

AMENDED IN SENATE JUNE 22, 2015

AMENDED IN ASSEMBLY MAY 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 656

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

February 24, 2015

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 a mutual water company and 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~~. *liability, as specified.*

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

14 (b) Two or more local public entities having the same governing
15 board, or a mutual water company and a public agency, as
16 authorized under subdivision (b) of Section 6525, may be coinsured
17 under a master policy and the total premium may be prorated
18 among those entities.

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

23 (d) Any liability or loss under a joint powers agreement for the
24 pooling of self-insured claims or losses authorized by this part and
25 provided pursuant to this section may, notwithstanding Section
26 620 of the Insurance Code or any other provision of law, be
27 reinsured to the same extent and the same manner as insurance
28 provided by an insurer.

29 (e) Where a joint powers agreement authorized by this part or
30 authorized pursuant to Section 6516 provides for the pooling of
31 self-insured claims or losses among entities, if any peril insured
32 or covered under contract has existed, and the joint powers
33 authority or other parties to the pool have been liable for any
34 period, however short, the agreement may provide that the party
35 insured or covered under contract is not entitled to the return of
36 premiums, contributions, payments, or advances so far as that
37 particular risk is concerned.

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

4 SEC. 2. Section 6525 of the Government Code is amended to
5 read:

6 6525. (a) Notwithstanding any other provision of this chapter,
7 a mutual water company may enter into a joint powers agreement
8 with any public agency for the purpose of jointly exercising any
9 power common to the contracting parties.

10 (b) (1) Notwithstanding any other provisions of this chapter,
11 a mutual water company and a public agency may enter into a joint
12 powers agreement for the purpose of risk-pooling ~~and the provision~~
13 ~~of technical~~ *in accordance with Section 990.8, provided that the*
14 *agreement shall ensure that no participating public agency*
15 *becomes responsible for the underlying debts or liabilities of the*
16 *joint powers agency, and shall indemnify any participating public*
17 *agency against those debts and liabilities.*

18 (2) *A joint powers agency established pursuant to this*
19 *subdivision shall solely utilize any revenues it generates through*
20 *the insurance provided to its members under this section for its*
21 *necessary operating expenses, and to provide technical support,*
22 *continuing education, safety engineering, operational and*
23 *managerial advisory assistance to be provided to the members of*
24 ~~that joint powers agency~~ *to its members for the purpose of reducing*
25 *risk liabilities and furthering the technical managerial and*
26 *financial capacity of those members.*

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