



March 17, 2023

Dear Community Members,

Since October 2020, two months after the CZU Fire, my office has been working with state and local partners to shift Big Basin Water Company (BBWC) toward local, public management. Although the County has no jurisdiction over the privately owned utility, the fire gave us a renewed, albeit challenging, opportunity to engage state regulators and the San Lorenzo Valley Water District (SLVWD) with the goal of consolidation.

After years of documenting BBWC's history of unreliability and poor communication, the state Water Resources Control Board's Division of Drinking Water has taken new action that I hope will help us collectively chart a better future for BBWC's customers. The agency's Office of Enforcement has begun the process of pursuing receivership of the company following numerous violations that have been largely ignored by BBWC despite carrying the potential for at least \$2.9 million in fines.

"As you know, BBWC must ensure a reliable and adequate supply of water at all times that is pure, wholesome, potable and does not endanger the health of its consumers," according to a state enforcement letter. "BBWC is not currently satisfying that obligation as it does not have the technical, managerial, and financial capacity to operate a public water system, and it is unresponsive to the rules and orders of the Division."

The letter concludes by saying, "In our view, a receiver should be appointed to assume possession and operate BBWC's drinking water system for the purpose of bringing BBWC back into compliance and ensure the public has reliable access to safe drinking water." The Water Resources Control Board cannot remove the current management or operate the system, but it can undertake a legal process to temporarily transfer operations through receivership.

Even before the fire destroyed key infrastructure, the company struggled to maintain consistent service. In contrast, SLVWD has been a remarkable community partner, helping BBWC make repairs while offering water to residents during BBWC outages. While I was hopeful BBWC would enter an operational agreement with SLVWD last year that could lead to consolidation, a lack of funding and commitment from BBWC understandably led the SLVWD Board of Directors to suspend those efforts.

Although I imagine BBWC customers welcome this increased level of enforcement by the state, the notion of receivership naturally raises a lot of questions. While oversight ultimately lies with the state, my office is committed to helping BBWC customers navigate the process.

As the letter states, BBWC's owners were invited by the state to meet with regulators inside our county offices on Tuesday, March 14, to discuss receivership. Now that this initial, critical meeting has taken place to seek cooperation from the company, I believe it is important to share this progress with the public more broadly.

While it is too early to know exactly how the process will proceed or how long it might take, the state could ask a court to assign and oversee an independent receiver to bring BBWC into compliance. The process would also include "a receiver heading any effort by BBWC to sell the water system to an available buyer," the letter states.

Whether BBWC seeks to sell, as it has in the past, or possibly requests a return to consolidation efforts with the SLVWD, my objective is to work alongside our residents and partners to get BBWC on the right path. My strong preference is for public ownership of the system, which is the only kind of ownership change for which the state may be able to provide key funding.

Simultaneously, the Regional Water Quality Control Board is continuing enforcement efforts related to BBWC's small wastewater treatment station serving the Big Basin Woods subdivision. At my urging, the County's public works division helped to pump it down in recent months and talked with BBWC's owners about a potential operations agreement. Although BBWC has told the County it cannot support a further partnership at this time, the County has nonetheless signaled to the Regional Board an interest in exploring options to help, including looking at what it would take to eventually bring the system into the County Service Area 7 sanitation system.

It's clear that a brighter, safer future for the entire BBWC service area will require increased costs. BBWC has requested its first general rate increase since 2014 through the state Public Utilities Commission, which has announced a hearing to take public input on Monday, April 3 at 6 p.m. at the Boulder Creek Golf and Country Club. I encourage the community to attend and learn more about the process.

Lastly, I want to thank the many BBWC customers who have contacted my office in recent weeks – and many times in the past – requesting continued help with BBWC. Considering the state's new course of action and the history of willing partners within the County and SLVWD, I'm more hopeful now than ever before that we can successfully address this situation together.

To inquire about the receivership process, contact the Water Resources Control Board at 831-655-6939 or dwpdist05@waterboards.ca.gov. As always, community members can also contact my office at 831-454-2200 or fifth.district@santacruzcounty.us.