



ANNUAL REPORT FOR CALENDAR YEAR 2006

FOX CANYON GROUNDWATER MANAGEMENT AGENCY
ANNUAL REPORT FOR CALENDAR YEAR 2006

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EXECUTIVE SUMMARY

The Fox Canyon Groundwater Management Agency (FCGMA) is a public agency charged with the management of groundwater resources in the southwestern portion of Ventura County, California. This agency was established by the California State Legislature in 1982 to preserve and manage groundwater resources for the common benefit of agricultural, municipal, and industrial uses by the public within its territory. This report summarizes the technical, administrative and groundwater resource management activities of the FCGMA for calendar year 2006, and the financial activities for fiscal years 2005-2006¹ and 2006-2007². The Agency performed many significant actions during calendar year 2006 including:

- Adopted eight resolutions; one of these recognized the service of an individual to the Agency; the remaining seven supported various goals and objectives, or fulfilled ministerial requirements, of the Agency;
- Received and managed groundwater extraction data and management fees for 621 accounts over two Semi-Annual reporting periods;
- Adopted the Integrated Water Management Plan developed by the Watersheds Coalition of Ventura County;
- Continued work on a groundwater extraction meter calibration program;
- Continued work on the Update to the FCGMA Groundwater Management Plan;
- Enacted a Groundwater Extraction Management Enforcement Surcharge (GEMES) of \$2.00 per acre foot of extracted groundwater in addition to the existing \$4.00 per acre foot charge for extracted groundwater through the adoption of Resolution 2006-02;
- For fiscal year 2005-2006, the Agency received a total of \$508,222 in revenues from groundwater extraction charges, interest earnings, and surcharges. This revenue, combined with a fiscal year 2004-2005 year end balance of \$439,739 provided a total of \$947,961 of funding from all resources during the 2005-2006 fiscal year. Those resources funded a total of \$498,542 in expenses, which resulted in an actual year-end fund balance of \$449,419 on June 30, 2006; thus meeting or exceeding the fiscal objectives of the Agency; and
- For fiscal year 2006-2007, the Agency received a total of \$545,525 in revenues from groundwater extraction charges, interest earnings, and surcharges. This revenue, combined with a fiscal year 2005-2006 year end balance of \$449,419, provided the Agency with a total of \$1,099,224 of funding from all sources during the 2006-07 fiscal year. Those resources funded a total of \$545,498 in expenses, which resulted in an actual year-end fund balance of \$553,726 on June 30, 2007 ; thus meeting or exceeding the fiscal objectives of the Agency; and
- Received an independent financial audit documenting that the Agency's financial statements fairly reflected the Agency's financial position at the end of fiscal years 2004-2005 and 2005-2006.

¹ Fiscal Year 2005-2006 financial activities refers to the time period beginning on July 1, 2005 and ending on June 30, 2006.

² Fiscal Year 2006-2007 financial activities refers to the time period beginning on July 1, 2006 and ending on June 30, 2007.

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1.0 AGENCY BACKGROUND

1.1 Introduction

The Fox Canyon Groundwater Management Agency (FCGMA) is a public agency charged with the management of groundwater resources in the southwestern portion of Ventura County, California (Figure 1). The FCGMA is an independent special district, separate from the County of Ventura or any city government. It was created in 1982 by the California Legislature through the Fox Canyon Groundwater Management Agency Act [AB 2995] for the preservation of groundwater resources in the central and southwestern portion of Ventura County. Groundwater resources within the boundary of the FCGMA account for more than half of the water needs for over 700,000 residents in the cities of Ventura, Oxnard, Port Hueneme, Camarillo, and Moorpark, plus the unincorporated communities of Saticoy, El Rio, Somis, Moorpark Home Acres, Nyeland Acres, Leisure Village, Point Mugu and Montalvo. The FCGMA is funded by fees paid by those who extract groundwater within the Agency boundaries. The fees are used by the Agency to administer and manage this groundwater resource within the Agency's boundary.

1.2 Purpose of this Report

The purpose of this report is to briefly summarize the background and natural setting of the FCGMA, and to present a synopsis of the technical and administrative groundwater resource management activities for calendar year 2006. Since the Agency's fiscal year is not concurrent with the technical reporting calendar, this report has included a summary of financial activities for two fiscal years. Specifically, it summarizes financial activities beginning on July 1, 2005 and ending on June 30, 2007. Technical data for the first reporting period of 2007 is included where available.

1.3 Origin and History of the Fox Canyon Groundwater Management Agency (FCGMA)

The unique geographic and geologic characteristics of Southern California have created a significant and valuable groundwater resource in southwestern Ventura County. Winter storms associated with the warm Mediterranean climate move inland from the Pacific Ocean and drop precipitation over the region, with greater amounts falling in the mountain ranges in the northern and eastern portion of the County. The topography and geology of the area allow surface run-off and percolating groundwater to flow south and westward towards the coastal Oxnard Plain where it resides in permeable sandy, alluvial aquifers that are vertically bounded by impermeable clays. Groundwater in the Oxnard Plain is contained in aquifers that are bounded by upland and recharge areas to the north and east, the relatively impermeable rocks of the Santa Monica Mountains to the South, and the Pacific Ocean to the west and southwest (Figure 1).

Although the early indigenous people likely used springs and available surface water, groundwater was recognized as a resource by European settlers beginning in the mid-1800s. At that time, it was developed to create one of the most prolific agricultural regions in California. In 2006, this water resource supported agricultural products valued greater than \$1.5 billion in Ventura County (McPhail, 2006).

The FCGMA was created by the State of California legislature in response to overuse of the groundwater resource and declining water quality in the southern part of the Oxnard Plain, first recognized in the 1940s (DWR, 1954). Prior to the creation of the FCGMA, the California State Water Resources Control Board (SWRCB), as a condition to a State grant for the Seawater Intrusion Abatement Project, ordered the United Water Conservation District (UWCD) and Ventura County as grantees, to develop a Groundwater Management Plan for the purpose of controlling extractions and

balancing water supply and demand in both the Upper Aquifer System (UAS) and Lower Aquifer System (LAS). As a result of continuing overdraft by groundwater users and resulting seawater intrusion into aquifers beneath the Oxnard Plain, the Fox Canyon Groundwater Management Agency Act (AB 2995 – Imbrecht) passed on September 13, 1982, and became effective January 1, 1983. The Act (enabling legislation) is now contained in the State Water Code Appendix, Chapter 121 et seq. As directed by Article 2, Section 202 of the enabling legislation, the boundary of the FCGMA was established by Resolution of the Ventura County Board of Supervisors (VCBOS, 1982) on December 21, 1982 and became effective by recordation in the Ventura County Office of the Recorder (VCOR) on January 1, 1983. The boundary was revised in 1991 to reflect updated knowledge of the extent of the aquifer in the subsurface. (FCGMA, 1991; VCOR, 1996)

1.4 Mission Statement of the Agency

The original State legislation created the FCGMA to manage groundwater within Ventura County, specifically the areas or lands overlying the Fox Canyon aquifer. The prime objectives and purposes of the Agency are to preserve groundwater resources for agricultural, municipal, and industrial uses in the best interests of the public and for the common benefit of all water users. The FCGMA adopted the following mission statement in 2006 (FCGMA, 2006a):

“The Fox Canyon Groundwater Management Agency (Agency), established by the State Legislature in 1982, is charged with the preservation and management of groundwater resources within the areas or lands overlying the Fox Canyon aquifer for the common benefit of the public and all agricultural, municipal and industrial users.”

1.5 Agency Operations and Personnel

The FCGMA is directed by an elected five (5) member Board of Directors and staffed by technical and administrative personnel provided by the Ventura County Watershed Protection District. A list of the Agency’s Board Members for 2006 and main FCGMA technical and administrative staff are provided in Table 1.

As required by its enabling legislation, the Fox Canyon Groundwater Management Agency Act of 1982 [AB 2995], the Board of Directors for the FCGMA is composed of one member from each of the following four stakeholder groups:

- The Ventura County Board of Supervisors;
- The United Water Conservation District (UWCD) Board of Directors;
- The City Councils of the five cities that partially or totally overlie the FCGMA. These cities include Ventura, Oxnard, Camarillo, Port Hueneme, and Moorpark;
- The seven existing mutual water companies and special districts³ within the FCGMA. They include the governing boards of the following mutual water companies and special districts not governed by the County of Board of Supervisors, which are engaged in water activities, and whose territory at least in part overlies the territory of the agency: (1) Alta Mutual Water Company, (2) Pleasant Valley County Water District, (3)

³ An eighth mutual water company or special district, Anacapa Mutual Water Company, active at the passage of the enabling legislation (AB 2995), is no longer in existence.

Berylwood Mutual Water Company, (4) Calleguas Municipal Water District (CMWD), (5) Camrosa County Water District and (6) Zone Mutual Water Company, and (7) Del Norte Mutual Water Company.

These four members select the fifth Board Member from a list of at least five candidates nominated by the Ventura County Farm Bureau and Ventura County Agricultural Association acting jointly. This fifth member must reside in, and be “actively and primarily engaged in” agriculture within the territory of the Agency. The requirement “actively and primarily engaged in agriculture” means that this member must derive at least seventy-five percent (75%) of their income from agriculture.

Five alternate Board members are selected according to the same criteria and serve in the absence of the primary Board members. All Board members serve for a two-year term, unless reappointed. There are no limits to the number of terms a member can serve. In 2007, the Board offset the terms of the City Council and the Agricultural representative from the remaining three representatives by one year to ensure continuity of Agency operations and institutional knowledge (FCGMA, 2007a).

The Board normally conducts monthly public meetings with additional public input received through various stakeholder-based committees and advisory groups. In 2006, an Ad-Hoc Committee continued to evaluate potential violations of FCGMA Ordinance Code No. 8.1. A meter committee developed recommendations associated with the implementation of FCGMA Resolution No. 2006-01, which requires well owners to test the accuracy of their groundwater flow-metering equipment on a periodic basis.

The technical, financial, and legal services for the FCGMA are provided under contract with Ventura County Watershed Protection District and the Office of the County Counsel. The United Water Conservation District (UWCD) of Santa Paula, California provides additional technical resources to the Agency. UWCD is a public wholesale water agency that performs groundwater basin management activities in the Santa Clara River Valley and Oxnard Plain. In accordance with the enabling legislation, FCGMA does not involve itself in activities normally undertaken by member agencies, which includes the construction, operation, and maintenance of capital facilities. Many of these facilities such as dams, spreading grounds, pipelines, flood control structures, and water distribution facilities are operated by UWCD and other member agencies both within and outside the FCGMA boundary.

2.0 GROUNDWATER RESOURCE MANAGEMENT

2.1 Location and Geographic Description of the FCGMA

The FCGMA is located in the southwestern portion of Ventura County in Southern California (Figure 1). At the time of its definition, the boundary of the Agency was defined by “all land overlying the Fox Canyon aquifer” (CWC Ch. 1023, Art. 2). The Agency encompasses a northeast-southwest oriented, wedge-shaped area that widens to the west and is bounded to the north by the Santa Clara River and South Mountain; to the east uplifted Tertiary and Quaternary-age consolidated rocks north and east of the City of Moorpark; to the south by the Bailey Fault and the Santa Monica Mountains; and to the west and southwest by the Pacific Ocean. The eastern portion of the FCGMA bifurcates into two separate lobes east of the City of Camarillo. The northern lobe, which includes the Las Posas Valley, terminates east of the City of Moorpark. The southern lobe, which includes the western portion of Pleasant Valley, terminates south of Moorpark. These two valleys widen to the west and merge near the city of Camarillo to form the broader alluvial Oxnard Plain. The Santa Clara River Valley intersects with the northeastern portion of the Oxnard Plain near the unincorporated area of Saticoy. The northern boundary of the Agency lies just north of the Santa Clara River at Saticoy and parallels its course

westward. Southwest of the City of San Buenaventura, the boundary crosses back to the south bank of the river just east of its discharge into the Pacific Ocean.

2.2 Geology and Hydrogeology of the FCGMA

The FCGMA is located near the western margin of the Transverse Range Geologic Province in Southern California (Figure 1). This province is characterized by east-west oriented mountain ranges separated by valleys, faults, and basins. The east-west trending folds and faults are common throughout the province and their surface expression is evident at many locations within the FCGMA boundary (Figure 2). The water-bearing sediments that comprise the valley fill and alluvial plains within the FCGMA consist of unconsolidated and semi-consolidated sediments that range from Pliocene to Recent (Holocene) in geologic age (Figure 3). The named formations from oldest to youngest include the Plio-Pleistocene-age Santa Barbara Formation, the Pleistocene-age San Pedro Formation, and semi-consolidated and unconsolidated sediments of Upper-Pleistocene and Recent (Holocene) ages. Local and regional unconformities (i.e. gaps in the geologic sedimentation record caused by uplift and subsequent erosion) occur between each of these formations (DWR, 1976).

The topography in the eastern portion of the FCGMA consists of narrow steep sided canyons that open into broader east-west trending Las Posas Valley and Pleasant Valley, with moderate relief (typically 300 to 1,500 feet difference) between the bordering mountain highlands and the westward-sloping valley floors. The canyons and valley floors are partially filled by colluvium, unconsolidated fluvial sediments, and coalesced alluvial fans comprised of material eroded from the surrounding uplifted Tertiary- and Quaternary-aged sedimentary rocks. The alluvial thickness in the eastern portion of the Agency is typically less than 600 feet thick and thins in close proximity to outcropping bedrock. In the western portion of the FCGMA, the topography primarily consists of the broad, alluvial Oxnard Plain. The Oxnard Plain gently slopes to the southwest and terminates at the Pacific Ocean; however, semi-consolidated rocks of various aquifers outcrop beneath the ocean and groundwater discharge has been documented in this offshore area (Izbicki, 1996a, 1996b, 1992). The thickness of the alluvium beneath the Oxnard Plain is typically greater than 1,000 feet.

Two main drainages lie within or form boundaries to the FCGMA (Figures 1 and 2). The Santa Clara River originates in the San Gabriel Mountains east of Ventura County and flows westward through the Santa Clara River Valley, which lies north and northeast of the FCGMA. The Santa Clara River intersects the northwestern boundary of the FCGMA near the unincorporated area of Saticoy. The Santa Clara River supplies recharge to FCGMA aquifers by direct infiltration through the streambed and through a man-made diversion, the Freeman Diversion, and several spreading grounds, which are owned and operated by the UWCD. Because of near constant flows from wastewater treatment plants, urban runoff, and periodic releases from Lake Piru, the Santa Clara River is a perennial stream; however, the majority of water flow occurs during runoff periods associated with winter storms. Calleguas Creek lies near the southern and southeastern boundaries of the FCGMA and also carries water during high-runoff periods as well as nearly-continuous discharge from wastewater treatment plants in Simi Valley, Moorpark, and Thousand Oaks, and Camarillo. Additional water is contributed to these streams by irrigation return flow and urban runoff. Although there are a number of small reservoirs and retention basins, there are no other major surface water bodies within the FCGMA boundary.

Seven different groundwater basins lie partially within the FCGMA (Figure 2). These include the Arroyo Santa Rosa Basin, the East Las Posas Basin, the West Las Posas Basin, the South Las Posas Basin,

the Pleasant Valley Basin, the Oxnard Forebay Basin, and the Oxnard Plain Pressure Basin⁴. Each basin has significant groundwater resources with unique physical and water quality characteristics. The majority of the groundwater extraction occurs in the Oxnard Plain Pressure Basin, which contains a complete set of the six previously-identified aquifers. The remaining five basins contain incomplete hydrostratigraphic sections and thinner, less-extensive aquifers. Descriptions of the physical, hydrogeologic, and water quality characteristics of each of these groundwater basins are extensively described in other documents (FCGMA et al., 2007; VCWPD, 2006a, 2006b; UWCD, 2004; Izbicki, 1996a, 1996b; FCGMA, 1985; et al).

Named water-bearing strata, or aquifers, occur within these geologic units and are identified on the basis of their composition, stratigraphic location, and lateral continuity. Within the FCGMA boundary, there are six named aquifers which include, from deepest depth of occurrence to the shallowest, the Grimes Canyon Aquifer, the Fox Canyon Aquifer, the Hueneme Aquifer, the Mugu Aquifer, the Oxnard Aquifer, and the Perched or Semi-Perched Zone (DWR, 1976). These aquifers have been combined into two main groups: the Lower Aquifer System (LAS) which includes the Grimes Canyon, Fox Canyon, and Hueneme Aquifers; and the Upper Aquifer System (UAS) which includes the Mugu and Oxnard Aquifers (Figure 3). The Semi-Perched zone is considered by some to be separate from the UAS because it is only locally extensive and of poorer quality than the deeper, more geographically extensive aquifers (Turner, 1975). A hydrostratigraphic column showing the named geologic units and the corresponding aquifers is presented in Figure 3.

Faulting has significantly affected the Tertiary and Quaternary-aged formations and thus impacts the hydrogeology within the FCGMA. Some of the major faults that occur within or near the margins of the Agency include the Oak Ridge Fault, the Berylwood Fault, the Somis Fault, the Springville Fault, the Simi-Santa Rosa Fault Zones (includes Santa Rosa Fault, Northern Simi Fault, Southern Simi Fault) the Camarillo Fault, the Wright Road Fault, and the Bailey Fault, (Figure 2). Although the general groundwater flow direction in FCGMA aquifers is to the southwest, faults and other structural features may form partial or complete barriers to groundwater flow or cause local variability in flow direction. UWCD has demonstrated anomalous groundwater elevations observed at wells screened in the LAS of the Oxnard Plain, suggesting a low-permeability feature that subparallels the northeast extension of the Hueneme Canyon Fault (UWCD, 2004). Groundwater elevations in LAS wells to the south of this extension are typically lower than those to the north suggesting a fault, fold or other structural feature may restrict the flow from the northwestern part to the southeastern part of the Oxnard Plain. Similar anomalies exist elsewhere within the region, suggesting that geologic structure has a significant impact on groundwater flow. Ultimately, the effects geologic structure on groundwater flow can only be quantified through detailed hydrostratigraphic analysis and aquifer testing. The Agency continues to work with its regional partners UWCD and CMWD to evaluate the impact of these features.

2.3 Groundwater Resource Management

The enabling legislation, now Appendix 121 of the California Water Code, established the ability of the FCGMA to perform groundwater management activities including, but not limited to, registration of facilities, control of extractions, regulation of extraction facility construction, prosecution of legal actions against unreasonable use, imposition of reasonable operating regulations, and collection of fees. Through this legislation and a series of ordinances, the FCGMA has developed a groundwater management system to record groundwater facility owner/operator information; collect and record

⁴ Historic references have segregated the southeastern portion of the Oxnard Plain into a separate basin identified as the Mugu Forebay Basin. This Basin is shown Figures 1 and 2 for reference only. This document considers these areas a single groundwater basin and includes all rainfall, extraction, and credit values for the area formerly known as the Mugu Forebay Basin in the Oxnard Plain Basin.

extraction data; regulate groundwater extraction through the application of an annual allocation system; assign credits for non-use of the resource and/or replenishment actions; collect fees for overuse of the resource (surcharges), and collect management fees.

Ventura County relies on groundwater as the primary source for its water needs with lesser amounts derived from surface water, reclaimed water from treatment plants, and water imported from outside the County by pipeline from the California State Water Project (VCWPD, 2006a). There are three specific allocation methods used by the FCGMA to calculate the allowed volume of water each operator may extract in a given year. Although many operators are limited to the use of one allocation method in a particular year, others operators may use one or a combination of allocation methods depending on the intended use of the groundwater they extract, the type of operator, the ownership of the extraction facility, the history of land use on a particular land parcel where a well resides, and acreage served by groundwater extraction from a particular well. The allocation methods and their specific rules for qualification and application are detailed in FCGMA Ordinance No. 8.1 (Appendix B) and include Historical Allocation (HA), Baseline Allocation (BA), and Irrigation Efficiency (IE).

Within the FCGMA, groundwater users have been divided into three general categories: agricultural, municipal and industrial (M & I), and domestic. The definitions of each type of user or user's facility as specified in Ordinance No. 8.1 are as follows:

- **Agricultural Facility:** “a facility whose groundwater is used on lands in the production of plant crops or livestock for market, and uses incidental thereto”. Agricultural facilities may be entitled to HA, BA, or IE depending on the age of their wells and history of land ownership. Agricultural facilities may use HA, BA, or HA and BA together in a given year if they hold such allocations. They can also accumulate credits on any unused HA⁵ in a particular calendar year. If they choose to use the IE allocation method, they are not eligible to use either of the other allocation methods or accumulate groundwater extraction credits in that particular calendar year. Typically, agricultural facilities are responsible for 60-70% of the total groundwater extracted within the Agency during a given calendar year.
- **Municipal and Industrial User (M & I):** a person or other entity that used or uses water for any purpose other than agricultural irrigation. An *M & I Operator* is defined as “an owner or operator that supplied groundwater for M & I use during the historical allocation period (1985-1989 inclusive), and did not supply a significant amount of agricultural irrigation during the historic period.” An *M & I Provider* is defined as an entity or person which provides water for domestic, industrial, commercial, or fire protection purposes within the boundaries of the Agency.” M & I users may be entitled to HA, BA, or HA and BA together and can accumulate extraction credits for any unused HA in a particular year. M & I users are not eligible for IE. Typically, M & I facilities are responsible for 30-40% of the total groundwater extracted within the Agency during a given calendar year.
- **Domestic User or Domestic Extraction Facility:** Not specifically defined in Ordinance No. 8.1; however, the Agency has used the extraction facility metering requirements as a substitution for this definition. According to FCGMA Ordinance No. 8.1, Sec. 3.1.1, a domestic extraction facility supplies a single family dwelling on one acre or less, with no income producing operations. Typically, domestic users are responsible for less than 1% of the total groundwater extracted within the Agency during a given calendar year.

⁵ Unused HA refers to the difference between the total HA held by a registered facility including any adjustments made by the Agency, minus the actual reported groundwater extraction reported by that facility in a particular year.

Historically, the FCGMA has used various tools to facilitate groundwater management within its boundaries in accordance with its enabling legislation and established ordinances. Currently, the FCGMA uses a commercially available database program customized to suit the needs of the Agency. For all known groundwater extraction wells within its boundary, the Agency tracts ownership and/or legally identified operators; well identification and location; groundwater basin location; applicable groundwater allocation methods; self-reported semi-annual extraction data; and, number of available groundwater extraction credits.

The FCGMA currently has a total of 1,195 wells registered within its boundary. At the end of 2006, 770 wells were reported as active, 145 wells were reported as inactive, and 280 wells were reported as destroyed. On an ongoing basis, FCGMA staff registers new wells permitted by the County of Ventura⁶, update the status of existing wells according to information self-reported by the well owners or operators, and identify previously unregistered wells through records review and cooperative documentation and enforcement efforts with the VCWPD.

The FCGMA currently requires all extraction facility operators to voluntarily report their groundwater extraction on a semi-annual basis using a Semi-Annual Statement (SAS). The two six-calendar-month SAS reporting periods cover January 1 through June 30 (-01 Period) and July 1 through December 31 of each year (-02 Period). Each SAS summarizes any available allocation, the reported groundwater extraction (in acre-feet) by well, the application of any available credits, and the specific allocation method being used to calculate the permitted groundwater extraction. Based on the groundwater extraction reported, each operator also estimates the management fees due and any surcharges for extraction beyond their specified allocation.

2.3.1 Current and Historic Groundwater Extraction in the FCGMA

For the calendar year 2006, a total of approximately 111,616 acre-feet⁷ (AF) of groundwater extraction was reported to the FCGMA; with approximately 43,105 AF extracted for January 1 through June 30 (2006-01), and approximately 68,511 AF extracted for July 1 through December 31 (2006-02) (Table 2). When compared to the historic range of reported groundwater extraction within the FCGMA, the total annual reported groundwater extraction for 2006 is 93% of the mean reported annual extraction from 1991 through 2005 (119,662 AF) and 85% of the mean reported extraction from 1985 through 2005, 131,547 AF (Table 3). The annual extraction for 2006 is the 11th highest annual (i.e. sixth lowest) extraction observed since 1991 (Table 2; Figure 4).

For reporting period 2006-01, the reported groundwater extraction of 43,105 AF is 86% of the mean extraction observed for the -01 semi-annual periods from 1991 through 2005, 49,883 AF, and 76% of the mean extraction observed from 1985 through 2005, 56,383 AF (Table 3). The reported 2006-01 extraction is the 14th highest (i.e. third lowest) -01 semi-annual period extraction observed since 1991 (Table 2; Figure 5).

For reporting period 2006-02, the reported groundwater extraction, 68,511 AF is 98% of the mean for the -02 semi-annual periods from 1991 through 2005, 69,778 AF, and 91% of the mean for the -02 semi-annual periods from 1985 through 2005, 75,164 AF. The reported 2006-02 extraction is the 8th highest -02 semi-annual period extraction value observed since 1991 (Table 2; Figure 6).

⁶ Refers to wells permitted in accordance with the County of Ventura Ordinance No. 4184. All permitting in accordance with this ordinance is performed by the Ventura County Watershed Protection District.

⁷ 1 acre-foot (AF) equals 325,851 U.S. gallons at Standard Temperature and Pressure (STP).

The near-normal precipitation in the early part of 2006 may partially explain the near-normal extraction values for the 2006-1 period (Figure 5). FCGMA staff has observed that although extraction values in the -01 reporting periods are somewhat inversely related to rainfall, the correlation is not strong (FCGMA, 2007a). Further, significant variations in groundwater extraction (more than 20% variance from the per period average) have mostly been observed when rainfall varies more than 50% of the average value. Since the rainfall for 2006-01 was 86% of the average, a large variance in groundwater extraction is not expected. The near normal groundwater extraction for the 2006-02 reporting period supports the Staff's long-term observations that extraction in the second part of the calendar year is not related to rainfall (FCGMA, 2007b) except in extreme conditions⁸. Groundwater extraction for the -02 reporting periods has tended to be less variable than in the -01 period and has become fairly consistent for the last five years.

It is likely that a combination of both natural and anthropogenic factors effect groundwater extraction within the Agency. Data from the FCGMA's weather stations (Section 2.3.2) suggest that lower than average evapotranspiration values observed in 2005 and 2006 combined with extremely high rainfall in 2005 may partially explain the lower than average groundwater extraction in 2006 (Table 4). Other natural factors not quantified by the Agency that effect groundwater extraction include other meteorological effects (i.e. temperatures, cloud cover, etc.), the availability of surface water, and the delivery of imported water. It is likely that anthropogenic conditions have the most significant influence on groundwater extraction variability. These include changing land uses, variable demand from non-agricultural users, changes to crop-types and agricultural practices, costs and market conditions for agricultural products, variations in cost and availability of supplied/imported water, the amount and availability of recycled surface water.

2.3.2 Rainfall and Evapotranspiration

In support of the FCGMA's groundwater resource management effort, the Agency funds the operation and collection of meteorological data from six weather stations. Each station captures meteorological data such as temperature, rainfall, humidity, wind velocity, wind direction, dewpoint, and solar radiation at 30-minute intervals and calculates daily⁹ location-specific evapotranspiration (ETo)¹⁰ values according to the Modified Penman formula (Pruitt and Doorenbos, 1977). The stations (Camarillo, Camarillo Airport, Moorpark, Oxnard [Etting Road Station], Saticoy, and Somis) are operated and maintained by InvestmentSignals, LLC, of Atkinson, NH. Historically, the number of stations has varied from 5 to 6 due to Agency funding levels and the station locations have varied due to changes in property ownership.

The meteorological data collected from the weather stations are used by Agency for two different purposes. First, the rainfall and calculated ETo values are used to calculate the Irrigation Efficiency Allocation for agricultural operators according to Section 5.6.1.2 of FCGMA Ordinance No. 8.1. Here, the data is used to estimate the amount of water an operator's crop needs and allot a volume of extracted groundwater that operator may use to support the crop's development. The amount of allowed groundwater extraction varies by crop-type, acreage, and observed rainfall and operators who

⁸ Data for 1999-02 indicate a median of 0.02 inches of rain was observed during the period, only 0.5% of the average observed from 1993-2006. For this same period, extraction exceeded the average by approximately 15%.

⁹ Currently data are collected at 30-minute intervals and daily ETo summary values are calculated based on some measurements being averaged over the midnight to midnight 24-hour period (e.g. wind speed), and others (rainfall, ETo) aggregated over the same time period.

¹⁰ Evapotranspiration (ET) is a term used to describe the sum of evaporation and plant transpiration from the earth's land surface to atmosphere. Evaporation accounts for the movement of water to the air from sources such as the soil, canopy interception, and water bodies. Transpiration accounts for the movement of water within a plant and the subsequent loss of water as vapor through stomata in its leaves.

do not meet the associated efficiency standards may be subject to financial penalties according to Section 5.8.5 *et seq.* of FCGMA Ordinance No. 8.1. Second, the data is used to in the calculation of the region's water budget. The observed rainfall is considered a source of groundwater recharge while ETo represents water loss through plant uptake and evaporation.

The data collected at the FCGMA's six weather stations indicates that rainfall for calendar year 2006 (January 1 through December 31) was below the average observed from 1993 through 2005. The annual rainfall observed at each of the stations ranged from a high of 17.14 inches at the Somis station to a low of 9.09 inches at the Saticoy station with the median of 12.41 inches for the values observed at the six stations (Table 4). This value is approximately 76% of the average annual median value of 16.30 inches observed from 1993 through 2005. The data indicates the rainfall was below the 1993 through 2005 averages for the individual semi-annual reporting periods of the calendar year as well. For the -01 reporting period, the observed rainfall ranged from a high of 15.64 inches at the Somis station to a low of 7.71 at the Saticoy station with a median of 10.99 inches. The median is approximately 88% of average semi-annual (-01 period) median value, 12.42 inches, observed from 1993 through 2005. For the -02 reporting period (July 1 through December 31), the observed rainfall ranged from a high of 1.50 inches at the Somis station to a low of 1.32 inches at the Camarillo station with a median of 1.39 inches. The median value is only 35% of the average semi-annual (-02 period) median value of 3.82 inches observed from 1993 through 2005.

The data collected at the FCGMA's six weather stations indicates that evapotranspiration for calendar year 2006 (January 1 through December 31) was below the average observed from 1993 through 2005. The annual evapotranspiration observed at each of the stations ranged from a high of 44.92 inches at the Camarillo station to a low of 39.80 inches at the Etting Road station with the median of 43.51 inches for the values observed at the six stations (Table 4). This value is approximately 80% of the average annual median value of 54.63 inches observed from 1993 through 2005. The evapotranspiration data was not evaluated on semi-annual basis for this report.

2.3.3 Credits for Non-Use of Groundwater Resources

As part of the groundwater management system, a credit system exists to grant benefits to operators and stakeholders for non-use of the groundwater resources within the FCGMA. Credits, in the form of groundwater extraction volumes, can be used to extract groundwater free of the surcharge. Since 1998¹¹ credits have been automatically granted to operators that extract less groundwater in a calendar year than the historical allocation assigned to their wells, operators that recharge aquifers within the FCGMA boundary, and operators that provide water to others who do not use their full historical allocation for a particular calendar year. Credits are granted on an AF basis and can be used in future years to offset overuse of the groundwater resource (i.e. 1 AF credit is granted for each 1 AF of groundwater extracted that is less than the historical allocation for a particular calendar year. In addition, 1 AF credit is granted for each 1 AF of water injected into FCGMA aquifers per calendar year¹²).

For 2006, a net total of approximately 48,165 credits were earned by operators in the Agency (Table 5). At the end of 2006, an aggregate total of approximately 548,036 AF of unused credits were held by operators in the FCGMA. Figure 7 shows the historical growth of accumulated credits since the initiation of the current groundwater resource allocation methodology in 1991. The accumulation of credits represents a long-term resource management challenge for the Agency and its stakeholders.

¹¹ Prior to 1998, operators were required to request credits from the FCGMA Board. The policy change resulted with the passage of FCGMA Ordinance 5.7 in 1998.

¹² Credits are granted per acre-foot or part thereof to a resolution of 0.001 acre-feet.

Should there be an extended period with limited groundwater recharge by either natural or anthropogenic sources, a significant number of credits could be used in a short period of time, ultimately overstressing, and possibly permanently damaging the resource. Thus, although the credit system represents a low-cost groundwater-use option that can assist *individual* operators during extended dry periods, it also represents a threat to the regional groundwater resource since, under the current Ordinance, it lacks limits that would mitigate cumulative regional overuse during these same periods.

The effects of such an occurrence have not been quantified through rigorous quantitative modeling; however, the significance cannot be overstated. For example, even a modest 5% use of the total amount of credits currently available would result in a 27,401 AF increase in extraction in a given year. Given the mean annual groundwater extraction observed from 2000 through 2006 inclusive (approximately 116,107 AF), this additional 27,401 AF extraction based on credit usage would represent a net 24% increase in annual extraction. The consequences of overuse has already been documented through the development of persistent depressions in both the UAS and LAS groundwater elevations (UWCD, 2004), land subsidence (Hanson, 1992), and seawater intrusion (Izbicki, 1996 a, b; 1992; UWCD, 2004; and others). One of the goals of the Agency's recently approved Groundwater Management Plan (FCGMA et al., 2007; FCMGA 2007c) is to assist the stakeholders in developing new groundwater management strategies, groundwater replenishment/replacement programs, conservation incentive programs, and stakeholder education that will increase the their water-use efficiency and decrease the regional overuse of the resource.

2.3.4 Extractions and Credits by Groundwater Basins within the Agency

FCGMA data indicates the Oxnard Plain Pressure Basin had the greatest amount of extraction, net positive credits earned in 2006, and total accumulated credits through the end of calendar year 2006 (Table 6). The extraction in this basin accounted for approximately 48% of the total extraction and the 34% of the net credits earned in 2006. The Oxnard Forebay Basin, East Las Posas Basin, Pleasant Valley Basin, and West Las Posas Basin as a group account for nearly all of the remaining extraction within the Agency. As a group, the extraction in these four basins account for nearly 49% of the extraction and 65% of the net credits earned in 2006. Individually, these four basins reported similar extraction values ranging from 8% to 15% of the total Agency extraction. The range of net credits earned is slightly wider and ranges from 4% to 28% of the Agency total for 2006. The South Las Posas Basin and Arroyo Santa Rosa Basin accounted for approximately 2% of the total extraction and about 1% of the net credits earned 2006.

2.3.5 Groundwater Use in the FCGMA

Ventura County relies on groundwater as the primary source for its water needs with lesser amounts derived from surface water, reclaimed water from treatment plants, and water imported from outside the County by pipeline from the California State Water Project (VCWPD, 2006 a,b). Although it is impossible to precisely quantify the demand for groundwater in the FCGMA, it is possible to examine the agency-wide use of groundwater by volume extracted for each type of operator. Within the FCGMA, groundwater users have been divided into three general categories: agricultural, municipal and industrial (M & I), and domestic.

FCGMA 2006 data indicates there were 456 wells actively operated by agricultural facilities, 134 wells actively operated by M & I users, and 91 wells actively operated by domestic users (Table 7). For 2006, all agricultural operators reported approximately 72,270 AF of extraction, which represents approximately 63% of the total reported groundwater extraction. M & I operators reported 39,686 AF of extraction or approximately 36% of the total groundwater extraction. The estimated extraction by

domestic operators was approximately 352 AF or 0.3% of the total groundwater extraction. Since the domestic operators are not necessarily required to use flow meters or report groundwater extractions, their extraction value is derived from an estimate of consumptive use. The consumptive-use estimate is based on the number of persons known to reside in a dwelling(s) supported by a domestic extraction facility. For 2006, the assumed consumptive use value was 0.2 AF per person per 6-month period.

The FCGMA extraction data reflects the varied groundwater uses in each basin (Table 7). The basins have been divided into three classifications based on predominance of groundwater use in 2006. These classifications are described as follows:

- **Agricultural-Use Basins:** The agricultural-use basins include the Arroyo Santa Rosa, East Las Posas, South Las Posas, and West Las Posas Basins. These basins have the vast majority of groundwater extraction (91% or greater per basin) by agricultural operators, little domestic extraction, and limited M & I extraction. The Arroyo Santa Rosa basin is unique among this group since its groundwater extraction is performed exclusively by agricultural operators. As a group, the total extraction in these four basins accounted for approximately 26% of the total Agency extraction (all use types), 37% of the total Agency agricultural extraction, 5% of the total Agency M & I extraction, and 4% of the total Agency domestic extraction in 2006.
- **Mixed-Use Basins:** The mixed-use basins include the Oxnard Plain Basin and the Pleasant Valley Basin. These basins have significant groundwater extraction by both agricultural and M & I operators in roughly similar amounts and relatively little domestic extraction. As a group, the total extraction in these two basins accounted for 59% of the total Agency extraction (all use types), 55% of the total Agency agricultural extraction, 67% of the total Agency M & I extraction, and 82% of the total Agency domestic extraction for 2006. In the Pleasant Valley Basin, the amount of agricultural extraction is nearly equal to that of the M & I extraction. In the Oxnard Plain Basin, the agricultural extraction is greater than the M & I extraction; however, the M & I extraction is significant because it accounts for nearly 20% of the total Agency extraction (i.e. all use types) and approximately 53% of the Agency M & I extraction.
- **M & I-Use Basin:** The Oxnard Forebay Basin has a majority of its groundwater extraction by M & I operators, lesser agricultural extraction, and little domestic extraction. For this basin, M & I extraction was twice that of agricultural extraction. This basin accounted for approximately 15% of the total estimated Agency groundwater extraction (all uses), 8% of the total Agency agricultural extraction, 28% of the Agency M & I extraction, and 13% of the total Agency domestic extraction for 2006.

3.0 ADMINISTRATIVE ACTIONS FOR CALENDAR YEAR 2006

3.1 Significant Administrative Actions

3.1.1 Adopted Resolutions

The FCGMA Board of Directors formally adopted eight Resolutions during 2006 (Table 8). Of these eight, one resolution recognized service to the Agency. The seven remaining resolutions are summarized as follows:

- Resolution No. 2006-01: Requires accuracy testing of water flow meters pursuant to Chapter 2.0 of FCGMA Ordinance No. 8.1;

- Resolution No. 2006-02: Establishes a groundwater extraction management enforcement surcharge (GEMES) of \$2.00 for all groundwater extraction beginning with the 2006-02 reporting period and terminating at the conclusion of the 2009-01 period;
- Resolution No 2006-04: Defines the class of extraordinary groundwater extraction management enforcement expenses eligible for GEMES funding.
- Resolution No 2006-05: Completion of the ballot for the election of the Special District Alternate Commissioner to the Ventura Local Agency Formation Commission (LAFCO).
- Resolution No 2006-06: Adopts protocols and hearing procedures governing appeals of the Agency Executive Officer's determinations pursuant to Chapter 6.0 of the FCGMA Ordinance 8.1;
- Resolution No 2006-07: Establishes UWCD as the designated reporting authority for FCGMA annual groundwater extraction volumes to the State Water Resources Control Board (SWRCB), in accordance with recent amendments to Section 5009 of the California Water Code; and
- Resolution No 2006-08: Adopts the Integrated Regional Water Management Plan prepared by the Watersheds Coalition of Ventura County and authorizes the Executive Officer of the FCGMA to file a CEQA Notice of Exemption.

A copy of the FCGMA Resolutions approved during 2006 is provided in Appendix A.

3.1.2 Amendments to the FCGMA Ordinance

The FCGMA Board of Directors formally adopted Ordinance No. 8.1 on July 17, 2005 (Appendix B). There were no amendments to the FCGMA Ordinance 8.1 during 2006.

3.1.3 Changes to Groundwater Extraction Fees

The Board approved a groundwater extraction management enforcement surcharge (GEMES) of \$2.00 per acre foot for all groundwater extraction beginning with the 2006-02 reporting period (i.e. beginning of fiscal year 2006-2007) by the adoption of Resolution No. 2006-02. This resolution specifies that pursuant to the statutory authority granted the Board of Directors¹³, the Agency will augment its statutorily authorized groundwater extraction charge of \$4.00 per acre foot with a \$2.00 per acre-foot Groundwater Extraction Management Enforcement Surcharge (GEMES). The GEMES is levied on all groundwater extracted within the Agency's boundaries, and is billed and collected in the same manner as the Agency's existing groundwater extraction charges. Revenues derived from the GEMES are solely used by the Agency to fund Board-approved groundwater extraction enforcement activities determined by the Board to be above and beyond the normal operating costs of the Agency. With the enactment of this resolution, the Board directed the Agency Executive Officer to take the budgeting and cost-accounting steps necessary to restrict the revenues generated by the GEMES to those purposes directed by the Board. Further, the Board directed that both the format and content of the Agency's future quarterly, mid-year and year-end budget reports be modified to include a section reporting on the receipt and expenditure of the GEMES revenues received by the Agency during that reporting period. The Board also established a termination date of July 1, 2009 (conclusion of fiscal year 2008-2009) for the GEMES unless otherwise directed by future action (FCGMA, 2006b).

¹³ Fox Canyon Groundwater Management Agency Act Sections 1001-1007, and the Agency Ordinance No. 8.1.

The \$2.00 per acre foot surcharge is levied on all groundwater extraction occurring in the Agency in addition to the existing \$4.00 per acre foot for groundwater extraction charge. Associated with the management of these funds, the Board also specified through the adoption of Resolution No. 2006-04 that funds generated through the GEMES surcharge would be maintained separately from Agency operating funds and be used solely to fund Board-approved extraordinary groundwater management enforcement activities (FCMGA, 2006c).

3.2 FCGMA Board Members and Staff

Numerous staff changes occurred during 2006, including the following:

- The appointment of VCWPD administrative assistant Kathy Miller as Clerk of the Board in replacement of Karen Schoonover who was reassigned within the VCWPD (January 2006).
- The appointment of VCWPD management assistant Tammy Butterworth as Deputy Clerk of the Board to replace Kathy Miller, who was appointed Clerk of the Board (January 2006).
- The hiring of Christian S. Laber, P.G., as Staff Geologist for the VCWPD. In this role, Mr. Laber serves as the staff geologist to the FCGMA on a full-time basis (August 2006).
- The appointment of Tammy Butterworth as Clerk of the Board to replace Kathy Miller who was appointed Deputy Clerk of the Board (November 2006).

3.3 Project Reviews Performed for 2006

In 2006, the Groundwater Section of the Ventura County Watershed Protection District (VCWPD, 2006b) performed approximately 179 reviews of proposed development projects as part of the County Planning Division's implementation of the General Plan and Zoning Ordinance. Of these projects, 55 involved proposed or active projects within the FCGMA boundary. Typically, these projects are reviewed to identify the following groundwater-related issues: changes to the well ownership/operator, property-use changes that effect FCGMA extraction allocation, other changes to land use, potential short- and long-term impacts to water quality and/or water quantity, changes or modifications to active wells, changes to groundwater distribution systems, and construction of structures that might impair infiltration of surface water to FCGMA aquifers. Ultimately, these projects are approved, denied, or approved with conditions and/or modifications based in-part on potential impacts to the FCGMA groundwater resources.

3.4 Permitting and Registration of Facilities

As part of the FCGMA role in groundwater management within Ventura County, Agency staff assists VCWPD with the review of installation/abandonment permits for wells within the FCGMA boundary. Most new wells, regardless of the intended use, are required to meet the State of California Well Standards (DWR, 1991) and Ventura County Well Ordinance No. 4184 (1999). FCGMA Ordinance No. 8.1 also requires the registration of all groundwater extraction facilities in addition to semi-annual reporting of extraction volumes. For 2006, 10 new wells were installed and 16 wells were destroyed within the Agency boundary.

3.5 Other Administrative Activities Performed in 2006

The FCGMA performed a number of other administrative activities during 2006. These included the following:

- Contributed to the completion of the Integrated Regional Watershed Management Plan (currently identified as the Watershed Coalition of Ventura County).
- Examined groundwater contamination issues caused by the use of septic systems in the Oxnard Forebay area near the unincorporated community of El Rio area north of the City of Oxnard.
- Negotiated a final settlement with Spanish Hills Country Club regarding overuse of the groundwater resource.
- Entered into negotiations with Thornhill Mutual Water Company, a property owner with wells registered with the Agency, regarding potential violations of the FCGMA Ordinance Code;

3.6 Progress of Groundwater Metering Program

FCGMA Ordinance No. 8.1 requires the use of flow meters for all extraction facilities except inactive wells and facilities supplying a single family dwelling on one acre or less providing that property has no income producing operations. The use of flow meters for reporting groundwater extractions is critical to the FCGMA for a number of reasons. First, it provides a relatively uniform method of reporting for all stakeholders. Second, it increases the efficiency of data management. Third, it allows FCGMA staff to critically analyze the extraction and use of the groundwater resource and make meaningful recommendations to the Board regarding its use. Fourth, it is the most effective way to link extraction data and the associated fees. Finally, it provides a means of enforcement for misuse of the groundwater resource.

The status of wells using meters or reporting using recognized methods is summarized in Table 9. This data indicates approximately 769 or 84% of the 909 known active or inactive wells report extraction data using flow meters, power meters, or consumptive-use methods. The remaining 146 wells, or approximately 16% of the 909 known active or inactive wells, have not reported their meter type to the FCGMA, do not use metered measurements, or do not use consumptive use methods to report extraction. In order to increase the effectiveness of the metering program, the FCGMA took the following actions in 2006:

- Analyzed rate of flow meter usage;
- Created the FCGMA Meter Committee to examine the flow meter accuracy calibration and testing process; and
- Adopted Resolution No. 2006-01 requiring accuracy testing of flow meters.

3.7 FCGMA Groundwater Management Plan

Upon its passage in 1982, the enabling legislation for the FCGMA (CWC 10750 et seq., 1982) required the Agency develop a groundwater management plan (GMP) to control extractions from the Oxnard and Mugu aquifers within three years. In addition, the Agency was required to develop a plan to manage future groundwater extraction from the lower aquifer system (LAS). In 1985, the Agency completed its first GMP (FCGMA, 1985). By 2004, significant regional land use changes, the need for additional water supply, emerging water quality and quantity challenges, and developing stakeholder groundwater utilization projects caused the Agency evaluate the need to updates its original GMP (FCGMA, 2004). The goal of the GMP evaluation was to develop new groundwater strategies or amend previously-existing strategies with more recent data and a more rigorous groundwater flow model to better assist the Agency with bringing the groundwater basins into balance by 2010. In June

2005, the Board set aside funds for UWCD to revise the regional groundwater model and time for Agency staff to work with UWCD, CMWD, and the FCGMA stakeholders to develop a comprehensive document that incorporated the model results and the proposed strategies (FCGMA, 2005).

In June 2006, the first draft of the GMP was completed and made available to the public for review and comment. Over the proceeding six months, the FCGMA held three public workshops to receive and address public comments, perform and present supplemental modeling efforts, review updates and revisions to the Plan, and incorporate new or revised groundwater management strategies. The final working draft was made available to the public in February 2007 and presented to the Board at a special meeting on March 9, 2007 (FCGMA, 2007d). At that time, staff received final Board and public comments and presented a proposed implementation approach for some of the groundwater management strategies. The 2007 Update to the FCGMA Groundwater Management Plan (FCGMA et al., 2007) was adopted by the Board on May 23, 2007 (FCGMA, 2007d).

The GMP contains a background and history of the FCGMA, a brief overview of the regional hydrogeology, and summarizes the groundwater quality and quantity issues currently faced by the Agency. The main components of the GMP include:

- Presentation of Basin Management Objectives (quantitative groundwater quality and quantity targets used to measure and evaluate the “health” of the basin and effectiveness of various groundwater management strategies);
- Estimate of groundwater yield from basins within the FCGMA;
- Description of historic and current groundwater management strategies;
- Brief summary of six groundwater management strategies currently under development;
- Summary of strategies that could potentially be developed and/or implemented in the future;
- Overview of an action plan to attain Basin Management Objectives; and
- Appendices containing plots of the temporal progress of seawater intrusion beneath the South Oxnard Plain, discussion of detailed assumptions and results of the quantitative groundwater modeling effort (Ventura Regional Groundwater Model [VRGM]), and a proposed management plan for the East Las Posas Basin.

The Plan identifies a series of short-term and long-term groundwater management projects and strategies, which are designed to address the current imbalance between use and availability of the groundwater resource that exists within the Agency.

3.8 Integrated Regional Water Management Plan

The Agency’s effort to update its GMP coincided with preparation of the Integrated Regional Water Management Plan (IRWMP) for the Ventura County Region. The IRWMP is a comprehensive water management plan that integrates project planning and implementation, and facilitates regional cooperation with the goals of improving water supply reliability, water recycling, water conservation, recreation and access, flood control, wetlands enhancement and creation, and environmental habitat protection. In 2006, the Watersheds Coalition of Ventura County (WCVC) was formed to oversee development and implementation of the IRWMP and its completion is the result of a collaborative effort by many public agencies and private organizations. Funding for the development of the IRWMP came

from local agency contributions, including approximately \$7,000 from the FCGMA, and a \$220,000 Proposition 50 Planning Grant awarded to the County in 2006 by DWR.

The Ventura County Board of Supervisors and the FCGMA adopted the IRWMP in December 2006. By the end of December 2006, the FCGMA and 32 other public and private organizations had also adopted this plan, which was included as part of a Proposal and Solicitation package submitted to the California Department of Water Resources for implementation grant funding under Proposition 50. In January 2007, the WCVC was informed that it had successfully secured \$25 million in project implementation funding. The IRWMP provides guidance and prioritization of projects eligible for funding under Proposition 50, Chapter 8 funding and other sources such as Proposition 84.

4.0 FINANCIAL STATUS OF THE AGENCY FOR 2006

The FCGMA's fiscal year begins July 1st and ends on June 30th of the proceeding calendar year. Fiscal administration and oversight of the Agency's financial transactions is performed by the Agency's management in consultation with the Fiscal Services Section of the Central Services Department, Public Works Agency, pursuant to an existing and ongoing contractual arrangement between the Agency and the County of Ventura. Quarterly budget performance reports are presented to the Agency's Board of Directors for their information, review, and where necessary, budgetary adjustments.

This report summarizes financial transactions for two fiscal years. Specifically, it covers the financial status of the Agency for the fiscal period beginning July 1, 2005 and ending June 30, 2006 (FY 2005-2006) and the fiscal period beginning July 1, 2006, and ending June 30, 2007 (FY 2006-2007).

Summaries of the Agency's actual year end financial transactions for FY 2005-2006 and FY 2006-2007 were provided to the Board of Directors during the September 27, 2006 and October 24, 2007 Regular Board Meetings, respectively (FCGMA 2006d; FCGMA, 2007f). Table 10 provides a summary of the financial status of the Agency at the end of FY 2005-2006 and FY 2006-2007. Revenues for both FY 2005-2006 and FY 2006-2007 were generated through the payment of pump charges (i.e. charges for extraction of groundwater from wells within the FCGMA boundary), the payment of surcharges, penalties for extraction of groundwater beyond the FCGMA-established allocation where applicable, and interest earnings. Expenditures are summarized in Table 10 and include, but were not limited to, insurance, operational expenses, subcontracted weather and database services, salaries, computer and field equipment, audit fees, and legal service fees.

4.1 Financial Status

At the conclusion of FY 2005-2006, the FCGMA realized a year-end fund balance of \$449,419 available for funding fiscal year 2006-2007 expenditures. This amount is based on:

- \$947,961 in revenues from all sources which including \$508,222 of operating revenue obtained through payment of pump charges, surcharges, and interest earnings; and \$439,739 in year-end fund balance carried forward from fiscal year 2004-2005 that was available for financing fiscal year 2005-2006 expenditures; and
- Deduction of a total of \$498,542 in expenses incurred during fiscal year 2005-2006.

The resultant year-end fund balance of \$449,419 is \$48,467, or approximately 12%, greater than the initial projected year end target figure of \$400,952 (FCGMA, 2006a).

At the conclusion of FY 2006-2007, the FCGMA realized a year-end fund balance of \$553,727 available for funding fiscal year 2007-2008 expenditures. This amount is based on:

- \$1,099,224 in revenues from all sources which including \$649,805 of operating revenue obtained through payment of pump charges, surcharges, and interest earnings; and \$449,919 in year-end fund balance carried forward from fiscal year 2005-2006 that was available for financing fiscal year 2006-2007 expenditures; and
- Deduction of a total of \$545,498 in expenses incurred during fiscal year 2006-2007.

The resultant year-end fund balance of \$553,727 is \$38,430, or approximately 35% greater than the initial projected year-end target figure of \$409,416 (FCGMA, 2007f).

4.2 Status of GEMES Funds

4.2.1 Background of the GEMES Fund:

Beginning in 2004, the Agency identified the increasing occurrence of groundwater, extracted from wells located within its boundary, exported for use outside of that boundary. Such activities were determined to be in violation of the FCGMA Ordinance and, if left unchecked, would have a significant likelihood of permanently impairing the groundwater resource (FCGMA, 2006e). At that time the Board stated that such an adverse consequence was not an acceptable policy option for the Agency. However, the staff determined that the time, effort, and expense necessary to develop effective ordinance enforcement compliance was beyond the Agency's current fiscal resources. In response the Board adopted Resolution No. 2006-02 (Appendix A), establishing the Groundwater Extraction Management Enforcement Surcharge (GEMES) (FCGMA, 2006b). This fee increased the groundwater extraction charges by \$2.00 per acre foot on all groundwater extracted within the Agency's boundaries.

Resolution No. 2006-02 (Appendix A) specified that revenues derived from the GEMES would solely be used to fund Board approved groundwater extraction enforcement activities determined by the Board to be above and beyond the normal operating costs of the Agency. Through the adoption of Resolution No. 2006-04 (Appendix A), the Board further specified and limited the uses of GEMES funding as follows:

3. *The class of Agency expenditures that may be eligible for GEMES funding, provided that the Executive Officer determines that such expenditures are over and above normal Agency operating costs, includes, but is not limited to:*
 - a. *Agency staff time directly attributable to the enforcement activity.*
 - b. *Specialized engineering and technical studies and surveys required in support of the enforcement activity.*
 - c. *Legal fees (both Agency Counsel and possibly outside specialized counsel costs) required to in support of the enforcement activity.*
 - d. *Enforcement activity costs, including litigation.*

4.2.2 GEMES Fund Accounting and Current Status:

The first GEMES fee was first collected for groundwater extraction that occurred on or after July 1, 2006. In accordance with FCMGA Resolution No. 2006-02 (Appendix A), GEMES shall terminate automatically on July 1, 2009, and shall be applied only to groundwater extracted through June 30, 2009, unless the Board of Directors takes affirmative action prior to that date to extend it to such other date that it may then select. The obligation to pay all amounts due under the GEMES shall not terminate on July 1, 2009, but shall remain in effect until paid.

The GEMES fee is billed and collected in the same manner as the Agency's existing groundwater extraction charges. At the time of implementation, Agency staff estimated that the GEMES surcharge would generate approximately \$210,000 each fiscal year. As of June 30, 2007, the GEMES had been active for one fiscal year and has realized a total approximately \$135,465 in surcharge revenues from the 2006-02 semi-annual reporting period¹⁴. The collected revenue was higher than anticipated levels due to greater amounts of groundwater extraction, likely due at least in-part to prevailing dry climactic conditions.

To date, the Executive Officer has determined that \$30,185 in extraordinary legal counsel services incurred by the Agency during FY 06-07 were eligible for GEMES reimbursement funding per application provisions of Resolution No. 2006-04. This resulted in a GEMES year end fund balance of \$106,280. The Board acknowledged and approved of this determination by its adoption of the Agency staff's recommendations to receive and file the Fiscal Year 2006-07 Year End Budget Performance Report (FCGMA, 2007g).

It is important to note that anecdotally, it is likely during Fiscal Year 2006-07, Agency staff expenditures resulting from the development of the Thornhill-Miller groundwater enforcement settlement were in excess of \$30,185, with approximately \$50,000 in staffing costs incurred for extraordinary groundwater management enforcement activities. . However, given the lack of sufficient granularity in the District's cost-accounting structure existing at that time, and the resultant difficulty in verifying such detailed cost-accounting, the Executive Director decided to limit the initial GEMES reimbursement payment to \$30,185 (FCGMA, 2007g).

4.3 Financial Audits

In accordance with California Government Code Section 26909, the FCGMA submits its financial records for analysis by an independent auditor according to Governmental Accounting Standards Board Statement 34 (GASB 34) requirements on a biennial basis. Under these requirements, the FCGMA is considered a special purpose government, engaged in the purpose of preservation of groundwater within its boundary and is operated on a cash-accounting basis. The GASB 34 definitions require the Agency's management to provide financial statements in an enterprise format and the auditors to obtain reasonable assurances that the statements are free of material misstatement.

The financial audit completed during 2007 reflected financial transaction information for fiscal years 2004-2005 (ending June 30, 2005) and 2005-2006 (ending June 30, 2006). As directed by the Board (FCGMA, 2007h), Lutz, Law and Erlbaum, CPA, of Camarillo, California, performed the analysis under contract with the Agency in accordance with auditing standards generally accepted in the United States of America.

The auditors found the Agency's financial statements presented fairly, in all material respects, the financial position of the Agency as of June 30, 2005 and June 30, 2006. Further, they found the changes in financial position and cash flows as presented in the financial statements for the above referenced years were in conformity with generally accepted accounting principles.

For this period of time, the audit of the FCGMA provided the following summary findings:

- Total net assets in 2006 increased \$62,597; a 11.3% increase from 2005;
- Revenues increased \$83,599; a 18.4% increase from 2005;

¹⁴ Note that GEMES revenues for extraction that occurred during reporting period 2007-01 were not collected until after June 30, 2007.

- Expenditures decreased by \$26,887; a 5.3% decrease from 2003.

A copy of the of the auditor's report is provided in Appendix C. The audit for fiscal years 2006-2007 and 2007-2008 is scheduled to be performed in 2009.

5.0 PLANNED ACTIVITIES FOR 2007

The FCGMA has multiple goals for 2007 in addition to those already documented in this report and the long-term administrative task of managing, recording, and reporting groundwater extractions. Those goals include the following:

- Implementation of long-term strategies for the management of FCGMA aquifers;
- Completion of an Initial Draft Groundwater Management Plan;
- Development of a policy for use of groundwater credits;
- Examination of the Irrigation Efficiency allowance to better manage the resource;
- Further development of the meter-calibration program;
- Increase enforcement activity to better administer the provisions of Ordinance No. 8.1;
- Maintain budget performance levels;
- Evaluation of the Extraction and Conservation Credit Program.

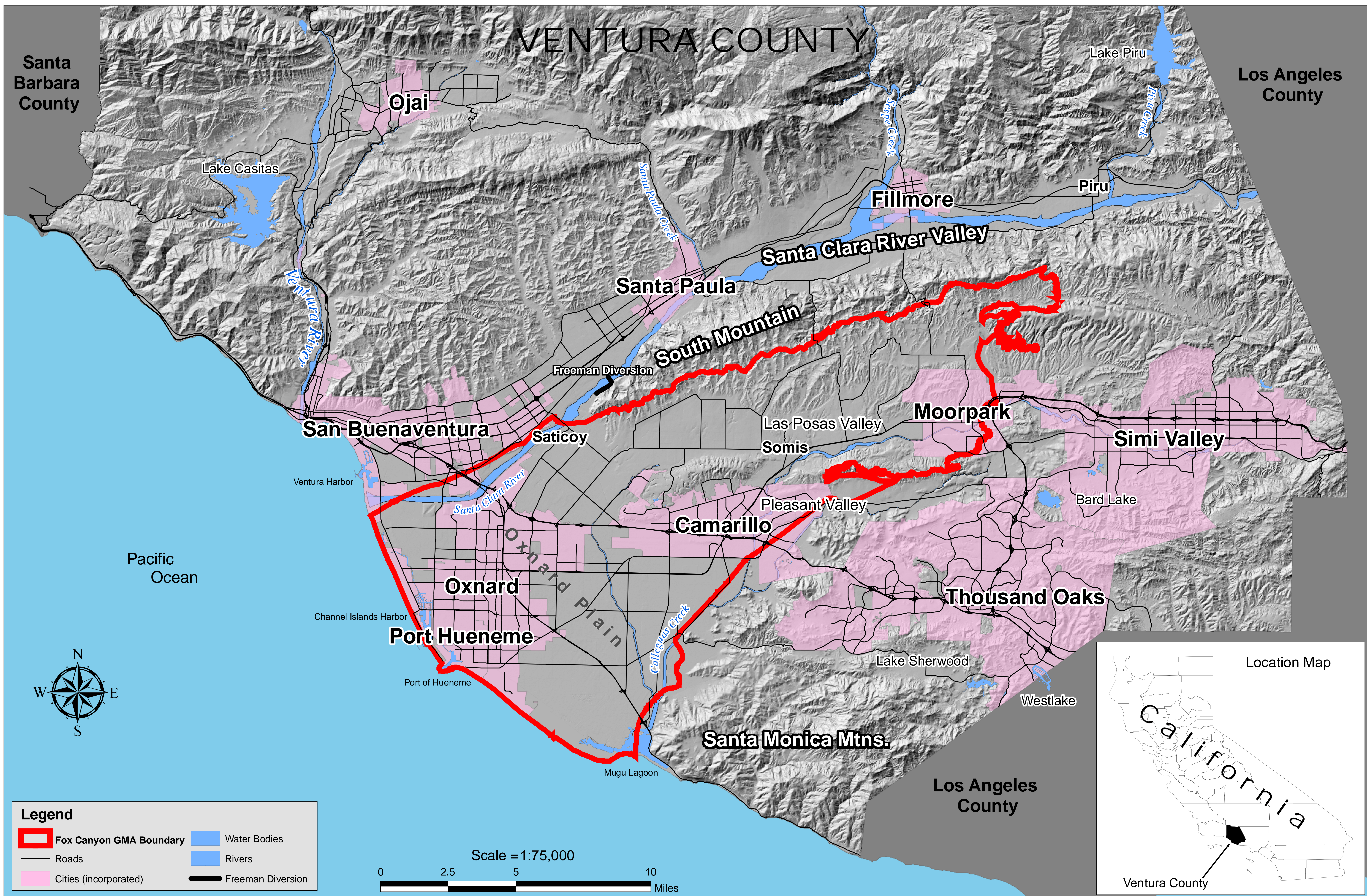
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FIGURES



FOX CANYON GROUNDWATER MANAGEMENT AGENCY (A State Of California Water Agency)

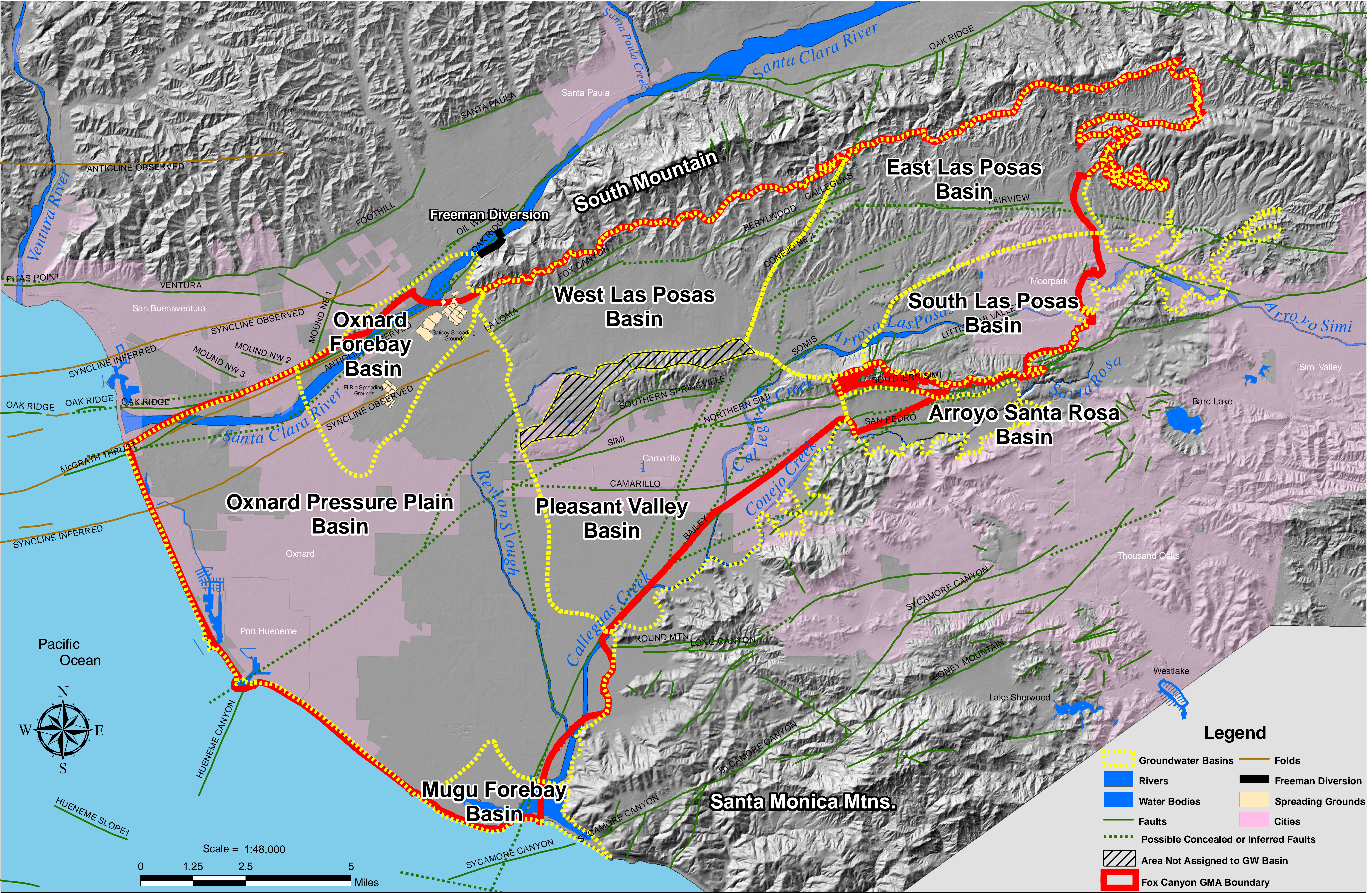
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Prepared By: JPD January, 2007
Reviewed By: CSL
Date Prepared: January, 2007
Date Reviewed: January, 2007

DISCLAIMER: The information contained herein was created by the Fox Canyon Groundwater Management Agency solely for its own use. The FCGMA assumes no liability for damages incurred directly or indirectly as a result of errors, omissions or discrepancies.

1. City limits: Ventura County Geographic Information Sysytems, 2007
2. FCGMA Boundary VCBOS, 1992; Revised 1996.

Figure 1: Fox Canyon Groundwater Management Agency Location Map





FOX CANYON GROUNDWATER MANAGEMENT AGENCY (A State Of California Water Agency)

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1. City limits: Ventura County Geographic Information Sysytems, 2007
2. FCGMA Boundary VCBOS, 1992; Revised 1996.
3. Faults & Folds compiled from multiple sources including Dibblee, 1990; 1992a; 1992b; 1992c; USGS - various sources; Some interpretation by FCGMA Staff.

Figure 2: Major Hydrogeologic Features and Groundwater Basins Within the FCGMA

FIGURE 3
Generalized Stratigraphy and Aquifers in the FCGMA

GEOLOGIC AGE	GEOLOGIC FORMATION	MAXIMUM THICKNESS	ROCK/SEDIMENT TYPES	AQUIFER	AQUIFER SYSTEM
Recent (Holocene)	Unnamed Alluvium, Colluvium, Fluvial, and Deltaic Deposits (Qa, Qoa, and Qg after Dibblee, 1992a; Qls and Qc after Dibblee, 1990a)	260 feet	Gravel, Sand, Silt, Clay	Semi-Perched Oxnard	Not Assigned
Upper Pleistocene	<div>Unconformity</div> Unnamed Terrace and Flood Plain Deposits (Qoa after Dibblee, 1992)	300 feet	Gravel, Sand, Silt, Clay	Mugu	Upper Aquifer System (UAS)
Lower Pleistocene	<div>Unconformity</div> San Pedro Formation (QTs after Dibblee, 1992b)	1,300 feet	Gravel, Sand, Silt, Clay	Hueneme Fox Canyon	Lower Aquifer System (LAS)
	<div>Local Unconformity</div>				
	Santa Barbara Formation	1,600 feet	Gravel, Sand, Silt, Clay	Grimes Canyon	
Pliocene					

NOTES:

1. Stratigraphy and aquifer designation adapted from DWR, 1976.

FIGURE 4
Annual Rainfall and Reported Groundwater
Extraction in the FCGMA

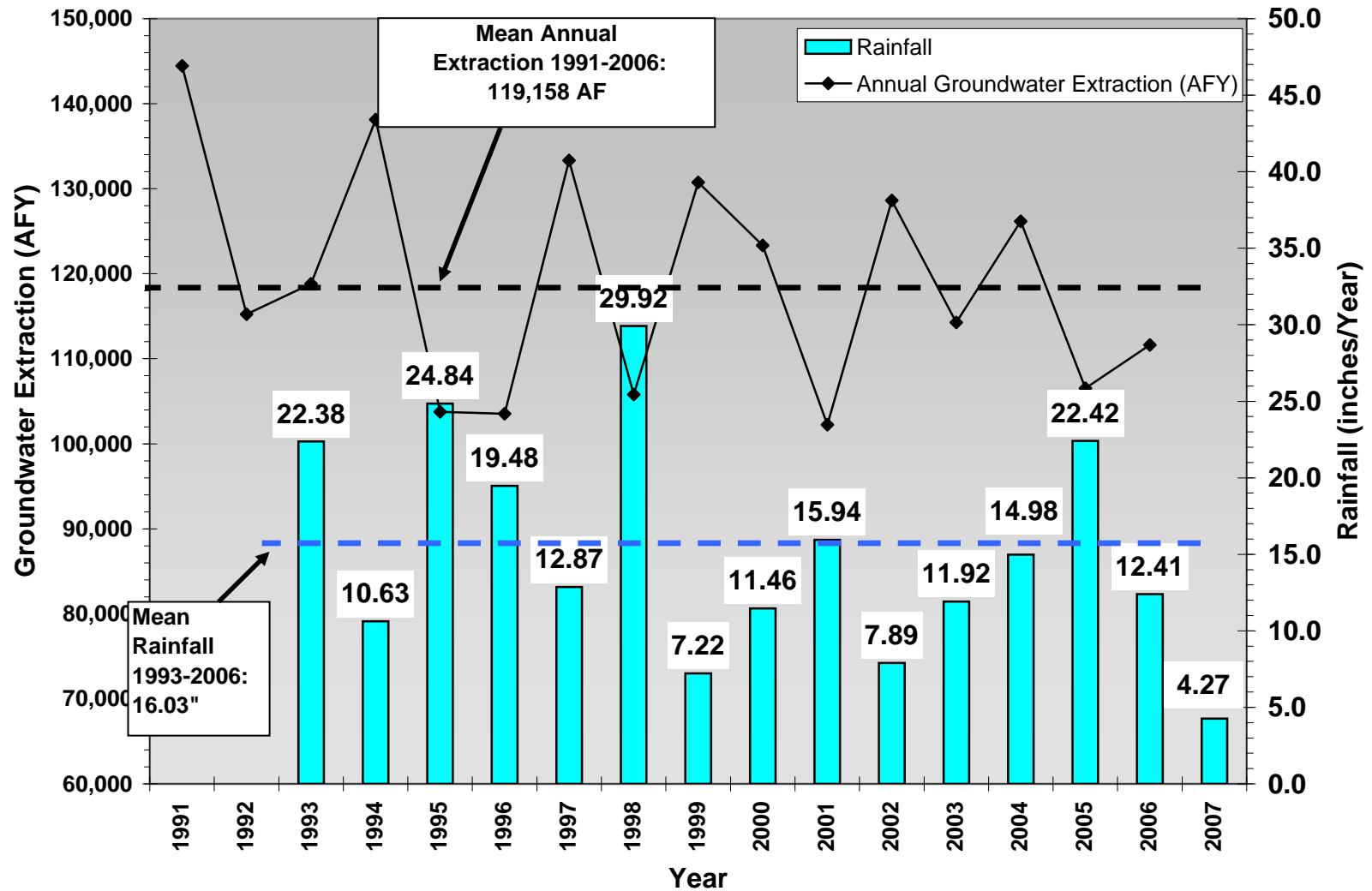


FIGURE 5
Rainfall and Reported Groundwater Extraction in the FCGMA
for -01 Reporting Period

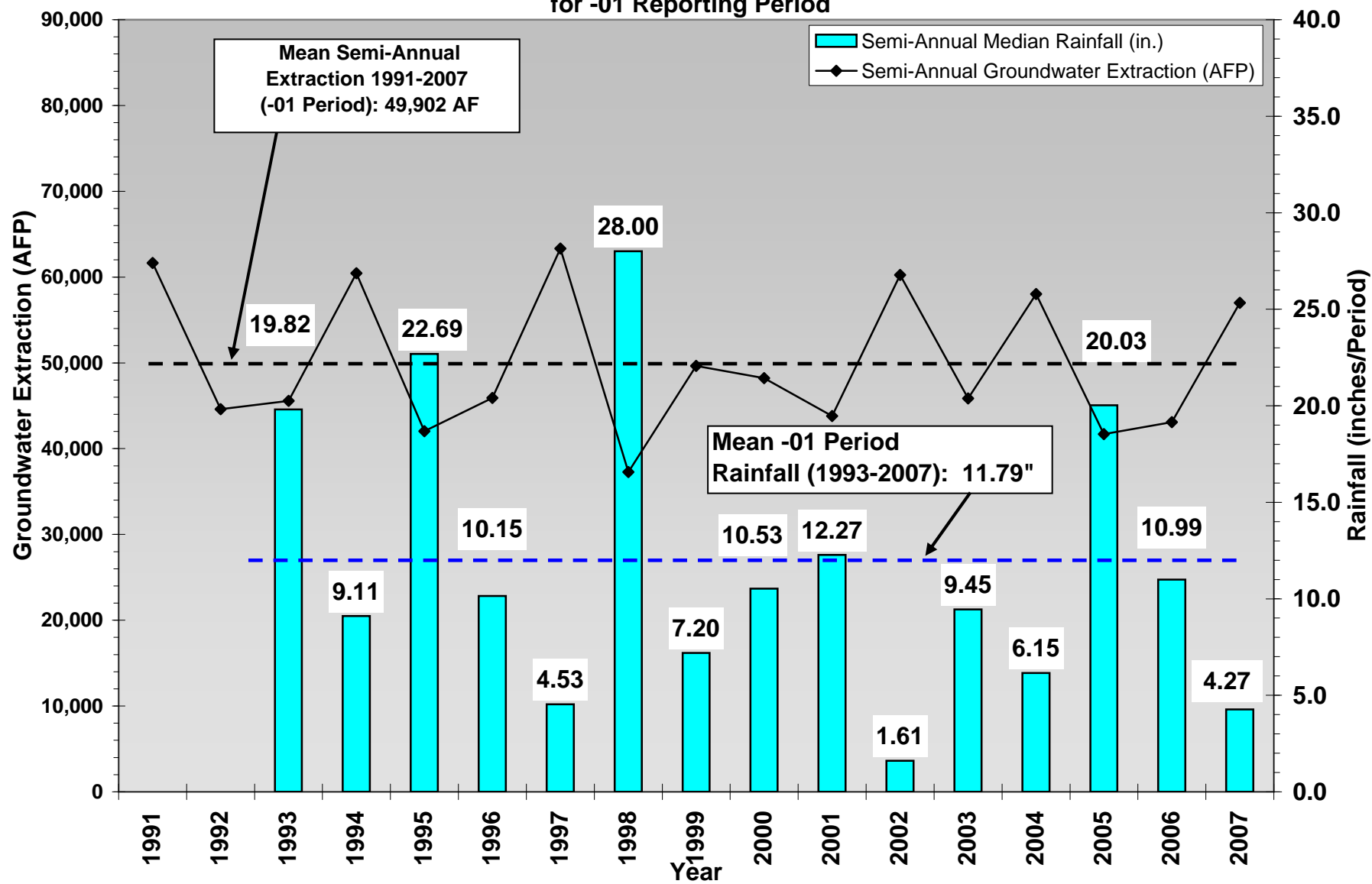


FIGURE 6
Rainfall and Reported Groundwater Extraction in the FCGMA
for -02 Reporting Period

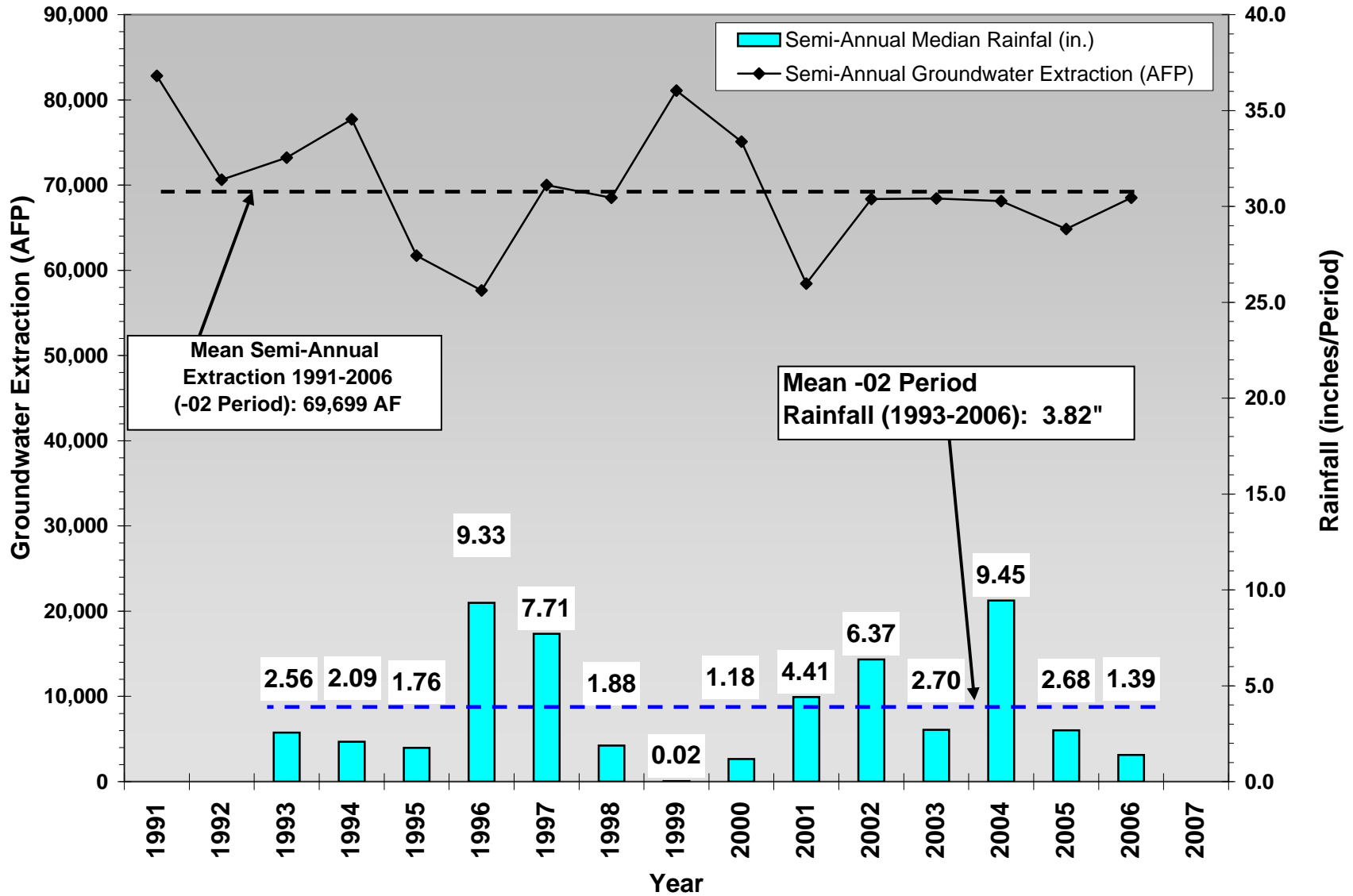
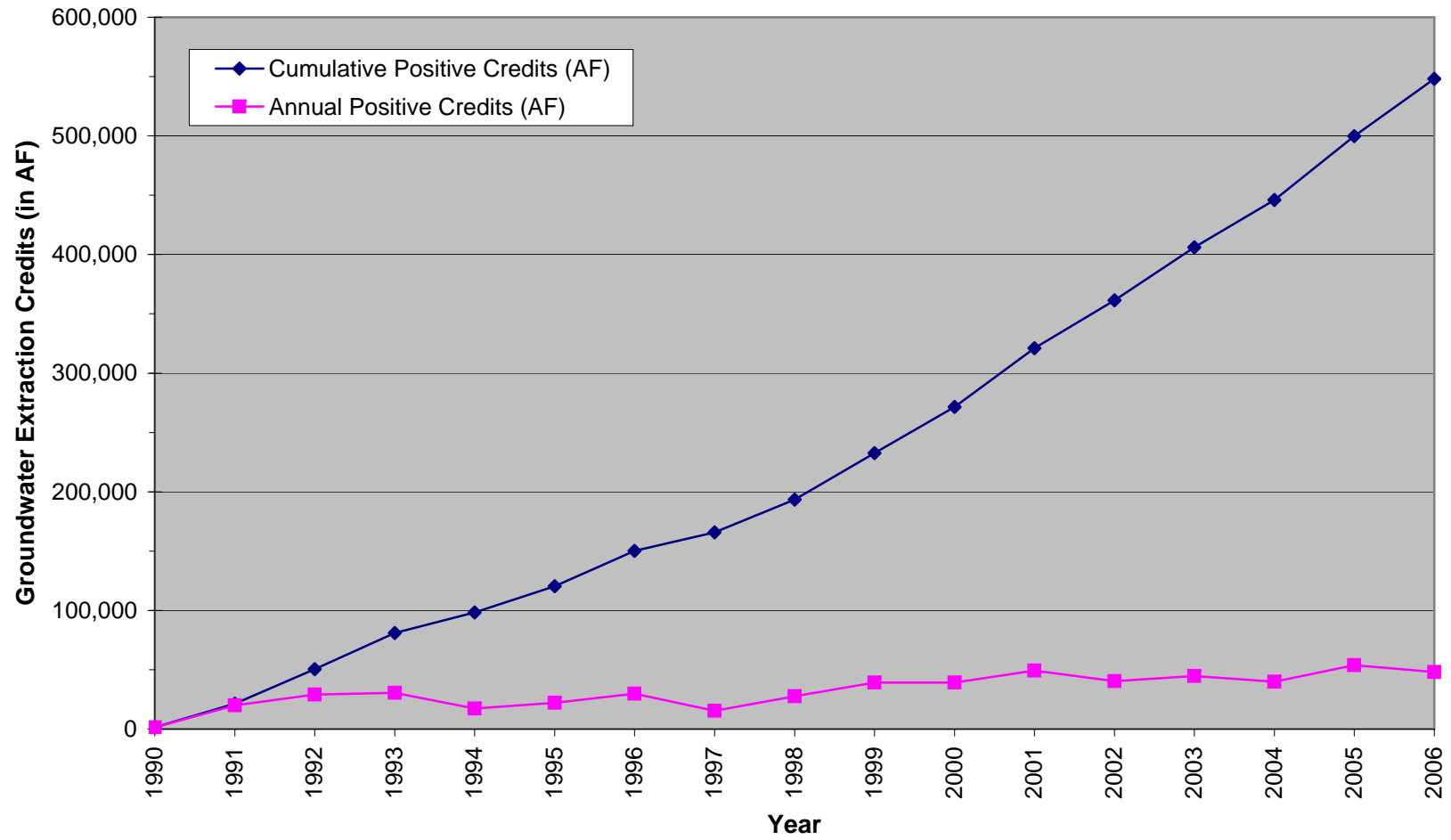


FIGURE 7
Historic Accumulation of Credits in the FCGMA



TABLES

TABLE 1
SUMMARY OF FCGMA PERSONNEL
FOR CALENDAR YEAR 2006

NAMES	AFFILIATION	CONTACT NUMBER
<i>DIRECTORS</i>¹		
Lynn Maulhardt (Chair)	Representing the United Water Conservation District	(805) 485-5728
David Borchard	Representing the Farming Interests	(805) 485-3525
Charlotte Craven	Representing the Five Cities within the Agency	(805) 482-4730
John Flynn	Representing the Ventura County Board of Supervisors	(805) 487-6331
Al Fox (Vice Chair)	Representing the Small Water Districts within the Agency	(805) 987-4369
<i>ALTERNATE DIRECTORS</i>¹		
Steve Bennett	Ventura County Board of Supervisors	(805) 654-2703
Mike Conroy	Farmers	(805) 482-2669
Sam McIntyre	Small Water Districts	(805) 484-1779
Daniel Naumann	United Water Conservation District	(805) 488-1424
Murray Rosenbluth	Cities	(805) 985-7588
<i>STAFF</i>		
Alberto Boada	Agency Legal Counsel	(805) 654-2578
Tammy Butterworth ²	Agency Clerk of the Board	(805) 654-2002
Gerhardt Hubner, P. G.	Deputy Director, WPD, Water & Environmental Resources	(805) 654-5051
Gerard Kapuscik	Special Projects Manager	(805) 648-9284
Christian Laber, P.G.	Staff Geologist	(805) 650-4083
Sheila Lopez	Agency Engineering Technician	(805) 645-1372
Kathy Miller ²	Agency Deputy Clerk of the Board	(805) 654-2088
David Panaro, P.G.	Manager, WPD, Water Resources Division	(805) 654-2327
Jeff Pratt, P.E.	Agency Executive Officer	(805) 654-2040
Karen Schoonover ²	Agency Deputy Clerk of the Board	(805) 654-2076

Notes:

1. Table lists active Board Members and Alternate Board Members at the end of 2006. The current two-year term of office for all Board Members and Alternate Board Members expired in February 2007.
2. Tammy Butterworth served as Deputy Clerk of the Board: June - October 2006; Clerk of the Board: November - December 2006; Kathy Miller served as Clerk of the Board January - October 2006, Deputy Clerk of the Board: November - December 2006; Karen Schoonover served as Deputy Clerk of the Board: January - May 2006.

TABLE 2
SUMMARY OF REPORTED GROUNDWATER EXTRACTION
WITHIN THE FCGMA SINCE 1983

Calendar Year	-01 Period [in AFY]^{1,2,3}	-02 Period [in AFY]^{1,2,3}	Annual [in AFY]^{1,2,3}	Amount of Reduced Historical Allocation per FCGMA Ordinance⁴
2007	56,998.731	--	--	15%
2006	43,104.514	68,511.303	111,615.817	15%
2005	41,680.211	64,841.563	106,521.774	15%
2004	58,026.617	68,131.347	126,157.965	15%
2003	45,850.933	68,415.241	114,266.174	15%
2002	60,246.020	68,366.475	128,612.495	15%
2001	43,801.842	58,454.525	102,256.367	15%
2000	48,209.938	75,107.593	123,317.532	15%
1999	49,657.594	81,092.536	130,750.130	10%
1998	37,287.729	68,508.523	105,796.252	10%
1997	63,312.804	70,012.886	133,325.690	10%
1996	45,911.758	57,628.106	103,539.864	10%
1995	42,022.732	61,732.585	103,755.317	10%
1994	60,433.397	77,708.809	138,142.206	5%
1993	45,576.099	73,234.733	118,810.832	5%
1992	44,587.924	70,634.614	115,222.538	5%
1991	61,637.338	82,811.625	144,448.963	0%
1990	79,074.061	99,262.177	178,336.238	0%
1989	78,300.327	100,250.311	178,550.638	NA
1988	73,100.775	87,907.534	161,008.309	NA
1987	82,681.249	82,585.087	165,266.336	NA
1986	57,583.663	84,136.050	141,719.713	NA
1985	78,338.718	84,279.825	162,618.543	NA
1984	36,376.903	35,506.032	71,882.935	NA
1983	284.820	28,984.417	29,269.237	NA

Notes:

AF = acre feet; 1 acre foot equals 325,851 gallons

AFY = Acre-feet per year

1. Table summarizes groundwater extraction reported to FCGMA. Other groundwater extraction may exist (i.e. groundwater extraction that occurred within the boundary of the FCGMA, but was not reported to the FCGMA).

2. FCGMA Reporting Periods are: (1) Jan. 1 - June 30; (2) July 1 - Dec. 31 of each Calendar Year; Annual refers to extraction occurring from January 1 through December 31 of each calendar year.

3. Data for reporting periods 1983-1, 1983-2, 1984-1, and 1984-2 provided by UWCD. Data determined to be incomplete based on low extraction values and low number of registered operators compared to proceeding years.

4. Historical Allocation (HA) is one of three methods employed by the FCGMA to allocate groundwater extraction (1990-present)(See text Section 2.3). Reductions stipulated by FCGMA Ordinance and Resolutions. 1985-1989: Historical Allocation Determination Period.

TABLE 3
COMPARISON OF CURRENT YEAR (2006)
TO HISTORIC GROUNDWATER EXTRACTION IN THE FCGMA

	Extraction for -01 Periods (AF/Period) ²	Extraction for -02 Periods (AF/Period) ²	Annual Extraction (AF/Year) ²
Current Year (2006)	43,104.514	68,511.303	111,615.817
Managed Extraction Mean³ (1991 - 2005)	49,882.862	69,778.744	119,661.606
Comparison of Current Year (2006) to Managed Extraction Mean³ (reported as %)	86%	98%	93%
Rank of Current Year Extraction to Annual Extraction⁴ (1991-2005)	14	8	11
Long Term Mean⁵ (1985 - 2005)	56,383	75,164	131,547
Comparison of Current Year (2005) to Long Term Mean⁵ (reported as %)	76%	91%	85%

Notes:

AF = acre feet; 1 acre foot equals 325,851 gallons

1. Table summarizes groundwater extraction reported to FCGMA. Other groundwater extraction may exist (i.e. groundwater extraction that occurred within the boundary of the FCGMA, but was not reported to the FCGMA).

2. Reporting Periods are: (-01) Jan. 1 - June 30; (-02) July1 - Dec. 31 of each Calendar Year.

3. **Managed Extraction Mean** refers to mean average of the reported Agency-wide groundwater extraction per period or year from 1991 through 2005. Groundwater extraction management program (i.e. groundwater management extraction based on an allocation basis) was initiated 1991. Analysis compares current year to historical period of managed groundwater extraction.

4. Rank (from highest to lowest) of the current year's reported annual extraction to the annual extraction reported from 1991-2005; For this analysis the highest extraction value for the time period is 1.

5. **Long Term Mean** refers to mean Agency-wide groundwater extraction per period or year from 1985 through 2005. Groundwater extraction data for 1983-1 through 1984-2 determined to be incomplete and not included in this analysis.

TABLE 4
SUMMARY OF RAINFALL AND EVAPOTRANSPIRATION OBSERVED AT FCGMA WEATHER STATIONS (1993-2006)

ANNUAL RAINFALL (in inches)															
Station	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Mean Annual Station Values 1993-2005
Camarillo	23.68	7.41	19.26	21.76	14.13	22.36	5.85	10.68	15.94	5.47	11.92	13.68	21.78	13.26	14.92
Camarillo Airport	22.98	10.97	25.70	15.76	11.98	28.51	5.59	11.46	15.00	7.53	11.62	12.88	16.31	11.33	15.10
Etting_Rd	19.98	11.36	25.48	17.57	12.28	ND	ND	ND	ND	8.25	13.21	15.50	21.59	11.59	16.14
Moorpark	21.67	10.29	23.00	19.34	15.74	33.03	7.50	10.92	15.90	6.75	9.74	16.89	30.92	13.22	17.05
Saticoy	23.95	13.74	26.92	21.34	13.46	31.01	7.22	12.13	23.50	8.47	14.62	14.46	23.06	9.09	17.99
Somis	21.78	9.68	24.20	19.61	10.32	29.92	7.39	12.08	20.03	9.84	11.92	20.26	33.52	17.14	17.73
Annual Maximum	23.95	13.74	26.92	21.76	15.74	33.03	7.50	12.13	23.50	9.84	14.62	20.26	33.52	17.14	--
Annual Median	22.38	10.63	24.84	19.48	12.87	29.92	7.22	11.46	15.94	7.89	11.92	14.98	22.42	12.41	16.30
Annual Minimum	19.98	7.41	19.26	15.76	10.32	22.36	5.59	10.68	15.00	5.47	9.74	12.88	16.31	9.09	--

ANNUAL EVAPOTRANSPIRATION (in inches)															
Station	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Mean Annual Station Values 1993-2005
Camarillo	57.49	54.95	52.86	54.22	53.28	54.14	65.96	58.22	55.7	59.97	49.23	50.79	46.86	44.92	54.90
Camarillo Airport	55.22	48.02	51.46	54.08	53.89	54.86	66.96	66.91	62.36	67.01	48.56	49.08	42.24	41.60	55.43
Etting_Rd	42.53	36.41	ND	45.76	43.44	ND	ND	ND	ND	52.5	39.72	48.33	41.96	39.80	43.83
Moorpark	51.49	49.09	50.58	53.60	56.68	50.14	58.79	55.31	63.92	65.75	50.27	51.49	45.66	43.97	54.06
Saticoy	54.65	52.31	57.86	56.52	52.78	56.4	65.94	64.32	59.58	64.54	47.35	55.70	44.88	43.20	56.37
Somis	52.46	51.08	49.18	52.64	52.70	57.31	62.75	60.22	54.89	61.47	49.67	52.26	44.21	43.82	53.91
Annual Maximum	57.49	54.95	57.86	56.52	56.68	57.31	66.96	66.91	63.92	67.01	50.27	55.7	46.86	44.92	--
Annual Median	53.56	50.09	51.46	53.84	53.03	54.86	65.94	60.22	59.58	63.01	48.90	51.14	44.55	43.51	54.63
Annual Minimum	42.53	36.41	49.18	45.76	43.44	50.14	58.79	55.31	54.89	52.5	39.72	48.33	41.96	39.80	--

Notes:

ND - No data available.

1. Annual summary values are a compilation of observed or supplemental data for a particular year. For each station, annual values represent the sum of daily observed data or supplemental data for
2. Historically, each station had missing data each year, typically amounting to 5-10 days. This data was replaced with supplemental data (See Notes #3-4). Cause for missing data not documented. Likely cause is station maintenance and repair issues.
3. **Supplemental Data:** Data derived from geographically nearest VCWPD weather station or calculated from multiple nearby VCWPD stations to replace lack of observed data at FCGMA weather station. In the case of 1 nearby station, supplemental data replaces "no data" at FCGMA station. In the case of multiple nearby stations, a median of multiple station observations is used unless two of those observation values are zero. In that case, the highest value is used.
4. **Supplemental Data Process:** Where practical, missing data from FCGMA weather stations was replaced with data from geographically closest VCWPD weather stations including 17C, 17B, 223A, 177, 49A, 141, 190, 259, 261, and 263.
5. Etting Road station not in operation 1998-2001. Rain data from 9/28/1997- 12/31/1997 derived from median of VCWPD weather stations (17C, 223A, and 177).
6. No supplemental data used for Etting Road 1998-2001 since no original data exists. For these years, Agency Annual Median, Annual Maximum, and Annual Minimum represent summaries of data from five other stations with observed data.

TABLE 5
SUMMARY OF GROUNDWATER EXTRACTION CREDITS
ACCUMULATED IN THE FCGMA SINCE 1990¹

Year	Net Annual Credits Granted/Earned² (AF)	Agency Aggregate Total Positive Credit Balance³ (+ AF)
2006	48,165.561	548,036.778
2005	53,828.887	499,871.217
2004	39,892.891	446,042.330
2003	44,763.244	406,149.439
2002	40,396.206	361,386.195
2001	49,355.372	320,989.989
2000	39,132.304	271,634.617
1999	39,177.999	232,502.313
1998	27,631.673	193,324.314
1997	15,464.384	165,692.641
1996	29,902.543	150,228.257
1995	22,035.727	120,325.714
1994	17,282.942	98,289.987
1993	30,592.751	81,007.045
1992	29,069.656	50,414.294
1991	19,865.970	21,344.638
1990	1,478.668	1,478.668
1989	0.000	0.000
1988	0.000	0.000
1987	0.000	0.000
1986	0.000	0.000
1985	0.000	0.000
1984	0.000	0.000
1983	0.000	0.000

Notes:

AF - acre feet of water; 1 Acre-foot = 325,851 US gallons of water @ STP

1. Credit Program Initiated in 1991. Initial credits granted for 1990 extraction less than allocation and injection credits.

2. Net Annual Credits Granted/Earned = Net credits earned/granted each year after application to any reported overpumping that year. Prior to 1998, operators were required to apply for credits. For 1999-2006 (present), credits are automatically earned for groundwater use less than allocation or groundwater injected. No credits were granted prior to 1990.

3. Aggregate Total Positive Credit Balance: Sums current and historic credits for all FCGMA Operator accounts with positive credit balance at the end of 2006.

TABLE 6
SUMMARY OF GROUNDWATER EXTRACTION AND
ESTIMATED CREDITS BY GROUNDWATER BASIN FOR CALENDAR YEAR 2006

Basin	2006 Total Reported Groundwater Extraction (in AF/Year)¹	% of Total Agency Extraction	2006 Estimated Net Credits Earned (in AF)^{2,4}	% of Net Credits Earned in 2006	Approximate Aggregate Positive Credit Balance by Basin (in AF)³
Oxnard Plain Pressure Basin	54,127.012	48%	17,465.047	33.8%	259,817.786
Oxnard Plain Forebay Basin	16,862.400	15%	14,772.510	28.6%	92,140.298
East Las Posas Basin	16,323.625	15%	9,506.381	18.4%	84,495.221
Pleasant Valley Basin	11,918.526	11%	7,295.524	14.1%	78,609.750
West Las Posas Basin	9,273.285	8%	2,155.901	4.2%	27,376.525
South Las Posas Basin	1,637.016	1%	383.316	0.7%	4,139.941
Arroyo Santa Rosa Basin	1,473.953	1%	110.581	0.2%	1,538.226
2006 Cumulative⁴	111,615.817	100%	51,689.260	100%	548,117.747

Notes:

AF = acre feet; 1 acre foot equals 325,851 gallons

1. Sums groundwater extraction reported to FCGMA. Other groundwater extraction may exist (i.e. groundwater extraction that occurred within the boundary of the FCGMA, but was not reported to the FCGMA).

2. Estimates all FCGMA Operator Credit Accounts for Calendar Year 2006 that have net positive credit balance after considering 2006 extraction by groundwater basin.

3. Sums current and historic credits by groundwater basin for all FCGMA Operator Accounts that have a positive credit balance at the end of Calendar Year 2006. 2006 Agency Aggregate Total Positive Credit Balance in Table 5 more representative of credits available for future extraction.

4. 2006 Estimated Net Credits Earned value varies slightly from 2006 Net Annual Credits Granted in Table 5 due to some accounts operating facilities in multiple basins. 2006 Net Annual Credits Granted in Table 5 more representative of credits earned in 2006.

TABLE 7
SUMMARY OF REPORTED GROUNDWATER EXTRACTION AND
USE-TYPE WITHIN THE FCGMA FOR CALENDAR YEAR 2006

Basin Type	Groundwater Basin	Groundwater Use-Type	Total Reported Groundwater Extraction for 2006 (in AF/Year)	% of Individual Groundwater Basin Extraction	% of Total Agency-wide Groundwater Extraction	Total # of Wells ⁶	Total # of Active Wells ⁷
Agricultural-Use Basins	Arroyo Santa Rosa	Basin Total	1,473.953	--	1.3%	13	9
		Agricultural	1,473.953	100.0%	1.3%	13	9
		Domestic	0.000	0.0%	0.0%	0	0
		M & I	0.000	0.0%	0.0%	0	0
	East Las Posas	Basin Total	16,323.625	--	14.6%	142	119
		Agricultural	16,041.003	98.3%	14.4%	104	86
		Domestic	4.138	0.0%	0.0%	8	8
		M & I	278.484	1.7%	0.2%	30	25
	South Las Posas	Basin Total	1,637.016	--	1.5%	23	19
		Agricultural	1,575.270	96%	1.4%	18	16
		Domestic	0.000	0%	0.0%	1	1
		M & I	61.746	4%	0.1%	4	2
	West Las Posas	Basin Total	9,273.285	--	8.3%	71	57
		Agricultural	7,511.912	81%	6.7%	52	41
		Domestic	11.298	0%	0.0%	5	4
		M & I	1,750.075	19%	1.6%	14	12
Mixed-Use Basins	Oxnard Plain ³	Basin Total	54,127.012	--	48.5%	427	329
		Agricultural	32,635.157	60.3%	29.2%	284	219
		Domestic	132.408	0.2%	0.1%	59	55
		M & I	21,359.447	39.5%	19.1%	84	55
	Pleasant Valley	Basin Total	11,918.526	--	10.7%	94	73
		Agricultural	6,385.455	54%	5.7%	66	47
		Domestic	157.650	1%	0.1%	18	17
		M & I	5,375.421	45%	4.8%	10	9
M & I-Use Basin	Oxnard Plain Forebay	Basin Total	16,862.400	--	15.1%	107	75
		Agricultural	5,647.659	33.5%	5.1%	50	38
		Domestic	46.806	0.3%	0.0%	8	6
		M & I	11,167.935	66.2%	10.0%	49	31
	2006 Cumulative		111,615.817	--	100.0%	877	681

Notes:

AF = acre feet; 1 acre foot equals 325,851 gallons

M & I - Municipal and Industrial

1. Table summarizes groundwater extraction reported to FCGMA. Other undocumented groundwater extraction may exist.

2. Reporting Periods are: (1) Jan. 1 - June 30; (2) July 1 - Dec. 31 of each Calendar Year

3. Oxnard Plain Basin includes area formerly identified as Mugu Forebay Groundwater Basin

4. Agency-wide totals by use type: Agricultural - 71,270.409 AF (63.8%); Domestic 352.30 AF (0.3%); M & I - 39,686.57 AF (35.8%).

5. Extraction data current as of 11/16/2007.

6. Total number of wells for operators reporting greater than 0.000 AF extraction for 2006.

7. Considers wells reporting extraction greater than 0.000 AF. Other active wells exist but reported 0.000 AF extraction for 2006.

TABLE 8
SUMMARY OF FCGMA RESOLUTIONS
CALENDAR YEAR 2006

RESOLUTION NO.	SUBJECT SUMMARY	ADOPTION DATE	EFFECTIVE DATE
2006-01	Requiring accuracy testing of water flowmeters pursuant to Chapter 3.0 of Ordinance No. 8.1.	03/22/06	04/22/06
2006-02	Establishing a groundwater extraction management enforcement surcharge of \$2.00 per acre-foot effective July 1, 2006.	04/26/06	07/01/06
2006-03	Honoring Ventura County Management Assistant Ms. Karen Schoonover for her many years of distinguished service as Clerk of the Board.	07/28/06	07/28/06
2006-04	Defining the class of extraordinary groundwater extraction management enforcement expenses eligible for GEMES funding.	07/26/06	07/26/06
2006-05	Completion of the ballot for the election of the Special District Alternate Commissioner to the Ventura Local Agency Formation Commission (LAFCO).	09/27/06	09/27/06
2006-06	Adopting protocols and hearing procedures governing appeals of the Agency Executive Officer's determinations pursuant to Chapter 6.0 of the Agency's Ordinance Code.	10/25/06	10/25/06
2006-07	Establishing United Water Conservation District as the designated reporting authority for FCGMA annual groundwater extraction volumes to the State Water Resources Control Board (SWRCB), in accordance with recent amendments to Section 5009 of the California Water Code.	10/25/06	10/25/06
2006-08	Adopting the Integrated Regional Water Management Plan prepared by the Watersheds Coalition of Ventura County and authorizing the Executive Officer of the FCGMA to file a CEQA Notice of Exemption.	12/06/06	12/06/06

TABLE 9
SUMMARY OF METERING STATUS FOR
ACTIVE OR INACTIVE WELLS
IN THE FCGMA FOR CALENDAR YEAR 2006

Meter Type (if known)	Number of Wells	% of Total Active or Inactive FCGMA Wells
Water ¹	633	70%
Power ²	46	5%
Other (not specified)	1	0%
Consumptive Use ³	89	10%
Total Metered or CU Wells	769	84%
Unknown⁴	146	16%
Total Active or Inactive Wells Registered in FCGMA	909	--

Notes:

1. Directly measures extraction in AF, gallons, cubic feet, meiners inches, or similar units.

2. Indirectly estimates groundwater extraction;
 Measures pump operation in kilowatt hours (KWh); Converts kWh to AF of water extracted based on pump/motor efficiency tests.

3. Calculation of extraction varies;
 - Domestic use estimated based on persons in household;
 - Agricultural use estimated based on land area planted and type of crops.

4. May include backup or stand by wells that are not necessarily required to have a flow meter including domstic wells, new wells not yet in service, abandoned wells, or wells with unknown meter types.

AF - 1 acre-foot = 325,851 gallons

CU - Consumptive Use

TABLE 10
FCGMA MULTI-YEAR BUDGET PERFORMANCE SHEET

BUDGET ITEM	FY 2004-2005 Year End Actuals⁽¹⁵⁾	FY2005-2006 Year End Actuals⁽¹⁶⁾	FY 2006-2007 Year End Actuals⁽¹⁷⁾	FY 2007-2008 Adopted Adjusted Budget
AGENCY GENERAL FUND				
PUMPING FEES - \$ Per Acre-Feet ⁽¹⁾	\$3.00/\$4.00	\$4.00	\$4.00/\$2.00	\$4.00/\$2.00
JULY 1ST BEG. FY CASH BAL. ⁽²⁾	\$464,168	\$439,739	\$449,419	\$553,727
REVENUES				
PUMP CHARGES ⁽³⁾	\$379,058	\$426,833	\$467,024	\$470,000
INTEREST EARNINGS	\$9,066	\$14,548	\$21,783	\$25,000
SURCHARGES/PENALTIES/INTEREST ⁽⁴⁾	\$59,964	\$66,841	\$11,927	\$10,000
STATE GRANT FUNDS		\$0	\$0	\$0
GEMES REVENUES ⁽⁵⁾			\$136,465	\$235,000
MISCELLANEOUS REVENUES			\$12,606	\$0
TOTAL FUNDS AVAILABLE	\$912,256	\$947,961	\$1,099,224	\$1,293,727
EXPENDITURES				
BOARD MEMBERS INSURANCE	\$5,493	\$5,537	\$5,616	\$6,250
OTHER EQUIPMENT MAINTENANCE	\$0	\$0	\$0	\$100
MEMBERSHIPS AND SUBSCRIPTIONS	\$100	\$500	\$0	\$250
LAFCO Funding	\$302	\$238	\$487	\$600
MISCELLANEOUS PAYMENTS	\$356	\$270	\$100	\$150
PRINTING & BINDING	\$331	\$167	\$499	\$500
OFFICE EQUIPMENT/SUPPLIES	\$328	\$39	\$130	\$150
SPECIAL OFFICE EXPENSE	\$0	\$178	\$337	\$350
POSTAGE	\$699	\$225	\$381	\$400
GSA SPACE RENTAL/PURCHASING ISF	\$925	\$39	\$19	\$100
GSA GRAPHICS/MAILING CHARGES ISF	\$0	\$2,351	\$2,758	\$3,000
SOFTWARE	\$440	\$0	\$0	\$1,000
LEGAL FEES ⁽⁶⁾	\$22,669	\$25,733	\$43,747	\$25,000
AUDIT FEES	\$0	\$2,900	\$0	\$3,000
PUBLIC NOTICES	\$1,667	\$3,883	\$0	\$1,000
COMPUTER EQUIPMENT	\$2,091	\$0	\$1,586	\$1,600
AWA DUES & SYMPOSIUM	\$1,140	\$1,075	\$1,720	\$1,800
FEDERAL/STATE PERMITS & FEES ⁽⁷⁾				
CONFERENCES /SEMINARS	\$1,700	\$66	\$1,679	\$1,700
INTERNET/WEBSITE SERVICES	\$0	\$0	\$0	\$10,000
VEHICLE MILEAGE/TRANSPORTATION	\$425	\$0	\$236	\$300
DATA BASE CONTRACT	\$0	\$0	\$1,500	\$3,000
GIS	\$4,093	\$13,198	\$0	\$5,000
AERIAL PHOTOS	\$0	\$5,965	\$0	\$5,000
Et DATA CONTRACT ⁽⁸⁾	\$37,500	\$42,100	\$43,200	\$38,400
OTHER PROF SERVICES	\$3,000		\$0	\$1,000
CONSULTANT CONTRACTS ⁽⁹⁾	\$0	\$2,242	\$0	\$5,000
MANAGEMENT PLAN	\$0	\$21,309	\$0	\$0
WCVCIRWMP CONTRIBUTIONS ⁽¹⁰⁾		\$600		\$6,420
PUBLIC WORKS AGENCY CHARGES ⁽¹⁰⁾	\$389,257	\$369,927	\$441,503	\$445,000
OPERATING EXPENSES SUB-TOTAL	\$472,517	\$498,542	\$545,498	\$566,070
CONTINGENCY ⁽¹¹⁾	\$0	\$0	\$0	\$93,760
TOTAL OPERATING EXPENDITURES	\$472,517	\$498,542	\$545,498	\$659,830
AGNECY GENERAL FUND YEAR				
ENDING FUND BALANCE ⁽¹²⁾	\$439,739	\$449,419	\$553,726	\$633,897
CASH RESERVE FOR WORKING CAPITAL NEEDS	\$100,000	\$100,000	\$100,000	\$100,000
YEFB EXCESS/(DEFICIT) OF WORKING CAPITAL NEEDS ⁽¹³⁾	\$339,739	\$349,419	\$453,726	\$533,897

TABLE 10
FCGMA MULTI-YEAR BUDGET PERFORMANCE SHEET

BUDGET ITEM	FY 2004-2005 Year End Actuals ⁽¹⁵⁾	FY2005-2006 Year End Actuals ⁽¹⁶⁾	FY 2006-2007 Year End Actuals ⁽¹⁷⁾	FY 2007-2008 Adopted Adjusted Budget
AGENCY GEMES FUND				
BEGINNING FUND BALANCE				\$106,280
REVENUES REALIZED			\$136,465	\$235,000
EXTRAORDINARY ENFORCEMENT EXPENSES PROJECTED ⁽¹⁴⁾			\$30,185	\$50,000
GEMES FUND YEFP EXCESS/(DEFICIT)			\$106,280	\$291,280

Notes

(1) Pump Fees: 07-08 = **\$6.00/AF** (\$4.00/AF for General Fund and \$2.00/AF for GEMES Fund) GEMES Fund **"Sunsets"** on June 30, 2009).

(2) **\$136,465**, or 25% of the **\$553,727** beginning FY 07-08 cash fund balance *reflects GEMES fund payments realized* during FY 06-07.

(3) 07-08 Pump Charge Rev. Projection of **\$470,000 = \$4.00 x 117,500 AF** of groundwater extracted (equivalent to **97%** of the *long-term annual extraction* figure).

(4) **\$84,629** Surcharge/Penalty figure reflects **\$80,000** first year annual Thornhill-Miller settlement payment + **\$4,629** from other over-pumpers.

(5) **\$114,701** or **48%** of the **\$235,000** FY 07-08 *projected* annual GEMES Revenue figure was received by the Agency by the end of the 1st Quarter.

(6) Legal fee payments made through September 30th totaled **\$10,332**, which was **165%** or **\$4,082 GREATER** than the budget target period for the period.

(7) Agency staff has created a *new line item* accounting for payments of Federal/State regulatory permits in the budget of which **\$34** was expended in the period.

(8) Payments made to the Weather Station Contractor during the period totaled **\$7,200**, reflecting a **75% expenditure** performance figure for this contract.

(9) The EO **did not need to** expend any funds for unbudgeted consultant contracts pursuant to his **\$5,000 maximum** expenditure approval authority during this period.

(10) **\$6,420** from the UAPYEFB reserved for exp. contingency usage was *allocated* to fund the VCIRWMP contribution per the Board's 10-24-07 meeting policy decision.

(11) **\$93,760** of the total \$100K portion of the PYEFB reserved for exp. contingency usage in the adopted budget *remains available for usage* at the close of the 1st Qtr.

(12) Based on 1st Quarter performance data, Agency staff *projects* a year-end fund balance totaling **\$663,624 (\$291,280** of that the GEMES portion) at 6-30-08.

(13) Year End Excess/(Deficit) of Revenues over Expenses (**includes \$100K cash reserved for working capital needs**).

(14) GEMES reimbursement of **\$30,185** in 06-07 extraordinary legal expenses was *approved* by the Board on 10-24-07; FY 07-08 figures reflect projections.

(15) CSD Fiscal Services @ 9/15/05 Board Meeting

(16) CSD Fiscal Services @ 9/27/06 Board Meeting

(17) CSD Fiscal Services @ 10/24/07 Board Meeting

Appendix A

Resolutions Passed by the Fox Canyon Agency Board of Directors in Calendar Year 2006

Resolution 2006-1
of the
Fox Canyon Groundwater Management Agency

**A RESOLUTION REQUIRING ACCURACY TESTING OF
WATER FLOWMETERS PURSUANT TO CHAPTER 3.0 OF
ORDINANCE NO. 8.1**

WHEREAS, the mission of the Fox Canyon Groundwater Management Agency (Agency) includes the protection and preservation of groundwater resources within the boundary of the Agency; and

WHEREAS, the Agency desires to ensure water flowmeter accuracy through a means flexible enough to allow changes as needed; and

WHEREAS, there is no present mechanism in place to ensure flowmeter accuracy; and

WHEREAS, pursuant to the Agency Ordinance Code (Chapter 3.0, Sections 3.1 through 3.6 et seq.), rules governing water meter installation, inspection, calibration and repair shall be detailed within an adopted resolution of the Board; and

WHEREAS, a resolution that spells out specific requirements to accomplish the necessary goals of accurate groundwater measurement and protection fits within the mission goals of the Agency and is seen as the best available means to accomplish those goals; and

WHEREAS, all water flowmeters shall be tested for accuracy at a frequency interval determined by the Board to meet specific measurement standards; and

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED THAT:

This resolution shall be effective within 30 days of adoption, and will remain in force until changed by the Agency's Board of Directors, or by a change to the Agency's Ordinance Code.

1. Meter Testing and Calibration Requirements

- A. All water flowmeters shall be tested for accuracy no less than every 3 years beginning on the date when first notification is made to the well operator or owner by U.S. mail. Meters shall be calibrated to within an accuracy range of plus or minus 5%. Defective or inaccurate meters must be repaired within 30 days of test date. Written results of test and repair findings shall be submitted to the Agency within 30 days of the date of testing or repair. Upon completion of testing, meters will be sealed by an Agency staff person or a designated agent of the Agency via a method sufficient to prevent unauthorized removal or tampering of the meter.
- B. Field tests and calibrations shall be conducted by a qualified meter testing company or person approved by the Agency's Executive Officer. A list of approved testers will be provided by the Agency, upon request.

- C. Well operators have the option of testing a flowmeter more frequently than the 3-year required interval; however they must send the test results to the Agency and must have an approved person or company perform the calibration test before properly sealing the meter.
- D. When any operator or owner installs a new water flowmeter on a well discharge pipe or any other pipe or means used to measure groundwater extractions, proof of meter accuracy must be submitted to the Agency within 30 days of the install date along with a request for a new security seal. Documentation that will indicate a meter is new and/or has been refurbished to meet accuracy or calibration standards will be acceptable to the Agency.
- E. In cases where more than one meter is utilized to measure groundwater extractions, every water flowmeter in that configuration must be calibrated to required tolerances during the same visit or time interval when the order to test has been received from the Agency.
- F. The method(s) of accuracy testing and calibration shall be determined by the Agency, and may be changed at any time to accommodate technological improvements or better methods. Some tests may require a pipe tap or access fitting on either the upstream or downstream sides of the well flowmeter, or both. If such portals are not available on the well discharge piping, the well operator or owner shall provide them (if necessary) before the test can be conducted, or cover the cost of installation as part of the initial meter calibration test.
- G. Removing and sending the meter to a meter testing and calibration shop for a bench test and calibration will only be allowed in situations where a backup or replacement meter has been installed. Wells without meters shall not be used unless a replacement meter is utilized during the interim period while the original meter is being tested or repaired.
- H. It shall be the well owners' responsibility to ensure that all meter readings are accurately reported to the Agency. Wells operated without a water flowmeter, or with a non-operating meter shall be subject to the Non-Metered Water Use Fee described in Section 3.5 and any applicable interest fees detailed in Section 3.5.1 of the Agency Ordinance Code.
- I. If the well motor is tested for electrical demand efficiency by Southern California Edison (SCE), a copy of the SCE report may be submitted to the Agency in-lieu of the required flowmeter calibration report. SCE motor efficiency tests, or SCE pump test reports as they are sometimes called, will qualify as an acceptable flowmeter calibration test method or procedure.

2. Approved Meter Testers

- A. Pursuant to Chapter 3.0 of the Agency's Ordinance Code, any person, firm, or organization that can demonstrate experience and competence in the methodology of testing and/or repairing all possible makes and models of water flow measuring devices may be approved by the Agency to test and seal meters. Potential testers must successfully perform at least one or more actual calibration

tests in the presence of persons designated by the Agency to examine, certify, and qualify all methods, equipment, tools, and technicians.

The name, address, and telephone number of all such Agency approved testers shall be maintained at, and be available from, the Agency offices, and will be furnished upon request. Only those testers pre-approved by the Agency's Executive Officer may test and/or repair water flowmeters used on wells within the Agency boundaries in compliance with Chapter 3.0 of the Agency's Ordinance Code.

- B. A qualification application on a form adopted for such use by the Agency must be submitted to the Agency's Executive Officer in order to be approved as a water meter tester. The Agency's form shall request such information deemed necessary by the Agency to help establish minimum competency of the applicant including, but not limited to the following: 1) a brief description of background, experience and qualifications pertaining to water meter testing and calibration; 2) a list of agencies, corporations or water districts for which a similar service has been provided; 3) the types of meters tested and method used; 4) the name and contact information of the individual who would be conducting the meter testing and calibration; and 5) any other information deemed necessary by the Agency's Executive Officer to determine adequate qualifications of the proposed water meter tester.
- C. Re-qualification of approved meter testers may be required at periodic intervals by Agency staff to ensure that approved testers remain qualified and are addressing any changes in technology and water meter testing methods and procedures.

3. Verification of Testing and Calibration

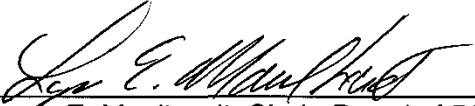
- A. To verify completion of testing, an Agency-approved security seal shall be placed on the meter, but only if the meter test indicates that the meter is within the flow measurement accuracy standard of plus or minus 5%.
- B. If the authorized seal is broken, the meter must be recalibrated and retested within 30 days to prove accuracy within acceptable limits. The only exception to this requirement is when the well operator notifies the Agency in writing that a meter is to be moved to another well or for any other reason such as to reconfigure the discharge piping, etc. Such written notification must be provided to the Agency at least 2 weeks prior to the planned modification. The well operator shall request a new Agency seal placement immediately upon completion of the meter installation or modification.
- C. If a meter is found to have been out-of-tolerance for some period of time prior to the start of this testing program, no back charges or penalties will be assessed against the well operator or well owner, and no attempts by the Agency to recover lost income or revenue will be made. Conversely, the Agency will not compensate or refund extraction fees already paid by any well operator or well owner for past overpayment of management fees caused by a flowmeter that has historically produced higher than normal volume measurements.

4. Methods and Procedures Governing Water Flowmetering Equipment

- A. Meter Repair or Replacement - Broken or inaccurate flowmeters must be repaired or replaced within 30 days of failure, or from the date when non-accurate readings are first noted. Special circumstances may be afforded additional leeway or time to comply with provisions at the discretion of the Executive Officer.
- B. Back-up Measurement Methods – Temporary in-place meters are the preferred method of back-up water flow measurement. It is assumed temporary meters will be in-place for less than 30 days, they are of reasonable accuracy, and thus these meters do not need to be calibrated when installed. Formerly acceptable back-up methods consisted of using an hour meter in conjunction with records of pumping rates, or the use of power company records as part of a pump efficiency test. Continuance of these methods will only be permitted when temporary alternate back-up meters are impractical or cannot be used and only if prior approval of the Executive Officer has first been obtained in writing.
- C. Inspection of Metering Equipment - Agency staff or their designated agents may, at their discretion, inspect metering equipment installations for compliance with this Resolution or the Agency Ordinance Code at any reasonable time.

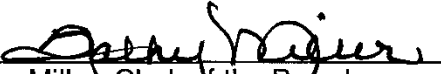
Failure to turn in proof of meter calibration within the allotted 1-year time period, or non-compliance with any part of this Resolution may result in enforcement action as written in the Agency Ordinance Code, Chapter 3.0, Section 3.6 (Fees and Enforcement) and/or Chapter 8.0 (Penalties).

On a motion by Director Flynn, and seconded by Director Borchard, the foregoing Resolution was duly passed and adopted by the Board of Directors at a regularly scheduled meeting of the Agency held on this 22nd DAY OF MARCH 2006 in Ventura, California.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-1.

by: 

Kathy Miller, Clerk of the Board

Resolution 2006-02
of the
Fox Canyon Groundwater Management Agency

**A RESOLUTION ESTABLISHING A GROUNDWATER EXTRACTION MANAGEMENT
ENFORCEMENT SURCHARGE OF \$2.00 PER ACRE-FOOT EFFECTIVE JULY 1, 2006**

WHEREAS, pursuant to the authority of the Fox Canyon Groundwater Management Agency Act Sections 121-102, *et seq.*, the Fox Canyon Groundwater Management Agency (the Agency) has been granted certain powers for the purposes of groundwater management within its boundaries; and

WHEREAS, the Fox Canyon Groundwater Management Agency Act, Sections 1001-1007, as amended, grant the Agency's Board of Directors the authority to levy groundwater extraction charges up to six dollars (\$6.00) per acre-foot pumped per year on all water extracted within the Agency's boundaries; and

WHEREAS, Section 2.4.1 of Agency Ordinance No. 8.1, adopted by the Board of Directors on July 27, 2005, states that, "...all persons operating groundwater extraction facilities shall pay a groundwater extraction charge for all groundwater extracted after July 1, 1993, in the amount established by Resolution of the Board;" and

WHEREAS, the Agency's current groundwater extraction charge was set at \$4.00 per acre-foot upon the adoption of Resolution No. 2005-06 by the Board of Directors during the June 22, 2005 meeting; and

WHEREAS, the Agency has deemed the proactive and effective enforcement of its adopted groundwater management plans and ordinances absolutely necessary in order to help bring the groundwater basins it manages into "safe-yield balance," by the year 2010; and

WHEREAS, during the last few years, the Agency has observed, experienced and documented an increasing number of reported instances wherein groundwater extracted from wells within the boundaries of the Agency was exported outside of the Agency's boundaries, in contravention of the Agency's groundwater extraction management plans, policies, programs, resolutions and ordinances; and

WHEREAS, during that same period, the Agency has also become aware of instances wherein groundwater extractors within the Agency's boundaries have also failed to register extraction facilities or, install water flow measuring devices, have exceeded extraction allocations, have increased the use of groundwater in the Expansion Area; and/or have installed new and/or replacement extraction facilities in the East and/or West Las Posas groundwater basins; and


WHEREAS, as a result of the above referenced observed, experienced, and documented reported instances of actions by groundwater extractors within the Agency's boundaries, the Agency has incurred increased costs required to administer and enforce its groundwater extraction management plans, policies, programs, resolutions and ordinances proactively, efficaciously and successfully; and

WHEREAS based on the increased projected costs required to enforce the Agency's ordinances, resolutions, policies and programs prohibiting the export of groundwater from basins located within the Agency's boundary to areas outside of that boundary successfully, particularly the costs triggered by Board approved enforcement actions, a Groundwater Extraction Management Enforcement Surcharge (GEMES) is necessary, which, upon adoption of this resolution, would become effective July 1, 2006.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED, that pursuant to the statutory authority granted the Board of Directors by the Fox Canyon Groundwater Management Agency Act Sections 1001-1007, and Section 2.4.1 of Agency Ordinance No. 8.1, the Agency will augment its statutorily authorized groundwater extraction charge in accordance with the following:


1. Effective July, 1, 2006, there is established a \$2.00 per acre-foot Groundwater Extraction Management Enforcement Surcharge (the GEMES) which shall be in addition to the \$4.00 per acre foot extraction charge established by Resolution 2005-6.
2. The GEMES is established by this resolution pursuant to the Agency's existing statutory authority and in accordance with applicable provisions of the Agency's Ordinance No. 8.1.
3. The GEMES will be levied on all groundwater extracted within the Agency's boundaries, and will be billed and collected in the same manner as the Agency's existing groundwater extraction charges.
4. Revenues derived from the GEMES shall be solely utilized by the Agency to fund Board approved groundwater extraction enforcement activities determined by the Board to be above and beyond the normal operating costs of the Agency.
5. The Board directs the Agency Executive Officer to take the budgeting and cost-accounting steps necessary to restrict the revenues generated by the GEMES to those purposes set-forth in No. 4 above. Further, the Board directs that both the format and content of the Agency's future quarterly, mid-year and year-end budget reports be modified to provide a section reporting on the actual realization and expenditure performance of the GEMES revenues received by the Agency during that reporting period.
6. The GEMES shall terminate automatically on July 1, 2009, and shall be applied only to groundwater extracted through June 30, 2009, unless the Board of Directors takes affirmative action prior to that date to extend it to such other date that it may then select. The obligation to pay all amounts due under the GEMES shall not terminate on July 1, 2009, but shall remain in effect until paid.

On motion of Director Fox, and seconded by Director Rosenbluth, the foregoing Resolution was passed and adopted on this 26th day of April, 2006.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-02.

by: 
Karen Schoonover, Deputy Clerk of the Board

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED, that pursuant to the statutory authority granted the Board of Directors by the Fox Canyon Groundwater Management Agency Act Sections 1001-1007, and Section 2.4.1 of Agency Ordinance No. 8.1, the Agency will augment its statutorily authorized groundwater extraction charge in accordance with the following:

1. Effective July, 1, 2006, there is established a \$2.00 per acre-foot Groundwater Extraction Management Enforcement Surcharge (the GEMES) which shall be in addition to the \$4.00 per acre foot extraction charge established by Resolution 2005-6.
2. The GEMES is established by this resolution pursuant to the Agency's existing statutory authority and in accordance with applicable provisions of the Agency's Ordinance No. 8.1.
3. The GEMES will be levied on all groundwater extracted within the Agency's boundaries, and will be billed and collected in the same manner as the Agency's existing groundwater extraction charges.
4. Revenues derived from the GEMES shall be solely utilized by the Agency to fund Board approved groundwater extraction enforcement activities determined by the Board to be above and beyond the normal operating costs of the Agency.
5. The Board directs the Agency Executive Officer to take the budgeting and cost-accounting steps necessary to restrict the revenues generated by the GEMES to those purposes set-forth in No. 4 above. Further, the Board directs that both the format and content of the Agency's future quarterly, mid-year and year-end budget reports be modified to provide a section reporting on the actual realization and expenditure performance of the GEMES revenues received by the Agency during that reporting period.
6. The GEMES shall terminate automatically on July 1, 2009, and shall be applied only to groundwater extracted through June 30, 2009, unless the Board of Directors takes affirmative action prior to that date to extend it to such other date that it may then select. The obligation to pay all amounts due under the GEMES shall not terminate on July 1, 2009, but shall remain in effect until paid.

On motion of Director Fox, and seconded by Director Rosenbluth, the foregoing Resolution was passed and adopted on this 26th day of April, 2006.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-02.

by: 

Tammy Butterworth, Deputy Clerk of the Board

Resolution 2006-3

Fox Canyon Groundwater Management Agency

HONORING

Karen Schoonover

WHEREAS, Ventura County Management Assistant Karen Schoonover worked for many years as Clerk of the Board, first with Deputy Director John Crowley who held the position of Agency Coordinator of the Fox Canyon Groundwater Management Agency, then for both Robert Quinn and Lowell Preston as Water Resource Division Managers, and

WHEREAS, Ms. Schoonover used her experience and knowledge of office machines, parliamentary procedures, and management personalities to quickly and accurately accomplish the many tasks required of a fledgling water management agency, and

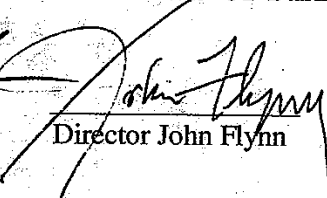
WHEREAS, Karen was a key behind-the-scenes participant in documenting the many rules, regulations, policies, and proceedings associated with regulating groundwater, and

WHEREAS, during her tenure, Karen significantly contributed to the success and accomplishments of the Agency in both a public and non-public way that added to the successful operation of the Fox Canyon Groundwater Management Agency, especially in relation to Ordinance development, effective Resolutions, historical records, and management Policies, now

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Fox Canyon Groundwater Management Agency take great pleasure in thanking, and publicly honoring, **Karen Schoonover** for her dedicated, distinguished, and honorable service, and wish her well in her new duties and assignments working with the County of Ventura Public Works Agency.

PRESENTED BY THE FCGMA BOARD OF DIRECTORS THIS 28th DAY OF JUNE, 2006.


Lynn E. Maulhardt, Chair


Director John Flynn


Director Al Fox


Director Charlotte Craven


Director David Borchard

Resolution 2006-04
of the
Fox Canyon Groundwater Management Agency

**A RESOLUTION DEFINING THE CLASS OF EXTRAORDINARY GROUNDWATER
EXTRACTION ENFORCEMENT MANAGEMENT EXPENSES ELIGIBLE FOR
GEMES FUNDING**

WHEREAS, pursuant to the authority of the Fox Canyon Groundwater Management Agency Act Sections 121-102, *et seq.*, the Fox Canyon Groundwater Management Agency (the Agency) has been granted certain powers for the purposes of groundwater management within its boundary; and

WHEREAS, the Fox Canyon Groundwater Management Agency Act, Sections 1001-1007, as amended, grant the Agency's Board of Directors the authority to levy groundwater extraction charges up to six dollars (\$6.00) per acre-foot pumped per year on all water extracted within the Agency's boundary; and

WHEREAS, Section 2.4.1 of Agency Ordinance No. 8.1, adopted by the Board of Directors on July 27, 2005, states that, "...all persons operating groundwater extraction facilities shall pay a groundwater extraction charge for all groundwater extracted after July 1, 1993, in the amount established by Resolution of the Board;" and

WHEREAS, the Agency's current groundwater extraction charge was set at \$4.00 per acre-foot upon the adoption of Resolution No. 2005-06 by the Board of Directors during the June 22, 2005 meeting; and

WHEREAS, the Agency has deemed the proactive and effective enforcement of its adopted groundwater management plans and ordinances absolutely necessary in order to help bring the groundwater basins managed by the Agency into "safe-yield balance," by the year 2010; and

WHEREAS, during the last few years, the Agency has documented an increasing number of reported instances wherein groundwater extracted from wells located within the Agency's boundary was and/or continues to be exported outside of the Agency's boundary, in contravention of the Agency's groundwater extraction management ordinances, resolutions, policies, plans and programs; and

WHEREAS, the Agency has also become aware of instances wherein groundwater extractors within the Agency's boundary have also failed to register extraction facilities or, install water flow measuring devices, exceeded extraction allocations, increased the use of groundwater in the Expansion Area; and/or installed new and/or replacement extraction facilities in the East and/or West Las Posas groundwater basins; and

WHEREAS, as a result of the above referenced documented reported instances of actions by groundwater extractors within the Agency's boundary, the Agency has incurred increased costs required to administer and enforce its groundwater extraction management ordinances, resolutions, policies, plans and programs; and

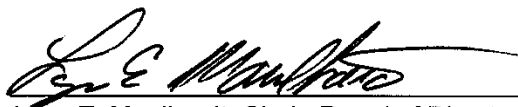
WHEREAS during the April 26, 2006 regular meeting, the Board adopted Resolution 2006-02, A Resolution Establishing a Groundwater Extraction Management Enforcement Surcharge (GEMES) of \$2.00 per Acre-Foot Effective July 1, 2006, based, in part, on the above referenced increased groundwater extraction enforcement management costs being experienced by the Agency; and

WHEREAS subsequent to that action, the Board now desires to provide the Agency with clear, proactive, and dispositive budgetary and fiscal policy direction defining the class of extraordinary groundwater extraction management enforcement expenses eligible for GEMES funding, and further delegates responsibility to the Executive Officer to administer this resolution.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED, that pursuant to the statutory authority granted the Board of Directors by the Fox Canyon Groundwater Management Agency Act Sections 1001-1007, and Section 2.4.1 of Agency Ordinance No. 8.1, the Agency's Executive Officer shall administer revenues derived from the GEMES in the following manner:


1. Any and all revenues derived from the Agency's \$2.00 per acre-foot GEMES shall, upon receipt by the Agency, be deposited into the County Treasury, credited to the Agency's Fund (#7305), Budget Org. Unit (#6650), and tracked by specific revenue and expense line item accounts.
2. GEMES revenues shall be utilized to fund groundwater extraction management enforcement costs incurred by the Agency required to resolve an increasing number of reported instances wherein groundwater extracted from wells within the boundaries of the Agency is being exported outside of the Agency's boundary, in contravention of the Agency's groundwater extraction management ordinances, resolutions, policies, plans and programs.
3. The class of Agency expenditures that may be eligible for GEMES funding, provided that the Executive Officer determines that such expenditures are over and above normal Agency operating costs, includes, but is not limited to:
 - a. Agency staff time directly attributable to the enforcement activity.
 - b. Specialized engineering and technical studies and surveys required in support of the enforcement activity.
 - c. Legal fees (both Agency Counsel and possibly outside specialized counsel costs) required to in support of the enforcement activity.
 - d. Enforcement activity costs, including litigation.
4. Consistent with the spirit and letter of this Resolution, the Executive Officer is delegated the responsibility to determine the eligibility of potential costs identified in Item No. 3 above for GEMES funding, subject to quarterly Board review.
5. The Executive Officer is directed to take the budgeting and cost-accounting steps required to account, monitor and track GEMES revenue and expenditure performance separately. And, further the Executive Officer shall provide the Board of Directors with quarterly reports documenting both the actual GEMES revenue realized by the Agency, as well as the amount of extraordinary groundwater extraction management enforcement expenses he has determined should be eligible for GEMES funding, for Board information and review.

On motion of Director Flynn, and seconded by Director Fox, the foregoing Resolution was passed and adopted unanimously on this 26th day of July, 2006.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-04.

by: 
Tammy Butterworth, Deputy Clerk of the Board

Resolution 2006-05
of the
Fox Canyon Groundwater Management Agency

**COMPLETION OF THE BALLOT FOR THE ELECTION OF THE
SPECIAL DISTRICT ALTERNATE COMMISSIONER TO THE VENTURA
LOCAL AGENCY FORMATION COMMISSION (LAFCO)**

WHEREAS, the Fox Canyon Groundwater Management Agency (FCGMA) by virtue of being designated a Special District is automatically a member of the Ventura County Independent Special Districts Selection Committee, with inherent rights to one vote for available nominees for the position of Alternate Special District Commissioner to the Ventura Local Agency Formation Commission (LAFCO); and

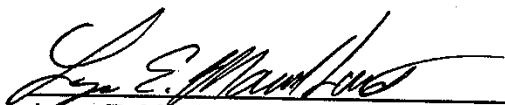
WHEREAS, the current Rules and Regulations (R&R's) governing the Ventura County Independent Special Districts Selection Committee require the Committee to convene a meeting consisting of a majority of the Independent Special Districts to elect representatives to the Ventura County Local Agency Formation Commission (LAFCO); and,

WHEREAS, the law allows the Executive Officer of LAFCO to call for nominations in writing and to conduct a mail-in ballot to meet the election requirements of LAFCO representatives in lieu of convening a meeting of the Selection Committee; so,

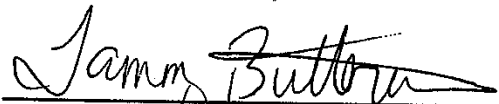
Therefore, Be It Resolved that the Fox Canyon Groundwater Management Agency (FCGMA) Board of Directors does choose to participate in the election and does hereby vote for Bruce Dandy to the position of Special District Alternate Commissioner to the Ventura LAFCO.

Be It Further Resolved that a copy of this Resolution be forwarded immediately to the President of the Ventura County Special Districts Association and the LAFCO Executive Director to verify the preferred or selected FCGMA candidate.

On motion by Director Craven, and seconded by Director Fox, the foregoing Resolution was passed and adopted at a regularly scheduled meeting of the FCGMA on September 27, 2006 at Ventura, California.


Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-05.

by: 
Tammy Butterworth, Clerk of the Board



BALLOT

INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE 2006

Fox Canyon Groundwater Management Agency

This is the official ballot for the Independent Special District Selection Committee for the purpose of electing **one** Special District Alternate Member to the Ventura LAFCO. The election consists of six candidates (listed below in alphabetical order) for Special District Alternate Member of the Ventura LAFCO for a four-year term starting January 1, 2007.

Vote for only one candidate.

RETURN THIS SIGNED BALLOT, AND A SIGNED COPY OF A BOARD RESOLUTION REPRESENTING THE VOTE OF YOUR DISTRICT, VIA CERTIFIED MAIL to the Ventura LAFCO at the address below. Ballots must be received before 5 P.M. Friday, October 6, 2006.

As the President, Chair, or Presiding Officer, I duly certify that the **Fox Canyon Groundwater Management Agency** does hereby cast its ballot as follows:

*(Please mark the box next to the name of **one** candidate to cast your District's vote)*

- | | |
|----------------------------------------------------|---------------------------------------------------|
| <input checked="" type="checkbox"/> Bruce E. Dandy | United Water Conservation District |
| <input type="checkbox"/> Elaine L. Freeman | Rancho Simi Recreation and Park District |
| <input type="checkbox"/> Suzie Paxton Koesterer | Channel Islands Beach Community Services District |
| <input type="checkbox"/> William E. Lotts | Ojai Valley Sanitary District |
| <input type="checkbox"/> Gail Livingston Pringle | Calleguas Municipal Water District |
| <input type="checkbox"/> Jesse J. Ramirez | Oxnard Harbor District |

Lynn E. Manhardt
(Print Name of Board President/Chair)

[Signature]
(Signature of Board President/Chair)

Date

9/27/06

County Government Center • Hall of Administration • 800 S. Victoria Avenue • Ventura, CA 93009-1850
Tel (805) 654-2576 • Fax (805) 477-7101
<http://www.ventura.lafco.ca.gov>

Resolution 2006-06
of the
Fox Canyon Groundwater Management Agency

**ADOPTING PROTOCOLS AND HEARING PROCEDURES GOVERNING APPEALS OF THE
EXECUTIVE OFFICER'S DETERMINATIONS PURSUANT TO CHAPTER 6.0
OF THE AGENCY'S ORDINANCE CODE**

WHEREAS, pursuant to the authority found in California Water Code Appendix, Section 121-102, et seq., the Fox Canyon Groundwater Management Agency (Agency) has been granted certain powers by the State Legislature for purposes of groundwater resource management within the geographical boundaries of the Agency; and

WHEREAS, the Agency's Board of Directors adopted Agency Ordinance No. 8.1 (the Ordinance Code), which, among other things, enumerates executive functions required to be performed in order to administer the Ordinance Code; and

WHEREAS, Board Resolution No. 2005-08, adopted during the September 28, 2005 regular meeting, designated the Director of the Watershed Protection District as the Agency's Executive Officer; and

WHEREAS, Board Resolution No. 2005-08, also charged the Executive Officer with carrying out the duties, performing the functions, and exercising executive powers enumerated in the Ordinance Code; and

WHEREAS, Chapter 6.0, Appeals, of the Agency's Ordinance Code states that any person aggrieved by the decision or determination made by the Agency's Executive Officer may appeal to the Board of Directors; and

WHEREAS, the Board of Directors desires to establish clear, concise, and equitable protocols and procedures governing the administrative handling of appeals of the Executive Officer's determinations made pursuant to the Ordinance Code.

THEREFORE, BE IT RESOLVED that the Agency's Board of Directors adopts the appeal protocols and hearing procedures referenced below pursuant to Chapter 6.0, Appeals, of the Agency's Ordinance Code.

SECTION 1.0: SCOPE OF DECISIONS BY THE EXECUTIVE OFFICER SUBJECT TO APPEAL

Any discretionary decision made by the Agency's Executive Officer or his designee, exercising executive powers enumerated and delegated thereto, pursuant to Agency Ordinance Code No. 8.1 (as amended) may be appealed to the Board of Directors.

FCGMA Resolution 2006-06
Page 2 of 6

SECTION 2.0: REQUEST FOR APPEAL - TIMING AND CONTENT OF WRITTEN REQUEST FOR APPEAL

The written request for appeal shall be filed with the Clerk of the Board of Directors of the Agency within forty-five (45) days of the date of the Executive Officer's decision being appealed. The written request shall state clearly and concisely all of the following:

- a) A description of the nature, scope, and adverse impact of the decision being appealed.
- b) The factual and legal basis for the appeal.

The Executive Officer shall make a threshold determination whether or not all relevant information has been provided by the appellant no later than (60) days from the date the written request for appeal is filed with the Clerk of the Board of Directors.

SECTION 3.0: APPEAL FILING FEE

Pursuant to the statutory authority granted to the Agency under Section 102 of the Fox Canyon Groundwater Management Agency Act (California Water Code Appendix, Section 121-102, et seq.), the Board of Directors hereby establishes a \$250.00 appeal filing fee payable to the Agency upon the filing of each written request for appeal.

SECTION 4.0: BOARD DECISION TO HEAR THE APPEAL

The Board of Directors shall determine whether or not it will hear the appeal. If the Board does not make an affirmative decision to hear or summarily deny the appeal within 60 days of the date on which the Executive Officer determines that all relevant information has been received, it shall be deemed to have been denied and the appellant's administrative remedies exhausted.

SECTION 5.0: APPEAL HEARING SCHEDULING AND WRITTEN NOTICE

If the Board of Directors decides to hear the appeal, it shall fix the date, time, and place of the appeal hearing. Unless otherwise mutually agreed between the Board and the appellant, the Board of Directors shall equitably act on the appeal within one-hundred and twenty (120) days after all relevant information has been provided by the appellant. The Clerk of the Board of Directors shall give not less than (30) days' advance notice of the date, time, and place of the appeal hearing in writing, to the appellant, either personally or by United States mail, postage, prepaid. If the Board does not hold a hearing on the appeal within the prescribed time, and no agreement is reached with the appellant to extend the time in which a hearing shall take place, the appeal shall be deemed to have been denied and the appellant's administrative remedies exhausted.

FCGMA Resolution 2006-06
Page 3 of 6

SECTION 6.0: APPEAL HEARING PROCEDURES – PRESENTATION OF EVIDENCE AND RECORDING

All hearings on appeals shall be recorded on the medium normally used by the Agency to record its regular Board of Directors meetings. Any person desiring to have a hearing transcribed by a stenographic reporter may do so at his/her own expense.

SECTION 7.0: APPEAL HEARING – STATEMENT OF LEGAL PRINCIPLES

The Chair or a member of the Board shall act as the hearing officer, who shall be responsible for the conduct of the appeal hearing. The hearing officer and/or the Agency Counsel shall make a brief statement of applicable legal principles and rules governing the appeal hearing, and any requirements for those intending to participate in the hearing, and an explanation of the process to be followed in reaching a decision on the appeal.

SECTION 8.0 APPEAL HEARING – ORDER OF PROCEDURE

Unless the hearing officer decides otherwise, the order for presentation of the matter(s) before the Board of Directors during the appeal hearing shall be as follows:

1. Presentation of the Agency staff report;
2. Presentation of the appellant;
3. Presentations of persons in favor of the appeal;
4. Presentations of persons opposed to the appeal;
5. Appellant's rebuttal, if any;
6. Closing comments by Agency Staff and/or Agency Counsel;
7. Board discussion and decision

SECTION 9.0 APPEAL HEARING – SWEARING OF WITNESSES

All witnesses, including Agency staff, who intend to offer testimony or evidence in the appeal hearing, shall be sworn at the commencement of the hearing or before giving testimony.

SECTION 10.0 APPEAL HEARING – RULES OF EVIDENCE

Any relevant evidence may be considered in the discretion of the hearing officer if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs. The hearing officer may exclude irrelevant or redundant testimony and may make such other rulings as may be necessary for the orderly conduct of the proceedings, ensuring basic fairness and a full airing of the issues involved in the appeal hearing.

SECTION 11.0 APPEAL HEARING – EXHIBITS AND STAFF REPORT

- a) Subject to the conditions stated below, all exhibits, including documentary materials such as photographs, drawings, maps, charts, letters, petitions, and

FCGMA Resolution 2006-06
Page 4 of 6

other physical evidence presented at the appeal hearing shall be retained by the Agency as part of the administrative record of the hearing.

- b) All exhibits presented during the hearing shall be marked for purposes of identification. Exhibits presented by Agency staff will be marked in order numerically. Any written Agency staff report presented to the Board of Directors shall be marked as "Exhibit 1" and shall be made available to the public prior to, or at the beginning of, the hearing.
- c) Exhibits presented by persons other than Agency staff shall be marked in order alphabetically. Each exhibit shall also be marked so as to clearly identify materials submitted which are unique to that appeal, and the name, business and/or residential address, and telephone number of the person who presented that exhibit shall also be shown on the exhibit.
- d) Scale models and other physical exhibits which cannot be conveniently retained in the Agency's case files may be photographed at the expense of, and then released to, the person submitting them. The photograph shall be entered in the Agency's case file in place of the original physical exhibit, and a notation shall be made on the photograph as to where the original exhibit is located, as well as the name, business and/or residential address, and telephone number of the person who presented that physical exhibit.

SECTION 12.0 APPEAL HEARING – TIME LIMITS AND NUMBER OF WITNESSES

The hearing officer may limit the maximum time which a person may testify to avoid repetitious and cumulative evidence.

SECTION 13.0 APPEAL HEARING – QUESTIONING OF SPEAKERS

The hearing officer, at his/her discretion, may allow: a) Board members, Agency staff, or Agency Counsel to ask questions of the appellant or its witnesses; or b) the appellant to ask questions of Agency staff, Agency Counsel, or its representatives.

SECTION 14.0 APPEAL HEARING – INFORMATION OBTAINED OUTSIDE PUBLIC HEARING

- a) After a request for appeal has been filed with the Agency, no member of the Board of Directors shall solicit or receive evidence relating to the matter under appeal outside of the appeal hearing conducted pursuant to applicable Agency Ordinance Code provisions.
- b) Members of the Board of Directors shall avoid personal contacts, correspondence, and telephone calls concerning substantive issues relating to a matter under appeal and shall inform persons contacting them to make their information or objections known in public at the appeal hearing.
- c) Any member of the Board of Directors who received evidence outside of the appeal hearing or has viewed the property mentioned in the appeal, or is familiar with the subject property, shall disclose at the hearing such evidence,

FCGMA Resolution 2006-06
Page 5 of 6

his/her observations, and familiarity with the property so that all interested persons may be aware of the information upon which he/she is relying and have an opportunity to respond to such information.

- d) Notwithstanding anything herein to the contrary, the Board of Directors or its designated representative may participate in settlement negotiations or mediation involving the appeal, and the information provided or discussed in settlement negotiations or mediation shall remain subject to Evidence Code Section 1152.
- e) Agreements to resolve the appeal which are developed during settlement negotiations or mediation shall not be deemed final until they are approved by a majority of the Board during a duly scheduled and noticed regular, adjourned, and/or special meeting of the Board of Directors.

SECTION 15.0 APPEAL HEARING – FIELD INVESTIGATIONS

The Board of Directors may take field trips to view property or for other purposes relevant to the hearing. All field trips shall be taken as part of a regular, adjourned, or special meeting of the Board of Directors, and all interested parties shall be afforded the opportunity to be present to view the property and hear any reports or comments. A record of the field trip shall be entered into the minutes so the hearing record will indicate that the field trip was taken by the Board of Directors and was taken into consideration as evidence.

SECTION 16.0 APPEAL HEARING – DECISION

- a) The Board of Directors must have a quorum to act on an appeal, and any action on an appeal shall require the vote of the majority present.
- b) A member of the Board of Directors who is absent from any portion of the appeal hearing conducted by the Board of Directors may vote on the matter at the time it is acted upon by the Board provided that he/she: (1) has listened to the audio recording or watched the video streaming for the portion of the appeal hearing from which he/she was absent, (2) has examined all of the exhibits presented during any portion of the hearing from which he/she was absent, and (3) states for the record prior to voting that he/she deems himself/herself to be as familiar with the record and with the evidence presented at the hearing as he/she would have been had he/she personally attended the entire appeal hearing.

SECTION 17.0 APPEAL HEARING – DECISION OF THE BOARD OF DIRECTORS FINAL

Any decision(s) made by the Board of Directors on the matters before it during the appeal hearing are conclusive and final.


FCGMA Resolution 2006-06
Page 6 of 6

On motion by Director Craven, and seconded by Director Fox, the foregoing Resolution was passed and adopted at a regularly scheduled meeting of the FCGMA Board of Directors on October 25, 2006 at Ventura, California.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-06.

by: 

Tammy Butterworth, Clerk of the Board

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Resolution 2006-07

of the

Fox Canyon Groundwater Management Agency

A RESOLUTION ESTABLISHING UNITED WATER CONSERVATION DISTRICT AS THE DESIGNATED REPORTING AUTHORITY FOR FCGMA ANNUAL GROUNDWATER EXTRACTION VOLUMES TO THE STATE WATER RESOURCES CONTROL BOARD (SWRCB), IN ACCORDANCE WITH RECENT AMENDMENTS TO SECTION 5009 OF THE CALIFORNIA WATER CODE

WHEREAS, pursuant to the authority of the Fox Canyon Groundwater Management Agency Act Sections 403, 408, and 810 *et seq.*, the Fox Canyon Groundwater Management Agency (the Agency) has been granted certain powers and responsibilities for the purposes of groundwater management within its boundaries; and

WHEREAS, Section 5009 of the California Water Code (CWC) requires pumpers who extract greater than 25 acre-feet per year to report their annual extraction volumes to the State Water Resources Control Board (SWRCB); and

WHEREAS, the recently passed amendment to California Water Code Section 5009 (SB 1425 Kuehl), allows pumpers to report their annual extraction volumes to a designated local authority, according to the format described in CWC Section 5002, to eliminate duplicate reporting to both State and local authorities; and

WHEREAS, all pumpers within the FCGMA are required to register their extraction facilities and report their extraction volumes to the FCGMA; and

WHEREAS, a cooperative relationship exists between United Water Conservation District (UWCD) and the FCGMA such that the required extraction information specified in CWC 5002 and 5009 can readily be shared between the two entities; and

WHEREAS, UWCD has petitioned the FCGMA to act as the local reporting authority to the SWRCB on behalf of the FCGMA; and

WHEREAS, UWCD meets the qualifications as a reporting authority as stated in CWC Section 5009; specifically, (1) UWCD has volunteered to be designated to be the reporting authority; (2) UWCD has responsibilities relating to groundwater extraction; (3) UWCD has made satisfactory arrangements with the FCGMA Board to identify which groundwater extractors are within the designated local area and to avoid the submission of notices to both the Board and one or more local agencies; (4) UWCD has made satisfactory arrangements with the FCGMA Board to maintain records filed under this part for extractions within the designated local area and to make those records available to governmental agencies;

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED, that pursuant to the statutory authority granted the Board of Directors by the Fox Canyon Groundwater Management Agency Act Sections 403, 408, and 810, the Agency appoints the UWCD Water Conservation District as the designated local reporting agent for annual groundwater extraction volumes to the State Water Resources Control Board in accordance with California Water Code 5009 *et. Seq.* Upon thirty (30) calendar day written notification, either party may terminate this agreement.


FCGMA Resolution 2006-07
Page 2 of 2

On motion of Director Flynn and seconded by Director Craven, the foregoing Resolution was passed and adopted on this 25th day of October 2006.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-07.

by: 
Tammy Butterworth, Clerk of the Board

Resolution 2006-08

of the

Fox Canyon Groundwater Management Agency

ADOPTING THE INTEGRATED REGIONAL WATER MANAGEMENT PLAN PREPARED BY THE WATERSHEDS COALITION OF VENTURA COUNTY AND AUTHORIZING THE EXECUTIVE OFFICER OF THE FCGMA TO FILE A CEQA NOTICE OF EXEMPTION

WHEREAS, in November 2002, the California electorate approved Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79560 et seq), which included \$500 million under Chapter 8 for projects included in an Integrated Regional Water Management Plan (IRWMP); and

WHEREAS, Proposition 50, Chapter 8 Implementation funds will only be awarded to Regions with an adopted IRWMP; and

WHEREAS, the IRWMP for the Watersheds Coalition of Ventura County was developed through a comprehensive stakeholder process and provides for ongoing data gathering, planning, design, implementation, and evaluation through a long-term, iterative, community-based process; and

WHEREAS, the widespread adoption of the Watersheds Coalition of Ventura County IRWMP ensures multi-agency participation and future water management planning efforts in the Region; and

WHEREAS, the Fox Canyon Groundwater Management Agency has reviewed the Watersheds Coalition of Ventura County IRWMP and has determined that the IRWMP is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262 because the Plan is a planning study which identifies potential projects, programs, and policies for possible future actions; and Sections 15306, 15307, and 15308 because the Plan consists of basic data and information collection and includes possible actions, subject to future adoption and approval, which would protect natural resources and the environment; and


WHEREAS, the Fox Canyon Groundwater Management Agency has prepared a Notice of Exemption for the Watersheds Coalition of Ventura County IRWMP in accordance with CEQA and the Agency's Procedures for the Implementation of CEQA; and

NOW, THEREFORE, BE IT RESOLVED, that the Fox Canyon Groundwater Management Agency hereby finds, determines, and declares as follows:

1. All of the above recitals are true and correct.
2. Based on review of the Notice of Exemption prepared by Fox Canyon Groundwater Management Agency, the adoption of the Watersheds Coalition of Ventura County IRWMP is hereby determined to be exempt from the requirements of CEQA pursuant to Sections 15262, 15306, 15307, and 15308 of the State CEQA Guidelines.
3. The Executive Officer is hereby authorized and directed to file a Notice of Exemption in accordance with provisions of the California Environmental Quality Act.

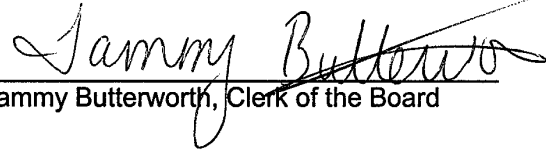
FCGMA Resolution 2006-08
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On motion of Director Craven, and seconded by Director Flynn, the foregoing Resolution was passed and adopted on this 6th day of December 2006.



Lynn E. Maulhardt, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution 2006-08.

by: 

Tammy Butterworth, Clerk of the Board

Appendix B

Fox Canyon Groundwater Management Agency Ordinance No. 8.1

ORDINANCE NO. 8.1

An Ordinance to Adopt the Fox Canyon Groundwater Management Agency Code

The Board of Directors of the Fox Canyon Groundwater Management Agency ordains as follows:

1. The Board hereby repeals Ordinance No 8.0.
2. The Board will periodically review the effectiveness of this Ordinance toward meeting its purpose and intent. This review shall occur at least once every five years. If necessary, this Ordinance will be amended by the Board to ensure that the goals of the Agency are met.
3. The Board hereby adopts the Fox Canyon Groundwater Management Agency Ordinance Code as follows:

Fox Canyon Groundwater Management Agency Ordinance Code

Adopted July 27, 2005

CHAPTER 1.0 Definitions

As used in this code, the following terms shall have the meanings stated below:

- 1.1. **“Agency”** means the Fox Canyon Groundwater Management Agency.
- 1.2. **“Agency Boundary”** shall be as depicted on the map adopted by the Ventura County Board of Supervisors and recorded as an official record with the Ventura County Recorder's Office, and as may be updated as provided in the Agency's enabling legislation.
- 1.3. **“Agricultural extraction facility”** means a facility whose groundwater is used on lands in the production of plant crops or livestock for market, and uses incidental thereto.
- 1.4. **“Annual”** means the calendar year January 1 through December 31.
- 1.5. **“Aquifer”** means a geologic formation or structure that yields water in sufficient quantities to supply pumping wells or springs. A confined aquifer is an aquifer with an overlying less permeable or impermeable layer.
- 1.6. **“Board”** means the Board of Directors of the Fox Canyon Groundwater Management Agency.
- 1.7. **“Developed Acreage”** means that portion of a parcel within the boundaries of the Agency that is receiving water for reasonable and beneficial agricultural, domestic or municipal and industrial (M & I) use.

- 1.8. **“East Las Posas Basin”** That part of the former North Las Posas Basin that is East of the subsurface anomaly described by significant changes in groundwater levels and located for record purposes on maps in the Agency Offices.
- 1.9. **“Excess extraction”** means those extractions in excess of an operator's extraction allocation or adjusted extraction allocation.
- 1.10. **“Executive Officer”** means the individual appointed by the Board to administer Agency functions. Replaces the former title of Agency Coordinator.
- 1.11. **“Exempt well operators”** means all well operators operating extraction facilities supplying a single family dwelling on one acre or less, with no income producing operations and those operators granted an exemption by the Board of Directors.
- 1.12. **“Expansion area”** means the lower aquifer system (LAS) outcrop in the north and northeasterly portion of the Agency. Map Number Two, entitled Fox Canyon Outcrop, Las Posas Basin, 1995 shows the expansion area and is available in the County Water Resources Division office.
- 1.13. **“Extraction”** means the act of obtaining groundwater by pumping or other controlled means.
- 1.14. **“Extraction allocation”** means the amount of groundwater that may be obtained from an extraction facility for a given calendar year, before a surcharge is imposed.
- 1.15. **“Extraction facility”** means any device or method (e.g. water well) for extraction of groundwater within a groundwater basin or aquifer.
- 1.16. **“Foreign Water”** means water imported to Ventura County through the State Water Project facilities or other newly available water as approved by the Board, such as recycled water that would otherwise be lost to the Ocean.
- 1.17. **“Groundwater”** means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water.
- 1.18. **“Groundwater basin”** means a geologically and hydrologically defined area containing one or more aquifers, which store and transmit water yielding significant quantities of water to extraction facilities. For the purposes of this Ordinance Code, groundwater Basins inside the Agency Boundary shall include but not be limited to the Forebay Basin, Oxnard Plain Pressure Basin, Pleasant Valley Basin, East Las Posas Basin, West Las Posas Basin, South Las Posas Basin and the Arroyo Santa Rosa Basin. The boundaries of these basins are shown on maps that have been recorded with the County Recorder. Copies of the maps may be viewed in the Agency Offices and portions of the maps may be available at the Agency web site.
- 1.19. **“Historical extraction”** means the average annual groundwater extraction based on the five (5) calendar years of reported extractions from 1985 through 1989 within the boundaries of the Agency. This average will be expressed in acre-feet per year. ***All historical extraction allocations became effective on January 1, 1991.***

- 1.20. **“Inactive Well”** An inactive well is a well that conforms to the County of Ventura Ordinance Code requirements for an active well, but is being held in an idle status in case of future need. Inactive wells are not required to have a flow meter. Pumping to meet Ventura County Ordinance Code requirements shall not exceed 12 hours in a 12 month period. Meters shall be installed on inactive wells and the well shall revert to a groundwater extraction facility if the requirement exists to pump the well for more than 12 hours in any 12 month period. The pumping to meet Ventura County Ordinance Code requirements shall be for beneficial use and the 12 hour pumping limitation shall not be used to justify the lack of a meter for any well that serves a primary purpose. The application of an inactive well status implies that there is a minimum of one additional source of water to serve as a primary supply.
- 1.21. **“Injection/storage Program”** means any device or method for injection/storage of water into a groundwater basin or aquifer within the boundaries of the Agency, including a program to supply foreign water in lieu of pumping.
- 1.22. **“Las Posas outcrop”** or **“outcrop”** means the area of Lower Aquifer System surface exposure as defined by Map Number One, Fox Canyon Outcrop, Las Posas Basin, 1982. This map is available for inspection in the Ventura County Water Resources Division office.
- 1.23. **“May”** as used in this Ordinance Code, permits action but does not require it.
- 1.24. **“Metering Equipment”** or **“Meters”** means a manufactured instrument for accurately measuring and recording the flow of water in a pipeline.
- 1.25. **“Municipal and Industrial (M & I) Provider”** means an entity or person which provides water for domestic, industrial, commercial, or fire protection purposes within the boundaries of the Agency.
- 1.26. **“Municipal and Industrial (M & I) Operator”** An owner or operator that supplied groundwater for M & I use during the historical allocation period and did not supply a significant amount of agricultural irrigation during the historical period.”
- 1.27. **“Municipal and Industrial (M & I) User”** means a person or other entity that used or uses water for any purpose other than agricultural irrigation. **“Municipal and Industrial (M & I) use”** means any use other than agricultural irrigation.
- 1.28. **“Operates”** means to manage the use of groundwater and report the well extraction data to the Agency.
- 1.29. **“Operator”** means a person who operates a groundwater extraction facility. In the event the Agency is unable to determine who operates a particular extraction facility, then “operator” shall mean the person to whom the extraction facility is assessed by the County Assessor, or, if not separately assessed, the person who owns the land upon which the extraction facility is located.

- 1.30. **“Overdraft”** means the condition of a groundwater basin or aquifer where the average annual amount of water extracted exceeds the average annual supply of water to a basin or aquifer.
- 1.31. **“Owner”** means a person who owns a groundwater extraction facility. Ownership shall be determined by reference to whom the extraction facility is assessed by the County Assessor, or if not separately assessed, the person who owns the land upon which the extraction facility is located.
- 1.32. **“Perched or Semi-Perched Aquifer”** means the water bearing area that is located between the earth’s surface and clay deposits that exist above an Aquifer.
- 1.33. **“Person”** includes any state or local governmental agency, private corporation, firm, Partnership, individual, group of individuals, or, to the extent authorized by law, any federal agency.
- 1.34. **“Recharge”** means natural or artificial replenishment of groundwater in storage by percolation or injection of one or more sources of water.
- 1.35. **“Safe Yield”** means the condition of groundwater basin when the total average annual groundwater extractions are equal to or less than total average annual groundwater recharge, either naturally or artificially.
- 1.36. **“Section”** as used in this Ordinance Code, is a numbered paragraph of a chapter.
- 1.37. **“Semi Annual Report of Groundwater Extractions”** is a statement filed by each well operator containing the information required by Section 2.2 and 2.3.1 and shall cover the periods from January 1 to June 30 and from July 1 to December 31 annually.
- 1.38. **“Shall”** as used in this Ordinance Code, is an imperative requirement.
- 1.39. **“West Las Posas Basin”** is that part of the former North Las Posas Basin that is West of the subsurface anomaly described by significant changes in groundwater levels and located for record purposes on maps in the Agency Offices.

CHAPTER 2.0

Registration of Wells and Levying of Charges

2.1. Registration of Wells

- 2.2. All groundwater extraction facilities within the boundaries of the Agency shall be registered with the Agency. All new extraction facilities constructed within the Agency Boundary shall obtain a no-fee permit from the Agency prior to the issuance of a Well Permit by the Ventura County Watershed Protection District. No extraction facility may be operated or otherwise utilized so as to extract groundwater within the boundaries of the Agency, or in the Expansion Area unless that facility is registered with the Agency, metered and permitted, if required, and all extractions reported to the Agency as required. The operator of an extraction facility shall register his extraction facility and

provide in full, the information required to complete the form provided by the Agency that includes the following:

2.2.1. Name and address of the operator(s).

2.2.2. Name and address of the owner(s) of the land upon which the extraction facility is located.

2.2.3 A description of the equipment associated with the extraction facility.

2.2.4 Location, parcel number and state well number of the water extraction facility.

2.3. **Reporting Extractions** - The method for computing extractions shall be as specified by Chapter 3. The Agency shall send a "Semi-Annual Report of Groundwater Extractions" form to each well owner on or about the first of January and the first of July each year. Each operator of a registered extraction facility shall enter the necessary information and return the "Semi Annual Report of Groundwater Extractions" covering all wells they operate on or before the due date. Statements are due on or before February 1st or August 1st annually or thirty days after the date on top right of the Semi Annual report form. Statements shall contain the following information on forms provided by the Agency:

2.3.1. The information required under Section 2.2 above.

2.3.2. The method of measuring or computing groundwater extractions.

2.3.3. The crop types or other uses and the acreage served by the extraction facility.

2.3.4. Total extractions from each extraction facility in acre-feet for the proceeding six (6) month period.

2.4. **Groundwater Extraction Charges**

2.4.1. All persons operating groundwater extraction facilities shall pay a groundwater extraction charge for all groundwater extracted after July 1, 1993, in the amount as established by Resolution of the Board. Payments are due semi-annually, and shall accompany the statement required pursuant to Section 2.3.

2.4.2. Payments not received or postmarked by the date due forty-five days after the billing date shall be charged interest in the amount of 1.5 percent per month, or part of month that the charge remains unpaid. Late Penalty. The operator shall pay a late penalty for any extraction charge not satisfied by the due and payable date. The late penalty shall be 1½ percent per month, or any portion thereof, of the amount of the unsatisfied extraction charge. The late penalty shall not exceed 100% of the original charge, provided the penalty is paid within 60 days of the due date. If the fee is not paid within the 60 days, the penalty will continue to accrue at 1.5 percent per month with a final maximum of 200% of the original penalty due.

2.4.3. Owners of extraction facilities are ultimately responsible for payment of pumping charges and penalties should an operator not pay. Consequently, owners must consider this liability in respect to their agreements with well operators and water users.

- 2.5 **Collection of Delinquent Extraction Charges and Late Penalties** - The Board may order that any given extraction charge and/or late penalty shall be a personal obligation of the operator or shall be an assessment against the property on which the extraction facility is located. Such assessment constitutes a lien upon the property, which lien attaches upon recordation in the office of the County Recorder. The assessment may be collected at the same time and in the same manner as ordinary ad valorem taxes are collected, and shall be subject to the same penalties and the same procedure and sale, in case of delinquency as provided for such taxes. All laws applicable to the levy, collection and enforcement of ad valorem taxes shall be applicable to such assessment, except that if any real property to which such lien would attach has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrance for value has been created and attaches thereon, prior to the date on which the first installment of such taxes would become delinquent, then the lien which would otherwise be imposed by this section shall not attach to such real property and an assessment relating to such property shall be transferred to the unsecured roll for collection.
- 2.6 **Use of Extraction Charges and Late Penalties** - Revenues generated from extraction charges and late penalties shall be used exclusively for authorized Agency purposes, including financial assistance to support Board approved water supply, conservation, monitoring programs and water reclamation projects that demonstrate significant reductions in overdraft.

CHAPTER 3.0

Installation and Use of Metering Equipment for Groundwater Extraction Facilities

3.1. Installation and Use of Metering Equipment

- 3.1.1. Installation Requirement - Operators of extraction facilities shall install metering equipment on each well that extracts groundwater. Meters are not required on inactive wells as defined in this Ordinance Code, nor are meters required for extraction facilities supplying a single family dwelling on one acre or less, with no income producing operations. If more than one operator uses the same extraction facility, meters shall be installed to record the water use of each operator. Well operators were required to install metering equipment on wells by July 1, 1994.
- 3.1.2. Back-up Metering Equipment - Water meters occasionally fail, losing periods of record before the disabled or inaccurate meter is either replaced or repaired. Well operators shall be prepared to provide another acceptable method of computing extractions during these periods of meter failure to avoid the loss of record on wells that require metering under this Ordinance Code.
- 3.1.3. Back-up Methods - It is the operator's responsibility to maintain the flow meter. Any allowable or acceptable method for backup metering will be specified in a

separate resolution of the Board, and may be changed as technology improves or changes.

- 3.1.4. **Special Cases** - If special circumstances exist where specified back-up procedures cannot be used or are impracticable to use, the operator shall request the Executive Officer's approval of another alternative back-up procedure.
- 3.1.5. **Meter Readings** - Functional meters shall be read and the readings reported semi-annually on the extraction statements required under Section 2.3 above.
- 3.1.6 **Inspection of Metering Equipment** - The Agency may inspect metering equipment installations for compliance with this Ordinance Code at any reasonable time.
- 3.2. **Meter Testing and Calibration** - All water flow meters shall be tested for accuracy at a frequency interval determined by the Board to meet specific measurement standards. Calibration methods and procedures approved by the Board of Directors shall be detailed in an adopted Resolution of the Board.
- 3.3 **Altering Metering Equipment** - Any person who alters, removes, resets, adjusts, manipulates, obstructs or in any manner interferes or tampers with any metering equipment affixed to any groundwater extraction facility required by this Ordinance Code, resulting in said metering equipment to improperly or inaccurately measure and record groundwater extractions, is guilty of an intentional violation of this Ordinance Code, and will be subject to any and all penalties as described in Chapter 8.
- 3.4 **Costs Of Testing and Calibration.** All costs incurred with flow meter testing or calibration shall be the personal obligation of the well owner. Non-compliance with any provision of the meter calibration requirements will subject the owner to financial penalties and/or liens as described below or in Chapter 8 of the Ordinance Code.
- 3.5 **Fees and Enforcement.** If any water production facility within the Agency's boundaries is used to produce water without a flow meter, or with a non-operating flow meter, the Agency shall assess a Non-Metered Water Use Fee against the water production facility owner. The Non-Metered Water Use Fee shall be assessed during each Meter Report period until the first full Meter Report period after the Agency meter is installed. The amount of the fee shall be calculated as follows:
 - 3.5.1 **Ground water extraction facilities** - The fee shall be equal to double the current ground water extraction charge for all estimated water used. Estimates of water used shall be calculated by the Agency staff using best available information about site use and conditions. Any delinquent extraction charge obligations shall also be charged interest at the rate of 1.5 percent per month on any unpaid balances.
- 3.6 Upon violation of any meter provision, the Agency may, as allowed by law, petition the Superior Court of the County for a temporary restraining order or preliminary or permanent injunction prohibiting the well owner from operating the facility or for such other injunctive relief as may be appropriate.

CHAPTER 4.0

Protection of the Las Posas Basins

4.1 This chapter has the following purpose and intent:

- 4.1.1 To eliminate overdraft from the aquifer systems within the boundary of the East and West Las Posas basins and bring these basins to a “safe yield” condition by the year 2010.
- 4.1.2 To protect the Las Posas outcrop as a source of groundwater recharge into the East and West Las Posas basins.
- 4.1.3 To prevent groundwater quality degradation of the East and West Las Posas basins by influence from the Expansion area.
- 4.1.4 This Ordinance Code is only one means by which these goals will be met.

4.2 Anti-degradation and Extraction Prohibition

4.2.1 Extraction Facility Permits.

- 4.2.1.1 Permit Required - Prior to: (a) initiating any new or increased use of groundwater in the Expansion area, obtained from any source within the Agency including the Expansion area; or (b) constructing a new or replacement extraction facility in the East or West Las Posas basins, or the Expansion area, a permit must be obtained from the Agency as provided in this Chapter. For the purpose of this Chapter, a new or increased use is that which did not exist or occur before June 30, 1988.
- 4.2.1.2 Permit Application - Application shall be made to the Agency on the approved Ventura County Water Well Ordinance form available from the Ventura County Public Works Agency and shall include all information required by the Ventura County Well Ordinance and the following:
 - 4.2.1.2.1 Location of each water well to be used, along with the associated state well number.
 - 4.2.1.2.2 Location(s) of groundwater use, including acreage accurately plotted on copy of the Ventura County Assessor's Parcel Map.
 - 4.2.1.2.3 The proposed crop type(s) or Municipal and Industrial use(s) at each location.
 - 4.2.1.2.4 A brief description of the type of irrigation or distribution system and metering equipment to be used.
 - 4.2.1.2.5 The estimated average annual quantity of water use proposed for each location of use.

- 4.2.1.2.6 An identification of the source of historical allocation to supply the proposed water use by the well.
- 4.2.1.2.7 An analysis of the potential impacts on the water balance in the Las Posas Basins resulting from the proposed use(s).
- 4.2.1.3 Findings - A permit may only be granted if the Executive Officer finds that the proposed groundwater use will result in no net detriment to the East or West Las Posas Basins by determining that:
 - 4.2.1.3.1 The Las Posas outcrop is not exposed to potential degradation of water quality of any type, and
 - 4.2.1.3.2 Recharge to the East and West Las Posas Basins from the Las Posas outcrop is not diminished, and
 - 4.2.1.3.3 Neither baseline nor efficiency allocation will be used, directly or indirectly, to support groundwater use on the Expansion Area, and (an example of indirect use is using efficiency to supply a demand inside the Agency and using the replaced historical allocation on the outcrop)
 - 4.2.1.3.4 No increased or new uses of groundwater from inside the Agency boundary will be applied on any area outside the Expansion area (or outside the East or West Las Posas boundary).
- 4.2.1.4 Permit Conditions. The Executive Officer may include in the permit granted, any conditions consistent with the purpose of this Chapter, including:
 - 4.2.1.4.1 Any proposed agricultural use shall include the installation of irrigation systems that employ irrigation best management practices consistent with then current industry standards.
 - 4.2.1.4.2 Any proposed municipal or industrial use shall include the installation of systems that employ municipal and industrial best management practices consistent with the then current industry standards.
 - 4.2.1.4.3 A permit term, not to exceed 10 years from the date of issuance.
 - 4.2.1.4.4 Mitigation, monitoring, and periodic reporting, as may be appropriate given the proposed use.
- 4.2.2 Permit Renewal - Permits may be renewed pursuant to the requirements of Section 4.2.1.

- 4.3 **Registration of Existing Uses** - The owners of groundwater wells located within the East or West Las Posas basins shall register their wells with the Agency no later than January 1, 2006, through the following procedure:
- 4.3.1 **Registration Form** - The Agency shall make available a registration form which shall be completed, and filed with the Agency for each well, which shall include the following:
- 4.3.1.1 Location(s) of all water well(s), along with the associated state well number(s) including offsite well(s) serving the proposed use. Information concerning wells shall also include any other use for the water well.
 - 4.3.1.2 Location(s) of groundwater use for the well including acreage accurately plotted on a copy of the Ventura County Assessor's Parcel Map.
 - 4.3.1.3 The proposed crop type(s) or Municipal and Industrial use(s) at each location.
 - 4.3.1.4 A brief description of the type of irrigation or distribution system and metering equipment in use.
 - 4.3.1.5 The estimated average annual quantity of water use at each location and for each well.
- 4.4 **Monitoring** - The Agency shall monitor compliance with this Chapter by reviewing County well permit applications and reported groundwater extractions and by conducting field surveys as may be necessary.
- 4.5 **Unreasonable Uses** - The Agency may commence and prosecute legal actions to enjoin unreasonable uses or methods of use of water within the agency or outside the territory of the agency to the extent those uses or methods of use adversely affect the groundwater supply within the Agency.

CHAPTER 5.0

Reduction of Groundwater Extractions

- 5.1. **Purpose** - The purpose of this Chapter is to eliminate overdraft from the aquifer systems within the boundaries of the Agency and bring the groundwater basins to safe yield by the year 2010. It is not the purpose of this Chapter to determine or allocate water right entitlements, including those, which may be asserted pursuant to California Water Code sections 1005.1, 1005.2 or 1005.4.

5.2. Extraction Allocations

5.2.1. General Limitations

- 5.2.1.1. The Executive Officer shall establish an operator's extraction allocation for each extraction facility located within the boundaries of the Agency. The extraction allocation shall be the historical extraction as reported to the United Water Conservation District and/or to the Agency pursuant to Chapter 2 (or its successor), reduced as provided by Section 5.4, or as otherwise provided for in Section 5.6 of this Ordinance Code. An alternative allocation, either baseline or efficiency, may also be approved as explained in Sections 5.6.1.1 and 5.6.1.2. All extraction facilities have an allocation of zero unless the Executive Officer determines otherwise. The operator may determine whether the annual allocation used shall be either a combination of baseline and historical allocation, or based on an efficiency allocation. All wells used by an operator in any given basin shall be operated on either a combination of historical and baseline or an efficiency allocation except water purveyors as approved by the Executive Officer. As explained by Section 5.6.1.2, an efficiency allocation may not be combined with either a baseline or a historical allocation. Extraction allocations may be adjusted or transferred only as provided in Section 5.3.
- 5.2.1.2. Regardless of allocation, the total water use for agricultural purposes must be at least 60 percent efficient as determined by the formula described in Section 5.6.1.2.4. This 60 percent irrigation efficiency is totally unrelated to the 80 percent efficiency described in Section 5.6.1.2, "Annual Efficiency Extraction Allocation".
- 5.2.1.3. Where an operator operates more than one extraction facility in the same basin, the extraction allocations for the individual facilities may be combined.
- 5.2.1.4. Where there is more than one operator for any agricultural extraction facility, each operator shall be entitled to a pro rata share of the facility's historical allocation based on either usage or acreage irrigated during the historical extraction period. Such pro rata shares shall be determined by the owner of the extraction facility, and this determination shall be subject to the approval of the Executive Officer.
- 5.2.1.5. When an operator is no longer entitled to use an extraction facility, that operator is no longer entitled to any portion of the extraction allocation attributed to that extraction facility.
- 5.2.1.6. A historical allocation is assigned to an extraction facility and a baseline allocation is assigned to the land, both may be used, but neither is owned by the operator.

- 5.2.1.7. Where there is a sale or transfer of a part of the acreage served by any extraction facility, the extraction allocation for that facility shall be equitably apportioned between the real property retained and the real property transferred by the owner of the extraction facility, This apportionment shall be approved by the Executive Officer who may modify the apportionment to assure equity.
 - 5.2.1.8. The name of the owner of each extraction facility, the parcel number on which the well is located along with the names of all operators for each extraction facility shall be reported to the Agency with each semi-annual report and upon any change of ownership or operators, together with such other information required by the Executive Officer.
 - 5.2.1.9. The Executive Officer may, on written request from a land owner or well operator, waive allocation requirements for the extraction of groundwater from the Perched or Semi-perched aquifer of Sealing Zone III when the pumping of that groundwater is specifically for the purpose of lowering the water table to reduce the high water table threat to property, including the root zone of crops, or for dewatering construction sites. The Executive Officer shall require that the groundwater extraction facility used for this purpose be perforated only in the Perched or Semi-perched zone, and shall also require the landowner and/or the operator to protect the Agency from damage potentially caused by transferring water to another location.
- 5.2.2 General Limitations: Special Board Approval Requirements - Notwithstanding any other provisions of this Ordinance Code, the following uses of water resources associated with the aquifers within the Agency may only be undertaken with prior Board approval of and subject to the conditions and restrictions established by the Board.
- 5.2.2.1 Direct or indirect export of groundwater extracted from within the Agency boundary for use outside the Agency boundary.
 - 5.2.2.2 The direct or indirect use of surface water or Foreign Water from within the Agency outside the Agency in a manner that may adversely affect the groundwater supply within the Agency.
 - 5.2.2.3 Application to the Board - To obtain the approval of the Board for any use provided in Sections 5.2.2.1 and 5.2.2.2, application shall be made to the Agency describing the details of the proposed use, including all the following information:
 - 5.2.2.3.1 The location of each water well to be used, along with the associated state well number, and/or the location of each surface diversion and a description of the associated water right.

- 5.2.2.3.2 Location(s) of groundwater use, including acreage, accurately plotted on copy of the Ventura County Assessor's Parcel Map.
- 5.2.2.3.3 The proposed crop type(s) or Municipal and Industrial use(s) at each location.
- 5.2.2.3.4 A brief description of the type of irrigation or distribution system and metering equipment to be used.
- 5.2.2.3.5 The estimated average annual quantity of water use proposed for each location of use.
- 5.2.2.3.6 An identification of the source of historical allocation, if any, to supply the proposed water use by the well.
- 5.2.2.3.7 An analysis of the potential impacts on the water balance in any Basin or Subbasin within the Agency Boundaries resulting from the proposed use(s).
- 5.2.2.4 Findings - The Board may approve the proposed use if, after a public hearing, it finds that the proposed use will result in no net detriment to the Basin, or any subbasin, or aquifer associated with the use, by determining that:
 - 5.2.2.4.1 The proposed use does not result in the material degradation of water quality of any type, or
 - 5.2.2.4.2 Recharge to any aquifer within the Agency is not materially diminished.
 - 5.2.2.4.3 In granting approval to projects subject to this subsection, the Board may impose any conditions as may be appropriate, including limitations on the quantity of water use, term of the approval, and periodic reporting to the Agency.
- 5.2.3. An operator shall comply with all provisions of this Ordinance Code and Resolutions prior to receiving an extraction allocation.

5.3. **Adjustments to Extraction Allocations**

- 5.3.1 Adjustments to extraction allocations may be necessary to provide some flexibility, while still maintaining the goal of reaching a safe yield condition by the year 2010. Adjustments may be accomplished by a transfer, an assignment of historical extraction allocation, or a demonstration of a new water source.
- 5.3.2 Subject to the provisions in this Section 5.3, transfers of extraction allocation are authorized provided they result in no net detriment to the Basins within the Agency. In making this determination, consideration shall be given to the location

of extraction facilities, the aquifer systems being used, potential groundwater quality impacts, and the overall assessment of the cumulative impacts of transfers of extraction allocation.

5.3.3 Types of Transfers of Allocation. When irrigated agricultural land(s) changes to M & I use, a basic extraction allocation of 2 acre-feet per acre shall be transferred. In addition, a historical extraction allocation shall be transferred from the agricultural extraction facility(s) operators to the M & I provider in accordance with the following conditions:

5.3.3.1 When the extraction facility is located on the land transitioning and did not serve other land during the historical allocation determination period, the M & I Operator shall receive a historical extraction allocation of 2 acre-feet per acre per year for the acreage transitioning to M & I use. Any historical allocation in excess of 2 acre-feet per acre for the land transitioning to M & I use shall be eliminated.

5.3.3.2 When the extraction facility is located on the land transitioning and served other land during the historical allocation determination period, the historical allocation associated with the transitioning property shall be allocated on a pro rata basis by acreage to the total property served. The pro rata share for the property transitioning shall be eliminated. Two acre-feet per acre per year, based upon the acreage being transferred, shall be provided to the M & I provider.

5.3.3.3 When the extraction facility serving the lands transitioning is not located on the land transitioning, the Executive Officer shall determine the allocation on an equitable basis for the remaining properties not transitioning to M & I. Two acre-feet per acre per year, based upon the acreage being transferred, shall be provided to the M & I provider.

5.3.3.4 The transfer shall be effective upon the approval of the Executive Officer, taking into account the ongoing use of the property.

5.3.3.5 Allocation originating from an agricultural extraction facility shall not be transferred to an M & I use except as provided in this Section 5.3.3.

5.3.4 Allocation may be transferred between M & I extraction facilities provided there is no net detriment to the aquifer system. In making this determination, the Executive Officer shall, at a minimum, consider the location of extraction facilities, the aquifer system being used and groundwater quality impacts of the transfer.

5.3.5 Transfer of Allocation - Upon request, the Executive Officer may transfer allocation from one agricultural operator to another agricultural operator or from one M & I operator to another M & I operator provided there is no net detriment to the basins and the transfer is equitable. The transfer of allocation will be of indefinite duration, approved on a "case-by-case" basis, and the Executive Officer shall determine the rate of extraction and the point or points of extraction. Requests for the transfer of allocations shall be submitted jointly by the parties

involved and shall include the specific details of their proposal. To ensure that there is no net detriment to the aquifer systems, transfers of allocation shall be subject to other conditions as approved by the Board. Transfers of allocation from Agricultural use to M & I use shall only be approved as provided by Section 5.3.3.

5.3.6. The Executive Officer may approve a temporary assignment of allocation from one operator to another operator when there is no net detriment to the aquifer system. The temporary assignment shall not exceed one year.

5.3.7 Adjustments to M & I Allocations - The Board may adjust the historical allocation of an M & I operator when that operator has supplied groundwater to either an agricultural or M & I user during the historical allocation period and discontinues service to that user. This adjustment may be made by transferring the supplied portion of the historical allocation from the M & I operator to the new user. This adjustment will avoid increased pumping due to windfall allocations that could otherwise result when the M & I operator discontinues service. To avoid retroactive inequities, where an M & I operator has discontinued service to a user prior to July 1, 2005, the amount of the supplied portion of the historical allocation may be allocated to both the M & I operator and the user.

5.3.8 Historical allocation is subject to adjustment as provided in Section 5.4 below.

5.3.9 Procedures for Adjustment

5.3.9.1 It shall be necessary for the operator of the extraction facility to file a verified Application for Adjustment with the Executive Officer.

5.3.9.2 Adjustments of extraction allocations, pursuant to the Applications for Adjustment, shall be considered for approval by the Board after reviewing the findings and recommendations of the Executive Officer and, if approved, shall be effective for the remainder of the calendar year and for all subsequent calendar years until modified by a subsequent Board approved adjustment.

5.4 Reduction of Extraction Allocations

5.4.1 Historical extraction allocations, adjusted or otherwise, shall be reduced in order to eliminate overdraft from the aquifer systems within the boundaries of the Agency for agricultural and M & I uses. The reductions shall be as set forth below:

1992 - 1994 extraction allocation = 95% of historical extraction, as adjusted.

1995 - 1999 extraction allocation = 90% of historical extraction, as adjusted.

2000 - 2005 extraction allocation = 85% of historical extraction, as adjusted.

2005 - 2009 extraction allocation = 80% of historical extraction, as adjusted.

After 2009 extraction allocation = 75% of historical extraction, as adjusted.

5.4.2 Following the appropriate public review, the Board may exempt historical extraction allocations from these adjustments on a basin-by-basin basis.

5.5 Exemptions from Reductions

5.5.1 The following types of extraction allocations are exempt from the reductions set forth in Section 5.4.1:

5.5.1.1 Baseline Extraction Allocations as set forth in 5.6.1.1.

5.5.1.2 Annual Efficiency Extraction Allocations as set forth in 5.6.1.2.

5.5.1.3 Non-metered Extraction Facilities. Reductions in extraction allocations shall not apply to those extraction facilities as identified in Chapter 3 that do not require meters. Neither retroactive adjustments nor refunds will be made, except that any outstanding surcharges for non-metered extractions that existed prior to June 26, 2002 will be waived.

5.6 Alternative Extraction Allocations

5.6.1 As an alternative to historical extractions, the Executive Officer may establish a Baseline or an Annual Efficiency extraction allocation for an operator, as follows:

5.6.1.1 Baseline Extraction Allocations. If no historical extraction exists, or the historical allocation is less than one acre-foot per acre per year, a Baseline extraction allocation may be established by the Executive Officer at one acre-foot per acre per year.

5.6.1.1.1 A Baseline Extraction Allocation specifically applies to undeveloped acreage that is being developed and once approved shall remain with that developed acreage. A Baseline allocation may be combined with a historical allocation for commonly operated facilities in the same basin. A baseline allocation shall not be used with an efficiency allocation.

5.6.1.1.2 To obtain a Baseline Extraction Allocation, a detailed report must be submitted to the Executive Officer. The report shall describe the historical extraction of groundwater use, if any, during the period between the end of calendar year 1984 and the end of calendar year 1989, the type (crop type or M & I) and the amount of water use and acreage involved. The report shall include copies of Assessor's maps identifying the parcels where groundwater is presently being used. For the purpose of this ordinance, one (1) acre-foot per acre per year represents a reasonable use of water for a Baseline extraction allocation.

5.6.1.1.3 Application for the initial Baseline Extraction Allocation must be submitted prior to submission of the annual report of pumping. If approved, the Baseline Extraction Allocation shall apply beginning with the current calendar year.

5.6.1.1.4 To facilitate accounting procedures, an operator shall use Baseline Extraction Allocation before using Historical Allocation.

5.6.1.2 Annual Efficiency Extraction Allocation - If an operator can demonstrate to the Executive Officer that water used for agriculturally developed land is at least 80 percent overall irrigation efficient, based on evapotranspiration requirements, an Annual Efficiency extraction allocation shall be established for one calendar year. An 80 percent overall irrigation efficiency has been determined by the Agency to be reasonable on agricultural lands within the Agency's boundaries.

5.6.1.2.1 An Efficiency Allocation may be used when no historical allocation exists or when the historical allocation is not sufficient for the crop being grown. A historical allocation shall not be used in conjunction with an efficiency allocation.

5.6.1.2.2 To prove that irrigation efficiency is at least 80 percent, the operator must submit a detailed report covering a minimum period of the immediately preceding calendar year. This report shall be submitted to the Executive Officer no later than February 1st of the following year unless otherwise extended by the Board of Directors. The report shall include a complete crop and irrigation history for the extraction facility and actual acreage irrigated. The report shall include the reference evapotranspiration (ET_o) rates and crop factors (K_c) for the calendar year period similar to that provided by the California Irrigation Management Information System (CIMIS) as developed and modified by the California Department of Water Resources. The report shall include a summary sheet that compares the water use to the evapotranspiration requirements for each crop and the corresponding acreage covered in the calendar year. The Board may extend the time to apply for an efficiency allocation for any year.

5.6.1.2.3 Irrigation efficiency will include an appropriate amount of water necessary to avoid salt build-up based on the quality of irrigation water used.

5.6.1.2.4 Irrigation Efficiency (I.E.) will be calculated using the following formula:

$$I.E. = \frac{[ET_o \times K_c] - ER \times 100}{\text{Actual Water Applied (inches)}}$$

Where:

ET_o is the reference evapotranspiration measured in inches

Kc is a crop factor, which is a dimensionless number that relates water use by a given plant in comparison to ETo.

ER is the effective rainfall measured in inches as determined by the Executive Officer.

- 5.6.2 Exceptions - The Board may grant exceptions to Sections 5.6.1.1 and 5.6.1.2 on a case-by-case basis. However, individual exceptions shall not become the norm. Where agricultural efficiency cannot be measured as set forth in Section 5.6.1.2, then the most efficient practices of record for the type of agricultural use shall be the measurement of efficiency utilized by the Board in its deliberations.

5.7 Credits

- 5.7.1 Credits can be obtained by operators, but are not considered as extraction allocations or adjustments to extraction allocations. Credits are not subject to any reductions as set forth in Section 5.4.1. Credits, if available, shall be used to avoid paying extraction surcharges. Credits shall be accounted for through the normal reporting and accounting procedure and are carried forward from year to year. Except as provided below, credits may be transferred between commonly operated extraction facilities and within the basin where the credits were earned.
- 5.7.2 The Board may transfer credits between facilities that are not commonly operated within a basin or beyond the basin where such credits were earned, provided that there is no net detriment to the aquifers within the Agency. In determining whether there is no net detriment, the Board may, among other things, consider whether the transfer will help bring the aquifers within the Agency into equilibrium or whether the transfer is a part of an Agency or inter-Agency management plan or program to bring the aquifers of the Agency into balance. Also, in making this determination of no net detriment the Board may consider quality of water as well as the quantity. The transfer of credits will be of indefinite duration, approved on a "case-by-case" basis, and the Executive Officer shall determine the rate of extraction and the point or points of extraction.
- 5.7.2.1 Requests for the transfer of credits shall be submitted jointly by the parties involved and shall include the specific details of their proposal. To ensure that there is no net detriment to the aquifer systems, transfers of credits shall be subject to other conditions as approved by the Board. Under no circumstances shall credits earned as a result of agricultural use be transferred to an M & I Provider, M & I Operator or an M & I User unless the transfer is specifically approved by the Board and no net detriment to the aquifer systems involved can be shown. Credits earned by an M & I facility shall remain with that facility unless transferred by the Board or transferred as part of a program such as an Agency or inter-Agency management plan or program approved by the Board. The types of credits are:
- 5.7.2.1.1 Conservation credits. An operator can obtain conservation credits by extracting less groundwater than the historical

extraction allocation. Annual Efficiency, Baseline, or an allocation assigned to an extraction facility that is not required to have a meter shall not earn credits. Credits shall be determined by the Executive Officer after receipt of annual extraction data. Subsequent to determining the amount of credits earned, a confirmation shall be mailed to the operator indicating the current allocation, the groundwater extracted during the previous calendar year, and the credits or surcharges for the previous year.

5.7.2.1.2 Storage credits - An operator may obtain storage credits for water that has been determined by the Board to qualify for credits or foreign water stored, injected or spread and percolated or delivered in lieu of pumping in a Board approved injection/storage program used within the boundaries of the GMA. A written application for approval of a program or an injection/storage facility shall include:

5.7.2.1.2.1 Operator of proposed injection/storage program.

5.7.2.1.2.2 Purpose of proposed injection/storage program.

5.7.2.1.2.3 Location, depth, casing diameter, perforated interval and other information regarding proposed injection/extraction facilities, if applicable.

5.7.2.1.2.4 Method of operation including source, quantity and quality of water, planned scheduling of storage, injection/extraction, delivery or percolation operations and proposed use of extracted water.

5.7.2.1.2.5 Any other information deemed necessary by the Executive Officer.

5.7.3 Following Board approval of the application, successful storage, delivery or injection of water and reporting of results, an operator will obtain credit as determined by the Executive Officer.

5.8 Extraction Surcharges and Late Penalty

5.8.1 Necessity for Surcharges

5.8.1.1 Extraction surcharges are necessary to achieve safe yield from the groundwater basins within the Agency and shall be assessed annually when annual extractions exceed the historical and/or baseline allocation for a given extraction facility or the combined sum of historical allocation and baseline allocation for combined facilities. The extraction surcharge

shall be fixed by the Board and shall be based upon (1) the cost to import potable water from the Metropolitan Water District of Southern California, or other equivalent water sources that can or do provide non-native water within the Agency jurisdiction; and (2) the current groundwater conditions within the Agency jurisdiction.

- 5.8.2 At the discretion of the Board, the extraction surcharge may be structured, tiered, and varied between basins and or aquifers.
- 5.8.3 The Board shall fix the surcharge by resolution at a cost sufficiently high to discourage extraction of groundwater in excess of the approved allocation when that extraction will adversely affect achieving safe yield of any basin within the Agency and may adjust the surcharge by resolution; provided however, that the then existing extraction surcharge shall remain in effect until adjusted by the Board.
- 5.8.4 Surcharge for No Allocation - In circumstances where an individual or entity extracts groundwater from a facility(s) having no valid extraction allocation, the extraction surcharge shall be applied to the entire quantity of water extracted. Imposition and acceptance of payment of the surcharge imposed on an individual or entity that extracts water from a facility(s) that holds no extraction allocation shall not be deemed a waiver of the Agency's authority to limit or enjoin the unauthorized extractions.
- 5.8.5 Efficiency Surcharge Facilities relying on the annual, efficiency, allocation shall also be subject to surcharge for inefficient use. The extraction allocation for efficiency is the amount of water used at 80% efficiency as defined in 5.6.1.2 of this ordinance. Extraction surcharges will be applied to the difference between the water extracted which correlates with the actual efficiency achieved and the water that would have been extracted to attain the 80% efficiency allocation. For example, an actual efficiency of 70% would be subject to surcharges on the difference between the amount of water used at 70% efficiency and the amount of water that would have been used at 80% efficiency. If an efficiency of less than 60% is achieved, no efficiency allocation will be available, and the operator shall revert to a historical, baseline or to no allocation whichever applies to that facility. Extraction surcharges would then apply to the difference between actual water used and the applicable allocation, if any. For example, a facility operating at an actual efficiency of 59% with no historical or baseline allocation, would be subject to surcharges on all water used.
- 5.8.6 Payment of Extraction Surcharges
- 5.8.6.1 Surcharges are assessed annually in respect to the annual allocation and shall become due and payable by the owner/operator on February 1st each year or 30 days after the date shown on the upper right of the "Semi Annual Report of Groundwater Extractions" statement. Payments shall be made with credits, if available. The Board may extend the 30-day time allowed to pay surcharges for a period of up to twelve months when circumstances exist that in the opinion of the Board warrant such

extension. The Board may also approve the payment of surcharges in installments of up to 24 months with terms suitable to the Board.

- 5.8.6.2 Late Penalty - The operator shall pay a late penalty for any extraction surcharge not satisfied by the due and payable date. The late penalty shall be 1.5 percent per month, or any portion thereof, of the amount of the unsatisfied extraction surcharge. The late penalty shall not exceed 100% of the original surcharge, provided the penalty is paid within 60 days of billing. If the fee is not paid within the 60 days, the penalty will continue to accrue at 1.5 percent per month with a final maximum of 200% of the original penalty due.
- 5.8.6.3 Collection of Delinquent Extraction Surcharges and Late Penalties - The Board may order that any given extraction surcharge and/or late penalty shall be a personal obligation of the operator or shall be an assessment against the property on which the extraction facility is located. Such assessment constitutes a lien upon the property, which lien attaches upon recordation in the office of the County Recorder. The assessment may be collected at the same time and in the same manner as ordinary ad valorem taxes are collected, and shall be subject to the same penalties and the same procedure and sale, in case of delinquency as provided for such taxes. All laws applicable to the levy, collection and enforcement of ad valorem taxes shall be applicable to such assessment, except that if any real property to which such lien would attach has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrance for value has been created and attaches thereon, prior to the date on which the first installment of such taxes would become delinquent, then the lien which would otherwise be imposed by this section shall not attach to such real property and an assessment relating to such property shall be transferred to the unsecured roll for collection.
- 5.8.6.4 Use of Extraction Surcharges and Late Penalties. Revenues generated from extraction surcharges and late penalties shall be used exclusively for authorized Agency purposes, including financial assistance to support Board approved water supply, conservation, monitoring programs and water reclamation projects that demonstrate significant reductions in overdraft.

CHAPTER 6.0

Appeals

- 6.1 Any person aggrieved by a decision or determination made by the Executive Officer may appeal to the Board within forty-five (45) calendar days thereof by filing with the Clerk, or Deputy Clerk, of the Board a written request that the Board review the decision of the Executive Officer. The Board shall equitably act on the appeal within 120 days after all relevant information has been provided by the appellant.

CHAPTER 7.0 Severability

- 7.1 If any section, part, clause or phrase in this Ordinance Code is for any reason held invalid or unconstitutional, the remaining portion of this Ordinance Code shall not be affected but shall remain in full force and effect.

CHAPTER 8.0 Penalties

- 8.1 Any operator or other person who violates the provisions of this Ordinance Code is subject to the criminal and civil sanctions set forth in the Agency's enabling act and its Ordinances.
- 8.2 Any person who intentionally violates any provision of this Ordinance Code shall be guilty of an infraction and may be required to pay a fine to the Agency in an amount not to exceed five hundred dollars (\$500).
- 8.3 Any person who negligently or intentionally violates any provision of this Ordinance Code may also be liable civilly to the Agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of such violation, in addition to any other penalties that may be prescribed by law.
- 8.4 Upon the failure of any person to comply with any provision of this Ordinance Code, the Agency may petition the Superior Court for a temporary restraining order, preliminary or permanent injunction, or such other equitable relief as may be appropriate. The right to petition for injunctive relief is an additional right to those, which may be provided elsewhere in this Ordinance Code or otherwise allowed by law. The Agency may petition the Superior Court of the County to recover any sums due the Agency.

This Ordinance Code shall become effective on the thirty-first day after adoption.

ADOPTED this 27TH day of July 2005 by the following vote:

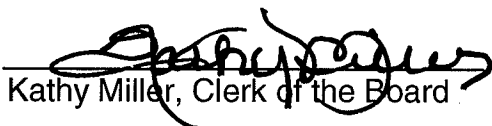
AYES: Directors Maulhardt, Borchard, Craven, Flynn and Fox

NOES: None

ABSENT: None


Lynn Maulhardt, Chair, Board Of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Ordinance 8.1


Kathy Miller, Clerk of the Board

SUMMARY OF CHANGES TO THE ORDINANCE CODE

1. Agency Coordinator has been changed to "Executive Officer" throughout the document.
2. A new term of "current historical allocation" has been added and defined as the historical allocation after having been reduced by the scheduled cutbacks.
3. The definition of Groundwater Basin has been expanded to provide for the determination of the basin boundaries by the Executive Officer.
4. The definition of a "Municipal and Industrial (M & I) Operator" has been modified by changing the words "owner or operator" to "person".
5. Section 2.1.1 has been modified to require the owner to register an extraction facility rather than the operator.
6. Section 2.1.1.4 has been changed to require the State Well Number and parcel number rather than the generic location.
7. Section 3.1.1 responsibility for the installation of meters was changed from operators to owners. A new requirement to install a meter for each operator was added.
8. Section 5.2.1 was changed to make it clear that the well owner held the allocation for an extraction facility.
 - 5.2.1.1 A provision allowing an owner to assign allocation to one or more agricultural operators. The Section was also modified to require that all wells used by an operator in any given basin must be operated on the same kind of annual allocation.
 - 5.2.1.3 A requirement for an operator with more than one extraction facility in the same basin to combine the extraction allocations for the operator's individual facilities for reporting purposes has been added.
9. Section 5.2.1.4 allows each operator an entitlement to a pro rata share of the historical allocation of an agricultural extraction facility when there are multiple operators of a single extraction facility.
10. Section 5.2.1.6 eliminates the assignment of allocation when an operator no longer uses an agricultural extraction facility.
11. Section 5.2.1.7 requires apportionment of historical allocation when a portion of a parcel receiving water from an extraction facility is sold.

12. Section 5.2.1.8 requires owners to report the operators of their extraction facilities.
13. Section 5.3.2.1 changes entire section from a study based system to a two component criteria: 1) Is the use documented?; 2) Known to have been used but not documented? The former remains at 2AF/acre, the later requires all wells supplying water to the property to use efficiency and requires that all historical be deleted. Then the provision allows 2AF/acre to be transferred.
14. Section 5.3.2.2 deletes the alternative of effecting allocation transfer when a well is taken out of service.
15. Section 5.3.2.4 changes net benefit to net detriment.
16. Section 5.7.1 restricts the transfer of credits to commonly operated facilities in the basin where they were earned.
17. Section 5.7.2 allows inter-basin transfer of credits and transfer between non-common facilities by the Board. Changes further state the consideration the Board may make in their determination of allowing credit transfer.
18. Section 5.7.3 does not allow credits for efficiency, or wells without a meter.
19. Section 5.7.3.2 allows efficiency from a meter provided the appropriate historical allocation is deducted from the purveyor's historical allocation.

Appendix C

Auditor's Report for Fiscal Years 2004-2005 and 2005-2006

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY

**BOARD OF DIRECTORS**

Lynn E. Maulhardt, Chair, *Director, United Water Conservation District*
David Borchard, *Farmer, Agricultural Representative*
Charlotte Craven, Vice Chair, *Councilperson, City of Camarillo*
John K. Flynn, *Supervisor, County of Ventura*
Dr. Michael Kelley, *Director, Zone Mutual Water Company*

EXECUTIVE OFFICER

Jeff Pratt, P.E.

November 15, 2007

Lutz, Law & Erlbaum, CPA's
1000 Paseo Camarillo, Suite 235
Camarillo, CA 93010

Subject: Audit 2007

To Whom It May Concern:

We are providing this letter in connection with your audits of the basic financial statements of Fox Canyon Groundwater Management Agency as of June 30, 2006 and 2005, and for the years then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position of the Fox Canyon Groundwater Management Agency (the "Agency") and the results of its operations and cash flows in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of November 14, 2007, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
 - a. Financial records and related data
 - b. Minutes of the meetings of the Agency or summaries of actions of recent meetings for which minutes have not yet been prepared
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

800 South Victoria Avenue, Ventura, CA 93009-1600
(805) 650-4083 or 645-1372 FAX: (805) 654-3350 or 677-8762
Websites: www.foxcanyongma.org or <http://publicworks.countyofventura.org/fcgma>

Lutz, Law & Erlbaum, CPA's
November 15, 2007
Page 2 of 4

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. There are no uncorrected financial misstatements to be included on a schedule of uncorrected financial statement misstatements.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Agency is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

Lutz, Law & Erlbaum, CPA's
November 15, 2007
Page 3 of 4

12. There are no -
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
13. As part of your audit, you prepared the draft financial statements and related notes. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
14. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. The Agency has complied with all aspects of contractual agreements that would have material effect on the general-purpose financial statements in the event of noncompliance.
16. Provisions for uncollectible receivables have been properly identified and recorded.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
20. Required supplementary information (RSI) is measured and presented within prescribed guidelines.

Lutz, Law & Erlbaum, CPA's
November 15, 2007
Page 4 of 4

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Agency Executive Officer
Jeff Pratt – (Peter Sheydayi – Acting)



Manager, Fiscal – Administrative Services

JP/ML/thb/l:\Fox Canyon GMA\Fox2007audit.doc

PARTNERS

JAMES E. LUTZ II, CPA
DAVID M. ERLBAUM, CPA
SHALENE M. HAYMAN

LUTZ, LAW & ERLBAUM

CERTIFIED PUBLIC ACCOUNTANTS
1000 PASEO CAMARILLO, SUITE 235
CAMARILLO, CALIFORNIA 93010

(805) 388-8822
FAX (805) 388-8548

November 16, 2007

Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, California

RECEIVED
NOV 19 2007
WATERSHED PROTECTION DIST.

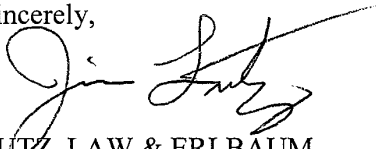
Subject: COPIES - AUDITED FINANCIAL STATEMENTS

Dear Sir/Madam:

Enclosed are ten (10) copies of the audited financial statements of Fox Canyon Groundwater Management Agency for the years ended June 30, 2006 and 2005.

If you have any questions, please do not hesitate to contact us.

Sincerely,



LUTZ, LAW & ERLBAUM
Certified Public Accountants

Enclosures

**FOX CANYON
GROUNDWATER MANAGEMENT AGENCY**

BASIC FINANCIAL STATEMENTS

For The Years Ended June 30, 2006 and 2005

RECEIVED
NOV 19 2007
WATERSHED PROTECTION DIST.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Fox Canyon Groundwater Management Agency (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal years ending June 30, 2006 and June 30, 2005. Please read it in conjunction with the financial statement following this section.

FINANCIAL HIGHLIGHTS

- Total net assets in 2006 increased \$62,597, which represents a 11.3 percent increase from 2005.
- Revenues increased \$83,599, which represents a 18.4% over 2005.
- Expenditures decreased by \$26,887, approximately 5.3% decrease over 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) **Enterprise financial statements**, and 2) **Notes to the financial statements**.

The **Enterprise financial statements** are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to private-sector business.

The statements of net assets presents information on all Agency assets and liabilities, with differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets presents information on how net assets changed during the most recent two fiscal years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement include some items that will only result in cash flows in future fiscal periods.

The statements of cash flows presents information on how cash changed during the most recent two fiscal years.

Under Governmental Accounting Standards Board Statement 34 (GASB 34), the Agency is considered a special purpose government engaged in the preservation of groundwater resources within the territory of the Agency. The GASB 34 definitions require that the Agency provide its financial statements in an enterprise (business activity) format. The Agency is funded primarily through user extraction charges.

The basic financial statements can be found on pages 3-5 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements begin on page 6 of this report.

FINANCIAL ANALYSIS

The Fox Canyon Groundwater Management Agency (the "Agency") was created by the State of California on September 13, 1982, under Assembly Bill No. 2995 Chapter 1023. The Agency was created to manage the groundwater in over drafted and potentially seawater intruded areas in Ventura County. The prime Agency objective is to preserve groundwater resources for agricultural, municipal, and industrial uses in the best interests of the public and for the common benefit of all water users. A five-member board of directors governs the Agency. The Agency has no employees but contracts with the County of Ventura for staff services to provide technical expertise, legal, administrative and fiscal services needed to run the day-to-day operations of the organization.

Revenue is generated primarily from a \$4.00 per acre-foot extraction charge that is assessed against all well users within the geographic boundaries of the Agency. Effective July 1, 2005 the per acre-foot extraction charge was increased from \$3.00 per acre-foot to \$4.00 per acre-foot.

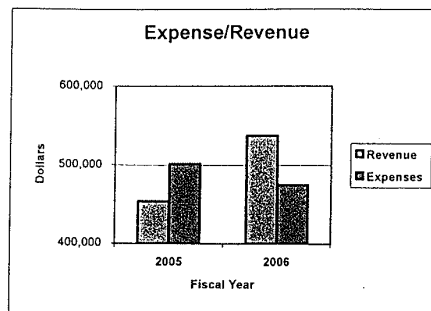
The Agency's expenses consist primarily of contract services through the County of Ventura for staff services. Expenses dropped modestly, \$26,887 from 2005 to 2006. The reduction is the result of reduced Public Works charges and an offsetting increase in professional services. Table 1 below compares the 2006 Change in net assets to the 2005 change in net assets.

Table 1
Changes in Net Assets for 2006
Compared with 2005 Activity

	2006	2005	Change
Operating Revenues:			
Extraction charges	\$515,883	\$436,873	\$79,010
Non-Operating Revenues:			
Earned Contributions	1,077	6,467	(5,390)
Interest Earnings	16,533	10,565	5,968
Penalties	4,011		4,011
Total Revenues	<u>\$537,504</u>	<u>\$453,905</u>	<u>\$83,599</u>
Program Expenses			
General Government	474,907	501,794	(26,887)
Total Expenses	<u>474,907</u>	<u>501,794</u>	<u>(26,887)</u>
Increase/(Decrease) in Net Assets	<u>\$62,597</u>	<u>(\$47,889)</u>	<u>\$110,486</u>

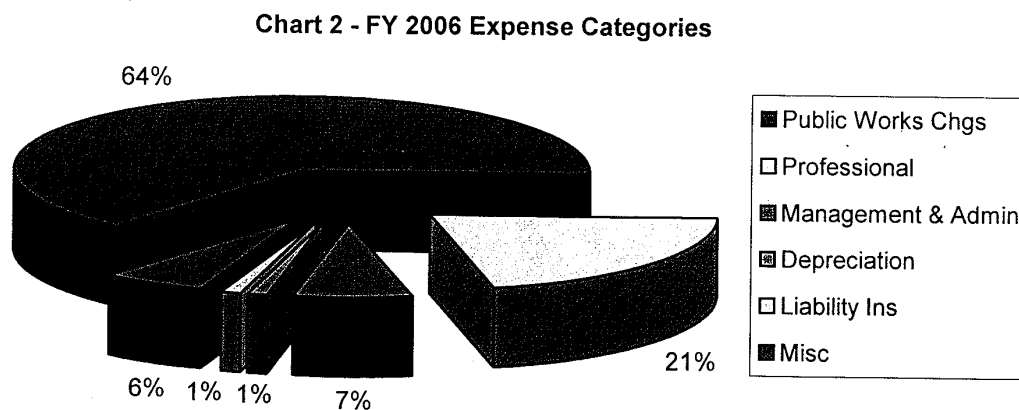
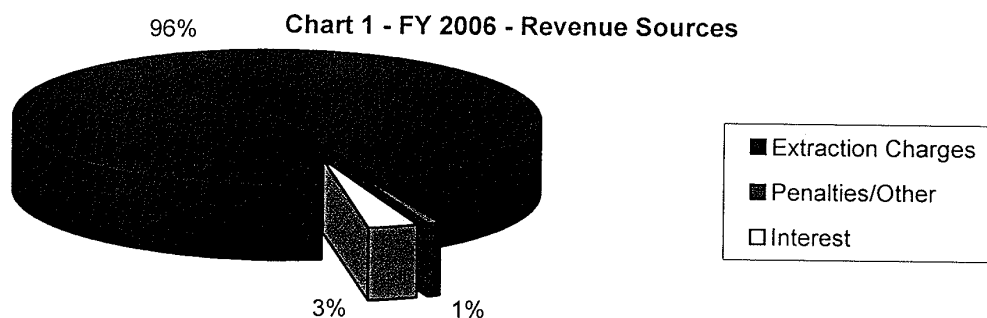
As the chart shows, for the period ending June 30, 2006, Net Assets increased by a positive \$62,597, this compares very favorably against the \$47,889 decrease in Net Assets experienced for the period ending June 30, 2005. The favorable increase is a result of an increase in acre feet extracted and a reduction in Public Works charges.

The graph below illustrates the relationship between expenses and revenue for 2005 and 2006.



As depicted in the graph, 2005 expenses exceed revenue by approximately \$47,900. This trend was reversed in 2006 with revenue exceeding expenses by approximately \$62,600.

Charts 1 and 2 provide a graphic view of 2006 revenue sources and 2006 expenses categories.



As shown in Chart 1, the major revenue source comes from extraction charges - making up 96 percent of the Agency's revenue. The Agency's expenses are displayed in Chart 2. The largest expense category is for contract services with the Ventura County Public Works Agency - accounting for 64 percent of expenses.

BUDGETARY INFORMATION

Tables 1 and 2 present the Agency's original/final budget and actual results for fiscal years 2005 and 2006.

Table 1
Original/Final Budget versus Actual Results
FY 2005

	Original/Final Budget	Actual	Variance
Revenues:			
Extraction charges and surcharges	\$310,000	\$436,873	\$126,873
Earned Contributions		6,467	6,467
Interest income	6,500	10,565	4,065
Total Revenue	<u>\$316,500</u>	<u>\$453,905</u>	<u>\$137,405</u>
Expenses:			
Public works agency charges	326,488	378,918	52,430
Professional specialty services	46,900	38,400	(8,500)
Management & administrative services	30,500	30,500	-
Depreciation	-	11,813	11,813
Supplies and minor equipment	4,750	3,071	(1,679)
Liability insurance	4,952	5,493	541
Miscellaneous	9,050	33,599	24,549
Total Expenses	<u>\$422,640</u>	<u>\$501,794</u>	<u>\$79,154</u>

The positive revenue variance of \$137,405 is primarily attributable to increased extraction charges. The negative expense variance of \$79,154 is due to unbudgeted depreciation of \$11,813, an increase in miscellaneous expenses of \$24,549 and increased public works costs.

Table 2
Original/Final Budget versus Actual Results
FY 2006

	Original/Final Budget	Actual	Variance
Revenues:			
Extraction charges and surcharges	\$440,000	\$515,883	\$75,883
Earned Contributions		1,077	1,077
Penalties		4,011	4,011
Interest income	12,028	16,533	4,505
Total Revenue	<u>\$452,028</u>	<u>\$537,504</u>	<u>\$85,476</u>
Expenses:			
Public works agency charges	322,100	304,894	(17,206)
Professional specialty services	134,000	100,249	(33,751)
Management & administrative services	30,900	30,900	-
Depreciation	-	5,580	5,580
Supplies and minor equipment	4,500	470	(4,030)
Liability insurance	6,000	5,537	(463)
County GIS	13,000	13,198	198
Miscellaneous	3,750	14,079	10,329
Total Expenses	<u>\$514,250</u>	<u>\$474,907</u>	<u>(\$39,343)</u>

The positive revenue variance of \$85,476 is primarily attributable to increased extraction charges/surcharges and penalty charges on unpaid balances. The positive expense variance of \$39,343 is the net effect of public works cost, professional services and office supplies and equipment being lower than budget offset somewhat by unbudgeted depreciation and miscellaneous expense.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets consist solely of six monitoring wells that were donated to the Agency in September 1990. The wells are being depreciated over a 15 useful life. No new capital assets are planned. The Agency has no outstanding debt.

FUTURE ACTIONS

July 1, 2006 a \$2.00 per acre-foot Groundwater Extraction Management Enforcement Surcharge (GEMES) was established. The purpose of the surcharge is to fund Board approved groundwater extraction enforcement activities, which are above and beyond normal operating cost of the Agency. The GEMES shall terminate automatically on July 1, 2009.

REQUEST FOR INFORMATION

If you have any question about this repost or need additional information, contact the Fox Canyon Groundwater Management Agency, 800 South Victoria Avenue
Ventura, CA 93009-1600.

PARTNERS

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Board of Directors
Fox Canyon Groundwater Management Agency
Ventura, California

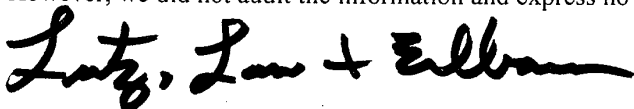
Independent Auditors' Report

We have audited the accompanying statements of net assets of Fox Canyon Groundwater Management Agency (the "Agency"), as of June 30, 2006 and 2005, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2006 and 2005, and the changes in its financial position and cash flows for the years then ended in conformity with generally accepted accounting principles.

The management's discussion and analysis on pages one through six is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



LUTZ, LAW & ERLBAUM
Certified Public Accountants

October 26, 2007

FOX CANYON GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash in County Treasury	\$ 449,419	\$ 439,739
Accounts receivable	207,449	181,229
Interests receivable	5,317	3,332
TOTAL CURRENT ASSETS	<u>662,185</u>	<u>624,300</u>
EQUIPMENT		
Well equipment	177,200	177,200
Less: Accumulated depreciation	177,198	171,618
EQUIPMENT, net	<u>2</u>	<u>5,582</u>
TOTAL ASSETS	<u><u>\$ 662,187</u></u>	<u><u>\$ 629,882</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,906	\$ 2,500
Due to County of Ventura	37,138	71,759
Deferred revenue	-	1,077
TOTAL CURRENT LIABILITIES	<u>45,044</u>	<u>75,336</u>
NET ASSETS - unrestricted	<u>617,143</u>	<u>554,546</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 662,187</u></u>	<u><u>\$ 629,882</u></u>

See accompanying notes to financial statements and auditors' report

FOX CANYON GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2006 and 2005

	2006	2005
REVENUES		
Extraction charges and surcharges	\$ 515,883	\$ 436,872
Interest and penalties on delinquent accounts	4,011	-
Interest income on deposits	16,533	10,565
Other revenue - earned contributions	1,077	6,467
TOTAL REVENUES	537,504	453,904
EXPENSES		
Public works agency charges	304,894	378,918
Professional specialty services	102,572	61,538
Management and administrative services	30,900	30,500
Depreciation	5,580	11,813
Supplies and minor equipment	1,625	2,091
Liability insurance	5,537	5,493
Miscellaneous	23,799	11,440
TOTAL EXPENSES	474,907	501,793
CHANGE IN NET ASSETS	62,597	(47,889)
NET ASSETS AT THE BEGINNING OF THE YEAR	554,546	602,435
NET ASSETS AT THE END OF THE YEAR	\$ 617,143	\$ 554,546

See accompanying notes to financial statements and auditors' report

FOX CANYON GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for extraction charges and surcharges	\$ 493,674	\$ 439,022
Receipts for interest earned on deposits	14,548	9,066
Payments for goods and services	<u>(498,542)</u>	<u>(472,517)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	9,680	(24,429)
 CASH AT THE BEGINNING OF THE YEAR	 439,739	 464,168
 CASH AT THE END OF THE YEAR	 <u>\$ 449,419</u>	 <u>\$ 439,739</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 62,597	\$ (47,889)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	5,580	11,813
(Increase) decrease in accounts receivable	(26,220)	2,150
Increase in interest receivable	(1,985)	(1,499)
Increase (decrease) in accounts payable	5,406	(4,032)
Increase (decrease) in due to County of Ventura	(34,621)	21,495
Decrease in deferred revenue	(1,077)	(6,467)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 9,680</u>	<u>\$ (24,429)</u>

See accompanying notes to financial statements and auditors' report

**FOX CANYON GROUNDWATER MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER GENERAL MATTERS

Nature of Organization. Fox Canyon Groundwater Management Agency (the "Agency") was created by the State of California for the preservation of groundwater resources within the territory of the Agency of agricultural, municipal and industrial uses. The Agency was approved by the Governor on September 13, 1982, under Assembly Bill No. 2886, Chapter 1023. The Agency is exempt from federal and state income taxes as a political subdivision of the State of California as described in the Health and Safety Code, Section 32000.

Reporting Entity. The Agency is an independent special district, separate from the County of Ventura or any city government. All powers of the Agency are exercised by the Board of Directors. The Board consists of five directors who represent the County of Ventura, the United Water Conservation District, the seven Small Water Districts within the Agency, the five incorporated cities within the Agency, and Local Farmers. Each Board member has an alternate that can fill in when they are absent, and all members serve a two-year term. All Board members are appointed by their respective organizations or groups, except for the Farmer representatives, who are appointed by the other four seated members from a list of candidates jointly supplied by the County Farm Bureau and the County Agricultural Association.

Governmental Accounting Standards Board (GASB) Statements. The Fox Canyon Groundwater Management Agency has adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* for the years ended June 30, 2006 and 2005.

Basis of Accounting. The Agency's accounting is as an enterprise special purpose government. The financial statements for enterprise funds include the basic financial statements. The basic financial statements consist of the statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows, as well as notes to the financial statements. The Agency's financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities are included on the statement of net assets. Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

See auditors' report

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FOX CANYON GROUNDWATER MANAGEMENT AGENCY**NOTES TO FINANCIAL STATEMENTS**

June 30, 2006 and 2005

NOTE 1 - continued

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Equipment and Depreciation. Equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 15 years.

NOTE 2 - DEFERRED REVENUE

A provision has been made for the contributions the County of Ventura, City of Oxnard, and City of Ventura made toward the construction of monitoring wells. The contributions were recorded as deferred revenues until the wells were actually constructed at which time the revenues are amortized over the life of the wells.

NOTE 3 - DEPOSITS

The Agency's pooled deposits are held by the County of Ventura and are considered category one for purposes of GASB 3. Category one deposits are insured or collateralized with securities held by the Agency or by its agent in the Agency's name.

NOTE 4 - RISK MANAGEMENT

The Agency maintains an errors and omissions policy in the amount of \$1,000,000.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Agency contracts with the County of Ventura for professional specialty services.

See auditors' report

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