

Date of Hearing: July 3, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
SB 387 (Wilk) – As Amended May 1, 2019

SENATE VOTE: 38-0

SUBJECT: Santa Clarita Valley Water Agency: board of directors.

SUMMARY: Revises the procedures and circumstances under which the Santa Clarita Valley Water Agency (SCVWA) board will transition from the current 15-member board to a nine-member directly elected board. Specifically, **this bill:**

- 1) Allows the SCVWA board to elect not to fill one of the seats for an initial elected member if the seat becomes vacant as long as the electoral division in which the vacancy occurs will have at least three members.
- 2) Provides that if this elimination results in only one director whose term expires following the 2020 general election, then a director must be determined as follows:
 - a) One director must be elected for that electoral division at the 2020 general election and at every election on that four-year election cycle thereafter; and,
 - b) Two directors must be elected for that electoral division at the 2022 general election, and at every election on that four-year election cycle thereafter.
- 3) Requires the board to randomly select the seat of one director to be shortened to two years for the term following the 2024 general election if a seat does not become vacant and is not eliminated or filled, as specified in this bill. Requires subsequent elections for the seat of the director chosen by lot to serve a two-year term to be conducted at the 2026 general election, and on that four-year election cycle thereafter.
- 4) Declares that no reimbursement is required by this act because the only costs that may be incurred by a local agency are the result of a program for which legislative authority was requested by that local agency.

EXISTING LAW:

- 1) Establishes SCVWA by merging Newhall County Water District (NCWD) and Castaic Lake Water Agency (CLWA)
- 2) Establishes an initial board of directors that consists of the 15 members who held office for NCWD and CLWA on December 31, 2017, specifically:
 - a) Five elected directors of NCWD;
 - b) Nine elected directors of CLWA; and,

- c) One appointed director of CLWA representing Los Angeles Waterworks District No. 36 (District 36), which received water from CLWA and now receives it from SCVWA.
- 3) Extends the terms of these directors by two years from when they would have otherwise expired, to 2020 and 2022, respectively.
- 4) Abolishes the appointed director position as of January 1, 2023, and allows the position to be abolished earlier if District 36 is incorporated into the new district, or upon a majority vote of the Los Angeles County Board of Supervisors.
- 5) Creates electoral divisions for SCVWA, each of which will be represented by members on the board as new directors are elected. Specifies that, as the terms of the initial directors expire, their successors are elected by electoral division, with three directors elected from each of the three divisions for the following staggered terms:
 - a) Two board members for each electoral division in 2020; and,
 - b) One director for each division in 2022.
- 6) Provides that, after all the initial terms expire in 2022 and the appointed director position is abolished on January 1, 2023, the district's board will comprise nine-elected directors.
- 7) Establishes procedures for filling vacancies on the board and if any of the elected initial members of the board vacates office, the board can choose to appoint a successor but may leave the seat vacant so long as the electoral division in which the vacancy occurs will still have at least four members.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

- 1) **Santa Clarita Valley Water Agency.** There is an extensive history of litigation over water in the Santa Clarita Valley, particularly between the former NCWD and CLWA. In December 2016, the boards of both districts voted to adopt a settlement agreement for outstanding litigation. The settlement agreement provided the two districts would jointly seek legislation to create a single new successor entity to build on and lead to greater success in water conservation, groundwater management, and recycled water provision across the Santa Clarita Valley. The settlement agreement provided for the following:
 - a) The structure of the new district's board;
 - b) Powers to be exercised by the district;
 - c) Establishment of an independent ratepayer advocate;
 - d) Creation of retail districts to ensure that ratepayers of the dissolved district continue to bear their own legacy indebtedness;

- e) Supermajority vote requirements for certain actions;
- f) The transfer of all assets, liabilities, contracts, and employees of the existing districts to the new agency; and,
- g) Termination of the settlement agreement if legislation is not chaptered in 2017.

To honor the settlement agreement, the Legislature enacted SB 634 (Wilk), Chapter 833, Statutes of 2017, to create the new SCVWA.

- 2) **Bill Summary.** Under current law, if any of the elected initial members of the board vacates office, the board can choose to appoint a successor but may leave the seat vacant so long as the electoral division in which the vacancy occurs will still have at least *four* members. This bill allows the SCVWA board to elect not to fill one of the seats for an initial elected member if the seat becomes vacant as long as the electoral division in which the vacancy occurs will have at least *three* members. If a seat does not become vacant and is not eliminated or filled as specified in this bill, the board must randomly select the seat of one director to be shortened to two years for the term following the 2024 general election. The SCVWA is the sponsor of this bill.
- 3) **Author's Statement.** According to the author, "SB 387 is a clean-up of SB 634 (Wilk) which created the SCVWA as a consolidation of the former Newhall County Water District and the Castaic Lake Water Agency. One of the provisions in SB 634 requires the Agency's Board of Directors to reduce its membership total from the original 15 members to 9. This bill authorizes the Agency's Board of Directors to eliminate a board position if there is a vacancy prior to the next election. This is needed to avoid either an election or appointment process for a seat that is required to be eliminated by SB 634 at one of the next 2 elections. It creates a methodology to fairly establish which seats get 2 and 4 year terms if this authority is exercised, using a lot to make the determination. The Agency has been organized for over a year, has successfully met the requirements of SB 634 and is actively providing water as a consolidated agency. In the first year of operations, cost savings exceeded \$5 million. The board adopted a rate setting process that also includes a role of an independent ratepayer advocate. This measure simply provides one more step towards complete implementation of SB 634."
- 4) **Arguments in Support.** According to the sponsors, "SCVWA has been organized for over a year, has successfully met the requirements of SB 634, and is actively providing water as a consolidated agency. This measure will provide one more step towards complete implementation of SB 634 by allowing vacant director seats to be eliminated and not subject to appointment or costly elections."
- 5) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Santa Clarita Valley Water Agency [SPONSOR]

Opposition

None on file

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