

**NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

BOARD OF DIRECTORS

ALL-HANDS JPA WORKSHOP

**August 31, 2022
3:00 P.M.**

PHYSICAL MEETING LOCATION:
Santa Margarita Water District
26111 Antonio Parkway
Rancho Santa Margarita, CA 92688

IN ACCORDANCE WITH AB361, MEMBERS OF THE PUBLIC ARE INVITED TO PARTICIPATE AND MAY JOIN THE MEETING VIA ONLINE AND BY TELECONFERENCE PHONE NUMBER. 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. ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION.

PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMENTS. COMMENTS MAY ALSO BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT DHIRSH@SOCWA.COM.

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 DISABILITY RELATED 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.

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 TO DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS ALL-HANDS JPA WORKSHOP ARE AVAILABLE BY PHONE REQUEST MADE TO THE AUTHORITY ADMINISTRATIVE OFFICE AT 949-234-5452. THE AUTHORITY ADMINISTRATIVE OFFICES ARE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"), BUT ARE NOT OPEN TO THE PUBLIC DURING THE PERIOD OF STAY AT HOME ORDERS. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE BOARD OF DIRECTORS LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE SENT TO PARTICIPANTS REQUESTING VIA EMAIL DELIVERY. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IMMEDIATELY ON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS FOR AUDIO
OF MEETING BY CLICKING ON THE LINK BELOW OR BY CALLING IN.**

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AGENDA

Convene at Santa Margarita Water District, Rancho Santa Margarita, California

1. Call Meeting to order
Matt Collings, Board Chairman
2. Roll Call
3. Public Comments/Oral Communications
4. Facilitation of Organizational Feedback –
Alternative Wastewater Delivery Discussion
 - a. Opening Remarks – Board Chairman
 - b. Ohlund Presentation
 - c. Open discussion/comments/direction
5. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Board of Directors 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 Special Meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 26th day of August 2022.



Betty Burnett, General Manager/Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY



Facilitation of Organizational Feedback

All-Hands Meeting
August 31, 2022

Scope Review



- **Background Review:**

- Review available materials (2018-2022) - OMTS institutional knowledge
- Meeting with Task Force Committee (5/27/22)
- Three years of discussion culminated in 3/11/22 Proposal
- Five Questions from RFP plus one developed at meeting w/Task Force
- **Focus on Six Questions, although no comment/question out-of-bounds**

- **Member Agency Meetings**

- Meetings held between June 2 – July 6, 2022
- 8 of 10 original agencies, plus SOCWA staff (SJC represented by SMWD; IRWD did not participate)
- Agenda and six questions provided in advance; some agencies provided written comments
- Primarily attended by staff members; ETWD, MNWD, SCWD & TCWD had Directors present

Scope – Cont'd



- Summary Report & Summary Meeting
 - After Task Force review and input, draft report presented July 31, 2022
 - Responses Grouped
 - By Agency
 - By Question
 - By Similar Response

Similar Response Groupings



- Why?
- Guidelines
 - Third-Party View
 - Non-anticipatory/non-judgmental or blanket statement (e.g., CLB, SOCWA Staff, MMWD responses)
 - Literal
 - “If it was said, it was meant to be reported”
 - Plain language meaning
 - Address Breadth of Comments



Questions

Lisa Ohlund

Marilyn Thoms

Ohlund Management & Technical Services



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**FACILITATION OF ORGANIZATIONAL FEEDBACK
ALTERNATIVE WASTEWATER DELIVERY**



Prepared for:

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Prepared by:



July 2022

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1. Introduction

The South Orange County Wastewater Authority (SOCWA) is a joint powers authority (JPA) formed on July 1, 2001, as the legal successor to three other JPAs: 1) the Aliso Water Management Agency (AWMA), which was originally formed on March 1, 1972; 2) the South East Regional Reclamation Authority (SERRA) originally formed on March 9, 1970 and; 3) the South Orange County Reclamation Authority (SOCRA); originally formed November 29, 1994. As stated in Section G of the SOCWA JPA Agreement, the consolidation of the three JPAs into SOCWA was done “...in the interests of furthering a regional approach to wastewater treatment and reclamation, and additional operational and administrative efficiencies....”

SOCWA holds two NPDES permits and a Waste Discharge Permit: 1) San Juan Creek Ocean Outfall (CA0107417/R9-2022-0005), 2) Aliso Creek Ocean Outfall (CA0107611/R9-2022-0006) and, 3) Regional Recycled Water Permit (97-52). The outfalls are authorized to dispose of discharges from three conventional wastewater treatment plants, seven reclamation plants, two desalter plants, two groundwater treatment plants, one runoff plant and one ocean desalination plant.

1.1. SOCWA Membership and Governance

SOCWA is comprised of nine member agencies including the City of Laguna Beach (CLB), the City of San Clemente (CSC), El Toro Water District (ETWD), Emerald Bay Service District (EBSA), Irvine Ranch Water District (IRWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD), South Coast Water District (SCWD), and Trabuco Canyon Water District (TCWD).

SOCWA has a Board of Directors to which each agency appoints one person to act as its director on the Board; each agency also appoints one alternate director and may appoint a second alternate director. There are three standing advisory committees that provide input to the Board: 1) Executive Committee, 2) Engineering Committee and 3) Finance Committee. There is also an Ad-Hoc “Task Force” that is examining a change to the existing organizational structure of SOCWA.

1.2. Project Committees

The SOCWA general governance structure is further subdivided into ten Project Committees (PCs). Each PC was formed to construct and/or manage specific facilities or activities. Member agencies, as participants in the PCs and capacity owners in the corresponding facilities, contribute their portion of funding revenues necessary for all personnel, facilities, and services necessary to operate, maintain,

plan, construct or rehabilitate the programs or purpose of each committee. The terms of the 2001 consolidation included the continuation of all PCs, PC agreements and left unchanged the rights duties and liabilities of the respective Member Agencies.

The Project Committee Agreements have varying terms; six of the project committee agreements are set to expire (see below) in the next eight years (shown in order of expiration):

Table 1. Project Committee Agreements Expiring by 2030

Project Committee	Expiration Date
2 (Latham Plant)	June 28, 2023
24 (Aliso Creek Ocean Outfall)	September 24, 2026
23 (North Coast Interceptor)	November 4, 2026
5 (San Juan Creek Ocean Outfall)	August 18, 2027
17 (Regional Treatment Plant)	December 11, 2029
15 (Coastal Treatment Plant)	February 19, 2030

In addition to the expiring agreements, several other significant issues have occurred or are occurring:

- 1) SMWD and the CSJC have completed a transfer of the City’s water and wastewater operations into SMWD; the City’s capacity ownership and rights, duties and responsibilities have been transferred to SMWD and CSJC has withdrawn from SOCWA, reducing the membership to nine agencies.
- 2) IRWD has proposed withdrawing from SOCWA and assigning their interests to ETWD.
- 3) SMWD and MNWD have proposed alternative delivery of wastewater treatment service
- 4) A restated Joint Powers Agreement is being discussed.

The following Background Section discusses how the Member Agencies have begun to address these issues and the purpose for this report.

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2. Background

Commencing as early as 2013, SOCWA Member Agencies discussed changes to the organization and examining the services provided by SOCWA to assess if it was operating consistent with the intent of the consolidation. In 2016, concerns about budgets, weighted voting and other issues resulted in litigation that clarified some issues and left others unresolved. A 2017 Audit by the California State Auditor identified four areas that SOCWA needed to address:

- Improve practices to track available cash by Member Agency
- Determine responsibility for Unfunded Retirement Benefits
- Continue to remedy historical financial reporting issues
- Comply with the Public Records Act.

Additionally, the State Auditor found that SOCWA's governance and voting structure is similar to that of other wastewater and water JPAs.

In early 2019, SOCWA Member Agencies met and began discussions on a restated Joint Powers Agreement. SOCWA General Counsel met with general counsel from the Member Agencies and identified areas of initial focus.

By September 2019, an Ad-Hoc Task Force focused their discussion on four categories:

1. **Exit/Change of Governance** – Should changes be made to the structure, service profile and governance of SOCWA?
2. **Alternative Delivery of Wastewater Treatment Services** – What would need to be analyzed to determine viability of another service provider?
3. **Alternative Delivery of Other SOCWA Services** – What services should be delivered by SOCWA or are there alternative service options?
4. **Re-Vision SOCWA with a future focus** – Should the current governance structure be retained or are there alternatives to update the structure?

One output from the meeting was further discussion of Item #2, Alternative Delivery of Wastewater Treatment Services; specifically, developing a summary of the elements that should be evaluated when

considering potential alternative service providers for wastewater treatment. By March 2020, recommended components of analysis for alternative delivery were presented to the Member Agency General Managers.

An August 11, 2020 RoundTable Meeting was held with the Member Agency Managers to discuss specific issues identified for the restated Joint Powers Agreement, and to discuss the next steps for the Task Force.

A RoundTable Meeting of the Member Agency Managers was held on October 8, 2020 to review further progress on the restated Joint Powers Agreement and to review a SOCWA staff prepared list of strategic and governance issues in response to Item #4, Re-Vision SOCWA with a future focus.

By November 2020, the Task Force produced a list of items that would need to be addressed if an agency desired to prepare a proposal to operate one or more of the treatment plants in lieu of SOCWA staff.

The Task Force subsequently presented potential operating/governance structures at a SOCWA Board Meeting in September 2021. In March 2022, an “All Hands” presentation was prepared by MNWD and SMWD which outlined a conceptual operational framework for restructuring SOCWA’s governance and operations that also included financial impact estimates. It should be noted that while Task Force Members SCWD and ETWD provided some comments on the MNWD/SMWD proposal, they were not involved in the financial impact analysis presented in that proposal.

The March 11, 2022 All-Hands Task Force presentation identified potential benefits and concerns, as well as cost savings for the member agencies, and recommended that feedback be solicited from the SOCWA member agencies. Based upon this presentation, the Task Force prepared an RFP and Scope of Work and solicited proposals from consultants to meet with member agency representatives to solicit feedback.

2.1. Consultant Retention and Scope of Work

Ohlund Management & Technical Services (OMTS) was retained to perform the interviews with the member agencies and was issued a Notice to Proceed on May 19, 2022.

The Scope of Work included four tasks:

1. Background Review/Meeting with Task Force
2. Meetings with Member Agencies and SOCWA Staff
3. Prepare Summary Report
4. Meet with Board of Directors

This summary report is submitted in accordance with Task 3.

2.2. Background Review/Meeting with Task Force

OMTS met with the Task Force on May 27, 2022, to review the scope and to obtain input on the parameters for the agency meetings. This task included review of historic documents and materials that was anticipated to occur prior to the meeting with the Task Force, however, because the accelerated timeline for the project, documentation review occurred after the meeting – during the month when interviews were conducted, as well as during preparation of this report. A list of documents reviewed is provided in Attachment A.

During the meeting with the Task Force, it was reported that discussion of several options, including voting changes, had been discussed over the past three years, however the alternative delivery presentation of March 11, 2022 was the option that the agencies were generally open to further exploring. The Task Force noted that changes had occurred with the SMWD/CSJC transfer, and that other changes may be imminent and that they wanted to get feedback on the proposal and better understand individual member agency perspectives and potential concerns – on the record.

A proposed agenda for the agency meetings, along with the specific questions that were to be the basis for the discussion with the agencies, was reviewed and approved by the Task Force. A copy of the agenda and questions is included as Attachment B.

2.3. Agency Meetings

Meetings with the nine entities were scheduled during the month of June through the first week of July. It must be noted that IRWD declined to be interviewed; as stated previously, they are seeking to transfer their interests to ETWD.

The meeting schedule and list of attendees is shown in Table 2.

Table 2. Facilitated Meeting Schedule and Attendees
(In alphabetical order)

Agency	Meeting Date	Attending
CLB	June 29, 2022	Shohreh Dupuis – City Manager Ken Domer – Assistant City Manager David Shissler – Director of Water Quality Hanna Broida – Senior Project Manager Jeremy Jungreis – Special Counsel
CSC	June 22, 2022	David Rebensdorf, Utilities Director
EBSD	June 2, 2022	Mike Dunbar, General Manager
ETWD	June 20, 2022	Kathryn Freshley, President Mike Gaskins, Director Dennis Cafferty, General Manager
MNWD	June 21, 2022	Brian Probolsky, President Joone Lopez, General Manager Matt Collings, Assistant General Manager Rod Woods, Director of Engineering Trevor Agrelius, Controller
SCWD	June 20, 2022	Rick Erkeneff, President Scott Goldman, Director Rick Shintaku, General Manager Marc Serna, Chief Engineer/Assistant GM Pamela Arends-King, Chief Financial Officer/ Assistant GM
SMWD	June 7, 2022	Dan Ferons, General Manager Don Buntz, Assistant General Manager Erica Castillo, Chief Financial Officer
SOCWA Staff	June 22, 2022	Betty Burnett, General Manager Jim Burror, Director of Operations/Acting Engineering Manager Mary Carey, Finance Controller Amber Baylor, Director of Environmental Compliance David Baranowski, Senior Engineer
TCWD	July 6, 2022	Stephen Dopudja, Director

2.4. Facilitated Discussion Questions

The RFP included five specific questions that were to be posed to each agency; during the Task Force Meeting on May 27th, a sixth was added. The final list of questions is as follows:

1. What does your agency like or dislike about the proposed concept?
2. What concerns does your agency have and how can they be addressed?
3. What benefits does your agency see from the proposed change?
4. What risks does your agency see from the proposed change?
5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?
6. Would you be open to ANY other operational proposal and/or governance structure

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3. Agency Responses

3.1. City of Laguna Beach

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<p>A. Ms. Dupuis stated that the proposal lacks the detail necessary to understand how the proposal has any benefit for the City. Ms. Dupuis noted that the lawsuit was a very painful and costly process for the City and this proposal doesn't address the outstanding issues identified in the judgment.</p> <p>B. Mr. Shissler indicated that after going through the lawsuit there is a lack of trust; receiving a proposal that lacks details makes it difficult to get past that.</p> <p>C. Mr. Jungreis questioned why there is discussion about the proposal when there is not enough information, i.e., when, how, why and supporting detail is missing.</p>

2. What concerns does your agency have and how can they be addressed?

- A. Ms. Dupuis stated that because of the lack of detail in the proposal the City can't make any decision regarding the proposal. Primary concerns include: no backup to substantiate the proposed savings, no detailed information regarding how the treatment plants would be operated and how costs would be allocated, and no discussion of how liability would be handled.
- B. Ms. Dupuis stated that the City is very concerned that there could be significant liabilities for the City that don't exist under the current structure.
- C. Ms. Dupuis stated the City doesn't understand how this will address the expiring PC 15 Agreement.
- D. Mr. Domer noted that the proposal doesn't include a term and that the existing project committee agreements had been in place for almost 50 years; any proposal should provide a framework for a similar horizon.
- E. Mr. Jungreis stated that there is continuing oversight by the Court after the CTP lawsuit settlement and this needs to be considered as this proposal or any proposal is discussed.
- F. Mr. Shissler expressed concerns about how regulatory agencies would view the proposal.
- G. Mr. Shissler noted that discussions about weighted votes had been held, but the one vote per agency and veto voting provisions are important to the City to retain; he noted that a ratepayer in Laguna Beach is as important as a ratepayer in any other agency and should have the same rights.
- H. Mr. Jungreis stated that the level of bureaucracy between the nine agencies and the number of meetings has the potential to place a considerable burden on City staff; there is no information in the proposal regarding how this will be reduced in the alternative structure.
- I. Mr. Jungreis noted that the need for failsafe disposal of sewage will be necessary into the future and that all agencies are tied together at the Outfalls; the presentation focuses primarily on the treatment plants and fails to address this.
- J. Ms. Broida expressed concerns that the agencies "don't know what they don't know" but are contemplating substantial changes to their organizational structure.

<p>3. What benefits does your agency see from the proposed change?</p> <p>4. What risks does your agency see from the proposed change?</p>	<p>A. Mr. Domer indicated that the City was unable to determine benefits due to the lack of detail provided.</p> <p>A. Mr. Shissler noted that in the past, when the Outfall experienced a leak, the City was the entity that was identified with it and whose reputation was impacted, not AWMA. The City has a high degree of concern for the ocean environment and desires that the operators of any of the facilities operate and maintain them to the highest degree – the City desires a structure that protects their ability to continue to have the voting power they currently have to set policy for this important function.</p> <p>B. Mr. Shissler noted that EPA, the State and Regional Board may encumber the agencies with new and additional requirements because of the change from third-party operations to operations by member agencies via contracts.</p> <p>C. Mr. Jungreis expressed his concern about the risks posed by emerging contaminants such as PFAS and the BKK CERCLA lawsuit, and how the proposal would address these liabilities for current members as well as those contaminants that can emerge years after an agency has “left.”</p> <p>D. Mr. Jungreis questioned the transfer of assets that were constructed with grant funding for regional facilities and whether this could trigger reconsideration by the funding agencies.</p> <p>E. Mr. Shissler noted his concerns that the City’s solids are treated at the Regional Plant and that they currently have substantial input into the budgeting, staffing, and disposal practices at the Regional Plant that they do not want to lose.</p> <p>F. Mr. Shissler questioned whether regional water reuse planning would be enhanced or reduced through this proposal.</p>
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<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. Mr. Jungreis stated that the City would like to see the status quo evaluated as an alternative to any suggested reorganizations to the existing structure.</p> <p>B. Mr. Jungreis, and others, noted that the AWMA structure could be considered as an alternative if SOCWA, in its current form is not to be maintained. However, some type of JPA structure will be required.</p>
<p>6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?</p>	<p>A. Mr. Domer indicated that the City would be open to alternatives as part of the development of a long-term Strategic Plan that addresses both governance structure and facility capital requirements.</p>

Supplemental City Comments: the City Council directed the City Manager to provide the following comments to OMTS and the Ad Hoc Task Force. The comments are being presented as submitted by the City:

1. That the City of Laguna Beach has significant issues and concerns with the current framework/proposal for the dissolution of SOCWA to include;
 - a. More detail is necessary before making any conclusions on the takeover proposal. The City must clearly understand what agency is operating and maintaining each treatment plant facility and each outfall facility.
 - b. The benefit of taking over the SOCWA facilities must be shown to result in less expense and less liability to the City. Provide a detailed cost analysis showing current performance/costs of WWTP 3A and other actively functioning wastewater treatment plants within south orange county. Provide detailed cost breakdowns of the proposed cost savings and provide cost savings guarantees.
 - c. More detail is necessary to understand how the handling of solid waste contracts will be addressed. Who will take them over? What control will the participating agencies maintain?
 - d. More detail is necessary for the City to understand how the disposition of the City’s water will occur after its first use. The City places a value on the water treated at the SOCWA run wastewater treatment plant and needs to ensure that its future ability to reuse that water is not compromised under any proposed reorganization. The City reserves the right on how

and where the water from the City is used after treatment.

2. That any resolution reached would need to be consistent with the Consent Judgment entered by the Riverside Superior Court and be fully protective of the City’s interests such that the City is not reliant for services on an agency that in the recent past has intentionally tried to harm the City’s interests by refusing to pay for its legal obligations at the Coastal Treatment Plant.

After the meeting with Lisa Ohlund and Marilyn Thoms, a letter was received from Orange County LAFCO. The letter, dated July 7, 2022, was sent to SOCWA and many of the SOCWA members informing us of the following:

The Orange County Local Agency Formation Commission (OC LAFCO) is required to periodically conduct Municipal Service Reviews (MSRs) for all cities and special districts within Orange County. At this time, our staff, in conjunction with our consultant, RSG, Inc., is undertaking the MSR for the Southwest MSR region, which will include a comprehensive review that the following agencies will be included in the review:

(6) Cities:	Aliso Viejo	Dana Point
	Laguna Beach	Laguna Hills
	Laguna Niguel	Laguna Woods
(4) Water Districts:	El Toro	Laguna Beach County
	Moulton Niguel	South Coast
(3) Community Service Districts:	Capistrano Bay	Emerald Bay
	Three Arch Bay	
(1) Wastewater Authority:	South Orange County	

Considering the forthcoming Municipal Service Reviews, we view this process as an opportunity for the SOCWA members to advance the opportunity to make progress in improving the JPA structure.

If you have questions regarding our responses to the interview, please contact David Shissler, Director of Water Quality, at (949) 497-0328 or Ken Domer, Assistant City Manager, at (949) 497-0704.

Cc:

Ken Domer, Assistant City Manager

David Shissler, Director of Water Quality

Jeremy Jungreis, City Attorney

Hannah Broida, Senior Project Manager

3.2. City of San Clemente

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<ul style="list-style-type: none"> A. Mr. Rebensdorf likes the proposed framework that separates out facilities and ultimately decreases San Clemente’s liability, although he desires more details as to how this would be accomplished. B. Mr. Rebensdorf likes that the proposal includes potential cost savings and that, particularly in the regulatory area, SOCWA would operate more like a “consultant.” C. Mr. Rebensdorf likes the potential for reduced number of meetings as it is difficult for him or his staff to attend all of the meetings. D. Mr. Rebensdorf does not like the potential for loss of control or capacity in the outfall. E. Mr. Rebensdorf feels that the Proposal is silent on how voting would change but does not want to lose control of outfall capacity or allocation of costs. F. Mr. Rebensdorf feels that the current Proposal has a lack of functional detail and that agencies need more information.
<p>2. What concerns does your agency have and how can they be addressed?</p>	<ul style="list-style-type: none"> A. Mr. Rebensdorf would like to ensure that the cost savings outlined in the proposal are substantiated, that costs wouldn’t be shifted, and he would like to see additional detailed information provided as to how the savings will be achieved. B. Mr. Rebensdorf is concerned with future outfall use and how the outfall will be used during high- and low-flow periods, particularly storm events and seasonal changes in discharges, and how regulatory requirements will be met. He noted that it is imperative that the agencies coordinate closely on future plans for the outfall. C. Mr. Rebensdorf is concerned that more information is needed regarding the transfer of assets to agencies and which agencies would own/operate the different assets.

	<ul style="list-style-type: none"> D. Mr. Rebensdorf is concerned that the regional purchasing contracts may not continue so would like to see that addressed moving forward. E. Mr. Rebensdorf is concerned that there still needs to be a functional agency similar to SOCWA in place if the assets are split off, but other services remain. F. Mr. Rebensdorf is concerned that the process is being rushed and that the current deadlines discussed should be extended. He noted that it will take a significant amount of time to develop a detailed proposal and then have it go through the review process in the City (i.e., City Attorney, City Manager, Council).
<p>3. What benefits does your agency see from the proposed change?</p>	<ul style="list-style-type: none"> A. Mr. Rebensdorf agrees that the assumption of liability by an operating agency would be a significant benefit. B. Mr. Rebensdorf considers the potential cost savings and reduction of staff time attending meetings as a significant benefit. C. Mr. Rebensdorf sees an opportunity for total water management coordination with the current proposal.
<p>4. What risks does your agency see from the proposed change?</p>	<ul style="list-style-type: none"> A. Mr. Rebensdorf anticipates that there could be a loss of control and/or capacity under the Proposal. B. Mr. Rebensdorf indicated that he is concerned that there could be decisions made by the operating agency of an asset without input from user agencies; this could be detrimental to San Clemente.
<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<ul style="list-style-type: none"> A. Mr. Rebensdorf did not have any specific organizational proposals to share but would like to see the management of the outfall infrastructure addressed in any proposals considered.

6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?

A. Mr. Rebensdorf is open to other organizational structures that would keep in place current protections including protecting voting rights and existing capacity levels while keeping costs down.

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3.3. Emerald Bay Service District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<ul style="list-style-type: none"> A. EBSD disagrees with the premise in the March 11 proposal that expiration of the Coastal Plant agreement means that change is inevitable with regards to the Coastal Plant Project Committee Agreement. B. Mr. Dunbar indicated that, generally, there were not enough specifics in the March 11 proposal for EBSD to provide an informed opinion. C. Mr. Dunbar is doubtful regarding the potential cost savings due to his experience with other consolidations he was involved with at South Coast Water District. He noted that cost savings are often offset by integration costs. He requested specific information on projected short-and long-term costs versus projected short- and long-term savings. D. Mr. Dunbar noted that, if the Regional Plant operations were to be transferred to MNWD, he is very concerned about EBSD’s inability to have input on planning and financial issues surrounding biosolids transmission, treatment, and disposal. He based his concerns on his inability to determine costs of treatment after reviewing the MNWD IIIA Treatment Plant budget. E. Mr. Dunbar stated that there is a lack of clarity in the proposal regarding voting rights. This issue is of significant concern as well as how solids capacity, planning and operations and maintenance issues will be handled in the future. F. Mr. Dunbar stated that there are lingering issues after the lawsuit, including a lack of trust with MNWD. G. Mr. Dunbar stated that it is EBSD’s position that the benefits desired by SMWD and MNWD don’t require operational changes and can be accomplished with the current operating structure.

2. What concerns does your agency have and how can they be addressed?

- A. Mr. Dunbar stated that loss of the veto voting right is a significant concern of theirs. He noted that EBSD believes that this right is an important protection for all agencies, but particularly for smaller agencies. Mr. Dunbar stated that any transfer of operations must include continuance of current voting rights.
- B. Mr. Dunbar stated that EBSD supports having the existing third-party operational structure for SOCWA as the staff have provided liability protection under the Clean Water Act for the member agencies. With regards to overall liability, Mr. Dunbar said that this issue has not been adequately addressed and is poorly understood with regards to how it would affect the NPDES permit. He questioned whether an agency could self-police itself in the event of a violation as this would appear to be a conflict, especially given the multiple participants. EBSD suggests having both extensive legal and regulatory review once a detailed proposal is provided.
- C. Mr. Dunbar noted that he is concerned that the SOCWA agencies do not well understand the treatment plant performance records for the other agencies and whether there could be increased liability due to increased violations and/or additional costs for poor performance.
- D. Mr. Dunbar noted that SOCWA has been independently audited by the State Auditor as well as undergone a Performance Management Study by Carollo Engineers that included benchmarking comparisons to other regional wastewater agencies. EBSD would like to see the three agencies that have the potential to operate the SOCWA facilities undergo a similar performance review/audit to ensure due diligence is observed when presenting this significant operating change to the member agencies and regulatory agencies.
- E. Mr. Dunbar stated that EBSD is concerned about transparency and sensitivity towards coastal environmental issues. EBSD is confident in the existing staff's concern and culture towards these issues and that they balance inland and coastal concerns as well.

3. What benefits does your agency see from the proposed change?

- A. Mr. Dunbar agreed that the Facilitated Discussion will be helpful in providing the opportunity for agencies to state their concerns with the March 11 proposal.

<p>4. What risks does your agency see from the proposed change?</p>	<p>A. Mr. Dunbar indicated the following concerns for EBSD:</p> <ul style="list-style-type: none">(i) Would potentially be giving up their veto vote.(ii) EBSD would potentially lose the ability to have input into solids treatment costs, planning and operations and maintenance under the proposal.(iii) EBSD could be gaining significant additional liability if the agencies that assume operations experience increased violations or if inherent self-policing conflicts give rise to additional legal conflicts between the member agencies(iv) Regulatory agencies could take a dim view of the proposal and reject it after significant effort and expense has gone into discussing and developing a proposal.(v) Key staff have already left and additional key staff may leave during this period of instability and expose the agency to overburdening remaining staff and serious other unintended consequences if they think they are going to lose their jobs or they will substantially change due to the proposed reorganization.(vi) Treatment costs could increase due to loss of economies of scale
<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. Mr. Dunbar stated that there should be a proposal discussed for SOCWA to continue to provide these services, and that includes a plan to achieve the benefits cited by SMWD and MNWD under the March 11 proposal.</p> <p>B. Mr. Dunbar requested that the March 11 proposal examine how operating efficiency could be negatively impacted by the transfer proposal.</p> <p>C. Mr. Dunbar requested that any proposal examine the liability implications of changing from operations by a neutral third-party to operations by individual agencies with potentially conflicting goals.</p>

	<p>D. Mr. Dunbar proposed that the SOCWA Agencies consider requiring elected officials, not Member Agency staff members, to sit on the Board.</p> <p>E. Mr. Dunbar proposed that a policy be adopted to limit member agency staff contacting SOCWA staff directly; rather, they should go through the SOCWA General Manager so that he/she is able to allocate their resources most efficiently.</p>
<p>6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?</p>	<p>Mr. Dunbar stated the following:</p> <p>A. EBSD would entertain a proposal for MNWD to exit the Coastal Plant under acceptable financial and contractual terms.</p> <p>B. EBSD will only entertain a proposal for MNWD to operate the Regional Plant under specific circumstances.</p> <p>C. EBSD would be open to hearing proposals for other operating options.</p>

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3.4. El Toro Water District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<p>A. Mr. Cafferty stated that there is potential for cost savings as well as the potential for staff efficiencies. He likes that MNWD is willing to “guarantee” those savings.</p> <p>B. Director Freshley and Director Gaskins indicated that the lack of specifics in the proposal made it difficult to provide a comprehensive answer to the question.</p> <p>C. Director Gaskins noted that the current JPA is an outgrowth of evolutionary change that occurred in the 1990s and that the agencies were at an evolutionary stage again; he appreciates that this proposal is an attempt to move the discussion forward, but sees SOCWA as very dysfunctional and unable to reach agreement on any substantive issue.</p>
<p>2. What concerns does your agency have and how can they be addressed?</p>	<p>A. Director Gaskins is concerned that the real issue is that of personalities and that forward progress won’t be made until that is addressed.</p> <p>B. Director Freshley is concerned that the proposal address a reduction in reserve levels and that the complexity of the accounting system is similarly reduced. She noted that less reserves and more trust would create a less complex accounting system that could result in further cost savings.</p> <p>C. Director Freshley agreed that the JPA needs revision and that includes how to address the smaller agencies’ voting issues; Mr. Cafferty similarly noted that voting issues have been a concern amongst the SOCWA member agencies for some time.</p> <p>D. Director Gaskins stated his concern that the proposal doesn’t answer how the remaining SOCWA functions would be overseen, as it would be difficult for SOCWA permitting staff to be in a pseudo-regulatory position but be employed by one of the agencies they “regulate.”</p>

	<ul style="list-style-type: none"> E. Mr. Cafferty stated that there have been discussions regarding how overhead costs will be divided between the agencies noting that, with the consolidation of SMWD and the City of San Juan Capistrano, as well as IRWD’s pending exit, there will be less agencies to absorb overhead costs. F. Mr. Cafferty indicated that he does not understand how the management structure for “New SOCWA” or “SOCWA Light” would function; he noted that there will still be administrative functions (budget, personnel, accounting) that will need to be performed, but like Director Gaskins, doesn’t understand how this would work. G. Mr. Cafferty noted that more details on how the proposed liability shift would occur are needed. H. Mr. Cafferty noted that an attempt was made in 2019 to resolve “low hanging fruit” aspects of the JPA Agreement, but that no progress was able to be made on the relatively easy elements, so he was doubtful that significant timely progress could be made on resolving substantive issues such as liability. I. Director Freshley is concerned that the proposal does not address regional water planning – including changing technology and regulations, ETWD options for solids handling and the associated impacts on the JPA system.
<p>3. What benefits does your agency see from the proposed change?</p> <p>4. What risks does your agency see from the proposed change?</p>	<ul style="list-style-type: none"> A. Director Freshley stated that the biggest benefit she saw in the proposal was the cost savings. A. Mr. Cafferty notes that there is a risk that the cost savings shown in the proposal could creep up after implementation and erode the savings, or that the cost savings were in effect for only a year or two. B. Mr. Cafferty noted that there is a risk that the liability issues can’t be adequately addressed under a JPA structure.

<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. The attendees reported that they have not identified an alternate proposal, however the ETWD Board would like to streamline the existing process. The Board has not taken a position on any organizational structure.</p>
<p>6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?</p>	<p>A. Yes.</p>

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3.5. Moulton Niguel Water District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<ul style="list-style-type: none"> A. Mr. Collings stated that MNWD is supportive of the proposal and interested in resuming operation of the Regional Treatment Plant. The ability to optimize their wastewater operations, from collection to disposal, as well as develop additional water supplies is very important to them. B. Mr. Collings indicated that the proposal offers the opportunity to focus liability on just the agencies participating in a facility rather than to all agencies. C. Mr. Collings noted that there is an opportunity to reduce costs, and thus reduce costs to all of the affected agencies’ customers also. D. Mr. Collings noted that the proposal will simplify, streamline, and make more efficient the operation of all of the joint facilities. E. Mr. Agrelius noted that the proposal gives everyone the opportunity to provide input instead of waiting for an agreement to expire. F. Mr. Collings stated that all agencies are connected at the outfall and that the concept retains SOCWA permit assistance/compliance as well as other regional services such as source control and laboratory services. There is also the opportunity for regional planning or other services that may be desired in the future. G. Ms. Lopez noted that while the proposal may seem to lack specificity, it was meant to be a good faith effort to move forward, particularly in recognition of the imminent expiration of some of the project committee agreements. She indicated that there is a lot of benefit to all agencies in the proposal.

2. What concerns does your agency have and how can they be addressed?

- A. Mr. Collings stated that there are expiring project agreements and that an expedited approach is needed to address them prior to expiration. Mr. Collings noted that MNWD is open to taking care of “pieces at a time,” but prefers a comprehensive solution and emphasized that this would have to be completed expeditiously – the agencies don’t have a lot of time given upcoming expiring agreements and they need to figure out a resolution quickly.
- B. Ms. Lopez stated that the JPA is antiquated and needs significant change in order to address future water needs. She likened the existing JPA structure to “trying to drive a stagecoach on the freeway.” The antiquated system created situations such as having agencies pay for operations from which they receive no benefit. Ms. Lopez indicated that all agencies acknowledge that the system is broken, particularly around liability, and is concerned that the JPA structure is too rigid and doesn’t recognize changing and evolving needs of the member agencies that could prevent MNWD from doing the things they need to do to expand water reuse goals.
- C. Mr. Collings noted that the current agreements are ambiguous and don’t address shared liabilities. Mr. Collings and Mr. Probolsky are concerned that member agencies don’t grasp the importance of the shared liability issue.
- D. Ms. Lopez indicated her concerns about the capital programs that have not been implemented by SOCWA, as well as those that are being proposed. Ms. Lopez and Mr. Collings noted that MNWD is expected to fund approximately \$130 Million towards SOCWA’s capital improvement program over the next 10-12 years, most of which is at the Regional Treatment Plant. This equates to roughly 20% of MNWD’s total 10-Year CIP. MNWD is concerned about SOCWA’s ability to effectively and efficiently execute this CIP while ensuring MNWD’s reuse goals are met.
- E. Ms. Lopez noted that while JPAs can work, particularly for financing, this JPA has too many people trying to drive the stagecoach, and that there are so many conflicts that it’s hard to see a way forward. She knows that more details are needed for agencies to feel comfortable moving forward, but also desires that constructive feedback is obtained from the Facilitated Discussions process.

	<p>F. President Probolsky expressed his concern that, as part of the Facilitated Discussions, any agency(s) that is unwilling to proceed with further negotiations/discussions is clearly identified.</p>
<p>3. What benefits does your agency see from the proposed change?</p>	<p>A. President Probolsky stated that currently, SOCWA is struggling to provide the services needed by the member agencies and is falling farther behind because they aren't equipped to build the critical infrastructure needed by MNWD and others. The proposal would provide for reduced costs, reduced liability and better career opportunities for staff and provide the ability for MNWD to move forward with their water reclamation and supply plans.</p> <p>B. Ms. Lopez noted that each agreement developed under the proposal is going to be unique to its facility and overseen by an Operations Committee that would meet regularly as desired by the different facility partners. This will reduce the meeting burden that currently exists and facilitate more efficiency overall.</p> <p>C. Mr. Agrelius noted that the current organizational structure makes it difficult to actually focus on regional planning, while the proposal would enhance this ability.</p>
<p>4. What risks does your agency see from the proposed change?</p>	<p>A. Mr. Collings noted that in putting together the proposal, they looked at several options, including the old AWMA/SERRA/SOCWRA model, but this was the preferred approach primarily because the other models don't address the shared liability issue.</p> <p>B. Mr. Collings noted that the proposal has risks and opportunities for staff members: Risk in that existing employees may be concerned about change and look for opportunities elsewhere leading to staffing issues. He noted that it is important to communicate with SOCWA staff regarding the increased career opportunities that may arise from this approach and the ability to broaden their skills set that will be available to them as part of a full-service organization.</p>

<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. Mr. Collings noted that in putting the proposal together, the Task Force looked at several options, including the old AWMA/SERRA model, but none of them addressed the shared liability issues that was included in this proposal.</p> <p>B. Mr. Collings noted that the overarching goal of the proposal was to address and resolve many of the outstanding issues facing the member agencies. MNWD is open to modifications and enhancements to the proposal. Ms. Lopez concurred, stating that the proposal is not so rigid that it can't be molded further.</p>
<p>6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?</p>	<p>A. Mr. Collings indicated that MNWD would be open to other proposals.</p>

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3.6. Santa Margarita Water District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<ul style="list-style-type: none"> A. Mr. Ferons stated that the organization (SOCWA) needs change and that the proposed concept reflects a step towards an ownership and operations methodology that reflects the value of wastewater as a source of water supply, which was not foreseen in the 1990s when the entity was reorganized into SOCWA. B. Mr. Bunts noted that the current JPA framework is inefficient and inequitable. There are nine agencies involved in the running of the three treatment plants (Latham, Regional and Coastal) and that four of those agencies don't pay any of the costs of those plants or realize any benefit from them – and yet they have a veto vote that can have a direct impact on those agencies that are paying for the treatment plant costs. He also noted that in addition to the SOCWA Board Members and staff, there are Board Members and staff from each of the agencies (totaling more than 60 people), ultimately involved in decision-making. This proposal would streamline the decision-making process and allow the affected agencies to have direct control over the facilities that they have direct interest in (pay for). C. Mr. Ferons noted the proposal recognizes that there are some SOCWA functions that are efficient and make sense to stay with SOCWA (recycled water permitting, source control, laboratory services and regulatory compliance), but that ownership and operations of the treatment plants belongs at the agency level. D. Mr. Ferons stated that the proposal to transfer ownership and operation of the treatment plants to the member agencies was not made because of administrative, management or operational issues. Rather, integrating these facilities into their agencies' operations recognizes that the effluent from the three plants will become the influent for current and future advanced treatment facilities, resulting in efficient and coordinated operations.

2. What concerns does your agency have and how can they be addressed?

- E. Mr. Ferons noted that recently, SMWD and MNWD have operated Plant 3A and had both financial and operating success doing that because of their need for higher output and already being staffed for 7/24 operations. He noted that several agencies also operate water treatment and storage facilities by contract (without JPAs) very successfully.
- F. Ms. Castillo noted that the proposal addresses efficiencies gained in relation to the current tracking and allocation of costs between the various project committees and would potentially save \$1.8 million.
- A. Mr. Ferons stated that he is concerned that a piecemeal approach will be taken over several years to address the issues rather than a holistic approach.
- B. Mr. Ferons indicated that the “trust” issue keeps coming up. He’s concerned that the discussion of what’s best for the member agencies will be based upon past history and not future opportunities.
- C. Ms. Castillo noted concerns about the timeline with regards to the expiring project agreements and allocating unfunded liabilities payments. She is concerned that agreements need to be finalized within the year to meet these deadlines.
- D. Mr. Ferons and Mr. Bunts noted that they are concerned that the project committee agreements will be extended by one or two years each, which could end up being done repeatedly, and nothing gets resolved.
- E. Mr. Bunts was concerned that discussions might not take place via public workshops so that all parties can engage and discuss their concerns, but rather in separate meetings outside the ability of all parties to participate.
- F. Mr. Bunts noted that the Board is comprised primarily of staff members and a few elected members, adding a layer of inefficiency to Board deliberations.
- G. Mr. Ferons expressed concerns about the SOCWA employees and how the continuing uncertainty affects them and could increase attrition rates at SOCWA.

3. What benefits does your agency see from the proposed change?

- A. Mr. Ferons pointed out the \$1.8 M cost savings identified in the March 11 Proposal attained through operational and staffing efficiencies. He noted that currently, SMWD is picking up the City of San Juan Capistrano’s costs, thus allowing General Fund and Administration costs to be divided by 10 agencies rather than 9 agencies.
- B. Mr. Ferons stated that financial guarantees could be included in the agreements.
- C. Mr. Ferons noted the potential to produce indirect and direct potable water (IPR and DPR) at Latham.
- D. Mr. Ferons and Mr. Bunts noted that the proposal would reduce the amount of time the member agencies spend on SOCWA issues that do not directly affect them and reduce the number of meetings that both member agency and SOCWA staff must prepare for and attend.
- E. Mr. Ferons noted that the proposed changes would provide the opportunity for the affected agencies to talk directly instead of hiring intermediaries.
- F. Mr. Ferons noted that there would be a streamlined ability to address capital projects, stating that SMWD has an existing and substantial engineering and construction management team that has the capacity to handle proposed capital projects.
- G. Mr. Ferons reiterated the operational efficiencies that could be obtained by agencies being able to take a holistic approach to providing recycled water as a part of the total water distribution system.

<p>4. What risks does your agency see from the proposed change?</p>	<p>Mr. Ferons indicated the following risks for SMWD:</p> <ul style="list-style-type: none"> (i) An agreement that addresses all of the outstanding issues isn't developed by December 31, 2022 so that it could be executed by all agencies prior to June 30, 2023, when the Project Committee No. 2 Agreement expires. Further delays and inaction increase the amount of work and uncertainty (ii) If SMWD operated the Latham plant and erred in some way operating the facility, it would be SMWD's responsibility to address the regulatory issues and if necessary, pay the resulting fines/penalties. (iii) Similarly, they would want the same risk transfer in an operating agreement if any other agency operated the Latham plant: i.e., if SCWD erred in operating the facility, it would be SCWD's responsibility to address the regulatory issues and pay the resulting fines/penalties.
<p>5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. Mr. Ferons indicated that another approach could be creating an independent special district that has its own board with weighted voting.</p>
<p>6.</p>	<p>Mr. Ferons stated the following:</p> <ul style="list-style-type: none"> A. If there are other operational proposals, SMWD is open to considering them if they are proposed in a timely manner and don't delay the timeline identified previously. He noted that there has been substantial discussion of alternatives, and that the proposal that was submitted reflects the best option identified after other options had been considered and discarded.

3.7. South Coast Water District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<p>A. Mr. Serna indicated that potentially retaining SOCWA for permit compliance and to limit liability made sense, particularly in light of State Lands Commission requirements on top of NPDES permit requirements. There may be new or additional permitting requirements in the future that haven't been identified and having an entity to hold those permits and ensure compliance is important, although this depends on the final resolution of the future structure of SOCWA. A thorough understanding of how the permitting/regulatory component could be kept with SOCWA needs to be obtained in order to assess how this structure will be managed and what additional staff/cost is needed for SOCWA to function as an independent agency with a limited role.</p> <p>B. District stated that SCWD supports an alternative proposal that has SCWD operating the CTP and JBL treatment plants and both outfalls, as all these facilities are located within their service area and their coastal locations need to align with SCWD's level of service requirements (i.e., no-spill policy, environmental stewardship of coastal community).</p> <p>C. District indicated that substantially more detail needs to be provided about the proposals (from both SMWD and MNWD) so that SCWD doesn't incorrectly infer elements that aren't actually being proposed.</p> <p>D. Mr. Erkeneff stated that SCWD dislikes the lack of details in the proposal and suggests developing a term sheet prior to receiving a comprehensive proposal. He stated further that the issue of a loss of control is significant to SCWD and discussion of this must be part of any proposal.</p> <p>E. Mr. Shintaku indicated that he is open to considering a proposal(s) but also wants to have dialogue on terms and conditions prior to receiving proposals. In order to fully assess an operational proposal, there needs to be more definition, both in the terms and the data supplied. Additional time may be necessary and the agencies should not be constrained by the current expiration date of PC 2.</p>

2 What concerns does your agency have and how can they be addressed?

- A. Mr. Shintaku stated that resolution of the expiring project committee agreements and SOCWA’s future is a high priority for SCWD. He noted that these issues have been discussed for three years and not much progress has been made, and he is concerned that a thoughtful agreement cannot be negotiated and approved by the member agencies by June 30, 2023. SCWD believes that seeking an amendment to extend the PC2 Agreement (i.e., amendment for time) will benefit all agencies and provide time to ensure an adequate assessment can be made that will address long-term operational and capital management of all related facilities.
- B. Mr. Erkeneff noted that there are many variables over the next 50 years, and SCWD desires an organizational structure and/or agreement(s) that includes regional water management coordination so that all water and wastewater needs – from recycled water, IPR/DPR, Desalination, etc., can be accommodated by the treatment plants and outfalls and not limited because of poor planning and coordination. He also noted that the next 50 years will require significant legislative coordination and advocacy to ensure water supply reliability and the potential for long-term financing – how these issues will be addressed should be identified in the proposal.
- C. Mr. Shintaku noted that SCWD has been asking that SOCWA define a level of service, but there hasn’t been a consensus (by the SOCWA member agencies) on defining the performance level (e.g., is it a no-spill agency, is it a low-cost agency, etc.). Defining a member-agency consensus service level for SOCWA is the proper first step in: (1) evaluating the effectiveness of the current SOCWA; and (2) negotiating agreement terms if an agency would take over operating a respective treatment plant. Mr. Shintaku was concerned that varying levels of service could be defined differently by various operating agencies, and that could impact potential liability.
- D. Mr. Goldman, Mr. Shintaku and Mr. Serna expressed concerns about the unknown and/or apparent poor condition of specific facilities and the impression that some member agencies may be responsible via their feedback at SOCWA Committee/Board meetings for SOCWA staff to run equipment to fail. A third-party condition assessment funded through SOCWA should be considered so that potential owners (if SOCWA no longer exists) can understand what may be needed to bring the facilities up to an operating agency’s level of service requirements.

- E. Mr. Erkeneff noted that when he was Chair of SOCWA, there was always an emphasis to keep costs low – at the expense of capital projects. He is concerned that current ratepayers will be asked to bring facilities up to an operating agency’s level of service standards and that those costs may need to be born on a multi-generational basis (debt financed) through the JPA (or resulting organization) rather than as PAYGO.
- F. Mr. Goldman stated that SCWD is concerned that the organizational structure that results from this process meet the changing regulatory and operating environment that is coming, and that SCWD’s assets and interests are protected. He further noted that SCWD doesn’t clearly understand if the proposed structure will be simpler or more complicated than the existing structure – particularly with regards to how the permits will be written – and that this should be assessed as part of the review process.
- G. Mr. Erkeneff noted that dismantling SOCWA for cost savings is an attractive idea, but there are liability and reliability concerns that must be addressed; he was also concerned that the savings haven’t been substantiated with detailed information and requested that this information be provided.
- H. Ms. Arends-King indicated that the March 11th proposal lacked specificity about accountability and checks and balances for operating agencies. She also requested more specific information with regards to how liability will be reduced for member agencies.
- I. Mr. Serna noted SCWD concerns about the March 11 proposal including the fact that it would seem like the remaining SOCWA entity functions (outfalls, permits, lab), such as permitting and compliance, would still require staff management structure and staffing. Also noted that it is unclear what specific issues need to be resolved with current SOCWA operations and that a better understanding of SOCWA performance via metrics and expected level of service should be established in order to properly assess alternative operator proposals.
- J. District noted that the weighted voting concept needs to be addressed in the existing SOCWA structure to address those agencies that aren’t sending flow to a treatment plant.

<p>3 What benefits does your agency see from the proposed change?</p>	<ul style="list-style-type: none">A. Mr. Shintaku noted that this process offered an opportunity to address the systemic issues facing SOCWA, but a realistic time frame, inclusive of milestones and deadlines, needs to be developed.B. Mr. Goldman noted that there is an opportunity to better define the problem(s) to be solved and to address them holistically.C. Mr. Serna indicated that SCWD sees that the opportunity for a weighted vote that would provide more control for agencies with greater ownership and cost responsibilities.D. Ms. Arends-King noted that this process should provide an opportunity to address a lack of coordination between Finance and Engineering Committees at SOCWA, particularly with regards to funding capital expenses.E. Mr. Shintaku and Mr. Serna stated that if the future of SOCWA and the proposed concept (i.e., threat) of agency takeover of the treatment plants(s) isn't resolved in the near future, then recruiting and retaining all staff, but particularly high-level staff, will be threatened.
<p>4 What risks does your agency see from the proposed change?</p>	<ul style="list-style-type: none">(i) Mr. Shintaku noted that the years of discussion and turmoil have limited SOCWA's ability to recruit/retain higher level staff and that they may lose existing key staff leading to unintended consequences.B. Mr. Serna noted the expiring PC2 Agreement and indicated concern that an extension to the PC2 Agreement - that would enable time to resolve these issues – would not occur.C. Mr. Serna indicated that there is a risk and likelihood the cost savings being proposed may not be realized, and that the agencies will still need a high level of involvement, if not more, in the oversight of operations regardless of who is operating them.D. The operating agencies may utilize the respective treatment plants to their agency's advantage (e.g., inland agencies use JBL as a peaking plant), or require agencies that use the facility on a frequent basis to pay a disproportionate share of costs despite maintaining plant for another agency's peak use. These issues will need to be addressed in Agreements that might be as complicated or more than the existing JPA arrangement.

<p>5 Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. A consensus of the attendees proposed the option of restructuring the JPA to have the ability to debt finance, set levels of service, protect voting rights, and provide regional water management coordination.</p>
<p>6 Would you be open to ANY other operational proposal and/or governance structure other than the current operational</p>	<p>A. The attendees agreed that they would be open to other organizational structures that would provide the ability to debt finance, set levels of service, incorporates weighted voting rights, and provides support for regional water management.</p>

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3.8. SOCWA Staff

Question	Responses
<ol style="list-style-type: none"> 1. What does your agency like or dislike about the proposed concept? 2. What concerns does your agency have and how can they be addressed? 3. What benefits does your agency see from the proposed change? 4. What risks does your agency see from the proposed change? 	<p>A. Ms. Burnett stated that the Orange County economy is one of the largest in the world and relies upon a beautiful ocean, reflective of a community committed to health for persons and the environment. SOCWA balances the interests of inland and coastal partners in its mission. Staff is of the opinion that SOCWA benefits are its neutrality, regional focus, transparency, lean and expert staff focused solely on wastewater treatment and compliance unincumbered by potential for conflicting interests. SOCWA staff work at the direction and within the scope set by the SOCWA Board of Directors and report under the SOCWA General Manager. The capacity for SOCWA facilities is an asset of each member agency and it is within the discretion of the agencies in accord with the JPA Agreement to determine the manner of operation of the SOCWA owned facilities. SOCWA staff will abide within the decision of the SOCWA agencies as to the future.</p>
<ol style="list-style-type: none"> 5 Do you have other organizational proposals to address the future needs of SOCWA and its member agencies? 	<p>A. Ms. Burnett stated that there are a number of statutory options for the formation of organizations that treat and dispose of wastewater and its residuals. Through existing legal expertise these could be considered for compatibility to member agency needs for services.</p>
<ol style="list-style-type: none"> 6 Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality? 	

3.9. Trabuco Canyon Water District

Question	Responses
<p>1. What does your agency like or dislike about the proposed concept?</p>	<p>A. Mr. Dopudja stated TCWD likes the potential cost savings and assignment of liability of assets to the project agreements; however, nothing specific is demonstrated within the proposal so it’s difficult to express an opinion beyond the theoretical.</p> <p>B. Mr. Dopudja noted TCWD’s willingness to consider issues of fairness and equity within an alternate SOCWA structure, and was hopeful all agencies would engage. He noted that the proposal seems to be a movement forward in this direction. Mr. Dopudja noted there had been previous discussions at SOCWA regarding weighted voting, but no proposal has ever been advanced.</p>
<p>2. What concerns does your agency have and how can they be addressed?</p>	<p>A. Mr. Dopudja stated that TCWD’s primary concern is the apparent lack of value proposition to their ratepayers from the proposed concept. In participating, TCWD could face the opposite of what the proponents of the concept are advocating for on behalf of their ratepayers. Mr. Dopudja suggested that the proponents of the concept demonstrate how TCWD benefits from the outcome or at least is kept whole through the process.</p> <p>B. Mr. Dopudja stated that there is a concern that TCWD ratepayers could end up paying more for the same services than they currently do. He was particularly concerned that the cost of the process to examine changing the organization could be costly and again, could also result in higher annual costs than TCWD would have experienced had there been no changes.</p> <p>C. Mr. Dopudja noted that it appears that a motivation for the proposed concept and its timeline is the impending expiration of the JPA agreements, but questioned whether this is a valid driver. He suggested that these could be addressed or clarified through a definitive legal opinion on what will happen when the agreements expire.</p>

<p>3 What benefits does your agency see from the proposed change?</p>	<p>D. Mr. Dopudja stated that TCWD has concerns about the liability exposure that was raised because of the PC15 lawsuit.</p> <p>A. Mr. Dopudja stated that TCWD sees some potential benefits of the proposed concept such as facilitating water reuse objectives, enhancing grant opportunities, streamlining governance, and reducing exposure to liability. It could also help answer questions regarding the expiration of existing JPA agreements.</p> <p>B. Mr. Dopudja noted, however, that some or all of these potential benefits, as well as other efficiencies and opportunities, could be pursued without a wholesale change of organizational structure.</p> <p>C. Mr. Dopudja observed that this process is an opportunity to get everyone on the same page with regards to the expiration of the agreements and what it means.</p>
<p>4 What risks does your agency see from the proposed change?</p>	<p>A. Mr. Dopudja stated that, similar to the question about concerns, the business case of the proposed concept and its aftermath are not apparent to TCWD. TCWD could be spending its ratepayer funds to enable other SOCWA agencies to save their ratepayers' funds. What if the anticipated savings of the proposed concept don't materialize, and who/what entity(ies) own the risk if that happens? How does SOCWA cap the risk to TCWD of participating in an organizational restructuring?</p>
<p>5 Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?</p>	<p>A. Mr. Dopudja suggested that perhaps an OC Sanitation or other sanitation district model could serve as examples.</p>

<p>6 Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?</p>	<p>A. Mr. Dopudja stated that TCWD is open to discussing other operational or governance proposals that offer a clear and convincing case for increasing value to TCWD ratepayers, either by lowering the cost of current services or enhancing needed services in a cost-effective manner.</p> <p>B. Mr. Dopudja noted that the original agreements were developed 50 years ago and questioned whether the participants would structure the agreements the same way today. He stated that all parties should keep an open mind about changes.</p>
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Supplemental Agency Comments: Subsequent to the Meeting, General Manager Paludi provided written comments that have been incorporated into this document, but for the record, are included below:

SOCWA Facilitated Discussions

TCWD Response to Questions July 5, 2022

1. What does your agency like or dislike about the proposed concept?

TCWD likes the potential cost savings and assignment of liability of assets to the project agreements; however, nothing specific is demonstrated within the proposal so it's difficult to express an opinion beyond the theoretical.

2. What concerns does your agency have and how can they be addressed?

TCWD's primary concern is the apparent lack of value proposition to our ratepayers from the proposed concept. In participating, TCWD could face the opposite of what that the proponents of the concept are advocating for on behalf of their ratepayers. Perhaps the proponents of the concept can demonstrate how TCWD benefits from the outcome or at least is kept whole through the process?

It appears that a motivation for the proposed concept and its timeline is the impending expiration of the JPA agreements, but should this be considered a valid driver? Maybe this can be addressed or clarified through a legal opinion on what will happen when the agreements expire.

3. What benefits does your agency see from the proposed change?

TCWD sees some potential benefits of the proposed concept as facilitating water reuse objectives, enhancing grant opportunities, streamlining governance, and reducing exposure to liability. It could also help answer questions regarding the expiration of existing JPA agreements.

It should be noted, however, that some or all of these potential benefits, as well as other efficiencies and opportunities, could be pursued without a wholesale change of organizational structure.

4. What risks does your agency see from the proposed change?

Similar to the answer to Question #2, the business case of the proposed concept and its aftermath are not apparent to TCWD. TCWD could be spending its ratepayer funds to enable other SCOWA agencies to save their ratepayers' funds. What if the anticipated savings of the proposed concept don't materialize, and who/what entity(ies) own the risk if that happens? How does SOCWA cap the risk to TCWD of participation in an organizational restructuring?

5. Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?

Perhaps OC Sanitation or other sanitation district models could serve as examples.

6. Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?

TCWD is open to discussing other operational or governance proposals that offer a clear and convincing case for increasing value to TCWD ratepayers, either by lowering the cost of current services or enhancing needed services in a cost-effective manner.

4. Agency Responses Grouped by Questions

The following pages contain the member agencies responses grouped together by each of the questions that were posed. Please note that the response for SOCWA Staff is shown on the table with Question 1 responses and Question 6 responses, as they submitted a written response that covered multiple points, but was formatted differently.

DRAFT

Question 1 – What does your agency like or dislike about the proposed concept?

CLB

- A. Ms. Dupuis stated that the proposal lacks the detail necessary to understand how the proposal has any benefit for the City. Ms. Dupuis noted that the lawsuit was a very painful and costly process for the City and this proposal doesn't address the outstanding issues identified in the judgment.
 - B. Mr. Shissler indicated that after going through the lawsuit there is a lack of trust; receiving a proposal that lacks details makes it difficult to get past that.
 - C. Mr. Jungreis questioned why there is discussion about the proposal when there is not enough information, i.e., when, how, why and supporting detail is missing.
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CSC

- A. Mr. Rebensdorf likes the proposed framework that separates out facilities and ultimately decreases San Clemente's liability, although he desires more details as to how this would be accomplished.
 - B. Mr. Rebensdorf likes that the proposal includes potential cost savings and that, particularly in the regulatory area, SOCWA would operate more like a "consultant."
 - C. Mr. Rebensdorf likes the potential for reduced number of meetings as it is difficult for him or his staff to attend all of the meetings.
 - D. Mr. Rebensdorf does not like the potential for loss of control or capacity in the outfall.
 - E. Mr. Rebensdorf feels that the Proposal is silent on how voting would change but does not want to lose control of outfall capacity or allocation of costs.
 - F. Mr. Rebensdorf feels that the current Proposal has a lack of functional detail and that agencies need more information.
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EBSD

- A. EBSD disagrees with the premise in the March 11 proposal that expiration of the Coastal Plant agreement means that change is inevitable with regards to the Coastal Plant Project Committee Agreement.
- B. Mr. Dunbar indicated that, generally, there were not enough specifics in the March 11 proposal for EBSD to provide an informed opinion.
- C. Mr. Dunbar is doubtful regarding the potential cost savings due to his experience with other consolidations he was involved with at South Coast Water District. He noted that cost savings are often offset by integration costs. He requested specific information on projected short-and long-term costs versus projected short- and long-term savings.
- D. Mr. Dunbar noted that, if the Regional Plant operations were to be transferred to MNWD, he is very concerned about EBSD's inability to have input on planning and financial issues surrounding biosolids transmission, treatment, and disposal. He based his concerns on his inability to determine costs of treatment after reviewing the MNWD IIIA Treatment Plant budget.
- E. Mr. Dunbar stated that there is a lack of clarity in the proposal regarding voting rights. This issue is of significant concern as well as how solids capacity, planning and operations and maintenance issues will be handled in the future.

Question 1 – What does your agency like or dislike about the proposed concept? (Cont’d)

ETWD

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- A. Mr. Cafferty stated that there is potential for cost savings as well as the potential for staff efficiencies. He likes that MNWD is willing to “guarantee” those savings.
 - B. Director Freshley and Director Gaskins indicated that the lack of specifics in the proposal made it difficult to provide a comprehensive answer to the question.
 - C. Director Gaskins noted that the current JPA is an outgrowth of evolutionary change that occurred in the 1990s and that the agencies were at an evolutionary stage again; he appreciates that this proposal is an attempt to move the discussion forward, but sees SOCWA as very dysfunctional and unable to reach agreement on any substantive issue.
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MNWD

- A. Mr. Collings stated that MNWD is supportive of the proposal and interested in resuming operation of the Regional Treatment Plant. The ability to optimize their wastewater operations, from collection to disposal, as well as develop additional water supplies is very important to them.
 - B. Mr. Collings indicated that the proposal offers the opportunity to focus liability on just the agencies participating in a facility rather than to all agencies.
 - C. Mr. Collings noted that there is an opportunity to reduce costs, and thus reduce costs to all of the affected agencies’ customers also.
 - D. Mr. Collings noted that the proposal will simplify, streamline, and make more efficient the operation of all of the joint facilities.
 - E. Mr. Agrelius noted that the proposal gives everyone the opportunity to provide input instead of waiting for an agreement to expire.
 - F. Mr. Collings stated that all agencies are connected at the outfall and that the concept retains SOCWA permit assistance/compliance as well as other regional services such as source control and laboratory services. There is also the opportunity for regional planning or other services that may be desired in the future.
 - A. Ms. Lopez noted that while the proposal may seem to lack specificity, it was meant to be a good faith effort to move forward, particularly in recognition of the imminent expiration of some of the project committee agreements. She indicated that there is a lot of benefit to all agencies in the proposal.
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SMWD

- A. Mr. Ferons stated that the organization (SOCWA) needs change and that the proposed concept reflects a step towards an ownership and operations methodology that reflects the value of wastewater as a source of water supply, which was not foreseen in the 1990s when the entity was reorganized into SOCWA.
- B. Mr. Bunts noted that the current JPA framework is inefficient and inequitable. There are nine agencies involved in the running of the three treatment plants (Latham, Regional and Coastal) and that four of those agencies don’t pay any of the costs of those plants or realize any benefit from them – and yet they have a veto vote that can have a direct impact on those agencies that are paying for the treatment plant costs. He also noted that in addition to the SOCWA Board Members and staff, there are Board Members and staff from each of the agencies (totaling more than 60 people), ultimately involved in decision-making. This proposal would streamline the decision-making process and allow the affected agencies to have direct control over the facilities that they have direct interest in (pay for).

Question 1 – What does your agency like or dislike about the proposed concept? (Cont’d)

SMWD
(Cont’d)

- C. Mr. Ferons noted the proposal recognizes that there are some SOCWA functions that are efficient and make sense to stay with SOCWA (recycled water permitting, source control, laboratory services and regulatory compliance), but that ownership and operations of the treatment plants belongs at the agency level.
 - D. Mr. Ferons stated that the proposal to transfer ownership and operation of the treatment plants to the member agencies was not made because of administrative, management or operational issues. Rather, integrating these facilities into their agencies’ operations recognizes that the effluent from the three plants will become the influent for current and future advanced treatment facilities, resulting in efficient and coordinated operations.
 - E. Mr. Ferons noted that recently, SMWD and MNWD have operated Plant 3A and had both financial and operating success doing that because of their need for higher output and already being staffed for 7/24 operations. He noted that several agencies also operate water treatment and storage facilities by contract (without JPAs) very successfully.
 - F. Ms. Castillo noted that the proposal addresses efficiencies gained in relation to the current tracking and allocation of costs between the various project committees and would potentially save \$1.8 million.
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SCWD

- A. Mr. Serna indicated that potentially retaining SOCWA for permit compliance and to limit liability made sense, particularly in light of State Lands Commission requirements on top of NPDES permit requirements. There may be new or additional permitting requirements in the future that haven’t been identified and having an entity to hold those permits and ensure compliance is important, although this depends on the final resolution of the future structure of SOCWA. A thorough understanding of how the permitting/regulatory component could be kept with SOCWA needs to be obtained in order to assess how this structure will be managed and what additional staff/cost is needed for SOCWA to function as an independent agency with a limited role.
- B. District stated that SCWD supports an alternative proposal that has SCWD operating the CTP and JBL treatment plants and both outfalls, as all these facilities are located within their service area and their coastal locations need to align with SCWD’s level of service requirements (i.e., no-spill policy, environmental stewardship of coastal community).
- C. District indicated that substantially more detail needs to be provided about the proposals (from both SMWD and MNWD) so that SCWD doesn’t incorrectly infer elements that aren’t actually being proposed.
- D. Mr. Erkeneff stated that SCWD dislikes the lack of details in the proposal and suggests developing a term sheet prior to receiving a comprehensive proposal. He stated further that the issue of a loss of control is significant to SCWD and discussion of this must be part of any proposal.
- E. Mr. Shintaku indicated that he is open to considering a proposal(s) but also wants to have dialogue on terms and conditions prior to receiving proposals. In order to fully assess an operational proposal, there needs to be more definition, both in the terms and the data supplied. Additional time may be necessary and the agencies should not be constrained by the current expiration date of PC 2.

SOCWA
Staff

Question 1 – What does your agency like or dislike about the proposed concept? (Cont'd)

A. Ms. Burnett stated that the Orange County economy is one of the largest in the world and relies upon a beautiful ocean reflective of a community committed to health for persons and the environment. SOCWA balances the interests of inland and coastal partners in its mission. Staff is of the opinion that SOCWA benefits are its neutrality, regional focus, transparency, lean and expert staff focused solely on wastewater treatment and compliance unincumbered by potential for conflicting interests. SOCWA staff work at the direction and within the scope set by the SOCWA Board of Directors and report under the SOCWA General Manager. The capacity for SOCWA facilities is an asset of each member agency and it is within the discretion of the agencies in accord with the JPA Agreement to determine the manner of operation of the SOCWA owned facilities. SOCWA staff will abide within the decision of the SOCWA agencies as to the future.

TCWD

- A. Mr. Dopudja stated TCWD likes the potential cost savings and assignment of liability of assets to the project agreements; however, nothing specific is demonstrated within the proposal so it's difficult to express an opinion beyond the theoretical.
- B. Mr. Dopudja noted TCWD's willingness to consider issues of fairness and equity within an alternate SOCWA structure, and was hopeful all agencies would engage. He noted that the proposal seems to be a movement forward in this direction. Mr. Dopudja noted there had been previous discussions at SOCWA regarding weighted voting, but no proposal has ever been advanced.

Question 2 – What concerns does your agency have and how can they be addressed?

CLB

- A. Ms. Dupuis stated that because of the lack of detail in the proposal the City can't make any decision regarding the proposal. Primary concerns include: no backup to substantiate the proposed savings, no detailed information regarding how the treatment plants would be operated and how costs would be allocated, and no discussion of how liability would be handled.
- B. Ms. Dupuis stated that the City is very concerned that there could be significant liabilities for the City that don't exist under the current structure.
- C. Ms. Dupuis stated the City doesn't understand how this will address the expiring PC 15 Agreement.
- D. Mr. Domer noted that the proposal doesn't include a term and that the existing project committee agreements had been in place for almost 50 years; any proposal should provide a framework for a similar horizon.
- E. Mr. Jungreis stated that there is continuing oversight by the Court after the CTP lawsuit settlement and this needs to be considered as this proposal or any proposal is discussed.
- F. Mr. Shissler expressed concerns about how regulatory agencies would view the proposal.
- G. Mr. Shissler noted that discussions about weighted votes had been held, but the one vote per agency and veto voting provisions are important to the City to retain; he noted that a ratepayer in Laguna Beach is as important as a ratepayer in any other agency and should have the same rights.
- H. Mr. Jungreis stated that the level of bureaucracy between the nine agencies and the number of meetings has the potential to place a considerable burden on City staff; there is no information in the proposal regarding how this will be reduced in the alternative structure.
- I. Mr. Jungreis noted that the need for failsafe disposal of sewage will be necessary into the future and that all agencies are tied together at the Outfalls; the presentation focuses CSD
- J. Ms. Broida expressed concerns that the agencies "don't know what they don't know" but are contemplating substantial changes to their organizational structure.

CSC

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- A. Mr. Rebensdorf would like to ensure that the cost savings outlined in the proposal are substantiated, that costs wouldn't be shifted, and he would like to see additional detailed information provided as to how the savings will be achieved.
 - B. Mr. Rebensdorf is concerned with future outfall use and how the outfall will be used during high- and low-flow periods, particularly storm events and seasonal changes in discharges, and how regulatory requirements will be met. He noted that it is imperative that the agencies coordinate closely on future plans for the outfall.
 - C. Mr. Rebensdorf is concerned that more information is needed regarding the transfer of assets to agencies and which agencies would own/operate the different assets.
 - D. Mr. Rebensdorf is concerned that the regional purchasing contracts may not continue so would like to see that addressed moving forward.
 - E. Mr. Rebensdorf is concerned that there still needs to be a functional agency similar to SOCWA in place if the assets are split off, but other services remain.
 - F. Mr. Rebensdorf is concerned that the process is being rushed and that the current deadlines discussed should be extended. He noted that it will take a significant amount of time to develop a detailed proposal and then have it go through the review process in the City (i.e., City Attorney, City Manager, Council).

Question 2 – What concerns does your agency have and how can they be addressed? (Cont’d)

EBS

- A. Mr. Dunbar stated that loss of the veto voting right is a significant concern of theirs. He noted that EBSD believes that this right is an important protection for all agencies, but particularly for smaller agencies. Mr. Dunbar stated that any transfer of operations must include continuance of current voting rights.
 - B. Mr. Dunbar stated that EBSD supports having the existing third-party operational structure for SOCWA as the staff have provided liability protection under the Clean Water Act for the member agencies. With regards to overall liability, Mr. Dunbar said that this issue has not been adequately addressed and is poorly understood with regards to how it would affect the NPDES permit. He questioned whether an agency could self-police itself in the event of a violation as this would appear to be a conflict, especially given the multiple participants. EBSD suggests having both extensive legal and regulatory review once a detailed proposal is provided.
 - C. Mr. Dunbar noted that he is concerned that the SOCWA agencies do not well understand the treatment plant performance records for the other agencies and whether there could be increased liability due to increased violations and/or additional costs for poor performance.
 - D. Mr. Dunbar noted that SOCWA has been independently audited by the State Auditor as well as undergone a Performance Management Study by Carollo Engineers that included benchmarking comparisons to other regional wastewater agencies. EBSD would like to see the three agencies that have the potential to operate the SOCWA facilities undergo a similar performance review/audit to ensure due diligence is observed when presenting this significant operating change to the member agencies and regulatory agencies.
 - E. Mr. Dunbar stated that EBSD is concerned about transparency and sensitivity towards coastal environmental issues. EBSD is confident in the existing staff's concern and culture towards these issues and that they balance inland and coastal concerns as well.
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ETWD

- A. Director Gaskins is concerned that the real issue is that of personalities and that forward progress won't be made until that is addressed.
- B. Director Freshley is concerned that the proposal address a reduction in reserve levels and that the complexity of the accounting system is similarly reduced. She noted that less reserves and more trust would create a less complex accounting system that could result in further cost savings.
- C. Director Freshley agreed that the JPA needs revision and that includes how to address the smaller agencies' voting issues; Mr. Cafferty similarly noted that voting issues have been a concern amongst the SOCWA member agencies for some time.
- D. Director Gaskins stated his concern that the proposal doesn't answer how the remaining SOCWA functions would be overseen, as it would be difficult for SOCWA permitting staff to be in a pseudo-regulatory position but be employed by one of the agencies they "regulate."
- E. Mr. Cafferty stated that there have been discussions regarding how overhead costs will be divided between the agencies noting that, with the consolidation of SMWD and the City of San Juan Capistrano, as well as IRWD's pending exit, there will be less agencies to absorb overhead costs.
- F. Mr. Cafferty indicated that he does not understand how the management structure for "New SOCWA" or "SOCWA Light" would function; he noted that there will still be administrative functions (budget, personnel, accounting) that will need to be performed, but like Director Gaskins, doesn't understand how this would work.
- G. Mr. Cafferty noted that more details on how the proposed liability shift would occur are needed.

Question 2 – What concerns does your agency have and how can they be addressed? (Cont’d)

ETWD
(Cont’d)

- A. Mr. Cafferty noted that an attempt was made in 2019 to resolve “low hanging fruit” aspects of the JPA Agreement, but that no progress was able to be made on the relatively easy elements, so he was doubtful that significant timely progress could be made on resolving substantive issues such as liability.
- B. Director Freshley is concerned that the proposal does not address regional water planning – including changing technology and regulations, ETWD options for solids handling and the associated impacts on the JPA system.

MNWD

- A. Mr. Collings stated that there are expiring project agreements and that an expedited approach is needed to address them prior to expiration. Mr. Collings noted that MNWD is open to taking care of “pieces at a time,” but prefers a comprehensive solution and emphasized that this would have to be completed expeditiously – the agencies don’t have a lot of time given upcoming expiring agreements and they need to figure out a resolution quickly.
- B. Ms. Lopez stated that the JPA is antiquated and needs significant change in order to address future water needs. She likened the existing JPA structure to “trying to drive a stagecoach on the freeway.” The antiquated system created situations such as having agencies pay for operations from which they receive no benefit. Ms. Lopez indicated that all agencies acknowledge that the system is broken, particularly around liability, and is concerned that the JPA structure is too rigid and doesn’t recognize changing and evolving needs of the member agencies that could prevent MNWD from doing the things they need to do to expand water reuse goals.
- C. Mr. Collings noted that the current agreements are ambiguous and don’t address shared liabilities. Mr. Collings and Mr. Probolsky are concerned that member agencies don’t grasp the importance of the shared liability issue.
- D. Ms. Lopez indicated her concerns about the capital programs that have not been implemented by SOCWA, as well as those that are being proposed. Ms. Lopez and Mr. Collings noted that MNWD is expected to fund approximately \$130 Million towards SOCWA’s capital improvement program over the next 10-12 years, most of which is at the Regional Treatment Plant. This equates to roughly 20% of MNWD’s total 10-Year CIP. MNWD is concerned about SOCWA’s ability to effectively and efficiently execute this CIP while ensuring MNWD’s reuse goals are met.
- E. Ms. Lopez noted that while JPAs can work, particularly for financing, this JPA has too many people trying to drive the stagecoach, and that there are so many conflicts that it’s hard to see a way forward. She knows that more details are needed for agencies to feel comfortable moving forward, but also desires that constructive feedback is obtained from the Facilitated Discussions process.
- F. President Probolsky expressed his concern that, as part of the Facilitated Discussions, any agency(s) that is unwilling to proceed with further negotiations/discussions is clearly identified.

SMWD

- A. Mr. Ferons stated that he is concerned that a piecemeal approach will be taken over several years to address the issues rather than a holistic approach.
- B. Mr. Ferons indicated that the “trust” issue keeps coming up. He’s concerned that the discussion of what’s best for the member agencies will be based upon past history and not future opportunities.
- C. Ms. Castillo noted concerns about the timeline with regards to the expiring project agreements and allocating unfunded liabilities payments. She is concerned that agreements need to be finalized within the year to meet these deadlines.
- D. Mr. Ferons and Mr. Bunts noted that they are concerned that the project committee agreements will be extended by one or two years each, which could end up being done repeatedly, and nothing gets resolved.

Question 2 – What concerns does your agency have and how can they be addressed? (Cont’d)

SMWD
(Cont’d)

- E. Mr. Bunts was concerned that discussions might not take place via public workshops so that all parties can engage and discuss their concerns, but rather in separate meetings outside the ability of all parties to participate.
- F. Mr. Bunts noted that the Board is comprised primarily of staff members and a few elected members, adding a layer of inefficiency to Board deliberations.
- G. Mr. Ferons expressed concerns about the SOCWA employees and how the continuing uncertainty affects them and could increase attrition rates at SOCWA.

SCWD

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- A. Mr. Shintaku stated that resolution of the expiring project committee agreements and SOCWA’s future is a high priority for SCWD. He noted that these issues have been discussed for three years and not much progress has been made, and he is concerned that a thoughtful agreement cannot be negotiated and approved by the member agencies by June 30, 2023. SCWD believes that seeking an amendment to extend the PC2 Agreement (i.e., amendment for time) will benefit all agencies and provide time to ensure an adequate assessment can be made that will address long-term operational and capital management of all related facilities.
 - B. Mr. Erkeneff noted that there are many variables over the next 50 years, and SCWD desires an organizational structure and/or agreement(s) that includes regional water management coordination so that all water and wastewater needs – from recycled water, IPR/DPR, Desalination, etc., can be accommodated by the treatment plants and outfalls and not limited because of poor planning and coordination. He also noted that the next 50 years will require significant legislative coordination and advocacy to ensure water supply reliability and the potential for long-term financing – how these issues will be addressed should be identified in the proposal.
 - C. Mr. Shintaku noted that SCWD has been asking that SOCWA define a level of service, but there hasn’t been a consensus (by the SOCWA member agencies) on defining the performance level (e.g., is it a no-spill agency, is it a low-cost agency, etc.). Defining a member-agency consensus service level for SOCWA is the proper first step in: (1) evaluating the effectiveness of the current SOCWA; and (2) negotiating agreement terms if an agency would take over operating a respective treatment plant. Mr. Shintaku was concerned that varying levels of service could be defined differently by various operating agencies, and that could impact potential liability.
 - D. Mr. Goldman, Mr. Shintaku and Mr. Serna expressed concerns about the unknown and/or apparent poor condition of specific facilities and the impression that some member agencies may be responsible via their feedback at SOCWA Committee/Board meetings for SOCWA staff to run equipment to fail. A third-party condition assessment funded through SOCWA should be considered so that potential owners (if SOCWA no longer exists) can understand what may be needed to bring the facilities up to an operating agency’s level of service requirements.
 - E. Mr. Erkeneff noted that when he was Chair of SOCWA, there was always an emphasis to keep costs low – at the expense of capital projects. He is concerned that current ratepayers will be asked to bring facilities up to an operating agency’s level of service standards and that those costs may need to be born on a multi-generational basis (debt financed) through the JPA (or resulting organization) rather than as PAYGO.
 - F. Mr. Goldman stated that SCWD is concerned that the organizational structure that results from this process meet the changing regulatory and operating environment that is coming, and that SCWD’s assets and interests are protected. He further noted that SCWD doesn’t clearly understand if the proposed structure will be simpler or more complicated than the existing structure – particularly with regards to how the permits will be written – and that this should be assessed as part of the review process.

Question 2 – What concerns does your agency have and how can they be addressed? (Cont'd)

SCWD
(Cont'd)

- A. Mr. Erkeneff noted that dismantling SOCWA for cost savings is an attractive idea, but there are liability and reliability concerns that must be addressed; he was also concerned that the savings haven't been substantiated with detailed information and requested that this information be provided.
 - B. Ms. Arends-King indicated that the March 11th proposal lacked specificity about accountability and checks and balances for operating agencies. She also requested more specific information with regards to how liability will be reduced for member agencies.
 - C. Mr. Serna noted SCWD concerns about the March 11 proposal including the fact that it would seem like the remaining SOCWA entity functions (outfalls, permits, lab), such as permitting and compliance, would still require staff management structure and staffing. Also noted that it is unclear what specific issues need to be resolved with current SOCWA operations and that a better understanding of SOCWA performance via metrics and expected level of service should be established in order to properly assess alternative operator proposals.
 - D. District noted that the weighted voting concept needs to be addressed in the existing SOCWA structure to address those agencies that aren't sending flow to a treatment plant.
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TCWD

- A. Mr. Dopudja stated that TCWD's primary concern is the apparent lack of value proposition to their ratepayers from the proposed concept. In participating, TCWD could face the opposite of what the proponents of the concept are advocating for on behalf of their ratepayers. Mr. Dopudja suggested that the proponents of the concept demonstrate how TCWD benefits from the outcome or at least is kept whole through the process.
- 2. Mr. Dopudja stated that there is a concern that TCWD ratepayers could end up paying more for the same services than they currently do. He was particularly concerned that the cost of the process to examine changing the organization could be costly and again, could also result in higher annual costs than TCWD would have experienced had there been no changes.
- 3. Mr. Dopudja noted that it appears that a motivation for the proposed concept and its timeline is the impending expiration of the JPA agreements, but questioned whether this is a valid driver. He suggested that these could be addressed or clarified through a definitive legal opinion on what will happen when the agreements expire.
- D. Mr. Dopudja stated that TCWD has concerns about the liability exposure that was raised because of the PC15 lawsuit.

Question 3 – What benefits does your agency see from the proposed change?

CLB

A. Mr. Domer indicated that the City was unable to determine benefits due to the lack of detail provided.

CSC

- A. Mr. Rebensdorf agrees that the assumption of liability by an operating agency would be a significant benefit.
 - B. Mr. Rebensdorf considers the potential cost savings and reduction of staff time attending meetings as a significant benefit.
 - C. Mr. Rebensdorf sees an opportunity for total water management coordination with the current proposal.
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EBSD

A. Mr. Dunbar agreed that the Facilitated Discussion will be helpful in providing the opportunity for agencies to state their concerns with the March 11 proposal.

ETWD

A. Director Freshley stated that the biggest benefit she saw in the proposal was the cost savings.

MNWD

- A. President Probolsky stated that currently, SOCWA is struggling to provide the services needed by the member agencies and is falling farther behind because they aren't equipped to build the critical infrastructure needed by MNWD and others. The proposal would provide for reduced costs, reduced liability and better career opportunities for staff and provide the ability for MNWD to move forward with their water reclamation and supply plans.
 - B. Ms. Lopez noted that each agreement developed under the proposal is going to be unique to its facility and overseen by an Operations Committee that would meet regularly as desired by the different facility partners. This will reduce the meeting burden that currently exists and facilitate more efficiency overall.
 - C. Mr. Agrelius noted that the current organizational structure makes it difficult to actually focus on regional planning, while the proposal would enhance this ability.
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SMWD

- A. Mr. Ferons pointed out the \$1.8 M cost savings identified in the March 11 Proposal attained through operational and staffing efficiencies. He noted that currently, SMWD is picking up the City of San Juan Capistrano's costs, thus allowing General Fund and Administration costs to be divided by 10 agencies rather than 9 agencies.
- B. Mr. Ferons stated that financial guarantees could be included in the agreements.
- C. Mr. Ferons noted the potential to produce indirect and direct potable water (IPR and DPR) at Latham.
- D. Mr. Ferons and Mr. Bunts noted that the proposal would reduce the amount of time the member agencies spend on SOCWA issues that do not directly affect them and reduce the number of meetings that both member agency and SOCWA staff must prepare for and attend.
- E. Mr. Ferons noted that the proposed changes would provide the opportunity for the affected agencies to talk directly instead of hiring intermediaries.

Question 3 – What benefits does your agency see from the proposed change? (Cont’d)

SMWD
(Cont’d)

- A. Mr. Ferons noted that there would be a streamlined ability to address capital projects, stating that SMWD has an existing and substantial engineering and construction management team that has the capacity to handle proposed capital projects.
 - B. Mr. Ferons reiterated the operational efficiencies that could be obtained by agencies being able to take a holistic approach to providing recycled water as a part of the total water distribution system.
-

SCWD

- A. Mr. Shintaku noted that this process offered an opportunity to address the systemic issues facing SOCWA, but a realistic time frame, inclusive of milestones and deadlines, needs to be developed.
 - B. Mr. Goldman noted that there is an opportunity to better define the problem(s) to be solved and to address them holistically.
 - C. Mr. Serna indicated that SCWD sees that the opportunity for a weighted vote that would provide more control for agencies with greater ownership and cost responsibilities.
 - D. Ms. Arends-King noted that this process should provide an opportunity to address a lack of coordination between Finance and Engineering Committees at SOCWA, particularly with regards to funding capital expenses.
 - E. Mr. Shintaku and Mr. Serna stated that if the future of SOCWA and the proposed concept (i.e., threat) of agency takeover of the treatment plants(s) isn’t resolved in the near future, then recruiting and retaining all staff, but particularly high-level staff, will be threatened.
-

TCWD

- A. Mr. Dopudja stated that TCWD sees some potential benefits of the proposed concept such as facilitating water reuse objectives, enhancing grant opportunities, streamlining governance, and reducing exposure to liability. It could also help answer questions regarding the expiration of existing JPA agreements.
- B. Mr. Dopudja noted, however, that some or all of these potential benefits, as well as other efficiencies and opportunities, could be pursued without a wholesale change of organizational structure.
- C. Mr. Dopudja observed that this process is an opportunity to get everyone on the same page with regards to the expiration of the agreements and what it means.

Question 4 – What risks does your agency see from the proposed change?

CLB

- A. Mr. Shissler noted that in the past, when the Outfall experienced a leak, the City was the entity that was identified with it and whose reputation was impacted, not AWMA. The City has a high degree of concern for the ocean environment and desires that the operators of any of the facilities operate and maintain them to the highest degree – the City desires a structure that protects their ability to continue to have the voting power they currently have to set policy for this important function.
 - B. Mr. Shissler noted that EPA, the State and Regional Board may encumber the agencies with new and additional requirements because of the change from third-party operations to operations by member agencies via contracts.
 - C. Mr. Jungreis expressed his concern about the risks posed by emerging contaminants such as PFAS and the BKK CERCLA lawsuit, and how the proposal would address these liabilities for current members as well as those contaminants that can emerge years after an agency has “left.”
 - D. Mr. Jungreis questioned the transfer of assets that were constructed with grant funding for regional facilities and whether this could trigger reconsideration by the funding agencies.
 - E. Mr. Shissler noted his concerns that the City’s solids are treated at the Regional Plant and that they currently have substantial input into the budgeting, staffing, and disposal practices at the Regional Plant that they do not want to lose.
 - F. Mr. Shissler questioned whether regional water reuse planning would be enhanced or reduced through this proposal.
-

CSC

- A. Mr. Rebensdorf anticipates that there could be a loss of control and/or capacity under the Proposal.
 - B. Mr. Rebensdorf indicated that he is concerned that there could be decisions made by the operating agency of an asset without input from user agencies; this could be detrimental to San Clemente.
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EBSD

Mr. Dunbar indicated the following concerns for EBSD:

- (i) Would potentially be giving up their veto vote.
- (ii) EBSD would potentially lose the ability to have input into solids treatment costs, planning and operations and maintenance under the proposal.
- (iii) EBSD could be gaining significant additional liability if the agencies that assume operations experience increased violations or if inherent self-policing conflicts give rise to additional legal conflicts between the member agencies
- (iv) Regulatory agencies could take a dim view of the proposal and reject it after significant effort and expense has gone into discussing and developing a proposal.
- (v) Key staff have already left and additional key staff may leave during this period of instability and expose the agency to overburdening remaining staff and serious other unintended consequences if they think they are going to lose their jobs or they will substantially change due to the proposed reorganization.
- (vi) Treatment costs could increase due to loss of economies of scale.

Question 4 – What risks does your agency see from the proposed change? (Cont’d)

ETWD

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- A. Mr. Cafferty notes that there is a risk that the cost savings shown in the proposal could creep up after implementation and erode the savings, or that the cost savings were in effect for only a year or two.
 - B. Mr. Cafferty noted that there is a risk that the liability issues can’t be adequately addressed under a JPA structure.
-

MNWD

- A. Mr. Collings noted that in putting together the proposal, they looked at several options, including the old AWMA/SERRA/SOCWRA model, but this was the preferred approach primarily because the other models don’t address the shared liability issue.
 - B. Mr. Collings noted that the proposal has risks and opportunities for staff members: Risk in that existing employees may be concerned about change and look for opportunities elsewhere leading to staffing issues. He noted that it is important to communicate with SOCWA staff regarding the increased career opportunities that may arise from this approach and the ability to broaden their skills set that will be available to them as part of a full-service organization.
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SMWD

Mr. Ferons indicated the following risks for SMWD:

- (i) An agreement that addresses all of the outstanding issues isn’t developed by December 31, 2022 so that it could be executed by all agencies prior to June 30, 2023, when the Project Committee No. 2 Agreement expires. Further delays and inaction increase the amount of work and uncertainty
 - (ii) If SMWD operated the Latham plant and erred in some way operating the facility, it would be SMWD’s responsibility to address the regulatory issues and if necessary, pay the resulting fines/penalties.
 - (iii) Similarly, they would want the same risk transfer in an operating agreement if any other agency operated the Latham plant: i.e., if SCWD erred in operating the facility, it would be SCWD’s responsibility to address the regulatory issues and pay the resulting fines/penalties.
-

SCWD

- A. Mr. Shintaku noted that the years of discussion and turmoil have limited SOCWA’s ability to recruit/retain higher level staff and that they may lose existing key staff leading to unintended consequences.
- B. Mr. Serna noted the expiring PC2 Agreement and indicated concern that an extension to the PC2 Agreement - that would enable time to resolve these issues – would not occur.
- C. Mr. Serna indicated that there is a risk and likelihood the cost savings being proposed may not be realized, and that the agencies will still need a high level of involvement, if not more, in the oversight of operations regardless of who is operating them.

Question 4 – What risks does your agency see from the proposed change? (Cont'd)

SCWD
(Cont'd)

- A. The operating agencies may utilize the respective treatment plants to their agency's advantage (e.g., inland agencies use JBL as a peaking plant), or require agencies that use the facility on a frequent basis to pay a disproportionate share of costs despite maintaining plant for another agency's peak use. These issues will need to be addressed in Agreements that might be as complicated or more than the existing JPA arrangement.
-

TCWD

- A. Mr. Dopudja stated that, similar to the question about concerns, the business case of the proposed concept and its aftermath are not apparent to TCWD. TCWD could be spending its ratepayer funds to enable other SOCWA agencies to save their ratepayers' funds. What if the anticipated savings of the proposed concept don't materialize, and who/what entity(ies) own the risk if that happens? How does SOCWA cap the risk to TCWD of participating in an organizational restructuring?

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Question 5 – Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?

CLB

- A. Mr. Jungreis stated that the City would like to see the status quo evaluated as an alternative to any suggested reorganizations to the existing structure.
 - B. Mr. Jungreis, and others, noted that the AWMA structure could be considered as an alternative if SOCWA, in its current form is not to be maintained. However, some type of JPA structure will be required.
-

CSC

- B. Mr. Rebensdorf did not have any specific organizational proposals to share but would like to see the management of the outfall infrastructure addressed in any proposals considered.
-

EBSB

- A. Mr. Dunbar stated that there should be a proposal discussed for SOCWA to continue to provide these services, and that includes a plan to achieve the benefits cited by SMWD and MNWD under the March 11 proposal.
 - B. Mr. Dunbar requested that the March 11 proposal examine how operating efficiency could be negatively impacted by the transfer proposal.
 - C. Mr. Dunbar requested that any proposal examine the liability implications of changing from operations by a neutral third-party to operations by individual agencies with potentially conflicting goals.
 - D. Mr. Dunbar proposed that the SOCWA Agencies consider requiring elected officials, not Member Agency staff members, to sit on the Board.
 - E. Mr. Dunbar proposed that a policy be adopted to limit member agency staff contacting SOCWA staff directly; rather, they should go through the SOCWA General Manager so that he/she is able to allocate their resources most efficiently.
-

ETWD

- A. The attendees reported that they have not identified an alternate proposal, however the ETWD Board would like to streamline the existing process. The Board has not taken a position on any organizational structure.
-

MNWD

- A. Mr. Collings noted that in putting the proposal together, the Task Force looked at several options, including the old AWMA/SERRA model, but none of them addressed the shared liability issues that was included in this proposal.
- B. Mr. Collings noted that the overarching goal of the proposal was to address and resolve many of the outstanding issues facing the member agencies. MNWD is open to modifications and enhancements to the proposal. Ms. Lopez concurred, stating that the proposal is not so rigid that it can't be molded further.

**Question 5 – Do you have other organizational proposals to address the future needs of SOCWA and its member agencies?
(Cont'd)**

SMWD

A. Mr. Ferons indicated that another approach could be creating an independent special district that has its own board with weighted voting.

SCWD

A. A consensus of the attendees proposed the option of restructuring the JPA to have the ability to debt finance, set levels of service, protect voting rights, and provide regional water management coordination.

TCWD

A. Mr. Dopudja suggested that perhaps an OC Sanitation or other sanitation district model could serve as examples.

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Question 6 – Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality?

CLB

A. Mr. Domer indicated that the City would be open to alternatives as part of the development of a long-term Strategic Plan that addresses both governance structure and facility capital requirements.

CSC

A. Mr. Rebensdorf is open to other organizational structures that would keep in place current protections including protecting voting rights and existing capacity levels while keeping costs down.

EBS

Mr. Dunbar stated the following:

- A. EBSD would entertain a proposal for MNWD to exit the Coastal Plant under acceptable financial and contractual terms.
 - B. EBSD will only entertain a proposal for MNWD to operate the Regional Plant under specific circumstances.
 - C. EBSD would be open to hearing proposals for other operating options.
-

ETWD

A. Yes.

MNWD

A. Mr. Collings indicated that MNWD would be open to other proposals.

SMWD

Mr. Ferons stated the following:

- A. If there are other operational proposals, SMWD is open to considering them if they are proposed in a timely manner and don't delay the timeline identified previously. He noted that there has been substantial discussion of alternatives, and that the proposal that was submitted reflects the best option identified after other options had been considered and discarded.

Question 6 – Would you be open to ANY other operational proposal and/or governance structure other than the current operational modality? (Cont'd)

SCWD

A. The attendees agreed that they would be open to other organizational structures that would provide the ability to debt finance, set levels of service, incorporates weighted voting rights, and provides support for regional water management.

OCWA
Staff

A. Ms. Burnett stated that there are a number of statutory options for the formation of organizations that treat and dispose of wastewater and its residuals. Through existing legal expertise these could be considered for compatibility to member agency needs for services.

TCWD

A. Mr. Dopudja stated that TCWD is open to discussing other operational or governance proposals that offer a clear and convincing case for increasing value to TCWD ratepayers, either by lowering the cost of current services or enhancing needed services in a cost-effective manner.

B. Mr. Dopudja noted that the original agreements were developed 50 years ago and questioned whether the participants would structure the agreements the same way today. He stated that all parties should keep an open mind about changes.

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5. Summary of Similar Responses

The following tables identify Member Agency responses, that in the opinion of OMTS, have similar general or specific elements that a reasonable person could link them together. In preparing these tables we have endeavored to do so in as judgement free and unbiased manner as possible.

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Table3a. Proposal Likes

Agency	Cost Savings/ Guarantees	Member Staff Efficiencies	Decentralize And Optimize Operations	Streamline Decision Making	SOCWA Retains Permitting/ Compliance	Providing Input Into Process Prior to Agreement Expiration	Reduce Liability
EBSD							
SMWD	✓		✓	✓	✓		
SCWD			✓		✓		✓
ETWD	✓	✓					
MNWD	✓		✓	✓		✓	✓
SOCWA Staff							
CSC	✓	✓			✓		✓
CLB							
TCWD	✓					✓	✓

Table 3b. Proposal Dislikes

Agency	Lacks Detail and Specifics	Short- term vs. Long- term Savings	Doesn't Address Lawsuit And Lack of MNWD Trust	Benefits Desired May Be Accomplished With Current Operating Structure	Loss of Voting Rights	Loss of Control, Capacity and Input for TPs and Outfall	Should Not Be Constrained By Current Expiration Of PC2 Agreement	Expiration of CPT Doesn't Mean Change is Inevitable
EBSD	✓	✓	✓	✓	✓	✓		✓
SMWD								
SCWD	✓					✓	✓	
ETWD								
MNWD								
SOCWA Staff								
CSC	✓				✓	✓		
CLB	✓		✓					
TCWD	✓							

Table 4. Overall Concerns (Some overlapping with Table 3b Dislikes and Table 4 Risks)

Agency	Treatment Plant Performance	Audit Accounting Requirements	JPA Governance	Liability Unable to be mitigated	Permit Performance	PC Agreement Expirations	Inequitable Buy-outs/Lawsuit Settlement	Piecemeal Rather than Holistic Approach to water management	Will Regional Platform/Regional Contracts Remain	Conduct Condition Assessment to Assess Facilities and need for CIP	Loss of Voting Rights	Member Agencies to Meet Performance Standard to Qualify for TP Operations	Trust /Relationships Too Damaged	Discussions Need to be Open Meeting Format	SOCWA Staff Subject to Continuing Uncertainty	Cost Savings Need to be Substantiated	Need Specificity about Accountability and Checks and Balances on Operating Agencies	Address Voting Concepts (Weighted)	Burden on Member Agency Staff Time	How will Financial Issues (Overhead, etc.) be Handled	Future Outfall Use	Who Will Own Assets and How Will Transfers Occur	Lack of detail in Proposal	Failsafe disposal preserved	Lack of Value for Ratepayers Cost of Resolution
CLB				✓	✓	✓	✓				✓					✓			✓			✓	✓		
CSC			✓			✓			✓							✓					✓	✓			
EBSB				✓	✓						✓	✓													
ETWD		✓	✓	✓	✓								✓					✓		✓				✓	
MNWD	✓		✓	✓		✓				✓															
SMWD			✓			✓		✓					✓	✓	✓										
SCWD	✓		✓	✓	✓	✓		✓		✓		✓				✓	✓	✓							
SOCWA Staff																									
TCWD						✓										✓									✓

Table 5. Benefits

Agency	Forum for Agencies to State Concerns	Cost Savings / Guarantee	Total Water Mgt./ Regional Planning	Less Burden on Member Agency Staff Time*	Communication Efficiencies	Reduce Owner Liability*	Streamline Ability to Address CIPs	Benefits Pursued Without Change of Organizational structure	Opportunity to Address Systemic Issues	Opportunity to Address Voting Concepts	Opportunity to Better Define the Problem(s) to be Solved	Opportunity to Address Better Coordination of Funding Capital Expenses
CLB	Unable to determine benefits due to lack of detail provided											
CSC		✓	✓	✓		✓						
EBSB	✓											
ETWD		✓										
MNWD		✓	✓	✓		✓	✓					
SMWD		✓	✓	✓	✓		✓					
SCWD						✓			✓	✓	✓	✓
SOCWA Staff												
TCWD	✓		✓					✓				

Table 6. Risks

Agency	Loss of Voting Power	Loss of Cost Control/ Capacity in TP's and/or Outfall	Impact to Regulatory Permits	Loss of Input for Operations	Impacts From Delayed Response to Expiring Agreement	Liability/ Risk Transfer	Ownership Financing	Costs Could Increase	SOCWA Staff Retention*	Loss of Grant Funding	Regional Water Use Planning Could be Enhanced or Reduced	May Need to Extend PC2 Agreement to Enable Time to Resolve Issues	May Require More Complicated Agreements to Protect Current Member Agency Rights
CLB	✓		✓	✓		✓				✓	✓		
CSC		✓		✓									
EBSB	✓		✓	✓		✓		✓	✓				
ETWD							✓	✓					
MNWD						✓			✓				
SMWD					✓	✓							
SCWD								✓	✓			✓	✓
SOCWA Staff	See SOCWA Staff Task Force Answers for Facilitated Discussions												
TCWD								✓					

Table 7. Other Organizational Proposals

Agency	Evaluate Status-Quo Proposal	Independent Special District with Own Board, Weighted Voting	Restructure JPA to Debt Finance, Set Level of Service, Protect Voting Rights, IRWM	SCWD Operation of CTP & JBL Treatment Plants	Baker Plant Model	Need to Address Outfall Infrastructure In Any Proposal Considered	AWMA Model if Current Form not Maintained	OC Sanitation District or Other Sanitation District Model	Operating Efficiency Could Be Negatively Impacted By Transfer Proposal	Examine Liability implications of Changing Operations By Neutral 3 rd Party to Individual Agencies	SOCWA Agencies Need to Consider Requiring Elected Official to Serve On Board	Policy Should Be Adopted That Limit Member Agency Staff From Contacting SOCWA Staff Directly
CLB	✓						✓					
CSC						✓						
EBSD	✓											
ETWD					✓				✓	✓	✓	✓
MNWD		Task Force looked at several options including the AWMA/SERRA model, but none addressed the shared liability issues. They are open to modifications and enhancements to the proposal.										
SMWD		✓										
SCWD			✓	✓								
SOCWA Staff												
TCWD								✓				

Table 8. Other Operational Proposal or Governance Structure

Agency	Open to Discussion of Proposals Other Than Current Operational Modality	Statutory Options for Similar Organizations as Recommended by Legal Experts
CLB	✓	
CSC	✓	
EBSB	✓	
ETWD	✓	
MNWD	✓	
SMWD	✓	
SCWD	✓	
SOCWA Staff		✓
TCWD	✓	