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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

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MICHAEL R. MARKUS, P.E., D.WRE

February 24, 2022

Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley CA 92708

SUBJECT: Water Resources Policy Issues with the Metropolitan Water District

Dear Mr. Hunter:

To foster collaboration between our agencies, the Orange County Water District (OCWD or District) has previously transmitted letters to the Municipal Water District of Orange County (MWDOC) highlighting the groundwater policy issues that are of importance to OCWD and the 19 Groundwater Producers in our service area. The District has prepared a similar letter for calendar year 2022, and we respectfully request your cooperation and assistance in addressing these issues and priorities with the Metropolitan Water District of Southern California (MWD).

The listed policy issues below have a major impact on the management of the OCWD groundwater basin and groundwater basins throughout Southern California. Given our shared service areas, we envision and would like your support for a collaborative process between OCWD, MWDOC, the cities of Anaheim, Fullerton, and Santa Ana in working on each of these issues with MWD.

With the effects of climate variability causing more extreme wet and dry year cycles on both the State Water Project (SWP) and Colorado River systems, the ability to capture and store water during very wet years both now and in the future is critical to Southern California. The recently released draft MWD 2020 – IRP Regional Needs Assessment Report (IRP Report) notes that local supplies, including groundwater production: "...are the front line in securing regional reliability," and that there has been: "... a decline in groundwater production in the past 20 years, affected by limited availability of imported supplies..." for replenishment. Under all four Scenarios in the IRP, maintaining local supplies, including groundwater production, has been identified as a critical foundational objective.

Another major recurring theme throughout the IRP Report is the need for additional storage, particularly in areas that can store water in wet years to reduce demands for

SWP water during dry years. This is an important benefit for the so-called SWP Dependent Areas in MWD's system that have diminished reliability years when allocations of SWP water are exceptionally low. Additional stored water in MWD's service area that can be pumped from groundwater basins to offset SWP imported water demands would allow MWD to direct limited SWP supplies to Dependent Areas.

Reestablish a Permanent Treated In-lieu Groundwater Replenishment Program: An effective and efficient way to substantially enhance imported water recharge during wet periods is through treated in-lieu replenishment, which does not require the physical recharge of water. By having groundwater basin agencies reduce planned groundwater pumping and take excess treated imported water to meet demands, groundwater basins are in effect storing water supplies for future use. The treated in-lieu program that was developed for FY2017-18 under MWD's cyclic storage program is a great example of how excess imported water supplies during wet years can be efficiently brought into Southern California's groundwater basins. In wet years, the availability of a treated in-lieu replenishment program combined with traditional untreated imported surface replenishment deliveries has a multiplier effect on the amount of imported water that can be captured and stored in MWD's service area. Moreover, substantial amounts of water can be stored in a very short period of time with no additional infrastructure investment. The end result is increased resiliency under more severe hydrologic variability and augmentation of storage "put" capacity - both of which are key recommendations in the IRP report.

Although in April 2019 MWD approved a permanent cyclic in-lieu program, referred to as a "cost-offset credit", the program is marginally effective. Specifically, the program is only available under restrictive conditions and the excess water must be placed within a MWD-controlled cyclic account, rather than being available for general groundwater basin replenishment. OCWD suggests MWDOC work with other MWD member agencies, the MWD staff and Board to develop and establish a broader treated in-lieu program that is not tied to MWD's cyclic program. The program could be exercised by MWD to encourage in-lieu replenishment and storage in groundwater basins across MWD's service area during very wet years when there is supply that is surplus to MWD's base demands and storage needs. Such a program would provide both operational flexibility and an important tool for MWD in the future to help ensure that excess imported water supplies are never lost to the region.

Establish a Reduced Untreated Water Storage Rate During Surplus Supply Conditions: As noted above, encouraging the storage of water during wet conditions that can be used during dry years addresses multiple resiliency and local supply augmentation objectives noted in the IRP report. In this regard, establishing a reduced untreated water storage rate that MWD would implement at its discretion during wet conditions would incentivize increased local storage. This program would only be available when MWD was at risk of relinquishing excess imported water supplies due to storage limitations on its own system. To maximize the opportunity for capturing these supplies, MWD should also consider making the reduced untreated supply rate available for both groundwater replenishment and surface water storage. Groundwater basin agencies and those agencies with surface reservoirs near MWD untreated water lines with available

capacity to take the water would receive an untreated rate reduction commensurate with the utilization of those agencies' storage. Use of this stored water in future years by the agencies would offset demands for imported water and in turn allow MWD to rebuild its own storage. This program would give MWD another fundamental water management tool to facilitate the storage of excess imported water supplies during wet periods.

Obtain MWD's Approval of an Agreement for Pumping Potable Local Supplies Into MWD's Orange County Distribution System: An extensive imported water pipeline network has been constructed in Orange County to distribute MWD supplies to various agencies. Agencies in some portions of the County can receive service and benefit from multiple MWD pipelines and treatment plants. However other areas of South Orange County (SOC) rely on a single MWD pipeline and treatment plant. These SOC areas have a water reliability gap that could be closed if MWD was amenable to the usage of its facilities.

As has been demonstrated over the past few years, flows in MWD pipelines have generally declined. Substantial unused capacity exists in these pipelines which have been partially funded by Orange County rate payers. To substantially improve both system and supply reliability for the County, OCWD and MWDOC have periodically worked together to conceptually developed projects that would take advantage of the unused capacity in MWD's Orange County system to transport groundwater and/or ocean desalination water to various retail water agencies that would lack direct access to those supplies. Unfortunately, we have been unable to develop final terms and conditions with MWD for potential projects that would beneficially use these MWD facilities.

Some progress on this issue has been made insofar as the MWD Board recently approved a program whereby agencies can use MWD's pipelines during very limited, dire emergency conditions or events when MWD water is unavailable for conveyance.

To advance this further, OCWD would like to work with MWDOC and MWD towards negotiating an agreement to implement an emergency program for the use of certain MWD Orange County conveyance facilities. We understand MWDOC has initiated work with MWD on this issue. Because OCWD would be the supplier of the water and would be responsible for water quality and operational issues, we would like to participate with MWDOC in discussions with MWD.

Active participation at MWD: As a final priority, OCWD would like MWDOC to actively assist us in developing a much closer working relationship with MWD. OCWD has several programs and a variety of direct interests with MWD. These programs involve large financial commitments and require coordinating OCWD's operations with MWD's operations. In previous years, OCWD's interaction with MWD staff was both encouraged and supported by MWDOC. OCWD staff was invited to MWD Member Agency managers meetings, special work group meetings discussing issues impacting groundwater basins, and the monthly MWD caucus meeting (in which we understand Rancho California Water District, a large member agency of Eastern MWD and Western MWD, currently participates). Attending these meetings allowed OCWD to directly

interface with key MWD staff which led to the development of close business relationships that greatly enhanced the coordination of key programs.

Unfortunately, in recent years, just the opposite has been occurring. OCWD's direct interaction with MWD staff has been greatly reduced at MWDOC's behest. It also appears that MWD staff have been discouraged by MWDOC from interacting with OCWD unless MWDOC staff are present. This approach can keep OCWD out of important meetings and conversations that directly impact District's operations. While we understand and support the need for MWDOC to be aware of OCWD's activities at MWD, given the size, scope, and breadth of OCWD and its activities with MWD, having MWDOC as an intermediary seems unfitting. As such, we respectfully request your support for reestablishing more direct, unfettered access and working relationship between OCWD and MWD.

In closing, OCWD would also like to note that this list of issues and priorities was reviewed with the OCWD Groundwater Producers, most of which are also MWDOC member agencies. The Producers support these priorities and concur with the importance of our coordination efforts on MWD Issues.

Thank you for your consideration of these important requests. Please call me at your convenience if you would like to discuss.

Sincerely,



Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE
General Manager

Cc: OCWD Groundwater Producers
Bcc: OCWD Board of Directors