



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 7j (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer *BF*

MEETING DATE: February 2, 2026

SUBJECT: Best Practices for Drinking Water Municipal Service Reviews

SUMMARY

This is a consent item for information purposes only. Accordingly, if interested, the Commission is invited to pull this item for additional discussion with the concurrence of the Chair. No formal action will be taken as part of this item.

The Commission has expressed ongoing interest in opportunities related to public water system improvements. Toward this end, the Commission previously completed a Countywide Water and Wastewater Municipal Service Review, available online at: https://napa.lafco.ca.gov/files/f8a4ec2b4/NapaCountywideWaterWastewaterMSR_Updated_10-4-21.pdf

Further, staff has been engaged in a working group that has developed additional resources. This includes a white paper titled “Best Practices and Resources for Drinking Water Service Reviews”, included as Attachment 1. In addition, a library of water system consolidation case studies throughout California is provided as Attachment 2.

The working group is currently exploring a legislative proposal that would expand LAFCO’s authority to initiate certain types of boundary changes and service extensions under unique circumstances. Staff will return with additional information and resources as they become available.

ATTACHMENTS

- 1) Best Practices and Resources for Drinking Water Service Reviews
- 2) Water System Consolidation Case Study Library

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Councilmember, City of St. Helena

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Best Practices and Resources for Drinking Water Service Reviews

The development of Municipal Service Reviews (MSRs) is a critical function of county Local Agency Formation Commissions or LAFCOs which are tasked with ensuring logical service boundaries. An MSR is a comprehensive review of one or more governmental services such as fire protection, water, sewer or flood control within a designated geographic area. These reviews can be conducted at the agency level (e.g. individually for each special district), regionally (e.g. south county) or at the county level. MSRs are mandated by the Cortese-Knox-Hertzberg Act of 2000 and must be conducted prior to establishing or updating any sphere of influence within a LAFCOs' jurisdiction.

The MSR process provides the opportunity to proactively review all the covered services provided within a county and identify opportunities to improve service delivery, enhance efficiency, and ensure long-term sustainability. For each reviewed service provider, an MSR considers the history, role, and financial performance of the local agency to help guide smart, long-term planning decisions for our communities. In doing so, MSR development also serves as a forum for public participation, fostering conversations on the quality of life in, and future of, our communities. Ensuring safe, sustainable, and affordable drinking water services is a critical consideration in these conversations and an important topic covered by MSRs.

While the complexity of drinking water regulation and the sheer number of service providers can complicate MSR development for water services, for these same reasons MSRs are an important avenue for ensuring comprehensive regional drinking water planning. Inspired by a session at the October 2024 CALAFCO conference, this document provides best practices and data resources to support LAFCOs in developing drinking water related MSRs. By equipping LAFCOs with clear guidance, sector specific resources, and examples, MSRs can become powerful tools to identify service gaps, promote equitable access, and inform decisions that directly impact the health and well-being of California communities.

Best Practices

Many straightforward best practices can help ensure an MSR accomplishes these goals. These include:

Conduct countywide regional reviews of water services:

While MSRs can be conducted for specific drinking water service providers or sub-regionally within a county, there are important benefits to conducting these reviews at the county level. Among these benefits are helping to paint a complete picture of water service delivery in the region to support smarter, more integrated decision-making and ensure a clear picture of any service gaps. When a MSR is completed for multiple providers together, there are also more opportunities to consider the strengths and weaknesses of these entities in relation to one another. This then allows for the easier identification of potential solutions including opportunities for consolidation and collaboration between providers (*See “The many benefits of countywide Municipal Service Reviews” below for more examples*).

Consider all water service providers including private water companies, Mobile Home Parks and wholesale providers:

LAFCOs have jurisdiction over all drinking water providers that are either general purpose governments (including subsidiary districts) or independent special districts. It is these bodies for which they are required to develop MSRs. Nonetheless, in most counties there also exist other types of drinking water providers (*See “Who provides drinking water?”*). While LAFCOs are not required to include these systems in their MSRs,

they may choose to do so and have the authority to request information from private water providers for this purpose under California Government Code §56430(7)(d). Including these providers is important to get a complete picture of drinking water services at any scale and can help make sure a county is not caught unaware in the case of system failures or other unexpected events. For the same reason it is also helpful to include wholesale water providers, whose functioning has direct implications for local retail providers.

Share completed reviews with all reviewed service providers:

Any plan is only as good as its implementation. While LAFCoS cannot force local service providers to take up their recommendations, it is important that they are at least aware of the findings. To maximize communication, LAFCoS should not just proactively distribute the draft and finalized MSR but also invite all reviewed districts to the relevant public hearings and consider presenting at the board meetings of reviewed districts as well (including the County Board of Supervisors for subsidiary systems).

Share completed reviews with other county officials:

Counties play an important role in drought and emergency planning and often also regulate very small water systems. Completed MSR should be shared with the relevant offices and officials including the standing drought task force and any offices acting as the Local Primacy Agency for systems serving less than 200 service connections.

Ensure communication with the Division of Drinking Water:

All public water systems are regulated under the Safe Drinking Water Act. Most of these systems are regulated directly by the State Water Resources Control Board's Division of Drinking Water (DDW). DDW has regional engineers that ensure compliance with water quality and reporting requirements, issue violations, and support short- and long-term solutions for failing systems. These regional engineers are an important source of information in developing MSR. Importantly, they are also an audience for MSR findings. While they may not always be aware of institutional challenges outside of the scope of water quality, supply, or infrastructure, with this information they can proactively monitor and offer resources to systems based on their specific needs.

The many benefits of countywide Municipal Service Reviews:

- **Regional Perspective and Comparison:** A countywide MSR allows a LAFCo to analyze all water districts side by side, highlighting disparities, redundancies, overlaps that might be missed in isolated reviews.
- **Clear Identification of Service Gaps:** Considering all service providers collectively helps identify where service gaps may exist while also helping to identify potential service providers for those areas.
- **Efficiency and Consistency:** Completing one comprehensive report streamlines staff time, reduces duplication of effort, and ensures consistency in data analysis, evaluation criteria, and recommendations across districts.
- **Opportunities for Collaboration:** Maximally inclusive MSR can help identify more opportunities for shared services and regionalization between water providers within a county.
- **Stronger Policy Insights:** A countywide MSR provides a broader understanding of system-wide challenges like drought resilience, groundwater management, infrastructure needs, and access equity, which are often regional in nature.
- **Improved Support for Statewide Goals:** A holistic review is better aligned with state priorities such as the Sustainable Groundwater Management Act (SGMA) and the Human Right to Water, as it can identify systemic issues across multiple jurisdictions.
- **Enhanced Stakeholder Engagement:** A single, comprehensive process allows for more coordinated outreach with local agencies, communities, and disadvantaged populations, fostering collaboration and shared problem-solving.

Proactively look to address review recommendations:

As noted above, MSR findings themselves are not enforceable. A LAFCo, however, is authorized and encouraged under the Cortese-Knox-Hertzberg Act to initiate jurisdictional changes including the formation, consolidation, and dissolution of special districts, when appropriate and consistent with a recommendation within a prepared MSR. There are also other potential opportunities where LAFCo can encourage engagement with MSR findings and recommendations. Most commonly these arise when a local agency submits a request for a revision to their sphere of influence or service boundaries. As a part of the review and approval process for such applications, LAFCo may choose to impose prerequisites or contingencies. These are important opportunities to implement MSR recommendations that should be leveraged whenever possible.

Incorporate deadlines and incentives where possible:

LAFCOs can include deadlines as part of their MSR recommendations to advance certain actions. For example, updating their website to comply with state law or requesting the submittal of a strategic plan due to significant concerns raised in the MSR. LAFCOs may also choose to introduce incentives for completing certain tasks, such as waiving filing fees if subject agencies submit applications for annexation within an identified timeline.

Develop and follow a regular schedule for MSRs:

MSRs are to be conducted at least every five years or as necessary to inform sphere of influence determinations. Ensuring that these reviews are done on a regular basis will provide a benchmark to monitor the quality and sustainability of water services and can help spot challenges before they negatively impact operations (for example, growing vacancies on a governing board). It can also simplify and streamline the process by ensuring more consistent communication with local agencies and avoiding the need for large-scale overhauls of the previous report. Many LAFCOs have adopted multi-year work plans to ensure that service reviews are conducted for each local agency at least once within the five-year cycle.

Who provides drinking water?

California counts more than 2,800 community water systems or drinking water systems that serve more than 15 residential service connections (or more than 25 people) year-round. Additionally, the state has more than 4,400 Transient Non-Community and Non-Transient Non-Community water systems which serve non-residential systems meeting the same service thresholds. Collectively these systems are known as public water systems and are regulated under the Federal Safe Drinking Water Act. The remainder of residents receive their drinking water from unregulated private domestic wells or from state small water systems (serving between 5 and 14 connections) which are regulated at the county level.

To make matters more complicated, these systems are operated by a diverse array of water providers. More than 28 different types of entities operate drinking water systems in California. Most commonly these include local agencies (e.g. cities, independent special districts, dependent special districts, and school districts), Investor-Owned Utilities, Mutual Water Companies, Tribal Governments, and Mobile Home Parks. Many remote facilities also have their own water systems which can also be publicly or privately owned, for example, agricultural packing houses, state prisons, industrial complexes and national park facilities. Roughly 42% of community water systems are publicly owned whereas 58% are privately owned. Thus, in addition to the vital services provided by city and special district-run agencies across the state, private service providers also play a significant role in California's drinking water landscape.

The number and diversity of water providers in the state highlights the importance of comprehensive regional planning to ensure safe, affordable, and sustainable drinking water services. While LAFCOs are not required to include non-local agency service providers in their MSRs, they may choose to do so and specifically have the authority to request information from Mutual Water Companies for this purpose. There is an opportunity for LAFCOs to “connect the drops” by analyzing these water organizations through MSRs since more than half of the water systems in California do not have mandatory reviews.

Data and Resources

Besides requesting documents and information from water providers under review, there are many publicly available data resources that provide relevant information about regulated water systems and their operations that can be incorporated into MSRs. These include:

Resource, Description & Link	Potential Uses
<p>California Drinking Water Watch The state's safe drinking water information system database. It includes all the regulatory and water quality information that the state then reports to the U.S. Environmental Protection Agency under the Safe Drinking Water Act. The database includes all active public water systems by county. https://sdwis.waterboards.ca.gov/PDWW/</p>	<p>Generating a list of all public water systems within a county; Finding contact information for a water system; Determining the number of service connections and population served by a system; Reviewing mandatory annual Consumer Confidence reports submitted by water systems; Determining if a system has been issued a violation or enforcement action by state regulators.</p>
<p>Annual Drinking Water Needs Assessment Risk Assessment of Public Water Systems An annual review of California's progress on implementing the Human Right to Water (AB 685). The risk assessment for public water systems is one of four components of the needs assessment. This assessment assigns public water systems a status as either not at-risk, potentially at-risk, at-risk, or failing based on a detailed set of criteria and metrics, all of which are publicly available for use. Notably, water systems serving more than 10,000 people are excluded from this analysis. https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/saferdashboard.html</p>	<p>Collecting data on individual water system performance related to water quality, water supply, and affordability; Identifying which systems in a county are failing, at-risk or potentially at-risk.</p>
<p>SAFER Project and Funding Snapshot Tool You can now find information about active state support (grants and technical assistance) provided to individual water systems that are considered failing or at-risk using the project and funding snapshot tool. Among the information provided is the total project amount, start date, and status. https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/engagement_unit.html</p>	<p>Identifying planning, construction, and technical assistance grants awarded to individual water systems; Identifying contracted Technical Assistance providers within a county.</p>
<p>California Drinking Water Institutions This dataset identifies the institutional or governance type for all community water systems in the state. For example, whether a water system is a Mutual Water Company. https://datadryad.org/stash/dataset/doi:10.25338/B8KP92</p>	<p>Determining the institutional type for a specific water system; Identifying all of a specific type of water system within a county.</p>
<p>Drinking Water Systems Outreach Tool This is a mapping tool that displays all regulated drinking water systems plus best available locations for state small water systems (water systems serving between 5 and 14 service connections). The map also includes CalEnviroScreen score data, data for the state's aquifer risk detailing groundwater conditions, and identifies Disadvantaged Communities (DACs) per the water code definition. https://gispublic.waterboards.ca.gov/portal/apps/webappviewer/index.html?id=70d27423735e45d6b037b7fbaea9a6a6</p>	<p>Identifying state small water systems; Identifying water systems that serve disadvantaged communities; Identifying areas with groundwater concerns; Considering opportunities for water system partnerships and consolidation.</p>
<p>Division of Drinking Water Regional Engineers Regulates public water systems for compliance with the Safe Drinking Water Act. Regional engineers cover one or more counties and are the Water Board's primary regulatory contact for all systems within their district. These staffers communicate regularly with each water system and conduct field visits. Map/contact information: https://www.waterboards.ca.gov/drinking_water/programs/documents/ddwem/DDWdistrictofficesmap.pdf</p>	<p>Determining the compliance status of individual water systems; Collecting information about any relevant state grants or ongoing improvement projects.</p>
<p>Water Shortage Vulnerability Tool A new resource from the Department of Water Resources intended to support counties with their drought resilience planning under SB 552. While the tool only covers water systems serving fewer than 3,000 connections, it provides a robust set of climate and drought indicators for these systems. In addition to localized climate change projects the tool includes information about a systems infrastructure and recent drought impacts. Based on this data, each system is assigned a vulnerability score between 0 and 100. https://experience.arcgis.com/experience/ae1b4e3e41004f07b4901a7a3fa50637/page/Small-Water-Systems?org=DWR#data_s=id%3AdataSource_11-19418561f1e-layer-73-0%3A2378</p>	<p>Quantifying the drought vulnerability of water systems under review; Collecting data on system infrastructure and drought related challenges.</p>

Best practices in practice

Many California LAFCo are leading the implementation of best practices to leverage MSRs as tools to identify service gaps, promote equitable access, and inform decisions that directly impact the health and well-being of California communities. Examples from around the state include:

- **Santa Cruz LAFCo** offers to attend any reviewed agency's board meetings after completing an MSR to summarize the findings and recommendations and answer questions.
- **Tulare County LAFCo** approved an applicant-initiated annexation for an industrial complex on the condition that a nearby disadvantaged unincorporated community be included to resolve the communities' longstanding water supply and quality challenges.
- **Napa LAFCo** adopted a countywide water and wastewater service review in 2020. This review mapped all community water systems in the county including Mutual Water Companies and other privately owned drinking water providers cataloging the populations and areas served by these systems. This was done at request of commissioners who wanted a complete picture of local water services to preempt any significant operating challenges or access issues.
- **San Diego LAFCo** initiates meet-and-greets with affected agencies at the start of a Municipal Service Review (MSR) and offers to attend board meetings and staff meetings throughout the process. This approach helps ensure ongoing communication with both agency boards and their staff during the development of the MSR.

Further Reading

Dobbin & McBride (2024). "LAFCo and Water System Consolidation: Bridging the gap between local and state regulators to stop and reverse water system fragmentation". Available at: https://bit.ly/LAFCO_systemconsolidation

Dobbin & Fencl (2022). "Who governs California's drinking water Systems?". California WaterBlog. Available at: <https://californiawaterblog.com/2022/01/23/who-governs-californias-drinking-water-systems/>

Lai (2017). "Adopting County Policies Which Limit Public Water System Sprawl and Promote Small System Consolidation". Luskin Center for Innovation. Available at: https://innovation.luskin.ucla.edu/wp-content/uploads/2019/03/Adopting_County_Policies_which_Limit_Public_Water_System_Sprawl_and_Promote_Small_System_Consolidation.pdf

Rural Communities Assistance Partnership (2022). "Regional Collaboration for Water and Wastewater Utilities". Available at: <https://online.flippingbook.com/view/329354245/4/>

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Consolidation Case Study Library

The following case studies were developed by UC Berkeley and UC Agriculture and Natural Resources to share the experiences of water systems from across the state who have participated in consolidation projects. You can view each write up by clicking on the case study name. For questions or to learn more contact Kristin Dobbin at kdbobbin@berkeley.edu.

Case study	Number of systems involved	Type of consolidation	Consolidation structure	Governance of consolidated entity	County	Keywords
The formation of the Ukiah Valley Water Authority	5	Managerial	Umbrella Organization	Joint Powers Authority	Mendocino County	Regionalization, Drought, Water supply
Golden State Water Company - Clearlake System Acquisition of Crescent Bay Improvement Company	2	Managerial	Acquisition	Investor-Owned Utility	Lake County	Water quality, TMF capacity
Keyes Community Services District Regionalization	6	Physical	Master Meter & Acquisition	Independent Special District	Stanislaus County	Regionalization, Water quality, Extraterritorial service, Mobile Home Parks
Sultana Community Services District's Annexation of Monson	2	Physical	Acquisition	Independent Special District	Tulare County	Drought, Water quality, Water supply, Domestic wells
Tahoe City Public Utility District acquires the Madden Creek and Tahoe Cedars water systems	3	Managerial	Acquisition	Independent Special District	Placer and El Dorado Counties	Regionalization, Fire suppression, Deferred maintenance

Extending Diablo Water District services to Santiago Island Village Mobile Home Park	2	Physical	Master meter	Independent Special District	Contra Costa County	Mobile Home Parks, TMF capacity
The City of Perris transfers their drinking water and sewer systems to Eastern Municipal Water District	2	Physical	Acquisition	Independent Special District	Riverside County	TMF capacity
Lewiston Community Services District's consolidation of Lewiston Park Mutual Water Company	2	Physical	Acquisition	Independent Special District	Trinity County	Water quality, TMF capacity
City of Coachella acquisition of the Mesquite Mutual Water Company	2	Physical	Acquisition	City	Riverside County	Water supply, Deferred maintenance
Connecting Saint Anthony Mobile Home Park, Manuela Garcia Water, and Seferino Huerta to Coachella Valley Water District	4	Physical	Master meter	Independent Special District	Riverside County	Water quality, Mobile Home Parks, Regionalization

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