



Fact Sheet

Frequently Asked Questions on Mandatory Consolidation or Extension of Service for Water Systems

What is Water System Consolidation?

Consolidation is the joining of two or more water systems, which usually includes, but not always, a smaller system being absorbed into a larger water system. One way to do this is through **physical consolidation**. For example, a small mobile home park which has its own water system may be near a city and decides it no longer wishes to be responsible for providing drinking water. The city can begin providing water to the mobile home park through an interconnection, resulting in a physical consolidation. The mobile home park can dissolve its water system and no longer be responsible for providing water. In this case, we call the city the "receiving" water system and the mobile home park the "subsumed" water system.

Managerial consolidations also exist. Managerial consolidation is when a small water system becomes part of a larger water system for all managerial purposes but continues to use their original water supply and distribution system and is not physically connected to the larger water system. For example, a small community may once have had an all-volunteer staff. The volunteer staff may be aging and no longer wants to be responsible for the water system. The water system may be too far from the larger water system to make it cost-effective to physically consolidate. The larger water system can legally take over the water system functions such as regulatory reporting, billing, operations, etc., but continue to use the existing infrastructure of the smaller water system to provide drinking water to the community. The smaller water system dissolves and is no longer legally responsible for water service.

What are the Benefits of Consolidation?

Consolidated water systems can share costs such as billing and operational personnel, the cost of new water sources, and often can purchase time-saving equipment that neither system could afford to purchase alone because they can spread costs over a larger customer base. One of

the benefits of physical consolidation can be lowered monitoring costs. For example, two water systems may each be required to sample monthly for bacteriological quality in the distribution system, disinfection byproducts annually, and lead and copper every three years, etc. When two water systems physically consolidate, the monitoring requirements of the subsumed and receiving water systems are combined and costs may be less than if the two water systems were separate. This can functionally reduce monitoring costs by half. Additionally, water sources can often be shared giving the water systems more flexibility and reliability. More information on water partnerships can be found here:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/waterpartnership.html

How does the State Water Board approach consolidations?

Public water systems experiencing chronic water quality failures or unreliable supplies may be eligible for technical assistance to analyze the problem and recommend a course of action. Enforcement may also be necessary to achieve compliance with Safe Drinking Water Act requirements. Lacking progress, the State Water Board may initiate discussions with the system and neighboring/adjacent public water systems regarding consolidation. These discussions will examine many factors such as:

- The capacity of a neighboring system to supply water to the affected community
- The geographical separation of the two systems
- The cost of required infrastructure improvements
- The costs and benefits to both systems
- Access to financing for the consolidated entity

If voluntary consolidation cannot be negotiated in a reasonable time period, the State Water Board may commence proceedings for mandatory consolidation or extension of service pursuant to Health & Safety Code section 116682. In this case, consolidation letters will be sent to the consistently failing water system (subsuming system) and to the receiving system notifying them that they have six months to develop a plan for voluntarily consolidation.

A similar approach is taken when a residential area, not served by a public water system, is identified as a potential candidate for receiving an extension of service from an existing public water system.

What is Mandatory Consolidation?

On June 24, 2015, Governor Edmund G. Brown Jr. signed [Senate Bill 88](#) (Statutes 2015, Chapter 27), authorizing the State Water Board to require systems that consistently fail to meet standards to consolidate with, or obtain service from, a public water system. On September 28, 2016, the Governor signed [Senate Bill 552](#) expanding the mandatory consolidation authority to include state small water systems and mobile home parks. Mandatory consolidation can only be used when all of the following criteria are met:

- Disadvantaged community
- “Documented” water quality or quantity issue
- Functional water system nearby that can serve the subsumed system

Prior to ordering consolidation or extension of service, the State Water Board shall do all the following:

- 1) Encourage voluntary consolidation or extension of service.
- 2) Consider other enforcement remedies specified in this article (Article 9 of Chapter 4, California Health and Safety Code).
- 3) Consult with, and fully consider input from, the relevant local agency formation commission regarding the provision of water service in the affected area, the recommendations for improving service in a municipal service review, and any other relevant information.
- 4) Consult with, and fully consider input from, the Public Utilities Commission when the consolidation would involve a water corporation subject to the commission’s jurisdiction.
- 5) Consult with, and fully consider input from, the local government with land use planning authority over the affected area, particularly regarding any information in the general plan required by Section 65302.10 of the Government Code.
- 6) Notify the potentially receiving water system and the potentially subsumed water system, if any, and establish a reasonable deadline of no less than six months, unless a shorter period is justified, for the potentially receiving water system and the potentially subsumed water system, if any, to negotiate consolidation or another means of providing an adequate supply of safe drinking water.

- 7) Obtain written consent from any domestic well owner for consolidation or extension of service. Any affected resident within the consolidation or extended service area who does not provide written consent shall be ineligible, until the consent is provided, for any future water-related grant funding from the state other than funding to mitigate a well failure, disaster, or other emergency.
- 8) Hold at least one public meeting at the initiation of this process in a place as close as feasible to the affected areas. The State Water Board shall make reasonable efforts to provide a 30-day notice of the meeting to the ratepayers, renters, and property owners to receive water service through service extension or in the area of the subsumed water system and all affected local government agencies and drinking water service providers. The meeting shall provide representatives of the potentially subsumed water system, affected ratepayers, renters, property owners, and the potentially receiving water system an opportunity to present testimony. The meeting shall provide an opportunity for public comment.

What happens if systems do not consolidate after six months?

If the two systems have not developed a plan for consolidation within six months of the letters being issued, the State Water Board may then order the two systems to consolidate. Before ordering a mandatory consolidation, the State Water Board must find all of the following:

- The potentially subsumed system has consistently failed to provide safe drinking water;
- All reasonable efforts to negotiate consolidation or extension of service were made;
- Consolidating, or extending service, is technically and economically feasible;
- There is no pending local agency formation commission process that is likely to resolve the problem in a reasonable amount of time;
- Water rights and water contract concerns have been adequately addressed;
- Consolidating or extending service is the most efficient and cost-effective means for providing an adequate supply of safe drinking water; and
- The capacity of the proposed interconnection needed to accomplish the consolidation is limited to serving current customers of the subsumed water system.

Consultation with local and state agencies along with outreach to customers within the affected service areas must occur before ordering the consolidation or extension of service.

How will mandatory consolidations be paid for?

The State Water Board will provide funding as necessary and appropriate from the Drinking Water State Revolving Fund (DWSRF), Safe and Affordable Funding for Equity and Resilience Program (SAFER) and monies made available from the emergency drought relief package, for consolidation or extension of service, including infrastructure improvements. More information on available funding can be found here:

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/

How does the State Water Board enforce an order for mandatory consolidation?

The authority for ordering mandatory consolidation is included in the California Safe Drinking Water Act and may be enforced by the State Water Board pursuant to Article 9 of the Health & Safety Code, including sections 116650 (citations) and 116655 (compliance order).

What liability relief is provided for mandatory consolidation?

Senate Bill 88 added section 116684 to the Health and Safety Code, limiting the liability of water systems, wholesalers, or any other agencies that deliver water to consolidated water systems. This liability relief is available regardless of whether the consolidation occurs through the mandatory consolidation process or through a voluntary act. These new liability relief provisions will protect water systems involved in consolidations and remove a barrier that previously limited voluntary consolidations.

Are Schools included in the Mandatory Consolidation Authority?

On September 28, 2018, [Assembly Bill 2501](#) was approved which expanded the State Water Board's mandatory consolidation authority. Assembly Bill 2501 included local educational agencies to the mandatory consolidation authority under two conditions. 1) The local educational agency serves students from one or more census blocks that are disadvantaged communities. 2) The state board obtains a written determination from the local educational agency that the state board's analysis in the financing package, developed pursuant to subparagraph (B) of paragraph (7) of subdivision (b), indicates that consolidating or extending service would not result in additional unacceptable costs to the local educational agency and would result in safe drinking water being available to the local educational agency.

Where has the State Water Board used their Mandatory Consolidation Authority?

The State Water Board has initiated the mandatory consolidation process in several small disadvantaged communities with documented water quality or quantity issues. A list of the completed and active projects as well as the projects that have agreed to proceed voluntarily can be found online: https://www.waterboards.ca.gov/drinking_water/programs/compliance/

How are water rates impacted by mandatory consolidation?

Section 116682 was added to the Health and Safety Code to read: (f) For the purposes of this section, the consolidated water system shall not increase charges on existing customers of the receiving water system solely as a consequence of the consolidation or extension of service unless the customers receive a corresponding benefit. Meaning, a customer of the receiving system should not see their water rates increase solely for the benefit of customers of a subsumed system.

Water rates of the subsumed system are likely to change due to consolidation. Water rates charged to the subsumed system may be different compared to the water rates charged to existing customers of the receiving system. Water rates often depend on physical location with respect to the receiving water system's service boundaries, the cost of water service, as well as operations and maintenance costs. Prior to ordering a mandatory consolidation, anticipated water rates for the customers of the subsumed system must also be evaluated for affordability.

(This FAQ sheet was last updated on October 1, 2021)