

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fox Canyon Groundwater Management Agency (FCGMA) will hold a **Executive Committee Special Meeting** at **9:00 a.m.** on **Friday, April 15, 2022**, at the **Saticoy Operations Yard**, 11521 Riverbank Drive, Ventura, 93004

FCGMA EXECUTIVE COMMITTEE SPECIAL MEETING AGENDA

April 15, 2022

Members: Chair Eugene F. West
Vice Chair David Borchard

- A. Call to Order**
- B. Introductions**
- C. Public Comment** – Audience members may speak about FCGMA-related matters not on today's Agenda.
- D. Combined Operation of Extraction Facilities Under “CombCodes”** - A discussion on CombCodes, how they are being used in the basins and potential changes that may benefit the basins while still providing needed flexibility for agricultural operations.
- E. Future Agenda Items and Next Meeting Date**
- F. Adjourn the Executive Committee Meeting**

NOTICES

*The following information is provided to help you understand, follow, and participate in the meeting:
Public Comments – Public comment is the opportunity for members of the public to participate in meetings by addressing one or more agenda or non-agenda items.*

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. Additional information about Board meeting procedures is included after the last agenda item.

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, 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 Three 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 web site address is <http://www.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.*



FOX CANYON GROUNDWATER MANAGEMENT AGENCY

MEMORANDUM

Date: April 15, 2022
To: Executive Committee
From: Arne Anselm, Deputy Director
Subject: Item D – Combined Operation of Extraction Facilities Under “CombCodes”

INTRODUCTION:

The purpose of this item is to provide a forum to discuss the grouping of wells into CombCodes for the purpose of pooling allocation and reporting and for the Committee members to provide feedback and recommendations to Agency staff to develop potential modifications for consideration by the full Board. At the January 26, 2022 Board Meeting the item Challenges to Basin Management Posed by Combined Operation of Extraction Facilities Under “CombCodes” was pulled by the Executive Officer to allow further discussion and input from well owners and operators. To better understand the issue staff met with several agricultural owners and operators to discuss CombCodes, how they are being used in the basin, and potential changes on how CombCodes can be structured while still providing needed flexibility for agricultural operations. Many of these ideas and concerns are presented here without attribution.

BACKGROUND:

Since early in the Agency's history, operators have had the option to make one-time transfers of allocation from one well to another. More commonly, operators combined wells into CombCodes on contiguous parcels with common water distribution systems that were part of a ranch for agricultural operators, or part of larger interconnected systems of facilities for municipal, water district, or mutual water company operators. However, in recent years, and especially after Emergency Ordinance E was adopted which required agricultural operators to apply for annual efficiency allocation, many agricultural operators have combined extraction facilities from discontinuous properties and distribution systems into ever larger CombCodes. The current ordinances provide very limited restrictions on CombCodes. See attachment A for a brief regulatory history enabling CombCodes.

The simplest form a CombCode can be two wells on a common distribution system. The Agency only regulates the extractions from the wells, so this can be on a single parcel or multiple parcels. Allocations of the wells are combined to provide operational flexibility. If one well stops working (e.g., shut down for maintenance), the owner/operator will not incur surcharges on the working well if pumped within the total allocation of the two wells. Complexity increases when multiple wells are included within a CombCode, wells within a CombCode are owned by different entities, and when unconnected distribution systems are included in a CombCode.

The combination of multiple wells on nonadjacent properties with multiple owners that are not part of an interconnected distribution system into a single CombCode poses management and administration challenges along with significant policy implications. Exacerbating the issue is that many of these large CombCodes are composed of leased properties across a basin that is constantly changing as an operator's lease ends on some properties with wells and begins on others. Each change requires a change to the CombCode and the calculated allocation within the water year.

DISCUSSION:

The combination of extraction facilities into CombCodes has the potential to affect owners' and operators' ability to effectively manage their operations, create inequities among owners and operators within a basin, and result in undesirable results identified in Groundwater Sustainability Plans. What follows are a variety of opinions owners and operators shared with staff. While the discussions focused on CombCodes it includes tangential issues that can be affected by how CombCodes are created and managed.

Benefits of CombCodes

Operational practices can be improved by how wells are allowed to be combined. Rotations of crops to rest the soil is a beneficial practice. To lessen the economic impact of fallowing, owners and operators may decide to fallow one field and grow higher value, higher water use, crops on other parcels. Greater flexibility in how CombCodes are created, including among disconnected properties, allows the unused allocation to be accessed by another part of the operation. CombCodes are not the only tool available. FCGMA ordinances allow one-time transfers ("assignments") of allocation in a water year that may provide the operational flexibility needed in these and other cases where there is a short-term operational need to rebalance pumping across extraction facilities.

While CombCodes are grouping of wells, a concern was expressed over rules restricting how CombCodes can be formed could potentially impact parcels without a well or without sufficient allocation to operate. A parcel without a well becomes dependent on neighboring operations for water. Rules not allowing a parcel to join a CombCode (e.g., only allow parcels owned by the same entity) would limit the effective use of that land. Rules limiting CombCodes to only adjacent properties would also make a parcel without sufficient allocation dependent on the adjacent parcels. Allowing a grouping of wells on disconnected distribution systems can relieve this dependence.

A CombCode can be for a water district or mutual water company owner or operator that delivers water through turnouts. The service areas of these entities may overlap with other CombCodes and can create complications for the entities when dividing their allocation amongst their customers. It can be further complicated when entities serve a CombCode with wells outside of their service area.

The lack of carryover in earlier allocation systems incentivized larger CombCodes to maximize use of allocations. Stakeholders shared that without carryover there was little benefit to owners and operators to not using their entire allocations. Pooling wells in a CombCode allows one well's unused allocation to be used elsewhere in the operation. Through the Water Market a benefit for unused allocation is created and parcels with insufficient allocation can additional supply.

Water Market

Since 2017 the Oxnard Basin has had a Water Market. The idea for the Water Market came from the local growers who established goals, created market rules and made recommendations to the Board. The Water Market has been in operation only as a pilot to test the rules and implementation. It allowed agricultural operators in the Oxnard Basin to buy and sell extraction allocation only within a reporting year. The ability to buy and sell water in the Water Market is seen as an economic benefit to the basin and the local agricultural community. Without the incentive of selling on the Water Market one well may be pumped to its full allocation while another is pumped over its allocation. The flexibility of the Water Market can reduce impacts to the basin by incentivizing conservation of unused allocation therefore reducing the total pumping.

The Water Market has the potential to provide equity among pumpers in the basin, but currently there are two sets of rules, one for CombCodes and one for Water Market participants. Management areas were defined in the Water Market to be protective of the basin. Wells within a restricted management area (e.g., Saline Intrusion and Pumping Depression Management Areas) are not allowed to purchase allocation from outside the area because it would harm the basin by increasing the net pumping in the impacted area. An operator of a CombCode that is entirely within a restricted management area may buy allocation only within that area but can sell to pumpers outside of a management area. Operators with CombCodes that cross management areas may only sell allocation because there are no controls over where purchased allocation can be pumped when the allocation is pooled within the large CombCode. There are no similar rules on combing of well allocations within or across management areas within CombCodes. A CombCode's pooled allocation can be pumped anywhere within the basin.

Management Areas

Restricting CombCodes by management areas (attachment 2) would provide the GMA greater control over where in the basin allocations are pumped. The current Oxnard and Pleasant Valley (OPV) Allocation Ordinance reserves the ability to restrict CombCodes based on management areas upon a finding by the Board that it is necessary to implement the GSP. Management decisions to increase sustainable yield could result in reduced pumping for CombCodes in the areas impacted by seawater intrusion and the pumping depression. Owners and operators expressed concern that not all pumpers will benefit from this increase in sustainable yield due to restrictions by management area unless additional water is delivered to the impacted areas to supplement the reduction in pumping.

Allocation Carryover

An operator may carry over unused allocation up to 50% of the current year's annual allocation, and up to 100% accrued carryover in any one year. Under the current Las Posas Valley Basin Allocation Ordinance and the Oxnard Pleasant Valley Basin Allocation Ordinance, both the allocation and carryover are combined under a CombCode. Any carryover is currently applied equally among the extraction facilities in a CombCode. One well with an exceptionally large allocation compared to the others in a CombCode may generate enough allocation to create a carryover, but that well will not receive a larger share of the carryover allocation and instead will be distributed equally to all the wells in the CombCode. A well owner

leasing land into a CombCode should be aware how the operation of that CombCode could affect future allocations.

Well Owner and Operator Engagement

Stakeholders commented that ordinance changes over the past several years has made it difficult for owners and operators to fully understand how they are impacted and what is required. Well owners and operators sign and submit an “Authorization Form” allowing operators to report pumping on their behalf. Some appreciate the convenience provided while others would rather retain the responsibility, and the allocation, as part of their CombCode. Operators leasing land with signed Authorization Statements can combine wells from different owners into a single CombCode. Ultimately, owners are responsible for payment of groundwater extraction charges and interest if an operator does not pay applicable charges. Ensuring owners are aware of the rules and the risks of their wells being combined in a CombCode is an important step. It was also shared that while improvements have been made, well owners could be better informed of reporting errors and other violations that may occur by the operator and allowed a period of time to rectify the situation.

Summary of Owner and Operator Opinions

In general, owners and operators expressed a desire for future changes to be clear. According to their comments, recent changes to regulations and policy have created uncertainty and make planning difficult, and therefore they have requested improved communication of requirements and options available, including one-time allocation transfers and the Water Market. Similarly, owners and operators requested consistent and early implementation of the Water Market so that they understand their options. They explained that reductions needed to achieve sustainability are difficult without the addition of new supplies of water, and it appears that they would prefer additional water be secured to increase the sustainable yield rather than increased restrictions on CombCodes. In addition, owners and operators requested that pumping restrictions by Management Area be matched with additional supplies to the benefit of the basins. Owners and operators consulted also agreed on the benefits of flexibility to avoid surcharges through combining allocations within a distribution system, but, as described above, unique situations among owners and operators may require more complex CombCodes or better use of one-time allocation transfers.

The purpose of presenting these issues heard from owners and operators at the Executive Committee meeting is to provide a forum for owners and operators to discuss ideas and concerns with the Committee regarding potential changes to CombCodes, and for the Committee members to provide feedback and recommendations to Agency staff on potential modifications for consideration by the full Board.

Attachments –

1. History of Regulations Enabling CombCodes
2. Oxnard Basin Management Areas

April 15, 2022
Executive Committee
Item D Attachment 1 - History of Regulations Enabling CombCodes

The Agency Ordinance Code refers to groundwater extraction wells as “extraction facilities.” Section 5.2.1.3 of the Agency Ordinance Code provides operators the ability to combine the allocations of wells:

Where an operator operates more than one extraction facility in the same basin, the extraction allocations for the individual facilities may be combined.

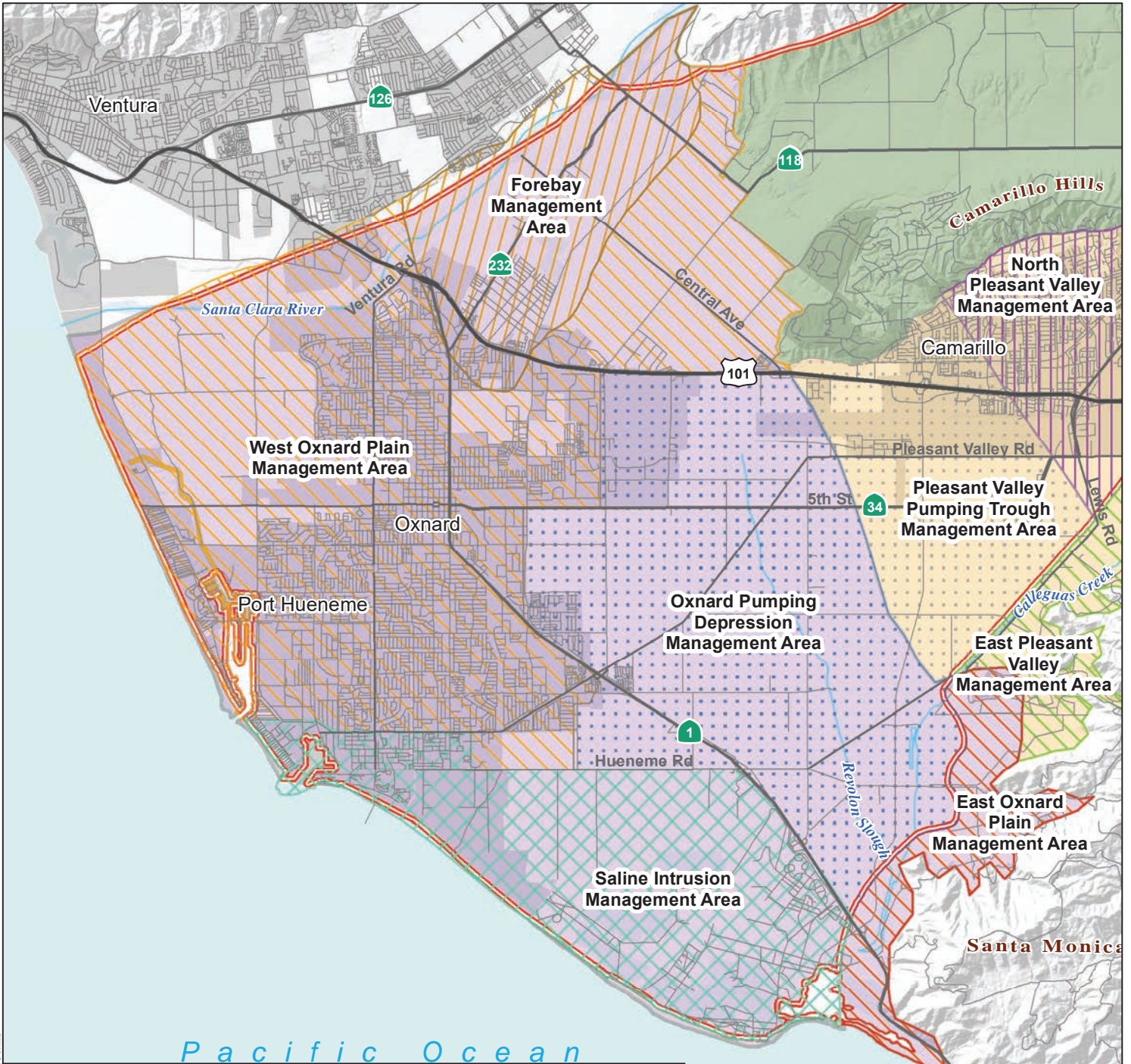
This provision was replaced by Section 5.2 of the “Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins” adopted by your Board in October 2019:

An operator with more than one extraction facility in the same groundwater basin may combine the extraction allocations for the individual facilities. If the groundwater sustainability plan creates one or more management areas within the Basins, the Board may limit the ability to combine extraction allocations assigned to extraction facilities in different management areas. Limitations on combining extraction facilities in different management areas shall be set forth in a Resolution adopted by the Board based on a determination that the limitation is necessary in order to implement the groundwater sustainability plan.

Similarly, this provision was replaced by Section 5.2 of the “Ordinance to Establish an Extraction Allocation System for the Las Posas Valley Groundwater Basin” adopted by your Board in December 2020:

An extraction allocation established under this ordinance is assigned to an extraction facility. An operator with more than one extraction facility in a management area may combine the extraction allocations for the individual facilities. An operator seeking to combine extraction allocations assigned to extraction facilities in different management areas shall apply for a variance under article 14.

This provision was first adopted (without reference to basin) by Ordinance No. 5 “An Ordinance to Reduce Groundwater Extractions” in August 1990. The Agency uses the term “CombCode” to refer to a group of wells combined by an operator and registered with the Agency under a single account code.



	East Oxnard Plain Management Area (EOPMA)		Fox Canyon Groundwater Management Agency
	Forebay Management Area	Revised Bulletin 118 Groundwater Basins and Subbasins (DWR 2016c)	
	West Oxnard Plain Management Area		Arroyo Santa Rosa Valley (4-007)
	Oxnard Pumping Depression Management Area		Las Posas Valley (4-008)
	Saline Intrusion Management		Pleasant Valley (4-006)
	East Pleasant Valley Management Area (EPVMA)		Oxnard (4-004.02)
	Pleasant Valley Pumping Depression Management Area		
	North Pleasant Valley Management		

SOURCE: DWR; County of Ventura; FCGMA



FIGURE 2-69
Oxnard Subbasin Management Areas

Combined Operation of Extraction Facilities Under “CombCodes”

Item D– April 15, 2022



Arne Anselm
Deputy Director

Overview

- History of CombCode regulation and implementation
- Benefits combining wells in CombCodes
- Challenges created as CombCodes evolved
- Discussion

Agency uses term “CombCode” to refer to a group of wells combined by an operator and registered with the Agency under a single account code

Extraction allocations and reporting are combined in a CombCode

History - Ordinance

- Provision was first adopted in Ordinance 5 in 1990
- For much of Agency's history CombCodes were
 - Ag operators - contiguous parcels of a ranch with common irrigation system
 - M&I operators and mutual water companies- interconnected systems

Benefits of CombCodes

- Allocation pooling
- Operational Flexibility
- Redundancy for emergencies or routine maintenance
- Crop rotation
- Ease of reporting

Agency Ordinance Code

- The Agency Ordinance Code refers to wells as “extraction facilities”
- The Agency Ordinance Code provides operators the ability to combine the allocations of wells (Section 5.2.1.3):
Where an operator operates more than one extraction facility in the same basin, the extraction allocations for the individual facilities may be combined.
- OPV Allocation Ordinance included provision for Board to limit combining of wells in different management areas with a determination that it is necessary to implement the GSP
- LPV Allocation Ordinance limits combining wells in different management areas

Definition of “Operator”

- Definition of “operator” in the Agency Ordinance Code contributes to the CombCode challenge (Section 1.39):

“Operator” means a person who operates a groundwater extraction facility. In the event the Agency is unable to determine who operates a particular extraction facility, then “operator” shall mean the person to whom the extraction facility is assessed by the County Assessor, or, if not separately assessed, the person who owns the land upon which the extraction facility is located.

- “operator” can refer to either the well owner or another person who operates the well

Definition of “Operator”(cont.)

- Staff believes the intent of the Agency Ordinance Code in defining “operator” as the “person who operates the well” to mean the person who physically has control of the well
- However, many operators registered with the Agency may be farm or land management companies without physical presence on the land or at the well

CombCodes Growing Larger

- Ag operators have combined more wells into discontinuous CombCodes under multiple different ownership
 - Many composed of leased land
 - Frequent changes as an operator's lease ends on some wells and begins on others
- This presents challenges to basin management and administration
 - Multiple well owners with pooled allocations creates complications with well owners' accountability if operator fails to comply with Agency regulations

Transitioning to Land-Based Allocation

- The OPV Allocation Ordinance documents the Board's commitment to move to a land-based allocation system in response to stakeholder requests
- However, large CombCodes with multiple owners across the basin means that allocation from one owner's well may be extracted from another owner's well miles away in another part of the basin
- This could establish a history of water use that may ultimately inform land-based allocations for both well owners

Transfer of Pumping Between Mgmt Areas

- Board has not restricted transfer of allocation between OPV basin management areas other than in the water market pilot
- Allocation transfers are regularly occurring outside of Agency oversight between wells in different management areas in the OPV basins by large CombCodes.
- There are some stable large CombCodes spanning management areas that were established some years ago

Challenges to the Water Market

- Large non-contiguous CombCodes essentially create their own private water market
- This has significantly limited participation in the Agency's water market pilot
- If one well owner does not opt into water market participation, then the entire CombCode cannot participate
- Many of the larger CombCodes extend across multiple management areas which limits participation in the water market

Allocation Carryover

- Both the OPV and LPV basin allocation ordinances include a provision to carry over unused allocation during a water year
- Any carryover earned is evenly divided among the combined wells in a CombCode
- This methodology is based on stakeholder input provided at Executive Committee meetings
- For CombCodes with multiple well owners, this may result in transference of allocation over time from one well owner to another

Conclusions

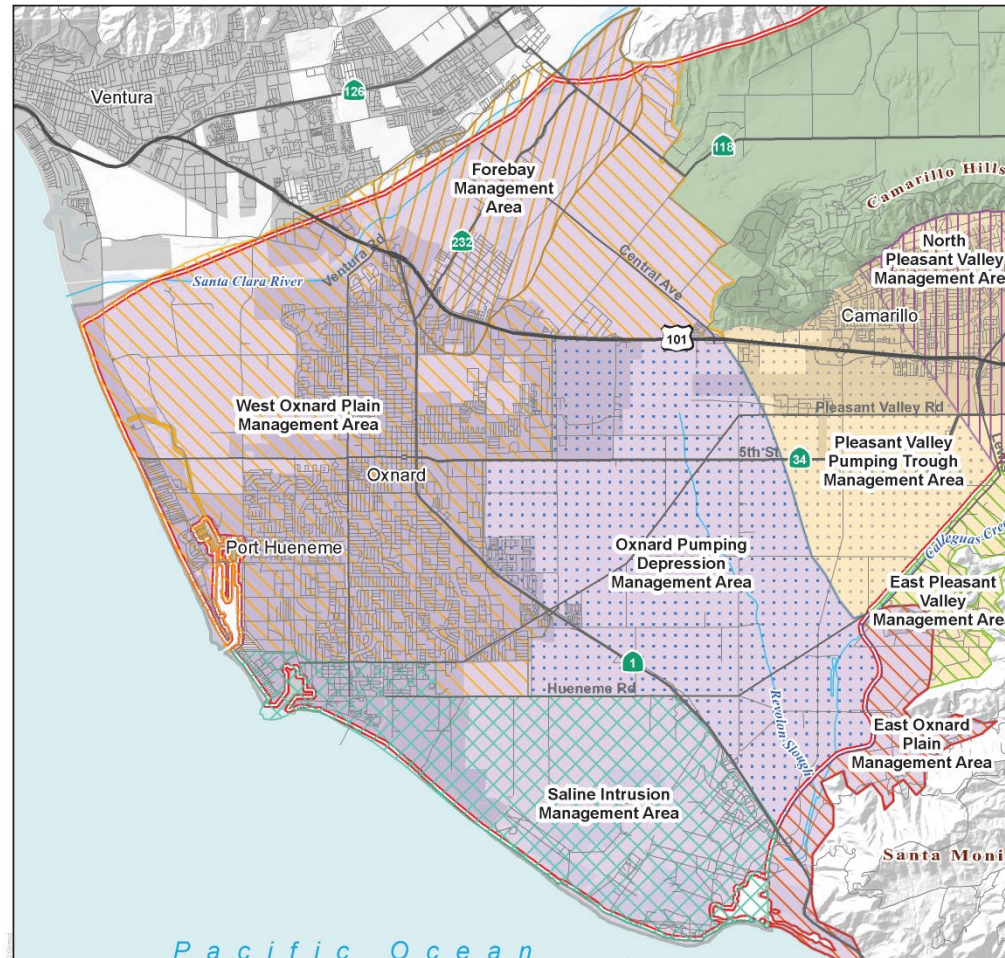
- The Agency Ordinance Code language is overly broad resulting in challenges to management of the basins
- This is principally an issue with Ag operators
- Any changes may significantly impact Ag operators operating large CombCodes

Recommendations

- Staff recommends Board consider potential changes and provide feedback and direction to staff
- Additionally, staff is developing a new Authorization Form to provide well owners more detailed information regarding responsibilities and consequences of allowing their operator to form CombCodes with their well(s)

Owner and Operator Responsibility

- The well owner and designated operator must sign and file an “Authorization Form” with the Agency
- By signing the Authorization Form, the owner explicitly acknowledges that they are ultimately responsible for payment of groundwater extraction charges and interest should an operator not pay
- However, Board hearing variance requests and appeals from well owners claiming their operators, who may or may not be lessees, are responsible
- When there are multiple well owners within a CombCode with pooled allocations, it becomes even more difficult to hold well owners responsible if their operator fails to comply with Agency rules and regulations



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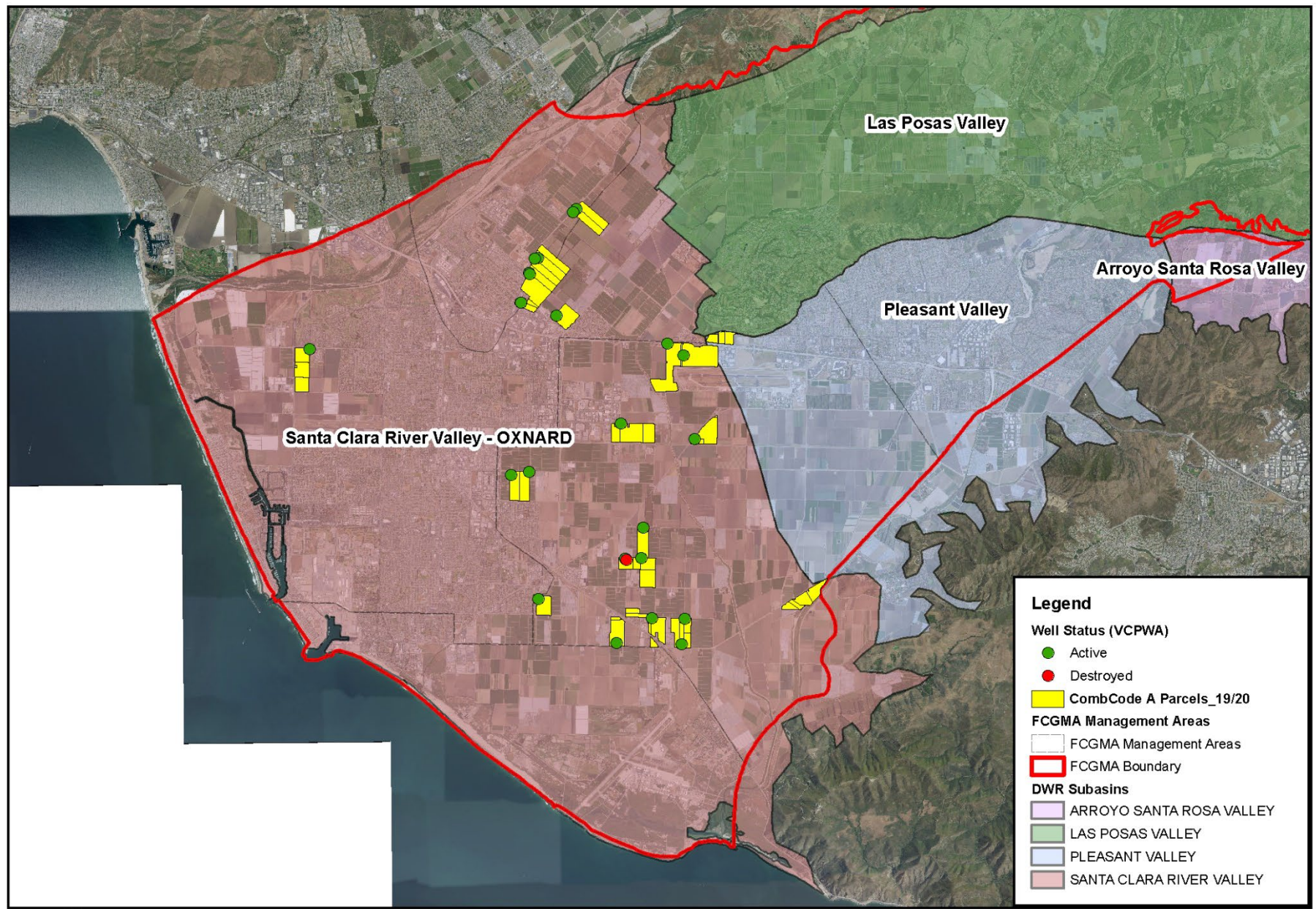
CombCode A

37 Wells

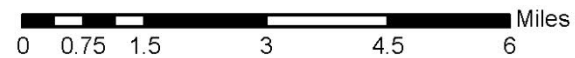
27 Well Owners

49 APNs

29 APN Owners



CombCode A Parcels and Wells CY 2019/20-2



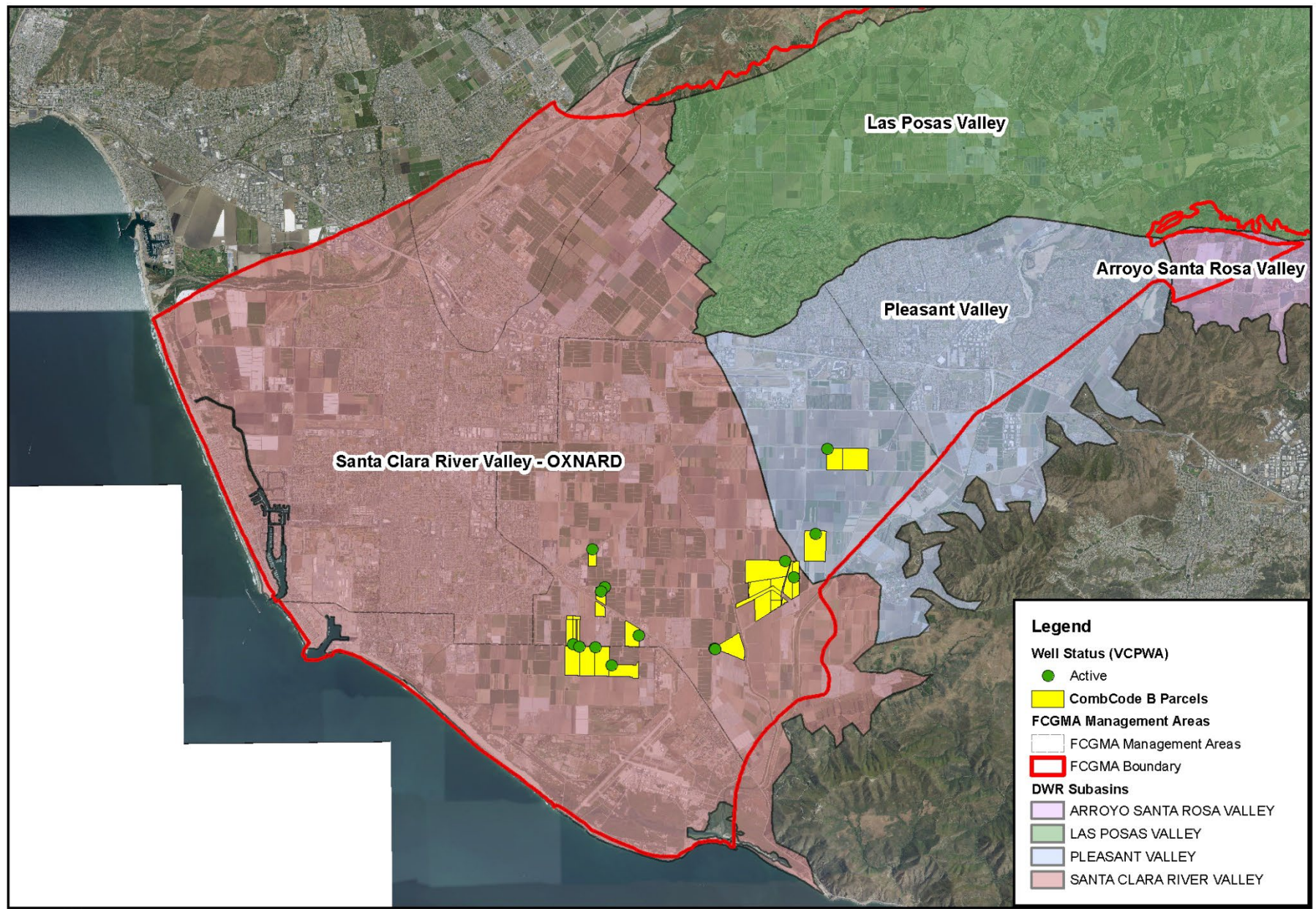
CombCode B

19 Wells

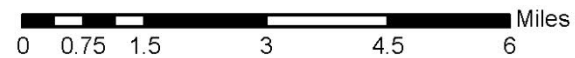
9 Well Owners

28 APNs

12 APN Owners



CombCode B Parcels and Wells CY 2019/20-2



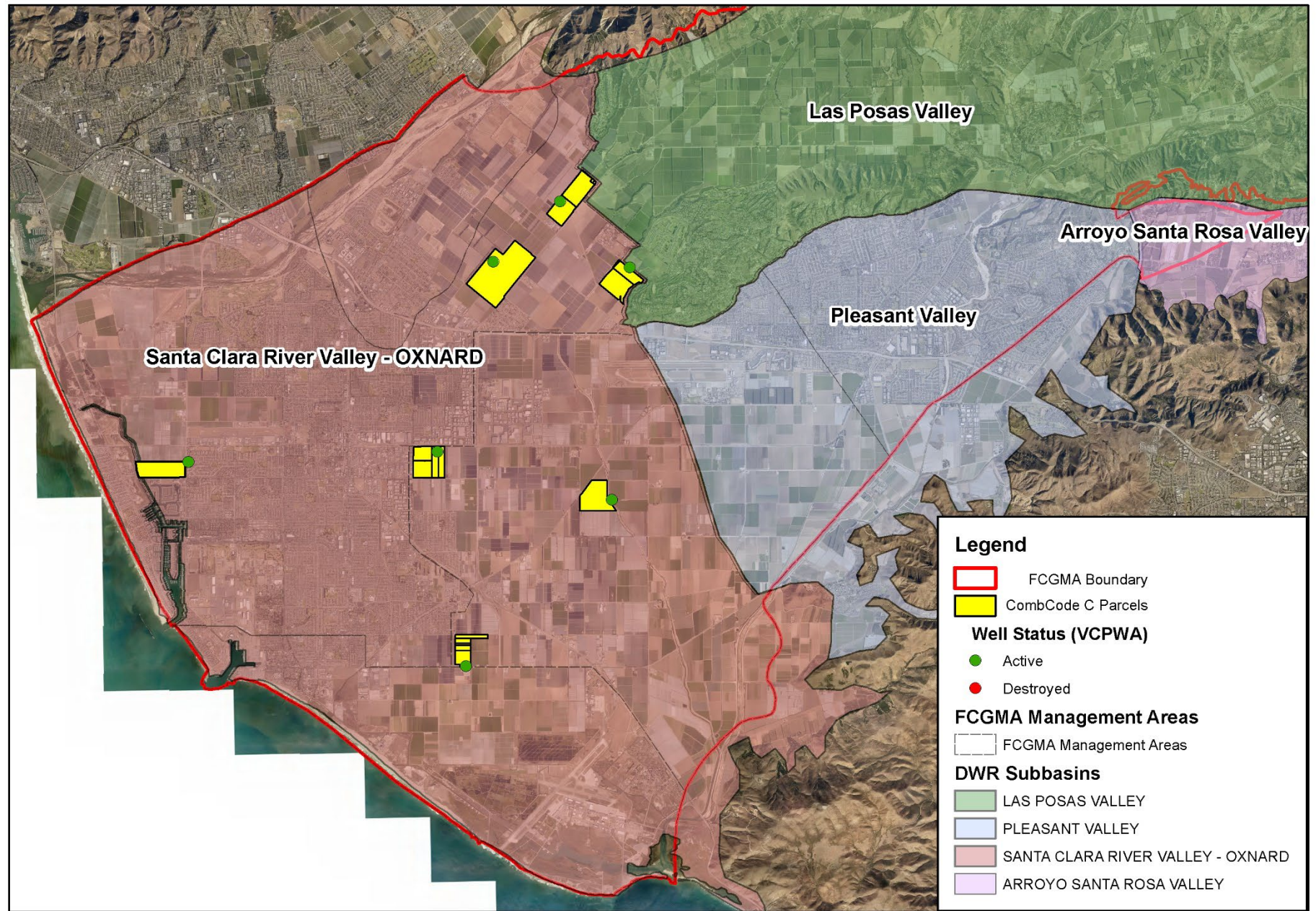
CombCode C

7 Wells

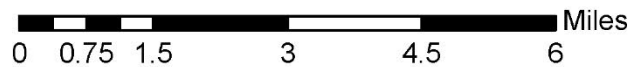
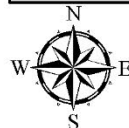
7 Well Owners

18 APNs

9 APN Owners

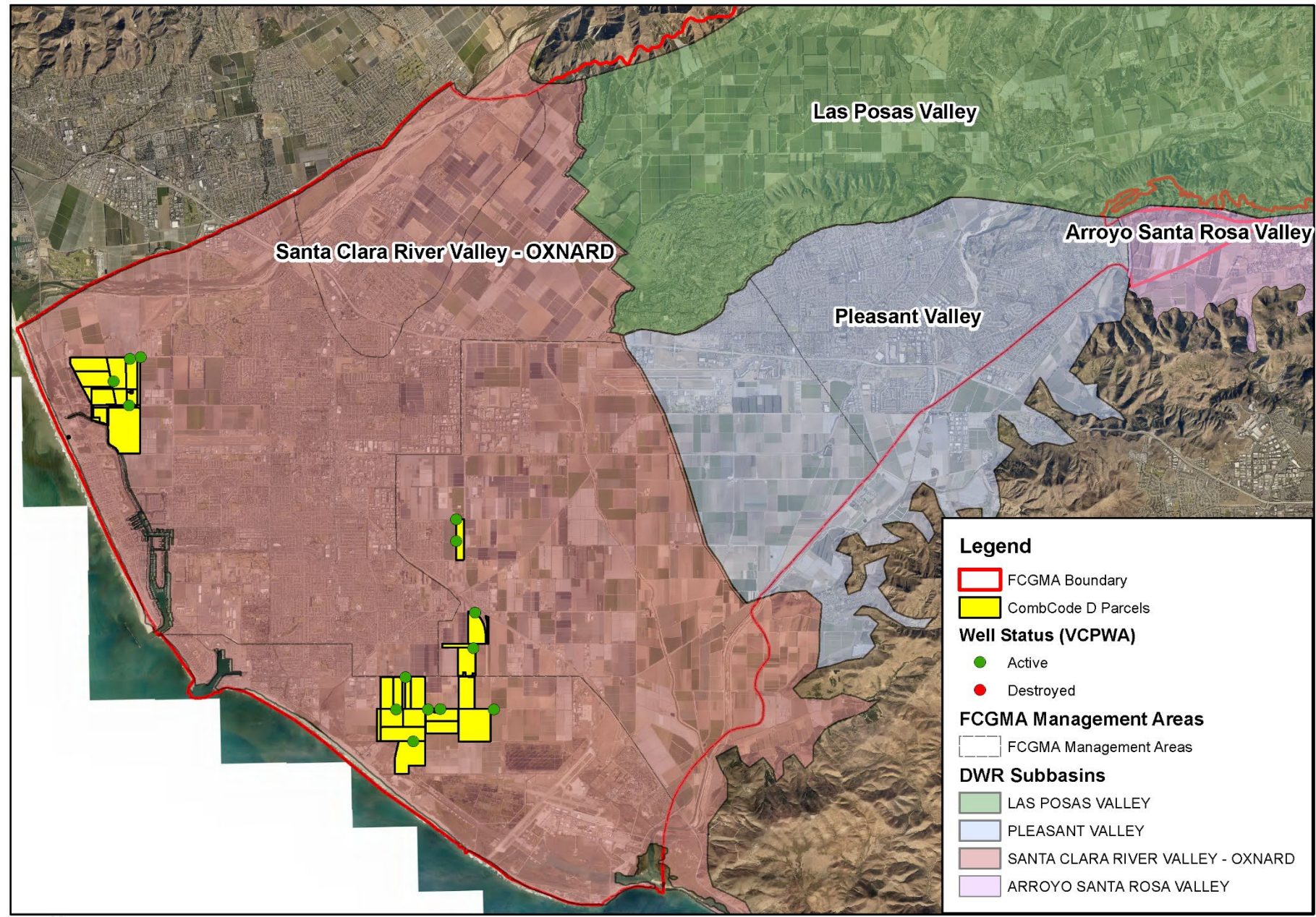


CombCode C Parcels and Wells CY 2019/20-2



CombCode D

18 Wells
5 Well Owners
32 APNs
7 APN Owners



CombCode D Parcels and Wells CY 2019/20-2