
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1291 (Gonzalez) - Mutual water companies

Version: March 24, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: B. & F.I. 7 - 0, E.Q. 6 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: SB 1291 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.

Fiscal Impact: The State Water Board estimates:

- One-time costs of \$2,250,000 to assess mutual water companies and update the Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard. The State Water Board notes costs would be incurred in the 2026-27 Fiscal Year to meet the bill's December 31, 2027, deadline.
- Ongoing costs of \$250,000 to oversee compliance with annual reporting requirements (Safe Drinking Water Fund).

Background: 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. 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.

With mutual water companies, shareholder status is typically determined by homeownership, and the governance structure and decision-making process was designed to serve homeowners.³ 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.¹ 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.

Proposed Law:

- Removes the requirement that an eligible person provide at least 24 hours advance written notice prior to personally attending a meeting of the board of a mutual water company.
- Requires a board of directors of a mutual water company with 50 or more connection to use teleconferencing to provide any eligible person access to a board meeting.
- Authorizes a board of directors of a mutual water company with less than 50 connections to use teleconferencing to provide any eligible person access to a board meeting.
- Requires a board of directors of a mutual water company to provide to an eligible person, upon request, an electronic copy or photocopy of all documents not related to an executive session to be discussed at a board meeting. Authorizes the board to charge a fee to cover the direct costs of duplication for photocopied document. Prohibits the board from charging a fee for electronic copies of documents.
- Requires the notice required in advance of a board meeting be posted on the mutual water company's website in a clear manner and in an easily navigable location. Requires the notice be given by mail or electronic means to any eligible person who had requested such notification. Allows the board to charge a fee for the direct costs of reproduction and mailing. Prohibits the board from charging a fee for electronic notice. Requires detailed information on how an eligible person can request to receive such notifications to be displayed on the mutual water company's website in a clear manner and easily navigable location.
- Requires the notice and agenda of a board meeting be distributed by electronic means, four days prior to the meeting, to federal, state, county, or city elected officials, or their
- representative, who represent people who receive drinking water directly from the mutual water company on a retail basis.
- Requires a mutual water company that operates a public water system to make specified records promptly available in an electronic form or in a hard copy. Adds to the specified list of records a copy of the log related to water quality and system water outage complaints maintained according to state regulations. Authorizes the mutual water company to charge a fee for the direct costs of duplication. Prohibits the mutual water company from paying a fee for electronic documents. Requires the mutual water company to maintain on its website detailed information on how an eligible person can request to receive such records.

- Adds to the definition of “eligible person” a federal or state official (or the representative of a federal, state, county, or city elected official) who represents people who receive drinking water directly from the mutual water company on a retail basis.
- Requires a mutual water company that operates a public water system to make available on its website a downloadable electronic copy of the company’s annual consumer confidence report, as specified, and to annually deliver a copy of the report to each customer. Requires the mutual water company to make a good faith effort to notify non-bill-paying customers, including renters or workers, of the report, as specified.
- Requires the State Water Board, by December 31, 2027, to conduct an assessment, as specified, of mutual water companies that operate a public water system related to compliance with drinking water standards, governance, transparency, quality of service, affordability, and adherence to the human right to water.

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