



**EAST
ORANGE
COUNTY
WATER
DISTRICT**

DIRECTORS

Richard E. Barrett
Richard B. Bell
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John Dulebohn
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Lisa Ohlund
General Manager

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JUL 26 2011

MWD OF OC

July 21, 2011

Ms. Claudia Alvarez, Esq.
President
Orange County Water District
P.O. Box 8300
Fountain Valley, CA 92728

Ms. Joan Finnegan
President
Municipal Water District of Orange County
P.O. Box 20895
Fountain Valley, CA 92728

Subject: Proposed OCWD/MWDOC Consolidation

Dear Presidents Finnegan and Alvarez;

Recently, we were made aware of efforts by the Orange County Water District (OCWD) to study consolidation with the Municipal Water District of Orange County (MWDOC), as well as OCWD's desire to obtain the Groundwater Producer's input on this idea. Interest in consolidation is an understandable and not unexpected development; there appears to be wide-spread sentiment amongst the general public that government agencies are too numerous, and that the perceived value of many of these agencies falls significantly below the cost to sustain them.

Consolidation of these two agencies would, on the surface, seem to be patently obvious – and yet, we are aware of at least one 1994 OCWD/MWDOC study and one 2006 LAFCO Municipal Service Review Study that cast doubts upon the efficiencies and cost savings that would be realized. Further, risking the loss of representation at the Metropolitan Water District alone would seem to be enough to discard this concept. Add in the risks inherent in trying to shepherd special legislation through Sacramento without ending up with something unrecognizable to the original proposal, and that would seem to be more than enough incentive to avoid wasting more ratepayer funds “studying” consolidation.

We understand that the MWDOC Board directed their General Manager to work with the OCWD General Manager to assess cost saving opportunities in several strategic areas. We heartily endorse this approach, as we have benefited from sharing accounting services with the Serrano Irrigation District; we recommend that the OCWD Board provide similar direction to their General Manager.

We request that both Boards stand down from any further discussions about consolidation pending the outcome of this internal assessment. Further, we request that if both Boards intend to pursue further study of this issue, the Client Agencies of both MWDOC and OCWD be brought into this process, that a thorough review of prior efforts is conducted, that terms and conditions for the study of the issue be developed and that a budget and funding for the effort be identified such that some agencies don't end up paying twice just because they are members of both agencies.

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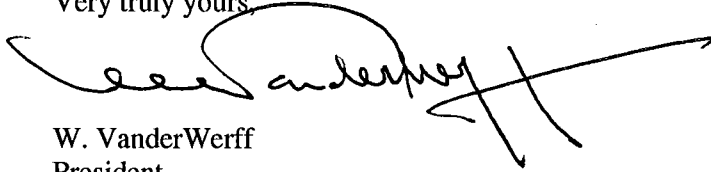
Ms. Joan Finnegan/MWDOC; Ms. Claudia Alvarez/OCWD

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Thank you for providing this opportunity to comment on this important issue. Please contact me should you desire further information.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. VanderWerff', with a large, sweeping flourish that extends to the right and then loops back down.

W. VanderWerff
President

Cc: MWDOC Agency Managers
OCWD Groundwater Producers
Ms. Joyce Crosthwaite, LAFCO
Mr. Kevin Hunt, MWDOC
Mr. Mike Markus, OCWD
Ms. Lisa Ohlund, EOCWD