

CITY OF TULARE & PRATT MUTUAL WATER COMPANY MANDATORY CONSOLIDATION & CALIFORNIA SB 88

A Water System Partnerships Case Study



HIGHLIGHTS

Challenge Statement:

Pratt Mutual Water Company had an arsenic MCL exceedance in two of its wells in 2010. An analysis of alternatives determined that connecting to the nearby City of Tulare’s water system was the most affordable option to provide safe reliable drinking water to the residents of Matheny Tract who were served by Pratt Mutual.

Partnership Features:

Discussions between the two water systems began in 2010 following the arsenic MCL exceedance and direction from the state to assess alternatives. The water systems entered an Extraterritorial Services Agreement in 2011 which formed the legal basis of an ownership transfer in 2016. California Senate Bill 88, passed in 2015, allowed the state to issue a mandatory consolidation letter for the water systems.

Primary Benefits:

Matheny Tract residents now have a sustainable provision of safe, reliable, and affordable drinking water. The wells that exceeded the arsenic MCL are no longer in use. Additionally, Matheny Tract residents did not experience a rate increase when they became City of Tulare water system customers.

Accomplishments:

The City of Tulare and Pratt Mutual built a relationship through regular communication and worked through their differences. Their efforts ensured customers received safe, reliable, and affordable drinking water.

City of Tulare & Pratt Mutual Water Company Partnership

Background

Pratt Mutual, a small water system in Tulare County within rural Central San Joaquin Valley, was located just two miles south of the City of Tulare. The City of Tulare is a small city in Central California and has a population of approximately 62,000. Pratt Mutual served Matheny Tract, a disadvantaged community of approximately 1,500 residents. Pratt Mutual experienced compliance issues in 2010 when two of its wells exceeded the maximum contaminant level (MCL) for arsenic. The City of Tulare and Pratt Mutual began exploring ownership transfer partnership options in 2010. The project temporarily halted in 2014 when the City of Tulare reconsidered its ability to supply an adequate quantity of water. In 2015, with the passage of Senate Bill 88 (SB 88), the State Water Board’s Division of Drinking Water issued an order directing the City of Tulare to connect Matheny Tract to its water system. The consolidation of the City of Tulare and Pratt Mutual Water Company (Pratt Mutual) was the first example of mandatory consolidation issued by the Division of Drinking Water in California.

Critical Drivers

The initial driver for a water system partnership was a February 2010 arsenic compliance order issued to Pratt Mutual. To help the water system identify a sustainable path forward, the state funded a planning project to analyze alternative water supplies for Pratt Mutual and a construction project to interconnect the water systems.

The California State Water Resources Control Board (State Water Board) supports water systems and encourages them to partner in various ways throughout the state. Under the State Water Board’s Safe and Affordable Funding for Equity and Resilience (SAFER) program, the Division of Drinking Water has been increasing its efforts to support voluntary consolidation as well as mandatory consolidation since [Senate Bill \(SB\) 88](#) passed in 2015. The mandatory consolidation letter issued to the City of Tulare in March 2016 drove a quick completion to project construction.

While the transfer of ownership was driven by the consolidation allowed under SB 88, the relationship between the water systems, communication regarding partnership, and analysis of all alternatives had already been underway for more than five years, between 2010 and 2015.

Water System Partnerships as a Solution

Water systems across the country face a myriad of challenges, including technical, managerial, and financial (TMF) capacity issues. Water system partnerships refer to a range of collaborative activities in which water systems can pool resources, expertise, and experience. Bringing water systems together through partnerships can help reduce noncompliance issues, risks to public health, and redundant workloads. Water system partnerships are informal or formal relationships that help water systems to identify opportunities to leverage benefits that would be difficult to achieve alone.



A Matheny Tract resident opens the water valve to bring safe reliable drinking water to the community.

TYPES OF PARTNERSHIPS

Informal Cooperation:

Coordination with other water systems, but without contractual obligations. Informal partnerships could consist of partners sharing equipment and agreeing to help each other with emergency response management.

Contractual Assistance:

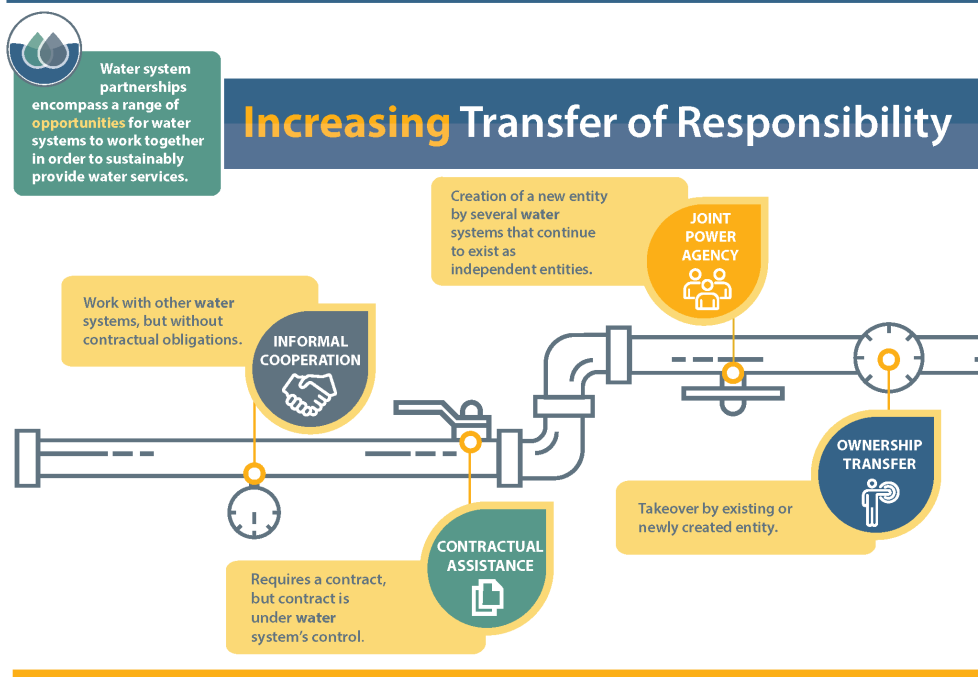
Setup a contract with another water system or service provider where the contract and service ultimately remain under the water system's control. This type of partnership may include a water system purchasing water from another water system or contracting out operations and management to another water system.

Joint Power Agency:

Creation of a new entity designed to serve the water systems that form it. These partnered water systems may share water system management, operators, or source water.

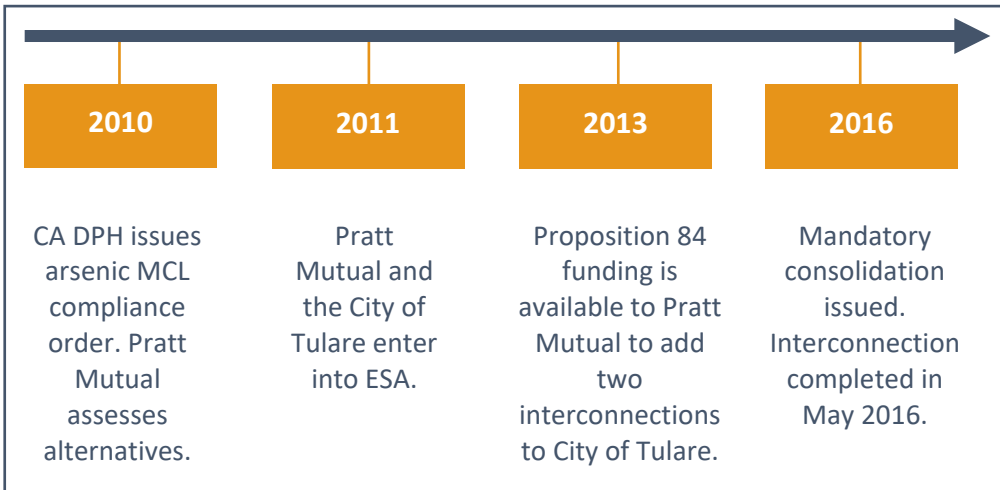
Ownership Transfer:

Merger or mutual transfer of an existing entity or creation of a new entity. This type of relationship may be represented by one water system being acquired by another or by being connected to another water system physically, financially, and managerially.



The ultimate consolidation of Pratt Mutual into the City of Tulare is an example of an ownership transfer partnership. Prior to the transfer of ownership, Pratt Mutual engaged in various other forms of partnership, including use of a contract distribution operator and third-party technical assistance providers. Prior to the arsenic MCL exceedance, Pratt Mutual had adequate TMF capacity to operate the water system independently. When faced with the unforeseen arsenic water quality challenge, they needed to assess alternative ways to provide safe drinking water to the community.

Building Blocks to Partnership



In **December 2010**, the California Department of Public Health (CA DPH) issued a compliance order to Pratt Mutual for consistently violating the arsenic MCL. The Matheny Tract community was served by two wells that contained water with levels of arsenic that consistently exceeded the drinking water standard.

Pratt Mutual moved swiftly into an alternatives analysis in **2010** to assess options for the water system to provide safe drinking water. The analysis considered drilling new wells, building an arsenic treatment plant, and consolidation with the nearby water system in the City of Tulare. Once the alternatives were assessed and vetted, Pratt Mutual and the City of Tulare entered into an extraterritorial services agreement (ESA) in **2011**. This agreement formed the legal basis of the eventual ownership transfer.

In **2013**, \$4.9 million in Proposition 84 funding was made available to Pratt Mutual to replace the existing Pratt Mutual distribution system, connect Matheny Tract to the City of Tulare water system through two points of interconnection, and install meters at all service interconnections. The project temporarily halted in 2014, during the height of California’s drought, when the City of Tulare reconsidered its ability to supply an adequate quantity of water.

After the passage of SB 88 in **June 2015** the State Water Board began the steps toward requiring consolidation. They hosted two public meetings in **March 2016**. After hosting the public meetings and completing an assessment to determine if the partnership was an appropriate candidate for consolidation, the State Water Board issued a mandatory consolidation letter to the City of Tulare and Pratt Mutual.

SENATE BILL 88

Effective June 24, 2015

SB 88 provides authorization to the state to order consolidations when a public water system, or a state small water system within a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. The state may issue a mandatory consolidation for a physical or operational interconnection. It also authorizes the State Water Board to order the interim extension of service to an area that does not have access to an adequate safe drinking water supply in preparation for consolidation. To learn more, read [SB 88](#).

SENATE BILL 1263

Effective January 1, 2017

SB 1263 requires a preliminary technical report be submitted prior to an application for a proposed new public water system. The State Water Board may deny the application if they determine that the water system will not be able to provide safe drinking water in the foreseeable future. The bill also places limitations on local agencies and municipalities issuing permits. The state’s policy is to discourage the creation of new unsustainable water systems. To learn more, read [SB 1263](#).



Booster pumping station.

Construction quickly resumed, and the project was completed in **May 2016**. Upon completion, ownership was transferred to the City of Tulare, the two arsenic contaminated wells were closed, and the residents of Matheny Tract became customers of the City of Tulare. The City of Tulare supplies water to the residents of Matheny Tract through the two interconnections that they started constructing in 2013. The residents of the Matheny Tract community have been receiving safe drinking water from the City of Tulare since June 2016.

Best Practices and Successful Strategies

Strong and consistent communication drove the success of the partnership between the City of Tulare and Pratt Mutual. Facilitated communication between the two water systems as well as public outreach played key roles in building trust between the water systems and communities.

Agency-Coordinated Meetings

The State Water Board's Division of Drinking Water facilitated discussion and information sharing between the City of Tulare and Pratt Mutual. The water systems met to share TMF challenges and strengths related to the infrastructure project, to discuss legal matters, and to plan for and resolve issues involving transfer and operation of the new distribution system by the City of Tulare.

Public Outreach

In addition to the state-supported efforts to help the water systems communicate with one another, the water systems also communicated openly and proactively with each of their stakeholder communities. Community input and involvement throughout the project ensured its success. Initial community engagement guaranteed that the community supported joining the larger water system prior to making major infrastructure investments. As the project neared completion, community engagement and outreach helped customers understand the timing of the switch from Pratt Mutual to the City of Tulare water system. Throughout the process, public outreach and education played a key role in garnering support from the community and ensuring transparency.

Partnership Benefits

The residents of the Matheny Tract community now have a sustainable provision of safe, reliable, and affordable drinking water from the City of Tulare. The residents did not experience any appreciable increase in water rates because Pratt Mutual was able to access funding to replace its distribution system. Prior to the transfer of ownership to the City of Tulare, Pratt Mutual customers paid a flat rate of \$35/month. In 2017, City of Tulare customers typically paid between \$24 and \$39/month. The move from flat rate non-metered interconnections to water meters and use-based rates encourages appropriate water use across the whole water system. The state-funded planning study and infrastructure improvements to Pratt Mutual prior to ownership transfer benefited the City of Tulare by reducing the burden on the City. Additionally, the City of Tulare received state funding to conduct an in-depth analysis and extensive hydraulic modeling to improve its understanding of the needs of its entire water system.

WATER SYSTEMS CREATE JOINT POWER AGENCY IN CALIFORNIA

Water systems across California engage in a variety of water system partnerships. As an example of **voluntary consolidation**, the Upper Russian River Water Agency is a joint power authority in the Ukiah Valley. The four retail water systems (Calpella County Water District, Millview County Water District, Redwood Valley County Water District, and Willow County Water District) began by assisting each other and preparing to share water resources in 2014 during the statewide drought. As a result, the water systems began cooperating on building and strengthening emergency response using a combination of funding sources, including Division of Financial Assistance Emergency Drought Funding, and Department of Water Resources' Integrated Regional Water Management Funding.

THE SAFER PROGRAM

The State Water Board's SAFER program helps water systems provide safe drinking water to Californians. Its Division of Financial Assistance awards grants and loans for drinking water projects. Its Office of Public Participation helps engage public participation in State Water Board actions. Its Division of Drinking Water regulates water systems and mandates consolidations under SB 88. Since issuing their first consolidation mandate for the City of Tulare to connect to Matheny Tract, the Division of Drinking Water has mandated 18 more consolidations, one of which has been completed (in August 2020) as of 2021.

Learning from the Partnership

The partnership between the City of Tulare and Pratt Mutual was successful due to a multitude of factors including:

- ◆ The long-developed relationship between the water systems,
- ◆ Consistent and open communication,
- ◆ Physical proximity of the water systems,
- ◆ Funding from the state for studies and infrastructure improvements,
- ◆ A strong need for a solution to the arsenic MCL exceedances, and
- ◆ Senate Bill 88 and its authority to issue a mandatory consolidation letter.

The key message for this partnership is that the provision of drinking water from a nearby compliant larger water system ensured a sustainable provision of safe, reliable, and affordable drinking water to a small noncompliant neighboring community. The process of examining alternative solutions, persistent communications, state funding, and legislative support enabled the most cost effective long-term regional outcome.

INTERESTED IN LEARNING MORE ABOUT WATER SYSTEM PARTNERSHIPS?

Water system partnerships can help water systems overcome challenges including aging infrastructure, compliance challenges and limited technical and managerial capabilities. Partnerships provide opportunities to collaborate on compliance solutions, and operations and maintenance activities, which increase capacity and enable water systems to provide safe water to their communities.

To learn more about water system partnerships like the City of Tulare and Pratt Mutual Water Company, visit EPA's Water System Partnerships website: <https://www.epa.gov/dwcapacity/water-system-partnerships>.

RESOURCES

To learn more about the City of Tulare and Pratt Mutual partnership and other water system partnerships, follow these links to online resources:

- Contact the [State Water Board](#)
- [EPA Water System Partnerships Website](#)
- [SB 88](#)
- [SB 1263](#)
- [State Water Board Division of Drinking Water Programs Website](#)