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**SENATE COMMITTEE ON ENVIRONMENTAL QUALITY**

**Senator Blakespear, Chair**

**2025 - 2026 Regular**

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**Bill No:** SB 1291  
**Author:** Gonzalez  
**Version:** 3/24/2026  
**Urgency:** No  
**Consultant:** Taylor McKie

**Hearing Date:** 4/22/2026  
**Fiscal:** Yes

**SUBJECT:** Mutual water companies

**DIGEST:** This bill establishes stronger transparency requirements for mutual water companies, particularly related to board meetings, and requires the State Water Resources Control Board (State Water Board) to conduct a study of mutual water companies related to their compliance with drinking water standards, transparency, governance, quality of service, affordability, and adherence to the human right to water.

**ANALYSIS:**

Existing federal law:

- 1) Authorizes the United States Environmental Protection Agency (US EPA), pursuant to the federal Safe Drinking Water Act (SDWA), to set standards for drinking water quality and to oversee the states, localities, and water suppliers who implement those standards. (42 United States Code (USC) § 300(f) et seq.)

Existing state law:

- 1) Requires, pursuant to the California SDWA, the State Water Board to regulate drinking water and to enforce the federal SDWA and other regulations. (Health and Safety Code (HSC) § 116275 et seq.)
- 2) Declares that it is the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code (WC) § 106.3)
- 3) Authorizes the State Water Board, 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 or where a disadvantaged community is reliant on a domestic well that consistently fails to provide an

adequate supply of safe drinking water, to order consolidation, either physical or operational, with a receiving water system. (HSC § 116682 (a)(1))

- 4) Provides for the establishment of a corporation as a mutual water company, where such a corporation is organized for or engaged in the business of delivering water for irrigation or domestic use only to the owners of the company's shares, which are appurtenant to certain lands described in the share certificate. (Corporations Code (CORP) § 14300)
- 5) Establishes, pursuant to the Mutual Water Company Open Meeting Act, increased transparency requirements for mutual water companies that operate a public water system. (CORP § 14305)
- 6) Pursuant to the Mutual Water Company Open Meeting Act:
  - a) Requires an eligible person to provide at least 24 hours advance written notice of their intent to personally attend a board meeting;
  - b) Authorizes the board of directors (board) of a mutual water company to use teleconferencing to provide any eligible person access to the meeting that otherwise would be denied attendance at a board meeting for failure to provide the 24-hour notice or due to insufficient room capacity, as specified;
  - c) Prohibits the board from prohibiting a person from attending a board meeting either in person, so long as the eligible person has complied with the 24-hour notice requirement, or by teleconference;
  - d) Authorizes the board to allow an eligible person to attend the meeting personally in lieu of using teleconferencing;
  - e) Requires the board to maintain meeting minutes and to make those minutes available to eligible persons, as specified;
  - f) Requires the board to give notice to eligible persons of the time and place of a board meeting at least four days prior to the meeting (except for an emergency meeting) by posting the notice in a prominent, publicly accessible place and by mail to any eligible person who requested such notification;
  - g) Requires the board to permit any eligible person to speak at a board meeting, subject to a reasonable time limit established by the board; and

- h) Authorizes an eligible person to bring a civil action for declaratory or equitable relief for a violation, subject first to a demand to cure or correct, as specified. (CORP § 14305)
- 7) Requires a board of a mutual water company that operates a public water system to make the following records available to eligible persons upon request, as specified: agendas and meeting minutes, annual budget, accounting statements, records related to water quality tests, and annual shareholder reports. (CORP § 14307)
- 8) Requires an eligible person to reimburse a mutual water company the costs of providing specified documents and reports. (CORP § 14305 et seq.)
- 9) Defines “eligible person” to mean all of the following:
  - a) A shareholder or member of a mutual water company;
  - b) A person who is an occupant, pursuant to a lease or rental agreement, of commercial space or dwelling unit to which the mutual water company sells, distributes, supplies, or delivers drinking water;
  - c) An elected official of a city or county who represents people who receive drinking water directly from the mutual water company on a retail basis; and
  - d) Any other person eligible to participate in the mutual water company’s meetings under the provisions of its articles or bylaws. (CORP § 14305(o)(1))

This bill:

- 1) Requires a board of a mutual water company to allow an eligible person to attend a board meeting without advance written notice.
- 2) Authorizes a board of a mutual water company with less than 50 connections to use teleconferencing to provide access to a board meeting.
- 3) Requires a board of a mutual water company with 50 or more connections to use teleconferencing to provide access to a board meeting.
- 4) Requires a board to provide an electronic copy or photocopy of all documents to be discussed at the meeting to an eligible person upon request and authorizes the board to require a fee to cover the costs of duplication.

- 5) Requires that the minutes of a board meeting and annual budget be provided in an electronic form or hard copy without reimbursement of costs.
- 6) Requires that the notice for board meetings be posted on the mutual water company's internet website and through electronic means, including email.
- 7) Authorizes the board to require eligible persons that request notice for board meetings by mail to pay direct costs of reproduction and mailing in advance.
- 8) Prohibits the board from charging a fee for providing the notice for board meetings through electronic means.
- 9) Requires detailed information on how eligible persons can request notification of board meetings, agendas, and copies of specified documents to be displayed on the mutual water company's internet website.
- 10) Requires notice for board meetings and the agenda to be distributed by electronic means to a federal, state, county, or city elected official or representative that represents the people who receive drinking water directly from the mutual water company, four days prior to the meeting.
- 11) Expands an elected official who is considered to be an "eligible person" to include federal and state elected officials or a representative of any specified elected official.
- 12) Authorizes an eligible person to request an electronic or hard copy of an annual review of the financial records and reports of the mutual water company, without reimbursement of the costs.
- 13) Requires a mutual water company that operates a public water system to make specified records promptly available in an electronic form or hard copy upon a written request from an eligible person.
- 14) Authorizes a mutual water company to require a fee for providing hard copies of specified documents and prohibits a fee for providing the specified documents in an electronic form.
- 15) Includes a copy of the water quality and outage complaint log in the records that a mutual water company are to make available upon request from an eligible person.
- 16) Requires a mutual water company that operates a public water system to make its annual consumer confidence report available on its internet website.

- 17) Requires a mutual water company to annually mail or deliver the consumer confidence report to each customer.
- 18) Requires a mutual water company to make a good faith effort to notify a non-bill-paying consumer of the consumer confidence report through specified means.
- 19) Requires the mutual water company to send a summary of its efforts to provide notice to non-bill-paying consumers of the consumer confidence report annually to the State Water Board and post the summary on its internet website.
- 20) Requires the State Water Board, in cooperation with mutual water companies, to conduct an assessment of mutual water companies that operate a public water system on or before December 31, 2027. The assessment is required to include, but not be limited to, all of the following:
  - a) Compliance history with state drinking water standards;
  - b) The effectiveness of the Mutual Water Company Open Meeting Act;
  - c) The frequency that eligible persons use the provisions of the Mutual Water Company Open Meeting Act and associated barriers;
  - d) The success of enforcement through civil actions brought against violations of the Mutual Water Company Open Meeting Act;
  - e) The efficacy, frequency of communication, and oversight history by Local Agency Formation Commissions (LAFCOs).
  - f) A comparative analysis of the effectiveness, transparency, and oversight of mutual water companies with other current governance models that operate public water systems; and
  - g) Recommendations on alternative enforcement options and possible governance alternatives.
- 21) Requires the State Water Board, in completing the assessment, to engage and consult with a diverse group of issue area experts, stakeholders, mutual water companies, member shareholders, statewide associations, and non-bill-paying consumers, and host at least three public hearings.
- 22) Requires the State Water Board to post the assessment on its internet website and provide the assessment to the Legislature.

## Background

- 1) *Mutual water companies.* Mutual water companies deliver water to 1.3 million Californians who are not served by municipal-owned (i.e., city, county, or special district) water departments or investor-owned utilities. Under state law, mutual water companies are often organized as nonprofit mutual benefit corporations owned by their members or as corporations owned by their shareholders. Mutual water companies are limited to serving only their shareholders or members, whose shares are linked to land they own in the service area of the mutual water company. There are approximately one thousand mutual water companies operating in California, more often in rural areas but also in smaller pockets of urban communities.

Although there are dozens of mutual water companies within large metropolitan areas, like in Los Angeles County, they were not originally designed for urban communities.<sup>1</sup> The number of mutual water companies throughout Los Angeles County has significantly declined since 1955, from 283 mutual water companies to an estimated 47 by 2020.<sup>1,2</sup>

With mutual water companies, shareholder status is typically determined by homeownership, and the governance structure and decision-making process was designed to serve homeowners.<sup>3</sup> Over the decades, the demographics of those served by many mutual water companies have evolved to include renters, in many cases people of color. Because of the governance rules of mutual water companies, landlords, not tenants, are the primary decisionmakers over the water system. This disconnect between the governance boards and the water customers whose water systems they govern has at times led to corruption, disenfranchisement of residents, and the provision of poor drinking water quality.<sup>1</sup> This dynamic has occurred with multiple mutual water companies in Los Angeles County, including the cities of Cudahy and Maywood.

This bill was crafted in response to long-standing issues with mutual water companies in Los Angeles County, in particular, mutual water companies serving the cities of Cudahy and Maywood.

- 2) *The regulation of mutual water companies.* Mutual water companies are subject to several areas of state and federal law. The organization and

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<sup>1</sup> McBride, J. (2022). [Mutual Water Systems and the Formation of Racial Inequality in Los Angeles County](#).

<sup>2</sup> Pierce, G. and Gmoser-Daskalakis, K. (2020). [Community Water Systems in Los Angeles County: A Performance Policy Guide](#).

<sup>3</sup> Dobbin, K., et al. (2022). [Designing Water System Consolidation Projects](#).

governance of a mutual water company is specified by provisions of the Corporations Code. They are required to report to the LAFCO in the county of their service area. They are also regulated under the federal Safe Drinking Water Act, and those mutual water companies that operate a public water system must comply with requirements of the State Water Board and pertinent Regional Water Boards. However, mutual water companies tend to have relatively less oversight compared to larger public water systems and investor-owned utilities.<sup>3</sup>

In several ways, mutual water companies' governance resembles homeowner associations (HOAs). State law provides the bedrock for how the organization is legally created and specifies certain duties and responsibilities. Many of the specific decisions for how the organization operates, however, are left to the organization. Mutual water companies, like HOAs, are largely self-governing, and how mutual water companies self-govern is a fundamental issue addressed by this bill.

- 3) *Addressing water quality issues.* While issues of governance are directly addressed by this bill, the desire for stronger governance is rooted in the human right to safe, clean, and affordable drinking water: governance is but a means to the end goal of realizing that human right. Since the enactment of the Human Right to Water law in 2012, California continues to struggle towards full realization of the state's goal. According to the State Water Board, 411 water systems serving 556,607 Californians are deemed "failing" under the Safe and Affordable Funding for Equity and Resilience (SAFER) framework, driven primarily by water quality and accessibility.<sup>4</sup> An additional 661 water systems serving almost 2 million Californians are deemed "at-risk."

Smaller water systems, including mutual water systems are most at risk for low technical, managerial, and financial capacity and poor performance in water quality, affordability, and accessibility.<sup>2</sup> Failing and at-risk water systems are located throughout the state and across each type of water system: municipally-owned, investor-owned, mutual water companies, and private systems. According to the California Association of Mutual Water Companies, 20% of the systems on the "failing" or "at-risk" list are mutual water companies, indicating that mutuals are not alone when it comes to water problems.

The author's office provides several examples of problems related to mutual water companies, including:

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<sup>4</sup> State Water Board. (2025). [SAFER Dashboard](#).

- A homeowner was charged a \$20,000 “impact fee” related to a remodel. The water company shut water off and forced the homeowner into a payment plan that added \$200/month to their bill in order to resume service.<sup>5</sup>
- Black, brown, or yellow water intermittently ran from residential faucets for years.<sup>6</sup>
- Arsenic contamination issues led to the consolidation of a mutual water company near Tulare.<sup>7</sup>

These examples are not an indictment of the mutual water company model, as similar issues arise in other water delivery models. Rather, these stories help to illustrate the underlying issues that motivate the desire for governance mechanisms that can help shareholders or members address deficiencies at a mutual water company.

Some mutual water companies have addressed water quality issues through consolidation. Consolidation is 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 physical interconnection of water infrastructure. With the support of the State Water Board, consolidations have been integral in addressing the challenges of small water systems and achieving the human right to water.<sup>3</sup>

The bill includes a state-wide assessment of mutual water companies that operate a public water system, conducted by the State Water Board, to review their compliance, governance, transparency, quality of service, affordability, and adherence to the Human Right to Water law. The assessment is proposed to include a comparative analysis of mutual water companies with other governance models of public water systems and recommendations for possible governance alternatives or transitions to successor water systems, which may imply consolidation.

## Comments

- 1) *Purpose of Bill.* According to the author, “California made history as the first state to formalize the Human Right to Water in statute in 2014, establishing a

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<sup>5</sup> Bradshaw, K. (2019). Troubled Water.

<sup>6</sup> Wilson, J. (2011). Maywood Pollution: After Years of Illnesses, Family Looks for Answers.

<sup>7</sup> U.S. Environmental Protection Agency. (2022). City of Tulare & Pratt Mutual Water Company: Mandatory Consolidation & California SB 88.

clear policy that every individual deserves safe, clean, and affordable water. Unfortunately, more than a decade after the passage, over 1,000 water systems are failing or are at risk of failing in our state resulting in reduced access to drinking water. Specifically, this includes decades of water discoloration in Southeast Los Angeles, and arsenic contamination in the Central Valley. Nearly a million Californians, more than two-thirds of whom are people of color, are suffering due to these persistent governance challenges. SB 1291, the SHINE Water Act, seeks to address these problems by updating the Mutual Water Company Open Meeting Act to reflect the needs of our communities and the capabilities of today's technology, including ensuring virtual access to board meetings and electronic copies of water quality records at no cost. Furthermore, by directing the State Water Resources Control Board to conduct a comprehensive assessment of these governance models by 2027, SB 1291 provides the state with the necessary analysis to ensure our water systems remain effective, accountable, and resilient. This measure is a vital step toward fully actualizing our state's water policy goals and the health and dignity of every Californian."

- 2) *The landscape of mutual water companies.* This bill responds to many issues experienced with mutual water companies in an urban area. Because there is a knowledge gap with many aspects of the performance of mutual water companies across the state, the assessment could help inform future decisions with the aim of achieving the human right to water for all of those served by mutual water companies.

A state-wide assessment of mutual water companies would allow the State Water Board to identify various differences of mutual water companies in rural and urban areas. The assessment includes a review of the governance structures and transparency, including the effectiveness, limitations, and enforcement of the Mutual Water Company Open Meeting Act. This bill simultaneously seeks to address disparities identified with urban mutual water systems within the Mutual Water Company Open Meeting Act. Those opposed to this bill have noted that some of the amendments to the Mutual Water Company Open Meeting Act fall short of considering the needs and constraints of mutual water companies in the rural parts of the state. While some provisions are necessary to increase transparency, it may be important to consider the findings of the State Water Board's assessment before making certain changes to the Mutual Water Company Open Meeting Act, especially if those changes will present challenges for mutual water companies in rural areas.

The author has been amenable to the consideration of rural mutual water companies with regards to provisions on teleconferencing by making

provisions contingent on the number of service connections. There may be other considerations regarding the technical, managerial, and financial capacity of rural water systems and their ability to comply with the proposed provisions. *The author may wish to consider assessing the exact pain points for rural mutual water companies and authorize the State Water Board to review the associated disparities prior to amending the law.*

### **Related/Prior Legislation**

AB 1077 (Holden, Chapter 669, Statutes of 2015) allows a mutual water company to use teleconferencing as a means to allow eligible persons to access board meetings, pursuant to the Mutual Water Company Open Meeting Act.

AB 240 (Rendon, Chapter 633, Statutes of 2013) increased transparency requirements for those mutual water companies that operate a public water system by enacting the Mutual Water Company Open Meeting Act and authorized mutual water companies to impose liens to collect unpaid charges.

AB 54 (Solorio, Chapter 512, Statutes 2011) established training requirements for board members of a mutual water company regarding the duties of board members, made mutual water companies liable for specified fines and penalties for violating the California Safe Drinking Water Act, and expanded the authority of a LAFCO to review matters related to mutual water companies.

**SOURCE:** Author

### **SUPPORT:**

City of Cudahy  
City of Maywood  
Clean Water Action  
Communities for a Better Environment  
Community Water Center  
Leadership Counsel Action  
Physicians for Social Responsibility - Los Angeles

### **OPPOSITION:**

Bellflower-somerset Mutual Water Company  
California Association of Mutual Water Companies  
California Domestic Water Company

Covina Valley Mutual Water Company  
Fairway Mutual Water Company  
Jubilee Mutual Water Co, INC  
Krista Mutual Water Company  
LA Cumbre Mutual Water Company  
Marygold Mutual Water Co  
Muscoy Mutual Water Company #1  
North Shore Mutual Water Company  
Rubio Canon Land and Water Association  
San Antonio Water Company  
South Mesa Water Company  
Sunnyslope Water  
Terrace Water Company  
Western Heights Water Co  
Willo Glen Water Company  
Wini Mutual Water Company

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