

AGENDA
IRVINE RANCH WATER DISTRICT
SUPPLY RELIABILITY PROGRAMS COMMITTEE
THURSDAY, MAY 18, 2023

This meeting will be held in-person at the District’s headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID=mbba8c62df820b4264a862a0d7b1c64cc>

Meeting Number (Access Code): 2495 626 6661

Meeting Password: 7XBrUyye8J2

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 Webex lobby when the Committee enters closed session. Participants who remain in the “lobby” will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 1:30 p.m.

ATTENDANCE Committee Chair: Douglas Reinhart _____
Member: Peer Swan _____

<u>ALSO PRESENT</u>	Paul Cook	_____	Paul Weghorst	_____
	Cheryl Clary	_____	Fiona Sanchez	_____
	Kent Morris	_____	Christine Compton	_____
	Kellie Welch	_____	Marina Lindsay	_____
	Robert Huang	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee 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. Public comments are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 5:00 p.m. on Wednesday, May 17, 2023.

COMMUNICATIONS

1. Notes: Weghorst
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

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| <p>5. <u>COST OF OPERATIONS FOR THE WEST ENOS INTERIM RECHARGE FACILITIES – WELCH / SANCHEZ / WEGHORST</u></p> | |
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Recommendation: Receive and file.

ACTION

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|-------------------------------------------------------------------------------------------------------------------------------|--|
| <p>6. <u>WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS AND PROGRAMS – LINDSAY / WELCH / SANCHEZ / WEGHORST</u></p> | |
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Recommendation: That the Board authorize the General Manager to execute a letter agreement with Dudley Ridge Water District to facilitate the delivery and exchange / transfer of up to 6,000 AF of IRWD Article 21 water to the IRWD Water Bank for the benefit of IRWD based on the draft terms presented, subject to changes approved by IRWD legal counsel.

OTHER BUSINESS


7. Directors' Comments
8. Adjourn

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 Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District 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 public meetings. 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 comments@irwd.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.

May 18, 2023

Prepared by: K. Welch

Submitted by: F. Sanchez / P. Weghorst

Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

COST OF OPERATIONS FOR THE WEST ENOS INTERIM RECHARGE FACILITIES

SUMMARY:

The Groundwater Banking Joint Powers Authority (GBJPA) is planning, designing, and constructing the Kern Fan Groundwater Storage Project (Kern Fan Project) in concurrent phases. Near-term activities involve construction of recharge and recovery facilities on properties already acquired for the project. The GBJPA has approved the construction of interim recharge facilities on the West Enos property that will allow IRWD and Rosedale-Rio Bravo Water Storage District to maximize recharge opportunities in 2023 and to inform future Kern Fan Project operations. The GBJPA has also approved the construction of permanent recharge facilities on the site contingent upon completion of environmental review consistent with the National Environmental Protection Act (NEPA), which is needed to secure grant funding from the Bureau of Reclamation (Reclamation). The agreement that formed the GBJPA as well as the GBJPA Bylaws require IRWD and Rosedale to pay for operations, maintenance, energy, and replacements costs associated with Kern Fan Project. At the meeting, staff will review with the Committee the cost of operating the West Enos interim recharge facilities.

BACKGROUND:

The Kern Fan Project is being implemented in concurrent phases by the GBJPA, of which IRWD and Rosedale are members. In April 2023, Reclamation informed the GBJPA that the planning, design and construction of initial Kern Fan Project facilities were selected for federal funding in the amount of \$4.7 million through the Small Storage Program. Staff is working on meeting NEPA compliance and other grant funding requirements, which are expected to be completed by August 2023.

The initial project activities to be funded by Reclamation include the construction of recharge and recovery facilities on the West Enos and Stockdale North properties that were acquired by the GBJPA in 2021. A location map of the West Enos and Stockdale North properties is provided as Exhibit "A." It is estimated that the West Enos and Stockdale North sites will have a combined storage capacity of approximately 28,000 acre-feet (AF), a recharge capacity of up to 15,000 AF per year and a recovery capacity of 14,480 AF per year. Through the GBJPA Agreement, IRWD and Rosedale will equally share these facility capacities as well as associated operations, maintenance, energy, and replacement (OME&R) costs. In addition, the GBJPA Bylaws specify that pro-rated facility OME&R costs are to be paid by IRWD and Rosedale on a fixed and variable basis. The GBJPA Agreement and Bylaws are included as Exhibits "B" and "C", respectively.

West Enos Recharge Project:

On April 20, the GBJPA Board approved the construction of permanent recharge facilities on the West Enos property. The construction work will include levees, a highway crossing into an adjacent recharge project and two inter-basin structures. Exhibit “D” depicts the West Enos recharge facilities to be constructed.

Until the proposed Kern Fan Project conveyance facilities are constructed, water would need to be conveyed to and from the West Enos site via Rosedale’s Gooselake Slough Channel, Central Intake Pipeline and Pump Station and potentially the Rosedale Intake Canal, which are shown in Exhibit “E”. IRWD has ownership in the Central Intake Pipeline but not the Central Intake Pump Station needed to boost the water from the Cross Valley Canal (CVC) into the Central Intake Pipeline. Rosedale owns these existing facilities and will provide IRWD with access to their conveyance facilities as it is available.

Interim West Enos Recharge Facilities:

To allow IRWD and Rosedale to maximize recharge in 2023, while NEPA compliance work is completed to facilitate federal funding, the GBJPA Board approved construction of interim recharge facilities on the West Enos property. The operation of these interim facilities will serve as a pilot to inform the design and operation of the permanent recharge facilities. The interim work includes constructing 2-foot high by 5-foot wide berms that will impound recharge water at one foot above grade. Water would be delivered to the interim recharge areas via two temporary pumps from the Central Intake Pipeline that is tied into the CVC at the Central. IRWD’s share of the recharge capacity will be 15 cfs.

The interim facilities are expected to be operational by the third week of May and will operate for approximately 100 days until the federal grant funding requirements have been met. During the operation of the interim facilities, IRWD and Rosedale expect to be able to recharge up to 3,150 AF each. The federal funding grant requirements are expected to be satisfied in August, at which time the GBJPA plans to remove the interim facilities to allow for the construction of the permanent West Enos recharge facilities.

Cost of Interim Recharge Facilities:

Per the GBJPA Agreement, IRWD and Rosedale will equally share in the interim recharge capacities, OME&R costs and the cost of the interim facilities developed on the West Enos property. The construction cost of the facilities is estimated to be up to \$300,000. Operating costs which include rented pumps and pipes are expected to be \$30 to \$35 per AF. In addition, IRWD will be responsible for paying Rosedale for third party use of their existing facilities including the Central Intake Pumping Plant and Gooselake Channel. On May 15, the Rosedale Board is expected to approve a landowner banking policy that will include fees for the use of Rosedale conveyance facilities for which IRWD and other landowners in Rosedale’s service area do not have any capacity ownership. These fees will become part of the operating costs of both the interim and permanent facilities on the West Enos property.

At the meeting, staff will present an estimate of the cost to deliver IRWD water from the CVC to the West Enos interim recharge facilities in accordance with Rosedale's fees.

FISCAL IMPACTS:

The California Water Commission has awarded conditional funding to the Kern Fan Project in the amount of \$89.1 million. The Reclamation informed the GBJPA that it anticipates providing federal funds in the amount of \$4.7 million for the project facilities to be constructed on the West Enos and Stockdale North properties. IRWD and Rosedale will equally fund the remaining cost of the Kern Fan Project. Pursuant to GBJPA Bylaws, prorated OME&R costs will be paid by IRWD and Rosedale on a fixed and variable basis. Funds exist in the operating budget to pay the operations costs for the West Enos Interim Facilities.

ENVIRONMENTAL COMPLIANCE:

An Environmental Impact Report for the Kern Fan Project was prepared, certified, and approved in compliance with California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. The GBJPA, as lead agency, filed a Notice of Determination (NOD) for the Kern Fan Project with the County of Kern. Rosedale, as a responsible agency, filed a NOD with the County of Kern. IRWD, as a responsible agency, filed NODs with the County of Orange and with the County of Kern.

RECOMMENDATION:

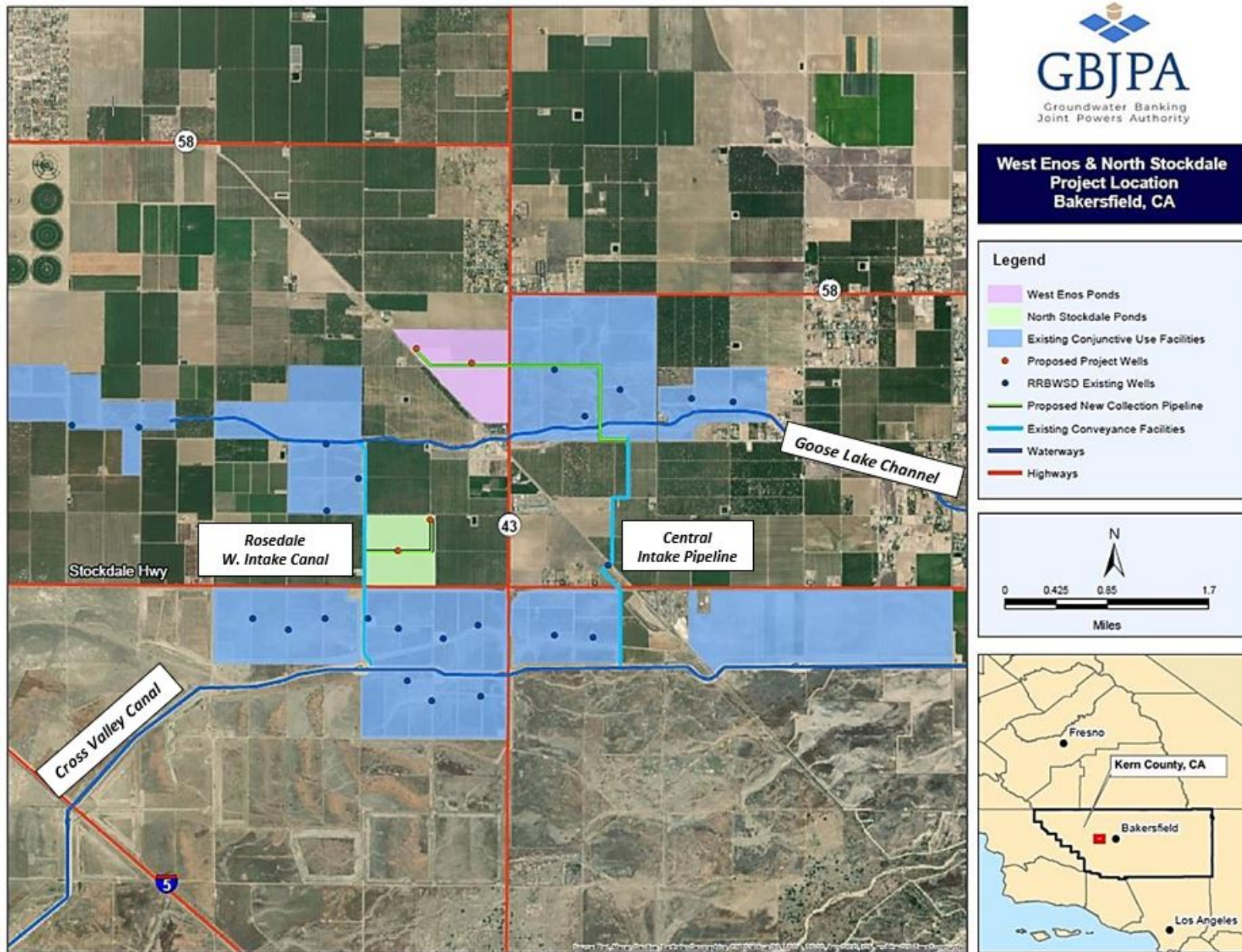
Receive and file.

LIST OF EXHIBITS:

- Exhibit "A" – Map of West Enos and North Stockdale Properties
- Exhibit "B" – GBJPA Agreement
- Exhibit "C" – GBJPA Bylaws
- Exhibit "D" – Proposed West Enos Recharge Facilities
- Exhibit "E" – Rosedale-Rio Bravo Water Storage District Facilities

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Exhibit "A"



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Exhibit "B"

**JOINT POWERS AGREEMENT
BETWEEN
ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT
AND
IRVINE RANCH WATER DISTRICT
CREATING THE GROUNDWATER BANKING JOINT POWERS AUTHORITY
TO DEVELOP AND ADMINISTER
A KERN FAN GROUNDWATER STORAGE PROJECT**

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AND
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CREATING THE GROUNDWATER BANKING JOINT POWERS AUTHORITY
TO DEVELOP AND ADMINISTER
A KERN FAN GROUNDWATER STORAGE PROJECT**

THIS JOINT POWERS AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between the ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT ("RRB") and the IRVINE RANCH WATER DISTRICT ("IRWD") to form the GROUNDWATER BANKING JOINT POWERS AUTHORITY ("Authority") pursuant to the Joint Exercise of Powers Act of 1980 (Division 7, commencing with § 6500 of the California Government Code). RRB and IRWD are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. RRB is a public agency organized in accordance with the California Water Storage District Law (Division 14, commencing with § 39000 of the California Water Code) for the purpose of acquiring, storing, distributing, and replenishing water supplies within its boundaries in Kern County, California.

B. IRWD is a public agency organized in accordance with the California Water District Law (Division 13, commencing with § 34000 of the California Water Code) to provide water services and certain other services. IRWD's powers and purposes include the acquisition within or outside the district in the State of all necessary property, water, and water rights for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes and to provide and sell such water at wholesale and retail to customers within its boundaries in Orange County, California.

C. In 1959, RRB was formed to develop a groundwater recharge program to offset overdraft. The construction of the initial phases of the recharge program was completed in early 1962, and the facilities placed in operation shortly thereafter. Additional improvements to program recharge facilities have since been made, and RRB has acquired fee title to the properties on which the program facilities are located. The physical features of the recharge program include facilities to divert waters from the Kern River and the Cross Valley Canal facilities ("CVC") and RRB properties into the Goose Lake Slough and adjacent recharge basins.

D. To improve its water supplies, generate increased recharge capability and to provide operational flexibility, RRB has developed a program for the banking, storage, exchange,

and direct delivery of water pursuant to the exercise of its powers ("RRB Conjunctive Use Program"). The RRB Conjunctive Use Program involves the banking of imported water by customers ("RRB Program Participants") in the Kern County Sub-Basin of the San Joaquin Valley Groundwater Basin ("Groundwater Basin") for later delivery to said customers. RRB has developed and approved the RRB Conjunctive Use Program through various agreements and documents including, without limitation, an environmental impact report ("EIR") certified by RRB on July 17, 2001, and subsequent addenda thereto, pursuant to the California Environmental Quality Act ("CEQA"), Public Resource Code section 21000 et seq.

E. In 2004, IRWD acquired 611 acres of real property in Kern County, California, sometimes referred to as the "Strand Ranch property," lying adjacent to the southerly boundary of RRB. On January 13, 2009, RRB and IRWD entered into an "Agreement For A Water Banking and Exchange Program," as amended by Amendment No. 1, entered into on or about February 27, 2015 (collectively, "Strand Ranch Agreement") providing for the development and operation of a groundwater banking program on IRWD's Strand Ranch property, and the operation and integration of such program within the RRB Conjunctive Use Program ("Strand Ranch Integrated Banking Project").

F. Since 2004, RRB acquired an additional 230 acres of real property lying adjacent to the easterly boundary of the Strand Ranch property ("Stockdale East property"), and IRWD acquired an additional 323 acres of real property lying adjacent to the westerly boundary of the Strand Ranch property ("Stockdale West property"). On or about February 4, 2016, RRB and IRWD entered into an "Agreement for A Water Banking, Recovery and Exchange Program," as amended by Amendment No. 1, entered into on or about January 16, 2018 (collectively, "Stockdale Integrated Banking Project").

G. CEQA compliance for the Stockdale Integrated Banking Project has been completed. On December 8, 2015, RRB certified an EIR for the Stockdale Integrated Banking Project ("Stockdale Integrated Banking Project EIR"), and on December 14, 2015, IRWD approved the Stockdale Integrated Banking Project EIR as a responsible agency. The Stockdale Integrated Banking Project EIR provides a project-level effects analysis for the Stockdale Integrated Banking Project and provides a program-level analysis for a third project site of up to 640 acres within a 12,300-acre site radius analyzed in the Stockdale Integrated Banking Project EIR.

H. The up to 640-acre third project site analyzed in the Stockdale Integrated Banking Project EIR would constitute Phase 1 of a proposed Kern Fan Groundwater Storage Project ("Kern Fan Project") for which RRB and IRWD have jointly applied for grant funding through the California Water Commission's ("Commission") Water Storage Investment Program ("WSIP") authorized by California voters' approval of Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. A second up to 640-acre project site would constitute Phase 2 of the Kern Fan Project.

I. Through the Kern Fan Project, the Parties seek to develop a regional water bank in the Kern County Groundwater Sub-basin of the San Joaquin Valley Groundwater Basin in Kern County. The Kern Fan Project would recharge and store up to 100,000 acre-feet of water during periods when surface water is abundant. Water stored by the Kern Fan Project pursuant to

participation in the WSIP would be recovered when needed to provide ecosystem public benefits, water supply public benefits during extended droughts or a Delta levee failure, and other non-public water supply benefits for RRB and IRWD water service customers. The Kern Fan Project proposes to use 25 percent (25%), up to 25,000 acre-feet, of the unallocated State Water Project ("SWP") Article 21 water stored pursuant to participation in the WSIP to provide public ecosystem benefits, with the remainder for use by IRWD and RRB. IRWD and RRB would have access to Kern Fan Project facilities and capacities to store water pursuant to other programs to generate additional water supply benefits as described in article 3(C) of this agreement. Unallocated SWP Article 21 water is an interruptible water supply that the California Department of Water Resources ("DWR") periodically makes available to its long-term water service contractors under Article 21 of their contracts.

J. In July 2018, the Commission conditionally approved \$67,537,315 in conditional WSIP grant funding for the Kern Fan Project, which may be increased by the Commission in the future. The Parties may seek additional state or federal grant funding in the future.

K. The Parties are forming the Authority to achieve the above-described objectives of the Kern Fan Project, and this Agreement helps to define a stable and finite project description that will facilitate completion of CEQA review pursuant to Cal. Pub. Res. Code section 21000 et seq.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. Effective Date, Term and CEQA Compliance

A. ***Effective Date and Term.*** Upon execution by the Parties, this Agreement shall be effective July 1, 2020 ("Effective Date"), but shall be subject to article 1(B). This Agreement shall remain effective for thirty (30) years from the Effective Date or until expiration of any requirements to operate the Kern Fan Project as part of the WSIP or other grant funding requirements, whichever is longer, or until it is terminated early by either Party providing eighteen (18) months' advance written notice of intent to terminate. Prior to the expiration of the term of the JPA Agreement, the Parties shall work together to mutually extend this Agreement. If this Agreement is not extended, or if it is terminated early, the Parties shall agree to negotiate in good faith to integrate the Kern Fan Project facilities into one or more other existing water storage and recovery programs or projects; provided further that if the Parties fail to reach agreement on such integration, then RRB shall have a first right to acquire IRWD's interest in all Kern Fan Project facilities, capacities and real or personal property held by the Authority. If this Agreement is terminated early, the Parties agree that the legal effectiveness of such termination shall be conditioned upon all then-existing grant obligations being met for the duration of such obligations.

B. ***Disposition of Kern Fan Project Property, Facilities and Other Assets Upon Termination.*** If this Agreement is terminated for any reason, then RRB's first right to acquire IRWD's interest in the Kern Fan Project facilities, land and easements shall be based upon the then-existing fair market value of the land and easements

and upon the then-existing undepreciated fair market value of all such facilities. For this purpose, IRWD's interest in Kern Fan Project facilities, land and easements shall be 50%, unless a Special Activities Agreement provides otherwise, and depreciation shall be calculated on a straight line basis and, (i) pumps and electrical improvements shall be deemed to have a useful life of twenty (20) years and all other improvements shall be deemed to have a useful life of fifty (50) years, (ii) each improvement's useful life shall be measured from its initial installation or most recent replacement or refurbishment, whichever is later, and (iii) cost shall be based on the amount of the documented cost of installation of the improvement being valued, prorated as necessary if the improvement was constructed with other improvements that are not part of the Kern Fan Project. Land and easements shall be valued at the fair market value at the time of termination. Land and easement valuation shall be "like for like" and shall be based upon comparable properties with consideration given to location, zoning, and land use. If RRB elects not to exercise its first right to acquire IRWD's interest in Kern Fan Project facilities, land and easements, IRWD may hold its interest or sell its interest to a mutually acceptable third party. Upon termination, and consistent with articles 3(C) and 3(F), RRB and IRWD each respectively shall retain their ownership of water stored in their respective shares of the Kern Fan Project's storage capacity, and each shall retain discretion to hold, recover or otherwise dispose of their water, including transferring stored water into another existing water banking project.

- (1) The Authority shall continue to exercise the powers described herein until the Parties terminate this Agreement.
- (2) Upon termination, the Authority shall continue to exercise only such powers as to enable it to pay and discharge all costs, expenses, and charges legally incurred hereunder, and to dispose of, divide, and distribute any property acquired as a result of the Authority's operations.
- (3) Upon termination, the Authority shall continue to be responsible for the payment of any expenses, liabilities, or obligations between the Parties to this Agreement incurred prior to withdrawal. (Solely by way of example, this provision would require payment for rights and obligations incurred pursuant to Government Code section 6504.) This requirement shall survive any withdrawal or termination of this Agreement.
- (4) Upon termination of this Agreement, all costs, expenses, and charges legally incurred by the Authority shall be paid and discharged by the Authority. After the disposition of Kern Fan Project facilities, capacities and real or personal property under this article 1, the Authority shall sell any remaining property as may be necessary and shall distribute to the federal or state government such property and funds as are lawfully required; the balance of such property and any surplus money on hand shall be distributed or returned in proportion to contributions made by the

affected Parties except to the extent otherwise agreed upon by the affected Parties.

- (5) In the event this Agreement is terminated prior to termination of the requirements of the WSIP grant or any other grant used to pay for the Kern Fan Project, the Parties shall be responsible for meeting all of the obligations of the WSIP and any other grants in proportion to their respective ownership of facilities post termination.

- C. **CEQA Compliance.** Formation of this Agreement helps to define a stable and finite project description, which will facilitate completion of CEQA review for the proposed Kern Fan Project. The Authority shall each complete CEQA review for the proposed Kern Fan Project prior to approving, constructing or operating the proposed project. Any real property acquired for the proposed project prior to completion of CEQA review shall be conditioned on completing CEQA review before changing the existing use of the real property. If the performance of CEQA review identifies any significant adverse environmental effects, the Parties each retain their full discretion to terminate this Agreement or to jointly revise this Agreement as necessary to implement any feasible mitigation measures or alternatives that would avoid or reduce such significant effects as provided by CEQA; provided that each Party's discretion to terminate or to jointly revise this Agreement under this article 1(B) shall be limited to responding to any significant adverse environmental effects.

2. **Authority for Joint Powers Agreement**

This Agreement is made pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with section 6500) relating to the joint exercise of power common to the counties and public agencies. The Parties are each empowered by the laws of the State of California to exercise, in their respective jurisdictions, the powers which will be jointly exercised as set forth herein.

3. **Purposes**

- A. **Creation of Separate Entity.** The purpose of this Agreement is to create a joint powers authority called the "Groundwater Banking Authority" to plan, design, construct, operate and otherwise implement the Kern Fan Project. The Authority shall be a separate legal entity from its member agencies. The purpose of the Authority is to implement the Kern Fan Project, as described in the Recitals, above, which are incorporated herein by this reference.
- B. **Project Benefits.** The benefits of the Kern Fan Project include, but are not limited to, benefits to the water levels in the Kern County Groundwater Subbasin, enhanced water supply reliability for RRB's and IRWD's service areas, reduced dependence of RRB's and IRWD's service areas on existing imported water supplies from northern California, endangered species preservation through reduced demands on

such imported water, and the establishment of temporary wetlands through recharge activity.

- C. ***Allocation of Capacities Provided by Kern Fan Project.*** The primary objective of the Kern Fan Project is to provide 100,000 acre-feet per year ("AFY") of groundwater recharge capacity, 100,000 acre-feet ("AF") of storage capacity for the Parties to capture and recover unallocated SWP Article 21 water, with up to 50,000 AF per year of recovery capacity and up to 500 cubic feet per second of additional conveyance capacity.

The water storage capacity developed under the Kern Fan Project when fully implemented is planned to be 100,000 AF and shall be allocated as follows:

25% of storage capacity up to 25,000 AF to the WSIP Public Ecosystem Account
50% of remaining storage capacity to RRB
50% of remaining storage capacity to IRWD

The water recharge, recovery, and additional conveyance capacity developed under the Kern Fan Project shall be allocated equally between RRB and IRWD, subject to any Special Activities Agreements governing the Parties' independent choices whether to participate in or to add a component of the Kern Fan Project.

RRB and IRWD shall each have first priority access to their own respective shares of capacities in the Kern Fan Project to recharge, store and recover other water supplies, including SWP water, for the independent benefit of each Party. The Parties shall have second-priority access to use each other's unused recharge and recovery capacities. RRB and IRWD may use their respective capacities to implement other independent operating programs or projects with third parties, so long as such use does not impair the ability to provide the WSIP public ecosystem benefits.

Each Party shall submit to the other Party, prior to use of any unused second priority capacity, a preliminary schedule showing rates and quantities of water for recharge and/or recovery to be delivered in the second priority capacity. The Parties shall coordinate schedules and cooperate to avoid impacts to their respective first priority capacities. To the extent that the use of second priority capacity is deemed by the Parties to have resulted in a reduction of recharge or recovery capacity necessary to fully implement a water management program, the Parties shall meet and confer on the appropriate mitigation, which may include use of other recharge and/or recovery facilities not part of the Kern Fan Project.

Each Party may enter into a Special Activities Agreement with the Authority pursuant to article 3(D) describing and approving an independent operating program or project.

- D. ***Special Activities Agreements.*** A Party may enter into one or more written Special Activities Agreements with the Authority providing for its independent choice

whether to participate in or to add a component of the Kern Fan Project or to allow use of its capacity in the Kern Fan Project to implement an independent operating program or project with a third party. For example, IRWD may enter into a Special Activities Agreement providing for installation of additional Kern Fan Project wells to increase recovery capacity for the benefit of IRWD, or RRB may enter into a Special Activities Agreement providing for RRB to reduce its recovery capacity by foregoing the installation of Kern Fan Project wells. The Authority's Board of Directors shall adopt bylaws providing for Special Activities Agreements.

- E. ***WSIP Water.*** For purposes of participating in the WSIP to provide ecosystem public benefits and water supply public benefits during extended droughts or a Delta levee failure, the Kern Fan Project will be operated by recharging and storing unallocated SWP Article 21 water obtained by the Parties ("WSIP Water"). Unallocated SWP Article 21 water deliveries would be made on behalf of IRWD as a landowner in Dudley Ridge Water District ("DRWD") and on behalf of RRB as a sub-unit of the Kern County Water Agency ("KCWA") or any other SWP contractor acting on behalf of either or both Parties. Consistent with article 3(N) of this Agreement, WSIP Water delivered to the Kern Fan Project by each Party will be proportionately applied to each Party's respective storage account consistent with this Agreement's defined "Allocation of Capacities Provided by Kern Fan Project."
- F. ***Ownership.*** The Authority plans to acquire, own, and use up to approximately 1,280 acres of land within the Kern Fan Project designated project area. The Authority will own all property, facilities and capacities of the Kern Fan Project, subject to each Party's rights to use such capacities according to this Agreement, unless otherwise provided for through a Special Activities Agreement. The Authority may acquire or use property outside of the Kern Fan Project area and designated existing and/or new project areas/recharge to meet the Kern Fan Project objectives. The Authority shall own the water stored in the Kern Fan Project's ecosystem public benefit account for the benefit of the State's WSIP, while RRB and IRWD each shall own the water stored in their respective shares of the Kern Fan Project's remaining storage capacity.
- G. ***Hydrogeologic Evaluations.*** RRB and IRWD will equally fund or reimburse through the Authority hydrogeologic studies needed to determine the recharge, storage and recovery capacities and limitations of the Kern Fan Project designated properties.
- H. ***CEQA Compliance Cost and Roles.*** RRB and IRWD will equally fund or reimburse through the Authority the preparation of an Environmental Impact Report ("EIR") for the construction and operation of the Kern Fan Project, including all technical studies necessary to support the EIR. The Authority shall play the role of lead agency, while RRB and IRWD will each play the role of a

responsible agency with respect to any discretionary decisions each Party makes in connection with implementing the Kern Fan Project.

- I. ***Other Regulatory Permitting Costs.*** RRB and IRWD will equally fund or reimburse through the Authority all regulatory and permitting fees and costs associated with construction of the Kern Fan Project.
- J. ***Project Costs.*** Any and all WSIP or other grant funds awarded for the Kern Fan Project shall be applied to all eligible capital costs, including, but not limited to, the planning, design and construction costs of the Kern Fan Project, and the Authority will fund all remaining associated costs. RRB and IRWD shall each pay through the Authority half of Kern Fan Project planning, design and construction costs that are not paid by awarded WSIP or other grant funds except as otherwise provided by any Special Activities Agreements governing the Parties' mutually agreeable independent choices whether to participate in or to add a component of the Kern Fan Project.
- K. ***Project Construction.*** Board of Directors shall adopt bylaws describing the procedures, team and requirements for any planning, design, construction and construction management associated with the Kern Fan Project.
- L. ***Project Operation.*** RRB shall operate, maintain and repair the Kern Fan Project facilities, subject to approval by the Board of Directors. RRB shall maintain WSIP records accounting for each Party's water recharge, storage and recovery activities pursuant to all applicable WSIP regulations and as further described in bylaws adopted by Board of Directors. The Authority shall be responsible for any and all regulatory and permitting fees applicable to Kern Fan Project operations, including compliance with an anticipated Memorandum of Understanding regarding operation and monitoring of the Kern Fan Project and related Project Recovery Operations Plan, which governs groundwater banking within RRB.
- M. ***Operation Costs.*** RRB and IRWD shall pay operations, maintenance, energy and replacement ("OME&R") costs consistent with their respective proportional use of the Kern Fan Project and any Special Activities Agreements governing the Parties' independent choices whether to participate in or to add a component of the Kern Fan Project as described in bylaws adopted by the Board of Directors.
- N. ***Mutual Obligation to Recharge Ecosystem Public Benefit Account.*** At such times when unallocated SWP Article 21 water is available, the Parties shall equally fund the acquisition and recharge of such water for ecosystem public benefits until up to 25% of Kern Fan Project storage capacity, up to 25,000 acre-feet, is full (when the WSIP ecosystem public benefit account is full). Until the WSIP ecosystem public benefit account is full, all recharge of unallocated SWP Article 21 water shall be apportioned 25% to the WSIP ecosystem public benefit account, 37.5% to RRB's share of the Kern Fan Project's remaining storage capacity, and 37.5% to IRWD's share of the Kern Fan Project's remaining storage capacity. After the WSIP ecosystem public benefit account is full, RRB and IRWD may use their respective

capacities to recharge and store other available water, including Kern River Flood Water, to fill their respective water supply public benefits accounts, so long as such water may be used to provide water supply public benefits within the Parties' respective service areas.

- O. ***Kern River Flood Water.*** During times that Kern River Flood Water is available (i.e., when the Kern River Watermaster offers water to all takers willing to sign a "Notice/Order", or the Kern River Watermaster offers water to the California Aqueduct/Kern River Intertie, such water is expected to flood farmed acreage in Buena Vista Lake or is expected to be delivered into the Kern River Flood Channel for delivery out-of-county), this water would follow delivery of WSIP Water, if simultaneously available. Following any such delivery of WSIP Water, RRB shall have first priority to use all Kern Fan Project facilities for recharge of Kern River Flood Water. The first 25% of Kern River Flood Water recharged into the Kern Fan Project shall be deemed owned by IRWD at no cost and the remainder of such stored water shall be deemed owned by RRB; provided that RRB may exercise its discretion to allow IRWD to acquire an additional 25% of such recharged Kern River Flood Water by paying RRB the average price for Kern River water over the preceding two (2) months or \$25 per AF, whichever is greater.. Beginning on January 1, 2020 and on January 1 of each year thereafter, the \$25 shall be increased in an amount equal to the percentage change, if any (but not less than zero) in the Consumer Price Index (All Urban Consumers, All Items) for Western Cities, Populations Less than 1.5 Million, published by the United States Department of Labor, Bureau of Labor Statistics. water into storage.
- P. ***Water Quality.*** The quality of water to be recharged, stored and recovered at the Kern Fan Project shall be consistent, including through blending with other water, with applicable pump-in requirements specified by DWR for the California Aqueduct, as such requirements may be amended from time to time.

4. **Powers**

The Authority is hereby authorized to perform all powers and functions set out in this Agreement, including all powers granted to California water storage districts pursuant to the California Water Storage District Law (Division 14, commencing with § 39000 of the California Water Code) and California water districts pursuant to the California Water District Law (Division 13, commencing with § 34000 of the California Water Code), as amended, and any applicable regulations.

The Authority shall administer this Agreement. Pursuant to Government Code section 6509 and shall undertake all further actions necessary to carry out the purposes of the Authority, the Authority shall exercise its powers in administering this Agreement subject to the restrictions applicable to IRWD. The Authority is hereby further authorized to:

- A. Negotiate with, apply for, contract for, and receive monies from federal, state, county, city, and special district governments, and other public and private entities and agencies to carry out the purposes of this Agreement, and shall disburse and account for funds so received.

- B. Allocate all funds, including discretionary and special purpose funds, received by the Authority as equitably as practicable, based upon the applicable terms of the funding application, fund source requirements, Agency policy, or vote of the Board of Directors, as described in article 6 of this Agreement.
- C. Monitor, evaluate, and take corrective action concerning performance specified in any agreement, and contracts or agreements the Authority has entered into.
- D. Establish performance objectives for subcontractors.
- E. Evaluate the effectiveness of programs undertaken by the Authority.
- F. Maintain financial and statistical records to satisfy federal, state, and other laws and regulations, and provide necessary information for effective program management.
- G. Adopt, promulgate, and enforce such bylaws, rules, and regulations as the Board of Directors deems necessary for operation and management of the Authority and implementation of the purposes of this Agreement.
- H. Negotiate and enter into agreements and contracts.
- I. Employ agents and employees.
- J. Acquire, lease, rent, construct, manage, maintain, hold, and dispose of real and personal property with title to such property being held by the Authority.
- K. Acquire property by eminent domain.
- L. Commission the design, permitting, construction, operation, and maintenance of any facilities required for the Kern Fan Project.
- M. Incur debts, liabilities, and other obligations.
- N. Bring suit and be sued in its own name.

Undertake all further actions necessary to carry out the purposes of the Authority.

5. **Governance**

- A. ***Board of Directors.*** The Board of Directors of the Authority shall consist of four (4) members constituting two (2) members appointed by each Party. Of the two members appointed by each Party, one must be a member of that Party's legislative body and neither appointee may serve as an officer of the Authority (*e.g.*, as general manager or treasurer) while also serving on the Authority's Board of Directors. Each Party's legislative body shall designate an alternate to serve on the Authority's Board of Directors to provide continuity in the event one of a Party's representatives cannot participate in one or more meetings of the Authority's Board of Directors. Such alternates shall be members of either RRB's or IRWD's legislative body or

designees and shall not serve as an officer of the Authority while also serving as an alternate on the Authority's Board of Directors.

- B. **Meetings.** All meetings of the Board of Directors shall be subject to the provisions of the Ralph M. Brown Act (Chapter 3.5 of Division 7, commencing with § 6250 of the California Government Code) and shall be held at a regularly scheduled time. At its first meeting, the Board of Directors shall, by resolution, determine the schedule for its regular meetings.
- C. **Quorum.** A quorum of any meeting of the Board of Directors shall require the attendance of at least one member of the Board of Directors from each of the Parties. In the absence of a quorum, any meeting of the Board of Directors shall be adjourned by the member of the Board of Directors present. In the absence of any members of the Board of Directors, the Clerk of the Board shall adjourn any meeting of the Board of Directors. Vacant positions on the Board of Directors shall not be considered for purposes of determining quorum.
- D. **Voting and Affirmative Decisions.** Voting by the Board of Directors shall be conducted on a one-vote-per-Party basis, meaning that the two RRB directors together may cast one vote and the two IRWD directors may together cast one vote. The vote representing each Party may be cast by either of that Party's two members of the Authority's Board of Directors or their alternates. All decisions of the Board of Directors shall require an affirmative and unanimous vote, meaning that the Board of Directors may not make a decision unless both the RRB directors' vote and IRWD directors' vote are in favor of making a decision; provided that voting on actions related to administration of a previously approved Special Activities Agreement shall be weighted as determined by each Special Activities Agreement. In the event the Authority Board of Directors is deadlocked on a proposed action, then RRB and IRWD shall conduct a joint meeting of their legislative bodies to resolve the deadlock. In the event that such a joint meeting does not resolve the deadlock, then the Parties shall participate in mediation to resolve the deadlock. Finally, in the event mediation fails to resolve the deadlock, either Party may initiate litigation to resolve the deadlock subject to any defenses raised in response to such litigation. This process of resolving deadlocks of proposed actions can be further defined in bylaws adopted by Board of Directors; provided, however, that nothing in this Agreement or the bylaws shall limit either Party's discretion to exercise its own independent judgment upon issues before the Authority in any manner.
- E. **Bylaws.** The Board of Directors shall adopt bylaws detailing how the Board of Directors' business is to be conducted. Those bylaws shall not conflict with the provisions of this Agreement or any law.

6. **General Manager**

The Authority Board of Directors shall appoint a representative of RRB to serve as General Manager of the Authority, unless the Board of Directors elects to appoint another

individual to serve as the General Manager of the Authority. The General Manager shall not be an employee or independent contractor of the same Party as the Treasurer. An assignment to serve as the General Manager of the Authority shall not be construed to be permanent. The General Manager shall serve at the pleasure of the Board of Directors and may be appointed or removed at a time of choosing of the Board of Directors.

7. **Treasurer**

The Authority Board of Directors shall appoint a representative of IRWD to serve as Treasurer of the Authority, unless the Board of Directors elects to appoint another individual to serve as the Treasurer of the Authority. The Treasurer shall not be an employee or independent contractor of the same Party that employs the General Manager. The Treasurer shall serve at the pleasure of the Board of Directors and may be appointed or removed at a time of choosing of the Board of Directors. IRWD shall be the depository and manage custody of all monies of the Authority and maintain all monies under the oversight and direction of the Treasurer. Furthermore, the Treasurer shall:

- A. Receive and receipt all funds of the Authority and place them in the separate accounts established and maintained for the Authority.
- B. Receive and invest funds and be responsible for the safekeeping of all funds of the Authority.
- C. Pay, when due, out of the Authority's funds, all properly approved disbursements due by the Authority including amounts due on outstanding bonds and coupons.
- D. Verify and report to the Authority and the Parties, in writing, on a monthly basis, the amount of money held for the Authority, the amount of receipts since the last report, and disbursements since the last report.

Treasurer may designate other individuals, as approved by the Board of Directors, necessary to carry out the Treasury function.

8. **Accounting and Financial Reporting**

The Treasurer shall have overall responsibility to maintain the accounting books and records of the Authority. This includes maintenance of the accounting records, monthly report preparation of all receipts and disbursement activities and grant administration and compliance. Such reporting activity shall be provided to each of the Authority parties.

9. **Legal Counsel**

Legal Counsel for the Authority shall be selected by the Board of Directors. Legal Counsel shall also serve as the Secretary of the Authority. The Legal Counsel and Secretary shall serve at the pleasure of the Board of Directors.

10. **Staff**

The staff of the Parties shall serve as the staff of the Authority. The primary responsibility for providing adequate staff support for the operation of the Kern Fan Project shall belong to RRB, unless the Board of Directors appoints a IRWD representative as General Manager pursuant to article 6. The primary responsibility for the treasury function and financial accounting of the Authority shall belong to IRWD, unless the Board of Directors appoints a RRB representative as Treasurer pursuant to article 7. The Authority Board shall negotiate rates of reimbursement and payment schedules with the Parties for staff time and incorporate such requirements into the bylaws of the Authority.

11. **Official Bonds**

The General Manager and the Treasurer are designated as public officers or persons who have charge of, handle, or have access to any property of the Authority, and each such officer or person shall obtain, maintain, and file an official bond. Alternatively, a government crime insurance policy or employee dishonesty insurance policy, including faithful performance, shall be obtained and maintained, with the Authority so long as such insurance policy is in conformance with Government Code section 1463.

12. **Funds and Accounts; Fiscal Year; Annual Budgets**

- A. ***Funds and Accounts.*** The Authority shall establish and maintain such funds and accounts as may be required by the California Government Code, other applicable laws, the Governmental Accounting Standards Board, good accounting practice, this Agreement, and any ordinance, resolution, or policy of the Board of Directors.
- B. ***Funding.*** The Authority's accounts shall be funded with the WSIP grant funding awarded by the Commission or any other grant funding that may be awarded for the Kern Fan Project and with such additional funding that each Party contributes to enable the Authority to successfully implement the Kern Fan Project pursuant to this Agreement; subject to the Parties' respective financial obligations under article 3 of this Agreement.
- C. ***Fiscal Year.*** For the purposes of this Agreement, the Authority shall have such fiscal year from July 1 to and including the following June 30.
- D. ***Annual Budget.*** An annual capital and operating budget shall be prepared or caused to be prepared by the General Manager and presented to the Board of Directors for its adoption or amendment, pursuant to the Authority's article 4 powers, above, not later than May 1 of each fiscal year. The budget shall establish any necessary rates, capital expenditures, and charges to be paid for operation and maintenance activities and such other matters as shall be determined by the Board of Directors.

13. **Records and Reports; Audit**

The Board of Directors shall establish reporting requirements and direct staff to maintain such reports. All books and records of the Authority shall be open to inspection at all

reasonable times by any party to this Agreement or its representatives. Annual audits of the Authority's accounts and records shall be made by an independent certified public accountant or firm of independent certified public accountants selected by the Board of Directors, and reports of such audits shall be filed in the manner provided in section 6505 of the Government Code.

14. **Debts, Liabilities, and Obligations**

The debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities or obligations incurred by any Party under this Agreement.

15. **Privileges and Immunities**

All of the privileges and immunities from liability, exemptions from law, ordinances, and rules, all pension, relief, disability, worker's compensation, and other benefits which apply to the activity of officers, agents or employees of any Party when performing their respective functions within their territorial limits, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially.

16. **Indemnification**

- A. ***Authority.*** The Authority Board of Directors, officers, representatives, consultants, contractors and agents shall be entitled to defense and indemnification by the Authority as provided under Government Code sections 825 et seq. and section 995 et seq. The Authority shall at all times indemnify, defend and save the Parties from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorneys' fees and costs, that the Parties, their Boards of Directors, officers, representatives, consultants, contractors, agents, and/or employees may sustain or incur in any manner relating to the Authority's performance under this Agreement for any action.
- B. ***RRB.*** RRB shall at all times indemnify, defend and save IRWD and the Authority, its Board of Directors, officers, representatives, consultants, contractors, agents, and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorneys' fees and costs, that IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents, and/or employees may sustain or incur in any manner arising out of RRB's sole active negligence or willful misconduct in the performance of its responsibilities under this Agreement, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent or willful act or acts of IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents and employees.
- C. ***IRWD.*** IRWD shall at all times indemnify, defend and save RRB and the Authority, its Board of Directors, officers, representatives, consultants, contractors, agents, and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorneys' fees and costs, that RRB, its Board of Directors, officers, representatives, consultants,

contractors, agents, and/or employees may sustain or incur in any manner arising out of IRWD's sole active negligence or willful misconduct in the performance of its responsibilities under this Agreement for any action, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent or willful act or acts of RRB, its Board of Directors, officers, representatives, consultants, contractors agents and employees.

D. ***Mutual Indemnification.*** Except as set forth above, each Party shall indemnify, defend and save the other Party, its Board of Directors, officers, representatives, consultants, contractors, agents, and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorneys' fees and costs, that said other Party, its Board of Directors, officers, representatives, consultants, contractors, agents, and/or employees may sustain or incur in any manner arising out of specific Kern Fan Project operations undertaken on behalf of the indemnifying Party under this Agreement for any action. Without limiting the generality of the foregoing, and by way of example, IRWD shall indemnify, defend and save Rosedale free and harmless from claims of damages and expenses to neighboring water wells that result from recovery operations made on the behalf of IRWD, except to the extent caused by the sole active negligence or willful misconduct of Rosedale. Costs for any claim relating to Kern Fan Project operations that is made and administered pursuant to the *Project Recovery Operations Plan Regarding Pioneer Project, Rosedale-Rio Bravo Water Storage District, And Kern Water Bank Authority Projects* shall be allocated between the Parties in the same manner as claims paid by the parties to said *Project Recovery Operations Plan, a copy of which is attached as Exhibit A to this Agreement.*

E. ***No Right of Contribution; Indemnification Agreement.*** The indemnification and hold-harmless provisions of article 16 shall apply in lieu of the right of contribution provisions at Government Code sections 895-895.8; the provisions of this article 16 are entered into pursuant to Government Code sections 895.4 and 895.6.

17. **Insurance**

- A. ***Authority.*** During the term of this Agreement, the Authority shall maintain general liability insurance coverage in a sum not less than five million dollars (\$5,000,000) per occurrence. The insurance shall also contain a written endorsement to such policy or policies which names each of the Parties as an additional insured. RRB and IRWD will equally fund through the Authority the general liability insurance coverage premium and any deductible.
- B. ***RRB.*** RRB shall name the Authority as an additional insured covered by RRB's general liability insurance policy, premises liability insurance policy, and automobile insurance policy.

- C. **IRWD.** IRWD shall name the Authority as an additional insured covered by IRWD's general liability insurance policy, premises liability insurance policy, and automobile insurance policy.
- D. If a claim is made against one or the other Party's insurance policy as a result of Kern Fan Project operations, the Parties agree to each pay half of the deductible on each such claim.

18. **Modification**

This Agreement may only be amended by the written agreement signed by authorized representatives of the Parties.

19. **Notice**

Notice under this Agreement shall be made by: (1) overnight courier or (2) certified mail, return receipt requested. Additionally, notice under this Agreement shall be made by electronic mail. All such notices shall be deemed delivered upon actual receipt from (1) overnight courier or (2) certified mail, return receipt requested (or upon first attempt at delivery pursuant to either of the two methods specified herein if the intended recipient refuses to accept delivery).

Notice to IRWD shall be made to:

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
Attn: General Manager
Telephone: (949) 453-5300
Facsimile: (949) 453-1228
Electronic Mail: cook@irwd.com

Notice to RRB shall be made to:

Rosedale-Rio Bravo Water Storage District
P.O. Box 867
Bakersfield, California 93302-0867
Attn: General Manager
Telephone: (661) 589-6045
Facsimile: (661) 589-1867
Electronic Mail: eaverett@rrbwsd.com

20. **Severability**

Should any part, term, or provision of this Agreement be adjudged by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the remaining portions of this Agreement shall remain in full force and effect.

21. **Representations**

Each Party represents and warrants to the other Party that it is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of the board of directors or other governing body of such Party, and shall not result in a violation of such Party's organizational documents or any agreement to which it is a party or to which it is otherwise subject or bound. Each Party further represents and warrants to the other Party that, to its knowledge at the time it executed this Agreement, there is no pending or threatened litigation involving such representing Party that will affect this Agreement. The Parties have relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true in any material respect, it shall constitute a material breach of this Agreement.

22. **Choice of Law; Venue**

This Agreement shall be construed and enforced in accordance with the laws of the State of California. Venue over any and all disputes arising from this Agreement shall be proper in Los Angeles County, California or in the United States District Court for the Central District of California.

23. **Dispute Resolution**

For matters involving a dispute under this Agreement, the following provisions shall apply:

A. **Mediation**

The Parties agree that any and all disputes, claims or controversies arising under this Agreement, whether for breach, enforcement, or interpretation thereof, shall be submitted to mediation in a mutually agreeable venue. Either Party may commence mediation by providing to the other Party a written request for mediation, setting forth the subject of the dispute and the relief requested. The Parties shall cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties covenant that they shall participate in the mediation in good faith, and that they shall share equally in costs charged by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any Party, its agents, employees, experts or attorneys, or by the mediator or any of the mediator's employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. A Party may request arbitration with respect to the matters submitted to mediation by filing a written request for arbitration at any time following the initial mediation session or 45 days after the date of filing the written request for mediation, whichever occurs first; provided, however, the other Party is not required to accept a request for arbitration. The mediation may continue after the commencement of arbitration if the Parties so desire. Unless otherwise agreed by

the Parties, the mediator shall be disqualified from serving as arbitrator in the case. The provisions of this article 23 may be enforced by any Court of competent jurisdiction, and the Party seeking such enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the Party against whom such enforcement is ordered.

B. Selection of Mediator

The Parties shall first attempt to mutually agree to a mediator. If the Parties fail to agree on the mediator, the Parties shall each nominate and exchange with each other the names of three persons to resolve the dispute. From this group of nominated mediators, the Parties shall select the Mediator. If each of the Parties selects the same Mediator, that person shall be the Mediator. In the event two or more same persons are selected by the Parties, the person whose name precedes the other alphabetically shall be the Mediator. If the Parties do not select the same person, then each Party shall eliminate two of the other's selection and the remaining names shall be randomly drawn in order by either Party. The first drawn shall be the Mediator unless there is a conflict of interest or the mediator cannot serve because of scheduling conflicts. In that case, the second name drawn shall be the Mediator. No Mediator shall be nominated or selected if they have any actual or perceived conflict of interest. If necessary, this process can be repeated to nominate or select a mediator if the final two selected Mediators have any actual or perceived conflict of interest.

24. Force Majeure

All obligations of the Parties, other than payment of accrued monetary obligations, shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, by earthquakes, fires, tornadoes, facility failures, floods, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, compliance with applicable statutes, regulations, ordinances, laws or other events, conditions or causes beyond the control of the nonperforming Party. In no event shall any liability accrue against a non-performing Party, its officers, agents or employees, for any claim of damage arising out of or connected with a suspension of performance pursuant hereto.

25. Assignment; Delegation

A. ***Prior Written Consent.*** Except as otherwise provided in this Agreement, the Authority and the Parties shall not assign any rights or delegate any duties or obligations arising from this Agreement without the written consent of the Parties. Any attempt at such an assignment or delegation shall be null and void. Any assignment or delegation shall be in writing and shall expressly provide that the assignee or delegatee accepts all rights and duties or obligations of the assignor or

delegator, including but not limited to any obligations imposed as a condition of outside funding of the Kern Fan Project.

- B. ***Temporary Use of Kern Fan Project Capacity.*** Each Party's use of its respective Kern Fan Project capacity to implement another independent operating program or project with a third party shall not be deemed an assignment requiring prior written consent pursuant to article 25(A). The Parties agree that any agreement each might enter with a third party to provide recharge, storage or recovery operations for the third party shall be characterized as providing a recharge, storage or recovery service and not as an assignment, unless an assignment proposed by one Party is approved in writing by the other Party under article 25(a).

26. **Hierarchy of Documents**

This Agreement, as may be amended from time to time, shall govern over all other Authority documents and agreements, including the Bylaws of the Board of Directors.

27. **Entire Agreement**

This Agreement contains the entire agreement between the Parties and supersedes all prior understanding between them with respect to the subject matter of this Agreement. There are no promises, terms, conditions or obligations, oral or written, between or among the Parties relating to the subject matter of this Agreement that are not fully expressed in this Agreement. Modifications, changes or supplements shall not be effective unless in conformance with article 18 of this Agreement. Termination of this Agreement shall not be effective unless in conformance with article 1 of this Agreement.

28. **Joint Drafting and Negotiation**

This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof.

29. **Counterparts and Effective Date**

This Agreement may be executed in counterparts and be as valid and binding as if each Party signed the same copy. A faxed copy of the executed signature page shall be sufficient to cause the terms of this Agreement to become fully operative.

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30. **Headings**

Article and section headings contained herein are for convenience only. Such headings shall not control or affect the meaning or construction of this Agreement.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below its signature.

Irvine Ranch Water District

Rosedale-Rio Bravo Water Storage District

By: 

By: 

Name: PAUL COOK

Name: Eric Averett

Title: GENERAL MANAGER

Title General Manager

Date: 8 April 2020

Date: April 8, 2020

Approved as to Form:

Approved as to Form:





Note: This page is intentionally left blank.

Exhibit "C"

BYLAWS OF THE GROUNDWATER BANKING JOINT POWERS AUTHORITY

PREAMBLE

These Bylaws are provided pursuant to Article 5(E) of the Joint Powers Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District Creating the Groundwater Banking Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project, effective as of July 1, 2020, as such agreement may be amended or modified from time to time.

1. NAME

The name of this joint powers authority formed pursuant to the Joint Exercise of Powers Act (Government Code section 6500 et seq.) is the Groundwater Banking Joint Powers Authority ("Authority" or "JPA").

2. PURPOSE

The purpose of these bylaws is to describe the processes and procedures of the Authority's governance and administration.

3. MEMBER ENTITIES

The contracting parties to the Groundwater Banking Joint Powers Authority Agreement ("Groundwater Banking JPA Agreement") dated [date] are the member entities of the Groundwater Banking JPA. The contracting parties to the Groundwater Banking JPA Agreement are the Irvine Ranch Water District ("IRWD") and the Rosedale-Rio Bravo Water Storage District ("RRB").

4. BOARD OF DIRECTORS

a. Directors

Directors shall be appointed to the Board of Directors in the manner described in Article 5.A. of the Groundwater Banking JPA Agreement.

b. Alternates

Alternates shall be appointed to serve on the Board of Directors in the manner described in Article 5.A. of the Groundwater Banking JPA Agreement.

5. BOARD MEETINGS

a. Regular Meetings

The Board of Directors shall hold at least one Regular Meeting each year.. The date and time of such Regular Meetings shall be set by resolution or ordinance of the Board of Directors at the first meeting of the Board of Directors.

b. Special Meetings

The Board of Directors may hold Special Meetings upon providing at least 24 hours' notice.

c. Adjourned Meetings

The Board of Directors may adjourn any regular meeting, adjourned regular meeting, special meeting, or adjourned special meeting at any time and to any time and place permissible by law. Adjournment shall not require a quorum of the Board of Directors. If no Director is present at a noticed meeting of the Board of Directors, the [secretary? / General Manager] shall have the authority to adjourn the meeting.

The date, time, and location of the adjourned meeting shall be included on the Notice of Adjournment of any regular meeting, adjourned regular meeting, special meeting, or adjourned special meeting.

d. Meeting Locations

Meetings of the Board of Directors shall take place at the main office of RRB, 849 Allen Road, Bakersfield, CA 93390 or IRWD, 15600 Sand Canyon Avenue, Irvine CA 92618, unless otherwise stated on the public notice of the meeting.

Members of the Board of Directors may participate in meetings by teleconference pursuant to the Ralph M. Brown Act ("Brown Act") (Government Code section 54950 et seq.).

e. Notice and Agenda Procedures

The Board of Directors shall comply with the Brown Act for meeting agenda and notice requirements.

f. Quorum

A quorum of the Board of Directors shall be determined in the manner described in Article 5(C) of the Groundwater Banking JPA Agreement.

g. Rules of Order

Action by the Board of Directors requires a unanimous vote consistent with Article 5(D) of the Groundwater Banking JPA Agreement.

h. Minutes

Minutes of each meeting of the Board of Directors shall be prepared by the Secretary.

i. Delegation of Powers

The Board of Directors may delegate any of its powers except as prohibited in the Groundwater Banking JPA Agreement, these Bylaws, or by law.

j. **Transparency**

All meetings of the Board of Directors shall be conducted in accordance with the Brown Act. While meetings of the Board of Directors are generally open to any member of the public, the Board of Directors may meet in closed session for those reasons expressly allowed under the Brown Act.

The Groundwater Banking JPA shall be subject to the California Public Records Act (Government Code section 6250 et seq.).

6. COMMITTEES

a. **Standing Committees**

The Groundwater Banking JPA Board of Directors shall appoint members of standing committees as follows:

- i. **Project Committee.** There shall be a standing Project Committee to assist the Board of Directors in overseeing the planning, design, construction, construction management, and operation of the Kern Fan Project. The Project Committee shall comprise one Groundwater Banking JPA Board member and one other member appointed by RRB and one Groundwater Banking JPA Board member and one other member appointed by IRWD, plus the Groundwater Banking JPA's General Manager and its Treasurer. The Project Committee shall recommend to the Groundwater Banking JPA Board of Directors principles and guidelines for the planning, design, construction, construction management, and operation of the Kern Fan Project. The Groundwater Banking JPA Board of Directors may adopt such principles and guidelines after considering the Project Committee's recommendation and retains its full discretion to modify or reject such recommended policies.
- ii. **Finance Committee.** There shall be a Finance Committee to assist the Groundwater Banking JPA Board of Directors in overseeing the financing of the Kern Fan Project. The Finance Committee shall comprise one Groundwater Banking JPA Board member appointed by RRB and one Groundwater Banking JPA Board member appointed by IRWD, plus the Groundwater Banking JPA's General Manager and its Treasurer. The Finance Committee shall work with the Treasurer to recommend to the Groundwater Banking JPA Board of Directors policies addressing financial issues, including but not limited to: (a) purchase orders/invoices; (b) construction contracts; (c) professional services agreements; (d) change orders/variances; (e) liability/property settlements; (f) acquisition of land and easements; (g) disposition of property; (h) check-signing authority; (i) claims settlements; (j) investment policy; and (k) capitalization. The Groundwater Banking JPA Board of Directors may adopt such policies after considering the Finance Committee's recommendation and retains its full discretion to modify or reject such recommended policies.

b. Ad Hoc Committees

The Groundwater Banking JPA Board of Directors may appoint one or more ad hoc committees.

- c. To the extent that the Brown Act applies to Authority committees, committee members may participate in committee meetings by teleconference pursuant to the Brown Act.

7. OFFICERS

a. General Manager

The General Manager shall be appointed by the Board of Directors in the manner described in Article 6 of the Groundwater Banking JPA Agreement. The General Manager and any designees shall administer planning, construction and operation of the Kern Fan Project.

The Kern Fan JPA Board of Directors shall adopt one or more policies delegating certain authority to the General Manager.

b. Treasurer

The Treasurer shall be appointed by the Board of Directors in the manner described in Article 7 of the Groundwater Banking JPA Agreement. The Treasurer and any designees shall administer the Groundwater Banking JPA's financial management function.

The Groundwater Banking JPA Board of Directors shall adopt one or more policies delegating certain authority to the Treasurer.

c. Legal Counsel

The Legal Counsel shall be appointed by the Board of Directors in the manner described in Article 9 of the Groundwater Banking JPA Agreement.

d. Secretary

The Legal Counsel shall serve as Secretary pursuant to Article 9 of the Groundwater Banking JPA Agreement. The Secretary or any designees shall maintain the official records of the Groundwater Banking JPA, including Board meeting minutes.

e. Resignation of Officers

Officers may resign from their position at any time by providing the Board of Directors with written notice of their intention to resign. Such written notice should include an effective date of the resignation. The effectiveness of resignation shall not require written notice.

8. STAFF

Pursuant to Article 10 of the Groundwater Banking JPA Agreement, upon formation of the Groundwater Banking JPA, the Board of Directors shall negotiate shared staff services agreements with RRB and IRWD specifying the hourly rates at which RRB or IRWD staff will provide services to the Groundwater Banking JPA. The Board of Directors shall approve and enter into one or more shared staff services agreement(s) with RRB and IRWD for planning, design, construction and operation of the Kern Fan Project.

9. PROFESSIONAL SERVICES

a. Legal Services

The Board of Directors shall have the sole authority to enter into contracts for legal services on behalf of the Groundwater Banking JPA. This power may not be delegated, regardless of the amount of the contract and any spending authority vested in any Officer [or Staff] of the Groundwater Banking JPA.

b. Audit Services

The Board of Directors shall select an Auditor in the manner provided by law.

10. FINANCE

a. Grant Compliance

The Board of Directors shall delegate responsibility for monitoring compliance with all applicable grant funding obligations to a compliance officer. The compliance officer may be a member of RRB or IRWD staff.

b. Member Funding

(1) Equal Funding Principle

The general principle governing member funding of the Groundwater Banking JPA is that RRB and IRWD shall fund equally (50-50) the costs to form the Groundwater Banking JPA, the costs to apply for and to obtain grant funding for the Kern Fan Project, and the costs to administer, design, construct and operate the Kern Fan Project and the Authority to meet all of its objectives, including all obligations arising from acceptance of grant funding for the Kern Fan Project.

RRB and IRWD have incurred various expenses in connection with the Kern Fan Project. Specifically, prior to formation of the Groundwater Banking JPA, RRB and IRWD each incurred costs to apply for and to obtain grant funding for the Kern Fan Project, to initiate California Environmental Quality Act ("CEQA") review, to conduct studies on the feasibility of constructing and operating Kern Fan Project components, like a new turnout on the Cross Valley Canal, and to complete other tasks facilitating

the Kern Fan Project. Additional costs were incurred in the form of staff and legal costs.

Some of these early implementation expenses were governed by the Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for Cost Sharing Early Planning Activities for the Kern Fan Groundwater Storage Project ("Early Cost-Share Agreement") while other early implementation expenses were agreed to between RRB and IRWD outside of the Early Cost-Share Agreement.

To the extent that net costs incurred by RRB or IRWD related to these early activities are not equal (50-50), an initial reconciliation of such differences will be made between RRB and IRWD within the first fiscal quarter following the Groundwater Banking JPA's formation. To the extent that any additional costs are incurred by RRB or IRWD from obligations related to the early implementation expenses after the initial reconciliation, RRB and IRWD will make additional reconciliations until all such obligations are satisfied.

(2) **Exceptions By Special Activities Agreements**

The only exception to the general principle of 50-50 cost-share may arise from the Groundwater Banking JPA Board of Directors' approving one or more Special Activities Agreements that provide for RRB or IRWD to participate in or to add a component of the Kern Fan Project pursuant to article 3(d) of the Groundwater Banking JPA Agreement. Any Special Activities Agreement deviating from the 50-50 cost-share principle shall specify how costs associated with the special activities deviate from the 50-50 cost-share principle, including but not limited to any one-time costs and any ongoing costs.

(3) **Initial Member Funding Contributions to Open Bank Accounts**

Upon formation of the Groundwater Banking JPA, RRB and IRWD each shall contribute \$2,500 to the Groundwater Banking JPA, for a total of \$5,000, to provide a basis for opening one or more bank accounts for the Groundwater Banking JPA.

(4) ***Ongoing funding for Groundwater Banking JPA operations:***

The Board of Directors shall annually adopt a budget encompassing the reasonably anticipated costs for implementing the Kern Fan Project, plus prudent reserves. The Board of Directors shall require ongoing financial contributions from RRB and IRWD to maintain adequate bank account balances to meet the reasonably anticipated costs for implementing the Kern Fan Project and prudent reserves, after accounting for grant funding. The Board of Directors shall determine the amount and timing of such contributions by resolution.

c. Audit Interval

Audits of the Groundwater Banking JPA's finances shall be prepared in the manner described in Article 13 of the Groundwater Banking JPA Agreement. The cost to complete the annual audit of the Groundwater Banking JPA's finances shall be allocated half (50 percent) to RRB and half (50 percent) to IRWD.

11. SPECIAL ACTIVITIES AGREEMENTS

- a. Pursuant to article 3(D) of the Groundwater Banking JPA Agreement, either of the Parties may enter into Special Activities Agreements with the Groundwater Banking JPA providing for their independent choices whether to participate in or to add a component of the Kern Fan Project or to allow use of a Party's capacity in the Kern Fan Project to implement an independent operating program or project with a third party.
- b. No Special Activities Agreement may become legally effective without prior unanimous approval of the Groundwater Banking JPA Board of Directors.
- c. A Special Activities Agreement may result in a Party having a larger capital investment in Kern Fan Project recharge, storage, recovery or conveyance capacity than the other Party and/or result in a Party achieving greater than 50 percent of the Kern Fan Project recharge, storage or recovery capacity upon implementation of the special activity. A Special Activities Agreement may provide for the creation of a committee under which a Party may exercise proportionally greater voting power over recommendations from the committee to the Groundwater Banking JPA Board of Directors regarding the approval and administration of the Special Activities Agreement.. The committee created by a Special Activities Agreement shall make recommendations to the Groundwater Banking JPA Board of Directors regarding the administration, planning, design, construction, construction management, and operation of the special activity. The Groundwater Banking JPA Board of Directors shall retain its full discretion to modify or reject any recommendation of a committee created by a Special Activities Agreement. No Special Activities Agreement may affect the requirement that all decisions of the Groundwater Banking JPA Board of Directors must be unanimous under Section 6(g) of these Bylaws and Article 5(D) of the Groundwater Banking JPA Agreement. No Special Activities Agreement may affect the provisions for resolving deadlock decisions of the JPA Board of Directors contained in Article 5(D) of Groundwater Banking JPA Agreement and such deadlock provisions would apply to decisions of the Groundwater Banking JPA Board of Directors related to special activities. RRB or IRWD each may carry out their own projects to help integrate the Kern Fan Project with their other projects, including interties with the Stockdale East Project, the Stockdale West Project, and the Strand Ranch Project. Such integration projects do not require a Special Activities Agreement with the Groundwater Banking JPA.

12. INSURANCE

The Finance Committee shall recommend to the Groundwater Banking JPA Board of Directors one or more policies on insurance coverage that shall be maintained for the

Groundwater Banking JPA. The Groundwater Banking JPA Board of Directors shall adopt one or more such policies after considering the Finance Committee's recommendation and retains its full discretion to modify or reject such recommended policies.

13. PROJECT FACILITY OPERATION COSTS

RRB and IRWD shall pay operations, maintenance, energy and replacement ("OME&R") costs consistent with their respective proportional use of the Kern Fan Project facilities and any facilities constructed under Special Activities Agreements governing the Parties' independent choices whether to participate in or to add a component of the Kern Fan Project as follows:

- a. Variable OME&R costs include, but are not limited to, energy costs and other costs that are attributable to the use of Kern Fan Project facilities (including wear and tear) and shall be paid pro rata based on actual use of Kern Fan Project facilities by RRB or IRWD.
- b. Fixed OME&R costs include, but are not limited to, any costs on Kern Fan Project land or facilities that are incurred irrespective of use of such land or facilities, and shall be shared equally between the Parties , or as otherwise agreed in a Special Activities Agreement.
- c. RRB and IRWD shall equally split the OME&R costs associated with the public benefits or ecosystem account associated with participating in the WSIP that are not grant-funded, such as the recharge and recovery operations that are necessary to meet the project's ecosystem public benefits requirements.

RRB and IRWD shall each pay half of the Groundwater Banking JPA's costs for its insurance coverage, its annual financial audit, and its use of legal counsel. JPA insurance, audit and/or legal counsel costs attributable to a Special Activity shall be paid by the Special Activity participant(s) proportional to their respective percentage interest in the Special Activity, as defined in the relevant Special Activities Agreement.

14. TERMINATION

a. Distribution of Assets

To implement article 1(A) of the Groundwater Banking JPA Agreement, the Parties shall meet and confer prior to eighteen (18) months before expiration of the Agreement's initial term to determine whether the Agreement will be extended. The Parties may continue to meet and confer during the last eighteen (18) months of the Agreement's initial term. If within six (6) months before expiration of the Agreement's initial term the Parties have failed to reach agreement on extending the Agreement's initial term or integrating the Kern Fan Project facilities into one or more other existing water storage and recovery programs or projects, then the Parties shall implement the Groundwater Banking JPA Agreement's provisions for Disposition of Kern Fan Project Property, Facilities and Other Assets Upon Termination.

- b. To implement articles 1(A) and 1(B) of the Groundwater Banking JPA Agreement, the Parties shall comply with the following rules:
 - i. At least six (6) months before expiration of the Groundwater Banking JPA Agreement's term, and within one year after providing any advance written notice of intent to terminate the Groundwater Banking JPA Agreement early, RRB shall deliver to IRWD either a notice exercising RRB's first right to acquire IRWD's interest in all Kern Fan Project facilities, capacities and real or personal property held by the Groundwater Banking JPA or written confirmation that RRB elects not to exercise its first right to acquire IRWD's interest in all Kern Fan Project facilities, capacities and real or personal property held by the Groundwater Banking JPA. Any RRB notice exercising its first right to acquire shall comply with the valuation rules specified in article 1(B) of the Groundwater Banking JPA Agreement.
 - ii. If RRB confirms in writing its election not to exercise its first right to acquire IRWD's interest in all Kern Fan Project facilities, capacities and real or personal property held by the Authority, or fails to provide such written confirmation within the time constraints above, then article 1(B) of the Groundwater Banking JPA Agreement provides that IRWD may hold its interest or sell its interest to a mutually acceptable third party. Upon IRWD notifying RRB of a proposed third-party buyer for IRWD's interest in the Kern Fan Project, RRB shall have 180 days to deliver its approval or rejection of IRWD's proposal, unless the Parties mutually agree in writing to extend the 180-day period. If RRB fails to affirmatively approve or reject IRWD's proposal within 180 days or any mutually agreed time extension, IRWD's proposal shall be deemed approved by RRB.

15. AMENDMENTS

The Board of Directors may adopt, amend, or repeal any section of these Bylaws, except insofar as such a change would conflict with the Groundwater Banking JPA Agreement.

16. RECORDS AND REPORTS

a. Maintenance of Records

Records of the Groundwater Banking JPA shall be maintained at the principal places of business of the member agencies, Kern Fan Project facilities, and any other facility designated by the Board of Directors, Officers, or Staff. In addition to maintaining financial accounting and other records, the Groundwater Banking JPA shall maintain at least the following water accounting records for the Kern Fan Project:

- i. Amount of water delivered for recharge by each Party and the source of all water delivered for recharge;
- ii. Amount of stored water to provide ecosystem public benefits;
- iii. Amount of IRWD stored water; and

iv. Amount of RRB stored water.

b. Public Records

Requests for the inspection of any public record maintained by the Groundwater Banking JPA shall be handled in accordance with the California Public Records Act (Government Code section 6250 et seq.).

c. Inspection Rights of Directors and Members

Directors and designated representatives of the member agencies shall have an absolute right to inspect the records of the Groundwater Banking JPA with reasonable notice to the Groundwater Banking JPA. Any records determined to be confidential by the Groundwater Banking JPA, in consultation with its Legal Counsel, may be designated as such and may be reviewed subject to the execution of a non-disclosure agreement; the review of confidential documents by directors and designated representatives shall not act as a waiver of any applicable privileges.

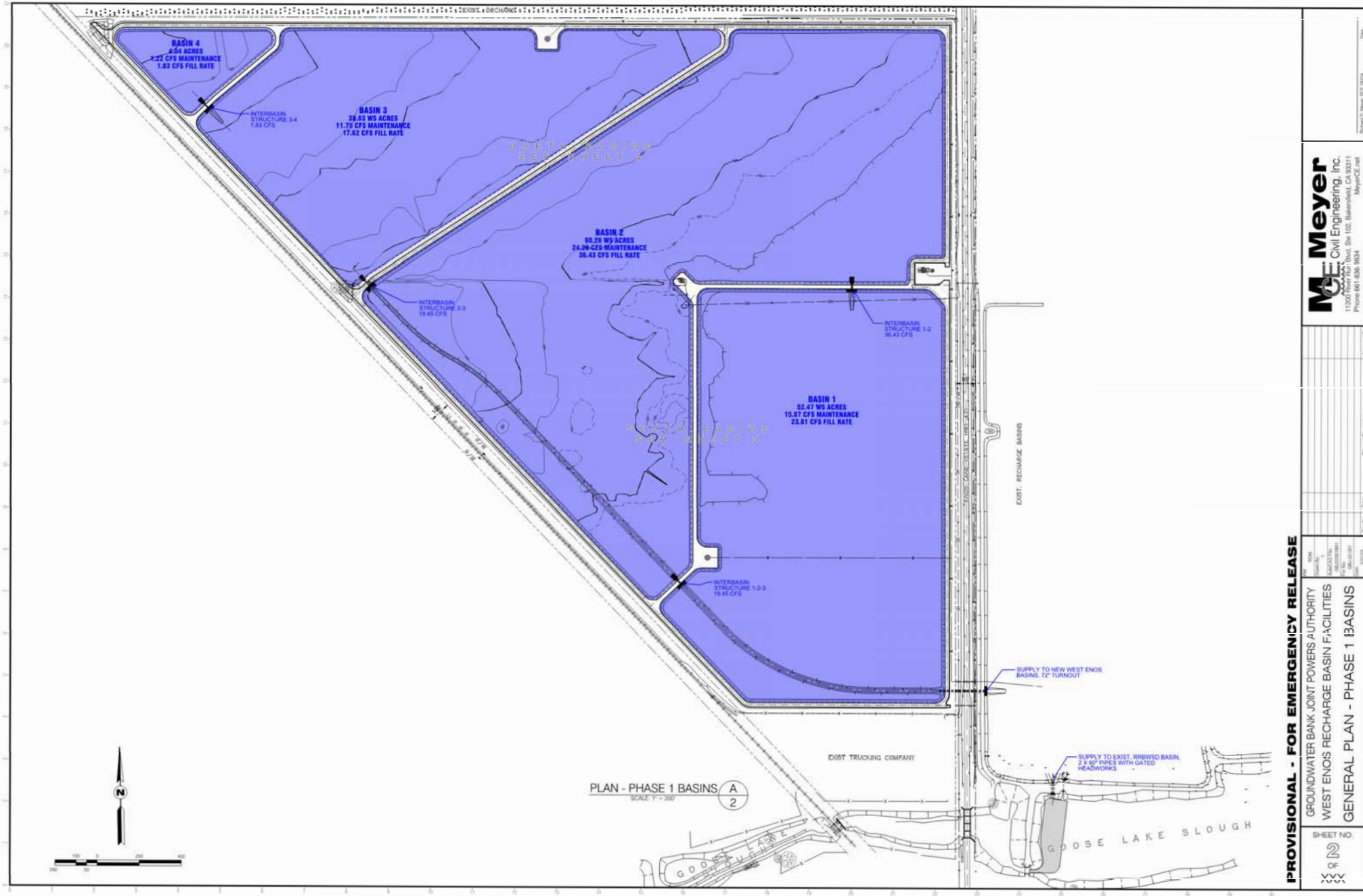
d. Fiscal Year

The Fiscal Year of the Groundwater Banking JPA shall begin on July 1st of each calendar year and close on June 30th of each calendar year.

17. CONSTRUCTION

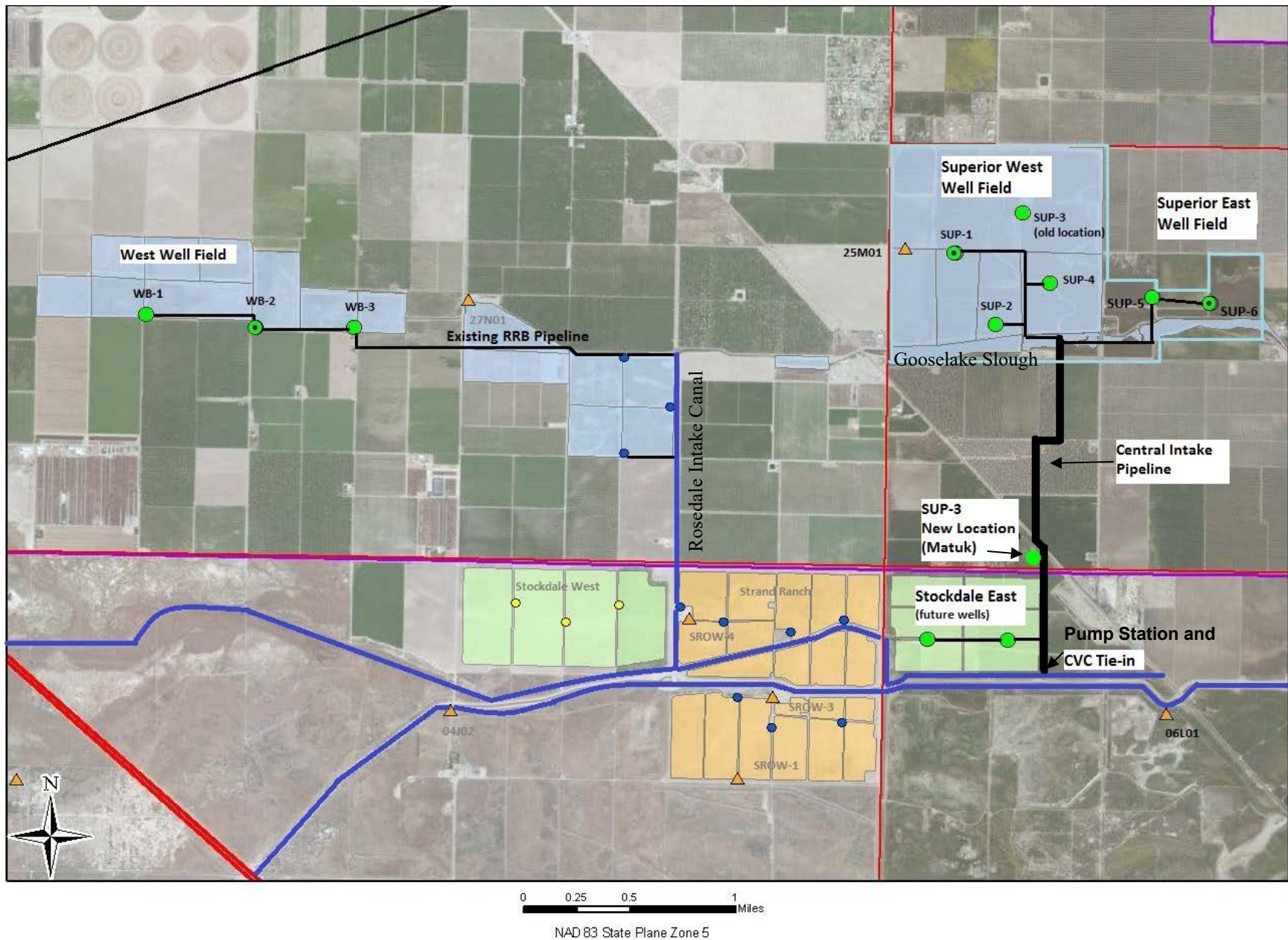
Any section of these Bylaws that is determined to be inconsistent with any term of the Groundwater Banking JPA Agreement or any applicable law shall be deemed to be ineffective for so long as the conflicting term of the Groundwater Banking JPA Agreement or applicable law remain in effect. Such construction shall not affect the applicability of any other section of these Bylaws.

Exhibit "D"



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Rosedale-Rio Bravo Water Storage District Facilities




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May 18, 2023

Prepared by: M. Lindsay / K. Welch

Submitted by: F. Sanchez / P. Weghorst

Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS AND PROGRAMS

SUMMARY:

Staff has prepared information related to IRWD's water banking facilities, capacities, operations, and exchange programs. The information is regularly updated to reflect changes in the status of IRWD's projects, programs, and operations. At the Committee meeting, staff will review this information and provide an update on efforts to secure additional water for recharge at IRWD's water banking projects.

Additionally, Dudley Ridge Water District is working with the California Department of Water Resources (DWR) to obtain approval to deliver 6,000 AF of IRWD SWP Article 21 water to the IRWD Water Bank through an exchange / transfer with Metropolitan Water District. This exchange / transfer will be a pilot to demonstrate future operations of the Kern Fan Groundwater Storage Project and is considered a priority of the State of California. All the water exchanged and/or transferred would be for the benefit of IRWD. Staff recommends that the Board approve the execution of a letter agreement with Dudley Ridge to facilitate this exchange / transfer.

BACKGROUND:

Staff has prepared reference materials in tabular, map and schematic formats to describe IRWD's water banking facilities, capacities, operations, storage and exchange programs. The reference materials are updated regularly to reflect changes in the status of the projects, programs and operations. The following is an overview of the reference materials as well as ongoing 2023 recharge operations at the IRWD Water Bank.

Capacity and Operations Tables:

A table presenting storage, recharge, and recovery capacities of existing and planned IRWD water banking projects, including capacities available to IRWD in the Kern Water Bank, is provided as Exhibit "A". Exhibits "B" and "C" provide an update on water banking recovery and recharge operations, as well as the balance of the water stored in the Kern Water Bank. Exhibit "B" provides before-loss estimates of water recharged and in storage at the water banking projects, and Exhibit "C" provides after-loss estimates of water recharged and in storage at the projects. Changes shown in red on Exhibits "B" and "C" depict the updated State Water Project (SWP) Table A Allocation from 75% to 100% and reflect that IRWD's Table A water from Dudley Ridge has been delivered to IRWD's water bank. Changes also reflect the return of an estimated 7,000 AF of Table A deliveries from Dudley Ridge and 7,000 AF of Kern River water deliveries from Buena Vista Water Storage District. The delivery of 450 AF of Table A water from the Central Coast Water Authority will be reflected in Exhibits "B", "C" and "D" later in the year when the physical water delivery is made by Metropolitan.

Summary of Programs:

A table summarizing IRWD's water purchase and exchange programs is presented as Exhibit "D." This table lists each purchase and exchange program IRWD has entered into and presents information related to the type of exchange, year executed, agreement type and water type. IRWD and partner shares are listed and show the total amount of water included in each program. The balances listed for IRWD and its partners show the amount of water remaining in storage, with IRWD's balances specifying whether the water is stored in Metropolitan's system, Kern County or owed to IRWD by Dudley Ridge. The table also provides details related to the exportability of IRWD's supplies. Changes shown in red on Exhibit "D" correspond with the changes made to Exhibits "B" and "C."

Exhibit "E" graphically depicts how storage of SWP and non-SWP water has changed annually in the Strand and Stockdale Integrated Banking Projects. The table provided as Exhibit "F" shows how capacities in the water banking projects have been dedicated to IRWD's existing and proposed exchange programs.

Project Maps:

To support the tables and figures provided as Exhibits "A", "B", "C", "D", "E" and "F", staff has prepared maps depicting project wells, pipelines, recharge basins and Cross Valley Canal turnout locations, along with the most current recharge rates. These maps are provided as Exhibits "G", "H" and "I", respectively. Exhibit "I" has been updated with current recharge rates for IRWD's Water Bank. The facilities shown on the maps are associated with the Strand Ranch, Stockdale West, Stockdale East and Drought Relief Projects.

Program Agreement Diagrams:

Schematic diagrams have been prepared that depict IRWD water banking and exchange programs with Rosedale-Rio Bravo Water Storage District, Buena Vista, Dudley Ridge and Metropolitan. These diagrams are provided as Exhibits "J", "K", "L", "M", "N" and "O", as described in the List of Exhibits.

Cost of Water Table:

A table presenting a summary of the costs of water from each of IRWD's unbalanced exchange partnerships is provided as Exhibit "P". The table lists each of IRWD's unbalanced exchange partnerships and presents information related to the period over which water was acquired, water type, IRWD's share of water and various cost components as well as the total cost of water delivered to IRWD's service area. Cost components include fixed and variable operating costs, estimated future IRWD recovery costs, the 2023 Metropolitan Full Service Untreated Tier-1 Rate and a capital cost of water. The variable costs include an administrative fee issued by the Kern County Water Agency for staff time related to processing Transaction Request Forms. The costs of water are presented on a dollar per acre-foot basis. Changes shown in red on Exhibit "P" provide detail on IRWD's cost of water.

IRWD's Coordinated Agreement with Metropolitan:

An overview of IRWD's Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan and Municipal Water District of Orange County (Coordinated Agreement) is provided as Exhibit "Q". The benefits to IRWD are foundational to the success of IRWD's water banking project and programs.

2023 Water Recharge Activities:

Water deliveries from the SWP to the IRWD Water Bank are currently at the rate of 160 cfs, or approximately 317 AF per day. Half of the water is being delivered to IRWD from Dudley Ridge to satisfy return obligations associated with Dudley Ridge's prior use of non-SWP water from IRWD's Water Bank. These returns are occurring consistent with the 1-for-1 long term exchange program that is depicted in Exhibit "O". The other half are deliveries from Buena Vista consisting of Kern River water that is currently stored in the SWP. These deliveries are made pursuant to the long-term 2-for-1 exchange program between IRWD and Buena Vista that is depicted in Exhibit "K".

Article 21 Deliveries:

Dudley Ridge is working with DWR to obtain approval to deliver 6,000 AF of IRWD SWP Article 21 water to the IRWD Water Bank through an exchange and or transfer with Metropolitan under the terms presented as Exhibit "R". This pilot program would demonstrate the proposed operation of the Kern Fan Ground Water Storage Program. This exchange / transfer is considered by DWR to be a priority of the State of California. It would be implemented consistent with the Coordinated Agreement and would result in half the water being available to IRWD for use in its service area in Orange County and the other half being available to IRWD in Dudley Ridge. Staff recommends that the Board approve the execution of a letter agreement with Dudley Ridge to facilitate this exchange / transfer.

Water Supply Conditions:

Deliveries to IRWD's Water Bank in 2023 reflect the wet-year conditions in the State of California. Exhibit "S" is a presentation providing an update on water supply conditions including the Colorado River, SWP, Central Valley Project, and Kern River systems.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Board authorize the General Manager to execute a letter agreement with Dudley Ridge Water District to facilitate the delivery and exchange / transfer of up to 6,000 AF of IRWD Article 21 water to the IRWD Water Bank for the benefit of IRWD based on the draft terms presented, subject to changes approved by IRWD legal counsel.

LIST OF EXHIBITS:

- Exhibit “A” – Recharge, Storage and Recovery Capacities of Current and Anticipated Water Banking Projects
- Exhibit “B” – Water Banking Storage, Recharge, and Recovery Operations before Losses
- Exhibit “C” – Water Banking Storage, Recharge, and Recovery Operations after Losses
- Exhibit “D” – Status of IRWD Purchase and Exchange Programs
- Exhibit “E” – Historic Water Storage in Strand and Stockdale Projects
- Exhibit “F” – Dedicated Capacities of Current Water Banking Projects
- Exhibit “G” – Map of Water Banking Project Wells and Pipelines
- Exhibit “H” – Map of Water Banking Recharge Basins and Turnout Facilities
- Exhibit “I” – Map of Water Banking Recharge Rates
- Exhibit “J” – Diagram of IRWD-Rosedale Water Banking and Exchange Program Agreements
- Exhibit “K” – Diagram of Long-term Water Exchange Program with Buena Vista Water Storage District and Diagram of One-year Program to Augment Recharge Using Stockdale West Recharge Facilities with Buena Vista Water Storage District
- Exhibit “L” – Diagram of Unbalanced Exchange Program Diagram with Dudley Ridge
- Exhibit “M” – Diagram of Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Metropolitan
- Exhibit “N” – Diagram of Template Wheeling Agreement with Metropolitan
- Exhibit “O” – Diagram of Dudley Ridge One-for-One Exchange
- Exhibit “P” – Cost of Water Tables
- Exhibit “Q” – Summary of IRWD’s Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan and MWDOC
- Exhibit “R” – Terms for a 2023 Short-Term Pilot Exchange /Transfer Program Between IRWD and Dudley Ridge
- Exhibit “S” – Water Supply Conditions and Water Banking Considerations Draft Presentation

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Projects and Recharge, Storage and Recovery Capacities
May 18, 2023

WATER BANKING PROJECT	OWNERSHIP AND WELL INFO		ALLOCATED CAPACITY (AF)					1 st PRIORITY RECOVERY CONDITIONS (CFS)		2 nd PRIORITY RECOVERY CONDITIONS (CFS)	
	IRWD OWNED	WELLS EXISTING	TOTAL STORAGE CAPACITY	ANNUAL RECHARGE 1 ST PRIORITY	ANNUAL RECHARGE 2 ND PRIORITY	ANNUAL RECOVERY 1 ST PRIORITY	ANNUAL RECOVERY 2 ND PRIORITY	RECOVERY CAPACITY AS PLANNED ¹	RECOVERY CAPACITY (Average Daily Production 1/1/2021 - 7/31/2022)	RECOVERY CAPACITY AS PLANNED	RECOVERY CAPACITY CURRENT CONDITIONS
Strand Ranch	Yes	7	50,000	17,500	-	17,500	-	40.0	20.5	-	-
Stockdale West	Yes	3	26,000	27,100	-	11,250	-	15.0	11.6	-	-
Stockdale East	No	2	-	-	19,000	-	7,500	-	-	10.0	9.0
IRWD Acquired Storage Account ²	No	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells ²	No	3	-	-	-	-	-	15.0	16.5	-	-
Kern Water Bank Storage Account ⁴	No	-	9,495	3,200	-	1,520	<5,000	-	-	-	-
TOTALS		15	135,495	47,800	19,000	30,270	12,500	70.0	48.6	10.0	9.0
Partner Capacities ³			38,000	22,300	9,500	10,850	0	35.5	25.0	-	-
IRWD Capacities (does not include Kern Water Bank capacities)			88,000	22,300	9,500	17,900	7,500	34.5	25.0	-	-
IRWD's recovery <i>during</i> 6 month partner recovery period (AF)								12,420	9,000	-	-
IRWD's recovery <i>after</i> 6 month partner recovery period (AF)								5,480	6,733	-	-
TOTALS (AF)								17,900	15,733	-	-
Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)								8.6	10.2	-	-
Strand Ranch monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)										4,518	
Stockdale West monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)										2,331	

¹ Based on designed Strand recovery capacity assuming 370' bgs. Assumes 5 cfs for each of the Stockdale West and Drought Relief wells in order to meet IRWD's Water Banking, Transfers, and Wheeling policy position. Assumes partners' water is recovered over 6 months.

²IRWD has use of Acquired Storage and Drought Relief Project wells until January 12, 2039, unless the term of the agreement is extended.

³One half of storage capacity at Stockdale West and Strand Ranch will be allocated for partners.

⁴Kern Water Bank capacities based on 6.58% of Dudley Ridge Water District's 9.62% share of the Kern Water Bank. Annual recharge amount is based on an average of recharge rates for high and low groundwater level conditions. 5,000 AF of recovery capacity may be available for second priority use.

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Exhibit "B"

TABLE 2
IRWD's Water Banking Storage, Recharge and Recovery Operations - BEFORE LOSSES
 May 12, 2023

TRANSACTIONS	WATER BANKING ENTITY					TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2022 (AF)						
Total Kern Water Bank ⁴	-	3,848	-	-	-	3,848
Total MWD System	8,062	-	-	-	-	8,062
Total Kern County	5,234	14,416	-	-	-	19,650
Total DRWD 1-for-1 Long Term Exchange Credit ⁵	11,000	-	-	-	-	11,000
TOTAL STORED WATER (1/1/2022)	24,296	18,264	-	-	-	42,560
(RECOVERY) AND RECHARGE IN 2022 (AF)						
KWB Recovery for use on Jackson Ranch ⁶	-	(84)	-	-	-	(84)
2022 SWP Allocation (5%)	44	-	-	-	43	87
2019 Reserve Water	76	225	225	-	-	526
Kern River Water	-	(5,000)	-	-	-	(5,000)
DRWD 1-for-1 Long Term Exchange Credit	5,500	-	-	-	-	5,500
Recovery of Banked SWP Water for MWD	(3,927)	-	-	-	-	(3,927)
MWD Credit for SWP Water	3,927	-	-	-	-	3,927
TOTAL 2022 TRANSACTIONS	5,620	(4,859)	225	-	43	1,029
Total Kern Water Bank ⁹	-	3,764	-	-	-	3,764
Total MWD System	12,033	-	-	-	43	12,076
Total Kern County	1,383	9,641	225	-	-	11,249
Total DRWD 1-for-1 Long Term Exchange Credit	16,500	-	-	-	-	16,500
TOTAL STORED WATER (1/1/2023)	29,916	13,405	225	-	43	43,589
(RECOVERY) AND RECHARGE IN 2023 (AF)						
KWB Recovery for use on Jackson Ranch ⁶ (estimated)	-	(235)	-	-	-	(235)
2023 SWP Allocation (100%) ³	875	-	-	-	874	1,749
Kern River Water	-	3,513	3,513	-	-	7,026
DRWD 1-for-1 Long Term Exchange (Recharge)	7,026	-	-	-	-	7,026
Recovery of Banked SWP Water for MWD	-	-	-	-	-	-
MWD Credit for SWP Water	-	-	-	-	-	-
TOTAL ESTIMATED 2023 TRANSACTIONS	7,901	3,278	3,513	-	874	15,566
ESTIMATED WATER IN STORAGE 2023 (AF)						
Total Kern Water Bank	-	3,529	-	-	-	3,529
Total MWD System	12,033	-	-	-	43	12,076
Total Kern County	9,284	13,154	3,738	-	874	27,050
Total DRWD 1-for-1 Long Term Exchange Credit	9,474	-	-	-	-	9,474
TOTAL ESTIMATED STORED WATER TO DATE	30,791	16,683	3,738	-	917	52,129

NOTES:

-MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 295 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 2,403 AF, net of losses, of Kern County Water Agency Article 21 Water.

³ DRWD water supply will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch. MWD took delivery of IRWD's 2022 SWP allocation in June 2022. MWD will not take delivery of IRWD's 2023 SWP Allocation.

⁴ IRWD's KWB Account balance includes SWP, Friant and Kern River water. The KWB account balance is included in the Non-SWP column because it is not exportable to IRWD's service area. The 2022 beginning KWB balance was revised by DRWD based on KCWA 2021 end of year balances.

⁵ Per the DRWD Long-Term 1-for-1 Exchange Program, Non-SWP water delivered to DRWD landowners will be returned to IRWD as SWP water at a later date. To account for the SWP water that will be returned at a later date, the amount of water owed will be shown as a credit. Total assumes all water is returned to IRWD Water Bank which adds in a 10% loss factor.

⁶ Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

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Exhibit "C"

TABLE 3
IRWD's Water Banking Storage, Recharge and Recovery Operations - AFTER LOSSES
 May 12, 2023

TRANSACTIONS	WATER BANKING ENTITY					TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2022 (AF)						
Total Kern Water Bank ⁴	-	3,848	-	-	-	3,848
Total MWD System	8,062	-	-	-	-	8,062
Total Kern County	4,199	10,492	-	-	-	14,691
Total DRWD 1-for-1 Long Term Exchange Credit ⁵	10,000	-	-	-	-	-
TOTAL STORED WATER (1/1/2022)	22,261	14,340	-	-	-	36,601
(RECOVERY) AND RECHARGE IN 2022 (AF)						
KWB Recovery for use on Jackson Ranch ⁶	-	(84)	-	-	-	(84)
2022 SWP Allocation (5%)	44	-	-	-	43	87
2019 Reserve Water	72	213	225	-	-	510
Kern River Water	-	(5,000)	-	-	-	(5,000)
DRWD 1-for-1 Long Term Exchange Credit	5,000	-	-	-	-	5,000
Recovery of Banked SWP Water for MWD	(3,927)	-	-	-	-	(3,927)
MWD Credit for SWP Water	3,927	-	-	-	-	3,927
TOTAL 2022 TRANSACTIONS	5,116	(4,871)	225	-	43	513
Total Kern Water Bank	-	3,764	-	-	-	3,764
Total MWD System	12,033	-	-	-	43	12,076
Total Kern County	344	5,705	225	-	-	6,274
Total DRWD 1-for-1 Long Term Exchange Credit	15,000	-	-	-	-	15,000
TOTAL STORED WATER (1/1/2023)	27,377	9,469	225	-	43	37,114
(RECOVERY) AND RECHARGE IN 2023 (AF)						
KWB Recovery for use on Jackson Ranch ⁶ (estimated)	-	(235)	-	-	-	(235)
2023 SWP Allocation (100%) ³	747	-	-	-	747	1,494
Kern River Water	-	3,001	3,170	-	-	6,171
DRWD 1-for-1 Long Term Exchange (Recharge)	6,002	-	-	-	-	6,002
Recovery of Banked SWP Water for MWD	-	-	-	-	-	-
MWD Credit for SWP Water	-	-	-	-	-	-
TOTAL ESTIMATED 2023 TRANSACTIONS	6,749	2,766	3,170	-	747	13,432
ESTIMATED WATER IN STORAGE 2023 (AF)						
Total Kern Water Bank	-	3,529	-	-	-	3,529
Total MWD System	12,033	-	-	-	43	12,076
Total Kern County	7,093	8,706	3,395	-	747	19,941
Total DRWD 1-for-1 Long Term Exchange Credit	8,998	-	-	-	-	8,998
TOTAL ESTIMATED STORED WATER TO DATE	28,124	12,235	3,395	-	790	44,544

NOTES:

-Water in storage has been adjusted to account for losses. IRWD's water stored in Kern County is adjusted 15% for losses (5% for out of county loss, 6% surface loss, and 4% reserve loss); Water stored for BVWSD in Kern County is adjusted 10% (6% for surface loss and 4% for reserve loss); no losses for water directly delivered to MWD system.

-MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 251 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 2,403 AF of Kern County Water Agency Article 21 Water.

³ DRWD water supply will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch. MWD took delivery of IRWD's 2022 SWP allocation in June 2022. MWD will not take delivery of IRWD's 2023 SWP Allocation.

⁴ IRWD's KWB Account balance includes SWP, Friant and Kern River water. The KWB account balance is included in the Non-SWP column because it is not exportable to IRWD's service area. The 2022 beginning KWB balance was revised by DRWD based on KCWA 2021 end of year balances.

⁵ Per the DRWD Long-Term 1-for-1 Exchange Program, Non-SWP water delivered to DRWD landowners will be returned to IRWD as SWP water at a later date. To account for the SWP water that will be returned at a later date, the amount of water owed will be shown as a credit. Total assumes all water is returned to IRWD Water Bank which adds in a 10% loss factor. Final amounts may be subject to additional CVC losses.

⁶Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

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Exhibit "D"

TABLE 4
Status of IRWD Purchase and Exchange Programs (AFTER LOSSES)
 May 12, 2023

PARTNER	EXCHANGE RATIO	YEAR EXECUTED	AGREEMENT TYPE	WATER TYPE	PARTNER WATER		IRWD WATER									SELLABLE (Y/N)
					PARTNER SHARE (AF)	PARTNER BALANCE (AF)	IRWD SHARE (AF)	IRWD BALANCE				EXPORTABILITY				
								IN MWD SYSTEM (AF)	STORED IN KERN (AF)	OWED BY DUDLEY RIDGE WD	TOTAL (AF)	EXPORTABLE TO IRWD (AF)	NON-EXPORTABLE (AF)	FOR USE ON JACKSON RANCH (DRWD)		
Semitropic Water Storage District	NA	2008	Purchase	SWP Article 21	NA	NA	2,842		2,403		2,403		2,403		Yes	
Carpinteria Valley Water District	2-for-1	2008	Short-Term	SWP Table A	277		250		250		250		250		Yes	
Buena Vista Water Storage District ¹	2-for-1	2010	Pilot	Kern River	4,108		3,903								Yes	
	2-for-1	2011	Long-Term	Kern River	24,643	3,395	23,400		6,303		6,303		6,303			
Antelope Valley East Kern Water Agency	2-for-1	2011	Pilot	SWP Table A	2,229		2,337	2,337			2,337	2,337			No	
Carpinteria Valley Water District	2-for-1	2011	Pilot	SWP Table A	624		655	655			655	655			No	
Dudley Ridge Water District (SWPAO #13012)	2-for-1	2013	SWPAO	SWP Table A	1,876		1,876	1,876			1,876	1,876			Yes	
				SWP Article 21	1,553		1,554	1,554		1,554	1,554			Yes		
Metropolitan Water District ²	1-for-1	2014	Short-Term	SWP Table A	NA	NA	4,000	4,000			4,000	4,000			No	
Dudley Ridge Water District (SWPAO #17030)	2-for-1	2018	SWPAO	SWP Table A	1,801	790	1,872	1,055	816		1,872	1,872		747	Yes	
Central Coast Water Authority	2-for-1	2017	Short-Term	SWP Table A	258		258	258			258	258			No	
Dudley Ridge Water District ³ (SWPAO #19001)	1-for-1	2017	Long-Term	SWP Table A			6,002		6,002		6,002	15,000			No	
				Credit			8,998			8,998	8,998				No	
Central Coast Water Authority	2-for-1	2019	Short-Term	SWP Table A	298		323	298	25		323	323			No	
Total:					37,667	4,185	58,270	12,033	15,799	8,998	36,831	27,875	8,956	747	NA	

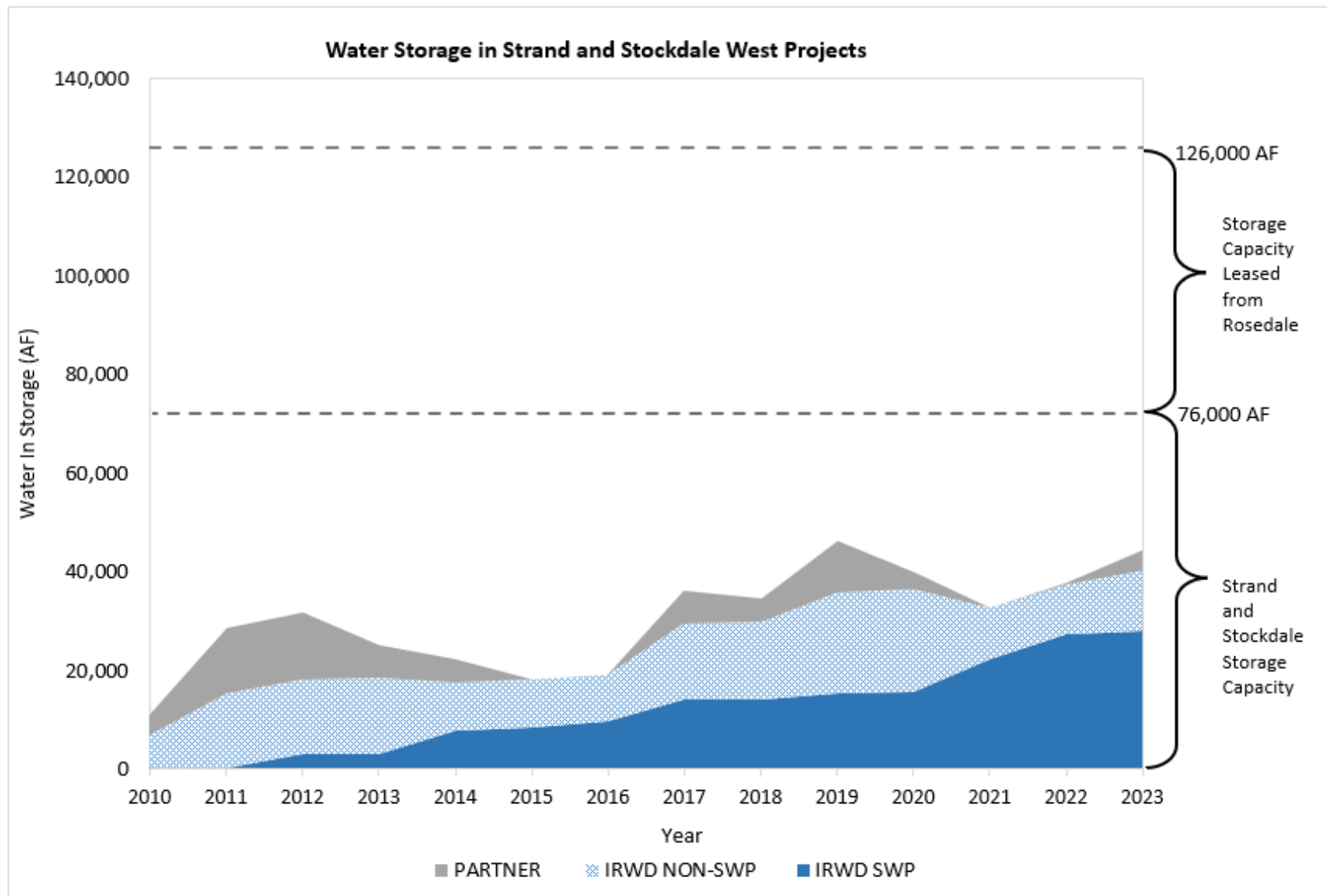
¹ Water acquired through BVWSD will be exportable after it is exchanged for SWP Table A through 1-for-1 exchange with Dudley Ridge Water District.

² Source of water was Buena Vista Water Storage District Kern River high flow water.

³ To account for the SWP water that will be returned to IRWD, the amount of water owed is shown as a credit. The total net of losses is 15,000 AF.

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Exhibit “E”



*After losses

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Exhibit "F"

TABLE 5
IRWD Dedicated Water Banking Capacities for Existing and Proposed Exchange Programs
 May 18, 2023

STORAGE CAPACITY

Program	Dedicated Storage Capacity Strand Ranch (AF)	Dedicated Storage Capacity Stockdale West (AF)	Dedicated Storage Capacity Leased Storage Account (AF)	Kern Water Bank Storage Capacity (AF)
Total Capacity	50,000	26,000	50,000	9,495
BVWSD	40,000	-	-	-
DRWD	10,000	-	-	-
AVEK	-	20,000	-	-
Total Dedicated	50,000	20,000	-	-
Total Remaining	-	6,000	50,000	9,495

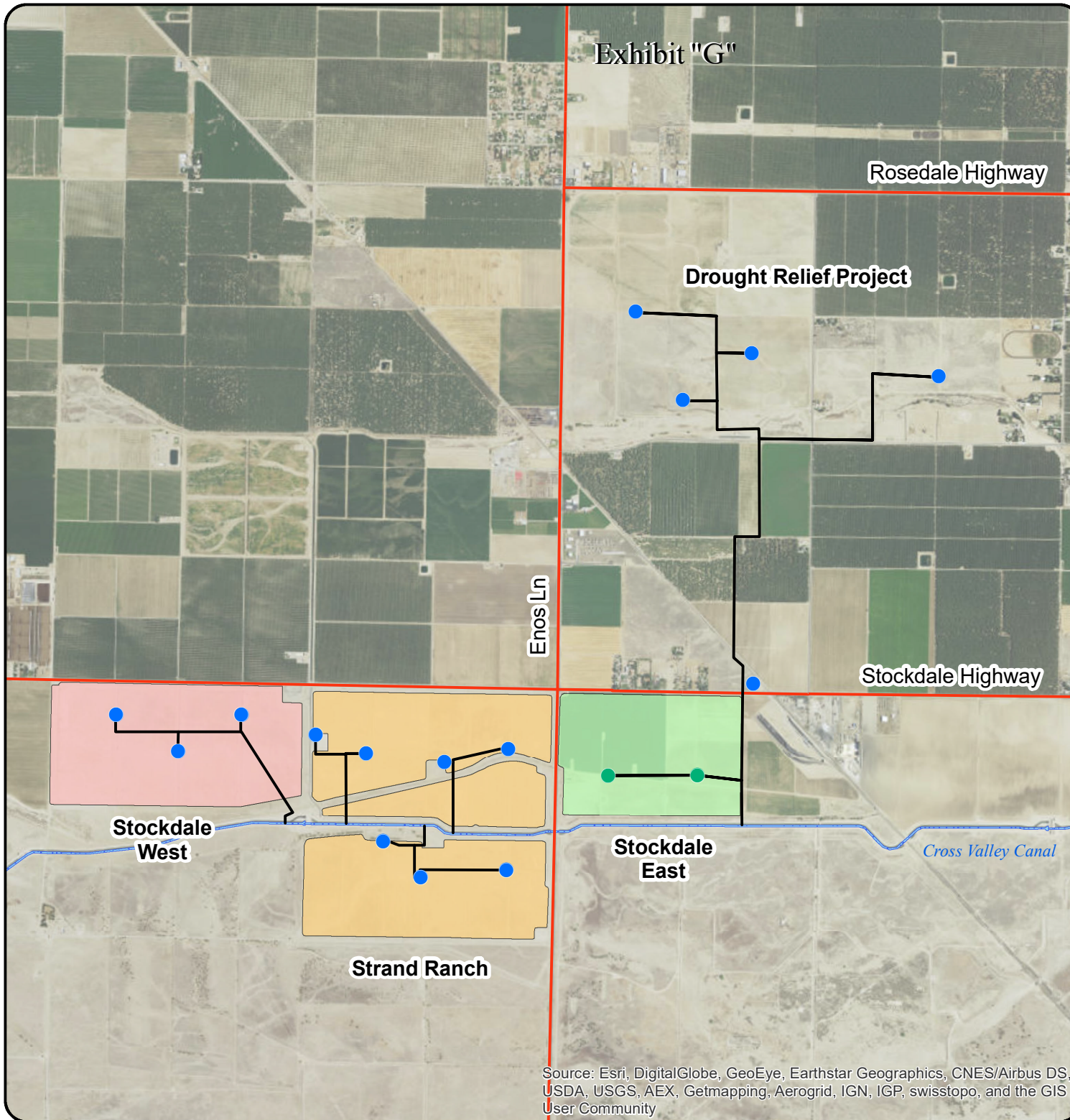
RECHARGE CAPACITY

Program	Dedicated Recharge Capacity Strand Ranch (AF)	Dedicated Recharge Capacity Stockdale West (AF)	Dedicated Recharge Capacity Leased Storage Account (AF)	Kern Water Bank Recharge Capacity (AF)
Total Capacity	17,500	27,100	-	3,200
BVWSD	17,500	-	-	-
DRWD	-	-	-	-
AVEK	-	20,000	-	-
Total Dedicated	17,500	20,000	-	-
Total Remaining	-	7,100	-	3,200

RECOVERY CAPACITY

Program Partner	Dedicated Recovery Capacity Strand Ranch (AF)	Dedicated Recovery Capacity Stockdale West (AF)	Dedicated Recovery Capacity Leased Storage Account (AF)	Kern Water Bank Recovery Capacity (AF)
Total Capacity	17,500	11,250	-	1,520
BVWSD	6,667	-	-	-
DRWD	-	-	-	-
AVEK	-	3,333	-	-
IRWD	10,833	7,084	-	1,520
Total Dedicated	17,500	10,417	-	1,520
Total Remaining	-	833	-	-

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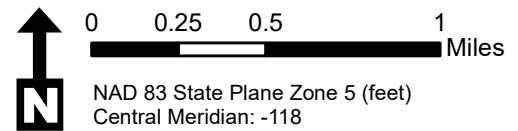


**Location Map:
IRWD Water Banking Projects
Wells and Turnin Pipelines**

MAP FEATURES

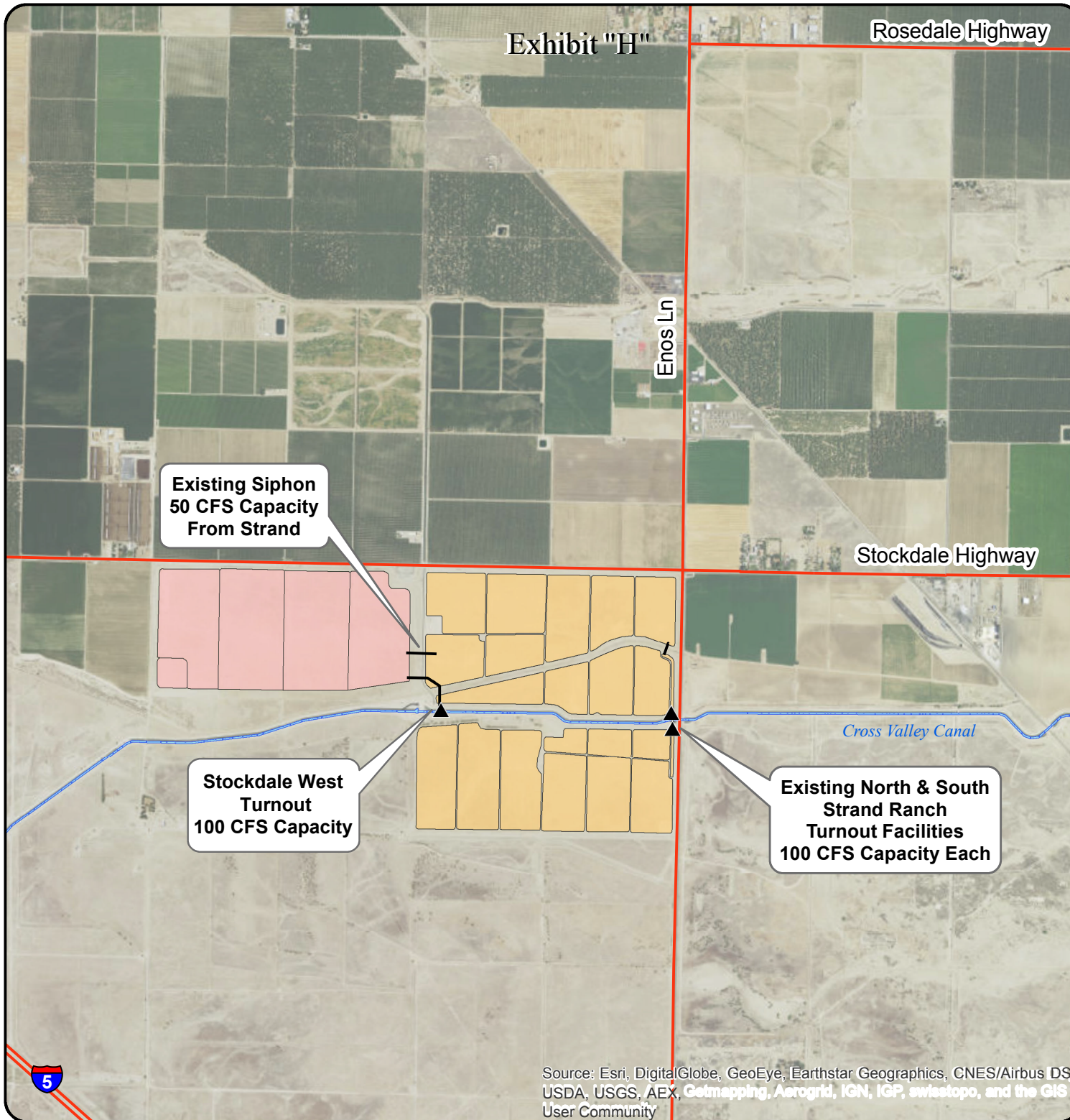
- Extraction Well
- Extraction Well
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

This figure shows the location of IRWD's water banking project sites and extraction wells.



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

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**Location Map:
IRWD Water Banking Projects
Recharge Basins & Turnout
Facilities**

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins, pipelines and turnout facilities.

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



0 0.25 0.5 1
Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

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Exhibit "I"

Rosedale Highway

Enos Ln

Stockdale Highway

Cross Valley Canal

Stockdale West
0.38 feet/day
50 CFS

Strand Ranch
North 0.54 feet/day
75 CFS

Strand Ranch South
0.30 feet/day
35 CFS



Location Map: IRWD Water Banking Projects Recharge Rates

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins and their associated recharge rates as of May 3, 2023.

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



0 0.25 0.5 1
Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

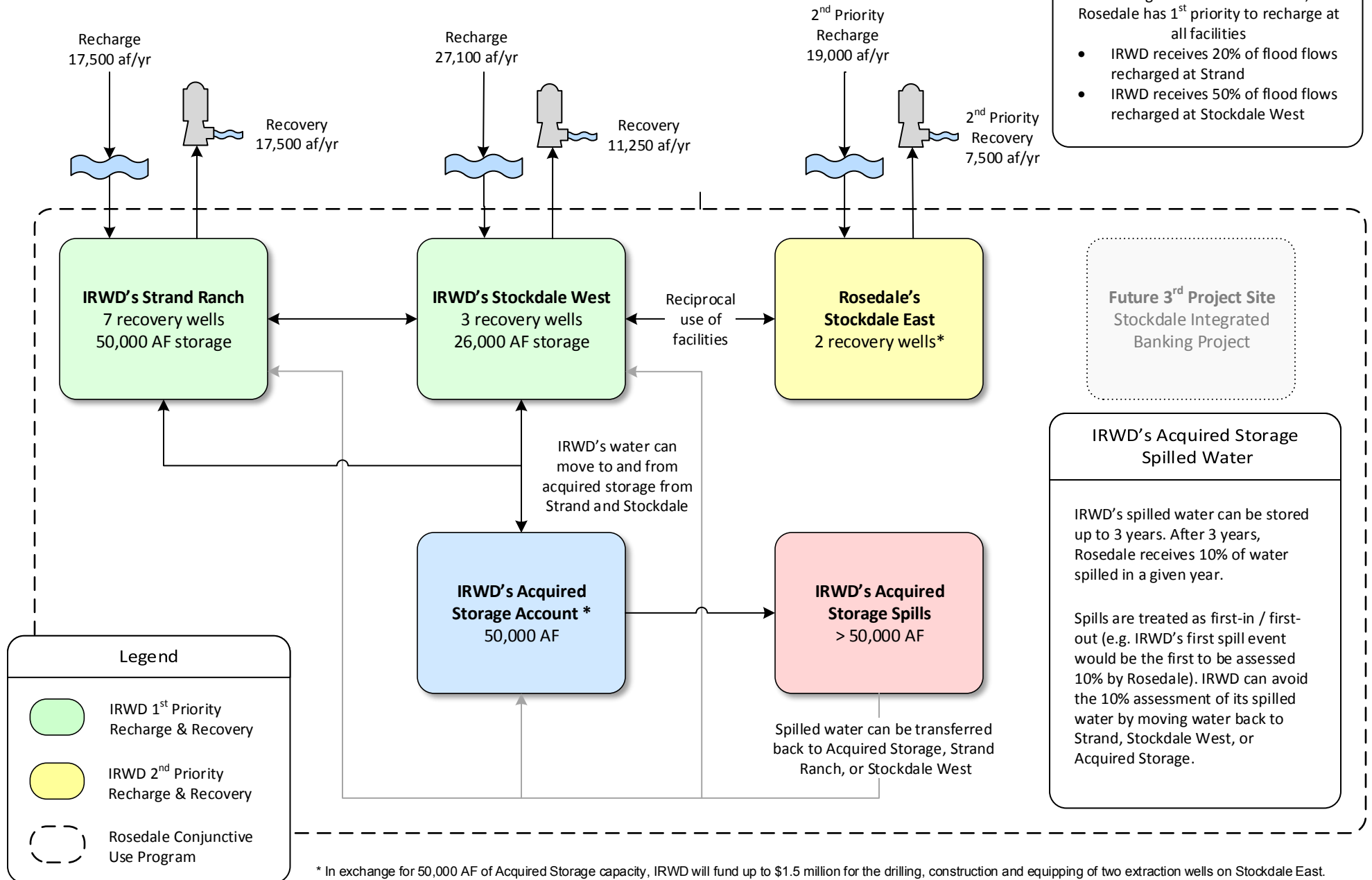
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Exhibit "J"

IRWD-Rosedale Water Banking and Exchange Program Agreements

Effective 1/12/2009 through 1/12/2039 (Strand Ranch)

2/4/2016 through 1/12/2039 (Stockdale West)

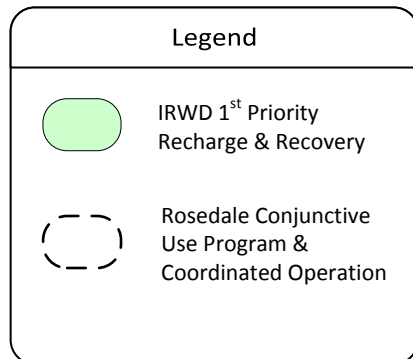
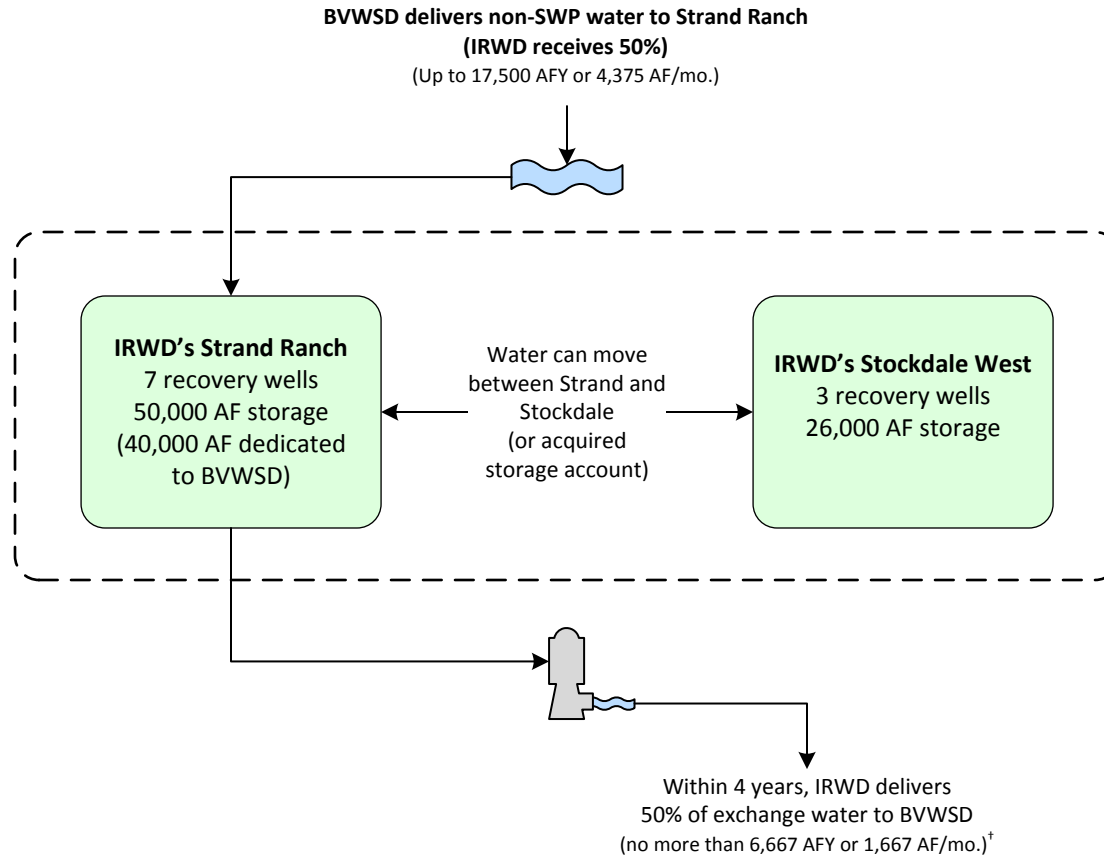


* In exchange for 50,000 AF of Acquired Storage capacity, IRWD will fund up to \$1.5 million for the drilling, construction and equipping of two extraction wells on Stockdale East.

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Exhibit "K"

Buena Vista Water Storage District Long Term Water Exchange Program Effective 1/1/2011 through 1/12/2039

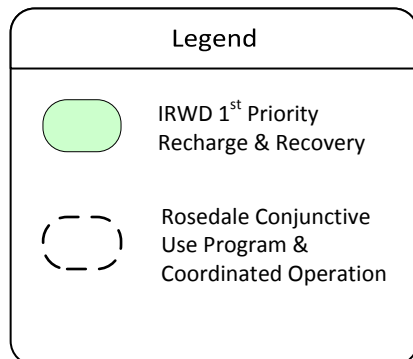
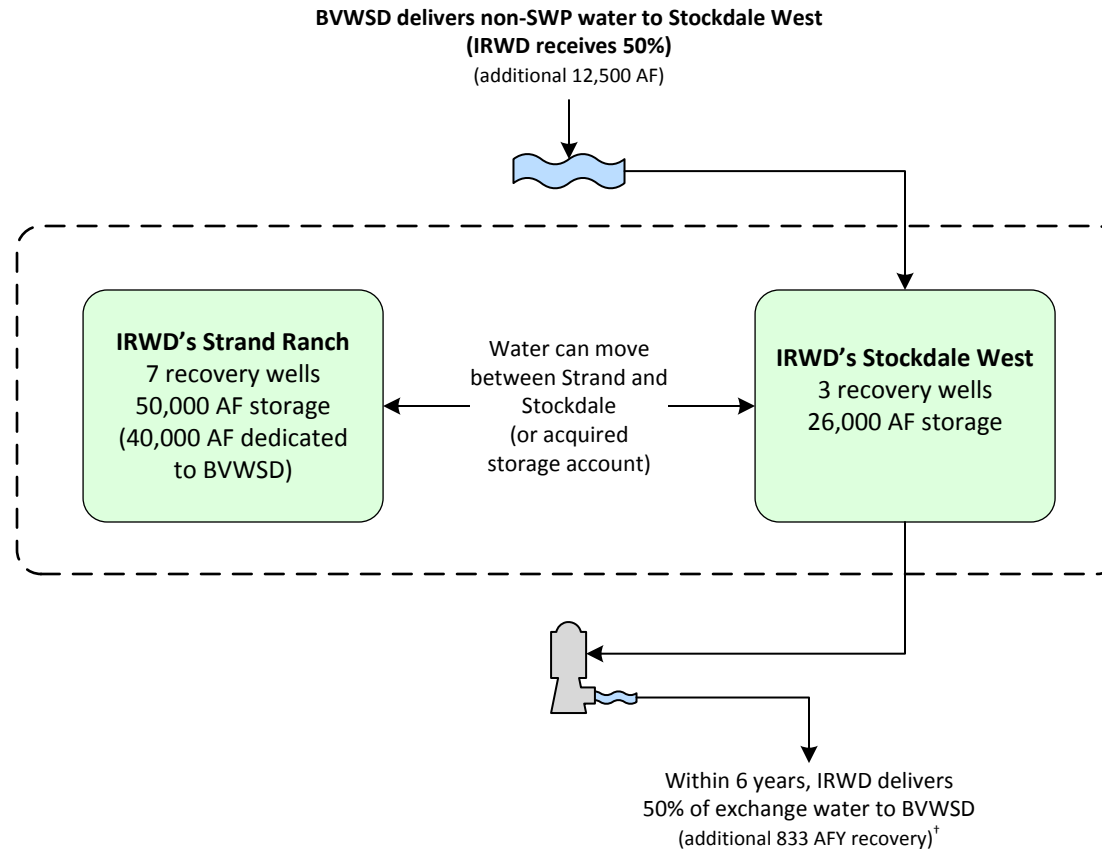


[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 4th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	60%	40%
6	70%	30%
7	80%	20%
8	90%	10%
9	100%	0%

Buena Vista Water Storage District One-Year Program to Augment Recharge Using Stockdale West Recharge Facilities

Effective 4/1/2017 through 3/30/2018



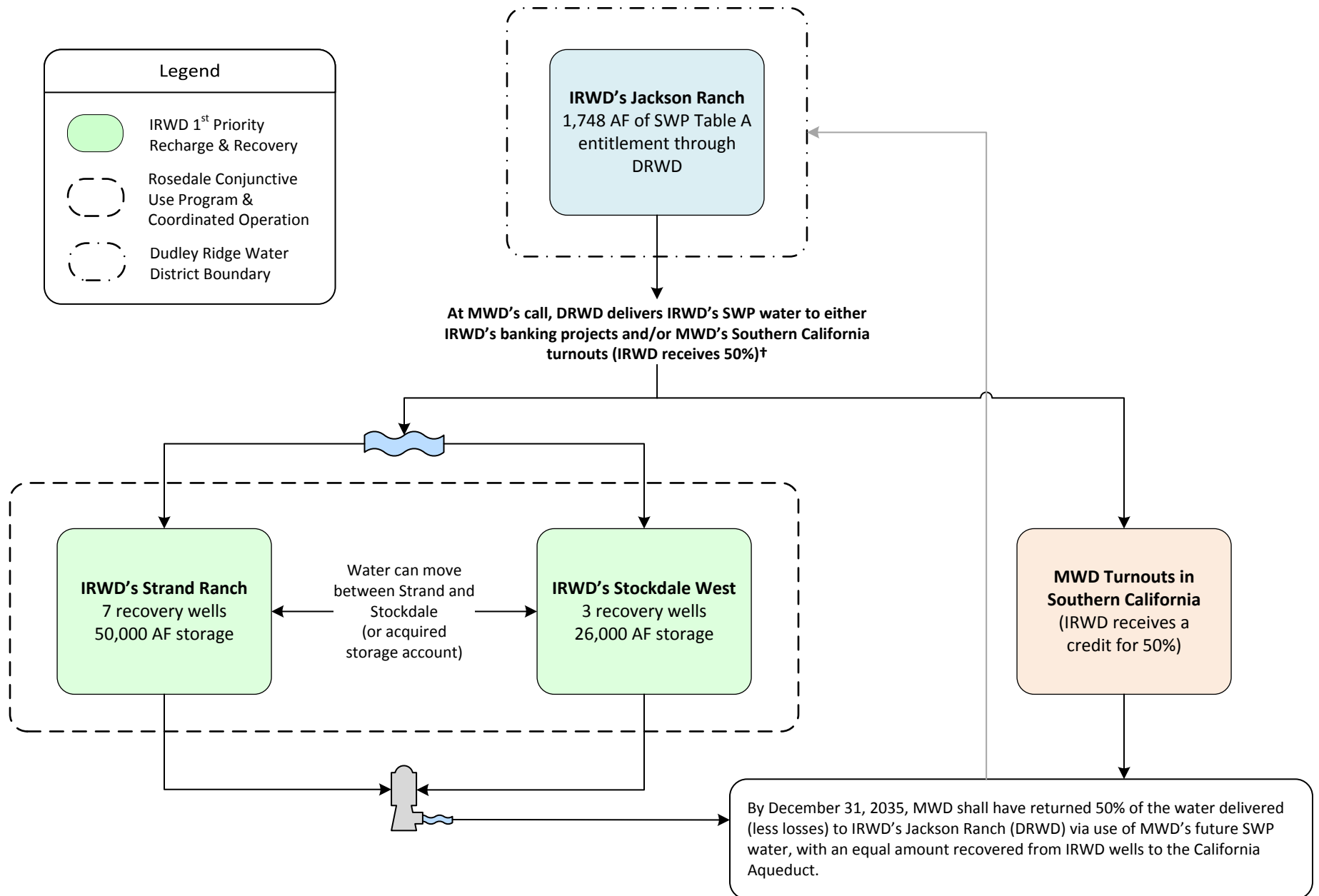
[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 6th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 6th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	50%	50%
6	50%	50%
7	75%	25%
8	100%	0%
9	100%	0%

Exhibit "L"

Dudley Ridge Water District (DRWD) Unbalanced Exchange Program

Up to 12,240 AF delivered from 6/7/2018 through 12/31/2027



†Consistent with IRWD-MWD coordinated operating agreement.

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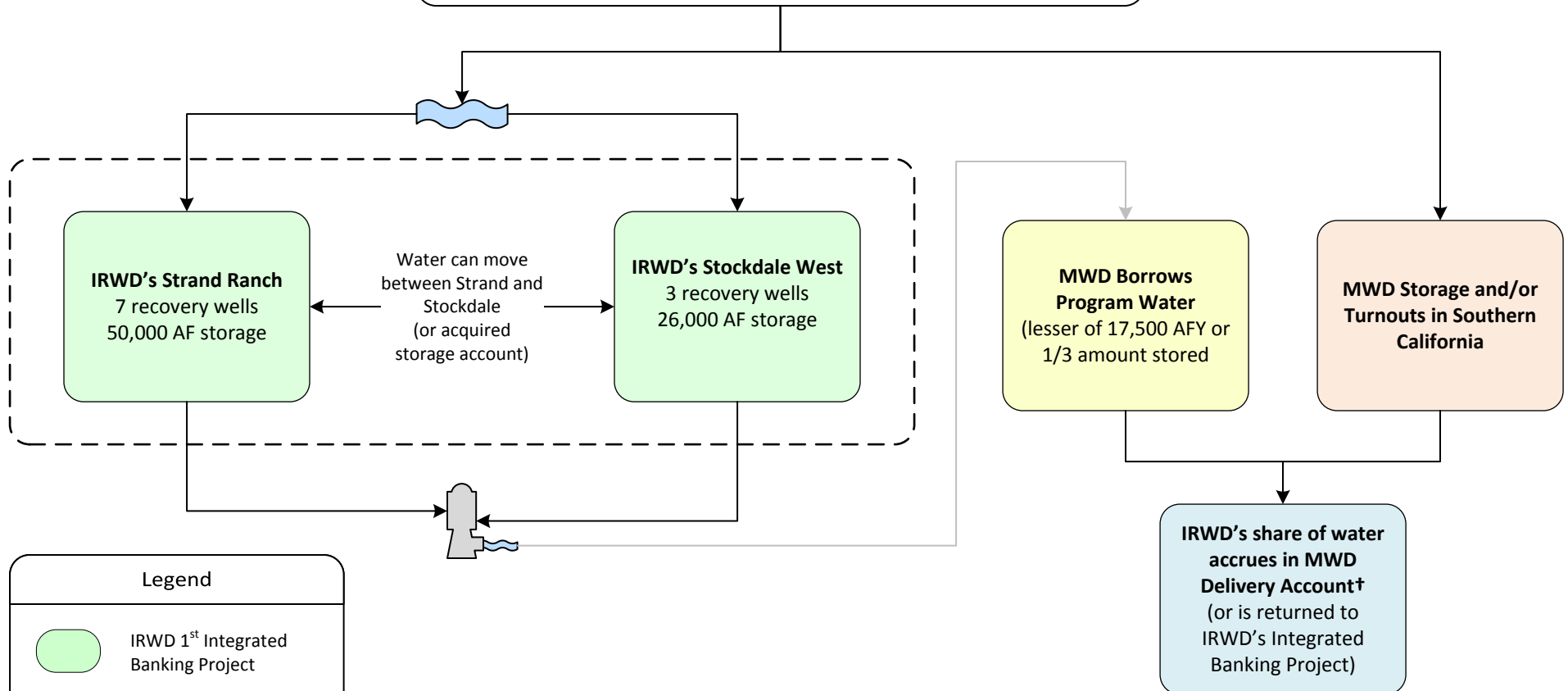
Exhibit "M"

Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between MWD, MWDOC and IRWD Effective 5/1/2011 through 11/4/2035

With MWD's consent, IRWD secures SWP water (Program Water) through exchanges with IRWD Banking Partners for use as extraordinary supply under MWD Water Supply Allocation Plan

MWD has three options for the use and storage of Program Water:

- Storage of water in IRWD's Integrated Banking Project
- Delivery to Southern California for immediate use and/or storage in MWD system
- Borrow a portion of Program water, with accrual in MWD Delivery Account

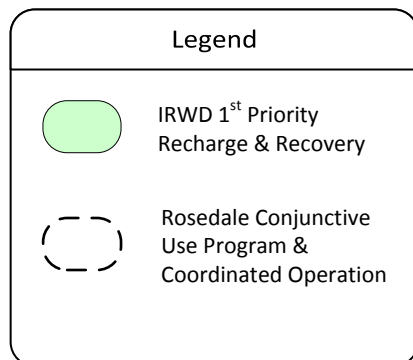
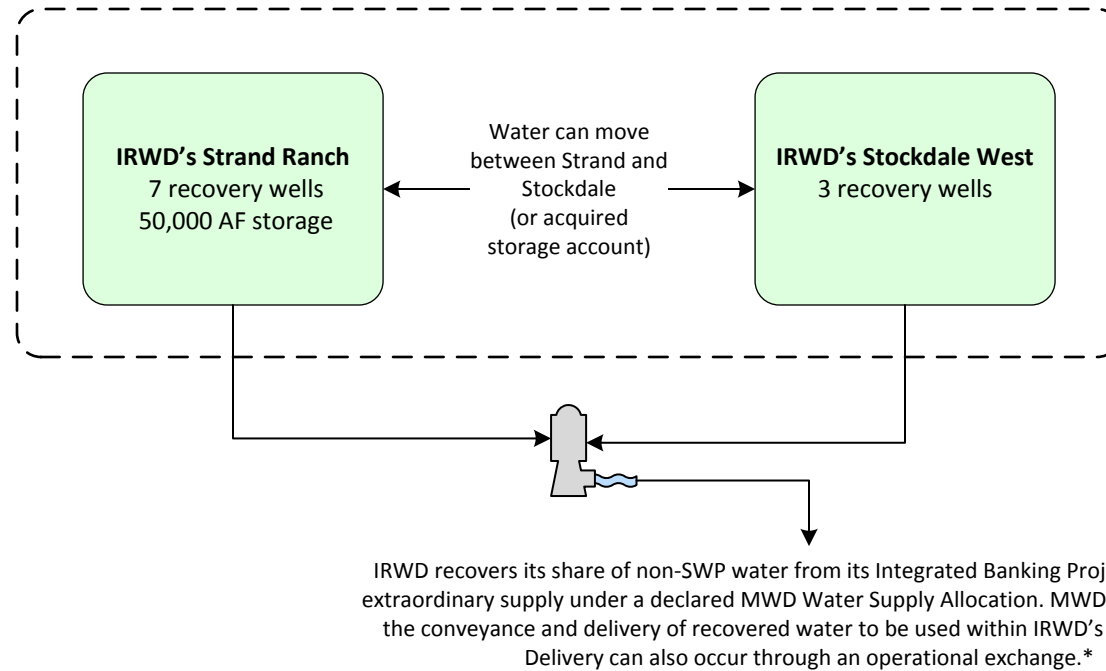


- Under an MWD Allocation, when IRWD calls for water, IRWD must first recover Program Water from the Integrated Banking Project before receiving water from the MWD Delivery Account.
- MWDOC shall pass through extraordinary supply credits for IRWD's benefit.
- † IRWD's banking partner share of Program Water to be returned by MWD.

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Exhibit "N"

Agreement for Conveyance of Water Between MWD, MWDOC, and IRWD (Wheeling Agreement) Template for future agreements



*The recovered water must be used within IRWD's service area. IRWD to pay MWD wheeling charges, including system access rate, water stewardship rate, and treatment surcharge (if applicable), for each acre foot of recovered water wheeled by MWD. IRWD will pay the actual costs of power incurred by MWD to convey recovered water in the California Aqueduct to IRWD delivery points.

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Exhibit "O"

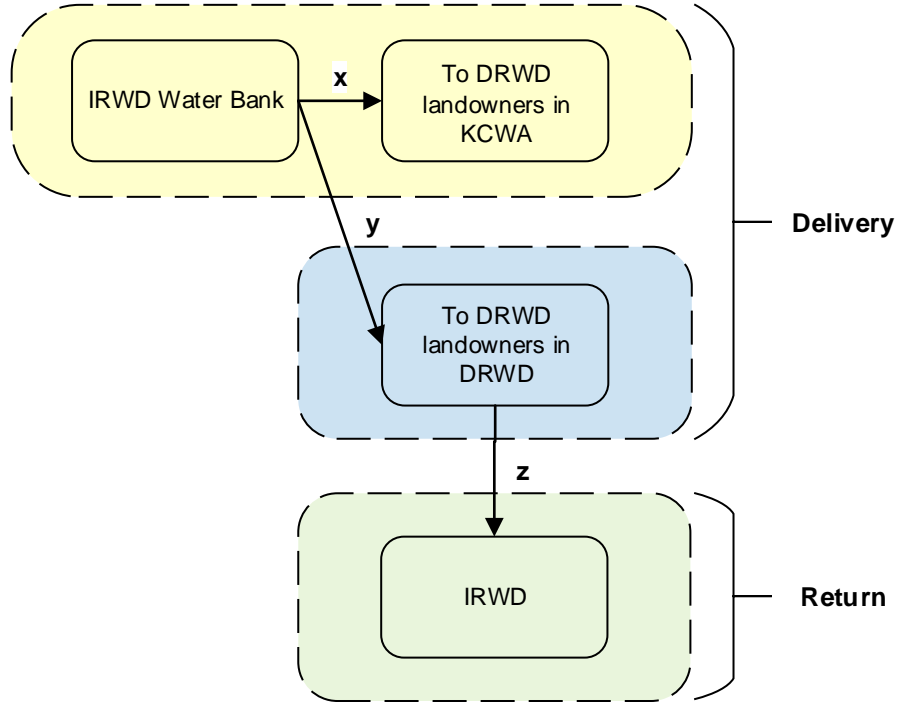
Dudley Ridge Water District Long Term 1-for-1 Water Exchange Program Effective 5/31/2017 through 11/4/2035

Scenario A

(Per Sections 2, 3, 4.1.1, and 4.1.3)

x= Non-Project Water required to stay in Kern County
y= Non-Project Water allowed to leave Kern County
z= DRWD Table A Water equal to x+y less applicable losses, if any

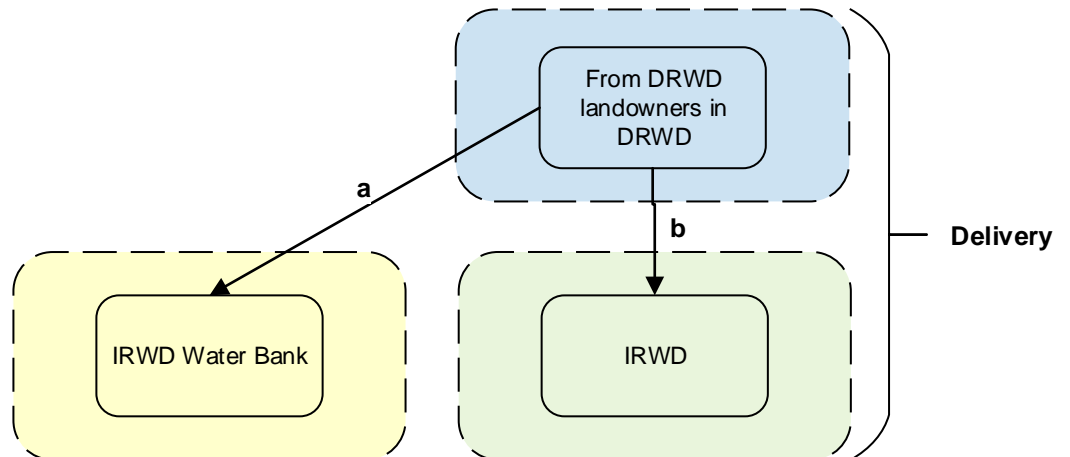
Per Section 4.1.3, z can be delivered to IRWD via in-ground transfer to IRWD, SWP delivery to IRWD banking facilities, or SWP delivery to MWDSC



Scenario B

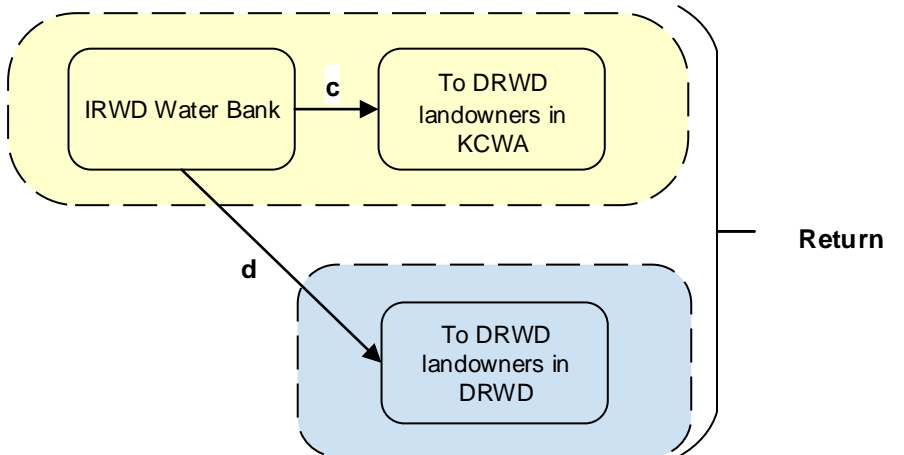
(Per Sections 2, 3, and 4.1.2)

$a + b = c + d$
(less applicable losses, if any)



Legend

	KCWA Service Area
	DRWD Service Area
	IRWD Service Area



†The cost of water exchanged between IRWD and DRWD will be equalized

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Exhibit "P"

TABLE 6
IRWD Water Banking Program Costs of Water Summary
May 18, 2023

Program Partner	Time Period	Water Type	IRWD Amount (AF)	Variable costs ² (\$/AF) (A)	Fixed Cost Component ³ (\$/AF) (B)	Fixed & Variable (\$/AF) (C)	Capital Component ⁴ (\$/AF) (D)	Cost of Water (\$/AF) (E)	Estimated Recovery of Water ⁵ (\$/AF) (F)	2023 MWD Tier 1 Untreated Rate + SAC Surcharge ⁶ (\$/AF) (G)	Cost of Water in IRWD Service Area (\$/AF) (H)
						A+B		C+D			E+F+G
Buena Vista	2010-2015	Kern River	12,832	\$ 75.98	\$ 48.36	\$124.34	\$ 190.00	\$ 314.34	\$ 120.00	\$ 855.00	\$ 1,289.34
Buena Vista ¹	2017-2021	Kern River	11,256	\$ 159.16	\$ 48.36	\$207.52	\$ 190.00	\$ 397.52	\$ 120.00	\$ 855.00	\$ 1,372.52
AVEK	2012-2014	SWP Table A	2,229	\$ 11.70	\$ 48.36	\$ 60.06	\$ 190.00	\$ 250.06	\$ 120.00	\$ 855.00	\$ 1,225.06
AVEK ⁷	2012-2014	SWP Table A	108	\$ 11.70	\$ 48.36	\$ 60.06	\$ 190.00	\$ 250.06	\$ -	\$ 855.00	\$ 1,105.06
Carpinteria	2010-2015	SWP Table A	874	\$ 27.04	\$ 48.36	\$ 75.40	\$ 190.00	\$ 265.40	\$ 120.00	\$ 855.00	\$ 1,240.40
Carpinteria ⁷	2010-2015	SWP Table A	31	\$ 27.04	\$ 48.36	\$ 75.40	\$ 190.00	\$ 265.40	\$ -	\$ 855.00	\$ 1,120.40
Central Coast ⁷	2017-2021	SWP Table A	556	\$ 30.34	\$ 48.36	\$ 78.70	\$ 190.00	\$ 268.70	\$ -	\$ 855.00	\$ 1,123.70
DRWD ⁷	2014-2021	SWP Table A /Article 21	4,452	\$ 362.67	\$ 48.36	\$411.03	\$ 190.00	\$ 601.03	\$ -	\$ 855.00	\$ 1,456.03
Total			32,338								

¹ Water purchased in 2019 includes commodity charge of \$110/AF

² Variable Costs include recharge variable operating costs (\$5.00/AF), Rosedale administration fees (\$3.00/AF), CVC pumping (\$9.00/AF), operating and stand-by fees (\$3.50/AF), and KCWA fees (\$5.00/AF) plus \$3,000 per transaction request. IRWD pays Buena Vista recovery costs.
(Net of partner payments to IRWD for their share of water)

³ Fixed costs include IRWD share of fixed operating costs (\$25.00/AF), annual property taxes (\$88,000), PG&E standby costs (up to \$5,000/year) GSP fees (\$8,450/year) and CVC expansion costs (\$28,000/year)

⁴ Capital component does not include land costs. Add \$40/AF to include water banking land purchase costs.

⁵ Increased PG&E costs for recovering water.

⁶ Assumes IRWD would take delivery as extraordinary supply through Irvine Lake to the Baker Water Treatment Plant.

⁷ No recovery costs for DRWD water delivered in 2014-2016 and water recovered in 2022 as part of MWD borrowing.

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Exhibit “Q”

Summary of IRWD’s Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan Water District and Municipal Water District of Orange County (MWDOC)

Agreement approved (unanimously) by the IRWD Board on November 22, 2010;
Agreement Term: April 21, 2011 to November 4, 2035

Summary of Benefits to IRWD:

1. IRWD benefits from all State Water Project (SWP) water IRWD secures; Metropolitan’s borrowing of this water is temporary.
2. On behalf of IRWD, Metropolitan uses its SWP exchange and conveyance capacities to move IRWD’s water for banking.
3. IRWD can “store” water in Metropolitan’s system as a credit, freeing up space in IRWD’s Water Bank with the water stored closer to the IRWD service area.
4. IRWD does not incur conveyance or evaporation losses on its water that is conveyed in Metropolitan’s system and stored in Metropolitan’s reservoirs.
5. IRWD avoids groundwater recovery (pumping) costs when Metropolitan issues a credit for IRWD’s SWP supplies in Southern California (currently \$122/AF¹).
6. IRWD pays Metropolitan’s melded system power rate – currently \$167/AF, not DWR’s current power costs of \$395/AF² (\$228/AF savings).
7. Deliveries are on-demand to IRWD at its service connections in Orange County, which are not subject to lower priorities for wheeling.
8. Metropolitan pays all SWP costs, including variable OMP&R supply costs, associated with SWP water secured by IRWD³.
9. IRWD pays Metropolitan’s Full-Service Tier-1 Untreated Rate, which is currently \$799/AF, for deliveries at its service connections allowing IRWD to avoid higher Metropolitan wheeling charges currently estimated at \$856/AF⁴.
10. IRWD only pays once for supply at the current Tier-1 Supply Rate of \$243/AF.
11. Deliveries to IRWD’s service area qualify as Extraordinary Supply during a Water Supply Allocation, allowing IRWD to avoid Metropolitan’s Allocation Surcharge of between \$1,480/AF and \$2,960/AF.
12. IRWD increases local water supply reliability for its ratepayers.

¹ Estimated from IRWD’s current groundwater pumping costs and Water Bank related operations costs. Metropolitan has the option to extinguish credits by returning water to the IRWD Water Bank. In recent borrowing letter agreement, Metropolitan agreed to waive its ability to return borrowed water to the Water Bank.

² Melded system and actual power costs were taken from Metropolitan’s April 2022 Bi-Annual Budget Report and 2022 Cost of Service Study.

³ Does not include fixed costs paid by IRWD’s unbalanced exchange partners. In 2014 and 2017, Metropolitan’s SWP costs were \$1,097/AF and \$359/AF, respectively.

⁴ The Coordinated Agreement requires IRWD to pay Metropolitan its Full-Service Tier 1 Rate for exchange deliveries at IRWD service connections. IRWD is expected to take delivery of such deliveries to the Baker Water Treatment Plant. Metropolitan’s current Tier-1 Untreated Rate = \$799/AF. Current Metropolitan wheeling charges of \$856/AF are estimated using Metropolitan’s current System Access Rate (\$389/AF), estimated demand management charge (\$72/AF), and actual power costs (\$395/AF).

Summary of Benefits to MWD:

1. Metropolitan maintains control of all SWP supplies entering its service area as required by its SWP Contract with California Department of Water Resources (DWR).
2. Metropolitan's investments in the SWP are protected by not causing a reduction in revenue received by Metropolitan for payment of SWP fixed charge obligations.
3. Metropolitan can temporarily borrow SWP water secured by IRWD.
4. Metropolitan is assured that IRWD is not competing for water supplies.
5. Increased regional water supply reliability.

Exhibit “R”

DRAFT – Terms for a 2023 Short-Term Pilot Exchange / Transfer Program
Between Irvine Ranch Water District and Dudley Ridge Water District
May 5, 2023

Parties	The Irvine Ranch Water District (IRWD) and the Dudley Ridge Water District (DRWD)
Description	<p>IRWD is a landowner in DRWD with the right to use a portion of DRWD’s State Water Project (SWP) supplies including Article 21 water. The proposed Short-Term Pilot Exchange / Transfer Program (Pilot Program) would manage Article 21 SWP supplies for the benefit of DRWD and IRWD. IRWD, with the assistance of Metropolitan Water District of Southern California (Metropolitan), and DRWD will implement an exchange of SWP water (or two water transfers, effectively representing an exchange of water) that will result in increased flexibility and improved water management and increased supply and reliability to both IRWD/Metropolitan and DRWD.</p> <p>Article 21 water would be delivered into storage in IRWD’s Strand and Stockdale Integrated Banking Projects (IRWD Water Bank). Recharge and recovery facilities at both the Strand Ranch and Stockdale Integrated Banking Projects could be used to deliver water in and out of storage at the IRWD Water Bank. 50 percent of the water less a proportional share of losses would be returned to DRWD by Metropolitan.</p> <p>IRWD is a sub-member of Metropolitan from which it receives State Water Project (SWP) supplies. Both Metropolitan and DRWD each have water supply contracts with the Department of Water Resources (DWR) that make available certain quantities of SWP water including Article 21 water.</p>
Term	Ten years from the effective date of delivery of water into storage. Delivery of the water into storage would be accomplished in calendar year 2023.
IRWD’s Water Bank	The IRWD Water Bank, located in Kern County, is owned by IRWD and operated by Rosedale-Rio Bravo Water Storage District. IRWD holds first priority rights to the use of the recharge and recovery facilities except for when the Kern River Watermaster offers water to all takers willing to sign a notice / order or the Kern River Watermaster offers Kern River water to the California Aqueduct / Kern River Intertie. Under these conditions, Rosedale has first priority right to the use of the recharge facilities subject to the ability to deliver Kern River to the IRWD Water Bank.
Quantity	Up to 6,000 acre-feet (AF) of DRWD’s Article 21 SWP water supplies would be delivered to Metropolitan at the IRWD Water Bank for storage. One-half of the water delivered into storage would be available to Metropolitan and IRWD at the time the water has been recharged at the IRWD Water Bank. One-half of the water would be returned to DRWD for use on IRWD’s lands within DRWD or by another DRWD landowner at IRWD’s discretion.
Exchange Water	<p>DRWD will transfer the specified quantity of its Article 21 SWP water supplies to Metropolitan for storage in the IRWD Water Bank by the end of 2023 (Exchange Water). The recharge of Exchange Water would be subject to available recharge capacity, as well as provisions of IRWD’s Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan and the Municipal Water District of Orange County (Coordinated Agreement). The water delivered under this Pilot Program will be deemed as Program Water under the Coordinated Agreement.</p> <p>For the purposes of this Term Sheet, the term “Exchange Water” applies if water was moved either by “Exchange” or by “Transfer” (as defined by DWR).</p>

Return Water	The Return Water delivered to DRWD shall be from Metropolitan's future SWP Table A water with the recovery and delivery of a like amount of water from the IRWD Water Bank through the Cross Valley Canal (CVC) to the California Aqueduct. IRWD shall use its first priority recovery well capacity in the IRWD Water Bank to recover Return Water for DRWD after meeting IRWD's own water supply needs.
Quality	The quality of Exchange Water and Return Water will be limited as follows: If and to the extent that either party delivers water to and into the California Aqueduct, the quality of water shall meet the water quality standards established by DWR for pump-in to the California Aqueduct.
Delivery Points	DRWD will deliver Exchange Water to the IRWD point of delivery (IRWD POD) which will be the Strand Ranch and/or Stockdale West Turnouts on the CVC, other Rosedale diversion locations as specified by Rosedale, or as directed by Metropolitan. IRWD will use IRWD Water Bank wells to extract Return Water for delivery to the pump-in location at Reach 12E of the California Aqueduct. DRWD shall coordinate with DWR for delivery of Return Water to the DRWD turnout from the California Aqueduct (DRWD POD) or to another delivery point as determined by DRWD.
Losses	Water banking losses shall be applied to all water in storage (estimated to be between 11% and 15%). Water delivered to and from the IRWD Water Bank may incur additional conveyance losses of 1% to 2% in the CVC for conveyance of each agency's share of the water, as measured and assessed by Kern County Water Agency (KCWA).
Recharge Costs	IRWD shall pay all costs assessed to IRWD by Rosedale for recharging water at the IRWD Water Bank.
Recovery Costs	IRWD shall pay all costs assessed to IRWD by Rosedale for recovering water at the IRWD Water Bank.
SWP Variable OMP&R Costs	Metropolitan will pay the DWR Variable Operation, Maintenance, Power, and Replacement (OMP&R) charges estimated at \$30 per AF associated with the delivery of the Exchange Water from the Delta to IRWD POD consistent with the Coordinated Agreement. For delivery of Return Water to DRWD POD, DRWD will pay the DWR Variable OMP&R charges from the Delta to the DRWD POD and will assess these charges to IRWD if the water is used on IRWD's lands within DRWD.
Agency Coordination	IRWD and DRWD would cooperate with DWR, KCWA and Metropolitan in preparing all necessary agreements to facilitate the Exchange Program.
Environmental Compliance	Both parties shall comply with the California Environmental Quality Act (CEQA) and cooperate with one another with respect to CEQA compliance that may be required by DWR for the proposed Exchange Program. IRWD has already conducted environmental review under CEQA for the Strand and Stockdale Integrated Banking Projects that takes into consideration the delivery, storage and recovery of SWP water. Rosedale certified and IRWD approved the CEQA documents for the Strand and Stockdale Integrated Banking Projects. Corresponding Notices of Determination were filed by both Rosedale and IRWD.
Water Rights	It is expressly agreed, understood, and acknowledged by IRWD and DRWD that any existing or future delivery of Exchange Water to the IRWD Water Bank by DRWD will not result in or be considered a sale or transfer of DRWD's contractual rights to SWP water or a sale or transfer of IRWD's ownership in the IRWD Water Bank.
General Expenses	Each Party would be responsible for its own fees and expenses arising out of the negotiation and execution of the Exchange Program Agreement, obtaining necessary approvals, and the like.



WATER SUPPLY CONDITIONS AND WATER BANKING CONSIDERATIONS UPDATE


MAY 18, 2023

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PRESENTATION OVERVIEW

- Water Supply Conditions Update:
 - Colorado River
 - State Water Project (SWP)
 - Central Valley Project (CVP)
 - Lake Isabella Dam and Kern River
- Water Banking Considerations



California Aqueduct, SWP



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COLORADO RIVER

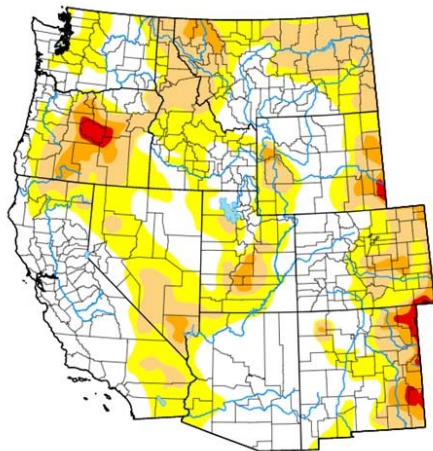


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WESTERN U.S. DROUGHT MONITOR

West



Map released: Thurs. May 4, 2023

Data valid: May 2, 2023 at 8 a.m. EDT

Intensity

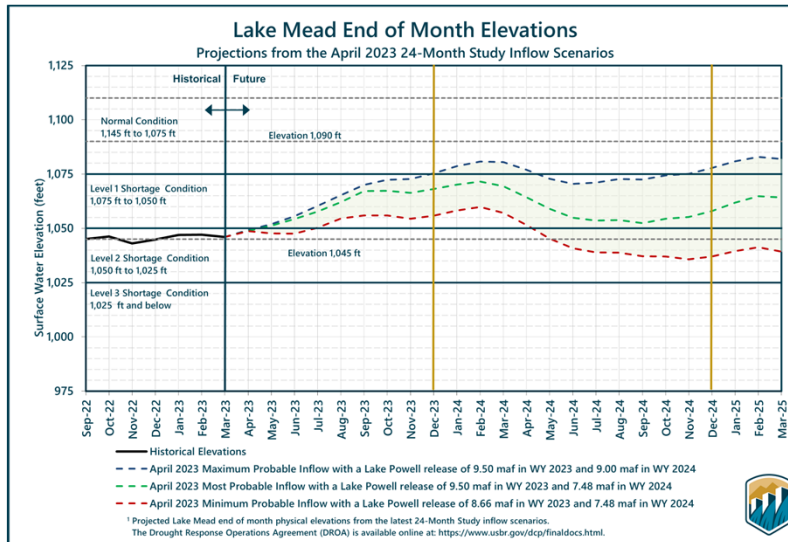
None
D0 (Abnormally Dry)
D1 (Moderate Drought)
D2 (Severe Drought)
D3 (Extreme Drought)
D4 (Exceptional Drought)
No Data



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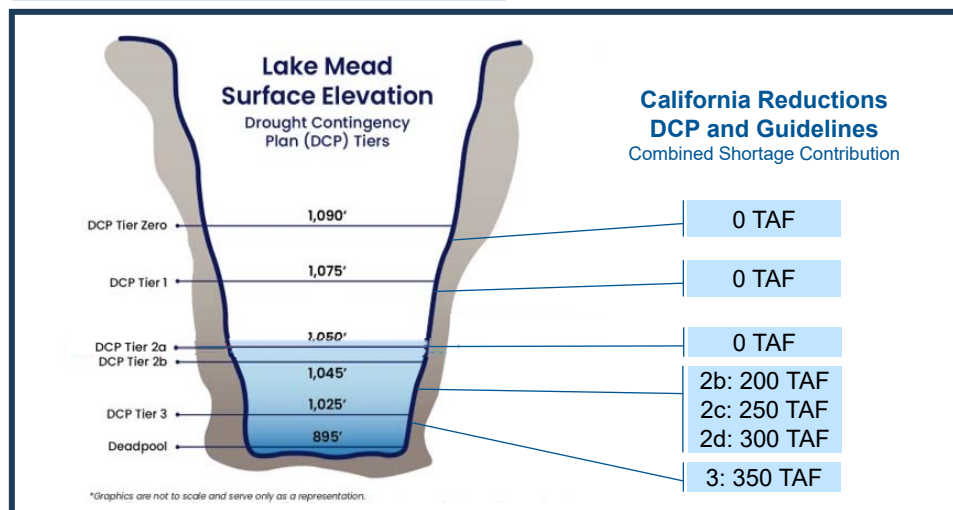
LAKE MEAD – 24-MONTH STUDY RESULTS



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LAKE MEAD – DCP TIERS AND CALIFORNIA CUTS

Lake Mead Level, May 4, 2023: 1,051 ft



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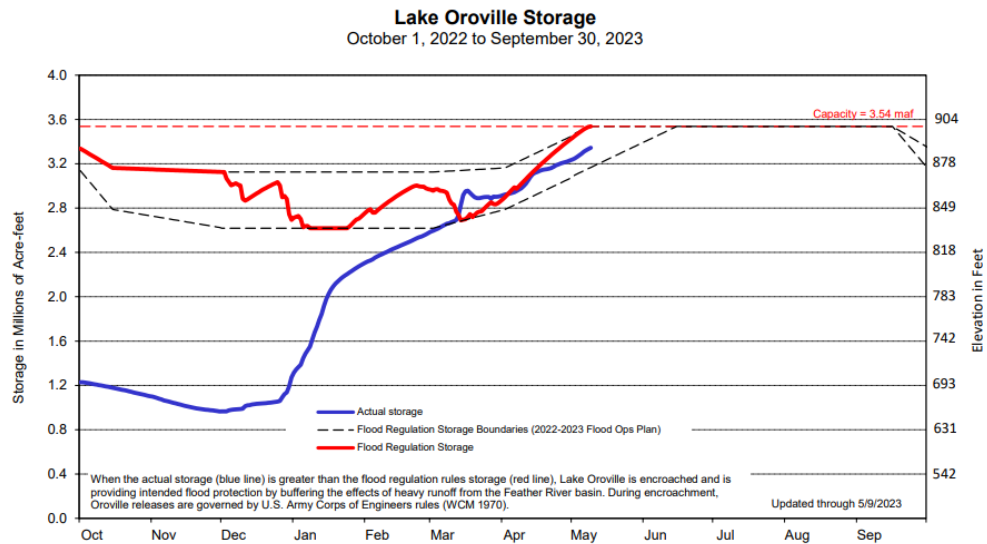
COLORADO RIVER WATER USE REDUCTIONS

- Negotiations among the seven Basin States continue.
 - California revised proposal submitted (300-400 TAF per year in cuts).
 - Metropolitan Intentionally Created Surplus (ICS) available to backfill.
- Metropolitan Programs (e.g., payments for fallowing) to be taken over by Federal Government thru 2026.

STATE WATER PROJECT



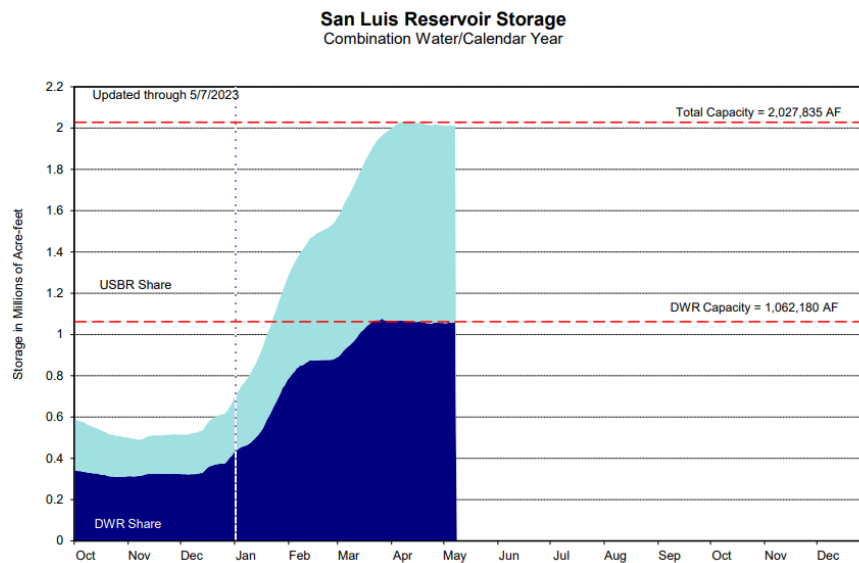
LAKE OROVILLE – STORAGE AND FLOOD REGULATIONS



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SAN LUIS RESERVOIR – STORAGE AND SHARED CAPACITY



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CENTRAL VALLEY PROJECT



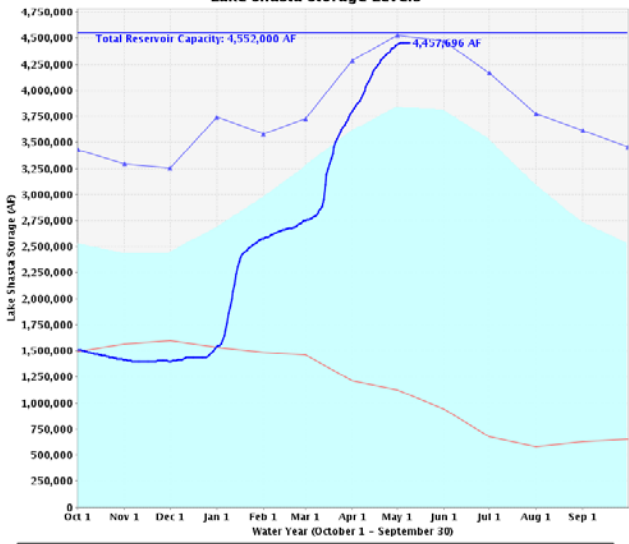
Irvine Ranch Water District

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SHASTA RESERVOIR – STORAGE LEVELS

Lake Shasta Storage Levels



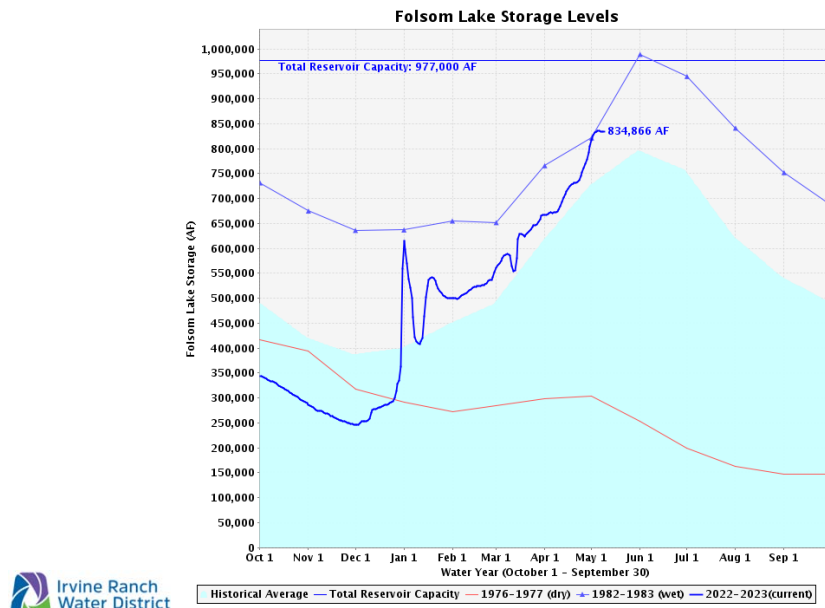
Shasta Dam

Irvine Ranch Water District

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FOLSOM LAKE – STORAGE LEVELS

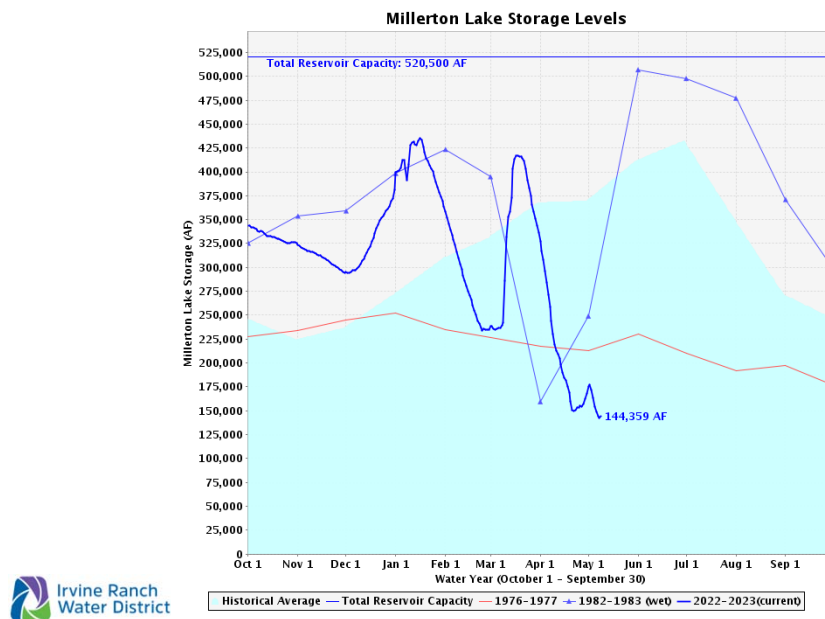


Folsom Dam

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MILLERTON LAKE – STORAGE LEVELS



Friant Dam, Millerton Lake

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LAKE ISABELLA DAM AND KERN RIVER



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LAKE ISABELLA AND KERN RIVER SUPPLIES

- Southern Sierras: 415% of Normal as of May 10
- Brief halt in outflow from Lake Isabella on April 27th to address concerns at hydroelectric plant below the dam
- Reservoir storage at 61% of Gross Pool Level
- Colder than usual May has resulted in slower melt rates
- Current releases: 6,400 cfs outflow, 5,800 cfs inflow (May 10th)

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WATER BANKING PROGRAM CONSIDERATIONS

- SWP Allocation at 100%
- Article 21 likely available through spring
- High flow Kern River water likely available thru summer
- Kern River flood flows expected:
 - IRWD Water Bank operations to not be affected



Lake Oroville, March 2023

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