

AMENDED IN SENATE MARCH 24, 2026

SENATE BILL

No. 1291

Introduced by Senator Gonzalez

February 20, 2026

An act to amend ~~Section 116680 of the Health and Safety Code, relating to drinking water. Sections 14305, 14306, and 14307 of, and to add Section 14308 to, the Corporations Code, and to add Section 116351 to the Health and Safety Code, relating to water.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1291, as amended, Gonzalez. ~~Drinking water: consolidation. Mutual water companies.~~

Under existing law, a mutual water company is defined as a corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation or domestic purposes that provides in its articles or bylaws that the water shall be sold, distributed, supplied, or delivered only to owners of its shares, as specified.

The Mutual Water Company Open Meeting Act requires a board of directors of a mutual water company that operates a public water system to allow an eligible person, as defined, to personally attend a meeting of the board, if the eligible person gave the board at least 24 hours' advance written notice of their intent to personally attend the meeting. Existing law authorizes the board to allow an eligible person who was denied attendance at a meeting for failure to provide this notice, or because the number of eligible persons having already provided notice of attendance exceeds the room capacity of the place of the meeting, to attend the meeting by teleconference. Existing law requires the board to provide to an eligible person attending a meeting by teleconference

a copy of the documents to be discussed at the meeting, except as specified.

This bill would eliminate the 24-hour notice requirement for an eligible person to personally attend a meeting. The bill would authorize the board of directors of a mutual water company with less than 50 connections to use teleconferencing to provide any eligible person access to the meeting and would require a board of directors of a mutual water company with 50 or more connections to use teleconferencing to provide any eligible person access to the meeting.

Existing law requires the board of a mutual water company that operates a public water system to adopt an annual budget, as specified, and also requires the board to contract with a public accountant, as specified, to conduct an annual review of the financial records and reports of the mutual water company. Existing law requires the minutes of a board meeting, as specified, the annual budget, the accounting report, and other specified documents to be provided to an eligible person upon request and upon reimbursement of the mutual water company's costs for providing the document.

This bill would require those documents to be provided to an eligible person upon request in an electronic form or in a hard copy. The bill would authorize a mutual water company to require an eligible person who requests a hard copy of those documents to pay a fee for the direct costs of duplication, but would prohibit a mutual water company from charging a fee for providing those documents electronically. The bill would require the mutual water company to display on the mutual water company's internet website detailed information on how an eligible person can request those documents, as specified.

Existing law requires eligible persons to be given notice of the time and place of a meeting of the board of directors at least 4 days prior to the meeting, except as specified.

This bill would also require the notice of the meeting to be posted on the mutual water company's internet website, as specified, and would require notice of the meeting and the agenda to be distributed by electronic means to specified eligible persons 4 days prior to the meeting.

Existing law defines eligible persons for purposes of these provisions to include various persons, including 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.

This bill would also include within that definition, a federal or state official who represents people who receive drinking water directly from the mutual water company on a retail basis, and would include a representative of any of those elected officials.

Existing law requires every public water system, as a condition of its operating permit, to annually prepare a consumer confidence report and mail or deliver a copy of that report to each customer, except as specified.

This bill would require a mutual water company to make a downloadable electronic copy of its consumer confidence report available to the public on its internet website. The bill would also require the mutual water company to make a good faith effort to notify a consumer who is served by the public water system, but who is not a bill-paying customer of the report using a mix of methods appropriate to the particular public water system, as specified. The bill would require a mutual water company to annually send a summary to the State Water Resources Control Board summarizing its efforts to provide notice of the report to those consumers and would also require the mutual water company to post that summary on its internet website, as provided.

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties relating to the regulation of drinking water to protect public health.

This bill would require the board to, on or before December 31, 2027, complete an assessment of mutual water companies that operate a public water system, with a focus on those serving disadvantaged and low-income communities. The bill would require the assessment to include, among other things, an assessment of compliance history with state drinking water standards by a representative sample of mutual water companies serving disadvantaged and low-income communities. The bill would also require the board to, among other things, host public hearings in disadvantaged and low-income communities served by mutual water companies to receive community input to inform the assessment, as provided. The bill would require mutual water companies to cooperate with the board in completing the assessment and to reasonably attempt to furnish all information and feedback requested by the board, as provided. The bill would require the board to post the assessment on its internet website and to provide the assessment to the Legislature.

Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with, or extension of service from, a receiving water system if a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water or if a disadvantaged community is substantially reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water. Existing law makes related findings and declarations:

This bill would make a nonsubstantive change to those findings and declarations:

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
 State-mandated local program: no.

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

- 1 SECTION 1. Section 14305 of the Corporations Code is
- 2 amended to read:
- 3 14305. (a) (1) This section shall be ~~known~~ *known*, and may
- 4 be ~~cited~~ *cited*, as the Mutual Water Company Open Meeting Act.
- 5 (2) This section shall only apply to a mutual water company
- 6 that operates a public water system.
- 7 (b) (1) (A) A board of directors of a mutual water company
- 8 shall allow an eligible person to personally attend a meeting of the
- 9 ~~board, if the eligible person gave the board at least 24 hours~~
- 10 ~~advance written notice of his or her intent to personally attend the~~
- 11 ~~meeting.~~ *board.*
- 12 (B) Notwithstanding any other law, the board of directors of a
- 13 *mutual water company with less than 50 connections* may use
- 14 teleconferencing to provide any eligible person access to the
- 15 ~~meeting that otherwise would be denied attendance at a meeting~~
- 16 ~~of the board for failure to provide this notice, or because the~~
- 17 ~~number of eligible persons having already provided notice of~~
- 18 ~~attendance exceeds the room capacity of the place of the meeting~~
- 19 ~~described in the notice issued pursuant to subdivision (f). The~~
- 20 ~~meeting. A board of directors of a mutual water company with 50~~
- 21 ~~or more connections shall use teleconferencing to provide any~~
- 22 ~~eligible person access to the meeting. A teleconferenced meeting~~
- 23 or proceeding shall comply with this section and all other

1 applicable provisions of law relating to a specific type of meeting
2 or proceeding conducted by a mutual water company. ~~If the board~~
3 ~~uses teleconferencing, Upon request, the board shall provide to an~~
4 eligible person attending a meeting by teleconference, before the
5 meeting begins, an electronic copy or photocopy of all documents
6 not related to an executive session to be discussed at the meeting.
7 *If the eligible person requests a photocopy of the documents, the*
8 *board may require the eligible person to pay a fee to cover the*
9 *direct costs of duplication. The board shall not charge a fee for*
10 *providing an electronic copy of the documents.* A board of directors
11 of a mutual water company shall not prohibit an eligible person
12 from attending a meeting of the board either in person, ~~so long as~~
13 ~~the eligible person has complied with the notice requirement of~~
14 ~~paragraph (A),~~ person or by teleconference except as provided by
15 paragraph (2). ~~A board of directors may allow an eligible person~~
16 ~~to attend the meeting personally in lieu of using teleconferencing~~
17 ~~pursuant to this paragraph.~~

18 (C) For purposes of this subdivision, the term “teleconference”
19 means, to the extent it is technologically feasible, any electronic
20 means, that includes either audio or video or both, that allows an
21 eligible person to hear a meeting and verbally interact with the
22 board, including, but not limited to, a telephone, cellular telephone
23 with speaker phone technology, or computer, or a device using
24 internet-based video or audio conference technology.

25 (2) A board of directors of a mutual water company shall only
26 meet in executive session during a meeting. A board may prohibit
27 an eligible person from attending an executive session to consider
28 pending or potential litigation, matters relating to the formation
29 of contracts with third parties, including matters relating to the
30 potential acquisition of real property or water rights, member or
31 shareholder discipline, personnel matters, or to meet with a member
32 or shareholder, upon the member or shareholder’s request,
33 regarding the member or shareholder’s payment of assessments,
34 as specified in Section 14303.

35 (3) The board of directors of a mutual water company shall meet
36 in executive session, if requested by a member or shareholder who
37 may be subject to a fine, penalty, or other form of discipline, and
38 the member shall be entitled to attend the executive session.

39 (4) An eligible person shall be entitled to attend a teleconference
40 meeting, as specified in paragraph (3) of subdivision (o), or the

1 portion of the teleconference meeting that is open to eligible
2 persons, and shall be entitled to attend with or without fulfilling
3 the notice requirement in paragraph (1). *persons.* The
4 teleconference meeting or portion of the meeting that is open to
5 eligible persons shall be audible to the eligible person in a location
6 specified in the notice of the meeting.

7 (c) Any matter discussed in executive session shall be generally
8 noted in the minutes of the meeting at which the executive session
9 occurred.

10 (d) The minutes, minutes proposed for adoption that are marked
11 to indicate draft status, or a summary of the minutes, of any
12 meeting of the board of directors of a mutual water company,
13 conducted on or after January 1, 2014, other than an executive
14 session, shall be available to eligible persons within 30 days of the
15 meeting. The minutes, proposed minutes, or summary minutes
16 shall be provided to any eligible person upon request ~~and upon~~
17 ~~reimbursement of the mutual water company's costs for providing~~
18 ~~the minutes.~~ *in an electronic form or in a hard copy pursuant to*
19 *Section 14307.*

20 (e) The ~~pro-forma~~ *annual* budget required in Section 14306
21 shall be available to eligible persons within 30 days of the meeting
22 at which the budget was adopted. The budget shall be provided to
23 any eligible person upon request ~~and upon reimbursement of the~~
24 ~~mutual water company's costs.~~ *in an electronic form or in a hard*
25 *copy pursuant to Section 14307.*

26 (f) (1) Unless the bylaws provide for a longer period of notice,
27 eligible persons shall be given notice of the time and place of a
28 meeting as defined in subdivision (o), except for an emergency
29 meeting, at least four days prior to the meeting. Notice shall be
30 given by posting the notice *on the mutual water company's internet*
31 *website in a clear manner and in an easily navigable location, and*
32 *by posting the notice* in a prominent, publicly accessible place or
33 places within the territory served by the mutual water ~~company~~
34 ~~and company.~~ *Notice shall also be given by mail or electronic*
35 *means to any eligible person who had requested notification of*
36 ~~board meetings by mail;~~ *meetings, at the address or email address*
37 ~~requested by the eligible person.~~ *Eligible* *The board may require*
38 *eligible persons requesting notice by mail shall to pay the direct*
39 *costs of reproduction and mailing of the notice in advance. The*
40 *board shall not charge a fee for providing the notice by electronic*

1 *means*. Notice may also be given by mail, by delivery of the notice
2 to each unit served by the mutual water company, or, with the
3 consent of the eligible person, by electronic means. The notice
4 shall contain the agenda for the meeting.

5 (2) *Detailed information on how an eligible person can request*
6 *to receive notification of board meetings and agendas prior to the*
7 *meetings shall be displayed on the mutual water company's internet*
8 *website in a clear manner and in an easily navigable location.*

9 (3) *The notice and agenda described in paragraph (1) shall be*
10 *distributed by electronic means to eligible persons defined in*
11 *subparagraph (C) of paragraph (1) of subdivision (o), four days*
12 *prior to the meeting.*

13 (g) An emergency meeting of the board may be called by the
14 chief executive officer of the mutual water company, or by any
15 two members of the board of directors other than the chief
16 executive officer, if there are circumstances that could not have
17 been reasonably foreseen which require immediate attention and
18 possible action by the board, and which of necessity make it
19 impracticable to provide notice as required by this section.

20 (h) The board of directors of a mutual water company shall
21 permit any eligible person to speak at any meeting of the mutual
22 water company or the board of directors, except for any portion
23 of a meeting that is held in executive session outside the presence
24 of eligible persons. A reasonable time limit for all eligible persons
25 to speak to the board of directors or before a meeting of the mutual
26 water company shall be established by the board of directors.

27 (i) (1) Except as described in paragraphs (2) to (4), inclusive,
28 the board of directors of the mutual water company shall not
29 discuss or take action on any item at a nonemergency meeting
30 unless the item was placed on the agenda included in the notice
31 that was posted and distributed pursuant to subdivision (f). This
32 subdivision does not prohibit an eligible person who is not a
33 member of the board from speaking on issues not on the agenda.

34 (2) Notwithstanding paragraph (1), a member of the board of
35 directors, mutual water company officers, or a member of the staff
36 of the mutual water company, may do any of the following:

37 (A) Briefly respond to statements made or questions posed by
38 a person speaking at a meeting as described in subdivision (h).

39 (B) Ask a question for clarification, make an announcement, or
40 make a brief report on his or her own activities, whether in response

1 to questions posed by an eligible person or based upon his or her
2 own initiative.

3 (3) Notwithstanding paragraph (1), the board of directors or a
4 member of the board of directors, subject to rules or procedures
5 of the board of directors, may do any of the following:

6 (A) Provide a reference to, or provide other resources for factual
7 information to, the mutual water company's officers or staff.

8 (B) Request the mutual water company's officers or staff to
9 report back to the board of directors at a subsequent meeting
10 concerning any matter, or take action to direct the mutual water
11 company's officers or staff to place a matter of business on a future
12 agenda.

13 (C) Direct the mutual water company's officers or staff to
14 perform administrative tasks that are necessary to carry out this
15 subdivision.

16 (4) (A) Notwithstanding paragraph (1), the board of directors
17 may take action on any item of business not appearing on the
18 agenda posted and distributed pursuant to subdivision (f) under
19 any of the following conditions:

20 (i) Upon a determination made by a majority of the board of
21 directors present at the meeting that an emergency situation exists.
22 An emergency situation exists if there are circumstances that could
23 not have been reasonably foreseen by the board, that require
24 immediate attention and possible action by the board, and that, of
25 necessity, make it impracticable to provide notice.

26 (ii) Upon a determination made by the board by a vote of
27 two-thirds of the members present at the meeting, or, if less than
28 two-thirds of total membership of the board is present at the
29 meeting, by a unanimous vote of the members present, that there
30 is a need to take immediate action and that the need for action
31 came to the attention of the board after the agenda was posted and
32 distributed pursuant to subdivision (f).

33 (iii) The item appeared on an agenda that was posted and
34 distributed pursuant to subdivision (f) for a prior meeting of the
35 board of directors that occurred not more than 30 calendar days
36 before the date that action is taken on the item and, at the prior
37 meeting, action on the item was continued to the meeting at which
38 the action is taken.

1 (B) Before discussing any item pursuant to this paragraph, the
2 board of directors shall openly identify the item to the members
3 in attendance at the meeting.

4 (j) (1) Notwithstanding any other law, the board of directors
5 shall not take action on any item of business outside of a meeting.

6 (2) (A) Notwithstanding any other provision of law, the board
7 of directors shall not conduct a meeting via a series of electronic
8 transmissions, including, but not limited to, electronic mail, except
9 as specified in subparagraph (B).

10 (B) Electronic transmissions may be used as a method of
11 conducting an emergency meeting if all members of the board,
12 individually or collectively, consent in writing to that action, and
13 if the written consent or consents are filed with the minutes of the
14 meeting of the board. These written consents may be transmitted
15 electronically.

16 (k) (1) An eligible person may bring a civil action for
17 declaratory or equitable relief for a violation of this section by a
18 mutual water company for which ~~he or she is~~ *they are* defined as
19 an eligible person for a judicial determination that an action taken
20 by the board is null and void under this section.

21 (2) Prior to the commencement of an action pursuant to
22 paragraph (1), the eligible person shall make a demand on the
23 board to cure or correct the action alleged to be taken in violation
24 of this section. The demand shall be in writing, and submitted
25 within 90 days from the date the action was taken. The demand
26 shall state the challenged action of the board and the nature of the
27 alleged violation.

28 (3) Within 30 days of receipt of the demand, the board shall
29 cure or correct the challenged action and inform the demanding
30 party in writing of its actions to cure or correct, or inform the
31 demanding party in writing of its decision not to cure or correct
32 the challenged action.

33 (4) Within 15 days of receipt of the written notice of the board's
34 decision to cure or correct or not to cure or correct, or within 15
35 days of the expiration of the 30-day period to cure or correct,
36 whichever is earlier, the demanding party shall commence the
37 action pursuant to paragraph (1). If the demanding party fails to
38 commence the action pursuant to paragraph (1), that party shall
39 be barred from commencing the action thereafter.

- 1 (l) A board action that is alleged to have been taken in violation
2 of this section shall not be determined to be void if the action taken
3 was in substantial compliance with this section.
- 4 (m) The fact that the board of directors of a mutual water
5 company takes subsequent action to cure or correct an action taken
6 pursuant to this section shall not be construed as, or admissible as
7 evidence of, a violation of this section.
- 8 (n) An eligible person who prevails in a civil action to enforce
9 ~~his or her~~ *their* rights pursuant to this section shall be entitled to
10 reasonable attorney's fees and court costs. A prevailing mutual
11 water company shall not recover any costs, unless the court finds
12 the action to be frivolous, unreasonable, or without foundation.
- 13 (o) As used in this section:
- 14 (1) "Eligible person" means a person who is any of the
15 following:
- 16 (A) A shareholder or member of the mutual water company.
- 17 (B) A person who is an occupant, pursuant to a lease or a rental
18 agreement, of commercial space or a dwelling unit to which the
19 mutual water company sells, distributes, supplies, or delivers
20 drinking water.
- 21 ~~(C) An elected official of a city or county~~ *A federal, state,*
22 *county, or city elected official, or their representative, who*
23 *represents people who receive drinking water directly from the*
24 *mutual water company on a retail basis.*
- 25 (D) Any other person eligible to participate in the mutual water
26 company's meetings under provisions of the company's articles
27 or bylaws.
- 28 (2) "Item of business" means any action within the authority of
29 the board, except those actions that the board has validly delegated
30 to any other person or persons, officer of the mutual water
31 company, or committee of the board comprising less than a
32 majority of the directors.
- 33 (3) "Meeting" means either of the following:
- 34 (A) A congregation of a majority of the members of the board
35 at the same time and place to hear, discuss, or deliberate upon any
36 item of business that is within the authority of the board.
- 37 (B) A teleconference in which a majority of the members of the
38 board, in different locations, are connected by electronic means,
39 through audio or video or both. A teleconference meeting shall be
40 conducted in a manner that protects the rights of members of the

1 mutual water company and otherwise complies with the
2 requirements of this title. The notice of the teleconference meeting
3 shall identify at least one physical location so that members of the
4 mutual water company may attend and at least one member of the
5 board of directors or a person designated by the board shall be
6 present at that location. Participation by board members in a
7 teleconference meeting constitutes presence at that meeting as long
8 as all board members participating in the meeting are able to hear
9 one another and members of the mutual water company speaking
10 on matters before the board.

11 (4) “Mutual water company” means a mutual water company,
12 as defined in Section 14300, that operates a public water system,
13 as defined in Section 14300.5.

14 *SEC. 2. Section 14306 of the Corporations Code is amended*
15 *to read:*

16 14306. (a) The board of a mutual water company that operates
17 a public water system shall adopt, in an open meeting, an annual
18 budget on or before the start of each fiscal year of the mutual water
19 company.

20 (b) The board of a mutual water company that operates a public
21 water system shall contract with a certified public accountant or
22 public accountant to conduct an annual review of the financial
23 records and reports of the mutual water company. The review shall
24 be subject to generally accepted accounting standards.

25 (c) ~~Eligible persons~~*In accordance with Section 14307, an*
26 *eligible person may request a an electronic copy or hard copy of*
27 *the report, and shall reimburse the mutual water company for the*
28 *costs of providing the report. accounting report prepared pursuant*
29 *to subdivision (b).*

30 (d) For purposes of this section, the term “~~eligible persons~~²²
31 *person*” has the same meaning as that term is defined in
32 subdivision (o) of Section 14305.

33 *SEC. 3. Section 14307 of the Corporations Code is amended*
34 *to read:*

35 14307. (a) (1) Unless its governing documents impose more
36 stringent standards, a mutual water company that operates a public
37 water system shall make the following records promptly available
38 upon written request to an eligible person ~~upon payment of fees~~
39 ~~covering direct costs of duplication:~~ *in an electronic form or in a*
40 *hard copy:*

1 (A) Agendas and minutes of board meetings conducted on or
2 after January 1, 2014.

3 (B) A copy of an annual budget adopted pursuant to subdivision
4 (a) of Section 14306.

5 (C) A copy of an accounting report prepared pursuant to
6 subdivision (b) of Section 14306.

7 (D) A copy of any records reporting the results of a water quality
8 test.

9 (E) A copy of an annual report that has been distributed to the
10 mutual water company's shareholder or members.

11 *(F) A copy of the complaint log maintained pursuant to*
12 *subdivision (a) of Section 64470 of Title 22 of the California Code*
13 *of Regulations.*

14 (2) Any request for records pursuant to this subdivision shall
15 be limited to the three calendar years preceding the written request
16 for the records.

17 (3) *A mutual water company may require an eligible person*
18 *who requests a hard copy of the documents described in paragraph*
19 *(1) to pay a fee to the mutual water company for the direct costs*
20 *of duplication. A mutual water company shall not charge a fee for*
21 *providing the documents electronically.*

22 (4) *Detailed information on how an eligible person can request*
23 *to receive a copy of the documents described in paragraph (1)*
24 *shall be displayed on the mutual water company's internet website*
25 *in a clear manner and in an easily navigable location.*

26 (b) For the purposes of this section, "eligible person" means a
27 person who is any of the following:

28 (1) A stockholder or member of the mutual water company.

29 (2) A person who is an occupant, pursuant to a lease or a rental
30 agreement, of commercial space or a dwelling unit to which the
31 mutual water company sells, distributes, supplies, or delivers
32 drinking water.

33 ~~(3) An elected official of a city or county~~ *A federal, state,*
34 *county, or city elected official, or their representative who*
35 *represents people who receive drinking water directly from the*
36 *mutual water company on a retail basis.*

37 (4) Any other person eligible to obtain copies of the records
38 listed in subdivision (a) under provisions of the mutual water
39 company's articles or bylaws.

1 *SEC. 4. Section 14308 is added to the Corporations Code, to*
2 *read:*

3 14308. (a) *A mutual water company that operates a public*
4 *water system shall make available on its internet website a*
5 *downloadable electronic copy of the mutual water company's*
6 *annual consumer confidence report prepared pursuant to Section*
7 *116470 of the Health and Safety Code.*

8 (b) *A mutual water company shall annually mail or directly*
9 *deliver one copy of the consumer confidence report to each*
10 *customer.*

11 (c) (1) *A mutual water company shall make a good faith effort*
12 *to notify a consumer who is served by the public water system, but*
13 *who is not a bill-paying customer, including renters or workers,*
14 *of the report using a mix of methods appropriate to the particular*
15 *public water system. These methods may include, but are not*
16 *limited to, any of the following:*

17 (A) *Mailing the report to postal patrons in metropolitan areas.*

18 (B) *Advertising the availability of the report in the news media.*

19 (C) *Publishing the report in a local newspaper.*

20 (D) *Posting the report in public places, including cafeterias or*
21 *lunchrooms of public buildings.*

22 (E) *Delivering multiple copies of the report for distribution by*
23 *single-biller customers, including apartment buildings or large*
24 *private employers.*

25 (F) *Delivery of the report to community organizations.*

26 (2) *The mutual water company shall annually send a summary*
27 *to the State Water Resources Control Board summarizing its efforts*
28 *to provide notice of the report to consumers who are not bill-paying*
29 *customers as required by paragraph (1). The mutual water*
30 *company shall also post the summary on its internet website in a*
31 *clear manner and in an easily navigable location.*

32 *SEC. 5. Section 116351 is added to the Health and Safety Code,*
33 *to read:*

34 116351. (a) *The board shall, on or before December 31, 2027,*
35 *conduct an assessment of mutual water companies that operate a*
36 *public water system, with a focus on those serving disadvantaged*
37 *and low-income communities. The assessment shall generally*
38 *review compliance with drinking water standards, governance,*
39 *transparency, quality of service, affordability, and adherence to*
40 *the human right to water as provided in Section 106.3 of the Water*

1 Code. The assessment shall include, but is not limited to, the
2 following:

3 (1) An assessment of compliance history with state drinking
4 water standards by a representative sample of mutual water
5 companies serving disadvantaged and low-income communities.

6 (2) After conferring or contracting with appropriate experts,
7 an assessment of the effectiveness of the Mutual Water Company
8 Open Meeting Act (Section 14305 of the Corporations Code) in
9 allowing public water systems end users to engage with
10 decisionmakers, stay informed about water quality, and voice
11 concerns about water quality or affordability.

12 (3) For a representative sample of mutual water companies
13 serving disadvantaged and low-income communities, an assessment
14 of the frequency that eligible persons, as defined in Section 14305
15 of the Corporations Code, use the provisions of the Mutual Water
16 Company Open Meeting Act, and whether barriers exist within
17 the act for eligible persons to engage with the mutual water
18 company.

19 (4) An assessment of whether eligible persons have successfully
20 enforced the requirements of the Mutual Water Company Open
21 Meeting Act pursuant to paragraph (1) of subdivision (k) of Section
22 14305 of the Corporations Code. In assessing this enforcement
23 mechanism, the board shall provide recommendations for
24 alternative enforcement options that may be more effective for
25 eligible persons.

26 (5) After conferring or contracting with appropriate experts,
27 an assessment of the efficacy, frequency of communication, and
28 oversight history of mutual water companies by local area
29 formation commissions as authorized by existing law.

30 (6) For a representative sample of mutual water companies
31 serving disadvantaged and low-income communities, an assessment
32 of compliance with subdivision (b) of Section 14301.3 of the
33 Corporations Code.

34 (7) (A) A comparative analysis of the effectiveness,
35 transparency, and oversight of mutual water companies with other
36 current governance models operating public water systems, with
37 an emphasis on those mutual water companies serving
38 disadvantaged and low-income communities.

39 (B) If the board finds, through the comparative analysis pursuant
40 to subparagraph (A), that public water systems operated by mutual

1 water companies are not in the best long-term interests of the
2 drinking water end users, the board shall provide recommendations
3 for possible governance alternatives and recommendations on
4 how to transition to a possible successor public water system.

5 (C) The board may include an assessment of whether the
6 technical, managerial, and financial standards pursuant to Section
7 116600 may address any issues identified in the comparative
8 analysis pursuant to subparagraph (A).

9 (b) In completing the assessment pursuant to subdivision (a),
10 the board shall do all of the following:

11 (1) Engage a diverse group of issue area experts and
12 stakeholders that reflect the geographic and climate diversity of
13 the state, including community-based organizations.

14 (2) Consult with mutual water companies and their member
15 shareholders and statewide associations composed of mutual water
16 companies.

17 (3) Consult with, and survey, tenants, workers, and other end
18 users who drink the water provided by mutual water companies
19 serving disadvantaged and low-income communities.

20 (4) Host at least three public hearings in disadvantaged and
21 low-income communities served by mutual water companies, held
22 at various times to accommodate different work schedules, to
23 receive community input to inform the assessment.

24 (c) Upon completing the assessment pursuant to subdivision
25 (a), the board shall post the assessment on its internet website and
26 shall provide the assessment to the Legislature. The assessment
27 shall be submitted to the Legislature in compliance with Section
28 9795 of the Government Code.

29 (d) Mutual water companies shall cooperate with the board in
30 completing the assessment and shall reasonably attempt to furnish
31 all information and feedback requested by the board to the extent
32 permitted by law.

33 (e) For purposes of this section, "mutual water company" means
34 a mutual water company, as defined in Section 14300 of the
35 Corporations Code, that operates a public water system, as defined
36 in Section 14300.5 of the Corporations Code.

37 ~~SECTION 1. Section 116680 of the Health and Safety Code~~
38 ~~is amended to read:~~

39 ~~116680. The Legislature finds and declares all of the following:~~

1 ~~(a) It is the policy of the state to encourage orderly growth and~~
2 ~~development, which are essential to the social, fiscal, and economic~~
3 ~~well-being of the state. The Legislature recognizes that the logical~~
4 ~~formation, consolidation, and operation of water systems is an~~
5 ~~important factor in promoting orderly development and in~~
6 ~~balancing that development against sometimes competing state~~
7 ~~interests of discouraging urban sprawl, preserving open space and~~
8 ~~prime agricultural lands, and efficiently extending other~~
9 ~~government services. Therefore, the policy of the state should be~~
10 ~~affected by the logical formation, consolidation, and operation of~~
11 ~~water systems.~~

12 ~~(b) The powers set forth in Section 116682 for consolidation of~~
13 ~~water systems are consistent with the intent of promoting orderly~~
14 ~~growth.~~