

**RESOLUTION NO. SCV-266**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
REVISING AND ADOPTING RATES FOR WHOLESALE WATER SERVICE CHARGES**

**WHEREAS**, pursuant to Santa Clarita Valley Water Agency Act, the Santa Clarita Valley Water Agency (Agency) is authorized to (i) acquire water and water rights, including but not limited to, water from the State of California under the State Water Resources Development System; (ii) provide, sell, and deliver that water, for municipal, industrial, domestic and other purposes; and (iii) impose charges for such wholesale water services; and

**WHEREAS**, the Agency provides wholesale water service to one retail water purveyor – Los Angeles County Waterworks District No. 36 (District 36); and

**WHEREAS**, the Agency is able to meet approximately half of the urban water demand within its service area with imported water, and the Agency primarily meets the balance of demand with local groundwater and a small portion of recycled water; and

**WHEREAS**, the sole source of local groundwater for urban water supply in the Santa Clarita Valley is the Santa Clara River Valley Groundwater Basin, East Subbasin (the Basin); and

**WHEREAS**, to stabilize its revenues and fully recover the costs of providing water service, staff has prepared the attached comprehensive Wholesale Water Rate Study (the Rate Study) (Attachment 1) for its wholesale water service charges; and

**WHEREAS**, the wholesale water rate structure consists of two components:

1. a fixed monthly charge (the Fixed Charge) designed to recover the fixed costs of the Agency directly related to maintaining the readiness to serve water up to the full capacity of the turnouts that connect District 36 to the Agency; and
2. a variable per acre foot charge (the Variable Charge) designed to recover the Agency's costs for the treatment and distribution of imported water to District 36; and

**WHEREAS**, staff has prepared a Rate Study that includes a methodology for annually calculating the amount of the Fixed Charge and rates for the Variable Charge, and the Agency has distributed to District 36 a copy the Rate Study, which sets forth the Agency's costs of providing wholesale water services and the anticipated sources of revenue available to fund those costs; and

**WHEREAS**, based on the Rate Study, the Board has determined that the amount of the proposed charges are no more than necessary to cover the reasonable costs of providing the wholesale water services, and that the manner in which those costs are allocated to District 36 bears a fair or reasonable relationship to the District 36 burdens on, or benefits received from, the Agency's wholesale water service activities; and

**WHEREAS**, the new rates will take effect beginning April 1, 2022, and will be revised each January 1 thereafter based on the annual year over year increase in the Consumer Price Index provided, however, that such increase shall not cause the wholesale water service charges to exceed the reasonable cost of providing wholesale water service; and

**WHEREAS**, in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, Agency staff has determined that the increases in water service charges are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the increased charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

**WHEREAS**, the adoption of this Resolution is exempt from CEQA for the same reason.

**NOW THEREFORE BE IT RESOLVED**, by the Board of Directors of the Santa Clarita Valley Water Agency, as follows:

1. **FINDINGS AND DETERMINATIONS**: The foregoing Recitals are true and correct and are hereby made legislative findings and determinations of the Board of Directors (the Board) and by this reference made an operative part of this Resolution.
2. **FIXED CHARGE**: The Board hereby adopts, the Fixed Charge at the rate of \$24,362 per month, effective April 1, 2022.
3. **VARIABLE CHARGE**: The Board hereby adopts the Variable Charge at the rate of \$205.88 per acre-foot effective April 1, 2022.
4. **ANNUAL ADJUSTMENT**: Beginning January 1, 2023, and each January 1 thereafter until otherwise modified by the Board of Directors, the rates for the Fixed Charge and Variable Charge set forth above shall be adjusted for inflation in an amount not to exceed the year over year increase in the Los Angeles specific Consumer Price Index (CPI) provided, however, that no such annual adjustment shall exceed the reasonable cost of providing wholesale water service to District 36.
5. **AUTHORIZATIONS OF AGENCY GENERAL MANAGER**: The General Manager is hereby authorized and directed to take all actions necessary to effectuate and implement the rates for the wholesale water service charges and other authorizations set forth herein, including the annual adjustment to the wholesale water service charges.
6. **WHOLESALE WATER RATE SUFFICIENT TO FUND AGENCY OPERATING EXPENSES**: Based upon the evidence presented to the Board in the form of staff financial analysis and the Rate Study, the Board has determined that the wholesale water rates adopted in this Resolution will be sufficient to fund Agency operating expenses, Notwithstanding the foregoing, the Board of Directors shall review the wholesale water rates annually, as a part of its budget process, and may increase or decrease the wholesale water rates at any time if it determines an adjustment is necessary in accordance with this Resolution, and applicable law.
7. **CEQA**: The Board is adopting the wholesale water rates herein to meet the Agency's operating expenses. Therefore, the Board finds and determines, based upon substantial evidence, that the establishment of the rates for wholesale water service charges are exempt from CEQA, pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State CEQA Guidelines because the establishment of water


rates is for the purpose of meeting operating expenses and purchasing materials (e.g., water).

8. EFFECTIVE DATE: This Resolution shall be effective as of the date of adoption. The increased rates for wholesale water service charges set forth herein shall become effective as authorized herein.
9. SUPERSEDES PRIOR RESOLUTIONS: All resolutions or administrative actions by the Board, or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.
10. INVALIDITY: If any section, subsection, subdivision, sentence, clause, or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The Board hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective. If the water rates established by this Resolution are declared invalid or otherwise set aside by any court of competent jurisdiction, the water rates in effect prior to the effective date of this Resolution shall be deemed by this Resolution to be restored, revived, and brought to full force and effect.
11. MAILING: The Secretary of the Agency is hereby directed to mail copies of this Resolution to District 36.

  
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President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on March 15, 2022 the foregoing Resolution No. SCV-266 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: March 15, 2022

  
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Secretary

