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
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
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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