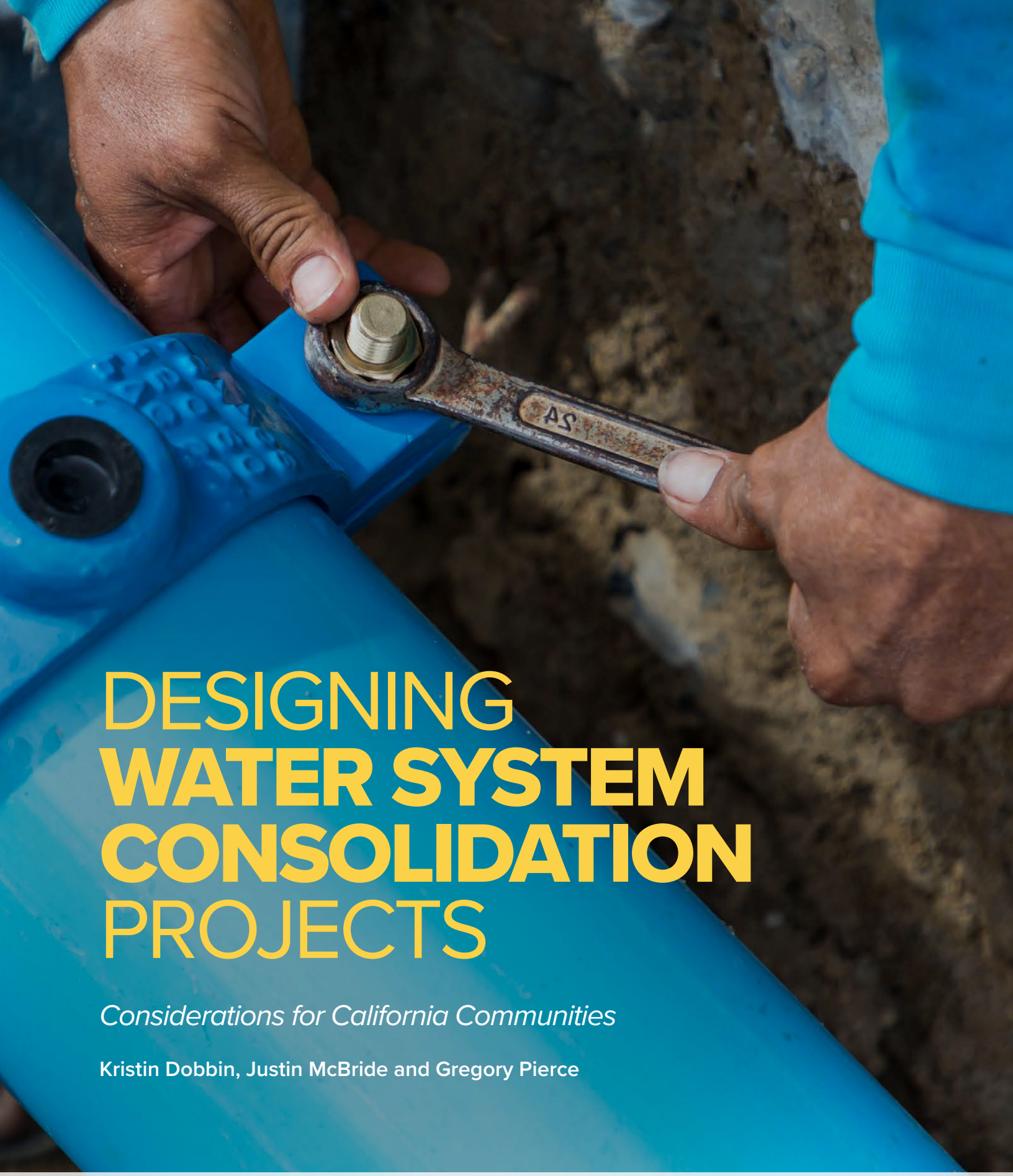

DESIGNING **WATER SYSTEM CONSOLIDATION** PROJECTS

Considerations for California Communities

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DISCLAIMER

The regulation and governance of public water systems is complicated, nuanced, and ever changing. While unintentional, there are undoubtedly mistakes and omissions in this guide. Moreover, material accurate at the time of publication may not be later. As such, this guide is not legal advice, nor should it be used as such. The views expressed in this paper are those of the authors alone. They do not necessarily reflect the view of the National Science Foundation, department, or university.

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EXECUTIVE SUMMARY

California drinking water systems face unprecedented challenges, including drought, wildfires and groundwater contamination. Water system consolidation — defined here as the formal merging of some or all the governance, management and financial functions of drinking water provision — presents one possible solution to many of these challenges. Small water systems are particularly likely to benefit from consolidation, which can help pool resources, grow a system's customer base and increase Technical, Managerial and Financial (TMF) capacity.

Although consolidation (as defined above) may help systems better serve safe and affordable drinking water to their customers, including reducing costs and increasing sustainability, the process of consolidation itself is highly complex and can be costly and time consuming to implement. The benefits and challenges of any given consolidation project depend on how the project is designed and implemented. This guide details a range of possibilities for structuring and governing consolidation projects and provides a framework of nine key considerations to help stakeholders advance the most locally appropriate approach possible.

▶ Options for structuring consolidations

Three common approaches to structuring collaboration between participating partners include the following: umbrella organizations, mergers and acquisitions. However, endless other possibilities exist, and stakeholders should be as creative as possible in crafting the best possible approach for their local community.

Umbrella Organizations: Umbrella organizations are formed when systems create a new regional entity to formally collaborate on some aspect(s) of drinking water provision while retaining independence on others. Umbrella organizations typically involve the creation of a new overarching entity to coordinate between member agencies and perform specific predetermined functions. Umbrella organizations can be relatively easy to put together; they may increase economies of scale and sustainability; and, since all parties retain autonomy, they are often considered less politically risky than other options. However, depending on how they are designed and used, umbrella organizations can also have complicated decision-making processes, create management and government redundancies and have uncertain futures.

Mergers: A merger occurs when two or more water systems combine to form a new, single water system. In addition to the standard benefits of consolidation, mergers can provide representation for all residents of the new system and address staff and volunteer shortages. However, they often require formal approval by regulators, which can make them complicated to organize. Mergers may also have spillover effects into other services or government functions depending on the governing entities involved.

Acquisitions: An acquisition differs from a merger in that a single system essentially takes over another system without significant changes to the acquiring system. Acquisitions can be relatively straightforward and, in some cases, can address safe drinking water issues without instigating other changes. Like mergers, acquisitions are well suited to addressing staffing issues. Unlike mergers, not all acquisitions involve annexation, meaning that some residents may lack formal representation in the new consolidated system.

▶ Options for governing consolidated systems

The implementation and outcomes of a consolidation project are also heavily influenced

by how the consolidated entity will be governed. More than twenty distinct water system governance structures are possible, the details of which are provided in the water system entity statutory review in Appendix A. Generally, these options can be summarized into five categories: general purpose governments, independent special districts, investor-owned utilities (IOUs), nonprofits and joint powers authorities (JPAs).

General purpose governments: General purpose governments are public entities that perform many functions, of which water provision is only one. Cities and counties are the most common examples of this governance type. General purpose governments provide water either directly or through a subsidiary district governed by the general purpose government. Either way, these water systems can take advantage of larger public administrations to provide water but may suffer from inattention due to multiple priorities.

Independent special districts: An independent special district is a local government designed to perform a specific role for residents of a defined geography. These districts take a variety of forms with unique powers, requirements and designs. Many independent special districts provide specialized expertise and direct representation for residents, but typically they take substantial work to establish.

Investor-owned utility (IOU): An IOU is a private for-profit company that provides water to the public as a profit-generating enterprise for investors. IOUs are subject to additional regulation by the California Public Utilities Commission (CPUC) for rate setting and other considerations, although the degree of regulation depends on utility size. IOUs can, and in some cases must, provide low-income residents with rate subsidies, but decision-making among IOUs is not directly representative of the customers served.

Nonprofits: Nonprofit water cooperatives or associations provide water to members or shareholders at cost. Under California law, these are typically organized as mutual water companies (MWC), though some other formats exist. MWCs generally have less oversight than the above three governance types but are also relatively easy to establish and dissolve, and provide significant flexibility as many design and operation decisions are left to local discretion.

Joint powers authority (JPA): A JPA is a new legal entity created collaboratively by two or more public entities via a legal agreement (often a Joint Powers Agreement) to exercise common powers towards a specific, defined purpose. JPA members retain all their individual authorities and functions; however, they delegate authority on the defined subject to a newly established entity with a separate governing body, typically made up of representatives of member entities. JPAs are generally easy to establish but are constrained to exercising only the powers held in common by all members.

▶ Key considerations in consolidation

When contemplating the design of a consolidation project, stakeholders should keep the following key considerations in mind:

1. **Scope of powers and authorities:** Every type of governance structure has some distinct powers (e.g., wastewater provision, fire protection, eminent domain) that make it unique. Stakeholders need to carefully consider these powers when contemplating a merger, with an eye to the future to make sure the chosen consolidated entity will have the necessary powers for the system to continue to thrive.
2. **Implications for other services and powers:** Some types of water systems can provide other key services like solid waste collection, fire protection or wastewater. Others cannot.

Similarly, changing water system governance can introduce new ordinances, assessments or taxes that impact residents. Thus, water system consolidations need to be designed with careful attention to the non-water implications as well.

3. **Revenue and cost features:** Not all water systems have equal financial duties and privileges. Publicly owned water systems are bound by Proposition 218 to set water rates at the cost of delivering the service. IOUs have more discretion in setting rates but must get approval from the CPUC to change them, and all privately held systems cannot levy assessments or issue bonds in the same manner as publicly owned systems can.
4. **Technical, Managerial and Financial (TMF) capacity:** While consolidations often increase TMF capacity, not all approaches do so equally. When possible, stakeholders should be careful to avoid consolidations that unnecessarily increase complexity, which can lead to decreased TMF capacity long-term.
5. **Affordability:** The design of a consolidation project can influence water rates in a variety of ways, including potentially necessitating large-scale investment in infrastructure and possibly introducing new taxes. These impacts should be assessed across different income groups and constituencies. Availability of state or federal grants or financing may also influence affordability post-consolidation. Similarly, the governance of the consolidated system influences both how water rates are set and how customers can engage in rate-setting.
6. **Representation and transparency:** Publicly owned entities are subject to transparency laws such as the Brown Act and the Public Records Act. However, they restrict voting rights to those with U.S. citizenship. IOUs, on the other hand, are not directly governed by their customers at all, although some transparency measures are in place through CPUC oversight. MWCs often restrict participation in decision-making to homeowners. Precisely because representation and local control are often key concerns among residents contemplating consolidation, carefully attending to representation is essential in making any consolidation project a success.
7. **Flexibility and administrative transaction costs:** Certain approaches to consolidation require more time and resources to implement, such as regulatory approval and/or resident elections, whereas others may be easier (e.g., executing a JPA among various public agencies). Yet it is also important to look to the future. In the long term, some approaches allow for more flexibility and/or stability, meaning that savings may materialize in the long run.
8. **Sustainability and climate resilience:** Consolidation presents a unique opportunity for small and rural systems to be stronger in the face of challenges posed by climate change including by increasing the number or diversity of local water sources. However, like all other benefits, increased sustainability and resilience are not a guaranteed outcome of consolidation but rather need to be planned for and intentionally fostered.
9. **Access to safe, reliable drinking water:** Consolidations should increase access to safe, affordable drinking water and include as many partners as possible, particularly those most impacted by legacies of discrimination and historically marginalized in water planning.

INTRODUCTION

The water sector faces growing challenges related to aging and failing infrastructure; increasing water rates that outpace both inflation and household incomes; staffing shortages; natural disasters; and complex regulatory, management and treatment requirements among others. These challenges are often most acute for small community water systems, which, by nature of a small customer base, are less able to leverage economies of scale to provide safe, affordable and sustainable service. Small systems reliant on just one or a few water sources are also more vulnerable to water quality challenges and supply disruptions, including from climate-related disasters like drought and fire.

In California, the struggles of small systems manifest in almost every drinking water statistic. Currently, of California's approximately 2,800 Community Water Systems, 346 are out of compliance or consistently fail to meet primary drinking water standards. Another 508 are at risk of failing, according to the 2022 State Water Resources Control Board's (SWRCB's) Water Needs Assessment. Small water systems are disproportionately represented in both categories.[1] Similarly, 76 percent of the 149 water systems that were considerably "drought impacted" between 2012 and 2016 were very small systems serving fewer than 1,000 connections.[2]

Regional collaboration or partnerships provide one avenue to addressing these chronic small system challenges. Through collaboration, two or more utilities can work together for mutual benefit to overcome shared challenges and achieve safe, affordable drinking water in the long term.[3] In this guide, we specifically focus on one subset of regional solutions, known as consolidations, which we define as the formal merging of some or all of the governance, management and financial functions of drinking water provision into one. A consolidation that includes more than two partners is sometimes called a regionalization. In this guide we use the term consolidation to encompass these multi-partner projects as well as two-partner projects. By referring to "partners", our definition also intentionally encompasses projects that integrate residential areas previously unserved by a regulated water system, such as populations that rely on private domestic wells.

WHAT IS WATER SYSTEM CONSOLIDATION?

Consolidation entails the formal merging of some or all of the governance, management and financial functions of drinking water provision between two or more water providers or communities. This can occur with or without the phsycial interconnection of water infrastructure.

Consolidations could be physical, managerial or both. Physical consolidations entail the physical integration of the involved water systems into one unified system — for example, via an intertie or the construction of main and distribution lines to serve residents previously reliant on private domestic wells. In a "managerial" consolidation, in contrast, the physical infrastructure of two or more systems remains separate while the operation, management, and ownership of these systems are combined.

Water system consolidation has played an important role in the California SWRCB's efforts to combat persistent small system challenges and implement the state's 2012 Human Right

1 State Water Resources Control Board (2022) Drinking Water Needs Assessment

2 Pacific Institute (2017) Drought and equity in California

3 Rural Communities Assistance Partnership (2022) Regional collaboration for water and wastewater utilities

BEYOND CONSOLIDATIONS: WATER SYSTEM PARTNERSHIPS

While not analyzed further in this guide, water system partnerships are another important form of regional solution that local utilities, community leaders, policymakers and Technical Assistance Providers should all be aware of. Partnerships between water systems can take a wide variety of forms, including mutual aid agreements, shared bulk purchasing, sharing of equipment/staff, purchasing water and water wheeling. Partnerships are typically established via legal contracts that leave the legal structure and governance of participating systems unchanged. For this reason, partnership design includes options and considerations distinct from those discussed in this guide. Nonetheless, partnerships are a potential pathway for securing some of the same regional benefits as consolidation and are an important option to consider, especially where geographic or political barriers prevent consolidation. Moreover, in some cases, consolidation and partnerships might both be used in the same community. The UNC Environmental Finance Center's guide on crafting interlocal water and wastewater agreements is an excellent resource for exploring and designing these types of regional solutions.

to Water law (AB 685). Since 2015, the CA legislature has passed a series of bills aimed at facilitating consolidations, including SB 88, which authorized the SWRCB to mandate consolidations in cases where a public water system located in a disadvantaged community[4] consistently failed to provide safe drinking water. The state has also increasingly directed grant and subsidized loan funding to consolidation projects, including through the newly established Safe and Affordable Funding for Equity and Resilience (SAFER) program. These efforts have resulted in more than 200 completed consolidations, with another 200 underway.[5] Nonetheless, many more opportunities for consolidation remain across the state. The 2021 needs assessment identified 341 failing or at-risk systems as potential candidates for consolidation based on physical proximity to a compliant system.[6] Based on this analysis, the SWRCB has issued nearly 3,000 letters to small water systems recommending they consider consolidation with neighboring systems.

In many cases, consolidation projects materialize or accelerate in response to existing or emerging local water challenges. For example, the Cobb County Water District regionalization project (discussed on page 9) originated after a devastating wildfire led to a mass reduction of the customer base, which left the area's small water systems financially unviable. Similarly, consolidation may present a solution to water quality compliance issues, such as Ox-Bow Marina's struggle with arsenic contamination (see page 11). However, systems can also proactively pursue consolidation either in anticipation of future challenges, such as those presented by drought (for an example see the case of the Ukiah Valley Basin on page 8), or to secure benefits such as increased TMF capacity or greater economies of scale (see the Castle City Mobile Home Park example on page 14).

4 Per SB 88, a "disadvantaged community" is a rural unincorporated area with annual median income at 80 percent or less than the state's annual median income (California Health and Safety Code §116680).

5 State Water Resources Control Board California Water Partnerships Map. Available at: https://gispublic.waterboards.ca.gov/portal/apps/webappviewer/index.html?id=fabf64fbe50343219a5d34765eb7daad

6 State Water Resources Control Board (2022) Drinking Water Needs Assessment; Pacific Institute (2017) Drought and Equity in California.

As these diverse examples demonstrate, consolidation offers a wide range of potential benefits for participating partners, including but not limited to improved ability to meet regulatory requirements, new water sources, new funding sources, reduced costs through increased economies of scale, and more affordable water rates. Despite these opportunities and clear examples of success, there are often complexities and challenges presented by consolidation projects, including the following:

» Consolidation often requires significant changes to local water and broader governance arrangements subject to regulatory oversight and legal and policy restrictions.

» Sometimes residents or community leaders are reluctant to pursue these changes, afraid of future unknowns (especially costs) or that they may lose local control over their water system.

» Even when a consolidation project has everyone's full support, the projects can be time and resource intensive to implement.

Importantly, the unique benefits and challenges of any given consolidation project depend heavily on how the consolidation is designed. This guide explains the spectrum of possibilities for structuring and governing consolidation projects in California to help stakeholders understand the tradeoffs and ensure the most locally appropriate and beneficial approach possible.

USING THIS GUIDE

The term consolidation covers a diverse range of activities and institutional arrangements. Water systems have implemented many different forms of consolidation across the country. There is no one-size-fits-all solution. Rather, consolidations must always be tailored to local conditions and priorities. To do this effectively, community stakeholders need reliable information about their potential options and how they compare. To support this goal, this guide describes a spectrum of collaboration alternatives and accompanying governance options (Part I) and then provides a framework for considering the unique benefits and challenges of the potential combinations (Part II). Neither is exhaustive — rather, we seek to provide an informative starting point for productive conversations.

Stakeholders can use this guide in early conversations about the prospect of consolidation and the diversity of options therein, as well as to identify a smaller subset of preferred alternatives for further analysis. After or as a part of feasibility analysis or planning, this guide can facilitate individual and collaborative comparisons among select alternatives in support of a final decision. Regardless of how or when this guide is used, enlisting the help of local technical assistance providers, community-based organizations and/or SWRCB Division of Drinking Water staff to facilitate and guide these conversations will help set a strong foundation for success.

PUTTING THIS GUIDE INTO PRACTICE: THE DESIGNING CONSOLIDATIONS TOOL KIT

To accompany this guide, we have developed a tool kit, featuring resources like a side-by-side comparison tool for consolidation scenarios, a consolidation proposal evaluation tool and more. The tool kit resources are designed to support consolidation conversations at any stage of a consolidation process.

PART I: OPTIONS FOR STRUCTURING AND GOVERNING CONSOLIDATIONS

The unique benefits and potential challenges of any consolidation project are heavily influenced by how the consolidation is designed. Outcomes hinge on two key questions: 1) How will collaboration between the two or more partners (water systems and/or communities) be structured? and 2) How will the future consolidated entity be governed? In this section we discuss options for both.

▶ Options for structuring consolidations

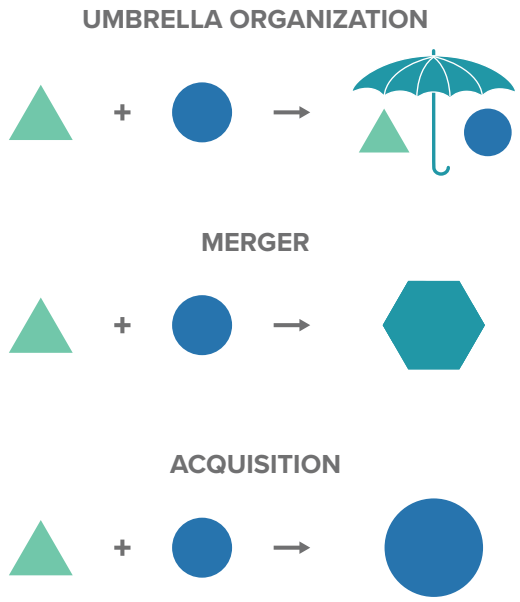
For the purposes of this guide, we define three broad approaches to consolidation: umbrella organizations, mergers and acquisitions (See Figure 1). Each is discussed in detail below. All three of these approaches can facilitate physical and/or managerial consolidation, as described in the introduction, and key benefits like increased economies of scale and climate resilience. Importantly, these options only represent points on what is a continuous spectrum of consolidation possibilities. Local needs may require a combination of these options.

UMBRELLA ORGANIZATIONS

In some cases, consolidation may involve the creation of a new regional or joint entity while retaining the pre-existing local entities involved in drinking water provision, thus creating an umbrella organization. In these cases, the umbrella organization may serve new roles, like operating new shared infrastructure. It also may assume some of the roles previously assigned to local entities, such as operating and maintaining local water distribution systems or billing customers. Meanwhile the pre-existing local entities will remain intact and independent, retaining some or all their previous functions and decision-making authority. Joint Powers Authorities or Agencies (JPAs, discussed below) are the most common types of umbrella organizations, although other governance arrangements are also possible. Notably, umbrella organization consolidations share many similarities to water system partnerships (see page 5). The key distinction we make in this guide is that umbrella organizations entail the formation of a new entity with a distinct governing body, whereas partnerships utilize collaborative agreements without creating a separate "Authority" or "Agency." Examples of such partnerships, which are not further covered in this guide, include water purchasing, water wheeling or shared services agreements.

FIGURE 1

Three options for structuring water system consolidations



Note: These are simplified scenarios with only two pre-existing entities. However, all three approaches can involve more systems of a variety of structures.

TABLE 1

Pros and cons of umbrella organizations

PROS	CONS
» May face less local resistance by retaining existing local decision making and governance structures. » May be quicker and easier to implement than other alternatives, though some umbrella structures can be highly complex. » JPAs are particularly flexible. Division of roles and responsibilities between the pre-existing entities and umbrella organization and representation/decision-making can be tailored and revisited in the future as needed. » Can provide an avenue for collaboration while still maintaining separation where there are legal or financial hurdles to merging or dissolving existing entities (e.g., need or desire to maintain separate water rights).	» Depending on design, may be less efficient due to staffing, governing and/or operational redundancies which can increase time and resources needed for administration and governance. » May be easier to dissolve, including potentially at the behest of only one or some partners. » Umbrella organizations represent member agencies rather than residents directly meaning that decision-making may be more removed from customers than in other formats.

PREPARING FOR DROUGHT: THE UPPER RUSSIAN RIVER WATER AGENCY

Four county water districts serve water to residents of the Ukiah Valley Basin. As drought conditions intensified in Summer 2014, each system began to worry it would soon find itself without sufficient water. To prevent such a crisis, the four districts began working together to develop emergency interties that would provide back-up supplies. That winter, the districts signed a JPA to formalize their efforts and begin sharing resources among themselves, officially creating the Upper Russian River Water Agency. Leveraging this agreement, the districts contract among themselves to share staff for system maintenance, administration and management.

For now, the districts have retained their independent governing boards in addition to the Authority board, which is made up of one representative for each member agency. However, the districts are also leveraging the JPA to explore the possibility of further consolidation through a merger. In 2020, the Ukiah Valley Sanitation District, which provides sewer services in the region, formally joined the JPA to participate in these discussions.

MERGERS

As another approach to consolidation, two or more local entities may choose to fully combine through a merger. In these cases, two or more entities (typically water systems, but a merger can also include domestic well communities) dissolve and are replaced by a new or amended governing entity. Mergers differ from acquisitions (below) in that the process generally results in an entity that looks and functions differently than those that preceded it.

TABLE 2

Pros and cons of mergers

PROS	CONS
» The ability to develop something new makes mergers tailorable to local needs. » Generally, ensures representation for all residents served by the consolidated system although governing board members will likely be elected across a larger population. » May help address staff and volunteer shortages for small systems by pooling human resources across a larger population.	» Generally, requires service area and/or political boundary changes which can be time and resource intensive to implement. » Can influence the provision of other services and cause changes in locally allowable land-uses (e.g., ordinances, zoning). » Could alter local jobs tied to the pre-existing entities. » Differences in the condition of infrastructure or the financial viability of participating entities may create roadblocks to a merger.

SEVEN DISTRICTS (AND COUNTING) JOIN FORCES AFTER THE VALLEY FIRE

The 2015 Valley Fire in Lake County left the area's water systems damaged and with far fewer rate payers than they had just months before. Even with state grants for repairs and upgrades, it was clear that many of the systems would not be financially viable on their own at their reduced sizes. This fact led the respective governing boards to decide that the best course of action would be to merge their systems. The initial 2018 phase of the project consolidated seven community water systems, dissolving six systems owned and operated by MWCs, county service areas, county water districts and California water districts and annexing their territory into the seventh, the Cobb Area County Water District. The Lake County Local Agency Formation Commission (LAFCo) made the necessary adjustments to Cobb Area's boundaries and, in doing so, drew the district's sphere of influence to include other area water systems. This foresight has facilitated the consolidation of two more systems into the district in recent years with fewer administrative hurdles.

ACQUISITIONS

In an acquisition, one water-providing entity takes over full ownership and operation of one or more other entities with minimal or even no changes to the acquiring entity. While the term acquisition may bring to mind privately owned water systems like investor-owned utilities (IOUs), they also occur between publicly owned entities or between public and private entities (see Walnut Ranch example on page 19). Among local government systems, an important distinction is whether the acquisition involves annexation or not. In cases without formal full annexation of the newly served territory, an Extraterritorial Service Agreement (ESA) can provide for water service instead. In these cases, drinking water service is provided to residents of the previous consolidated entity, but these residents are not considered residents of that city or district for the purposes of voting, taxation, etc. (See page 19 for more discussion of annexation). Like mergers and umbrella organizations, acquisition-style consolidations can be managerial (see example of Timberland Water Company on page 14), or physical (see Ox-Bow Marina example on page 11).

TABLE 3

Pros and cons of acquisitions

PROS

- Can help ensure safe, sustainable drinking water service without necessitating broader political or land-use changes.
- In straightforward cases, review and approval by the necessary regulators (e.g., county LAFCo, CPUC) may be quicker than other alternatives.
- Well suited to addressing staff or volunteer capacity issues.

CONS

- Residents may be subject to rules and rates without having representation in decision-making if not annexed into the new governing district.
- For ESAs, certain criteria must be met for a county LAFCo to grant the necessary permission to provide drinking water service outside of a local government's boundaries.
- Could alter local jobs tied to the consolidated system(s).

ACQUISITION BRINGS SAFE DRINKING WATER TO THE OX-BOW MARINA

The Ox-Bow Marina Mutual Water Company served approximately 200 customers using self-produced groundwater. Starting in 2008, the system's wells began to exceed regulatory requirements for arsenic, and work to find a sustainable solution began in earnest. In the nearby community of Isleton, the California American Water Company (Cal-AM), a large IOU, operated the community water system. Cal-Am was amenable to acquiring the system and applied to the California Public Utilities Commission (CPUC), the state regulator of IOUs, for permission to do so in 2015. Importantly, to solve Ox-Bow's water challenges, a physical intertie between the two systems needed to be constructed and improvements to the Marina's physical infrastructure were also needed. Ox-Bow Marina Mutual Water Company was eligible to receive state grant funding for these purposes, but at the time, as an IOU, Cal-Am was not. As such, Cal-Am worked with Ox-Bow Mutual Water Company to apply for and implement the project, and then completed their purchase of the water system in 2017.

▶ Options for governing consolidated systems

In addition to considering how to structure a potential consolidation project, stakeholders need to consider how a successfully consolidated entity will be governed. The more than 2,800 community water systems regulated by the state of California are governed by 26 distinct types of legal entities. Each type has different authorities and responsibilities under California law, and are subject to different requirements and regulations.[7] The water system entity statutory review in Appendix A provides some of these differences for twenty common types.

In this section, we summarize this information across five overarching categories: general purpose governments, independent special districts, IOUs, nonprofits and JPAs. Notably, we exclude from this discussion and the accompanying statutory review consideration of Tribal water systems, which are neither organized under nor subject to California laws. Nonetheless, Tribal water systems are involved in consolidation projects, both as consolidated and receiving systems, including sometimes with the non-Tribal state systems described herein for very similar reasons.

TABLE 4

Type and frequency of governance for California Community Water System consolidations completed 2015-2021

Governance of consolidated system	# of cases (n = 143)
General purpose government	41
Independent special district	47
Investor owned utility	37
Nonprofit	7
Joint powers authority	Unknown/ no data
Other (schools, private facilities, state-operated and Tribal systems)	11

7 Dobbin, K. B., & Fencl, A. L. (2021). Institutional diversity and safe drinking water provision in the United States. Utilities Policy, 73, 101306. https://www.sciencedirect.com/science/article/pii/S0957178721001405

GENERAL PURPOSE GOVERNMENTS

General purpose governments, particularly cities and counties, own and operate many water systems throughout the state. In these cases, the general purpose government bundles water service with many other functions such as trash collection, street maintenance, code enforcement and public safety, under the broad authority of a locally elected body. City owned and operated water systems typically fall directly under the jurisdiction of city council, although in some cases cities establish a dedicated governing board or commission with appointed or elected representatives to oversee their water system. County water systems, on the other hand, can be owned and operated under a variety of different formats including as a county service areas, county waterworks districts, or maintenance districts. Although these iterations can differ with respect to how and where they can be established and what services they can provide (see Appendix A), as political subdivisions of the county, the local board of supervisors is ultimately in charge.

TABLE 5

Pros and cons of general purpose governments

PROS

- Can integrate water resources management with other local planning.
- Provides wide-reaching legal and financial powers.
- Can leverage/share resources across a larger organization reducing costs (e.g., facilities).
- General purpose elected officials are often more visible and familiar to residents, potentially increasing transparency, and access to decision-making.

CONS

- Water service can be impacted by political expediency (e.g., failure to adequately raise rates to avoid political pushback or not prioritizing water resulting in deferred maintenance) and is potentially vulnerable to spillover effects from unrelated crises (e.g., austerity or political upheavals).
- Residents must be U.S. citizens to vote.
- County owned and operated water systems are subject to intricate restrictions related to service area, conditions and duration. In these cases, the governing body also represents larger populations beyond the water service area, potentially limiting representation and accountability.
- Consolidations with annexation into cities will result in significant changes for residents who will become city residents influencing taxes, zoning, ordinances, etc. These changes can result in strong preferences among residents and local government bodies alike.

INDEPENDENT SPECIAL DISTRICTS

A special district is a local government dedicated to a specific function or set of functions over a defined area. The geography of special districts may overlap or transcend general purpose government political boundaries. Common types of water system special districts in California include Community Services Districts, Public Utilities Districts, and County Water Districts. California law delineates important differences between these otherwise similar types of governments. For example, in some types of special districts only landowners are eligible to vote for the board of directors. Like cities and county subsidiary districts, special districts have specific requirements for formation, dissolution, and boundary changes. Along with general purpose local governments, special districts are subject to restrictions from Prop 218 and Prop 26 around flexibility in pricing and cannot charge above the cost of service provision to customers.

TABLE 6

Pros and cons of independent special districts

PROS	CONS
» Due to specialized nature, governing board members and staff can focus their attention exclusively or heavily on drinking water service. » Particularly compared to general purpose governments, special districts often have fewer restrictions related to the areas they can serve. » Because special districts have more narrow authorities and functions, annexation into a special district is generally less disruptive than into a city. » Local building/zoning ordinances not applicable for water service–related facilities.	» Difficult and costly to establish and dissolve due to all procedural and study requirements. » By nature of their narrow functions, multiple special districts for different purposes often serve overlapping areas, decentralizing decision-making for different government functions and potentially reducing resident involvement and accountability. » Voting rights tied to citizenship.

MANAGERIAL CONSOLIDATION BRINGS CHANGES FOR SOME AND EFFICIENCIES FOR ALL IN THE TAHOE CITY AREA

In January 2018 the Tahoe City Public Utility District (PUD), an independent special district providing water and wastewater service to unincorporated residents on the North Shore of Lake Tahoe acquired the Timberland Tract Water Company, an IOU. While the Timberland water system was not physically connected into any of Tahoe City PUD's several water distribution systems, the consolidation immediately brought needed repairs to the aging distribution system, improving the quantity and sustainability of local water service. The improvements also included the installation of water meters. To give residents time to adjust to metered water service, the board of directors implemented a 12-month grace period, during which time residents would pay a flat rate and become accustomed to monitoring their household usage. After this period, Timberland residents began paying base and consumption charges like other PUD customers. While physically distinct, at least for the foreseeable future, the consolidation under Tahoe City PUD increases operational and management efficiencies for all the district's customers.

PRIVATE ENTITIES RUNNING WATER SYSTEMS: MOBILE HOME PARK CONSOLIDATIONS

In addition to the five types of water system governance arrangements described in this guide, sometimes water systems are owned and operated by private businesses as one part of their standard operations. For example, mobile home parks operate as many as 13 percent of California water systems.[8] These types of systems are a common candidate for consolidation. A good example of this is the recent consolidation of Castle City Mobile Home Park into Placer County Water Agency (PCWA), a special act district created especially by the state legislature with broad ranging water management and wholesale drinking water authorities. The owners of the mobile home park had historically operated its own surface water treatment plant to service the park's approximately 300 residents. As their infrastructure neared the end of its useful lifespan and system-wide low-pressure challenges grew, management reached out to PCWA to see if they would be interested in consolidating. Funding for the project was obtained through the Proposition 1 water bond and the consolidation was completed in July 2021. Because PCWA was already a large regional district whose service area encompassed the mobile home park, the county LAFCo did not have to change the agency's boundaries. Castle City now benefits from enormously increased economies of scale. In another important benefit to the foothill community, the new system has the authority to provide fire protection.

8 Pierce, G., & Gonzalez, S. R. (2017). Public drinking water system coverage and its discontents: the prevalence and severity of water access problems in California's mobile home parks. Environmental Justice, 10(5), 168-173. https://www.liebertpub.com/doi/10.1089/env.2017.0006

INVESTOR-OWNED UTILITIES

Under California law, investor-owned utilities (IOUs) are regulated private corporations providing water (and other utility) service to the public. IOUs provide water to generate a profit, which, importantly, differentiates them from all other categories presented in this report. The IOU category does not include mobile home parks, which provide water tied to other services (rent) rather than as a good itself, or cooperatively owned nonprofit systems, which provide drinking water at cost to members. In IOUs, shareholders elect a board of directors to oversee business operations. Shareholders own shares in the IOU for investment purposes and are generally not customers themselves. Thus, IOU decision-makers are not elected by customers in the service area. Unlike with general purpose governments or special districts, IOUs have substantial leeway in determining how they will interact with customers and how transparent they wish to be about key decisions or processes. Also, unlike other governance types, all IOUs are subject to regulation concerning rates and service provision by the California Public Utilities Commission (CPUC), but the degree of oversight this entails depends on the size of the population served by the utility.

TABLE 7

Pros and cons of investor-owned utilities

PROS	CONS
» Able to, and in some cases mandated to, provide subsidized rates to eligible low-income customers, unlike local governments restricted by Prop 218 and Prop 26. » An IOU board has the legal obligation to ensure the long-term good of the corporation. » An IOU has the economic incentive to invest in the infrastructure of a system.	» No direct channels for representation for customers. » Board has obligations to shareholders as well as to customers. In some cases, this may lead to maximizing share value or profitability over other considerations. » IOUs do not have to comply with open government and transparency laws (e.g., the Brown Act, bilingual services act), which can reduce public access to information. » IOUs may not be interested in investing in disadvantaged communities with limited potential for profit. » Eligible for state grants/assistance although some limitations apply to protect the public interest integrity of state funds.

NONPROFITS

Nonprofit water providers — including public and mutual benefit corporations, homeowners associations and cooperatives — are exceedingly common in California. Such water systems are organized under a variety of different corporate and tax statuses, but they all have in common that they are privately owned but do not operate for profit. In California, special purpose cooperatives called mutual water companies (MWC) are the most common such system and are specially regulated by state law. In the case of MWCs, shareholders co-own their water system. Shareholder status is typically determined by homeownership within the water system's service area. MWCs and other similar iterations have substantial leeway in determining their own rules for operation within their organizational bylaws, including rules governing the company, such as the composition of the governing board.

JOINT POWERS AUTHORITIES

Joint powers authorities (also Joint powers agencies or JPAs) make up the fifth and final category of California water system governance. JPAs are collaborative governance structures in which two or more public entities create a new governing entity to jointly exercise common powers towards a specific, defined purpose. Eligible entities include not just local governments (cities, counties and special districts) but also state governments, federal governments and federally recognized Indian Tribes. Under California law, MWCs may also participate in JPAs as long as there is at least one public agency involved and the new entity strictly adheres to the requirement that JPAs only exercise powers common to all members. JPAs can take on various forms and functions, since each JPA is uniquely designed by its members. In creating a new legal entity, any debts, liabilities and other obligations related to the functioning of the authority lie with the new entity, not the forming members.

TABLE 8

Pros and cons of nonprofits

PROS	CONS
» Relatively easy to create, amend and dissolve. » Shareholders, including non-U.S. citizens, have a direct say in decision-making through annual shareholder meetings and by electing the governing board.	» Membership or shareholder status is typically tied to homeownership meaning that renters lack formal representation although depending on local bylaws renters may be able to vote as proxies. » Limited regulatory oversight, which can limit intervention opportunities. » Open government and transparency laws do not apply. MWCs are subject to some transparency requirements, though these are less stringent than the Brown Act. » State grant/assistance received may be taxable income.

TABLE 9

Pros and cons of JPAs

PROS	CONS
» Relatively easy to establish, amend and dissolve. » Does not require the consent of an oversight agency although the local LAFCo must be notified. » Highly flexible; the governing body and decision-making procedures of a JPA can be tailored to suit local needs, for example by requiring consensus for certain types of decisions. » Can designate which member agency's governing laws and statutes will apply to the new agency (e.g., purchasing, personnel rules and regulations).	» As umbrella organizations, JPAs may create redundancies in management, administration and governance functions requiring more time and resources to operate. » JPAs may only exercise powers common to all member agencies. » In many cases, JPAs require each member entity to independently weigh in on decisions prior to acting. This can make decision-making slow and arduous. » Members may be able to withdraw at any point depending on the stipulations in the agreement; in some cases, a single member can dissolve the entire authority on their own initiative.

PART II: CONSIDERATIONS IN DECIDING IF AND HOW TO CONSOLIDATE

Precisely because there are so many possibilities for structuring and governing a potential consolidation project, comparisons between two or more alternatives are helpful. This may include a non-consolidation alternative where the current structure and governance for water provision is retained without changes. In this section of the guide, we present nine criteria that can inform this process.

▶ Scope of powers and authorities

As discussed in Part I of this guide, different governing structures can provide distinct services and mediated by distinct powers for service provision. Moreover, communities pursuing consolidation may need or desire specific powers and authorities. As such, those considering consolidation should consider what powers might be needed to successfully implement and manage the consolidation and ensure that the project is designed in a way that can meet these goals. Given the time and effort required to make governance changes (see flexibility and administrative transaction costs section below), it is also wise to anticipate what powers and authorities may be needed in the future. For example, systems consolidating today may wish to add additional member agencies in the future, as happened with the Upper Russian River Water Authority (as described on page 8). Other key powers for consideration include the ability to provide fire protection and the power of eminent domain. You can consult Appendix A for more information about the specific powers and authorities of various governing entities.

▶ Implications for other services/ powers

The local entities that provide water in our communities sometimes serve broader roles or provide other services. When other services (e.g., wastewater, street sweeping, parks, etc.) are governed jointly with water, important implications arise for a consolidation project. For example, in a merger between two previously independent water systems, one of which also provides customers with sewer service, it would be important to either ensure that the governing structure for the consolidated system is statutorily authorized to continue this service, or to arrange for another new or existing entity with this power to assume this responsibility.

Similarly, where a special district or general purpose government is formed or expands into new territory, all of the powers and rules of that entity will apply to the new residents. This may entail significant changes for residents such as being subject to new ordinances, assessments or taxes. The expansion of powers is particularly acute with city annexation, since cities have broad powers and authorities. See below for an example of how annexation considerations differently affected three consolidation projects.

▶ Revenue and cost features

Unique financial features of governance types and consolidation structures are also important to consider. For rates and assessments, important differences exist between privately and publicly owned water systems. All local governments (general purpose governments and special districts) are limited in rate-setting by Proposition 218 to charging only the cost of service. Private systems, on the other hand, generally enjoy more flexibility for rate-setting structures (although IOUs must do so with strict oversight from the CPUC); they are not precluded from offering subsidized or low-income water rates like local governments. In fact, large IOUs are required by the CPUC to provide such a program. As another key difference, publicly owned systems can issue general obligation bonds and levy taxes and assessments — two things that privately owned systems generally cannot do. Private and public water systems also vary in their ability to access public grants and low or no interest public financing. Public water systems can generally access public grants and low or no interest public financing with fewer complications than privately held systems.

Among privately and publicly owned water systems there are also important differences. Some types of local government can set up special improvement districts within their territory that can allow services, rates or assessments to vary within their service area. This can be helpful for issuing debt or funding deferred maintenance in specific areas of a consolidated water system. However, such arrangements can also raise questions about equity among residents and may also impede a consolidation from taking full advantage of increased economies of scale. Among types of privately owned water systems, MWCs can place liens, whereas IOUs cannot.

▶ Technical, Managerial and Financial (TMF) capacity

TMF capacity relates to a system's ability to maintain compliance with water quality and monitoring standards and live up to requirements and best practices for management and financial solvency. Consolidations can improve TMF capacity in many ways, including by increasing a system's customer base (increasing economies of scale by spreading fixed costs among a larger population), helping to recruit and retain qualified operators or other staff, pooling human resources across a larger population, reducing volunteer or staff vacancies and facilitating new treatment or water sources to ensure safe drinking water. Importantly, not all consolidations

TO ANNEX OR NOT TO ANNEX? COMPARING RESIDENT CONCERNS AND DECISIONS ACROSS THREE DIFFERENT CONSOLIDATION PROJECTS

East Porterville — After hundreds of private domestic wells started going dry in the unincorporated community of East Porterville in 2013 and 2014, residents urgently needed to connect into the nearby City of Porterville water system. The design of the consolidation project, however, raised many thorny questions. On the one hand, the City of Porterville was reluctant to provide water outside of their city boundaries. On the other hand, many unincorporated residents were reluctant to annex their homes into the city, which would provide additional city services but also introduce new local ordinances, among other changes. Ultimately, a compromise was brokered using an Extraterritorial Service Agreement (ESA) whereby annexation would not occur imminently, but residents added to the extended city water system would agree to future annexation. This allowed the consolidation to move forward without all residents opting into the city system. Notably, this solution entails tradeoffs with other important considerations, including sustainability and representation; unconnected residents are left vulnerable to groundwater contamination and drought, while connected residents lack the ability to vote for City Council but are subject to their decisions regarding drinking water. It also affected economies of scale, bringing on fewer new customers than originally anticipated with the project.

Delhi — The ongoing consolidation of domestic well owners on the periphery Delhi County Water District in Merced County exemplifies how such considerations may be different depending on the governing entity involved. Well owners were initially reluctant to annex their properties into the Merced County Water District, but after reviewing the responsibilities and functions assigned to county water districts, whose authorities are far more limited than general purpose governments, most residents ultimately decided to support annexation. Like in East Porterville, residents had a choice of whether to abandon their wells and connect to the Delhi water system. But unlike in East Porterville, the entire residential area was annexed into the district as part of the project, which will likely prohibit the construction of any new domestic wells in the area.

Walnut Ranch — For the residents of Walnut Ranch, a water consolidation project presented an important bonus opportunity: the ability to simultaneously address their failing septic systems. The community, a subdivision in Colusa County served by a small water system owned by the investor-owned utility Del Oro, had struggled with water quality and supply issues for years. After one of the main wells collapsed, the system established an emergency intertie to the City of Colusa, and residents began pursuing consolidation. Some residents worried that the proposed project with the city was too expensive and proposed consolidating their water system with a neighboring industrial park instead. Others argued that by total annexation into the city, the area would gain access to the city sewer system. While less expensive in the short term, the industrial park consolidation would only defer future wastewater expenses. In the end, 92 percent of the community voted in favor of a county property assessment to fund the needed annexation study leading to the successful annexation of the community into the city in 2014.

will do so equally, and some alternatives may also present challenges. For example, complex consolidation projects with large upfront capital costs or complex financing, as well as those that employ improvement districts or other mechanisms to differentially charge customers, may also increase administrative complexity and staffing requirements. For exactly this reason, all consolidation alternatives should be carefully vetted to ensure that a resulting consolidated entity meets the State Water Board's TMF requirements, and that long-term sustainability is carefully fostered.

▶ Affordability

Affordability, defined as the ability for a household to pay for the basic water services without unreasonable hardship, is a central tenet of California's Human Right to Water (AB 685) and an important consideration in all consolidation projects. Increasing the number of customers served by a water system can result in everyone paying less for the same, or even better, service. Nonetheless, consolidation projects can result in significant capital investments on much-needed new infrastructure (e.g., physical interties, treatment facilities) or on previously deferred maintenance that, depending on the availability of state or federal funding and applicant eligibility to receive it, can also cause rates to go up in the short-term. Thus, while increasing economies of scale is a motivating factor that often drives consolidations, there can be some nuances in how this may affect affordability. As another example, an umbrella organization might facilitate new or improved shared infrastructure at a lower per-customer cost while also increasing administrative overhead due to the need to operate an additional district. Or, in the case of an acquisition via annexation into a city or special district, water rates may decrease but new taxes or assessments may still cause household expenses to rise.

Further, rate impacts may vary among customers. For example, in IOU acquisitions, low-income households may become eligible for special subsidies to offset potential increases. Thus, the rate implications of different consolidation alternatives and for different subsets of served residents need to be carefully analyzed including across income groups. In doing so, local stakeholders should be careful to distinguish between which additional costs from a consolidation project are solely related to the consolidation (e.g., engineering and planning studies, physical system intertie) and which are likely inevitable even if the consolidation did not occur (e.g., addressing deferred maintenance needs) and compare these costs to those expected in the absence of the consolidation (e.g., infrastructure replacement, treatment costs).

▶ Representation and transparency

Depending on its design, a consolidation project may increase, reduce, or have no effect on how some or all residents are represented in decision-making. Where a consolidation involves creating a JPA, local stakeholders choose the decision-making structure (see the example of The Easton Community Water System Authority below). In all other cases, however, representation will depend on the type of governing entity in charge of the consolidated system(s), making it essential to understand the options available. Among the possibilities summarized in Part One of this guide and described in detail in Appendix A, registered voters within the boundaries of cities and most independent special districts directly elect the governing board in charge of the system. In contrast, cooperatives and select independent special districts like California water districts often tie voting eligibility to homeownership. Among IOUs, leadership is elected by shareholders, and customers enjoy few direct channels to governing bodies. For these reasons, who will and will not be represented in the consolidated entity needs to be carefully considered. For

example, the formation of a MWC to serve two nearby communities, one of which has high home ownership rates and the other has high renter rates, will likely result in asymmetric representation of the two communities in decision-making spaces. This could potentially foster future conflict or inequities.

Consolidation structure also heavily influences representation. In some cases, acquisitions may not result in direct representation for the residents of the consolidated system(s) in local water decision-making. In East Porterville, residents chose an ESA in lieu of annexation; their water system is governed by residents of the City of Porterville. Walnut Ranch residents had a distinctly different outcome when the City of Colusa formally annexed their territory, ensuring equal rights and responsibilities as all other city residents (see examples on page 19).

These same factors influence the transparency of the consolidated system. Publicly owned entities have clear requirements for public meetings, transparency and language access, among other measures, to promote transparency (see Appendix A). Anyone can exercise these rights, whether they live inside or outside of a system's political boundary. MWCs, on the other hand, are only obligated to disclose financial information to shareholders, customers or local elected officials upon request. IOUs are subject to specific financial disclosure requirements to the CPUC, and if they are publicly traded, some financial information may be available through federal agencies. However, these requirements fall well short of financial disclosures for local governments mandated by California state law. Both IOUs and MWCs are required to have annual board of director meetings that are open to shareholders, but that may be closed to the general public. MWCs must also permit customers or local elected officials to attend with 24 hour advance written notice.

▶ Flexibility and administrative transaction costs

As mentioned in Part I of this guide, different governing structures have different requirements and procedures that must be followed when making changes to that structure, whether those changes adjust the governing board, change service boundaries, dissolve the entity entirely or create a new entity. These requirements are particularly important because they determine what is possible — and often, what is desirable.

For example, consolidation projects involving special districts and general purpose governments should be prepared to work closely with their county's local agency formation commission (LAFCo), which governs the creation of new public districts as well as boundary or service extensions for all such districts. LAFCos must follow all relevant state laws in approving boundary and service changes, which can limit the options available for implementing consolidations. As the decision-makers charged with orderly local development, local LAFCos' priorities may also need to be addressed for a proposal to be successful. Applicable LAFCo policies vary by county. Some LAFCos may formally or informally prohibit certain structures, such as acquisitions via Extraterritorial Service Agreements (ESA).

In other counties, an ESA may be simpler to implement than an annexation. Instead of the local LAFCo, consolidations involving IOUs require coordination with the CPUC. Both processes can be slow and bureaucratic and can involve mandatory fees, although fee waivers are often available in specific circumstances. For these reasons, a forward outlook is key when designing a consolidation to avoid the need to make additional changes later.

THE EASTON COMMUNITY WATER SYSTEM AUTHORITY TACKLES LONG STANDING ISSUES IN A PRIVATE WELL COMMUNITY

Washington Union High School is located in the unincorporated community of Easton in Fresno County. Starting in 2009, the SWRCB issued the school a series of compliance orders for exceedances of Maximum Contaminant Levels (MCLs) for dibromochloropropane (DBCP), Gross Alpha and 1,2,3-Trichloropropane (1,2,3-TCP). Ultimately, a planning study determined that consolidation with the nearby Washington Colony Elementary School was the most beneficial long-term solution. Because the two school systems were owned and operated by two separate school districts, the schools formed the Easton Community Water System Authority with a Joint Powers Agreement in 2015. The new umbrella organization managed both the construction project and the resulting shared system, which was completed in 2019.

The JPA established that a five-member board would govern the new authority. The respective school districts would each select two members, and the resulting four members would select an Easton community resident as the fifth. The flexible nature of the JPA structure provided the ability to include a representative from Easton, even though the community (where residents are served by private domestic wells) lacked a local public agency to formally represent it as a signatory. Residents in Easton have long been negatively impacted by poor water quality and, more recently, drought. By including a resident on the authority board from the beginning, the Easton Community Water System Authority has been able to look beyond finding a long-term solution for the high school and make progress towards a larger goal of advancing a community-wide water system serving residents and business as well.

▶ Sustainability and climate resilience

Any consolidation approach will affect future operations and service delivery. Ideally, a consolidation project will increase long-term sustainability and resilience under climate change. This can be particularly important for rural communities, which are more likely to have small, stand-alone water systems and are therefore at higher risk of related impacts, such as drought. Such sustainability can stem from larger financial reserves related to increased financial capacity, which in turn can allow for greater investment in infrastructure improvements and increased savings to handle planned and unplanned maintenance, repairs, and replacements. Increased sustainability and resilience can also arise from adding new water sources and redundant infrastructure (e.g., additional wells, storage tanks). Not all consolidations will have this effect, however. Depending on the specific arrangement, managerial consolidation via umbrella organization where pre-existing water systems retain ownership and responsibility for their water source may not increase the resilience of their systems to drought. As the climate crisis continues to affect local water resources and increase the frequency and intensity of shock events like droughts and wildfires, local stakeholders should consider how a prospective consolidation project can address not just current challenges, but future ones as well.

▶ Access to safe, reliable drinking water

Across California, low-income communities, communities of color, rural communities and

TWO COMMUNITIES FORM A NEW DISTRICT AND TAKE CONTROL OF THEIR WATER SYSTEMS

The unincorporated communities of Yettem and Seville in Tulare County know a lot about the challenges facing small water systems. Tulare County has owned and operated the Yettem water system as a county service area since it was built in 1995. For most of that time, the system struggled to blend water from its two wells to maintain compliance with nitrate standards. Meanwhile, residents experienced high monthly costs, a consequence of the system serving only 69 service connections. The Seville system, in turn, was turned over to the county as a court-appointed receiver in 2009 after the system fell into serious disrepair under private ownership. On top of nitrate issues, the system's crumbling infrastructure has led to frequent water outages, foreclosed opportunities for new construction and necessitated strict emergency conservation mandates, including regular outdoor watering prohibitions. To remedy these issues, Tulare County applied for millions in state grant funding to repair and combine the two systems. Once completed, the physical intertie will increase economies of scale, help address unaffordable rates, address Yettem's ongoing nitrate issues, augment Seville's water supply and make both communities more resilient to future droughts.

To proactively and sustainability manage their new system, residents also wanted to have more of a say than is afforded by the county service area, which is a subsidiary district governed by the board of supervisors. Residents worked closely with a Technical Assistance provider, the county and the Tulare County LAFCo to propose the formation of a new community services district (CSD), a type of independent special district, covering both communities. After conditional approval by the Tulare County LAFCo in May 2018, residents of the proposed new district had to vote on the proposal for it to take effect. The measure passed overwhelmingly in November 2018. Soon thereafter the district was up and running, and officially assumed ownership of the two water systems from the County in June 2020 marking the first time either system had been managed directly by the communities they serve. The volunteer five-member board of the CSD is now overseeing the final phases of the construction project and looking forward to supporting further consolidation efforts in the region.

indigenous communities disproportionately lack access to safe and affordable drinking water. Consolidation is a uniquely positioned tool for addressing these ongoing injustices, which arise from many factors including residential segregation, racialized land use planning and withheld public investment. However, leveraging consolidations to this effect requires intentionally prioritizing safe, affordable, sustainable drinking water access. In practice this may look like designing and selecting consolidation alternatives that increase access (e.g., by providing new or improved water sources, installing treatment, replacing deficient infrastructure), TMF capacity and sustainability and resilience. Advancing drinking water equity through consolidation also requires ensuring that all such communities that can feasibly benefit from a consolidation are given an opportunity to join (see, for example, the Easton Community Water System Authority detailed on page 22). California's State Water Board has designed a drinking water system outreach tool specifically for this purpose (see tool kit).

PRIORITIZING SAFE DRINKING WATER ACCESS: THE MANDATORY CONSOLIDATION OF PRATT MUTUAL WATER COMPANY WITH THE CITY OF TULARE

The case of Matheny Tract provides an important example of how historical legacies and ongoing discrimination in housing and land-use planning directly inform water access, and how consolidation can be part of the solution. In 2015 California passed SB 88, which allows the SWRCB to mandate consolidations in cases where a disadvantaged community lacks access to safe drinking water. The SWRCB used these powers for the first time to consolidate Pratt Mutual Water Company (MWC) with the City of Tulare. Pratt MWC served the community of Matheny Tract, a low-income, primarily Latino residential population of approximately 1,200 people immediately adjacent to, but outside of, Tulare city limits. The Pratt MWC water system infrastructure was deteriorating. When the system began exceeding safe arsenic levels in 2010, board members and residents used a state grant to begin working with local Technical Assistance providers to pursue consolidation with the city. As part of an ongoing effort to annex an industrial park directly north of Matheny Tract, the city initially agreed to connect the Pratt MWC system to the city but later changed its mind when city leadership changed. This led to litigation involving not just Pratt MWC and the city, but also Tulare County and a resident group, the Matheny Tract Committee. After providing the parties with six months to negotiate a solution on their own (as required by SB 88), the SWRCB stepped in to mandate consolidation. In June 2016, more than six years after the system had gone out of compliance, Matheny Tract was finally connected to the city water system in an acquisition-style consolidation via an Extraterritorial Service Agreement, bringing safe, affordable drinking water to Matheny Tract residents.

LOOKING FORWARD

As described throughout this guide, consolidation can be pursued in many ways. While the potential benefits and reasons for consolidating may be similar across the different approaches, each also offers advantages and disadvantages as well as potential tradeoffs. These differences merit careful consideration and discussion. Depending on the priorities of local stakeholders, a different combination of structure and governance may be desirable. For example, if the motivating goal is to obtain a new, quality water source for residents without safe water, an umbrella organization approach might be effective, whereas if the motivating factor for consolidation is to address a shortage of staff and board members, that same approach is likely infeasible. Nonetheless, rather than exclusively focusing on one or a few top priorities, a good consolidation project will also seek to maximize potential benefits for the community and region to the extent possible, now and in the future. The nine considerations presented in this guide provide a framework for both prioritizing and maximizing benefits when supplemented with community specific data and documented critical needs.

Many additional resources are currently under development to support local stakeholders in this work. The US Environmental Protection Agency has developed new water system partnership resources and toolkits (see also the Further Reading and Resources section below) and a forthcoming tool will help California stakeholders estimate costs for physical consolidation projects (see tool kit). Still, additional resources are needed. Non-consolidation collaborative solutions, such as water system partnerships, offer many similar benefits, but many water systems lack an understanding of these options. As such, California would benefit from additional resources on this topic like those offered by the University of North Carolina (see adjacent column). Resources are also needed to specifically understand and support consolidation among Tribal water systems, as well as to facilitate mutually desirable collaborations between Tribal and non-Tribal water systems.

Finally, consolidation is not always a feasible option. For example, the 2021 Drinking Water Needs Assessment estimated that physical consolidation may only be feasible for approximately 40 percent of the studied struggling and at-risk systems. In other cases, neighboring systems may be unwilling to collaborate. Beyond consolidations and partnerships, additional *in situ* solutions and support including Technical Assistance, new technologies and innovative management approaches continue to be necessary to advance safe, sustainable local water access for all Californians.

FURTHER READING AND RESOURCES

Environmental Protection Agency. Water System Partnerships: Collaborative approaches to address drinking water challenges. https://epa.maps.arcgis.com

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APPENDIX A. WATER SYSTEM ENTITY STATUTORY REVIEW

The following tables provide an overview of key attributes and regulations of twenty different drinking water providing entities found in California and regulated under California law relevant to consolidations. Systems not regulated by the state of California (e.g., Tribal water systems) and ancillary systems without a clear governing body (e.g., state, federal and private facilities) are not included. The tables are not comprehensive and are not legal advice. Blank cells do not necessarily mean that there are no applicable stipulations on that subject but that rather we found no explicit requirements in our review of select California Code. Moreover, in practice, water providers may operate in a manner that deviates from the pertinent laws. All the information in these tables is derived from the identified enabling act (see pages 1 and 2) unless otherwise noted in a footnote in the column header or individual cell. In the former case the alternative/additional source applies for the entire column.

TABLE A1

General Information

Water Provider	Governance Category	Description	Services Authorized to Provide	Enabling Act
City	General Purpose Government	Voluntarily formed general purpose local government providing essential service functions.	A broad range of services that promote the public good within city limits	Cal. Government Code §§ 34000-45346; Cal. Const., art. XI.
County Service Area	General Purpose Government	A county provides direct water service as if it were a city, usually to unincorporated areas.	Public facilities or services that promotes public peace, health, safety, or welfare.	Cal. Government Code §§ 25210-25217.4
County Waterworks District	General Purpose Government	A subdivision of a county created to finance either the construction or operation of a water utility.	Supply or sell water, operate sewage treatment plants, purify water, desalinate water, construct dams.	Cal. Water Code §§ 55000-55991
Maintenance District	General Purpose Government	A subdivision of a county created to maintain improvements, typically street lighting.	Cover costs, repairs, replacement, or fuel for an improvement, including sewers.	Cal. Streets & Highways Code §§ 5820-5856
California Water District	Independent Special District	A special purpose government agency created to furnish water for beneficial uses.	Produce, store, transmit, and distribute water for irrigation, industrial, domestic, or residential use.	Cal. Water Code §§ 34000-38501
Community Services District	Independent Special District	A special purpose government agency created uniquely to provide services over a designated area.	Authorized to perform 32 specific services which promote public peace, health, safety, or welfare, including providing drinking water.	Cal. Government Code §§ 61000 - 61250
County Water District	Independent Special District	A special purpose government created within a single county related to either the direct provider of water to consumers or as a coordinator of water rights.	Furnish or store water, operate water works, sell water, set water rates. May also provide sanitation service or generate hydroelectric power.	Cal. Water Code §§ 30000-33901
Irrigation District	Independent Special District	A special purpose government agency created to furnish water for beneficial uses.	Furnish water, put water to beneficial use, provide fire protection, and salvage or recycle water. May also engage in wastewater service, hydroelectric generation, and flood control.	Cal. Water Code §§ 20500-29978
Municipal Utility District	Independent Special District	A special purpose government created to combine multiple water utilities into a single utility.	Supply residents with water, light, power, heat, communication services, transportation, solid waste disposal, or wastewater treatment.	Cal. Public Utilities Code §§ 11501-14403.5
Municipal Water District	Independent Special District	A special purpose government agency created to provide water aimed at an urbanized area.	Acquire, control, distribute, store, spread, treat, purify, recycle, or recapture any water including stormwater and sewage. May also generate hydroelectric power, engage in wastewater service, and perform fire protection.	Cal. Water Code §§ 71000-73001

Water Provider	Governance Category	Description	Services Authorized to Provide	Enabling Act
Public Utility District	Independent Special District	A special purpose government agency created to establish or operate a revenue-producing utility for unincorporated areas.	Provide residents with power, heat, transportation, sewage service, solid waste service, or water.	Cal. Public Utilities Code §§ 15501-18055
Resource Conservation District	Independent Special District	A special purpose government created for the control of runoff, the prevention or control of soil erosion, the development and distribution of water, and the improvement of land capabilities.	Control run-off, prevent erosion, manage distribution of water.	Cal. Public Resources Code §§ 9151-9155
Sanitary District	Independent Special District	A special purpose government created to treat sewer water, solid waste, wastewater, stormwater, or engage in water recycling.	Collect and treat sewage, stormwater, and wastewater, and recycle water. Drinking water only with express permission.	Cal. Health and Safety Code §§ 6400-6982
Water Conservation District	Independent Special District	A special purpose government created to construct and maintain water conservation infrastructure.	Survey water availability, conserve water, construct dams, protect from floods.	Cal. Water Code §§ 74000-76501
Special Act District	Independent Special District	A special purpose government agency created by the California Legislature.	Varies by specific district, according to enabling act	Varies by specific district
Joint Powers Authority	Joint Powers Authority	Two or more governmental agencies, jointly exercise their authority towards a specific purpose, creating a specialized governing body representative of members.	Varies by specific entity	Cal. Government Code §§ 6500-6536
Investor-Owned Utility	Investor-Owned Utility	A for-profit corporation, often but not always publicly traded, where shareholders are investors.	Public commodities such as water, sewer, electricity as described in specific charter	Cal. Public Utilities Code §§ 2701-2715
Mutual Water Company	Private Non-Profit cooperative	A corporation or association organized to deliver water to stockholders and members at cost.	Provide water to landowners through a co-operative.	Cal. Public Utilities Code §§ 2725-2729
Homeowners' Association	Private Non-profit cooperative	Private association of homeowners in a subdivision or planned community that oversee management including sometimes services	Varies by specific association	Cal. Civil Code section §§ 4000-6150
Mobile Home Park	Private, varies	Tract of land where two or more lots are currently or were previously rented/leased to accommodate manufactured homes, mobile homes, or recreational vehicles.	--	Cal. Health and Safety Code §§ 18200-18700;

Note: Cells containing "--" have no information available.

TABLE A2

Powers and Authorities

Type of Water Provider	Power of Eminent Domain	Ability to Compel Service Connection	Obligation to Provide Service	Ability to Establish Improvement Districts	Ability to Provide Fire Protection
City	Yes	Yes, though limited to $10/acre	--	--	--
County Service Area	Yes	Yes	Able to establish zones of differentiated service	Able to establish zones of differential service which have distinct assessments	Only if authorized by LAFCO
County Waterworks District	--	--	--	Able to establish zones of differential service which have distinct assessments	Yes
Maintenance District	--	--	--	Able to establish zones of differential service which have distinct assessments	--
California Water District	Yes	Yes	No	Yes	No (with specific exceptions)
Community Services District	Yes	--	No	Able to establish zones of differential service which have distinct assessments	Only if authorized by LAFCO
County Water District	Yes	Yes	No	Yes	Yes
Irrigation District	Yes	Yes	--	Yes	Yes
Municipal Utility District	Yes	Yes, but only for irrigation	No. If territory to be excluded lies within an incorporated city, the city can also propose exclusion.	--	--
Municipal Water District	--	Yes, but capped at $10/acre	No, but if a portion of an incorporated city is excluded the district must exclude the entire city	Yes	Yes

Type of Water Provider	Power of Eminent Domain	Ability to Compel Service Connection	Obligation to Provide Service	Ability to Establish Improvement Districts	Ability to Provide Fire Protection
Public Utility District	Yes	Yes, but only for water and with a $10/acre cap	Able to exclude any territory which the district does not benefit	No (except Lake Tahoe District)	Yes
Resource Conservation District	--	--	--	--	--
Sanitary District	--	--	--	Yes	--
Water Conservation District	--	--	No	Yes	--
Special Act District	Variable	Variable	Variable	Variable	Variable
Joint Powers Authority	Depends on membership	--	--	--	Yes
Investor-Owned Utility	No	--	--	--	--
Mutual Water Company	Yes	--	--	--	--
Homeowners' Association	No	No	No	--	--
Mobile Home Park	No	--	--	--	Local city, county, or district can supersede mobile home park's ability to provide fire protection if available water is insufficient to supply hydrants

Note: Cells containing "--" have no information available.

TABLE A3

Provisions for Formation, Alteration, Dissolution, or Collaboration

Type of Water Provider	Means of Initiating Formation	Provisions for Mergers	Provisions for Service Area Boundary Changes[1]	Provisions for Dissolution or Sale of Assets	Stipulations for Collaboration with Other Entities
City	Incorporating a new city initiated by resolution of a public agency, by petition of registered voters or by petition of landowners requires. LAFCO and voter approval needed. Existing cities can create water utility by city council resolution with public hearing.	--	Requires a city council resolution. LAFCo permission needed for changes and out of boundary service. May have additional limitations built into their enabling acts.	Can sell all or any portion of system to a municipal water district by 4/5 majority city council vote.	Can easily collaborate with other cities, with costs to be pro-rated by water use. City council resolution required for all participating cities.
County Service Area	Either by petition of 25% of registered voters, or by landholders of 25% of land, or by county board of supervisors motion. Any incorporated area must also have separate city council approval. Board of supervisors can veto. Ballot measure with majority prevailing, or, if every landowner agrees in writing, passes automatically.	--	LAFCo permission needed for changes and out of boundary service.	Requires LAFCO permission to cease providing water if another public agency is picking up service.	Any collaboration with other entities should be through a Joint Powers Agreement.
County Waterworks District	Petition by 25% of landowners, including at least 15% of resident landowners. Landowners must specify services they are seeking to provide.	--	LAFCo permission needed for changes and out of boundary service. Possible to add any unincorporated or incorporated area into district.	--	--
Maintenance District	By county board of supervisors motion.	--	Can extend with Board of Supervisors vote. If area is within incorporated city, city governing board must also consent. LAFCo permission needed for changes and out of boundary service.	--	Authorized to collaborate with other entities.

1 Cal. Government Code §§ 56133

Type of Water Provider	Means of Initiating Formation	Provisions for Mergers	Provisions for Service Area Boundary Changes[1]	Provisions for Dissolution or Sale of Assets	Stipulations for Collaboration with Other Entities
California Water District	Petition by landowners of a majority of the proposed territory. Ballot measure with simple majority of voters prevailing.	--	LAFCo permission needed for changes and out of boundary service.	--	Can contract with other agencies or private enterprise to fulfill its mission.
Community Services District	Initiated by either 25% of registered voters petition, or the relevant city council or county board of supervisors by resolution and hearing. Ballot measure, with simple majority prevailing.	--	LAFCo permission needed for changes and out of boundary service.	Requires LAFCo permission to cease providing water if another public agency is picking up service.	--
County Water District	10% of registered voters in proposed district petition. Must include at least 10% of voters in each incorporated area within proposed district. County board of supervisors holds hearing and may dismiss petition or order ballot measure. Simple majority prevails but must include a majority in each incorporated area within the district in addition to overall majority.	Unless merger into public agency is approved by the vote of the electorate, all funds derived from former district limited to use on that former district until debts paid in full or former electorate authorize other expenditures.	LAFCo permission needed for changes and out of boundary service. Any territory can be annexed, need not be contiguous.[2] Any included tract of land not substantially benefiting from district may be excluded.[3]	--	District may cooperate with the Federal government under the Federal Reclamation Act for specific purposes. Can be included in Municipal Utility Districts without dissolution.
Irrigation District	Petition by either a majority of landowners, or by 500 petitioners who are either registered voters or who collectively own 20% of the land measured by value. Board of supervisors holds two hearings. Ballot measure with simple majority of registered voters prevailing.	LAFCO can merge two irrigation districts into a single district.	LAFCo permission needed for changes and out of boundary service.	--	Can collaborate with other agencies, but only to provide water for human consumption and only through a collaboration including the federal government.

2 Cal. Water Code §§ 32400

3 Cal. Water Code §§ 32200

Type of Water Provider	Means of Initiating Formation	Provisions for Mergers	Provisions for Service Area Boundary Changes[1]	Provisions for Dissolution or Sale of Assets	Stipulations for Collaboration with Other Entities
Municipal Utility District	Petition by 10% of registered voters, or motions by 50% of the governing bodies within the proposed district. Ballot measure, requires ⅔ of votes for approval.	Can annex any other district within the Municipal Utility District's boundaries with the approval of the governing body of the annexed district.	LAFCo permission needed for changes and out of boundary service.	--	Authorized to sell surpluses or provide excess capacity to other agencies.
Municipal Water District	Petition by either 10% of registered voters in the proposed district, including at least 12% of registered voters or 10% or active voters in any incorporated area within the proposed district, or petition by 50% of the proposed district regardless of jurisdictional lines. Board of supervisors ratifies petition.	LAFCO has explicit power to annex territory away from or rearrange Municipal Water Districts.	LAFCo permission needed for changes and out of boundary service. If a Municipal Water District seeks to exclude a portion of an incorporated city, they must exclude the entire incorporated city.	--	Can contract with other agencies or private enterprise to fulfill its mission.
Public Utility District	Only possible in unincorporated areas. 15% of registered voters petition. Ballot measure with simple majority.	--	LAFCo permission needed for changes and out of boundary service. Annexed territory must be unincorporated. If non-contiguous, some additional considerations apply.	--	Can collaborate, but only for water or wastewater treatment.
Resource Conservation District	Petition by 10% of registered voters, or board of supervisors motion, or if within an incorporated area city council motion. Ballot measure with simple majority prevailing.	--	LAFCo permission needed for changes and out of boundary service.	--	Authorized to contract services to other entities.
Sanitary District	Petition by 25% of landowners in an area. Board of supervisors hearing. Simple majority of voters prevails.	A county board of supervisors can merge a sanitary district into a County Sanitation District with a simple board motion.	LAFCo permission needed for changes and out of boundary service. Any type of territory can be annexed.	--	Authorized to contract services to other entities.

Type of Water Provider	Means of Initiating Formation	Provisions for Mergers	Provisions for Service Area Boundary Changes[1]	Provisions for Dissolution or Sale of Assets	Stipulations for Collaboration with Other Entities
Water Conservation District	Petition of 500 registered voters, or 20% of registered voters, or by county board of supervisors motion. Board of supervisors hearing. Election with simple majority prevailing.	Governing board can initiate a merger, or 500 registered voters living in the district can propose a merger.	LAFCo permission needed for changes and out of boundary service.	10% of registered voters or landowners of 50% of covered land can petition for dissolution. Board of supervisors is required to approve ballot measure. 60% of registered voters must vote to dissolve.	Authorized to collaborate with other entities.
Special Act District	By act of the California Legislature.	--	Requires amendments to authorizing legislation via state legislature.	--	--
Joint Powers Authority	All participating entity governing bodies authorize exercise of joint powers by executing the agreement. Must notify California Secretary of State.	Adding a new member to a JPA simply requires the consent of all member parties and the prospective additional party.	Boundaries determined by JPA membership. Requires amending JPA to add members.	Terms of dissolution must be included in original joint powers agreement.	Collaborative by nature, generally can add parties
Investor-Owned Utility	Must apply to CPUC, including business plan, environmental impact assessment, financial conditions, owner profiles, purchase price, and any other information CPUC requires.	CPUC must approve transfer or purchase of over $5 million, even if to a public entity.	CPUC authorization needed for service area extensions	CPUC must approve transfer or purchase of over $5 million, even if to a public entity.	--
Mutual Water Company	Incorporated locally, must file paperwork with Secretary of State and LAFCo.	--	--	LAFCo approval needed for annexation into city or special district.[4]	--
Homeowners' Association	--	--	--	--	--
Mobile Home Park	--	--	--	--	--

Note: Cells containing "--" have no information available.

4 Cal. Government Code § 56430

TABLE A4

Provisions for Raising Revenue

Type of Water Provider	Rate Setting Limitation	Power to Levy Taxes or Assessments	Power to Place Liens	Power to issue General Obligation Bonds	Eligible for State Grants/Assistance for consolidation projects
City	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes, though charter cities may have stipulations which conflict with state requirements creating a barrier to funding.
County Service Area	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes, though charter counties may have stipulations which conflict with state requirements
County Waterworks District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes, though charter counties may have stipulations which conflict with state requirements
Maintenance District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes, though charter counties may have stipulations which conflict with state requirements
California Water District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Community Services District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes
County Water District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes
Irrigation District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Municipal Utility District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes
Municipal Water District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes

Type of Water Provider	Rate Setting Limitation	Power to Levy Taxes or Assessments	Power to Place Liens	Power to issue General Obligation Bonds	Eligible for State Grants/Assistance for consolidation projects
Public Utility District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	Yes	Yes	Yes
Resource Conservation District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Sanitary District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Water Conservation District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Special Act District	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes in compliance with Prop 26	--	Yes	Yes
Joint Powers Authority	Rates must be proportional to cost of service and cannot be used for other purposes (Prop 218)	Yes if member agencies have this power	--	Yes, if JPA establishes a separate entity with this specified power	Yes, though if some members are charter cities or counties terms of charter might conflict with state requirement
Investor-Owned Utility	Rates and rate changes must be approved by CPUC.	No	--	No	Yes, with some limitations to preserve the public interest integrity of state funds.
Mutual Water Company	Water must be delivered to shareholders at cost	Yes, may levy assessments against shares to shareholders	If stipulated in articles of incorporation or bylaws[5]	No	Yes. Financial assistance may be taxable.
Homeowners' Association	--	--	--	No	Yes. Financial assistance may be taxable.
Mobile Home Park	N/A - Typically included in rent	No	--	No	Yes. Financial assistance may be taxable.

Note: Cells containing "--" have no information available.

5 Corporations Code § 14304

TABLE A5

Representation and Transparency

Type of Water Provider	Governing Body	Eligibility to Serve on Governing Board	Eligibility to Vote for Board Members	Board Meeting Requirements	Board Training Requirement[6]	Subject to Public Records Act?	Subject to Bilingual Services Act?
City	City council, though can delegate to commissioners by charter	--	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
County Service Area	County board of supervisors. May appoint an advisory committee, but BOS ultimately governs.	--	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
County Waterworks District	County board of supervisors, or if a subsidiary of an incorporated city, the city council	--	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Maintenance District	County board of supervisors	--	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
California Water District	5 member directly elected board	Must be either a landowner, or a designee of a landowner	Landowners pro-rated by land value. If district becomes majority residential, residents may petition for direct elections with simple majority prevailing.	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Community Services District	5 member directly elected board, at-large or by division	Must be a registered voter in the district	Registered voter	Must meet at least every three months. Subject to Brown Act.	2-hour ethics training every 2 years and district shall provide necessary training to board members.	Yes	Yes

6 Cal. Government Code §§53234-53235.5.

Type of Water Provider	Governing Body	Eligibility to Serve on Governing Board	Eligibility to Vote for Board Members	Board Meeting Requirements	Board Training Requirement[6]	Subject to Public Records Act?	Subject to Bilingual Services Act?
County Water District	5 member directly elected board	Must be a registered voter in the district	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Irrigation District	5 member directly elected board by division	Must be a registered voter and landowner in the district	Registered voter, though some districts authorized to further restrict to landowners	Must meet first Tuesday of each month. Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Municipal Utility District	5 member directly elected board by wards.	Must be a registered voter in the district	Registered voter	--	2-hour ethics training every 2 years	Yes	Yes
Municipal Water District	5 member directly elected board	Must be a registered voter in the district	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Public Utility District	Board of an odd number by division of approximately 5000 residents. Default of 3	Must be a registered voter in the district	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Resource Conservation District	5, 7, or 9 member board either directly elected or appointed by board of supervisors or, if wholly within an incorporated city, by city council	Must be a registered voter in the district	Registered voter	--	2-hour ethics training every 2 years	Yes	Yes
Sanitary District	5 member directly elected board	Must be a registered voter in the district	Registered voter	Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes
Water Conservation District	3, 5, or 7 member directly elected board by division.	Must be a registered voter in the district	Registered voter	Must meet first Tuesday in March, June, September and December. Subject to Brown Act.	2-hour ethics training every 2 years	Yes	Yes

Type of Water Provider	Governing Body	Eligibility to Serve on Governing Board	Eligibility to Vote for Board Members	Board Meeting Requirements	Board Training Requirement[6]	Subject to Public Records Act?	Subject to Bilingual Services Act?
Special Act District	Variable	Variable	Variable	Variable	2-hour ethics training every 2 years	Yes	Yes
Joint Powers Authority	Joint powers agreement will spell out terms of governance. May cross-over with other elected board such as city councils.	Determined by joint power agreement	Determined by joint power agreement	Subject to Brown Act.	None	Yes	Yes
Investor-Owned Utility	Governed by US corporation codes	--	Shareholders, i.e., investors	May be closed to general public.	--	No	No
Mutual Water Company	Varies, established in MWC by-laws	Shareholders i.e., property owners	Shareholders i.e., property owners	Four-day notice required. Shareholders/tenants/ local electeds must be allowed to attend with 24 hour written notice. May be closed to general public.[7]	2-hour ethics training every 6 years[8]	No	No
Homeowners' Association	--	--	--	--	--	No	No
Mobile Home Park	N/A	N/A	N/A	N/A	N/A	No	No

Note: Cells containing "--" have no information available.

7 Corporations Code §§ 14305-14307

8 Health and Safety Code § 116755

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