

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: August 13, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *Sharon Tso* Council File No: 18-0002-S75
Chief Legislative Analyst Assignment No.: 18-06-0565

SUBJECT: Resolution (Martinez – Buscaino) to SUPPORT AB 2050 (Caballero) relative to small water authorities

CLA RECOMMENDATION: Adopt Resolution (Martinez - Buscaino) to include in the City's 2017-2018 State Legislative Program SUPPORT for AB 2050 (Caballero) which would authorize the creation of water authorities with the ability to support and sustain small public water systems in order to ensure safe, clean and affordable drinking water.

SUMMARY:

Resolution (Martinez - Buscaino), introduced on June 8, 2018, states that the City and the Department of Water and Power (DWP) support policies that help ensure all Californians have access to safe, clean, affordable and accessible drinking water. The Resolution also states that the State Water Resources Control Board (Board) has identified 331 public water systems throughout the State that cannot provide their customers with safe and reliable drinking water.

The Resolution indicates that the vast majority of these public water systems are small, rural and typically serve less than 10,000 people. These systems often lack the technical, managerial, and financial resources to repair aging infrastructure, mitigate natural and man-made contaminants or secure external funding.

The Resolution contends that Assembly Bill (AB) 2050 (Caballero) would establish a new category of public water agency that could take advantage of improved economies of scale and develop the technical, managerial, and financial capacities needed to provide safe and reliable drinking water to customers.

The Resolution states that AB 2050 would promote sustainable, fiscally responsible solutions for these public water systems by addressing underlying governance challenges. It further stresses that without the governance changes facilitated by AB 2050, water users across the State could be required to subsidize challenged rural public water systems. Therefore, the Resolution requests that the City support AB 2050.

BACKGROUND:

Specifically, AB 2050 would require the Board, no later than March 1, 2019, to provide written notice "to cure" to public water agencies serving less than 10,000 people, that are not in compliance with State/Federal drinking water standards as of December 31, 2018. If subject water agencies are unable to remedy compliance violations, the Board would cause the formation of a new authority by the applicable local agency formation commission (LAFCO). In addition, it would establish a governance structure for the new authority; and grant specified powers, duties, and financing mechanisms for the delivery of water to the residents of the jurisdiction.

DWP Comments

The DWP states that nearly 800,000 people in California lack access to safe and reliable drinking water on a daily basis due to failing water systems. They note current legislation to financially support these water systems, SB 623 (Monning). SB 623 is intended to provide a stable source of funding to assist those without access to safe drinking water by imposing a statewide tax on water. The tax would be imposed on all water system customers, including DWP customers.

However, the DWP states that SB 623 would not ensure that small water systems build the technical, managerial, and financial capacity to move towards long-term sustainability. As a result, these systems could require ongoing financial support.

The DWP states that small water systems can overcome compliance challenges by consolidating with other systems to achieve economies of scale in providing water service. Consolidated water systems can share costs such as billing, operational personnel, new water sources; and purchase time-saving equipment that is made affordable by spreading costs over a larger customer base.

The DWP indicates that AB 2050 is devised to allow struggling small water systems to consolidate under a new authority and thereby address their compliance and financial challenges.

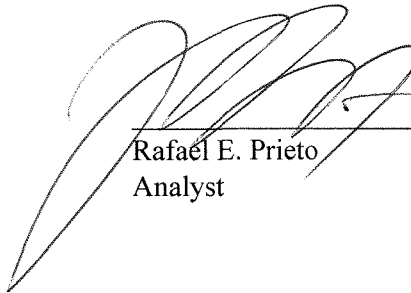
DEPARTMENTS NOTIFIED:

Department of Water and Power

BILL STATUS:

8/6/18

Referred to Senate Appropriations Committee



Rafael E. Prieto
Analyst

Attachment(s): 1. Resolution (Martinez - Buscaino)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles (City) with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City and the Los Angeles Department of Water and Power (LADWP) support policies that help ensure all Californians have access to safe, clean, affordable and accessible drinking water; and

WHEREAS, the State Water Resources Control Board has identified 331 public water systems throughout the State that cannot provide their customers with safe and reliable drinking water; and

WHEREAS, the vast majority of these public water systems are small, rural and typically serve less than 10,000 people; they often lack the technical, managerial, and financial resources to repair aging infrastructure, mitigate natural and manmade contaminants, or secure external funding; and

WHEREAS, Assembly Bill (AB) 2050 (Caballero) would establish a new category of public water agency that could take advantage of improved economies of scale and develop the technical, managerial, and financial capacities needed to provide safe and reliable drinking water to customers; and


WHEREAS, AB 2050 would promote sustainable, fiscally responsible solutions for these public water systems by addressing underlying governance challenges; and

WHEREAS, without the governance changes facilitated by AB 2050, water users across the State could be required to subsidize challenged rural public water systems; and

WHEREAS, the LADWP estimates the cost of the subsidy at a \$1 per month minimum for the average City ratepayer;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 State Legislative Program **SUPPORT** for AB 2050 (Caballero) which would authorize the creation of small system water authorities that will have powers to support and sustain small public water systems in order to ensure safe, clean and affordable drinking water.

PRESENTED BY:


 NURY MARTINEZ
 Councilwoman, 6th District

JUN 08 2018

SECONDED BY:

