

# FOX CANYON GROUNDWATER MANAGEMENT AGENCY

A STATE OF CALIFORNIA WATER AGENCY



## BOARD OF DIRECTORS

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## EXECUTIVE OFFICER

Jeff Pratt, P.E.

December 15, 2023

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

**SUBJECT: Las Posas Valley Initial Watermaster Budget and Basin Assessment for Fiscal Year 2023-24 Resolution No. 2023-03 [LPV Watermaster] – (Continued Item)**

**RECOMMENDATIONS:** 1) Receive a presentation from Agency staff on a proposed initial Watermaster Budget and Basin Assessment for Fiscal Year 2023-24; 2) Adopt the initial Watermaster Budget; and 3) Adopt Resolution No. 2023-03 Basin Assessment of \$64 per acre-foot of Annual Allocation for Water Right Holders in the Las Posas Valley Basin.

## INTRODUCTION

This item was continued from the December 6, 2023, meeting at staff's request because notification was sent to the Fox Canyon Groundwater Management Agency (FCGMA or Agency) contact list but was not additionally distributed to the Las Posas Valley (LPV) Basin Watermaster service list. Beginning with this meeting, notice will be sent to both lists for all FCGMA Board meetings.

The Adjudication Judgment for the LPV Basin (Judgment) appointed the FCGMA as Watermaster to implement the Judgment in the Basin. The Judgment requires the Watermaster to take certain Basin Management Actions and includes deadlines and important dates to implement many of these Basin Management Actions. The Judgment requires the Watermaster to set, levy, and collect Basin Assessments and fees from Water Rights Holders in the LPV Basin to fund these Basin Management Actions and Basin Optimization Projects (Judgment § 7.1).

The Agency has been implementing Basin Management Actions without funding for this additional work. The Judgment recognized that funding was needed to implement the Judgment and provided the Watermaster the authority to levy an initial Basin Assessment in calendar year 2023 without a requirement for Committee Consultation or a requirement to draft a Watermaster Budget (Judgment § 7.2). Further:

*Any initial Basin Assessment that Watermaster makes pursuant to this Judgment shall not exceed \$200 per acre-foot of Annual Allocation. Watermaster, following Committee Consultation, and at all times acting as an agent of the Court, may thereafter reduce or increase the Basin Assessment as necessary to fund the Watermaster Budget. (Judgment § 7.3)*

Certain Basin Management Actions require "Committee Consultation" with the Policy Advisory Committee (PAC) and/or Technical Advisory Committee (TAC). The PAC is comprised of Water Rights Holders and other representatives appointed by your Board at a November 17, 2023, meeting. However, the TAC will

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be comprised of three professional groundwater geologists and/or engineers to be paid from the Basin Assessments under contract with the Watermaster. Committee Consultation with the TAC is a critical-path function to comply with many of the tasks in Judgment schedule.

While the Judgment authorizes your Board to adopt an initial Basin Assessment up to \$200 per acre-foot (AF) in 2023 without Committee Consultation or a draft budget, Agency staff prepared an initial Watermaster Budget as the basis of a proposed Basin Assessment in support of transparency and good public policy.

#### **INITIAL WATERMASTER BUDGET:**

Agency staff prepared a proposed initial Watermaster Budget for Fiscal Year 2023-24 attached as Item 1A. The initial Watermaster Budget is divided into seven principal tasks consistent with the requirements in the Judgment:

- Watermaster Administration
- Allocations & Record Keeping
- Basin Management
- Committee Coordination and Consultations
- Budget and Assessments
- Calleguas Aquifer Storage & Recovery Project
- 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 contract cost estimate, as applicable. For the initial Watermaster Budget, the labor cost estimate is based on a blended hourly rate of \$188 for Ventura County Public Works Agency (PWA) staff. Charge rates include indirect and overhead costs; only time spent directly working on FCGMA or Watermaster tasks is charged. A current organization chart of PWA staff working on FCGMA and Watermaster tasks is attached as Item 1B.

The total initial Watermaster Budget for FY 2023-24 is estimated at \$2,559,814 consisting of \$1,720,224 estimated labor costs and \$839,590 estimated contract costs. It is anticipated that the initial Basin Watermaster Budget may need to be adjusted with addition of Basin Optimization Project costs following Committee Consultation.

#### **INITIAL 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 initial Watermaster Budget for FY 2023-24 is estimated at \$2,559,814 (Item 1A). The Judgment defines the initial Operating Yield of the LPV Basin as 40,000 acre-feet per year through at least Water Year 2024 (Judgment § 4.9.1.1). The Annual Allocations must be adjusted to equal the Operating Yield for the water year (Judgment § 4.2). Therefore, the initial Basin Assessment equals the budget total divided by the Operating Yield which is \$64.00 per acre-foot of Annual Allocation. 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 (Item 1C).

As discussed above, it is anticipated that the initial Watermaster Budget may need to be adjusted with addition of Basin Optimization Project costs following Committee Consultation. Any adjustment of the Watermaster Budget may require an adjustment of the Basin Assessment as appropriate.

#### **ADMINISTRATION OF BASIN ASSESSMENT AND WATERMASTER BUDGET:**

Basin Assessments will be held in a separate LPV Watermaster Fund, separate from the accounts in the FCGMA Fund and 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

Watermaster tasks. Consultants and contractors will be required to do the same. Any Basin Assessment funds that may remain at the end of the fiscal year will be held in the LPV Watermaster Fund and 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).

#### **FCGMA PUMPING FEES:**

The Judgment provides that Watermaster's levying of a Basin Assessment does not affect the Agency's ability to collect pumping fees under its current authorities, provided that the Agency shall implement changes to the Agency's current pumping fees to "avoid inequitable, duplicative, or disproportionate financial burdens on Groundwater users" in the basin:

*Watermaster's ability to impose such Basin Assessment, acting as an agent of the Court and under its auspices and oversight, does not modify or amend the FCGMA's separate, existing authority to adopt assessments or pursue funding including under SGMA and/or deriving from the FCGMA's enabling legislation (collectively, "FCGMA Assessments"), provided that the FCGMA shall implement changes to the FCGMA Assessments to avoid inequitable, duplicative, or disproportionate financial burdens upon Groundwater users in the Las Posas Basin after taking into account funds raised for administration of the Basin through the Basin Assessment. (Judgment § 7.2)*

The FCGMA Board's currently adopted pumping 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

Staff plans to schedule a special meeting of your Board's Fiscal Committee to study this issue in early 2024 followed by a Board meeting to consider any amendments needed to Agency's adopted FY 2023-24 Budget and recommendations for adjustments to the current FCGMA pumping fees for operators in the LPV Basin, if any, as appropriate for compliance with the Judgment requirements.

#### **POLICY ADVISORY COMMITTEE COMMENT LETTER:**

Agency staff attended the December 7, 2023, PAC meeting and answered questions about the proposed Watermaster Budget and Basin Assessment. Additionally, Agency staff met with the PAC ad-hoc budget subcommittee on December 11, 2023, to review the proposed Watermaster Budget and Basin Assessment and answer the subcommittee members' questions. The PAC subsequently submitted a comment letter on December 12, 2023, which is attached as Item 1D. The PAC made three recommendations in its letter. Following are a summary of their recommendations and Agency staff response:

1. Ensure there is no duplication of efforts between activities of FCGMA staff in meeting the standard obligations of the FCGMA, including preexisting or agency-wide contributions to the Groundwater Sustainability Plan, and its duties as Watermaster.

*Staff Response:* Staff agrees with this comment. As discussed previously, a special meeting of your Board's Fiscal Committee will be scheduled in early 2024 to study this issue in detail. Thereafter, any amendments needed to the Agency's adopted FY 2023-24 Budget to avoid duplication of fees will be considered at a subsequent meeting of your Board.

2. Instruct staff to include in the budget funding for a PAC Administrator, similar to the inclusion of funding for three TAC members.

*Staff Response:* The Judgment does not include a paid PAC Administrator, rather it states that “the PAC shall appoint a PAC Administrator,” and that the “Watermaster must consent to the approval of the appointment of the PAC Administrator, which consent shall not be withheld absent a demonstration of cause” (Judgment § 6.10.3.1). Unlike technical opinions and recommendations from the TAC, organizing and preparing meetings – and even Recommendation Reports that offer advice, input, and recommendations on non-technical, policy related matters – should not require the preparation of voluminous Recommendation Reports or a paid staff person.

3. Ensure there is sufficient funding in the budget to attract three TAC members of sufficient expertise to provide a level of support commensurate with the duties outlined in the judgment and the expectations of the community.

*Staff Response:* The actual cost of TAC member services will not be known until the PAC forwards TAC member nominations and the Watermaster negotiates contracts for their professional services. The proposed initial Watermaster Budget estimate is based on 12 hours per each TAC meeting for each TAC member with two meetings per month. The estimated rate is \$300 per hour, which is a typical rate charged by professionals with the credentials required by the Judgment. Ultimately, the total cost of TAC member services will depend on your Board’s consideration and agreement of the professionals’ proposed rates and fees, and thus may require amendment of the proposed initial Watermaster Budget.

#### **JUDGMENT IMPLEMENTATION AND BASIN ASSESSMENT:**

The Agency has been working expeditiously to implement the Judgment and has completed many of the initial tasks required by the Judgment including:

- Created, and maintaining, a LPV Watermaster area on the FCGMA website
- Created, processed, and maintaining the Watermaster service list
- Solicited corrections to the Groundwater Allocation Schedule from Water Rights Holders
- Solicited and processed Constituency Group confirmations and corrections from Water Rights Holders
- Organized, noticed, and facilitated PAC Constituency Group initial organizational meetings
- Board appointed representatives to the PAC
- Attended the first PAC meeting and met with the PAC ad-hoc budget subcommittee
- Prepared a draft scope of work and budget for the Basin Optimization Yield Study for submittal to the TAC, following appointment and completion of contracts with TAC members
- Prepared the proposed initial Watermaster Budget and Basin Assessment

Each of these tasks is work in addition to the Agency’s normal duties and responsibilities under the FCGMA Act and SGMA. The Agency has conducted these initial LPV Watermaster tasks without new or additional funding. As a result, Judgment implementation has required – and relied on – the borrowing of funds previously paid by all pumpers within the Agency. This practice will continue until a Basin Assessment is adopted by your Board. Moreover, continued implementation according to the schedules included in the Judgment will include the following tasks required by the Judgment only (and not by the FCGMA Act or SGMA), most of which is expected to require significant funding compared to the above initial implementation tasks:

- Contract and appoint PAC’s recommendations for professional consultants as TAC members
- Prepare the 2025 Basin Optimization Yield Study which requires submittal of draft scope of work and budget to TAC for its review and preparation of a Recommendation Report before commencing
- Prepare the Initial Basin Optimization Plan
- Provide support to the PAC and engage in Committee Consultation
- Prepare the forms and processes needed for receiving and processing allocation transfer requests

**CONCLUSION AND RECOMMENDATIONS:**

Staff recommends that your Board adopt the initial Watermaster Budget and adopt Resolution No. 2023-03 establishing a Basin Assessment on Water Right Holders in the Las Posas Valley Groundwater Basin of \$64.00 per acre-foot of Annual Allocation. This letter has been reviewed by Agency Counsel. If you have any questions, please call me at (805) 650-4083.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Loeb', with a long horizontal stroke extending to the right.

Kimball R. Loeb, PG, CEG, CHG  
Groundwater Manager

Attachments: Item 1A – Proposed Initial Watermaster Budget for FY 2023-24  
Item 1B – FCGMA Staff Organization Chart  
Item 1C – Resolution No. 2023-03  
Item 1D – PAC Comment Letter, December 12, 2023

**Las Posas Valley Basin**  
**Initial Watermaster Budget FY 2023-24<sup>1</sup>**

Task	Reference <sup>2</sup>	Labor Hours Estimate <sup>3</sup>	Labor Cost Estimate <sup>4</sup>	Contract Cost Estimate <sup>5</sup>
<b>Watermaster Administration</b>				
Watermaster Meetings and Notice	Ex A 2.5	1,152	\$ 216,576	
Review of Records	Ex A 2.4	192	\$ 36,096	
Website	Ex A 2.4.1	192	\$ 36,096	
<b>Subtotal - Watermaster Administration</b>		<b>1,536</b>	<b>\$ 288,768</b>	<b>\$ -</b>
<b>Allocations &amp; Record Keeping</b>				
Annual Allocations & Allocation Schedule	4.2, 4.3	80	\$ 15,040	
New Uses / Subscription Projects	4.6	384	\$ 72,192	
Carryover	4.11	160	\$ 30,080	
Transfers	4.12	384	\$ 72,192	
Change of Point of Extraction	4.13	192	\$ 36,096	
New or Replacement Well	4.14	192	\$ 36,096	
Overuse	4.15	160	\$ 30,080	
Extraction Monitoring and Reporting	Ex A, Article V	768	\$ 144,384	
<b>Subtotal - Allocations &amp; Record Keeping</b>		<b>2,320</b>	<b>\$ 436,160</b>	<b>\$ -</b>
<b>Basin Management</b>				
GSP Update (5-year evaluation) <sup>6</sup>	4.9.1	220	\$ 41,360	\$ 220,000
2025 Basin Optimization Yield Study <sup>6</sup>	4.10	220	\$ 41,360	\$ 122,000
Annual Report <sup>6</sup>	5.2.3, Ex A 2.7.10	120	\$ 22,560	\$ 53,990
Initial Basin Optimization Plan <sup>6</sup>	5.3	180	\$ 33,840	\$ 78,000
<b>Subtotal - Basin Management</b>		<b>740</b>	<b>\$ 139,120</b>	<b>\$ 473,990</b>
<b>Committee Coordination and Consultations</b>				
Policy Advisory Committee	6.1, Ex A Article III	288	\$ 54,144	
Technical Advisory Committee <sup>6</sup>	6.11, Ex A Article IV	288	\$ 54,144	\$ 86,400
TAC Member Cost <sup>7</sup>				\$ 259,200
<b>Subtotal - Committee Coordination and Consultations</b>		<b>576</b>	<b>\$ 108,288</b>	<b>\$ 345,600</b>

**Las Posas Valley Basin**  
**Initial Watermaster Budget FY 2023-24<sup>1</sup>**

Task	Reference <sup>2</sup>	Labor Hours Estimate <sup>3</sup>	Labor Cost Estimate <sup>4</sup>	Contract Cost Estimate <sup>5</sup>
<b>Budget and Assessments</b>				
Watermaster Budget	7.5, Ex A 2.7.6	120	\$ 22,560	
Basin Assessments	7.1-7.3, 7.6, Ex A 2.8	576	\$ 108,288	
Processing Fees	7.4	192	\$ 36,096	
Audits	7.7	180	\$ 33,840	\$ 20,000
<b>Subtotal - Budget and Assessments</b>		<b>1,068</b>	<b>\$ 200,784</b>	<b>\$ 20,000</b>
<b>Calleguas Aquifer Storage &amp; Recovery Project</b>				
Calleguas ASR Project Operations Study	8.4	384	\$ 72,192	
<b>Subtotal - Calleguas Aquifer Storage &amp; Recovery Project</b>		<b>384</b>	<b>\$ 72,192</b>	<b>\$ -</b>
<b>Legal Services<sup>8</sup></b>				
Advisory		768	\$ 198,912	
Judicial Review	9.2	600	\$ 276,000	
<b>Subtotal - Legal Services</b>		<b>1,368</b>	<b>\$ 474,912</b>	<b>\$ -</b>
	<b>TOTALS:</b>	<b>7,992</b>	<b>\$ 1,720,224</b>	<b>\$ 839,590</b>
<b>Grand Total:</b>				<b>\$ 2,559,814</b>
<b>Total Annual Allocation (AF):</b>				<b>40,000</b>
<b>Initial Basin Assessment per AF:</b>				<b>\$ 64.00</b>

**Footnotes**

- 1 The Initial FY 2023-24 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. Additionally presumes that FCGMA pumping fees may need to be adjusted for LPV operators.
- 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 through the current water year ending Sept. 30, 2024.
- 6 Contract cost estimate for Dudek for assissting with Response Reports. Assumes two meetings per month.
- 7 Contract cost estimate for three TAC members including preparation of Recommendation Reports. Assumes two meetings per month.
- 8 Legal Services labor costs based on Ventura County Counsel providing LPV Watermaster legal services; Judicial Review includes outside counsel costs.

## **Fox Canyon Groundwater Management Agency Organization Chart**

- FCGMA Board of Directors
  - Executive Officer\*
    - Assistant Executive Officer\*
    - Deputy Director Water Resources\*
      - Management Assistant\*
      - Groundwater Manager\*
        - Groundwater Specialist\*
        - Water Resources Specialist\*
        - Engineer (V)
        - Groundwater Specialist (V)
        - Clerk of the Board
        - Assistant Groundwater Manager
          - Water Resources Compliance Specialist
          - Water Resources Specialist (V)
          - Staff Services Specialist (V)
            - Business Process Specialist
              - Admin Assistant (V)
              - Management Assistant

\* = PWA staff providing services as needed  
V = Vacant



**Resolution No. 2023-03**  
**of the**  
**Fox Canyon Groundwater Management Agency**

**A RESOLUTION LEVYING A BASIN ASSESSMENT ON WATER  
RIGHT HOLDERS IN THE LAS POSAS VALLEY GROUNDWATER  
BASIN FOR FISCAL YEAR 2023-24**

**WHEREAS**, the Fox Canyon Groundwater Management Agency (the Agency) is a groundwater sustainability agency under the Sustainable Groundwater Management Act (the Act) for the basins within the Agency's statutory boundaries; and

**WHEREAS**, on July 10, 2023, the Santa Barbara Superior Court entered 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); and

**WHEREAS**, the Judgment comprehensively determines and adjudicates all groundwater rights within the Las Posas Valley Groundwater Basin (Basin) and establishes and implements a Physical Solution for the Basin; and

**WHEREAS**, the Court appointed the Agency as Watermaster to administer the Judgment; and

**WHEREAS**, Section VII of the Judgment requires the Watermaster to set, levy, and collect Basin Assessments from the Water Right Holders; and

**WHEREAS**, Section 7.2 of the Judgment provides that the Watermaster need not engage in Committee Consultation for the initial Basin Assessment levied in calendar year 2023; and

**WHEREAS**, the Agency Board of Directors adopted an initial Watermaster Budget of \$2,559,814 for Fiscal Year 2023-24 at a special meeting on December 15, 2023; and

**WHEREAS**, at the December 15, 2023, meeting the Agency Board of Directors determined that an initial Basin Assessment of \$64.00 per acre-foot of Annual Allocation is required to fund the Watermaster's management of the Basin.

**NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERED** that effective December 15, 2023, a Basin Assessment of sixty-four dollars (\$64.00) per acre-foot of Annual Allocation is levied on all Water Right Holders in the Las Posas Valley Groundwater Basin.

On motion by Director Maulhardt and seconded by Director Perello, the foregoing resolution was passed and adopted on December 15, 2023, by the following vote.

AYES – 5  
NOES – 0  
ABSTAINS – 0  
ABSENT – 0

By: **Eugene West** Digitally signed by Eugene West  
Date: 2024.03.14 10:01:28 -07'00'  
\_\_\_\_\_  
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. 2023-03.

By: *Keely Royas*  
Keely Royas, Clerk of the Board

Gene West, Chair  
Fox Canyon Groundwater Management Agency  
800 South Victoria Avenue  
Ventura, CA 93009

December 12, 2023

Chair West:

The Las Posas Valley Basin Watermaster Policy Advisory Committee (PAC) had its inaugural meeting on December 7, 2023. At that meeting, an ad hoc committee was convened to review Initial Watermaster Budget for fiscal year (FY) 2023-24 and communicate the PAC's budget priorities.

The PAC recognizes that this initial budget is just that, a first foray into new territory. Having reviewed the initial budget with Watermaster staff, we are confident the budget represents staff's best estimate based on their reading of the judgment and their experience operating the Fox Canyon Groundwater Management Agency (FCGMA). We look forward to participating in the FCGMA Fiscal Committee's study of the budget as an opportunity to better understand the specific allocation of resources between the FCGMA and the Watermaster. It is important to the PAC that a process is in place to course correct should these estimates prove excessive or unequal to the tasks laid out in the judgment; we therefore appreciate that all unspent funds collected under this initial budget will carry over to next year's budget and we look forward to the opportunity to audit expenditures after the expiration of this first fiscal year.

The PAC would appreciate the FCGMA's consideration of the following topics in the course of further developing the initial Watermaster budget:

1. **Duplication with FCGMA:** Ensure there is no duplication of efforts between the activities of FCGMA staff in meeting the standard obligations of the FCGMA, including preexisting or agency-wide contributions to the Groundwater Sustainability Plan, and its duties as Watermaster.
2. **Inclusion of a PAC Administrator:** Instruct staff to include in the budget funding for a PAC Administrator, similar to the inclusion of funding for three Technical Advisory Committee (TAC) members. The tasks described in the judgment constitute professional services that cannot be provided by any PAC member on a voluntary basis. This would bring the funding to four persons: one PAC Administrator, one TAC Administrator and two TAC members.
3. **Appropriate TAC funding:** Ensure there is sufficient funding in the budget to attract three TAC members of sufficient expertise to provide a level of support commensurate with the duties outlined in the judgment and the expectations of the community.

We appreciate the transparency with which the FCGMA intends to develop this budget, through the Fiscal Committee and Board meetings. PAC representatives will be involved with the process and the PAC looks forward to offering any official perspective that staff or the Board may find useful.

Sincerely,



Ian Prichard, Chair  
Las Posas Valley Basin Watermaster Policy Advisory Committee