



AB 2050 (Caballero)

The Small System Water Authority Act of 2018

A Solution to Providing Safe Drinking Water to Communities Served by Chronically Non-Compliant Systems

Background

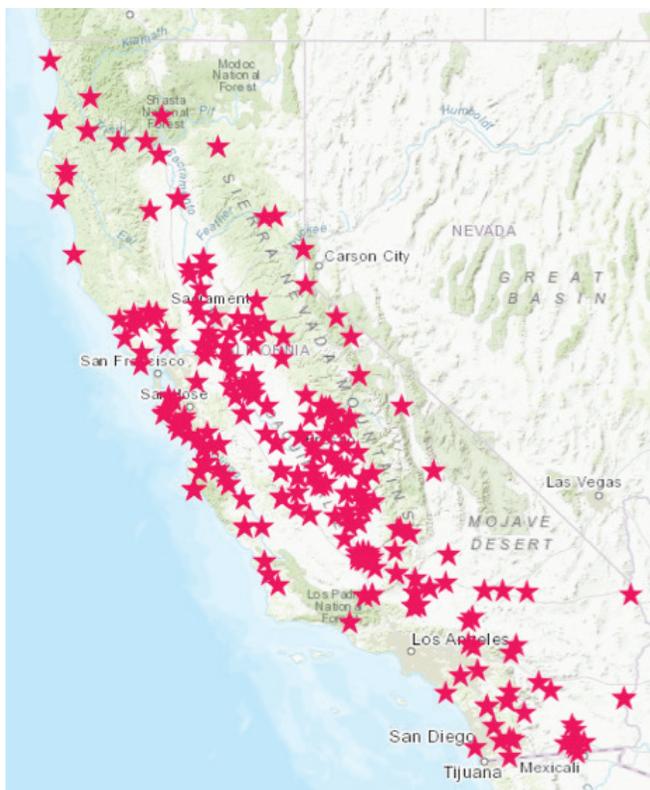
In 2012, Governor Jerry Brown signed into law Assembly Bill 685 (Eng), establishing the Human Right to Water—declaring that it is the policy of the state that every Californian has a human right to safe, clean, affordable, and accessible drinking water.

Water Accessibility and Safety Concerns in California

Nearly 800,000 people in California lack access to safe and reliable drinking water on a daily basis. The State Water Resources Control Board (State Board) has identified 329 (as of November 2017) systems statewide that chronically serve

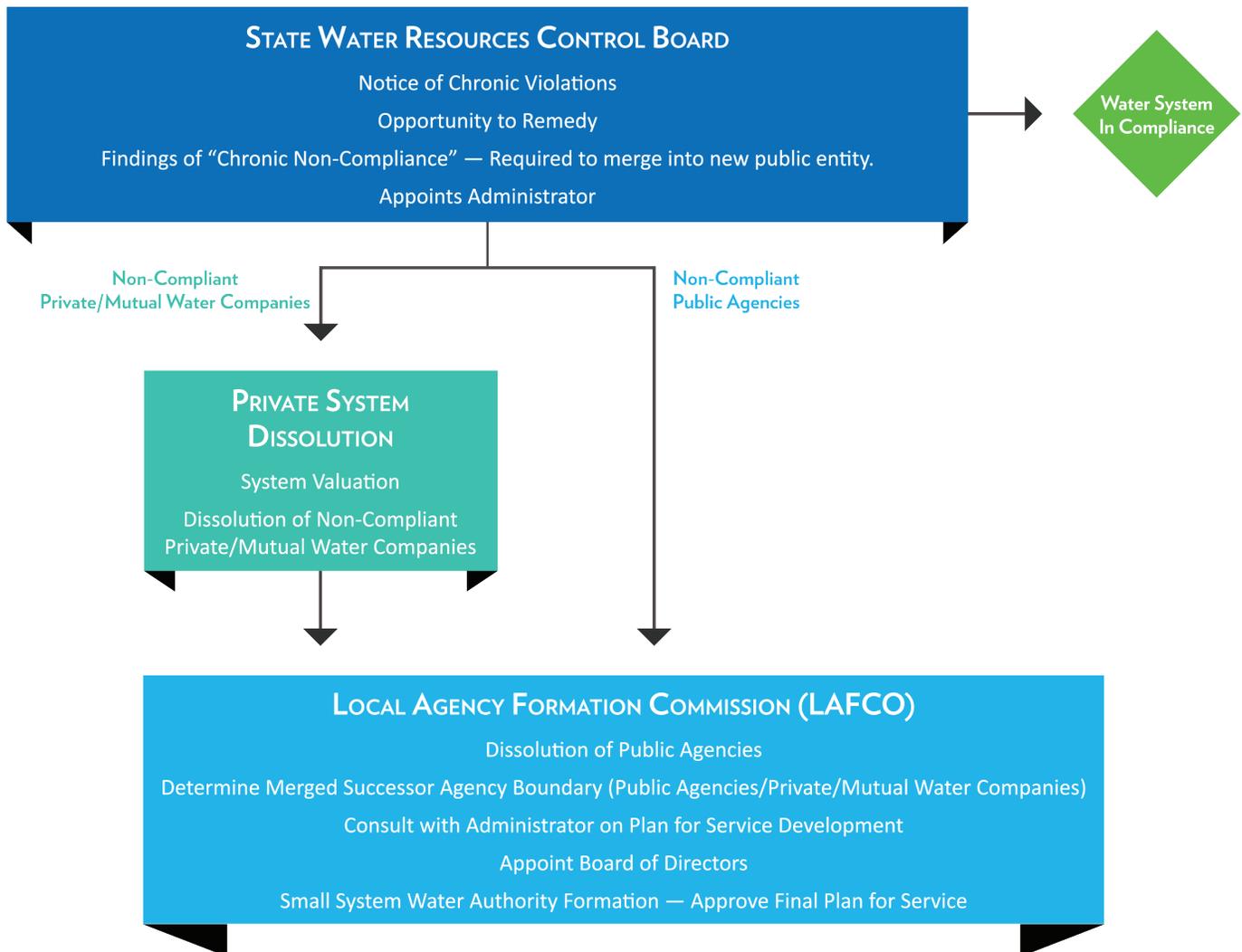
contaminated drinking water or cannot provide reliable water service due to unsound infrastructure or because they lack the local financial, managerial, and technical resources to do so. The vast majority of these systems are small, rural systems that typically serve less than 10,000 people. A sustainable solution is necessary to address this drastic health and safety crisis.

To date, laws have been passed that address various elements of the water accessibility issue including voluntary and forced consolidations, supplying resources and technical support, and limiting the development of new unsustainable water systems. While these efforts have created a portfolio of options to address this critical issue of water accessibility in California, immediate and lasting changes to the governance structure of chronically non-compliant small systems are still needed to protect public health and safety.



The Small System Water Authority Act of 2018

AB 2050 would create the Small System Water Authority Act of 2018, providing yet another valuable tool to prevent chronically non-compliant water systems from serving contaminated water to Californians. AB 2050 proposes to merge non-compliant water systems into a larger and more robust public water system that can take advantage of improved economies of scale, streamlined managerial functions and enhanced financial capacity.



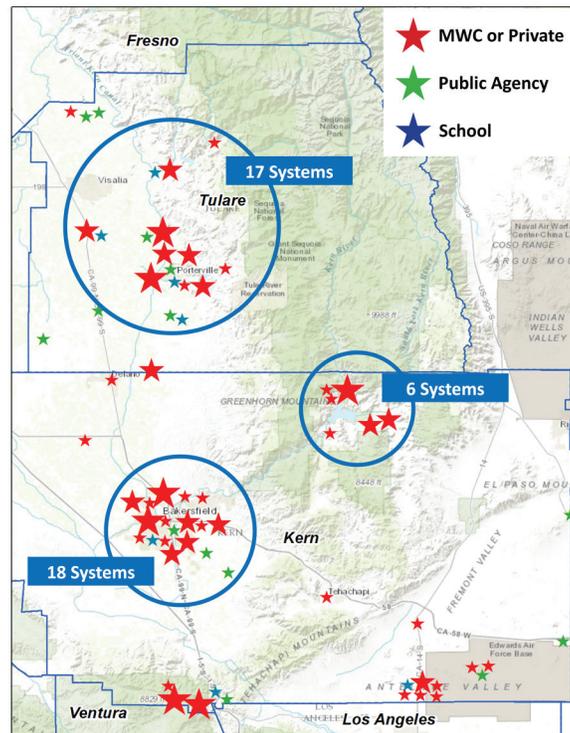
This bill authorizes the State Board to notify chronically non-compliant systems that they are in violation of public health and safety. Each system is then provided with an opportunity to develop a compliance plan within a given time period. If a system is unable to develop an approved plan, the State Board will then notify the county local agency formation commission (LAFCO) that it has determined the chronically non-compliant system needs to be dissolved and consolidated into an authority. Private and mutual water companies will be dissolved and will receive compensation through a distressed business valuation process, if there is remaining value on the system. At this time any existing water systems also will have an opportunity to voluntarily consolidate with a new authority.

The State Board will appoint an Administrator in regions that have five or more chronically non-compliant systems. In regions that have less than five systems, existing consolidation recommendations may be a more appropriate course of action. The LAFCO will then form the new Small System Water Authority (Authority), which will have the unique powers to absorb, improve, and consolidate currently non-compliant public water systems with either contiguous or noncontiguous boundaries. Each Authority will be required to submit a conceptual formation plan

to the State Board. The Administrator will identify and hire critical staff and will ultimately complete a Final Plan for Service that will be approved, through a local public hearing process, at the LAFCO.

The new system will be formed as an independent special district, provided with new internal and external financing opportunities, increased transparency including an elected Board of Directors, and the system will be scaled to a size to develop, coordinate, or contract through regional agreements, the necessary infrastructure to treat contamination issues. This in turn will lead to more sustainable water systems that can effectively deliver safe and affordable drinking water to its residents.

SAMPLE Grouping of Non-Compliant Systems For demonstration purposes only.



Larger stars denote proportionately larger populations of small systems noted as "Out of Compliance" in State Water Board Database.

For more information regarding the Small System Water Authority Act of 2018

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AB 2050 - Small System Water Authority Act of 2018 Support/Opposition

SUPPORT

California Municipal Utilities Association (Co-Sponsor)
Eastern Municipal Water District (Co-Sponsor)
Association of California Water Agencies
California Association of Local Agency Formation Commissions
California Association of Mutual Water Companies (Support if Amended)
California Special Districts Association
California State Association of Counties
Calleguas Municipal Water District
Camrosa Water District
City of Riverside (Office of the Mayor)
City of Sacramento
Cucamonga Valley Water District
Economic Development Coalition
Elsinore Valley Municipal Water District
Inland Empire Utilities Agency
Irvine Ranch Water District (Support in Concept)
Jurupa Community Services District
Las Virgenes Municipal Water District
Long Beach Water Department
Mesa Water District
Municipal Water District of Orange County
The Metropolitan Water District of Southern California
Monterey Peninsula Water Management District
Murrieta/Wildomar Chamber of Commerce
Northern California Water Association
Orange County Water District
Regional Water Authority (Support and Amend)
Rural County Representatives of California
San Diego County Water Authority
San Diego Local Agency Formation Commission
Santa Clara Valley Water District
Santa Margarita Water District
Silicon Valley Leadership Group
Three Valleys Municipal Water District
Western Municipal Water District

OPPOSITION

California Department of Finance
Clean Water Action
Howard Jarvis Taxpayers Association
Leadership Counsel for Justice and Accountability