



Sativa Water District

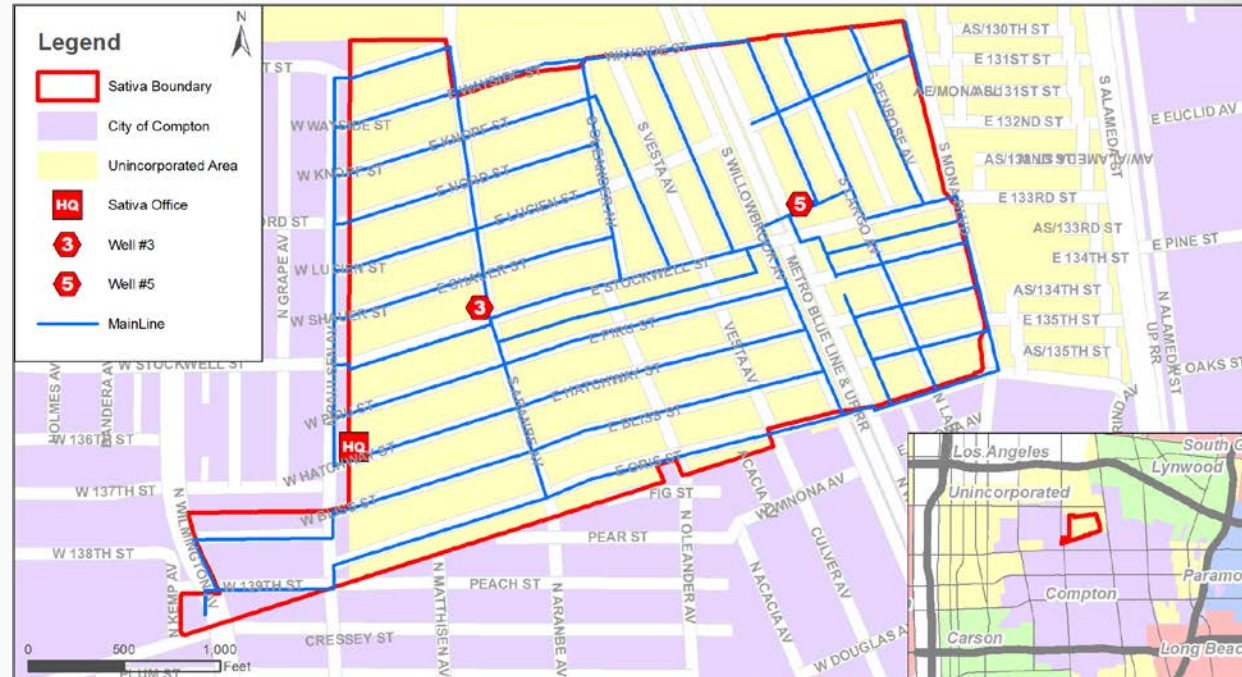
Lessons Learned as State Administrator

May 10, 2019

FROM THE OUTSIDE LOOKING IN

Sativa Statistics

- ✓ 1,600 Connections
- ✓ 7,000 Residents
- ✓ 1/3rd Square Mile
- ✓ 2 Wells, Zero Storage, No Interconnections
- ✓ Disadvantaged Community



FROM THE OUTSIDE LOOKING IN

Background

- ✓ Years of intermittent brown water
- ✓ April 2018 flushing
 - System went to bottled water
- ✓ News media attention
 - LAFCo
 - State Board Compliance Orders
 - AB 1577
 - LA County appointed as Administrator



ON THE INSIDE

Initial Assessment

- ✓ Rapid financial and operational assessment
- ✓ Infrastructure in critical condition



- ✓ Financially insolvent
- ✓ No financial controls

ON THE INSIDE



Getting to Work

- ✓ \$1.4M cash injection plus ongoing operating losses
- ✓ Rebuilding financial records
- ✓ Diagnosing and addressing cause of brown water

ON THE INSIDE

Completing the Job

- ✓ LAFCo dissolves Sativa, consolidates it with LA County
- ✓ LA County conducts sale
- ✓ PUC reviews sale
- ✓ Meanwhile, LA County continues to accumulate costs for operating Sativa



RECOMMENDATIONS

No One Knew How Bad Sativa Was

- ✓ Find a way to identify troubled water systems without creating a burdensome oversight process for everyone else

Administrator Is Not a Part-Time, Retired GM

- ✓ Need to bring in a multi-discipline, multi-member team
- ✓ Team needs to be supported by an entity with substantial resources

Taking Over a Troubled Water System Isn't Cheap

- ✓ Need to finance the Administrator, make the Administrator agency whole

RECOMMENDATIONS

Troubled Water Systems May Have Legacy Legal Issues

- ✓ Must give Administrator ironclad immunity from litigation/liability

DACs Can Have a Fear & Distrust of Government

- ✓ Need for communications experts
- ✓ Partnership w/existing community groups

Emergency Powers for an Emergency Situation

- ✓ Create speed and flexibility in contracting and procurement
 - Provide the Administrator with special/emergency powers
- ✓ Prolong the Administrator period / delay dissolution

Thank You



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