MCMULLIN AREA GROUNDWATER SUSTAINABILITY AGENCY WATER BANKING POLICY

POLICY NO. 2020-08
DATE ADOPTED: December 9, 2020

1.0 Background

Water banking is a form of conjunctive use,[1] in which surface water is either allocated for current use, or stored in aquifers for later use, thereby preserving and enhancing existing groundwater supply. Those engaged in water banking activities typically contract with the operator of a banking facility and, through the practice of forgoing direct water deliveries during certain periods, are able to "bank" the forgone water for future use. Other options for banked water include, but are not limited to, the sale of the right to use the forgone water to another user in exchange for a fee, an *in situ* transfer[2], or an in-kind transfer whereby water may be delivered from alternate sources and locations. Water banking is typically used in situations involving facilities with significant storage capacity and capable of facilitating such transfers of water.

In California, water banking is used as a tool to stabilize available water supplies without the associated challenges of surface water storage, including the costs of building surface storage facilities and potential impacts to fish and wildlife. Storing water underground can be a cost-effective way to save water during wet years for use during dry years, and has become an increasingly important water management tool as the reliability of the state's water resources, and more specifically the resources within the McMullin Area Groundwater Sustainability Agency ("MAGSA"), continue to become more variable.

In lieu of groundwater extraction, MAGSA has prioritized additional surface water resource identification, diversification, import, recharge and/or utilization within its Groundwater Sustainability Plan ("GSP") as a viable method by which it may reduce impacts of overdraft within the Subbasin, and towards the ultimate goal of groundwater sustainability. Water banking activities and operation of potential water banking facilities within MAGSA is consistent with MAGSA's groundwater sustainability goals.

2.0 Purpose

The purpose of this Water Banking Policy is to establish general guidelines by which MAGSA commits itself to certain principles for banking surface and ground water within its

[1] "Conjunctive use" refers to the coordinated use of both surface water and groundwater.
[2] *In situ*, meaning "in place," refers to a transfer of water that does not necessarily involve physical conveyance; the water may remain where it is for use by another.

boundaries. Specifically, this Policy outlines measures MAGSA may implement for its oversight of any water banking activities within its boundaries.

3.0 Scope and Applicability

This Policy specifically applies to: (1) that portion of the Kings Subbasin (Basin No. 5-22.08) ("Subbasin") located in Fresno County lying and situate within MAGSA's boundaries (as depicted in **Exhibit A**, attached and incorporated herein); (2) any and all water, regardless of origin, banked, proposed for banking, or otherwise subject to MAGSA's oversight through any water banking activities within MAGSA; (3) any and all data collected by MAGSA and/or its consultants and other partners pursuant to water banking activities within MAGSA; and (4) any parties, persons, entities, or public agencies that have applied to MAGSA (or may apply in the future), or that have contracted with MAGSA (or may contract with MAGSA in the future) for the purpose of banking water within MAGSA.

4.0 Authority

As a Groundwater Sustainability Agency ("GSA") properly organized pursuant to the Sustainable Groundwater Management Act of 2014 (Water Code §§ 10720 et seq.) ("SGMA"), MAGSA is authorized to adopt rules, regulations, ordinances, and resolutions for purposes of fulfilling its obligations as a GSA (Water Code § 10725.2(b), and MAGSA adopts this Policy pursuant to this authority.

5.0 Demonstrated Benefits to MAGSA

a. The California Department of Water Resources has determined that the groundwater resources within the Subbasin are in a critical state of overdraft. It has been further determined through initial analyses by the Kings Subbasin Coordination Group[3] that MAGSA's portion of the Subbasin is overdrawn in an amount at or near 90,000 acre-feet annually. Through its GSP, MAGSA has identified areas of critical overdraft within MAGSA and has determined that groundwater is an essential and indispensable resource for agricultural, municipal, industrial, domestic and other valuable uses within MAGSA.

b. MAGSA has determined, and this Policy further acknowledges, that there are unique geographic and hydrogeological conditions present within MAGSA's boundary. The portion of the Subbasin underlying MAGSA houses expansive and complementary natural underground water storage conditions, which are highly suitable and available for water banking and related purposes.

c. MAGSA finds that providing greater management and operational flexibility over its groundwater resources through maximized use of the unique conditions underlying the MAGSA area, including opportunities for conjunctive use of both surface and groundwater and/or

[3] The Kings Subbasin Coordination Group is comprised of the seven GSAs organized and overlying the Kings Subbasin, including: MAGSA, Central Kings GSA, James ID GSA, Kings River East GSA, North Fork Kings GSA, North Kings GSA, and South Kings GSA.

the operation of water banking facilities within MAGSA, is in the best interest of MAGSA and its landowners.

d. Further, MAGSA finds that adoption of a clear Policy promoting the operation of water banking facilities within MAGSA is in the best interest of MAGSA and its landowners. MAGSA has determined that the operation of water banking facilities within MAGSA may represent one of several integral tools for addressing conditions of groundwater overdraft within MAGSA, and for enhancing, protecting, and sustainably managing MAGSA's water resources within its boundaries pursuant to and consistent with SGMA.

6.0 Data Collection and Monitoring

MAGSA has determined that a successful groundwater banking program requires adequate groundwater data collection, monitoring, and modeling to: (1) better determine aquifer characteristics, (2) better estimate groundwater banking capacity, (3) simulate and verify short- and long-term practical and environmental outcomes associated with stored water, and (4) assess the costs and benefits of proposed projects. As such, MAGSA finds that comprehensive groundwater data collection, monitoring, and modeling is an anticipated and necessary aspect of any and all water banking activities within MAGSA.

7.0 Policy Statement

With acknowledgement of the information set forth herein above, until further modified as set forth hereafter, the following shall serve as the MAGSA Policy for Groundwater Banking within the MAGSA boundary:

a. MAGSA acknowledges that there is within the Central Valley of California a continuing imbalance between available surface water supply and storage as a result of recurring drought, increased regulatory pressure, continuing climate variability, lack of adequate conveyance, and lack of adequate storage facilities. The need for additional viable water storage alternatives for MAGSA is great.

b. The efficient operation of dedicated water banking facilities provides water management flexibility and adaptability for dealing with these conditions. To the extent water banking facilities may be reasonably developed and operated within MAGSA as a result of MAGSA's unique geographic, hydrogeological, or hydrologic conditions, it shall be a MAGSA priority to continue to take such steps as are in furtherance of enhanced conveyance, storage, and supplemental water supply goals associated with water banking operations within MAGSA.

c. Based upon currently available economic and environmental criteria, water banking programs involving storage of water in groundwater aquifers are preferred. The development of additional groundwater recharge and storage capabilities, including the operation of water banking facilities, in conjunction with other federal, state and regional agencies and water rights holders, within MAGSA, shall be encouraged and favored by MAGSA.

d. MAGSA shall encourage the import of any and all qualifying surface water supply for storage within the MAGSA water banking facility or facilities to the maximum extent possible, consistent with MAGSA's obligation under SGMA to protect the Subbasin.

e. MAGSA shall seek coordination, cooperation, collaboration, partnerships, and/or other acceptable forms of organizational relationships with parties seeking and/or willing to engage in efforts that will result in mutually beneficial recharge, storage, return, and exchange opportunities including, but not limited to, the ability to enhance direct and in-lieu recharge or recovery operations within MAGSA in accordance with MAGSA's water banking program(s) and in furtherance of MAGSA's GSP.

8.0 Effective Date and Modification

a. This Policy shall become effective and be in full force and effect upon its passage and adoption.

b. MAGSA's Board of Directors may modify this Policy at any time, at its sole discretion, pursuant to the applicable procedures described in MAGSA's Bylaws.

The foregoing Water Banking Policy was passed and adopted by the Board of Directors for the McMullin Area Groundwater Sustainability Agency, at a regular meeting thereof held on the 9th day of December, 2020, by the following vote:

AYES: Abercrombie, Batth, Cameron, Pacheco, Singh
NOES:
ABSENT:

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Jeevan Singh, Chairperson

ATTEST:

MATTHEW H. HURLEY, Secretary

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Approved as to legal form and effect:

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Legal Counsel

Exhibit "A"