

# **AB 656 – GARCIA**

## **MUTUAL WATER COMPANIES: JOINT POWERS AGREEMENTS**

### **BACKGROUND**

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Over 400 mutual water companies in California were once eligible for insurance coverage provided by the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA). This structure afforded mutual water companies relatively inexpensive insurance made possible by residuals of revenue that are exempt from taxes, and that would have otherwise been assessed through regular market-based insurance. As affiliate members, mutual water companies also enjoyed other ACWA resources that helped them with regulatory compliance, and legislation, through publications, workshops and other forums. Due to IRS regulations, in 2007 the ACWA-JPIA determined that mutual water companies were no longer eligible to participate in ACWA-JPIA's insurance programs, and thus mutual water companies were excluded from the coverage as well as the benefits they once enjoyed through their overall affiliate status with ACWA.

### **PROBLEM**

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Mutual water companies are not-for-profit public water systems organized under the state Corporations Code. The vast majority of mutual water companies in California are small, with many serving less than 3,000 connections and/or less than 3,000 residents. Many mutual water companies serve "economically disadvantaged" areas and do not have access to low cost insurance and other services, such as those available to special districts under ACWA-JPIA and ACWA or other joint powers agency insurance programs. Today, mutual water companies must purchase higher cost insurance in the open market, and many are not provided the opportunity to easily obtain other services that could assist them in building operational and managerial capacity.

### **BILL SUMMARY**

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This bill would specifically authorize 2 or more mutual water companies, or 2 or more mutual water companies and one or more public agencies that operate a public water system, to participate in joint powers agreement for insurance-pooling, technical support, and other similar services.

### **STATUS**

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Introduced: February 2, 2015

### **SUPPORT**

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California Association of Mutual Water Companies  
Amarillo MWC  
Atascadero MWC  
Bellflower Somerset MWC  
Blue Lake Springs MWC  
CalDomestic  
Cedar Pines MWC  
Glenhaven MWC  
Jago Bay MWC  
Lincoln Avenue  
Montebello Land & Water  
Natomas MWC  
Raineri MWC  
Rancho Pauma MWC  
Rubio Canon Land & Water  
San Antonio Water Co.  
Sisar MWC  
South Mesa MWC  
Sunny Slope MWC  
Valencia Heights MWC  
Valley View Water Co.  
Valley Water Co.  
Windflower Point  
(Partial List)

### **OPPOSITION**

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### **FOR MORE INFORMATION**

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