

WESTSIDE WATER AUTHORITY

Water - More Precious Than Gold

SUMMARY:

Water and its control from state to county to local districts has been a major topic for the citizens and farmers of California for many years.

The Westside Water Authority (Authority) is comprised of four water districts: Located in Kern County (County) are Belridge Water Storage District (Belridge), Berrenda Mesa Water District (Berrenda Mesa), Lost Hills Water District (Lost Hills); and, Dudley Ridge Water District (Dudley Ridge) is located in neighboring Kings County. The Authority is taking a different approach dealing with the vast and ever changing rules and guidelines of water and water usage within Kern County and the State of California.

PURPOSE OF INQUIRY:

Pursuant to Cal. Penal Code § 925a and 933.5, the grand jury may examine the operations and management of a joint powers agency or special district located in the county and make such recommendations as it may deem proper and fit. The 2020-2021 Kern County Grand Jury (Grand Jury) investigated the operations and management of the Westside Water Authority created under a Joint Powers Agreement (JPA).

METHODOLOGY:

The Grand Jury started to look into the general operations and management of Lost Hills Water District, which lead to two JPAs, one being the Westside District Water Authority and the other the Westside Water Authority.

The Grand Jury discovered that Lost Hills is a part of a JPA that includes three other member districts: Berrenda Mesa, Belridge, and Dudley Ridge.

Site visits were made to the administration and financial office of the Authority. Interviews with several administrative and management members were conducted. Interviews with board members of the water districts which form the Authority were conducted verifying the operations and the benefits or downfalls for the member districts of the Authority. Research of previous Grand Jury Reports, budgets, financial reports, and internet sites of the member districts and the Authority were conducted.

DISCUSSION OF FACTS:

HISTORY:

Two JPAs were formed to handle water in the northwest part of the County. The first JPA, **Westside District Water Authority**, was formed in 2012 by Belridge, Berrenda Mesa, and Lost Hills. This was created to share the overall cost of running a water district. This JPA includes Sustainable Groundwater Management Act (SGMA) for dealing with ground water sustainability issues. The second JPA is **Westside Water Authority**, formed in January 2020, includes Belridge, Berrenda Mesa, Lost Hills, and Dudley Ridge. Like the first JPA, this one was created to share the overall cost, management, and field operations of running a water district, and includes moving all district employees to the Authority as its employees.

Member Districts:

- Belridge was formed by landowners in 1962 to provide surface water from the State Water Project (SWP) for irrigation. Of the 91,396 acres within the Belridge boundaries, approximately 88,223 acres are considered farmable, although not all of this land is currently being used for agriculture. As of 2015, approximately 36,885 net acres are irrigated. In addition to agriculture, a percentage of the Belridge annual allocation from the SWP is delivered for industrial use in oil recovery operations in the north and south Belridge oil fields. Belridge does not supply municipal water either from groundwater or surface water. Groundwater use in Belridge has historically been limited, primarily due to a readily available source of good quality water provided by the SWP.
- Berrenda Mesa was formed in 1963 by landowners for the purpose of providing a reliable supply of irrigation water to the district from the SWP. Berrenda Mesa is governed by a five-member Board of Directors, all of which must be landowners or be designated as a representative of a landowner. Of the approximate 55,440 acres within Berrenda Mesa, all but 6,400 acres is considered farmable. The estimated net acreage currently being farmed is around 35,240 acres, of which 24,204 acres is irrigated by surface water from the SWP. Remaining lands are used for dry-land farming or livestock grazing. During times of drought, when SWP deliveries are reduced, in addition to groundwater blending, Berrenda Mesa can recover banked surface water from the Pioneer and Berrenda Mesa Projects. Other alternative management techniques include discretionary deficit irrigation implemented by individual growers, as well as water transfers and supplemental water purchases. Groundwater use is limited in Berrenda Mesa due to elevated levels of TDS-Total Dissolved Solids. Berrenda Mesa supplies no municipal water either from groundwater or surface water supply.
- Lost Hills was formed in 1963 to provide irrigation water from the SWP to the district. Lost Hills is comprised of approximately 74,357 acres of which 70,453 acres are considered farmable. Not all of this acreage is currently being utilized for agricultural purposes. As of 2015, the net area under irrigated cultivation is approximately 27,900 acres. Agricultural activities rely primarily on surface water from the SWP. In addition

to agriculture, oil and gas production is an important non-irrigated land use within Lost Hills. A small portion of Lost Hills surface water supply is sometimes delivered as industrial water to agricultural processors and oil field production customers. During times of drought, when SWP deliveries are reduced, the district relies on coordination with adjacent water districts and landowners for water transfers, supplemental water purchases and water banking, e.g., Berrenda and Pioneer Projects. Lost Hills does not supply any municipal water. The town of Lost Hills is served by two groundwater supply wells owned and operated by the Lost Hills Utility District.

- Dudley Ridge is located in southern Kings County, and was organized on January 26, 1963, under California Water District Law. Dudley Ridge has expanded in size from the original 29,330 acres to its current size of 37,615 acres. While a combination of row crops and permanent crops have historically been grown in Dudley Ridge, permanent crops are exclusively grown within the boundary today – primarily pistachios, almonds, pomegranates and grapes. Dudley Ridge’s primary water source is SWP. Water is delivered to landowners from the California Aqueduct through turnouts, and moved through 12 miles of district-owned concrete-lined canals and 10 miles of underground pipelines to metered farm turnouts. Dudley Ridge also owns a terminal reservoir to capture operational spills where final field deliveries are made directly from the reservoir. While this reservoir was historically utilized, privately owned storage reservoirs have since been constructed to supplant its operation.

CURRENT FACTS:

Belridge, Berrenda Mesa, and Lost Hills entered into a Joint Powers Agreement with an effective date of January 1, 2012, creating the Westside District Water Authority. The purpose of this agreement is to provide for the common management and operation of these three member districts. The Board of Directors of Belridge, Berrenda Mesa, and Lost Hills have found and determined that operations of these three districts under this original agreement has been beneficial to the districts, and is in their best interest to continue their joint relationship.

The following facts pertain to Westside Water Authority:

- A. The Authority took effect January 1, 2020. The General Manager/Executive Director was not hired until November 4, 2020.
- B. The Authority is governed by a seven member Board of Directors; two each from Belridge, Berrenda Mesa and Lost Hills, and one from Dudley Ridge. One representative from each member district must be a member of that district’s Board of Directors.
- C. As of the date of this report, Dudley Ridge has not fully merged into the Authority.
 1. Dudley Ridge, not located in Kern County, does not need to go through the Kern County Water Agency (KCWA) to get their water from the SWP.
 2. Currently, Dudley Ridge is handling their own website.

- D. The Authority does not have water rights. The districts have a contract with Kern County Water Agency for a supply of water. Landowners can hold contracts with the district for water. Westside Water Authority manages the districts who handle the delivery of water to landowners through district owned facilities.
- E. General funding for the Authority is by member contributions expressed as a percentage:
 - Belridge 30 %
 - Berrenda Mesa 30 %
 - Lost Hills 30 %
 - Dudley Ridge 10 %
- F. Expenses for all work by Authority employees are allocated to each district member according to actual usage.
- G. With this JPA, the employees of the districts became employees of the Authority. This allows the General Manager to allocate the sharing of employees as needed across all districts to handle field operations. The Authority is responsible for hiring all employees consisting of administrative, financial staff, and field operations.
- H. Berrenda Mesa is the only district member of the Authority to still have its own direct employees until agreed to otherwise by Berrenda Mesa and the Authority Board. The Authority General Manager can allocate the sharing of employees as needed.
- I. The Authority is responsible for preparing all payroll, which is then processed with an outside vender. However, the Authority is currently looking into purchasing a more robust software system to complete payroll in-house.
- J. The Authority prepares all districts' budgets and other financial needs, which is sent to the districts' board for approval.
- K. The Authority maintains and is responsible for updating their own website, as well as Belridge, Berrenda Mesa, Lost Hills, Westside District Water Authority, and the Westside Water Quality Coalition.

FINDINGS:

- F1. By entering into the Westside Water Authority JPA in 2020, the Authority has created two overlapping entities with many similar parts.
- F2. Without a proper software system, the Authority's financial personnel are doing all the work and having an outside vendor do their payroll.
- F3. Portions of the websites under the control of the Authority are not consistently maintained or updated.

- F4. The practice of non-standardization of budgets and other financial items from member districts leads to an overload on the limited Authority staff.
- F5. Authority staff is organized and professional while working in an office space too small for their needs.

COMMENTS:

The Grand Jury would like to thank all who participated in interviews and provided valuable information.

RECOMMENDATIONS:

- R1. The Grand Jury recommends the Westside Water Authority research amending the JPA to include items handled by the Westside District Water Authority JPA, thereby eliminating the need for the Westside District Water Authority JPA. (Finding 1)
- R2. The Grand Jury recommends the Westside Water Authority update their financial software to include in-house payroll, by the end of 2021. (Finding 2)
- R3. The Grand Jury recommends the Westside Water Authority work with member districts to standardize budgets which will streamline financial workflow, by the end of 2021. (Finding 4)
- R4. The Grand Jury recommends the Westside Water Authority update all member districts and other agency websites they are responsible for, including Board Meeting Agendas and Minutes of all member districts and JPAs, by the end of July 2021. (Finding 3)

NOTES:

- The Westside Water Authority, Westside District Water Authority, Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, and Dudley Ridge Water District should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE DEADLINES:

- **REQUIRED WITHIN 90 DAYS FROM:**
- **PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**
- **FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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APPENDIX: REFERENCE WEBSITE LINKS

<https://www.westsidewa.org/>

<https://www.westsidedwa.org/>

<https://www.belridgewsd.com/>

<https://www.bmwd.org/>

<https://www.lhwd.org/>

<http://www.dudleyridgewd.org/>

<https://www.kcwa.com/>



September 1, 2021

5555 California Ave
Suite 209
Bakersfield, CA
93309

Honorable Judge Colette Humphrey
Kern County Superior Court
1415 Truxtun Avenue
Bakersfield, California 93301

RE: Response to “Westside Water Authority, Water – More Precious Than Gold”

Dear Judge Humphrey:

Phone:
661-633-9022
Fax:
661-633-9026

The purpose of this letter is to respond to the 2020-2021 Kern County Grand Jury’s (Grand Jury) Final Report titled, “Westside Water Authority, Water – More Precious Than Gold,” dated June 3, 2021 (Report). Pursuant to Penal Code sections 933 and 933.05, the Westside Water Authority (Authority) provides the following responses to the Report’s findings and recommendations:

Directors:

Rob Yraceburu
Chairman
Michael Nordstrom
Vice-Chairman
Alan W. Scroggs
Secretary
Rob Goff
Treasurer
John Vidovich
Bernard Pugét
Rod Stiefvater

A. Findings

1. By entering into the Westside Water Authority JPA in 2020, the Authority has created two overlapping entities with many similar parts.

The Authority disagrees with this finding.

First, the Authority did not create itself, nor two overlapping entities. Instead, the Authority’s members, Belridge Water Storage District (Belridge), Berrenda Mesa Water District (Berrenda Mesa), Lost Hills Water District (Lost Hills), and Dudley Ridge Water District (Dudley Ridge), as signatories to the “Westside Water Authority Joint Powers Agreement,” (JPA) created the Authority.

Second, while the Authority agrees that it and the Westside District Water Authority (WDWA) have boundaries that overlap in Kern County, the Authority includes Dudley Ridge in Kings County. So, the boundaries of WDWA and the Authority are different.

Upon the formation of the Authority, WDWA was repurposed to represent Belridge, Berrenda Mesa, and Lost Hills in all matters relating to California’s Sustainable Groundwater Management Act (SGMA). WDWA’s members are all located in Kern County, and each overlie the Kern County groundwater sub-basin (Kern Sub-basin). The Kern Groundwater Authority (KGA) is one of the groundwater sustainability agencies (GSA’s), or the governing bodies, that

Executive Director:
Mark Gilkey

Legal Counsel:
Joseph D. Hughes

oversees SGMA implementation in the Kern Sub-basin. The KGA requires regular and active participation of water entities throughout the sub-basin to fulfill its state mandate of sustainable groundwater management. Instead of each WDWA member individually representing its own interests in the KGA, WDWA serves as a coordinating entity for its members, thus allowing for more cohesive and effective involvement.

In contrast, the Authority serves a much broader purpose. The Authority is a resource-sharing entity in which Belridge, Berrenda Mesa, Lost Hills, and Dudley Ridge combine their respective resources to provide more efficient management of their operations and services to their landowners. The Authority does not address matters related to SGMA because its members overlie two separate sub-basins.

- 2. Without a proper software system, the Authority's financial personnel are doing all the work and having an outside vendor do their payroll.**

The Authority agrees with this finding.

- 3. Portions of the websites under the control of the Authority are not consistently maintained or updated.**

The Authority agrees with this finding.

- 4. The practice of non-standardization of budgets and other financial items from member districts leads to an overload on the limited Authority staff.**

The Authority disagrees with this finding. As recognized by the Grand Jury in Finding 5, the Authority's staff is very well organized and professional. These attributes are the result of years of experience dealing with various water entities and their respective budgets and financial items. Accordingly, the Authority's staff is well equipped and able to navigate the Authority's members' respective budgets and financial items. Nonetheless, as will be discussed further in the Authority's response to Recommendation 3, Authority staff is working to identify areas of similarity in its members' respective budgets so they can be managed as efficiently as possible.

- 5. Authority staff is organized and professional while working in an office space too small for their needs.**

The Authority agrees with this finding.

First, the Authority agrees that its staff is organized and professional.

Second, when the Grand Jury conducted its investigation and visited the Authority's office, the Authority was located at 1405 Commercial Way,

Bakersfield, California 93309. The Authority agrees that this office location was too small for its staff's needs. Accordingly, the Authority recently moved from this office location to a larger location at 5555 California Ave. Suite 209, Bakersfield, CA 93309. The Authority moved to this new location to resolve past issues of space and functionality. The Authority selected this new location with these issues in mind and, thus far, its staff is satisfied with the move.

B. Recommendations

- 1. The Grand Jury recommends the Westside Water Authority research amending the JPA to include items handled by the Westside District Water Authority JPA, thereby eliminating the need for the Westside District Water Authority JPA.**

This recommendation will not be implemented because it is not warranted.

As explained above, the Authority and WDWA have very different and specific responsibilities.

WDWA's purpose is to represent only Belridge, Berrenda Mesa, and Lost Hills regarding SGMA in the Kern Sub-basin. This limited purpose allows WDWA to focus on and participate in KGA activities, such as groundwater sustainability plan implementation, fee discussions, and project development, among other things.

The Authority's purpose is to manage its members' day-to-day operations in both Kern County and Kings County.

- 2. The Grand Jury recommends the Westside Water Authority update their financial software to include in-house payroll, by the end of 2021.**

This recommendation requires further analysis. Authority staff is currently reviewing several financial software technologies to update its current system. The Authority is cautious about incorporating in-house payroll given the legal complexities associated with this activity, including tax implications and other wage and hour requirements. This review includes an assessment of each technology's capabilities, safeguards, and costs. Authority staff will present several financial software options to its Board of Directors (Board) for their final review and determination by the end of 2021.

- 3. The Grand Jury recommends the Westside Water Authority work with member districts to standardize budgets which will streamline financial workflow, by the end of 2021.**

This recommendation requires further analysis. Well before the Authority's members formed the Authority, they each were executing various landowner contracts, billing agreements, and other financial items. Accordingly, each member has tailored its

respective budget to reflect its long history of financial activities. Nonetheless, Authority staff is working to identify areas of similarity in its members' respective budgets so that they can be made like one another. Authority staff will present any identified similarities to each member by the end of 2021 for their review and consideration.

- 4. The Grand Jury recommends the Westside Water Authority update all member districts and other agency websites they are responsible for, including Board Meeting Agendas and Minutes for all member districts and JPAs, by the end of July 2021.**

This recommendation has been implemented. Authority staff has updated the Authority's internet website and each member's internet website to include all information required by law, including board meeting agendas and minutes. Authority staff will continue to update these websites, as required by law.

The Authority thanks the Grand Jury for its efforts in investigating these issues. If there are any further questions or requests for clarity, please do not hesitate to contact the Authority's Executive Director, Mark Gilkey, at (661) 633-9022 or mgilkey@westsidewa.org.

Sincerely,



Mark A. Gilkey
Executive Director