

**RESOLUTION NO. SCV-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
APPROVING THE SUBMITTAL OF AN APPLICATION FOR CONDITIONS AND A PLAN  
FOR SERVICES TO THE LOS ANGELES LOCAL AGENCY FORMATION COMMISSION,  
AND FINDING THAT THE SUBMITTAL 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 ("SCVWA"); and

**WHEREAS**, SB 634 requires that on or before January 31, 2018, the SCVWA shall submit an application for conditions addressing the creation of the SCVWA, including among other items a plan for providing services, to the Local Agency Formation Commission ("LAFCO") for the County of Los Angeles (the "Application for Conditions"); and

**WHEREAS**, the Application for Conditions 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 Application for Conditions involves little or no discretion and thus is ministerial in nature, and because the Application for Conditions is exempt from CEQA; and

**WHEREAS**, the Board of Directors of SCVWA now desires to approve the submittal of the Application for Conditions and plan for services in accordance with SB 634, and

**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 from the Agency and from LAFCO by SB 634 are not subject to CEQA for the following reasons:

1. The Application for Conditions is not a "project" under CEQA, and no CEQA review is required.

The creation of the Santa Clarita Valley Water Agency and reorganization actions demanded by SB 634 are legislative acts 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 creation/reorganization of the Agency because it is not a "project" under CEQA. Similarly, the Application for Conditions demanded by SB 634 extends only to those actions identified in Government

Code § 56653 primarily pertaining to organizational, administrative, and financial matters that do not commit the Agency – and do not request any such commitment from LAFCO – to any actions that may result in a direct or reasonably foreseeable indirect impact to the physical environment. Finally, AB 634 requires that the Application for Conditions be submitted by the Agency by January 31st. As such, the Legislature must have intended the Application for Conditions to be submitted without first undergoing CEQA review. Accordingly, the Agency finds that its submission of the Application for Conditions to LAFCO is not a CEQA “project” and that no CEQA review is required.

2. The Application for Conditions is a ministerial action not subject to CEQA  
The Application for Conditions is a ministerial action because it involves little or no judgment or discretion by the public agency. (See State CEQA Guidelines, § 15369.) The Application for Conditions is commanded by the legislature in SB 634, and SCVWA exercises little to no discretion in undertaking the submittal of an Application for Conditions mandated by SB 634. CEQA Guidelines section 15268 states that ministerial projects are not subject to the requirements of CEQA. As such, the submittal of an Application for Conditions called for in SB 634 is not subject to CEQA.
  
3. The Application for Conditions is exempt from CEQA  
Even if the Application for Conditions 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 if “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 Application for Conditions is exempt under State CEQA Guidelines section 15061(b)(3) because it will have no significant effect on the environment—it is an application addressing the creation of the SCVWA and seeking conditions on the creation of the SCVWA, which LAFCO is empowered to do by State law. (Gov. Code, § 56886).

### **SECTION 3. AUTHORIZATION TO SUBMIT APPLICATION OF CONDITIONS AND PLAN OF SERVICES TO LAFCO**

The Board of Directors of the Santa Clarita Valley Water Agency authorizes the submittal of an Application for Conditions and plan for services to the Local Agency Formation Commission for the County of Los Angeles in accordance with Senate Bill 634 and authorizes the General Manager to take the necessary steps on behalf of the SCVWA to submit the Application for Conditions and plan for services. The plan for services shall be substantially in the form presented to the Board.


### **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 the Agency Board Secretary.

### **SECTION 5. EFFECTIVE DATE**

This Resolution shall be effective upon its adoption.

**PASSED, APPROVED, AND ADOPTED** this 29<sup>th</sup> day of January, 2018.

  
\_\_\_\_\_  
President, Board of Directors  
Santa Clarita Valley Water Agency

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 special meeting of the Board of Directors of said Agency held on January 29, 2018, the foregoing Resolution No. SCV-16 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 29, 2018

  
\_\_\_\_\_  
Secretary



**APPLICATION FOR CONDITIONS FOR THE  
SANTA CLARITA VALLEY WATER AGENCY (SCVWA)**  
(Pursuant to SB 634)

- 1. LAFCO PROPOSAL DESIGNATION NO.:** Application for Conditions No. 2018-01 for the Santa Clarita Valley Water Agency.
- 2. PROPOSAL INITIATED BY RESOLUTION:**

<b>Resolution No.:</b> SCV-16
<b>Resolution Date:</b> January 29, 2018

<b>Agency</b>
<b>Name:</b> Santa Clarita Valley Water Agency
<b>Address:</b> 27234 Bouquet Canyon Road
<b>City, State, Zip:</b> Santa Clarita, CA 91350
<b>Phone:</b> ( 661) 297-1600 <b>Fax:</b> (661) 297-1610
<b>Website:</b> yourscevwater.com

This party or parties shall be referred to herein as “the Applicant”.

- 3. DESIGNATED CONTACT PERSON(S):**

**AGENCY CONTACT:**

<b>Name:</b> Stephen L. Cole, Assistant General Manager
<b>Address:</b> 23780 North Pine Street
<b>City, State, Zip:</b> Newhall, CA 91321
<b>Phone:</b> (661) 259-3610 <b>Email:</b> Scole@scvwa.org

**AGENCY COUNSEL:**

<b>Name:</b> Thomas S. Bunn III, Lagerlof, Senecal, Gosney & Kruse, Joseph Byrne, Best Best & Krieger
<b>Address:</b> 301 N. Lake Av. Ste. 1000
<b>City, State, Zip:</b> Pasadena, CA 91101
<b>Phone:</b> (626) 793-9400 <b>Email:</b> <a href="mailto:TomBunn@lagerlof.com">TomBunn@lagerlof.com</a> <a href="mailto:joseph.byrne@bbklaw.com">joseph.byrne@bbklaw.com</a>

*The Applicant is requested to notify LAFCO immediately of any changes in the designated contact person.*



**4. PROPOSED ACTION AND RELATED JURISDICTIONAL CHANGES:**

- a. Establish conditions for the Agency pursuant to the implementation of SB 634. Pursuant to SB 634, the Santa Clarita Valley Water Agency (SCV Water) is required to submit an application for conditions to LAFCO and LAFCO is required to, after a noticed public hearing, prepare a written report that may contain certain binding conditions on SCV Water.

**5. LANDOWNERS:**

- a. Approximate number of landowners within the affected territory: 84,500 parcels
- b. Do the boundaries of the proposal conform to existing lines of assessment?  
 Yes       No

If "No," explain:


**6. REGISTERED VOTERS:**

As of 12/31/2017 approximate number of registered voters: 151,137 in the 2016 general election

*Note: State Law defines a proposed change of organization or reorganization as either "Uninhabited," in which case there are fewer than 12 registered voters in the affected territory, or "Inhabited" in which case there are 12 or more registered voters.*

**7. GENERAL INFORMATION:**

- a. Location of affected territory:

<b>Cities:</b>
Santa Clarita
<b>Unincorporated Territory known as:</b>
County of Los Angeles
County of Ventura

<b>School Districts:</b>
William S. Hart Union High School District
Newhall School District
Saugus Union School District
Sulphur Springs School District

- b. Describe the location of the affected territory, including major thoroughfares (freeways, highways, streets, alleys) that border or traverse the territory, natural features (water bodies, mountain ranges, etc.), man-made features (existing development, utility corridors, flood/drainage channels or basins, railroad lines, etc.), and any other characteristics that help identify the affected territory.

The Santa Clarita Valley Water Agency is located in the northwestern portion of Los Angeles County, approximately 35 miles from downtown Los Angeles. The majority of the territory lies within the City of Santa Clarita or portions of unincorporated Los Angeles County. Major thoroughfares traversing the territory include the Antelope Valley Freeway (SR-14), California State Highway 126 and the Golden State Freeway (I-5). The Santa Clara River flows through the territory from east to west.

- c. Size of affected territory:

+ Acres:	125,366
+ Sq. Miles:	197

- d. Provide a general description of the affected territory and existing land-uses, including, but not limited to: commercial, industrial, multi-family or single-family residential, institutional, active recreational, and/or passive open space.

The territory includes the following land uses: commercial, industrial, multi-family and single-family residential, institutional, active recreational, and passive open space.

- e. Provide a general description of the topography (flat, sloping, mountainous, etc.) of the affected territory.

The Santa Clarita Valley has diverse topography, the area is generally a large valley surrounded by the mountains of the Los Angeles National Forest.

- f. Provide a general description of any natural boundaries (rivers, lakes, streambeds, mountain ranges, etc.) within or adjacent to the affected territory.

The most significant local features would include Lake Castaic, the Santa Clara River, San Francisquito and Bouquet Canyons and the mountains of the Angeles National Forest.

- g. Provide a general description of any flood control facilities (dams, reservoirs, flood control channels, debris basins, catch basins, etc.) within or adjacent to the affected territory that would be utilized by the Agency.

The main flood control facilities within the area would include Lake Castaic and flood control channels, debris basins and catch basins throughout the Santa Clarita Valley and adjacent to the Santa Clara River.

- h. Service Population as of 12/31/2017: Approximately 270,000
- i. Has the water demand within the affected area been accounted for in an Urban Water Management Plan (UWMP)?  
 Yes       No

If yes, please provide an electronic copy of the UWMP.

<http://yourscvwater.com/index.php/your-water/#uwmp>

- j. Using existing zoning and land uses within the affected area, has the anticipated population growth been considered in predecessor agencies' most recent UWMPs?  
 Yes       No

If yes, please provide an electronic copy of the UWMP.

<http://yourscvwater.com/index.php/your-water/#uwmp>

**8. FUNCTIONS AND CLASS OF SERVICES:**

Pursuant to SB 634, the functions and class of services for the Santa Clarita Valley Water Agency are consistent with SB 634 and the County Water District Law.

- a. The following table lists functions and class of services being exercised by Castaic Lake Water Agency and the Newhall County Water District on December 31, 2017 and the services that were assumed by Santa Clarita Valley Water Agency, January 1, 2018 pursuant to SB 634.

Functions and Class of Services	Provided as of 12/31/2017				Services Provided as of January 1, 2018
	Castaic Lake Water Agency	Newhall County Water District	Santa Clarita Water Division	Valencia Water Company	Santa Clarita Valley Water Agency (Proposed)
1. Water (WCS 31020-31035.1)	✓	✓	✓	✓	✓
2. Sewer Facilities (WCS 31100-31106)		✓			✓
3. Fire Protection (WCS 31120)					
4. Recreational Facilities (WCS 31130-31133)					
5. Sanitation Service (WCS 31135-31142)					
6. Power Generation (WCS 31149.1-31149.7)	✓	✓			✓
7. Recycled Water (SB 634 Section 18 (a))	✓			✓	✓
(Note: Excludes "special" provisions in Water Code Sections (WCS) 31029.1, 31031.5, 31035.6, 31031.8, 31032.9, 31032.10, 31032.12, 31035.1, 31104.5, 31104.6, 31104.7, 31104.8, 31133, 31149.3, 31149.4, and 31149.5)					

- b. List and identify any other services being exercised by the Castaic Lake Water Agency and the Newhall Water District on December 31, 2017, not authorized by the County Water District Law.

None

- c. Briefly describe the types of water resources available to the Agency by acre-foot per year (AFY) (e.g.: imported water, groundwater, surface water, etc.) Figures are from 2015 Urban Water Management Plan, Table 3-1

Groundwater	31,545
Recycled Water	450
Imported Water	78,667
Banking and Exchange Programs	22,950

- d. List and briefly describe any Joint Powers Authorities (JPAs) or (equivalent) which may be providing services to the affected territory and/or surrounding territory, including groundwater management agencies:

The Groundwater Sustainability Agency for the Santa Clara River Valley East Sub-basin is currently governed by a Memorandum of Understanding, but anticipates converting to a Joint Powers Authority. It is the groundwater sustainability agency formed under the Sustainable Groundwater Management Act to formulate and implement a groundwater sustainability plan for the groundwater basin.

**9. EFFECTS OF THE STATE MANDATED REORGANIZATION:**

- a. Describe any improvements inter-connections and/or upgrades of structures, sewer, water facilities, or other public facilities associated with the creation of the Agency:

The creation of the Agency provides opportunities for water system integration, including interconnections, which can improve service reliability, redundancy, efficiency, and quality to customers. These will be evaluated on a case-by-case basis. Examples of possible permanent interconnections are described in section 6.6 of the Plan of Services.

- b. How will any of the above be financed?

For each improvement or interconnection, a determination will be made whether it is a capital improvement. Capital improvements for existing users are financed by a combination of water rates and property taxes. Growth-related capital improvements are financed through the payment of development capacity fees. If it is not a capital improvement, then it is considered an operations and maintenance expense and is funded by water rates.

- c. List any current assessments, taxes, or other charges paid by existing customers. In additional, list any assessments, taxes, or other charges, if any, that would be levied as a result of this state mandated reorganization. *These are separate from the one-percent tax levy.*

ASSESSMENTS	
Pre-634	Post 634
None	None

TAXES	
Pre-634	Post 634
Voter-approved indebtedness for the State Water Project	Same

CHARGES	
Pre-634	Post 634
Water rates (imported and retail; each retail enterprise has its own rate structure)	Same

- d. How will the implementation of SB 634 (Creating Santa Clarita Valley Water Agency) impact the timely availability of water supplies adequate for projected needs?

SB 634 will have no impact on the availability of water supplies for projected needs. As discussed in the Urban Water Management Plan, the Agency expects to have sufficient supplies to meet projected demands.

- e. Briefly describe/summarize the Employee Transition Plan (e.g.: Employee benefits, rights, attrition, etc.):

- All employees of Newhall County Water District, Castaic Lake Water Agency and Valencia Water Company became employees of the Agency. Existing years of service and accrued benefits were carried over.
- On January 2, 2018, an employee manual was adopted, which generally provides employees with the benefits provided by Newhall County Water District or Castaic Lake Water Agency, whichever was more generous.
- SCV Water has set a goal to assimilate all employees to a single salary and benefits schedule to ensure equitable pay for similar work.
- Combining entities offers opportunities for staffing economies. These will be achieved through principles of normal attrition, reassignment and absorption where appropriate. No layoffs are anticipated.
- For more detail, see section 4.1 of the Plan of Services.

- f. Would the implementation of SB 634 cause the formation of any new JPAs? If yes, briefly describe:

No

**10. LEGACY DEBT:**

a. Do the predecessor agencies have any existing debt?

Yes       No

If yes, briefly describe:

<b>DEBT</b>	
<u>CLWA</u>	
2008A COPs	\$22,825,000
2014A Revenue Bonds	\$11,455,000
1999 COPs	\$63,355,635
2010A COPs	\$54,315,000
2015A Revenue Bonds	\$61,460,000
2016A-R Revenue Bonds	\$25,730,000
2016A-N Revenue Bonds	\$30,665,000
Subtotal	<u>\$269,805,635</u>
<u>SCWD</u>	
2017A Revenue Bonds	\$50,745,000
Subtotal	<u>\$50,745,000</u>
<u>NCWD</u>	
2009 (2016) Municipal Leasing Assoc	\$496,185
2007 (2012) Municipal Leasing Assoc	\$2,846,150
2012 Municipal Finance Corp	\$631,063
Subtotal	<u>\$3,973,398</u>
<u>VWC</u>	
Modern Woodmen Note Payable **	\$24,000,000
Advances for Construction	\$8,209,000
Subtotal	<u>\$32,209,000</u>
<b>Total Debt</b>	<b><u>\$356,733,033</u></b>
** Refinanced in January 2018 through 2018A series taxable revenue bonds	

b. Will the new Agency area be liable for payment of this existing debt?

Yes       No

c. Will existing debt be extended to the entire affected area?

Yes       No

Briefly describe:

As provided in SB 634, each retail financial accounting division will be responsible for its own legacy debt.

d. Will new debt be required?

Yes       No

If yes, briefly describe:

As stated above, Valencia Water Company's debt was refinanced in January 2018 with 2018A series taxable revenue bonds. Pursuant to an inter-fund loan, this debt remains the responsibility of the Valencia Water Division.

**11. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) Compliance:**

a. Check one:

- Categorical Exemption / Statutory Exemption  
 CEQA Guideline Section: 15061(b)(3)—common sense exemption
- Negative Declaration (ND)
- Mitigated Negative Declaration (MND)
- Environmental Impact Report (EIR)
- Other—Explain:

- Not a project under CEQA because the Agency was created by the legislature. CEQA Guidelines §15378(b)(1).
- Not a project because neither the Agency nor LAFCO are committed to any actions that may result in a direct or reasonably foreseeable indirect impact to the physical environment.
- The legislature intended that the Application for Conditions not be subject to CEQA review.
- The Application for Conditions is a ministerial action. CEQA Guidelines §15369.

- b. Identify the Lead Agency which adopted a CEQA clearance for the proposal: Santa Clarita Valley Water Agency
- c. Date Lead Agency adopted the CEQA clearance for the proposal: January 29, 2018
- d. Submit complete copies of CEQA compliance documents.
- e. Submit complete copies of any Notice of Exemption (NOE) or Notice of Determination (NOD).



## **INDEMNIFICATION / LEGAL DEFENSE**

As a condition to the Local Agency Formation Commission for the County of Los Angeles' (LAFCO's) evaluation of the Applicant's proposal, the Santa Clarita Valley Water Agency and hereby warrants, represents, and agrees to defend, indemnify, hold harmless LAFCO and its agents, officers, commissioners, and employees from any claim, action, or proceeding against LAFCO or its agents, officers, commissioners, and employees, relating to or arising out of LAFCO's evaluation or processing of the proposal, including, but not limited to, any action to attack, set aside, void, annul, enjoin, or compel LAFCO's approval, disapproval, evaluation, or processing of the proposal, which indemnification obligation includes, but is not limited to, Applicant being required to pay for any costs and reasonable attorneys' fees incurred or anticipated to be incurred by LAFCO in connection with any such action. This indemnification obligation shall not include intentional or willful misconduct on the part of LAFCO, but shall include passive and/or concurrent active negligence by LAFCO. Applicant agrees that LAFCO has the right to appoint its own counsel for its defense and conduct its own defense in the manner it deems in its best interest, and that such actions will not relieve or limit Applicant's obligation to indemnify and reimburse defense costs. At the discretion of the Executive Officer, a deposit or deposits of funds by the Applicant may be required in an amount or amounts sufficient to cover any anticipated or incurred litigation costs.

## **PROPOSAL CERTIFICATION**


By my signature below, I hereby certify my understanding that:

- I/We are authorized to make these certifications and file this application for conditions with LAFCO on behalf the special district, and/or other party filing said application for conditions, and I/we will provide written evidence of same to LAFCO upon request.
- It is the responsibility of the Applicant to substantiate this application for conditions.
- There is no guarantee, expressed or implied, that any application filed will be approved by LAFCO.
- Each matter must be carefully evaluated by LAFCO staff.
- LAFCO staff's recommendations may change during the course of the review based on the information presented.
- The environmental review (pursuant to the California Environmental Quality Act) associated with the submittal of this application is preliminary, and, after further evaluation, additional information, reports, studies, applications, and/or fees may be required.
- The required map and geographic description must conform to the "Instructions of Completing Maps and Geographic Descriptions," to the satisfaction of the Executive Officer.
- Submitting inaccurate or incomplete information may result in delays or denial of my application.
- The information I have provided in this application for conditions, including all attachments and supplemental information provided, is accurate and correct to the best of my knowledge, subject to penalty of perjury.
- This application for conditions will be scheduled for consideration by the Commission (LAFCO) within 60 days from the time all required documents are provided, to the satisfaction of the Executive Officer. These documents include:

- A copy of the SB634 Act
  - Map and Geographic Description of the Agency
  - A plan of services pursuant to GCS 56653
  - A list identifying the functions of the Agency and/or class of services.
  - Resolution of Application for conditions adopted by the Santa Clarita Valley Water Agency.
  - Environmental review (pursuant to CEQA) adopted by the Santa Clarita Valley Water Agency.
  - Any additional information as determined by the Executive Officer.
- I/We have reviewed and agree to the Indemnification/Legal Defense terms, above.

I have read and understand the foregoing, and agree to the submittal of this Proposal.

APPLICANT, SCVWA General Manager

  
\_\_\_\_\_  
Signature/Date

Matthew G. Stone  
\_\_\_\_\_  
Name of Applicant

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**EXHIBIT "A"**  
**CONDITIONS NO. 2018-01 FOR THE**  
**SANTA CLARITA VALLEY WATER AGENCY**  
**AND SPHERE OF INFLUENCE DETERMINATION**  
**GEOGRAPHICAL DESCRIPTION**

All that real property in the County of Los Angeles and the County of Ventura, State of California, more particularly described as follows:

Beginning at the intersection of the northerly line of the Rancho San Francisco as per map recorded in Book 1, Pages 521 and 522 of Patents in the Office of the County Recorder of Los Angeles County, and the boundary line of the County of Los Angeles and County of Ventura, as shown on Record of Survey, filed in Book 27, Pages 22 through 26, inclusive of Record of Surveys, in the Office of said County Recorder, and shown on Parcel Map No. 24500-01 filed in Book 293, Pages 34 through 67, inclusive of Parcel Maps, in the Office of said County Recorder;

1. Thence, easterly along said northerly line of said Rancho San Francisco, as shown on said Parcel Map No. 24500-01, North 87°31'59" East 14,702.08 feet to an angle point therein, as shown on said Parcel Map No. 24500-01;
2. Thence, northeasterly along the northwesterly line of the Rancho San Francisco, North 33°22'49" East 499.99 feet to the intersection with the south line of Section 15, Township 4 North, Range 17 West, San Bernardino Meridian;
3. Thence, westerly along said south line, South 89°18'10" West 2,473.26 feet to the southwest corner of said Section 15;
4. Thence, northerly along the east line of the southeast quarter of Section 16, Township 4 North, Range 17 West, San Bernardino Meridian, as shown on said Parcel Map No. 24500-01, North 00°57'05" East 2,607.39 feet to the east quarter corner of said Section 16;
5. Thence, westerly along the south line of the northeast quarter of said Section 16, as shown on said Parcel Map No. 24500-01, North 88°57'23" West 2,639.96 feet to the southwest corner of said northeast quarter;
6. Thence, northerly along the west line of said northeast quarter, as shown on said Parcel Map No. 24500-01, North 00°57'42" East 2,604.21 feet to the northwest corner of said northeast quarter of Section 16;
7. Thence, westerly along the north line of the northwest quarter of said Section 16, as shown on said Parcel Map No. 24500-01, North 89°01'55" West 2,637.10 feet to the southwest corner of Section 9 of said Township and Range;
8. Thence, northerly along the west line of said Section 9, as shown on County Surveyor's Book 325-2 in the Office of said County Recorder, North 00°31'35" East 1,325.21 feet to the northwest corner of the southwest quarter of the southwest quarter of said Section 9;
9. Thence, westerly along the north line of the south half of the southeast quarter of Section 8, said Township and Range and along the north line of the south half of the southwest quarter of said Section 8 as shown on County Surveyor's Book 1092-1 in the Office of said County Recorder, North 89°13'48" West 5,302.24 feet to the northwest corner of said south half of the southwest quarter of Section 8;

10. Thence, westerly along the north line of the southeast quarter of the southeast quarter of Section 7, said Township and Range, as shown on map filed in Book 109, Page 1 of Record of Surveys in the Office of said County Recorder, North  $89^{\circ}10'32''$  West 1,337.74 feet to the northwest corner of said southeast quarter of the southeast quarter of Section 7;
11. Thence, northerly along the west line of the northeast quarter of the southeast quarter of said Section 7 and along the west line of the southeast quarter of the northeast quarter of said Section 7 and along the west line of the northeast quarter of the northeast quarter of said Section 7, North  $00^{\circ}04'09''$  East 3,948.92 feet to the northwest corner of said northeast quarter of the northeast quarter of Section 7, as shown on last said Record of Survey;
12. Thence, northerly along the west line of the southeast quarter of the southeast quarter of Section 6, said Township and Range, as shown on map filed in Book 117, Page 62 of Record of Surveys in the Office of said County Recorder, and along the west line of the northeast quarter of the southeast quarter of said Section 6 and along the west line of the southeast quarter of the northeast quarter of said Section 6, North  $01^{\circ}04'41''$  West 3,922.37 feet to the northwest corner of said southeast quarter of the northeast quarter of Section 6;
13. Thence, easterly along the north line of said southeast quarter of the northeast quarter of Section 6, South  $88^{\circ}36'29''$  East 1,278.37 feet to the northeast corner of said southeast quarter of the northeast quarter of Section 6;
14. Thence, south along the east line of the northeast quarter of said Section 6, South  $01^{\circ}48'19''$  East 4.38 feet to the southwest corner of Government Lot 4, Section 5, said Township and Range, as shown on map filed in Book 200, Page 52 of Record of Surveys, in the Office of said County Recorder;
15. Thence, east along the south line of said Government Lot 4, Section 5, as shown on last said Record of Survey, South  $89^{\circ}05'13''$  East 1,280.44 feet to the southeast corner of said Government Lot 4, Section 5;
16. Thence, north along the east line of said Government Lot 4, Section 5, North  $02^{\circ}37'28''$  West 1,311.35 feet to the northeast corner of said Government Lot 4, Section 5, as shown on last said Record of Survey;
17. Thence, east along the north line of Government Lot 3, said Section 5, as shown on last said Record of Survey, South  $88^{\circ}44'43''$  East 1,262.05 feet to the north quarter corner of said Section 5;
18. Thence, northerly along the west line of the southeast quarter of Section 32, Township 5 North, Range 17 West, San Bernardino Meridian, as shown on County Surveyor's Book 1226 in the Office of said County Recorder, and along the west line of the northeast quarter of said Section 32, North  $00^{\circ}44'34''$  East 5,274.10 feet to the northwest corner of said northeast quarter of Section 32;
19. Thence, northerly along the west line of the southeast quarter of Section 29, said Township and Range, as shown on last said County Surveyor's Book, and along the west line of the northeast quarter of said Section 29, North  $01^{\circ}58'35''$  West 3,990.59 feet to the northwest corner of the south half of the northeast quarter of said Section 29;
20. Thence, east along the north line of said south half of the northeast quarter of Section 29, South  $89^{\circ}25'19''$  East 2,609.33 feet to the northeast corner of said south half of the northeast

quarter of Section 29;

21. Thence, north along the east line of the northeast quarter of said Section 29, as shown on last said County Surveyor's Book, North  $00^{\circ}42'08''$  West 1,341.15 feet to the northeast corner of said Section 29;

22. Thence, east along the north line of the northwest quarter of Section 28, said Township and Range, as shown on last said County Surveyor's Book, South  $89^{\circ}37'28''$  East 2,644.62 feet to the southeast corner of the southwest quarter of Section 21, said Township and Range, as shown on last said County Surveyor's Book;

23. Thence, north along the east line of said southwest quarter of Section 21, North  $00^{\circ}54'42''$  West 2,678.95 feet to the northeast corner of said southwest quarter of Section 21;

24. Thence, easterly along the south line of the northeast quarter of said Section 21, South  $89^{\circ}32'59''$  East 1,311.01 feet to the southwest corner of the east half of the northeast quarter of said Section 21;

25. Thence, northerly along the west line of the east half of the northeast quarter of said Section 21, North  $00^{\circ}45'26''$  West 2,649.42 feet to the northwest corner of said east half;

26. Thence, westerly along the north line of said Section 21, North  $89^{\circ}49'28''$  West 1,996.63 feet to the most westerly corner of Government Lot 5 in Fractional Section 16, said Township and Range;

27. Thence, northeasterly along the northwesterly lines of Government Lots 5, 4 and 3, all of said Fractional Section 16, North  $44^{\circ}49'14''$  East 4,045.12 feet to an angle point in the westerly line of said Government Lot 3, said point being an angle point in the easterly line of Rancho Temascal, as shown on last said County Surveyor's Book;

28. Thence, northwesterly along the northeasterly line of said Rancho Temascal, as shown on last said County Surveyor's Book, North  $32^{\circ}08'54''$  West 9,189.70 feet to the northerly line of Fractional Section 9, said Township and Range;

29. Thence, easterly along said north line of Fractional Section 9, as shown on last mentioned County Surveyor's Book, South  $89^{\circ}33'57''$  East 2,913.53 feet to the south quarter corner of Section 4, said Township and Range;

30. Thence, northerly along the east line of the southwest quarter of said Section 4, and along the east line of the northwest quarter of said Section 4, as shown on last mentioned County Surveyor's Book, North  $00^{\circ}03'20''$  West 6,964.53 feet to the north quarter corner of said Section 4;

31. Thence, easterly along the south line of the southeast corner of Section 34, Township 6 North, Range 17 West, San Bernardino Meridian, as shown on last said County Surveyor's Book, South  $89^{\circ}27'07''$  East 2,642.28 feet to the southeast corner of said Section 34;

32. Thence, northerly along the east line of said Section 34, as shown on map filed in Book 183, Page 64 of Record of Surveys, in the Office of said County Recorder, North  $00^{\circ}24'53''$  East 5,356.52 feet to the northeast corner of said Section 34;

33. Thence, westerly along the north line of said Section 34, as shown on Parcel Map No. 11280 filed in Book 120, Pages 62 and 63 of Parcel Maps in the Office of said County Recorder, North  $89^{\circ}25'32''$  West 5,331.60 feet to the northwest corner of said Section 34;

34. Thence, northerly along the west line of the southwest quarter of Section 27, said Township and Range, North 00°35'48" East 2,678.80 feet to the northwest corner of said southwest quarter;
35. Thence, westerly along the south line of the northeast quarter of Section 28, said Township and Range, North 88°15'41" West 646.32 feet to the northeast corner of the west half of the east half of the southeast quarter of said Section 28;
36. Thence, southerly along the east line of the west half of the east half of the southeast quarter of said Section 28, South 01°00'58" West 2,664.83 feet to the southeast corner of the west half of the east half of the southeast quarter of said Section 28;
37. Thence, westerly along the south line of the southeast quarter of said Section 28, North 87°05'16" West 666.24 feet to the northwest corner of the northeast quarter of the northeast quarter of Section 33, said Township and Range;
38. Thence, southerly along the west line of the northeast quarter of the northeast quarter of said Section 33, South 00°25'14" West 1,352.87 feet to the southwest corner of the northeast quarter of the northeast quarter of said Section 33;
39. Thence, westerly along the south line of the northwest quarter of the northeast quarter of said Section 33, North 87°40'32" West 654.57 feet to the northeast corner of the northwest quarter of the southwest quarter of the northeast quarter of said Section 33;
40. Thence, southerly along the east line of the northwest quarter of the southwest quarter of the northeast quarter of said Section 33, South 00°03'36" East 680.36 feet to the southeast corner of the northwest quarter of the southwest quarter of the northeast quarter of said Section 33;
41. Thence, westerly along the south line of the northwest quarter of the southwest quarter of the northeast quarter of said Section 33, North 87°57'07" West 648.78 feet to the southwest corner of the northwest quarter of the southwest quarter of the northeast quarter of said Section 33;
42. Thence, northerly along the west line of the northeast quarter of said Section 33, North 00°32'06" West 2,051.25 feet to the northwest corner of the northeast quarter of said Section 33;
43. Thence, easterly along the north line of the northeast quarter of said Section 33, South 87°05'16" East 666.24 feet to the southwest corner of the southeast quarter of the southwest quarter of the southeast quarter of said Section 28;
44. Thence, northerly along the west line of the east half of the southwest quarter of the southeast quarter of said Section 28, North 01°08'39" East 1,318.65 feet to the northwest corner of the east half of the southwest quarter of the southeast quarter of said Section 28;
45. Thence, easterly along the north line of the east half of the southwest quarter of the southeast quarter of said Section 28, South 87°40'23" East 672.91 feet to the northeast corner of the east half of the southwest quarter of the southeast quarter of said Section 28;
46. Thence, northerly along the east line of the northwest quarter of the southeast quarter of said Section 28, North 01°26'24" East 1,325.68 feet to the northeast corner of the northwest quarter of the southeast quarter of said Section 28;



47. Thence, northerly along the west line of the southwest quarter of the southeast quarter of the northeast quarter of said Section 28, North 00°00'00" East 663.14 feet to the northwest corner of the southwest quarter of the southeast quarter of the northeast quarter of said Section 28;
48. Thence, easterly along the north line of the southwest quarter of the southeast quarter of the northeast quarter of said Section 28, South 88°33'30" East 649.71 feet to the northeast corner of the southwest quarter of the southeast quarter of the northeast quarter of said Section 28;
49. Thence, northerly along the west line of the northeast quarter of the southeast quarter of the northeast quarter of said Section 28 and along the west line of the southeast quarter of the northeast quarter of the northeast quarter of said Section 28, North 00°17'59" East 1,332.73 feet to the northwest corner of the southeast quarter of the northeast quarter of the northeast quarter of said Section 28;
50. Thence, easterly along the north line of the southeast quarter of the northeast quarter of the northeast quarter of said Section 28, South 89°09'03" East 656.55 feet to a point in the east line of the northeast quarter of said Section 28;
51. Thence, northerly along the east line of the northeast quarter of said Section 28, North 00°35'48" East 669.70 feet to the northeast corner of said Section 28;
52. Thence, northerly along the west line of Section 22, said Township and Range, North 00°12'00" East 5,195.73 feet to the northwest corner of said Section 22;
53. Thence, northerly along the west line of Section 15, said Township and Range, North 00°00'00" East 2,640.00 feet to the northwest corner of the southwest quarter of said Section 15;
54. Thence, easterly along the south line of the north half of said Section 15, North 90°00'00" East 5,280.00 feet to the east quarter corner of said Section 15;
55. Thence, southerly along the east line of said Section 15, South 00°00'00" West 2,640.00 feet to the southeast corner of said Section 15;
56. Thence, southerly along the west line of Section 23, said Township and Range, South 00°00'00" West 2,640.00 feet to the west quarter corner of said Section 23;
57. Thence, easterly along the north line of the southwest quarter of said Section 23, North 90°00'00" East 660.00 feet to the northeast corner of the west half of the northwest quarter of the southwest quarter of said Section 23;
58. Thence, southerly along the east line of said west half of the northwest quarter of the southwest quarter of said Section 23, South 00°00'00" West 1,320.00 feet to the southeast corner of said west half;
59. Thence, easterly along the north line of the southwest quarter of the southwest quarter of said Section 23, North 90°00'00" East 660.00 feet to the northeast corner of said southwest quarter of the southwest quarter of Section 23;
60. Thence, southerly along the east line of said southwest quarter of the southwest quarter of Section 23, South 00°00'00" West 660.00 feet to the northwest corner of the southwest quarter of the southeast quarter of the southwest quarter of said Section 23;



61. Thence, easterly along the north line of said southwest quarter of the southeast quarter of the southwest quarter of Section 23, North 90°00'00" East 660.00 feet to the northeast corner of said southwest quarter of the southeast quarter of the southwest quarter;
62. Thence, southerly along the east line of said southwest quarter of the southeast quarter of the southwest quarter of Section 23, South 00°00'00" West 663.73 feet to the southeast corner of said southwest quarter of the southeast quarter of the southwest quarter of Section 23;
63. Thence, easterly along the south line of said Section 23, South 89°03'55" East 630.08 feet to the south quarter corner of said Section 23, as shown on County Surveyor's Book 1606 in the Office of said County Recorder;
64. Thence, easterly along the south line of the southeast quarter of said Section 23, as shown on last said County Surveyor's Book, South 89°03'55" East 2,723.76 feet to the southeast corner of said Section 23;
65. Thence, southerly along the west line of the northwest quarter of Section 25, said Township and Range, as shown on last said County Surveyor's Book, South 00°25'25" West 2,701.66 feet to the southwest corner of said northwest quarter of Section 25;
66. Thence, easterly along the north line of the southwest quarter of said Section 25, as shown on last said County Surveyor's Book, South 89°15'25" East 2,627.25 feet to the northeast corner of said southwest quarter of Section 25;
67. Thence, southerly along the west line of the northwest quarter of the southeast quarter of said Section 25, as shown on last said County Surveyor's Book, South 00°25'25" West 1,318.48 feet to the southwest corner of said northwest quarter of the southeast quarter;
68. Thence, easterly along the south line of the northwest quarter of the southeast quarter of said Section 25, South 89°15'27" East 1,303.11 feet to the southeast corner of said northwest quarter of the southeast quarter of Section 25;
69. Thence, southerly along the east line of the southwest quarter of the southeast quarter of said Section 25, South 00°02'00" East 1,318.57 feet to the southeast corner of said southwest quarter of the southeast quarter of Section 25;
70. Thence, easterly along the south line of the southeast quarter of said Section 25, as shown on last said County Surveyor's Book, South 89°15'29" East 1,313.62 feet to the southeast corner of said Section 25;
71. Thence, southerly along the east line of the northeast quarter of Section 36, said Township and Range, as shown on last said County Surveyor's Book, South 00°29'25" East 49.97 feet to the northwest corner of Section 31, Township 6 North, Range 16 West, San Bernardino Meridian;
72. Thence, easterly along the north line of the northwest quarter of Section 31, said Township and Range, as shown on last said County Surveyor's Book, South 89°36'20" East 2,593.60 feet to the north quarter corner of said Section 31;
73. Thence, easterly along the north line of the northeast quarter of said Section 31, as shown on last said County Surveyor's Book, South 89°40'25" East 2,640.30 feet to the northeast corner of said

Section 31;

74. Thence, southerly along the east line of said northeast quarter of Section 31, as shown on last said County Surveyor's Book, South  $00^{\circ}19'45''$  West 2,650.07 feet to the east quarter corner of said Section 31;

75. Thence, southerly along the east line of the southeast quarter of said Section 31, as shown on last said County Surveyor's Book, South  $00^{\circ}20'30''$  West 2,618.63 feet to the southeast corner of said Section 31;

76. Thence, easterly along the south line of Section 32, said Township and Range, North  $90^{\circ}00'00''$  East 5,280.00 feet to the southeast corner of said Section 32;

77. Thence, northerly along the northerly prolongation of the east line of Section 6, Township 5 North, Range 16 West, San Bernardino Meridian, North  $00^{\circ}20'11''$  East 5,238.63 feet to a point in the easterly prolongation of the north line of said Section 31;

78. Thence, easterly along last said easterly prolongation of the north line of Section 31, South  $89^{\circ}40'25''$  East 10,560.00 feet to a point in the northerly prolongation of the east line of Section 4, last said Township and Range;

79. Thence, southerly along last said northerly prolongation of the east line of Section 4, South  $00^{\circ}00'00''$  East 5,178.40 feet to the northeast corner of said Section 4;

80. Thence, westerly along the north line of said Section 4, North  $90^{\circ}00'00''$  West 2,850.79 feet to the north quarter corner of said Section 4;

81. Thence, southerly along the east line of the west half of said Section 4, South  $00^{\circ}00'00''$  West 7,005.91 feet to the south quarter corner of said Section 4;

82. Thence, southerly along the east line of the northwest quarter of Section 9, said Township and Range, South  $00^{\circ}00'00''$  West 2,640.00 feet to the southeast corner of said northwest quarter of Section 9;

83. Thence, westerly along the south line of said northwest quarter of Section 9, North  $90^{\circ}00'00''$  West 2,640.00 feet to the southwest corner of said northwest quarter of Section 9;

84. Thence, southerly along the east line of the southeast quarter of Section 8, said Township and Range, South  $00^{\circ}00'00''$  West 2,640.00 feet to the southeast corner of Section 8;

85. Thence, southerly along the east line of the northeast quarter of Section 17, said Township and Range, South  $00^{\circ}00'00''$  West 2,640.00 feet to the southeast corner of said northeast quarter of Section 17;

86. Thence, westerly along the south line of said northeast quarter of Section 17 and along the south line of the northwest quarter of said Section 17, North  $90^{\circ}00'00''$  West 5,280.00 feet to the southwest corner of said northwest quarter of Section 17;

87. Thence, southerly along the east line of the southeast quarter of Section 18, said Township and Range, South  $00^{\circ}06'34''$  East 2,640.00 feet to the southeast corner of Section 18;

88. Thence, southerly along the east line of the northeast quarter of Section 19, said Township and Range, as shown on Parcel Map No. 6252 recorded in Book 68, Pages 55 through 57, inclusive of Parcel Maps, in the Office of said County Recorder, South 01°50'59" West 2,663.97 feet to the southeast corner of said northeast quarter of Section 19;

89. Thence, westerly along the south line of said northeast quarter of Section 19, as shown on last said Parcel Map, North 89°43'15" West 2,585.94 feet to the southwest corner of said northeast quarter of Section 19;

90. Thence, southerly along the east line of the southwest quarter of said Section 19, as shown on last said Parcel Map, South 01°26'05" West 2,657.32 feet to the southeast corner of said southwest quarter of Section 19;

91. Thence, southerly along the east line of the northwest quarter of Section 30, said Township and Range, South 00°48'57" East 2,650.49 feet to the southeast corner of said northwest quarter of Section 30;

92. Thence, westerly along the south line of said northwest quarter of Section 30, North 89°37'43" West 1,294.45 feet to the northwest corner of the northeast quarter of the southwest quarter of said Section 30;

93. Thence, southerly along the west line of said northeast quarter of the southwest quarter of Section 30, South 00°28'51" East 2,638.99 feet to the southwest corner of the southeast quarter of said southwest quarter of Section 30;

94. Thence, easterly along the north line of the northwest quarter of Section 31, said Township and Range, North 89°48'09" East 1,308.67 feet to the north quarter corner of said Section 31;

95. Thence, easterly along the north line of the northeast quarter of said Section 31, South 89°33'36" East 2,633.40 feet to the northeast corner of said Section 31;

96. Thence, easterly along the north line of Section 32, said Township and Range, South 89°13'01" East 5,285.73 feet to the northeast corner of said Section 32;

97. Thence, easterly along the north line of Section 33, said Township and Range, South 89°30'06" East 5,291.01 feet to the northeast corner of said Section 33;

98. Thence, easterly along the south line of the southwest quarter of Section 27, said Township and Range, as shown on map filed in Book 112, Page 52 of Record of Surveys in the Office of said County Recorder, South 89°34'49" East 2,663.10 feet to the south quarter corner of said Section 27;

99. Thence, easterly along the south line of the southeast quarter of said Section 27, as shown on last said Record of Survey, South 89°45'44" East 2,684.52 feet to the southeast corner of said Section 27;

100. Thence, easterly along the north line of the northwest quarter of Section 35, said Township and Range, as shown on map filed in Book 93, Pages 82 through 84, inclusive of Record of Surveys, in the Office of said County Recorder, South 89°30'29" East 2,654.04 feet to the north quarter corner of said Section 35;

101. Thence, easterly along the north line of the northeast quarter of said Section 35, as shown on last said Record of Survey, South 89°30'29" East 2,653.99 feet to the northeast corner of said Section 35;

102. Thence, easterly along the north line of the northwest quarter of Section 36, said Township and Range, as shown on map filed in Book 103, Page 72 of Record of Surveys in the Office of said County Recorder, South 89°33'56" East 2,658.91 feet to the north quarter corner of said Section 36;

103. Thence, easterly along the north line of the northeast quarter of said Section 36, as shown on last said Record of Survey, South 89°35'00" East 2,681.22 feet to the northeast corner of said Section 36;

104. Thence, easterly along the north line of Section 31, Township 5 North, Range 15 West, San Bernardino Meridian, as shown on Parcel Map No. 14813 filed in Book 166, Pages 31 and 32 of Parcel Maps in the Office of said County Recorder, South 88°17'31" East 5,207.22 feet to the northeast corner of said Section 31;

105. Thence, easterly along the north line of the northwest quarter of Section 32, said Township and Range, as shown on map of Tract No. 30562 filed in Book 1136, Pages 37 through 42, inclusive of Maps, in the Office of said County Recorder, South 89°00'14" East 2,656.93 feet to the north quarter corner of said Section 32;

106. Thence, northerly along the west line of the southeast quarter of Section 29, said Township and Range, as shown on County Surveyor's Book 900-1 in the Office of said County Recorder, North 00°36'47" East 2,661.12 feet to the center of said Section 29;

107. Thence, easterly along the north line of said southeast quarter of Section 29, as shown on last said County Surveyor's Book, South 88°48'46" East 2,653.05 feet to the east quarter corner of said Section 29;

108. Thence, northerly along the east line of the northeast quarter of said Section 29, as shown on last said County Surveyor's Book, North 00°49'50" East 2,677.52 feet to the northeast corner of said Section 29;

109. Thence, easterly along the north line of the northwest quarter of Section 28, said Township and Range, as shown on map filed in Book 101, Page 28 of Record of Surveys in the Office of said County Recorder, South 89°55'22" East 2,669.72 feet to the north quarter corner of said Section 28;

110. Thence, easterly along the north line of the northeast quarter of said Section 28, as shown on last said Record of Survey, South 88°15'31" East 2,634.76 feet to the northeast corner of said Section 28;

111. Thence, easterly along the north line of the northwest quarter of Section 27, said Township and Range, as shown on last said County Surveyor's Book, South 88°20'05" East 2,682.32 feet to the north quarter corner of said Section 27;

112. Thence, southerly along the east line of the west half of said Section 27, as shown on last said County Surveyor's Book, South 00°01'05" West 5,188.32 feet to the south quarter corner of said Section 27;

113. Thence, easterly along the north line of the northeast quarter of Section 34, said Township and Range, as shown on last said County Surveyor's Book, North 87°12'35" East 2,687.85 feet to the northeast corner of said Section 34;

114. Thence, easterly along the southerly boundary of the Angeles National Forest, as shown on last said County Surveyor's Book, South  $89^{\circ}44'00''$  East 3,117.11 feet to an angle point in said southerly boundary;
115. Thence, continuing easterly along said southerly boundary of the Angeles National Forest, as shown on last said County Surveyor's Book, South  $89^{\circ}21'50''$  East 2,176.77 feet to the northeast corner of Section 35, said Township and Range;
116. Thence, easterly along the north line of Section 36, said Township and Range, as shown on last said County Surveyor's Book, North  $89^{\circ}44'50''$  East 5,244.39 feet to the northeast corner of said Section 36;
117. Thence, easterly along the north line of the northwest quarter of Section 31, Township 5 North, Range 14 West, San Bernardino Meridian, as shown on last said County Surveyor's Book, South  $89^{\circ}26'25''$  East 2,643.00 feet to the north quarter corner of said Section 31;
118. Thence, easterly along the north line of the northeast quarter of said Section 31, as shown on last said County Surveyor's Book, South  $89^{\circ}13'45''$  East 1,368.59 feet to the northeast corner of the west half of the northeast quarter of said Section 31;
119. Thence, southerly along the east line of said west half of the northeast quarter of Section 31 and along the east line of the west half of the southeast quarter of said Section 31, South  $00^{\circ}55'38''$  West 5,035.97 feet to the southeast corner of said west half of the southeast quarter of Section 31;
120. Thence, easterly along the south line of the east half of the southeast quarter of said Section 31, as shown on last said County Surveyor's Book, South  $89^{\circ}22'40''$  East 1,330.36 feet to the southeast corner of said Section 31;
121. Thence, easterly along the north line of the northwest quarter of Section 5, Township 4 North, Range 14 West, San Bernardino Meridian, as shown on map filed in Book 147, Page 57 of Record of Surveys in the Office of said County Recorder, South  $89^{\circ}14'31''$  East 2,683.80 feet to an angle point in said north line;
122. Thence, continuing easterly along said north line, as shown on last said Record of Survey, South  $89^{\circ}25'01''$  East 197.98 feet to the north quarter corner of said Section 5;
123. Thence, southerly along the east line of the northwest quarter of said Section 5, as shown on map filed in Book 198, Page 23 of Record of Surveys in the Office of said County Recorder, South  $00^{\circ}00'36''$  West 1,340.19 feet to the southeast corner of the north half of the northwest quarter of said Section 5, as shown on last said Record of Survey;
124. Thence, continuing south along the east line of said northwest quarter, as shown on last said Record of Survey, South  $00^{\circ}00'33''$  East 1,347.87 feet to the center of said Section 5;
125. Thence, southerly along the east line of the southwest quarter of said Section 5, as shown on map filed in Book 98, Page 11 of Record of Surveys and map filed in Book 128, Page 60 of Record of Surveys, both in the Office of said County Recorder, South  $00^{\circ}00'55''$  West 2,659.70 feet to the south quarter corner of said Section 5;
126. Thence, easterly along the north line of the northeast quarter of Section 8, said Township and

Range, as shown on map filed in Book 118, Page 71 of Record of Surveys in the Office of said County Recorder, South 89°32'37" East 2,594.32 feet to the northeast corner of said Section 8;

127. Thence, easterly along the north line of the northwest quarter of Section 9, said Township and Range, South 85°14'02" East 2,697.85 feet to the north quarter corner of said Section 9;

128. Thence, southerly along the east line of the west half of said Section 9, as shown on map filed in Book 119, Pages 98 and 99 of Record of Surveys in the Office of said County Recorder, South 02°05'33" East 5,532.64 feet to the south quarter corner of said Section 9;

129. Thence, southerly along the east line of the northwest quarter of Section 16, said Township and Range, as shown on map filed in Book 113, Pages 42 and 43 of Record of Surveys in the Office of said County Recorder, South 01°12'29" East 2,630.10 feet to the center of said Section 16;

130. Thence, westerly along the south line of the northwest quarter of said Section 16, as shown on last said Record of Survey, North 80°42'34" West 2,804.94 feet to the west quarter corner of said Section 16;

131. Thence, westerly along the south line of the north half of Section 17, said Township and Range, as shown on map filed in Book 107, Pages 81 and 82 of Record of Surveys in the Office of said County Recorder, South 89°57'49" West 5,551.82 feet to the west quarter corner of said Section 17;

132. Thence, southerly along the west line of the southwest quarter of said Section 17, as shown on last said Record of Survey, South 14°07'13" East 2,725.64 feet to the southeast corner of Section 18, said Township and Range;

133. Thence, westerly along the south line of the southeast quarter of said Section 18, as shown on map filed in Book 94, Page 49 of Record of Surveys in the Office of said County Recorder, North 89°13'24" West 2,611.79 feet to the north quarter corner of Section 19, said Township and Range;

134. Thence, southerly along the east line of the west half of Section 19, said Township and Range, as shown on map filed in Book 101, Page 31 of Record of Surveys in the Office of said County Recorder, South 09°38'05" West 5,399.26 feet to the south quarter corner of said Section 19;

135. Thence, westerly along the south line of the southwest quarter of said Section 19, as shown on last said Record of Survey, North 88°41'51" West 2,834.91 feet to the southwest corner of said Section 19;

136. Thence, southerly along the east line of Section 25, Township 4 North, Range 15 West, San Bernardino Meridian, as shown on Amending Map of Tract No. 52004 filed in Book 1253, Pages 16 through 34, inclusive of Maps, in the Office of said County Recorder, South 00°42'37" West 2,712.43 feet to the east quarter corner of said Section 25;

137. Thence, southerly along the east line of the southeast quarter of said Section 25, as shown on last said map, South 00°54'58" West 2,697.48 feet to the southeast corner of said Section 25;

138. Thence, southerly along the east line of the northeast quarter of Section 36, said Township and Range, as shown on map filed in Book 149, Pages 68 and 69 of Record of Surveys in the Office of said



County Recorder, South 00°28'04" West 2,654.48 feet to the east quarter corner of said Section 36;

139. Thence, southerly along the east line of the southeast quarter of said Section 36, as shown on last said Record of Survey, South 01°17'29" West 1,942.06 feet to the southeast corner of said Section 36;

140. Thence, southerly along the east line of Section 1, Township 3 North, Range 15 West, San Bernardino Meridian, as shown on map filed in Book 35, Page 16 of Record of Surveys in the Office of said County Recorder, South 00°02'03" West 2,495.93 feet to an angle point in said east line;

141. Thence, continuing southerly along said east line of Section 1, as shown on last said Record of Survey, South 00°56'03" West 2,990.96 feet to the southeast corner of said Section 1;

142. Thence, westerly along the south line of said Section 1, as shown on last said Record of Survey, North 89°11'12" West 4,550.45 feet to the southwest corner of said Section 1;

143. Thence, westerly along the south line of Section 2, said Township and Range, as shown on map filed in Book 91, Pages 3 and 4 of Record of Surveys in the Office of said County Recorder, North 88°58'34" West 5,393.92 feet to the southwest corner of said Section 2;

144. Thence, westerly along the south line of Section 3, said Township and Range, as shown on map filed in Book 32, Page 2 of Record of Surveys in the Office of said County Recorder, South 89°55'11" West 5,243.12 feet to the southwest corner of said Section 3;

145. Thence, westerly along the south lines of Sections 4 and 5, said Township and Range, as shown on last said Record of Survey, South 89°23'11" West 10,465.56 feet to the southwest corner of said Section 5;

146. Thence, southerly along the east line of Section 7, said Township and Range, as shown on last said Record of Survey, South 00°18'01" West 5,536.61 feet to the southeast corner of said Section 7;

147. Thence, southerly along the east line of Section 18, said Township and Range, as shown on last said Record of Survey, South 01°16'14" East 5,177.40 feet to the southeast corner of said Section 18;

148. Thence, westerly along the south line of Section 18, said Township and Range, as shown on County Surveyor's Book 468-3 in the Office of said County Recorder, North 88°22'39" West 5,309.81 feet to the southwest corner of said Section 18;

149. Thence, southerly along the east line of Section 24, Township 3 North, Range 16 West, San Bernardino Meridian, as shown on map filed in Book 146, Page 13 of Record of Surveys in the Office of said County Recorder, South 01°16'26" West 606.18 feet to a point in the northerly line of the boundary of the City of Los Angeles;

150. Thence, northwesterly along said City of Los Angeles boundary, as shown on last said Record of Survey, North 53°44'22" West 532.45 feet to the northerly corner of said boundary of the City of Los Angeles;

151. Thence, southwesterly along said City boundary, as shown on last said Record of Survey, South 48°01'14" West 1,248.31 feet to its westerly intersection with the southerly line of the north half of the north half of said Section 24;

152. Thence, westerly along the south line of the north half of the north half of said Section 24, North 89°40'04" West 4,548.99 feet to the southwest corner of the northwest quarter of the northwest quarter of said Section 24;

153. Thence, northerly along the west line of the north half of the north half of said Section 24, North 01°29'14" East 1,376.03 feet to the northwest corner of said Section 24;

154. Thence, westerly along the south line of the southeast quarter of Section 14, Township 3 North, Range 16 West, San Bernardino Meridian, as shown on County Surveyor's Book 5390 in the Office of said County Recorder, North 89°10'54" West 2,659.82 feet to the south quarter corner of Section 14;

155. Thence, northerly along the west line of the southeast quarter of said Section 14, as shown on last said County Surveyor's Book, North 00°01'00" East 1,259.57 feet to the northeast corner of the southeast quarter of the southwest quarter of said Section 14;

156. Thence, westerly along the north line of the south half of the southwest quarter of said Section 14, South 89°20'02" West 2,709.51 feet to the northwest corner of the south half of the southwest quarter of said Section 14;

157. Thence, northerly along the west line of the southwest quarter of said Section 14, as shown on last said County Surveyor's Book, North 02°21'45" West 1,191.23 feet to the west quarter corner of said Section 14;

158. Thence, westerly along the north line of the northeast quarter of the southeast quarter of Section 15, said Township and Range, as shown on map filed in Book 95, Page 82 of Record of Surveys in the Office of said County Recorder, North 87°48'49" West 1,263.20 feet to the northwest corner of the northeast quarter of the southeast quarter of Section 15;

159. Thence, southerly along the west line of the northeast quarter of the southeast quarter of said Section 15, South 01°01'12" East 1,205.10 feet to the southeast corner of the northwest quarter of the southeast quarter of said Section 15;

160. Thence, westerly along the south line of the northwest quarter of the southeast quarter of said Section 15, North 88°30'44" West 1,290.58 feet to the northwest corner of the southwest quarter of the southeast quarter of said Section 15;

161. Thence, southerly along the east line of the southeast quarter of the southwest quarter of said Section 15, South 00°17'28" West 1,219.61 feet to the south quarter corner of said Section 15;

162. Thence, westerly along the south line of the southeast quarter of the southwest quarter of said Section 15, North 89°05'36" West 1,319.51 feet to the southwest corner of the southeast quarter of the southwest quarter of said Section 15;

163. Thence, northerly along the west line of the east half of the southwest quarter of said Section 15, and along the west line of the east half of the northwest quarter of said Section 15, North 00°24'46" East 5,150.91 feet to the northwest corner of the east half of the northwest quarter of



said Section 15;

164. Thence, westerly along the north line of said Section 15, as shown on last said County Surveyor's Book, North  $89^{\circ}26'16''$  West 1,320.00 feet to the northwest corner of said Section 15;

165. Thence, westerly along the south line of Section 9, said Township and Range, as shown on last said County Surveyor's Book, North  $89^{\circ}28'27''$  West 5,381.87 feet to the southwest corner of said Section 9;

166. Thence, northerly along the west line of the southwest quarter of said Section 9, as shown on last mentioned County Surveyor's Book, North  $00^{\circ}00'22''$  West 2,664.04 feet to the west quarter corner of said Section 9;

167. Thence, northerly along the west line of the northwest quarter of said Section 9, as shown on last said County Surveyor's Book, North  $03^{\circ}17'51''$  East 2,635.43 feet to the northwest corner of said Section 9;

168. Thence, westerly along the south line of Section 5, said Township and Range, as shown on map filed in Book 96, Page 89 of Record of Surveys in the Office of said County Recorder, North  $89^{\circ}13'09''$  West 5,228.92 feet to the southwest corner of said Section 5;

169. Thence, westerly along the south line of the southeast quarter of Section 6, said Township and Range, as shown on County Surveyor's Book 1248 in the Office of said County Recorder, South  $86^{\circ}23'10''$  West 1,303.30 feet to the southwest corner of the east half of the southeast quarter of said Section 6;

170. Thence, northerly along the west line of the east half of the southeast quarter of said Section 6, North  $00^{\circ}07'42''$  West 2,549.63 feet to the northwest corner of the east half of the southeast quarter of said Section 6;

171. Thence, westerly along the north line of the west half of the southeast quarter of said Section 6, South  $87^{\circ}37'25''$  West 1,303.14 feet to the center of said Section 6;

172. Thence, westerly along the south line of the east half of the northwest quarter of said Section 6, South  $87^{\circ}38'50''$  West 1,271.10 feet to the southeast corner of the west half of the northwest quarter of said Section 6;

173. Thence, northerly along the east line of the west half of the northwest quarter of said Section 6, North  $00^{\circ}11'45''$  East 1,640.10 feet to the northeast corner of the west half of the northwest quarter of said Section 6;

174. Thence, North  $16^{\circ}44'36''$  West 653.97 feet to the southeast corner of the west half of the southwest quarter of projected Section 31, Township 4 North, Range 16 West, San Bernardino Meridian, being in said Rancho San Francisco, as shown on Licensed Surveyor's Map recorded in Book 25, Pages 6 through 20, inclusive of Record of Surveys, in the Office of said County Recorder;

175. Thence, northerly along the east line of the west half of the southwest quarter of said Section 31, North  $00^{\circ}18'31''$  East 2,640.20 feet to the northeast corner of the west half of the southwest quarter of said Section 31;

176. Thence, northerly along the west line of the southeast quarter of the northwest quarter of said Section 31, North 00°18'31" East 1,319.86 feet to the northwest corner of the southeast quarter of the northwest quarter of said Section 31;

177. Thence, easterly along the north line of the southeast quarter of the northwest quarter of said Section 31, South 89°42'01" East 1,320.00 feet to the southwest corner of the northwest quarter of the northeast quarter of said Section 31;

178. Thence, easterly along the south line of the northwest quarter of the northeast quarter of said Section 31, South 89°42'01" East 1,320.00 feet to the southeast corner of the northwest quarter of the northeast quarter of said Section 31;

179. Thence, northerly along the west line of the northeast quarter of the northeast quarter of said Section 31, North 00°18'31" East 1,319.90 feet to the northwest corner of the northeast quarter of the northeast quarter of said Section 31;

180. Thence, easterly along the north line of the northeast quarter of the northeast quarter of said Section 31, South 89°42'04" East 1,320.00 feet to the northeast corner of said Section 31;

181. Thence, northerly along the east line of Section 30, said Township and Range, North 00°17'42" East 2,910.07 feet to the southerly corner of Lot 14, as shown on last mentioned Licensed Surveyor's Map;

182. Thence, northwesterly along the northeasterly boundary of that certain parcel of land known as Pico Project No. 1, as shown on map filed in Book 27, Pages 19 through 21 and Pages 32 through 39 of Record of Surveys in the Office of said County Recorder, North 54°08'31" West 8,134.57 feet to point marked "VIII" as shown on map filed in Book 94, Pages 2 through 4, inclusive of Record of Surveys, in the Office of said County Recorder;

Thence, southeasterly, southerly and westerly along the boundary of said Parcel Map No. 24500-01 filed in Book 293, Pages 34 through 67, inclusive of Parcel Maps, in the Office of said County Recorder, the following courses:

183. South 38°11'23" West 684.64 feet;

184. South 55°59'46" West 4,973.48 feet;

185. South 17°36'15" West 2,441.03 feet;

186. South 71°55'18" East 1,373.07 feet;

187. South 49°21'27" East 3,393.44 feet;

188. South 02°10'19" East 5,390.82 feet;

189. South 88°23'49" West 6,619.30 feet;

190. South 01°12'31" East 9,937.26 feet;

191. South 83°08'30" West 3,550.94 feet;

192. South 00°19'05" West 396.49 feet;

193. North 89°45'02" West 3,233.89 feet;
194. North 54°10'43" West 2,642.41 feet;
195. North 21°46'47" West 2,620.75 feet to the south line of the north half of projected Section 9, Township 3 North, Range 17 West, San Bernardino Meridian, said south line being North 21°57' West 2,764 (plus or minus) feet along the Los Angeles/Ventura County Line from the southwesterly line of the land described in the deed to the Newhall Land and Farming Company recorded June 21, 1910 in Book 127, Page 104 of Deeds in the Office of the County Recorder of Ventura County;
196. Thence, westerly, leaving said County Line and along said south line of the north half of projected Section 9 and projected Section 8, Township 3 North, Range 17 West, San Bernardino Meridian, North 89°42'12" West 2,400.28 feet to a point in the southerly line of Tract N, in Rancho Simi, per map recorded in Book 3, Page 7 of Maps in the Office of said Ventura County;
197. Thence, along said southerly line of Tract N, North 54°28' 00 West 518.06 feet to an angle point in the southerly line of Tract N in said Rancho Simi;
198. Thence, southwesterly along the southeasterly line of said Tract N, South 70°26' 00" West 879.69 feet to the south line of the north half of said Section 8;
199. Thence, westerly along said south line, North 89°42'12" West 2,855.33 feet to the west quarter corner of said Section 8;
200. Thence, southerly along last said west line, South 00°17'48" West 1,031.54 feet to the southerly line of said Tract N;
201. Thence, South 70°26' 00" West 11,229.28 feet to a point in the west line of projected Section 13, Township 3 North, Range 18 West, San Bernardino Meridian;
202. Thence, northerly along the west line of said Section 13 and along the west line of projected Section 12, said Township and Range, North 00°17'48" East 7,487.28 feet to the northwest corner of said Section 12;
203. Thence, westerly along the south line of Section 2, said Township and Range, North 89°42'12" West 5,280.61 feet to the southwest corner of said Section 2;
204. Thence, northerly along the west line of said Section 2, North 00°17'48" East 5,477.83 feet to the southerly line of said Rancho San Francisco;
205. Thence, westerly along said southerly line of Rancho San Francisco, North 88°34'00" West 179.95 feet to the southerly terminus of the westerly line of the parcel marked the Newhall Land and Farming Company on Licensed Surveyor's Map filed in Book 3, Page 74 of Record of Surveys in the Office of said Ventura County Recorder;
206. Thence, northerly along last said westerly line, North 0°32'37" East 9,636.39 feet to the northerly line of the Southern Pacific Railroad Company (Saugus branch) Right-of-Way, 100 feet wide, as shown on map filed in Book 49, Page 35 of Record of Surveys in the Office of said Ventura County Recorder, said point being on a non-tangent curve, concave northerly, having a radius of 523.13 feet, a radial line through said point bears South 18°53'07" West;

Thence, easterly along the northerly lines of said Southern Pacific Railroad Company Right-of-Way, the following courses:

207. Easterly along said curve through a central angle of  $38^{\circ}09'41''$  an arc distance of 348.43 feet to the beginning of a compound curve, concave northerly, a radius of 714.08 feet;
208. Northeasterly along said curve through a central angle of  $02^{\circ}15'00''$  an arc distance of 28.04 feet to the beginning of a compound curve, concave northerly, a radius of 1,096.01 feet;
209. Northeasterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 28.69 feet to the beginning of a compound curve, concave northwesterly, a radius of 2,241.88 feet;
210. Northeasterly along said curve through a central angle of  $00^{\circ}45'00''$  an arc distance of 29.35 feet;
211. Tangent to said curve North  $66^{\circ}13'26''$  East 104.67 feet to the beginning of a tangent curve, concave southeasterly, a radius of 2,341.88 feet;
212. Northeasterly along said curve through a central angle of  $00^{\circ}45'00''$  an arc distance of 30.66 feet to the beginning of a compound curve, concave southerly, a radius of 1,196.01 feet;
213. Northeasterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 31.31 feet to the beginning of a compound curve, concave southerly, a radius of 814.08 feet;
214. Northeasterly along said curve through a central angle of  $02^{\circ}15'00''$  an arc distance of 31.97 feet to the beginning of a compound curve, concave southerly, a radius of 623.13 feet;
215. Easterly along said curve through a central angle of  $39^{\circ}50'20''$  an arc distance of 433.27 feet to the beginning of a compound curve, concave southerly, a radius of 814.08 feet;
216. Southeasterly along said curve through a central angle of  $02^{\circ}15'00''$  an arc distance of 31.97 feet to the beginning of a compound curve, concave southwestly, a radius of 1,196.01 feet;
217. Southeasterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 31.31 feet to the beginning of a compound curve, concave southwestly, a radius of 2,341.88 feet;
218. Southeasterly along said curve through a central angle of  $00^{\circ}45'00''$  an arc distance of 30.66 feet;
219. Tangent to said curve South  $64^{\circ}56'14''$  East 105.95 feet to the beginning of a tangent curve, concave northeasterly, a radius of 2,241.88 feet;
220. Southeasterly along said curve through a central angle of  $00^{\circ}45'00''$  an arc distance of 29.35 feet to the beginning of a compound curve, concave northeasterly, a radius of 1,096.01 feet;
221. Southeasterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 28.69 feet to the beginning of a compound curve, concave northerly, a radius of 714.08 feet;
222. Southeasterly along said curve through a central angle of  $02^{\circ}15'00''$  an arc distance of 28.04 feet to the beginning of a compound curve, concave northerly, a radius of 523.11 feet;
223. Easterly along said curve through a central angle of  $36^{\circ}55'10''$  an arc distance of 337.07 feet to the beginning of a compound curve, concave northerly, a radius of 586.78 feet;

224. Northeasterly along said curve through a central angle of  $02^{\circ}42'00''$  an arc distance of 27.65 feet to the beginning of a compound curve, concave northerly, a radius of 666.34 feet;
225. Northeasterly along said curve through a central angle of  $02^{\circ}24'00''$  an arc distance of 27.91 feet to the beginning of a compound curve, concave northwesterly, a radius of 768.64 feet;
226. Northeasterly along said curve through a central angle of  $02^{\circ}06'00''$  an arc distance of 28.17 feet to the beginning of a compound curve, concave northwesterly, a radius of 905.04 feet;
227. Northeasterly along said curve through a central angle of  $01^{\circ}48'00''$  an arc distance of 28.43 feet to the beginning of a compound curve, concave northwesterly, a radius of 1,096.01 feet;
228. Northeasterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 28.69 feet to the beginning of a compound curve, concave northwesterly, a radius of 1,382.47 feet;
229. Northeasterly along said curve through a central angle of  $01^{\circ}12'00''$  an arc distance of 28.95 feet to the beginning of a compound curve, concave northwesterly, a radius of 1,859.91 feet;
230. Northeasterly along said curve through a central angle of  $00^{\circ}54'00''$  an arc distance of 29.22 feet to the beginning of a compound curve, concave northwesterly, a radius of 2,814.82 feet;
231. Northeasterly along said curve through a central angle of  $00^{\circ}36'00''$  an arc distance of 29.48 feet to the beginning of a compound curve, concave northwesterly, a radius of 5,679.60 feet;
232. Northeasterly along said curve through a central angle of  $00^{\circ}18'00''$  an arc distance of 29.74 feet;
233. Tangent to said curve North  $60^{\circ}08'36''$  East 862.06 feet to the beginning of a tangent curve, concave northwesterly, a radius of 11,409.17 feet;
234. Northeasterly along said curve through a central angle of  $00^{\circ}09'00''$  an arc distance of 29.87 feet to the beginning of a compound curve, concave northwesterly, a radius of 5,679.60 feet;
235. Northeasterly along said curve through a central angle of  $00^{\circ}18'00''$  an arc distance of 29.74 feet to the beginning of a compound curve, concave northwesterly, a radius of 3,769.75 feet;
236. Northeasterly along said curve through a central angle of  $00^{\circ}27'00''$  an arc distance of 29.61 feet to the beginning of a compound curve, concave northwesterly, a radius of 2,814.83 feet;
237. Northeasterly along said curve through a central angle of  $00^{\circ}36'00''$  an arc distance of 29.48 feet to the beginning of a compound curve, concave northwesterly, a radius of 2,241.88 feet;
238. Northeasterly along said curve through a central angle of  $00^{\circ}45'00''$  an arc distance of 29.35 feet to the beginning of a compound curve, concave northwesterly, a radius of 1,859.91 feet;
239. Northeasterly along said curve through a central angle of  $00^{\circ}54'00''$  an arc distance of 29.22 feet to the beginning of a compound curve, concave northwesterly, a radius of 1,587.07 feet;
240. Northeasterly along said curve through a central angle of  $05^{\circ}30'00''$  an arc distance of 152.35

feet to the intersection with the third course, recited as "South 28°08' East 1,089.96 feet" in deed to J.S. Sharp recorded March 26, 1921 in Book 180, Page 101 of Deeds in the Office of said Ventura County Recorder;

Thence, along the boundary of last said deed, the following 3 courses:

241. South 27°35'35" East 1,089.96 feet;

242. North 44°30'25" East 247.20 feet;

243. North 26°42'38" East 1,629.36 feet to the northerly line of said Southern Pacific Railroad Company Right-of-Way, said point being on a non-tangent curve concave southerly having a radius of 2,914.83 feet, a radial line through said point bears North 06°49'19" East;

Thence, easterly along said northerly lines of Southern Pacific Railroad Company Right-of-Way, the following courses:

244. Easterly along said curve through a central angle of 00°33'38" an arc distance of 28.52 feet to the beginning of a compound curve, concave southerly, a radius of 5,779.60 feet;

245. Easterly along said curve through a central angle of 00°18'00" an arc distance of 30.26 feet;

246. Tangent to said curve South 82°19'03" East 41.30 feet to the beginning of a tangent curve, concave northerly, a radius of 2,241.88 feet;

247. Easterly along said curve through a central angle of 00°45'00" an arc distance of 29.35 feet to the beginning of a compound curve, concave northerly, a radius of 1,096.01 feet;

248. Easterly along said curve through a central angle of 01°30'00" an arc distance of 28.69 feet to the beginning of a compound curve, concave northerly, a radius of 714.13 feet;

249. Easterly along said curve through a central angle of 07°31'49" an arc distance of 93.86 feet to the beginning of a compound curve, concave northerly, a radius of 1,096.01 feet;

250. Easterly along said curve through a central angle of 01°30'00" an arc distance of 28.69 feet to the beginning of a compound curve, concave northerly, a radius of 2,241.88 feet;

251. Easterly along said curve through a central angle of 00°45'00" an arc distance of 29.35 feet;

252. Tangent to said curve North 85°39'08" East 206.01 feet to the beginning of a tangent curve, concave southerly, a radius of 5,779.60 feet;

253. Easterly along said curve through a central angle of 00°18'00" an arc distance of 30.26 feet to the beginning of a compound curve, concave southerly, a radius of 2,914.82 feet;

254. Easterly along said curve through a central angle of 00°36'00" an arc distance of 30.52 feet to the beginning of a compound curve, concave southerly, a radius of 1,959.91 feet;



255. Easterly along said curve through a central angle of  $00^{\circ}54'00''$  an arc distance of 30.79 feet to the beginning of a compound curve, concave southerly, a radius of 1,482.47 feet;
256. Easterly along said curve through a central angle of  $01^{\circ}12'00''$  an arc distance of 31.05 feet to the beginning of a compound curve, concave southerly, a radius of 1,196.01 feet;
257. Easterly along said curve through a central angle of  $01^{\circ}30'00''$  an arc distance of 31.31 feet to the beginning of a compound curve, concave southerly, a radius of 1,005.04 feet;
258. Easterly along said curve through a central angle of  $01^{\circ}48'00''$  an arc distance of 31.57 feet to the beginning of a compound curve, concave southerly, a radius of 868.64 feet;
259. Easterly along said curve through a central angle of  $02^{\circ}06'00''$  an arc distance of 31.84 feet to the beginning of a compound curve, concave southerly, a radius of 766.34 feet;
260. Easterly along said curve through a central angle of  $02^{\circ}24'00''$  an arc distance of 32.10 feet to the beginning of a compound curve, concave southwesterly, a radius of 997.80 feet to the southwesterly corner of the land described in deed to George B. Larinan recorded February 8, 1957 in Book 141, Page 238 of Official Records in the Office of said Ventura County Recorder;

Thence, southeasterly along the southwesterly lines of last said deed and along the northeasterly lines of said Southern Pacific Railroad Company Right-of-Way, the following courses:

261. Southeasterly along said curve through a central angle of  $21^{\circ}19'42''$  an arc distance of 371.43 feet;
262. Tangent to said curve South  $62^{\circ}13'10''$  East 41.15 feet to the beginning of a tangent curve, concave southwesterly, having a radius of 1,703.75 feet;
263. Southeasterly along said curve through a central angle of  $23^{\circ}18'05''$  an arc distance of 692.89 feet;
264. Tangent to said curve South  $38^{\circ}55'05''$  East 66.43 feet to the beginning of a tangent curve, concave northeasterly, having a radius of 2525.00 feet;
265. Southeasterly along said curve through a central angle of  $09^{\circ}57'45''$  an arc distance of 439.04 feet;
266. Tangent to said curve South  $48^{\circ}52'50''$  East 731.04 feet to a one inch pipe set at the most southerly corner of last said deed;

Thence, along the easterly lines of last said deed, the following courses:

267. North  $28^{\circ}02'09''$  East 233.36 feet to a one and one-half inch iron pipe set at an angle point;
268. North  $3^{\circ}12'31''$  West 686.99 feet to a one and one-half inch iron pipe set at an angle point;
269. North  $8^{\circ}49'31''$  West 812.92 feet to a one and one-half inch iron pipe set at an angle

point;

270. North 57°21'29" East 752.49 feet to a one inch iron pipe set at an angle point;

271. North 60°46'54" East 2,567.91 feet to a one inch iron pipe set at an angle point;

272. North 19°03'29" East 1,554.65 feet to a two inch iron pipe set on the northerly line of said Rancho San Francisco at the most easterly corner of said land of George B. Larinan;

273. Thence, easterly along said northerly line of the Rancho San Francisco North 87°31'59" East 3,097.60 feet to the POINT OF BEGINNING.

#### Exception #1

Except therefrom the west half of the west half of the northeast quarter of Fractional Section 15, Township 4 North, Range 17 West, San Bernardino Meridian, described as follows:

Commencing at the northwest corner of said Fractional Section 15, as shown on said Parcel Map No. 24500-01;

Thence, east along the north line of said Fractional Section 15, South 89°20'53" East 2,646.10 feet to the north quarter corner of said Fractional Section 15, said point being the TRUE POINT OF BEGINNING;

E1. Thence, along the north line of the of the northeast quarter of said Fractional Section 15, South 89°20'53" East 661.52 feet to the northeast corner of the west half of the west half of the northeast quarter of said Fractional Section 15;

E2. Thence, along the east line of said west half of the west half of the northeast quarter of Fractional Section 15, South 00°48'13" West 2,568.48 feet to the southeast corner of said west half of the west half of the northeast quarter of Fractional Section 15;

E3. Thence, along the south line of said west half of the west half of the northeast quarter of Fractional Section 15, South 89°58'27" West 662.90 feet to the southwest corner of said west half of the west half of the northeast quarter of Fractional Section 15;

E4. Thence, along the west line of said west half of the west half of the northeast quarter of Fractional Section 15, North 00°49'58" East 2,576.32 feet to the TRUE POINT OF BEGINNING.

#### Exception #2

Also except therefrom the southeast quarter of the southeast quarter of Section 10, Township 4 North, Range 17 West, San Bernardino Meridian, described as follows:

Beginning at the southeast corner of said Section 10, as shown on map filed in Book 202, Pages 16 and 17 of Record of Surveys in the Office of said County Recorder;

E5. Thence, west along the south line of said Section 10, North 89°20'53" West 1,323.02 feet to the southwest corner of the southeast quarter of the southeast quarter of said Section 10;

E6. Thence, along the west line of said southeast quarter of the southeast quarter of Section



10, North 00°47'55" East 1,323.55 feet to the northwest corner of said southeast quarter of the southeast quarter of Section 10;

E7. Thence, along the north line of said southeast quarter of the southeast quarter of Section 10, South 89°15'00" East 1,321.42 feet to the northeast corner of said southeast quarter of the southeast quarter of Section 10;

E8. Thence, along the east line of said southeast quarter of the southeast quarter of Section 10, South 00°43'47" West 1,321.28 feet to the POINT OF BEGINNING.

Area:

Total Property: 125,366 acres

Exception #1: 39.10 acres

Exception #2: 40.14 acres

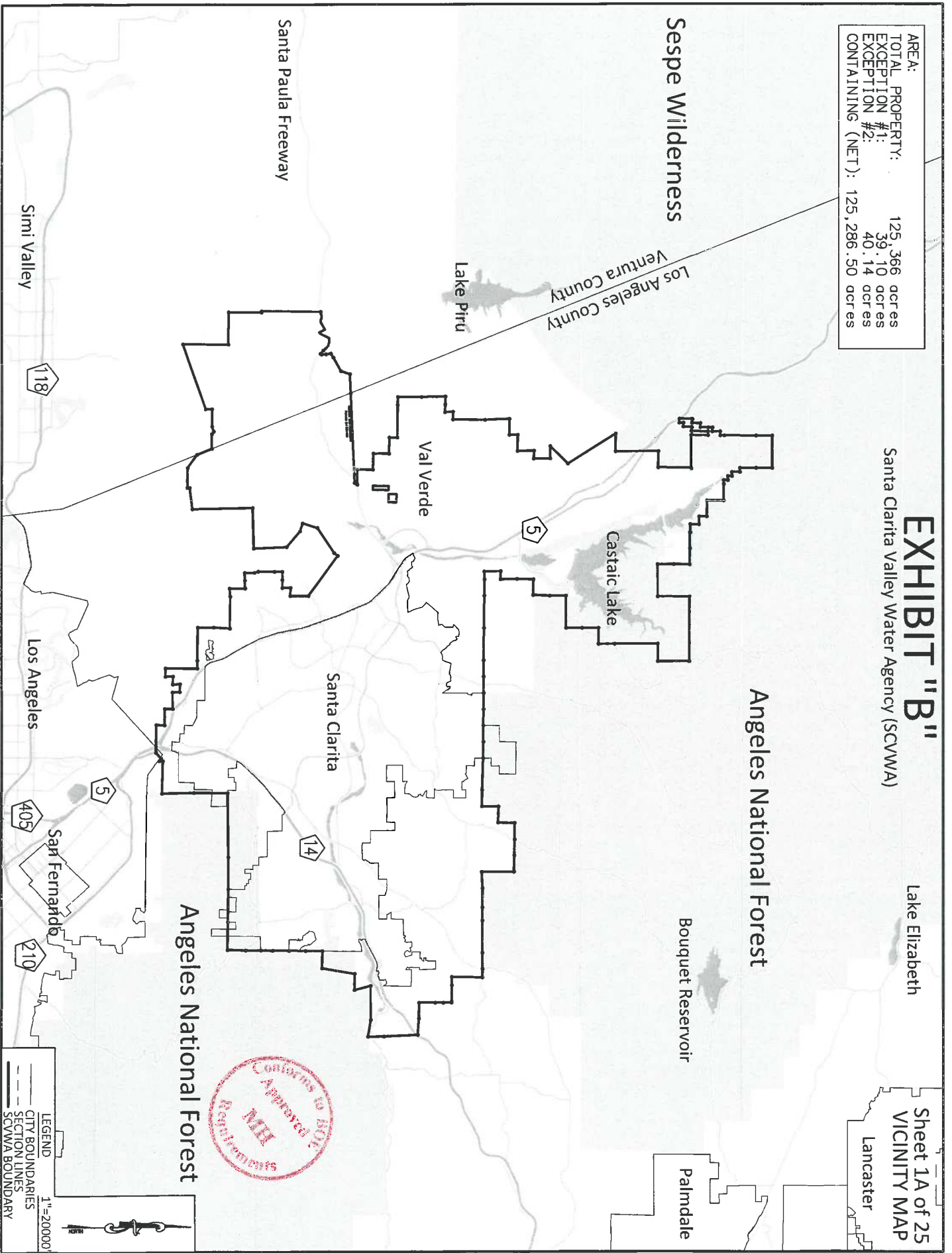
Containing (Net): 125,286.50 acres

AREA:  
 TOTAL PROPERTY: 125,366 acres  
 EXCEPTION #1: 39.10 acres  
 EXCEPTION #2: 40.14 acres  
 CONTAINING (NET): 125,286.50 acres

**EXHIBIT "B"**  
 Santa Clarita Valley Water Agency (SCVWA)

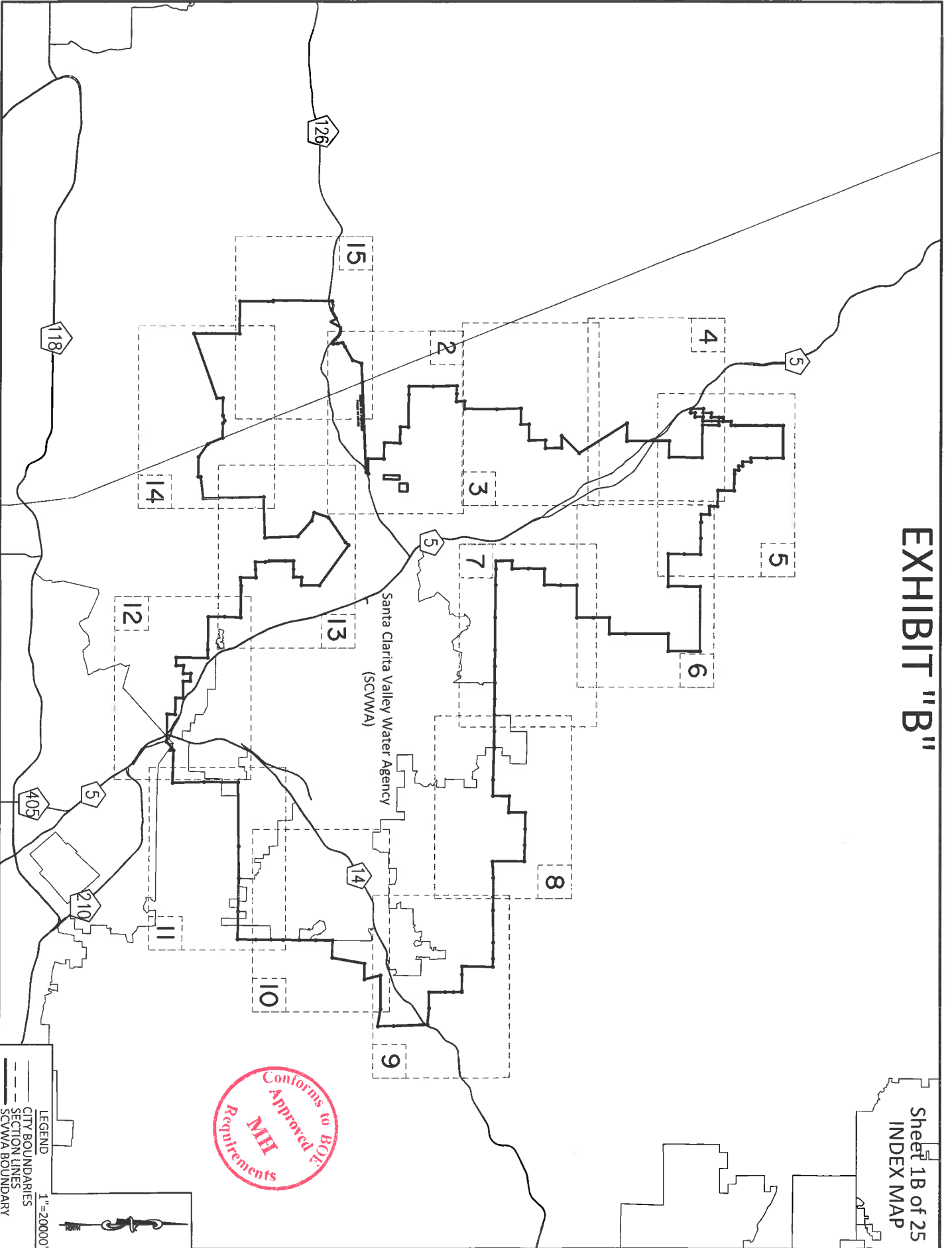
Lake Elizabeth

Sheet 1A of 25  
 VICINITY MAP  
 Lancaster



# EXHIBIT "B"

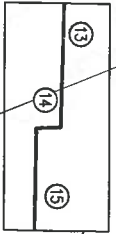
Sheet 1B of 25  
INDEX MAP



Conforms to BOE  
Approved to  
**MHE**  
Requirements

LEGEND  
1"=20000'  
CITY BOUNDARIES  
SECTION LINES  
SCVWA BOUNDARY

Angle Point Blowup #1



# EXHIBIT "B"

Sheet 2 of 25

LOS ANGELES COUNTY  
VENTURA COUNTY

GOVT. LOT 4  
GOVT. LOT 3

T.4 N R.17 W  
Hasley Canyon Rd

San Martinez Grande Canyon Rd

Chiquito Canyon Rd

Commerce Center Dr

Santa Clara River

Henry Mayo Dr

RANCHO SAN FRANCISCO  
Patents B.1 521-522

RANCHO SAN FRANCISCO

RS 27-22

RS 117-62

RS 200-52

RS 109-1

CSB 1092-1

CSB 325-2

RS 202-16

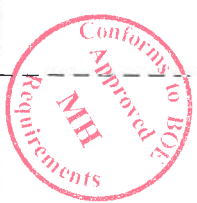
RS 112-39

RS 99-48

PM 24500-01  
B. 293 P. 34-67

POINT OF BEGINNING

Larrian Deed  
Recorded Feb 8, 1957  
B. 141 P. 238 Ventura Recorder



LEGEND

1" = 3000'

CITY BOUNDARIES

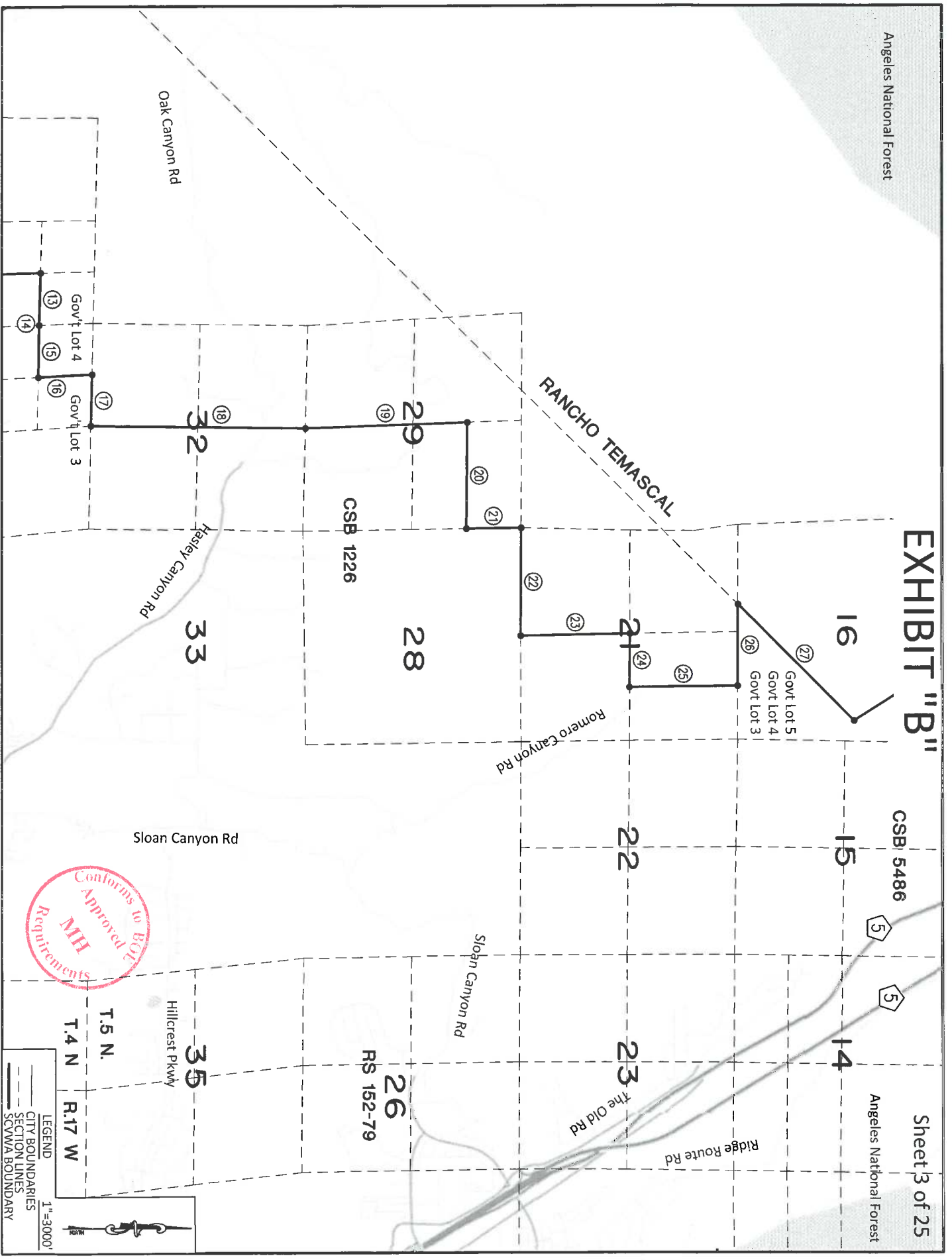
SECTION LINES

SCWVA BOUNDARY

Angeles National Forest

# EXHIBIT "B"

Sheet 3 of 25



Conforms to BCL  
Approved to MH  
Requirements

LEGEND  
1"=3000'

- CITY BOUNDARIES
- SECTION LINES
- SCVMA BOUNDARY

T.4 N. R.17 W.  
T.5 N.  
Hillcrest Pkwy



# EXHIBIT "B"

Sheet 4 of 25

Angeles National Forest

RANCHO TEMASCAL

T. 6 N.  
T. 5 N.  
R. 17 W.

PM 11280  
B. 120 P. 62-63

CSB 1226

Ridge Route Rd

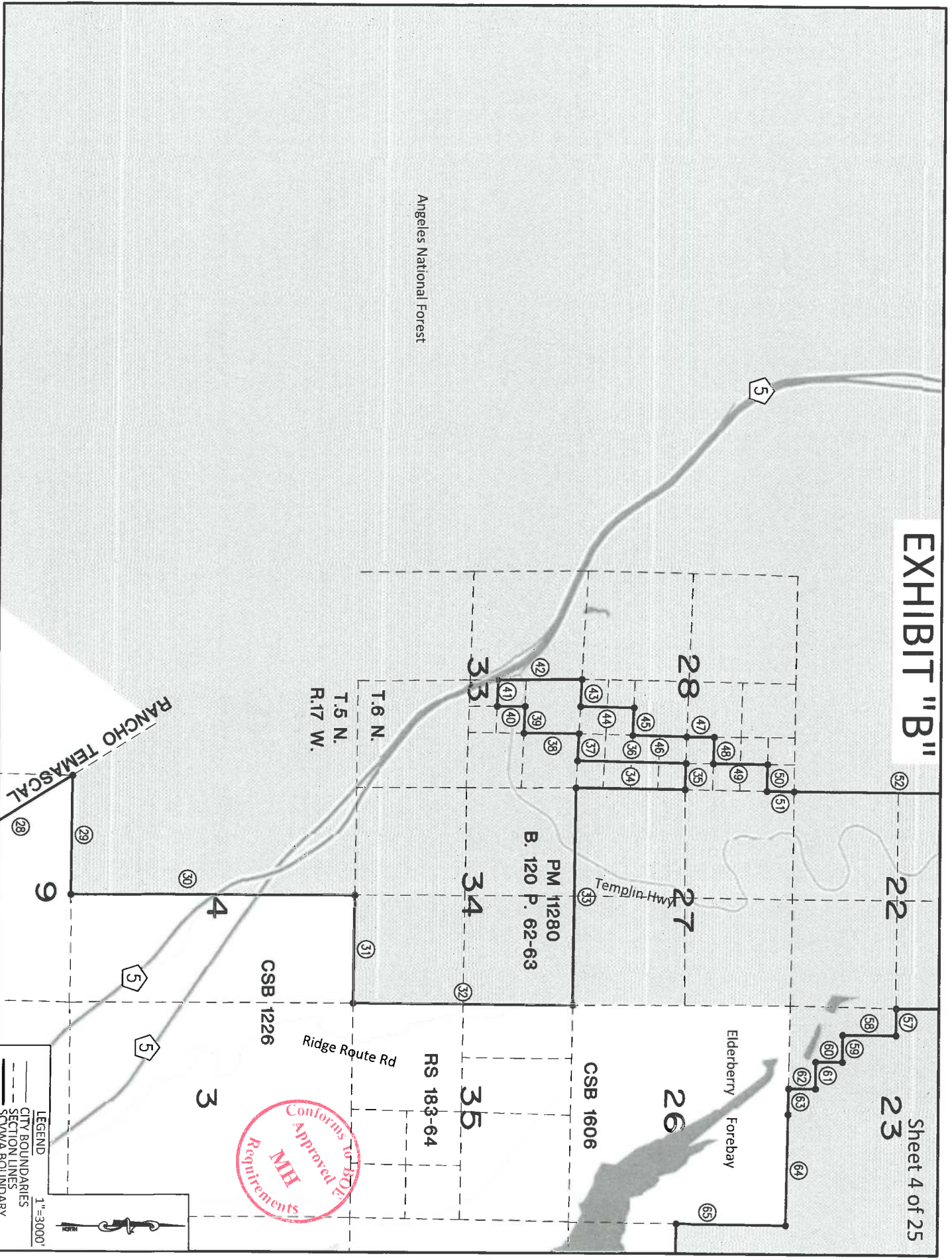
RS 183-64

CSB 1606

Elderberry Forebay

Conforms to 2012  
Approved for  
MH  
Requirements

LEGEND  
1"=3000'  
CITY BOUNDARIES  
SECTION LINES  
SCVMA BOUNDARY



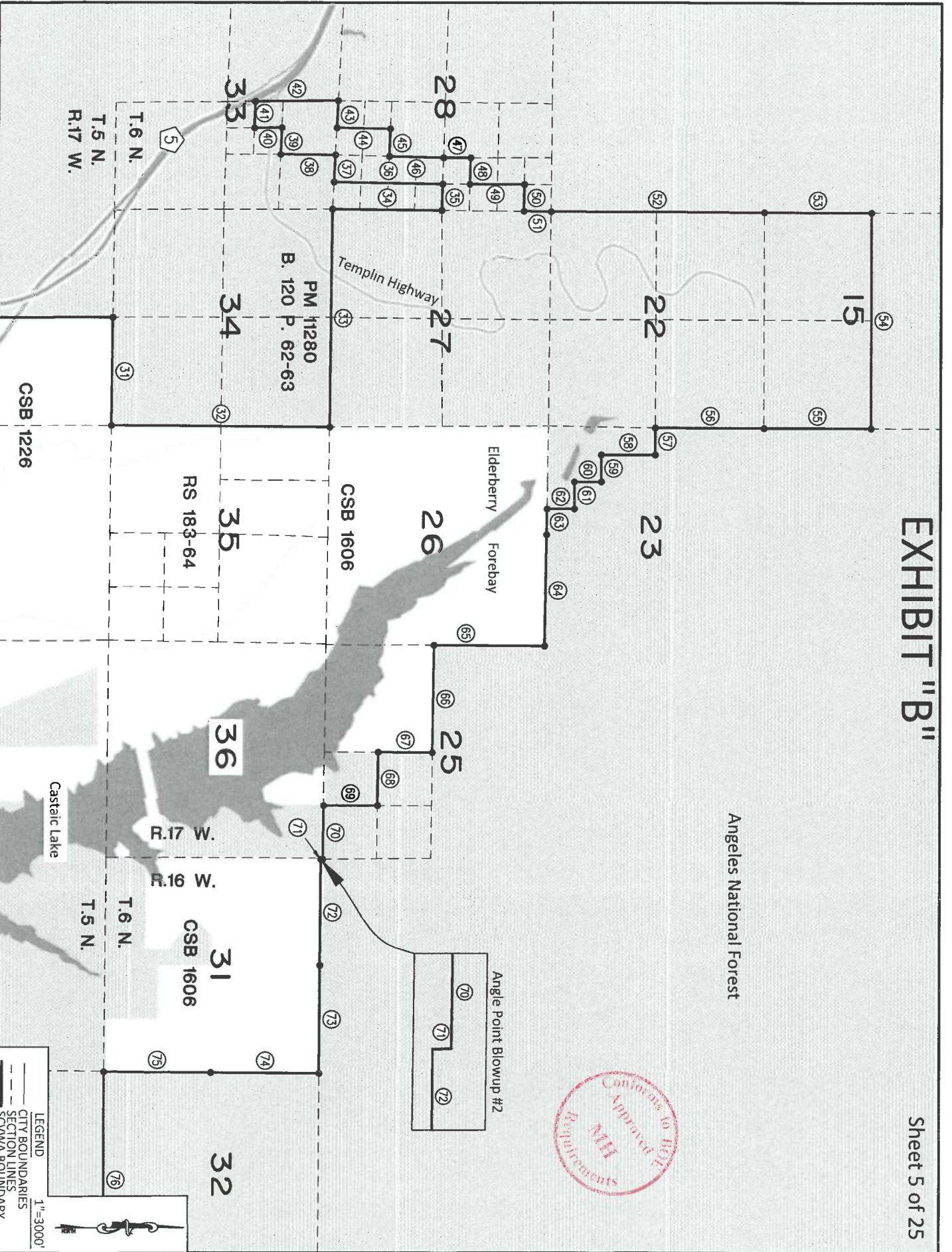
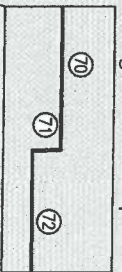


# EXHIBIT "B"

Angeles National Forest



Angle Point Blowup #2



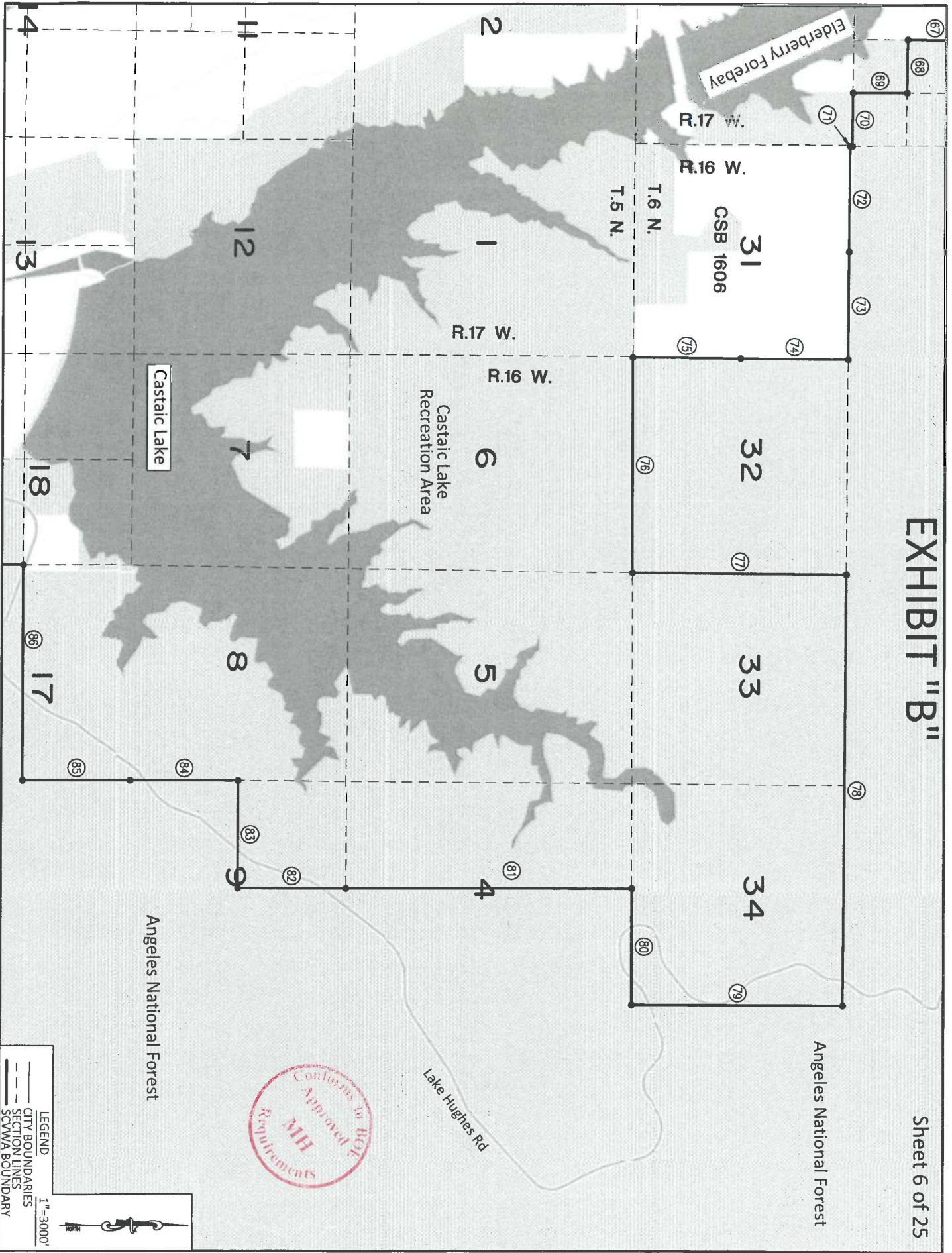
LEGEND

1"=3000'

- CITY BOUNDARIES
- SECTION LINES
- SCVWA BOUNDARY



# EXHIBIT "B"



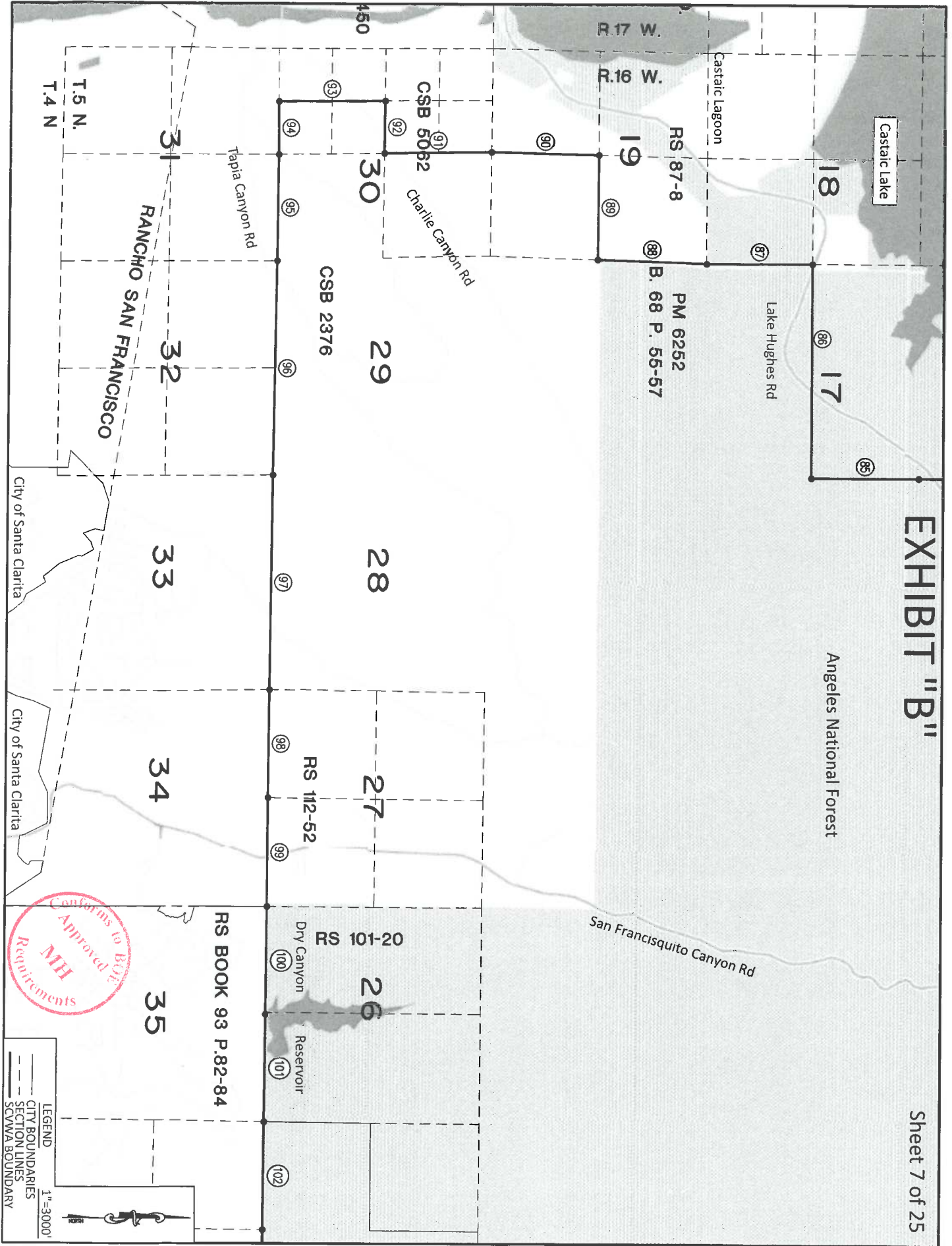
Continues to BOZ  
Approved  
MHE  
Requirements

LEGEND 1" = 3000'

- CITY BOUNDARIES
- SECTION LINES
- SCWA BOUNDARY



# EXHIBIT "B"



Angeles National Forest

RANCHO SAN FRANCISCO

T.5 N.  
T.4 N.

R.17 W.  
R.16 W.

Castaic Lake

Castaic Lagoon

Lake Hughes Rd

RS 87-8

PM 6252  
B. 68 P. 55-57

CSB 5062

Charlie Canyon Rd

CSB 2376

Tapia Canyon Rd

RS 101-20

Dry Canyon Reservoir

RS 112-52

RS BOOK 93 P.82-84

City of Santa Clarita

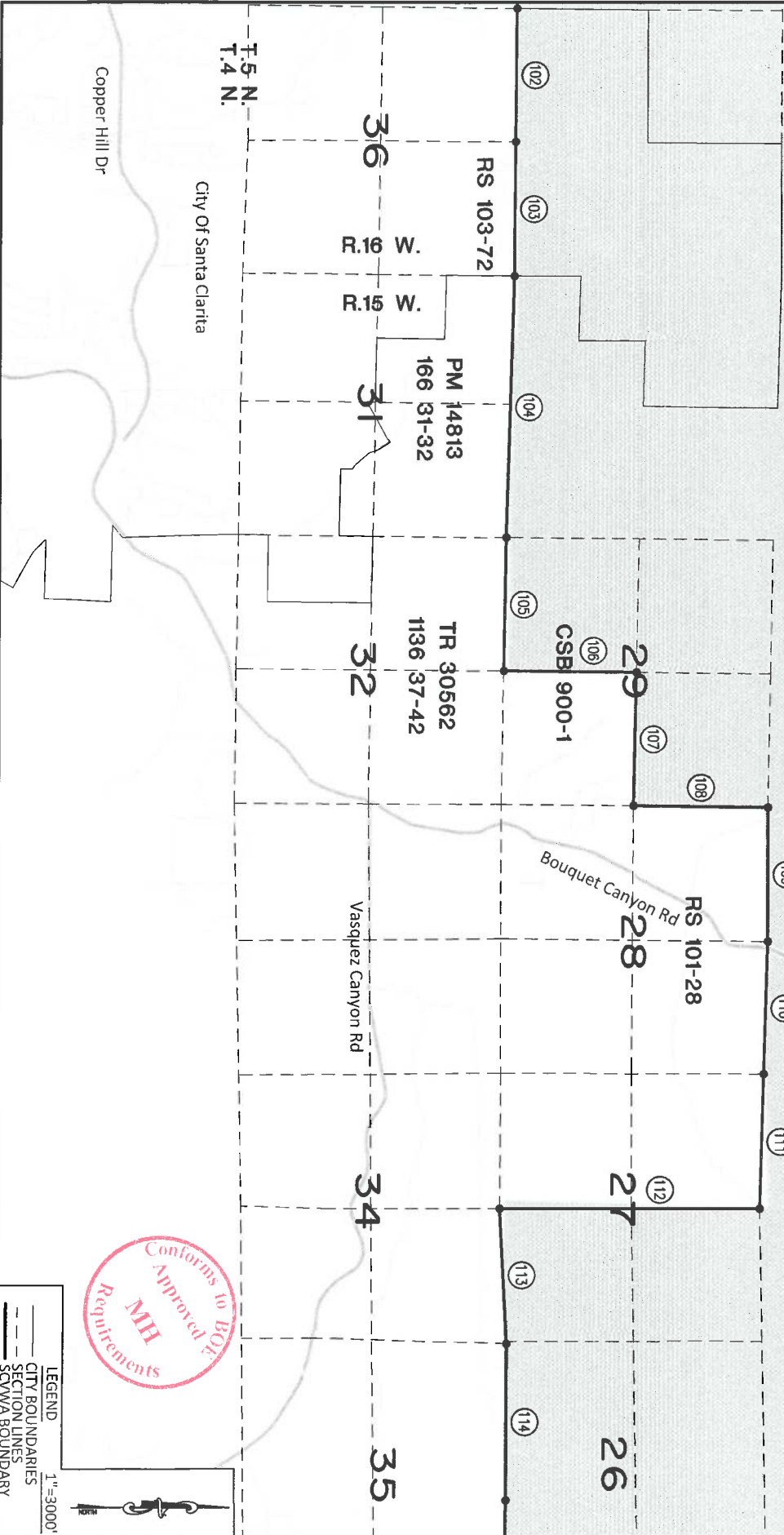
City of Santa Clarita

LEGEND  
1"=3000'  
CITY BOUNDARIES  
SECTION LINES  
SCVMA BOUNDARY

Conforms to Bole  
Approved Requirements  
MH

# EXHIBIT "B"

Angeles National Forest



LEGEND  
1" = 3000'  
--- CITY BOUNDARIES  
--- SECTION LINES  
--- SCWA BOUNDARY



26

25

# EXHIBIT "B"

Sheet 9 of 25

Angeles National Forest

35

36

31

32

CSB 900-1

R.15 W.

R.14 W.

LS 14-37

T.4 N.

T.5 N.

RS 147-57

5

RS 198-23

RS 98-11

RS 128-60

RS 118-71

RS 143-34

RS 119-98

RS 111-95

RS 107-81

18

17

16

RS 94-49

CSB 5355

RS 113-42

City of Santa Clarita

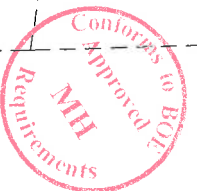
Sand Canyon Rd

Sierra HWY

Davenport Rd

Agua Dulce Canyon Rd

Santa Clara River



LEGEND

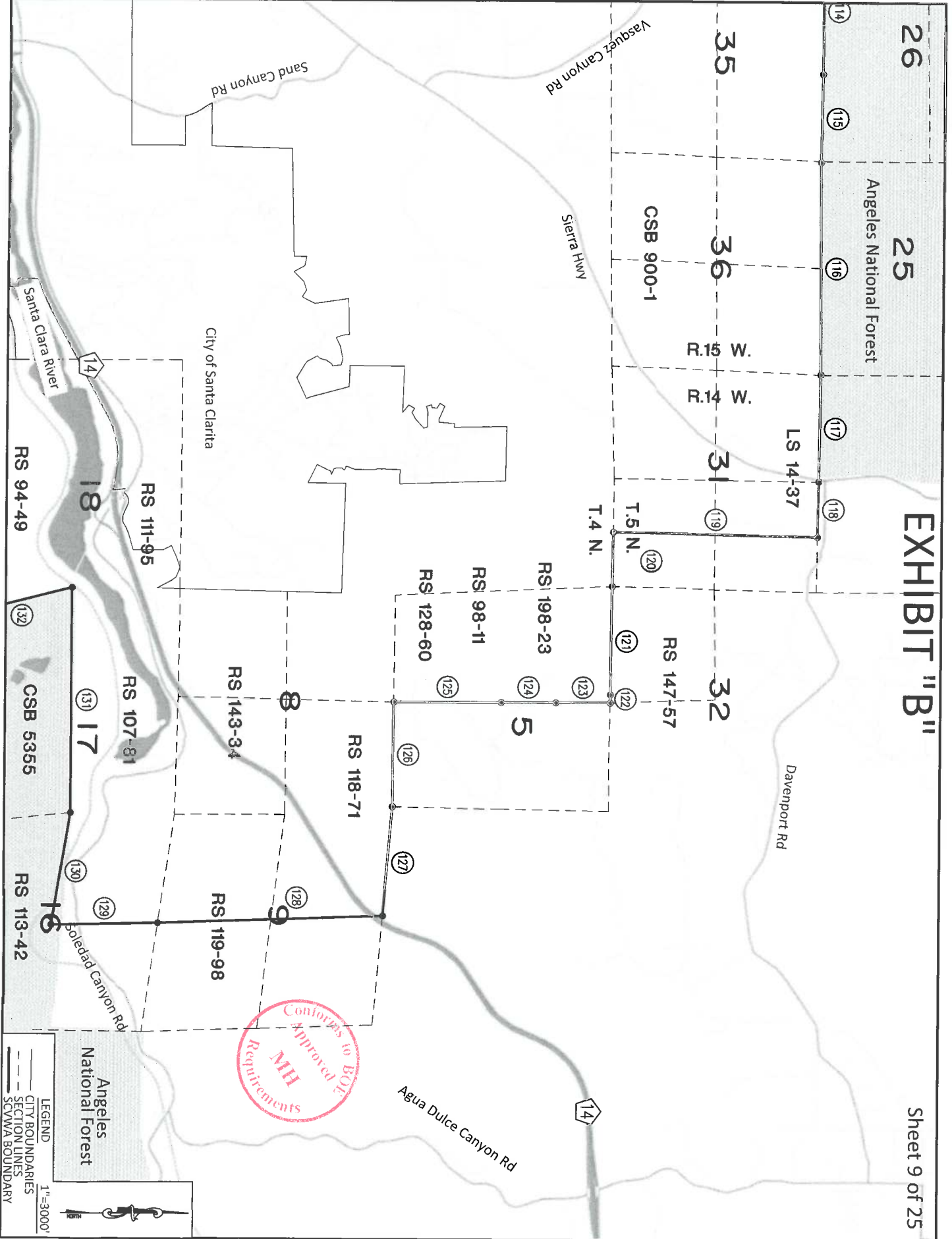
1"=3000'

— CITY BOUNDARIES

- - - SECTION LINES

--- SCVMA BOUNDARY

Angeles National Forest





# EXHIBIT "B"

18

131 Sheet 10 of 25

Sierra Hwy

Soledad Canyon Rd

Santa Clara River

14

Lost Canyon Rd

City of Santa Clarita

Sand Canyon Rd

Valley Subdivision Railway

17

RS 94-49

CSB 5365  
RS 107-81

24

R.15 W.

R.14 W.

RS 101-31

9

30

Angeles National Forest  
Magic Mountain Wilderness

TR 52004  
B. 1253 P. 16-34

25

RS 77-42

36

RS 149-68

T.4 N.  
T.3 N.

Placerita Canyon Rd

4

3

2

RS 91-8

RS 35-16

R.15 W.

R.14 W.

140

139

138

137

136

135

134

133

132



LEGEND

- CITY BOUNDARIES
- SECTION LINES
- SCVWA BOUNDARY

1" = 3000'

# EXHIBIT "B"

City of Santa Clarita

36

Sheet 11 of 25

14

RS 157-87

5

RS 32-2

4

Placerita Canyon Rd

145

3

144

RS 91-3

2

143

T.4 N.  
T.3 N.

Sand Canyon Rd

RS 149-68

139

RS 35-16

142

R.15 W.

140

R.14 W.

141

8

146

17

147

CSB 468-3

148

Angeles National Forest  
Placerita Canyon State Park



LEGEND  
1"=3000'  
--- CITY BOUNDARIES  
--- SECTION LINES  
--- SCWMA BOUNDARY





# EXHIBIT "B"

Sheet 12 of 25

RS 96-89  
(168)

CSB 5408

9

CSB 5390

5

Calgrove Blvd

City of Santa Clarita

10

RANCHO SAN FRANCISCO

RS 95-82

CSB 5390

The Old Rd

15

14

13

RS 146-13

12

Sierra Hwy

14

Newhall Ave

R.16 W.

R.15 W.

T.3 N

18

7

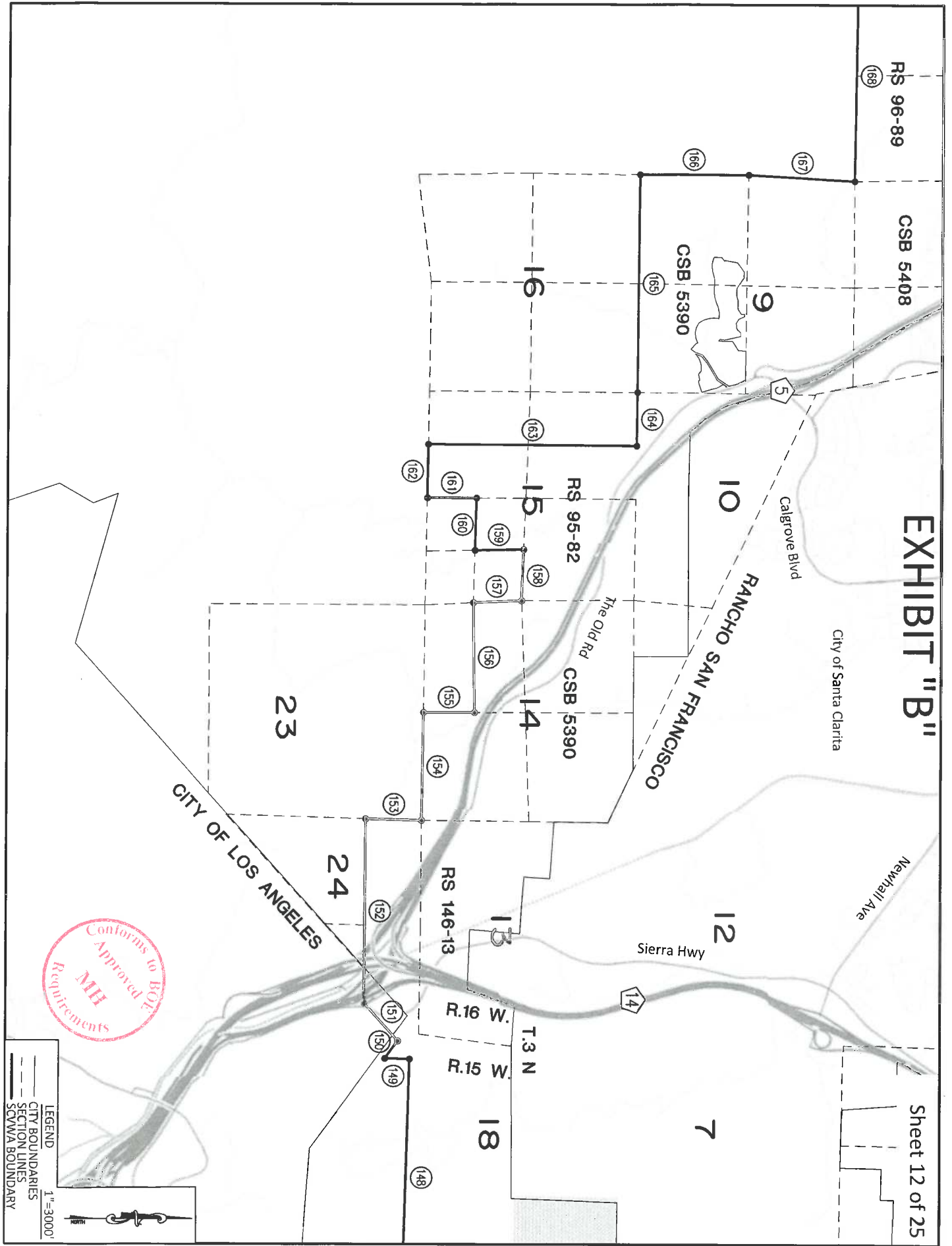
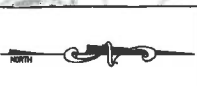
CITY OF LOS ANGELES

23

24



LEGEND  
1" = 3000'  
CITY BOUNDARIES  
SECTION LINES  
SCWMA BOUNDARY



# EXHIBIT "B"

24

19

20

Sheet 13 of 25

PM 24500-01  
B. 293 P. 34-67

Pico Project #1  
RS 27-32

RS 94-2

RS 27-19

3  
RANCHO SAN FRANCISCO  
RANCHO SIMI

RANCHO SAN FRANCISCO

RS 25-6

CSB 1248

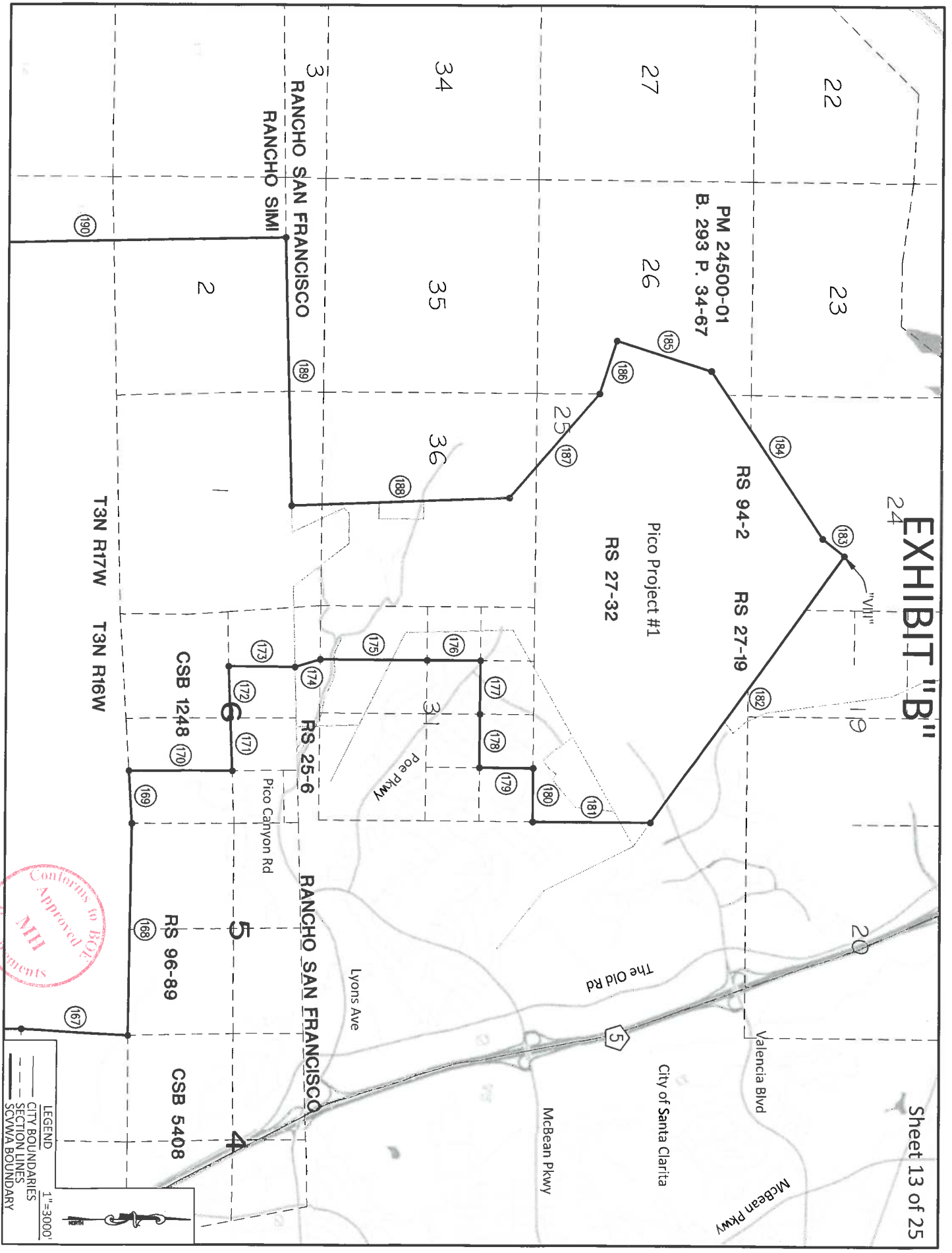
RS 96-89

CSB 5408

T3N R17W

T3N R16W

LEGEND  
1" = 3000'  
CITY BOUNDARIES  
SECTION LINES  
SCWMA BOUNDARY





126

# EXHIBIT "B"

29

28

27

Sheet 14 of 25  
26

LOS ANGELES COUNTY  
VENTURA COUNTY

29

28

27

Sheet 14 of 25  
26

LOS ANGELES COUNTY  
VENTURA COUNTY

33

34

35

5

4

3

RANCHO SIMI

RANCHO SAN FRANCISCO  
RANCHO SIMI

2

B.3 PG. 7 OF MAPS  
VENTURA COUNTY RECORDER  
Tract N

NEWHALL LAND AND FARM DEED  
REG. JUN 21, 1910  
B.127 PG.104 OF DEEDS

202

201

200

199

198

197

196

195

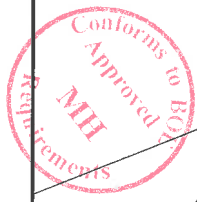
194

193

192

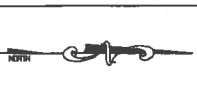
191

190



LEGEND

- 1" = 3000'
- CITY BOUNDARIES
- SECTION LINES
- SCWVA BOUNDARY



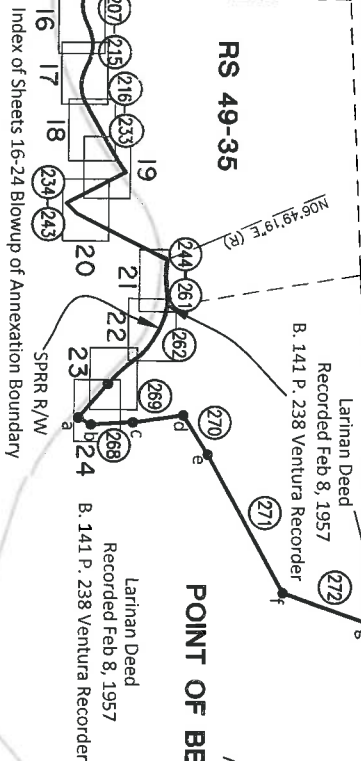
# EXHIBIT "B"

Sheet 15 of 25

RANCHO SAN FRANCISCO

RS 49-35

POINT OF BEGINNING



- LABELS 266-272**
- a- 1" pipe
  - b- 1 1/2" iron pipe
  - c- 1 1/2" iron pipe
  - d- 1 1/2" iron pipe
  - e- 1" iron pipe
  - f- 1" iron pipe
  - g- 2" iron pipe

LSM 3-74  
Office of Vent. Co. Rec.

Newhall Land and Farm Property

RANCHO SIMI

LOS ANGELES COUNTY  
VENTURA COUNTY

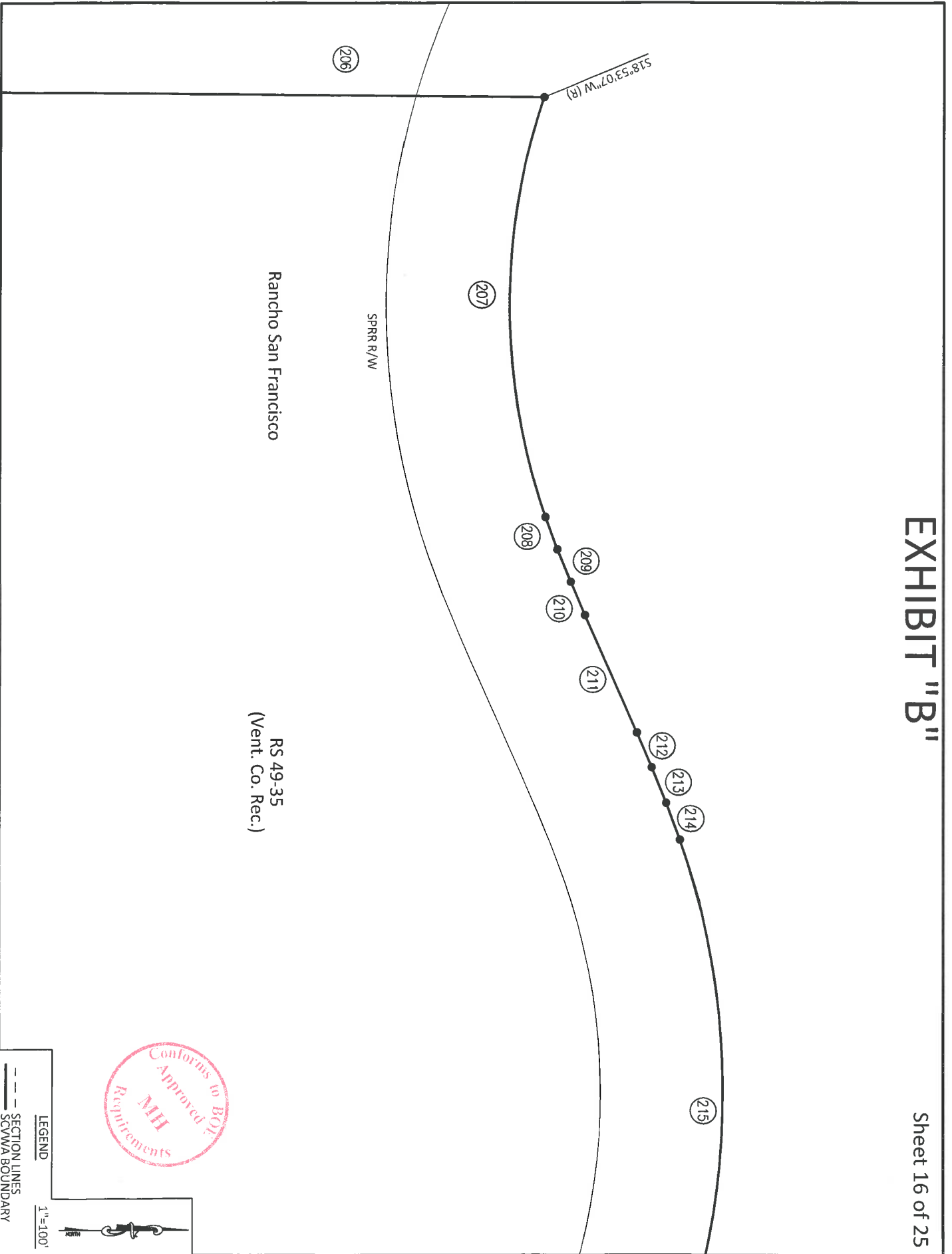


**LEGEND**  
1"=3000'

- CITY BOUNDARIES
- - - SECTION LINES
- - - SCVMA BOUNDARY

# EXHIBIT "B"

Sheet 16 of 25



Rancho San Francisco  
RS 49-35  
(Vent. Co. Rec.)

SPRR R/W

S18°53'07\"W (R)

Conforms to BOFE  
Approved for  
MH  
Requirements

LEGEND

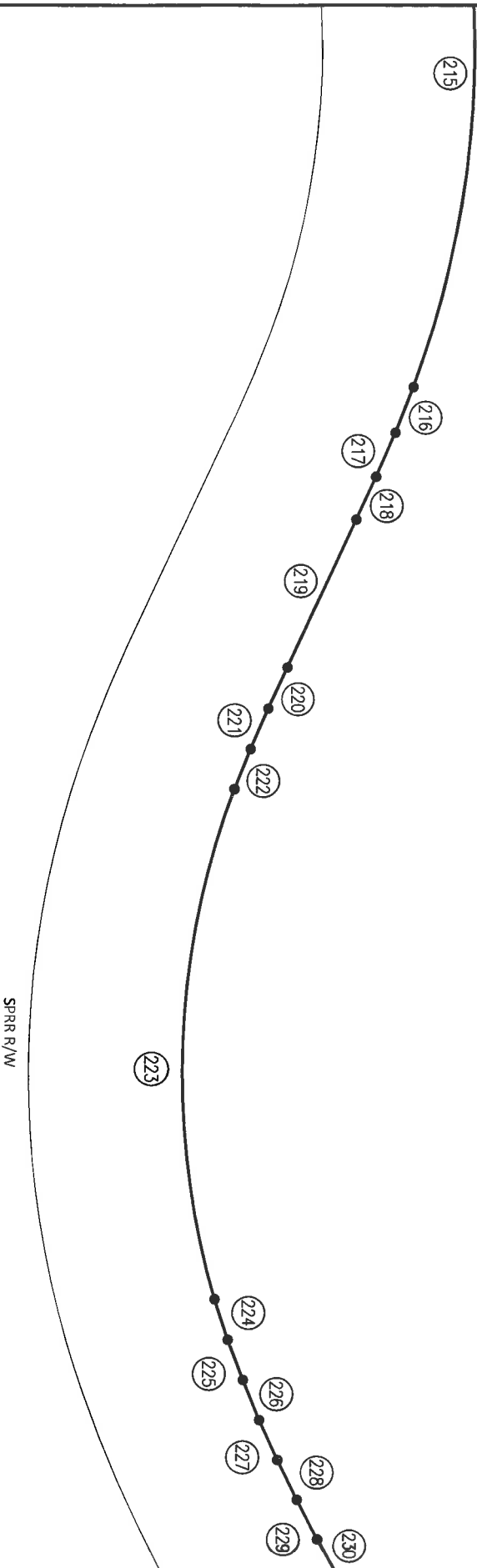
--- SECTION LINES

--- SCVWA BOUNDARY

1" = 100'

# EXHIBIT "B"

Rancho San Francisco



LEGEND

- SECTION LINES
- SCWA BOUNDARY

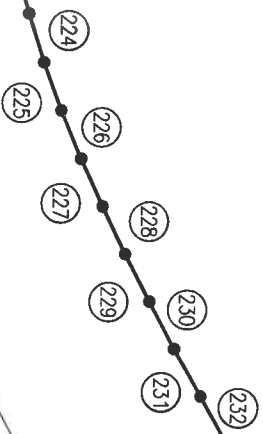
1"=100'

# EXHIBIT "B"

Rancho San Francisco

RS 49-35  
(Vent. Co. Rec.)

SPRR R/W



233

234

Sheet 18 of 25



LEGEND

- SECTION LINES
- SCVWA BOUNDARY

1"=100'

# EXHIBIT "B"

Sheet 19 of 25

Rancho San Francisco

SPRR R/W

RS 49-35  
(Vent. Co. Rec.)

RS 49-35

(233)

(234)

(235)

(236)

(237)

(238)

(239)

(240)

(241)



LEGEND

- SECTION LINES
- SCWMA BOUNDARY

1" = 100'

# EXHIBIT "B"

Sheet 20 of 25

JS Sharp Deed  
Rec. Mar 26, 1921  
B. 180 PG. 101 of Deeds

(241)

(243)

(242)


Rancho San Francisco



LEGEND

- SECTION LINES
- SCVMA BOUNDARY

1"=100'



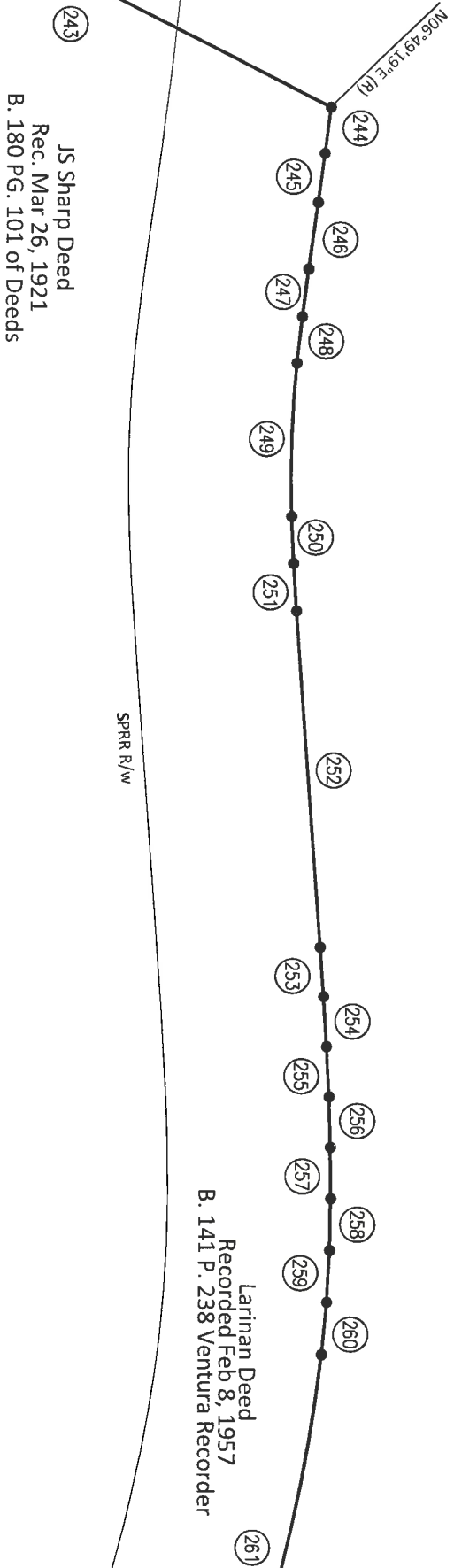
NORTH



# EXHIBIT "B"

Sheet 21 of 25

Rancho San Francisco



LEGEND

- SECTION LINES
- SCVWA BOUNDARY

1" = 100'

# EXHIBIT "B"

Larinan Deed  
Recorded Feb 8, 1957  
B. 141 P. 238 Ventura Recorder

Rancho San Francisco

SPRR R/W

(257) (258) (259) (260)

(261)

(262)

(263)



LEGEND

- SECTION LINES
- SCVWA BOUNDARY

1"=100'

# EXHIBIT "B"

Sheet 23 of 25

Rancho San Francisco

Lariman Deed  
Recorded Feb 8, 1957  
B. 141 P. 238 Ventura Recorder

SPRR R/W

266

265

264



LEGEND

- SECTION LINES
- SCVMA BOUNDARY

1"=100'

# EXHIBIT "B"

Sheet 24 of 25

Rancho San Francisco

Larinan Deed  
Recorded Feb 8, 1957  
B. 141 P. 238 Ventura Recorder

266

SPRR R/W

267

1" Iron Pipe

1 1/2" Iron Pipe

268



LEGEND

- SECTION LINES
- SCVMA BOUNDARY

1"=100'





# SCV WATER PLAN FOR SERVICES

January 2018



Prepared by the Santa Clarita Valley Water Agency

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- G Sewer Facilities
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## EXECUTIVE SUMMARY

### ***“SB-634 a New Governance Model for a New Era in Santa Clarita Valley Water Management”***

#### **Introduction**

Historically, residents and businesses of the Santa Clarita Valley were served by several separate water suppliers. It was an inherently fragmented structure that from time to time resulted in redundancies, interagency conflict and barriers to integrated regional water management. While the region’s water suppliers provided reliable and cost-effective water service, there was strong consensus that even greater efficiencies, effectiveness and enhanced regional water management could be achieved on behalf of the Santa Clarita Valley’s 350,000 residents and thousands of businesses. This fundamental truth was the basis for pursuing Senate Bill 634 (Wilk) which created a new public water agency for the region. This Plan for Services identifies how the integrated services will be provided to the Santa Clarita Valley by Santa Clarita Valley Water Agency (SCV Water) created by SB 634.

#### **Historical Regional Water Service Providers**

Newhall County Water District (NCWD) served residents and businesses in the communities of Castaic, Newhall, Saugus, Pinetree and other areas. Castaic Lake Water Agency (CLWA) was the region’s wholesale water provider, responsible for importing domestic water supplies, among other responsibilities. CLWA also operated Santa Clarita Water Division (SCWD) and owned the stock of Valencia Water Company (VWC), both of which provided retail water service. Los Angeles County Waterworks District No. 36 (LACWD) is the final retail water service provider in the region. Collectively, NCWD, VWC and CLWA participated in 90 percent of retail water service in the Valley.

SCV Water creates opportunities for significant economies of scale, reducing costs, and improving integrated regional water management. There are also governance benefits: a system where directors are elected by division in compliance with the California and Federal Voting Rights Acts; it is easier for residents and voters in the new agency to understand, and offers the strongest opportunity for different regions of the new jurisdiction to obtain a strong voice on the new elected leadership.

#### **The 3E’s: Foundational Strengths of a New Public Water Agency**

The purpose of this Plan is to explain how SCV Water plans to implement the requirements of SB 634 to provide water services to the Santa Clarita Valley. NCWD, VWC and CLWA are focused on three fundamentals – the “3E’s” – as part of this Plan. They are:

- **Economics:** Structurally, SCV Water will reduce the cost of water management across the Santa Clarita Valley compared to the water management costs that would arise without SCV Water.

- **Efficiencies & Effectiveness:** Customers are at the heart of this process. SCV Water is focused on maintaining the same or higher level of customer service currently enjoyed by customers.
- **Enhanced Water Management:** While the Santa Clarita Valley is a relatively tight-knit community, its water management is fragmented across several separate providers. The State and local communities are moving towards more integrated regional water management in order to leverage economies of scale, planning resources and strategies, and to improve water service delivery. Just as important, the scale of effective water resources management in the Santa Clarita Valley is tied to the scale of elements such as the groundwater basin and the surface stream network, as well as the future regional recycled water system. Each of these spans more than one agency's geographic boundary. The watershed connects everyone in the Santa Clarita Valley and, rather than being a basis for division, should be a unifying force for managing the water supply. Through SB 634, the Legislature designed SCV Water to enhance regional water management. That is intended to result in new sources of water supply (e.g. recycled, groundwater recharge, etc.), a stronger voice in Sacramento and Washington, D.C., and a locally representative, but regionally integrated board of directors.

### **Applicable Requirements under SB 634 for the Plan for Services**

Section 29 of the Act requires SCV Water to submit this Plan for Services (Plan) to the Local Agency Formation Commission of the County of Los Angeles (LAFCO). The Plan must include information described in Government Code section 56653, if applicable. The elements required for LAFCO review under Section 29(a) of the Act and where they can be found in this Plan are presented in the following **Table 1-1**. For the ease of the reader, a brief written response to each of the required elements can be found in **Appendix B** of this Plan.

<b>Table 1-1</b> <b>Applicable Requirements under SB 634 for the Plan for Services</b>	
<b>Elements</b>	<b>Location within this Plan</b>
Enumeration and description of the services to be extended to the affected territory	Section 2
The level and range of those services	Sections 2 and 6
An indication of when those services can feasibly be extended to the affected territory	Section 2
An indication of any improvement or upgrading required within the affected territory	Not applicable
Information with respect to how those services will be financed	Section 5
Annexation development plan	Not applicable
Other options under LAFCO consideration	Not applicable

## 1.0 INTRODUCTION

### 1.1 Background

Representatives of NCWD and CLWA began meeting in 2015 with the purpose of finding common ground to settle litigation between the two agencies. As those talks evolved, leaders from both sides saw merit in discussing the possibility of combining the two agencies into a new, single agency. The two agencies established the following guiding principles for their discussions:

- Take a leadership role in creating a long-term integrated water resource strategy for the Santa Clarita Valley.
- Value an inclusive, open and transparent public process for water resource management.
- Make ratepayer value and multiple stakeholder benefits a priority.
- Listen to each other and work collaboratively; seek to understand opinions, especially opposing points of view.
- Identify and prioritize issues, which are important and worthy to address first.

These principles steered the process as the two agencies explored the possibility of creating a new, single agency to better serve the Santa Clarita Valley's water customers. NCWD and CLWA recognized that the concept of a new agency required extensive public engagement. The districts launched what has become among the Santa Clarita Valley's most robust, local government-led outreach processes to inform customers, seek guidance and priorities, and then incorporate feedback into the planning process. The public engagement process is described in detail in Section 1.3.

The commitment to the principles above and the thorough public engagement process ultimately provided the foundation upon which SB 634 was built.

### 1.2 Senate Bill 634

On January 1, 2018, SB 634, called the Santa Clarita Valley Water Agency Act (Act), went into effect and created a new special water district called the Santa Clarita Valley Water Agency (SCV Water). **Appendix A** of this Plan should be referenced for a complete copy of SB 634. A central purpose of SB 634 was to create a new agency that can capitalize on economies of scale and reduce costs of operations, maintenance and capital investment, while enhancing integrated resource management, thereby saving customers money while at the same time improving service delivery. Legislation was required to create SCV Water because CLWA was a special act agency, created by statute (Water Code Appendix chapter 103).

The Act reorganized CLWA and NCWD into SCV Water with SCV Water as the successor entity to both CLWA and NCWD. As articulated in the Act, the purpose of SCV Water is to unify and modernize water resource management within the SCV through the efficient,

sustainable, and affordable provision, sale, management and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout SCV Water and to do so in a manner that promotes the sustainable stewardship of natural resources in the SCV. The boundary of SCV Water is codified in the Act and is the same as the former CLWA boundary as of December 31, 2017. Consistent with the requirements of SB 634, LAFCO will confirm the SCV Water boundary in its determination on the application for conditions.

As described in more detail below, the Act creates a specific governance structure for SCV Water, including details of board composition and elections, boundaries for electoral divisions, and provisions for decision-making, among others. The Act also gives SCV Water a large number of specific powers and authorities, including the central authority to acquire and sell water at retail and wholesale throughout SCV Water's entire service territory. The Act also gives SCV Water authorities and powers from the County Water District Law (commencing with Section 30000 of the Water Code).

### **LAFCO's Role is Defined by SB 634**

The Act defines a specific role for the Local Agency Formation Commission of Los Angeles County (LAFCO). Specifically, Section 29 of the Act requires SCV Water to submit an application for conditions (Application for Conditions) on or before January 31, 2018 to LAFCO, which must include a copy of the Act, a map and description of the boundaries of SCV Water, and a plan for providing services (Plan) that includes information described in Government Code section 56653, if applicable. The Act also requires the Plan to address Valencia Water Company (VWC) and requires VWC be dissolved and its assets, property, liabilities, and indebtedness be transferred to SCV Water.

Section 29(b) of the Act requires LAFCO to hold a public hearing within 60 days of the submittal of SCV Water's Application for Conditions. LAFCO is further required to prepare a written report that may include terms and conditions for the new entity. Any specific conditions in the written report must not conflict with provisions of the Act and must be consistent with Government Code Sections 56853 and 56886. The Act also prohibits LAFCO from imposing a condition that would require a protest proceeding or election. Within 30 days of the public hearing, the Act requires LAFCO to approve a final written report.

In addition to the above, SCV Water must, as part of its Application for Conditions, submit a list of the functions and classes of service that were exercised by CLWA and NCWD as of December 31, 2017. LAFCO is required to certify such functions and classes of service and any that are not certified by LAFCO must be approved by LAFCO before they may be exercised by SCV Water in the future.



The purpose of this Plan is to comply with the specific requirements of the Act. Specifically, this Plan provides the governance, financial, operating, and other data necessary to ensure the intent of SB 634 is fulfilled. The Plan is organized as follows:

<b>Section 1.0</b>	Introduction
<b>Section 2.0</b>	Description of Current Water Service Providers
<b>Section 3.0</b>	Governance Evaluation
<b>Section 4.0</b>	Organizational Analysis
<b>Section 5.0</b>	Financial Analysis
<b>Section 6.0</b>	Operational and Infrastructure Assessment
<b>Section 7.0</b>	Water Resource Management
<b>Section 8.0</b>	Conclusions

### 1.3 Public Engagement

Public engagement relates both to the formation of SCV Water as well as its future culture of communications and outreach. Thus, this Plan presents both a forward-looking approach to engagement as well as a retrospective analysis on how the public helped shape SCV Water.

#### Your SCV Water: A New Culture of Communications & Outreach



The Board of Directors saw the formation of SCV Water as an opportunity to enhance the culture of communications and outreach of regional water management. Several major steps have already been adopted, directed or implemented to advance this goal.

**Public Outreach Committee:** The Board directed that public outreach have its own prominent role in a standing committee. The Committee's purview will be to engage with the community at a local, regional, state and federal level.

**Dedicated Outreach Staff:** For the first time in the region’s history, a dedicated Public Information Officer has been hired to manage overall communications and outreach for regional water management. This senior-level staff member will report directly to the Assistant General Manager and oversee all communications efforts. This is a positive step forward to ensure SCV Water has a two-way dialogue with its customers and stakeholders.

**Customer Communications:** The SCV Water Board of Directors also recognized an opportunity to engage the customer, staff and other stakeholders. We envision this more than simply a logo, but rather a visual commitment of our purpose and mission in this community. The name itself – “Your SCV Water” – is a nod to the Board’s belief that this agency belongs to the people and that we must always strive for greater communications and engagement.

**Online Transparency:** SCV Water will be a model of transparency technology and access. A new website is under development that will go above and beyond what is required by way of agenda and document postings. The new site is scheduled for launch in the first part of the year.

Future communications and outreach plans are currently being developed to provide greater detail. These foundational elements will ensure SCV Water seizes on the opportunity to create a new culture of communications and outreach. In fact, the Board views future communications and outreach initiatives as an extension of the comprehensive, transparent and successful public engagement process that took place as part of the formation of SCV Water, as described more fully below.

### **The Formation Process: Public Priorities, Engagement & Support**

It was recognized early on that the concept of a new agency required extensive public engagement. The districts launched what became among the Santa Clarita Valley’s most robust, local government-led outreach processes to inform customers, seek guidance and priorities, then incorporate feedback into the planning process. The legislation was a direct result of the feedback received from the process.

The engagement process was designed to analyze the various subject areas of importance as identified by the public, and to provide specific information regarding the proposal to create a new public water district. The following outlines this public engagement effort.

**Workshop Series:** Community forums and workshops were a central component to the process. A series was designed as a progressive effort – each workshop built off the next to provide an escalating amount of detail based on public feedback and studies conducted by both the districts and independent experts. The sequence follows:

### **Workshop #1: Introduction & Feedback**

- **Date:** February 4, 2016
- **Attendance:** 150 (approx.)
- **Recap:** This workshop served as an introduction to the concept and the broad issues needing to be studied as part of the process. It included brief presentations from the general managers of both NCWD and CLWA, then a robust public comment and question and answer session.
- **Result:** Questions and issues were documented and incorporated in future planning and studies.

### **Workshop #2: Priority Setting**

- **Date:** May 16, 2016
- **Attendance:** 90 (approx.)
- **Recap:** This workshop focused on learning community priorities of a potential new water district. The agencies re-introduced the concept, challenges and opportunities. A representative from LAFCO outlined general governance matters in the region. Residents were then asked to rate their priorities on matters related to governance, service and finance.
- **Result:** More than 50 priority cards were submitted.

### **Workshop #3: Governance: How Could a New District be Governed?**

- **Date:** June 6, 2016
- **Attendance:** 50 (approx.)
- **Recap:** Based on priorities set by the community, a study was conducted and released to the public on potential governance structures. The public was invited to weigh in on matters like size of potential board, election, California Voting Rights Act, specific boundaries and other governance matters.
- **Result:** The Boards of both NCWD and CLWA received considerable public feedback on potential entity governance structures, including a division-based structure and the size of the new board.

### **Workshop #4: Comprehensive Formation Study Review**

- **Date:** November 16, 2016
- **Attendance:** 30 (approx.)
- **Recap:** The public and boards of directors were provided the comprehensive governance, finance and operations study. Financial experts provided a detailed analysis of the financial structure. The legal team provided a summary of the proposed settlement agreement and governance structure. The public and board members then asked questions of the independent experts, staff and each other. The boards directed staff to keep the Study available to the public for an approximately one-month review and comment period.

### **Joint Board Meeting: Consideration of Settlement Agreement**

- **Date:** December 13, 2016
- **Attendance:** 30 (approx.)

- **Recap:** The public and board were provided another overview of the Study and Settlement Agreement before opening it to public comment. The public was provided an overview of a community survey, which identified priorities aligned with the formation studies. The board deliberated and asked questions of staff and legal counsel of the agenda items; a vote of both boards was taken. The Settlement Agreement and action to pursue a new district passed 14-1.

## **Community Outreach**

Early on, NCWD and CLWA committed to a principle of meeting with anyone interested in this process and potential outcome. The agencies held dozens of briefings with individuals and organizations in the region, including the following:

- Association of California Water Agencies
- Association of Realtors
- Building Industry Association of LA/Ventura Counties
- California Special District Association
- California Wilderness Coalition
- Canyon Country Advisory Council
- Castaic Town Council
- City of Santa Clarita
- Climate Resolve
- Community Hiking Club
- Democratic Party of Los Angeles County
- KHTS 1220AM on-air interview
- Los Angeles County Business Federation (BIZFED)
- Los Angeles/Orange Counties Building Trades & Construction Council
- Los Angeles County Local Agency Formation Commission
- City of Los Angeles Public Works
- Mr. Steve Fazio
- Ms. Christie Smith
- Office of Congressman Steve Knight
- Office of Senator Fran Pavley
- Office of Senator Henry Stern
- Office of Supervisor Kathryn Barger
- Office of Supervisor Michael Antonovich
- San Gabriel Mountains Forever
- Santa Clarita Chamber of Commerce
- Santa Clarita Economic Development Corporation
- Santa Clarita Lincoln Club
- Santa Clarita Rotary Club
- Santa Clarita Rotary Sunrise Club
- Sierra Club, Angeles Chapter
- Southern California Water Committee
- Southland Association of Realtors

- Tesoro del Valle HOA
- The Santa Clarita Valley Signal Editorial Board
- United Water Conservation District
- Valley Industrial Association
- West Ranch Town Council

### **Important Public Outreach Facts:**

- **72%:** Support from all Santa Clarita Valley residents, according to final poll (16% opposed)
- **96%:** Public awareness increased by 96 percent between April and December
- **150,000+:** Number of engagements (comments, letters, emails, website visits, social media engagements, etc.) from customers
- **90,000:** Number of direct mail pieces to NCWD customers

### **Overview of Outreach:**

This public outreach effort was among the most significant effort from public agencies in the Santa Clarita Valley's history.

- 6 public info mail pieces communicating process and requesting feedback (90,000 pieces of mail)
- 28 community stakeholder meetings
- 5 public workshops and joint board meetings—including scoping meetings and presentation of the key elements of the legislation—with approximately 350 attendees
- 700 responses from Newhall customers and others
- 11,320 webpage views on the dedicated website (YourSCVWater.com)
- 40,000 social media impressions
- 28 emails sent to average of 4,100 customers (30,000+ opens)
- 24 opinion columns and press releases
- 3 separate editorial board meetings
- 10 print and digital ads/notices for meetings and information
- 5 digital advertisements requesting feedback (viewed 500,000 times)
- 2 valley-wide opinion surveys (1 with over-samples of Newhall customers)

### **Key Successes of Outreach:**

- Doubling of awareness from beginning of process through December 2016 (based on public opinion survey)
- Increasing support for concept while increasing awareness – 72% percent support
- Robust use of digital and traditional media to engage all audiences
- Public input shaped overall legislative proposal

**Public Information Materials:** Clear and visually oriented educational materials have been an important element of the public engagement effort. NCWD and CLWA have produced a number of engagement materials in a variety of formats (print, digital, online, email, web, video, etc.) to ensure we can reach the broadest possible audience.

Additionally, media relations has been an important part of the educational outreach efforts. NCWD and CLWA have placed five columns outlining the potential challenges and benefits of a new district. They have also participated in two editorial board meetings and numerous articles on the process. The goal has been to provide open and transparent access to the press and public as this process moves forward.

**NCWD Advisory Questionnaire:** A few NCWD customers voiced questions of benefits for District customers. The District opted to canvass all its customers to obtain priorities and opinions. Each customer was provided a questionnaire and asked to return it. An impressive 500+ cards were returned.

In total, a plurality (45 percent) of respondents wanted to explore potential benefits of a new district. About one-quarter (24 percent) needed more information and one-third of customers (33 percent) did not favor exploration of a new water district. These results supplement the scientific survey conducted in the spring that showed roughly 60 percent support for a potential new district, with 24 percent opposed.

## **Legislative History**

In February 2017, Senate Bill 634 (Wilk) was introduced in the California State Senate. The bill was crafted largely from the framework developed with the public and boards of directors of NCWD and CLWA during the year previous. The bill was also refined as Senator Wilk and the agencies engaged with stakeholders and received additional feedback.

SB 634 was dual referred in both the Senate (Natural Resources & Water and Local Governance & Finance) and Assembly (Local Government & Water, Parks & Wildlife). The Appropriations committees in both chambers also heard the bill.

In total, the bill was heard in nine separate hearings or floor votes.

- **Combined Vote: 186-16**
- Senate – Full Body: 34-0
- Senate Natural Resources & Water Committee: 7-0
- Senate Local Governance & Finance Committee: 6-0
- Senate Appropriations Committee: 7-0
- Assembly Local Government: 9-0
- Assembly Water, Parks & Wildlife: 13-2
- Assembly Appropriations – 14-0
- Assembly – Full Body: 62-13
- Senate – Full Body Concurrence: 34-1

**Key SB 634 Amendments:** While the foundational elements of the bill always remained and were included in the final bill, several important refinements and amendments were made throughout the process:

- LAFCO: The bill was amended in response to comments provided by the Los Angeles County Local Agency Formation Commission to ensure the commission had a formal role in the development of the new agency.
- Land Development: A provision was added to definitively state the bill would not impact land use approval processes.
- Community Workforce Agreement: The bill was amended to include a provision to allow the new agency to pursue a local jobs and veterans hire program as part of a Community Workforce Agreement.
- Valencia Water Company: The bill was amended to define a clear path and “date-certain” schedule to dissolve VWC and transfer assets, property, liabilities, and indebtedness to the new agency.

## 2.0 SANTA CLARITA VALLEY WATER SERVICE

The following sections provide a description of the current water services provided within the Santa Clarita Valley and how SB 634 plans for those services to be provided for in the future.

### 2.1 Description of Existing Water Service – Provided by SCV Water as the Successor Entity

#### **Castaic Lake Water Agency**

CLWA was formed in 1962 for the purpose of contracting with the California Department of Water Resources (DWR) to acquire and distribute imported State Water Project (SWP) water to the water purveyors in the Santa Clarita Valley. CLWA served an area of 195 square miles in Los Angeles and Ventura Counties. Adequate planning for, and the procurement of, a reliable water supply was a fundamental function of CLWA. CLWA obtained its water supply for wholesale purposes principally from the State Water Project (SWP) and had a long-term SWP water supply contract with DWR for 95,200 acre-feet of SWP Table A Amount, which was transferred to SCV Water pursuant to SB 634.

Over the years, CLWA acquired and developed additional water supplies, as well as storage in groundwater banks. The primary additional supply is a surface supply CLWA imported from the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District in Kern County. This supply, which is developed from Buena Vista's high flow Kern River entitlements, was first delivered to CLWA in 2007 and is available as a firm annual supply delivered to SCV Water through SWP facilities. As the successor entity to CLWA, SCV Water currently has four groundwater banking and exchanges accounts in three separate programs. The three programs include the Semitropic Water Storage District's Groundwater Banking Program, the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program, and a two-for-one banking program with the West Kern Water District in Kern County.

In addition to its role as a State Water Contractor, CLWA planned and constructed two regional water treatment plants as well as an imported water delivery system that provides treated water at various points across the Santa Clarita Valley for purchase and use by the local water retailers. CLWA also operated a water quality laboratory, which processes samples for both CLWA and the retail purveyors' water quality monitoring. In 2015, the lab completed tests on about 100,000 water samples.

Over the years, additional roles had evolved for CLWA due to its regional focus. These activities were generally conducted in collaboration and cooperation with the retail purveyors. These included urban water management planning, integrated regional watershed planning, regional water conservation outreach and programs (including a water conservation demonstration garden and school programs to educate children about water and science), groundwater treatment and remediation activities related to the Whittaker Bermite perchlorate groundwater contamination, and regional recycled water master planning and groundwater management. CLWA also supplied wholesale recycled



water for non-potable use. A description of the existing recycled water system and proposed plans for continued expansion are included in **Section 6.3.3** of this Plan.

As discussed in more detail below, CLWA provided retail water service in the Santa Clarita Valley through its Santa Clarita Water Division and owned the stock of the VWC, which also provided retail service in the area. CLWA also operated a large scale solar power system (a description of the solar system is included in **Section 6.4.3** of this Plan). A very small portion of the SCV Water boundary is non-contiguous. This area is identified in **Figure 2-1**.

**Mission Statement:** *The mission of CLWA is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley.*

### **Santa Clarita Water Division**

Santa Clarita Water Division (SCWD) served some 30,700 connections within a portion of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Saugus, Canyon Country, and Newhall. Water was supplied from both groundwater and imported water sources. SCWD was formerly a privately owned water company that was acquired by CLWA in 1999. SCWD played a proactive role in the management of local groundwater resources. SCWD was operated as a subsidiary division of the CLWA.

**Mission Statement:** *The mission of SCWD is to provide reliable, quality water at a reasonable cost to our customers.*

### **Los Angeles County Waterworks District No. 36**

Los Angeles County Waterworks District No. 36 (LACWD) continues to serve some 1,350 connections in the unincorporated communities of Castaic and Val Verde. Prior to 2012, LACWD typically obtained its full water supply from imported water purchased from CLWA, via a connection to the CLWA's Castaic Conduit. However, beginning in 2012 and continuing through present time, that imported water supply was reduced to about one-third of the overall water supply by using groundwater pumped from the Saugus Formation.

**Mission Statement:** *The mission of LACWD is to provide reliable, high-quality water and responsive customer care in a safe, cost-effective, sustainable, and environmentally responsible manner; and to foster mutual respect, professional growth, and a positive workplace.*

### **Newhall County Water District**

Newhall County Water District encompassed approximately 24,170 acres and included portions of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Newhall, Canyon Country, Valencia, and Castaic with about 9,750 service connections. NCWD supplied water from both groundwater and imported water sources. NCWD also operated sewer facilities in a portion of Canyon Country through the

operation of a lift station and transmission main. A more detailed description of the sewer facilities is presented in **Section 6.3.4** of this Plan. NCWD played a proactive role in the management of local groundwater resources. NCWD also operated a small scale solar power system. A very small portion of Newhall County Water District service area was located outside the boundary of SCV Water. This area currently does not receive water service and is identified in **Figure 2-1**.

**Mission Statement:** *The Mission of NCWD is to provide quality water service at a reasonable cost by practicing careful stewardship of natural resources, utilizing innovative measures, and providing a quality working environment.*

### **Valencia Water Company**

VWC served about 31,350 service connections in a portion of the City of Santa Clarita and in the unincorporated communities of Castaic, Newhall, Saugus, Stevenson Ranch, and Valencia. VWC supplied water from both groundwater and imported water sources. VWC also supplied recycled water for non-potable use. VWC has played a proactive role in the management of local groundwater resources. A very small portion of VWC's service area was located outside the boundary of SCV Water. This area receives water service and is identified in **Figure 2-1**.

**Mission Statement:** *To deliver a dependable supply of safe reliable water to existing and future customers.*

## **2.2 Planned Water Service**

SB 634 modernized water service in the Santa Clarita Valley by combining CLWA, SCWD, NCWD and VWC into a new single public water service provider. It defines the service territory of SCV Water as the previous boundary of CLWA as of December 31, 2017 and specifically states that SCV Water has the authority to provide both wholesale and retail water service throughout its service territory. The functions and class of services provided by SCV Water throughout this area will be the same as previously provided by the individual service providers. These are primarily retail and wholesale water service and a number of related services. Financial accounting for retail service will be provided throughout the territory through three financial accounting divisions as shown in **Figure 5-2**. Section 29(e) of the Act requires LAFCO to certify in its written report the functions and class of services that were being exercised by CLWA and NCWD on December 31, 2017. **Table 2-1** below provides the list for LAFCO's certification.

With regard to VWC, as the successor in interest to CLWA, SCV Water became the owner of all of the outstanding stock of VWC on January 1, 2018. Section 4(j) of the Act specifically requires SCV Water to dissolve VWC and transfer its assets, property, liabilities, and indebtedness to SCV Water by no later than July 1, 2018. Consistent with this requirement, on January 9, 2018 the SCV Water Board of Directors approved the dissolution of VWC and transfer of its assets, property, liabilities, and indebtedness to SCV Water. Subsequently, a certificate of dissolution was filed with the Secretary of State. As a result, VWC no longer exists and is now replaced by SCV Water's retail water

service. Regarding the small portion of VWC’s area outside the SCV Water boundary referenced above and shown in Figure 2-1, VWC, and consequently CLWA as the wholesale water provider to VWC, provided retail water service to approximately 524 connections in this area since 1999. SCV Water will continue to provide water service to this area. Pursuant to Government Code section 56133(e)(4), LAFCO approval to provide this water service is not required because it has been provided since before January 1, 2001.

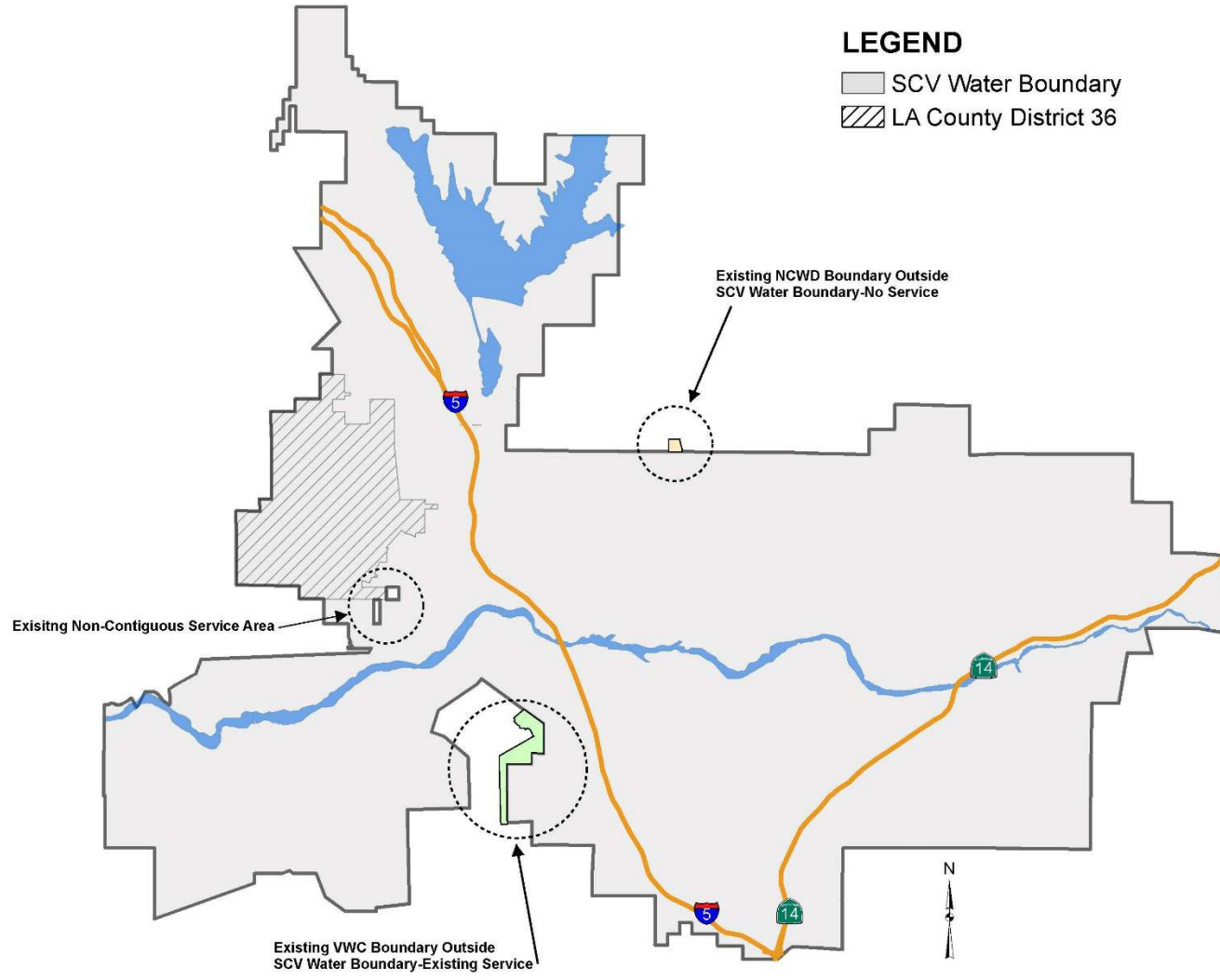
As specified in Section 4(i) of the Act, LACWD is not affected and will continue to provide retail water service in its service area and receive wholesale water through SCV Water as it did before from CLWA. Because SCV Water is the successor in interest to CLWA, any contracts and other obligations between LACWD and CLWA are now between LACWD and SCV Water and are binding on both parties. Specifically, Section 4(b) of the Act states that SCV Water succeeds to all of the rights, duties, obligations, contracts, responsibilities assets, entitlements and liabilities of CLWA and NCWD. As a result, the relationship between LACWD and SCV Water will remain the same.

Table 2-1 SCV Water Functions and Class of Services					
	CLWA	SCWD	NCWD	VWC	SCV Water
Water (WCS 31020-31035.1)	✓	✓	✓	✓	✓
Sewer Facilities (WCS 31100-31106)			✓		✓
Fire Protection (WCS 31120)					
Recreational Facilities (WCS 31130-31133)					
Sanitation Service (WCS 31135-31142)					
Power Generation (WCS 31149.1-31149.7)	✓		✓		✓
Recycled Water Service (SB 634, Section 18(a))	✓			✓	✓

Note: Excludes “special” provisions in Water Code Sections (WCS) 31029.1, 31031.5, 31035.6, 31031.8, 31032.9, 31032.10, 31032.12, 31035.1, 1052, 31104.5, 31104.6, 31104.7, 31104.8, 31133, 31149.3, 31149.4 and 31149.5)

See **Figure 2-1** below for a Service Area Map. A more detailed map and description of boundaries per LAFCO requirements for SCV Water will be submitted with the completed LAFCO application.

**Figure 2-1** SCV Water Service Area Map



## 3.0 GOVERNANCE

The following sections provide a description of the current governance and how SB 634 modernizes the governance for the future.

### 3.1 Historical Governance Structure

#### **Castaic Lake Water Agency**

CLWA was governed by an 11 member board, 9 of whom were elected by the public and 2 of whom was appointed by the governing body of retail purveyors served by CLWA. The 9 elected board seats included 3 elected at-large over the whole CLWA service area and 6 elected by division (three divisions with two seats in each division). The NCWD Board appointed one of the CLWA directors to represent NCWD and the LA County Board of Supervisors appointed the other to represent LACWD.

Therefore, a resident of the Santa Clarita Water Division voted to elect the divisional directors in their particular division as well as the at large directors. A resident of NCWD or LACWD voted for the divisional directors in their particular division, as well as at-large directors, and had a director appointed by their retail governing body. A resident of VWC voted to elect the divisional directors in their particular division as well as at-large directors. All retail customers in the Santa Clarita Valley had an opportunity to vote for representation on the CLWA Board. The CLWA governing board set the Agency's ordinances, policies, taxes, and rates for service.

#### **Santa Clarita Water Division**

Santa Clarita Water Division was operated as a division of the Castaic Lake Water Agency. SCWD was governed by the CLWA Board of Directors. As noted above, a resident of the Santa Clarita Water Division could vote to elect the divisional directors in their particular division as well as the at large directors who served on the CLWA Board. The CLWA Board set the SCWD's ordinances, policies, and rates for service.

#### **Los Angeles County Waterworks District No. 36**

Los Angeles County Waterworks District 36, Val Verde, is a special district formed in accordance with Division 16, Sections 55000 through 55991 of the State Water Code to supply drinking water for urban use in Val Verde. The local water system of the LACWD was installed in 1963 using a federally assisted County Improvement Assessment District which was paid for by the local property owners. The District is operated by the Los Angeles County Department of Public Works, Waterworks Division and is governed by the Los Angeles County Board of Supervisors.

#### **Newhall County Water District**

The Newhall County Water District was formed in 1953 as a County Water District per Division 12 of the California Water Code. Five (5) Directors were elected at large by voters to serve staggered four year terms on its governing board. The governing board set the District's ordinances, policies, taxes, and rates for service.

## Valencia Water Company

Valencia Water Company was operated as a water utility corporation. CLWA and then SCV Water were the sole shareholder, having acquired the stock of VWC in 2012. CLWA, as sole shareholder, appointed a Board of Directors to govern VWC. Beyond that, CLWA had no role in the operations of VWC, which had its own staff. CLWA sold imported water to VWC at the same rates as to other retailers. Residents of the VWC service area could vote to elect the divisional directors in their particular division as well as the at large directors who served on the CLWA Board.

### 3.2 SCV Water Modernized Governance

SB 634 ultimately requires a three electoral division system with equal-population per director. The initial board consists of 15 members, 5 of whom were directors of NCWD on December 31, 2017 and 10 of whom were of CLWA on December 31, 2017. The initial terms of directors whose respective terms as a member of NCWD or CLWA board of directors would have expired following the 2018 general election now expire following the 2020 general election, and terms of members that would have expired following the 2020 general election now expire following the 2022 general election. Two directors will be elected for each electoral division at the 2020 general election, and at every election on that four-year election cycle thereafter. One director will be elected for each electoral division at the 2022 general election and at every election on that four-year election cycle thereafter. There will be no appointed director position after January 1, 2023.

This election process provides for a smooth transition in elected representation over time, starting with 15 members, and reducing in size to a 13 member Board at the 2020 election, 12 publicly elected members and 1 appointed by the Los Angeles County Board of Supervisors. The Board will take its final shape at the 2022 election by further reducing to 9 publicly elected members with 3 in each electoral division. **Table 4-1** illustrates the Board reduction over time.

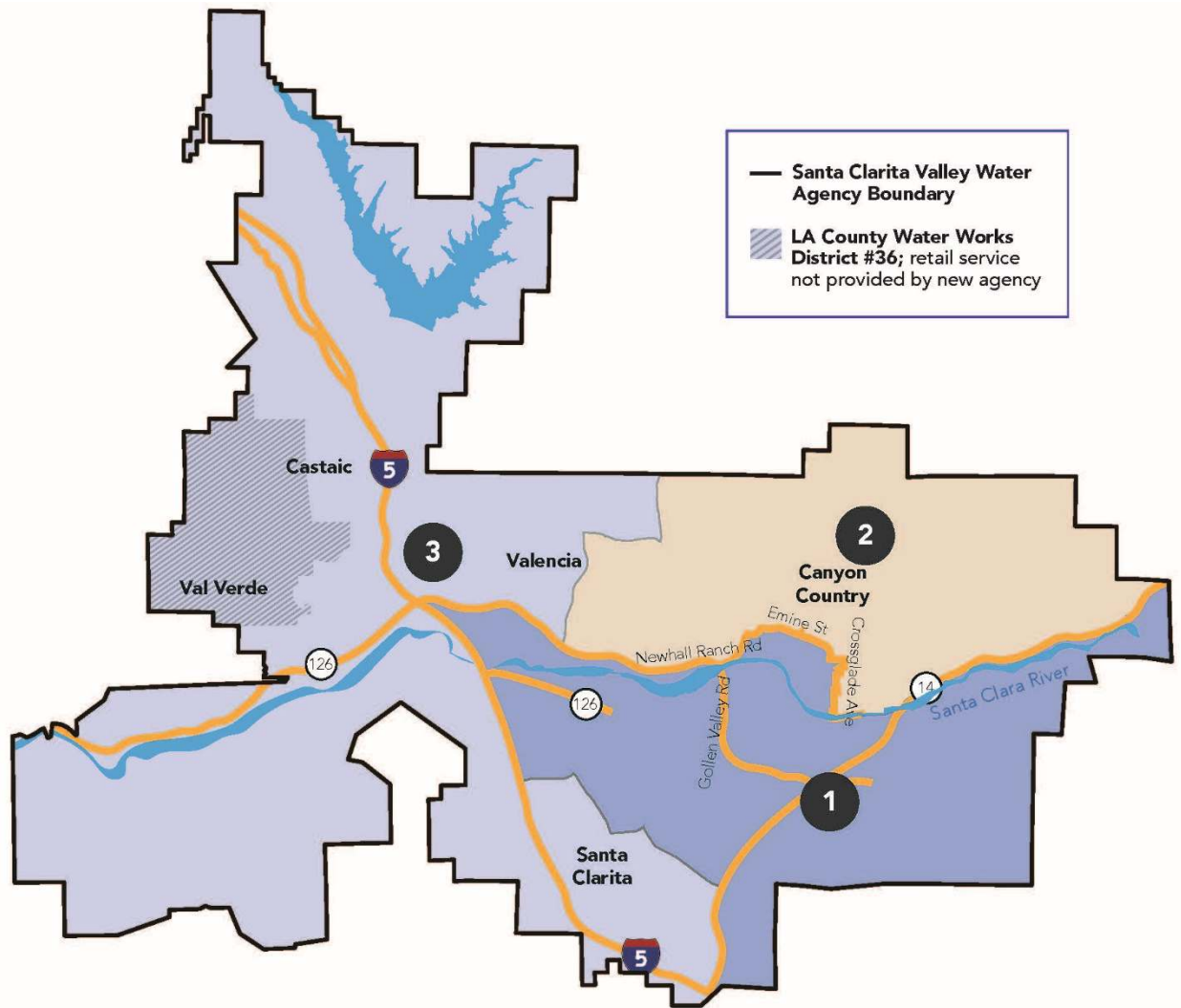
	<b>January 1<sup>st</sup>, 2018</b>	<b>2020 Election</b>	<b>2022 Election</b>	<b>Final Board Size</b>
<b>Board Directors</b>	15	13	9	9

SB 634 designed SCV Water to comply with the California Voting Rights Act (CVRA). It requires each elected board member to be a resident within SCV Water’s service territory and designated as a director from the electoral division in which his or her residence is located.

**Figure 3-1** shows the map of the three electoral divisions. Reference **Appendix A** for the specific electoral division boundary descriptions included in Section 5 of SB 634.



**Figure 3-1** SCV Water Governance Map



## 4.0 ORGANIZATIONAL PLAN

SCV Water provides for organizational savings through the full integration of each entity's board, staff and outside services. An effective organization is dependent on the philosophy of the governing body, the culture the management promotes, and the dedication of the staff.

SCV Water provides the pathway to further improve on service through the combination of resources from the existing highly performing retail water providers. SCV Water will not change the day-to-day service customers have come to expect. Rate systems, customer experience and water service will not immediately change – and will likely improve over time – as part of this transition. The transition will provide ample opportunity to further analyze and improve upon existing levels of service and ensure the best parts of the region's current water providers are carried forward.

### 4.1 Board of Directors and Staffing

As discussed in the governance section of this Plan, historically there have been boards representing both NCWD and CLWA. NCWD's Board is composed of 5 members and CLWA's Board is composed of 11 members. SB 634 requires the initial board to consist of 15 members, and then reduce to a 9 member Board after the 2022 election. The reduction in members provides a more economical governance structure.

In preparation for this Plan, the General Managers and executive level management staff of CLWA, NCWD, SCWD and VWC reviewed the current status of their organizations as well as the potential staffing implications of SCV Water. The following observations were developed from that initial review and discussion:

1. The employees are a significant, valuable resource of experience, are well trained and proficiently provide important services in their respective areas of responsibility.
2. The economic slowdown and slow recovery over the last 10 years have resulted in leaner than typical staffing levels.
3. As the region continues to grow in population and number of service connections, and additional state mandates or situational needs arise, workload will increase and there will be some incremental increase in baseline staffing needs over time. These needs would need to be addressed with or without the creation of a new agency, but can be handled more efficiently at the scale of the new agency rather than as separate ones.
4. Combining entities offers opportunity to reduce positions which will happen over time through normal attrition (the rate at which employees naturally retire, relocate or seek other career paths), combining similar positions, and reassigning of duties.
5. All employees will be employees of SCV Water and benefits are being consolidated, recognizing continuous years of service.

6. It is projected the net staff reduction could be 5% to 10%, with a mid-point estimate of 7%.
7. During the initial few years of the transition, it will be important to have staff engaged in the process of effectively integrating the functions of the new combined organization while continuing to provide a high level of service internally and externally.
8. Fortunately, many key staff have worked for one or more of their counterpart water agencies during their careers. For example, a staff person may have started with CLWA's SCWD division and taken a promotional opportunity at NCWD, VWC or vice-versa.
9. Staffing economies will be achieved through the principles of normal attrition, reassignment and absorption where appropriate. No layoffs are anticipated.

**Table 4-1** below presents the historical staffing resources of CLWA, SCWD, NCWD and VWC.

<b>Table 4-1</b>					
<b>Historical Number of Employees</b>					
	<b>CLWA</b>	<b>SCWD</b>	<b>NCWD</b>	<b>VWC</b>	<b>Total</b>
<b>No. of Employees</b>	86	59	30	48	223

**Existing Staffing:** SCV Water has set a goal to assimilate all employees to a single salary and benefits schedule to ensure equitable pay for similar work. In some cases, SCV Water will need to perform additional classification, compensation and organizational studies. These studies will develop the most appropriate position descriptions for SCV Water as well as the appropriate compensation and benefits.

Senior management staff from NCWD, CLWA, SCWD and VWC participated in the development of the SCV Water organizational structure. The following goals were developed by the staff to help guide the process:

- Integrate three retail service components and one regional import component into the single SCV Water
- Create a “best in class” water agency
- Gain efficiencies and economies of scale
- Gain benefits of region wide and watershed focus
- Plan for an orderly transition path
- Do so without disrupting (and ultimately improving) service to our customers

The group also took into account the following organizational considerations:

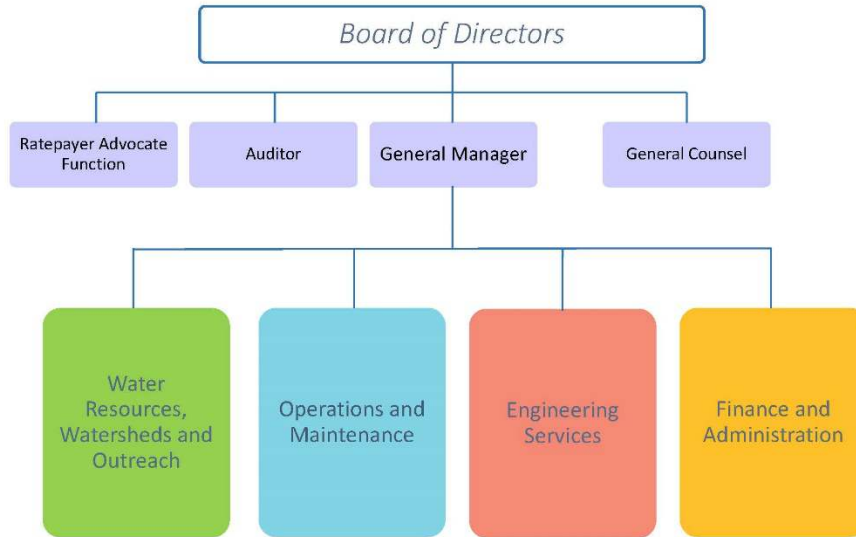
- Look at the new organization as if we had not evolved as separate entities
- Align functions scattered across four entities to support water services of a single organization
- Factor in separate locations and a period of transition – initial reporting relationships and specific staff knowledge of systems
- Identify current and future organization needs that are not being met

The group also took into account the following staffing considerations:

- Provide for operating continuity during transition
- Utilize attrition and avoid any layoffs
- Provide for organizational needs not being met to extent feasible (examples: asset management, emergency preparedness, technology integration)
- Align staff to their strengths whenever possible
- Find meaningful, needed roles
- May not have identical position/role (given we are moving from three parallel retail entities and have some shared functions)

Using the above goals and considerations, the functional organizational chart depicted in **Figure 4-1** below was developed for SCV Water. Ultimately, a fully detailed organizational chart for SCV Water was developed.

**Figure 4-1** SCV Water Functional Organizational Chart



As identified above, SCV Water was designed with four (4) core functional areas. **Figure 4-2** presents an overview of the key functions which will be provided within each core area.

**Figure 4-2** Key Functions of Core Areas





The review of the organization also provided the opportunity to identify several efficiencies and staffing positions that were no longer needed. **Table 4-2** below presents both vacant positions that have been eliminated and other vacant positions that need further evaluation.

<b>Table 4-2</b>	
<b>Position Attrition Chart</b>	
<b>Positions Eliminated</b>	
General Manager Vice President/Controller Conservation Specialist II Administrative Technician Operations Superintendent	
<b>Vacant Positions Under Evaluation</b>	
Administration Technician Field Customer Service I Production Operator II Senior Production Operator Utility Worker II	

Note: Vacant positions under evaluation are positions that may be eliminated, but require further evaluation.

**Future Employees:** As a California Public Employee Retirement (CalPERS) agency, SCV Water will be covered by the Public Employees’ Pension Reform Act of 2013 (PEPRA). A new employee brought into CalPERS membership on or after January 1, 2013 falls under a new defined benefit formula with a later retirement age for full benefits, as well as a specified employee contribution level. There is also an inflation adjusted cap on pensionable compensation. This is expected to reduce overall agency costs for new employees of SCV Water.

**Longer term staffing needs:** A key consideration that must not be overlooked is to ensure staffing levels are maintained adequately as to not negatively impact levels of service. The Santa Clarita Valley is projected to grow significantly over the next several decades. Specifically, the joint planning effort completed by the City of Santa Clarita and Los Angeles County, known as One Valley One Vision, projects the population of the Santa Clarita Valley will grow from the existing 273,000 people to a population of over 460,000 at buildout. This growth will result in additional water facilities to operate and maintain, and increases in the number of customers and metered accounts. In addition, several new water supply programs and related physical facilities will be constructed and operated to meet future needs. Developing, building, operating and maintaining a significantly increased recycled water program will increase workload. Staffing levels will

need to align with this growth. However, the efficiency gained through this new integrated agency will continue to partially offset an incremental portion of the staffing that would otherwise be required to operate as separate water providers.

In addition to growth impacts, the water industry is experiencing new regulatory requirements placed upon it by the State and Federal governments. One example, discussed more fully in **Section 7.2** of this Plan, is the recently passed Sustainable Groundwater Management Act. The water suppliers are currently evaluating the impacts of these new requirements as they relate to staffing. Upon initial review, this new law appears to require substantial staff and/or outside technical consulting resources to achieve compliance. Another example of upward pressure on staffing requirements will be the growth of the SCV's water reuse program. The requirements of this program will necessitate additional staff to ensure full implementation is reached. The State may also impose further water efficiency standards, which may increase the need for water conservation personnel.

The combining of staffing resources contemplated in this Plan only has additional positive impacts for efficiently achieving the examples listed above and any unknown requirements yet to come. At the same time, changes in technology may provide further improvements to productivity that can help to offset some of these factors. Furthermore, this provides for the flexibility of implementing the reassignment goal discussed earlier.

## 4.2 Outside Services

In addition to board and labor savings that will be realized as a result of SCV Water, there are efficiencies that will be realized through the reduction in duplicative outside services contracts. Duplicative outside services savings will be realized in the areas of general counsel, litigation expense, legislative advocates and public relations. The new board is currently evaluating which duplicative outside services can be eliminated without impacting service levels. Numerous other opportunities have been identified and are under further evaluation. These benefits will have varying amounts of savings. A partial list of additional benefits is included below:

### **Additional Opportunities:**

**Real Estate:** A primary opportunity for increased revenue would be in real estate assets formerly owned by NCWD, CLWA, SCWD and VWC. It is not yet known which SCV Water facilities could be sold or leased. The Board of SCV Water will need to fully evaluate these opportunities as the new agency is integrated.

### **Others:**

- Reduced property and liability insurance
- Reduced engineering cost
- Reduced information technology costs
- Reduced banking service fees
- Integrated training opportunities

- Combined outsource billing savings
- Combined software purchasing savings
- Combined monitoring and laboratory service savings

There are some one time implementation costs to transition to SCV Water. These costs will likely result in temporary increases to attorney and consultant costs to adopt new (or “re-adopt” existing) policies, salary and benefits contracts, employment agreements and policies, financial institution agreements, insurance policies and contracts. Additional items would include costs to transfer assets and real estate to SCV Water, as well as to provide new signage and stationery items.

## 5.0 FINANCES

### 5.1 SB 634 Key Financial Considerations

SB 634 lays out some key financial considerations for SCV Water. The first is that the indebtedness of the NCWD and SCWD that existed as of December 31, 2017, including acquisition costs, tax obligations, and debt financing of capital improvement projects, shall be borne by retail customers previously served by NCWD and SCWD, respectively. The same is true for VWC for indebtedness that existed immediately before its integration. Any future indebtedness incurred by SCV Water is not limited by this provision. SCV Water will have retail financial accounting divisions to comply with this SB 634 requirement concerning retail debt existing as of December 31, 2017. A detailed summary of existing debt and reserve amounts as of December 31, 2017 is presented in **Appendix C** of this Plan.

SCV Water will operate retail water system facilities as a single unit to the extent that it is economically beneficial for the operations of SCV Water as a whole. When all pre-existing indebtedness of the former NCWD, SCWD and VWC has been retired, SCV Water must dispense with the retail financial accounting divisions as soon as feasible.

SB 634 also requires that on or before January 1, 2019, SCV Water must develop a rate-setting process that includes an independent ratepayer advocate to advise the board of directors and provide information to the public before the adoption of new wholesale and retail water service rates and charges. This is described in more detail below.

### 5.2 Accounting Principles

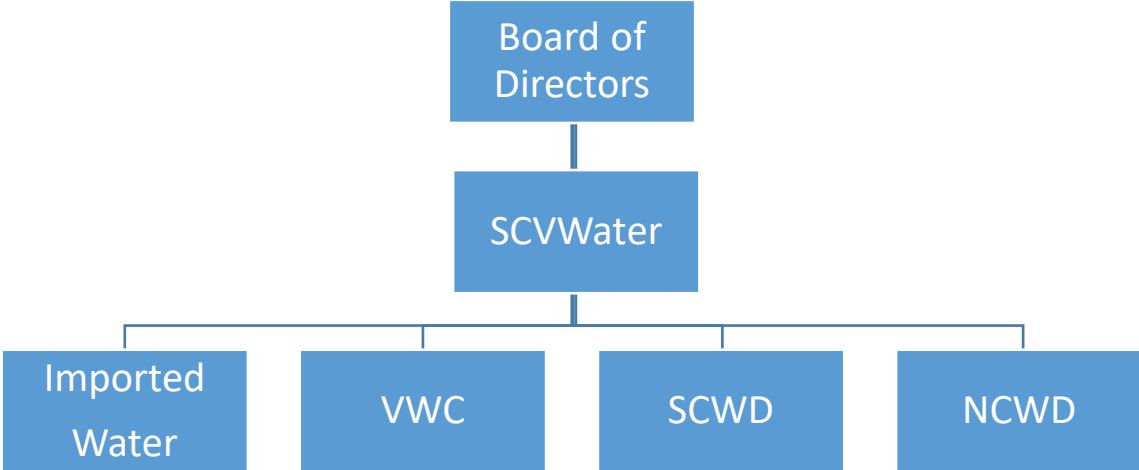
The current status of NCWD, CLWA, SCWD and VWC is that all existing assets, liabilities, revenues, and expenses are recorded within the accounting records of each enterprise, NCWD, CLWA, SCWD and VWC. Each had separate rates and charges. Given the integration goals and SB 634 financial requirements, SCV Water believes enterprise accounting is the most appropriate accounting methodology to use.

Enterprise accounting is an accounting method that keeps discrete records for two or more enterprises of the same agency, but has the flexibility to be tailored to meet the uniqueness of a given situation. In fact, the nature of the operations for many public utilities requires a detailed accounting system that separates revenues, expenses, and assets and liabilities for different segments of its business. This is also true for NCWD, CLWA, SCWD and VWC, as they already had separate accounting records and separate physical accounting systems. Enterprise accounting allows for separate and distinct accounting records to be kept for the imported water division and the NCWD, SCWD and VWC retail divisions. Each enterprise will maintain an accounting system that, at the point of SCV Water's formation, gives credit for the assets and liabilities of each entity that existed pre-formation. While enterprise accounting records will exist, SCV Water will also be able to consolidate the financial position of each enterprise and generate a consolidated financial report.

Since each enterprise will have its own accounting records, SCV Water can establish accurate budgets and rates and charges based solely on the cost to provide service to each enterprise. Enterprise accounting provides a framework that provides for fairness and equity and ensures that financial obligations of one enterprise will not become the responsibility of the other. It also provides for sharing of resources. For example, a newly purchased or constructed asset benefitting one enterprise would be credited only to that enterprise. However, if a newly acquired asset were to benefit more than one enterprise the asset cost will be divided between enterprises based on the benefit each receives. These are important concepts, because one of the areas of future cost-saving resulting from SCV Water will be from consolidating duplicate functions previously performed by NCWD, CLWA, SCWD and VWC.

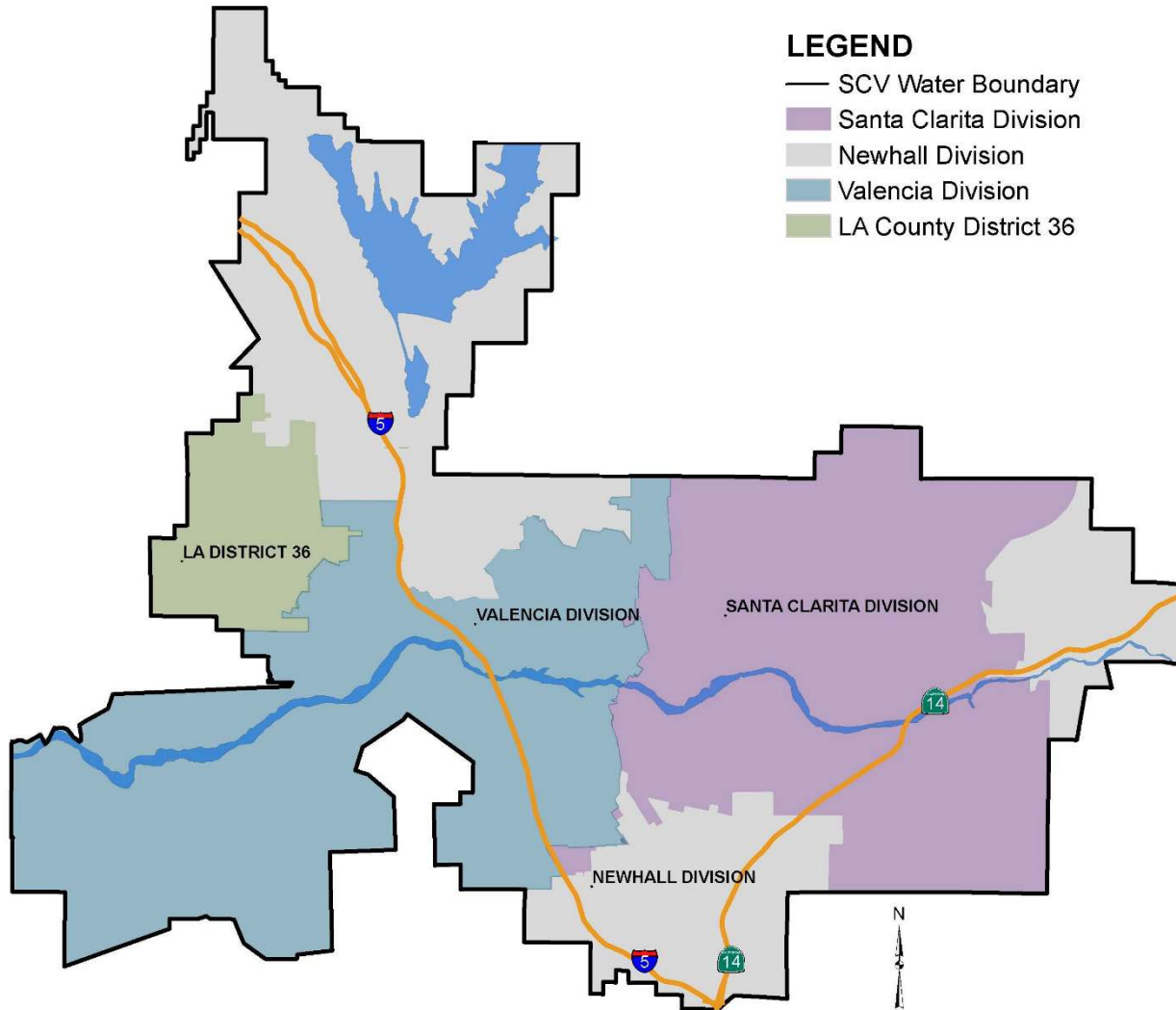
At a minimum, SCV Water will have an imported water enterprise and three retail water enterprises (see **Figure 5-1** below). This structure allows for the separation of costs that provide the justification for specific water rates and charges. The new agency will prepare its financial reporting as an entity with the imported water division using governmental fund accounting and the retail financial accounting divisions each operating as business-type enterprises.

**Figure 5-1** Financial Reporting Structure



This segregated accounting structure reinforces financial accountability and enhances financial transparency. Although the management of physical operations will be combined, the financial performance of each enterprise can be measured directly and each enterprise will be accountable for its own activities under the proposed financial accounting and reporting structure. An enterprise financial accounting system provides the ability to address the separation of existing debts, liabilities and assets. The enterprise method also provides the ability for SCV Water to combine the enterprises in the future, as existing liabilities are retired and the enterprises transition to a more fully integrated organization over time. Further, an enterprise system creates an accounting system capable of apportioning the economy of scale benefits equally. See **Figure 5-2** below for a Financial Division Accounting Map.

**Figure 5-2** Financial Division Accounting Map





## 5.3 Financial Practices and Transparency

Historically, water entity finances are based on best practices as recommended by professional associations such as the Government Finance Officers Association (GFOA), California Special Districts Association (CSDA), Government Accounting Standards Board (GASB) and the California Society of Municipal Finance Officers (CSMFO). SCV Water is committed to the same best practices.

### Transparency

SCV Water will demonstrate accountability and transparency by making financial and other information readily accessible to citizens and stakeholders. The Government Financial Officers Association has long encouraged governments to provide this information on government websites. **Table 5-1** below includes key information which will be provided on the SCV Water website.

Table 5-1 Transparency Information Available Online	
Adopted Annual Budget	✓
Comprehensive Annual Financial Reports (CAFR)	✓
Water Rate Studies	✓
Strategic Plan	✓
Financial Policies	✓
Urban Water Management Plan	✓
Water Quality Reports	✓
Newsletters	✓
Board and Committee Agendas and Minutes	✓
Multi-year Financial Forecasts	✓
Open Gov On-Line Transparency Platform	✓
CSDA Transparency Certificate	✓

### Audit Process

GFOA recommends a rigorous audit process where independent auditors report to the governing body and not to management staff. Further, GFOA has long been at the forefront of efforts to promote the highest standards of accounting, auditing, and financial reporting as represented by Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), and Government Auditing Standards (GAS). GFOA also believes that state and local governments should not be satisfied with issuing only the basic financial statements required by GAAP, but should instead publish

a comprehensive annual financial report (CAFR). SCV Water will follow these best practices. **Table 5-2** below includes key information that will be provided on auditing and financial reporting.

<b>Table 5-2 Financial Reporting Objectives</b>	
Annual Audit Firm Reports to Governing Body	✓
Publish Comprehensive Annual Financial Report	✓
Achieve Unqualified or Clean Management Letter	✓
Apply for GFOA Certificate of Achievement for Excellence in Financial Reporting	✓

### **Compliance with Governmental Accounting Standards Board (GASB)**

The GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. GASB is recognized as the official source of Generally Accepted Accounting Principles (GAAP) for state and local governments. GASB issues standards for financial reporting to help government officials demonstrate to their constituents their accountability and stewardship over public resources and requires this information be used in audits and financial reports. GASB statements are quite rigorous and can be difficult to implement. SCV Water will implement the following GASB statements included in **Table 5-3** in a timely manner.

<b>Table 5-3 Governmental Accounting Standards Board (GASB) Compliance</b>	
54 – Fund Balance Reporting and Governmental Fund Type Definitions	✓
59 – Financial Instruments Omnibus	✓
61 – The Financial Reporting Entity: Omnibus	✓
63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position	✓
64 – Derivative Instruments	✓
65 – Assets and Liabilities	✓
68 – Accounting and Financial Reporting for Pensions	✓
71 – Pension Transition for Contributions Made Subsequent to GASB 68	✓
69 – Government Combinations and Disposals of Government operations	✓
72 – Fair Value Measurement	✓

## 5.4 Financing of Services

SCV Water’s services will be funded from three sources: (1) water rates, (2) capacity fees, and (3) property taxes. More specifically, the three revenue sources are generally applied as follows:

1. Operations and maintenance of water service are funded by water rates
2. Capital improvements for existing users are funded by a combination of water rates and property taxes
3. Growth-related capital improvements are funded through the payment of development capacity fees
4. State Water Project costs are funded by property taxes

NCWD and CLWA each received a portion of the 1% property tax imposed by Article XIII A of the California Constitution. SCV Water will receive the sum of the NCWD and CLWA portions (which differ for each Tax Rate Area). SCV Water will also receive payment on voter-approved indebtedness for the State Water Project, at the current rate of 7.06 cents per \$100 assessed valuation. The latter revenues are restricted to pay for SCV Water’s share of the cost of operating and administering the State Water Project supply. CLWA annually set the tax rate by resolution (in July of each year) based on a review of the assessed valuation and the State Water Project operation cost provided by the Department of Water Resources. SCV Water will continue this practice.

Described below are more detailed descriptions of the budgeting and rate setting processes that are used to determine the appropriate level of funding required to provide service in compliance with current law.

### Budget Process

Best practices for local government budgeting include a defined budget process, public availability of budget information and an established board and committee process to review and adopt a budget. NCWD, CLWA, SCWD and VWC each had a defined budget process and each published a comprehensive budget book which includes the adopted budget, but also information on the organization, its current situation, policies, budgetary trends, performance metrics, financial metrics and other such information. **Table 5-4** below provides a list of key components of best budgeting practices that SCV Water will follow.

Table 5-4 Best Practices in Budgeting	
Based on a Strategic Plan	✓
Proposed Preliminary Budget on Website	✓
Budget Committee Review at Public Meeting	✓
Revise Budget Based on Committee/Board Review	✓

Proposed Final Budget on Website	✓
Board Review of Budget at Public Meeting	✓
Prepare Comprehensive Adopted Budget Book	✓
Budget Includes Performance Metrics	✓
Budget Includes Financial Metrics	✓
Budget Promotes Accountability	✓
Apply for GFOA Distinguished Budget Awards	✓
Apply for CSMFO Operating Budget Excellence Award	✓

Historically, NCWD, CLWA, SCWD and VWC have all prepared and adopted budgets individually. It is anticipated the four divisions will continue to operate with the current budgets through the end of Fiscal Year 2017-18. An integrated budget document will be prepared as part of the Fiscal Year 2018-19 budget cycle. In addition to the normal budget information, a financial summary showing the estimated savings resulting from the integration of SCV Water will also be presented. Ultimately, shared expenses will be reasonably allocated to the enterprises utilizing an appropriate nexus between benefits and costs. Appropriate allocation methods may include: service connections, water production volume, facility capacity, direct labor or other apportionment that bears a relationship to costs and benefits derived.

### **Rate Setting Process**

The NCWD, SCWD and VWC divisions must comply with the provisions of California Proposition 218 which requires retail water rates be based on the cost of providing the water service. Additionally, California State Water Code Section 370 provides the basis for public entities to design rate structures to promote water conservation. The imported water division is subject to Proposition 26, which requires that wholesale water rates be based on the cost of providing the service.

Proposition 218 (California Constitution article XIII D, section 6) relates to retail water rates and requires that the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers. More specifically, Proposition 218 states that:

- Revenues derived from a property-related charge (such as water service charges) imposed by a public agency shall not exceed the funds required to provide the property-related service.
- Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.
- The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
- No charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of property.

- No charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.
- A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

A summary of existing retail division rates as of December 31, 2017 is presented in **Appendix D** of this Plan. Proposition 26 relates to wholesale water rates. It states that a local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payer bear a fair or reasonable relationship to the payer's burdens on, or benefits received from, the governmental activity.

### **Ratepayer Advocate**

SB 634 also requires that on or before January 1, 2019, SCV Water must develop a rate-setting process that includes an independent ratepayer advocate to advise the board of directors and provide information to the public before the adoption of new wholesale and/or retail water service rates and charges.

The ratepayer advocate shall:

1. Be selected by and report directly to the board of directors
2. Be independent from SCV Water staff
3. Advocate on behalf of customers within the SCV Water's boundaries to the board of directors
4. Have access to all pertinent agency documents and information to independently advise the board of directors and inform the public

The board of directors must develop and adopt any necessary rules and procedures to further define the role of the ratepayer advocate. The board of directors must not eliminate the ratepayer advocate role before January 1, 2023. On and after January 1, 2023, the board of directors may eliminate the ratepayer advocate role with an affirmative vote of four-fifths of its membership.

## **5.5 Administration Practices**

### **Policies**

**Table 5-6** provides a list of current ordinances and policies. SCV Water is thoroughly evaluating which will need to be updated immediately and which can remain in place with SCV Water as the successor agency. The table has been divided into two status categories; (1) updated, and (2) to be reviewed/updated.

**Table 5-6  
Status of Policies**

<b>Updated</b>	<b>Date</b>
Employee Policy Manual	January 2, 2018
Purchasing Policy	January 2, 2018
Board Policies and Procedures	January 2, 2018
<b>To be Reviewed/Updated</b>	
Investment Policy	
Conflict of Interest Policy	
Record Retention Policy	
Public Information Policy	
Debt Management policies	
Derivatives Policy	
Disclosure Procedures Policy	
Reserve Fund policies	
Governmental Fund Balance Policy	
Legislative Policy Guideline	



## 6.0 OPERATIONS AND INFRASTRUCTURE

The following Operational and Infrastructure Plan provides a summarized compilation for key assets. This section catalogs the major assets of SCV Water and divides them into eight (8) main categories; Sources of Supply; Distribution Facilities; Pipeline, Treatment Plants, Recycled Water, Sewer Facilities and Appurtenances; and Other Assets.

### 6.1 Sources of Supply

Source of supply is a critical component of urban water suppliers. Having multiple sources of supply provides operational flexibility and increases reliability to more readily accommodate scheduled maintenance and replacement activities, emergency shutdowns and repairs, and allows for blending of supplies to improve water quality.

#### 6.1.1 Groundwater Wells

There are groundwater wells completed within the two groundwater aquifer systems (Alluvial and Saugus Formation) in the Santa Clarita Valley. Historically, the wells have had ongoing replacement and rehabilitation programs to ensure the groundwater facilities operate in an efficient and reliable manner. Local groundwater supplies currently meet all state and federal drinking water regulations. **Table 6-1** is a summary SCV Water wells.

Table 6-1 Summary of SCV Water Groundwater Wells	
Number of Groundwater Wells	46
Total Capacity* (gpm)	61,350
Age Range (years)	1936 - 2009
Average Age (years)	1980
Condition	Average - Good

Note: \*This capacity is representative of active wells only and it should be noted that the pumping capacity of groundwater wells is not reflective of actual operating conditions and pumping volumes.

#### 6.1.2 Turnouts

Turnouts are locations where imported water is delivered to the distribution system. Some turnouts are located where they require pumps to supply water to a higher elevation grade. Other turnout locations supply water through gravity without the need for pumping. SCV Water provides treatment of the imported supplies through two surface water treatment plants (Earl Schmidt and Rio Vista). All imported water consistently meets both state and federal drinking water regulations. In areas where multiple turnouts are located, there is the potential to integrate facilities and reduce duplicative maintenance costs. SCV Water provides the opportunity for integrating facilities which will have the positive impact of

increasing the reliability and flexibility during routine or emergency outages for maintenance and repair. **Table 6-2** is a summary of turnouts for SCV Water.

<b>Table 6-2</b>	
<b>Summary of SCV Water Turnouts</b>	
<b>Number of Turnouts</b>	24
<b>Total Capacity (gpm)</b>	108,800
<b>Number of Pumps</b>	40
<b>Number Gravity Supply</b>	10
<b>Condition</b>	Good – Excellent

### **6.1.3 Water Quality**

Local groundwater and imported supplies consistently meet all state and federal drinking water quality regulations. However, in 1997 it was discovered a portion of the Saugus Formation was contaminated with perchlorate. In 2007, CLWA and the local water suppliers reached a settlement with the polluter and in 2010 a perchlorate treatment system was put online to treat two existing wells. Although all groundwater supplies meet state and federal drinking water quality regulations, local groundwater is characterized as being moderately to very hard from the presence of naturally occurring calcium and magnesium. Hard water contributes to aesthetic water quality issues including spots on glasses and dishes, scale build-up, and dry skin. Imported supplies typically have lower levels of calcium and magnesium and therefore the water is characterized as having relatively low hardness levels.

SCV Water will provide a unique opportunity for removing barriers to improving water quality and reliability. This includes the opportunity to further blend groundwater and surface water supplies. This kind of operating scenario can allow for conjunctive use of groundwater and surface water, and centralized and decentralized treatment as needed.

## **6.2 Distribution Facilities**

Storage and pumping facilities allow for urban water suppliers to provide customers a reliable supply of water at acceptable pressures throughout their service areas. These facilities also provide for adequate fire flow protection and emergency storage. Combining service areas with similar hydraulic grade elevations allows for improved operating efficiencies. This includes enhancements in reliability for scheduled maintenance and replacement. Also, integrated pumping and storage facilities can provide additional fire protection and emergency storage.

## 6.2.1 Storage Facilities

SCV Water has storage facilities ranging in size from 0.05 MG to 15 MG. The storage facilities are of similar capacity and age. There is a proactive maintenance program for the storage facilities including periodic inspection and recoating. Several tanks have similar pad elevations which can allow for combining system pressure zones of tanks within similar geographic areas. A summary of SCV Water tanks and reservoirs is provided in **Table 6-3**.

Table 6-3 Summary of SCV Water Storage Facilities	
Number of Storage Facilities	99
Total Storage (in million gal)	204
Age Range	1962 – 2013
Average Age	1995
Condition	Good - Excellent

## 6.2.2 Booster Facilities

Due to the topography of the Santa Clarita Valley, there are several pumping facilities that are needed to provide service. Most of the booster facilities are of similar age and require ongoing investments to maintain reliable service. A summary of the SCV Water booster facilities is provided in **Table 6-4** below.

Table 6-4 Summary of SCV Water Booster Facilities	
Number of Pump Stations	64
Flow Rate Range (gpm)	60 – 10,400
Total Capacity (gpm)	266,554
Total Number of Pumps	168

## 6.3 Pipeline, Treatment Plants, Recycled Water, Sewer Facilities and Appurtenances

### 6.3.1 Pipeline

There is a mixture of pipeline materials including; steel, asbestos cement, PVC and ductile iron. NCWD standardized to ductile iron pipe in the late 1980's and for future

installations. SCWD standardized to PVC pipe in the 1980’s and for future installations. VWC standardized to ductile iron for pipes over 12” in size and PVC for pipes under 12” in size. The useful lifespan of pipelines varies by material and can range anywhere from 60 – 100 years. Pipeline replacement programs are based on a variety of factors including but not limited to age, material, leak frequency, and location. A summary of pipeline statistics for SCV Water is provided in **Table 6-5** below.

Table 6-5 Summary of SCV Water Pipelines	
<b>Pipe (miles)</b>	861*
<b>Age Range (years)</b>	1958 - 2016
<b>Size Range (inches)</b>	2 - 102

Note: \*Imported water pipes smaller than 10” (e.g. pump out laterals, air vac laterals, portions of some turnout laterals, etc.) were excluded.

### 6.3.2 Surface Water Treatment Plants

SCV Water operates two large scale state of the art water treatment plants. **Table 6-6** below provides some basic information for each plant. Also included in the table is information for the Saugus Well No. 1 and 2 perchlorate treatment plant.

Table 6-6 Summary of SCV Water Treatment Plants			
	Earl Schmidt Filtration Plant	Rio Vista Water Treatment Plant	Saugus Perchlorate Treatment Plant
<b>Location</b>	32700 Lake Hughes Road, Castaic, CA	27234 Bouquet Canyon Road Santa Clarita, CA	26407 Bouquet Canyon Road, Santa Clarita, CA
<b>Age (years)</b>	37	22	7
<b>Capacity (mgd)</b>	56	66	3
<b>Type of Treatment</b>	Ozonation, rapid mix, contact clarification, filtration and chloramination	Ozonation, rapid mix, contact clarification, filtration and chloramination	Ion-Exchange

### **6.3.3 Recycled Water System**

Since 2003, CLWA received tertiary treated recycled water from the Santa Clarita Valley Sanitation District's (SCVSD) Valencia Water Reclamation Plant (VWRP), and wholesaled the recycled water through VWC for sale to retail customers for appropriate uses. The Recycled Water System Phase 1 facilities include: a 4,000 gpm Recycled Water Pump Station at the Valencia WRP; a 1.5 million gallon Recycled Water Tank in the Westridge development; and approximately 15,600 feet of recycled water pipelines ranging in diameter from 12-inches to 36-inches, as shown in **Appendix F**. Annual recycled water usage has averaged 415 acre-feet per year (AFY) for the last 10 years. In 2015, 450 AFY of recycled water was used. Ninety percent of water use is between May and October, during the irrigation season. Current users include the Tournament Players Club at Valencia and street medians.

SCV Water recognizes that local recycled water is an important and reliable source of additional water. Recycled water enhances reliability in that it provides an additional source of supply and allows for more efficient utilization of local groundwater and imported water supplies. Using recycled water conserves potable drinking water and increase the reliability of water supplies in the Santa Clarita Valley. A Draft Recycled Water Master Plan which includes plans to expand the use of recycled water in the Santa Clarita valley was prepared in 2016. The proposed plan includes expanding the use of recycled water for non-potable uses and possible groundwater recharge via surface spreading.

### **6.3.4 Sewer Facilities**

NCWD had sewer facilities located in a portion of Canyon Country. The facilities included the Shadow Pines Lift Station (Lift Station) and sections of transmission force and gravity mainline. A drawing of the sewer facilities is presented in **Appendix G** of this Plan. The Shadow Pines Lift Station was originally constructed in the early 2000's to allow for the removal of a section of gravity mainline from the Santa Clara River. At the time, the Lift Station was constructed to the then current County of Los Angeles (County) design standards for lift stations. Working collaboratively with the City of Santa Clarita (City) and the County, several sections of NCWD owned sewer system were transferred to City ownership, most recently with several hundred feet of transmission gravity mainline as part of the Vista Canyon project. The plan is to upgrade the remaining sections of mainline and the Lift Station to current County design standards and then transfer the sewer system ownership to the City as soon as practicable. This process is required as the County is responsible for the maintenance of the City owned sewer system.

### **6.3.5 Appurtenances**

Appurtenances is a generic term for "belonging to and connecting to" something. It references various items in a distribution system including, meters, valves, and fire hydrants. These items all require ongoing routine maintenance. Efficiencies in these maintenance activities can be realized by combining maintenance crews and expanding coverage areas.

There are thousands of system valves throughout the water system. Valves are designed to start and stop the flow of water. Routine operation of system valves improves and prolongs the useful operating life and also helps to identify failure so replacement can be planned. Fire hydrants are also a common appurtenance in distribution systems. They provide fire protection and a source of water for various miscellaneous uses. They also require proper maintenance in order to ensure proper operation.

Water usage to customers in the Santa Clarita Valley is measured through water meters. Meter technology currently being utilized is a combination of standard manual read, “touch-read” system and automatic meter reading (AMR) technology. The “touch-read” system has the capability to migrate to AMR. There is an active meter replacement program with investment taking place over a number of years to smooth out cost impacts.

## 6.4 Other Assets

### 6.4.1 Real Estate Assets

All four former entities had administration office buildings and associated warehouses to house staff, equipment, and material. Customer service is a primary function of all water suppliers. Having strategically located facilities is important for rapid field service response and for customer convenience for things such as, paying bills, opening or closing accounts, and other in person customer service opportunities. Having multiple large office facilities is not practical from a financial standpoint and does not promote a collaborative office environment. Therefore, a centralized main headquarters would be an optimal solution. In addition, satellite customer service “payment” centers will provide convenience and enhance the customer service experience.

NCWD, SCWD and VWC each had a warehouse and operational facility. SCWD’s operations center was located offsite from its main administration building. It is important for key operational and administrative staff to work closely together in order to provide constant feedback on critical operational strategies. However, since much of the day-to-day operations involves routine maintenance activities as well as responding to customer service requests, it is important for certain field staff to be situated in areas to maximize efficiency and rapid response. Reference **Figure 6-1** on the following page for photos of current real estate assets.



**Figure 6-1** Photos of SCV Water Real Estate Assets



Clockwise from top left: NCWD Administration, CLWA Rio Vista, CLWA Water Resources, SCWD Old Administration, Valencia Water Company Administration, CLWA Earl Schmidt, SCWD New Administration

SCV Water will allow for the opportunity to sell or sublease certain facilities while integrating others to provide for strategically located facilities to improve customer service and operational efficiency. It is not yet known which facilities could be sold or leased as



part of SCV Water. **Table 6-7 below** catalogs the square footage of the existing real estate assets.

Table 6-7 Summary of SCV Water Existing Buildings		
	Address	Building Space (sqft)
<b><u>CLWA</u></b> <b><i>Earl Schmidt Filtration Plant</i></b> Control Building & Laboratory	32700 Lake Hughes Road	6,700
<b><i>Rio Vista Filtration Plant</i></b> Administration, Engineering, Laboratory & Board Room Operations	27234 Bouquet Canyon Road	35,000
<b><i>Water Resources Department</i></b>	26521 Summit Circle	4,400
<b><u>SCWD</u></b> <b><i>Old Office (leased space)</i></b>	22722 Soledad Canyon Road	5,564
<b><i>Main Office</i></b> Administration & Engineering	26521 Summit Circle	12,000
<b><i>Field Office</i></b> Operations & Warehouse	21110 Golden Triangle Road	8,940
<b><u>NCWD</u></b> <b><i>Main Office</i></b> Administration, Engineering & Board Room Operations & Warehouse	23780 North Pine Street	15,920 5,920
<b><u>VWC</u></b> <b><i>Main Office</i></b> Administration, Engineering Operations & Warehouse	24631 Avenue Rockefeller	10,975 11,025

## 6.4.2 Fleet Management

SCV Water operates and maintains a fleet of vehicles ranging from light-duty trucks to full-service heavy duty trucks, and a variety of heavy equipment. Economies of scale will be realized by managing the fleet to achieve the right number and type. Integration of the fleet would provide for a consistent maintenance program and the ability to allow for

repairs while avoiding “down-time”. **Table 6-8** lists a summary of the SCV Water fleet inventory.

<b>Table 6-8</b> <b>Summary of SCV Water Vehicles and Equipment</b>	
<b>Light/Heavy Duty Trucks, Cars, Vans</b>	115
<b>Heavy Duty and Misc. Equipment</b>	44
<b>Large/Small Generators*</b>	10

Note: \*Large/Small Generators refer to generators capable of running well/pumping facilities.

### 6.4.3 Solar Power Generation

SCV Water currently operates solar power generation systems. A small scale system is located at the former NCWD administration building. Two large scale systems are located on the Rio Vista Water Treatment Facility property. The two systems, one on the middle Mesa behind the Maintenance Building and one on the upper Mesa function as a single project through a purchase power agreement and have a combined design capacity of 4.5 MW total.

## 6.5 Technology

Technology is an important asset to any modern water supplier. Mobile solutions, remote operations and monitoring, data collection and processing provide opportunities to improve efficiencies and reduce costs. Several technology areas of importance involve Supervisory Control and Data Acquisition (SCADA), Geographic Information Systems (GIS), and Asset Management.

All water and treatments systems have robust SCADA systems in order to operate and monitor facilities and the flow and treatment of water. Currently, the same integrator, hardware and software components are used for the SCADA systems. This allows for seamless integration. Utilizing the same vendors and integrators can have the potential of limiting increased costs and also improve efficiency and reliability.

Asset Management is an important part of any water supplier’s operation, maintenance, and capital improvement programs. Understanding the costs associated with maintaining a water utility is important to the reliability and efficiency of the utility’s response. All assets are examined using a number of different criteria including; operation, maintenance, age, location, reliability, redundancy, and cost. SCV Water removes institutional barriers and promotes integration of technology and the most efficient management of assets.

## 6.6 Operational and Infrastructure Integration

In a community such as the Santa Clarita Valley, which had multiple water systems, where service area boundaries bordered and overlapped each other, water system integration can provide unique opportunities for improving service reliability, redundancy, efficiency, and quality to customers. Water system integration can be realized by strategically connecting distribution systems in hydraulically compatible areas. This assessment of identifying areas of integration to provide for efficiencies, supply redundancy and overall operational improvement is specifically between the former NCWD and SCWD facilities. The existing interconnections were established for emergency purposes to assist a neighboring supplier in time of need. Permanently opening these connections and fully interconnecting other portions of the water systems would allow the integrated system to realize supply redundancy and in many cases improved fire flow, storage and water quality. The following areas are locations with existing interconnections that can be easily converted to permanent connections.

### **Intersection of Alderbrook Drive and Hacienda Lane, Newhall:**

Approximately 50 homes were served by SCWD within an area isolated from the main portion of SCWD's distribution system. It is at a similar hydraulic grade as former NCWD customers. Permanently opening this interconnection would allow water to be served mutually by both water systems, providing improved reliability and service. See Figure 1 in **Appendix E** for a detailed map.

### **Intersection of Soledad Canyon Road and Oak Springs Canyon Road, Canyon Country:**

A community of several hundred homes is located in an area adjacent to former NCWD's service system in Canyon Country. Permanently opening this interconnection and adding additional interconnections would improve reliability and service to these customers. Figure 2 in **Appendix E** shows the areas where an existing interconnection could be opened.

In addition to the existing connections, there are several other areas with adjacent service systems and they provide additional opportunities for integration to support supply reliability, redundancy, quality and improved efficiency. Below is a description of two specific examples of areas where hydraulic grade elevations are similar and would permit system integration. A complete engineering analysis is recommended to identify all areas and to adequately qualify and quantify all the potential benefits and challenges.

### **Potential Interconnection – Newhall**

A portion of former SCWD's service system supplying approximately 400 customers is adjacent to a section of former NCWD's distribution system. These neighboring service systems could be interconnected at several locations, providing customers with improved service and reliability. Figure 3 in **Appendix E** shows this area in detail.

### **Potential Interconnection – Pinetree**

Former NCWD and former SCWD serve a community of several hundred customers in adjoining areas of Canyon Country (Pinetree). Current infrastructure exists enabling these areas to be interconnected, resulting in improved service reliability. Figure 4 in **Appendix E** shows this area in detail.

## 7.0 REGIONAL WATER RESOURCE MANAGEMENT

The Santa Clarita Valley, like all of California, faces unavoidable uncertainty relating to its future water supplies. Climate change is anticipated to affect water supplies and demand. Water may be dedicated for environmental uses. Uncertainties related to the pace and practicality of future land development also exist even as the state's population is projected to increase significantly. Increased water use efficiency and integration of diverse water supplies are becoming keystones of state water policy. State policies are, appropriately, refocusing water planning and management to take place at the scale of surface watersheds and groundwater basins. There is also a push towards the idea of greater local self-reliance.

In recognition of these conditions, the Governor developed the California Action Plan which states:

“...most new water will come from a combination of improved conservation and water use efficiency, conjunctive groundwater management (that is, coordinated management of surface water and groundwater supplies), recycled water, drinking water treatment and groundwater remediation... There is increased focus on projects with multiple benefits, such as storm water capture and floodplain reconnection, that can help simultaneously improve the environment, flood management and water supplies. These diversified regional water portfolios will relieve pressure on foundational supplies and make communities more resilient against drought, flood, population growth and climate change.”

SCV Water is better positioned to take a regional perspective to address opportunities such as conjunctive use and recycled water use expansion. Effective regional water planning will also be vital in obtaining grant funding and developing viable financial plans for these significant local water resource efforts.

### 7.1 Integrated Planning

SCV Water will focus on the importance of watershed-based water resource management and local regional planning, by building on past successes and leading to greater achievements in water conservation, conjunctive management of groundwater and surface water supplies, formation and participation in a groundwater sustainability agency, and future recycled water expansion across the Santa Clarita Valley.

#### 7.1.1 Urban Water Management Plan

An Urban Water Management Plan (UWMP) is a planning tool prepared every five years, which generally guides the actions of urban water suppliers. It provides managers and the public with a broad perspective on a number of water supply issues. It is not a substitute for project-specific planning documents, nor was it intended to be when mandated by the State Legislature. For example, the Legislature mandated that a plan include a section which “...describes the opportunities for exchanges or water transfers

on a short-term or long-term basis.” (Wat. Code, § 10631, subd. (d)). The identification of such opportunities and the inclusion of those opportunities in a plan’s general water service reliability analysis neither commits an urban water supplier to pursue a particular water exchange/transfer opportunity, nor precludes it from exploring exchange/transfer opportunities never identified in its plan. Before an urban water supplier is able to implement any potential future sources of water supply identified in a plan, detailed project plans are prepared and approved, financial and operational plans are developed and all required environmental analysis is completed.

“A plan is intended to function as a planning tool to guide broad-perspective decision making by the management of water suppliers.” (*Sonoma County Water Coalition v. Sonoma County Water Agency* (2010) 189 Cal. App. 4th 33, 39.) It should not be viewed as an exact blueprint for supply and demand management. Water management in California is not a matter of certainty and planning projections may change in response to a number of factors. “[L]ong-term water planning involves expectations and not certainties. Our Supreme Court has recognized the uncertainties inherent in long-term land use and water planning and observed that the generalized information required . . . in the early stages of the planning process are replaced by firm assurances of water supplies at later stages.” (*Id.*, at 41.) From this perspective, it is appropriate to look at the UWMP as a general planning framework, not a specific action plan. It is an effort to generally answer a series of planning questions such as:

- What are the potential sources of supply and what amounts are estimated to be available from them?
- What is the projected demand, given a reasonable set of assumptions about growth and implementation of good water management practices?
- How do the projected supply and demand figures compare and relate to each other?

Using these “framework” questions and resulting answers, the implementing agency or agencies will pursue feasible and cost-effective options and opportunities to develop supplies and meet demands. Consistent with the 2015 UWMP, SCV Water will continue to explore enhancing and managing supplies from existing sources such as the State Water Project (SWP) as well as other options. These include groundwater extraction, water exchanges and transfers, water conservation, water recycling, brackish water desalination, and water banking/conjunctive use. Additional specific planning efforts may be undertaken in regard to each option, involving detailed evaluations of how each option would fit into the overall supply/demand framework, potential environmental impacts, and how each option would affect customers. The California Urban Water Management Planning Act (Act) requires preparation of a plan that, among other things:

- Accomplishes water supply planning over a 20-year period in five year increments. (The 2015 UWMP goes beyond the requirements of the Act by developing a plan which spans thirty-five years.)

- Identifies and quantifies existing and projected water supplies and water supply opportunities, including recycled water, for existing and future demands, in normal, single-dry and multiple-dry years.
- Implements conservation and efficient use of urban water supplies.

It is the stated goal of SCV Water to deliver a reliable and high quality water supply to their customers, even during dry periods. Based on conservative water supply and demand assumptions over the next thirty-five years in combination with management of non-essential demands during normal and dry water years, the 2015 UWMP successfully achieves this goal. The Act does not change the water supply available to SCV Water, nor does it make additional water available for future development. A copy of the entire 2015 UWMP can be viewed online at [yourSCVWater.com](http://yourSCVWater.com). A table from the most recent Santa Clarita Valley Water Report summarizing water supply utilization is presented in **Appendix H** of this Plan.

## 7.1.2 Integrated Regional Water Management Plan

In 2002, the Legislature passed the Regional Water Management Planning Act. Among the Legislative findings chaptered in the act (Water Code Section 10531) were:

*“Local agencies can realize efficiencies by coordinating and integrating their assets and seeking mutual solutions to water management issues.”*

*“Water management is integrally linked to public health and the health of all natural resources within our watersheds. It is the intent of the Legislature that water management strategies and projects are carried out in a way that promotes these important public values.”*

*“The reliability of water supplies can be significantly improved by diversifying water portfolios, taking advantage of local and regional opportunities, and considering a broad variety of water management strategies...”*

*“Water is a valuable natural resource in California, and should be managed to ensure the availability of sufficient supplies to meet the state’s agricultural, domestic, industrial, and environmental needs. It is the intent of the Legislature to encourage local agencies to work cooperatively to manage their available local and imported water supplies to improve the quality, quantity, and reliability of those supplies.”*

*“The implementation of this part will facilitate the development of integrated regional water management plans, thereby assisting each region of the state to improve water supply reliability, water quality, and environmental stewardship to meet current and future needs.”*

Bond acts approved by voters have since provided \$1.5 billion to support and advance Integrated Regional Water Management planning and projects. Access to these funds was predicated on formation of watershed based Regional Water Management Groups,

and developing specified levels of Integrated Regional Watershed Management Plans (IRWMP).

Local agencies and stakeholders within the Upper Santa Clara River Watershed developed an IRWMP, most recently updated in 2014. The geographical and hydrologic scope of the Upper Santa Clara River Watershed extends far beyond the reach of any one retail entity, with CLWA coming closest in matching the span of the watershed. The IRWMP helps to integrate multi-agency planning and implementation efforts through goals to reduce potable water demand, increase water supply, improve water quality, promote resource stewardship, reduce negative effects from flooding and hydro-modification, and adapt to and mitigate climate change when possible.

Local agencies participating in the IRWMP included CLWA, the four water retailers, the City of Santa Clarita, the County of Los Angeles, the Sanitation District, and the Rivers and Mountains Conservancy. Together the agencies develop (consistent with the integrated water management approach), rank, and apply for grant funding for various water-related projects in the Santa Clarita Valley. CLWA and the four water retailers work together on some efforts, but because they are separate agencies, they individually sponsor projects. For example the 2014 IRWMP shows teamwork and individual sponsorship for:

- An SCWD Water Use Efficiency Master Plan;
- Santa Clarita Valley Water Use Efficiency Strategic Plan;
- Foothill Feeder Connection
- Residential Turf Removal Program
- Volatile Organic Compound Groundwater Investigation
- CASGEM Groundwater Monitoring Program

Because historically water use efficiency programs are handled at both the retail and wholesale level, and to different degrees by different retailers, there were three distinct sets of water use efficiency programs in the 2014 IRWMP.

While the Santa Clarita Valley's water providers have come a long way with their efforts to practice Integrated Regional Watershed Management Planning, there is room to improve on the model through a regional scale water agency that can take on these projects rather than cobbling together parts implemented by various water providers. Though agencies described above often have shared interests and similar goals, and have at times worked admirably in a cooperative fashion, they are, by definition separate entities. They have their own structural differences, financing capability, internal processes, staffing capabilities and limitations, and so forth. These type of structure differences make it less efficient and more challenging, even when working to achieve shared goals. SCV Water will provide a single forum to debate and set policy to achieve the most effective way to develop and manage water resources.

## 7.2 Groundwater Sustainability Agency

The Sustainable Groundwater Management Act of 2014 (SGMA) has set in motion sweeping legislation and regulations related to the need for sustainable groundwater



management throughout the State, among them a process requiring the creation of Groundwater Sustainability Agencies for each groundwater basin in the state.

SB 634 specifically authorizes the new agency to join with one or more local agencies to form a groundwater sustainability agency pursuant to Section 10723.6 of the Water Code and to participate with a groundwater sustainability agency to develop and implement a groundwater sustainability plan within the agency in accordance with Chapter 6 (commencing with Section 10727) of Part 2.74 of Division 6 of the Water Code.

SGMA's legislative findings include:

*"The people of the state have a primary interest in the protection, management, and reasonable beneficial use of the water resources of the state, both surface and underground, and that the integrated management of the state's water resources is essential to meeting its water management goals."*

*"When properly managed, groundwater resources will help protect communities, farms, and the environment against prolonged dry periods and climate change, preserving water supplies for existing and potential beneficial use."*

SCV Water is located in the Santa Clara River Valley East Basin, which extends throughout much of the Santa Clarita Valley. The basin is designated as a high priority basin by the Department of Water Resources.

There are two key steps on the horizon, both requiring careful integration of interests. The first is organizational, and the second technical and scientific in nature. The organizational process is currently under way. A Groundwater Sustainability Agency (GSA) for the basin was created through a Memorandum of Understanding including the following members; (1) Newhall County Water District, (2) Castaic Lake Water Agency, (3) Santa Clarita Water Division, (4) Los Angeles County Waterworks District No. 36, (5) City of Santa Clarita, and (6) County of Los Angeles. The first three members are now combined into SCV Water. The members of the GSA have selected leadership to sit on the GSA Board of Directors and are discussing the transition of the GSA into a Joint Powers Authority.

The GSA is charged, by law, with the development and implementation of a Groundwater Sustainability Plan by January 31, 2022, designed to assure groundwater sustainability for the long term. The GSA is required to take stakeholder interests into account. The GSA members and stakeholders share many of the same goals. From a strictly water provider perspective, the GSA participants have many more goals in common than separate. Prior to SB 634, the agencies were separate and significant time was spent on governance discussions designed to meld separate agency bureaucracies for the purpose of ensuring a balance and fully functioning GSA. SCV Water ensures the primary water providers in the valley are speaking with one voice through the GSA, ultimately leading to increased efficiencies in developing the Groundwater Sustainability Plan.

## 7.3 Recycled Water

Greater use of recycled water in the Santa Clarita Valley will benefit the region through development of local supply that improves reliability in periods of drought. This supply source can be used to meet non-potable water needs, like providing irrigation for local landscapes. Expanding use of recycled water is a statewide priority, with a goal to achieve 2.5 million acre-feet per year of recycled water use by 2030. Recently a draft Recycled Water Master Plan Update has been prepared that identifies proposed near and longer-term projects to advance the use of this valuable local resource. The Santa Clarita Valley's 2015 Urban Water Management Plan calls for increasing current recycled water usage from about 450 acre-feet per year to over 10,000 acre-feet per year by 2035. The updated master plan acknowledges that additional opportunities may exist beyond these levels and further study is needed to further refine feasibility, and cost effectiveness.

The scale of these recycled water facilities will most likely be regional facilities and may be concentrated in areas located closer to source supplies. Nevertheless, the water supply reliability benefits can certainly extend beyond users being provided recycled water, by offsetting potable water demand. This will result in improved water supply reliability to SCV Water customers. Significant work remains to realize the benefits of this new supply and challenges exist. SCV Water, as a regional water provider is much better positioned to deal with the regional benefits and appropriate financial responsibility.

## 7.4 Water Use Efficiency

The first item in the California Water Action Plan is to “Make Conservation a California Way of Life”. The plan in part states:

*“Conservation must become a way of life for everyone in California... There is more that can be done and all Californians must embrace this effort. In 2009, the state adopted the Water Conservation Act through the passage of Senate Bill X7 7 requiring that we achieve a 20 percent reduction in urban per capita water use by December 31, 2020, promoting expanded development of sustainable water supplies at the regional level... On April 1, 2015 for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage statewide by 25 percent. Even after the current drought emergency recedes, we must continue to build on our efforts to conserve water and promote innovative strategies for increased water conservation.”*

Further, the Governor's Executive Order 37-16 directs the Department of Water Resources to work with State Water Resources Control Board to develop the “new water use targets as part of a permanent framework for urban water agencies.” These new targets would build on the existing SBX 7-7 requirements to reduce per capita water use by 20 percent by 2020. All of the water retailers in the Santa Clarita Valley will be faced with continued challenges of helping customers use water more efficiently.

Managing resources to meet current and future water conservation mandates is enhanced through a fully integrated valley-wide conservation program administered by SCV Water. In the past, customers must visit wholesale and retail agencies to get their

water use efficiency questions and needs taken care of. Customers often asked why a program that is offered by a neighboring retailer is not available to them. Frequently, customers would comment that they do not understand why they can't just go to one entity to get all of the information in one place. For example, while CLWA managed the Lawn Replacement Program for turf grass removal and replacement with water-efficient plants, irrigation related to installation of water-efficient plants could only be rebated through the water retail agencies.

SCV Water integrates existing staff which will specialize in various types of water use efficiency program management (e.g., outdoor water use, indoor water use, and commercial water use), as well as providing enhanced customer service with their expertise. Additionally, outreach funds including consultants and media buys concentrated on water use efficiency messaging are more efficiently managed for the future. By concentrating these funds, outreach messaging will be consistent and clear without multiple messages and logos thereby eliminating customer confusion.

## **7.5 Advocacy and Regulatory Climate**

Actions of local, state, and national government can have a significant impact on the availability and cost of water supplies for the SCV. In the past the water entities have engaged legislative advocates at multiple levels. The creation of SCV Water will provide an opportunity to save costs by avoiding a duplication of efforts. Additionally, staff from the water entities often participated in the same advocacy organizations such as Association of California Water Agencies. Combining efforts will reduce expenses and allow for a wider variety of issues being tracked and more effective engagement to advance policy objectives.

The SCV's water supply is in part governed by a matrix of regulatory agencies, each with its own jurisdiction, responsibilities and permitting authority. At times in the past, the SCV's water agencies have supported alternative solutions that have diluted the effectiveness of the advocacy. SCV Water provides for a single position that could more effectively advance the interest of the entire SCV.

## 8.0 CONCLUSIONS

In general, SCV Water provides the opportunity to capitalize on economies of scale and reduce operations, maintenance and capital costs while enhancing integrated resource management, thereby saving customers money while at the same time improving service delivery. More specifically, this Plan lays out the requirements of SB 634 as they relate to opportunities in the areas of governance, organizational efficiency, finances, operations and infrastructure, and the future of water resource management.

### **Governance:**

*Electoral division based governance provides the community with a more direct regional representation and oversight of water resources. The transition of the governing body over time helps maintain adequate stakeholder representation, while continuing the philosophy of streamlined policymaking.*

### **Organizational Efficiency:**

*SCV Water's organizational structure has been designed to optimize service to the unified service area and leverage the combined organization to reduce operating costs. The new agency provides for efficiencies, primarily through retirement, attrition and reduction of outside service contracts without a reduction in the level of service.*

### **Finances:**

*SCV Water will follow best practices in transparency, financial practices, financial policy setting and financial reporting. Enterprise fund accounting in which expenses and debt are recorded separately will be utilized to ensure the mitigation of key challenges, such as cross subsidies of expenses and debt among retail water enterprises. This style of accounting also provides a financial pathway to full integration over time. SCV Water will evaluate and update existing policies to ensure the functionality of the new agency.*

### **Operations and Infrastructure:**

*SCV Water combines the operations and infrastructure capabilities of NCWD, CLWA, SCWD and VWC into one. Moving forward the strengths of each through the unified SCV Water provides for resources and support to reduce costs and improve efficiencies, while reducing redundant operations. SCV Water plans to integrate and coordinate operations and infrastructure to ensure increased efficiency.*

### **Water Resource Management:**

*SCV Water is positioned to take a regional perspective to address opportunities such as conjunctive use, groundwater management and recycled water use expansion.*

### **Public Engagement:**

*Moving forward, SCV Water will share and seek feedback on the progress of fully integrating. This process will be – and has always been – about public engagement and consensus. We look forward to bringing forth new and bold ideas to better serve Santa Clarita Valley's residents and businesses to ensure the foundational principles of SB 634 are a success.*

# APPENDIX A

Senate Bill No. 634  
*Full Bill Text*

## Senate Bill No. 634

### CHAPTER 833

An act to repeal Section 57114.5 of the Government Code, to amend Sections 21530 and 21531 of the Public Contract Code, to repeal the Castaic Lake Water Agency Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962), and to create the Santa Clarita Valley Water Agency, and prescribing its boundaries, organization, operation, management, financing, and other powers and duties, relating to water districts.

[Approved by Governor October 15, 2017. Filed with  
Secretary of State October 15, 2017.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 634, Wilk. Santa Clarita Valley Water Agency.

Existing law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes.

This bill would repeal the Castaic Lake Water Agency Law.

Existing law, the County Water District Law, authorizes the formation of county water districts and authorizes those districts to appropriate, acquire, and conserve water and water rights for any useful purpose and to operate water rights, works, properties, rights, and privileges useful or necessary to convey, supply, store, or make use of water for any purpose authorized by that law.

This bill would reorganize the Newhall County Water District and the Castaic Lake Water Agency into the Santa Clarita Valley Water Agency, which this bill would create, and prohibit the Castaic Lake Water Agency and the Newhall County Water District from operating as separate entities or exercising independent functions. The bill would generally specify the powers and purposes, as well as the boundaries, of the Santa Clarita Valley Water Agency and would provide that the purpose of the agency is to provide, sell, manage, and deliver surface water, groundwater, and recycled water at retail or wholesale within the agency's territory. The bill would prescribe the composition of the board of directors of the agency.

Existing law authorizes the Castaic Lake Water Agency to prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures, or equipment, or the performance or furnishing of labor, materials, or supplies, for carrying out specified provisions. Existing law requires all contracts for any improvement or unit of work when the cost estimate exceeds \$5,000 to be let to the lowest responsible bidder or bidders. Existing law authorizes the agency to have

work done by force account without advertising for bids and to purchase in the open market materials and supplies when the estimated cost of the work or the cost of the materials and supplies does not exceed \$5,000.

This bill would instead make these provisions applicable to the Santa Clarita Valley Water Agency and would increase these cost and cost estimate limits to \$30,000.

Existing law requires, for any proposal involving the dissolution of the Newhall County Water District, that the local agency formation commission forward the change of organization or reorganization for confirmation by the voters if the commission finds that a petition requesting that the proposal be submitted for confirmation by the voters has been signed, as prescribed.

This bill would repeal that provision.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (act), provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts.

This bill would require the agency to submit an application for conditions addressing the creation of the agency to the Local Agency Formation Commission for the County of Los Angeles, as specified, and require the commission to prepare a written report, which may contain specific conditions to which the agency would be subject and which the commission deems appropriate under the act. The bill would require the agency to reimburse the Local Agency Formation Commission for the County of Los Angeles for all costs associated with the submittal, review, consideration, preparation, and determination associated with the application for conditions and the preparation of the written report.

By imposing duties on the agency and a county in connection with the operation of the agency, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares as follows:

(a) Residents and businesses of the Santa Clarita Valley are served by several separate retail water providers. It is an inherently fragmented structure with noncontiguous service areas that has resulted in redundancies, interagency conflict, and barriers to integrated regional water management. Despite these challenges, the region's water providers continue to provide reliable and cost-effective water service.

(b) Castaic Lake Water Agency was created pursuant to the Castaic Lake Water District Law (Chapter 28 of the First Extraordinary Session of the



Statutes of 1962). The agency is a State Water Project contractor and provides wholesale water service to the Santa Clarita Valley region, which has a population of over 270,000.

(c) The agency provides retail water service to a portion of the valley through its Santa Clarita Water Division, which has approximately 30,700 service connections.

(d) Newhall County Water District is a county water district formed pursuant to the County Water District Law (Division 12 (commencing with Section 30000) of the Water Code). The district provides retail water service in the valley to approximately 9,750 service connections.

(e) Castaic Lake Water Agency is the owner of all of the outstanding stock of Valencia Water Company, which is a private company that provides retail water service in the valley to approximately 31,350 service connections.

(f) Representatives from the agency and the district began meeting in 2015 for the purpose of settling litigation between the entities arising from the agency's purchase of the company's stock. As the settlement discussions progressed, both sides began to see merit in and discuss the possibility of combining the two entities into a new public agency.

(g) Beginning in February 2016, the agency and the district began conducting an extensive evaluation and public process to determine whether creating a new combined public entity is in the best interest of the residents of the Santa Clarita Valley. This effort included a series of joint meetings and public workshops to gather information and public input.

(h) The agency and the district also launched an Internet Web site dedicated to the subject to inform the public and seek input, conducted two public opinion surveys, commissioned an independent third party to conduct a financial evaluation of a proposed new entity, prepared a comprehensive joint new public water district formation study, and presented to many groups and at events across the valley throughout 2016.

(i) The independent financial evaluation determined that both the agency and the district are in sound financial condition and that the formation of a new combined district would achieve operational cost efficiencies and economies of scale in project costs and pave the way for savings. The public opinion surveys also showed support for creating a new combined public entity, and the joint study determined that in addition to foundational efficiencies and cost savings, a new combined district would be much better positioned to provide improved regional water resource management.

(j) On December 13, 2016, the agency and the district held a joint public board meeting and voted to enter into an agreement to settle litigation between the two agencies. The settlement agreement includes a commitment to seek state legislation to combine the agency and the district into a new public entity.

(k) The agency and the district concluded in the settlement agreement that they conducted an open and transparent process and that ratepayer value and multistakeholder benefits have been the central priority. Based on this process, the agency and the district anticipate there will be multiple benefits

to the ratepayers resulting from combining the two entities into one new water entity, including, but not limited to, economies of scale such that the new water entity's expenses will be less than the total expenses of the individual entities.

(l) The two agencies further concluded that, given the importance of watershed-based water resource management and local regional planning, a single entity would build on and lead to greater success in water conservation, groundwater management, including conjunctive management of groundwater and surface water supplies, formation and participation in a groundwater sustainability agency, and future recycled water expansion across the Santa Clarita Valley.

(m) A single entity would also facilitate greater cooperation between the new water entity, the Santa Clarita Valley Sanitation District, and the Los Angeles County Waterworks Districts to better manage all water resources, including stormwater, and promote stewardship of natural resources in the Santa Clarita Valley.

(n) It is the intent of the Legislature that, following the enactment of this act, Valencia Water Company will be dissolved and integrated into the entity.

SEC. 1.5. Section 57114.5 of the Government Code is repealed.

SEC. 2. Section 21530 of the Public Contract Code is amended to read: 21530. The provisions of this article shall apply to contracts by the Santa Clarita Valley Water Agency.

SEC. 3. Section 21531 of the Public Contract Code is amended to read:

21531. (a) The Santa Clarita Valley Water Agency shall have power to prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures, or equipment, or the performance or furnishing of labor, materials, or supplies, necessary or convenient for carrying out any of the purposes of this act or for the acquisition or disposal of any real or personal property; provided, that all contracts for any improvement or unit of work, when the cost according to the estimate of the engineer will exceed thirty thousand dollars (\$30,000), shall be let to the lowest responsible bidder or bidders as provided in this article. The board shall first determine whether the contract shall be let as a single unit or divided into severable parts. The board shall advertise for bids by three insertions in a daily newspaper of general circulation published in the agency or by two insertions in a nondaily newspaper of general circulation published in the agency or, if no newspaper is published in the agency, in any newspaper of general circulation distributed in the agency, inviting sealed proposals for the construction or performance of the improvement or work. The call for bids shall state whether the work shall be performed in one unit or divided into parts. The work may be let under a single contract or several contracts, as stated in the call. The board shall require the successful bidders to file with the board good and sufficient bonds to be approved by the board conditioned upon the faithful performance of the contract and upon the payment of their claims for labor and material.

The bonds shall comply with Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code. The board may reject any bid.

(b) In the event all proposals are rejected or no proposals are received, or the estimated cost of the work does not exceed thirty thousand dollars (\$30,000), or the work consists of channel protection, maintenance work, or emergency work, the board may have the work done by force account without advertising for bids. In case of an emergency, if notice for bids to let contracts will not be given, the board shall comply with Chapter 2.5 (commencing with Section 22050).

(c) The agency may purchase in the open market without advertising for bids, materials and supplies for use in any work, either under contract or by force account; provided, however, that materials and supplies for use in any new construction work or improvement, except work referred to in subdivision (b), may not be purchased if the cost exceeds thirty thousand dollars (\$30,000), without advertising for bids and awarding the contract to the lowest responsible bidder.

SEC. 4. The Castaic Lake Water Agency Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962, as amended by Chapter 1715 of the Statutes of 1963, Chapter 443 of the Statutes of 1970, Chapter 561 of the Statutes of 1971, Chapter 1252 of the Statutes of 1975, Chapter 1128 of the Statutes of 1984, Chapter 832 of the Statutes of 1986, Chapter 1119 of the Statutes of 1987, Chapter 1181 of the Statutes of 1988, Chapter 910 of the Statutes of 1989, Chapter 562 of the Statutes of 1991, Chapter 841 of the Statutes of 1997, Chapter 170 of the Statutes of 1998, Chapter 929 of the Statutes of 2001, Chapter 27 of the Statutes of 2007, and Chapter 328 of the Statutes of 2010), is repealed.

SEC. 5. This section shall be known and may be cited as the Santa Clarita Valley Water Agency Act and reads as follows:

#### SANTA CLARITA VALLEY WATER AGENCY ACT

Section 1. This act shall be known and may be cited as the Santa Clarita Valley Water Agency Act.

Sec. 2. The Santa Clarita Valley Water Agency is hereby created, organized, and incorporated. The agency shall be managed as expressly provided in this act and the agency may exercise the powers in this act that are expressly granted or necessarily implied. The agency may include contiguous or noncontiguous parcels of both unincorporated and incorporated territory and territory included in any public district having similar powers. As used in this act and unless otherwise indicated by its context, "agency" means the Santa Clarita Valley Water Agency.

Sec. 2.5. The purpose of the agency is to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management, and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale within the territory of

the agency and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

Sec. 3. For purposes of this act, the initial boundaries of the agency shall be the boundaries of the Castaic Lake Water Agency, as those boundaries existed on December 31, 2017, and as confirmed by the Local Area Formation Commission for the County of Los Angeles in its final written report pursuant to Section 30.

Sec. 4. (a) The Castaic Lake Water Agency created pursuant to the Castaic Lake Water District Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962) and the Newhall County Water District created pursuant to the County Water District Law (Division 12 (commencing with Section 30000) of the Water Code), shall be reorganized into the Santa Clarita Valley Water Agency and shall no longer operate as separate entities or exercise independent functions.

(b) The agency shall be the successor to the Castaic Lake Water Agency and the Newhall County Water District for the purpose of succeeding to all of the rights, duties, obligations, contracts, responsibilities, assets, entitlements, and liabilities of the Castaic Lake Water Agency and the Newhall County Water District, including, but not limited to, the performance or payment of any outstanding bonds described in Section 53350 of the Government Code.

(c) All property, whether real or personal, and including all moneys such as cash on hand and moneys due uncollected, and assets and liabilities of the Castaic Lake Water Agency and the Newhall County Water District shall be transferred to and vested in the agency.

(d) All employees of the Castaic Lake Water Agency and the Newhall County Water District shall become employees of the agency.

(e) If the agency establishes a contract with the Public Employees' Retirement System, the agency shall be the successor to the Castaic Lake Water Agency and the Newhall County Water District for the purpose of providing continuation of membership in the Public Employees' Retirement System for agency employees, and shall succeed to the former agencies' assets and liabilities for Public Employees' Retirement System benefits, consistent with Section 20508 of the Government Code.

(f) The agency may continue to levy, impose, or fix and collect any previously authorized charge, fee, assessment, or tax approved, imposed, and levied by the Castaic Lake Water Agency or the Newhall County Water District, or both, including, but not limited to, any rates, fees, and charges for the provision of water. Any charge, fee, assessment, or tax authorized and in effect for the Castaic Lake Water Agency or the Newhall County Water District shall remain in effect until otherwise modified, increased, or terminated by the board of directors of the agency.

(g) The agency shall be the successor in interest to the Castaic Lake Water Agency's water supply contract with the Department of Water Resources dated August 3, 1962, as thereafter amended, for a water supply from the State Water Resources Development System, including all of the rights, responsibilities, and obligations contained in the contract, and the

agency shall succeed to the legal authority held by the Castaic Lake Water Agency for the performance and enforcement of that contract.

(h) The indebtedness of the Newhall County Water District and the Santa Clarita Water Division, a retail division of the Castaic Lake Water Agency, that exists as of December 31, 2017, including acquisition costs, tax obligations, and debt financing of capital improvement projects, shall be borne by retail divisions of the agency that correspond with the Newhall County Water District and Santa Clarita Water Division areas, respectively, and paid for from the revenues of the corresponding retail divisions. Any indebtedness incurred by the agency shall not be limited by this subdivision.

(i) The agency shall continue to supply water at wholesale to Los Angeles County Waterworks District No. 36, Val Verde, but shall not serve water at retail within the boundaries of that waterworks district without that waterworks district's consent or annexation or consolidation into the agency. Los Angeles County Waterworks District No. 36, Val Verde, upon mutual agreement between it and the agency, may be annexed or consolidated into the agency following appropriate procedures under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). Any proposed future change of organization or reorganization involving the agency and the Los Angeles County Waterworks District No. 36, Val Verde, or any other public agency under the Local Agency Formation Commission for the County of Los Angeles on or after January 1, 2018, shall be subject to the filing with the Local Agency Formation Commission for the County of Los Angeles and shall be subject to review, consideration, and determination by the Local Agency Formation Commission for the County of Los Angeles consistent with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code).

(j) The agency shall continue to supply water at wholesale to Valencia Water Company. No later than January 31, 2018, the agency, as the successor in interest to Castaic Lake Water Agency, shall take the appropriate steps together with the board of directors of Valencia Water Company to authorize the dissolution of Valencia Water Company and the transfer of the company's assets, property, liabilities, and indebtedness to the agency, consistent with the requirements of subdivision (k) and any other obligations of the parties. The dissolution and transfer shall be finalized no later than May 1, 2018, but the board of the agency may postpone this deadline until no later than July 1, 2018, if, by resolution, the board of the agency finds that specific circumstances require additional time. A transfer pursuant to this subdivision is not subject to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code).

(k) If Valencia Water Company or any other retail water supplier is integrated into the agency, the indebtedness of the retail water supplier that exists immediately before the integration shall be borne by the customers

in the area that corresponds with the boundaries of the retail water supplier and paid for from the revenues of that area.

(f) The agency may treat the retail divisions as a single unit for purposes of operations and expenses to the extent that it is economically beneficial for the operations of the agency as a whole, but as long as any preexisting indebtedness of a retail division remains outstanding, that indebtedness shall continue to be allocated to that retail division and paid from that retail division's rates and charges. When all such preexisting indebtedness has been retired, the agency shall dispense with the retail divisions for all purposes as soon as feasible.

Sec. 5. The agency is divided into three electoral divisions as follows:

(a) The first electoral division shall include the real property described as follows:

Beginning at the intersection of Newhall Ranch Road and Interstate 5; thence proceeding easterly along Newhall Ranch Road to Golden Valley Road; thence proceeding northerly along Golden Valley Road to Ermine Street; thence proceeding easterly along Ermine Street and Ermine Place and the extension of Ermine Place to Whites Canyon Road; thence proceeding along Whites Canyon Road to Nadal Street; thence proceeding easterly along Nadal Street to Bermina Avenue; thence proceeding southerly along Bermina Avenue to Delight Street; thence proceeding westerly along Delight Street to Bakerton Avenue; thence proceeding southerly along Bakerton Avenue to the Bakerton Avenue right-of-way just south of the power lines approximately 135 feet south of Kimbrough Street; thence proceeding westerly and southerly along the right-of-way behind the parcels on the east side of Crossglade Avenue until Allenwick Avenue; thence proceeding southerly along Allenwick Avenue to Vicci Street; thence proceeding westerly along Vicci Street to Crossglade Avenue; thence proceeding southerly along Crossglade Avenue to its dead end and continuing due south into the parking lot until its conclusion; thence proceeding westerly and southerly and easterly along the northern, western, and southern borders of Census Block 060379200351017, going around the two apartment buildings; thence proceeding easterly along the riverbed to Highway 14; thence proceeding northeasterly along Highway 14 to the agency's eastern border; thence proceeding clockwise along the agency's border to the intersection of Highway 14 and the agency's southern border; thence proceeding northerly along Highway 14 to Newhall Avenue; thence proceeding northwesterly along Newhall Avenue to Main Street; thence proceeding northerly along Main Street to Lyons Avenue; thence proceeding westerly along Lyons Avenue to Orchard Village Road; thence proceeding northerly along Orchard Village Road to McBean Parkway; thence proceeding westerly along McBean Parkway to Interstate 5; thence proceeding northerly along Interstate 5 to the point of origin.

(b) The second electoral division shall include the real property described as follows:

Beginning at the intersection of the agency's northern border and the Los Angeles Aqueduct easement on the western border of Census Block

060379200152002, between Harmony Way and Evening Star Court; thence proceeding southerly along the Aqueduct easement to Copper Hill Drive; thence proceeding westerly along Copper Hill Drive to McBean Parkway; thence proceeding southerly along McBean Parkway to Newhall Ranch Road; thence proceeding easterly along Newhall Ranch Road to Golden Valley Road; thence proceeding northerly along Golden Valley Road to Ermine Street; thence proceeding easterly along Ermine Street and Ermine Place and the extension of Ermine Place to Whites Canyon Road; thence proceeding along Whites Canyon Road to Nadal Street; thence proceeding easterly along Nadal Street to Bermina Avenue; thence proceeding southerly along Bermina Avenue to Delight Street; thence proceeding westerly along Delight Street to Bakerton Avenue; thence proceeding southerly along Bakerton Avenue to the Bakerton Avenue right-of-way just south of the power lines approximately 135 feet south of Kimbrough Street; thence proceeding westerly and southerly along the right-of-way behind the parcels on the east side of Crossglade Avenue until Allenwick Avenue; thence proceeding southerly along Allenwick Avenue to Vicci Street; thence proceeding westerly along Vicci Street to Crossglade Avenue; thence proceeding southerly along Crossglade Avenue to its dead end and continuing due south into the parking lot until its conclusion; thence proceeding westerly and southerly and easterly along the northern, western, and southern borders of Census Block 060379200351017, going around the two apartment buildings; thence proceeding easterly along the riverbed to Highway 14; thence proceeding northeasterly along Highway 14 to the agency's eastern border; thence proceeding counter-clockwise along the agency's border to the point of origin.

(c) The third electoral division shall include the real property described as follows:

Beginning at the intersection of the agency's northern border and the Los Angeles Aqueduct easement on the western border of Census Block 060379200152002, between Harmony Way and Evening Star Court; thence proceeding southerly along the Aqueduct easement to Copper Hill Drive; thence proceeding westerly along Copper Hill Drive to McBean Parkway; thence proceeding southerly along McBean Parkway to Newhall Ranch Road; thence proceeding westerly along Newhall Ranch Road to Interstate 5; thence proceeding southerly along Interstate 5 to McBean Parkway; thence proceeding easterly along McBean Parkway to Orchard Village Road; thence proceeding southerly along Orchard Village Road to Lyons Avenue; thence proceeding easterly along Lyons Avenue to Main Street; thence proceeding southerly along Main Street to Newhall Avenue; thence proceeding southeasterly along Newhall Avenue to Highway 14; thence proceeding southerly along Highway 14 to the agency's southern border; thence proceeding clockwise along the agency's border to the point of origin.

Sec. 6. The board of directors shall adjust the electoral division boundaries described in Section 5 by resolution pursuant to Chapter 8 (commencing with Section 22000) of Division 21 of the Elections Code.

Sec. 7. As used in this act:



(a) “Private corporation” means and includes any private corporation organized under federal law or the laws of any state.

(b) “Public agency” means and includes the federal government, the State of California, a county, a city, a public corporation, the Metropolitan Water District of Southern California, or other public district of this state.

(c) “Purveyor” means the Los Angeles County Waterworks District No. 36, Val Verde, which is a retail water supplier that has facilities connected to the agency’s water transmission system and is under contract with the agency for water.

Sec. 8. (a) The agency shall be governed by a board of directors that shall initially consist of 15 members as follows:

(1) The five members of the Newhall County Water District board of directors in office as of December 31, 2017.

(2) The appointed member representing the purveyor described in subdivision (a) of Section 10 and the nine elected members of the Castaic Lake Water Agency board of directors in office as of December 31, 2017.

(b) Each elected member of the board of directors shall be a resident within the agency’s service territory and shall hold office until his or her successor is elected pursuant to Section 9.

(c) Each of the initial members of the board of directors of the agency, except for the initial appointed member, are deemed to be designated as a director from the electoral division, as described in Section 5, in which his or her residence is located.

(d) Each of the initial members of the board of directors of the agency, except for the initial appointed member, shall hold office as follows:

(1) The initial terms of directors whose respective terms as a member of the Castaic Lake Water Agency or Newhall County Water District board of directors would have expired following the 2018 general election shall expire following the 2020 general election.

(2) The initial terms of directors whose respective terms as a member of the Castaic Lake Water Agency or Newhall County Water District board of directors would have expired following the 2020 general election shall expire following the 2022 general election.

(3) If any elected initial member of the board of the agency resigns, vacates, or is removed from office before the expiration of his or her initial term, the board may, in its discretion, decide not to appoint a successor. The board shall appoint a successor if the electoral division in which the vacancy occurs will have less than four members representing the electoral division on the board of directors.

Sec. 9. (a) All elected successors of the first board of directors shall be elected at the time and in the manner provided in the Uniform District Election Law (Part 4 (commencing with Section 10500) of Division 10 of the Elections Code).

(b) Successors to the first board of directors shall be elected by the voters for each electoral division as follows:

(1) Two directors elected for each electoral division at the 2020 general election, and at every election on that four-year election cycle thereafter.

(2) One director elected for each electoral division at the 2022 general election and at every election on that four-year election cycle thereafter.

(c) Each elected director shall have his or her primary residence in and be an elector in the electoral division he or she represents. Each elected director shall serve a four-year term from the date of taking office and until the election and qualification of a successor. A director shall take office on the first Monday of the January after an election.

(d) Any vacancy in the board of directors shall be filled by a majority vote of the remaining directors in accordance with subdivision (d) of Section 1780 of the Government Code.

(e) If a director's place of residence, as defined in Section 244 of the Government Code, is moved outside of that director's electoral division where elected from an electoral division, and if within 180 days of the move the director fails to reestablish a place of residence within the director's electoral division, it shall be presumed that a permanent change of residence has occurred and that a vacancy exists on the board of directors pursuant to Section 1770 of the Government Code.

Sec. 10. (a) The initial board of directors of the agency shall include the Castaic Lake Water Agency director who was nominated by the purveyor and in office as a Castaic Lake Water Agency director as of December 31, 2017. This initial appointed director shall serve an initial term of one year that expires on January 1, 2019. The subsequent terms for the director nominated by the purveyor shall be four years.

(b) After the initial appointed director's term expires on January 1, 2019, the office of the appointed director shall be filled as follows:

(1) Not more than 90 or less than 30 days before the expiration of the term of office of the appointed director, the purveyor shall submit a nominee for a successor appointed director to the board of directors. A nominee of the purveyor may be a director, officer, agent, or employee of the purveyor and shall be a registered voter within the County of Los Angeles or the County of Ventura. Any appointed director whose term is expiring may be nominated by the purveyor for reappointment by the board of directors as the successor appointed director. If a vacancy occurs in the office of appointed director, the purveyor shall nominate a person for appointment to the vacant office not more than 60 days after the occurrence of the vacancy.

(2) The board of directors shall appoint the nominee within 30 days after the nomination is submitted, or may within the same time period by resolution reject the nominee for cause, which shall be documented in the resolution by a detailed statement of reasons. If the board of directors rejects the nominee, the purveyor shall promptly submit a second and different nominee to the board of directors. The board of directors shall appoint the second nominee within 30 days after the second nomination is submitted, or may within the same time period by resolution likewise reject that second nominee for cause, which shall be documented in the resolution by a detailed statement of reasons. If the board of directors rejects the nominee, the purveyor shall select a third and still different nominee, which nominee

shall be entitled without further board action to take an oath of office as required by law and to thereafter serve as an appointed director of the agency. A successor appointed director shall take office on the first Monday in January in odd-numbered years, or as soon thereafter as qualifying by taking the required oath of office. A successor appointed director appointed to or otherwise entitled to fill a vacancy shall take office immediately upon taking the required oath of office. A nominee of a purveyor who is the general manager of the purveyor shall be rejected for appointment only on the ground that the nominee is legally disqualified from holding the office of director by a provision of applicable law.

(c) An incumbent in the office of appointed director shall be subject to recall by the voters of the entire agency in accordance with Division 11 (commencing with Section 11000) of the Elections Code, except that any vacancy created by a successful recall shall be filled in accordance with subdivision (b).

(d) Notwithstanding anything to the contrary in this act, the position of appointed director shall be eliminated and abolished effective January 1, 2023. The position of appointed director shall be eliminated and abolished before January 1, 2023, if any of the following conditions are met:

(1) The agency acquires the purveyor or the purveyor is annexed or consolidated into the agency.

(2) The Board of Supervisors of the County of Los Angeles by an affirmative vote of a majority of its membership eliminates the appointed director position.

(e) Notwithstanding any other law, the provisions of Article 4.7 (commencing with Section 1125) of Chapter 1 of Division 4 of Title 1 of the Government Code shall not be applicable to the appointed director. The fact that the appointed director is simultaneously a director, officer, agent, or employee of the purveyor shall not in any way constitute the holding of incompatible offices under or for purposes of any common law doctrine prohibiting the simultaneous holding of these offices, and shall not disqualify the director from serving as a director of the agency or from discharging fully the responsibilities of the office of appointed director with respect to any matter coming before the board of directors of the agency for consideration, decision, determination, or other form of action.

Sec. 11. (a) A person who may vote at any agency election held under the provisions of this act shall be a voter within the meaning of the Elections Code, residing in the electoral division of the agency in which he or she casts his or her vote. For the purpose of registering voters who shall be entitled to vote at agency elections, the county elections official is authorized, in any county in which the agency is located, to indicate upon the affidavit of registration whether the voter is a voter of the agency.

(b) In case the boundary line of the agency crosses the boundary line of a county election precinct, only those voters within the agency and within the precinct who are registered as being voters within the agency shall be permitted to vote, and for that purpose the county elections official may provide two sets of ballots within those precincts, one containing the names

of candidates for office in the agency, and the other not containing those names, and it shall be the duty of the election officers in those precincts to furnish only those persons registered as voters within the agency with the ballots upon which are printed the names of the candidates for office in the agency.

(c) In a county in which the agency is located, the county elections official is hereby given authority to have printed upon the official ballots provided for voters at elections for directors a heading in the same form as that provided by the Elections Code for nonpartisan officers, which heading shall be marked "Santa Clarita Valley Water Agency," with a subheading "For a Member of the Board of Directors, Division \_\_\_\_" (here inserting the number of the electoral division).

Sec. 12. The board of directors shall hold its first meeting as soon as possible at which it shall choose one of its members to be president. The board of directors may appoint from its members additional officers and may define the duties of those officers. The board of directors shall provide for the time and place of holding its meetings and the manner in which its special meetings may be called. A majority of the board of directors shall constitute a quorum for the transaction of business.

Sec. 13. (a) The board of directors may act by ordinance, resolution, or motion. On all ordinances the roll shall be called and the ayes and noes recorded in the journal of the proceedings of the board of directors. Resolutions and motions may be adopted by voice vote, but on demand of any member the roll shall be called. Except as provided in Section 14, an ordinance, motion, or resolution shall not be passed or become effective without the affirmative vote of a majority of the membership of the board.

(b) The enacting clause of all ordinances passed by the board shall be, "Be it ordained by the Board of Directors of the Santa Clarita Valley Water Agency as follows:"

(c) Each member of the board of directors shall receive compensation equal to the amount of compensation authorized for a Castaic Lake Water Agency director as of December 31, 2017, for each meeting of the board attended and for each day's service rendered as a director at the request of the board. This initial compensation may be adjusted in accordance with Chapter 2 (commencing with Section 20200) of Division 10 of the Water Code.

Sec. 14. (a) The board of directors may take action on the following items only by an affirmative vote of four-fifths of the membership of the board:

(1) Authorizing the agency to support or take action to further any amendments or efforts to amend this section.

(2) Issuing new debt in excess of ten million dollars (\$10,000,000) at any one time that relates to retail functions of the agency, excluding the refinancing of existing debt. The threshold of ten million dollars (\$10,000,000) shall be adjusted annually in proportion to the assessed value of real property within the agency.

(3) For the retail division of the agency that corresponds with the Newhall County Water District area, changes to the volumetric, nontiered retail rate structure that existed for the Newhall County Water District area as of December 31, 2017. This paragraph does not include changes to the tiered retail rate structure.

(b) On or before January 1, 2019, the agency shall develop a ratesetting process that includes an independent ratepayer advocate to advise the board of directors and provide information to the public before the adoption of new wholesale and retail water service rates and charges. The ratepayer advocate shall be selected by and report directly to the board of directors and shall be independent from agency staff. The ratepayer advocate shall advocate on behalf of customers within the agency's boundaries to the board of directors. The ratepayer advocate shall have access to all pertinent agency documents and information to independently advise the board of directors and inform the public. The board of directors shall develop and adopt any necessary rules and procedures to further define the role of the ratepayer advocate. The board of directors shall not eliminate the ratepayer advocate role before January 1, 2023. On and after January 1, 2023, the board of directors may eliminate the ratepayer advocate role with an affirmative vote of four-fifths of its membership.

(c) Until December 31, 2024, the board of directors may dispense with the four-fifths vote requirement for the actions described in subdivisions (a) and (b) at any time upon an affirmative vote of four-fifths of the membership of the board of directors.

(d) On and after January 1, 2025, the board of directors may at any time dispense with the four-fifths vote required for any action described in subdivisions (a) and (b) by a majority vote of the membership of the board.

Sec. 15. (a) No informality in any proceeding or informality in the conduct of any election, not substantially affecting adversely the legal rights of any citizen, shall be held to invalidate the incorporation of the agency and the legal existence of the agency and all proceedings in respect to the incorporation and the legal existence of the agency shall be held to be valid and in every respect legal and incontestable.

(b) An action to determine the validity of any bonds, warrants, promissory notes, contracts, or other evidences of indebtedness of the kinds authorized by this act may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

Sec. 16. At its first meeting, or as soon as practicable, the board of directors shall, by a majority vote of the membership of the board, appoint a general manager, secretary, and treasurer or auditor. The board shall define the duties of these appointees and fix their compensation in accordance with Division 12 (commencing with Section 30000) of the Water Code. The board may employ additional assistants, employees, engineers, attorneys, professionals, and other consultants as the board deems necessary to efficiently maintain and operate the agency.

Sec. 17. (a) Except as otherwise provided in this act and in subdivision (b), the agency has and may exercise the powers expressly granted or

necessarily implied in, and may operate in accordance with, Part 5 (commencing with Section 31000), Part 6 (commencing with Section 31300), Part 7 (commencing with Section 31650), and Part 8 (commencing with Section 32200) of the County Water District Law (Division 12 (commencing with Section 30000)) of the Water Code. The agency may exercise these powers throughout its territory.

(b) The agency may exercise any functions or class of services that are not certified by the Local Agency Formation Commission for the County of Los Angeles under subdivision (e) of Section 29 only pursuant to application to, and approval of, the Local Agency Formation Commission for the County of Los Angeles, as provided in that section.

Sec. 18. The agency shall have the power to do all of the following:

(a) To acquire, hold, and utilize water and water rights, including, but not limited to, water available from the state under the State Water Resources Development System, and to provide, sell, manage, and deliver surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout the territory of the agency.

(b) To construct, operate, and maintain works to develop energy, including, but not limited to, hydroelectric, solar, wind, and other renewable sources, inside or outside the agency for use by the agency in the operation of its works or as a means of assisting in financing the construction, operation, and maintenance of its projects for the control, conservation, diversion, and transmission of water and to enter into contracts for the sale of the energy. The energy may be marketed only at wholesale to any public agency or private entity, or both.

(c) To enter into contracts with any public agency or private entity engaged in the generation or distribution of electric energy for the right to use falling water, facilities, or real property of the agency, either inside or outside the agency, for energy generation or distribution purposes.

(d) To develop, treat, distribute, manage, and reclaim water, and to store and recover water from groundwater basins located wholly or partially inside or outside the boundaries of the agency and, in exercising that power, to make and enter into contracts allowing that storage and recovery.

(e) To join with one or more public agencies, private corporations, or other persons for the purpose of carrying out any of the powers of the agency, and for that purpose to contract with other public agencies or private corporations or persons for the purpose of financing those acquisitions, constructions, and operations. The contracts may provide for contributions to be made by each party to the contract and for the division and apportionment of the expenses of the acquisitions and operations, and the division and apportionment of the benefits, the services and products from the contract, and may provide for any agency to effect the acquisitions and to carry on the operations, and shall provide in the powers and methods of procedure for the agency the method by which the agency may contract. The contracts with other public agencies or private corporations or persons may contain other and further covenants and agreements as may be necessary

or convenient to accomplish the purposes of the contract. In addition to and without limiting all of the other powers of the agency, the agency may contract with the State of California for delivery of water under the State Water Resources Development System. Contracts under this subdivision include those made with the federal government under the Federal Reclamation Act of June 17, 1902, as amended, or any other act of the United States Congress enacted permitting cooperation.

(f) To require reporting to the agency of all production, distribution, and reclamation of water within the agency in excess of 10 acre-feet per annum.

(g) To join with one or more local agencies to form a groundwater sustainability agency pursuant to Section 10723.6 of the Water Code and to participate with a groundwater sustainability agency to develop and implement a groundwater sustainability plan within the agency in accordance with Chapter 6 (commencing with Section 10727) of Part 2.74 of Division 6 of the Water Code.

(h) To contract with the purveyor or successor in interest to the purveyor.

(i) (1) To construct works along and across any stream of water, watercourse, channel, flood control channel, storm channel, canal, ditch or flume, street, avenue, highway, or across any railway that the route of the works may intersect or cross, if the works are constructed in a manner as to afford security for life and property and the agency restores the crossings and intersections to their former state as near as may be or in a manner not to have impaired unnecessarily their usefulness. This paragraph grants the agency a statutory franchise right and therefore the agency may not be charged any use fees or be made subject to any conditions that unreasonably interfere with the franchise rights.

(2) The statutory franchise right and right-of-way granted in paragraph (1) is hereby given, dedicated, and set apart to locate, construct, and maintain the works along and across any street or public highway and over and through any of the lands that are now or may be the property of this state, and to have the same rights and privileges as have been or may be granted to cities within the state. Any use under this section of a public highway shall be subject to the provisions of Chapter 3 (commencing with Section 660) of Division 1 of the Streets and Highways Code.

Sec. 19. The financial or other interest of any appointed director in any contract between the purveyor or successor in interest to the purveyor and the agency, or the fact that an appointed director may hold the position of a director, officer, agent, or employee of the purveyor or successor in interest to the purveyor, shall not constitute a violation of Section 1090 of the Government Code, and that interest or fact shall not render the contract void or make it avoidable under Section 1092 of the Government Code, at the instance of any party, if either the fact of the interest or the fact of the relationship as director, officer, agent, or employee, or both, are disclosed to the board of directors of the agency and noted in its official records and the board authorizes, approves, or ratifies the contract by a vote of its membership sufficient for the purpose without counting the vote of the interested appointed director.



Sec. 20. Notwithstanding any other law, the agency may fix, levy, or collect any standby or availability charge or assessment in connection with the provision of water service pursuant to the procedures set forth in the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5 of the Government Code).

Sec. 21. The agency may impose and collect capacity charges and connection fees pursuant to Section 66013 of the Government Code.

Sec. 22. The agency may prescribe, by resolution or ordinance, that when any capacity charges or connection fees adopted pursuant to this act become due and are unpaid under and in accordance with the rules and regulations concerning those charges and fees, the charges and fees may be secured and collected in accordance with the procedures specified in Sections 23 and 24.

Sec. 23. The amount of any delinquent and unpaid capacity charges or connection fees shall be collected with the annual taxes next levied upon the property that is subject to the imposition of a capacity charge or connection fee, and that amount constitutes a lien on that property as of the same time and in the same manner as the tax lien securing annual property taxes. If during the year preceding the date on which the first installment of real property taxes that evidence the charges appears on the roll, any real property to which the lien would attach has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attaches to the real property, the lien that would otherwise be imposed by this section shall not be added to and become part of the annual assessment and it shall not attach to the real property. A county in which the agency is located shall deduct from the capacity charges and connection fees collected by it an amount sufficient to compensate the county for costs incurred in collecting the delinquent and unpaid capacity charges and connection fees. The amount of that compensation shall be fixed by agreement between the board of supervisors of the county and the board of directors of the agency.

Sec. 24. (a) If delinquent and unpaid capacity charges or connection fees are determined to exist by the agency, the amount of those charges or fees may, in the discretion of the agency, be secured at any time by filing for record in the office of the county recorder of the county in which the real property is located a certificate specifying the amount of those charges and fees and the name and address of the person liable for the delinquent and unpaid charges or fees.

(b) From the time of recordation of the certificate, the amount required to be paid, together with interest and penalties, constitutes a lien upon all real property in the county owned by the person or later acquired before the lien expires. The lien shall have the force, priority, and effect of a judgment lien and shall continue for 10 years from the date of the filing of the certificate, unless sooner released or otherwise discharged. The lien may, within 10 years from the filing of the certificate or within 10 years from the date of the last extension of the lien in the manner provided in this subdivision, be extended by filing for record a new certificate. From the

time of that filing, the lien shall be extended with respect to the real property in that county for 10 additional years unless sooner released or otherwise discharged.

Sec. 25. Any bonds issued by the agency are hereby given the same force, value, and use as bonds issued by any city and shall be exempt from all taxation within the state.

Sec. 26. (a) Except as otherwise provided in this act, the County Water District Law (Division 12 (commencing with Section 30000) of the Water Code) shall govern the formation, operation, and dissolution of all improvement districts, so far as they may be applicable.

(b) The board of directors may advance general funds of the agency to accomplish the purposes of an improvement district formed to incur bonded indebtedness or for any other purpose for which an improvement district may be created and, if the improvement district is formed to incur bonded indebtedness, may repay the agency from the proceeds of the sale of the bonds, or if the improvement district is formed for any other purpose for which an improvement district may be created, in the formation of the improvement district, provide that the agency shall be repaid with interest at a rate not to exceed the maximum rate per annum authorized by Section 31304 of the Water Code from the special taxes levied exclusively upon the taxable property in the improvement district.

(c) Interest on any bonds issued by the agency coming due before the proceeds of a tax levied at the next general tax levy after the sale of the bonds are available may be paid from the proceeds of the sale of the bonds. The percentage of the proceeds of any sale of the bonds shall not exceed the maximum interest rate authorized, for other purposes, by Section 31304 of the Water Code.

Sec. 27. The agency may contain lands situated in more than one county, and the agency may annex lands situated in another county.

Sec. 28. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

Sec. 29. (a) On or before January 31, 2018, the agency shall submit an application for conditions addressing the creation of the agency to the Local Agency Formation Commission for the County of Los Angeles. The application shall include a copy of this act, a map and description of the boundaries of the agency, and a plan for providing services that includes the information described in Section 56653 of the Government Code, as applicable. The plan for providing services shall include Valencia Water Company, which will be integrated into the agency pursuant to subdivision (j) of Section 4. The application for conditions shall identify the functions or class of services that were being exercised by the Castaic Lake Water Agency and Newhall County Water District on December 31, 2017.

(b) The Local Agency Formation Commission for the County of Los Angeles shall hold a noticed public hearing regarding the application no later than 60 days after the submission of the application. The Local Agency

Formation Commission for the County of Los Angeles shall prepare a written report, which may contain specific conditions pertaining to the formation of the agency as the commission may deem appropriate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). A condition specified in the written report shall be consistent with this act and shall be consistent with and subject to Sections 56853 and 56886 of the Government Code. The written report shall be completed and posted on the Local Agency Formation Commission for the County of Los Angeles Internet Web site and made available, upon request, to the public not less than five days before the date specified in the noticed hearing.

(c) Within 30 days of the public hearing, the Local Agency Formation Commission for the County of Los Angeles shall approve a final written report.

(d) Any specific conditions pertaining to the agency in the Local Agency Formation Commission for the County of Los Angeles final written report shall be applicable and binding upon the agency to the extent the conditions are not inconsistent with this act and Sections 56853 and 56886 of the Government Code.

(e) In addition to any conditions, the Local Agency Formation Commission for the County of Los Angeles shall certify in the written report the functions or class of services that were being exercised by the Castaic Lake Water Agency and the Newhall County Water District on December 31, 2017. Any other functions or class of services that are authorized by the act, but are not certified by the Local Agency Formation Commission for the County of Los Angeles, may only be exercised pursuant to application to, and approval of, the Local Agency Formation Commission for the County of Los Angeles pursuant to Sections 56824.10 to 56824.14, inclusive, of the Government Code.

(f) Section 99 of the Revenue and Taxation Code does not apply to this section.

(g) Except as provided in this section as it relates to the imposition of conditions, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to the agency's application for conditions.

(h) Notwithstanding any other provision in this act, the Local Agency Formation Commission for the County of Los Angeles shall not impose any condition on the agency that requires a protest proceeding or an election, as described in Part 4 (commencing with Section 57000) and Part 5 (commencing with Section 57300) of Division 3 of Title 5 of the Government Code, respectively.

(i) The agency shall reimburse the Local Agency Formation Commission for the County of Los Angeles for all costs associated with the submittal, review, consideration, preparation, and determination associated with the application for conditions and the preparation of the written report.

Sec. 30. Nothing in this act shall affect the application of any local, state, or federal law to the development of property within the agency.

Sec. 31. (a) As a pilot program, the agency is authorized to award contracts for recycled water program capital facilities construction projects over five hundred thousand dollars (\$500,000) using the design-build contracting process or using construction manager at-risk contracts if, on or before September 30, 2018, the agency has entered into a community workforce agreement with the Los Angeles/Orange Counties Building and Construction Trades Council that applies to all recycled water program capital facilities construction contracts over five hundred thousand dollars (\$500,000).

(b) The pilot community workforce agreement shall include provisions to encourage local participation in contracts from within the Santa Clarita Valley and surrounding communities to provide work opportunities within the local community workforce. The pilot community workforce agreement shall include provisions that support hiring opportunities for local military service veterans.

(c) The pilot community workforce agreement shall be for a term of five years, and may be renewed or modified for additional five-year terms upon approval of the board of directors. If the board approves the renewal or modification of the pilot community workforce agreement for additional terms, the board shall have the authority to award contracts in accordance with this section during any additional terms.

(d) The pilot community workforce agreement shall comply with Section 2500 of the Public Contract Code.

(e) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the agency.

(f) For purposes of this section, the following definitions apply:

(1) "Best value" means a value determined by objective criteria related to the experience of the entity and project personnel, project plan, financial strength of the entity, safety record of the entity, and price.

(2) "Construction manager at-risk contract" means a competitively procured contract awarded by the agency, to either the lowest responsible bidder or by using the best value method, to an individual, partnership, joint venture, corporation, or other recognized legal entity that satisfies all of the following conditions:

(A) Is appropriately licensed in this state, including, but not limited to, having a contractor's license issued by the Contractors' State License Board.

(B) Guarantees the cost of a project and furnishes construction management services, including, but not limited to, preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

(C) Possesses or obtains sufficient bonding to cover the contract amount for construction services and risk and liability insurance, as may be required by the agency.

(3) "Design-build contracting process" means the process described in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code, except that subdivision (c) of Section 22164 of the Public Contract Code shall not apply.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

O

# APPENDIX B

Plan for Services Content  
*Government Code Section 56653 and  
SB 634 Section 29(a)*

## **Government Code Section 56653: Contents of Plan SB 634 Section 29(a)**

**(b) The plan for providing services shall include all of the following information and any additional information required by the commission or executive officer:**

**(1) An enumeration and description of the services to be extended to the affected territory.**

Section 2 of the Plan enumerates and describes the services that will be provided by SCV Water in the affected territory. As prescribed in Section 3 of the Act, the “affected territory” is the boundaries of the Castaic Lake Water Agency as those boundaries existed on December 31, 2017. The classes of services that will be provided by SCV Water are the same as the classes of services that were being provided by former CLWA, former NCWD and former VWC as of December 31, 2017 (See Table 2.1 of the Plan).

**(2) The level and range of those services.**

Section 2 of the Plan provides information regarding the level and range of services that will be provided. In addition, Section 6 of the Plan provides information about SCV Water’s operations and infrastructure and how the assets of each of the former entities may be integrated over time.

**(3) An indication of when those services can feasibly be extended to the affected territory.**

As the successor entity to CLWA and NCWD under the Act, SCV Water has been providing these services since January 1, 2018. Section 2 of the Plan describes the ongoing services.

**(4) An indication of any improvement or upgrading of structures, roads, sewer, or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.**

This is not applicable. The reorganization of CLWA and NCWD into SCV Water occurred with the adoption of the Act and was not subject to any local agency conditions. Consistent with the Act, SCV Water is the successor entity to CLWA and NCWD and it provides the same services in its territory that had previously been provided by them.

**(5) Information with respect to how those services will be financed.**

Section 5 of the Plan addresses how the services will be financed. Again, because SCV Water is the successor in interest to CLWA and NCWD, the budgets, financials obligations, rates and fees of both entities are assumed by SCV Water and remain in effect.

**(c)(1) In the case of a change of organization or reorganization initiated by a local agency that includes a disadvantaged, unincorporated community as defined in Section 56033.5, a local agency may include in its resolution of application for change of organization or reorganization an annexation development plan adopted pursuant to Section 99.3 of the Revenue and Taxation Code to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the**



disadvantaged, unincorporated community through the formation of a special district or reorganization of one or more existing special districts with the consent of each special district's governing body.

(2) The annexation development plan submitted pursuant to this subdivision shall include information that demonstrates that the formation or reorganization of the special district will provide all of the following:

(A) The necessary financial resources to improve or upgrade structures, roads, sewer, or water facilities or other infrastructure. The annexation development plan shall also clarify the local entity that shall be responsible for the delivery and maintenance of the services identified in the application.

(B) An estimated timeframe for constructing and delivering the services identified in the application.

(C) The governance, oversight, and long-term maintenance of the services identified in the application after the initial costs are recouped and the tax increment financing terminates.

(3) If a local agency includes an annexation development plan pursuant to this subdivision, a local agency formation commission may approve the proposal for a change of organization or reorganization to include the formation of a special district or reorganization of a special district with the special district's consent, including, but not limited to, a community services district, municipal water district, or sanitary district, to provide financing to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community, in conformity with the requirements of the principal act of the district proposed to be formed and all required formation proceedings.

(4) Pursuant to Section 56881, the commission shall include in its resolution making determinations a description of the annexation development plan, including, but not limited to, an explanation of the proposed financing mechanism adopted pursuant to Section 99.3 of the Revenue and Taxation Code, including, but not limited to, any planned debt issuance associated with that annexation development plan.

These sections are not applicable. The Act created SCV Water effective January 1, 2018 and an annexation development plan as contemplated above is not required by the Act. SCV Water is not "initiating a change in organization." Rather it is submitting an application for conditions as required by the Act and subject to the process described in the Act. In addition, the affected territory does not include a disadvantaged, unincorporated community.

**(d) This section shall not preclude a local agency formation commission from considering any other options or exercising its powers under Section 56375.**

This section is not applicable. The Act specifically sets the role of LAFCO as it relates to SCV Water and the application of conditions in Section 29 of the Act.

# APPENDIX C

## SCV Water Debt and Reserves Table

<b>SCV WATER</b>	
12/31/17	
<b>RESERVES</b>	
<u>CLWA</u>	
Debt Service	\$18,344,800
Operating	\$6,136,700
Capital	\$11,126,800
Economic Uncertainties (liquidity)	\$27,488,900
Repair and Replacement	\$2,750,200
Water Supply Reliability	\$3,000,000
Subtotal	<u>\$68,847,400</u>
<u>SCWD</u>	
Operating	\$6,566,302
Rate Stabilization	\$4,154,976
Capital	\$5,000,000
Emergency	\$2,200,000
Liability Repayment	\$2,000,000
Subtotal	<u>\$19,921,278</u>
<u>NCWD</u>	
Operation and Maintenance	\$290,347
Rate Stabilization	\$829,037
Debt Service	\$944,777
Emergency / Disaster	\$1,500,000
Subtotal	<u>\$3,564,161</u>
Total Reserves	<u>\$92,332,839</u>
<b>DEBT</b>	
<u>CLWA</u>	
2008A COPs	\$22,825,000
2014A Revenue Bonds	\$11,455,000
1999 COPs	\$63,355,635
2010A COPs	\$54,315,000
2015A Revenue Bonds	\$61,460,000
2016A-R Revenue Bonds	\$25,730,000
2016A-N Revenue Bonds	\$30,665,000
Subtotal	<u>\$269,805,635</u>
<u>SCWD</u>	
2017A Revenue Bonds	\$50,745,000
Subtotal	<u>\$50,745,000</u>
<u>NCWD</u>	
2009 (2016) Municipal Leasing Assoc	\$496,185
2007 (2012) Municipal Leasing Assoc	\$2,846,150
2012 Municipal Finance Corp	\$631,063
Subtotal	<u>\$3,973,398</u>
<u>VWC</u>	
Modern Woodmen Note Payable **	\$24,000,000
Advances for Construction	\$8,209,000
Subtotal	<u>\$32,209,000</u>
Total Debt	<u>\$356,733,033</u>

\*\* Refinanced in January 2018 through 2018A series taxable revenue bonds

# APPENDIX D

## Retail Rate Summary

SCV WATER AGENCY RATES						
	<u>2018</u>	<u>2019</u>				
<u>Valencia Water Division</u>						
Monthly service charge **	\$17.19	\$19.80				
Surcharge per ccf	\$0.412	\$ -				
Single quantity rate	\$1.794	\$1.83				
<u>Santa Clarita Water Division</u>						
Monthly service charge **	\$29.09	\$29.68				
Single quantity rate	\$1.910	\$1.950				
<u>Newhall Water Division</u>						
Monthly service charge **	\$15.96	\$16.11				
Surcharge per ccf	\$0.2087	\$ -				
Single quantity rate	\$2.760	\$2.7842				

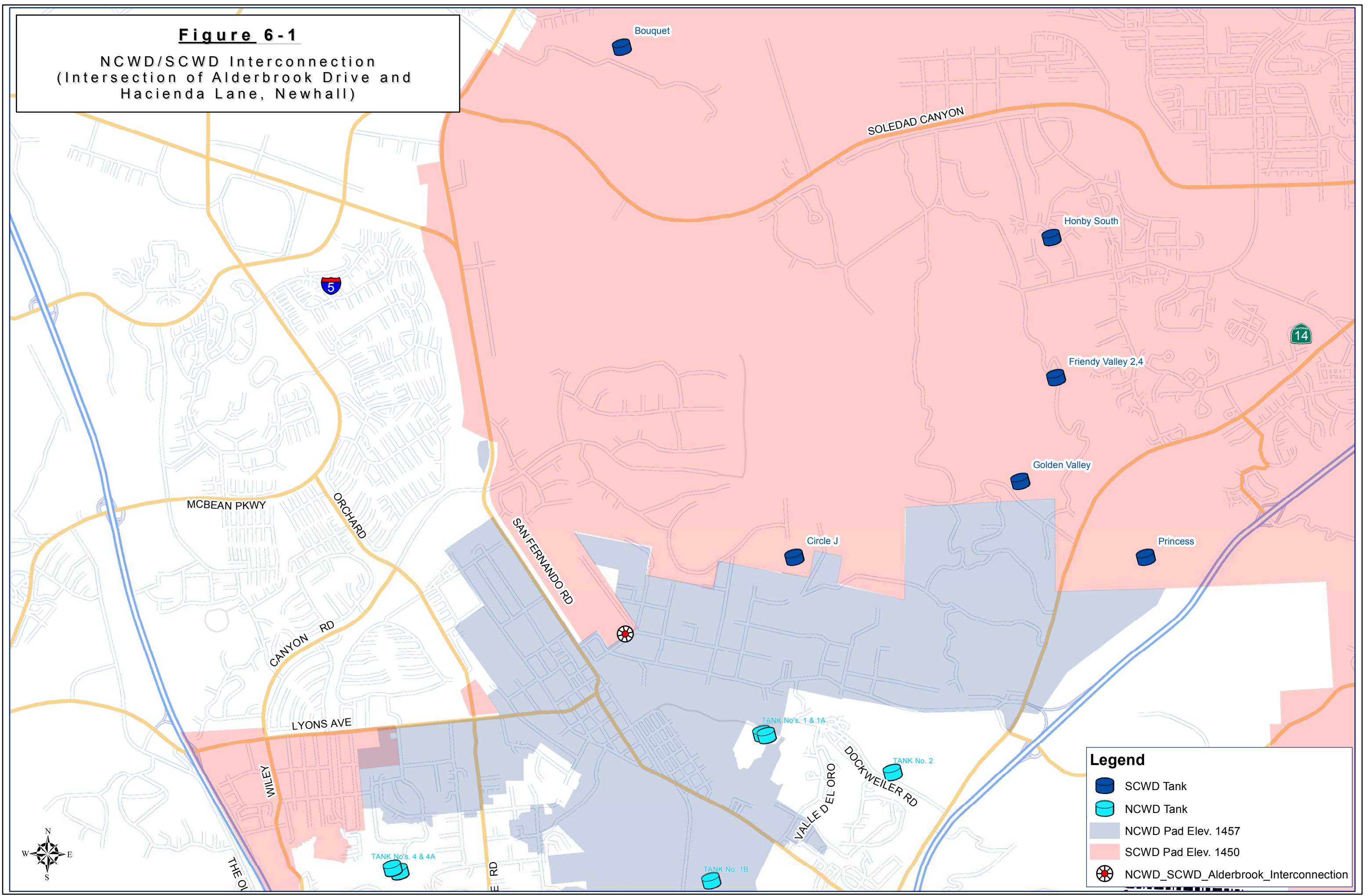
\*\* Represents 3/4-inch meter. Monthly service charge varies based on size of meter, which ranges between 5/8-inch and 14-inch.

# APPENDIX E

## Infrastructure Efficiency Opportunity Maps

**Figure 6-1**

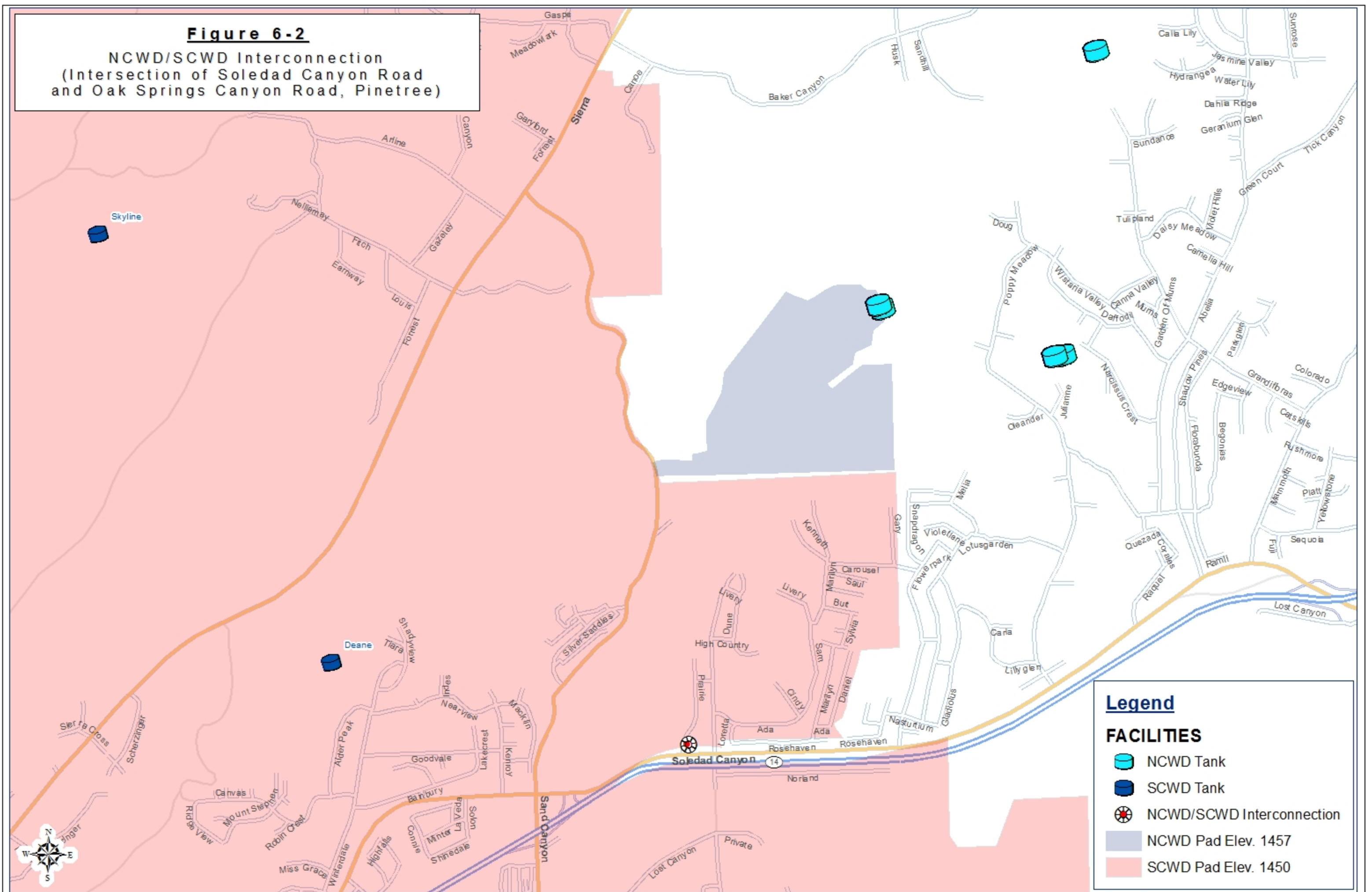
NCWD/SCWD Interconnection  
(Intersection of Alderbrook Drive and  
Hacienda Lane, Newhall)





**Figure 6-2**

NCWD/SCWD Interconnection  
(Intersection of Soledad Canyon Road  
and Oak Springs Canyon Road, Pinetree)



**Legend**

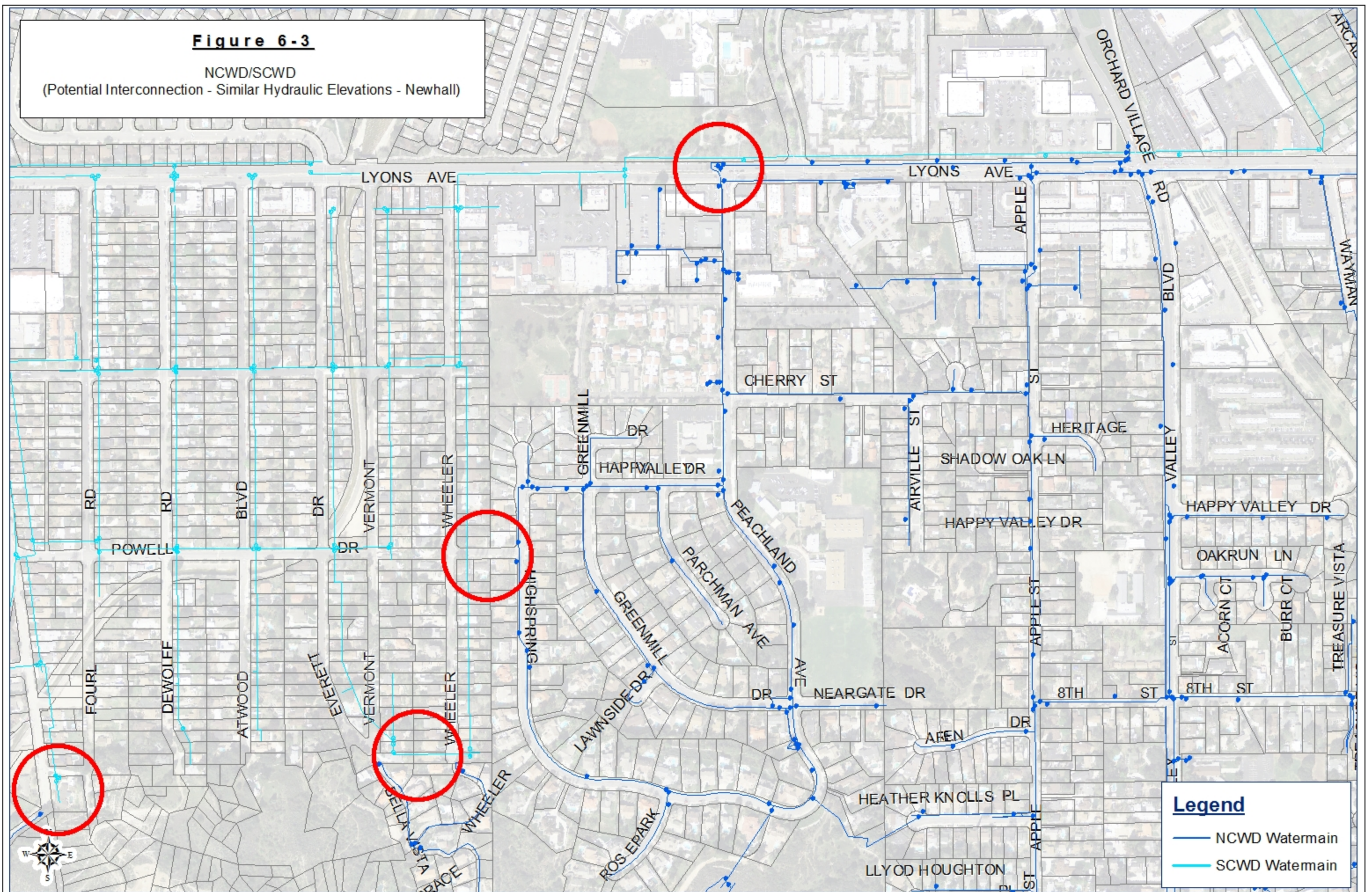
**FACILITIES**

- NCWD Tank
- SCWD Tank
- NCWD/SCWD Interconnection
- NCWD Pad Elev. 1457
- SCWD Pad Elev. 1450



**Figure 6-3**

NCWD/SCWD  
(Potential Interconnection - Similar Hydraulic Elevations - Newhall)



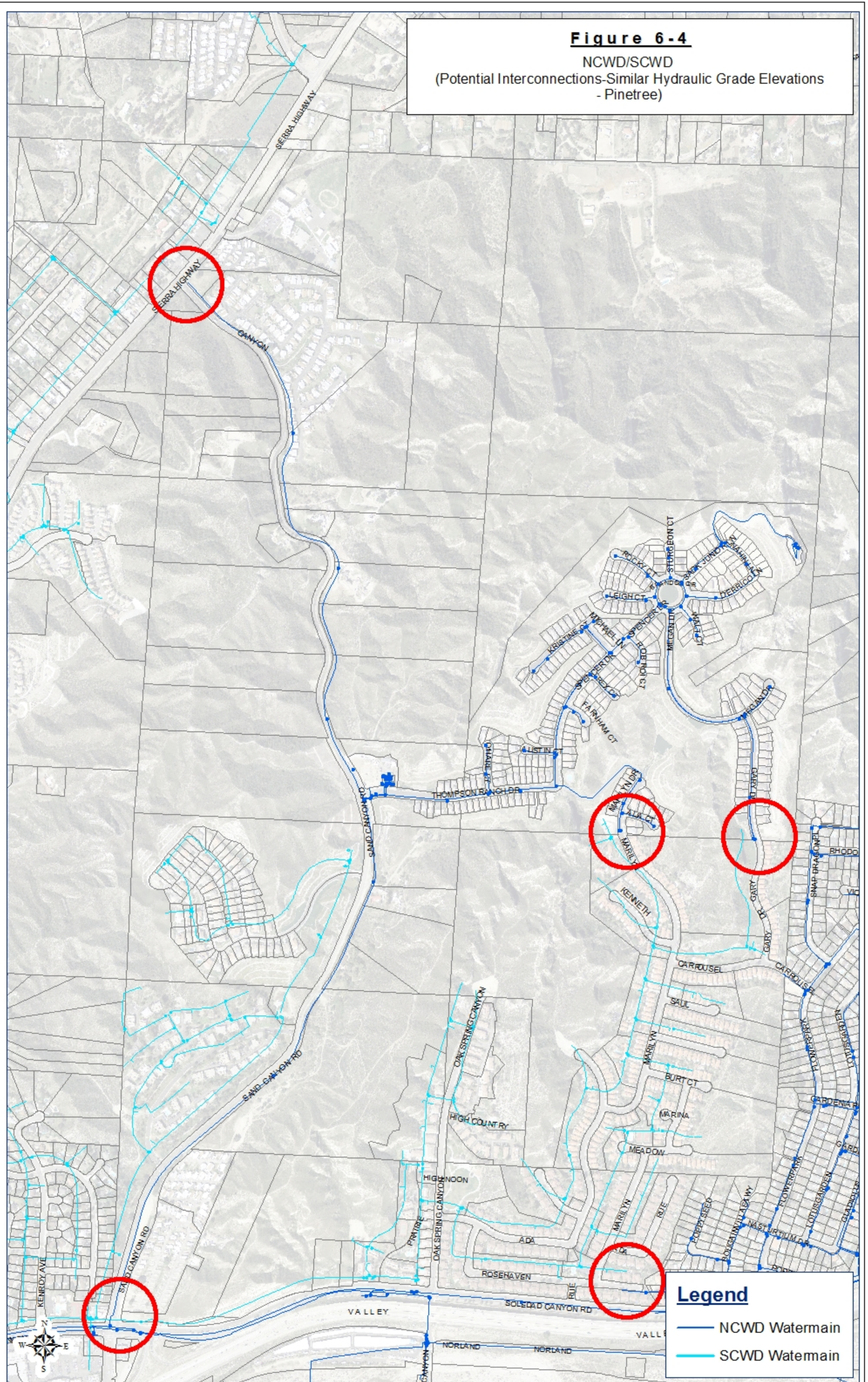
**Legend**

- NCWD Watermain
- SCWD Watermain



**Figure 6-4**

NCWD/SCWD  
(Potential Interconnections-Similar Hydraulic Grade Elevations  
- Pinetree)



**Legend**

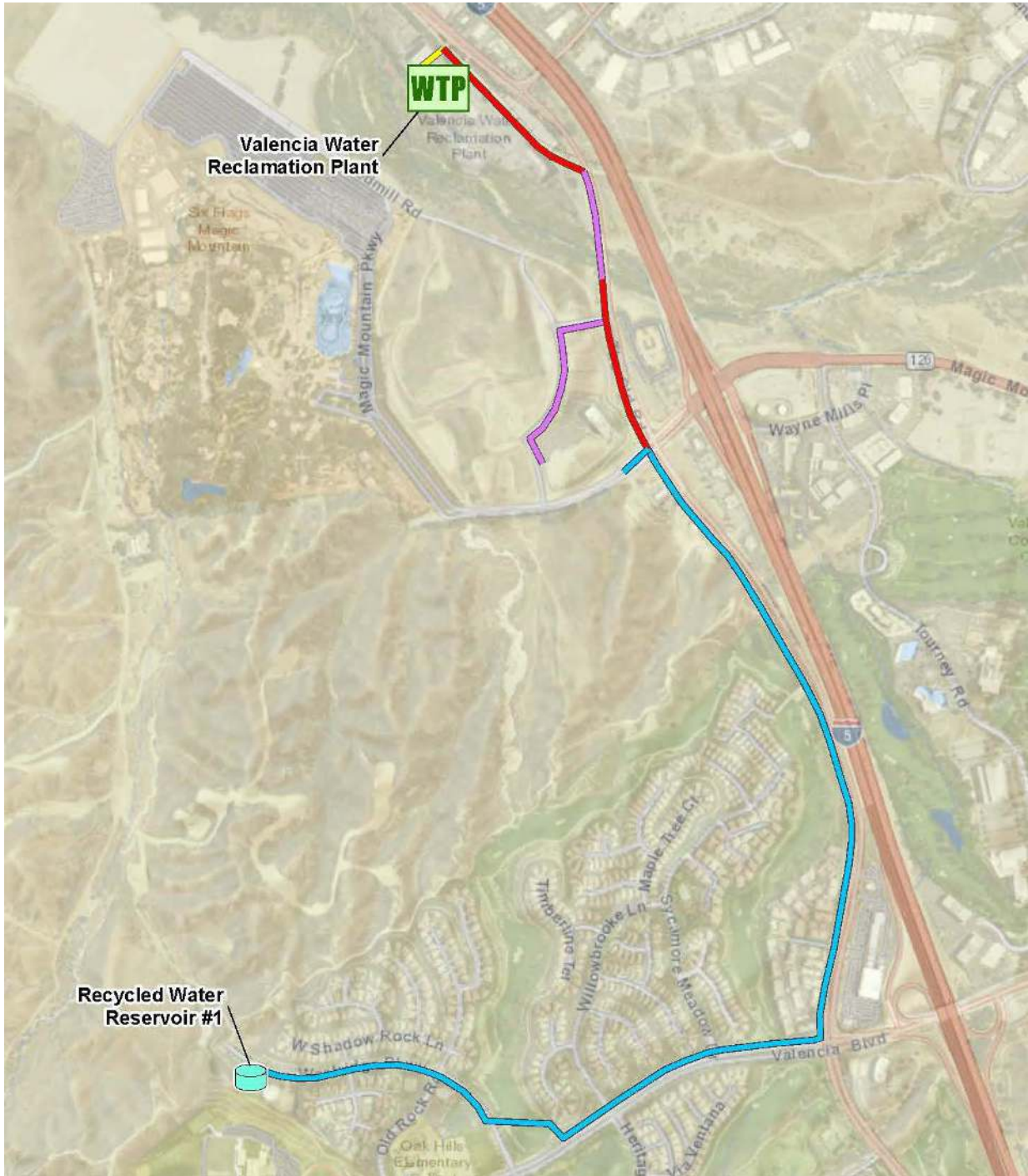
- NCWD Watermain
- SCWD Watermain



# APPENDIX F

## Recycled Water System

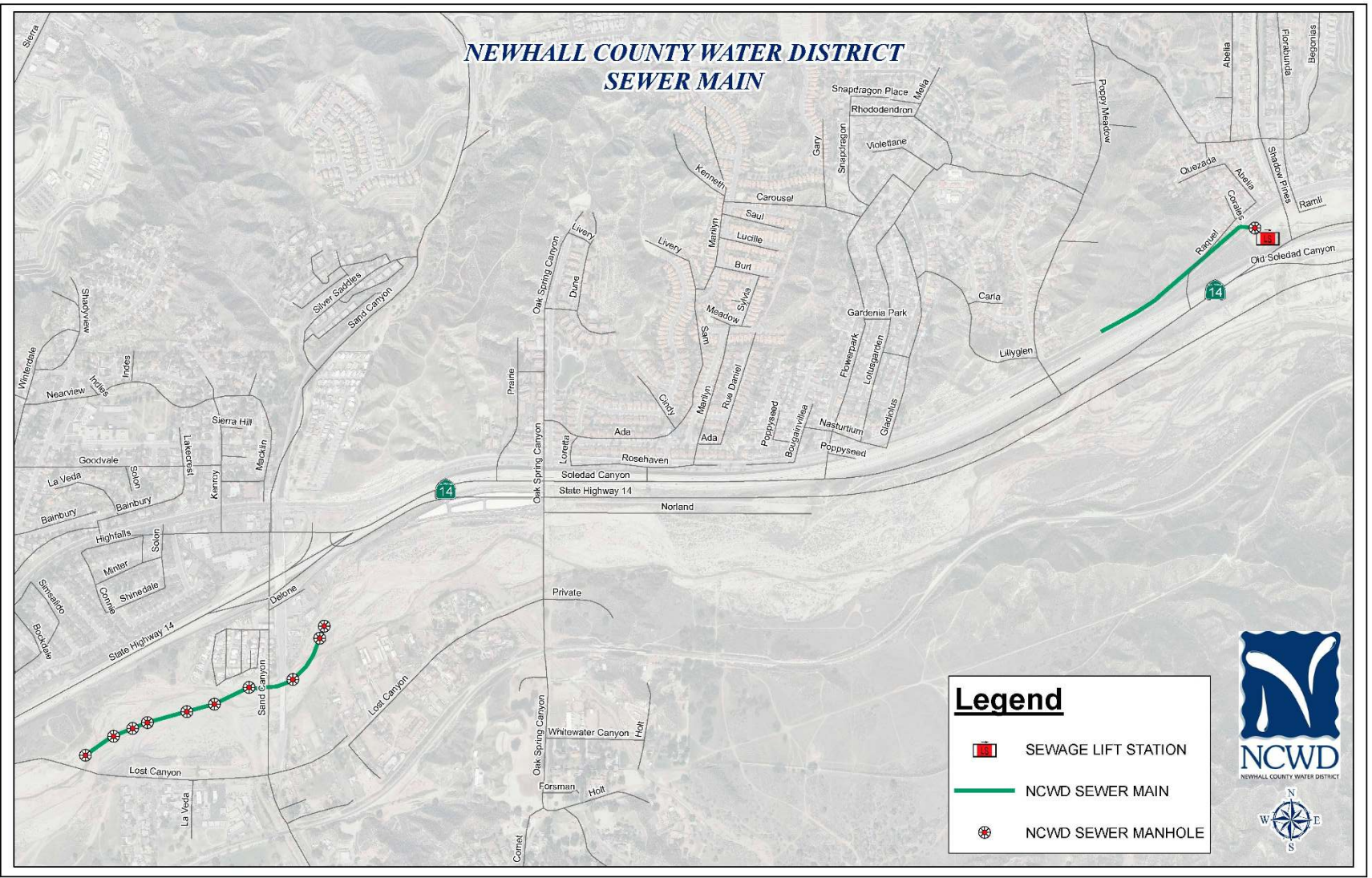
## Recycled Water System



# APPENDIX G

## Sewer Facilities





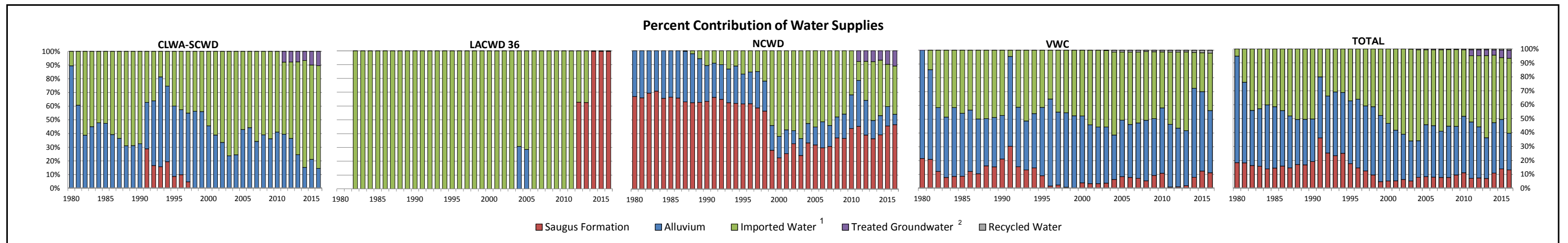


# APPENDIX H

## Water Supply Utilization Table

**Table 2-1  
Water Supply Utilization by Municipal Purveyors  
Santa Clarita Valley Water Report  
(Acre-Feet)**

Year	CLWA Santa Clarita Water Division					Los Angeles County Waterworks District 36				Newhall County Water District					Valencia Water Company					All Municipal Purveyors							
	Purchased from CLWA		Local Production		Total	Purchased from CLWA		Local Production		Total	Purchased from CLWA		Local Production		Total	Purchased from CLWA		Local Production		Other	Total	Purchased from CLWA		Local Production		Other	Total
	Imported Water <sup>1</sup>	Treated Groundwater <sup>2</sup>	Alluvium	Saugus Formation		Imported Water <sup>1</sup>	Alluvium <sup>3</sup>	Saugus Formation <sup>4</sup>	Imported Water <sup>1</sup>		Treated Groundwater <sup>2</sup>	Alluvium	Saugus Formation	Imported Water <sup>1</sup>		Alluvium	Saugus Formation	Recycled Water <sup>5</sup>	Imported Water <sup>1</sup>	Treated Groundwater <sup>2</sup>		Alluvium	Saugus Formation	Recycled Water	Imported Water <sup>1</sup>	Treated Groundwater <sup>2</sup>	
1980	1,126	-	9,467	0	10,593	0	-	-	0	0	-	1,170	2,363	3,533	0	5,995	1,644	-	7,639	1,126	-	16,632	4,007	-	21,765		
1981	4,603	-	7,106	0	11,709	0	-	-	0	0	-	1,350	2,621	3,971	1,214	5,597	1,808	-	8,619	5,817	-	14,053	4,429	-	24,299		
1982	6,454	-	4,091	0	10,545	145	-	-	145	0	-	1,178	2,672	3,850	3,060	3,415	897	-	7,372	9,659	-	8,684	3,569	-	21,912		
1983	5,214	-	4,269	0	9,483	207	-	-	207	0	-	1,147	2,787	3,934	3,764	3,387	611	-	7,762	9,185	-	8,803	3,398	-	21,386		
1984	6,616	-	6,057	0	12,673	240	-	-	240	0	-	1,549	2,955	4,504	4,140	4,975	854	-	9,969	10,996	-	12,581	3,809	-	27,386		
1985	6,910	-	6,242	0	13,152	272	-	-	272	0	-	1,644	3,255	4,899	4,641	4,633	885	-	10,159	11,823	-	12,519	4,140	-	28,482		
1986	8,366	-	5,409	0	13,775	342	-	-	342	0	-	1,842	3,548	5,390	5,051	5,167	1,427	-	11,645	13,759	-	12,418	4,975	-	31,152		
1987	9,712	-	5,582	0	15,294	361	-	-	361	22	-	2,127	3,657	5,806	6,190	4,921	1,305	-	12,416	16,285	-	12,630	4,962	-	33,877		
1988	11,430	-	5,079	63	16,572	434	-	-	434	142	-	2,283	4,041	6,466	7,027	4,835	2,300	-	14,162	19,033	-	12,197	6,404	-	37,634		
1989	12,790	-	5,785	0	18,575	457	-	-	457	428	-	2,367	4,688	7,483	7,943	5,826	2,529	-	16,298	21,618	-	13,978	7,217	-	42,813		
1990	12,480	-	5,983	40	18,503	513	-	-	513	796	-	1,936	4,746	7,478	7,824	5,232	3,516	-	16,572	21,613	-	13,151	8,302	-	43,066		
1991	6,158	-	5,593	4,781	16,532	435	-	-	435	675	-	1,864	4,994	7,533	700	9,951	4,642	-	15,293	7,968	-	17,408	14,417	-	39,793		
1992	6,350	-	8,288	2,913	17,551	421	-	-	421	802	-	1,994	5,160	7,956	6,338	6,615	2,385	-	15,338	13,911	-	16,897	10,458	-	41,266		
1993	3,429	-	12,016	2,901	18,346	465	-	-	465	1,075	-	1,977	5,068	8,120	8,424	5,815	2,182	-	16,421	13,393	-	19,808	10,151	-	43,352		
1994	5,052	-	10,996	3,863	19,911	453	-	-	453	906	-	2,225	5,103	8,234	7,978	6,847	2,565	-	17,390	14,389	-	20,068	11,531	-	45,988		
1995	7,955	-	10,217	1,726	19,898	477	-	-	477	1,305	-	1,675	4,775	7,755	7,259	8,698	1,586	-	17,543	16,996	-	20,590	8,087	-	45,673		
1996	9,385	-	10,445	2,176	22,006	533	-	-	533	1,213	-	1,803	4,871	7,887	6,962	12,433	326	-	19,721	18,093	-	24,681	7,373	-	50,147		
1997	10,120	-	11,268	1,068	22,456	785	-	-	785	1,324	-	2,309	5,168	8,801	9,919	11,696	516	-	22,131	22,148	-	25,273	6,752	-	54,173		
1998	8,893	-	11,426	0	20,319	578	-	-	578	1,769	-	1,761	4,557	8,087	9,014	10,711	149	-	19,874	20,254	-	23,898	4,706	-	48,858		
1999	10,772	-	13,741	0	24,513	654	-	-	654	5,050	-	1,676	2,622	9,348	10,806	11,823	106	-	22,735	27,282	-	27,240	2,728	-	57,250		
2000	13,751	-	11,529	0	25,280	800	-	-	800	6,024	-	1,508	2,186	9,718	12,004	12,179	1,007	-	25,190	32,579	-	25,216	3,193	-	60,988		
2001	15,648	-	9,941	0	25,589	907	-	-	907	5,452	-	1,641	2,432	9,525	13,362	10,518	835	-	24,715	35,369	-	22,100	3,267	-	60,736		
2002	18,916	-	9,513	0	28,429	1,069	-	-	1,069	5,986	-	981	3,395	10,362	15,792	11,603	965	-	28,360	41,763	-	22,097	4,360	-	68,220		
2003	20,665	-	6,424	0	27,089	1,175	-	-	1,175	6,572	-	1,266	2,513	10,351	16,004	11,707	1,068	50	28,829	44,416	-	19,397	3,581	50	67,444		
2004	22,045	-	7,146	0	29,191	854	380	-	1,234	5,896	-	1,582	3,739	11,217	18,410	9,862	1,962	420	30,654	47,205	-	18,970	5,701	420	72,296		
2005	16,476	-	12,408	0	28,884	857	343	-	1,200	5,932	-	1,389	3,435	10,756	14,732	12,228	2,513	418	29,891	37,997	-	26,368	5,948	418	70,731		
2006	16,548	-	13,156	0	29,704	1,289	-	-	1,289	5,898	-	2,149	3,423	11,470	16,313	11,884	2,449	419	31,065	40,048	-	27,189	5,872	419	73,528		
2007	20,488	-	10,686	0	31,174	1,406	-	-	1,406	6,478	-	1,806	3,691	11,975	16,779	13,140	2,367	470	32,756	45,151	-	25,632	6,058	470	77,311		
2008	18,598	-	11,878	0	30,476	1,354	-	-	1,354	5,428	-	1,717	4,195	11,340	16,325	14,324	1,770	311	32,730	41,705	-	27,919	5,965	311	75,900		
2009	17,739	-	10,077	0	27,816	1,243	-	-	1,243	4,832	-	1,860	3,868	10,559	14,732	12,459	2,836	328	30,355	38,546	-	24,396	6,704	328	69,974		
2010	15,188	-	10,607	0	25,795	1,141	-	-	1,141	3,035	-	2,323	4,173	9,531	11,214	13,054	2,995	336	27,599	30,578	-	25,984	7,168	336	64,066		
2011	13,593	2,038	10,195	0	25,826	1,172	-	-	1,172	1,325	746	3,216	4,389	9,676	14,718	12,775	265	373	28,131	30,808	2,784	26,186	4,654	373	64,805		
2012	15,600	2,164	10,192	0	27,956	471	-	794	1,265	2,965	792	2,631	4,081	10,469	16,522	12,770	302	428	30,022	35,558	2,956	25,593	5,177	428	69,712		
2013	20,059	2,275	7,262	0	29,596	485	-	811	1,296	4,488	833	1,405	3,835	10,561	18,249	12,764	594	400	32,007	43,281	3,108	21,431	5,240	400	73,460		
2014	21,478	1,832	4,220	0	27,530	4	-	1,238	1,242	3,942	671	1,383	3,849	9,845	7,668	19,080	2,339	474	29,561	33,092	2,503	24,683	7,426	474	68,178		
2015	15,019	2,167	4,597	0	21,783	3	-	973	976	2,478	794	1,131	3,697	8,100	6,648	13,605	2,929	450	23,632	24,148	2,961	19,333	7,599	450	54,491		
2016	17,943	2,494	3,485	0	23,922	3	0	1,047	1,050	2,876	913	626	3,842	8,257	10,308	11,133	2,789	507	24,737	31,130	3,407	15,244	7,678	507	57,966		



1. Reflects State Water Project through 2006; includes imported water from State Water Project and Buena Vista WSD Agreement beginning in 2007 and continuing through the present year.  
2. In January 2011, CLWA began operation of its Saugus groundwater containment project as part of municipal water supply. After treatment for perchlorate removal, that water was blended with treated imported water and delivered to the Purveyors through the CLWA distribution system. The amounts of treated groundwater from Saugus 1 and 2 utilized by each Purveyor reflect the estimated distribution to each Purveyor consistent with the proportions in the December, 2006 MOU that establishes amounts to be delivered and sold by CLWA to SCWD and NCWD at a reduced rate. Although the MOU and the CLWA subsidized rate structure indicates all the treated Saugus 1 and 2 water is delivered to NCWD and SCWD, a minor, unquantifiable amount of the water may have been delivered to the other purveyors as a result of varying distribution system operations.  
3. Groundwater purchased from LA County Honor Farm.  
4. Groundwater production began at a new LA County Waterworks District 36 Saugus well in December 2011.  
5. Recycled water totals for 2012 and 2013 are estimates based on the water treatment plant production meter; estimates were necessary due to customer meter failure.