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**AB-1577 California Safe Drinking Water Act: Sativa-Los Angeles County Water District.** (2017-2018)

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**Assembly Bill No. 1577**

**CHAPTER 859**

An act to add Section 116687 to the Health and Safety Code, relating to drinking water, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor September 28, 2018. Filed with Secretary of State September 28, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1577, Gipson. California Safe Drinking Water Act: Sativa-Los Angeles County Water District.

Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. The act authorizes the state board, for the purpose of providing affordable, safe drinking water to disadvantaged communities and preventing fraud, waste, and abuse, to contract with an administrator to provide administrative and managerial services to a designated public water system and to order the designated public water system to accept those administrative and managerial services, including full management and control, if sufficient funding is available and if the state board finds that consolidation with another system or extension of service from another system is either not appropriate or not technically and economically feasible.

This bill would require the state board to order the Sativa-Los Angeles County Water District to accept administrative and managerial services, including full management and control, from an administrator selected by the state board. The bill would require the district's board of directors, upon the appointment of an administrator, to surrender all control to the appointed administrator and would provide that the district shall thereafter cease to exist. The bill would authorize, if the Local Agency Formation Commission for the County of Los Angeles approves a dissolution of the district, a successor agency designated in the dissolution, in consultation with the Local Agency Formation Commission for the County of Los Angeles, to solicit proposals, evaluate submittals, and select any public water system to be the receiving water system and provide retail water service to existing and future ratepayers within the former territory of the district, as provided. The bill would limit the liability of specified entities involved in the dissolution of the Sativa-Los Angeles County Water District and make related changes.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Sativa-Los Angeles County Water District.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 116687 is added to the Health and Safety Code, to read:

**116687.** (a) For purposes of this section, the following terms have the following meanings:

(1) "District" means the Sativa-Los Angeles County Water District.

(2) "Commission" means the Local Agency Formation Commission for the County of Los Angeles.

(b) To provide affordable, safe drinking water to disadvantaged communities, the state board shall order the district to accept administrative and managerial services, including full management and control, from an administrator selected by the state board, as prescribed in Section 116686, except that the state board is not required to conduct a public meeting as described in paragraph (2) of subdivision (b) of Section 116686.

(c) (1) Upon the appointment of an administrator, all of the following shall apply:

(A) Notwithstanding Article 1 (commencing with Section 30500) of Chapter 1 of Part 3 of Division 12 of the Water Code, the district's board of directors shall surrender all control to the appointed administrator and shall thereafter cease to exist.

(B) The members of the board of directors of the district shall have no standing to represent the district's ratepayers, and a member of the board of directors shall have no claim for benefits other than those he or she actually received while a member of the board of directors.

(C) Any action by the board of directors to divest the district of its assets shall be deemed tampering with a public water system pursuant to Section 116750 and shall be subject to the criminal penalties provided for in that section.

(2) Within 90 days of the appointment of an administrator, the Controller shall perform a desk audit or financial review of the district. The state board shall exercise its legal authority to facilitate the desk audit or financial review, including, but not limited to, its authority to take possession of the district's financial records.

(3) Any decision by the commission about the dissolution or consolidation of the district shall not be subject to the provisions of Section 57113 of the Government Code, nor to any other requirement for a protest proceeding or election. The commission shall not impose any condition on the successor agency that requires a protest proceeding or an election, as described in Part 4 (commencing with Section 57000) and Part 5 (commencing with Section 57300) of Division 3 of Title 5 of the Government Code, respectively.

(4) If the commission approves a dissolution of the district initiated by the commission, a successor agency designated in the dissolution by the commission, in consultation with the commission, may solicit proposals, evaluate submittals, and select any public water system to be the receiving water system and subsume all assets, liabilities, adjudicated water rights, responsibilities, and service obligations to provide retail water service to existing and future ratepayers within the former territory of the district. The successor agency shall represent the interests of the public and the ratepayers in the former territory of the district.

(d) The state board may provide additional funding to the administrator or the Water Replenishment District of Southern California or the successor agency designated by the commission for urgent infrastructure repairs to the public water system of the district without regard to the future ownership of any facilities affected by this funding. For purposes of this section, "urgent infrastructure repairs" are those that are immediately necessary to protect the public health, safety, and welfare of those served by the district.

(e) If the district is consolidated with a receiving water system as prescribed in Sections 116682 and 116684, the subsumed territory of the district may include both unincorporated territory of the County of Los Angeles and incorporated territory of the City of Compton.

(f) (1) Any administrator appointed pursuant to subdivision (b), any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, any water corporation that acquires the district, and the commission shall not be held liable for claims by past or existing district ratepayers or those who consumed water provided through the district concerning the operation and supply of water from the district during the interim operation period specified in subdivision (g) for any good faith, reasonable effort using ordinary care to assume possession of, to operate, or to supply water to, the ratepayers within the territory of the district.

(2) Any administrator appointed pursuant to subdivision (b), any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, any water corporation that acquires the district, and the commission shall not be held liable for claims by past or existing district ratepayers or those who consumed water provided through the district for any injury that occurred prior to the commencement of the interim operation period specified in subdivision (g).

(g) (1) Notwithstanding subdivision (d) of Section 116684, for any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, or any water corporation that acquires the district, the interim operation period shall commence upon the execution of an agreement or designation by the commission to provide water services to the district and shall end one year later. Upon the showing of good cause, the interim operation period shall be extended by the commission for up to three successive one-year periods at the request of an entity described in this paragraph.

(2) For the administrator appointed pursuant to subdivision (b), the interim operation period shall commence upon being appointed by the state board and shall end when a successor agency has been designated by the commission to provide water service to ratepayers of the district, a receiving water agency is consolidated with or extends service to ratepayers of the district, a water corporation acquires the district with the approval of the Public Utilities Commission, or when the administrator's obligation to provide interim administrative and managerial services has otherwise ended.

**SEC. 2.** The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances in the Sativa-Los Angeles County Water District regarding the need to ensure the residents served by the Sativa-Los Angeles County Water District have access to safe, clean drinking water.

**SEC. 3.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the ratepayers of the Sativa-Los Angeles County Water District have access to affordable, safe drinking water as soon as possible, it is necessary for this act to take effect immediately.