

FREQUENTLY ASKED QUESTIONS  
ABOUT THE FINANCIAL PROVISIONS OF SB634

1. What does SB 634 do?

SB634 would reorganize the Castaic Lake Water Agency and the Newhall County Water District into a new entity to be named the “Santa Clarita Valley Water District.

2. Would the new entity be created immediately upon adoption of SB 634 by the Legislature?

No, if approved by the Legislature, the reorganization would not become effective until January 1, 2018. In addition, the Local Agency Formation Commission of Los Angeles County would review the new entity’s plan for service in early 2018 and may impose certain conditions on how it integrates its services.

3. Will SCVWD be the successor to CLWA and NCWD, including being the obligor on existing CLWA and NCWD debts?

Yes, SCVWD will be the successor to CLWA and NCWD with respect to all duties, obligations, contracts, responsibilities and liabilities of CLWA and NCWD, including existing debt obligations.

4. CLWA is the owner 100% of the stock of the Valencia Water Company. Does SB 634 also merge VWC into SCVWD?

Because VWC is a private company, SB 634 cannot mandate that merger of VWC into SCVWD. SB 6734 does, however, direct CLWA to take appropriate steps, together with the board of directors of VWC, to dissolve VWC and transfer the assets of VWC to SCVWD, as soon as practicable prior to July 1, 2018, consistent with other obligations of CLWA and VWC.

5. Does SB634 affect the pledge of CLWA’s Santa Clarita Water Division retail water system revenues to CLWA’s existing retail system debt or the related financial covenants?

No, SB634 requires that the retail water system revenues of the Santa Clarita Water Division must remain separate from wholesale system revenues and separate from revenues from the former NCWD retail water system and does not affect the related financial covenants.

6. Does SB634 affect the pledge of CLWA wholesale water system to CLWA’s existing wholesale system debt or the related financial covenants?

No, SB634 does not affect the pledged CLWA’s wholesale water system revenues to CLWA’s wholesale system debt and does not affect the related financial covenants.

7. Does SB634 affect the pledge of the NCWD revenues to the existing NCWD debt?

No, SB634 requires that the retail water system revenues derived by SCVWD from the former NCWD retail water system remain pledged to the NCWD debt.

8. If VWC assets are transferred to SCVWD, do the liabilities of VWC become obligations of the CLWA wholesale system, the Santa Clarita Water Division retail water system or the Newhall County Water Division retail water system?

No, SB634 requires that the obligations of VWC be borne by the customers of the former VWC.

9. Will SCVWD continue to levy facilities capacity fees now levied by CLWA?

Yes, SB634 specifically authorizes SCVWD to collect facility capacity fees.

10. Will SCVWD continue to receive CLWA and NCWD shares of the counties' 1% ad valorem property tax?

Yes. As the successor to both CLWA and NCWD, SCVWD will continue to receive the portion of the counties' 1% ad valorem property tax previously allocated to CLWA and NCWD.