

Exhibit "A"

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

May 12, 2020

GENERAL PRINCIPLES:

1. Rosedale Rio-Bravo Water Storage District (RRB) and Irvine Ranch Water District (IRWD) intend to form the Groundwater Banking Joint Powers Authority (Authority) to develop and administer the Kern Fan Groundwater Storage Project (Kern Fan Project) funded in part through the Proposition 1 Water Storage Investment Program (WSIP) administered by the California Water Commission.
2. The California Department of Water Resources (DWR) owns, operates and maintains the State Water Project (SWP) in accordance with various permits and regulatory requirements. DWR will retain all of its associated authorities. DWR has water service contracts with 29 public agencies (SWP contractors) that specify the terms and conditions for the delivery of the water supply from SWP.
3. RRB is a member unit of the Kern County Water Agency (KCWA) and IRWD is a landowner in Dudley Ridge Water District (DRWD). KCWA and DRWD are two of the 29 SWP Contractors.
4. The proposed Kern Fan Project would develop a regional water bank in the Kern Fan area to capture, recharge, and store Article 21 water from the SWP during wet hydrologic periods and other supplies conveyed through the California Aqueduct (CA). Portions of the Article 21 water would be used to facilitate exchanges to create ecosystem benefits as described below.
5. The Kern Fan Project would be developed with 100,000 AF of storage capacity.
6. The Authority would reserve 25,000 AF of storage capacity in the Kern Fan Project designated as the "Ecosystem Storage Account". The remaining 75,000 AF of storage would be for use by IRWD and RRB.
7. Ecosystem benefits would be provided by the Kern Fan Project through 1-for-1 exchanges of water stored in Lake Oroville for Article 21 water stored in the Ecosystem Storage Account within the Kern Fan Project when such exchanges could be made without impacting existing SWP obligations or concurrent Aqueduct repairs to restore capacity. DWR may need to limit years when exchanges are possible to avoid risk of impact to SWP carryover storage. There would be no modification of water rights or SWP contract rights for the 1-for-1 exchange of water. SWP carryover amounts and capacities would not be affected.
8. The California Department of Fish and Wildlife (CDFW) has been identified in statute to be the manager of ecosystem benefits for the environmental water facilitated by the

Proposition 1 WSIP. An agreement between CDFW and the Authority is required. To achieve the full benefits of pulse flow releases from Oroville Reservoir made after the 1-for-1 exchanges of water, an instream flow dedication by changing a water right, as permitted by Water Code Section 1707 will be required. The parties to the water right proceeding will be identified as part of the State Water Resources Control Board process. CDFW interprets the benefits of the pulse flows in the Feather River and through the Delta described in the WSIP application to mean that those flows will exit the Delta as Delta Outflows. DWR and the Authority will cooperate and support the instream flow dedication process.

EXCHANGE TERMS:

1. When available, IRWD/DRWD and RRB/KCWA would take delivery of Article 21 water that is both physically and contractually available at the proposed turnout and deliver it for recharge at the Kern Fan Project. The Article 21 water diverted for the Kern Fan Project will be part of the Article 21 allocation made to KCWA/DRWD.
 - a. 25% of the Article 21 water diverted for the Kern Fan Project, accounted for environmental commitments up to 25,000 AF, would be delivered into the Ecosystem Storage Account until the account is full. The Article 21 water, at some point will be converted to Project Water once the exchange takes place.
 - i. The water stored in the Ecosystem Storage Account, would be stored as SWP system water for ecosystem benefit purposes.
 - ii. The water stored in the Ecosystem Storage Account would be returned back to the DWR for storage in the SWP through 1-for-1 exchanges. The timing of the conversion of Article 21 water to project water will be determined in the Exchange Agreement.
 - b. The balance of the Article 21 water, diverted for the Kern Fan Project, will go into RRB and IRWD storage accounts.
2. On a mutually agreeable time between CDFW and DWR, when water is available in the Ecosystem Storage Account, CDFW could call for, and DWR could affect the 1-for-1 exchange of Table A water in the SWP that is allocated to DRWD and KCWA for water stored in the Ecosystem Storage Account.
 - a. The amount of water exchanged would be dependent on the quantity of Table A water allocated to DRWD and KCWA.
 - b. The exchange would result in the water stored in the Ecosystem Storage Account, being available to DWR in the SWP for release as environmental pulse flows.
 - c. Water stored in the Ecosystem Storage Account in the Kern Fan Project, after the exchange, would be available to IRWD/DRWD and RRB/KCWA. The Exchange Agreement will specify how this water will be classified and delivered. This water would be moved into separate IRWD/RRB storage accounts.

- d. Because of the regulated environment that the SWP operates in, an exchange to Lake Oroville may not be possible in all years desired by CDFW. The process for implementing the exchange, and any requirements or restrictions, will be specified in the Exchange Agreement. The term of the Exchange Agreement will match the funding requirements of the California Water Commission WSIP.
3. Avoided Delta carriage water losses to occur as a result of the exchanges would be accounted for in relation to the amounts of Article 21 water stored in the Ecosystem Storage Account. The exchange process results in changes in the quantity and timing of water movement throughout the SWP system. Operational and carriage water losses will be addressed in the Exchange Agreement.

OTHER TERMS:

1. Authority environmental review under California Environmental Quality Act (CEQA) would provide coverage for the 1-for-1 exchanges. DWR has obligations under CEQA that need to be addressed in conjunction with the Authority's environmental reviews including consideration of cumulative impacts from other WISPs. DWR environmental review under CEQA would provide coverage for the pulse flow releases.
2. DWR will structure agreements to implement the Kern Fan Project to be consistent with SWP operations and SWP long term water supply contracts.
3. DWR, KCWA and the Authority agree to proceed in good faith to develop more detailed terms based upon these principles and conceptual terms with a goal of completing within 180 days from agreement on these Principles. Execution of the Exchange Agreement is contingent upon completion of negotiation of the Exchange Agreement and completion of all environmental and permitting processes. DWR will prepare a document showing expected timing of completion of tasks needed to complete the Exchange Agreement.

DEVELOPMENT OF EXCHANGE AGREEMENT

DWR will:

1. Continue to analyze how exchanged storage in Oroville Reservoir can be managed and used for environmental benefit consistent with WISP requirements, including considering the Chino Basin Conjunctive Use Project and the Willow Springs Water Bank Conjunctive Use Project.
2. Research charges for use of SWP facilities including financial impacts of any changes to the operation of the SWP
3. Research DWR CEQA compliance requirements in coordination with Authority and with KCWA and DRWD, if necessary
4. Review Authority submitted modeling studies and reports

5. Research costs to be paid by authority for processing the agreement and any other charges that may be associated with the operations of the project.
6. Establish teams to work on specific issues to develop this agreement and the Turnout Agreement.
7. Develop a timeline showing steps needed to complete the agreement.
8. Review permitting and environmental documents to ensure that California Aqueduct subsidence repairs are not inconsistent.
9. Review design and construction documents to facilitate California Aqueduct subsidence repairs.

AUTHORITY will:

1. Be aware of the 2017 California Aqueduct Subsidence Study and the 2019 California Aqueduct Subsidence Study Supplemental Report that informs how subsidence impacts CA hydraulic conveyance capacity and operational flexibility.
2. Provide information about consistency with the Groundwater Sustainability Plan that is pertinent to the Authority and associated groundwater recharge and banking projects.
3. Continue to provide information to DWR to review this proposal
4. Continue to coordinate with Kern County Water Agency and Dudley Ridge Water District and any other materially affected parties