



California Association of Mutual Water Companies

CalMutuals: The Voice of Small Water Systems

CalMutuals Monthly Newsletter

May 2015

Trailer Bill Provides SWRCB the Power to Mandate Public Water System Consolidations

The Brown Administration has introduced a trailer bill, 825-Drought Water System Consolidation, which would grant the State Water Resource Control Board (SWRCB) the authority to mandate the consolidation of a public water system that fails to supply safe drinking water. This comes as part of a broader effort to help small systems comply with the Safe Drinking Water Act.



Unlike other bills, budget trailer bills are heard by the legislature jointly with the Budget Bill, bypassing the policy committee process that other bills must undergo. For this reason, the Association has taken part in meetings with the Governor's office to voice our concerns with the legislation (from a mutual water company perspective).

The Association explained to the Governor's office that mandatory consolidations are only one potential tool available to help small systems comply with safe drinking water standards. The trailer bill language makes no provisions for voluntary consolidations which could take lower priority in administrative and funding support than those mandated by the Board under a new law. Voluntary consolidations should be encouraged in forms that are strategic and suited to regional circumstances, including management/operational consolidations, annexations, common-purpose JPAs, and "physical" consolidations. Current conversations about consolidations should be based and informed by past and current efforts to consolidate and in the context of other tools that could be made available to help small systems.

The following mutual water company-focused goals were submitted to the Governor's office following an inquiry regarding small system compliance with the safe drinking water act:

- Build trust with state, county and other local governments;
- Execute existing transparency requirements (AB 54, AB 240) while creating new measures in line with voluntary consolidations with JPA's;
- Increase technical, managerial and financial capacity, especially among small mutual water companies;
- Leverage existing physical assets (i.e. water rights and land) to the legal extent possible;
- Limit additional burdens on the state.

If you are seeking voluntary consolidation, please contact us! There may be funding available and the Association will be compiling a list as it seeks to receive specific details from the State Board. Email Denise at Denise@CalMutuals.org or call our office at 714.449.3397.

The Association will continue to monitor this legislation. To review the bill's current language, [click here](#).

May 8th Workshop Video Available FREE for Online Viewing to CalMutuals Members

On May 8th, CalMutuals held its quarterly roundtable meeting at the Montebello Land & Water Company in the City of Montebello.

Attendees learned about the Governor's drought order and identifying potential funding solutions presented by James Ciampa, attorney for Lagerlof, Senecal, Gosney & Kruse and Miguel Luna, a funding expert.



The roundtable also included an update on new legislation and proposed laws impacting mutual water companies, as well as an update on the association's work statewide.

For those who were unable to attend the meeting in person, the pre-recorded meeting is available for viewing via our website by [clicking here](#).

CalMutuals Seeks to Address a Tax Exempt Status Issue

A concern faced by mutual water companies in accessing grant funding from the State Revolving Fund (SRF) and Prop. 84 is the absence of a tax exemption status in California for mutual water companies. The federal tax code, 501c12, grants mutual water companies tax exempt status; however, no equivalent exemption exists at the state level. **CalMutuals is seeking to address the issue this year with legislation that would establish a 501c12 equivalent designation in the California revenue and taxation code.**



The successful passage of the legislation will help mutual water companies avoid a delay in the distribution of grant funds. CalMutuals is in discussions with several legislators seeking the introduction of legislation to make this important change.

We will continue to keep our members updated on the status of our efforts. For questions or comments, please contact Denise Peralta Gailey at (714) 449-3397 or via email at Denise@CalMutuals.org.

CalMutuals' Sponsored Legislation, AB 656, Heads to Senate

As previously reported, CalMutuals has been working to expand opportunities for mutual water companies, including financial and technical resources, and ensuring representation for mutual water company needs and interests. CalMutuals has sponsored AB 656, a bill introduced by Assemblywoman Cristina Garcia (58th AD), to meet these goals. **If passed, AB 656 will allow two or more mutual water companies and one or more public agencies, to enter into a joint powers agreement to provide lower cost insurance while also generating funds for technical assistance.**



This bill is timely because, as eligible applicants for water bond funds, AB 656 provides a vehicle to assist mutual water companies in applying for infrastructure and water quality improvement funding.

On May 23rd, AB 656 passed the Assembly with a 68-1 vote. The bill is now headed to the Senate and is expected to be directed to the Local Governance and Finance Committee. We will continue to keep our members apprised on the status of the legislation.

A special thank you to CalMutuals' members, Jose Herrera of Del Rio Mutual Water Company and Myra Evangelista of CalDomestic Water, for traveling to Sacramento to provide testimony in support of AB 656 during the bill's Assembly Local Government Committee Hearing. We also wish to thank the 50+ mutual water companies from around California who wrote letters of support.

For questions or to learn more about this important bill, please contact Denise Peralta Gailey at (714) 449-3397 or via e-mail at Denise@CalMutuals.org



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