

**COMMISSIONERS**

ROBERT PARRIS, *Chair*

KATHY MAC LAREN-GOMEZ, *Vice Chair*

LEO THIBAUT, *Treasurer-Auditor*

DON WILSON, *Secretary*

KEITH DYAS, *Commissioner*

BARBARA HOGAN, *Commissioner*

OFFICERS

PETER THOMPSON II, *General Manager*

TOM BARNES, *Resources Manager*

DENNIS HOFFMEYER, *Controller*

DANIELLE HENRY, *Executive Assistant*

June 1, 2023

**Agenda for the Regular Meeting of the Commissioners
of the Antelope Valley State Water Contractors Association
to be held at Antelope Valley-East Kern Water Agency at
6450 West Avenue N, Palmdale**

Thursday, June 8, 2023

6:00 p.m.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Association meeting please contact Danielle Henry at 661-947-4111 x1059 at least 48 hours prior to an Association meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the Palmdale Water District's office located at 2029 E. Ave. Q, Palmdale. Please call Danielle Henry at 661-947-4111 x1059 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the Association to conduct its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance.
- 2) Roll call.
- 3) Adoption of agenda.
- 4) Public comments for items not on the agenda.
- 5) Presentation: Department of Water Resources/State Water Contractors Energy Roadmap. (Mr. Jonathan Young, Energy Manager, State Water Contractors)

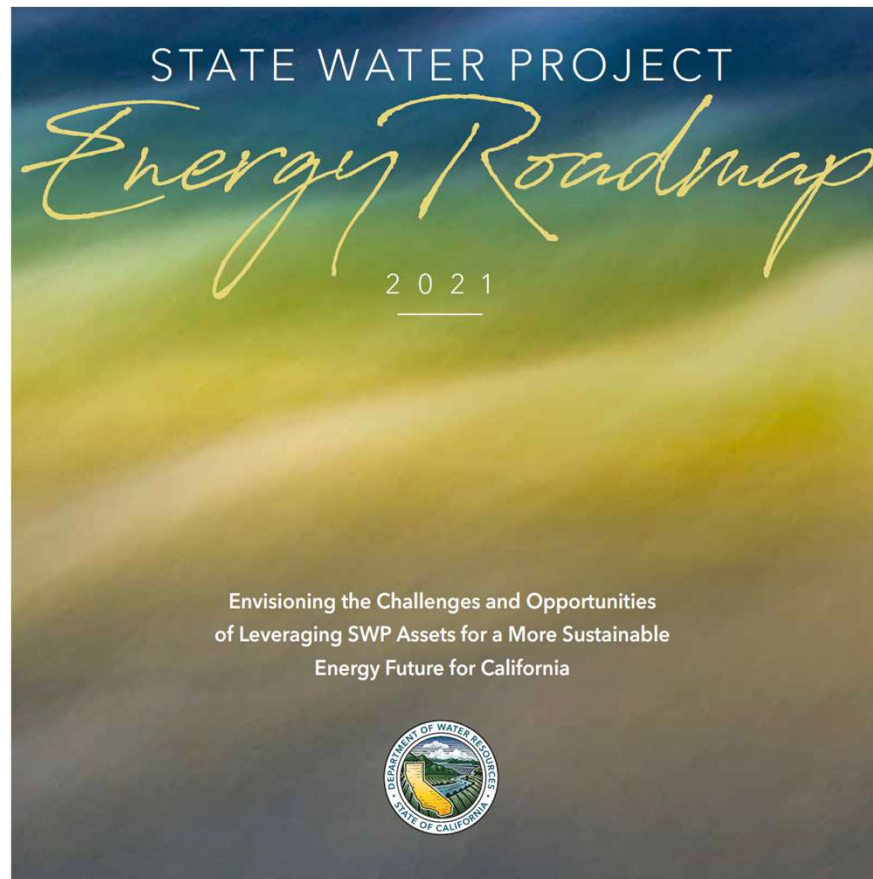
- 6) Consideration and Possible Action on Minutes of Regular Meeting held February 9, 2023.
- 7) Payment of Bills.
- 8) Consideration and Possible Action on Acceptance and Filing of Audit for Year Ended June 30, 2022. (Controller Hoffmeyer)
- 9) Consideration and Possible Action on Budget for Fiscal Year 2023/2024. (General Manager Thompson II/Controller Hoffmeyer)
- 10) Discussion and Possible Action on Littlerock Creek Recharge Project Agreement. (General Manager Thompson II)
- 11) Review and Discussion of Big Rock Creek Recharge Project Staff Activities Update. (General Manager Thompson II)
- 12) Report of General Manager.
 - a) Status updates:
 - 1) Antelope Valley Watermaster meetings.
 - 2) Antelope Valley and Fremont Basin IRWMP Stakeholder meetings.
 - 3) Emergency Response Agreement with Antelope Valley Mutual Water Companies.
 - 4) 2023 Replacement Water Assessment.
- 13) Report of Controller.
 - a) Update on Revenue, Expenses and Change in Net Position.
- 14) Reports of Commissioners.
- 15) Report of Attorney.
- 16) Commission members' requests for future agenda items.
- 17) Consideration and action on scheduling the next Association meeting August 10, 2023.
- 18) Adjournment.

AVSWCA Presentation June 8, 2023

- **Jonathan Young, Energy Manager**
- **jyoung@swc.org | (279) 999-6020**



DWR / SWC Energy Roadmap



Why do we need the Energy Roadmap?

Variability of SWP Pump Load

California clean energy policies

Changing resource mix

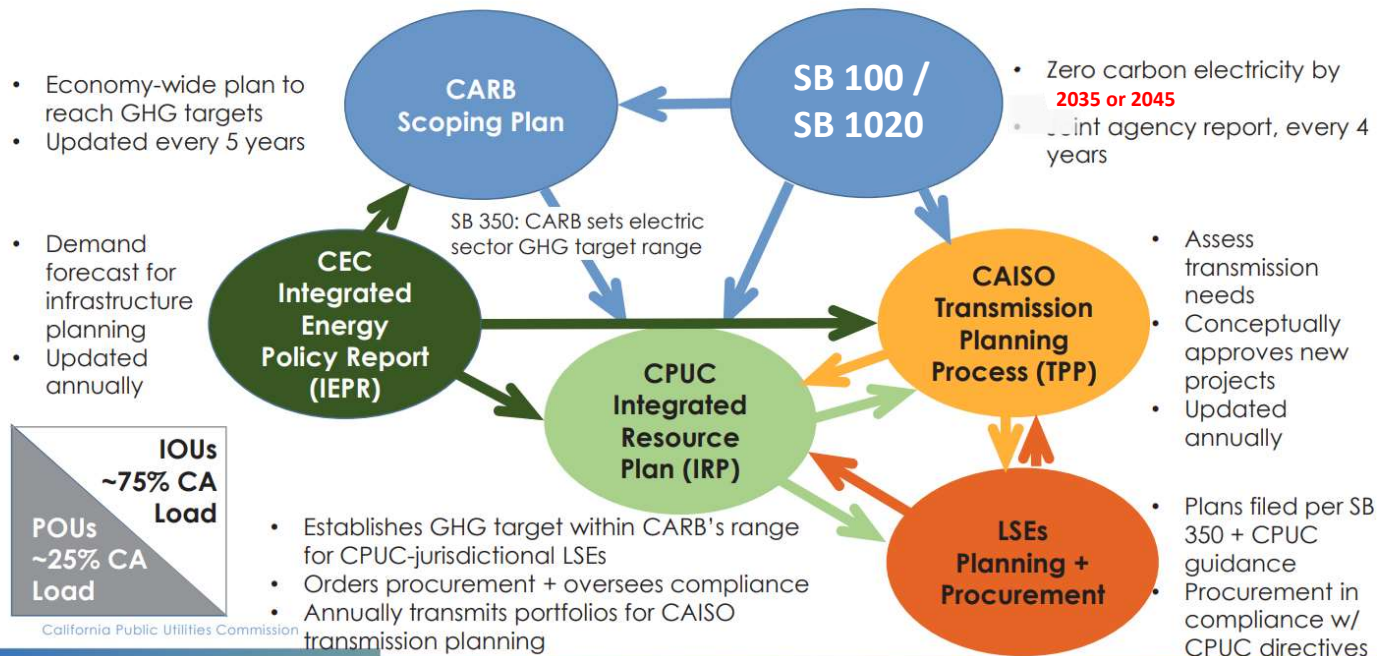
Rising energy costs

Ensure DWR / SWC are on the same page



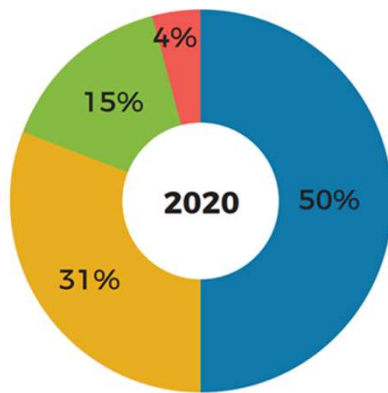
California's Clean Energy Policies

California's Electricity Planning Ecosystem

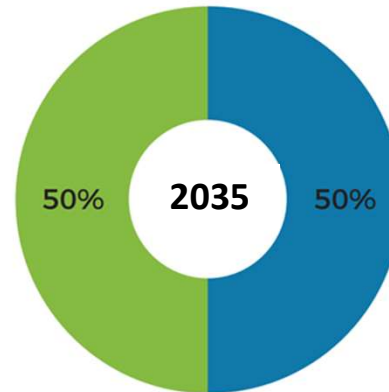


California's Clean Energy Policies

STATE WATER PROJECT POWER PORTFOLIO



65% emissions free resources



100% emissions free resources

■ Large Hydro ■ Market Purchases ■ Contracted Renewables ■ Fossil Fuels



CAISO's Proposed Major Transmission Development Pathways

ES-1: Illustrative Diagram of Transmission Development



Core Values

Ensure a reliable State Water Project - No impacts to water deliveries

Build on successful past collaborative efforts

Clear responsibilities and authorities

Leverage expertise

Transparency

Cost effective power portfolio



What have we done so far?

Continue work on SB 49 / Flexible Resources Study

Identify threats to current and future operations of the SWP

Seek State / Federal Funding

Partner with DWR to discuss water demand flexibility



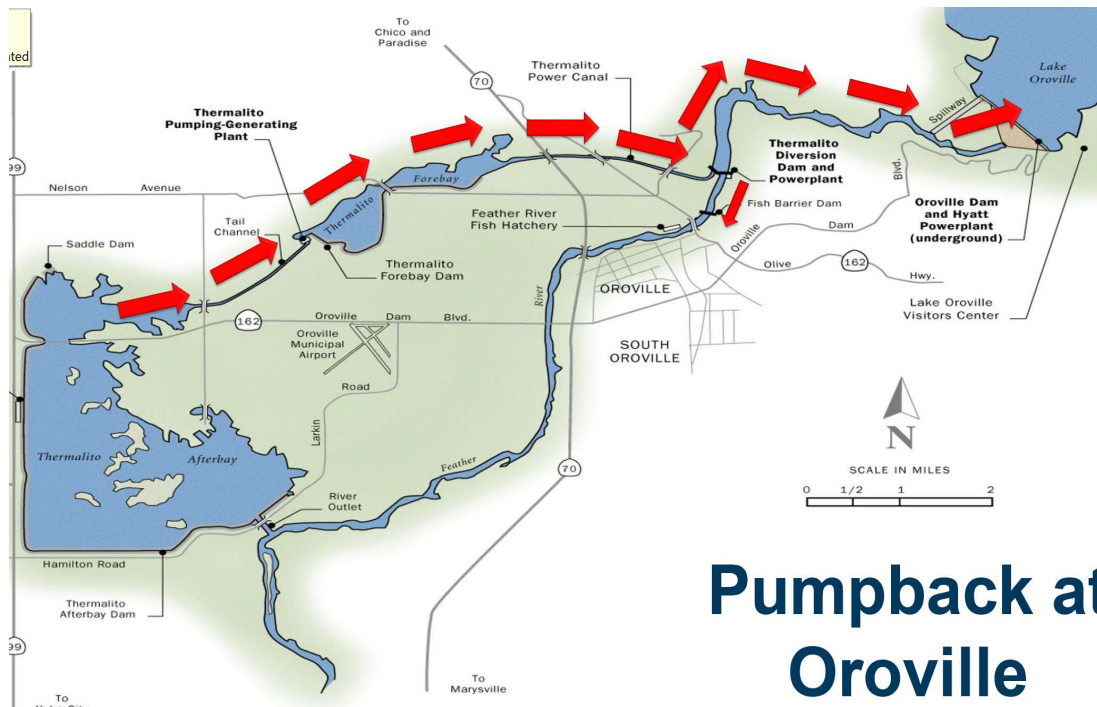
Funding for pump back operations at Oroville



Release at Oroville



Funding for pump back operations at Oroville



Pumpback at Oroville



SB 1020 - Clean Energy, Jobs, and Affordability Act of 2022 Introduced

State Water Project:

Meet 100% of load with clean energy by 2030

New clean energy resources

In California

In front of the meter and dispatchable by CAISO

Maximize long-term employment, new economic activity, generate local and state tax revenues, and assist with the development of new industries.

**\$2.6
Billion**



DWR:

100% clean energy for state agencies by 2030

Procuring agent for all state agencies

Allow utilities to subscribe to projects

SB 1020 - Clean Energy, Jobs, and Affordability Act of 2022 **Chaptered**

State Water Project:

Meet 100% of load with clean energy by ~~2030~~ 2035

New clean energy resources

~~In California~~

~~In front of the meter and dispatchable by CAISO~~

Maximize long-term employment, new economic activity, generate local and state tax revenues, and assist with the development of new industries.

Force Majeure Provision

Early Termination of Existing Resources to 2040

DWR:

~~100% clean energy for state agencies by 2030~~

~~Procuring agent for all state agencies~~

~~Allow utilities to subscribe to projects~~

**\$1.2
Billion**



Offsetting the impact

Secure funding:

State

Federal

Bond

Operational Changes:

Explore clean energy resources behind the meter

Work with DWR to understand SWP load profile and CAISO market emissions

Look at potential CAISO market changes to reduce costs/increase revenues





Questions

RPS vs. Zero Carbon

Renewable Portfolio Standards (RPS)

Solar

Solar Thermal

Onshore Wind

Offshore Wind

Geothermal

Bioenergy

Fuel cells (green hydrogen)

Small hydro (existing)

Zero Carbon

Large Hydro (existing)

Nuclear (existing)

Green Hydrogen /
biomethane

Natural Gas with carbon
capture



**ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2022 and 2021**

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

For the Fiscal Years Ended June 30, 2022 and 2021

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Financial Section



INDEPENDENT AUDITORS' REPORT

Governing Board
Antelope Valley State Water Contractors Association
Palmdale, California

Opinion

We have audited the accompanying financial statements of the Antelope Valley State Water Contractors Association (Association) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



Murrieta, California
April 15, 2023

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Balance Sheets

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 323,064	\$ 261,595
Accounts receivable	24,258	-
Prepaid items	546	7,521
Total assets	<u>\$ 347,868</u>	<u>\$ 269,116</u>
LIABILITIES		
Accounts payable	<u>\$ 48,993</u>	<u>\$ 21,754</u>
Total liabilities	<u>48,993</u>	<u>21,754</u>
NET POSITION		
Unrestricted	<u>298,875</u>	<u>247,362</u>
Total net position	<u>298,875</u>	<u>247,362</u>
Total liabilities and net position	<u>\$ 347,868</u>	<u>\$ 269,116</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION*Statements of Revenues, Expenses, and Changes in Net Position**For the Fiscal Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Operating revenues		
Member agency contributions	\$ 207,258	\$ 68,000
Contributions – other	-	34,171
Total operating revenues	<u>207,258</u>	<u>102,171</u>
Operating expenses		
Contracted services	149,345	100,923
General and administrative	6,748	6,467
Total operating expenses	<u>156,093</u>	<u>107,390</u>
Operating income(loss)	<u>51,165</u>	<u>(5,219)</u>
Non-operating revenues		
Investment earnings	348	177
Other revenue	-	289
Water replacement revenue (Note 3)	482,809	453,226
Water replacement expense (Note 3)	<u>(482,809)</u>	<u>(453,226)</u>
Total non-operating revenues	<u>348</u>	<u>466</u>
Change in net position	51,513	(4,753)
Net position		
Beginning of year	<u>247,362</u>	<u>252,115</u>
End of year	<u>\$ 298,875</u>	<u>\$ 247,362</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from member agencies	\$ 690,067	\$ 521,515
Cash received from contributions – other	(507,067)	(408,455)
Cash payments for operating expenses	<u>(121,879)</u>	<u>(116,580)</u>
Net cash provided by (used in) operating activities	<u>61,121</u>	<u>(3,520)</u>
Cash flows from investing activities:		
Investment income	<u>348</u>	<u>177</u>
Net cash provided by investing activities	<u>348</u>	<u>177</u>
Net increase(decrease) in cash and cash equivalents	<u>61,469</u>	<u>(3,343)</u>
Cash and cash equivalents:		
Beginning of year	<u>261,595</u>	<u>264,938</u>
End of year	<u>\$ 323,064</u>	<u>\$ 261,595</u>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:		
Operating loss	\$ 51,165	\$ (5,219)
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:		
Other revenue	-	289
Water replacement revenue	482,809	453,226
Water replacement expense	(482,809)	(453,226)
(Increase) decrease in accounts receivable	(24,258)	10,600
(Increase) decrease in prepaid items	6,975	3,025
Increase (decrease) in accounts payable	<u>27,239</u>	<u>(12,215)</u>
Net cash provided by (used in) operating activities	<u>\$ 61,121</u>	<u>\$ (3,520)</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Antelope Valley State Water Contractors Association (Association) was consolidated on May 26, 1999 as a joint powers authority in an effort to optimize the use of state water resources and protect surface water and groundwater storage within the Antelope Valley. Three public agencies combined to form the Association in serving the Antelope Valley: Antelope Valley – East Kern Water Agency, Littlerock Creek Irrigation District, and Palmdale Water District, which constitutes the member agencies. Each member agency appoints two members to the Governing Board.

Any member of the Association shall have the right to withdraw its membership upon serving prior written notice of intention so to do on the other members at least one hundred twenty (120) days before the close of any fiscal year. Unless sooner revoked, such withdrawal shall become effective upon the expiration of the fiscal year during which such notice was given; provided, however, that no such withdrawal shall release the withdrawing member from any financial obligation theretofore incurred by it hereunder.

Each member of the Association shall be obligated to pay its pro-rata share of the funds required to be appropriated by any approved budget. Approval of any budget by a member shall constitute an agreement of such member to pay said allocation, conditioned only on the approval thereof by each of the other members.

Basis of Accounting and Measurement Focus

The Association reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Association is that the costs of providing services be financed or recovered primarily through user (member) charges, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Financial Reporting

The Association's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States Board (GAAP), as applied to enterprise funds, The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Association solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Association's proprietary fund.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the Association Exchange transactions are those in which each party receives and gives up essentially equal values. Management administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

The Association's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Member Contributions

Contribution revenue consists of payments from members that are planned to match operating expenses. The activities of the Association consist solely of development and protection of the water supply for the Antelope Valley groundwater basin.

Grants

Grant revenues are recorded when earned on grants that have been approved and funded by the grantor. The grant source is the Safe Drinking Water Grant Fund from the State of California Department of Water Resources.

Member’s Equity

In the event of a member withdrawal, member termination, or dissolution of the Association, any property interest remaining in the Association, following a discharge of all obligations shall be disposed of pursuant to the Joint Powers Agreements as adopted by the Governing Board.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

Description	2022	2021
Demand deposits with financial institutions	\$ 323,064	\$ 261,595

Demand Deposits

At June 30, 2022 and 2021, the carrying amount of the Association’s demand deposits were \$323,064 and \$261,595, respectively, and the financial institution’s balance was \$323,064, and \$261,595, respectively. With the difference representing outstanding checks, deposits-in-transit and/or other reconciling items.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The ROP does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 3 – WATER REPLACEMENT ASSESSMENT

In accordance with the agreement dated October 23, 2019, the Antelope Valley Watermaster (Watermaster) is required to impose a Replacement Water Assessment (RWA) fee on groundwater production on parties in excess of any party's right to produce groundwater. On January 4, 2022, the Watermaster has assessed an RWA and collected funds from the parties for 1,058.06 AF of Replacement Water which is to be provided by the Association. The Watermaster passed through payments from the parties to the Association in the amount of \$482,809. The Association in turn purchased the required replacement water from Antelope Valley East Kern Water Agency, Palmdale Water District and Littlerock Creek Irrigation District for \$481,114, \$1,530, and \$165, respectively, for a total of \$482,809 for the year ended June 30, 2022.

NOTE 4 – RISK MANAGEMENT

The Association has purchased commercial general liability insurance coverage to cover claim contingencies against the Association.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The Association does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the Association is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the Association believes that these actions, when finally, concluded and determined are not likely to have a material adverse effect on the Association's financial position, results of operations, or cash flows.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 6 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through April 15, 2023, the date which the financial statements were available to be issued.

**ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
COMMISSION MEMORANDUM**

DATE: June 1, 2023 **June 8, 2023**
TO: AVSWCA COMMISSIONERS **Commission Meeting**
FROM: Mr. Dennis Hoffmeyer, Controller
VIA: Mr. Peter Thompson II, General Manager
RE: ***AGENDA ITEM NO. 9 - CONSIDERATION AND POSSIBLE ACTION ON BUDGET FOR FISCAL YEAR 2023/2024. (CONTROLLER HOFFMEYER)***

Recommendation:

Staff recommends that the Commissioners of the AVSWCA (Association) approve the attached proposed budget for Fiscal Year 2023/2024.

Background:

The proposed budget has been broken into four categories: General Operating Funds, Restricted Funds (USGS Groundwater Monitoring Program), Restricted Funds (Antelope Valley Integrated Regional Water Management Plan), and Restricted Funds (Big Rock Creek Joint Groundwater Recharge Program).

The Expenditure side for General Operating Funds categories include:

- **Insurance:** Liability insurance for the Association obtained through ACWA/JPIA
- **Memberships:** Membership in ACWA
- **Miscellaneous:** Includes all miscellaneous expenses not covered in other Association accounts (business cards, meals, etc.)
- **Outreach:** Includes the website, promotional items, and event fees
- **Contract Services:** (Administration): Services provided by AVEK (Peter Thompson II – General Manager and Tom Barnes – Resources Manager) and PWD (Dennis Hoffmeyer – Controller and Danielle Henry – Executive Assistant)
- **Contract Services:** (General): Covers A.V. Fair Conservation Garden annual maintenance fee, Home & Garden Show/SMART Water Expo, Rural Museum Sponsorship and related expenses.
- **Contract Services:** (Audit): Covers the outside review of financials for prior year close.

Per the Bylaws of the Association, the first \$30,000.00 of member agency contributions is split evenly to cover General Operating Costs. Therefore, it is recommended that each of the three member agencies contribute \$10,000.00 in Fiscal Year 2023/2024 to the Association's General Operating Fund to cover the proposed 2023/2024 General Operating Costs. Any remainder of collected revenue will go into reserve.

The Expenditure side for Restricted Funds will be discussed at the meeting.

Supporting Documents:

- Proposed FY 2023/2024 General Program Fund Budget

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Proposed Budget - FY 2023/24

General Program Funds

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23 PROPOSED BUDGET	FY 2022/23 PROJECTED YTD	FY 2023/24 PROPOSED BUDGET
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL			
Revenues:								
Member Contributions - General	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Member Contributions - Smart Water Expo/H&G Show		12,413.00	18,000.00	13,000.00		-	-	-
Member Contributions - AV Fair Conservation Garden		25,000.00	25,000.00	25,000.00		-	-	-
Interest Earnings	27.04	271.02	305.44	289.79	347.87	125.00	159.22	125.00
Revenue - Refund/Misc	-	-	-	-	-		146.49	
Total Revenue	<u>\$ 30,027.04</u>	<u>\$ 67,684.02</u>	<u>\$ 73,305.44</u>	<u>\$ 68,289.79</u>	<u>\$ 30,347.87</u>	<u>\$ 30,125.00</u>	<u>\$ 30,305.71</u>	<u>\$ 30,125.00</u>
Expenditures:								
Insurance (ACWA/JPIA)	\$ 2,182.98	\$ 2,183.00	\$ 2,183.00	\$ 2,183.00	\$ 2,183.00	\$ 2,350.00	\$ 2,183.00	\$ 2,350.00
Memberships (ACWA)	2,635.00	3,165.00	3,680.00	3,715.00	4,265.00	4,400.00	2,147.80	4,400.00
Outreach (Web Site, Community Activities)	5,187.40	15,544.30	444.00	569.17	300.00	3,000.00	300.00	3,000.00
Miscellaneous (Bank Fees, Refreshments, Etc.)	-	-	-	-		500.00	5,705.00	500.00
Contract Services - Administration	13,413.28	18,518.43	11,209.30	16,279.97	16,417.91	15,000.00	10,000.00	15,000.00
Contract Services - General Projects	-	-	-	-				
(A.V. Fair - Conservation Garden)			25,000.00	-		25,000.00	-	25,000.00
(Home & Garden Show/WaterSmart Expo)			10,000.00	-		-	-	-
(Rural Museum Sponsorship)				-	10,000.00	-	-	-
Contract Services - Financial Audit	2,000.00	2,500.00	2,500.00	2,500.00	-	3,500.00	2,500.00	3,500.00
Total Expenditures	<u>\$ 25,418.66</u>	<u>\$ 41,910.73</u>	<u>\$ 55,016.30</u>	<u>\$ 25,247.14</u>	<u>\$ 33,165.91</u>	<u>\$ 53,750.00</u>	<u>\$ 22,835.80</u>	<u>\$ 53,750.00</u>
Net Income (Loss)	<u>\$ 4,608.38</u>	<u>\$ 25,773.29</u>	<u>\$ 18,289.14</u>	<u>\$ 43,042.65</u>	<u>\$ (2,818.04)</u>	<u>\$ (23,625.00)</u>	<u>\$ 7,469.91</u>	<u>\$ (23,625.00)</u>
Member Contribution (General):								10,000.00
Additional Expenditures						AVEK Contribution =		\$ -
						PWD Contribution =		-
						LCID Contribution =		-
Secondary Member Contribution (Table A basis):								<u>\$ -</u>

**ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
COMMISSION MEMORANDUM**

DATE: May 31, 2023

June 8, 2023

TO: AVSWCA COMMISSIONERS

Commission Meeting

FROM: Mr. Peter Thompson II, General Manager

RE: *AGENDA ITEM NO. 10 – CONSIDERATION AND POSSIBLE ACTION ON LITTLEROCK CREEK RECHARGE PROJECT AGREEMENT. (GENERAL MANAGER THOMPSON II)*

Recommendation:

Staff recommends approval of the Littlerock Creek Recharge Project Agreement (Project).

Background:

The California Department of Water Resources (DWR) issued a request to State Water Project (SWP) agencies to work collaboratively to maximize the deliveries of SWP water in this exceptionally wet year. Staff from the Association's agencies believed there was an opportunity to recharge water directly into the Littlerock Creek (Creek) this year. This concept was discussed with the Watermaster Engineer and they agreed that they would be supportive of recharge directly into the Creek. Staff then worked with DWR to develop a Change in Point of Delivery Agreement that would allow for the delivery of AVEK's and PWD's SWP water to LCID's turnout. Staff further worked to develop a draft agreement that would provide a framework for delivering water for recharge to the Creek and fairly compensate LCID for the use of their infrastructure and management of the Project.

Key Terms of the Agreement:

- AVEK and PWD would share the capacity of LCID's turnout at a combined rate of 20 CFS (10 CFS each) through the end of 2023.
- LCID will receive compensation of 20 acre feet of water per week that their turnout is used by either AVEK or PWD. This water would be tallied and transferred as carryover originating from AVEK and PWD's local groundwater right by April 2024.
- All three agencies will share equally in the original setup costs of the Project.
- LCID will manage and record all flows.
- LCID will perform any maintenance and/or repairs necessary during or at the end of the Project.

This Project has the potential to yield ~7,600 acre feet of total SWP deliveries through the end of the year. It also provides a good test case for potential future recharge collaborations through Littlerock Creek.

Supporting Documents:

- Littlerock Creek Recharge Project Agreement
- PWD/DWR Change in Point of Delivery Agreement
- AVEK/DWR Change in Point of Delivery Agreement

**AGREEMENT BETWEEN ANTELOPE VALLEY STATE
WATER CONTRACTORS ASSOCIATION, LITTLEROCK CREEK IRRIGATION
DISTRICT, PALMDALE WATER DISTRICT, AND
ANTELOPE VALLEY-EAST KERN WATER AGENCY, FOR THE LITTLEROCK
CREEK RECHARGE PROJECT**

PARTIES

This Agreement (Agreement) is entered into between Littlerock Creek Irrigation District (LCID), Palmdale Water District (PWD), and Antelope Valley-East Kern Water Agency (AVEK) (each a “Party”) herein after referred to as Antelope Valley State Water Contractors Association, a joint powers agency established pursuant to California Government Code Section 6500, et seq. “Association” or “Parties”:

RECITALS

A. WHEREAS, the Association was formed in 1999, as a separate and independent governmental entity, pursuant to California Government Code Section 6500, et seq., to provide a framework for the joint exercise of its members’ common powers relating to the development and protection of water supplies in the Antelope Valley.

B. WHEREAS, among the primary goals and objectives of the Association is to maximize the conservation and protection of local surface waters and groundwater, encourage the utilization of imported water, and capitalize on the opportunities in the Antelope Valley for the replenishment and storage of water and groundwater recharge.

C. WHEREAS, the Parties wish to implement a recharge project that will enable AVEK and PWD to use LCID’s State Water Project (SWP) Turnout, herein after referred to as “Turnout” to flow a portion of SWP water to recharge the Antelope Valley Groundwater Basin via Littlerock Creek; herein after referred to as “Project”.

D. WHEREAS, the parties have signed Change in Point of Delivery Agreements with DWR (SWP #23022 & SWP #23023) to deliver a portion of each agency’s SWP water to the Turnout for recharge via the Project.

E. WHEREAS, the Parties desire to enter into this Agreement notwithstanding various aspects of the Parties' current and future participation in litigation in the matter of Coordination Proceeding Special Title (Rule 1550(b)) *ANTELOPE VALLEY GROUNDWATER CASES*, Judicial Council Coordination Proceeding No. 4408, Superior Court of the State of California, County of Los Angeles, Central District (Adjudication Litigation).

NOW, THEREFORE, in consideration of the mutual benefits to be derived by the Parties and of the promises herein contained, it is hereby agreed as follows:

TERMS AND CONDITIONS

1. LCID will allow PWD and AVEK to utilize a Change in Point of Delivery Agreement with DWR to deliver a portion of each agency's SWP water to LCID's Turnout at Reach 21 of the California Aqueduct for recharge during the term hereof commencing on April 19, 2023 and ending on December 31, 2023. A true and correct copy of the AVEK-DWR and PWD-DWR Change in Point of Delivery Agreements are attached hereto as Exhibit "A" and Exhibit "B", respectively.
2. AVEK and PWD will split the total Project capacity (20 CFS) evenly so long as both agencies are delivering water to the Project. Should either PWD or AVEK choose to stop delivery then LCID may offer the full use of the Project capacity to the other agency.
3. AVEK and PWD will compensate LCID for the use of the Turnout for the Project and their services by transferring groundwater supplies originating from each agency's adjudicated groundwater right to LCID at a rate of 20 acre-feet per week. Compensation shall be split among the agencies according to their weekly share in the usage of the Project capacity. Assuming an even split per week, AVEK and PWD would each be responsible for providing LCID 10 acre-feet per week. This compensation will be tallied throughout 2023 by each agency and affirmed monthly by LCID. Compensation will be made no later than April 30th, 2024, through transfer by the AV Watermaster.
4. AVEK and PWD will split costs evenly for material reasonably required by LCID to implement the Project. Payments for materials shall be made upon finalizing this Agreement and within 30 days of receipt of an invoice from LCID. LCID will take functional and financial responsibility for any maintenance, repairs, or restoration required for the Project during or after AVEK and PWD's deliveries are completed.
5. Each Party will be responsible for their SWP related variable costs incurred with delivering their SWP water to the Project. Each Party shall continue to pay their fixed SWP costs associated with making their SWP water available for the Project.
6. The Parties will cooperate with all State Agencies in preparing all necessary agreements and permits to enable the Project. AVEK and PWD will inform LCID weekly of their continuing use of the Turnout and work with DWR to facilitate deliveries. LCID will maintain and record on a weekly basis, flows at LCID's turnout to facilitate PWD and AVEK's deliveries and observe, record and report path and termination of flow from Littlerock Creek. The parties shall comply with water order and delivery protocols stated in Paragraphs 11 through 13 of Exhibit "A" and Exhibit "B" hereto.
7. AVEK and PWD will be responsible for the Project Administration including project management, communication, coordination between the Parties, and facilitating deliveries with DWR.
8. Each Party will be responsible for its own fees and expenses arising out of the negotiation and execution of this Agreement, obtaining necessary Board approvals and other appropriate expenses.

9. The Parties shall comply with California Environmental Quality Act (CEQA) and cooperate with one another with respect to CEQA compliance that may be required for the proposed Project. The Parties shall each be responsible for any other environmental review or permitting necessary to implement the Project within their own respective service areas.
10. The Parties shall be responsible to fulfill any and all requirements of CEQA and any and all regulatory requirements relating to permits for this Agreement.
11. This Agreement is not assignable or transferable.
12. This Agreement shall be amended only upon written agreement of the Parties.
13. This Agreement is the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to the matters contained in this Agreement. Any waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by, or on behalf of the Party to be bound thereby. No waiver by any Party of any breach hereunder shall be deemed a waiver of any other subsequent breach.
14. Any communication, notice or demand of any kind whatsoever which either Party may be required or may desire to give to or serve upon the other shall be in writing and delivered by personal service (including courier service), by Federal Express, UPS or other overnight delivery, or by registered or certified mail, postage prepaid, return receipt requested; and shall be addressed to the person signing this Agreement on behalf of the Party, at the Party's principal place of business. Any Party may change its mailing address for notice by written notice given to the other in the manner provided in this Section. Any such communication, notice or demand shall be deemed to have been duly given or served on the date personally served, if by personal service; on the day after delivery if by "overnight courier," on the third (3rd) day after being placed in the U. S. Mail, if mailed first class, whether or not registered or certified.
15. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
16. The language in all parts of this Agreement shall be in all cases construed simply, according to its fair meaning, all the Parties shall be considered the drafters of this agreement which shall not be construed as for or against any of the Parties hereto. Section headings of this Agreement are solely for convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement. References to "Paragraphs" are to Paragraphs of this Agreement, unless otherwise specifically provided.
17. The Parties agree to perform their obligations herein in "good faith" and shall do all things reasonably necessary to carry out the intent and/or to implement the terms of this Agreement.
18. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and to their respective representatives, agents and lawful

successors.

19. Whenever required by the context, as used in this Agreement, the singular number shall include the plural, and the masculine gender shall include the feminine and neuter.
20. If any provision of this Agreement, or its application to any person, place, or circumstance, is held by a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced to the greatest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.
21. The Parties represent and warrant that they have full power and authority to enter into this Agreement.
22. Each Party agrees under Government Code section 895.4 and notwithstanding Government Code 895.2, to defend and indemnify the other Parties against any liability caused by the indemnifying Party's actions.
23. No provision in this Agreement is intended to affect the Parties' rights or obligations in the Adjudication Litigation except as may be explicitly set forth in this Agreement.

This Agreement is effective as of June ____, 2023 and shall remain in effect until April 30, 2024, unless extended under the terms of this Agreement or by action of the Association.

FOR ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION:

By: _____
Peter Thompson II, General Manager

[Signatures Continue on Next Page]

FOR LITTLEROCK CREEK IRRIGATION DISTRICT:

By: _____
James Chaisson, General Manager

FOR PALMDALE WATER DISTRICT:

By: _____
Dennis D. LaMoreaux, General Manager

FOR ANTELOPE VALLEY-EAST KERN WATER AGENCY:

By: _____
Matthew Knudson, General Manager

EXHIBIT "A"

(AVEK-DWR Agreement SWP #23022)

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
ANTELOPE VALLEY-EAST KERN WATER AGENCY
AND
LITTLE ROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
ANTELOPE VALLEY-EAST KERN WATER AGENCY'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLE ROCK CREEK IRRIGATION DISTRICT'S TURNOUT

SWP #23022

THIS AGREEMENT is made under the provisions of the California Water Resources Development Bond Act, and other applicable laws of the State of California among the Department of Water Resources of the State of California, herein referred to as "DWR," Antelope Valley-East Kern Water Agency, herein referred to as "AVEK," and Littlerock Creek Irrigation District, herein referred to as "LCID." DWR, AVEK, and LCID may be referred to individually as "Party", or collectively as "Parties."

RECITALS

- A. DWR and AVEK have entered into a water supply contract, dated September 20, 1962, and subsequently amended, providing that DWR shall supply certain quantities of water to AVEK, providing that AVEK shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "AVEK's Water Supply Contract").
- B. DWR and LCID have entered into a water supply contract, dated June 22, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to LCID, providing that LCID shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "LCID's Water Supply Contract").
- C. In order to better manage its SWP water supplies and to increase water reliability to help meet water demands within its service area, AVEK has requested DWR's approval for a temporary additional point of delivery of a portion of its approved SWP water supplies (AVEK's SWP Water) to LCID's turnout located in Reach 21 of the California Aqueduct. This turnout directly feeds into an adjudicated groundwater basin in the Antelope Valley region (Adjudicated Antelope Valley Groundwater Basin), where AVEK can store its SWP water supplies for later recovery for use in its service area.
- D. In compliance with the California Environmental Quality Act (CEQA), AVEK, as the lead agency, has determined that the delivery of AVEK's SWP Water under this Agreement is categorically exempt from CEQA and will file a Notice of Exemption (NOE) with the State Clearinghouse (SCH). DWR, as a responsible agency, will file a NOE based on CEQA Guidelines Section 15301 (Existing Facilities) with SCH upon execution of this Agreement.

AGREEMENT

DWR approves a temporary additional point of delivery of a portion of AVEK's SWP Water to LCID's turnout during the term of the Agreement, subject to the following terms and conditions:

TERM

1. Upon execution by all Parties, this Agreement shall be effective as of March 22, 2023 and shall terminate on December 31, 2023 or upon final payment to DWR by AVEK of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until the expiration of the applicable statute of limitations, or until any claim or litigation concerning this Agreement asserted to DWR, AVEK, or LCID within the applicable statute of limitations is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of AVEK's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF AVEK'S SWP WATER

3. Under Article 15(a) of AVEK's Water Supply Contract, DWR hereby consents to the delivery of a portion of AVEK's SWP Water outside AVEK's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair AVEK's capacity to make payments to DWR.

SOURCE OF WATER

4. AVEK attests that the delivery of a portion of AVEK's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, AVEK's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within AVEK's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of AVEK's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of AVEK's Water Supply Contract. Article 12(f) of AVEK's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

6. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions of such approvals and any other applicable legal requirements. AVEK and LCID shall

SWP #23022

be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. AVEK shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF AVEK's SWP WATER TO LCID's TURNOUT

7. DWR will deliver a portion of AVEK's SWP Water for use in its service area, to LCID's turnout at Reach 21 of the California Aqueduct through December 31, 2023.
8. AVEK's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in AVEK's service area.
9. The delivery of AVEK's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled AVEK SWP water deliveries, plus deliveries to AVEK under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under AVEK's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of AVEK's Water Supply Contract.
12. AVEK shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23022. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. AVEK shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23022, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. AVEK shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. AVEK shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, AVEK agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with AVEK's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. AVEK and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of AVEK's and/or LCID's respective Water Supply

SWP #23022

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to AVEK and/or LCID when the water is delivered to the designated turnout.

20. AVEK and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. AVEK and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of AVEK and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, AVEK, and LCID, this Agreement is not assignable by AVEK or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

27. This Agreement shall not be interpreted to modify the terms or conditions of AVEK's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of AVEK's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing AVEK and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION

29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

SWP #23022

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson *TD*

John Leahigh

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/3/2023

5/8/2023

Date

Date

ANTELOPE VALLEY-EAST KERN
WATER AGENCY

LITTLE ROCK CREEK IRRIGATION
DISTRICT

Matthew Knudson

James Chaisson

Name

Name

General Manager

General Manager

Title

Title

5/1/2023

5/1/2023

Date

Date

EXHIBIT “B”

(PWD-DWR Agreement SWP #23023)

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
PALMDALE WATER DISTRICT
AND
LITTLEROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
PALMDALE WATER DISTRICT'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLEROCK CREEK IRRIGATION DISTRICT'S TURNOUT

SWP #23023

THIS AGREEMENT is made under the provisions of the California Water Resources Development Bond Act, and other applicable laws of the State of California among the Department of Water Resources of the State of California, herein referred to as "DWR," Palmdale Water District, herein referred to as "PWD," and Littlerock Creek Irrigation District, herein referred to as "LCID." DWR, PWD, and LCID may be referred to individually as "Party", or collectively as "Parties."

RECITALS

- A. DWR and PWD have entered into a water supply contract, dated February 2, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to PWD, providing that PWD shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "PWD's Water Supply Contract").
- B. DWR and LCID have entered into a water supply contract, dated June 22, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to LCID, providing that LCID shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "LCID's Water Supply Contract").
- C. In order to better manage its State Water Project (SWP) water supplies and to increase water reliability to help meet water demands within its service area, PWD has requested DWR's approval for a temporary additional point of delivery of a portion of its approved SWP water supplies (PWD's SWP Water) to LCID's turnout located in Reach 21 of the California Aqueduct. This turnout directly feeds into an adjudicated groundwater basin in the Antelope Valley region (Adjudicated Antelope Valley Groundwater Basin), where PWD can store its SWP water supplies for later recovery for use in its service area.
- D. In compliance with the California Environmental Quality Act (CEQA), PWD, as the lead agency, has determined that the delivery of PWD's SWP Water under this Agreement is categorically exempt from CEQA and will file a Notice of Exemption (NOE) with the State Clearinghouse (SCH). DWR, as a responsible agency, will file a NOE based on CEQA Guidelines Section 15301 (Existing Facilities) with SCH upon execution of this Agreement.

AGREEMENT

DWR approves a temporary additional point of delivery of a portion of PWD's SWP Water to LCID's turnout during the term of the Agreement, subject to the following terms and conditions:

TERM

1. Upon execution by all Parties, this Agreement shall be effective as of March 22, 2023 and shall terminate on December 31, 2023 or upon final payment to DWR by PWD of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until the expiration of the applicable statute of limitations, or until any claim or litigation concerning this Agreement asserted to DWR, PWD, or LCID within the applicable statute of limitations is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of PWD's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF PWD'S SWP WATER

3. Under Article 15(a) of PWD's Water Supply Contract, DWR hereby consents to the delivery of a portion of PWD's SWP Water outside PWD's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair PWD's capacity to make payments to DWR.

SOURCE OF WATER

4. PWD attests that the delivery of a portion of PWD's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, PWD's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within PWD's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of PWD's Water Supply Contract. Article 12(f) of PWD's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

6. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions

SWP #23023

of such approvals and any other applicable legal requirements. PWD and LCID shall be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. PWD shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF PWD'S SWP WATER TO LCID'S TURNOUT

7. DWR will deliver a portion of PWD's SWP Water, for use in PWD's service area, to LCID's turnout at Reach 21 of the California Aqueduct through December 31, 2023.
8. PWD's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in PWD's service area.
9. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled PWD SWP water deliveries, plus deliveries to PWD under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under PWD's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of PWD's Water Supply Contract.
12. PWD shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23023. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. PWD shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23023, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. PWD shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. PWD shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, PWD agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with PWD's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. PWD and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of PWD's and/or LCID's respective Water Supply

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to PWD and/or LCID when the water is delivered to the designated turnout.

20. PWD and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. PWD and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of PWD and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, PWD, and LCID, this Agreement is not assignable by PWD or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

- 25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

- 26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

- 27. This Agreement shall not be interpreted to modify the terms or conditions of PWD's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of PWD's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

- 28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing PWD and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION


- 29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
- 30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

SWP #23023

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson 

John Leahigh

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/9/2023

5/12/2023

Date

Date

PALMDALE WATER DISTRICT

LITTLE ROCK CREEK IRRIGATION
DISTRICT

Dennis LaMoreaux

James Chaisson

Name

Name

General Manager

General Manager

Title

Title

5/5/2023

5/8/2023

Date

Date

**ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
COMMISSION MEMORANDUM**

DATE: June 1, 2023 **June 8, 2023**
TO: AVSWCA COMMISSIONERS **Commission Meeting**
FROM: Mr. Peter Thompson II, General Manager
RE: *AGENDA ITEM NO. 11 – REVIEW AND DISCUSSION OF BIG ROCK CREEK RECHARGE PROJECT STAFF ACTIVITIES UPDATE. (GENERAL MANAGER THOMPSON II)*

Information for this item will be discussed in detail at the meeting.

**ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
COMMISSION MEMORANDUM**

DATE: June 1, 2023 June 8, 2023
TO: AVSWCA COMMISSIONERS Commission Meeting
FROM: Mr. Peter Thompson II, General Manager
RE: *AGENDA ITEM NO. 12 – REPORT OF GENERAL MANAGER.*

Information for this item will be discussed in detail at the meeting.

ANTELOPE VALLEY STATE WATER CONTRACTORS
Balance Sheet
For the Eleven Months Ending 5/31/2023

	<u>YTD</u>
ASSETS	
Cash - General Fund	\$134,426.52
Restricted - AVRWMG	75,616.84
Accounts Receivable	385.00
Prepaid Insurance (Premium Period 10/1 - 9/30)	727.64
Prepaid Expense	0.00
Total Assets	<u><u>\$211,156.00</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$2,592.48
Pass-Through Grant Funding	(\$61,462.50)
Total Liabilities	<u>(58,870.02)</u>
FUND BALANCE	
Unassigned	270,026.02
Total Fund Balance	<u>270,026.02</u>
 Total Liabilities and Fund Balance	 <u><u>\$211,156.00</u></u>

ANTELOPE VALLEY STATE WATER CONTRACTORS
Profit & Loss Statement
For the Eleven Months Ending 5/31/2023

	May	YTD
Revenues:		
Contributions - Member Agency		\$30,000.00
Contributions - Member Programs (USGS & CASGEM)		36,000.00
Contributions - Member Programs (Financial Analysis PSA)		
Contributions - Member Programs (Big Rock Creek)		
Contributions - Member Programs (AV Fair-Conservation Garden)		
Contributions - Non-Member Programs (USGS)		
Contributions - Others (AVRWMG)		
Contributions - Others (DACI)	262.50	848.75
Water Sales - Replacement Water Assessments		1,432,552.94
Miscellaneous Refund		146.49
Interest Earnings		159.22
Total Revenue		\$1,563,581.90
Expenditures:		
General Government		
Bank Fees		\$5,705.00
Insurance	181.92	2,113.58
Memberships		2,147.80
Outreach		300.00
Purchased Water		1,432,552.94
Miscellaneous		
		1,442,819.32
Public Resource		
Contract Services - Administration	1,970.98	8,183.46
Contract Services - USGS & CASGEM		54,000.00
Contract Services - AVRWMG		
Contract Services - IRWMP 2013 Update		48,076.25
Contract Services - DACI		848.75
Contract Services - BIG ROCK CREEK		36,002.00
Contract Services - FINANCIAL ANALYSIS		
Contract Services - General Projects		
Contract Services - AV Fair Conservation Garden		
Contract Services - Home Show/WaterSmart Expo		
Contract Services - Rural Museum		
Contract Services - Other		2,500.00
		149,610.46
Total Expenditures		\$1,592,429.78
Change in Net Position		(\$28,847.88)
Net Position - Beginning of Year		298,873.90

ANTELOPE VALLEY STATE WATER CONTRACTORS
Profit & Loss Statement
For the Eleven Months Ending 5/31/2023

	<u>May</u>	<u>YTD</u>
Net Position - End of Year		<u><u>\$270,026.02</u></u>

ANTELOPE VALLEY STATE WATER CONTRACTORS
FY 2022/23 - Budget vs Actual
For the Eleven Months Ending 5/31/2023

	<u>May</u> <u>Actual</u>	<u>YTD</u> <u>Actual</u>	<u>Budget</u>	<u>Variance</u>
General Revenues:				
Contributions - Member Agency		\$30,000	\$30,000	
Contributions - Member Agency (Other programs)				
Contributions - Member Agency (AV Fair Conservation Garden)				
Water Sales		\$1,432,553		\$1,432,553
Miscellaneous Refund		146		146
Interest Earnings		159	125	34
Total General Revenue		<u>\$1,462,859</u>	<u>\$30,125</u>	<u>(\$1,432,734)</u>
General Expenditures:				
General Government				
Bank Fees		\$350		(\$350)
Insurance	182	2,114	2,350	236
Memberships		2,148	4,400	2,252
Outreach		300	3,000	2,700
Purchased Water		1,432,553		(1,432,553)
Miscellaneous			500	500
Contract Services - Administration	1,971	8,183	15,000	6,817
Contract Services - AV Fair Conservation Garden			25,000	25,000
Contract Services - Home Show/Water Expo				
Contract Services - Other		2,500	28,500	26,000
Total General Expenditures	<u>\$2,153</u>	<u>\$1,448,148</u>	<u>\$78,750</u>	<u>(\$1,369,398)</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS
FY 2022/23 - Budget vs Actual
For the Eleven Months Ending 5/31/2023

	<u>May</u> <u>Actual</u>	<u>YTD</u> <u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Program Revenues:				
Contributions - Member Programs (USGS & CASGEM)		\$36,000	\$72,000	(\$36,000)
Contributions - Member (BIG ROCK CREEK)				
Contributions - Member (FINANCIAL ANALYSIS)				
Contributions - Others (USGS & CASGEM)			\$18,000	(\$18,000)
Contributions - Others (AVRWMP)				
Water Sales - Pilot In-Lieu Banking		1,432,553		1,432,553
Total Program Revenue		<u>\$1,532,427</u>	<u>\$90,000</u>	<u>(\$1,442,427)</u>
Program Expenditures:				
Contract Services - USGS & CASGEM		\$54,000		(\$54,000)
Contract Services - AVIRWMP				
Contract Services - IRWMP Update		48,076		(48,076)
Contract Services - BIG ROCK CREEK		36,002	100,867	64,865
Contract Services - FINANCIAL ANALYSIS				
Total Program Expenditures		<u>\$102,076</u>		<u>(\$102,076)</u>