

**AGENDA  
GROUNDWATER BANKING JOINT POWERS AUTHORITY  
BOARD OF DIRECTORS**

November 7, 2022

*Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Ralph M. Brown Act. All parties/public may attend the meeting via teleconferencing and offer public comments by phone, using the call-in information below or digital internet access.*

Participation by members of the Board of Directors will be from remote locations. Public access and participation will only be available telephonically/electronically.

To virtually attend the meeting and to be able to view any presentations or additional materials provided at the meeting, please join online using the link and information below:

Via Web: <https://zoom.us/j/83815086560>  
Meeting Number (Access Code): 838 1508 6560  
Meeting Password: 982590  
Telephone Dial In: (669) 900-6833

*As courtesy to the other participants, please mute your phone when you are not speaking.*

**PLEASE NOTE:** Participants joining the meeting will be placed into the lobby when the Board enters closed session. Participants who remain in the “lobby” will automatically be returned to the open session of the Board once the closed session has concluded. Participants who join the meeting while the Board is in closed session will be placed in the waiting room. When the Board has returned to open session, the participants will be automatically added to the meeting.

**CALL TO ORDER**      2:00 p.m.

**ROLL CALL**              Directors Pierucci, Selvidge, Reinhart, Swan

- Consider adoption of Resolution No. 2022-06– Authorizing AB 361 Teleconference Meeting

**PUBLIC COMMENT  
NOTICE**

If you wish to address the Board of Directors on any item, please submit a request to speak via the “chat” feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing [mmisuraca@rrbwsd.com](mailto:mmisuraca@rrbwsd.com) before 5:00 p.m. on November 6, 2022.

**ALL VOTES SHALL BE TAKEN BY A ROLL CALL VOTE**

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**1. COMMUNICATIONS TO THE BOARD**

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- a) Written:
- b) Oral:

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**2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

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**3. CONSENT ITEMS**

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- a) Special Meeting Minutes September 19, 2022

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**4. JPA ADMINISTRATIVE AND FINANCIAL REPORT**

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- a) Consideration and Possible Action on Approval of Fiscal Year End June 30, 2022 Audit (Cheryl)
- b) Budget to Actual Report for 1<sup>st</sup> Quarter Fiscal Year Ending June 30, 2023 (Cheryl)
- c) Consideration and Possible Action of Voter Designation for ACWA (Megan)

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**5. KERN FAN GROUNDWATER STORAGE PROJECT**

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- a) Engineering (Dan)
  - i. Design Update
  - ii. Conveyance Alternatives
- b) Grant Funding Update (Dan)
- c) State Agreements Update (Paul)

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**6. GENERAL MANAGER'S REPORT**

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**7. OTHER BUSINESS**

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Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

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## 8. CLOSED SESSION

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a) CLOSED SESSION CONFERENCE WITH REAL PROPERTY  
NEGOTIATORS – Pursuant to Government Code Section 54956.8:

*Property:* Parcels 103-110-02; 103-110-04; 103-110-09; 103-120-14;  
103-120-15; 103-120-16; 103-120-17; 103-130-01; 103-130-03; 103-  
130-05; 103-130-07; 103-140-02; 103-140-05; 103-140-06; 103-140-12;  
103-140-15; 103-140-16; 103-140-17; 103-140-18; 103-140-19; 103-  
180-01; 103-180-05; 103-180-07; 103-190-13; 103-190-14; 103-200-23;  
103-200-25; 103-200-26; 103-200-27; 103-200-28; 103-200-29; 103-  
270-07; 104-270-01,06; 104-260-09,15; 104-280-08,29,30,31,32,33,  
34,35; 104-260-08;104-270-28;104-291-07;104-240-31,22,30; 104-250-  
20,21; 104-280-01,02,07,19,24,25,27; 104-240-18;104-292-09; 103-170-  
09,12,14,15 25-32; 160-010-66, 71; 104-280-18 and possible others all  
in County of Kern

*Agency negotiators:* Dan Bartel

*Negotiating parties:* Various parties and Groundwater Banking Joint  
Powers Authority

*Under negotiation:* Price and Terms of Payment

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## 9. OPEN SESSION

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General Counsel may announce any reportable actions taken during Closed  
Session.

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## 10. ADJOURN

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Board in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection by contacting Megan Misuraca at [mmisuraca@rbwsd.com](mailto:mmisuraca@rbwsd.com). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available to the public at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically during the meeting.

Accommodations: Upon request, the Authority will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at the meeting. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to [mmisuraca@rbwsd.com](mailto:mmisuraca@rbwsd.com). Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

DECLARATION OF POSTING: I, Megan Misuraca, declare under penalty of perjury, that I am employed by the Rosedale-Rio Bravo Water Storage District and I posted the foregoing Agenda at the District Office on or before November 3, 2022. I, Kristine Swan, declare under penalty of perjury, that I am employed by the Irvine Ranch Water District and I posted the foregoing Agenda at the District Office on or before November 4, 2022.

**RESOLUTION NO. 2022-06**

**A RESOLUTION OF THE GROUNDWATER BANKING JOINT POWERS AUTHORITY (“AUTHORITY”) TO IMPLEMENT TELECONFERENCING REQUIREMENTS DURING A PROCLAIMED STATE OF EMERGENCY BY EXECUTIVE ORDER, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR A THIRTY (30) DAY PERIOD PURSUANT TO BROWN ACT PROVISIONS.**

**WHEREAS**, THE GROUNDWATER BANKING JOINT POWERS AUTHORITY is committed to preserving and ensuring public access and participation in meetings of the Authority; and

**WHEREAS**, all meetings of the Authority legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the Authority’s legislative bodies conduct their business; and

**WHEREAS**, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

**WHEREAS**, the State Legislature amended the Brown Act through Assembly Bill No. 361 (AB 361); and

**WHEREAS**, AB 361 amended the Brown Act so that a local agency may use teleconferencing without complying with the regular teleconferencing requirements of the Act, where the legislative body holds a meeting during a proclaimed state of emergency and makes certain findings; and

**WHEREAS**, Government Code section 54953 requires that the legislative body make additional findings every 30 days in order to continue such teleconferencing.

**NOW THEREFORE**, the Authority hereby finds, determines, declares, orders, and resolves as follows:

1. That the foregoing recitals are true and correct and incorporates them by this reference.
2. The Board of Directors of the Authority finds, by a majority vote, the following:
  - a. That there exists a proclaimed state of emergency; and
  - b. State or local officials have imposed or recommended measures to promote social distancing.

3. The Authority is authorized to take all steps and perform all actions necessary to execute and implement this Resolution in compliance with Government Code section 54953.

4. That this Resolution shall take effect November 7, 2022 and shall remain in effect for thirty (30) days thereafter (until December 7, 2022), provided the conditions set forth in Section 2 remain.

**PASSED AND ADOPTED** by the Authority November 7, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Chair

ATTEST:

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Secretary

**BOARD OF DIRECTORS  
GROUNDWATER BANKING JOINT POWERS AUTHORITY  
MINUTES OF THE REGULAR BOARD MEETING**

September 19, 2022  
1:00 PM

**Note:** This meeting was conducted by teleconference pursuant to and in conformance with Executive Order N-29-20 relating to public meetings during the State of Emergency that was declared as a result of COVID-19

**DIRECTORS AND ALTERNATES PRESENT**

Roy Pierucci  
Peer Swan  
Doug Reinhart  
Jason Selvidge

**DIRECTORS ABSENT**

**OTHERS PRESENT**

Doug Gosling- JPA Legal Counsel  
Dan Bartel- RRBWSD  
Megan Misuraca- RRBWSD  
Cheryl Clary- IRWD  
Eileen Lin- IRWD  
Fiona Sanchez- IRWD  
Robert Jacobson- IRWD  
Paul Weghorst- IRWD  
Trent Taylor- RRBWSD  
Paul Cook- IRWD  
Christine Compton- IRWD  
Herbert Ng- IRWD  
Robert Huang- IRWD  
Vladimir Li- IRWD  
Curtis Skaggs- Dee Jaspar & Associates

**CALL TO ORDER**

President Pierucci called the meeting to order at approximately 1:00 p.m.

Mr. Gosling reviewed Resolution No. 2022-04- Authorizing AB 361 Teleconference Meeting with the Board. A motion was made by Director Selvidge with a second by Director Reinhart adopting Resolution 2022-04. A roll call vote was taken and the motion unanimously passed.

**PUBLIC COMMENT NOTICE**

There were no public comments.

**1. COMMUNICATIONS TO THE BOARD**

- a). Written: None
- b). Oral: None

**2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

None.

**3. CONSENT ITEMS**

a) Regular Meeting Minutes May 2, 2022

A motion was made by Director Selvidge with a second by Director Swan to adopt the consent items. A roll call vote was taken and the motion unanimously passed.

**4. JPA ADMINISTRATIVE AND FINANCIAL REPORT**

a) Consideration on Possible Action on Ratification of Fiscal Year End June 30, 2022 Audit Proposal - A motion was made by Director Swan with a second by Director Selvidge ratify and approve the selection of Davis Farr, LLP to perform the audit for the Fiscal Year End June 30, 2022. A roll call vote was taken and the motion unanimously passed.

b) Budget to Actual Report for Fiscal Year Ending June 30, 2023 - Ms. Clary reviewed the budget to actual report for FYE June 30, 2022.

**5. KERN FAN GROUNDWATER STORAGE PROJECT**

a) Engineering

i. Design Update - Mr. Bartel update reported on design efforts and status of various design packages.

ii. 2023-2025 Project Schedule - Mr. Bartel reviewed the proposed schedule with the Board.

b) Consideration and Possible Action of Resolution No. 2022-05 USBR Grant Funding Opportunity for Groundwater Storage Projects - Mr. Bartel reviewed the Small Surface Storage and Groundwater Storage Project Grant with the Board. A motion was made by Director Swan with a second by Selvidge to adopt resolution No. 2022-05 for the application for the Small Surface Storage and Groundwater Storage Project Grant. A roll call was taken and the motion was unanimously passed.

c) Kern Fan Groundwater Storage Project Budget Forecast and Grant Funding Update - Ms. Sanchez briefed the Board on the grant funding opportunities along with a project forecast. Ms. Compton gave an update on federal funding opportunities noting the previous requested federal earmark was objected.

d) State Agreements Update - Ms. Sanchez briefed the Board on the latest efforts in obtaining the agreements with the Department of Water Resources.

**6. GENERAL MANAGER'S REPORT**

a) Nexamp Property Lease Inquiry - Mr. Bartel reviewed the correspondence with the Board.



**7. OTHER BUSINESS**

None

**8. CLOSED SESSION**

At 1:41 p.m. President Pierucci announced the Board would enter closed session. The Board reconvened to open session at 1:44 p.m.

**9. OPEN SESSION**

Mr. Gosling reported that, pursuant to prior Board authority, both of the following actions have been settled and dismissed:

City of Bakersfield .v. GBJPA et al. & KCWA v. GBJPA et al. – Consolidated  
Cases - Fresno County Superior Court Case No. 21CECG03341

**10. ADJOURN**

Director Pierucci adjourned the meeting at 1:45 p.m.

November 7, 2022  
Prepared by: Eileen Lin  
Reviewed by: Cheryl Clary  
Agenda Item: 4a

## FY 2021-22 FINANCIAL REPORT

### DISCUSSION:

The Groundwater Banking Joint Powers Authority (GBJPA) hired Davis Farr, LLP, an outside audit firm, to conduct an audit of GBJPA's financial statements for the Fiscal Year (FY) ended June 30, 2022. Davis Farr has completed its audit and concluded that in all material aspects, the statements fairly present GBJPA's financial position as of June 30, 2022 and conform with generally accepted accounting principles. The FY 2021-22 Financial Report was prepared by GBJPA as required by the California Government Code Section 6505. The Financial Report, including audited financial statements, accompanying auditor's report, and Management's Discussion and Analysis of significant changes, is provided as Exhibit "A".

Provided as Exhibit "B" is the required Auditor Communication pursuant to the Statement on Auditing Standards 114 *The Auditor's Communication with Those Charged with Governance*. The letter reflects the auditor's understanding of key management assumptions and practices, and notes that there were no disagreements with management during the scope of the audit. However, the letter identified a significant risk and a passed audited adjustment as an uncorrected misstatement on not implementing the Governmental Accounting Standards Board (GASB) Statement Number 87: Leases. Davis Farr concluded that the uncorrected misstatement is immaterial to the financial statements for the fiscal year ended June 30, 2022. Davis Farr has also provided a *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, which is provided as Exhibit "C". The report states that the GBJPA does not have any material weakness deficiencies in internal control. In addition, the audit disclosed no instances of noncompliance or other matters that were required to be reported under *Government Auditing Standards*.

### RECOMMENDATION:

Receive and file.

### LIST OF EXHIBITS:

- Exhibit "A" – FY 2021-22 Financial Report
- Exhibit "B" – SAS 114 Auditor's Communication with Those Charged with Governance from Davis Farr LLP
- Exhibit "C" – Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards from Davis Farr LLP

# EXHIBIT "A"

## **Groundwater Banking Joint Powers Authority**

Financial Statements

Fiscal Year Ended June 30, 2022

# **Groundwater Banking Joint Powers Authority**

## Financial Statements

Fiscal Year Ended June 30, 2022

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## **Independent Auditor's Report**

Board of Directors  
Groundwater Banking Joint Powers Authority  
Irvine, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Groundwater Banking Joint Powers Authority (the "GBJPA") as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the GBJPA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the GBJPA, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the GBJPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

The GBJPA's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GBJPA's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GBJPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GBJPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Report on Summarized Comparative Information***

We have previously audited the GBJPA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of the GBJPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GBJPA's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Firm LLP". The signature is written in a cursive style.

Irvine, California  
October 28, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Groundwater Banking Joint Powers Authority (GBJPA) provides an overview of GBJPA's financial activities for the fiscal year ended June 30, 2022. This section should be read in conjunction with the basic financial statements and notes to the basic financial statements, which follow this analysis.

### **Financial Highlights:**

- Total assets exceeded total liabilities by \$12.1 million (net position), consisting of \$11.2 million in investment in capital assets and \$0.9 million unrestricted net position. This is an increase of \$10.4 million over the prior fiscal year's net position.
- Total assets are \$12.2 million, an increase of \$10.4 million over the prior fiscal year. This is due primarily to \$9.0 million for land acquisitions, a \$1.0 million increase in cash, and \$0.4 million in additional pre-construction related capital expenditures for the Kern Fan Groundwater capital project.
- Total liabilities are \$56,988, a decrease of \$21,895 over the prior fiscal year. This is due primarily to the deferral of various capital and operating activities, resulting in lower billings from the Irvine Ranch Water District and the Rosedale-Rio Bravo Water Storage District for shared services.
- Total revenues are \$49,844, an increase of \$1,277 over the prior fiscal year. The increase in total operating revenues is primarily due to \$33,248 in agriculture lease revenues received. This was offset by a \$31,971 decrease in member agencies contributions for funding the current fiscal year's operating expenses.
- Total expenses are \$49,844, an increase of \$1,277 over the prior fiscal year. The increase is due primarily to \$5,000 for the first-year audit and \$1,150 for website maintenance, partially offset by a \$5,130 decrease in administration costs.
- Capital contributions are \$10.4 million, an increase of \$8.7 million over the prior fiscal year. This is primarily due to cash contributions from the member agencies for two land acquisitions and pre-construction related capital expenditures for the Kern Fan Groundwater capital project.

More detailed analysis about the overall GBJPA's financial position and operations is provided in the following sections.

### **Overview of the Financial Statements:**

The basic financial statements of the GBJPA consist of the financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows) and notes to the basic financial statements. The basic financial statements are prepared using the accrual basis of accounting.

**Statement of Net Position** depicts GBJPA's financial position as of June 30, the end of GBJPA's fiscal year. The statement of net position shows all financial assets and liabilities of the GBJPA. Net position represents GBJPA's residual interest after liabilities are deducted from assets. Net position is displayed in two components: net investment in capital assets and unrestricted net position.

**Statement of Revenues, Expenses and Changes in Net Position** provides information on GBJPA's operations and can be used to determine whether the GBJPA has recovered all of its costs through operating and non-operating revenues.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Statement of Cash Flows** provides information on GBJPA's cash receipts, cash payments and changes in cash resulting from operations and investments activities.

**Notes to the Basic Financial Statements** provide additional information essential to a full understanding of the data provided in the basic financial statements.

### **Financial Analysis of the GBJPA:**

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating GBJPA's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A).

**Table 1 – Summary of Net Position**

	2022	2021	Increase/(Decrease)	
			Amount	Percentage
<b>Assets</b>				
Current assets	\$ 961,129	\$ 7,557	\$ 953,572	12618.4%
Noncurrent assets	11,204,572	1,762,587	9,441,985	535.7%
Total assets	12,165,701	1,770,144	10,395,557	587.3%
<b>Liabilities</b>				
Current liabilities	56,988	78,883	(21,895)	-27.8%
Total liabilities	56,988	78,883	(21,895)	-27.8%
<b>Net position</b>				
Investment in capital assets	11,204,572	1,762,587	9,441,985	535.7%
Unrestricted	904,141	(71,326)	975,467	-1367.6%
Total net position	\$12,108,713	\$ 1,691,261	\$10,417,452	616.0%

As shown in Table 1, GBJPA's total assets increased \$10.4 million during the current fiscal year. Current assets were \$1.0 million, an increase of \$1.0 million compared to the prior fiscal year. This is primarily due to contributions from the member agencies to fund various capital and operating activities which were subsequently deferred.

Noncurrent assets, which include land and construction in progress, were \$11.2 million, an increase of \$9.4 million from the prior fiscal year. The increase was due primarily to \$9.0 million for two land acquisitions: \$4.9 million from Diamond M Properties, LLC and \$4.0 million from Bolthouse Land Company, LLC. In addition, there were \$0.4 million of pre-construction related capital expenditures for the Kern Fan Groundwater capital project.

GBJPA's total liabilities were \$56,988, a decrease of \$21,895 from the prior fiscal year. The decrease is due primarily to the deferral of various capital and operating activities resulting in lower billings from the Irvine Ranch Water District and the Rosedale-Rio Bravo Water Storage District for shared services.

Net position at the end of the current fiscal year is \$12.1 million representing the excess of total assets over total liabilities. Net position increased \$10.4 million from the prior fiscal year. Net position consists

## MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

of investment in capital assets of \$11.2 million and an unrestricted net position for water services of \$1.0 million. The increase in net position is primarily due to \$9.4 million in capital asset additions.

### **Activities and Changes in Net Position:**

The Statement of Revenues, Expenses and Changes in Net Position summarizes GBJPA’s operations during the current fiscal year. A summary of GBJPA’s changes in net position for the fiscal year ended June 30, 2022, is included in Table 2 below:

**Table 2 – Revenues, Expenses and Changes in Net Position**

	2022	2021	Increase/(Decrease)	
			Amount	Percentage
<b>Operating revenues</b>				
Member agency fees:				
Irvine Ranch Water District	\$ 8,298	\$ 24,284	\$ (15,986)	-65.8%
Rosedale-Rio Bravo Water Storage District	8,298	24,283	(15,985)	-65.8%
Lease Revenue	33,248	-	33,248	100.0%
Total operating revenues	<u>49,844</u>	<u>48,567</u>	<u>1,277</u>	<u>2.6%</u>
<b>Operating expenses</b>				
General and administrative:				
Administration	38,820	43,950	(5,130)	-11.7%
Audit	5,000	-	5,000	100.0%
Bank charges	1,582	678	904	133.3%
Insurance	2,781	3,249	(468)	-14.4%
Website Maintenance	1,150	-	1,150	100.0%
Other	511	690	(179)	-25.9%
Total operating expenses	<u>49,844</u>	<u>48,567</u>	<u>1,277</u>	<u>2.6%</u>
Income (Loss) before capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
<b>Capital contributions</b>				
Irvine Ranch Water District	5,208,726	845,630	4,363,096	516.0%
Rosedale-Rio Bravo Water Storage District	5,208,726	845,631	4,363,095	516.0%
Total capital contributions	<u>10,417,452</u>	<u>1,691,261</u>	<u>8,726,191</u>	<u>516.0%</u>
Changes in net position	10,417,452	1,691,261	8,726,191	516.0%
Beginning net position	<u>1,691,261</u>	<u>-</u>	<u>1,691,261</u>	<u>100.0%</u>
<b>Ending net position</b>	<u>\$12,108,713</u>	<u>\$ 1,691,261</u>	<u>\$10,417,452</u>	<u>616.0%</u>

### **Revenues:**

As shown in Table 2, GBJPA’s total operating revenues were \$49,844, an increase of \$1,277 from the prior fiscal year. Lease revenue contributed \$33,248 or 66.7 percent to total operating revenues. Member agency fees contributed \$16,596 or 33.3 percent to total operating revenues. The increase in total operating revenues is primarily due to \$33,248 in agriculture lease revenues received from Bolthouse Land Company, LLC where Bolthouse leased back property from the GBJPA post acquisition. The increase was offset by a \$31,971 decrease in member agencies contributions to fund operating expenses.

### **Expenses:**

As shown in Table 2, \$49,844 operating expenses consisted of 77.9 percent administration charges, 10.0 percent audit fees, 5.6 percent insurance, 3.2 percent bank charges, 2.3 percent website maintenance,

## MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

and 1.0 percent other operating expenses. Operating expenses increased \$1,277 from the prior fiscal year. The increase in the current year is due to:

- \$5,000 in audit fees for the first fiscal year ended June 30, 2021, as work was completed after the prior fiscal year end;
- First year expenses of \$1,150 for website hosting and maintenance;
- An increase of \$904 in bank charges due to a full year of charges in the current fiscal year compared to three months the prior fiscal year;
- A decrease of \$5,130 in administration expenses due to the lower shared service billings from the previous year due to the deferral of various capital and operating activities;
- A decrease of \$468 in insurance expenses; and
- A decrease of \$179 in other operating expenses.

### **Capital Contributions:**

Capital contributions total \$10.4 million consisting of \$5.2 million in contributions from the Irvine Ranch Water District and \$5.2 million in contributions from the Rosedale-Rio Water Storage District for capital expenditures of the Kern Fan Groundwater capital project.

### **Capital Assets:**

GBJPA’s investment in capital assets consists of the following as of June 30, 2022:

**Table 3 – Capital Assets**

	2022	2021	Increase/(Decrease)	
			Amount	Percentage
Land	\$ 8,996,494	\$ -	\$ 8,996,494	100.0%
Construction in progress	2,208,078	1,762,587	445,491	25.3%
Total	<u>\$ 11,204,572</u>	<u>\$ 1,762,587</u>	<u>\$ 9,441,985</u>	<u>535.7%</u>

As shown in Table 3, capital assets increased \$9.4 million in the current fiscal year. Construction in progress added \$0.4 million during the current fiscal year. The \$9.0 million of land acquisitions consisted of \$4.9 million from Diamond M Properties, LLC and \$4.0 million from Bolthouse Land Company, LLC. There were \$0.4 million in additional pre-construction related capital expenditures for the Kern Fan Groundwater capital project. Additional information on GBJPA’s capital assets can be found in Note 3 of the Notes to the Basic Financial Statements.

### **Contacting the District’s Financial Management:**

This financial report is designed to provide a general review of the GBJPA’s finances to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at the Groundwater Banking Joint Powers Authority, 849 Allen Road, Bakersfield, California 93314.

## Groundwater Banking Joint Powers Authority

### Statement of Net Position

June 30, 2022

(with comparative data as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 957,962	\$ 7,557
Prepaid items	3,167	-
Total current assets	<u>961,129</u>	<u>7,557</u>
Noncurrent assets:		
Capital assets, non-depreciable	11,204,572	1,762,587
Total noncurrent assets	<u>11,204,572</u>	<u>1,762,587</u>
<b>TOTAL ASSETS</b>	<u>12,165,701</u>	<u>1,770,144</u>
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	56,988	78,883
<b>TOTAL LIABILITIES</b>	<u>56,988</u>	<u>78,883</u>
 <b>NET POSITION</b>		
Investment in capital assets	11,204,572	1,762,587
Unrestricted	904,141	(71,326)
<b>TOTAL NET POSITION</b>	<u>\$ 12,108,713</u>	<u>\$ 1,691,261</u>

See accompanying notes to the basic financial statements.

**Groundwater Banking Joint Powers Authority**  
Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2022  
(with comparative data for the Fiscal Year Ended June 30, 2021)

	2022	2021
<b>OPERATING REVENUES</b>		
Member agency fees:		
Irvine Ranch Water District	\$ 8,298	\$ 24,284
Rosedale-Rio Bravo Water Storage District	8,298	24,283
Lease revenue	33,248	-
<b>Total operating revenues</b>	49,844	48,567
<b>OPERATING EXPENSES</b>		
General and administrative:		
Administration	38,820	43,950
Audit	5,000	-
Bank charges	1,582	678
Insurance	2,781	3,249
Website Maintenance	1,150	-
Other	511	690
<b>Total operating expenses</b>	49,844	48,567
Income (loss) before capital contributions	-	-
<b>CAPITAL CONTRIBUTIONS FROM MEMBER AGENCIES</b>		
Irvine Ranch Water District	5,208,726	845,630
Rosedale-Rio Bravo Water Storage District	5,208,726	845,631
<b>Total capital contributions</b>	10,417,452	1,691,261
Increase (decrease) in net position	10,417,452	1,691,261
<b>NET POSITION AT BEGINNING OF YEAR</b>	1,691,261	-
<b>NET POSITION AT END OF YEAR</b>	\$ 12,108,713	\$ 1,691,261

See accompanying notes to the basic financial statements.

## Groundwater Banking Joint Powers Authority

### Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Fiscal Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from member agencies and others	\$ 49,844	\$ 48,567
Cash paid to suppliers of goods and services	<u>(124,647)</u>	<u>(28,338)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>(74,803)</u>	<u>20,229</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(9,392,244)	(276,628)
Capital contributions	<u>10,417,452</u>	<u>263,956</u>
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>1,025,208</u>	<u>(12,672)</u>
Net increase (decrease) in cash and cash equivalents	950,405	7,557
Cash and cash equivalents at beginning of year	<u>7,557</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 957,962</u></u>	<u><u>\$ 7,557</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
(Increase) decrease in prepaid items	(3,167)	-
Increase (decrease) in accounts payable	<u>(71,636)</u>	<u>78,883</u>
<b>Net cash provided by (used for) operating activities</b>	<u><u>\$ (74,803)</u></u>	<u><u>\$ 78,883</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Capital contributions	<u><u>\$ -</u></u>	<u><u>\$ 1,427,305</u></u>

See accompanying notes to the basic financial statements.

# Groundwater Banking Joint Powers Authority

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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## (1) Summary of Significant Accounting Policies

### A. Reporting Entity

The Groundwater Banking Joint Powers Authority (GBJPA) was formed in July 2020 as a joint owners authority under the California Government Code section 6500. The GBJPA was formed to finance, construct and operate the Kern Fan Groundwater Storage Project which will recharge and store up to 100,000 acre-feet (AF) of water, primarily during wet periods, in the Kern County Groundwater Sub-basin of the San Joaquin Valley Groundwater Basin for subsequent recovery and use for public and non-public benefit. GBJPA's member agencies are the Irvine Ranch Water District and the Rosedale-Rio Bravo Water Storage District with each agency having a 50% share in the GBJPA.

### B. Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

### C. Basis of Accounting and Measurement Focus

GBJPA's financial activities are accounted as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from water sales and member charges. The enterprise fund utilizes the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

The GBJPA distinguishes operating revenues and expenses from non-operating items. Until completion of the construction, the operating revenues and expenses of the project represent contributions by the member agencies to fund operating expenses. All revenues and expenses not meeting this definition will be reported as non-operating revenues and expenses. Capital contributions will consist of contributions from member agencies and any grant funding for the capital assets. When both restricted and unrestricted resources are available for use, the GBJPA uses restricted resources and then unrestricted resources.

### D. Cash

GBJPA's cash is considered to be demand deposits with a bank.

### E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### F. Capital Assets

Capital assets, which include construction in progress and land, are valued at cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Donated assets are valued at their estimated acquisition value on the date received.

# Groundwater Banking Joint Powers Authority

Notes to the Basic Financial Statements, Continued

For the Fiscal Year Ended June 30, 2022

## (1) Summary of Significant Accounting Policies (Continued)

### G. Net Position

Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

### H. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### I. Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

## (2) Cash and Investments

Cash as of June 30, 2022 consists of \$957,962 demand deposits with a bank.

### Investments Authorized by the California Government Code

The following table identifies the investment types that are authorized for the GBJPA by the California Government Code, although as of June 30, 2022, the GBJPA does not have any of these types of investments. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk.

<u>Authorized Investment type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None



## Groundwater Banking Joint Powers Authority

Notes to the Basic Financial Statements, Continued

For the Fiscal Year Ended June 30, 2022

### (2) Cash and Investments (Continued)

#### Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

#### Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization.

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

### (3) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022 is as follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, non-depreciable:				
Land	\$ -	\$ 8,996,494	\$ -	\$ 8,996,494
Construction in progress	1,762,587	9,441,985	(8,996,494)	2,208,078
<b>Total</b>	<b>\$ 1,762,587</b>	<b>\$18,438,479</b>	<b>\$ (8,996,494)</b>	<b>\$11,204,572</b>

### (4) Commitments and Contingencies – Legal Actions

The GBJPA is a defendant in various legal actions arising out of the conduct of the GBJPA's operations. Management believes that, based on current knowledge, the outcome of these matters will not have a material adverse effect on the GBJPA's financial position.

**REQUIRED AUDIT COMMUNICATIONS**

Board of Directors  
Groundwater Banking Joint Powers Authority  
Irvine, California

We have audited the financial statements of the Groundwater Banking Joint Powers Authority (the "GBJPA") as of and for the year ended June 30, 2022 and have issued our report thereon dated October 28, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated March 4, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the GBJPA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

## **Significant Risks Identified**

We have identified the following significant risks:

- GASB 87: Lease Implementation: We reviewed lease activity for the GBJPA to determine the impact of lease activity. As a result of our review, there was one item noted within our reporting of uncorrected and corrected misstatements within the letter.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the GBJPA is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of the useful life of capital assets.

Management's estimate of the useful life of capital assets is based on the GBJPA's capitalization policy. We evaluated the key factors and assumptions used to develop the capitalization policy and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the GBJPA's financial statements relate to commitments and contingencies as communicated within the footnotes.

## **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There was one passed audit adjustment to record a lease receivable whose effect in the current and prior periods, as determined by management, is immaterial to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the GBJPA's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated October 28, 2022.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the GBJPA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the GBJPA's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of the GBJPA and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in blue ink that reads "Davis Firm LLP". The signature is written in a cursive, slightly slanted style.

Irvine, California  
October 28, 2022

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Finance Personnel Committee  
Groundwater Banking Joint Powers Authority  
Irvine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the Groundwater Banking Joint Powers Authority (the "GBJPA") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the GBJPA's basic financial statements, and have issued our report thereon dated October 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the GBJPA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GBJPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the GBJPA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the GBJPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GBJPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Farr LLP". The signature is written in a cursive, flowing style.

Irvine, California  
October 28, 2022

November 7, 2022  
Prepared by: Herbert Ng  
Reviewed by: Cheryl Clary  
Agenda Item: 4b

FY 2022-23 Quarterly Actual to Budget Results

DISCUSSION:

The quarterly unaudited actual to budget results for the first quarter FY 2022-23 through September 30, 2022 is attached as Exhibit "A". The report separates capital and operating expenditures.

The three-month year to date total expenditures were \$97.1 thousand compared to a budget of \$485.4 thousand. Actual expenditures were \$388.3 thousand or 80% under budget. This is primarily due to lower expenditures than budgeted related to the timing for engineering design. The full year approved FY 2022-23 budget is also included. Exhibit "A" provides additional comments.

No cash call is required at this time.

RECOMMENDATION:

Receive and File.

LIST OF EXHIBITS:

Exhibit "A" – FY 2022-23 Actual to Budget Results (Unaudited)

**Exhibit A**  
**Groundwater Banking Joint Powers Authority**  
**Unaudited Actual to Budget Report**  
**Fiscal Year 2022-23**

Task / Account	Task / Account Name	Unaudited Actual 9/30/22	Budget 9/30/22	Budget (Over) /Under	Budget Variance %	Approved FY2022-23 Budget	FY2022-23 Budget Variance Comment
<b>Kern Fan Groundwater Capital Project</b>							
1.0	Engineering - Planning and Design Staff	\$ 8,648	\$ 7,175	\$ (1,473)	-21%	\$ 28,700	
1.1	Grant Administration and Reporting	301	6,300	5,999	95%	25,200	Primarily staff time. Timing of billing.
1.15	CWC and USBR Feasibility Studies	8,401	9,250	849	9%	37,000	
1.16	JPA Administration	12,610	18,600	5,990	32%	74,400	
1.4	Supplemental Environmental Impact Report	659	4,375	3,716	85%	17,500	
1.5	Agreements with State Agencies	1,968	3,000	1,032	34%	12,000	
1.8	Property Pre-Acquisition Work and Geophysical Study (1)	-	-	-	0%	-	
3.0	Engineering Design - Outside	72,314	380,500	308,186	81%	1,522,000	Timing of expenditures. More expenditures anticipated for Q3/Q4.
4.0	Engineering CA&I - Outside	-	-	-	0%	337,500	
5.0	Construction	-	-	-	0%	3,262,500	
5.1	Land	(5,774)	-	5,774	100%	-	Refund for land acquisition - prior year.
6.0	Legal JPA	4,956	31,425	26,469	84%	125,700	Lawsuits dismissed. Timing of expenditures.
900.0	Preliminary Design Report and Feasibility Report	-	6,625	6,625	100%	9,500	
906.0	Development of Agreement with FWS	-	-	-	0%	-	
908.0	Development of Agreement with DWR	-	5,625	5,625	100%	22,500	
916.0	Habitat Credit Purchase	-	-	-	0%	-	
918.0	Environmental	-	12,500	12,500	100%	50,000	Pending potential NEPA/additional CEQA for Phase 1. Timing of expenditures.
922.0	Permitting	-	-	-	0%	-	
928.0	PG&E Service	-	-	-	0%	-	
930.0	Bid Phase	-	-	-	0%	-	
	<b>Capital Project Total</b>	<b>104,083</b>	<b>485,375</b>	<b>381,292</b>	<b>79%</b>	<b>5,524,500</b>	
<b>Operating Income</b>							
460022	Lease Revenue	(19,305)	(19,300)	5	0%	(32,200)	Bolthouse lease
	<b>Operating Income Total</b>	<b>(19,305)</b>	<b>(19,300)</b>	<b>5</b>	<b>0%</b>	<b>(32,200)</b>	
<b>Operating Expense</b>							
699115	Website Maintenance	-	250	250	100%	1,000	
699134	Administration/Management	10,522	12,650	2,128	17%	50,600	
699135	Audit	-	5,000	5,000	100%	5,000	
699136	Bank Charges	406	425	19	4%	1,700	
699137	Insurance	1,344	975	(369)	-38%	3,900	
699139	Membership	-	-	-	0%	600	
	<b>Operating Expense Total</b>	<b>12,272</b>	<b>19,300</b>	<b>7,028</b>	<b>36%</b>	<b>62,800</b>	
<b>Total</b>		<b>\$ 97,050</b>	<b>\$ 485,375</b>	<b>\$ 388,325</b>	<b>80%</b>	<b>\$ 5,555,100</b>	

Note:

(1) Actual amounts included labor and consultants charges.





# MEMORANDUM

Via U.S. Mail and Electronic Mail

**TO:** ACWA Member Agency Board Presidents and General Managers  
**CC:** ACWA Board of Director  
**FROM:** Dave Eggerton, ACWA Executive Director  
**DATE:** October 5, 2022  
**SUBJECT:** Notice of General Session Membership Meeting — November 30, 2022

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There will be a General Session Membership Meeting at the ACWA 2022 Fall Conference on **Wednesday, November 30, 2022, at 12:30 p.m.** The meeting will be held in the Crystal Ballroom, Renaissance Esmeralda Resort Hotel, Indian Wells. The purpose of the meeting is to conduct a vote by the membership on proposed Amended and Restated Bylaws of the Association of California Water Agencies as recommended by the Board of Directors at its meeting on September 23, 2022.

## Proposed Amended and Restated Bylaws

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As part of ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations and to implement changes related to the election of ACWA's Board Officers, the Board of Directors is recommending proposed Amended and Restated Bylaws for consideration by the membership.

Staff worked with Dale Stern, Downey Brand LLP, to prepare the proposed Amended and Restated Bylaws, which include the following changes:

- Amendments to clarify language and to reflect consistency with other governance documents and daily operations
- Amendments to implement changes to the Board Officers' election process as recommended by the Election Task Force
- Amendments to incorporate California Corporations Code provisions allowing meetings to be held by electronic communication
- Restructuring and reformatting to incorporate a new numbering system

Legal Affairs Committee (LAC) Chair, Jennifer Buckman, appointed LAC member, Doug Coty, to serve as the committee's representative to review the proposed Amended and Restated Bylaws and provide an analysis pursuant to ACWA Bylaws (Article 9, Section 8). The proposed Amended and Restated Bylaws reflect the LAC's recommended edits as adopted by the ACWA Board on September 23.



# Voter Designation & Information Form

**To:** Donna Pangborn, Senior Clerk of the Board

**Email:** donnap@acwa.com

**Fax:** 916-669-2425

The person designated below will be attending the ACWA General Session Membership Meeting(s) on Wednesday, November 30, 2022 (and December 1, 2022 if necessary) as our voting delegate. Please designate an alternate voting delegate to facilitate any change to your voting representation at the meeting. To change your alternate, however, you must notify Donna Pangborn of the change no later than 5:00 p.m. on Tuesday, November 29, 2022.

Member Agency's Name \_\_\_\_\_ Agency's Phone No. \_\_\_\_\_

Print Member Agency's Authorized Signatory Name \_\_\_\_\_ Authorized Signatory Signature \_\_\_\_\_

**Voting delegate must be present at the membership meeting to vote.**

Voting Delegate's Name	Voting Delegate's Email	Voting Delegate's Phone No.
Alternate Voting Delegate's Name	Alternate Voting Delegate's Email	Alternate Voting Delegate's Phone No.
Voting Delegate's Affiliation <i>(if different from assigning agency)*</i>		Date

\*If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above.

**DEADLINE FOR RETURNING FORM(s): 11/23/2022**



**Groundwater Banking Joint Power Authority  
KERN FAN PROJECT CONVEYANCE**

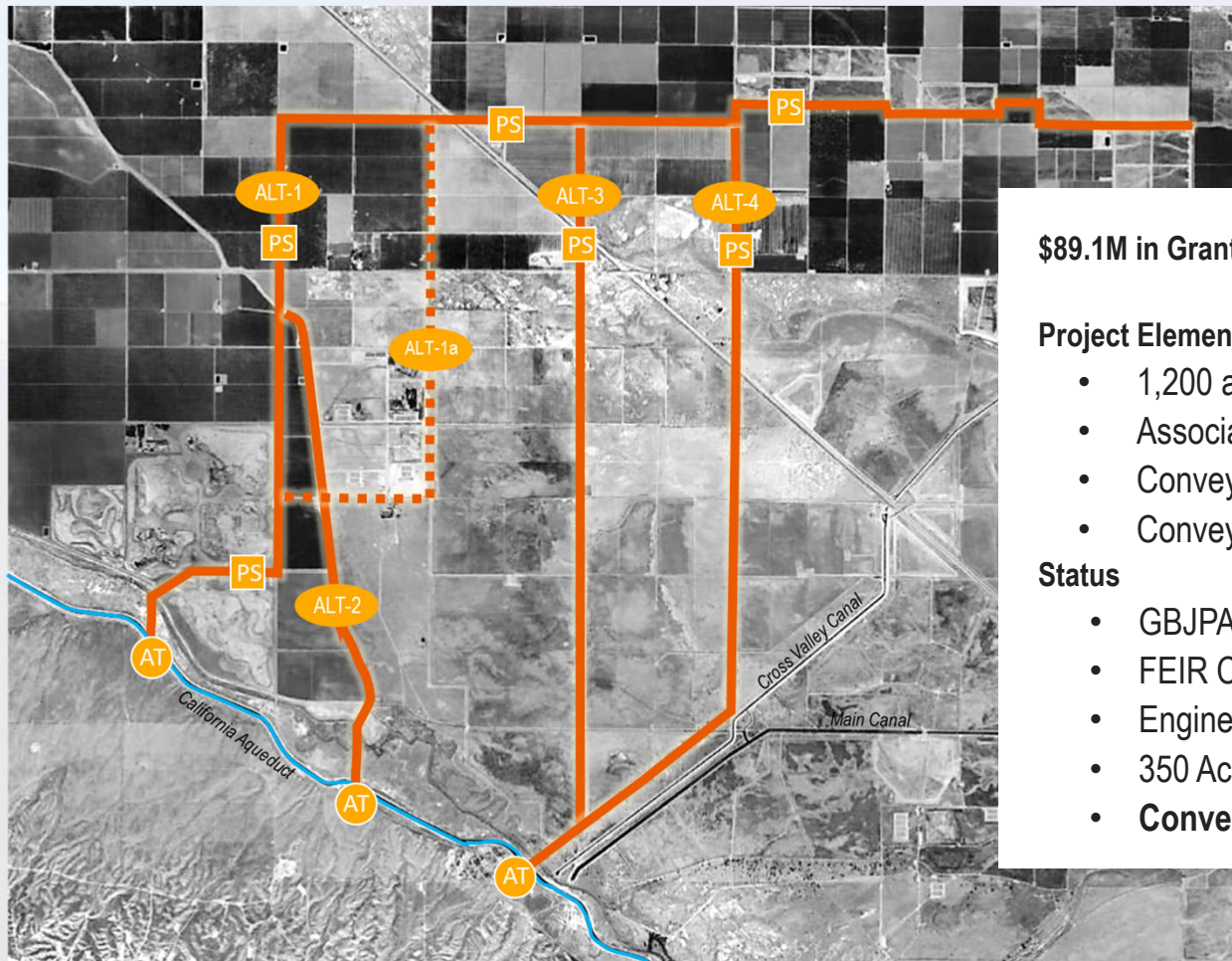
Alternative 5 (CVC) Discussion  
October 26, 2022



In association with



# Overview of the Kern Fan Groundwater Storage Project



**\$89.1M in Grant Funding for Water Storage Investment**

## **Project Elements**

- 1,200 acres of new Groundwater Recharge
- Associated Groundwater Recovery
- Conveyance Capacity of 450 cfs forward flow
- Conveyance Capacity of 100 cfs reverse flow

## **Status**

- GBJPA Formed August 2020
- FEIR Certified January 2021
- Engineering Team Kickoff February 2022
- 350 Acres Acquired and in Design
- **Conveyance Alternatives Investigation**

# Goals for locating a new Aqueduct Turn-in/out

- Best Value for the Kern Fan Groundwater Storage Project
- Impact Avoidance to Existing Turnouts
  1. Conserve Available Head at Pool 28  
*If turnout is placed > 500' upstream there are no discernible impacts on WS elevations at GBTO1 and GBTO2*
  2. Learned that CVC Design Reliance was based on an M2 Type Backwater Curve which has proven to be operationally problematic
- Best Programmatic Alignment given other opportunities and existing challenges

Figure 10 provides a plan view of the resulting water surface elevations for Test TO1-1, which shows that the water surface elevations near GBTO1 may be influenced by operation of TO1. The localized drawdown of the water surface toward each turnout is fairly close to the other.

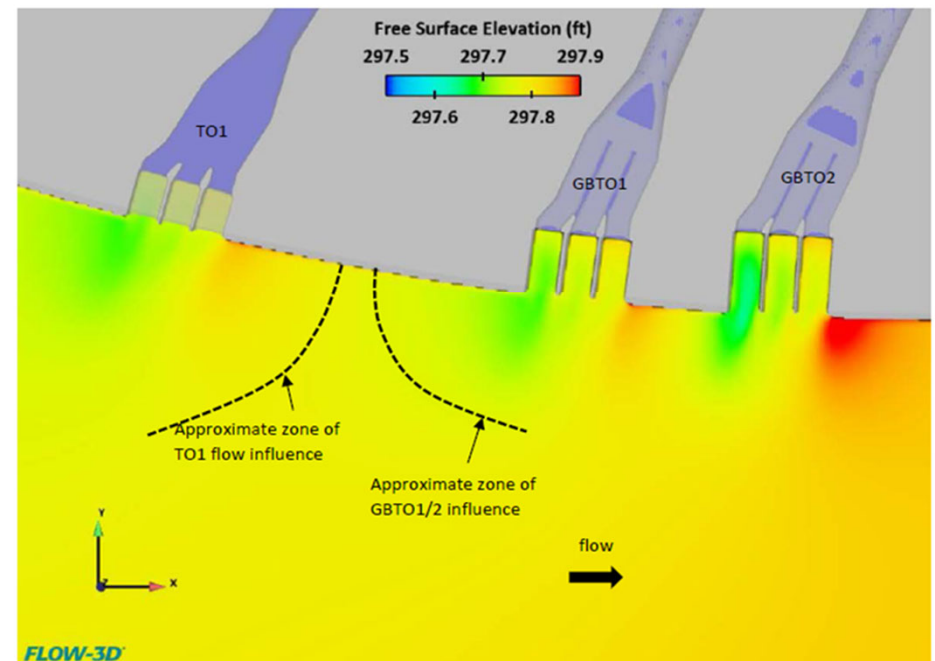


Figure 10 Plan view showing contour map of free surface elevation with new turnout at location TO1 (200 ft upstream of GBTO1). Dashed lines indicate the approximate extents of localized drawdown of the water surface.

# Introduction of Team

## **Groundwater Banking Joint Powers Authority**

### **Engineering Team**

Curtis Skaggs, PE

Dan Bartel, PE

Markus Nygren

Robert Huang

### **Administrative Team**

Fiona Sanchez

Paul Weghorst

Trent Taylor

### **Consultant Team (Conveyance)**

Joseph Long, PE

Wayne Dahl, PE

David Rogers, PE

# Alternative 5 (Combined CVC Pool 1)

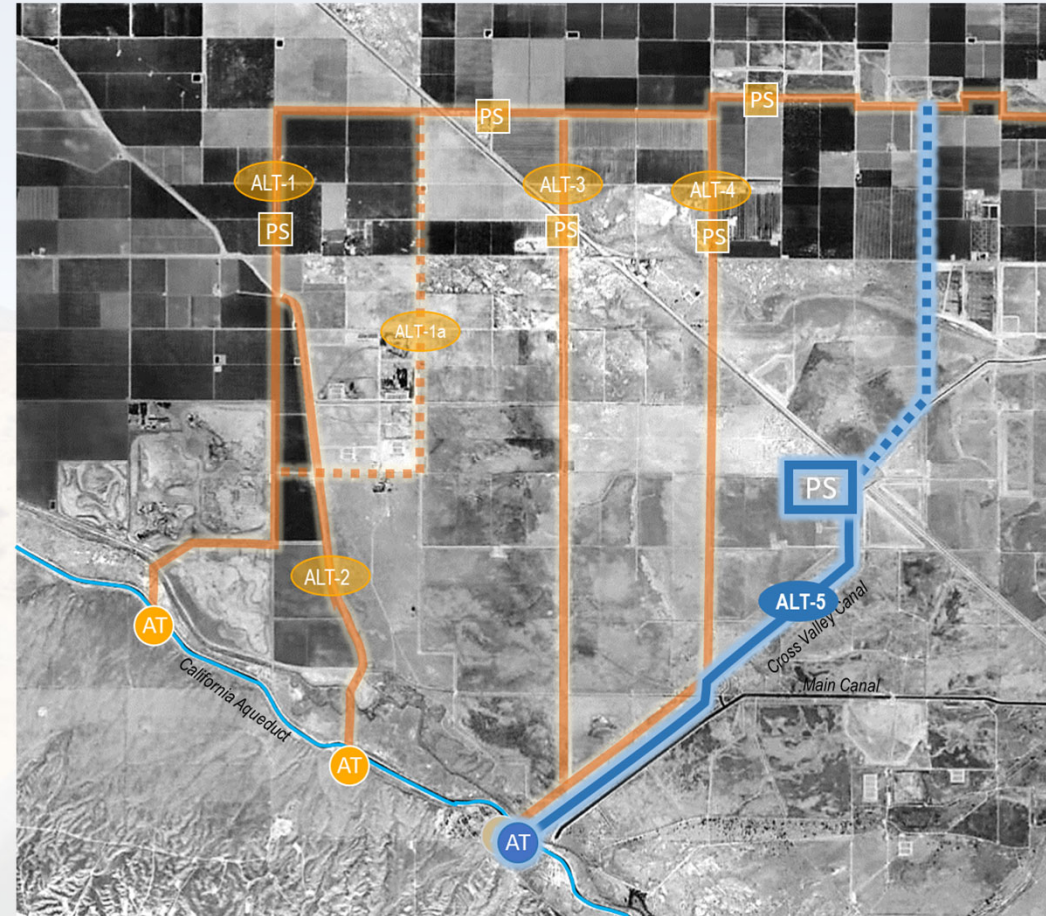
## Opportunities

1. Solution to CVC Pool 1 Operational Issues
2. Increase CVC Capacity for Participants  
(Take Pool 1 from 1200 cfs up to 1422 cfs)
3. Provide Capacity Goal for KFP

## Ask of CVC Participants

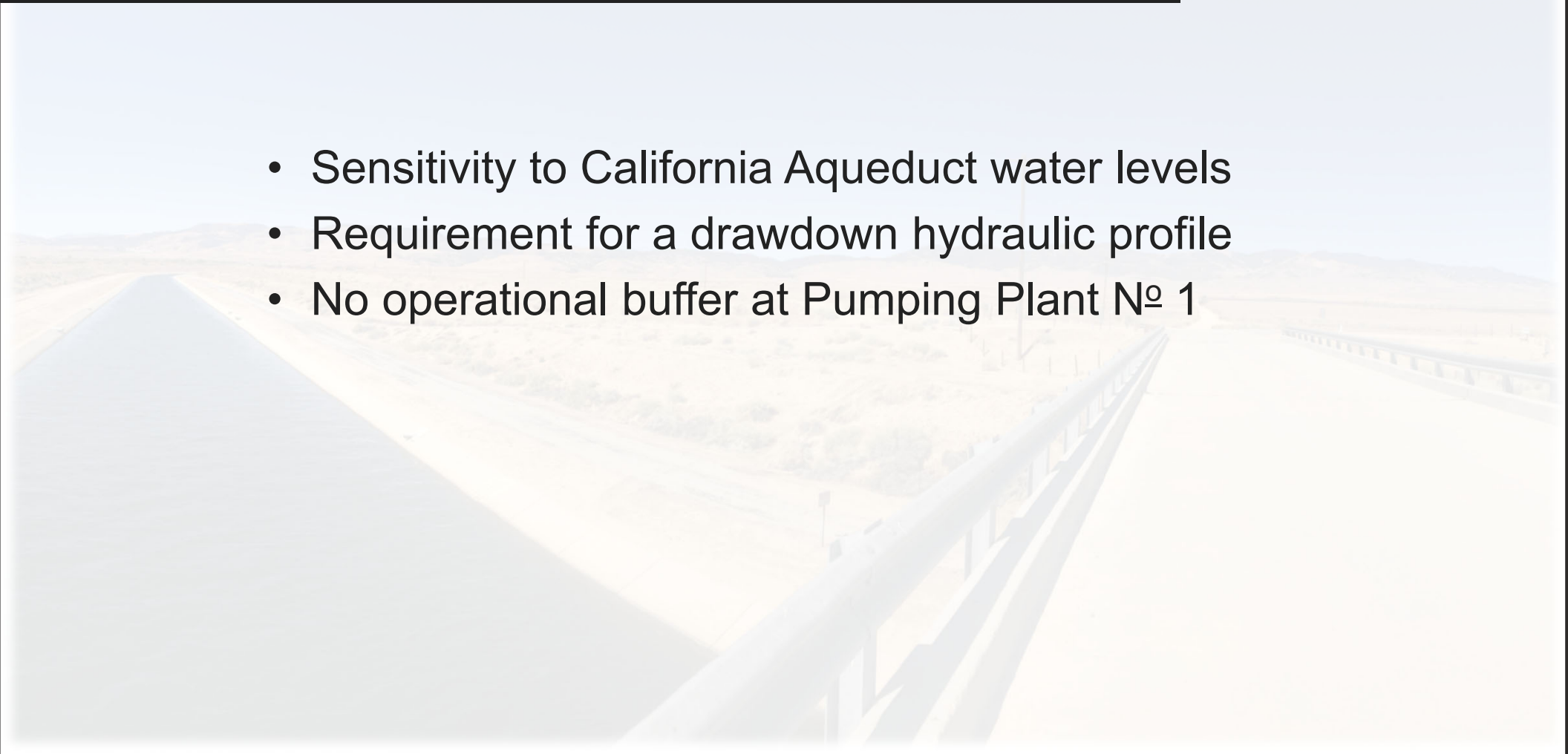
0-60 days: Please ask us questions and give input

60-90 days: Let us know if there is interest in a partnership



# CVC operational issues as we understand them

- Sensitivity to California Aqueduct water levels
- Requirement for a drawdown hydraulic profile
- No operational buffer at Pumping Plant N<sup>o</sup> 1





# Alternative 5 (Combined CVC Pool 1) Opportunities

- Develop a joint conveyance system that serves the proposed Kern-Fan Groundwater Storage Project
- Provides CVC Participants reliable flow rate of 1,422 cfs to Pumping Plant N<sup>o</sup> 1
- Stabilizes water levels at Pumping Plant N<sup>o</sup> 1
- Remediates vortexing at Pumping Plant N<sup>o</sup> 1
- Eliminates the need for a new California Aqueduct Turn-Out/In in Pool 28

# Evolution of Pool 1 of the CVC

- **Original Design, 1973**

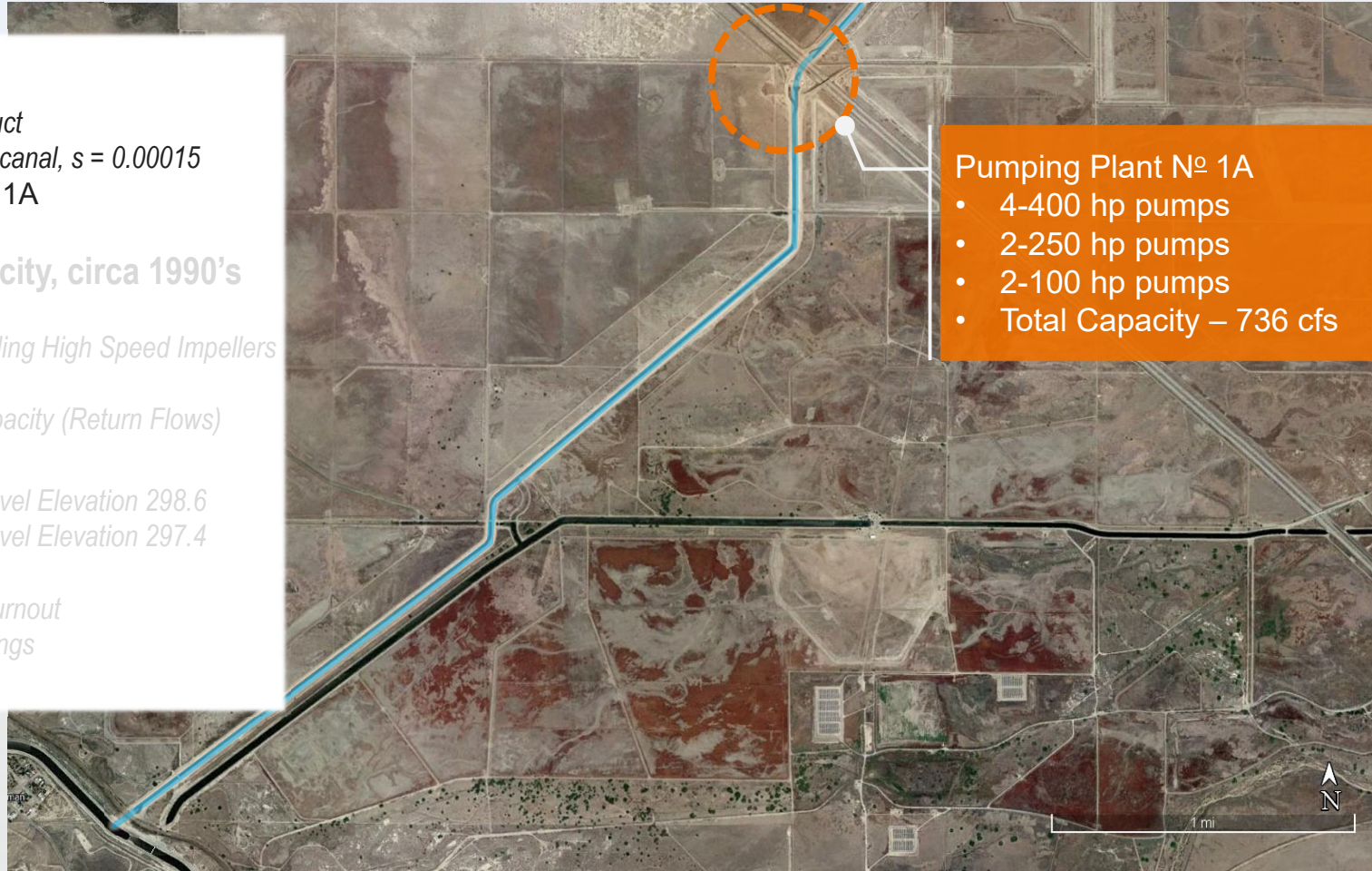
- *Design Capacity 736 cfs*
- *Turnout from the California Aqueduct*
- *Construction of a 12' bottom width canal,  $s = 0.00015$*
- *Construction of Pumping Plant N<sup>o</sup> 1A*
- *Normal Depth Operations*

- **Improved Operational Capacity, circa 1990's**

- *Design Capacity 900 cfs*
- *Improved Pump Capacity by Installing High Speed Impellers*
- *Normal Depth Operation*
- *Canal Liner Raise for Reverse Capacity (Return Flows)*

- **Expansion Project, 2000's**

- *Capacity 1,422 cfs @ Aqueduct Level Elevation 298.6*
- *Capacity 1,236 cfs @ Aqueduct Level Elevation 297.4*
- *M-2 Backwater Curve*
- *Added Greater Bakersfield No 2 Turnout*
- *Removed two in-line siphon crossings*



**Pumping Plant N<sup>o</sup> 1A**

- 4-400 hp pumps
- 2-250 hp pumps
- 2-100 hp pumps
- Total Capacity – 736 cfs

# Evolution of Pool 1 of the CVC

- **Original Design, 1973**

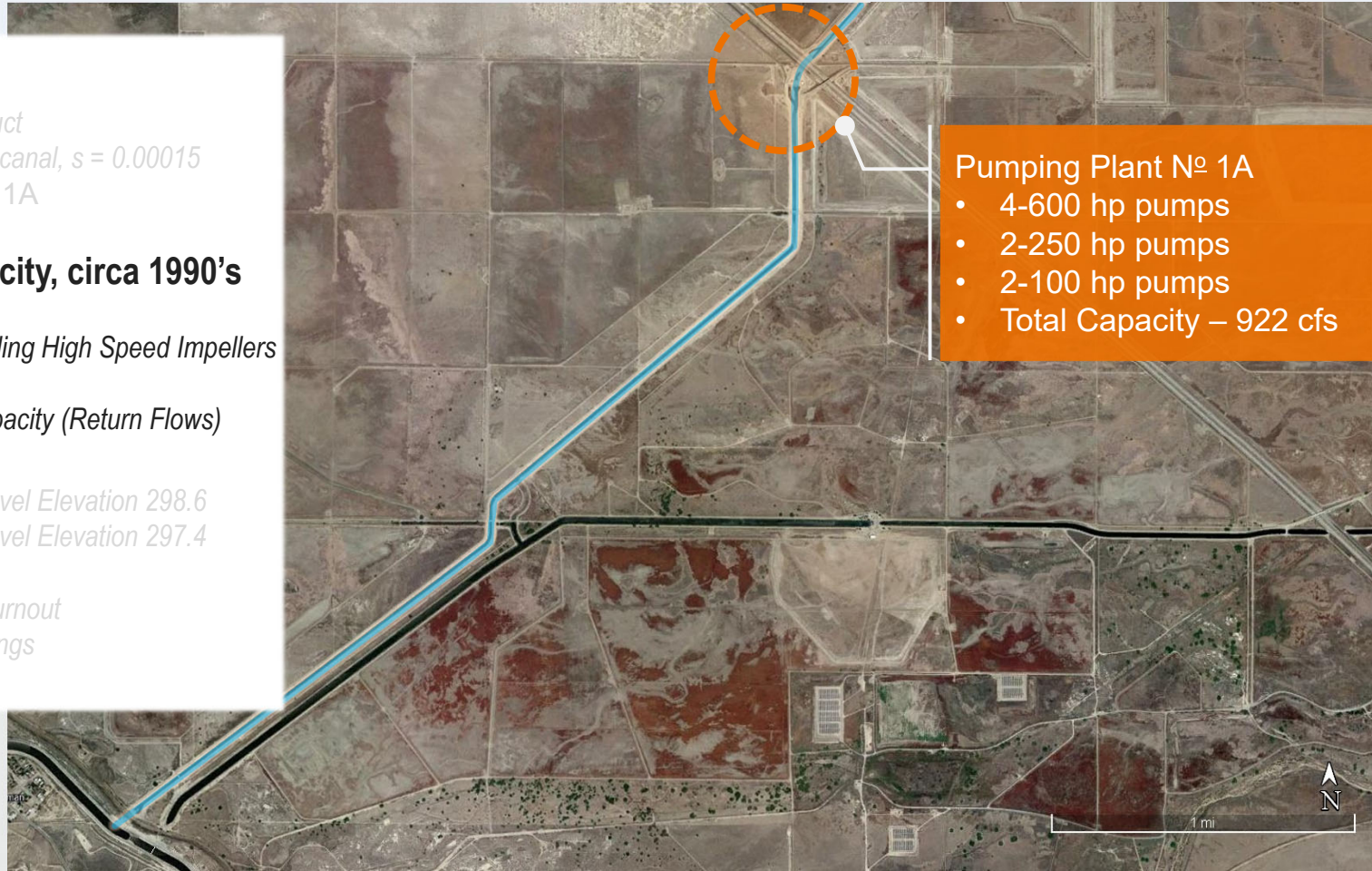
- *Design Capacity 736 cfs*
- *Turnout from the California Aqueduct*
- *Construction of a 12' bottom width canal,  $s = 0.00015$*
- *Construction of Pumping Plant No 1A*
- *Normal Depth Operations*

- **Improved Operational Capacity, circa 1990's**

- *Design Capacity 900 cfs*
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- *Capacity 1,236 cfs @ Aqueduct Level Elevation 297.4*
- *M-2 Backwater Curve*
- *Added Greater Bakersfield No 2 Turnout*
- *Removed two in-line siphon crossings*



**Pumping Plant No 1A**

- 4-600 hp pumps
- 2-250 hp pumps
- 2-100 hp pumps
- Total Capacity – 922 cfs

# Evolution of Pool 1 of the CVC

- **Original Design, 1973**

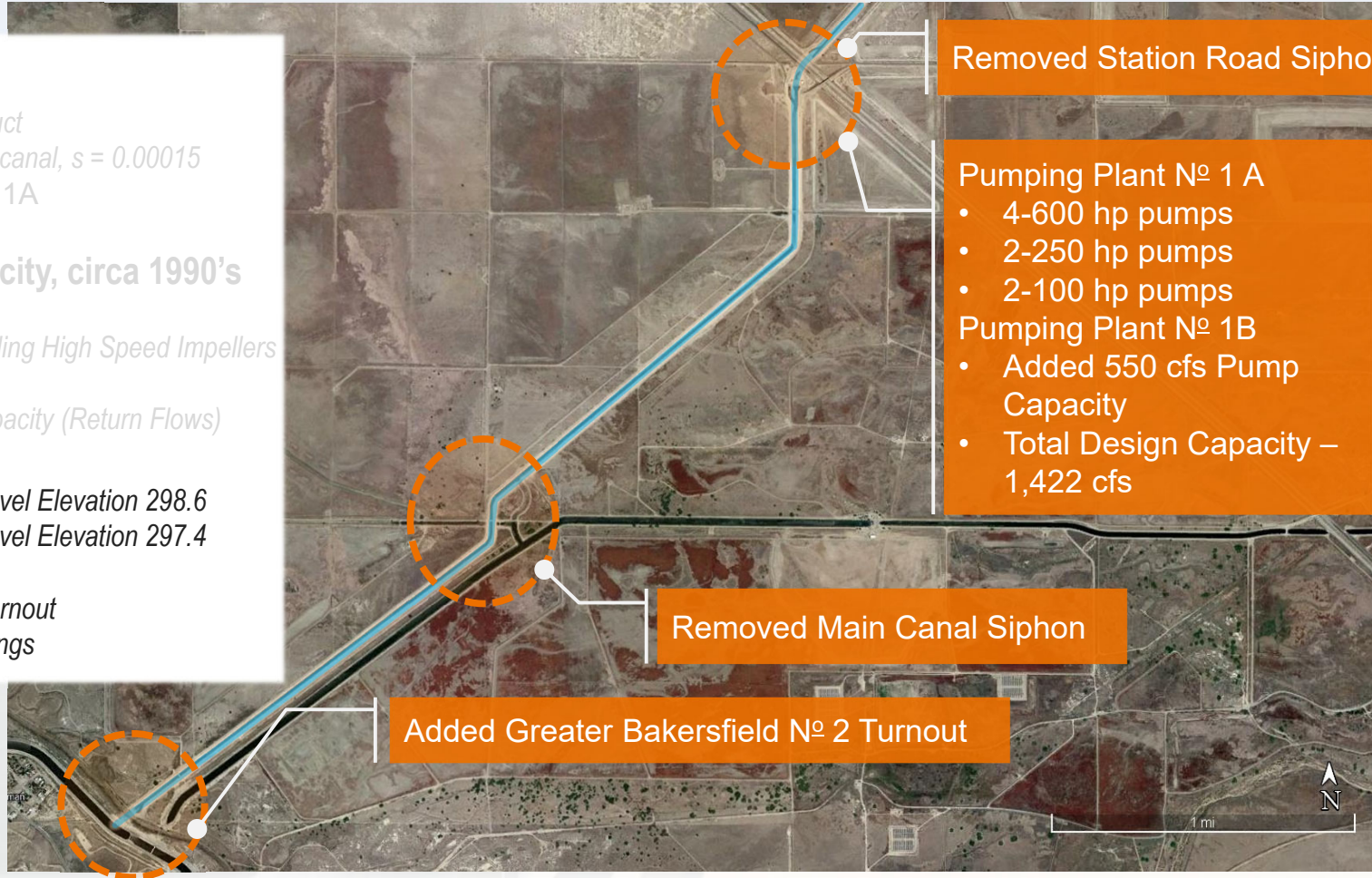
- *Design Capacity 736 cfs*
- *Turnout from the California Aqueduct*
- *Construction of a 12' bottom width canal,  $s = 0.00015$*
- *Construction of Pumping Plant N° 1A*
- *Normal Depth Operations*

- **Improved Operational Capacity, circa 1990's**

- *Design Capacity 900 cfs*
- *Improved Pump Capacity by Installing High Speed Impellers*
- *Normal Depth Operation*
- *Canal Liner Raise for Reverse Capacity (Return Flows)*

- **Expansion Project, 2000's**

- *Capacity 1,422 cfs @ Aqueduct Level Elevation 298.6*
- *Capacity 1,236 cfs @ Aqueduct Level Elevation 297.4*
- *M-2 Backwater Curve*
- *Added Greater Bakersfield N° 2 Turnout*
- *Removed two in-line siphon crossings*



Removed Station Road Siphon

Pumping Plant N° 1 A

- 4-600 hp pumps
- 2-250 hp pumps
- 2-100 hp pumps

Pumping Plant N° 1B

- Added 550 cfs Pump Capacity
- Total Design Capacity – 1,422 cfs

Removed Main Canal Siphon

Added Greater Bakersfield N° 2 Turnout


# California Aqueduct (Pool 28)

## Operational Methodology:

- The California Aqueduct is operated under a “Controlled Volume Method of Operation”.
- Pool volumes and depths may change intentionally during periods of flow change in order to store or deplete water from individual pools.
- Daily fluctuations of 1-2 feet of water level change are typical for daily operations of the California Aqueduct (Check 28).
  - Absolute maximum water level elevation = 299.50 feet
  - Normal maximum water level elevation = 298.10 feet
  - Normal minimum water level elevation = 297.00 feet

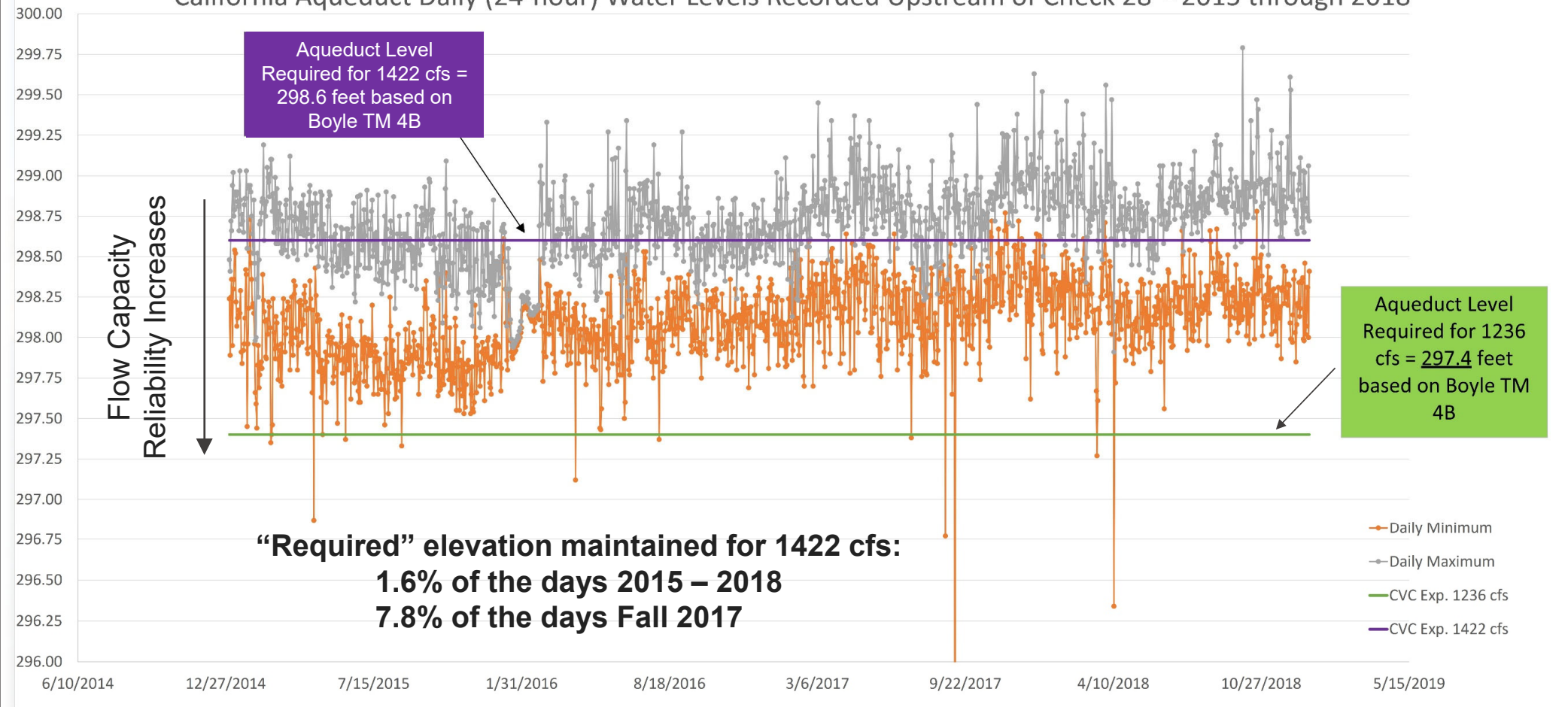
# California Aqueduct (Pool 28)

## Water Level Elevations California Aqueduct (Check 28)

- Absolute maximum = 299.50 feet
  - CVC Expansion “Required” for 1422 cfs = 298.6 feet (TM4 Addendum)
  - Normal maximum = 298.10 feet
  - CVC Expansion “Required” for 1236 cfs = 297.4 feet (TM4 Addendum)
  - CVC Original Design for 736 cfs = 297.3 feet
  - Normal minimum = 297.00 feet
- 

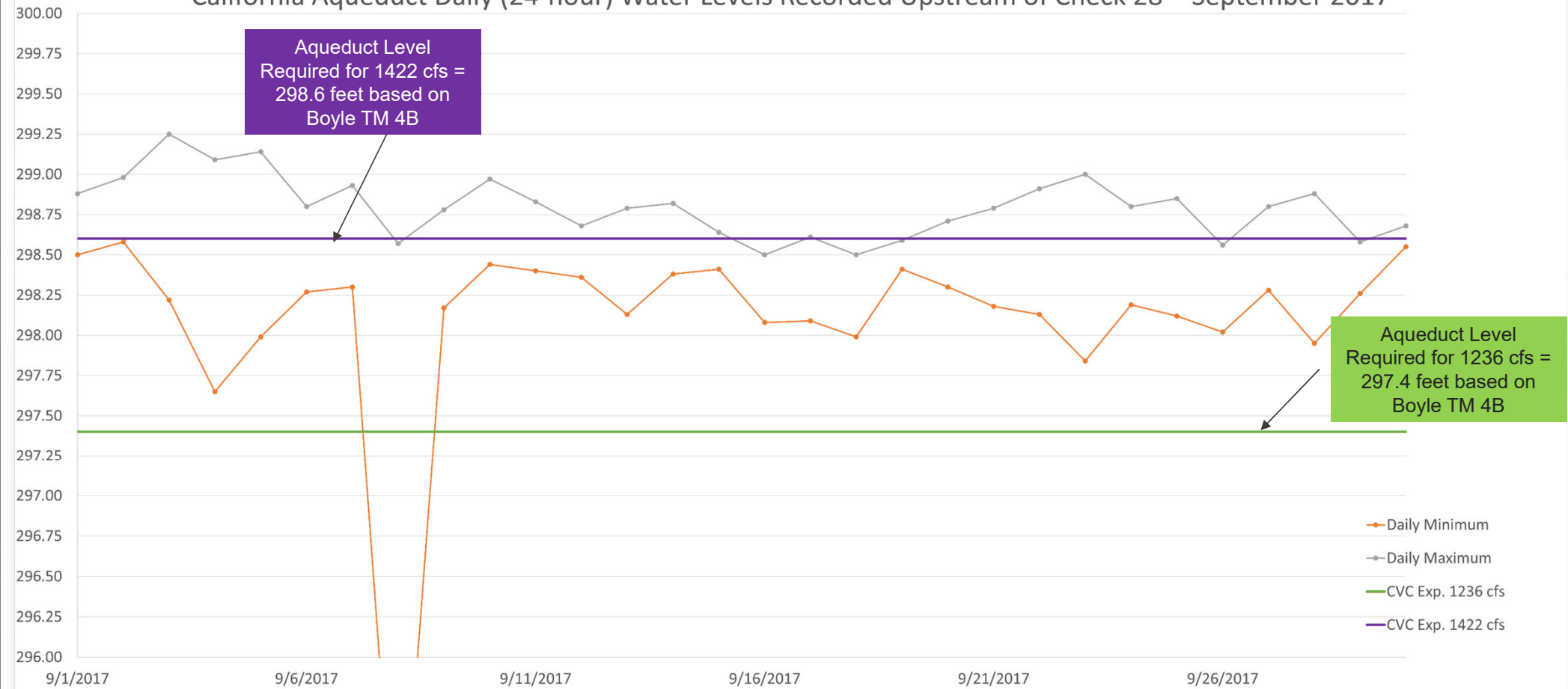
# Recorded California Aqueduct Levels

California Aqueduct Daily (24-hour) Water Levels Recorded Upstream of Check 28 - 2015 through 2018



# Recorded California Aqueduct Levels

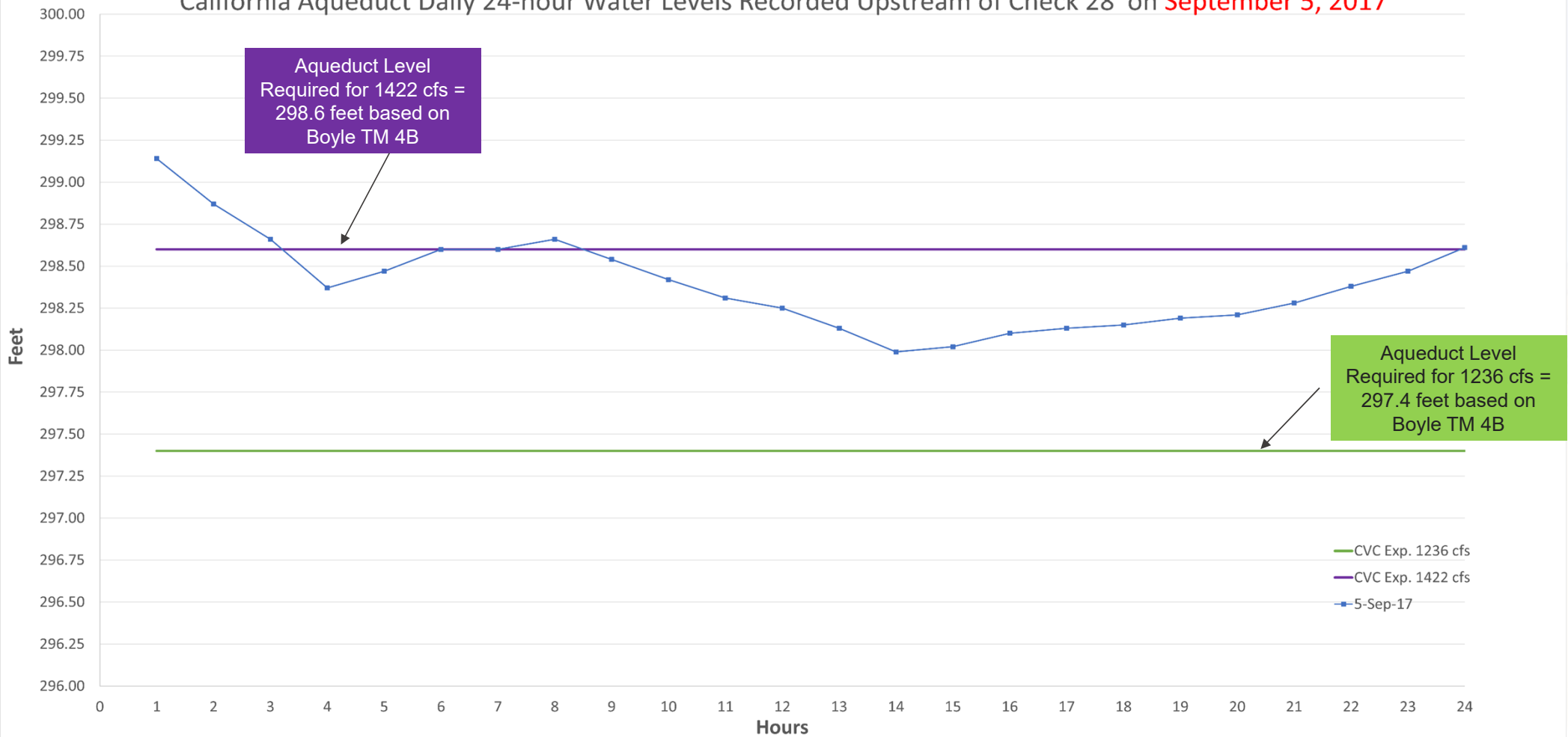
California Aqueduct Daily (24-hour) Water Levels Recorded Upstream of Check 28 - September 2017





# Recorded California Aqueduct Levels

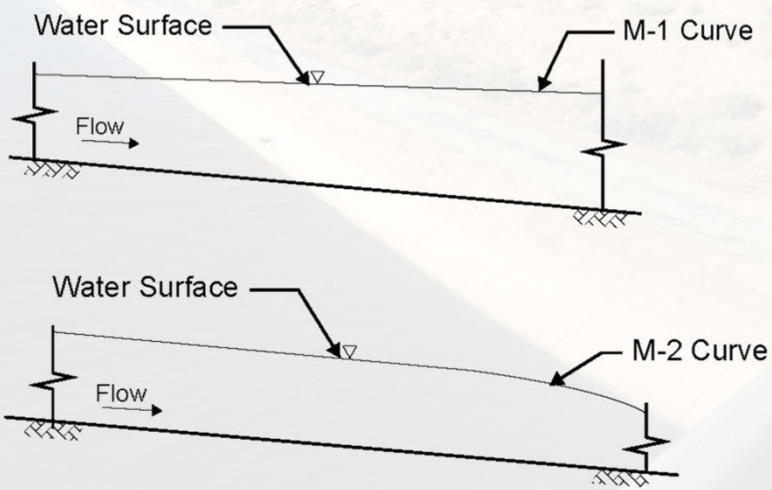
California Aqueduct Daily 24-hour Water Levels Recorded Upstream of Check 28 on September 5, 2017



# Current CVC Hydraulic Design

## Steady-State Channel Flow Regimes

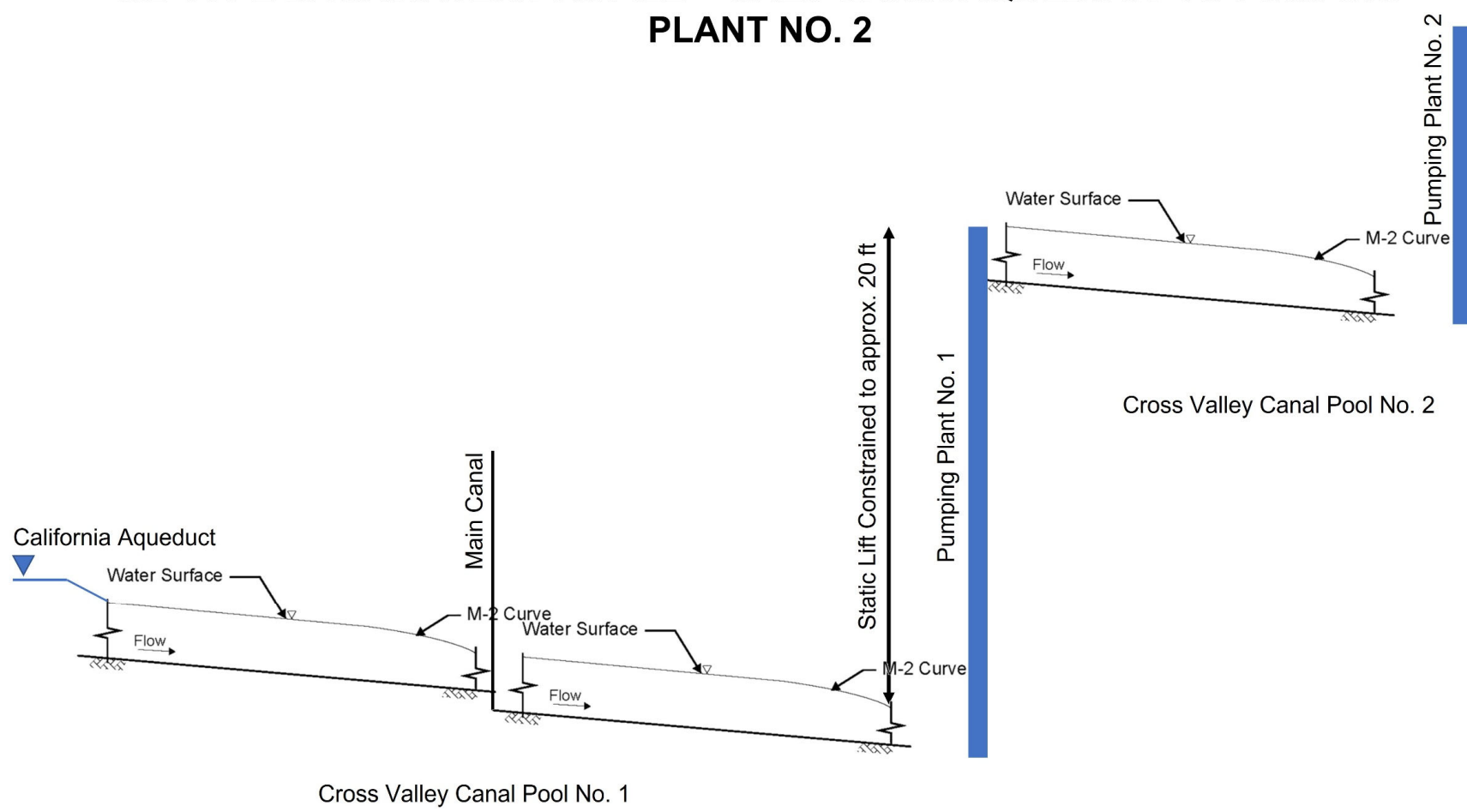
- Normal Depth Flow – Steady-state uniform flow
- Gradually-varied Flow – Steady non-uniform flow



Water Supply Delivery	Steady-State Uniform Flow	Steady Non-Uniform Flow (Gradually -Varied Flow)	
	Normal Depth Flow	M-1 Type	M-2 Type
Gravity (Flood Channels)	Okay	Okay	Okay
Gravity (Gate Controlled)	Okay	Okay	<b>Unstable</b>
Automatic Control and/or Inline Pump Stations	Okay	Okay	<b>Unstable</b>

# Current CVC Hydraulic Design

## M2-TYPE BACKWATER PROFILE – CALIFORNIA AQUEDUCT TO PUMPING PLANT NO. 2



# Current CVC Operational Constraints

## Operational Observations

- Flow capacities are dependent on water surface elevations in the California Aqueduct Pool 28
- Flow capacities in the CVC rely on a M-2 Backwater Curve which is operationally problematic
- Maintaining a flow of 1,422 cfs for consecutive days is NOT possible
- Maximum flow rate of 1,100-1,200 cfs is possible, but difficult
- Static lift at Pumping Plant № 1 must match the original design of 20 feet (1973)

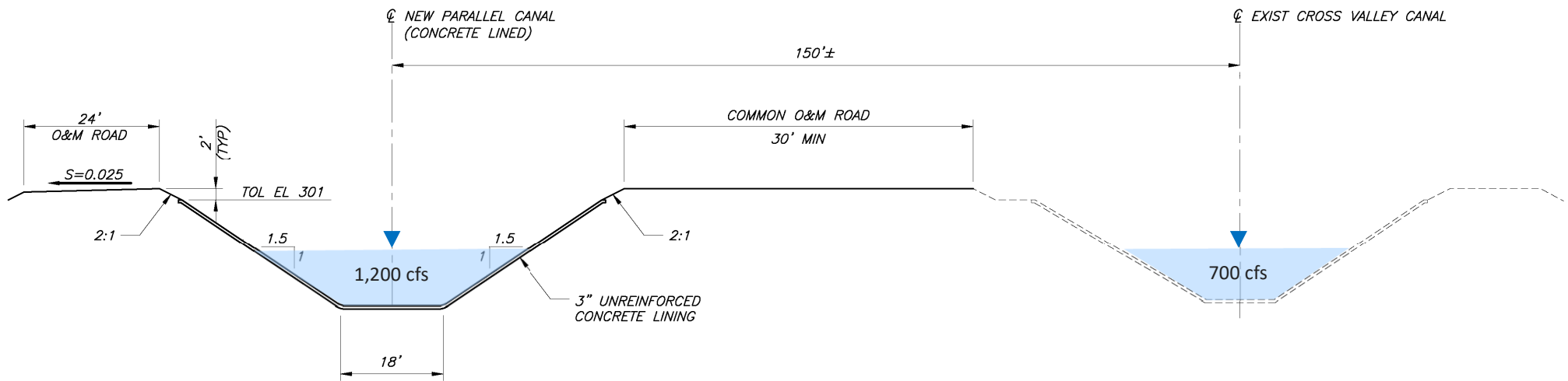
# Description of Alternative 5

1. Use the existing CVC California Aqueduct (Greater Bakersfield Turn outs 1 and 2) Gates
2. Remove existing 132-inch and 144-inch pipe siphons at Outlet Canal and replace with a streamlined channel and double 18'x18' box culvert
3. Construct an acoustic Doppler current profiler for metering flow from the California Aqueduct
4. Construct a Joint Works Canal parallel to the existing CVC from the California Aqueduct to CVC Pumping Plant N<sup>o</sup> 1
5. Reconfigure the CVC Pumping Plant N<sup>o</sup> 1 forebay with no changes to Pumping Plant N<sup>o</sup> 1

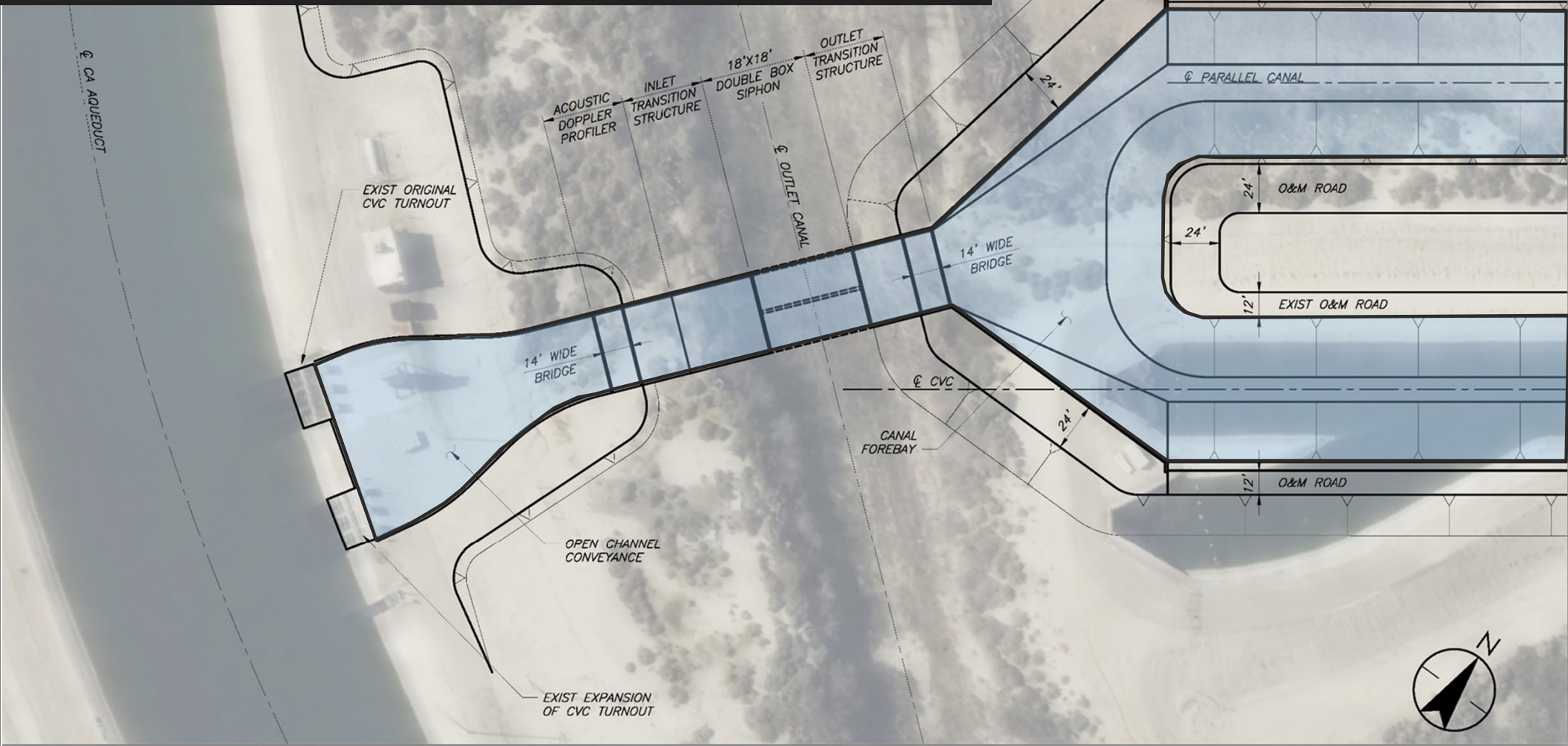
# Alternative 5 Overall Layout



# Alternative 5 Typical Cross Section

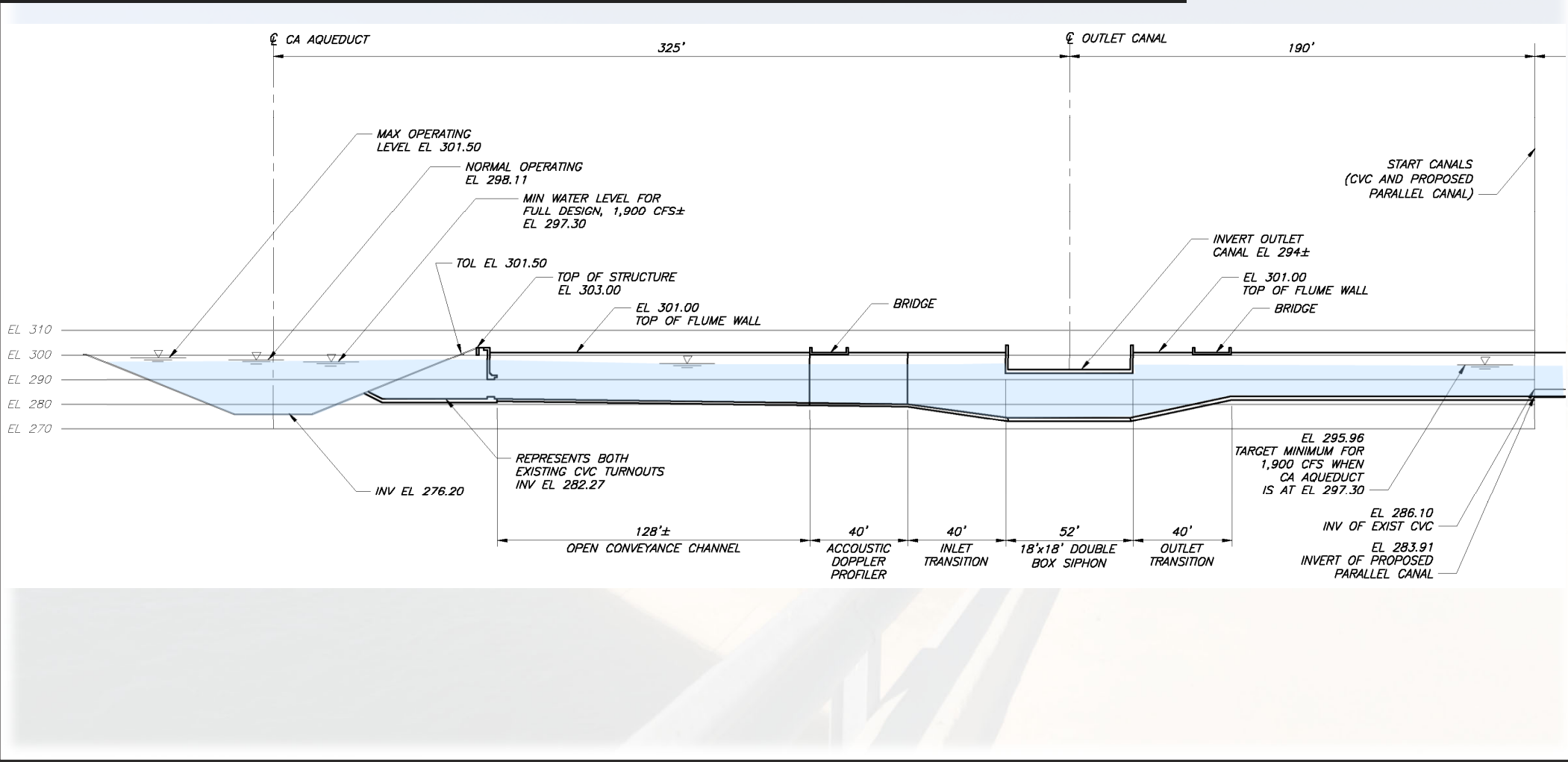


# Alternative 5 Aqueduct Turnout

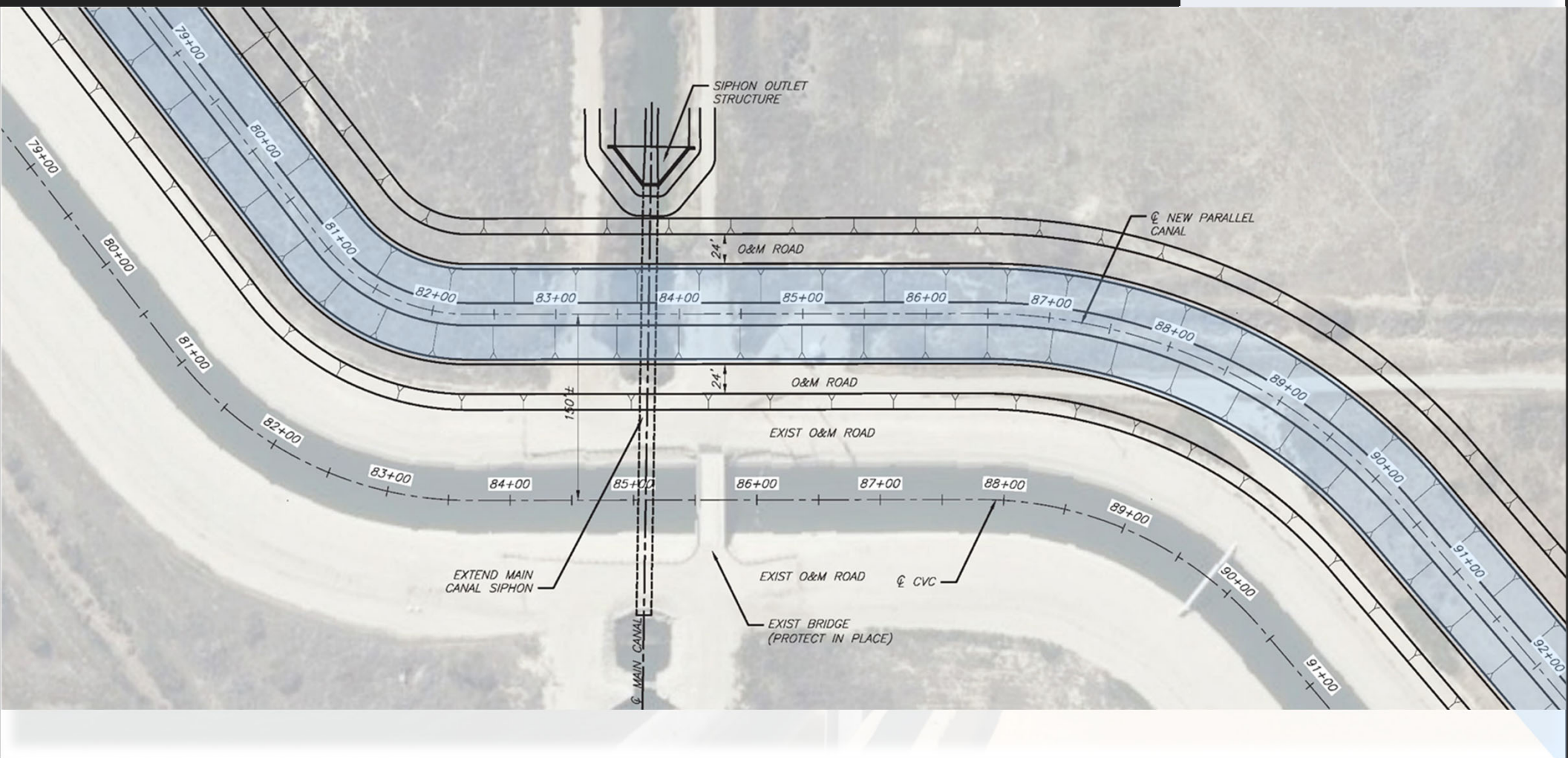




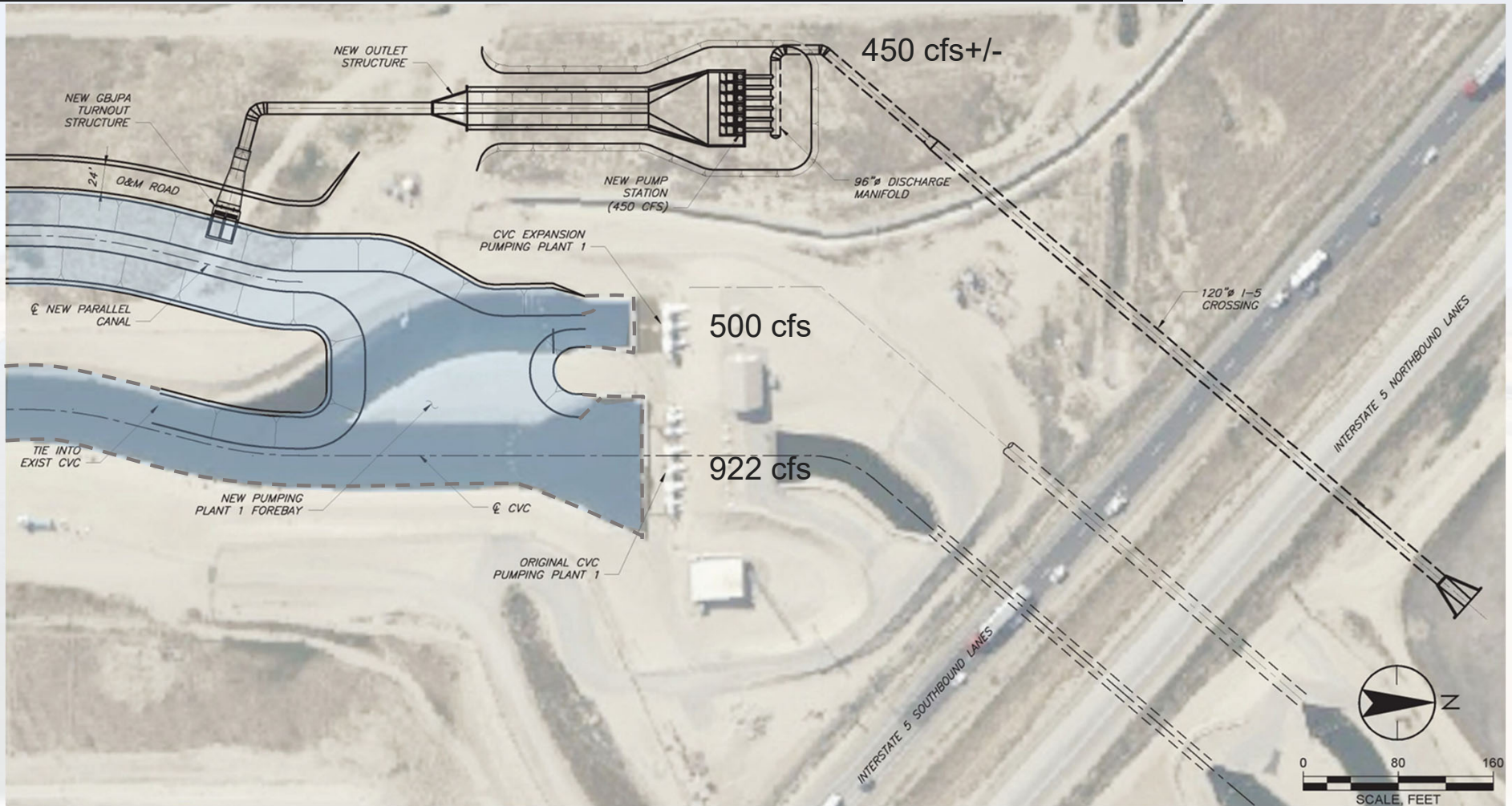
# Alternative 5 Aqueduct Turnout Section



# Alternative 5 Main Canal Modifications

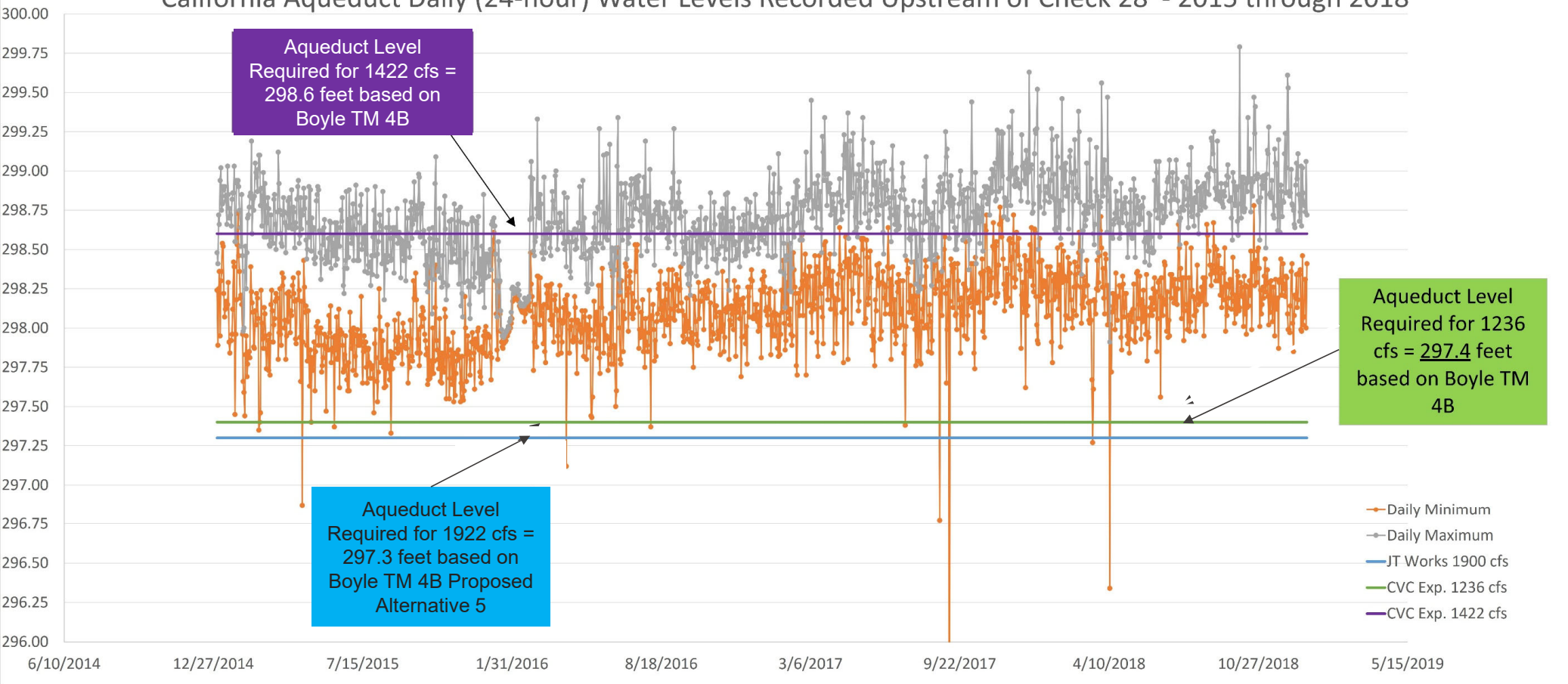


# Alternative 5/CVC PP No 1 Arrangement

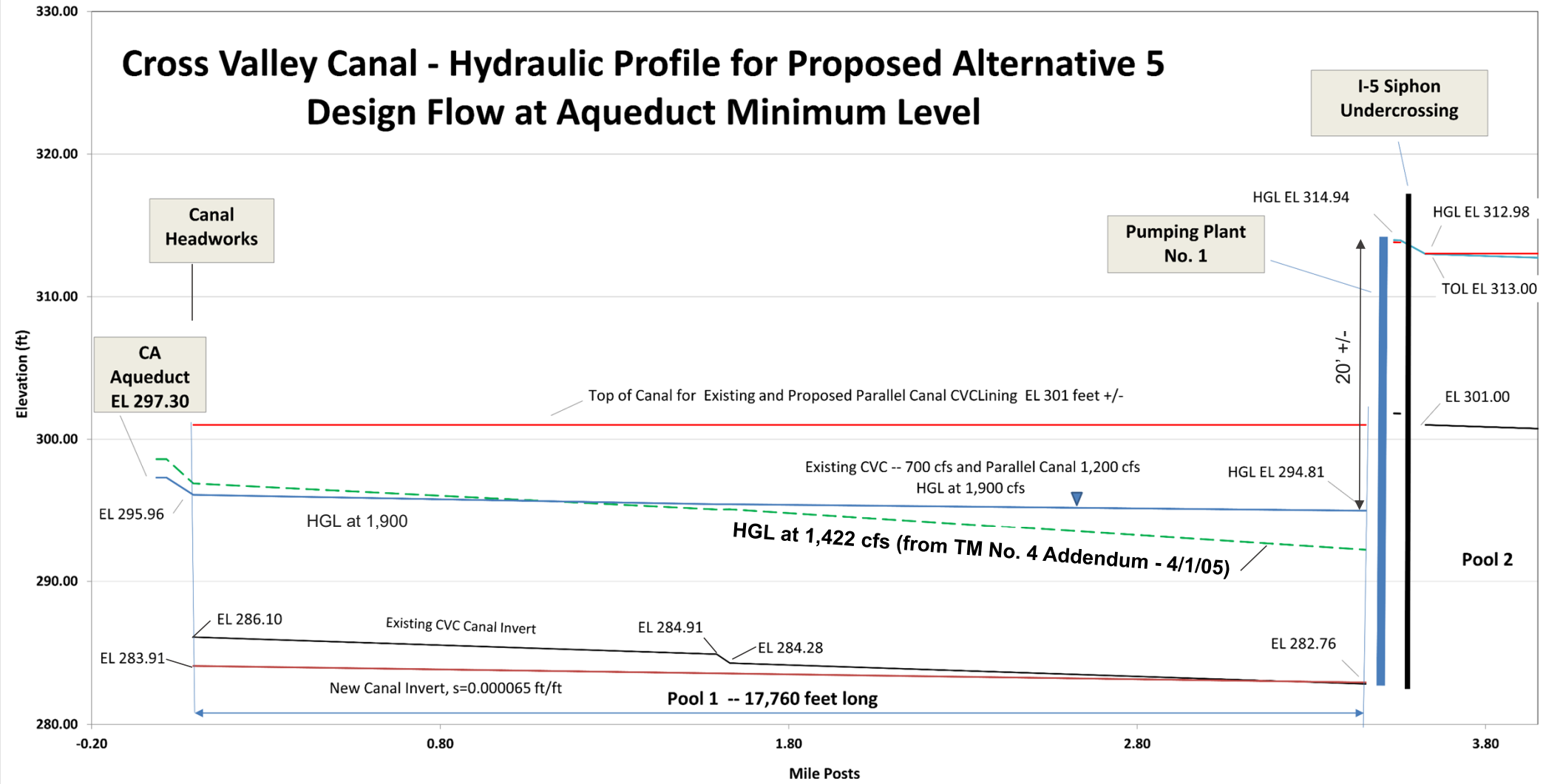


# Hydraulic Influence at CVC Headworks of the California Aqueduct

California Aqueduct Daily (24-hour) Water Levels Recorded Upstream of Check 28 - 2015 through 2018



# Cross Valley Canal - Hydraulic Profile for Proposed Alternative 5 Design Flow at Aqueduct Minimum Level



# Alternative 5 Project Implementation

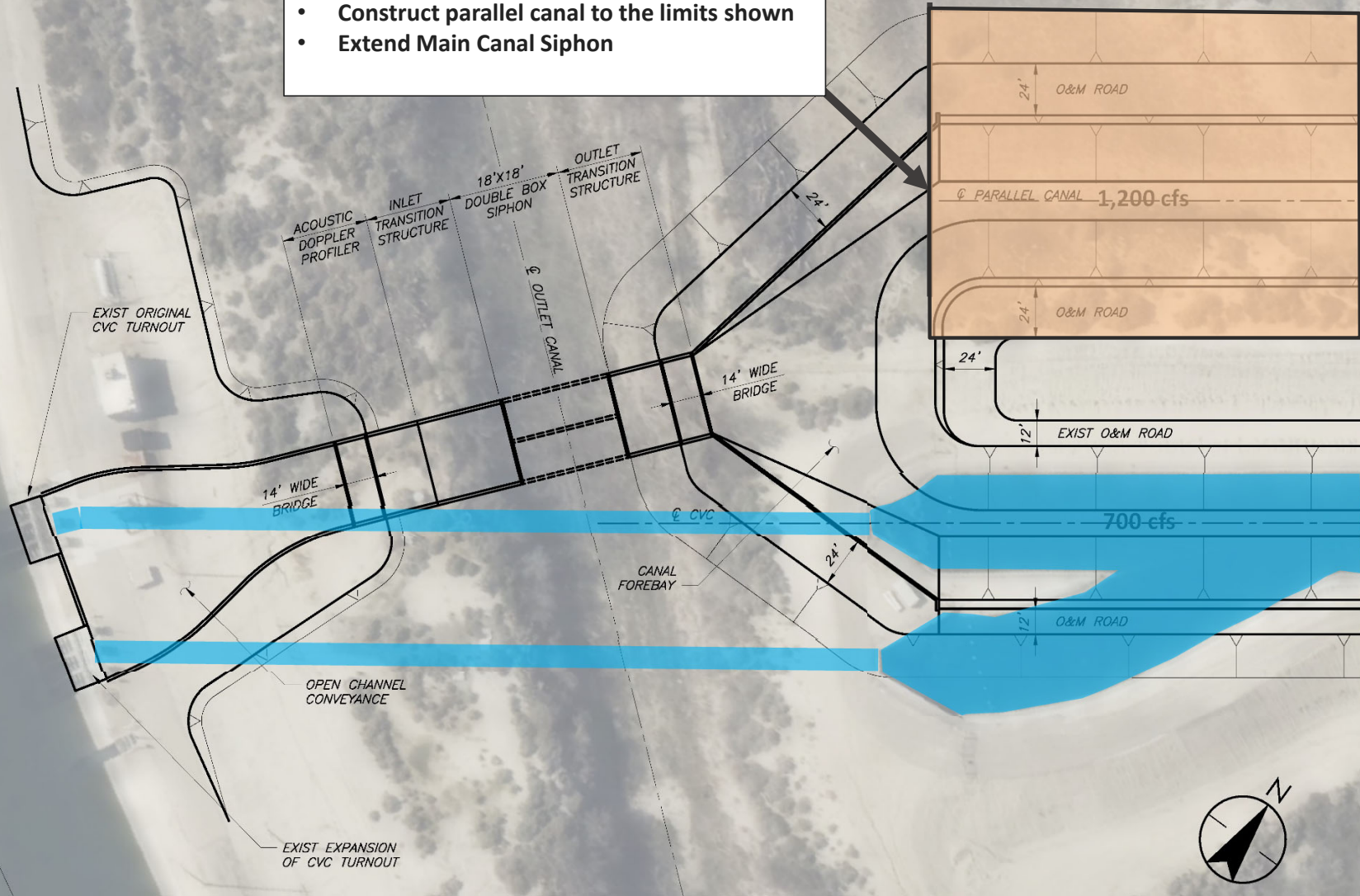
## Construction Sequencing

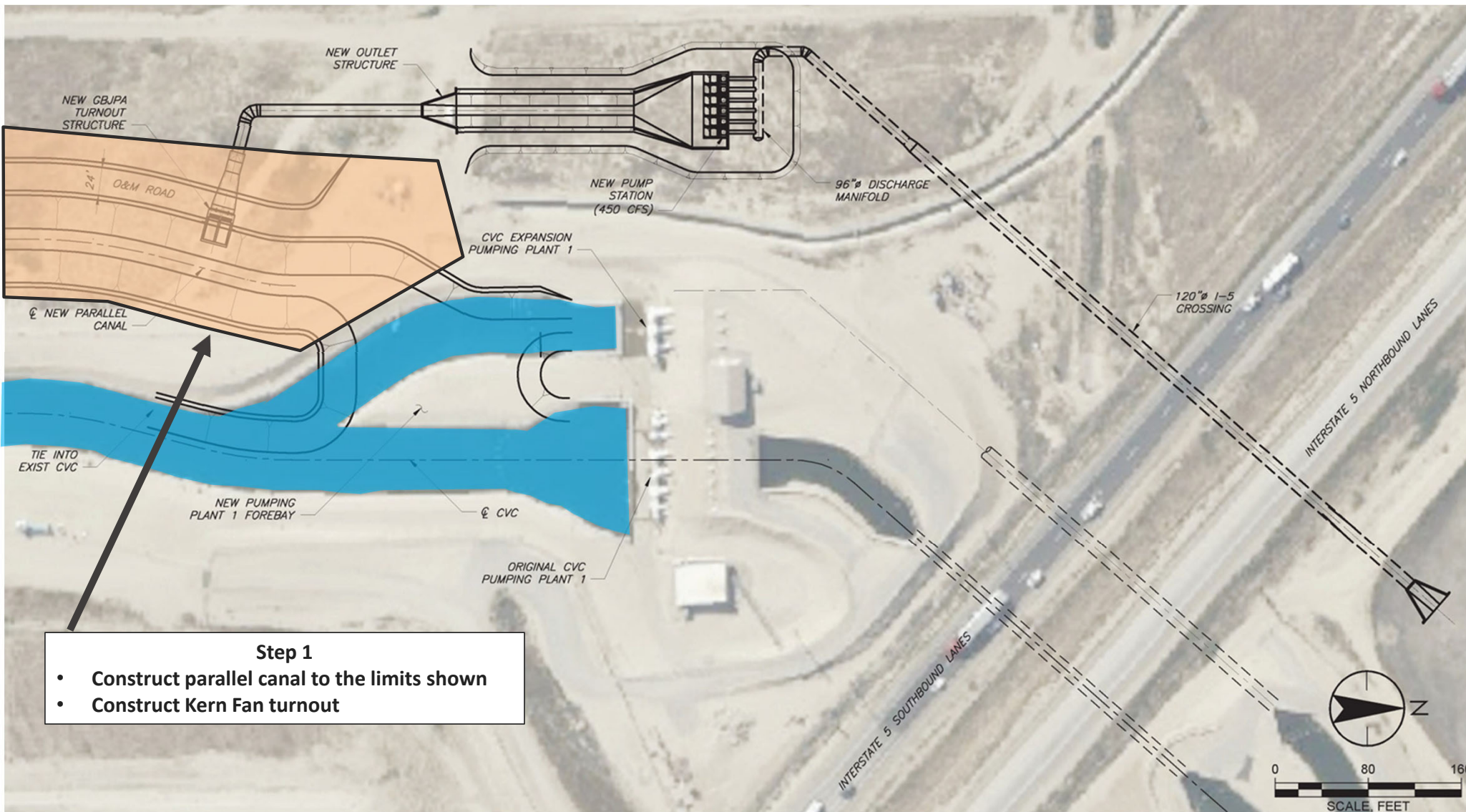
An aerial photograph showing a large-scale highway interchange under construction in a desert environment. The image features multiple lanes of road, concrete barriers, and construction equipment. The terrain is arid with sparse vegetation and distant mountains under a clear sky. The text 'Construction Sequencing' is overlaid in the center of the image.

### Step 1

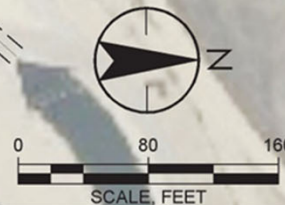
- Construct parallel canal to the limits shown
- Extend Main Canal Siphon

CA AQUEDUCT

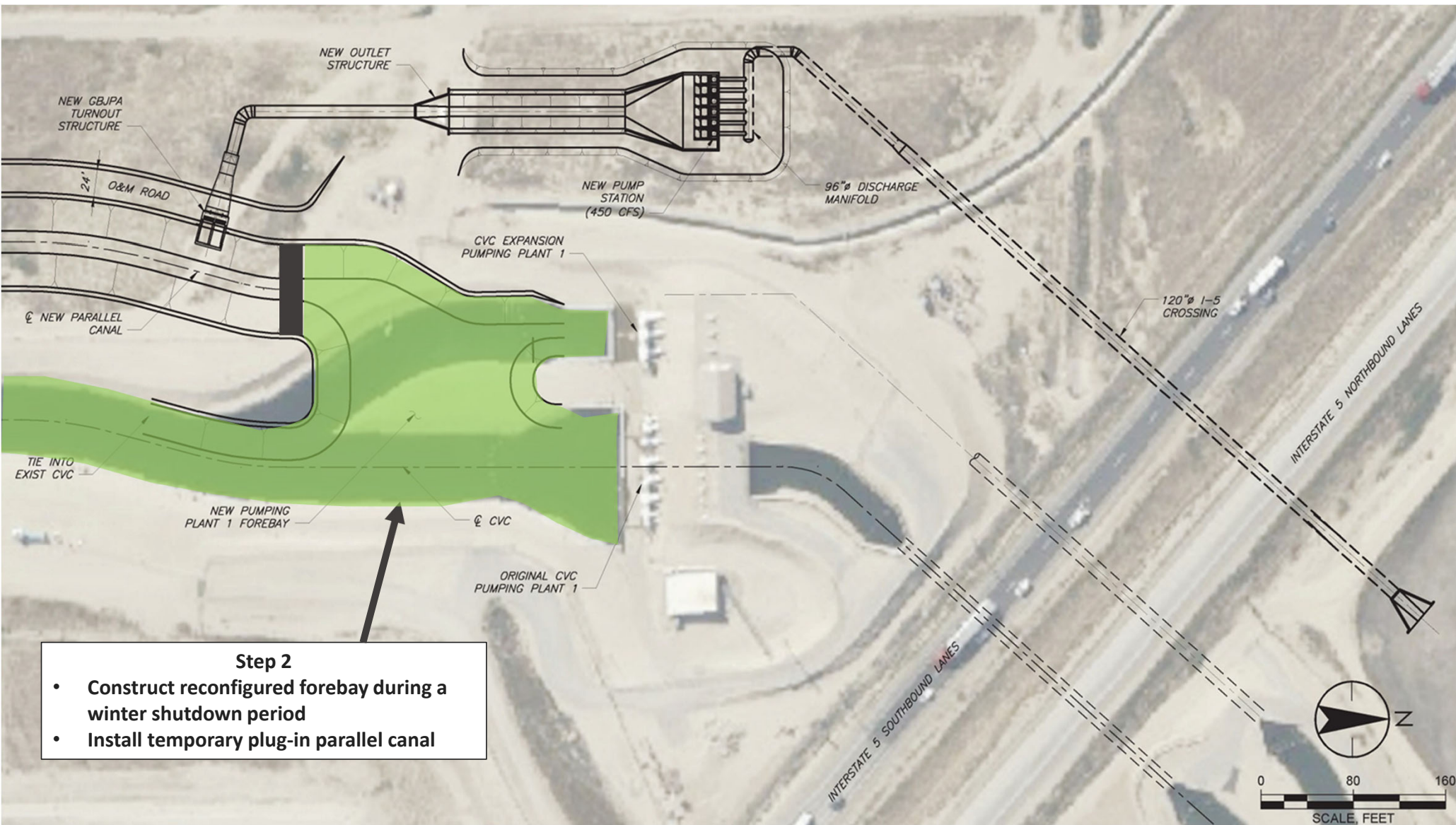




- Step 1**
- Construct parallel canal to the limits shown
  - Construct Kern Fan turnout



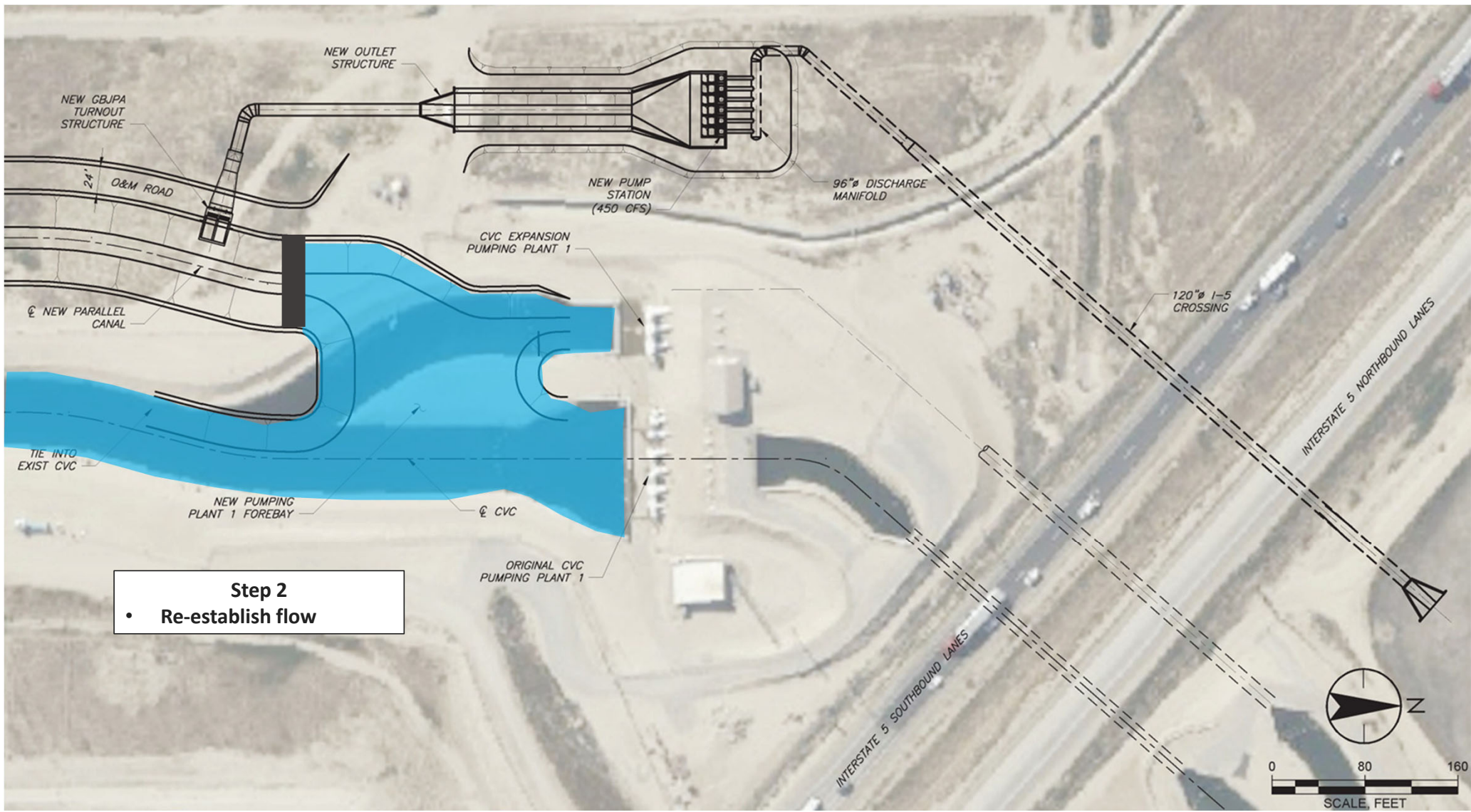




**Step 2**

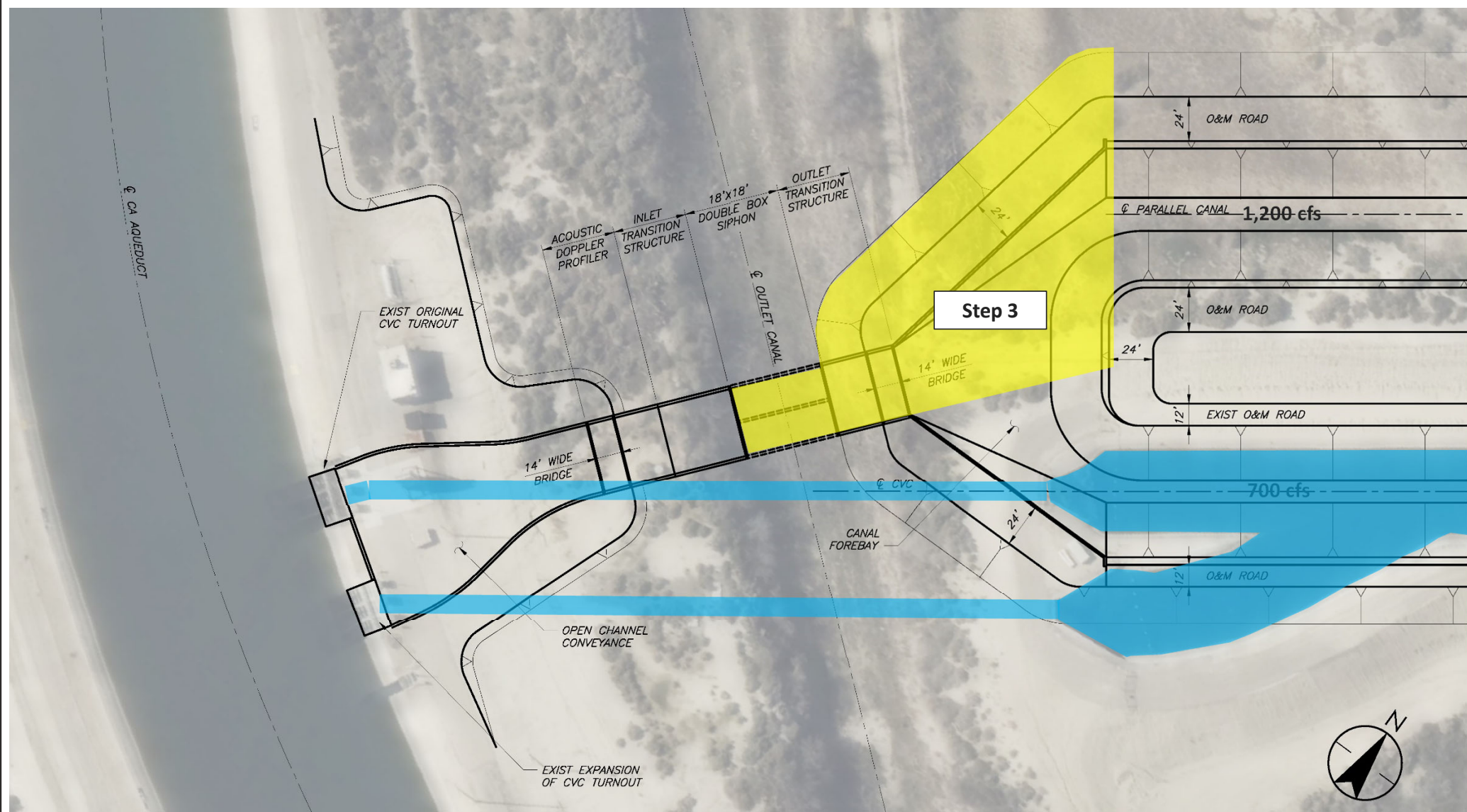
- Construct reconfigured forebay during a winter shutdown period
- Install temporary plug-in parallel canal





**Step 2**  
• Re-establish flow







**Step 4**

CA AQUEDUCT

EXIST ORIGINAL CVC TURNOUT

ACOUSTIC DOPPLER PROFILER

INLET TRANSITION STRUCTURE

18'x18' DOUBLE BOX SIPHON

OUTLET TRANSITION STRUCTURE

OUTLET CANAL

14' WIDE BRIDGE

CVC

CANAL FOREBAY

PARALLEL CANAL 1,200 cfs

O&M ROAD

O&M ROAD

EXIST O&M ROAD

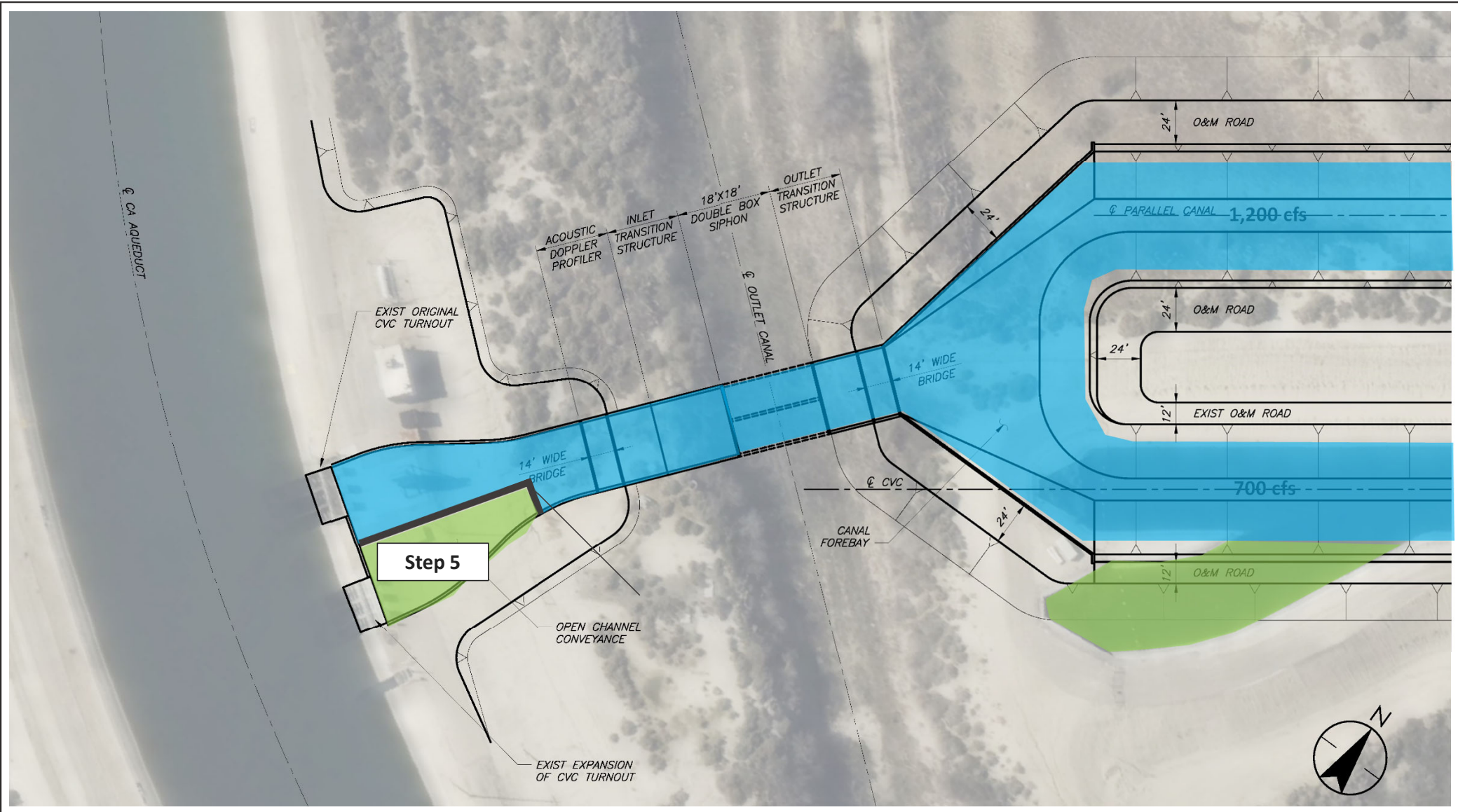
100 cfs

O&M ROAD

OPEN CHANNEL CONVEYANCE

EXIST EXPANSION OF CVC TURNOUT





CA AQUEDUCT

EXIST ORIGINAL CVC TURNOUT

Step 5

OPEN CHANNEL CONVEYANCE

EXIST EXPANSION OF CVC TURNOUT

ACQUSTIC DOPPLER PROFILER

INLET TRANSITION STRUCTURE

18'x18' DOUBLE BOX SIPHON

OUTLET TRANSITION STRUCTURE

OUTLET CANAL

CANAL FOREBAY

CVC

14' WIDE BRIDGE

PARALLEL CANAL 1,200 cfs

EXIST O&M ROAD

O&M ROAD

24'

24'

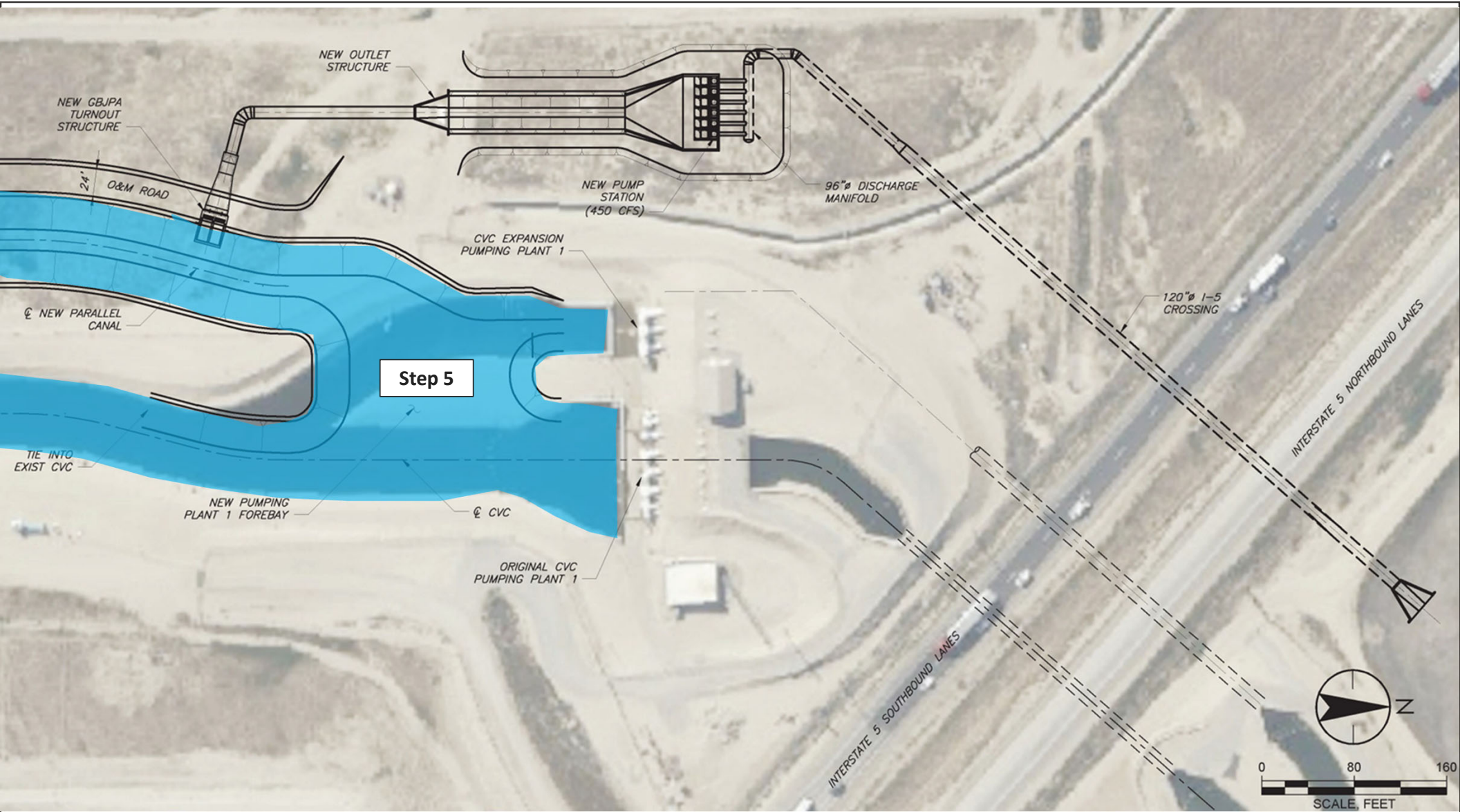
12'

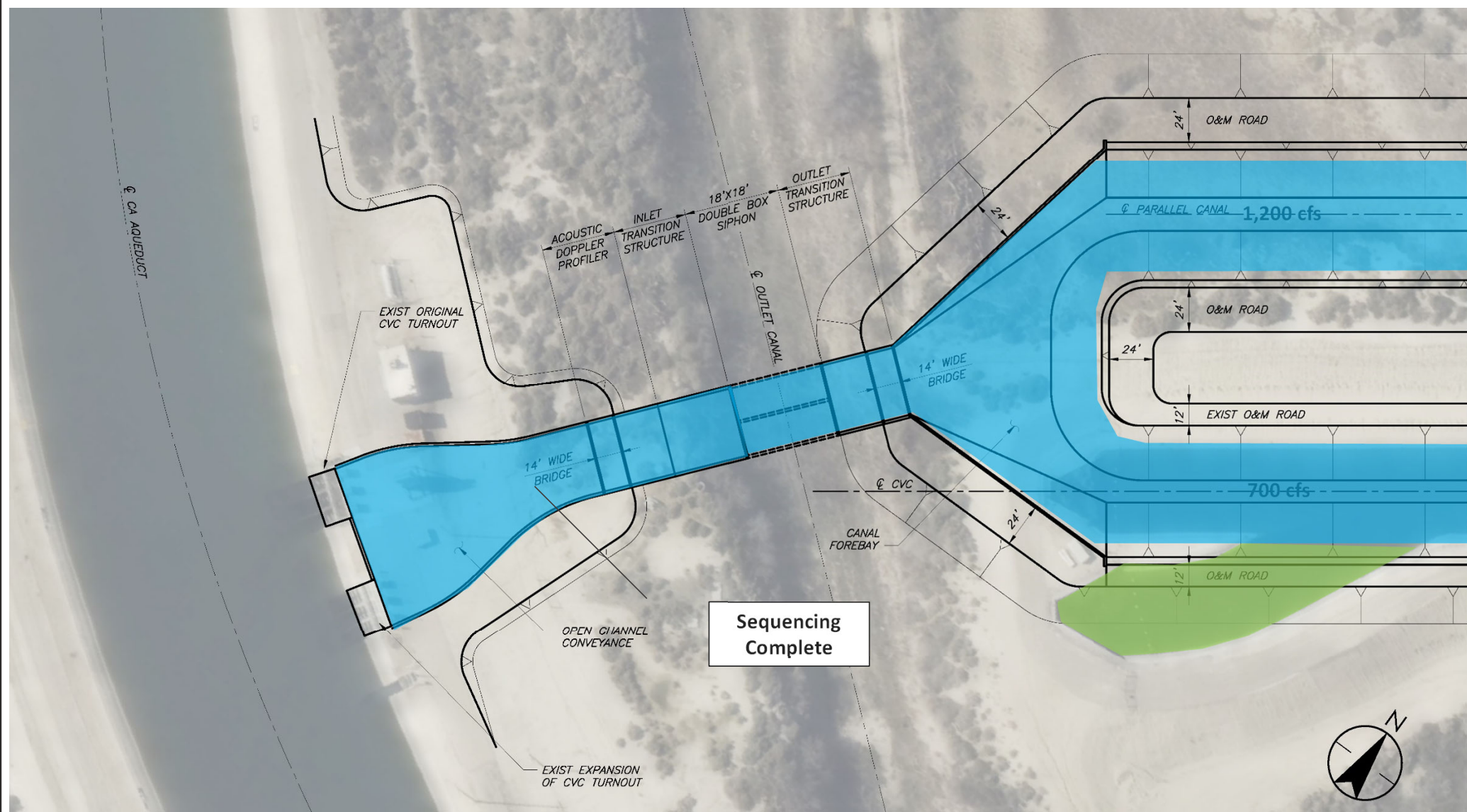
12'

24'

700 cfs







# Next Steps

## Ask of CVC Participants

0-60 days: Please ask us questions and give input

60-90 days: Let us know if there is interest in a partnership?

## If so, Foreseen Alternative 5 Next Steps

- Further Develop Project Concept as a Collaborative Partnership
- Start the Preliminary Design Report and Basis of Design
- Work with Kern Water Bank in Development of Alternative 5
- Develop Kern-Fan Pumping Plant adjacent to CVC Pumping Plant № 1
- Develop Project Cost Estimate



October 2022



# SMALL SURFACE & GROUNDWATER STORAGE PROJECT FEASIBILITY STUDY

Phase 1 - Kern Fan Groundwater Storage Project







Kern Fan Groundwater Storage Project—Phase 1 Feasibility Study  
Contact Sheet

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Director of Water Resources, Irvine Ranch Water District

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Prepared by Water Resources Specialist, Natalie Palacio

[palacio@irwd.com](mailto:palacio@irwd.com)



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## List of Acronyms

AACE	Association for the Advancement of Cost Engineering
ACWA	Association of California Water Agencies
AF	acre-feet
AFY	acre-feet per year
ASP	Department of the Interior Agency Specific Procedures for Implementing the Council on Environmental Quality's, Principles, Requirements, and Guidelines for Water and Land Related Resources Implementation Studies
AVEK	Antelope Valley-East Kern Water Agency
BV	Buena Vista Water Storage District
CDFW	California Department of Fish and Wildlife
CEQA	California Environmental Quality Act
cfs	cubic feet per second
CMP TRMR	Comprehensive Temporary Reclamation Manual Release
CWC	California Water Commission
CVC	Cross Valley Canal
CVP	Central Valley Project
CY	cubic yards
Delta	Sacramento-San Joaquin River Delta Estuary
DJA	Dee Jasper & Associates, Inc.
DRWD	Dudley Ridge Water District
D&S	Reclamation Manual Directives and Standards
DWR	California Department of Water Resources
EDF	Environmental Defense Fund
EIR	Environmental Impact Report
ESA	Endangered Species Act
GBJPA	Groundwater Banking Joint Powers Authority
GO	general obligation
GSA	Groundwater Sustainability Agency

GSP	Groundwater Sustainability Plan
I-5	Interstate-5
IRWD	Irvine Ranch Water District
IMPLAN	Impact Analysis for Planning
JPA	Joint Powers Authority
KCWA	Kern County Water Agency
KGA	Kern Groundwater Authority
KWB	Kern Water Bank
M&I	municipal and industrial
MOU	Memorandum of Understanding
MWD	Metropolitan Water District of Southern California
MWDOC	Municipal Water District of Orange County
NEPA	National Environmental Policy Act
NOAA	National Oceanic and Atmospheric Administration
NOP	Notice of Preparation
O&M	Operations and Maintenance
OM&R	Operations, Maintenance and Replacement
PG&E	Pacific Gas and Electric
Reclamation	U.S. Department of the Interior, Bureau of Reclamation
Rosedale	Rosedale-Rio Bravo Water Storage District
RWQCB	Regional Water Quality Control Board
SGMA	Sustainable Groundwater Management Act
SWAP	Statewide Agricultural Production Model
SWP	California State Water Project
SWRCB	State Water Resources Control Board
USFWS	U.S. Fish and Wildlife Service
WIIN	Water Infrastructure Improvements for the Nation Act
WSIP	Water Storage Investment Program
WSWB	Willow Springs Water Bank

## Federal Checklist

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# Executive Summary

## ES.1. Introduction

The Kern Fan Groundwater Storage Project (Kern Fan Project) will be a regional water bank in Kern County. Implementation of the Kern Fan Project has been divided into multiple phases; the following feasibility study addresses Phase 1. Phase 1 of the Kern Fan Project (Phase 1 Project or Project) is the first phase of the Kern Fan Project and will provide approximately 28,000 acre-feet (AF) of new groundwater storage in the Central Valley. Phase 1 includes the acquisition of approximately 350 acres of land in Kern County for the construction and operation of recharge basins, recovery wells, well conveyance pipelines, and interconnections to existing conveyance facilities. The Project will be used to store surplus State Water Project (SWP) and federal Central Valley Project (CVP) water and other supplies as available for use during dry years.

The Project would be constructed and owned by the Groundwater Banking Joint Powers Authority (GBJPA), the Project sponsor, which includes Rosedale-Rio Bravo Water Storage District (Rosedale) and Irvine Ranch Water District (IRWD). This Feasibility Study report was prepared to document the development, evaluation, and comparison of alternatives for new groundwater storage, recharge, and recovery facilities for Phase 1 Project.

Previous planning efforts for the full Kern Fan Project include a federal feasibility study that was submitted to the United States Bureau of Reclamation (Reclamation) in April 2020 in pursuit of an authorization under the Water Infrastructure for Improvements to the Nation (WIIN) Act Sec. 4007. In July 2020, the Project sponsor participated in a Reclamation Design, Estimating and Construction (DEC) Review that included a virtual tour of the Kern Fan Project and an in-depth evaluation of associated risks and costs. A final DEC Review Report was released by Reclamation, which served as the basis for a Joint Resolution Memorandum which concluded the DEC Review process.

## ES.2. Study Authorization

The Phase 1 Project meets the eligible project requirements and priorities of the Small Surface Water and Groundwater Storage Projects Program (Small Storage Program) set forth in the 43 U.S. Code §3203 (See Table 3 in this Feasibility Study report). The GBJPA consulted with Reclamation's Lower Colorado Basin and California-Great Basin Regions on the feasibility investigation requirements and guidelines for this report. This Feasibility Study report was prepared to meet the eligibility requirements of the Small Storage Program as defined in Reclamation's Directives and Standards CMP TRMR-127 dated January 13, 2022. A Reclamation Crosswalk to assist in the review of this feasibility study consistent with requirements of CMP TRMR-127 is provided above this Executive Summary.

## ES.3. Project Purpose and Planning Objectives

Building upon a successful track record of water banking, Rosedale and IRWD, members of the GBJPA, propose to develop the Phase 1 Project. The Phase 1 Project would provide approximately 28,000 AF of new groundwater storage in the Kern County Groundwater Sub-Basin of the San Joaquin Valley Groundwater Basin. The Phase 1 Project would recharge and store excess water supplies during wet years from the SWP and CVP and other supplies as available. CVP Friant Division supplies that could be

stored in the Phase 1 Project include Section 215 and Recovered Water Account (RWA) water. The stored water supplies would be recovered and delivered to provide critical water supplies in dry years for agricultural and municipal and industrial (M&I) uses and environmental. The Project facilities would be integrated into Rosedale's existing Conjunctive Use Program, which would allow Rosedale and IRWD to more effectively manage water supplies by using available underground storage in the San Joaquin Valley Groundwater Basin.

The Phase 1 Project facilities will be operated to meet the following planning objectives:

- Capture, recharge and store water from the SWP and CVP and other available water supplies for later use during dry periods.
- Provide Rosedale and IRWD customers and other banking and exchange partners with increased water supply reliability and drought resiliency during periods when other supply sources may be reduced or interrupted.
- Provide ecosystem benefits and water supply benefits for agricultural and M&I uses.
- Provide increased operating flexibility for Rosedale's existing and future Conjunctive Use Programs.
- Assist in achieving groundwater sustainability within the Kern County Sub-basin of the San Joaquin Valley Groundwater Basin through implementation of projects consistent with California Executive Order N-10-19 directing state agencies to develop a "water resilience portfolio."

The implementation of the Phase 1 Project will achieve the priorities specified in 43 U.S. Code §3203 (see Table 3 in this Feasibility Study report). While Phase 1 is located in Kern County, the Project's benefits will be realized primarily in Kern, Orange, and Kings Counties. The Project is a collaboration between Rosedale and IRWD, whose unique existing partnership will continue to benefit users in both the urban and agricultural sectors. The Project will provide increased water supply reliability benefits for multiple stakeholders that are crucial in mitigating the effects of climate change. Additional Project benefits include ecosystem, groundwater management, and agricultural benefits. Table 1 shows the primary Project beneficiaries and location of benefits.

Table 1: Project Beneficiaries and Location of Benefits

<i>Beneficiary</i>	<i>Location of Benefits</i>	<i>Description of Project Benefit(s)</i>
Environment	Kern County	Provides intermittent wetland habitat for migratory birds and other waterfowl along the Pacific Flyway
Rosedale	Kern County	<ul style="list-style-type: none"> <li>• Provides greater water management and operational flexibility by utilizing contingency groundwater storage to store and augment supplies during periods when other water sources may be limited or unavailable</li> <li>• Provides increased water supply reliability to Rosedale customers that mitigates impacts of climate change</li> <li>• Provides opportunities to fulfill Reclamation obligations by storing excess federal water supplies for increased water supply reliability for many Friant Division Contractors during dry years</li> <li>• Provides a firm water supply for the preservation of permanent agricultural crops; and</li> <li>• Enhances groundwater levels thereby improving long-term groundwater sustainability</li> </ul>
IRWD	Orange County	<ul style="list-style-type: none"> <li>• Augments M&amp;I supplies to IRWD during periods when other supply sources may be limited or unavailable</li> <li>• Provides increased water supply reliability to IRWD customers that mitigates the impacts of climate change</li> </ul>
DRWD	Kings County	Augments agricultural supplies during periods when other supply sources may be limited or unavailable

## ES.4. Project Alternatives

### ES.4.1. No Action/No Project Alternative

The No Action/No Project Alternative includes a description of existing conditions and reasonably foreseeable future conditions that would exist if the project were not implemented. Under the No Project Alternative, four recovery wells would not be constructed, approximately 300 acres of recharge basins would not be constructed, and the needed conveyance facilities would not be built. The lands would continue to be operated for agricultural production and groundwater would continue to be pumped from agricultural wells to support agricultural activities with no additional recharge. Under the No Project Alternative, there would not be recharge basins or water supply available for intermittent wetlands and there would not be an increase in local groundwater levels. There would not be opportunities for beneficial exchanges with Friant Division Contractors that could help to fulfill federal obligations. There would not be a new agricultural water supply available to sustain permanent plantings. Under the No Project Alternative, Rosedale and IRWD's water supply would be less reliable during dry periods or emergencies such as a Delta levee failure when existing supplies may be reduced or interrupted.

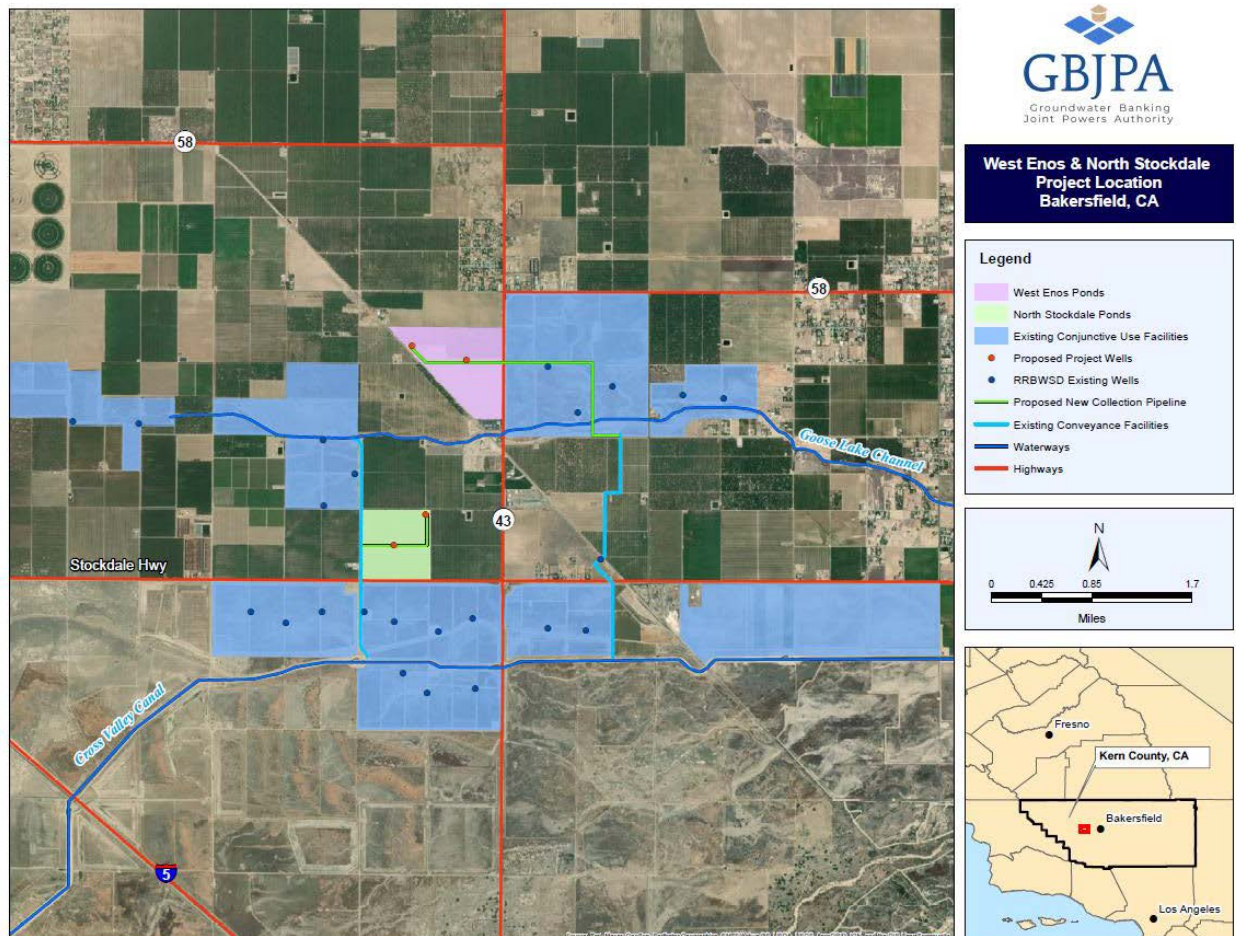
### ES.4.2. Existing Water Bank Alternative Plan

Under the Existing Water Bank Alternative Plan, Rosedale and IRWD would purchase (if available) storage, recharge and recovery capacity in an existing water bank. The existing water bank that Rosedale and IRWD would purchase capacities in under this alternative plan is the Willow Springs Water Bank. No new recharge or recovery capacity would be developed in the Kern County Sub-basin to provide intermittent wetland benefits, and groundwater levels in the area would not be increased.

### ES.4.3. Phase 1 Project Alternative Plan

The Phase 1 Project Alternative Plan would develop a water bank in Kern County, that would be operated such that in wet years, available excess water supplies would be stored in the Project for subsequent recovery and use during dry years. Multiple recharge basins, four recovery wells and conveyance pipelines would be constructed on 350 acres of land owned by the GBJPA. The Project would provide a wide range of benefits including intermittent wetland habitat, increased groundwater levels, increased drought resiliency, the preservation of permanent agricultural crops, and water reliability to Friant Division Contractors. The Phase 1 Project is the selected alternative plan based on the analysis of costs, benefits, feasibility and ability to meet planning objectives. A preliminary site plan for Phase 1 facilities is presented below in Figure 1.

Figure 1: Proposed Site Layout of Phase 1 Project





## ES.5. Economic Analysis

A proposed capital outlay program and capital cost estimate for the Phase 1 Alternative Plan was prepared and is included in this Feasibility Study report as Appendix D. The capital cost estimate for the Phase 1 Project is considered a Class 3 Estimate per the Association for the Advancement of Cost Engineering (AACE) International guidelines. Cost estimates documented in this Feasibility Study include capital construction costs, operations and maintenance costs and replacement costs. The estimated capital for the Phase 1 Project with the present value of operations, maintenance, and replacement costs, and interest during construction in 2022 dollars is \$50.16 million. Annual costs over the 50-year operations period at a 2.25% discount rate in 2022 dollars is \$1.68 million.

Under the Existing Water Bank Alternative Plan, the cost to buy into a developed water bank was determined based on acquiring shares that would provide at least 28,000 AF of storage, 15,000 AF of recharge capacity per year, and 14,480 AF of recovery capacity per year. IRWD and Rosedale would need to purchase shares where one share is equal to 5 AF of storage, 1/3 AF per year of recharge capacity, and 1 AF per year of recovery capacity. In order to acquire the minimum capacities stated, approximately 45,455 shares at a total cost of \$79.5 million would need to be purchased.

The benefits evaluated for the alternative plans include M&I water supply, agricultural water supply, M&I water supply, intermittent wetland habitat, increased groundwater level benefit, and the preservation of permanent agricultural crops. The methods and assumptions used to monetize the benefits provided by each alternative plan are documented in this Feasibility Study report.

A comparison of the annual benefits and costs for each alternative plan is presented below in Table 2.

*Table 2: Comparison of Benefits and Costs for Alternative Plans*

<i>Description</i>	<i>Existing Water Bank Participation (million)</i>	<i>Phase 1 Project (million)</i>
Annual M&I Water Supply Benefit	\$0.71	\$0.71
Annual Groundwater Level Increase Benefit	\$0.14	\$0.13
Annual Agriculture Water Supply Benefit	\$1.09	\$1.72
Annual Agricultural Impact Benefit	\$0	\$1.08
Annual Intermittent Wetland Habitat Benefit	\$0	\$2.08
<b>Total Annual Benefits</b>	<b>\$1.94</b>	<b>\$5.72</b>
Total Construction Cost	\$79.5	\$36.6
Total Interest During Construction	\$0	\$2.5
Total Capital Costs	\$79.5	\$39.1
<b>Annual Costs</b>	<b>\$4.63</b>	<b>\$1.68</b>
Net Annual Benefits or Costs	-\$2.69	\$4.04
<b>Benefit-Cost Ratio</b>	<b>0.42</b>	<b>3.40</b>

## ES.6. Selection of the Proposed Groundwater Storage Project

The Phase 1 Project was the selected alternative plan based on the analysis of costs, benefits, and ability to meet planning objectives. The Phase 1 Project alternative has a benefit-cost ratio of 3.40. Not all identified planning objectives of the project would be achieved with the Existing Water Bank Participation alternative. The benefit-cost ratio of the Existing Water Bank Participation alternative is 0.42, as shown in Table 2 above. Table 3 below, identifies the planning objectives and Small Storage Program priorities met by each Alternative Plan.

*Table 3: Planning Objectives and Small Storage Program Priorities met by each Alternative Plan*

<b>Planning Objectives</b>	<i>Existing Water Bank Participation</i>	<i>Phase 1</i>
Capture, recharge and store water from the SWP and CVP and other available water supplies for later use during dry periods.	✓	✓
Provide ecosystem benefits and water supply public benefits for agricultural and M&I users.	✓	✓
Provide operating flexibility for Rosedale’s existing and future Conjunctive Use Programs.		✓
Assist in achieving groundwater sustainability within the Kern County Sub-basin of the San Joaquin Valley Groundwater Basin through implementation of projects consistent with SGMA and California Executive Order N-10-19 directing state agencies to develop a “water resilience portfolio.”		✓
Provide Rosedale and IRWD customers and other banking partners with increased water supply reliability and drought resiliency during periods when other supply sources may be reduced or interrupted.	✓	✓
<b>Small Storage Program Priorities</b>		
Projects that are likely to provide a more reliable water supply for States, Indian Tribes, and local governments, including subdivisions of those entities.	✓	✓
Projects that are likely to increase water management flexibility and reduce impacts on environmental resources from projects operated by Federal and State agencies.	✓	✓
Projects that are regional in nature.	✓	✓
Projects with multiple stakeholders.		✓
Projects that provide multiple benefits, including water supply reliability, ecosystem benefits, groundwater management and enhancements, and water quality improvements.		✓

The Phase 1 Project Alternative Plan meets all planning objectives, while the Existing Water Bank Participation Alternative Plan only meets a portion of them. Based on the alternative plan evaluation

and comparison of project benefits, project costs, and planning objectives met, the Phase 1 Project Alternative Plan is the selected alternative.

## ES.7. Risks and Uncertainty

The Project sponsor considered the various risks and uncertainties, which could affect the implementation of the Phase 1 Project Alternative Plan. These risks have been evaluated through modeling of the full Kern Fan Project, which includes future considerations of climate change conditions. The risks and uncertainties associated with cost estimates and valuation methods of benefits are discussed in Section 7 of this Feasibility Study report.

## ES.8. Feasibility

The Project sponsor has determined that Phase 1 Project is shown to be technically, economically, financially, and environmentally feasible.

### ES.7.1. Technical Feasibility

Technical memoranda were prepared that evaluate the major design elements of the complete Kern Fan Project and provide a basis for design. The technical memoranda include further detail relating to the requirements for conveyance, pipeline, recharge basins, recovery wells, and other appurtenant facilities. The Phase 1 Project recharge, conveyance and recovery facilities will be designed based on the requirements set forth in the technical memoranda (see Appendix H). Preliminary design plans for the West Enos recharge basin facilities are also included in Appendix H.

Rosedale and IRWD have significant prior experience designing and constructing groundwater recharge conveyance and recovery facilities. Experience includes environmental review, permitting, design, construction, equipping, and operation of wells, recharge basins, conveyance facilities, and turnout structures. Project facilities would be designed, located and constructed to minimize potential impacts to adjacent users and would be constructed using existing, well-established, cost-efficient and reliable engineering techniques. Based on the analyses performed, the full Kern Fan Groundwater Storage Project is considered to be technically feasible, constructible and can be cost-effectively operated and maintained.

### ES.7.2. Economic Feasibility

The economic feasibility of the Project has been evaluated in this Feasibility Study report to confirm that the construction and operation of the Project would result in positive net benefits. The Phase 1 Project Alternative Plan, which is the selected plan, is economically feasible because it will generate over \$5.72 million in benefits per year with annual costs of approximately \$1.68 million. The Phase 1 Project Alternative has a benefit-cost ratio of 3.40.

### ES.7.3. Financial Feasibility

The evaluation of financial feasibility of the Project includes a cost allocation and determination of the financial capability of the Project sponsor's ability to fund the non-Federal share of project costs. Section 10 of this Feasibility Study report documents the GBJPA's funding plan and source of funding for the non-Federal share of project costs. Based on the GBJPA's funding plan and willingness to pay for its

share of construction and operations, maintenance, and replacement costs, the Project is financially feasible.

#### ES.7.4. Environmental Feasibility

The Kern Fan Groundwater Storage Project is subject to the environmental review process established in the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The Final Environmental Impact Report (EIR) for the Kern Fan Groundwater Storage Project was certified in December 2020, as provided in Appendix C. The Final EIR was prepared in accordance with the CEQA-Plus requirements of the U.S. Environmental Protection Agency (EPA), to fulfill the requirement of potential federal funding partners to comply with NEPA. The Phase 1 Project is considered to be environmentally feasible with no significant environmental effects identified in the Final EIR. Consultations are ongoing with Bureau of Reclamation to complete NEPA compliance work for the Phase 1 Project.