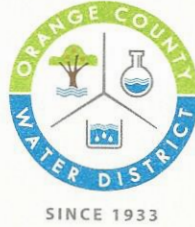


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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

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April 11, 2023

Chairman Douglass Davert
Orange County Local Agency Formation Commission
2677 North Main Street – Suite 1050
Santa Ana, CA 92705

SUBJECT: APRIL 12, 2023, LAFCO COMMISSION MEETING – AGENDA ITEM # 8c

Dear Mr. Davert,

The Orange County Local Agency Formation Commission (LAFCO) will consider two professional services agreements at its meeting on April 12, 2023, to hire consultants to prepare the municipal service review (MSR) and sphere of influence (SOI) update for the Orange County Water District (OCWD) and to study the consolidation of the OCWD and the Municipal Water District of Orange County (MWDOC). Via a letter and application dated October 4, 2022, OCWD requested LAFCO to study the consolidation issue while completing the District's routine MSR and SOI update.

The consolidation of OCWD and MWDOC has been discussed in the Orange County water community for decades. These discussions routinely occur because on the surface it appears consolidating the two agencies would be wise and beneficial to the local rate payers. In June 2022 the Orange County Grand Jury issued a report recommending the consolidation of the two agencies. This recommendation was the result of numerous interviews of water agencies in Orange County and after a review of the operations of OCWD and MWDOC.

One criticism of the Grand Jury report by a few agencies is that it did not sufficiently analyze the different issues that must be addressed in consolidating the two agencies. LAFCO can provide an independent impartial detailed study of what would be necessary to consolidate OCWD and MWDOC. This effort would provide valuable information to the OCWD and MWDOC Boards to assist in determining any future potential actions.

Chairman Douglass Davert

April 11, 2023

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The cost of the LAFCO study using the two consultants selected by your staff has been established at \$279,390. On April 5, 2022, the OCWD Board directed its staff to transfer \$300,000 to LAFCO to fund this work. The additional \$20,610 being deposited by OCWD would allow for additions to the study's scope of work if necessary. OCWD is thankful LAFCO and its consultants can provide this analysis and is committed to its completion.

For your information, five ad-hoc committee meetings occurred between OCWD and MWDOC from August 2022 to January 2023 to discuss this issue. The committee consisted of three board members from each agency and staff. OCWD and MWDOC are also scheduled to hold a meeting of both boards on May 5, 2023, to further discuss the issue. OCWD first suggested such a meeting at its Board meeting on January 4, 2023. It is OCWD's hope that MWDOC will eventually see the value in the LAFCO study and will decide to become a joint applicant with OCWD for its completion.

In closing, we ask the Commission to support and approve your staff's recommendation. OCWD looks forward to working with LAFCO and completing this valuable study for the rate payers of Orange County.

Sincerely,



Cathy Green
Board President
Orange County Water District

cc: OCWD Board
OCWD Groundwater Producers and MWDOC Member Agencies