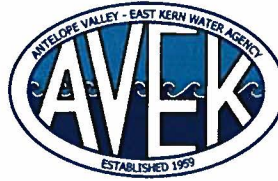




Willow Springs  
Water Bank



11/30/21

Director Nemeth  
California Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Dear Director Nemeth,

In 2017, the Southern California Water Bank Authority (JPA) submitted a California Proposition 1 Water Storage Investment Program (WSIP) application for a multi-benefit Willow Springs Water Bank Conjunctive Use Project (WSWB Project). Antelope Valley Water Storage, LLC (AVWS) would be the implementing entity.

In July 2018, the California Water Commission (Commission) approved maximum conditional funding for the proposal in the amount of \$123.3 million. Due to project scoring and the inability to fully fund all projects, the WSWB Project was conditionally awarded \$95,405,999. Additional funds became available in 2021 when the Temperance Flat Reservoir Project withdrew from the program. The Commission used these funds to increase the conditional award to the maximum eligible amount plus a 2.5% inflation adjustment. This resulted in the current conditional award amount of \$126,372,250.

WSIP Regulations Section 6013(f)(2) states that all projects must meet the following statutory requirements by January 1, 2022 to remain eligible for funding:

“(2) After January 1, 2022, a project will not be eligible for funding if the following conditions are not met:

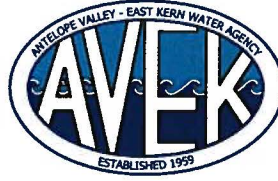
- (A) All feasibility studies are complete and draft environmental documentation is available for public review;
- (B) The Commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta;
- (C) The Director of the Department receives commitments from not less than 75 percent of the non-public benefit cost shares of the project;”

This letter is submitted as required per Section 6013(f)(2)(C) for a commitment of not less than 75 percent of the non-public cost shares for the WSWB Project.

The WSWB Project is a publicly funded (CalPERS) and privately managed existing facility located in the adjudicated Antelope Valley Groundwater Basin and is capable of storing one million acre-feet of water underground. Situated near three major water conveyances (California Aqueduct, L.A. Aqueduct #2 (LAA#2) and Antelope Valley-East Kern Water Agency [AVEK] West Feeder) on highly permeable soils, the Bank offers water storage opportunities to both upstream and downstream State, federal and local water agencies. It is necessary for the project to have a participating State Water Project Contractor for meeting operational criteria



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and proposed benefits. Through ongoing negotiations and partnership, AVEK has been identified for this role.

The WSWB Project is located about 14 miles due west of the town of Rosamond, CA and covers about 8,650 acres. The Bank's environmental impact report (EIR) was approved by Kern County in 2006 for instantaneous recharge and recovery capacities of 250,000 AF (350 cfs) and 225,000 AF (250 cfs), respectively, and 500,000 acre-feet of water storage. A subsequent addendum was completed in 2018 that expanded that available storage capacity to 1,000,000 acre-feet.

The WSWB Project is proposed as a conjunctive use and reservoir reoperation project to integrate the State Water Project (SWP) reservoir and conveyance system with south-of-Delta groundwater storage and existing AVEK facilities. Operations of the WSWB Project will provide ecosystem and emergency response public benefits and additional non-public benefits.

The WSWB Project will allow the capture of additional or 'new' water above that in existing surface reservoirs via reservoir reoperations. Water that is in excess of State Water Project requirements including Table A, Article 21 and Article 56 deliveries would be delivered and recharged at the Bank, AVEK's existing facilities, as well as at new AVEK facilities. These deliveries will be made within the previously unused but allocated portion of AVEK's Table A. A portion of project produced yield would be dedicated to public benefits with the remainder to be used by AVEK for local water supply. Releases from the Water Bank in exchange for State Water Project deliveries to AVEK would allow for ecosystem benefits, emergency response benefits and improved water supply reliability to the state and AVEK.

The Project's planned capacity would be reached through building additional facilities at the existing WSWB, and AVEK's High Desert Water Bank including extraction wells, percolation ponds, and pump stations while using existing AVEK conveyance mechanisms for delivery of project water. Additionally, the project plans to utilize funds to build a new potable water line that allows for increased conveyance reliability of project produced water supply.

In compliance with requirement 6013(f)(2)(C), we offer the following data and commitments:

**Capital costs:**

WSIP regulations state that conjunctive use projects may request up to 100% of capital costs and does not require a cost share<sup>1</sup>. As a conjunctive use project, we will limit project capital costs for the WSWB Project to WSIP-provided funds of \$126,372,250. No additional capital costs are included for this project at this time. Project participants are actively seeking additional opportunities and funds to build out the entirety of the bank's capacity. These funds may come in the form of state, local or federal opportunities.

**Conjunctive Use and Non-public Benefit Costs:**

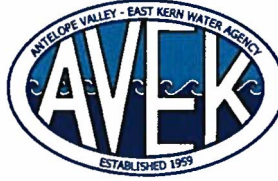
The non-public benefits of this project are equal to the local water supply stored at the WSWB Project for AVEK. This water will be sold and or used by AVEK, its member agencies, or other

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<sup>1</sup> WSIP Application Instructions, March 2017



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partners during times of need. It is envisioned that the majority of this supply will be utilized during drought or other dry periods. The non-public benefit costs requiring a 75 percent cost share commitment are therefore equal only to the long-term operations and maintenance (O&M) costs associated with project facilities over the 50-year project planning horizon.

### **Operations and Maintenance Costs**

The costs subject to the non-public cost-share requirement for this project are the O&M costs over the 50-year project planning horizon. Calculation of operation and maintenance costs include standard assumptions involving infrastructure upkeep, repair, and replacement for mechanical and electrical components.

O&M costs are expected to be covered in full through revenue created through WSWB Project produced water supply. Project water supply will be used or sold by AVEK to member agencies, State Water Project contractors, or other standard market-based approaches (transfers, exchanges, etc.). The O&M for project funded facilities is therefore expected to be fully self-funded.

This letter expresses the commitment to a 75% coverage of non-public benefit costs (O&M costs) for facilities built utilizing Proposition 1 funds; no Proposition 1 funds will be used towards O&M unless additional funds become available and regulatory changes are made to allow for such.

Yours sincerely,

Antelope Valley East Kern Water Agency:

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Dwayne Chisam, General Manager

Date: 12-1-21

Willow Springs Water Bank:

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Mark Beuhler, General Manager

Date: 12/01/2021