



## How Brea Acquires Water, and Saves Costs, to Provide for the Community

The majority of Brea's water supply comes from two wholesale water producers, California Domestic Water Company (CDWC) and the Municipal Water District of Orange County (MWDOC). The City has to import its water to residential, commercial, industrial, and other customers, due to not having potable groundwater in Brea. Residential customers account for a majority of the City's water connections. In FY 2018-19, CDWC provided 83.9% of the City's water supply. The remaining 16.1% was provided by MWDOC. City Council establishes water rates and charges, and Brea's Public Works Department is responsible for the water system's day-to-day operations and maintenance.

### Saving Water Costs

The Brea City Council has a long history of protecting the City's interest in securing water and saving water costs for the community. Since 2011, Brea has added to its water inventory by acquiring permanent access to water to benefit the community. At the August 20, 2019 Brea City Council Meeting, questions arose as to Brea's purchase in 2011. Mayor Pro Tem Simonoff responded by saying,

*"I'm not going to go into a lot of detail, I know that we are looking at some of the Cal Domestic issues now. We have been working with Cal Domestic. Our Director of Finance has been meeting with them along with the City Treasurer to try to go through the documents, make a determination as to where things are, how things transpired and how we move forward from there. So, while that is still on going, I'm not going to say a whole lot more about it. One thing I think is important and it's something people should know, with regards to the water purchases, we actually conducted a study because of the questions that have come up and with the water purchases that we have made and the stocks we have bought and the preferred stock we have purchased over the course of the years since 2011. I had spoken with Dave earlier today, and the number I had given you was a little high, we have saved about \$7.8 million dollars net in the purchase of water is what has been determined from those water purchases. So though there may be questions with regards to the stock, the end result is that it has resulted in a savings in the cost of water to the residents of the City."*

Further details as to how Brea saved water costs over the past eight years by accessing water through CDWC as compared to MWDOC includes,

- Brea acquired common stock, preferred stock and prescriptive pumping rights since July 1, 2011 in order to purchase water through CDWC.
- Brea has saved \$7.8 million over the past eight years (FY 2011-12 through FY 2018-19) by purchasing water through CDWC as compared to MWDOC.

- That amount is the CDWC savings on water usage as compared to MWDOC, net of all debt service, principal and interest, and cash payments for common stock, preferred stock and prescriptive pumping rights.
- Furthermore, if the costs incurred by the City for the lease of common stock from other parties, capital costs components, and other minor acquisition related costs are included, the net savings are closer to \$6.8 million over that same eight year period.

A [document](#) detailing the cost of water purchased from CDWC as compared to MWDOC, over the past eight years, is available for more information.