

RESOLUTION NO. SCV-175

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ADOPTING POLICIES FOR FINANCIAL INTEGRATION

WHEREAS, on October 15, 2017, Senate Bill 634 was signed into law by Governor Brown, thereby creating the Santa Clarita Valley Water Agency ("SCV Water"); and

WHEREAS, the effect of SB 634 was to combine three retail water suppliers and a regional water supplier; and

WHEREAS, in settlement discussions leading to SB 634, the Boards of Directors of Castaic Lake Water Agency and Newhall County Water District approved a plan where most of the assets and liabilities would be pooled, with a goal of integrating operations and finances of SCV Water. Only the legacy indebtedness of the predecessor entities was explicitly identified as something to be treated as a separate matter; and

WHEREAS, this plan was carried forward into SB 634; and

WHEREAS, it is clear in just a few years of operation that this vision has been beneficial to our community, not only in the savings that a combined agency has brought, but also the greater capability to deal with challenges that were regional or national in nature including water resource planning, water quality, and even operations during an unprecedented pandemic; and


WHEREAS, SCV Water is working on a project to retire predecessor legacy accounting systems and integrate financial information into a single new system; and

WHEREAS, the Board of Directors of SCV Water desires to adopt policies for the completion of the financial integration of the predecessor entities.

NOW THEREFORE BE IT RESOLVED, the Board of Directors of the Santa Clarita Valley Water Agency hereby finds, determines, declares and resolves as follows:

1. SCV Water was formed with the vision of a single water agency in order to realize and share the ongoing benefits of unified operations, assets, resource management and staff.
2. SCV Water was formed to unify the water governance in the Santa Clarita Valley.
3. All assets and liabilities of the predecessor entities were conveyed to and are held by SCV Water.
4. Each retail agency brought forth its own reserves, property, customer base, facilities, staff, technology, fleet, intellectual capital, equipment, etc. and these shall be pooled assets and liabilities of SCV Water.
5. Going forward, the benefit and costs should be shared across SCV Water.

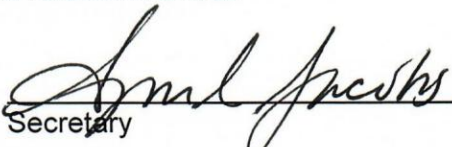
6. As part of the upcoming retail rate case, SCV Water should make significant strides to transition to a single, unified retail water rate that would be the same in each retail division.
7. SB 634 specifies the legacy debt of each retail division as of its entry into SCV Water is to be retired using revenue from the rates and charges of that specific retail division.
8. An appropriate legacy debt retirement charge should be specific to each division based on its legacy debt payment schedule.
9. SCV Water should explore options to accelerate the retirement of legacy debt by each division in the coming years, if feasible.
10. Once all legacy debt has been retired, SCV Water should dispense with the retail divisions entirely as required by SB 634.



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 September 15, 2020, the foregoing Resolution No. SCV-175 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: September 15, 2020



Secretary

