

IRVINE RANCH WATER DISTRICT POLICY POSITION  
WHOLESALE WATER AGENCY SERVICE IN ORANGE COUNTY  
Revised: June 17, 2011

Issue Summary:

Discussions have recently been initiated regarding a potential consolidation of Orange County Water District (OCWD) and the Municipal Water District of Orange County (MWDOC). Irvine Ranch Water District, as a key stakeholder and “member agency” of both OCWD and MWDOC, has developed a set of policy principles specifying preferred outcomes to a consolidation and advocating a process through which an optimal consolidation arrangement between these two agencies could benefit their member agencies and the water industry.

Background:

The concept of consolidating OCWD and MWDOC is not a new one. The merger of the agencies has been reviewed and discussed periodically for almost 30 years. Because of the incompatibility of the MWDOC and OCWD enabling acts, statutorily combining the agencies is a complex undertaking. In past reviews of consolidation, economic and institutional efficiencies were identified but other factors such as protection of groundwater basin agencies’ interests and lack of support from retail water agencies prevented consolidation from moving forward.

IRWD believes that part of good governance includes analyzing alternative arrangements for how public agencies provide services. By first developing a set of objectives and desired benefits, the analysis of alternatives will be more effective and the implementation of changes will be more successful. IRWD proposes that as the discussions regarding the potential consolidation of OCWD and MWDOC continue, the following policy principles be followed:

Policy Principles:

Based on the information provided above, the following IRWD policy principles have been developed:

1. Provide comprehensive and coordinated management of imported supplies and groundwater resources to achieve optimal levels of water supply reliability, storage utilization and water quality for Orange County.
2. Implement the most favorable organizational structure to achieve operating efficiencies and reduced costs through consolidated staffing, outside administrative and legal support, and streamlined internal operating practices;
3. Maintain the current number of total MWD Board seats for Orange County, including separate representation for Fullerton, Santa Ana and Anaheim;
4. Ensure MWD representation for Orange County is cohesive and well-positioned to work with other MWD member agencies to maintain reliable and cost effective imported water for the county.

5. Provide a governance structure that ensures Board members for groundwater producing areas exclusively vote on groundwater management, pricing and production matters;
6. Provide a governance structure that ensures imported water financial, management and administrative decisions are voted on by weighted representation based upon cost responsibility or imported water usage.
7. Ensure effective representation on water issues at the regional, state and federal level that is coordinated with the interests and priorities of retail water providers in the county.
8. Provide an open, comprehensive and collaborative review process of all wholesale water service options that includes retail water agencies in both south and north Orange County and staff of the Orange County Local Agency Formation Commission.
9. If the preferred wholesale water service option requires reorganization, complete the appropriate Orange County Local Agency Formation Commission review and approval process prior to seeking any needed legislation.