**). All directors serve four-year terms. A summary profile of OCWD is provided in **Table 2 – Agency Profile** (next page).

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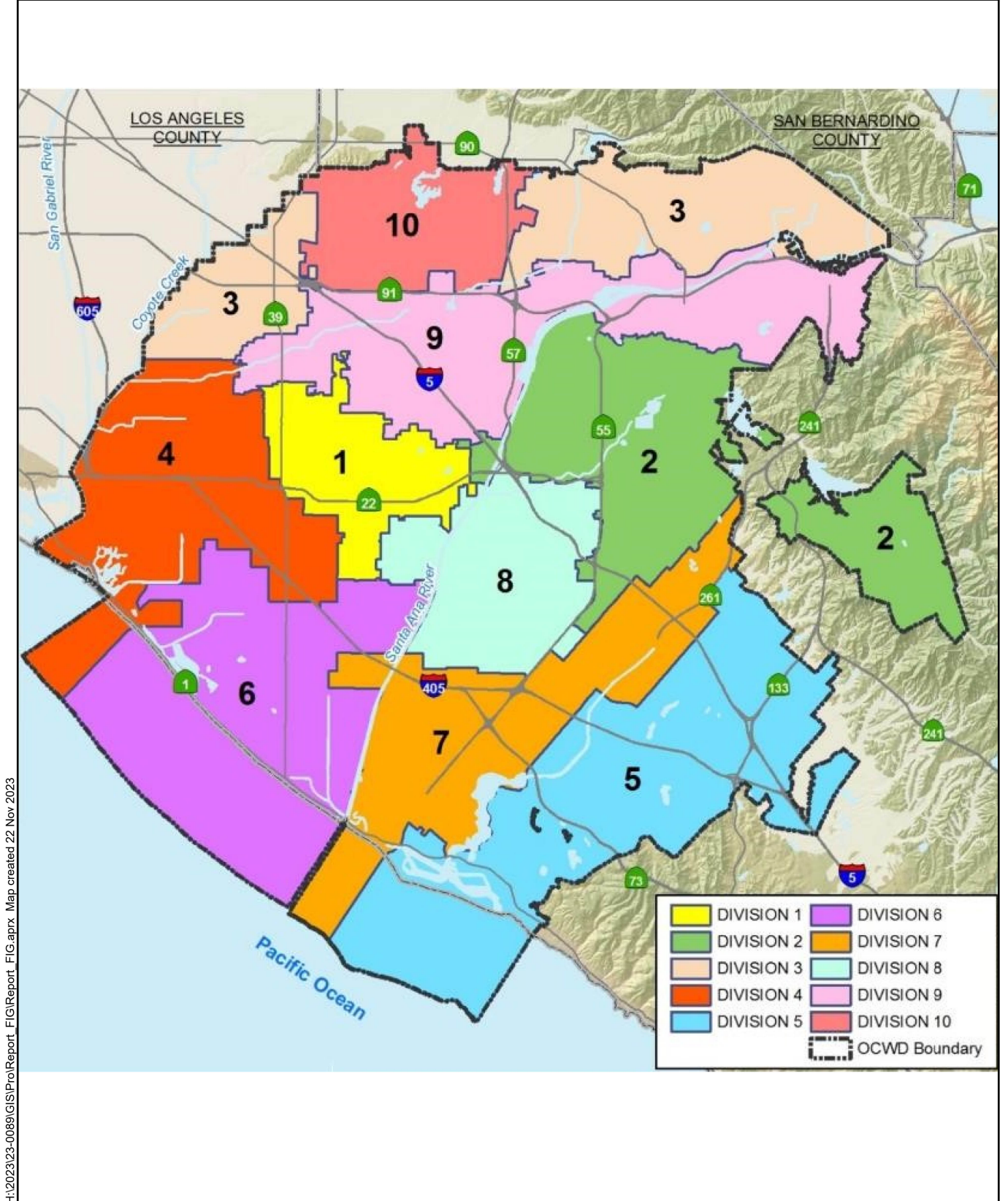
<sup>7</sup> The City of La Habra is technically within the Santa Ana River Watershed and the OC Groundwater Basin but is not in OCWD's sphere of influence. City of Brea is partly in the SOI. This is because La Habra and Brea's portion of the Basin is hydrologically separate from OCWD's portion and the Cities have managed it as such; specifically, OCWD's surface water recharge efforts do not replenish La Habra/Brea's part of the Basin and instead, groundwater flows from La Habra/Brea into the OCWD area. The Cities of La Habra and Brea have formed the City of La Habra Groundwater Sustainability Agency (GSA) and at one time requested to DWR for an internal jurisdictional boundary modification to remove the cities from the OC Basin and create a new groundwater basin, but DWR has not issued a decision.

**Table 2: Agency Profile**

District	Orange County Water District
Website	<a href="http://www.ocwd.com">www.ocwd.com</a>
Agency Type	Special District
Address	18700 Ward Street, Fountain Valley, CA 92708
Date Formed	1933
Employees (full-time)	226.5, as of July 1, 2023
Key Services	Provide potable and non-potable groundwater supply to 13 cities, five retail water agencies, and one investor-owned water utility (“19 Groundwater Producers”).
<b>Service Area</b>	
Member Agencies (“19 Groundwater Producers”)	Cities of Anaheim, Buena Park, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, La Palma, Newport Beach, Orange, Santa Ana, Seal Beach, Tustin, and Westminster East Orange County Water District, Golden State Water Company, Irvine Ranch Water District, Mesa Water District, Serrano Water District, and Yorba Linda Water District
Service Area	Land Portion: 378 square miles Ocean Portion: 52 square miles
Sphere of Influence	569 square miles
Land Uses	Residential, commercial, industrial, institutional, and open space
Population Served	2,387,383 persons, as of January 1, 2023 <sup>(a)</sup>
Last MSR Conducted	February 13, 2013
<b>Governance</b>	
Local Representation	Ten-member Board of Directors, with each director representing a Division and elected to a four-year term by voters within their Division, except for the Cities of Anaheim, Fullerton, and Santa Ana who appoint a City Councilperson to serve on the Board.
Board Compensation	Effective October 2023, Board members are compensated \$330.75 per meeting for up to ten meetings per month. Board members are eligible for medical, dental, vision, and life insurance benefits, and participation in 401(a) and 457 plans.
Board Meetings	Monthly on the 1 <sup>st</sup> and 3 <sup>rd</sup> Wednesday at 5:30 p.m. Meetings are held at the District office and open to the public.
Agency Contact	John Kennedy, P.E., General Manager

<sup>(a)</sup> From Center for Demographic Research, California State University, Fullerton.





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Source: OCWD GWMP 2015 Figure 1-6

**Figure 3 – OCWD Directorial Divisions**  
OCWD Municipal Service Review



Not to Scale

## CHAPTER THREE | OCWD MUNICIPAL SERVICE REVIEW

### 3.0 MSR History for OCWD

OC LAFCO has prepared the following past studies and updates for OCWD.

- First Cycle of MSRs: September 2006
  - No significant issues were noted during this MSR for OCWD. The Service Area population was projected by the MSR to grow modestly over the next 20 years and does not appear to have negatively impacted the District's service capacity. The District's infrastructure was adequate to address future needs including increased water demand from infill development and annexation of new territory. The District had no identified financial constraints. The District collaborated and shared facilities for water resource management.
  - Six government structure options were discussed in the 2006 MSR: (1) maintain the status quo; (2) annexation of lands within Anaheim; (3) annexation of lands within Irvine Ranch Water District (IRWD); (4) annexation of lands within Yorba Linda Water District (YLWD); (5) reduce the SOI to exclude areas that are outside the MWD service area; and, (6) merge OCWD and MWDOC. The MSR acknowledged that a merger of OCWD and MWDOC had not been considered in the past due to the differing missions of the agencies and was "not considered feasible" for reasons including: "implementing it would take an act of legislation because it involves changing OCWD's principal act; a merging of these two agencies would not necessarily achieve great efficiencies in overall management of water resources in Orange County; and keeping these two agencies separate maintains an important check and balance system, preventing one agency from having control over water supply for the entire County." Because of the necessary review required into the potential annexation of the aforementioned areas into OCWD, the SOI update was delayed. Notably, the 2006 MSR did not include a feasibility study and the idea for merging OCWD and MWDOC was generated through a stakeholder group process.
  - SOI Update: May 14, 2008
    - A SOI update for OCWD was approved in 2008 resulting in several changes in the District's SOI. This was a continuance of the 2006 MSR. As a result, the SOI aligned closer to the Santa Ana River Watershed boundary in the southern part of the District. The Laguna

Coast Wilderness Park was removed from the SOI since it drains away from the OC Groundwater Basin and portions of El Toro Water District were also removed. The SOI was enlarged into the ocean and finally, portions of the City of Brea were added to the SOI because in the event surface water or groundwater began to flow into the OC Groundwater Basin from Brea and the City began pumping that water, then OCWD might want to annex Brea to protect water rights within the watershed and manage the OC Groundwater Basin more effectively.

- The areas included in this annexation proposal, however, were already wholly contained within OCWD's original 1977 SOI and were historically designated as "the probable physical boundaries and service area of" OCWD, according to Gov. Code Section 56076.
- Second Cycle of MSR: November 12, 2008
  - The Commission reconfirmed the MSR and SOI determinations of OCWD from the first cycle of MSRs.
- Third Cycle of MSR: February 13, 2013
  - The Commission reconfirmed the MSR and SOI determinations of OCWD from the second cycle of MSRs.
- On May 14, 2014, OC LAFCO approved the Anaheim/IRWD/YLWD annexations to OCWD (DA 13-13) that were initially contemplated in the September 2006 MSR. This annexation increased the Service Area by 23 square miles and increased the District boundary at that time by 7 percent. OCWD entered into Annexation Agreements with Anaheim/IRWD/YLWD pursuant to OCWD's annexation policy. Development of the Annexation Agreements was collaborative in a facilitated process with OCWD and the 19 Groundwater Producers. The goal of the Annexation Agreements is to balance the benefit of extending OCWD oversight and management to new territory within the OC Groundwater Basin with the potential financial impacts to other Producers. Several notable components of the Annexation Agreements are noted below:
  - Included within the agreement terms was a 10-year moratorium on any future annexations by Anaheim, IRWD, and YLWD beginning October 2013, which expired in October 2023.
  - YLWD and IRWD were both restricted to a BPP of 70 percent regardless of the rate set annually by OCWD; YLWD for 5 years and IRWD for 10 years. The IRWD restriction expired in October 2023.

- Anaheim and IRWD are required to send stipulated quantities of sewage flows to the Orange County Sanitation District (OC San) treatment facilities for the following periods: 50 years for Anaheim (2013-2063) and 20 years for IRWD (2013-2033).
- Payment by Anaheim, IRWD, and YLWD of the annual annexation charge to OCWD in the amounts of \$110,000/year, \$395,000/year, and \$290,000/year, respectively. These funds go to the OCWD general fund, water purchased for basin recharge, and programs to increase recharge.

### **3.1 Growth and Population Projections**

OCWD is a Sponsor of the Center for Demographic Research (CDR) at California State University, Fullerton. Sponsors of CDR receive demographic data for their applicable geographic areas, which is especially important for entities like OCWD that do not fully align with city or county boundaries. Because OCWD does not have land use authority, it relies on the cities and county within its Service Area to provide CDR accurate, timely, and thorough data on growth projections. The demographic data provided herein comes from the CDR *2023 Orange County Progress Report*, the U.S. Census Bureau including American Community Survey and California Department of Finance. OC LAFCO is a Contributing Partner to CDR and uses their services for OC LAFCO MSR reports.

According to the 2020 Census, the OCWD Service Area includes approximately 2.44 million Orange County residents. Projections by CDR of population, housing, and employment within the OCWD existing Service Area are shown in Table 3. The Service Area population is projected to reach a high of approximately 2.55 million residents by 2045, which is an increase of approximately 4.5 percent from 2020.

**Table 3: County and District Growth Projections, 2019-2050**

		2019	2025	2030	2035	2040	2045	2050	Overall Change
Population	<b>OCWD</b>	2,441,587	2,468,968	2,505,669	2,529,630	2,545,747	2,550,830	2,544,170	+4.2% +102,583
	<b>County</b>	3,196,231	3,239,474	3,287,447	3,327,150	3,345,665	3,343,718	3,327,124	+4.1% +130,893
Households	<b>OCWD</b>	830,225	867,141	900,711	922,873	938,187	955,512	973,335	+17.2% +143,110
	<b>County</b>	1,124,849	1,176,165	1,220,390	1,252,783	1,271,438	1,290,931	1,311,738	+16.6% +186,889
Employment	<b>OCWD</b>	1,470,235	1,470,235	1,537,772	1,574,038	1,603,116	1,623,409	1,643,992	+11.8% +173,757
	<b>County</b>	1,805,476	1,843,470	1,897,773	1,941,915	1,976,791	1,997,885	2,018,954	+11.8% +213,478

Source: OCP-2022 (Center for Demographic Research, Cal State Fullerton)

The most recent OCWD Groundwater Management Plan is dated 2015. The District repurposed the plan in 2017 (and renamed as the “Basin 8-1 Alternative”) to comply with the Sustainable Groundwater Management Act of 2014 (SGMA). The projected population estimate used for the Groundwater Water Management Plan/Basin 8-1 Alternative is consistent with what is presented in Table 3, above and states, “Population within OCWD’s Service Area is expected to increase from approximately the current 2.38 million to 2.54 million by 2035...” (Basin 8-1 Alternative, p. 10-10).

The city with the highest population growth rate during 2022 within all of Orange County was the City of Brea (2.6 percent), followed by City of Placentia (2.3 percent) and City of Los Alamitos (2.0 percent) (OCP, p. 189). All three cities are within OCWD’s SOI and Placentia and Los Alamitos are also within the Service Area.

Since 2006 when the first cycle MSR report for OCWD was prepared, the District has not observed adverse effects of population growth on its ability to perform services. In fact, groundwater pumping has declined over this time period, as shown in Table 4, which is the result of several factors including water conservation efforts during droughts, and water quality constraints to pumping (e.g., PFAS contamination). Future groundwater pumping, however, is projected to increase, as shown in Table 4.

**Table 4: Groundwater Pumping, 2013-2025**

Fiscal Year Ending	Groundwater Pumped in OCWD (AF) <sup>(a)</sup>	Percentage Change in Groundwater Pumping from Prior Year
	Actual	
2013	309,295	-
2014	330,782	6.9%
2015	305,259	-7.7%
2016	277,090	-9.2%
2017	301,637	8.9%
2018 <sup>(b)</sup>	236,916	-21.5%
2019	303,496	28.1%
2020 <sup>(b)</sup>	277,195	-8.7%
2021	281,793	1.7%
2022	256,921	-8.8%
2023	245,210	-4.6%
<b>Average Annual Percentage Change in Groundwater Pumping</b>		<b>-1.5%</b>
<b>Projected<sup>(c)</sup></b>		
2024	280,000	14.2%
2025	292,000	4.3%

Source: Table 1: Historical Groundwater Production Within OCWD, *2021-2022 Engineer's Report*. Values exclude In-Lieu Program water, MWD Groundwater Storage Program extractions, and any groundwater used for the Talbert Barrier.

(a) For non-irrigation and irrigation uses, where irrigation is for agricultural, horticultural, or floricultural crops and for pasture grown for commercial purposes.

(b) In-Lieu Program water supplies were available and used to decrease groundwater pumping in FY 2017-2018 and FY 2019-2020.

(c) Source: Table 5: Water Demands Within OCWD, *2022-2023 Engineer's Report*. Projected assuming average hydrology. Includes BEA-exempt groundwater pumped pursuant to Section 38.1 of the OCWD Act. However, that volume is not included in calculations of a projected BPP.

AF = acre-feet.

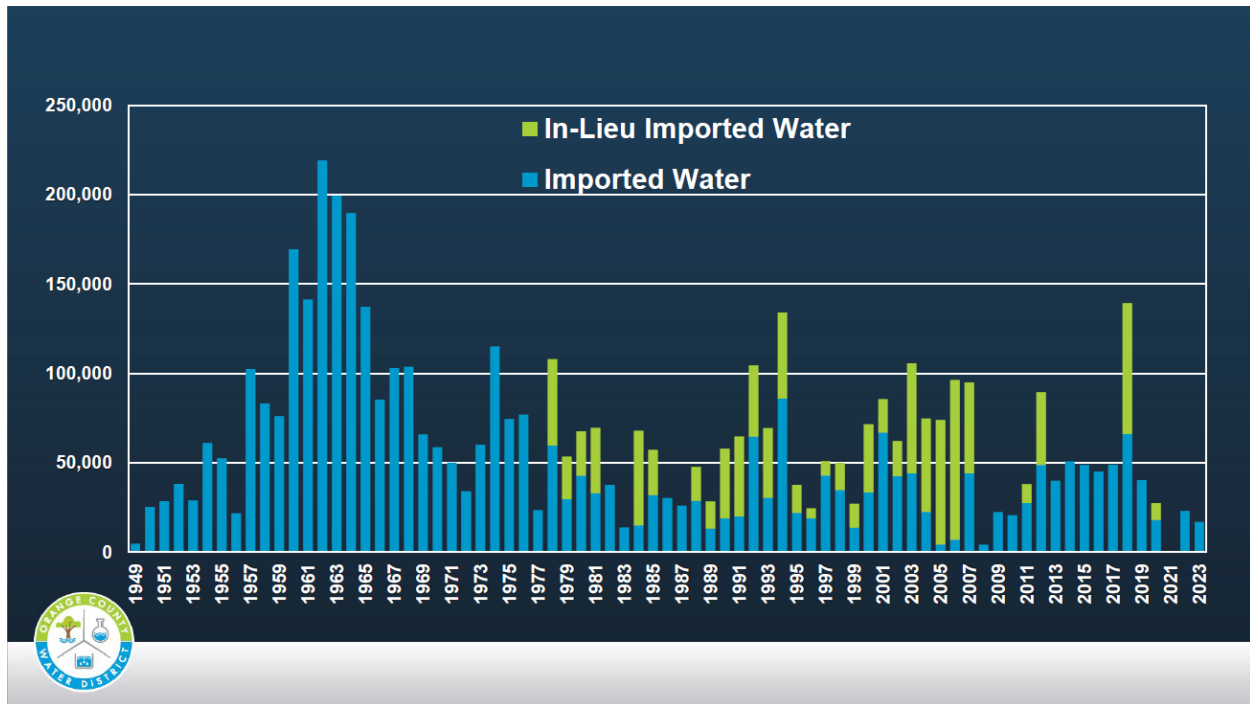
OCWD's In-Lieu Program brings additional treated imported water supplies via MWDOC (when they are available for purchase) for Producers to use. Producers are asked to turn off their wells and take imported treated water in lieu of pumping groundwater. OCWD will pay the 19 Groundwater Producers the incremental additional cost of taking imported water versus groundwater to make the cost of this water equivalent to groundwater (2015 OCWD Groundwater Management Plan (GMP), p. 5-11). This supply source is not available consistently, as noted in Table 4 (i.e., available in FY 2017-2018 and FY 2019-2020).

The source of water for the In-Lieu Program is different than supplemental replenishment water available for purchase from MWD via MWDOC. There are several types of water available from MWD: treated (potable) or untreated (non-potable), and uninterrupted or

interruptible. Interruptible water can be shut-off, hence why it is cheaper than uninterruptible water which is not subject to being shut-off. Uninterruptible treated or untreated water is also known as “full-service” water that can be used for domestic and municipal uses and OCWD uses it for groundwater recharge. Interruptible in-lieu water from MWD is generally no longer available unless it is provided under the terms of a Cyclic Program agreement.<sup>8</sup>

MWDOC charges an annual capacity charge from OCWD (in addition to all other member agencies) that is based on the rate of MWD imported water used between May 1 and September 30 of each year. There is no minimum amount that must be purchased. The capacity charge is paid over the following three years. If no imported water from MWDOC is used during this five-month period, then no capacity charge is applied. OCWD’s purchases of imported water through MWDOC for replenishment of the Basin are shown in Chart 1. In-Lieu Water, which is also imported water from MWDOC, is identified in the years it was available.

**Chart 1 – OCWD Imported Water Purchases, 1949-2023 (acre-feet)**



<sup>8</sup> Cyclic Program agreements are between MWD and member agencies for groundwater or surface water storage or pre-deliveries within MWD’s service area. (MWD, *FY 24-25 Rate Structure Administrative Procedures Handbook*, p. 8, located at <https://www.mwdh2o.com/media/gzboneuu/fy24-25-rate-structure-administrative-procedures-handbook.pdf>)

Some Producers meet 100 percent or more of their annual water demands from groundwater, while others pump well below the BPP with much smaller demand for groundwater, so it is difficult to correlate the demand for groundwater supplies from the whole OCWD Service Area with changes in the population. What can be certain is that groundwater pumping has and will continue to vary from year to year, as shown in Table 4. Because the population of the District is expected to increase (Table 3), Producer's demand for groundwater supplies will assumably increase, on the whole.

Given that OCWD has consistently indicated in past MSR and SOI Updates that population growth is expected to have minimal effect, if any, on the ability to provide water service, the reader may question the District's investment of over \$900 million to expand the treatment capacity of the District's Ground Water Replenishment System (GWRS) in order to put more local, recycled water back into the basin if increased demands are not expected; or why there is investment in capturing more water at Prado Dam using the new Forecast-Informed Reservoir Operations (FIRO) management strategy. OCWD has indicated these projects are not to address future growth per se, but to increase the District's ability to capture more local water for the 19 Groundwater Producers and increase the BPP for the existing customer base so that less imported water, which is more expensive than groundwater and less reliable, has to be brought into the Basin to meet water demands. For example, the District estimates in WY 2024-2025 the estimated cost for one AF of groundwater from the Basin is \$1,009 compared to the estimated cost of treated, uninterrupted supplemental water is \$1,380 per AF (OCWD 2024, p. 25). OCWD passes on cost-savings to the 19 Groundwater Producers in the form of a reduced RA when less imported water has to be purchased by the District.

The OCWD Act does not dictate the amount of water that can be pumped from the OC Groundwater Basin. But OCWD attempts to influence pumping rates in the Basin primarily through how it sets the Basin Production Percentage (BPP) for Producers each year. The BPP is defined in the OCWD Act as, "...the ratio that all water to be produced from groundwater supplies within the district bears to all water to be produced by persons and operators within the district from supplemental sources as well as from groundwater within the district." The origin of the BPP begins with attempts by the District in the 1960s to mitigate low groundwater levels that had caused shifts in the aquifer and land subsidence resulting in seawater intrusion. Even as groundwater levels recovered, the seawater continued to flow inland and new communities like Fountain Valley were likely to return to swamp land if groundwater continued to rise. The BPP and Basin Equity Assessment (BEA) were then established to influence the quantities of groundwater pumping throughout the Basin (OCWD 2014, p. 29).



All groundwater pumping pays the Replenishment Assessment (RA) which is currently \$344/af for FY2024-25. Non-agricultural groundwater pumping (such as occurs by the 19 Producers) also pays what is called the Additional Replenishment Assessment (ARA) which is also set at \$344/af for FY2024-25. So the total combined assessment paid by the 19 Producers is \$688/af while an agricultural groundwater user only pays \$344/af. For convenience in this report the combined assessment paid by the 19 groundwater producers will be referred to as the RA.

The BPP is established each April by the OCWD Board of Directors and goes into effect each July for all Producers that use more than 25 AF per WY. For example, if the BPP is set at 75 percent, then the Producers can pump 75 percent of their water demand from the OC Groundwater Basin and only pay the RA. Calculating the BPP involves evaluating groundwater storage conditions, availability of recharge water supplies, and basin management objectives in order to divide projected groundwater supplies by projected total water demands to get the BPP. OCWD's stated goal is to set the BPP as high as possible to allow Groundwater Producers to sustainably maximize pumping and reduce their overall water supply cost by avoiding the purchase of imported water supplies that are more expensive (Basin 8-1 Alternative, p. 10-7).

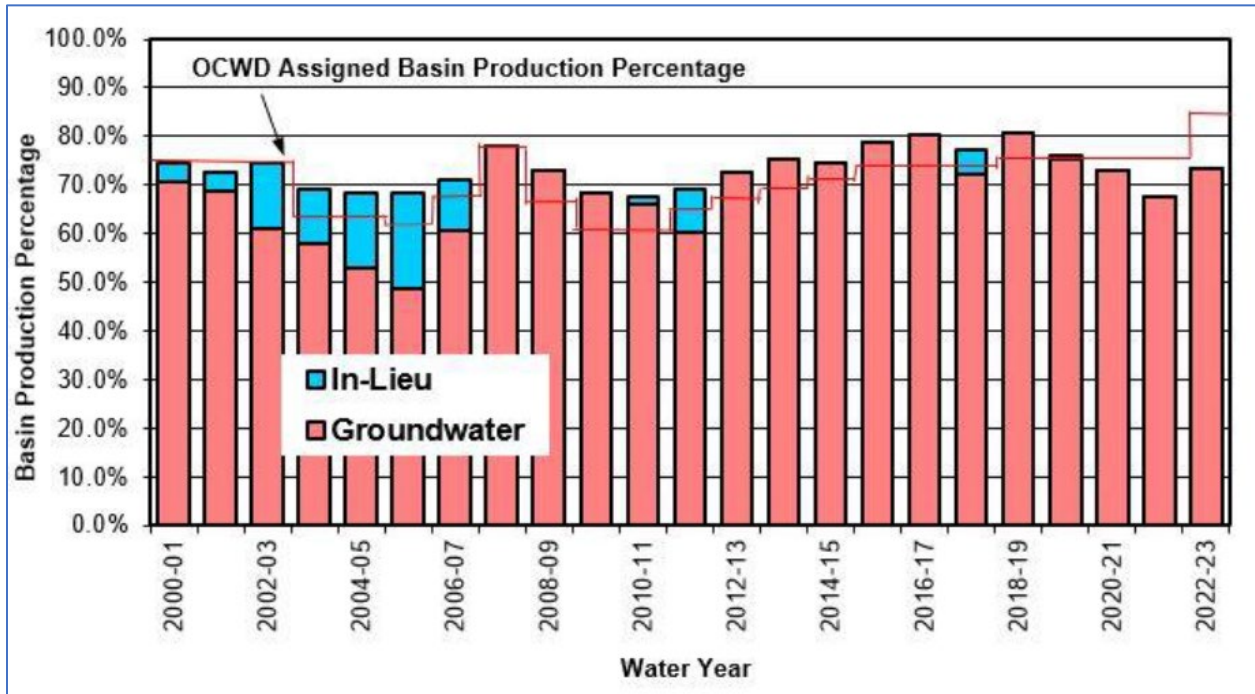
Groundwater pumping less than or equal to the BPP is charged the RA, and pumping more than the BPP is charged the RA plus the Basin Equity Assessment (BEA), which can be increased as needed by OCWD to further disincentivize pumping. Agricultural pumpers pay 50 percent of the RA rate.

The origin of the RA was to ensure everyone paid alike based on the amount of water pumped, regardless of when they started pumping (i.e., no special protections or reservations for newcomers). "Beginning in 1954, each pumper was required to register the city's well(s) with OCWD, maintain records of the amount withdrawn during the year, report that figure, and pay a tax (the RA) in proportion to the amount of water used" (OCWD 2014, p. 27). Furthermore, because the RA is calculated on how much was pumped the prior year and the costs to replenish it, the Producers are incentivized to consider how their efforts affect the groundwater supply.

In addition to the BPP, pumping rates in the Basin are influenced by the cost of the RA and keeping it less than the cost of an AF of treated, imported water. The BPP fluctuates periodically, as shown in Chart 2. The red line in Chart 2 is the assigned BPP established by OCWD each year and the columns represent the actual BPP achieved by the Producers (i.e., the percentage of their total water demands met with Basin groundwater). The columns combine the percentage of total water demand met with groundwater supplies plus the percentage of total water demand met with In-Lieu

Program water (i.e., In-Lieu Program water is when wells are turned off and imported water used instead). For example, during WY 2022-2023, OCWD increased the assigned BPP from 77 to 85 percent, but less pumping was realized with an actual BPP of 73.3 percent.. This graph shows when Groundwater Producers collectively pump more than or less than the assigned BPP .

**Chart 2 – OCWD Assigned and Actual Basin Pumping Percentage, WY 2001-2023**



*Excerpt from 2022-2023 Engineer’s Report, p. 7.*

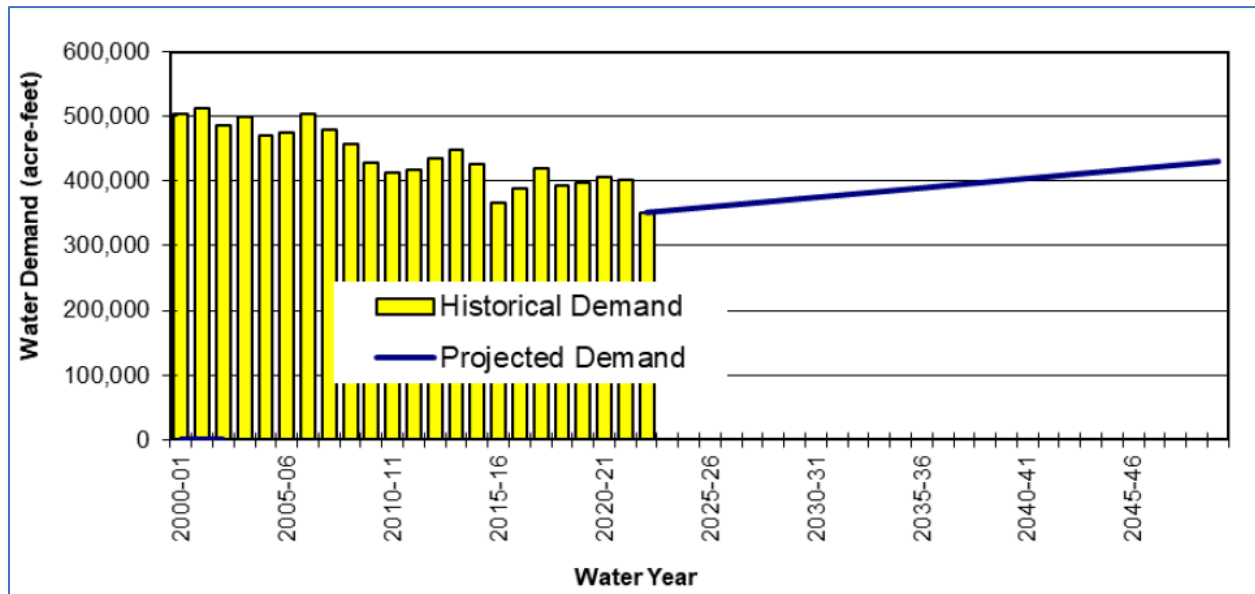
As shown in Chart 2, in WY 2020-2021, 2021-2022, and 2022-2023 the actual water demand met with groundwater supplies was less than the BPP (or the assigned allowable amount of groundwater that could have been produced without incurring BEA). The years when In-Lieu water (imported water) was available and utilized are the same in Charts 1 and 2.

Although the OCWD Service Area and SOI have not reached the anticipated buildout, the District does not expect significant population growth for the foreseeable future based on population projections prepared by CDR as shown in Table 3. Furthermore, the District intends to match growth with effective water conservation efforts.

OCWD prepares an annual forecast of water demands in its Engineer’s Report using population projections provided by CDR and each Producers’ projections of total water

demands. According to the 2022-2023 Engineer’s Report, total water demands<sup>9</sup> may increase by 22.5 percent from 351,719 AF in WY 2022-2023 to 431,000 acre-feet per year (AFY) by 2050, an increase of approximately 79,281 AFY, or about 2,900 AF every year for 27 years. This is reflected in Chart 3. The 2050 projection includes future water conservation (reduction in water demand). As shown in Chart 3, the projected total water demand in 2050 is less than the total water demand of WY 2000-2001. OCWD staff believes these projections are high and is jointly working with the Municipal Water District of Orange County to prepare updated future water demand estimates.

**Chart 3– OCWD Water Demands and Projections, WY 2001-2050**



*Excerpted graph from 2022-2023 Engineer’s Report (page 21).*

Meeting future water demands will not be met by groundwater supplies alone and will require a combination of water supply sources plus demand management (conservation). This may be why OCWD does not separate water supply projections by supply source because it is the totality of the supply and the ability to switch from one source to another that will meet water demands.

Water demands within OCWD Service Area are expected to be met over the planning horizon of this MSR analysis including the future increase in population, given the following factors: (1) the District’s collaboration with CDR to proactively monitor

<sup>9</sup> Total water demands include the use of groundwater, MWD In-Lieu Program water, supplemental sources (imported water and Santiago Creek native water), and recycled water (which is not included within supplemental sources if originating from within the Santa Ana River watershed). Groundwater, supplemental water, and recycled water that is used by OCWD for groundwater recharge is excluded from total water demands.

demographic changes in the Service Area and in particular, population growth; (2) District projections accounting for future growth in each Producer's Service Area; and (3) the District's demonstrated ability to meet water demands in the past that were higher than current water demands.

### 3.2 Disadvantaged Unincorporated Communities (DUC)

The CKH Act defines a disadvantaged unincorporated community (DUC) as, "inhabited territory, as defined by Gov. Code Section 56046, or as determined by commission policy, that constitutes all or a portion of a "disadvantaged community" as defined by Section 79505.5 of the Water Code." The term, "inhabited territory" in Gov. Code Section 56046 means territory within which there resides 12 or more registered voters. "Disadvantaged Community" in Water Code Section 79505.5 is defined as "a community with an annual median household income that is less than 80 percent of the statewide annual median household income."

Senate Bill 244 (Wolk; effective January 1, 2012) imposed several new requirements with regard to DUCs. The Legislature found DUCs lack access to basic infrastructure, including but not limited to streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. The purpose of the new requirements was to include DUCs in the scope of MSR and SOI updates prepared by each LAFCO in order to avoid a situation where an agency might exclude a DUC from a future annexation or provision of key services, such as water and sewer. The CKH Act requires an MSR to include determinations regarding the present and probable need for public facilities or services related to water in any DUC that is within the existing OCWD sphere of influence.

There are approximately 125 square miles of unincorporated county land within OCWD's SOI. In addition, there are disadvantaged communities identified based on American Community Survey five-year estimates at the census block level. According to CDR, the most recently measured statewide annual median household income is \$84,097, 80 percent of which is \$67,277.60. When the two datasets are combined, there are 11 DUCs within OCWD's Service Area that meet these criteria totaling 0.85 square mile (541 acres), as shown on **Figure 4 – Disadvantaged Unincorporated Communities**. This is an increase in the number of DUCs from prior years.

The characteristics of each DUC are described below:

#### 1. City of Anaheim Sphere of Influence

There are four neighborhoods that qualify as DUCs that are collectively referred to as the "Southwest Anaheim DUC." The DUCs total 192 acres and are generally located north of

Katella Avenue, west of Brookhurst Street, east of Magnolia Street, and south of Lincoln Avenue.

Although located outside of the City limits, water service and sewer service are provided by the City of Anaheim (Anaheim 2020 UWMP, p. 3-5). Solid waste disposal service for the DUCs is provided by the City through a contract with Republic Waste Services.

## 2. City of Stanton Sphere of Influence

There are two DUCs in the City of Stanton's Sphere of Influence; the first is 27 acres located at the northwest corner of Katella Avenue and Magnolia Street ("Mac/Syracuse DUC"), and the second is 34 acres located northeast of the intersection of Dale Avenue and Chapman Avenue ("Dale/Augusta DUC").

Water service to Mac/Syracuse DUC is provided by Golden State Water Company, which also serves the City of Stanton (Garden Grove 2020 UWMP, p. 3-3). Water service to Dale/Augusta DUC is provided by a combination of the City of Garden Grove and Hynes Estates Mutual Water Company.

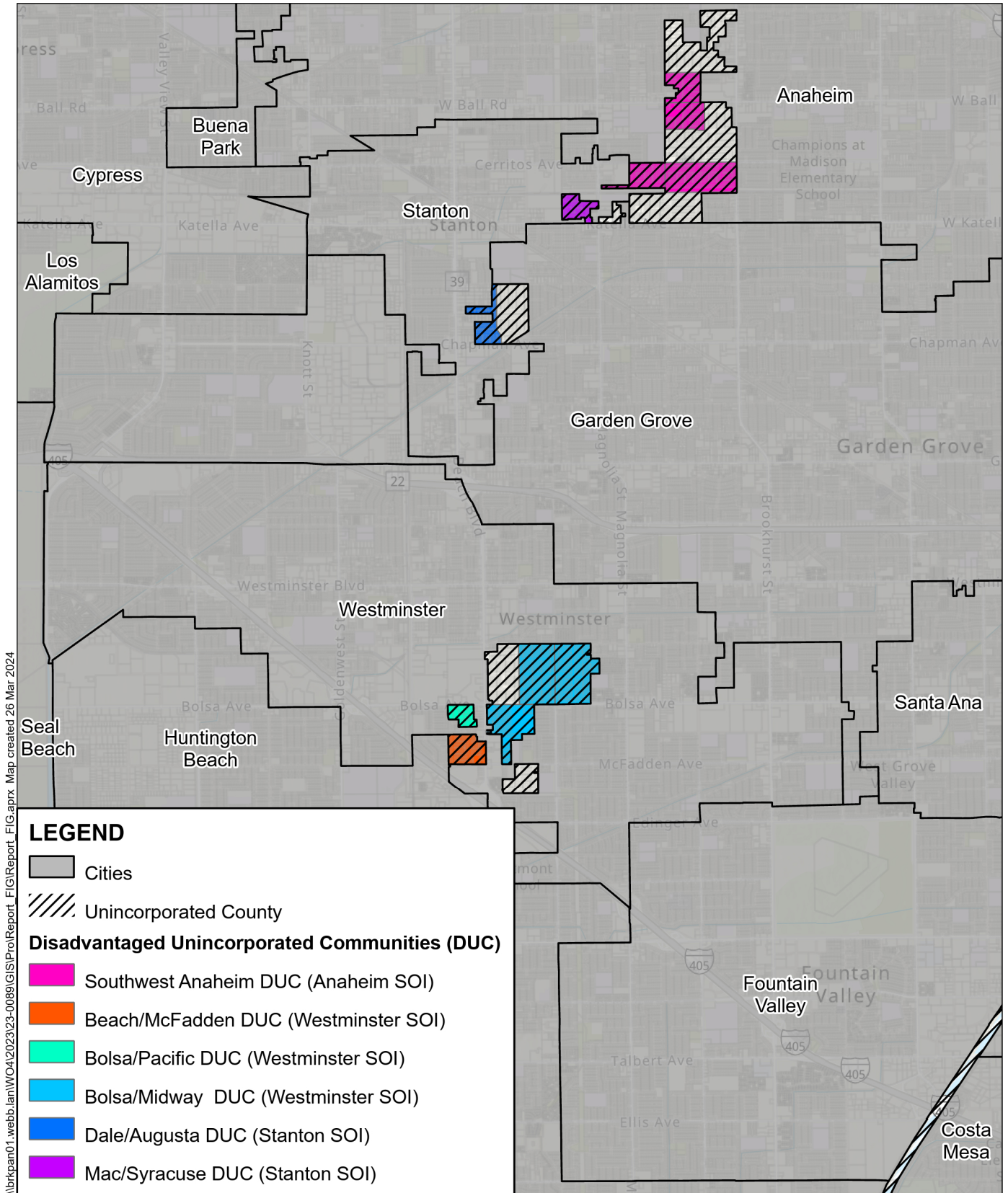
The Garden Grove Sanitary District provides wastewater services and Republic Waste Services provides solid waste disposal services to both DUCs (OCLAFCO 2023, p. 54).

## 3. City of Westminster Sphere of Influence

There are five DUCs in the City of Westminster Sphere of Influence and they collectively total 288 acres. Three DUCs are located east of State Route 39 (Beach Blvd.) and south of Westminster Boulevard, which are identified as the "Bolsa/Midway DUC." The remaining two DUCs are located south of Bolsa Avenue, north of McFadden Avenue, west of State Route 39, and are referred to as "Bolsa/Pacific DUC" and "Bolsa/McFadden DUC" (Figure 4).

Water service to Bolsa/Midway DUC is provided by a combination of the City of Westminster, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. Water service to Bolsa/Pacific DUC and Bolsa/McFadden DUC is provided by the City of Westminster.

The Midway City Sanitary District provides sewer and solid waste collection services to all five DUCs and most other services are provided to the DUCs by the County (OCLAFCO 2023, p. 54).



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**LEGEND**

- Cities
- Unincorporated County
- Disadvantaged Unincorporated Communities (DUC)**
- Southwest Anaheim DUC (Anaheim SOI)
- Beach/McFadden DUC (Westminster SOI)
- Bolsa/Pacific DUC (Westminster SOI)
- Bolsa/Midway DUC (Westminster SOI)
- Dale/Augusta DUC (Stanton SOI)
- Mac/Syracuse DUC (Stanton SOI)

Source: OC-LAFCO, ESRI OC

**Figure 4 – Disadvantaged Unincorporated Communities**

OCWD Municipal Service Review



0 2 Miles

All of the DUCs identified herein are within OCWD Division 1 (Figure 3) and within the water service boundaries of their respective retail water suppliers. The City of Anaheim, Golden State Water Company, and City of Westminster are three of the 19 Groundwater Producers of OCWD. In addition, four private mutual water companies also serve portions of the DUCs in the spheres of influence for Stanton and Westminster (Figure 4): Hynes Estates Mutual Water Company, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. OCWD identifies these water suppliers as “active small producers” and each pumped more than 25 AF of water from the Basin in WY 2022-2023. According to OCWD’s Monitoring Program records, these four small producers have active production wells that are monitored by OCWD for Title 22 (water quality) compliance (2015 OCWD Groundwater Management Plan, Appendix E).<sup>10</sup> OCWD also collects pumping records from small producers every 6 months to account for their pumping from the Basin.

Keeping up with changing regulations and aging infrastructure can be very challenging for small mutual water companies. The State Water Resources Control Board has funding and technical assistance available for mutual water companies ready to consolidate with a neighboring public water supplier. It is not the task of this study to assess whether any small water producers in OCWD’s SOI are having deficiencies in their provision of potable water to their customers. The provision of water service to customers in the DUC areas (i.e., water mains, laterals, and meters) is the responsibility of their respective retail water suppliers. However, the monitoring, record-keeping, and water testing efforts the District is providing to these small producers are services that benefit their customers’ ability to have water and, in turn, is part of the Basin management OCWD must perform to meet its charge. Nothing in the OCWD Act appears to limit the District’s ability to assist public or private water suppliers within its jurisdiction, including those in disadvantaged communities. Because OCWD monitors the water quality of the wells and accounts for the water pumped by both large and small producers, including those within the DUCs when making its water demand and water supply projections, and the District recharges the Basin for large and small producers to access regardless of where DUCs exist, OCWD is meeting its responsibility for the present and probable needs of potable water services for the DUCs. Nonetheless, it is recommended that OCWD make available to some reasonable degree its extensive technical resources when requested by mutual water companies that serve a DUC and need help to navigate funding opportunities for system improvements.

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<sup>10</sup> Title 22 of the California Code of Regulations refers to Environmental Health regulations and contains the standards for water reclamation.

### 3.3 Capacity and Adequacy of Public Facilities and Services

OCWD is tasked with providing the public service of sustainably managing the Basin as a water supply source for the groundwater producers within its Service Area. The Basin covers approximately 350 square miles in north and central Orange County and extends 4,000 feet at its deepest point (Basin 8-1 Alternative, p. 2-3). There are three major aquifer systems in the OC Groundwater Basin. They are referred to as Shallow Aquifer (closest to the surface), Principal Aquifer, and Deep Aquifer (farthest from the surface).

Over 90 percent of groundwater pumping occurs from wells that are pumping from the Principal Aquifer at depths between 200 and 1,300 feet. The Deep Aquifer system extends up to 4,000 feet below ground surface. Natural organic material from ancient, buried plants and wood gives the water in the Deep Aquifer an amber tint and a sulfur odor. The depth and presence of amber colored groundwater in some coastal areas hinders pumping from the Deep Aquifer system. (Basin 8-1 Alternative, p. 2-3) Although this water is of high quality, its color and odor produce negative aesthetic qualities that require treatment before use as drinking water. (*ibid*, p. 11-7) Mesa Water District and IRWD have water treatment facilities to treat amber-colored groundwater (*ibid*, p. 11-8).

The volume of water in the Basin when it is full is estimated by OCWD staff at approximately 66 million AF (*ibid*, p. 10-1); however, up to 500,000 AF is considered available water in storage. OCWD's current policy of maintaining a groundwater storage level of up to 500,000 AF below full was established based on completion of a comprehensive hydrogeological study of the Basin in 2007 (*ibid*, p. 10-2).<sup>11</sup> OCWD determined that pumping more than 500,000 AF for more than an emergency, short-term instance, would incrementally result in undesirable effects such as seawater intrusion, land subsidence, increased pumping costs, and higher potential for upwelling of amber-colored groundwater from the Deep Aquifer (*ibid*, p. 10-1).

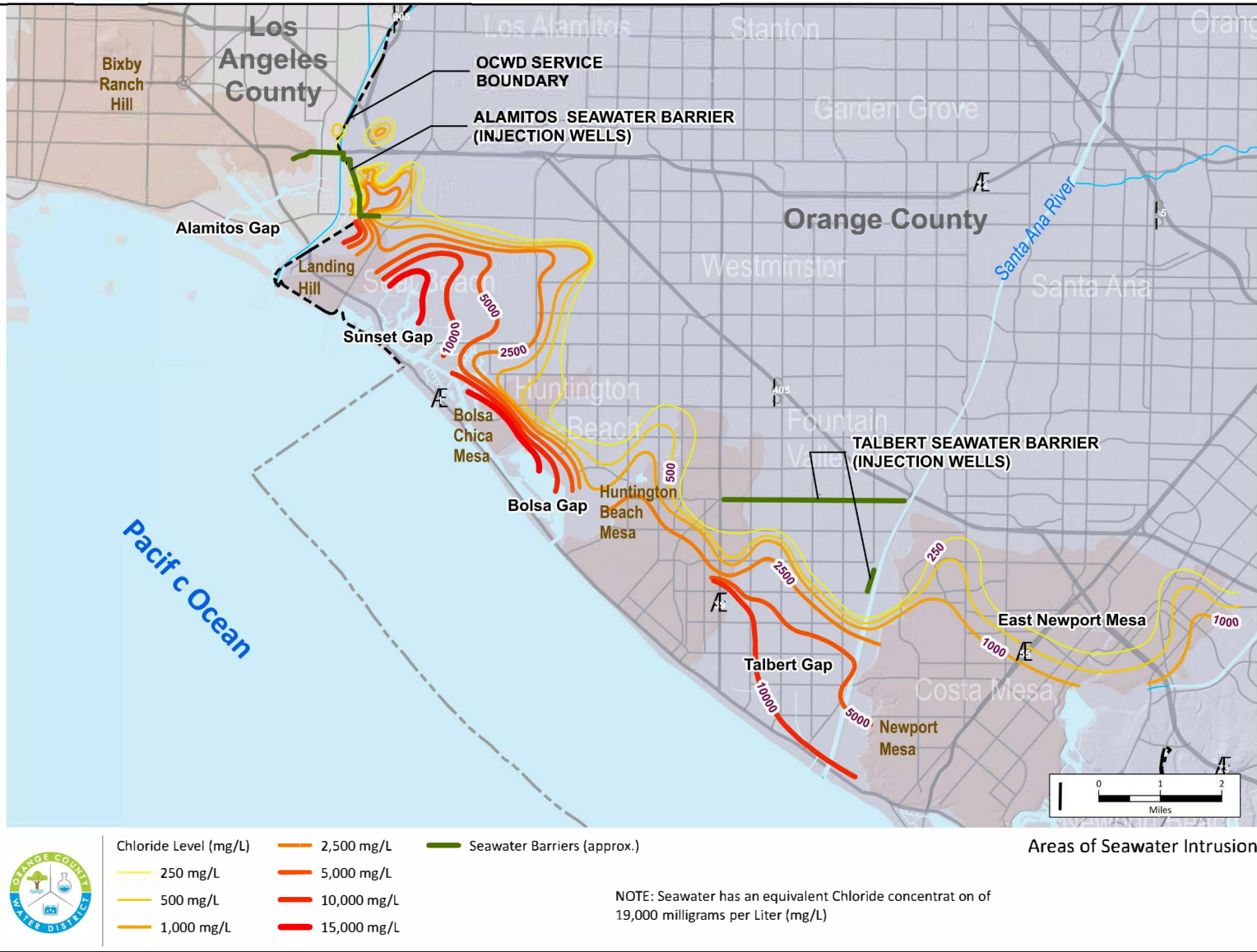
Seawater intrusion has been well-documented along coastal Orange County since the early 1900s. OCWD has operated two seawater barriers using injection wells to control seawater intrusion since 1965 and 1975, respectively. The current extent of intrusion and locations of the barriers are shown in **Figure 5 – Areas of Seawater Intrusion**. As the groundwater drops and the amount of freshwater stored in the Basin decreases, the hydraulic force pulling seawater intrusion into the Basin worsens.

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<sup>11</sup> Orange County Water District, *Report on Evaluation of Orange County Groundwater Basin Storage and Operational Strategy*, February 2007.



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Source: OCWD (01/2024)

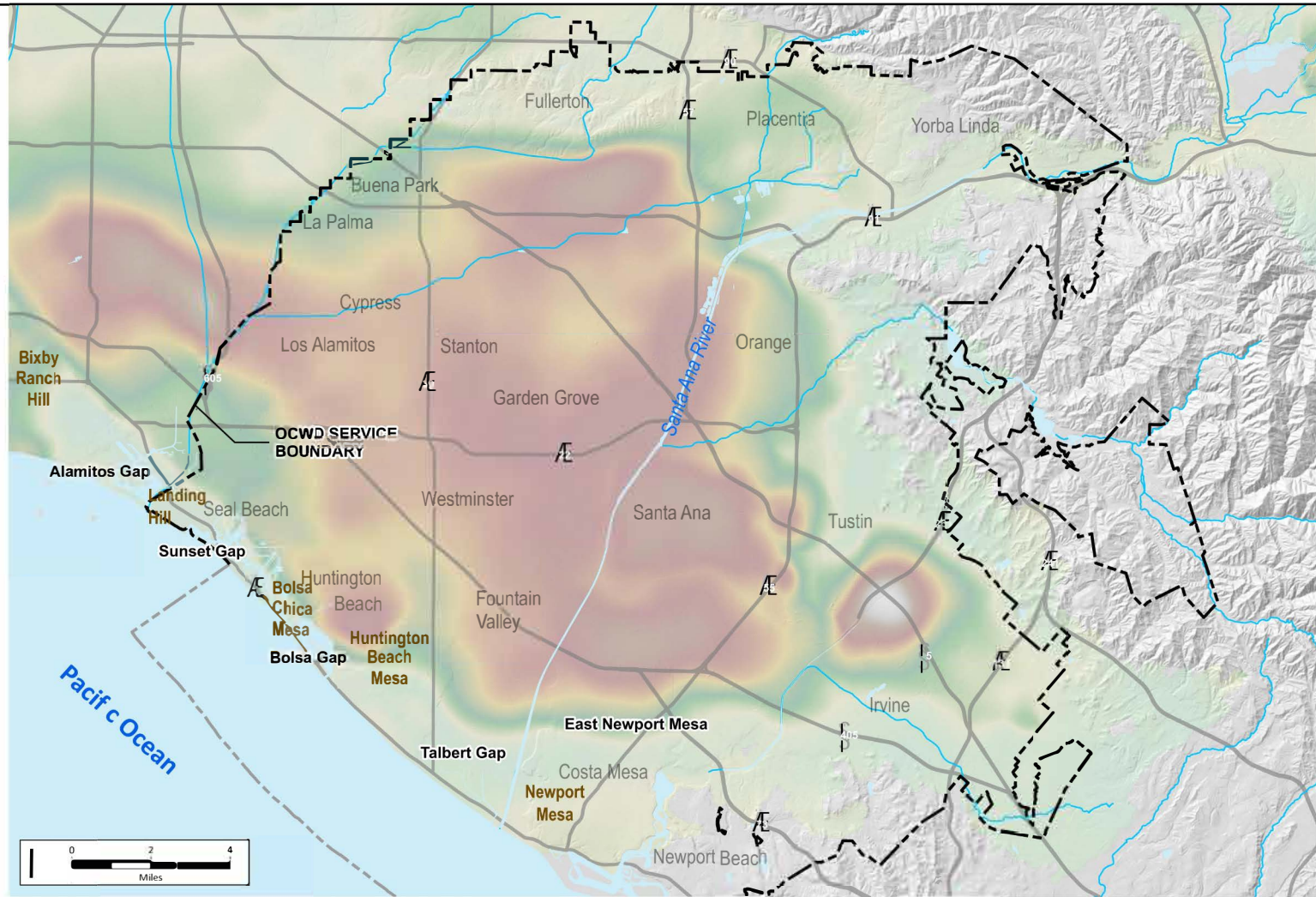
**Figure 5 - Areas of Seawater Intrusion**

OCWD Municipal Service Review

The seawater barriers were designed to control seawater intrusion with the Basin storage staying within the 500,000 AF range, so pumping beyond that may allow seawater intrusion to move inland beyond the barriers. Brackish groundwater (fresh water and seawater combined) flowing inland can render drinking water wells inoperable without expensive treatment using reverse osmosis. The longer the Basin storage were to remain overdrafted (or, drawn down) more than 500,000 AF, the farther inland and extensive the intrusion would be. In other words, a one- to two-year period beyond 500,000 AF may cause little to no irreversible groundwater quality degradation, while periods beyond five years could cause long-term salinity degradation. (PC(1))

With regard to land subsidence, the Basin is composed of sedimentary deposits of permeable sands and gravels interlayered with low-permeability clays and silts. Land subsidence occurs when groundwater levels decrease such that the reduced water pore pressure in the clays and silts causes them to compact under the weight of sediment above them. Over time, this sediment compaction leads to ground surface sinking or land subsidence. Significant land subsidence, like that documented in California's Central Valley, can damage infrastructure (e.g., transportation, buildings, flood control channels, water and sewer lines, etc.). Because of the extensive subsurface clays and silts, the Basin has the characteristics to be susceptible to land subsidence. This susceptibility has been confirmed by studies in the last 20 years using satellites and ground-based sensors that show the ground surface in areas including Santa Ana have subsided and then rebounded in correlation with groundwater levels. **Figure 6 – Areas Showing Land Movement Potential** shows the areas that have shown the greatest tendency for ground surface changes, which have been on the order of  $\pm 1$  inch over the last eight years. Like seawater intrusion, the severity and irreversibility of land subsidence increases the longer the Basin storage remains beyond 500,000 AF of overdraft. Because OCWD's management of the Basin has kept groundwater levels within an established historical range, there has been no documented long-term land subsidence. One key consideration of land subsidence is that once it is triggered by a sustained groundwater storage reduction (several years or longer), it can continue even after the groundwater storage has recovered. (PC(1))

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Areas Showing Land Movement Potential  
7/1/2015 to 7/1/2023

Source: OCWD (01/2024); SGMA SAR Data (11/2023)

**Figure 6 - Areas of Showing Land Movement Potential**  
OCWD Municipal Service Review

In addition to seawater intrusion and land subsidence, groundwater storage reductions beyond 500,000 AF would reduce the pumping capacity of wells. This is because as groundwater levels drop, the pump intakes inside the wells can be left too shallow or out of the water. Many wells in the basin already have their pump intakes set at their lowest depth. The result of, say, a 100-foot drop in groundwater levels at a well is a loss in its pumping capacity of potentially hundreds of gallons per minute or, alternatively, to construct a deeper well for a cost of \$5 million to \$10 million. In most cases, there is no cost-effective way to “deepen” an existing production well without significantly reducing its diameter and, hence, its pumping capacity. (PC(1))

Upwelling of deep groundwater is another potential result of drawing down the Basin by more than 500,000 AF. Groundwater from the Basin’s deepest depths could bring water that, although technically potable, looks and smells unappealing and more importantly requires expensive nano-filtration membranes to remove the color and smell. OCWD has modeled the effects of pumping up to 700,000 AF from the Basin and based on the results determined this amount of pumping is considered acceptable only in an extreme emergency (Basin 8-1 Alternative, p. 10-1).

OCWD has many facilities to facilitate surface water diversions and groundwater recharge, reclamation and recharge of wastewater, and monitoring of groundwater elevations and water quality, as summarized in Table 5:

**Table 5: OCWD Assets and Capacity**

OCWD Asset	Purpose	Capacity
OCWD Fountain Valley Headquarters <ul style="list-style-type: none"> <li>• OCWD owns all the land including under the OCWD and MWDOC buildings “Office Facilities”.</li> <li>• OCWD owns about 66% of the Joint Office Facilities and MWDOC owns about 33%.</li> <li>• OCWD leases 50% of the land under the Office Facilities to MWDOC.</li> </ul>	Office space, parking, equipment storage	n/a
Ground Water Replenishment System <ul style="list-style-type: none"> <li>• Advanced Purification Facility**</li> <li>• Pipeline</li> </ul>	Treat recycled water* from OC San to drinking water standards that is then used for groundwater recharge.	Capacity: 130 MGD (134,000 AFY)  Actual WY 21-22: 82.7 MGD

OCWD Asset	Purpose	Capacity
<p>Santa Ana River Field Headquarters (Anaheim)</p> <ul style="list-style-type: none"> <li>Recharge Basins<sup>(a)</sup></li> <li>&gt; 25 facilities covering &gt; 1,000 wetted acres</li> </ul>	<p>OCWD staff field office in close proximity to the recharge basins in Anaheim and Orange.</p>	<p>Maximum storage capacity: 26,000 AF<sup>(b)</sup></p> <p>Average annual recharge: 250,000 AF</p>
<p>Green Acres Project (GAP) Title 22 Reclamation</p> <ul style="list-style-type: none"> <li>Since 1991</li> <li>37 miles of OCWD distribution pipelines, 2 pump stations, 2 reservoirs, and intertie to IRWD</li> <li>107 active meters</li> </ul>	<p>Take secondary treated wastewater from OC San, provide additional (tertiary) treatment such that recycled water* is available for retail agencies for 100 different sites that use it for landscape irrigation, industrial use, toilet flushing and power generation cooling.</p>	<p>Capacity: 7.5 MGD</p> <p>(Current demand is ~3.4 MGD or 3,827 AF for WY 21-22)</p>
<p>Talbert Seawater Intrusion Barrier</p> <ul style="list-style-type: none"> <li>Since 1975</li> <li>Supplied by Supplemental Water<sup>(d)</sup> and GWRS</li> <li>36 injection wells</li> </ul>	<p>A line of groundwater injection wells to create a hydraulic barrier using recycled water that has been treated to drinking water standards (or treated imported water) against seawater moving inland between Huntington Beach Mesa and Newport Beach Mesa along Ellis Avenue. Can also be used for basin recharge.</p>	<p>Supplemental Water: 12,500 gallons (14 AF) in WY 21-22</p> <p>Recycled Water: 23,980 AF</p>
<p>Alamitos Barrier Project</p> <ul style="list-style-type: none"> <li>Since 1964</li> <li>43 injection wells and 177 monitoring wells</li> <li>Supplied by GWRS and WRI<sup>(j)</sup></li> <li>O&amp;M with Los Angeles Dept. of Public Works</li> </ul>	<p>A line of jointly owned groundwater injection wells to create a hydraulic barrier along the Los Angeles County/Orange County boundary using recycled water that has been treated to drinking water standards (or treated imported water) against seawater moving inland between Bixby Ranch Hill and Landing Hill.</p>	<p>WRD has 8 MGD design capacity; but pumping closer to 3 MGD. WRD supplied 1,475.9 AF in WY 21-22.</p> <p>GWRS: 1,228.1 AF in WY 21-22</p>
<p>Philip L. Anthony Water Quality Laboratory</p> <ul style="list-style-type: none"> <li>Analysis of 1,500 OCWD sites and &gt; 200 drinking water wells for local water providers.</li> <li>31 chemists and technicians, 12 water quality monitoring personnel</li> </ul>	<p>Federally accredited and state-certified public agency laboratory for water quality testing for OCWD's monitoring sites, as well as Producers.</p>	<p>&gt;400,000 analyses<sup>45</sup> approx. 20,000 water samples each year</p>

OCWD Asset	Purpose	Capacity
<p>Prado Basin</p> <ul style="list-style-type: none"> <li>Working with the USACE since 1960s; monitoring wetlands since 1998</li> <li>Approx. half of the non-storm flows of the Santa Ana River diverted through wetland ponds</li> <li><i>Arundo donax</i> removal, native plantings, least Bell's vireo population rebound</li> <li>Sediment removal behind dam</li> </ul>	<p>The wetlands behind Prado Dam in Riverside County are designed to remove nitrogen and other chemicals from the Santa Ana River (both storm flows and a diverted segment of non-storm flows) to improve water quality before the river enters Orange County and diverted into OCWD's recharge basins.</p>	<p>Owns 2,400 acres behind Prado Dam and 6-mile stretch of Santa Ana River</p> <p>Wetlands on 465 acres remove 15 to 40 tons of nitrates per month</p> <p>Minimum 42,000 AFY of river water to Orange County<sup>(e)</sup></p>
<p>Non-barrier wells (monitoring wells)</p> <ul style="list-style-type: none"> <li>Approx. 400 wells</li> </ul>	<p>Critical to understanding what is happening beneath the ground and how much is being extracted, OCWD gathers groundwater data from its own wells located throughout its Service Area and combines that with data from Producer's monitoring wells.</p>	<p>-</p>
<p>Rolling Stock</p>	<p>Vehicles and equipment used by OCWD staff to access sites and provide maintenance of facilities.</p>	<p>-</p>

Notes: IRWD = Irvine Ranch Water District; AFY = acre feet per year; MGD = million gallons per day; WY 21-22 = Water Year 2021-2022 (July 1 to June 30); USACE = U.S. Army Corps of Engineers.

\*Recycled (or, reclaimed) water means raw sewage (wastewater) that has been treated to meet California's Title 22 guidelines so that the water can be reused for direct beneficial (but not potable) use. Typically, this means a tertiary level of treatment.

\*\*Advanced treatment means tertiary-treated recycled water that is then purified further using methods like microfiltration, reverse osmosis, and ultraviolet (UV) light with hydrogen peroxide or chlorine. Typically produces water that meets drinking water standards, although still referred to as "recycled water" or "effluent."

(a) Refer to Table 5-3 of GMP 2015. Four basins are not owned by OCWD.

(b) Maximum storage capacity is typically not achieved because of need to reserve buffer space. (GMP 2015)

(c) Water Replenishment District of Southern California (WRD), serving southern Los Angeles County.

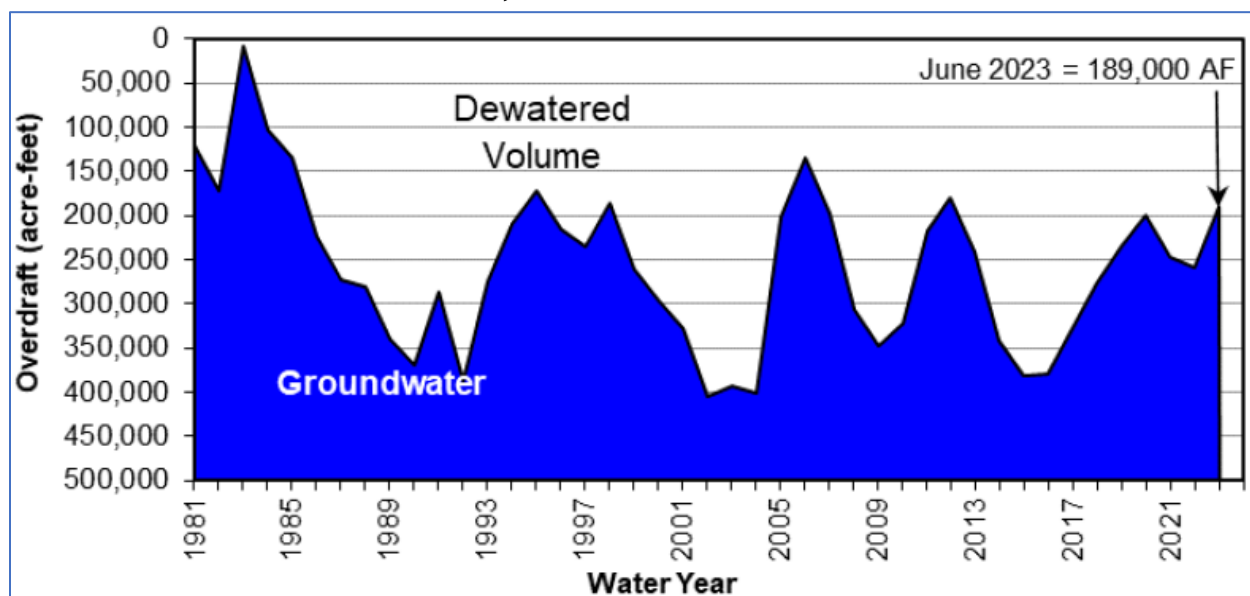
(d) Supplemental Water typically includes imported deliveries from MWD (i.e., Colorado River or State Water Project), diversions from Irvine Lake/Santiago Reservoir (i.e., Santiago Creek), non-local waters, and deliveries from water exchanges within the Santa Ana River Watershed.

(e) One of the results of OCWD v. City of Chino, et al., Case no. 117628 – County of Orange, is at least 42,000 AF of Santa Ana River baseflow shall be delivered to Orange County, and OCWD gained the rights to all storm flows reaching Prado Dam. Parties to the judgment include Western Municipal Water District, San Bernardino Valley Municipal Water District, and Inland Empire Utilities Agency.

The term, "capacity" for OCWD speaks to the ability to recharge the Basin and offset groundwater pumping. OCWD manages the Basin like a reservoir; at 100 percent full, overdraft is zero. The "reservoir" can be drawn down by no more than 500,000 AF, or when overdraft is 100 percent. In wet years, the reservoir refills and in dry years, it typically draws down. Indeed, the District is not required to keep the basin at 100 percent full but rather manages it in a constant fluctuating state of overdraft, roughly

between -150,000 AF to -200,000 AF (or, 60 to 70 percent full) that reflects how much rain fell and constraints on well production (e.g., pollutants in groundwater). OCWD uses the term, “accumulated overdraft” to represent the volume of empty basin storage that is available to fill with groundwater (BSU, p. 1), which is shown as 189,000 AF in Chart 4. The increase of water in the Basin as of June 2023 comes after two years of decline and ended up being more recharge than originally projected due to higher than expected rainy seasons.

**Chart 4 – OCWD Basin Overdraft, WY 1980-2023**



Excerpt from 2022-2023 *Engineer’s Report*, page 11. Unpublished data provided by OCWD indicates the accumulated overdraft is 133,000 AF as of June 2024.

The reasons OCWD maintains this overdraft “sweet-spot” of -150,000 AF to -200,000 AF are: 1) to reserve space for rainfall events; 2) maintain a reservoir of about 300,000 AF of supply; and 3) minimizes water loss to Los Angeles’ side of the basin (the Los Angeles side of the basin is kept in a deeper state of overdraft than the Orange County side).

Chart 5 (on page 47) graphs the recorded RA from 1989 to 2024. The RA has steadily increased from a low of \$42/AF in 1989 to \$624/AF in WY 2023-2024. Years in which the RA increased substantially include 1993 (following four years of drought), 1995, 2004, 2005, 2006, 2017 (following five years of drought), and 2024. The primary reasons for the RA increases include: (1) the amount of Santa Ana River base flows coming to OCWD have decreased from a high of over 150,000 afy in 1999 to the current amount of approximately 80,000 afy; (2) to provide funding for the Groundwater Replenishment System (GWRS); and (3) to provide funding to construct PFAS treatment systems.

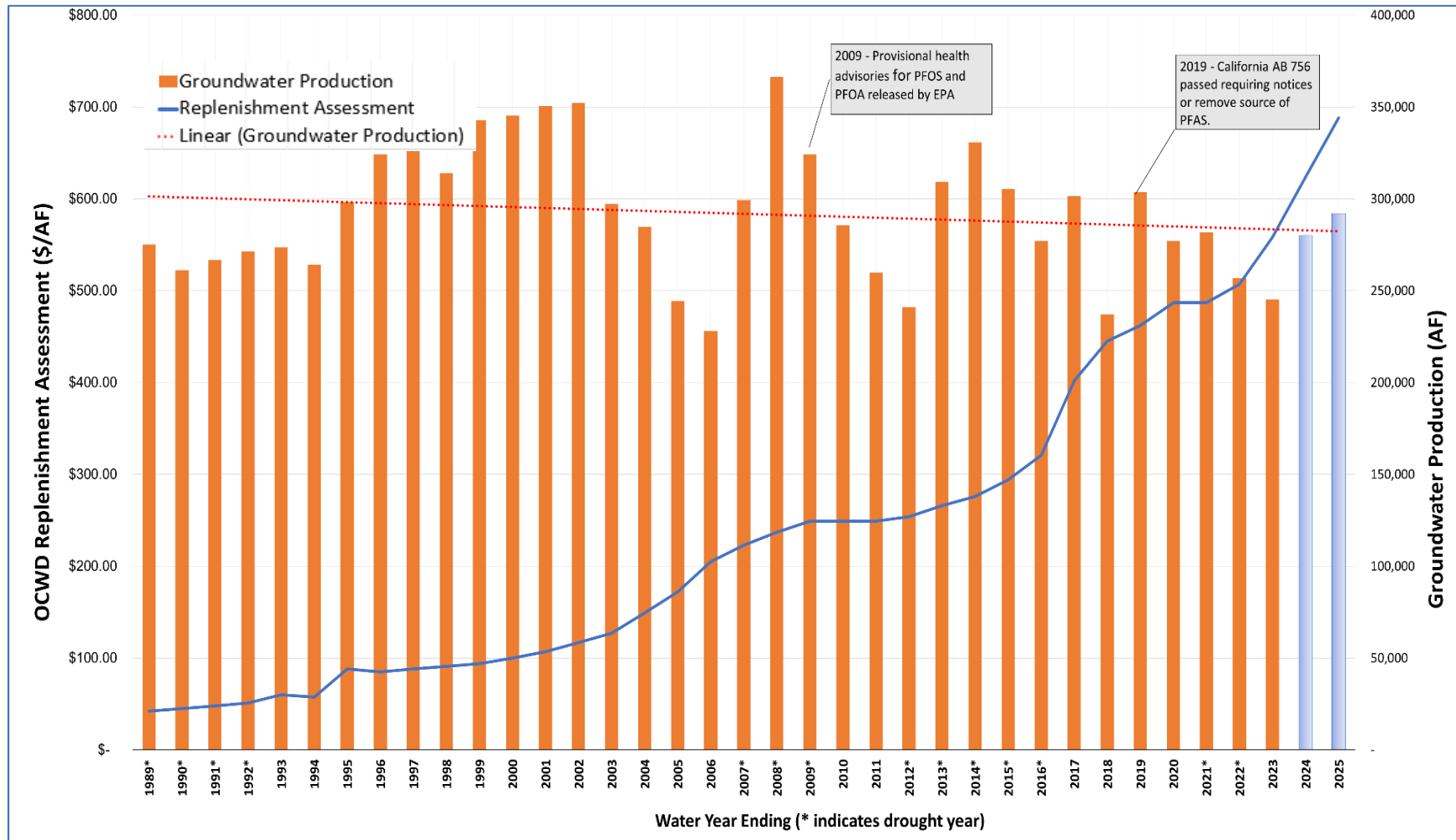
Years marked with an asterisk (\*) are drought years when groundwater pumping tends to increase because of a decrease in surface and imported water supplies. However, Chart 5 suggests drought years may not be a decisive factor in groundwater pumping trends (i.e., there is not a steady increase during multiple-dry year periods). This reflects the effect of water conservation measures and other demand management strategies.

RA fees are shown with annual volume of recorded groundwater pumping, which ranges from a low of 228,159 AF in 2006 to a high of 366,185 AF just two years later in 2008. The linear trendline shows an average decline in pumping overall during the time period. The RA is not a significant factor in decreasing groundwater pumping. For example, the RA increased 35 percent between 1994 and 1995 and groundwater pumping increased nonetheless during and following the increase through 1997.

The current primary constraint for OCWD on groundwater use is water quality, especially concentrations of PFAS compounds, which has resulted in wells being turned off until additional treatment can be added to the system. The decline in pumping after the PFAS regulations took effect in 2019 reflects this (a decrease of approximately 22 percent). Because the rate for MWD water is currently about \$1,300 per AF, the RA could be increased by OCWD significantly without jeopardizing financial stability.



**Chart 5 – Groundwater Pumping and Replenishment Assessment Since 1989**



Source: EPA 2012, AB756 2019, OCWD 2024

The OCWD Act defines the term “overdraft” differently than a traditional definition. A hydrologist might define overdraft as: “Overdraft occurs when, over a period of years, more water is pumped from a groundwater basin than is replaced from all sources- such as rainfall, irrigation water streams fed by mountain runoff, and intentional recharge” (Water Education Foundation). The OCWD Act defines overdraft in terms of natural replenishment only: “the amount, determined by the board of directors, by which the production of water from the groundwater supplies within said district during the WY [July 1 to June 30] exceeds the natural replenishment of such groundwater supplies in such WY.” In other words, the overdraft occurs when the volume pumped is greater than the volume recharged naturally through rainfall, the Santa Ana River, Santiago Creek flows, and natural infiltration of surface waters (regardless of how much is recharged from recycled water or supplemental water).

### **Are OCWD’s facilities sufficient to recharge the groundwater basin?**

WY 22-23 is the most recent data available to address this question. First, the total water supply into the basin was 313,555 AF and the amount pumped from the basin was 245,210 AF (OCWD 2024, Appendix 5). This is a difference of about +69,000 AF and represents the amount added to the Basin over the year, which reduced the overdraft to -189,000 AF. In short, more water was put into the Basin than was pulled out. This is mostly attributable to the rainfall for the year being 21.12 inches, or 158 percent of the long-term average (i.e., a “wet year”); compared to the prior year, WY 21-22, which had about half of the average rainfall, or 6.84 inches and a net decrease of 10,000 AF.

On the other hand, the BPP for WY 22-23 was increased in February 2023 from 77 percent to 85 percent by the OCWD Board of Directors. This means the groundwater producers could pump up to 85 percent of their total water demands from the Basin and only pay the RA. However, in WY 22-23, groundwater producers ended up producing just 73.3 percent of their water demands from the Basin with the decreased pumping attributable to PFAS concentrations in certain wells. Producers also did not meet the 77 percent BPP for the prior WY. Because less pumping occurred than assigned by the BPP in WY 22-23, the Basin had a net increase of 69,000 AF and ended up in the “sweet spot” between -150,000 AF and -200,000 AF (i.e., -189,000 AF) in the Basin.

As noted in Table 5, OCWD has a network of 25 recharge basins (not including seawater barriers) that have a maximum recharge ability (if all are completely empty at the same time) of 300,000 AFY (PC(2)). OCWD has water rights to the Santa Ana River flows below Prado Dam totaling 362,000 AFY and an additional 49,980 AFY was requested in 2023 based on completed projects to capture the flows. In addition, the District’s GWRS produced 101,950 AF in WY 22-23 and still operating less than its maximum capacity of

130 mgd. Based on the results of the water supplies acquired and recharge that occurred in WY 22-23, it can be reasonably concluded that the OCWD facilities have sufficient capacity to recharge the Basin.

### **Does a net decline in groundwater supply indicate inability to provide service?**

Regardless of how many recharge facilities one agency may have, if the rain does not materialize in Orange County (lower Santa Ana River Watershed), or the Inland Empire (upper Santa Ana River Watershed), Northern California, or Colorado River Watershed, then water supplies for recharge are inherently limited. For example, WY 21-22 yielded 6.84 inches or roughly half the annual average rainfall for the OCWD Service Area (12.9 inches), and the prior year had even less. However, the Basin still had a little more than 200,000 AF in storage at the end of WY 21-22.

In addition to having below-average rainfall in WY 21-22, OCWD's ability to provide its service is constrained currently due to the presence of PFAS chemicals in the Basin. Concentrations of PFAS chemicals higher than the State response levels have resulted in many wells being turned off in WY 21-22 until additional treatment can be brought online that reduces the concentration of PFAS enough to meet State response levels. Fortunately, effective removal of PFAS from water supplies can be done with tried-and-

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#### **PFAS**

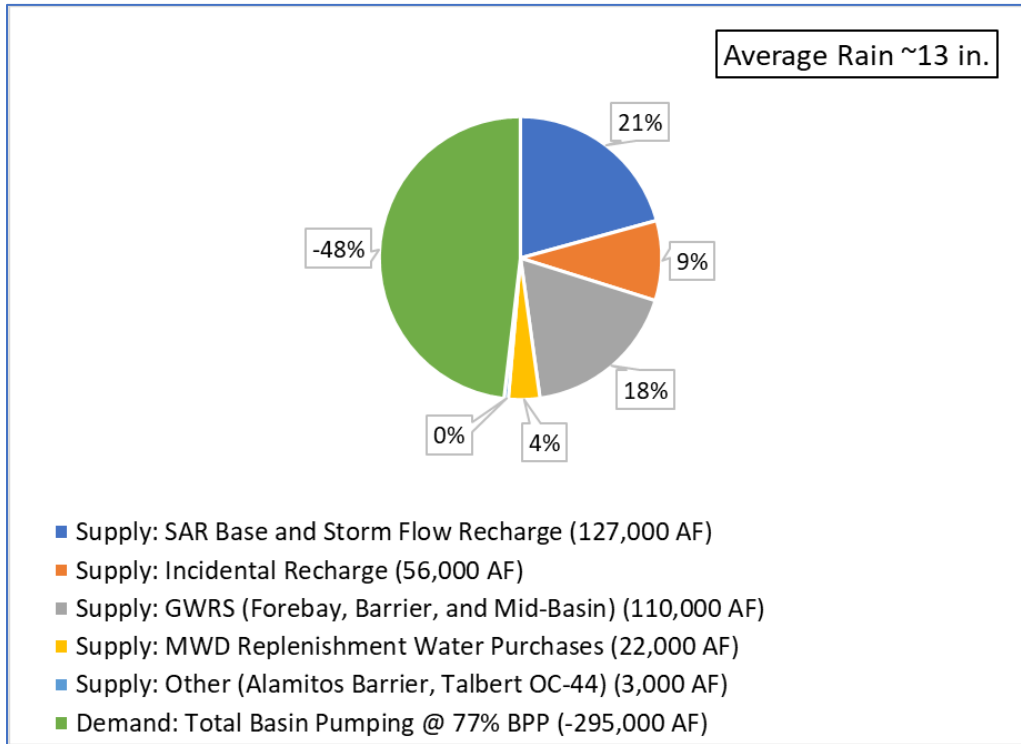
*The acronym, PFAS represents thousands of man-made chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. Scientists are still learning how to test for them and their effects on humans and the environment. PFAS are found worldwide and do not easily break down. Regulations in California are evolving as more is learned.*

*(<https://www.epa.gov/pfas/pfas-explained>)*

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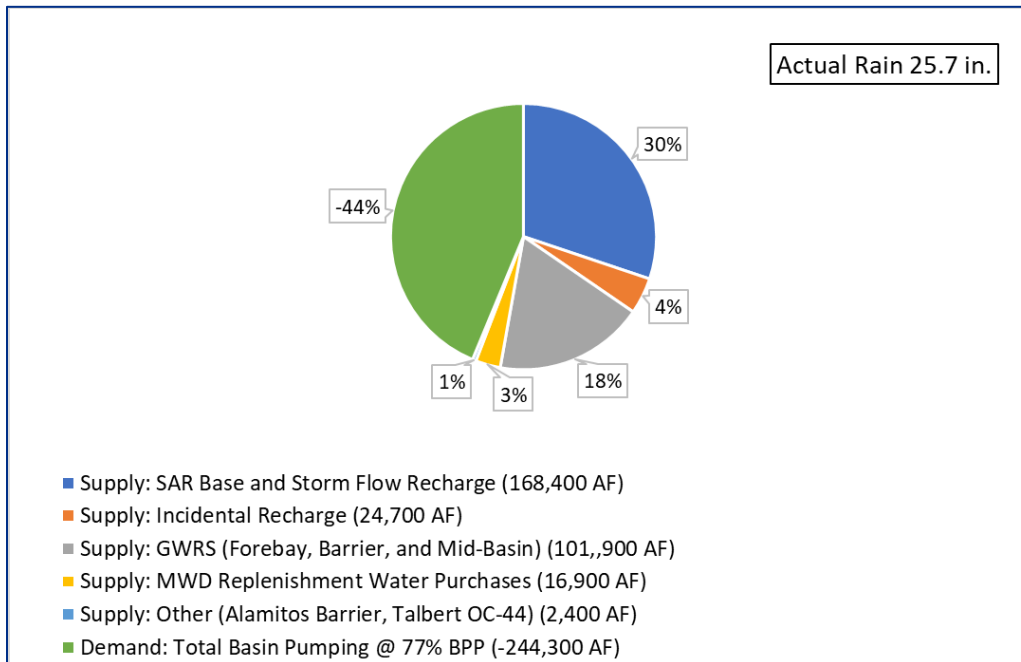
true treatment methods including carbon filters, reverse osmosis, and ion exchange. While wells are turned off waiting for treatment systems, the 19 Groundwater Producers relied on the combined effect of conservation and imported water to continue meeting customer demands. The projected and actual water supplies and water demands for WY 21-22 are shown in Charts 5 and 6, on the following page.

**Chart 6 – OCWD Projected Water Budget for WY 22-23**



Source: OCWD Board of Directors, *Basin Storage Update for WY 2022-23*, Sept. 13, 2023.

**Chart 7 – OCWD Actual Water Budget for WY 22-23**



Source: OCWD Board of Directors, *Basin Storage Update for WY 2022-23*, Sept. 13, 2023.

(1) Actual “SAR Base and Storm Flow Recharge” includes 10,374 AF of percolation from prior year’s carryover storage in recharge basins and 27,625 AF of Santiago Creek and other local inflows.

(2) The Basin Storage Update data was assembled in September 2023 and does not match exactly with the Engineer’s Report from February 2024 referenced herein (e.g., actual rainfall 21.12 in. versus 25.7 in.).

Because the Basin is operated like a reservoir, a net decline in groundwater does not indicate that OCWD is deficient in providing its public service. In fact, this approach to basin management is supported by the State even though it contrasts with the traditional condition of “overdraft.” For example, the California Water Plan Update (2013) states:

Change in groundwater storage is the difference in stored groundwater volume between two time periods...However, declining storage over a period characterized by averaged hydrologic conditions does not necessarily mean that the basin is being managed unsustainably or is subject to conditions of overdraft. Utilization of groundwater in storage during years of diminishing surface water supply, followed by active recharge of the aquifer when surface water or other alternative supplies become available, is a recognized and acceptable approach to conjunctive water management. (CWP, p. SC-77)

Furthermore, as stated in OCWD’s 2015 Groundwater Management Plan:

Because OCWD has the means to manage basin storage with a safe operating range and has operated the basin within this range for decades, overdraft in the traditional sense does not exist in the Orange County Groundwater Basin. (GMP, p. 10-4)

The September 2023 California Water Plan Update Public Review Draft supports efforts to increase available supplies from a range of sources by expanding water storage above and below ground, increasing availability of recycled water, increasing the amount of stormwater runoff captured, and increasing desalination (2023 CWP pp. 4-5, 4-6). OCWD’s water supply projects are consistent with the State’s plan for water supply sources in the future.

Taking into account the District’s demonstrated ability to refill the basin when supplies are available and to pursue projects that expand its capacity to refill the basin while implementing effective conservation and education programs, partnering on conjunctive use (storage) programs, and expanding wellhead treatment to bring impaired wells back online, OCWD’s public facilities and services are adequate and have sufficient capacity to meet the demands of existing and currently forecasted customers.

#### Infrastructure Needs or Deficiencies in any DUCs

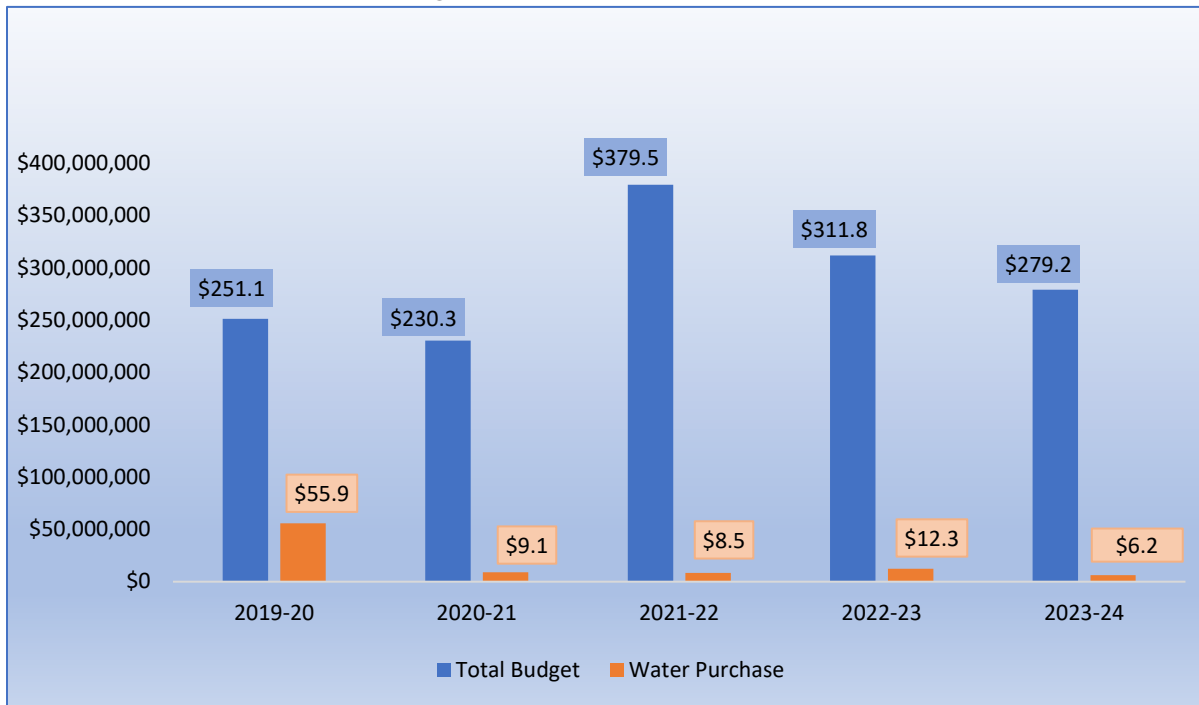
OCWD is not aware of infrastructure needs or deficiencies that exist within the aforementioned DUCs identified in Section 3.2. The retail water suppliers and mutual

water companies in those areas are responsible for operation and maintenance of the water distribution lines and laterals that bring water to individual customers and businesses. OCWD monitors the water quality of the wells and accounts for the water pumped by both large and small producers including those within the DUCs. Addressing existing or future infrastructure deficiencies to supply potable water to the identified DUCs is not the responsibility of OCWD. OCWD recharges the Basin with water for small and large producers to access regardless of where DUCs exist. OCWD is meeting the present and probable needs for potable water facilities and services of the DUCs to the extent that it is responsible for. Nonetheless, it is recommended that OCWD make available to some reasonable degree, its extensive technical resources when requested by the mutual water companies within a DUC that need help to navigate funding opportunities for system improvements.

### **3.4 Financial Ability to Provide Services**

OCWD Board of Directors adopted the District's *Fiscal Year 2023-2024 Budget* on April 19, 2023. The total budget of \$279,170,022 represents an approximate ten and one-half percent decrease over Fiscal Year 2022-2023. The approved budget reflects the required resources to proactively manage the Orange County Groundwater Basin and improve the water quality and reliability of Orange County's local water resources at the lowest possible cost to their 19 Groundwater Producers. The approved budgets for FY 2019-2020 through 2023-2024 with the amount of purchased water are shown on Chart 8.

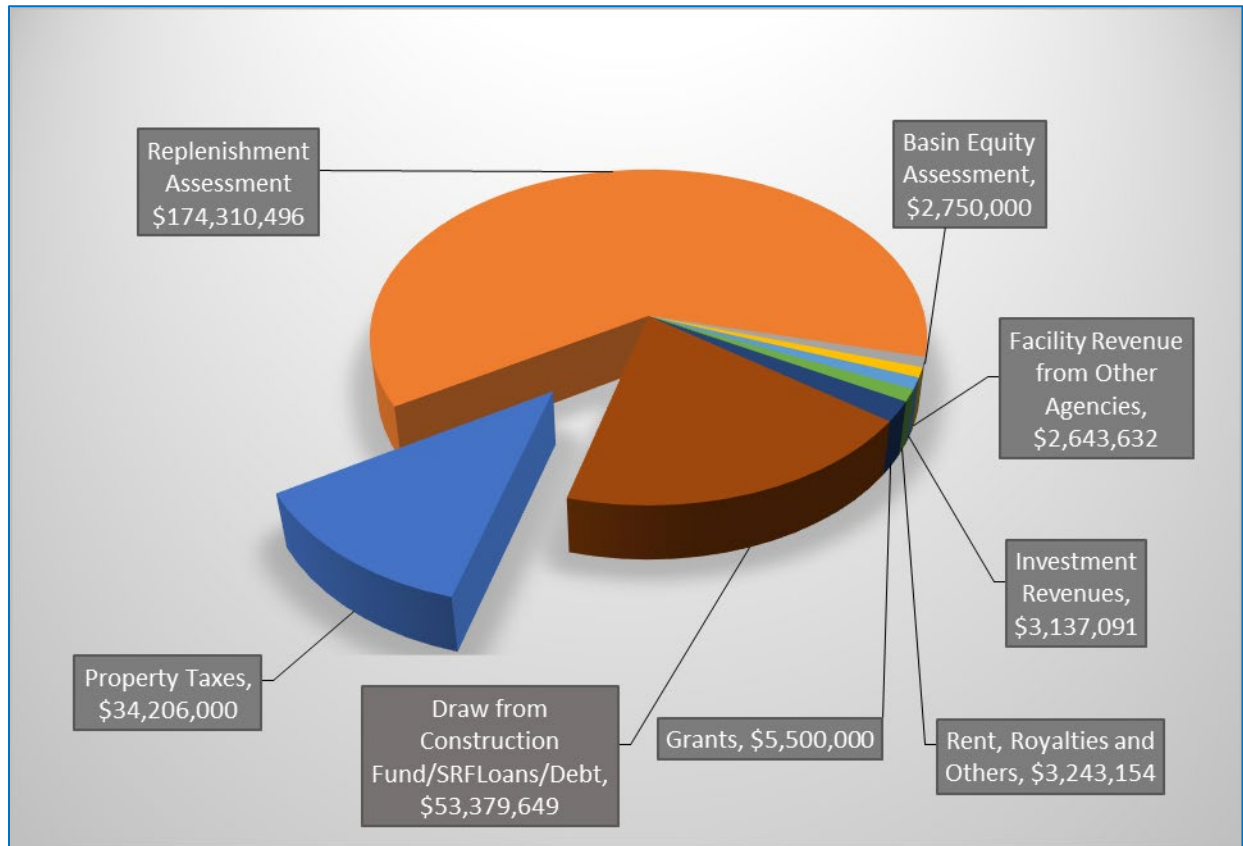
**Chart 8 – OCWD 5-year Budget Totals (\$ millions)**



As shown in Chart 8, since Fiscal Year 2019-2020, the District’s budget has been on a downward trend until Fiscal Year 2021-2022 when the budget increased approximately 65 percent. Most of the increase can be attributed to the 20 capital improvement projects budgeted for that fiscal year. Capital improvement projects are budgeted over a 5-year period and are paid through debt in the form of bond issuances, grants, loans, and RA revenue referred to as PAYGO. The downward trend in expenses resumed in Fiscal Year 2022-2023. A factor in the budget fluctuations from year to year is the cost of water that OCWD purchases to replenish its groundwater basin, which can fluctuate year to year depending on the groundwater basin levels. Recently, the need for purchasing imported water has been low due to cooler weather, above-average precipitation in Southern California, and a dramatic reduction in groundwater pumping.

Chart 9 shows that most of OCWD’s revenue sources for FY 2023-2024 are attributed to Replenishment Assessments levied on groundwater producers.

**Chart 9 – OCWD Revenue Sources FY 2023-2024**



OCWD’s revenues for Fiscal Year 2023-2024 total \$279,170,022 and include the following key categories as shown in Chart 5:

- Assessments**

Assessment revenues come from (i) Replenishment Assessments, and (ii) Basin Equity Assessments (BEA). The Replenishment Assessment is assessed on each acre-foot of water pumped from the Basin at a current rate of \$624/AF (for FY 2023-24). Based on the established Basin Production Percentage (BPP) of 85 percent equivalent to 280,262 AF pumped, the Replenishment Assessment is expected to generate \$174.3 million in FY 2023-24. Assessments also include the Basin Equity Assessment (BEA), which is the additional fee charged by OCWD on water pumped that exceeds the BPP. The BEA is calculated for each Groundwater Producer based on the treated full service MWD water rate and each Producer’s individual energy cost to pump groundwater. The BEA is assessed each September for all groundwater pumped above the BPP. Approximately \$2.75 million of BEA revenue is expected for FY 2023-2024.
- Ad Valorem Property Taxes**

An ad valorem tax is a tax based on the assessed value of an item, such as real property. The County of Orange imposes an ad valorem tax of approximately one

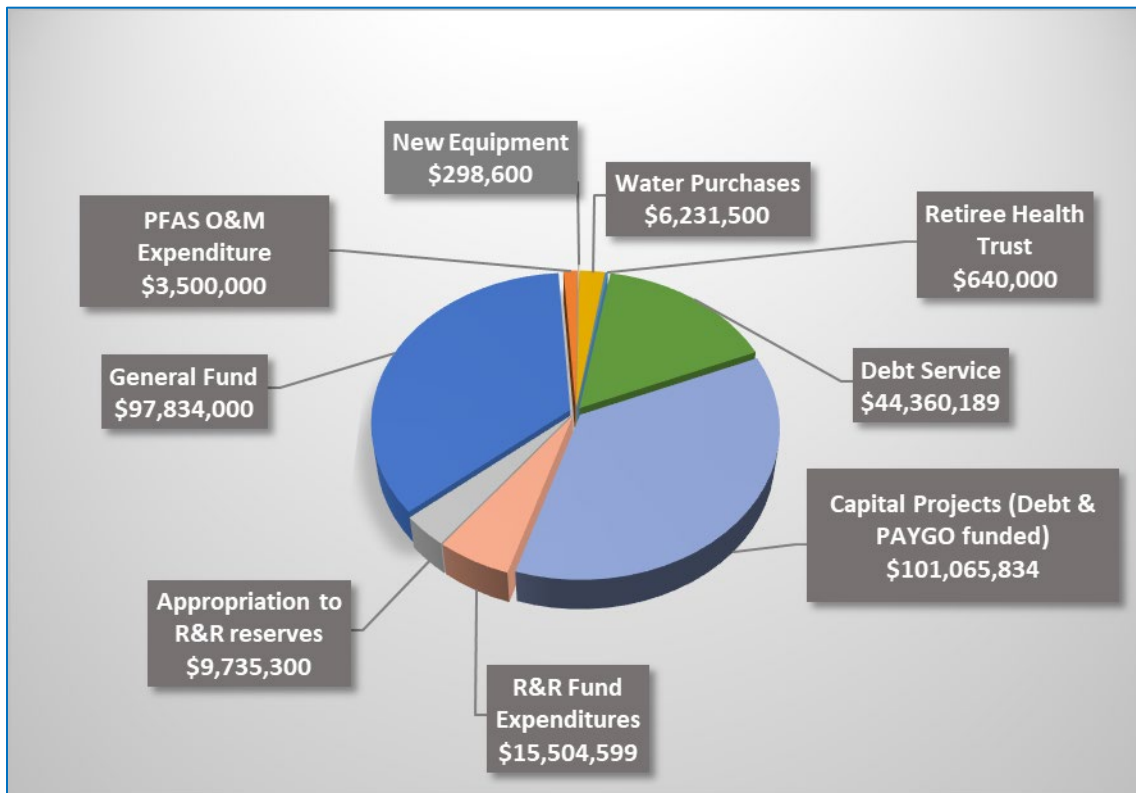


percent of the assessed value of the property within its boundaries. OCWD receives a percentage of the one percent ad valorem tax imposed on all property within its Service Area. OCWD’s share of the ad valorem tax varies by Tax Rate Area (TRA) and on average is approximately 0.0081%.<sup>12</sup>

- **Investment Revenue**  
 Revenue generated from cash reserves that have been invested into short-term securities pursuant to the District’s Investment Policy.
- **Miscellaneous Revenues**  
 Include such items as annexation fees, rents and leases, other grants, and miscellaneous items.
- **Facility Revenue from Other Agencies**  
 Revenue from other agencies, such as the water reclamation project that serves treated recycled water to irrigation and industrial users, referred to as Green Acres Project.

Chart 10 represents the OCWD budgeted expenditures for Fiscal Year 2023-2024.

**Chart 10 – OCWD Expenditures FY 2023-24**



<sup>12</sup> Source: Orange County Auditor Controller, *Annual Tax increment Factor by Tax Rate Area 2023-2024*, available at [https://ocauditor.gov/wp-content/uploads/2023/08/AT68AH71\\_Section\\_99\\_Factor\\_Report\\_by\\_TRA\\_8\\_29\\_2023.pdf](https://ocauditor.gov/wp-content/uploads/2023/08/AT68AH71_Section_99_Factor_Report_by_TRA_8_29_2023.pdf)

OCWD's expenses for Fiscal Year 2023-2024 total \$279,170,022 and include the following key categories as shown in Chart 10:

- **General Fund**  
Agency operational expenses, representing approximately 35 percent of total expenses.
- **PFAS O&M Expenditures**  
Reimbursement of 50 percent share of PFAS Treatment Operating Cost.
- **New Equipment**  
Capital equipment such as laboratory equipment, computers, and software, etc. This is the smallest of the expenditure categories.
- **Water Purchases**  
Purchases of imported water from MWD through MWDOC.
- **Retiree Health Trust**  
Funds held for agency's portion of retiree health benefits.
- **Debt Service**  
Debt Service payment expenses, representing approximately 16 percent of total expenses.
- **Capital Projects**  
Comprised of 19 projects and represents approximately 36 percent of total expenses. This is the largest of the expenditure categories.
- **Replacement and Refurbishment (R&R) Fund Expenditures**  
Replacement and refurbishment of infrastructure type assets.
- **Appropriation to Replacement and Refurbishment (R&R) Reserves**  
Replenishment of replacement and refurbishment reserves.

#### Debt Administration

According to OCWD's financial statements, the District has approximately \$870 million in outstanding debt as of July 1, 2023. The District uses this long-term debt, along with other funding mechanisms, to fund capital improvement projects. This policy was established in October 2000 and calls for the following:

- Preliminary project expenses related to direct research are to be paid by the General Fund and cannot be financed with long-term debt.
- Project expenses for items such as feasibility reports, pilot studies, engineer reports, compliance with CEQA, project design and construction may be capitalized and funded with long-term debt.
- Project expenses that are capitalized and funded with long-term debt and do not lead to the construction of a project will require an adjustment by the OCWD

Accounting Department to pay off the long-term debt incurred using cash reserves.

The District's Debt Management Policy (Policy No. FIN-02, November 1, 2016) allows for the following types of debt:

- Certificates of Participation (COP) and Revenue Refunding Bonds
- California State Revolving Fund Loans
- Commercial Paper
- Taxable Bonds

Debt Service budget amounts fluctuate from year to year based on debt service payment schedules and whether new debt has been issued or old debt has matured. The budgeted debt service amount for Fiscal Year 2023-2024 is approximately \$44.4 million. This debt will increase by \$2.2 million in Fiscal Year 2024-2025 when the first payment on the State Water Resources Control Board Clean Water State Revolving Fund Loan for the GWRS Final Expansion Project is due. Each debt series has its own debt service payment schedule and maturity date. In addition to the debt service payments, the District incurs debt administration costs, also factored in the annual budgeted debt service amounts.

#### Reserves and Fund Balances

OCWD has a District Reserve Policy in place to ensure it meets all its obligations and maintains its strong credit rating. Some reserve funds have set amounts not to exceed such as the Operating Reserve Fund (not to exceed 15 percent of the total current annual general and water reserve fund operating budget); some have minimum balances they should not fall under such as the Operating Fund (50 percent of the sum of the current annual budgeted General Fund appropriations, and current annual budgeted debt service appropriations); and some have set target levels to meet such as the Contingency Reserve Fund (not to exceed \$3 million). As the projected reserve balance drops below the target amount, then the proposed budget would increase the budgeted contribution to bring the reserves back up to target. The depleted reserves are replenished using revenue collected from the Replenishment Assessments as well as investment revenues.

According to the Annual Comprehensive Financial Reports (see Covenants and Reserve Requirements), the Designated and Operating Reserve balances during the past five fiscal years have met the requirements of the reserve policy approved by the Board.

**Table 6: OCWD 4-Year Reserve Fund Balances**

	2019-20	2020-21	2021-22	2022-23
<b>Restricted Reserves</b>	\$105,573,696	\$5,502,257	\$106,191,061	\$18,111,407
<b>Designated Reserves Funds</b>	\$194,163,423	\$184,471,581	\$198,740,266	\$205,196,230
<b>Operating Funds</b>	\$55,427,207	\$90,502,826	\$88,520,131	\$84,330,076
<b>Total</b>	<b>\$355,164,326</b>	<b>\$280,476,664</b>	<b>\$393,451,458</b>	<b>\$307,637,713</b>

OCWD’s Reserve Policy is categorized into three areas: restricted funds and reserves, designated reserves and funds, and operating funds.

***Restricted Reserve Funds:***

- **Capital Project Funds**  
 This subcategory was established for proceeds from bond issuances or any other debt financing and is used for the District’s capital projects and capital improvements. These funds are restricted to specific capital projects which are authorized and approved by the Board of Directors.
- **Debt Reserve Funds**  
 This subcategory was established for various bond issues. These funds are not available for the general needs of the District and must be maintained at specific levels and are restricted by certain bond covenants.
- **Basin Equity Assessment (BEA) Funds**  
 This subcategory was established for funds received from the levy of the District’s BEA. These funds are to be used only for the purchase of water for the purpose of groundwater replenishment and/or to reimburse producers assigned pumping limitations pursuant to the District Act.

***Designated Reserve Funds:***

- **Toxic Cleanup (Emergency Response Fund/Environmental Remediation Fund)**  
 This subcategory was established for toxic spill emergencies and cleanup. The current target level is \$4 million and is to be replenished annually after the adoption of the annual OCWD budget. Funds totaling \$3.528 million will have been collected from the lessee over a 30-year term.

- **Contingency Reserve Fund**

This subcategory was established by the District Act to provide for expenditures that have not been anticipated or provided for in the District's annual budget. The money for this fund is to be allocated from the Operating Fund and the Water Reserve Fund at the beginning of each fiscal year. The level of this fund as established by the District Act is not to exceed \$3 million.

- **Capital Fund (PAYGO)**

This subcategory was established for proceeds from Replenishment Assessment revenues earmarked towards the capital improvement program as opposed to financing all the District's capital expenditures and has no legal restrictions such as bond proceeds would.

- **State Revolving Fund Loan Debt Service Reserve Fund**

This subcategory was established as an unrestricted reserve as a condition of the low-cost State Revolving Fund loans equal to one year's debt service.

- **Water Reserve Fund**

This subcategory was established by the District Act to accumulate any excess general assessment, or unexpended funds, other than funds allocated to the operating reserve or operating contingencies by the Board of Directors. These funds can be used for the purchase of supplemental water for groundwater replenishment, acquiring, constructing, or developing any groundwater intrusion prevention projects, pipelines, wells, or other works necessary for the purposes of the district. This fund shall be designated only for purchases of supplemental water in order to have funds set aside and available. This will provide accountability and transparency to the Board and Groundwater Producers on funds collected and spent on water purchases. The maximum upper limit is set at enough funds to purchase 50 percent of water needed to have an accumulated basin overdraft of 125,000 AF.

- **Operating Reserve Fund**

This subcategory was established by the District Act and allocated from the general fund to be used to meet the cash flow needs of the District before the proceeds of taxes or Replenishment Assessment collections are available to meet emergency expenditures for operations, maintenance, and the debt service payments of the District. The level of this general operating reserve as established in the District Act shall not exceed 15 percent of the total current annual general and water reserve fund operating budget.

- **Replacement and Refurbishment Fund**

This subcategory was established for replacement or refurbishment (R&R) of existing District facilities, to be equal to thirty years of projected replacement

and refurbishment costs as defined in the District's R&R model. This differs from the budget for capital projects in that capital projects typically enhance, expand, or build/purchase a new asset.

***Operating Funds (Water Replenishment Fund):***

- **Operating Cash, Replenishment Assessment, and Annual Debt Payments**

This subcategory was established for funds collected and received from the levy of the District's Replenishment Assessment. These monies shall be sufficient to enable the District to carry out any of the projects or purposes of the District as deemed by the Board of Directors. It can also include the expenditures necessary for the maintenance, operation, and repairs of works and projects of the District as authorized by the Board of Directors. The funds can also be used for the purchase of supplemental water, and the replenishment of groundwater supplies within the District. The District shall maintain a minimum balance equal to fifty percent of the sum of the (i) current annual budgeted General Fund appropriations, plus (ii) current annual budgeted debt service appropriations.

OCWD has demonstrated that it is able to support the servicing needs of its Service Area. The revenue sources continue to meet the expenses and are able to adapt to changing needs due, in large part, to the flexible Replenishment Assessment revenues.

**3.5 Status of, and Opportunities for, Shared Facilities**

The following Table 7 is a summary of the major agreements OCWD has entered into with other agencies to share facilities and/or services. This table identifies shared opportunities that involve arrangements with OCWD and other agencies for services that otherwise would have been provided by the agency but partnering with OCWD creates benefits, efficiencies, or makes them cost-effective.

**Table 7: Description and Status of OCWD Agreements**

Partner Entity(ies)	Subject Facility(ies)	Form of Agreement	Term of Agreement	Description	Status
15 Groundwater Producers (a subset of the 19 Groundwater Producers)	Production wells	Contract	Producers will own/operate treatment system for 30 years.	Groundwater Producer-OCWD PFAS Agreement based on OCWD policy dated Nov. 22, 2019 to construct PFAS treatment systems for impacted Producers who want to participate.	In-progress and expected to expand.
Irvine Ranch Water District, Orange County Sanitation District	Green Acres Project	Contract	15 years	OC San provides treated wastewater that OCWD treats further. Includes intertie to Irvine Ranch Water District's recycled water distribution system.	Operational
Irvine Ranch Water District, Municipal Water District of Orange County, and South OC Water Agencies*	South OC Emergency Services Program	Contract	Executed Nov. 14, 2008. Up for renewal in December 2029	Used for emergencies and planned MWD operational shutdowns. IRWD would supply up to 50 cfs for up to 30 days (3,000 AF) to the 5 South OC Agencies. They would pay IRWD for the water but no compensation goes to OCWD. The amount of water being sent is very small compared to the Basin's operation.	Whether or not this is renewed, OCWD is planning for a second emergency program with City of Santa Ana and Moulton Niguel Water District.
*South OC Water Agencies include City of San Clemente, Laguna Beach County Water District, Moulton Niguel Water District, Santa Margarita Water District, and South Coast Water District.					
Los Angeles County Flood Control District, the Water Replenishment District, & City of Long Beach	Alamitos Barrier Project	Contract	No end date given	Operate joint venture of facilities necessary to prevent, control, and correct intrusion of sea water into groundwater supplies of Central Basin in LA County and the OC Basin through the Alamitos Gap Area.	As long as there is pumping of the Basin and an ocean, this will continue. WRD has ample capacity in their water treatment facility for additional supply for injection wells along the Alamitos seawater barrier.

Partner Entity(ies)	Subject Facility(ies)	Form of Agreement	Term of Agreement	Description	Status
Municipal Water District of Orange County	Agreement and Lease executed April 15, 1987	Contract	Agreement and Lease has a 50-year term from April 15, 1987 through April 15, 2037.	OCWD owns all of the land at its Fountain Valley headquarters, including the land under the OCWD and MWDOC buildings (collectively, the “Office Facilities”). OCWD owns about 66% and MWDOC owns 33% of the Shared Office Facilities. OCWD leases 50% of the land under the Office Facilities to MWDOC.	Still current. MWDOC has the option, at its sole discretion, to extend the term of the Agreement and Lease for periods of 15 years.
Orange County Sanitation District	Ground Water Replenishment System	Contract	Upon dissolution	Cost-share of Phase 1; OC San provides secondary treated wastewater at no charge and built a pump station; OCWD manages and funds the GWRS operations. Partners in public outreach and grant procurement.	Functional and successful though limited by what OC San can provide. Advanced treatment capacity expanded in 2023 from 100 to 130 mgd. Additional expansion not proposed at this time.
Santa Ana Watershed Project Authority (SAWPA)	n/a	Joint Exercise of Powers Agreement dated 1975	Upon dissolution	Create a public agency with Inland Empire Utilities Agency, and San Bernardino Valley, Eastern and Western Municipal Water Districts to undertake projects for water quality control, pollutant abatement in the SAR Watershed using funds contributed by member agencies and grants and by issuing articles of indebtedness to finance project costs.	OCWD continues to be a member agency of SAWPA.



Partner Entity(ies)	Subject Facility(ies)	Form of Agreement	Term of Agreement	Description	Status
SAWPA Partner Agencies and The Metropolitan Water District of Southern California	Santa Ana River Conservation and Conjunctive Use Program water bank (SARCCUP)	Contract	Construction deadline: July 31, 2025  Operations contract	Prop. 84 grant between SAWPA and DWR. OCWD can store up to 36,000 AF for dry years from surplus State Project Water from MWD (extraordinary supply water) and imported water (local water). Both types of water are tracked and can be used in dry years.	Started 2021. \$128 million project. \$8 million provided to 5 Producers for 5 additional wells. 2,000 AF from WY 20-21 in the bank. Partners committed to making surplus SARCCUP water available for MWDOC.
The Metropolitan Water District of Southern California, Cities of Buena Park, Garden Grove, Orange, Santa Ana, Westminster, Yorba Linda Water District, Golden State Water Co., and Municipal Water District of Orange County	MWD Long-Term Groundwater Storage Program	Contract	Ending 2028	Conjunctive use program allows MWD to store up to 66,000 AF of water in the Basin in wet periods to be pumped in dry periods, droughts, or emergencies by groundwater producers in place of receiving imported water supplies during water shortage events. MWD funded 8 wells, improvements to seawater intrusion barrier, and constructed Diemer Bypass Pipeline to redirect lower-salinity imported water from State Water Project to OCWD recharge basin and pays an annual administrative fee.	25-year agreement starting 2003 with goal of 20 billion gallons for dry years and emergencies. Goal is on-track to be met.  Cumulative water purchased since WY02-03 is 42,243.1 AF via Forebay Recharge and 57,100.8 AF via In-Lieu Delivery.
U.S. Army Corps of Engineers	Prado Dam & wetlands	Project-by project contracts	Depends on the terms of the project	Various collaborations since construction of Prado Dam in 1941 to increase the volume stored behind the dam and eventually delivered to the Basin.	Ongoing. Currently partnering on Forecast-Informed Reservoir Operations (FIRO) and sediment removal from behind the dam to maximize water conveyed to OCWD facilities with estimated increase of water captured by 7,000 AFY.

## Opportunities for Shared Facilities

The following are opportunities that were made known during preparation of this report for OCWD to share facilities:

- Announced in early January 2023, OCWD received funding from U.S. Bureau of Reclamation for two research projects to test water treatment technologies. The results are anticipated to improve not only the District's future operations and ability to safely recharge the Basin, but the results will be shared with Producers.
  - The first project, "In-Situ Gravity Driven Removal of PFAS During Groundwater Recharge to Protect Drinking Water," will evaluate the performance of an engineered adsorbent media when installed into the ground for the passive removal of PFAS in impacted surface waters that are used to recharge groundwater supplies. Awarded \$199,430 in funding, OCWD is the project lead and will collaborate with technical advisors from Colorado School of Mines and Jacobs.
  - The second project, "Improving RO [reverse osmosis] Recovery through Optimization of Flux and Pump Usage with Real-Time Sensor Connectivity, Data-driven Modeling, and Automation," is in partnership with Hazen and Sawyer who was awarded \$197,294 in funding. OCWD is supporting the research on site as a test bed location. The project aims to develop predictive algorithms with automated process controls that can optimize RO operational settings to reduce energy, maximize production, and minimize chemical costs while reducing membrane fouling and scaling. RO is the heart of the three-step GWRS advanced purification process.
- OCWD is currently studying the possibility of developing a second emergency water connection to South Orange County water agencies. This may replace or add to the existing emergency water connection via Irvine Ranch Water District. Discussions are underway with Moulton Niguel Water District and City of Santa Ana for the proposed connection. This is to prepare for the potential sunset of the existing emergency agreement via Irvine Ranch Water District in December 2029.
- OCWD is currently studying the extent of seawater intrusion in the City of Huntington Beach at "The Sunset Gap" located between Landing Hill and Bolsa Chica Mesa. OCWD Budget for FY 2023-2024 indicates a plan is being developed to address the issue including potentially building the District's third seawater intrusion barrier.
- PFAS will be a significant focus for OCWD in the immediate future because of the number of wells that lack treatment in areas where PFAS concentrations are known to exist. The District currently estimates up to 102 wells could be impacted

at a cost to OCWD of \$550 million.<sup>13</sup> Therefore, to head off the shock of significant increases in the RA for local retail water suppliers to pay for PFAS treatment (estimated at 10 percent per year for 2-3 years), OCWD is pursuing several grant opportunities to fund PFAS treatment projects on behalf of its Groundwater Producers. OCWD has also budgeted to pay for 50 percent of all treatment system operation and maintenance (O&M) costs. Awarded grant applications are:

- Orange County Regional PFAS Groundwater Treatment Program: Cities of Garden Grove and Santa Ana Projects; Proposition 1 Grant amount awarded is \$4,200,000.
- OCWD has received a \$5,000,000 federal earmark for PFAS.
- Grant applications for the State Water Resources Control Board Drinking Water State Revolving Fund (DWSRF), “State FY 2023-2024 DWSRF Comprehensive List” for treating PFAS are listed below. The following projects have been included in the FY 2024-2025 Intended Use Plan Emerging Contaminants Fundable List:<sup>14</sup>
  - City of Tustin PFAS Water Treatment Plant Project (\$5 Million grant)
  - City of Orange Wells 20, 21 and 22 PFAS Treatment Systems Project (\$4 Million grant)
  - City of Fullerton Main Plant PFAS Water Treatment Plant Project (\$5 Million grant)
  - East Orange County Water District PFAS Water Treatment Plant Project (\$5 Million grant)
  - Irvine Ranch Water District Well OPA-1 PFAS Treatment System Project (\$3.15 Million grant)
  - City of Anaheim PFAS Water Treatment Systems Project (\$5 Million loan)
  - City of Santa Ana Wells 27 and 28 PFAS Water Treatment Systems Project (\$4 Million grant)
  - City of Garden Grove Wells 22 and 25 PFAS Water Treatment Systems Project (\$6 Million grant)

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<sup>13</sup> U.S. EPA announced on April 10, 2024 the final National Primary Drinking Water Regulation for six PFAS with an enforceable level of 4.0 parts per trillion (ppt) for PFOA and PFOS. The final rule requires: (1) Public water systems must monitor for the 6 PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027; (2) Public water systems have five years (by 2029) to implement solutions that reduce these PFAS if monitoring shows that drinking water levels exceed these MCLs; and (3) Beginning in five years (2029), public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation. (<https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas>)

<sup>14</sup> Source: Section XII.

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/2024/2024-25-supp-iup-ec.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2024/2024-25-supp-iup-ec.pdf)

- City of Huntington Beach PFAS Water Treatment Systems Project (\$6 Million grant)
- City of Westminster PFAS Water Treatment Systems Project (\$5.5 Million grant)
- Golden State Water Company Wells SCK5 and SBCH PFAS Water Treatment Systems Project (\$5 Million grant)
- The “PFAS O&M Expenditure” is budgeted at \$3.5 million. This is consistent with the District’s plan to install well head treatment systems incrementally over a multi-year (2.5 years) period, grant awards are often received long after (0.5-1 year) they are applied for, and other funding methods are available including low-interest loans and reserves:
- OCWD and MWDOC continue to share the same office property at 18700 Ward Street in Fountain Valley and, in turn, both benefit from sharing maintenance and overhead costs. The arrangement is spelled out in the Agreement and Lease document, which says the District owns all the land at its Fountain Valley headquarters, including the land under the OCWD and MWDOC buildings (collectively, the “Shared Office Facilities”). OCWD and MWDOC jointly own the Shared Office Facilities: OCWD owns about 66 percent and MWDOC owns about 33 percent. OCWD leases 50 percent of the land under the Office Facilities to MWDOC (PC(3)). Furthermore, as part of OCWD’s application to OC LAFCO to prepare this MSR and SOI update, Chapter 5 of this report includes findings of a feasibility study for consolidation between the two agencies.

### **3.6 Accountability for Community Service Needs**

The OCWD Board of Directors represents the interests of 2.5 million residents and the Groundwater Producers within the limits of the District Act.

#### Governmental Structure

OCWD is divided into 10 Divisions as specified in the District Act. Divisions 1 through 7 hold elections for their Board representative. The method of electing directors was modified by the 1967 amendments to the OCWD Act, which put the vote in compliance with the general election voting laws (California Codes). After this, directors in Divisions 1 through 7 were elected in the geographic regions on the basis of one vote per registered voter. The boundaries of the 10 Divisions are shown on Figure 3. Division boundaries can be adjusted by resolution pursuant to Chapter 8 (commencing with Section 22000 of Division 21 of the California Elections Code).

When the Cities of Anaheim, Fullerton, and Santa Ana were extended membership into OCWD, the cities were considered as individual units, and the boundary of their Divisions was based on the city boundary. These three cities make up Divisions 8, 9 and 10. Each city's governing board (city council) is permitted to name a director that will serve the same term as the elected directors. Therefore, no direct vote of the residents is required within these cities. (OCWD 2014, p. 26)

Appointed members of the Board from Divisions 8, 9, and 10 serve a four-year term and may be removed at any time and without cause by the majority vote of the appointing governing body (OCWD Act, Section 12(b)). Elected members of the board in Divisions 1 through 7 also serve four-year terms and may be re-elected without limits. (OCWD Basin 8-1 Alternative, p. 2-3)

The Board of Directors meets twice a month, normally on the first and third Wednesdays of the month. Board committees also meet on a monthly basis. These committees include the Water Issues, Communication/Legislation, Administration/Finance, Property Management and Retirement. (OCWD Basin 8-1 Alternative, pp. 2-3, 2-4)

OCWD's governing structure is designed to give fair representation of the groundwater producers from within the ten Divisions. The 10 Divisions are comprised of the following areas (OCWD Basin 8-1 Alternative, pp. 2-4, 2-5):

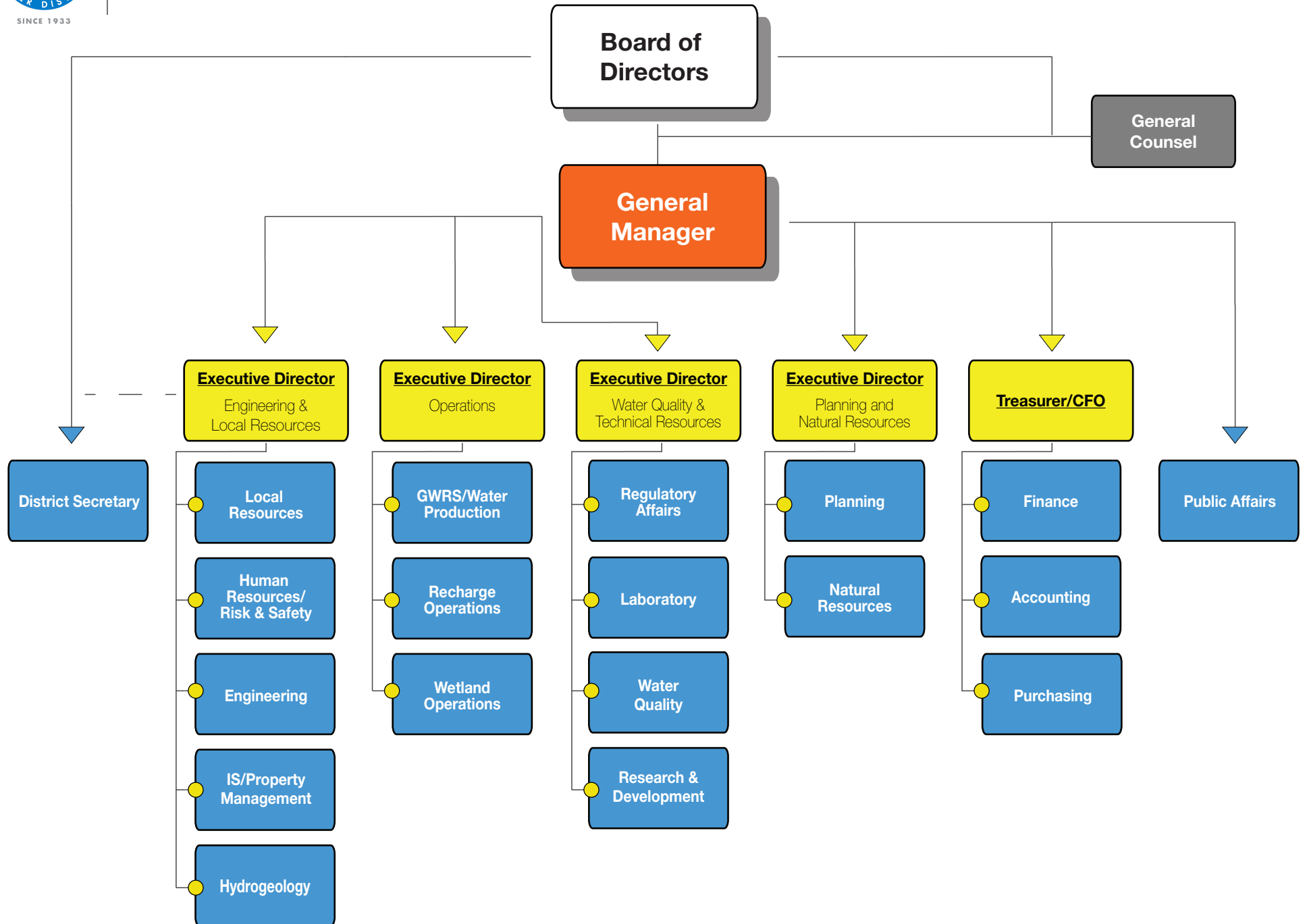
- Division One: Garden Grove, Stanton, Westminster
- Division Two: Orange, Villa Park, and parts of Tustin
- Division Three: Buena Park, La Palma, Placentia, Yorba Linda, and parts of Cypress
- Division Four: Los Alamitos, Seal Beach, and parts of Buena Park, Cypress, Garden Grove, Huntington Beach, Stanton, and Westminster
- Division Five: Parts of Irvine and Newport Beach
- Division Six: Parts of Fountain Valley and Huntington Beach
- Division Seven: Costa Mesa and parts of Fountain Valley, Irvine, Newport Beach, and Tustin
- Division Eight: Santa Ana
- Division Nine: Anaheim
- Division Ten: Fullerton

The 19 Groundwater Producers meet on a monthly basis with OCWD staff.

The OCWD organizational chart for 2023 is shown on the following page.



# Organizational Structure



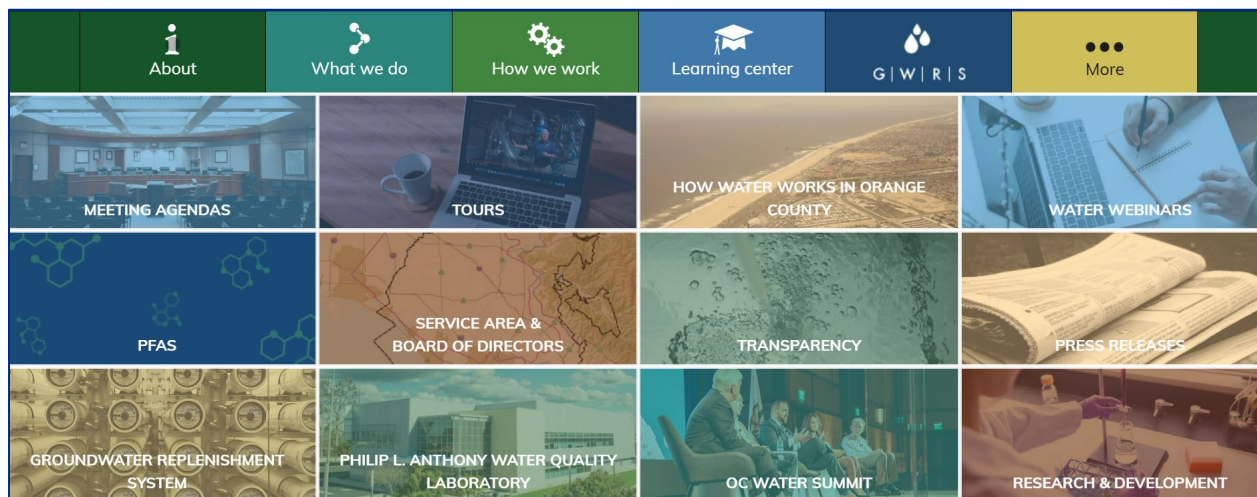
OCWD uses the expertise of many consultants to support its staff, including outside legal counsel, civil engineering consultants to design and oversee construction, landscape maintenance, employee development, safety programs, and more so that OCWD maintains full-time staffing of core employees. As of July 1, 2023, OCWD maintains 226.5 full-time positions in the departments shown on the organization chart on the prior page.

OCWD staff attend many meetings to gather information and further the interests of the District, including, the Association of California Water Agencies (ACWA), the California Special Districts Association (CSDA), the Independent Special Districts of Orange County (ISDOC), The Metropolitan Water District of Southern California (MWD), the Orange County Water Association (OCWA), the Orange County Business Council (OCBC), the Regional Water Quality Control Board (RWQCB), the Santa Ana Watershed Project Authority (SAWPA), and the Water Advisory Committee of Orange County (WACO).

OCWD staff and lobbyists meet with county, state, and federal representatives to petition for funding opportunities; specifically, they meet with newly elected legislators every two years after the November election cycle.

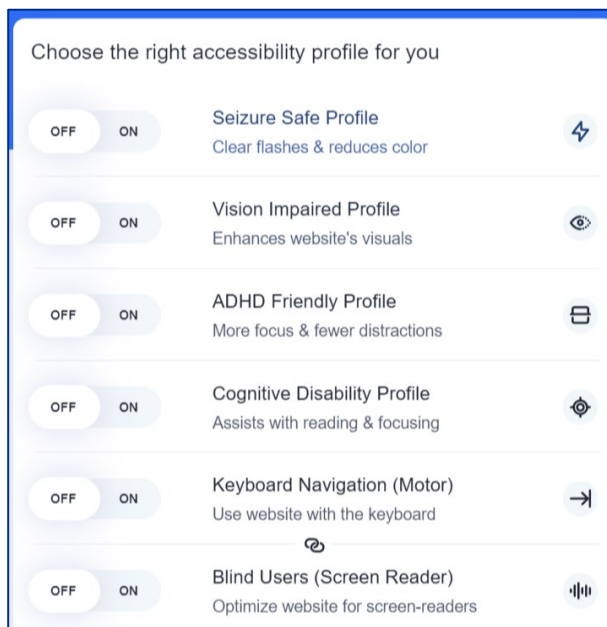
### Accessibility, Accountability, and Transparency

The District's website ([www.ocwd.com](http://www.ocwd.com)) offers a wide range of information on the District, as well as links to the retail water suppliers within its boundary for the public (see screenshot of Home Page, below).



Snapshot of [www.OCWD.com](http://www.OCWD.com) website home page (dated November 7, 2023).

The OCWD Transparency webpage that is accessed through the Home Page shown above, provides access to financial documents (i.e., Annual Budget Reports, Annual Comprehensive Financial Reports, Audits, Annual Rate Assessment, Basin Pumping Percentage, and Statement of Revenues and Expenses), compensation and human resources (i.e., Board stipends and compensation, General Manager’s compensation, Salary Structure, CA state Controller’s Reports, How to Apply for a Job, Memorandum of Understanding between the District and OCWD Employees Association, and Personnel Manual), water quality and other reports (i.e., GWRS Annual Reports, Environmental Impact Reports and other public notices, local retail agencies’ water quality reports, engineer’s and groundwater recharge reports, groundwater level contour maps, and studies/publications), ethics (i.e. Conflict of Interest code, Board members and divisions, Board reporting forms), policies and procedures (i.e., Media Policy Rules of Order, Social Media Code of conduct, ticket distribution policy and Board of Directors policies and procedures), and instructions on how to make a public records request. The website also includes agendas, minutes, list of Board committees, the public comment policy, Brown Act, District Act, and a sign-up for public meeting email notices for Board of Directors meetings. As stated on the website, “Agendas for [Board of Directors] meetings are posted a minimum of 72 hours in advance of the meeting. OCWD welcomes productive dialogue with its governing board, utility partners, community



leaders, and the public. Visitor participation is included at all agendized meetings. During this time, members of the public may offer public comment for up to three minutes.” Furthermore, the OCWD website allows for Accessibility Adjustments, such as those shown in the snapshot to the left, as well as Content Adjustments, Color Adjustments, and Orientation Adjustments. The District also uses YouTube and social media outlets like LinkedIn, Facebook, Instagram, and Twitter. The OCWD Board Secretary’s Office ensures compliance with all state laws regarding access to public meetings, public documents, financial disclosure laws, and the Brown Act.<sup>15</sup>

<sup>15</sup> The Ralph M. Brown Act was enacted in 1953 (“Open Meeting Law”) to guarantee the public’s right to attend and participate in meetings of local legislative bodies (Gov. Code Section 54950).



California Elections Code 22000-22002 requires OCWD to adjust the boundaries of Board Divisions 1 through 7 based on the 2020 census data in order to, as far as practicable, equalize the populations in each of these Divisions. Factors such as topography, geography, cohesiveness, and communities of interest in the District may be considered. Boundary adjustments to all Divisions 1 through 7 were recommended by staff and approved by the OCWD Board of Directors in Resolution No. 22-4-31 (April 6, 2022) following three public hearings (Staff Report, March 16, 2022).

### **3.7 Other Matters Related to Efficient Service Delivery**

In its application to OC LAFCO for an MSR and SOI Update, OCWD requested a feasibility study of a consolidation with MWDOC. The purpose of the feasibility study is to analyze certain aspects of the two agencies using multiple factors to find whether efficiencies in the provision of services could exist upon combining the two wholesale water agencies. Therefore, this MSR includes said analysis with findings; no conclusions or recommendations are provided.

## MSR STATEMENT OF DETERMINATIONS

The municipal services provided by OCWD were first comprehensively reviewed by OC LAFCO in 2006. The MSR determinations for OCWD were reviewed and reconfirmed in 2008 and 2013. This section includes the Statement of Determinations for the 2024 comprehensive review of municipal services provided by OCWD. The seven statutory determinations are examined in more detail in Chapter 3 of this report.

### RECOMMENDATION:

Staff recommends the Commission adopt the MSR Statement of Determinations for the Orange County Water District as shown on *Exhibit 1* (next page).

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*Exhibit 1*  
Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

**MSR DETERMINATION 1: Growth and Population Projections for the Affected Area**

The Orange County Water District (OCWD) sphere of influence (SOI) encompasses 569 square miles including 52 square miles of ocean, 125 square miles of unincorporated Orange County, and includes 27 cities in the northern and central portions of Orange County. Within its Service Area of 430 square miles, OCWD manages the Orange County Groundwater Basin (Basin) and acts as a wholesale groundwater supplier to the retail water suppliers of northern and central Orange County. The Basin provides approximately 85 percent of the drinking water supply to the people within its Service Area.

OCWD has no land use authority and therefore relies on the information provided by the county and cities within its Service Area to estimate future changes in population and land use in order to forecast water demands on the Basin. The District also uses demographic data including projections of population, housing, and employment produced by the Center for Demographic Research (CDR) at California State University, Fullerton. According to CDR, the population of the OCWD Service Area is 2.44 million people as of 2020, which is projected to increase to a peak of 2.55 million people by 2045. (CDR's projection is based on the OCWD Service Area and not the entire sphere of influence of OCWD.) Based on the current and projected increase of approximately 4.5 percent over 25 years, there will be a continuing need for groundwater supplies and OCWD's management of the Basin.

OCWD prepares forecasts of water demands in its annual *Engineer's Report* and periodically in the *Groundwater Management Plan* based on recorded water use patterns and expected constraints on groundwater quality. The retail water suppliers within the Service Area ("19 Groundwater Producers") also prepare forecasts of water demands within their respective service areas and communicate their expected groundwater pumping to OCWD. The present and future needs provided by OCWD are addressed in the annual *Comprehensive Annual Financial Report (CAFR)*, *Annual Budget Report*, and annual *Capital Improvement Program (CIP)*. The CIP is a multiyear plan of improvements to the District's infrastructure taking into account District priorities, policies, and budget.

*Exhibit 1*

Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

Based on review of the data, water demands within OCWD Service Area are expected to be met over the planning horizon of this MSR analysis including the future increase in population, given the following factors: (1) the District's collaboration with CDR to proactively monitor demographic changes in the Service Area and in particular, population growth; (2) District projections accounting for future growth in each Groundwater Producer's service areas; and (3) the District's demonstrated ability to meet greater water demands in the past as compared to current water demands.

**MSR DETERMINATION 2: The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Affected Sphere of Influence**

The Center for Demographic Research at California State University, Fullerton (CDR) provided information on census block boundaries and the current statewide median household income threshold, from which 11 Disadvantaged Unincorporated Communities (DUCs) within the OCWD sphere of influence (SOI) were identified. Specifically, the DUCs are located within OCWD Division 1 and the SOIs of the Cities of Anaheim, Stanton, and Westminster. The DUCs receive water service from the Cities of Anaheim and Westminster and Golden State Water Company, as well as several private mutual water companies (Hynes Estates Mutual Water Company, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company). The Cities of Anaheim and Westminster as well as Golden State Water Company are three of the 19 Groundwater Producer Agencies of OCWD. The DUCs total 0.85 square mile (541 acres) and are part of larger urban communities with land uses dominated by residential, commercial, industrial, and recreational uses.

**MSR DETERMINATION 3: Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the affected Sphere of Influence.**

OCWD was created by a special act of the state legislature in 1933 (the OCWD Act) to manage the Orange County Groundwater Basin (Basin) for the Groundwater Producers. Therefore, in order to balance the effects of groundwater pumping, OCWD

*Exhibit 1*

Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

has facilities to maximize recharge of the Basin using local surface water, stormwater runoff, reclaimed wastewater, and imported water supplies. OCWD does not directly serve water to retail customers, such as homes and businesses; therefore, OCWD's facility capacity and sufficient infrastructure relates to water reclamation and recharge facilities for OCWD to fulfill its mandate in the OCWD Act to sustainably manage the Basin.

Managing 85 percent of the water supply for the 2.44 million residents of northern and central Orange County, OCWD performs deliberate planning efforts for maintaining its infrastructure through its Replacement and Refurbishment (R&R) Model. The R&R Model is user-driven and proprietary; it tracks the useful life spans of all the District's infrastructure to prioritize facilities that need repair or replacement. The R&R Model forecasts into the future how much budget will be required for repairs and the annual contribution to the R&R fund increases each year to reflect the increasing costs of maintenance. According to the R&R Model, sufficient funds will be available for maintenance of infrastructure for the next 25 years.

During WY 2022-2023, the Basin showed a net increase of 69,000 acre-feet (AF) attributable to OCWD's network of 25 recharge basins capturing higher-than-average rainfall, and less than expected pumping rates attributable to the presence of PFAS. In regard to capacity, OCWD has several water rights and entitlements to water supplies. OCWD is pursuing an expansion of its water rights to the Santa Ana River flows based on additional capture and storage projects that it recently completed. OCWD also has an entitlement to purchase an amount of imported water up to that which it can recharge, which is a maximum of 300,000 AF (if all of the recharge basins are empty). OCWD has an entitlement to recycled water produced from its Groundwater Replenishment System (GWRS) up to 130 million gallons per day, dependent on the flows received from Orange County Sanitation District (OC San). Based on the results of the water supplies acquired and recharge that occurred in WY 22-23, it can be reasonably determined that the OCWD facilities have sufficient capacity to recharge the Basin.

A total of 11 DUCs have been identified within OCWD. All of the DUCs are located in OCWD Division 1, within the SOIs of the Cities of Anaheim, Stanton, and Westminster. Retail water service is provided to the DUCs by the Cities of Anaheim and Stanton and Golden State Water Company, as well as four mutual water companies (Hynes Estates

*Exhibit 1*

Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

Mutual Water Company, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company). Although the DUCs are located within the Service Area of OCWD, it is the responsibility of the public and private water suppliers to provide adequate water service to the individual customers, including areas identified as DUCs. The retail water suppliers are also responsible for addressing deficiencies in their production, treatment, and distribution systems, including seeking assistance from the State or neighboring agencies. The purpose of this study is not to assess the retail water systems' ability to provide water to their customers. Notably, nothing in the OCWD Act appears to limit OCWD's ability to assist public or private water suppliers within its jurisdiction, including those in disadvantaged communities. The wells owned by the mutual water companies that serve the DUCs are monitored as part of OCWD's Monitoring Program. The California Department of Public Health regulates the water quality of private mutual water companies. The monitoring, record-keeping, and water testing efforts OCWD is providing to these small producers are services that benefit their customers' ability to have water and, in turn, is part of the Basin management OCWD must perform to meet its charge. Because OCWD monitors the water quality of the wells and accounts for the water pumped by both large and small producers including those within the DUCs when making its water demand and water supply projections, and OCWD recharges the Basin with water for small and large producers to access regardless of where DUCs exist, OCWD is meeting the present and probable needs for potable water facilities and services of the DUCs to the extent that it is responsible for. Nonetheless, it is recommended that OCWD make available to some reasonable degree its extensive technical resources when requested by the mutual water companies within a DUC that need help to navigate funding opportunities for system improvements.

The Basin is estimated to hold, when full, roughly 66 million AF of water; however, OCWD limits overdrafting the basin to 500,000 AF. When more than 500,000 AF is removed for longer than a temporary, emergency scenario, adverse effects can occur including seawater intrusion, land subsidence, increased pumping costs, and upwelling of amber colored water. As such, OCWD manages the Basin to keep it at 150,000 to 200,000 AF less than full, which is a little less than one-half of maximum draw down amount of 500,000 AF. Groundwater in the equivalent elevation range keeps seawater from intruding anymore inland than existing, minimizes risk for subsidence, pumps can continue to pump, and amber-colored water stays in the Deep Aquifer.

*Exhibit 1*  
Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

All pumpers are charged a flat Replenishment Assessment (RA) fee per AF produced. The OCWD Board of Directors issues a Basin Production Percentage (BPP) to pumpers each year that gives them an idea of how much of their total water demands can be met by groundwater. The BPP is currently 85 percent (increased from 77 percent in February 2023). Pumpers who exceed the BPP pay an additional fee called the Basin Equity Assessment (BEA). The combination of the RA, BPP, and BEA are the financial tools OCWD uses to manage the amount pumped from the Basin. However, in recent years a larger influence on pumping rates has been the presence of PFAS chemicals in the groundwater. Pumpers have turned off their wells until treatment systems are installed and, in the meantime, meet customer demands with imported water purchased from the local imported water wholesaler, Municipal Water District of Orange County (MWDOC).

The primary constraint on OCWD's management of the Basin currently and in the future is water quality; specifically, adding treatment systems for PFAS chemicals on Groundwater Producer's wells that need them. The RA has been increased approximately 10 percent each year for the last 3 years to fund the wellhead treatment systems. OCWD has also applied for many grant opportunities to defray the cost to the District and its 19 Groundwater Producers. Another water quality constraint is seawater intrusion; OCWD is planning for a third seawater intrusion barrier. A third constraint for the District is the inability at this time is to capture all of the anticipated storm flows from the Santa Ana River. OCWD applied for a water rights permit for up to 505,000 AFY from the State Water Resources Control Board that would capture the majority of storm flows. The District was granted 362,000 AFY based on the existing facilities and is pursuing additional rights in order to reach 505,000 AFY.

Based on the information provided for this study, it is determined that the present and planned capacity of OCWD's facilities are sufficient; the public services it provides are adequate; and the aforementioned water quality constraints that exist are being addressed cooperatively with retail water suppliers within a reasonable response time to meet anticipated regulations so that OCWD can continue managing the Basin.

*Exhibit 1*  
Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

**MSR DETERMINATION 4: Financial ability of agency to provide services.**

The OCWD Fiscal Year 2023-2024 Budget was adopted by the Board of Directors on April 19, 2023, with a total budget of \$279.2 million, which represents a decrease of 10.5 percent from the previous year. OCWD's audited budget reports demonstrate that the District is able to maintain a balanced budget, fully funded reserves, and fund capital improvement projects. The District is able to meet all its budgeted expenses and obligations and maintain an AAA credit rating with Fitch and Standard and Poors. Replenishment Assessments represent over 62% of total revenues in Fiscal Year 2023-2024 and can and do increase annually when necessary to help ensure revenues meet expense requirements. This flexibility along with its other revenue sources, budgeted reserves and great credit ratings put OCWD in a stable financial position to continue providing services to its customers.

**MSR DETERMINATION 5: Status of, and opportunities for, shared facilities.**

OCWD partners with many entities on projects that benefit and further the goals of the OCWD Act. This includes, but is not limited to, OC San, the 19 Groundwater Producers (13 Cities of Anaheim, Buena Park, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, La Palma, Newport Beach, Orange, Santa Ana Seal Beach, Tustin, and Westminster, and 6 water agencies, East Orange County Water District, Golden State Water Company, Irvine Ranch Water District, Mesa Water District, Serrano Water District, and Yorba Linda Water District), MWDOC, County of Los Angeles, Water Replenishment District of Southern California, The Metropolitan Water District of Southern California, the members of the Santa Ana Watershed Project Authority, and U.S. Army Corps of Engineers. OCWD is also the largest buyer of imported water supplies from the local imported water wholesaler agency, MWDOC. The status of shared projects and facilities is well-documented to support the services provided by OCWD.

Partnership opportunities are expected for the future, which may include but are not limited to, a second emergency connection to the South Orange County water agencies, addressing seawater intrusion at the "Sunset Gap" and/or "Bolsa Gap," securing funding for the 19 Groundwater Producers to construct water treatment systems to address PFAS contamination in wells, and paying one-half of all PFAS



*Exhibit 1*

Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

treatment system operation and maintenance (O&M) costs. The opportunities for shared facilities continue to evolve at a sufficient pace for the purpose of supporting the services provided by OCWD.

**MSR DETERMINATION 6: Accountability for community service needs, including governmental structure and operational efficiencies.**

OCWD is an independent special district that serves 19 large Groundwater Producers, many small producers, and roughly 2.44 million northern and central Orange County residents, which are represented by the 10-member Board of Directors.

OCWD is accountable to the service needs of its community through Board-approved policies that support the efficient and transparent operations of the agency. The Board of Directors conducts public meetings twice a month and the Board Secretary ensures compliance with the Brown Act. OCWD staff maintain a robust website that contains a wide range of up-to-date information about the District's meetings, programs, and services, as well as social media, speaking engagements, and school-aged educational programs.

As of October 2023, members of the Board of Directors are paid \$330.75 per meeting attended, up to 10 meetings per month. Board members are eligible for medical, dental, vision, and life insurance benefits, and participating in 401(a) and 457 plans.

The District has received many awards for its efforts in providing useful information, as well as promoting transparency and prudent fiscal practices; for example in 2020, the Government Finance Officers Association awarded a Certificate of Achievement in Excellence for OCWD's Comprehensive Annual Finance Report and One Planet awarded three gold medals for PR Campaign of the Year, Publicity Campaign of the Year, and Marketing Campaign of the Year. In addition, awards were received for the District's virtual outreach efforts during the COVID-19 pandemic and an Outreach Recognition Award from the Association of California Water Agencies. OCWD demonstrates sufficient accountability to community service needs including its governmental structure and operations that do not hinder the services provided to its Service Area.

*Exhibit 1*

Orange County Water District  
Municipal Service Review (MSR)  
STATEMENT OF DETERMINATIONS

**MSR DETERMINATION 7: Any other matter related to effective or efficient service delivery, as required by commission policy.**

As part of its MSR and SOI update application to OC LAFCO, OCWD requested a feasibility study of consolidation with MWDOC to be included with the MSR. The findings of this analysis are provided in Chapter 5 of the MSR report.

## CHAPTER FOUR | OCWD SPHERE OF INFLUENCE REVIEW

### 4.0 Sphere of Influence History

Gov. Code Section 56076 defines Sphere of Influence as, “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.” The Sphere of Influence (SOI) for OCWD was originally adopted on November 23, 1977; it was last modified in 2008 as part of the first cycle of MSRs, and last reviewed by OC LAFCO on February 13, 2013 as part of the third cycle of MSRs.

The current SOI for OCWD totals 569 square miles, which includes 52 square miles of ocean. Approximately 139 square miles of the SOI (on land) is outside of the District’s current Service Area, as shown on Figure 2. OCWD does not have facilities nor provide services beyond its current Service Area of 430 square miles. OCWD has indicated to OC LAFCO that it does not request any changes to the SOI at this time, although it should be acknowledged that OCWD has filed an application with OC LAFCO to conduct an MSR that reviews the feasibility of the consolidation of the District and MWDOC. Subsequent actions to the MSR initiated by either district may involve changes to the respective SOIs.

There are currently 11 DUCs within the SOI. They are all within OCWD Division 1 where unincorporated County land abuts the Cities of Anaheim, Stanton, and Westminster. Potable water service is provided to the DUCs by a combination of public water systems that are members of OCWD (i.e., Groundwater Producers) and private water companies on wells. There are no Williamson Act Contracts currently within the OCWD SOI.<sup>16</sup>

Since its formation in 1933, there have been approximately 45 separate annexations affecting the OCWD jurisdictional boundary. The geographic span of OCWD’s Service Area on land has increased nearly 50 percent from the original 162,676 acres to its current Service Area of 241,920 acres. Sections 50 through 64 of the OCWD Act contain the District’s annexation policy and procedures. Sections 65 through 74 of the OCWD Act describe the District’s policy for the exclusion of lands from the District’s jurisdictional boundary.

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<sup>16</sup> The California Land Conservation Act of 1965 (Williamson Act) enabled local governments to enter into contracts with private landowners to restrict the use of their land to agricultural or related open space use, in return for reduced tax assessment based on farming/open space instead of full market value.

#### 4.1 Present and Planned Land Uses

Figure 1 depicts the current OCWD SOI totaling approximately 569 square miles. The land use authorities within the SOI include the County of Orange and the 27 incorporated cities as shown in Table 8.

**Table 8: Land Use Authorities in OCWD Sphere of Influence**

OCWD	Incorporated Cities	County of Orange	Ocean	Total
SOI: Within Service Area	23 cities 343 sq.mi.	35 sq.mi.	52 sq.mi.	430 sq.mi.
SOI: Outside Service Area	13 cities 49 sq.mi.	90 sq.mi.	0	139 sq.mi.
Total	27 cities 392 sq.mi.	125 sq mi.	52 sq.mi.	569 sq.mi.

Land use data was obtained from the cities and county as part of this analysis. Because each agency categorizes land use types differently, each one was manually grouped into simple categories of residential, commercial, industrial, public facilities, mixed use, right-of-way, and open space. Results suggest that open space (including a combination of conservation, recreational, agricultural, and water uses) making up 63 percent of the area analyzed, is the predominant land use type within the SOI outside the Service Area.

Notably, a majority of the Cities of Laguna Woods and Lake Forest are within the OCWD SOI but both are fully outside of the OCWD Service Area. El Toro Water District is the potable water supplier to Laguna Woods and part of Lake Forest. Its water supply source is 100 percent from MWD imported water purchased from MWDOC. Irvine Ranch Water District provides potable water service to the portion of Lake Forest not served by El Toro Water District. Its water supply comes mostly from groundwater in the OC Groundwater Basin, as well as recycled water, surface water, and MWD imported water purchased from MWDOC. The City of Laguna Hills is partially within the OCWD SOI but receives its water from El Toro Water District.

One accomplishment of the May 14, 2008 SOI Update for OCWD was to align the SOI closer to the Santa Ana River Watershed boundary in the southern part of the District where “OCWD identified those lands that drain into and provide surface water that replenishes the groundwater basin” (OC LAFCO 2008). To be clear, the District’s SOI does not fully align with the watershed boundary; for example, the Laguna Coast Wilderness Park is technically within the watershed, but because it drains away from the Basin, the area was not included in the SOI modifications (OC LAFCO 2008, p. 2). In addition, the watershed boundary is not coterminous with the OC Groundwater Basin boundary (Figure 1), resulting in some communities that happen to be fully or partially within the watershed boundary but are not within the groundwater basin; for example,

Laguna Hills and Laguna Woods, and therefore are not receiving their water from the Basin. Nonetheless, this study recommends no changes to the OCWD SOI and it should remain as currently mapped by OC LAFCO (Figure 1). The land uses for the part of the SOI that is outside of the OCWD Service Area and represents areas where no services are provided by OCWD, is outlined in Table 9. The majority land use type in this area is Open Space.

**Table 9: Land Use Types within OCWD Sphere of Influence but Outside of Service Area**

Land Use	County	Aliso Viejo	Anaheim	Brea	Fullerton	Irvine	Laguna Hills	Laguna Woods	Lake Forest	Newport Beach	Orange	Placentia	Tustin	Yorba Linda	Total (acres)
	(acres)														
Commercial	-	-	-	398	-	17	83	88	422	1	-	-	-	46	<b>1,055</b>
Industrial	-	-	-	493	-	41	-	-	614	-	-	-	-	31	<b>1,179</b>
Mixed Use	-	-	-	248	-	50	262	-	363	-	-	-	33	-	<b>956</b>
Open Space*	43,555	6*	2,431	1,422*	-	8,320*	62*	328	2,313	295*	376*	-	-	238	<b>59,346</b>
Public Facilities	2,571	4	2	229	-	75	8	-	268	7	100	-	-	-	<b>3,264</b>
Residential	11,516	92	5	3,288	65	2,513	319	683	2,969	41	729	15	-	-	<b>22,235</b>
Rights-of-way	-	1	-	-	-	396	-	48	473	4	143	-	-	96	<b>1,161</b>
<b>Total (acres)</b>	<b>57,642</b>	<b>103</b>	<b>2,438</b>	<b>6,078</b>	<b>65</b>	<b>11,412</b>	<b>734</b>	<b>1,147</b>	<b>7,422</b>	<b>348</b>	<b>1,348</b>	<b>15</b>	<b>33</b>	<b>411</b>	<b>89,196</b>

Notes: \* When asterisk is included, Open Space includes recreational land uses in addition to preserved/conserved areas. Agriculture and Water Bodies are included in this category for Irvine.

Source: GIS data was obtained from each agency's website or directly from city staff in December 2023. Values are rounded to nearest whole number.

The land use designations shown in Table 9 represent the local jurisdiction's currently approved land use plan, which should ideally reflect the existing as well as the future land uses planned for the area. Non-conforming land uses currently in-place would not necessarily be represented in these land use totals and figures (e.g., homes in areas now zoned for industrial, etc.).

The land uses for the OCWD Service Area are tallied on Table 10. This data was obtained from agency websites and/or directly from agency staff in December 2023/January 2024. Land use types were manually grouped into general categories to give an approximate estimate of each. Open Space land uses (including water, active and passive parks, golf courses, etc.) follows Residential land uses as the second most common type of land use within the OCWD Service Area.

**Table 10: Land Use Types within OCWD Service Area**

Land Use	County	Anaheim	Brea	Buena Park	Costa Mesa	Cypress	Fountain Valley <sup>(e)</sup>	Fullerton	Garden Grove	Huntington Beach	Irvine	La Palma	Los Alamitos	Newport Beach	Orange	Placentia	Santa Ana	Seal Beach	Stanton	Villa Park	Westminster	Yorba Linda	Total (acres)
	(acres)																						
<b>Commercial</b>	57	2,345	0.06	841	1,256	232	-	803	335.3	570	1,585	28.3		945	926	244	2,527	159	206	12			<b>13,940</b>
<b>Industrial</b>	-	2,767	0.15	585.4	1,026	24	-	1,220	575.8	1,128	5,796	57	275	42	1,113	298	2,298	172	187	-	593		<b>17,289</b>
<b>Mixed Use</b>	-	825	0.02	322.2	150.5	815	-	333 <sup>(a)</sup>	1,070	638	406	119	1,501	384	543	-	674	-	12	-	571		<b>8,364</b>
<b>Open Space*</b>	11,542	5,216*	1.8	449.2	554	182	460.5	2,306*	355.3	3,274	6,506 <sup>(c)</sup>	14	82	2,800	5,683	111	994	1,365	105	28	121		<b>42,150</b>
<b>Public Facilities</b>	524	1,201	-	-	1,263.4	499	-	851	726.5	1,615	2,291	119	**	419	808	212	-	77.1	99	-	452		<b>11,157</b>
<b>Residential</b>	10,076	16,532	13.6	3,012	3,793	1,624	-	6,044	5,833	8,066	12,862	502	1,403	4,080	8,627	2,504	7,522	1,026	971	1,306	3,218		<b>99,015</b>
<b>Rights-of-way</b>	-	147	-	-	-	881	-	136 <sup>(b)</sup>	2,568	3,682	1,309	60	340	124	120	47 <sup>(b)</sup>	4	-	377	-	1,880		<b>11,675</b>
<b>Total (acres)</b>	<b>22,199</b>	<b>29,032</b>	<b>15.6</b>	<b>5,210<sup>(d)</sup></b>	<b>8,045<sup>(d)</sup></b>	<b>4,257</b>	<b>461</b>	<b>11,692</b>	<b>11,464</b>	<b>18,972</b>	<b>30,754</b>	<b>899<sup>(d)</sup></b>	<b>3,601</b>	<b>8,794</b>	<b>17,820</b>	<b>3,416</b>	<b>14,018</b>	<b>7,134.5<sup>(g)</sup></b>	<b>1,985<sup>(f)</sup></b>	<b>1,346</b>	<b>6,836</b>		<b>208,000</b>

Access to the City's GIS files was limited to a services layer and analysis tools could not be used. Approximately 97% of the City is within the OCWD Service Area.

Notes: Values are rounded to nearest whole number.

\* When asterisk is included, Open Space includes recreational land uses in addition to preserved/conserved areas.

\*\*Included in Mixed Use category.

Source: GIS data was obtained from each agency's website or directly from city staff in December 2023.

(a) includes Specific Plan land use designation.

(b) includes Railroad land use designation.

(c) includes Agricultural land use designation.

(d) Values are net acres and therefore exclude unparcelled rights-of-way, including roadways and freeways, and parcels without land use designations.

(e) City of Fountain Valley General Plan EIR (June 2023) does not summarize land use areas other than the total area and the open space. Electronic files of the General Plan land use plan were not available.

(f) Includes 29 acres of vacant land of unknown designation.

(g) Includes 4,336 acres of Military land use type.



According to the California Department of Conservation’s Farmland Mapping and Monitoring Program, there are approximately 4,370 acres (7 square miles) outside the Service Area and 6,142 acres (9.5 square miles) within the Service Area of Prime Farmland, Farmland of Statewide Importance, Grazing Land, and Unique Farmland within the SOI (based on best available data dated 2018), as summarized in Table 10 and shown on Figure 7.

**Table 11: Mapped Farmland Categories in OCWD Sphere of Influence**

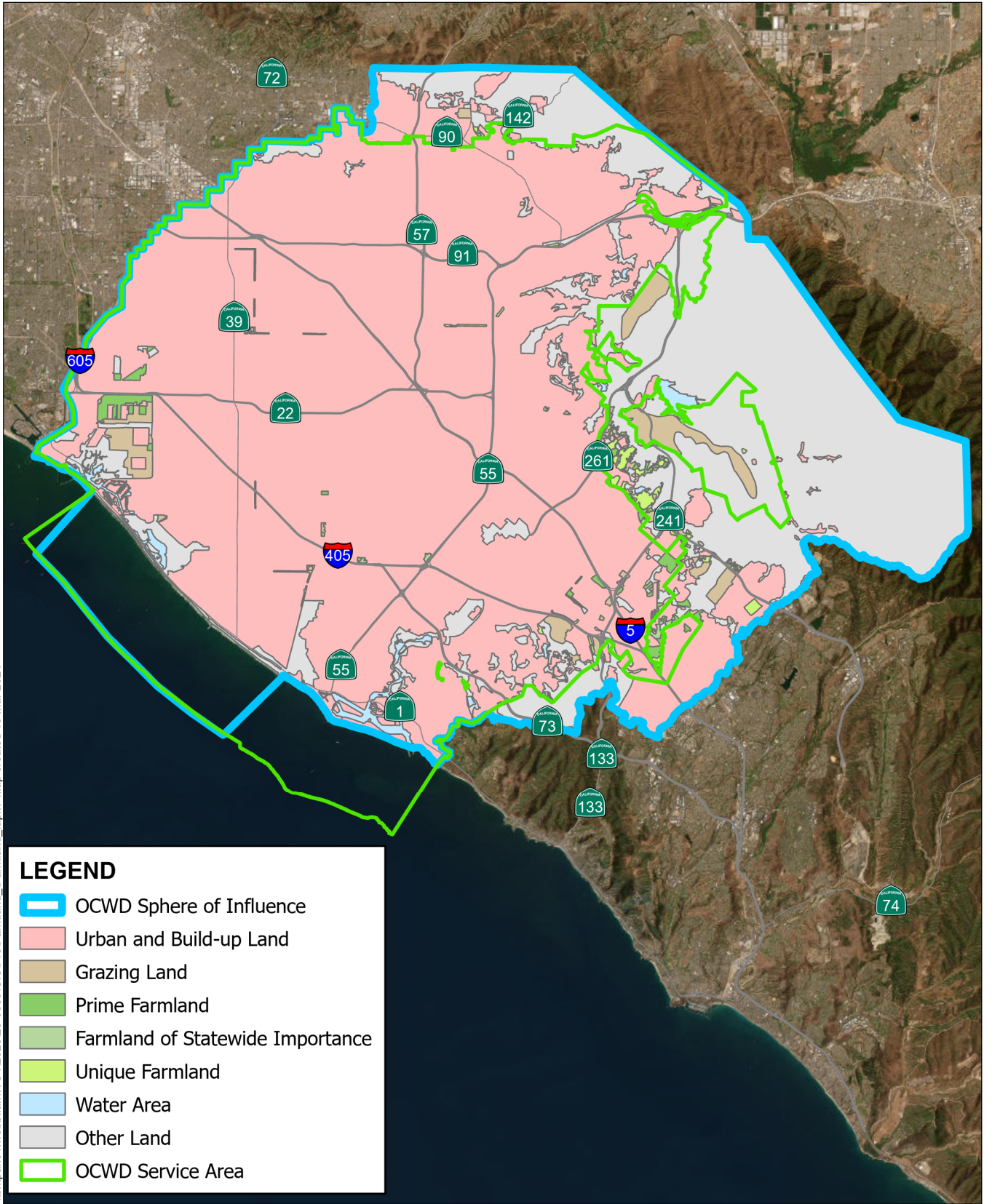
Farmland Categories		Acres within OCWD Sphere of Influence Within Service Area (2018)	Acres within OCWD Sphere of Influence Outside of Service Area (2018)
Prime Farmland		1,428 (2.2 sq.mi.)	660.3 (1.0 sq.mi.)
Farmland of Statewide Importance		66 (0.1 sq.mi.)	239.3 (0.4 sq.mi.)
Unique Farmland		471 (0.7 sq.mi.)	1,158.2 (1.8 sq.mi.)
Grazing Land		4,177 (6.5 sq.mi.)	2,312.7 (3.6 sq.mi.)
Urban and Built-up Land		207,815 (325 sq.mi.)	16,752.3 (26.2 sq.mi.)
Other Land		27,889 (44 sq.mi.)	66,992.1 (105 sq.mi.)
Water		2,219 (3.5 sq.mi.)	631.5 (1.0 sq.mi.)
Ocean		31,457 (49 sq.mi.)	0
<b>Total<sup>(a)</sup></b>		<b>275,523 (430 sq.mi.)</b>	<b>88,746.2 (139 sq.mi.)</b>
Farmland Definitions			
Prime Farmland	Farmland with the best combination of physical and chemical features able to sustain long term agricultural production. This land has the soil quality, growing season, and moisture supply needed to produce sustained high yields. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.		
Farmland of Statewide Importance	Farmland similar to Prime Farmland but with minor shortcomings, such as greater slopes or less ability to store soil moisture. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.		
Unique Farmland	Farmland of lesser quality soils used for the production of the state's leading agricultural crops. This land is usually irrigated but may include unirrigated orchards or vineyards as found in some climatic zones in California. Land must have been cropped at some time during the four years prior to the mapping date.		
Grazing Land	Land on which the existing vegetation is suited to the grazing of livestock. This category was developed in cooperation with the California Cattlemen's Association, University of California Cooperative Extension, and other groups interested in the extent of grazing activities.		
Urban and Built-up Land	Land occupied by structures with a building density of at least 1 unit to 1.5 acres, or approximately 6 structures to a 10-acre parcel. This land is used for residential, industrial, commercial, construction, institutional, public administration, railroad and other transportation yards, cemeteries, airports, golf courses, sanitary landfills, sewage treatment, water control structures, and other developed purposes.		

Other Land	Land not included in any other mapping category. Common examples include low density rural developments; brush, timber, wetland, and riparian areas not suitable for livestock grazing; confined livestock, poultry or aquaculture facilities; strip mines, borrow pits; and water bodies smaller than forty acres. Vacant and nonagricultural land surrounded on all sides by urban development and greater than 40 acres is mapped as Other Land.
Water Area	Perennial water bodies with an extent of at least 40 acres.










Source: California Department of Conservation Farmland Mapping and Monitoring Program Important Farmland Categories website, <https://www.conservation.ca.gov/dlrp/fmmp/Pages/Important-Farmland-Categories.aspx>.

(a) The area analyzed in this table is the same general area analyzed in the prior land use table (Table 7); however, the total acreages do not match exactly which is attributable to boundaries representing different time periods and rights-of-way.

\\brkpan01.webb.lan\WO4\2023\23-0089\GIS\Pro\Farmland.aprx Map created 19 Mar 2024



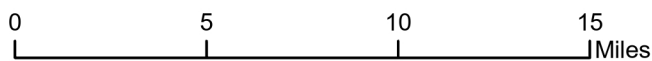
**LEGEND**

-  OCWD Sphere of Influence
-  Urban and Build-up Land
-  Grazing Land
-  Prime Farmland
-  Farmland of Statewide Importance
-  Unique Farmland
-  Water Area
-  Other Land
-  OCWD Service Area

Source: Williamson Act;  
OC 2018

**Figure 7 – Farmland within OCWD Sphere of Influence**

OCWD Municipal Service Review



## 4.2 Present and Probable Need for Facilities and Services

OCWD's present need for facilities and services is represented by the 19 Groundwater Producers and approximately 2.5 million residents in north and central Orange County that receive part or all of their potable water from the OC Groundwater Basin. Probable future needs are represented by the projected population growth in Table 3 and land use plans in Tables 9 and 10 and Figure 6.

There is a present need for OCWD to remediate contamination within the soil and groundwater of the Basin in order for Producers to use the groundwater. With regulatory oversight from U.S. EPA, the District is targeting a plume of volatile organic compounds (VOCs) that underlies portions of Fullerton, Anaheim, Placentia, and Buena Park (North Basin Superfund Site.) A feasibility investigation is expected in 2024 that will guide a remedial action plan. The District is also targeting VOC and perchlorate contamination underlying portions of Irvine, Santa Ana, and Tustin (South Basin Groundwater Protection Project). The remedial investigation and feasibility study are completed, and the remedial action plan is undergoing CEQA review. This underscores the importance of regular well monitoring and acting quickly to start the cleanup process.

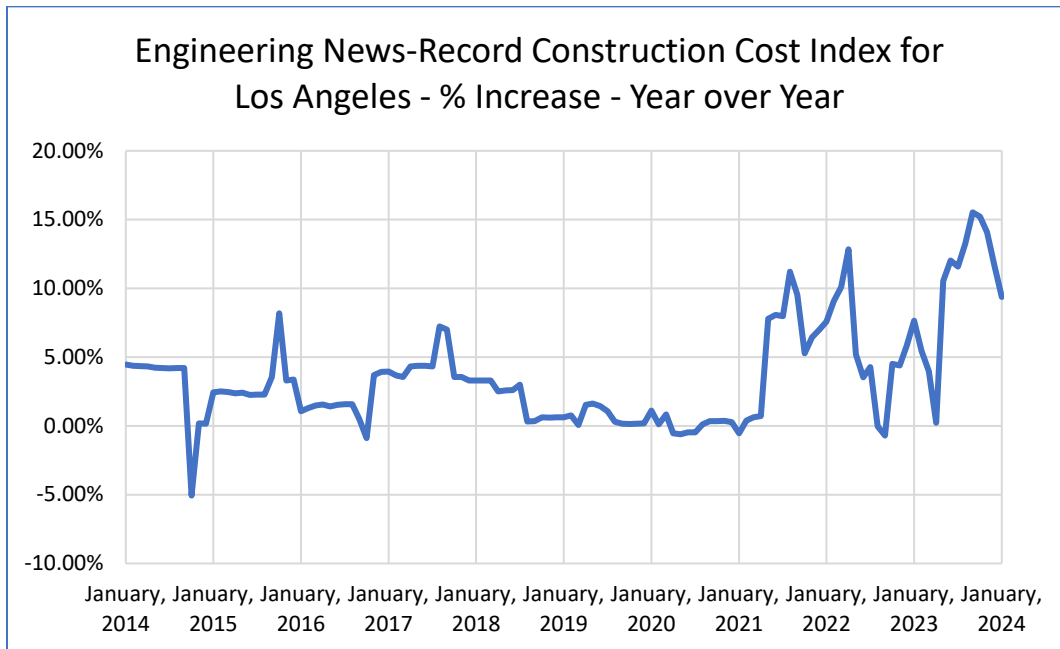
Similar to the need to address contamination, brackish groundwater (when fresh water is mixed with seawater) can render drinking water wells inoperable. Monitoring seawater intrusion and taking actions to minimize the degree of intrusion is a present need for OCWD. The District has two seawater barriers, the Alamitos and Talbert Barriers, which were built in 1964 and 1975, respectively. The barriers are a line of injection wells where recycled water is injected into the ground to push back the intrusion of seawater. The District is investigating a third location called the Sunset Gap where monitoring data suggests seawater has migrated inland and impacting a Huntington Beach well.

The facilities and projects the District has or is planning to have in order to meet present and probable needs for groundwater from the Basin are listed in Tables 5 and 7 in Sections 3.3 and 3.5 of the MSR report. To plan for future repairs and replacement of existing facilities (i.e., probable needs), the District maintains an impressive Replacement and Refurbishment (R&R) program model. The R&R model is interactive so that assumptions/constraints can be changed before it forecasts what will be needed each year in expenses. Funding for R&R projects comes primarily from RA revenue and a small portion from investment revenue. Transfers to the R&R Fund from operational revenues are increased by 7 percent each year. The model and listed assets are reviewed by department heads annually in order to forecast expenses for things that have lifetimes such as pumps, pipelines, and membranes. The model has about 1,700 entries in the infrastructure asset list (infrastructure that can be repaired or replaced) and

approximately 152 entries with expired useful lives (e.g., tractors purchased in 1985, etc.).

Given recent increases in the cost of construction, according to the Engineering News Record Construction Cost Index for Los Angeles, as shown in Chart 11, the District should consider adjusting its model to reflect higher costs of construction as well as delays in procuring equipment from overseas.

**Chart 11 – Construction Cost Index, Jan. 2014 – Jan. 2024**



Total capital investment by the District as of 2022 was approximately \$1 billion to \$1.5 billion, which is a significant addition of assets to the R&R model, but not all of these assets will need to be repaired or replaced. The R&R model currently forecasts that sufficient funding will be available for the repairs and replacement needed for the next 25 years, including the recent capital investments.

The R&R model is one method the District uses to plan for present and probable needs for facilities and services within its jurisdiction. Another method is the annual Capital Improvement Program (CIP). The CIP is a five-year budget for a list of OCWD projects identified to support its mission. Being on the list does not guarantee a project will proceed; several stages of approval by the Board of Directors will bring a project to fruition. In the fiscal year 2023-2024 budget, the CIP has 19 projects totaling \$101.1 million. Funding for the CIP comes from long-term debt, grants, and \$47.7 million of the FY 23-24 budget will come from RA revenue or current revenue (called “PAYGO”) to minimize debt service costs.

Of OCWD's 19 CIP projects, 13 are PFAS treatment systems for Irvine Ranch Water District and East Orange County Water District, and the Cities of Anaheim, Tustin, Orange, Fullerton, Santa Ana, and Garden Grove. Two CIP projects are related to seawater intrusion, one is for modernizing in-house research and development equipment, two projects are related to remediation of contaminated soil or groundwater, and the last CIP project is constructing monitoring wells (FY23-24 Budget, Table 8-2). The CIP projects demonstrate current priorities for the future that address both present and probable need, as well as the planned funding sources.

There is a present need from the Groundwater Producers to equip wells with treatment methods that will reduce certain PFAS chemicals in anticipation of a federal limit to be issued by the U.S. EPA. Since 2020, OCWD has planned for PFAS treatment systems. Initially, 61 wells needed treatment and up to 200 wells could be impacted at a cost of \$550 million to OCWD if U.S. EPA establishes a 4 ppt MCL. Currently, 30 of the 61 wells are back in operation with treatment, another 22 are under construction, and the remaining wells are in design. Each PFAS treatment system project requires roughly 2.5 years from design to construction, at a cost of roughly \$5 million each. Another 45 wells are planned for completion in the next few years. It is fortunate for all water agencies facing this scenario that PFAS can be removed with known and tested technology. Considering that the District's current reserves are about \$247 million (projected year-end fiscal year 2022-2023), the cost for OCWD to meet the MCL will need to be a dominant component of both the budget and grant procurement for the next several years. Increases in the RA to cover this cost are planned in the amount of 10 percent annually for 2-3 years.

For fiscal year 2023-2024, OCWD has budgeted \$3.5 million for its share of PFAS O&M expenses and grant funding revenue in the amount of at least \$5 million to help defray the cost to meet this future MCL. The U.S. EPA Water Infrastructure Finance and Innovation Act (WIFIA) program awarded the District a low-interest loan that OCWD can also use for PFAS treatment systems expenses. Although OCWD is party to a class-action lawsuit against the manufacturers of PFAS chemicals, OCWD's fiscal year 2023-2024 budget conservatively plans for zero settlement monies to be received.

To meet the need for the service it provides, OCWD invests in projects that recharge more water into the Basin and projects that improve the quality of the water pumped from the Basin. The GWRS and Green Acres Project collaborations with OC San, for example, currently meet the demands of 83 mgd and 3.4 mgd of recycled water that is suitable for groundwater recharge and irrigation, respectively (Table 5). Operating these projects at full capacity could produce up to 130 mgd and 7.5 mgd of supply, respectively (Table 5). If these projects were not in place, then effluent from OC San would be discharged to the ocean and it would not benefit the Basin. Irrigation water

would have been supplied from potable water. An equivalent amount of water supply would have to be obtained from elsewhere to recharge the Basin and to irrigate, such as purchasing more imported water or diverting more surface water; or another approach could be decreases in the BPP combined with increases in the RA and BEA to incentivize less pumping depending on how much overdraft was occurring.

Reclamation and reuse of wastewater that would have otherwise been discharged to the ocean is one way the District is planning for present and probable needs for its services. Another method is working with the U.S. Army Corps of Engineers (USACE) at Prado Dam to find ways to increase the amount of water that can be stored behind Prado Dam. OCWD owns the land behind the dam and holds the water rights, but USACE operates the dam. OCWD estimates approximately 7,000 AFY of storm flows could be captured that would have otherwise been released downstream to the ocean. This is done with a management strategy called Forecast Informed Reservoir Operations (FIRO) to better inform the USACE when to release or retain water behind the dam by using better weather forecasts. For example, a pending storm might normally trigger a release of water to meet a set reservoir depth, but with FIRO, the forecast will guide the release volume to maximize the volume that can be held behind the dam and to avoid releases that are not necessary. FIRO is still being tested by USACE and other agencies. OCWD's proactive involvement in testing this new operational strategy speaks to planning for present and future needs for recharge water.

OCWD has not indicated an intention at this time to apply for or request changes to its Service Area boundary, nor its SOI boundary. If OCWD has a reason in the future to request a change in its Service Area boundary or its SOI boundary, then an application to OC LAFCO will be required. Because the District does not provide services outside of its Service Area, it does not have present or planned needs beyond those already planned for.

The City of Brea is within OCWD's SOI but is not within the District's existing Service Area and therefore Brea is not one of OCWD's 19 Groundwater Producers. At this time, the aforementioned conditions described in the May 14, 2008 SOI Update (see Section 3.0) have not occurred (i.e., groundwater flowing into the OC Groundwater Basin from Brea and subsequent groundwater pumping by Brea). In addition, the existing OCWD Annexation Policy only allows annexation of land into the Service Area from the District's existing 19 Producers, of which Brea is not a part. Therefore, no probable need for expansion of the Service Area into Brea is known at this time.

Based on the information reviewed for this study, OCWD demonstrates adequate facilities and planning efforts to meet present and probable needs for services in the future through financial, maintenance, and operational planning activities.

### 4.3 Present Capacity and Adequacy of Facilities and Services

The present capacity of facilities and services provided by OCWD within its Service Area are discussed in Section 3.3 (Table 5). According to OCWD, the District has no facilities and provides no services within the portion of its SOI that is outside of the Service Area. If a need arises for facilities and services to extend beyond the current Service Area and into the SOI, then OCWD will need to prepare appropriate studies to determine adequate capacity to meet expected demands, as well as request annexation from OC LAFCO.

The sources of water supply for the Basin include Santa Ana River flows, rainfall, recycled water, and imported water. The District makes a projection each year of what it expects to get from each of these sources. Constraints on these supplies include droughts, reductions in river flows, water quality limitations, and restrictions on available imported water supplies. On the other hand, as urbanization continues upstream of Prado Dam, more flows in the river are expected in the form of base flow (i.e., wastewater discharges) and storm flows (i.e., from more impervious surfaces). But when storm flows exceed the capacity of diversion facilities, river water that would have been recharged is lost to the ocean.

#### Water Rights and Entitlements

OCWD has certain water rights and entitlements that define maximum thresholds for water supplies. First, OCWD has a right to an average of 42,000 AFY of base flow at Prado Dam and all storm flow reaching Prado according to the 1969 Judgment.<sup>17</sup> For reference, the actual base flow plus storm flow from the Santa Ana River in WY 21-22 was 108,200 AF. OCWD also holds a permit from the State Water Resources Control Board (SWRCB) for an appropriative water right to divert water from the Santa Ana River for groundwater recharge in the amount of 362,000 AFY (A031174). The District's request for an additional 143,000 AFY is held in abeyance (A031174B) until the facilities to capture this additional amount are completed.

In 2023, OCWD submitted a report to SWRCB indicating the completion of projects so that an additional 49,980 afy can be diverted and stored. The SWRCB is currently reviewing the request to include this amount in the granted 362,000 afy, potentially raising OCWD's water right to 411,980 afy, with the remaining 93,020 afy still in abeyance. Discussions with the SWRCB are ongoing, exploring the possibility of granting OCWD more time to further expand its diversion and storage capacity, further augmenting its water rights to Santa Ana River flows at Prado Dam.

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<sup>17</sup> Orange County Water District v. City of Chino, et al., Case No. 117628-County of Orange, entered by the court on April 17, 1969. The Judgment became effective on October 1, 1970.



In addition to the Santa Ana River, OCWD has a diversion permit issued by SWRCB on September 25, 1984 to divert water from Santiago Creek and Alameda Storm Channel to the Santiago Basin (A027261).

OCWD has an entitlement as a member agency of MWDOC to purchase MWD imported water from MWDOC. The maximum purchase amount would be equivalent to the maximum amount that could be recharged, which is about 300,000 AFY if all of the recharge basins were emptied, and therefore unrealistic. OCWD purchases what it can put to use, which varies from year to year.

OCWD has an entitlement to the recycled water produced by the GWRS facility, which was expanded in January 2023 from 100 mgd to 130 mgd of treatment capacity. The amount produced by GWRS is limited by the amount provided by OC San, not including treatment losses. For example, 175 mgd from OC San converts to 130 mgd from GWRS. When OC San completes construction at Plant 2, then recycled water produced by GWRS will increase up to 130 mgd.

#### Present Capacity

At the end of WY 2021-2022, a shortfall of 10,000 AF existed as the difference between the volume pumped and the volume replenished in the Basin. With this shortfall, the Basin held 258,000 AF of the maximum 500,000 AF. The largest discrepancy between the District's projected and actual water supplies for WY 2021-2022 occurred in Incidental Recharge, which represents rainfall. In WY 2021-2022, roughly half of the 35-year rainfall average fell at the OCWD offices, resulting in 35,600 AF of anticipated water that did not materialize. Had the rainfall occurred, OCWD would have had capacity for it in the recharge facilities and in the Basin. Instead, OCWD purchased water for recharge from MWDOC in the amount of 23,000 AF.

#### Adequacy of Facilities and Services

The Basin was refilled by OCWD in the four years prior to WY 2021-2022 because they were wet years, and filling in wet years to draw down in dry years is the planned operational strategy for the Basin. The District's existing water rights and entitlements have provided for sufficient ability to replenish the Basin and maintain the ability of producers to pump what they require. Combined with the District's mission to procure as many local sources of water supply as economically as possible including planned increases in river water diversions and GWRS production of recycled water that are well within the District's rights and entitlements will bolster the District's ability to meet its mission into the future.

Any applications to OC LAFCO that would change a SOI resulting from this study's findings will warrant another review of the adequacy of facilities and services.

## 4.4 Social or Economic Communities of Interest

### Unincorporated County

There are approximately 35 square miles of unincorporated County within the District's 430-square mile Service Area, including 0.85-square mile (541 acres) of DUCs (Figure 4). Potable water is supplied to land uses within unincorporated areas by local retail water providers, both large and small (i.e., Groundwater Producers and mutual water companies). It is the responsibility of the local retail water provider to maintain a functioning distribution system that delivers water that meets state and federal drinking water standards. OCWD has shown itself to be a good partner to the Groundwater Producers for collaborations on projects that have mutual benefits.

### DUCs

Disadvantaged unincorporated communities (DUCs) are communities located in both an unincorporated county area and a census block reporting a median household income that is 80 percent or less than the statewide median household income. The CDR assisted in this study to determine 11 DUCs within the OCWD SOI that meet these criteria (Figure 4). They are all located within Division 1 of the OCWD Service Area and total 0.85 square mile (541 acres). The water suppliers to the DUCs include the Cities of Anaheim and Westminster, Golden State Water Company and four mutual water companies.

OCWD's Monitoring Program includes the wells used by the water suppliers to the DUCs. Water quality testing is performed, and pumping rates are recorded every 6 months by OCWD in order to monitor the quality and quantity of water in the Basin. Mutual water companies are discussed in detail in the following section.

### Mutual Water Companies

Mutual water companies are private, not-for-profit organizations that are organized under California Corporations Code 14300. They are regulated by the U.S. EPA Safe Drinking Water Act, California Department of Public Health, State Water Resources Control Board, California Water Code, and Health and Safety Code and they report their boundaries to LAFCOs. Mutual water companies have shareholders instead of customers and annual shareholders' meetings with financial reports must be held. They are typically small in size and were often organized at a time when there was not a regional public water system available to connect to and they often rely on a limited supply source, such as one well. There are currently nine mutual water companies within the OCWD SOI, as shown in Table 12.

**Table 12: Mutual Water Companies in OCWD Sphere of Influence**

Mutual Water Company Name	City or County	System Number	In OCWD's Monitoring Program? <sup>(a)</sup>	WY 21-22 Non-Irrigation Pumping (AF) <sup>(c)</sup>
Crescent Water Association	Anaheim	CA3000811	No	<25
Eastside Water Association <sup>(b)</sup>	Unincorporated	CA3010008	Yes	201.8
Hynes Estates Mutual Water Company <sup>(b)</sup>	Unincorporated	CA3000519	Yes	79.4
Knott's Berry Farm	Buena Park	CA3000734	Yes	197.2
Liberty Park Water Association	Huntington Beach	CA3000618	Yes	<25
Los Alamitos Race Track	Cypress	CA3000819	Yes	245.1
Midway City Mutual Water Company <sup>(b)</sup>	Unincorporated	CA3010097	Yes	100.2
Page Avenue Mutual Water Company	Fullerton	CA3000585	Yes	<25
South Midway City Mutual Water Company <sup>(b)</sup>	Unincorporated	CA3000825	Yes	71.2

Notes: WY = Water Year; AF = acre-feet

Recent consolidations include: Diamond Park Mutual Water Company with City of Santa Ana; Houston Avenue Water Association with City of Anaheim; and Old Pirate Lane Water Company with City of Huntington Beach.

(a) According to the list provided in Appendix A of the 2017 Basin 8-1 Alternative.

(b) Mutual water companies with shareholders located in at least one of the DUCs in the OCWD SOI.

(c) The BPP applies to producers who pump more than 25 AF per WY.

The companies in Table 12 are a mix of small producers that pump less than 25 AF of water per year and those who pump more but are not one of the large producers. The wells utilized by all but one of these mutual water companies are included in the OCWD Monitoring Program and meter data is collected by OCWD every 6 months to account for how much they pump from the Basin. However, OCWD is not actively testing their water quality on a regular basis for concentrations of PFAS.

Senate Bill (SB) 88 (2015) added sections 16680-116684 to the California Health and Safety Code, allowing the State Water Resources Control Board to require certain water

systems that consistently fail to provide safe drinking water to consolidate with, or receive an extension of service from, another public water system. The consolidation can be physical or managerial. SB 552 (2016) expands the state’s authority to include state small water systems and mobile home parks. The state has long encouraged the voluntary consolidation of public water systems where possible but mandatory consolidation can only be used when all of the following criteria are met: located in a disadvantaged community, “documented” water quality or quantity issue exists; and a functional water system is nearby that can serve the subsumed system (Fact Sheet 2021).

The current ability or functionality of the mutual water companies listed in Table 12 was not investigated for this study nor were their water quality test results. OCWD previously assisted with the consolidation of a failing private water system with the City of Santa Ana (Diamond Park Mutual Water Company) in 2014. Santa Ana was willing to subsume the mutual water company and secured funds for new piping and infrastructure to upgrade the system and decommission the company’s well. OCWD has tested small producers for PFAS in a few isolated instances when the small producer received an order to do so from state regulators (PC(3)).

Nothing in the OCWD Act appears to restrict the District from engaging with mutual water companies within its jurisdiction for the benefit of the basin, specifically, to “act jointly with or cooperate with...private corporations...to carry out the provisions and purposes of this act” (Section 2, Item 11). To the extent that it is feasible, OC LAFCO can engage with the State Water Resources Control Board and mutual water companies in Orange County on funding opportunities to review facilities, costs, and rates and identify potential service alternatives to facilitate adequate and quality water to the respective communities. Any applications to OC LAFCO resulting from this study’s findings that would change an SOI will warrant another review of social or economic communities of interest.

#### **4.5 Present and Probable Need for Services to DUCs**

A total of 11 DUCs have been identified in Division 1 of OCWD’s Service Area as discussed in Section 4.4. In addition, five mutual water companies are within the OCWD SOI in addition to the four that serve portions of the DUCs (Table 12). There is a probable need in the future for consolidation of the mutual water companies that serve portions of certain DUCs with their neighboring large public water supplier. When the proposed MCL for PFAS (specifically, PFOA and PFOS) of 4 ppt goes into effect, small producers will be testing their water for this constituent, and then based on the results weighing their options. In light of this, this study recommends OCWD to avail its technical resources if requested by the small producers in disadvantaged areas, particularly the

11 DUCs. Technical resources could include water quality testing services and/or navigating the guidance and funding opportunities the State provides to small producers to fund treatment systems or to consolidate. If at such time any of the mutuals within the DUCs (and the Service Area) initiates consolidation with their neighboring public system, then this study recommends OCWD to assist in the process if requested.

Any applications to OC LAFCO resulting from this study's findings that would change a SOI will warrant another review of present and probable needs for services within DUCs.

## SOI STATEMENT OF DETERMINATIONS

OC LAFCO first established the sphere of influence (SOI) of the Orange County Water District in 1977. Since that time, the District's SOI has been reviewed in conjunction with boundary change applications and during the preparation of previous MSRs. The most recent comprehensive review of the District's SOI was completed in 2013. This section includes the Statement of Determinations for the 2024 review of OCWD's SOI. The five statutory determinations are examined in more detail in Chapter 4 of this report.

### RECOMMENDATION:

Staff recommends the Commission adopt the Statement of Determinations to reaffirm the SOI as shown on *Exhibit 2*. The SOI would need to be revisited as part of any future District reorganization or consolidation application.

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*Exhibit 2*  
Orange County Water District  
Sphere of Influence (SOI)  
STATEMENT OF DETERMINATIONS

**SOI DETERMINATION 1: The present and planned land uses in the area, including agricultural and open space lands**

The Sphere of Influence (SOI) of Orange County Water District (OCWD) is 569 square miles. The SOI contains 52 square miles of ocean, 125 square miles of unincorporated county, and 392 square miles of 27 incorporated cities. The OCWD Service Area is 430 square miles containing 35 square miles of unincorporated county, 52 square miles of ocean, and 343 square miles of 23 incorporated cities. Open space land uses make up the majority of the Service Area and the SOI. According to the latest data from California Department of Conservation's Farmland Mapping and Monitoring Program (dated 2018), there are approximately 3.2 square miles of Prime Farmland, 0.5 square mile of Farmland of Statewide Importance, 10.1 square miles of Grazing Land, and 2.5 square miles of Unique Farmland within the SOI for a total of 16.3 square miles, or 3 percent of the SOI area. The remaining area is mapped as Other Land (149 square miles), Water (4.5 square miles), and Urban Built-Up Land (351.2 square miles).

OCWD does not have land use authority and relies on the General Plans of the county and cities within its boundaries for accurate information on the present and planned land uses of the areas within the Service Area and SOI. In cooperation with the Center for Demographic Research at California State University, Fullerton, OCWD monitors land use changes within its Service Area. Because OCWD does not provide services outside of the Service Area, it is presumed the retail water suppliers that serve the SOI beyond the OCWD Service Area track land use changes and water demands within their respective service areas. OCWD is not requesting changes to its Service Area or SOI.

Pursuant to OCWD's application to OC LAFCO, a feasibility study of consolidation between OCWD and MWDOD is underway. If a subsequent application to OC LAFCO is filed in response to the feasibility study, then the SOI of both entities would be reviewed again.

*Exhibit 2*  
Orange County Water District  
Sphere of Influence (SOI)  
STATEMENT OF DETERMINATIONS

**SOI DETERMINATION 2: The present and probable need for public facilities and services in the area**

To continue its mission, OCWD has a present need for targeting areas of groundwater contamination and for adding PFAS treatment systems to affected wells. The District's fiscal year 2023-2024 budget and Capital Improvement Program (CIP), which is guided by the District's Replacement and Refurbishment (R&R) Model, lists 15 of the 19 total CIP projects that target these present needs. PFAS treatment will be a dominant component of the District's budget into the future. There is also present need to have facilities that capture more of the Santa Ana River base flows and storm flows once they pass Prado Dam. The District is working to expand river diversion efforts even further, to up to 505,000 AFY so that more of the wet year storm events can replenish the basin instead of flowing to the ocean. There is also a present need to address seawater intrusion occurring in the Sunset Gap in Huntington Beach.

OCWD facilities and services are limited to its Service Area. The District is not requesting changes to its services, Service Area, or sphere of influence as part of this review. If the need becomes apparent in the future to alter the OCWD Service Area and/or SOI boundary, then OCWD will have to undertake appropriate studies to assess the extent of water service demand involving the Basin and submit an application to OC LAFCO for approval of such changes.

During the course of our review, a potential update to the OCWD Service Area was noted. As shown on Figure 2, there are three gaps or holes in the OCWD Service Area that are located within the City of Newport Beach. They total 31 acres and are fully within the SOI of OCWD and completely surrounded by OCWD Service Area. OCWD has indicated they have no reason not to include these areas in their official Service Area and recognizes that further research would need to be conducted prior to submitting an annexation application to OC LAFCO for review and processing.

Pursuant to OCWD's application to OC LAFCO, a feasibility study of consolidation between OCWD and MWDOC is underway. If a subsequent application to OC LAFCO is filed in response to the feasibility study, then the SOI of both entities would be reviewed again.



*Exhibit 2*  
Orange County Water District  
Sphere of Influence (SOI)  
STATEMENT OF DETERMINATIONS

**SOI DETERMINATION 3: The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

The capacity of OCWD's infrastructure to manage the basin sufficiently was demonstrated in WY 2022-2023 when rainfall exceeded 158 percent of the long-term average. By the end of June 2022, more water was recharged than anticipated resulting in filling the Basin with an additional 69,000 AF, despite some losses to the ocean. Therefore, the District's capacity is commensurate with the population it currently serves. The District's planning efforts are demonstrated in the annual Comprehensive Financial Report, Annual Budget, and CIP by identifying the resources required to repair, replace, and expand facilities in order to meet its stated mission.

In terms of supply capacity, the District has many water rights and entitlements to water supplies. OCWD recharge basins have a maximum capacity potential of 300,000 AF per year, if all are starting from empty. Furthermore, the District has a water rights permit from the State Water Resources Control Board for diverting up to 362,000 AFY of Santa Ana River base flows and storm flows, with another 143,000 AFY held in abeyance. OCWD submitted a request in 2023 to the State Water Board containing a list of completed projects that would enable the District to divert an additional 49,980 AFY. If approved, this would increase the water right to 411,980 AFY, with 93,020 AFY still in abeyance. The District is also entitled to receive up to 130 million gallons per day from the Groundwater Replenishment System (GWRS), as well as entitlements to recycled water from OC San for the Green Acres Project and recycled water from the Water Replenishment District of Southern California for the Alamitos Barrier Project. OCWD will need to continue to budget for maintenance and expansions of capacity as infrastructure ages, regulations change, and collaboration opportunities arise.

Pursuant to OCWD's application to OC LAFCO, a feasibility study of consolidation between OCWD and MWDOC is underway. If a subsequent application to OC LAFCO is filed in response to the feasibility study, then the SOI of both entities would be reviewed again.

*Exhibit 2*  
Orange County Water District  
Sphere of Influence (SOI)  
STATEMENT OF DETERMINATIONS

**SOI DETERMINATION 4: The existence of any social or economic communities of interest in the area, if the Commission determines that they are relevant to the agency**

OCWD is charged with managing the water supply of the Orange County Groundwater Basin within its sphere of influence area of 569 square miles. The 19 Groundwater Producers supply the majority of water to the 2.44 million residents within the service area. A total of nine mutual water companies are also within the OCWD Service Area. A total of 11 Disadvantaged Unincorporated Communities (DUCs) were identified within the OCWD Service Area as part of this study. Land uses within the DUCs receive their potable water service from the Cities of Anaheim, Westminster, and Golden State Water Company, and four mutual water companies. Areas of unincorporated Orange County, the 11 DUCs, and the nine mutual water companies within the OCWD Service Area are considered communities of interest. OCWD is a wholesale entity and does not provide water directly to customers, so it is not responsible for the provision of retail water service to these communities of interest. Noting that OCWD has been an excellent partner to its retail agencies in the past, it is recommended that OCWD continue to do so by providing a reasonable level of technical assistance to the water providers of these communities of interest when requested.

Pursuant to OCWD's application to OC LAFCO, a feasibility study of consolidation between OCWD and MWDOC is underway. If a subsequent application to OC LAFCO is filed in response to the feasibility study, then the communities of interest of both entities would be reviewed again.

*Exhibit 2*  
Orange County Water District  
Sphere of Influence (SOI)  
STATEMENT OF DETERMINATIONS

**SOI DETERMINATION 5: If a city or special district provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence**

A total of 11 DUCs are identified within Division 1 of the OCWD Service Area based on the current statewide median household income threshold and the census block boundaries. The retail water suppliers to the DUCs are responsible for the provision of water service and are responsible for the present and future potable water facilities to serve individual customers, not OCWD. The water demands of the water suppliers within the DUCs are accounted for in OCWD's planning projections of water demands. Furthermore, OCWD includes the wells that service the DUCs in its Monitoring Program. In light of pending changes to water quality regulations, it is recommended that OCWD continue to support retailers within its Service Area by providing a reasonable level of technical assistance to the water providers to the DUCs when requested. Additionally, OC LAFCO can engage or facilitate an effort with the State and the private mutual water companies of Orange County on a review of facilities, associated costs, and rates to find opportunities for efficiencies.

Pursuant to OCWD's application to OC LAFCO, a feasibility study of consolidation between OCWD and MWDOC is underway. If a subsequent application to OC LAFCO is filed in response to the feasibility study, then the present and probably need for facilities and services of any DUCs for both entities would be reviewed again.

## CHAPTER FIVE | CONSOLIDATION FEASIBILITY STUDY

### 5.1 Background

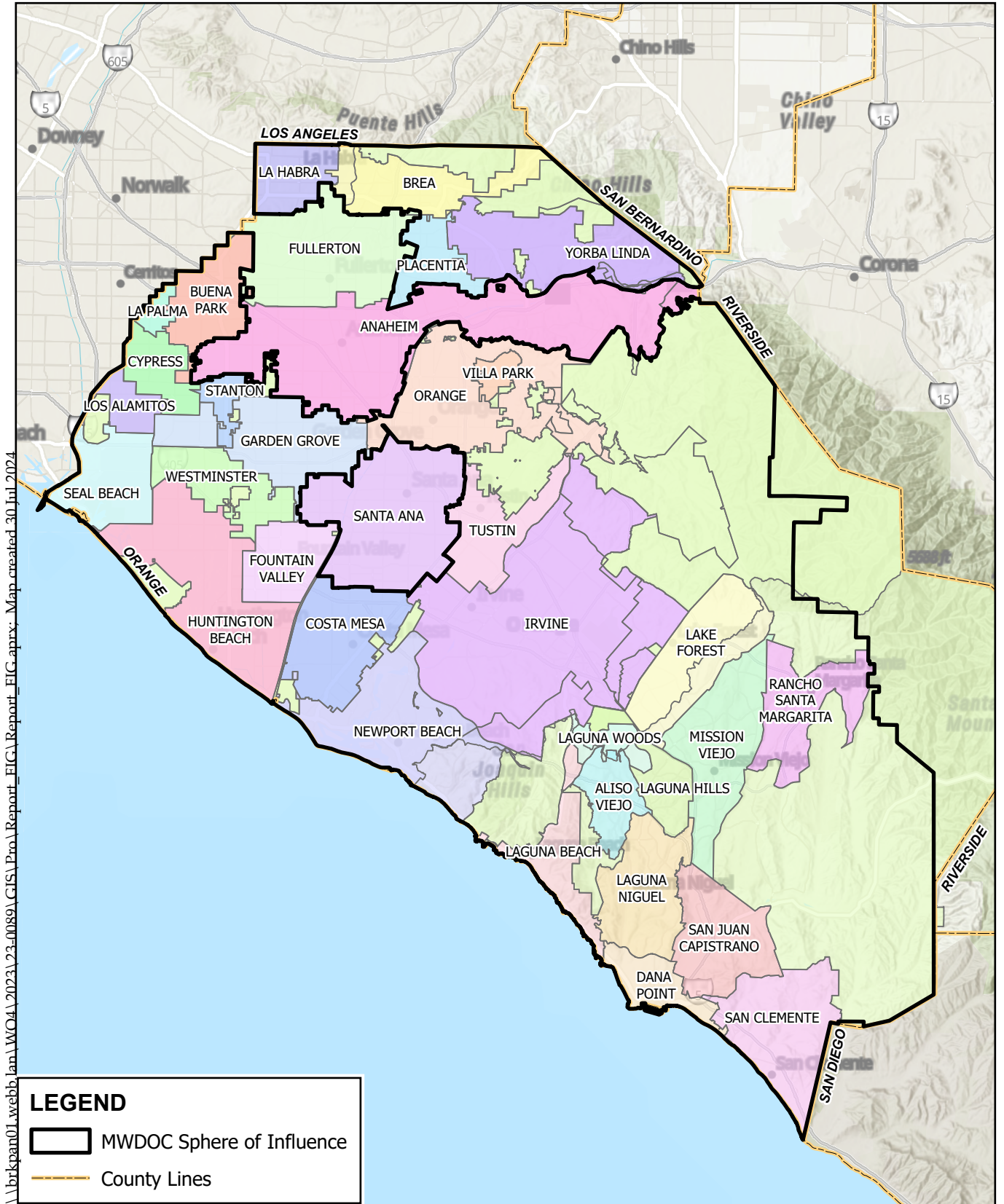
On October 4, 2022, OCWD submitted an application with OC LAFCO to prepare a Comprehensive MSR including a feasibility analysis of the consolidation of OCWD and MWDOC. The current Sphere of Influence of MWDOC is shown in Figure 8. MWDOC serves an area of approximately 600 square miles over most of Orange County (except the Cities of Anaheim, Fullerton, and Santa Ana). MWDOC provides imported water to 27 member agencies with a seven-member Board of Directors, with each member representing a division elected to a four-year term by voters within their division (September 9, 2020, MWDOC MSR, p. 10). OCWD's Sphere of Influence and MWDOC's Sphere of Influence are shown on Figure 9.

OCWD's application to OC LAFCO was submitted following a June 2022 report prepared by the Orange County Grand Jury entitled, Water in Orange County Needs "One Voice." The Grand Jury report discusses the consolidation of OCWD and MWDOC into a single County wholesale water agency to increase the efficiency and effectiveness in delivering imported water and groundwater, major infrastructure investments, development of forward-thinking policies and practices, and opportunities at the local, State, and federal levels in legislation, policy making and receiving subsidies and grants.

There has been a total of four such reports from the Orange County Grand Jury (1982, 1994, 2013, and 2022); two recommended a single wholesale agency (1982 and 2022) and two recommended staying separate (1994 and 2013).<sup>18</sup> In addition, an April 1994 Wholesale Water Agency Reorganization Study prepared jointly by Coastal Municipal Water District, MWDOC, and OCWD, "did not come to unanimous agreement on a single option [but] several relevant conclusions and recommendations were reached" (WWAPG, 1994).

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<sup>18</sup> Source: *MWDOC and OCWD Relations & OCWD's LAFCO Focused MSR Study* presentation at MWDOC Board Study Session, April 28, 2023, p.16.



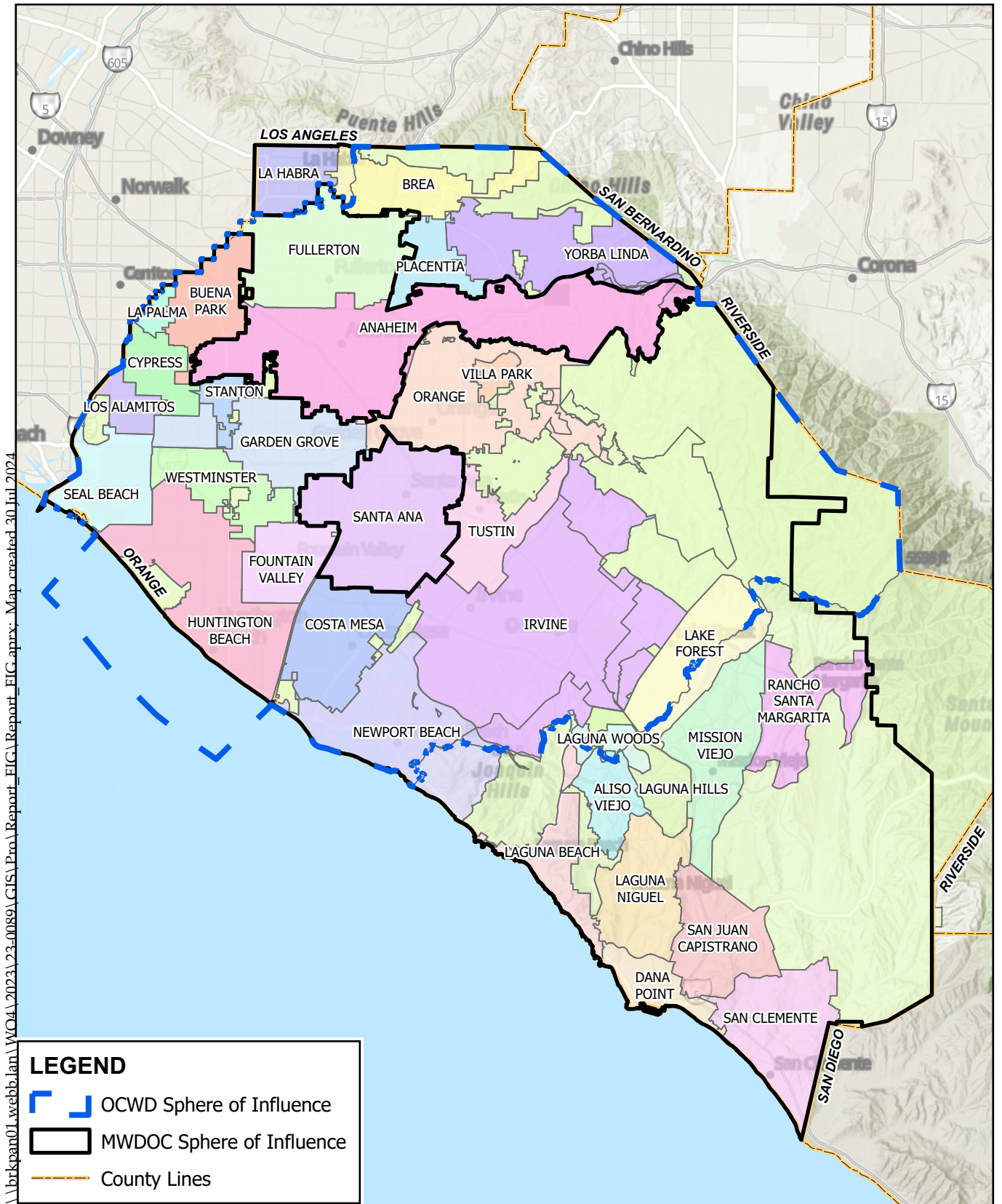
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Source: OCWD GIS, MWD OC GIS

**Figure 8 - MWD OC Sphere of Influence**  
OCWD Municipal Service Review

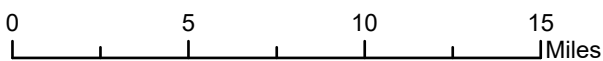


0 5 10 15 Miles



**Figure 9 - MWDOC and OCWD Sphere of Influence**

OCWD Municipal Service Review



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Merging of the two entities was also discussed in OC LAFCO reports, including the August 2009 Governance Study for the Municipal Water District of Orange County (OC LAFCO 2009) and September 2006 OCWD MSR/SOI Study (OC LAFCO 2006). The September 2006 OCWD MSR/SOI Study did not have a fiscal analysis but based on stakeholder discussions determined consolidation with MWDOC would not be feasible for the following reasons (OCWD 2006, p. 56):

- Implementing it would take an act of legislation because it involves changing OCWD's principal act.
- Merging these two agencies would not necessarily achieve great efficiencies in overall management of water resources in Orange County.
- Keeping these two agencies separate maintains an important check and balance system, preventing one agency from having control over water supply for the entire County.

The 2009 MWDOC Governance Study concluded, "that only two governance structure options, 'MWDOC Baseline' (or maintain status quo) and 'Reorganization of South County Agencies to Form a County Water Authority' are viable within the constraints imposed by existing law" (p. 78). A fiscal analysis was also not prepared as part of this study and alternatives that required changes to existing law were "parked" based on input from the stakeholders.

An MSR for OCWD was last conducted by OC LAFCO in 2013, which did not include a discussion of consolidation. The most recent MSR for MWDOC was completed in 2020, which also did not include a discussion of consolidation of the agencies.

## **5.2 Scope of Work**

The scope of work for this study includes, but is not limited to, Gov Code Sections 56653, 56700, 56826.5, 56865, 57150(d), 57500, 57502, 57077.2 as well as the following topics:

- Fiscal sustainability of consolidating OCWD and MWDOC operations, infrastructure, programs, contracts and agreements, retirement plans, and other obligations through evaluation of each District's revenues and expenditures; audited financials; rates, fees, and assessments; rate studies and projections; debt obligations; current and projected staffing levels; and transition cost projections involving consolidation; and
- Potential benefits of consolidation.

### 5.3 Fiscal Sustainability of Consolidation

Fiscal sustainability is the ability of an agency to continue meeting its current obligations and expenditures without defaulting. Maintaining fiscal sustainability requires informed planning of future revenues and liabilities taking into account the many influencing factors that can drive prices up or down such as water rates and availability, equipment costs, and weather forecasts. To inform whether a consolidation of OCWD and MWDOC would be fiscally sustainable, this study begins with establishing a combined baseline of average expenses and revenues for operations, infrastructure, programs, contracts and agreements, retirement plans, and other obligations of both agencies. The baseline budget is then used to discern whether costs or savings could result for the Successor Agency upon consolidation. In this study, fiscal sustainability is measured through the effects of combining of employees, eliminating certain redundant staff positions, reducing overhead costs, reducing the number of board members, and modifying employee benefits.

#### Budget Comparison and Analysis

The baseline budget information used in this analysis is a three-year average of each agency’s board-adopted budgets for Fiscal Years 2021-22, 2022-23, and 2023-24. Using an average baseline budget reduces potential bias that may be introduced by a data outlier in any one year. The three-year average budget of each agency and their combined sum are shown in Table 13. Through consultation with staff from each agency, similar line items were grouped together into similar subgroups (e.g., “Salaries & Wages,” “Employee Benefits,” etc.) to compare each agency’s unique budget side-by-side. Therefore, some budget line items appear without value; for example, Column 3, Lines 3 through 7 have no budget because MWDOC does not have those line items in its budget for the last three fiscal years. Rather, those expenses for MWDOC are grouped into Lines 1 and 2, or they are simply not applicable as is the case with Line 5, Capitalized Salaries. Refer to Appendix A for descriptions of line items that have no assigned value in Table 13.

**Table 13: Three-Year Average of Adopted Budget Expenses for OCWD and MWDOC**

Column 1 Line	Column 2 Item Description <sup>(a)</sup>	Column 3 MWDOC Expenses <sup>(b)</sup>	Column 4 OCWD Expenses <sup>(b)</sup>	Column 5 Total Combined Expenses <sup>(c)</sup>
	<b>Salaries &amp; Wages</b>			
1	Salaries & Wages	\$4,581,009	\$27,109,293	\$31,690,302
2	less for Recovery from Grants	(\$22,888)	\$0	(\$22,888)
3	Overtime	\$0	\$681,610	\$681,610
4	Payroll Taxes	\$0	\$460,440	\$460,440
5	Capitalized Salaries	\$0	(\$349,748)	(\$349,748)



Column 1 Line	Column 2 Item Description <sup>(a)</sup>	Column 3 MWD OC Expenses <sup>(b)</sup>	Column 4 OCWD Expenses <sup>(b)</sup>	Column 5 Total Combined Expenses <sup>(c)</sup>
6	Temporary Workers - General Total	\$0	\$149,167	\$149,167
7	Expense - Contra	\$0	(\$73,333)	(\$73,333)
	<b>Subtotal</b>	<b>\$4,558,121</b>	<b>\$27,977,429</b>	<b>\$32,535,550</b>
	<b>Employee Benefits</b>			
8	Employee Benefits	\$674,340	\$4,518,881	\$5,193,221
9	CALPERS Unfunded Liability Contribution	\$207,000	\$0	\$207,000
10	Health Insurance Coverage for Retirees	\$93,500	\$5,859	\$99,359
11	Retirement <sup>(d)</sup>	\$760,975	\$4,550,184	\$5,311,159
12	Capitalized Benefits	\$0	(\$99,997)	(\$99,997)
13	Retiree Health Trust	\$0	\$1,278,667	\$1,278,667
	<b>Subtotal</b>	<b>\$1,735,815</b>	<b>\$10,253,593</b>	<b>\$11,989,409</b>
	<b>Director Fees &amp; Costs</b>			
14	Director Compensation	\$279,628	\$359,100	\$638,728
15	Director Benefits	\$132,891	\$0	\$132,891
16	MWD Representation	\$146,690	\$0	\$146,690
17	Election Expense	\$0	\$133,000	\$133,000
18	Contribution to Election Reserve	\$287,916	\$0	\$287,916
	<b>Subtotal</b>	<b>\$847,125</b>	<b>\$492,100</b>	<b>\$1,339,225</b>
	<b>Insurance Expense</b>			
19	Insurance Expense	\$150,992	\$695,567	\$846,559
20	Insurance Refund	\$0	(\$50,000)	(\$50,000)
21	Workers' Compensation	\$0	\$455,704	\$455,704
22	Claims Total	\$0	\$5,333	\$5,333
	<b>Subtotal</b>	<b>\$150,992</b>	<b>\$1,106,604</b>	<b>\$1,257,596</b>
	<b>Office Supplies/Expense</b>			
23	Office Expense - General Total	\$0	\$295,167	\$295,167
24	Outside Printing, Subscription & Books	\$87,567	\$0	\$87,567
25	Office Supplies	\$32,333	\$0	\$32,333
26	Postage / Mail Delivery	\$10,739	\$0	\$10,739
	<b>Subtotal</b>	<b>\$130,639</b>	<b>\$295,167</b>	<b>\$425,806</b>
	<b>Supplies</b>			
27	Supplies - Water Loss Control	\$4,000	\$0	\$4,000
28	Business Expense	\$2,333	\$0	\$2,333
29	Chemicals - Polymer Total	\$0	\$10,836,393	\$10,836,393
30	Operational Supplies	\$0	\$2,544,233	\$2,544,233
	<b>Subtotal</b>	<b>\$6,333</b>	<b>\$13,380,627</b>	<b>\$13,386,960</b>
	<b>Professional Fees</b>			
31	Legal Expense - General	\$233,917	\$966,667	\$1,200,583
32	Audit Expense	\$33,907	\$0	\$33,907
33	Outside Consulting Expense	\$365,667	\$0	\$365,667
34	Professional Fees	\$1,596,774	\$0	\$1,596,774
35	Professional Services - General Total	\$0	\$2,183,980	\$2,183,980
36	Legal Advertising Total	\$0	\$4,667	\$4,667
37	Professional Services - Engineer Total	\$0	\$673,333	\$673,333
38	Lab Samples Analysis Total	\$0	\$208,000	\$208,000
39	Security Program Total	\$0	\$445,867	\$445,867

Column 1 Line	Column 2 Item Description <sup>(a)</sup>	Column 3 MWD OC Expenses <sup>(b)</sup>	Column 4 OCWD Expenses <sup>(b)</sup>	Column 5 Total Combined Expenses <sup>(c)</sup>
	<b>Subtotal</b>	<b>\$2,230,264</b>	<b>\$4,482,513</b>	<b>\$6,712,777</b>
	<b>Rent</b>			
40	Rents & Leases	\$1,800	\$0	\$1,800
41	Rent Equipment - Gen Total	\$0	\$50,733	\$50,733
	<b>Subtotal</b>	<b>\$1,800</b>	<b>\$50,733</b>	<b>\$52,533</b>
	<b>Vehicle Expense</b>			
42	Vehicle Expense - Water Loss Control	\$8,381	\$0	\$8,381
43	Automotive & Toll Road Expenses	\$14,408	\$0	\$14,408
44	Gas & Diesel Fuel Total	\$0	\$115,267	\$115,267
45	Fuel - Off Road Total	\$0	\$117,667	\$117,667
	<b>Subtotal</b>	<b>\$22,789</b>	<b>\$232,933</b>	<b>\$255,723</b>
	<b>Repairs &amp; Maint</b>			
46	Maintenance Expense	\$164,220	\$0	\$164,220
47	Building Repair & Maintenance	\$20,752	\$0	\$20,752
48	Maint Equipment	\$0	\$1,694,933	\$1,694,933
49	Building Repair & Maintenance	\$0	\$3,481,644	\$3,481,644
	<b>Subtotal</b>	<b>\$184,972</b>	<b>\$5,176,577</b>	<b>\$5,361,549</b>
	<b>Computer &amp; Software</b>			
50	Software Support & Expense	\$130,690	\$0	\$130,690
51	Computer Maintenance	\$6,667	\$0	\$6,667
52	Computers and Equipment	\$36,800	\$0	\$36,800
53	Hardware/Software Total	\$0	\$448,167	\$448,167
	<b>Subtotal</b>	<b>\$174,157</b>	<b>\$448,167</b>	<b>\$622,324</b>
	<b>Telephone Expense</b>			
54	Telecommunications Expense	\$44,323	\$243,500	\$287,823
	<b>Subtotal</b>	<b>\$44,323</b>	<b>\$243,500</b>	<b>\$287,823</b>
	<b>Memberships</b>			
55	Membership / Sponsorship	\$152,085	\$483,661	\$635,746
56	CDR Participation	\$61,715	\$0	\$61,715
	<b>Subtotal</b>	<b>\$213,799</b>	<b>\$483,661</b>	<b>\$697,461</b>
	<b>Conferences &amp; Travel</b>			
57	Conference Expense - Staff	\$50,199	\$0	\$50,199
58	Conference Expense - Directors	\$21,272	\$0	\$21,272
59	Travel & Accommodations - Staff	\$87,450	\$0	\$87,450
60	Travel & Accommodations - Directors	\$32,183	\$0	\$32,183
61	Travel/Conference/Mileage Total	\$0	\$138,800	\$138,800
	<b>Subtotal</b>	<b>\$191,104</b>	<b>\$138,800</b>	<b>\$329,904</b>
	<b>Utilities Exp</b>			
62	Utilities - Electricity Total	\$0	\$910,000	\$910,000
63	Utilities - Electricity (66Kv Fv Site Sce) Total	\$0	\$17,598,513	\$17,598,513
64	Utilities Electrical Curtailment Power Cr	\$0	(\$933,333)	(\$933,333)
65	Utilities - Gas Total	\$0	\$58,667	\$58,667
66	Utilities - Water Total	\$0	\$97,333	\$97,333
	<b>Subtotal</b>	<b>\$0</b>	<b>\$17,731,179</b>	<b>\$17,731,179</b>
	<b>Training</b>			
67	Training Expense	\$47,000	\$136,385	\$183,385

Column 1 Line	Column 2 Item Description <sup>(a)</sup>	Column 3 MWDOC Expenses <sup>(b)</sup>	Column 4 OCWD Expenses <sup>(b)</sup>	Column 5 Total Combined Expenses <sup>(c)</sup>
68	Tuition Reimbursement	\$5,000	\$0	\$5,000
69	Education Tuition Reimbursement Total	\$0	\$32,000	\$32,000
70	Subscriptions Total	\$0	\$38,233	\$38,233
	<b>Subtotal</b>	<b>\$52,000</b>	<b>\$206,618</b>	<b>\$258,618</b>
	<b>Misc Exp</b>			
71	Miscellaneous Expense	\$105,767	\$2,250	\$108,017
72	Temporary Help Expense	\$5,000	\$0	\$5,000
73	MWDOC's Contribution to WEROC: Operations	\$283,314	\$0	\$283,314
74	WFB/County Banking Charge Total	\$0	\$40,000	\$40,000
	<b>Subtotal</b>	<b>\$394,081</b>	<b>\$42,250</b>	<b>\$436,331</b>
	<b>Marketing</b>			
75	Event and Marketing	\$0	\$1,056,617	\$1,056,617
76	MWDOC Cost Share	\$0	(\$6,000)	(\$6,000)
	<b>Subtotal</b>	<b>\$0</b>	<b>\$1,050,617</b>	<b>\$1,050,617</b>
	<b>Inter-agency</b>			
77	Licenses And Permits Total	\$0	\$93,179	\$93,179
78	Inter Agency Total	\$0	\$767,636	\$767,636
79	Taxes & Assessments Total	\$0	\$73,946	\$73,946
	<b>Subtotal</b>	<b>\$0</b>	<b>\$934,762</b>	<b>\$934,762</b>
	<b>Capital Acquisition</b>			
80	Capital Acquisition (excluding building)	\$137,410	\$0	\$137,410
81	Capital Acq Prior Year Carryover Credit	(\$1,934)	\$0	(\$1,934)
82	Capital Projects (Debt & PAYGO funded)	\$0	\$160,909,914	\$160,909,914
83	New Equipment	\$0	\$429,700	\$429,700
	<b>Subtotal</b>	<b>\$135,476</b>	<b>\$161,339,614</b>	<b>\$161,475,090</b>
	<b>Building Expense</b>			
84	MWDOC's Building Expense	\$512,896	\$0	\$512,896
85	Building Expense Prior Year Carryover Credit	(\$50,318)	\$0	(\$50,318)
	<b>Subtotal</b>	<b>\$462,579</b>	<b>\$0</b>	<b>\$462,579</b>
	<b>PFAS</b>			
86	PFAS O&M Expenditure	\$0	\$3,087,667	\$3,087,667
	<b>Subtotal</b>	<b>\$0</b>	<b>\$3,087,667</b>	<b>\$3,087,667</b>
	<b>Water Expenses</b>			
87	Water Purchases	\$169,380,146	\$9,011,156	\$178,391,303
88	Local Resource Program Incentives	(\$4,789,759)	\$0	(\$4,789,759)
89	Readiness-To-Serve Charge	\$12,017,805	\$0	\$12,017,805
90	Capacity Charge	\$4,981,793	\$0	\$4,981,793
91	SCP/SAC Pipeline Surcharge	\$330,333	\$0	\$330,333
	<b>Subtotal</b>	<b>\$181,920,319</b>	<b>\$9,011,156</b>	<b>\$190,931,476</b>
	<b>Debt Expenses</b>			
92	Debt Service	\$0	\$42,048,787	\$42,048,787
	<b>Subtotal</b>	<b>\$0</b>	<b>\$42,048,787</b>	<b>\$42,048,787</b>
	<b>Replacement and Refurbishment (R&amp;R) Expenses</b>			

Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description <sup>(a)</sup>	MWDOC Expenses <sup>(b)</sup>	OCWD Expenses <sup>(b)</sup>	Total Combined Expenses <sup>(c)</sup>
93	R&R Fund Expenditures	\$0	\$16,381,543	\$16,381,543
94	Appropriation to R&R Reserves	\$0	\$6,898,423	\$6,898,423
	<b>Subtotal</b>	<b>\$0</b>	<b>\$23,279,966</b>	<b>\$23,279,966</b>
	<b>Total</b>	<b>\$193,456,689</b>	<b>\$323,495,021</b>	<b>\$516,951,711</b>

(a) Line item descriptions in Column 2 appear exactly as written in each agency's budget. Similar line items were grouped in consultation with each agency as part of this study.

(b) All values shown in this table are a three-year average of the respective agency's last three years of adopted budgets, including negative values (FY 21/22, FY 22/23, and FY 23/24).

(c) Column 5 is the sum of Columns 3 and 4. Refer to Appendix A for explanations of cells with no value.

(d) This line item includes retirement benefits for members of the OCWD Board of Directors. Members of the MWDOC Board of Directors are not eligible to participate in the CalPERS retirement benefit that is provided to MWDOC employees. Instead, they can participate in a 401(a) plan in lieu of FICA at a rate of 7.5% and participate in the District's deferred compensation retirement plan (457 plan) on a voluntary basis at their own cost.

As shown in Table 13, MWDOC's average budgeted expenses are about 60 percent of OCWD's average budgeted expenses. Combined, the average three-year budgets of the two agencies total approximately \$517 million.

### Opportunities for Cost-Savings Upon Consolidation

Consolidating two agencies that provide similar services into a Successor Agency may create redundancies in certain areas, such as governance, staffing, facilities, and infrastructure. Identifying where those redundancies exist is an important step in determining opportunities for cost savings and efficiencies. One area that was identified during this study was employee positions that would likely become redundant and ultimately reorganized as a result of consolidation of the agencies. Logic dictates that certain executive and administrative positions would become redundant upon consolidation.

As stated in the FY 2023-24 board-adopted budgets, OCWD has 226 full-time equivalent (FTE) positions and MWDOC has 38 FTE positions.<sup>19</sup> The executive level management positions and supportive administrative positions employed by each agency that were deemed potentially redundant upon consolidation are shown in Table 14. For this finding, redundant means each agency had an employee with the same title or similar role as the other agency that could be reorganized into a single position or eliminated as a result of consolidation.

<sup>19</sup> MWDOC Board of Directors' Administration & Finance Committee Meeting on April 12, 2023, and OCWD Board of Directors Meeting on April 19, 2023.

**Table 14: Summary of Potentially Redundant Employee Positions**

Department	Position	Redundant Positions	Average Annual Salary <sup>(1)</sup>	Total
Administration	Administrative Assistant	2	\$6,144	\$122,289
Administration	District Secretary	1	\$149,392	\$149,392
Administration	Records Coordinator	1	\$73,994	\$73,994
Engineering	Director of Engineering	1	\$214,106	\$214,106
Finance	Accounting Manager	1	\$158,115	\$158,115
Finance	Senior Accountant	1	\$102,667	\$102,667
General Manager	Executive Assistant	1	\$90,113	\$90,113
General Manager	General Manager	1	\$345,269	\$345,269
Human Resources	Director of Human Resources	1	\$189,791	\$189,791
Information Services	Database Coordinator	1	\$50,738	\$50,738
Information Services	Financial Analyst/Database Analyst	1	\$125,866	\$125,866
Information Services	Network Systems Engineer	1	\$123,127	\$123,127
Public Affairs	Director of Public Affairs	1	\$187,040	\$187,040
Public Affairs	Public Affairs Coordinator	3	\$55,376	\$166,127
Public Affairs	Public Affairs Manager/Liaison	1	\$153,141	\$153,141
<b>Total</b>		<b>18</b>	<b>\$2,079,877</b>	<b>\$2,251,773</b>

(1) Positions and salaries for each agency were obtained from the State Controller's *Government Compensation in California* website, which is published under the authority of Gov Code section 12463 (<https://publicpay.ca.gov/>). The salaries of same/similar positions of the two agencies were averaged together for this analysis.

To determine which staff positions were redundant, a detailed comparison was conducted of the full roster of positions including salary information for both MWDOC and OCWD. As shown in Table 14, approximately \$2.25 million could be saved through reducing overall staffing of the Successor Agency by 18 FTE positions for a total of 246 FTEs. For example, within the positions classified as administrative such as Administrative Assistant, District Secretary, and Records Coordinator a total of nine positions could be reduced to five positions for efficiency or to eliminate redundancy. This reasoning for the most part holds true for the balance of the positions referenced in Table 14, including for most non-technical and leadership positions that are cross trainable and/or redundant. While these actions would reorganize or eliminate certain positions, it would align the required staffing resources to support the operations of a single Successor Agency while eliminating redundancy in positions and responsibilities to ultimately achieve cost savings and efficiencies. In the event a consolidation occurs,

the Successor Agency will need to consider its consolidated staffing needs before determining which positions can be reorganized and/or eliminated.

Economies of scale can occur when fixed costs are spread across more units. With the consolidation of MWDOC and OCWD employees (i.e.,  $38 + 226 = 264$  FTE's), some redundant positions may be eliminated as previously discussed (18 positions), and the Successor Agency would ultimately have more employees (i.e.,  $264 - 18 = 246$  FTE's) than either OCWD or MWDOC individually. Therefore, certain administrative and operational expenses of the Successor Agency could decrease as a result of economies of scale including insurance expenses (workers compensation), office supplies and expenses, professional fees, computer and software expenses, telephone expenses, travel expenses, and training expenses. To calculate the savings from economies of scale, these expenditures were reduced proportionally to the reduction in the number of FTE's (18) using the average of the expenses of MWDOC and OCWD per FTE. Reduced expenditures for the Successor Agency could also be expected in training, sponsorships, subscriptions, and memberships. For example, expenditures for participation with groups like the Association of California Water Agencies, the California Special Districts Association, the Independent Special Districts of Orange County, the Orange County Water Association, the Orange County Business Council, and the Water Advisory Committee of Orange County.

In regard to employee healthcare benefits, a similar economies of scale could occur through elimination of redundant positions. These expenditures were reduced proportionally to the reduction in the number of FTE's (18 positions) using the average of the expenses of MWDOC and OCWD per FTE.

In addition to staffing efficiencies and economies of scale for expenses and healthcare benefits, consolidation can also result in a change in the total number of directors representing the Successor Agency. Currently, MWDOC and OCWD have a combined 17 board members (10 for OCWD and seven for MWDOC). To maintain appropriate governance representation, this study assumes that the Successor Agency Board of Directors would consist of 10 members representing the consolidated boundary of the respective service areas. This study also assumes the Successor Agency would have representation on The Metropolitan Water District of Southern California Board of Directors as well, which has an associated cost. Some cost savings would result from this governance restructure through an overall reduction in per diem payments, director benefits, retirement contributions, travel expenses, conference attendance, and election expenses.<sup>20</sup>

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<sup>20</sup> A water district does not necessarily have to provide compensation or benefits to its board members. California Water Code Section 20201 sets the maximum amount of compensation per meeting at \$100 unless compensation

Using the combined three-year average budgets of MWDOC and OCWD in Table 13, the redundant employee positions identified in Table 14, economies of scale for certain expenses and healthcare benefits, and the reduction in board members from 17 to 10 members, a consolidated budget has been prepared in Table 15 for a hypothetical Successor Agency that reflects the aforementioned savings and additional expenses assumed as a result of consolidation. Because the OCWD and MWDOC budgets have different degrees of specificity and categorization methodology, and in order to present the agency comparison that is needed in determining the feasibility of consolidation, similar budget line items through discussions with representatives of each agency, have been grouped together (e.g., Salaries & Wages, Employee Benefits, Director’s Fees & Costs, etc.). It should be noted the analyses noted in this MSR are high-level attempts to compare and identify associated costs and savings resulting from consolidation of the agencies into a single successor agency.

**Table 15: Estimated Results of Consolidation Excluding Retirement Expenses**

Column 1 Line	Column 2 Item Description <sup>(a)</sup>	Column 3 Combined MWDOC & OCWD Average Expenses <sup>(b)</sup>	Column 4 Estimated Expenses of Successor Agency <sup>(c)</sup>	Column 5 Estimated Annual (Savings) / Costs <sup>(d)</sup>
	<b>Salaries &amp; Wages</b>			
1	Salaries & Wages	\$31,690,302	\$29,438,529	(\$2,251,773)
2	less for Recovery from Grants	(\$22,888)	(\$22,888)	\$0
3	Overtime	\$681,610	\$681,610	\$0
4	Payroll Taxes	\$460,440	\$460,440	\$0
5	Capitalized Salaries	(\$349,748)	(\$349,748)	\$0
6	Temporary Workers - General Total	\$149,167	\$149,167	\$0
7	Expense - Contra	(\$73,333)	(\$73,333)	\$0
	<b>Subtotal</b>	<b>\$32,535,550</b>	<b>\$30,283,777</b>	<b>(\$2,251,773)</b>
	<b>Employee Benefits<sup>(e)</sup></b>			
8	Employee Benefits	\$5,193,221	\$4,642,123	(\$551,098)
9	CALPERS Unfunded Liability Contribution <sup>(e)</sup>	\$207,000	\$294,704 <sup>(f)</sup>	\$87,704
10	Health Insurance Coverage for Retirees	\$99,359	\$99,359	\$0
11	Retirement <sup>(e)</sup>	\$5,311,159	\$2,902,609	\$0
12	Capitalized Benefits	(\$99,997)	(\$99,997)	\$0
13	Retiree Health Trust	\$1,278,667	\$1,278,667	\$0

is prohibited by the agency’s principal act. Water Code Section 20201 also authorizes board members to increase compensation above \$100, but there are notable restrictions on a water supplier’s ability to do so. Under Government Code sections 53201 and 53205.1, special district board members can receive group insurance benefits if the board elects to do so. And a special district board may elect to also provide benefits to its retired board members, and the families of board members and retired board members. Benefits for board members can include medical, dental, vision, and life insurance. The provision of compensation and benefits to board members are subject to local laws/ordinances passed by the district.

Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description <sup>(a)</sup>	Combined MWDOC & OCWD Average Expenses <sup>(b)</sup>	Estimated Expenses of Successor Agency <sup>(c)</sup>	Estimated Annual (Savings) / Costs <sup>(d)</sup>
	<b>Subtotal</b>	<b>\$11,989,409</b>	<b>\$9,029,761</b>	<b>(\$463,394)</b>
	<b>Director Fees &amp; Costs</b>			
14	Director Compensation	\$638,728	\$375,722	(\$263,006)
15	Director Benefits	\$132,891	\$78,171	(\$54,720)
16	MWD Representation	\$146,690	\$146,690	\$0
17	Election Expense	\$133,000	\$66,500	(\$66,500)
18	Contribution to Election Reserve	\$287,916	\$143,958	(\$143,958)
	<b>Subtotal</b>	<b>\$1,339,225</b>	<b>\$811,042</b>	<b>(\$528,183)</b>
	<b>Insurance Expense</b>			
19	Insurance Expense	\$846,559	\$846,559	\$0
20	Insurance Refund	(\$50,000)	(\$50,000)	\$0
21	Workers' Compensation	\$455,704	\$437,557	(\$18,148)
22	Claims Total	\$5,333	\$5,333	\$0
	<b>Subtotal</b>	<b>\$1,257,596</b>	<b>\$1,239,449</b>	<b>(\$18,148)</b>
	<b>Office Supplies/Expense</b>			
23	Office Expense - General Total	\$295,167	\$268,897	(\$26,270)
24	Outside Printing, Subscription & Books	\$87,567	\$79,773	(\$7,793)
25	Office Supplies	\$32,333	\$29,456	(\$2,878)
26	Postage / Mail Delivery	\$10,739	\$10,739	\$0
	<b>Subtotal</b>	<b>\$425,806</b>	<b>\$388,865</b>	<b>(\$36,941)</b>
	<b>Supplies</b>			
27	Supplies - Water Loss Control	\$4,000	\$4,000	\$0
28	Business Expense	\$2,333	\$2,333	\$0
29	Chemicals - Polymer Total	\$10,836,393	\$10,836,393	\$0
30	Operational Supplies	\$2,544,233	\$2,544,233	\$0
	<b>Subtotal</b>	<b>\$13,386,960</b>	<b>\$13,386,960</b>	<b>\$0</b>
	<b>Professional Fees</b>			
31	Legal Expense - General	\$1,200,583	\$1,080,525	(\$120,058)
32	Audit Expense	\$33,907	\$0	(\$33,907)
33	Outside Consulting Expense	\$365,667	\$329,100	(\$36,567)
34	Professional Fees	\$1,596,774	\$1,437,096	(\$159,677)
35	Professional Services - General Total	\$2,183,980	\$2,183,980	\$0
36	Legal Advertising Total	\$4,667	\$4,667	\$0
37	Professional Services - Engineer Total	\$673,333	\$673,333	\$0
38	Lab Samples Analysis Total	\$208,000	\$208,000	\$0
39	Security Program Total	\$445,867	\$445,867	\$0
	<b>Subtotal</b>	<b>\$6,712,777</b>	<b>\$6,362,568</b>	<b>(\$350,209)</b>
	<b>Rent</b>			
40	Rents & Leases	\$1,800	\$1,800	\$0
41	Rent Equipment - Gen Total	\$50,733	\$50,733	\$0
	<b>Subtotal</b>	<b>\$52,533</b>	<b>\$52,533</b>	<b>\$0</b>
	<b>Vehicle Expense</b>			
42	Vehicle Expense - Water Loss Control	\$8,381	\$8,381	\$0
43	Automotive & Toll Road Expenses	\$14,408	\$14,408	\$0



Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description <sup>(a)</sup>	Combined MWDOC & OCWD Average Expenses <sup>(b)</sup>	Estimated Expenses of Successor Agency <sup>(c)</sup>	Estimated Annual (Savings) / Costs <sup>(d)</sup>
44	Gas & Diesel Fuel Total	\$115,267	\$115,267	\$0
45	Fuel - Off Road Total	\$117,667	\$117,667	\$0
	<b>Subtotal</b>	<b>\$255,723</b>	<b>\$255,723</b>	<b>\$0</b>
	<b>Repairs &amp; Maint</b>			
46	Maintenance Expense	\$164,220	\$0	(\$164,220)
47	Building Repair & Maintenance	\$20,752	\$0	(\$20,752)
48	Maint Equipment	\$1,694,933	\$1,859,153	\$164,220
49	Building Repair & Maintenance	\$3,481,644	\$3,502,396	\$20,752
	<b>Subtotal</b>	<b>\$5,361,549</b>	<b>\$5,361,549</b>	<b>\$0</b>
	<b>Computer &amp; Software</b>			
50	Software Support & Expense	\$130,690	\$99,737	(\$30,953)
51	Computer Maintenance	\$6,667	\$5,088	(\$1,579)
52	Computers and Equipment	\$36,800	\$28,084	(\$8,716)
53	Hardware/Software Total	\$448,167	\$430,319	(\$17,847)
	<b>Subtotal</b>	<b>\$622,324</b>	<b>\$563,229</b>	<b>(\$59,095)</b>
	<b>Telephone Expense</b>			
54	Telecommunications Expense	\$287,823	\$267,628	(\$20,194)
	<b>Subtotal</b>	<b>\$287,823</b>	<b>\$267,628</b>	<b>(\$20,194)</b>
	<b>Memberships</b>			
55	Membership / Sponsorship	\$635,746	\$580,465	(\$55,281)
56	CDR Participation	\$61,715	\$0	(\$61,715)
	<b>Subtotal</b>	<b>\$697,461</b>	<b>\$580,465</b>	<b>(\$116,996)</b>
<b>14</b>	<b>Conferences &amp; Travel</b>			
57	Conference Expense - Staff	\$50,199	\$35,139	(\$15,060)
58	Conference Expense - Directors	\$21,272	\$10,636	(\$10,636)
59	Travel & Accommodations - Staff	\$87,450	\$61,215	(\$26,235)
60	Travel & Accommodations - Directors	\$32,183	\$16,092	(\$16,092)
61	Travel/Conference/Mileage Total	\$138,800	\$97,160	(\$41,640)
	<b>Subtotal</b>	<b>\$329,904</b>	<b>\$220,242</b>	<b>(\$109,662)</b>
	<b>Utilities Exp</b>			
62	Utilities - Electricity Total	\$910,000	\$910,000	\$0
63	Utilities - Electricity (66Kv Fv Site Sce) Total	\$17,598,513	\$17,598,513	\$0
64	Utilities Electrical Curtailment Power Cr	(\$933,333)	(\$933,333)	\$0
65	Utilities - Gas Total	\$58,667	\$58,667	\$0
66	Utilities - Water Total	\$97,333	\$97,333	\$0
	<b>Subtotal</b>	<b>\$17,731,179</b>	<b>\$17,731,179</b>	<b>\$0</b>
	<b>Training</b>			
67	Training Expense	\$183,385	\$154,788	(\$28,597)
68	Tuition Reimbursement	\$5,000	\$0	(\$5,000)
69	Education Tuition Reimbursement Total	\$32,000	\$35,816	\$3,816
70	Subscriptions Total	\$38,233	\$38,233	\$0
	<b>Subtotal</b>	<b>\$258,618</b>	<b>\$228,837</b>	<b>(\$29,781)</b>
	<b>Misc Exp</b>			
71	Miscellaneous Expense	\$108,017	\$108,017	\$0

Municipal Service Review (MSR 22-06) and Sphere of Influence Review (SOI 23-06)  
**Orange County Water District**

Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description <sup>(a)</sup>	Combined MWDOC & OCWD Average Expenses <sup>(b)</sup>	Estimated Expenses of Successor Agency <sup>(c)</sup>	Estimated Annual (Savings) / Costs <sup>(d)</sup>
72	Temporary Help Expense	\$5,000	\$5,000	\$0
73	MWDOC's Contribution to WEROC: Operations	\$283,314	\$283,314	\$0
74	WFB/County Banking Charge Total	\$40,000	\$40,000	\$0
	<b>Subtotal</b>	<b>\$436,331</b>	<b>\$436,331</b>	<b>\$0</b>
	<b>Marketing</b>			
75	Event and Marketing	\$1,056,617	\$1,056,617	\$0
76	MWDOC Cost Share	(\$6,000)	(\$6,000)	\$0
	<b>Subtotal</b>	<b>\$1,050,617</b>	<b>\$1,050,617</b>	<b>\$0</b>
	<b>Inter-agency</b>			
77	Licenses And Permits Total	\$93,179	\$93,179	\$0
78	Inter Agency Total	\$767,636	\$767,636	\$0
79	Taxes & Assessments Total	\$73,946	\$73,946	\$0
	<b>Subtotal</b>	<b>\$934,762</b>	<b>\$934,762</b>	<b>\$0</b>
	<b>Capital Acquisition</b>			
80	Capital Acquisition (excluding building)	\$137,410	\$137,410	\$0
81	Capital Acq Prior Year Carryover Credit	(\$1,934)	(\$1,934)	\$0
82	Capital Projects (Debt & PAYGO funded)	\$160,909,914	\$160,909,914	\$0
83	New Equipment	\$429,700	\$429,700	\$0
	<b>Subtotal</b>	<b>\$161,475,090</b>	<b>\$161,475,090</b>	<b>\$0</b>
	<b>Building Expense</b>			
84	MWDOC's Building Expense	\$512,896	\$512,896	\$0
85	Building Expense Prior Year Carryover Credit	(\$50,318)	(\$50,318)	\$0
	<b>Subtotal</b>	<b>\$462,579</b>	<b>\$462,579</b>	<b>\$0</b>
	<b>PFAS</b>			
86	PFAS O&M Expenditure	\$3,087,667	\$3,087,667	\$0
	<b>Subtotal</b>	<b>\$3,087,667</b>	<b>\$3,087,667</b>	<b>\$0</b>
	<b>Water Expenses</b>			
87	Water Purchases	\$178,391,303	\$178,391,303	\$0
88	Local Resource Program Incentives	(\$4,789,759)	(\$4,789,759)	\$0
89	Readiness-To-Serve Charge	\$12,017,805	\$12,017,805	\$0
90	Capacity Charge	\$4,981,793	\$4,981,793	\$0
91	SCP/SAC Pipeline Surcharge	\$330,333	\$330,333	\$0
	<b>Subtotal</b>	<b>\$190,931,476</b>	<b>\$190,931,476</b>	<b>\$0</b>
	<b>Debt Expenses</b>			
92	Debt Service	\$42,048,787	\$42,048,787	\$0
	<b>Subtotal</b>	<b>\$42,048,787</b>	<b>\$42,048,787</b>	<b>\$0</b>
	<b>Replacement and Refurbishment (R&amp;R) Expenses</b>			
93	R&R Fund Expenditures	\$16,381,543	\$16,381,543	\$0
94	Appropriation to R&R Reserves	\$6,898,423	\$6,898,423	\$0
	<b>Subtotal</b>	<b>\$23,279,966</b>	<b>\$23,279,966</b>	<b>\$0</b>
	<b>Total<sup>(e)</sup></b>	<b>\$516,951,710</b>	<b>\$512,395,314</b>	<b>(\$3,984,377)</b>

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Line</b>	<b>Item Description<sup>(a)</sup></b>	<b>Combined MWDOC &amp; OCWD Average Expenses<sup>(b)</sup></b>	<b>Estimated Expenses of Successor Agency<sup>(c)</sup></b>	<b>Estimated Annual (Savings) / Costs<sup>(d)</sup></b>

(a) Line item descriptions appear exactly as written in each agency's adopted budget. Similar line items were grouped together with subheaders in consultation with each agency as part of this study.

(b) Column 3 in this table is the same as Column 5 in Table 13.

(c) Estimated Budget of Successor Agency (Column 4) is the difference between Column 3 (Combined Agency Budgets) and Column 5 (Estimated Annual Savings/Cost).

(d) Estimated Annual Savings/Cost (Column 5) represents savings/cost upon consolidation. Refer to Appendix B for explanations of what each savings/cost consists. No inflationary factors were applied in this table.

(e) No changes to the retirement benefits that are in Lines 9 and 11 are reflected in this table. Their costs are held static in order to highlight savings/costs outside of changes to retirement plans. Changes to retirement benefits are shown in Tables 16 and 18.

(f) MWDOC budgets consistently show \$207,000; however, according to CalPERS annual evaluation reports (Classic and PEPRA reports combined) as of June 30, 2022, reflect an unfunded liability total payment of \$294,704, including net present value discount of approximately 3.2%.

As shown in Table 15, no net savings is expected for Successor Agency expenses related to repairs and maintenance (Replacement and Refurbishment) because it is assumed that the Successor Agency would provide the same services currently being provided by each agency independently and would be required to repair and maintain the same assets and equipment to provide continuity and uninterrupted services. Furthermore, Table 15 reflects the assumption that existing expenses for public services, programs, and activities will continue to be provided or performed by the Successor Agency in the same manner and to the same customers that are currently being served. Likewise, the facilities currently owned by each agency shall be retained, operated, and maintained by the Successor Agency. Likewise, expenses related to technical supplies, rent, vehicle expenses, repair and maintenance, utilities, miscellaneous items, marketing, inter-agency expenses, capital acquisition, building expenses, and PFAS O&M have been maintained in the Successor Agency budget in Table 15, as it is assumed those expenses would not immediately increase or decrease as the result of a consolidation.

The consolidated budget of a Successor Agency in Table 15 reflects cost savings in the amount of approximately \$3.98 million, but it does not reflect any changes to retirement plans as discussed previously, or temporary transitional costs associated with undertaking a consolidation. Examples of temporary transitional costs may include establishing single retirement and Other Post-Employment Benefit (OPEB) plans, reorganization of employee positions, associated legal fees, consultant fees, and other

unknown or unanticipated costs.<sup>21</sup> Further detailed review of the scope and function of professional service providers may allow for additional efficiencies, economies of scale, and resulting savings.

### Retirement Plans

OCWD offers a defined contribution plan to its employees (i.e., 401(k) plan)<sup>22</sup> and MWDOC offers its employees a defined benefit plan (i.e., California Public Employees' Retirement System "CalPERS").<sup>23</sup> To evaluate the potential costs or savings from a change to the provided retirement plans upon consolidation, three scenarios were reviewed:

A Successor Agency offering both a defined benefit and defined contribution plan to employees.

A Successor Agency offering a defined benefit program to employees (in this instance, CalPERS).

A Successor Agency offering a defined contribution program to employees.

### **Retirement Plan Scenario 1**

The first scenario, where a Successor Agency offers a defined benefit plan such as CalPERS, and a defined contribution plan to employees is likely infeasible because of a prior legal challenge. In the 2004 California Supreme Court Case, *Metropolitan Water District of Southern California v. Superior Court of Los Angeles County*, the court ruled that MWD was mandated to enroll all common law employees in CalPERS, except those excluded under a specific statutory or contractual provision.<sup>24</sup> This ruling essentially requires any CalPERS member agency to enroll all eligible employees in CalPERS, effectively negating the idea of offering a dual retirement plans.

### **Retirement Plan Scenario 2**

The second scenario of a Successor Agency offering a defined benefit program would facilitate the enrollment in CalPERS of all eligible agency employees. Each new plan participant of the Successor Agency (which would be all OCWD employees) would be

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<sup>21</sup> Other Post-Employment Benefits (OPEB) are benefits that an employee receives after their employment, but are not considered part of their pension. This commonly consists of retiree medical insurance.

<sup>22</sup> A defined contribution plan is a retirement plan where an employee and/or employer contribute money into an individual account for the employee. The contributions are usually invested on the employee's behalf, and the account's value changes based on the contributions and the investments' performance.

<sup>23</sup> A defined benefit plan is a retirement plan that provides employees with a fixed monthly benefit when they retire. The benefit is usually based on the employee's salary and length of service and may be calculated using a formula.

<sup>24</sup> "Cargill" (2004) 32 Cal. 4<sup>th</sup> 491.

required to complete an enrollment form and would be evaluated to determine if they would be subject to the Public Employees’ Pension Reform Act (PEPRA) as a new member or whether they would qualify for a Non-PEPRA classic CalPERS membership. However, without an actuarial evaluation, the precise quantification of the annual cost to provide a defined benefit program is not possible.

For the purpose of this study, an estimate is made using rates and amounts from the MWDOC PEPRA actuarial valuation for the reporting period ended June 30, 2022. The employer contribution rate for the 2024-25 fiscal year, net of employee contribution offset, is 7.9% of payroll. This assumes all newly enrolled employees join on a go-forward basis, with no assumptions of retroactive enrollment benefits. Using required contribution amounts from MWDOC actuarial reports for the 2024-25 fiscal year, plus estimated salaries of the newly enrolled employees (\$27,109,293 from Line 1 of Table 13), the estimated annual contribution would be approximately \$2,902,609. There may be additional transitional costs which are unknown at this time.

**Table 16: Employee Benefits for Successor Agency Budget Comparison and Proforma with Defined Benefit Plan (CalPERS)**

Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description	Combined MWDOC & OCWD Expenses	Estimated Budget of Successor Agency	Estimated Annual (Savings) / Costs
	<b>Employee Benefits</b>			
8	Employee Benefits	\$5,193,221	\$4,642,123	(\$551,098)
9	<i>CALPERS Unfunded Liability Contribution</i>	\$207,000	\$294,704	\$87,704
10	Health Insurance Coverage for Retirees	\$99,359	\$99,359	\$0
11	<i>Retirement</i>	\$5,311,159	\$2,902,609	(\$2,408,550)
12	Capitalized Benefits	(\$99,997)	(\$99,997)	\$0
13	Retiree Health Trust	\$1,278,667	\$1,278,667	\$0
	<b>Total</b>	<b>\$11,989,409</b>	<b>\$9,117,465</b>	<b>(\$2,871,944)</b>

Note: Line 11 is the only line that differs from the prior Table 15 and subsequent Table 18.

As shown in Table 16, if the Successor Agency transitions to CalPERS, then the Employee Benefits could result in a net annual savings of approximately \$2,871,944. Of which, \$2,408,550 would be in addition to the total savings identified in Table 15 (\$3.98 million) for an overall estimated net savings of approximately \$6,391,927.

**Retirement Plan Scenario 3**

The third scenario analyzed herein is a Successor Agency offer of enrollment in a defined benefit contribution plan (401(k)), which requires the payment of an unfunded termination liability to CalPERS to end the availability of the defined benefit option and plan with

CalPERS. To evaluate this potential option, the CalPERS Actuarial Evaluation from June 30, 2022 was used, and the cost to terminate membership is estimated to range between \$9,882,750 to \$23,762,256 for classic (Non-PEPRA) members and between \$503,748 and \$2,241,665 for PEPRA members (Table 17). These estimates are based on Discount Rates ranging from 1.75% to 4.5% and Inflation Rates ranging from 2.5% to 2.75%. Also included in these estimated termination liabilities is a 5% contingency load.<sup>25</sup>

**Table 17: CalPERS Termination Liability Summary**

	Low	High
Discount Rate	1.75%	4.50%
Price Inflation	2.50%	2.75%
CLASSIC	\$9,882,750	\$23,762,256
PEPRA	\$503,748	\$2,241,665
<b>Total</b>	<b>\$10,386,498</b>	<b>\$26,003,921</b>

Source: CalPERS Actuarial Valuation – June 30, 2022, PEPRA Miscellaneous Plan of the Municipal Water District of Orange County

When a CalPERS member agency terminates its membership with CalPERS, the agency would need to contact the CalPERS Pension Contract Services department and initiate a Resolution of Intent to Terminate and obtain a more up-to-date estimate of its retirement liabilities. Once obtained, the unfunded termination liability should then be evaluated by the Successor Agency, including the engagement of qualified professionals (internal and external) and general counsel specializing in municipal advising. The Successor Agency may also consider making a cash payment from available unrestricted cash assets or reserves and/or, financing the liability through Pension Obligation Bonds (POBs).<sup>26</sup>

The estimated annual impact of transitioning all employees of the Successor Agency to a defined contribution retirement plan has been projected using the calculation of the current percentage of retirement contribution to current salary and wage expenses for the Agency offering the defined contribution plan (i.e., OCWD). As shown in Table 18, if

<sup>25</sup> Source: CalPERS Actuarial Valuation Miscellaneous Plan and PEPRA Miscellaneous Plan CalPERS ID: 649793438

<sup>26</sup> POBs are taxable bonds that some state and local governments issue to pay off unfunded pension liabilities. POBs carry significant risks, including investment risk and timing risk. It should be noted that options described above should be fully evaluated for impacts such as a reduction in interest earnings related to the cash payment, or the requirement to pay an annual debt service payment related to the issuance of POB's. Mention of these options are for informational purposes and do not represent professional advice or recommendation.

the Successor Agency offers only a defined contribution retirement plan, then the estimated annual savings of consolidation related to retirement benefits is approximately \$376,734. However, this estimated annual savings does not take into account potential annual debt service payment required should any type of financing mechanism be leveraged to fund the termination liability. An estimate of that annual payment requirement would need to be provided in consultation with a Municipal Advisor.

**Table 18: Employee Benefits for Successor Agency Budget Comparison and Proforma with Defined Contribution Plan (401(k))**

Column 1	Column 2	Column 3	Column 4	Column 5
Line	Item Description	Combined MWDOC & OCWD Expenses	Estimated Budget of Successor Agency	Estimated Annual (Savings) / Costs
	<b>Employee Benefits</b>			
8	Employee Benefits	\$5,193,221	\$4,642,123	(\$551,098)
9	CALPERS Unfunded Liability Contribution	\$207,000	\$0	(\$207,000)
10	Health Insurance Coverage for Retirees	\$99,359	\$99,359	\$0
11	Retirement	\$4,550,184	\$4,931,548	\$381,364
12	Capitalized Benefits	(\$99,997)	(\$99,997)	\$0
13	Retiree Health Trust	\$1,278,667	\$1,278,667	\$0
	<b>Total</b>	<b>\$11,228,434</b>	<b>\$10,851,700</b>	<b>(\$376,734)</b>

Note: Lines 9 and 11 are the only lines that differ from the prior Tables 15 and 16.

As shown in Table 18, if the Successor Agency transitions to a defined contribution plan, then the Employee Benefits would have a net annual savings of approximately \$376,734, which is a reduction in savings of \$86,660 compared to that shown in Table 15. With the reduction in savings, the overall net savings would be approximately \$3,897,717. However, this does not include the termination payment for CalPERS, which ranges from \$10.4 million to \$26 million (Table 17).

#### Other Post-Employment Benefits

MWDOC and OCWD both offer defined benefit Other Post-Employment Benefit (OPEB) plans to their employees. An analysis of the benefits provided, the cost associated with those benefits, and termination payments required to eliminate one plan would need to be performed by the Successor Agency to determine the best route for consolidation of OPEB plans, if required.

#### Revenues

It is important to show revenues over time to allow for an evaluation of consistency and the ability of a Successor Agency to maintain expenses, whether higher or lower

following a consolidation. The three-year average board-adopted revenues of Fiscal Years 2021-22, 2022-23, and 2023-24 from both OCWD and MWDOC are shown in Table 19. These average revenues have been used to determine an estimated revenue proforma for a Successor Agency. No inflationary factors were considered because no future timeline for consolidation is being considered.

**Table 19: Projected Average Annual Revenues of Successor Agency – Estimated from Three Year Average Revenues**

Column 1 Revenues	Column 2 MWDOC Average Revenue <sup>(a)</sup>	Column 3 OCWD Average Revenue <sup>(a)</sup>	Column 4 Combined Revenue	Column 5 Estimated Successor Agency Revenue
Property Taxes	\$0	\$32,135,333	\$32,135,333	\$32,135,333
Replenishment Assessment (RA)	\$0	\$154,932,306	\$154,932,306	\$154,932,306
Basin Equity Assessment (BEA)	\$0	\$2,083,333	\$2,083,333	\$2,083,333
Facility Revenue from Other Agencies (GAP)	\$0	\$2,567,381	\$2,567,381	\$2,567,381
Investment/Interest Revenues	\$228,460	\$2,607,830	\$2,836,290	\$2,836,290
Rent, Royalties and Others	\$0	\$3,409,821	\$3,409,821	\$3,409,821
Grants	\$0	\$1,833,333	\$1,833,333	\$1,833,333
Draw from Construction Fund / SRF Loans /Debt	\$0	\$123,925,520	\$123,925,520	\$123,925,520
Retail Meter Charge	\$8,816,296	\$0	\$8,816,296	\$8,816,296
Ground Water Customer Charge	\$362,296	\$0	\$362,296	\$362,296
Miscellaneous Income	\$3,000	\$0	\$3,000	\$3,000
Choice Revenue	\$1,807,201	\$0	\$1,807,201	\$1,807,201
<b>MWDOC Water Revenues<sup>(b)</sup></b>				
Water Sales	\$169,380,146	\$0	\$169,380,146	\$169,380,146
Local Resource Program Incentives (Offset)	(\$4,789,759)	\$0	(\$4,789,759)	(\$4,789,759)
Readiness-To-Serve Charge	\$12,017,805	\$0	\$12,017,805	\$12,017,805
Capacity Charge	\$4,981,793	\$0	\$4,981,793	\$4,981,793
Interest Revenue - Tier 2 Contingency	\$5,016	\$0	\$5,016	\$5,016
SCP/SAC Pipeline Surcharge	\$330,333	\$0	\$330,333	\$330,333
<b>Total Revenue</b>	<b>\$193,142,587</b>	<b>\$323,494,857</b>	<b>\$516,637,444</b>	<b>\$516,637,444</b>

(a) The average of adopted budgets from Fiscal Years 2021-22, 2022-23, and 2023-24 are shown. No inflationary factors or other uncertain revenues are included. If the value is \$0, then that line item is not included in the budget revenues for that agency.



<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Revenues</b>	<b>MWDOC Average Revenue <sup>(a)</sup></b>	<b>OCWD Average Revenue <sup>(a)</sup></b>	<b>Combined Revenue</b>	<b>Estimated Successor Agency Revenue</b>

(b) Water Sales, Readiness-to-Serve Charge, Capacity Charge, and SCP/SAC Pipeline Surcharge are pass-through charges from MWD to MWDOC Member Agencies. LRP Incentives (Offset) are pass-through credits from MWD to MWDOC Member Agencies.

(c) The total average revenues shown here do not match the total average expenses in Tables 13 and 15 exactly because they are based on a three-year average and because Adopted Budgets may not have expenses that equal revenues in accordance with the agency's reserve policy.

As shown in Table 19, no change in average annual revenue of the Successor Agency is anticipated based on the assumption the Successor Agency will provide the same services as currently provided by OCWD and MWDOC. Services are expected to remain the same for the same population of member agencies and groundwater producers at the same service levels.

Infrastructure

The potential qualitative impact of consolidation on the infrastructure owned by MWDOC and OCWD is estimated to be minimal. This MSR for OCWD and the 2020 MSR for MWDOC identified no deficiencies in infrastructure. Because MWDOC and OCWD provide different services with overlapping service areas, all existing services (and the infrastructure necessary to provide those services) would be retained, operated, and maintained by the Successor Agency consistent with Gov Code Section 56653. The infrastructure expenses of the Successor Agency are noted in Table 13 and infrastructure revenue of the Successor Agency are noted in Table 19. The Successor Agency budget assumes that services provided by the agencies would not change and therefore does not include additional revenue, costs, or cost-savings respective to existing or future infrastructure. However, a temporary increase in costs for the Successor Agency to transition infrastructure contracts/agreements or develop a Capital Improvement Program should be anticipated but have not been estimated here. If an application for consolidation is submitted to OC LAFCO, then costs anticipated by the Successor Agency as a direct result of consolidation would be identified in the Plan of Service in accordance with Gov Code Section 56653.

Programs, Contracts, and Agreements

The potential qualitative impact of consolidation on programs, contracts, and agreements for the Successor Agency is estimated to be minimal. MWDOC and OCWD have developed robust and vital programs related to the services each provides. Consistent with Gov Code Section 56653, the current services would be continued by the Successor Agency at the same levels and to the same member agencies and

groundwater producers within the newly consolidated boundary. Upon creation of a Successor Agency, certain contracts and agreements that are held by OCWD and MWDOC would need to be reconsidered. Because MWDOC’s SOI encompasses most of OCWD and OCWD’s SOI encompasses most of the groundwater basin, savings related to contracts and agreements would likely be limited to those by and between the Agencies and overhead and/or administrative support services providers. An example is the fee OCWD currently pays to MWDOC to purchase imported water. Contracts that may need to be renegotiated upon creation of a consolidated Successor Agency include, but are not limited to, those listed in Appendix C. A temporary cost to transition programs, contracts, and agreements to the Successor Agency should be anticipated. Program expenses of the Successor Agency are noted in Table 13 and general revenue used to fund programs of the Successor Agency are noted in Table 19. A list of existing programs, projects, and agreements for OCWD and MWDOC that may need modifying if transferred to a Successor Agency is located in Appendix C.

Statement of Net Position

The Statement of Net Position is a calculation of the difference between all assets and liabilities of an entity. The combined Statement of Net Position for MWDOC and OCWD are shown in Table 20 and has been prepared using the respective final audited financials for FY ending June 30, 2023.

**Table 20: Projected Statement of Net Position based on FY 2022-2023 Final Audited Financials**

Column 1	Column 2	Column 3	Column 4	Column 5
Description	MWDOC FY 2022-2023	OCWD FY 2022-2023	Combined FY 2022-2023	Estimated Successor Agency
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Restricted Assets</b>				
Cash and Cash Equivalents <sup>(a)</sup>	\$365,110	\$2,094,523	\$2,459,633	\$2,459,633
Cash with Fiscal Agent	\$0	\$16,016,885	\$16,016,885	\$16,016,885
Investments	\$1,120,665	\$0	\$1,120,665	\$1,120,665
Custodial Escrow Retention	\$0	\$1,574,275	\$1,574,275	\$1,574,275
Accounts Receivable Other	\$2,169,947	\$0	\$2,169,947	\$2,169,947
Accrued Interest Receivable	\$149	\$0	\$149	\$149
<b>Subtotal</b>	<b>\$3,655,871</b>	<b>\$19,685,683</b>	<b>\$23,341,554</b>	<b>\$23,341,554</b>
<b>Current Unrestricted Assets</b>				
Cash and Cash Equivalents	\$6,740,899	\$61,245,251	\$67,986,150	\$67,986,150
Investments	\$2,875,886	\$228,281,053	\$231,156,939	\$231,156,939
Accounts Receivable	\$19,058,196	\$72,663,787	\$91,721,983	\$91,721,983
Accrued Interest Receivable	\$135,419	\$1,404,759	\$1,540,178	\$1,540,178
Inventory	\$0	\$4,819,812	\$4,819,812	\$4,819,812
Deposits and Prepaid Expenses	\$169,843	\$810,495	\$980,338	\$980,338
Grants Receivable	\$0	\$1,405,582	\$1,405,582	\$1,405,582

Column 1	Column 2	Column 3	Column 4	Column 5
Description	MWDOC FY 2022-2023	OCWD FY 2022-2023	Combined FY 2022-2023	Estimated Successor Agency
Current Portion of Notes Receivable	\$0	\$305,640	\$305,640	\$305,640
Leases Receivable, Due in Less Than One Year	\$0	\$1,378,042	\$1,378,042	\$1,378,042
<b>Subtotal</b>	<b>\$28,980,243</b>	<b>\$372,314,421</b>	<b>\$401,294,664</b>	<b>\$401,294,664</b>
<b>Total Current Assets</b>	<b>\$32,636,114</b>	<b>\$392,000,104</b>	<b>\$424,636,218</b>	<b>\$424,636,218</b>
<b>Noncurrent Assets</b>				
Capital Assets, Not Depreciated	\$0	\$258,164,396	\$258,164,396	\$258,164,396
Capital Assets, Depreciated, Net	\$3,877,338	\$741,665,222	\$745,542,560	\$745,542,560
Net Other Post Employment Benefits (OPEB) Asset	\$0	\$0	\$0	\$0
Notes Receivable, Less Current Portion Above	\$202,948	\$4,278,964	\$4,481,912	\$4,481,912
Leases Receivable, Due in Less Than One Year	\$0	\$13,295,739	\$13,295,739	\$13,295,739
<b>Total Noncurrent Assets</b>	<b>\$4,080,286</b>	<b>\$1,017,404,321</b>	<b>\$1,021,484,607</b>	<b>\$1,021,484,607</b>
<b>Total Assets</b>	<b>\$36,716,400</b>	<b>\$1,409,404,425</b>	<b>\$1,446,120,825</b>	<b>\$1,446,120,825</b>
<b>Deferred Outflows of Resources<sup>(a)</sup></b>				
Deferred Amount Related to Pensions	\$2,150,394	\$0	\$2,150,394	\$2,150,394
Deferred Amount Related to OPEB	\$203,488	\$4,818,115	\$5,021,603	\$5,021,603
Deferred Charges on Refunding	\$0	\$7,706,668	\$7,706,668	\$7,706,668
Derivative Instruments	\$0	\$5,502,867	\$5,502,867	\$5,502,867
<b>Subtotal</b>	<b>\$2,353,882</b>	<b>\$18,027,650</b>	<b>\$20,381,532</b>	<b>\$20,381,532</b>
<b>Total Assets and Total Deferred Outflows of Resources</b>	<b>\$39,070,232</b>	<b>\$1,427,432,075</b>	<b>\$1,466,502,357</b>	<b>\$1,466,502,357</b>
<b>Liabilities, Deferred Inflows of Resources</b>				
<b>Current Liabilities</b>				
<b>Payable from Restricted Current Assets</b>				
Accrued Liabilities	\$48,412	\$0	\$48,412	\$48,412
Advances from Participants	\$1,054,844	\$0	\$1,054,844	\$1,054,844
Retentions Payable	\$0	\$1,574,275	\$1,574,275	\$1,574,275
<b>Subtotal</b>	<b>\$1,103,256</b>	<b>\$1,574,275</b>	<b>\$2,677,531</b>	<b>\$2,677,531</b>
<b>Payable from Unrestricted Current Assets</b>				
Accounts Payable and Accrued Expenses	\$0	\$37,632,998	\$37,632,998	\$37,632,998
Accrued Interest Payable	\$0	\$6,413,670	\$6,413,670	\$6,413,670
Grants Payable	\$0	\$2,577,462	\$2,577,462	\$2,577,462
Deposits	\$0	\$82,829	\$82,829	\$82,829
Retention Payable	\$0	\$120,022	\$120,022	\$120,022
Current Portion of Compensated Absences	\$0	\$557,136	\$557,136	\$557,136

Column 1	Column 2	Column 3	Column 4	Column 5
Description	MWDOC FY 2022-2023	OCWD FY 2022-2023	Combined FY 2022-2023	Estimated Successor Agency
Current Portion of Long-Term Debt	\$0	\$35,393,278	\$35,393,278	\$35,393,278
Short-Term Commercial Paper	\$0	\$27,400,000	\$27,400,000	\$27,400,000
Leases Payable, Due in Less Than One Year	\$0	\$17,280	\$17,280	\$17,280
Subscriptions-Related Payables, Due in Less Than One Year	\$0	\$143,425	\$143,425	\$143,425
<b>Subtotal</b>	<b>\$0</b>	<b>\$110,338,100</b>	<b>\$110,338,100</b>	<b>\$110,338,100</b>
<b>Unrestricted Liabilities</b>				
Accounts Payable, Metropolitan Water District	\$18,900,555	\$0	\$18,900,555	\$18,900,555
Accrued Liabilities	\$2,100,680	\$0	\$2,100,680	\$2,100,680
<b>Subtotal</b>	<b>\$21,001,235</b>	<b>\$0</b>	<b>\$21,001,235</b>	<b>\$21,001,235</b>
<b>Total Current Liabilities</b>	<b>\$22,104,491</b>	<b>\$111,912,375</b>	<b>\$134,016,866</b>	<b>\$134,016,866</b>
<b>Noncurrent Liabilities</b>				
<b>Long-Term Debt</b>				
Certificates of Participation	\$0	\$257,021,531	\$257,021,531	\$257,021,531
Revenue Refunding Bonds	\$0	\$273,201,785	\$273,201,785	\$273,201,785
State of California Loans Payable	\$0	\$196,845,121	\$196,845,121	\$196,845,121
WIFIA Loan	\$0	\$115,357,848	\$115,357,848	\$115,357,848
Less Current Portion Above	\$0	(\$35,393,278)	(\$35,393,278)	(\$35,393,278)
<b>Subtotal</b>	<b>\$0</b>	<b>\$807,033,007</b>	<b>\$807,033,007</b>	<b>\$807,033,007</b>
<b>Other Noncurrent Liabilities</b>				
Net Pension Liability	\$3,612,624	\$0	\$3,612,624	\$3,612,624
Net Other Post-Employment Benefits (OPEB) Liability	\$0	\$920,921	\$920,921	\$920,921
Accrued Compensated Absences	\$0	\$6,376,661	\$6,376,661	\$6,376,661
Liability from Derivative Instruments	\$0	\$5,502,867	\$5,502,867	\$5,502,867
Leases Payable, Due in More Than One Year	\$0	\$4,152	\$4,152	\$4,152
Subscriptions Payable, Due in More Than One Year	\$0	\$45,047	\$45,047	\$45,047
<b>Subtotal</b>	<b>\$3,612,624</b>	<b>\$12,849,648</b>	<b>\$16,462,272</b>	<b>\$16,462,272</b>
<b>Total Noncurrent Liabilities</b>	<b>\$3,612,624</b>	<b>\$819,882,655</b>	<b>\$823,495,279</b>	<b>\$823,495,279</b>
<b>Total Liabilities</b>	<b>\$25,717,115</b>	<b>\$931,795,030</b>	<b>\$957,512,145</b>	<b>\$957,512,145</b>
<b>Deferred Inflows of Resources<sup>(a)</sup></b>				
Deferred Amount Related to Pensions	\$274,992	\$0	\$274,992	\$274,992
Deferred Amount Related to OPEB	\$158,066	\$8,335,517	\$8,493,583	\$8,493,583
Deferred Charges on Refunding	\$0	\$560,190	\$560,190	\$560,190

Column 1	Column 2	Column 3	Column 4	Column 5
Description	MWDOC FY 2022-2023	OCWD FY 2022-2023	Combined FY 2022-2023	Estimated Successor Agency
Deferred Inflows Related to Leases	\$0	\$14,065,870	\$14,065,870	\$14,065,870
<b>Total Deferred Inflows of Resources</b>	<b>\$433,058</b>	<b>\$22,961,577</b>	<b>\$23,394,635</b>	<b>\$23,394,635</b>
<b>Total Liabilities and Total Deferred Inflows of Resources</b>	<b>\$26,150,173</b>	<b>\$954,756,607</b>	<b>\$980,906,780</b>	<b>\$980,906,780</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$3,877,338	\$151,262,495	\$155,139,833	\$155,139,833
Restricted	\$2,552,615	\$0	\$2,552,615	\$2,552,615
Restricted for the Construction of Capital Assets	\$0	\$2,894,945	\$2,894,945	\$2,894,945
Restricted for Debt Service	\$0	\$14,435	\$14,435	\$14,435
Restricted for Custodial Costs	\$0	\$1,974,922	\$1,974,922	\$1,974,922
Unrestricted	\$6,490,156	\$316,528,671	\$323,018,827	\$323,018,827
<b>Total Net Position</b>	<b>\$12,920,109</b>	<b>\$472,675,468</b>	<b>\$485,595,577</b>	<b>\$485,595,577</b>

(a) Deferred inflows of resources: Acquisition of a resource which relates to a future period. An example of this would be a receivable for a governmental fund like the general fund that will be received too far in the future to meet the government's revenue recognition policy, typically 180 days or less.

Deferred outflow of resources: Consumption of resources which relates to a future period. An example of this are the charges associated with refunding bonds. Instead of recognizing these all up front, a government must recognize the cost over the life of the new bonds. The part not recognized is the deferred balance.

Aside from changes to Net Pension Liability, Net OPEB liability, deferred inflows and outflows related to pensions and OPEB, and potential use of unrestricted cash assets to pay for costs associated with consolidation, it is anticipated that the Successor Agency's Statement of Net Position would otherwise remain stable related to the combination of assets and liabilities for both OCWD and MWDOC.

Any changes to Net Pension Liability, Net OPEB liability, and deferred inflows and outflows related to pensions and OPEB, would be based upon the Successor Agency's approach to retirement and OPEB offerings. Net pension liability and net OPEB liability represent the cost of all future benefits of the plan less and asset held by the plan. Deferred inflows and outflows of resources represent acquisition or consumption of assets that will be recognized in future reporting periods.

If the Successor Agency offers a defined contribution plan to all employees, a termination payment would be made for the defined benefit plan, and all pension-related balances would be eliminated from the statement of net position. If a defined benefit plan is offered, changes in pension-related balances would not occur until new employees were enrolled in the plan, and service time was earned. The impact would be determined through the aforementioned actuarial valuation performed annually.

If the Successor Agency elects to move all employees into a single OPEB plan, the net OPEB liability, and deferred inflows and outflows of resources related to OPEB would be eliminated through a termination payment. The remaining plan's balances would remain unchanged until new employees are enrolled in the remaining plan and service credit is earned.

If available unrestricted funds are used to pay the pension termination and OPEB termination payments, then the resulting Net Position would decrease by the amount of that payment. Should a debt financing mechanism be utilized for the termination payments, then the total of that debt financing would be added to the Statement as a Liability, also decreasing ending Net Position.

Aside from potential fluctuations resulting from the Successor Agency offering one type of pension plan and potential use of Reserves to facilitate the action of a consolidation, the projected Reserves are estimated to remain stable as it is assumed that the Successor Agency will provide the same services at the same level and to the same customers currently being served. It is estimated that reserve accounts would be maintained in separate accounts to ensure all services and stakeholders would remain stable, however, a further evaluation of the breakdown between what would remain as Restricted and Unrestricted Assets would need to be completed once all assets have been evaluated. This analysis would need to be included as part of the Plan of Service for potential consolidation.

As shown in Table 20, the combined Statement of Net Position of the Successor Agency is estimated to result in a positive annual Total Net Position of approximately \$486 million. Because a majority of the Total Net Position consists of unrestricted funds (\$323,018,827) largely consisting of unrestricted cash and investments, this would indicate that the Successor Entity would have a healthy financial position. However, individual line items could change based upon the Successor Agency resolution related to the transition of OPEB, pension, and retirement benefits, as discussed in Retirement Plan section, and any potential use of Unrestricted Assets or Reserves to fund any transitional costs related to consolidation to the Successor Agency.

#### Impacts to Water Supply Reliability

The water supply managed by OCWD is based on groundwater in the OC Groundwater Basin, which provides most of the drinking water to north and central Orange County. The reliability of the Basin has proven to be sustainable, particularly as a result of a long-standing and unique collective basin management approach that avoided having a lengthy and costly court adjudication of individual water rights. MWDOC is a wholesale imported water provider and represents most of Orange County as the third largest member agency on the MWD Board of Directors. The water supply that MWDOC sells is

imported water from MWD that originates from a combination of the Sacramento/San Joaquin Delta and the Colorado River. OCWD has no direct representation on MWD's Board of Directors but is the largest purchaser of imported water of MWDOC's member agencies that is used partly to replenish the Basin. During droughts, imported water supplies are well-documented to be less reliable than groundwater supplies; nonetheless, MWD has assured its member agencies of complete reliability during multi-year droughts according to its 2020 Urban Water Management Plan, and imported water remains now and in the future an essential piece to meeting the water demands of Orange County. In order to continue water reliability throughout Orange County, the Successor Agency would need to continue these water supply programs which have been proven to be reliable. As discussed in Section 5.4, Opportunities of Consolidation, the reliability of such water supplies may benefit in the future from the opportunities of consolidation discussed below. Future proposed changes to basin management and fiscal, operational, environmental, and other impacts would need to be evaluated through other studies.

#### **5.4 Other Opportunities of Consolidation**

In addition to the fiscal sustainability of consolidation identified in this MSR, there are other opportunities that consolidation of MWDOC and OCWD may yield albeit currently qualitative and subjective. Because these topics are mentioned in the June 2022 OC Grand Jury report and the OC Grand Jury has discussed opportunities to consolidate the agencies in at least four published reports over the past 40 years, the following is a discussion of those opportunities relative to the consolidation of MWDOC and OCWD.

##### **1. Unified representation at MWD Board of Directors**

Orange County's representation on MWD Board of Directors includes three North Orange County cities that are original member agencies of MWD (Anaheim, Fullerton, and Santa Ana) and four representatives from MWDOC (two are selected from MWDOC's Board and two others are appointed by MWDOC). The number of MWD Directors is based on one representative for each member agency for each 5 percent increment of MWD's assessed valuation, or any fraction above, with each member agency receiving at least one representative. Currently, there are 38 MWD Directors for the 26 MWD member agencies.<sup>27</sup>

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<sup>27</sup> In 1998, proposed Senate Bill 1885 would have reduced the MWD Board of Directors from 51 members to one member per member agency, which was 27 at the time (before Coastal Municipal Water District and MWDOC merged in 1999), while leaving the voting entitlements unchanged. The proposed legislation prompted a Conference Committee process to negotiate between MWD, its member agencies, and the Legislature. The result was an amendment to the prior version of SB 1885 so that each member public agency is authorized to appoint additional representatives not exceeding one additional representative for each 5 percent of MWD's assessed valuation, with

There have been opposing positions between MWDOC and OCWD on MWD issues. A unified stance from future MWD board members from a Successor Agency (not including Anaheim, Fullerton, and Santa Ana) on groundwater and imported water issues would help to maximize the potential opportunities available from MWD. Of additional and important note is that the Successor Agency would need to meet the requirement of MWD Act in order to become a member agency of MWD to facilitate the provision of imported water to Orange County, excepting within the boundaries of Anaheim, Fullerton, and Santa Ana. More discussion on some of the legalities involving MWD representation is provided in the legal discussion section of this MSR.

## 2. Unified representation to federal and state agencies for funding opportunities

State and federal agencies, such as the California State Water Resources Control Board and U.S. Bureau of Reclamation, have grants and/or low-interest loans that can help fund water infrastructure. Competition for funding opportunities commonly occurs between water suppliers; however, competition may be avoided between two agencies in the same geographic area if funding opportunities are collaboratively prioritized and targeted after careful deliberations on the direct needs and best use of resources.

Although the benefit of avoided competition is speculative, the securing of grant funding by the Eastern Municipal Water District (EMWD) serving western Riverside County and northern San Diego County is an example of successful efforts of a district managing groundwater production and wholesale water services. EMWD was formed under the Municipal Water District Act of 1911 (same principal act as MWDOC) and serves an area of similar size to MWDOC. The District has been very successful in securing funding for water supply projects, and , according to the April 5, 2024 News Release, “EMWD has been among the most active agencies in the nation at securing federal, state, and local grant funding opportunities. In the past 20 years, EMWD has secured more than \$700 million in external funding for a wide range of water, wastewater, and recycled water infrastructure programs to help bolster local water supplies while offsetting rates for EMWD customers.”<sup>28</sup>

Water suppliers like OCWD and MWDOC also approach state and federal agencies to provide input on regulations and implementation of regulatory programs that affect them directly and/or their member agencies/groundwater producers. Conflicting

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each member agency receiving at least one representative. The report acted on by the Legislature shrank the MWD Board from 51 members to 38 members effective January 1, 2001. The effect of this legislation is to shift voting power based on assessed valuation among the MWD member agencies while keeping the number of MWD Directors at 38 per the Conference Committee Report/legislation (SB 1885 (Ayala), RN: 9819537, 8/24/98).

<sup>28</sup> Source: <https://www.emwd.org/>



stances on regulations from water suppliers in the same geographic area would not likely result in the most beneficial outcome for the agencies and the customers they represent. This has presented a point of disagreement between the agencies in the past. However, consolidation is not required in order for the agencies to engage in a collaborative effort to further the best interests of meeting water demands in Orange County.

### 3. Unified representation to federal, state, and local legislators

Water suppliers like OCWD and MWDOC hire and send lobbyists to local, state, and federal legislators to advocate for funding and support that benefit their respective priorities. Every two years after the November election cycle, water suppliers jockey for position with newly elected representatives. OCWD and MWDOC currently have separate lobbyists, priorities, and requests. This is another area that has been represented by OCWD and MWDOC as a point of disagreement in the past. For example, in 2018 the two agencies had different positions on amendments being proposed to AB 1668 (Friedman, 2018) and SB 606 (Herzberg, 2018) that relate to how much credit could be applied toward Water Use Objectives for certain water suppliers. Bringing together this effort would have a cost savings for a Successor Agency and would present a unified front of Orange County to legislators but the net effect on the Successor Agency budget is speculative.

Regardless of whether consolidation of MWDOC and OCWD occurs, the water ratepayers in Orange County would benefit from a collaborative, deliberative, and action-oriented dialogue of affected agencies and appropriate stakeholders that acknowledges the effective operations of each agency and likewise the opportunities to eliminate redundancies and bridge common efforts to bring forward goals that support sustainable, efficient, and adequate water service delivery to Orange County residents.

## 5.5 Statutory and Relevant Case Authority Evaluation Involving Potential Consolidation

On April 2023, OC LAFCO entered into an agreement with John J. Schatz to provide special legal services to the Commission in connection with the preparation of an MSR involving the potential consolidation of OCWD and MWDOC. Services to be provided by Mr. Schatz involve an assessment of any required legislative changes and legal impediments involving consolidation of the two special districts and potential impacts involving governance and current and future representation of Orange County at the Metropolitan Water District of Southern California (MWD). This section provides the assessment in concert with the scope of work of the aforementioned agreement.

## **Background**

The following assessment prepared by Mr. Schatz is intended to evaluate statutory and relevant case authority, and review and provide interpretative opinions that inform the feasibility of consolidating OCWD and MWDOC involving OC LAFCO, the Legislature, or both.

The most recent Orange County Grand Jury Report regarding consolidation, “Water in Orange County Needs One Voice,” references research of water-related statutes and ordinances, but does not include an analysis of the statutory framework and related issues necessary for OC LAFCO and/or legislative action.<sup>29</sup> Irvine Ranch Water District’s August 8, 2022 responsive letter to the Report states “*incompatibilities between MWDOC’s and OCWD’s enabling acts make combining the agencies a statutorily complex undertaking*”.<sup>30</sup> Similarly, MWDOC’s August 15, 2022 responsive letter to the Report references statutory challenges, and multiple significant challenges that include “*the statutory inability for OCWD to be a Metropolitan Water District member agency*”.<sup>31</sup>

OCWD legal counsel provided opinion memos in 2011 and 2013 respectively concerning a legislative consolidation of MWDOC into OCWD, and different ways consolidation can be accomplished<sup>32</sup>. More recently with respect to the MSR currently underway, MWDOC General Counsel has identified several issues under the OCWD Act in its present form

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<sup>29</sup> Page 5, Water in Orange County Needs “One Voice” (2021/22)

<sup>30</sup> Page 1, IRWD Response to Grand Jury Report “Water in Orange County Needs “One Voice”

<sup>31</sup> Pages 1 & 6, MWDOC Responses to the Orange County Grand Jury Report’s Findings and Recommendations

<sup>32</sup> Rutan June 23, 2011 Memo re: MWD Act and LAFCO Issues Relating to Proposed Legislative Consolidation of MWDOC into OCWD [*Revised*]; and, Rutan September 11, 2013 Memo re: Approaches to Proposed Consolidation of OCWD and MWDOC into Single Combined Wholesale and Groundwater Management District.

OCWD legal counsel’s June 23, 2011 memo opines that legislation can combine OCWD and MWDOC into a single entity under the OCWD Act and as the MWD member agency for all of Orange County other than the cities of Anaheim, Fullerton and Santa Ana. The legislation could exclude or include LAFCO for oversight or approval.

Either or both OCWD and MWDOC could seek legislation, to include either as the successor entity or a new entity, and completely bypass LAFCO or include LAFCO for some purpose. If so, the legislation would likely be based on the MSR/SOI Review and would probably require further implementing actions. Whether for purposes of such legislation or in connection with consolidation conducted by LAFCO, their respective enabling powers require review and identification of measures, including legislation, so LAFCO can designate the principal act under which the successor district will operate and determine that the successor district can provide all of the services of the two consolidating agencies at the time of consolidation. [underlining added. Government Code Section 56700(b); Government Code Section 56826(a)(1)].

Because OCWD was not established pursuant to statutes like the 1911 Act, its powers and purposes are necessarily detailed compared to more broadly written statutes governing 1911 Act districts that possess quasi-municipal powers. Consequently, a comparison of expressly provided powers to a special act district like OCWD with a specific purpose does not necessarily mean a 1911 Act district does not have the same powers just because they are not specifically enumerated by statute.

relating to the Metropolitan Water District Act and OCWD's eligibility to become an MWD member agency, the respective purposes of OCWD and MWDOC, the three cities within OCWD and related governance and authority questions.<sup>33</sup> These OCWD and MWDOC documents and conversations with their counsel and MWD counsel are further addressed in this assessment.

### **LAFCO Process – Legislative Authority and Determinations**

LAFCOs are responsible for coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure and preparing a sphere of influence for each city and special district within each county.

Established by the Legislature in 1997, the Commission on Local Governance for the 21st Century recommended changes to the law governing LAFCOs in its comprehensive report "Growth Within Bounds." Those recommendations became the foundation for the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, an act that mandated greater independence for LAFCOs and further clarified their purpose and mission.<sup>34</sup>

A Commission's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, each LAFCO must conduct service reviews to evaluate the provision of municipal services within each county. Consequently, the Legislature has recognized the pivotal role of LAFCO in connection with local review, control and determination. As addressed below, depending on LAFCO's consideration and determination of a consolidation application and the successor entity, enabling legislation may be required prior to any LAFCO determination.<sup>35</sup> This is distinguished from the Legislature bypassing LAFCO to implement consolidation, including relegating LAFCO to a ministerial role.

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<sup>33</sup> BB&K November 13, 2023 correspondence

<sup>34</sup> See CALAFCO website; About LAFCOs

<sup>35</sup> Government Code Section 56826(a)(1)

## **Consolidation and the Successor Agency**

### **MWDOC as Successor Entity**

#### **Metropolitan Water District Member Public Agency**

MWDOC is a “Public Agency” and “Member Public Agency,” both as defined in the Metropolitan Water District Act (MWD Act).<sup>36</sup> Consolidation with OCWD for purposes of MWD does not require legislation because MWDOC is currently an MWD Member Public Agency.

#### **Groundwater**

MWDOC was organized pursuant to the Municipal Water District Act of 1911 (the 1911 Act). Section 71610(a) of the 1911 Act, Part 5 (Powers and Purposes) provides:

**Except as provided in subdivision (b),<sup>37</sup> a district may acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of the district, its inhabitants, or the owners of rights to water in the district.**

Section 71590 of the 1911 Act provides:

**A district may exercise the powers which are expressly granted by this division or are necessarily implied.**

There are numerous examples of 1911 Act districts involved with groundwater basin projects and programs.<sup>38</sup> Because 1911 Act districts can exercise groundwater basin authority, in one instance it was necessary to enact legislation to resolve a dispute between a 1911 Act district and water replenishment district over control of groundwater storage.<sup>39</sup> The broadly written power of Section 71610(a) coupled with necessarily implied powers per Section 71590, as demonstrated by examples of 1911 Act districts exercising control over groundwater basins for beneficial use, confirm that legislation is

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<sup>36</sup> Sections 5 and 12, respectively, Metropolitan Water District Act

<sup>37</sup> Subdivision (b), not applicable here, applies to a district located in a county with a population greater than 8 million persons.

<sup>38</sup> Of MWD’s 26 member agencies, 11 are 1911 Act districts, all of which are directly or indirectly involved in groundwater projects and programs, including activities related to groundwater management (e.g., Eastern Municipal Water District). Many 1911 Act districts are actively involved in adjudicated groundwater basins overseen for basin management purposes by watermasters. These examples indicate the 1911 Act provides broad powers regarding waters, which include groundwater basin management, storage, conjunctive use/exchange programs, water reuse/reclamation and conservation.

<sup>39</sup> SB 1386 (Lowenthal); 2011-2012 Regular Session

not necessary in order for MWDOC to exercise its existing authority regarding the groundwater basin.<sup>40</sup>

Courts have categorized 1911 Act districts as “quasi-municipal districts”, described by one court as formed for the purpose of supplying general municipal needs, although these needs may be specific in their delineated character; the creation of this type of district is not for the purpose of making a specific and narrowly limited improvement, but is comparable to the organization of a city ([Yribarne v. County of San Bernardino, 218 Cal. App. 2d 369, 32 Cal. Rptr. 847, 1963 Cal. App. LEXIS 1788](#)). The California Supreme Court said in the case of [Morrison v. Smith Bros. Inc.](#) “... from 1911 to date, there has been developed a new type of public corporation, resembling in many respects municipal corporations proper, and radically different in nature from irrigation [\*\*\*15] and reclamation districts. The case of [Henshaw v. Foster, supra](#), clearly recognized the distinction, holding that such quasi-municipal corporations were municipal corporations within the meaning of [article XI, section 19, of the state Constitution.](#)” [[Morrison v. Smith Bros., Inc., 211 Cal. 36, 293 P. 53, 1930 Cal. LEXIS 299](#)]. These cases underscore the broad authority of 1911 Act districts, including for groundwater management purposes.

The 1975 “Joint Exercise of Powers Agreement Creating Santa Ana Watershed Project Authority” (as amended) includes OCWD and four 1911 Act districts. The Agreement provides: “each of the parties has the authority and power to protect and preserve the quality of the surface and subsurface water supplies within their respective boundaries;” that the Authority was formed pursuant to the provisions of the Government Code “relating to the joint exercise of powers common to public agencies” (Government Code Section 6502); and, that the powers “shall be exercised, to the extent not herein specifically provided for, in the manner and according to the methods provided under the “Municipal Water District Law of 1911”. If OCWD is exercising common powers which includes surface and subsurface supplies according to the 1911 Act districts for purposes of SAWPA, then those common powers would also be applicable to MWDOC in connection with MWDOC’s authority and exercise of powers concerning the groundwater basin.

### Santa Ana River Judgment

OCWD is a party to the 1969 [Orange County Water District vs. City of Chino, et al.](#) judgment. If MWDOC is the successor entity of an OCWD/MWDOC consolidation, MWDOC will have to intervene in the Judgment. OCWD is a member agency of the Santa Ana Watershed Project Authority (SAWPA), which was established following the

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<sup>40</sup> Government Code Sections 56050.5, 56824.10, 56824.12, however, requires LAFCO to act regarding the exercise of latent powers.

judgment and is engaged in ongoing projects and programs associated with the Judgment. SAWPA-related agreements will require amendment in connection with MWDOC's successor entity status.

### MWDOC Boundary

OCWD's boundary extends past the ocean shoreline commensurate with the boundary of the groundwater basin. MWDOC's boundary does not extend beyond the shoreline. MWDOC's boundary will have to be adjusted via an annexation consistent with the OCWD/groundwater basin boundary.<sup>41</sup>

### Board Composition and Three Cities

The Cities of Anaheim, Fullerton and Santa Ana (Three Cities) are each a Member Public Agency of MWD and are not within MWDOC.<sup>42</sup> Any Plan of Service submitted with a consolidation application could include the addition of three Directors to the MWDOC Board whose authority would be commensurate with the authority currently exercised as members of the OCWD Board, including for purposes of retaining their sovereignty. Specifically, that authority would be limited to groundwater basin matters within the former OCWD boundary and include provisions to avoid incompatibility of public office in connection with the Three Cities as independent MWD agencies sitting on the Board of another independent MWD agency. The Plan of Services for any consolidation proposal must address the governance issues in connection with the Three Cities.

## **OCWD as Successor Entity**

### Metropolitan Water District Member Public Agency

Per the existing provisions of the MWD Act, as a special act district, OCWD is not a Public Agency and therefore cannot be a Member Public Agency.<sup>43</sup> Consequently, the MWD Act would have to be amended by legislation in order for OCWD to be considered by MWD to become a member agency. Prior efforts to amend the MWD Act, including member agency proxies to attend, vote and participate at MWD meetings if the member

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<sup>41</sup> Government Code Section 56017, 56021(d)

<sup>42</sup> See 1986 detachment documents

<sup>43</sup> Section 5: "Public agency" means any city, municipal water district, municipal utility district, public utility district, county water district, and county water authority'; Section 12: "Member public agency" means any public agency, the area of which, in whole or in part, is included within a metropolitan water district as a separate unit.

public agency cannot attend the meeting have been opposed.<sup>44</sup> Recently, discussion among MWD member agencies to introduce similar legislation indicated there is opposition to opening the MWD Act because other unrelated amendments are likely to be proposed.

Alternatively, it has been suggested that the OCWD Act could be amended by legislation to provide OCWD with the same powers as a 1911 Act district. The legislation might include a provision that the OCWD legislation is interpretative of the existing MWD Act with respect to the types of public agencies that are member public agencies of MWD.<sup>45</sup> Although Cortese-Knox- Hertzberg permits LAFCO to consolidate two districts with different principal or enabling acts, LAFCO may do so only if the successor district can provide all of the services of the two consolidating agencies at the time of consolidation. Consequently, OCWD must be eligible to become an MWD member agency prior to LAFCO processing any consolidation with OCWD as the successor entity.<sup>46</sup>

### OCWD Boundary

The OCWD Act is clear that the primary purpose of OCWD is the management of the groundwater basin. The OCWD Act provides OCWD with the authority to import water for the benefit of the groundwater basin and sell water at retail or wholesale in connection with basin management.<sup>47</sup> Legislation amending the OCWD Act would be required to change OCWD's boundary consistent with MWDOC's and maintaining the three cities (Anaheim, Fullerton, and Santa Ana) within the boundary so OCWD can import and sell water outside of the basin as MWDOC currently does. This would be irrespective of OCWD's groundwater basin management and would not necessarily involve the conjunctive use of imported and basin groundwater, operationally or otherwise, except as may be authorized or enabled by legislation.

### Board Composition and Authority

Legislation would be required to elect Directors representing the area not currently within OCWD's boundary. The number of Directors, divisions and authority would have to be aligned with the territory represented by the Directors and if directly related to the groundwater basin or imported water. As this may be a mixed question, any enabling legislation should carefully circumscribe the authority and limitations on the authority of

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<sup>44</sup> AB 885 (2007-08 Legislative Session); Governor vetoed; see 7/11/07 Senate Local Govt. Comm. Bill Analysis

<sup>45</sup> The MWD Board of Directors still has discretionary authority to approve or disapprove the special act district/OCWD as a "member public agency".

<sup>46</sup> Government Code Section 56826.5(a)(1)

<sup>47</sup> See Section 2(6) of the OCWD Act

Directors. The Plan of Services for any consolidation application submitted to OC LAFCO must address the governance issues.<sup>48</sup>

### Board Composition and Three Cities

The authority and jurisdiction of the Three Cities Directors would necessarily be limited to the groundwater basin area consistent with their current status as OCWD Directors. This would also have to be addressed in any enabling legislation with respect to the Board composition and authority as referenced above. The Plan of Services for any consolidation application must address the governance issues in connection with the Three Cities.

### Need for Legislation

As noted above, Government Code Section 56826(a)(1) requires that the successor entity must have the authority to provide all of the services of the two consolidating agencies at the time of consolidation. As addressed above, legislation is required in order for OCWD to be considered a member agency and also for purposes of its boundaries, Board composition and governance.

## **5.6 Plan For Service**

Submittal of an application to OC LAFCO, accompanied by a plan for providing services, to consolidate OCWD and MWDOC into a single successor agency is required. In accordance with Government Code Section 56653, the “Plan for Service” shall address all of the following information and ***any additional information required by the Commission or the Executive Officer:***

- (1) An enumeration and description of services currently provided or to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.
- (4) An indication of any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

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<sup>48</sup> Government Code Section 56653



In addition to the requirements noted above, the “Plan for Service” shall also include all of the following information:

- a) The total estimated cost to provide the **new** or **different** function or class of services within the boundary of the Successor Agency. (New or Different Services: G.C. 56824.12)
- b) The estimated cost of the **new** or **different** function or class of services to customers within the boundary of the Successor Agency. (New or Different Services: G.C. 56824.12)
- c) Identification of existing providers, if any, of the **new** or **different** function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers. (New or Different Services: G.C. 56824.12)
- d) A plan for financing the establishment of the **new** or **different** function or class of services within the boundary of the Successor Agency. (New or Different Services: G.C. 56824.12)
- e) Alternatives for the establishment of the **new** or **different** function or class of services within the boundary of the Successor Agency. (New or Different Services: G.C. 56824.12)

## 5.7 Findings

In accordance with Gov Code Section 56826.5(b)(2), LAFCO must make the determination that public service costs of a proposal for consolidation are likely to be less than or substantially similar to costs under alternative means of providing services.

The following findings are not intended as conclusions or recommendations but rather have been developed in line with materials provided and interviews conducted with MWDOC and OCWD and assumptions as noted within this MSR or its attachments.

1. The combined average annual expenses based on the last three years (Fiscal Years 2021-22, 2022-23, and 2023-24) of adopted budgets for MWDOC and OCWD total approximately \$517 million (Table 13).
2. In part to a consolidation of OCWD and MWDOC, 18 positions were found to be potentially redundant, resulting in cost savings in average annual salaries of approximately \$2.25 million (Table 14).

3. The elimination of redundant staff positions, reduction in board members from 17 to 10, savings from economies of scale for overhead expenses and healthcare benefits as a result of consolidation would have a net savings for the Successor Agency of approximately \$3.98 million annually (Table 15).
4. Consolidation with all employees enrolled in a defined benefit plan (CalPERS) is estimated to have a net annual savings of approximately \$2.408 million in addition to the total savings identified in Table 15 (\$3,984,377) for an estimated savings of approximately \$6,391,927 (Table 16).
5. Consolidation with all employees enrolled in a defined contribution plan (401(k)) is estimated to have for Employee Benefits of approximately \$376,734 (Table 18). Because the unfunded liability payment would be eliminated and the contributions to the defined contribution plan would increase, the net total savings would be \$3,897,717. However, this does not include the termination payment for CalPERS, which ranges from \$10.4 million to \$26 million (Table 17).
6. The estimated cost to terminate MWDOC's enrollment in CalPERS is between approximately \$10.4 million and \$26 million. A financing instrument could be used to pay this off over time (Table 17).
7. Transitional costs of consolidation will be incurred, but the total amount is unknown. These temporary expenses may include consultant fees to guide the process, legal fees related to modifying contracts/agreements, preparation of studies and planning documents such as a Capital Improvement Program, and overlapping staff positions and board members continuing their roles temporarily during the integration phase. Other potential costs can include communication campaigns related to public relations and marketing, as well as technology and systems integration.
8. The projected annual revenues of the Successor Agency (including pass-through, net-neutral revenues) is estimated at approximately \$517 million, of which the majority is from OCWD revenues (Table 19).
9. The projected Statement of Net Position for the Successor Agency estimates total assets (current and noncurrent) and total deferred outflows of resources at approximately \$1.47 billion and total liabilities (current and noncurrent) at approximately \$981 million. Therefore, the projected net position of the Successor Agency is a positive \$485.6 million with the majority (67%) from unrestricted (Table 20).
10. Based on the financial analysis conducted herein using the last three years of adopted budgets as a baseline for the Successor Agency, and Statement of Net

Position showing a healthy net positive value, consolidation of the two agencies is considered fiscally feasible and sustainable.

11. Water supply reliability and services to MWDOC's member agencies and OCWD's Groundwater Producers are not anticipated to be interrupted or diminished by a consolidation of the agencies.
12. Consolidation of OCWD and MWDOC may offer opportunities involving unified representation of Orange County water suppliers at the local, state, and federal levels through representation of Orange County on the MWD Board of Directors, grants and low-interest loan funding opportunities, and legislative advocacy. However, if the provision of groundwater management and wholesale water services by the two agencies remains the status quo, then there may be opportunities for OCWD and MWDOC to collaborate on mutually beneficial efforts and projects and elimination of redundancies to improve efficiencies in water service delivery to Orange County ratepayers.

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**APPENDIX A**

## Appendix A

## MWDOC and OCWD Budget Line Item Explanations

Column 1	Column 2	
Line	Line Item Descriptions Exactly as Printed in Adopted Budgets of Each Agency	Explanation why the budget line shows no value.
	<b>Salaries &amp; Wages</b>	
1	Salaries & Wages	-
2	less for Recovery from Grants	OCWD: Grants are included in revenues, Rents, Royalties and Others
3	Overtime	MWDOC: This item is budgeted under: Salaries & Wages (Line 1)
4	Payroll Taxes	MWDOC: This item is budgeted under: Salaries & Wages (Line 1)
5	Capitalized Salaries	MWDOC: N/A – MWDOC does not have capitalizable expenses at this time
6	Temporary Workers - General Total	MWDOC: This item is budgeted under: Salaries & Wages (Line 1)
7	Expense - Contra	MWDOC: This item is budgeted under: Less for Recovery from Grants (Line 2)
	<b>Employee Benefits</b>	
8	Employee Benefits	-
9	CALPERS Unfunded Liability Contribution	OCWD: N/A the District is not a defined benefit retirement
10	Health Insurance Coverage for Retirees	-
11	Retirement	MWDOC: Retirement is CalPERS and is posted to Employee Benefits (Line 8)
12	Capitalized Benefits	MWDOC: N/A – MWDOC does not have capitalizable expenses at this time
13	Retiree Health Trust	MWDOC: expense for retiree health is under Health Insurance Coverage for Retirees (Line 10)
	<b>Director Fees &amp; Costs</b>	
14	Director Compensation	-
15	Director Benefits	OCWD: Director benefits are included in Payroll Taxes, Retirement, and Workers' Comp (Lines 4, 8, 21)
16	MWD Representation	OCWD: The District does not have this expense
17	Election Expense	MWDOC: This item is budgeted under: Contribution to Election Reserve (Line 18)
18	Contribution to Election Reserve	OCWD: Election Expense is the same as MWDOC's Election Reserve (Line 17)
	<b>Insurance Expense</b>	
19	Insurance Expense	-
20	Insurance Refund	MWDOC: N/A - MWDOC does not budget for Insurance Refund



Column 1	Column 2	
Line	Line Item Descriptions Exactly as Printed in Adopted Budgets of Each Agency	Explanation why the budget line shows no value.
21	Workers' Compensation	MWDOC: This item is budgeted under: Insurance Expense (Line 19)
22	Claims Total	MWDOC: N/A - MWDOC does not budget for Claims Total
	<b>Office Supplies/Expense</b>	-
23	Office Expense - General Total	MWDOC: office expense is under: Outside Printing, Subscription & Books (Line 24); Office Supplies (Line 25); and Postage/Mail Delivery (Line 26)
24	Outside Printing, Subscription & Books	OCWD: Subscriptions are included in line 70 below
25	Office Supplies	OCWD: Office supplies are included in line 23 above
26	Postage / Mail Delivery	OCWD: Postage/Mail Delivery is included in line 23 above
	<b>Supplies</b>	-
27	Supplies - Water Loss Control	OCWD: the District does not have this expense category
28	Business Expense	OCWD: the District does not have this expense category
29	Chemicals - Polymer Total	MWDOC: N/A
30	Operational Supplies	MWDOC: supplies are under Office Supplies (Line 25) and Supplies - Water Loss Control (Line 27)
	<b>Professional Fees</b>	-
31	Legal Expense - General	-
32	Audit Expense	OCWD: This is included in Professional Services (Line 35)
33	Outside Consulting Expense	OCWD: This is included in Professional Services (Line 35)
34	Professional Fees	OCWD: This is included in Professional Services (Line 35)
35	Professional Services - General Total	MWDOC: This is budgeted under: Professional Fees (Line 34)
36	Legal Advertising Total	MWDOC: Advertising would be under Professional Fees (Line 34)
37	Professional Services - Engineer Total	MWDOC: Engineering Services is budgeted under: Outside Consulting Expense (Line 33)
38	Lab Samples Analysis Total	MWDOC: N/A
39	Security Program Total	MWDOC: N/A
	<b>Rent</b>	-
40	Rents & Leases	OCWD: This is included in Rent Equipment (Line 41)
41	Rent Equipment - Gen Total	MWDOC: N/A - MWDOC does not have any rental equipment
	<b>Vehicle Expense</b>	-
42	Vehicle Expense - Water Loss Control	OCWD: This is included in Maint Equipment (Line 48)
43	Automotive & Toll Road Expenses	OCWD: This is included in Gas & Diesel (Line 44)

Column 1 Line	Column 2 Line Item Descriptions Exactly as Printed in Adopted Budgets of Each Agency	Explanation why the budget line shows no value.
44	Gas & Diesel Fuel Total	MWDOC: This item is budgeted under: Vehicle Expense (Line 42)
45	Fuel - Off Road Total	MWDOC: N/A
	<b>Repairs &amp; Maintenance</b>	-
46	Maintenance Expense	OCWD: This is included in Maintenance Equipment (Line 48)
47	Building Repair & Maintenance	OCWD: This is included in Building Repair & Maint (Line 49)
48	Maint Equipment	MWDOC: N/A - MWDOC does not have any Maintenance equipment
49	Building Repair & Maintenance	MWDOC: Same as MWDOC's Building Repair & Maintenance (Line 47)
	<b>Computer &amp; Software</b>	-
50	Software Support & Expense	OCWD: This is included in Hardware/Software (Line 53)
51	Computer Maintenance	OCWD: This is included in Maintenance Equipment (Line 48)
52	Computers and Equipment	OCWD: This is included in Hardware/Software (Line 53)
53	Hardware/Software Total	MWDOC: This item is budgeted under: Software Support & Expense (Line 50), Computer Maintenance (Line 51) and Computers and Equipment (Line 52)
	<b>Telephone Expense</b>	-
54	Telecommunications Expense	-
	<b>Memberships</b>	-
55	Membership / Sponsorship	-
56	Center for Demographic Research Participation	OCWD: This is included in Membership/Sponsorship (Line 55)
	<b>Conferences &amp; Travel</b>	
57	Conference Expense - Staff	OCWD: This is included in Travel/Conf./Mileage (Line 61)
58	Conference Expense - Directors	OCWD: This is included in Travel/Conf./Mileage (Line 61)
59	Travel & Accommodations - Staff	OCWD: This is included in Travel/Conf./Mileage (Line 61)
60	Travel & Accommodations - Directors	OCWD: This is included in Travel/Conf./Mileage (Line 61)
61	Travel/Conference/Mileage Total	MWDOC: This item is budgeted under: Conference Expense - Staff (Line 57), Conference Expense - Directors (Line 58), Travel & Accommodations - Staff, (Line 59) and Travel & Accommodations - Directors (Line 60)
	<b>Utilities Expenses</b>	-
62	Utilities - Electricity Total	MWDOC: All of MWDOC's utilities are shared with OCWD and paid through Office Maintenance (Line 46)

Column 1 Line	Column 2 Line Item Descriptions Exactly as Printed in Adopted Budgets of Each Agency	Explanation why the budget line shows no value.
63	Utilities - Electricity (66Kv Fv Site Sce) Total	MWDOC: N/A
64	Utilities Electrical Curtailment Power Cr	MWDOC: N/A
65	Utilities - Gas Total	MWDOC: N/A
66	Utilities - Water Total	MWDOC: N/A
	<b>Training</b>	
67	Training Expense	
68	Tuition Reimbursement	OCWD: This is included in Education Tuition Reimbursement (Line 69)
69	Education Tuition Reimbursement Total	MWDOC: This item is budgeted under: Tuition Reimbursement (Line 68)
70	Subscriptions Total	MWDOC: This item is budgeted under: Outside Printing, Subscription & Books (Line 24) or Membership/Sponsorship (Line 55)
	<b>Misc Exp</b>	-
71	Miscellaneous Expense	-
72	Temporary Help Expense	OCWD: This is included in Temporary Workers (Line 6)
73	MWDOC's Contribution to WEROC: Operations	OCWD: This is included in Inter Agency (Line 78)
74	WFB/County Banking Charge Total	MWDOC: Banking fees are included under Miscellaneous Expense (Line 71)
	<b>Marketing</b>	-
75	Event and Marketing	MWDOC: This item is budgeted under: Professional Fees (Line 34)
76	MWDOC Cost Share	MWDOC: N/A
	<b>Inter-agency</b>	-
77	Licenses And Permits Total	MWDOC: N/A
78	Inter Agency Total	MWDOC: N/A
79	Taxes & Assessments Total	MWDOC: N/A
	<b>Capital Acquisition</b>	-
80	Capital Acquisition (excluding building)	OCWD: This is included in Capital Projects (Line 82)
81	Capital Acq Prior Year Carryover Credit	OCWD: This is included in Capital Projects (Line 82)
82	Capital Projects (Debt & PAYGO funded)	MWDOC: This item is budgeted under: Capital Acquisition (excluding building) (Line 80) and Capital Acq Prior Year Carryover Credit (Line 81)

Column 1	Column 2	
Line	Line Item Descriptions Exactly as Printed in Adopted Budgets of Each Agency	Explanation why the budget line shows no value.
83	New Equipment	MWDOC: This item is budgeted under: Capital Acquisition (excluding building) (Line 80) and Capital Acq Prior Year Carryover Credit (Line 81)
	<b>Building Expense</b>	-
84	MWDOC's Building Expense	OCWD: This is included in R&R Expenditures (Line 93)
85	Building Expense Prior Year Carryover Credit	OCWD: This is included in R&R Expenditures (Line 93)
	<b>PFAS</b>	-
86	PFAS O&M Expenditure	MWDOC: N/A
	<b>Water Expenses</b>	-
87	Water Purchases	-
88	Local Resource Program Incentives	OCWD: The District does not have this expense
89	Readiness-To-Serve Charge	OCWD: This is included in Water Purchases (Line 87)
90	Capacity Charge	OCWD: This is included in Water Purchases (Line 87)
91	SCP/SAC Pipeline Surcharge	OCWD: The District does not have this expense
	<b>Debt Expenses</b>	-
92	Debt Service	MWDOC: N/A
	<b>Replacement and Refurbishment (R&amp;R) Expenses</b>	-
93	R&R Fund Expenditures	MWDOC: N/A
94	Appropriation to R&R Reserves	MWDOC: N/A
	<b>Total (3-year average)</b>	-

Note: Line item names appear exactly as they appear in the adopted budgets of each agency. Subheaders and grouping of line items were assigned by WEBB in consultation with each Agency.

**APPENDIX B**

## Appendix B

### Successor Agency Budget Explanation of Line Item Savings

The savings in Line 1 would result from reductions in staff salaries for the redundant employee positions identified in Table 5.3.2.
The savings in Line 8 would result from decreased cost of providing employee healthcare benefits because of reductions in staff identified in Table 5.3.2. No changes to retirement benefits are assumed in this instance of the budget. Changes to retirement benefits are shown in Tables 5.3.4 and 5.3.6. Notably the Retiree Health Trust for OCWD is significantly lower in FY 23/24 (\$640,000) as compared to the two prior fiscal years (\$10,139,956 in FY 21-22 and \$10,711,809 in FY 22-23).
The savings in Lines 14 and 15 would result from a Successor Agency with a 10-member Board of Directors.
The savings in Lines 17 and 18 would result from only one election for one Successor Agency.
The savings in Line 21 would result from economies of scale due to reductions in staff identified in Table 5.3.2.
The savings in Lines 23, 24, and 25 would result from economies of scale due to reductions in staff identified in Table 5.3.2.
The savings in Lines 31, 32, 33, and 34 would result from economies of scale due to certain duplicative administrative overhead costs.
The savings in Lines 46 and 47 would result from the Successor Agency utilizing the same buildings that OCWD and MWDOC share.
The savings in Lines 50 through 53 would result from economies of scale due to reduced staff identified in Table 5.3.2 and based on the average costs of software, computer maintenance, computers and equipment, and software/hardware.
The savings in Line 54 would result from economies of scale due to reduced staff identified in Table 5.3.2 and based on the average costs of telecommunications.
The savings in Line 55 would result from economies of scale due to reduced staff identified in Table 5.3.2 and based on the average cost of membership/sponsorships.
The savings in Line 56 would result from reducing participation by one agency.
The savings in Line 57 is an estimated reduction of 30% due to reductions in staff identified in Table 5.3.2.
The savings in Line 58 is an estimated reduction of 50% due to reductions in the number of Directors from 17 to 10.
The savings in Line 59 is an estimated reduction of 30% due to reductions in staff identified in Table 5.3.2.
The savings in Line 60 is an estimated reduction of 50% due to reductions in the number of Directors from 17 to 10.
The savings in Line 61 is an estimated reduction of 30% due to reductions in staff identified in Table 5.3.2 and reduction in the number of Directors from 17 to 10.
The savings in Line 67 is due to reductions in staff identified in Table 5.3.2, calculated on a proportional basis to the reduction in full-time employees (FTE's).
The savings in Line 68 is the result of reductions in staff identified in Table 5.3.2. Line 69 is calculated to show the proportional increase in cost associated with the remaining staff of the Successor Agency.
No savings is expected in Line 87 because any potential savings resulting from consolidation related to water purchases would be offset by an equal reduction in revenue for the Successor Agency.

**APPENDIX C**

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
1. America’s Water Infrastructure Act (AWIA)	MWDOC’s WEROC completed an effort to facilitate a contract with participating WEROC member agencies to address the requirements of America’s Water Infrastructure Act (AWIA). The AWIA requires utilities to conduct a Risk and Resilience Assessment of their community water systems and develop a corresponding Emergency Response Plan.	Completed in 2022 and has a 5-year renewal period
2. Baker Pipeline	MWDOC owns the pipeline which conveys untreated water including all easements and right-of-way, subject to the right Irvine Ranch Water District (f.k.a., Los Alisos Water District) and El Toro Water District to also use the easements.	MWDOC has assigned or leased all of its capacity rights and obligations to District member agencies. The pipeline is estimated to have a remaining useful life of at least 20 years
3. Climate Adaption Master Plan	MWDOC has actively participated with The Metropolitan Water District of Southern California (MWD) in its development of this Plan.	
4. Consumer Confidence Reports	MWDOC has provided professional consulting services to MWDOC’s 27-member agencies in coordinating and preparing mandated Water Quality, Consumer Confidence Reports (CCR’s).	
5. Government Affairs Advocacy	MWDOC contracts with federal, state, and local lobbyists who provide representation to MWDOC and its member agencies in Washington D.C., Sacramento and throughout Orange County. MWDOC uses its contract lobbyists to advocate for issues that affect both MWDOC and its member agencies – issues that have significant impact on water providers throughout the county.	
6. Grants Tracking and Reporting	MWDOC entered into an agreement for grants tracking, writing and acquisition services. This service is made available to all member agencies and the consultant monitors and tracks potential funding opportunities for projects seeking funding.	



Existing Projects, Programs, and Contracts of MWDOC and OCWD

Municipal Water District of Orange County		
Contract or Program or Project	Description	Notes
7. Irvine Ranch Water District's Baker Treatment Plant	MWDOC performs the billing for all the participating agencies.	
8. K-12 Education Program – Grab-and-Go Activities, Water Education School Program	MWDOC in partnership with Orange County Department of Education (OCDE) have developed “Grab-and-Go” activities which are prepared and packaged by MWDOC and reviewed and vetted by OCDE. These are free activities offered to enhance educational programming. The MWDOC Water Education School Programs now serve Orange County students in Kindergarten through High School (K-12).	
9. Lead & Copper Rule Revision Shared Service Program	MWDOC assists Orange County water agencies in their compliance efforts with US EPA Federal regulations known as the <i>National Primary Drinking Water Regulation: Lead and Copper Rule Revisions</i> .	
10. Master Agreement with Cities of Anaheim, Fullerton, and Santa Ana	Streamlined many of MWDOC's regional programs through a single agreement that covers several programs. This formalization allows for timely processing of payments, clear delineation of program participation, and delineation of the roles and responsibilities for both signatories.	<p>These agreements allow MWDOC and the Three Cities to work together on a variety of efforts including:</p> <ul style="list-style-type: none"> <li>-Urban Water Management Plan Shared Services</li> <li>-Water Use Efficiency Programs</li> <li>-Water Loss Control Shared Services &amp; Water Loss Technical Assistance</li> <li>-MWDOC K-12 Water Education Programs</li> <li>-Lead &amp; Copper Rule Revision Shared Services Program</li> </ul>

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
11. Memberships with Joint Powers Agencies (JPA)	<p>MWDOC participates in multiple JPA agreements that involve joint operation and maintenance of facilities and infrastructure and the financing of insurance coverage. The joint agreements involving municipal service delivery include:</p> <ul style="list-style-type: none"> <li>• Santiago Aqueduct Commission – Operation and maintenance of the Baker Pipeline (previously called the Santiago Aqueduct Commission Pipeline)</li> <li>• Joint Exercise of Powers for Construction, Operation and Maintenance of the East Orange County Feeder No. 2 Pipeline – other parties are Metropolitan, Anaheim and Santa Ana</li> </ul>	
12. MWDOC Headquarters	MWDOC owns its headquarters building. The land the headquarters building resides in is leased by OCWD to MWDOC per a joint agreement.	Continue remodel in Fiscal Year (FY) 2023-24 using funds in the FY 2023-24 budget.
13. Ocean Desalination Opportunities	MWDOC continues to work with local and regional water agencies on implementation planning for local resources projects, including the Doheny Ocean Desalination Project.	
14. Office Space at OC-70 Pump Station	The Water Emergency Response Organization of Orange County (WEROC) is administered by MWDOC to support and manage countywide emergency preparedness, planning, response, and recovery efforts among Orange County water and wastewater utilities. WEROC has a multi-party agreement with Metropolitan for use of this office space.	No current plans for improvements or expansion

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
15. Outreach and Community Education	<p>Outreach to the elected officials in the Orange County delegation on the local, state and national level and education on issues critical to the region. Through special education and outreach activities, Water Advisory Committee Orange County (WACO) meetings, Independent Special Districts of Orange County (ISDOC).</p> <p>MWDOC administers and negotiates Storage Agreements/Program for its member agencies. Among these include:</p> <ul style="list-style-type: none"> <li>-MWD/MWDOC/OCWD Conjunctive Use Storage Agreement</li> <li>-MWD/MWDOC/OCWD Cyclic Storage Agreement</li> <li>-MDW/MWDOC Cyclic In-Lieu Deliveries Program</li> </ul>	
16. Public Awareness Campaign	MWDOC presently develops, coordinates, and delivers a substantial number of programs and services aimed at elevating stakeholders' awareness about water policy, efficient water use, and MWDOC's role in advocating for sound policy and water reliability investments that are in the best interest of Orange County.	
17. Reliability Planning Efforts	The Orange County Water Reliability Study is a comprehensive study of Orange County's long-term water reliability, providing valuable information to key decision makers regarding the future of Orange County's water supplies.	MWDOC's initial Orange County Reliability Study was in 2016, the study was updated in 2018, and most recently again in 2023.
18. South Emergency Operating Center (SEOC)	MWDOC has been leasing the Prothero Filtration Plant Facilities, a part of El Toro Water District, as the WEROC's South Emergency Operating Center. MWDOC also has an agreement with MWD to use their facility located off Peter Canyon Road in Orange as WEROC's North Emergency Operating Center (NEOC).	

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
19. Strategic Communications Program and Plan	Developed through the foundational work completed through the Facilitated Discussions Project to ensure MWDOC’s Strategic Priorities aligned with the needs of the community and MWDOC member agencies. Seven key goals were developed. This document serves as a blueprint, establishing a baseline understanding for how MWDOC’s programs will provide information and value to its various stakeholders, partners, and employees; and support MWDOC’s mission, goals, and objectives to secure long term water reliability for the region.	Completed in Fiscal Year 2023-2024
20. Urban Water Management Plans (UWMP)	In 2010, 2015, and 2020 MWDOC led the selection and administration of hiring a consultant to assist over 22 agencies (including Santa Ana and Fullerton) update their state mandated Urban Water Management Plans.	Conducted on a five year cycle
21. Water Loss Control Program	A hybrid program with policy, work group and grant acquisition related activities funded as a Core activity through the MWDOC General Fund and all other activities are Choice activities funded by participating retail agencies. All 32 retail agencies actively participate in MWDOC’s choice-based Water Loss Control Program.	
22. Water Loss Control Technical Assistance	included one-on-one technical assistance from a consultant specializing in distribution system water loss and the establishment of an Orange County Water Loss Control Work Group. MWDOC now offers a total of ten services with several sub-tasks designed to assist agencies in obtaining compliance with the water loss mandate adopted by the legislature through Senate Bill (SB) 555 from 2015.	

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
23. Water Loss Control Shared Services	<p>Water Loss Control Shared Services include:</p> <ul style="list-style-type: none"> <li>• Water Balance Validation</li> <li>• Distribution System Leak Detection</li> <li>• Suspected Leak Investigations</li> <li>• Sales Meter Accuracy Testing</li> <li>• Distribution System Pressure Surveys</li> <li>• Distribution System Flushing</li> </ul> <p>MWDOC has secured funding from MWD to offset costs to participating retail agencies. These services are provided to agencies through a long-term shared services agreement between MWDOC and each agency. The agreement includes annual addendums that allow agencies to select which services they plan to access during the coming year.</p>	<p>MWDOC routinely evaluates the services offered and tailors them to reflect the needs of the Orange County retail agencies.</p> <p>Other Potential future Water Loss Control Shared Services include: Fire Hydrant Maintenance, Gate Valve Exercising, Air Release Valve Maintenance, Blow-off Assembly Maintenance, Cla-Val Automatic Control Valve Preventative Maintenance</p>
24. Water Emergency Response Organization of Orange County (WREOC)	<p>Managed and operated by MWDOC, WEROC is supported by a group of water and wastewater providers that include Anaheim, Fullerton, Santa Ana, Orange County Sanitation District, Orange County Water District, and South Orange County Wastewater Authority. Additionally, WEROC maintains an Emergency Operations Centers (EOC), which play a crucial role in the coordination of emergency response operations during disasters.</p>	
25. Water Energy Education Alliance (WEEA)	<p>Water Energy Education Alliance (WEEA) was created to build and bolster career pathways to water and energy jobs for Southern California students.</p>	<p>MWDOC began administration of WEEA in May 2020.</p>

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Municipal Water District of Orange County</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
26. Water Use Efficiency (WUE) Program	MWDOC collaborates with local water agencies, cities, and stakeholders to promote water use efficiency and sustainable water practices. MWDOC advocates for water-related policies at the state level, pushing for regulations and legislation that promote responsible water use.	

Source:

- a. Webb Associates, *Responses from OCLAFCO MSR Survey for MWDOC*, September 15, 2023
- b. OC LAFCO, *Municipal Service Review for the Municipal Water District of Orange County*. September 9, 2020

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Orange County Water District</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
1. Alamitos Sea Water Barrier Project	OCWD has an agreement with LA County Public Works, the Water Replenishment System and the city of Long Beach to operate.	
2. Government Affairs	OCWD lobbyists at local, state, and federal levels.	
3. Green Acres Project	Deliver recycled water to 4 cities and one retail water agency	
4. Groundwater Laboratory Testing	OCWD provides to the Groundwater Producers the Philip L. Anthony Water Quality Laboratory	
5. Groundwater Replenishment System Program	OCWD expanded this water recycling project to replenish the groundwater basin. OCWD has an agreement with OC Sanitation for them to operate the system.	
6. JPA with the San Bernardino Valley Municipal Water District, Inland Empire Utilities Agency, and the Eastern and Western Municipal Water Districts	Through the JPA, OCWD participates in SAWPA. The JPA manages water supply and quality issues in the Santa Ana River Watershed.	
7. In-Lieu Program	Brings additional treated imported water supplies via MWDOC (when they are available for purchase) for Producers to use.	
8. MWD Long-Term Groundwater Storage Program	OCWD has a contract with MWD to store water in the local groundwater basin.	25-year agreement ends in 2028
9. Agreement and Lease	OCWD owns all of the land at its Fountain Valley headquarters, including the land under the OCWD and MWDOC buildings (collectively, the “Office Facilities”). OCWD owns about 66% and MWDOC owns 33% of the Shared Office Facilities. OCWD leases 50% of the land under the Office Facilities to MWDOC.	Agreement and Lease has a 50-year term from April 15, 1987 through April 15, 2037.

*Existing Projects, Programs, and Contracts of MWDOC and OCWD*

<b>Orange County Water District</b>		
<b>Contract or Program or Project</b>	<b>Description</b>	<b>Notes</b>
10. PFAS Grant Applications	<ul style="list-style-type: none"> <li>• City of Fullerton</li> <li>• East Orange County Water District</li> <li>• Irvine Ranch Water District</li> <li>• City of Tustin</li> <li>• City of Orange</li> </ul>	
11. PFAS Groundwater Treatment Systems	OCWD has an agreement with 15 Groundwater Producers to construct and operate PFAS groundwater treatment systems	OCWD will also pay for 50% of the annual operation and maintenance costs for these treatment systems
12. Prado Dam Wetlands	Constructed and operate natural wetlands behind Prado Dam to provide treatment to the Santa Ana River before it enters Orange County.	
13. Refurbishment and Replacement Program (R&R)	OCWD maintains this program to fund the replacement and repair of infrastructure.	The annual contribution to the fund increases 7%.
14. Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) water bank	Prop. 84 grant between SAWPA and DWR for OCWD to store surplus State Project Water from MWD (extraordinary supply water) and imported water (local water).	
15. South OC Emergency Service Program	OCWD has a contract with these agencies to provide water supplies during emergency events.	Up for renewal in 2029.
16. Sunset Gap Seawater Intrusion Project	OCWD would fund the construction of this project to prevent seawater intrusion into the groundwater basin at this location.	This project would occur over the next 10 years. Seeking state and federal grant funding.

Source:

- a. Webb Associates, *Responses from OCLAFCO MSR Survey for OCWD*, September 15, 2023
- b. OCLAFCO, *Municipal Service Review and Sphere of Influence Update for the Orange County Water District*. September 10, 2024





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**To:** Board of Directors, *Municipal Water District of Orange County*

**From:** Natural Resource Results

**RE:** Monthly Board Report – November 2024

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### **Water Legislation**

We are still getting positive signals about the prospects of passing a year-end water package. While the exact bills for a package have not yet been determined, there seem to be good conversations occurring between the House and Senate. A package doesn't stand a chance without communication between the two chambers, so we view this as a good sign.

### **Special Districts**

We continue to coordinate with the National Special Districts Coalition (NSDC) to support their efforts to move legislation to clarify that special districts are eligible for federal grant funding. As of today, Senator Paul (R-KY) is the only roadblock, thus advocacy efforts have been focused on him. Senator Sinema's (D-AZ), one of our Senate champions, seems cautiously optimistic that Senator's Paul's concerns can be address.

### **Election**

How the election will play out is anyone's guess but there will be a new administration come January 20<sup>th</sup> no matter what happens. That means a new cast of characters at the agencies which could create challenges for positions requiring Senate confirmation, especially if Harris wins and Republicans flip the Senate, given the tight margins that are expected in the Senate next year. This could lead to delays in confirmations and create a leadership vacuum at some of the agencies.

We will provide MWDOC with a detailed memo on the results of the election and what it means from a policy standpoint as soon as the results are finalized.



To:	Municipal Water District of Orange County
From:	Syrus Devers
Date:	November 6th, 2024
Re:	State Legislative Report

This report will be brief given that the Legislature is in recess and there is an election around the corner which is consuming a lot of Sacramento’s attention. This is an unusual election; 12-year term limits took effect in 2012, which means the bill has come due for the first legislative class to be elected under the new rules. A record setting 30% of the seats are open, which means there is no incumbent running for reelection in that district. Fortunately for the residents of Orange County, with one exception there will be no significant changes until 2026.

Unlike the Legislature, the administration has been very active. For this reason, this report will flip its usual order and start with the administration, and then close with some observations about the impact of the election.

### **Administrative Report**

**Delta Conveyance**—Perhaps the most critical issue related to the Delta Conveyance is the request (petition) by the Department of Water Resources to change and extend the water rights to accommodate the new intakes on the Sacramento River. Besides CEQA, this will be the most contentious and litigious aspect of the project.

Opponents of the Delta Conveyance argue that the rights are so old that they have expired, which would require a new water rights petition, which would be the subject of new CEQA litigation. Proponents argue that the rights can be extended for prolonged periods despite the fact that the water has not been put to beneficial use in the time originally allotted. Given that the state has been prevented from perfecting the water rights by political delays beyond their control, they have a strong argument. A pre conference hearing on October 17th kicked off the process in advance of a public hearing set for January 25th.

**Bay-Delta Plan Update**— The nearly final draft Water Quality Control Plan for the north Delta was released on October 25th. A bit of history for context, the last time the Bay-Delta Plan Update was comprehensively updated was almost 30 years ago. This fact was used by multiple opponents of the Delta Conveyance, including several legislators, to argue that progress on the tunnels must stop until the plan to address the myriad water quality issues in the Delta were addressed. Several legislative bills to this effect have been defeated over the years.

The plan for the south part of the Delta was adopted in 2018 after a long and contentious process. The two updates together would form the long-overdue update for the entire Delta. At issue was the push by

# Syrus Devers Advocacy

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environmentalists for “unimpaired flows,” which translates to an inflexible regulatory control program. Water users, specifically the State Water Contractors, and the administration support the Voluntary Agreements process, or “VA’s”, which provides a dynamic and flexible approach to balancing water quality, water supply, and water for fish and wildlife. The Board may recall that this issue was the flashpoint between Governor-Elect Newsom and then SWRCB Chair Felicia Marcus.

The revised draft sets up a marathon process by describing the VA’s as an alternative to be discussed in public workshops beginning in December. The sections on the VA’s will come up in January.

## The Legislature

Following the election, the Legislature will meet on December 2nd to swear in new members and adopt the procedural rules. Many legislators will introduce their priority bills at this time in order to capture an issue, and to get a low bill number. The Legislature will then adjourn until it reconvenes for the regular session on January 6th. (What could possibly go wrong with that date?)

Here are some of the departing members who will leave a vacuum in the water policy arena:

**Assemblymember Eduardo Garcia:** as the former Chair of Water Parks, & Wildlife, and a champion for the interests of the Salton Sea, water-related interests are losing an experienced voice in the Legislature with his departure.

**Senator Bill Dodd:** love him or hate him, he authored some of the most consequential water policy legislation of the last decade, not the least of which was the prohibition on shut-offs for nonpayment. His exceptional legislative success rate made him a feared opponent and a desirable author.

**Former Senate Pro-Tem Toni Atkins:** she rarely used her leadership position to weigh in on water policy issues, which we liked, but when she did it was in support of her hometown of San Diego. The important part was that she was never hostile to Southern California water interests. Her successor, Senator Mike McGuire, is from about as far north as you can get in California, but so far he has not shown significant interest in water policy. If that were to change, the Pro-Tem of the Senate is easily the second most powerful politician in the state and he could do significant harm to Southern California water interests if he wished.

**Senator Dave Min:** Senator Min is leaving to run for the House of Representatives. This leaves a vacancy in the Chair of the Natural Resources and Water Committee. Having a policy committee chair from Southern California is like having a legislative safety net. Fingers crossed that we do not end up with both the Pro-Tem’s office and the water policy committee in the hands of northerners.

**Senator Susan Eggman:** she did not come into office interested in water policy, but she represented Stockton and other Delta communities and evolved into a dedicated opponent of the Delta Conveyance.

# ACKERMAN CONSULTING

## Legal and Regulatory

November 6, 2024

- 1. Yarn Produces Water:** Researchers are working every day to find ways to produce water in arid areas that are generally low in population and economic development. The key is to find processes that are reasonably economical and do not use a lot of energy. Scientists at Beijing Institute have been studying naturally occurring organisms to address this problem. They have discovered that desert beetles and spider silk have unusual water collecting attributes which make them good candidates for this particular process. As we have seen in other areas, studying how nature deals with these situations helps us in finding man-made solutions. They have produced a double stranded yarn using the attributes from beetles and spiders through advanced materials. The yarn made from hydrophilic polyacrylonitrile nanofibers and hydrophobic poly vinylidene fluoride-co-hexafluoropropylene has water collection and transport capabilities that surpass other similar combinations currently being studied. They believe this process is scalable and will show higher performance than other methods.
- 2. Mt Everest Growing:** Mt Everest grows at the rate of approximately 1/10th of an inch per year and over the last 90,000 years has added approximately 100 feet in height. Research has shown this is due to the isostatic rebound. 90,000 years ago, the Kosi River near the Himalayas acquired part of a smaller river, the Arun River, and in the process started something known as river piracy. When larger rivers acquire smaller rivers, this changes the erosion process downstream and in the valleys below Mt Everest. This rebound effect is caused by the weight of the rocks and erosion depressing the property around the mountain. This depression forces the surrounding mountains to rise. This effect has also been recorded in other mountainous areas of Canada and South America.
- 3. Swamp Rat:** The nutria, commonly referred to as a swamp rat, is showing more presence in the San Joaquin Delta area. This non-native critter, which resembles a beaver, was introduced in the 1890s from South America as part of our early fur trade. The nutria can be dangerous for people as it carries various diseases and parasites and can also contaminate drinking water and swimming areas. It is also a danger to our environment as it eats native vegetation and destroys banks, ditches, and lakes through its below ground activity. It is a ferocious eater and consumes up to 25% of its body weight per day from plant material that would otherwise go to other animals. The nutria is not out of control yet, but the State is making an exhaustive effort to eliminate them as fast as possible.
- 4. World Database:** McGill University in Canada is developing a Global Dam Watch (GDM). They are compiling a database of all the major dams and reservoirs in the world. They believe that having this material available to water managers around the world will help in monitoring and controlling water use in the future. They currently have information on 41,145 dams and 35,295 reservoirs on the Globe. This equates to over 250-billion-acre feet of water throughout the world. Their database will include other facts and figures relating to the watersheds. Their hope is to achieve a balance between regulating water resources and protecting the environment.

5. **Solar Powered Desal:** MIT has developed a solar powered desal system that does not require backup batteries. This system is designed for brackish groundwater treatment. They have concluded that the treatment of brackish water should be a priority for us in the future. The problem in the past with reverse osmosis desal is the requirement of a steady power source for the system to operate. This generally requires backup batteries to ensure the continuity of power. They have developed a smart solar powered system that adjusts to inconsistencies in the sun's activities such as cloudiness or other weather phenomena. The system can adjust the rate of flow of water based on the high or low degree of energy being provided by the sun. This prototype is in Alamogordo, New Mexico. They are hopeful to further refine the concept and are looking forward to increasing the scale of the project.
6. **AR Shift:** Atmospheric rivers, which are becoming more and more important to our weather and rain predictions, seem to be moving to the respective North and South Poles. Atmospheric rivers are responsible for up to 50% of California's yearly rainfall. Atmospheric rivers are generally dependent and result from changes in the atmospheric jet stream. The atmospheric rivers have been moving, both in the southern and northern hemisphere, closer to their respective poles. One of the main causes of this is changes in the temperature in the eastern tropical Pacific which over time has been cooling. These temperature changes in various parts of the Pacific and Atlantic Ocean impact atmospheric circulation on a worldwide basis. This could result in less rainfall and more droughts in California and areas in the same latitude. The report cautions that these are predictions only, which will remain uncertain due to the difficulty in predicting the various sea and air temperatures required to produce ARs.
7. **AI Analysis:** Artificial Intelligence (AI) is being used more and more and is beneficial in many areas of our life. This is particularly true in the water world and in weather prediction. The accuracy of weather forecast has vastly improved over time. However, that does not always equate to predicting what the damage outcome will be in various situations. This report stresses that communication between all sectors of government and society is necessary to improve this. The tradeoff for the AI analysis will be increased cost for energy to power the various systems. Microsoft and Google are already looking into the use of nuclear power to help them sustain their data centers. This report, which was done by groups in England, concludes that we must eliminate fossil fuel and replace that with renewable energy in order to continue.
8. **Valley Land Values Down:** The value of agricultural property in the Central Valley is taking a large hit. According to appraisers in the area, the value has declined from 25% to 50% for vineyards and tree nut orchards. One appraiser indicated that one property last year sold for ¼ of what it was worth the year before. The main cause of this decline is pumping restrictions arising from new laws passed by the State of California. Banks are reluctant to finance any new operations and are calling existing loans for farmers who have borrowed in the past. The cost of farming has increased substantially while the farmers' value in their property has greatly decreased. Agricultural bankruptcy filings are increasing in the area. A recent report has indicated that as much as 20% of the valley's farmland may be taken out of production.
9. **PFAS Bans:** Eleven states have enacted PFAS bans on certain products. Those states are Alaska, California, Colorado, Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Rhode Island and

Vermont. Sixteen states have adopted PFAS related measures. Thirty states have approved PFAS policies. Maine is preparing to implement a first PFAS ban covering all consumer goods. This ban is scheduled to take effect in 2030 but will have certain exclusions for essential products.

10. **Tipping Points:** Oregon State University has recently completed a research study of Ice Age occurrences going back 120,000 years. They are taking ice cores from Greenland to examine various tipping events which have caused ice ages in the past. The last Ice Age ended more than 11,000 years ago. The tipping point events are called Dansgaard-Oeschger events. These events are large and sudden dramatic changes in climate which can result in catastrophic events. We have previously discussed that atmospheric rivers are primarily driven by activity in the Pacific Ocean. In this case, the Atlantic Ocean is weighing in. Known as the Atlantic Meridional Overturning Circulation, this refers to the circulation of water in the Atlantic Ocean and in particular the Gulf Stream. This condition is fundamentally unstable. And when it significantly changes, bad things can happen very quickly. Climate models suggest that this condition will likely weaken in the future.
11. **Divers in Water World:** SCUBA divers throughout the state keep our water system flowing. Seldom seen and not often acknowledged, these divers do important work for our state. One of their tasks is to conduct regular inspections of our water facilities, including reservoirs, dams, and canals. They are also responsible for cleaning debris of all kinds from our canals, reservoirs, and pumping facilities. Some of the items they have removed from our waterways include washing machines, toilets, swords, automobiles, and lots of fishing gear.

November 6, 2024

TO: MWDOC Board of Directors

FROM: Peter Whittingham

SUBJECT: November 2024 Report

The month of October was marked by the run-up to the November 5 election and major news regarding a member of the Orange County Board of Supervisors. Following is a few of the more notable developments and issues of the month:

- First District Supervisor Andrew Do announced his resignation from the Board of Supervisors and agreed to plead guilty to a federal charge of conspiracy, related to the alleged theft of more than \$550,000 of Covid-related funds. The matter first came to light in 2023 when it was revealed that the County had allocated \$13.5 million in American Rescue Plan Act, or ARPA, dollars to Viet America Society, a Huntington Beach-based organization which employed the former Supervisor's daughter.
- The South Coast Water District (SCWD) Board of Directors announced its unanimous decision to award the Progressive Design-Build-Operate-Maintain (PDBOM) services contract for Phase 1 of the Doheny Ocean Desalination Project to the team of J.R. Filanc Construction, Acciona Agua Corporation, and Hazen. The nearly \$7 million contract marks the latest milestone in a decade-plus effort to enhance SCWD's water supply portfolio, along with the water supply needs of the region. When completed, the Doheny Project will produce five million gallons per day (MGD) of drinking water. SCWD is currently partnering on the Doheny Project with Laguna Beach County Water District and Eastern Municipal Water District and is in active discussions with other agencies.
- The Santa Ana City Council, as part of the City's plan to replace/retrofit all of its existing, manually-read water meters with Automated Metering Infrastructure (AMI), selected a vendor to rehabilitate or replace the vaults, valves, and/or apparatus in 400 locations where large water meters are served. The City's 480-mile water system features 21 groundwater wells, ten reservoirs (with a capacity of 49 million gallons), and seven connection points to the Metropolitan Water District and has an average daily demand of 30 million gallons from its 45,150 metered connections.



- The City of San Clemente has finished a sand replenishment project at North Beach, a months-long effort to help widen a stretch of eroded coastline. The \$2 million project, which kicked off in late July, delivered 37,000 cubic yards of sand from the Santa Ana River, with truckloads hauling the material in and spreading it out on the north end of town. Because the work went faster than expected and was under budget, the amount of material to be hauled in was expanded to add 7,000 more cubic yards. The city also received Coastal Commission approval to increase its opportunistic beach sand replenishment program to allow for 300,000 cubic yards of sand to be placed annually along four locations, including areas around T Street beach.
- The Laguna Beach City Council voted unanimously to move forward with conceptual plans to restore the Aliso Creek Estuary, consolidating technical studies and initiating the scope of work for an EIR to determine the project's feasibility. The project includes restoring the estuary's functionality, such as removing invasive plant species and mitigating water flow, upgrading public spaces, adding an interpretive center and improving pedestrian access. The project would also replace parking lots and paved areas with mobility hubs to encourage alternative modes of transportation, updated restrooms, trails and seating areas, and a pedestrian bridge over the estuary. The project's future will also include coordination with a variety of property owners, including South Coast Water District and The Ranch at Laguna Beach.
- The Huntington Beach City Council authorized a feasibility analysis of a potential interagency water transfer partnership with Mesa Water®. Potential benefits of such an agreement include access to the groundwater basin via Mesa Water District's infrastructure and avoiding the need to spend millions on imported water in the event of one or more of the City's existing wells failing.
- The Huntington Beach City Council also approved an agreement to share consultant costs for completion of Joint Hazard Mitigation Plans and the America's Water Infrastructure Act of 2018 Update Projects with MWDOC.
- Santa Margarita Water District (SMWD) announced that Trampas Reservoir, California's largest recycled water reservoir, has surpassed 90% of its 1.6-billion-gallon capacity.

It is a pleasure to work with you and to represent the Municipal Water District of Orange County.

Sincerely,



Peter Whittingham



## STAFF REPORT

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To: Board of Directors

Meeting Date: November 26, 2024

From: Sherri Seitz, Public Affairs Manager

Subject: Public Education and Outreach Report

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### Laguna Woods Village Television (LWVT)

Director Adjarian "This Day" interview from October 28, 2024 can be found here: <https://youtu.be/aTqCERvml8?si=Kvw-NQxM4jeih3k>. Director Monin is tentatively scheduled to present in December. Topic is to be determined.

### ETWD Newsletter

ETWD staff is preparing the Winter newsletter that will be distributed in December.

### Adopt a Channel

ETWD featured the Adopt a Channel adoption in the Winter newsletter. Staff is coordinating a board photo at the site.



**Community Advisory Meeting (CAG)**

ETWD held its quarterly CAG meeting on November 14<sup>th</sup>. WEROC’s Director of Emergency Management, Vicki Osborn, provided a presentation on WEROC, Emergency Management and the Multi-Jurisdictional Hazard Mitigation Plan. We had 28 public registrations and received numerous positive comments from Vicki’s presentation.

**Community Events**

**H2O for HOA’s – October 2024**

ETWD participated in the H2O for HOA event on October 17, 2024 at the City of Laguna Hills Community Center. Photos from the event follow:





**City of Mission Viejo – Disaster Preparedness Expo – October 2024**

ETWD staff hosted a booth and provided water to attendees with the ETWD water trailer for the City of Mission Viejo Disaster Preparedness Expo on October 19, 2024. Photos from the event follow:





**City of Lake Forest/Lake Forest Chamber of Commerce – Elf Yourself 5K –  
November 23, 2024**

Staff provide water with the water trailer to the City of Lake Forest Elf Yourself participants on November 23, 2024.

**Scouts BSA Clinic**

ETWD will host a Scouts BSA clinic at the Water Recycling Plant and provide a tour of the plant for attendees on Saturday, January 25, 2024.



**STAFF REPORT**

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**To: Board of Directors Meeting Date: November 26, 2024**  
**From: Vu Chu, Water Use Efficiency Analyst**  
**Subject: Water Use Efficiency Report**

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**Rebate Programs:**

The SoCal WaterSmart regional rebate program is available to ETWD customers through the collaboration of the Metropolitan Water District of Southern California, the Municipal Water District of Orange County, and ETWD.

Eligible device purchases may qualify for rebates, contingent on meeting eligibility criteria and subject to fund availability. Detailed residential and commercial rebate information is accessible at:

[www.etwd.com/conservation/rebates](http://www.etwd.com/conservation/rebates)  
[www.etwd.com/commercial-rebates](http://www.etwd.com/commercial-rebates)

**Actual Customer Rebates Analysis:**

The following ETWD residential customer and commercial customer device rebates were approved by the Metropolitan Water District and the Municipal Water District of Orange County in October 2024.

The table below also shows the ETWD residential and commercial rebates approved between July 1, 2024, and June 30, 2025.

<b>Rebate Program</b>	<b>October 2024</b>	<b>FY 2024/25</b>
High Efficiency Clothes Washer		8
Irrigation Controller (Commercial)		58

Irrigation Controller (Residential)		2
Hose Bib Irrigation Controller		1
Faucet Aerator		1
Low-flow Showerhead	2	6

**Water Use Efficiency Plan Update:**

The District Water Budget-Based Tiered Conservation Rate Structure (WBBTCRS) pricing structure is the primary plan that gives customers the incentive needed to be efficient. The Plan efforts initially will concentrate on those customers continually in the Inefficient and Excessive Tiers (Tiers 3 and 4). [During October 2024, residential customers accounted for 57.4% of Tier 3 usage and dedicated irrigation accounted for 42.6%. For Tier 4, residential customers accounted for 34.2% and dedicated irrigation accounted for 65.8% during the same period.](#)

**Total Consumption Comparison to Evapotranspiration (ET) Factor:**

Included in this month's Water Use Efficiency Report is a chart comparing the current fiscal year consumption and ET factor to the fiscal 2023/24 consumption and ET factor. [Total potable water consumption increased 4.36% in October 2024 versus October 2023. The ET factor decreased from 4.12 to 3.92 during the same period.](#)

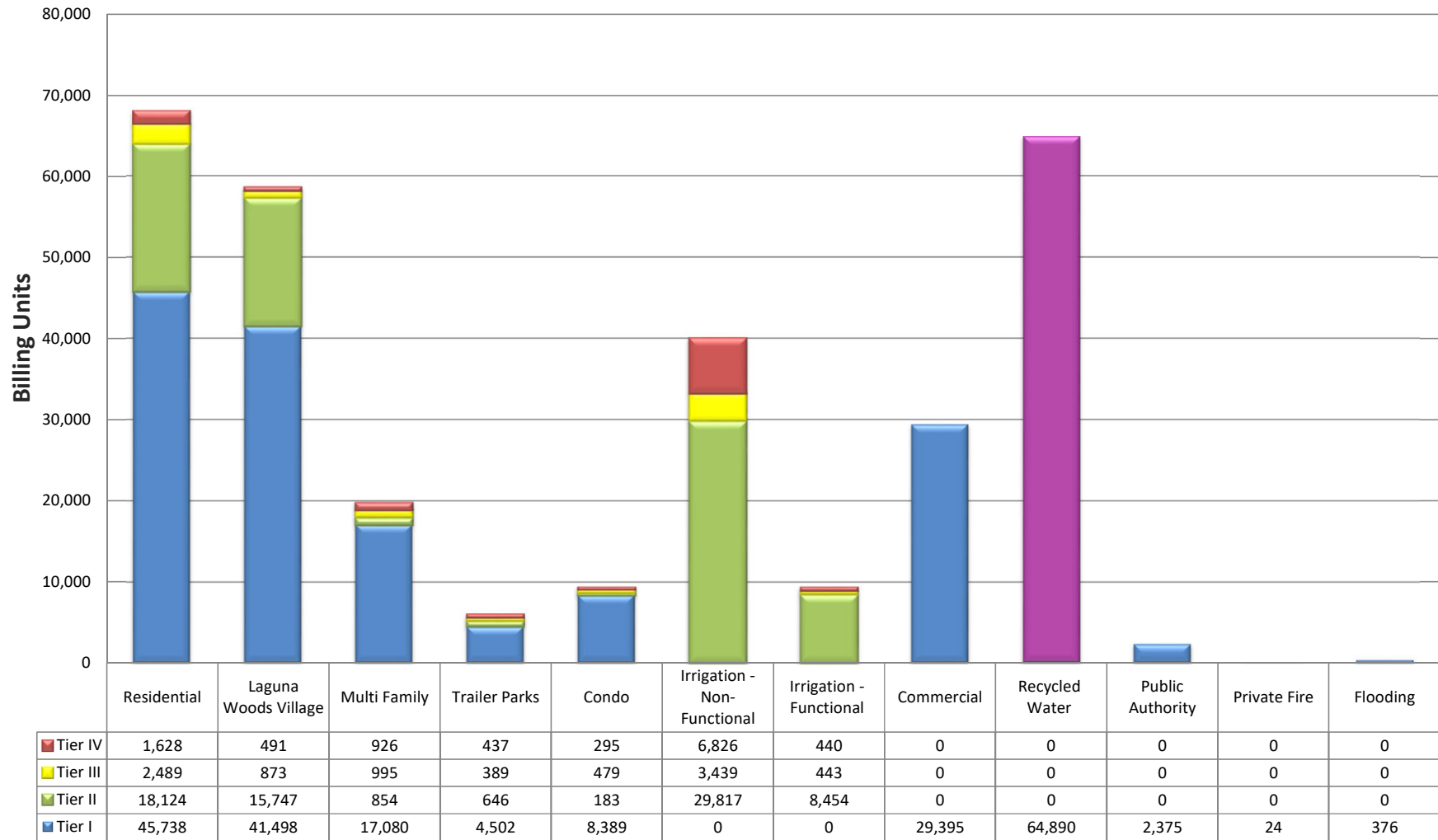
**ETWD Tier Consumption Information and Usage Information Compared to Previous Years:**

The following graphs highlight ETWD year-to-date consumption and consumption by tier for the current fiscal year compared to the 2023-2024 fiscal year. ETWD water consumption compared to 2013 and 2020 are also included.

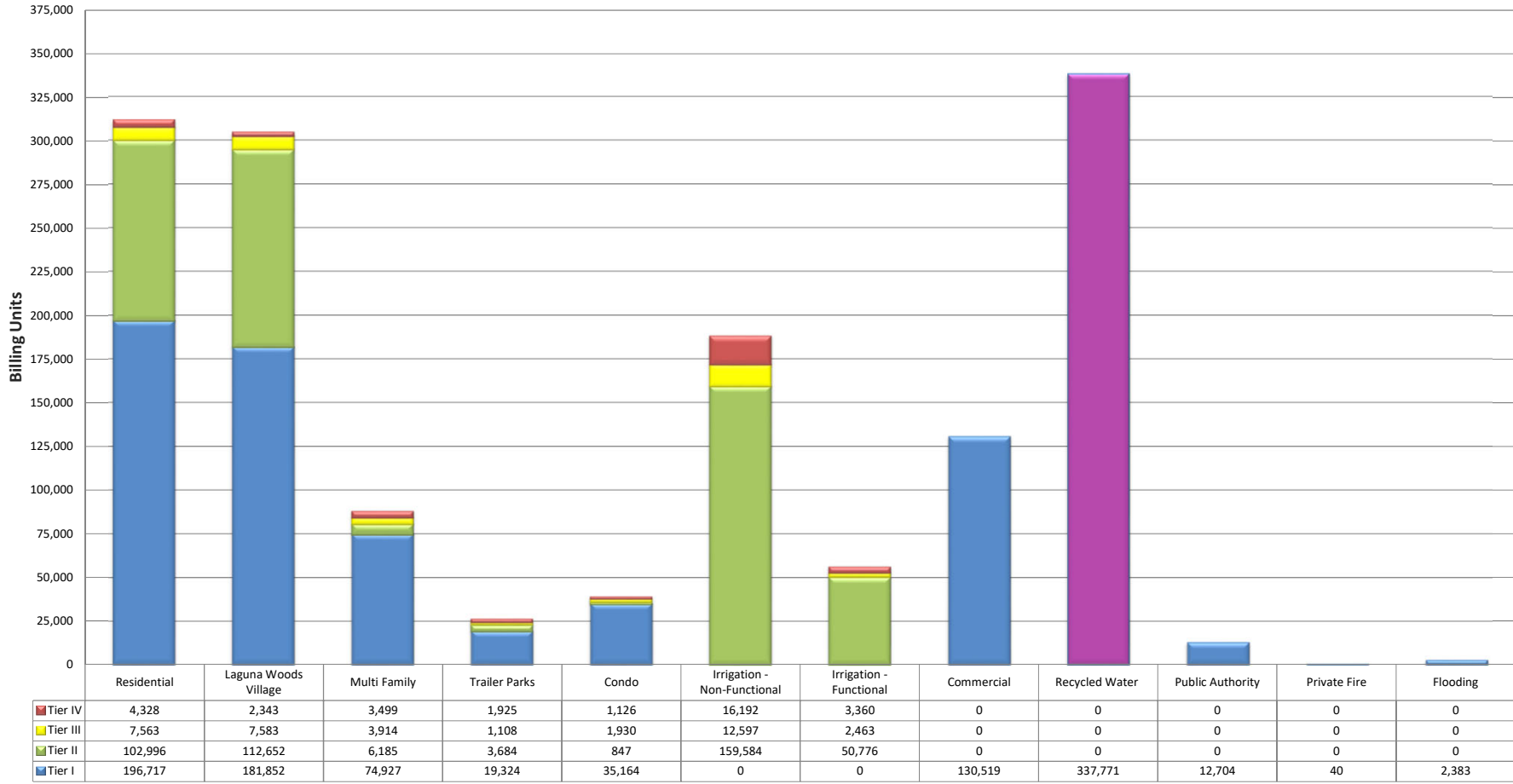




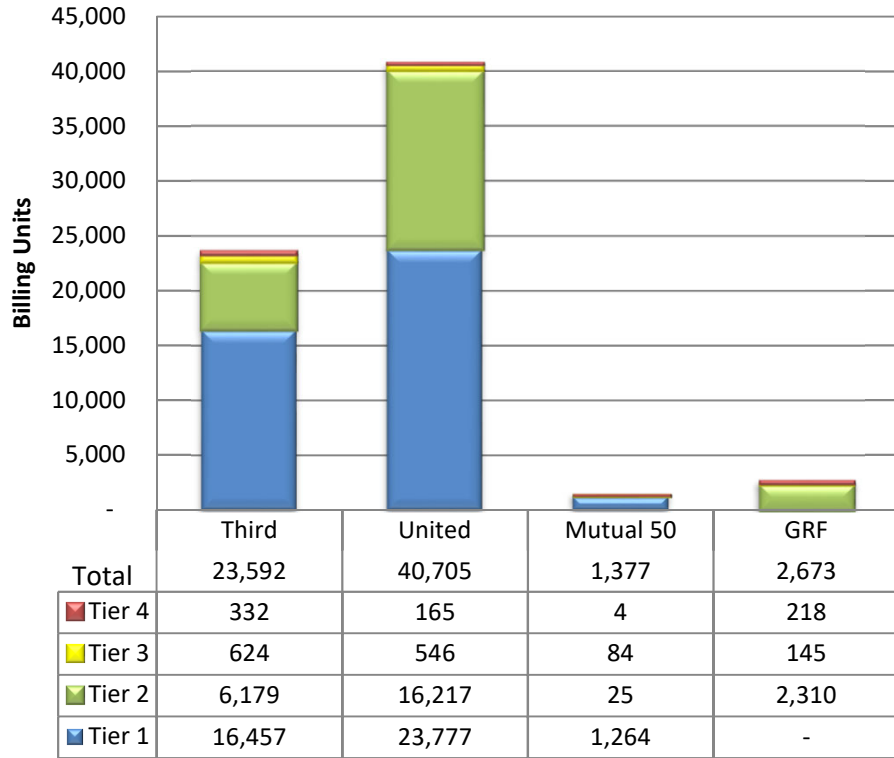
## October 2024 Water Sales



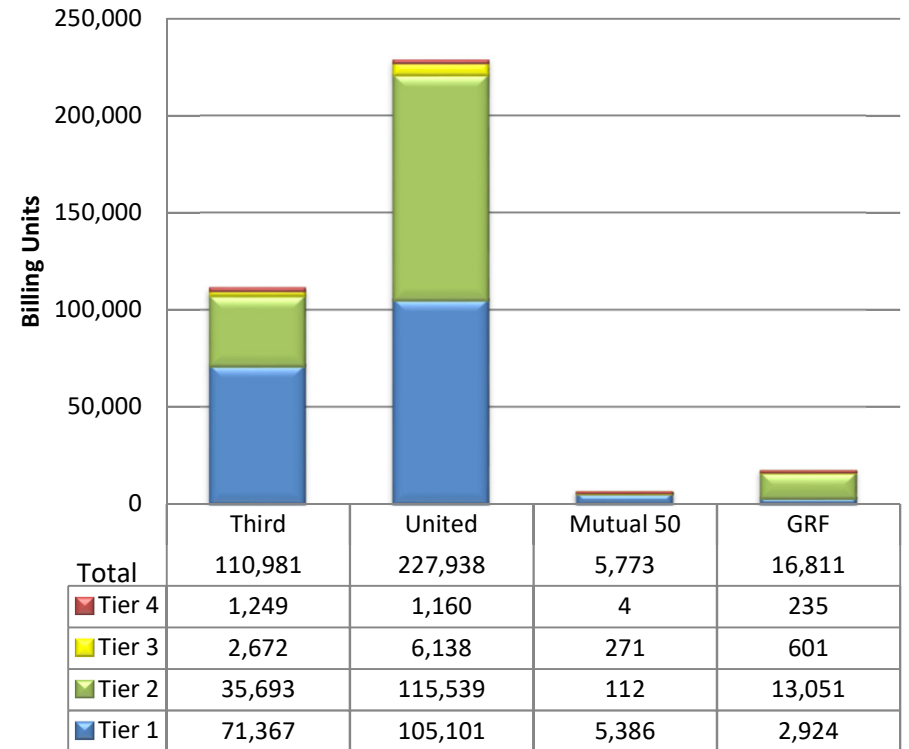
### Year-to-Date Water Sales as of October 2024



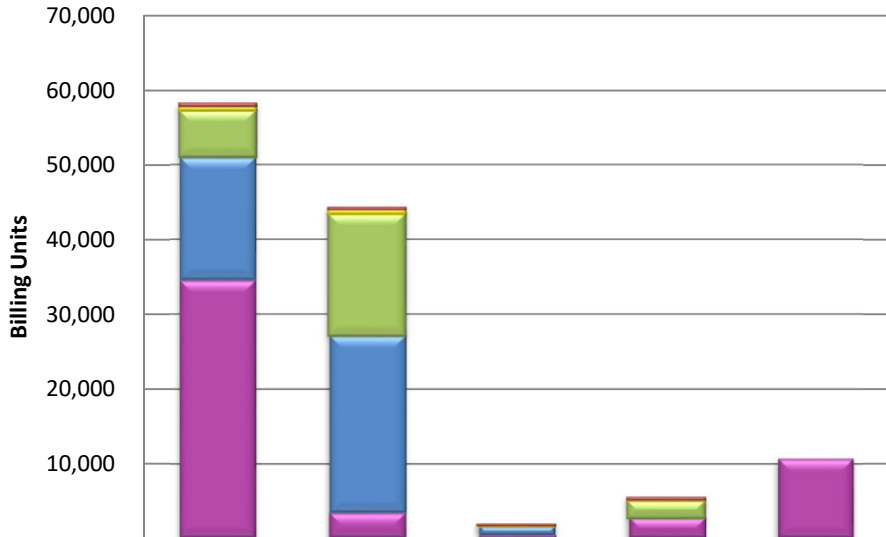
## Laguna Woods Village October 2024 Water Sales



## Laguna Woods Village Year-to-Date Water Sales October 2024

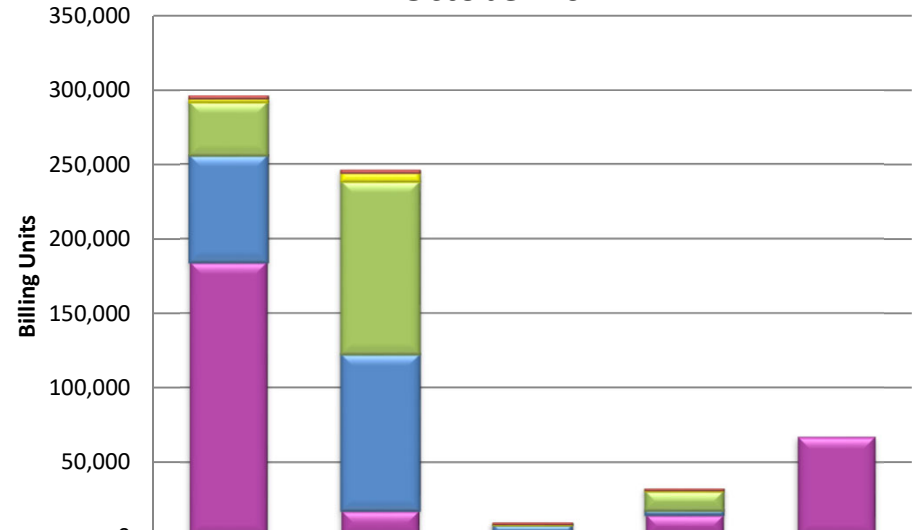


### Laguna Woods Village October 2024 Water & RW Sales



Total	Third	United	Mutual 50	GRF	LWV Golf Course
	58,145	44,140	1,826	5,462	10,697
Tier 4	332	165	4	218	
Tier 3	624	546	84	145	
Tier 2	6,179	16,217	25	2,310	
Tier 1	16,457	23,777	1,264	-	
RW	34,553	3,435	449	2,789	10,697

### Laguna Woods Village Year-to-Date Water & RW Sales October 2024



Total	Third	United	Mutual 50	GRF	LWV Golf Course
	295,246	245,449	8,202	31,520	67,104
Tier 4	1,249	1,160	4	235	
Tier 3	2,672	6,138	271	601	
Tier 2	35,693	115,539	112	13,051	
Tier 1	71,367	105,101	5,386	2,924	
RW	184,265	17,511	2,429	14,709	67,104











































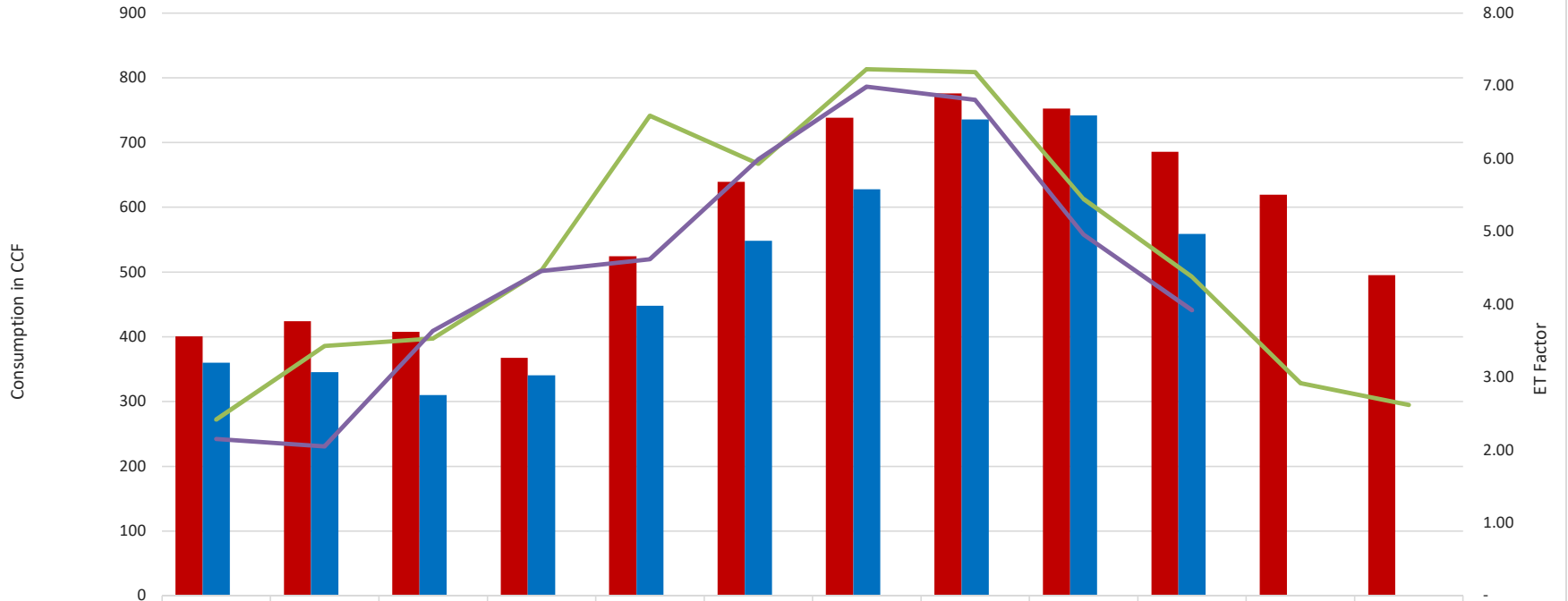






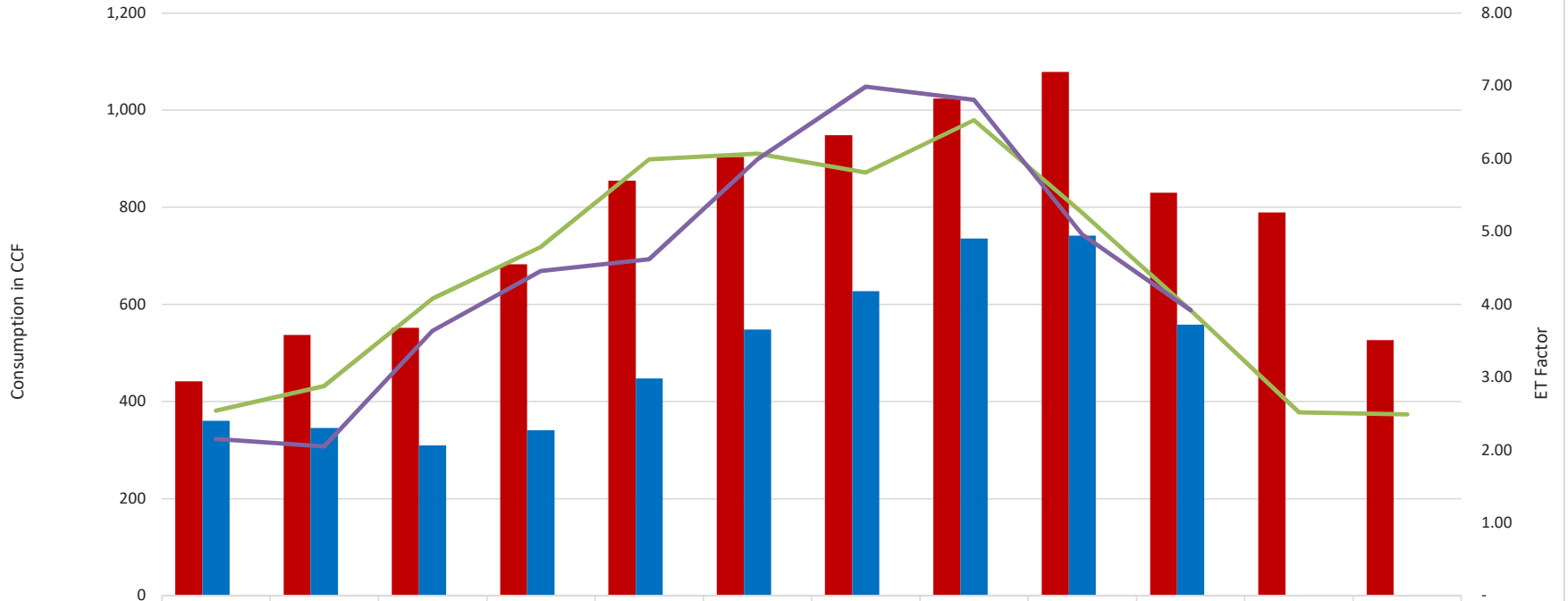


ETWD Customer Consumption vs 2020 (Potable AF)



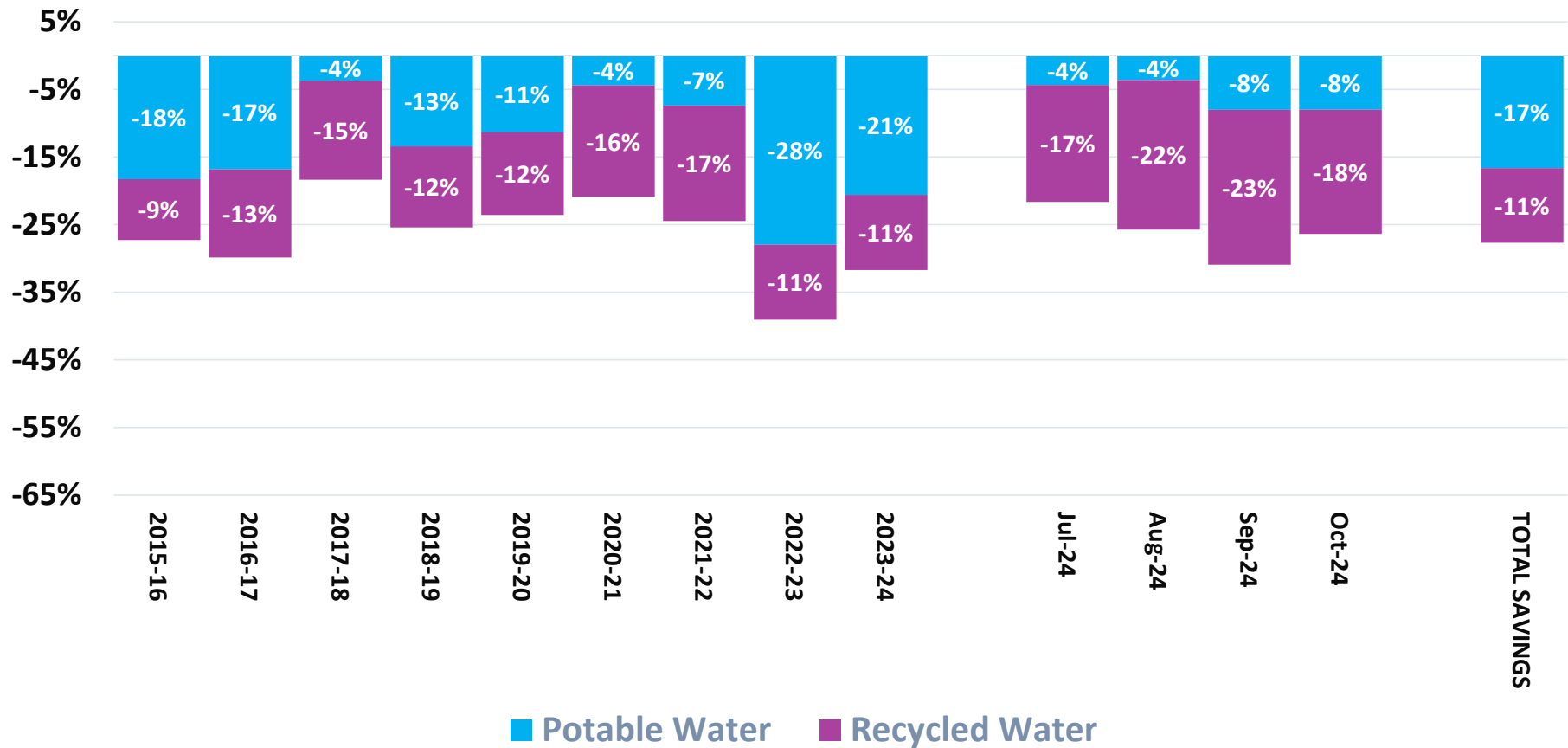
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020 Potable	400.80	423.80	407.54	367.77	524.43	639.41	738.29	775.67	752.37	685.68	619.43	495.20
2024 Potable	360.14	345.36	309.80	340.56	447.92	548.21	627.50	735.68	741.80	558.70		
Potable % Change	-10.14%	-18.51%	-23.98%	-7.40%	-14.59%	-14.26%	-15.01%	-5.16%	-1.40%	-18.52%		
2020 ET	2.42	3.43	3.53	4.47	6.59	5.93	7.23	7.19	5.45	4.38	2.92	2.62
2024 ET	2.15	2.05	3.64	4.46	4.62	5.99	6.99	6.81	4.96	3.92		

ETWD Customer Consumption vs 2013 (Potable AF)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013 Potable	441.82	537.37	551.75	682.75	855.14	903.87	948.61	1023.72	1079.11	830.36	789.23	526.37
2024 Potable	360.14	345.36	309.80	340.56	447.92	548.21	627.50	735.68	741.80	558.70		
Potable % Change	-18.49%	-35.73%	-43.85%	-50.12%	-47.62%	-39.35%	-33.85%	-28.14%	-31.26%	-32.72%		
2013 ET	2.54	2.88	4.08	4.79	5.99	6.07	5.81	6.53	5.26	3.92	2.52	2.49
2024 ET	2.15	2.05	3.64	4.46	4.62	5.99	6.99	6.81	4.96	3.92		

# ETWD WATER USAGE COMPARED TO 2013



I hereby certify that the following Agenda was posted at least 72 hours prior to the time of the Board Meeting so noticed below at the usual agenda posting location of the South Orange County Wastewater Authority (SOCWA) and at [www.socwa.com](http://www.socwa.com).

**REVISED**



Danita Hirsh, Assistant Secretary  
SOCWA and the Board of Directors thereof

*Regular Meeting of The  
South Orange County Wastewater Authority  
Board of Directors*

November 7, 2024  
8:30 a.m.

PHYSICAL MEETING LOCATION:  
South Orange County Wastewater Authority  
34156 Del Obispo Street  
Dana Point, CA 92629

THE BOARD OF DIRECTORS MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT [WWW.SOCWA.COM](http://WWW.SOCWA.COM). ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UNMUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UNMUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY BOARD OF DIRECTORS IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE BOARD OF DIRECTORS LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE BOARD OF DIRECTORS AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS. FOR AUDIO OF MEETING USE THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

Join Zoom Meeting

<https://socwa.zoom.us/>

Meeting ID: 819 4802 0958

Passcode: 873203

Dial by your location:

+1 669 900 6833 US (San Jose)      +1 253 215 8782 US (Tacoma)  
+1 346 248 7799 US (Houston)      +1 312 626 6799 US (Chicago)

Find your local number: <https://socwa.zoom.us/j/81948020958>

Revised Agenda

- 1. CALL TO ORDER
- 2. PLEDGE OF ALLEGIANCE
- 3. ORAL COMMUNICATIONS

*Members of the public may address the Board regarding an item on the agenda or may reserve this opportunity during the meeting at the time the item is discussed by the Board. There will be a three-minute limit for public comments.*

- 4. APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE PARTICIPATION

ACTION Board Discussion/Direction and Action.

PAGE NO.

- 5. CONSENT CALENDAR

- A. Minutes of Board of Directors.....1

- Board of Directors Special Meeting of October 3, 2024

ACTION The Board will be requested to approve the subject Minutes.

- B. Minutes of Project Committee 2.....7

- 1. Project Committee 2 Meeting of October 1, 2024
- 2. Project Committee 2 Meeting of October 3, 2024

ACTION The Project Committee 2 Members will be requested to approve the subject Minutes and the Board will be requested to receive and file the subject Minutes.

- C. Minutes of Engineering Committee .....11

- 1. Engineering Committee Meeting of June 13, 2024
- 2. Engineering Committee Meeting of August 15, 2024
- 3. Engineering Committee Meeting of September 12, 2024

ACTION The Board will be requested to receive and file the subject Minutes.

- D. September 2024 Operations Report .....23

- 1. Monthly Operational Report
- 2. SOCWA Ocean Outfall Discharges by Agency
- 3. Quarterly Report on Ky Operational Expenses
- 4. Beach Ocean Monitoring Report
- 5. Recycled Water Report
- 6. Pretreatment Report (October)

ACTION The Board will be requested to receive and file subject reports as submitted.



South Orange County Wastewater Authority  
Board of Directors Meeting  
November 7, 2024

Revised Agenda

	<u>PAGE NO.</u>
E. Capital Improvement Program Status Report (October) .....	72
ACTION      Information item.	
F. Capital Improvement Construction Projects Progress and Change Order Report (October) [Project Committees 2, 15 and 17] .....	77
ACTION      Information item.	
G. Selection of Board Secretary/Treasurer Officer for the Board of Directors for Remainder of Fiscal Year (FY) 2024-25 .....	80
ACTION      Staff recommends that the SOCWA Board of Directors appoint Ms. Amber Boone, Acting General Manager, as Secretary/Treasurer Officer to service the Authority for the remainder of FY 2024-25.	
H. Resolution No. 2024-08: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) .....	81
ACTION      Staff recommends that the Board of Directors adopt Resolution No. 2024- 08: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF).	
I. Resolution No. 2024-09: Resolution of the Board of Directors of the South Orange County Wastewater Authority Authorizing Establishment of Deposit Accounts with Bank of the West (A trade name used by BMO Harris Bank N.A.) .....	85
ACTION      Staff recommends that the Board of Directors adopt Resolution No. 2024- 09: Resolution of the Board of Directors of the South Orange County Wastewater Authority Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF).	
J. Contract Renewal to Mariposa Landscapes Inc. for Landscaping Services [Project Committees 2, 15, and 17] .....	89
ACTION      Staff recommends that the Board of Directors i) authorize the Acting General Manager to execute a one-year contract extension with Mariposa Landscapes Inc. at the pricing specified on the report and ii) authorize the Acting General Manager to initiate the subsequent renewals with an increase of 6% or less.	

Revised Agenda

PAGE NO.

K. Contract Amendment with Integrated Municipal Systems, LLC for Scrubber Maintenance Services [Project Committees 2, 15, and 17] .....91

ACTION Staff recommends that the Board of Directors award a 1-year contract extension to Integrated Municipal Systems, LLC. for scrubber maintenance services at the proposed rates, plus applicable taxes.

6. ENGINEERING MATTERS

A. Coastal Treatment Plant (CTP) Foul Air System Reconstruction Final Design [Project Committee 15] .....93

ACTION The Engineering Committee recommends that the PC 15 Board of Directors i) approve a contract with Dudek for a total of \$330,000 for the CTP Foul Air System Reconstruction Final Design and ii) approve a contract contingency of \$33,000 to address any unforeseen issue that may arise during final design.

7. GENERAL MANAGER'S REPORT

A. SOCWA Reorganization Agreements Regarding: Moulton Niguel Water District (MNWD) Proposal to Transition the Regional Treatment Plant (RTP) to (MNWD) & Facilitate MNWD's Withdrawal from SOCWA [PC 2, 5, 8, 12, 17, 21 and 24] **[AGREEMENTS UNDER SEPARTE COVER]** .....207

ACTION Presented to the Board for discussion, consideration, and possible action to approve the following SOCWA reorganization agreements listed below, subject to minor and non-substantive revisions or corrections approved by legal counsel as set forth more fully in the staff report for this item.

1. Agreement No. 1: Asset and Capacity Transfer Agreement
  - Parties: MNWD, SOCWA, and SOCWA Member Agencies
2. Agreement No. 4: MNWD Withdrawal Agreement
  - Parties: MNWD, SOCWA, and all SOCWA Member Agencies
3. Agreement No. 5: Assignment and Assumption Agreement (PC 2)
  - Parties: MNWD, SOCWA, SCWD, and SMWD
4. Agreement No. 9: MNWD-SOCWA Continued Service Agreement
  - Parties: MNWD and SOCWA
5. Amendment #7 to PC 2 Agreement
  - Parties: MNWD, SCWD, SMWD, and SOCWA

Revised Agenda

PAGE NO.

- 6. Laboratory Lease at RTP
  - Parties: MNWD and SOCWA
- 7. RTP Property Transfer Agreement
  - Exhibit A to Agreement No. 1
  - Parties: MNWD and SOCWA
- 8. RTP Grant Deed (Form)
  - Exhibit A to Agreement No. 1
  - Parties: MNWD and SOCWA
- 9. RTP Promissory Note
  - Exhibit C to Agreement No. 1
  - Parties: MNWD and SOCWA
- 10. RTP Bill of Sale
  - Exhibit D to Agreement No. 1
  - Parties: MNWD and SOCWA
- 11. Transfer Price Allocation MOU
  - Parties: CLB, CSC, EBSD, ETWD, SCWD, SMWD, & SOCWA
- B. General Counsel's Update [**UNDER SEPARATE COVER**].....
  - San Clemente Land Outfall (PC 10) Asset Transfer Agreement
  - San Clemente Land Outfall (PC 10) Bill of Sale
  - Resolution to Dissolve Project Committee 10

ACTION Presented to the Board for discussion, consideration, and possible action to approve, subject to minor and non-substantive revisions or corrections approved by legal counsel.
- C. Acting General Manager's Report .....212  

ACTION Board Discussion/Direction and Action.
- D. Upcoming Meetings Schedule: .....
  - November 7, 2024 – Board of Directors Regular Meeting
  - November 14, 2024 – Engineering Committee Meeting
  - November 12, 2024 – Executive Committee Meeting
  - November 19, 2024 – Finance Committee Meeting
  - December 12, 2024 – Board of Directors Regular Meeting

ACTION Information Item.

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South Orange County Wastewater Authority  
Board of Directors Meeting  
November 7, 2024

Revised Agenda

8. CLOSED SESSION

A. Closed Session Conference with Labor Negotiators Pursuant to Government Code § 54957.6

- SOCWA Designated Representatives: Labor Counsel, Brad Neufeld
- Employee Organization: SOCWA Employee Association

B. Report Out of Closed Session

9. OTHER MATTERS

Determine the need to take action on the following item(s) introduced by the Acting General Manager, which arose after the posted agenda. [Adoption of this action requires a two-thirds vote of the Board, or if less than two-thirds are present, a unanimous vote.]

10. ADJOURNMENT

THE NEXT SOCWA BOARD MEETING  
December 12, 2024

**NOTICE OF SPECIAL MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
  
EXECUTIVE COMMITTEE**

**November 13, 2024  
3:00 p.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Executive Committee was called to be held on **November 13, 2024, at 3:00 p.m.** SOCWA staff will be present and conducting the meeting at SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING.

THIS MEETING WILL BE HELD IN PERSON. ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT SO THAT THE COORDINATOR CAN ACKNOWLEDGE YOU WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK ON THE ITEM OF INTEREST.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY EXECUTIVE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE EXECUTIVE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE EXECUTIVE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE EXECUTIVE COMMITTEE AND SENT TO ANY PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES.

**AGENDA**

**1. Call Meeting to Order**

**2. Public Comments**

*THOSE WISHING TO ADDRESS THE EXECUTIVE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER.*

**3. Executive Committee Bylaws Review**

**Recommended Action:** Information Item

**4. Policy Review**

**Recommended Action:** Information Item

**5. Planning Study Requests**

**Recommended Action:** Information Item

**Adjournment**

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the Executive Committee at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Executive Committee at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 12th day of November 2024.



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Danita Hirsh, Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

**NOTICE OF REGULAR MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
ENGINEERING COMMITTEE**

**November 14, 2024  
8:30 a.m.**

NOTICE IS HEREBY GIVEN that a Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Engineering Committee was called to be held on **November 14, 2024, at 8:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT [WWW.SOCWA.COM](http://WWW.SOCWA.COM). ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY ENGINEERING COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE ENGINEERING COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE ENGINEERING COMMITTEE LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE ENGINEERING COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS. FOR AUDIO OF MEETING USE  
THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

Join Zoom Meeting  
<https://socwa.zoom.us/>  
Meeting ID: 859 2982 1490  
Passcode: 138931

Dial by your location:  
+1 669 900 6833 US (San Jose)    +1 253 215 8782 US (Tacoma)  
+1 346 248 7799 US (Houston)    +1 312 626 6799 US (Chicago)  
Find your local number: <https://socwa.zoom.us/j/kcnSqRR3w5>

AGENDA

1. Call Meeting to Order

2. Public Comments

*THOSE WISHING TO ADDRESS THE ENGINEERING COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.*

PAGE NO.

3. Approval of Minutes..... 1

- Engineering Committee Minutes of October 10, 2024

**Recommended Action:** Staff requests that the Engineering Committee approve the subject Minutes as submitted.

4. Acting General Manager’s Report ..... 6

**Recommended Action:** Information Item.

5. Operations Report..... 7

**Recommended Action:** Information Item.

6. Capital Improvements Construction Projects Progress and Changer Order Report (November) [Project Committees 2, 15, and 17] ..... 8

**Recommended Action:** Information Item.

7. Coastal Treatment Plant (CTP) Aeration Blower System Upgrades Final Design [Project Committee 15]..... 12

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 15 Board of Directors i) add \$400,000 to the CTP Aeration Blower System Upgrades project budget for a total amended budget of \$475,000, ii) approve a contract with Carollo Engineers for a total of \$447,584, and iii) approve a project contingency of \$27,416 to cover potential unknown issues during design.



8. Contract Award for Coastal Treatment Plant (CTP) Auxiliary Blower Building Roof  
[Project Committee 15] ..... 55

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 15 Board of Directors i) add \$40,000 to the CTP Auxiliary Blower Building Roof budget, for a total amended budget of \$140,000, ii) approve a contract with Best Contracting Services for a total of \$123,430, and iii) approve a contract contingency of \$16,566 for unknown issues discovered during construction.

9. Contract Award for Coastal Treatment Plant (CTP) Personnel Building Sewer Rehab  
[Project Committee 15] ..... 113

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 15 Board of Directors i) approve a contract with T.E. Roberts for a total of \$78,165 and ii) approve a contract contingency of \$7,817 for unknown issues discovered during construction.

10. Coastal Treatment Plant (CTP) Funding Strategy Implementation Plan  
[Project Committee 15] ..... 157

**Recommended Action:** Information Item.

11. Contract Award for J.B. Latham Treatment Plant (JBL) Cogen Overhaul  
[Project Committee 2] ..... 162

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 2 Board of Directors i) award a contract to Northeast—Western Energy Systems USA LLC to overhaul the Cogen Engine at the cost of \$410,612.50 plus shipping and taxes to be determined at the time of shipping and ii) authorize a contract contingency of \$20,000.00.

12. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Engineering Committee at least 72 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 72 hours prior to the time of the above-referenced Engineering Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 7th day of November 2024.



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Danita Hirsh, Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY



AGENDA

1. Call Meeting to Order
2. Public Comments

*THOSE WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.*

PAGE NO.

3. Approval of Minutes..... 1

- Finance Committee Meeting of August 20, 2024

**Recommended Action:** Staff recommends that the Finance Committee approve the subject minutes as submitted.

4. Financial Reports for the Month of September 2024 & Cash Disbursements for the Month of July 2024, August 2024 & September 2024.....5

The financial reports included are as follows:

- a. Summary of Disbursements for July, August & September 2024 (Exhibit A.1)
- b. Schedule of Funds Available for Reinvestment (Exhibit B)
  - Local Agency Investment Fund (LAIF)
- c. Schedule of Cash and Investments (Exhibit C)
- d. Capital Schedule (Exhibit D)
  - Capital Projects – Graph (Exhibit D-1)
- e. Budget vs. Actual Expenses:
  - Operations and Environmental Summary (Exhibit E-1)
  - Operations and Environmental by PC (E-1.2)
  - Residual Engineering, after transfer to Capital (Exhibit E-2)
  - Administration (Exhibit E-3)
  - Information Technology (IT) (Exhibit E-4)

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors (i) receive and file the September 2024 Financial Reports, (ii) ratify the July 2024 disbursement for the period from July 1, 2024, through July 31, 2024, totaling \$5,130,733, (iii) ratify the August 2024 Disbursement for the period from August 1, 2024, through August 31, 2024, totaling \$2,156,406, and (iv) ratify the September 2024 Disbursement for the period from September 1, 2024, through September 30, 2024.

5. Final Use Audit, FY 2023-24 Budget vs. Actual ..... 25

- Presentation
- FY 2023-24 Use Audit

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors approve the FY 2023-24 Use Audit.

6. FY 2023-24 Annual Financial Statements Audit ..... 140

- Presentation
- Independent Auditor's Report
- Nyhart GASB 74/75 Valuation Report
- PARS OPEB Program Update

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors approve the FY 2023-24 Annual Financial Statements Audit.

7. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Finance Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 15th day of November 2024.



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Danita Hirsh, Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Jointly with the

**PLANNING & OPERATIONS COMMITTEE**

18700 Ward Street, Conf. Room 101, Fountain Valley, CA 92708

November 4, 2024, 8:30 a.m.

Teleconference Sites:

25652 Paseo De La Paz, San Juan Capistrano, CA 92675

17420 Walnut Street, Fountain Valley, CA 92708

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

**Computer Audio: You can join the Zoom meeting by clicking on the following link:**

<https://zoom.us/j/8828665300>

**Telephone Audio: (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free**

**Webinar ID: 882 866 5300#**

**P&O Committee:**

Director Seckel, Chair  
Director Yoo Schneider  
Director Dick

Staff: H. De La Torre, C. Harris,  
H. Chumpitazi, M. Baum-Haley,  
T. Dubuque, M. Goldsby

Ex Officio Member: President McVicker

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MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

**ROLL CALL**

**PUBLIC COMMENTS** - Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee).

**ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING** -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**ACTION ITEMS**

1. AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2024 BYLAWS VOTE
2. AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) PROPOSED AMENDED AND RESTATED BYLAWS

**DISCUSSION ITEMS**

3. COMPLETION OF THE LEAD AND COPPER RULE REVISIONS INITIAL SERVICE LINE INVENTORY PROJECT UNDER THE MWDOC SHARED SERVICES PROGRAM
4. WEROC ORANGE COUNTY WATER & WASTEWATER MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN UPDATE

**INFORMATION ITEMS** (The following items are for informational purposes only – background information is included in the packet. Discussion is not necessary unless requested by a Director.)

5. STATUS OF MWDOC'S WATER QUALITY AND OPERATIONS MANAGEMENT WORKSHOPS AND NEXT STEPS
6. PUBLIC AFFAIRS HIGHLIGHTS
7. DEPARTMENT ACTIVITIES REPORTS
  - a. Ongoing MWDOC Reliability and Engineering/Planning Projects
  - b. WEROC
  - c. Water Use Efficiency Projects
  - d. Public and Government Affairs
8. REVIEW OF ISSUES RELATED TO PLANNING OR ENGINEERING PROJECTS, WEROC, WATER USE EFFICIENCY, FACILITY AND EQUIPMENT MAINTENANCE, WATER STORAGE, WATER QUALITY, CONJUNCTIVE USE PROGRAMS, EDUCATION, PUBLIC AFFAIRS PROGRAMS AND EVENTS, PUBLIC INFORMATION PROJECTS, PUBLIC INFORMATION CONSULTANTS, DISTRICT FACILITIES, and MEMBER AGENCY RELATIONS

**ADJOURNMENT**

**NOTE:** At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on

the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS WITH MET DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Conference Room 101, Fountain Valley, California  
November 6, 2024, 8:30 a.m.

Teleconference Sites:  
25652 Paseo De La Paz, San Juan Capistrano, CA 92675  
17420 Walnut Street, Fountain Valley, CA 92708

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

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<https://zoom.us/j/8828665300>

**Telephone Audio: (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free  
Webinar ID: 882 866 5300#**

## AGENDA

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### PLEDGE OF ALLEGIANCE

### ROLL CALL

### PUBLIC PARTICIPATION/COMMENTS

At this time members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

### ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present a unanimous vote.)

### ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**NEXT RESOLUTION NO. 2150**

### PRESENTATION/DISCUSSION ITEMS

#### 1. PRESENTATION ON THE STATE WATER PROJECT

*Recommendation: Discuss and file the information presented.*



**2. ELECTION RESULTS SUMMARY (ORAL REPORT)**

*Recommendation: Receive and file report regarding the November 5, 2024 election results.*

**3. LEGISLATIVE ACTIVITIES**

- a. Federal Legislative Report (NRR)
- b. State Legislative Report (SDA)
- c. Legal and Regulatory Report (Ackerman)
- d. County Legislative Report (Whittingham)

*Recommendation: Review and discuss the information presented.*

**4. QUESTIONS OR INPUT ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION**

*Recommendation: Receive input and discuss the information presented.*

**INFORMATION ITEMS**

**5. MET ITEMS CRITICAL TO ORANGE COUNTY** (The following items are for informational purposes only – a write up on each item is included in the packet. Discussion is not necessary unless requested by a Director).

- a. MET’s Finance and Rate Issue
- b. MET’s Water Supply Condition Update
- c. MET’s Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

*Recommendation: Review and discuss the information presented.*

**6. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding October MET Board Meeting
- b. Review items of significance for MET Board and Committee Agendas

*Recommendation: Review and discuss the information presented.*

**ADJOURNMENT**

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodations should make the request with adequate time before the meeting for the District to provide the requested accommodations.

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**ADMINISTRATION & FINANCE COMMITTEE**  
18700 Ward Street, Conf. Room 101, Fountain Valley, CA 92708  
November 13, 2024, 8:30 a.m.

Teleconference Sites:  
25652 Paseo De La Paz, San Juan Capistrano, CA 92675  
17420 Walnut Street, Fountain Valley, CA 92708

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

**Computer Audio:** You can join the Zoom meeting by clicking on the following link:  
<https://zoom.us/j/8828665300>

**Telephone Audio:** (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free  
**Webinar ID:** 882 866 5300#

**A&F Committee:**  
Director Crane, Chair  
Director Thomas  
Director Nederhood

**Staff:** H. De La Torre, C. Harris,  
H. Chumpitazi, M. Baum-Haley,  
K. Davanaugh, M. Goldsby

**Ex Officio Member:** President McVicker

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MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

## **ROLL CALL**

**PUBLIC COMMENTS** - Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee).

**ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING** -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**PROPOSED BOARD CONSENT CALENDAR ITEMS**

1. TREASURER'S REPORT
  - a. Revenue/Cash Receipt Report – October 2024
  - b. Disbursement Approval Report for the month of November 2024
  - c. Disbursement Ratification Report for the month of October 2024
  - d. GM Approved Disbursement Report for the month of October 2024
  - e. Consolidated Summary of Cash and Investment – September 2024
  - f. OPEB and Pension Trust Fund statement
  
2. FINANCIAL REPORT
  - a. Combined Financial Statements and Budget Comparative for the Period Ending September 30, 2024
  - b. Quarterly Budget Review

**DISCUSSION ITEMS**

3. INITIAL DISCUSSION REGARDING ESTABLISHING TWO-YEAR MWDOC BUDGET

**ACTION ITEMS**

4. ADOPT RESOLUTION AUTHORIZING MEMBERSHIP IN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) AND DELEGATE AUTHORITY TO THE GENERAL MANAGER AND DIRECTOR OF HUMAN RESOURCES AND ADMINISTRATION TO ACT ON BEHALF OF THE DISTRICT

**INFORMATION ITEMS – (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)**

5. FY 2025-26 BUDGET PROCESS COMMENCEMENT AND SCHEDULE
  
6. DEPARTMENT ACTIVITIES REPORTS
  - a. Administration
  - b. Finance and Information Technology
  
7. MONTHLY WATER USAGE DATA AND WATER SUPPLY INFORMATION

**OTHER ITEMS**

8. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE

**ADJOURNMENT**

**NOTE:** At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the

Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
November 20, 2024, 8:30 a.m.

Teleconference Sites:  
25652 Paseo De La Paz, San Juan Capistrano, CA 92675  
17420 Walnut Street, Fountain Valley, CA 92708  
700 North Alameda Street, Conf. Room 1-102, Los Angeles, CA 90012

**This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

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Webinar ID: 882 866 5300#**

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## AGENDA

### MOMENT OF SILENCE

### PLEDGE OF ALLEGIANCE

### ROLL CALL

### PUBLIC COMMENTS/PARTICIPATION

At this time, members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken. If the item is on the Consent Calendar, please inform the Board Secretary before action is taken on the Consent Calendar and the item will be removed for separate consideration.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

### ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

### ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**NEXT RESOLUTION NO. 2150**

**CONSENT CALENDAR (Items 1 to 6)**

(All matters under the Consent Calendar will be approved by one motion unless a Board member requests separate action on a specific item)

**1. MINUTES**

- a. October 2, 2024 Workshop Board Meeting
- b. October 16, 2024 Regular Board Meeting

*Recommendation: Approve as presented.*

**2. COMMITTEE MEETING REPORTS**

- a. Planning & Operations Committee: October 14, 2024
- b. Administration & Finance Committee: October 9, 2024
- c. Executive Committee Meeting: October 17, 2024
- d. MWDOC/OCWD Joint Planning Comm.: October 23, 2024

*Recommendation: Receive and file as presented.*

**3. TREASURER'S REPORTS**

- a. MWDOC Revenue/Cash Receipt Register as of October 31, 2024
- b. Disbursement Registers (October/November)

*Recommendation: Ratify and approve as presented.*

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of September 30, 2024
- d. PARS Monthly Statement (OPEB Trust)

*Recommendation: Receive and file as presented.*

**4. FINANCIAL REPORT**

- a. Combined Financial Statements and Budget Comparative for the Period Ending September 30, 2024
- b. Quarterly Budget Review

*Recommendation: Receive and file as presented.*

**5. AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2024 BYLAWS VOTE**

*Recommendation: (1) Review the proposed updates to CSDA's Bylaws; and (2) authorize staff to cast the District's ballot in support of the updates; and (3) authorize staff to submit the District's ballot electronically no later than no later than Wednesday, November 20.*

**6. AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) PROPOSED AMENDED AND RESTATED BYLAWS**

*Recommendation:* (1) Review ACWA’s proposed bylaw amendments; and (2) authorize staff to submit a Voter Designation and Information Form to ACWA as required no later than Monday, November 25; and (3) authorize Director Jeff Thomas, with Director Randy Crane as his alternate, to cast the District’s ballot at ACWA’s Fall Conference on December 4, 2024.

**End Consent Calendar**

**ACTION ITEMS**

**7-1 ADOPT RESOLUTION AUTHORIZING MEMBERSHIP IN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) AND DELEGATE AUTHORITY TO THE GENERAL MANAGER AND DIRECTOR OF HUMAN RESOURCES AND ADMINISTRATION TO ACT ON BEHALF OF THE DISTRICT**

**RES. NO. \_\_\_\_\_**

*Recommendation:* (1) Adopt Resolution Authorizing District membership in the Public Risk Innovation, Solutions, and Management (PRISM); and (2) delegate authority to the General Manager and Director of Human Resources and Administration to act on behalf of the District and enter into agreements with PRISM for participation in its life and long-term disability insurance policies as well as the Employee Assistance Program (EAP).

**DISCUSSION ITEMS**

**8. MEMBER AGENCY SPOTLIGHT – CITY OF TUSTIN**

*Recommendation:* Receive and file presentation.

**INFORMATION CALENDAR** (All matters under the Information Calendar will be Received/Filed as presented following any discussion that may occur)

**9. GENERAL MANAGER’S REPORT, NOVEMBER (ORAL AND WRITTEN)**

*Recommendation:* Receive and file report(s) as presented.

**10. MWDOC GENERAL INFORMATION ITEMS**

- a. Board of Directors - Reports re: Conferences and Meetings
- b. Requests for Future Agenda Topics

*Recommendation: Receive and file as presented.*

**ADJOURNMENT**

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.





# **GENERAL MANAGER REPORT OF STAFF ACTIVITIES**

**November 2024**

MWDOC held its Member Agency Managers' meeting at its office in Fountain Valley on Thursday, October 17, 2024.

**In attendance:** Rudy Correa – Brea, Mike McGee – Buena Park, Dennis Cafferty – El Toro Water District, Mark Sprague – Fountain Valley, Cel Pasillas – Garden Grove, Toby Moore & Ken Vecchiarelli – Golden State Water Company, Chau Vu & Kristen Schroeder – Huntington Beach, Paul Weghorst– Irvine Ranch Water District, Keith Van Der Maaten – Laguna Beach County Water District, Andy Ramirez – La Palma, Paul Shoenberger – Mesa Water District, Johnathan Cruz & Matt Collings – Moulton Niguel Water District, Mark Vukojevic & Steffen Catron – Newport Beach, Jose Diaz – Orange, John Kennedy & Chris Olsen – Orange County Water District, Dustin Burnside – San Clemente, Fernando Paludi – Trabuco Canyon Water District, Mike Chandler – Tustin, John DeCriscio & Doug Davert – Yorba Linda Water District

**Staff in attendance:** Harvey De La Torre, Melissa Baum-Haley, Charles Busslinger, Heather Baez, Damon Micalizzi, Vicki Osborn, Sarina Sriboonlue, Joe Berg, Alex Heide & Kevin Hostert

**General Meeting Information/Discussion Items:**

- Draft Board Agendas
- Conservation as a Calif. Way of Life Technical Assistance Program (choice-based) MET Business Model Update
- Engineering Update
- Water Energy Education Alliance (WEEA) Overview

**Report Items**

- Monthly GM Report
- Legislative Reports
- WEROC Matrix
- Grant Funding Opportunities
- Additional Reports or Materials

Next managers meeting November 21, 2024

## ENGINEERING & PLANNING

### LEAD AND COPPER RULE REVISIONS – LEAD SERVICE LINE INVENTORY CHOICE PROGRAM

In mid-March 2023, multiple agencies requested MWDOC's assistance in complying with the U.S. Environmental Protection Agency (USEPA) Lead and Copper Rule Revisions (LCRR) - Initial Service Line Inventories, which all water systems are required to complete and submit to the primacy agency [for California it is the State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW)] by October 16, 2024.

On September 20, 2023, the MWDOC Board approved a contract award to Hazen and Sawyer (Hazen) to provide technical assistance for a Service Line Inventory shared services program. The shared services program has 13 participating agencies, each with a customized scope of work.

No lead service lines were found following an extensive verification process, and all 13 participating agencies confirmed non-lead materials. As of the compliance date of October 16, 2024, all 13 participating agencies completed and submitted their initial service line inventories, non-lead designation statements, and all other required submittals to DDW.

#### **The project is complete.**

In this final phase, Hazen will transition the non-proprietary GIS database to each agency and supplemental information related to the service line identification methodology to prepare agencies for future maintenance and updates of their initial inventory. This hand-off will prepare participating agencies to comply successfully with future requirements independent of outside services. The USEPA is scheduled to publish the Final Lead and Copper Rule Improvements (LCRI) on October 30, 2024, effective December 29, 2024. The LCRI will require an annual update of the initial inventory, among other requirements.

## SHUTDOWNS

### **Allen McColloch Pipeline (AMP) Prestressed Concrete Cylinder Pipe (PCCP) Inspection and Rehabilitation**

In response to the November 2023 AMP PCCP inspection findings, MET initiated Special Operating Conditions (SOC) for the AMP to reduce pressure on the pipeline.

In April 2024, MET shut down the lower reaches of the AMP down gradient of OC-70 and installed steel liners to segments of PCCP between OC-70 and OC-88. A bulkhead was also installed down the gradient of OC-88, and the upper reaches of the AMP returned to normal operations.

The reaches below OC-88 (down gradient of the bulkhead) remain dry to allow for permanent repairs to the most critical PCCP segments in the lower reaches of the AMP.

MET's Board awarded a construction contract for the downstream reach work to JF Shea Construction on May 14, 2024, and the contractor mobilized to the first site on June 17, 2024. Construction began in early July 2024 and will continue through the end of January 2025.

### **The shutdown remains on schedule.**

Affected retail agencies have coordinated extensively with neighboring agencies, MET, and MWDOC to accommodate the extended AMP shutdown through January 2025. The planned use of the AMP through OC-88 into the South County Pipeline, the Baker Water Treatment Plant, EOCF#2, ATM, OC Feeder, El Toro Reservoir, Upper Chiquita Reservoir, as well as local resources are all being used extensively to support this shutdown.

## **WATER QUALITY & OPERATIONAL PLANNING WORKSHOPS**

Significant changes to Orange County's imported water demands are expected over the next few years as a number of local supply projects are completed and water use efficiency efforts continue to reduce water demands.

The reduction of imported water demands, anticipated to be particularly significant during the winter months, has the potential to increase water aging in the imported water distribution system. The additional water aging potentially could lead to water quality issues (e.g. disinfection by-product formation, disinfectant decay, nitrification).

MWDOC hosted two collaborative workshops to unite retail water agencies, MWDOC, and Metropolitan management. The intent was to create a regional dialogue forum to share knowledge about the integrated imported water system and to promote a common understanding of water aging and nitrification issues as we look to the future. The workshops took place on August 29 and October 1, 2024, with approximately 60 attendees per workshop. The 4.5-hour workshops provided a review of the state of the science of understanding of nitrification in water distribution systems, initiated discussions on future water quality and operations considerations, and provided a foundation for a shared understanding of operations and control measures. The workshops highlighted Metropolitan's conveyance system operations, focusing on Diemer area operations and the operations, capabilities, and constraints of key Orange County pipelines and local distribution systems.

MWDOC Engineering will provide further details through a presentation at the P&O Committee meeting on November 4, 2024.

## EMERGENCY PREPAREDNESS

### SEPTEMBER EVENTS

***(EVENTS LISTED ONLY INCLUDE WEROC INVOLVEMENT. EVENTS AND INCIDENTS HAPPEN EVERY DAY BUT MAY NOT REQUIRE REPORTING OR COORDINATION WITH WEROC)***

Public Safety Public Shut Off (SCE Event)

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### WEROC AGENCY PLANNING, COORDINATION AND PROGRAM EFFORTS

#### **Airport Fire – Post-Fire Debris Flow Planning and Assistance**

Vicki has been working with WEROC Agencies that were impacted by the fire and representing agencies on post-fire debris flow planning with the County, State, and Federal agencies such as the BAER team (Burn Area Emergency Response). Vicki has also been working with the County Health Officer to project information on continuing the Declaration of Public Health Emergency, as the WEROC agency needs to take action on mitigation measures before significant rainfall occurs in the burn area. More information on this event can be provided at the request of the MWDOC Board of Directors.

#### **AWIA & Multi-Jurisdictional Hazard Mitigation Multi-Plan Project**

Refer to the P&O Committee Discussion item #4 for the Hazard Mitigation plan.

For AWIA activities in October, 11 Risk and Resiliency Workshops were held for the first half of Tier 1 agencies. WEROC staff Janine Gabby and Vicki have been attending as many meetings as possible to show support for the agency and to provide any information that may be needed.

As of October 28<sup>th</sup>, only two contracts are outstanding, one for the HMP project and one for the AWIA Project. WEROC will work with the agencies to get them signed and finalized.

#### **Cyber Security and OCIAC Partnership**

WEROC continues to send out important information to the Cyber Security Distribution Group as received from DHS or the OCIAC. WEROC staff have been providing information to the member agencies as required about highlighted threats to the water industry and other current world events as required.

The Inland Empire Water and Wastewater preparedness working group ERNIE had a conference call with Vicki to ascertain if WEROC would partner with ERNIE concerning cybersecurity issues. Vicki asked precisely what the group's expectations are, and they said they would have further discussion and follow up with WEROC. More information will be provided as these conversations continue.

### **Great Shakeout - October 17m, 2024 at 10:17 am**

Gabby and Janine prepared and shared an informational presentation for MWDOC Staff for The Great ShakeOut 2024 on October 17. They also tested the AlertOC system with all employees with an outgoing message on the Great ShakeOut.

### **Operational Area Executive Board and Plans**

Vicki is currently reviewing or aiding the development/revisions of the following plans as the Operational Area Mutual Aid Coordinator for Water and Wastewater as the water and wastewater agency advocate.

Regional Mutual Aid/Assistance Plans  
Airport Fire Debris Flow Plan

### **Presentations**

On 8/29, Vicki was part of an Emergency Management Panel at the American Planners Association (APA) California Chapter. This panel highlighted how we can plan better with Planning Department personnel and some of the challenges we are facing now and in the future.

### **Regional Water Distribution Plan**

The Water Distribution TTX has been scheduled for November 12<sup>th</sup> at the County EOC.

Additional TTX will be scheduled around the county to maximize participation if required.

Janine created and sent out the flyer and will be handling registration. Vicki will be developing the exercise and facilitating it on the day of.

## **TRAINING AND EXERCISES**

### **Exercises:**

- 10/24 Gabby attended the IRWD Dam Exercise and supported the exercise by taking notes and pictures. IRWD exercise was a great success, highlighting an agency's ability to prepare and identify areas for growth.
- 10/30 County TTX – Vicki will attend a TTX for County Staff.
- 10/30 ETWD TTX—Vicki is developing an ETWD TTX scenario based on their Dam Plans. Janine will be the support staff member who will be in attendance.
- 11/12 There is a Water Distribution TTX at the County EOC. Vicki is developing and will be facilitating.

## **WEROC MOBILE EOC/COMMAND VEHICLE**

Gabby continues to work phase 2 of the WEROC Mobile Emergency Operations Center.

## **OTHER PROJECTS**

Janine attended the Orange County Emergency Management Organization Meeting (OCEMO) on Thursday, October 3, 2024.

Vicki and Gabby attended the CESA Southern Chapter Program, which consisted of presentations regarding crowd control and awareness of processes used by local law enforcement, including need-to-know items of election planning for safety.

Janine attended an informational presentation and tour of the Prado Dam with the county OCEMO organization on Tuesday, October 15, 2024.

Janine continues working with the Center for Demographic Research (CDR) on the WEROC Water/Wastewater Atlas. She and Gabby attended a meeting with CDR on Thursday, October 24, 2024. We are now in the final phase, and the agencies will begin receiving their maps in November for final examination and review.

Janine attended the City of Anaheim's Supply Chain Resiliency Framework Workshop at Anaheim's EOC on Thursday, October 24, 2024.

Janine attended El Toro Water District's Tabletop and Training that Vicki Osborn conducted on Wednesday, October 30, 2024.

Janine continues to assist Vicki with the OC Regional Water/Wastewater MJHMP and America's Water Infrastructure Act RRA and ERP with WEROC's participating member agencies.

Janine continues preparing for the WEROC/OC Sheriff's Emergency Management Division "Emergency Water Distribution Plan Tabletop" on November 12, 2024. She manages the registrations and meeting preparation with the Sr. Emergency Management Project Coordinator.

Janine and Gabby are working with Dave Anderson on WEROC's file conversion to SharePoint.

Gabby attended the Foundation in Excellence training and graduated from the program on October 23<sup>rd</sup>.

## MET ITEMS CRITICAL TO ORANGE COUNTY

### MET FINANCE AND RATE ISSUES

Water Transactions for October 2024 (for water delivered in August 2024) totaled 118.7 thousand acre-feet (TAF), which was 17.7 TAF lower than the budget of 136.4 TAF and translates to \$136.2 million in receipts for October 2024, which were \$9.2 million lower than the budget of \$145.4 million.

Year-to-date water transactions through October 2024 (for water delivered in May 2024 through August 2024) were 427.8 TAF, which was 73.0 TAF lower than the budget of 500.8 TAF.

#### *FY24-25 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)*

Month		Acre-Feet (AF) <sup>2</sup>		Variance		Revenue (\$) <sup>1</sup>		Variance	
Delivered/ Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	\$	%
May	July	111,381	93,988	(17,393)	-16%	115,411,844	111,844,425	(3,567,419)	-3%
June	August	119,830	101,259	(18,570)	-15%	142,766,424	100,440,378	(42,326,046)	-30%
July	September	133,150	113,842	(19,308)	-15%	141,775,001	121,855,439	(19,919,562)	-14%
August	October	136,454	118,724	(17,730)	-13%	145,410,622	136,227,231	(9,183,391)	-6%
<b>YTD Total</b>		<b>500,814</b>	<b>427,813</b>	<b>(73,001)</b>	<b>-15%</b>	<b>545,363,891</b>	<b>470,367,473</b>	<b>(74,996,417)</b>	<b>-14%</b>
September	November	127,137	-	-	0%	133,836,426	-	-	0%
October	December	123,989	-	-	0%	128,665,932	-	-	0%
November	January	124,881	-	-	0%	125,782,252	-	-	0%
December	February	104,337	-	-	0%	103,324,010	-	-	0%
January	March	88,988	-	-	0%	95,074,177	-	-	0%
February	April	77,291	-	-	0%	81,911,825	-	-	0%
March	May	82,757	-	-	0%	88,153,603	-	-	0%
April	June	107,565	-	-	0%	116,431,176	-	-	0%
<b>FY Total</b>		<b>1,337,760</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>1,418,543,293</b>	<b>-</b>	<b>-</b>	<b>0%</b>



## MET'S SUPPLY CONDITION UPDATE

The 2024-25 Water Year (2024-25 WY) officially started on October 1, 2024. Thus far, Northern California's accumulated precipitation (8-Station Index) has been reported to be **0.4. inches or 15% of normal** as of October 28th. The Northern Sierra Snow Water Equivalent is at **0.0 inches as of October 28<sup>th</sup>**, which is **0% of normal** for that day. The Department of Water Resources (DWR) has not set the initial State Water Project (SWP) **"Table A" allocation for WY 2024-25**.

The Upper Colorado River Basin accumulated precipitation, which is reported to be 1.6 inches or 81% of normal precipitation **as of October 28<sup>th</sup>**. On the Colorado River system, snowpack is measured across four states in the Upper Colorado River Basin. The Upper Colorado River Basin Snow Water Equivalent was at **0.5 inches as of October 28<sup>th</sup>**, which is **45% of normal** for that day. Due to the below-average inflows into Lake Powell over the past several years, the United States Bureau of Reclamation **declared a shortage at Lake Mead that has been ongoing since January 1<sup>st</sup>, 2022 (Below 1,075 feet storage level)**. As of October 2024, **there is a 100% chance of shortage continuing in CY 2025, a 93% chance in CY 2026, and a 57% chance in CY 2027. In addition, there is a 7% chance of a California (Below 1,045 feet storage level) shortage in 2027.**

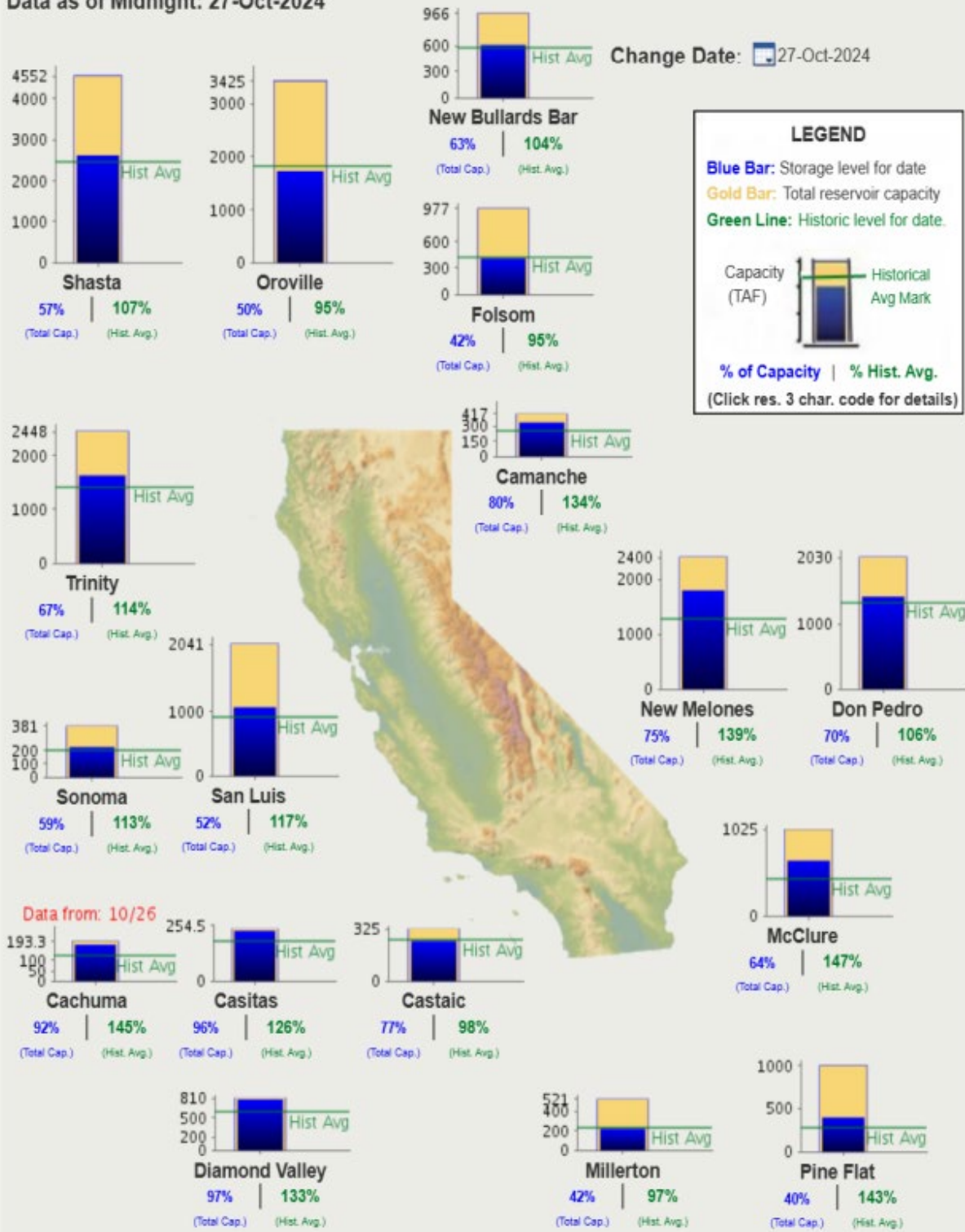
As of October 27<sup>th</sup>, Lake Oroville's storage is 50% of the total capacity and 95% of the normal capacity. As of October 27<sup>th</sup> San Luis Reservoir has a current volume of **52% of the reservoir's total capacity and is 117% of normal**.

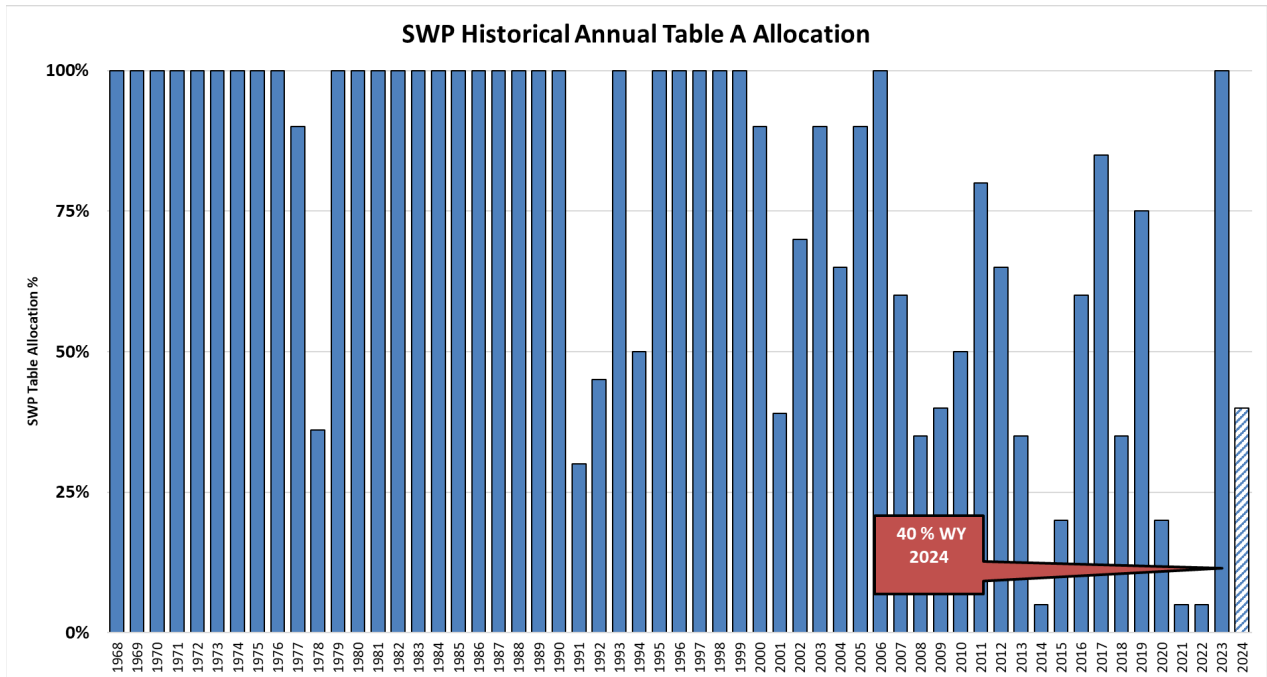
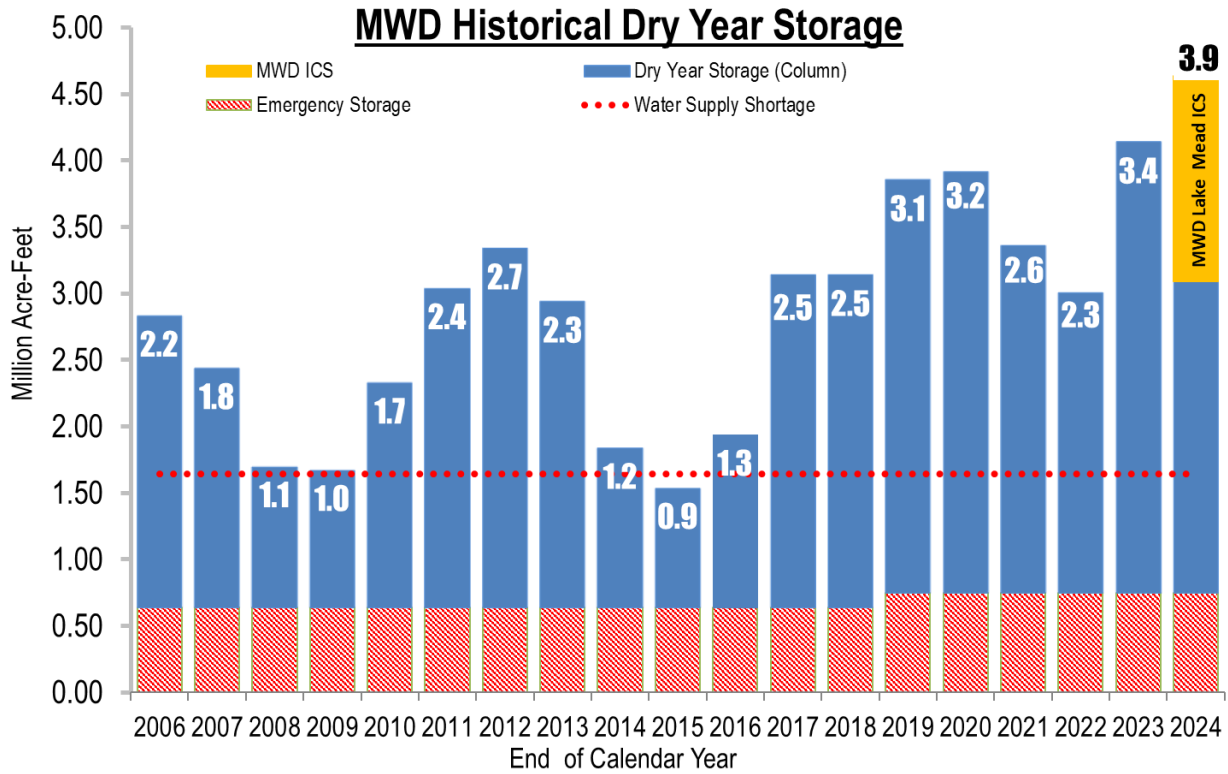
With CY 2024 estimated total demands and losses of 1.36 million acre-feet (MAF) and with a 40% SWP Table A Allocation, Metropolitan is projecting that supplies will exceed demand levels in Calendar Year (CY) 2024. Based on this, the estimated total dry-year storage for Metropolitan at the end of **CY 2024 will increase to approximately 3.9 MAF**. A projected dry-year storage supply of **3.9 MAF would be approximately 2.9 MAF from a typical level where Metropolitan's goes into Water Supply Allocations**. A large factor in maintaining a high water storage level is lower than expected water demands. We are seeing regional water demands reaching a 40-year low. **However, with a majority of MWD's water supplies stored in Lake Mead and still a 5-year shortage projection at Lake Mead, there remains a lot of uncertainty about where supply balances will be in the future. In addition, Colorado River Basin States have been meeting for months to negotiate new post-2026 operations at Glen Canyon Dam at Lake Powell and Hoover Dam at Lake Mead.**

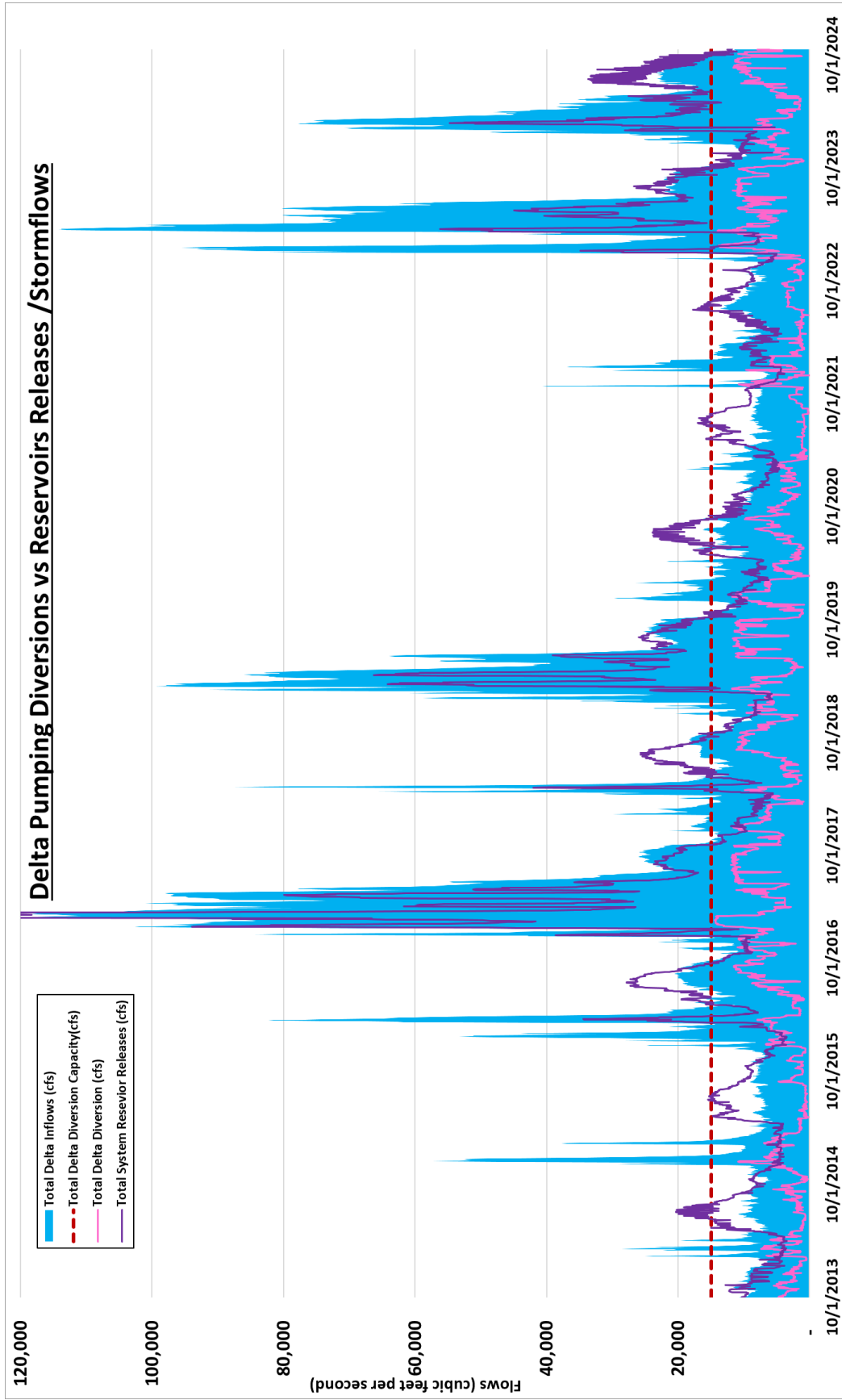
**CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS: 27-OCT-2024**

Data as of Midnight: 27-Oct-2024

Change Date:







## **MET'S WATER QUALITY UPDATE**

### **Water System Operations**

Metropolitan member agency water deliveries were 137,800 acre-feet (AF) for September, with an average of 4,600 AF per day, which was about 100 AF per day lower than in August. Metropolitan continued delivering water to the Cyclic and Conjunctive Use Programs. Treated water deliveries were 7,000 AF lower than in August, for a total of 73,400 AF, or 53 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) pumped a total of 98,000 AF in September. State Water Project (SWP) imports averaged 3,000 AF per day, totaling about 89,400 AF for the month. The target SWP blend is 25% for Weymouth, Diemer, and Skinner Plants.

Metropolitan expects to have sufficient SWP and Colorado River supplies to meet demands in 2024. Water continues to be managed according to Water Surplus and Drought Management (WSDM) principles and operational objectives, emphasizing positioning SWP supplies to meet future demands in the SWP-dependent areas. Metropolitan has resumed deliveries to Desert Water Agency and Coachella Valley Water District with improved supply conditions. Metropolitan continues to minimize the use of Table A supplies this year to improve SWP Carryover for next year.

### **Water Treatment and Distribution**

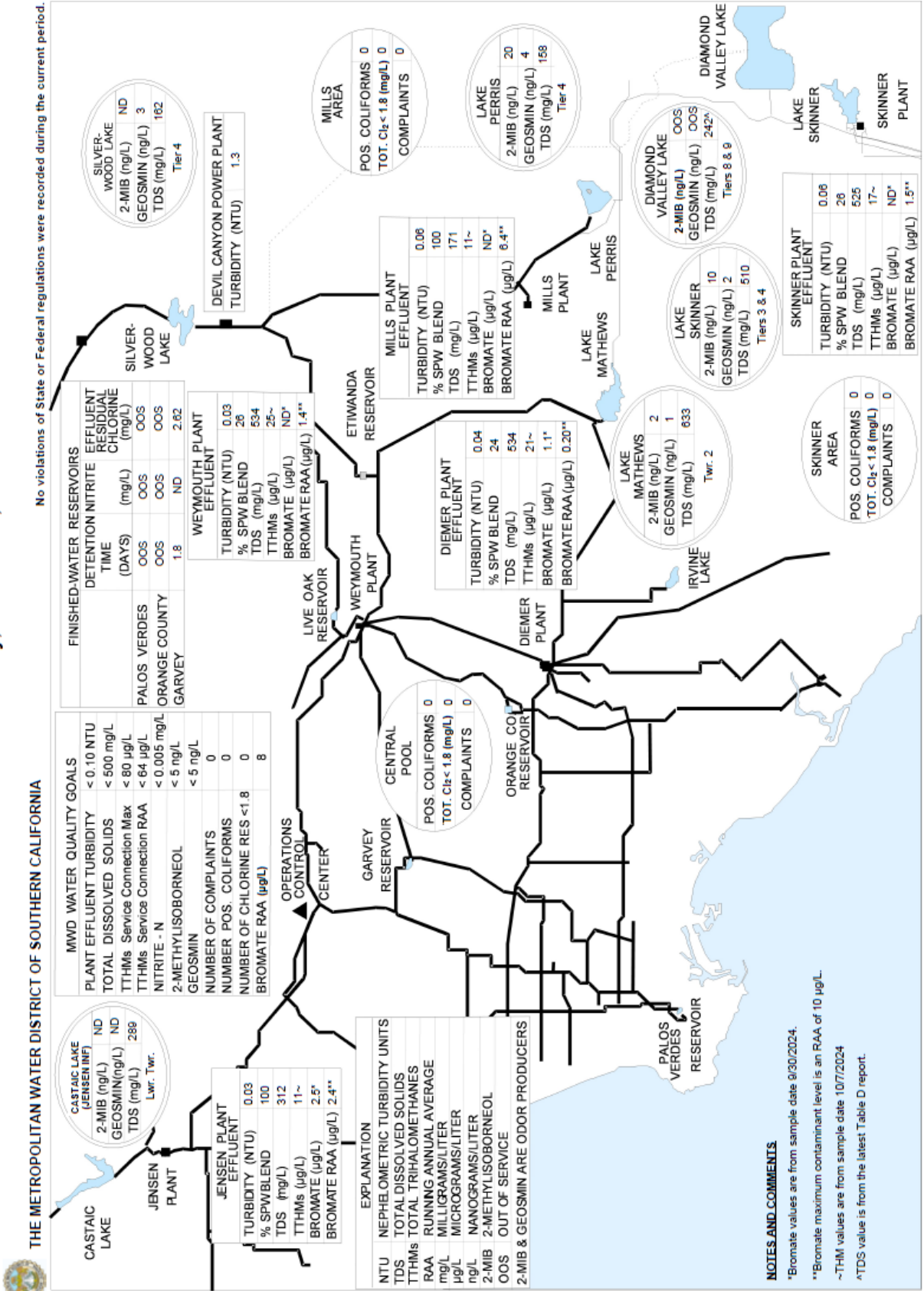
The SWP target blend entering the Weymouth and Diemer plants stayed at 25 percent in September. The SWP blend entering Lake Skinner remained at 25 percent. Flow-weighted running annual averages for total dissolved solids from July 2023 through June 2024 for Metropolitan's treatment plants capable of receiving a blend of supplies from the SWP and the CRA were 460, 535, and 475 mg/L for the Weymouth, Diemer, and Skinner plants, respectively.

The Diemer Metropolitan plant staff wired the control panel for a sodium hypochlorite feed pump as part of a chemical injection system used at the OC-88 pump station to control nitrification. Nitrification is a process of biological conversion of ammonia to nitrite within chloraminated water systems, potentially causing a decrease in chloramine residual. Under more serious nitrification events, there can be a notable decrease in chloramine residual that allows bacterial growth. This chemical feed system was designed to inject sodium hypochlorite directly into the Allen-McColloch Pipeline at OC-88 to help maintain a target chloramine residual and minimize nitrification.

# Weekly Water Quality System Status

Wednesday, October 23, 2024

Generated On: 10/23/2024 12:40:44 PM



<b>The Metropolitan Water District of Southern California</b>
<b>Weekly Operations Plan for 10/24/2024 – 10/31/2024</b>
For additional information, please contact James Bodnar at (213) 217-6099

1. **COLORADO RIVER AQUEDUCT:** The CRA is at a 7-pump flow.
2. **EAST BRANCH SPW:** Rialto Pipeline will average a flow of 1100 AF/day. Santa Ana Valley Pipeline will average a flow of 170 AF/day. Inland Feeder will average a flow of 440 AF/day.
3. **WEST BRANCH SPW:** The flow from Castaic Lake will be at 1530 AF/day. Flow to SCVWA (formerly CLWA) is currently at 90 AF/day.
4. **TERMINAL RESERVOIRS:**

Reservoir	Current Storage* (AF)	Percent of Capacity
Lake Mathews	103,000	57%
Lake Skinner	37,500	85%
DVL	786,400	97%

\*as of 10/23/2024

5. **WATER QUALITY:**

Plant	Targeted Blend (% SPW)	TDS (mg/L)	TTHMs (µg/L)
	As of 10/23/2024	As of 10/23/2024	As of 10/7/2024
Weymouth	25	534	25
Diemer	25	534	21
Skinner	25	525	17
Jensen	100	312	11
Mills	100	171	11

6. **WATER DELIVERIES:** October deliveries are forecasted to be about 130 TAF. As of October 24, 2024, total system demands are about 5,540 AF/day, an increase of about 130 AF/day from last week.
7. **HYDROELECTRIC GENERATION:** As of October 23, 2024, the total daily average generation for the week was about 2.0 MW, with 1 of 15 hydroelectric plants in operation.

## **COLORADO RIVER ISSUES**

### **Implementation of Metropolitan-San Diego County Water Authority-Imperial Irrigation District Agreement Update**

Following board authorization on August 20, 2024, staff moved forward with entering into an implementing agreement with Imperial Irrigation District (IID) and San Diego County Water Authority (SDCWA) for joint participation in IID's System Conservation Implementation Agreement with the United States Bureau of Reclamation (Reclamation). Under this implementing agreement, 50,000 acre-feet (AF) of conserved water that was otherwise intended for transfer to the SDCWA and exchanged with Metropolitan under the Exchange Agreement will be left in Lake Mead as system water. Additionally, under the implementing agreement, SDCWA will purchase an additional 50,000 AF of Metropolitan supplies by the end of this calendar year. This implementing agreement also provides additional flexibility if all parties mutually agree that it would be beneficial to increase this amount based on future conditions and updated estimates of IID conservation yields, up to a combined volume of 75,000 AF. Metropolitan staff will effect this change through its billing to SDCWA and will submit a revised water order to the Bureau of Reclamation (Reclamation) that includes this change. This implementing agreement was signed on September 6 and is expected to take effect as of the August 2024 billing cycle.

### **Land Acquisition for Lower Colorado River Multi-Species Conservation Program**

The state of California took title to 1,971 acres of land in the Palo Verde Valley that will be used to establish crucial aquatic habitat for the Lower Colorado River Multi-Species Conservation Program (LCR MSCP). The lands were purchased from the Gabrych family with funding from the LCR MSCP and the State Wildlife Conservation Board. The California Department of Fish and Wildlife will hold title, and Reclamation will use the lands to construct and manage marsh and backwater areas for native fish and bird species. The purchase culminates years of effort to acquire the lands by Metropolitan, the state, and environmental groups.

The newly acquired lands are located within the Palo Verde Irrigation District with frontage on the Colorado River. The land's location, size, and topography make it suitable for completing the remaining aquatic habitat areas required by the federal and California incidental take permits issued to LCR MSCP participants. The importance of the lands is reflected in the commitment of \$25.5 million in LCR MSCP funds towards the purchase price. The state of California paid the balance of \$10 million. The LCR MSCP anticipates spending an additional \$80 million to excavate and plant the marsh and backwater areas.



## **DELTA CONVEYANCE ACTIVITIES AND STATE WATER PROJECT ISSUES**

### **Sites Reservoir**

Metropolitan staff presented information related to Sites Reservoir's water rights hearing to the State Water Resource Control Board. Metropolitan staff presented the CalSim modeling framework used to evaluate the effects of the Sites Reservoir Project. Additionally, Metropolitan staff addressed questions about model results and the appropriate use of models during cross-examination.

On September 20, the Third District Court of Appeal released an opinion upholding the Superior Court of Yolo County decision in the Friends of the River v. Sites Project Authority case. The Yolo County Superior Court and now the Court of Appeal have found in the Sites Project Authority's favor in every claim asserted by the environmental organizations challenging the sufficiency of the Final Environmental Impact Report, concluding that the Authority fully complied with the California Environmental Quality Act in its review of the Sites Project.

### **Regulatory and Science Activities**

Metropolitan staff presented twice at the 154th Annual American Fisheries Society Annual Meeting. Metropolitan staff produced the final report for the Collaborative Science and Adaptive Management Program Structured Decision Making. This report will be used to inform the management of Delta Smelt. Summary findings support actions related to food and turbidity.

### **Delta Island Activities**

Metropolitan staff updated the One Water and Stewardship Committee about progress on the Webb Tract Wetland Restoration and Rice Development Projects. Metropolitan staff provided an update to the OWS committee on an upcoming board action for rice farming on Webb Tract. The recruitment period for a limited-term principal environmental specialist has closed.

Metropolitan staff began participation in an ACWA California Endangered Species Act (CESA) Streamlining Working Group to address regulatory inefficiency in the CESA permitting process. Staff received \$500,000 in funding from the California Department of Water Resources to design a levee improvement project on Bouldin Island.

## PUBLIC/GOVERNMENT AFFAIRS

### MEMBER AGENCY SUPPORT

#### Public Affairs Staff:

- Began coordinating host sites with MWDOC member agencies for the 2024-2025 Girl Scouts and Scouts BSA Clinics
- Invited MWDOC member agencies to participate in the Metropolitan Water District of Southern California (Metropolitan)-led Engineering for Good Program.

#### Government Affairs Staff:

- On behalf of Trabuco Canyon Water District, solicited and collected letters of support for their USBR WaterSMART grant from elected officials in their service area
- Circulated the Grants Tracking and Acquisition report to participating member agencies
- Submitted a letter of support for the City of Seal Beach's USBR WaterSMART grant application

### COMMUNITY AND SPECIAL EVENTS

#### Public Affairs Staff:

- Provided an information booth, promotional items, and rebate information for the Designing Green Expo at the Laguna Design Center. Curated Connections hosted the event.
- Attended the Yorba Linda Water District Open House and provided a Ricky RaindropSM appearance

#### Government Affairs Staff:

- Participated in the OCBC Infrastructure Committee meeting

### K-12 WATER EDUCATION

#### Public Affairs Staff:

- Met with Orange County Department of Education's Inside the Outdoors on Choice School Program progress and family engagement opportunities
- Provided information regarding the MWDOC Choice K-12 School Program to the City of Fullerton, City of Buena Park, City of La Palma, City of Anaheim, City of Santa Ana, City of Tustin, and the City of Garden Grove
- Shared a statewide survey link from the California Environmental Education Foundation with Orange County teachers to understand better the factors influencing teacher participation in professional learning

- Coordinated logistics for a Project WET teachers training co-hosted with the Department of Water Resources, Metropolitan, and California Project WET program. The event is scheduled for November 2.

## WORKFORCE INITIATIVE

### Public Affairs Staff:

- Speakers Bureau:
  - Coordinated and hosted the Water Energy Education Alliance (WEEA) Leadership Roundtable Meeting #19 with guest speaker Matthew Tessier, Assistant Superintendent, Innovation, San Diego County Office of Education/Linda Vista Innovation Center
  - Delivered a WEEA 101 and year-in-review presentation at the MWDOC member agency managers' meeting
- Launched a WEEA LinkedIn profile
- Shared information with WEEA members and across social media that the American Water Works Association annual scholarship applications are open
- Placed a print order of WEEA career brochures for the new WEEA sponsor, the Moulton Nigel Water District (MNWD)

## DIGITAL COMMUNICATIONS, PUBLICATIONS, AND MEDIA ENGAGEMENT

### Public Affairs Staff:

- Completed several updates for the MWDOC.com website
- Developed and distributed social media content across all MWDOC social media channels
- Developed and distributed social media content across all MWDOC social media channels for the annual Water Professionals Appreciation Week campaign. Eight (8) departments were highlighted through 14 unique employee-centric posts.

## SPECIAL PROJECTS

### Public Affairs Staff:

- Speakers Bureau:
  - Attended and provided support for guest speaker Director Thomas at the Greater Irvine Chamber of Commerce October Business Advocacy Speaker Series
- Attended the annual Public Relations Society of America conference in Anaheim
- Scheduled a local inspection trip with Director Erdman and Director Seckel for January 24, 2025
- Met with Western Municipal Water District to catch up on co-aligned public affairs and workforce development events, activities, and initiatives

- Provided 23 variations of the MWDOC brand colors, branded font, and layout preference to MWDOC staff for Centers for Demographic Research to develop a new, modern MWDOC service area map
- Supported the MWDOC Finance department by providing cover pages for the year-end financial report
- Continued After Action activities for OC Water Summit, successfully negotiating \$6,274.12 in refunds from the Westin due to issues with the venue

#### **Governmental Affairs Staff:**

- Along with Alex Heide, met with the California Water Data Consortium to discuss streamlined reporting efforts
- On behalf of the WACO Planning Committee, reached out to potential speakers for future programs and coordinated meeting details with the November speaker.
- Staffed the WACO Planning Committee meeting

## **OUTREACH METRICS**

#### **Public Affairs Staff:**

- Google Performance Analytics (GM Report Timeframe)
  - 169 business profile interactions
  - 3,565 people viewed the business profile
- Website Analytics (GM Report Timeframe)
  - 11,227 pageviews
  - Top pages for this date range
    - Jeffery Thomas – 1,898
    - Karl Seckel – 1,405
    - Home Page – 1,275
    - Board of Directors – 505
    - Water Energy Education Alliance (WEEA) – 455
    - Al Nederhood – 450
  - ocwatersmartparks.com: 8 site sessions
- ocwatersmartgardens.com Analytics (September 2024)
  - 705 Sessions, 495 New Users
  - Top pages for this date range
    - Eligible Sustainability Feature Trees
    - Landing Page
    - Helpful Plant List
- Social Media (GM Report Timeframe)

According to Hootsuite – the global leader in social media management – a good engagement rate is between 1% to 5%.  
For this period, MWDOC's engagement rate is at 6.43%

  - 55,606 post reach (number of people)
    - 3,575 Post engagements (actions taken – likes, shares, etc.)

## LEGISLATIVE AFFAIRS

### **Governmental Affairs Staff:**

- Attended the CMUA Regulatory Committee meeting
- Met with staff at IRWD to discuss USBR grants and applications
- Filed the Q3 state lobbying report with the Secretary of State
- Met with MWD legislative staff to discuss potential 2025 legislation
- Participated in the CSDA Legislative Committee Annual Planning meeting
- Met with CCEEB staff to discuss legislative priorities in advance of their annual legislative planning meeting

## WATER USE EFFICIENCY

### Water Loss Audit Validations

Rachel Davis has been working with MWDOC Member Agencies and the Three Cities to validate their Water Audits as required by SB 555 and the Conservation Framework. Rachel is an AWWA certified Water Audit Validator and will be responsible for validating 25 audits this year. Each validation includes a two-hour meeting with the retail agency to review their audit inputs and create the validation certificate and report. During the period covered in this report, Rachel validated audits for the City of Anaheim, the City of Westminster, the City of La Habra, the South Coast Water District, the Yorba Linda Water District, and the El Toro Water District.

### Metropolitan Water Use Efficiency Workgroup Meeting

On October 17, Joe Berg, Rachel Waite, Rachel D., Beth Fahl, and Sam Fetter participated in Metropolitan's Water Use Efficiency Workgroup meeting via Zoom. Items on the agenda included:

- MWD Board Meeting Update
  - Board Report
  - Conservation Grants
  - Conservation Framework Update
- Crescenta Valley WD's Life Without Water Story Contest
- MWD Conservation Program Updates
  - Grant Funding Update
  - Conservation Credits Program "101"
    - Municipal Leak Detection and Repair Grant Program
  - ICP Presentation – Cost-Effective Approach for Leak Detection and Localization in Multi-Family Properties
- External Affairs Update

The next meeting is scheduled for November 19.

### H2O for HOAs

On October 17, Tina Fann attended H2O for HOAs, an educational event led by the Moulton Niguel Water District in partnership with other water agencies and Orange County cities. At the MWDOC table, Tina spoke with and handed out MWDOC swag items to over 200 HOA board members, community managers, professional landscapers, and residents. Presentation topics at the event included:

- Water Savings Strategies for Maximizing Benefits and Controlling Costs
- RainSmart HOAs: Protect Water Quality and Transform Your Landscapes with Rebates
- Pipe Dreams: Private Stormwater Management to Protect Our Watersheds

- Warm Water Savings for HOAs
- Legislative Update for HOAs

### **Department of Water Resources (DWR) Water Loss Monthly Webinar**

On October 17, Rachel D. participated in the DWR monthly Water Loss Webinar. Topics included:

- Moulton Niguel Water District's Digital Tools for Water Loss Reporting
- Sweetwater Authority Experiences with Negative Real Losses

The next webinar is scheduled for November 21.

### **American Water Works Association (AWWA) Annual Fall Conference**

Between October 20 – 24, Rachel D. attended the AWWA Annual Fall Conference in Reno, Nevada. Rachel co-presented "MWDOC Water Loss Management Program Case Studies." She also attended an AWWA Leadership Training and Water Resources Division Meeting, Vice-Chaired a Water Loss Control Committee meeting, and attended various water loss control presentations.

### **Department of Water Resources (DWR) SB 1157 Technical Advisory Panel (TAP)**

On October 21, Joe and Rachel W. attended the DWR SB 1157 TAP, which is the technical panel working with DWR on their required study on the potential impacts of the Making Conservation a California Way of Life indoor water use objective. Those in attendance included DWR staff, their study consultant team, and staff from select water agencies across California. Topics on the agenda included:

- SB 1157 Requirements
- TAP Panel Structure and Role
- Flume Water Background and Proposed Approach/Methods

The next meeting is scheduled for December 11.

### **Alliance for Water Efficiency (AWE) Water Efficiency Research Committee (WERC)**

On October 22, Rachel W. attended the AWE WERC along with water agency staff from across the country. Topics on the agenda included:

- Research Project – Best in Class: Smart Practices for Residential Landscape and Irrigation Programs
- New AWE Research Concepts
- California Water Efficiency Partnership Research Updates

The next meeting will be scheduled for Q1 2025.

### **Metropolitan Program Advisory Committee (PAC) Meeting**

On October 23, Rachel W. and Beth participated in Metropolitan's PAC meeting. Topics discussed included:

- MA/RA Boundaries and Applications that need a Home
- Commercial Defrosting
- Additional Rebates for Devices with Quantity Limits
- Exceptions
- Devices/Technologies Roundtable
  - Crop-Swap Incentives
  - Other

The next meeting is scheduled for January 22.

### **California Data Collaborative (CaDC) Quarterly Steering and Strategic Planning Meeting**

On October 24, Joe and Rachel W. attended the hybrid CaDC Quarterly Steering Committee meeting held at Moulton Niguel Water District and via Zoom. Joe additionally attended the CaDC Strategic Planning Meeting held in person at Moulton Niguel Water District. Topics on the agenda included an overview of CaDC structure, deep dive sessions/synthesis, and the next steps.

The next meeting will be held in the first quarter of 2025.

### **Project Agreement 22 (PA 22) Advisory Workgroup**

On October 26, Rachel W. joined the PA 22 Advisory Workgroup hosted by the Santa Ana Watershed Project Authority (SAWPA) and attended by SAWPA member agencies. Topics discussed included the Proposition 1 Enhanced Decision Support Tool and SARCCP Water Budget Assistance.

The next meeting is scheduled for November 18.

### **MWDOC Advanced Metering Infrastructure (AMI) Workgroup Meeting**

On October 30, Rachel W., Beth, Tina F., Alondra Renteria-Solis, Melissa Hurtado, and Alex Cavazos participated in the AMI Workgroup meeting hosted by Rachel D. in collaboration with E Source. Twenty-one member agency staff were in attendance. Items on the agenda included:

- Introductions and Information Sharing
  - Current Status of AMI at each Participating Orange County Agency
  - Topics of Particular Interest/Pain Points/Concerns
- Learning Module
  - Meter Reading/AMI Cost Overview



- AMI Technology Overview
- Key Solution Components (Meter/Module, Network, Head End Software, Meter Data Management Software)
- Q&A

This was the first of six scheduled workgroup meetings. The next meeting is scheduled for November 20.

### **Commercial, Industrial, Institutional (CII) Landscape Area Measurement (LAM), and Land Use Classification Dataset (LUCD) Informational Webinar**

On October 31, Rachel W., Beth, Sam, and Tina F. attended the DWR informational webinar on CII-LAM-LUCD specifics. Topics discussed included:

- Urban Water Use Objective and How it is related to CII-LAM-LUCD
- Review of Residential LAM
- Data Provided under DWR's CII-LAM-LUCD
- How DWR and NV5G Delineate Areas of Interest
- CII-LAM-LUCD Classified Features Specifics
- Conditional Residential Extensions
- Estimated Delivery Schedule

The next meeting is not yet scheduled.

### **CaDC Regional Data Solutions**

On November 5, Joe and Rachel W. joined the CaDC Regional Data Solutions Meeting attended by CaDC members. The discussion focused on data for the Making Conservation a California Way of Life Framework, including the indirect potable reuse bonus and technical assistance for DWR commercial landscape area measurements.

The next meeting is not yet scheduled.

### **CalWEP Research and Evaluation (R&E) Committee Meeting**

On November 6, Rachel W. Vice-Chaired the CalWEP R&E Committee Meeting. Topics on the agenda included:

- Legislative and Regulatory Updates
- Research Project Updates
- AWE Research Committee Update
- Breakout Room discussions – Research, Conservation as a CA Way of Life
- New Tools for Framework Implementation
- Valley Water's CII Program Matrix
- Group Discussion: State Board Reporting Form

The next meeting is scheduled for next quarter.

### **MWDOC Non-Functional Turf (NFT) Program Advisory Committee (PAC) Meeting**

On November 6, Joe, Rachel W., Beth, and Sam hosted the NFT PAC meeting via Zoom. Topics discussed included:

- Email Campaign
- Bill Inserts targeted at CII Customers
- Uniform Messaging
- How can MWDOC provide Support?

The next meeting is scheduled for November 21.

### **Conservation as a California Way of Life Technical Assistance Program (CCWL-TAP) RFP Proposal Review Committee Meeting**

On November 7, Joe, Rachel W., Beth, and Sam hosted the CCWL-TAP RFP Proposals review meeting via Zoom. Staff from El Toro Water District, Moulton Niguel Water District, and Santa Margarita Water District attended and participated in the proposal review and consultant recommendation process.

### **Orange County Water Use Efficiency Workgroup Meeting**

On November 7, Joe, Rachel D., Rachel W., Beth, and Sam hosted the Orange County Water Use Efficiency Workgroup meeting via Zoom. Items on the agenda included:

- AB 1572 – Nonfunctional Turf Ban
  - PAC Update
- Conservation as a California Way of Life Standards/Framework Update
  - Framework RFP Update
  - SWB Reporting Template and DWR Data
  - DWR CII-LAM-LUCD Informational Webinar Recap
- Presentation – LIMTing Water Use at Your Fingertips
- Water Use Efficiency Updates
  - AMI Workgroup Meeting #1 Update
  - H2OC Collaboration - Small-Scale Pilot Program
  - On-Site Retrofit Program and Water Savings Incentive Program
- Trainings

The next meeting is scheduled for December 5.

### **Orange County Data Acquisition Partnership (OCDAP) Steering and Technical Advisory Committee (STAC)**

On November 12, Rachel W. attended the OCDAP STAC. The working group collaborates on and organizes a regional effort to share costs for the acquisition of high-

resolution aerial imagery and related products. Discussion focused on the Cycle #3 vendor options, planning, and logistics.

The next meeting is scheduled for December 10.

### **Orange County Water Loss Control Workgroup Meeting**

On November 12, Rachel D. hosted the Orange County Water Loss Control Workgroup meeting. Approximately 32 agency staff attended this meeting. Items on the agenda included:

- Water Loss Update
  - Water Loss Regulation Reminders
- OLEA Presentation
  - The City of Fullerton sought innovative technology to enhance its water meter asset management, particularly for its large commercial and industrial meters, which account for significant water use and non-revenue water. The city partnered with Olea Edge Analytics on a Meter Health Analytics Pilot Project that was funded by MWD's Innovative Conservation Program.
- California Validated Audit Dataset Presentation
  - Highlight changes in water loss performance indicators from 2017 to 2023 to gauge the statewide variability in water audit data from year to year.
  - Explore typical performance indicators between comparable groups of utilities with the context of the statewide findings.
- Discussion & Questions

The next workgroup meeting is scheduled for January 14, 2025

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Jointly with the

**EXECUTIVE COMMITTEE**

November 21, 2024, 8:30 a.m.

18700 Ward Street, Conf. Room 101, Fountain Valley, CA 92708

Teleconference Sites:

25652 Paseo De La Paz, San Juan Capistrano, CA 92675

17420 Walnut Street, Fountain Valley, CA 92708

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

**Computer Audio: You can join the Zoom meeting by clicking on the following link:**

<https://zoom.us/j/8828665300>

**Telephone Audio: (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free**

**Webinar ID: 882 866 5300#**

**Staff: H. De La Torre, M. Goldsby, D. Micalizzi**

Bob McVicker, President

Jeffery Thomas, Vice President

Megan Yoo Schneider, Immediate Past President

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MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

## ROLL CALL

## PUBLIC PARTICIPATION

### ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee).

**ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.**

1. EXECUTIVE COMMITTEE REVIEW OF FUTURE AGENDAS
2. DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE
  - a. MWDOC's Needs Assessment Study Key Findings
3. MEMBER AGENCY RELATIONS
4. GENERAL MANAGER'S REPORTS
5. REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES

## ADJOURNMENT

**NOTE:** At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

**LOCAL AGENCY FORMATION COMMISSION OF  
ORANGE COUNTY**

**REGULAR MEETING AGENDA**

**Wednesday, November 13, 2024  
8:15 a.m.**

**County Administrative North (CAN)  
First Floor Multipurpose Room 101  
400 W. Civic Center Drive, Santa Ana, CA 92701**

*Any member of the public may request to speak on any agenda item at the time the Commission is considering the item.*

**1. CALL THE MEETING TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

**4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION**

**(Communications received after agenda distribution for agendized items.)**

**5. PUBLIC COMMENT**

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken by the Commission on off-agenda items unless authorized by law.

**6. CONSENT CALENDAR**

**a.) [October 9, 2024 – Regular Commission Meeting Minutes](#)**

The Commission will consider approval of the October 9, 2024 meeting minutes.

**b.) [2025 Meeting and Events Calendar](#)**

The Commission will consider adoption of the meeting and events calendar for 2025.

**7. PUBLIC HEARING**

No public hearing items scheduled.

**8. COMMISSION DISCUSSION AND ACTION**

**a.) OCERS FY 2025-26 Contribution Rates and Annual Audit**

The Commission will consider adoption of the FY 2024-25 retirement contribution rates and an adjustment to the Employer Pick Up involving legacy employees.

**b.) Update to California Levine Act**

The Commission will receive a report on recent changes to the Levine Act that apply to Commissioners and staff.

**c.) Cancellation of December 2024 Regular Meeting**

The Commission will consider cancellation of the December 11, 2024 Regular Meeting due to a lack of items requiring Commission action.

**9. COMMISSIONER COMMENTS**

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken except to place the item on a future agenda if approved by the Commission majority.

**10. EXECUTIVE OFFICER'S REPORT**

Executive Officer's announcement of upcoming events and a brief report on activities of the Executive Officer since the last meeting.

- **Orange County Water District MSR Update**
- **Teleconferencing Availability for Regular Meetings**

**11. INFORMATIONAL ITEMS & ANNOUNCEMENTS**

No informational items and announcements.

**12. CLOSED SESSION**

No closed session items scheduled.

**13. ADJOURNMENT OF REGULAR COMMISSION MEETING**

The next Regular Commission Meeting will be held on Wednesday, December 11, 2024, at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701.

### **PUBLIC PARTICIPATION:**

The Local Agency Formation Commission of Orange County welcomes your participation. The public may share general comments or comments on agenda items through the following options:

- 1) **In-person** comments may be provided during the general comment period on off-agenda items and during the hearing of a specific agenda item. In accordance with the OC LAFCO guidelines, each speaker's comments may not exceed three (3) minutes for the respective item. If you have documents for the Commission, please bring 15 copies and submit to the Commission Clerk for distribution.
- 2) **Written** general comments or comments on specific agenda items may be submitted by email to the Commission Clerk at [ccarter-benjamin@oclafco.org](mailto:ccarter-benjamin@oclafco.org). Comments received no less than twenty-four (24) hours prior to the regular meeting will be distributed to the Commission and included in the record.

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the OC LAFCO website at [www.oclafco.org](http://www.oclafco.org).

State law requires that a participant in an OC LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

### **AMERICANS WITH DISABILITIES ACT (ADA)**

All regular meeting agendas and associated reports are available at [www.oclafco.org](http://www.oclafco.org). Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with OC LAFCO staff at (714) 640-5100 at least three business days prior to the respective meeting.



## Executive Committee Meeting

Tuesday, November 5, 2024

7:30 a.m.

### Mailing Address

P.O. Box 20895  
Fountain Valley, CA 92728

### Meeting Location

MWDOC/OCWD  
18700 Ward Street  
Fountain Valley, CA 92708

(714) 963-3058  
(714) 964-5930 fax

<https://isdoc.specialdistrict.org/>

### Executive Committee

**President**  
**Hon. Greg Mills**  
*Serrano Water District*

**1<sup>st</sup> Vice President**

**Hon. Bob McVicker**  
*Municipal Water District  
Orange County*

**2<sup>nd</sup> Vice President**  
**Hon. Paul Mesmer**  
*Surfside Colony Community  
Services District*

**3<sup>rd</sup> Vice President**  
**Hon. Scott Nelson**  
*Placentia Library District*

**Secretary**  
*Vacant*

**Treasurer**  
**Hon. Sandra Jacobs**  
*Santa Margarita Water District*

**Immediate Past President**  
**Hon. Mark Monin**  
*El Toro Water District*

### Staff Administration

**Heather Baez**  
*Municipal Water District of Orange  
County*

**Tina Dubuque**  
*Municipal Water District of Orange  
County*

The next meeting of the ISDOC Executive Committee will be via teleconference only.  
The MWDOC/OCWD offices are closed to the public. Please use the information below to access the meeting.

Join Zoom Meeting

<https://us06web.zoom.us/j/3840960436>

Dial by your location  
669 900 9128 US (San Jose)  
877 853 5247 US Toll-free  
888 788 0099 US Toll-free

## AGENDA

### I. Welcome, Introductions

[Please mute yourself when not speaking. Please raise hand on Zoom if you have a question or comment.]

### II. Approval of Minutes

- Approval of Minutes: October 1, 2024

### III. Public Comments on items not on the agenda

### IV. New Business

- 2025 Meeting Calendar
- Secretarial duties for the upcoming 2025 year
- Reserve of Funds for ISDOC
- Changes to 2025 Quarterly Lunch Meetings  
increase sponsor contribution amounts and/or lower member price
- No confirmation email for registration of events through Streamline

### V. Old Business

- Associate member dues for 2025

### VI. Treasurer's Report – Director Jacobs

- Report of accounts

### VII. CSDA Report – Director Schafer or Chris Palmer

- Receive, discuss and file the CSDA Report

### VIII. LAFCO Report – Director Fisler

- Receive, discuss and file the LAFCO report



**IX. ACWA Report – Director Jacobs**

- Receive, discuss and file the ACWA report

**X. OCCOG Report – Director Scheafer**

- Receive, discuss and file OCCOG report

**XI. California Association of Sanitation Agencies (CASA) Report – SOCWA Representative**

- Receive, discuss and file the CASA report

**XII. Subcommittee Reports**

- Programs – Director McVicker
- Membership - Director Mesmer
- Legislative – Trustee Nelson

**XIII. Adjourn**



**Water Advisory Committee of Orange County  
(WACO) Virtual Meeting**

**Friday, November 1, 2024  
7:30 a.m. – 9:00 a.m.**

**Zoom Registration:**  
[Click here to register](#)

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**Officers**

**Chair**  
**Hon. Mark Monin**  
*El Toro Water District*

**Vice Chair**  
**Hon. Greg Mills**  
*Serrano Water District*

**Staff Contacts**

**Medha Paliwal / Dani Berch**  
*Orange County Water District (OCWD)*  
(714) 378-3200  
[www.ocwd.com/news-events/events/waco](http://www.ocwd.com/news-events/events/waco)

**Heather Baez / Pari Francisco**  
*Municipal Water District of Orange County (MWDOC)*  
(714) 963-3058  
[www.mwdoc.com/waco](http://www.mwdoc.com/waco)

**AGENDA**

**Welcome**

- Mark Monin, El Toro Water District

**Reports**

- Metropolitan Water District of Southern California (MET)
- California Special Districts Association (CSDA)
- Association of California Water Agencies (ACWA)

**Program**

Roadmap for Direct Potable Reuse through the Pure Water  
Southern California Program

Joyce Lehman, P.E., Water Reuse and Process  
Development Team Manager, MET

**Agency Spotlight**

- El Toro Water District

**Agency Announcements**

**Adjourn**

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***Next WACO Meeting***

Friday, December 13, 2024 at 7:30 a.m. via Zoom

***Next WACO Planning Committee Meeting***

Tuesday, November 19, 2024 at 7:30 a.m. via Zoom



**WACO Planning Committee**  
**Tuesday, November 19, 2024 at 7:30 A.M.**

**Join Zoom Meeting:** <https://zoom.us/j/92882659982>  
**Meeting ID: 928 8265 9982**  
**Phone Audio: 669-900-9128**

**AGENDA**

**WELCOME**

**Mailing Address**

P.O. Box 20895  
Fountain Valley, CA 92728

**Meeting Location**

Virtual - Zoom

(714) 378-8232  
(714) 963-0291 fax

[www.mwdoc.com/waco](http://www.mwdoc.com/waco)  
[www.ocwd.com/news-events/events/waco](http://www.ocwd.com/news-events/events/waco)

**Officers**

**Chair**

**Hon. Mark Monin**  
*El Toro Water District*

**Vice Chair**

**Hon. Greg Mills**  
*Serrano Water District*

**Staff Contacts:**

**Medha Paliwal/Dani Berch**  
*Orange County Water District*

**Heather Baez/Pari Francisco**  
*Municipal Water District of Orange County*

**ACTION ITEMS**

1. December 13, 2024 WACO Meeting
  - o Reports: MET, ACWA
  - o Program: Colorado River Users Association (CRUA) recap and update on Colorado River negotiations
  - o Speaker: Bill Hasencamp, Manager of Colorado River Resources, Metropolitan Water District of Southern California
  - o Agency Spotlight: Yorba Linda Water District – General Manager Mark Toy
2. 2025 WACO Meeting programs:
  - o January (*not confirmed*): Possible program: Weather update – possible speakers: Dr. Alex Tardy, NOAA; Daniel Swain, UCLA Climate Scientist, or OCWD (with a focus on rain/stormwater capture)
  - o February (*confirmed*): Federal legislative update, Eric Sapirstein, ENS Resources
  - o March (*confirmed – had a conflict for Nov. 2024; asked to present March 2025*): Forest restoration and headwaters w/ Justin Caparusso, Executive Director, Mountain Counties Association
3. Review and finalize 2025 WACO Meeting and WACO Planning Meeting dates
4. Chair/Vice Chair elections

**DISCUSSION ITEMS**

1. Discussion of November 1 meeting: MET Pure Water Program
2. Agency spotlights:
  - o Mesa Water District (2025: Feb or later)
3. Discuss potential topics for future meetings:
  - o Jeff Kightlinger, Acequia Consulting, LLC (retired MET GM)
  - o City of San Diego Pure Water project
  - o Aggregation of water rights/water rights for Sites Reservoir
  - o San Diego County Water Authority, GM Dan Denham
  - o Tulare Lake
  - o Environmental water plans: how can/do they work? What are they doing with the water they've got?
  - o Water banking – update on status of different programs
  - o Delta conveyance plan – economics and state evaluation on estimated costs
  - o Water deliveries from the Colorado River and the Rio Grande River and its impacts to Mexico/U.S.; All-American Canal at the U.S./Mexico border
  - o MET's Climate Adaptation Master Plan for Water (CAMP4W)
  - o Ag/central valley drought resilience success stories: Floodplain Forward Coalition, the Sacramento Valley Dry Year Task Force, & the Kings River Conservation District
  - o CARB advanced clean fleets rule

- MNWD emergency storage program for non-basin agencies
- “Virtual” water
- CA Water Commission white paper “Potential State Strategies for Protecting Communities and Fish and Wildlife in the Event of Drought”
- Drought Resilience Interagency and Partners (DRIP) Collaborative
- Flood Program (with presentations by the Central Valley Flood Protection Board & DWR’s Divisions of Dam Safety & of Flood Management)
- WSIP projects update (possible presentations by Sites, Chino Basin, Kern Fan)
- California Irrigation Management Information System (CIMIS)
- OC demographics – where we’ve been and where we are going
- SWRCB’s conservation as a way of life plan w/ speakers David Mitchell and Joe Berg (and possibly Dave Bolland)
- How business and government might solve the freshwater crisis—together
- Las Virgenes Municipal Water District – OceanWell desalination project
- Offshore desalination, subsea reverse osmosis (SSRO) technology w/ Ocean Well Water (Tim Quinn)
- Global warming: natural or manmade? w/ speaker Roy Spencer, Ph.D., climatologist, author & former NASA scientist (can also speak to related topics such as urbanizations effects on temperatures and Colorado River shortages)
- Updating California water laws to address drought and climate change w/ Holly Doremus, Professor of Law, Berkeley

**ADJOURN**

**DATES TO REMEMBER  
NOVEMBER/DECEMBER**

1. Nov 26 – 12:00 p.m. – SOCAG
2. Nov 28 – THANKSGIVING DAY - HOLIDAY
3. Nov 29 – DISTRICT OFFICE CLOSED
4. Dec 2 – 8:30 a.m. – MWDOC P&O
5. Dec 3 - 5 – ACWA Fall Conference
6. Dec 6 – 1:30 p.m. – Special Board Meeting
7. Dec 9 – 1:30 p.m. – Agenda Review Meeting
8. Dec 10 – 7:30 a.m. – ISDOC Executive Meeting
9. Dec 10 – 10:00 a.m. – RRC Meeting
10. Dec 11 – 8:15 a.m. – LAFCO Meeting
11. Dec 11 – 8:30 a.m. – MWDOC Admin/Finance Meeting
12. Dec 12 – 8:30 a.m. – SOCWA Special Board Meeting
13. Dec 12 – 8:30 a.m. – SAC Quarterly Meeting; IRWD Board Room
14. Dec 13 – DISTRICT OFFICE CLOSED
15. Dec 13 – 7:30 a.m. – WACO Meeting
16. Dec 16 – 7:30 a.m. – Regular Engineering and Finance Meeting
17. Dec 17 – 7:30 a.m. – WACO Planning Meeting
18. Dec 17 – 10:30 a.m. – SOCWA Finance Committee Meeting
19. Dec 18 – 8:30 a.m. – MWDOC Board Meeting
20. Dec 19 – 7:30 a.m. – Regular Board Meeting
21. Dec 19 – 8:30 a.m. – MWDOC Executive Committee Meeting
22. Dec 19 – 8:30 a.m. – SOCWA Engineering Committee Meeting
23. Dec 20 – 1:30 p.m. – Pres/VP/GM Meeting
24. Dec 25 – CHRISTMAS DAY – DISTRICT OFFICE CLOSED
25. Dec 27 – DISTRICT OFFICE CLOSED
26. Dec 31 – 10:00 a.m. – RRC Meeting

# EL TORO WATER DISTRICT

## Glossary of Water Terms

**Accumulated overdraft:** The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

**Acre-foot, AF:** A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

**ACWA:** Association of California Water Agencies.  
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

**Advanced treatment:** Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

**AFY:** Acre-foot per year.

**Alluvium:** A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

**AMP:** Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

**Annexation:** The inclusion of land within a government agency's jurisdiction.

**Annual overdraft:** The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

**Aqueduct:** A man-made canal or pipeline used to transport water.

**Aquifer:** An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

**Arid:** Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

**Artesian:** An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

**Artificial recharge:** The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

**AWWA** American Water Works Association  
Nationwide group of public and private water purveyors and related industrial suppliers.

**Base flow:** The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

**Bay-Delta:** The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

**BIA:** Building Industry Association.

**Biofouling:** The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

**Biosolids:** Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

**BMP:** Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

**Brackish water:** A mixture of freshwater and saltwater.

**Brown Act:** Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

**Canal:** A ditch used to move water from one location to another.

**CASA:** California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

**CEQA:** California Environmental Quality Act.

**CERCLA:** Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

**CFS:** Cubic feet per second.

**Chloramines:** A mixture of ammonia and chlorine used to purify water.

**Clarify:** To make clear or pure by separation and elimination of suspended solid material.

**Coagulation:** The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

**Coastkeepers:** A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

**Colored water:** Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

**Condensation:** The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

**Confined aquifer:** An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

**Conjunctive use:** Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

**Contaminate:** To make unclean or impure by the addition of harmful substances.

**CPCFA:** California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

**Crisis:**

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

**CTP** Coastal Treatment Plant

**CWPCA** California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

**Dam:** A barrier built across a river or stream to hold water.

**Decompose:** To separate into simpler compounds, substances or elements.

**Deep percolation:** The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

**Degraded water:** Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

**Delta:** Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.



**Delta Vision:** Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

**Demineralize:** To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

**De-nitrification:** The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

**Desalting (or desalination):** Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

**Desilting:** The physical process of removing suspended particles from water.

**Dilute:** To lessen the amount of a substance in water by adding more water.

**Disinfection:** Water treatment which destroys potentially harmful bacteria.

**Drainage basin:** The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

**Drought:** A prolonged period of below-average precipitation.

**DPHS:** California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

**DVL:** Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

**DWR:** California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

**Endangered Species:** A species of animal or plant threatened with extinction.

**Endangered Species Act of 1973 (ESA):** The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

**Ecosystem:** Where living and non-living things interact (coexist) in order to survive.

**Effluent:** Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

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**Evaporation:** The process that changes water (liquid) into water vapor (gas).

**Estuary:** Where fresh water meets salt water.

**Evapotranspiration:** The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

**FCH** Federal Clearing House – Environmental Review/Processing

**FEMA** Federal Emergency Management Agency

**Filtration:** The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

**Flocculation:** A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

**Forebay:** A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

**Gray water reuse:** Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

**Green Acres Project (GAP):** A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

**God Squad:** A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

**Groundwater:** Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

**Groundwater basin:** A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

**Groundwater mining:** The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

**Groundwater overdraft:** The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

**Groundwater recharge:** The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

**Ground Water Replenishment System (GWRS):** A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

**Groundwater table:** The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

**GPM:** Gallons per minute.

**Ground Water Replenishment System (GWRS):** Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

**Hydrologic balance:** An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

**Hydrologic cycle:** The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

**Imported water:** Water that has originated from one hydrologic region and is transferred to another hydrologic region.

**Inflatable rubber dams:** Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

**Influent:** Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

**Irrigation:** Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

**JPIA** Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

**LAIF** Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

**Leach:** To remove components from the soil by the action of water trickling through.

**MAF:** Million acre feet.

**MCL:** Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

**MET:** Metropolitan Water District of Southern California.

**MGD:** Million gallons per day.

**Microfiltration:** A physical separation process where tiny, hollow filaments members separate particles from water.

**Microorganism:** An animal or plant of microscopic size.

**MWD:** Metropolitan Water District of Southern California.

**MWDOC:** Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

**Non-point source pollution:** Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

**NPDES** National Pollution Discharge Elimination System

**OCBC:** Orange County Business Council.

**OCEMA** Orange County Environmental Management Agency

**OCWD:** Orange County Water District.

**Opportunity:**

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

**Organism:** Any individual form of life, such as a plant, animal or bacterium.

**PCM** Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

**Perched groundwater:** Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

**Percolation:** The downward movement of water through the soil or alluvium to the groundwater table.

**Permeability:** The capability of soil or other geologic formations to transmit water.

**Point source:** A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

**Potable water:** Suitable and safe for drinking.

**PPB:** Parts per billion.

**Precipitation:** Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

**Primary treated water:** First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

**Primary treatment:** Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

**Prior appropriation doctrine:** Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

**Pumping Plant:** A facility that lifts water up and over hills.

**Recharge:** The physical process where water naturally percolates or sinks into a groundwater basin.

**Recharge basin:** A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

**Reclaimed wastewater:** Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

**Reclamation project:** A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

**Recycling:** A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

**Reservoir:** A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

**Reverse osmosis:** (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

**RFP** Request for Proposal

**Riparian:** Of or on the banks of a stream, river, or other body of water.

**RO:** Reverse osmosis. See the listing under "reverse osmosis."

**R-O-W** Right-of-way

**Runoff:** Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

**RWQCB** Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

**Safe Drinking Water Act (SDWA):** The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

**Safe yield:** The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

**SAFRA** Santa Ana River Flood Protection Agency

**Salinity:** Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

**SAWPA:** Santa Ana Watershed Project Authority.

**SCADA** Supervisory Control and Data Acquisition

**SCAP** Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

**SCH** State Clearing House – Environmental Review/Processing

**Seasonal storage:** A three-part program offered by Metropolitan Water District of Southern California:

**STSS (Short Term Seasonal Storage)** financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

**LTSS (Long Term Seasonal Storage)** financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

**Seawater intrusion:** The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

**Seawater barrier:** A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

**Secondary treatment:** The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

**Sedimentation:** The settling of solids in a body of water using gravity.

**Settle:** To clarify water by causing impurities/solid material to sink to a container's bottom.

**Sewer:** The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

**SigAlert:** Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

**SJBA** San Juan Basin Authority

**Sludge:** The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

**SOCWA** South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

**SRF** State Revolving Fund

**Storm Drain:** The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

**Storm flow:** Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

**SWP:** State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

**SWRCB** State Water Resources Control Board

**TDS:** Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

**Tertiary treatment:** The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

**THM:** Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

**TMA:** Too many acronyms.

**TMDL:** Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

**Transpiration:** The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

**Turbidity:** Thick or opaque with matter in suspension; muddy water.

**Ultraviolet light disinfection:** A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

**VE** Value Engineering

**VOC:** Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

**Wastewater:** Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

**Water Cycle:** The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

**Water rights:** A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.



**Water-use Efficiency:** The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

**Water year (USGS):** The period between October 1st of one calendar year to September 30<sup>th</sup> of the following calendar year.

**Watermaster:** A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

**Water Reclamation:** The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

**Watershed:** The total land area that from which water drains or flows to a river, stream, lake or other body of water.

**Water table:** The top level of water stored underground.

**WEF** Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

**Weir box:** A device to measure/control surface water flows in streams or between ponds.

**Wellhead treatment:** Water quality treatment of water being produced at the well site.

**Wetland:** Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

**Xeriscape:** Landscaping that requires minimal water.