
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

5. WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS AND PROGRAMS – PALACIO / WELCH / SANCHEZ / WEGHORST

Recommendation: Receive and file.

6. SUMMARY OF COOPERATIVE TERMS IN EXISTING AGREEMENTS WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT – WEGHORST

Recommendation: Receive and file.

ACTION

7. CONCEPTUAL TERMS FOR SPECIAL ACTIVITIES AGREEMENT WITH THE GROUNDWATER BANKING JOINT POWERS AUTHORITY – WELCH / SANCHEZ / WEGHORST

Recommendation: That the Board authorize the General Manager to execute a Special Activities Agreement with the Groundwater Banking Authority Joint Powers Authority and Rosedale-Rio Bravo Water Storage District for use of the West Enos and Stockdale North facilities based on the terms presented, subject to non-substantive changes.

OTHER BUSINESS

8. Directors' Comments
9. 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.

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December 6, 2022

Prepared by: N. Palacio / 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.

BACKGROUND:

To facilitate discussion with the Committee, 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.

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 at the water banking projects, and Exhibit "C" provides after-loss estimates of water recharged at the projects. There are no changes to Exhibits "B" and "C" this month.

Summary of Programs:

A table presenting a summary of IRWD's water purchase and exchange programs is presented as Exhibit "D". The table lists each purchase and exchange program that 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 Water District. The table also provides details related to the exportability of IRWD's supplies. Exhibit "E" graphically depicts how storage of State Water Project (SWP) and non-SWP water has changed

in the Strand and Stockdale Integrated Banking Projects through time. 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 provided as Exhibits “A”, “B”, “C”, “D” and “F”, as well as the figure provided as Exhibit “E”, staff has prepared maps that depict project wells and 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. 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 Water Storage District, Dudley Ridge and Metropolitan Water District. 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 2022 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.

IRWD’s Coordinated Agreement with Metropolitan:

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

Other Program Opportunities:

IRWD has been pursuing additional opportunities to secure water for recharge. At the Committee meeting, staff will provide an update on efforts to enter into an unbalanced exchange partnerships with Antelope Valley-East Kern Water Agency, Santa Clarita Valley Water Agency and Mojave Water Agency.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

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 Cross Valley Canal 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 Table
- Exhibit “Q” – Summary of IRWD’s Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan and MWDOC

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Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Projects
Recharge, Storage and Recovery Capacities
 December 6, 2022

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. ² IRWD has use of Acquired Storage and Drought Relief Project wells until January 12, 2039, unless the term of the agreement is extended. ³ One half of storage capacity at Stockdale West and Strand Ranch will be allocated for partners. ⁴ Kern 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
 December 6, 2022

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 2021 (AF)						
Total Kern Water Bank ⁹	-	5,015	-	-	-	5,015
Total MWD System ⁴	8,027	-	-	-	200	8,227
Total Kern County	5,210	24,855	3,935	647	3,761	38,408
TOTAL STORED WATER (1/1/2021)	13,237	29,870	3,935	647	3,961	51,650
(RECOVERY) AND RECHARGE IN 2021 (AF)						
KWB Recovery for use on Jackson Ranch ⁵	-	(388)	-	-	-	(388)
SWP Table A	-	-	-	(556)	-	(556)
2021 SWP Allocation (5 %) ^{3,6}	35	-	-	-	35	70
Kern River Water	-	(10,000)	(2,681)	-	-	(12,681)
SWP Water Sale to DRWD Landowners ⁷	-	(439)	-	-	(3,468)	(3,907)
2018 Reserve Water	24	-	-	-	-	24
DRWD 1-for-1 Long Term Exchange Credit ⁸	10,000	-	-	-	-	10,000
TOTAL 2021 TRANSACTIONS	10,059	(10,827)	(2,681)	(556)	(3,433)	(7,438)
Total Kern Water Bank ⁹	-	4,627	-	-	-	4,627
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	10,000	-	-	-	-	10,000
TOTAL STORED WATER (1/1/2022)	23,296	19,043	-	-	-	42,339
(RECOVERY) AND RECHARGE IN 2022 (AF)						
KWB Recovery for use on Jackson Ranch ⁵ (estimated)	-	(235)	-	-	-	(235)
2022 SWP Allocation (5 %)	44	-	-	-	44	87
2019 Reserve Water	76	225	225	-	-	526
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 ESTIMATED 2022 TRANSACTIONS	5,120	(5,010)	225	-	44	378
ESTIMATED WATER IN STORAGE 2022 (AF)						
Total Kern Water Bank ⁹	-	4,392	-	-	-	4,392
Total MWD System	12,032	-	-	-	44	12,076
Total Kern County	1,383	9,641	225	-	-	11,249
Total DRWD 1-for-1 Long Term Exchange Credit	15,000	-	-	-	-	15,000
TOTAL ESTIMATED STORED WATER TO DATE	28,415	14,033	225	-	44	42,717

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 2,842 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. IRWD's 2013-2021 SWP allocation amounts are stored in the MWD system. Half of IRWD's 2021 SWP Allocation was delivered to DRWD as part of the SWP Water Sale to DRWD landowners. MWD took delivery of IRWD's 2022 SWP allocation in June 2022.

⁴ Beginning balance of water stored in MWD system includes: 4,000 AF from 2014 Exchange, 2,853 AF of 2014 borrowed SWP, 1,186 AF of IRWD's 2013-2016 SWP allocations through DRWD.

⁵ Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

⁶ 17 AF of IRWD's 2021 SWP Allocation was used to fulfill an obligation to Pastoria.

⁷ Kern County Water Agency approved the recovery of 3,672 AF for the SWP Water Sale to DRWD landowners. In order to make up the difference between the approved amount of 3,672 AF and the amount after losses (3,233 AF), IRWD was able to use 439 AF from its Article 21 water acquired from Semitropic as part of the sale.

⁸ 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.

⁹ 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.

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Exhibit "C"

TABLE 3
IRWD's Water Banking Storage, Recharge and Recovery Operations - AFTER LOSSES
 December 6, 2022

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 2021 (AF)						
Total Kern Water Bank ⁹	-	5,015	-	-	-	5,015
Total MWD System ⁴	8,027	-	-	-	200	8,227
Total Kern County	4,177	20,931	2,681	556	3,233	31,578
TOTAL STORED WATER (1/1/2021)	12,204	25,946	2,681	556	3,433	44,820
(RECOVERY) AND RECHARGE IN 2021 (AF)						
KWB Recovery for use on Jackson Ranch ⁵	-	(388)	-	-	-	(388)
SWP Table A	-	-	-	(556)	-	(556)
2021 SWP Allocation (5%) ^{3, 6}	35	-	-	-	35	70
Kern River Water	-	(10,000)	(2,681)	-	-	(12,681)
SWP Water Sale to DRWD Landowners ⁷	-	(439)	-	-	(3,468)	(3,907)
2018 Reserve Water	22	-	-	-	-	22
DRWD 1-for-1 Long Term Exchange Credit ⁸	10,000	-	-	-	-	10,000
TOTAL 2021 TRANSACTIONS	10,057	(10,827)	(2,681)	(556)	(3,433)	(7,440)
Total Kern Water Bank ⁹	-	4,627	-	-	-	4,627
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	10,000	-	-	-	-	10,000
TOTAL STORED WATER (1/1/2022)	22,261	15,119	-	-	-	37,380
(RECOVERY) AND RECHARGE IN 2022 (AF)						
KWB Recovery for use on Jackson Ranch ⁵ (estimated)	-	(235)	-	-	-	(235)
2022 SWP Allocation (5%)	44	-	-	-	44	87
2019 Reserve Water	72	213	213	-	-	498
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 ESTIMATED 2022 TRANSACTIONS	5,115	(5,022)	213	-	44	350
ESTIMATED WATER IN STORAGE 2022 (AF)						
Total Kern Water Bank ⁹	-	4,392	-	-	-	4,392
Total MWD System	12,032	-	-	-	44	12,076
Total Kern County	344	5,705	213	-	-	6,262
Total DRWD 1-for-1 Long Term Exchange Credit	15,000	-	-	-	-	15,000
TOTAL ESTIMATED STORED WATER TO DATE	27,376	10,097	213	-	44	37,730

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 2,842 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. IRWD's 2013-2021 SWP allocation amounts are stored in the MWD system. Half of IRWD's 2021 SWP allocation was delivered to DRWD as part of the SWP Water Sale to DRWD landowners. MWD took delivery of IRWD's 2022 SWP allocation in June 2022

⁴ Beginning balance of water stored in MWD system includes 4,000 AF of 2014 Exchange, 2,853 AF of 2014 borrowed SWP, 1,186 AF of IRWD's 2013-2016 SWP allocations through DRWD.

⁵ Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

⁶ 17 AF of IRWD's 2021 SWP Allocation was used to fulfill an obligation to Pastoria.

⁷ Kern County Water Agency approved the recovery of 3,672 AF for the SWP Water Sale to DRWD landowners. In order to make up the difference between the approved amount of 3,672 AF and the amount after losses (3,233 AF), IRWD was able to use 439 AF from its Article 21 water acquired from Semitropic as part of the sale.

⁸ 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.

⁹ 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.

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Exhibit "D"

TABLE 4
Status of IRWD Purchase and Exchange Programs (AFTER LOSSES)
 December 6, 2022

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	21,461	213	20,399		3,302		3,302		3,302		
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 ² (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 ³	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	1,055	44	1,123	1,055	69		1,123	1,123		44	Yes
Central Coast Water Agency	2-for-1	2017	Short-Term	SWP Table A	258	-	258	258			258	258			No
Dudley Ridge Water District ⁴	1-for-1	2017	Long-Term	SWP Table A	-	-	15,000			15,000	15,000	15,000			No
Central Coast Water Agency	2-for-1	2019	Short-Term	SWP Table A	298		323	298	25		323	298			No
Total:					33,739	257	54,520	12,033	6,049	15,000	33,081	27,101	5,955	44	

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.

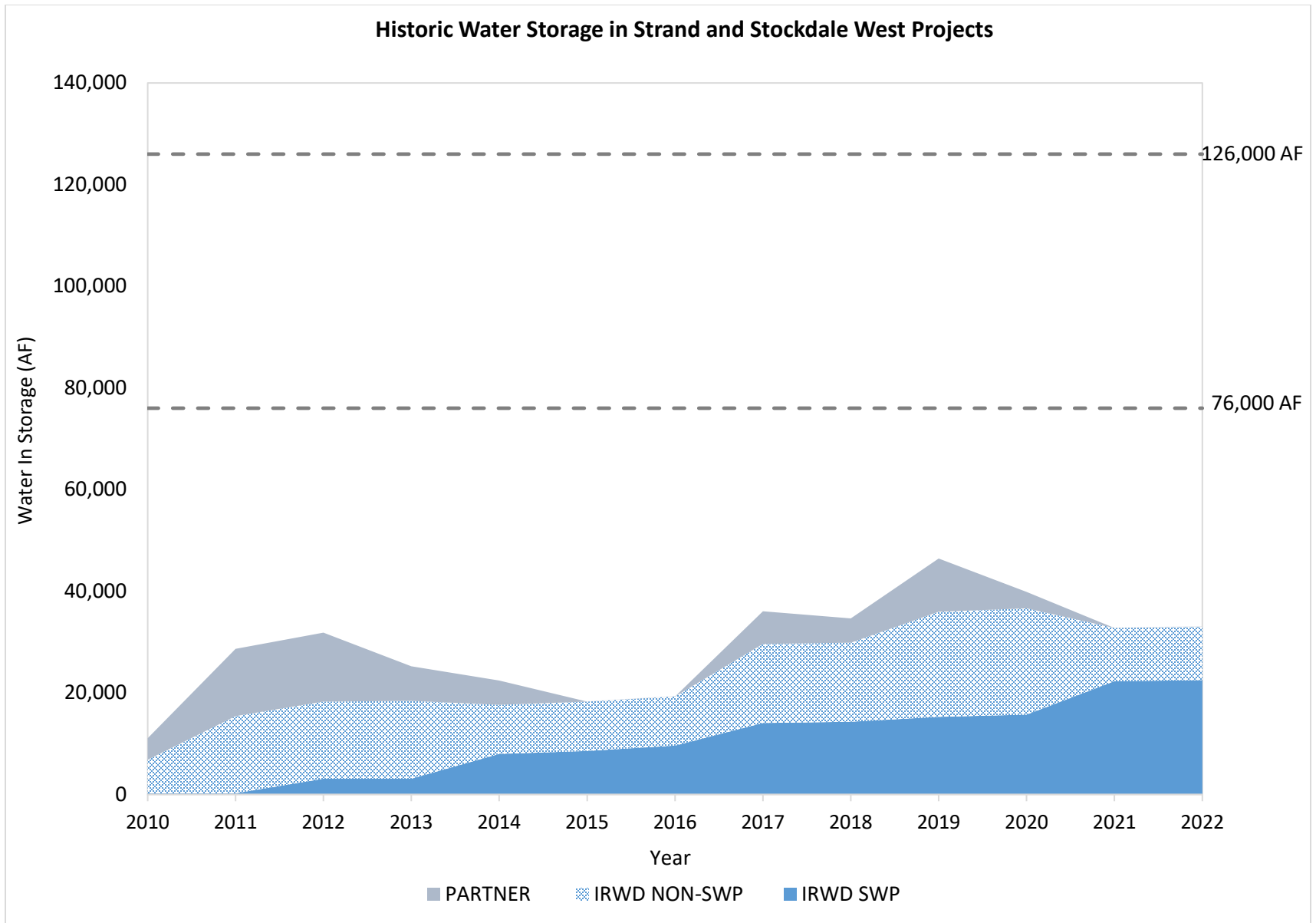
² Only the portion of water stored for use on Jackson Ranch in DRWD is sellable.

³ Source of water was Buena Vista Water Storage District Kern River high flow water.

⁴ Estimated amount of Table A to be returned to IRWD from Dudley Ridge Water District under the 1-for-1 exchange program.

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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

December 6, 2022

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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Exhibit "G"

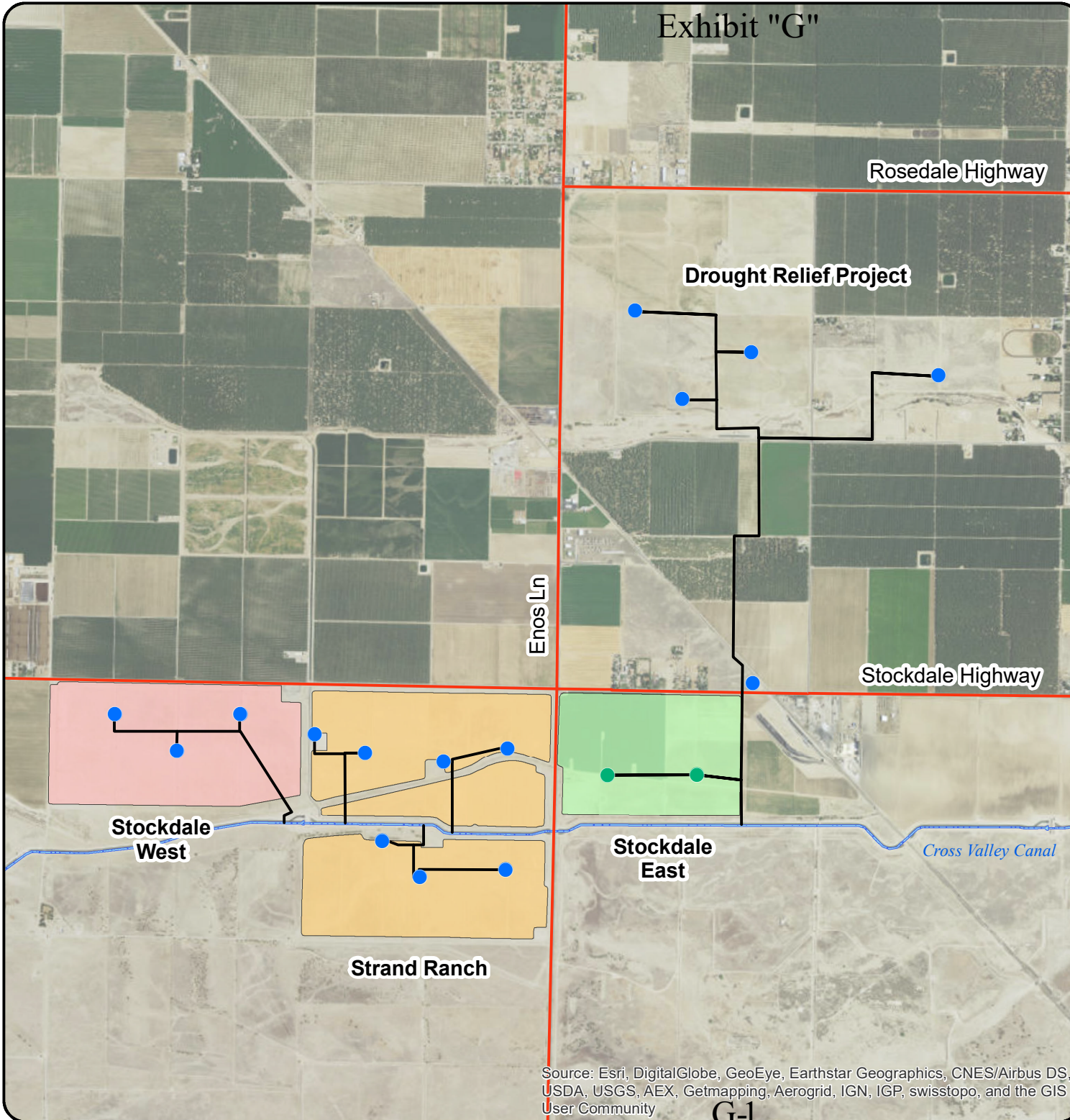


Location Map: IRWD Water Banking Projects Wells and Turnin Pipelines

MAP FEATURES

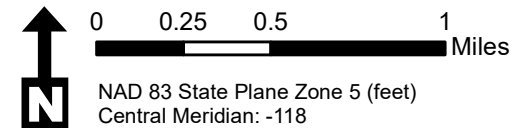
- Extraction Well
- Extraction Well
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

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

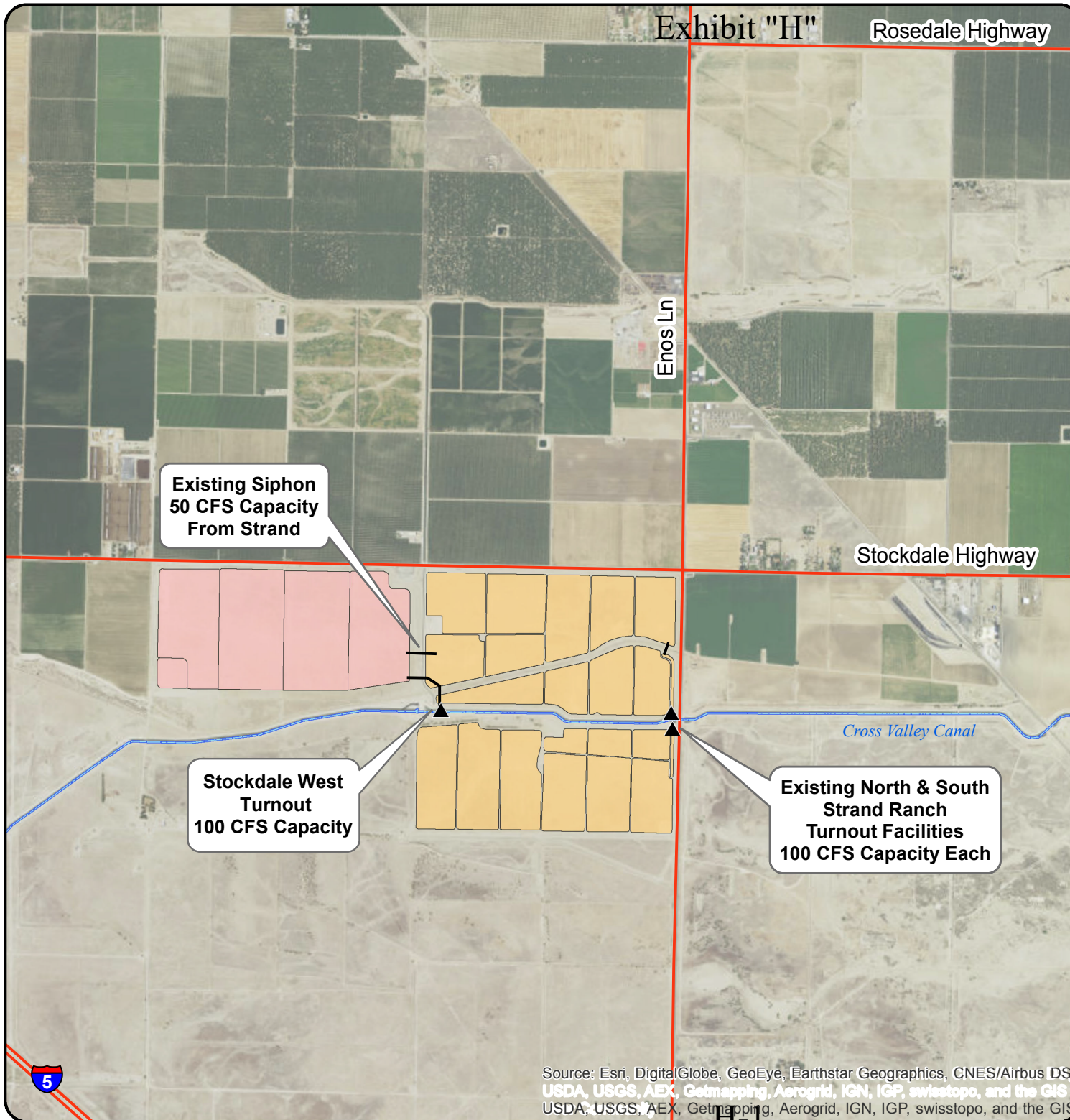
G-1



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



**Existing Siphon
50 CFS Capacity
From Strand**

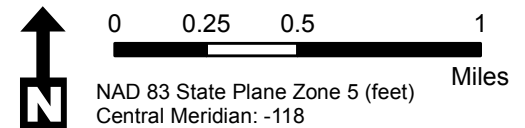
**Stockdale West
Turnout
100 CFS Capacity**

**Existing North & South
Strand Ranch
Turnout Facilities
100 CFS Capacity Each**

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

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Location Map: IRWD Water Banking Projects Recharge Rates

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

Stockdale West
0.11 feet/day
15 CFS

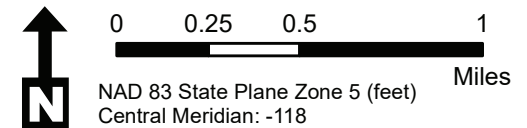
Strand Ranch North
0.29 feet/day
40 CFS

Strand Ranch South
0.13 feet/day
15 CFS

Stockdale Highway

Cross Valley Canal

This figure shows the location of recharge basins and their associated recharge rates as of June 18, 2019.



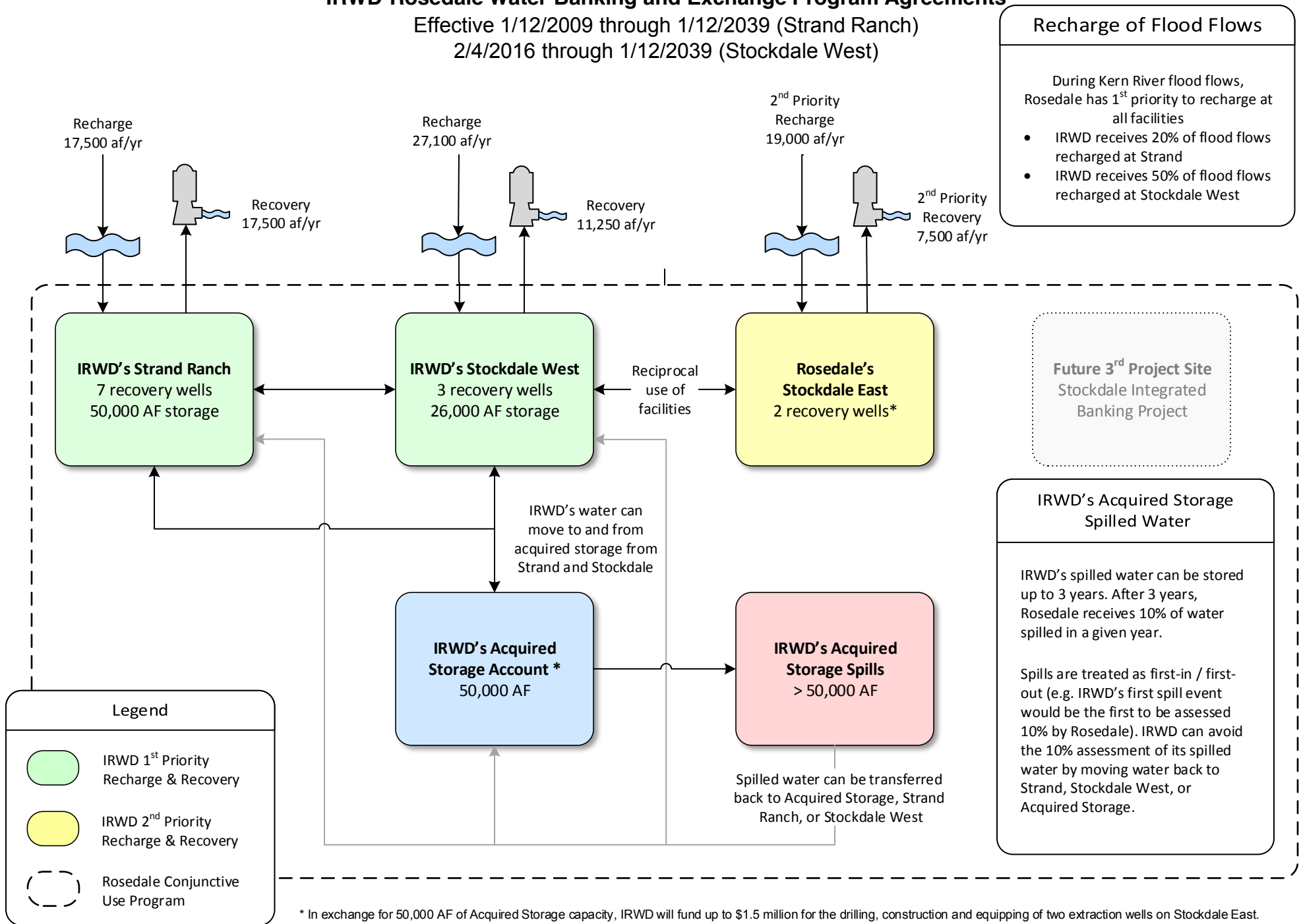
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Exhibit "J"

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)



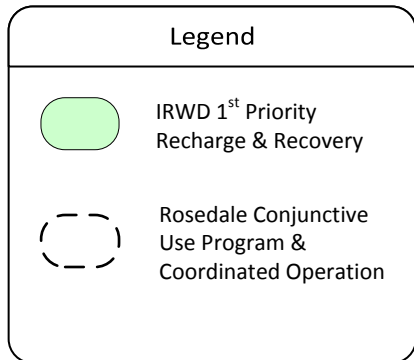
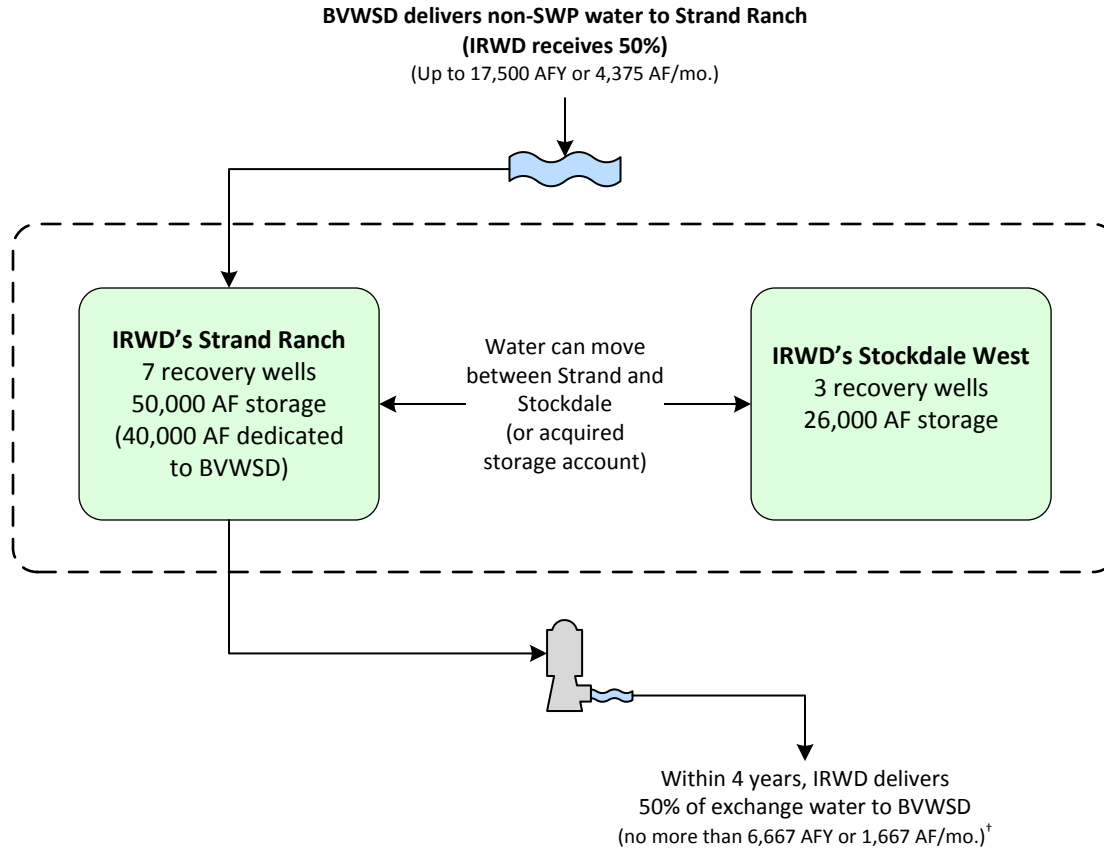
* In exchange for 50,000 AF of Acquired Storage capacity, IRWD will fund up to \$1.5 million for the drilling, construction and equipping of two extraction wells on Stockdale East.

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Exhibit "K"

Buena Vista Water Storage District Long Term Water Exchange Program

Effective 1/1/2011 through 1/12/2039

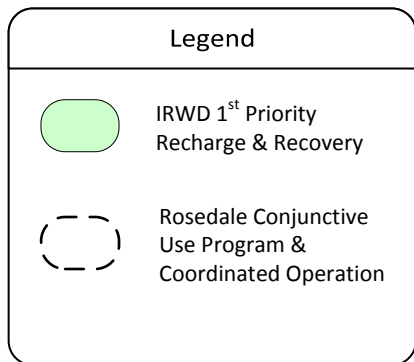
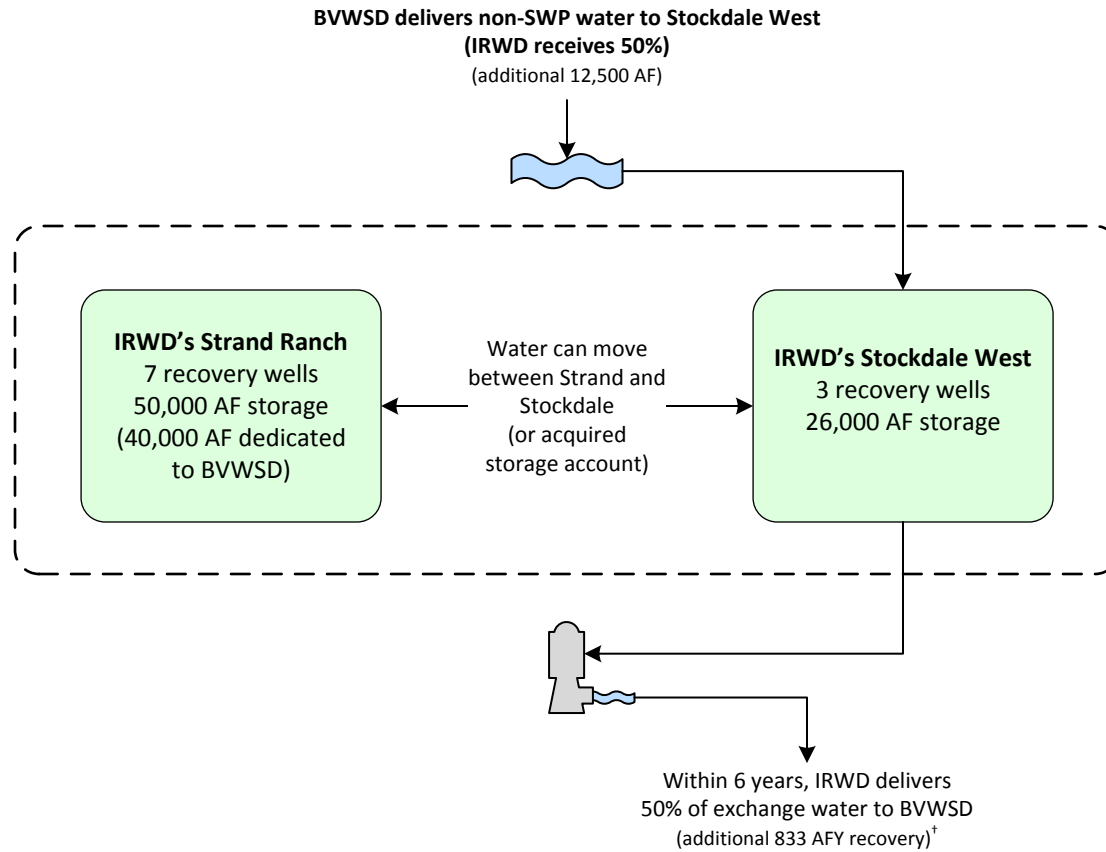


†IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond 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



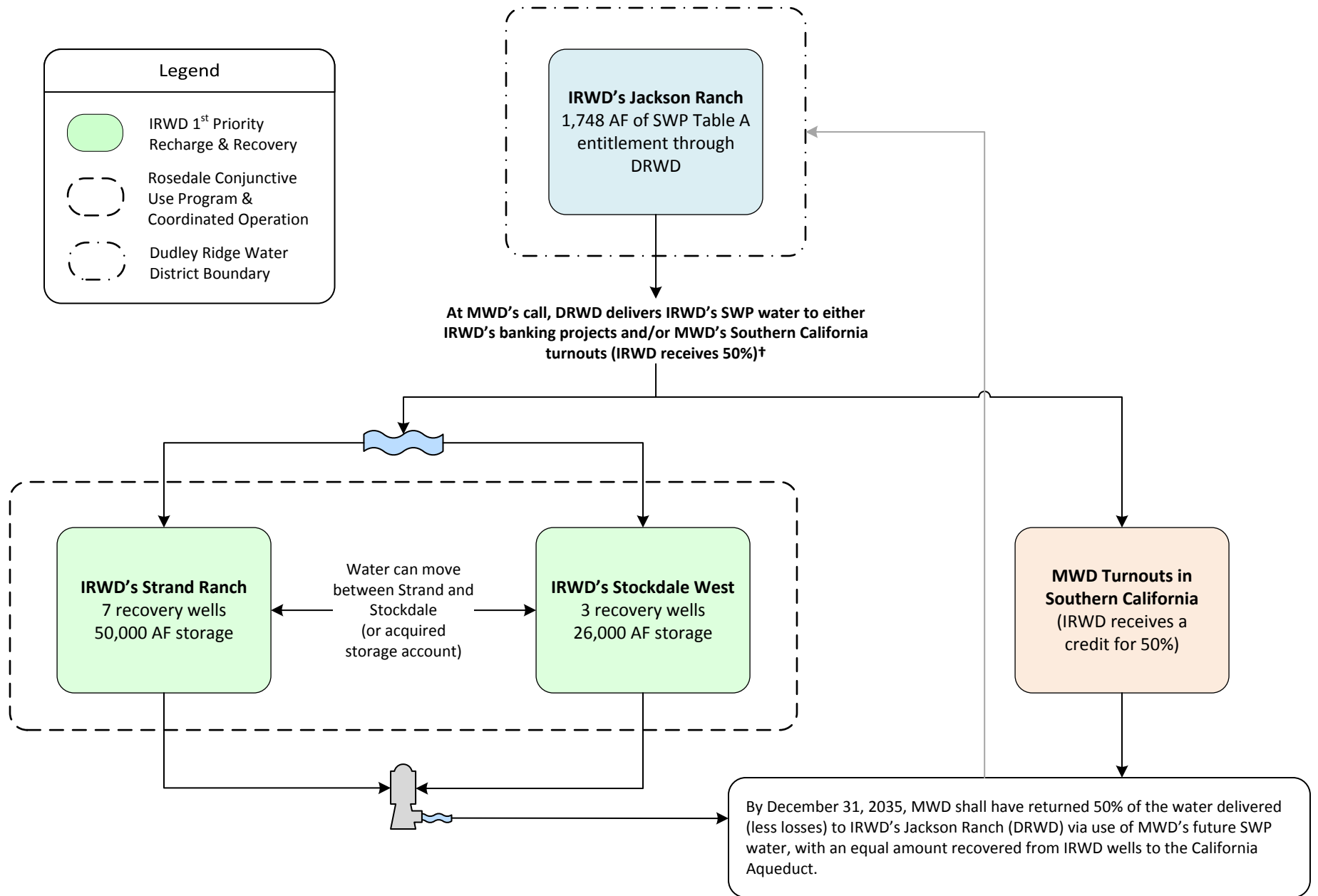
†IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 6th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond 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



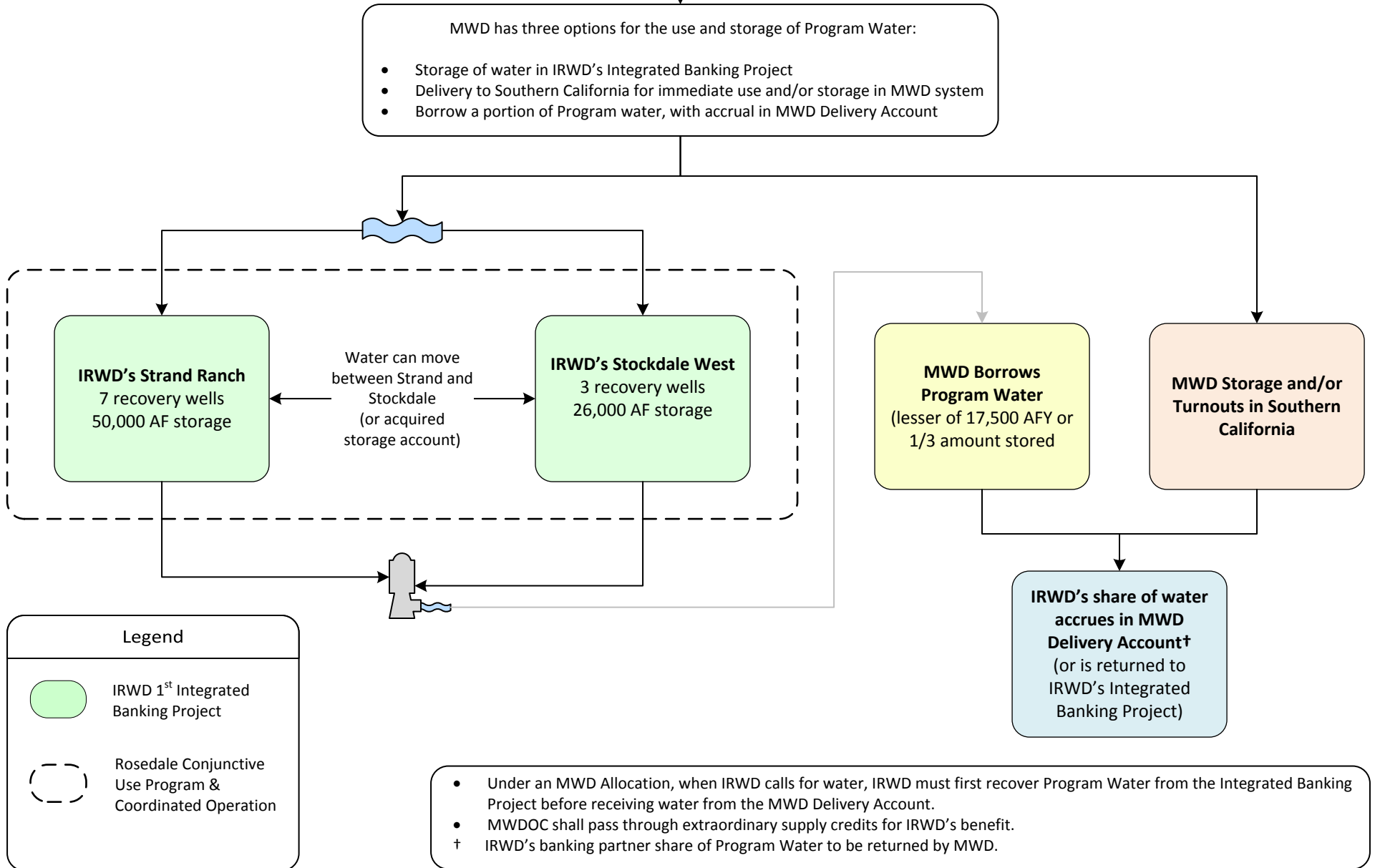
†Consistent with IRWD-MWD coordinated operating agreement.

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Exhibit "M"

Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between MWD, MWDOC and IRWD Effective 4/21/2011 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

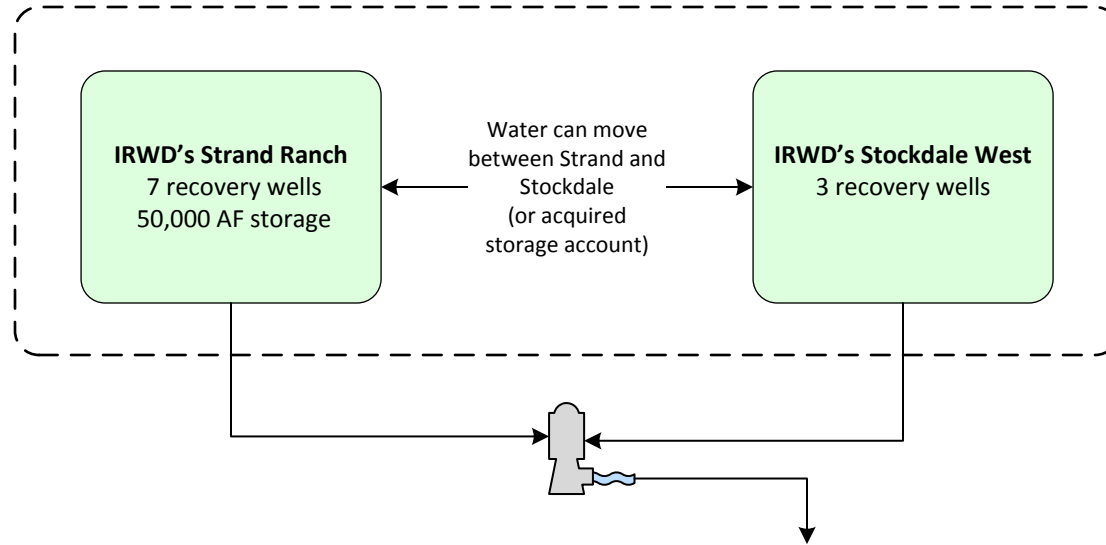


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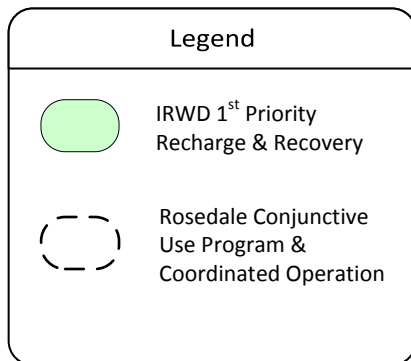
Exhibit "N"

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

Template for future agreements



IRWD recovers its share of non-SWP water from its Integrated Banking Projects for use as extraordinary supply under a declared MWD Water Supply Allocation. MWD will coordinate the conveyance and delivery of recovered water to be used within IRWD's Service Area. Delivery can also occur through an operational exchange.*



*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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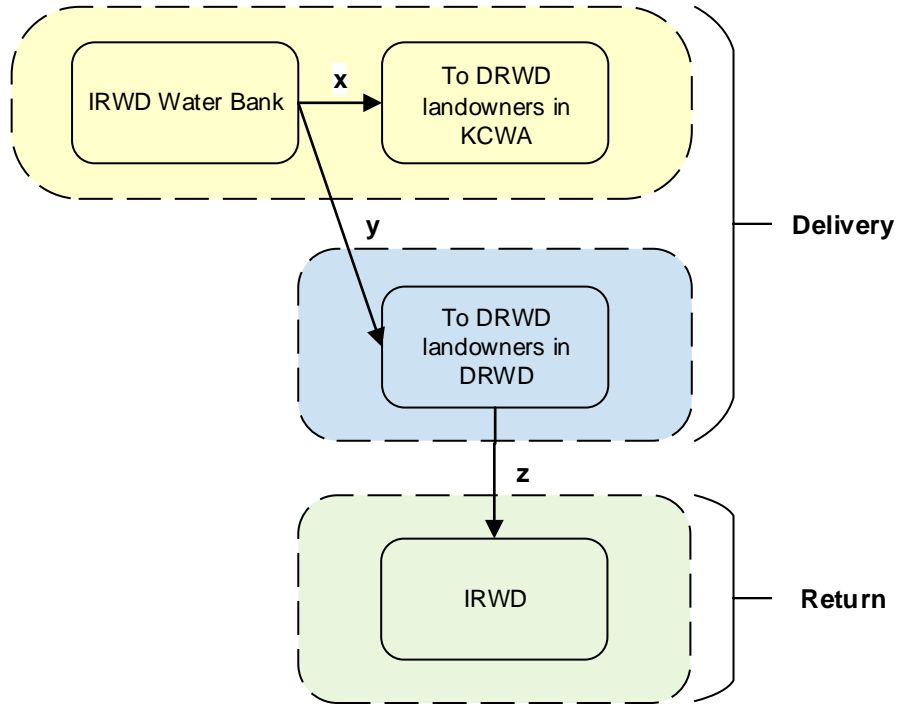
Exhibit "O"

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)

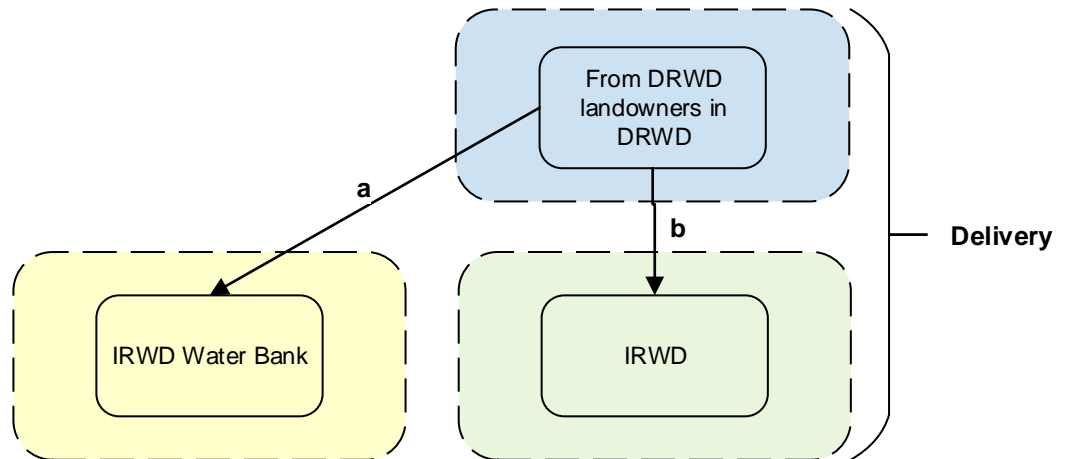
x= Non-Project Water required to stay in Kern County
 y= Non-Project Water allowed to leave Kern County
 z= DRWD Table A Water equal to x+y less applicable losses, if any

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



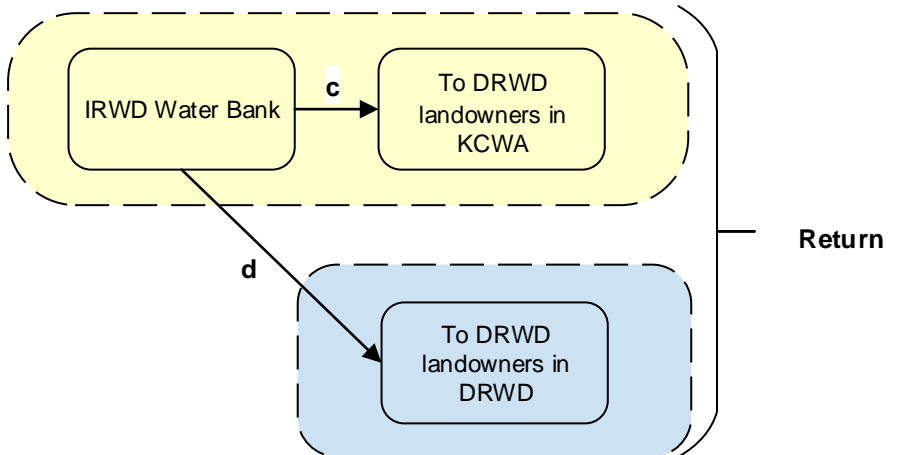
Scenario B
(Per Sections 2, 3, and 4.1.2)

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



Legend

- KCWA Service Area
- DRWD Service Area
- IRWD Service Area



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Exhibit "P"

TABLE 6

IRWD Water Banking Program Costs of Water Summary

December 6, 2022

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 (\$/AF) (F)	2022 MWD Tier 1 Untreated Rate + SAC Surcharge ⁵ (\$/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	\$ 100.00	\$ 799.97	\$ 1,214.31
Buena Vista ¹	2017-2021	Kern River	11,256	\$ 159.16	\$ 48.36	\$207.52	\$ 190.00	\$ 397.52	\$ 100.00	\$ 799.97	\$ 1,297.49
AVEK	2012-2014	SWP Table A	2,229	\$ 11.70	\$ 48.36	\$ 60.06	\$ 190.00	\$ 250.06	\$ 100.00	\$ 799.97	\$ 1,150.03
AVEK ⁶	2012-2014	SWP Table A	108	\$ 11.70	\$ 48.36	\$ 60.06	\$ 190.00	\$ 250.06	\$ -	\$ 799.97	\$ 1,050.03
Carpinteria	2010-2015	SWP Table A	874	\$ 27.04	\$ 48.36	\$ 75.40	\$ 190.00	\$ 265.40	\$ 100.00	\$ 799.97	\$ 1,165.37
Carpinteria ⁶	2010-2015	SWP Table A	31	\$ 27.04	\$ 48.36	\$ 75.40	\$ 190.00	\$ 265.40	\$ -	\$ 799.97	\$ 1,065.37
Central Coast ⁶	2017-2021	SWP Table A	556	\$ 30.34	\$ 48.36	\$ 78.70	\$ 190.00	\$ 268.70	\$ -	\$ 799.97	\$ 1,068.67
DRWD ⁶	2014-2021	SWP Table A /Article 21	4,452	\$ 374.48	\$ 48.36	\$422.84	\$ 190.00	\$ 612.84	\$ -	\$ 799.97	\$ 1,412.81

32,338

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

² Variable Costs include Rosedale variable operating costs, Rosedale administration fees, CVC pumping, operating and stand-by fees, and KCWA fees. (Net of partner payments to IRWD for their share of water)

³ Fixed costs include Rosedale fixed operating costs, property taxes, PG&E standby costs, GSP fees, CVC expansion costs and other minor fix costs

⁴ Capital component does not include land costs.

⁵ Assumes IRWD would take delivery as extraordinary supply through Irvine Lake to the Baker Water Treatment Plant.

⁶ 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.

December 6, 2022
Prepared and
submitted by: P. Weghorst
Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

SUMMARY OF COOPERATIVE TERMS IN EXISTING AGREEMENTS WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

SUMMARY:

Since 2006, IRWD and Rosedale-Rio Bravo Water Storage District have partnered on projects including the Strand Ranch and Stockdale Integrated Banking Projects. Currently, the agencies are working together to develop the Kern Fan Groundwater Storage Project. Each of these projects has created opportunities to enhance the partnership between the two agencies.

In August 2022, staff presented to the Committee principles for a Cooperative Water Supply Program with Rosedale. Since that time, Rosedale has provided feedback that existing agreements between the agencies for the operations of the Strand and Stockdale Integrated Water Banking Projects and the development of the Kern Fan Project already include terms consistent with the proposed principles. Based on this observation, Rosedale has concluded that an additional cooperative program agreement is not needed. At the Committee meeting, staff will present a summary of the cooperative terms already included in the existing agreements, along with a description as to how these terms are consistent with the proposed principles.

BACKGROUND:

IRWD and Rosedale have a well-established track record of implementing mutually beneficial water banking projects. In 2006, IRWD and Rosedale initiated a successful partnership with the implementation of the Strand Ranch Interim Recharge Demonstration Project. Since then, IRWD and Rosedale have partnered on integrating IRWD's Strand Ranch and Stockdale West Banking Projects into Rosedale's Conjunctive Use Program as well as jointly pursuing the development of the Kern Fan Project. In addition, both agencies have successfully implemented water supply and exchange programs with other partners involving high-flow Kern River and State Water Project water.

Principles for a Cooperative Water Supply Program:

At the Supply Reliability Programs Committee meeting on August 18, 2022, staff presented Draft Principles for a Cooperative Water Supply Program with Rosedale, provided as Exhibit "A". The proposed principles would result in the two districts:

- Meeting regularly;
- Cooperating on new projects;
- Not competing with each other;
- Not impacting each other's rights; and
- Optimizing exchanges of water.

Since August, Rosedale staff has reviewed the draft principles with Rosedale's Board of Directors. While the Rosedale Board appreciated the effort to prepare the draft principles, it instructed Rosedale staff to not move forward with preparing an agreement based on the draft principles. The Rosedale Board views the proposed principles as already being incorporated into the existing agreements that form the basis of the relationship between the two agencies.

Cooperative Terms in Existing Agreements:

IRWD and Rosedale have executed three agreements that form the basis of the relationship between the agencies. The three agreements are for the development and operations of the Strand Ranch, Stockdale West, and Kern Fan Projects, which are referred to as follows:

1. *Strand Ranch* – Agreement Between Rosedale and IRWD for a Water Banking and Exchange Program (Exhibit “B”);
2. *Stockdale West* – Agreement Between Rosedale and IRWD for a Water Banking, Recovery and Exchange Program (Exhibit “C”); and
3. *Kern Fan Project* – Joint Powers Agreement Between Rosedale and IRWD Creating the Groundwater Banking Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project (Exhibit “D”).

Staff has prepared a summary of cooperative terms that are incorporated into these agreements. This summary of terms is provided as Exhibit “E”. Each cooperative term is referenced with a number that corresponds to a term highlighted in each of the three agreements. The last column in Exhibit “E” describes the August 2022 principles that are consistent with the listed terms. The only principle not incorporated into the three existing agreements is the need to meet regularly. At the Committee meeting, staff will provide an overview of the content of Exhibit “E”.

Next Steps:

Staff intends to send a letter to Rosedale communicating the summary of cooperative terms already incorporated into the three existing agreements. The letter will also include a request to meet regularly to inform each other of water supply and exchange programs that each agency is pursuing, and also identifying those programs that could be mutually beneficial to both agencies.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Environmental Impact Reports for the Strand Ranch Integrated Banking Project, the Stockdale Integrated Banking Project and the Kern Fan Groundwater Storage Project were prepared, certified and approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended). Notices of Determinations were filed in both the County of Orange and the County of Kern.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

- Exhibit “A” – Revised Draft Principles for a Cooperative Water Supply Program with Rosedale-Rio Bravo Water Storage District (August 2022)
- Exhibit “B” – Strand Ranch: Agreement Between Rosedale and IRWD for a Water Banking and Exchange Program
- Exhibit “C” – Stockdale West: Agreement Between Rosedale and IRWD for a Water Banking, Recovery and Exchange Program
- Exhibit “D” – Kern Fan Groundwater Storage Project: Joint Powers Agreement Between Rosedale and IRWD Creating the Groundwater Banking Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project
- Exhibit “E” – Summary of Cooperative Terms in Existing Agreements Between IRWD and Rosedale

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Exhibit “A”

DRAFT

Revised Principles for Cooperative Water Supply Program Between Irvine Ranch Water District and Rosedale-Rio Bravo Water Storage District

August 18, 2022

GENERAL PRINCIPLES:

1. Irvine Ranch Water District (IRWD) and Rosedale-Rio Bravo Water Storage District (Rosedale) both own water banking projects in the Kern Fan.
2. IRWD owns and Rosedale-Rio Bravo Water Storage District (Rosedale) operates the Strand Ranch and Stockdale West water banking projects, both of which have been integrated into Rosedale’s Conjunctive Use Program.
3. Rosedale separately owns and operates several water banking projects associated with its Conjunctive Use Program.
4. IRWD and Rosedale have each individually implemented programs with agencies involving high-flow Kern River water and supplies from the State Water Project, and the two agencies are interested in implementing programs in the future to their mutual benefit.
5. IRWD and Rosedale are jointly developing the Kern Fan Groundwater Storage Project that will provide the ability for each agency to establish additional water supply and exchange programs, while also providing environmental benefits to the State of California.
6. IRWD and Rosedale intend to enter into a Cooperative Water Supply Program Agreement that will facilitate cooperation in the implementation of new water supply and exchange programs based on principles articulated below.

PROGRAM PRINCIPLES:

The implementation of the proposed Cooperative Water Supply Program would result in IRWD and Rosedale:

1. Regularly informing each other of water supply and exchange programs that they are pursuing and identifying those programs that could be mutually beneficial to both districts. **[Meeting Regularly]**
2. Cooperating in the analysis and development of mutually beneficial projects that are acceptable to both districts. **[Cooperating on New Projects]**

**DRAFT Revised Principles for Cooperative Water Supply Program
between Irvine Ranch Water District and Rosedale-Rio Bravo Water
Storage District Page 2**

3. Not competing with or impeding each other in the development and implementation of independent supply and exchange programs. **[Not Competing]**
4. Not impacting each other's first-priority rights to the use of capacities as described in existing operating agreements. **[Not Impacting Rights]**
5. Implementing exchange opportunities designed to optimize each agency's water supply programs. **[Optimizing Exchanges]**

EXHIBIT "B"

AGREEMENT

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND IRVINE RANCH WATER DISTRICT FOR A WATER BANKING AND EXCHANGE PROGRAM

Agreement
Term
Reference
Number



THIS AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between the IRVINE RANCH WATER DISTRICT ("IRWD") and the ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT ("RRB"). 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 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 without 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 the 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" herein) and RRB properties into the Goose Lake Slough and adjacent recharge basins. A map of the recharge facilities and RRB properties is attached and incorporated herein as Exhibit A. (The existing RRB facilities and properties together with future RRB facilities and properties included within the RRB Program (defined below) are collectively referred to as the "RRB Facilities" herein).

D. RRBWSD's currently developed program recharge facilities, including channels and basins, have a total wetted area of about 903 acres and an average long-term

recharge capacity of about 360 (cubic feet per second (“cfs”). RRB is also a recharge participant in the Kern County Water Agency Pioneer Project, and as such has first priority to a minimum 25% of the total recharge capacity. This provides RRB with an additional minimum 50 cfs of program recharge capacity. Additionally, RRB has developed 250 acres of recharge facilities at Paul Enns Recharge Ponds, Bakersfield, CA, which are also included in the Program and the Project. Additional recharge facilities are needed to offset groundwater basin overdraft conditions, maintain groundwater levels, and protect groundwater quality.

E. RRB has developed a new program for the banking, storage, exchange, and direct delivery of water pursuant to the exercise of its powers of up to 100,000 acre-feet per calendar year (“AFY”), which involves the recharge facilities in the foregoing Recitals and the banking of imported water by customers in the Basin for later delivery to the customer (“RRB Program Participants” herein) by way of exchange delivery through SWP facilities for RRB’s State Water Project (“SWP”) rights to water or by way of extraction delivery of banked water through the CVC to the SWP facilities at its junction with an intake and turnout facility near the town of Tupman, California (“Tupman Turnout” herein). RRB has developed and approved the new program called The Water Banking and Exchange Program pursuant to a master EIR (“Master EIR”) which was certified by RRB on July 17, 2001 pursuant to the California Environmental Quality Act (“CEQA” herein) and an Addendum thereto (“RRB Program” herein).

F. RRB has executed a memorandum of understanding with adjacent water districts that places restrictions on the use of the local Basin aquifer and establishes water losses described herein (see Section 1C) and is imposed on the Parties by this Agreement. The memorandum of understanding for banking has been amended as of December 9, 2008, to include the Strand Ranch Integrated Banking Program. The December 9, 2008 amended memorandum of understanding as may be amended from time to time, is referred to herein as the “MOU.”

G. IRWD owns that certain property in Kern County known as “Strand Ranch,” more fully described and depicted in the below-defined “Project EIR.” IRWD desires to develop a water banking project consisting of recharge, storage and recovery facilities on its Strand Ranch property and to have RRB integrate such project into the RRB Program, thereby allowing for the use of the Strand Ranch recharge and recovery facilities together with available RRB Facilities to provide IRWD with a means for acquiring and regulating, through basin storage, water supplies to help meet its dry year and other water requirements. RRB seeks to acquire additional recharge and recovery capacity to complement existing and future programs.

H. Pursuant to letter agreement between the Parties dated May 22, 2006 and incorporated terms and conditions, the Parties have implemented an interim recharge project to demonstrate the recharge capability of the Strand Ranch and for certain other purposes.

I. The results of the interim recharge project indicate that a long-term banking

project would be successful, and the parties have determined that it would be mutually beneficial to develop a water banking project to be integrated into the RRB Program.

J. The Parties have entered into an Agreement For Development of Water Banking Project, dated September 11, 2007, (the "Development Agreement") containing the principal intended terms of their proposed banking project (the "Strand Ranch Integrated Banking Project" or "IRWD Project") and providing for the preparation of the detailed terms to be set forth in a final project agreement. The Parties intend that this Agreement shall serve as the final project agreement contemplated in the Development Agreement and that this Agreement shall supersede and replace the Development Agreement.

K. On May 27, 2008 RRB certified an environmental impact report ("Project EIR") for the Strand Ranch Integrated Banking Project and subsequently on said date IRWD approved the Project EIR as a responsible agency.

L. The Project EIR independently evaluated the IRWD Project in conjunction with the existing RRB Program. Previous environmental documents including the Master EIR found that there were no significant impacts to groundwater resources resulting from the RRB Program, since ultimately more water would be recharged than extracted. The Project EIR similarly concluded that more water would be recharged into RRB's service area by the IRWD Project than would be extracted by the IRWD Project. The Project EIR concluded that integration of the IRWD Project and the existing RRB Program will result in beneficial water balance to the region and will not present significant adverse impacts to the groundwater basin.

M. Certain obligations that are already in the process of being carried out between the parties regarding payment, deposit and use of funds will be carried over to this Agreement from the Development Agreement.

N. IRWD, with RRB's assistance, cooperation, and due diligence as needed, may make separate contractual water supply arrangements with other entities such as, but not limited to, water districts, water purveyors, and land owners located anywhere in the State of California and with the concurrence and/or approval as necessary of local, state and federal agencies, for the purchase, transfer, and/or exchange of water for recharge into storage on behalf of IRWD using IRWD's recharge and storage rights and obligations as set forth in this agreement. Subject to Section 15 of this Agreement, such contractual arrangements may result in IRWD's assigning in whole or in part its recharge and recovery rights and obligations to other contracting entities outside of Kern County. 1

O. IRWD, with RRB's assistance, cooperation and due diligence as needed, will make separate contractual arrangements with The Metropolitan Water District of Southern California ("MWD") and/or the Kern County Water Agency ("KCWA"), both State Water Project ("SWP") contractors, as convenient and necessary for the exchange and delivery of recovered water from the point of delivery specified herein to IRWD's service area.

IN CONSIDERATION of the payment of money and the promises of the Parties as set forth herein, it is agreed as follows:

AGREEMENT

1. Description of RRB Program and IRWD Project.

A. RRB Program. The RRB Program is the spreading and percolation of water for RRB and RRB Program Participants in recharge ponds overlying the Basin. The Basin aquifer at the RRB recharge ponds is such that it allows water to be percolated into the Basin (“banked” or “banking” herein) at significant rates. The additional water added to the Basin fulfills RRB’s management objectives for the Basin by keeping the Basin full with good quality water, reducing pumping costs of the overlying users, providing a revenue stream to reduce RRB’s costs, and providing funds for construction of additional capacity in facilities to successfully manage the Basin. The banked water is recovered by the RRB Program Participants by way of exchange of the RRB Program Participant’s banked water for an equivalent amount of water from RRB’s share of water it is entitled to from the SWP through contracts with KCWA and the Department of Water Resources (“DWR” herein), or through direct delivery of the banked water by pumping it out of the Basin and through the CVC into the SWP at the Tupman Turnout for delivery through the SWP to the RRB Program Participants downstream.

B. IRWD Project. The IRWD Project consists of two components: (1) the “Project Facilities,” comprising up to 20 recharge basins of varying shape, size, and depth, with berms, in, over and upon up to 502 acres of the Strand Ranch, and between five and eight recovery wells and appurtenant improvements on the Strand Ranch (collectively, the “Onsite Project Facilities”) and up to three additional recovery wells and appurtenant improvements in other mutually agreed upon locations in RRB’s service territory (the “Offsite Project Facilities”), with associated onsite and offsite conveyance improvements for recharge and recovery, designed and constructed to supply 17,500 AFY and a minimum of 36 cfs recovery capacity for IRWD, and (2) participation in the RRB Program by IRWD, using said Project Facilities, to deliver water through the SWP Facilities or other water from sources tributary to the RRB Program to RRB for later withdrawal and use by IRWD through exchange delivery or extraction delivery as mentioned above and further defined below. The IRWD Project incorporates the more particular parameters set forth below in this paragraph B, namely:

(1) **IRWD’s Recharge Rights.** Except during times that “Kern River flood water” is available (as defined below), IRWD will have the right to deliver water to and bank water with RRB. IRWD’s recharge right and RRB’s recharge obligation shall be for a recharge of 17,500 AFY. This annual amount is based on recharge rates that are expected from Project Facilities under most hydrogeologic conditions, and is further expected to be achieved over a recharge period of four

months. IRWD's annual recharge right shall be subject to modification based upon the following conditions:

a. If hydrogeologic conditions reduce recharge rates and extend the recharge period beyond four months as a result of previous recharge activities by IRWD (or its assignees and licensees) on Project Facilities, IRWD's annual recharge right shall be limited to the actual recharge capability of Project Facilities, which IRWD acknowledges may be less than 17,500 AF over a four month period.

b. If the conditions described in 1.B(1)a., above, result from previous recharge by RRB (for either its own benefit or to meet the contract obligations of other participants in the RRB Program) on Project Facilities, RRB will use both Project Facilities and capacity of RRB Facilities to meet IRWD's 17,500 AF annual recharge right over a four month period.

c. If hydrogeologic conditions result in recharge rates that allow more than 17,500 AF to be recharged over a four month period on the Project Facilities, IRWD shall have the first right to use up to the actual recharge capacity of the Project Facilities, limited by the "Delivery Schedule" described herein, subject to compliance with any requirements of law or contract (including CEQA). IRWD and RRB will agree on a methodology to determine IRWD's annual recharge right above 17,500 AFY that will include the calculation of water previously recharged by IRWD and RRB on Project Facilities, and may also include the installation of monitoring wells, meters and piezometers to determine the movement of water from adjacent properties.

IRWD's cumulative storage right at any one time shall not exceed 50,000 AF. IRWD's recharge and storage rights described above are collectively "IRWD's Recharge Rights". It is acknowledged that RRB at its discretion will use all of the RRB Facilities and Project Facilities to satisfy its obligation to accommodate IRWD's Recharge Rights; provided, IRWD's Recharge Rights shall not be displaced or impaired by RRB's use or other obligations.

2 & 3

(2) **IRWD's Recovery Rights.** Provided it has a positive balance in its bank account equal to or exceeding the amount of water requested, IRWD may request and RRB will supply up to 17,500 AFY ("IRWD's Recovery Rights"). It is acknowledged that RRB will at its discretion use all of the RRB Facilities and Project Facilities to satisfy its obligation to supply IRWD's Recovery Rights; provided, IRWD's Recovery Rights shall not be displaced or impaired by RRB's use or other obligations.

2 & 3

(3) **Kern River Flood Water.** During times that "Kern River flood water" is available (e.g., 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), RRB shall have a first priority right to use all Project Facilities for banking and recharge of such high flow Kern River water; provided, however, any banking of such Kern River flood water using Project Facilities shall be shared between RRB and IRWD on a 4 to 1 basis, i.e., for each 5 AF banked, 1 AF shall belong to IRWD and 4 AF shall belong to RRB. It is RRB's intent to use the Project Facilities for banking and recharge of Kern River flood water if recharge capacity in the Project Facilities is available during times when such Kern River flood water is available.

(4) **RRB to Operate Project Facilities.** IRWD and RRB agree that IRWD Project operations shall be consistent with the applicable terms and provisions of the MOU referred to in Recital F hereof among RRB and adjoining entities and with applicable CEQA mitigation measures and incorporated environmental commitments. RRB shall operate and control all Project Facilities for the term of this Agreement, including implementation of applicable CEQA mitigation measures and incorporated environmental commitments, subject to cost sharing as provided in Section 4 below. Subject to the terms hereof, RRB will have sole and exclusive right to use all recharge and recovery capacity of the Project Facilities for any lawful district purpose. RRB agrees to operate and maintain the Project Facilities in sound operating condition subject to cost sharing as provided in Section 4 below.

(5) **Quality of Water.** Water delivered to Project Facilities for recharge shall be of a quality not less than would be acceptable for conveyance in the SWP. IRWD and RRB agree that project operations shall be consistent with the water quality provisions of the MOU referred to in Recital F hereof among RRB and adjoining entities and with applicable CEQA mitigation measures and incorporated environmental commitments. RRB is not required to return to IRWD water recovered from Onsite Project Facilities that is of better quality than the groundwater underlying the Strand Ranch property at the time of recovery, and RRB is not required to return to IRWD water recovered from Offsite Project Facilities that is of better quality than the groundwater underlying such Offsite Project Facilities at the time of recovery; provided, however, that RRB agrees to exercise its best efforts with due diligence, subject to applicable MOU and CEQA requirements, to return water to IRWD that will meet SWP pump-in requirements by prioritizing the use of the various Onsite and Offsite Project Facilities wells according to available screened depths, blending water extracted from Onsite and Offsite Project Facilities wells, and other operational practices as necessary, except that the foregoing shall not require treatment or capital expenditures unless provided by IRWD at its expense.

(6) **Supply of Water.** IRWD will supply water for banking purposes. RRB will also provide water to IRWD under Kern River flood conditions as described in (3) above, and, at its discretion and with concurrence of IRWD, may

also acquire other water on behalf of IRWD. Water acquired by or on behalf of IRWD shall be water that is considered "exportable" to the extent practical.

(7) **Overdraft Correction.** The Parties agree that, as of the Effective Date, IRWD's obligation, as contained in the Development Agreement and further detailed in the May 22, 2006 agreement referred to in Recital H, for allocation of the first water banked on the Strand Ranch to balance water supplies associated with all past farming activities based upon actual consumptive use of irrigated acreage, has been satisfied through the banking activities carried out under the Development Agreement prior to the Effective Date. Prospectively, any allocation of water banked on the Strand Ranch to balance water supplies associated with farming activities shall be governed by Section 1.G(3).

(8) **Point of Delivery of Water For Recharge.** The point of delivery for water delivered by IRWD for recharge and banking shall be at (i) the Tupman Turnout (Reach 13B) on the easterly side of the SWP facilities as shown on Exhibit A ("Tupman Turnout" herein), (ii) the Strand Ranch Turnouts in Reach 2 of the Cross Valley Canal, or (iii) any point or points where such water enters transportation facilities owned or operated by RRB. RRB shall select a point of delivery from the list above for each block of water delivered by IRWD for recharge and banking and IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB.

(9) **Point of Delivery of Recovered Water.** The preferred delivery of recovered water will be through SWP entitlement exchange (in-lieu) to the extent practical as determined in good faith by RRB in consideration of its other obligations, operational requirements and best interest. The point(s) of delivery for water delivered by RRB for return to IRWD will be (i) the point of discharge into the CVC for water recovered by extraction from the IRWD Project or (ii) at the Tupman Turnout for water delivered through SWP entitlement exchange (in-lieu). IRWD is responsible for all actual costs and transportation losses from the point(s) of delivery identified herein to the place of use for water delivered through SWP entitlement exchange. IRWD is responsible for all costs and transportation losses from the groundwater basin to the place of use for water recovered by extraction from the IRWD Project.

(10) **Delivery Schedule.** On or before March 15 each calendar year IRWD will supply RRB with a preliminary delivery schedule for water to be recharged or recovered for IRWD and any IRWD assignees and licensees. The parties will meet and confer as necessary and shall finalize the delivery schedules by May 1 each calendar year. Absent consent of RRB, annual delivery schedules for recharge shall not exceed those described in "IRWD's Recharge Rights" above, with monthly deliveries for recharge not exceeding 7,000 AF/month; delivery schedules for recovery shall not exceed 17,500 AFY or 2,480 AF/month. RRB shall use its best efforts to meet the final delivery schedules.

(11) **Water Available to be Recovered.** IRWD must have a positive groundwater bank account, equaling or exceeding the amount sought to be recovered, in order to recover banked water. Banked water shall be available for recovery at any time following banking, subject to completion of all approvals and environmental review.

(12) **Additional Capacity.** IRWD and RRB will jointly evaluate the possibility of providing IRWD with additional banking capacity using Project Facilities and/or additional facilities.

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(13) **Measurement; Inspection; Records.** Water banked by direct delivery shall be measured through the Strand Ranch turnout meters at the CVC, as reported by KCWA in the monthly CVC delivery summaries. Water recovered by exchange delivery shall be measured by DWR at Reach 13B at the Tupman Turnout. Water recovered by extraction delivery shall be measured by RRB through the Strand Ranch meter(s) on the recovery pipeline(s) delivering water to the CVC. IRWD shall be entitled to inspect all measuring devices upon two (2) days written notice to RRB. Records of IRWD's recharge, recovery, and banked water and supporting banking books and records, in such form and content as customarily maintained by RRB or as mutually agreed by the Parties and at such intervals as reasonably requested by IRWD, shall be provided to IRWD by RRB.

C. Loss Calculations. Water banked by IRWD in the RRB Program is subject to eleven percent (11%) one-time losses, pursuant to the MOU. The current calculation for loss factors under the MOU ranges from eleven percent (11%) to fifteen percent (15%). The Parties will negotiate in good faith their sharing of the proceeds from the sale of the four percent (4%) difference between the 11% and the 15% as applied to water banked by IRWD, its assignees and licensees in the RRB Program, pursuant to the MOU, including compensation to RRB for the administrative expenses of the sale.

D. Construction of the Project Facilities.

(1) **Construction.** IRWD shall, at its sole cost and expense, design and construct the Project Facilities, including (i) recovery wells on the Strand Ranch, (ii) any offsite recovery wells described in Section 1.B, (iii) the Strand Ranch recharge basins, conveyance channels and all recovery facilities and (iv) applicable construction-related CEQA mitigation measures and incorporated environmental commitments. IRWD agrees to include other recovery and appurtenant facilities reasonably requested by RRB ("Additional Work") to be added to IRWD's design and construction contracts for the Project Facilities. The Additional Work shall be priced using separate scope or bid items, and RRB shall reimburse IRWD, through separate reimbursement agreement(s), for the Additional Work included in each IRWD contract on an incremental basis such that the cost paid by IRWD under the contract is no greater than it would have been without the Additional Work. RRB shall cooperate and execute all documents necessary to plan, design, process, construct, and operate the Project Facilities. The selection of the engineers and

consultants to be used by IRWD to process such facilities shall be subject to the prior review of RRB. The construction of the facilities shall be pursuant to public bidding, unless otherwise agreed. The plans, specifications, construction contracts, and award of same shall be subject to review by RRB. RRB and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Project Facilities. IRWD shall indemnify and hold harmless RRB, its officers, agents, and employees from any such damages or claims of damages as set out in Section 7 of this Agreement. IRWD and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Additional Work. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 7 of this Agreement. IRWD shall cause RRB, its officers, agents and employees to be included as additional insureds in any liability insurance that IRWD requires its contractors and design consultants to provide under the Project Facilities contracts.

(2) **Offsite Recovery Well Sites.** Ten (10) approximate locations for offsite recovery wells within the RRB service area have been identified, as depicted in Exhibit B attached hereto and incorporated herein by this reference. Pursuant to a contract between Castaic Lake Water Agency (“Castaic”) and RRB, up to seven (7) of the locations, as depicted in Exhibit B are subject to an existing right of Castaic. IRWD will have the right to three (3) of the well sites for up to three (3) offsite recovery wells that IRWD may construct as described in Section 1.B and paragraph (1) of this Section 1.D. RRB shall coordinate with both Castaic and IRWD to equitably assign well sites to both Castaic and IRWD taking into consideration costs associated with potential shared appurtenant improvements. If any of the identified sites available for IRWD’s offsite wells are determined by IRWD’s technical evaluation to be inadequate, the Parties will cooperate to mutually identify alternative locations in the RRB service area.

E. Indemnity and Hold Harmless, Point of Delivery. IRWD and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement and (ii) downstream from the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this agreement. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 7 of this Agreement.

RRB and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of

any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this Agreement and (ii) downstream from the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement. IRWD shall indemnify and hold harmless RRB its officers, agents, and employees from any such damages or claims of damages as set out in Section 7 of this Agreement.

F. Obligations Incorporated From Development Agreement. The provisions in this Section 1.F. are intended by the Parties to incorporate and restate certain executory provisions of the Development Agreement.

(1) **CVC Capacity.** As listed in Section 4.A(vi), IRWD's payments and reimbursements in lieu of a capital payment include IRWD's agreement to reimburse RRB for its actual costs to acquire CVC capacity. Under the Development Agreement, IRWD agreed, and hereby restates such agreement, to pay all capital costs incurred by RRB for construction and acquisition of an estimated 4.87 cfs, as allocated by KCWA to RRB, of capacity in the CVC Expansion Project ("New Canal Capacity") at an estimated capital cost of \$480,000.00. In consideration thereof, IRWD shall have a first priority right to use said 4.87 cfs of New Canal Capacity for its water management programs (as used herein, "water management programs" includes any program which provides IRWD with water quality, supply, banking or scheduling benefits). IRWD prepaid RRB fifty percent (50%) of the estimated capital cost of \$480,000.00 and at such time as RRB exhausts such prepayment (which shall be shown in statements with supporting detail and backup provided by RRB to IRWD on a periodic basis) and incurs any amounts in excess of the prepaid amount, such amounts will thereafter be invoiced and paid in the manner provided in (2) below for as-incurred amounts. Use of the 4.87 cfs of New Canal Capacity by IRWD shall at all times be consistent with and subject to the terms and provisions of this Agreement, the "Contract Among Kern County Water Agency and Various Parties for the Construction of the Expansion of the Cross Valley Canal" (Construction Agreement) and the "Contract Among Kern County Water Agency and Various Parties for the Operation of the Cross Valley Canal, Extension and Intertie" (Operation Agreement). IRWD may assign or allocate the 4.87 cfs of New Canal Capacity only for purposes of its water management programs and only in accordance with Section 15 hereof regarding assignment, and in accordance with the Construction Agreement and Operation Agreement. RRB shall have the right to use the 4.87 cfs of New Canal Capacity for any lawful RRB purpose when not being used by IRWD for its water management programs.

(2) **Capital Cost Reimbursement.** Except as otherwise provided in (1) above, IRWD's reimbursement of RRB capital project development costs that are incurred by RRB with the mutual agreement of the general managers of IRWD and RRB, including, but not limited to, CVC turnouts and Strand Ranch monitoring

wells not constructed under contracts with IRWD, shall be on as as-incurred basis, and shall be due and payable within thirty (30) days of presentation to IRWD of each invoice with supporting detail and backup. The foregoing notwithstanding, IRWD has previously reimbursed RRB for the amount of \$75,000.00, representing fifty percent (50%) of the capital costs for development of portions of the Strand Ranch property for interim project purposes (in an amount not to exceed \$150,000.00). The remaining fifty percent (50%) shall be reimbursed upon execution of this Agreement.

G. Title to Project Facilities.

(1) Title; Easements. IRWD shall own the Onsite Project Facilities. RRB shall own the Offsite Project Facilities constructed by IRWD or with funds provided by IRWD off the Strand Ranch property. Easements for pipelines shall be as mutually agreed to by the Parties consistent with the intended use of the Project Facilities. RRB shall have the right to use and operation of the Project Facilities as provided for in this agreement.

(2) Entry. To carry out the water banking activities contemplated by this Agreement, including the operation of the Project Facilities, RRB shall have for the term of this Agreement the right to enter upon the Strand Ranch and Onsite Project Facilities. The foregoing right of entry is subject to the conditions set forth in Exhibit C attached hereto and incorporated herein by this reference.

(3) Non-Banking Uses. The Strand Ranch and recharge basins thereon may, with the mutual agreement of the Parties, be leased to lessees from time to time for purposes such as grazing, organic farming or other uses compatible with banking operations or at such times as banking operations are not active. With respect to any such lease, IRWD shall receive the lease rental revenue, costs and overdraft correction obligation, if any. RRB and its officers, agents and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such non-banking use. IRWD shall indemnify and hold harmless RRB, its officers, agents and employees from any such damages or claims as set out in Section 7 of this Agreement. Further, RRB shall not be responsible for non-performance in the event IRWD utilizes Project Facilities for purposes other than for the recharge and recovery of water, as specified herein, and such uses preclude RRB from utilizing Project Facilities to meet its obligations under this Agreement.

2. Insurance, Approvals, Representations, and Reliance.

A. Insurance. RRB maintains and shall continue to maintain property and casualty insurance covering the RRB Facilities and shall include within said coverage the Offsite Project Facilities. RRB shall on execution of this Agreement provide IRWD with a copy of such policies and instruct the insurance companies to send IRWD any notices from the insurance company including notices of non-

payment of premium or non-renewal of the policies. IRWD maintains and shall continue to maintain property and casualty insurance covering the Strand Ranch property and shall include within said coverage the Onsite Project Facilities. IRWD shall on execution of this Agreement provide RRB with a copy of such policies and instruct the insurance companies to send RRB any notices from the insurance company including notices of non-payment of premium or non-renewal of the policies.

B. Approvals. RRB will exercise its best efforts and due diligence as reasonably required to assist to obtain approval from KCWA, DWR and any other local, state and federal agencies for all actions and matters necessary to carry out this Agreement as contemplated herein, including without limitation the direct delivery of groundwater into the CVC and the California Aqueduct and the delivery of water supplies obtained by IRWD through separate contractual arrangements into storage using IRWD's Recharge Rights. 6

C. Representations and Reliance

(1) **RRB represents and warrants as follows:**

a. RRB possesses the necessary rights in the CVC and the RRB Facilities and the ability to perform its obligations under this Agreement and has the authority to enter into and to perform under the terms of this Agreement.

b. To RRB's knowledge, neither the Master EIR nor the Project EIR nor any addenda or changes thereto have been challenged, and the time within which to bring any such challenges has expired.

c. RRB represents and warrants that there is no pending or threatened litigation involving the RRB Program.

(2) **IRWD Reliance.** IRWD has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

(3) **IRWD represents and warrants as follows:**

a. IRWD has title to Strand Ranch and has the authority to enter into and to perform under the terms of this Agreement.

(4) **RRB Reliance.** RRB has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

3. **Term.**

A. Initial Term and Extensions. Unless this Agreement is earlier terminated pursuant to Section 5, the initial term of this Agreement shall be thirty (30) years, commencing upon the Effective Date. Upon the expiration of the initial term, the term shall be extendable in fifteen (15) year increments, upon the mutual agreement of IRWD and RRB. Negotiations for any extension shall be initiated by either party by giving written notice to the other party of an extension request, which written notice shall be given not less than twelve (12) months in advance of the expiration of the then current initial or extended term.

B. Banked Water. If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, IRWD shall own its banked water on behalf of itself and its assignees and licensees.

C. Ownership of Property, Facilities and Other Assets; Reimbursement. If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, then such termination shall automatically terminate the entry right described in Section 1.G(2), IRWD will retain, and RRB will concurrently relinquish in favor of IRWD any right, title or interest it may have or it may claim to have in and to: (i) the Strand Ranch property; and (ii) all Onsite Project Facilities; provided, however, RRB shall have the rights described in the following paragraph with respect to the New Canal Capacity. If termination occurs as a result of material default by RRB, RRB shall reimburse IRWD for the depreciated value of Offsite Project Facilities determined in accordance with a generally-accepted industry standard method.

With respect to the 4.87 cfs of New Canal Capacity, in the event of any termination other than as a result of material default by RRB, RRB shall have a one-time option exercisable in its sole discretion and judgment, to purchase any right, title or interest of IRWD in and to such facilities for a price equal to IRWD's cost (or an apportioned amount thereof if only a partial interest is being purchased) escalated to the purchase date at the average rate of return on IRWD's invested funds, which option shall be exercised if at all by written notice from RRB to IRWD given within sixty (60) days of the termination. If RRB does not exercise its option to purchase provided herein, IRWD may continue to use the 4.87 cfs of New Canal Capacity for its water management programs in accordance with the Construction Agreement and/or Operation Agreement.

4. **Payment and Charges.**

A. Capital Payment. In lieu of capital payments IRWD: (i) shall cause its Strand Ranch property (approximately 611 acres) to be annexed into the boundaries of RRB; (ii) has paid or shall pay all costs associated with the development and construction of recharge facilities on the Strand Ranch capable of recharging water equivalent to 502 acres of recharge ponds; (iii) has paid or shall pay all costs associated with the development and construction of the Project Facilities; (iv) is providing the right of entry set forth in Section 1.G(2) hereof; (v) has reimbursed or shall reimburse RRB its actual

costs incurred in developing portions of the Strand Ranch property for interim project purposes (in an amount not to exceed \$150,000.00); and (vi) has reimbursed or shall reimburse RRB for its actual costs to acquire 4.87 cfs of capacity in the CVC Expansion Project.

B. Water Acquisition Costs. If RRB is able and willing to acquire water for IRWD, IRWD shall pay all costs associated with such acquisition, plus 10% thereof (but not less than \$5.00/AF) payable to RRB. The foregoing does not apply to water acquired under Section 1.B(3).

C. IRWD Banking Costs. IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB. IRWD shall pay all costs actually incurred by RRB in connection with the transportation, recharge and storage of water delivered for banking by IRWD (including overdraft correction water pursuant to Section 1.G(3)). Said costs include, without limitation, (i) IRWD's proportionate share of CVC annual operating costs billed to RRB by KCWA, (ii) an administrative charge, and (iii) operation, maintenance, energy and replacement ("OME&R") of the CVC and Project Facilities. By way of example and not limitation:

(1) RRB shall bill IRWD for CVC costs billed to RRB by KCWA attributable to the 4.87 cfs of New Canal Capacity available to IRWD. If RRB makes use of the 4.87 cfs of New Canal Capacity available to IRWD, or if IRWD makes use of other CVC capacity available to RRB, each shall pay to the other a proportionate share of annual operating costs billed to RRB by KCWA attributable to the capacity so used.

(2) RRB shall bill IRWD for all CVC pumping/lift costs incurred by RRB for transportation of IRWD water delivered to RRB at Tupman Turnout for storage (currently estimated at Six Dollars and Fifty Cents (\$6.50) per acre-foot).

(3) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(4) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recharged.

D. IRWD Recovery Costs. IRWD shall pay all costs actually incurred by RRB in connection with the recovery and transportation of banked water. "Recovery" includes return of banked water to IRWD by way of SWP entitlement exchange using RRB's SWP entitlement or another person's SWP entitlement that RRB has a contractual right to use or cause to be used for said purpose, but does not include exchange delivery to IRWD, its assignees and licensees using an SWP entitlement or other water supplies contractually committed to IRWD, its assignees and licensees by or through any person, including, without limitation, an agency to which IRWD has assigned rights under Section 15 hereof. Said costs include, without limitation, CVC transportation charges, OME&R of

the CVC and Project Facilities and an Administrative Charge per acre foot of water recovered. By way of example and not limitation:

(1) RRB shall bill IRWD for all actual pumping/lift costs incurred by RRB for the recovery and transportation of IRWD banked water to the point(s) of delivery for water delivered by extraction. If water is delivered to IRWD by way of SWP entitlement exchange, IRWD shall be responsible for all costs for such water delivered through the SWP downstream of the point of delivery and any chargeable costs upstream of the point of delivery as determined in accordance with Exhibit D, attached hereto and incorporated herein by this reference, using interpolation to derive the costs for values between the values listed in said Exhibit. Beginning on July 1, 2009 and on July 1 of each year thereafter, the cost amounts in Exhibit D shall be increased in an amount equal to the percentage change, if any (but not less than zero), in the Consumer Price Index (All Items) for the West, published by the United States Department of Labor, Bureau of Labor Statistics, or if the same shall no longer be published, the most nearly equivalent official index published by said Bureau or its successor or equivalent government agency (the "Index"), over the Index that was in effect at the commencement of the immediately preceding twelve-month period.

(2) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(3) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recovered.

E. OME&R Costs. For the Project Facilities, IRWD's share of operation and maintenance costs shall be invoiced to and paid by IRWD on a quarterly basis. Electrical and replacement costs shall be invoiced monthly, as incurred. Such costs shall be shared by IRWD and RRB as follows:

(1) Variable OME&R costs of wells and recovery pipeline facilities shall be paid by IRWD and RRB pro rata based on the Parties' actual use of the facilities. Pro rata shares of Variable OME&R costs for recovery facilities shall be based on metered flow. Fixed OME&R costs for recovery facilities shall be divided equally.

(2) Variable OME&R costs for recharge facilities shall be paid by IRWD and RRB pro rata based on acre feet recharged. Fixed OME&R costs for recharge facilities shall be divided equally.

(3) For purposes of the foregoing clauses (1) and (2), "Variable OME&R" costs shall mean OME&R costs that are attributable to use of, including wear and tear on, the facilities. "Fixed OME&R" costs are costs that are incurred irrespective of use. By way of example and not limitation, Exhibit E, attached

hereto and incorporated herein by this reference, lists types of costs that are characterized as Fixed and Variable.

(4) OME&R costs for IRWD Project compliance and oversight, as listed in Section 3 of Exhibit E, shall be paid by IRWD.

(5) Costs associated with IRWD use of Project Facilities for any purpose other than the recharge and recovery of water, as specified in Section 1.B(3), shall be the sole responsibility of IRWD.

Annually, RRB shall reconcile all costs to actual and shall adjust, to reflect any credits or additional amounts owed, the subsequent July 1 bill to reflect such reconciliation.

F. Administrative Charge. The Administrative Charge shall initially equal Two Dollars and Fifty Cents (\$2.50) per acre-foot. Beginning on July 1, 2009 and on July 1 of each year thereafter, the Administrative Charge shall be increased in an amount equal to the percentage change, if any (but not less than zero), in the Index, over the Index that was in effect at the commencement of the immediately preceding twelve-month period.

G. Payment of Charges. IRWD shall pay all charges billed by RRB within forty-five (45) days of receipt of a written invoice specifying such charge per acre-foot. Annual charges shall be billed on or before February first of each year. Except as otherwise specified herein, other charges shall be billed as they are incurred, but not more often than monthly. Records and data sufficient to track the charges invoiced, including without limitation CVC charges, use of New Canal Capacity and other CVC capacity, and charges representing pro rata sharing of OME&R costs, shall be provided upon the reasonable request of IRWD.

H. Permit Costs. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the Project Facilities for banking and recovery purposes. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs associated with the acquisition, exchange, transfer or conveyance of water for banking and/or recovery. IRWD shall be responsible for any and all costs of compliance with the MOU as it pertains to the IRWD's Recharge Rights and IRWD's Recovery Rights.

I. Fees and Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the negotiation and execution of this Agreement, or of related agreements, or in connection with negotiating and obtaining necessary approvals of third parties.

5. Material Default. In the event that either IRWD or RRB is in material default of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party, identifying with reasonable specificity the nature of the claimed default. A material default includes IRWD failing to pay charges or RRB failing to bank or deliver water to IRWD. If the defaulting Party has not cured the event(s) of material default which is (are)

identified in the notice required by this Section within ten (10) business days of receipt of such written notice, the non-defaulting Party shall be entitled to any and all remedies which may be available to it at law or in equity. Furthermore, in the event of material breach by RRB wherein RRB fails or otherwise refuses to bank or deliver water pursuant to the terms of this Agreement, IRWD shall be entitled to the remedy of specific performance against RRB. If termination is sought by a Party, disputed issues of whether a material default has occurred or other condition precedent to the termination has been satisfied shall be determined in accordance with Section 6.

6. 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 and if the matter is not resolved through mediation, then it may be submitted for final and binding arbitration as provided in Section 6B below. 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. 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 Section 6A 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. Arbitration. Any dispute, claim or controversy arising under this Agreement, whether for breach, enforcement, or interpretation thereof, including the determination of the scope or applicability of this Agreement to arbitrate, which could not be resolved through the mediation process set forth above, may be determined by arbitration and, with the agreement of both Parties, shall be determined by arbitration before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in that State. Judgment on the award may be entered in any court having jurisdiction. The arbitrator shall, in the award, allocate all of

the costs of the arbitration (and the mediation, if applicable), including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing Party, against the Party who did not prevail.

C. Selection of Mediator/Arbitrator. The Parties shall first attempt to mutually agree to a mediator or arbitrator. If the Parties fail to agree on the mediator or arbitrator, 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 or arbitrators, the Parties shall select the Mediator or Arbitrator. If each of the Parties selects the same Mediator or Arbitrator, that person shall be the Mediator or Arbitrator. 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 or Arbitrator. 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 or Arbitrator unless there is a conflict of interest or the mediator or arbitrator cannot serve because of scheduling conflicts. In that case, the second name drawn shall be the Mediator or Arbitrator. No Mediator or Arbitrator 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 or arbitrator if the final two selected Mediators or Arbitrators have any actual or perceived conflict of interest.

7. Indemnity and Hold Harmless.

A. RRB Indemnity. RRB shall at all times indemnify, defend and save IRWD, 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 attorney fees and costs that IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner relating to RRB's performance under this Agreement, including claims made by groundwater pumpers in the RRB service area, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents or employees.

B. IRWD Indemnity. IRWD shall at all times indemnify, defend and save RRB, 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 attorney fees and costs that RRB, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner resulting from or related to IRWD's performance under this Agreement, including claims made by landowners in the IRWD service area, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of RRB, its Board of Directors, officers, representatives, consultants, contractors, agents or employees.

8. Notices. All written notices required to be given pursuant to the terms hereof shall

be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by facsimile transmission, provided that the original of such notice is sent by certified United States mail, postage prepaid, no later than one (1) business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses or to such other address as the receiving Party may from time to time specify by written notice to the other Party:

<p>To IRWD:</p> <p>Irvine Ranch Water District 15600 Sand Canyon Avenue P.O. Box 57000 Irvine, California 92619-7000 Attn: General Manager Telephone No. (949) 453-5300 Fax No. (949) 453-1228</p>	<p>To RRB:</p> <p>Rosedale-Rio Bravo Water Storage District P. O. Box 867 Bakersfield, California 93302-0867 Attn: General Manager Telephone No. (661) 589-6045 Fax No. (661) 589-1867</p>
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9. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals. As may be necessary for any alternative dispute resolution required or permitted under this Agreement, a copy of this Agreement shall be deemed to be an original for the purposes of satisfying the California and/or Federal Rules of Evidence.

10. **Approval.** RRB and IRWD each acknowledges that execution of this Agreement by each of them is conditioned upon any necessary approval of the terms of the Agreement by its respective governing body.

11. **Authority.** In signing below, 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 representing Party, and shall not result in a violation of such Party's organizational documents.

12. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

13. **Agreement.** No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by all of the Parties.

14. **Further Action.** The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.

15. **Assignment.** IRWD will have the right to assign IRWD's Recharge Rights and/or IRWD's Recovery Rights, in whole or in part, to other entities provided: (A) such other entities are located wholly outside the boundaries of the County of Kern; (B) such other entities shall be sub-contractors of IRWD, having no direct contractual relationship with RRB; (C) IRWD will not be relieved of any of its duties and obligations under the agreement, including without limitation the payment of fees and costs; (D) IRWD will be the lead agency for CEQA review of any such assignment; and (E) IRWD will bear all fees, costs and charges associated with such assignment.

Except as provided in the preceding paragraph, no Party shall assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of the other Party.

16. **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.

17. **Headings.** Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

18. **No Third Party Beneficiaries.** No third party shall be entitled to claim or enforce any rights under this Agreement.

19. **Severability.** In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.

20. **Successors and Permitted Assigns.** All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns under Section 15, whether so expressed or not.

21. **Entire Agreement; Development Agreement Superseded.** The executory provisions of the Development Agreement have been incorporated into and restated in this Agreement, and the Development Agreement is superseded by this Agreement. This Agreement, including the Exhibits described herein, constitutes the entire agreement between the Parties pertaining to the subject matter hereof, and the final, complete and

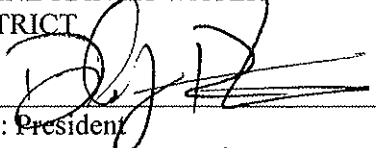
exclusive expression of the terms and conditions thereof. All prior representations, negotiations and understandings of the parties hereto, oral or written, express or implied, pertaining to the subject matter hereof are hereby superseded and merged herein.

22. 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, laws and ordinances, or other events, conditions or causes beyond the control of the non-performing 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 to this Section 22.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below opposite its signature, said Agreement to be effective on the later of the two dates, i.e., when both Parties have signed this Agreement (the "Effective Date").

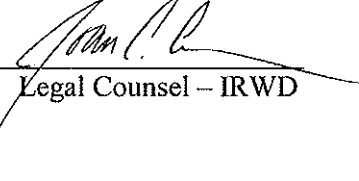
Date: 1/12/09

IRVINE RANCH WATER
DISTRICT

By: 
Title: President

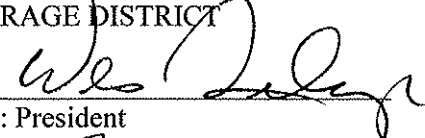
By: Leslie Bonkowski
Title: Secretary

Approved as to form:

By: 
Legal Counsel - IRWD

Date: 1-13-09

ROSEDALE-RIO BRAVO WATER
STORAGE DISTRICT

By: 
Title: President

By: Rebecca Jones
Title: Secretary

Approved as to form:

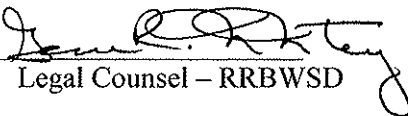
By: 
Legal Counsel - RRBWSD

Exhibit B
 Approximate Locations for Offsite Recovery Wells
 Within the RRB Service Area

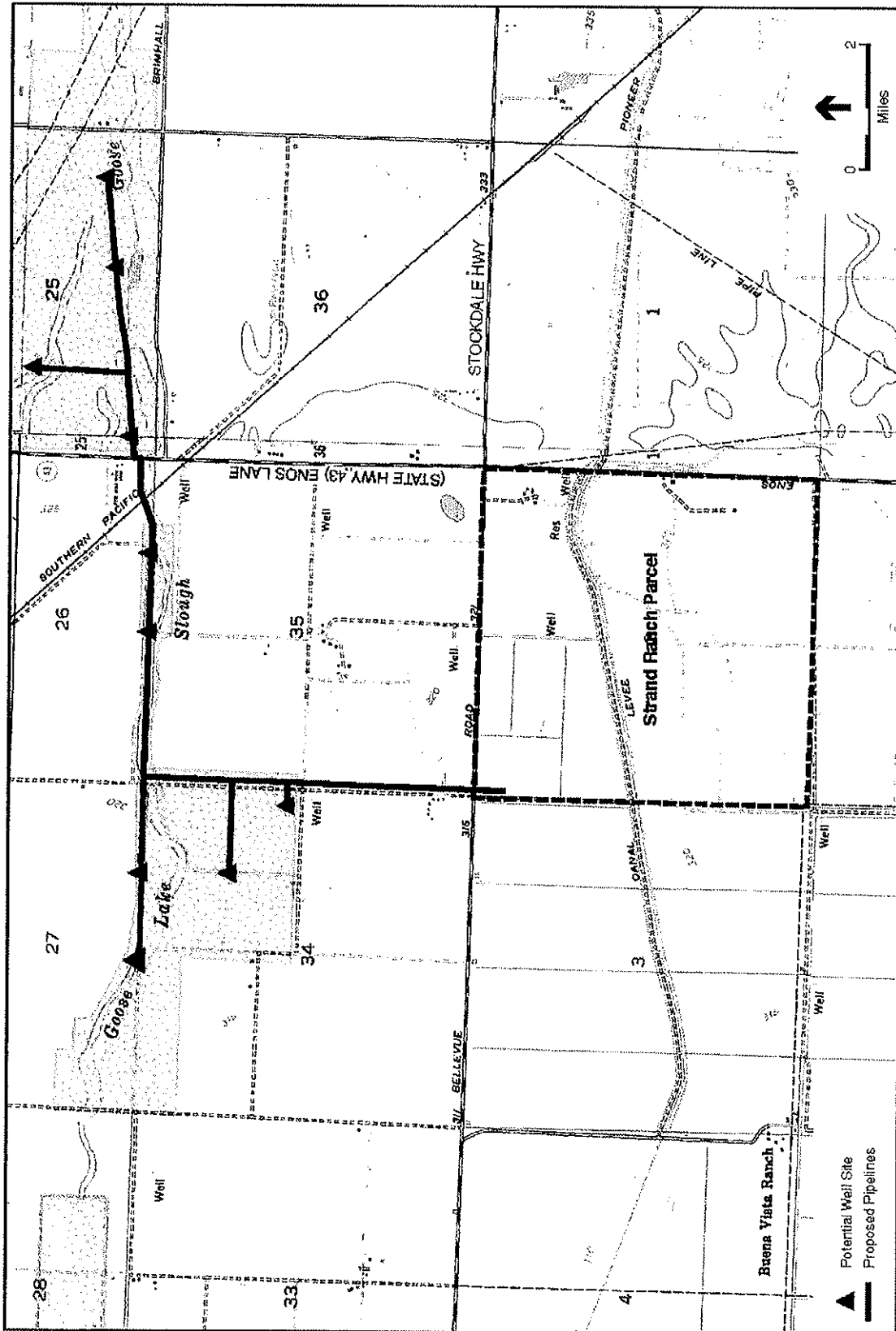


Exhibit C

Entry Conditions [Section 1.G(2)]

RRB shall comply and shall cause its employees, officers, contractors, consultants, agents, representatives, invitees and any other persons entering the Strand Ranch property and Onsite Project Facilities (together, the "Property") under this right of entry (collectively "RRB's Representatives") to comply with the following:

1. Each person entering upon the Property shall be under the personal supervision and control of a duly authorized representative of RRB and/or its contractor. All such persons shall enter the Property at their own risk and shall not light any fires, shall not carry fire arms onto the Property, and shall otherwise comply with all applicable laws, ordinances and regulations and any and all instructions and directions of the authorized agents of RRB.
2. IRWD shall have no duty to inspect the Property and no duty to warn any person of any latent or patent defect, condition or risk that might be incurred in the exercise of the rights granted herein. RRB has inspected or will inspect the Property and hereby accepts the Property "AS IS."
3. The Property and access roadways are not maintained, and are in varying states of repair/disrepair. Irregular surfaces and loose dirt/gravel may exist on the Property and access roadways. In addition, slippery conditions will exist during and after storms. The Property is in a natural condition and as with any unimproved land, certain risks exist. For example, the Property is known to be home to rattlesnakes.
4. RRB hereby agrees to be liable for and to pay to IRWD the cost of any damage of any kind whatsoever to fences, gates, improvements and any other property of IRWD, including loss of use thereof, arising from or in any way related to (i) the acts or omissions of RRB or RRB's Representatives, or (ii) any breach by RRB of any of its obligations under this right of entry, unless and to the extent any of the foregoing are held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of IRWD.
5. IRWD and the other "Indemnitees" (described below) shall not be liable for any damage of any kind whatsoever to the property belonging to or used by RRB or any persons entering upon the Property under this right of entry, including loss of use of any such property, or for any injury of any kind whatsoever to any person entering upon the Property under this right of entry, arising from any cause whatsoever, and RRB hereby waives all claims and demands relating thereto. RRB agrees to indemnify, defend and hold IRWD and its employees, officers, directors, agents and representatives and its and their respective successors and assigns (collectively, the "Indemnities") harmless from and against any and all claims, losses, liabilities, costs and expenses, including attorney's fees (collectively, the "Claims") for damage to real, personal, tangible or intangible property, including loss of use of

any such property, and all Claims for bodily injury, sickness, disease or death of any person, arising from or in any way related to (i) any act, omission or entry upon the Property or other activity under this right of entry by RRB or RRB's Representatives (including but not limited to any Claim by any insurance company which has paid a claim and is subrogated to the rights of the claimant), or (ii) any breach by RRB of its obligations under this right of entry; provided, however, that no Indemnitee shall be entitled to indemnification hereunder to the extent any Claim is held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of such Indemnitee.

6. Prior to any entry under this right of entry, IRWD must be furnished with a policy or certificate of comprehensive general liability and automobile (including non-owned auto) insurance carried by RRB and/or its construction contractor, covering all operations of RRB and RRB's Representatives under this right of entry, endorsed to include IRWD, its employees, officers, directors, agents and representatives, as additional insureds and including a thirty (30) day notice to IRWD in the event of cancellation or any material change in coverage. In addition, this insurance policy shall reflect that the policy is primary insurance as respects any claim, loss or liability arising directly or indirectly from RRB's operations, and any other insurance maintained by IRWD shall be considered noncontributing. This liability insurance must be in a form satisfactory to IRWD and written with limits of liability not less than \$2,000,000 combined single limit bodily injury and property damage liability per occurrence. IRWD will not be responsible for any costs of premiums or other charges for such insurance. If RRB carries greater liability and automobile insurance than the minimum amount required above, the certificate or policy delivered to IRWD must evidence this greater amount. In addition, RRB shall provide worker's compensation and employer's liability insurance coverage with a waiver of subrogation agreement by the insurance carrier as respects IRWD. Failure by IRWD to obtain from RRB evidence of any insurance required hereunder shall not constitute a waiver of the requirement for such insurance. Nothing in this subparagraph shall limit RRB's obligations under the other provisions of this right of entry.
7. RRB's rights under this right of entry shall not be assigned and any attempted assignment or sublicense shall be void and of no effect.
8. The accrued obligations and liabilities of RRB under this right of entry shall survive the termination or expiration of this right of entry, and shall not be affected by or diminished in any way by the existence (or lack thereof) of other entry permits or entry agreements covering all or a portion of the Property.
9. No "hazardous or toxic wastes, substances or materials," as such terms are or may from time to time be defined by Federal, state, county or municipal laws, ordinances, orders or regulations applicable to the use and enjoyment of the Property (which regulated materials are collectively hereinafter referred to as "Hazardous Wastes") shall be placed or used or allowed to be placed or used on the

Property. In the event any such Hazardous Waste is discovered or known to exist on the Property or in the groundwater beneath the Property or otherwise to have escaped or emanated from the Property as a result of the activities of RRB or RRB's Representatives, RRB shall at its cost diligently arrange for and complete the immediate removal thereof and all clean-up and remedial measures ordered by any applicable governmental agency. RRB shall promptly report to IRWD in writing any unusual or potentially important "incidents" involving Hazardous Waste, including spills, fires, revocation of permits and receipts of notices of violation.

10. RRB shall lock each access gate after each access and shall secure all gates at the end of each working day.

Exhibit D

**Chargeable Costs Upstream of the Point of Delivery
Associated with Recovery for IRWD by In-Lieu Entitlement Exchanges
[Section 4.D(1)]**

IRWD Recovery Through In-Lieu Entitlement Exchange (af)	Chargeable Cost (\$/af) ¹
1,000	1.00
2,000	1.00
3,000	1.00
4,000	1.00
5,000	1.50
6,000	1.50
7,000	2.00
8,000	2.50
9,000	2.50
10,000	3.00
11,000	3.00
12,000	3.50
13,000	3.50
14,000	4.00
15,000	4.50
16,000	4.50
17,000	5.00
17,500	5.00

¹ Costs to be adjusted per Index under Section 4.D(1)

Exhibit E

ANNUAL PROJECT OPERATIONS, MAINTENANCE, ENERGY AND REPLACEMENT COSTS (OME&R)

1. Recharge OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

- A. Standard road, levee and canal maintenance.
- B. Weed and rodent control.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities).

- C. Schedule and coordinate recharge operations.
- D. Maintain records of water deliveries etc.
- E. Maintain levees/roads/canals related to recharge areas in recharge years (includes related rodent, insect and weed control).
- F. Replacement cost of control structures (only collected in recharge years).
Replacement cost (\$/af recharged) to be set annually by the Parties during the development of the annual budget.
- G. Monitoring water levels as specified in the MOU.

2. Recovery OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

- A. Standard maintenance of wells, well pads and related appurtenances.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities)

- B. Schedule and coordinate operations; prepare and maintain records; pay bills.
- C. Operate wells, measure discharge, measure, collect and analyze water levels and quality.
- D. Maintain wells, well pads and related appurtenances in recovery years.
- E. Outside services (well equipment etc.).
- F. Replacement costs (only collected in recovery years to cover cost of motor or well failure resulting in a recovery year or as the result of recovery operations).
Replacement cost (\$/af recovered) to be set annually by the Parties during the development of the annual budget.
- G. Actual power costs attributable to recovery operations (including any increased electrical standby/readiness charge attributable to the operations of the wells).
- H. Measure water levels as specified in the MOU.

3. Project Compliance/Oversight: (Paid by IRWD in all years)

- A. Measure water levels except as provided for in 1G and 2H of this Exhibit.
- B. Maintenance of security and maintenance of fencing (as required).
- C. Basic electrical standby/readiness charge attributable to electrical service for recovery wells unless covered pursuant to 2G of this Exhibit.

Note: This page is intentionally left blank.

EXHIBIT "C"

AGREEMENT

**ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT
AND
IRVINE RANCH WATER DISTRICT
FOR
A WATER BANKING, RECOVERY AND EXCHANGE PROGRAM
[Stockdale West and Stockdale East Properties]**

**Agreement
Term
Reference
Number**

~
~
J

THIS AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between the IRVINE RANCH WATER DISTRICT ("IRWD") and the ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT ("RRB"). 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 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 without 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. A map showing existing recharge facilities is attached and incorporated herein as Exhibit A.

D. To improve its water supplies, generate increased recharge capability and 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 (the "RRB Conjunctive Use Program"). The RRB Conjunctive Use Program involves the banking of imported water by customers ("RRB Program Participants") in the groundwater basin for later delivery to said customers by way of exchange delivery through SWP facilities for

RRB's State Water Project ("SWP") rights to water or by way of extraction delivery of banked water through the CVC to the SWP facilities at its junction with an intake and turnout facility near the town of Tupman, California ("Tupman Turnout"). RRB has developed and approved the RRB Conjunctive Use Program through various agreements and documents including, without limitation, a master EIR ("Master EIR") which was certified by RRB on July 17, 2001, and subsequent addenda thereto, pursuant to the California Environmental Quality Act ("CEQA").

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, the "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 (the "Strand Ranch Integrated Banking Project").

F. Since 2004 RRB has acquired an additional 230 acres of real property lying adjacent to the easterly boundary of the Strand Ranch property ("Stockdale East property"), and IRWD has acquired an additional 323 acres of real property lying adjacent to the westerly boundary of the Strand Ranch property ("Stockdale West property"). The location of each property (i.e., the Strand Ranch property, the Stockdale East property, and the Stockdale West property) is shown on Exhibit A.

G. All of the properties described herein, as well as RRB itself, overlie the Kern County Sub-Basin of the San Joaquin Valley Groundwater Basin ("Groundwater Basin").

H. IRWD and RRBWSD desire to develop a program and agreement for a joint water banking project using the Stockdale West and Stockdale East properties, together with other available facilities, to augment the RRB Conjunctive Use Program and the Strand Ranch Integrated Banking Project and to provide IRWD with a means for acquiring and regulating, through Groundwater Basin storage, water supplies to improve the reliability and diversification of its water supplies ("Stockdale Integrated Banking Project").

I. Pursuant to a letter agreement dated August 15, 2011 and its incorporated terms and conditions, the parties provided for the implementation of a one-year pilot augmentation banking project on IRWD's Stockdale West property to test the feasibility of developing a banking project on such property. The results of the one-year pilot augmentation banking project indicate that a long-term banking project would be successful, and the parties have determined that it would be mutually beneficial to develop the same as part of the Stockdale Integrated Banking Project.

J. On or about June 29, 2012, the Parties entered into an agreement entitled "Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for Development of Water Banking Project for Stockdale West and Enos Lane

[Stockdale East] Properties” (“Development Agreement”). The Development Agreement contains the principal intended terms of the proposed development of the Stockdale East and Stockdale West properties and provides for the preparation of the detailed terms to be set forth in a final project agreement. Certain obligations that are already in the process of being carried out between the parties regarding payment, deposit and use of funds may be carried over to this Agreement from the Development Agreement. The Parties intend that this Agreement shall serve as the final project agreement contemplated in the Development Agreement and that this Agreement shall supersede and replace the Development Agreement.

K. On December 8, 2015 RRB certified an environmental impact report (“Project EIR”) for the Stockdale Integrated Banking Project and subsequently on December 14, 2015 IRWD approved the Project EIR as a responsible agency.

L. IRWD, with RRB’s assistance, cooperation, and due diligence as needed, may make separate contractual water supply arrangements with other entities such as, but not limited to, water districts, water purveyors, and land owners located anywhere in the State of California and with the concurrence and/or approval as necessary of local, state and federal agencies, for the purchase, transfer, and/or exchange of water for recharge into storage on behalf of IRWD using IRWD’s recharge and storage rights and obligations as set forth in this agreement. Subject to Section 12.H of this Agreement, such contractual arrangements may result in IRWD’s assigning in whole or in part its Stockdale West Property recharge and recovery rights and obligations to other contracting entities outside of Kern County. 1

M. IRWD, with RRB’s assistance, cooperation and due diligence as needed, has and/or will make separate contractual arrangements with The Metropolitan Water District of Southern California (“MWD”) and/or the Kern County Water Agency (“KCWA”), both State Water Project (“SWP”) contractors, as convenient and necessary for the exchange and delivery of recovered water from the point of delivery specified herein to IRWD’s service area.

N. RRB has executed a memorandum of understanding for banking (“MOU”) with adjacent water districts that places restrictions on the use of the Groundwater Basin and establishes water losses described herein (see Section 3.B) and is imposed on the Parties by this Agreement. The MOU was amended as of December 9, 2008, to include the Strand Ranch Integrated Banking Program. RRB has entered into the “Interim Project Recovery Operations Plan Regarding Kern Water Bank Authority (KWB) and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects,” the “Interim Project Recovery Operations Plan Regarding Pioneer and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects,” and has adopted a “Long Term Project Recovery Operations Plan Regarding Rosedale-Rio Bravo Water Storage District Projects,” all of which implement the provisions of the MOU. The term “MOU” shall include such implementing documents and any amendments thereto or replacements thereof. With or without formal amendment, it is understood that the MOU also includes the Stockdale Integrated Banking Project.

NOW, THEREFORE, IN CONSIDERATION of the payment of money and the promises of the Parties as set forth herein, it is agreed as follows:

AGREEMENT

1. Description of Project Facilities.

A. Stockdale East Property. The Stockdale East property will be developed for recharge by constructing recharge basins of varying shape, size, and depth, with berms, in, over and upon up to approximately 160 acres (or 70%) of the Stockdale East property. The Stockdale East Property will be developed for recovery by constructing wells, the number and location of which will be determined based on modeling of subsurface conditions at the site. The facilities constructed on the Stockdale East property, including the Acquired Storage Account Wells (defined below), are herein referred to as “Stockdale East Facilities”.

B. Stockdale West Property. The Stockdale West property will be developed for recharge by constructing recharge basins of varying shape, size, and depth, with berms, in, over and upon up to approximately 265 acres (or 82%) of the Stockdale West property. The Stockdale West Property will be developed for recovery by constructing wells the number and location of which will be determined based on modeling of subsurface conditions at the site. The facilities constructed on the Stockdale West property are herein referred to as “Stockdale West Facilities”.

C. Other Facilities. RRB and IRWD agree to cooperate and equally fund the study of infrastructure improvements that would benefit the Stockdale Integrated Banking Project (“Other Facilities”). Improvements to be studied could include (but are not limited to) modification of existing CVC turnouts, the design and construction of diversions from the Pioneer Canal and the design and construction of improvements to facilities that would improve the ability to deliver Kern River water to the properties. RRB and IRWD will also cooperate in the evaluation of the need to secure additional CVC capacity for the joint benefit of IRWD and RRB. The Parties also agree to cooperate and equally fund the identification of a third Stockdale Integrated Banking Project site as described in the EIR, and the study of Other Facilities that would integrate the third Project site into the Stockdale Integrated Banking Project. Funding for the design, construction, and use of Other Facilities will be established by separate agreement or by amendment to this Agreement.

D. Project Facilities Defined. The phrase “Project Facilities” as used herein refers to all facilities constructed pursuant to the Stockdale Integrated Banking Project including, without limitation, the Stockdale East Facilities, the Stockdale West Facilities, Other Facilities, “Additional Work” (see Section 4), and any RRB Conjunctive Use Program facilities that may be used by IRWD pursuant to this Agreement.

2. Use of Project Facilities.

A. Priority Rights/Unused Capacity. Except as provided in Section 2.B. below:

(1) IRWD shall have the priority right to use all recharge and recovery capacity of the Stockdale West Facilities for Project purposes. RRB shall have the right to use any and all recharge and recovery capacity of the Stockdale West Facilities when not being used by IRWD.

(2) RRB shall have the priority right to use all recharge and recovery capacity of the Stockdale East Facilities for RRB Conjunctive Use Program purposes. IRWD shall have the right to use any and all recharge and recovery capacity of the Stockdale East Facilities when not being used by RRB. In addition, RRB shall provide IRWD capacity within the RRB Conjunctive Use Program pursuant to paragraph C(2) below.

B. High Flow Kern River Water.

(1) IRWD has entered into an agreement with Buena Vista Water Storage District, dated December 22, 2010, for acquisition of high flow Kern River water made available through the Buena Vista Management Program (“BV/IRWD Agreement”). Nothing in this Agreement shall prohibit IRWD from amending the BV/IRWD Agreement to include deliveries of exchange water to the Stockdale West property consistent with the 2-for-1 terms of said agreement. The terms of the existing BV/IRWD Agreement allow BVWSD to deliver exchange water to the Strand Ranch when the hydrology of the Kern River for the April-July runoff is at 125% of normal or higher. Under separate agreement with BVWSD, IRWD and RRB may relinquish their first priority recharge rights on the Stockdale West and/or Stockdale East properties to BVWSD to spread regulated Kern River high flows when available provided that such water is recharged simultaneously on all Project Facilities. RRB and IRWD acknowledge that the foregoing arrangements require a separate agreement among BVWSD, RRB and IRWD, as well as an amendment of the BV/IRWD Agreement. The Parties agree to cooperate to diligently pursue such amendments in good faith. 5

(2) During times that “Kern River flood water” is available (e.g. 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), RRB shall have a first priority right to use all Project Facilities for recharge of Kern River flood water; provided, however, any Kern River flood water banked using Stockdale West Facilities will be shared between RRB and IRWD on an equal basis.

C. Physical Limitations.

(1) RRB and IRWD have conducted hydrogeologic studies to determine the recharge, storage and recovery limitations of both the Stockdale West property and the Stockdale East property. The physical limitations of the Stockdale West Property shall be the "Project Limitations." The physical limitations of the Stockdale West property are currently expected to be 27,100 acre-feet per year (AFY) of recharge based on an estimated infiltration rate of 0.28 feet per day for 365 days, 11,250 AFY of recovery capacity based on the actual recovery capacity of the wells, and 26,000 acre-feet (AF) of total storage capacity, plus 50,000 AF of total storage capacity in the Acquired Storage Account. RRB shall have and retain exclusive right to any storage capacity identified with the Stockdale East property. IRWD shall have and retain exclusive right to any storage capacity identified with the Stockdale West property.

(2) To the extent RRB has unused capacity available in the RRB Conjunctive Use Program facilities after meeting its obligations, and subject to the physical and operating limitations of such Conjunctive Use Program facilities, RRB will provide IRWD the use of capacity from RRB Conjunctive Use Program facilities in an amount required to provide recharge and recovery capacity equivalent to the maximum recharge and recovery capacity as established by the Project Limitations for the Stockdale West property to assist IRWD in delivering its water in and out of storage up to the annual Project Limitations for the Stockdale West property.

D. Storage Accounts.

(1) Water banked by RRB pursuant to the Stockdale Integrated Banking Project, regardless of the facilities used for that purpose, will be stored in any storage account available to RRB. Water banked by IRWD pursuant to the Stockdale Integrated Banking Project, regardless of the facilities used for that purpose, will be stored in any storage account available to IRWD under the Strand Ranch Integrated Banking Project or the Stockdale Integrated Banking Project.

(2) IRWD will fund the cost, not to exceed \$1,500,000, for RRB's drilling, construction and equipping of two groundwater extraction wells, on the Stockdale East Property (the "Acquired Storage Account Wells"). In exchange, RRB will provide IRWD access to a 50,000 AF storage account in the RRB Conjunctive Use Program ("Acquired Storage Account"), which shall be in addition to the storage account IRWD is entitled to under the Strand Ranch Agreement. The Acquired Storage Account shall be available for IRWD's use over the term of this Agreement. IRWD may use the Acquired Storage Account to store any water recharged at the Strand Ranch Integrated Banking Project, the Stockdale Integrated Banking Project, or by in-lieu means. RRB owns sites for and shall construct the Acquired Storage Account Wells and pay any cost thereof in excess of the \$1,500,000 funded by IRWD. The parties acknowledge that the certain Drought Relief Project Cost Sharing Agreement, dated as of March 9, 2015, among the parties and Castaic Lake Water Agency provides terms and conditions governing the construction and payment for the Acquired Storage Account Wells and connecting pipelines.

(3) Any water that IRWD transfers into its Acquired Storage Account that is in excess of 50,000 AF shall be considered a spill into the RRB Conjunctive Use Program where water may be stored, subject to space availability, for up to 3 years (with RRB retaining ten percent (10%) of the spilled water as a fee for each year that the water is stored in the RRB Conjunctive Use Program beyond 3 years). IRWD may transfer balances of water held in the RRB Conjunctive Use Program back to its Acquired Storage Account or to any other storage account available to IRWD under the Strand Ranch Integrated Banking Project or the Stockdale Integrated Banking Project, as space is available.

3. Operation of Project Facilities.

A. RRB to Operate Project Facilities. RRB shall operate, maintain and control all Project Facilities for the term of this Agreement, including implementation of applicable CEQA mitigation measures and incorporated environmental commitments, subject to cost sharing as provided in Section 9 below. Subject to the terms hereof, RRB will have sole and exclusive right to use all recharge and recovery capacity of the Project Facilities for any lawful district purpose. RRB agrees to operate and maintain the Project Facilities in sound operating condition subject to cost sharing as provided in Section 9 below.

B. Applicability of MOU; Losses. IRWD and RRB agree that Stockdale Integrated Banking Project operations shall be consistent with the applicable terms and provisions of the MOU referred to in Recital N hereof among RRB and adjoining entities, and with applicable CEQA mitigation measures and incorporated environmental commitments. Water banked by IRWD pursuant to the Stockdale Integrated Banking Project is subject to eleven percent (11%) one-time losses, pursuant to the MOU. The current calculation for loss factors under the MOU ranges from eleven percent (11%) to fifteen percent (15%). The Parties will share equally in the proceeds from the sale of the four percent (4%) difference between the 11% and the 15% as applied to water banked by IRWD, its assignees and licensees, including compensation to RRB for the administrative expenses of the sale.

C. Quality of Water. Water delivered to Project Facilities for recharge shall be of a quality not less than would be acceptable for conveyance in the SWP. IRWD and RRB agree that project operations shall be consistent with the water quality provisions of the MOU referred to in Recital N hereof among RRB and adjoining entities, and with applicable CEQA mitigation measures and incorporated environmental commitments. RRB is not required to return to IRWD water recovered from Stockdale West, Stockdale East, or any other RRB Conjunctive Use Facility, that is of better quality than the groundwater underlying the property from which it is recovered at the time of recovery; provided, however, that RRB agrees to exercise its best efforts with due diligence, subject to applicable MOU and CEQA requirements, to return water to IRWD that will meet SWP pump-in requirements by prioritizing the use of the various wells according to available screened depths, blending water extracted from Project Facilities, and other operational

practices as necessary, except that the foregoing shall not require treatment or capital expenditures unless provided by IRWD at its expense.

D. Supply of Water.

(1) IRWD will supply water for banking purposes. IRWD will also receive water under Kern River flood conditions to the extent described in Section 2.B(2) above. RRB, at its discretion and with concurrence of IRWD, may also acquire other water on behalf of IRWD.

(2) **Provided that it does not adversely impact the RRB Conjunctive Use Program, RRB will support IRWD's pursuit of water supply programs with Friant 215 water suppliers. IRWD has priority right to utilize the Stockdale West property for recharge of such Friant 215 water. Subject to RRB's determination that IRWD's use of Friant 215 is not adversely impact its own water supply and management programs, RRB will assist and cooperate with IRWD in the exchange of Friant 215 water for exportable water for delivery into IRWD's service area.** 8
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E. Point of Delivery of Water For Recharge. The point of delivery for water delivered by IRWD for recharge and banking shall be at (i) the Tupman Turnout (Reach 13B) on the easterly side of the SWP facilities, (ii) the Strand Ranch Turnouts in Reach 2 of the Cross Valley Canal, or (iii) any point or points where such water enters transportation facilities owned or operated by RRB. RRB shall select a point of delivery from the list above for each block of water delivered by IRWD for recharge and banking and IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB.

F. Point of Delivery of Recovered Water. The preferred delivery of recovered water will be through SWP entitlement exchange (in-lieu) to the extent practical as determined in good faith by RRB in consideration of its other obligations, operational requirements and best interests. The point(s) of delivery for water delivered by RRB for return to IRWD will be (i) the point of discharge into the CVC for water recovered by extraction from the Project Facilities or (ii) at the Tupman Turnout for water delivered through SWP entitlement exchange (in-lieu). IRWD is responsible for all actual costs and transportation losses from the point(s) of delivery identified herein to the place of use for water delivered through SWP entitlement exchange. IRWD is responsible for all costs and transportation losses from the Groundwater Basin to the place of use for water recovered by extraction from the Project Facilities.

G. Delivery Schedule. IRWD will supply RRB with a preliminary delivery schedule for water to be recharged or recovered for IRWD and any IRWD assignees and licensees from the Project Facilities. Absent consent of RRB, annual delivery schedules for recharge and recovery shall not exceed the annual Project Limitations for the Stockdale West property. The delivery schedules submitted under this Agreement will be submitted as part of the schedules to be submitted pursuant to Section 1.B.(10) of the Strand Ranch Agreement. All of the provisions of Section 1.B.(10) of the Strand Ranch Agreement shall

govern the submission, processing and implementation of delivery schedules submitted under this Agreement as though incorporated herein, except that the limitations set forth in the second sentence of this paragraph shall apply in lieu of the corresponding limitations on the Strand Ranch Agreement Onsite and Offsite Project Facilities delivery schedules set forth in said Section 1.B.(10).

H. Water Available to be Recovered. IRWD must have a positive groundwater bank account, equaling or exceeding the amount sought to be recovered, in order to recover banked water. Banked water shall be available for recovery at any time following banking, subject to completion of all approvals and environmental review.

I. Measurement; Inspection; Records. Water banked by direct delivery shall be measured through the turnout meters at the CVC, as reported by KCWA in the monthly CVC delivery summaries. Water recovered by exchange delivery shall be measured by DWR at Reach 13B at the Tupman Turnout. Water recovered by extraction delivery shall be measured by RRB through the meter(s) on the recovery pipeline(s) delivering water to the CVC. IRWD shall be entitled to inspect all measuring devices upon two (2) days written notice to RRB. Records of IRWD's recharge, recovery, and banked water and supporting banking books and records, in such form and content as customarily maintained by RRB or as mutually agreed by the Parties, shall be provided to IRWD by RRB at such intervals as reasonably requested by IRWD.

J. Approvals. RRB will exercise its best efforts and due diligence as reasonably required to assist to obtain approval from KCWA, DWR and any other local, state and federal agencies for all actions and matters necessary to carry out this Agreement as contemplated herein, including without limitation the direct delivery of groundwater into the CVC and the California Aqueduct and the delivery of water supplies obtained by IRWD through separate contractual arrangements into storage pursuant to the Stockdale Integrated Banking Project.

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4. Construction of Project Facilities.

A. Stockdale West Facilities. IRWD shall, at its sole cost and expense, design and construct the Stockdale West Facilities, including without limitation (i) recovery wells, (ii) recharge ponds, (iii) conveyance channels and pipelines, and (iv) applicable construction-related CEQA mitigation measures and incorporated environmental commitments. IRWD agrees to include other recovery and appurtenant facilities reasonably requested by RRB ("RRB Additional Work") to be added to IRWD's design and construction contracts for the Stockdale West Facilities. The RRB Additional Work shall be priced using separate scope or bid items, and RRB shall reimburse IRWD, through separate reimbursement agreement(s), for the RRB Additional Work included in each IRWD contract on an incremental basis such that the cost paid by IRWD under the contract is no greater than it would have been without the RRB Additional Work. RRB shall cooperate and execute all documents necessary to plan, design, process, construct, and operate the Stockdale West Facilities. The selection of the engineers and consultants to be used by IRWD to process such facilities shall be subject to the prior review of RRB.

The construction of the facilities shall be pursuant to public bidding, unless otherwise agreed. The plans, specifications, construction contracts, and award of same shall be subject to review by RRB. RRB and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Stockdale West Facilities. IRWD shall indemnify and hold harmless RRB, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. IRWD and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the RRB Additional Work. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. IRWD shall cause RRB, its officers, agents and employees to be included as additional insureds in any liability insurance that IRWD requires its contractors and design consultants to provide under the design and/or construction contracts.

B. Stockdale East Facilities. RRB shall, at its sole cost and expense except as provided in Section 2.D(2), design and construct the Stockdale East Facilities, including without limitation (i) the Acquired Storage Account Wells, (ii) recharge ponds, (iii) conveyance channels and pipelines, and (iv) applicable construction-related CEQA mitigation measures and incorporated environmental commitments. RRB agrees to include other recovery and appurtenant facilities reasonably requested by IRWD (“IRWD Additional Work”) to be added to RRB’s design and construction contracts for the Stockdale East Facilities. The IRWD Additional Work shall be priced using separate scope or bid items, and IRWD shall reimburse RRB, through separate reimbursement agreement(s), for the IRWD Additional Work included in each RRB contract on an incremental basis such that the cost paid by RRB under the contract is no greater than it would have been without the IRWD Additional Work. IRWD shall cooperate and execute all documents necessary to plan, design, process, construct, and operate the Stockdale East Facilities. The selection of the engineers and consultants to be used by RRB to process such facilities shall be subject to the prior review of IRWD. The construction of the facilities shall be pursuant to public bidding, unless otherwise agreed. The plans, specifications, construction contracts, and award of same shall be subject to review by IRWD. IRWD and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Stockdale East Facilities. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. RRB and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the IRWD Additional Work. IRWD shall indemnify and hold harmless RRB, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. RRB shall cause IRWD, its officers, agents and employees to be

included as additional insureds in any liability insurance that RRB requires its contractors and design consultants to provide under the design and/or construction contracts.

5. Title to Project Facilities.

A. Title; Easements. IRWD shall own the Stockdale West Facilities and any appurtenances located on the Stockdale West property. RRB shall own the Stockdale East Facilities and any appurtenances located on the Stockdale East property. RRB shall own the Acquired Storage Account Wells (and any related appurtenances and facilities) even though the same were constructed with funds provided by IRWD. Easements for pipelines shall be as mutually agreed to by the Parties consistent with the intended use of the Project Facilities. Notwithstanding the foregoing, each Party shall have the right to use and operation of the Project Facilities as provided for in this agreement.

B. Entry. To carry out the water banking activities contemplated by this Agreement, including the operation of the Project Facilities, RRB shall have for the term of this Agreement the right to enter upon the Stockdale West property and all Project Facilities. The foregoing right of entry is subject to the conditions set forth in Exhibit B attached hereto and incorporated herein by this reference.

C. Non-Banking Uses. The Stockdale West property and recharge basins thereon may, with the mutual agreement of the Parties, be leased to lessees from time to time for purposes such as grazing, organic farming or other uses compatible with banking operations or at such times as banking operations are not active. With respect to any such lease, IRWD shall receive the lease rental revenue, costs and overdraft correction obligation, if any. IRWD shall indemnify and hold harmless RRB, its officers, agents and employees from any damages or claims resulting from the non-banking use of the leased property as set out in Section 6 of this Agreement. Further, RRB shall not be responsible for non-performance in the event IRWD utilizes Project Facilities for purposes other than for the recharge and recovery of water, as specified herein, and such uses preclude RRB from utilizing Project Facilities to meet its obligations under this Agreement.

6. Indemnity; Insurance.

A. RRB Indemnity.

(1) RRB shall at all times indemnify, defend and save IRWD, 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 attorney fees and costs that IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner relating to RRB's performance under this Agreement, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents or employees, and further excepting any claims made or

paid to landowners within RRB's service area pursuant to obligations under the MOU as defined herein.

(2) IRWD and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement and (ii) downstream from the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this Agreement. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages.

B. IRWD Indemnity.

(1) IRWD shall at all times indemnify, defend and save RRB, 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 attorney fees and costs that RRB, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner resulting from or related to IRWD's performance under this Agreement, including claims made by landowners in the IRWD service area, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of RRB, its Board of Directors, officers, representatives, consultants, contractors, agents or employees.

(2) RRB and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this Agreement and (ii) downstream from the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement. IRWD shall indemnify and hold harmless RRB its officers, agents, and employees from any such damages or claims of damages.

C. Insurance. RRB shall maintain property and casualty insurance covering the RRB Facilities and shall include within said coverage the Stockdale East Property and the Stockdale East Facilities. RRB shall on execution of this Agreement provide IRWD with a copy of such policies and instruct the insurance companies to send IRWD any notices from the insurance company including notices of non-payment of premium or non-renewal of the policies. IRWD shall maintain property and casualty insurance covering the Stockdale West property and the Stockdale West Facilities. IRWD shall on execution of this Agreement provide RRB with a copy of such policies and instruct the insurance companies to send RRB any notices from the insurance company including notices of non-payment of premium or non-renewal of the policies.

7. **Representations and Reliance.**

A. **RRB represents and warrants, as of the Effective Date, as follows:**

(1) RRB has title to Stockdale East property and has the authority to enter into and to perform under the terms of this Agreement.

(2) To RRB's knowledge, neither the Master EIR nor the Stockdale Integrated Banking Project EIR, nor any addenda or changes thereto, have been challenged, and the time within which to bring any such challenges has expired.

(3) There is no pending or threatened litigation involving the RRB Conjunctive Use Program.

B. **IRWD Reliance.** IRWD has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

C. **IRWD represents and warrants, as of the Effective Date, as follows:**

(1) IRWD has title to Stockdale West property and has the authority to enter into and to perform under the terms of this Agreement.

D. **RRB Reliance.** RRB has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

8. **Term.**

A. **Initial Term and Extensions.** Unless this Agreement is earlier terminated pursuant to Section 10, the initial term of this Agreement shall to and including January 12, 2039. The term of the Agreement may be extended in fifteen year increments by written agreement. Negotiations for any extension shall be initiated by either party by giving written notice to the other party of an extension request, which written notice shall be given not less than twelve (12) months in advance of the expiration of the then current initial or extended term. 11

B. **Banked Water.** If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, IRWD shall own its banked water on behalf of itself and its assignees and licensees.

C. **Ownership of Property, Facilities and Other Assets; Reimbursement.** If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, then such termination shall automatically terminate the entry right described in Section 5.B., and IRWD will retain, and RRB will concurrently relinquish in

favor of IRWD any right, title or interest it may have or it may claim to have in and to: (i) the Stockdale West property; and (ii) the Stockdale West Facilities.

9. Payment and Charges.

A. Water Acquisition Costs. If RRB is able and willing to acquire water for IRWD, IRWD shall pay all costs associated with such acquisition, plus 10% thereof (but not less than \$5.00/AF) payable to RRB. The foregoing does not apply to water acquired under Section 2.B(2).

B. [INTENTIONALLY OMITTED]

C. IRWD Banking Costs. IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB. IRWD shall pay all costs actually incurred by RRB in connection with the transportation, recharge and storage of water delivered for banking by IRWD. Said costs include, without limitation, (i) IRWD's proportionate share of CVC annual operating costs billed to RRB by KCWA, (ii) an administrative charge, and (iii) operation, maintenance, energy and replacement ("OME&R") of the CVC and Project Facilities. By way of example and not limitation:

(1) RRB shall bill IRWD for CVC costs billed to RRB by KCWA attributable to the 4.87 cfs of New Canal Capacity available to IRWD. If RRB makes use of the 4.87 cfs of New Canal Capacity available to IRWD, or if IRWD makes use of other CVC capacity available to RRB, each shall pay to the other a proportionate share of annual operating costs billed to RRB by KCWA attributable to the capacity so used.

(2) RRB shall bill IRWD for all CVC pumping/lift costs incurred by RRB for transportation of IRWD water delivered to RRB at Tupman Turnout for storage (currently estimated at Six Dollars and Fifty Cents (\$6.50) per acre-foot).

(3) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(4) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recharged.

D. IRWD Recovery Costs. IRWD shall pay all costs actually incurred by RRB in connection with the recovery and transportation of banked water. "Recovery" includes return of banked water to IRWD by way of SWP entitlement exchange using RRB's SWP entitlement or another person's SWP entitlement that RRB has a contractual right to use or cause to be used for said purpose, but does not include exchange delivery to IRWD, its assignees and licensees using an SWP entitlement or other water supplies contractually committed to IRWD, its assignees and licensees by or through any person, including, without limitation, an agency to which IRWD has assigned rights under Section 12.H hereof. Said costs include, without limitation, CVC transportation charges, OME&R

of the CVC and Project Facilities and an Administrative Charge per acre foot of water recovered. By way of example and not limitation:

(1) RRB shall bill IRWD for all actual pumping/lift costs incurred by RRB for the recovery and transportation of IRWD banked water to the point(s) of delivery for water delivered by extraction. If water is delivered to IRWD by way of SWP entitlement exchange and not by extraction due to non-operational status of wells for maintenance, repairs or any other reason, IRWD shall not be responsible for pumping/lift costs and shall be responsible for all costs for such water delivered through the SWP downstream of the point of delivery and any chargeable costs upstream of the point of delivery, which shall be the same as the such costs in effect from time to time pursuant to Section 4.D.(1) of the Strand Ranch Agreement

(2) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(3) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recovered.

E. OME&R Costs. For the Project Facilities, IRWD's share of operation and maintenance costs shall be invoiced to and paid by IRWD on a quarterly basis. Electrical and replacement costs shall be invoiced monthly, as incurred. Such costs shall be shared by IRWD and RRB as follows:

(1) Variable OME&R costs of wells and recovery pipeline facilities shall be paid by IRWD and RRB pro rata based on the Parties' actual use of the facilities. Pro rata shares of Variable OME&R costs for recovery facilities shall be based on metered flow. Fixed OME&R costs for recovery facilities shall be divided equally.

(2) Variable OME&R costs for recharge facilities shall be paid by IRWD and RRB pro rata based on acre feet recharged. Fixed OME&R costs for recharge facilities shall be divided equally.

(3) For purposes of the foregoing clauses (1) and (2), "Variable OME&R" costs shall mean OME&R costs that are attributable to use of, including wear and tear on, the facilities. "Fixed OME&R" costs are costs that are incurred irrespective of use. By way of example and not limitation, Exhibit C, attached hereto and incorporated herein by this reference, lists types of costs that are characterized as Fixed and Variable. Water quality analysis to meet pump-in water quality requirements shall be considered a Variable OME&R. Title 22 water quality analysis required for the initial approval of the project(s) and every three (3) years thereafter shall be considered Fixed OME&R.

(4) OME&R costs for IRWD Project compliance and oversight, as listed in Section 3 of Exhibit C, shall be paid by IRWD.

(5) Costs associated with IRWD use of Project Facilities for any purpose other than the recharge and recovery of water shall be the sole responsibility of IRWD.

Annually, RRB shall reconcile all costs to actual and shall adjust, to reflect any credits or additional amounts owed, the subsequent July 1 bill to reflect such reconciliation.

F. Administrative Charge. The Administrative Charge shall be the same as the Administrative Charge in effect from time to time pursuant to Section 4.F of the Strand Ranch Agreement.

G. Payment of Charges. IRWD shall pay all charges billed by RRB within forty-five (45) days of receipt of a written invoice specifying such charge per acre-foot. Except as otherwise specified herein, charges shall be billed as they are incurred, but not more often than monthly. Records and data sufficient to track the charges invoiced, including without limitation CVC charges, use of New Canal Capacity and other CVC capacity, and charges representing pro rata sharing of OME&R costs, shall be provided upon the reasonable request of IRWD. Payments of undisputed amounts not received within the 45 days shall be assessed a late fee of \$250 and shall accrue interest at ½% per month.

H. Permit Costs. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the Stockdale West Facilities for banking and recovery purposes. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs associated with IRWD's acquisition, exchange, transfer or conveyance of water for banking and/or recovery. RRB shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the Stockdale East Facilities for banking and recovery purposes. RRB shall be responsible for any and all regulatory and permitting fees and permitting costs associated with RRB's acquisition, exchange, transfer or conveyance of water for banking and/or recovery. IRWD shall be responsible for any and all costs of compliance with the MOU as it pertains to the IRWD's recharge rights under this Agreement and/or the Stockdale Integrated Banking Project. IRWD shall be responsible for its proportionate share of any and all costs of compliance with the MOU in proportion to its use of the recovery facilities included within the Project Facilities for IRWD or its banking partners. RRB shall be responsible for its proportionate share of any and all costs of compliance with the MOU in proportion to RRB's use of the recovery facilities included within the Project Facilities for RRB or its other RRB Program Participants.

I. Fees and Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the negotiation and execution of this Agreement, or of related agreements, or in connection with negotiating and obtaining necessary approvals of third parties.

J. Studies and CEQA Costs. RRB and IRWD will equally fund the Project EIR, including all technical studies necessary to support the Project EIR, and agree to equally fund any litigation expenses associated with the CEQA compliance work for the Stockdale Integrated Banking Project.

10. Material Default. In the event that either IRWD or RRB is in material default of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party, identifying with reasonable specificity the nature of the claimed default. A material default includes IRWD failing to pay charges or RRB failing to bank water for or deliver water to IRWD. If the defaulting Party has not cured the event(s) of material default which is (are) identified in the notice required by this Section within ten (10) business days of receipt of such written notice, the non-defaulting Party shall be entitled to any and all remedies which may be available to it at law or in equity. Furthermore, in the event of material breach by RRB wherein RRB fails or otherwise refuses to bank or deliver water pursuant to the terms of this Agreement, IRWD shall be entitled to the remedy of specific performance against RRB. If termination is sought by a Party, disputed issues of whether a material default has occurred or other condition precedent to the termination has been satisfied shall be determined in accordance with Section 11.

11. 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 and if the matter is not resolved through mediation, then it may be submitted for final and binding arbitration as provided in Section 11.B below. 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. 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 Section 11.A 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. Arbitration. Any dispute, claim or controversy arising under this Agreement, whether for breach, enforcement, or interpretation thereof, including the determination of the scope or applicability of this Agreement to arbitrate, which could not be resolved through the mediation process set forth above, may be determined by arbitration and, with the agreement of both Parties, shall be determined by arbitration before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in that State. Judgment on the award may be entered in any court having jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration (and the mediation, if applicable), including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing Party, against the Party who did not prevail.

C. Selection of Mediator/Arbitrator. The Parties shall first attempt to mutually agree to a mediator or arbitrator. If the Parties fail to agree on the mediator or arbitrator, 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 or arbitrators, the Parties shall select the Mediator or Arbitrator. If each of the Parties selects the same Mediator or Arbitrator, that person shall be the Mediator or Arbitrator. 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 or Arbitrator. 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 or Arbitrator unless there is a conflict of interest or the mediator or arbitrator cannot serve because of scheduling conflicts. In that case, the second name drawn shall be the Mediator or Arbitrator. No Mediator or Arbitrator 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 or arbitrator if the final two selected Mediators or Arbitrators have any actual or perceived conflict of interest.

12. Miscellaneous.

A. Notices. All written notices required to be given pursuant to the terms hereof shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by e-mail or facsimile transmission, provided that the original of such notice is sent by certified United States mail, postage prepaid, no later than one (1) business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses or to such other address as the receiving Party may from time to time specify by written notice to the other Party:

<p>To IRWD:</p> <p>Irvine Ranch Water District 15600 Sand Canyon Avenue P.O. Box 57000 Irvine, California 92619-7000 Attn: General Manager Telephone No. (949) 453-5300 Fax No. (949) 453-1228</p>	<p>To RRB:</p> <p>Rosedale-Rio Bravo Water Storage District P. O. Box 867 Bakersfield, California 93302-0867 Attn: General Manager Telephone No. (661) 589-6045 Fax No. (661) 589-1867</p>
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B. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals. As may be necessary for any alternative dispute resolution required or permitted under this Agreement, a copy of this Agreement shall be deemed to be an original for the purposes of satisfying the California and/or Federal Rules of Evidence.

C. Approval. RRB and IRWD each acknowledges that execution of this Agreement by each of them is conditioned upon any necessary approval of the terms of the Agreement by its respective governing body.

D. Authority. In signing below, 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 representing Party, and shall not result in a violation of such Party's organizational documents.

E. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

F. Amendments. No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by both of the Parties.

G. Further Action. The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.

H. Assignment. IRWD will have the right to assign its recharge and/or recovery rights under this Agreement and the Stockdale Integrated Banking Project, in whole or in part, to other entities provided: (i) such other entities are located wholly outside the boundaries of the County of Kern; (ii) such other entities shall be sub-contractors of IRWD, having no direct contractual relationship with RRB; (iii) IRWD will not be relieved of any of its duties and obligations under the agreement, including without

limitation the payment of fees and costs; (iv) IRWD will be the lead agency for CEQA review of any such assignment; and (v) IRWD will bear all fees, costs and charges associated with such assignment. Except as provided herein, no Party shall assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of the other Party.

I. 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.

J. Headings. Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

K. No Third Party Beneficiaries. No third party shall be entitled to claim or enforce any rights under this Agreement.

L. Severability. In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.

M. Successors and Permitted Assigns. All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns whether so expressed or not.

N. Entire Agreement; Development Agreement Superseded. The executory provisions of the Development Agreement have been incorporated into and restated in this Agreement, and the Development Agreement is superseded by this Agreement. This Agreement, including the Exhibits described herein, constitutes the entire agreement between the Parties pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior representations, negotiations and understandings of the parties hereto, oral or written, express or implied, pertaining to the subject matter hereof are hereby superseded and merged herein.

O. 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, laws and ordinances, or other events, conditions or causes beyond the control of the non-performing 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.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below opposite its signature, said Agreement to be effective on the later of the two dates, i.e., when both Parties have signed this Agreement (the "Effective Date").

Date: _____

IRVINE RANCH WATER
DISTRICT

By: _____

Title: _____

Date: 1/25/2016

ROSEDALE-RIO BRAVO WATER
STORAGE DISTRICT

By:  _____

Title: General Manager

officers, agents or employees, for any claim of damage arising out of or connected with a suspension of performance pursuant hereto.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below opposite its signature, said Agreement to be effective on the later of the two dates, i.e., when both Parties have signed this Agreement (the "Effective Date").

Date: 4 February 2016

IRVINE RANCH WATER DISTRICT

Approved as to form:

By: 



Title: General Manager

Date: _____

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

By: _____

Title: _____

Exhibit A

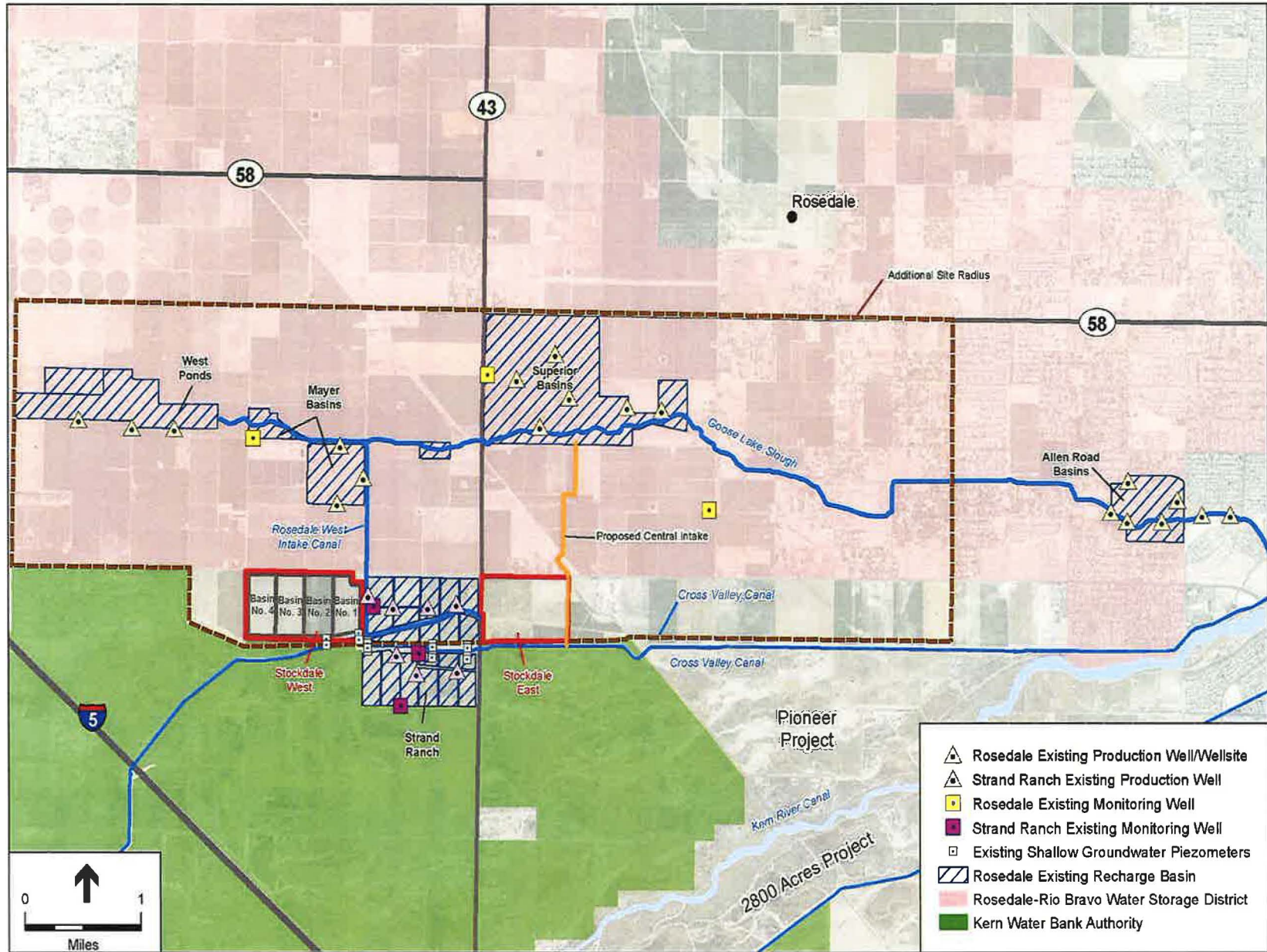


Exhibit B

Entry Conditions [Section 5.B]

RRB shall comply and shall cause its employees, officers, contractors, consultants, agents, representatives, invitees and any other persons entering the Stockdale West property and Stockdale West Facilities (together, the "Property") under this right of entry (collectively "RRB's Representatives") to comply with the following:

1. Each person entering upon the Property shall be under the personal supervision and control of a duly authorized representative of RRB and/or its contractor. All such persons shall enter the Property at their own risk and shall not light any fires, shall not carry fire arms onto the Property, and shall otherwise comply with all applicable laws, ordinances and regulations and any and all instructions and directions of the authorized agents of RRB.
2. IRWD shall have no duty to inspect the Property and no duty to warn any person of any latent or patent defect, condition or risk that might be incurred in the exercise of the rights granted herein. RRB has inspected or will inspect the Property and hereby accepts the Property "AS IS."
3. The Property and access roadways are not maintained, and are in varying states of repair/disrepair. Irregular surfaces and loose dirt/gravel may exist on the Property and access roadways. In addition, slippery conditions will exist during and after storms. The Property is in a natural condition and as with any unimproved land, certain risks exist. For example, the Property is known to be home to rattlesnakes.
4. RRB hereby agrees to be liable for and to pay to IRWD the cost of any damage of any kind whatsoever to fences, gates, improvements and any other property of IRWD, including loss of use thereof, arising from or in any way related to (i) the acts or omissions of RRB or RRB's Representatives, or (ii) any breach by RRB of any of its obligations under this right of entry, unless and to the extent any of the foregoing are held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of IRWD.
5. IRWD and the other "Indemnitees" (described below) shall not be liable for any damage of any kind whatsoever to the property belonging to or used by RRB or any persons entering upon the Property under this right of entry, including loss of use of any such property, or for any injury of any kind whatsoever to any person entering upon the Property under this right of entry, arising from any cause whatsoever, and RRB hereby waives all claims and demands relating thereto. RRB agrees to indemnify, defend and hold IRWD and its employees, officers, directors, agents and representatives and its and their respective successors and assigns (collectively, the "Indemnities") harmless from and against any and all claims, losses, liabilities, costs and expenses, including attorney's fees (collectively, the "Claims") for damage to real, personal, tangible or intangible property, including loss of use of

any such property, and all Claims for bodily injury, sickness, disease or death of any person, arising from or in any way related to (i) any act, omission or entry upon the Property or other activity under this right of entry by RRB or RRB's Representatives (including but not limited to any Claim by any insurance company which has paid a claim and is subrogated to the rights of the claimant), or (ii) any breach by RRB of its obligations under this right of entry; provided, however, that no Indemnitee shall be entitled to indemnification hereunder to the extent any Claim is held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of such Indemnitee.

6. Prior to any entry under this right of entry, IRWD must be furnished with a policy or certificate of comprehensive general liability and automobile (including non-owned auto) insurance carried by RRB and/or its construction contractor, covering all operations of RRB and RRB's Representatives under this right of entry, endorsed to include IRWD, its employees, officers, directors, agents and representatives, as additional insureds and including a thirty (30) day notice to IRWD in the event of cancellation or any material change in coverage. In addition, this insurance policy shall reflect that the policy is primary insurance as respects any claim, loss or liability arising directly or indirectly from RRB's operations, and any other insurance maintained by IRWD shall be considered noncontributing. This liability insurance must be in a form satisfactory to IRWD and written with limits of liability not less than \$2,000,000 combined single limit bodily injury and property damage liability per occurrence. IRWD will not be responsible for any costs of premiums or other charges for such insurance. If RRB carries greater liability and automobile insurance than the minimum amount required above, the certificate or policy delivered to IRWD must evidence this greater amount. In addition, RRB shall provide worker's compensation and employer's liability insurance coverage with a waiver of subrogation agreement by the insurance carrier as respects IRWD. Failure by IRWD to obtain from RRB evidence of any insurance required hereunder shall not constitute a waiver of the requirement for such insurance. Nothing in this subparagraph shall limit RRB's obligations under the other provisions of this right of entry.
7. RRB's rights under this right of entry shall not be assigned and any attempted assignment or sublicense shall be void and of no effect.
8. The accrued obligations and liabilities of RRB under this right of entry shall survive the termination or expiration of this right of entry, and shall not be affected by or diminished in any way by the existence (or lack thereof) of other entry permits or entry agreements covering all or a portion of the Property.
9. No "hazardous or toxic wastes, substances or materials," as such terms are or may from time to time be defined by Federal, state, county or municipal laws, ordinances, orders or regulations applicable to the use and enjoyment of the Property (which regulated materials are collectively hereinafter referred to as "Hazardous Wastes") shall be placed or used or allowed to be placed or used on the

Property. In the event any such Hazardous Waste is discovered or known to exist on the Property or in the groundwater beneath the Property or otherwise to have escaped or emanated from the Property as a result of the activities of RRB or RRB's Representatives, RRB shall at its cost diligently arrange for and complete the immediate removal thereof and all clean-up and remedial measures ordered by any applicable governmental agency. RRB shall promptly report to IRWD in writing any unusual or potentially important "incidents" involving Hazardous Waste, including spills, fires, revocation of permits and receipts of notices of violation.

10. RRB shall lock each access gate after each access and shall secure all gates at the end of each working day.

Exhibit C

ANNUAL PROJECT OPERATIONS, MAINTENANCE, ENERGY AND REPLACEMENT COSTS (OME&R)

1. Recharge OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

- A. Standard road, levee and canal maintenance.
- B. Weed and rodent control.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities).

- C. Schedule and coordinate recharge operations.
- D. Maintain records of water deliveries etc.
- E. Maintain levees/roads/canals related to recharge areas in recharge years (includes related rodent, insect and weed control).
- F. Replacement cost of control structures (only collected in recharge years).
Replacement cost (\$/af recharged) to be set annually by the Parties during the development of the annual budget.
- G. Monitoring water levels as specified in the MOU.

2. Recovery OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

- A. Standard maintenance of wells, well pads, related appurtenances and annual renewal of Mission Communications service.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities)

- B. Schedule and coordinate operations; prepare and maintain records; pay bills.
- C. Operate wells, measure discharge, measure, collect and analyze water levels and quality.
- D. Maintain wells, well pads and related appurtenances in recovery years.
- E. Outside services (well equipment etc.).
- F. Replacement costs (only collected in recovery years to cover cost of motor or well failure resulting in a recovery year or as the result of recovery operations).
Replacement cost (\$/af recovered) to be set annually by the Parties during the development of the annual budget.
- G. Actual power costs attributable to recovery operations (including any increased electrical standby/readiness charge attributable to the operations of the wells).
- H. Measure water levels as specified in the MOU.

3. Project Compliance/Oversight: (Paid by IRWD in all years)

- A. Measure water levels except as provided for in 1G and 2H of this Exhibit.
- B. Maintenance of security and maintenance of fencing (as required).
- C. Basic electrical standby/readiness charge attributable to electrical service for recovery wells unless covered pursuant to 2G of this Exhibit.

EXHIBIT "D"

**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**

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

Agreement
Term
Reference
Number
 ↓
V

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. 1.

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. 2.

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. 3.

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 4.

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.**

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- (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. 6.

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. 7. 8.

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. 9.

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. 10.

- D. **Special Activities Agreements.** A Party may enter into one or more written Special Activities Agreements with the Authority providing for its independent choice 11.

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.

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- 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

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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.

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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: (940) 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:





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Exhibit “E”
Summary of Cooperative Terms in Existing Agreements
Between IRWD and Rosedale

Agreement	Agreement Term Reference Number	Cooperative Term	Principle From August 2022
Strand Ranch Water Banking and Exchange Program Agreement	1	IRWD, with Rosedale’s assistance, cooperation and due diligence as needed, may make separate contractual water supply arrangements with other entities such as, but not limited to, water districts, water purveyors, and landowners anywhere in the State of California.	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges
	2	Rosedale will use all of its facilities to satisfy its obligations to accommodate IRWD’s recharge and recovery rights.	<ul style="list-style-type: none"> • Not competing • Not Impacting Rights • Optimizing Exchanges
	3	IRWD’s recharge and recovery rights shall not be displaced or impaired by Rosedale’s use or other obligations.	<ul style="list-style-type: none"> • Not competing • Not Impacting Rights
	4	IRWD and Rosedale will jointly evaluate the possibility of providing IRWD with additional banking capacity.	<ul style="list-style-type: none"> • Cooperating on New Projects
	5	IRWD will have the right to three well sites for up to three offsite recover wells (Constructed in Drought Relief Project).	<ul style="list-style-type: none"> • Cooperating on New Projects
	6	Rosedale will exercise best efforts and due diligence as reasonably required to assist obtain approval from KCWA, DWR and others for all actions and matters to implement the agreement.	<ul style="list-style-type: none"> • Not Competing • Optimizing Exchanges
	7	Upon expiration, the term of the agreement shall be extendable in fifteen-year increments upon mutual agreement.	<ul style="list-style-type: none"> • Cooperating on New Projects
Stockdale West Water Banking, Recovery and Exchange Program Agreement	1	IRWD, with Rosedale’s assistance, cooperation and due diligence as needed, may make separate contractual water supply arrangements with other entities such as, but not limited to, water districts, water purveyors, and landowners anywhere in the State of California.	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges
	2	Rosedale and IRWD agree to cooperate and equally fund the study of infrastructure improvements that would benefit the Stockdale Integrated Banking Project.	<ul style="list-style-type: none"> • Cooperating on New Projects

Stockdale West Water Banking, Recovery and Exchange Program Agreement (Continued)	3	Rosedale and IRWD will cooperate in the evaluation of the need to secure additional CVC capacity for the joint benefit of IRWD and Rosedale.	<ul style="list-style-type: none"> Cooperating on New Projects
	4	The Parties agree to cooperate and equally fund the identification of a third Stockdale Integrated Banking Project site as described in the EIR, and the study of Other Facilities that would integrate the third Project site into the Stockdale Integrated Banking Project.	<ul style="list-style-type: none"> Cooperating on New Projects
	5	Under separate agreement with BVWSD, IRWD and Rosedale may relinquish their first priority recharge rights on the Stockdale West and/or Stockdale East properties to BVWSD to spread regulated Kern River high flows when available provided that such water is recharged simultaneously on all Project Facilities. The parties agree to cooperating to diligently pursue amendments to any necessary agreements.	<ul style="list-style-type: none"> Cooperating on New Projects Not Competing Optimizing Exchanges
	6	To the extent Rosedale has unused capacity available in the Rosedale Conjunctive Use Program facilities after meeting its obligations, and subject to the physical and operating limitations of such Conjunctive Use Program facilities, Rosedale will provide IRWD the use of capacity from Rosedale Conjunctive Use Program facilities in an amount required to provide recharge and recovery capacity equivalent to the maximum recharge and recovery capacity as established by the Project Limitations for the Stockdale West property to assist IRWD in delivering its water in and out of storage up to the annual Project Limitations for the Stockdale West property	<ul style="list-style-type: none"> Cooperating on New Projects
	7	IRWD will fund the cost, not to exceed \$1,500,000, for Rosedale's drilling, construction and equipping of two groundwater extraction wells, on the Stockdale East Property. In exchange, Rosedale will provide IRWD access to a 50,000 AF storage account in the Rosedale Conjunctive Use Program (Transaction Complete).	<ul style="list-style-type: none"> Cooperating on New Projects
	8	Provided that it does not adversely impact the Rosedale Conjunctive Use Program, Rosedale will support IRWD's pursuit of water supply programs with Friant 215 water suppliers. IRWD has priority right to utilize the Stockdale West property for recharge of such Friant 215 water.	<ul style="list-style-type: none"> Not Competing Optimizing Exchanges

Stockdale West Water Banking, Recovery and Exchange Program Agreement (Continued)	9	Subject to Rosedale's determination that IRWD's use of Friant 215 does not adversely impact its own water supply and management programs, Rosedale will assist and cooperate with IRWD in the exchange of Friant 215 water for exportable water for delivery into IRWD's service area.	<ul style="list-style-type: none"> • Not Competing • Optimizing Exchanges
	10	Rosedale will exercise its best efforts and due diligence as reasonably required to assist to obtain approval from KCWA, DWR and any other local, state and federal agencies for all actions and matters necessary to carry out the Agreement.	<ul style="list-style-type: none"> • Not Competing • Optimizing Exchanges
	11	The term of the Agreement may be extended in fifteen-year increments by written agreement.	<ul style="list-style-type: none"> • Cooperating on New Projects
Groundwater Banking Joint Powers Authority Agreement	1	The up to 640-acre third project site analyzed in the Stockdale Integrated Banking Project EIR would constitute Phase I of a proposed Kern Fan Groundwater Storage Project ("Kern Fan Project"). A second up to 640-acre project site would constitute Phase 2 of the Kern Fan Project.	<ul style="list-style-type: none"> • Cooperating on New Projects
	2	IRWD and Rosedale would have access to Kern Fan Project facilities and capacities to store water pursuant to other programs to generate additional water supply benefits.	<ul style="list-style-type: none"> • Cooperating on New Projects • Not Competing • Not Impacting Rights • Optimizing Exchanges
	3	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.	<ul style="list-style-type: none"> • Cooperating on New Projects
	4	If Rosedale 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	<ul style="list-style-type: none"> • Cooperating on New Projects

Groundwater Banking Joint Powers Authority Agreement (Continued)	5	Upon termination, Rosedale 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.	<ul style="list-style-type: none"> • Not Impacting Rights
	6	The water recharge, recovery, and additional conveyance capacity developed under the Kern Fan Project shall be allocated equally between Rosedale 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.	<ul style="list-style-type: none"> • Cooperating on New Projects • Not Competing • Not Impacting Rights
	7	Rosedale 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	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges
	8	Rosedale 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.	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges
	9	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.	<ul style="list-style-type: none"> • Not Impacting Rights
	10	Each Party may enter into a Special Activities Agreement with the Authority describing and approving an independent operating program or project.	<ul style="list-style-type: none"> • Not Impacting Rights • Optimizing Exchanges
	11	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.	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges

Groundwater Banking Joint Powers Authority Agreement (Continued)	12	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 Rosedale and IRWD each shall own the water stored in their respective shares of the Kern Fan Project's remaining storage capacity.	<ul style="list-style-type: none"> • Not Competing • Not Impacting Rights • Optimizing Exchanges
	13	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 Rosedale; provided that Rosedale may exercise its discretion to allow IRWD to acquire an additional 25% of such recharged Kern River Flood Water by paying Rosedale the average price for Kern River water over the preceding two (2) months or \$25 per AF, whichever is greater.	<ul style="list-style-type: none"> • Cooperating on New Projects

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December 6, 2022
Prepared by: K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook *PAW*

SUPPLY RELIABILITY PROGRAMS COMMITTEE

CONCEPTUAL TERMS FOR SPECIAL ACTIVITIES AGREEMENT WITH THE GROUNDWATER BANKING JOINT POWERS AUTHORITY

SUMMARY:

The Groundwater Banking Joint Powers Authority (GBJPA) is planning, designing, and preparing to construct the Kern Fan Groundwater Storage Project in concurrent phases. Near-term activities will involve construction of recharge and recovery facilities on properties secured for the project in 2021. The agreement that formed the GBJPA provides for the implementation of Special Activities Agreements approving independent operating projects or programs. Until the full project is operational, a Special Activities Agreement between the GBJPA and its members is needed to ensure that IRWD has access to existing conveyance facilities to utilize its share of the recharge and recovery facilities to be constructed on the secured properties. Staff has prepared conceptual terms for the Special Activities Agreement as presented below. Staff recommends the Board authorize the General Manager to execute an agreement based on these terms.

BACKGROUND:

The Kern Fan Project is being implemented in concurrent phases by the GBJPA of which IRWD and Rosedale-Rio Bravo Water Storage District are members. Near-term project activities include the construction of recharge and recovery facilities on two properties secured for the project in 2021. These properties are the West Enos and Stockdale North sites, previously referred to as the Bolthouse and Diamond Properties. Subsequent phases of the project will involve construction of additional recharge and recovery facilities as well as conveyance features to connect the project to the State Water Project (SWP).

West Enos and Stockdale North Project Facilities:

In 2021, the GBJPA purchased the West Enos and Stockdale North properties. A location map for the proposed West Enos and Stockdale North projects is provided as Exhibit "A". The Stockdale North property is currently being leased back to the sellers until 2024. The design of recharge facilities on the West Enos site is currently at a 60% level and construction of these facilities is expected to begin in summer 2023. The design of recovery facilities on the West Enos site is in progress. The design of facilities on the Stockdale North site will begin in 2023. It is estimated that the West Enos and Stockdale North project 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 recovery capacity of 14,480 AF per year. Through the GBJPA, IRWD and Rosedale will share equally in the use of these capacities.

Access to Existing Conveyance Facilities:

The conveyance facilities connecting the Kern Fan Project to the SWP will not be constructed until 2028. Until the conveyance is constructed, water would need to be conveyed to and from the West Enos and Stockdale North sites via Rosedale's Gooselake Channel, Central Intake Pipeline, and Rosedale Intake Canal. A Special Activities Agreement is proposed among the GBJPA and its members to facilitate the use of these existing conveyance facilities.

Terms for Special Activities Agreement:

In April 2020, Rosedale and IRWD executed a Joint Powers Agreement that formed the GBJPA. The agreement allows each party to enter into a Special Activities Agreement with the GBJPA describing and approving an independent operating program or project. Staff has prepared terms for a Special Activities Agreement that would provide IRWD access to capacities in Rosedale's Gooselake Channel, Central Intake Pipeline, and the Rosedale Intake Canal to facilitate IRWD's use of its 50% share of the capacities at the West Enos and Stockdale North sites. The draft terms are included as Exhibit "B". At the Committee meeting, staff will present details associated with the draft terms.

FISCAL IMPACTS:

The California Water Commission has awarded conditional funding to the Kern Fan Project in the amount of \$89.1 million. Staff has submitted a Feasibility Study to the Bureau of Reclamation for construction of the West Enos and Stockdale North facilities. Reclamation's acceptance of the Feasibility Study is needed to consider a Small Storage Project grant application for up to \$9.8 million. IRWD and Rosedale will fund the remaining cost of the Kern Fan Project. The proposed Special Activities Agreement would require IRWD to pay Rosedale for the use of conveyance facilities to deliver water to and from the West Enos and Stockdale North properties.

ENVIRONMENTAL COMPLIANCE:

An Environmental Impact Report for the Kern Fan Groundwater Storage 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 Groundwater Banking Joint Powers Authority, as lead agency, filed a Notice of Determination for the Kern Fan Groundwater Storage Project with the County of Kern. Rosedale, as a responsible agency, filed a Notice of Determination 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.

Supply Reliability Programs Committee: Conceptual Terms for Special Activities Agreement
with the Groundwater Banking Joint Powers Authority

December 6, 2022

Page 3

RECOMMENDATION:

That the Board authorize the General Manager to execute a Special Activities Agreement with the Groundwater Banking Authority Joint Powers Authority and Rosedale-Rio Bravo Water Storage District for use of the West Enos and Stockdale North facilities based on the terms presented, subject to non-substantive changes.

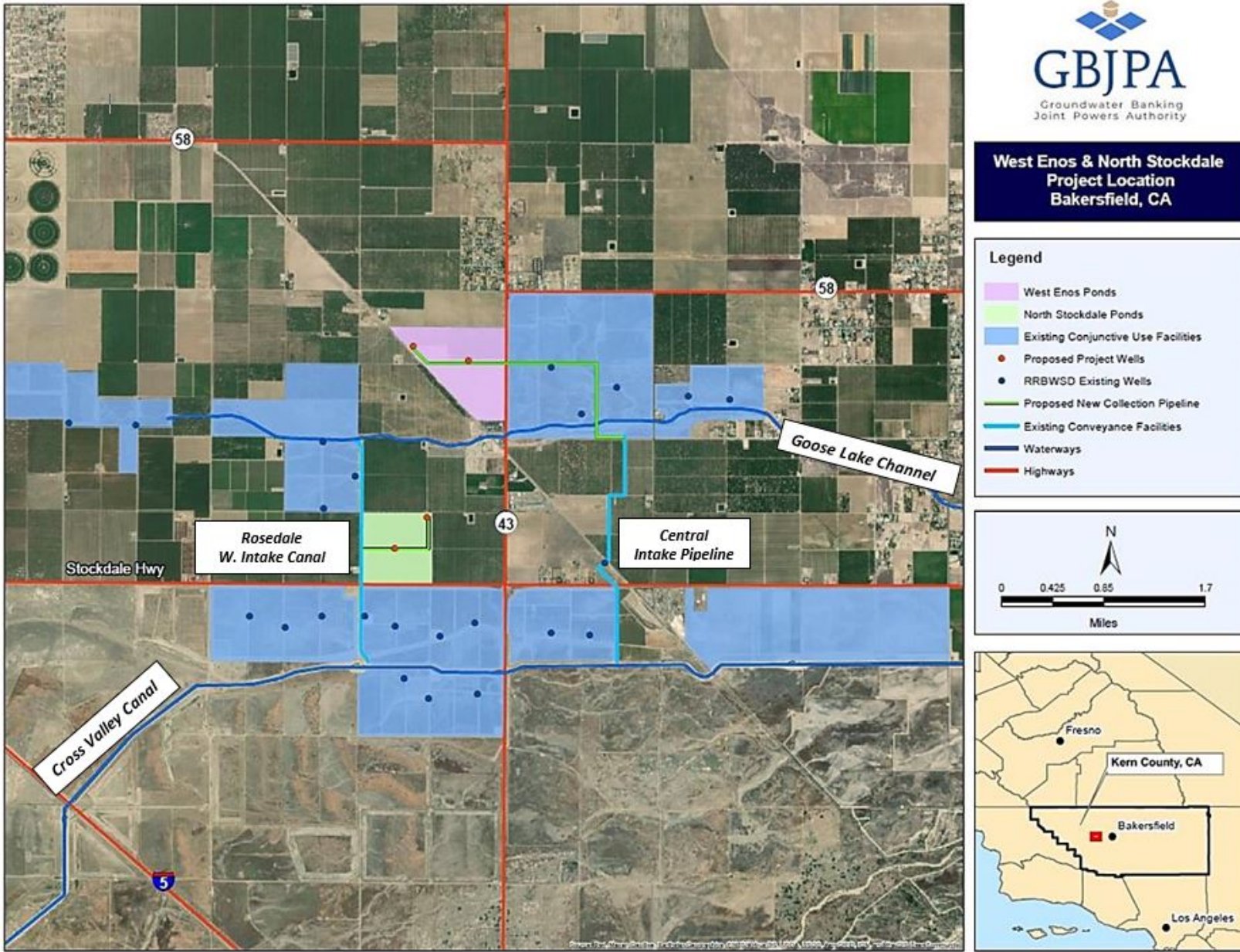
LIST OF EXHIBITS:

Exhibit "A" – West Enos and Stockdale North Project Location Map

Exhibit "B" – Conceptual Terms for Special Activities Agreement for use of Recharge and Recovery Facilities on the West Enos and Stockdale North Properties

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EXHIBIT "A"



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EXHIBIT "B"

**Conceptual Terms for Special Activities Agreement for use of
Recharge and Recovery Facilities on West Enos and Stockdale North Properties
(December 6, 2022)**

Parties	The Irvine Ranch Water District (IRWD), Rosedale-Rio Bravo Water Storage District (Rosedale) and the Groundwater Banking Joint Powers Authority (GBJPA).
Description	The GBJPA purchased the West Enos and North Stockdale properties in 2021. The GBJPA is planning and designing recharge and recovery facilities that will be constructed on these properties (Early Project Facilities). Until construction of the Kern Fan Groundwater Storage Project (Kern Fan Project) is complete, a Special Activities Agreement based on the terms presented below will govern the use of the Early Project Facilities.
Term	The Special Activities Agreement will provide for the use of the Early Project Facilities until the construction of Kern Fan Project conveyance (480 cfs) and remaining recharge (approximately 1,280 acres) and recovery (12 wells) facilities are complete or as otherwise mutually agreed upon by the Parties.
Capacities of Early Project Facilities	<p>The Early Project Facilities are expected to have the following minimum storage, recharge and recovery capacities:</p> <ul style="list-style-type: none"> • Storage Capacity = 28,000 AF • Recharge Capacity = 15,000 AFY • Recovery Capacity = 14,480 AFY <p>Consistent with the Joint Powers Agreement that formed the GBJPA, IRWD and Rosedale will each have first-priority use of 50 percent of actual capacities and second priority use of capacities not being used by the other Party.</p>
Access to Conveyance for Recharge and Recovery of Water	<p>The operations of the Early Project Facilities will rely on the use of the Gooselake Channel, Central Intake Pipeline and the Rosedale Intake Canal (Early Project Conveyances) for the delivery of water for recharge. The recovery of water from the facilities will rely on the use of the Central Intake Pipeline and the Rosedale Intake Canal for reverse flow deliveries to the Cross Valley Canal (CVC).</p> <p>When water is available to both IRWD and Rosedale through independent or joint programs for recharge at the Early Project Facilities, capacities in the Early Project Conveyances will be used by Rosedale to provide delivery of equal amounts of water for recharge at the Early Project Facilities either simultaneously or offset by time consistent with the scheduling requirements below.</p> <p>When both IRWD and Rosedale are recovering water using Early Project Facilities, the Early Project Conveyances (other than the Gooselake Channel) will be used by Rosedale to deliver equal amounts of water to the CVC either simultaneously or offset by time consistent with the scheduling requirements below.</p>
Compensation for Access to Conveyance	IRWD will compensate Rosedale for access to the Early Project Conveyances in the amount of \$25 per AF each for both direct recharge operations and for direct recovery operations through the Rosedale Intake Canal. IRWD already

	owns capacity in the Central Intake Pipeline that can be used to return water to the CVC.
Operating Costs	IRWD will compensate Rosedale for use of CVC capacity consistent with the terms of the Strand Ranch Agreement. Rosedale and IRWD shall pay the GBJPA for operations, maintenance, energy and replacement costs consistent with their respective proportional use of the Early Project Facilities.
Kern River Flood Water	Kern River Flood Water shall be recharged at the Early Project Facilities consistent with the GBJPA Joint Powers Authority Agreement.
Scheduling of Water	The Parties would coordinate in the scheduling of water for recharge and recovery purposes consistent with the terms of the Strand Ranch Agreement.
Losses	Water banking losses will be accounted for in accordance with the Strand Ranch Agreement and related Memorandums of Understanding.
Agency Coordination	The Parties will exercise best efforts and due diligence as reasonably required to assist obtaining approval from KCWA, DWR and others for all actions and matters to implement the Special Activities Agreement.
No Benefit to State of California	No deliveries of water recharged on the Early Project Facilities under this Special Activities Agreement will be credited to the 25,000 AF Ecosystem Account that is envisioned to provide ecosystem benefits to the State of California. Deliveries to the Ecosystem Account will begin once the Kern Fan Project is complete and all necessary agreements with the State have been executed.
Environmental Compliance	The Parties shall comply with California Environmental Quality Act (CEQA) and cooperate with one another with respect to CEQA compliance that may be required to implement the Special Activities Agreement.
Termination	Early termination would occur in accordance with the GBJPA Joint Powers Authority Agreement.
General Expenses	Each Party would be responsible for its own fees and expenses arising out of the negotiation and execution of the Special Activities Agreement, obtaining necessary approvals, and the like.