

AGENDA
IRVINE RANCH WATER DISTRICT
SUPPLY RELIABILITY PROGRAMS COMMITTEE
FRIDAY, FEBRUARY 28, 2020

CALL TO ORDER 2:30 p.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

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

ALSO PRESENT

Paul Cook	_____	Paul Weghorst	_____
Rob Jacobson	_____	Fiona Sanchez	_____
Kellie Welch	_____	Christine Compton	_____
Ray Bennett	_____	Jo Ann Corey	_____
Dane Johnson	_____	Natalie Palacio	_____
_____	_____	_____	_____

Director Swan will participate telephonically. This agenda will be posted at 1843 Duke of Norfolk Quay, Virginia Beach, VA 23454. All votes shall be taken by roll call vote.

NOTICE

If you wish to address the Committee on any item, please file your name with the Committee. Forms are provided at the Committee meeting. Remarks are limited to three minutes per speaker on each subject.

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.

ACTION

5. DRAFT PRINCIPLES AND CONCEPTUAL TERMS FOR AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR THE KERN FAN GROUNDWATER STORAGE PROJECT – SANCHEZ / WEGHORST

Recommendation: That the Committee provide input to the principles and conceptual terms for agreements with the Department of Water Resources to facilitate exchanges and to construct a turnout from the California Aqueduct for the Kern Fan Groundwater Storage Project.

OTHER BUSINESS

- 6. Directors' Comments
- 7. 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 at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

February 28, 2020
Prepared by: F. Sanchez
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook



SPECIAL SUPPLY RELIABILITY PROGRAMS COMMITTEE

DRAFT PRINCIPLES AND CONCEPTUAL TERMS FOR AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR THE KERN FAN GROUNDWATER STORAGE PROJECT

SUMMARY:

IRWD and Rosedale-Rio Bravo Water Storage District have been working with the California Department of Water Resources (DWR) to secure assurances that two key elements of the Kern Fan Groundwater Storage Project will be approved by DWR. These approvals would facilitate construction of a new turnout on the California Aqueduct and the exchanges necessary to provide ecosystem benefits from the project. At a recent meeting between IRWD, Rosedale, and executive management at DWR, it was determined that agreement on principles and conceptual terms could lead to DWR's approval of the turnout and exchanges. DWR's approval of these principles and terms would provide IRWD and Rosedale assurances necessary to initiate significant investments in the project. At the Committee meeting, staff will provide an overview of draft principles and conceptual terms that have been prepared jointly with Rosedale, and will seek input from the Committee.

BACKGROUND:

Proposition 1, also known as the Water Quality, Supply and Infrastructure Improvement Act of 2014, dedicated \$2.7 billion for investments in new water storage projects through the Water Storage Investment Program (WSIP). In August 2017, IRWD and Rosedale jointly submitted an application to the California Water Commission (CWC) for the proposed Kern Fan Project with a request for \$86 million in WSIP grant funding. In July 2018, the CWC conditionally awarded \$67.5 million in grant funding to the project.

Overview of Kern Fan Project:

The proposed Kern Fan Project would develop a regional water bank in the Kern Fan area to capture, recharge, and store unallocated Article 21 water from the State Water Project (SWP) during wet hydrologic periods. The Article 21 water would be delivered through a new turnout and conveyance canal from the California Aqueduct, which would convey flows from the SWP to the new recharge facilities. The stored water would be extracted when needed to provide water supply and ecosystem benefits. The ecosystem benefits in the Delta would be provided through 1-for-1 exchanges of water stored in Lake Oroville for water stored in an ecosystem account within the Kern Fan Project. DWR could then use the exchanged water in Lake Oroville to make pulse flows to benefit fish populations in the Delta. The SWP water in the Kern Fan Project would be reclassified as Table A water and used to meet Table A demands. IRWD and Rosedale will be forming the Kern Fan Joint Powers Authority that will design, construct, own and operate the Kern Fan Project.

Need for DWR Approvals:

The successful implementation of the Kern Fan Project depends upon DWR's approval of the construction of a new aqueduct turnout and the water exchanges needed to provide the ecosystem benefits. IRWD and Rosedale are working diligently toward meeting the CWC's schedule for executing a funding agreement by early 2022. IRWD and Rosedale are unable to begin making significant investments in the development of the project until DWR provides at least conceptual approval of the turnout and the exchanges. Further delays in securing these approvals would make it difficult to meet CWC requirements.

Draft Principles and Conceptual Terms:

Earlier this month, IRWD and Rosedale met with executive management at DWR to discuss the process and schedule for approval of the new turnout and exchanges. It was agreed that as a first step, IRWD and Rosedale would develop principles and conceptual terms for formal agreements that would facilitate DWR's approvals. These resulting documents would then be submitted to executive management at DWR for review. Agreement on the principles and conceptual terms would provide IRWD and Rosedale with the necessary assurances that the project is feasible, then IRWD and Rosedale could then proceed land acquisition and advancing the design of the project. Any agreed upon principles and conceptual terms would serve as the basis for the development and execution of formal agreements that would be executed by DWR and the Kern Fan Joint Powers Authority.

IRWD and Rosedale worked together to prepare principles and conceptual terms for DWR's approval of the project turnout and exchanges, which are provided as Exhibit "A" and Exhibit "B". Staff recommends that the Committee provide input to the principles and conceptual terms for agreements with the Department of Water Resources to facilitate exchanges and to construct a turnout from the California Aqueduct for the Kern Fan Groundwater Storage Project.

FISCAL IMPACTS:

The CWC will provide \$67.5 million in WSIP funding through a grant agreement. IRWD and Rosedale will fund the remaining cost of the Kern Fan Project.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report (EIR) for the Stockdale Integrated Banking 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. Rosedale, as lead agency, filed a Notice of Determination for the Stockdale Integrated Banking Project with the County of Kern. IRWD, as a responsible agency, filed Notices of Determination with the County of Orange and with the County of Kern. The EIR includes a program-level analysis of impacts of a third project site. This third project site is contemplated to be incorporated into phase one of the Kern Fan Project. When the third project site is identified,

subsequent project-level environmental review will be necessary prior to implementation of phase one of the Kern Fan Project. It is expected that a new EIR will be required for the construction and operation of the second phase facilities contemplated in the proposed Kern Fan Project.

RECOMMENDATION:

That the Committee provide input to the principles and conceptual terms for agreements with the Department of Water Resources to facilitate exchanges and to construct a turnout from the California Aqueduct for the Kern Fan Groundwater Storage Project.

LIST OF EXHIBITS:

- Exhibit “A” – Principles and Conceptual Terms for Exchange Agreement for Kern Fan Groundwater Storage Project
- Exhibit “B” Principles and Conceptual Terms for Construction of a New Turnout on the California Aqueduct for the Kern Fan Groundwater Storage Project

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Exhibit “A”

DRAFT

Principles and Conceptual Terms for Exchange Agreement Between the Kern Fan Joint Powers Authority and the California Department of Water Resources for the Kern Fan Groundwater Storage Project

February 28, 2020

GENERAL PRINCIPLES:

1. Rosedale Rio-Bravo Water Storage District (RRB) and Irvine Ranch Water District (IRWD) intend to form the Kern Fan Joint Powers Authority (Authority) to develop and administer the Kern Fan Groundwater Storage Project (Kern Fan Project) funded through the Proposition 1 Water Storage Investment Program.
2. RRB is a member unit of the Kern County Water Agency (KCWA) and IRWD is a landowner in Dudley Ridge Water District (DRWD).
3. The proposed Kern Fan Project would develop a regional water bank in the Kern Fan area to capture, recharge, and store unallocated Article 21 water from the State Water Project (SWP) during wet hydrologic periods.
4. The Kern Fan Project would be developed with 100,000 AF of storage capacity.
5. The Authority would reserve 25,000 AF of storage capacity in the Kern Fan Project designated as the “Ecosystem Storage Account”. The remaining 75,000 AF of storage would be for use by IRWD and RRB.
6. Ecosystem benefits would be provided by the Kern Fan Project through 1-for-1 exchanges of water stored in Lake Oroville for water stored in an Ecosystem Storage Account within the Kern Fan Project.
7. There would be no modification of water rights or SWP contract rights as a result of the 1-for-1 exchange. SWP carryover amounts and capacities would not be affected.
8. Groundwater banking losses would be distributed to the Kern Fan Project storage accounts in accordance with existing memorandums of understandings between water banking entities in Kern County.

EXCHANGE TERMS:

1. When available, IRWD/DRWD and RRB/KCWA would take delivery of unallocated Article 21 water that would otherwise be lost to the ocean and deliver it for recharge at the Kern Fan Project.

- a. 25% of unallocated Article 21 water, up to 25,000 AF, would be delivered into the Ecosystem Storage Account until the account is full.
 - i. The water stored in the Ecosystem Storage Account, would be stored as SWP system water for ecosystem benefit purposes.
 - ii. The water stored in the Ecosystem Storage Account would be returned back to the Department of Water Resources (DWR) for storage in the SWP through 1-for-1 exchanges.
 - b. 75% of unallocated Article 21 water will go into RRB and IRWD storage accounts.
2. At a time of DWR's choosing, when water is available in the Ecosystem Storage Account, DWR could call for the 1-for-1 exchange of Table A water in the SWP that is allocated to DRWD and KCWA for water stored in the Ecosystem Storage Account.
 - a. The amount of water exchanged would be dependent on the quantity of Table A water allocated to DRWD and KCWA.
 - b. The exchange would result in the water that would have been lost to the ocean but now stored in the Ecosystem Storage Account, being available to DWR in the SWP for release as environmental pulse flows.
 - c. Water stored in the Ecosystem Storage Account in the Project, after the exchange, would be classified as Table A water that would be available to IRWD/DRWD and RRB/KCWA. This water would be moved into separate IRWD/RRB storage accounts.
 3. Avoided Delta carriage water losses to occur as a result of the exchanges would be accounted for in relation to the amounts of Article 21 water stored in the Ecosystem Storage Account.

OTHER TERMS:

1. Authority environmental review under California Environmental Quality Act (CEQA) would provide coverage for up to the 1-for-1 exchanges.
2. Authority would pay the variable OMP&R component of DWR's Transportation Charge on all of the Article 21 water delivered to the Project. These payments would be made through the KCWA and DRWD, respectively.
3. DWR and the Authority agree to proceed in good faith to develop more detailed terms based upon these principles and conceptual terms within 90 days, and execute an Exchange Agreement within six months, contingent upon certification of the Kern Fan Groundwater Storage Project Environmental Impact Report.

Exhibit “B”

DRAFT

Principles and Conceptual Terms for Turnout Construction Agreement
Between the Kern Fan Joint Powers Authority and the
California Department of Water Resources for the
Kern Fan Groundwater Storage Project

February 28, 2020

GENERAL PRINCIPLES:

1. Rosedale Rio-Bravo Water Storage District (RRB) and Irvine Ranch Water District (IRWD) intend to form the Kern Fan Joint Powers Authority (Authority) to develop and administer the Kern Fan Groundwater Storage Project (Kern Fan Project) funded through the Proposition 1 Water Storage Investment Program.
2. RRB is a member unit of the Kern County Water Agency (KCWA) and IRWD is a landowner in Dudley Ridge Water District (DRWD).
3. The proposed Kern Fan Project would develop a regional water bank in the Kern Fan area to capture, recharge, and store unallocated Article 21 water from the State Water Project (SWP) during wet hydrologic periods and other supplies conveyed through the California Aqueduct.
4. The Kern Fan Project includes a proposed 500 cfs canal and corresponding lift stations to supply recharge basins and 100,000 AF of storage capacity.
5. Water would be diverted to the Kern Fan Project canal through a new 500 cfs turnout to be constructed in Pool 28 of the California Aqueduct (Kern Fan Turnout). The turnout would be constructed at the expense of the Authority.
6. The Kern Fan Turnout would not increase or contribute to subsidence impacts in the California Aqueduct and is likely to mitigate potential impacts through the increase of imported water to a critically over-drafted basin.

PRE-CONSTRUCTION TERMS:

1. *Drawings, Specifications and Data:* To satisfy DWR’s requirements for protection of the Aqueduct, the Authority shall furnish contract drawings, specifications, data or calculations as requested by DWR. Authority shall not commence construction of any facilities on right of way that have not been approved by DWR.
2. *Subsidence Concerns:* The Authority shall coordinate with DWR, including providing any technical or operational studies deemed necessary to ensure that the location, construction and operation of the proposed Kern Fan Turnout does not cause or contribute to subsidence impacts on the California Aqueduct.

3. *Timing:* DWR and the Authority agree to proceed in good faith to develop an agreement within ninety days, to be executed upon certification of the Kern Fan Groundwater Storage Project Environmental Impact Report, providing for the construction of the Kern Fan Turnout in the California Aqueduct under terms and conditions substantially similar to previously constructed turnouts located within Kern County.

CONSTRUCTION AND OPERATION TERMS:

1. *Insurance during Construction:* The Authority shall insure DWR against all liability during construction of the Kern Fan Turnout.
2. *Standards of Construction:* All construction within DWR right of way shall conform to DWR standards for protection of the California Aqueduct and to requirements for DWR-approved flow measuring devices.
3. *Inspection and Acceptance:* All of the construction authorized by the turnout agreement shall be subject to inspection by DWR. The Authority shall provide inspection of the construction by a registered professional engineer.
4. *Capacity:* In the event DWR is required to allocate capacity within the California Aqueduct due to subsidence impacts in the aqueduct, or any other operational constraints, DWR shall allocate capacity pursuant to the SWP Contracts.