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NEW WATER DISTRICT FOR SANTA CLARITA VALLEY STRONGLY SUPPORTED BY REGIONAL WATER LEADERS

December 13, 2016 (Santa Clarita, Calif.) -- Following a year of study and public engagement, Santa Clarita Valley's water leaders voted overwhelmingly Tuesday night to create a new public water district for the region.

The new district will reduce costs, enhance regional water management and strengthen the Valley's water governance. In separate votes, the respective boards from both Newhall County Water District (NCWD) and Castaic Lake Water Agency (CLWA) voted a combined 14-1 to move forward to create a new district, which will also require State legislative approval.

"This is an historic night for Santa Clarita Valley and our region's water reliability," said Maria Gutzeit, President of NCWD. "We can achieve so much by working together. This new district is now poised to take on our serious water issues head-on and collaboratively."

THE BASIS OF A NEW DISTRICT: ECONOMICS, ENHANCEMENTS AND EFFICIENCIES

Cost savings was an important goal in exploring a new district. The two districts studied the challenges and opportunities and determined significant savings, including:

- \$14 million of savings in the first 10 years of the new district
- \$1.3 million in annual savings from internal efficiencies (achieved through attrition)
- Significant of external services on legal and other services

Leaders from both NCWD and CLWA also offered praise for the deal and how it would improve regional water service.

"Our statewide and regional water challenges are too big to work in silos," said Tom Campbell, President for CLWA. "It's time we work as a region to solve our local challenges together, as the Santa Clarita Valley. It is exciting to move forward with this historic concept."

A major opportunity highlighted by the board was the ability to build more regionally beneficial and significant projects as a new agency over the current structure of five separate water districts.

"We will be better equipped to build regional projects, like recycled water and groundwater management for all Santa Clarita Valley residents," said Bill Cooper, Director for CLWA. "These projects are desperately needed and can be achieved through the economies of scale of this new entity."

HOW THE NEW DISTRICT WOULD WORK

Currently, one wholesale water provider (CLWA) buys and sells water to several separate retail water districts in the Santa Clarita Valley, each with separate staffs, infrastructure systems and decision-makers.



The new district will create one entity with both wholesale and retail operations for the customers of NCWD and the Santa Clarita Water Division. A new board, directly elected by the people of the Santa Clarita Valley, will govern both functions. Over time and through attrition and integration, staffs, assets and services of the separate water providers will be combined.

With one district, regionally significant and beneficial strategies will be more achievable and integrated.

For example, the region currently uses under 500 acre-feet of recycled water a year. The new entity is far better positioned to achieve a goal of expanding recycled water use to 10,000 acre-feet by 2035 through greater economies of scale and system integration. Similarly, the new entity can create a regional groundwater management agency, rather than retain a patchwork of policies.

The new water district Board would be elected from the community from three evenly sized divisions. Each division will have up to four directly elected representatives. This helps ensure that all regions have an equal voice.

The new district will also include important and innovative ideas to represent the best elements of each of the existing water providers, including:

- **Ratepayer Advocate:** A new, independent ratepayer advocate would review any fee or rate change and provide the Board and public an objective analysis in clear, easy-to-understand terms.
- **Supermajority Voting:** Certain items, like taking on new debt over a threshold amount, would require a supermajority vote of the new district's board.
- **No Sharing of Debt:** Existing debt of the different retail service areas would not be shifted to other areas within the Valley. A firewall would be built to protect rates across the region through the use of enterprise fund accounting.

"The new water district is built for financial strength, ratepayer advocacy and long-term sustainability," said Dan Mortensen, Director for NCWD. "We've developed ideas and innovations that will modernize our water management in the Santa Clarita Valley and serve as a model of fiscal responsibility statewide."

The formal decision by the boards was to approve a settlement agreement between the two agencies that will end long-standing litigation and draft legislation to create a new district.

The legislation is necessary to create the new district and is likely to be submitted by both NCWD and CLWA in early 2017. If approved by the legislature and Governor Jerry Brown, the new district would likely be formed on January 1, 2018.

More information on the new water district, its financial and operational analysis, and public engagement and opinions can be found at www.YourSCVWater.com.

