

CONCURRENCE IN SENATE AMENDMENTS
AB 850 (Gallagher)
As Amended August 18, 2021
Majority vote

SUMMARY

Extends the deadline for the cities of El Monte, Montebello, and Willows to sell their public water utilities for consolidation by two years, from January 1, 2022, to January 1, 2024.

Senate Amendments

- 1) Remove the requirement that a water system be wholly within the boundaries of the city for the Cities of El Monte, Montebello, and Willows to sell their water utilities.
- 2) Revise the definition of "interested persons" to include ratepayers outside the city's boundaries for purposes of this bill's protest process.

COMMENTS

This bill would allow for city-owned water systems serving less than 10,000 people to consolidate by January 1, 2024 instead of the previously approved 2022 deadline, granting these cities more time to complete agreements to consolidate.

According to the 2019 Annual Compliance Report from the State Water Resources Control Board (State Water Board), 369 out of the 7,403 active public water systems are out of compliance. Of these systems in non-compliance, over 91% are the smaller public water systems. Currently, small water systems are working to remove contaminants exceeding the maximum contaminant levels (MCL).

A community water system is a public water system that serves at least 15 service connections used by yearlong residents, or regularly serves at least 25 yearlong residents. These water systems primarily serve cities, neighborhoods, schools and businesses. The State Water Board data primarily captures community water systems; of systems in the State Water Board data, 61% are very small systems serving populations of 25-500 people. Those very small systems represent 84% of all drinking water standard violations in 2019. The disproportionate number of violations occurring in small systems is due to small systems having a small rate base. The small rate base is more likely to hinder ability to pay for asset management necessary to maintain the system.

According to the Author

Consolidated water systems can share costs such as billing, operational personnel, new water sources acquisition, and often can purchase time saving equipment that neither system could afford to purchase alone because they can spread costs over a larger customer base. For these reasons, some cities may want to consolidate their water systems. However, there are barriers to consolidation. One of those barriers is a requirement for a city-wide election to consolidate a municipal water system. This can be cost prohibitive for many smaller jurisdictions. In 2018, the Governor signed AB 2339 (Gipson), [Chapter 866, Statutes of 2018] which allowed the cities of El Monte, Montebello, and Willows to use a public protest process to sell their water system. The statute sunsets January 1, 2022. The City of Willows is seeking to consolidate their water system to ensure the community receives reliable and high-quality drinking water. They have an

interested party, but they need additional time to complete the transaction. (This bill) would give the City until January 1, 2024 to complete the transaction utilizing the process provided for in the AB 2339 pilot program.

Arguments in Support

The cities of Montebello, Willows, and El Monte that currently own the water systems that this bill allows to be sold all support this bill arguing that the current systems are distressed and struggle to meet water quality standards. They argue consolidation of these systems it will lead create economies of scale and improve water service.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, there are no additional state costs associated with this bill.

VOTES:

ASM WATER, PARKS, AND WILDLIFE: 15-0-0

YES: Eduardo Garcia, Megan Dahle, Bennett, Bigelow, Friedman, Cristina Garcia, Kalra, Levine, Muratsuchi, Nguyen, Blanca Rubio, Salas, Smith, Villapudua, Ward

ASM LOCAL GOVERNMENT: 8-0-0

YES: Aguiar-Curry, Lackey, Bloom, Boerner Horvath, Ramos, Luz Rivas, Robert Rivas, Voepel

ASM APPROPRIATIONS: 15-0-1

YES: Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

ABS, ABST OR NV: Eduardo Garcia

ASSEMBLY FLOOR: 75-0-3

YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bigelow, Bloom, Boerner Horvath, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Davies, Flora, Fong, Frazier, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Mathis, Mayes, McCarty, Medina, Muratsuchi, Nazarian, Nguyen, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Wood

ABS, ABST OR NV: Maienschein, Mullin, Rendon

SENATE FLOOR: 39-0-1

YES: Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, Limón, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

ABS, ABST OR NV: Stern

UPDATED

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