AGENDA
IRVINE RANCH WATER DISTRICT
SUPPLY RELIABILITY PROGRAMS COMMITTEE
THURSDAY, APRIL 18, 2019

CALL TO ORDER	3:00 p.m., Committee Room, Second Floor, District Office 15600 Sand Canyon Avenue, Irvine, California			
ATTENDANCE	Committee Chair: Peer Swan	_____		
	Member: Douglas Reinhart	_____		
ALSO PRESENT	Paul Cook	_____	Kellie Welch	_____
	Rob Jacobson	_____	Christine Compton	_____
	Ray Bennett	_____	Paul Weghorst	_____
	Jo Ann Corey	_____	Dane Johnson	_____
	Fiona Sanchez	_____	___________	_____
	___________	_____	___________	_____

NOTICE

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

COMMUNICATIONS

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

INFORMATION

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

   Recommendation: Receive and file.

6. HISTORIC AND PROJECTED FUTURE STORAGE IN IRWD'S WATER BANKING PROJECTS – PALACIO / WELCH / SANCHEZ / WEGHORST

   Recommendation: Receive and file.

INFORMATION - Continued

7. KERN FAN GROUNDWATER STORAGE PROJECT UPDATE – SANCHEZ / WEGHORST

Recommendation: Receive and file.

ACTION

8. REVISED JOINT POWERS AUTHORITY AGREEMENT FOR THE KERN FAN GROUNDWATER STORAGE PROJECT – SANCHEZ / WEGHORST

Recommendation: That the Committee provide input on the revised draft of the Joint Powers Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District Creating the Kern Fan Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project.

9. ONE-YEAR EXTENSION OF JACKSON RANCH AGRICULTURAL LEASE – WELCH / SANCHEZ / WEGHORST

Recommendation: That the Board authorize the General Manager to execute Amendment No. 1 to Agricultural Lease with Adee Honey Farms to extend the term of the lease for an additional one-year period to May 15, 2020.

OTHER BUSINESS

10. Directors' Comments

11. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

April 18, 2019
Prepared by: D. Johnson / 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 presented in a format that can be updated as necessary to reflect changes in IRWD's projects, programs and operations. At the Committee meeting, staff will review this information. Staff will also provide an update on ongoing recharge as well as efforts to secure water for recharge at IRWD's water banking projects.

BACKGROUND:

To assist with the facilitation of Committee meeting discussions, staff has prepared reference materials in tabular, map and schematic formats that describe IRWD's water banking facilities, capacities, operations and exchange programs. The reference materials will be updated, as needed, to reflect changes to the projects, programs and operations. The following is an overview of the reference materials. At the Committee meeting, staff will provide an update related to ongoing recharge as well as efforts to secure additional water for recharge at IRWD's water banking projects.

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 attached 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. Both Exhibits "B" and "C" include a column that provides totals for each water type and storage location. These operations tables have been updated to reflect an increase in the 2019 State Water Project Table A allocation from 35% to 70% and to include an estimate of Kern River water deliveries for recharge in 2019. Exhibit "D" provides an overview of dedicated storage, recharge and recovery capacities at IRWD's Strand Ranch and Stockdale West projects.

Project Maps:

To support the tables provided as Exhibits "A", "B", "C" and "D", staff has prepared maps that depict project wells and pipelines, recharge basins and Cross Valley Canal (CVC) turnout locations, along with the most current recharge rates. These maps are provided as Exhibits "E", "F" and "G", respectively. Exhibit "G" has been updated to reflect the most current estimated infiltration rate as of April 11, 2019. The facilities shown on the maps are associated with the Strand Ranch, Stockdale West, Stockdale East and Rosedale-Rio Bravo Water Storage District Drought Relief Projects.

Program Agreement Diagrams:

Schematic diagrams have been prepared that depict the IRWD water banking and exchange programs with Rosedale-Rio Bravo Water Storage District, Buena Vista Water Storage District (BVWSD), Dudley Ridge Water District (DRWD) and Metropolitan Water District of Southern California. These diagrams are provided as Exhibits "H", "I", "J", "K" and "L", as described in the List of Exhibits.

Recharge Opportunities:

IRWD has been pursuing additional opportunities to secure water for recharge. At the Committee meeting, staff will provide an update on efforts to secure water from:

- Antelope Valley-East Kern Water Agency;
- Mojave Water District; and
- Other sources.

Availability of Kern River Water in 2019:

On April 8, 2019, the Board approved purchasing Kern River water from BVWSD. The corresponding Kern River water deliveries to Strand Ranch and Stockdale West began on April 11, 2019, at an initial rate of 125 cubic feet per second (cfs). Based on this initial flow rate, staff estimates recharge rates to be .54 feet per day on the north basins and .43 feet per day on the south basins. On April 13, the flow rate into the recharge basins was reduced to 10 cfs in response to limitations in reverse flow capacity in the CVC. The flow rate is expected to increase once reverse flow capacity constraints are resolved. At the Committee meeting, staff will provide an update on current flow rates into the recharge basins. The initial Kern River delivery order is for 17,500 acre-feet (AF), which at BVWSD's discretion may be increased to 30,000 AF if water continues to be available. BVWSD has informed staff that high-flow Kern River water will likely not be available in 2019.

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" – Dedicated Capacities of Current Water Banking Projects
Exhibit "E" – Map of Water Banking Project Wells and Pipelines
Exhibit "F" – Map of Water Banking Recharge Basins and Cross Valley Canal Turnout Facilities
Exhibit "G" – Map of Water Banking Recharge Rates
Exhibit "H" – Diagram of IRWD-Rosedale Water Banking and Exchange Program Agreements
Exhibit "I" – Diagram of Long-Term Water Exchange Program with BVWSD and Diagram of One-Year Program to Augment Recharge Using Stockdale West Recharge Facilities with BVWSD
Exhibit "J" – Diagram of Unbalanced Exchange Program Diagram with DRWD
Exhibit "K" – Diagram of Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan Water District
Exhibit "L" – Diagram of Template Wheeling Agreement with Metropolitan Water District

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Project
Recharge, Storage and Recovery Capacities
April 18, 2019

WATER BANKING PROJECT	OWNERSHIP AND WELL INFO			ALLOCATED CAPACITY (AF)					1st PRIORITY RECOVERY CONDITIONS (CFS)		2nd PRIORITY RECOVERY CONDITIONS (CFS)	
	IRWD OWNED	WELLS EXISTING	WELLS PROPOSED OR UNDER CONST.	TOTAL STORAGE CAPACITY	ANNUAL RECHARGE 1ST PRIORITY	ANNUAL RECHARGE 2ND PRIORITY	ANNUAL RECOVERY 1ST PRIORITY	ANNUAL RECOVERY 2ND PRIORITY	RECOVERY CAPACITY AS PLANNED[1]	ESTIMATED RECOVERY CAPACITY (DEC. 2016 CONDITIONS)[2]	RECOVERY CAPACITY AS PLANNED	RECOVERY CAPACITY CURRENT CONDITIONS
Strand Ranch	Yes	7	-	50,000	17,500	-	17,500	-	40.0	35.0	-	-
Stockdale West	Yes	3	-	26,000	27,100	-	11,250	-	15.0	15.0	-	-
Stockdale East	No	-	2	-	-	19,000	-	7,500	-	-	10.0	-
IRWD Acquired Storage Account[3]	No	-	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells[3]	No	-	3	-	-	-	-	-	15.0	-	-	-
Kern Water Bank Storage Account[5]	No	-	-	9,495	3,200	-	6,330	-	-	-	-	-
TOTALS		**10**	**5**	126,000	44,600	19,000	28,750	7,500	70.0	50.0	10.0	0.0

Partner Capacities[4]	38,000	22,300	9,500	10,850	0	35.5	25.0	-	-
IRWD Capacities	88,000	22,300	9,500	17,900	7,500	34.5	25.0	-	-

IRWD's recovery ***during*** 6 month partner recovery period (AF)	12,420	9,000	-	-
IRWD's recovery ***after*** 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 monthy recharge amount assuming 0.3 ft/day average recharge rate (AF)	4,518
Stockdale West monthy 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] Strand Ranch and Stockdale West wells currently idle.

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

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

[5] 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. Not included in storage capacity, recharge, and recovery totals to match IRWD's Water Banking Policy Position Paper.

Exhibit "B"

TABLE 2
IRWD's Water Banking Storage, Recharge and Recovery Operations - BEFORE LOSSES
April 18, 2019

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 2018 (AF)						
Total Kern Water Bank	-	4,656	-	-	-	4,656
Total MWD System[4]	8,349	-	-	-	1,174	10,047
Total Kern County	3,257	17,704	6,869	289	2,388	30,507
TOTAL STORED WATER (1/1/2018)	11,606	22,360	6,869	289	3,562	44,686
MWD Water to Jackson Ranch[5]	-	-	-	-	(295)	
(RECOVERY) AND RECHARGE IN 2018 (AF)						
Kern Water Bank Deliveries	-	-	-	-	-	-
2018 SWP Allocation (35%)[3]	310	-	-	-	310	620
High Flow Kern River	-	-	(1,667)	-	-	(1,667)
TOTAL 2018 TRANSACTIONS	310	-	(1,667)	-	310	(1,047)
Total Kern Water Bank	-	4,656	-	-	-	4,656
Total MWD System	8,349	-	-	-	879	9,228
Total Kern County	3,567	17,704	5,202	289	2,698	29,460
TOTAL STORED WATER (1/1/2019)	11,916	22,360	5,202	289	3,577	43,344
(RECOVERY) AND RECHARGE IN 2019 (AF)						
Kern Water Bank Deliveries	-	-	-	-	-	-
2019 SWP Allocation (70%)[3]	612	-	-	-	612	1,224
Kern River water (estimated)[6]	-	8,750	8,750	-	-	17,500
TOTAL ESTIMATED 2019 TRANSACTIONS	612	8,750	8,750	-	612	18,724
ESTIMATED WATER IN STORAGE 2019 (AF)						
Total Kern Water Bank	-	4,656	-	-	-	4,656
Total MWD System	8,349	-	-	-	879	9,228
Total Kern County	4,179	26,454	13,952	289	3,310	48,184
TOTAL ESTIMATED STORED WATER TO DATE	12,528	31,110	13,952	289	4,189	62,068

NOTES:

-MWD = Metropolitan Water District of Southern California.

1 IRWD's SWP includes 437 AF from CVWD that stays in Kern County.

2 IRWD's Non-SWP total includes 3,158 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 2013-2016 SWP allocation amounts are stored in the MWD system. IRWD's 2017 and 2018 SWP allocation water is stored in Kern County; assumes 2019 SWP water will be stored in Kern County.

4 Beginning balance of water stored in MWD system includes: 4,494 AF from 2014 Exchange, 3,206 AF of 2014 borrowed SWP, 649 AF of IRWD's 2013-2016 SWP allocations through DRWD.

5 Water returned to DRWD by MWD for use on IRWD's Jackson Ranch.

6 Kern River water deliveries could increase by 12,500 AF in 2019

Exhibit "C"

TABLE 3
IRWD's Water Banking Storage, Recharge and Recovery Operations - AFTER LOSSES
April 18, 2019

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 2018 (AF)						
Total Kern Water Bank	-	4,233	-	-	-	4,233
Total MWD System[4]	7,393	-	-	-	1,174	9,091
Total Kern County	2,782	15,564	6,199	246	2,131	26,921
TOTAL STORED WATER (1/1/2018)	10,175	19,797	6,199	246	3,305	39,721
MWD Water to Jackson Ranch[5]	-	-	-	-	(295)	(295)
(RECOVERY) AND RECHARGE IN 2018 (AF)						
Kern Water Bank Deliveries	-	-	-	-	-	-
2018 SWP Allocation (35%)[3]	264	-	-	-	264	528
High Flow Kern River	-	-	(1,667)	-	-	(1,667)
TOTAL 2018 TRANSACTIONS	264	-	(1,667)	-	264	(1,139)
Total Kern Water Bank	-	4,233	-	-	-	4,233
Total MWD System	7,393	-	-	-	879	8,272
Total Kern County	3,046	15,564	(1,667)	246	2,395	19,584
TOTAL STORED WATER (1/1/2019)	10,439	19,797	4,532	246	3,274	38,288
(RECOVERY) AND RECHARGE IN 2019 (AF)						
Kern Water Bank Deliveries	-	-	-	-	-	-
2019 SWP Allocation (70%)[3]	520	-	-	-	520	1,040
Kern River water (estimated)[7]	-	7,501	7,896	-	-	15,397
TOTAL ESTIMATED 2019 TRANSACTIONS[6]	520	7,501	7,896	-	520	16,437
ESTIMATED WATER IN STORAGE 2019 (AF)						
Total Kern Water Bank	-	4,233	-	-	-	4,233
Total MWD System	7,393	-	-	-	879	8,272
Total Kern County	3,566	23,065	12,428	246	2,915	42,220
TOTAL ESTIMATED STORED WATER TO DATE	10,959	27,298	12,428	246	3,794	54,725

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 DRWD and BVWSD in Kern County is adjusted 10% (6% for surface loss and 4% for reserve loss); KWB losses are 10%; no losses for water directly delivered to MWD system.

-MWD = Metropolitan Water District of Southern California.

[1] IRWD's SWP includes 389 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 2013-2016 SWP allocation amounts are stored in the MWD system. IRWD's 2017 and 2018 SWP allocation water is stored in Kern County; assumes 2019 SWP water will be stored in Kern County.

[4] Beginning balance of water stored in MWD system includes (net of CVC losses): 3,920 AF of 2014 Exchange, 2,824 AF of 2014 borrowed SWP, 649 AF of IRWD's 2013-2016 SWP allocations through DRWD.

[5] Water returned to DRWD by MWD for use on IRWD's Jackson Ranch.

[6] 2019 transactions may be adjusted for conveyance losses in CVC.

[7] Kern River water deliveries could increase by 12,500 AF in 2019

Exhibit "D"

TABLE 4
IRWD Dedicated Water Banking Capacities for Existing and Proposed Exchange Programs
April 18, 2019

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	-	-
CVWD	-	5,000	-	-
Total Dedicated	50,000	25,000	-	-
Total Remaining	-	1,000	50,000	9,495

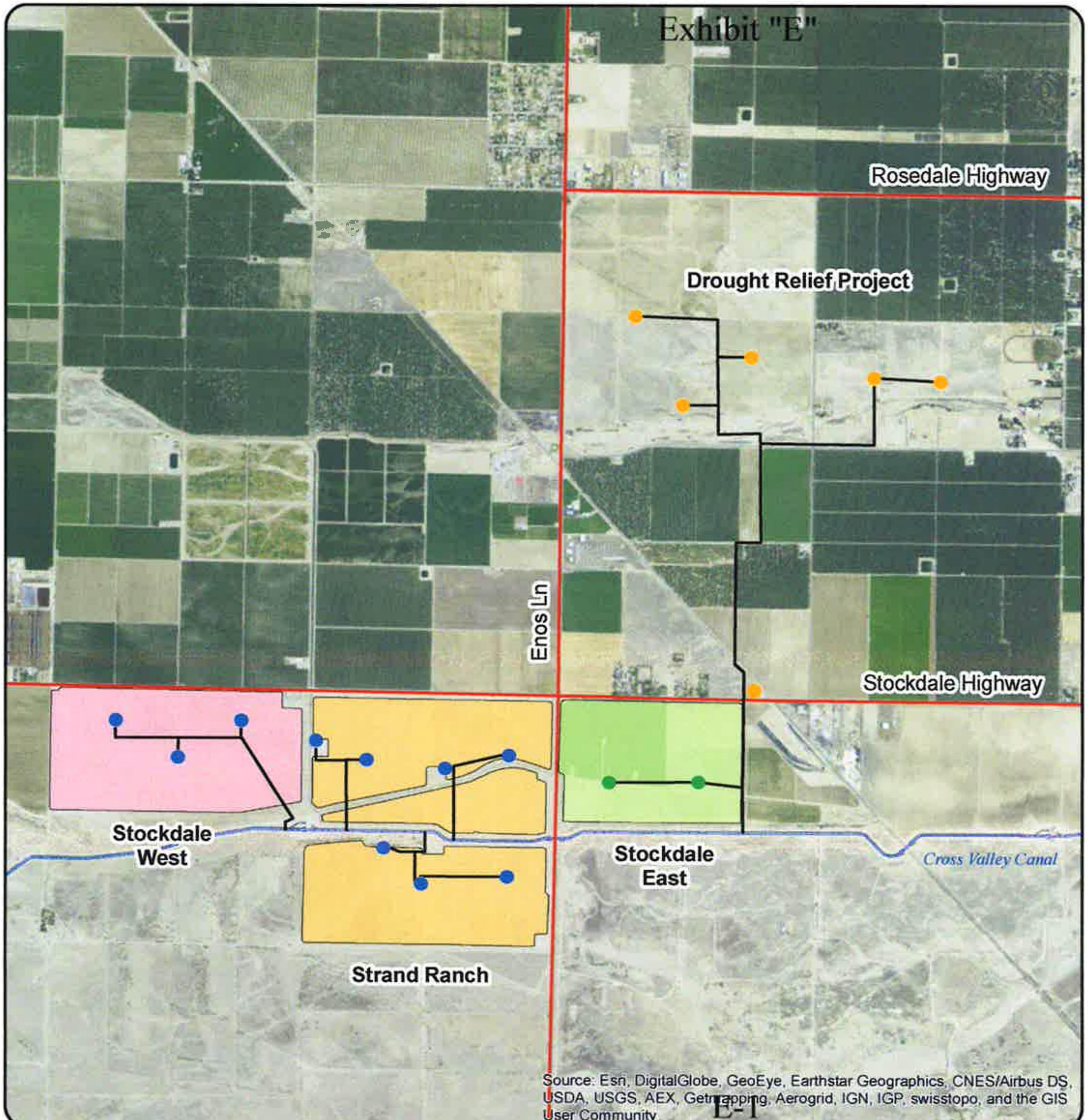
RECHARGE CAPACITY

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	-	-
CVWD	-	5,000	-	-
Total Dedicated	17,500	25,000	-	-
Total Remaining	-	2,100	-	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	-	6,330
BVWSD	6,667	-	-	-
DRWD	-	-	-	-
AVEK	-	3,333	-	-
CVWD	-	833	-	-
IRWD	10,833	7,084	-	6,330
Total Dedicated	17,500	11,250	-	6,330
Total Remaining	-	-	-	-

Location Map: IRWD Water Banking Projects Wells and Turnin Pipelines



Irvine Ranch WATER DISTRICT

MAP FEATURES

- Existing Extraction Well
- Planned Extraction Well
- Well Under Construction
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

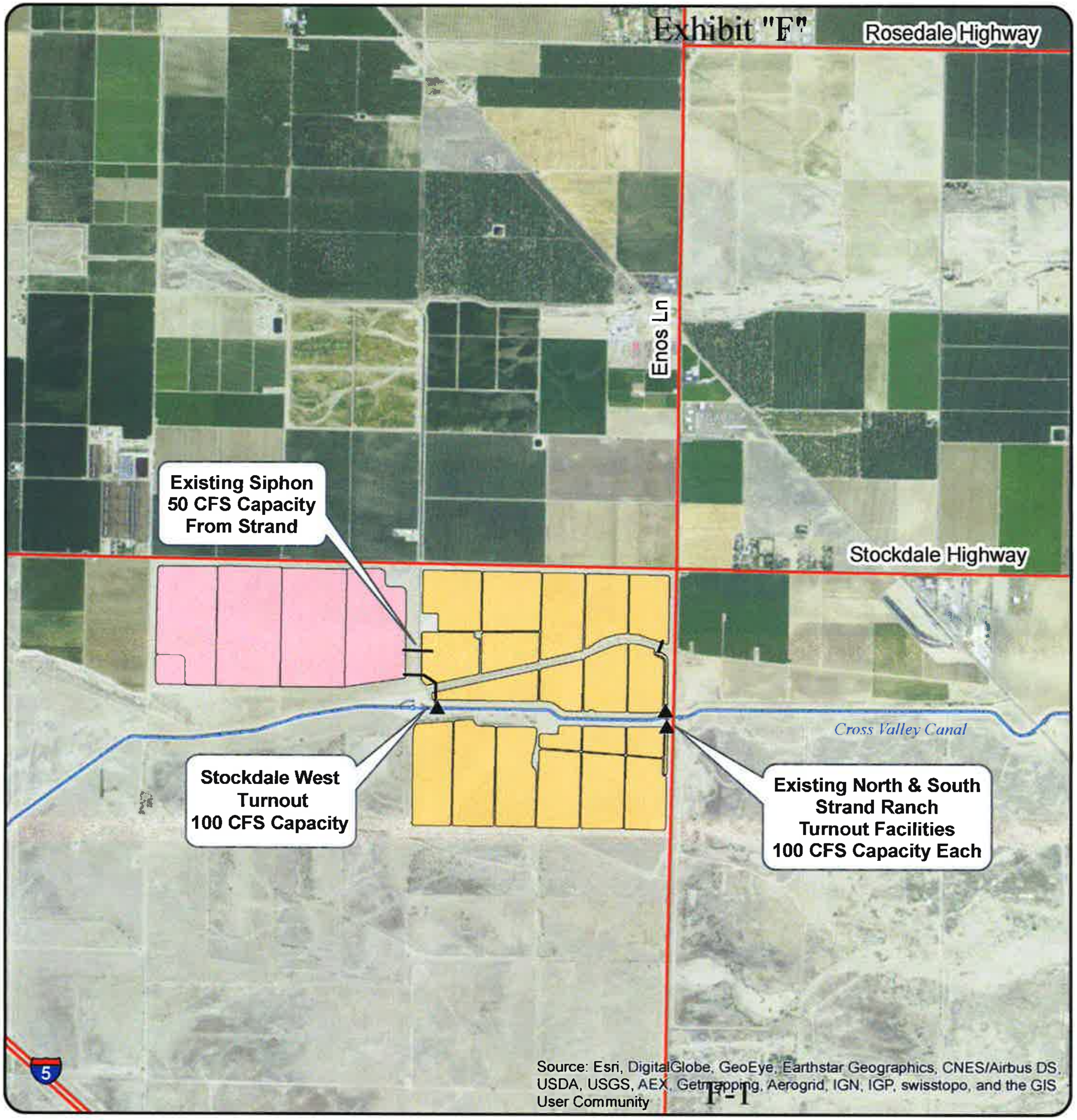
This figure shows the location of IRWD's water banking project sites as well as existing and proposed extraction wells.

0 0.25 0.5 1 Miles

N

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

Exhibit "F"



Irvine Ranch
WATER DISTRICT

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

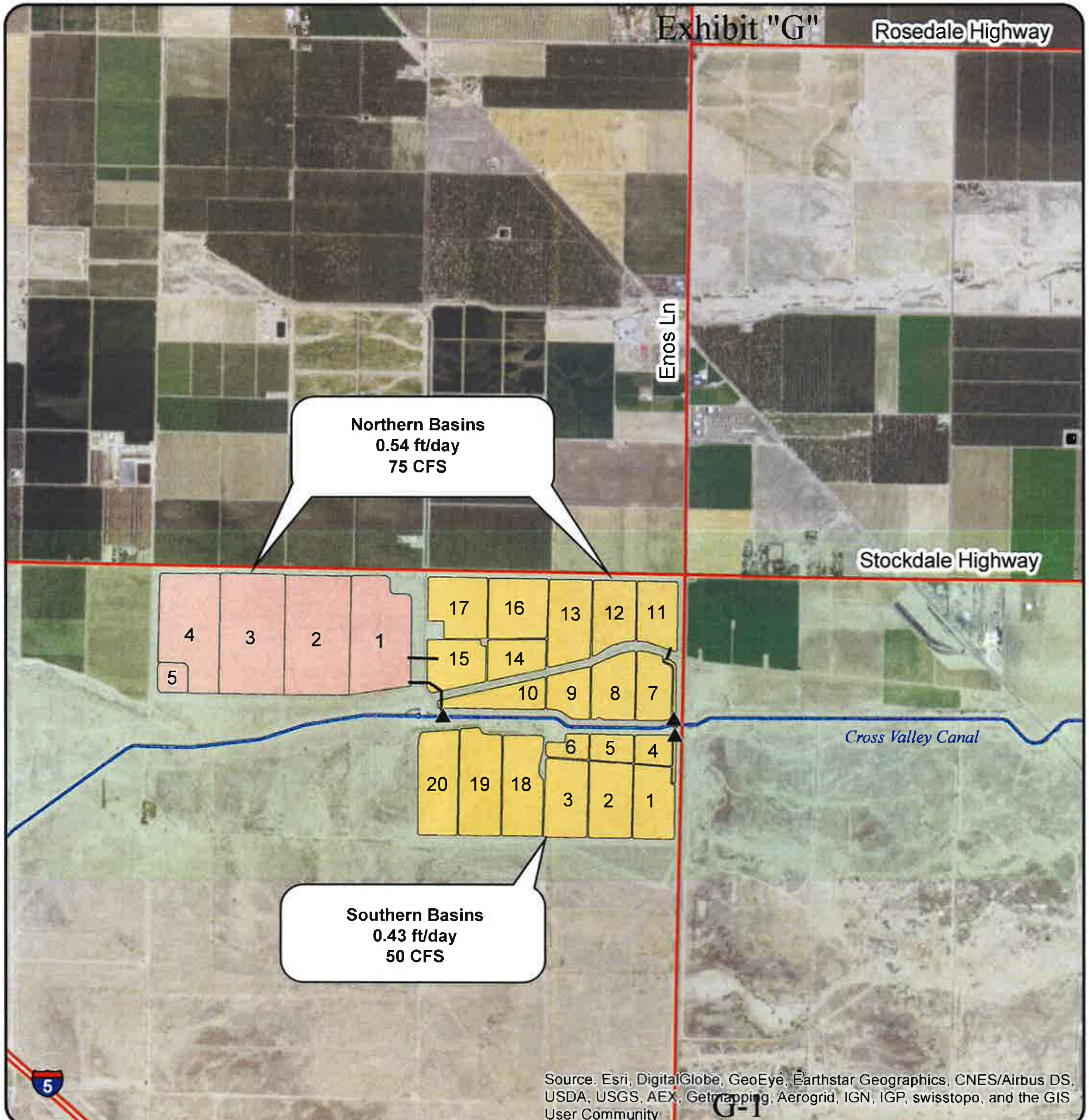
MAP FEATURES

▲ Turnouts
Stockdale West
Strand Ranch

This figure shows the location of recharge basins as well as existing and anticipated pipelines and turnout facilities.

N
0 0.25 0.5 1
Miles
NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

Exhibit "G"



Irvine Ranch
WATER DISTRICT

Location Map: IRWD Water Banking Projects Recharge Rates

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins and their associated recharge rates as of April 11, 2019.

0 0.25 0.5 1 Miles

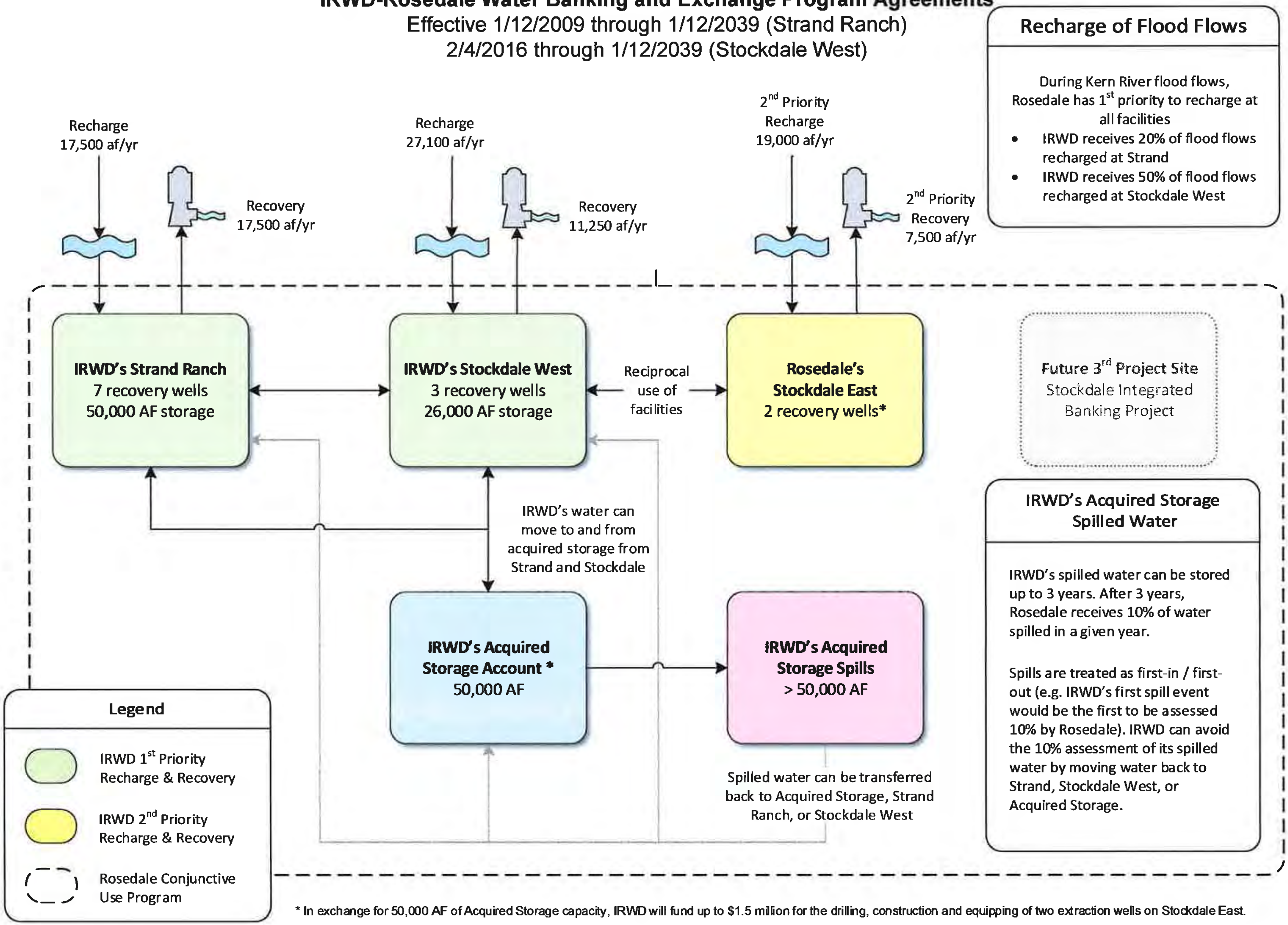
N

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

Exhibit "H"

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)

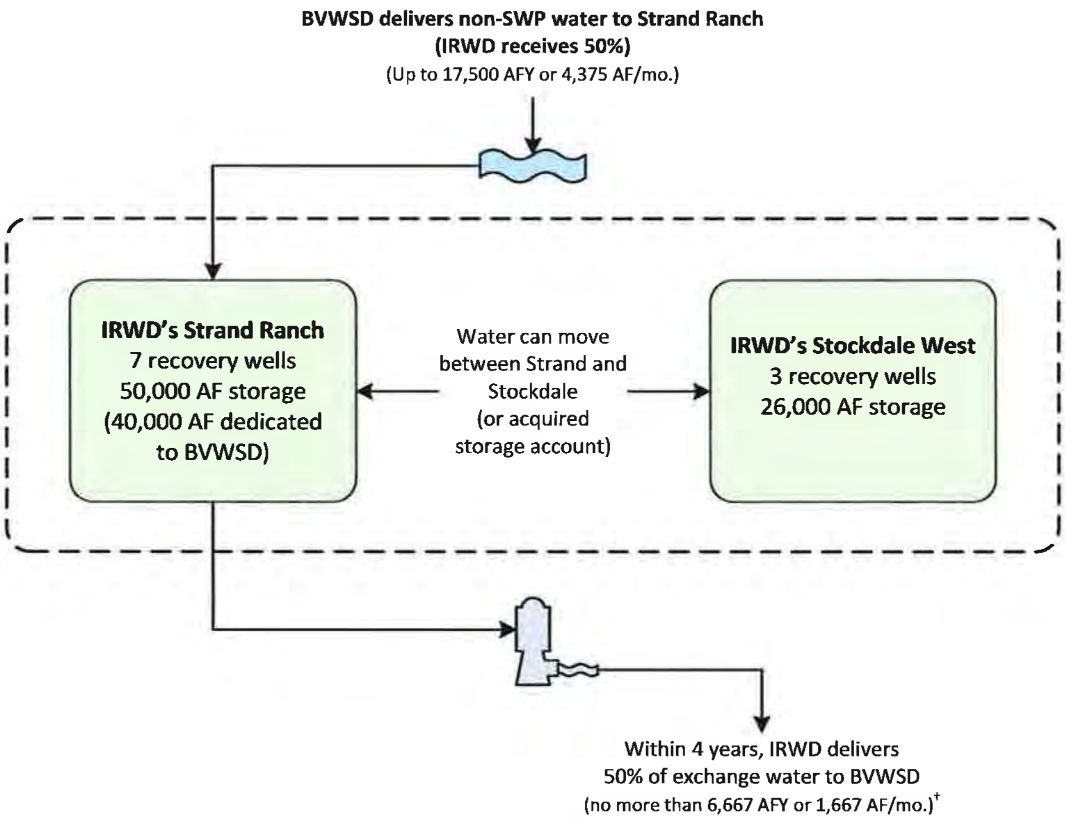


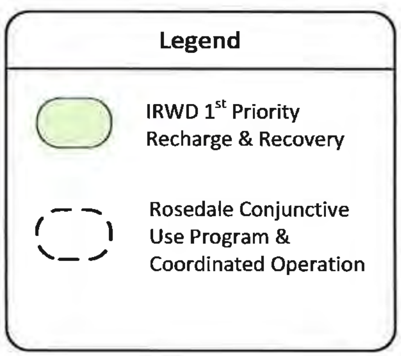
* In exchange for 50,000 AF of Acquired Storage capacity, IRWD will fund up to $1.5 million for the drilling, construction and equipping of two extraction wells on Stockdale East.

Exhibit "I"

Buena Vista Water Storage District Long Term Water Exchange Program

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



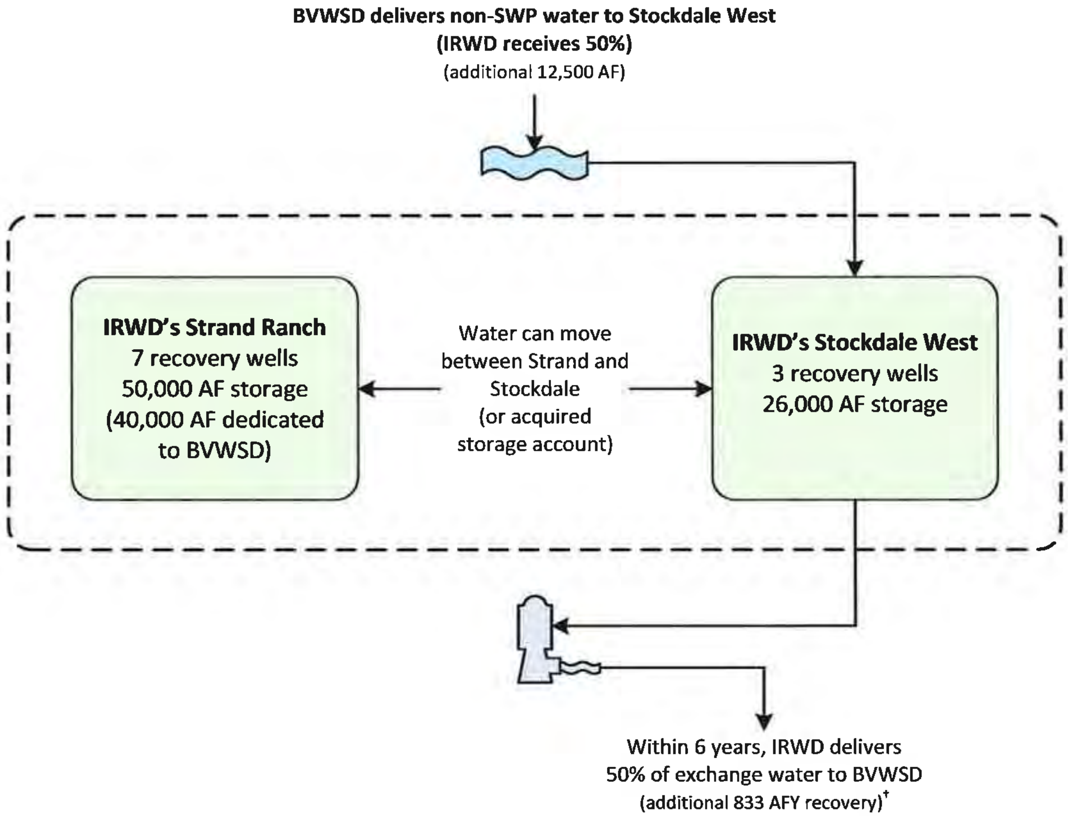


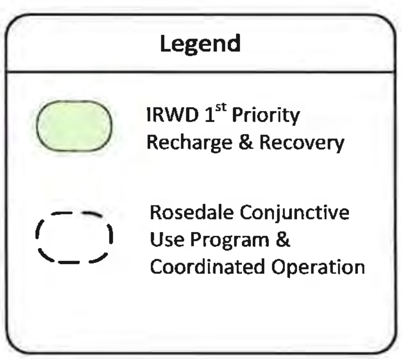
†IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond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





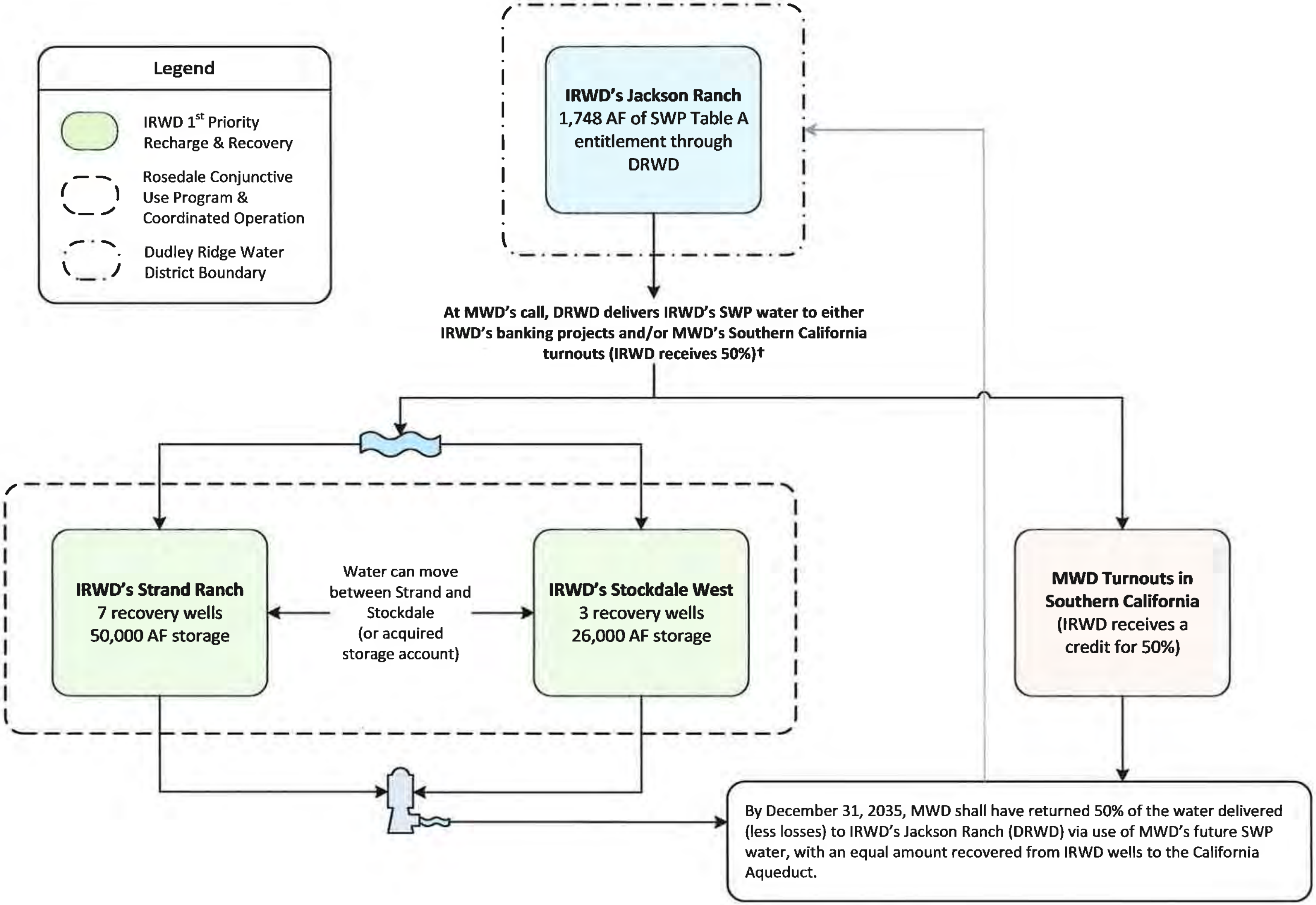
†IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 6th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond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

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.

Exhibit "K"

Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between MWD, MWDOC and IRWD

Effective 5/1/2011 through 11/4/2035

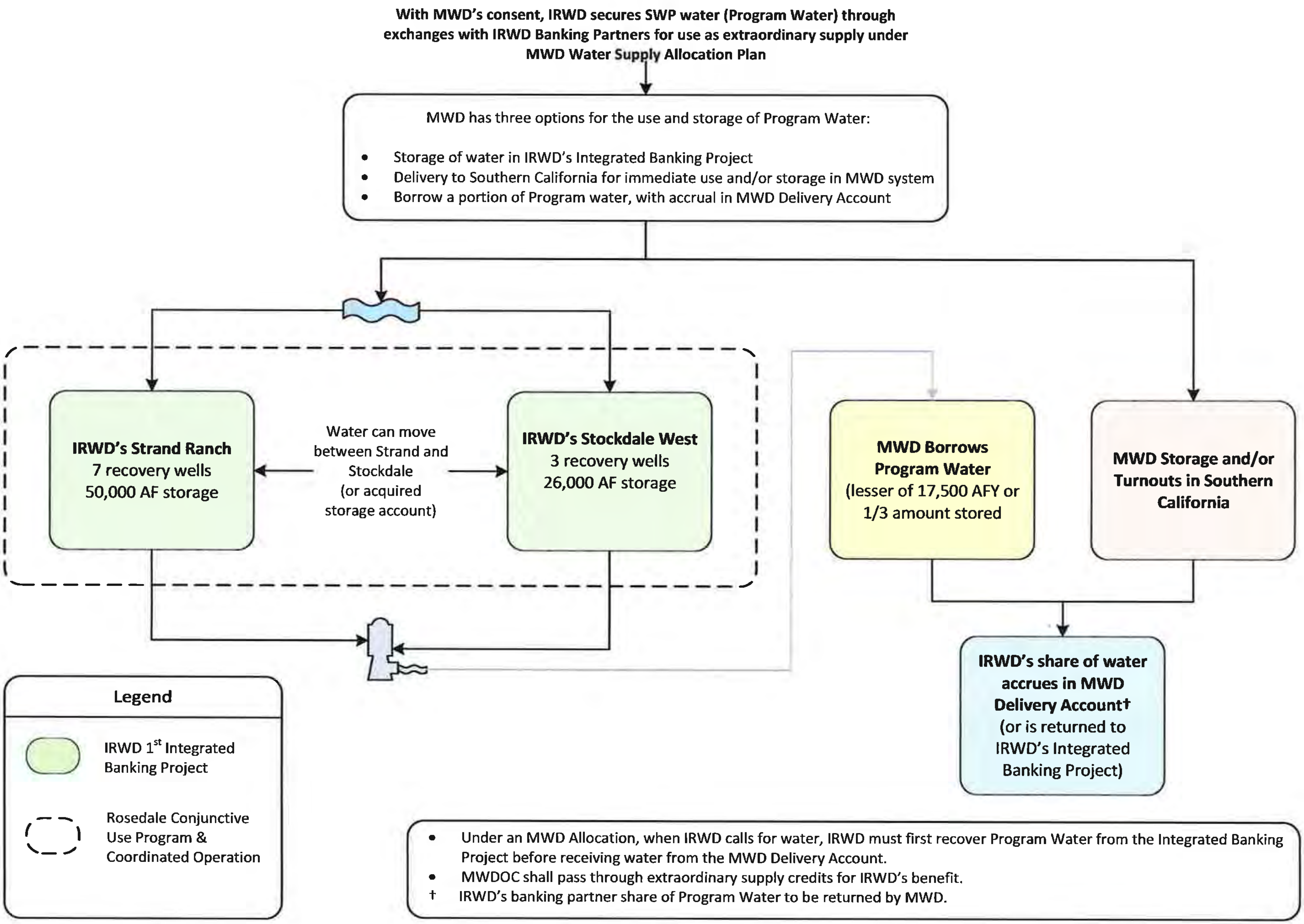
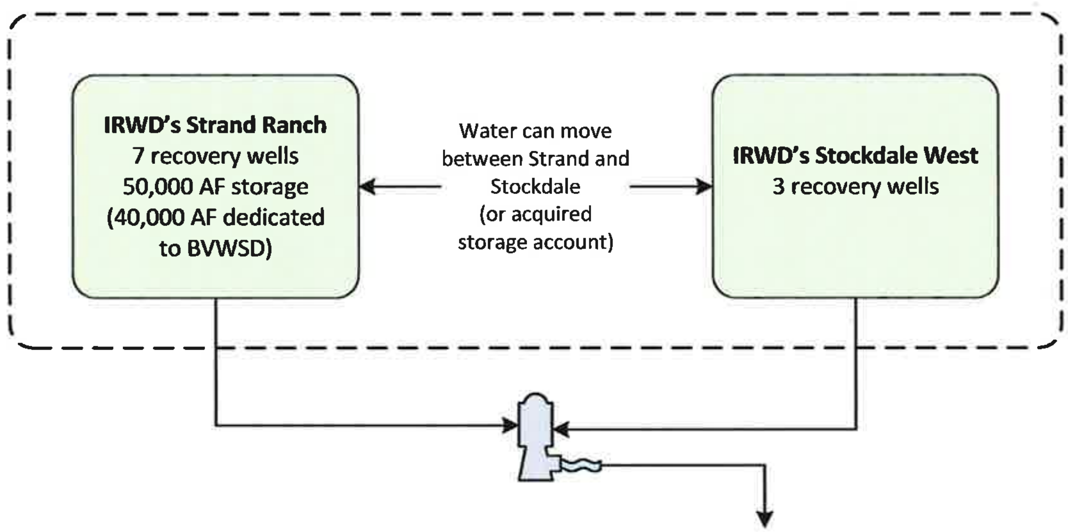


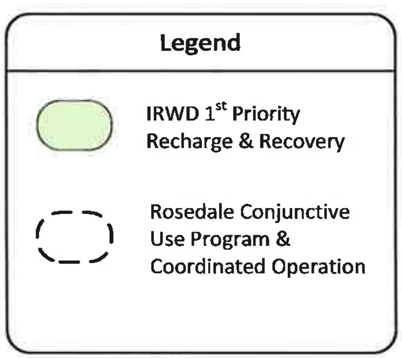
Exhibit "L"

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.

April 18, 2019
Prepared by: N. Palacio / K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook

SUPPLY RELIABILITY PROGRAMS COMMITTEE

HISTORIC AND PROJECTED FUTURE STORAGE IN IRWD'S WATER BANKING PROJECTS

SUMMARY:

Staff expects that IRWD will have approximately 50,000 acre-feet (AF) of water in storage at the Strand and Stockdale West Integrated Banking Projects (IRWD Water Banks) by the end of 2019. This water was obtained through IRWD's unbalanced exchange partnerships. The following is an overview of how IRWD's banked water has varied since operations began in 2010, as well as how water storage levels are expected to increase in the near future. At the Committee meeting, staff will provide an overview of how storage in the IRWD Water Banks can be managed in the future.

BACKGROUND:

Since 2010, IRWD has implemented exchange programs with other agencies that have resulted in water being recharged at its Water Banks. Water has been available through 2-for-1 unbalanced exchange programs with the following water districts:

- Buena Vista Water Storage District (BV);
- Central Coast Water Authority (CCWA);
- Antelope Valley-East Kern Water Agency (AVEK); and
- Dudley Ridge Water District (DRWD).

The programs with CCWA, AVEK and DRWD have provided IRWD access to State Water Project (SWP) water in accordance with contracts held with the California Department of Water Resources (DWR). The program with BV has provided IRWD access to non-SWP water available from the Kern River through BV's pre-1914 water rights.

New Exchange Programs:

Recently, IRWD executed a long-term 2-for-1 unbalanced exchange agreement with AVEK that will allow AVEK to recharge up 20,000 AF of SWP water multiple times between now and the year 2035. IRWD is working with DRWD, Metropolitan Water District, Kern County Water Agency, and DWR to implement a 1-for-1 exchange program that will facilitate mutually beneficial water management, which will result in additional recharge at the IRWD Water Banks. In addition, a short-term 4-for-1 exchange with Mojave Water Agency will likely be approved in the near future. As a result of these new programs, staff expects that significant amounts of water will be recharged at the IRWD Water Banks over the next five years.

Historic and Projected Future Storage Levels:

Currently, IRWD is banking water that has been procured from BV. It is expected that BV will deliver a minimum of 17,500 AF of Kern River water into storage in 2019, bringing the amount of water banked by IRWD to 50,000 AF by the end of the year. This includes water held in Metropolitan's system that has been borrowed by Metropolitan. Under the terms of IRWD's Coordinated Operating Agreement with Metropolitan, the borrowed water can be returned by Metropolitan to the Water Banks for storage.

To demonstrate how storage in IRWD's Water Banks has varied since 2010 and how storage is expected to increase as the result of recharge over the next five years, staff has prepared the chart provided as Exhibit "A". At the Committee meeting, staff will provide an overview of assumptions used in the preparation of the future projections shown in Exhibit "A". Staff will also describe how storage in the IRWD Water Banks can be managed in the future.

FISCAL IMPACTS:

IRWD has invested approximately $69 million in the development of its water banking projects and programs. The projects are designed to provide Extraordinary Supply benefits to the District during major droughts and water supply interruptions. These benefits will allow IRWD to avoid surcharges when using more water then allocated during periods when Metropolitan has implemented its Water Supply Allocation Plan. During such events, IRWD would avoid a net cost of between $1,280 per AF and $2,760 per AF. These avoided costs assume that IRWD's actual cost of water recovered and delivered from the Water Banks to IRWD's service area is $200 above the Metropolitan Full Service Tier-1 rate.

Based on the future storage projections shown in Exhibit "A", staff expects that IRWD could have over 62,000 AF of water in storage in the Water Banks for its own use by the year 2022. This water could be managed and used as Extraordinary Supply to avoid between $79 million and $171 million in Metropolitan surcharges. The value of this 62,000 AF of water in Kern County during a major water interruption could easily exceed $78 million.

ENVIRONMENTAL COMPLIANCE:

Final Environmental Impact Reports for the Strand Ranch and Stockdale Integrated Banking Project were prepared, certified and approved in compliance with the California Environmental Quality Act (CEQA) of 1970 as amended, codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. Rosedale-Rio Bravo Water Storage District, as lead agency, filed Notices of Determination for both the Strand Ranch and Stockdale Integrated Banking Projects 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.

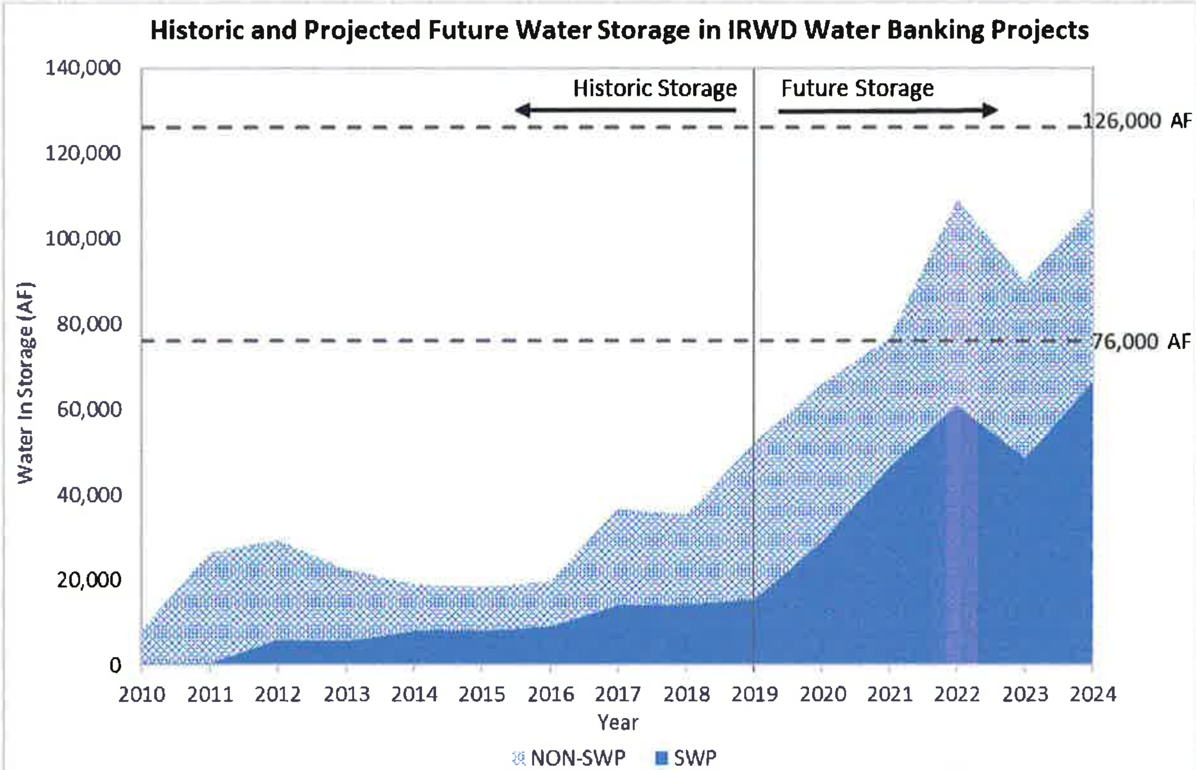
RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Historic and Projected Future Water Storage in IRWD Water Banking Projects

Exhibit "A"



- Water in storage is projected to reach 76,000 AF sometime during 2021.
- Graph depicts water in storage after losses.

<u>Assumptions for Possible Projected Future Water Storage:</u>

- Average SWP allocation from 2010 to 2019 is 50%. Therefore in the future it is assumed that IRWD's Table A allocation in Dudley Ridge is 874 AF.
- 2020 is an average year where Antelope Valley-East Kern Water Agency (AVEK) delivers 15,000 AF.
- 2021 is a dry year where Mojave Water Agency (MWA) delivers 20,000 AF through 4 for 1 program and Buena Vista Water Storage District (BVWSD) recovers 6,667 AF.
- 2022 is a wet year where Dudley Ridge Water District (DRWD) pre-delivers 15,000 AF through 1-for-1 program and BVWSD delivers 20,000 AF.
- 2023 is a dry year where DRWD recovers 10,000 AF, BVWSD recovers 6,667 AF and AVEK recovers 3,300 AF.
- 2024 is an average year where AVEK recharges 20,000 AF.

April 18, 2019
Prepared by: F. Sanchez
Submitted by: P. Weghorst
Approved by: Paul A. Cook

SUPPLY RELIABILITY PROGRAMS COMMITTEE

KERN FAN GROUNDWATER STORAGE PROJECT UPDATE

SUMMARY:

In August 2017, IRWD and Rosedale-Rio Bravo Water Storage District jointly submitted a grant application to the California Water Commission (CWC) for the proposed Kern Fan Groundwater Storage Project. The application sought Proposition 1 funds that are available from the CWC through the Water Storage Investment Program (WSIP). In July 2018, the CWC awarded $67.5 million in conditional funding for the Kern Fan Project. At the meeting, staff will provide the Committee with an update on the status of project and the steps necessary to secure the CWC funding, which is conditioned on completion of certain project tasks by the year 2022.

BACKGROUND:

The CWC is administering the award of WSIP grant funding for the planning, design and construction of water storage projects that would provide specific public and ecosystem benefits. The funding source for the WSIP is Proposition 1, also known as the Water Quality, Supply and Infrastructure Improvement Act of 2014. The Act provides $2.7 billion for public benefits associated with water storage projects to be distributed by the CWC through the WSIP. IRWD and Rosedale jointly submitted a WSIP grant application for the Kern Fan Project on August 14, 2017.

Kern Fan Project Overview:

The proposed Kern Fan Project would develop a regional water bank in the Kern Fan area to capture, recharge, and store unallocated Article 21 water from the State Water Project (SWP) during wet hydrologic periods. The stored water would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. Project operations would be coordinated with the SWP through an agreement with the California Department of Water Resources (DWR).

Phased Construction:

The Kern Fan Project would be constructed in two phases. The first phase would be the development of the proposed third project site as contemplated in the Stockdale Integrated Banking Project Environmental Impact Report (EIR). IRWD and Rosedale would jointly acquire up to 640 acres in the Kern Fan area and construct recharge and recovery facilities as necessary to develop a fully functioning water banking project. In addition, IRWD and Rosedale would construct a new dedicated conveyance canal from the California Aqueduct to ensure the ability to convey flows from the SWP to the new recharge facilities.

The second phase of the Kern Fan Project would involve IRWD and Rosedale acquiring an additional 640 acres of land and the expansion of the water banking facilities. The overall project would consist of approximately 500 cubic feet per second (cfs) of canal capacity from the California Aqueduct, 100,000 acre-feet (AF) of storage capacity, up to 100,000 acre-feet per year (AFY) in recharge capacity and up to 70 cfs, or 50,000 AFY, of groundwater recovery capacity. A preliminary project location map is provided as Exhibit "A". The recharge and recovery capacities would be shared equally by IRWD and Rosedale. Storage capacity in the project would be allocated to IRWD, Rosedale and the WSIP as shown in the following table:

Kern Fan Project Storage Allocations

Project Participant	Storage (AF)
Irvine Ranch Water District	37,500
Rosedale-Rio Bravo Water Storage District	37,500
California Water Commission WSIP	25,000
TOTAL:	100,000

Project Schedule:

The two phases of Kern Fan Project will require approximately six years to complete, which began in September 2018. An overview of the project schedule is provided as Exhibit "B". The first phase is expected to be completed in 2023, and the second phase would be completed and operational in 2025. The major components of the schedule include:

- Formation of a Joint Powers Authority;
- Establishing Terms for Critical Path Agreements;
- Executing Project Agreements;
- Early Planning Studies;
- Environmental Documentation and Permitting;
- Land Acquisition;
- Preliminary Design;
- Final Design;
- Canal Right-of-Way Acquisition; and
- Bid Phase and Construction.

WSIP Conditional Funding Awards:

Following a rigorous review process, eight projects were deemed eligible by the CWC for WSIP funding. The Kern Fan Project was conditionally awarded $67.5 million by the CWC. In order to receive final funding awards from the CWC, all project applicants must meet specific requirements by January 2022. If other WSIP projects fail to progress or are unable to complete the CWC requirements by January 2022, the project applicants could lose their conditional funding award, unless the CWC approves a time extension. Accordingly, it is possible that after January 2022, the Kern Fan Project could receive additional grant funding up to its maximum eligible amount of $87.5 million.

Update on Tasks to Secure CWC Funding:

At the Committee meeting, staff will provide an update on following project tasks that are structured to ensure that the CWC requirements are met by January 2022:

1. *Formation of a Joint Powers Authority:*

   In order to cost-share the design, construction, and operation the Kern Fan Project, IRWD and Rosedale will form a Joint Powers Authority (JPA). The development of an agreement to form the JPA is the subject of a separate item on the agenda for this Committee meeting.

2. *Develop Agreements with State Agencies:*

   The JPA will need to execute the following agreements with DWR and the California Department of Fish and Wildlife (CDFW):

   - California Aqueduct Turnout Agreement (DWR);
   - Operational Exchange Agreement (DWR);
   - Water Supply Public Benefits Agreement (DWR); and
   - Ecosystem Public Benefits Agreement (CDFW).

   The purpose of these agreements will be to coordinate construction and operation of the Kern Fan Project, and to provide the public benefits necessary for the JPA to receive $67.5 million in WSIP funding. Execution of these agreements are critical path items for the successful implementation of the project. Accordingly, establishing the terms for these agreements is the focus of current work efforts.

   A Professional Services Agreement has been executed with the Hallmark Group to facilitate the development of the terms of these agreements through negotiations with the respective state agencies. It is expected that the terms for the turnout and exchange agreements with DWR will be established by August 2019, and that the terms for the public benefits will be available by December 2019. At the Committee meeting, staff will provide an update on the status of the various agreements.

3. *Determine Optimal Location of Project Facilities:*

   IRWD and Rosedale will jointly determine preliminary alignments for the canal and location of the new turnout from the California Aqueduct. DWR has informed the Project team that it will not allow the construction of a new high-capacity turnout from the Aqueduct in the Project area because of land subsidence issues that have created operational constraints. In response, the Project team is evaluating constructing the turnout further upstream in the Aqueduct while considering the use of capacity available in other existing turnout facilities. Once a location is identified, consultants at GEI will update a hydraulic study to verify that the proposed turnout location(s) will not impact operations of the Cross Valley Canal. The selected location of the turnout will require the approval of DWR.

   Dee Jaspar and Associates will be evaluating optimal alignments for the conveyance and will finalize its work following the completion of the hydraulic analysis and DWR's approval of the turnout location. Based on the optimal alignment, IRWD and Rosedale will schedule state-of-the-art geophysical surveys to help identify lands within Rosedale's service area that have high infiltration capabilities. These surveys will help inform the JPA's purchase of land for the project.

4. *Complete the Feasibility Study:*

   Once the preferred alignment and facility locations have been determined, work will begin on a Preliminary Design Report and updated project costs that will satisfy the CWC's feasibility study requirements.

5. *Environmental Documentation and Permitting:*

   IRWD and Rosedale are negotiating a scope of work with Environmental Science Associates (ESA) to assist the JPA with preparing the necessary environmental documentation and to secure permits for the project by January 2022. ESA is uniquely qualified due to its previous work preparing the environmental documentation for the Stockdale Integrated Banking Project. It is expected that the award of a Professional Services Agreement to complete the environmental review work for the Kern Fan Project will occur once the JPA has been formed.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

A Final EIR for the Stockdale Integrated Banking Project was prepared, certified and approved in compliance with California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. Rosedale, as lead agency, filed a Notice of Determination for the Stockdale Integrated Banking Project with the County of Kern. IRWD, as a responsible agency, filed Notices of Determination with the County of Orange and with the County of Kern. The EIR includes a program-level analysis of impacts of a third project site. When a third Stockdale project site is identified, subsequent project-level environmental review will be necessary prior to implementation of phase one of the Kern Fan Project. It is expected that a new EIR will be required for the construction and operation of the second phase facilities contemplated in the proposed Kern Fan Project.

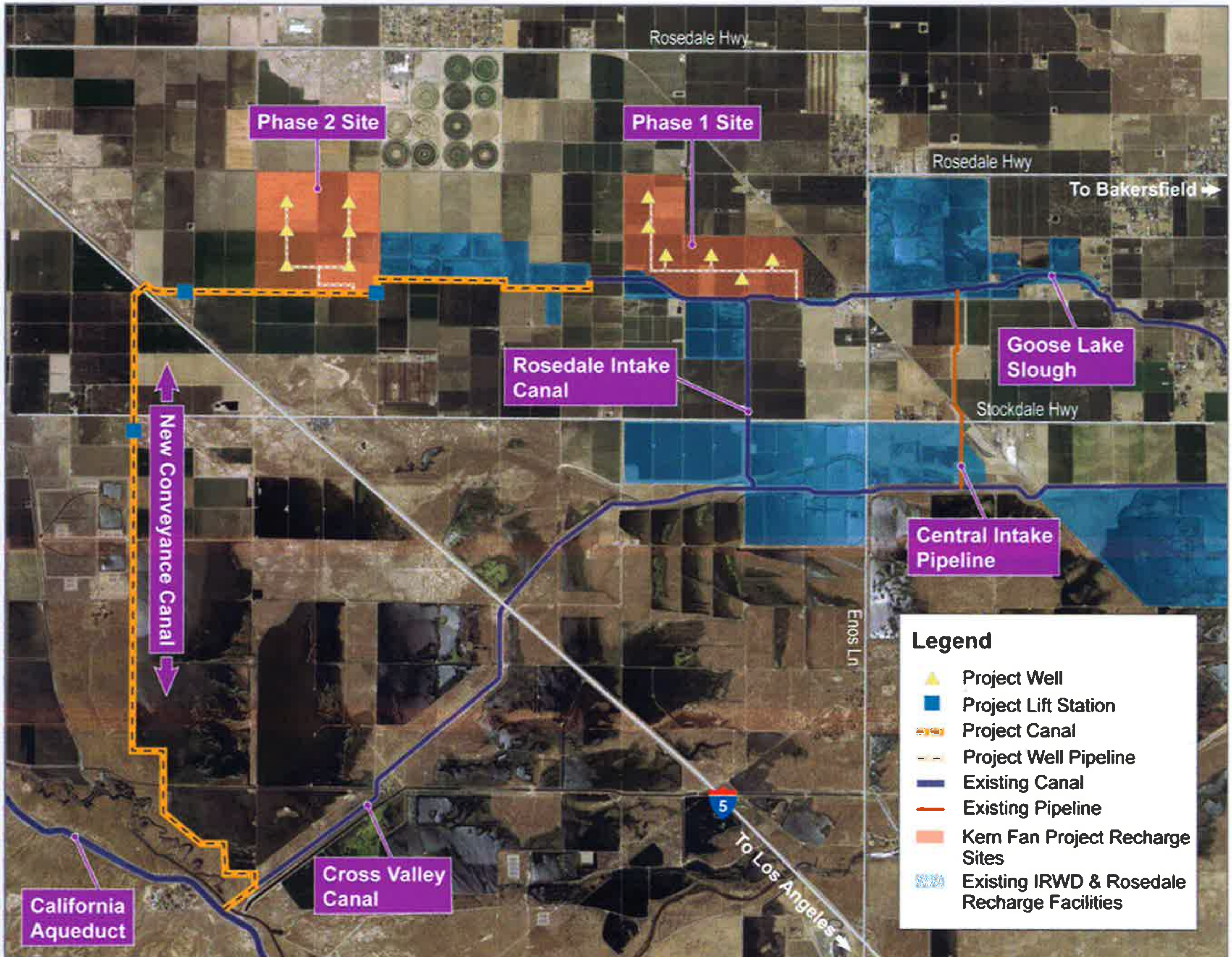
RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

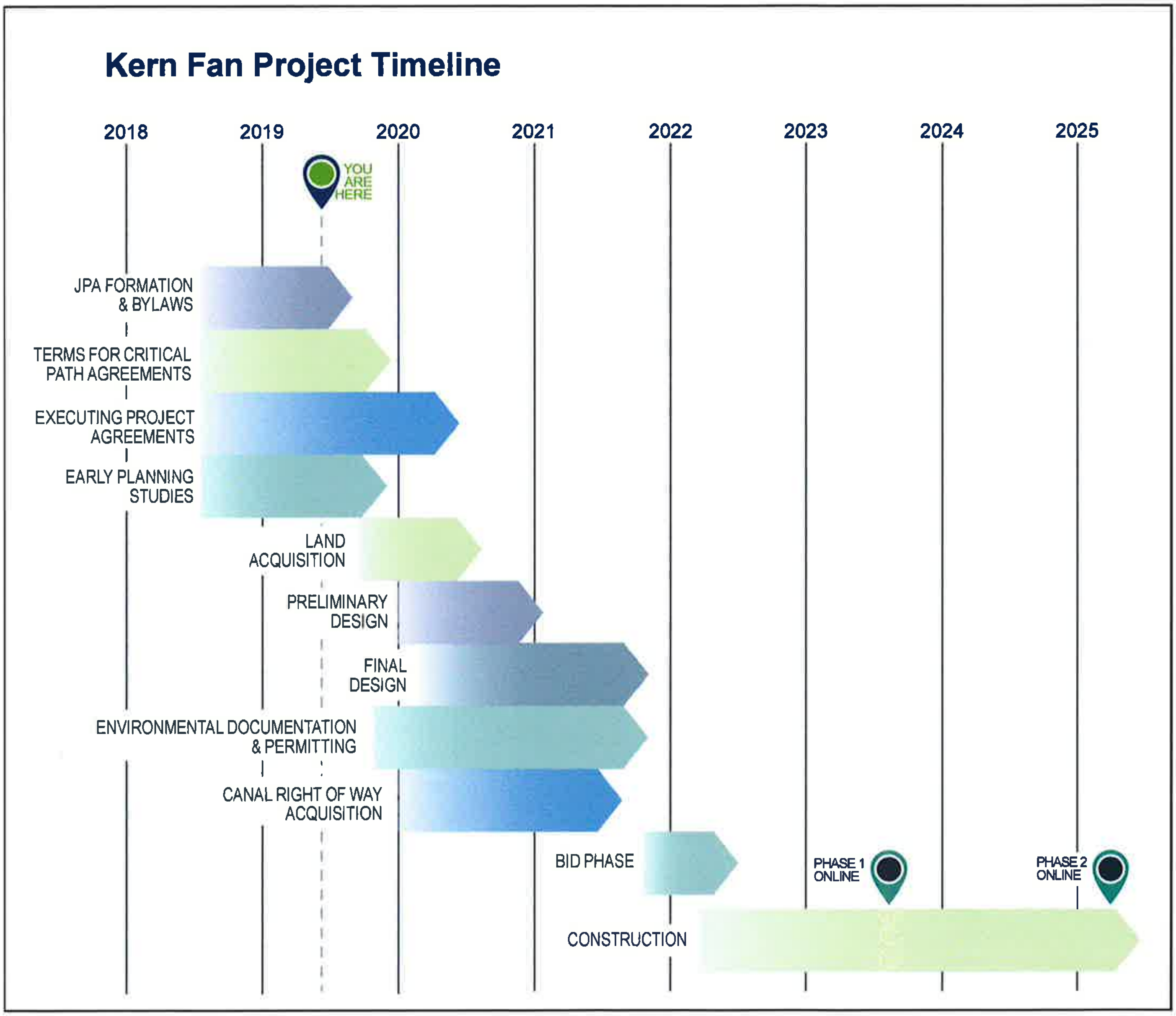
Exhibit "A" – Kern Fan Project Location Map
Exhibit "B" – Kern Fan Project Schedule

Exhibit "A"



Rosedale Hwy
Phase 2 Site
Phase 1 Site
Rosedale Hwy
To Bakersfield
Goose Lake Slough
Rosedale Intake Canal
Stockdale Hwy
New Conveyance Canal
Central Intake Pipeline
Enos Ln
Legend
Project Well
Project Lift Station
Project Canal
Project Well Pipeline
Existing Canal
Existing Pipeline
Kern Fan Project Recharge Sites
Existing IRWD & Rosedale Recharge Facilities
5
To Los Angeles
Cross Valley Canal
California Aqueduct

Exhibit "B"



Kern Fan Project Timeline
2018
2019
2020
2021
2022
2023
2024
2025
YOU ARE HERE
JPA FORMATION & BYLAWS
TERMS FOR CRITICAL PATH AGREEMENTS
EXECUTING PROJECT AGREEMENTS
EARLY PLANNING STUDIES
LAND ACQUISITION
PRELIMINARY DESIGN
FINAL DESIGN
ENVIRONMENTAL DOCUMENTATION & PERMITTING
CANAL RIGHT OF WAY ACQUISITION
BID PHASE
PHASE 1 ONLINE
PHASE 2 ONLINE
CONSTRUCTION

April 18, 2019
Prepared by: F. Sanchez
Submitted by: P. Weghorst
Approved by: Paul A. Cook

SUPPLY RELIABILITY PROGRAMS COMMITTEE

REVISED JOINT POWERS AUTHORITY AGREEMENT FOR THE KERN FAN GROUNDWATER STORAGE PROJECT

SUMMARY:

To facilitate the design, construction, and operation of the Kern Fan Groundwater Storage Project, IRWD and Rosedale-Rio Bravo Water Storage District intend to form a Joint Powers Authority (JPA). In August 2018, staff reviewed with the Supply Reliability Programs Committee a draft agreement that would form the JPA (the JPA Agreement). Since that time, staff and IRWD special legal counsel have worked with Rosedale and its legal counsel to revise the agreement. At the meeting, staff will review the changes that have been made and recommends that the Committee provide input on the revised draft JPA Agreement.

BACKGROUND:

Proposition 1, also known as the Water Quality, Supply and Infrastructure Improvement Act of 2014, dedicated $2.7 billion for investments in new water storage projects through the Water Storage Investment Program (WSIP). In August 2017, IRWD and Rosedale jointly submitted an application to the California Water Commission (CWC) for the proposed Kern Fan Project with a request for $86 million in WSIP grant funding. In July 2018, the CWC conditionally awarded $67.5 million in grant funding to the Kern Fan Project. To facilitate land acquisition, environmental review, permitting, design, construction and operations associated with the Kern Fan Project, IRWD and Rosedale intend to form the Kern Fan Joint Powers Authority. The formation of the JPA would be through the execution of the JPA Agreement as described below.

Revised Draft JPA Agreement:

In August 2018, IRWD special legal counsel and staff reviewed a draft JPA Agreement with the Committee. Since then, staff and special legal counsel have incorporated input received from the Committee and worked with Rosedale and its legal counsel to further revise the agreement. At the Committee meeting, staff will present an overview of the revised draft JPA Agreement, which is provided as Exhibit "A". Staff will also review key changes that have been made to the agreement and discuss any remaining outstanding issues. Key revisions have been made in the following sections of the agreement:

- Disposition of the Property and Facilities Upon Termination (Section 1B);
- Jurisdictional Boundaries (Section deleted);
- WSIP Water (Section 3E);
- Ownership (Section 3F);
- Public Benefit and Ecosystem Account (Section 3N);
- Indemnification (Section 16);
- Insurance (Section 17); and
- Modification (Section 18).

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report (EIR) for the Stockdale Integrated Banking Project was prepared, certified and approved in compliance with California Environmental Quality Act (CEQA) of 1970 as amended, codified at California Public Resources Code Sections 21000 et seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. Rosedale, as lead agency, filed a Notice of Determination for the Stockdale Integrated Banking Project with the County of Kern. IRWD, as a responsible agency, filed Notices of Determination with the County of Orange and with the County of Kern. The EIR includes a program-level analysis of impacts of a third project site. This third project site is contemplated to be incorporated into phase one of the Kern Fan Project. When the third project site is identified, subsequent project-level environmental review will be necessary prior to implementation of phase one of the Kern Fan Project. It is expected that a new EIR will be required for the construction and operation of the second phase facilities contemplated in the proposed Kern Fan Project.

RECOMMENDATION:

That the Committee provide input on the revised draft of the Joint Powers Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District Creating the Kern Fan Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project.

LIST OF EXHIBITS:

Exhibit "A" – Draft Joint Powers Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District Creating the Kern Fan Joint Powers Authority to Develop and Administer a Kern Fan Groundwater Storage Project

EXHIBIT "A"

DRAFT

JOINT POWERS AGREEMENT

BETWEEN

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

AND

IRVINE RANCH WATER DISTRICT

CREATING THE KERN FAN JOINT POWERS AUTHORITY

TO DEVELOP AND ADMINISTER

A KERN FAN GROUNDWATER

DRAFT

JOINT POWERS AGREEMENT

BETWEEN

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

AND

IRVINE RANCH WATER DISTRICT

CREATING THE KERN FAN JOINT POWERS AUTHORITY

TO DEVELOP AND ADMINISTER

A KERN FAN GROUNDWATER STORAGE PROJECT

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

RECITALS

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

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

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

D. To improve its water supplies, generate increased recharge capability and to provide operational flexibility, RRB has developed a program for the banking, storage, exchange, and direct delivery of water pursuant to the exercise of its powers ("RRB Conjunctive Use

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

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

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

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

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

I. Through the Kern Fan Project, the Parties seek to develop a regional water bank in the Kern County Groundwater Sub-basin of the San Joaquin Valley Groundwater Basin in Kern County. The Kern Fan Project would recharge and store up to 100,000 acre-feet of water during periods when surface water is abundant. Water stored by the Kern Fan Project pursuant to participation in the WSIP would be recovered when needed to provide ecosystem public benefits, water supply public benefits during extended droughts or a Delta levee failure, and other non-public water supply benefits for RRB and IRWD water service customers. The Kern Fan Project proposes to use 25 percent (25%), up to 25,000 acre-feet, of the unallocated 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.

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. **<u>Effective Date, Term and CEQA Compliance</u>**

A. ***Effective Date and Term.*** This Agreement shall be effective July 1, 2019 or upon the execution by the Parties ("Effective Date"), whichever is later, but shall be subject to article 1(B). This Agreement shall remain effective for thirty (30) years from the Effective Date or until expiration of any requirements to operate the Kern Fan Project as part of the WSIP or other grant funding requirements, whichever is longer, or until it is terminated early by either Party providing eighteen (18) months' advance written notice of intent to terminate. Prior to the expiration of the term of the JPA Agreement, the Parties shall work together to mutually extend this Agreement. If this Agreement is not extended, or if it is terminated early, the Parties shall agree to negotiate in good faith to integrate the Kern Fan Project facilities into one or more other existing water storage and recovery programs or projects; provided further that if the Parties fail to reach agreement on such integration, then RRB shall have a first right to acquire IRWD's interest in all Kern Fan Project facilities, capacities and real or personal property held by the Authority. If this Agreement is terminated early, the Parties agree that the legal effectiveness of such termination shall be conditioned upon all then-existing grant obligations being met for the duration of such obligations.

B. ***Disposition of Kern Fan Project Property, Facilities and Other Assets Upon Termination.*** If this Agreement is terminated for any reason, then RRB's first right to acquire IRWD's interest in the Kern Fan Project facilities, land and easements shall be based upon the then-existing undepreciated fair market value of all such facilities, land and easements. 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. 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; provided that if IRWD holds its interest, the Parties agree to cooperate in de-annexing the Kern Fan Project site from RRB and in extending Groundwater Sustainability Plan coverage to this site through RRB's chapter of the Kern Groundwater Authority's Groundwater Sustainability Plan pursuant to the Sustainable Groundwater Management Act. 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, sell or otherwise dispose of their water.

(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

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 Parties 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 "Kern Fan Project 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 State Water Project ("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.

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

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

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

RRB and IRWD shall each have 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 would 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 and either is temporary and completed within one year, proven not to impact the other Party, or RRB and IRWD enter into a Special Activities Agreement pursuant to article 3(D) describing and approving an independent operating program or project.

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

E. ***WSIP Water.*** For purposes of participating in the WSIP to provide ecosystem public benefits and water supply public benefits during extended droughts or a Delta levee failure, the Kern Fan Project will be operated by recharging and storing unallocated SWP Article 21 water obtained by the Parties ("WSIP Water"). Unallocated SWP Article 21 water deliveries would be made on behalf of IRWD as a landowner in Dudley Ridge Water District ("DRWD") and on behalf of RRB as a sub-unit of the Kern County Water Agency ("KCWA") or any other SWP contractor acting on behalf of either or both Parties. Consistent with article 3(N) of this Agreement, WSIP Water delivered to the Kern Fan Project by each Party will be proportionately applied to each Party's respective storage account consistent with this Agreement's defined "Allocation of Capacities Provided by Kern Fan Project."

F. ***Ownership.*** The Authority plans to acquire, own, and use up to approximately 1,280 acres of land within the Kern Fan Project designated project area. The Authority will own all property, facilities and capacities of the Kern Fan Project, subject to each Party's rights to use such capacities according to this Agreement, unless otherwise provided for through a Special Activities Agreement. The Authority may acquire or use property outside of the Kern Fan Project area and designated existing and/or new project areas/recharge to meet the Kern Fan Project objectives. The Authority shall own the water stored in the Kern Fan Project's ecosystem public benefit account, while RRB and IRWD each shall own the water stored in their respective shares of the Kern Fan Project's remaining storage capacity.

G. ***Hydrogeologic Evaluations.*** RRB and IRWD will equally fund or reimburse through the Authority hydrogeologic studies needed to determine the recharge, storage and recovery capacities and limitations of the Kern Fan Project designated properties.

H. ***CEQA Compliance Cost and Roles.*** RRB and IRWD will equally fund or reimburse through the Authority the preparation of an Environmental Impact Report ("EIR") for the construction and operation of the Kern Fan Project, including all technical studies necessary to support the EIR. The Authority shall play the role of lead agency, while RRB and IRWD will each play the role of a responsible agency with respect to any discretionary decisions each Party makes in connection with implementing the Kern Fan Project.

I. ***Other Regulatory Permitting Costs.*** RRB and IRWD will equally fund or reimburse through the Authority all regulatory and permitting fees and costs associated with construction of the Kern Fan Project.

J. ***Project Costs.*** Any and all WSIP or other grant funds awarded for the Kern Fan Project shall be applied to all eligible capital costs, including, but not limited to, the planning, design and construction costs of the Kern Fan Project, and the Authority will fund all remaining associated costs. RRB and IRWD shall each pay through the Authority half of Kern Fan Project planning, design and construction costs that are not paid by awarded WSIP or other grant funds except as otherwise provided by any Special Activities Agreements governing the Parties' mutually agreeable independent choices whether to participate in or to add a component of the Kern Fan Project.

K. ***Project Construction***. Board of Directors shall adopt bylaws describing the procedures, team and requirements for any planning, design, construction and construction management associated with the Kern Fan Project.

L. ***Project Operation.*** RRB shall operate, maintain and repair the Kern Fan Project facilities, subject to approval by the Board of Directors. RRB shall maintain WSIP records accounting for each Party's water recharge, storage and recovery activities pursuant to all applicable WSIP regulations and as further described in bylaws adopted by Board of Directors.

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 filled (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 equally among the WSIP ecosystem public benefit account, RRB's share of the Kern Fan Project's remaining storage capacity, and IRWD's share of the Kern Fan Project's remaining storage capacity. After the WSIP ecosystem public benefit account is full, further recharge for RRB and IRWD shall first use any unallocated SWP Article 21 water that is available before the Parties may use their respective capacities to recharge and store other available water, including Kern River Flood Water.

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; provided that ownership of all such Kern River Flood Water stored in the Kern Fan Project shall be split equally between RRB and IRWD. As compensation for actual use of any RRB facilities used to convey the water to the Kern Fan Project facilities, IRWD shall pay $25 per AF to RRB for any Kern River Flood Water delivered to the Kern Fan Project on behalf of IRWD. Operational exchanges of water would be allowed to provide flexibility in delivering water into storage.

P. ***Water Quality.*** The quality of water to be recharged, stored and recovered at the Kern Fan Project shall be consistent, including through blending with other water, with applicable pump-in requirements specified by DWR for the California Aqueduct, as such requirements may be amended from time to time.

4. Powers

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

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

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

B. Allocate all funds, including discretionary and special purpose funds, received by the Authority as equitably as practicable, based upon the applicable terms of the funding application, fund source requirements, Agency policy, or vote of the Board of Directors, as described in Section 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 depositary 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.

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 sessions 895.4 and 895.6.

17. **Insurance**

A. ***Authority.*** During the term of this Agreement, the Authority shall maintain general liability insurance coverage, as well as errors and omissions 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: ____________________________

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. **<u>Assignment; Delegation</u>**

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. **<u>Hierarchy of Documents</u>**

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. **<u>Entire Agreement</u>**

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 section XVIII of this Agreement. Termination of this Agreement shall not be effective unless in conformance with section XIX of this Agreement.

28. **<u>Joint Drafting and Negotiation</u>**

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.

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:	______________________	Name:	______________________
	______________________		______________________
Title:	______________________	Title	______________________
	______________________		______________________
Date:	______________________	Date:	______________________
	______________________		______________________
Approved as to Form:		Approved as to Form:	
	______________________		______________________

April 18, 2019
Prepared by: K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul A. Cook

SUPPLY RELIABILITY PROGRAMS COMMITTEE

ONE-YEAR EXTENSION OF JACKSON RANCH AGRICULTURAL LEASE

SUMMARY:

In March 2014, the Committee approved terms for a farm lease of IRWD's Jackson Ranch property, located in Kings County, to Adee Honey Farms. A lease based on the approved terms was executed with Adee Honey Farms on May 15, 2014, for a five-year period ending May 15, 2019. Staff is discussing with a neighboring landowner a possible long-term farm lease or crop share program that could provide higher lease values to IRWD. Until a long-term arrangement can be made for the Jackson Ranch, staff recommends that the Board authorize the General Manager to execute Amendment No. 1 to the Agricultural Lease with Adee Honey Farms to extend the term of the lease for an additional one-year period to May 15, 2020.

BACKGROUND:

On May 15, 2014, IRWD leased all 883 acres of IRWD's Jackson Ranch in Kings County to Adee Honey Farms. The lease was executed based on terms approved by the Committee in March 2014. The primary use of the property by Adee has been farming a portion of the land for bee foraging with the remaining acres being fallowed. The lease has been in effect for a five-year term and includes an option for an extension that could be implemented upon mutual written agreement. The lease with Adee will end on May 15, 2019, and the lessee has indicated that they are agreeable to a one-year extension.

Recently, staff and a neighboring landowner have discussed executing a long-term farm lease or crop share arrangement on the property. These discussions are ongoing and are expected to take additional time. The extension of the existing lease with Adee for a one-year period will provide additional time for these discussions as well as time for the evaluation of other future options for the property that are consistent with IRWD's water banking program.

Terms of Existing Agricultural Lease:

The existing lease with Adee includes rental rates for forage crops, row crops and fallowed acres, each adjusted 2.5% per year. Under the lease, IRWD provides for up to 235 acre-feet (AF) per year of water to be used on the property, of which the lessee uses approximately 200 AF per year. Adee pays the actual cost of water (based on a three-year average) including banking costs, which is currently charged at $307 per AF. The lessee is also required to keep the property maintained such that all areas are free of weeds and pests.

Staff recommends that IRWD enter into an amendment to the agricultural lease with Adee providing a one-year extension with all other terms and provisions to remain in effect. The existing rental rate includes an escalation, and lessee pays the actual cost of water. Amendment No. 1 to the existing agricultural lease, reviewed by IRWD legal counsel, is included as Exhibit "A".

FISCAL IMPACTS:

Income from agricultural leases at the Jackson Ranch provides an offset to the cost of the water delivered to IRWD's service area from the District's Jackson Ranch unbalanced exchange program.

ENVIRONMENTAL COMPLIANCE:

The Jackson Ranch Water Allocation Project Negative Declaration was prepared and circulated for public review in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Section 21000 et. seq. and the state CEQA guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. A Notice of Determination for the final Negative Declaration for the purchase of the property was filed with Kings County on January 14, 2010.

RECOMMENDATION:

That the Board authorize the General Manager to execute Amendment No. 1 to Agricultural Lease with Adee Honey Farms to extend the term of the lease for an additional one-year period to May 15, 2020.

LIST OF EXHIBITS:

Exhibit "A" – Draft Amendment No. 1 to Agricultural Lease

EXHIBIT "A"

DRAFT

AMENDMENT NO. 1 TO AGRICULTURAL LEASE

This AMENDMENT NO. 1 TO AGRICULTURAL LEASE (the "**Amendment**") is dated April ___, 2019 ("**Effective Date**") and is between IRVINE RANCH WATER DISTRICT ("**Lessor**") and ADEE HONEY FARMS, a South Dakota partnership ("**Lessee**").

Lessor and Lessee entered into an *Agricultural Lease* dated May 15, 2014 (the "**Lease**"), which expires by its terms on May 14, 2019. Lessor and Lessee intend by this Amendment to extend the term of the Lease and make certain other changes in the provisions of the Lease.

Lessor and Lessee therefore amend the Lease as follows:

1. Term Extensions:

1.1 **Extension**: The term of the Lease, as set forth in Section 2 of the Lease, is hereby extended by one (1) year, from May 15, 2019 to May 14, 2020, subject to the same terms and conditions as set forth in the Lease, except as modified herein.

1.2 **Additional Term**: Upon the written approval of the Lessor's General Manager, the term of the Lease may be extended for an additional one (1) year period, from May 15, 2020 to May 14, 2021 (the "**Additional Term**"), provided that Lessee gives to Lessor, and Lessor actually receives on a date which is prior to the close of business on November 1, 2019, a written notice of Lessee's request to extend the Lease for the Additional Term.

2. Mechanics' Liens: Section 9 of the Lease is hereby amended to require a lien release bond in an amount equal to 125% of the amount of the claim of the lien. Section 9 is further amended to replace "Civil Code §3143" with "Civil Code §8424."

3. Deleted Language: Section 33 of the Lease is hereby deleted and of no further force or effect.

4. Lease Provisions To Remain In Effect: Except as modified in this Amendment, all terms and provisions of the Lease shall be and remain in full force and effect.

The Parties are signing this Amendment as of the Effective Date.

IRVINE RANCH WATER DISTRICT	**ADEE HONEY FARMS**
By: ______________________________	By: ______________________________
Paul A. Cook, General Manager	Bret Adee, Partner

Approved as to Form:

By: ______________________________
District Counsel