



<p>Water Storage Investment Program: Kern Fan Groundwater Storage Project Early Funding Request (Action Item)</p>
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Introduction

At this meeting, the California Water Commission (Commission), will consider whether to award early funding to the Kern Fan Groundwater Storage Project (Kern Fan Project), one of the projects in the Water Storage Investment Program (WSIP). The Groundwater Banking Joint Powers Authority (GBJPA) has requested \$5,570,865 in early funding.

The Commission administers the WSIP to fund the public benefits associated with water storage projects using funds from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), codified at Water Code section 79750 *et seq*, and supplemented by funds from Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clear Air Bond Act of 2024 (Proposition 4).

Water Code 79755(c) and WSIP regulations section 6010 allow the Commission to award early funding for work related to the completion of environmental documentation and obtaining permits, also referred to as planning related activities. The regulations require that a project's early funding award be capped at five percent of its Maximum Conditional Eligibility Determination or MCED, which is the amount of WSIP funding available to a given project. In 2020, the Commission adopted emergency regulations to allow existing applicants that did not apply for early funding in the initial application period another opportunity to apply.

The Kern Fan Project, proposed by GBJPA, is one of the remaining WSIP projects working to secure a WSIP award amount. As currently proposed, the Kern Fan Project is a groundwater project and will be operated to provide emergency water supply benefits and ecosystem benefits, including storing water for pulse flows on the Feather River as well as temporary wetland habitat onsite. The project is located in Kern County, west of Bakersfield. The GBJPA did not request early funding for the Kern Fan Project during the original application process.

At this meeting, the Commission will hear a request from representatives leading the Kern Fan Project for early funding.

Summary of Issues

The Kern Fan Project's current MCED is \$111,417,305. Early funding is limited to five percent of the MCED and is a portion of the overall WSIP funding provided to the project. The maximum amount of early funding the project could be awarded is \$5,570,865.

The GBJPA provides quarterly reports to the Commission that include updates on the project and the status of the items needed to progress to a final award. The project's quarterly reports show that the project is making progress towards its final funding award and the GBJPA has already begun construction of the first phase of the project. The GBJPA is requesting early funding to cover past and future costs related to project design, feasibility, environmental documentation, permitting and agreements and technical studies which are considered planning related activities that are allowed for reimbursement under the WSIP. The GBJPA has been expending funds on these activities since the start of the project and expects to incur planning related costs up until the time of final funding in 2027. The GBJPA has been covering these costs at the expense of the local agencies and rate payers. Receiving early funding would relieve some of the burden on the local agencies and allow for continuation of the project as it moves towards final funding. If the Commission decides not to award the early funding, the GBJPA can be reimbursed for planning related expenses – for which the early funding would be used – after a final funding award is made.

Commission Decision

In addition to the staff recommendation, the Commission should review the request from the GBJPA, listen to the GBJPA's presentation at the Commission meeting and ask questions to understand the need for the early funding. There are two options available to the Commission:

1. Award early funding for the Kern Fan Project. If the Commission awards early funding for the Kern Fan Project, an amount of up to \$5,570,865 would be made available to the project. The Commission has the discretion to award less than the requested amount. The Commission's decision would be documented in a resolution. Staff would then work with the GBJPA to develop a funding agreement.
2. Deny the early funding request for the Kern Fan Project. The Commission may choose to deny the request and no further action would be taken.

Staff Recommendation

Based on information received from the GBJPA, there appears to be a need for early funding and the tasks identified in the early funding request appear reasonable. Staff recommends awarding \$5,570,865 in early funding for the Kern Fan Project.

Background

Through the WSIP, the Commission will invest \$2.65 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1, Chapter 8 and Proposition 4. The Commission made Maximum Conditional Eligibility Determinations in July 2018, which set the amount of Proposition 1 funding potentially available to each project. One project received a final award at the June 2023 Commission meeting. The four remaining WSIP applicants successfully met Proposition 1 interim requirements by the deadline of January 1, 2022, and are working to complete the remaining statutory requirements. These include obtaining permits and completing environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public benefit cost share.

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When the applicant completes these requirements, the applicant will return to the Commission for a final award hearing at which the Commission will decide whether to award final funding. On November 19, 2025, the Commission approved [modifying its WSIP regulations](#) using the emergency rulemaking process. The modification allows the Commission to increase the amount of conditional funding committed to a project on a case-by-case basis, to account for inflation and increased public benefits. These conditional funding determinations can be made prior to or after the final funding hearing.

This agenda item is related to Goal One of the [Commission's Strategic Plan](#), which calls on the Commission to implement the WSIP to achieve public benefits.

Meeting Overview

At this meeting, Fiona Nye, GBJPA Project Manager, and Dan Bartel, GBJPA General Manager, will present the request for early funding for the Kern Fan Project.

Following the GBJPA's remarks, the Commission will hear Tribal and public comment on the information presented. Commissioners will then have an opportunity to ask questions and make comments.

This is an action item.

Contact

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