

Types of Governance

-- Full Consolidation of Water Systems Into one of the Existing Entities --
Merged Ownership & Operations

DESCRIPTION

- Ownership and operation of the water system is merged under the auspices of a single organization – one of the existing is the surviving entity.
- This involves the amendment of the creation documents of the of surviving entity.
- The approach recognizes that there are inherent economies of scale in providing drinking water services as one single entity serving multiple communities.
- This includes not only capital cost savings in building new facilities or the rehab or expansion of facilities, but also operating cost savings due to bulk procurement of supplies and due to the needs for specialized staff expertise and specialized resources such as an additional cost of purchasing water.
- In addition to cost savings, a larger entity is more capable of accessing the capital financing needed from grant funding to sustain, enhance and expand supply and treatment facilities now and in the future.
- There are discussed and agreed advantages to be gained from a single ownership and operation of a supply strategy with regard to long term reliability and environmental sustainability. We all benefit and we all pay.

*--Partial Consolidation into an Existing Entity --
Merged Operation of Supply & Treatment Facilities (not ownership)
Some Systems decide to Participate Others Don't*

DESCRIPTION

- Ownership and operation of the new source of supply and treatment facilities is merged under the auspices of one of the existing system. It may or may not also involve merging storage and distribution facilities of the constituent water systems.
- This could involve that this existing entity accepts the consolidation of two or more smaller systems/the absorption of smaller systems by a larger one.
- Some systems stay independent and not participate or they participate via a JPA
- There are some capital cost savings in building new facilities and on the operating cost savings depending on how many join/merge/consolidate.
- This larger entity may be more capable of accessing the capital financing needed from grant funding
- The other systems may purchase water from this larger entity.
- There are advantages to be gained from a single ownership and operation of a supply strategy.
- There are advantages to be gained from purchasing water.

Full Consolidation of Water Systems Into a Newly Created Entity
Merged Ownership & Existing Operations plus the Operation of Supply & Treatment Facilities

DESCRIPTION

An entity is created for the purpose of consolidating existing systems and the new project –

- Ownership, current facilities and operations and the new source of supply and treatment facilities is merged under the auspices of the new entity.
- The approach recognizes that there are inherent significant economies of scale now and in the future. This includes not only capital cost, but also operating cost savings due to combined management, customer service, bulk procurement of supplies and procurement of specialized staff expertise and specialized resources that may be needed in the future in terms of water quantity and quality and community growth.
- In addition to cost savings, a larger entity is more capable of accessing the capital financing needed to sustain, enhance and expand supply and treatment facilities in the future.
- There are advantages to be gained from joint ownership and operations.

Partial Consolidation of Water Systems Into a Newly Created Entity
Create a new Entity for the *Joint Planning, Development Ownership
Operation and Maintenance of the new Supply & Treatment Facilities*

DESCRIPTION

An entity is created to serve the purpose of coordinating the planning and development, ownership, plus operation and maintenance of supply facilities and treatment facilities at a regional level.

Various levels of coordination are possible within a collaborative regional organization.

- In these arrangements, only the new facilities are jointly owned and operated by the regional entity.
- The new entity seeks the funding and is responsible for all the funding conditions that all the partner entities must help comply with
- Involves collaborative operation of water withdrawal from the new facilities
- Help comply with water rights/water purchase limitations.
- A regional integration is represented by the new entity which is the water supplier that owns and operates the supply and treatment facilities. In these arrangements, individual jurisdictions own and operate their distribution systems, but purchase all of their water from the regional entity they created.

-- Joint Powers Agreement for all Water Systems --
*for the Ownership Operation and Maintenance of the new Supply &
Treatment Facilities*

DESCRIPTION

- Everyone agrees on the language of the JPA
- Financing, ownership, operation and maintenance of the new source of supply and treatment facilities is merged under a Joint Powers Agreement (JPA). It may or may not also involve storage and distribution facilities of the constituent water systems.
- The JPA entity will seek and obtain the funding
- The JPA recognizes that there are inherent economies of scale in coming together to develop a new supply of water and its treatment facility. This includes not only capital cost savings in acquiring the funding for the facilities, but also operating cost savings due to bulk procurement of supplies, sharing cost of staff, the operations and maintenance of the facilities and sharing in future compliance requirements.
- In the future once the planned facilities are operating, the JPA parties may decide to form an entity that is more capable of accessing the capital financing needed to sustain, enhance and expand supply and treatment facilities to support community economic growth or population growth and to benefit from operational economies of scale.

-- Combinations --

Consolidation of Some Water Systems; *JPA for the Ownership, Operation & Maintenance of Supply & Treatment Facilities*

DESCRIPTION : Different options may happen at the same time

- Some systems may decide to merge into another system.
- Some may decide to merge ownership with another and form a new entity.
- Some may contract operation and management to another system.
- Some may stay as they are
- All form and are part of a JPA specific to this project storage and distribution facilities of the constituent water systems. Those who decide not to take part of the JPA may purchase water from the JPA entity (see water purchase agreement)
- The approach recognizes that there are inherent economies of scale when all participate in the development and ownership of a new water supply and treatment facility. This includes not only capital cost savings building the new facilities, but also operating cost savings due to bulk procurement of supplies and due to the needs for specialized staff.
- In addition to cost savings, a unified entity is more capable of accessing the capital financing needed to build and sustain the new supply and treatment facilities.
- There are also advantages to be gained from joint ownership for future expansion, compliance or enhancement needs.

Planning, Development and Operation of Source and Treatment Facilities
-- Memorandum Of Agreements MOU--
To Increase Knowledge, Awareness, and to Help Each Other in Case of
Emergencies

DESCRIPTION: A formalized agreement between entities with similar responsibilities
MOUs are an important first step in regional collaboration, involving arrangements for mutual assistance and for regional planning.

- An MOU could be agreed among parties to: Promote Education, Share Information with the public that is consistent sending the same message to expand knowledge in a region, also to create regional polices and for planning
- The simplest MOU between neighboring water systems consists of emergency interconnections that enable temporary provision of treated water to prevent or mitigate customer outages in the event of drought emergency, source water contamination episodes and other unforeseeable contingencies.
- An MOU may also extend the relationship to providing technical support to each other in the event of emergencies, possibly involving the loaning of staff with special skills and equipment.

-- Water Purchase Agreements – No Ownership of Facilities
Contract Purchase of Treated Water to Augment or Supplant Own Supplies

DESCRIPTION

- Water purchase agreements are a very common type of collaborative arrangement between neighboring water systems. **Someone** has to offer the opportunity to purchase water from centralized wholesale facilities on equivalent terms.
- The purchase of treated water relieves the purchaser of the need to develop and protect water sources; as well as the need to construct, operate and maintain treatment facilities.
- Delivered water is required to meet SDWA standards at the point of transfer, but compliance with standards measured in the distribution system such as those involving lead, coliforms and disinfection by-products are the responsibility of the purchaser.
- **Because only water and money change hands in such an agreement, ownership of facilities is completely independent among the parties. However, the seller will build and own existing capacity and perhaps future capacity in order to provide the water quantity.**

Creating Legislation to Customize Your Governance Structure Water Authority, A “Special Legislative Act” Agency

DESCRIPTION

Legislation is written to serve the purpose of the region.

- State Legislation can be passed to “customize” a governance structure. With support of local State representatives.
- Several agencies have been created in California : Solano County Water Agency, the Metropolitan Water District of Southern California, the Santa Clara Valley Water District.
- There are water authority samples from all over the nation
- We can look at some samples
- We can write our own language