

Magnolia Mutual Water Company

Public Meeting



SAFER Program – February 18, 2026

Meeting Agreements



Please hold off on questions or comments until we reach the public comment section.



You may fill out a comment card during the presentation or raise your hand after.



Everyone will have a chance to speak during the public comment period.

Purpose of Today's Meeting

To explain why the SWRCB is initiating the mandatory consolidation process for Magnolia Mutual Water Company

To explain what the mandatory consolidation process will look like

Meeting Agenda

- Magnolia Mutual Water Company Background
- Consolidation Overview and Compliance Efforts
- Mandatory Consolidation Process
- Public Comment / Q&A



Magnolia Mutual Water Company: Background and Concerns

Daniel Ocasio

Water Resources Control Engineer

Division of Drinking Water, SAFER Engagement Unit

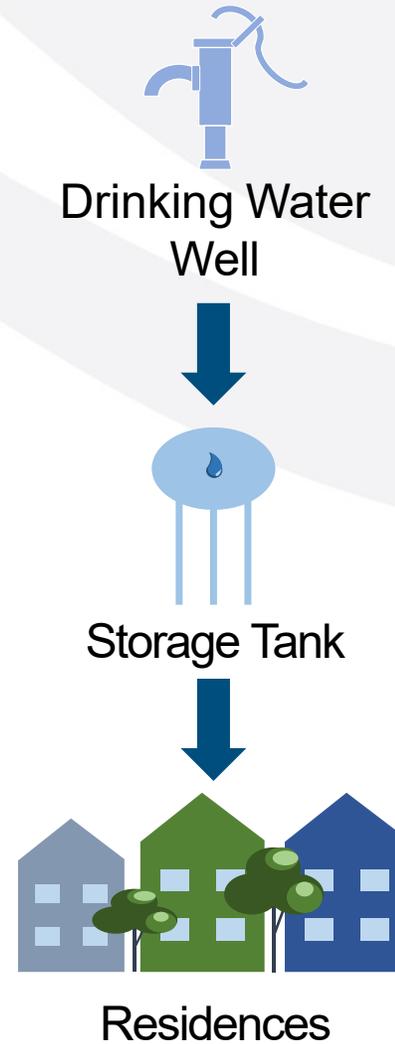




Water Board's Mission Statement

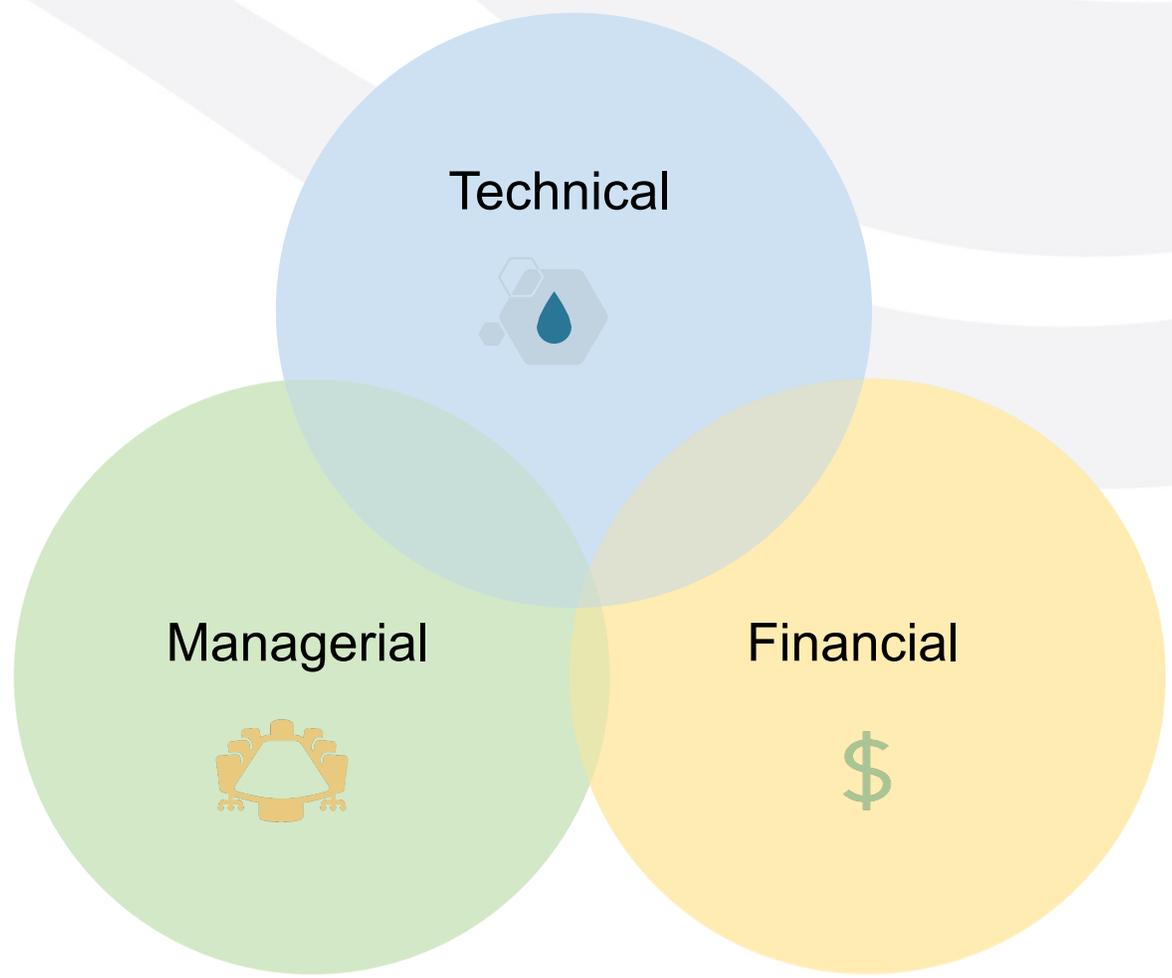
Preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations.

Magnolia MWC System Overview



- One active well
- 34 service connections
- ~90 people served
- Unmetered service connections
- No fire protection

Water System Challenges



Technical Challenges

Water Quality

- Persistent exceedance of Arsenic Maximum Contaminant Level (MCL)
 - Beginning in 2008

Public Health Risks

- Chronic Arsenic exposure through drinking water can lead to higher risk of:
 - Cancers – skin, lung, and bladder
 - Cardiovascular diseases
 - Developmental and Reproductive complications
 - Chronic illnesses – Type 2 Diabetes and High Blood Pressure



Technical Challenges

Enforcement Actions and Violations

- 15 enforcement actions issued since 2008 for Arsenic Maximum Contaminant Level (MCL) violations
- Other violations and limitations include:
 - Violation of well construction standards – sub-grade well head
 - Failure to submit bacteriological samples between 2015 and 2017
 - Failure to meet regulatory requirements for Consumer Confidence Report in 2025
 - Violation of Lead and Copper Rule in 2017
 - System does not offer fire protection



Managerial and Financial Challenges

Limited managerial capacity

- Small, volunteer board with informal governance structure

Ongoing compliance challenges

- Difficulty meeting State and Federal drinking water standards on a sustained basis

Financial limitations

- Rates insufficient to support compliant operations and needed improvements

Lack of implementation capacity

- Unable to fund or carry out necessary water quality and infrastructure solutions

Long-term sustainability concerns

- Current infrastructure does not support reliable, compliant service

Consolidation and Compliance Efforts

Daniel Ocasio

Water Resources Control Engineer

Division of Drinking Water, SAFER Engagement Unit



Consolidation

The process of combining or merging multiple entities, elements, or components into a single, unified whole



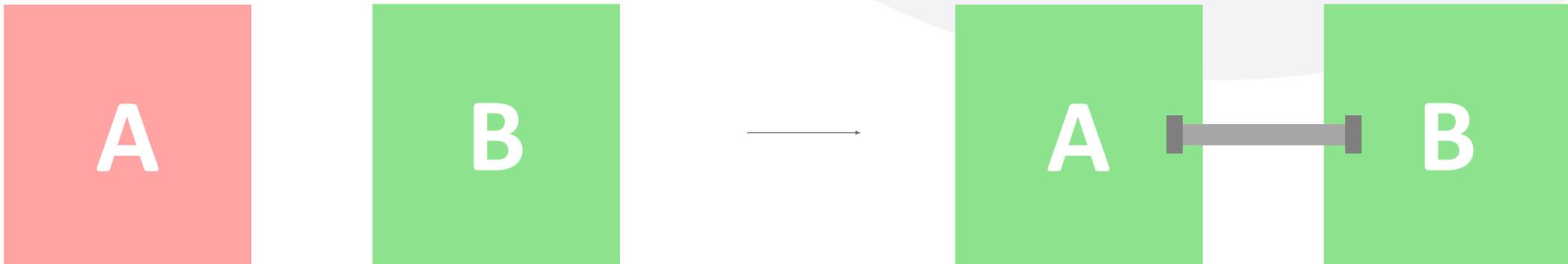
Physical

Managerial

Combined

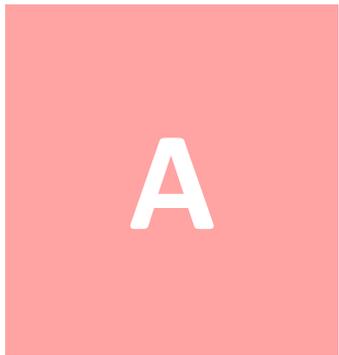
Physical

Merging or connecting physical infrastructure such as pipelines or treatment plants to improve efficiency or expand service coverage



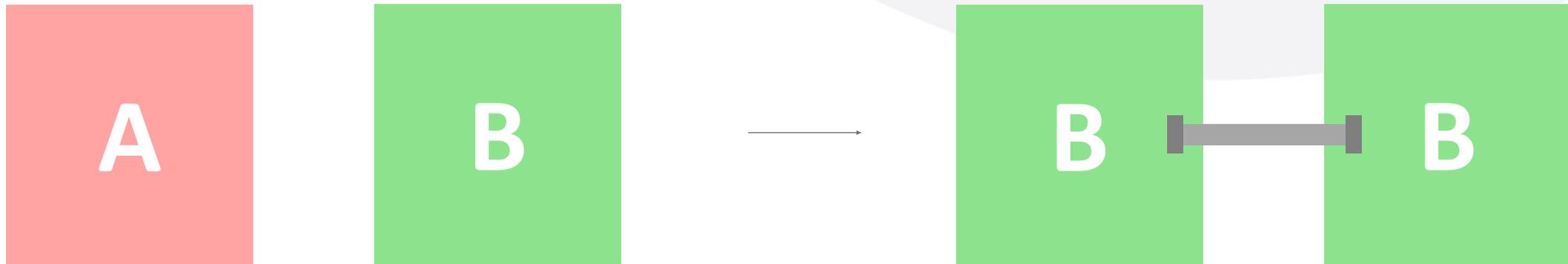
Managerial

Centralizing administrative functions or decision-making processes across multiple water systems to streamline operations and enhance coordination



Combined

Merging or connecting physical infrastructure AND centralizing administrative and decision-making functions across multiple water systems to improve efficiency, expand service coverage, and streamline operations



Consolidation Goals



Safe and
reliable
drinking water



Complete
necessary
improvements

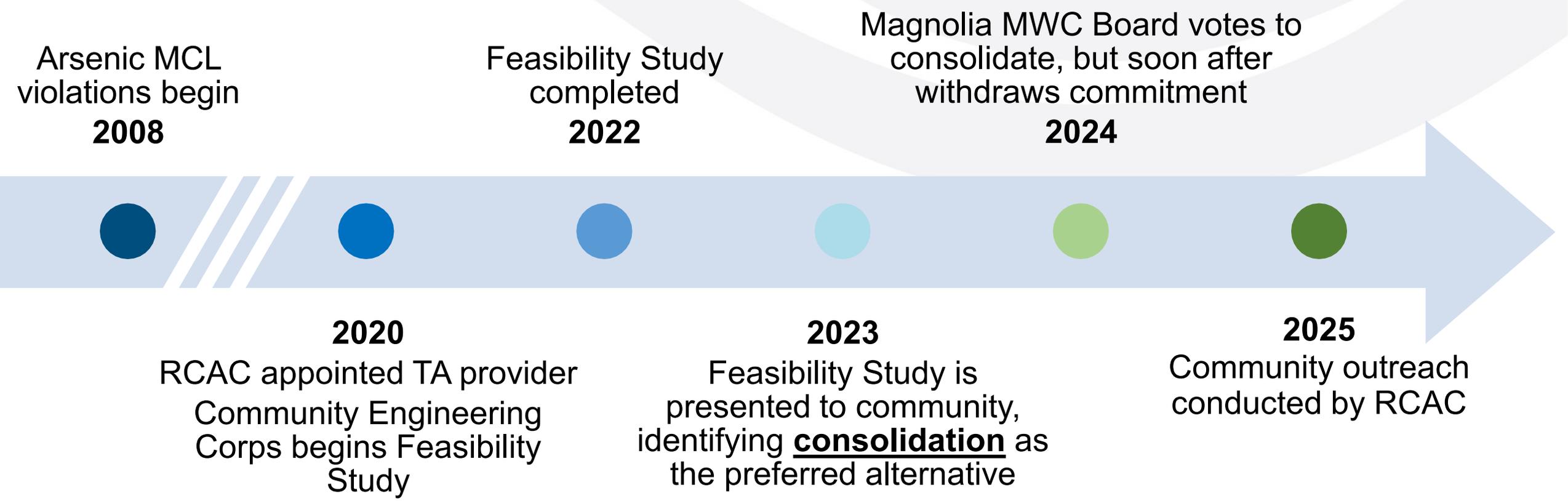


Maintain public
engagement



Implementation
of long-term
solution

Timeline of Engagement and Compliance Efforts



Feasibility Study

Options Evaluated

Alternative 0 - No Action

- Not viable; arsenic violations and risk remain

Alternative 1 - New Well for Magnolia MWC only

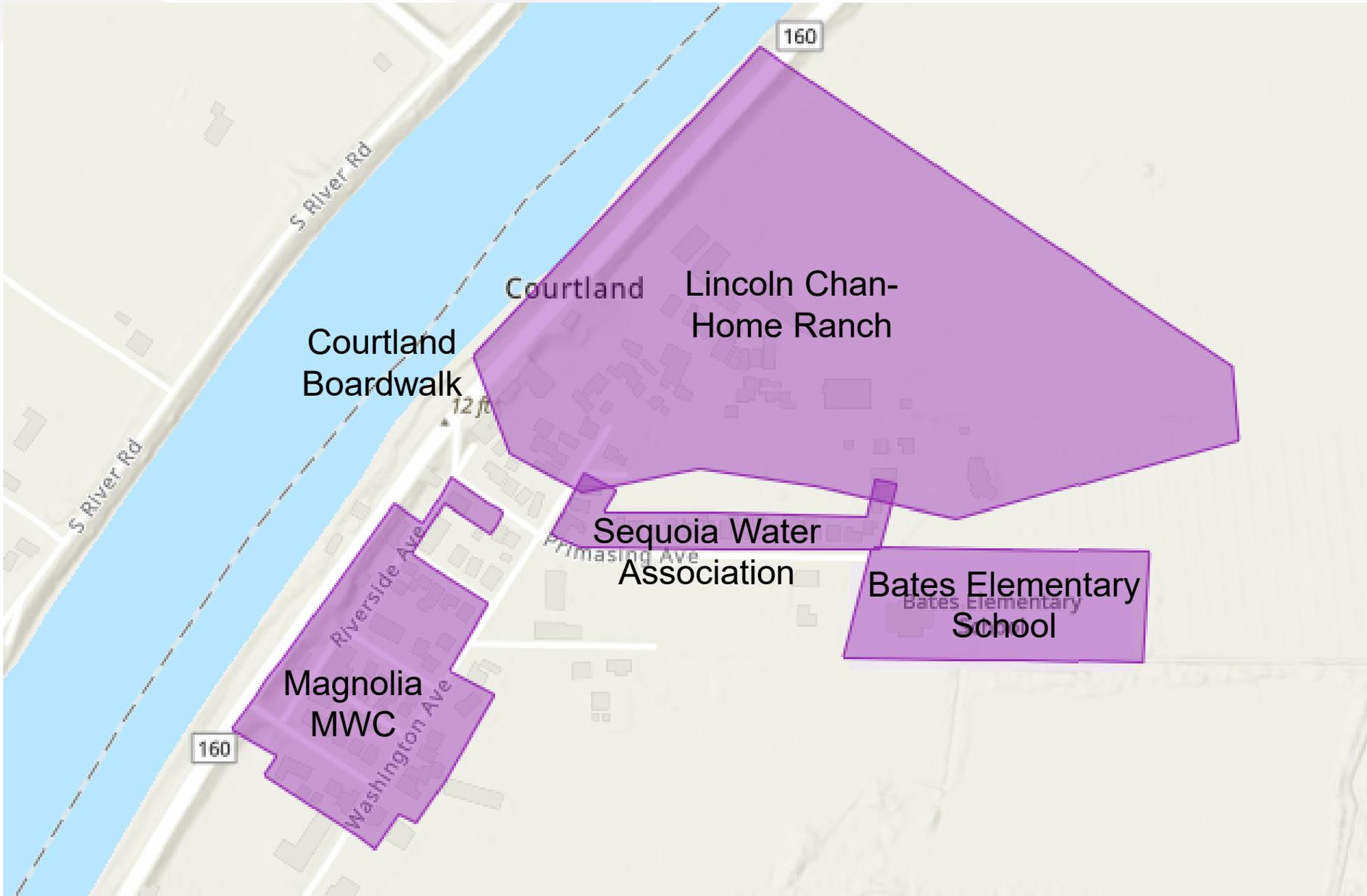
- New well and new distribution system, with or without fire protection

Alternative 2 - Partial Consolidation

- Magnolia and nearby systems share one new system

Alternative 3 - Full Consolidation

- All Courtland systems served by one consolidated system



Feasibility Study

Recommendation and Considerations

Alternatives 2 or 3 – Partial or Full Consolidation

- Address aging and deficient infrastructure across multiple systems
- Achieve economies of scale, lowering long-term operating and compliance costs
- Improve technical, managerial, and financial capacity under one system
- Enables fire protection improvements that are difficult for individual systems to provide alone
- Provides a more reliable and sustainable long-term solution

Governance and Management Evaluation

Options Evaluated

1. Magnolia MWC combines ownership with the LCR and CB
2. Establishment of a new County Service Area under Sacramento County Water Agency (SCWA)
3. Establishment of a new private water system under the ownership of California American Water (CalAm).

Governance and Management Evaluation

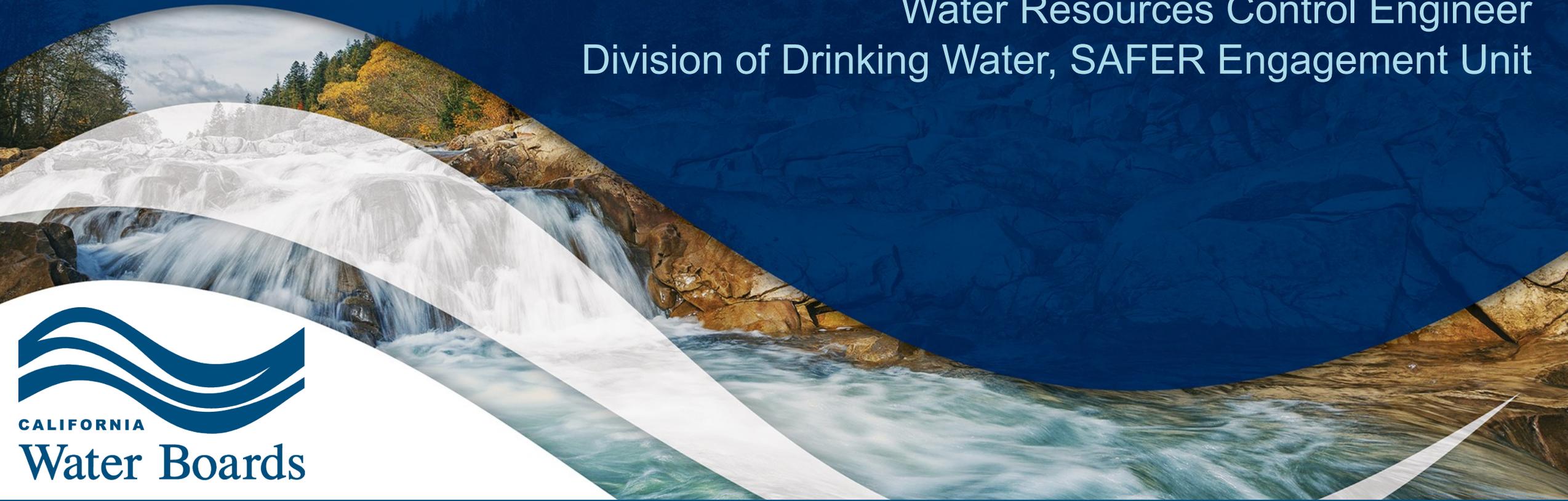
Recommendation and Considerations

Options 2 or 3 – Managerial consolidation with Sacramento County Water Agency (SCWA) or California American Water (CalAm)

- Offers long term resilience and safe drinking water distribution to residents
- Avoids complexities associated with creating a new governing body
- Service rates of SCWA significantly lower compared to CalAm
- SCWA expressed willingness to participate in consolidation process

Mandatory Consolidation Process

Daniel Ocasio
Water Resources Control Engineer
Division of Drinking Water, SAFER Engagement Unit



What Mandatory Consolidation Means

A tool to ensure communities receive safe drinking water

A failing water system may be required to join or connect to a reliable system

Can involve physical connection or operational integration

Focused on protecting public health and long-term reliability

Designed to support communities that cannot fix issues alone

What Mandatory Consolidation Does NOT Mean

A sudden or arbitrary government takeover

The first step in addressing problems (voluntary options are tried first)

A punishment - it is a public health safeguard

Eliminating community input or public meetings

Why the State is Now Taking this Action

- Ongoing Arsenic non-compliance poses public health risk
- Years of voluntary action have not resulted in a solution
- The system lacks sufficient Technical, Managerial, and Financial capacity to resolve issues independently

The State has determined that Magnolia MWC has not reliably provided safe and affordable water to their customers.



Mandatory Consolidation Criteria

The state has the authority to order consolidation if the following criteria is met:

Subsuming water system is disadvantaged

- Magnolia MWC median household income < 80% CA MHI

Documented history of water quality/quantity issue

- Persistent Arsenic MCL exceedance

Adequate and sustainable nearby receiving water system to take over ownership and operation

- Sacramento County Water Agency (SCWA)

Statutory Findings

1. The potentially subsumed water system has consistently failed to provide an adequate supply of safe drinking water.
2. Reasonable efforts to negotiate consolidation or extension of service were made.
3. Consolidation of the receiving water system and subsumed water system or extension of service is appropriate and technically and economically feasible.
4. There is no pending local agency formation commission process that is likely to resolve the problem in a reasonable amount of time.

Statutory Findings, cont.

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5. Concerns regarding water rights and water contracts of the subsumed and receiving water systems have been adequately addressed.

 6. Consolidation or extension of service is an effective and cost-effective means to provide an adequate supply of safe drinking water.

 7. The capacity of the proposed interconnection needed to accomplish the consolidation is limited to serving the current customers of the subsumed water system.

Mandatory Consolidation Process



Consolidation Funding

What costs are covered?

- Technical Assistance
- Upfront cost to implement the project

Funding may also be available for:

- Planning & Construction
- Reimbursement for time spent on the project
- Legal Services

Public Comment Q&A RCAC



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Public Comment

- Speak your comment:
 - Please raise your hand.
- Written comments can be addressed by mail, email, or phone
(Deadline Wednesday, February 25, 2026):
 - Daniel Ocasio, State Water Resources Control Board – Division of Drinking Water, 850 Marina Bay Pkwy, Richmond, CA 94804
 - Email: DDW-NorCalEngagement@waterboards.ca.gov
 - Phone number: (510) 620-3175

Thank you!

DDW-NorCalEngagement@waterboards.ca.gov



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