

STATE OF CALIFORNIA

CALIFORNIA NATURAL RESOURCES AGENCY

CALIFORNIA WATER COMMISSION

RESOLUTION NUMBER: 2025-04

RESOLUTION TO ADJUST MAXIMUM CONDITIONAL ELIGIBILITY
DETERMINATION FOR KERN FAN GROUNDWATER STORAGE PROJECT

WHEREAS, on November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 ("Proposition 1");

WHEREAS, Proposition 1 contained Chapter 8, "Statewide Water System Operational Improvement and Drought Preparedness," ("Chapter 8") which appropriates \$2.7 billion to the California Water Commission ("Commission") to invest in public benefits associated with water storage projects "that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions" (Water Code section 79750);

WHEREAS, on December 14, 2016, the Commission adopted regulations governing the quantification and management of public benefits associated with water storage projects that meet the criteria established for public investment (the Water Storage Investment Program ("WSIP"));

WHEREAS, the regulations were approved by the Office of Administrative Law on March 7, 2017, and appear in the California Code of Regulations, title 23, section 6000 *et seq.* ("regulations");

WHEREAS, Groundwater Banking Joint Powers Authority applied for funding for its water storage project, the Kern Fan Groundwater Storage Project, and, consistent with the regulations governing WSIP, received a Maximum Conditional Eligibility determination (MCED), pursuant to section 6011 of the regulations, of \$67,537,315;

WHEREAS, the MCEDs for all projects in the WSIP used 2015 dollars to value the public benefits of the projects;

WHEREAS, in 2021, the Commission found the Kern Fan Groundwater Storage Project feasible and it continues to be eligible for funding through the WSIP;

WHEREAS, at its January 20, 2021 meeting, the Commission adjusted the Kern Fan Groundwater Storage Project's MCED to account for eligible costs not covered when the Commission made the original MCED, and provided a 2.5% inflation adjustment to the MCEDs for all of the projects in the WSIP, bringing the Kern Fan

Groundwater Storage Project's MCED to \$87,801,500.

WHEREAS, at its March 16, 2022 meeting, the Commission adjusted each applicant's MCED by 1.5%, bringing the Kern Fan Groundwater Storage Project's MCED to \$89,123,415;

WHEREAS, the Los Vaqueros Expansion Project withdrew from the WSIP in November 2024;

WHEREAS, the Los Vaqueros Expansion Project's withdrawal made \$453,680,426 for other projects' potential use if they complete the statutory requirements set forth in Water Code section 79750 *et seq.*; and

WHEREAS, the Commission considered options for committing available funding, and expressed an interest in using available funding to adjust MCEDs to account for inflation after receiving updates on the projects' status and viability at the August 20, 2025 Commission meeting.

NOW THEREFORE BE IT RESOLVED, that the Commission directs staff to adjust the MCED for the Kern Fan Groundwater Storage Project by \$22,293,890, from \$89,123,415 to \$111,417,305; and

BE IT FURTHER RESOLVED, that the Kern Fan Groundwater Storage Project is eligible for early funding consistent with title 23, California Code of Regulations, §6010.

Signed:

Fern Steiner
Fern Steiner, Chair
California Water Commission

9/11/2025
Date

Attest:

Laura Jensen
Laura Jensen, Executive Officer
California Water Commission

9/12/2025
Date