

## RESOLUTION NO. SCV-06

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ADOPTING THE PLAN OF DISSOLUTION OF THE VALENCIA WATER COMPANY, AND FINDING THAT THE DISSOLUTION IS NOT SUBJECT TO CEQA OR, ALTERNATIVELY, IS EXEMPT

**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**, SB 634 requires SCV Water, as the sole shareholder of Valencia Water Company ("VWC"), to take all steps necessary to dissolve VWC as a corporation no later than January 31, 2018, and transition the operations, assets, and liabilities of VWC to SCV Water ("Dissolution"); and

**WHEREAS**, the Dissolution required by SB 634 is not subject to the California Environmental Quality Act (Pub. Res. Code §§ 21000 et seq.) ("CEQA") because it is not a "project," because the state legislature did not intend for CEQA review to occur, because the Dissolution involves little or no discretion and thus is ministerial in nature, and/or because the Dissolution is otherwise exempt from CEQA; and

**WHEREAS**, in anticipation of the requirements of SB 634, the Board of Directors of VWC has taken action to prepare for the Dissolution and has adopted a plan of dissolution that it has recommended to SCV Water for approval as the sole shareholder of VWC;

**WHEREAS**, the Board of Directors of SCV Water has reviewed the plan of dissolution recommended by the Board of Directors of VWC and now desire to approve the Dissolution and the adoption of the plan;

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW THEREFORE, THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY DOES RESOLVE AS FOLLOWS:**

#### **SECTION 1. RECITALS**

The recitals above are true and correct and are incorporated into this Resolution by reference as findings of fact.

#### **SECTION 2. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Based upon its review of the entire record, including the Staff Report, any public comments or testimony presented to the Board, the enactment of Senate Bill 634, and the facts outlined below, the Board hereby finds and determines that the actions required by SB 634 are not subject to CEQA for the following reasons:

1. The Dissolution is not a "project" under CEQA

The Dissolution demanded by SB 634 is a legislative act of the state legislature. The State CEQA Guidelines (14 Cal. Code Regs., § 15000 et seq.) expressly provide that CEQA does not apply to legislation adopted or proposed by the legislature. (State CEQA Guidelines, § 15378(b)(1).) As such, CEQA does not apply to the Dissolution because it is not a "project" under CEQA.

2. The legislature did not intend the Dissolution to undergo CEQA review

The legislature – through Assembly Bill 634 – required that SCV Water take action on the Dissolution no later than January 31st. Language in the bill expressly states that the new SCV Water board hold its first meeting "as soon as possible" and that SCV Water dissolve VWC "on or before January 31, 2018." As a practical matter, then, the Legislature could not have intended the SCV Water to undertake substantive CEQA review, because such review will take longer than the 31-days available to comply with the statute. Thus, it is reasonable to conclude that the legislature did not intend for the Dissolution to be subject to CEQA. This situation is akin to the *Tuolumne Jobs & Small Business Alliance v. Superior Court* case, in which the Supreme Court found that because of the short deadlines set forth in the Elections Code's procedures for cities to either adopt a qualified voter initiative or hold a special election, it would be impossible to complete CEQA review before a city adopted a voter initiative. ((2015) 59 Cal.4th 1029.) The "Legislature is presumed to be aware of all laws in existence when it passes or amends a statute" and that "[i]f the Legislature had intended to require CEQA review before direct adoption, despite the [short] deadlines, it could have easily said so. It did not." (*Id.* at 1039.) Similarly, here, the legislature did not state that the Dissolution was subject to CEQA, and SB 634's requirements to hold a SCV Water board meeting "as soon as possible" and dissolve VWC by January 31, 2018 indicate that the legislature did not intend CEQA review to occur prior to the Dissolution.

3. The Dissolution is a ministerial action not subject to CEQA

The Dissolution is a ministerial action because it involves little or no judgment or discretion by the public agency. (See State CEQA Guidelines, § 15369.) The Dissolution is commanded by the legislature in SB 634, and SCVWA exercises little to no discretion in undertaking the Dissolution mandated by SB 634. CEQA Guidelines section 15268 states that ministerial projects are not subject to the requirements of CEQA. As such, the Dissolution called for in SB 634 is not subject to CEQA.

4. The Dissolution is exempt from CEQA

Even if the Dissolution is a "project" and subject to CEQA, it is exempt under State CEQA Guidelines section 15061(b)(3)-Common Sense Exemption. The "common sense exemption" states that a lead agency may find a project exempt from CEQA is "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." The Dissolution is exempt under State CEQA Guidelines section 15061(b)(3) because it will have no significant effect on the environment—it is a change in legal organization that dissolves a private water company owned by SCV Water to transition its operations into SCV Water. No operational change is contemplated.

### SECTION 3. FINDINGS FOR DISSOLUTION

The Board of Directors of the Santa Clarita Valley Water Agency, as successor in interest to Castaic Lake Water Agency, as the sole shareholder of Valencia Water Company, does hereby approve the dissolution of Valencia Water Company in accordance with the plan of dissolution recommended for approval by the Board of Directors of the Valencia Water Company and authorizes the General Manager to take the necessary steps on behalf of the Santa Clarita Valley Water Agency to implement the plan and carry out the Dissolution in accordance with SB 634.

### SECTION 4. CUSTODIAN OF RECORDS

The documents and materials that constitute the record of proceedings on which these findings are based are located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. The custodian of the records is April Jacobs, Board Secretary.

### SECTION 5. EFFECTIVE DATE

This Resolution shall be effective upon its adoption.

  
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 January 9, 2018, the foregoing Resolution No. SCV-06 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: January 9, 2018

  
Secretary

