

Mutual Water Companies

2013 CALAFCO Staff Workshop in Davis

Thursday, April 11, 2013

1:45 PM – 3:00 PM



Brendon Freeman, Moderator
Analyst, Napa LAFCo

Brian Phillips, Presenter
Regional Manager,
Rural Community Assistance Corporation

Mike Prater, Presenter
Analyst, San Luis Obispo LAFCo

Carole Cooper, Presenter
Assistant Executive Officer,
Sonoma LAFCo

Mutual Water Companies

AB 54 (Solorio) authored in response to concerns regarding a small mutual water company in Santa Ana with approximately 80 service connections.

Issues included chemical contamination in the potable water supply and financial insolvency of the company.

The City of Santa Ana assumed all water connections, leading to the discovery of additional substantial administrative and operational deficiencies.

AB 54 signed into law on October 7, 2011 and effective January 1, 2012.

Mutual Water Companies

AB 54 became effective January 1, 2012 and defines “mutual water company” to be any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes or for domestic use.

There are over 500 mutual water companies currently operating throughout California.

Until AB 54 became effective, mutual water companies were completely outside the purview of LAFCOs.

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The bill establishes the following new requirements for each operating mutual water company:

- Submit to LAFCO a map depicting the boundaries of the area served by December 31, 2012.
 - Provide all reasonably available information requested by LAFCO or a county department within 45 days of the request.
 - Maintain a financial reserve fund for repairs and replacements to its water production, transmission, and distribution facilities in compliance with the federal and state Safe Drinking Water Acts.
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Mutual Water Companies

- Each board member must complete a two-hour training course regarding the duties of board members, duties of a corporate director to avoid financial conflicts of interest in contracts, duties of public water systems to provide clean drinking water that complies with the federal and state Safe Drinking Water Acts, and regarding the long-term management of a public water system.
 - Be liable for the payment of any fines, penalties, expenses, and other amounts that may be imposed for California Safe Drinking Water Act violations.
 - Design and construct all public water system improvements to comply with applicable California Water Works standards.
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- Cooperate with LAFCO in its review of any annexation of territory served by a mutual water company into the jurisdiction of a city or special district that operates a public water system with the consent of the respective public agency.
- Satisfy any request for information from LAFCO in conducting a municipal service review. This includes potential review of whether the mutual water company is in compliance with the Safe Drinking Water Act.
- Begin clean drinking water project construction prior to final approval of funding from the Safe Drinking Water Revolving Fund if authorized by the Department of Public Health.

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