

501 Taft Highway Bakersfield, California

TUESDAY, July 21, 2020

AGENDA

THERE IS NO PHYSICAL LOCATION FOR THIS MEETING

Please join this meeting from your computer, tablet, or smartphone. https://global.gotomeeting.com/join/562783421 You can also dial in using your phone.

United States: +1 (224) 501-3412 Access Code: 562-783-421

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

12:00 NOON

EXECUTIVE SESSION:

- **A.** Conference with Legal Counsel Pending Litigation Closed Session Pursuant to Gov. Code § 54956.9(d)(1):
 - 1. SWRCB Kern River
- **B.** Conference with Legal Counsel Initiation of Litigation Closed Session Pursuant to Gov. Code § 54956.9(d)(4):
 - 1. Two Potential Matters
- C. Conference with Legal Counsel Potential Litigation Closed Session Pursuant to Gov. Code § 54956.9(d)(2),(e)(1):
 - 1. One Matter

REGULAR SESSION:

1:30PM

INTRODUCTION OF GUESTS AND PUBLIC

- I. PUBLIC COMMENT (Members of the public may address the Board of Directors on any matter not on the agenda, but absent extraordinary circumstances, the Board may not act on such matters. Members of the public may address items of interest that are listed on the agenda prior to the Board's decision on such items.)
- II. CONSENT CALENDAR (The Board will consider various non-controversial routine items and issues relating to matters which are of interest to the District. Any Board Member may request that any or all items be considered and acted upon independently of the others.)
 - A. Approve Minutes of the Regular Board Meeting of June 16, 2020.
 - B. Approve June/July 2020 District Construction and Water Banking Disbursements.
 - C. Approve June/July 2020 District Accounts Payable.
- III. <u>BUSINESS AND FINANCE</u> (The Board will consider various items and issues relating to financial matters which are of interest to the District.)
 - A. Business & Finance Committee July 16, 2020.
 - Approve June 2020 Financials.
 - B. Approve 2019 Audited Financial Reports.

- IV. <u>OPERATIONS AND PROJECTS</u> (The Board will consider various items and issues relating to matters which have been, or will be, considered by committees of the Board and which are of interest to the District.)
 - A. Operations and Projects Committee July 7, 2020.
 - District Facility and Maintenance Update.
 - B. District Office Expansion Project Update.
 - C. Sunset Groundwater Recharge Facility Project Update.
- V. <u>KERN RIVER WATERMASTER</u> (The Board will consider various items and issues relating to the Kern River Watermaster that are of interest to the District.)
 - A. District Watermaster Report.
 - B. Kern River Watermaster Report.
 - C. Isabella Dam Safety Remediation Report.
- VI. MANAGER'S REPORT (The General Manager will discuss, and the Board will consider various items and issues relating to the ongoing and future operations of the District which are of interest to the Board)
 - A. Verbal.
 - McAllister Ranch Notice of Preparation.
 - City of Bakersfield SCADA Project.
 - Valley Ag Water Coalition July Sacramento Report.
- VII. WATER BANKING PROJECTS (The Board will consider various items and issues relating to local water banking projects that are of interest to the District.)
 - A. Pioneer/KWB/Other Local Operations, Spreading and Pumping.
 - B. Kern Fan Monitoring Committee.
 - C. KDWD Water Banking Project.
 - D. Cross Valley Canal Advisory Committee.
- VIII. <u>EXTERNAL AGENCY REPORT</u> (The Board will consider various items and issues relating to external agencies that are of interest to the District.)
 - A. KCWA Activities and SWP Update Delta Conveyance, Contract Extension, 20% Alloc., Yuba River Water Program.
 - B. Member Unit Policy Meetings.
 - C. Kern Fan Authority.
 - D. Kern River Watershed Coalition Authority (ILRP).
 - E. Local Groundwater Sustainability Activities.
 - F. South Valley Water Resources Authority.
 - G. Integrated Regional Water Management Plan.
- IX. <u>ATTORNEY'S REPORT</u> (Legal Counsel will discuss, and the Board will consider items and issues of legal interest to the District.)
 - A. Resolution (2020-05) Adopting a Mitigated Negative Declaration for the Sunset Groundwater Recharge Facility Project.
- X. <u>BOARD MEMBER COMMENTS</u> (This item provides Board Members an opportunity to make announcements or provide general comments.)
- XI. ADJOURN

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SPECIAL NOTICE

Public Participation and Accessibility July 21, 2020 Kern Delta Water District (Kern Delta) Board Meeting

On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20, which includes a waiver of Brown Act provisions requiring physical presence of the Board or the public in light of the COVID-19 pandemic. Based on guidance from the California Governor's Office and Department of Public Health, as well as the County Health Officer, in order to minimize the potential spread of COVID-19, the Kern Delta Board hereby provides notice that the following adjustments have been made:

- 1. The Kern Delta Board meeting scheduled for **July 21, 2020, at 12:00 p.m.** will have public access via GoToMeeting. Closed session will take place between 12:00 p.m. to 1:30 p.m. Open session will convene at 1:30 p.m. or shortly thereafter.
- 2. Consistent with the Executive Order, the Board and Staff will attend the meeting via GoToMeeting and participate in the meeting to the same extent as if they were physically present.
- 3. The public may participate in the meeting and address the Board as follows:
 - Join the meeting from a computer, tablet, or smartphone at https://global.gotomeeting.com/join/562783421 You can also dial in using your phone +1 (224) 501-3412 Access Code: 562-783-421 and comment during the public statements portion of the agenda.
 - If you cannot attend the meeting you can submit your comment via email at info@kerndelta.org prior to the Kern Delta Board meeting.
 - Alternatively, you may comment by calling (661) 834-4656 and leaving a message no later than 4:00 p.m. the day prior to the Kern Delta Board meeting. Your message will be transcribed as accurately as possible and will not be read but will be included as part of the permanent public record of the meeting.

Tab II





To: Kern Delta Water District Board of Directors

From: Steven Teglia – General Manager

Date: July 21, 2020

Re: Agenda Item II – Consent Calendar

RECOMMENDATION:

Approve items A through C listed under Agenda Item II – Consent Calendar.

DISCUSSION:

Consent Calendar items are non-controversial routine matters. Board Members may request that any or all the items listed under the Consent Calendar be moved to the regular agenda to be discussed and voted on separately. Otherwise, all items will be approved through one motion and vote.

II A. – Approve Minutes of the Regular Board Meeting of June 16, 2020 (attached).

II B. – Approve June/July 2020 District Construction and Water Banking Disbursements totaling \$62,475.51 (attached) recommended for approval by the Operations and Projects Committee (see July 7, 2020 Operations and Projects Committee Minutes for additional detail).

II C. – Approve June/July District Accounts Payable (attached) recommended for approval by the Business and Finance Committee (see July 16, 2020 Business and Finance Committee Minutes for additional detail).



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

June 16, 2020

TUESDAY, June 16, 2020, 12:07PM-2:28 PM

DIRECTORS PRESENT: Collins, Garone, Kaiser, Antongiovanni, Spitzer

DIRECTORS PRESENT VIA VIDEO: Bidart, Palla, Tillema

DIRECTORS ABSENT: Mendonca

OTHERS PRESENT: From KDWD: General Manager Teglia, Water Resources Manager Mulkay,

Assistant General Manager Bellue, General Counsel Iger, Controller Duncan,

Hydrographer Hyatt, and Special Counsel Hartsock.

Others: George Capello, Grimmway Farms (present via video).

EXECUTIVE SESSION DECLARED AT 12:07 PM

President Palla called to order the Executive Session of the Kern Delta Board of Directors at 12:07PM regarding the following agenda items:

- A. Conference with Real Property Negotiators Pursuant to Gov. Code Section 54956.8:
 - 1. Eastside Canal Right of Way (Multiple Parcels)
- B. Conference with Legal Counsel Potential Litigation Closed Session Pursuant to Gov. Code Section 54956.9(d)(1):
 - 1. SWRCB Kern River
- C. Conference with Legal Counsel Initiation of Litigation Closed Session Pursuant to Gov. Code Section 54956.9(d)(4):
 - 1. Two Potential Matters

Executive Session was concluded at 1:05 PM.

REGULAR SESSION DECLARED AT 1:15 PM

President Palla called to order the Regular Session of the Kern Delta Board of Directors at 1:15PM.

Executive Session Report: District General Counsel Iger reported the following:

Item A: No reportable action

Item B: No reportable action

Item C: No reportable action for one matter. On the other matter, staff was given direction to initiate litigation by a vote of 8-0.

INTRODUCTION OF GUESTS AND PUBLIC

Mr. Capello was announced when he joined the meeting electronically.

I. PUBLIC COMMENT

None.

II. DIRECTORS FORUM

None.

III. CONSENT CALENDAR

M/S/C (Spitzer/Antongiovanni) (yes-8, no-0): By roll call vote, the Board approved and authorized item III A through III C of the Consent Calendar.

- A. Approve Minutes of the Regular Board Meeting of May 19, 2020.
- B. Approve May/June 2020 District Construction and Water Banking Disbursements.
- C. Approve May/June 2020 District Accounts Payable.

IV. BUSINESS AND FINANCE

A. Business & Finance Committee – June 11, 2020

Controller Duncan presented the May 2020 District and Water Banking Project Financial Statements, Treasurer's Reports, and District Delinquency Report. The presentation included a proposed updated format for both the District and Water Banking Project Treasurer's Reports.

M/S/C (Antongiovanni/Garone) (yes-8, no-0): By roll call vote, the Board approved the May 2020 District and Water Banking Project Financial Statements, Treasurer's Reports, and Delinquency Report as presented. The approval included the new format for the District and Water Banking Project Treasurer's Reports as presented by staff. The new Water Banking Project Treasurer's Report will reflect the Land/Facilities Reserve under the "Unrestricted Reserves" heading.

General Manager Teglia provided verbal comments which supplemented a memorandum provided in the Board package which discussed the Districts plans to change human resources and payroll processing vendors. The memorandum compared several options and, in summary, showed that expanded services were available locally at a slightly reduced cost. As such, Mr. Teglia informed the Board that staff planned to move forward with executing an agreement with Work Logic HR to provide human resources and payroll services to the District. As this expenditure is already budgeted and the new arrangement will result in a minor cost reduction, this item was considered informational and therefore did not require Board action.

V. OPERATIONS AND PROJECTS

A. Operations and Projects Committee – June 2, 2020.

Assistant General Manager Bellue briefly reported on the June Operations and Projects Committee Meeting

including District maintenance activities. Mr. Bellue also provided a brief update regarding the District office expansion project and the Sunset Groundwater Recharge Facility Project. As part of this update staff highlighted the impacts to the District office over the next 6 months until the project is completed. This will require future Board meetings to be conducted virtually.

B. M/S/C (Kaiser/Collins) (yes-8, no-0): By roll call vote, the Board approved the quitclaim of the Town Ditch as presented by Mr. Bellue.

VI. KERN RIVER WATERMASTER

A. – C. District Hydrographer Perry Hyatt reviewed and discussed the water supplies of the District for the month of May and early June. Approximately 13,664 acre-feet was delivered in District during May. The District began pulling water from Lake Isabella on June 1st to meet the summer demand and begin filling prorations for the various utilities. The May Kern River Watermaster Report and the Isabella construction update was highlighted by staff.

VII. MANAGER'S REPORT

A. Mr. Teglia provided a brief verbal report on various District activities. This included discussion regarding a letter to the Board requesting the District waive penalties and interest on the account associated with Almond Branch LLC.

B. M/S/C (Antongiovanni/Bidart) (yes-8, no-0): By roll call vote, the Board approved the request by Almond Branch LLC and authorized the waiving of the penalties and interest on that account.

VIII. WATER BANKING PROJECTS

A. – C. Mr. Teglia provided verbal comments supplementing a memorandum included in the Board package which provided information on water banking projects on the Kern River Fan. Recovery within the Kern Fan area will likely continue through July 2020. With the increase in SWP allocation from 15% to 20%, the District was asked to curtail deliveries to Metropolitan Water District of Southern California (MET). As a result, the District has planned to terminate delivery to MET in a manner which accounts for the reasonable completion of arrangements previously set in motion to accommodate MET's previous request for return water.

IX. EXTERNAL AGENCY REPORT

A. – G. Mr. Teglia provided verbal comments supplementing a memorandum included in the Board package which provided information on the meetings and activities of various external agencies. These agencies include, but are not limited to, the Kern County Water Agency (including the status of the Delta Conveyance Project and Contract Extension), Kern Fan Authority, Kern River Watershed Coalition, Kern Groundwater Authority, Kern River Groundwater Sustainability Agency, the South Valley Water Resources Authority, and the Integrated Regional Water Management Plan.

X. <u>ATTORNEY'S REPORT</u>

A. Mr. Iger introduced District Resolution (2020-04) which grants the General Manager the authority to execute certain documents on behalf of the District.

M/S/C (Collins/Kaiser) (yes-8, no-0): By roll call vote, the Board approved District Resolution 2020-04.

ADJOURNMENT:

There being no further business, President Palla adjourned the meeting at approximately 2:28 P.M.

Respectfully Submitted,

Steven Teglia, General Manager

Approved by Board

Richard Tillema, Board Secretary

KERN DELTA WATER BANKING PROGRAM DISBURSEMENT RECOMMENDED BY THE OPERATIONS & PROJECTS COMMITTEE - JULY 7, 2020

VARIABLE

BC LABS	Water analysis - wells	3,685.00	2813
B.S.&E. RENTS	Concrete, trailer	148.55	2814
BAKERSFIELD WELL	Pulled shaft, cleaned bowls	32,455.96	2815
P.G.&E.	Well utilities	25,790.00	2816
QUINN	Repair, parts - grader	326.72	2817

\$62,406.23

These invoices came in after checks were cut

\$69.28

TOTAL \$62,475.51

KERN DELTA WATER DISTRICT DISBURSEMENTS RECOMMENDED BY THE BUSINESS AND FINANCE COMMITTEE THURSDAY, JULY 16, 2020

JUNE 2020 SUB TOTAL \$ 716,971.07

#	PAYEE	AMOUNT	CHECK
1	HR MOBILE - final payment	2,833.00	43700
2	M.T. HAULING - dumping fee - old tires	1,347.25	43701
3	AMERIFUEL - fuel	5,318.51	43702
4	BLACK/HALL CONST 1st installment - office construction	96,251.19	43703
5	BANK OF AMERICA - supplies	3,858.75	43704
6	CASH - safety incentive	925.00	43705
7	CENTRAL CAL SURVEYS, LLC - asbestos survey on construction site	1,400.00	43706
8	K.C. WASTE - dumping fee	1,523.25	43707
9	K.C.W.A Yuba Water Purchase Program	11,900.00	43708
10	P.G.&E office utilities	2,006.15	43709
11	PRINCIPAL LIFE INS dental/medical/vision	4,476.83	43710
12	PAC-VAN INC temporary offices	1,353.15	43711
13	SKARPHOL/FRANK ASSOC engineering, soils engineering - construction	4,614.37	43712
14	STINSONS - storage boxes, ink cartridges, supplies	1,189.67	43713
15	UNITEDAG - medical premium	28,950.73	43714
16	VERIZON - cellular service	687.55	43715
17	ZEIDERS CONSULTING - surveying services - Stine, Centennial, BV	40,569.80	43716
18	PAYROLL - #12	65,079.93	WIRE
19	PAYROLL PEOPLE - 12	147.78	WIRE
20	EDD-STATE P/R #	4,408.51	WIRE
21	EFT-IRS P/R #	23,820.11	WIRE
22	LINCOLN LIFE - retirement program	11,270.23	WIRE
23	LINCOLN LIFE - deferred comp.	4,256.00	WIRE
24	MASS MUTUAL - deferred comp.	1,390.00	WIRE
25	PAYROLL #13	64,962.72	WIRE
26	PAYROLL PEOPLE #13	160.78	WIRE
27	EDD-STATE P/R #13	4,399.01	WIRE
28	EFT-IRS P/R #13	23,799.90	WIRE
29	LINCOLN LIFE - retirement program	11,274.92	WIRE
30	LINCOLN LIFE - deferred comp.	4,256.00	WIRE
31	MASS MUTUAL - deferred comp.	1,390.00	WIRE
	JUNE 2020 TOTAL	\$1,146,792.16	
1	A.T.&T - telephone service	12.07	43717
2	A-1 ANSWERING SERV answering service	597.54	43718
3	ADMIN. SOLUTIONS - medical admin. Fee	718.55	43719
4	AMERIFUEL - fleet fuel	5,826.13	43720
5	AMERICAN TRUCK & VAN - parts - #212	170.53	43721
6	KEVIN ANTONGIOVANNI - directors fee, misc. meetings	200.00	43722
7	B&B SURPLUS - tubing, plate	226.30	43723
8	BROWN ARMSTRONG ACCOUNTACY - 2019 audit	12,000.00	43724
9	BUD'S - trailer hitch - #T-3	146.80	43725

10	BUDGET BOLT - nuts, washer, bolts	63.28	43726
11	BUGNI - hitch	145.75	43727
12	BARON'S - hose, coupler	106.69	43728
13	BATTERY SYSTEMS - battery - #327	140.78	43729
14	BC LABS - water analysis	775.00	43730
15	JOHN BIDART - directors fee	100.00	43731
16	CARQUEST - alternator - #T-3	159.33	43732
17	COASTLINE - blade - grader	601.54	43733
18	COFFEE BREAK - coffee service	135.70	43734
19	DONALD COLLINS - directors fee, misc. meetings	200.00	43735
20	COUNTRY TIRE - tires, flat repair - #105, #326	608.03	43736
21	DAVCOMM - install data cabling - office trailers	1,650.00	43737
22	ELLISON SCHNEIDER HARRIS & DONLAN - regulatory matters	498.00	43738
23	ELITE AUTOMATION - install bathroom trailers	9,282.57	43739
24	FLOYD'S - chain saw fuel	41.81	43740
25	FRED GARONE - directors fee, misc. meetings	200.00	43741
26	GRAINGER - chain saw motor	283.62	43742
27	GREENFIELD C.W.D water service	132.77	43743
28	HD SUPPLY - maintenance supplies	214.63	43744
29	HALL LETTER - letter head, business cards	736.06	43745
30	HERC RENTAL - fork lift rental	2,938.24	43746
31	JERRY & KEITH'S - air fittings	30.74	43747
32	JIM BURKE FORD - parts - #210, #222, #224, #217, #325, new vehicle	24,419.79	43748
33	DAVID KAISER - directors fee, misc. meetings	200.00	43749
34	K.C. AUDITOR-CONTROLLER - LAFCO operating cost for year 2020-2021	3,618.00	43750
35	KRAZAN & ASSOC professional services	3,695.00	43751
36	LOWE'S - maintenance supplies, remodeling supplies	1,754.58	43752
37	MARCOM - web site support	95.00	43753
38	MARANATHA - lawn service	87.50	43754
39	JOEY MENDONCA - directors fee	100.00	43755
40	MOTOR CITY - parts - #293, #106	564.54	43756
41	MCMURTREY, HARTSOCK & WORTH	32,518.26	43757
	General - \$3,080.00	32,310.20	13757
	State - \$70.00		
	Other - \$29,368.26		
42	NORTH KERN W.S.D W/M wages - April, May, June 2020	1,650.00	43758
43	OPEN & SHUT - yard gate repair	120.00	43759
44	O'RIELLY'S - parts - #210	140.41	43760
45	ORKIN - pest service	82.00	43761
46	P.G.&E shop utilities	37.72	43762
47	RODNEY PALLA - directors fee	100.00	43763
48	PRICE DISPOSAL - dumping fee	13.22	43764
49	PROGRESSIVE TECH - telephone service, computer support	5,153.85	43765
50	QUALITY HEAVY DUTY DIESEL - parts - #T3	109.05	43766
	•		
51 52	QUINN - parts - #404 RVI SOLUTIONS - Saga 200 support	934.57	43767
52 53	RKL SOLUTIONS - Sage 300 support	48.75	43768
53 54	SSD SYSTEMS - alarm monitoring service	197.85	43769
54 55	SCHWEBEL PETROLEUM - drip oil, diesel exhaust fluid, oil	2,830.81	43770
55	SNIDER'S - installation of new locks, keys	754.44	43771

	J	JULY 2020 SUB TOTAL	\$204,089.56	
71	KC RECORDER - lien redemption		40.00	43787
70	ZENITH - premium		4,962.00	43786
69	WESTAIR - cylinder rentals		547.46	43785
68	WEST COAST MAINTENANCE - cleaning service		668.30	43784
67	VALLEY DECAL - banner, signs - office, parking		797.80	43783
66	UNITED STATES TREASURY - Federal PCOR fee		66.04	43782
65	UNITEDAG - group medical premium		28,950.73	43781
64	TRAFFIC MANAGEMENT - delineators, office signs		479.97	43780
63	RICH TILEMA - directors fee, misc. meeting		200.00	43779
62	TECHNOFLO - meters, bearings, register, battery		6,412.52	43778
61	TARGET - bait pellets, Torpedo, Cheetah		7,221.15	43777
60	TARGET - Nautique		16,450.22	43776
59	TARGET - Cheetah, Roundup, Torpedo		16,433.54	43775
58	ROSS SPITZER - directors fee, misc. meeting		200.00	43774
57	SPARKLE - laundry service		2,134.43	43773
56	SPECTRUM - internet access		357.60	43772

KERN DELTA WATER DISTRICT & KDWBP Anticipated Payments - Month End - July 2020

			Approximate amount of
Payee	Reason		Payment
AmeriFuel	Gas and Diesel, June 1 - June 15		5,140.33
ASI	Supplemental Medical		560.00
Bank of America	Management Credit Cards Usage		6,991.50
Home Depot Credit Services	Maintenance Materials		554.10
Kern County Public Works	Landfill Waste Dumping		1,523.25
Lincoln Financial Group	Pension Plan		9,427.78
Lincoln Life Insurance	Deferred Compensation		4,256.00
Massachusetts Mutual	Deferred Compensation		1,390.00
PG&E	District Office Power Usage		2,116.60
Principal Life	Dental, Vision, Life Insurance Premium		4,226.49
Verizon	Operations Phones		639.27
Construction Costs	Constructions Costs		250,000.00
	ŀ	KDWD Total _	281,684.99

Tab III KERN DELTA WATER DISTRICT

<u>Thursday</u>, <u>July 16</u>, <u>2020</u>, <u>10:00 A.M. – 11:25 A.M.</u> DIRECTORS PRESENT: Antongiovanni, Garone

DIRECTORS PRESENT VIA VIDEO: Tillema, Bidart

OTHERS PRESENT: From KDWD: General Manager Teglia, Water Resources Manager Mulkay,

Assistant General Manager Bellue, General Counsel Iger, Controller Duncan,

Others: Lindsey McGuire, Brown Armstrong (present via video)

1. PUBLIC COMMENTS

None

2. INFORMATIONAL

- a. Staff reviewed the collections status of the 2020 annual assessments.
- b. Staff reviewed the status of credit card acceptance as an additional method of payment for the District's customers.

3. ACTION

- a.- b. M/S/C (Tillema/Bidart) (yes 4, no 0): By roll call vote, the Business & Finance Committee recommends the Board approve the June and July 2020 District Accounts Payable Invoices, the anticipated July 2020 end of month Accounts Payable Invoices, and the June 2020 District and Water Banking Project Financial Statements, Treasurer's Reports, and Delinquency Report as presented.
- c. Lindsey McGuire, Brown Armstrong Audit Partner, reviewed the audited financial statements of Kern Delta Water District for the years ended December 31, 2019 and December 31, 2018 with the Business & Finance Committee.
 - M/S/C (Garone/Bidart) (yes -4, no -0): By roll call vote, the Business & Finance Committee recommends the Board accept the audited financial statements of Kern Delta Water District for the years ended December 31, 2019 and December 31, 2018 as presented.
- d. Staff reviewed a first draft of the District's 2021 Financial Budget with the Business & Finance Committee. The Business & Finance Committee directed staff to review the draft and update as necessary for further discussion at the Committee's August meeting.

4. FUTURE ITEMS

None

Meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Kevin Antongiovanni, Chairman

Kern Delta Water District Balance Sheet As of June 30, 2020

<u>Assets</u>		June 30, May 31, 2020 2020				Month-to- Month Variance		
Current Assets: Cash & Securities in Bank Accounts Receivable	\$	21,561,908 934,073	\$	21,540,817 1,097,721	\$	21,091 (163,647)		
Due From KDWBP Inventories & Prepaid Expenses Total Current Assets		126,825 22,622,807		188,427 22,826,965		(61,601) (204,158)		
Fixed Assets District Structures, Rights of Way Construction in Progress CVC Expansion Machinery & Equipment Accumulated Depreciation Net Fixed Assets Investment in Joint Powers Authority	\$	13,666,999 190,318 8,622,495 1,519,726 23,999,538 (6,452,975) 17,546,562	\$	13,666,999 85,132 8,622,495 1,519,726 23,894,353 (6,411,975) 17,482,377	\$ \$	105,185 - 105,185 (41,000) 64,185		
Investment in MET Program Total Assets	\$	8,890,130 49,086,982	\$	8,890,130 49,216,955	\$	(129,973)		
Liabilities & Equity								
Current Liabilities: Trade Accounts Payable Accrued Liabilities Total Current Liabilities	\$	187,497 153,079 340,577	\$	193,353 144,804 338,157	\$	(5,856) 8,275 2,420		
Long-Term Liabilities: Bonds & COP Borrowing Bonds Premium & Costs Total Long-Term Liabilities	\$	4,230,000 168,032 4,398,032	\$	4,230,000 168,032 4,398,032	\$	- - -		
Total Liabilities		4,738,608		4,736,189		2,420		
Equity: Equity From Past Years Accumulative Equity - Current Year Total Liabilities & Equity	\$	44,371,448 (23,074) 49,086,982	\$	44,371,448 109,319 49,216,955	\$	- (132,393) (129,973)		

Kern Delta Water District Cash Variance Analysis June 30, 2020

Net positive/(negative) variance

Cash Received:

Accounts Receivable Collections	970,491
Share of Property Tax Receipts	122,344
Interest Received	75,351
	1,168,186
Cash Disbursed:	
Accounts Payable Paid	(926,479)
Payrolls Paid	(220,616)
	(1,147,095)

21,091

Kern Delta Water District Accounts Receivable Variance Analysis June 30, 2020

Revenue Added to Accounts:

Water Sales - Utility Water	308,506
Water Sales - State Water	294,954
Seepage Revenue	161,411
District Wells Revenue	1,832
Other Misc Revenues	40,141
	806,844

Cash Received on Account:

Net positive/(negative) variance	(163,647)
	(970,491)
Interest Payments	
	(970,491)
Assessments Payments	(404,443)
Misc Payments	(268,068)
Water Payments	(297,980)

Kern Delta Water District Inventory/Prepaids Variance Analysis June 30, 2020

Additions to Accounts:

Weed Control Chemicals Purchased	40,105		
Prepaid Additions	-		
	40,105		
Usage/Amortization:			
Chemicals Consumed During Month	(91,495)		
Amortization of Prepaid Accounts	(10,211)		
	(101,706)		
Net positive/(negative) variance	(61,601)		

Kern Delta Water District Operating Results - Year To Date Through the Month Ended June 30, 2020

		Actual Current Month	Ac	tual Year to Date		Annual Budget	YTD as % of Annual Budget (Target is 50%)	R	Budget Remaining
REVENUES:									
State water sales	\$	294,954	\$	354,556	\$	996,706	36%	\$	642,150
Utility water sales	·	283,281	,	1,043,711	,	3,214,297	32%	•	2,170,586
COB/Cal Water/GCWD Revenue		161,411		161,411		816,000	20%		654,589
Equalization		-		9,147		9,147	100%		0
Assessments		0		1,013,184		1,014,767	100%		1,583
Share of county tax		122,344		1,940,940		4,316,386	45%		2,375,446
ILRP Contract Revenue		-		-		-			_
Interest income		75,351		205,665		320,000	64%		114,335
Other income		5,784		146,067		175,000	83%		28,933
Water Transfer Charges		-		548,250		731,000	75%		182,750
Water Banking Expense Reimbursement		-		-		150,000	0%		150,000
Total income	\$	943,126	\$	5,422,931	\$	11,743,303	46%	\$	6,320,372
EXPENDITURES:									
Source of supply:									
State water costs	\$	E46 E22	φ	2,492,870	φ	2,725,000	040/	\$	222 420
	Ф	546,533	\$	2,492,670	\$, ,	91% 0%	Ф	232,130
Exchange fees Watermaster, City, Isabella		- 7 176		- 88,543		76,500			76,500 272,857
Miscellaneous source costs		7,176		*		361,400	24% 6%		•
Total Source of supply	\$	18,632 572,341	\$	28,730 2,610,143	\$	500,000 3,662,900	71%	\$	471,270 1,052,757
	φ	372,341	φ	2,010,143	φ	3,002,900	7 1 70	φ	1,032,737
Transmission and Distribution:	•					0.04= 400			
Labor	\$	222,254	\$	1,177,544	\$	2,217,409	53%	\$	1,039,865
Employee benefits		63,450		365,757		741,811	49%		376,054
Maintenance & Repairs	_	113,014	_	392,870	_	1,141,803	34%	_	748,933
Total Transmission and Distribution	\$	398,717	\$	1,936,170	\$	4,101,023	47%	\$	2,164,853
Administrative & other costs:									
Engineering consultant	\$	(18,908)	\$	1,220	\$	50,000	2%	\$	48,780
Legal consultants		8,190		89,173		250,000	36%		160,827
Special legal/engineering		24,826		56,176		100,000	56%		43,824
Kern River GSA		-		-		200,000	0%		200,000
Insurance		15,681		70,501		163,663	43%		93,162
Office operations		14,232		162,909		327,313	50%		164,404
Special expenses (see Footnote below):		1,001		179,290		557,518	32%		378,228
Construction Expense - Peripheral		18,437		18,437		-			
Bond Interest expense		-		76,849		138,863	55%		62,014
Depreciation		41,000		245,137		492,000	N/A		246,863
Total adminstrative & other	\$	104,461	\$	899,692	\$	2,279,357	39%	\$	1,398,102
Total expenses	\$	1,075,519	\$	5,446,005	\$	10,043,280	54%	\$	4,597,275
Net Fav/(Unfav) Operating Results	\$	(132,393)	\$	(23,074)	\$	1,700,023		\$	1,723,097

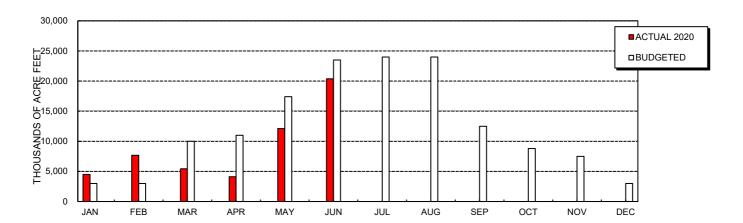
TREASURER'S REPORT

June 2020

Add: June receipts									
Add: June receipts			2020		2019		2018		2017
Add: June receipts									
Less: June disbursements	Cash & Securities on hand - June 1	\$	21,540,817	\$	16,830,822	\$	14,724,021	\$	10,407,195
Cash & Securities on hand - June 30, 2020 Petty Cash Citizens Business Bank 734,742 Kern County Treasury 19,576,666 CBB Trust/LPL Financial 1,250,000 21,561,908 Restricted Reserves: Restricted Reserve Fund - General Manager Unrestricted Reserves: Employee Medical/Dental Benefits Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (2	Add: June receipts		1,168,186		1,264,815		1,155,535		5,234,527
Petty Cash \$ 500 Citizens Business Bank 734,742 Kern County Treasury 19,576,666 CBB Trust/LPL Financial 1,250,000 \$ 21,561,908 Restricted Reserves: Restricted Reserve Fund - General Manager Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$ \$ (200,000) \$ - \$ \$ (200,000) \$ (200,000) \$ - \$ \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$ (200,000) \$	Less: June disbursements		1,147,095		1,188,243		983,076		1,315,964
Citizens Business Bank 734,742 Kern County Treasury 19,576,666 CBB Trust/LPL Financial 1,250,000 \$ 21,561,908 \$ (300,000) \$ (300,000) \$ - \$ Restricted Reserves: Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$ Unrestricted Reserves: Employee Medical/Dental Benefits (161,895) (237,923) (267,821) (294,7) Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) Water Rights Protection & Litigation Reserve (3,174,936) (3,269,640) (3,339,486) (3,601,826) 2015-A COP Reserve Fund (4,230,000) (372,600) (372,600) (372,600) Operating Reserve (5,000,000) Capital Reserve (2,000,000) Groundwater Program Reserve (3,500,000) Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,751)	Cash & Securities on hand - June 30, 2020	\$	21,561,908	\$	16,907,394	\$	14,896,480	\$	14,325,758
Kern County Treasury 19,576,666 classed and served a	Petty Cash \$ 500								
Restricted Reserves: Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$	Citizens Business Bank 734,742								
Restricted Reserves: Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$ Unrestricted Reserves: Employee Medical/Dental Benefits (161,895) (237,923) (267,821) (294,7 Pipeline Maintenance) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845)	Kern County Treasury 19,576,666								
Restricted Reserves: Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$ Unrestricted Reserves: \$ (161,895) \$ (237,923) \$ (267,821) \$ (294,700) \$ Employee Medical/Dental Benefits \$ (161,895) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$ (213,845) \$	CBB Trust/LPL Financial 1,250,000								
Restricted Reserve Fund - General Manager \$ (300,000) \$ (300,000) \$ - \$ Unrestricted Reserves: Employee Medical/Dental Benefits (161,895) (237,923) (267,821) (294,700) Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) Water Rights Protection & Litigation Reserve (3,174,936) (3,269,640) (3,339,486) (3,601,800) (372,600) (372,600) 2015-A COP Reserve Fund (4,230,000) (372,600) (372,600) (372,600) (372,600) Operating Reserve (5,000,000) Capital Reserve (2,000,000) Groundwater Program Reserve (3,500,000) Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,700)	<u>\$ 21,561,908</u>	=							
Unrestricted Reserves: Employee Medical/Dental Benefits (161,895) (237,923) (267,821) (294,723) Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (3,601,85) (3,601,85) (3,601,85) (3,601,85) (3,601,85) (3,601,85) (3,601,85) (3,601,85)<	Restricted Reserves:			ı		ı		I.	
Employee Medical/Dental Benefits (161,895) (237,923) (267,821) (294,722) Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (3,601,800) (3,601,800) (3,269,640) (3,72,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,	Restricted Reserve Fund - General Manager	\$	(300,000)	\$	(300,000)	\$	-	\$	-
Pipeline Maintenance (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (213,845) (3,601,50 (3,500,500) (3,500,600) (3,500,600) (3,500,000) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600)	Unrestricted Reserves:								
Water Rights Protection & Litigation Reserve (3,174,936) (3,269,640) (3,339,486) (3,601,50) 2015-A COP Reserve Fund (4,230,000) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) <td>Employee Medical/Dental Benefits</td> <td></td> <td>(161,895)</td> <td></td> <td>(237,923)</td> <td></td> <td>(267,821)</td> <td></td> <td>(294,734)</td>	Employee Medical/Dental Benefits		(161,895)		(237,923)		(267,821)		(294,734)
2015-A COP Reserve Fund (4,230,000) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) (372,600) <td< td=""><td>Pipeline Maintenance</td><td></td><td>(213,845)</td><td></td><td>(213,845)</td><td></td><td>(213,845)</td><td></td><td>(213,845)</td></td<>	Pipeline Maintenance		(213,845)		(213,845)		(213,845)		(213,845)
Operating Reserve (5,000,000) Capital Reserve (2,000,000) Groundwater Program Reserve (3,500,000) Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,700)	Water Rights Protection & Litigation Reserve		(3,174,936)		(3,269,640)		(3,339,486)		(3,601,543)
Capital Reserve (2,000,000) Groundwater Program Reserve (3,500,000) Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,700)	2015-A COP Reserve Fund		(4,230,000)		(372,600)		(372,600)		(372,600)
Groundwater Program Reserve (3,500,000) Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,75)	Operating Reserve		,						
Total Reserves \$ (18,580,675) \$ (4,394,008) \$ (4,193,751) \$ (4,482,7)	•		,						
	<u> </u>								
Cash Available - June 30, 2020 \$ 2,981,233, \$ 12,513,387, \$ 10,702,729, \$ 9,873,0	Total Reserves	\$	(18,580,675)	\$	(4,394,008)	\$	(4,193,751)	\$	(4,482,722)
ψ 2,301,233 ψ 12,313,337 ψ 10,702,723 ψ 3,043,τ	Cash Available - June 30, 2020	\$	2,981,233	\$	12,513,387	\$	10,702,729	\$	9,843,036

Kern Delta Water District Monthly Water Sales Volume in Acre Feet

	2019		2020										
	Actual	Bud	geted						Actual				
	(Accum-	,	(Accum-		Monthly					% of			
	ulated)	Monthly	ulated)	Utility	State	Contracts	Total	Utility	State	Contracts	Total	Budget	
JAN	5,974	3,000	3,000	4,371	0	117	4,488	4,371	0	117	4,488	150%	
FEB	8,134	3,000	6,000	7,356	0	325	7,681	11,727	0	442	12,169	203%	
MAR	14,331	10,000	16,000	5,018	0	413	5,431	16,744	0	855	17,600	110%	
APR	30,287	11,000	27,000	3,719	0	394	4,114	20,464	0	1,250	21,713	80%	
MAY	45,512	17,400	44,400	11,042	700	384	12,126	31,506	700	1,634	33,840	76%	
JUN	72,976	23,500	67,900	12,816	7,151	413	20,379	44,322	7,850	2,046	54,218	80%	
JUL	101,995	24,000	91,900				0						
AUG	127,068	24,000	115,900				0						
SEP	141,308	12,500	128,400				0						
ОСТ	150,924	8,800	137,200				0						
NOV	156,390	7,500	144,700				0						
DEC	157,506	3,000	147,700				0						



KERN DELTA WATER DISTRICT

Aged Accounts Receivable Past Due Accounts July 21, 2020

Account	Name	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total Past Due
887	Forney, Bruce	4.80	4.72	4.65	310.19	324.36
4511	Samra, Sukhmander	256.02	-	-	-	256.02
	OTHER	271.87	-	-	-	271.87
		532.69	4.72	4.65	310.19	852.25

Kern Delta Water Banking Project Balance Sheet June 30, 2020

Assets

<u> A33613</u>			_	
	June 30, 2020	May 31, 2020		lonth-to- Month /ariance
Current Assets:				
Cash & Securities in Bank	\$ 14,142,423	\$ 14,326,028	\$	(183,605)
Due from Metropolitan Water District	-	-		-
Inventory and Prepaids	 95,635	 95,635		
Total Current Assets	\$ 14,238,058	\$ 14,421,663	\$	(183,605)
Fixed Assets at cost less depreciation:				
All structures	\$ 58,911,292	\$ 58,911,292	\$	-
Machinery and equipment	418,064	418,064		
	\$ 59,329,356	\$ 59,329,356	\$	-
Less: Accumulated depreciation	(9,791,484)	(9,697,484)		(94,000)
Total fixed assets	\$ 49,537,872	\$ 49,631,872	\$	(94,000)
Total Assets	\$ 63,775,930	\$ 64,053,535	\$	(277,605)
<u>Liabilities & Equity</u>				
Current Liabilities:				
Trade accounts payable	\$ -	\$ 	\$	-
Total current liabilities	\$ -	\$ -	\$	-
Equity:				
Contributions to equity - KDWD (Land purchases)	\$ 8,890,130	\$ 8,890,130	\$	-
Equity from past years	55,876,911	55,876,911		-
Equity enhanced this year	(991,111)	(713,506)		(277,605)
Total Equity	\$ 63,775,930	\$ 64,053,535	\$	(277,605)
Total Liabilities & Equity	\$ 63,775,930	\$ 64,053,535	\$	(277,605)

Kern Delta Water Banking Project Cash Variance Analysis June 30, 2020

Cash Received:

Received From KDWD - CVC Ops/Power	55,627
Interest Received	51,113
	106,740
Cash Disbursed:	
Accounts Payable Paid	(290,344)
	(290,344)
Net positive/(negative) variance	(183,605)

Kern Delta Water Banking Project Statement of Operating Results Through the Period Ended June 30, 2020

	 Current Month	Year to Date		
REVENUE:				
MET Revenues	\$ -	\$	-	
Water Sales	-		-	
Interest Income	51,113		95,079	
Total of all income	\$ 51,113	\$	95,079	
Transfer and Exchange Fees:				
Exchange Fees	\$ 5,200	\$	5,200	
Wheeling Fees			-	
Total Exchange Fees	\$ 5,200	\$	5,200	
Other Costs				
Power - KB1-8, KDW1-2	\$ 56,833	\$	62,514	
Power - AE1, AE2, AE3, AE4	-		4,211	
Power - BV1, BV2, BV3, BV4, BV5	180		1,186	
CVC Operating Costs	165,716		385,772	
CVC Power Costs	1,164		3,469	
O&M Spreading	149		47,360	
Other O&M & Miscellaneous Costs	5,476		12,478	
Legal & Accounting	-		-	
Depreciation	94,000		564,000	
Total Other Costs	\$ 323,518	\$ 1	,080,990	
Total all expenses	\$ 328,718	\$ 1	,086,190	
Favorable/(Unfavorable) Operating Results	\$ (277,605)	\$	(991,111)	

KERN DELTA WATER BANKING PROJECT TREASURER'S REPORT									
June									
			2020		2019		2018		2017
Cash & Securities on hand - June 1,	2020	\$	14,326,028	\$	9,248,635	\$	9,451,052	\$	9,452,125
Add: June receipts			106,740		127,085		793,013		37,524
Less: June disbursements			290,344		315,856		472,474		147,709
Cash & Securities on hand - June	30, 2020	\$	14,142,423	\$	9,059,864	\$	9,771,591	\$	9,341,940
Citizens Business Bank LPL Financial Kern County Treasury	\$ 337,245 500,000 13,305,178 \$ 14,142,423								
Restricted Cash included in above:	OM&R Spreading OM&R Extraction OM&R CVC/Delivery Canal Take/Put Fees	\$	802,332 (86,757) (3,176,927) (4,821,397)	·	651,055 (137,772) (2,894,476) (648,255)				
Total Restricted		\$	(7,282,749)	\$	(3,029,448)				
Cash Available for Construction - Jur	ne 30, 2020	\$	6,859,675	\$	6,030,415				

KERN DELTA WATER DISTRICT

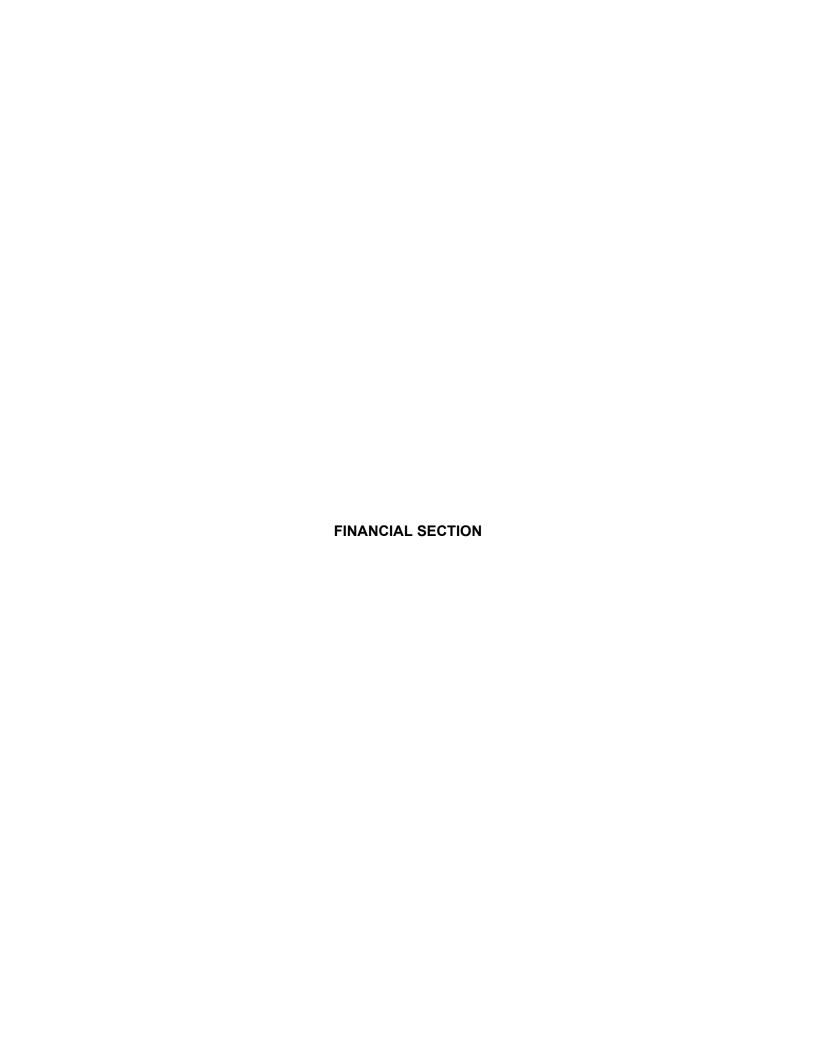
CONSOLIDATED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

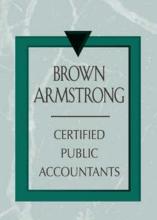
FOR THE YEAR ENDED DECEMBER 31, 2019

KERN DELTA WATER DISTRICT DECEMBER 31, 2019

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors Kern Delta Water District Bakersfield, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Kern Delta Water District (the District) as of and for the year ended December 31, 2019, and the related notes to the consolidated financial statements, which collectively comprise the District's basic consolidated financial statements as listed in the table of contents. The December 31, 2018 summarized comparative information has been derived from the 2018 consolidated financial statements and is included for additional analysis only.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the District's basic consolidated financial statements. The consolidating financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The consolidating financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating financial statements are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong Secountaincy Corporation

KERN DELTA WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The following discussion and analysis of the financial performance of Kern Delta Water District (the District) is intended as an overview of the financial activities for the years ended December 31, 2019 and 2018. This information is presented in conjunction with the basic audited consolidated financial statements and accompanying notes which follow this analytical report.

Financial Highlights

District operating expenditures and operating revenues can be impacted by the climatic conditions that affect the Kern River and State Water Project supplies on a given year. The climatic conditions of 2019 led to a significantly improved water year compared to the relatively dry conditions experienced in 2018. Water available from the Kern River was 198% of normal in 2019 compared to 59% of normal in the previous year. Wetter conditions throughout the State of California resulted in a 75% allocation of State Water for 2019 compared to 35% in 2018. The increased water supply led to comparatively increased water deliveries and sales. The District's total water sales of 157,694 acre-feet of water in 2019 represents a 38% increase in water sold compared to the prior year. The District banked 68,320 acrefeet of water as operational recharge using unlined canals and directly banked an additional 11,802 acrefeet of water to the benefit of District lands compared to 75,129 acre-feet of operational recharge and 8,840 acre-feet of direct recharge in 2018.

In 2003 the District entered into a water banking agreement with The Metropolitan Water District of Southern California (MWD). MWD advanced significant funds to the District at that time for the purpose of purchasing land and building water storage facilities in exchange for the first 250,000 acre-feet of Banked Regulated Water. The District met its obligation for the first 250,000 acre-feet of Banked Regulated Water early in 2019. The favorable climatic conditions in 2019, described earlier, enabled the District to store 56,068 acre-feet of Banked Regulated Water for the benefit of MWD resulting in a significant financial benefit to the District which will be explained below.

The District recorded solid financial results in 2019. The change in net position for the year was \$9,671,000, an increase of \$6,212,000 compared to the \$3,459,000 of change in net position reported in 2018. This overall increase can be attributed to the following factors:

- Operating Revenues in 2019 were favorable to 2018 in the amount of \$7,399,000. Revenues from fees and cost reimbursements from the District's banking partner, MWD, were favorable to the prior year by \$6,179,000. Much of this increase was driven by the fees associated with the storage of 56,068 acre-feet of Banked Regulated Water in the amount of \$4,173,000 after having satisfied the obligation for the first 250,000 acre-feet of Banked Regulated Water early in the year. Sales of Kern River sourced Utility Water were favorable to the prior year by \$890,000. Revenue from the sale of seepage losses in 2019 was favorable to the prior year by \$223,000.
- Nonoperating Revenues and Expenses were favorable compared to 2018 by \$721,000. The District benefited from improving market conditions and increased overall cash balances with a favorable increase in Interest earned on cash holdings of \$489,000 compared to the prior year. Property Tax Revenues distributed by Kern County to the District increased by \$282,000 compared to the prior year. Various favorable and unfavorable variances in other types of revenues (ie., Property Assessments, Other Nonoperating Revenues, etc.) offset the gains noted by a net unfavorable (\$50,000).
- The increases in Revenues noted above were offset by an unfavorable spending variance of (\$1,908,000) in Operating Expenses. Of the 56,068 acre-feet of Banked Regulated Water stored for MWD noted above, 50,000 acre-feet was delivered through a water exchange arrangement at a cost of (\$950,000). No such arrangement was made in 2018. The District's share of incremental costs for operations and maintenance of the Cross Valley Canal was unfavorable to the same costs in 2018 by (\$439,000). The annual cost to the District for

participation in the State Water Project increased by an unfavorable (\$217,000). Increased costs for maintenance of the District's canals and facilities as well as the vehicles and equipment used to maintain them was unfavorable by (\$195,000). Unfavorable increases in miscellaneous operations and maintenance costs, including the District's share of such costs for participation in the Pioneer Project, were (\$160,000) for 2019.

The District capitalized on its significantly improved cash position provided by the healthy increase in Net Position during the year by purchasing additional land for recharge facilities in the amount of \$1,652,000 as well as additional capital equipment and facilities in the amount of \$355,000.

Overview of the Consolidated Financial Statements

This annual report includes the management's discussion and analysis, the independent auditor's report, the basic consolidated financial statements of the District, and selected additional information. The consolidated financial statements also include notes that explain in more detail some of the information included in the consolidated financial statements.

Required Consolidated Financial Statements

The consolidated financial statements of the District report financial information using accounting methods similar to those used by private sector companies. The consolidated financial statements conform to accounting principles generally accepted in the United States of America and utilize the accrual basis of accounting.

The **Consolidated Statement of Net Position with Comparative Totals** includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities), with the difference between the two reported as net position. This statement indicates which assets are restricted due to contractual obligations, Board of Directors action, or other commitments. This statement also provides the basis of assessing the liquidity, capital structure, and financial flexibility of the District.

Revenues and expenses for each of the last two years are accounted for in the **Consolidated Statement** of **Revenues**, **Expenses**, **and Changes in Net Position with Comparative Totals**. This statement measures the success of the District's operations and can be used to determine profitability, credit worthiness, and whether the District has successfully recovered all of its costs through user fees and other charges.

The **Consolidated Statement of Cash Flows with Comparative Totals** reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financial activities. This statement provides information related to sources and uses of cash and the comparative change in cash balances for each of the years ended December 31, 2019, and December 31, 2018.

Financial Analysis of the District

The required consolidated financial statements, discussed above, are intended to assist the reader in assessing the financial health of the District. The reader of these consolidated financial statements should also consider non-financial factors such as changes in economic condition, population growth, and new or changed governmental legislation when reviewing and analyzing the financial condition of the District.

Presented below are condensed versions of the consolidated financial statements with comments and analysis provided by management.

Table A
Condensed Consolidated Statements of Net Position
December 31, 2019, 2018, and 2017

	2019	2018	2017	Variance 2019 vs. 2018
Current Assets Net Capital Assets Other Assets	\$ 38,637,757 28,928,224 38,777,999	\$ 29,941,872 28,138,161 38,772,819	\$ 27,185,414 27,885,943 38,778,707	\$ 8,695,885 790,063 5,180
Total Assets	\$ 106,343,980	\$ 96,852,852	\$ 93,850,064	\$ 9,491,128
Current Liabilities Long-Term Debt	\$ 1,943,929 4,151,695	\$ 1,890,339 4,385,153	\$ 2,117,489 4,614,613	\$ 53,590 (233,458)
Total Liabilities	\$ 6,095,624	\$ 6,275,492	\$ 6,732,102	\$ (179,868)
Net Investment in Capital Assets Restricted for Metropolitan Water District Program Unrestricted	\$ 24,543,072 38,760,517 36,944,767	\$ 23,523,548 38,760,517 28,293,295	\$ 23,050,914 38,760,517 25,306,531	\$ 1,019,524 - 8,651,472
Total Net Position	\$ 100,248,356	\$ 90,577,360	\$ 87,117,962	\$ 9,670,996

Total Assets increased \$9.49 million to \$106.34 million at December 31, 2019, compared to \$96.85 million reported at December 31, 2018. Most of this increase is the result of an increase in the value of Current Assets of \$8.70 million combined with an increase in Net Capital Assets of \$790,000.

- The increase in Current Assets is attributable to an increase in Cash of \$3.99 million and Receivables of \$4.71 million. Of the \$4.71 million in Receivables, \$4.47 million was receivable from MWD for third and fourth quarter billings in 2019 and was converted into cash in a timely manner in 2020.
- The District purchased land for re-charge facilities in the amount of \$1.65 million, acquired heavy and light duty vehicles costing \$245,000, improved recharge facilities at a cost of \$228,000, and purchased other Capital Assets costing \$110,000. These additions to Capital Assets were offset by the annual provision for Depreciation Expense of (\$1.44 million). The net result of these transactions was an increase in Net Capital Assets of \$790,000.

Total Liabilities decreased \$180,000 in 2019. Short-term Accounts Payable increased (\$152,000) compared to last year while Deferred Revenue decreased \$101,000. Principal payments and amortization of costs related to the long-term Certificates of Participation reduced long-term debt by \$233,000.

Table B
Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017	Variance 2019 vs. 2018
Operating Revenues Nonoperating Revenues	\$ 14,494,652 6,658,558	\$ 7,095,755 5,945,917	\$ 11,244,978 5,870,067	\$ 7,398,897 712,641
Total Revenues	21,153,210	13,041,672	17,115,045	8,111,538
Operating Expenses Nonoperating Expenses	11,335,748 146,466	9,427,365 154,909	12,154,104 185,690	1,908,383 (8,443)
Total Expenses	11,482,214	9,582,274	12,339,794	1,899,940
Change in Net Position	\$ 9,670,996	\$ 3,459,398	\$ 4,775,251	\$ 6,211,598

While the Statements of Net Position show the District's change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provide information as to the nature and sources of these changes.

Total revenues increased \$8.11 million to \$21.15 million in 2019 from \$13.04 million in 2018.

- As previously discussed, Operating Revenues were favorable to the prior year by \$7.40 million. Revenues from fees and cost reimbursements from the District's banking partner, MWD, were favorable to the prior year by \$6.18 million. Much of this increase was driven by the fees associated with the storage of 56,068 acre-feet of Banked Regulated Water in the amount of \$4.17 million after having satisfied the obligation for the first 250,000 acre-feet of Banked Regulated Water early in the year. Sales of Kern River sourced Utility Water were favorable to the prior year by \$890,000. Revenue from the sale of seepage losses in 2019 was favorable to the prior year by \$223,000.
- Nonoperating Revenues in 2019 were favorable to 2018 by \$713,000. The District benefited from
 improved financial market conditions and increased overall cash balances with an increase in
 Interest earned on cash holdings of \$489,000 compared to the prior year. The District's annual
 share of Property Tax Revenues distributed by Kern County to the District increased by \$282,000
 compared to the prior year.

Total expenses increased unfavorably by (\$1.90 million) to \$11.48 million from the \$9.58 million reported in 2018 due primarily to an unfavorable increase of (\$1.91 million) in Operating Expenses:

- Source of Supply Expenses were unfavorable compared to 2018 by (\$1.62 million). Of the 56,068 acre-feet of Banked Regulated Water stored for MWD noted above, 50,000 acre-feet was delivered through a water exchange arrangement at a cost of (\$950,000). No such arrangement was made in 2018. The District's share of incremental costs for operations and maintenance of the Cross Valley Canal was unfavorable to the same costs in 2018 by (\$439,000). The annual cost to the District for participation in the State Water Project increased by an unfavorable (\$217,000).
- Transmission and Distribution Expenses were unfavorable compared to 2018 by (\$240,000).
 Increased costs for maintenance of the District's canals and facilities as well as the vehicles and equipment used to maintain them was unfavorable by (\$195,000). The cost of Labor associated with the operation and maintenance of the District's storage and conveyance facilities was unfavorable to the prior year by (\$45,000).
- Administrative and General Expenses were unfavorable compared to 2018 expenses by (\$111,000). Increased costs of medical insurance and increased headcount of administrative staff resulted in unfavorable salaries and fringe benefits spending of (\$193,000). This increase was offset by a favorable decrease in legal expenses of \$65,000.

Capital Assets

As of December 31, 2019, the District had invested \$28.93 million in net capital assets as shown below:

Table C
Capital Assets
December 31, 2019, 2018, and 2017

	2019	2018	2017	Variance 2019 vs. 2018
Land Transmission and Distribution Water Banking Facilities General Plant and Equipment	\$ 4,063,567 16,587,269 20,557,257 3,155,453	\$ 2,411,285 16,570,004 20,329,594 3,093,626	\$ 1,122,877 16,570,004 20,137,984 2,915,455	\$ 1,652,282 17,265 227,663 61,827
Total Gross Capital Assets	44,363,546	42,404,509	40,746,320	1,959,037
Less: Accumulated Depreciation	(15,435,322)	(14,266,348)	(12,860,377)	(1,168,974)
Total Net Capital Assets	28,928,224	28,138,161	27,885,943	790,063
Restricted Assets: MWD Program Facilities	38,760,517	38,760,517	38,760,517	
Total Capital Assets	\$ 67,688,741	\$ 66,898,678	\$ 66,646,460	\$ 790,063

Total Net Capital Assets increased in book value by \$790,000 in 2019. The District invested \$2.23 million in additional capital assets during the year. The District purchased Land for recharge facilities in the amount of \$1.65 million and spent \$245,000 on new vehicles to replace older vehicles retired from service. The District continued to develop and/or improve recharge facilities in 2019, spending an incremental \$228,000 for such projects. Other acquisitions cost \$110,000. This spending was offset by the annual provision for Depreciation expense in the amount of (\$1.44 million).

Debt

	2019 2018		2017	2019 vs. 2018		
Bonds	\$ 4,385,152	\$	4,614,613	\$ 4,835,029	\$	(229,461)

Variance

Bonded debt decreased \$229,000 during the year ended December 31, 2019. Additional principal payments of \$210,000 were paid as agreed for the 2015A Certificates of Participation (COP). Amortization of bond premium reduced the District's debt further by \$19,000.

Contacting the District's Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 501 Taft Highway, Bakersfield, CA 93307.



KERN DELTA WATER DISTRICT CONSOLIDATED STATEMENT OF NET POSITION DECEMBER 31, 2019 WITH 2018 COMPARATIVE TOTALS

	2019	2018
ASSETS CURRENT ASSETS Unrestricted Assets		
Cash and Investments Receivables (Net of Allowance for Uncollectibles)	\$ 31,822,903	\$ 27,832,242
Water Sales and Banking Activities Taxes and Assessments	5,450,306 1,063,386	739,584 984,695
Interest	67,974	-
Prepaid Expenses	81,450	315,617
Inventory	151,738	69,734
TOTAL CURRENT ASSETS	38,637,757	29,941,872
Capital Assets, at Cost (Partially Pledged)	44,363,546	42,404,509
Less Accumulated Depreciation	15,435,322	14,266,348
	28,928,224	28,138,161
Investment in Joint Powers Authority	17,482	12,302
Restricted Assets		
Metropolitan Water District Program Facilities	38,760,517	38,760,517
TOTAL ASSETS	\$ 106,343,980	\$ 96,852,852
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses Interest Payable	\$ 601,383 12,879	\$ 449,621 13,579
Future Assessment Revenue	1,096,210	1,197,679
Current Portion of Long-Term Debt	233,457	229,460
TOTAL CURRENT LIABILITIES	1,943,929	1,890,339
LONG-TERM DEBT		
2015A Certificates of Participation, Plus Premium of \$155,152 - 2019 and \$174,613 - 2018	4,151,695	4,385,153
TOTAL LONG-TERM DEBT	4,151,695	4,385,153
TOTAL LIABILITIES	6,095,624	6,275,492
NET POSITION		
Net Investment in Capital Assets	24,543,072	23,523,548
Restricted for Metropolitan Water District Program Unrestricted	38,760,517 36,944,767	38,760,517 28,293,295
TOTAL NET POSITION	100,248,356	90,577,360
TOTAL LIABILITIES AND NET POSITION	\$ 106,343,980	\$ 96,852,852

KERN DELTA WATER DISTRICT CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019 WITH 2018 COMPARATIVE TOTALS

	2019	2018	
OPERATING REVENUES			
Water Sales, Water Banking Fees, and Exchange Fees	\$ 14,494,652	\$ 7,095,755	
OPERATING EXPENSES			
Source of Supply	5,298,036	3,674,474	
Transmission and Distribution	2,263,638	2,022,914	
Administration and General	2,322,549	2,211,418	
Depreciation	1,444,979	1,511,911	
Taxes	6,546	6,648	
TOTAL OPERATING EXPENSES	11,335,748	9,427,365	
Operating Income (Loss)	3,158,904	(2,331,610)	
NONOPERATING REVENUES (EXPENSES)			
Interest Revenue	672,369	183,340	
Property Taxes	4,739,649	4,457,494	
Property Assessments	1,020,695	1,028,188	
Gain on Disposition of Property	36,900	27,000	
Other Nonoperating Revenues	188,945	249,895	
Other Nonoperating Expenses	(4,031)	(5,184)	
Interest Expense	(142,435)	(149,725)	
Nonoperating Revenues, Net	6,512,092	5,791,008	
Change in Net Position	9,670,996	3,459,398	
Net Position, Beginning of Year	90,577,360	87,117,962	
Net Position, End of Year	\$ 100,248,356	\$ 90,577,360	

KERN DELTA WATER DISTRICT CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 WITH 2018 COMPARATIVE TOTALS

	Year Ended December 31,				
		2019		2018	
CASH FLOWS FROM OPERATING ACTIVITIES		_		_	
Cash Received from Customers	\$	9,783,930	\$	8,143,968	
Cash Payments to Employees		(1,969,265)		(1,969,265)	
Cash Payments to Suppliers for Operations		(7,491,916)		(5,943,448)	
Other Operating Cash Receipts and Disbursements		(125,663)		1,334,001	
Net Cash Provided by Operating Activities		197,086		1,565,256	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received		604,395		232,219	
Investment in Joint Powers Authority		(5,180)		5,888	
Net Cash Provided by Investing Activities		599,215		238,107	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition of Capital Assets		(2,198,142)		(1,737,129)	
Property Rentals and Developer Fees		184,914		244,711	
Principal Payments on Long-Term Debt		(229,461)		(220,416)	
Interest Paid Net of Bond Amortizations		(143,135)		(150,392)	
Net Cash Used by Capital Financing Activities		(2,385,824)		(1,863,226)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property Taxes Collected		4,660,958		4,559,180	
Assessments Collected		919,226		1,129,988	
Net Cash Provided by Noncapital Financing Activities		5,580,184		5,689,168	
Net Increase in Cash and Investments		3,990,661		5,629,305	
Cash and Investments at Beginning of Year		27,832,242		22,202,937	
Cash and Investments at End of Year	\$	31,822,903	\$	27,832,242	

KERN DELTA WATER DISTRICT CONSOLIDATED STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2019 WITH 2018 COMPARATIVE TOTALS

	Year Ended December 31,				
		2019		2018	
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$	3,158,904	\$	(2,331,610)	
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by Operating Activities					
Depreciation		1,444,979		1,511,911	
Changes in Assets and Liabilities					
(Increase) Decrease in:					
Accounts Receivable		(4,710,722)		1,048,213	
Prepaid Expenses and Inventory		152,163		1,674,069	
Increase (Decrease) in:					
Accounts Payable and Accrued Expenses		151,762		(337,327)	
Net Cash Provided by Operating Activities	\$	197,086	\$	1,565,256	

KERN DELTA WATER DISTRICT NOTES TO THE BASIC CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 WITH 2018 COMPARATIVE TOTALS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and District Activities

Kern Delta Water District (the District), comprising approximately 128,958 acres of land of which 116,997 acres are assessed, was formed December 29, 1965, pursuant to Division 13 of the Water Code of the State of California. The District is governed by a nine-member Board of Directors whose members are elected by geographic divisions. Its purpose was, and is, to obtain a supply of water for irrigation of farmlands located within the boundaries of the District.

The accounting and reporting policies of the District conform in all material respects to accounting principles generally accepted in the United States of America applicable to governmental enterprise funds.

B. Reporting Entity

The District has no oversight responsibility for any other governmental entity nor is the District's operation a component unit of any other governmental entity. Therefore, the reporting entity consists only of District operations. The District's operations include the operations of the Kern Delta Water Banking Project (the Banking Project). Financial reporting of the Banking Project is separate from the financial reporting of the District for internal tracking and monitoring purposes. The audited financial reports contained herein show the consolidated annual financial results of the District and the Banking Project combined.

C. Basis of Presentation

Consolidated financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

D. Measurement Focus, Basis of Accounting, and Consolidated Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various consolidated financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying consolidated financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenues until that time.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Operating Revenues and Expenses

Operating revenues, such as charges for services (water sales, service fees, or exchange fees) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as sale of assets and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

F. Establishment of Revenue

Income is generated from the sale of irrigation water to users within the District and the levy of a general and administrative fee and a Zone of Benefit charge based upon acreage. Property assessments are levied annually in December and are due on December 31. Assessments become delinquent if not paid by June 30 of the following year. The Board of Directors determines water rates, administrative fees, and Zone of Benefit charges annually.

G. Budget

Although a budget is adopted annually, it is used primarily as a guideline for the Board of Directors in regulation of expenditures. The budget is prepared on a modified cash basis of accounting. There is no legal compulsion to stay within the adopted budget in the payment or classification of expenditures.

H. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments include the pooled cash with the Kern County Treasury.

I. Capital Assets

Property, plant, and equipment are stated at cost less accumulated depreciation. The depreciation charged is on the straight-line method over the estimated useful lives as follows:

Transmission Facilities 60 Years
Gates, Weirs, etc. 25 Years
General Plant 4 to 10 Years

Repairs and maintenance are recorded as an expense. Renewals and betterments are capitalized. Gains and losses on dispositions are included in income in the year of disposition.

J. Investments

All investments are stated at fair value, except for money market investments that have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and Agency obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

K. Concentration of Credit Risk

Credit has and will be extended, in the form of accounts receivable, to landowners and water purchasers who are located primarily in the District's service area.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Kern County property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due and payable in two installments, on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes as a part of the 1% countywide property tax levy and subsequently distributes a portion of the levy to the District. Property taxes are recognized as revenue when they are appropriated to the District by Kern County.

No allowance for doubtful accounts was considered necessary.

M. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP includes amounts that are based on management's best estimates and judgments. Accordingly, actual results could differ from the estimates.

N. Compensated Absences

Vested or accumulated vacation leave and benefits are recorded as an expense and a liability as the benefits accrue to employees. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate vacation time earned, but not more than 240 hours.

O. Net Position

In the Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

<u>Restricted Net Position</u> – These amounts are restricted by external creditors, grantors, laws, or regulations of other governments.

<u>Unrestricted Net Position</u> – This amount is all items that do not meet the definition of "net investment in capital assets" or "restricted assets."

P. Long-Term Debt

Discounts or premiums on bonded debt issues are amortized to interest expense over the respective lives of the bonded debt. When debt has been refunded in a transaction accounted for as an insubstance defeasance, the deferred amount on refunding is recorded as an offset against the bond liability and is amortized to interest expense over the life of the defeased debt.

Q. Governmental Accounting Standards Update

During the year ended December 31, 2019, the District implemented the following standards:

GASB Statement No. 83 – *Certain Asset Retirement Obligations.* The requirements of this statement were effective for reporting periods beginning after June 15, 2018. There was no impact on the consolidated financial statements due to the implementation of this statement.

GASB Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The requirements of this statement were effective for reporting periods beginning after June 15, 2018. There was no impact on the consolidated financial statements due to the implementation of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Governmental Accounting Standards Update (Continued)

Recently released standards by GASB affecting future years are as follows:

- **GASB Statement No. 84** *Fiduciary Activities*. The requirements of this statement were effective for reporting periods beginning after December 15, 2018. The District has not fully judged the impact of implementation of GASB Statement No. 84 on the consolidated financial statements.
- **GASB Statement No. 87** *Leases.* The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019. Upon issuance of GASB Statement No. 95, this statement is now effective for reporting periods beginning after June 15, 2021. The District has not fully judged the impact of implementation of GASB Statement No. 87 on the consolidated financial statements.
- **GASB Statement No. 89** Accounting for Interest Cost Incurred Before the End of a Construction Period. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019. Upon issuance of GASB Statement No. 95, this statement is now effective for reporting periods beginning after December 15, 2020. The District has not fully judged the impact of implementation of GASB Statement No. 89 on the consolidated financial statements.
- **GASB Statement No. 90** *Majority Equity Interests An Amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement were effective for reporting periods beginning after December 15, 2018. The District has not fully judged the impact of implementation of GASB Statement No. 90 on the consolidated financial statements.
- **GASB Statement No. 91** Conduit Debt Obligations. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020. Upon issuance of GASB Statement No. 95, this statement is now effective for reporting periods beginning after December 15, 2021. The District has not fully judged the impact of the implementation of GASB Statement No. 91 on the consolidated financial statements.
- **GASB Statement No. 92** *Omnibus 2020.* The requirements of this statement were originally effective for reporting periods beginning after June 15, 2020. Upon issuance of GASB Statement No. 95, this statement is now effective for reporting periods beginning after June 15, 2021. The District has not fully judged the impact of the implementation of GASB Statement No. 92 on the consolidated financial statements.
- **GASB Statement No. 93** Replacement of Interbank Offered Rates. The majority of the requirements of this statement are effective for reporting periods beginning after June 15, 2020, with some requirements becoming effective at a later date. The District has not fully judged the impact of the implementation of GASB Statement No. 93 on the consolidated financial statements.
- **GASB Statement No. 94** *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has not fully judged the impact of the implementation of GASB Statement No. 94 on the consolidated financial statements.
- **GASB Statement No. 95** Postponement of the Effective Dates of Certain Authoritative Guidance. The requirements of this statement are effective starting May 2020, when the statement was issued. The effective dates of GASB Statement Nos. 87, 89, 91, and 92 were amended as noted above.

NOTE 2 - CASH AND INVESTMENTS

The District has the following cash and investments at December 31:

	2019	2018
Deposits:	Φ 0.000.700	Φ 0.000.050
Demand Deposits	\$ 3,363,763	\$ 2,938,359
Investments:		
Money Market Fund	3,000,000	-
Kern County Investment Fund	25,459,140	24,893,883
Total Investments	28,459,140	24,893,883
Total Investments	20,439,140	24,093,003
Total	\$ 31,822,903	\$ 27,832,242

Cash Deposits

The carrying amounts of the District's cash deposits were \$3,363,763 and \$2,938,359 at December 31, 2019 and 2018, respectively. Bank balances at December 31, 2019 and 2018, were \$3,781,869 and \$3,160,474, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The State of California Government Code and the District's investment policy authorize investments in obligations of the U.S. Treasury, its agencies, and instrumentalities; commercial paper; bankers' acceptances; repurchase agreements; and the State of California Local Agency Investment Fund.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Cash funds deposited with banks and credit unions are insured by Federal depository insurance. Any excess deposits are collateralized 110% with securities held by the bank or credit union in the District's name. This code states the collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, the collateral for cash deposits is considered to be held in the District's name.

Investments

Under the provisions of the District's investment policy and in accordance with Section 53601 of the California Government Code, the following investments are authorized:

- Securities of the U.S. Government, or its Agencies
- Time Deposits
- Bankers' Acceptances
- Repurchase Agreements
- Commercial Paper
- Local Agency Investment Fund

At December 31, 2019, the District had \$25,459,140 invested with the Kern County Investment Fund. The Kern County Investment Fund fair value factor of 1.0087814055 was used to calculate the fair value of the investments for 2019. At December 31, 2018, the District had \$24,893,883 invested with the Kern County Investment Fund. The Kern County Investment Fund fair value factor of 0.9937061439 was used to calculate the fair value of the investments for 2018.

NOTE 2 - CASH AND INVESTMENTS (Continued)

<u>Investments</u> (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the framework established by GASB Statement No. 72, *Fair Value Measurement and Application*. That framework provides a three-tiered fair value hierarchy as follows:

- Level 1 reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 reflect inputs that are based on a similar observable asset either directly or indirectly.
- Level 3 reflect unobservable inputs.

The District has no recurring fair value measurements as of December 31, 2019.

	2019	2018
Investments Measured at Amortized Cost		
Kern County Investment Fund	\$ 25,459,140	\$ 24,893,883
Money Market Fund	3,000,000	
Total Pooled Investments	\$ 28,459,140	\$ 24,893,883

Treasury Pool Income and Participant Withdrawals

Treasury Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires governmental entities to report certain investments at fair value in the Statement of Net Position and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant's shares in the Treasury Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participant's position in the Treasury Pool. The fair value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, Kern County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude Kern County from having to sell investments below original cost for that purpose.

Risk Disclosure

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments to a maximum of five years. At December 31, 2019 and 2018, the District had the following investment maturities:

Kern County Investment Fund, \$25,459,140 and \$24,893,883 as of December 31, 2019 and 2018, respectively. The maturity date of the Kern County Investment Fund is less than one year.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by the nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the District's investments, \$0 of the securities at December 31, 2019 and 2018, were held by an investments counterparty, not in the name of the District. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Kern County Investment Fund).

NOTE 3 - CAPITAL ASSETS

Land, structures and improvements, and machinery and equipment are stated at cost.

	Balance December 31, 2018		A	Additions Deletions		Balance December 31, 2019		
Capital Assets, Not Being Depreciated Land	\$	2,411,285	\$	1,652,282	\$		\$	4,063,567
Capital Assets, Being Depreciated Transmission and Distribution General Assets Water Banking Facilities		16,570,004 3,093,626 20,329,594		17,265 337,832 227,663		(276,005)		16,587,269 3,155,453 20,557,257
Total Capital Assets, Being Depreciated		39,993,224		582,760		(276,005)		40,299,979
Less Accumulated Depreciation		(14,266,348)	(1,444,979)		276,005		(15,435,322)
Total Capital Assets, Being Depreciated, Net		25,726,876		(862,219)				24,864,657
Total	\$	28,138,161	\$	790,063	\$		\$	28,928,224

Depreciation expense was \$1,444,979 for the year ended December 31, 2019.

	Balance December 31, 2017		A	dditions	Deletions		Balance December 31, 2018	
Capital Assets, Not Being Depreciated Land	\$	1,122,877	\$	1,288,408	\$		\$	2,411,285
Capital Assets, Being Depreciated Transmission and Distribution General Assets Water Banking Facilities		16,570,004 2,915,455 20,137,984		- 299,391 191,610		- (121,220) -		16,570,004 3,093,626 20,329,594
Total Capital Assets, Being Depreciated		39,623,443		491,001		(121,220)		39,993,224
Less Accumulated Depreciation		(12,860,377)	(1,511,911 <u>)</u>		105,940		(14,266,348)
Total Capital Assets, Being Depreciated, Net		26,763,066	(1,020,910)		(15,280)		25,726,876
Total	\$	27,885,943	\$	267,498	\$	(15,280)	\$	28,138,161

Depreciation expense was \$1,511,911 for the year ended December 31, 2018.

NOTE 4 - RESTRICTED ASSETS

Metropolitan Water District Program

Per the amended agreement dated December 21, 2004, the District is required to hold in trust the following items:

	2019	2018		
Metropolitan Water District - Transportation Facilities Trust Property	\$ 38,760,517	\$ 38,760,517		

NOTE 5 – LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2019, was as follows:

	Balance mber 31, 2018	Add	litions	R	eductions	Dece	Balance mber 31, 2019	ue Within Ine Year
Certificates of Participation, Series 2015A	\$ 4,440,000	\$	-	\$	(210,000)	\$	4,230,000	\$ 215,000
Unamortized Bond Premium	 174,613				(19,461)		155,152	 18,457
	\$ 4,614,613	\$		\$	(229,461)	\$	4,385,152	\$ 233,457

Long-term debt activity for the year ended December 31, 2018, was as follows:

	Balance nber 31, 2017	Add	ditions	R	eductions	Balance mber 31, 2018	 ue Within Ine Year
Certificates of Participation, Series 2015A	\$ 4,640,000	\$	-	\$	(200,000)	\$ 4,440,000	\$ 210,000
Unamortized Bond Premium	 195,029				(20,416)	 174,613	 19,460
	\$ 4,835,029	\$		\$	(220,416)	\$ 4,614,613	\$ 229,460

The annual requirements to amortize principal and interest on long-term debt are as follows:

Year Ending	Principal	Interest	Fotal Debt Service
2020 2021 2022 2023 2024 2025-2029	\$ 215,000 220,000 230,000 240,000 250,000 1,405,000	\$ 154,550 145,950 137,150 127,950 118,350 436,250	\$ 369,550 365,950 367,150 367,950 368,350 1,841,250
2030-2034 Totals	1,670,000 4,230,000	 178,950 1,299,150	 1,848,950 5,529,150
Plus unamortized premium	155,152	-	155,152
Totals	\$ 4,385,152	\$ 1,299,150	\$ 5,684,302

For the years ended December 31, 2019 and 2018, the District expended cash of \$142,435 and \$149,725 for interest expense, respectively. The District did not capitalize any interest expense during 2019 and 2018.

Certificates of Participation – Series 2015A

On April 15, 2015, the District refunded its 2005 Certificates of Participation. The purpose of the refunding was to reduce the interest expense paid over the term of the certificates. The District reduced its debt service by approximately \$923,262 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$688,514.

Interest is payable semi-annually on June 1 and December 1. The Certificates of Participation will fully mature on December 1, 2034. Interest rates range from 3.0% to 4.0%.

The District has covenanted that it shall fix, prescribe, revise, and collect rates, fees, and charges for the service and facilities furnished by the water system during each fiscal year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield revenue sufficient to pay (a) maintenance and operations of the water system, (b) installment payments of this obligation, and (c) any other obligations of the District.

NOTE 6 – DEFINED CONTRIBUTION PLAN

The District sponsors a defined contribution pension plan covering all employees satisfying a minimum number of hours of employment and years of service. The District contributes 6% of all eligible employees' gross wages. In addition, the District will match an additional 3% of gross wages if the employee elects to make a contribution of 3%. The District's contribution for the years ended December 31, 2019 and 2018, was \$163,784 and \$164,610, respectively.

NOTE 7 – RELATED PARTY TRANSACTIONS

The District sells water to members of the Board of Directors and to businesses that they control or are by which they are employed. Water sales to these related parties amounted to 27.0% and 24.0% of total revenues for years ended December 31, 2019 and 2018, respectively.

NOTE 8 – RISK MANAGEMENT

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (JPIA). The JPIA's members have pooled funds to be self-insured for liability, property, and workers' compensation insurance. The District participates in the liability and property programs. The liability policy also covers public official errors and omissions. The District is billed a deposit premium each year by JPIA. The deposit premium is placed in a reserve fund to cover the self-insurance portion of any claims. If actual claims and expected settlements exceed the reserve fund at the year-end, an additional premium may be billed to the member Districts. When all claims relating to a specific year are settled, any remaining amounts in the reserve are refunded to the District.

The general liability, automobile, and public official's policy provides for a \$1,000 deductible with a \$1,000,000 JPIA self-insurance limit and \$59,000,000 excess coverage. The property insurance has \$1,000 deductible with a \$50,000 JPIA self-insurance limit and \$100,000,000 excess coverage. The property policy includes fidelity coverage with a limit of \$100,000.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Legal Issues

The District has been a party to various matters of litigation concerning water rights, water utilization, water banking, water extraction, and California Environmental Quality Act (CEQA) filings. There are no such matters pending at this time. It is the opinion of the District's legal counsel and the District's management that resolution of those matters has not had a material adverse effect on the financial condition of the District.

Insurance Claim

Various claims for personal injuries and property damage have been filed against the District from time to time. All claims have been referred to the District's insurance carrier and it would appear that the District will not suffer any direct financial loss or defense costs. The District's insurance carrier is the Joint Powers Insurance Authority of the Association of California Water Agencies, a cooperative insurance agency. What effects, if any, these claims will have on the District's premiums for insurance coverage are not known.

Water Exchange Agreement

The District consummated a long-term Water Exchange Agreement with Buena Vista Water Storage District for the exchange of California Aqueduct water for Kern River water. The District agreed to pay Buena Vista Water Storage District an exchange fee of \$5 per acre-foot of water exchanged.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)

Kern County Water Agency

The District contracts for State Project water through the Kern County Water Agency. The payments for delivery of the water are due on January 1 and July 1 of each year. The District's financial commitment for the semi-annual payments are required even if the District receives no deliveries from the State Project. The agreement specifies 25,500 acre-feet of "firm" water and 4,500 acre-feet of "surplus" water. The District recorded expenditures for its annual obligation (net of adjustments) totaling \$2,355,366 for 2019 and \$2,167,621 for 2018. Since the Kern County Water Agency's total costs for the future years is not known, the District's share of those costs cannot be determined and are not disclosed. In 2019 and 2018, the District received 22,661 acre-feet and 8,925 acre-feet, respectively, from the State Project.

Water Supply

The major source of operating revenues to the District is the sale of Kern River water. The annual water supply is determined by the rain and snowfall within the Kern River drainage system. Therefore, the District's ability to generate revenues is dependent upon the natural flow of the Kern River which cannot be predicted or guaranteed.

NOTE 10 – WATER IN STORAGE

The District is a participant in the Pioneer Project, which was established to store water in the underground aquifer and to replenish the water table under the south valley. As of December 31, 2019 and 2018, the District has percolated 72,928 acre-feet of water into its overdraft account which is not abandoned and can be withdrawn at the end of the agreement's term. Additionally, the District has stored in its banking account 20,693 acre-feet of water. The water in the banking account may be withdrawn at the District's discretion. Additionally, the District has stored 25,773 acre-feet of water in other water districts' banking facilities.

NOTE 11 – WATER BANKING PROGRAMS

The District has executed two water banking and management agreements with two water districts. The agreements terminate in 2025 and 2035. The District has agreed to store water and return water over the term of the agreements. Numerous contractual conditions and limitations specify the annual storage and extraction of water. As of December 31, 2019 and 2018, the District had water in storage of 207,468 acrefeet.

NOTE 12 – IN-DISTRICT RECHARGE WATER

The District has historically acted as a conjunctive use District in that, in addition to supplying a surface water supply to landowners within the District (District Lands), the District also banks and augments groundwater supplies for beneficial use by such District Lands. This groundwater banking and augmentation occurs through intentional recharge operations using various water banking facilities, in lieu banking, and operational recharge using unlined canals. For example, during the 2019 and 2018 calendar years, the District banked 68,320 and 75,129 acre-feet of water, respectively, as operational recharge using unlined canals and directly banked 11,802 acre-feet and 8,840 acre-feet, respectively, to the benefit of District Lands.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 10, 2020, the date the consolidated financial statements were available to be issued.

NOTE 13 – SUBSEQUENT EVENTS (Continued)

The COVID-19 outbreak in the United States has caused business disruption in various industries through mandated and voluntary business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The District is considered critical infrastructure and does not anticipate a negative impact on changes in net position; however, the related financial impact on the District's financial statements and duration of the global crisis cannot be estimated at this time.

KERN DELTA WATER DISTRICT CONSOLIDATING STATEMENT OF NET POSITION DECEMBER 31, 2019

	Kern Delta Water District	Kern Delta Water Banking Project	Eliminations	Consolidated
ASSETS CURRENT ASSETS				
Unrestricted Assets				
Cash and Investments Receivables (Net of Allowance for Uncollectibles)	\$ 21,775,268	\$ 10,047,635	\$ -	\$ 31,822,903
Water Sales and Banking Activities	565,568	20,593	4,864,145	5,450,306
Taxes and Assessments	1,063,386	- 26.205	-	1,063,386
Interest Due from Kern Delta Water Banking Project	31,689 247,544	36,285	(247,544)	67,974 -
Due from Kern Delta Water District	-	4,864,145	(4,864,145)	-
Prepaid Expenses	81,450	- 04.000	-	81,450
Inventory	56,902	94,836	<u>-</u>	151,738
TOTAL CURRENT ASSETS	23,821,807	15,063,494	(247,544)	38,637,757
Capital Assets, at Cost (Partially Pledged)	23,806,295	20,557,251	-	44,363,546
Less Accumulated Depreciation	6,207,838	9,227,484		15,435,322
	17,598,457	11,329,767		28,928,224
Investment in Joint Powers Authority	8,907,612		(8,890,130)	17,482
Restricted Assets		00 700 547		00 700 547
Metropolitan Water District Program Facilities		38,760,517		38,760,517
TOTAL ASSETS	\$ 50,327,876	\$ 65,153,778	\$ (9,137,674)	\$ 106,343,980
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 462,189	\$ 139,194	\$ -	\$ 601,383
Interest Payable Future Assessment Revenue	12,879 1,096,210	-	-	12,879 1,096,210
Due to Kern Delta Water District	-	247,544	(247,544)	-
Current Portion of Long-Term Debt	233,457			233,457
TOTAL CURRENT LIABILITIES	1,804,735	386,738	(247,544)	1,943,929
LONG-TERM DEBT				
2015A Certificates of Participation, Plus Premium				
of \$155,152 - 2019 and \$174,613 - 2018	4,151,695			4,151,695
TOTAL LONG-TERM DEBT	4,151,695			4,151,695
TOTAL LIABILITIES	5,956,430	386,738	(247,544)	6,095,624
NET POSITION				
Net Investment in Capital Assets	13,213,305	11,329,767	-	24,543,072
Capital Investment Restricted for Metropolitan Water District Program	-	8,890,130 38,760,517	(8,890,130)	- 38,760,517
Unrestricted	31,158,141	5,786,626		36,944,767
TOTAL NET POSITION	44,371,446	64,767,040	(8,890,130)	100,248,356
TOTAL LIABILITIES AND NET POSITION	\$ 50,327,876	\$ 65,153,778	\$ (9,137,674)	\$ 106,343,980

KERN DELTA WATER DISTRICT CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019

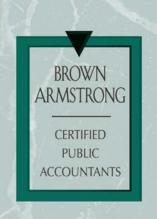
		ern Delta ater District		n Delta Water nking Project	E	Eliminations	С	onsolidated
OPERATING REVENUES Water Sales, Water Banking Fees, and Exchange Fees	¢	7,526,011	\$	6,968,641	¢		¢	14 404 652
and Exchange Fees	\$	7,526,011	Φ	0,900,041	\$	<u>-</u>	\$	14,494,652
OPERATING EXPENSES								
Source of Supply		3,283,227		2,014,809		-		5,298,036
Transmission and Distribution		2,263,638		-		-		2,263,638
Administration and General		2,322,495		54		-		2,322,549
Depreciation		422,293		1,022,686		-		1,444,979
Taxes		6,546		-				6,546
TOTAL OPERATING EXPENSES		8,298,199		3,037,549				11,335,748
Operating Income (Loss)		(772,188)		3,931,092				3,158,904
NONOPERATING REVENUES (EXPENSES)								
Interest Revenue		422,319		250,050		-		672,369
Property Taxes		4,739,649		· -		-		4,739,649
Property Assessments		1,020,695		-		-		1,020,695
Gain on Disposition of Property		36,900		-		-		36,900
Other Nonoperating Revenues		188,945		-		-		188,945
Other Nonoperating Expenses		(4,031)		-		-		(4,031)
Interest Expense		(142,435)				-		(142,435)
Nonoperating Revenues, Net		6,262,042		250,050				6,512,092
Change in Net Position		5,489,854		4,181,142		-		9,670,996
Net Position, Beginning of Year		38,881,592		60,585,898		(8,890,130)		90,577,360
Net Position, End of Year	\$	44,371,446	\$	64,767,040	\$	(8,890,130)	\$	100,248,356

KERN DELTA WATER DISTRICT CONSOLIDATING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	Kern Delta Water District	Kern Delta Water Banking Project	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES Cash Received from Customers Cash Payments to Employees	\$ 7,303,122 (1,969,265)	\$ 6,948,048	\$ (4,467,240)	\$ 9,783,930 (1,969,265)
Cash Payments to Suppliers for Operations Other Operating Cash Receipts and Disbursements	(5,603,732) (334,769)	(6,355,424) 209,106	4,467,240	(7,491,916) (125,663)
Net Cash Provided (Used) by Operating Activities	(604,644)	801,730		197,086
CASH FLOWS FROM INVESTING ACTIVITIES Interest Received Investment in Joint Powers Authority	390,630 (5,180)	213,765	<u>-</u>	604,395 (5,180)
Net Cash Provided by Investing Activities	385,450	213,765		599,215
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES Acquisition of Capital Assets Property Rentals and Developer Fees Principal Payments on Long-Term Debt Interest Paid Net of Bond Amortizations	(1,970,479) 184,914 (229,461) (143,135)	(227,663) - - -	- - -	(2,198,142) 184,914 (229,461) (143,135)
Net Cash Used by Capital Financing Activities	(2,158,161)	(227,663)		(2,385,824)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Property Taxes Collected Assessments Collected	4,660,958 919,226	<u>-</u>	<u>-</u>	4,660,958 919,226
Net Cash Provided by Noncapital Financing Activities	5,580,184			5,580,184
Net Increase in Cash and Investments	3,202,829	787,832	-	3,990,661
Cash and Investments at Beginning of Year	18,572,439	9,259,803		27,832,242
Cash and Investments at End of Year	\$ 21,775,268	\$ 10,047,635	\$ -	\$ 31,822,903

KERN DELTA WATER DISTRICT CONSOLIDATING STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2019

RECONCILIATION OF OPERATING INCOME (LOSS)	 ern Delta Iter District	 n Delta Water nking Project	<u>_</u> E	liminations	_Cc	onsolidated
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (772,188)	\$ 3,931,092	\$	_	\$	3,158,904
Adjustments to Reconcile Operating Income (Loss) to	, ,					
Net Cash Provided (Used) by Operating Activities						
Depreciation	422,293	1,022,686		-		1,444,979
Changes in Assets and Liabilities						
(Increase) Decrease in:						
Accounts Receivable	(222,889)	(20,593)		(4,467,240)		(4,710,722)
Prepaid Expenses and Inventory	28,639	123,524		-		152,163
Due To/From Related Parties	(77,399)	(4,389,841)		4,467,240		-
Increase (Decrease) in:						
Accounts Payable and Accrued Expenses	16,900	 134,862				151,762
Net Cash Provided (Used) by Operating Activities	\$ (604,644)	\$ 801,730	\$		\$	197,086



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors Kern Delta Water District Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the District as of and for the year ended December 31, 2019, and the related notes to the consolidated financial statements, which collectively comprise the District's basic consolidated financial statements, and have issued our report thereon dated July 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

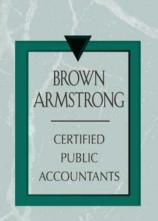
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong Secountaincy Corporation

Bakersfield, California July 10, 2020



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BROWN ARMSTRONG

Certified Public Accountants

Board of Directors Kern Delta Water District Bakersfield, California

We have audited the consolidated financial statements of Kern Delta Water District (the District) for the year ended December 31, 2019, and the related notes to the consolidated financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the Unites States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the consolidated financial statements. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, and GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, during the year ended December 31, 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's consolidated financial statements was:

Management's estimate of the groundwater inventory balance is based on historical cost. We evaluated the key factors and assumptions used to develop the historical cost in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Certain consolidated financial statement disclosures are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosure affecting the consolidated financial statements was:

The disclosure of commitments and contingencies in Note 9 to the consolidated financial statements.

The consolidated financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 10, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management Discussion and Analysis (MD&A), which is required supplementary information (RSI) that supplements the basic consolidated financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

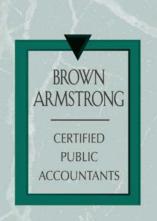
We were engaged to report on the consolidating financial statements, which accompany the consolidated financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of Kern Delta Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California July 10, 2020 Brown Armstrong Secountaincy Corporation



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Certified Public Accountants

AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING

Board of Directors Kern Delta Water District Bakersfield, California

In planning and performing our audit of the consolidated financial statements of Kern Delta Water District (the District) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As a result of our audit, we noted no current year agreed upon conditions.

Current Year Agreed Upon Conditions and Recommendations

None.

Prior Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 – Cash Receipts Segregation of Duties

Condition

We noted, during our walkthrough of the cash receipts process, that the Controller makes the cash deposits and performs the reconciliation between STORM and the general ledger (GL) system, on occasion.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Criteria

Controls should be in place to ensure proper segregation of duties are in place to ensure personnel having custody of the cash do not also perform the reconciliation between the STORM system and the District's GL system.

Cause of Condition

Segregation of duties were not operating effectively.

Potential Effect of Condition

The opportunity for misappropriation of assets could be higher.

Recommendation

We recommend the District enforce the controls in place to ensure that the duties of having custody of the cash and the reconciliation function are segregated.

Management Response

Management has implemented a process to reconcile deposits of cash to the bank's deposit receipt after the deposit is made. This control will be enforced and performed and documented by a manager other than the manager who takes such deposits to the bank.

Current Year Status

Implemented.

This communication is intended solely for the information and use of management, Board of Directors, others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Grown Armstrong Secountaincy Corporation

Bakersfield, California July 10, 2020

Tab IV KERN DELTA WATER DISTRICT



MINUTES OF THE OPERATIONS AND PROJECTS COMMITTEE

Tuesday, July 7, 2020

Tuesday, July 7, 2020, 10:30 A.M. – 11:10 A.M.

DIRECTORS PRESENT: Collins, Kaiser (call in), Mendonca (call in), Spitzer (call in)

OTHERS PRESENT: Assistant General Manager Bellue, General Manager

Teglia, Water Resources Manager Mulkay, Controller Duncan,

General Counsel Iger

1. PUBLIC COMMENTS

None.

2. ASSISTANT GENERAL MANAGER'S REPORT:

- a. Encroachment Permit Update
- b. District Facility and Banking Maintenance: Mr. Bellue discussed several items of note including a recent breach on the Central Canal and maintenance activities related to the Stine Canal crossing at Progress Road.
- c. District Office Construction Update: Mr. Bellue provided a verbal update regarding the progress of the District office expansion project.
- d. Sunset Basin Design Update: Mr. Bellue provided a verbal update regarding the status of the Sunset Groundwater Banking Project.
- e. City SCADA proposal for the Buena Vista Canal: Mr. Teglia and Mr. Bellue discussed a request from the City of Bakersfield Water Resources Department regarding the location of certain equipment related to the City's SCADA project. District staff supports the project and will work with the City to implement. It was further discussed that staff should look at the potential opportunity to implement similar facilities/capabilities at specific canal locations as a follow-up to the City project.
- f. Water Banking Construction and Power Invoices:

 M/S/C (Spitzer/Kaiser) (yes-4, no-0): By roll call vote, the Committee recommends the Board approve payment of Water Banking and Power Invoices totaling \$62,475.51 (plus additional PG&E well energy and stand-by costs). See the attached July 21, 2020 Invoice and Disbursements memo to the Board for a full breakdown of the Invoices.

3. <u>FUTURE ITEMS</u>

None discussed.

Meeting was adjourned at 11:10 A.M.
Respectfully Submitted,
David L. Kaiser

Maintenance Report

June 2020

- 1. Structure and Turnout Repairs. The following jobs were completed during the month;
 - a. Remove broken section of corrugated pipe on Stine Canal at Progress Rd.
 - b. Repair head gates of the 18 N&S and the 13 Ditch
 - c. Raise elevation on canal bank of BV Canal at head of BV East and West (East bank)
- 2. **Shop.** The following jobs were completed during the month;
 - a. Normal service and repairs on District vehicles and equipment.
 - b. Repairs to truck # 221, 106, 220, 210, 219, and 214
 - c. Repairs to Truck #326 (radiator cleaning)
 - d. Set-up new truck for use #224
 - e. Repairs to truck #324 (air leak and service)

3. District Wells.

- a. Monthly service and inspection of all District wells this month.
- b. Remove motor and well column and clean bowls of KI7
- 4. **Motor Grader # 403** The following canals were sloped and roads graded;
 - a. Slope portions of BV, Eastside, Central, Kern Island Canals and its branch canals, BV East, BV West, 15 Ditch, East Branch, Rim, Drain, and 20-foot.
- 5. **Backhoe** # **402** The following jobs were completed during the month;
 - a. Load, haul and place dirt for washout on Central
 - b. Dip and clean canals of trash and debris on Eastside, Central, and KI
 - c. Place berms on Stine Canal at Progress Road to prevent crossing over dilapidated corrugated pipe.
- 6. **Backhoe # 404** The following jobs were completed this month;
 - a. Removed debris from canals, turnouts, and weirs on the Eastside, Central, Stine, Randal, 13 Ditch, Branch 1, and East Branch
 - b. Dig and haul dirt to washout on Central
 - c. Remove moss and algae from 13 Ditch and Eastside
- 7. **Weed Spraying.** The following canals were sprayed during the month;
 - a. Eastside, East Branch, Central, Rim, Drain, Kern Island, Branch 1 and 18 N&S
- 8. **Aquatic Treatments.** Treatments including surface spraying for algae mats and injection treatments for control of algae or vascular aquatic weeds; Treatments were made to the Eastside, Central, 13 Ditch and Kern Island Canals

9. Rodent Control

a. Bait Stations were frequently checked and all locations were filled throughout the District this month

10. Trash Removal.

a. Daily cleaning of crossings, weirs, and screens on all canals

- b. Remove debris from the Kern Island, Eastside, Central, Branch 1, Farmers. Both trash trucks were used to haul debris to the landfill.
- 11. Fence Repairs. Fences and Gates were repaired at the following locations;
 - a. Kern Island 30th St., 34th St., Columbus, 4th and Niles
 - b. Branch 1 Hughes, White Lane and McCourry
 - c. Central South Gate, Planz and Union
 - d. Stine California & Real, Chester Lane, Garnsey, Gosford, District and Ash
 - e. BV White Lane and Old River Road.
 - f. Eastside 34th St., Kentucky, Lake, Hailey
- 12. **Safety Meetings.** Weekly tailgate safety topics were;
 - a. District Changes Effective 6-15-2020
 - b. New Covid -19 Changes
 - c. Emergency Action Plan
 - d. Daily Equipment Walk Around
- 13. Water Banking Activities. The following jobs were completed during the month;
 - a. Mowing weeds in the bottoms of the BV Basins
 - b. Weed spraying with spray trailer
- 14. **Future Projects.** The following projects will be completed as time and scheduling permit:
 - a. Meter and discharge pipe upgrade on Farmers #4-0-249
 - b. Remove piping obstruction on 20'in December
 - c. Install 24" piping at 3-0-149 for Boswell
 - d. Install meters on Stine at the Bladder basin discharge

15. Future Water Banking Projects.

- a. Install permanent staff gauges in basins
- b. Place riprap around eroded intertie structures as needed at DiGiorgio Basin
- c. Spray weeds and Typha (cattails), with new trailer mount system



To: Kern Delta Water District Board of Directors

From: L. Mark Mulkay

Date: July 21, 2020

Re: Invoices and Disbursements, Special Projects & Water Banking Project Operation/Construction.

RECOMMENDATION:

Staff recommends payment of the following five payables divided into three overall groups of: 1) water banking program design, construction, and construction support -- \$00.00; 2) water banking variable -- \$62,475.51; 3) Kern Delta Water District construction -- \$00.00. The total expenditure in June for these areas is \$62,475.51 (plus additional PG&E well energy stand-by cost).

DISCUSSION:

The following four payables can be divided into three overall groups: 1) water banking program design, construction, and construction support, 2) water banking variable, and 3) Kern Delta construction.

First group (Water Banking Program Design, Construction and Construction Support):

Second group (Water Banking Variable):

- 1) BC Labs \$3,685.00 (Water analysis; wells)
- 2) BS&E Rents \$148.55 (Concrete trailer)
- 3) Bakersfield Well & Pump \$32,455.96 (Pulled shaft, cleaned bowls)
- 4) Quinn \$326.72 (Repair parts grader)
- 5) PG&E \$25,859.28 (Power/stand-by energy cost for the wells associated with the Water Banking water production)

Third group (Kern Delta Construction)

Tab V KERN DELTA WATER DISTRICT

KERN DELTA WATER DISTRICT

KERN DELIA	<u>A WAIEK L</u>)151K.	<u> </u>	
			July 15, 2020	
	2/12/2020	Last Year	July 13, 2020	
KERN RIVER 3 DAY MEAN INFLOW	259 CFS	2,725	CFS	
KERN RIVER MEAN OUTFLOW	1,202 CFS	3,156		
ISABELLA RESERVOIR STORAGE	171,318 ACFT	333,119		
REQUESTED OUTFLOW	1,200 CFS	3,210		
Estimated: (CFS)				
KDWD DAILY DIVERTED: (JULY 15, 2020)	@HEAD	STATE	XCHNG	BANKING
KERN ISLAND	192	7	0	C
EASTSIDE	73	2	0	C
BUENA VISTA -LEVEE	92	6	0	C
STINE	93	8	0	C
OTHER - River Channel	0	0	0	C
K.I. / A.E. Exchange Gate	0	0	0	C
STINE / A.E. Exchange Gate	0	0	0	0
Total CFS	450	23	0	0
Estimated: (Acre Feet)	LITH ITW	CTATE	DUDCHASE	DANWING
DIVERTED (JUNE 2020)	UTILITY	STATE	PURCHASE	BANKING
KERN ISLAND EASTSIDE	16,391 2,995	579 589	0	0
C.O.B. Misc.	2,993	0	0	C
BUENA VISTA	2,934	478	0	(
STINE	5,038	341	0	(
FARMERS	2,398	0	0	(
SOUTH FORK	2,398	0	0	(
West Side State Sale	0	0	0	(
MONTHLY TOTAL	29,756	1,987	0	(
YEAR TO JUNE 30, 2020	92,458 <i>ACFT</i>	2,429	0	0
Year to June 30, 2020 Utility - State - Banking	94,887 <i>ACFT</i>			
			Estimate	Max Storage
ACFT. STORAGE BALANCE AS OF:	6/30/2020		7/15/2020	0
KERN ISLAND	11,727		9,643	7,000
BUENA VISTA	3,092		1,316	6,000
STINE	3,167		761	5,000
FARMERS	4,618		3,342	4,000
STATE (19) Carryover	3,574		2,650	N/A
STATE (20) Contract	5,100		5,100	N/A
RRBWSD STORAGE	23,805		23,805	N/A
RRBWSD STORAGE PIONEER PROJECT STORAGE	23,805 23,285		23,805 23,285	N/A N/A

Water	October November December Total	92,458 W.D as of: 6/30/	2,500 2020	0	December Total Summary of Total State V	2,429 Vater Used Year to (OWE		
Water	November December Total			0	Total	Vater Used Year to	Date: 6/30/2020	
	November December	92,458	2,500	0	Tetal	2,429	0	
	November December	92,458	2,500	0	Tetal	2,429	0	
	November				December			
	October				November			
					October			
	September				September			
	August				August			
	July				July			
	June	29,756	0	0	June	1,987	0	
	May	13,664	0	0	May	412	0	
	April	9,759	2,500	0	April	30	0	
	March	11,718	0	0	March	0	0	
	February	12,528	0	0	February	0	0	
	January	15,033	North Kern* 0	Exchanges 0	January	0 0	Purchase 0	Dankı
		Uility	North Kern*	Other Exchanges		State	Purchase	Banki
Summ	ury of Cunty	water Divertea .	tear to Date: 0/30/	72020	Summary of Other Water	Diverieu Teur io I	Jule: 0/30/2020	
C	am of Utility	Water Diverted	Year to Date: 6/30,	/2020	Summary of Other Water	Divarted Vegr to I	Data: 6/20/2020	
		COE STORA	GE CAPACITY	360,000	% OF COE CAPA	CITI		48%
			OF CAPACITY	30%	ACCUMULATIVI		W 32	23,643
			GE CAPACITY	568,075	ACCUMULATIVI			47,227
		ST	ORAGE ACFT.	171,318	JUNE AC. FT. OU	TFLOW	(64,106
		LAKE ELI	EVATION (FT.)	2,560.64	JUNE AC. FT. INI	FLOW	â	37,928
ISABEL	LA RESEVOIR	?:·						
		Seasonal	6.70 Y	EAR TO DATE	E PRECIP. 9.56	Seasonal		
		_	0.00 PR	ECIPITATION	- MONTH 0.00	-		
		_	0.00 PRE	CIPITATION -	24 HR. DAY 0.00	_		
		_		ESENT TEMP	-	-		
		_		NIMUM TEMP XIMUM TEMF		-		



Depth-to-Groundwater 2020

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	30/26-26C	R	196	206	190	R	204	202	210	R	202	R	R						210	202	205
	30/26-26G	187	199	207	197	R	199	320	324	R	200	R	R						324	199	261
ınt	30/26-27J	177	198	206	198	R	210	315	311	R	201	R	202						315	201	248
uadra	30/26-35N			NR	181	184	171	164	160	161	162	171	R						171	160	165
Northwest Quadrant	30/27-31E	185	202	214	181	202	219	218	208	R	215	R	219						219	208	216
orthw	31/26-08G	152	168	NR	168	NR	204	R	203	R	201	200	222						222	200	206
ž	31/26-10J	175	206	NR	170	202	NR	L	200	201	20	201	220						220	20	168
	31/27-06C	200	195	202	NR	208	215	210	206	206	R	R	R						215	206	209
	31/27-07B	189	198	NR	199	R	200	222	R	203	R	R	R						222	200	208
	31/26-13N			198	180	201	NR	200	R	203	R	R	226						226	200	210
	31/26-15J			200	168	205	NR	L	L	L	237	237	229						237	229	234
nt	31/26-16P			NR	168	207	204	200	204	200	R	230	R						230	200	208
Southwest Quadrant	31/26-17Q			NR	NR	210	203	218	217	200	227	R	R						227	200	213
est Qu	31/26-21N			NR	175	238	204	R	201	203	220	250	249						250	201	221
uthw	31/26-30G			186	159	240	268	350	206	204	206	238	R						350	204	245
So	31/27-18D01			NR	NR	206	201	206	203	R	R	235	241						241	201	217
	32/26-08J			132	189	215	209	206	204	206	206	203	247						247	203	212
	32/27-07N			160	NR	200	288	289	200	223	220	206	215						289	200	234
	30/28-29B			NR	236	243	229	234	234	240	225	R	R						240	225	232
+	31/27-01L			190	260	220	232	219	206	202	216	228	228						232	202	219
adran	31/27-04A			158	176	183	184	168	170	167	173	170	180						184	167	173
North-Central Quadrant	31/27-05J			NR	200	NR	228	R	208	NR	210	210	226						228	208	216
Centra	31/27-10B			NR	NR	NR	208	200	NR	200	205	208	222						222	200	207
orth-C	31/27-11K			171	170	330	227	326	218	NR	NR	NR	NR						326	218	257
ž	31/27-12Q			NR	140	140	139	133	133	131	R	131	R						139	131	133
	31/28-08A			216	220	243	244	230	248	240	247	R	R						248	230	242

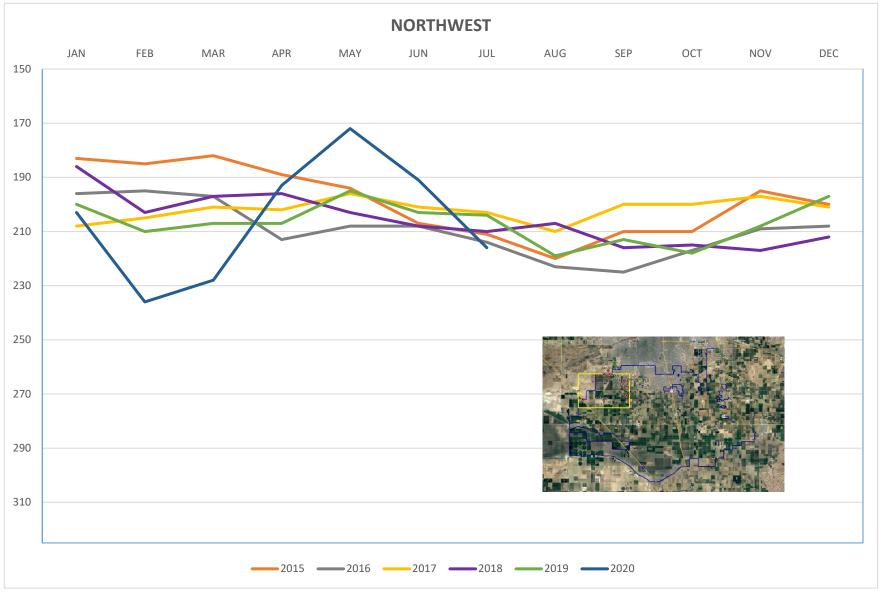


Depth-to-Groundwater 2020

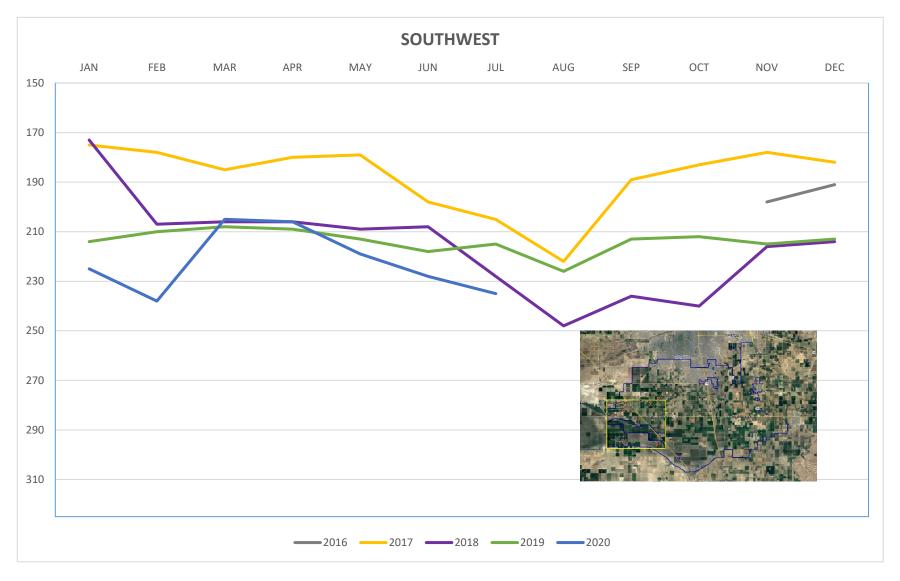
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ıt	31/27-21M			NR	160	L	L	298	316	340	212	201	NR						340	201	273
South-Central Quadrant	31/28-20D			NR	180	190	201	R	R	280	R	R	R						280	201	241
	32/27-15B			192	196	231	202	205	200	200	220	219	229						229	200	211
	32/28-19A			216	NR	215	222	215	203	206	223	242	247						247	203	223
outh-	32/28-05A			NR	NR	250	239	211	200	210	206	232	258						258	200	222
Ñ	32/28-05B			NR	NR	226	201	202	190	202	205	219	240						240	190	208
	32/28-08R			NR	NR	224	253	207	205	203	236	238	235						253	203	225
	30/28-11F	240	250	254	248	263	263	264	260	259	262	269	271						271	259	264
	30/28-13C			299	290	R	300	308	305	302	308	R	321						321	300	307
nt	30/28-24R			NR	NR	306	311	NR	NR	NR	309	R	NR						311	309	310
Northeast Quadrant	30/28-26R			NR	NR	287	NR	NR	NR	NR	292	295	R						295	292	294
ast Q	30/28-36A						212	218	215	210	A	A	A						218	210	214
orthe	30/29-31C			319	323	327	338	328	323	360	325	320	331						360	320	332
Z	31/28-02H			NR	288	291	290	290	292	291	319	R	320						320	290	300
	31/28-10A			328	249	253	253	258	257	256	263	269	274						274	253	261
	31/28-12P			NR	222	286	284	R	NR	232	R	R	R						284	232	258
	31/28-13H2					NR	NR	315	315	312	305	310	NR						315	305	311
	31/28-14D			226	233	239	230	230	NR	227	247	R	R						247	227	234
	31/28-23H			NR	278	290	286	289	285	268	R	R	283						289	268	282
	31/28-34H			NR	NR	337	206	202	205	219	R	R	R						219	202	208
drant	31/29-18A			NR	234	335	333	338	322	289	334	336	344						344	289	328
Southeast Quadrant	31/29-28C	326	257	NR	219	347	344	334	322	370	370	A	353						370	322	349
heast	31/29-30Н			NR	NR	NR	NR	320	220	210	R	R	330						330	210	270
Sout	31/29-33D			NR	294	342	250	319	313	316	319	315	315						319	250	307
	32/28-14F	287	NR	NR	NR	NR	222	228	225	230	NR	NR	NR						230	222	226
	32/28-15R	250	305	NR	300	263	272	263	269	285	300	291	291						300	263	282
	32/28-01P			NR	NR	NR	NR	200	200	200	213	219	219						219	200	209
	32/29-06P	193	198	201	NR	183	177	179	181	181	NR	189	187						189	177	182

High Low Ave. A=anomalyous reading (either wildly high or wildly low, therefore not included in data) NORTHWEST 324 20 210 R = Pump Running SOUTHWEST 350 NR = No Reading (well temporarily inaccessible, unreliable reading, etc) 200 222 NORTH-CENTRAL 326 CAP = Well has been Capped 131 210 SOUTH-CENTRAL 340 190 228 WA= Well added to rotation NORTHEAST 360 210 282 NW = No well, well removed since previous well run **SOUTHEAST** 370 177 266 L = Gated well, letter has been sent to property owner requesting access

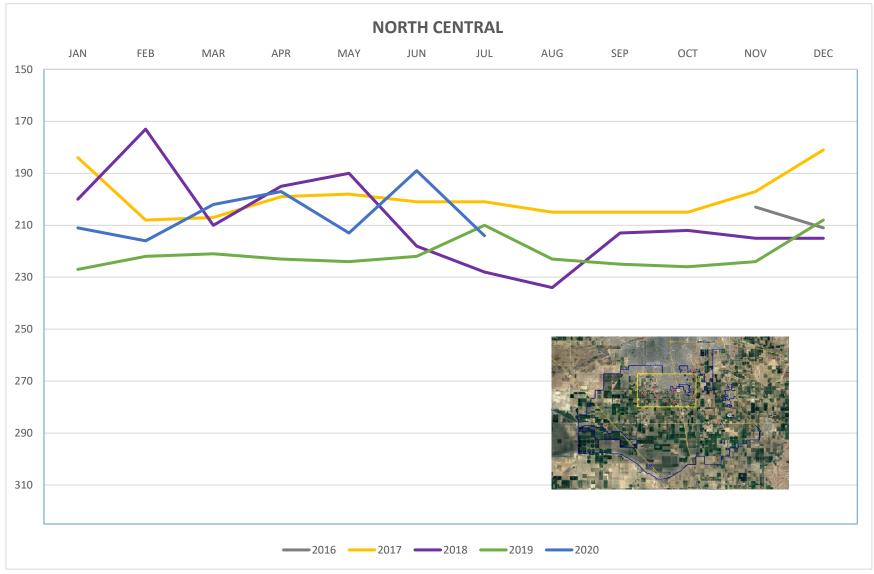




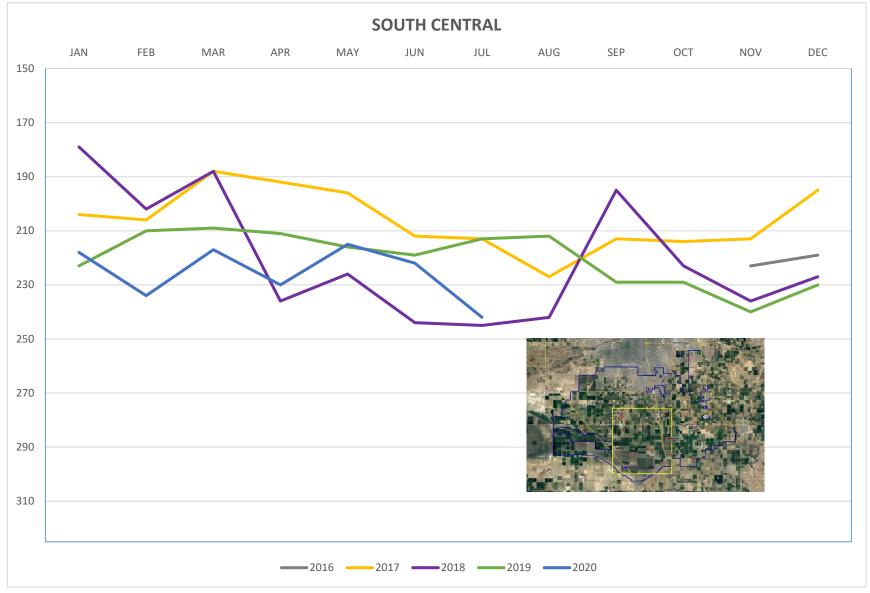




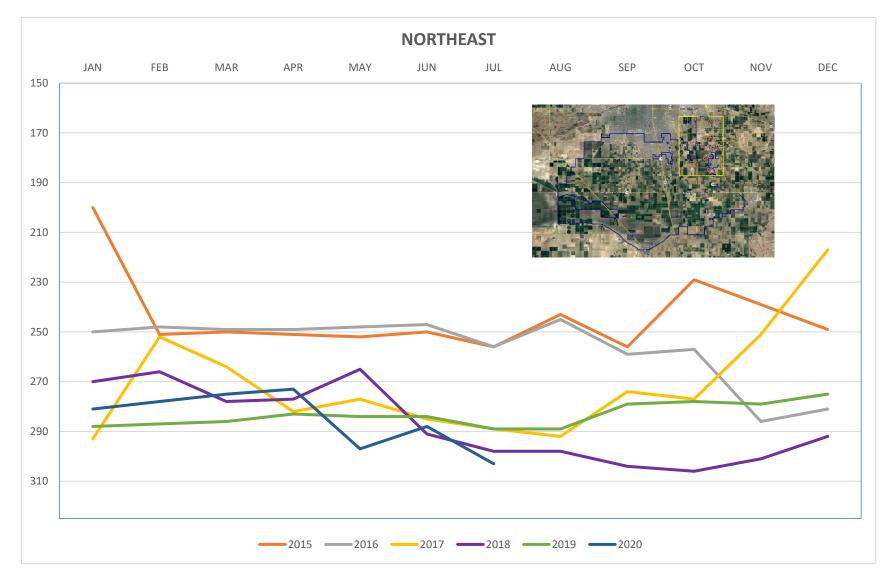




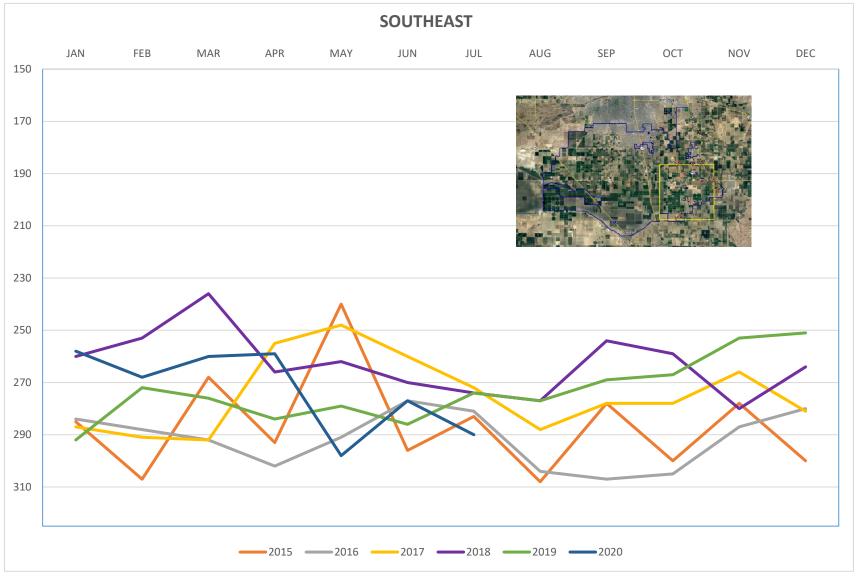












Kern River Watermaster

16294 Highway 43

P.O. Box 1168 Wasco, California 93280

> Office: (661) 758-5153 Cell (661) 201-5527

Fax: (661) 758-6167

July 8, 2020

TO:

Kern River Interests

FROM:

Dana S. Munn

RE:

Report of Recent Activities

Isabella Dam Safety Modification Project - The July 2020 Situation Report is attached. The Phase II (dam) construction and blasting continues as an "essential project". Note that they are starting structural concrete work on the labyrinth weir spillway structure.

Runoff and Operations – I continue to be in discussions with DWR staff on getting the costs and what commitments are needed for the Kern River to participate in the Aerial Snow Observatory ("ASO") program. ASO aerially measures snow depth and uses algorithms from density measurements and remote sensors to estimate the volume of water in the basin. I have heard from other existing ASO measured watershed managers that DWR funding may not be available next year and Federal or local funding may be needed.

The DWR June 10 B120 Forecast Update of 44% of average April-July Kern River runoff on the 50% exceedance (50-50 odds) was the last update posted for this season. 2020 runoff from April thru June is approximately 40% of the April-July Kern River runoff average and it appears with the current declining runoff the April-July runoff will be close to forecasted.

Attached are graphs of "March 1, 2020 to date Kern River Inflow, Outflow and Isabella Storage" and "Kern River Inflows and Chagoopa Plateau Sensor, Elevation: 10,300'. Absent unusual summer precipitation it appears that the peak runoff occurred on May 1 at 1,930 CFS and the reservoir storage peaked on May 31 at 227,876 acre-feet.

Public Outreach – I continue to respond to press and public inquiries during the month.

Watermaster Records – I continue to review records and forecasted reservoir operations with City staff.

Attachments: July 2020 Situation Report

Graph of March 1, 2020 to date Kern River Inflow, Outflow and Isabella Storage

Graph of Kern River Inflows and Chagoopa Plateau Sensor, Elevation: 10,300', Minimum Temperature



ISABELLA LAKE, CA CONSTRUCTION

U.S. ARMY CORPS OF ENGINEERS

BUILDING STRONG.

Location & Description

Isabella Lake Dam (consisting of a Main Dam, Auxiliary Dam and service spillway) is located about 40 miles northeast of Bakersfield in Kern County, California, and became fully operational in 1953. The Main Dam is located near the confluence of the north and south forks of the Kern River and the Auxiliary Dam is located about half a mile east of the Main Dam. The Main Dam is a 185-foot-high earth-fill dam, and the Auxiliary Dam is a 100-foot-high earth-fill dam. The service spillway is located between the two dams. The reservoir (Isabella Lake) has a gross storage capacity of 568,075 acre feet.



Advisory

- The public comment period on the USFS Visitor Center in Lake Isabella closes Thursday, July 9, 2020.
 All comment forms, briefing slides, and a recording of the June 4 virtual public meeting are available at https://www.spk.usace.army.mil/Missions/Civil-Works/Isabella-Dam/Visitor-Center/.
- USACE has established enhanced protocols to ensure the safety of our employees and our partners, and to take necessary precaution to prevent the spread of COVID-19.
- The Phase II Dams and Spillways contractor (Flatiron/Dragados/Sukut Joint Venture, or FDS JV)
 continues construction activities. As a result, the site including Engineers Point is an active construction
 area and is off limits to the public.
- Corps policy prohibits public operation of unmanned aircraft systems, such as drones, on or above federal lands and waters managed by USACE. The policy is intended to ensure critical infrastructure security and public safety.

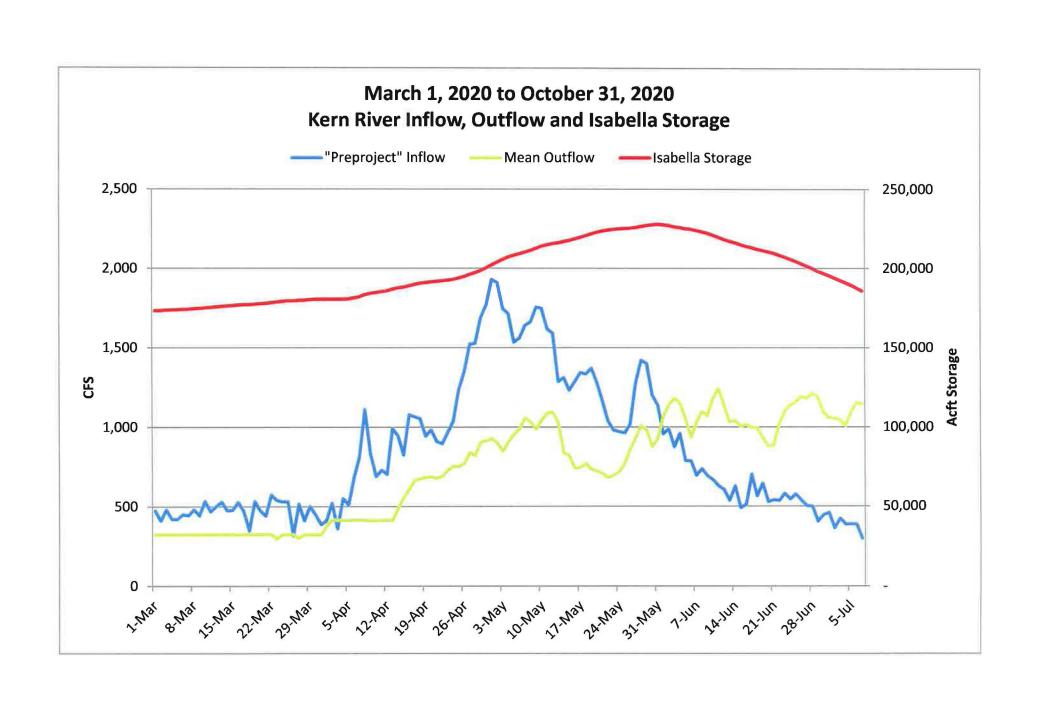
Looking Ahead Next 30+ days)

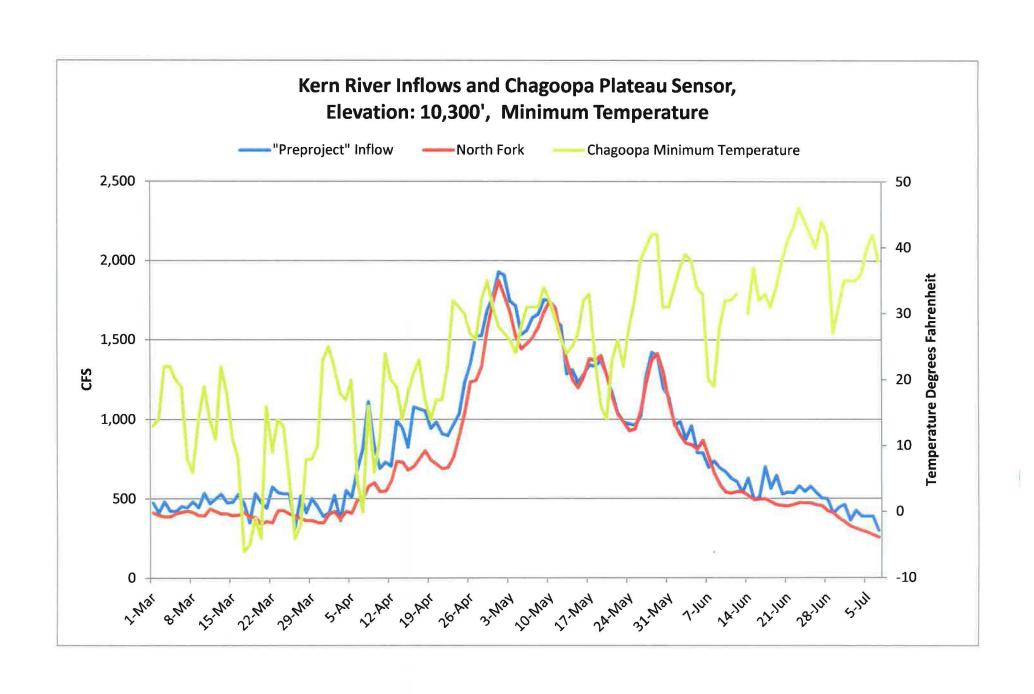
- Construction crews continue work between the Auxiliary Dam entrance and the Auxiliary Dam. The right
 wall of the service spillway is now complete while development of the labyrinth weir foundation continues
 (see photo above). Structural concrete work for the labyrinth weir is on schedule to start this month.
 Blasting and excavation of the emergency spillway also continues.
- SR155 continues to have one lane traffic with signals, and is expected to continue through October 2020.
 USACE will provide updates on any changes in traffic patterns or lane closures via public outreach, the monthly SITREP, and the Isabella Task Force engagements. Please help us ensure everyone's safety, and please obey all traffic signs and signals.

Current Lake Status (as of July 7, 2020)

The current pool resides at 186,826 acre-feet, which is 52% of restricted pool, and an elevation of 2,563 feet-IPD. As part of our interim risk reduction measures, Isabella Lake has a restricted elevation of 2,589 feet-IPD (361,250 acre-feet). Current lake status can be viewed at https://go.usa.gov/xE2pX

Milestones	
Pre-Construction Engineering and Design	Complete
Construction of USFS Fire Station and Admin Facilities	Complete
U.S. Forest Service Visitor's Information Center	In Planning
Dams and Spillways Construction	2018-2022





Tab VI KERN DELTA WATER DISTRICT



NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT

DATE: June 12, 2020

TO: State Clearinghouse, Agencies, Organizations, and Interested Parties

PROJECT: SPA-GPA/ZC No. 19-0342 (McAllister Ranch Groundwater Banking Project)

This Notice of Preparation (NOP) has been prepared to notify agencies and interested parties that the City of Bakersfield (City), as Lead Agency, is preparing an Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) for Specific Plan Amendment-General Plan Amendment/Zone Change No. 19-0342 (Project). The City is requesting input from reviewing agencies and the public regarding the scope and content of the EIR.

The NOP is available for review on the City's website at: https://bakersfieldcity.us/gov/depts/development_services/environmental_documents.htm. Copies are available for review at the Development Services Department office, 1715 Chester Avenue, 2nd Floor, Bakersfield, CA 93301. A CD version of the NOP can also be requested at the Development Services Department office.

The Project is a change to the land use designation of approximately 2,072 acres of undeveloped land, commonly known as McAllister Ranch (Property or McAllister Ranch) in western Bakersfield to enable the construction and operation of a groundwater recharge and recovery facility. The Project applicant is the Buena Vista Water Storage District. The Project will include and involve the following actions:

- 1. Specific Plan Amendment/General Plan Amendment (SPA-GPA) to:
 - a. rescind the McAllister Ranch Specific Plan, including all goals, policies, and implementation measures:
 - b. amend the Land Use Element of the *Metropolitan Bakersfield General Plan* (MBGP) to change the designation of the Property from SR (Suburban Residential), LR (Low Density Residential), LMR (Low Medium Density Residential), HMR (High Medium Density Residential), HR (High Density Residential), and GC (General Commercial) to R-EA (Resource Extensive);
 - c. amend the Circulation Element of the MBGP to remove all McAllister Ranch interior street alignments approved by Resolution 094-07, including McAllister Drive, Canfield Parkway, Old Settler Road, Stetson Way, Erikson Drive, Marino Parkway, Conestoga Way, and any other unnamed local streets within the Plan boundary with no other changes to Circulation for Panama Lane, the West Beltway, or South Allen Road; and
 - d. amend the Housing Element of the MBGP to remove the housing units approved with the McAllister Ranch Specific Plan from the City's Vacant Land Inventory.
- Zone Change (ZC) for the Property from R-1 (One Family Dwelling), E (Estate), R-2/PUD (Limited Multiple Family Dwelling/Planned Unit Development), R-3/PUD (Multiple Family Dwelling/Planned Unit Development), C-1/PCD (Neighborhood Commercial/Precise Commercial Development), C-C-/PCD-PE (Commercial Center/Precise Commercial Development-Petroleum Extraction Combining) and DI (Drill Island) to A-WR (Agriculture-Water Recharge Combining); and
- 3. Design, construction, and operation of a water banking facility (storage and recovery) on the Property, including water conveyance to and from the Property and spreading and recovery facilities onsite at the Property.

In accordance with CEQA, the City requests that agencies review the description of the Project provided in this NOP and provide comments or guidance on the scope of environmental issues related to the statutory responsibilities of the Lead Agency.

The EIR will be used by the City when considering approval of the Project and by other Responsible and Trustee Agencies to support their discretionary actions related to the Project, as applicable. The City is also seeking comments from residents, property owners, and concerned citizens regarding issues they believe should be addressed in the EIR. The Project description, location map, and a preliminary listing of potential environmental effects are included in the attached materials.

A scoping meeting is scheduled for June 29, 2020, at 12:00 pm at the City of Bakersfield's Council Chambers, at 1501 Truxtun Ave, Bakersfield, CA 93301. The scoping meeting will include a brief presentation describing the Project and a preliminary review of potential environmental effects. The scoping meeting will include time for the public and stakeholders to provide input on the scope and content of the EIR, including any input regarding potential mitigation measures or possible alternatives to the Project.

The issuance of this NOP triggers a 30-day public scoping period. The scoping period begins on June 12, 2020, and ends on July 13, 2020. Comments may be sent any time during the 30-day public scoping period. Please focus your comments on issues related to the scope and content of the environmental analysis that will be included in the EIR. All public and agency scoping comments must be received or postmarked by July 13, 2020. Due to the time limits mandated by state law, the City recommends that your feedback is provided at the earliest possible date, but not provided later than 30 days (July 13, 2020) after receipt of this notice. If applicable, please include the name of a contact person for your agency. All comments should be directed to:

City of Bakersfield – Development Services Department Attn: Steve Esselman, Principal Planner 1715 Chester Avenue, 2nd Floor Bakersfield, CA 93301

Comments may also be emailed to DEVPIn@bakersfieldcity.us.

INITIAL STUDY ENVIRONMENTAL ANALYSIS

1. Project Title: GPA/ZC No. 19-0342 (McAllister Ranch Groundwater Banking

Project)

2. Lead Agency: City of Bakersfield

Development Services Department

1715 Chester Avenue

Bakersfield, California 93301

3. Contact Person: Steve Esselman, Principal Planner

4. Phone Number: (661) 326-3733

5. Project Location: Northwest corner of the Panama Lane/S. Allen Road

intersection

6. Project Sponsor:Buena Vista Water Storage District

525 N. Main St.

Buttonwillow, CA 93206

Attn: Tim Ashlock, Engineer-Manager

7. General Plan Designation: SR (Suburban Residential), LR (Low Density Residential), LMR (Low Medium Density Residential), HMR (High Medium Density Residential), HR (High Density Residential), and GC (General Commercial)

8. Zoning: R-1 (One Family Dwelling), E (Estate), R-2/PUD (Limited Multiple Family Dwelling/Planned Unit Development), R-3/PUD (Multiple Family Dwelling/Planned Unit Development), C-1/PCD (Neighborhood Commercial/Precise Commercial Development), C-C-/PCD-PE (Commercial Center/Precise Commercial Development-Petroleum Extraction Combining) and DI (Drill Island)

9. Project Summary:

The Project is the construction and operation of a groundwater recharge and recovery facility on approximately 2,072 acres of undeveloped land, commonly known as McAllister Ranch (Property or McAllister Ranch) in western Bakersfield. The Project applicant and proponent is the Buena Vista Water Storage District (BVWSD). The Project would include and involve the following actions:

- 1. Specific Plan Amendment/General Plan Amendment (SPA-GPA) to:
 - a. rescind the McAllister Ranch Specific Plan, including all goals, policies, and implementation measures;
 - amend the Land Use Element of the Metropolitan Bakersfield General Plan (MBGP) to change the designation of the Property from SR (Suburban Residential), LR (Low Density Residential), LMR (Low Medium Density Residential), HMR (High Medium Density Residential), HR (High Density Residential), and GC (General Commercial) to R-EA (Resource – Extensive Agriculture);
 - c. amend the Circulation Element of the MBGP to remove all McAllister Ranch interior street alignments approved by Resolution 094-07, including McAllister Drive, Canfield Parkway, Old Settler Road, Stetson Way, Erikson Drive, Marino Parkway, Conestoga Way, and any other unnamed local streets within the Plan boundary with no other changes to Circulation for Panama Lane, the West Beltway, or South Allen Road; and

- d. amend the Housing Element of the MBGP to remove the housing units approved with the McAllister Ranch Specific Plan from the City's Vacant Land Inventory.
- Zone Change (ZC) for the Property from R-1 (One Family Dwelling), E (Estate), R-2/PUD (Limited Multiple Family Dwelling/Planned Unit Development), R-3/PUD (Multiple Family Dwelling/Planned Unit Development), C-1/PCD (Neighborhood Commercial/Precise Commercial Development), C-C-/PCD-PE (Commercial Center/Precise Commercial Development-Petroleum Extraction Combining) and DI (Drill Island) to A-WR (Agriculture-Water Recharge Combining); and
- 3. Design, construction, and operation of a water banking facility (recharge, storage, and recovery) on the Property, including water conveyance to and from the Property and spreading and recovery facilities onsite at the Property.

Project Vicinity and Surrounding Land Use

The Property is located in the City of Bakersfield, Kern County, California within Sections 16, 21, 22, and 23, Township 30 South, Range 26 East, Mount Diablo Base & Meridian (MDBM), as shown on Figures 1 and 2. The Property is located on the Kern River alluvial fan, which is well suited for groundwater banking operations.

The Property is approximately 14 miles southwest of downtown Bakersfield and is just within the western extent of Bakersfield's city limits. Land uses surrounding the Property include water banking operations to the north and west of the Property; petroleum production operations to the southwest of the Property; agriculture and water banking operations south of the Property; residential and commercial development and open space east and northeast of the Property; and agriculture, petroleum production, and open space north and northeast of the Property.

Project Objective

The primary Project objective is the beneficial management of water resources to provide a reliable, affordable, economically viable, and usable water supply through the efficient conveyance, recharge, recovery, storage, delivery, and distribution of available water supplies under the direction of the Project applicant, BVWSD. The Project will make use of the Property to recharge, recover, and store the water supplies in a manner that is consistent with the goals and objectives of the Kern River Groundwater Sustainability Agency's (KRGSA's) Groundwater Sustainability Plan (GSP).

Project Construction

Construction is expected to include on-site and off-site elements:

On-site Storage Facilities:

- Clearing and grading areas proposed for shallow percolation ponds;
- Excavating and constructing percolation ponds;
- Constructing levees, about 3 to 6 feet in height, with a top width of approximately 16 feet;
- Constructing seven inter-basin flow control structures (for water transfers between ponds onsite);
- Constructing up to eight groundwater monitoring wells; and
- Constructing percolation pond turnouts, with capacities ranging from about 5 to 50 cubic feet per second.

Figure 1, Project Location Map

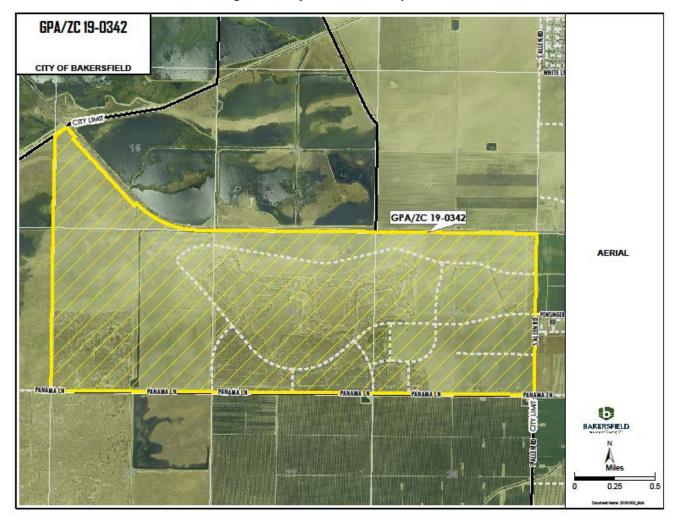
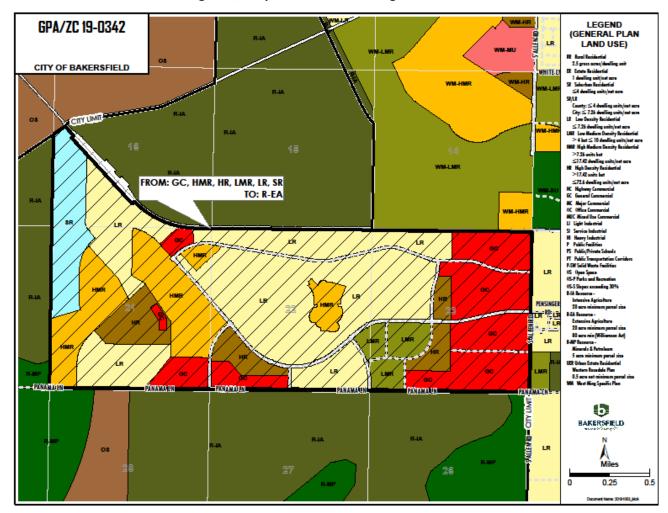


Figure 2, Proposed Land Use Designations



On-site Recovery Facilities

- Project will include up to 14 groundwater recovery wells, with:
 - Drilling and developing 4-12 new groundwater recovery wells;
 - o Using 2-6 existing groundwater recovery wells that are currently on the Property; and
- Constructing approximately 41,000 linear feet of well collector pipeline ranging in diameter from 15 inches to 72 inches.

Off-site Water Conveyance Facilities to the Project

- Use of existing or constructing new head gate(s) at City's 2800 Acre groundwater facility; and
- Constructing pipelines, culverts, and appurtenant facilities to transport water from City's 2800 Acre groundwater facility to the project site (with up to 3 locations).

Off-site Water Conveyance Facilities from the Project

 Recovered and stored groundwater could be discharged into various existing nearby canals for the purpose of water conveyance. This may require constructing pipe supports, diffusers, or other hardware features.

Water Sources

Water supply for the Project would be provided from various sources including the Kern River, State Water Project water, and other federal, state, and local supplies through transfer, balanced and unbalanced exchange agreements, purchase or temporary transfers, or other means available. The EIR for the Project will evaluate impacts from the conveyance, recharge, and recovery of water that may be provided from this range of potential sources, to the extent that they are reasonably foreseeable, although the EIR will not commit to, or authorize use of, any particular source of water. Conveyance of water to the Property, as well as the storage and recovery of specific water supplies, may be subject to applicable legal, practical, and regulatory limitations.

Project Operation

Project operation will include storing water in underground aquifers for later recovery. Upwards of 150,000 acre-feet (AF) of water could be stored by the Project during any given year and up to 56,000 AF of water could be extracted in a single year.

Project operation would also include the following:

- Conveyance of water to percolation ponds on the Property from the City's 2800 Acre groundwater facility or other existing canals in the vicinity of the Project;
- Percolation and storage of water in the groundwater aquifer via the proposed percolation ponds;
- Operational exchanges of water with other entities to optimize project operations;
- Recovery of stored water from the groundwater aquifer via operation of groundwater recovery wells, including any combination of on-site and off-site recovery facilities;
- Monitoring groundwater levels and groundwater quality in the area; and
- Conveyance and distribution of water off Property by way of existing canals.

10. Surrounding Land Uses and Setting (Briefly describe the project's surroundings.):

The Property is bordered by existing water banking facilities and other existing water conveyance infrastructure (e.g., canals, turnouts, weirs, etc.) to the north. Agricultural and vacant lands are found

to the south and west, and urban development is occurring to the east beyond South Allen Road. The area north and northeast of the Property includes agriculture, petroleum production, and open space land uses.

11. Public Agencies whose Approval Is Anticipated (e.g., permits, financing approval, or participation agreement):

- · City of Bakersfield
- Buena Vista Water Storage District
- Rosedale Rio Bravo Water Storage District
- Kern County Water Agency
- California Department of Housing and Community Development
- California Department of Transportation
- California Department of Conservation, Geologic Energy Management Division
- Department of Toxic Substance Control
- Department of Water Resources
- Native American Heritage Commission
- San Joaquin Valley Air Pollution Control District
- State Water Resources Control Board

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

As indicated by the checklist and discussion on the following pages, the project would result in potentially significant impacts with respect to the environmental factors checked below. This evaluation is a preliminary assessment of the potential project effects. A more detailed evaluation would occur in the Project's EIR:

☐ Aest	hetics	☐ Agriculture/Forestry Resources	Air Quality
■ Biolo	gical Resources	Cultural Resources	■ Energy
■ Geology/Soils		Greenhouse Gas Emissions	Hazards and Hazardous Materials
■ Hydr	ology/Water Quality	■ Land Use/Planning	■ Mineral Resources
■ Noise	е	☐ Population/Housing	■ Public Services
Recr	reation	■ Transportation	Tribal Cultural Resources
■ Utiliti	es/Service Systems	□ Wildfire	Mandatory Findings of Significance
ENVIR	ONMENTAL DETER!	MINATION:	
On the bo	asis of this initial evaluation:		
	I find that the proposed declaration will be prepo		ect on the environment, and a negative
	not be a significant effec	· · · · · · · · · · · · · · · · · · ·	ant effect on the environment, there will troject have been made by or agreed to I be prepared.
	I find that the proposed F impact report is required		the environment, and an environmental
	unless mitigated" impact in an earlier document measures based on the	on the environment, but at least one e pursuant to applicable legal stand	ficant impact" or "potentially significant effect has been (1) adequately analyzed ards, and (2) addressed by mitigation ached sheets. An environmental impact in to be addressed.
	all potentially significant report or negative decker pursuant to that earlier	effects have been (1) analyzed adequaration pursuant to applicable legal s	ant effect on the environment, because pately in an earlier environmental impact tandards, and (2) avoided or mitigated ative declaration, including revisions or ect, nothing further is required.

St. Fan	
Signature	Date
Steve Esselman, Principal Planner	
Steve Esseiman, Frincipal Flanner	
Printed name	

EVALUATION OF ENVIRONMENTAL IMPACTS:

- A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors, as well as general standards (e.g., the project would not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site impacts, cumulative as well as project-level impacts, indirect as well as direct impacts, and construction as well as operational impacts.
- Once the lead agency has determined that a physical impact may occur, then the checklist answers must indicate whether the impact is considered to be potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant with Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level.
- Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) The significance criteria or threshold, if any, used to evaluate each question; and
 - b) The mitigation measure identified, if any, to reduce the impact to less than significant.

Envir	onmental Issue	Potentially Significant Impact	Less Than Significant With Mitigation Incorporati on	Less Than Significant Impact	No Impact
I. AESTH project:	ETICS: Except as provided in Public Resources Code Section 21099, would the				
a)	Have a substantial adverse effect on a scenic vista?				
b)	Substantially damage scenic resources, including, but not limited to, trees, rock outcrops, and historic buildings within a state scenic highway?			•	
c)	In nonurbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?				•
d)	Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			•	
II. AGRI	CULTURE AND FORESTRY RESOURCES:				
envi Eval Con farm are com the Proje metl	determining whether impacts to agricultural resources are significant ronmental effects, lead agencies may refer to the California Agricultural Land vation and Site Assessment Model (1997) prepared by the California Dept. of servation as an optional model to use in assessing impacts on agriculture and aland. In determining whether impacts to forest resources, including timberland, significant environmental effects, lead agencies may refer to information upiled by the California Department of Forestry and Fire Protection regarding state's inventory of forest land, including the Forest and Range Assessment ect and the Forest Legacy Assessment Project; and forest carbon measurement modology provided in Forest Protocols adopted by the California Air Resources and Would the project:				
a)	Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to nonagricultural use?			•	
b)	Conflict with existing zoning for agricultural use, or a Williamson Act contract?				
c)	Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))?				•
d)	Result in the loss of forest land or conversion of forest land to non-forest use?				
e)	Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				•
III. AIR C	QUALITY:				
mar	re available, the significance criteria established by the applicable air quality agement district or air pollution control district may be relied upon to make the wing determinations. Would the project:				
a)	Conflict with or obstruct implementation of the applicable air quality plan?				

Envir	onmental Issue		Less Than Significant		
		Potentially Significant Impact	With Mitigation Incorporati on	Less Than Significant Impact	No Impact
b)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?	•			
c)	Expose sensitive receptors to substantial pollutant concentrations?				
d)	Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?				•
IV. BIOL	OGICAL RESOURCES: Would the project:				
a)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	•			
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	•			
c)	Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	•			
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	•			
e)	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	•			
f)	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	•			
V. CULTI	JRAL RESOURCES: Would the project:				
a)	Cause a substantial adverse change in the significance of a historical resource pursuant to §15064.5?				
b)	Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?				
c)	Disturb any human remains, including those interred outside of dedicated cemeteries?	•			
VI. ENER	GY : Would the project:				
a)	Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?	•			
b)	Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?	•			

VII. GEOLOGY AND SOILS: Would the project;

Enviro	onmental Issue	Potentially Significant	Less Than Significant With Mitigation Incorporati	Less Than Significant	No
a)	Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:	Impact	on	Impact	Impact
	i. Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map, issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.				•
	ii. Strong seismic ground shaking?			•	
i	ii. Seismic-related ground failure, including liquefaction?	•			
i	v. Landslides?				
b)	Result in substantial soil erosion or the loss of topsoil?				
c)	Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	•			
d)	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?	•			
e)	Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?				•
f)	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				
VIII. GRI	EENHOUSE GAS EMISSIONS: Would the project:				
a)	Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?				
b)	Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	•			
IX. HAZ	ARDS AND HAZARDOUS MATERIALS: Would the project:				
a)	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	•			
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				•
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would it create a significant hazard to the public or the environment?	•			
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?				•

Envi	ironmental Issue	Potentially Significant Impact	Less Than Significant With Mitigation Incorporati on	Less Than Significant Impact	No Impact
f	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?			=	
S	Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?			•	
<u>X. HY</u>	DROLOGY AND WATER QUALITY: Would the project:				
C	violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?	•			
k	Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?	•			
C	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:				
	i. Result in a substantial erosion or siltation on- or off-site?				
	ii. Substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or offsite?				
	iii. Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	•			
	iv. Impede or redirect flood flows?	•			
C	d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?				
€	c) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?	•			
XI. LA	ND USE AND PLANNING: Would the project:				
C	Physically divide an established community?				
k	Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?	•			
XII. M	INERAL RESOURCES: Would the project:				
C	Result in the loss of availability of a known mineral resource that would be a value to the region and the residents of the state?	•			
k	Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?	•			
XIII. N	OISE: Would the project result in:				
C	Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in				

Envir	onmental Issue	Potentially Significant	Less Than Significant With Mitigation Incorporati	Less Than Significant	No
	the local general plan or noise ordinance, or applicable standards of other agencies?	Impact	on	Impact	Impact
b)	Generation of excessive groundborne vibration or groundborne noise levels?				
c)	For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				•
XIV. PC	PPULATION AND HOUSING: Would the project:				
a)	Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	•			
b)	Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?	•			
XV. PUI	BLIC SERVICES:				
a)	Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:				
	i. Fire protection?				
	ii. Police protection?	•			
	iii. Schools?				
	iv. Parks?			•	
	v. Other public facilities?			•	
XVI. RE	CREATION:				
a)	Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			•	
b)	Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	•			
XVII. TE	ANSPORTATION: Would the project:				
a)	Conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadway, bicycle, and pedestrian facilities?	•			
b)	Conflict or be inconsistent with CEQA Guidelines § 15064.3, subdivision (b)?		П	П	

Enviro	onmental Issue	Potentially Significant Impact	Less Than Significant With Mitigation Incorporati on	Less Than Significant Impact	No Impact
c)	Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				
d)	Result in inadequate emergency access?	•			
XVIII. TR	IBAL CULTURAL RESOURCES:				
cultural place, c of the lo	the project cause a substantial adverse change in the significance of a tribal resource, defined in Public Resources Code § 21074 as either a site, feature, sultural landscape that is geographically defined in terms of the size and scope and scape, sacred place, or object with cultural value to a California Native an tribe, and that is:				
a)	Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k)?	•			
b)	A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code § 5024.1. In applying the criteria set forth in subdivision (c) of Public Resource Code § 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe?	•			
XVIV. UI	ILITIES AND SERVICE SYSTEMS: Would the project:				
a)	Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?	•			
b)	Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry, and multiple dry years?			•	
c)	Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?			•	
d)	Generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?	•			
e)	Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?	•			
	DFIRES: If located in or near state responsibility areas or lands classified as very hazard severity zones, would the project:				
a)	Substantially impair an adopted emergency response plan or emergency evacuation plan?			•	
b)	Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?			•	
c)	Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?			•	

Envir	onmental Issue		Less Than Significant With		
		Potentially Significant Impact	Mitigation Incorporati on	Less Than Significant Impact	No Impact
d)	Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?			•	
XXI. MA	ANDATORY FINDINGS OF SIGNIFICANCE:				
a)	Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	•			
b)	Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)	•			
c)	Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?				

EVALUATION OF ENVIRONMENTAL EFFECTS

I. AESTHETICS

a. Less-than-significant impact.

The Project site is relatively flat and predominantly vacant land. Significant portions of the Project site have been previously graded for the now defunct McAllister Ranch masterplanned community. Located at the site are existing, derelict street improvements (such as block walls, curbs and gutters, internal roads, etc.). The Project site does not contain any significant landforms that could be considered visual resources.

The site is bordered by existing water banking facilities and other existing water conveyance infrastructure (e.g., canals, turnouts, weirs, etc.) to the north. Agricultural and vacant lands are found to the south and west, and urban development is occurring to the east beyond South Allen Road. North and northeast of the Property includes agriculture, petroleum production, and open space land uses.

The Project is not located within an area regarded or designated within the Metropolitan Bakersfield General Plan (MBGP) as visually important or "Scenic," and is not within a Slope Protection Area. The tallest structures to be developed would be the levees at 3 to 6 feet in height, which is lower than a one-story structure. Therefore, the Project would not block or restrict views to any area containing important visual resources. Therefore, no scenic vistas would be affected by the Project and impacts are considered less than significant. No further discussion is warranted in the EIR.

b. Less-than-significant impact. The Project is not located adjacent to or near any officially designated or potentially eligible scenic highways to be listed on the California Department of Transportation (Caltrans) State Scenic Highway System (Caltrans 2019). The closest section of highway eligible for state scenic highway designation is State Route (SR) 14 (Caltrans 2019), located over 60 miles to the east. In addition, the Project site consists of predominantly vacant land. Therefore, the Project would not substantially damage scenic resources, including, but not limited to, trees, rock outcrops, and historic buildings within a state scenic highway. Impacts are considered less than significant, and no further discussion is warranted in the EIR.

- c. **No impact.** Please refer to responses I.a and I.b. Based on those responses, the Project would not substantially degrade the existing visual character or quality of public views of the site and its surroundings in a non-urbanized area. There would be no impact and no further discussion is warranted in the EIR.
- d. Less-than-significant impact. No lighting is proposed for the Project other than security lighting at entrance gates, which would be shielded and downward facing. Therefore, the Project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area. The impact would be less than significant, and no further discussion is warranted in the EIR.

II. AGRICULTURE AND FORESTRY RESOURCES

- a. Less-than-significant impact. There is designated Prime Farmland, Unique Farmland, or Farmland of Statewide Importance located within the Project site. No lands within the Project boundaries are subject to a Williamson Act Contract. The land has a land use designation of SR (Suburban Residential), LR (Low Density Residential), LMR (Low Medium Density Residential), HMR (High Medium Density Residential), HR (High Density Residential), and GC (General Commercial), and previous grading for a master-planned community and some infrastructure placement has occurred at the site for urban development, covering or removing some areas of prime soils. Development of the site as a groundwater storage and recovery facility would not permanently preclude future access to Farmland at the site. Therefore, construction and/or operation of the Project would not result in the conversion of designated Farmland to a nonagricultural use and no further analysis is warranted in the EIR.
- b. **No impact.** The Project site is currently zoned R-1 (One Family Dwelling), E (Estate), R-2/PUD (Limited Multiple Family Dwelling/Planned Unit Development), R-3/PUD (Multiple Family Dwelling/Planned Unit Development), C-1/PCD (Neighborhood Commercial/ Precise Commercial Development), C-C-/PCD-PE (Commercial Center/Precise Commercial Development-Petroleum Extraction Combining) and DI (Drill Island). The Project site is not under a Williamson Act contract. As part of the Project, a zone change to A-WR (Agriculture-Water Recharge Combining) is being requested. Therefore, the Project would not conflict with existing zoning for agricultural use or a Williamson Act Contract, and there would be no impact. No further discussion is warranted in the EIR.
- c. No impact. No lands within or immediately adjacent to the Project are zoned forest land or timberland. Therefore, the Project would not conflict with existing zoning for, or cause rezoning of forest land or timberland, or timberland zoned Timberland Production. No impact would occur and no further discussion is warranted in the EIR.
- d. **No impact.** Please refer to response II.c. The Project would not result in the loss of forestland or conversion of forest land to non-forest use. No impact would occur and no further discussion is warranted in the EIR.
- e. **No impact.** Please refer to responses II.a through II.d. As noted above, the Project site and immediate surrounding properties do not contain any forest land or actively farmed agricultural land. Due to a lack of forest land or active farming on the site, the Project

would not involve any changes to the existing environment that, due to their location or nature, could result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use. No impact would occur and no further discussion is warranted in the EIR.

III. AIR QUALITY

- a. Potentially significant impact. The Project is located within the San Joaquin Valley Air Pollution Control District (SJVAPCD) jurisdiction, in the San Joaquin Valley Air Basin (SJVAB). As identified in the district's Air Quality Attainment Plan (AQAP), the SJVAB is classified by the state as being in severe nonattainment. Further analysis of air quality impacts is warranted to determine whether the Project would conflict with or obstruct implementation of the applicable plans for attainment. This is considered a potentially significant impact, and the Project's consistency with the applicable air quality plan will be evaluated in the EIR.
- b. **Potentially significant impact.** As described in response III.a, the Project is located within the SJVAPCD jurisdiction, in the SJVAB, which is classified by the state as being in severe nonattainment. The Project may increase the level of pollutants beyond the level of significance as defined by the SJVAPCD and could result in cumulative air quality effects that would be potentially significant. An Air Quality/Greenhouse Gas Impact Assessment will be prepared, and this impact will be evaluated in the EIR.
- c. **Potentially significant impact.** Land uses determined to be "sensitive" to air pollutant emissions include residential areas, schools, convalescent and acute care hospitals, parks and recreational areas, and churches. The most sensitive portions of the population are children, the elderly, the acutely ill, and the chronically ill, especially those with cardiorespiratory diseases. The Project has the potential to affect sensitive receptors during construction; therefore, direct and/or cumulative air quality impacts on sensitive receptors resulting from the Project will be analyzed in the EIR.
- d. **No impact.** Aside from odors associated with typical vehicle exhaust or fueling of Project construction or maintenance vehicles, the Project is not anticipated to generate objectionable odors. Any odor generation would terminate upon completion of the construction phase of the Project. As a result, the Project would not create objectionable odors affecting a substantial number of people, and impacts would be less than significant. No further discussion is warranted in the EIR.

IV. BIOLOGICAL RESOURCES

- a. Potentially significant impact. The Project has the potential to directly and indirectly impact candidate, sensitive or special status species. Therefore, a Biological Resources Report will be completed in order to identify and address any direct, indirect, and/or cumulative impacts to biological resources resulting from the Project. Impacts to candidate, sensitive, or special status species would be potentially significant and further discussion will be provided in the EIR.
- b. **Potentially significant impact.** The Project has the potential to have an adverse effect on sensitive natural communities. Therefore, a Biological Resources Report will be completed in order to identify and address any direct, indirect, and/or cumulative impacts to biological resources resulting from the Project. Impacts to sensitive natural communities would be potentially significant and further discussion will be provided in the EIR.
- c. **Potentially significant impact.** It is unknown whether federally protected wetlands, as defined by Section 404 of the Clean Water Act, are present within the Project site. Therefore, a Biological Resources Report will be completed to identify and address any

- direct, indirect, and/or cumulative impacts to wetlands that would result from the Project. Impacts to federally protected wetlands would be potentially significant and further discussion will be provided in the EIR.
- d. Potentially significant impact. The Project has the potential to impact native resident or migratory wildlife corridors. Therefore, a Biological Resources Report will be completed to identify and address any direct, indirect, and/or cumulative biological resources impacts resulting from the Project. Impacts to wildlife movement could be potentially significant, and further analysis will be provided in the EIR.
- e. **Potentially significant impact.** The Project is located within the boundary of the Metropolitan Bakersfield Habitat Conservation Plan (MBHCP), which addresses biological impacts within the MBGP area. The MBHCP has been adopted as policy and is implemented by ordinance. Therefore, a Biological Resources Report will be completed to identify and address any direct, indirect, and/or cumulative biological resources impacts resulting from the Project, and to address compliance with the MBHCP. This topic will be further addressed in the EIR.
- f. **Potentially significant impact.** The Project is located within the boundaries of the MBHCP. However, further analysis is required to identify any direct, indirect, and/or cumulative biological resources impacts that would result from the Project. A Biological Resources Report will be completed to identify and address any impacts to biological resources and consistency with the MBHCP. This topic will be further addressed in the EIR.

V. CULTURAL RESOURCES

- a. Potentially significant impact. Historical resources may be located on the Project site and/or in the nearby vicinity, the significance of which will be evaluated within a Cultural Resources Report. Any direct and/or cumulative impacts to cultural resources that would result from the Project will be further addressed in the EIR.
- b. **Potentially significant impact**. The Project has the potential to impact archaeological resources pursuant to State CEQA Guidelines Section 15064.5, the significance of which will be evaluated within a Cultural Resources Report. Any direct and/or cumulative impacts to cultural resources that would result from the Project will be further addressed in the EIR.
- c. Potentially significant impact. There is potential for inadvertent discovery of human remains during grading and earth-disturbing activities. In accordance with state law, the California Native American Heritage Commission would be notified and, based upon their recommendation, local Native American tribes would also be consulted. A Cultural Resources Report will be prepared for the Project, and any direct and/or cumulative impacts to cultural resources that would result from the Project will be further addressed in the EIR.

VI. ENERGY

- a. Potentially significant impact. The Project would require temporary energy demands during construction and ongoing operational energy demands. It is currently unknown whether the Project would result in a potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources during Project construction or operation. This issue will be further evaluated in the EIR.
- b. **Potentially significant impact.** There is no adopted plan by the City for renewable energy or energy efficiency. It is currently unknown whether the Project would conflict with or

obstruct a state plan for renewable energy or energy efficiency. This issue will be further evaluated in the EIR.

VII. GEOLOGY AND SOILS

- a. The following discussion describes the potential for the Project to expose people or structures to substantial adverse effects because of various geologic hazards. The City is within a seismically active area. According to the Metropolitan Bakersfield General Plan, major active fault systems border the southern portion of the San Joaquin Valley. These major active fault systems include the San Andreas, Breckenridge-Kern Canyon, Garlock, Pond-Poso Creek, and White Wolf faults. There are numerous additional smaller faults known and suspected to occur within the Bakersfield area, which may or may not be active. The known active faults have a maximum credible Richter magnitude that ranges from 6.0 (Breckenridge-Kern County) to 8.3 (San Andreas). Potential seismic hazards in the planning area involve strong ground shaking, fault rupture, liquefaction, and landslides.
 - i. **No impact.** The Project site is not included within the boundaries of an "Earthquake Fault Zone" as defined in the Alquist-Priolo Earthquake Fault Zoning Act (DOC 2019). Since the Project is not within a delineated fault zone, no impacts would occur and no further analysis is warranted in the EIR.
 - ii. Less-than-significant impact. The City is within a seismically active area. Future structures proposed on the project site are required by state law and City ordinance to be constructed in accordance with the Uniform Building Code (specifically Seismic Zone 4, which has the most stringent seismic construction requirements in the United States), and to adhere to all modern earthquake construction standards. Given that the Project will be required to comply with all building code requirements, impacts would be less than significant. Therefore, the Project would not expose people or structures to substantial adverse effects involving strong seismic ground shaking, and no further analysis is warranted in the EIR.
 - iii. **Potentially significant impact.** The potential for substantial adverse effects due to seismic-related ground failure, including liquefaction, requires further analysis through a geotechnical report. Related potential impacts will be analyzed in the EIR.
 - iv. **Potentially significant impact.** Construction of the Project would involve grading, trenching, and eventual placement of 3'-6' high levees. Surficial slumps and failure of inadequately shored trenches are types of landsliding that may occur during and possibly after construction. Therefore, landslides have the potential to occur on the Project site and further analysis is warranted in the EIR.
- b. **Potentially significant impact.** Construction of the site would temporarily disturb soils, which could loosen soil, and the removal of vegetation could contribute to future soil loss and erosion by wind and storm water runoff. Therefore, impacts associated with erosion and the loss of topsoil are considered potentially significant and will be discussed further in the EIR.
- c. **Potentially significant impact.** Because the Project site is derived from alluvium, which is generally loose material, there is the potential for collapsible soils. Future structures proposed on the Project site are required by state law and City ordinance to be constructed in accordance with the Uniform Building Code, including those relating to soil characteristics. The Project requires further analysis through a geotechnical report. Related potential impacts will be analyzed in the EIR.

- d. **Potentially significant impact.** Please see response VI.a.ii and VI.c. Compliance with mandatory building code requirements and recommendations by the Project's geotechnical report would reduce any potential impacts related to soil expansion to less than significant. These requirements will be discussed further in the EIR.
- e. **No impact.** The Project would not require the use of septic tanks or alternative wastewater disposal systems because the Project would connect to existing City sewer services in the area. Therefore, there would be no impacts related to soils incapable of adequately supporting septic tanks or alternative wastewater disposal systems. No further discussion is warranted in the EIR.
- f. **Potentially significant impact.** Paleontological sensitivity is determined by the potential for a geologic unit to produce scientifically significant fossils. Because paleontological resources typically occur in the substratum soil horizon, surface expressions are often not visible during a pedestrian survey. Paleontological sensitivity is therefore derived from known fossil data collected from the entire geologic unit. According to the California Department of Conservation's Geologic Map of California, the Project site consists of Quaternary marine and nonmarine sedimentary geologic formations. This geological formation consists of older alluvium deposits that have the potential to contain unknown paleontological resources or unique geologic features.

Similar to archaeological resources, there is the potential to unearth previously unknown paleontological resources at the site, and grading and other ground-disturbing activities have the potential to damage or destroy such resources. Therefore, impacts could be potentially significant and this topic will be further analyzed in the EIR.

VIII. GREENHOUSE GAS EMISSIONS

- a. Potentially significant impact. The Project would generate an incremental amount of greenhouse gases (GHGs) and, when combined with the cumulative increase of all other sources of GHGs, could contribute to global climate change impacts. Although the Project is expected to emit GHG, the emission of GHG by a single project into the atmosphere is not itself necessarily an adverse environmental effect. Rather, it is the increased accumulation of GHG from more than one project and many sources in the atmosphere that may result in global climate change. The resultant consequences of that climate change can cause adverse environmental effects. Therefore, a project's GHG emissions and the resulting significance of potential impacts are more properly assessed on a cumulative basis. Impacts related to GHGs and climate stemming from the Project are potentially significant. An Air Quality/GHG Impact Assessment will be prepared, and this impact will be evaluated in the EIR.
- b. **Potentially significant impact.** The California Air Resources Board (CARB) is responsible for the coordination and administration of both federal and state air pollution control programs within California. The Sustainable Communities and Climate Protection Act (SB 375) was passed in 2008 to supplement Assembly Bill 32, which strives to reduce California's overall GHG emissions. Per SB 375 requirements, CARB has adopted regional reduction targets, which call for a 5% reduction in per-capita emissions by 2020 and 10% reduction in 2035 within the San Joaquin Valley using 2005 as the baseline. These regional reduction targets will be a part of the Kern COG Sustainable Communities Strategy. Impacts related to GHGs and climate stemming from the Project and potential conflicts with any applicable plan or policy relative to GHGs are potentially significant and will be evaluated in the EIR.

IX. HAZARDS AND HAZARDOUS MATERIALS

a. Potentially significant impact. Hazardous substances typically used for construction, such as paints, solvents, and cleaners, would be transported and used on site. Also, grading and construction activities would require the transport, storage, use, and/or disposal of hazardous materials such as fuels and greases for the fueling/servicing of construction equipment. Substances may also be stored in temporary storage tanks/sheds that would be located on site. Although these types of materials are not acutely hazardous, they are classified as hazardous materials and create the potential for accidental spillage, which could expose workers. The transport, storage, use, and/or disposal of hazardous materials during the construction process present a potentially significant impact; the potential for hazardous materials to affect the public and/or environment during construction will be analyzed in the EIR.

It is currently unknown whether water-banking operations would require the use or storage of any acutely hazardous material. Although the types of materials that would be used during operation are not likely acutely hazardous, they may be classified as hazardous materials and create the potential for accidental spillage, which could expose people. The transport, storage, use, and/or disposal of hazardous materials during the operational phase present a potentially significant impact and will be analyzed in the EIR.

- b. **Potentially significant impact.** Please refer to response IX.a. Therefore, the Project may create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment. This issue will be further evaluated in the EIR.
- c. No impact. The closest school is Buena Vista Elementary School located approximately 1.0 mile east of the Project site. Therefore, the Project would not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school. No further discussion is warranted in the EIR.
- d. **Potentially significant impact**. It is currently unknown whether the Project site is located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would create a significant hazard to the public or the environment. If found to be located on such a site, there is the potential to create a significant hazard to the public or environment, which is a potentially significant impact. Agricultural cultivation and previous industrial uses (such as oil extraction) have historically occurred at the site and could have resulted in release of environmentally persistent pesticides or accidental release of oil on the ground surface. As part of the EIR analysis, a Phase I Environmental Site Assessment will be prepared to analyze the potential for hazardous materials on site. Impacts are considered potentially significant and will be addressed in the EIR.
- e. **No impact.** The closest airport to the Project site is the Meadows Field Airport, located over 9 miles northeast of the project site. The Project site is not located within the Kern County Airport Land Use Compatibility Plan area (Kern County 2012). Therefore, the Project would not result in a safety hazard for people residing or working in the Project area for a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport. Further consideration of this issue in the EIR is not warranted.
- f. Less-than-significant impact. The Project is required to comply with the City of Bakersfield Hazardous Materials Emergency Plan (Bakersfield 1997). This plan identifies responsibilities and provides coordination of emergency response at the local level to hazardous materials incidents. In addition, as part of the Project review, the City Fire Department would evaluate the Project plans for compliance with the relevant safety provisions.

Therefore, the Project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. Further consideration of this issue in the EIR is not warranted.

g. Less-than-significant impact. The Project site is not located within a "very high," "high," or "moderate" fire hazard severity zone (CalFire 2008). The site and its vicinity consist of vacant land that does not possess high fuel loads that have a high potential to cause a wildland fire. The Project is a change to the land use designation of the McAllister Ranch property to enable the development of a water-banking facility (primarily earthen structures) and therefore, would not pose a significant wildfire risk. Additionally, the City and the County of Kern require "defensible space" within areas of the County susceptible to wildland fires as shown on CalFire maps through the Fire Hazard Reduction Program. Defensible space is the buffer created between a building and the grass, trees, shrubs, or any wildland area that surrounds it. Therefore, the Project would not expose people or structures to a significant risk of loss, injury or death involving wild land fires, and no further discussion is warranted in the EIR.

X. HYDROLOGY AND WATER QUALITY

- a. Potentially significant impact. It is currently unknown whether the Project would violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality. This issue is considered potentially significant, and a Hydrologic Technical Study will be prepared for the Project. Further analysis is warranted in the EIR.
- b. **Potentially significant impact**. The Project proposes a groundwater-banking facility for recharge and recovery. Implementation of the Project would be required to comply with the Sustainable Groundwater Management Act (SGMA). The Project anticipates upwards of 150,000 acre-feet (AF) of water stored by the Project and up to 56,000 AF of water extracted during any given year. While it appears that the Project would not substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the Project may impede sustainable groundwater management of the basin, this issue will be further discussed in the EIR.
- c. The following discussion describes whether the Project would substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces.
 - i. **Potentially significant impact**. Construction of the Project would potentially alter the existing drainage patterns of the site or area. If uncontrolled, differences in drainage patterns could result in substantial erosion or siltation on- or offsite. These impacts are potentially significant. Evaluation of impacts to existing drainage patterns onsite, as well as the potential for increased erosion and/or siltation, will be evaluated in the EIR.
 - ii. **Potentially significant impact**. Please refer to response X.c.i. Evaluation of impacts to the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or potential to substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or offsite, will be evaluated in the EIR.
 - iii. **Potentially significant impact**. Please refer to response X.c.i. Evaluation of the potential for the Project to create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff, will be evaluated in the EIR.

- iv. **Potentially significant impact.** Portions of the Project site are located within the 500-year floodplain (FEMA 2019). It is currently unknown if the Project would impede or redirect flood flows, which would be a potentially significant impact. Further analysis is warranted in the EIR.
- d. **Potentially significant impact.** The site is not near the ocean and therefore, there is no risk of inundation by tsunami. The Project is located within the 500-year floodplain and creates percolation ponds that are enclosed bodies of water. Therefore, there is the potential for the Project to be subject to risk of inundation by flood hazard or seiche that could release pollutants, which is a potentially significant impact. Further analysis is warranted in the EIR.
- e. **Potentially significant impact.** The Project site and its vicinity are within the jurisdictional boundaries of the Kern River Groundwater Sustainability Agency, which has an adopted groundwater sustainability plan (GSP). This Project is intended to provide support for the Kern County Subbasin's efforts to comply with the Sustainable Groundwater Management Act (SGMA), the State's mandate to bring the underlying basin into a sustainable yield condition. Given the Project's direct effect on the sustainability of groundwater management in the basin and in light of the current development of GSPs throughout the basin as required by SGMA, this issue is considered potentially significant and further analysis is warranted in the EIR.

XI. LAND USE AND PLANNING

- a. Less-than-significant impact. The Project is located adjacent to established groundwater recharge facilities and the Kern River to the north that already pose a barrier to movement within western Bakersfield. While internal street alignments associated with the defunct McAllister Ranch Development would be eliminated, the Project would not change the circulation for Panama Lane, the future West Beltway alignment, or South Allen Road. These existing and future arterial alignments provide essential circulation within the project area. As such, the Project would not divide an established community. Therefore, impacts would be less than significant and no further analysis is warranted in the EIR.
- b. Potentially significant impact. The Project requires a GPA to be consistent with the MBGP, namely a change from SR (Suburban Residential), LR (Low Density Residential), LMR (Low Medium Density Residential), HMR (High Medium Density Residential), HR (High Density Residential), and GC (General Commercial) to R-EA (Resource – Extensive Agriculture). The Project also requires a ZC to be consistent with the Zoning Ordinance, namely a change from R-1 (One Family Dwelling), E (Estate), R-2/PUD (Limited Multiple Family Dwelling/Planned Unit Development), R-3/PUD (Multiple Family Dwelling/Planned Unit Development), C-1/PCD (Neighborhood Commercial/Precise Commercial Development), C-C-/PCD-PE (Commercial Center/Precise Commercial Development-Petroleum Extraction Combining) and DI (Drill Island) to A-WR (Agriculture-Water Recharge Combining). Approval of these discretionary actions, and subsequent development of the Project, would reduce the amount of land available and approved for residential development in the City; this is considered potentially significant. The EIR will analyze the Project with regard to land use plans and policies and determine if there are any conflicts.

XII. MINERAL RESOURCES

a. Potentially significant impact. Portions of the Project site are located within the Ten Sections and Canfield Ranch Oil Fields. According to the data available from the California Department of Conservation, dozens to hundreds of active, inactive, and idle oil wells are located within the Project site (DOGGR 2019). The current zoning at the Project site includes Drill Island (DI) and Petroleum Extraction Combining (PE) zones. Therefore, mineral resources could be located within the Project site, the loss of which would be considered

- a potentially significant impact. The EIR will analyze and discuss impacts to mineral resources.
- b. **Potentially significant impact.** Portions of the Project site are designated for a potential mineral resource extraction use. Therefore, the Project may result in the loss of availability of a locally important mineral resource recovery site that is delineated in a local general plan, specific plan or other land use plan, which is a potentially significant impact. Further analysis is warranted in the EIR.

XIII.NOISE

- a. Potentially significant impact. The Noise Element of the MBGP provides noise standards that should be adhered to in new development construction and operations within the City. Surrounding land uses include existing water banking facilities and other existing water conveyance infrastructure (e.g., canals, turnouts, weirs, etc.) to the north. Agricultural and vacant lands are found to the south and west, and urban development is occurring to the east beyond South Allen Road. North and northeast of the Property includes agriculture, petroleum production, and open space land uses. Local residents may be exposed to noise during construction activities. The Project may produce temporary or periodic increases in ambient noise levels and has the potential to result in a permanent increase in ambient noise levels. These impacts are considered potentially significant. The EIR will analyze and discuss noise impacts and recommend mitigation measures to reduce noise impacts, where feasible.
- b. **Potentially significant impact.** The Project may produce groundborne vibration or groundborne noise levels during construction of the Project. The EIR will analyze and discuss noise impacts and recommend mitigation measures to reduce noise impacts, where feasible.
- c. **No impact.** As stated in response IX.e, the closest airport to the Project site is the Meadows Field Airport, located over 9 miles northeast of the project site. Therefore, the Project would not expose people residing or working in the project area to excessive noise levels for a project located within an airport land use plan or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, and further consideration of this issue is not warranted in the EIR.

XIV. POPULATION AND HOUSING

- a. Potentially significant impact. The Project would not directly induce growth. The Project may provide employment opportunities in the area; however, the proposed uses would not require a specialized labor force that would draw large numbers of new employees and are likely to draw employees from the existing population. While the Project would develop the appropriate extensions of infrastructure required to serve the Project site, the Project would not induce substantial population growth because the extensions would not be to previously unserved areas and the number of employees expected to relocate to the area to support the new businesses is not expected to be substantial. The Project would increase groundwater storage in the Kern River Subbasin, however, which could indirectly induce additional growth in the region. This impact is potentially significant and will be evaluated in the EIR.
- b. **Potentially impact.** The Project site consists of vacant land that was previously approved for residential uses. Although the Project would not displace a substantial number of people or existing housing, approval of the Project would eliminate a portion of the City's potential housing stock, potentially necessitating the construction of replacement housing elsewhere. This impact is potentially significant and will be evaluated in the EIR.

XV. PUBLIC SERVICES

- a. The following discussion describes whether the Project would result in substantial adverse physical impacts to public services. The need for additional public services is generally directly correlated to population growth and the resultant additional population's need for services beyond what is currently available.
 - i. **Potentially significant impact.** Fire protection services for the Metropolitan Bakersfield area are provided through a joint fire protection agreement between the City and County. Implementation of the Project would increase demands on City Fire protection services. An increase in potential fire hazards and emergency response situations would occur on site after development. The increased demand for emergency services may have the potential to adversely affect fire protection services and may require the need for additional facilities and/or services. The Project's potential to impact fire and emergency services will be further analyzed in the EIR.
 - ii. **Potentially significant impact.** Police protection for the Project would be provided by the Bakersfield Police Department. Construction and operation of the Project would increase demands on the City Police Department. The increased demand for emergency response and security may have the potential to adversely affect police and law enforcement services, potentially requiring the need for additional facilities and/or services. This additional demand is considered a potentially significant impact and will be further analyzed in the EIR.
 - iii. Less-than-significant impact. The Project is a change to the land use designation of the McAllister Ranch property to enable construction and operation of a groundwater recharge and recovery facility and, as such, would not generate any additional school children in the Project area or the subsequent need for additional schools. The Project may provide employment opportunities in the area; however, additional employees, if needed, are likely to come from the existing population. Therefore, the Project is unlikely to attract into the area a substantial number of new employees with children who would require additional school services. Impacts would be less than significant and further analysis is not warranted in the EIR.
 - iv. **Less-than-significant impact.** The Project is not expected to substantially increase the residential population of the Metropolitan Bakersfield area, and therefore the Project would not substantially increase the demand for and use of existing parks. Impacts would be less than significant and further analysis is not warranted in the EIR.
 - v. Less-than-significant impact. The Project is a change to the land use designation of the McAllister Ranch property to enable construction and operation of a groundwater recharge and recovery facility and, as such, would not cause a direct residential growth-inducing effect, although the potential exists for housing eliminated from the City's stock at this location would be relocated elsewhere and require additional public facilities. Although the Project would result in an increase in maintenance responsibility for the City related to the proposed water conveyance infrastructure, this potential increase would be addressed in the Operating Agreement between the City and the applicant, if necessary. Therefore, impacts would be less than significant.

XVI. RECREATION

- a. Less-than-significant impact. The Project proposes a groundwater recharge and recovery facility. The Project is not growth inducing and would not result in an increase in population. Therefore, the Project would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated. Therefore, the impact would be less than significant and further analysis is not warranted in the EIR.
- b. **Potentially significant impact.** The Project proposes to extend a bike trail from the Kern River Trail across the Property. Because the alignment and nature of this proposed bike trail are not yet established, this impact is potentially significant and will be evaluated in the EIR.

XVII. TRANSPORTATION AND TRAFFIC

- a. Potentially significant impact. The Project site is currently vacant and will result in an unknown increase in vehicular trips. The increased vehicle trips, which may add substantial traffic volumes to both local and regional roadways. Therefore, the Project may impact existing traffic, the effectiveness of the circulation system, and/or conflict with an applicable traffic plan. A traffic study will evaluate traffic impacts, which will be discussed in the EIR.
- b. **Potentially significant impact.** Section 15064.3(b) of the CEQA Guidelines, which takes effect on July 1, 2020, states:

Criteria for Analyzing Transportation Impacts.

- (1) Land Use Projects. Vehicle miles traveled exceeding an applicable threshold of significance may indicate a significant impact. Generally, projects within one-half mile of either an existing major transit stop or a stop along an existing high-quality transit corridor should be presumed to cause a less than significant transportation impact. Projects that decrease vehicle miles traveled in the project area compared to existing conditions should be presumed to have a less than significant transportation impact.
- (2) Transportation Projects. Transportation Projects that reduce, or have no impact on, vehicle miles traveled should be presumed to cause a less than significant transportation impact. For roadway capacity projects, agencies have discretion to determine the appropriate measure of transportation impact consistent with CEQA and other applicable requirements. To the extent that such impacts have already been adequately addressed at a programmatic level, such as in a regional transportation plan EIR, a lead agency may tier from that analysis as provided in Section 15152.
- (3) Qualitative Analysis. If existing models or methods are not available to estimate the vehicle miles traveled for the particular project being considered, a lead agency may analyze the project's vehicle miles traveled qualitatively. Such a qualitative analysis would evaluate factors such as the availability of transit, proximity to other destinations, etc. For many projects, a qualitative analysis of construction traffic may be appropriate.
- (4) Methodology. A lead agency has discretion to choose the most appropriate methodology to evaluate a project's vehicle miles traveled, including whether to express the change in absolute terms, per capita, per household or in any other measure. A lead agency may use models to estimate a project's vehicle miles traveled and may revise those estimates to reflect professional judgment based on substantial evidence. Any assumptions used to estimate vehicle miles traveled and

any revisions to model outputs should be documented and explained in the environmental document prepared for the project. The standard of adequacy in Section 15151 shall apply to the analysis described in this section.

It is currently unknown whether the Project would conflict or be inconsistent with CCR Section 15064.3(b), and this issue will be further addressed in the EIR.

- c. Potentially significant impact. The Project would be required to implement all conditions placed on it by the City Traffic Engineering Division in order to comply with accepted traffic engineering standards intended to reduce traffic hazards, including designing the roads so that they do not result in design feature hazards or incompatible uses. However, vehicle turning movements associated with ingress and egress could increase traffic hazards and impacts could be potentially significant. A traffic study will evaluate traffic impacts, which will be discussed in the EIR.
- d. **Potentially significant impact.** The Project would be required to comply with all emergency access requirements set forth by City standards, including design requirements that are reviewed by the City of Bakersfield Fire Department prior to project approval. There is also the potential that, during the construction phase, the Project would impede emergency access. During operations, the Project would be required to comply with all applicable City policies and requirements to ensure adequate emergency access. Impacts on emergency access are considered potentially significant and will be analyzed further in the EIR.

XVIII. TRIBAL CULTURAL RESOURCES

- a. Potentially significant impact. The Project requires a GPA and, therefore, request for consultation letters will be sent to a list of tribal contacts received from the Native American Heritage Commission in compliance with Senate Bill (SB) 18. Based on the response and the results of the Project's Cultural Resources Study, the EIR will analyze whether the Project will cause a substantial adverse change in the significance of a tribal cultural resource that is listed or eligible for listing in the California Register of Historical Resources or in a local register of Historical Resources.
- b. **Potentially significant impact.** As described in XVIII.a above, request for consultation letters will be sent to a list of tribal contacts received from the Native American Heritage Commission in compliance with SB 18. Based on the response and the results of the Project's Cultural Resources Study, the EIR will analyze whether the Project will cause a substantial adverse change in the significance of a tribal cultural resource determined by the City to be significant pursuant to criteria set forth in Public Resources Code Section 5024.1(c).

XIX. <u>UTILITIES AND SERVICE SYSTEMS</u>

- a. Potentially significant impact. The Project would require new infrastructure to transport water to and from the Property. The Project would likely require the construction of new above- and/or belowground electrical infrastructure to power water conveyance and recovery at the Property, and possibly other communication infrastructure to support supervisory, control, and data acquisition (SCADA) systems at the Property. The addition, relocation, or expansion of such facilities would result in environmental impacts that could be significant. This issue will be further discussed in the EIR.
- b. Less-than-significant impact. The Project is a change to the land use designation of the Property to enable development of a groundwater recharge and recovery facility. The Project would make use of a variety of water source options, including existing water rights and entitlements held by BVWSD. It is anticipated that water from these sources would be

- conveyed to and recovered from the Property. It is anticipated that the Project would have sufficient water supplies available to serve the Project during normal and dry years. Therefore, impacts are considered less than significant.
- c. Less-than-significant impact. Please see response to XVIV.a. The Project would require new infrastructure to connect to existing City sewer service; however, sufficient capacity is available to serve the minimal increase in demand at the Project site. Therefore, the Project would not result in a determination by any wastewater treatment provider it does not have adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments. Therefore, there would be no impact and further analysis is not warranted in the EIR.
- d. **Potentially significant impact.** Because the site is currently vacant land, no solid waste is currently generated. It is currently unknown if appreciable solid waste would be generated during construction and operations of the Project and, if so, how much. The Bena Landfill would serve the Project, but it is unknown if the landfill has the capacity to serve the Project. Therefore, impacts are considered potentially significant and will be further analyzed in the EIR.
- e. **Potentially significant impact.** The Project would comply with all local, State, and federal requirements for integrated waste management (e.g., recycling) and solid waste disposal. However, it is unknown whether landfills in the area have capacity to serve the waste disposal needs of the Project. Impacts are considered potentially significant and will be discussed in the EIR.

XX. WILDFIRE

- a. Less-than-significant impact. As stated in response IX.g, the Project is required to comply with the City of Bakersfield Hazardous Materials Emergency Plan (Bakersfield 1997). Therefore, the Project would not substantially impair an adopted emergency response plan or emergency evacuation plan. This impact is less than significant and further discussion is not warranted in the EIR.
- b. Less-than-significant impact. As stated in response IX.g, the Project site is relatively flat, not near wildlands, and the site and its surrounding do not possess high fuel loads (i.e., lots of vegetation and other burnable material) to exacerbate wildfire risks and therefore, fire-related pollutant concentrations. Therefore, the Project would not exacerbate wildfires and expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire due to slope, prevailing winds, and other factors. This impact is less than significant and further discussion is not warranted in the EIR.
- c. **Less-than-significant impact.** For the reasons identified in responses XX.a and XX.b, the Project would not require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment. This impact is less than significant and further discussion is not warranted in the EIR.
- d. Less-than-significant impact. The Project site is relatively flat, is not within a floodplain, and is not in a moderate- to high-risk area for wildfires. Therefore, the Project would not expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes. This impact is less than significant and further discussion is not warranted in the EIR.

XXI. MANDATORY FINDINGS OF SIGNIFICANCE

- a. **Potentially significant Impact.** As discussed in Sections IV and V, the Project has the potential to significantly impact biological and/or cultural resources. These issues will be further addressed in technical studies being prepared, as well as in the EIR.
- b. **Potentially significant Impact.** The Project could result in cumulative impacts when combined with other current, past, or future projects in the area. The EIR will evaluate the possibility of any potentially significant cumulative impacts.
- c. **Potentially significant Impact.** The Project could potentially result in environmental effects that can cause substantial adverse effects on human beings, including those related to air quality and hazards. These impacts will be further addressed in the EIR.

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July 13, 2020

City of Bakersfield
Development Services Department
Attn: Steve Esselman, Principal Planner
2nd Floor
1715 Chester Ave.
Bakersfield, CA 93301

Via Email: DEVPln@bakersfieldcity.us

Re: GPA/ZC No. 19-0342 (McAllister Ranch Groundwater Banking Project)

Dear Mr. Esselman:

Kern Delta Water District ("Kern Delta") appreciates the opportunity to comment on the Notice of Preparation ("NOP") of a Draft Environmental Impact Report for the McAllister Ranch Groundwater Banking Project ("Project"). Kern Delta generally supports the project as a whole, including the efforts of Buena Vista Water Storage District ("Buena Vista") and Rosedale-Rio Bravo Water Storage District ("Rosedale-Rio Bravo") to maximize the beneficial use of available water supplies and utilize the Kern River Alluvial Fan for groundwater recharge and recovery. Kern Delta, however, is concerned about the potential for the project to cause significant environmental impact on nearby properties and to adversely affect existing water use and groundwater recharge activities in the vicinity. Accordingly, Kern Delta offers the following comments on the Project.

Kern Delta conjunctively manages the surface water and groundwater resources within its 128,960 acre service area. The Project is located immediately adjacent to the Kern Delta boundary and near Kern Delta's Westside Groundwater Storage Project facilities and numerous wells of private landowners. A map showing the location of Kern Delta's facilities in relation to the Project is enclosed. The Project is also adjacent to the existing Pioneer Groundwater Recharge and Recovery Project (Pioneer Project), a groundwater recharge project operated by Kern County Water Agency in which Kern Delta is a Participant.

Kern Delta was involved in initial discussions with Buena Vista and Rosedale-Rio Bravo regarding the potential development of recharge and recovery facilities at the Project site. As such, Kern Delta is familiar with the hydrological and geological attributes of the Project site and its suitability

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for groundwater recharge and recovery. Kern Delta supports the use of the Project site for water recharge and recovery. However, Kern Delta is concerned that the proposed recharge of up to 150 thousand acre-feet per year, and recovery of 56 thousand acre-feet per year may exceed the reasonable recharge and recovery capability of the Kern Alluvial Fan.

Recharge and recovery at the proposed rates may adversely interfere with the functioning of existing recharge facilities, recovery wells, and agricultural supply wells within the region. Impacts from the proposed rate of recharge may include, among other things, reduction in the percolation rates and recharge potential of the existing groundwater banking projects, liquefaction and settlement of land, and seepage associated damages to agricultural lands. Impacts from the proposed rate of recovery may include, among other things, capture of recharge from the existing groundwater banking projects, dewatering of local aquifers, and dewatering of production and recovery wells, and settlement of land. The EIR must provide substantial evidence that these rates will not negatively impact the environment or any surrounding properties, including adjacent Kern Fan projects.

Further, the Project is within the boundaries of the Kern River Groundwater Sustainability Agency ("KRGSA"). The NOP states that the Project will recharge, recover, and store water in a manner that is consistent with the goals and objectives of KRGSA's Groundwater Sustainability Plan ("GSP"), however, operation of the Project must include adequate safeguards to ensure that minimum thresholds established by the KRGSA GSP are not exceeded thus causing undesirable results under SGMA. As a result of this potential impact to the GSP, Kern Delta believes that the Project should be submitted to the KRGSA for review and comment.

Finally, the Project location was originally monitored through the Kern Fan Monitoring Committee. The Project participants should maintain this status and develop an appropriate monitoring program with its adjoining entities.

Thank you for the opportunity to comment on this Project. Please add Kern Delta to the mailing list for any further proceedings. We look forward to working with the City, Buena Vista, and Rosedale-Rio Bravo in developing a workable Project and we support your efforts to maximize the beneficial use of your water supplies and utilization of the Kern River Alluvial Fan for groundwater recharge and recovery.

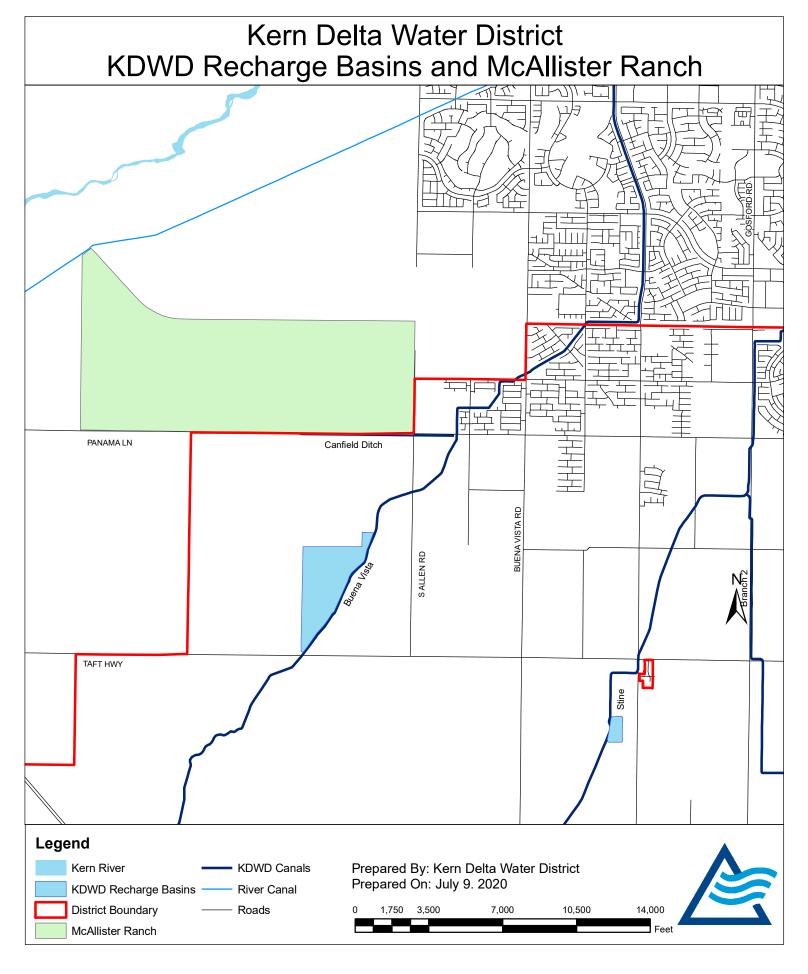
Sincerely,

Steven L. Teglia General Manager

Kern Delta Water District

Encl.

EXHIBIT A



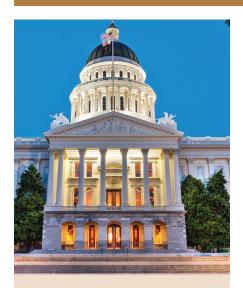


SACRAMENTO REPORT

July 2020



Volume 15, Issue 7



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Conservation Department Offers Grants for Areas Affected by SGMA

The California Department of Conservation has launched its 2020 Sustainable Groundwater Management Watershed Coordinator Grant Program. Grants are being offered for watershed coordinators to develop improvement plans in parts of the state affected by implementation of the Sustainable Groundwater Management Act (SGMA). Details are available in the solicitation notice and application which can be

continued on next page

Legislature Extends Summer Recess due to COVID-19 Spread

The scheduled return of legislators to the State Capitol following a brief summer recess has been delayed due to a surprising uptick in positive COVID-19 cases.

Both the Senate and Assembly were scheduled to resume work on Monday, July 13, but a "mask-to-mask" infection of Assembly Member Autumn Burke (D-Inglewood) caused Assembly Speaker Anthony Rendon (D-Lakewood) to delay the return of Assembly members to Sacramento. Assembly hearings scheduled for this week were postponed. An official announcement from the Senate was pending at the time of this writing.

"This delayed return from recess is just another in a string of unprecedented changes that we have experienced this year in Sacramento," said VAWC Executive Director Bob Reeb. "The Legislature suspended work under its traditional deadlines in March, and briefly returned to work in early June. The Legislature has severely limited public access to the State Capitol since March, making the work of issue advocacy a real challenge. Thankfully, legislators have significantly reduced the number of bills they are pursuing this year," Reeb said.

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California Farm Sector Suffers from Pandemic Effects

The impact of the COVID-19 pandemic on California agricultural businesses has been severe, unprecedented, and will continue to affect the industry for the coming months and years, according to a report commissioned by a number of production agricultural organizations.

ERA Economics, LLC, a Davis, CA company, issued a report last month that summarizes an evaluation of the economic impact on California agricultural industries. The study focuses on producers, but also describes and quantifies impacts to other businesses in the integrated agricultural supply chain. ERA Economics says that their study should be viewed as an initial assessment based on the data available at the time the study was conducted (late April and May 2020).

"The pandemic and the resulting associated global slowdown in economic activity continue to change daily," notes the report's executive summary. "Therefore,

See Farm Sector, page 2

Valley Ag Water Coalition Contact Information: Cristel Tufenkjian, Secretary-Treasurer 4886 East Jensen Avenue Fresno, California 93725 (559) 237-5567 Phone (559) 237-5560 FAX

Inside Sacramento Report

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found here. The application deadline is Tuesday, Sept. 15.

Water Resilience Projects Get \$83.9 Million Boost from DWR's IRWM Program

The Department of Water Resources (DWR) has announced \$83.9 million in grants for local and regional water resilience projects. The funding is awarded through the Integrated Regional Water Management (IRWM) Program and will be spread among projects in five funding areas: Sacramento River, San Joaquin River, San Diego, Mountain Counties, and Central Coast.

Funded by voter-approved Proposition 1 these funds will support projects that address aging infrastructure, flood control, depleted groundwater levels and other critical needs in communities throughout the state. Approximately \$31.4 million of the funding will go toward projects that also provide direct benefits to disadvantaged and underrepresented communities. This is the third set of funding awards that have been released under this program since April 2020. DWR's announcement can be found here.

The final award list can be found here.

Comments Being Accepted on SGC's Draft Guidelines for State Agencies

The California Strategic Growth Council (SGC) has released its draft Technical Assistance Guidelines for State Agencies. The guidelines include best practices in capacity building and technical assis-

continued on next page

Legislature, continued from page 1

The Legislature's return to the State Capitol is unknown. The second year of the 2-year regular session is scheduled to end on August 31, but could be extended through the end of November, if necessary.

"Six COVID-19 cases were reported as of last week in the State Assembly alone," Reeb said. "What is particularly concerning is that the capitol building has been locked down and only essential legislative staff and legislators are generally in the building and all are required to wear masks. A limited number of lobbyists and the public have been admitted to attend committee hearings; and, telephone testimony has been offered to others not physically present. The latter has not worked particularly well. The normal course of communications between lobbyists, stakeholders, legislators and their staffs has been nonexistent. We are essentially reduced to telephone and e-mail contact."

Farm Sector, continued from page 1

these impacts will change and should be updated as additional industry information becomes available. For example, timely access to crop protection products during the upcoming season was noted as a point of concern for the industry. If interruptions in this input supply chain prevent applications during the summer growing season, additional crop damage and losses would occur that are not considered in this analysis."

The firm also notes that interruptions in available labor supply due to another wave of the pandemic or localized outbreaks within specific industries (or regions or operations) would also substantially increase estimated impacts.

The conclusions of the economic impact analysis are as follows:

- The COVID-19 pandemic was an abrupt disruption to the agricultural supply chain in California and around the world. The most significant impacts of this pandemic were caused by changes in agricultural product demand as a result of: disruptions in the export markets; distribution, packing, and supply chain logistics; shut-down of the entire food service industry; and shift in consumer purchases to more shelf-stable items from retail establishments.
- The direct economic impact of the COVID-19 pandemic on California agriculture is estimated between \$5.9 and \$8.6 billion this year. This includes estimated year-to-date impacts of over \$2 billion. Including secondary impacts, the total impact is about \$13 billion in output value, or between \$4.1 billion and \$6.5 billion in economic value-added for the California economy this year.
- The economic impacts fall disproportionately on impoverished, rural counties in the state. Impacts to farm jobs, processing, and income tend to fall on workers that reside in economically disadvantaged communities in these rural counties.
- Job losses depend upon how quickly the economy recovers following the shutdown of the food service sectors. Preliminary Economic Development Department (EDD) data show that April employment was down 13.4 percent, or 2.4 million jobs for farm, processing, and manufacturing sectors statewide. Impacts in the rural counties were greater, with Kern, Tulare, Im-

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perial, and Monterey showing agriculture-related job losses of 27 percent to 81 percent, emphasizing the impacts of the pandemic in rural counties.

- Most of the direct crop losses were to fresh fruit and vegetables that were in season when the COVID-19 pandemic hit. Other crops have seen export market impacts. It is also important to note that some commodities have seen an uptick in demand under the pandemic. This includes shelf-stable items such as rice and processed tomato products.
- The impact of the COVID-19 pandemic should be viewed in the context of other pressures on the agricultural industry in the state. Groundwater Sustainability Plan implementation started earlier this year for Critically Overdrafted groundwater sub-basins across the state and 2020 water supply deliveries for agriculture are reduced, resulting in higher water costs. AB 1066 and SB 3 are being implemented and workforce scarcity continues, resulting in increasing labor costs for many producers. Other water and air quality programs impose additional reporting and compliance costs on the industry.

"In the longer term, California's agricultural economy is strongly dependent on exports," the report concludes, with an ominous recitation of factors that weigh against a healthy export market:

"The level of exports of specialty high value crops in California is going to be dependent on the world economy, and the ability of upper income consumers to spend on specialty foods. Agricultural exports are unlikely to return to prepandemic levels anytime in the near future for the following reasons. First, the current slowdown in the growth of Asian economies, principally China, is already in evidence. For the first time in three decades China has not established a target growth rate for their 2020 GDP. Europe is the other large market for California produce and their economic outlook is less optimistic than China with a heavy and contentious debt in the EU and high unemployment. A second factor that will dampen the food export environment is the change in attitude towards long supply chains that the pandemic has engendered. Already, there are some comments on the need for greater proportion of homegrown supply to reduce the risk of disruption. The third factor which must be considered in conjunction with the projections in this report is the effect of a resurgence of the virus in the fall. If this occurs the projections that represent the annual impact in this study are all moot, and are likely to increase. However, given the current knowledge and the progression of the pandemic coupled with the potential for improved therapy and possible vaccines these estimations of the 12-month impact by food sector are, on balance, the most likely economic outcome for California agriculture."

A copy of the 65-page report can be found here.

Safe Drinking Water Plan Approved

Moving ahead with an ambitious 10-year commitment to bring vulnerable Californian communities access to safe and affordable drinking water, the State Water Resources Control Board recently approved the FY2020-21 Safe and Affordable Drinking Fund Expenditure Plan that prioritizes up to \$130 million to numerous projects over the next 12 months.

Senate Bill No. 200 established the Safe and Affordable Drinking Water Fund and requires the annual adoption of a Fund Expenditure Plan. Expenditures from

NEWS BRIEFS continued

tance to assist State agencies in developing their own technical assistance programs. The public comment period will run through July 20.

The draft can be found at: https://sgc.ca.gov/news/2020/06-30.html

Association of California Water Agencies Virtual Conference

This one-and-a-half day virtual conference, July 29–30, will feature high-quality keynote presentations along with statewide issue forums and other diverse programs discussing the latest developments and insights on the most important issues affecting the water industry, including resilience in the Delta.

For more information, click here.

Two Events Team Up for Water Innovation Conference Next Month

Two of California's premier water innovation conferences are being combined into an online event this year. Solutions for Water Resiliency will combine the fifth annual Water Data Summit and Water Solutions 5 on Aug. 20 and 21. Certain early registration discounts are available through Friday, July 17.

Event information and registration available at: https://www.cawaterdatasummit.org/

California WaterFix Records to Remain on Delta Stewardship Council Website

On June 26, the Delta Stewardship Council sent a listsery message regarding the removal of

continued on next page

NEWS BRIEFS continued

documents from a past covered action, California WaterFix. Please note that these documents will continue to be available through the covered action web page or by request via archives@deltacouncil.ca.gov.

Link: https://coveredactions.deltacouncil.ca.gov/profile_summary.aspx?c=1790396c-5419-4ccb-b0d3-10cc4e985105

Update 2018 One of 11 State Water Plans Examined in Master's Thesis

California Water Plan Update 2018 is one of 11 water plans from western states to be examined in a recent master's thesis. Leah Cogan, a graduate student at Oregon State University, looked at the plans to see how well they incorporate or promote integrated resources management and polycentricity. The thesis also looks at several indicators to determine each plan's adaptive capacity. A copy of the master thesis can be found here.

The California Water Plan Update 2018 is available here.

Reclamation Announces One Funding Opportunity, and Extends Deadline of Another

The U.S. Bureau of Reclamation (Reclamation) is announcing one funding opportunity and extending the deadline of another. Grant funding is available for multi-benefit projects that result in sustained water savings and increase the production of hydropower. The application deadline is Thursday, Sept. 17. Reclamation has

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Safer Program, continued from page 3

the Fund will complement other funding sources as part of the broader Safe and Affordable Funding for Equity and Resilience (SAFER) Drinking Water Program, which includes general obligation bond funds and funding available through annual Drinking Water State Revolving Fund capitalization grants. The SAFER Program also encompasses regulatory efforts to protect drinking water; community engagement to identify needs and solutions; data collection and assessment to promote sound decision making; and information management to provide transparency and accountability. The SAFER Program's goal is to provide safe drinking water in every California community, for every Californian.

The top priorities for expenditures from the Fund for Fiscal Year (FY) 2020-21 include:

- Addressing any emergency or urgent funding needs, where other emergency funds are not available and a critical water shortage or outage could occur without support from the Fund
- Addressing community water systems (CWSs) and school water systems out of compliance with primary health standards, focusing on small Disadvantaged Communities (DACs)
- Accelerating consolidations for systems out of compliance, at-risk systems, as well as state smalls and domestic wells, focusing on small DACs
- Providing interim solutions and initiating planning efforts for long-term solutions for state smalls and domestic wells with source water above a primary maximum contaminant level (MCL)

Up to \$130 million will be available from the Fund for local assistance and state operations. The Fund complements the State Water Board's existing suite of financial assistance programs, generally limited to addressing capital infrastructure. It widens the net for entities and types of projects eligible for funding. This includes building local technical and managerial capacity, consolidating small systems to achieve economies of scale, and supporting critical operations and maintenance functions. Up to \$400 million, primarily for capital projects, is available from complementary funding sources.

"Ensuring all Californians have access to clean, safe and affordable drinking water is a generational challenge," said E. Joaquin Esquivel, Chair of the State Water Board. "This first year's adoption of the fund's annual expenditure plan is a key milestone, with much work ahead. We're fortunate for the continued collaboration and opportunity to bring these long-needed resources to communities and water systems struggling to provide safe drinking water in California."

Assisted by the 19-member SAFER Advisory Group composed of stakeholders and community members, the State Water Board is preparing a comprehensive needs analysis and establishing project priorities. The SAFER Advisory Group provides the State Water Board with constructive advice and feedback on the Fund Expenditure Plan and other related policies and analyses. The appointed members represent public water systems, technical assistance providers, local agencies, nongovernmental organizations, the public and residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells. The Group meets up to four time a year at locations throughout California to provide many opportunities for public and community input. All meetings are widely publicized, open to the public, and offer translation services.

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Safer Program, continued from page 4

Advisory Group members include Horacio Amezquita, San Jerardo Cooperative Inc. (NGO);

Sergio Carranza, Pueblo Unido CDC, Technical Assistance Providers (TA); Michael Claiborne

Leadership Counsel for Justice & Accountability, (NGO); David Cory, Central Valley Salinity Coalition (Public); Benjamin Cuevas, Tooleville, CA (Resident); Castulo Estrada, Coachella Valley Water District, Local Agencies (Local); Lucy Hernandez, AGUA Coalition (Resident); Don James, Tolowa Dee-Ni' Nation, Public Water System (PWS); Everett McGhee, Fuller Acres Mutual Water Company (Resident); Maria Olivera, Tooleville Mutual Nonprofit Water Association (Resident); Camille Pannu, Community Member (Public); Katie Porter, California Urban Water Agencies (PWS); Ramon Prado, Delhi, CA (Resident); Emily Rooney, Agricultural Council of California (NGO); Elena Saldivar, Pixley, CA (Resident); Nicholas Schneider, Mojave Water Agency (Local); Jessi Snyder, Self-Help Enterprises (TA); Isabel Solorio, Lanare Community (Resident); and, Dawn White, Golden State Water Company (PWS).

On May 5, the Board adopted a policy that guides how this fund is administered. While the policy is largely procedural in nature, it will serve as a guide for this ambitious program. The policy provides an overall funding strategy and will do several things: define key eligibilities, metrics and terms; describe how proposed remedies will be identified and prioritized; and establish a petition process for disadvantaged communities seeking consolidation with another – often larger and more economically viable – public water system. According to the newly adopted policy, solutions for non-compliant and at-risk public water systems will be prioritized based on immediate health risk, untreated or at-risk water sources, and chronic compliance or water shortage issues.

To learn more about the SAFER program, click <u>here</u>. To learn more about the Policy and Plan, a fact sheet that provides greater detail can be found <u>here</u>.

(Source: State Water Resources Control Board)

Farmland Values Hinge on Future Water Availability

Availability of water and the impact of the Sustainable Groundwater Management Act continue to be a main focus when California agricultural appraisers determine land values, particularly in water-short regions.

During a business conference held virtually earlier this month, the California Chapter of the American Society of Farm Managers and Rural Appraisers also touched on other issues affecting land values, including supply-and-demand dynamics for various crops and market conditions, especially under COVID-19.

But water continues to dominate discussion of how land values are assessed as SGMA is implemented.

David Orth of New Current Water and Land LLC, a water consulting firm in Fresno, stressed that future groundwater use may be limited and restricted. What remains uncertain, he added, is "when, where and how long are we going to transition through this" as water managers and users tackle tough questions and try to develop solutions.

See Farmland Values page 6

NEWS BRIEFS continued

also extended the deadline for drought resiliency project funding. Those project proposals must now be in by Wednesday, Aug. 5.

Additional information on these programs and extensions can be found <u>here</u>.

Monthly Webinar Series Will Focus on Climate-Resilient Water Management

A coalition of water organizations will be hosting a series of webinars on approaches to climate-resilient water management. The first of the monthly webinars will be tomorrow, July 16. It will cover the basics of resilient water management. The webinar series will lead up to a global conference tentatively scheduled for November.

Webinar information and registration can be found at: https://agwaguide.org/training/webinar-series-climate-resilient-water-management-approaches/

WEBINAR: SGMA Fees: GSA Implementation, GSP Projects and Prop 218 Pitfalls

Jul 22 @ 12:00 pm – 1:00 pm This presentation will discuss different funding options for implementing Sustainable Groundwater Management Act (SGMA) requirements. It will cover funding options for the development and implementation of Groundwater Sustainability Plans (GSPs), including a Groundwater Sustainability Agency's (GSA) authority to impose fees, and the purpose and types of fess. It will also cover the intricacies of fee

continued on next page

NEWS BRIEFS continued

setting and the benefits and disadvantages of different fee structures. Case studies will be presented to illustrate SGMA fees in action. The presentation will be followed by a facilitated discussion and Q&A opportunity.

Registration and event information is available <u>here</u>.

Blog Roundup

Check out a collection of blogs linked from Maven's Notebook. There are links to a variety of blogs with opinions on the Delta, the proposed tunnels, river flows, water quality, and more. The links can be found here.

UPCOMING MEETINGS

California Water Commission

July 15, 2020; 9:30am Webcast, Zoom

Call-in No.: (214) 765-0479 or (888) 278-0296 (U.S. toll free) Conference code: 596019

<u>Agenda</u>

Delta Protection Commission

July 16, 2020; 3:00pm Zoom: https://zoom.us/join Meeting ID: 967 0773 0145

Password: 158158

Call-in No.: (866) 434-5269 Access Code: 114570#

<u>Agenda</u>

State Water Resources Control Board

July 21-22, 2020; 9:30am <u>Webcast</u> (Watch-Only) <u>Zoom</u> and Call-in information: <u>Agenda</u>

continued on next page

Farmland Values, continued from page 5

"I think it's clear that the days of appraising land value based on well capacity are behind us," he said. "We can no longer assess the value of property based on how big the pump is and assume that that water will always be there."

Local agencies overseeing critically overdrafted water basins submitted plans to the state earlier this year for how they would balance water supply with demand. Orth described groundwater sustainability plans, or GSPs, filed to date as "complex, difficult to interpret and uncertain." Though the plans contain "interesting concepts" of sustainable yield, pumping ramp-downs and other management actions, Orth said some of the plans depend on water supply that may not exist. Developing these plans may prove "extremely expensive or impossible from a regulatory-approvals process," he added.

In Kern County, which has an average annual water-supply deficit of 350,000 acre-feet, balancing water supply and demand is a "daunting task," said Eric Averett, general manager of the Rosedale-Rio Bravo Water Storage District in Bakersfield.

Lowering the water deficit in the area, Averett said, will need to rely mostly on reduced demand, "which most of us find unacceptable." In addition, regulatory decisions continue to nip at the amount and timing of water exported from the delta. With ongoing litigation, "it will be years before these issues are settled," he added.

To help meet demand, Averett said, some water will need to come from partnerships with areas that have surplus supplies, with water markets and trading likely to be part of the solution. Though there's "some angst with the idea," he said he believes it will be "one of the more important tools for water management" in the future.

"There can be no doubt that fallowing will be part of our strategy to balance the supply and demand," he said. "We need regional fallowing programs that aggregate fallowed acres, to minimize a patchwork of idle land and maximize economic opportunities for those lands."

Agricultural landowners need to manage water the way they manage money, he added, and that means they need to review their GSPs, which he equated to financial statements.

"We really need landowners to get involved and start asking those tough questions, because those GSPs described something that in the real world will be very difficult to deliver," Averett said.

Longer term, as in 20 to 30 years out, University of California, Davis, agricultural economist Dan Sumner said he believes the state will "evolve into more secure ownership of water," including for groundwater, and end up with more flexibility and more markets.

"I think the markets that will be coming to agriculture will unleash incentives that we haven't seen before for California water," Sumner said.

Looking at how markets will affect land values for several of the state's top crops, Kaushal Khanna of Olam Farming in Fresno, which grows and processes nuts, and Mike Ming, an agricultural appraiser and broker for Alliance Ag Services

Farmland Values, continued from page 6

in Bakersfield, both pointed to this year's estimated 3 billion pound almond crop as a challenge for marketers, leading to lower prices for farmers. Though new product innovations have helped to create demand and new markets for almonds, strained U.S.-China relations and impacts from COVID-19 have hurt exports, they said.

For winegrapes, one "huge bright spot" from the pandemic is the 30% rise in retail sales for wine, much of it through e-commerce, said Karl Lehman, manager of Central Valley operations for Allied Grape Growers. The trend is expected to continue, he said, citing a new report from Rabobank that indicated millennials and Generation Z wine drinkers "are more than likely to continue and increase their online spending versus going back into the storefront."

Though increased online sales have helped to offset some lost business due to the shutdown of tasting rooms, Lehman said restaurant closures have hindered wine sales, particularly for wineries on the North Coast that produce higher-end wines. Wineries that derive much of their revenue as venues for entertainment, weddings and other events also have struggled amid the pandemic, he added.

On the supply side, Lehman said the state hit its peak bearing acreage of 590,000 the last two years, and that "manifested itself in some undesirable ways." To bring supply and demand into balance, some 50,000 to 55,000 acres of vineyards need to be pulled, he said, noting farmers are forecast to remove about 35,000 acres this year.

In the citrus business, farmers continue to face escalating production costs, the risk of the deadly citrus greening disease, rising competition from imported fruit, and tariffs and phytosanitary requirements in key export markets such as Korea, China, Japan and Australia, said Zak Laffite, president of Delano-based Wonderful Citrus. But he noted the COVID-19 impact on citrus consumption has been largely positive. Though food-service consumption has plummeted, with lemons being the most affected, retail consumption of all citrus categories has increased, particularly for oranges.

(Reprinted with permission by California Farm Bureau Federation. Writer Ching Lee is an assistant editor of Ag Alert. She may be contacted at **clee@cfbf.com**.)

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UPCOMING MEETINGS

Public Webinar: Identifying At Risk Water Systems & Domestic Wells July 22, 2020; 9:00am Morning Session Link Afternoon Session Link Agenda

Sacramento-San Joaquin Delta Conservancy

July 22, 2020; 9:00am

Agenda

Zoom (Not Yet Posted):

Delta Stewardship Council

July 23, 2020; 9:00am Webcast Agenda

State Water Resources Control Board

August 5, 2020; 9:30am Webcast Zoom and Call-in info.: Notice

Central Valley Regional Water Quality Control Board

August 13-14, 2020; 9:00am 11020 Sun Center Dr., #200 Rancho Cordova, CA 95670 Agenda (Not Yet Posted)

Valley Ag Water Coalition

The mission of the Valley Ag Water Coalition is to represent the collective interests of its San Joaquin Valley member agricultural water companies and agencies in California legislative and regulatory matters by providing leadership and advocacy on issues relating to the development and delivery of a reliable farm water supply.

Tab VII KERN DELTA WATER DISTRICT



To: Kern Delta Water District Board of Directors

From: Steven Teglia – General Manager

Date: July 21, 2020

Re: Agenda Item VII – Water Banking Projects

RECOMMENDATION:

Receive report, informational item only.

DISCUSSION:

Below is a brief summary of activities of note related to various water baking projects/activities of interest to the District.

Kern Fan Recovery Activity:

• As of July 14th, various Kern Fan projects were recovering groundwater (roughly 600cfs) as reported via KCWA.

Pioneer Participant Meeting:

• No Report

Kern Fan Monitoring Committee:

No Report

KDWD Water Banking Project:

• With the SWP allocation increasing to 20%, Metropolitan Water District notified Kern Delta regarding reducing their request for return water.

Cross Valley Canal Advisory Committee:

- Last meeting held June 24, 2020.
- Most water in the CVC is groundwater running in reverse flow to the California Aqueduct. There are some deliveries to Arvin Edison and the Friant.
- Staff will provide additional verbal comment regarding the CVC flow and capacity modeling project underway.

Tab VIII KERN DELTA WATER DISTRICT



To: Kern Delta Water District Board of Directors

From: Steven Teglia – General Manager

Date: July 21, 2020

Re: Agenda Item VIII – External Agency Report

RECOMMENDATION:

Receive report, informational item only.

DISCUSSION:

Staff participates in / monitors multiple external agency meetings monthly. Below is a summary including items of note from the various meetings:

Kern County Water Agency:

- The KCWA Board met June 25, 2020.
- SWP allocation increased from 15% to 20%.
- Most KCWA Office Staff teleworking...CVC field and ID-4 staff working as normal (social distancing).
- DCF DEIR December 2020 (see attached timeline graphic).
- Yuba River Water Program slight increase for Kern Delta

Kern Fan Authority:

• The KFA met June 24,2020.

Kern River Groundwater Sustainability Agency (KRGSA):

- The July 9, 2020 KRGSA Meeting was canceled.
- Next meeting scheduled for August 6, 2020.

Kern Groundwater Authority (KGA):

- The June 24, 2020 KGA Meeting was canceled.
- Next meeting scheduled for July 22, 2020.

Kern River Watershed Coalition Authority (KRWCA)(ILRP):

- The July 2, 2020 KRWCA Meeting was canceled.
- Next meeting scheduled for August 6, 2020.

South Valley Water Resources Authority:

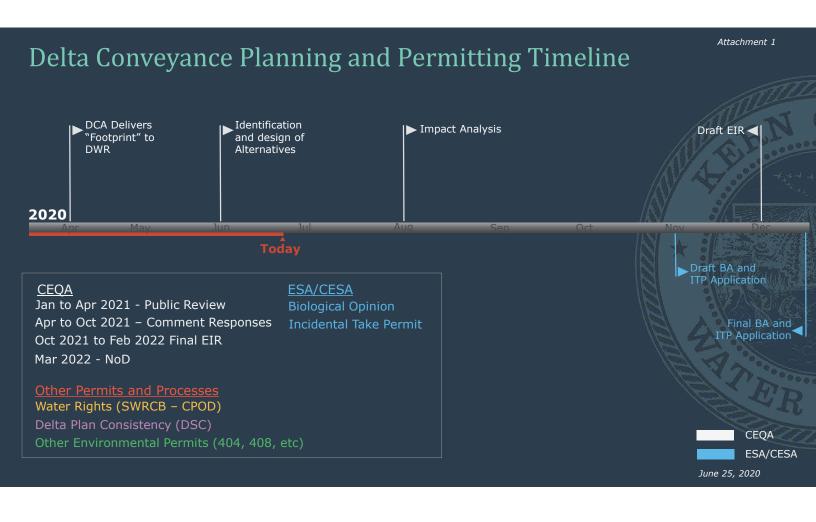
• No Report.

Integrated Regional Water Management Plan:

• No Report.

Water Association of Kern County (WAKC):

- WAKC met June 23, 2020.
- WAKC continues to promote the need for agricultural water in California. Plans developed to utilize "wraps" on busses and other locations to support "Magic of Water" campaign.
- Efforts continue to identify/select a successor to Beth Pandol who has announced her retirement.
- The 2021 Water Summit is on hold for now.
- Planning for the 2020 Annual Dinner in November will begin, with the understanding it may have to be canceled.



Tab IX KERN DELTA WATER DISTRICT

RESOLUTION NO. 2020-05

RESOLUTION OF THE BOARD OF DIRECTORS OF KERN DELTA WATER DISTRICT MAKING FINDINGS AND ADOPTING A MITIGATED NEGATIVE DECLARATION FOR THE SUNSET GROUNDWATER RECHARGE FACILITY PROJECT.

- **WHEREAS**, Kern Delta Water District ("District") is a California Water District formed pursuant to Division 13 of the California Water Code; and
- WHEREAS, Arvin-Edison Water Storage District ("Arvin-Edison") and District are collaborating on a groundwater recharge project known as the "Sunset Groundwater Recharge Facility Project" ("Project"); and
- WHEREAS, the Project includes the joint construction and operation by the District and Arvin-Edison of approximately 150 gross acres of groundwater recharge ponds and associated pumping and pipeline facilities, to capture available supplemental water supplies and recharge the groundwater aquifer in furtherance of the District's and Arvin-Edison's respective water management programs and Groundwater Sustainability Plans; and
- WHEREAS, the Project will help achieve sustainable groundwater levels and avoid the corresponding adverse environmental and economic burden associated with groundwater declines projected to occur without the Project; and
- WHEREAS, an initial study was conducted and it was determined that the Project's environmental impacts could be reduced to less than significant levels with implementation of the proposed mitigation measures, therefore a Mitigated Negative Declaration ("MND") was prepared in accordance with the California Environmental Quality Act (CEQA); and
- **WHEREAS**, Arvin-Edison is the Project lead agency, and on July 14, 2020, Arvin-Edison's board of director's adopted the MND and a Mitigation Monitoring and Reporting Program ("MMRP") in compliance with CEQA; and
- **WHEREAS**, District is a responsible agency for the Project, and as a responsible agency, District must also consider and adopt the MND; and
- **WHEREAS**, District's Board of Directors independently reviewed and considered the information contained in the MND and MMRP

NOW, THEREFORE, BE IT RESOLVED by this Board of Directors as follows:

1. The above recitals, incorporated herein, are true and correct.

- 2. That this Board of Directors makes the following findings: (a) it has independently reviewed and analyzed the MND and MMRP for the Project, and considered other information in the record as required by CEQA, prior to considering whether to approve or otherwise act on the Project; (b) the MND and MMRP have been completed in compliance with CEQA and consistent with state and local guidelines implementing CEQA; (c) the MND represents the independent judgment and analysis of the District as a responsible agency for the Project; and (d) there is no substantial evidence in the record before it that the Project may or will have a significant effect on the environment.
- 3. That the MND, including Project mitigation described therein, is approved and adopted.
- 4. That the MMRP is approved and adopted and made a part or condition of the Project as required by CEQA.
- 5. That the Board of Directors also finds that the public improvements, including groundwater recharge facilities, proposed to be constructed and operated as a part of the proposed Project are for the benefit of lands within the District.
- 6. That the Project is hereby approved.

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ALL THE FOREGOING being on motion of Director, second by Director and authorized by the following vote:		
AYES:	DIRECTOR Antongiovanni, Bidart, Collins, Garone, Kaiser, Mendonca Palla, Spitzer, Tillema	
NOES:	NONE	
ABSTAIN:	NONE	
ABSENT:	NONE	

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution of the Board of Directors of Kern Delta Water District adopted at its meeting held on July 21, 2020.

RICHARD TILLEMA

Secretary of the Board