



California Association of Mutual Water Companies

CalMutuals: The Voice of Small Water Systems

CalMutuals Monthly Newsletter

End of the Year 2015

Executive Director's Report

The board of directors of the California Association of Mutual Water Companies established two major objectives in 2015: 1) Fight to enact legislation allowing mutual water companies to create a Joint Powers Insurance Authority with risk-pooling and less expensive insurance, while securing funds to provide technical assistance for our members; and 2) Aggressively pursue legislation that helps mutual water companies and oppose bills that would harm our members.



Thanks to many of you, Governor Jerry Brown signed AB 656 allowing the formation of the California Association of Mutual Water Companies Joint Powers Insurance Authority ("CalMutuals JPIA") beginning on January 1, 2016. I

am pleased to report that the North River Municipal Water District in Kern County voted in late November 2015 to form the CalMutuals JPIA in partnership with the following mutual water companies: Bellflower Somerset Mutual Water Company (Bellflower), California Domestic Water Company (Whittier), Covina Irrigating Company (Covina), Montebello Land & Water Company (Montebello), Oildale Mutual Water Company (Kern County), Rubio Cañon Land & Water Association (Altadena), South Mesa Mutual Water Company (Calimesa/Yucaipa), Sunnyslope Mutual Water Company (Pasadena) and Valencia Heights Mutual Water Company (West Covina).

The CalMutuals JPIA will be a public entity and subject to laws governing accountability and transparency that are common to government agencies.

CalMutuals General Counsel, Jim Ciampa, is assisting our board's leadership in filing formal articles of incorporation with the Office of the California Secretary of State. He will also guide the formation of a board of directors and an organizational structure for the new CalMutuals JPIA.

CalMutuals will remain a separate entity from the CalMutuals JPIA, and will continue to advocate for California mutual water companies. As such, in 2015 we supported Assemblymember Henry Perea on AB 617 to include mutual water companies in the formation of Joint Powers Authorities responsible for planning and implementing groundwater sustainability plans. Assemblymember Perea joined forces with State Senator Fran Pavley who included the language in SB 13 that was signed by the Governor. We also worked with State Senator Ben Hueso and Assemblymember Eduardo Garcia to gain passage of SB 385 that allows mutual water companies and other water systems up to five years to plan, finance, and implement treatment systems to meet the new standard for hexavalent chromium.

AB 1077, authored by Assemblymember Chris Holden, was our biggest challenge in 2016. AB 1077 would have required that mutual water companies telecast board meetings while also allowing for remote public comment and participation. This outrageous legislation was inspired by a mutual water company shareholder from Altadena, California, with support from the Sierra Club. In pushing for AB 1077, proponents ignored that requirements for mutual water companies would be more stringent than open meeting laws in California governing local agencies and legislative bodies. Under the Brown Act, government entities, including city councils, school boards and water districts, must allow for public comment but are not required to telecast or allow remote public comment and participation.

Assemblyman Holden was open to amendments that allow, but not require, mutual water company boards to teleconference and webcast meetings. We consulted with mutual water companies that serve “transient” communities, mostly vacation homeowners, whose boards find it difficult to coincide their schedules for in-person meetings. While AB1077 serves the needs of transient mutual water companies, we do not recommend that mutual water companies in general, telecast or webcast meetings of boards of directors. **The bottom line is this: AB 1077 does NOT REQUIRE mutual water companies to telecast or webcast meetings.**

With the leadership of CalMutuals Board Chairman Jim Byerrum, Legislative Committee Chair Lisa Yamashita-Lopez, CalMutuals JPIA Task Force Chair David Michalko, the entire board of directors, our General Counsel Jim Ciampa and dozens of mutual water companies that write letters and lobby legislators, we will become an even more effective team in 2016.

Thank you and happy holidays to all of our members!

Leadership at CalMutuals & Photos from our 2015 Workshops



Chairman's Report

In his report, Executive Director Adán Ortega highlighted the legislative milestones the California Association of Mutual Water Companies accomplished in 2015. These accomplishments position us to become an even greater voice for small water systems in California in the year ahead.

In 2016, I encourage you to support CalMutuals as we continue our advocacy program. Furthermore, I look forward to the launch in the new year of the CalMutuals Joint Powers Insurance Authority (JPIA), which will benefit mutual water companies statewide.



Through the JPIA, we will be providing general liability insurance and workers compensation insurance. All CalMutuals members are eligible to purchase coverage at a savings. This is possible because our type of coverage is not regulated by the California Insurance Commissioner, which requires certain fees. The savings through the JPIA will also provide funding to create a technical assistance program tailored for mutual water companies.

In addition to offering insurance coverage, CalMutuals plans to retain a grant writer for technical assistance funds for mutual water companies under Proposition 1, the Water Bond. **By the end of 2016, we hope to have a CalMutuals-JPIA Executive Director who will create a checklist of business and operation practices that reduce risk and liability for our members.** The checklist would also include eligibility for grants to help our members meet safe drinking water standards.

After CalMutuals formed in 2013, we created the CalMutuals JPIA after it became evident that other water organizations, particularly state agencies, have a difficult time distinguishing mutual water companies from other water providers. Despite their good intentions, they often treat mutual water companies as profit-making utilities or special districts, instead of not-for-profit entities owned and managed, and in many instances, operated by communities, neighbors and friends. As a result, mutual water companies have been the target of attempts by state legislators to adopt new laws that are potentially damaging. For example, Adán's review of AB 1077 authored by Assemblymember Chris Holden demonstrates how the cut-throat politics in Sacramento can trample the good and noble practices of mutual water companies.

Mutual water companies are distinct from for-profit utilities because we promote the community and economic welfare of our individual members. We directly affect our home values, the viability of our communities, and our family's welfare. Many elected and appointed officials have a difficult time grasping these characteristics of mutual water companies. If we fail to run our water companies in a cost-effective manner and in compliance with health standards, we as board members, staff, and shareholders also face the immediate consequences.

I look forward to working with you to establish the CalMutuals JPIA, an Authority we hope will become a national model for collaboration between mutual water companies.

California Domestic Water Company, one of the state's largest mutual water company which I manage in Whittier, will be buying insurance from the CalMutuals JPIA. When you buy your mutual water company's insurance from the CalMutuals JPIA, you are helping yourself and mutual water companies across the state. **CalMutuals will remain your advocate on legislation and regulations; CalMutuals JPIA will provide your mutual water company with its insurance needs.**

Please consider joining me in the year ahead in the formation of the CalMutuals JPIA, an exciting development in the great history of California's mutual water companies.

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The advertisement features a central image of a white Kamstrup ultrasonic water meter with a digital display showing '00000000' and 'Gal'. The meter has '63000203' printed on it. To the right, a smartphone displays a water usage map. The background is dark blue with water splashes.