

Post-Meeting Agenda Packet

Copies of presentations given for Items 11, 13, 14, and 15 are included after their respective Items.

Fox Canyon Groundwater Management Agency

FULL AGENDA PACKAGE

**Board Regular Meeting
of
June 26, 2024**



FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



BOARD OF DIRECTORS

Eugene F. West, Chair, Director, Camrosa Water District
Kelly Long, Vice Chair, Supervisor, County of Ventura
David Borchard, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Mayor, City of Camarillo

INTERIM EXECUTIVE OFFICER
Arne Anselm

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fox Canyon Groundwater Management Agency (FCGMA) Board of Directors will hold a **Board Hybrid Meeting** at **12:30 P.M.** on **Wednesday, June 26, 2024**, in the **Board of Supervisor's Hearing Room and via Zoom**, at the Ventura County Government Center, Hall of Administration, Main Plaza Level at **800 South Victoria Avenue, Ventura, California**.

FCGMA BOARD REGULAR MEETING AGENDA

June 26, 2024
12:30 P.M.

Welcome to the Meeting of the Fox Canyon Groundwater Management Agency Board of Directors, also sitting as watermaster for the Las Posas Valley Basin and the groundwater sustainability agency for the Las Posas Valley Basin, the Pleasant Valley Basin, and the Oxnard Subbasin. For more information, full agenda packets, or past meeting information, visit www.fcgma.org.

In compliance with the Americans with Disabilities Act, all possible accommodations will be made for individuals with disabilities so they may attend and participate in meetings. If special assistance is needed, please call the Agency staff at (805) 654-2014 at least 24 hours prior to the meeting so proper arrangements may be made. If requested, and as possible, agendas will be provided in alternative formats.

Agenda items are numbered for identification purposes only and may not necessarily be considered in this order. The Board reserves the right to limit each speaker to five (5) minutes per subject or topic if necessary. The audio/video portion of every public meeting of the Board of Directors is recorded. Please see the "STANDING NOTICES" section at the end of this Agenda for more information, including options for hybrid attendance and public participation.

AGENDA UPDATES

New Item "Funding of Watermaster Rules Appeal" has been removed from the Agenda, and New Item "Adoption of Resolution 2024-04" has been sectioned under "Las Posas Valley Watermaster Items" in the Regular Agenda.

OPENING

- 1. Call to Order** – The Board Chair will call the meeting to order.
- 2. Pledge of Allegiance** – A Board member will lead the Pledge of Allegiance.

3. **Roll Call** – Attending Board members, alternates, and staff will be recorded by the Board Clerk.
4. **Agenda Review** – Consider and approve by majority vote, any minor revisions to Board Agenda items and/or attachments and any item(s) added or removed from this Agenda.
5. **Public Comments** – Audience members may speak about FCGMA-related matters not on today's Agenda. California State law does not allow any response or action from the Board concerning non-agenda topics at this time; however, topics can be placed on future agendas or referred to staff. Please come to the podium and state your name and affiliation for the record before commenting on any particular subject.
6. **Executive Officer's Comments** – Brief announcements and report on Agency workforce activities.
7. **Board Member Comments** – An opportunity for Board Members to make comments or to communicate with other directors, staff, and/or the public regarding non-agenda topics.

CORRESPONDENCE AGENDA

Correspondence Agenda items are presented to the Board for information. These items require no action or are not ready for Board consideration.

8. **Correspondence** from Laurel Servin, member of LPV Watermaster PAC, regarding securing Directors and Officers liability insurance for the LPV Watermaster advisory committees, dated June 12, 2024.

CONSENT AGENDA

Routine items are placed under the Consent portion of this Agenda and need only be reviewed and approved by one single motion. Consent items generally require no discussion; however, they may be debated, or voted on by moving them to the "Regular Agenda" portion at the Board's discretion.

9. **Approval of Minutes** – (New Item) **RECOMMENDATION:** Approve minutes of the May 22, 2024, Board Regular meeting.
10. **Approval of Minutes** – (New Item) **RECOMMENDATION:** Approve minutes of the June 13, 2024, Board Special meeting.

REGULAR AGENDA

Regular Agenda items are heard at the Board's discretion and may be heard at any time during the meeting.

Fox Canyon Groundwater Management Agency Items

11. **Update to Groundwater Sustainability Plan Five-Year Evaluations, Workshops, and Timeline** – (Returning Item) **RECOMMENDATION:** Receive an update from Agency staff on Groundwater Sustainability Plan (GSP) five-year evaluations.

12. **Authorize the Executive Officer to Pay a Final Invoice from Vasquez & Company LLP for Professional Biennial Audit Services in the Amount of \$4,950 (for a Total Amount of \$24,950) – (New Item) RECOMMENDATION:** Authorize the Executive Officer to pay a final invoice from Vasquez & Company LLP for professional biennial audit services in the amount of \$4,950 in the amount of \$4,950 (for a total amount of \$24,950).

Las Posas Valley Watermaster Items

13. **Adoption of Resolution 2024-04 Cancelling the Second Installment of the Las Posas Valley Watermaster Basin Assessment for Fiscal Year 2023-24 – (New Item) RECOMMENDATIONS:** (1) Receive a presentation from Agency staff on current Las Posas Valley Watermaster cash flow, which includes a recommendation from the Agency’s Fiscal Committee that the Watermaster cancel the invoicing and collection of the second installment of the Basin Assessment for Fiscal Year 2023-24; (2) Adopt a resolution cancelling the second installment of the Basin Assessment for Fiscal Year 2023-24.
14. **Fiscal Committee Recommendations on Collection and Enforcement Efforts of the Las Posas Valley Watermaster Basin Assessment – (New Item) RECOMMENDATION:** (1) Receive a presentation from Agency staff on policy recommendations from the Fiscal Committee for LPV Basin Assessment collection and enforcement efforts; and (2) Provide feedback and direction to staff.
15. **Las Posas Valley Semi-Annual Extraction and Use Reporting Tool – (Returning Item) RECOMMENDATION:** Receive a presentation from Agency staff on the use and schedule of the Las Posas Valley Semi-Annual Extraction and Use Reporting Tool.

CLOSED SESSION AGENDA

Discussions of Closed Session Agenda items are closed to the public. The Chair will announce when the Board is going into closed session. Closed session items may be heard at any time during the meeting.

16. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code, §54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d), PARAGRAPH (1): NAME OF CASE:** OPV Coalition et al v. Fox Canyon Groundwater Management Agency, Ventura Superior Court Case No. 56-2021-00555357-CU-PT-VTA
17. **Adjourn Board Meeting.**

ADDITIONAL BOARD MEMBER TELECONFERENCING LOCATIONS

2711 Boyer Avenue East, Seattle, Washington 98102

**Hotel Barcelo Costa Ballena,
Urbanizacion Costa Ballena, Cadiz, ES 11520**

The Agenda will be posted at the location of the Board member in attendance.

STANDING NOTICES

The next Regular Meeting of the Fox Canyon Groundwater Management Agency Board of Directors will be held Wednesday, July 24, 2024.

The FCGMA Board strives to conduct accessible, orderly, and fair meetings where everyone can be heard on the issues. The Board Chair will conduct the meeting and establish appropriate rules and time limitations for each item. The Board can only act on items designated as Action Items. Action items on the agenda are staff proposals and may be modified by the Board as a result of public comment or Board member input.

Public Comments – Public comment is the opportunity for members of the public to participate in meetings by addressing the Fox Canyon Board of Directors in connection with one or more agenda or non-agenda items.

The following options allow for public participation:

1. Join the Zoom Meeting as an Attendee:

https://us02web.zoom.us/j/83926983202?pwd=YGdQsvQ-IOLr--VuFQA5l63PdtFnng.CwEczFzxOKTv_hvb

Webinar ID: 839 2698 3202

Passcode: 336596

With this option you will be able to raise your hand, and the Clerk of the Board will give you speaking abilities to make a public comment.

2. Observe the Board of Directors meeting streaming live by scrolling to the “Current and Upcoming Meetings” section of our website and clicking on the video button next to the meeting listing at: <https://fcgma.org/board-agendas-broadcasts-minutes/>

3. Call in to listen to the meeting:

+1 669 900 6833 US (San Jose)

+1 408 638 0968 US (San Jose)

+1 669 444 9171 US

Webinar ID: 839 2698 3202

Passcode: 336596

Options 2 and 3 will not allow you to make direct speaking comments. If you wish to make a written comment, please follow the steps below.

4. If you wish to make a written comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the Tuesday prior to the Board meeting. Please submit your comment to the Clerk of the Board at FCGMA@ventura.org. Please indicate in the subject

line of your email the agenda item number (e.g., Item No. 9). Your email will be read by the Board of Directors and placed into the record.

5. If you are watching the live stream of the Board meeting and would like to make either a general public comment (Item 5) for items not on the day's agenda or to comment on a specific agenda item as it is being heard, please submit your comment via email, limited to 250 words or less, to the Clerk of the Board at FCGMA@ventura.org. Please indicate in the email subject line, the agenda item number (e.g., Item No. 9). Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.

Administrative Record: Material presented as part of testimony will be made part of the Agency's record, and 10 copies should be left with the Board Clerk. This includes any photographs, slides, charts, diagrams, etc.

ADA Accommodations: Persons who require accommodation for any audio, visual, or other disability in order to review an agenda or to participate in the Board of Directors meeting per the Americans with Disabilities Act (ADA), may request such accommodation in writing addressed to the Clerk of the FCGMA Board, 800 So. Victoria Avenue, Location #1610, Ventura, CA 93009-1610, via emailing FCGMA@ventura.org or via telephone by calling (805) 654-2014. Any such request should be made at least 48 hours prior to the meeting so staff can make the necessary arrangements.

Availability of Complete Agenda Package: A copy of the complete agenda package is available for examination at the FCGMA office during regular working hours (8:00 a.m. to 5:00 p.m. Monday through Friday) beginning five days before the Board meeting. Agenda packet contents are also posted on the FCGMA website as soon as possible and left there for archival retrieval in case reference is needed on previously considered matters. Questions about specific items on the agenda should be directed to the Agency's Executive Officer.

Continuance of Items: The Board will endeavor to consider all matters listed on this agenda. However, time may not allow the Board to hear all matters listed. Matters not heard at this meeting may be carried over to the next Board meeting or to a future Board meeting. Participating individuals or parties will be notified of the rescheduling of their item prior to the meeting. Please contact the FCGMA staff to find out about rescheduled items.

Electronic Information and Updates: Our website address is <https://fcgma.org/>. Information available online includes the Board's meeting schedule, a list of the Board members and staff, general information, and various Agency forms. If you would like to speak to a staff member, please contact the FCGMA Clerk of the Board at (805) 654-2014 or via email at FCGMA@ventura.org.

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

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INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600

SUBJECT: Executive Officer's Report – (Returning Item)

RECOMMENDATION: Receive and file this informational report.

LPV WATERMASTER BASIN ASSESSMENTS AND DELINQUENCIES

Full payment of the first installment of the initial assessment set at \$32 per Acre-Foot is calculated to yield \$1.28 million. Assessments are considered delinquent if not received by May 6, 2024, and shall bear interest as provided by the Judgment. As of June 20, 2024, \$1,183,007.33 plus \$15,532 in Basin Interest Charges have been received. A current Basin Assessment Delinquency List is posted on the Agency's website.

LPV TECHNICAL ADVISORY COMMITTEE (TAC)

All LPV TAC member contracts have been executed. The TAC advises the Watermaster on matters involving technical expertise relating to groundwater management and sustainability of the LPV Basin, including providing the Watermaster independent and unbiased technical review and recommendations on matters referred by the Watermaster and as authorized by the LPV Judgment. The TAC reports directly to Watermaster. The Executive Officer has reached out to the TAC Administrator to schedule a kickoff meeting to outline and discuss with TAC members the Committee's roles and responsibilities under the LPV Judgment, and to discuss prioritizing assignments and work.

LPV GROUNDWATER EXTRACTION AND USE REPORTING TOOL

This month each Water Right Holder received a separate email from RGS containing a customized link to the online tool and instructions for reporting Groundwater Extraction and Use for the period between October 1, 2023, and March 31, 2024. Groundwater Extraction and Use reports are due on or before July 3, 2024. A training video has been created on how to input the needed information into the online reporting tool and is available at: <https://www.youtube.com/watch?v=PW8GpPj-NCg>.

FCGMA STAFFING UPDATE

The Executive Officer will provide a brief update on new hires and recruiting efforts.

FCGMA AUDIT UPDATE

In November 2022, FCGMA contracted with Vasquez + Company LLP (Vasquez) for preparation of an audit of FCGMA's 2021 and 2022 financial positions and statements. The contracted amount is \$20,000, which is twice as much as FCGMA has historically paid for its audits. Vasquez audit work was delayed due to PWA-Fiscal staffing issues. As a result, Vasquez invoiced FCGMA an additional \$12,438, approximately a 62% increase, and is withholding its certification/issuance of the final audits. After several communications

and meetings, PWA-Fiscal staff negotiated with Vasquez for a final invoice of \$4,950 equaling a total amount of \$24,950. Authorization to pay this invoice is on today's Agenda.

UPCOMING MEETINGS

August Board Meetings:

Due to construction in the Board of Supervisors Hearing Room during the month of August, Board meetings for the month will be held in the Lower Plaza Assembly Room (LPAR). The Board Special meeting is tentatively scheduled for August 9, 2024, and will likely hear the FY 2024/25 Budget and Workplan. The Board Regular meeting is scheduled for August 28, 2024.

The room change and directions to the LPAR for August Board meetings will accompany the agenda notifications for said meetings. This information item will remain part of the Administrative Report for the meetings held prior to August.

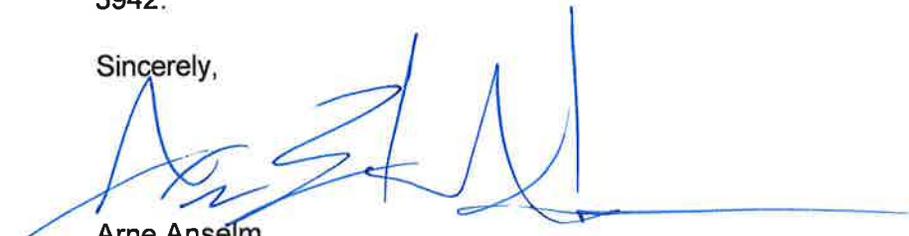
Committee Meetings:

The Fiscal Committee met to discuss the FCGMA budget on Tuesday, June 11, 2024. Direction was given to greatly transform how the budget and workplan are presented to provide greater transparency into the staff efforts and tasks performed by the Agency. Two additional Fiscal Committee meetings were requested to develop the new FCGMA Budget and Workplan presentation, and they have been scheduled for July 9, 2024, at 8:30 A.M. and July 12, 2024, at 1:30 P.M. It is anticipated the recommended FY 2024/25 Budget will be brought to the Board for discussion and approval at the August 9, 2024, Special Meeting.

CONCLUSION:

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 654-3942.

Sincerely,



Arne Anselm
Interim Executive Officer



June 12, 2024

Mr. Eugene West, Chair
Mr. Tony Trembley, Director
LPV Watermaster/FCGMA Board of Directors
800 S. Victoria Avenue
Ventura, CA 93009

Chair West and Director Trembley,

I am writing this letter as president of Berylwood Heights Mutual Water Company and as the PAC representative for the East LPV Mutual Water Company constituency group. I volunteer in both capacities with the hope that I can effect positive change for the LPV farming community.

The purpose of this letter is to emphasize the importance of securing Directors and Officers (D&O) liability insurance for the PAC as requested by Ian Prichard, PAC Chair. This request was made pursuant to §2.7.7 of the LPV Judgment which allows for Watermaster to obtain and maintain directors' liability insurance that includes coverage for PAC and TAC members. I understand that Arne Anselm included this as a line item for the FY 2024/2025 budget, but he has been asked to review existing FCGMA D&O coverage to see if that will cover the PAC's needs.

I am writing to voice my concern that the need for thorough coverage might be underestimated and/or overlooked. My concerns are very personal in nature. The entire five-member Berylwood board of directors was sued on an individual basis for alleged breach of fiduciary duty in connection with our signing of the Phase 2 Settlement Agreement on behalf of the company. We had more than 85% shareholder approval for this action, but two shareholders opposed the agreement and filed suit against each of the directors and the company. The case was tried in August 2023, and the Court ruled in favor of Berylwood and its directors. The case is currently pending appeal. Thankfully, we are all protected with a generous D&O policy which covers our legal expenses which exceed \$500,000 to-date.

As president of Berylwood Heights Mutual Water Company and an active PAC member, I have been proud to support efforts to secure water rights and allocations for the WMID water rights holders, and to participate in the review and approval of meaningful projects for the LPV Basin while working to contain costs for the constituents. I believe the cost of insurance for this very necessary protection for the PAC, PAC Administrator, and PAC Administrative Assistant are not only justifiable, but critical to protect the PAC from any action that an unhappy WMID water rights holder could bring against the PAC at any time.

Thank you very much for your consideration of this request,

Laurel Servin
President, Berylwood Heights Mutual Water Company
PAC Representative, LPV East Mutual Water Company Group
Email: RanchoServin@gmail.com

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

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INTERIM EXECUTIVE OFFICER

Arne Anselm

MINUTES

Minutes of the Fox Canyon Groundwater Management Agency's (FCGMA) **Board Regular Hybrid Meeting** held **Wednesday, May 22, at 12:30 P.M.**, in the **Board of Supervisor's Hearing Room and via Zoom.**

1. Call to Order

Chair Eugene F. West called the meeting to order at 12:32 P.M.

2. Pledge of Allegiance

Chair West led the Pledge of Allegiance at 12:33 P.M.

3. Directors Present

Chair Eugene F. West
Director Kelly Long
Director Lynn Maulhardt
Director Tony Trembley
Alternate Director Michael Craviotto (for Director David Borchard)

Agency Staff Present

Alberto Boada, County Counsel
Jason Canger, Assistant County Counsel
Arne Anselm, Interim Executive Officer
Farai Kaseke, Assistant Groundwater Manager
Elka Weber, Management Assistant/Clerk of the Board
Daiva Pekinas, PWA Accountant

4. Agenda Review

No agenda revisions were made.

5. Public Comments

12:33 P.M.

Comments were given by:

1. Darryl Smith, grower.
 - a. Mr. Smith asked that his comments be entered into public record. Some pumpers did not receive the notice of commencement of groundwater basin adjudication, and per the LPV Adjudication Judgement, everyone was to be notified by the counsel bringing the lawsuit. Mr. Smith asserted that this did not happen. Mr. Smith continued that a great deal of GMA's legal funds came from pumpers

through the fees paid via groundwater extractions. By collecting fees from pumpers, it is Mr. Smith's opinion that it is incumbent upon the GMA to notify pumpers of their position, to at least address the Court as the Watermaster to inform the Court that some pumpers were not notified. Mr. Smith noted that while the growers in question have been advised to retain counsel, that measure is not very practical for the small growers who do not have access for funds to defend themselves.

2. William Miller, grower.
 - a. Submitted 2 applications to drill additional wells to irrigate his property, and they were granted in 2010. The wells were not completed until 2018, so they have no history for which to calculate allocation. When he filled out the applications in 2010, the GMA was intending to give him water. Mr. Miller is of the opinion that the applications granted and the permits he received are a contract to supply him with water, and he should receive assistance from GMA to resolve the allocation that he feels is due to him dated back to when he received his permit.
3. John Lindquist, United Water Conservation District.
 - a. The Oxnard Basin is mentioned twice with regards to recharge in the California Department of Water Resources' (DWR) report titled California Groundwater Conditions: Semi-Annual Update Bulletin 118, released in May 2024. Mr. Lindquist thanked the United operations staff for working tirelessly on recharge, as well as the UWCD Board of Directors' policies in support of the effort. As of the time of this writing, the DWR report can be viewed at <https://data.cnra.ca.gov/dataset/california-s-groundwater-semi-annual-conditions-updates/resource/ba12c11f-b8b8-4d37-a9e4-13c2d7831285>.

6. Executive Officer's Comments

12:44 P.M.

Interim Executive Officer Arne Anselm pointed out the updated Board meeting agenda format, which calls out LPV Watermaster Items separately from FCGMA Items.

Mr. Anselm then introduced two new staff members who have recently started, Mr. John Gauthier and Mr. Robert Hampson. Both Groundwater Specialists, Mr. Gauthier has assumed project management of the \$2.5MM DWR monitoring well grant, and Mr. Hampson will be leading Agency efforts on the 5-Year GSP evaluation process, as well as other technical initiatives as prioritized by the Board. Mr. Anselm stated that the Agency hopes to have several more positions filled by the next Board meeting in June; he continued that hiring and raising staffing levels continues to be a priority for staff to get the Board's priorities done.

Mr. Anselm noted that the Executive Officer's Report, included in the Agenda packet, contains an update on the status of the audit report; the EO Report also contains a list of delinquent LPV Watermaster Basin Assessment invoices organized by WMID for Board review.

7. Board Member Comments

12:46 P.M.

Director Trembley asked after the staffing analysis report, as contracted to Hallmark Group, and an updated organization chart. Mr. Anselm responded that a progress update on the ongoing work will be included in the June 20 Executive Committee Agenda.

CORRESPONDENCE AGENDA:

8. Correspondence from Ian Prichard, Chair of LPV Watermaster PAC, regarding Recommendations for the Semi-Annual Groundwater Extraction and Use Report, dated May 3, 2024.

CONSENT AGENDA:

9. Approval of Minutes of the April 24, 2024, Board Regular meeting. 12:47 P.M.

Director Maulhardt made a motion to approve the Consent Agenda as presented. Director Trembley seconded the motion. Via roll call vote, the motion passed unanimously.

REGULAR AGENDA:

Fox Canyon Groundwater Management Agency Items

10. Update to Groundwater Sustainability Plan Five-Year Evaluations, Workshops, and Timeline 12:48 P.M.

Arne Anselm presented an update on the ongoing GSP evaluation and amendments work, noting that an OPV technical workshop has been scheduled for May 30th – Mr. Anselm clarified that with regards to the LPV Basin, technical analysis will undergo committee review per the LPV Adjudication Judgment. Mr. Anselm reminded the Board that the timeline for this project is very compressed.

Director Maulhardt asked after coordination through the LPV Technical Advisory Committee (TAC). Mr. Anselm noted that the contracts for all three TAC administrators must be approved, and one is currently still pending. The TAC will have multiple meetings, the cadence of which has yet to be determined.

Director Maulhardt reiterated separating workshop 3's occurrence from workshop 4 before moving into the final review phase; adding more time between them to allow for stakeholders to review. Mr. Anselm clarified that the workshops are a month apart. Director Maulhardt responded that he's received feedback that more time would be preferable, if feasible, given the compressed timeline. There will be a massive amount of discussion during this period.

Director Trembley noted that, at the April Board meeting, Director Maulhardt recommended that a discussion be had with Dudek regarding moving workshop 3 to September. Mr. Anselm noted that he's discussed this with Dudek, and the timeline will depend on whether the Agency and Dudek will have materials to present at that time. He stated that he will be updating the timeline after discussing further with Dudek.

Fox Canyon Groundwater Management Agency and Las Posas Valley Watermaster Items

11. Approve and Authorize the Executive Officer to Execute a Modification to the Professional Services Contract with Dudek for Additional Technical Services and

Support Related to the 5-Year GSP Evaluations, the Groundwater Monitoring Well Project, and Las Posas Valley Watermaster Activities 12:59 P.M.

Arne Anselm presented the Item and noted how the proposed contract modification would provide additional services to both FCGMA and the LPV Watermaster. The Board has approved amendments for this contract in the past, notably to expand its scope to include 5-year GSP evaluations and GSP amendments as required by DWR. Mr. Anselm noted that the purpose of this contract modification is to supply staff support regarding a significantly increased workload due to staffing shortages and increased LPV Watermaster duties. The contract modification would allow for Kimball Loeb to serve as the Watermaster non-voting member on the LPV TAC, and for Mr. Loeb to provide technical support in many areas. Other items in the proposed scope include funding for the OPV GSP Technical Workshop, field support for drilling of grant-funded monitoring wells, and GSP annual reports, amendments, and evaluations for the LPV Basin as required by the Judgment and DWR.

The contract modification totals \$143,847 for Agency responsibilities and \$189,740 for LPV Watermaster, for a grand total of \$333,587.00. What hasn't changed with this modification are Dudek's rates, and the sunset date of the contract (the end of Fiscal Year 24-24; June 30, 2025).

Board discussion following presentation: Alternate Director Michael Craviotto asked if any of these tasks could be absorbed by existing functions, such as the PAC and the TAC or the newly hired Agency staff. Mr. Anselm responded that the scope for this contract modification could not be absorbed at this time, especially considering the vacant Groundwater Manager role that has yet to be filled after Mr. Loeb's retirement from the Agency.

Public comment was given by:

- Darrel Smith, grower
- John Grether, grower
- Derek Knobel, Leavens Ranches

The Board discussed the delay in finalizing contracts for the TAC administrators, and Agency Counsel Jason Canger asked the Board to give the Agency time to resolve the issue until the next Board meeting, scheduled for June 26, 2024.

Chair West asked for a motion to approve and authorize the Executive Officer to execute the modification as recommended. Director Trembley so moved, and Director Long seconded the motion. Via a roll call vote at 1:22 P.M., the motion passed.

Las Posas Valley Watermaster Items

12. Policy Recommendations from Fiscal Committee Regarding Las Posas Valley Watermaster Basin Assessment and Budget 1:23 P.M.

Interim Executive Officer Arne Anselm presented 3 key policy issues for the LPV Watermaster as identified and recommended to the Board by the Fiscal Committee, following its initial LPV Watermaster budget study session meeting held May 14, 2024. Mr. Anselm noted that PAC members were present at the May 14 meeting, and have provided a letter dated May 17, 2024, in response to the recommendations, which has been made available via handout at today's meeting.

Policy Issue 1: Funding of programs required by both the LPV Judgment and FCGMA's enabling legislation or SGMA. Fiscal Committee recommendation regarding Policy Issue 1: The LPV Basin Assessment should only fund efforts in the Judgment which are in addition to the tasks required by the Agency's enabling legislation, SGMA, or those which have been historically performed by the Agency.

The Board found itself in agreement with the Fiscal Committee's recommendation for Policy Issue 1.

Policy Issue 2: Potential reimbursement of FCGMA funds expended on LPV Watermaster activities prior to the collection of an LPV Basin Assessment. Fiscal Committee recommendation regarding Policy Issue 2: LPV Watermaster Fund should reimburse the Agency for staff time spent implementing the Judgment and other Basin Management Actions since Judgment was entered on July 10, 2023. Any reimbursement should be accomplished in this Fiscal Year 2023-24. Fiscal Committee discussion did not conclude with a recommendation on how to fund legal expenses for the appeal. Chair West clarified that there are several options for reimbursement of legal expenses for FY 23-24, including splitting it 50/50 by FCGMA and LPV Watermaster budgets, paying it entirely from FCGMA funds, or paying legal expenses entirely from LPV Watermaster funds.

Director Trembley stressed the mandate to treat stakeholders equitably. For whose direct benefit were these costs incurred? Charging post-Judgment legal expenses to the FCGMA GEMES fund does not seem like an appropriate policy outcome, Director Trembley continued, as it seems that OPV pumpers would be subsidizing the LPV pumpers as they have already done for five years previously. Director Trembley noted that he could also make the argument that these expenses were incurred directly to facilitate the implementation of the LPV Judgment and the Watermaster Rules.

Public comment was given by:

- Bert Perello, Alternate Director, FCGMA
- John Grether, grower
- Ian Prichard, LPV PAC Chair
- Peter Nelson, Lemon Hill 500 and Aggen Ranch
- Shiri Klima, City of Oxnard

Director Trembley noted that there is a consensus from the Fiscal Committee for the upcoming Fiscal Year 2024-2025 and beyond, but that they are concerned with the line item for legal expenses on the FY 2023-2024 draft budget. Chair West noted that Agency staff and the Fiscal Committee will need to develop alternative budgets that reflect different options.

Director Long reminded the Board that the GEMES fee is scheduled to sunset later this calendar year, and the Board should consider an extension so that the OPV Adjudication legal fees will be covered equitably in the future. Director Long voiced support for a 50/50 split of the LPV Watermaster legal fees in question. Director Maulhardt noted that he is hesitant to weigh in regarding reimbursing the legal expenses without further discussion by the Fiscal Committee, but he supports the Fiscal Committee's other recommendations for Policy Issue 2.

The Board encouraged the Fiscal Committee to continue discussion on Policy Issue 2.

Policy Issue 3: Maintaining a positive fund balance, an operating reserve, in the LPV Watermaster budget. Fiscal Committee recommendation regarding Policy Issue 3: Short-term LPV Watermaster cash flow can be resolved through increased collection effort of delinquent payments, and the potential of legal fees for the appeal of the Judgment not being charged to the LPV Watermaster Fund. Long-term solutions are the creation of an operating reserve of 10% of the budget and increasing the frequency of assessment levying from semi-annual to quarterly with the first assessment installment initiated early in the next fiscal year. Director Maulhardt noted that the LPV Watermaster should institute a cap as United Water Conservation District has done – he stressed the importance of avoiding stockpiling of funds. Chair West agreed and noted that the Fiscal Committee has discussed a cap.

With regards to enforcement of delinquent Basin Assessments, Director Trembley noted that discussion of this topic will be added to the June 10, 2024, Fiscal Committee LPV Watermaster follow-up meeting's agenda.

The Board found itself in agreement with the Fiscal Committee's recommendation for Policy Issue 3.

13. Las Posas Valley Semi-Annual Extraction and Use Reporting Tool 2:20 P.M.

Assistant Groundwater Manager Farai Kaseke presented a development update on the testing and schedule of the Las Posas Valley Semi-Annual Extraction and Use Reporting Tool, as required by the LPV Adjudication Judgment. Dr. Kaseke noted that the Watermaster is currently implementing feedback from the PAC and will be sending an email notice to all WMID representatives by the end of May.

Public comment was given by Darrel Smith, grower.

The Board discussed the issue of contacting the small subset of WMID representatives without access to email, and how to follow up with them while remaining in compliance with the Judgment.

CLOSED SESSION AGENDA:

The Board did not adjourn to Closed Session.

14. Adjourn Board Meeting

At 2:36 P.M., Chair West adjourned the Board meeting.

Submitted by:

Elka Weber
Management Assistant II, Interim Clerk of the Board

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



BOARD OF DIRECTORS

Eugene F. West, Chair, Director, Camrosa Water District
Kelly Long, Vice Chair, Supervisor, County of Ventura
David Borchard, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Mayor, City of Camarillo

INTERIM EXECUTIVE OFFICER

Arne Anselm

MINUTES

Minutes of the Fox Canyon Groundwater Management Agency's (FCGMA) **Board Special Hybrid Meeting** held **Thursday, June 13, at 3:00 P.M.**, in the **Atlantic Conference Room and via Zoom**.

1. Call to Order

Chair Eugene F. West called the meeting to order at 3:03 P.M.

2. Pledge of Allegiance

Chair West led the Pledge of Allegiance at 3:03 P.M.

3. Directors Present

Chair Eugene F. West
Director Kelly Long
Director Lynn Maulhardt
Director Tony Trembley

Director David Borchard recused himself from the meeting and did not attend.

Agency Staff Present

Alberto Boada, County Counsel
Jason Canger, Assistant County Counsel
Arne Anselm, Interim Executive Officer
Elka Weber, Management Assistant/Clerk of the Board

4. Agenda Review

No agenda revisions were made.

5. Public Comments

3:05 P.M.

No public comment was made.

6. Board Member Comments

3:05 P.M.

No Board comment was given.

CLOSED SESSION AGENDA:

- 7. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code, §54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d), PARAGRAPH (1): NAME OF CASE:** Las Posas Valley Water Rights Coalition v. Fox Canyon Groundwater Management Agency, Santa Barbara County Superior Court Case No. VENCI0059700

Chair West adjourned the meeting to closed session at 3:06 P.M. and announced that the Board would adjourn the meeting in its entirety from closed session.

8. Adjournment

From closed session.

Submitted by:

Elka Weber
Management Assistant II, Clerk of the Board

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

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Tony Trembley, Mayor, City of Camarillo

INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1610

SUBJECT: Update on Groundwater Sustainability Plan Five-Year Evaluations, Workshops, and Timeline – (Returning Item)

RECOMMENDATION: Receive an update from Agency staff on Groundwater Sustainability Plan (GSP) five-year evaluations.

BACKGROUND:

On March 27, 2024, the Board requested frequent updates on the Groundwater Sustainability Plan Five-Year Evaluations development. The Sustainable Groundwater Management Act (SGMA) requires that Groundwater Sustainability Agencies (GSAs) periodically evaluate their GSP(s) to “assess changing conditions in the basin that may warrant modification of the plan or management objectives and may adjust components in the plan.” GSP Emergency Regulations require that GSAs evaluate their GSPs at least every five years and whenever the GSP is amended. The GSP evaluations are due to the Department of Water Resources (DWR) no later than January 13, 2025. GSP evaluations for the Oxnard Subbasin and Pleasant Valley Basin (collectively, the OPV Basin) and the Las Posas Valley Basin (LPV Basin) are being prepared by Dudek, which prepared the original GSPs for the OPV Basin and the LPV Basin.

KEY WORK COMPLETED:

During the month of June, continued document preparation and modeling have been completed for the 5 Year GSP Evaluation. Additional model scenarios have been run that include redistribution of pumping, additional stakeholder projects and a specific scenario with United Water Conservation Districts (UWCD) proposed Extraction Brackish Barrier (EBB) project. Report sections regarding current groundwater conditions have also been drafted.

OPV Technical Workshop

On May 30, 2024, The Agency held an additional OPV Technical Workshop which was requested by stakeholders during the April workshops. The presentations were led by the Agency and Dudek staff and included technical details and preliminary results from most of the model scenarios for the GSP 5-year update. The additional workshop provided useful feedback from stakeholders regarding data and assumptions used in the modeling scenarios. Discussion from the Technical Workshop resulted in the creation of an additional model scenario that will provide useful information regarding the management and optimization of the basins.

DEVELOPMENT TIMELINE:

1. **Stakeholder Engagement / Outreach** – ongoing through January 2025
 - a. Workshop No. 1 (LPV & OPV): August 30, 2023 – Kick-off
 - b. Workshop No. 2: April 2024 – Modeling
 - i. LPV April 25, 2024
 - ii. OPV April 24, 2024
 - c. OPV Technical Workshop – April 30, 2024, 8:00 - 12:00
 - d. Workshop No. 3: September 2024 – 5-year Evaluation Review and Feedback
 - i. LPV September 2024
 - ii. OPV September 2024
 - e. Workshop No. 4 – November 2024 – GSP Amendment Review and Feedback
 - i. LPV November 2024
 - ii. OPV November 2024
2. **Modeling and Data Analysis** – July 2023 through June 2024
3. **Board Meeting Discussions on Minimum Thresholds and Minimum Objectives** - August 2024
4. **Report Preparation** – November 2023 through August 2024
 - a. Monitoring Network Review
 - b. New Information
 - c. Projects and Management Actions
 - d. Current Groundwater Conditions
 - e. Plan Element Review
 - f. Agency Action and Coordination
5. **Report Review** – August 2024 through November 2024
 - a. Public Review – August 2024
 - b. Report Revisions and 90-day notice of hearing to adopt – September 2024
 - c. Final Draft Report– November 2024
 - d. Board and public discussions on Final Draft - October and November 2024
 - e. FCGMA Board Adoption of Evaluation & Amendments – December 2024
 - f. Reports Submitted to DWR – January 2024

CONCLUSION:

Staff recommends that your Board receive and file this report and provide feedback as appropriate.

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 654-3952.

Sincerely,



Robert Hampson
FCGMA Hydrologist

Groundwater Sustainability Plan Five-Year Evaluations Development Timelines and Workshops

Item No. 11 – June 26, 2024



Robert Hampson
Hydrologist



Background

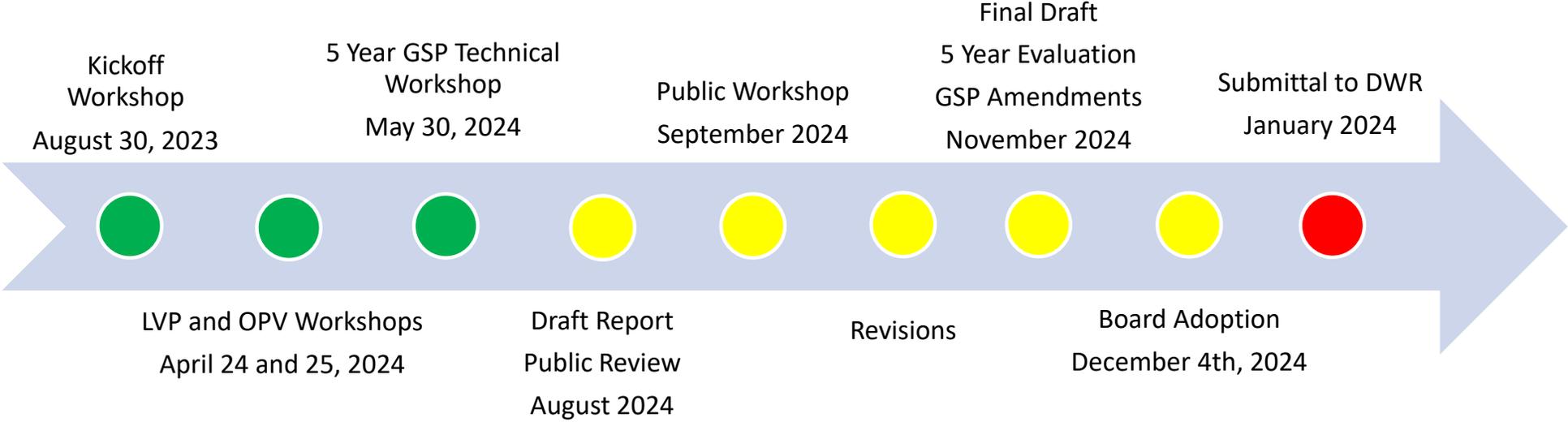
- SGMA requires Groundwater Sustainability Agencies to evaluate their GSPs at least every 5 years
- GSP emergency regulations specify minimum scope of evaluation
- Board approved a new contract with Dudek on December 9, 2022, including 5-year evaluations, amended Feb 28th, and May 22nd, 2024.
- DWR requires GSPs amended if evaluation leads to changes to projects or overall management of the basin



Key Work Completed

- Report preparation
- Model scenario and analysis
- Addressed DWR recommended corrective actions
- Additional Technical Workshop
- More model scenarios

Timelines



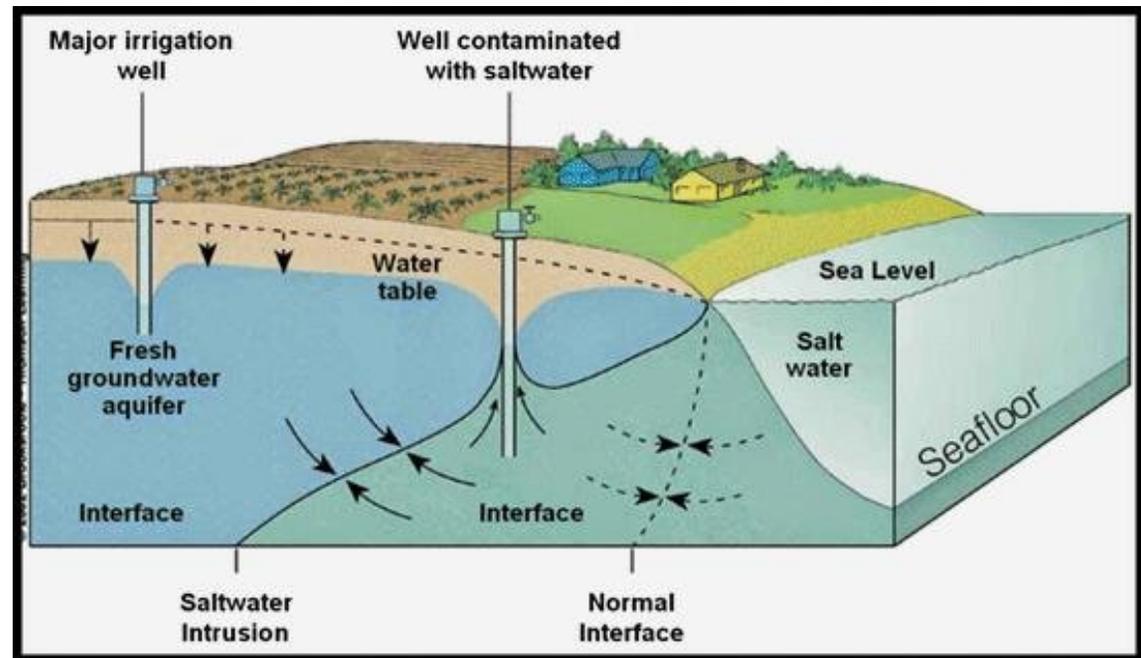


Public Workshops

- The kick-off workshop on August 30, 2023
- LPV and OPV Workshops on April 24 and 25, 2024
- 5 Year GSP Eval Technical discussion May 30, 2024
- TAC - August?
- Workshop Number 3 – Review of Draft 5-year GSP Evaluation, early September 2024
- Workshop Number 4 – GSP Amendments November 2024

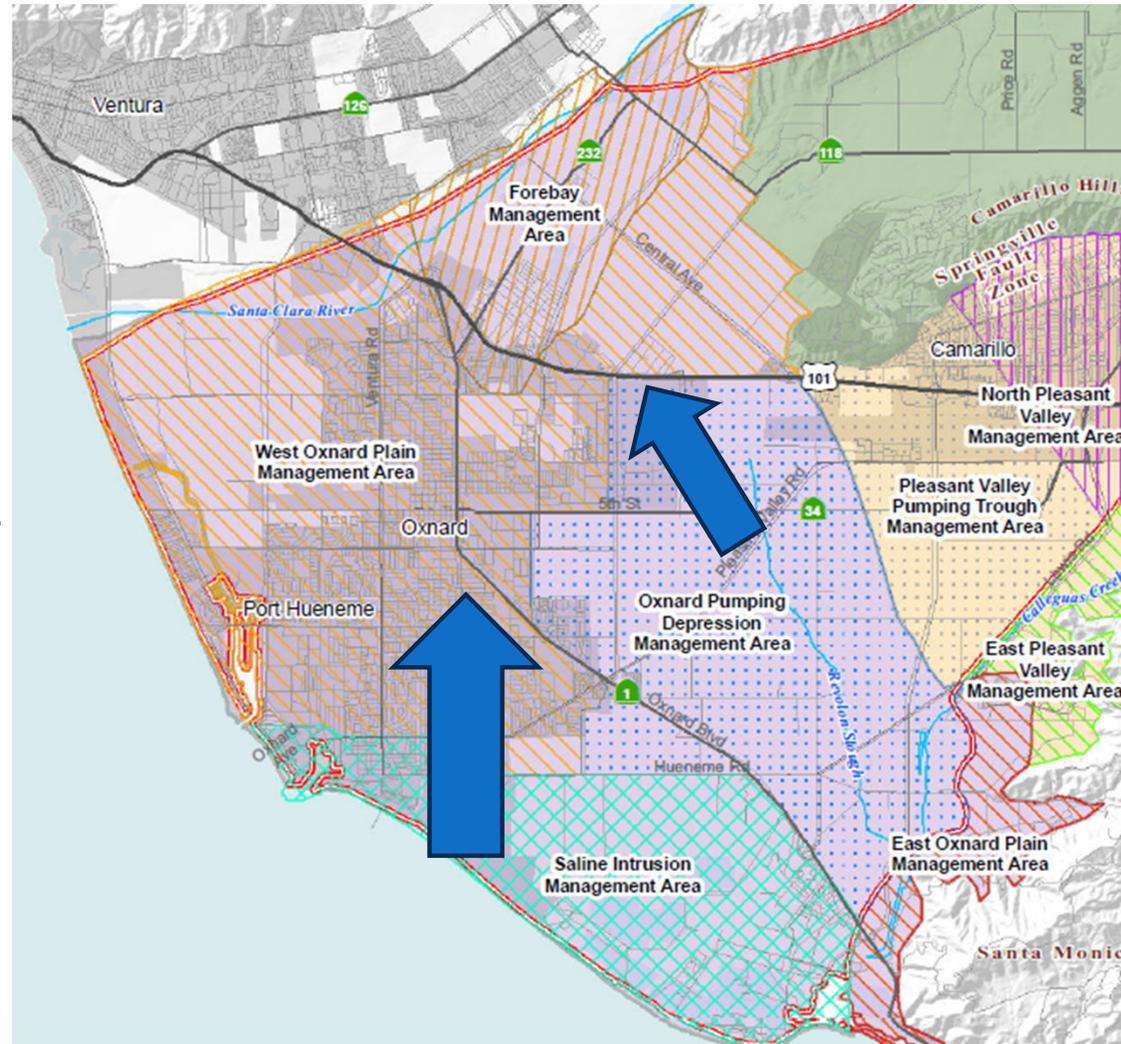
Preliminary Model Findings

- Challenges
 - Recharge
 - Hydrology
 - Time – 50-year SGMA time horizon
 - Other changes
- Priority
 - Meeting DWR requirements
 - 20 year implementation
 - 30 year sustaining period



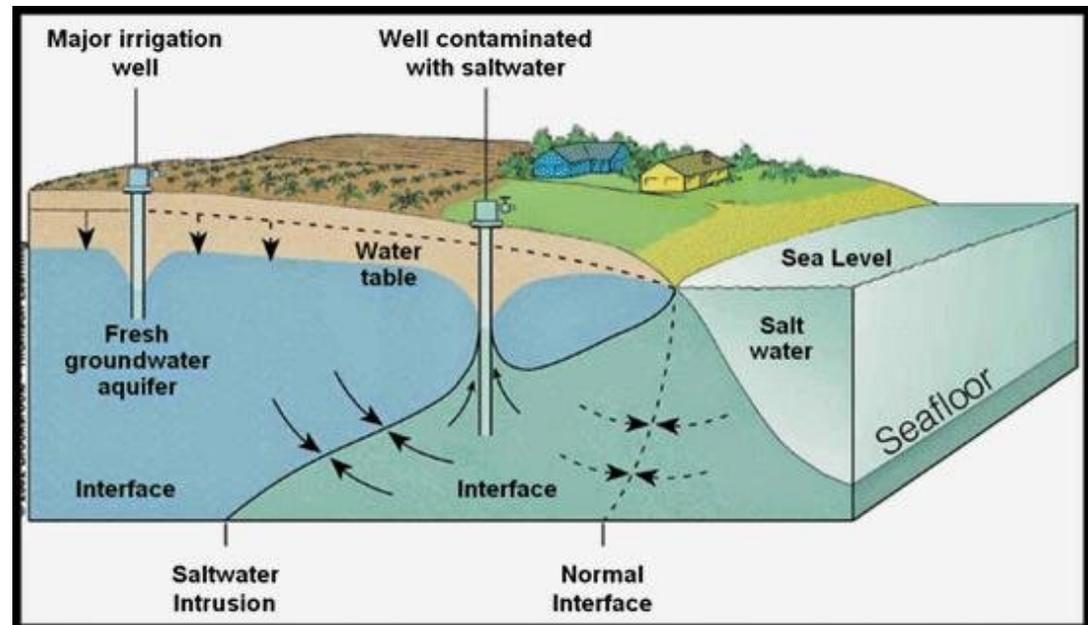
Preliminary Model Findings

- Management Shifting
 - Reduce pumping Lower Aquifer by 40%
 - Reduce pumping Upper Aquifer by 10%
 - Moved pumping out of Saline Intrusion area
 - Reduced 40% from Pumping Depression Management Area
- Results – better understand the mechanics of the basin
- Higher operating sustainable yield
- 10,000 AF more production, same net seawater intrusion as blanket reduction



In Summary

- 50-year hydrology for this update is reasonable
- Management Shifting, EBB, Sustainable Yield
 - Results – better understand the mechanics of the basin
- Optimization could result in higher operating sustainable yield
- More analysis





Recommendations

- Provide feedback
- Receive and file this presentation

Future Modeling Scenarios

- **Baseline** – Sets the baseline for future groundwater conditions if no new projects or management actions are implemented
- **No Projects** – (four scenarios) Evaluates pumping reductions that would be required to achieve sustainable groundwater management by 2040 if no new projects are implemented
- **Management Area Shifting** – Adjusting pumping out of Saline Intrusion Management Area and Oxnard Pumping Depression Management Area
- **Projects Without the Proposed Extraction Brackish Barrier (EBB) Project** – Evaluates the sustainable yield and pumping rates required to achieve sustainable groundwater management by 2040 with new projects, but without the proposed EBB project
- **Projects with the Proposed EBB Project** – Evaluates sustainable yield and pumping rates required to achieve sustainable groundwater management by 2040 with the new suite of projects including UWCD's proposed EBB project

Updated Model

- Updated groundwater conditions
- Improved understanding of coastal aquifer hydrostratigraphy

- Oxnard AWPf Improvements Phase II
- UCWD Ferro-Rose Artificial Recharge of Groundwater
- UCWD Laguna Road RW Interconnection
- UCWD Extraction Barrier & Brackish Water Treatment Project
- UWCD Supplemental Water Purchase
- UWCD Nauman-Hueneme Road Recycled Water Pipeline Interconnection
- FCGMA Installation of multi-depth monitoring wells at two locations in the Oxnard Subbasin
- FCGMA Installation of 3 shallow monitoring wells in the Oxnard Subbasin

DWR Corrective Actions

- 1) Further investigate the connection between surface water bodies, shallow aquifers, and deeper aquifers
 - a. FCGMA secured funding to install additional monitoring wells in Oxnard and PV and Dudek conducted additional historical aerial photo review in Las Posas to address this
- 2) Refine the discussion of minimum thresholds and measurable objectives
- 3) Incorporate subsidence monitoring
- 4) Expand on the linkage between groundwater levels and groundwater quality (separate from seawater intrusion)

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

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Tony Trembley, *Mayor, City of Camarillo*

INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600

SUBJECT: Authorize the Executive Officer to Pay a Final Invoice from Vasquez & Company LLP for Professional Biennial Audit Services in the Amount of \$4,950 (for a Total Amount of \$24,950) – (New Item)

RECOMMENDATION: Authorize the Executive Officer to pay a final invoice from Vasquez & Company LLP for professional biennial audit services in the amount of \$4,950 in the amount of \$4,950 (for a total amount of \$24,950).

BACKGROUND

Audits of the Fox Canyon Groundwater Management Agency (FCGMA) are required by the California Government Code. The Board established a biennial audit schedule at its September 25, 2013, meeting.

Ventura County Public Works Agency – Central Services (PWA-CS), on behalf of FCGMA, issued a request for proposal (RFP) to 26 certified public accounting firms to conduct a biennial audit for Fiscal Years 2020-21 and 2021-22. As reported to your Board at the October 26, 2022, meeting, Vasquez & Company, LLP, of Glendale, California, was the only firm to respond. Vasquez & Company's proposal to complete the work was time-and-materials not-to-exceed \$47,250. Past audits of the Agency were no more than \$10,000. After continued discussions, Vasquez & Associates submitted a revised proposal to provide professional audit services for a not-to-exceed amount of \$20,000 (attached as Item 12A) and work was initiated through an engagement letter (attached as Item 12B).

DISCUSSION

During the period the audit was conducted (which included significant time during the pandemic), PWA-CS staff were not always immediately available to respond to Vasquez' meeting and records requests. This was primarily due to extraordinary staffing circumstances that occurred during the pandemic, due to retirements and turnover, and the most knowledgeable fiscal staff being unavailable for several months due to a leave of absence or a temporary reassignment to assist with emergency response efforts. Despite the temporary staffing circumstances, PWA-CS staff were able to provide the needed reports and information necessary for Vasquez to complete the draft audit report by September 18, 2023. However, despite FCGMA paying the entire not-to-exceed amount, Vasquez refused to issue final audit reports, claiming it was owed an additional \$12,438.00 for time incurred due to the delay of production of financial materials and documents needed to prepare the audits (attached as Item 12C).

Once invoiced, FCGMA/PWA-CS objected to the Vasquez invoice for an additional \$12,438.00. (a 62% change to the \$20,000 not-to-exceed limit). FCGMA/PWA-CS did not dispute that the audit contract provided that the not-to-exceed amount may be increased if due to FCGMA/PWA-CS delay. In response where delay results in additional costs, FCGMA/PWA-CS explained that the contract required Vasquez to meet and determine a new not-to-exceed amount with FCGMA "before [Vasquez] incur additional fees or costs." FCGMA/PWA-CS also objected to the amount listed on the additional invoice. After several communications and meetings, PWA-CS negotiated with Vasquez for a final invoice of \$4,950 equaling a total amount of \$24,950 for the audits (attached as Item 12D). FCGMA has not yet received the final invoice from Vasquez, but it is anticipated soon, and the final audit reports will be released upon payment. Accordingly, staff requests authority for the Executive Officer to pay the final Vasquez invoices when received.

Staff recommends your Board authorize the Executive Officer to pay a final invoice from Vasquez & Company LLP for professional biennial audit services in the amount of \$4,950 in the amount of \$4,950 (for a total amount of \$24,950).

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 650-4083.

Sincerely,


Arne Anselm
Interim Executive Officer

Attachments:

- Item 12A – Vasquez & Company, LLP, Proposal to Provide Audit Services, Sep. 9, 2022 (received Oct. 26, 2022)
- Item 12B – Vasquez & Company, LLP, Engagement Letter
- Item 12C – Vasquez Invoice 4/19/24
- Item 12D – Vasquez & Company, LLP, Budget Overrun Analysis

Proposal to RFP for Auditing Services to

Fox Canyon Groundwater Management Agency

Submitted by:

Roger A. Martinez
Partner, Audit Practice Leader
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1703
Fax: (213) 873-1777
Email: ram@vasquezcpa.com

September 9, 2022

**Item 12A – Vasquez & Company, LLP, Proposal to Provide Audit Services, Sep. 9, 2022
(received Oct. 26, 2022)**

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Letter of Transmittal

September 9, 2022

Jeff Pratt, P.E.

FCGMA Executive Officer

County of Ventura

800 South Victoria Avenue

Ventura, CA 93009-1600

Re: Vasquez Proposal to Provide Audit Services to the Fox Canyon Groundwater Management Agency

Vasquez & Company LLP (Vasquez) is pleased to submit our proposal to perform an independent audit of the financial statements of the Fox Canyon Groundwater Management Agency (FCGMA) for the two (2) - years ended June 30, 2021, and 2022.

Firm's Understanding

- Perform an audit and render an auditor's report on the Basic Financial Statements of the FCGMA in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.
 - As part of our audit, we will render a report on the basic financial statements that will include both Government-Wide Financial Statements and Combining Fund Financial Statements, and also apply limited audit procedures to Management's Discussion and Analysis (MD&A), if provided and required supplementary information pertaining to the General Fund and each major fund of the FCGMA.
 - We will render our auditor's reports on the FCGMA's internal control over financial reporting and compliance with relevant laws and regulations and other matters based on our audit of the financial statements.
- Issue a Management Letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations considered non-reportable conditions.
- Provide guidance on implementing new GASB requirements and specifics of Federal and State of California regulations pertaining to local government accounting.
- Be available to provide additional services as may be requested by the FCGMA.



Fox Canyon Groundwater Management Agency

September 9, 2022

Page 2

Upon request and specifically after our audit, we will be pleased to make a presentation to the FCGMA Governing Board, during which we will discuss our audit approach, scope, and results. We pride ourselves on our ability to convey complex information in an informative fashion, free of bias, such that Management and the Board can evaluate the significance of the information and determine action plans as may be appropriate.

Management can be assured our audit will be performed in accordance with:

- Generally accepted auditing standards generally accepted in the United States of America,
- The standards applicable to financial audits contained in the most current version of the Government Auditing Standards, issued by the Comptroller General of the United States,
- Government Accounting Standards Board (GASB) pronouncements.

Why Vasquez?

Experienced Firm:

- Vasquez has served the auditing needs of municipalities in California for over 50 years.
- We have extensive experience performing independent audits of municipal water districts and other governmental agencies
- Our firm has access to the national resources of the RSM US Alliance (the fifth largest accounting firm in the nation).

Experienced Leaders:

- Roger Martinez, Vasquez Audit Practice Leader and former KPMG office of professional practice partner dealing with complex audit, accounting, and risk management issues at a national level, will lead our delivery of services to the FCGMA and direct and supervise the auditors performing the engagement, review the audit results, and provide technical expertise as appropriate.

Roger's experience includes LADWP, PG&E, Edison, Encina Wastewater Authority, Municipal Water District of Orange County, and Victor Valley Wastewater Authority.
- Cristy Canieda, Vasquez Government Practice Leader, formerly with PwC, will be the engagement quality control reviewer and provide an objective evaluation of the significant judgments the engagement team made and the conclusions it reached in formulating the auditor's report.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-the-audit surprises.

Vasquez is committed to providing the FCGMA with the highest customer service, and I trust that you will find Vasquez well qualified to provide the FCGMA with professional auditing services. I, Roger Martinez, Partner with Vasquez am authorized to make representations and bind the firm to contract. I can be reached at tel: 213-873-1703 or via email at ram@vasquezcpa.com

VASQUEZ & COMPANY LLP

Roger A. Martinez
Partner, Audit Practice Leader

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Profile of the CPA Firm

1. State whether the firm is local, national or international.

Vasquez & Company LLP (Vasquez) is a regional firm with international operations with offices throughout the State of California as well as Nevada, Arizona and the Philippines.

2. Provide the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.

We will serve the FCGMA from our headquarters in Glendale, California, and will staff the engagement with two partners, one audit managers, one audit supervisor, one IT supervisor, and one staff auditor.

<u>Headquarters</u> 655 N. Central Avenue Suite 1550 Glendale, CA 91203 t) 213-873-1700 f) 213-873-1777	<u>Fresno</u> 8050 N. Palm Ave., Suite 300 Fresno, CA 93711 t.) 559-389-5124	<u>Irvine</u> 7545 Irvine Center Dr., Suite 200 Irvine, CA 92618 t) 949-623-8798	<u>Las Vegas</u> 3753 Howard Hughes Parkway Paradise, Unit 200 Las Vegas, NV 89169 t) 702-784-7644
<u>Manila</u> 29F Rufino Tower 6784 Ayala Avenue Makati City, 1226 Philippines	<u>Phoenix</u> Two North Central Avenue, Suite 1800 Phoenix, AZ 85004 t) 602-759-7319	<u>Sacramento</u> 1215 K Street 17 th Floor Sacramento, CA 95814 t) 916-503-3269 f) 916-503-2401	<u>San Diego</u> 402 West Broadway Suite 400 San Diego, CA 92101 t.) 619-595-3100

Size of Staff

Partners	7
Directors	7
Sr. Managers/Managers	10
Supervisors	16
Senior Auditors	51
Staff Auditors	94
Professionals	185
Administrators	22
Total	207

The Vasquez Government Practice Group comprises 150+ professionals trained and experienced in serving government entities, specializing in California cities, municipal water, transportation, education, and other special districts.

The Vasquez Government Practice Group are professionals from international accounting firms seeking to focus on their chosen industry – mainly government and nonprofit – and work with greater autonomy in a progressive, agile and client-centric environment. The Vasquez leadership comprises seven (7) partners who worked with one or more global accounting firms. This experience emphasizes quality, innovation, performance standards, opportunity, discipline, and professional growth.

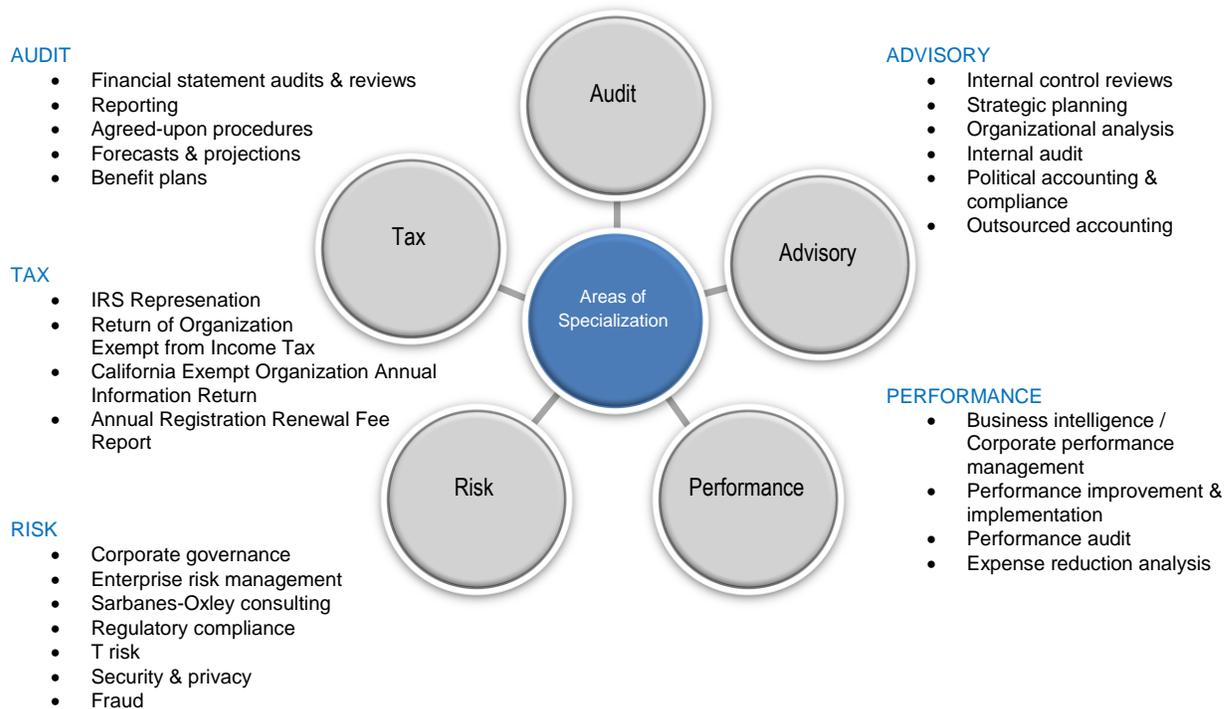
Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

National Resources

Vasquez is an integral part of the RSM US Alliance, a premier affiliation of independent accounting and consulting firms in the United States, with over 75 members in over 38 states, the Cayman Islands, and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. In addition, as a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its clients. We accepted an invitation to join the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

3. Describe the range of activities performed by the local office such as audit, accounting, tax services, and management services.



4. Describe the local office's computer systems capability, including the numbers and classifications of personnel skilled in computer sciences who will work on the audit.

All staff members are skilled at utilizing public sector software programs and have extensive experience with cloud computing, A.I., and data science. Our audit personnel have a wealth of experience in evaluating complex computerized accounting systems of governmental agencies. They are proficient at:

- Analyzing an organization’s information systems, and
- Determine the controls and audit processes required to provide assurance that the information produced is reliable and that the system and data contained therein are secure.

Our audit staff generates all fund trial balances, lead sheets, and detailed working papers on laptop computers through either downloads or input of individual fund general ledger information. This process

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

5

significantly reduces the time FCGMA personnel must spend preparing audit schedules. Our audit staff may request remote access to the FCGMA's accounting system to review transaction detail entries, if possible, to reduce additional requests for accounting documents and records.

5. State whether the firm is: properly licensed for practice as a CPA; meets independence requirements; has any record of substandard performance; and meets all requirements imposed by state and local laws, rules, and regulations.

Vasquez is properly licensed to conduct public accounting in California. Furthermore, Vasquez holds valid business permits and documents required by city, county, state, and other governmental and/or regulatory bodies to legally engage in and perform the services requested under this Request for Proposal.

[DCA - Search Details](#)

Independence

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, published by the United States General Accounting Office ("Yellow Book") as it relates to the FCGMA.

Independence Policies and Monitoring Programs

One of our quality control objectives is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company Accounting Oversight Board, U.S. Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- Written confirmation, at least annually, of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.



Fox Canyon Groundwater Management Agency Proposal for Auditing Services

6. Provide a statement and copy of the most recent peer review opinion letter regarding the firm's participation in a quality control peer review.

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated April 1, 2020. As a member of the AICPA Governmental Audit Quality Center (GAQC, this peer review covered several government engagements similar in size and complexity as the FCGMA performed in accordance with Government Auditing Standards and Uniform Guidance. A copy of the peer review opinion follows:

 <p>American Institute of CPAs 220 Leigh Farm Road Durham, NC 27707-8110</p> <p>April 01, 2020</p> <p>Gilbert Vasquez Vasquez & Company, LLP 655 N Central Ave Ste 1550 Glendale, CA 91203</p> <p>Dear Gilbert Vasquez:</p> <p>It is my pleasure to notify you that on March 25, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Thank you for your cooperation.</p> <p>Sincerely, </p> <p>Michael Fawley Chair, National PRC nprc@aicpa.org +1.919.402.4502</p> <p>cc: James Dougherty, Roger Martinez</p> <p>Firm Number: 900010138115 Review Number: 568010</p> <p>1.919.402.4502 1.919.402.4879 1.800.424.0915</p>	 <p>16475 Dallas Parkway, Suite 270 Addicks, Texas, 75001 Tel: 972-993-6803 jlr@rosenberg.com</p> <p>Report on the Firm's System of Quality Control</p> <p>December 20, 2019</p> <p>To the Partners of Vasquez & Company LLP, and the Peer Review Committee of the State of California.</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).</p> <p>The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/summary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.</p> <p>The Firm's Responsibility</p> <p>The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.</p> <p>Peer Reviewer's Responsibility</p> <p>Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.</p> <p>Required Selections and Considerations</p> <p>Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.</p> <p>As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.</p> <p>Opinion</p> <p>In our opinion the system of quality control for the accounting and auditing practice of Vasquez & Company applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vasquez & Company, LLP has received a peer review rating of pass.</p> <p> JLK Rosenberger, LLP JLK Rosenberger LLP</p> <p>Proudly part of the PKF global family</p>
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Fox Canyon Groundwater Management Agency

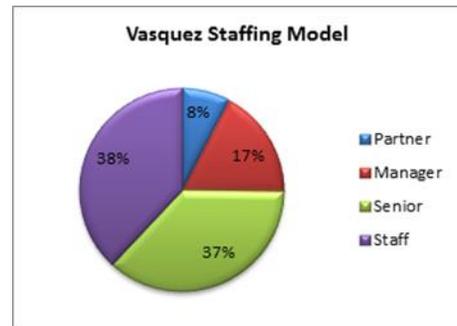
Proposal for Auditing Services

Summary of Firm’s Qualifications

1. Identify the partners, managers, and supervisors who will work on the audit, including staff from other than the local office. Resumes for key personnel to be assigned to the audit should be included as an appendix.

Vasquez has built its reputation on close partner involvement and strong client relationships. However, the ultimate success of our client relationships is largely attributable to one key component – our people. Our engagement teams are structured with extensive partner involvement. As a result, our average partner-to-staff leverage ratio is higher than most other firms. As a result, our budgeted hours include higher partner involvement than what you may have experienced in the past.

Beyond partner leadership and support, an audit is only as good as the people doing most of the work daily. Therefore, we are committed to providing a staff resource pool that embodies the attributes you expect of your auditor, including technical expertise in GASB, knowledge of government and utility industries, and soft skills such as respect, empathy, and timely response to questions.



Team Member	Role
Roger A. Martinez, CPA QC Partner	Roger Martinez, Vasquez Audit Practice Leader formerly with KPMG's national office, will lead services and supervise the auditors in performing the audit engagement and provide technical assistance as appropriate. Roger's experience includes LADWP, Metropolitan Water District of Southern California, Encina Wastewater Authority, and Municipal Water District of Orange County.
Cristy Canieda, CPA, CGMA Partner	Cristy Canieda, Vasquez Government Practice Leader, with over twenty (20) years of public accounting experience, will have the responsibility of technical reviewer for the engagement. She will be the primary professional standards reviewer of reports and work closely with the Lead Partner to review and evaluate the audit fieldwork and reports. Cristy oversees all the firm's municipal audit engagements and serves as a Technical Reviewer for the GFOA Certificate of Excellence in Financial Reporting Program.
Jay Toledo, CPA Senior Manager	Jay Toledo, Vasquez Senior Manager formerly with PwC, will manage the day-to-day activities and task accomplishments, monitors progress, and ensure schedule compliance. He will also ensure ongoing, timely communication among all engagement team levels, ensuring our audit process's smooth operation. Jay's experience includes Encina Wastewater Authority, United Water Conservation District, and Victor Valley Wastewater Authority.



Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Team Member	Role
Carmela Gacho IT Risk and Advisory Practice Supervisor	Carmela Gacho, Vasquez IT Risk and Advisory Practice Supervisor with six (6) years of experience in I.T. and Risk Advisory consulting, will oversee audit procedures pertaining to the FCGMA's financial systems and Information Technology. Carmela's I.T. risk-based controls assessments approach for evaluating and testing internal controls provides management, and the Governing Board added assurance.

**Resumes for key personnel to be assigned to the audit are included in the appendix.*

- Describe recent local and regional office governmental auditing experience, listing key individuals performing each audit for audits similar to the type of audit requested, and give the names and telephone numbers of responsible client officials for three (3) of the comparable audits.

Vasquez provides audit services to approximately 100 government agencies on an annual basis. These audits include risk assessments conducted pursuant to a structured approach based on the standards outlined in the COSO Principles. Our audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Uniform Guidance, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable). The Vasquez team we propose serves numerous other water districts similar in size and complexity, and scope as the FCGMA.

"Great presentation, as usual. Thanks again for all the hard work and effort from your team! We will not be allowed to use you for next year's audit but will speak very highly of the work you have done for us!"

Encina Wastewater Authority

" Thank you for coming out today and presenting the audit and annual financials to our Board. They spoke highly of you and the detailed audit you performed."

Municipal Water District of Orange County

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

GFOA Client Awardees

Vasquez professionals are acknowledged experts on GAGAS regulations and GASB reporting requirements. In addition, we have substantial experience in preparing Comprehensive Annual Financial Reports that have assisted our clients in achieving the Government Finance Officers Association award for Excellence in Financial Reporting.

Cristy Canieda, Vasquez Government Practice Leader, is a Government Finance Officers Association reviewer. Following is a representative list of significant government client engagements that have achieved their Certificate of Achievement for Excellence in Financial Reporting.

- City of Baldwin Park
- City of Carson
- City of Culver City
- City of El Monte
- City of Lynwood
- City of Simi Valley
- City of Torrance
- Encina Wastewater Authority
- United Water Conservation District
- San Joaquin Regional Transit Agency
- Water Replenishment District of Southern California
- Upper San Gabriel Valley Municipal Water District
- Victor Valley Wastewater Reclamation Authority

GASB Pronouncements

As a member of the RSM US Alliance, Vasquez personnel are routinely updated through RSM's formal and informal relationships with the officials of most key federal departments. They have participated as an advisor to the President's Council on Integrity and Efficiency through the Quality of Audit Roundtable. They also maintain relationships with officials in the Office of Inspector General of many federal departments and agencies and close working relationships with key officials within GAO and OMB.

AICPA Government Audit Quality Center

Vasquez is an AICPA Governmental Audit Quality Center (GAQC) member. Membership in the AICPA GAQC demonstrates our commitment to quality in the performance of governmental audits. Leveraging the Center's benefits enables us to access resources designed to enhance audit quality and apply audit best practices.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Clients

- City of Agoura Hills
- City of Alhambra
- City of Antelope Valley
- City of Arcadia
- City of Avalon
- City of Artesia
- City of Azusa
- City of Baldwin Park
- City of Bell
- City of Beverly Hills
- City of Bradbury
- City of Burbank
- City of Calabasas
- City of Carson
- City of Claremont
- City of Commerce
- City of Compton
- City of Covina
- City of Cudahy
- City of Culver City
- City of Diamond Bar
- City of Downey
- City of El Monte
- City of Gardena
- City of Hawthorne
- City of Hidden Hills
- City of Huntington Park
- City of Industry
- City of Inglewood
- City of Irwindale
- City of La Puente
- City of Lawndale
- City of Long Beach
- City of Lynwood
- City of Malibu
- City of Maywood
- City of Montebello
- City of Monterey Park
- City of Moreno Valley
- City of Norwalk
- City of Pico Rivera
- City of Pomona
- City of Rosemead

Clients

- City of San Fernando
- City of San Juan Capistrano
- City of Santa Monica
- City of Simi Valley
- City of South El Monte
- City of South Gate
- City of Vernon
- City of Walnut
- City of West Hollywood
- Alameda Corridor-East Construction Authority
- Alameda Corridor Transportation Authority
- Big Bear Municipal Water District
- California State Treasurer’s Office
- California State Teacher’s Retirement System
- Central Basin Municipal Water District
- Encina Wastewater Authority
- Hidden Valley Municipal Water District
- Imperial County Local Transportation Authority
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles World Airports
- Los Angeles Unified School District
- Los Angeles Community College District
- Metropolitan Water District of Southern California
- Municipal Water District of Orange County
- Needles Public Utility Authority
- Plumas County Transportation Commission
- Port of Long Beach
- Santa Barbara Metropolitan Transit District
- San Gabriel Basin Water Quality Authority
- San Gabriel Valley Council of Governments
- San Joaquin Regional Transit District
- Southern California Association of Governments
- Southern California Regional Rail Authority
- SunLine Transit Agency
- United Water Conservation District
- Upper San Gabriel Valley Municipal Water District
- Valley County Water District
- Walnut Valley Water District
- Water Replenishment District of Southern California

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Client/Contact/Address	Nature of Engagement	Partners
<p>Water Replenishment District of Southern California Lawrence Chiu Chief Financial Officer 4040 Paramount Blvd. Lakewood, CA 90712 Tel : (562) 275-4210 Email: lchiu@ wrd.org</p>	<p>Annual Financial and Compliance Audit, State Controller's Report, and Management Letter. GFOA Award.</p> <p>Client from: 2008 to 2018 and 2020 to present</p>	<p>Roger Martinez Cristy Canieda</p>
<p>United Water Conservation District Joseph Jereb Chief Financial Officer 106 N. 8th Street Santa Paula, CA 93060 Tel: 805-317-8962 Email: josephj@unitedwater.com</p>	<p>Annual Financial and Compliance Audit and Management Letter. GFOA Award.</p> <p>Client from: 2020 to present</p>	<p>Roger Martinez Cristy Canieda</p>
<p>San Gabriel Basin Water Quality Authority Ms. Mary H. Saenz Director of Finance 1720 W. Cameron Avenue, Suite 100 West Covina, CA 91790 Tel: (626) 338-5555 x 105 Email: mary@wqa.com</p>	<p>Annual Financial and Compliance Audit, Single Audit (Uniform Guidance), and Management Letter.</p> <p>Client from: 2016 to 2021</p>	<p>Roger Martinez Cristy Canieda</p>

The above listed references have been served by the team propose for the FCGMA.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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Scope Section

Clearly describe the scope of your firm's understanding of the required services to be provided in terms of the matters discussed in the following subsections.

1. The audit will be made in accordance with generally accepted auditing standards embodied in Statements on Auditing Standards published by the American Institute of Certified Public Accountants and Government Auditing Standards issued by the Comptroller General of the United States.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the FCGMA's Audit Coordinator. No extended services will be performed unless they are authorized in the contractual agreement or in a written and approved amendment to the agreement.

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, and supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the FCGMA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCGMA's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential). We will advise if additional procedures are warranted. We will not perform any additional procedures unless authorized by the FCGMA through contract amendment.

Audit Work Plan

As part of an audit engagement, we leverage a formal project management methodology to ensure that all tasks are planned effectively and ultimately completed on time. Any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan to set forth the protocols for periodic status updates and escalations throughout the project. We will provide regular status reporting throughout the audit, consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the FCGMA to ensure no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and timely.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

- **We understand.** Our audit and consulting professionals provide a thorough understanding of your business, current situation, needs, and expectations to ensure there will be no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.

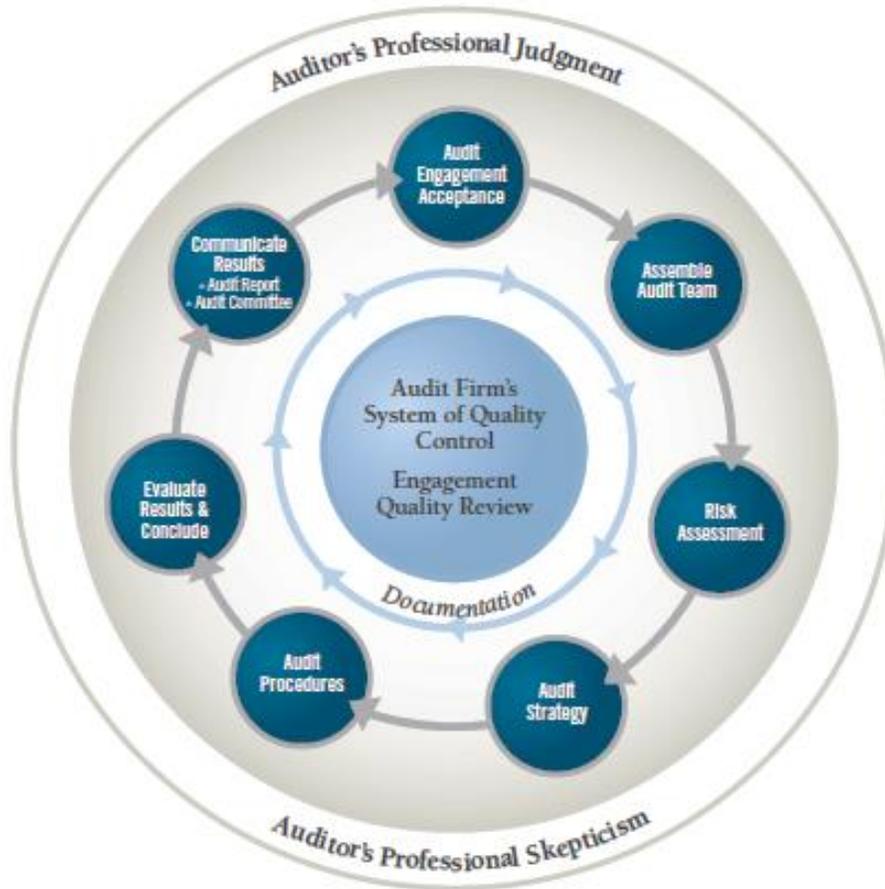


At Vasquez, we want to build strong relationships with our clients and continuously seek to understand ways to ensure that our services align with their needs. We believe it is important to strive for continuous improvement in interacting with and delivering services to clients. In part, we do this by adhering to defined client service standards and seeking feedback on our client's performance.

In developing an audit strategy, we may decide to perform tests of the FCGMA's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering cost/benefit considerations, the volume of transactions, and prior year results of control testing. If test results indicate that the FCGMA's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore, we must tailor the audit to each organization based on the specific risks identified.

Fox Canyon Groundwater Management Agency Proposal for Auditing Services



Risk Assessment

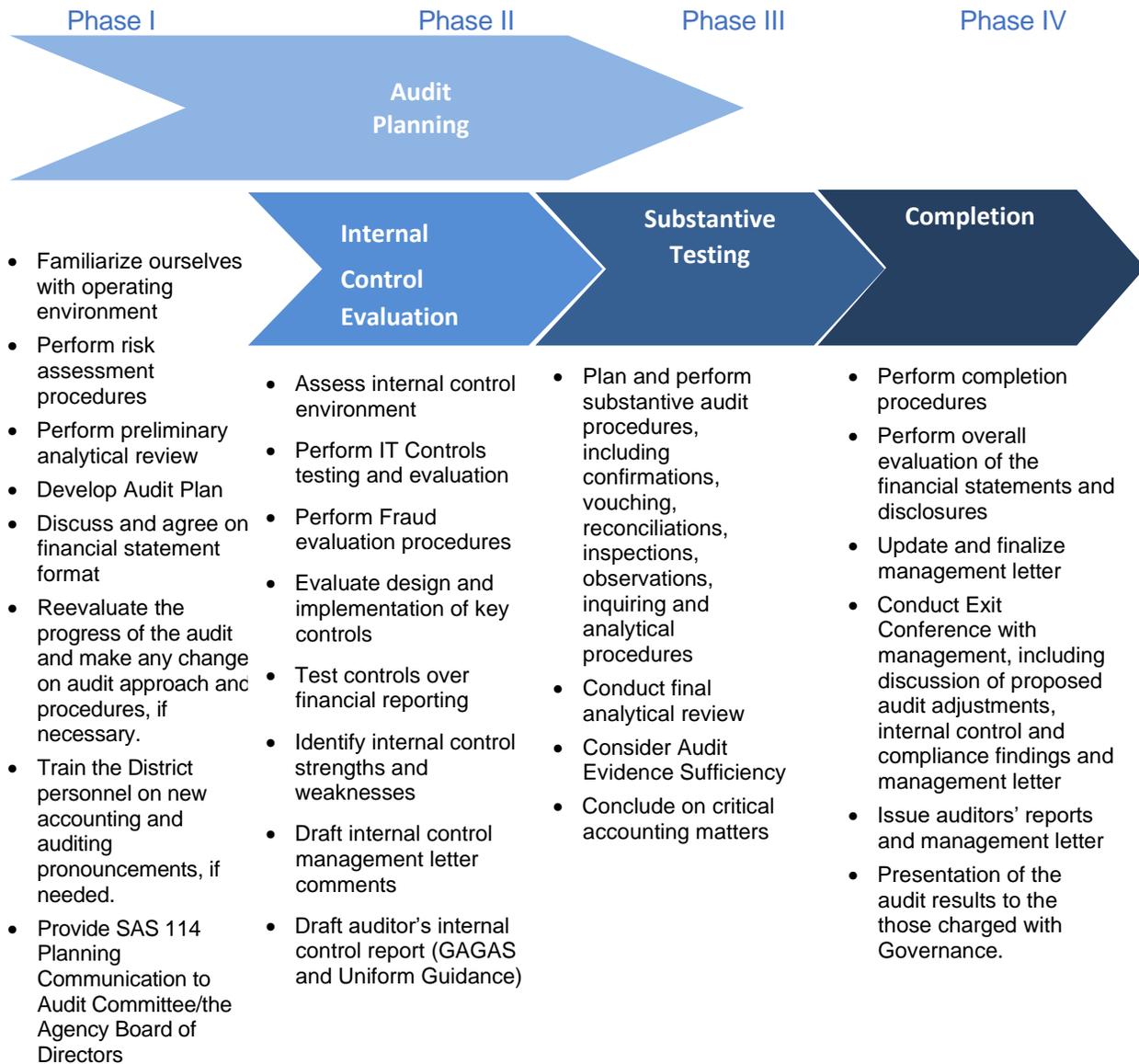
An effective audit plan's design depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the FCGMA, its component units, and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. In addition, understanding the FCGMA and the environment will often involve considering the regulatory environment, business objectives, and strategies, and selecting an application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, previous audits, and other non-audit engagements performed for the FCGMA.
- Inquiring of the FCGMA Board, management, and others within the FCGMA about risks of material misstatement.
- Obtaining an understanding of the FCGMA's internal controls over financial reporting.
- Performing analytical procedures, such as comparing the FCGMA's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparing current relevant financial ratios to industry or prior year ratios.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Proposed phases of the audit and staff hours assigned to each phase of the engagement.



Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conduct entrance conferences with the appropriate FCGMA management personnel. The agenda would include, but need not be limited to, the following:
 - The application of generally accepted accounting principles
 - Concerns of the FCGMA management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by the FCGMA personnel
 - Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditor's responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the FCGMA in implementing new accounting, auditing, and compliance requirements. For that reason, we intend to schedule training with the FCGMA personnel involved in all phases of the audit to have a clear understanding of the latest technical changes for their respective areas and a clear understanding of the audit requirements and timeline.
- Expanding our understanding of the FCGMA and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the FCGMA, its component units, their mission, funding sources, and structure through our review of the following:
 - Applicable state legislation
 - The FCGMA's charter, if applicable, and Municipal Code
 - Organizational charts
 - Minutes of Board of Directors and Audit Committee meetings
 - Policies and procedures manuals, administrative codes, rules, and regulations
 - Description of the FCGMA's financial and other information systems
 - Recent financial statements and key operating statistics
 - Reports of special audits by regulators or other auditors
 - Contracts and major commitments
 - Grant agreements
 - Significant operating agreements
 - Cost allocation plans
 - Possible effects on the FCGMA of the actions of regulatory agencies
 - Fraud risk assessment processes
 - Utility rate ordinances
 - Bond ordinances and offering statements
 - I.T. Strategic Plan

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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- We will develop an in-depth understanding of the areas of concern through our background knowledge of the FCGMA and our fact-finding process. We will be able to meet with the FCGMA management to discuss areas that might have a significant impact on the timing and completion of the audits or that may be of particular concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the FCGMA will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption of the day-to-day routine.

Our planning process will include a specific review of computer activities performed by the FCGMA personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to: system development and maintenance controls, hardware controls, and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the FCGMA's system, and direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas which merit further investigation.
- Based on our understanding of the FCGMA's operating environment, through our analytical review and other planning procedures, we will meet with the FCGMA personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to the FCGMA management. Some of our preliminary audit concerns are elaborated as follows:
 - Compliance with applicable laws, regulations, and reporting requirements
 - Receipt of all revenue to which the FCGMA is entitled
 - Purchase authorizations within budgetary limitations
 - Adequate safeguarding of the FCGMA cash, investments, and inventory assets
- We will work directly with the appropriate FCGMA personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general-purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

Fox Canyon Groundwater Management Agency

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Interim audit testing

Our audit approach is flexible and can be tailored to fit the evolving needs of the FCGMA. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. In addition, we provide you the option of an interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and our staff.
- It allows us to focus on the high-risk areas before the year-end close, providing more time to deal with issues.
- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information, and cut-offs, which allows more opportunity for us to identify and for the FCGMA to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the FCGMA's technology standards, and appropriate to safeguard your information assets.

I.T. general controls

I.T. general controls are pervasive controls within the I.T. environment. The following types of I.T. general controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment. The processes that ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into the financially significant applications and the change management processes for handling errors, script changes, and interface edits.
- **Security administration**—addresses the user access provisioning (new hire onboarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

Out testing of IT application controls provides strong audit evidence and streamlines the audit process.

I.T. application controls

I.T. application controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual controls, application controls verify completeness, accuracy, authorization, and validity of processing transactions. Our methodology for assessing application controls is as follows:

- Define materiality by the system, such as utility billing, cashiering, purchasing and disbursements, revenues, payroll, and asset management, using business process mapping as a starting point.
- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various types of automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate application security controls, which are controls to verify that minimum access to applications is allowed for individuals to perform their job.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered, and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, ensuring that transactions are processed by the application programs accurately and completely.
- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures, and tests of a sample of transactions, evaluate interface controls, which ensure that transactions between multiple systems are secure and integrity of the information transmitted is maintained, accurate and complete.

Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the population element to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine the appropriate sample size and select a sample that is intended to represent the population.
- Examine each sample item to determine whether it represents an error or an exception.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include detailed tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for the FCGMA audits include confirmation of cash, investments, grants receivable, loan balances and debt, tests of subsequent receipts for selected receivables, and unrecorded liabilities for payables.

Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with those charged with governance and with management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to occur, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential for an override of controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. As part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the FCGMA. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency
- of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the FCGMA, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the FCGMA; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within the FCGMA as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the FCGMA.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the FCGMA and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated to indicate risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve exchanging ideas or brainstorming among our audit team members about how and where the FCGMA's financial statements might be susceptible to material misstatement due to fraud, how management could conceal fraudulent financial reporting, and how assets of the FCGMA could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Finance Director and others as appropriate. Our practice is to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood that particular situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the manager in charge and ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise rather than at the end of the audit. In short, there will not be any surprises.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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Our work plan's final element is the regular reporting to the FCGMA management personnel to apprise them of our progress. We believe communication is vital. Therefore, we have stressed the importance of continuous close relationships throughout this proposal and have indicated the various points we will meet for specific discussions and decisions.

Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.

Phase IV - Reporting

- Review federal, state, and other grant reporting requirements.
- Determine which internal control findings are significant deficiencies or material weaknesses.
- Prepare findings and draft the auditors' reports.
- Review draft reports with the FCGMA management; and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

Management letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel and the fresh perspectives of our team members, combined with their independent and objective viewpoints, will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improving accounting practices and procedures and internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems and suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during our examination.
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations, including the Office of Management and Budget (OMB) and the U.S. Government Accountability Office (GAO) guidance and regulations.
- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that we believe may be of interest.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Time Estimates

Deliverables	Tasks	Start	End
I. FCGMA Financial Audit	PLANNING		
	Review of prior year financial statements, board minutes, budget, and other background information. List of interim schedules and documents to be provided by the FCGMA furnished by Vasquez	11/14/2022	11/14/2022
	INTERIM FIELDWORK		
	Entrance conference	11/7/2022	11/7/2022
	Interim testwork (primarily internal controls and compliance tests of details)	11/14/2022	11/18/2022
	Status Conference		
	YEAR-END AUDIT PROCESS		
	List of final schedules and documents to be provided by the FCGMA furnished by Vasquez	11/27/2022	11/27/2022
	FCGMA books to be closed with all schedules and documents available	November 2022	
	Entrance Conference for final fieldwork	12/5/2022	12/5/2022
	Final Fieldwork	12/5/2022	12/23/2022
	Exit conference		
	FINANCIAL REPORTING		
	Initial draft due from FCGMA	December 15, 2022	
	Vasquez provides comments and proposed revisions to FCGMA	12/12/2022	12/16/2022
	FCGMA revisions to draft	12/19/2022	12/22/2022
	Vasquez review	1/2/2023	1/6/2023
	Vasquez delivery of final comments and draft independent auditors' report	1/9/2023	1/13/2023
	FCGMA and Vasquez review, agree and finalize report and auditors' reports	1/16/2023	1/20/2023
	Final Report, including auditors' reports completed and available for issuance	1/23/2023	1/27/2023
Presentation to the FCGMA Board	February or March 2023		

Additional Information

There is no additional information we wish to present.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Compensation

Our fees for the services outlined in this proposal are based on our estimates of the time needed to complete the project at our standard hourly rates. The fees are based on the assumption that unexpected circumstances will not be encountered during the audit, along with the following:

1. Staff available to answer questions within the agreed timeframe.
2. No instances of fraud that will require additional procedures.
3. Businesses staff to prepare all financial statements/schedules.
4. All information requested provided within the agreed timeframe.
5. No (0) major program subject to the Single Audit Act.
6. The information provided is complete and correct for the year being audited.
7. Other unforeseen events such as:
 - a. Accounting problems.
 - b. Fraud.
 - c. Changes in your business or business environment.
 - d. Contractual difficulties with suppliers, third-party service providers, or clients.

All Inclusive Maximum Annual Fee

Classification	Hours	Rate	FY 2021
			FY 2022
Partners	8	\$ 300	\$ 2,400
Audit Sr. Manager	50	180	9,000
IT Supervisor	10	160	1,600
Senior Auditor	85	130	11,050
Staff Auditor	232	100	23,200
total All-Inclusive	385		<u>\$ 47,250</u>

Payment Schedule

The payment schedule for the audit services would be as follows:

<u>Year End Audit</u>	
Upon acceptance of this letter	\$ 15,000
Upon start of fieldwork	14,000
Issuance of initial audit draft	13,525
Subtotal	<u>42,525</u>
*10% retention	4,725
Total	<u>\$ 47,250</u>

**Note: 10% retention in the amount of \$5,040 to be paid upon receipt of five (5) copies of the audited financial statements.*

Appendix 1 – Resumes for Key Personnel



ROGER A. MARTINEZ, CPA

Partner

Vasquez & Company LLP

Tel: 213-873-1703

Email: ram@vasquezcpa.com

Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews and forecasts and projections to government agencies.

Representation of Experience

- Arizona Water Company
- Big Bear Municipal Water District
- City of Needles Public Utility Authority
- City of Vernon Light and Power
- City of Long Beach Water Department
- Encina Wastewater Authority
- Hidden Valley Municipal Water District
- Imperial Irrigation District
- Los Angeles Department of Water and Power
- Metropolitan Water District of Southern California
- Pacific Gas & Electric
- San Diego Gas & Electric Company
- San Gabriel Valley Water Company
- Southern California Edison Company
- Southern California Gas Company
- United Water Conservation District
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Roger has provided professional audit and consulting services to some of the largest and most complex governmental or regulated entities in California, including Los Angeles Department of Water and Power, Metropolitan Water District, Imperial Irrigation District, Pacific Gas and Electric, City of Long Beach, Los Angeles Unified School District, and the California State University System. He has also served as a quality technical reviewer of utilities at a national level.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from UCLA. He remains current on accounting matters by attending conferences and continuing education courses which are focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services



CRISTY A. CANIEDA, CPA, CGMA

Partner, Government Practice Leader

Vasquez & Company LLP

Tel: 213-873-1720

Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

Prior Experience

- City of Baldwin Park
- City of Carson
- City of Culver City
- City of El Monte
- City of Hawthorne
- City of Huntington Park
- City of Long Beach
- City of Lynwood
- City of Montebello
- City of Moreno Valley
- City of Norwalk
- City of Pico Rivera
- City of Simi Valley
- City of Torrance
- City of West Hollywood
- Coachella Valley Association of Governments
- Community Development Commission of Los Angeles County
- Imperial County Local Transportation Authority
- Jurupa Community Special District
- La Habra Heights Water District
- La Puente Valley County Water District
- Los Angeles Community College District
- Los Angeles County Metropolitan Transportation Authority
- Orange County Water District
- Rancho California Water District
- San Gabriel Valley Council of Governments
- Southern California Association of Governments
- SunLine Transit Agency
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PwC. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

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DOMINADOR (JAY) TOLEDO, JR., CPA

Audit Senior Manager

Vasquez & Company LLP

Tel: 213-873-1760

Email: jtoledo@vasquezcpa.com

Area of Expertise

Jay's areas of expertise includes managing all aspects of financial and compliance audits, including internal control reviews and single audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies.

Representation of Experience

- Arizona Water Company
- Big Bear Municipal Water District
- Encina Wastewater Authority
- San Gabriel Valley Water Company
- United Water Conservation District
- Victor Valley Waste Reclamation Authority
- Water Replenishment District of Southern California

Professional Background

Jay's professional background includes auditor and manager positions with PwC.

Educational Background

Jay received his Bachelor of Science degree in Accountancy from Far East University. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services



CARMELA GACHO

IT Supervisor

Vasquez & Company LLP

Tel: 818-660-1764

Email: cgacho@vasquezcpa.com

Area of Expertise

Carmela's practice is focused on Sarbanes-Oxley (SOX) 404 integrated Audits; internal audit services; governance, risk, and compliance; third party attestation services; information security assessments; pre/post systems implementation reviews.

Representation of Experience

- City of Carson
- City of Culver City
- City of El Monte
- City of Palos Verdes Estates
- City of Torrance
- San Gabriel Valley Water Company
- Santa Barbara Metropolitan Transit District
- SunLine Transit Agency
- United Water Conservation District
- Victor Valley Wastewater Reclamation Authority
- Water Replenishment District of Southern California

Professional Background and Affiliations

Carmela has 15 years of experience working for EY, Philippine Electricity Market Corporation, Metrobank Card Corporation, and The Hanover Insurance Group.

Carmela is a Certified Information Systems Security Professional (CISSP), Certified ISO 27001 Information Security Management System (ISMS) Internal Auditor, Certified Information Systems Auditor (CISA), and holds a CPA license in the Philippines.

Educational Background

Carmela received her bachelor of science in accountancy from the University of Santo Tomas, Philippines. She remains current on IT and risk advisory matters by attending conferences and continuing education courses applicable to a risk practitioner.Co

Appendix 2 – Hourly Rates for Each Staff Classification

Fox Canyon Groundwater Management Agency

Proposal for Auditing Services

Hourly Rates

We will bill based on the based on our standard hourly rates which are as follows:

Personnel Category		Rate
Partner	\$	325
Sr. Manager		200
Manager		180
Supervisor		150
Senior Auditor		130
Staff Auditor		100



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Vasquez & Company LLP has over 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.



November 15, 2022

Jeff Pratt, P.E.
FCGMA Executive Officer
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009-1600

The Objective and Scope of the Audit of the Financial Statements

You have requested that Vasquez & Company LLP ("Vasquez", "we", "us", or "our"), audit the financial statements of Fox Canyon Groundwater Management Agency (FCGMA), which comprise the statements of net position as of June 30, 2022, and 2021 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter ("Engagement Letter"). Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including background investigation of persons responsible for the financial statements (typically CEO or CFO). We will notify you promptly if we become aware of anything during our acceptance procedures that results in our not being able to continue this engagement.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the FCGMA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,



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economic, or historical context. As part of our engagement, we will apply certain limited procedures to the FCGMA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis (MD&A)
- 2) Schedule of Changes in Post-Employment Benefits Other Than Pensions (OPEB) Plan Liability and Related Ratios
- 3) Schedule of OPEB Contributions
- 4) Schedule of FCGMA's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
- 5) Schedule of Pension Plan Contributions
- 6) Notes to Required Supplementary Information

Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditors' report on the financial statements:

- 1) Supplementary Schedules in the Financial Section

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements:

- 1) Organizational Information
- 2) Schedule of Board of Directors and Insurance Coverage

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS and GAS. Those standards, regulations require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS and GAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the FCGMA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCGMA's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the FCGMA complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the FCGMA involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the FCGMA received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is also responsible for the preparation of the supplementary information in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Item 12B - Vasquez & Company, LLP, Engagement Letter

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The Board of Directors is responsible for informing us of its views about the risks of fraud, waste or abuse within the FCGMA, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the FCGMA.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP);
2. To evaluate subsequent events through the date the financial statements are issued. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the FCGMA from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Engagement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Reporting

We will issue a written report upon completion of our audit of the FCGMA's financial statements. Our report will be addressed to the Board of Directors of the FCGMA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the FCGMA's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment,



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prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the FCGMA's financial statements, we will also issue the following report:

1. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the FCGMA's books and records. The FCGMA will determine that all such data, if necessary, will be so reflected. Accordingly, the FCGMA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by FCGMA personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Julia Dixon, Senior Accountant. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

1. Assistance in the preparation of the financial statements which will be reviewed by the FCGMA's personnel

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the FCGMA, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The FCGMA has agreed that Julia Dixon, Senior Accountant, possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. Accordingly, the management of the FCGMA agrees to the following:

1. The FCGMA has designated Julia Dixon, Senior Accountant, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Julia Dixon, Senior Accountant, will assume all management responsibilities for subject matter and scope of the assistance in the drafting of the financial statement;
3. The FCGMA will evaluate the adequacy and results of the services performed; and
4. The FCGMA accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the FCGMA's management and those charged with governance, of the objectives of the non-audit services, the services to be performed, the FCGMA's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Engagement Letter documents that understanding.



Parties' Understandings Concerning Situation Around COVID-19

Vasquez and the FCGMA acknowledge that, at the time of the execution of this Engagement Letter, federal, state and local governments, both domestic and foreign, have imposed certain restrictions on travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, Vasquez has restricted its employees from certain travel and onsite work, whether at a client facility or Vasquez facility, to protect the health of both Vasquez's and its clients' employees. Accordingly, to the extent that any of the services described in this Engagement Letter requires or relies on Vasquez or the FCGMA personnel to travel and/or perform work onsite, either at the FCGMA's or Vasquez's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, Vasquez and the FCGMA acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either Vasquez's or the FCGMA's sole discretion. Vasquez and the FCGMA agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. Vasquez and the FCGMA also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. Costs also may increase if services provided include matters such as consideration of going concern, impairment analysis, debt forgiveness or lease concessions, not already considered within the stated fees. Vasquez will obtain the FCGMA's prior written approval (email will be sufficient) for any increase in the cost of Vasquez services that may result from the situation surrounding COVID-19.

Fees and Costs

Roger A. Martinez is the engagement partner and is responsible for supervising the engagement and for signing the audit report.

Our fees for the audit services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses.

Our fee estimate and completion of our work are based upon the following criteria:

- a. Anticipated cooperation from the FCGMA's personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances (Exhibit I) will not be encountered during the engagement
- f. No instances of fraud that will require additional procedures
- g. All information will be available electronically to help us perform the procedures remotely.

If any of the aforementioned criteria are not met, then fees may increase. If we find that additional time is likely to be necessary, we will discuss it with the FCGMA's management and Audit Committee and arrive at a new fee estimate before we incur additional fees or costs.

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. The fees are based on anticipated cooperation from your



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distributed. In the event our auditor/client relationship has been terminated when the FCGMA seeks such consent, we will be under no obligation to grant such consent or approval.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

Other Services

We are always available to meet with you and/or other executives at various times throughout the year to discuss current business, operations, accounting, and auditing matters affecting the FCGMA. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas.

You may request that we perform additional services not addressed in this Engagement Letter. If this occurs, we will communicate with you the scope of the additional services and estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this Engagement Letter.

Notices

Unless otherwise expressly agreed upon by the parties in this Engagement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Engagement Letter, or such other address as such party may indicate by a notice delivered to the other party. Except as otherwise expressly provided in this Engagement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

Governing Law

This Engagement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Engagement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law principles, and applicable U.S. federal law.

Entire Agreement

This Engagement Letter constitutes the complete and exclusive statement of the agreement between Vasquez and the FCGMA and supersedes all prior agreements, understandings, and proposals whether oral or written, relating to the subject matter of this Engagement Letter.

If any term or provision of this Engagement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

This Engagement Letter may be amended or modified only by a written instrument executed by both parties.



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You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Engagement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter.

When an engagement has been suspended at the request of management or those charged with governance, and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

We may terminate this Engagement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Engagement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Engagement Letter.

Miscellaneous

Vasquez may mention the FCGMA's name and provide a general description of the engagement in Vasquez' client lists and marketing materials.

The FCGMA agrees that it will not include our reports or otherwise associate us with any public or private securities offering without first obtaining our consent. Therefore, the FCGMA agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The FCGMA agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is



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In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We ask that you use our Citrix Sharefile site to transfer all confidential information to the engagement team.

Personal Information

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the FCGMA or the FCGMA's customers or other third parties.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

Where we are acting as a service provider under the California Consumer Privacy Act, including as amended or replaced ("CCPA"), we (i) will not sell any Personal Information received from the FCGMA; (ii) will not disclose Personal Information to another business, person, or third party, except for the purpose of maintaining or providing the services or exercising our rights as specified in this Engagement Letter, including to provide Personal Information to advisers or sub-contractors, or to the extent such disclosure is required by law. We certify that we understand and will comply with the requirements enumerated in (i) and (ii). For the avoidance of doubt, all permitted uses of Personal Information by service providers that are enumerated in the CCPA are understood to apply to the Personal Information processed by us.

We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Engagement Letter. The parties agree that as part of the performance of the services as described in this Engagement Letter, and as part of the direct business relationship between the parties, we may use the Personal Information to improve and develop services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of the FCGMA-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Engagement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete.



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Preexisting Nondisclosure Agreements

In the event that the parties have executed a separate nondisclosure agreement and such agreement does not automatically terminate or expire upon execution of this Engagement Letter, such agreement shall be terminated as of the effective date of this Engagement Letter.

Disclosure of Relevant Information

Vasquez is an integral part of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP, the fifth largest accounting, tax and consulting services firm in the U.S. Those resources will be available to support Vasquez by rendering services related to the performance of the engagement. If a situation occurs in connection with the proposed engagement for which we would request the services of RSM US LLP, we will notify you and obtain permission from you before giving access to your records. We maintain supervision, control and ultimate responsibility for the performance of this engagement.

Vasquez is independently owned and operated and assumes full responsibility for the quality of service delivered to our clients. We are responsible for our own client fee arrangements and maintenance of our client relationships.

GAS require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our latest tri-annual peer review report accompanies this letter as Exhibit II.

Independence

Vasquez meets the GAS independence requirements as it relates to the FCGMA. Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the FCGMA in the performance of our services. Any discussions that you have with Vasquez personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Information Security

Vasquez is committed to the safe and confidential treatment of the FCGMA's proprietary information. Vasquez is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. the FCGMA agrees that it will not provide Vasquez with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the FCGMA's information, including the use of our Citrix Sharefile site to ensure the safe transfer of data between the parties.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails may be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement.



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In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the applicable statute of limitations or repose. For the purposes of applying the statute of limitations or repose, receipt of a written demand for arbitration by the JAMS shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

These provisions shall survive the termination of this engagement for services.

Confidentiality

Vasquez and the FCGMA may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, Vasquez and the FCGMA agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Engagement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, Vasquez is permitted to disclose the FCGMA's Confidential Information to Vasquez's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Engagement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Engagement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

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party may, upon written notice to the other party, request non-binding mediation. A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the JAMS Mediation, Arbitration and ADR Services.

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation. The mediator shall not act as a witness for either party in any subsequent proceeding between the parties.

Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys' fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.

Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in the jurisdiction in which the Vasquez office providing the relevant services exists, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current JAMS Comprehensive Arbitration Rules & Procedures, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the California Rules of Civil Procedure and/or is otherwise customary in light of the complexity of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).

The arbitration shall be conducted before one neutral arbitrator, unless all parties agree otherwise. In cases involving more than one Arbitrator, the Parties shall agree on, or, in the absence of agreement, JAMS shall designate, the Chairperson of the Arbitration Panel. Where the parties have agreed that each party is to name one Arbitrator, the Arbitrators so named shall be neutral and independent of the appointing party, unless the parties have agreed that they shall be non-neutral (the "Arbitration Panel"). The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the California Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the JAMS. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any state court of competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.



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You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

Use and Ownership; Access to Audit Documentation

The Audit Documentation for this engagement is the property of Vasquez. For the purposes of this Engagement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of Vasquez's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by Vasquez for the FCGMA under this Engagement Letter, or any documents belonging to the FCGMA or furnished to Vasquez by the FCGMA.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable Vasquez policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in Vasquez's form. Vasquez reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the FCGMA, the FCGMA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You acknowledge and grant your assent that representatives of the cognizant or oversight FCGMA or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight FCGMA. Access to the requested Audit Documentation will be provided under the supervision of Vasquez audit personnel and at a location designated by our firm.

Indemnification, Limitation of Liability, and Dispute Resolution

Because Vasquez will rely on the FCGMA and its management to discharge the foregoing responsibilities, the FCGMA agrees to indemnify, hold harmless and release Vasquez and its partners, employees, affiliates, subsidiary, contractors, Subcontractors, or assigns from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the FCGMA's management.

The FCGMA and Vasquez agree that no claim or demand for arbitration arising out of services rendered pursuant to this Engagement Letter shall be filed more than the earlier of two years after the date of the audit report issued by Vasquez or the date of this Engagement Letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. Vasquez's liability for all claims, damages and costs of the FCGMA arising from this engagement is limited to the amount of fees paid by the FCGMA to Vasquez for the services rendered under this Engagement Letter.

If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this Engagement Letter, excluding claims for non-monetary or equitable relief (collectively, the Dispute), either



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personnel and the assumption that unexpected circumstances will not be encountered during the engagement.

We anticipate the fee to be **\$20,000**. This fee includes the costs for a single audit, water utility enterprise fund audit, review of treasurer's report, appropriation limit report, compensation and benefit compliance report, travel expenses, reimbursement process and procedures, advanced water treatment facility audit, and supplemental services. The payment schedule for the aforementioned services is as follows:

Year End Audit	
Upon acceptance of this letter	\$ 10,000
Start of fieldwork	6,000
Issuance of initial audit draft	4,000
Total	<u>\$ 20,000</u>

The maximum number of report copies we will provide you is ten (10). Any copies you will request in excess of this maximum number will be an additional cost to you. As an alternative, we can provide you an electronic copy (PDF) of the report at no cost. Billings are due upon submission.

Our invoices for these fees will be rendered in accordance with the terms set forth in our contract and are payable on presentation. In accordance with Vasquez policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not issued a report. You will be obliged to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Invoices aged over 30 days may be subject to a 10% late charge.

Use of Third-Party Products and Other Matters

From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information or Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of a third-party service providers may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, "Third-Party Products"). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.



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Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Engagement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Engagement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

Very truly yours,

VASQUEZ & COMPANY LLP

Roger A. Martinez
Partner – Audit Practice Leader

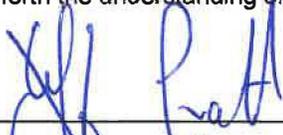
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RESPONSE:

This letter correctly sets forth the understanding of the **Fox Canyon Groundwater Management Agency**.

Officer's Signature: 

Title: Executive Officer

Date: 12/29/22



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EXHIBIT I – Examples of Unexpected Circumstances

Incorrect accounting applications or errors in your records

We generally form our fee estimates on the expectations that your accounting records are in good order so that our work can be completed based upon our normal testing and other procedures. However, should we find numerous errors, incomplete records or disorganized bookkeeping methods, we will have to do additional work to determine that the necessary corrections have been made and properly reflected in the financial statements.

Lack of audit facilitation or timely preparation

To minimize your costs, we plan the means by which your personnel can facilitate the audit (e.g. what schedules they will prepare, how to prepare them, the supporting documents that need to be provided, etc.). We also discuss matters such as availability of your key personnel, deadlines and working conditions. Indeed, the information concerning these matters that you furnish to us is a key element in our fee quotation. Therefore, if your personnel are unable, for whatever reason, to provide these materials on a timely basis, it may substantially increase the work we must do to complete the engagement within the established deadlines. Moreover, in some circumstances this may require a staff withdrawal, as discussed in the following paragraph.

Staff withdrawal

A staff withdrawal consists of our removing one or all staff because the condition of your records or the inability of your personnel to provide agreed upon materials within the established timetable makes it impossible for us to perform our work in a timely, efficient manner, as established by our engagement plan. Sometimes, a complete staff withdrawal is necessary to permit an orderly audit approach. A staff withdrawal is not necessarily an adverse reflection on your personnel. However, it involves additional costs, as we must reschedule our personnel; incur additional start-up costs, etc., to prevent total engagement costs from increasing significantly.

Unforeseen events

Even though we communicate frequently with clients and plan our engagement with management and their staff, unforeseen events can occur. Examples include accounting problems, litigation, changes in your business or business environment, contractual or other difficulties with suppliers, third-party service providers, or customers, etc. When those circumstances occur, additional time is needed to provide you with assistance and complete our engagement in accordance with professional standards.

Again, we emphasize that we strive to give you optimum value for our professional services. Fee quotations are provided based upon the facts and circumstances that you describe to us. However, unlike the sale of products, the performance of professional services is affected by many variables, such as the foregoing, which may cause fee estimates to change.

We want you to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. We, therefore, commit to inform you in advance of any need to revisit fee estimates.



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EXHIBIT II – Peer Review Report



Peer Review Program
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

April 01, 2020

Gilbert Vasquez
Vasquez & Company, LLP
655 N Central Ave Ste 1550
Glendale, CA 91203

Dear Gilbert Vasquez:

It is my pleasure to notify you that on March 25, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Michael Fawley
Chair, National PRC
nprc@aicpa.org
+1.919.402.4502

cc: James Dougherty, Roger Martinez

Firm Number: 900010138115

Review Number: 568010



16175 Dallas Parkway, Suite 770
Addicks, Texas 75001
Tel: 972-951-6809

jlrosenberger.com

Report on the Firm's System of Quality Control

December 20, 2019

To the Partners of Vasquez & Company LLP, and the Peer Review Committee of the State of California

We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prism/summary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

The Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remedying weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion the system of quality control for the accounting and auditing practice of Vasquez & Company applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vasquez & Company, LLP has received a peer review rating of pass.

JLK Rosenberger, LLP

JLK Rosenberger LLP

Item 12C – Vasquez Invoice 4/19/24

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa



213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600

INVOICE NO: 2240370-IN
DATE: 4/19/2024
CLIENT CODE: 02-1000673
ENGAGEMENT: 1022

ATTENTION: Jeff Pratt, P.E.

01	Professional Services	\$12,438.00
	Change order for the additional hours incurred due to the delayed receipt of audit schedules/information in connection with the audit of the financial statements of Fox Canyon Groundwater Management Agency as of and for the year ended June 30, 2022 and 2021.	

TOTAL AMOUNT DUE: \$12,438.00

Invoice is due upon presentation
Please send payment through ACH/wire transfer as follows:

Beneficiary Name: Vasquez and Company LLP
Beneficiary Account Number: 00-83107292
Beneficiary Address: 655 N. Central Avenue, Suite 1550, Glendale, CA 91203
Bank Routing Number: 322070381
Receiving Bank Name: East West Bank
Receiving Bank Address: 888 W. 6th Street, Suite 100, Los Angeles, CA 90017

Item 12D – Vasquez & Company, LLP, Budget Overrun Analysis

Fox Canyon Grdwater Mgt Agency

June 30, 2022 and 2021 audits

BUDGET OVERRUN ANALYSIS - Detail of Hours Overrun by Area

Item	Amount	Hours
Agreed Audit Fees (Per Engagement Letter) Billed and Paid Unbilled	\$ 20,000 <hr/> \$ 16,000 <hr/> \$ 4,000 <hr/>	<hr/> 200.00 <hr/>
Cost of Additional Services Rendered (Total of 149 Hours)		
1 <u>Engagement Administration and Pending Items</u> Due to the delays in providing audit request during year end audit additional hours were included in following up client for needed requirements and getting schedules. Scheduled audit fieldwork had to be extended because of difficulties obtaining audit requirements/requests owing to the non-responsiveness of personnel.	\$ 4,950	49.50
Total Cost of Additional Services Rendered and to be billed	\$ 4,950	49.50
Total Cost Incurred as of August 14, 2023	\$ 24,950	249.50

Item 12D – Vasquez & Company, LLP, Budget Overrun Analysis

Desert Water Agency
Net Amount Due Based on Actual Hours
As of August 14, 2023

Name	Group	Position	Budget	TB205	Overage	Hourly Rate	Amount	% to Total Hours	% to Total Amount
				as of June 9, 2023					
				Total					
Roger Martinez		Partner		3.50					
Gilbert Vasquez		Partner		1.00					
Subtotal - Partners/Directors			10.00	4.50	(5.50)	\$ 325.00	\$ 1,462.50	2%	5%
Emer Jayson Fabro	LA	Audit Supervisor		12.50					
Subtotal - Audit Supervisor			24.00	12.50	(11.50)	\$ 200.00	\$ 2,500.00	5%	8%
Manila Office (Billed as Staff Auditor)									
Myra Galve	Manila	Senior Auditor		62.00					
Germaine Sakiwat	Manila	Senior Auditor		95.25					
Rizabee Anne Poblete	Manila	Senior Auditor		75.25					
Subtotal - Billed as Staff Auditors			166.00	232.50	66.50	\$ 120.00	\$ 27,900.00	93%	88%
Totals			200.00	249.50	49.50	643.69	31,862.50	100%	100%

Budgeted hours 200.00 \$100 Blended rate
 Overage 49.50

Budget Overrun Analysis:

Due to the delays in providing audit request during year end audit additional hours were included in following up client for needed requirements and getting schedules. Scheduled audit fieldwork had to be extended because of difficulties obtaining audit requirements/requests owing to the non-responsiveness of personnel.

49.50

49.50

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



BOARD OF DIRECTORS

Eugene F. West, Chair, Director, Camrosa Water District
Kelly Long, Vice Chair, Supervisor, County of Ventura
David Borchard, Farmer, Agricultural Representative
Lynn Maulhardt, Director, United Water Conservation District
Tony Trembley, Mayor, City of Camarillo

INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1610

SUBJECT: Adoption of Resolution 2024-04 Cancelling the Second Installment of the Las Posas Valley Watermaster Basin Assessment for Fiscal Year 2023-24 [FCGMA and LPV Watermaster] – (New Item)

RECOMMENDATIONS: (1) Receive a presentation from Agency staff on current Las Posas Valley (LPV) Watermaster cash flow, which includes a recommendation from the Agency's Fiscal Committee that the Watermaster cancel the invoicing and collection of the second installment of the Basin Assessment for Fiscal Year (FY) 2023-24; (2) Adopt a resolution cancelling the second installment of the Basin Assessment for FY 2023-24.

BACKGROUND

At its February 28, 2024, meeting, your Board directed that the FY 2024-25 LPV Basin Assessment be invoiced in two equal installments of \$34 per Acre Foot (AF), the first on March 1, 2024, with a plan to invoice the second installment on June 1, 2024, subject to differences based on an accounting after the Board reviewed a cost assessment prepared by Agency staff. On May 22, 2024, your Board made several policy decisions regarding LPV basin assessments and budgets, including increasing the invoicing frequency of the assessments from semi-annual to quarterly with the first assessment installment initiated early in the 2024-2025 Fiscal Year, and building an operating reserve of 10% of the budget. These policies were considered at the June 10, 2024, Agency Fiscal Committee meeting, while discussing the FY 2024-25 draft budget and the second invoicing installment of the FY 2023-24 Basin Assessment.

As of June 20, 2024, a total of \$1,183,007.33 in Basin Assessment invoices has been collected from the \$1.28 million invoiced. Year-end expenditures are estimated to be \$596,667, but this estimate does not include any reimbursement to the FCGMA for funds expended on the legal appeal of the Watermaster Rules, which is a separate Item on this Agenda.

LPV Watermaster funds are held in a separate account from FCGMA funds. No operating reserves have been established for the LPV Watermaster Fund. Sufficient funds must be carried over to the next Fiscal Year for operations until revenue from the next Basin Assessment is received, following the adoption of the FY 2024-25 Budget and the determination of WY 2024 Allocation Calculations.

Fiscal Committee recommendation:

LPV Watermaster should waive collection of the second installment of Initial Assessment while increasing collection efforts on delinquent payments and begin levying of assessment quarterly after adoption of the FY 2024/25 LPV Watermaster Budget.

CONCLUSION

Your Board's direction is requested on this policy issue regarding the LPV Basin Assessment collection in FY 2023/24.

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 650-4083.

Sincerely,


Arne Anselm
Interim Executive Officer

Attachments:

Item 14A – Resolution No. 2024-04

Resolution No. 2024 - 04
of the
Fox Canyon Groundwater Management Agency

**A RESOLUTION REFLECTING THE AGENCY BOARD OF DIRECTORS
RESTATING THE AMOUNT AND NUMBER OF INSTALLMENTS FOR
FISCAL YEAR 2023-2024 LAS POSAS VALLEY WATERMASTER
BASIN ASSESSMENTS**

WHEREAS, the Fox Canyon Groundwater Management Agency (FCGMA) is a groundwater management agency created by the California Legislature with the enactment of the Fox Canyon Groundwater Management Agency Act (Act) and is the exclusive groundwater sustainability agency for the Las Posas Valley Groundwater Basin (LPV Basin) under the Sustainable Groundwater Management Act (SGMA); and

WHEREAS, on July 10, 2023, the Santa Barbara Superior Court (Court) entered a final Judgment in *Las Posas Valley Water Rights Coalition, et al. v. Fox Canyon Groundwater Management Agency*, Santa Barbara Sup. Ct. Case No. VENC100509700 (Judgment), which, among other things, determined all groundwater rights in the LPV Basin and appoints FCGMA as the Watermaster to assist the Court implement the Judgment and manage the LPV Basin; and

WHEREAS, Section 7 of the Judgment requires the Watermaster to set, levy, and collect Basin Assessments from the Water Right Holders for management of the LPV Basin; and

WHEREAS, at its December 7, 2023, meeting, the FCGMA Board of Directors adopted a Watermaster Budget of \$2,559,814 for Fiscal Year (FY) 2023-2024 and determined that an initial Basin Assessment of \$64 per acre-foot of Annual Allocation is required to fund implementation of the Judgment and management of the Basin.

WHEREAS, since adopting the FY 2023-2024 Watermaster Budget and Basin Assessment, the Watermaster reconsidered its previous December 2023 Budget and Basin Assessment determinations, and now wishes to revise the amount and number of installments for FY 2023-24 Watermaster Basin Assessments.

NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERED that the Fiscal Year 2023-2024 Basin Assessment for LPV Basin Water Right Holders is \$32 and shall be collected by the Watermaster with a single installment and/or invoice.

Item 13A – Resolution No. 2024-04

[CONTINUED ON NEXT PAGE]

Item 13A – Resolution No. 2024-04

On a motion by _____ and seconded by _____, the foregoing resolution was passed and adopted on June 26, 2024, by the following vote:

AYES –

NOES –

ABSTAINS –

ABSENT –

By: _____
Eugene F. West, Chair, Board of Directors
Fox Canyon Groundwater Management Agency

ATTEST: I hereby certify that the above is a true and correct copy of Resolution No. 2024-04.

By: _____
Elka Weber, Interim Clerk of the Board

Las Posas Valley Watermaster

Adoption of Resolution 2024-04 Cancelling the Second
Installment of the Las Posas Valley Watermaster Basin
Assessment for Fiscal Year 2023-24

Item 13

June 26, 2024



Arne Anselm
Interim Executive Officer

Background

- December 15, 2023, your Board adopted current LPV Watermaster Budget and Assessment
 - Resolution No. 2023-03 establishes a Basin Assessment of \$64.00 per acre-foot of Annual Allocation on Water Right Holders in the LPV Basin for FY 2023-24
- February 28, 2024, your Board directed that the assessment be invoiced in two equal installments of **\$32 per Acre Foot (AF)**,
 - First installment on March 1, 2024,
 - Second installment on June 1, 2024, subject to an accounting of needs of Watermaster
- Fiscal Committee met on June 10, 2024, to discuss year-end cash balance and needs of Watermaster

Watermaster Fund Balance -June 20, 2024

- \$1,280,000 million invoiced (40,000 AF x \$32 per AF)
- \$1,183,007.33 collected
- \$596,667 projected year-end expenditures
- \$586,340 projected year-end fund balance
 - Does not include any reimbursement to the FCGMA for funds expended on the legal appeal of the Watermaster Rules (~\$400,000)
 - Fiscal Committee recommended a to split costs equally

Fiscal Committee Recommendation

LPV Watermaster should waive collection of the second installment of FY 23/24 Initial Assessment while increasing collection efforts on delinquent payments and begin levying of assessment quarterly after adoption of the FY 2024/25 LPV Watermaster Budget.

Recommendation

- Adopt Resolution 2024-04 Cancelling the Second Installment of the Las Posas Valley Watermaster Basin Assessment for Fiscal Year 2023-24

Watermaster Budget Policy Direction

- The LPV Basin Assessment should only fund efforts in the Judgment which are in addition to tasks required by the Agency's or SGMA
- LPV Watermaster Fund should pay for staff time spent implementing the Judgment and other Basin Management Actions since the Judgment was entered on July 10, 2023.
- The LPV Watermaster Budget should maintain a reserve.
- The LPV Watermaster Basin Assessments should be broken into quarterly installments to maintain steady cash flow and build the reserve.

Secondary Title Goes Here

- The FCGMA Board's currently adopted fees total \$55 per AF and include the following three fees assessed per AF of groundwater extracted:
 - \$6 per AF Pump Fee
 - (only fee charged to domestic operators pumping 2 AF per year or less)
 - \$29 per AF Groundwater Sustainability Fee
 - \$20 per AF GEMES Reserve Fee

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



BOARD OF DIRECTORS

Eugene F. West, *Chair, Director, Camrosa Water District*
Kelly Long, *Vice Chair, Supervisor, County of Ventura*
David Borchard, *Farmer, Agricultural Representative*
Lynn Maulhardt, *Director, United Water Conservation District*
Tony Trembley, *Mayor, City of Camarillo*

INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1600

SUBJECT: Fiscal Committee Recommendations on Collection and Enforcement Efforts of the Las Posas Valley Watermaster Basin Assessment – (New Item)

RECOMMENDATION: (1) Receive a presentation from Agency staff on policy recommendations from the Fiscal Committee for LPV Basin Assessment collection and enforcement efforts; and **(2)** Provide feedback and direction to staff.

BACKGROUND:

At the June 10, 2024, meeting, the Fiscal Committee discussed and recommended several policies for the collection and enforcement of Las Posas Valley (LPV) Watermaster Basin Assessments, including Judgment requirements and Watermaster efforts to address delinquent payments now and moving forward. The lack of timely payments of the first installment of the Water Year 2023 Initial Basin Assessment created a cash flow issue for the LPV Watermaster. As reported at the June 10, 2024, Fiscal Committee meeting, at the time, a total of 42 WMIDs were considered delinquent and owed \$332,695.68 in Basin Assessments and \$25,969.48 in interest charges.

Delinquency notices and invoices were sent via email to the 42 delinquent WMIDs; since then, 17 WMIDs have paid in full. Twenty-five WMIDs remain delinquent and owe \$96,992.67 in Basin Assessments and \$10,437.35 in Basin Interest Charges (see Item 15A, attached). Total revenue expected from the Basin Assessment is \$1,280,000. As of June 20, 2024, processed payments total \$1,183,007.33.

DISCUSSION:

The Judgment in the LPV Basin Adjudication authorizes the Watermaster to take several actions to ensure the collection of any delinquent assessments.

For example, Section 5.2.6 provides in pertinent part:

Watermaster may petition the Court to issue enforcement orders, upon a motion and hearing, as necessary to remedy any non-compliance with the Judgment terms, including: (i) to seek a judgment lien from the Court pursuant to Code of Civil Procedure section 697.310 et seq.; or (ii) to foreclose an Allocation to be Transferred to Watermaster to either be retired or Transferred to another Party to satisfy any delinquent Basin Assessments, Overuse Assessments, or any associated fees related to the Allocation, as is necessary and equitable under the circumstances.

The Watermaster Rules provide that if the Watermaster is required to take legal action for the collection delinquent assessments, it shall also recover interest thereon, costs of suit, attorney's fees, and reasonable costs of collection [Watermaster Rules § 2.8.2].

Finally, the Watermaster may also withhold approval of any transfer until full payment of any delinquent assessments [Jdg. § 4.12.3].

Collection Efforts Taken

Invoices for the initial LPV Watermaster Basin Assessment were sent on March 08, 2024, with a due date of April 05, 2024. Assessments included written notice that payments would be considered delinquent if not received a month after the due date. Under the LPV Adjudication Judgment, assessments are considered delinquent one month after the due date and "shall bear interest at the then current real property tax delinquency rate for Ventura County" (Judgment, Exh. A, 2.8.2). Notices of delinquency were sent on May 31, 2024 (Attached as Item 15B) with a delinquency invoice stating that the WMID did not pay the full Basin Assessment on or before May 6, 2024, and the assessment was considered delinquent; and has been assessed Basin Interest Charges at the current real property tax delinquency rate for Ventura County.

Fiscal Committee Recommendations:

1. LPV Watermaster should attempt direct contact of delinquent WMIDs through telephone or other available means to inform them of the need for payment and the enforcement policy.
2. A notice of delinquent payment should be sent requiring payment within ten calendar days.
3. If payment is not received within ten days, then a second and final notice shall be sent requiring payment within an additional ten calendar days.
4. If payment is not received within the additional ten days, then the LPV Watermaster shall petition the court to issue enforcement orders and recover interest thereon, costs of suit, attorney's fees, and costs of collection.
5. No transfers shall be approved until full payment of any delinquent assessments.

The Judgment requires all communication required under the Judgment be done via electronic mail (Jdg. § 6.12.2, Notice and Service of Documents). This does not preclude the LPV Watermaster or the PAC making an effort to contact delinquent water rights holders via telephone but contact phone numbers may not be readily available. The Judgment does not specify any needed notifications prior to taking legal action for the collection of delinquent assessments.

CONCLUSION:

Your Board's direction is requested on this policy issue regarding the LPV Basin Assessment collection and enforcement efforts.

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 654-3942.

Sincerely,


Arne Anselm
Interim Executive Officer

Attachments: Item 14A - Water Year 2023-1 Basin Assessment Delinquency List
Item 14B - Notice of Delinquency

Item 14A - WY 2023-1 LPV Basin Assessment Delinquency List, as of 6/20/2024

	WMID	Invoice #	Landowner	Amount Due	Basin Interest Charge	Amount Paid	Balance Due
1	1008	LPV-2023-1-000008	Bryce and Elaine Bannatyne Trust, Bryce Bannatyne, Trustee	\$ 877.44	\$ 87.74		\$ 965.18
2	1009	LPV-2023-1-000009	Bryce and Elaine Bannatyne Trust, Bryce Bannatyne, Trustee	\$ 6,558.40	\$ 655.84		\$ 7,214.24
3	1013	LPV-2023-1-000013	Berkshire Investments, LLC, a California limited liability company	\$ 2,472.96	\$ 247.30		\$ 2,720.26
4	1018	LPV-2023-1-000018	William A. Miller, Trustee of the William A. Miller Living Trust dated August 6, 2003, et al.	\$ 1,245.76	\$ 124.58	\$ 1,370.34	
5	1032	LPV-2023-1-000031	John-Yon Chang	\$ 6,914.88	\$ 691.49	\$ 7,606.37	
6	1043	LPV-2023-1-000041	Isabella Rastegar Farms, LLC	\$ 5,532.48	\$ 553.25		\$ 6,085.73
7	1054	LPV-2023-1-000051	Farmland Reserve, Inc.	\$ 8,986.24	\$ 898.62	\$ 9,884.86	
8	1057	LPV-2023-1-000312	Golf Realty Fund, LP	\$6,165.12	\$ 616.51	\$ 6,165.12	\$ 616.51
9	1059	LPV-2023-1-000055	James A. Waters, III, Trustee for The J&H Waters Revocable Trust Dated July 18, 2008 ; James A. Waters, III, Trustee for The Andrew Exempt Trust Dated June 29, 2012	\$ 4,174.72	\$ 417.47	\$ 4,592.19	
10	1061	LPV-2023-1-000057	James A. Waters, III, Trustee for The J&H Waters Revocable Trust Dated July 18, 2008	\$ 1,066.56	\$ 106.66	\$ 1,173.22	
11	1071	LPV-2023-1-000066	Hagel, Timothy et al	\$ 282.24	\$ 28.22		\$ 310.46
12	1073	LPV-2023-1-000068	Higgins, Sunny May Trust et al	\$ 6,525.44	\$ 652.54	\$ 7,177.98	
13	1082	LPV-2023-1-000076	Los Angeles Avenue Ranch LP et al.	\$ 15,341.44	\$ 1,534.14		\$ 16,875.58
14	1094	LPV-2023-1-000088	Mastro Culbert Farms, LLC & Steven Mastro	\$ 6,998.08	\$ 699.81		\$ 7,697.89
15	1105	LPV-2023-1-000097	Benchmark Partners Ag, LLC	\$ 1,328.96	\$ 132.90		\$ 1,461.86
16	1119	LPV-2023-1-000109	Mark Ratto, Trustee of the Mark Ratto Revocable Living Trust dated February 2, 2016	\$ 2,079.68	\$ 207.97		\$ 2,287.65
17	1123	LPV-2023-1-000113	Santa Clara Avenue Oxnard, LP, a Delaware limited partnership	\$ 9,126.72	\$ 912.67		\$ 10,039.39
18	1129	LPV-2023-1-000116	Santa Paula Hay & Grain and Ranches, LLC	\$ 7,316.80	\$ 731.68		\$ 8,048.48
19	1130	LPV-2023-1-000317	Saticoy Partners, LLC	\$ 9,334.08	\$ 933.41		\$ 10,267.49
20	1131	LPV-2023-1-000295	James A. Waters III, Trustee For The J&H Revocable Trust; James A. Waters III, Trustee For The Andrew Exempt Trust	\$ 32.96	\$ 3.30	\$ 36.26	
21	1141	LPV-2023-1-000309	Fox Canyon Farms, LLC	\$ 546.56	\$ 54.66	\$ 601.22	
22	1142	LPV-2023-1-000125	Stagola, Inc.	\$ 13,707.52	\$ 1,370.75		\$ 15,078.27
23	1148	LPV-2023-1-000130	Sunshine Agriculture, Inc.	\$ 61,326.72	\$ 6,132.67	\$ 67,459.39	
24	1153	LPV-2023-1-000134	Urban-D Ranch Limited Partnership	\$ 4,824.00	\$ 482.40	\$ 5,306.40	

	WMID	Invoice #	Landowner	Amount Due	Basin Interest Charge	Amount Paid	Balance Due
25	1158	LPV-2023-1-000139	Waters & Sons Farms LP	\$ 2,842.88	\$ 284.29		\$ 3,127.17
26	1159	LPV-2023-1-000140	Magana Ranch, LLC	\$ 4,377.28	\$ 437.73	\$ 4,815.01	
27	1169	LPV-2023-1-000147	Wonderful Citrus, LLC	\$ 12,893.12	\$ 1,289.31	\$ 14,182.43	
28	1170	LPV-2023-1-000148	Lemon 500, LLC	\$ 34,760.00	\$ 3,476.00	\$ 38,236.00	
29	1171	LPV-2023-1-000149	Yong, Jeffrey	\$ 3,688.64	\$ 368.86	\$ 4,057.50	
30	1172	LPV-2023-1-000324	ZIP TWO, LLC	\$ 10,003.84	\$ 1,000.38		\$ 11,004.22
31	1182	LPV-2023-1-000293	Hagel, Timothy et al	\$ 30.72	\$ 3.07		\$ 33.79
32	1184	LPV-2023-1-000298	Marlene Valter	\$ 30.72	\$ 3.07		\$ 33.79
33	1185	LPV-2023-1-000291	Fox Canyon Farms, LLC	\$ 30.72	\$ 3.07	\$ 33.79	
34	1191	LPV-2023-1-000157	Brian A. Lee and Maria G. Lee as Trustees of the Lee Family Trust	\$ 1,119.36	\$ 111.94		\$ 1,231.30
35	1196	LPV-2023-1-000162	Lynch Land & Cattle, LLC, et al.	\$ 1,215.68	\$ 121.57	\$ 1,215.68	\$ 121.57
36	3203	LPV-2023-1-000177	Tom & Ruth Millington	\$ 143.04	\$ 14.30		\$ 157.34
37	3204	LPV-2023-1-000178	Patty Grubman (The City Farm)	\$ 652.16	\$ 65.22		\$ 717.38
38	3207	LPV-2023-1-000181	Marlene Valter	\$ 28.48	\$ 2.85		\$ 31.33
39	3210	LPV-2023-1-000182	Mark Ellrott	\$ 59.20	\$ 5.92		\$ 65.12
40	3500	LPV-2023-1-000328	Del Norte Water Company	\$ 74,126.40	\$ 112.55	\$ 73,000.93	\$ 1,238.02
41	4201	LPV-2023-1-000251	AMS-Craig LLC, a Delaware limited liability company	\$ 723.20	\$ 72.32	\$ 795.52	
42	4263	LPV-2023-1-000282	Benjamin Vasquez and Leonila C. Vasquez, husband and wife as joint tenants	\$ 3,204.48	\$ 320.45	\$ 3,524.93	
						\$ 251,235.14	\$ 107,430.02

LAS POSAS VALLEY WATERMASTER

NOTICE OF DELINQUENT BASIN ASSESSMENT

On December 15, 2023, Fox Canyon Groundwater Management Agency (FCGMA), acting as the court-appointed Watermaster for the Las Posas Valley Groundwater Basin (LPV Basin), adopted a Basin Assessment of \$64 for Water Year 2023 [October 1, 2023 – September 30, 2024] to fund implementation and administration of the Las Posas Valley Adjudication Judgment (Judgment). On February 28, 2024, FCGMA approved invoicing the WY2023 Basin Assessment in two equal installments of \$32. Invoices for the first installment were sent electronically to Water Right Holders on March 8, 2024, and payments were due on or before April 5, 2024. Under the Judgment, unpaid Basin Assessment amounts become delinquent 30 days after they are due and shall bear interest at the current real property tax delinquency rate for Ventura County. (Judgment, Exh. A, § 2.8.2.)

FCGMA records indicate you did not pay the full amount of your WY2023 Basin Assessment on or before May 6, 2024. Accordingly, your WY2023 Basin Assessment is delinquent and shall bear interest at the current real property tax delinquency rate for Ventura County, which is 10% per year. The attached invoice has been prepared to include the amount of your delinquency payment and the new total amount for your WY2023 Basin Assessment. Please remit payment to FCGMA as provided in the attached invoice as soon as possible.

Failure to pay your Basin Assessment in full may result in (i) adverse impact to your “Good Standing” under the Judgment; (ii) prevent the purchase, sale, or transfer of your Water Right Allocation; (iii) the Watermaster petitioning the Court for an enforcement order to lien your property or foreclose your Allocation; and/or (iv) other injunctive or monetary relief to ensure compliance with the Judgment. (Judgment, §§ 4.12.3, 5.2.6; Exh. A, §2.8.2.)

Please contact the Watermaster at LPV.Watermaster@ventura.org with any questions.

Las Posas Valley Watermaster

Fiscal Committee Recommendations on Collection Remedies and Enforcement Efforts

Item 14

June 26, 2024



Arne Anselm
Interim Executive Officer

Background

- Discussion on collection remedies and enforcement efforts at June 10, 2024 Fiscal Committee as requested at May 26, 2025 Board meeting.
- Lack of timely payments created a cash flow issue for the LPV Watermaster.
 - Total Basin Assessment invoiced on March 1, 2024 - \$1,280,000
 - Total processed payments as of June 20, 2024 - \$1,183,007
 - Balance due from unpaid delinquency invoices about \$100,000

Collection Efforts to Date

- March 08, 2024 - Invoices for the initial LPV Watermaster Basin Assessment were sent
- April 5, 2024 - Due date listed on invoices
- May 6, 2024 – Assessments considered delinquent if not received a month after the due date.
- May 31, 2024 - Notices of delinquency sent with:
 - Delinquency invoice, and
 - Notification WMID assessed Basin Interest Charges at the current real property tax delinquency rate for Ventura County.

Delinquent Payment Penalty

- Under the LPV Adjudication Judgment:
 - Assessments are considered delinquent one month after the due date, and
 - “shall bear interest at the then current real property tax delinquency rate for Ventura County” (Judgment, Exh. A, 2.8.2).

LPV Watermaster Enforcement powers

Section 5.2.6 of the Judgment [Jdg., § 7.3]

- Petition the Court to issue enforcement orders
 - (i) to seek a judgment lien from the Court; or
 - (ii) to **foreclose an Allocation** to be Transferred to Watermaster to either be retired or Transferred to another Party to satisfy any delinquent Basin Assessments, Overuse Assessments,
- If the Watermaster is required to take legal action for the collection delinquent assessments, it shall also **recover costs of suit**, attorney's fees, and reasonable costs of collection [WM Rules § 2.8.2].
- Watermaster may also **withhold approval of any transfer** until full payment of any delinquent assessments [Jdg. § 4.12.3].

FCGMA and SGMA Authorities

- SGMA
 - Bring suit for the collection of delinquent fees including interest of 1% per month and a 10% penalty Cease and desist pumping
- FCGMA
 - Injunction restraining and prohibiting the operation of delinquent well
 - Bring suit for the collection of delinquent pump charges with interest of 1% per month and a 10% penalty

Fiscal Committee Recommendations

1. LPV Watermaster should attempt direct contact of delinquent WMIDs through telephone or other available means to inform them of the need for payment and the enforcement policy.
2. A notice of delinquent payment should be sent requiring payment within ten calendar days.
3. If payment is not received within ten days, then a second and final notice shall be sent requiring payment within an additional ten calendar days.
4. If payment is not received within the additional ten days, then the LPV Watermaster shall petition the court to issue enforcement orders and recover interest thereon, costs of suit, attorney's fees, and costs of collection.
5. No transfers shall be approved until full payment of any delinquent assessments.

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5. No transfers shall be approved until full payment of any delinquent assessments.

Recommendations

- Provide policy direction on enforcement of LPV Basin Assessment collection in FY 2023/24.

Secondary Title Goes Here

- The FCGMA Board's currently adopted fees total \$55 per AF and include the following three fees assessed per AF of groundwater extracted:
 - \$6 per AF Pump Fee
 - (only fee charged to domestic operators pumping 2 AF per year or less)
 - \$29 per AF Groundwater Sustainability Fee
 - \$20 per AF GEMES Reserve Fee

SGMA Authorities [Jdg. § 5.2.6]

- Agency / Watermaster can bring suit for the collection of delinquent fees
 - Can include an interest of 1% per month and a 10% penalty, and
 - Allows the Agency to seek a writ of attachment against the defendant [Water Code § 10730.6(c)].
- Agency / Watermaster can order an operator to cease and desist pumping until all delinquent fees are paid [Water Code §10730.6(e)]
 - Requires public hearing

FCGMA's Enabling Legislation [Jdg. § 5.2.6]

- Temporary restraining order and an injunction restraining and prohibiting the operation of any well by anyone who is delinquent in the payment of pump fees to the Agency [Cal. Water Code § 121-1005; Water Code §§ 75630 and 75631].
- May also bring suit for the collection of delinquent pump charges (along with interest of 1% per month and a 10% penalty) [Cal. Water Code § 75633].

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



BOARD OF DIRECTORS

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INTERIM EXECUTIVE OFFICER

Arne Anselm

June 26, 2024

Board of Directors
Fox Canyon Groundwater Management Agency
800 South Victoria Avenue
Ventura, CA 93009-1610

SUBJECT: Presentation on the Las Posas Valley Watermaster Extraction and Use Reporting Tool – (Returning Item)

RECOMMENDATION: Receive and file an informational presentation from Agency staff on the use and schedule of the Las Posas Valley Extraction and Use Reporting Tool.

The Las Posas Valley Adjudication Judgment (Judgment) requires all Water Right Holders to report their Groundwater Extraction and Use to the Watermaster (Exhibit A § 5.2).

Agency staff, working with its consultant Regional Government Services, developed an online Semi-Annual Groundwater Extraction and Use Tool for Water Rights Holders to report their Groundwater Extraction and Use. Following Committee Consultation, staff shared a beta version of the Tool with a limited number of Water Right Holders for their review and comments. Staff incorporated some of the LPV Policy Advisory Committee's recommendations and the Water Right Holders' feedback in a revised version of the Tool, and then released the Tool to Water Right Holders electronically on June 3, 2024, for the reporting of their Groundwater Extraction and Use during the first half of Water Year 2023.

As mentioned in the Executive Officer's Report, a training video has been created to help navigate and use the online reporting tool: <https://www.youtube.com/watch?v=PW8GpPj-NCg>. The video link is posted on the Watermaster website at <https://fcgma.org/las-posas-valley-watermaster/>.

Water Right Holders have until July 3, 2024, to complete and submit their reporting to the Watermaster. Agency staff and Regional Government Services will continue to provide Water Right Holders assistance and technical support on the Tool.

This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 654-2010.

Sincerely,

Kudzai Farai Kaseke
Assistant Groundwater Manager

Las Posas Valley Basin Semi-Annual Extraction and Use Reporting Tool

Item No. 15 – June 26, 2024



Farai Kaseke (PhD, PMP, CSM)
Assistant Groundwater Manager

Background

- Las Posas Valley Adjudication Judgment (Judgment) requires all Landowners to report to the Watermaster “both the total amount of all *Groundwater Extracted* and the total amount of *Groundwater Used* by the Landowner from any source.” (Judgment, § 4.5, Exhibit A, Article V).
- Submit a Semi-Annual Groundwater Extraction and Use form to Watermaster specifying the total amount of Groundwater *Extracted* and *Used* by the Party (Judgment, § 4.10.1.2, Exhibit A, § 5.2).

Discussion

- Staff in consultation with Regional Government Services developed an online [Semi-Annual Extraction and Use Tool](#) to report Groundwater Extraction and Use.
 - Watermaster memo referral to PAC for Committee Consultation (4/25/2024)
 - Committee Consultation - PAC Meeting (05/02/2024)
 - PAC Recommendation Report (05/03/2024)
 - Beta Version test (05/13/2024 -05/16/2024)
 - Refinement of form (05/17/2024 – 05/31/2024)
 - Notice to reporting Water Right Holders ~~(05/29/2024)~~
 - Release of live version (06/03/2024), [video tutorial](#) (06/18/2024)
 - Due Date (07/03/2024)

Recommendation

- Receive and file this report

Fox Canyon Groundwater Management Agency (FCGMA) Scheduled Meetings for Calendar Year 2024



Board Regular Meetings

Fourth Wednesday, monthly

January 24 th	1:30 pm
February 28 th	1:30 pm
March 27 th	12:30 pm
April 24 th	12:30 pm
May 22 nd	12:30 pm
June 26 th	12:30 pm
July 24 th	12:30 pm
**August 28 th	12:30 pm
September 25 th	12:30 pm
October 23 rd	12:30 pm
November	N/A
December 4 th	12:30 pm

*Board Special Meetings

Second Friday, monthly

January 12 th	1:30 pm
February 9 th	1:30 pm
March 8 th	1:30 pm
April 12 th	1:30 pm
May 10 th	1:30 pm
June 13 th	3:00 pm
July 12 th	1:30 pm
**August 9 th	1:30 pm
September 13 th	1:30 pm
October 11 th	1:30 pm
November 8 th	1:30 pm
December 13 th	1:30 pm

*Executive Committee Meetings

Third Thursday, every 3 months

March 21 st	2:00 pm
June 20 th	9:00 am
September 19 th	9:00 am
December 19 th	9:00 am

*Operations Committee Meetings

First Monday, every 2 months

February 5 th	2:00 pm
April 1 st	2:00 pm
June 3 rd	2:00 pm
August 5 th	2:00 pm
October 7 th	2:00 pm
December 2 nd	2:00 pm

*Fiscal Committee Meetings

LPV Watermaster	May 14 th	2:00 pm
LPV Watermaster	June 10 th	2:00 pm
FCGMA	June 11 th	2:00 pm
FCGMA	July 9 th	8:30 am
FCGMA	July 12 th	1:30 pm

Key

All meetings listed with an asterisk () are subject to necessity.

**August Board meetings will not be held in the Board of Supervisors Hearing Room as per usual. Instead, they will be held in the Lower Plaza Assembly Room.

	Already Occurred
Meeting Date & Time	Did Not Hold Meeting

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

Ventura County Government Center Hall of Administration
800 South Victoria Avenue, Ventura, California 93009-1610
Phone: (805) 654-2014 Website: www.fcgma.org

DIRECTORS

Eugene F. West (Chair) – Small Water Districts (805) 657-2121 (*Term Exp 2-28-25*)
Executive Committee, Fiscal Committee

Kelly Long (Vice Chair) – Ventura County Board of Supervisors (805) 654-2276 (*Term Exp 2-28-25*)
Executive Committee

David Borchard – Farming Interests (805) 485-3525 (*Term Exp 2-28-26*)
Operations Committee, Flynn Award Selection Committee

Lynn Maulhardt – United Water Conservation District (805) 982-0780 (*Term Exp 2-28-26*)
Operations Committee

Tony Trembley – Five Cities (805) 388-5307 (*Term Exp 2-28-26*)
Fiscal Committee, Flynn Award Selection Committee

ALTERNATE DIRECTORS

Raul Avila – Small Water Districts (818) 798-8745 (*Term Exp 2-28-25*)

Michael Craviotto – Farming Interests (805) 766-9602 (*Term Exp 2-28-26*)

Vianey Lopez – Ventura County Board of Supervisors (805) 654-2613 (*Term Exp 2-28-25*)

Sheldon Berger – United Water Conservation District (805) 312-7653 (*Term Exp 2-28-26*)

Bert Perello – Five Cities (805) 240-6194 (*Term Exp 2-28-26*)

STAFF

Arne Anselm – Interim Agency Executive Officer (805) 654-3942

Alberto Boada – Agency Legal Counsel (805) 654-2578

Jason Canger – Agency Assistant Legal Counsel (805) 654-2879

Farai Kaseke – Assistant Groundwater Manager (805) 654-2497

Kathy Jones – Staff Services Specialist (805) 645-1372

Robert Hampson – Groundwater Specialist (805) 654-3952

John Gauthier – Groundwater Specialist (805) 654-5164

Kylen Wooley – Water Resources Compliance Specialist (805) 658-4374

Cynthia Rodriguez – Administrative Assistant (805) 662-6831

Elka Weber – Management Assistant | Clerk of the Board (805) 654-2014