

SAUCELITO IRRIGATION DISTRICT

GROUNDWATER BANKING POLICY

Adopted [date]

District Objectives

The District adopts this Policy based on its determination that approval of groundwater banking activities will benefit the District, its landowners and water users, in the following respects:

- Increase the total water supply available in the District;
- Improve groundwater conditions within the Tule Subbasin (Bulletin 118, Subbasin 5-22.13, hereafter “Basin”) and the District;
- Contribute to the reduction of District and landowner costs to produce groundwater;
- Increase the diversification of water supplies available in the District;
- Facilitate landowners needs to obtain water for beneficial use in the District; and
- Facilitate the District’s compliance with the Sustainable Groundwater Management Act.

Definitions

1. “AF” means acre feet.
2. “Area of Concern” shall mean Land Subsidence Management Area as defined by the ETGSA. Attached hereto as Exhibit A is a copy of a map identifying the current Area of Concern. The ETGSA may revised the Land Subsidence Management Area from time to time. This Area of Concern shall be revised accordingly.
3. “Banker” shall mean a landowner within the District or a third party with a written agreement acceptable to the District with a landowner within the District.
4. “Banking Project” means the facilities and operations described on the attached Exhibit A.
5. “Banking Project Facilities” means the facilities identified on the attached Exhibit A other than those identified as District facilities.
6. “Banking Project Facility Report” means the document attached as Exhibit A containing all of the information required by paragraph 5 of the Groundwater Banking Policy, including the monthly and annual reporting procedures required by paragraph 10 of that policy.
7. “Basin” means the Tule Subbasin (Bulletin 118, Subbasin 5-22.13).
8. “CEQA” means the California Environmental Quality Act.

9. “Force Majeure Event” means any flood, earthquake, failure of any facility not owned by Banker, acts of God (other than drought), governmental or court actions, and other events which are beyond the reasonable control of, and have not been caused or contributed to by the parties hereto.

10. “Friant” means the Friant Division of the Central Valley Project.

11. “FKC” means the Friant Kern Canal.

12. “Groundwater Recharge Policy” means the Policy Principles for Saucelito Irrigation District Landowner Groundwater Recharge Program dated January 17, 2017, as may be amended from time to time by the District.

~~12.13.~~ “Landowner” shall mean a fee title owner of land within the District boundaries that is not a Banker as defined herein.

~~13.14.~~ “Leave Behind Water” means the percentage amount of the total volume of water reported, on an annual basis, to be assumed to have augmented Basin storage according to paragraph 6 of the Groundwater Banking Policy.

~~14.15.~~ “MOCP” means a monitoring and operational constraint plan ensuring that unacceptable impacts to neighboring crops, well flow rates, well water levels and/or water quality are prevented and/or, if recognized, ~~by~~ adequately mitigated.

~~15.16.~~ “Recaptured Recirculation Water” means water made available to the District at any location pursuant to the "Stipulation of Settlement in Natural Resources Defense Council, et al. v. Kirk Rodgers, et al.", paragraph 16 (a), and the San Joaquin River Restoration Settlement Act (Public Law 111-11), and any implementing plan, regulations and policies of Reclamation, as any of them may be amended, or any other water transferred or exchanged to replace such water.

~~16.17.~~ “Recharge Water” means water imported by, purchased from the District for the stated purpose, or controlled by Banker and delivered to the Banking Project for recharge and storage purposes.

~~17.18.~~ “Reclamation” means the United States Department of the Interior, Bureau of Reclamation

~~18.19.~~ “Recoverable Water” means any water recharged and stored in the Basin by Banker using the Banking Project, less (a) evapotranspiration losses prior to recharge and (b) Leave Behind Water.

~~19.20.~~ “Recoverable Water Account” means a storage sub-account under the name of the District accounting for the running total of Recoverable Water credited to the Banker.

20.21. “Year” means a water year commencing October 1 and ending September 30.

POLICY

1. Application of Policy

This Policy shall apply to all water banks within the District. The District, through this Policy, authorizes 50% of its lands to be converted to water banks as described in the map attached hereto and incorporated by reference as Exhibit A.

2. Eligibility

A party eligible to develop, operate and maintain a groundwater bank within the District is required to be a current owner (in good standing) of land within the District boundaries and/or a third party with a written agreement with such a landowner of the District (“Banker”).

3. Banking Facilities

The Banker shall be solely responsible for determining the nature, location and extent of the necessary banking facilities. All costs of design, permitting, construction, operation, maintenance, repair and replacement and all other costs and expenses of a groundwater banking facility shall be the sole responsibility of the Banker.

4. Recovery Operations

The Banker shall adhere to the following requirements in recovering banked water.

a. **Recovery within SID:** Banked water may be recovered from wells in SID for use in SID in accordance with the Banking Policy. Recovery of water within the Area of Concern shall be in accordance with the terms of this Policy. This mode of recovery will not be used for wells within 1 mile of the FKC.

b. **Recovery within the ETGSA:** Banked water may be recovered from wells in the ETGSA that are outside of SID in accordance with ETGSA rules and regulations. Recovery of water within the Area of Concern shall be in accordance with the terms of this Policy.

c. **Recovery to Pixley ID:** Banked water may be recovered from wells in Pixley ID in accordance with both ETGSA and Pixley ID GSA rules and regulations.

d. **Recovery within LTRID:** Banked water may be recovered from wells in LTRID in accordance with both ETGSA and LTRID GSA rules and regulations. Recovery of water within the Area of Concern shall be in accordance with the terms of this Policy. This mode of recovery will not be used for wells within 1 mile of the FKC.

e. **Operational Exchanges:** May be permissible pursuant to District requirements.

5. Permissible Sources of Supply.

Intended sources of all banking water supplies shall include only sources from either: Central Valley Project or local surface supplies to the Tule Subbasin.

6. Exchanges of Recoverable Water

Friant Water. Banker may, in its sole and absolute discretion, each Year make Recoverable Water available to the District in exchange for an equal amount of the District's Friant Class 1 water in Millerton Reservoir as follows:

- a. If Banker elects to do so, then Banker shall notify the District of the volume of Recoverable Water Banker requests to exchange in the current Year by **May 15** of that Year. The notice must identify the schedule, volumes and locations at which Banker requests to deliver the extracted Recoverable Water into District conveyance facilities in-lieu of normal District deliveries of Friant water.
- b. Within ~~14~~**45** days of Banker's notice, the District will notify Banker that the District has determined, in its sole and absolute discretion, that the requested exchange is either approved, modified, or denied.
- c. Upon agreement between Banker and the District regarding the schedule and volume of the exchange, the District will allocate that amount of its Friant Class 1 supply to Banker in Millerton Reservoir. The District shall use its best efforts and cooperate in good faith with Banker to convey or cause the conveyance of that water from Millerton Reservoir to its designated place of use at the times and volumes requested by Banker.

Recaptured Recirculation Water. Banker may, in its sole and absolute discretion, request an exchange of Recoverable Water for Recaptured Recirculation Water as follows:

- a. The District will timely notify Banker whenever the District is advised by Reclamation that Recaptured Recirculation Water is or will be available and the District has, in its sole and absolute discretion, determined that such water is available for exchange.
- b. Banker shall make its election to take delivery of Recaptured Recirculation Water in lieu of Recoverable Water and provide the District with written notice of that election, prior to May 15 of the Year in which Banker requests delivery of the Recaptured Recirculation Water. However, if the District advises Banker of the availability of Recaptured Recirculation Water after April 21 of any Year, then Banker may make its election and notify the District in writing within 10 business days of being notified by the District that Recaptured Recirculation Water is available. Banker and the District acknowledge that, other than Recaptured Recirculation Water that is carried over from one Year to the next, the timing of availability of Recaptured Recirculation Water is uncertain but that such supplies may be available later in the Year.

Allocation of Exchange Capacity. In the event the demand for recovery of stored water through an exchange of District surface water supplies (e.g., Friant water and Recaptured Recirculation Water) is determined by the District to exceed the available capacity, then the

District water available for exchange will be allocated by the District according to uniform District policies, rules and regulations applicable to all District landowners.

7. Banking Facilities Report

Prior to commencement of construction and operation of groundwater banking facilities the Banker shall submit and obtain approval from the District of a written report containing the following information:

- a. The banking site location (Assessor Parcel Number, legal description, and GIS map).
- b. The conveyance and distribution facilities and manner and method of operation.
- c. The recharge facilities and the manner and method of operation.
- d. The recovery facilities (landowner and/or project extraction wells) and the manner and method of operation.
- e. The energy facilities (electric, diesel, solar, etc.).
- f. The schedule for permitting, construction and commencement of operation.
- g. The plan of operation, maintenance, repair and replacement of banking facilities.
- h. The intended source of all banking water supplies (e.g., Central Valley Project, local surface waters [Tule River], third party exchange/transfer supplies, other).
- i. The banking accounting, measurement, monitoring and reporting procedure.

8. Monitoring and Operational Constraint Committee

The Board shall appoint the following members to a Monitoring and Operational Constraints Committee (MOCC). The MOCC will ensure that district interests, adjacent landowners and FKC interests are protected. The 5-member Monitoring Committee will be composed as follows:

- 1 seat for a Banker representative;
- 1 seat for a SID director or the General Manager;
- 1 seat for a SID director;
- 1 seat for a Landowner within SID; and
- 1 seat for a Friant Water Authority (FWA) representative.

The MOCC will oversee Banker's implementation of the MOCP. All committee members must be present to conduct a Monitoring Committee meeting. An affirmative vote of at least eighty percent (80%), or four out of five votes, shall be required for any recommendation or action of the Committee.

The MOCC will be responsible for:

- Resolution of disputes in which Banker and a third party are unable to reach agreement on appropriate responses to complaints.

Review of monitoring reports to:

- Determine whether operations have caused significant unacceptable impacts to groundwater levels or quality; and
- Determine whether Banker can proceed with construction and operation of the next Phase.

Banker will be responsible for collecting and evaluating data to:

- Estimate if unacceptable impacts to third parties have occurred or may occur in the future as a result of Project operations when compared to conditions that would have occurred absent the Project;
- Adjust Project operations to avoid or minimize unacceptable impacts to third parties; and
- Respond to reasonable complaints of unacceptable impacts as a result of Project operations.

9. Monitoring and Operational Constraint Plan (MOCP)

Banker is required to have a Monitoring and Operational Constraint Plan (MOCP) to ensure that unacceptable impacts to neighboring crops, well flow rates, water levels and quality are prevented and/or adequately mitigated. The Project will be designed, operated, and monitored in a manner to ensure that the beneficial effects of the Project are maximized while preventing significant unacceptable impacts to the aquifer, groundwater levels, groundwater quality, the FKC, or adjacent landowners relative to conditions that would have occurred absent the Project. The MOCP shall include:

a. Groundwater Level Monitoring

The District receives Spring (collected February and delivered in May) and Fall (collected in October and delivered in December) groundwater level monitoring data from the ETGSA. The District will utilize such data to monitor groundwater levels at or near the water bank.

b. Water Quality Sampling

The District receives Summer (collected in July and delivered in September) water quality monitoring data from the ETGSA. The District will utilize such data to monitor groundwater levels at or near the water bank.

c. Subsidence Monitoring

The District receives Summer (collected in July and delivered in September) subsidence monitoring data from the ETGSA. The District will utilize such data to monitor groundwater levels at or near the water bank.

i. Project Modeling

The Eastern Tule Groundwater Sustainability Agency (ETGSA) has developed calibrated groundwater model (“Model”) as a tool that may be used to evaluate conditions that would have existed without the Project (“Without Project”). Without Project conditions assume farming is continued within the Project footprint. The model will be updated regularly (at least annually) and compared to actual conditions (“With Project”).

The Parties shall mutually cooperate to attain all data necessary for such updates. The Parties will utilize the water level monitoring data collected by ETGSA and SID and may conduct additional monitoring as needed. As a matter of practice, the Parties will use the best and latest science and information available in all modeling and technical matters.

Model forecasts shall utilize actual data collected from the year prior with projected operations for the year to be forecasted.

For purposes of making determinations hereunder the output of the Model shall be utilized.

For purposes of this MOP the Model must be calibrated to within industry standards.

In case of a dispute concerning a technical issue with the Model, such as data inputs or the results based thereon, the Parties shall consult with an independent third party to resolve the matter.

ii. Evaluate Subsidence Conditions

Absent unanimous approval of the MOCC, the transfer of Project water for recovery within the Area of Concern may not occur until the Model has been run for the projected operations and the MOCC has met to review the results.

The Model will be used to:

Forecast through the end of each year the With Project and Without Project groundwater levels and subsidence conditions within the Area of Concern no later than April of each year (“Model Forecast”); and

Identify any localized areas for special attention and/or monitoring.

iii. Triggers and Actions

When the Model generated With Project subsidence conditions are projected to be greater than the Model generated Without Project conditions within the Area of Concern (“Trigger”), the parties shall meet and confer to identify and implement the necessary corrective action(s) (“Action”).

The MOCC may, subject to the Model Forecast demonstrating a Trigger, require the Project to implement one or more of the following corrective Actions:

Reducing or adjusting recovery of water within the Area of Concern to levels that prevent the Trigger, based upon Model Forecast outputs; or

Termination of transfer and/or recovery of water within the Area of Concern until the Model Forecast no longer results in a Trigger condition; or

With the unanimous consent of the MOCC provide other acceptable mitigation.

Impacts within the Area of Concern will not require Action for reasons other than Project operations (i.e., general overdraft conditions)

iv. Funding

All costs associated with the model run(s) shall be the responsibility of the Banker.

10. Groundwater Banking Agreement

Prior to commencement of construction or operation of banking facilities, the Banker shall enter into a groundwater banking agreement with the District to provide for groundwater banking activities consistent with this policy.

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11. Banking Leave Behind

In order to ensure that a groundwater banking project will protect the Basin and benefit the District, its landowners and water users, the Banker shall leave in storage in the Basin aquifer to the credit of the District's storage master account the percentage amount of the total water reported, on an annual basis, to have augmented the storage in the Basin according to the following table:

WATER SUPPLY	PLACE OF USE			
	SAUCELITO ID	EAST-TULE GSA	REMAINDER OF TULE SUB-BASIN	ANY OTHER LAWFUL PLACE
WATER AVAILABLE TO THE DISTRICT AND DESIGNATED FOR IRRIGATION DELIVERY	20%	X	X	X
WATER AVAILABLE TO THE DISTRICT AND DESIGNATED FOR GROUNDWATER RECHARGE	10%	20%	X	X
WATER AVAILABLE TO THE DISTRICT AND DESIGNATED FOR OUT OF DISTRICT SALE	10%	20%	30%	X ¹
NON-DISTRICT WATER FROM THE TULE RIVER TRIBUTARY TO THE BASIN	10%	20%	30%	X ²
OTHER NON-DISTRICT SURPLUS WATER SUPPLY	15%	15%	15%	15%

The term "water available to the District" means all Central Valley Project, Tule River or any other water supply which the District owns and is otherwise required to manage and deliver to landowners and water users within the boundaries of the District. An example illustrating application of the leave behind requirements in the table above is, if 1,000 AF of water available to the District and designated for out of district sale was banked by the Banker and reported as

¹ The District reserves the right to approve additional uses on a case-by-case basis.

² The District reserves the right to approve additional uses on a case-by-case basis.

augmenting the storage in the Basin pursuant to this policy then: 900 AF could be extracted by the Banker if used within Saucelito ID; 800 AF could be extracted if used within the Eastern Tule GSA boundary; and 700 AF could be extracted if used within the remainder of the Tule Subbasin but outside of the Eastern Tule GSA boundary. The District's storage master account would be credited respectively in the amount of 100 AF, 200 AF or 300 AF. The District will determine, in its sole discretion, the use of the water stored and credited to the District in its storage master account resulting from any groundwater banking activities.

12. Place of Use

Any water credited to the Bankers storage sub-account originating from a District water supply, along with water originating from the Tule River, shall only be extracted and beneficially used within the boundaries of the District, the Eastern Tule Groundwater Sustainability Agency, or the Tule Subbasin (Bulletin 118, 5-22.13) to the extent provided in the leave behind requirements stated in Paragraph 6 above. Any water recharged, stored and credited to the Bankers storage sub-account originating from other non-District imported water supplies may be extracted and beneficially used at any place permitted by law in accordance with the leave behind requirements stated in Paragraph 6 above. It is anticipated that the District will review the leave behind (Paragraph 6) and place of use (Paragraph 7) provisions of this policy, and any other provision deemed necessary by the District, in conjunction with the five year review conducted by the Department of Water Resources following the District's initial submittal of its Groundwater Sustainability Plan in 2020.

13. Priority of Use of District Water

All District water supplies available for groundwater banking shall be subject to the District policies, rules and regulations regarding priority for allocation and use of water by landowners and water users within the District.

14. In-District Conveyance of Recharge Water and Recoverable Water

Banker is entitled to the use of available capacities to convey water to and from the Banking Project in District facilities and other facilities the District is entitled to use according to the District policies, rules and regulations governing conveyance of water for irrigation and recharge purposes in effect at the time of the conveyance. In the event the demand for conveyance capacity within District conveyance facilities is determined by the District to exceed the available capacity, then the available capacity will be allocated by the District consistent with applicable District policies, rules and regulations.

15. Conveyance of Recharge Water and Recoverable Water through Third Party Conveyances

Banker, at its sole expense, shall be responsible for obtaining all approvals and complying with all requirements for conveying water through third party conveyance facilities.

16. Banking Accounting, Measurement, Monitoring and Reporting Procedure

The Banker shall be responsible for developing and implementing a procedure to accurately account for all banking activities on a monthly and annual basis including the following: the source of all water delivered to each turnout, recharge discharges, percolation rates, recharge losses to evaporation and soil profile, net augmentation to storage in the Basin, pumping extractions, amounts of water in storage and recovery, the place of use of all banked water deliveries, changes in local groundwater conditions (including depth to groundwater, water quantity, quality, groundwater gradient and migration). All water recharged, stored and credited to the Banker according the groundwater banking agreement shall be identified by source of water as a separate storage sub-account exclusively for use by the Banker but under the name of the District. Prior to commencement of construction and operation of groundwater banking facilities the Banker shall submit a written report and obtain approval from the District of its proposed banking accounting, measurement, monitoring and reporting procedure. The Banker shall provide the District on a monthly and annual basis a written report of all groundwater banking activities in a form approved by the District.

17. District Groundwater Banking Fees

Banker shall pay fees to the District to compensate the District for its services under this Policy, and its costs and expenses incurred in connection with its obligations under this Agreement in accordance with uniform District policies, rules and regulations applicable to all District landowner groundwater banking projects. The District shall invoice Banker for these fees on a monthly or annual basis, as the case may be, which Banker shall pay within thirty (30) days of receipt.

18. Legal Compliance

The Banker shall be solely responsible for complying with all applicable Federal, State and local laws, rules and regulations relating to its banking activities. At the District's discretion, the Banker shall provide the District with a copy of any permit, order, agreement, environmental document, judgment or other record requested by the District indicating the Banker's compliance with applicable laws.

19. California Environmental Policy Act

The District shall act as the lead agency under the California Environmental Policy Act (Public Resources Code §21000, et. seq., "CEQA") and shall carry out any CEQA requirements

prior to adoption of this Policy. The Banker shall be responsible for the payment of all costs and expenses incurred by the District and the Banker relating to such compliance.

20. Indemnification

The Banker shall indemnify, defend and hold harmless the District, its board of directors, officers, employees, agents, assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death, and including attorneys' fees and other costs of litigation, arising out of or connected with the development, operation and maintenance of a groundwater bank.

21. District Administration

The Banker shall reimburse the District for its reasonable costs and expenses incurred, as determined by the District, to prepare or review the agreements, reports, plans and other documents and materials relating to the administration of the groundwater banking agreement with the Banker.

22. Other Limitations and Commitments

1. Water will be banked, returned, exchanged, or transferred in compliance with all federal, state, local, and tribal laws, and requirements imposed for protection of the environment and Indian Trust Assets, including the Central Valley Project Improvement Act;
2. The Project will not be used to place untitled or new lands into agricultural production, or to convert undeveloped land to other uses. Specifically, no native or untitled land (fallow for three consecutive years or more) will be cultivated with the water managed through this Project;
3. Transfers and/or exchanges will be limited to existing supply and will not increase overall consumptive use;
4. Operations to bank, return, transfer and/or exchange the water will not result in new Delta exports above those already scheduled for normal CVP or State Water Project (SWP) operations;
5. The Project will not interfere with the normal CVP or SWP operations;
6. Transfers and/or exchanges cannot alter the flow regime of natural water bodies such as rivers, streams, creeks, ponds, pools, wetlands, etc., so as to not have a detrimental effect on fish or wildlife, or their habitats; and

7. The Project will be operated in compliance with the SID Recharge Policy; the ETGSA GSP and any other SGMA-related requirements; and all applicable district policies, rules and regulations.

23. Rules & Regulations

Subject to the District rules and regulations including but not limited to, the availability, priority of use, and pricing of District water supply, a landowner in the District may operate a groundwater banking project within District boundaries.

24. Legal Authority

California law permits a party who has a separate legal right to surface water developed from a source that is separate and distinct from the natural or native groundwater supplies existing in a common Basin aquifer to use the developed water for beneficial use. A party that owns a developed water supply “may use the supply by commingling the water with the native supplies and may subsequently recapture the developed water.” (*City of Los Angeles v. City of Glendale* (1943) 23 Cal.2d 68, 76-78.) The recapture right includes the amount equivalent to the augmentation contributed by the water stored (either by direct recharge or return flows from water deliveries) (*City of Los Angeles v. City of San Fernando* (1975) 14 Cal.3d 199, 260.) Banking projects are permitted to recharge, store and recover water placed in the Basin aquifer so long as the quantity recovered does not exceed the amount contributed and none of the banking activities cause injury to any Basin resource or the rights of other users of water in the process.

25. District Banking Activities Reserved

The District does not currently intend to directly develop, operate and maintain a groundwater bank but does expressly reserve its authority to revise these principles to include District groundwater banking in the future should it be deemed necessary and proper.