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Code:  Section:

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**HEALTH AND SAFETY CODE - HSC**

**DIVISION 104. ENVIRONMENTAL HEALTH [106500 - 119406]** ( *Division 104 added by Stats. 1995, Ch. 415, Sec. 6.*  )

**PART 12. DRINKING WATER [116270 - 117130]** ( *Part 12 added by Stats. 1995, Ch. 415, Sec. 6.*  )

**CHAPTER 4. California Safe Drinking Water Act [116270 - 116755]** ( *Chapter 4 added by Stats. 1995, Ch. 415, Sec. 6.*  )

**ARTICLE 7.2. Technical, Managerial, and Financial Standards [116600 - 116601]** ( *Article 7.2 added by Stats. 2024, Ch. 507, Sec. 1.*  )

**116600.** (a) The state board shall develop and adopt minimum standards in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) related to the technical, managerial, and financial capacity of community water systems serving fewer than 10,000 people or 3,300 service connections and nontransient noncommunity water systems that serve K–12 schools. The standards shall review and consider the most recent technical, managerial, and financial assessment published by the state board, and may include, but not be limited to, all of the following:

- (1) Source water adequacy, related to both supply and quality.
- (2) Infrastructure adequacy, including source, treatment, distribution, and storage.
- (3) Adequacy of organizational staffing levels and staff technical knowledge, including internal management of outside contractors.
- (4) Adequate staffing and organization governance structures enabling transparent and informed decisions.
- (5) Effectiveness of external contracts, contractors, or other agreements.
- (6) Revenue sufficiency, including adequate financial reserves to plan, operate, maintain, and restore or replace the system's water infrastructure as it reaches the end of its useful life.
- (7) Credit worthiness.
- (8) Fiscal management and controls.
- (9) Adequate management and technical staffing.
- (10) Governance and public processes.

(b) In developing the standards, the state board shall review and consider documents, standards, and practices produced by other government and water industry organizations, including, but not limited to, all of the following:

- (1) United States Environmental Protection Agency reports related to the agency's technical, managerial, and financial capacity standards, including the 2001 report titled "State Programs to Ensure Demonstration of Technical, Managerial, and Financial Capacity of New Water Systems."
- (2) The American Water Works Association's G410-18 Business Practices for Operation and Management and M1 Principles of Water Rates, Fees, and Charges.
- (3) The Rural Community Assistance Partnership's document titled "The Basics of Financial Management for Small-community Utilities."

(4) Statutes, regulations, or reports from other state governments subject to the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.).

(5) The most recent "California Capacity Development Strategy For Public Water Systems" document published by the state board.

(c) In developing the standards, the state board may consider proposed or adopted regulations required by Section 116375.

(d) Before adopting the standards, the state board shall convene at least two virtual statewide public workshops regarding the proposed standards.

(e) This article does not limit the Public Utilities Commission's authority in relation to the regulation of water corporations.

*(Added by Stats. 2024, Ch. 507, Sec. 1. (SB 1188) Effective January 1, 2025.)*

**116601.** (a) Community water systems serving fewer than 10,000 people or 3,300 service connections and nontransient noncommunity water systems that serve K–12 schools shall demonstrate compliance with the minimum technical, managerial, and financial standards adopted pursuant to Section 116600 within timelines adopted by the state board. The timelines adopted by the state board shall not require compliance with the minimum technical, managerial, and financial standards sooner than two years after the adoption of the standards. The board may grant an extension for compliance with the technical, managerial, and financial standards for good cause when an explanation of the need for an extension is included in a compliance plan submitted by a water system and is approved by the state board.

(b) Notwithstanding subdivision (a), new community water systems serving fewer than 10,000 persons or 3,300 service connections and nontransient noncommunity water systems that serve K–12 schools shall demonstrate, as part of a permit application, compliance with the minimum technical, managerial, and financial standards adopted pursuant to Section 116600.

(c) The state board may require a community water system serving fewer than 10,000 people or 3,300 service connections and a nontransient noncommunity water system that serves K–12 schools subject to the minimum standards adopted pursuant to Section 116600 to show proof that it has the technical, managerial, and financial capacity to comply with the standards, including, but not limited to, annual reporting of information necessary and appropriate to monitor its current capacity status.

(d) Nothing in this article shall be construed as limiting the state board's authority under other laws, including the authority to order consolidation pursuant to Section 116682 or to request a technical report under Section 116530.

*(Added by Stats. 2024, Ch. 507, Sec. 1. (SB 1188) Effective January 1, 2025.)*