

AMENDED IN ASSEMBLY MAY 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 656**

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**Introduced by Assembly Member Cristina Garcia**  
*(Coauthor: Assembly Member Alejo)*

February 24, 2015

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An act to amend Sections 990.8 and 6525 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 656, as amended, Cristina Garcia. Joint powers agreements: mutual water companies.

The Joint Exercise of Powers Act authorizes 2 or more public agencies, as defined, if authorized by their governing bodies, by agreement to jointly exercise any power common to the contracting parties, and specifically authorizes a mutual water company to enter into a joint powers agreement with a public agency for these purposes. Existing law authorizes local public entities, as defined, to enter into a joint powers agreement for the purposes of providing risk-pooling, as specified.

This bill would specifically authorize ~~2 or more mutual water companies, or 2 or more~~ a mutual water ~~companies~~ company and ~~one or more public agencies that operate a public water system,~~ a public agency to participate in joint powers agreement for *the provision of insurance and* risk-pooling, technical support, and other similar services *for the purpose of reducing risk liability.*

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. Section 990.8 of the Government Code is  
2 amended to read:

3 990.8. (a) Two or more local public entities, ~~two or more~~  
4 ~~mutual water companies, or two or more mutual water companies~~  
5 ~~and one or more public agencies that operate a public water system,~~  
6 *or a mutual water company and a public agency*, as authorized  
7 under subdivision (b) of Section 6525, by a joint powers agreement  
8 made pursuant to Article 1 (commencing with Section 6500) of  
9 Chapter 5 of Division ~~7~~ 7, may provide insurance authorized by  
10 this part or for any other purpose by any one or more of the  
11 methods specified in Section 990.4. Where two or more hospital  
12 districts have joined together to pool their self-insurance claims  
13 or losses, any nonprofit corporation created pursuant to subdivision  
14 (p) of Section 32121 of the Health and Safety Code, and affiliated  
15 with a hospital district which is a party to the pool may participate  
16 in the pool.

17 (b) Two or more local public entities having the same governing  
18 board, ~~two or more mutual water companies, or two or more mutual~~  
19 ~~water companies and one or more public agencies that operate a~~  
20 ~~public water system,~~ *or a mutual water company and a public*  
21 *agency*, as authorized under subdivision (b) of Section 6525, may  
22 be coinsured under a master policy and the total premium may be  
23 prorated among those entities.

24 (c) The pooling of self-insured claims or losses among entities  
25 as authorized in subdivision (a) of Section 990.4 shall not be  
26 considered insurance nor be subject to regulation under the  
27 Insurance Code.

28 (d) Any liability or loss under a joint powers agreement for the  
29 pooling of self-insured claims or losses authorized by this part and  
30 provided pursuant to this section may, notwithstanding Section  
31 620 of the Insurance Code or any other provision of law, be  
32 reinsured to the same extent and the same manner as insurance  
33 provided by an insurer.

34 (e) Where a joint powers agreement authorized by this part or  
35 authorized pursuant to Section 6516 provides for the pooling of  
36 self-insured claims or losses among entities, if any peril insured  
37 or covered under contract has existed, and the joint powers  
38 authority or other parties to the pool have been liable for any

1 period, however short, the agreement may provide that the party  
2 insured or covered under contract is not entitled to the return of  
3 premiums, contributions, payments, or advances so far as that  
4 particular risk is concerned.

5 (f) For purposes of this section, “mutual water company” has  
6 the same meaning as the term does in Section 14300 of the  
7 Corporations Code.

8 SEC. 2. Section 6525 of the Government Code is amended to  
9 read:

10 6525. (a) Notwithstanding any other provision of this chapter,  
11 a mutual water company may enter into a joint powers agreement  
12 with any public agency for the purpose of jointly exercising any  
13 power common to the contracting parties.

14 (b) Notwithstanding any other provisions of this chapter, ~~two~~  
15 ~~or more mutual water companies, or two or more mutual water~~  
16 ~~companies and one or more public agencies that operate a public~~  
17 ~~water system may enter into a joint powers agreement for a mutual~~  
18 ~~water company and a public agency may enter into a joint powers~~  
19 ~~agreement for the purpose of~~ risk-pooling and the provision of  
20 technical support, continuing education, safety engineering,  
21 operational and managerial advisory assistance to be provided to  
22 the members of that joint powers ~~agency.~~ *agency for the purpose*  
23 *of reducing risk liabilities.*

24 (c) For purposes of this section, “mutual water company” has  
25 the same meaning as the term does in Section 14300 of the  
26 Corporations Code.