



Board of Supervisors  
Meeting Date: March 21, 2017  
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Regular Item

**ENVIRONMENTAL HEALTH DEPARTMENT - Environmental Health Director Tim Potanovic**

**Requested Action(s)**

- a) Conduct study session regarding the operational and financial condition of small community water systems in Tehama County, and discussion and possible direction to staff regarding potential governance, administrative, technical, and/or financial assistance that the County could provide to troubled systems

**Background Information:**

There are over 100 public water systems in Tehama County, of which the vast majority have fewer than 100 service connections. Some of these small systems are operated by public agencies, while others are operated by various private for-profit or nonprofit entities. State and federally imposed regulatory costs for small water systems have increased in recent years, and prolonged drought has further increased expenses for some systems. Many of these systems serve lower-income communities, making it difficult to recoup these increased costs by raising rates. This has caused significant financial difficulties for some small water systems, which can affect the long-term ability of these systems to serve the residents of these areas.

The Sky View County Water District (serving the Ponderosa Sky Ranch) and Paskenta Community Services District (serving the community of Paskenta) are two of the small systems particularly affected by the foregoing circumstances. Sky View took over its water system from a private operator in 2015, with substantial deferred maintenance affecting every aspect of the system. Paskenta relies upon surface water supplies that require expensive treatment, and dried up completely at times during the recent drought. These systems face substantial financial and operational concerns that will be difficult for each system to resolve on its own. While federal and state grant funds may be available for certain specific system improvements, such funding will typically not address the long-term imbalance between the costs necessary to safely operate these systems, and the revenues feasibly generated by each system's small and mostly lower-income ratepayer base.

The difficulties facing Sky View, Paskenta, and other troubled systems ultimately affect the County, both as the regulator of water systems (through the Department of Environmental Health), and as the general local government and provider of public services to the citizens and residents of the unincorporated area. The purpose of this study session is provide an opportunity for the Board to discuss whether the County can or should provide assistance to troubled small water systems to help overcome the financial and operational difficulties noted above. Such assistance could take many

forms, depending the system's needs, and whether publicly or privately owned, etc. This could include, among other things, technical assistance with administrative matters such as rate setting, bookkeeping, or system operation; financial assistance for direct system repairs; or even assistance in revising governance structures to improve efficiency (e.g., combining multiple small systems under one entity to pool resources and costs). Each of these approaches has associated benefits, costs, and consequences. The Board is requested to review these options (and any others identified by the Board or public), and provide direction to staff with regard to whether any of them should be explored further. Representatives of the Sky View and Paskenta Districts have been informed of this meeting, and will be invited to provide their own input and perspectives to the Board on this subject.