

AMENDED IN ASSEMBLY APRIL 14, 2011

AMENDED IN ASSEMBLY APRIL 4, 2011

AMENDED IN ASSEMBLY MARCH 29, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 54

Introduced by Assembly Member Solorio

December 6, 2010

An act to amend Section 14300 of, and to add Sections 14301.1, 14301.2, and 14301.3 to, the Corporations Code, to amend Sections 56375 and 56430 of the Government Code, and to amend Section 116725 of, to add Section 116760.65 to, and to add Article 12 (commencing with Section 116755) to Chapter 4 of Part 12 of Division 104 of, the Health and Safety Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

AB 54, as amended, Solorio. Drinking water.

(1) Existing law authorizes any corporation organized for or engaged in the business of selling, distributing, supplying or delivering water for irrigation purposes, and requires any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use, to provide in its articles or by laws that water shall be sold, distributed, supplied or delivered only to owners of its shares and that those shares are appurtenant to certain lands, as specified.

This bill would specify that any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use shall be known as a mutual water company.

The bill would also require each mutual water company operating as a public water system to, by December 31, 2012, submit a map depicting the boundaries of the property that the municipal water company serves to the Secretary of State and the local agency commission within the county in which the mutual water company operates. The bill would prohibit a mutual water company from expanding its boundaries without approval from the appropriate local agency formation commission. The bill would require a mutual water company to supply certain information to a local agency formation commission or a county department upon request, as specified.

The bill would also require each board member of a mutual water company that is operated as a public water system to, within 6 months of taking office, complete a 4-hour course offered by a public water agency, as specified. The bill would also specify that fines imposed pursuant to the Safe Drinking Water Act may be imposed on directors of a mutual water company if the mutual water company receives a notice of violation, more than one year has elapsed, and the mutual water company has not taken action to resolve the violation.

(2) Existing law, the California Safe Drinking Water Act, requires the State Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adoption of enforcement regulations, and conducting studies and investigations to assess the quality of water in domestic water supplies.

Existing law establishes the Safe Drinking Water State Revolving Fund, continuously appropriated to the department for the provision of grants and revolving fund loans to provide for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Existing law requires the department to establish criteria to be met for projects to be eligible for consideration for this funding.

This bill would allow the department to issue a letter of no prejudice, as defined, to a public water system that is a lead applicant for a project that may be funded by the Safe Drinking Water Revolving Fund and would make expenditures related to the project reimbursable in specified circumstances.

(3) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the powers and duties of a local

agency formation commission, including, among others, the powers to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

This bill would additionally authorize the commission to ~~review and~~ approve or disapprove, ~~at the commission's discretion, the consolidation~~ *annexation* of territory ~~within the jurisdiction of~~ *served by* a mutual water company into the jurisdiction of a city ~~as, a public utility, or a~~ special district that operates a public water system, with the consent of the respective ~~city~~ *public agency or public utility* and mutual water company.

(4) Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, each local agency formation commission is required to develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere of influence. In order to prepare and update spheres of influence, the commission is required to conduct a service review, including the review of growth and population projections for the affected area, present and planned capacity of public facilities and adequacy of public services, financial ability of agencies to provide services, the status of, and opportunities for, shared facilities, accountability for community service needs, and any other matter related to effective or efficient service delivery, as required by commission policy.

This bill would authorize the commission to include in the service review, a review of whether the ~~available drinking water sources within~~ *the area of agencies under review* comply with safe drinking water standards.

(5) Existing law provides for the imposition of civil fines in amounts up to \$5,000 or \$25,000 for specified violations of the California Safe Drinking Water Act.

This bill would authorize the department, in lieu of assessing all or a portion of the civil penalties for those violations against a publicly owned water system serving a small community, as specified, to require the public water system to spend an equivalent dollar amount toward the completion of a compliance project proposed by the public water system, in specified circumstances.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Californians rely on a broad diversity of public and private
4 organizations to deliver clean and safe drinking water to their home
5 water taps. Regardless of the form of the organization that operates
6 a public water system, these organizations provide a public service
7 that remains one of the core duties of the people's government.

8 (b) While the state's goal is to ensure clean and safe drinking
9 water, California's drinking water quality has deteriorated and
10 some public water systems continue to suffer poor water quality
11 that are inconsistent with safe drinking water standards.

12 (c) The state provides funding to public water systems to
13 improve drinking water quality through the Safe Drinking Water
14 Revolving Fund, but demand far exceeds the available funding.
15 The United States Environmental Protection Agency's Drinking
16 Water Infrastructure Needs Survey and Assessment, which was
17 performed in 2007, State Department of Public Health estimates
18 that the 20-year drinking water infrastructure need for California
19 is \$39 billion. Funding for such projects, however, for 1997–2008
20 totaled only 1.2 billion.

21 SEC. 2. Section 14300 of the Corporations Code is amended
22 to read:

23 14300. (a) Any corporation organized for or engaged in the
24 business of selling, distributing, supplying, or delivering water for
25 irrigation purposes may provide, and any corporation organized
26 for or engaged in the business of selling, distributing, supplying,
27 or delivering water for domestic use shall provide, in its articles
28 or bylaws that water shall be sold, distributed, supplied, or
29 delivered only to owners of its shares and that the shares shall be
30 appurtenant to certain lands when the same are described in the
31 certificate issued therefor; and when the certificate is so issued
32 and a certified copy of the articles or bylaws recorded in the office
33 of the county recorder in the county where the lands are situated
34 the shares of stock shall become appurtenant to the lands and shall
35 only be transferred therewith, except after sale or forfeiture for
36 delinquent assessments thereon as provided in Section 14303.
37 Notwithstanding this provision in its articles or bylaws, any such
38 corporation may sell water to the state, or any department or agency

1 thereof, or to any school district, or to any public agency, or, to
2 any other mutual water company or, during any emergency
3 resulting from fire or other disaster involving danger to public
4 health or safety, to any person at the same rates as to holders of
5 shares of the corporations; and provided further, that any
6 corporation may enter into a contract with a county fire protection
7 district to furnish water to fire hydrants and for fire suppression
8 or fire prevention purposes at a flat rate per hydrant or other
9 connection. In the event lands to which any stock is appurtenant
10 are owned or purchased by the state, or any department or agency
11 thereof, or any school district, or public agency, the stock shall be
12 canceled by the secretary, but shall be reissued to any person later
13 acquiring title to the land from the state department, agency, or
14 school district, or public agency.

15 (b) A corporation described in subdivision (a) shall be known
16 as a mutual water company.

17 SEC. 3. Section 14301.1 is added to the Corporations Code,
18 to read:

19 14301.1. (a) No later than December 31, 2012, each mutual
20 water company operating as a public water system shall submit to
21 the Secretary of State and the local agency formation commission
22 a map depicting the boundaries of the property that the corporation
23 serves.

24 (b) If the local agency formation commission or a county
25 department requests information from a mutual water company,
26 the corporation shall, within 45 days of the request, provide all
27 reasonably available information and explain, in writing, why any
28 requested information is not reasonably available. Nothing in this
29 subdivision shall be interpreted to require a mutual water company
30 to undertake any study or investigation.

31 (c) All Governmental Accounting Standards Board (GASB)
32 standards apply to mutual water companies.

33 SEC. 4. Section 14301.2 is added to the Corporations Code,
34 to read:

35 14301.2. (a) Each board member of a mutual water company
36 operated as a public water system shall, within six months of taking
37 office, complete a four-hour course offered by a public water
38 agency or a public utility that operates a public water system
39 regarding the duties of board members of public water systems
40 and the duties of public water systems to provide clean drinking

1 water that complies with the federal and state Safe Drinking Water
 2 Acts. If no public water agency in the county where the mutual
 3 water company operates offers a course, the director shall certify
 4 to the State Department of Public Health, within nine months of
 5 taking office, that no such training was available.

6 (b) Fines pursuant to the Safe Drinking Water Act may be
 7 imposed on directors of a mutual water company if the mutual
 8 water company has received notice of a violation of the Safe
 9 Drinking Water Act more than one year previously and has not
 10 taken action to resolve the violation.

11 SEC. 5. Section 14301.3 is added to the Corporations Code,
 12 to read:

13 14301.3. (a) ~~All improvements to construction on~~ public water
 14 systems operated by a mutual water company shall be designed
 15 and constructed to comply with the applicable California ~~Water~~
 16 ~~Works standards~~ *Waterworks standards, as provided in Chapter*
 17 *16 of Title 22 of the California Code of Regulations.*

18 (b) Pursuant to Chapter 1 (commencing with Section 1720) of
 19 Part 7 of the Labor Code, all construction projects related to a
 20 public water system shall comply with prevailing wage standards.

21 SEC. 6. Section 56375 of the Government Code is amended
 22 to read:

23 56375. The commission shall have all of the following powers
 24 and duties subject to any limitations upon its jurisdiction set forth
 25 in this part:

26 (a) (1) To review and approve or disapprove with or without
 27 amendment, wholly, partially, or conditionally, proposals for
 28 changes of organization or reorganization, consistent with written
 29 policies, procedures, and guidelines adopted by the commission.

30 (2) The commission may initiate proposals by resolution of
 31 application for any of the following:

32 (A) The consolidation of a district, as defined in Section 56036.

33 (B) The dissolution of a district.

34 (C) A merger.

35 (D) The establishment of a subsidiary district.

36 (E) The formation of a new district or districts.

37 (F) A reorganization that includes any of the changes specified
 38 in subparagraph (A), (B), (C), (D), or (E).

39 (3) A commission may initiate a proposal described in paragraph
 40 (2) only if that change of organization or reorganization is

1 consistent with a recommendation or conclusion of a study
2 prepared pursuant to Section 56378, 56425, or 56430, and the
3 commission makes the determinations specified in subdivision (b)
4 of Section 56881.

5 (4) A commission shall not disapprove an annexation to a city,
6 initiated by resolution, of contiguous territory that the commission
7 finds is any of the following:

8 (A) Surrounded or substantially surrounded by the city to which
9 the annexation is proposed or by that city and a county boundary
10 or the Pacific Ocean if the territory to be annexed is substantially
11 developed or developing, is not prime agricultural land as defined
12 in Section 56064, is designated for urban growth by the general
13 plan of the annexing city, and is not within the sphere of influence
14 of another city.

15 (B) Located within an urban service area that has been delineated
16 and adopted by a commission, which is not prime agricultural land,
17 as defined by Section 56064, and is designated for urban growth
18 by the general plan of the annexing city.

19 (C) An annexation or reorganization of unincorporated islands
20 meeting the requirements of Section 56375.3.

21 (5) As a condition to the annexation of an area that is
22 surrounded, or substantially surrounded, by the city to which the
23 annexation is proposed, the commission may require, where
24 consistent with the purposes of this division, that the annexation
25 include the entire island of surrounded, or substantially surrounded,
26 territory.

27 (6) A commission shall not impose any conditions that would
28 directly regulate land use density or intensity, property
29 development, or subdivision requirements.

30 (7) The decision of the commission with regard to a proposal
31 to annex territory to a city shall be based upon the general plan
32 and rezoning of the city. When the development purposes are not
33 made known to the annexing city, the annexation shall be reviewed
34 on the basis of the adopted plans and policies of the annexing city
35 or county. A commission shall require, as a condition to
36 annexation, that a city rezone the territory to be annexed or present
37 evidence satisfactory to the commission that the existing
38 development entitlements on the territory are vested or are already
39 at build-out, and are consistent with the city's general plan.

1 However, the commission shall not specify how, or in what
2 manner, the territory shall be rezoned.

3 (b) With regard to a proposal for annexation or detachment of
4 territory to, or from, a city or district or with regard to a proposal
5 for reorganization that includes annexation or detachment, to
6 determine whether territory proposed for annexation or detachment,
7 as described in its resolution approving the annexation, detachment,
8 or reorganization, is inhabited or uninhabited.

9 (c) With regard to a proposal for consolidation of two or more
10 cities or districts, to determine which city or district shall be the
11 consolidated successor city or district.

12 (d) To approve the annexation of unincorporated, noncontiguous
13 territory, subject to the limitations of Section 56742, located in the
14 same county as that in which the city is located, and that is owned
15 by a city and used for municipal purposes and to authorize the
16 annexation of the territory without notice and hearing.

17 (e) To approve the annexation of unincorporated territory
18 consistent with the planned and probable use of the property based
19 upon the review of general plan and rezoning designations. No
20 subsequent change may be made to the general plan for the annexed
21 territory or zoning that is not in conformance to the rezoning
22 designations for a period of two years after the completion of the
23 annexation, unless the legislative body for the city makes a finding
24 at a public hearing that a substantial change has occurred in
25 circumstances that necessitate a departure from the rezoning in
26 the application to the commission.

27 (f) With respect to the incorporation of a new city or the
28 formation of a new special district, to determine the number of
29 registered voters residing within the proposed city or special district
30 or, for a landowner-voter special district, the number of owners
31 of land and the assessed value of their land within the territory
32 proposed to be included in the new special district. The number
33 of registered voters shall be calculated as of the time of the last
34 report of voter registration by the county elections official to the
35 Secretary of State prior to the date the first signature was affixed
36 to the petition. The executive officer shall notify the petitioners of
37 the number of registered voters resulting from this calculation.
38 The assessed value of the land within the territory proposed to be
39 included in a new landowner-voter special district shall be
40 calculated as shown on the last equalized assessment roll.

- 1 (g) To adopt written procedures for the evaluation of proposals,
2 including written definitions consistent with existing state law.
3 The commission may adopt standards for any of the factors
4 enumerated in Section 56668. Any standards adopted by the
5 commission shall be written.
- 6 (h) To adopt standards and procedures for the evaluation of
7 service plans submitted pursuant to Section 56653 and the initiation
8 of a change of organization or reorganization pursuant to
9 subdivision (a).
- 10 (i) To make and enforce regulations for the orderly and fair
11 conduct of hearings by the commission.
- 12 (j) To incur usual and necessary expenses for the
13 accomplishment of its functions.
- 14 (k) To appoint and assign staff personnel and to employ or
15 contract for professional or consulting services to carry out and
16 effect the functions of the commission.
- 17 (l) To review the boundaries of the territory involved in any
18 proposal with respect to the definiteness and certainty of those
19 boundaries, the nonconformance of proposed boundaries with lines
20 of assessment or ownership, and other similar matters affecting
21 the proposed boundaries.
- 22 (m) To waive the restrictions of Section 56744 if it finds that
23 the application of the restrictions would be detrimental to the
24 orderly development of the community and that the area that would
25 be enclosed by the annexation or incorporation is so located that
26 it cannot reasonably be annexed to another city or incorporated as
27 a new city.
- 28 (n) To waive the application of Section 22613 of the Streets and
29 Highways Code if it finds the application would deprive an area
30 of a service needed to ensure the health, safety, or welfare of the
31 residents of the area and if it finds that the waiver would not affect
32 the ability of a city to provide any service. However, within 60
33 days of the inclusion of the territory within the city, the legislative
34 body may adopt a resolution nullifying the waiver.
- 35 (o) If the proposal includes the incorporation of a city, as defined
36 in Section 56043, or the formation of a district, as defined in
37 Section 2215 of the Revenue and Taxation Code, the commission
38 shall determine the property tax revenue to be exchanged by the
39 affected local agencies pursuant to Section 56810.

1 (p) To authorize a city or district to provide new or extended
 2 services outside its jurisdictional boundaries pursuant to Section
 3 56133.

4 (q) To enter into an agreement with the commission for an
 5 adjoining county for the purpose of determining procedures for
 6 the consideration of proposals that may affect the adjoining county
 7 or where the jurisdiction of an affected agency crosses the boundary
 8 of the adjoining county.

9 (r) ~~To review and approve or disapprove, at the commission's~~
 10 ~~discretion, pursuant to this section~~ the annexation of territory
 11 served by a mutual water company formed pursuant to Part 7
 12 (commencing with Section 14300) of Division 3 of Title 1 of the
 13 Corporations Code into the jurisdiction of a city, a public utility,
 14 or a special district that operates a public water system, ~~with the~~
 15 ~~consent of the respective public agency or public utility and mutual~~
 16 ~~water company.~~

17 (s) ~~To request information, as part of a municipal service review~~
 18 ~~under Section 56430, from identified public or private entities that~~
 19 ~~provide wholesale or retail supply of drinking water, including~~
 20 ~~mutual water companies formed pursuant to Part 7 (commencing~~
 21 ~~with Section 14300) of Division 3 of Title 1 of the Corporations~~
 22 ~~Code, and private utilities, as defined in Section 1502 of the Public~~
 23 ~~Utilities Code..~~

24 SEC. 7. Section 56430 of the Government Code is amended
 25 to read:

26 56430. (a) In order to prepare and to update spheres of
 27 influence in accordance with Section 56425, the commission shall
 28 conduct a service review of the municipal services provided in the
 29 county or other appropriate area designated by the commission.
 30 The commission shall include in the area designated for service
 31 review the county, the region, the subregion, or any other
 32 geographic area as is appropriate for an analysis of the service or
 33 services to be reviewed, and shall prepare a written statement of
 34 its determinations with respect to each of the following:

- 35 (1) Growth and population projections for the affected area.
- 36 (2) Present and planned capacity of public facilities and
- 37 adequacy of public services, including infrastructure needs or
- 38 deficiencies.
- 39 (3) Financial ability of agencies to provide services.
- 40 (4) Status of, and opportunities for, shared facilities.

1 (5) Accountability for community service needs, including
2 governmental structure and operational efficiencies.

3 (6) Any other matter related to effective or efficient service
4 delivery, as required by commission policy.

5 (b) In conducting a service review, the commission shall
6 comprehensively review all of the agencies that provide the
7 identified service or services within the designated geographic
8 area.

9 (c) In conducting a service review, the commission may include
10 a review of whether the agencies under review, including any
11 public water system as defined in Section 116275, are in
12 compliance with the Safe Drinking Water Act.

13 *(d) The commission may request information, as part of a service*
14 *review under this section, from identified public or private entities*
15 *that provide wholesale or retail supply of drinking water, including*
16 *mutual water companies formed pursuant to Part 7 (commencing*
17 *with Section 14300) of Division 3 of Title 1 of the Corporations*
18 *Code, and private utilities, as defined in Section 1502 of the Public*
19 *Utilities Code.*

20 ~~(d)~~

21 (e) The commission shall conduct a service review before, or
22 in conjunction with, but no later than the time it is considering an
23 action to establish a sphere of influence in accordance with Section
24 56425 or Section 56426.5 or to update a sphere of influence
25 pursuant to Section 56425.

26 SEC. 8. Section 116760.65 is added to the Health and Safety
27 Code, to read:

28 116760.65. (a) A public water system, as defined in Section
29 116275, that is a lead applicant for a project that may be funded
30 pursuant to this chapter may apply to the department for a letter
31 of no prejudice for the project or a component of the project. The
32 department may approve the letter of no prejudice for one or more
33 projects or project components that the department has determined
34 to be eligible for federal or state funding pursuant to established
35 funding priorities and has issued an invitation to apply for funding
36 from the Safe Drinking Water Revolving Fund. The letter of no
37 prejudice shall reference the project or component thereof and the
38 maximum amount of bond funding that may be allocated for that
39 project or project component.

1 (b) Expenditures for the costs, up to the amount set forth in the
2 letter of no prejudice, of a project or project component for which
3 a letter of no prejudice has been issued shall be eligible for
4 reimbursement from the Safe Drinking Water Revolving Fund if
5 all of the following apply:

6 (1) The project or project component for which the letter of no
7 prejudice was requested has commenced and expenditures on the
8 project or project component have been incurred by the local
9 agency.

10 (2) The expenditures made by the local agency are eligible for
11 reimbursement in accordance with state and federal laws and
12 procedures, and are permitted expenditures under the applicable
13 provisions of the federal Safe Drinking Water Act (42 U.S.C. Sec.
14 300f et seq.) or the California Safe Drinking Water Act. If
15 expenditures made are determined to be ineligible, then the state
16 has no obligation to reimburse for those expenditures.

17 (3) The public water system complies with all legal requirements
18 for the project, including the requirements of the California
19 Environmental Quality Act (Division 13 (commencing with Section
20 21000) of the Public Resources Code).

21 (4) The expenditures were incurred after the project or project
22 component was determined to be eligible for funding by the
23 department.

24 (5) There is in the Safe Drinking Water Revolving Fund an
25 amount sufficient to make the reimbursement payment. Nothing
26 in this section requires the fund to be funded at a particular time
27 or in a particular amount.

28 (c) The department and the public water system may enter into
29 an agreement or agreements governing reimbursement as described
30 in this section.

31 (d) Without limiting the foregoing, nothing in this section or in
32 a letter of no prejudice shall eliminate or modify any condition or
33 requirement for granting, allocating, or reallocating funds or any
34 other provision relating to loans, grants, allocations, or reallocations
35 in the California Safe Drinking Water Act or related statutes.

36 (e) For purposes of this section, “letter of no prejudice” means
37 an agreement between a public water system and the department
38 that makes eligible for future reimbursement from the Safe
39 Drinking Water Revolving Fund the expenditure of funds under
40 the control of the public water system, subject to availability of

1 bond funds, as provided in this section. The timing and final
2 amount of reimbursement is dependent on the terms of the
3 agreement and the availability of funds. The final amount of
4 reimbursement may be less than the amount stated in the letter of
5 no prejudice.

6 SEC. 9. Section 116725 of the Health and Safety Code is
7 amended to read:

8 116725. (a) Any person who knowingly makes any false
9 statement or representation in any application, record, report, or
10 other document submitted, maintained, or used for purposes of
11 compliance with this chapter, may be liable, as determined by the
12 court, for a civil penalty not to exceed five thousand dollars
13 (\$5,000) for each separate violation or, for continuing violations,
14 for each day that violation continues.

15 (b) Any person who violates a citation schedule of compliance
16 for a primary drinking water standard or any order regarding a
17 primary drinking water standard or the requirement that a reliable
18 and adequate supply of pure, wholesome, healthful, and potable
19 water be provided may be liable, as determined by the court, for
20 a civil penalty not to exceed twenty-five thousand dollars (\$25,000)
21 for each separate violation or, for continuing violations, for each
22 day that violation continues.

23 (c) Any person who violates any order, other than one specified
24 in subdivision (b), issued pursuant to this chapter may be liable,
25 as determined by the court, for a civil penalty not to exceed five
26 thousand dollars (\$5,000) for each separate violation or, for
27 continuing violations, for each day that violation continues.

28 (d) Any person who operates a public water system without a
29 permit issued by the department pursuant to this chapter may be
30 liable, as determined by the court, for a civil penalty not to exceed
31 twenty-five thousand dollars (\$25,000) for each separate violation
32 or, for continuing violations, for each day that violation continues.

33 (e) Each civil penalty imposed for any separate violation
34 pursuant to this section shall be separate and in addition to any
35 other civil penalty imposed pursuant to this section or any other
36 provision of law.

37 (f) (1) In lieu of assessing all or a portion of the civil penalties
38 pursuant to this section against a publicly owned water system
39 serving a small community, the department may elect to require
40 the public water system to spend an equivalent dollar amount

1 towards the completion of a compliance project proposed by the
2 public water system, if the department finds all of the following:

3 (A) The compliance project is designed to correct the violations
4 within five years.

5 (B) The compliance project is in accordance with the
6 enforcement policy of the department, excluding any provision in
7 the policy that is inconsistent with this section.

8 (C) The public water system has prepared a financing plan to
9 complete the compliance project.

10 (2) For the purposes of this subdivision, “a publicly owned water
11 system serving a small community” means a public water system
12 operated by a city, county, or special district serving a population
13 of 10,000 persons or fewer or a rural county, with a financial
14 hardship as determined by the department after considering factors
15 including median income of the residents, rate of unemployment,
16 and low population density in the service area of the public water
17 system.

18 SEC. 10. Article 12 (commencing with Section 116755) of
19 Chapter 4 of Part 12 of Division 104 is added to the Health and
20 Safety Code, to read:

21
22 Article 12. Board Member Training
23

24 116755. (a) Each board member of a mutual water company
25 operating a public water system shall, within six months of taking
26 office, complete a four-hour course offered by a public water
27 agency or public utility regarding the duties of board members of
28 public water systems and the duties of public water systems to
29 provide clean drinking water that complies with federal and state
30 Safe Drinking Water Acts. If no public water agency in the county
31 where the mutual water company operates offers a course, the
32 director shall certify to the State Department of Public Health,
33 within nine months of taking office, that no such training was
34 available.

35 (b) Fines pursuant to the Safe Drinking Water Act may be
36 imposed on directors of a mutual water company if the mutual
37 water company has received notice of a violation of the Safe
38 Drinking Water Act, more than one year has elapsed since the

- 1 mutual water company received the notice, and the mutual water
- 2 company has not taken action to resolve the violation.

O