

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



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INTERIM EXECUTIVE OFFICER

Arne Anselm

September 25, 2024

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

SUBJECT: Las Posas Valley Watermaster Fiscal Year 2024-2025 Budget and Basin Assessment for Water Year 2024 [LPV Watermaster] – (New Item)

RECOMMENDATION: (1) Approve Fiscal Year (FY) 2024-2025 Las Posas Valley (LPV) Watermaster Budget; and (2) Approve an Annual Basin Assessment of \$64.58 for Water Year 2024 to be Invoiced Quarterly.

BACKGROUND:

Agency staff presented a proposed Draft Watermaster Budget for Fiscal Year 2024-25 at the May 14, 2024, Fiscal Committee meeting. Comments heard at that meeting were discussed at the May 22, 2024, Board meeting. Direction from the Board informed a revised draft budget presented at the June 10, 2024, Fiscal Committee meeting.

The Las Posas Valley Watermaster Policy Advisory Committee (PAC) considered the draft budget at their August 1, 2024, and August 15, 2024, meetings and provided a Recommendation Report dated August 15, 2024, which is attached as Exhibit 21A. The Judgment requires the Watermaster Budget to be adopted at the same meeting the Agency adopts its annual budget (Judgment Exhibit A § 2.7.6). The Agency's budget is Item 13 on this Agenda.

DISCUSSION:

Watermaster Budget

The draft FY 24-25 Watermaster Budget is attached as Exhibit 21B. The budget has been divided into seven principal tasks consistent with the requirements in the Judgment:

1. Watermaster Administration
2. Allocations & Record Keeping
3. Basin Management
4. Committee Coordination and Consultations
5. Budget and Assessments
6. Calleguas Aquifer Storage & Recovery Project
7. Legal Services

Each principal task is broken into subtasks listing the reference to the applicable Judgment section(s), the annual labor hours estimate, the annual labor cost estimate, and a contract cost estimate, as applicable. For the Watermaster Budget, the labor cost estimate is based on a blended hourly rate of \$212 for Ventura

County Public Works Agency (PWA) staff. The calculation of this blended rate is shown in Exhibit 21B. Charge rates include indirect and overhead costs; only time spent directly working on Watermaster tasks is charged to this account.

The total initial Watermaster Budget for FY 2024-25 is estimated at \$2,583,095, consisting of \$1,059,328 in estimated labor costs, of \$1,288,940 in estimated contract costs, and \$234,827 in operating reserves.

The Proposed Draft LPV Watermaster Budget for FY 2024-25 was developed substantially from the Initial FY 23-24 Watermaster Budget adopted December 15, 2023. Changes made include updated PWA charge rates; the inclusion of a PAC Administration line item; a data management system; a proposed Operating Reserve of 10% of the budget; a line for insurance for PAC and Technical Advisory Committee (TAC) members; and contract support to assist with implementing quarterly Basin Assessments. Other refinements include significant reductions to the labor hours estimated, primarily in Watermaster Administration and Allocations, and Record Keeping. Contract support has been included to match the approved modification to the Dudek contract to support the GSP 5-Year Evaluation and Annual Report, and to provide funding for the LPV Watermaster's non-voting member to the TAC.

This draft budget also includes the one-time reimbursement of \$200,000 to the Agency for the LPV Watermaster Rules Appeal. Until a separate LPV Watermaster Fund was created in April 2024 and the initial Basin Assessments received, the Agency was implementing Basin Management Actions without a specific source for funding Watermaster activities and work. Funds expended prior to April 2024 were paid from the Agency's operating fund, including legal expenses. The Watermaster Rules Appeal aimed to make adjustments to the implementation schedule to allow the Watermaster to more efficiently manage the basin to the benefit of the Las Posas Valley Water Rights Holders. The court overseeing implementation of the judgment recently approved those adjustments to the schedule. This one-time reimbursement was recommended by the Fiscal Committee on June 10, 2024, and approved by your Board on September 13, 2024.

The PAC submitted a letter dated May 3, 2024 (which is attached to Agenda Item 11 as Exhibit 11A), requesting the budget include a PAC Administrator and PAC Administrative Assistant. To fund these positions, the PAC requested a line item for PAC Administration in the Watermaster Budget of \$170,000 per year, which has been included in the Budget attached as Exhibit 21B.

This Proposed Draft Budget is an estimate of the labor hours and contract costs it will take to implement the Judgment in FY 2024-25. In the implementation of the Judgment, it is possible some tasks may take significantly more time than estimated. It is also anticipated that Basin Management funding may need to be adjusted with the addition of Basin Optimization Project costs, following Committee consultation. Any mid-year adjustment of the Watermaster Budget may require an adjustment of the Basin Assessment as appropriate.

ADMINISTRATION OF WATERMASTER BUDGET

Funds from the LPV Basin Assessments are held in a separate LPV Watermaster Fund, separate from the accounts in the FCGMA Fund, and are administered in accordance with the Judgment (Judgment § 7.6). As with work conducted for FCGMA, County staff only charge for time spent on specific tasks with separate billing codes for LPV Watermaster tasks. Consultant and contractor invoices are coded and logged similarly. Any Basin Assessment funds that may remain at the end of the current Fiscal Year will be held in the LPV Watermaster Fund and will be available for the following Fiscal Year.

Watermaster finances are subject to an annual audit by a certified public auditing firm with a full certified audit every three years (Judgment § 7.7).

BASIN ASSESSMENT

The Judgment requires that the Watermaster “shall assess all Water Right Holders a uniform Basin Assessment per acre-foot of Annual Allocation held by the Water Right Holder” (Judgment § 7.2). The Basin Assessment is calculated as the total budget divided by the Operating Yield. The Proposed Draft LPV Watermaster Budget for Fiscal Year 2024-25 of \$2,583,095, and the Judgment defined the initial Operating Yield of the LPV Basin of 40,000 acre-feet per year through the first two years of the Judgment (Judgment § 4.9.1.1). Therefore, the Basin Assessment for FY 2024-25 will be \$64.58 per acre-foot of Annual Allocation if the draft budget is adopted without changes ($2,583,095 \div 40,000 = 64.58$). The Agency will begin invoicing quarterly assessments of \$16.15 on October 1, 2024.

Las Posas Valley Policy Advisory Committee

At its August 1 and 15, 2024 meetings, the PAC discussed the Watermaster FY 2024-25 budget. The PAC Recommendation Report (Exhibit 21A) included three recommendations:

1. **Administrative Fees:** the PAC recommended removing line items for New Uses/Subscription Projects, Transfers, Change of Point of Extraction, and New or Replacement Wells from the Allocations & Record Keeping section.
 - It was recommended by Agency staff that these items be studied during the fiscal year to develop a fee schedule to allow invoicing for the services provided. Until that is developed, the PAC recommendation that these costs be borne by the applicants cannot be administered. The Fiscal Committee approved including these line items with the direction to develop a fee schedule.
2. **Directors and Officers Liability Insurance:** The PAC requested the PAC members be added to the FCGMA/Watermaster’s existing coverage and appreciated staff’s addition of the line item.
 - Staff will work to obtain liability insurance coverage for the PAC members once the budget is approved.
3. **Legal Fees:** The PAC maintained its position that past legal fees associated with the FCGMA’s appeal of the Judgment should be borne whole by FCGMA.
 - The reimbursement of \$200,000 to the Agency for the LPV Watermaster Rules Appeal was recommended by the Fiscal Committee on June 10, 2024, and approved by your Board on September 13, 2024.

SUMMARY

The Fiscal Committee’s two LPV Watermaster Budget Development meetings and discussions at the May 22, 2024, and September 13, 2024, Board meetings provided opportunities for the public and the Committee to evaluate the Proposed Draft LPV Watermaster Budget for Fiscal Year 2024-25. The attached draft budget has been recommended by the Fiscal Committee and reviewed by the LPV Watermaster PAC, who provided three recommendations.

CONCLUSION:

Staff recommends approval of the Fiscal Year 2024-2025 Las Posas Valley Watermaster Budget. 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: Exhibit 21A – LPV PAC Letter, dated August 15, 2024, RE: PAC Recommendation Report
Exhibit 21B – Proposed Draft FY 2024-25 LPV Watermaster Budget
See Item 11, Exhibit 11A – LPV PAC Letter, dated May 3, 2024, RE: PAC Administrator
Appointment and Budget Request

Item 21 - Exhibit 21A – LPV PAC Letter, dated August 15, 2024, RE: PAC Recommendation Report

Gene West, Chair
Las Posas Valley Watermaster
800 S. Victoria Ave.
Ventura, CA 93009

August 15, 2024

Re: PAC Recommendation Report concerning Watermaster FY2024-25 Budget

Chair West:

At its August 1 and 15, 2024 meetings, the PAC discussed the Watermaster Fiscal Year (FY) 2024-25 budget submitted for committee consultation by Watermaster staff July 22, 2024. The PAC has the following recommendations:

1. **Administrative fees:** the PAC recommends removing the line items for New Uses/Subscription Projects, Transfers, Change of Point of Extraction, and New or Replacement Wells from the Allocations & Record Keeping section. These activities will be triggered by the (likely infrequent) application of landowners and should be borne by the applicants as fees charged as part of said application.
2. **Directors and Officers Liability Insurance:** the PAC appreciates staff's addition of the line item for D&O insurance and requests that the PAC be added to the FCGMA/Watermaster's existing coverage, rather than acquiring separate coverage.
3. **Legal fees:** The PAC maintains its position that legal fees associated with the FCGMA's appeal of the Judgment should be borne by FCGMA as a whole, recuperated through extraction fees, and not by the LPV landowners, recuperated through the basin assessment. The FCGMA agreed to serve as Watermaster for the Las Posas Basin and to perform the duties assigned to it under the Phase 3 Settlement and Judgment, consistent with the Judgment's terms and the Watermaster Rules and Regulations. This includes establishment of the Physical Solution, establishment of the PAC and TAC, and the Basin Optimization Plan.

The Judgment allows for certain legal fees to be borne by the Watermaster, but these are for implementation of the Judgment, not for contesting the Judgment. Contesting the Judgment via an appeal strikes the PAC as the FCGMA's "own costs" as described in Section 12.4 of the Judgment: "Costs. Except subject to any existing Court orders and stipulation or separate agreement of one or more Parties, each Party shall bear its own costs and attorneys' fees arising from the Comprehensive Adjudication."

Thank you for the opportunity to review the LPV Watermaster FY2024-25 Budget.

Sincerely,



Ian Prichard, Chair, LPV Watermaster PAC

Las Posas Valley Basin
Watermaster Budget FY 2024-25¹

Task	Reference ²	Labor Hours Estimate ³	Labor Cost Estimate ⁴	Contract Cost Estimate ⁵	Hours / Week	Hours / Month	Hours / Year	Blended Rate	Cost
Watermaster Administration									
Watermaster Meetings and Notice	Ex A 2.5	384	\$ 81,408		8	32	384	\$ 212	\$ 81,408
Review of Records	Ex A 2.4	96	\$ 20,352		2	8	96	\$ 212	\$ 20,352
Website	Ex A 2.4.1	24	\$ 5,088		0.5	2	24	\$ 212	\$ 5,088
Subtotal - Watermaster Administration		504	\$ 106,848	\$ -					
Allocations & Record Keeping									
Annual Allocations & Allocation Schedule	4.2, 4.3	40	\$ 8,480				40	\$ 212	\$ 8,480
New Uses / Subscription Projects	4.6	40	\$ 8,480		1	4	40	\$ 212	\$ 8,480
Carryover	4.11	192	\$ 40,704		4	16	192	\$ 212	\$ 40,704
Transfers	4.12	96	\$ 20,352		2	8	96	\$ 212	\$ 20,352
Change of Point of Extraction	4.13	96	\$ 20,352		2	8	96	\$ 212	\$ 20,352
New or Replacement Well	4.14	96	\$ 20,352		2	8	96	\$ 212	\$ 20,352
Overuse	4.15	80	\$ 16,960				80	\$ 212	\$ 16,960
Extraction and use Monitoring and Reporting	Ex A, Article V	384	\$ 81,408	\$ 20,000	8	32	384	\$ 212	\$ 81,408
Data Management and Support		192	\$ 40,704	\$ 200,000	4	16	192	\$ 212	\$ 40,704
Subtotal - Allocations & Record Keeping		1,216	\$ 257,792	\$ 220,000					
Basin Management									
GSP Update (5-year evaluation) ⁶	4.9.1	220	\$ 46,640	\$ 43,440			220	\$ 212	\$ 46,640
2025 Basin Optimization Yield Study ⁶	4.10	220	\$ 46,640	\$ 122,000			220	\$ 212	\$ 46,640
Annual Report ⁶	5.2.3, Ex A 2.7.10	120	\$ 25,440	\$ 48,860			120	\$ 212	\$ 25,440
Initial Basin Optimization Plan ⁶	5.3	180	\$ 38,160	\$ 78,000	0	-	180	\$ 212	\$ 38,160
Subtotal - Basin Management		740	\$ 156,880	\$ 292,300					
Committee Coordination and Consultations									
Policy Advisory Committee	6.1, Ex A Aticle III	288	\$ 61,056		6	24	288	\$ 212	\$ 61,056
PAC Administration ⁷				\$170,000					
Technical Advisory Committee ⁸	6.11, Ex A Atricle IV	48	\$ 10,176	\$ 97,440	1	4	48	\$ 212	\$ 10,176
TAC Member Cost ⁹				\$ 259,200					
Insurance ¹⁰				\$ 5,000					
Subtotal - Committee Coordination and Consultations		336	\$ 71,232	\$ 531,640					

Las Posas Valley Basin
Watermaster Budget FY 2024-25¹

Task	Reference ²	Labor Hours Estimate ³	Labor Cost Estimate ⁴	Contract Cost Estimate ⁵	Hours / Week	Hours / Month	Hours / Year	Blended Rate	Cost
Budget and Assessments									
Watermaster Budget	7.5, Ex A 2.7.6	80	\$ 16,960				80	\$ 212	\$ 16,960
Basin Assessments	7.1-7.3, 7.6, Ex A 2.8	192	\$ 40,704	\$ 25,000	4	16	192	\$ 212	\$ 40,704
Processing Fees	7.4	192	\$ 40,704		4	16	192	\$ 212	\$ 40,704
Audits	7.7	180	\$ 38,160	\$ 20,000			180	\$ 212	\$ 38,160
<i>Subtotal - Budget and Assessments</i>		644	\$ 136,528	\$ 45,000					
Calleguas Aquifer Storage & Recovery Project									
Calleguas ASR Project Operations Study	8.4	384	\$ 81,408		8	32	384	\$ 212	\$ 81,408
<i>Subtotal - Calleguas Aquifer Storage & Recovery Project</i>		384	\$ 81,408	\$ -					
Legal Services¹¹									
Advisory		576	\$ 149,184		12	48	576	\$ 259	\$ 149,184
Judicial Review (challenges to court)	9.2	384	\$ 99,456		8	32	384	\$ 259	\$ 99,456
LPV Water Rules Appeal ¹²	9.2	-	\$ -	\$ 200,000		-	-		\$ -
<i>Subtotal - Legal Services¹</i>		960	\$ 248,640	\$ 200,000		-			
	TOTALS:	4,784	\$ 1,059,328	\$ 1,288,940	FTEs: 2.12 PWA 0.53 County Counsel 2.66 Total				
			Total:	\$ 2,348,268					
			Operating Reserves¹³:	\$ 234,827					
			Grand Total:	\$ 2,583,095					
			Total Annual Allocation (AF):	40,000					
			Basin Assessment per AF:	\$ 64.58					
			Quarterly Assessment	\$ 16.14					

Footnotes

1 The FY 2024-25 Budget is for estimated Watermaster administration expenses. It is anticipated that the Basin Assessment may need to be adjusted with addition of Basin Optimication Projects costs following Committee Consultation.

2 Reference to LPV Adjudication Judgment section, "Ex A" is Exhibit A of the Judgment.

3 Estimated annual hours for Ventura County staff.

4 Labor cost estimate based on Ventura County Public Works Agency providing LPV Watermaster staff at a blended rate.

5 Contract cost estimate for outside services.

6 Contract costs for Dudek for assissting with Response Reports (approved 5/22). Assumes one TAC meeting and response reports.

7 PAC 5/3/2024 Letter requested \$170,000 for PAC admininstrator.

8 Contract cost estimate for Dudek for assissting as Watermaster TAC member. Assumes two meetings per month.

9 Contract cost estimate for three TAC members including preparation of Recommendation Reports. Assumes two meetings per month.

10 PAC request for PAC and TAC members insurance; Committee has requested declaration coverage amounts and difference between Board coverage; Chair West has volunteered to follow up on further info from agent; EO will provide insurance res

11 Legal Services labor costs based on Ventura County Counsel providing LPV Watermaster legal services; Judicial Review includes outside counsel costs.

12 Share of legal expenses approved by Board on 9/13/24 for LPV Watermaster Rules Appeal.